

YOUR COMPLETE GUIDE TO

Buying Property in Mexico

Everything American & Canadian buyers need to know
about purchasing their dream home in Mexico

2026 Edition

A Free Guide from MexicoHomeFinder.com

Your trusted platform for finding property in Mexico

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Chapter 1

Why Mexico? The Case for Buying Property South of the Border

Mexico has become one of the most popular destinations for American and Canadian retirees, remote workers, and investors. With its warm climate, affordable cost of living, rich culture, and proximity to the United States and Canada, it is no surprise that thousands of North Americans are choosing to make Mexico their home each year.

The Numbers Speak for Themselves

| Average Home Appreciation | 8.7% year-over-year (Q2 2025) |
|----------------------------|-------------------------------------|
| Rental Yields | 6-8% average nationwide |
| Cost of Living | 40-60% lower than the US |
| Americans Living in Mexico | Estimated 1.6 million+ |
| Property Tax | 0.1-0.2% of property value annually |

Key Advantages for North American Buyers

- **Proximity:** Direct flights from most major US and Canadian cities. Many destinations are just 2-4 hours away.
- **Same Time Zones:** Mexico shares time zones with the US, making it easy to stay connected with family and business.
- **Affordable Healthcare:** High-quality medical care at a fraction of US costs. Many doctors are US-trained.
- **Lower Cost of Living:** Your dollar stretches significantly further, from groceries to dining to household help.
- **Growing Infrastructure:** Modern highways, international airports, high-speed internet, and world-class amenities.

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- **Rich Culture & Lifestyle:** Vibrant communities, incredible food, historic architecture, and welcoming locals.
 - **Established Expat Communities:** Well-organized communities in popular destinations with English-speaking services.

PRO TIP

Mexico's property taxes are remarkably low compared to the US and Canada. A home that might cost you \$5,000-\$15,000 per year in US property taxes could cost as little as \$200-\$500 per year in Mexico.

Chapter 2

Understanding Mexican Property Law for Foreigners

One of the most common concerns for foreign buyers is whether they can legally own property in Mexico. The short answer is: absolutely yes. However, the process differs slightly depending on where the property is located.

The Restricted Zone

The Mexican Constitution establishes a "restricted zone" that includes all land within 50 kilometers (about 31 miles) of any coastline and 100 kilometers (about 62 miles) of any international border. Within this zone, foreigners cannot hold direct title to residential property. This rule has been in place for decades and is designed to protect national sovereignty.

However, this does not mean foreigners cannot buy property in these areas. The fideicomiso (bank trust) system was specifically created to allow foreign investment in these prime locations, which include many of Mexico's most desirable destinations: Cancun, Puerto Vallarta, Los Cabos, Playa del Carmen, and more.

Outside the Restricted Zone

Properties located outside the restricted zone, such as in San Miguel de Allende, Mexico City, Guadalajara, and many interior cities, can be purchased directly by foreigners. You can hold the title (escritura) in your own name, just as you would in the United States or Canada.

IMPORTANT

Ejido Land Warning: Ejido land is communal agricultural property that cannot be legally sold to foreigners (or even other Mexicans in many cases). Some sellers may offer ejido land at very low prices, but purchasing it is extremely risky as the sale may not be legally recognized. Always verify that any property has a clean, private title before purchasing.

Your Two Options for Ownership

| For residential property in restricted zones | For commercial property in restricted zones |
|---|---|
| Mexican bank holds legal title | Corporation holds title |
| You are the beneficiary with full rights | You own shares in the corporation |
| 50-year term, renewable indefinitely | No time limit |
| Annual fee: \$500-\$1,000 USD | Corporate tax filing requirements |
| Best for: vacation homes, retirement properties | Best for: rental businesses, hotels, commercial |

Chapter 3

The Fideicomiso: Your Key to Property Ownership

The fideicomiso (pronounced fee-day-coh-MEE-so) is the most common and secure method for foreigners to own residential property in Mexico's coastal and border areas. It has been used successfully by thousands of foreign buyers for over 50 years.

