



© Shutterstock/VOJTa Herout



# AT A GLANCE H1 2023

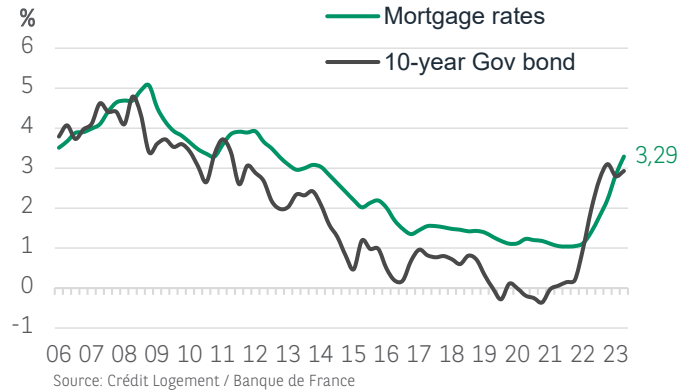
## THE RESIDENTIAL MARKET IN FRANCE

### MARKET FACES HEADWINDS

### SHARP RISE IN INTEREST RATES

Mortgage rates have been rising since the beginning of 2022, reaching an average of 3.29% in Q2 2023. Over the 12 rolling months to Q2 2023, € 217bn of mortgages were granted, down 30% on the previous 12 months. This is directly related to the rise in mortgage rates, which is weighing heavily on households' ability to buy property. In the past, households have partly made up for reduced purchasing power by taking out longer mortgages. The average mortgage term in Q2 2023 stood at 249 months (20.7 years), a historically high level.

### Interest rates



**3.29%**

Average interest rate



**249 months**

Average loan duration



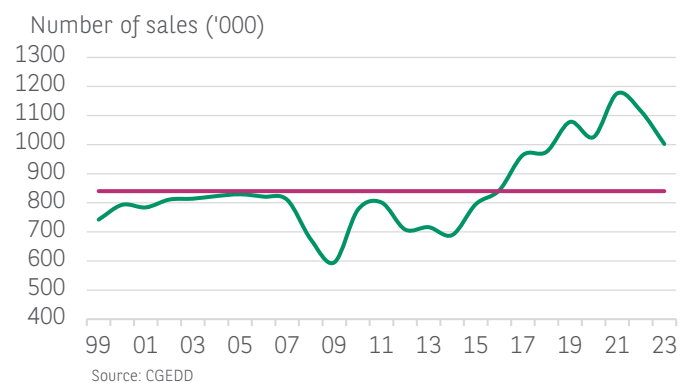
**+2.5%**

Housing purchasing power

### FALL IN SALES

Over the 12 months to Q2 2023, 1,002,000 second-hand homes were sold in France, down 13.6% year-on-year. Sales hit a record high in August 2021, reaching 1,213,000 over the year, before gradually starting to fall back.

### Take-up of second-hand dwellings



**1.002M**

Sales of second-hand dwellings



**-13.6%**

On a rolling year basis



**+7%**

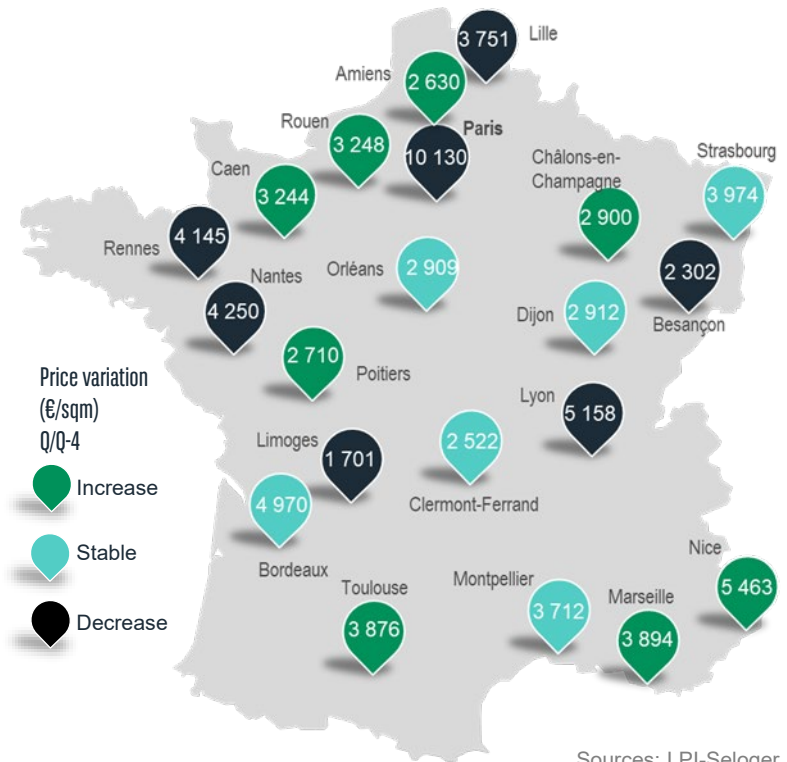
Vs the long term average

## PRICE STABILISATION

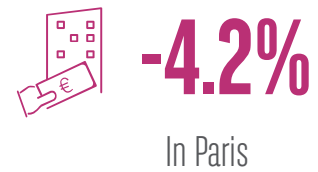
According to the latest Notary figures, the average price of second-hand homes in France rose by 0.5% between Q2 2022 and Q2 2023. This nationwide figure stems from a -3.0% fall in Greater Paris and a +1.8% rise in the rest of France.

