

# **A guide to buying a property in Austria**

Buying property in Austria is orderly, efficient and quick, however the procedures vary per region.

## **Forms of property ownership**

Property in Austria is almost always Freehold Title.

There are three main forms of residential property ownership as defined by municipal authorities. It is therefore important for buyers to decide beforehand what type of property they wish to invest in (main residence, holiday home or rental home).

### **Main residence** (Hauptwohnsitz)

The person permanently registered at this property needs to be a tax resident of Austria and must reside there at least 180 days a year. Permanent registration means the individual has a temporary or permanent residence permit. This property can be used by the owner or rented out. In popular tourist areas, 95% of all property is categorised as Hauptwohnsitz.

### **Second home** (Nebenwohnsitz)

This type of property is reserved for personal temporary residence, short-term rentals for tourists or long-term rentals for locals.

### **Rental property for tourism** (touristische Nutzung)

This type of property is also called “buy-to-let” whereby the owner lives in it for a predetermined number of weeks a year and rents it through a managing company for the rest of the year. Most commonly, the same company manages the rental and the overall maintenance of the building (Hausverwaltung).

## **Territorial limitations to property purchase**

Legal entities registered in Austria have the right to purchase almost any type of property. However, 51% of the company's ownership must belong to EU citizens or EU-registered legal entities.

## **Rules for non-EU buyers**

Purchases by non-EU citizens are regulated by local authorities and each federal state and municipal district has specific rules.

## **Buying a property in Austria**

Before purchasing a property you should always inspect the government land register for any legal requirements, rights and restrictions including the seller's ownership title, mortgages, liens, pre-emption rights, rights of way, canals, lines, brooks.

For this purpose you can obtain a current extract from the government land register about any Austrian property available from every district court

After choosing a property, the buyer, agent and lawyer engage in the purchase process.

The legal procedures can take up to 3 months and registering the property with the local Land registry (Grundbuch) can take up to 3 months.

**1. Find a property.** A real estate agency will arrange viewings and answer any questions about the property, payment procedures and advise on a notary who can handle the purchasing process from a legal perspective.

When a property has been selected, make a formal offer in writing via a real estate agent. When the seller accepts the offer, it is binding. At this stage a purchase agreement or sale contract is drawn by an Austrian solicitor/notary

**2. Sign the preliminary sales contract** (Kaufanbot) and pay the deposit (10-20%). The money is transferred to an escrow account held by the notary. The completion date is agreed.

A Notary will draw up the sale contract on behalf of both parties. Please note it is normal in Austria that the Notary acts for both parties and is seen in law as an intermediary for both the buyer and seller.

**3. Register the legal entity** (if applicable). In various regions of Austria only a company can purchase real estate. A company can be incorporated in 7–14 working days.

**4. Obtain permission to purchase property.** Non-EU citizens needs special permission from a territorial commission (Grundverkehrsbehörde) of the municipality in almost every region in Austria. It takes 6–8 weeks to obtain this permit.

**5. Sign the final sales contract** and make the final payment. You will be asked to transfer sufficient funds to cover the purchase and all fees and costs to the Notary clients (trustee) account before the agreed completion date. Once both parties have signed the sale contract the Notary passes the money over to the vendor, but only after ensuring that the property is recorded in the land registry, and that the buyer has unencumbered title. Other clauses are inserted into the contract to ensure that the vendor has settled bills with suppliers so that no debts from the previous owner are lingering after the date of sale.

The buyer and the seller must sign the final sales contract in the presence of a notary public and register it with the tax office (Fiskalverwaltung).

**6. Property under construction** (if applicable). If the contract is with a developer for property under construction, the money can only be transferred through an escrow account. The third party responsible for the escrow account will remit the funds to the seller at each completed stage of the

construction as determined by Austrian law. Independent experts verify the construction at each stage. If the developer fails to get approval for that stage, the funds will not be remitted. The payment schedule is specified in the contract.

7. **Register your property** with the local Land registry (Grundbuch). This can take from one to three months.

### **Buying costs and fees**

Expenses are usually 10–13% of property value and paid by the buyer in accordance with Austrian law.

#### **Property Purchase costs % of contractual value:**

Registration fees 1.1%

Notary fees are on a scale set by law and you should allow 2.% + vat

Property transfer tax 3.5%

#### **Additional costs:**

Municipal permission to buy property up to Eur1000.00

Official translation services about Eur100.00 per hour

#### **Real Estate Agent's Fee:**

Real estate agent's fee is set by law at 3% to 4% of the property's purchase price or market value. The agent's commission is payable by both the buyer and the seller.

#### **IMPORTANT - Disclaimer :**

**The above information is provided as guidance only, ECSM Property Ltd. does not accept any liability for the reliability of the information and statements made as this is obtained from 3rd parties.**

**We always recommend you take legal advice from a fully qualified local Lawyer or Notary before buying a property overseas.**