



**AT A GLANCE
H2 2022**

THE RESIDENTIAL MARKET IN FRANCE

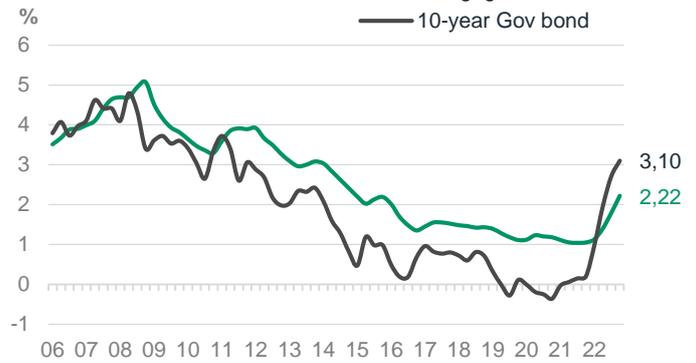
MARKET DIRECTLY AFFECTED BY RISING INTEREST RATES

TIGHTER BORROWING CONDITIONS

Mortgage rates have risen since the beginning of the year to an average of 2.22% in Q4 2022. In 2022, € 281bn of loans were granted, a decline of 4.6% compared to 2021.

This indicator has been falling constantly since the beginning of 2022, due directly to the rise in interest rates, which is greatly affecting households' capacity to buy property. These are partly offsetting the decline in purchasing power by taking out longer loans. As a result, the average borrowing term was 246 months (or 20.1 years) in Q4 2022, a new record.

Interest rates



Source: Crédit Logement / Banque de France



2.22%

AVERAGE INTEREST RATE



246 months

AVERAGE LOAN DURATION



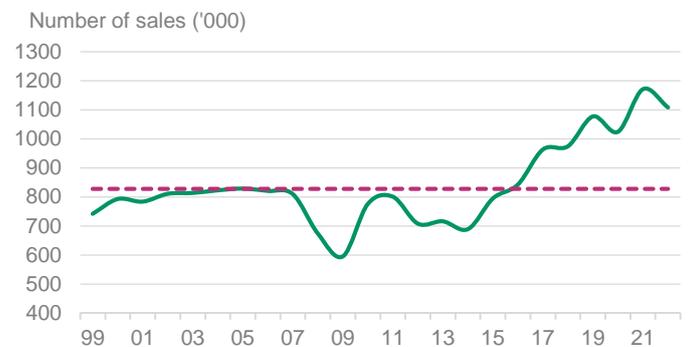
+9.6%

HOUSING PURCHASING POWER

DECLINE IN SALES

In 2022, 1,109,000 second-hand homes were sold in France, a fall of 5.4% year-on-year. Sales hit an all-time high in August 2021 with 1,213,000 overall sales, before slowly falling back.

Take-up of second-hand dwellings



Source: CGEDD



1.109 M

SALES OF SECOND-HAND DWELLINGS



-5.4%

ON A ROLLING YEAR BASIS



+29%

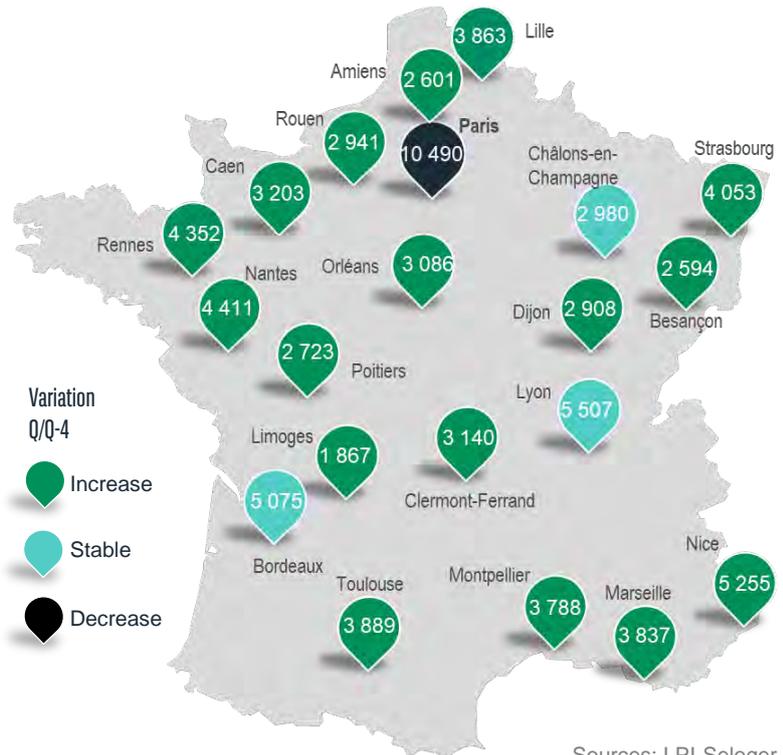
VS THE LONG TERM AVERAGE

PRICES ROSE IN THE REGIONS BUT FELL IN PARIS

The latest notary figures show an average price increase of 4.8% for all second-hand homes in France between 2021 and 2022. This national average stems from a 1.7% increase in Île-de-France and a 6.1% increase in the regions.

