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International Real Estate

## For Sale In ... Chile

By VIRGINIA C. McGUIRE  
HOUSE BUILT BY ARTISANS IN MAIPO CANYON, SANTIAGO

340 MILLION CHILEAN PESOS (\$630,000)

This three-acre property in the Maipo River valley in the central Andes [Mountains](#), with three houses and extensive organic gardens and orchards, is for sale by owner. Built by two brothers, the main house has three bedrooms and two baths with views of the river and the Andes. It was built using recycled materials, including the antique front doors and several windows framed in redwood imported from the United States.

The owners brought in a team of carpenters from the island of Chiloe, which is known for its craftsmen. The floors are eucalyptus. The house also has 12 kinds of native wood, as well as a round stained-glass skylight made by one of the owners.

The ground floor has two bedrooms, and a living room with a wood-burning stove that heats the whole house. The ceramic tile in the kitchen is locally made; there is a wood stove for cooking, as well as a modern gas range. The main bathroom is on the ground floor.

The master bedroom is in a semicircular space on the second floor; it has a ladder leading up to an enclosed cupola and a private terrace. The house also has a basement level with two rooms for household staff, an additional bathroom and a laundry room.

The property has a spring that provides enough water for the houses and garden. Organic waste is processed using a permaculture system of native plants and earthworms. Electricity is the only utility supplied by the municipality.

The other two houses are a one-bedroom and a three-bedroom. The property also has a greenhouse and extensive orchards. It takes 20 minutes to drive to the small town of San Jose de Maipo, which has restaurants and a market. The area's nature preserves attract many outdoor enthusiasts. This house is situated in a development that places green building restrictions on homeowners. About half of its 40 or so houses are vacation homes.

The Maipo Canyon is a popular weekend destination for nature-lovers and foodies from Santiago, which is about an hour away by car or public transportation. The nearest airport, in Santiago, is a 50-minute drive.

### MARKET OVERVIEW

“There has been a major pull-back in the real estate market here,” said Charles Spencer, co-owner of Spencer

Global Consulting, a law firm in Temuco, Chile, that represents buyers in real estate transactions and advises foreigners seeking to relocate to Chile.

Rodrigo Orlandi, a lawyer with FAF International, a Santiago-based branch of First American Title Insurance Company, said in an e-mail message that the residential real estate market in Chile plunged as much as 40 percent late last year. He also said recent Central Bank interest rate cuts and homebuyer subsidies had helped offset the losses, aided by the flexibility of developers — who in some cases have accepted an old property “as partial payment for a new.”

High demand and low construction costs caused overbuilding in coastal resort areas like Viña del Mar, a beach town with a Mediterranean feel about two hours from Santiago, according to Mr. Spencer. A few years ago, an apartment with an ocean view in Viña del Mar would have cost 80 million to 100 million pesos (\$148,000 to \$185,000). Now, some apartments sell for as little as 50 million pesos (\$93,000), while houses in the area cost 70 million to 100 million pesos (\$130,000 to \$185,000).

Prices for undeveloped tracts of land in remote areas, which are popular with foreign buyers who want to build, have remained relatively stable.

Most foreign buyers in Santiago are multinational executives who work in the city, Mr. Spencer said. In Providencia, a popular section of the city, it is possible to find houses for 50 million pesos (\$93,000), but Mr. Spencer says you can easily spend as much as 200 million pesos (\$371,000) for houses up in the mountains on the edge of Santiago. He said he usually advised his clients not to spend more than 200 million pesos (\$371,000) on any house in Chile, because construction costs are so low that it is often cheaper to build a new house.

There are some exceptions, in areas where available land is so limited that a price above 200 million pesos is reasonable. For the property featured here, “Maipo Canyon is out of the norm,” Mr. Spencer said. A national park, a nature preserve and military-owned land in the area mean that there are very few residential properties available, and the natural beauty and proximity to Santiago make the area one of the most expensive in the country.

## WHO BUYS IN CHILE

Chile’s foreign buyers come from Europe, the United States and Canada, Mr. Spencer said. Many Americans who want to retire abroad are now considering Chile because it is more affordable than the South of France or other expatriate retirement havens. Other buyers may have owned vacation homes in Argentina, Panama or Costa Rica, but are looking to Chile because it is believed to be more stable than other Latin American countries.

## BUYING BASICS

It is easy for foreigners to buy real estate in Chile, Mr. Spencer said. The only requirement is a tax identification number, which can be obtained at a local tax office.

He explained that it was very common for the buyer and seller to work together directly in Chile, with no real estate agent involved. If an agent is hired, buyers and sellers traditionally split the commission, which is usually 2 to 3 percent of the sale price. In addition, most buyers hire a local lawyer to do a title search at the cost of 1 percent of the purchase price, Mr. Spencer said.

Notary fees vary by area, but Mr. Spencer said they were usually about 0.03 percent of the sale price. In most cases, the buyer and the seller split them. Registry fees are 0.04 percent of the sales price.

If foreign buyers can't stay in Chile until the sale is complete, they can grant a power of attorney to someone who will complete the sale on their behalf. Mr. Spencer said it costs 50,000 pesos (\$93) to draw up the necessary power of attorney paperwork within Chile, but as much as 150,000 pesos (\$279) through the Chilean Consulate in a buyer's home country.

In total, buyers should expect a property transaction cost of about 5 percent of the sales price, Mr. Spencer said.

#### USEFUL WEB SITES

City of Santiago: [www.municipalidaddesantiago.cl](http://www.municipalidaddesantiago.cl)

Chilean government site: [www.gobiernodechile.cl](http://www.gobiernodechile.cl)

Central Bank of Chile: [www.bcentral.cl/eng/](http://www.bcentral.cl/eng/)

#### LANGUAGES AND CURRENCY

Spanish; pesos (1 peso = \$0.0018)

#### TAXES AND FEES

Around 200,000 pesos per year (\$372)

#### CONTACT

Marcelo and Rodrigo Condeza, owners, 011-56-65-234-892; [www.casaenlamontana.cl](http://www.casaenlamontana.cl)

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