



TorFX Guide to
Buying Property Abroad

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Introduction

When picking the location of your foreign property purchase, you need to consider what you're hoping to get from your new country.

Buying a property abroad is exciting, but given the financial investment involved you need to adopt a practical approach. As well as dreaming about life abroad, you have to remain down-to-earth. This guide aims to help you get to grips with the ins-and-outs of buying a home overseas, leaving you free to enjoy the process.

There's a lot to think about when it comes to buying overseas real estate and it can be easy to overlook a vital detail when juggling other considerations.

To begin with, you need to understand exactly what you're looking for, including the particular type of property, the region you want to live in and your budget.

In the early stages of buying a property abroad it's important to relax and take your time. The chances are you've already waited a while, maybe even years, to get to this point. Carefully considering your options and making informed choices will only benefit you in the long run and you'll be thankful you didn't rush.

As well as an overview of the main things to consider, this guide also contains a handy summary of questions to consider to help keep you on track.

Read on for an insight into the four key aspects of buying a property overseas, as well as an overview of currency exchange and other tips.

Location

Now is the time to decide where you want to purchase your property and exactly what you want to get from the move.

You may already have a dream location in mind, or you may simply like the idea of living abroad. However far you are in your planning, it goes without saying that you won't be able to pursue your dream of relocating overseas without a destination in mind. Now is the time to decide exactly what you want to get from the move. What are you hoping to get from your new country of residence?

Assessing your needs

Where you choose to relocate will be heavily influenced by your own circumstances. If you're planning to move abroad to find work, a rural village may be easy on the eye but is unlikely to offer the same employment prospects as a city. If you're planning on retiring, you may want to think about long term issues like your health. Does the region offer adequate medical care facilities? Will you still have access to any regular medications you take?

Understanding your budget

Location will have a big impact on your budget, with prices dependent upon region, province and even town. The differences between the most popular areas for expats and those that are less well known could be the difference between being able to afford to emigrate and having to remain at home. If you have a few dream places in mind, it's worth looking at the surrounding areas to compare prices. You may find somewhere equally nice, accessible and convenient for a much more affordable price.

Go on a property shopping holiday

Many people discover the region they'd like to live in whilst on holiday. But while you can check out an area and take a quick peek at a few properties while on your travels, a short trip somewhere is a very different experience to living there.

In order to truly get to know a place, it's best to plan a trip for the sole purpose of exploring the area and browsing properties.

This allows you to acclimatise to your chosen country, region or town in a way that you simply can't when your focus is on unwinding, entertaining the family, or ticking sights and activities off of your bucket list.

It's best to go during the quiet season, as then you'll have a better picture of what the place really looks like. It's easy to put on a façade for the tourists, but what does the region offer during the rest of the year?



Things to Think About

Use our handy checklist to keep track of your progress and requirements. We've added one at the end of each section.

In which country/region do you want to live?

How much have you got to spend?

How are you raising the funds needed to finance the property purchase?

What kind of property do you need?

How many bedrooms do you require?

Do you have a preference for area?

What are your top priorities?

Notes



Estate Agents

A good estate agent is vital when buying property abroad as they can help you navigate the foreign market.

Buying a property at home in your native language can be complicated enough. When you add in the fact that the property is in a foreign country with different property laws, dealing with people who might not speak English well (or at all) you can quickly see why a good estate agent is vital.

On top of offering you all the standard services you would expect from an estate agent, such as guidance choosing the right property and making the most of your budget, they also help you navigate the foreign market.

Shop around for the right agent

Just like with your property itself, you should ensure that you have assessed several different estate agents before settling on one. A bit of extra work here could save you time, energy and money in the future by ensuring that your representative is reliable, helpful and honest.

Have a conversation with potential estate agents, ideally in person or on the phone. Emailing them is still useful, as it lets you know how quickly they generally respond to enquiries.

Your chosen estate agent should be one who clearly understands your needs, acts in your best interests, communicates openly, behaves in a transparent fashion and will work hard to help you achieve your goals.

