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Buying property in Mexico as a foreigner



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If you're dreaming of a new life abroad you may be wondering: ***can US citizens own property in Mexico?*** The good news is that Americans can own property in Mexico with no legal restrictions — although there may be a few hoops to jump through to buy your perfect beachfront vacation home.

Whether you're planning on buying a condo in Mexico as an investment — or moving to live full time, this guide is for you. Read on for everything you need to know about buying property in Mexico.

- [What's the property market like in Mexico?](#)
- [Can Americans buy property in Mexico?](#)
- [Step by step of buying a house in Mexico as an American](#)
- [Buying property in Mexico: costs](#)
- [How can you find real estate in Mexico?](#)
- [How to choose the right property?](#)
- [What are the legal requirements for buying property in Mexico?](#)

What's the property market like in Mexico?

Despite the negative impact of the COVID-19 epidemic in the economy, the real estate market remains steady. A large chunk of the property market in Mexico is owned by locals, but a significant number of immigrants — especially Americans — are still purchasing houses or land in the country¹.

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Can Americans buy property in Mexico?

Simply put, Americans can buy both land and property in Mexico without any restrictions².

Originally the Foreign Investment Law would stop expats buying properties that were within 64 miles of an international border or 32 miles from the shore. However, this was amended in 1993 — meaning that the idea that foreigners have restrictions when buying property in Mexico is nothing but a myth.

That said, in order for Americans — or any other international buyers — to purchase land in these prime areas a *fideicomiso* is needed².

***Fideicomiso*: what is it?**

A *fideicomiso* is a bank trust which is used to allow foreigners to legally buy land in areas close to the beach or national borders.

Since the rules about foreign ownership of prime land were relaxed in 1993, foreigners have been able to set up a *fideicomiso* which gives them indirect ownership of restricted land through a trustee. While the trustee is the legal owner of the land, the beneficiary of the trust maintains all rights to sell, lease or pass on the land.

This has some advantages, as expats owning land in Mexico through a *fideicomiso* may pass their property to heirs without needing a formal Mexican will. However, the system rests entirely on the credibility and trustworthiness of Mexican institutions which does put off some foreign buyers wary of taking on risks overseas.

Step by step of buying a house in Mexico as an American



Still wondering: ***can foreigners buy property in Mexico?*** The answer is a pretty straightforward yes. Here's how to go about buying a property in Mexico as an American³.

Step 1: Find the right property and agree a price with the seller

If you want to own property in Mexico, the first thing you'll need to do is find the perfect place. Work with a credible realtor to find the property or land you want to buy, and open negotiations on the price you're willing to pay. Once you come to a mutually acceptable deal, you'll be ready to start the formalities.

Step 2: Document the deal with a sales contract

Your real estate agent or solicitor can help you to pull together a sales contract which documents the terms and conditions of the sale, as well as the final price you've agreed. The exact form of this contract may vary somewhat depending on local customs in the area you're targeting, so getting professional support and advice is essential.

provide an English reference copy for you to check, but it's also important to know that **the Spanish copy will be the legally binding version**. Read it through or have a Spanish speaking friend take a look to be sure of the content.

Step 3: Pay your deposit

Once you're happy with the sales contract, you'll need to make a downpayment — this is usually around 5% - 10% of the sale price.

Step 4: Create your *fideicomiso* if required

If you're buying property or land within the restricted zones, you'll need to either create a *fideicomiso* or have the previous *fideicomiso* transferred to your name. *Fideicomiso* instructions last for 50 years, so if you transfer an existing arrangement to your name, you'll need to check how long it's valid for, and renew in good time.

Step 5: Get permission to complete the purchase

Your notary will step in at this point to complete the next few steps. You'll need to seek permission to complete the purchase and sign an agreement that you'll be bound by Mexican law in any real estate dealings.

Step 6: Complete valuation and due diligence checks

Your property will be valued for tax purposes, and any further surveys or checks should be carried out at this stage. Usually your notary will be able to arrange all of these requirements on your behalf.

The *escritura* will ultimately become your title to the property once you've finalised your purchase and paid all the outstanding costs. You'll need to visit your notary to sign the *escritura*, and pay all the outstanding costs. The property registration process will start as soon as you've made the final payment.

Step 8: Ownership will be registered within 3 months of closing

Congratulations! You now own your property in Mexico. Your legal rights to the property or land will be registered within 3 months from closing the deal.

Buying property in Mexico: costs

Owning property in Mexico is a dream for many US citizens. But what are the best cities for Americans to buy property in? Below you can find a breakdown of prices both for houses and land in some of the most sought after Mexican cities.

Average house prices in Mexico

Location	Price (sqm) in City Center	Price (sqm) outside of city center
Guadalajara ⁴	1,190.86 USD	697.80 USD
Mexico City ⁵	2,233.19 USD	1,286.45 USD

Location	Center	center
Monterrey ⁶	1,746.89 USD	1,437.67 USD
Playa del Carmen ⁷	1,316.57 USD	1,083.14 USD
Puerto Vallarta ⁸	1,806.65 USD	1,306.31 USD
Average price	1,658.83 USD	1,162.27 USD

Average cost of buying land in Mexico

When it comes to buying land in Mexico, there's something for everyone from large lots suited to experienced property developers, to smaller sites which could be used as an investment or for a family home.

