



**AT A GLANCE
Q4 2020**

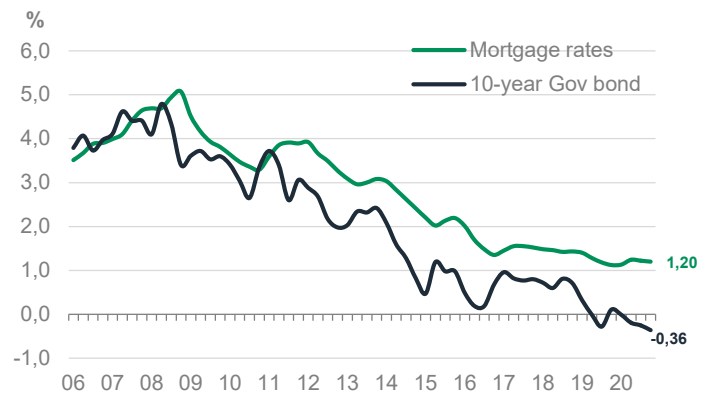
THE RESIDENTIAL MARKET IN FRANCE

RESIDENTIAL REAL ESTATE - A LASTING AND RESILIENT ASSET CATEGORY

BACKDROP OF LOW INTEREST RATES

Exceptional mortgage deals still abounded in 2020, with interest rates remaining low (average of 1.20% all durations combined). Furthermore, loan durations continued to lengthen, reaching an all-time high of 232.9 months on average (i.e. 19.4 years). Outstanding financing terms and revenue growth of 1.1% in 2020 helped to prop up household demand. Property purchasing power is still very strong, at +18.6% above its long-term average (1985-2020), underpinning household demand for real estate in the short term.

Interest rates



Sources : Crédit Logement / Banque de France



1.20%

AVERAGE INTEREST RATE



232.9 months

AVERAGE LOAN DURATION



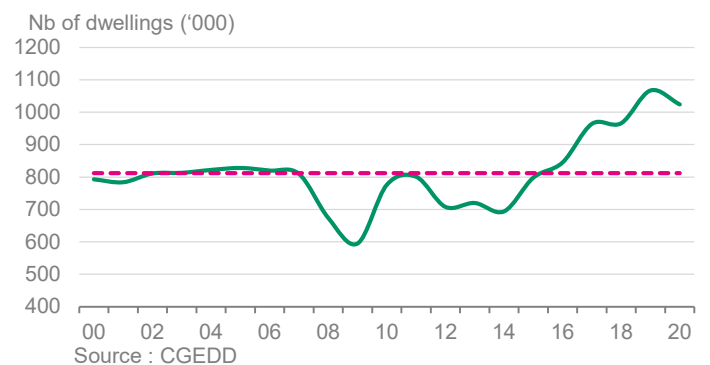
+18.6%

HOUSING PURCHASING POWER

FEWER SECOND-HAND HOMES SOLD

2020 takes the second place on the podium, behind 2019, with 1,024,000 second-hand homes sold in France. Although health measures prevented many deals from going through during the first lockdown, there was a great resurgence in activity in Q3, with deals ultimately being postponed rather than cancelled. Real estate continues to play a safe-haven role as the economy experiences one of its worst slowdowns.

