

Your complete guide to buying off-plan property in France (VEFA)



Why buy off-plan? The purchase process and the contracts you will sign. The guarantees you will receive. Why use Leggett Immobilier International?

**Why buy
off plan?**

There are many advantages to buying off-plan. From the money savings you can make, through to the sheer pleasure of walking through the door of your new home and seeing the personal touches you chose to make. We think that there are five that stand out:



1. New builds tend to be in the best locations, thanks to the buying power and local knowledge of the developers. Prime locations give the best return on their investment and, of course, are easier to sell. When land comes up for sale developers are often in the loop on the best opportunities in key sites (ski resorts, metro stations, sea views) and their planning experts are influential on obtaining permissions.

2. There are many financial incentives, which means that you get the ideal combination of excellent value and a quality property. From reduced Notaire's costs through to the possibility of recouping 20% VAT. New-builds tend to make an excellent long-term investment.

3. Buyers are protected from the outset, and the strict French laws mean that this is one of the safest and most transparent property markets in the world.

4. You have the ability to add your own personal touches on the property. This varies within developments but often you will have a choice of decoration, kitchens/bathrooms and sometimes even furnishings. When you take the keys and open the door it's like walking into your own, personalised, show-home.

5. Finally, new-builds tend to be extremely energy efficient. You buy them knowing that not only are you doing your bit to save the planet, but that the annual running costs will be extremely reasonable, and well below those of an older property.

Your choice of new-builds are endless. From buying a stand-alone property, or via a small «family» development of half a dozen properties, through to the larger complexes offered by the biggest companies in France. Leggett Immobilier International is experienced in all types and style of property and have local experts in many of the main areas. These include the very best Alpine resorts, the sunny Riviera and, of course, the heart of the country, Paris.

Our local experts will be able to guide you through the process from start to finish and we have unrivalled contacts with Notaires, Accountants, Lawyers, Tax Advisors and Property Management teams. You are also safe in the knowledge that you will be buying the property at the best possible price.



Emma Horsfall is one our most successful agents, and has helped clients from all around the world buy new-build properties in the Alps. She says:

Buying off-plan means that you can create a property that perfectly fits your needs, without the hassle of renovating. It truly is a great feeling assisting my clients throughout the purchase and the design of their future dream home.

**The purchase
process and
the contracts
you will sign**

Dominique Petit's top tip:
Independent sales agent



*It always helps to **have your finances in place** before signing the preliminary contract. If a mortgage is required, make sure you get the best mortgage terms possible from your bank and always use a Foreign Exchange company if money is coming from overseas.*

You will often come across the acronym **VEFA**. This stands for **Vente en l'état futur d'achèvement**. The buying process is slightly different from that of buying an existing property and the contracts that you sign offer a great deal of protection for the buyer. This is a highly-regulated market in France: in the last 12 months permission has been given for the construction of around 380,000 new units, although planning permissions have been tightened in many of the most popular locations.

Your first step is to identify the area you wish to buy in, and your budget. Speak with your local Leggett Immobilier International agent and they will identify suitable properties and talk you through the pro's and con's of each development.

There is usually little, or no, room for negotiation on the price, as the developer will be working to strict margins. Once you have identified a suitable property you will be asked to sign a preliminary contract. These vary between developments, but broadly they are:

The Contrat de Réservation sets out the purchase price, timeframe of the build, broad specification of the property and outline the structure of payments to be made. It is important to note that it is illegal to ask for any payments before the Contrat de Réservation is signed.

Once signed, you will be asked to pay a deposit for the property, this is called the **Dépot de Garantie**. As with all stages of a VEFA property purchase, the buyer is exceptionally well protected and at this stage, the maximum that can be asked for is 5% (if the final deeds known as the VEFA Acte de Vente is signed within 12 months of signing the Reservation Contract) or 2% (if the VEFA Acte de Vente is not signed within 12 months of signing the Reservation Contract). If the property will not be completed within two years, then no guarantee can be asked for. All deposit money should be paid into a «client account» and can not be withdrawn by the developer until the sale is completed. Almost all of the property specifications are detailed in this contract so it is important to read it carefully.

Following the signing of the Contrat de Réservation, you have a 10 day cooling off period, within which you can withdraw from the contract (no explanation necessary). If a deposit has been paid at this point you can receive a full refund.

Within the Contrat de Réservation you will find a date that the final VEFA contract must be signed by. If this date passes, and the conditions of the sale haven't been achieved, then you are entitled to a full refund of your deposit.





The final VEFA contract is called the vente en l'état futur d'achèvement which is signed once the suspensive conditions have been lifted; such as obtaining finances or finalising the planning permission for the project. Again, the VEFA contract will vary slightly from development to development.

This will be a detailed document, and will include the full specifications of the construction and any communal facilities (the notice descriptive). You will be given plenty of time to go through the contract prior to signing and will have the opportunity to go through the wording with a notaire and your agent.

