

Christian H. Kälin

# International Real Estate Handbook

Acquisition, ownership and sale of real estate  
Residence, tax and inheritance law



John Wiley & Sons, Ltd



*“This invaluable reference source for professionals will undoubtedly prove every bit as indispensable to the individual. Anyone seriously considering buying or selling a home abroad would do well to follow its advice to avoid the many pitfalls of the property maze.”*

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Ángel Serrano – Manager International Clients – Deutsche Bank SAE



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## Contents overview

About the editor .....	ix
About this book.....	xi
Acknowledgments .....	xiii
 General/International Chapter .....	 1
 Individual Countries.....	 87
 Austria.....	 89
The Bahamas .....	123
Canada .....	151
Croatia .....	191
France .....	223
Greece .....	271
Hungary .....	311
Ireland .....	353
Italy.....	393
Malta .....	431
Monaco.....	455
Portugal .....	481
Spain .....	519
Switzerland .....	571
United Kingdom/England and Wales .....	619
USA/Florida.....	663
 Indexes .....	 707



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## About this book

This book presents general information on the most important questions concerning the acquisition, ownership and sale of private real estate, and also looks at selected countries which are particularly relevant to this sector in practice. It is designed as a guide for **lawyers, tax consultants, asset managers, private-client advisers** in banks, **family offices** and other advisers dealing with the acquisition, ownership and sale of privately used real estate in an international context. It is, of course, also addressed to **private individuals** who wish to acquire and own real estate abroad. The use of concise and precise language reflects its character as a handbook and reference source. In particular, the authors have endeavored to express the terms and concepts involved as transparently as possible in order to make them easily accessible even to those without a legal background. Footnotes are dispensed with for the sake of clarity.

The **addresses sections** have been carefully researched and list important contacts relevant to the acquisition and ownership of real estate. Although a mention in this publication certainly implies a recommendation, it would have been impossible to list all good lawyers, consultants, real estate brokers, banks and other institutions. Neither can the publishers, editor or authors guarantee the addresses listed in this publication, even though they have been selected with great care.

**This book can in no way substitute legal advice.** The publisher, editor and authors therefore unreservedly exclude any liability for losses or damages of any kind – be these direct, indirect or consequential – which may result from the use of this book or of the information it contains. Although all the authors have undertaken their research with great care, they obviously cannot guarantee their completeness and correctness any more than the editor or publisher.

Any **comments and suggestions, praise or criticism** will be gratefully received. If you, as the reader, feel that a particular topic or address should be removed from or added to this volume, please let us know.

By all means write to the editor via e-mail at [christian.kalin@henleyglobal.com](mailto:christian.kalin@henleyglobal.com) or by conventional mail to the following address: Christian H. Kälin, *Henley & Partners*, Kirchgasse 22, CH-8024 Zurich, Switzerland.

## How to use this book

The book is divided up into a **general/international chapter and chapters on individual countries**. The general chapter covers all the criteria that should normally be considered by anyone wishing to acquire or own real estate. The chapters on individual countries explain the details of acquisition, forms of ownership, taxes and inheritance law up to residence and domicile that are specific to that country. The book also contains address lists, checklists and overview tables, making it an excellent **reference source**.

The book has a **systematic structure**, and the contents of the individual countries have an identical layout so that the same topics in each country can always be found under the same titles or subtitles. Thus the title 'Easements, charges, liens and mortgages' is always listed

under item **2.2**, and ‘Restrictions under family law and matrimonial property regime’ comes under **3.2.1** in each country.

The **comprehensive checklists** in the general chapter offers a systematic approach to the most important points to be considered when acquiring real estate. In addition, each individual country contains **country-specific checklists** that are designed to supplement the general checklists and contain only the most important points to be considered when acquiring real estate in the respective country.

**Overview** tables are inserted at various points. They make no claim to completeness and are designed to give the user an overview of key sectors and to facilitate comparisons.

The **addresses sections** give the user easy access to relevant addresses that are useful for the acquisition, ownership and sale of real estate. The addresses are arranged by country so that they appear under the relevant section of each specific country. An international addresses section is also attached to the general chapter.