Take-up of second-hand dwellings



Source : CGEDD



1 024 M

SALES OF SECOND-HAND DWELLINGS



-4,0%

ON A ROLLING YEAR BASIS



+26%

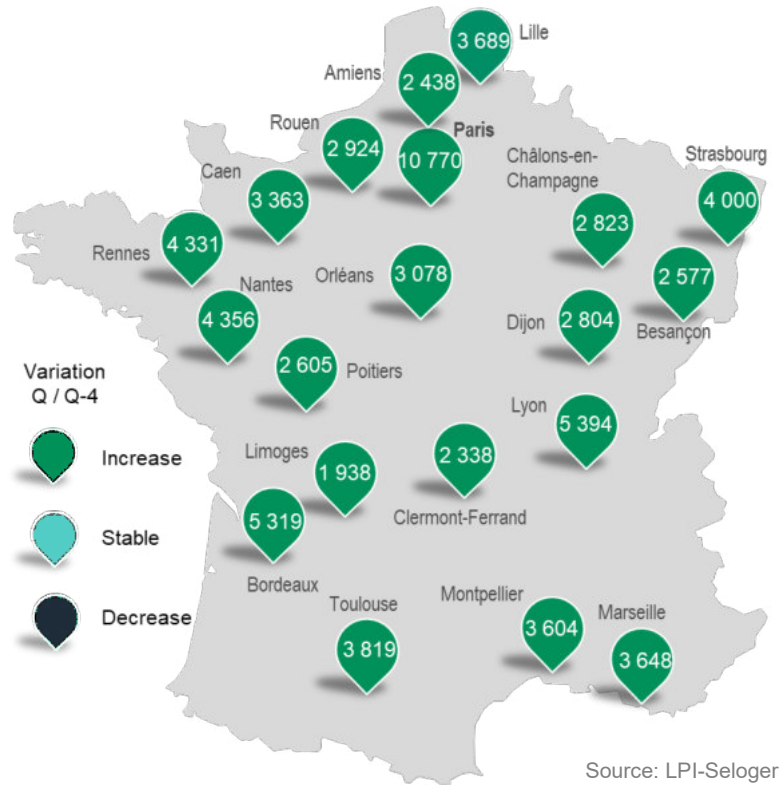
VS THE LONG TERM AVERAGE

PRICES STILL RISING IN 2020

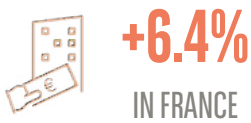
Second-hand home prices continue to rise, and picked up pace in 2020, growing +6.4% in metropolitan France (+6.5% in the regions and +6.4% in Île-de-France).

Prices reached record highs, with € 5,394/m² in Lyon, € 5,319/m² in Bordeaux and prices now over € 4,000/m² in Nantes, Rennes and Strasbourg. Over one year, there was growth of +5.3% in Paris, +14.2% in Lyon, +12.6% in Rennes, +10.7% in Nantes, +9.1% in Marseille and +8.9% in Montpellier.

These areas are particularly attractive, with large concentrations of jobs, strong population growth and high incomes. Nevertheless, price growth started to dwindle over the last three months of the year, sometimes edging down slightly.



Source: LPI-Seloger



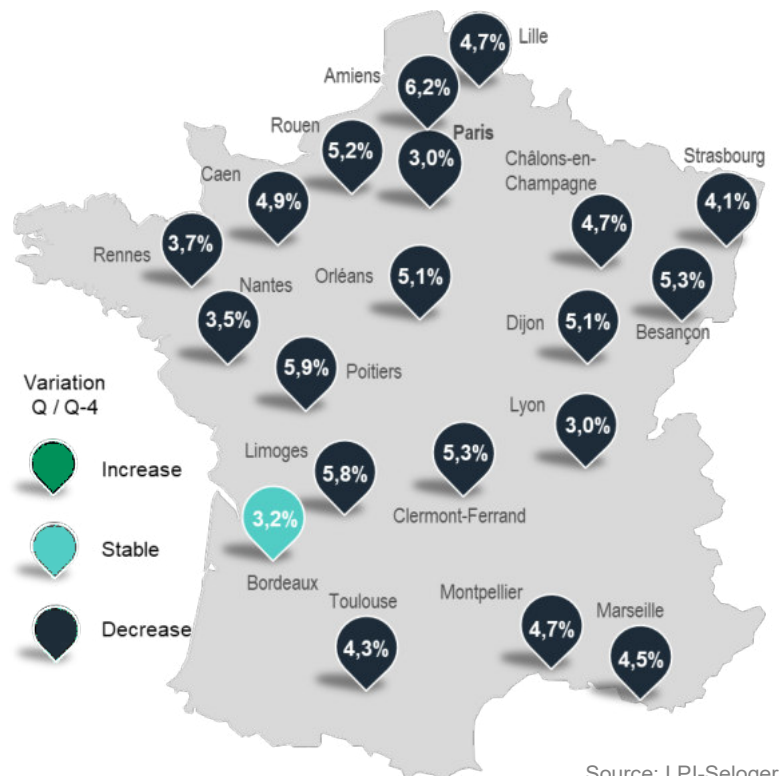
YIELDS CONTINUE TO NARROW

The low interest rate environment has led to a hike in capital values, leading to a decline in real estate yields, which are reaching floor levels.

