

La Paz Real Estate Buyer's Guide

A guide to making your “living abroad” dream a reality.

Buying a home in La Paz, Mexico may sound like a big leap to make when you're used to living in the U.S. or Canada. However, it can be surprisingly easy, especially when you have good guidance from an experienced local real estate team. That's what made buying a home in La Paz such a great experience for us, and we are happy now to be able to pay that experience forward!

Maybe you've been to La Paz on vacation. While you were here, you began to relax and ease into the slower pace of life that we La Paz residents love. You enjoyed some fresh fish tacos and a frosty beer or margarita. Maybe you even went exploring and visited some of these Baja towns. You started to think, “Gosh, I think I could actually live here!”

Back home, time goes by, and you find yourself dreaming about the La Paz lifestyle every now and then, especially when life gets a bit stressful. Then

one day, you wake up thinking, “I need to make this dream happen!” But, where to start?

At this point, you probably stopped short, thinking, “I don't know the first thing about buying a home in Mexico!” Not to worry. Buying a home in La Paz is not difficult. However, there are some important differences in the process from what you may be used to in the U.S. or Canada. To help you navigate the process, we've outlined some of the key considerations in this Buyer's Guide.



Buying a home in Baja is a lot like buying in other countries, with a few key differences.

Can I Buy Property in Baja?

The first thing to know is that only Mexican citizens can purchase land in the “restricted zone,” which extends 31 miles inland from the ocean, and 62 miles from international borders. The land is restricted because Mexico’s constitution reserves this land for its citizens. Since the Baja peninsula is only about 50 miles wide at its widest point, this means foreigners cannot technically own land in most of Baja California or Baja California Sur.

Don’t panic, though! You can still purchase land or a home here, under a bank trust called a *fideicomiso*.

Fidei-What??

Under this legal arrangement, the bank serves as the trustee for the benefit of the beneficiary (the buyer), and in doing so deposits the deed to the land so that a non-Mexican citizen can hold title to the property while satisfying the Mexican constitution. The *fideicomiso* is valid for 50 years, and can be renewed for another 50 years.

It’s perfectly safe and legal, and expats have been buying homes in Baja using this method for many, many years. You can read more about it here. So, now you know you can legally purchase a home in La Paz using a *fideicomiso*. What are some of the other considerations for buying a home in La Paz?

Financing a La Paz Home

For most expats, buying a home in La Paz typically means making a cash purchase. Seller financing may be offered, but it typically requires a significant down payment (40-50%) and the interest rate will be high enough to dissuade most people from using this option. The good news is that homes are often much more affordable here. Even if you don’t have the full purchase amount available in cash, you are not out of luck. Many buyers opt to take a home equity line of credit on their home in the U.S. or Canada to make up the difference.

Legal Considerations

The legal process of closing on a home here in La Paz is fairly similar to real estate transactions in other countries. When an offer is accepted, the buyer makes a deposit to hold the property (typically 10% of the purchase price) and this money is placed in an escrow account to be held until the closing.

A local closing agent (similar to a U.S. title company) collects all of the documentation needed from both seller and buyer, drafts the legal document under which the buyer will hold title, and works with both parties to execute the transaction within a reasonable time period, usually 45 days. Typical buyer’s closing costs can be 4-6% of the purchase price for a home. When buying an undeveloped lot, these fees can represent a higher percentage of the lot purchase price.

Can’t make it to La Paz for the closing? You can designate a local power of attorney to represent you and sign the documents for you.

What If I Want to Build?

Want to design a home and put your own personal stamp on it? There are plenty of builders here who can help you design and build your dream home. If you fear your Spanish is not up to the task, there are many local builders who also speak excellent English. The first step is to find the right



One option is to purchase a lot and build your dream home in Baja.

location to build your home. Lots for sale can range from <\$30,000 US to well over \$100,000 US, depending on the location, view and other considerations. Construction costs can range from \$80/ft² for a basic home on a level lot, to more than \$110/ft² for a home built with high-end materials or on a sloping lot that requires a retaining wall. Build times are typically 9-12 months, depending on the size and complexity of the home.

A good builder will provide you with a full set of architectural plans and help you navigate the process of getting the proper permits. Keep in mind, some neighborhoods have strict design guidelines, while others will have few if any constraints. We have builders we trust and work with closely, and can recommend. Of course, keeping the impact of your new construction on nearby homes in mind is always good practice. After all, you will be neighbors soon!

What About a Condo?

If buying or building a single family home in another country seems too daunting, you may want to opt for a condo. There are several new and existing condominium developments in and around La Paz. With a condo, you get the benefit of owning your own home in La Paz, without worrying about the hassles and cost of upkeep and maintenance.

Of course, most condo properties come with HOA fees, just like they do in the U.S. or Canada, so you need to factor those fees into your budget. The range depends on the amenities, which may include a pool, extra security, maintenance and landscaping. Condos often make excellent rental properties, which can be a good option for those looking to defray costs a bit.

Which Location Should I Choose?

Of course, the most important consideration when purchasing a home in La Paz is the same as it is anywhere else in the world: location. Are you looking for a place just steps from the malecon, and walking distance to shopping and the local farmers market? Or do you want a place with a bigger yard, where you can bring your dogs and enjoy some privacy from your neighbors? Do you want to walk out your front



A condo offers convenience and low maintenance.

door onto the beach, or enjoy a hilltop view of the legendary La Paz sunrise or sunset?

Location can make or break your experience in La Paz, so consider carefully. Downtown convenience may come at the price of a certain amount of nightlife and traffic noise, as well as higher prices, whereas a house with a stunning view situated on a hillside may have no yard for your pooch. Keeping your priorities in mind will help you choose the right location for your dream home.

What Next?

Whatever type of home you decide to purchase, La Paz offers plenty of options to suit your needs, a laid-back, peaceful lifestyle, and a world of adventure at your doorstep. Of course, nothing beats visiting here and looking at homes with a local real estate agent. If you are serious about buying in Mexico, or just dreaming about it, pay us a visit here in La Paz. Chances are, you'll fall in love with the local lifestyle, and leave excited to get started on your new adventure!

Questions?

Contact us, we are happy to answer your questions!

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