



## AT A GLANCE Q4 2021

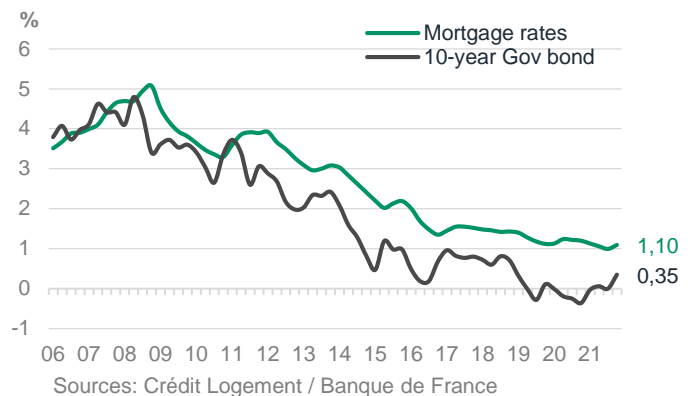
# THE RESIDENTIAL MARKET IN FRANCE

A BUOYANT MARKET IN 2021

### CONDUCTIVE LENDING CLIMATE

After hitting floor levels in 2021, mortgage rates increased slightly to 1.09% in February 2022. Lending over 2021 came in at € 294bn, a 7% increase vs 2020. Despite the health backdrop, growth resumed from the beginning of 2021. The average mortgage length reached a new high of 19.8 years. Although the ability of households to buy property is being helped by the easing of lending conditions and rising incomes, it is still hampered by rising prices.

### Interest rates



**1.05%**

AVERAGE INTEREST RATE



**237 months**

AVERAGE LOAN DURATION



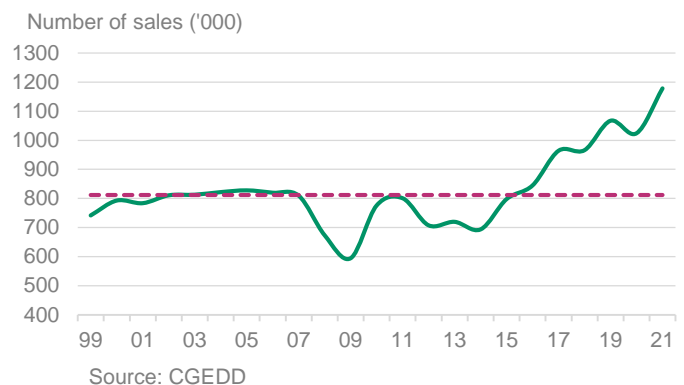
**+17.6%**

HOUSING PURCHASING POWER

### SALES RECORD

In 2021, there were 1,178,000 pre-owned homes sold in France, setting a new annual record. The sales peak was hit in August 2021 (over 1.2 million sales over 12 rolling months). However, growth has been stabilising since September. Real estate is still core to French people's wealth strategies.

### Take-up of second-hand dwellings



**1.178 M**

SALES OF SECOND-HAND DWELLINGS



**+15%**

ON A ROLLING YEAR BASIS



**+37%**

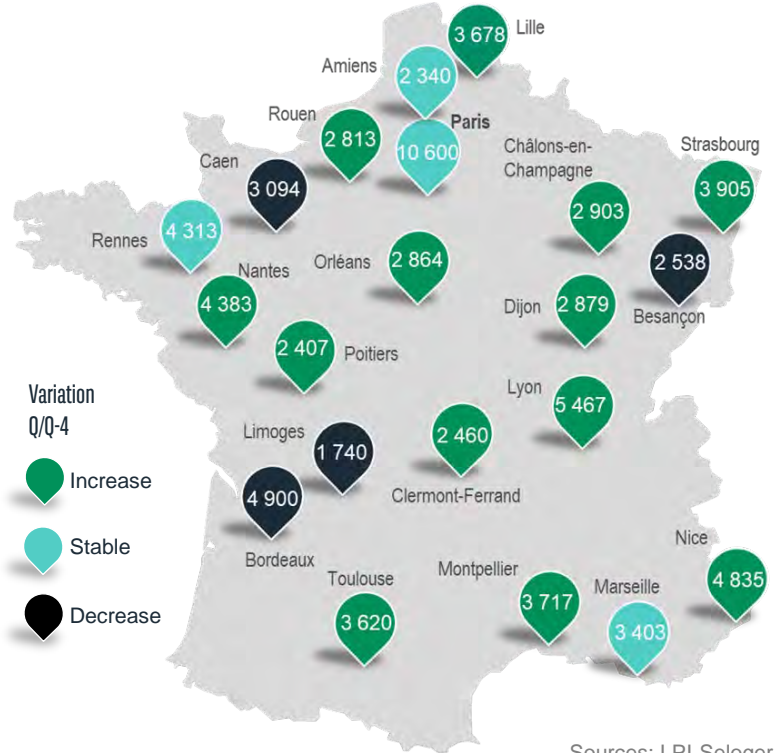
VS THE LONG TERM AVERAGE

**A MIXED PRICE MARKET**

The upward trend that began in 2016 generally continued despite the health crisis. As such, according to the latest notary figures, the average price increase for all pre-owned homes in France between 2020 and 2021 was 7%.

