

French Market Highlight

MIAMI Global Real Estate
Congress 2022



PREMIER SYNDICAT FRANÇAIS
DE L'IMMOBILIER
DEPUIS 1963



THE FRENCH UNION OF REAL ESTATE PROFESSIONALS

The **SNPI** is the First French Real Estate Union **since 1963**.

Renowned for its professionalism, the organization is fully committed to defend its members interests.



PREMIER SYNDICAT FRANÇAIS
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- ❖ **Brokers**
- ❖ **Property Managers**
- ❖ **Condominium Trustees**
- ❖ **Real Estate valuers**
- ❖ **Real Estate Negotiators**
- ❖ **Real Estate Agents**

Dialogue, dynamism, meetings and representation with the public authorities are the key words of our action which **supports more than 14,821 companies** on daily basis.

For **nearly 60 years**, the **SNPI**, through its constructive involvement, has established itself as **a reference point for National and European decision-making Authorities**.

THE SNPI IS ALSO...



Cabinet de courtage en assurances du SNPI

Brokerage
Firm

- ❖ Professional Liability
- ❖ Financial Guarantees



Higher Technical
Education School

- ❖ For students
- ❖ For Professionals

...AND MUCH MORE.



FRENCH MARKET Analysis

OVERVIEW

Low interest rates, medium-sized towns in the suburbs and other regions taken by storm...

The market in 2022 kept on going despite all the challenges the world has faced.

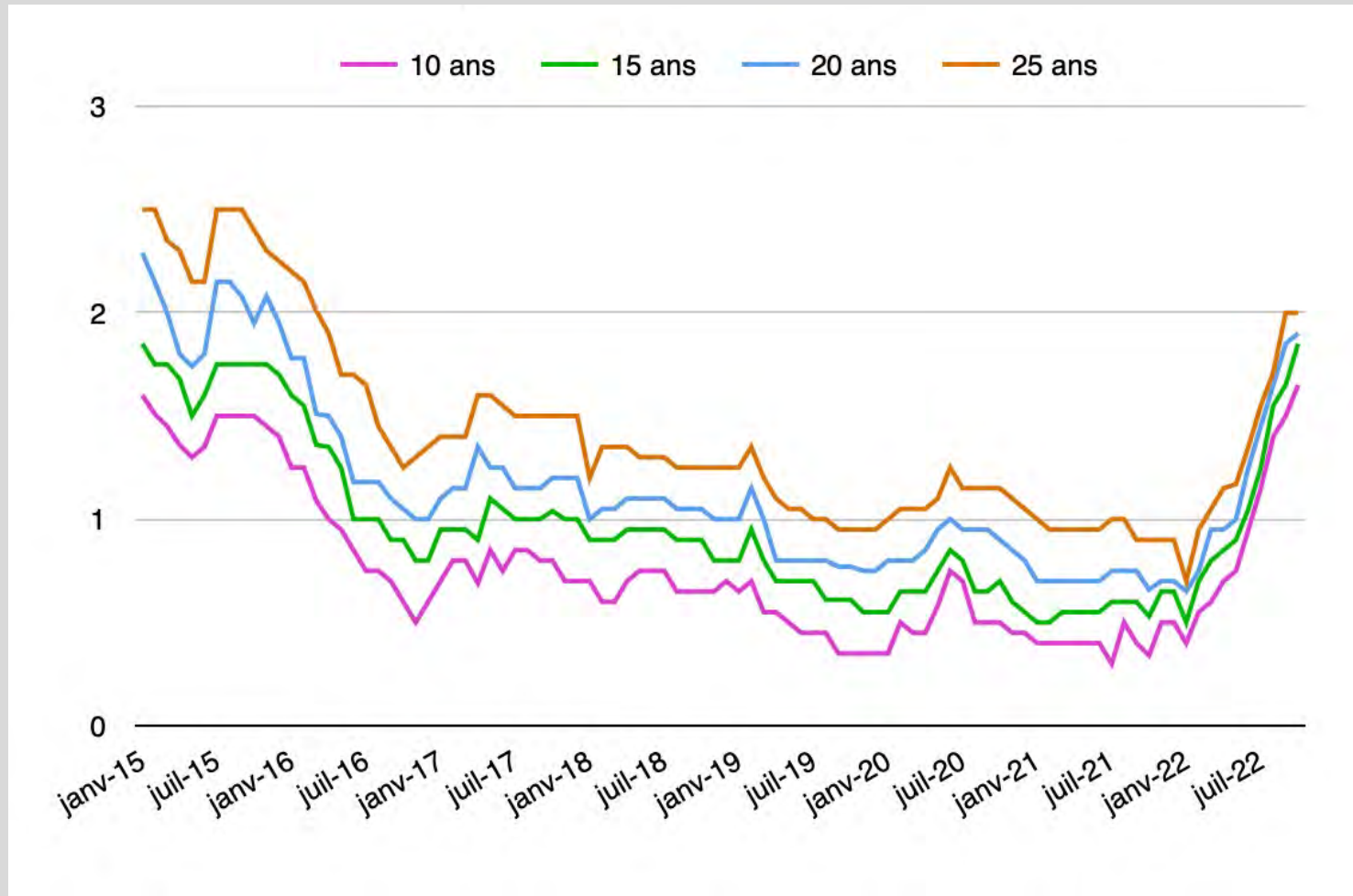
- ❖ Low Interest Rates
- ❖ Suburbs & Other Regions