These now stand at 3.0% in Paris and Lyon and 3.2% in Bordeaux. In Nantes and Rennes, they have reached new lows of 3.5% and 3.7% respectively.

In other cities, yields range from 4.0% to 6.0%. Amiens is the exception, with a rental yield still above 6.0%.

The decline in the 10-year bond (OAT) to an average of -0.36% in Q4 2020 has helped to restore the risk premium. Moreover, residential assets are becoming relatively more appealing, with a significant reduction in the spread with offices, for less volatility. We are currently seeing a keen appetite among institutional investors for this resilient asset category.



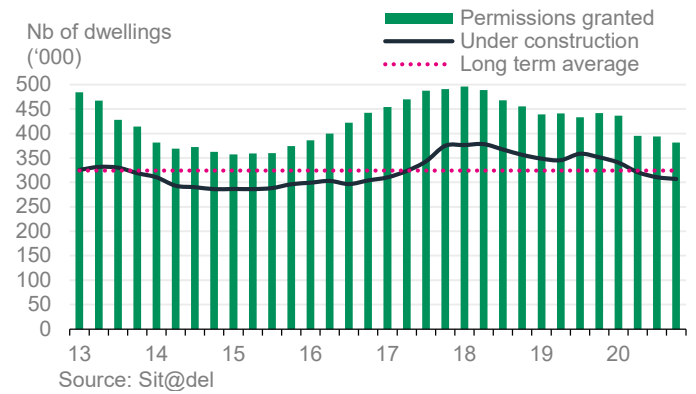
Source: LPI-Seloger

CONSTRUCTION IS STRUGGLING

Construction in France has been in decline since 2018. Over the last 12 months, 381,293 building permits were granted in metropolitan France, i.e. a fall of -13.7% vs the year-earlier period. Building starts fell -12.6% with work beginning on 306,763 homes.

The health crisis further exacerbated a decline in the market that began three years ago. Yet there may be other factors behind the slowdown such as the scarcity of land, an election year for local authorities, the increase in construction costs and the number of legal proceedings.

Housing construction in France



381,293

BUILDING PERMITS GRANTED



306,763

BUILDING STARTS

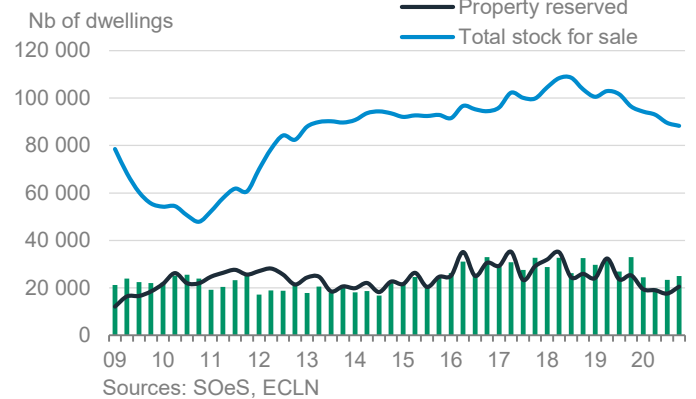
SHORTAGE OF SUPPLY AND INVESTMENT

We have recorded 99,515 reservations over the past 12 months, i.e. -24% compared to the previous year. For sales, the drop is -23% with a total of 113,441 homes sold in 2020.

Availability is still hovering below the 100,000-unit threshold, with 94,825 homes available. This represents about 11.7 months of take-up for an equivalent number of reservations over the last 12 rolling months.