From the signing of the VEFA contract, the building works will begin and you will subsequently receive reports on the build progress and will also receive the requests for the staged payments throughout the build which are regulated.

During the build, you will work alongside the developer in order to make your choices with regards to the materials, decoration and fixtures and fittings. Some developers may do this prior to the signing of the VEFA, this can vary between developments.

You may be given the opportunity to visit the building site and your apartment throughout the build to see progress. When the property construction has been completed you can use the descriptif détaillé within the contract to check that the build is as promised, and to your satisfaction.

Here you will have the opportunity to go through the property in detail and make what we call a "snagging list" with the developer. The developer then has one month to resolve all the items on the list.

The contract is unlikely to give a precise delivery date for the project and is often described as being within a three-month period. If a precise date is included then there may well be a clause saying that this may be exceeded without penalty. When it comes to late delivery penalties some contracts will include them, whilst others don't. If your contract does include them then it's likely that the developer has built-in an «over-run» period to protect themselves. Ultimately though, it is within everyone's interest for the build to be completed on time.

More good news is that the Notaire and legal fees are reduced for a VEFA purchase and will only add a maximum 3% to the total price (compared with 7-8% for traditional sales).

As it is a new property the price will include 20% VAT and this is where another price saving can be made. This sum may be reimbursed if you agree to rent out the property and it is still possible to use the property during periods of the year to suit your needs. The property must not be your primary residence, it must be furnished and the rents must be on a short-term basis with 'hotel like' services. This is to encourage what we call "hot beds" in touristic areas to encourage properties to be used frequently and not left empty for long periods of time. You must agree to rent the property for 20 years and if you stop renting your property after 5 years then you will have to pay back part of the refund you have received.

Of course, you are able to sell the property when you like. If the new owner wants to continue renting the property out then you will not need to refund the VAT. However, if they do not want to then you will be required to repay a % of the refund you received.



Andrew Morgan's top tip:
Independent sales agent



Use a professional management & rental agency - they will take away the stress, maximise your income, and prepare all the documentation to give to the tax office to claim your VAT refund.

**The
guarantees
you will
receive**

Your VEFA contract will stipulate that the developer must provide certain bonds or financial guarantees. The Garantie de Remboursement means that you will receive a full refund if the developer defaults on the contract. For example, if the building was refused planning permission.

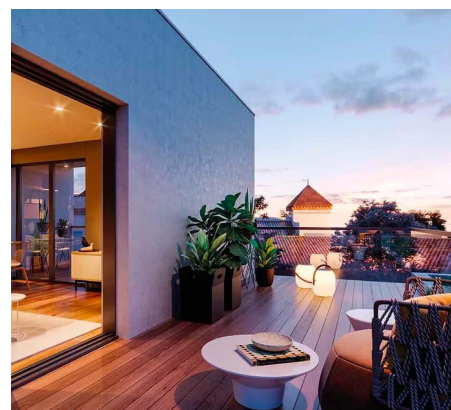
The second guarantee is the Garantie d'achèvement which covers issues such as bankruptcy, or the works being halted halfway through.

In addition you will receive guarantees on the actual building work. Under VEFA law the developer must put right any snagging issues that occur within the first year. In addition they must offer you «La responsabilité décennale» which is a ten year guarantee, which covers all major building work for the full ten year term. The developer has an insurance policy which covers this guarantee.

La responsabilité décennale works on a structure basis. Year one guarantees delivery of the project you have specified and you might come across the term «La garantie de parfait achèvement» which is self explanatory. Up to the end of the second year the guarantee covers the fittings, electrics, heating, plumbing etc and this is known as «La garantie de bon fonctionnement».

You can take out an insurance policy that covers you against the developer (or their insurers) disputing a claim. This is known as assurance dommages-ouvrage.

You can read more about the VEFA buying process and guarantees at the Notaires de France website, www.notaires.fr



Sandrine Strickland's top tip:
Independent sales agent



You have the right to choose your own Notaire to oversee the transaction, this is highly recommended and your local agent should be able to put you in touch with a cabinet that specialise in VEFA property.

**Why use
Leggett
Immobilier
International?**

Leggett Immobilier International is the leading international real estate agency in France and last year we helped buyers from almost 50 different countries find their dream home in France.



We have a dedicated VEFA team, with local experts in all of the main second-home markets - including the French Alps, PACA and Paris. We also have an in-house «contracts» team that oversees sales.



Bradley Turner
Independent sales agent in Bordeaux



Helena Hermanns
Independent sales agent in Paris / IDF



Vahe Pekmez
Independent sales agent in the Côte d'Azur

Our agents on the ground have unrivalled local knowledge with an extensive network of contacts. We can help you source lawyers, accountants, wealth managers and tax advisors who specialise in VEFA transactions and who are used to working with overseas clients.

In addition we can put you in touch with specialist mortgage brokers and foreign exchange companies, as well as local management and rental companies.

Rest assured that you pay the same price when buying through us, as you would if you went to the developer direct.

For further information contact:



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Watch our
VEFA video