Here's a run down of the range of prices listed for the lots available in different areas at the time of research:

Location	Minimum price	Maximum price
Guadalajara ⁹	62,200 USD	2,691,343 USD
Mexico City ¹⁰	20,230 USD	8,700,000 USD

Monterrey ¹¹	32,844 USD	5,355,068 USD
Playa del Carmen ¹²	30,940 USD	10,000,000 USD
Puerto Vallarta ¹³	297,000 USD	1,626,300 USD

Note: correct at time of research (12.15.2021)

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You send exactly

10,000  USD

Recipient gets

169,366.36  MXN

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What kind of taxes and fees will you need to pay?

Unfortunately it can be a little hard to pin down exactly what level of fees you'll pay due to looser regulations, but some good ones to look

Fee	Amount (%) ¹⁴
Agency/Agent fees	From 3% to 6% + 16% VAT
Notary/Lawyer fees	From 0.07% to 1.12%
Acquisition Tax	From 0.18% to 4.5%
Registration Fee	From 0.02% to 1.8%
Title insurance	From 0.5% to 0.7%

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How can you find real estate in Mexico?

Where to find properties in Mexico

Whether you're looking for land, a house or a condo in Mexico, online real estate listings can be a good option to get started.

These types of websites are still starting to grown in Mexico, but here you can find the most common ones to help you kickstart your research:

- [Realtor.com](#)
- [Point 2](#)
- [MexHome](#)
- [Top Mexico Real Estate](#)
- [Century 21 Global](#)
- [Baja 123](#)
- [Inmuebles 24](#)
- [Lamudi](#)
- [Icasas](#)
- [Metros Cubicos](#)

Another alternative that can come in handy is reaching out to property agencies and agents. They have the necessary market expertise to help you find exactly what you're looking for.

It's also good to know that realtor fees in Mexico aren't too high to start with, and it's common to negotiate them down before you get started.

Risks of buying property in Mexico

Buying a property in another country can feel like a big risk. With different customs and legal requirements to navigate, you may be worried about losing money or getting caught up in a dispute over your rights.

We'll cover the common scams to look out for in just a moment — first here are a few pointers to help you stay safe when buying a property in Mexico:

technically possible to buy it with the full agreement of the local community, in practice this is very hard to do. Steer clear of offers of ejido land, and ensure you have a full title check to make sure properties you're interested in are being legally sold

- Find and use a reputable escrow company to help keep your money safe during the property sale. Escrow isn't always used in Mexico, so you may need to request this service specifically
- Consider title insurance to cover you in the event that the property you're buying is being sold with any pre-existing debts, or in case of any irregularities with the sale
- Get professional support and advice to help you navigate all the legal requirements including tax valuations and closing processes — it'll cost you, but in the long run can save you time, money and hassle

How to avoid scams

New scams are being tried every day, and it can feel like it's impossible to protect yourself when you set out to buy a home. However, the following principles will go a long way towards making sure you and your investment remain safe throughout the process.

- **Get a referral.** Real estate agents in Mexico aren't required to be licensed or trained, and can act independently of an agency — meaning, there's no real way to make sure you're getting an agent who has your best interest in mind without getting a referral from a friend. If you can, using your network to find a trusted agent is always a good idea.
- **Know the market.** You may find that, as a foreigner, the prices of the homes you're looking at seem to rise out of nowhere. If you're

- **Meet the seller.** Working through an agent is fine, but it's important to meet and talk to the seller so you know they're in fact selling their property, and they have the right to sell that property.
- **Get an inspection.** Many homes in Mexico are on the newer side and won't have many problems, but it's still a good idea to have your new property checked for things like pests and mold, which can crop up pretty swiftly in the warm climate.
- **Never mail money.** If the seller isn't willing to make transactions face to face, it's probably a good idea to walk away.
- **Trust your gut.** If something seems off to you, it probably is. Trust your gut, and don't go through with a purchase you're not sure about.

How to choose the right property?



Property types

you'll struggle to find land or freestanding homes. By the beach, however, keep an eye out for larger villas, land parcels and plenty of apartments, many of which are in residential hotels.

Condition of the property

Technically, there are no official building standards for property in Mexico. If you're buying a prefabricated home, you'll want to hire a surveyor to do a thorough inspection before you settle on your new place.

Tip: Don't hire a surveyor recommended by the seller or your real estate agent; this is a common scam.

What are the legal requirements for buying property in Mexico?

Buying property in Mexico will require you to engage a notary to draw up a sale contract, but otherwise the legal requirements are pretty thin. You'll want to:

- Look into how you will hold the title. If it's in the restricted zone, the title will be held by a Mexican Bank in the form of a *fideicomiso*. If you're outside of the restricted zone, you'll hold the title in your own name
- Have all of your contracts drawn up in English, or use a translator to do so. Good firms will take care of this for you
- Thoroughly read your *regimen de condominio*, which outlines owners rights and restrictions, as well as obligations

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Buying property in Mexico is a dream for many US citizens — but it's surprisingly achievable with the right local knowledge and support. Use this guide to owning a property in Mexico to kickstart your research and get you on your way to buying your perfect Mexican home.

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