A **bibliography**, i.e. a selection of more comprehensive and specialized publications, is attached at the end of each chapter. It is more or less extensive depending on the country and the available literature.

At the end of the volume, **comprehensive indexes** arranged by individual countries, allow a systematic search for terms.

## Acknowledgments

This publication arose from the idea and need to produce a really first-rate, up-to-date and useful international handbook of residential real estate, simply because nothing of this kind had been available before. The original publishers, Orell Füssli of Switzerland, concurred with this idea, and so did the publishers of this present English edition, John Wiley & Sons. They and the editor are now pleased to present the result to interested readers. A great deal of specialist knowledge, work and effort has gone into this project, and it has certainly proved worth while. As an expression of its overall concept, this volume can unquestionably be seen as a pioneering achievement. The authors, editor and publisher hope that our readers share this viewpoint as well as their enthusiasm for the project.

At this point I would like to express my sincere thanks to all those who have contributed to the book. Special thanks are due to Yvonne Meinert, who was principally responsible for coordinating the authors and helped to rework the texts and tables, and to Mirjam Schnepf, who devoted herself particularly to the complex task of editing the addresses sections. Furthermore, I would also like to thank all the co-authors as well as Rachael Wilkie and her colleagues at John Wiley & Sons. Thanks to their professional support, they have also contributed significantly to the successful publication of this book.

Zurich, July 2004

Christian H. Kälin





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# General/ International Chapter



# General/ International Chapter

## International Real Estate: Key Aspects

by

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## Contents: General/International Chapter

<b>1</b>	<b>Introduction: Real estate abroad .....</b>	<b>6</b>
<b>2</b>	<b>Finding the right property .....</b>	<b>7</b>
2.1	Brokers, dealers and developers .....	7
2.2	How to recognize a reliable real estate professional .....	8
2.3	Key criteria to note when looking for real estate .....	8
2.4	The valuation of real estate .....	11
<b>3</b>	<b>Ownership of real estate .....</b>	<b>12</b>
3.1	Possession and ownership .....	12
3.2	Different forms and types of ownership .....	12
3.3	Encumbrances, easements, charges, liens and mortgages .....	12
3.4	Protection of ownership, proof of ownership and registration .....	13
<b>4</b>	<b>Purchase and sale of real estate .....</b>	<b>13</b>
4.1	How to proceed with a purchase .....	13
4.2	The sales agreement (sale and purchase agreement) .....	21
4.3	Restrictions on the sale/conveyance .....	21
4.4	Restrictions on acquisition .....	22
4.5	Other important points to consider when acquiring real estate .....	23
4.5.1	Capacity to act and entitlement of the seller .....	23
4.5.2	Third-party claims and unpaid taxes .....	24
4.5.3	Provisions for protecting the environment, nature and the cultural heritage .....	25
4.5.4	Access to relevant records and documents .....	26
4.5.5	Division of costs .....	26
4.6	Powers of attorney .....	27
4.7	Acquiring real estate through a holding structure .....	27
4.7.1	When does it make sense to use a holding structure? .....	28
4.7.2	When is it better to acquire real estate directly? .....	29
4.8	The execution of a real estate purchase .....	29
4.9	Defects and warranty claims .....	30
4.10	Key points that a seller should consider .....	31
4.11	Checklist: Acquisition of real estate .....	32
<b>5</b>	<b>New buildings and purchase from a developer .....</b>	<b>38</b>
<b>6</b>	<b>Reconstruction and renovation of old properties .....</b>	<b>40</b>
<b>7</b>	<b>Rental and tenancy .....</b>	<b>40</b>
7.1	Checklist: Rental and leasing agreements .....	41
<b>8</b>	<b>Succession and gifts .....</b>	<b>42</b>
8.1	International inheritance law .....	43
8.2	Matrimonial property regime and inheritance law .....	44
8.3	Forced heirship provisions .....	44
8.4	Gifts .....	45

