

REAL ESTATE ALBANIA



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IMMOVABLE PROPERTY IN ALBANIA

REAL ESTATE

The main legislative acts which govern real estate and immovable property transactions in Albania are the Albanian Civil Code, the Law on Real Estate Registration in Albania, the Law on Sale and Purchase of Land Plots and the Law on Land in Albania.

According to the Albanian Civil Code, real estate constitutes land, water sources, woods, buildings, floating constructions connected to land and any other object firmly and continuously incorporated with the land or a building.

Types of ownership over real estate
Ownership of real estate in Albania may be public or private.

Foreign investors may lease state owned or privately owned rural land for a period of 99 years. The lease of rural land is regulated by the provisions of the Civil Code. Types of ownership over real estate Ownership of real estate in Albania may be public or private.

Private properties can belong to individuals, entities, the state and municipalities following the limitations provided for foreigners.

Private properties can be subject to real estate transactions. The exchange of ownership title or construction right over private state and municipal real estate property can be performed only in cases



explicitly specified in the law.

The lease period for state and municipal private property cannot exceed 20 years and the granting of a lease is subject to public tender procedures or public private partnership procedures. When the property belongs to two or more persons, co-ownership is established.

The co-owners decide operations by majority and each has a right of first refusal in the case of disposal of the property. The co-owners can authorize one of them to represent their co-ownership before third parties.

REGISTRATION OF THE OWNERSHIP TITLE

The ownership title and limited property rights over real estate property in Albania are evidenced by ownership title documents (usually in the form of a notary deed). In addition, the law requires that title documents are registered at the Real Estate Registry.



LEADING LAW FIRM IN ALBANIA



The general rule under Albanian law is that transactions involving real estate (e.g. a purchase and exchange) must be executed with a notary deed before a registered notary public.

“Foreign investors may lease state owned or privately owned rural land for a period of 99

Once the ownership title is registered at the Real Estate Registry, the owner or co-owners are provided with an ownership certificate issued by the Real Estate Registry Office.

By virtue of this registration, the acquisition of the ownership title or limited property rights becomes defensible against third parties.



The ownership certificate contains among others the name/s of the owner/s, type of the real estate, its surface and location, any eventual mortgages, encumbrances or other limitations over such real estate.

Foreign legal entities and individuals can effectively acquire ownership rights over land through the acquisition of shares or an interest in existing Albanian companies

The ownership certificate is signed and sealed by the responsible officer of the Real Estate Registry Office.

Acquisition of real estate
 Direct acquisition The Albanian legislation on real estate does not provide explicitly for any restrictions for foreign individuals or entities to acquire the ownership over buildings.

As regards land, pursuant to the Law on Sale and Purchase of Land Plots, foreign individuals or legal entities may purchase land plots for investment purposes, or land plots being used or already used for investment purposes.

Foreign investors acquire the right to purchase land plots if the total value of the completed investment is at least three times higher than the value of the land plot.



THE RESTRICTIONS ON THE ACQUISITION OF LAND BY FOREIGNERS

The restrictions on the acquisition of land by foreigners do not apply to Albanian legal entities involving foreign participation. Therefore, foreign legal entities and individuals can effectively acquire ownership rights over land through the acquisition of shares or an interest in existing Albanian companies, or through the establishment of such companies under Albanian law. It is possible for such a company to be 100% owned by a foreign investor.

Another possibility for indirect acquisition of a real estate in Albania for a foreign company or a foreign citizen is to buy shares in the capital of an already existing Albanian company, which then may act as acquirer. Foreign companies and foreign citizens, furthermore, can acquire shares in the capital of an Albanian company which already owns a real estate property in Albania.

IMMOVABLE PROPERTY DOCUMENTS

The general rule under Albanian law is that transactions involving real estate (e.g. a purchase and exchange) must be executed with a notary deed before a registered notary public.

The form of a notary deed is mandatory not only for transactions for transfer of ownership title over real estate properties, but also for establishment of limited property rights or encumbrances over real estate properties (e.g. construction right, right of use, and mortgages).

After execution of the deed, the notary public and/or any of the parties are obliged to register the transaction at the Real Estate Registry in order to make the title of the acquirer defensible against third parties. There are also special rules and procedures governing the acquisition of real estate arising from enforcement, insolvency and similar procedures.





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