The trends vary between the different markets, with prices rising in most cities. Among the larger cities, Lyon and Bordeaux remained flat, while in Paris prices have fallen a further -0.8% after having already fallen for several quarters.

Price increases were greater for houses (+5.8%) than for flats (+3.7%) over the period.



Sources: LPI-Seloger, notaires Paris

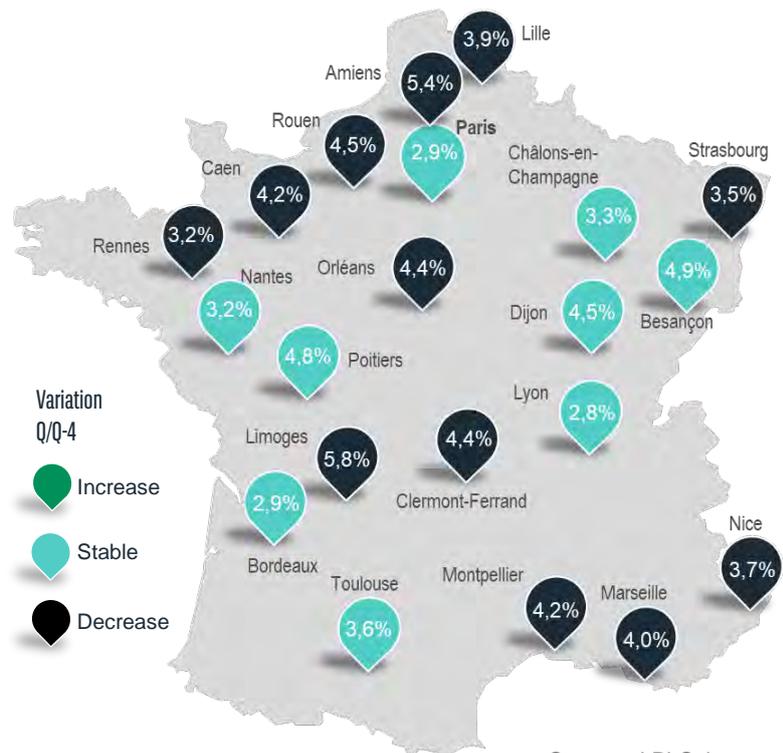


YIELDS

Yields are currently stabilising in the main large cities (Paris, Lyon, Toulouse, Bordeaux, Nantes), due to the modest price changes in these markets. Yields are still at floor levels, particularly in Lyon, at 2.8%. In Paris, the yield has risen to 2.9%.

To curb inflation, the ECB has raised its key interest rates by 300 basis points since July, bringing the refinancing rate to 3.0%. In response, the European interbank benchmark, the 3-month Euribor, moved back into positive territory for the first time since 2015. The 10-year OAT also jumped by 290 basis points in 2022, up to 3.10% by year-end.

All told, the rise in key ECB rates, the 10-year OAT and the Euribor could make residential asset yields less attractive.



Sources: LPI-Seloger, notaires Paris, Clameur

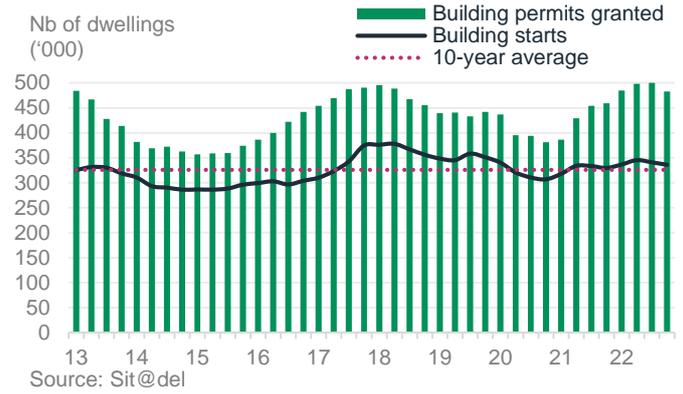
RISE IN BUILDING PERMITS

Over the whole of 2022, there were 483,000 building permits granted in metropolitan France, i.e. up 5% compared to 2021. This record figure was higher than the 2018 peak. However, there was a slowdown in Q4.

Building starts in 2022 remained slightly above average at 336,000 units, almost stable (+2%) compared to 2021.

Although the market returned to its Q1 2020 level by mid-year, the rise was very limited. The gap is therefore widening between the healthy momentum of building permits and actual building starts.