<b>9</b>	<b>Taxes and charges</b>	<b>45</b>
9.1	One-time taxes and charges on purchase	45
9.2	Annually recurring taxes and charges	46
9.3	Capital gains tax	47
9.4	Inheritance and gift taxes	47
9.5	Other taxes and charges	48
9.6	Incorrect (lower) statement of sale price on the sales agreement	48
9.7	International taxation and avoidance of double taxation	49
<b>10</b>	<b>Insurance</b>	<b>53</b>
10.1	Checklist: Insurance	53
<b>11</b>	<b>Financing</b>	<b>54</b>
11.1	Checklist: External financing	54
<b>12</b>	<b>Special real estate</b>	<b>55</b>
12.1	Timeshares (timesharing)	55
12.2	Historical real estate	56
12.3	Rural and agricultural real estate	57
12.4	Vineyard properties	58
12.5	Real estate located near water	60
<b>13</b>	<b>Private islands</b>	<b>60</b>
13.1	Key criteria to note when buying a private island	61
13.2	The cost of a private island	62
13.3	After the purchase	62
<b>14</b>	<b>Citizenship through real estate acquisition – St Kitts &amp; Nevis</b>	<b>63</b>
14.1	Acquiring real estate on St Kitts & Nevis	63
14.2	Acquisition of citizenship	64
14.3	Advantages of alternative citizenship	65
<b>15</b>	<b>International change of residence</b>	<b>66</b>
15.1	Immigration law and tax residence	66
15.2	Change of residence under tax law	67
15.3	Inheritance law and inheritance taxes	69
15.4	International health insurance	70
15.4.1	Checklist: International health insurance	72
15.5	Other types of insurance	72
15.6	Financial and estate planning	73
<b>16</b>	<b>Bibliography</b>	<b>74</b>
<b>17</b>	<b>Addresses</b>	<b>78</b>

## 1 Introduction: Real estate abroad

Many people no longer limit the horizon of their activities and aims to the borders of their own country. New transport and communications media, the political stability and integration of *Europe*, cross-border activities, prolonged stays in foreign countries and the acquisition of real estate abroad are an expression of this trend. Especially the last of these – in the form of vacation homes, second homes or a new main domicile – is gaining in interest and importance within *Europe* and world wide. The ongoing integration of the *European Union*, in particular the free movement of persons and capital as well as the single European currency, has made its contribution to the growing trend for foreign nationals to acquire real estate abroad, above all in southern *Europe*. European countries such as *France*, *Spain*, *Italy* and *Portugal* are among those most favored by foreign buyers who seek a mild climate, a more relaxed lifestyle and recreational surroundings. But interest is increasingly extending to destinations such as *Croatia*, *Malta*, the *Caribbean*, the *Bahamas* and elsewhere, and even cooler regions such as *Canada*, *Sweden* and *Ireland* are popular.

The acquisition and ownership of real estate across borders raises legal and tax issues, and problems may occur whose full extent is often unsuspected by those concerned. Private acquisitions of real estate are not infrequently made without any accurate knowledge of the legal, tax and economic background. Even if **quality of life** and personal use are paramount motives for the purchase of noncommercial real estate, the acquisition of property is always a **capital investment**. As value maintenance and capital growth – as well as aspects of tax and inheritance law – will accordingly play a vital role, it is important to clarify these key framework conditions before acquiring real estate in order to be protected from unexpected legal and tax consequences. While this applies to real estate in general, it is particularly true for property located abroad.

Every purchase of real estate abroad must clearly be approached with **particular care** by buyers without sufficient legal and possibly linguistic knowledge, but this should not deter them from trying. Nevertheless, it is generally advisable to play it safe by calling in lawyers, tax experts, architects and trustworthy real estate agencies familiar with local conditions. The costs incurred will almost always be more than offset by the smooth and correct handling of the procedures involved.

Other countries have different habits – and different legal systems. This applies quite particularly to real estate and tax law, which may assume very different forms in various countries. So foreign acquirers of real estate cannot let themselves be guided by their native feeling for what is right, but must inform themselves in an unprejudiced way about the circumstances prevailing locally. Still, the acquisition of real estate is quite safe in most countries as long as certain **basic rules are observed**.

