

New developments like this one in Marassi are appealing when they have great facilities



# Building for your future

Can't find quite the right property? It might be time to consider an off-plan purchase - new developments can be ideal for private buyers and investors. **Julie Savill** explains what you need to know

In France, off-plan developments have long been a staple of the property market and are increasing in popularity. Finished to a high standard and ready for you to move straight in and enjoy, they are an ideal investment for those wishing to run rentals or a low-maintenance option if you simply want your own French bolthole. This isn't the way forward if you want to be in by Christmas - these sites usually have a two-year build schedule - but if you find the right property and are prepared to wait, you might just end up with something really special.

## BUY WITH CONFIDENCE

Buying off-plan is a very secure purchase option in France. Extensive legislation covers the build and the legal process of

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the sale and the French system is probably the most robust in Europe. Financially, it also eases the load on cash flow as payments are scheduled by law according to building stages all the way to completion. The art of a successful off-plan purchase is choosing the right property for your needs, and for that, local expert advice is key.

## NEW-BUILD OR RENOVATION

There are two types of off-plan

purchase in France. You'll see properties listed as either VEFA (*vente en l'état futur d'achèvement*) or VIR (*vente en l'immeuble à rénover*), each of which can offer several advantages to buyers.

VEFA relates to the sale of property that is to be built from scratch. It offers buyers the opportunity to purchase a property before construction is completed (and often before it is even started). The buyer pays for the property in stages,

with payments linked to construction milestones. This allows buyers to spread the cost of their investment over a longer period, making it even more affordable.

There are also favourable rates for notaire's fees on this type of purchase. Buyers enjoy a full construction dossier including planning and extensive diagnostic reports.

VIR is a similar model, but it applies to existing properties that are being renovated to create new accommodation within a character building. So, for example, an historic property in a desirable town or city might be transformed into luxurious apartments and penthouses offering a quality lifestyle. For those who are paying tax in France, there is the possibility of significant

## TAX ADVANTAGES

There are several attractive advantages around tax and off-plan purchases. The benefits are directly related to your personal circumstances and it is highly recommended to take professional advice.

**FURNISHED LETS:** If you choose to rent out your VEFA property furnished, there can be an associated tax scheme. When a buyer signs a contract with a company providing hosting services for furnished rentals prior to the completion of the sale, they can claim the VAT back from the purchase. In addition, as furnished rentals are currently a tax 'niche' in France, it is possible to offset the ageing of the property against the earnings of the rental, which reduces or even zeroes the yearly taxable amount (a dedicated tax formula based on the value of the property and a maximum of 25 years of ageing is used for this purpose - an individual, personalized study is essential).

In addition:

- Expenses incurred when purchasing a VEFA property (notaire fees, estate agency fees) may be deductible in full, as well as potential works and furniture.
- The price of potential works and furniture is also deductible in the same way.
- No property tax to pay on a VEFA property for two years.
- Buying a VEFA home means you can benefit from a reduced VAT rate of 5.5% instead of 20% and possibly claim it back.
- Other schemes (Makaux and PINEL) may give tax credit to those renovating old buildings as VIR projects even when the work is carried out by a developer.

reduction in the taxes paid on the purchase. This, of course, depends on the personal situation of the purchaser and advice should be sought on your own specific situation.

## PICK YOUR PLOT

If you get in early on a development, there may be literally nothing to see except a plot and plans of the intended build. Of course, you can visit the site to see the location, the surroundings and the nearby towns or beaches. You should also be able to see floor plans of the intended apartments or villas and, in many cases, quite sophisticated CGI illustrations of how both the exterior and interior will look. You should also be shown an overall plan of the whole site and, sometimes, a 3D model so you can get an idea of the height of the buildings and which plots will have the view that you want. Remember - early birds get the pick of the properties!

For VIR developments you may be able to visit the building to be renovated to see it in its original condition. If works are already under way, access to the interior might be limited for safety reasons.

## STEP BY STEP

There are three main contract stages with an off-plan purchase in France.

### ● THE RESERVATION CONTRACT

This very early step sets out the terms of the purchase, including price and delivery timings, and reserves the property in your name.

At the early stages of the development, you may be offered a choice of internal finishes including kitchens, bathrooms and other materials.