This friction between supply and demand has pushed up prices, which now average € 4,330/m² for new apartments, i.e. +0.6% in a year and € 294,582/unit for new houses, +4.8% vs Q4 2019.

New dwellings in France



99,515

RESERVATIONS



-23%

DWELLINGS PUT UP FOR SALE

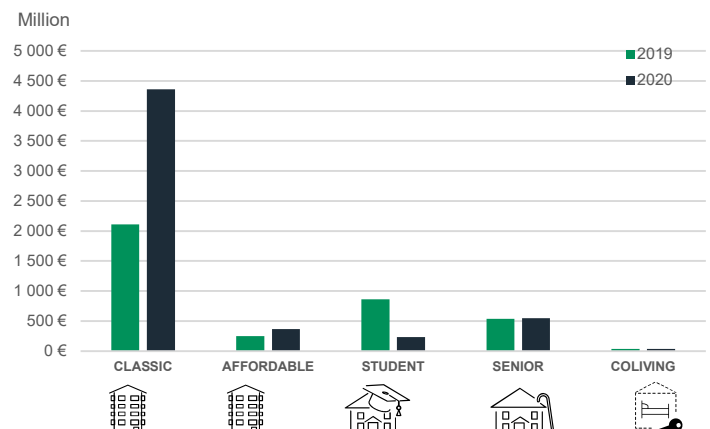
A RECORD YEAR FOR INVESTMENT IN RESIDENTIAL REAL ESTATE

In 2020, the overall sum invested in residential and so-called "alternative" assets was € 5.5bn, an increase of +41% compared to 2019; a record for the residential market.

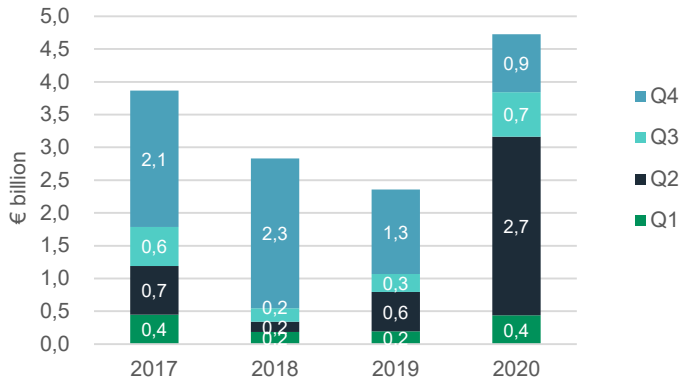
Investment in the residential sector in the strict sense of the term rose by 92%, with € 4.7bn euros invested.

The so-called "alternative" assets attracted nearly € 815m in investment, i.e. 43% less than last year. Independent Senior Living communities are thriving with € 550m invested. Student housing meanwhile saw € 232m of investment.

Investment by typology

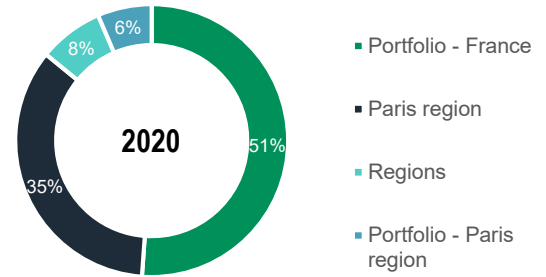


Investment in residential



Sources: BNP Paribas Real Estate, Immostat

Investment volume by localisation



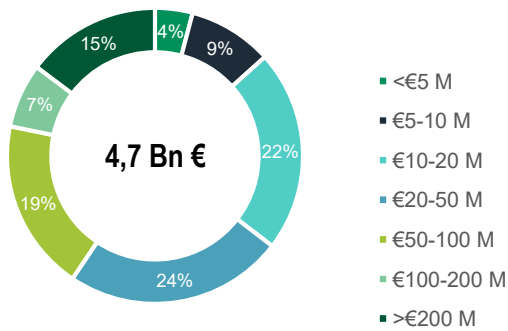
Sources: BNP Paribas Real Estate, Immostat

SHARP GROWTH IN RESIDENTIAL INVESTMENT

In 2020, € 4.7bn was invested in residential real estate in France in the strict sense of the term (stripping out alternative assets). This figure was driven by several portfolios, which accounted for 57% of total investment vs just 24% in 2019.