Ownership of real estate satisfies a basic human need. To acquire a piece of property in an attractive location is equivalent to gaining a certain quality of life, and in most cases sensible asset diversification. At the same time, it means acquiring an asset that almost always retains its value, and in most cases gains in value over a longer period of time. However, it is important to observe certain important principles here too.

## 2 Finding the right property

### 2.1 Brokers, dealers and developers

In every country, many players are involved in the real estate sector. A great deal of money can be earned and lost in this business, but few if any qualifications or other professional or personal preconditions are generally required to take part in it. Corresponding **care** must therefore be taken, as there will always be some among the many agents, brokers, general contractors and promoters whose business methods cannot be called respectable.

#### Real estate brokers

Real estate brokers (agents) are found throughout the world. Whereas it requires authorization in some countries to be a real estate broker/agent, others exercise no supervision at all, so that absolutely anyone can try to run an agency. The services offered by a broker may also vary greatly. In some countries, the broker or agent does practically everything for the buyer, including drawing up the contract, administrative work, completion of tax forms, etc. Often, however, the broker does no more than bring the buyer and seller together and, at most, accompanies the transaction as far as the notary or a selected lawyer. As a rule, brokers receive a **commission** only when a purchase actually takes place. If no sale results, they go away empty-handed. That's why brokers are interested in **rapid closure** and accordingly tend to urge prospective customers to buy. However, good brokers always have the overall consulting service for their client in mind and endeavor to praise the prospective property in relatively objective terms. Professional brokers also tend to have an extensive portfolio of real estate from which to select the most suitable for their client. However, the fact that the broker is commissioned by the seller and usually receives payment for his services from the latter tends, in practice, to produce a bias in favor of the seller's interests – although this is contrary to the rules of the profession and often also infringes the legal obligation to neutrality. As a buyer, therefore, one should always maintain a certain **distance** and **communicate** this reserve clearly.

The business of a real estate broker for privately used real estate normally has a **strong local orientation**. Brokers tend to limit their activities to a particular city, province or region. In some small countries, however, brokers may extend their activities over the whole country (for instance in *Malta* or the *Caribbean*). Larger real estate brokers may have an extensive network of branches and their activities can extend over several regions or even across the whole country. However, their individual offices obviously have a local orientation. Franchise companies are also expanding throughout the world, especially from the *USA*. They comprise a number of autonomously managed and independent real estate brokers who present a united brand vis-à-vis the outside and apply uniform standards for marketing, quality assurance, etc. Only in the luxury segment is a certain level of internationalization to be observed, although here too the leading brokers continue to be specialists with a strong local presence. Some companies with an international scope of operations thus offer luxury real estate world wide via exclusive networks of brokers.

#### Real estate dealers

In contrast to brokers, who essentially merely bring buyer and seller together and receive a commission for this service, **real estate dealers** act as buyers and sellers on their own

behalf. The buyer must be even more careful in this case, as a real estate dealer who wants to sell a property now acts completely in his or her own interest and tends to urge the buyer to make a quick closure. In addition, there is obviously a danger that the dealer may try to take advantage of an unsuspecting buyer, for instance by concealing important facts about the property. In this case it always makes good sense to call in an independent expert (such as a reputable agent, real estate expert or lawyer with experience in real estate).

### Developers

The term **developer** refers to a kind of general contractor responsible for the overall realization of real estate projects. The *developer* is usually the owner of a piece of land which is ready for development and handles all the building work up to the marketing and final handover of the individual real estate. Buyers must exercise the greatest caution when buying real estate from a *developer* for various reasons. Firstly, the *developer* is obliged to complete specific project phases within certain periods of time, which may lead to the use of somewhat more aggressive sales methods. Moreover, the buyer may incur an extensive financial risk by buying the real estate on the basis of a mere plan, i.e. before any building work has been started or while this is still in progress. New or still unbuilt real estate should be acquired only from very well-established and reputable developers. Corresponding guarantees are indispensable.

## 2.2 How to recognize a reliable real estate professional

The reputability of a real estate professional cannot be determined on the basis of generally applicable paradigms. However, a number of **indications** may allow a conclusion to be drawn one way or the other. Although these seem obvious to many readers, experience shows that it is nevertheless important to make oneself aware of this time and again.

