



## Dream home entrée is on the menu

If you are buying in France, don't forget the notary, writes **Alexandra Cain**.

**F**ound the perfect place in Provence? Or perhaps *un petit appartement* in Paris is more to your taste?

If you have found a piece of real estate to buy in France, there are some things you should know to ensure the transaction is completed as smoothly as possible. Most important is an understanding of the role of *le notaire*, or notary, a legal specialist who ensures the authenticity of every property purchase or sale in France.

"You cannot buy, sell or transact French property without the *notaire*," says Michael Bula, principal of Michael Bula Solicitors and Notaries, a specialist firm of international lawyers that advises clients on dealings with properties in France.

Under French civil law, the notary is responsible for verifying the existence of the property and the authenticity of its title. Interestingly, there is no concept of conveyancing in France; the notary has a monopoly over the legal aspects of all property transactions.

Unlike the Australian system, buyers pay all costs associated with any property transaction to the notary, with the vendor not required to pay anything except discharges of mortgage and exceptional work.

"The *notaire* is also a tax collector and must ensure all money

for government duties are held by him at or prior to settlement – it's a very different system," Bula says.

On average, fees paid to the notary add up to around 7 to 8 per cent of the total value of the property, with the notary receiving between half and 1 per cent of this (the rest is government charges). The notary also charges for out-of-pocket expenses.

"In France, legal fees are based on a percentage of the sale price and are non-negotiable," says Bula.

The notary is considered to be an independent umpire and often the French real estate agent will tell an

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overseas property purchaser the notary can conduct the sale for both sides of the transaction, which is common in France.

But, says Bula: "I recommend against this."

Australian property buyers can and should appoint their own notary, which won't increase the legal fees for the purchase. "If two notaries are appointed, they must split the fee," says Bula.

Of course, before buying a French property, it's important to undertake the same due diligence as

when buying a property in Australia, such as engaging a trusted professional who can do building inspections.

It's also important to check if the building has historical orders over it that may limit the way it can be modified. "It shouldn't surprise people the French are conscious of preserving the patrimony," Bula says.

In terms of property values, Bula advises buyers to beware of prices quoted on internet sites. "Prices on the net are generally 25 per cent over market value, if not more," he says.

To ensure a realistic price is paid, Bula suggests people interested in buying a French property do independent research to verify similar property prices in the area where they intend making a purchase.

For those seeking to make an investment return on their property, Yolanda Robbins, Paris-based client director for Vivre à Paris, which arranges property sales and leasing for international clients, says: "Prices for apartments in Nice, Lyon and Marseille have risen in recent times."

She says prices for freestanding dwellings in Toulon, Marseille and the areas near Bretagne have also risen recently.

In Paris, the areas experiencing high growth are the seventh

### French style

■ The notary has a monopoly over the legal aspects of all property transactions.

■ Unlike in Australia, the buyer pays all costs and the vendor only discharges any mortgages.

■ Prices on the internet are generally 25 per cent or more above market value.

*arrondissement* (see map), with prices appreciating by 15.8 per cent last year, the second *arrondissement*, with average prices rising 15.4 per cent last year, and the third *arrondissement*, with 14.1 per cent price growth in 2006.

"Paris overall has experienced an annual growth rate of approximately 10 per cent in the past year," says Robbins. "We expect property prices to continue to trend upward, particularly in Paris, as more than 7.8 per cent of all purchases were made by foreign investors last year."

"We do have Anglophone buyers, including Australians, who are mostly interested to buy in the centre of Paris and the south of France, so that they can use the apartment as a *pied-à-terre* and then rent it out to vacation renters when they are able," she says.

"We see occupancy rates between 50 per cent and 75 per cent in the centre of Paris, predominantly in Saint-Germain-des-Près, in the Marais and the Montorgueil districts," she says.

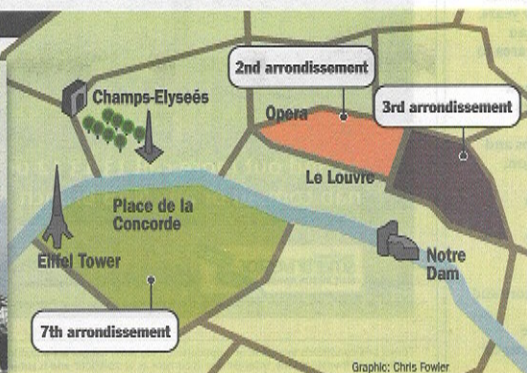
There's no equivalent of the Foreign Investment Review Board in France and, says Bula, "an Australian can freely purchase French property without prior government approvals".

But he warns that "clients need to seek specific advice in terms of corporate purchase vehicles and methods. Non-exhaustively, live issues are conflicts of laws between France and Australia, such as succession, property, company and tax, to name a few".

### C'EST LA VIE

#### Price of apartments in Paris by arrondissement

Type	Size	2nd	3rd	7th
Studio	25m <sup>2</sup>	€150,000-200,000	€190,000-235,000	€230,000-275,000
1 br	40m <sup>2</sup>	€275,000-325,000	€300,000-400,000	€350,000-400,000
2 br	60m <sup>2</sup>	€400,000-550,000	€450,000-650,000	€550,000-700,000
3 br	100m <sup>2</sup>	€700,000-850,000	€750,000-1 million	€900,000-1.2 million



Graphic: Chris Fowler