

5 Tips for Buying Real Estate in Mexico

BY LEGAL TEAM MEXICO | JUNE 18, 2020 | UPDATED ON: AUGUST 8, 2022

Get key advice from local specialists on how to manage the process of buying real estate in Mexico.

Thanks to its varied climate, geographic location and business potential, Mexico is an attractive option for local and foreign investors who want to buy a property in Mexico. Citizens, residents and even companies accredited as Mexican can own one or more private properties in the national territory.

Investing in a property in Mexico, whether for residential or commercial purposes, is a smart decision. However, for foreign investors interested in buying real estate in Mexico, there are certain restrictions and special requirements that must be taken into account. In many cases, you should have the advice of a [local legal expert](#), and possibly a Public Notary will have to intervene in part of the process.

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1. Identify the best places for buying real estate in Mexico

Depending on the reasons for buying real estate in Mexico (residential or commercial) there are several attractive options to consider according to your needs. Below, we outline are some of the most popular locations.

CDMX- Mexico City



Depending on the reasons for buying real estate in Mexico (residential or commercial) there are several attractive options to consider.

Mexico City ranks first place of the Urban Competitiveness Index as the country's capital and key business center for national and multinational companies, which generates more labor demand and business opportunities. The city is therefore typically more attractive to local and foreign executives and workers looking to buy real estate in Mexico City.

For some years now, Mexico City has promoted different programs that encourage the purchase of property. One of the most important incentives is the potential to obtain discounts on the country's property acquisition tax. In general, these programs have been so successful that they are no longer offered only on specific dates, but have been implemented year-round.

The growing offer of properties in Mexico City has made prices increasingly competitive and attractive for locals and foreigners interested in buying real estate in Mexico.

Nuevo León

Nuevo León is recognized as the business capital in the north of the country. The city has grown in recent years and its economic stability makes it a great option for buying real estate in Mexico.

Data from the National Institute of Statistics and Geography ([INEGI](#)) suggests Nuevo León is one of the states with the greatest real estate potential. Additionally, it is considered one of the best states to live due to its job offer, cultural wealth and tourist attractions.

Querétaro

Querétaro is one of the fastest-growing states in Mexico, showing great economic potential. It is located close to Mexico City and is a constantly developing state. It is estimated that the value of the houses will rise in the future, making it an excellent long-term investment opportunity.

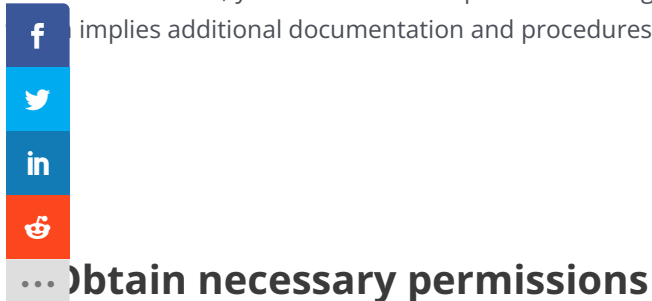
2. Purchase outside of 'Restricted Zones'

When buying in real estate in Mexico, you should bear in mind that Mexican law allows foreigners to acquire properties provided that these properties are outside of so-called 'Restricted Zones'. These Restricted Zones refer to any terrain within 100 kilometers of the border or within 50 kilometers of the sea.

If you decide to buy a property outside the Restricted Zone, you need only comply with the requirements established by the Mexican government. If, on the other hand, the property is in a restricted area, you must make the purchase through a bank trust or a trust institution, which implies additional documentation and procedures.



Mexican law allows foreigners to acquire properties provided that they are outside of the so-called 'Restricted Zones'.



If you are not a Mexican citizen or resident, it is necessary to obtain permission to buy real estate in Mexico.

You must request this permission from the Ministry of Foreign Relations ([SRE](#)) in the General Directorate of Legal Affairs in Mexico. If you are not in the country to carry out this procedure, you can do it through a [trusted legal representative](#) authorized by a power of attorney (POA).

This procedure is carried out online. It is important to have all the required documentation on hand in order to avoid delays in the process. You must provide information regarding the property you want to buy, personal identification data (in most cases your passport) and proof of your address.

