



| AGIR POUR LE LOGEMENT |



Press conference

January 23rd, 2019



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THE REAL ESTATE MARKET IN 2018

www.fnaim.fr

- ✓ Activity of the old real estate market
- ✓ Price trends of the old real estate market
- ✓ Real estate purchasing power & Denormandie framework
- ✓ New real estate market
- ✓ Prospect for 2019
- ✓ Rental market : results of OSLO
- ✓ Fnaim's Political proposals
- ✓ Appendices



WHO WE ARE

www.fnaim.fr

FNAIM Community =

- ✓ First European community of real estate professionals with 10 000 customers

Market share and recognition of professionals

- ✓ 70% of transactions in France (source CGEDD)
- ✓ Business protected since ELAN law

Customer satisfaction

- ✓ **7.1 /10** satisfaction according to Ifop_Opinion System ; increasing for 3 years
- ✓ **73 %** of recommendation intentions



A

ACTIVITY OF THE OLD REAL ESTATE MARKET

Jean-Marc TORROLLION, FNAIM President



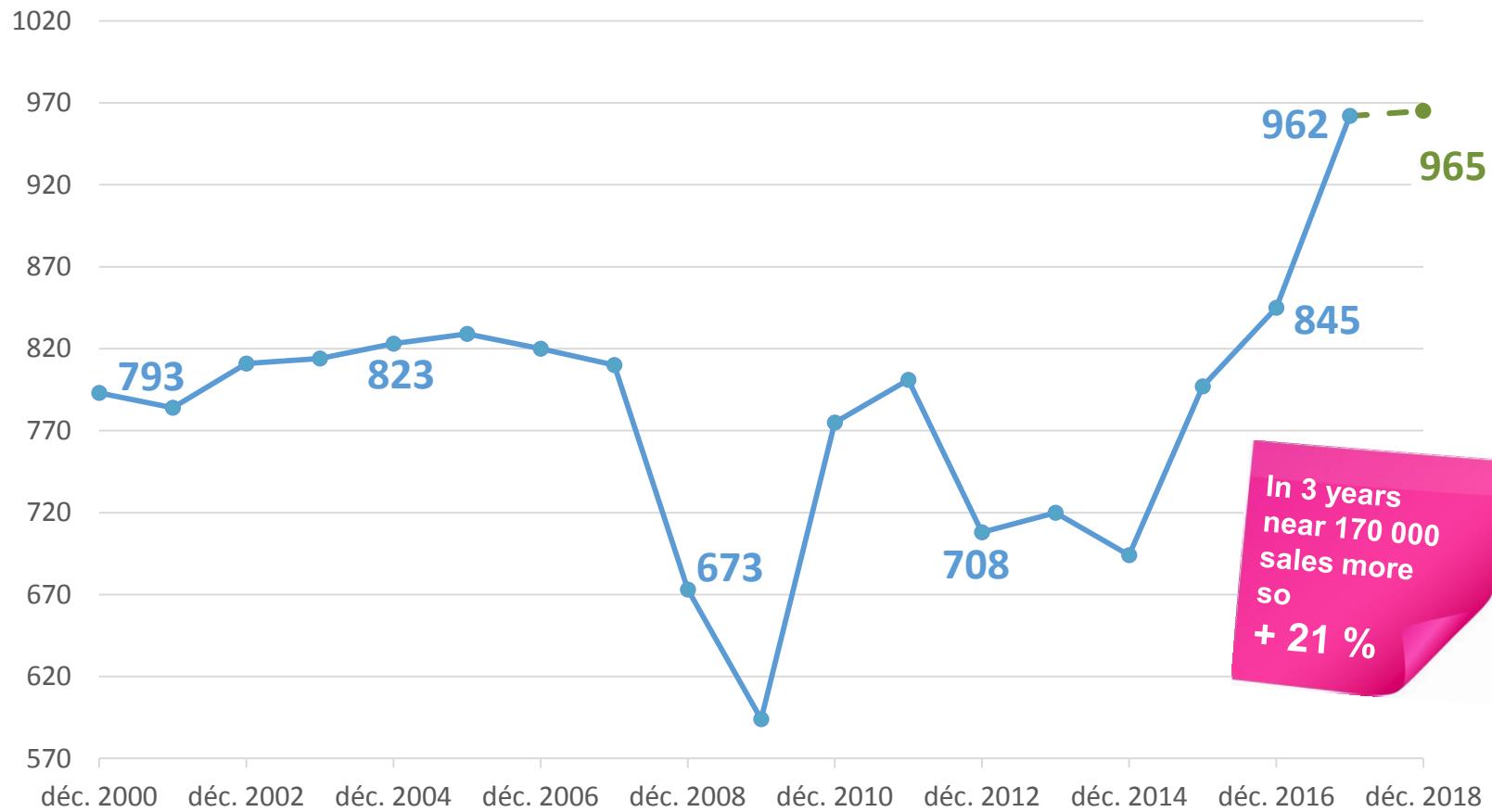
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NUMBER OF SALES : AFTER 3 YEARS OF UNINTERRUPTED INCREASE, THE NUMBER OF SALES STAYED THE SAME DURING THE YEAR 2018

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Source : CGEDD according to DGFiP (MEDOC), FNAIM estimation for 2018