How It Works

1. A Mexican bank establishes a trust and holds the legal title to the property on your behalf.
2. You are named as the beneficiary of the trust, giving you complete control and all ownership rights.
3. You can use, rent, remodel, sell, or inherit the property exactly as if you held direct title.
4. The trust lasts for 50 years and can be renewed indefinitely, ensuring long-term security.
5. The bank has no ownership stake whatsoever. It cannot claim, sell, or encumber the property without your written consent.

Is It Safe?

Absolutely. The fideicomiso system is established Mexican law, backed by the federal government and regulated by the banking system. Thousands of Americans and Canadians hold property through fideicomisos without any issues. The bank's role is purely administrative. It cannot use, occupy, or benefit from your property in any way.

Typical Fideicomiso Costs

| Setup fee | \$1,000 - \$3,000 | One-time |
|--|-------------------|-----------|
| SRE Permit (Ministry of Foreign Affairs) | \$1,500 - \$2,000 | One-time |
| Annual maintenance fee | \$500 - \$1,000 | Yearly |
| Transfer/amendment fee | \$500 - \$1,500 | As needed |

PRO TIP

When choosing a bank for your fideicomiso, compare fees across institutions. The most commonly used banks include BBVA, Scotiabank, Banorte, and Monex. Your notario or real estate agent can recommend trusted options.

Chapter 4

Step-by-Step Buying Process

Step 1: Define Your Goals & Budget

Decide whether you are buying for retirement, vacation, investment, or rental income. Set a realistic budget that includes not just the property price but closing costs (typically 4-7% of the purchase price), furnishing, and ongoing maintenance.

Step 2: Choose Your Location

Research destinations based on your priorities: climate, proximity to airports, healthcare access, expat community size, cost of living, and lifestyle preferences. Visit in person before committing, ideally staying for at least two weeks in your target area.

Step 3: Find a Trusted Real Estate Agent

Work with a licensed agent who has experience with foreign buyers. They should understand the legal requirements, speak English, and have a strong track record. MexicoHomeFinder connects you with verified agents who specialize in working with American and Canadian clients.

Step 4: Property Search & Viewings

Browse listings online, schedule viewings, and visit properties in person. Take your time. The right property is worth waiting for. Pay attention to the neighborhood, infrastructure, and community.

Step 5: Make an Offer

Submit a written offer (carta de intencion de compra). This is typically accompanied by a deposit to show good faith. Negotiate terms including price, closing date, and any conditions.

Step 6: Due Diligence

This is critical. Your notario publico (a government-appointed legal authority who oversees real estate transactions) will verify the property title, check for liens or encumbrances, ensure all taxes are paid, and confirm the seller's right to sell. Never skip this step.

Step 7: Set Up Fideicomiso (if needed)

If the property is in the restricted zone, apply for the bank trust through your chosen Mexican bank. This process typically takes 2-4 weeks. Your notario will coordinate with the bank.

Step 8: Closing (Escritura)

All parties meet before the notario to sign the deed (escritura publica). The notario registers the new ownership in the Public Property Registry. You receive your copy of the escritura. Congratulations, you are now a property owner in Mexico!

Chapter 5

Costs & Fees: What to Budget For

Understanding all the costs involved in buying property in Mexico will help you budget accurately and avoid surprises. Here is a comprehensive breakdown of what to expect.

Closing Costs (One-Time)

| Acquisition Tax (ISABI) | 2-4% of assessed value |
|-----------------------------------|---|
| Notario Fees | 1-2.5% of property value |
| Public Registry Fee | 0.03-1.15% of registered value |
| Property Appraisal | \$1,000 - \$1,500 USD |
| Fideicomiso Setup (if applicable) | \$1,000 - \$3,000 USD |
| SRE Permit (if applicable) | \$1,500 - \$2,000 USD |
| Legal Fees (attorney) | \$1,000 - \$2,500 USD |
| | |
| Total Closing Costs | Approximately 4-7% of purchase price |

Ongoing Costs

- **Property Tax (Predial):** Typically 0.1-0.2% of assessed value per year. Remarkably low compared to the US.
- **Fideicomiso Annual Fee:** \$500-\$1,000 USD per year (if applicable).
- **HOA/Condo Fees:** Varies widely. Can range from \$50-\$500+ USD per month depending on amenities.
- **Property Insurance:** \$500-\$2,000+ USD per year depending on coverage and property value.
- **Utilities:** Generally much lower than the US. Electric, water, gas, and internet combined often total \$100-\$300 USD per month.