Reputable brokers, real estate dealers and developers will always be distinguished by a professional, **reserved** manner. **Professional associations**, whose members comprise real estate brokers, architects, surveyors, developers, etc., are found in all countries. Depending on the organization, the selection criteria for membership usually guarantee a certain quality standard. Moreover, it makes sense to find out how long the relevant broker, real estate dealer or developer has been established. Anyone who has already been in business for many years, possibly at the same address, would normally merit a positive valuation. You should also ask openly for references and not neglect to check them.

## 2.3 Key criteria to note when looking for real estate

Although common knowledge, it is nevertheless worth stressing that **location** is the most important factor in the selection of any piece of real estate. Quite apart from the present circumstances, special care must also be taken to check how the environment may change in the future. So it is not irrelevant if **projects for constructing** freeways, airfields, power lines, waste dumps or similar major developments are planned in the area. One should also know in which **construction zone** the building plot and its surrounding plots are situated (might a neighbor add another story to his house and in so doing obscure the marvelous lake view?). The best way to be quite sure about these factors is to buy existing real estate in surroundings which are already well developed and in which rezoning is unlikely.



If there are still many undeveloped plots of land around a property, it is difficult to estimate how the surroundings and perhaps the entire appearance of the locality may change. Many location factors must be considered, above all the **quality of the local municipality**. Thus the way in which this quality is likely to change in a positive way in the future is of critical importance for any gain in the value of the real estate. This will be explained in greater detail later. Also the quality of the **location within the municipality** where the real estate is situated is important. Is the house located on a quiet street in a quiet area? Where are the nearest shops, bank, post office, schools and kindergartens, high schools, location of evening classes, restaurants and sports facilities? Are there cultural facilities nearby? How easily can the real estate be reached by public transport? Where is the nearest national or international airport? Where is the nearest rail station? What are the connections like? How far is it to the nearest highway or freeway access? How close is the nearest healthcare facility, and where are the nearest major hospitals?

These questions concerning the **infrastructure** are of **central concern** to anyone interested in acquiring real estate and their answers have a corresponding effect on **price levels**. In general, real estate situated in largely rural localities with a modest infrastructure are much less in demand and are correspondingly more difficult to resell. In contrast, real estate in locations offering an extensive infrastructure immediately command higher prices. In the case of 'bargains', a poor infrastructure is often a major reason for the relatively low price. And although the same demands are not necessarily made on infrastructures around vacation residences – where a rural idyll away from the hustle and bustle of the city is often sought – considerations of this kind are nevertheless just as important as for a principal residence. The ideal for many people is likely to be real estate in a very quiet location in idyllic surroundings, but nevertheless close to a town and an international airport. And it is precisely real estate of this kind that represent the **ultimate luxury** and attract the relatively highest prices world wide.

If interest focuses on the **maintenance and value growth potential**, it should be noted that owner-occupied residential properties often tend to be a poor investment in real terms – i.e. when adjusted for inflation. At any rate, the return is not as good than is generally assumed, as real estate tends to be considered a very secure and above all an inflation-proof investment. However, the most important factor in maintaining and increasing the value of residential real estate is not its current location quality but potential positive changes, i.e. the **improvement of location quality**. Such improvements are often the result of expanding residential areas, especially in the periphery of larger cities, and of associated infrastructure improvements in transport links and shopping facilities. However, the expansion of the infrastructure can also have a negative impact on location quality, such as the construction of new freeways or the extension of airports with the associated changes in flight paths. The latter can have an impact up to dozens of kilometers distance from the actual location of the airport.

In making a possible estimate of the future potential growth in value of a real estate, it is always worth while clarifying the planned and future development of the residential area in which it is located as well as any changes in local infrastructure in advance of purchase.