This national average was the result of a 3% increase in Île-de-France and 9% in the regions. In the regions, while most cities experienced price increases over one year (Lyon, Lille, Toulouse, Nantes, Nice), some cities (Marseille, Rennes) have begun to stabilise, or even decline, as in Bordeaux. Prices in Paris contracted by -1.7%.

Over the same period, the price increase was slightly more pronounced for houses (+9%) than for apartments (+5%).



Sources: LPI-Seloger, notaires Paris

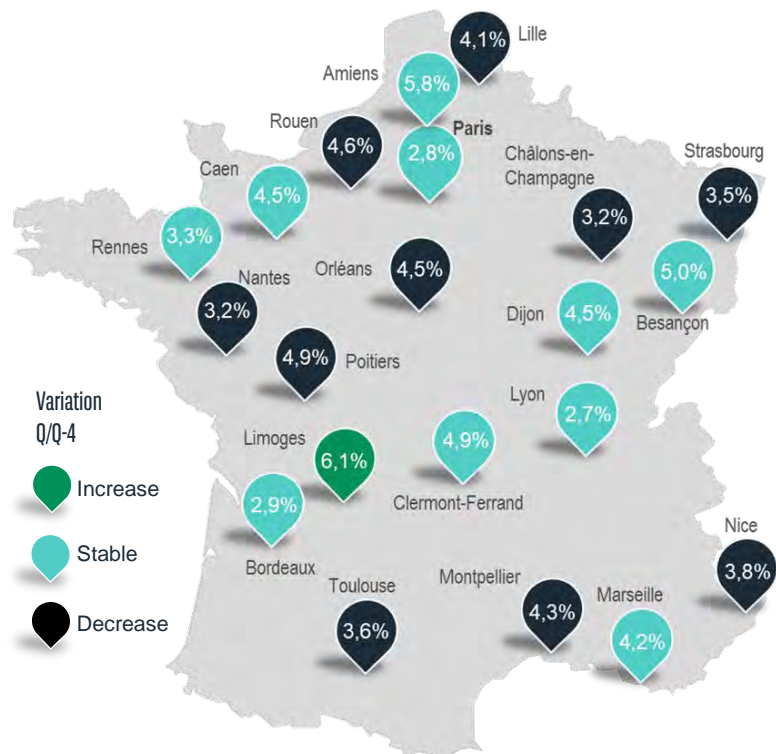


**YIELDS STILL AT FLOOR LEVELS**

Gross yields stabilised over 2021. This was due to particularly stable rents, just as the general upswing in prices draws to a close.

This has meant that the floor levels reached at the end of 2020 still applied a year later in most markets. However, the gross yield in Lyon (2.7%) has fallen below that of Paris (2.8%) and Bordeaux, which has risen to 2.9%. Yields are also below 3.5% in Nantes and Rennes. In other major cities, rental yields range from 3.5% in Strasbourg to 4.2% in Marseille. In medium-sized cities such as Besançon, Amiens and Limoges, yields are above 5%.

The 10-year OAT, at 0.31% in January, started to rise again in February on the back of expectations that the ECB would hike key interest rates and reduce asset purchases. However, this was disrupted by the Russian invasion of Ukraine, prompting a flight to safety by investors.



Sources: LPI-Seloger, notaires Paris, Clameur

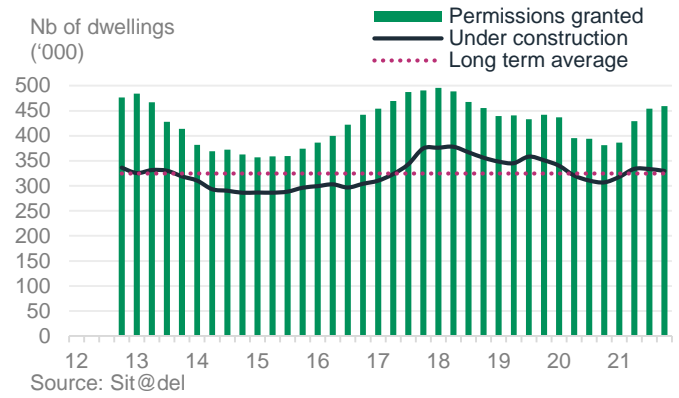
### CONSTRUCTION PICKING UP AGAIN

New homes bounced back in 2021 from their 2020 low point, but unlike pre-owned homes, they are not yet back to their pre-crisis record levels.