In most cases, it is drafted by the notary of the vendor (the developer). This allows the developer to keep track of the pipeline of sales and the schedule of payments that will allow for the development of the site. The amount to be paid to the developer at the time of



Buying off-plan is well regulated in France, making it a great option

# €339,360 - €1,416,612



## AGDE, HÉRAULT

A high-end para-hotel in the naturist village of Cap d'Agde, with a range of private apartments available. The first naturist destination in the Mediterranean and the largest development in Europe. The village has a 2km-long fine sandy coastline with three equipped beaches, a 300-boat mooring marina, swimming pool, hot tubs, lounge bar and restaurant. Owners have the opportunity to enjoy the accommodation for three weeks a year. Rents are not guaranteed but rentals are managed by a local manager.



booking is either:

- 5% of the full purchase price if the purchase deed is to be signed within one year after the reservation contract was signed.

- 2% of the full purchase price if the purchase deed is to be signed between one and two years after the reservation contract was signed.

### ● THE PRELIMINARY DEED:

The dossier is sent to the notaire who prepares the equivalent of a *compromis de vente* (sales agreement).

### ● THE FINAL SALES DEED:

This is the point at which the purchase is complete and will be signed at least three months after the reservation contract.

Delivery of the completed property will be up to two years after this date depending on how advanced the build is at the time of signing.

### Withdrawal options:

- The buyer gets a 10-day withdrawal option after signing the booking contract and another 10 days after the signature of the preliminary deed of sale.

- If the buyer withdraws within 10 days of the signature of the above deeds, any funds already transferred will be returned.

- If a buyer meets with a salesperson at the buyer's home to sign the contract, the legal withdrawal option extends to 14 business days.

€420,000 - €5,197,500

**MARSEILLAN, HÉRAULT**

An extensive selection of exclusive properties from an award-winning architect and a renowned developer creating a unique branded residence and community and five-star hotel on the Mediterranean coastline. With the choice of a studio apartment to a three-bed villa with private plunge pool or a five-bed villa with spectacular sea and vineyard views. There is also a membership package which includes membership in a working vineyard, a nautical club and more.

€197,550 - €1,250,000

**CARCASSONNE, AUDE**

A range of 20 luxury apartments created within an extraordinary heritage building with walking distance of Carcassonne centre. Choose from a studio apartment to a two-bed apartment with balcony to a luxurious three-bed apartment with enclosed garden room and garage. The property is sold off-plan from a renowned developer, with completion of the project scheduled for the end of 2024. The development offers parking nearby, and secure, private community city living with shared large gardens.

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**NOW FOR THE FUN PART!**

If this has whetted your appetite for a packet-fresh property, you will want an overview of what is currently out there and available. From waterfront Mediterranean villas and apartments to studios and duplexes in cities such as Carcassonne, ski properties and even a naturist resort, there is a wealth of choice. Find an agent that has experience and contacts and use their expertise to guide your buying journey. ■

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**WORKS & WARRANTIES**

Off-plan buying comes with a series of guarantees to ensure your peace of mind.

**TOWN-PLANNING RULES**

France is an admin-led country and extremely protective of the customer. Any new-build goes through four planning stages with permissions being granted at each step. You can rest assured that any development will comply with all of the local planning regulations. Once planning consent is given, there is a window of three years within which the work must start. Most developments have a two-year build schedule.

**Other guarantees**

- **Garantie financière d'achèvement (GFA) - financial guarantee of completion:** The developer must subscribe to financial insurance prior to offering any lots for sale. This allows for all off-plan properties in France to be sold prior to completion of the works. The guarantee lasts up to one year after the works have been delivered.
- **Garantie de parfait achèvement (GPA) -**

**guarantee of fault-free completion:** The builder/promoter must list any snagging issues. The guarantee runs for one year after the delivery of the works.

- **Garantie de bon fonctionnement (GBF) - operational guarantee:** This covers all elements such as windows and doors, and lasts for two years from delivery of the property.
- **Garantie décennale - 10-year guarantee:** This covers specific works on structural elements. A tradesperson must qualify to be entitled to subscribe to this guarantee.
- **Assurance dommages-ouvrage - builders' damage insurance:** Covers claims under the décennale insurance and ensures you are covered if responsibility for a defect is questioned.
- **Carnet d'information du logement - property information record:** This centralises all the relevant information about the build (including energy efficiency, the materials used and so on) and is mandatory.