Others;

- ❖ Co-works
- ❖ New constructions with Energetic Certification



LOW INTEREST RATES - 2022



LOAN TERM	FIXED RATE
7 years	1,60%
10 years	1,65%
15 years	1,85%
20 years	1,90%
25 years	2,00%

INTEREST RATES - 2023

❖ **400% increase in 18 months**

While mortgage rates were historically low, the rise in interest rates is historically among the strongest in the post-war period. Even the post oil crisis in the 70s and 80s, was not as violent.

❖ **We are at 40% of the rise anticipated by investors.**

We are streaking 40% of the rise in interest rates. The ECB's neutral rate, meaning 2%, should be reached by the end of 2022. The year 2023 will see the rate continue to climb but at a slower pace, over the entire year.

❖ **Towards a rate of 5% at the end of 2023.**

If the rates were to increase by another 250% , it would push it to 5%.

Although some predict it will only rise to 3% it is impossible to guaranty.

MOVING OUT OF PARIS

Although many French people moved after the health crisis, it doesn't mean that they chose rural areas to settle as we might have thought. It is the suburbs and other regions that have been selected.

- ❖ **The number of moves rose by + 60% due to the generalization of telework in 2021.**
- ❖ **The Parisians leave the capital for La Rochelle, Lyon, Nantes and Lille as a priority.**
- ❖ **La Rochelle, Le Mans and Bayonne are the top Cities where French families settle the most.**



THE SUBURBS & OTHER REGIONS 2023

The lowering prices in Paris also mark a decline in Lille, Nantes and Bordeaux .

It is very likely for the **prices to stall in Lille, Nantes, Bordeaux and Toulouse in 2023.**

They could even drop by 2% in Lyon, by 1% in both Bordeaux and Toulouse in the coming year.

Prices per m2 could also continue to fall in Paris: in 2022, the capital saw the prices of its real estate decline by 1.2%. This represents a **decrease of nearly 3%** compared to 2020.

In 2023, this decline in **Parisian prices could reach 3%, to flirt with the symbolic bar of 10,000 euros/m2** on average in September 2023, while the situation of strong oversupply is expected to continue.

People will keep on moving to **other regions due to a better quality of life**, and for the ratio m2/€ that is better than Paris.



PRICE EVOLUTION / m2

Arrondissement	Prix/m ² *
2e arr.	12 031 €
3e arr.	13 546 €
4e arr.	13 047 €
5e arr.	13 608 €
6e arr.	15 040 €
7e arr.	14 299 €
8e arr.	12 786 €



OUTLOOK

2022: A generally dynamic real estate market

Despite the inflationary context, the dynamics of the French real estate market **remained generally good in 2022**.

The volume of transactions is expected to be similar as last year.

1.1 million sales could take place by the end of 2022, a level approaching the historic record for transactions in 2021.

On the price side, the French real estate market is again showing signs of growth: over the past year, **prices have risen by 5.7% nationally** on average.

The real estate market in 2022 is driven by the same segments as last year: **home purchases are even more popular** than apartment purchases (+6.5% and +4.7% respectively).

Similarly, as in 2021, urban centers no longer attract as much as the suburbs. **Paris**, for example, **saw its prices contract by 1.2%** while prices in the **suburbs increased by 8%** in twelve months.

2023: Slightly more nuanced forecasts

The increases in the French real estate market should however be **more measured in 2023** compared to 2021 and 2022.

Both in terms of prices and in terms of transaction volumes. Sales could reach 950,000 sales against 1.1 million this year.

It is also a market **facing the challenge of energy renovation**. The 2023 real estate market could be marked by **the sustained sale of energy certifications**.

