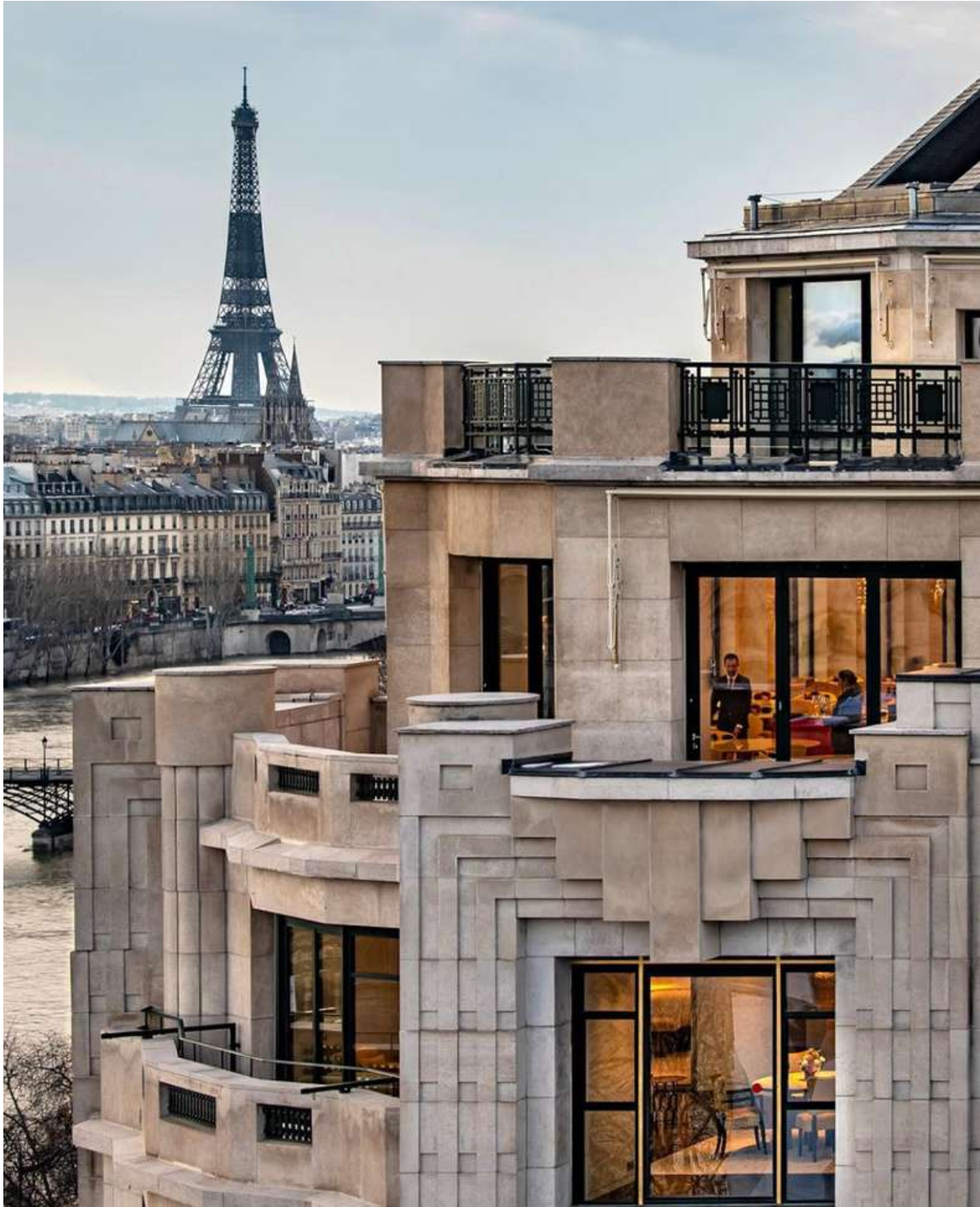




AARIANE Real Estate



Paris Foreign Buyer's Guide



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Why invest in Paris properties?