965,000 estimated sales in 2018, i.e. +0.3% compared to 2017

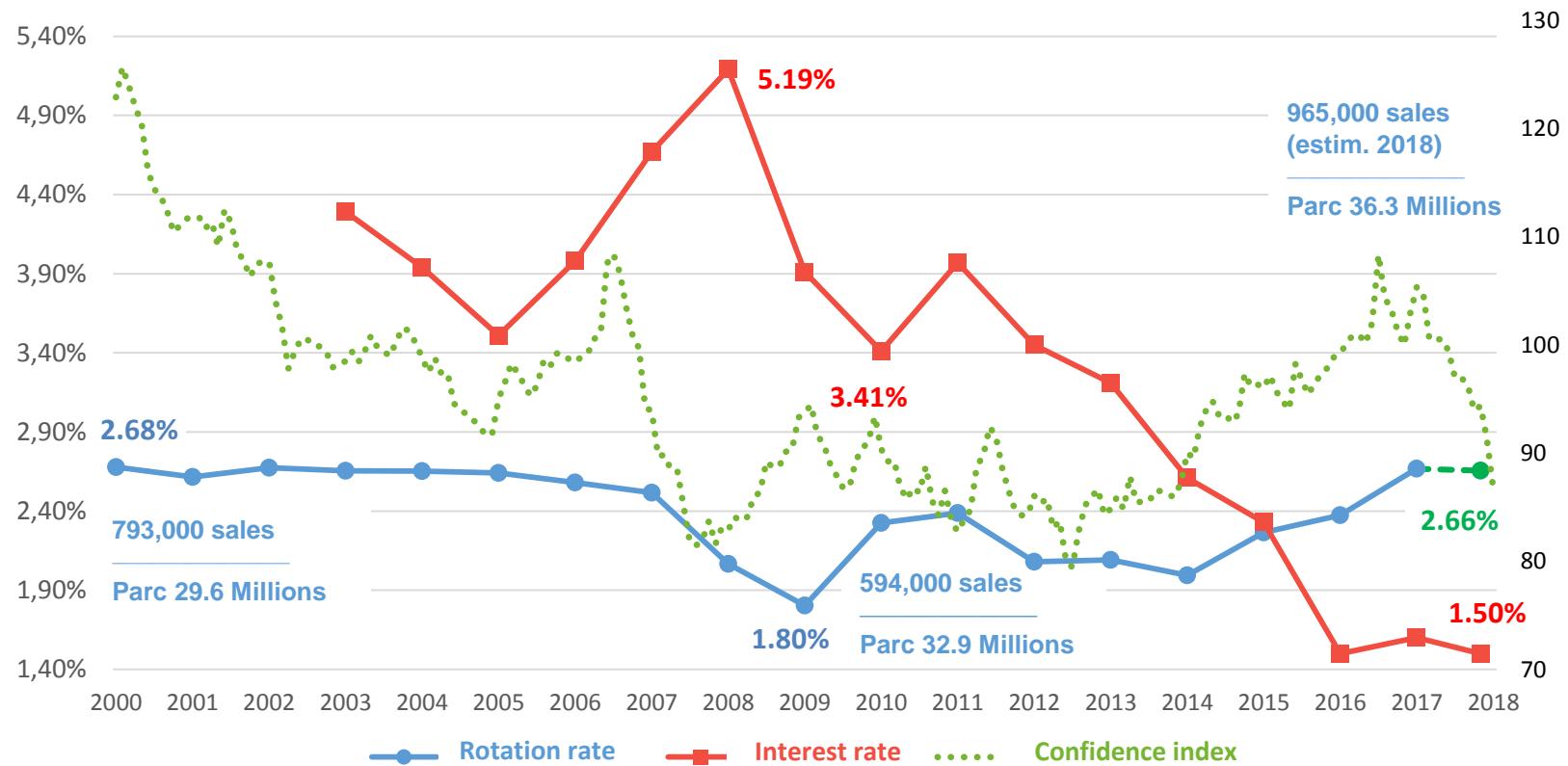


A ROTATION OF THE PARC ALWAYS VERY HIGH

Source : BDF, november 2018 (interest rate), Insee (parc of housing & household confidence index), FNAIM (estimation of sales from CGEDD november 2018)

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The **rotation rate** stabilizes around the hight level of years 2000, benefiting from historically low **interest rate**. Nevertheless, the **households' loss of confidence** in 2018 suggests the beginning of an inflection.



rotation rate: number of housing sales reported to parc of housing.

THE CONFIDENCE OF HOUSEHOLDS 2018 IS FALLING

Source: Insee (november 2018), FNAIM

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In December 2018, **household confidence** in the economic situation **fell sharply**. It lost 18 points on the year 2018 and is now close to the values of the period **2008 to 2015**



The synthetic household confidence indicator summarizes their opinion of the economic situation. It describes the common component of 8 balances of opinion: past and future standard of living in France, past and future personal financial situation, unemployment, opportunity to make large purchases, current and future savings capacity.

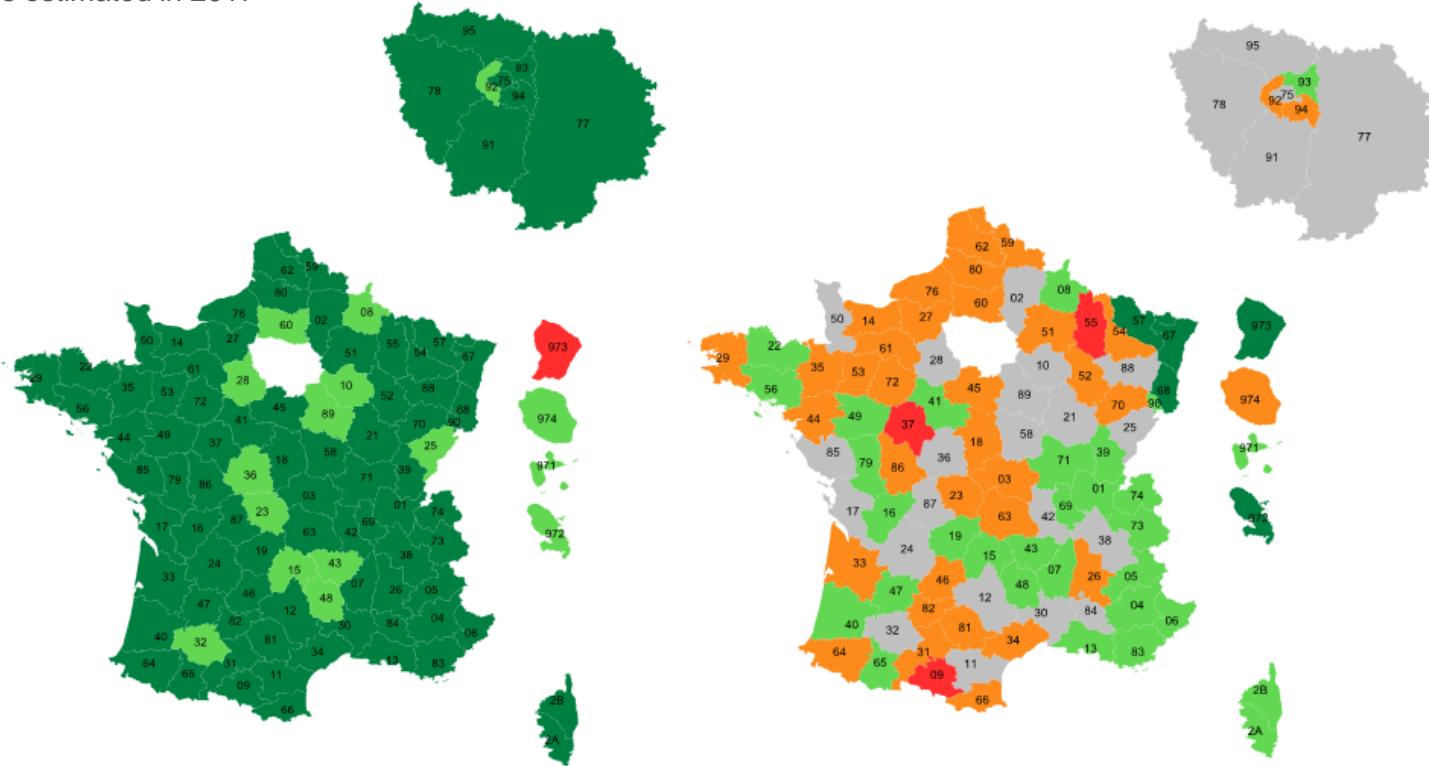
DISPARATE EVOLUTIONS

Recall :

- 965,000 sales estimated in 2018
- 962,000 sales estimated in 2017

Source : FNAIM (estimation of sales from CGEDD, cumulative of 12 month at november 2018)

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Variation annuelle des ventes en 2017 (+13.8%)

- < -5%
- [-5% ; -1% [
- [-1% ; 1% [
- [1% ; 10% [
- > 10%

Variation annuelle des ventes en 2018 (+0.3%)

- < -5%
- [-5% ; -1% [
- [-1% ; 1% [
- [1% ; 10% [
- > 10%

B

PRICE TRENDS OF THE OLD REAL ESTATE MARKET

Jean-Marc TORROLLION, FNAIM President



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DECELERATION IN SALES PRICES PER M²

2018 / 2017

For information, 1 m² = 10.76 ft² (Square foot) = 1.196 yd² (square yard)

Source : FNAIM (december 2018), INSEE (inflation)

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Apartments and houses



2,620 €/m²

+ 2.7 %

Annual inflation:
+1.9 %
(Dec 2018)

Recall inflation
2017 :
+1.2 %

Recall 2017
+ 4.2 %

Apartments



3,513 €/m²

+ 3.8 %

Recall 2017
+ 4.9 %

Houses



2,176 €/m²

+ 1.5 %

Recall 2017
+ 3.7 %

A GREATER RISE IN ÎLE-DE-FRANCE THAN IN THE REST OF THE COUNTRY ...

