HOMEHUNTS

GUIDE TO BUYING PROPERTY IN MONACO

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Monaco may be petite, but it's an incredibly desirable place to live. Its under-1-square-mile in size and is designated as the second-smallest country in the world which adds to its elite status. Set on the Mediterranean Sea, in between the Italian Riviera and the French Riviera and with the French Alps as a backdrop, Monaco has an ideal location and beautiful weather year-round.

Real estate here is unparalleled as well. You can search for a duplex penthouse with breathtaking views, hotel residences that are fully serviced and even a small number of new-build villas on the shore. Surrounding your new home will be everything you could ask for: fine dining, luxury shopping, phenomenal entertainment, superyacht rentals, world-renowned casinos, and outdoor activities that range from golfing under sunny skies to skiing far up on the snowy mountains.

Aside from the remarkable properties and the Mediterranean lifestyle, buyers love Monaco because of its status as an investment safe haven. Both business and personal tax policies favor residents and are considered lenient compared to other nations. Moreover, anyone can buy property in Monaco, as long as you pass the background checks and have a certain amount of wealth. And since it's a popular destination for expats, many English speakers live here, meaning you don't have to be well-versed in French before arriving.

The Buying Process

The Monaco buying process is purposely designed to prevent either party from pulling out of the purchase once an offer is accepted. For example, an offer should include a "subject to finance" clause with specific details so that it can't be used by the buyer as an easy way out of the purchase. Also, gazumping is not allowed, which is when the seller accepts the buyer's offer but then refuses to sell the house to them if they've been offered more money from another interested party.

We're going to cover each step of the buying process in more detail, but as an overview, here's what to expect:

1. Find a property you love, hopefully with the help of Home Hunts
2. Make an offer to the seller in writing.
3. The offer is accepted by the seller.
4. Both parties hire a notaire (notary).
5. Sign the *Compromis de Vente* (preliminary contract) along with the seller.
6. Pay the deposit.
7. The notaire conducts land registry research.
8. The deed is transferred to the buyer and signed.
9. Make the final payments, including the balance of the sale price and any fees.
10. The sale is registered with the Monaco Land Registry by the notaire.

It's always best to work with a property agent to find your new home in Monaco. They'll know the ins and outs of the area and may even show you unlisted properties that other buyers don't have access to. Plus, your property agent will be by your side throughout the entire buying process, which is particularly helpful for those who have never bought Monaco property before.

If you find a property in Monaco that you love, you may be able to move in sooner than you think. The complete sales transaction can take as little time as just a few days. However, depending on financing, particularly if you're taking out a mortgage, it's more common for the process to complete within a few months.

Note that if you're not fluent in French, you may be required by law to have a translator with you during the sales transactions.

Making an Offer on a Property in Monaco

While the first natural step of the buying process is finding a property you want to purchase, the first *legal* step is making an official offer.

You (or your agent) will make a formal offer to the seller in writing. If it's accepted by the seller, the offer will be binding for both the buyer and the seller. While this is just one of the first steps in the buying process, it's an important one – remember, Monaco law makes it difficult for either party to back out of an agreed-upon real estate transaction.

The offer will state the price that the buyer would like to pay for the property, along with how long the offer will remain valid. That time period usually ranges from two to five days. After that period of validity, the offer will be void if the seller has not responded.

One of the biggest differences between buying property in Monaco versus buying property in France is that in Monaco, there's no cooling-off period. French property buyers get 10 days after their offer is accepted to pull out of the purchase without penalty. In Monaco, there's no such period. Again, it's important to be positive you want the property before making an offer.

Choosing a Notaire

Next, both parties will appoint a notaire. It's possible that the same notaire will be chosen by both the buyer and the seller, which is common.

The notaire plays an important and necessary role in buying property in Monaco, and they will be present through the rest of the purchase stages. Most notably, the notaire is responsible for drawing up the deed for the property and getting signatures from the buyer, seller and lender (if applicable).

At this point, some buyers may also want to hire a lawyer to help with other aspects of the purchase, such as estate planning. If you're not fluent in French, you may also want your lawyer to carefully review and translate the documentation for you so that you know exactly what you're signing.

Signing the Compromis de Vente and Paying a Deposit

The next step is for the notaire to draw up a formal, preliminary contract called the *Compromis de Vente*. This will include details of the sale up to this point – it's possible that some details will change throughout the process; the final specifics will be reflected in the deed later on. Both parties will sign the *Compromis de Vente*.

At this stage, the buyer will also pay the deposit, which usually totals about 10% of the purchase price. The notaire will hold the deposit in an escrow account. At the end of the buying process, the deposit will be deducted from the sale price so that only the balance is owed, along with standard fees.

Conducting Land Registry Research

This next step is handled by the notaire. They will search the Monaco Land Registry to ensure that the seller legally owns the property (and can therefore sell it), and also to find out if there are regulations that could impact the property – and your purchase or ownership of it as a result. The notaire will also ensure that the land title is transferred from the seller to the buyer by checking with the Monaco Land Registry.

Completing the Purchase of Monaco Property

The process of buying property in Monaco is completed when the deed is transferred to the buyer and signed in the presence of the notaire at their office. However, if the buyer cannot be there in person, they may be allowed to sign from elsewhere through a power-of-attorney exception prepared by the notaire.

At this point, the balance of the sale price and any fees will also be paid by the buyer, including registration, agent and notary fees (more on the cost of fees below).

Registering the Sale of Property in Monaco

Once the sale is completed, the notaire will register it with the Monaco Land Registry. Between the time when the deed is signed and the property is registered, the buyer will receive an *attestation de vente*, which is a completion certificate that shows proof of ownership.

Costs and Fees Involved When Buying Property in Monaco

As mentioned above, the minimum deposit is typically 10% of the sale price. It will be paid early in the process, held in an escrow account by the notaire and deducted from the sale price during the last stage of the purchase.

Regarding fees for secondhand property, meaning property that isn't brand new or in the process of being built, they'll total approximately 6% of the purchase price and are to be paid by the buyer. In the case of a company acquiring the property instead of an individual purchasing it, fees may be higher at around 9%. Included in this cost is the notaire's fee of 1.5%.

In the case of a buyer (whether the buyer is an individual or a corporation) purchasing a new property or a property that's still under construction, fees total about 2.5%, and the sale price will also include the value added tax (VAT) at 20%.

Property agent fees are set at 3% plus VAT for buyers (they're slightly higher for sellers). If you're taking out a mortgage for the purchase, also expect to pay 1% of the mortgage amount in registration fees.

HOMEHUNTS property buyer agents are able to find the best luxury properties in Monaco based on your specific search criteria. Search our website to browse through our selection of luxury homes. You can also speak directly to one of our consultants by calling +33 (0)970 44 66 43.

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