Although building permits for housing are up over one year (+21%) with 460,000 granted in metropolitan France, actual building starts are less vigorous (+7%). Work only started on 330,000 homes, compared to over 370,000 in 2018.

This was due to rising land and material prices, as well as the impact of the ongoing health crisis. Nevertheless, the higher number of granted building permits suggests that building starts will increase more rapidly in the coming months.

### Housing construction in France



BUILDING PERMITS GRANTED



BUILDING STARTS

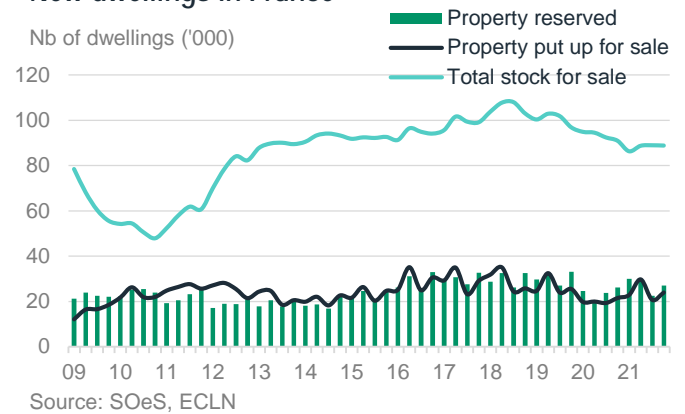
### DEVELOPMENT MARKET RECOVERING

In 2021, there were 116,700 homes reserved, i.e. an increase of 15% vs 2020, which was hit by the health crisis. However, sales of new homes have not yet got back to their 2016-2019 peak, when around 130,000 units were being reserved each year.

The number of new homes for sale rose by 21% to 104,500, after a 25% fall in 2020. The total amount of housing for sale at the end of 2021 was still very low, representing just 10.8 months of sales.

This tight supply has led to further increases in the price of new homes, which averaged € 4,500/sqm at end 2021 for apartments (+5% over one year), and € 340,000 for houses (+13%).

### New dwellings in France



RESERVATIONS



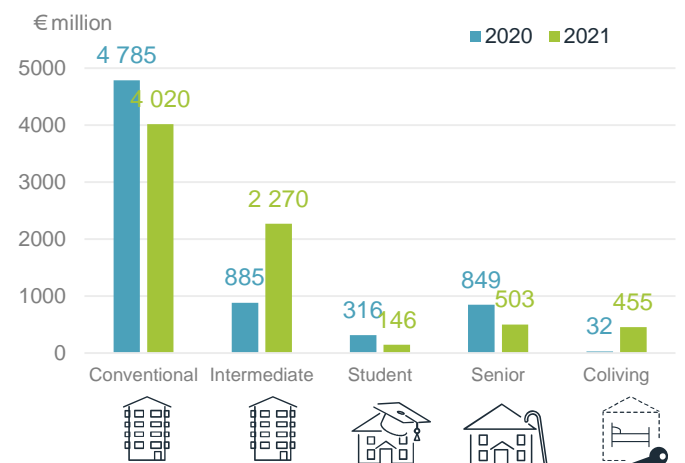
DWELLINGS PUT UP FOR SALE

### BLOCK RESIDENTIAL INVESTMENTS

In 2021, the overall amount invested in residential and so-called "alternative" assets was € 7.4bn, up 8% vs 2020. Investment in residential in the strict sense of the term rose by 11% to € 6.3bn, of which a third in intermediate housing.

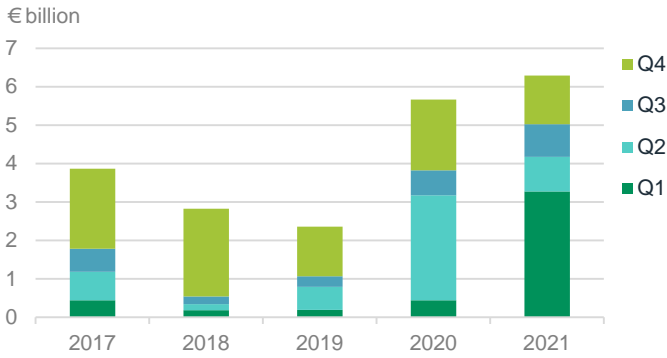
Investment in so-called "alternative" assets was just € 1.1bn, vs € 1.2bn in 2020.