The trend is quite uneven across markets, with prices still rising in most cities. Prices in the major regional cities (Lyon, Lille, Nantes, Rennes) are down year-on-year, while in Bordeaux they have stabilised. However, prices are still rising in Toulouse, Marseille and Nice. The price fall in Paris has deepened, with a -4.2% slide between Q2 2022 and Q2 2023.

Nationally over the same period, house prices continued to rise (+0.9%), while apartments stabilised (+0.1%).



Sources: LPI-Seloger, notaires Paris



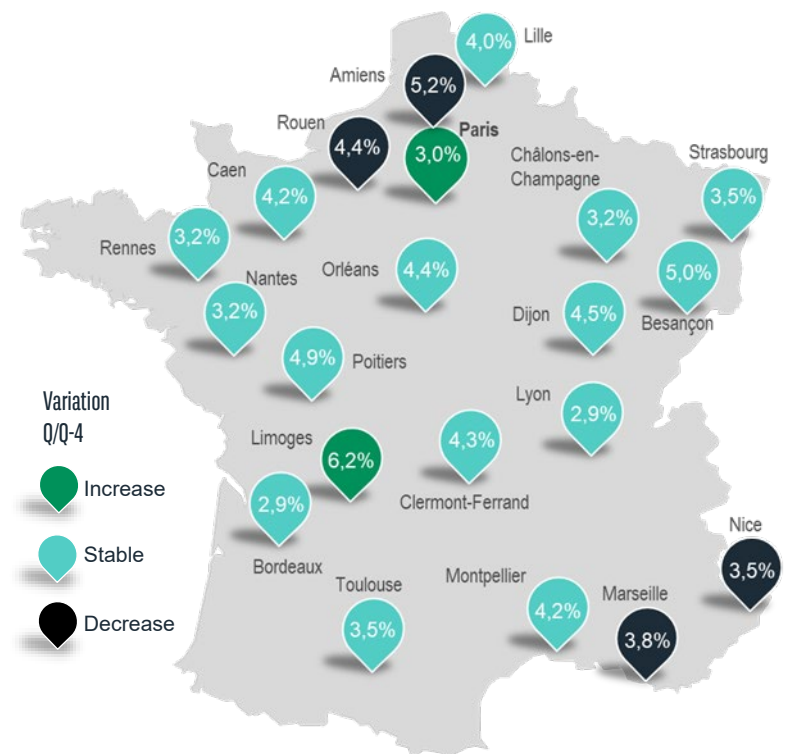
## YIELDS

Buoyant real estate and finance markets meant that gross rental yields contracted between 2009 and 2021. Yields have stabilised since 2022, as prices have stopped rising and rents have changed little.

Yields are rising in Paris. This is due to prices falling while rents have risen slightly. Other cities, such as Lyon, Lille and Nantes, are likely to follow this trend over the coming quarters.

Yields are still falling in some cities, such as Marseille and Nice, because prices there are still rising.

Current negotiations suggest significant yield expansion for residential investment across the country.



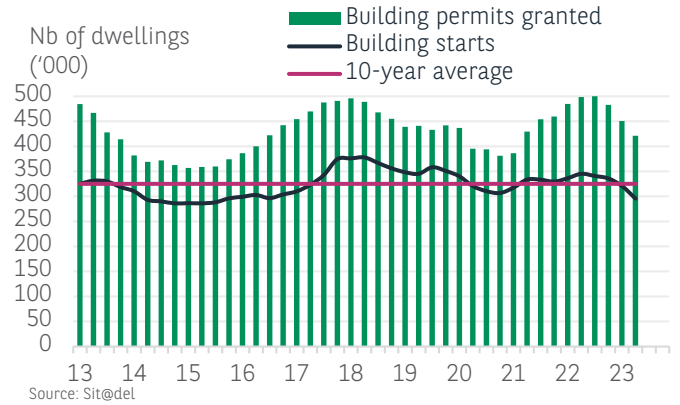
Sources: LPI-Seloger, notaires Paris, Clameur

## FALL IN BUILDING PERMITS AND CONSTRUCTION

Over the year to Q2 2023, 421,000 building permits were granted in mainland France, down 16% on the previous 12-month period. For the past 3 quarters, the market has fallen back below the threshold of 100,000 homes per quarter, whereas it had consistently exceeded this figure since Covid.