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- **Maintenance:** Budget 1-2% of property value per year for upkeep.

Chapter 6

Financing Your Mexican Property

While many foreign buyers purchase Mexican property with cash, financing options do exist. Here is an overview of how to fund your purchase.

Cash Purchase

The majority of foreign buyers in Mexico pay cash. This simplifies the transaction, speeds up closing, and can give you negotiating leverage with the seller. Funds are typically transferred via international wire transfer. Be aware that Mexico has Anti-Money Laundering (AML) regulations, so you will need to provide documentation proving the legitimate source of your funds.

Cross-Border Mortgages

A growing number of lenders now offer mortgages to foreigners buying in Mexico. These include US-based lenders who specialize in cross-border real estate, as well as some Mexican banks. Typical terms include 15-30 year loans with interest rates higher than US mortgages (usually 7-10%). Down payment requirements are typically 30-50%.

Other Options

- **Home Equity Line of Credit (HELOC):** Borrow against your US/Canadian property to fund the Mexican purchase.
- **Self-Directed IRA:** Some retirement accounts allow real estate investment, though this is complex and requires specialized guidance.
- **Developer Financing:** Some new developments offer payment plans during construction, often interest-free.
- **Seller Financing:** Occasionally available, especially in slower markets. Terms are negotiated directly with the seller.

PRO TIP

Always transfer funds through official banking channels and keep detailed records of all transactions. Mexico's AML laws require transparency in real estate purchases. Working with a reputable notario ensures compliance with all regulations.

Chapter 7

Top Destinations for American & Canadian Buyers

San Miguel de Allende, Guanajuato

A UNESCO World Heritage city known for its colonial architecture, vibrant art scene, and one of Mexico's largest and most established expat communities. Located in the central highlands with a near-perfect climate year-round. Outside the restricted zone, so direct ownership is possible.

Best for: Retirees seeking culture, community, and walkability.

Puerto Vallarta, Jalisco

A Pacific coast paradise combining beautiful beaches with a charming old town. Excellent healthcare, international airport, and a well-developed tourism infrastructure. The Romantic Zone is particularly popular with North American buyers.

Best for: Beach lovers, active lifestyle seekers, rental investors.

Playa del Carmen & Riviera Maya, Quintana Roo

The Caribbean coast offers stunning turquoise waters, world-class diving, and a cosmopolitan atmosphere. Tulum's boho-chic vibe and the Riviera Maya's resort communities attract younger retirees and investors.

Best for: Beach lifestyle, rental income, younger retirees.

Merida, Yucatan

Consistently ranked as one of Mexico's safest cities, Merida offers colonial grandeur at very affordable prices. A growing expat community, excellent food scene, and proximity to Yucatan's archaeological sites and Gulf coast beaches.

Best for: Budget-conscious buyers, safety-focused, cultural immersion.

Los Cabos, Baja California Sur

The luxury capital of Mexican real estate. Dramatic desert-meets-ocean landscapes, world-class golf, and high-end dining. Popular with Californians due to its proximity (2-hour flight from LA). Higher price points but strong rental demand.

Best for: Luxury buyers, golfers, West Coast residents.

Lake Chapala / Ajijic, Jalisco

Home to Mexico's largest freshwater lake, this area has one of the highest concentrations of American and Canadian retirees in Mexico. Affordable living, excellent weather, and a tight-knit English-speaking community.

Best for: Retirees on a budget, community-oriented buyers.

Chapter 8

Due Diligence Checklist

Proper due diligence is essential when buying property in any country, and Mexico is no exception. Use this checklist to ensure a safe and secure purchase.

Title Verification

Confirm the seller has clear, legal title to the property. Your notario will search the Public Property Registry for any liens, encumbrances, or ownership disputes.

Zoning & Land Use

Verify the property is zoned for your intended use (residential, commercial, mixed). Check for any building restrictions or future development plans nearby.

Tax Status

Ensure all property taxes (predial) are current and paid. Unpaid taxes can create liens on the property.

Ejido Check

Confirm the land is NOT ejido (communal) land. Only titled, private property can be legally sold to foreigners.

