

HOW TO BUY IN MONACO



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LUXURY REAL ESTATE SINCE 1864

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Principality of Monaco (French: Principauté de Monaco), is a sovereign city-state and microstate, located on the French Riviera in Western Europe.

### POPULATION

#### Demographics

Monaco's total population was 38,400 in 2015. Monaco's population is unusual in that the native Monégasques are a minority in their own country: the largest group are French nationals at 28.2%, followed by Monegasque (21.5%), Italian (18.6%), British (7.5%), Belgian (2.7%), German (2.5%), Swiss (2.5%) and U.S. nationals (1%).

Citizens of Monaco, whether born in the country or naturalised, are called Monégasque.

#### Language

The official language of Monaco is French, while Italian is spoken by the principality's sizeable community from Italy. English is used by American, British, Canadian and Irish residents.

### LIVING IN MONACO

The Principality of Monaco has a surface area of 2.02 km<sup>2</sup> (0.78 square miles) and an estimated population of only 38,400 inhabitants. It holds the record for being the most densely populated nation in the world, which is reflected in the real estate prices. Life expectancy at Monaco is more than 89 years and first in the world. The principality isn't only thriving, it's also extraordinarily safe. It has the largest police force in the world per square meter and there's a 24-hour video surveillance system in place which covers the entire surface area of the Principality. The Principality also holds of the most famous and mythical Formula One race in the world: the Grand Prix of Monaco, it's a home to the European Poker, the Monte Carlo Rally, the Monaco Yacht Show, Rolex Masters Tennis, and many other famous exhibitions.

#### Climate

Monaco has a warm-summer Mediterranean climate, which is influenced by the oceanic climate and the humid subtropical climate. As a result, it has warm, dry summers and mild, rainy winters. Cool and rainy interludes can interrupt the dry summer season, the average length of which is also shorter. Summer afternoons are infrequently hot (indeed, temperatures > 30 °C or 86 °F are rare) as the atmosphere is temperate because of constant sea breezes. On the other hand, the nights are very mild, due to the fairly high temperature of the sea in summer. Generally, temperatures do not drop below 20 °C (68 °F) in this season. In the winter, frosts and snowfalls are extremely rare and generally occur once or twice every ten years.

### **Travel**

There is no airport in Monaco. Nice International airport is the main gateway for Monaco. This modern and efficient airport is located 30km (19 miles) west of Monaco. No formalities are required to cross the frontier between France and the Principality of Monaco. Cannes and Nice are 50km (31 miles) and 18km (11 miles) west of Monaco. The French/Italian border and Menton are 12km (7 miles) and 9km (6 miles) east of Monaco.

### Some statistics about the summer season 2016

- 143 regular airlines
- 108 destinations served in 38 countries
- 62 airlines serve the airport
- 1350 weekly frequencies

### Some statistics for the winter season 2015/2016

- 65 destinations served in 26 countries
- 38 regular airlines

### **Lifestyle & Health**

Throughout the year Monaco organizes events. Everything is done to give you the opportunity to go out day and night, for example the outdoor sporting activities like tennis and golf. The pleasures of shopping with more than 100 shops, among the most luxurious brands in the world, numerous museums, places of interest and tourist activities. It's also the place of gastronomy with more than 150 restaurants of every style, like Cipriani, Nobu or Michellen starred restaurants like "Louis XV" (Alain Ducasse) or "Joël Robuchon Monte-Carlo" in the Métropole. For the night outing: casinos, cinemas, bars and nightclubs, and for the «art lovers» opera and theatre.

## REAL ESTATE MARKET UPDATE 2015/2016

It was in the new-build sector that the Monaco property market saw the highest increase in activity in 2015. The year was marked by a record number of new residential units being put up for sale, with three property developments: the Méri dien, Tour Odéon and Petite Afrique. Since 2010, both the economy and the property market in the Principality have been on an upward trend, and the number of residents has also been increasing for several years.

