The volume of transactions completed in the last twelve months continues to grow, and since June 2019 it has topped the million mark. At the end of October 2019, it stood at 1,063,000 completions. It is still increasing every month, increasingly quickly year-to-date, +6.2% in June 2019 and +10.6% at the end of October 2019. The volume of transactions year-to-date had not grown at a double-figure rate since February 2018.

While the dynamism of certain major metropolises (in particular those in the Grand Ouest region) was confirmed at the end of 2019, the upward trend in this annual activity nonetheless reveals certain regional disparities. However, one should not fear a downturn in volumes, given the number of houses built and the current turnover rate of the housing stock. Albeit very active, the market is still consistent with respect to the number of houses owned by individuals. One can indeed note that the current ratio, i.e. the annual number of transactions divided by the number of houses owned by individuals, stands at 3.3%. This figure is slightly higher than the figure for 1999-2009, which already varied at the time between 3% and 3.2%. The relative stability of this turnover rate with respect to growing volumes in this same period is accounted for by the number of new homes built in the meantime.

The million transactions threshold in these circumstances may seem sustainable in comparable financing conditions. Indeed, this sustained activity is explained among other things by a financial context favouring purchases, given the current interest rates and the strong motivation of households, who more than ever trust investments in bricks and mortar and wish to safeguard their housing budget. The French property market is still above all a market of users.

The notaries observe that activity at the end of 2019 is still sustained, without for all that resulting in a disproportionate rise in prices. In December, they nonetheless noted a decrease in the number of case files received in their offices, which may among other things be correlated with the strikes at the end of this year. The impact of this decrease will start to be felt in two to three months.

According to the INSEE and Notary indexes, in the third quarter of 2019, prices for older properties in France (excluding Mayotte) continued to rise: up 1% on the second quarter of 2019 (provisional seasonally adjusted figures), slightly more than in the previous quarter (+0.7%). Over one year, price rises have accelerated slightly: +3.2%, after +3.1%. As has been observed since the end of 2016, the upturn over one year was greater in apartments (+4%) than in houses (+2.5%).

As for the price of older properties in Greater Paris, in the third quarter of 2019 they have risen slightly more quickly than in the two previous quarters: up 0.9% on the second quarter, after +0.8% and +0.6%. Over one year, prices have continued to rise at a steady pace: +3.6% between the third quarter of 2018 and the third quarter of 2019, after...
### Median Price per sq. m for Older Apartments in the 3rd Quarter of 2019

**Change over one year: 1st July 2019 to 30th September 2019/1st July 2018 to 30th September 2018**

Source: Property databases of Notaires de France

(The prices for Greater Paris are valuations from the INSEE and Notary indexes for the 3rd quarter of 2019)

### Median Selling Price for Older Houses in the 3rd Quarter of 2019

**Change over one year: 1st July 2019 to 30th September 2019/1st July 2018 to 30th September 2018**

The statistics for houses cover the whole urban area (city centre + suburbs)

Source: Property databases of Notaires de France

(The prices for Greater Paris are valuations from the INSEE and Notary indexes for the 3rd quarter of 2019)
More specifically, the annual trend should be +7% in the prices of apartments should continue into the Paris and nearby suburbs market, the annual trend is expected to gather pace until January 2020, at annual rates of between +5% and +6% for older apartments and between +3.5% and +4.5% for older houses. In all the big provincial cities, the prices of apartments should continue to rise until the end of January 2020. The rise should accelerate more particularly in Caen (+11%) and Besançon (+10%), but should slow down in Villeurbanne (+3%) and Nantes (+5%). House prices in some large urban areas where they were previously stable or in decline are expected to rise at the end of January 2020, in Saint-Nazaire (+12%), Douai-Lens (+5%) and Dijon (+3%), or level off in Rennes. Two-figure rises are expected in Angers, Toulouse and Lyon. In Bordeaux, we observe a downturn in the sharp rises of the past few years since the end of 2019.

The proposals of the Haut Conseil de stabilisation financière concernning real estate credit

In response to the non-contractual regime of rate decreases introduced by the European Central Bank, the proposals for changes to the real estate credit rules are just as innovative: fixing a minimum borrowing rate that guarantees profitability for the bank, a sort of reverse statutory rate of interest, a proposal for strict observance of creditworthiness at 33% of the borrower’s net income. Even if this rate is traditionally considered prudent, such a measure might exclude first-time buyers from the market, as they would not have sufficient additional personal contributions.

Interest rate prospects

Even if French 10-year “medium or long-term bond” rates were adjusted back to 0% in December 2019, the same rate as at the end of July, they remain historically low, and this increase should not compromise the repayment capacity of buyers. A 0.3% rate rise for 100,000 euros borrowed over 15 to 20 years entails a measured increase in repayments of 13 to 14 euros per month.

Borrowing terms are expected to remain favourable in 2020, but if the rate rise were to be higher, we may - as in the past - observe not a decline in volumes but rather a “buying frenzy”, as buyers would rush to complete their purchase before the introduction of higher rates and consequently higher monthly payments.