Housing starts have also fallen, by 14% to 296,000 units, reflecting the woes of property developers in recent quarters, with rising construction costs and interest rates.

### Housing construction in France



**421,000**

Building permits granted



**296,000**

Building starts

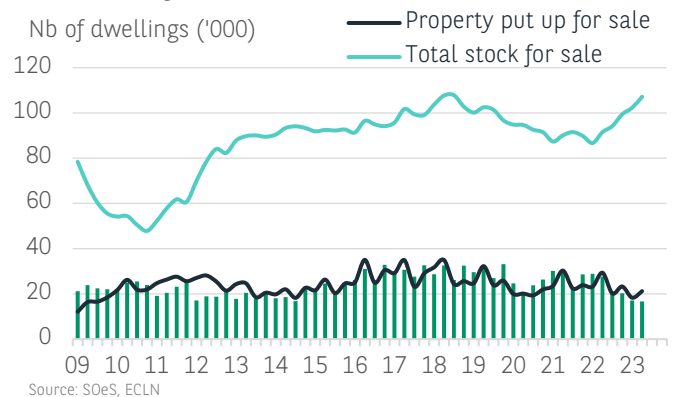
## FALL IN RESERVATIONS, RISE IN NEW-BUILD PRICES

Over the 12 months to Q2 2023, a total of 78,700 homes were reserved, down 32% on the previous period. In Q2 2023 alone, there were 17,700 units reserved, down 3% on the previous quarter and 40% on Q2 2022. These are the lowest quarterly figures since 2008.

Dwellings put up for sale have fallen by 16% to 89,100 units over 12 months. Consequently, the total number of homes on the market rose to 115,700 at the end of Q2 2023, up 17% year-on-year. This is the equivalent of 19 months of take-up.

The average price of new flats in Q2 2023 was € 4,791/sqm. After a flat Q1, the increase resumed in Q2, up 3.8% over 12 months. The average price of a new house was € 349,700, up 3.7% over 3 months and 15.3% over a year.

### New dwellings in France



**78,700**

Reservations

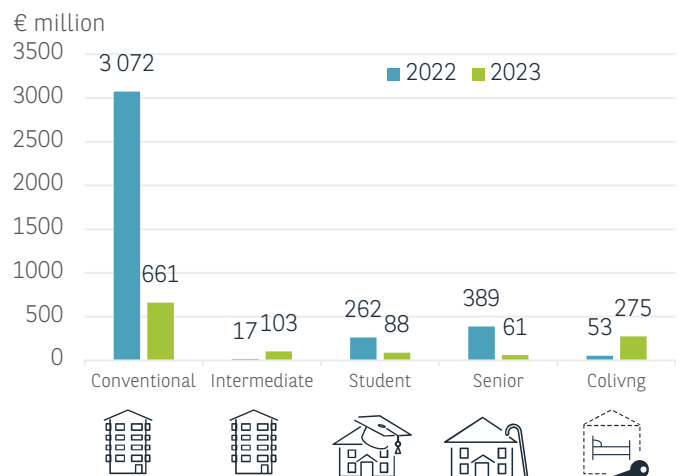
**-29%**

Dwellings put up for sale

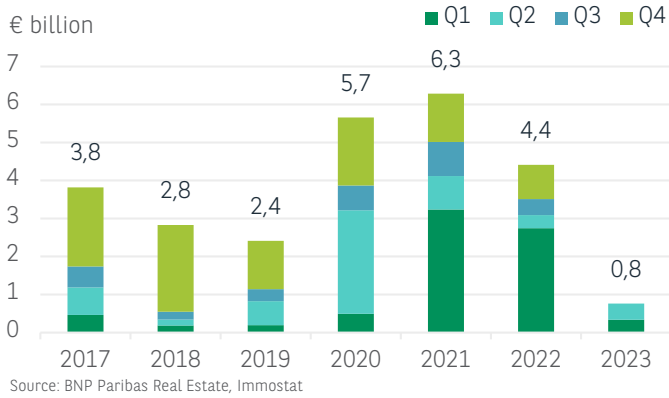
## BULK RESIDENTIAL INVESTMENT

Investment in residential and so-called alternative assets in H1 2023 came to € 1.3bn, down 69% vs H1 2022. Investment in residential real estate in the strict sense fell by 75% to € 763m, of which only 13% was invested in intermediate housing. Investment in alternative assets came to € 424m, up 13% on H1 2022.