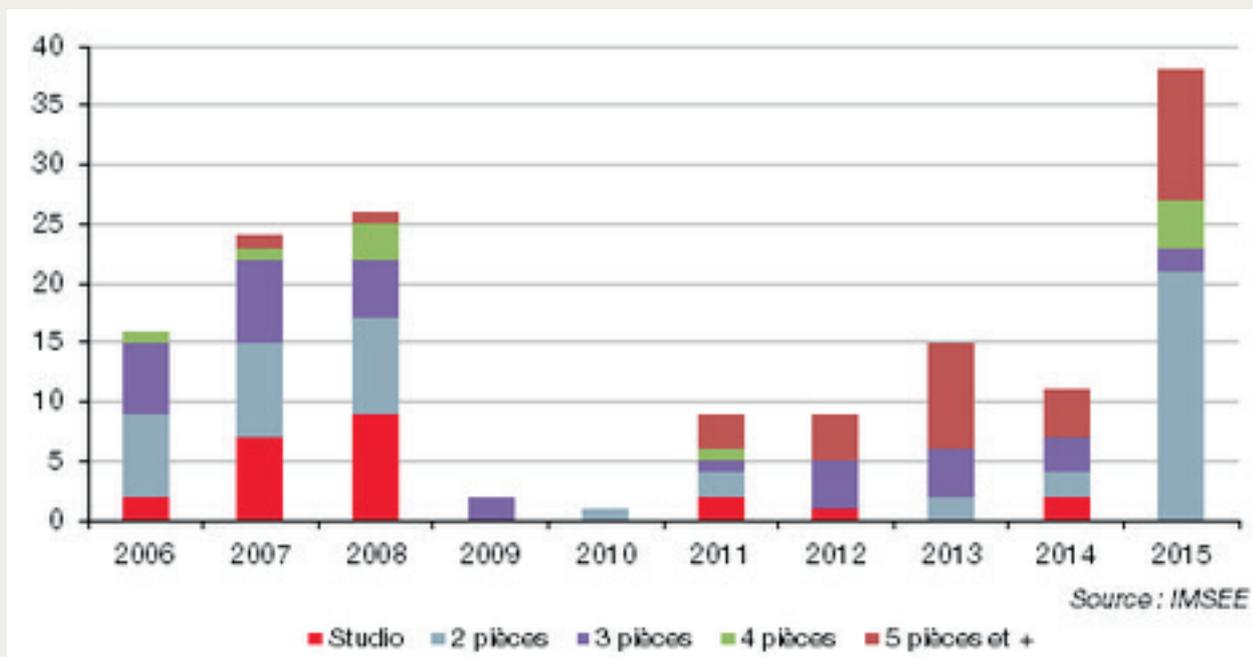
## NEW DEVELOPMENT PROJECT SALES 2015

New development project sales:

- 453 700 000 €
- 38 apartments

A total of 195 new apartments were completed in 2015, making it the best year for more than a decade. As a result, the new-build sector saw sales of 38 apartments, more than during the periods 2012–2014 or 2008–2011.

Number of sales by type of apartment:



Unlike in previous years, the market was dominated by two types of apartments:

- One-bedroom apartments: 21 sales or 55% of all transactions ;
- Four-bedroom apartments or bigger: 11 sales or 29% of all transactions.