As with property shopping, you'll only regret it if you settle for someone who doesn't meet all of your criteria.

Verify their credentials

Any genuine estate agent should be happy to verify their credentials and prove that they have the relevant knowledge, training and certifications to do their job effectively. The easiest way to check this is to pick agents who are accredited by a leading association or professional body. Do a little research to discover what laws estate agents in your chosen country have to comply with so that you know what questions to ask.

Verify their local knowledge

One of the key advantages of dealing with a local agent is obviously that they are supposed to know more about the area than you do. Check whether your estate agent has plenty of experience operating in your chosen locale and of dealing with buyers from other countries. It's not just about knowing where the best houses are; they should be able to help you navigate the politics of foreign property purchase as well.

What else can they help you with?

Your agent's ties to the local area are invaluable to you, so check if they can offer you assistance with other matters once your property purchase has been concluded. You might find that they can help you set up a bank account, recommend the best schools in the area, find you a doctor and advise you on other local services you may find useful. Having help with all of these things via one source makes things much simpler for you.

Speak to previous clients

While reputable agents should be honest, their previous clients will be even more forthcoming. Ask to speak to other people they have helped relocate abroad and learn about their experiences. Even if they give their agent glowing praise, they might highlight minor problems that you can easily avoid if you are aware of them in advance. They may also raise issues that hadn't occurred to you.

Book ahead to ensure you get the time you need

Getting overseas to view properties is clearly a time consuming and potentially costly endeavour, so you need to make sure an estate agent is prepared for your arrival. Book time with them in advance of arriving. This way you can be sure that they will be on hand to help you view the properties you are interested in.

In rural areas it could take a while to drive to each property, so it's best to book at least half a day with your agent. A good estate agent will give you as much time as you need to view the property, without pressuring you to take the next step and make an offer.

Things to Think About

Use our handy checklist to keep track of your progress and requirements. We've added one at the end of each section.

- Have you researched house prices in the local area to get an idea of the market?
- Have you researched several different agents to find the best value and service?
- Do you know what their experience is?
- Have you checked their credentials? Are they professionally registered?
- Have you spoken to previous expats they've helped relocate?
- Have you checked what other services they could offer you?
- Does your chosen agent know and understand your full requirements?



Solicitors

When buying a property abroad a solicitor can help you navigate the law and ensure you get the best deal.

Property laws can be confusing enough in your own country and language. When you add in an unfamiliar legal system and a foreign tongue, things get even more opaque. A solicitor is key to helping you navigate the law and ensure you're getting the best deal.

Finding an independent practitioner

It's important to ensure that the solicitor you choose is entirely independent and therefore working to protect your interests and no one else's. Many countries have official regulatory bodies or organisations that reputable solicitors are governed by or subscribe to. Look for their websites and you should be able to search their members to find a suitable firm in the local area.

Do they have the required specialised knowledge?

You want to choose a solicitor who has a strong understanding of property sales in your chosen country. They should be bilingual so that they can translate any legal issues for you, as well as being able to walk you through a contract in the native language.

Solicitor or Notary?

You may need to use a notary as well as a solicitor when conducting property purchases, although this depends on which country you're planning to move to. **Continued...**

Solicitor or Notary?

A notary is an impartial agent employed by government and required to supervise transactions in certain countries. They are responsible for overseeing the paperwork relating to the purchase to ensure all required taxes are paid and the relevant registers are updated.

A solicitor acts for you and will help you to negotiate a contract that is in your favour. They are therefore a vital ally to have when conducting a property purchase, regardless of whether or not a notary is involved.

Will you need a will?

Solicitors can also help you to draw up a will, as many countries require this when you purchase a property. Inheritance laws can dictate that your will must specify to whom the property will be left in the event of your death, which means you will need to make a new one once your property purchase is concluded.