Important aspects of the real estate itself are the **size and shape** of the plot, the **orientation** of the building and its **exposure to sunlight**, the **view** as well as the extent to which it is overlooked by neighbors. **Exposure to wind** plays a significant role in many areas (for

example, the *Mistral* in southern *France* or the *Bora* in *Dalmatia*). A secluded outside patio can be very attractive, but excessive exposure to wind can make conditions quite disagreeable outside the house – for instance, in the garden. Tranquility is also important, and **noise**, especially from busy roads and airports, should not be underestimated. **Intrusive odors** also represent an important factor (proximity to paper factories, pig farms, food-processing establishments, etc.). Furthermore, **exhaust emissions** must be considered. In view of the pollution from fumes, it is important to be sufficiently far away from filling stations, covered car parks and busy roads. Likewise, one should be sufficiently far away from **pylons/high-tension lines** and **mobile phone network antennas**. It is also necessary to be aware of possible **risks of accidents**. For instance, industrial or other installations may represent a considerable risk (chemical factory, nuclear power plant, liquid gas tanks, cyanide warehouse of a metal-processing plant, etc.). Given a choice, a prospective buyer would obviously opt for real estate located a sufficient **distance** from installations of this kind.

Where buildings are constructed on a slope, excessive water pressure and thus damp masonry may be a problem. Any danger of **natural hazards** must also be clarified. Landslides, avalanches, earthquakes, forest fires as well as flooding, tidal waves and hurricanes or tornadoes may present considerable risks in certain areas. The situation and construction of the property must be carefully considered to estimate the real risks.

Certain special features must be considered in the case of **rural/agricultural real estate** as well as of **historical real estate** and **real estate located by rivers, lakes and close to the sea**. These will be treated in separate chapters.

What about **access** and access authorization? Is there a public road leading to the property, or only a private road? Is snow clearance an issue in winter?

**Security** must not be neglected either. How frequent are burglaries in the area where the real estate is located? Is the house very isolated? Is there a need for a burglar alarm? Are there any neighbors and trustworthy persons who can keep an eye on the real estate when the owner is absent? Might there be a need for a private surveillance service?

The most varied criteria must then be considered as regards the property itself. They include the **size and configuration of the rooms** and ancillary premises, the number of bathrooms, potential for additional fittings and extensions (for instance, can the attic be extended?), **construction quality** of the buildings, **heating insulation**, energy consumption, heating system (also a necessity in a country like *Spain* if the real estate is to be used all year round). Penetration of **moisture** (e.g. in the case of old walls, damp subsoil, slope situation) can constitute a major problem which may not be easy, or indeed possible, to solve. The condition of the **roof** is a major consideration, and **pest** damage – not only in the attic – is by no means unusual in many areas. The technical equipment of the property and the various installations must also be carefully examined. What is the state of the electrical installations and the plumbing? Are there telephone, internet, ISDN/ADSL, cable TV connections, a satellite dish? What kind of water supply and waste-water disposal facilities are present? What kind of heating system is in place? In the case of oil heating, the potential environmental risk means that the oil tank must not be placed directly on or in the soil outside. It should be located in the cellar or other separate building and be equipped with a protective trough. One should also check whether the heating installation and the oil tank have been regularly maintained.

In the case of a **swimming pool**, it is also of interest to know whether it has been regularly maintained. What is the condition of the pool? Is there potential for extension? Would this require approval?

It is important to ensure sufficient **sound insulation**, including against **foot fall sound**, especially in apartments/condominiums and duplex villas. To check this out in practice, it is best to spend several days in the building or – more realistically – to have the sound insulation inspected by an expert who can measure it accurately.

**Prestige elements** such as a sauna, swimming pool, tennis court, parking facility or direct waterfront location naturally increase the value and thus the price of a real estate. The historical importance of the building, an absolutely exclusive location or the fact that it has been built by a celebrity architect can have a significant effect on the price of the real estate.

Properties that are not too large, in good to very good locations, particularly in a region with a promising future in terms of residential development, ideally close to a large city, with high-quality and well-maintained buildings with a practical interior design and appropriate fittings are almost always in demand. Such properties are correspondingly easier to resell and offer above-average potential for value growth.

When searching for real estate, one should ideally already apply those criteria that will be significant to future buyers when it comes to a **resale**.