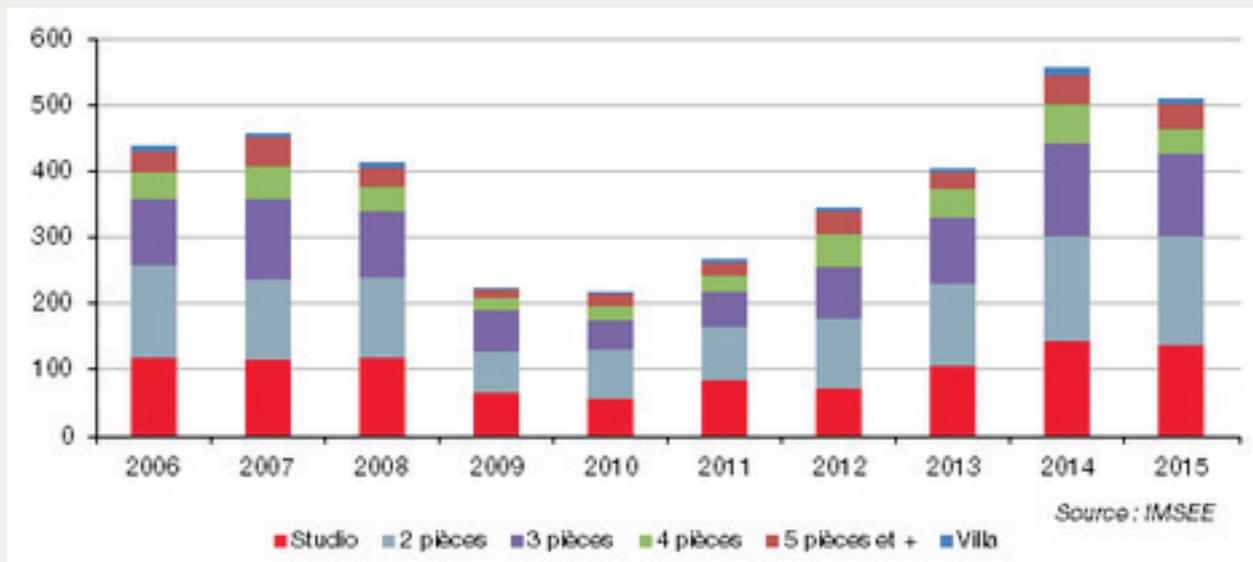
## RESALES 2015

Real-estate resales:

- 1 793 000 000 €
- 509 apartments

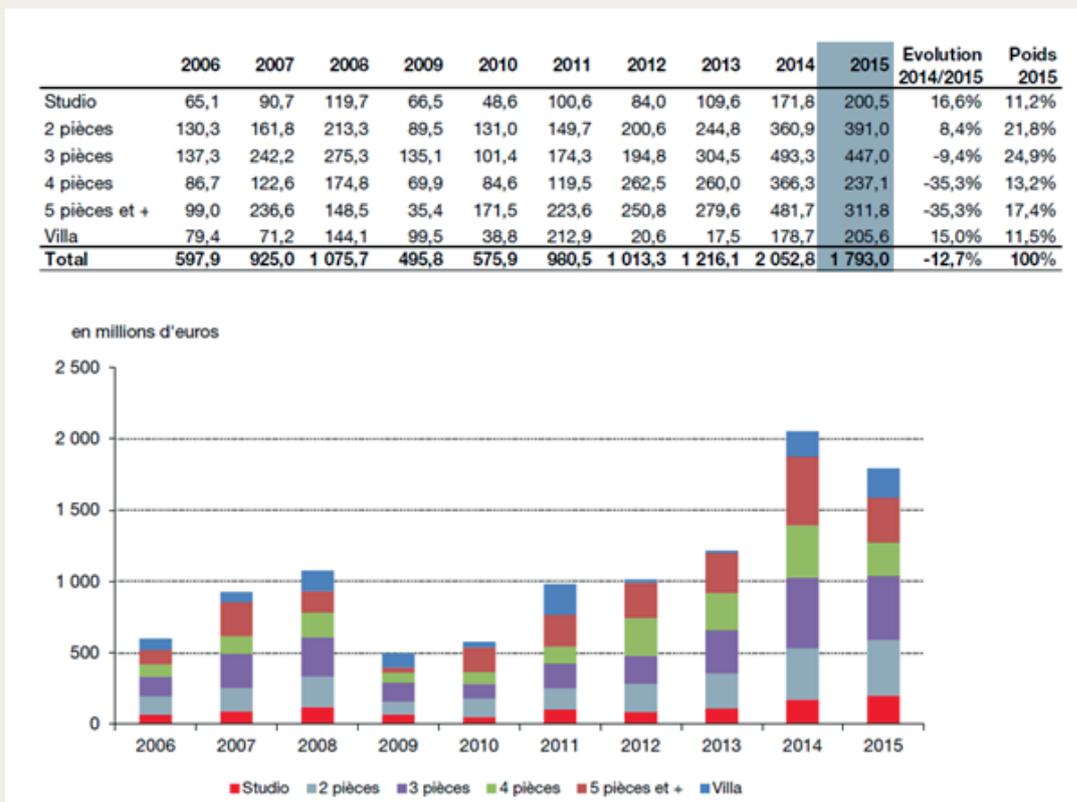
With regard to resale apartments, 2015 saw a slight decline compared with the exceptional performance observed in 2014. The levels of each of these indicators nevertheless remain high, are slightly lower than the previous year.

**Number of resales by type of apartment**



Almost 60% of sales involved small apartments (studios and one-bedroom apartment). This figure rises to 84% if two-bedroom apartments are included.

**Amount of resales by type of apartment (in millions €):**



## MONACO DISTRICTS

**The Carré d'Or and Monte-Carlo** are home to the Place du Casino, famous hotels, luxury stores and opulent buildings such as the Park Palace, the Mirabeau, the Monte Carlo Star and even the Metropole and its shopping center.

**Saint Roman** is at Monaco's western edge against the French suburb of Roquebrune Cap Martin. It accommodates several buildings including the Monte Carlo Sun, Parc Saint Roman, Tour de l'Annonciade and the brand new Tour Odeon.