2018 / 2017

Source : FNAIM (december 2018)

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Recall 2017
+ 5.0 %

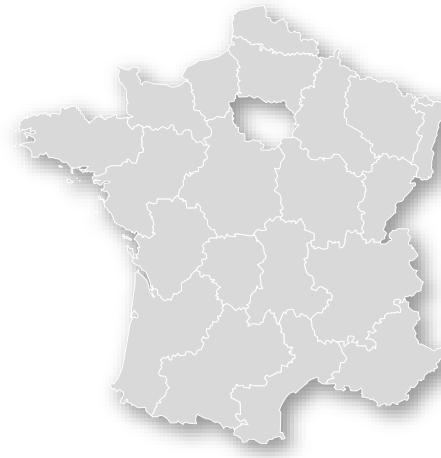
Île-de-France

Ensemble	4,450 €/m ²	+ 4.1 %
Appartments	5,628 €/m ²	+ 4.5 %
Houses	3,216 €/m ²	+2.1 %

Appartments	9,636 €/m ²	+ 5.9 %
-------------	------------------------	---------

Recall 2017
+ 6.5 %

Paris



Recall 2017
+ 3.9 %

Province

Ensemble	2,234 €/m ²	+ 2.1 %
Appartments	2,754 €/m ²	+3.1 %
Houses	2,008 €/m ²	+1.4 %

EVOLUTION OF SALES PRICES PER M² DURING ONE YEAR : REGIONAL CAPITALS (APARTMENTS)

2018/2017

Source : FNAIM (december 2018)

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Evolution of sales prices per m²



< 0%



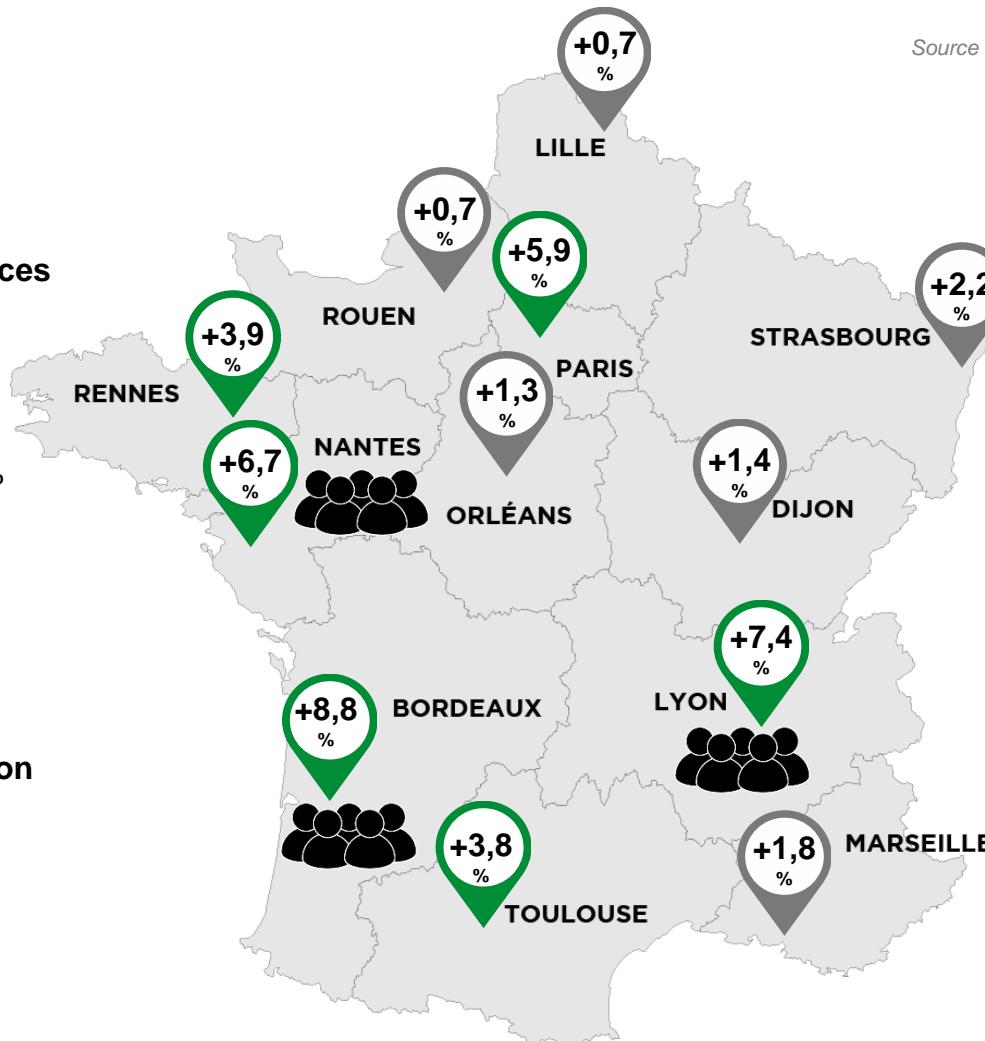
Between 0% and 3%



> 3%

Evolution of population from 2010 to 2015:

- Nantes +6.5%
- Lyon +6.0%
- Bordeaux +4.4%



Other major towns	
Montpellier	3.6%
Nancy	3.0%
Nice	2.8%
Toulon	0.7%
Grenoble	0.1%
Clermont-Ferrand	0%

C

REAL ESTATE PURCHASING POWER & DENORMANDIE FRAMEWORK

Jean-Marc TORROLLION, FNAIM President



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INDICATOR OF REAL ESTATE PURCHASING POWER

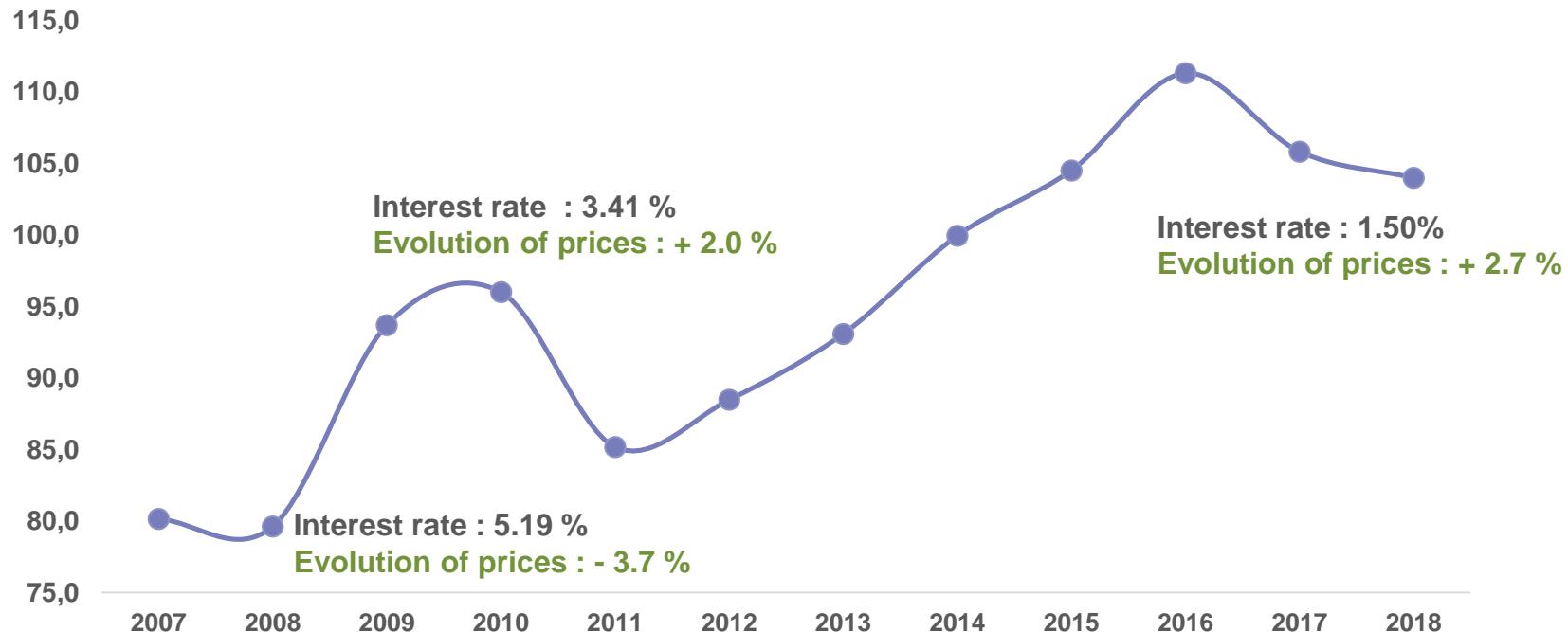


Source : Bank of France (rates, november 2018), FNAIM (december 2018), base 100 in 2005