Several factors are involved in the 2023 real estate market ploy, the war in Ukraine, Climate Change, the rise of interest rates, etc... a whole lot that makes **the French population quite cautious towards real estate**.



INVESTMENT OPPORTUNITIES

INVESTMENT

In 2023, the French real estate market should follow the **same development path** as in the past two years. The real estate market **moves away from the largest and densest urban agglomerations**.

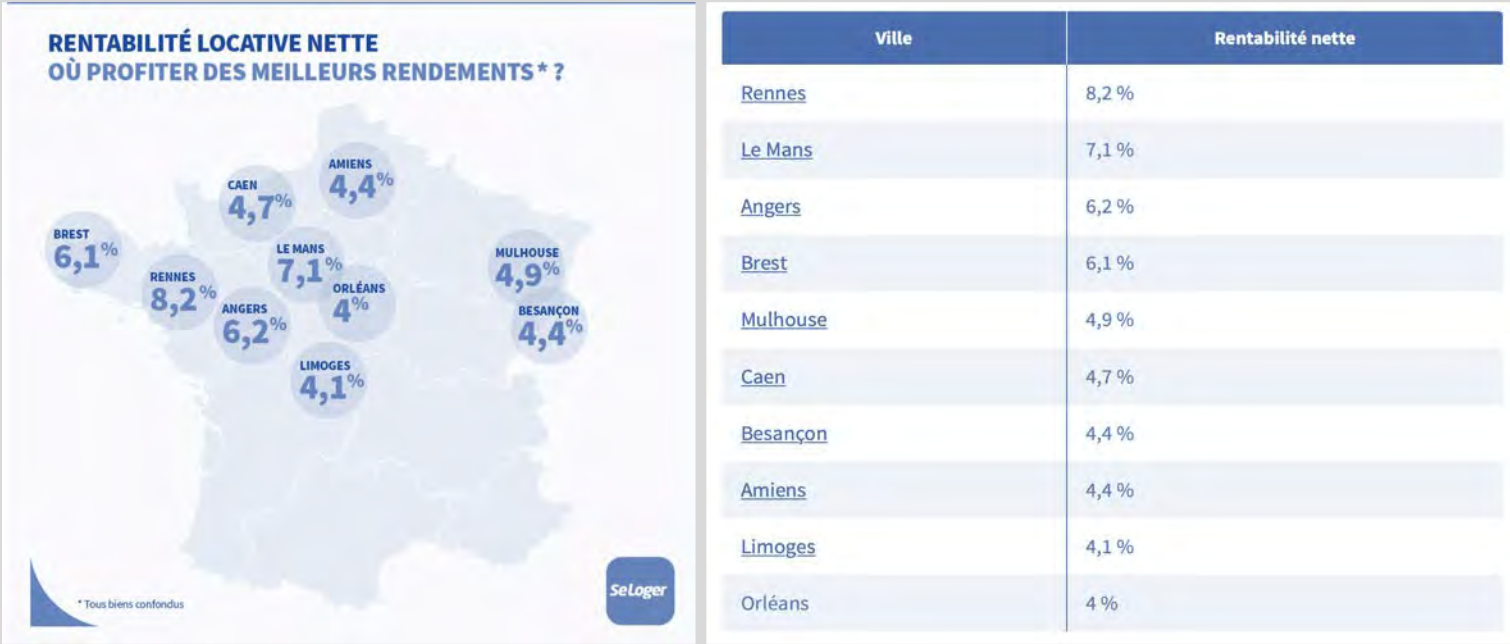
Therefore, if you want to **invest**, give more preference to residential purchases in **medium-sized cities**: their **potential for increasing value** is **more certain** than that of real estate located in large cities.



2021

PROFIT On

Rental Income



WHAT & WHERE

- ❖ New construction with energy certification for rental income.
- ❖ Houses to refurbish to sell as Secondary Home.
- ❖ Old apartments in Paris with the possibility to refurbish according to the energy certification regulations.

1.	Nantes
2.	Toulouse
3.	Bordeaux
4.	Montpellier
5.	Lyon
6.	Lille
7.	Rennes
8.	Angers
9.	Strasbourg
10.	Aix en Provence



South Florida / Miami's French Interests

WHAT WE LOOK FOR...



- ❖ Houses with pool, garden, or boat access.
- ❖ Easy or prime access to the beach .
- ❖ Condos, high floor for premium view.
- ❖ French business nearby is key (French/ Int. school, restaurant, hair salon, etc)
- ❖ Business.

- ❖ MIAMI
- ❖ ORLANDO
- ❖ NAPLES
- ❖ TAMPA



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