**Larvotto** is Monaco's postcard suburb with its beachfront properties and their immediate proximity to the beaches, Jimmy'z, the Grimaldi Forum, and waterfront restaurants and bars. Among others, here you'll find 21 Princesse Grace, Houston Palace, Bahia, Columbia or slightly back from the sea front, Florestan.

**La Condamine and the Port** offer you the old charm of a shopping district with Rue Grimaldi and its stores, the pedestrian area of Rue Princesse Caroline and the quays at the port with many bars and restaurants. Some buildings like the Palais Heracles, Ermanno Palace and Shangri-La give you an exceptional view of the Monaco Grand Prix.

**Monaco Old City or Le Rocher** includes the old medieval city with the Prince's Palace, the Government, the Cathedral and the Oceanographic Museum. The apartments here are distinctive and full of history, with amazing views.

**The Fontvieille district** has been partly reclaimed from the sea. It is home to sporting Stadium Louis II, the heliport, the shopping center, industry and its own marina. At Fontvieille, some beautiful buildings and their luxury services await: Seaside Plaza, Terrasses du Port and Eden Star.

**The Exotic Garden** overlooks the Principality. This is the district featuring the exotic gardens and its plants, but also the Princess Grace Hospital and the Moneghetti shopping area. Beautiful buildings such as the Les Ligures, Patio Palace and Harbour Light Palace offer a panoramic view over Monaco and the sea.

### HOW TO BUY IN MONACO

Acquiring property in Monaco is quite straightforward. There are no restrictions on foreigners. You will need the services of a public notary to ensure that the terms of agreement are accurate and conform to the law. The sale can be quickly concluded, between 1 and 2 months.

#### The bid and the negotiation

A written offer: A negotiation in the Principality start with a written purchase offer. A real estate agent does not transmit oral bids. Only exceptional circumstances justify this use.

A detailed offer: The written offer presents the buyer, with details and description of the concerned goods, the offered price and the terms and timing of the acquisition. In the Principality of Monaco, the buyer must also pay a commission to the agent. These fees are 3% calculated on the sale price + VAT (on the 3%).

Offer supported by a deposit: The written offer of the buyer must be confirmed by a deposit, which will be collected by the notary once the offer is accepted. This deposit is used to demonstrate the seriousness of the offer to the seller. Agreed to a sum of 10% of the sale price in most cases, the deposit varies depending on the situation. In Monaco, it is generally made with a single cheque from a bank in the Principality of Monaco or a bank transfer upon acceptance of the offer.

Offer with a legal value: The offer to purchase is a document that has a real legal value in Monaco. When it is accepted and supported by a deposit cheque, the accepted offer is a firm commitment of both parties. If the buyer were to withdraw from the transaction after the seller has accepted the sale, the deposit cheque would be kept by the seller. On the other hand, faced with a defaulting seller, the deposit is handed back and the notary forces the seller to pay compensation for the same amount. In this case, a procedure to force the seller to go through the actual sale may be considered.

A sales agreement (compromis): The possibility is left to the two parties to agree on the signing of a sales agreement. More detailed than a simple bid and preparing the authentic deed, it can strengthen both parties in their respective intentions while protecting them by a notary.

### **The responsibility of the Notary and the Deed**

The notary is a public officer acting on behalf of the State. The deed by its form confirms the contents of the sale and the agreement between the parties with executory strength. This act imposes the same force as a final judgment. It sets the property to a certain date and protects your interests seamlessly.

### **Fees to buy a property in Monaco**

Estate agents: 3% + VAT of purchase price to be paid by the purchaser.

Notary fees: Approximately 6% of the value of the property, depending on the ownership structure of the transaction (includes the registration, stamps and legal fees).

### **TAX SYSTEM**

Income tax was abolished in 1869. All foreigners (except French) officially residing in Monaco and people with the Monegasque nationality can benefit from this zero personal income tax regime.

### **SPECIFIC TAX SYSTEM**

The main principal of Monaco's fiscal system is the total absence of direct taxation.

#### **Individuals**

Persons residing in Monaco (except French nationals) do not pay tax on income, on capital gain or on capital. For French nationals, two distinct categories exist:

- French nationals who can prove that they resided in Monaco at least 5 years before October 31, 1962 are subject to the same system as other nationalities.
- Other French residents are subject to French income tax collected by the French administration.