Paris, the City of Light, has always drawn the world's attention to its iconic landmarks, cultural heritage, and rich history. Meanwhile, the city's strong demand for luxury properties, with its stable market and high rental potential, make it an attractive destination for real estate investors seeking financial growth and the Parisian lifestyle. Yet, the buying process can be complicated and inconvenient to foreign buyers with little knowledge of Parisian properties. That being the case, having a professional and exclusive buyer's agency like AARIANE can be critical to attaining your dream property.

Why invest in Paris properties?

Key reasons:

1. Prime Global Location
2. Diverse Industries
3. Currency and Political Stability
4. Safe Jurisdiction
5. Foreign Buyer-Friendly
6. Freehold Property Ownership and Transparent Rights
7. Balanced Supply and Demand
8. Portfolio Diversification
9. Resilient Market Conditions
10. Proven Investment Return

The "Average" foreign buyers in Paris...

- Have strong financial capabilities and seek a second residence in Paris.
- Have a vision of long-term investment and the international market and look for stable returns through Paris real estate, appreciating and preserving values.



What to expect when hiring a buyer's agent?

Economizing Time

Buyer's agents can facilitate this process by engaging in preliminary communication, understanding the client's needs, and preparing ahead. Locating properties and arranging visits through a buyer's agent is effective for saving time and allocating resources.

Expanding Access

Foreign buyers often face concerns about accessibility and availability of properties from a distance. However, with AARIANE's quality network in the French real estate market, our agents will support your property search both on and off the market, allowing you to explore the full range of possibilities of living in Paris.

Enjoying Service

The role of a buyer's agent is to help clients directly reach their dream properties by communicating effectively. Since no two transactions are identical, AARIANE strives to communicate personalized service for every foreign buyer.

Employing Expertise

At AARIANE, we have the industry experience and human resources to bridge the information gap for foreign buyers, providing a one-stop service for a simple and smooth purchasing journey.

When you buy a property with AARIANE, you're not just getting a home but an exclusive and customized experience enriched by the expertise of all our professionals.



Question&Answer (Q&A)

Can foreigners buy property in Paris?

Absolutely! Paris welcomes buyers worldwide. To highlight that purchasing property in Paris does not guarantee residency or citizenship, though it can support future applications. Due to the continuous influx of foreign buyers, the French government finds it challenging to make property ownership a means of acquiring residency.

Ownership structures

France has two types of ownership structures:

- Direct Ownership
- SCI (Société Civile Immobilière)

SCI stands for Real Estate Civil Society in English and is a specific legal entity formed for property management. It is typically established by two or more individuals or legal entities who pool their resources to acquire and manage one or multiple properties collectively. The SCI's simple legal structure allows for shareholders of any nationality. Families often choose to utilize an SCI for inheritance.

The choice between direct ownership and SCI depends on various factors, including legal, tax, and estate planning considerations, as well as the preferences and objectives of property owners. Consulting with legal and financial professionals will help you determine the most suitable form of property ownership for your specific circumstances.



Tax liability

Transfer Taxes (Frais d'acquisition) occur when purchasing a property, and it includes government transfer taxes (Droits de mutation / Droits d'enregistrement), administrative fees (Débours et frais annexes), and notary fees (Emoluments du notaire). The fees vary depending on the property type – typically 7-8% for resale properties and 2-3% for new properties. Some developers may cover the Transfer Tax as part of their promotions.

Land Tax (Taxe foncière) and Residence Tax (Taxe d'habitation) come with the official ownership. These taxes have a relatively fixed amount and a minimal impact on investment returns. Local government determines the amount of Land Tax based on a property's location; it tends to be lower in areas with more commercial properties. If you purchase a new, environmental-friendly property, the government may grant a three-year exemption on Land Tax as an incentive.

Rental Income Tax (Revenu foncière) is applicable when renting a property, and the amount paid depends on the rental type. For overseas buyers who are not tax residents of France (Non-résident), the base tax rate for rental income is usually 20%.

