



**AT A GLANCE
H1 2022**

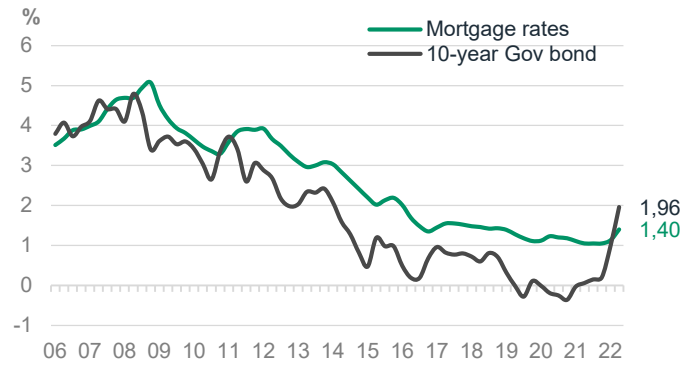
THE RESIDENTIAL MARKET IN FRANCE

THE MARKET STALLED OVER THE FIRST HALF OF THE YEAR

BORROWING CONDITIONS ARE TIGHTENING

Mortgage rates increased over H1, to an average of 1.40% in Q2 2022. They increased further in August, up to 1.82%. Over the 12 months to Q2 2022, € 308bn was granted in mortgages, representing an increase of 11% compared to the 12 previous months. Although activity remains strong, there has been a decline since the beginning of 2022, due largely to the loan-to-value ratio, which is preventing some applicants from accessing the credit market. The average borrowing term in Q2 2022 stood at 19.9 years, which is still very long.

Interest rates



Source: Crédit Logement / Banque de France



1.40%

AVERAGE INTEREST RATE



239 months

AVERAGE LOAN DURATION



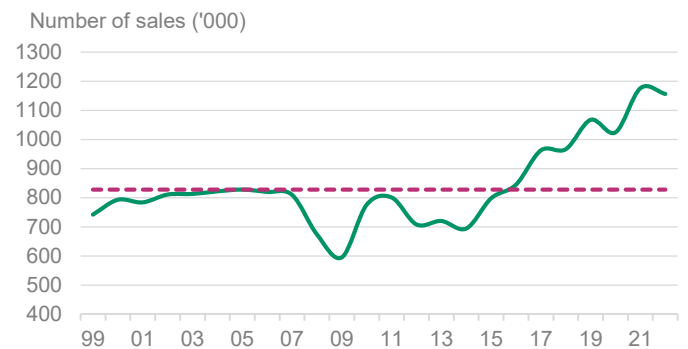
+11.3%

HOUSING PURCHASING POWER

SALES STABILISING

There were 1,157,000 second-hand homes sold over 12 rolling months to Q2 2022, a stable amount compared to the year-earlier period. Sales hit a record level over the year to August 2021, at 1,213,000 cumulated sales, before edging downward (-2% in 6 months).

Take-up of second-hand dwellings



Source: CGEDD



1.157 M

SALES OF SECOND-HAND DWELLINGS



+0%

ON A ROLLING YEAR BASIS



+29%

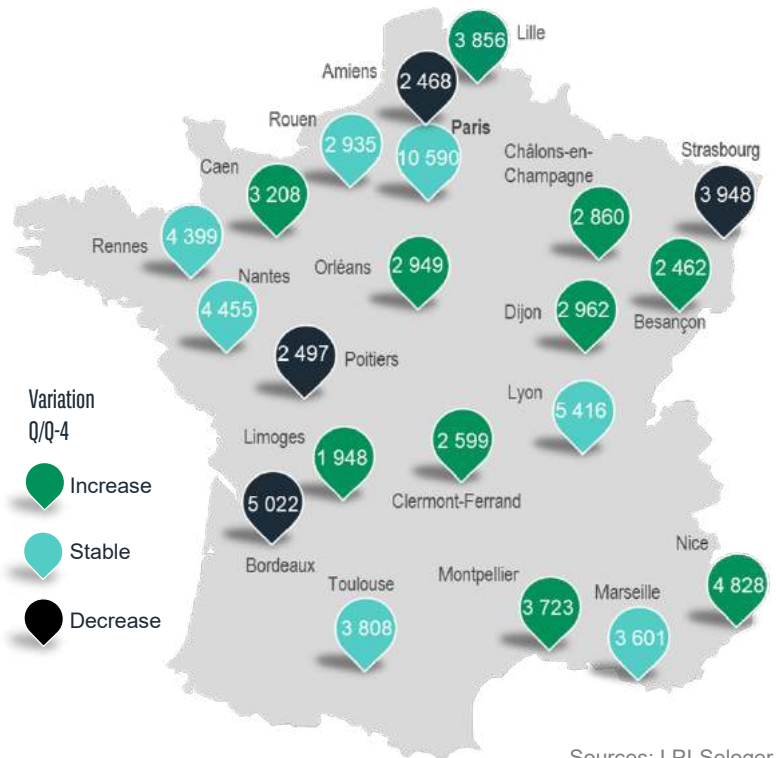
VS THE LONG TERM AVERAGE

LAST PRICE HIKES?