Housing construction in France



BUILDING PERMITS GRANTED



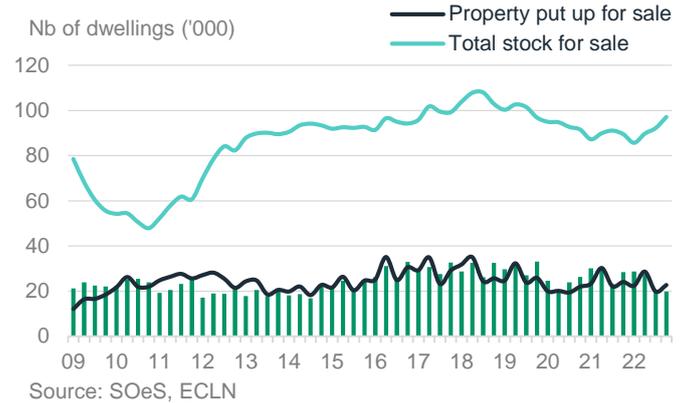
BUILDING STARTS

FALL IN RESERVATIONS IN H2

In 2022, there were 102,000 housing units reserved, a fall of 15% compared to 2021. The market is far from its 2016-2019 highs, when around 130,000 units were being reserved each year. The biggest falls in reservations were in Q3 and Q4 2022. These fell short of Q2 2020, which was hit hard by the Covid-19 pandemic. Listings fell by 6% to 100,800 homes. The total stock of homes offered for sale increased to 105,100 units at the end of Q4 2022, up 9% vs Q4 2021. This is the equivalent of 15 months of take-up.

The average price of new flats in Q4 2022 was €4,756 per sqm, up 5.7% year-on-year. Prices rose by 1.3% between Q3 and Q4 2022. Price trends have therefore not yet been affected by the fall in reservations, but should be in the coming quarters.

New dwellings in France



RESERVATIONS



DWELLINGS PUT UP FOR SALE

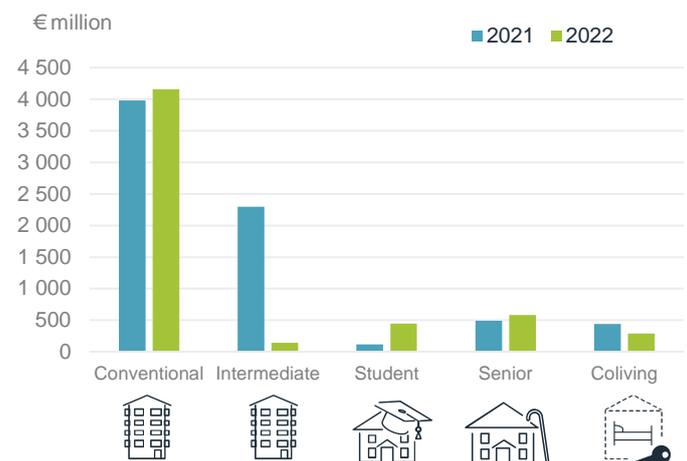
BLOCK RESIDENTIAL INVESTMENTS

In 2022, total investment in residential and "alternative" assets came to € 5.6bn, down 23% vs. 2021.

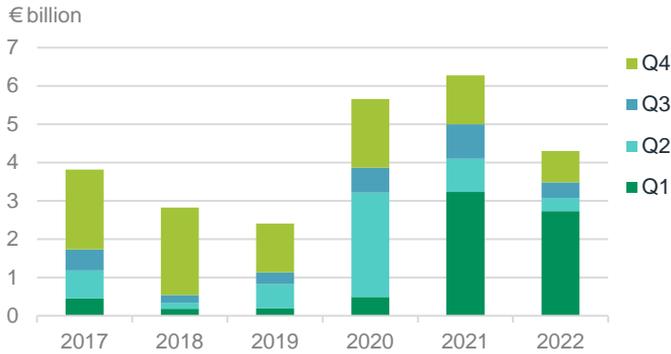
Investment in residential in the strict sense fell by 25% to € 4.3bn, of which only 3% in intermediate housing.

Investment in so-called "alternative" assets came in at € 1.3bn, up sharply (+79%) vs. 2021.

