

# Waterfront Real Estate Vanuatu

## OUR MOST FREQUENTLY ASKED QUESTIONS AND ANSWERS

### **As a non-citizen, can I buy property in Vanuatu?**

There are no restrictions on foreigners buying property in Vanuatu. When buying land over a certain value, you are entitled to apply for a residency permit but there is no requirement for property owners to reside in Vanuatu.

### **Is the land in Vanuatu leasehold or freehold?**

All land in Vanuatu is Leasehold. This situation is similar to most other countries of the South Pacific, and leasehold is also common in some areas of Australia such as Canberra. Anywhere around the CBD, in the so called urban areas, the Minister of Lands is the Lessor. Land other than urban, which in many cases has now been subdivided, has a "custom owner" Lessor. The Constitution of Vanuatu states that the maximum term of a lease is 75 years.

### **What happens at the end of the lease?**

When you buy an existing lease, you purchase the remaining term, not a new 50 or 75 year period. All urban leases can be renewed for a fee. This is 10% of the "unimproved land value" (as assessed by the Government's Valuation Unit) and administration fees. Land that is rural will have a different renewal fee depending on the Lessor. This can range from a simple one off payment to 2% of the unimproved land value. A renewal of lease can be negotiated at anytime at terms suitable for both lessee and lessor.

### **Why should I invest in Vanuatu?**

Vanuatu (and more precisely Port Vila on Efate) is the no. 1 Pacific financial centre for the administration and management of offshore companies, trusts, banks, insurance companies and shipping registration. There are no personal or corporate income taxes, no estate or gift duties, no exchange controls, and secure privacy provisions. Vanuatu has not signed any international tax treaties further ensuring confidentiality with regards to business. Although there is a fantastic opportunity to make money by investing in Vanuatu, a lot of people invest in property in Vanuatu because they are seeking the relaxed, friendly and welcoming atmosphere of this tropical South Pacific country.

### **What annual outgoings should I expect when I purchase a property?**

If you have a property in the urban area, there are municipal rates/taxes to cover roads, refuse collection etc. All properties will incur (if they have the services) electricity, water, gas and ground rent. Ground or land rent is paid annually and is a nominal amount calculated on a square meterage basis on the unimproved value of your land. It generally comes to about AUD\$300-400 per year. House and content insurance is optional.

### **Is it possible to buy apartments or shops on their own Strata title?**

Yes. The Vanuatu Parliament passed the Strata Title Act in 2000 and also approved the Strata Title regulations. It is possible to strata title existing buildings and to create strata titles for new apartment and commercial buildings.

### **What other costs are there when I purchase a property?**

Legal fees are typically around 0.5% to 1 % of the purchase price or by negotiation.

Stamp duty is 2% of the purchase price and government title registration fees are 5% of the purchase price. If buying a business or property owned in a company name it is possible to reduce these down to 4 % in total. Your lawyer or accountant can advise you of this at the time of purchase.

### **How long does it take to complete a transaction?**

Generally about 1-2 months. This varies depending on conditions that may be part of a particular transaction. Any transfer of a property title requires the Lessor's "Consent to Transfer".

### **What are the steps in buying property in Vanuatu?**

Inspect property in the usual way. Make an offer and negoti-

ate any conditions. If the offer and any conditions are accepted, draft sale agreement (issued normally by Vendor's solicitor). Agent confirms acceptance in writing. Sign sale agreement & pay deposit (usually 10 % payable within 7 days) into the solicitor's trust account. Purchaser proceeds to meet any conditions in contract, e.g. confirm financing, obtain planning permission etc. Vendor applies for Lessor's Consent to Transfer. Both parties are informed when Consent to Transfer is approved. If all other conditions are met, settlement date is arranged. Pre-settlement inspection of property or last minute search of title is carried out by purchaser's side, if desired. Settlement takes place. Documents normally handed over to purchaser include: 3 original Transfer deeds already executed by Vendors, Copy of registered title, settlement statement, last property tax receipt, last lease rent receipt. Purchaser stamps Transfer Deeds and pays 2 % Stamp Duty to the Vanuatu Financial Services Commission. Purchaser registers Transfer and pays 5 % to the Vanuatu Government.

### **Can I get finance from a bank in Vanuatu to purchase a property?**

There are currently four banks in operation in Vanuatu. Bred, ANZ, Westpac and the National Bank of Vanuatu will all lend money against property. Typically, residential property will require a 20% deposit and commercial requires up to 50% deposit. This varies depending on the nature of the loan and the bank's assessment of the borrower. Bank lending criteria are similar to Australia and New Zealand. Please contact us for further information.

### **Should I use my lawyer back home or should I use the help of a local lawyer ?**

A property transaction is a significant transaction, especially when you live in another country, and deserves to be handled properly. We strongly recommend using a Vanuatu lawyer to handle your property purchase and give advice if needed, as they are armed with local knowledge and expertise. We can recommend several solicitors to meet your requirements.

### **Are there any good builders in Vanuatu to build my own home and what are the building codes?**

In Vanuatu there is a good variety of professional builders, engineers and architects, both Ni Vanuatu or foreign trained, to construct the house of your dreams. There are also several professional construction firms. All contact details can be found in the local phone book. We recommend having a look at their previous building work to establish the suitability for your demands and then get them to quote on your project.

In Vanuatu we are occasionally exposed to cyclones and earthquakes, that's why houses here are typically constructed and engineered to a higher level than you would generally find in most first world countries. Just remember you will need a building inspection done and a certificate provided to insure against cyclone damage. In every lease there will always be conditions. These will also determine what can be built, e.g. residential, commercial or rural, standards of construction, methods of waste disposal, etc. and they generally all protect the buyer by maintaining a reasonable standard.

Average construction rates are between AUD 900 and 1,200 per m<sup>2</sup>, depending on the quality, design and finishes of your proposed dwelling. The requirement is to submit plans to the local council for approval which is a simple process and receive a building permit number.

### **Is it easy to rent out property?**

Yes. Good rental properties can return up to 10% per annum or more. There are many private and public companies, high commission staff and overseas aid organisation who rent for 1 to 3 years contract periods rather than buying.