A small cost for big benefits

As well as guiding you through the web of local laws and potential issues and helping you get a contract that works in your favour, a solicitor provides protection against a number of unwanted scenarios. They can ensure that your deposit is protected in the event you are purchasing an off-plan or new-build property, for instance. All in all, the fees you pay for your solicitor pale in comparison to the peace of mind, assistance and protection they offer you.

Things to Think About

Use our handy checklist to keep track of your progress and requirements. We've added one at the end of each section.

Have you researched relevant practitioners?

Do they have experience specifically in property, rather than general law experience?

Have you found or requested client testimonials from those you're considering?

Have you received quotes to help inform your budget?

Have you asked for a detailed breakdown of their fees so you know how much you'll get charged and for what?

Have you checked that your solicitor is fully accredited and belongs to the relevant professional bodies?

Have you satisfied yourself as to their independence?

Are they fluent in your language as well as their mother tongue?

Have you double-checked the documentation before signing?

Notes



Exchange Rates

As exchange rates are always fluctuating, they can have a big impact on your budget if you don't plan ahead.

The movement of exchange rates is an important, yet often overlooked, factor in determining your finances when buying property abroad. Exchange rates can change on a second-by-second basis and can seriously affect your budget if you don't plan ahead.

How do exchange rate movements affect you?

Significant economic data releases, political events, social developments, business news and natural disasters can all have an impact on the value of one currency in relation to another. If you choose to transfer your funds at a time when the market is against you (i.e. the currency you currently hold is weak compared to the one you are trying to buy), you will lose money compared to the amount you would receive if the market was in your favour. Transferring at the right time can make a difference of thousands of Pounds on larger sums.

Using a Forward Contract can protect your budget

Exchange rates are constantly changing, but there are ways to protect yourself against this. With a forward contract, you can 'fix' an exchange rate in advance for up to two years. This means that you know exactly how much money you have to save or raise through finance in order to be able to afford your property.

The market could weaken considerably after you've fixed your rate, but because of your forward contract your money will still be worth the same regardless of the market rate at the time.

Planning ahead

You don't need to wait until you're on the brink of making your purchase to start taking steps to protect yourself from exchange rate movements.

Leading currency specialists provide their customers with a lot of information regarding currency fluctuations and global developments.

You won't be under any obligation to trade if you open an account with a broker, yet you will receive regular market updates and insight which can inform your decision regarding when to make the transfer.

Budgeting for a property purchase

Before thinking about exchange rates, you need to decide on your budget. Favourable rates can make your money go further, but they still rely on the finances you already have in place.

Have a clear idea of your budget before looking for properties or considering exchange rates. Know how you are going to raise the money, whether through mortgages or releasing equity from an existing property.

Once you know your budget, you can look at exchange rates to gain an insight into the kind of property you could afford.

Why a currency broker may be a better choice

A bank is often the first place people think of using when it comes to making international money transfers, but it isn't necessarily the best option.

Currency brokers offer not only more flexibility and a better level of customer service than most high street banks, but their exchange rates are also more competitive. Here's a quick look at the ways in which a broker may be able to help you get more for your money than a bank.

Highly competitive exchange rates

Banks and currency brokers both buy their currency from the private interbank market but banks typically add on a larger margin than currency brokers when selling it on to customers. The difference in the exchange rates offered by banks and currency brokers can equate to thousands of Pounds of savings on larger transfers – like the kind involved in an overseas property purchase.

When buying something large like a property, even a small difference in the exchange rate can add up to thousands of Pounds saved, giving you scope to look for a larger home overseas or one in a more expensive region.

No transfer fees

As well as helping you secure a more competitive exchange rate, leading currency brokers will not charge you a fee for making your transfer, no matter how little or large it is. Banks often do, which can quickly become expensive if you plan to make regular transfers. Even if you're making a one-off transfer, you don't want to be paying for the privilege of doing so.