Investment by typology

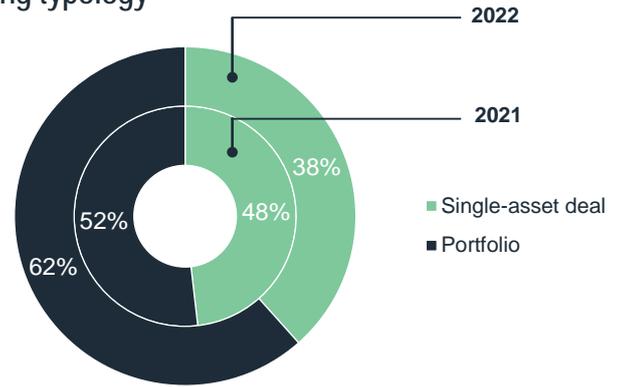


Investment in residential



Sources: BNP Paribas Real Estate, Immostat

Selling typology



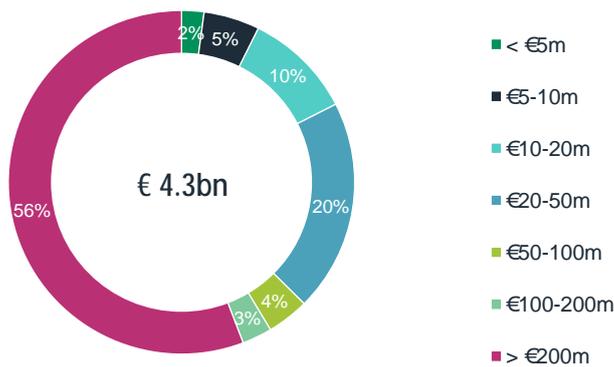
Sources: BNP Paribas Real Estate, Immostat

RESIDENTIAL INVESTMENT IN DECLINE

Out of the € 4.3bn invested in residential property in the strict sense in France since the beginning of 2022, portfolios accounted for 62%. Paris and the Inner Rim dominated the market with € 1.3bn invested in residential property in these areas, followed by the Outer Rim (€ 109m).

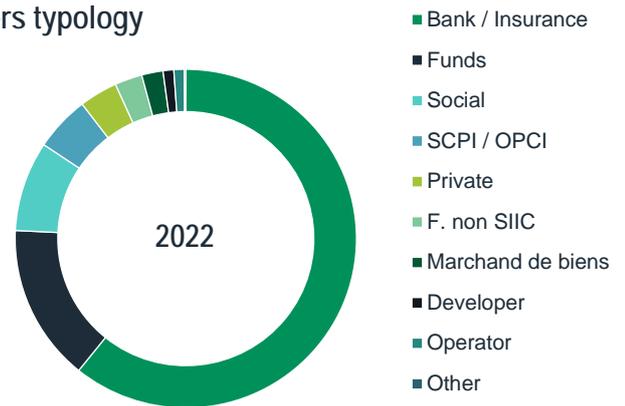
Half of transactions were off plan in 2022, with a large portion made up by the Lamartine portfolio bought by CDC Habitat.

Breakdown of investment by volume size



Sources: BNP Paribas Real Estate, Immostat

Buyers typology



Source: Immostat, BNP Paribas Real Estate

Of the 145 block deals made in 2022, over half were for less than € 10m. Block deals of over € 50m meanwhile accounted for just 4% in number terms but represented 63% of the overall amount, showing the substantial weighting of major portfolios in the market.

The banking/insurance sector dominated in 2022, followed by funds and social landlords.

Outlook

The housing market is at a turning point. Households' home-buying capacity had increased almost continuously in recent years, driven by easy financing and rising incomes, which offset or even underpinned the rise in prices. Interest rates are likely to continue rising in 2023, which will dampen the purchasing power of households and the number of home sales. Following the trend in the larger cities, the price curve could reverse nationwide. Meanwhile, investment could suffer from reduced appeal in 2023, given the relatively low yields on this asset class. Nevertheless, residential property remains a resilient asset category, mainly because of the structural lack of supply in major cities and because it is still a safe haven.

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 Guillibert
Gauthier de la Lauzière
Les Milles
13290 Aix-en-Provence
Tél. : +33 (0)4 42 90 72 72

ANNECY

PAE Des Glaïsans
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

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^{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
Head of Research France
guillaume.joly@bnpparibas.com

Morgane LELIEVRE
Residential Market Analyst
morgane.elleuvre@bnpparibas.com

RESIDENTIAL

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

Dominique BONETTI
Directeur commercial vente en bloc
Tél. : +33 (0)1 47 59 23 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

BNP PARIBAS REAL ESTATE, is a simplified joint-stock company with capital of €383,071,696 and headquarters at 50, cours de l'île Seguin - CS 50 280 - 92650 Boulogne-Billancourt - France, registered on the Nanterre Trade and Companies Register under no. 692 012 180 - APE 7010 Z Code - Identification Number CE TVA FR 66692012180. Address: 50 cours de l'île Seguin - CS 50280 - 92650 Boulogne-Billancourt Cedex. Phone: +33 (0)1 55 65 20 04 - Fax: +33 (0)1 55 65 20 00 - www.realestate.bnpparibas.com. BNP Paribas Real Estate is part of the BNP PARIBAS Group (art. 4.1 of the French law 70-9, 02/01/70)

N° ADEME : FR200182_03KLJL