## 2.4 The valuation of real estate

The value of real estate is affected very strongly by **subjective criteria**. This makes an objective valuation difficult, and there is never anything like a 'right' value, but only value bands, which may be justified on both objective and subjective grounds. The price for a specific real estate is fixed precisely only when the buyer and seller agree on it at the sale. However, this is merely a momentary value.

The **property announcements** in the local press and in specialized publications like real estate magazines give an initial overview of the **price level** of comparable local real estate. As brokers almost always represent the sellers, their price information and recommendations must be taken with all due caution. It is much better to be advised by an independent expert – for example, a chartered surveyor, a lawyer familiar with the relevant market, or a local architect.

In the case of larger, older or special real estate, such as historical buildings, it is wise to commission an **assessment** by an expert (surveyor, architect or civil engineer). The associated costs, depending on the detail of the assessment, the size and location of the real estate and the country, normally range between US\$ 1,500 and US\$ 20,000, and represent a sound investment in most cases. It may even be worth while obtaining a **second opinion**, especially if the initial appraisal was made by a potentially biased party.

It is very important to **find a suitable expert** who can appraise the real estate on objective criteria and analyze its market value as realistically as possible. A suitable expert should possess local building knowledge as well as experience in the type of real estate to be assessed. In the case of older properties, and especially of historical buildings, it is important that the condition of the building and any need for renovation be examined and realistically

assessed. Professional surveyors perform a valuable service here, as these questions cannot be answered by a buyer unfamiliar with local circumstances.

There are various **real estate valuation** methods. In **past-** or **cost-based** methods, the original building costs are extrapolated to their current value via a suitable index and annual hypothetical amortizations are concurrently calculated. The land value is also determined. In contrast, **future-oriented** methods are based on the revenue value or on discounting future revenues. However, **market or cross-comparison** methods are of particular relevance for private, owner-occupied real estate. The price of the real estate being assessed is then determined on the basis of the latest prices of comparable properties. This method is also used intuitively by a layman when comparing different properties.

## 3 Ownership of real estate

### 3.1 Possession and ownership

Non-lawyers often confuse the terms 'possession' and 'ownership'. So it is worth briefly clarifying what these two terms, which originate in property law, mean in most legal systems. **Possession entails the actual control** over a physical object (such as an automobile, a shovel or a house) with the intent to have and to exercise such control. A tenant who lawfully rents a house on the basis of a rental agreement from the owner, and therefore has real power to use it, is consequently the possessor of the house (for the duration of the rental). In contrast, **ownership means the fully comprehensive power of disposal and complete dominion** over a property, including the right to transfer it to others. Ownership is, of course, often associated with possession, and these two legal powers often coincide. However, it is important to distinguish between them, as such a distinction may be relevant in certain circumstances.

### 3.2 Different forms and types of ownership

**Sole ownership** of real estate is possible in all the legal systems of interest here. The (sole) owner has the most comprehensive power of disposal and legal control which is possible over a piece of real estate within the scope of the prevailing legal and factual limits. As a rule, **various forms of shared ownership** are also possible, especially joint and condominium ownership. The different forms and types of ownership existing in the various countries are explained in the respective country sections. Some jurisdictions additionally allow separate ownership rights to the land and the buildings standing on it, resulting in **splitting of ownership**. This is particularly the case for the right to build which exists in some jurisdictions.

### 3.3 Encumbrances, easements, charges, liens and mortgages

**Ownership** can be **encumbered** and **restricted** in various ways. In addition to contractual agreements, which apply only between the contractual parties, all jurisdictions allow various rights relating to real estate, which are generally applicable and can, in most cases, also be entered or noted in a land or ownership register or in the title deeds. In contrast to comprehensive ownership rights, these imply restricted control over rights to a property.

Restricted property rights limit ownership to the encumbered real estate and to this extent take precedence over comprehensive ownership rights.