The upward trend that began in 2016 has generally continued until now, despite recent events, i.e. the health crisis, the war in Ukraine and rising interest rates. The latest Notary figures show an average price increase of 7% for all second-hand homes in France between Q2 2021 and Q2 2022.

This national average stems from an increase of 2% in Île-de-France and 9% in the regions. Apart from Lille and Nice, where prices are still on the rise, the main cities remained stable. There were even declines in Bordeaux and Strasbourg. Prices have been slipping in Paris for several quarters, down -0.7%.

Elsewhere over the same period, prices have risen slightly more for houses (+9%) than for apartments (+5%).



Sources: LPI-Seloger, notaires Paris

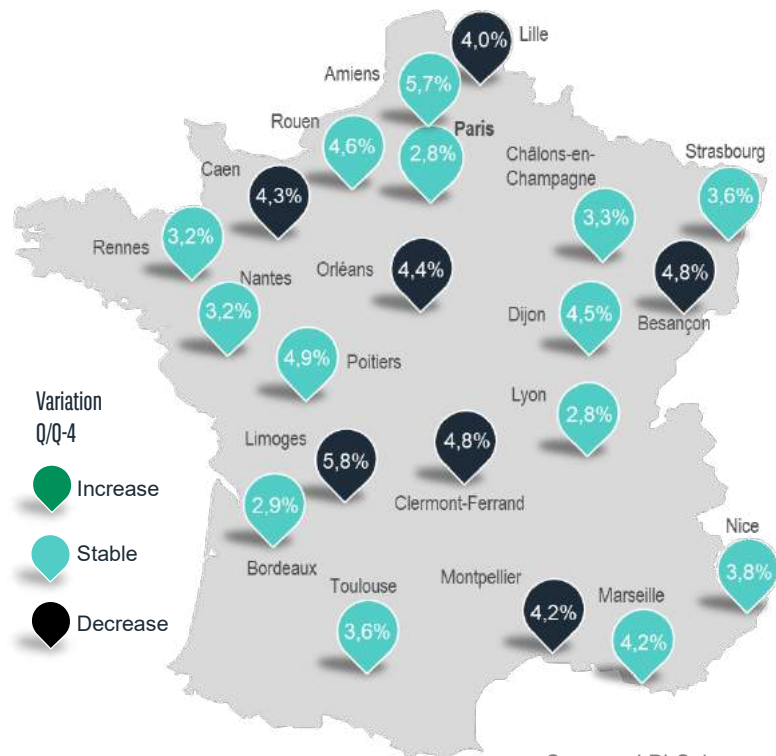


YIELDS BOTTOMING OUT BEFORE RISING

Yields are currently stabilising in the main large cities, due to prices stalling in these markets. Yields are currently at floor levels in most markets, notably in Paris and Lyon at 2.8%.

In an effort to curb inflation, the ECB raised its key interest rates by 125 basis points in Q3, bringing the refinancing rate to 1.25%. In response, the benchmark European interbank rate, the 3-month Euribor, moved into positive territory for the first time since 2015. The 10-year OAT has climbed by over 200 basis points since the beginning of the year, to over 2.50% in September.

The rises in the ECB's key interest rates, the 10-year OAT and the Euribor could prompt investors to seek greater profitability from real estate in the coming months.



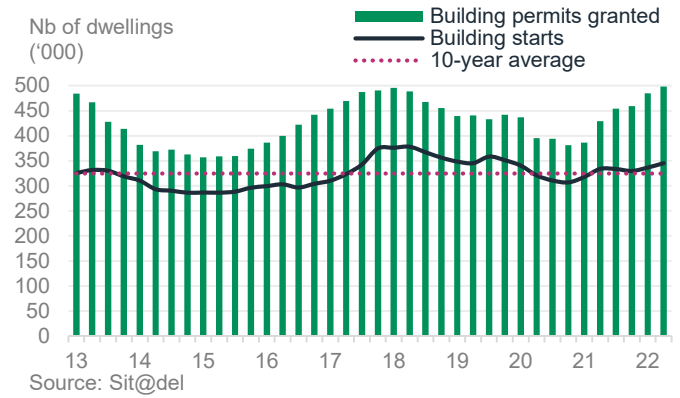
Sources: LPI-Seloger, notaires Paris, Clameur

RISE IN BUILDING PERMITS

On a rolling-year basis to Q2 2022, 499,000 building permits had been granted in metropolitan France, up 16% vs Q2 2021. As such, the market confirmed its recovery following the hiatus in 2020. This increase was fuelled by a catch-up effect following the Covid-19 slowdown, and an increase in applications filed before 1 January 2022, corresponding to the entry into force of RE2020.