Lots of transfer options

Banks tend to only offer 'spot transfers', which means your money is exchanged straight away at the present market rate. Currency brokers can offer you a range of different transfer options to help you protect yourself against market movements and get the most for your money.

As well as the forward contracts already mentioned in this guide, brokers can set minimum or maximum target exchange rates for you so that your trade is automatically carried out once the market reaches a certain point. They can also help with regular overseas transfers.

Regular Overseas Payments (ROPs)

You may continue to need regular money transfers once you have moved overseas. Bank fees and unfavourable exchange rates can quickly add up and see you lose a sizeable chunk of your finances. With a regular overseas payments service from a currency broker, however, you can ensure you get the most for your funds and enjoy a simple, straightforward process.

Regular transfers when living abroad

There are many reasons why you may need to conduct currency transfers after you've successfully completed your move. You could have a mortgage with a UK-based lender, for instance, or a pension that pays in Pound Sterling which you want to have transferred across into the domestic currency.

Whatever your reason for regularly transferring money, it goes without saying that reducing the hassle, stress and cost of doing so is a good idea.

How does a regular overseas payment work?

You'll need to let your broker know how much you are wanting to transfer, into what currency, on what date and to which account. Once you have given them that information they can handle the rest for you. This means your transfer gets carried out automatically on a pre-agreed date so the money is in your account when you need it. It has all the usual advantages of working with a currency specialist, with the added bonus that it happens without you having to think about it.

Regular transfers at competitive exchange rates

You'll still get highly competitive exchange rates when you choose to make regular overseas payments. This way you can be confident that you will get the best deal for your money while enjoying all the benefits of an easy and convenient service.

Things to Think About

Considering how much money a favourable exchange rate can save you, it's worth thoroughly investigating the possibilities.

Have you registered with a currency broker?

Do you know how much foreign currency you require, including legal fees and other associated costs attached to the property purchase?

Have you contacted a broker to discuss your requirements and ask for guidance?

Do you have a specific date you need to make your transfer by, or are you able to wait for the most favourable rates?

Do you know what else your broker can offer you, such as forward contracts?

Have you considered any other reasons you might need currency exchange in the future, such as pension or mortgage payments?

Notes



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Final Tips

Now you've read up on location, estate agents, solicitors and currency exchange, you're ready to start planning your property purchase.

Buying a property abroad may involve a foreign language or a different legal system, but there are plenty of basic tips that apply to property purchases regardless of the country in which they take place.

Don't take anything at face value

It's quite easy to get distracted by a stunning view or an eagerness to realise your dream of living abroad. However, you need to make sure you don't make snap decisions. A property purchase is a long-term investment, so you want to ensure you understand everything about the property and its location. Ask plenty of questions; if the estate agent or developer seems unwilling to answer them, there could be something they would prefer you didn't find out.

Research the local area

Doing plenty of research allows you to get a good idea of average property prices for the region you're interested in. This way you'll be able to spot what looks like a deal that's too good to be true more easily, as well as when a property is significantly overvalued.

Ask for a cost breakdown

When talking to anyone providing you with additional services, such as a solicitor, request a detailed breakdown of their costs and how they plan to invoice you. Will an email to them cost you money, for instance?

Ask for a cost breakdown

Do consultants and tradesmen charge for an initial inspection? Find out exactly what you are paying for and how this is billed from the outset, otherwise you could end up getting hit with a large, unexpected bill because of things you assumed were included for free in the service.

Get it on paper

Don't take people at their word; always get something on paper that you can refer back to later.

Whether it's booking time with your estate agent or putting down a deposit, you should always have a written account of the agreement or promises to which people can be held accountable. This gives you something to back up your claims if you think you are being treated unfairly or people aren't forthcoming on their responsibilities.

Get it looked over by a legal professional

You should never agree to anything, let alone sign anything, without getting it checked over with your solicitor first.

It's perfectly acceptable to ask for time to get this done and to have a think about it. It should sound alarm bells if someone is trying to pressure you into signing something before it gets checked over by a legal professional.





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