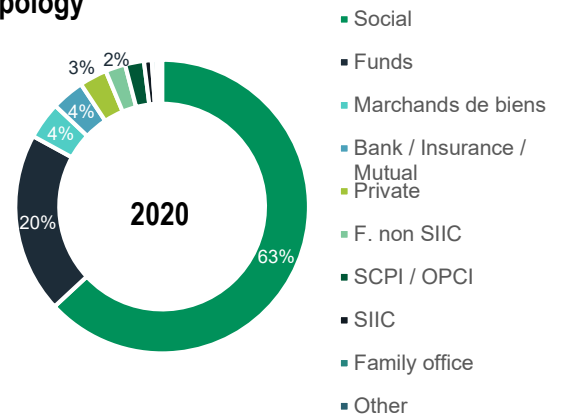
New assets proved particularly popular in 2020, representing 70% of investment vs 35% the previous year. Building up a residential portfolio entails purchasing new assets from developers.

Breakdown of investment by volume size



Sources: BNP Paribas Real Estate, Immostat

Buyers' typology



Sources: BNP Paribas Real Estate, Immostat

All told, in 2020, there were 185 block deals. Even though portfolio transfers had a major impact on the overall amount invested during the year, deals of less than € 20m accounted for 80% of the total.

The CDC Habitat stimulus plan contributed just over half of the total amount, with some € 2.5bn invested. Funds took second place, with over € 800m accounting for 20% of investment.

Outlook

The government's stimulus plan is coupled with the ECB's unconventional monetary policy to support economic activity and safeguard employment and household revenues. In addition, the ECB's "Pandemic Emergency Purchase Programme", buying up € 1,850bn of bonds, should keep interest rates lastingly low. Yet uncertainty lingers. Household confidence is depressed (91 points in February 2021), comparable to its level at the time of the Gilets Jaunes crisis. The psychological aspect cannot be ignored, as buyers of "main residences" are increasingly taking a wait-and-see approach and assets are taking slightly longer to sell. Residential real estate has a dual utility value, the first being as somewhere to live and the second being as a place to work remotely from time to time. With the utility value increased by the health crisis, residential real estate should prove resilient, albeit with greater selectivity at play according to apartment type and location.

LOCATIONS

(Avril 2021)

SIÈGE SOCIAL

167, quai de la Bataille de
Stalingrad
92867 Issy les Moulineaux Cedex
Tél. : +33 (0)1 55 65 20 04

ÎLE-DE-FRANCE AUBERVILLIERS

Parc des Portes de Paris
40 rue Victor Hugo
Bât 264 / 4ème étage
93300 Aubervilliers
Tél. : +33 (0)1 49 93 70 73

ERAGNY

Immeuble Tennessee
8 allée Rosa Luxembourg
BP 30272 Eragny
95615 Cergy Pontoise Cedex
Tél. : +33 (0)1 34 30 86 46

RÉGIONS

AIX-EN-PROVENCE

Parc du Golf - Bât 33
350, rue Jean René Guillobert
Gauthier de la Lauzière
Les Milles
13290 Aix-en-Provence
Tél. : +33 (0)4 42 90 72 72

ANNECY

PAE Des Glaisins
19, avenue du Pré-de-Challes
74940 Annecy-le-Vieux
Tél. : +33 (0)4 50 64 12 12

BIARRITZ

26 Allée Marie Politzer
64200 Biarritz
Tél. : +33 (0)5 59 22 62

BORDEAUX

Immeuble Opus 33
61-64, quai de Paludate
33800 Bordeaux
Tél. : +33 (0)5 56 44 09 12