Building starts are still above average, with construction starting on 346,000 homes over 12 months, representing an increase of just 3% vs. the previous 12 months. Although the market is back to its Q1 2020 level, the increase is very slight. This means that there is a widening gap between the robust building permit trend and actual building starts.

Housing construction in France



BUILDING PERMITS GRANTED



BUILDING STARTS

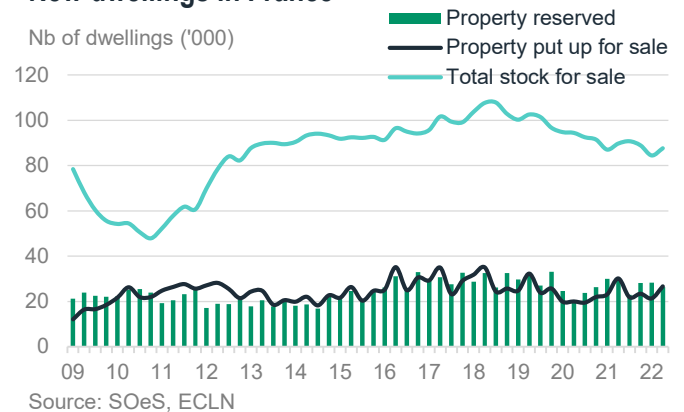
PRESSURE ON THE DEVELOPMENT MARKET

Over the 12 months to Q2 2022, there were 112,600 housing units reserved, i.e. a fall of 5% vs the previous period. The market for new homes is still short of its 2016-2019 highs, when 130,000 units a year were being reserved.

The number of units being put up for sale is relatively stable (-2%) at 100,100 over 12 months. The total number of homes for sale in Q2 2022 was still at a very low level of 94,500 units, equivalent to 9.8 months of take-up.

This pressure on the new home market has been directly reflected in prices: in Q2 2022, the average price for a new apartment was € 4,621/m², up 4.9% over one year. For new houses it stood at € 349,600, up 5.2% over one year.

New dwellings in France



RESERVATIONS



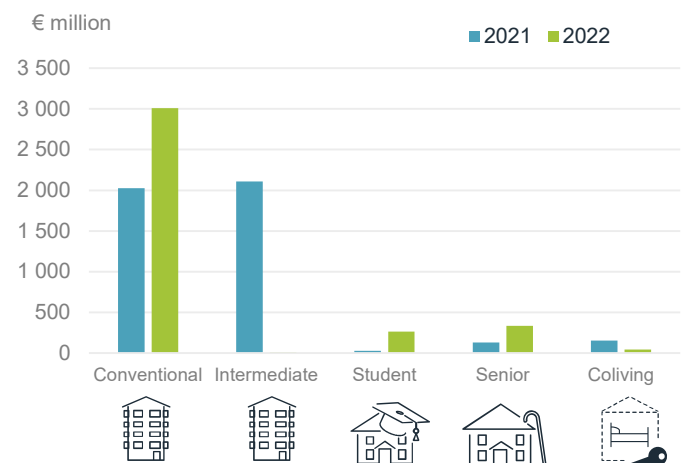
DWELLINGS PUT UP FOR SALE

BLOCK INVESTMENTS IN RESIDENTIAL ASSETS

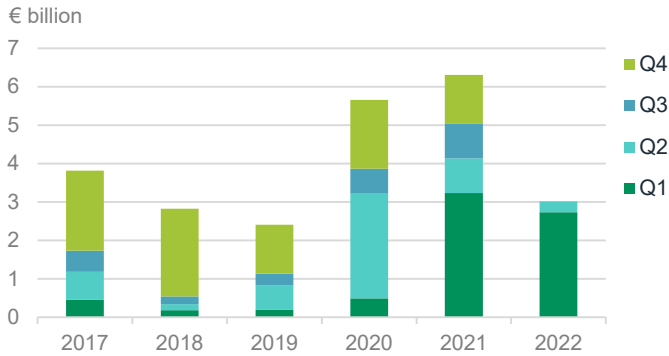
In H1 2022, the overall sum invested in residential and so-called "alternative" assets was €3.7bn, down 18% on H1 2021. Investment in residential property in the strict sense fell by 27% to €3.0bn invested, with almost no intermediary housing.