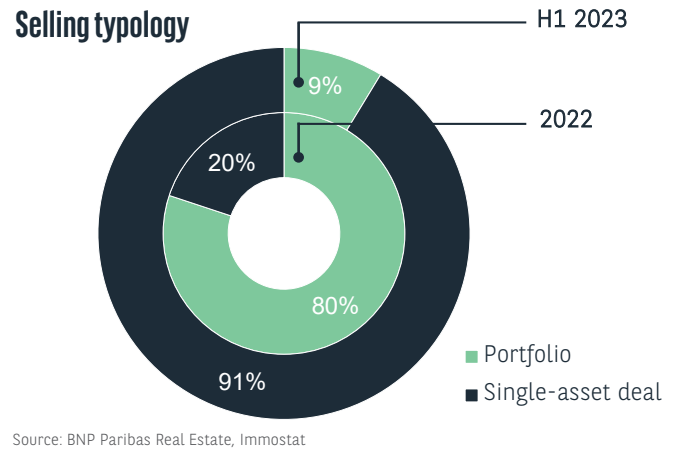
### Investment by typology in H1



### Investment in Residential



### Selling typology

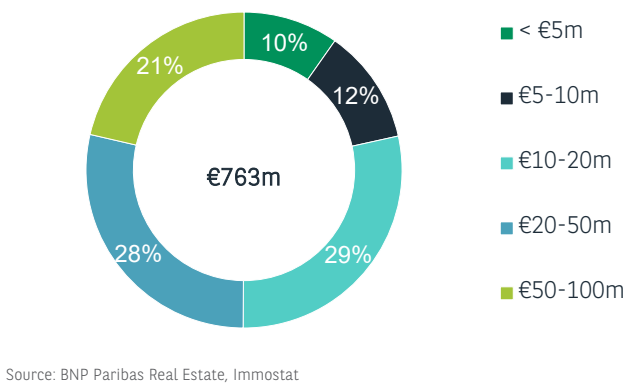


## SLIDE IN RESIDENTIAL INVESTMENT

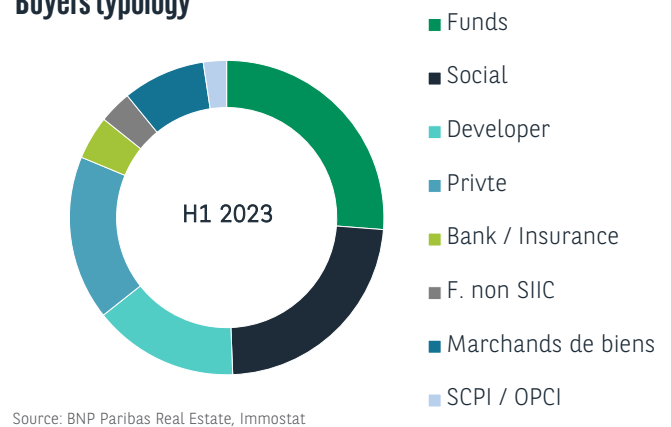
Of the € 763m invested in strictly residential property in France since the start of 2023, portfolios account for just 9%, compared with 80% in 2022. This dramatic fall stems from the lack of major portfolios changing hands.

Paris and its inner suburbs dominated the market, attracting investment of € 467m in residential real estate, followed by Bordeaux (€ 46m). Off-plan sales only accounted for 29% of the total in H1 2023, vs over 40% for the three previous years.

### Breakdown of investment by volume size



### Buyers typology



Out of the 66 bulk deals made in H1 2023, two-thirds were for less than € 10m. There have been no transactions for over € 100m since the start of 2023, and only 2 for over € 50m.

Four types of players drove the market: funds, social landlords, developers, and private investors.

## OUTLOOK

The housing market has entered a difficult period. Many had expected this, but it has happened quite suddenly. The sharp rise in mortgage rates has directly affected households' ability to buy real estate, and despite rising incomes, property prices are still very high. The latest rate hikes by the ECB are unlikely to reverse the trend in the short term. Prices are expected to fall in major cities, but only to a limited extent.

Institutional investors have also run into financing difficulties and were less active in H1. Nevertheless, major acquisitions by public and semi-public players are expected to boost the market in the coming quarters.

Residential is still a resilient asset class with solid fundamentals, including population growth, people living apart and the need for housing to adapt to climate change.



# 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 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

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

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.lievre@bnpparibas.com

## RESIDENTIAL

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

This presentation has been prepared by BNP Paribas Real Estate for informational purposes only. Although the information contained in this presentation has been obtained from sources which BNP Paribas Real Estate believes to be reliable, it has not been independently verified and no representation or warranty, express or implied, is made and no responsibility is or will be accepted by BNP Paribas Real Estate as to or in relation to the accuracy, reliability or completeness of any such information. Opinions expressed herein reflect the judgment of BNP Paribas Real Estate as of the date of this presentation and may be subject to change without notice if BNP Paribas Real Estate become aware of any information, whether specific or general, which may have a material impact on any such opinions. BNP Paribas Real Estate will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission.

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