### Investment by typology



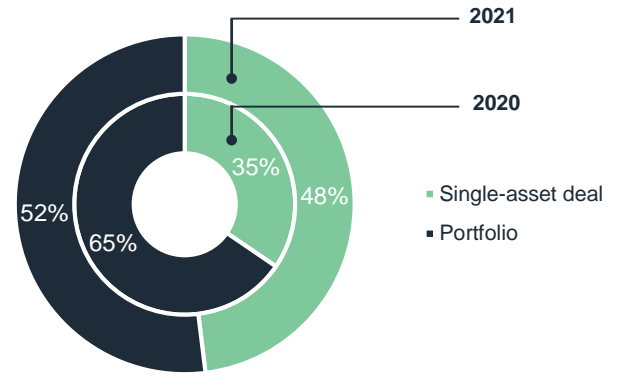
Sources: Immostat, BNP Paribas Real Estate

Investment in residential



Sources: BNP Paribas Real Estate, Immostat

Selling typology

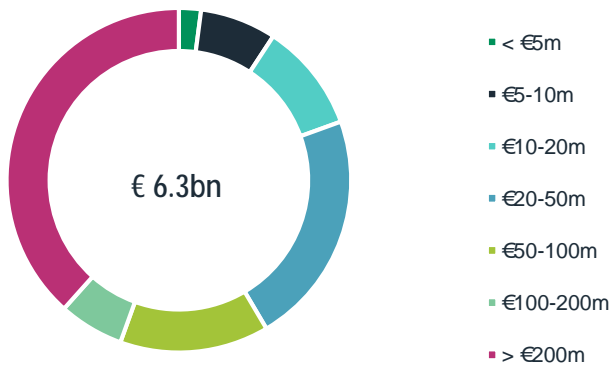


Sources: BNP Paribas Real Estate, Immostat

RESIDENTIAL INVESTMENT STILL VERY BUOYANT

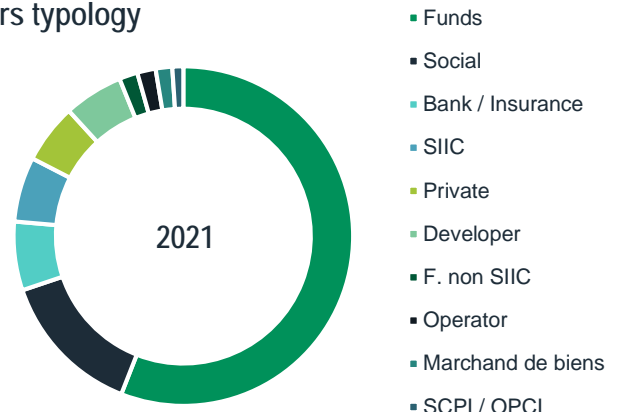
Portfolios accounted for more than half of the € 6.3bn invested in “strictly” residential property in France in 2021. Some very large portfolios have been targeted by social and intermediate housing players (CDC Habitat, In’li) and developers. Paris and the Inner Rim dominated the market, attracting investment of € 2.6bn in 2021, followed by the Outer Rim of Paris (€ 191m), Aix/Marseille (€ 129m) and Bordeaux (€ 101m).

Breakdown of investment by volume size



Sources: BNP Paribas Real Estate, Immostat

Buyers typology



Sources: BNP Paribas Real Estate, Immostat

Out of the 237 block transactions in 2021, about half were for less than € 10m. Transactions for over € 50m meanwhile accounted for just 8% of the number and 59% of the volume, showing the significant weighting of large portfolios in the market. Funds largely dominated the market again, accounting for 56% of investment, followed by social housing players at 14%.

Outlook

The housing market saw record sales in 2021, along with an overall rise in prices and record mortgage term lengths. However, the playing field could change in 2022. Firstly, we expect mortgage rates to go up, driven by the rise in the French 10-year OAT bond, despite a slowdown caused by geopolitical uncertainty. This increase could prevent some households from accessing mortgages, thereby easing some of the pressure on prices. Secondly, the presidential elections could generate manifesto messages and then action on housing, which is by far the biggest expense for French people and which reduces their purchasing power.

# LOCATIONS

(March 2022)

## HEADQUARTERS

50 cours de l'île Seguin  
92100 Boulogne-Billancourt  
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

## REGIONS

### AIX-EN-PROVENCE

Parc du Golf - Bât 33  
350 rue Jean René Guilibert  
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 Eurallille  
Tél. : +33 (0)2 20 06 99 00

## LYON

Silex 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<sup>ème</sup> 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

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37100 Tours  
Tél. : +33 (0)2 47 44 70 58

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