Physical Inspection

Hire a professional inspector to evaluate the structural condition, plumbing, electrical, roof, and any signs of water damage or foundation issues.

Environmental Check

Particularly important for coastal properties. Check for flood zones, erosion risks, and environmental restrictions.

HOA Review

If buying in a development or condo, review the HOA bylaws, financial statements, meeting minutes, and any pending assessments.

Utility Connections

Verify that water, electricity, gas, and internet are connected and functional. Check for any outstanding utility bills.

Builder/Developer Reputation

For new construction, research the developer's track record. Visit completed projects and speak with existing owners.

Insurance

Research property insurance options before closing. Coverage for natural disasters (earthquakes, hurricanes) may require separate policies.

IMPORTANT

Never purchase property based solely on a verbal agreement or a simple receipt. All real estate transactions in Mexico must be formalized through a notario publico to be legally valid. The escritura (deed) is your proof of ownership.

Chapter 9

Living in Mexico: Visas, Taxes & Lifestyle

Visa Options

Owning property in Mexico does not automatically grant you residency, but it can support your visa application. Here are the main options for North Americans:

- **Tourist Visa (FMM):** Allows stays of up to 180 days. No work permitted. Most visitors receive this automatically upon entry.
- **Temporary Residency:** Valid for 1-4 years. Requires proof of income (approximately \$1,600 USD/month) or savings (\$27,000 USD). Allows you to open bank accounts and sign contracts.
- **Permanent Residency:** No expiration. Requires higher financial thresholds (\$2,700 USD/month income or \$108,000 USD in savings). Full rights except voting.

Tax Considerations

As a US or Canadian citizen, you have tax obligations in both countries. Key considerations include:

- **US Tax Filing:** US citizens must file taxes on worldwide income regardless of where they live. However, the Foreign Earned Income Exclusion and Foreign Tax Credit can help reduce double taxation.
- **Mexican Property Tax:** Very low, typically 0.1-0.2% of assessed value per year. Paid annually at municipal offices.
- **Capital Gains Tax:** If you sell your Mexican property at a profit, you may owe capital gains tax in Mexico (approximately 25-35% of the gain). Deductions and exemptions may apply.
- **Rental Income:** If you rent your property, you must report the income in both Mexico and your home country. Mexico taxes rental income at progressive rates.
- **FBAR/FATCA:** US citizens with Mexican bank accounts may need to file Foreign Bank Account Reports (FBAR) and comply with FATCA requirements.

TAX TIP

Consult with a tax professional who specializes in cross-border taxation before purchasing property. Understanding your obligations in advance will save you money and stress down the road.

Healthcare

Mexico offers excellent healthcare at significantly lower costs than the US. Many doctors and specialists in popular expat areas are US-trained and English-speaking. Options include IMSS (public healthcare available to residents for approximately \$500 USD per year), private insurance, and paying out-of-pocket for services that often cost 50-70% less than in the US.

Working with MexicoHomeFinder

MexicoHomeFinder was built specifically for American and Canadian buyers looking to purchase property in Mexico. We understand the unique challenges and concerns that come with buying real estate in a foreign country, and we have designed our platform to make the process as smooth and transparent as possible.

What We Offer

- **Curated Listings:** Every property on our platform is listed by a verified agent. We focus on quality over quantity, ensuring you see real properties with accurate information.
- **English-Language Listings:** All property descriptions are available in English, so you can browse and compare without language barriers.
- **Verified Agents:** Our agents are vetted and experienced in working with international buyers. They understand your needs, speak English, and can guide you through every step.
- **Market Insights:** Access real-time data and analysis to help you make informed investment decisions.
- **Concierge Support:** From your first inquiry to closing day, our team is here to answer questions and connect you with trusted professionals.

Ready to Start Your Search?

Visit MexicoHomeFinder.com to browse curated property listings across Mexico's most desirable destinations. Whether you are dreaming of a colonial home in San Miguel de Allende, a beachfront condo in Puerto Vallarta, or an investment property in the Riviera Maya, we are here to help you find your perfect property in Mexico.

Start Your Property Search Today

MexicoHomeFinder.com

Browse listings | Connect with agents | Get expert guidance

Questions? Contact us at info@mexicohomefinder.com

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