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In 2018, the continuation of the price increase (+ 2.7%) resulted in a decrease of the purchaseable surface of 1.4 m² on average, which the decrease of the rates (-10 basis points) failed to compensate. The purchasing power of households remains well above that of 2010.

Indicator of real estate purchasing power, base 100 = 2005



The indicator of real estate purchasing power FNAIM, reflects the amount of surface that can be bought each year in the existing for a fixed monthly payment of € 1,000, a repayment term of 20 years, average real interest rates (Bank of France) and the FNAIM index of prices. This approach does not take into account transfer and personal contribution fees.

EVOLUTION OF BUYING SURFACE IN ONE YEAR

Purchaseable area, in 2018, with the 2017-based monthly payment needed to acquire a dwelling of 60 m², taking into account the evolution of prices and interest rates for a 20-year credit



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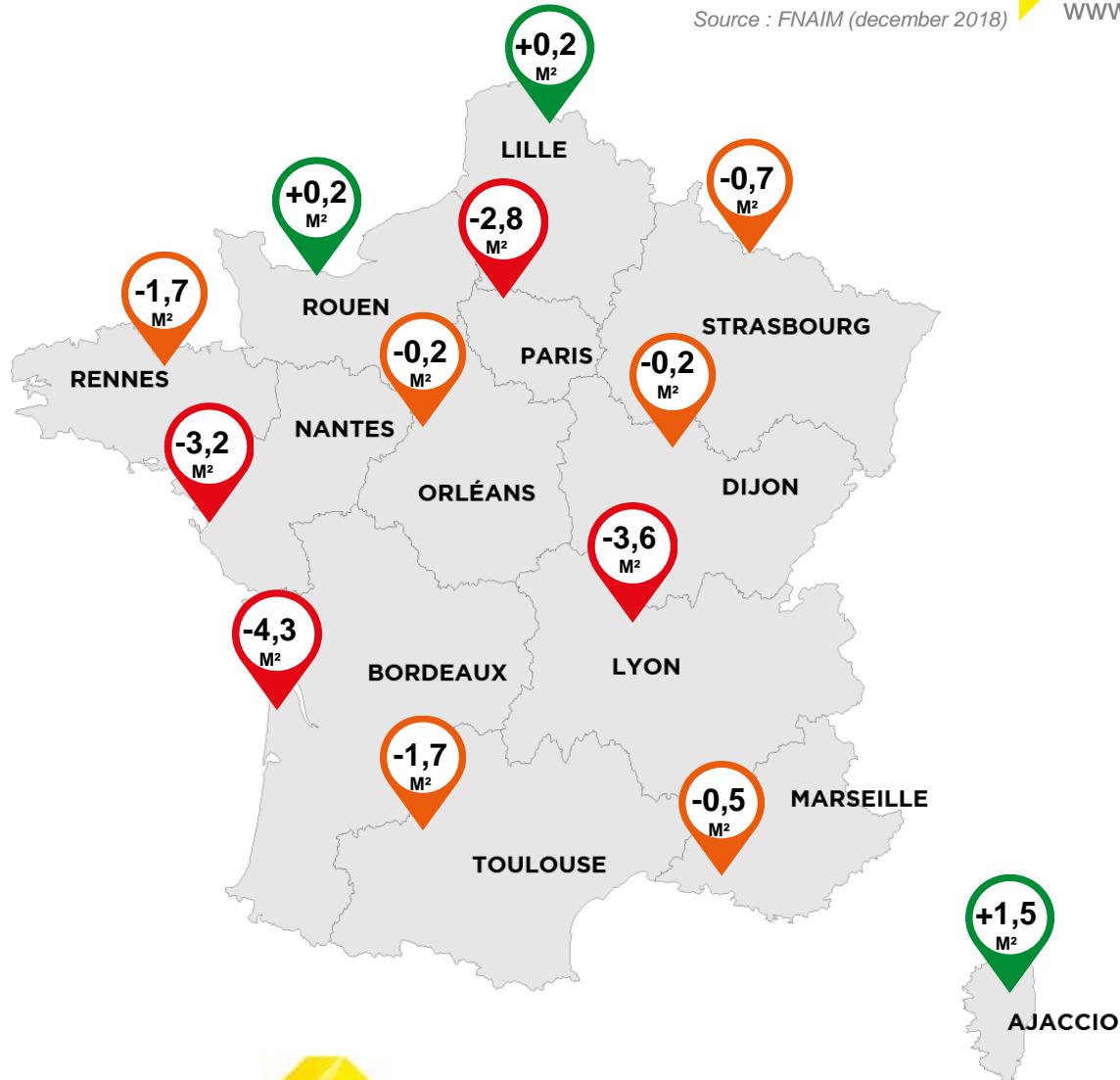
Source : FNAIM (december 2018)

2018 / 2017

Evolution (in m²)

- > 0 m²
- from 0 m² to -2 m²
- < -2 m²

Note that in Lille and Rouen, the fall in interest rates (-10 basis points) has a greater impact on the buying surface than the slight rise in prices (+ 0.7%)



