Latest News

Positive perspectives on French property

It's been a tough year for many property markets, but French experts finding reasons to be cheerful.

The briefest of glances at the most recent price data from the French property market makes it abundantly clear that credit has been crunching in France, too.

According to figures just released by the Federation of French Estate Agents (FNAIM), the average property sales price in France was only 0.1 per cent higher in October 2008 than it was in the same month in 2007. By way of comparison, for the previous 12-month period prices increased 4.7 per cent, so the French property market has clearly been losing steam. Furthermore, prices decreased in three of the French 'regions' (as defined by FNAIM) - West, North and East, and South East.

Rather than fear that they are still in the midst of a major market crash, though, French property experts are concentrating on the light at the end of the tunnel.

"Thankfully, the month of October is behind us and the aftershocks of the crisis are dwindling," said Tahmineh Madani of French mortgage specialist France Home Finance.

In particular, Madani feels that the French mortgage market is rebounding. "A big indicator is the Euribor, the rate at which European banks lend to each other and the rate which French banks use to set their mortgage pricing. The Euribor three-month rate, which has been stable at around 4.70 per cent, shot up to a high of 5.40 per cent in mid October and is now back to 4.70 per cent as a result of governments stepping in and offering guarantees for interbank lending. This is a big relief for investors as we are now back to business as usual."

For property agency VEF, business as usual means that many of its regional offices have had good news to tell. According to the company's website, in October its clients "bought in a multitude of areas including Pas de Calais, Lot, Tarn-et-Garonne, Charente, Vendee, Languedoc Aude, Languedoc Pyrenees-Orientales and the Hautes-Alpes in Provence."

The report goes on to pick out one area in particular: "Our Charente office is selling 60 per cent more properties than last year, and is currently our most popular destination for French property purchases. The already well accessible area is now even more accessible, with low cost flights into Angouleme. Prices levelled out last year in the department, and are now exceedingly good value for money, even in today's market."

For France Home Finance, the upturn was felt in several areas. "Buyers are focusing on leasebacks in the Alps, Provence and the Languedoc area and buy-to-lets in Paris," said Madani. "While all of these areas have and continue to have a big tourism draw and steady rental market, Languedoc is interesting in particular due to a major population immigration to the area – much higher than other areas of France. This is the region to watch if you are looking for capital gains."

So the forecast may still be uncertain, but if you focus on the right areas the outlook is far from bleak.

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