There are essentially **four types of restrictions on property rights**, although several different designations for them are found in the various jurisdictions. Thus **personal easements** or **personal servitudes** depend on the entitled person and normally end at the death of natural persons whom they benefit, or in case of legal entities being beneficiaries after some period set by law. A classic example is the right of usufruct or life-estate existing in various forms. There are also various forms of **easements on real estate** or **real servitudes**. These involve a servient and an entitled property. The owner of the servient property must **tolerate** certain interventions by the respective owner of the entitled property (such as right of way or right of passage) or **restrict** the exercise of his ownership right in a certain way (e.g. not build higher than one story). **Charges on real estate** have been handed down from feudal times and still exist in some countries. They obligate the owner of the real estate not only to exercise tolerance, but to perform a certain action, for instance to supply a certain amount of grass or to pay an annual land rental. However, it is now usually possible to be released from a real estate charge by paying a redemption fee. To secure claims and to mobilize the value of a piece of real estate, almost all jurisdictions also include various forms of **liens and mortgages (real estate security interests)**.

So it is very important **to check before every acquisition** whether the real estate to be acquired is encumbered with any easements, charges, restrictive covenants, liens or mortgages. Such rights may be significant and may often greatly restrict the enjoyment or use of the real estate. The existence of such encumbrances may also have considerable effects on its value and future appreciation.

### 3.4 Protection of ownership, proof of ownership and registration

Private property is guaranteed in all the countries considered here by their respective laws and usually even at constitutional level. In countries such as *Switzerland* and *Germany*, a land register allows the exact ownership relationships and encumbrances of real estate to be determined at any time, and a relatively high legal security prevails, also because of the professional liability of the notaries or lawyers handling the transaction. In such countries as the *USA*, where there is no comparable land register, ownership proof is instead based on title documents and the notary's liability is essentially substituted by a **title insurance**. However, secure title to ownership cannot be quite so easily proved in some other countries, and one must be very careful to ensure that full and good title is acquired and appropriately protected. An overview of the real estate market in selected countries is presented in Table 1.

## 4 Purchase and sale of real estate

### 4.1 How to proceed with a purchase

The buyer generally bears the greater transaction risk, as is fittingly expressed by a principle of Roman law: *Periculum est emptoris*, or, in other words: *Caveat emptor*. That is why certain precautions and clarifications are needed prior to every purchase in order to minimize the risks. As a long-term investment, which usually ties up large amounts of capital, the acquisition of real estate should additionally be planned and carried out in a **careful** and

**Table 1** Overview: Real-estate market in selected countries

	Types and forms of ownership	Usual financing by credit institutions	Usual rental duration for residential real estate	Rental payments	Security due from tenant for residential rental	Usual deposit at purchase
<b>Austria</b>	Sole ownership, co-ownership, joint ownership, apartment ownership, building right	Up to 80% of the estimated value, depending on financial soundness	Agreed by the contractual parties. Usually between 3 and 10 years. Residential rentals as per rental law: at least 3 years	Monthly in advance	Up to 3 months' rent or a bank guarantee for the same amount	5–30%
<b>The Bahamas</b>	Sole ownership, co-ownership, apartment ownership, timesharing, leasehold, trusts	Up to 75% of the market value	Residential rental usually 1 year. Leasing: longer term	Monthly	2 months' rent	10%
<b>Canada</b>	Sole ownership, co-ownership, joint ownership, condominium ownership, timesharing, leasehold, trusts	Up to 75% of the market value. For foreign nationals: 65%	According to use. One year and thereafter month to month	Payment due at beginning of each month	Leasehold: Rent for the first and last months	5%
<b>Croatia</b>	Sole ownership, co-ownership, joint ownership, apartment ownership, building right	Up to 75% of the market value	No specifications	Payment due at beginning of each month	Depends on the contractual relationship and the conditions	10%
<b>France</b>	Sole ownership, co-ownership, joint ownership with right of accrual, apartment ownership, joint tenancy, timesharing, building right	Up to 100% of the market value or the sale price. Foreign nationals: max. 70%	Residential rental at least 3 years	Monthly in advance or quarterly	Residential rental: 2 months rent or one quarter rent if quarterly payment	5–10%
<b>Greece</b>	Sole ownership, co-ownership, apartment ownership, timesharing	Up to 100% of the sale price	Residential rental at least 3 years. Leasing: 10 years with option to extend	As a rule, monthly in advance	2 months	10%