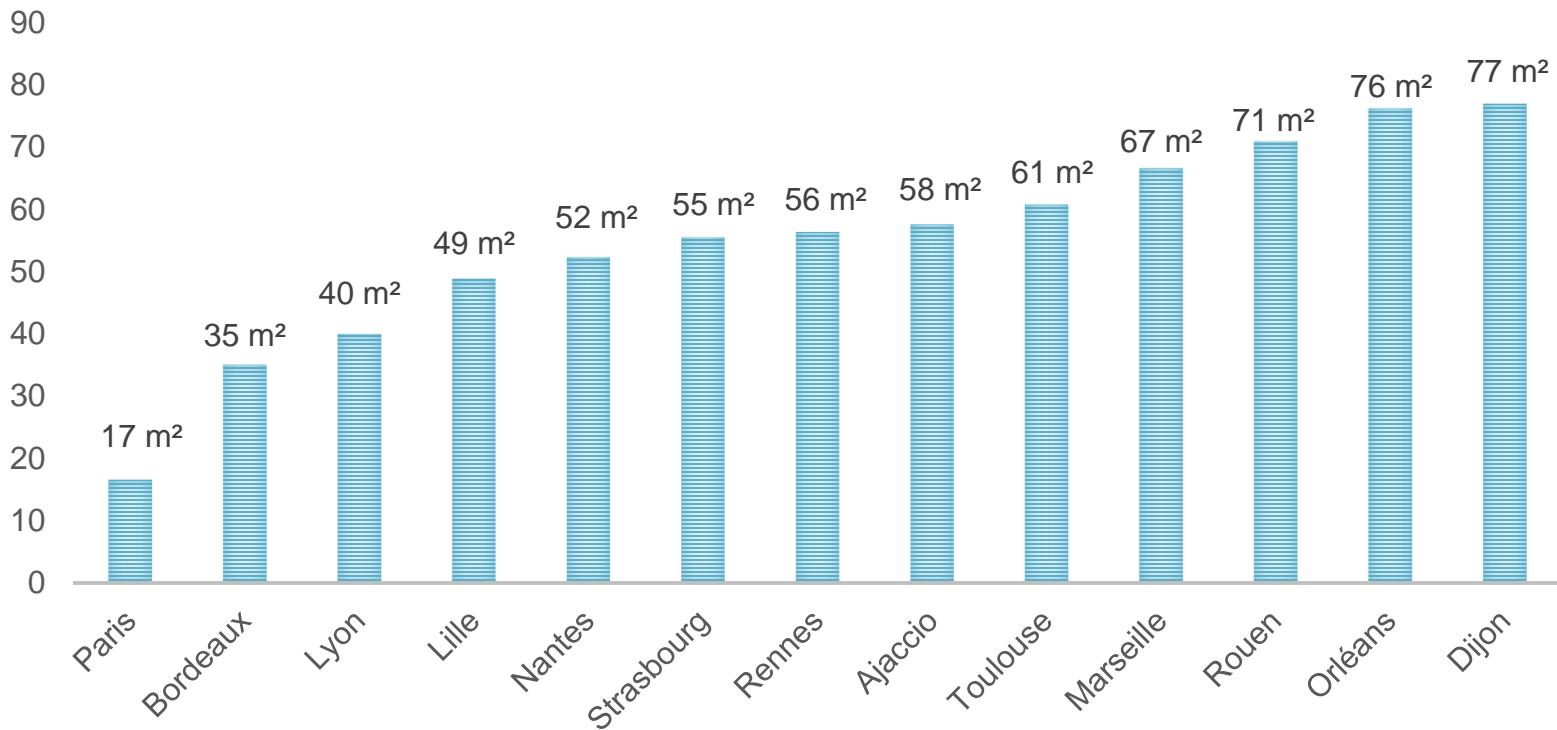
BUYING SURFACE IN REGION IN 2018 WITH 160,000 € OF BUDGET



Source : Fnaim, december 2018

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In 2018, with 160,000 € of budget (French median price),
The buying surface varies from 17 m² in Paris to 77 m² in Dijon

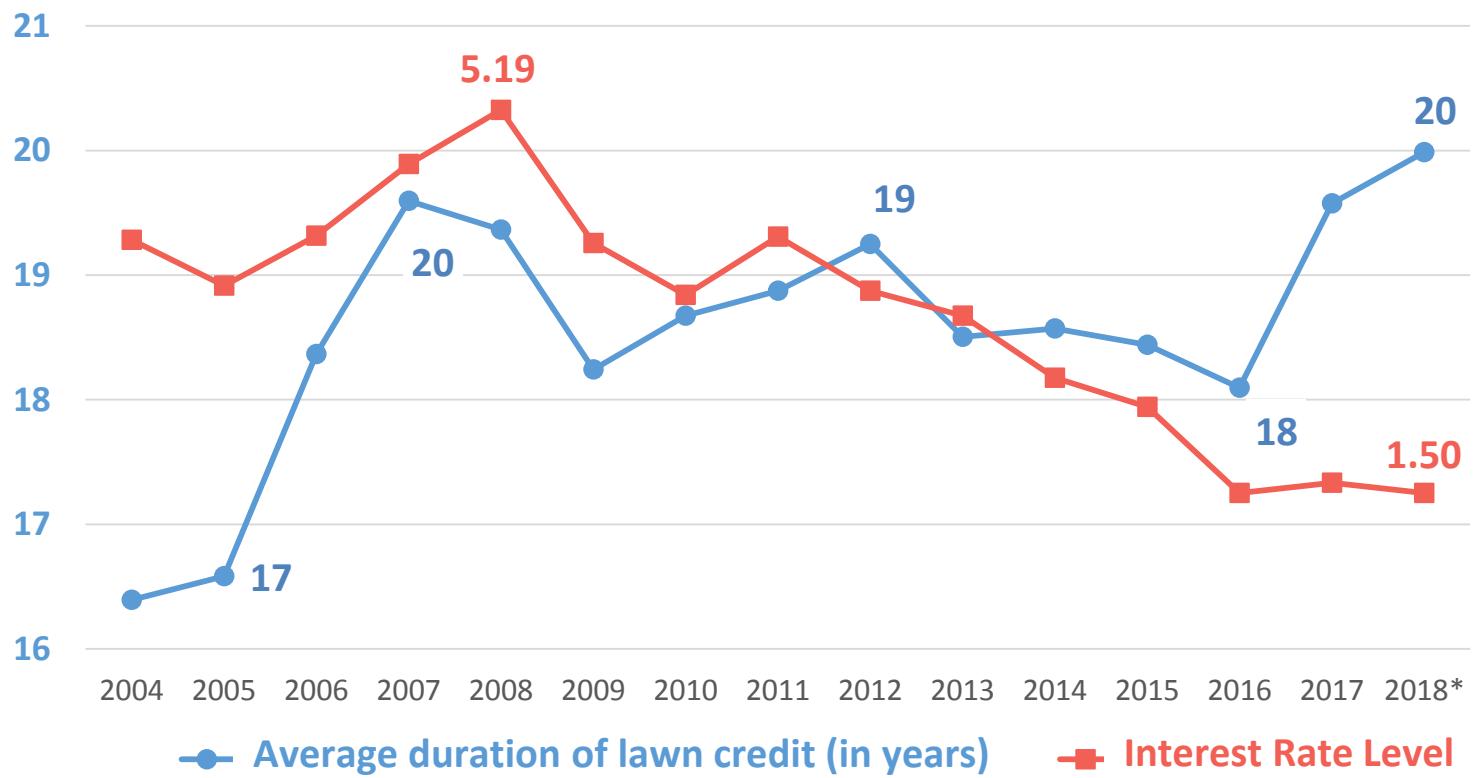


AVERAGE DURATION OF HOUSING CREDITS



Source : Bank of France (July 2018) www.fnaim.fr

The average duration of housing credits is now 20 years, due to the rise in real estate prices, that the low level of rates cannot compensate on its own



