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The Country Files FRANCE

The Country Files is an Initiative designed to assist real estate professionals in understanding the purchase process and regulations for key nationalities acquiring properties on the Costa del Sol

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Franke & de la Fuente Abogados is an International Law Firm
Specialized in Property Transactions, Corporate and Tax Law.
We speak 

The Country Files: France

FAST FACTS



Language
French



Currency
Euro



Capital
Paris



Time Zone
GMT+1



Population
67 million

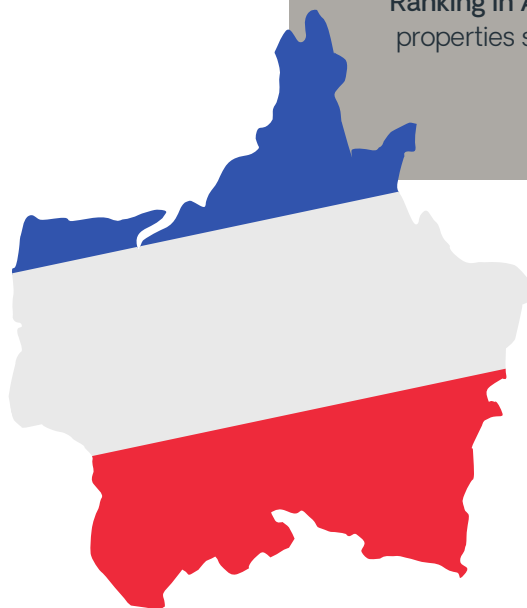
Why they buy in Spain

3rd

Ranking of foreign nationalities buying property in Spain.
Representing 6.7% of all properties sold to foreign buyers in Spain.

7th

Ranking in Andalucía. Representing 4.2% of all properties sold to foreign buyers in Andalucía



WHAT DO THEY BUY

9.7%

NEW BUILD



90.3%

RESALES

Source: Spanish Land Registry 2023

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	COSTA DEL SOL	FRANCE
 AGENTS COMMISSIONS paid by the seller in both cases	4-6%	3% - 10%
 ESTATE AGENT LICENCE	None	Yes
 PROPERTY INFO DISCLOSURE OBLIGATION	Some	Mandatory
 FUNDS	Escrow	Notary
 PUBLIC PROPERTY INFORMATION AVAILABLE	No	Yes
 SIGNING THE TITLE DEED	Notary	Notary
 AGENTS	Yes seller always pays - 2 agents involved -	Yes
 TECHNICAL INSPECTION ON VILLAS	To be negotiated between the buyer and seller	Mandatory, detailed
 PRICE SETTINGS	Rely on agent	Rely on agent
 CONTRACT	Yes to reservation contract	Yes
 LAWYERS INVOLVED	Yes (almost always)	Not always

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Agent Commissions

Estate agent fees in France have historically been among the highest in Europe, typically ranging between 3% and 10% of the sale price, averaging around 5%. However, these fees are decreasing due to increased competition (rising property prices and advent of low cost online platforms); can start as low as 1% or fixed sum for some online agents. Despite the availability of online resources, many buyers still find value in using a qualified estate agent with deep local market knowledge. The buyer pays the agency fees when the acte de vente (title deed) is signed.

Licensing and Regulation

French real estate agents are required to possess a professional card known as 'carte professionnelle.' This certification requires agents to have specific qualifications, which include training in French property law, ethics, and transaction procedures. The professional card ensures that agents maintain a high standard of knowledge and ethical practice, as mandated by the Law 'Hoguet' (Law No. 70-9 of January 2, 1970). The French Federation of Real Estate Professionals (FNAIM) oversees these regulations. The professional card is valid for three years and can be renewed indefinitely. Renewal necessitates completing at least 42 hours of continuing education over the preceding three years, covering real estate-related topics such as legal, economic, and commercial issues, ethics (minimum of 2 hours), building techniques, housing, urban planning, and energy transition. Training must be provided by an accredited organization, and agents must submit their renewal request two months before the card's expiration.

Property Information Disclosure

French law mandates that sellers provide a comprehensive set of diagnostic reports before a property sale can proceed. These diagnostics include assessments of energy efficiency (DPE), and checks for asbestos, lead, termites, and natural disaster risks, ensuring buyers are fully informed about the property they are purchasing. Additionally, sellers must disclose any hidden defects (vices cachés) that significantly impact the property's usability and were unknown to the buyer at the time of purchase. For sales of apartments or units within larger properties, the seller must also provide the loi Carrez measurement, which details the official internal living area. Any discrepancy exceeding 5% of the declared size can allow the buyer to challenge the sale.

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Real Estate Transfer Taxes

In France, property purchase legal costs vary by property type and age. For older properties, costs are 7-10% of the purchase price, including taxes around 5.80% or 5.09% in some regions. These taxes are paid during the notarial deed process, with Notaires managing the calculations and payments. Property valuations can be done by estate agents (often free but potentially inflated), Notaires (primarily for legal matters), and Expert Immobiliers (specialists in property valuation).