Capital Gains Tax (L'impôt sur la plus-value) comes from selling the property. But it is only applicable to secondary residences (Résidence secondaire) and investment properties, with the tax rate decreasing based on the number of years of ownership. No Capital Gains Tax will be paid if the property is your primary residence (Résidence principale).

However, having a clear understanding of the tax calculation formula and tax policies can assist you in legally and efficiently minimizing your tax burden (tax abatement).



Overall procedure

1. Letter of Intent/Offer:

The buyer will send a written letter of intent to the seller, and upon the seller's acceptance and signature, both parties' notaries will begin exchanging documents and conducting due diligence to prepare the preliminary sales contract.

2. Due Diligence:

The buyer's notary will review the documents provided by the seller's notary and conducts legal due diligence, including the seller's title, the contractual capacity of both parties, property planning regulations, and potential encumbrances.

3. Signing the Preliminary Sales Contract:

If the buyer cannot be present, the notary can assist in preparing authorization for the purchasing process. Upon signing the preliminary sales contract, the buyer is required to make a down payment of 5% to 10% of the purchase price. Within 10 days from the effective date of the contract, the buyer has the right to withdraw without conditions. It is important to note that after this 10-day "cooling-off period," if the buyer cancels the purchase agreement without a valid reason, they may be subject to a penalty of 10% of the property price.

4. Signing the Official Transfer of Ownership Contract:

Before signing the official contract, the notary office will comply with relevant laws by examining the legality of the property sale. This includes reviewing the cadastral plan, previous property deeds, compliance with urban planning regulations, and any existing servitudes or mortgages. On the day of contract signing, the buyer is also required to pay any outstanding fees owed to the seller, such as property expenses. Once the contract is signed, the seller hands over the keys to the buyer, and the notary office issues a property transaction certificate (Attestation de propriété), which can be used for administrative procedures such as utility connections, insurance, school registrations, etc.



In French property investment, notaries represent the state and oversee property transactions to ensure the security of investors' properties. Therefore held by the notary before the official contract signing, and after the contract is signed, the notary will transfer the payment and agency fees to the seller and the real estate agent, respectively.

Additionally, the notary office is responsible for obtaining the proof of property ownership (3 to 6 months later) and keeping the original documents, while the buyer receives a copy of these documents.

Mortgage

French banks tend to be conservative on mortgages – they don't provide loans to non-residents who just arrived in Paris, as the risks are difficult to evaluate. However, an alternative option is to consider private banks, which offer loans and potential property tax exemptions, with the requirement of transferring and managing funds within the same bank.

Brokerage fees

In Paris, the commission for real estate agents typically ranges from 3% to 5% of the total property value, depending on the sales price. As a benchmark, for budgets above €1.5 million, we advise you to engage the buyer's agent services, as the commission can be fairly split with the seller's agent, avoiding additional fees. For budgets below €1-1.5 million, it can be challenging to navigate the market dominated by seller's agents, and it is difficult to secure excellent properties without paying a commission.



About Us

AAriane Real Estate with senior team, rich market experience and extensive industry resources and other advantages, to provide you with a one-stop high-end real estate, management and private concierge services. It is your first choice for real estate investment in France.

Our service scope includes: property purchase/sale, leasing/management and butler service. From the initial consultation to the transaction companionship, AAriane provides you with the most professional companionship, the best quality housing sources, and the most meticulous service. We also have a private and VIP house hunting service: our team can search for houses in the whole market and off-market according to the buyer's specific goals under the buyer's authorization. We also act as a seller's representative to provide sellers with market data combined with professional experience analysis and precise pricing.

AAriane Real Estate's professional team has extensive knowledge and expertise in all aspects of the real estate industry. They demonstrate excellent communication and negotiation skills, enabling them to effectively represent the interests of their clients while maintaining a professional and ethical manner. Our team guides clients through the intricacies of the real estate industry, helping them achieve their goals and delivering exceptional service throughout the process.