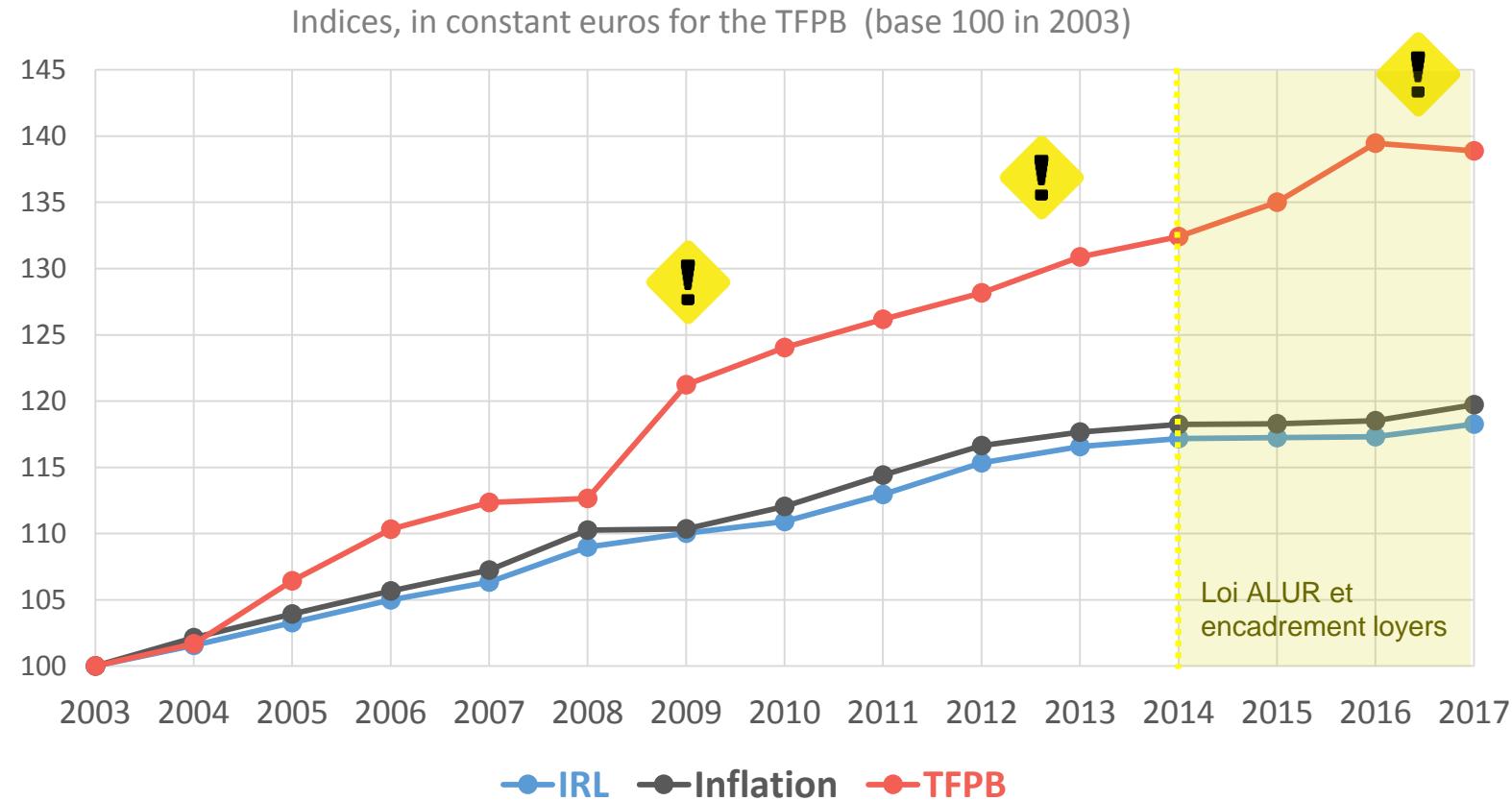
*November 2018

WHAT IF PROPERTY TAX, WHICH HAS BEEN STEADILY INCREASING SINCE 2003, SLOWED RENTAL INVESTMENT ?

Source : Housing account 2017, INSEE, FNAIM

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While the Rent Reference Index (**IRL**) and inflation have been evolving at the same pace, the Property Tax on Buildings Ownership (**TFPB**) per housing unit has evolved significantly quicker, with a 38.9% increase since 2003 !



AMENDMENT DENORMANDIE : A POSITIVE EFFECT ON YIELDS



Source : FNAIM

www.fnaim.fr

Selection of 6 towns out of the 222 of the «Heart of town Action» State program

- Rental of a 60 m² dwelling for **6 years** : the yields are higher than 5%.

Period : 6 years					
	Rents collected on the period	Tax reduction on the period (12 %)	Rents + tax reduction by year	Cost of the operation (housing price excluding notary fees + renovations*)	Gross annual yield
Carcassonne	32,616	10,431	7,174	86,923	8.2%
Auxerre	37,584	14,254	8,640	118,784	7.3%
Pau	41,256	17,672	9,821	147,264	6.7%
Voiron	40,248	20,488	10,123	170,731	5.9%
Saint-Nazaire	41,904	24,060	10,994	200,504	5.5%
Grasse	53,568	29,225	13,799	243,545	5.7%



*: 25% of cost of operation, pending the decree on the details of the works



AMENDMENT DENORMANDIE : A POSITIVE EFFECT ON YIELDS



Source : FNAIM

www.fnaim.fr

Selection of 6 towns out of the 222 of the «Heart of town Action» State program

- Rental of a 60 m² dwelling for **9 years** : the yields are higher than 5%. Since the tax reduction rate and the commitment period are proportional when we go from 6 to 9 years, the returns remain the same

Period : 9 years					
	Rents collected on the period	Tax reduction on the period (18 %)	Rents + tax reduction by year	Cost of the operation (housing price excluding notary fees + renovations*)	Gross annuel yield
Carcassonne	48,924	15,646	7,174	86,923	8.2%
Auxerre	56,376	21,381	8,640	118,784	7.3%
Pau	61,884	26,508	9,821	147,264	6.7%
Voiron	60,372	30,732	10,123	170,731	5.9%
Saint-Nazaire	62,856	36,091	10,994	200,504	5.5%
Grasse	80,352	43,838	13,799	243,545	5.7%

*: 25% of cost of operation, pending the decree on the details of the works



AMENDMENT DENORMANDIE : A POSITIVE EFFECT ON YIELDS



Source : FNAIM

www.fnaim.fr

Selection of 6 towns out of the 222 of the «Heart of town Action» State program

- Rental of a 60 m² dwelling for **12 years** : the yields are higher than 5%.

Period : 12 years					
	Rents collected on the period	Tax reduction on the period (21 %)	Rents + tax reduction by year	Cost of the operation (housing price excluding notary fees + renovations*)	Gross annuel yield
Carcassonne	65,232	18,254	6,957	86,923	8.0%
Auxerre	75,168	24,945	8,343	118,784	7.0%
Pau	82,512	30,925	9,453	147,264	6.4%
Voiron	80,496	35,853	9,696	170,731	5.7%
Saint-Nazaire	83,808	42,106	10,493	200,504	5.2%
Grasse	107,136	51,144	13,190	243,545	5.4%

*: 25% of cost of operation, pending the decree on the details of the works



DENORMANDIE FRAMEWORK

Source : Register of condominiums

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The housing stock to renovate remains quite substantial in those cities