#### **Inheritance tax rates**

Assets located in Monaco are subject to the following inheritance tax rates:

- in direct line of descendance : 0%
- between brothers and sisters : 8%
- between uncles and nephews : 10%
- between relatives : 13%
- between non-relatives : 16%

#### **Business taxation**

There is no direct tax on companies apart from the tax on profits for the companies earning more than 25% of their turnover outside of the Principality and companies whose activities consist of earning income from patents and literary or artistic property rights, are subject to a tax of 33.33 % on profits.

## BEING A RESIDENT OF MONACO

### PRINCIPLE AND CONDITIONS

#### Principle

Anyone who is 16 years of age above and wishes to reside in Monaco for more than three months in a year, or set up home in the Principality, must apply for a residence permit from the Monégasque authorities.

Once an application for a residence permit has been submitted, a 'temporary' card valid for one year may be issued.

#### Conditions

The requirements for foreigners settling in Monaco vary depending on the nationality of the applicant. In all cases, you must be able to prove that you have:

**Accommodation in Monaco** which is large enough to accommodate those living there, through:

- Being the owner of a house or apartment; or
- Renting a house or apartment; or
- Being the director or unit holder of a company which owns a house or apartment; or
- Staying with a close relative, your spouse, or partner with whom you are living as a couple.

#### Sufficient financial resources, by means of:

- A salary; or
- Professional income (independent commercial activity or through a company); or
- Sufficient savings (the sum which is judged sufficient depends on the banking establishment in Monaco providing the reference); or
- Being supported by a relative, spouse or partner with whom you are living as a couple.

Good character: proof of which should be supplied by providing a copy of your criminal records information from the country or last two countries in which you have resided in the five years prior to your arrival in Monaco.

#### Application process

If you're a non-EU national, then you'll first need to apply to France for a Type D long-term visa. After obtaining the visa, you can then proceed to the next step, which is applying for a residence permit. Monaco isn't a contracting party to the Schengen Convention (an agreement which entails no internal border controls and a common visa policy between the contracting states). However, Monaco concluded two bilateral agreements with France and its territory is situated within the external borders of the Schengen area. In practice, this means that EU nationals and Monaco nationals can travel freely without a visa throughout the whole Schengen area, including Monaco. As a consequence, European nationals can start immediately with the application process for the residence permit and skip the visa application process applicable to non-EU nationals.

### How to remain resident of Monaco

So you have received your temporary residence permit which is valid for one year. You must renew this temporary residence permit annually for the first three years of your residence (so you have to renew it twice). At the end of the first three years, you can apply for an ordinary residence permit valid for three years. This ordinary residence permit has to be renewed at the end of the three-year period (to start another three-year period). During these first nine years of residence, you're required to spend, on a yearly basis, at least three months of your time in Monaco. After the first ten years of residence, you can then apply for a privileged residence card valid for ten years. This privileged residence permit grants the permit holder the right to apply for citizenship (meaning the right to apply for the Monegasque nationality) and the privileged residence permit holder is required to spend at least six months and one day in Monaco on a yearly basis.

In order to renew the residence permit, the following documents are required: a completed application form, a copy of the lease or property deed, a copy of the last two electricity bills, and a letter from the bank proving sufficient income or a certificate of employment or an extract from the Register of Commerce (depending on which method was chosen to apply for the residence permit).

### ECONOMIC OVERVIEW

Taking the country's small size and lack of natural resources into account, it is hardly surprising that many of those working in Monaco find themselves employed in such key sectors as tourism, finance and insurance, as well as light, high-tech research and industry.