Investment in alternative assets came in at € 640m, more than double the amount of H1 2021.

Investment by typology – H1

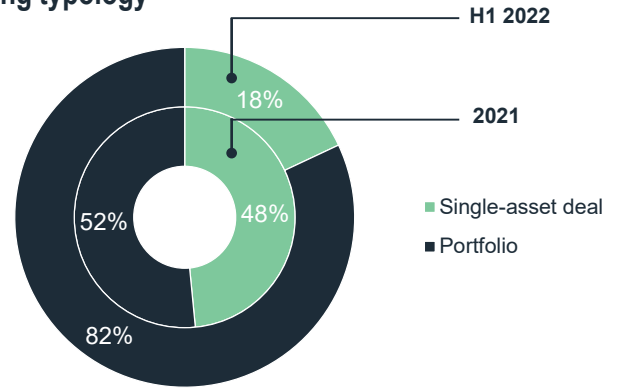


Investment in residential



Sources: BNP Paribas Real Estate, Immostat

Selling typology

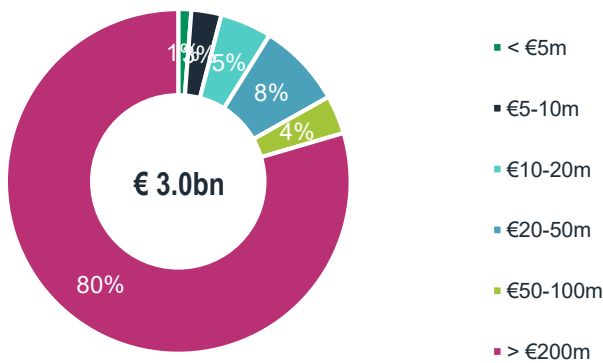


Sources: BNP Paribas Real Estate, Immostat

CONTRACTION IN RESIDENTIAL INVESTMENT

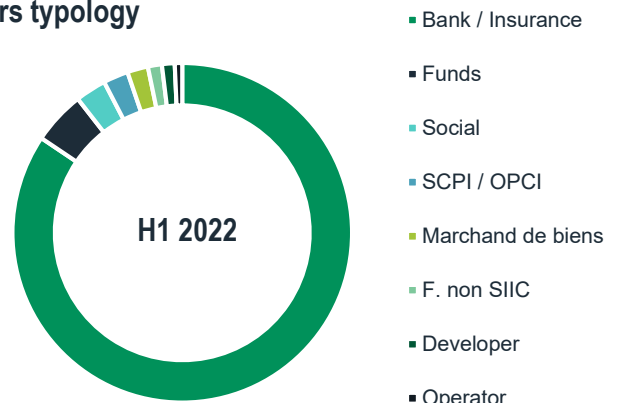
Portfolios account for 82% of the €3.0 billion invested (in the “strict” sense of the term) in residential real estate in France since the beginning of 2022. The market was dominated by the € 2.4bn Lamartine portfolio, sold to an insurer by CDC Habitat in Q1. Paris and its Inner Rim were the biggest markets, with € 420m invested in Residential, followed by the Outer Rim of Ile-de-France (€ 31m).

Breakdown of investment by volume size



Sources: BNP Paribas Real Estate, Immostat

Buyers typology



Source: Immostat, BNP Paribas Real Estate

Out of the 81 block transactions made in H1 2022, over half amounted to less than € 10m. Deals for over € 50m meanwhile accounted for just 8% by number of transactions and 84% in terms of volume, illustrating the high weighting of large portfolios in the market.

The banking/insurance/mutual fund sector was the biggest market player in 2022, after funds took pole position in 2021.

Outlook

The housing market could see a turnaround in 2022. Households' property purchasing capacity has been increasing almost continuously in recent years, underpinned by very favourable borrowing conditions and rising incomes. In 2022, the rise in inflation and key interest rates has pushed up the cost of borrowing, with a negative impact on households' purchasing power. Indeed, property prices have already stopped rising in Paris and the main cities in France. This stabilisation should gradually spread to the rest of the country, with prices falling in certain localised markets. Meanwhile, investment should pick up in H2 2022, with major portfolios expected to change hands.

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

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Boulevard de Turin
59777 Eurallille
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

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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

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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
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