Part of condominiums constructed before 1974

Carcassonne	45%
Auxerre	38%
Pau	56%
Voiron	55%
Saint-Nazaire	50%
Grasse	58%



NEW REAL ESTATE MARKET

Jean-Marc TORROLLION, FNAIM President



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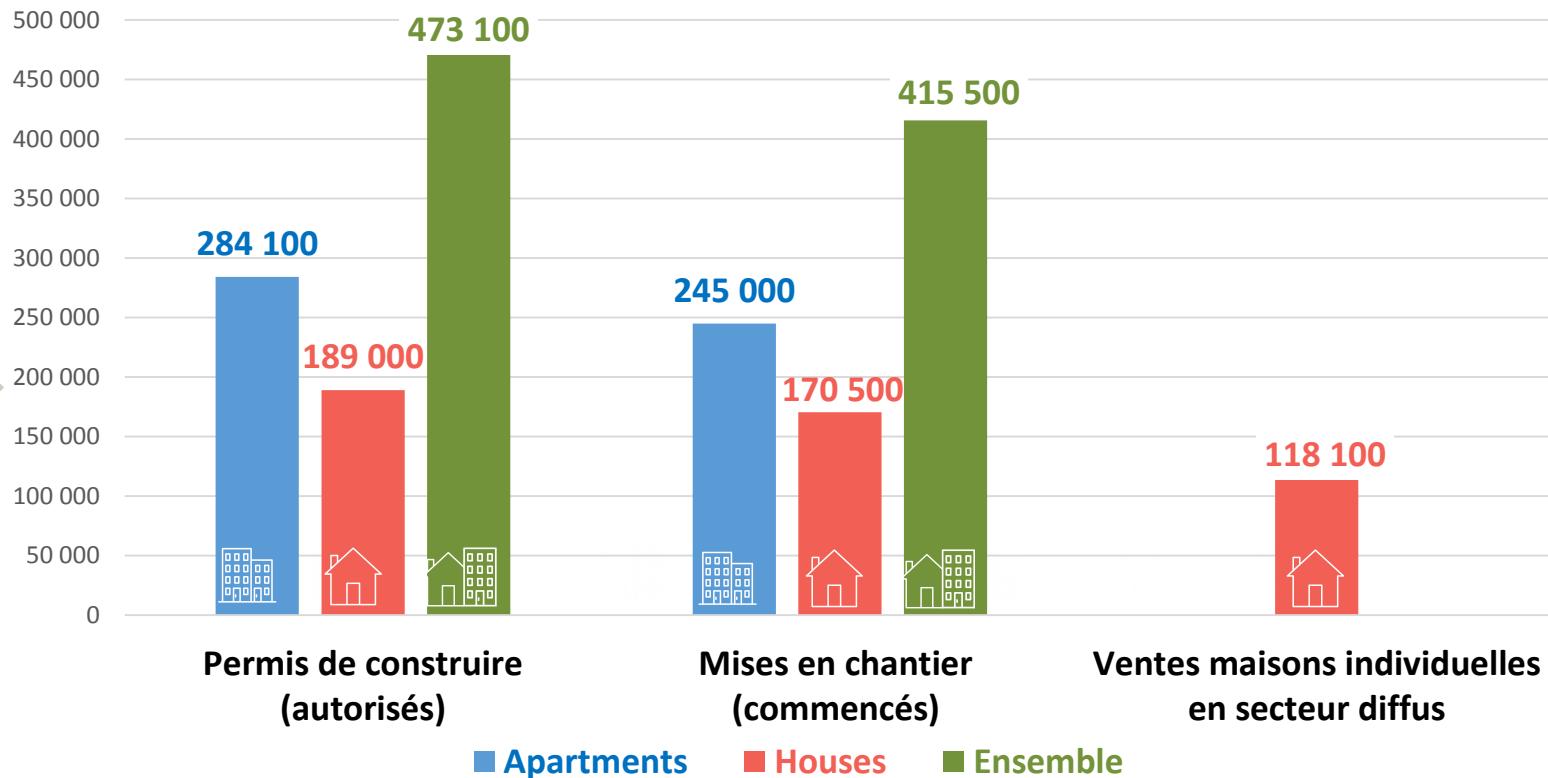
LEVEL OF NEW REAL ESTATE MARKET

Sources : SOeS, Sit@del2, Markémétron (diffuse sector), november 2018

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In 2018, there are approximately 415,000 housing starts by developers and approximately 118,000 single-detached home sales in diffuse areas

Level of construction (2018)



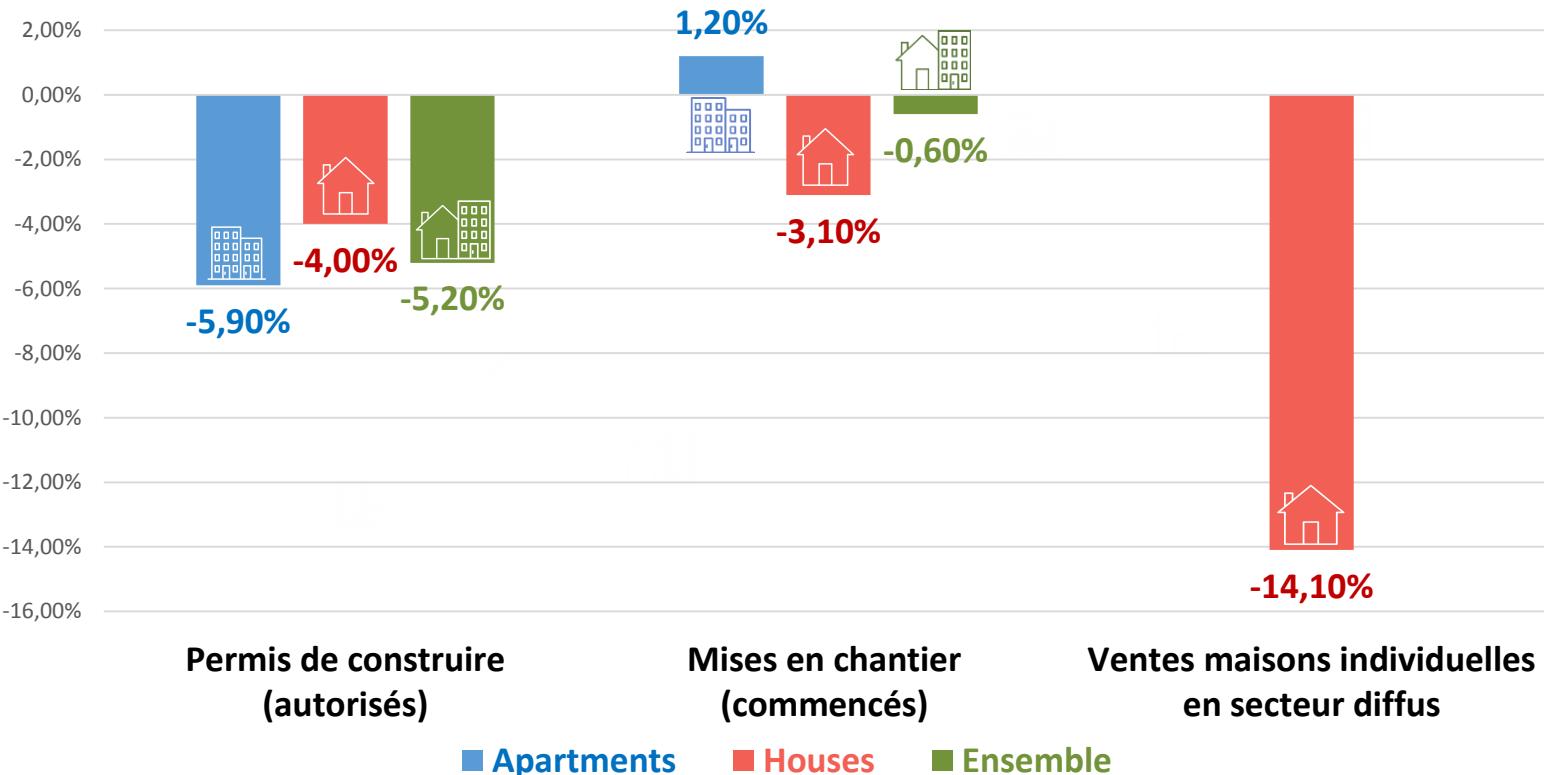
NEW REAL ESTATE MARKET SLIGHTLY DOWN

Sources : SOeS, Sit@del2, Markémétron (diffuse sector), november 2018

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Building permits are down in the individual and in the collective. Housing starts are supported by the collective ... Single-detached home sales in diffuse sector are falling

Evolution of construction (2017/2018)





PROSPECTS FOR 2019

Jean-Marc TORROLLION, FNAIM President

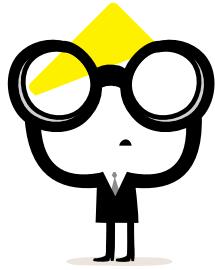


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RESIDENTIAL MARKET OUTLOOK IN 2019

Source : FNAIM, january 2019

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3 indicators to look after :

- Interest rate and level of credits
- Weakened households' confidence in 2018
- Level of employment

Recall of FNAIM forecasts (january 2018) :
- Rise in prices : 2%
- Actual rise : **2.7 %**

The stability of the volume sales announced by FNAIM actually occurred

In 2019, an inflection of the market is to be expected

F

RENTAL MARKET : RESULTS OF OSLO

Jean-Marc TORROLLION, FNAIM President



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REGIONAL CAPITALS : MEDIAN RENT, RELOCATION TIME AND GROSS RENTAL YIELD