Additionally, and as an important part of the process, you must fill out a document in which you waive any protection that the government of your country of origin may provide, in order to consider and comply with the laws of the Mexican government regarding the purchase of your property in Mexico.

4. Visa options when buying real estate in Mexico

You may obtain a residence permit when buying real estate in Mexico. Depending on the amount of money you invest in the property, you may apply for a Resident visa.

Once a property has been purchased in Mexico, it is possible to process a temporary resident visa for the acquisition of real estate. This allows the foreign person to identify as a temporary resident for a period greater than 180 days, for no more than 4 years.

The start of the process must be carried out from a Mexican consular office abroad where you must:

- Present identity documentation
- Pay the process and application fees (costs will be determined by the immigration authority)
- Present, provide the public deed that proves that you are the owner of the property located in Mexico.

Remember: All documentation that is not written in Spanish must be translated by a certified translator.

Subsequently, and if the consulate approves your application, you must continue with the process to obtain your temporary resident visa before the National Institute of Migration, within 30 days after entering the national territory.

Once the temporary residence visa is obtained, it can be renewed for 4 consecutive years. After this time you can choose to apply for the permanent resident visa.

One of the main advantages of acquiring temporary residence when you buying real estate in Mexico is that your immigration status will depend solely on you and will not be linked to any employment or family relationship.



Depending on the amount of money you invest in the property, you may apply for a Resident visa in to live Mexico.

5. Understand property taxes in Mexico

The process and payment of taxes when buying real estate in Mexico are the same for locals and foreigners. If the property you want is outside of any "Restricted Zones", the purchase procedures will have no additional cost.

Remember that during the initial purchase process you must incur writing and other expenses, so it is recommended to work with a local notary who will advise you in this regard. In addition, your accounting partner must have a thorough knowledge of Mexican legislation to help you in its proper compliance in the payment of taxes on the acquisition of a property.

We outline some of the taxes to take into account when buying real estate in Mexico below.

Real Estate Acquisition Tax (ISAI), Real Estate Acquisition Tax (ISABI) or Domain Transfer (Acquisition tax)

This is a local tax reporting directly to the Ministry of Finance. It is the obligation of the buyer, in this case the new property owner, to make the payment of this tax for the purchase of real estate, buildings or land within the entity. The Public Notary in charge of the deed of the property is the one who must withhold the payment.

As it is a state tax, the percentage to pay varies according to each state. In general terms, the rate can go from 1% to more than 4.5%; in some states, the rate may be fixed regardless of the value of the property, while in some other states the rate is progressive, that is, it depends on the value of the property.



All property owners must pay Property Tax regardless of whether they own residential, or commercial premises.

Annual Property Tax (Impuesto Predial)


The Property Tax is a charge on a property or real estate, which must be covered by the owner. It is the tax that all property owners must pay regardless of whether it is a home, office, building or commercial premises.

The determination of this tax depends exclusively on each state and its payment must be covered by the owner on a bimonthly basis, or, in some states, payment can be made annually, applying a discount.

Currently, in Mexico City it is not allowed to dispose of properties if they have balances pending payment of this tax, so in case of wanting to sell or buy, it must be verified that the payments are paid on the date of purchase or sale of the property .

Buy real estate in Mexico with the help of local experts

When buying property in Mexico as a foreign investor, you must comply with certain legal and accounting procedures and requirements. Depending on the chosen area, the required documentation and process may vary in time and costs, so it is recommended to hire the advice of a local legal expert and thus avoid delays in processing or surprises when paying your property-related taxes in Mexico. .



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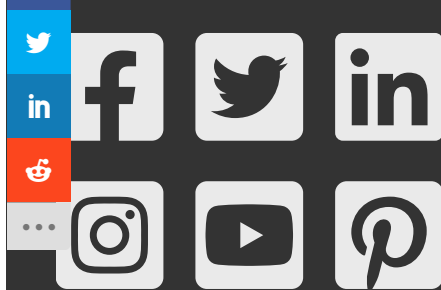
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