The new housing market - Key figures

House building

Figures at the end of october 2019

<table>
<thead>
<tr>
<th>Change Q/Q-1</th>
<th>All</th>
<th>Single occupancy</th>
<th>Multi-occupancy buildings (including blocks of luxury flats)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved housing</td>
<td>-2.2%</td>
<td>+1.5%</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Builds in progress</td>
<td>-0.8%</td>
<td>+0.7%</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

Last three months compared with the previous three months. Source: SDES, St@t info, estimates at the end of october 2019

Marketing of new homes

Results in the 3rd quarter of 2019

| Number of reservations | -0.9% year on year (27,886 units) |
| Offered for sale | -20.2% year on year (21,149 units) |
| Housing outstanding | -11.4% year on year (104,576 units) |
| Cancellations of reservations for sale | +7.2% year on year (3,855 units) |

Source: SDES, ECLN

No records in new housing, unlike older properties. We observe a 20% decrease in offers for sale compared with the figures of the third quarter of 2018. The pre-election period is not a good period for issuing planning permission; many building programmes are suspended to date, heralding a bad first half of 2020. If fewer houses are built, demand will automatically shift to older properties, thereby sustaining prices. The Finance Act for 2020 has nonetheless maintained the interest-free loan scheme for new housing in zones B2 and C for the whole of 2020. Let’s wager that the second half of the year will see a catch-up effect.

Credit - Banque de France data

A quarter of home loans granted in October 2019 were renegotiated.

- In October, the rise in home loans to individuals continued (+6.7%) (after +6.6% in September), whereas consumer credit fell somewhat (+5.6%, after +6.5% in September).
- Home loans, which totalled €24 billion in October, at their highest level since May 2017, are largely supported by renegotiations. Their share of new loans again grew in October, reaching 26% (after 23.6% in September and 16.4% in October 2018).
- The average interest rate for new long-term fixed-rate home loans again fell to an all-time low in October (1.24%, after 1.27% in September), whereas the consumer credit rate rose to 3.68%.
In the 2008-2018 period, the percentage of non-resident foreign buyers in mainland France steadily fell, bottoming out at 1.7% in 2018. This percentage varies greatly, however, from one region to another, from 0.9% in Greater Paris to 5.5% in Provence-Côte d’Azur-Corse. As for sellers, the percentage of non-resident foreigners remained steady, around 2% in the provinces, but rose slightly in Greater Paris, from 0.9% to 1.5% in 2018.

Over the past ten years, the trend in prices of properties purchased by non-residents differed from that of properties purchased by residents. In the provinces, the median selling prices of properties purchased by residents changed little between 2008 and 2018, whereas they fell by roughly 10% for non-residents. In Greater Paris, the reverse is true: trends are positive both for residents and non-residents, and are slightly higher for residents (around 20%) than for non-residents (around 15%).

Also analysed depending on whether buyers are French or foreign, differences in price trends are all the greater. Non-resident foreigners in particular stand out, both in the provinces and in Greater Paris:

- During the economic recovery, between 2009 and 2011, prices in the provinces rose by a little under 8% for French people, 12% for resident foreigners and up to 18% for non-resident foreigners. For the latter, the trend is also more marked in Greater Paris (36%), against between 15% and 20% for other buyers;
- In 2018, and compared with the all-time high of 2011, the phenomenon was the same: the decline observed in the provinces for resident foreigners was limited to 6%, but rose to 11% for non-resident French people and as much as 20% for non-resident foreigners. Prices in the Greater Paris market for their part have risen by 10% for resident but fallen by 6% for non-resident foreigners.

In 2018, property purchase budgets between French residents and non-resident foreigners differed greatly according to location:

- In the South-West and North-East, their budgets are equivalent;
- On the West Coast, West Central France and the Massif Central, prices are higher for properties purchased by French residents.
- In Greater Paris, the Alps and Provence-Côte d’Azur-Corse, properties purchased by non-resident foreigners are more expensive. This trend is very marked in Provence-Côte d’Azur-Corse, where older houses bought by non-resident foreigners are 1.8 times more expensive. French residents prefer 4-room houses (32%) and non-resident foreigners prefer houses with 6 or more rooms (42%), but these differences are not just accounted for by property type: for the same number of rooms, the ratios are still very high.

**Definitions**

**Seasonally adjusted indices**

In the same way that the calculation of the indices makes it possible to strip out structural effects, seasonal corrections are intended to adjust seasonal fluctuations. The purpose is to ensure a fair comparison of trends between two consecutive quarters, without this interpretation being distorted by the time of year. For example, property prices rise during the third quarter of each year, house prices in particular, due to demand from families driven by the school year.

**Median prices**

The INSEE (French National Institute of Statistics & Economic Studies) and Notary indices are only available for geographical areas where the number of changes of ownership is high enough. At more detailed levels, median prices are used. The median price is such that 50% of transactions were concluded at a lower price and as many as at a higher price. It more accurately represents the «midpoint» of the market than the average, as it is less affected by extreme values.

**INSEE and Notary indices**

The calculation method used for the INSEE and Notary indices is based on econometric models which break down the price of a property according to its main characteristics (location, size, comfort, etc.) in order to be better able to withstand structural effects that cause transaction prices to vary from quarter to quarter.