Source : FNAIM - OSLO (Statistical observatory of rentals, 2018 – Fnaim prices on 31/12/2018)

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City	Median rent 2018 (€/m ²)	Median time (in days)	Gross rental yield (in %)
Bordeaux	14.0	52	3.7%
Paris	30.2	61	3.8%
Lyon	13.5	44	4.0%
Nantes	12.2	49	4.8%
Strasbourg	11.8	60	4.9%
Lille	13.8	41	5.0%
Rennes	12.6	31	5.3%
Ajaccio	12.3	Ns	5.3%
Toulouse	12.0	94	5.5%
Rouen	11.5	79	6.1%
Orléans	10.9	82	6.2%
Dijon	10.9	129	6.3%
Marseille	12.7	84	6.3%

Livret A
0.75 %

Life insurance
performance
According to GMF :
2.1 %

G

FNAIM'S POLITICAL PROPOSALS

Jean-Marc TORROLLION, FNAIM President



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HOUSING POLICY

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- ✓ Decryption of the DENORMANDIE amendment : What impacts?
- ✓ Reform of the condominium, the first tracks
- ✓ Article 68 on cap on fees in PINEL always fought
- ✓ The fundamental decrees of the ALUR law that have not yet come out
- ✓ Rent management: the position of the FNAIM
- ✓ The mobility lease: decryption
- ✓ The license to rent
- ✓ The reform of real estate agencies: the mission of Mickaël NOGAL
- ✓ The recognition of the title of real estate agent

APPENDICES

Jean-Marc TORROLLION, FNAIM President



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EVOLUTION OF M² SALES PRICES OVER A YEAR

Source : FNAIM (as of 31st of december 2018)

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Regional Capitals			
City	2017 price	2018 price	Evolution
Ajaccio	2 824	2 780	-1,6%
Bordeaux	4 205	4 576	8,8%
Dijon	2 052	2 081	1,4%
Lille	3 258	3 280	0,7%
Lyon	3 727	4 003	7,4%
Marseille	2 359	2 403	1,8%
Nantes	2 869	3 062	6,7%
Orléans	2 068	2 094	1,3%
Paris	9 098	9 636	5,9%
Rennes	2 738	2 844	3,9%
Rouen	2 242	2 257	0,7%
Strasbourg	2 830	2 891	2,2%
Toulouse	2 532	2 629	3,8%

Other Major Cities			
City	2017 price	2018 price	Evolution
Clermont-Ferrand	1 853	1 853	0,0%
Grenoble	2 336	2 338	0,1%
Montpellier	2 675	2 770	3,6%
Nancy	1 943	2 001	3,0%
Nice	3 782	3 887	2,8%
Toulon	2 366	2 383	0,7%

EXAMPLE OF THE EVOLUTION OF THE PURCHASEABLE SURFACE

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- ✓ Average price of a 60 m² in Ajaccio in 2017 : 169,413 €
- ✓ Hypothesis of a personal contribution of 10% d'apport, loan in 2017 : 152,472 €
- ✓ Monthly payment in 2017, for 20 years with a 1.60% rate : 743 €
- ✓ Loan in 2018 for 20 years with a 1.50% rate that allows for the same monthly payment : 153,930 €
- ✓ 2018 acquisition amount that corresponds (Hypothesis of a personal contribution of 10% d'apport) : 171,033 €
- ✓ 2018 price : 2,780 €/m²
- ✓ Purchaseable surface in 2018 for 2 780 €/m² : 61.5 m²
- ✓ Surface gap between 2017 and 2018 : +1.5 m²



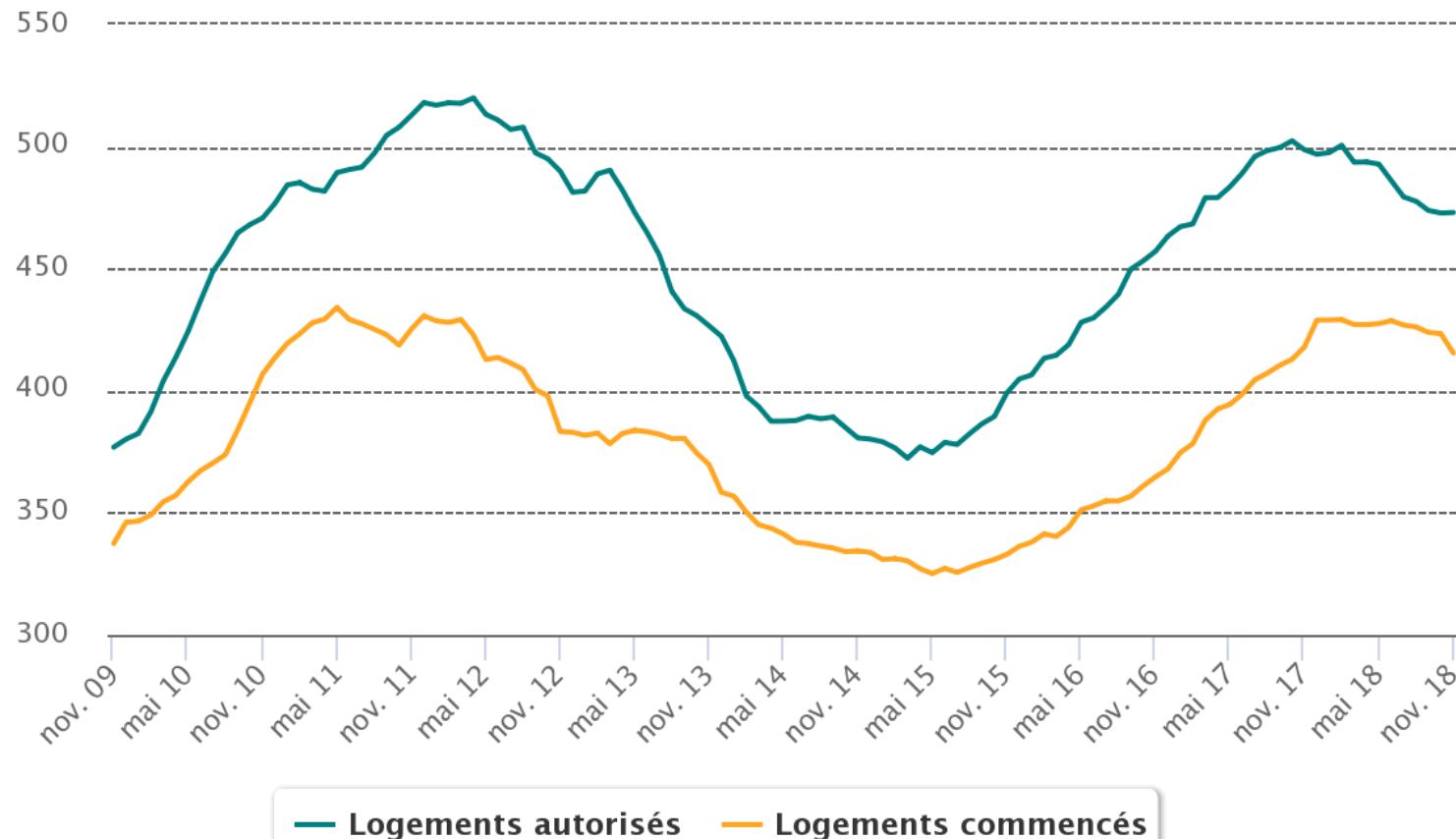
REAL ESTATE CONSTRUCTION

Sources : SOeS, Sit@del2, estimations for november 2018

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Nombre de logements cumulés sur douze mois

En milliers de logements, données brutes





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