DIJON

Immeuble Le Richelieu
10, boulevard Carnot
21000 Dijon
Tél. : +33 (0)3 80 67 3

GRENOBLE

Immeuble Le Grenat
285 rue Lavoisier
38330 Montbonnot
Tél. : +33 (0)4 76 85 43 43

LILLE

100, Tour de Lille
Boulevard de Turin
59777 Euralille
Tél. : +33 (0)2 20 06 99 00

LYON

Silix 1
15 rue des Cuirassiers
69003 Lyon
Tél. : +33 (0)4 78 63 62 61

MARSEILLE

44, boulevard de Dunkerque
CS11527-13235 Marseille
Cedex 2
Tél. : +33 (0)4 91 56 03 03

METZ

WTC-Technopôle de Metz
2, rue Augustin Fresnel
57082 Metz cedex 3
Tél. : +33 (0)3 87 37 20 10

MONTPELLIER

Immeuble Le Triangle
26, allée Jules Milhau
CS 89501
34265 Montpellier Cedex 02
Tél. : +33 (0)4 67 92 43 60

MULHOUSE

Beverly Plaza
15, rue de Copenhague
67300 Schiltigheim
Tél. : +33 (0)3 89 33 40 50

NANCY

Immeuble Quai Ouest
35 avenue du XX^{ème} Corps
54000 Nancy
Tél. : +33 (0)3 83 95 88 88

NANTES

14, mail Pablo Picasso
BP 61611
44016 Nantes Cedex 1
Tél. : +33 (0)2 40 20 20 20

NICE

Immeuble Phoenix - Arénas
455, promenade des Anglais
06285 Nice Cedex 3
Tél. : +33 (0)4 93 18 08 88

ORLÉANS

16, rue de la République
45000 Orléans
Tél. : +33 (0)2 38 62 09 91

RENNES

Centre d'affaires Athéas
11, rue Louis Kerautret-Botmel
35000 Rennes
Tél. : +33 (0)2 99 22 85 55

ROUEN

Immeuble Europa
101 Boulevard de l'Europe
76100 Rouen
Tél. : +33 (0)2 35 72 15 50

STRASBOURG

Beverly Plaza
15 rue de Copenhague
67300 Schiltigheim
Tél. : +33 (0)3 88 22 19 44

TOULOUSE

Immeuble Elipsys
8/10 rue des 36 Ponts
CS 84216
31432 Toulouse Cedex
Tél. : +33 (0)5 61 23 56 56

TOURS

29, rue de la Milletière
37100 Tours
Tél. : +33 (0)2 47 44 70 58

CONTACT

RESEARCH FRANCE

Guillaume JOLY
Directeur département France
guillaume.joly@bnpparibas.com

Alexis POURCELOT
Analyste Résidentiel
alexis.pourcelot@bnpparibas.com

RÉSIDENTIEL

Jean-François MORINEAU
Directeur Général délégué
Tél. : +33 (0)1 47 59 23 69
jean-françois.morineau@bnpparibas.com

Dominique BONETTI
Directeur commercial vente en bloc
Tél. : +33 (0)1 47 59 22 06
dominique.bonetti@bnpparibas.com

David MOLHO
Directeur commercial vente lot par lot
Tél. : +33 (0)1 47 59 22 57
david.molho@bnpparibas.com

Julien JAMOT
Directeur commercial et marketing France
Tél. : +33 (0)1 55 65 29 97
julien.jamot@bnpparibas.com

Paul GIBEAUD
Directeur consulting Paris Ile-de-France
Tél. : +33 (0)1 55 65 22 22
paul.gibeaud@bnpparibas.com

Stéphane GAUX
Directeur promotion immobilière Régions
Tél. : +33 (0)1 55 65 25 48
stephane.gaux@bnpparibas.com

KEEP-UP-TO-DATE WITH BNP PARIBAS REAL ESTATE'S NEWS WHEREVER YOU ARE

 #BEYONDBUILDINGS



www.realestate.bnpparibas.com



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world