Property Types

In France, most properties are sold as freehold, granting buyers full ownership of both the building and the land, known as 'pleine propriété.' This type of ownership allows complete control over the property, including the right to use, occupy, and dispose of it. Leasehold properties (usufruit), common in tourist areas like the South of France, grant the right to use the property for a set period and often involve leasing back to management companies for professional management, reduced VAT, and guaranteed income. Additionally, there is a unique form of property sale called 'viager,' where the buyer pays the seller a regular annuity until the seller's death.

Notarization and Closing

In French property transactions, the Notaire is essential, managing administrative tasks, drafting contracts, calculating taxes, and transferring ownership. The process includes signing a preliminary contract (compromis de vente) with a deposit, a due diligence period, and then the final contract (acte de vente) followed by payment and registration. The Notaire verifies the title, drafts contracts, calculates taxes and fees, and handles the transfer of ownership, with buyers typically bearing most of the notary fees.

Technical Inspection

In France, technical inspections are mandatory and part of the 'dossier de diagnostic technique.' These inspections cover asbestos, lead, termites, energy efficiency, natural/industrial risks, gas installations, electrical wiring, septic tanks, radon, and geotechnical surveys. The seller bears the cost of these mandatory inspections, which must be completed before the sale. Buyers can negotiate additional surveys for more detailed assessments. Certified technicians accredited by the Comité d'accréditation française, independent of notaries, agents, or construction companies, conduct these statutory property surveys.

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Financing and Payment Practices

- Interest Rates: The mortgage interest rate in France had been on a downward trend for nearly a decade, until it started to rise in 2022. In the first quarter of 2023, the interest rate amounted to 2.37 percent, up from 1.13 percent during the same period in 2022. A similar trend can be observed across most European countries.

- Government Program: Programs exist to help first-time buyers such as the Pret a Taux Zero, offering zero interest rate loans primarily for newly constructed property or of an existing older property requiring major renovation. In June '23, loans were now restricted to new apartments/homes in need of renovation in areas of housing stress. Eligible individuals for the loan include first time buyers, those who have not owned a home in the past 2 years, disabled persons unable to work, those whose homes have been destroyed by natural catastrophe. Eligibility also depends on a test of maximum resources which varies by location and household size.

- Cash Purchases: Less common than in some other countries, reflecting the robust mortgage market. However, as the French property market in 2024 is expected to be challenging, cash buyers will benefit from the depressed market conditions where they are in a stronger position to negotiate lower purchase prices, especially as sellers adjust to reduced demand. Cash buyers can often negotiate better prices, for example a cash buyer in Mougins negotiated 300,000 euro off the 2.9mn sale price.

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Lawyer's Role in Transaction

In France, lawyers play a crucial supplementary role in property transactions, complementing the duties of notaries. They prepare legal documentation for transactions involving company shares and provide advice on pre-contract enquiries, setting up property companies, and French taxation and inheritance matters. Although notaries handle formal conveyancing, lawyers assist with more complex transactions, ensuring thorough checks, gathering necessary documents, and analyzing offers. They act under real estate mandates, governed by the Loi Hoguet, allowing them to manage, sell, or lease properties while adhering to professional secrecy and ethics. Lawyers are particularly valuable for international clients or those facing planning issues, company acquisitions, or inheritance planning needs.

Market Practices and Legal Frameworks

The French real estate market is regulated by several key legal frameworks, including:

- Civil Code: Regulates the property rights, leases, sales, and ownership rights and liabilities
- Hogue Act (1970): Regulates real estate profession.
- Alur Law (2014): Modernizes regulations from the Hogue Act, extending obligations to condominium associations and mandating training for real estate professionals.
- Elan Act (2018): Focuses on making housing more accessible for vulnerable population and simplifying new housing development. Includes measures such as Visale guarantee for students, requisitioning vacant premises and regulating social housing allocations
- Pinel Law (2015): Tax exemption system to encourage investment in rental properties in high demand areas.
- Land Registry (Services de la publicite fonciere): Manages the registration of all of documents transferring property, ensuring they are binding on third party
- Environmental Code: Regulates the use and occupation of real estate, requiring authorisations for operating classified facilities and mandates for environmental clean up
- French Zoning Code and Construction and Dwelling Code: Control land use, density of constructions through zoning by laws, and set standards for building construction.

The Country Files Brochures



The Country Files Videos

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Franke & de la Fuente is an international law firm specialized in property transactions and international tax law

We assist our clients in more than 10 languages

As advisers, we support clients in investment processes, including legal due diligence, contracts, compliance, and tax matters for smart purchases.



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We specialize in Spanish and international tax law, advising on double taxation agreements, transaction taxes, declarations, and corporate tax planning.



Tax Law

We offer comprehensive international inheritance law assistance, advising on Spanish wills, asset management, and legal procedures with empathy and expertise.



Inheritance Law



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