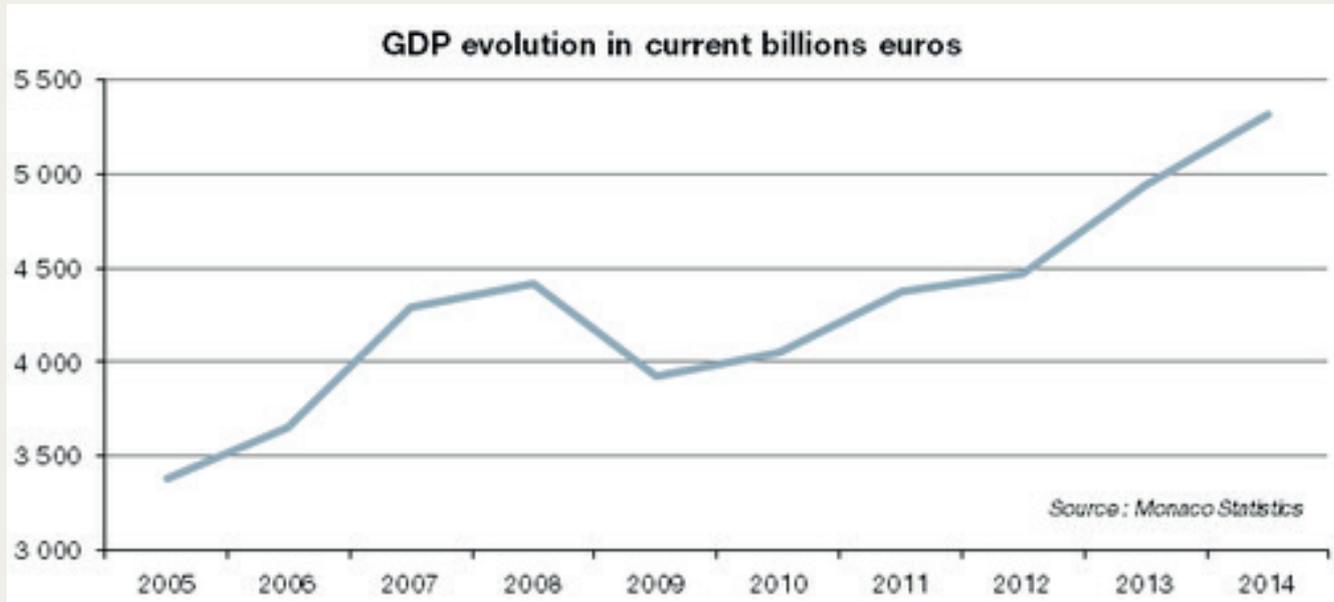
### GROSS DOMESTIC PRODUCT

Monaco's **GDP** was **5.32 billion euros** in 2014, compared with 4.94 billion in 2013. Corrected for inflation, GDP recorded an **increase of 7.2 %** by volume.

GDP indicators :

- 5,32 curent billion euros
- +7,2 %

After the downturn experienced in 2009, GDP is continuing to grow and has, for the first time, exceeded the threshold of 5 billion euros, reaching 5.32 billion euros.



All the GDP components, except for subventions, contributed positively to the result. As in 2013, gross operating surplus of companies recorded the strongest growth. In 2009 it suffered a setback, resulting from the international financial crisis, and it returned to its pre-crisis level only in 2013. It increased sharply over the past two years (+15 % in 2013 and +9 % in 2014), proving that the companies definitely overcome this episode.

### **WORK PERMIT FOR MONACO**

If you are planning on working in Monaco, then you will need a permit de travail first.

Similarly, your (future) employer needs to apply for permission to hire foreign employees.

In order to apply for your permit, you need to either:

- have a valid Monegasque residence card, or
- have a valid French ID or residence document when commuting from France

If you are living neither in France nor in Monaco, you and your employer have to settle the question of your visa and residence status first, i.e. get permission to employ a foreigner, establish the work contract, and use the contract to get your visa, and so on. This may also include a medical examination.

Only once your status of residence is settled can you apply for a work permit at the Employment Office.

## SETTING UP A BUSINESS

### Principle

Setting up a business or taking over an existing firm is challenging and requires careful preparation and support from competent advisors.

The business section of the Prince's Government's Public Service offers assistance and advice to those setting up or taking over businesses, to help them achieve success.

First and foremost, entrepreneurs must be aware of the fundamental rule governing business relocation to Monaco - the fact that a licence must be obtained before initiating business activities.

### Business permit

In order to run a business in Monaco, whether in trade, industry, crafts or as a freelancer, as a sole trader or as a company, those without Monegasque nationality must acquire a business permit issued by the Minister of State.

The permit is issued according to the following 3 criteria's:

#### a) Professional reputation

The professional reputation is assessed according to any criminal or judicial record on the part of the entrepreneur and following an official inquiry.

#### b) Professional qualifications

Professional qualifications must be held in the entrepreneur's own name.

Some activities are subject to specific entry conditions (certificates, nationality, guarantees, etc.)

#### c) The creation of a stable business activity

Authorization is only granted if the operational structure is appropriate to the nature and size of the business.

The public services website gives a first overview over the different legal forms for companies and regulated jobs in Monaco. For more detailed information and help with setting up a business locally, however, you'd better get in touch with the Monaco Welcome & Business Office.



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