

SHINING BRIGHT IN THE CITY OF LIGHTS

Paris property trends begin to slowly push the city into the top 10 worldwide markets to keep an eye on, coming in ahead of both London and Geneva by nearly double the price.

by Constance Atton



RECOGNISED FOR ITS BEAUTIFUL TIMELESSNESS AND ABILITY TO EVOKE INSPIRATION FROM ALL AROUND, Paris is a city known for its architectural icons, exquisite cuisine, lavish boutiques and priceless artistic treasures. In addition to these prominent characteristics are the luxurious homes occupying the streets of the beautiful city.

While Paris has always been a prestigious place of residence, sought after by many ultra high-net-worth individuals (UHNWIs), foreign investors earlier believed that the year 2014 was the prime time to invest in prominent real estate in the city due to predictions that positive market conditions would continue to rise in the near future; these predictions have now proven to be true as property prices continue to slowly favour foreign buyers.

According to French magazine L'Express, various calculations illustrated a modest decrease of less than 2 per cent in prices during 2014; however, indicators for 2015 look more auspicious. Many positive effects have come into play due to the Tax Credit for Competitiveness and Employment (CICE) and when combined with lower oil prices, the French

governments Responsibility Pact should grant French companies some hope of recovery in terms of investments. The predicted fall in interest rates and a weaker Euro are expected to restore competitiveness to French companies and could cause a slight growth in inflation, reducing the French economy's present debt burden.

In addition to these discoveries, researchers have compared prices of various sought-after Parisian neighbourhoods to both London and Geneva and deemed them significantly more affordable. As a result of these changes, it is possible to double the amount of prices in Paris in parts of London and even more in Geneva. Many London-based investors have even started to take in their profits and look for various opportunities in Euros, as highlighted by Nicolas Michelin, head of international development agency, Patrice Besse.

"Prices in Paris have held up better than in most parts of France," L'Express says, making property a positive mid- to long-term investment. Researchers expect to see a greater focus on opportunities in the markets of both Paris and Rome, which have been dismissed by investors in the past due to political uncertainty but are now at their prime value compared to neighbouring alternatives. "During a period of geopolitical and economic turmoil, France has emerged as a relatively safe, stable and affordable location," shares Balkys Chida-Klewer, head of the exclusive properties department, Barnes International real estate agency. This attention falls especially on Paris' up-and-coming neighbourhoods where prices have managed to remain below levels found in the most high-class arrondissements. These include the 6th, 7th and 8th arrondissements. According to Chida-Klewer, before 2015, the number of sales worth more than €8 million (US\$9 million) could be counted on two hands and that same number is now skyrocketing. In the first quarter of this year, Barnes International has negotiated three record-breaking sales worth roughly €15 million (US\$17 million) each, while in the past a sale of this magnitude could have only been made every 15 months. >>



(Previous page) The 7th arrondissement, home to the Eiffel Tower, attracts a large array of French upper class homeowners and investors. (This page) Some of the most expensive real estate resides in Paris' high-class arrondissements including the 6th, 7th and 8th arrondissement.

Paris Upscale Top Real Estate Agencies

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(This spread - clockwise from top left) Luxembourg Gardens. A high-end family flat on Paris' 8th arrondissement. Apartment in a late 19th century building on Paris' 8th arrondissement

European Union-based non-residents' rental home income and capital gain, on the grounds that they do not benefit from social security in France. This could result in potentially removing a combined 15.5 per cent taxation on those non-residents living in the European Union. Expectations are high, claiming that this could pave the way for the same to apply to non-residents living outside of the European Union.

While prices vary throughout the various arrondissements in Paris, the most expensive real estate still resides in the 6th arrondissement. Although prices fluctuate drastically in this location depending on the quality of the property and building, it still manages to hold record breaking prices for extravagant buyers. Prices in this location can range from €18,000 psm (US\$20,000) to €25,000 psm (US\$28,000) and continue to rise for prime property on the quais, near Place Saint-Germain-des-Prés, Place Saint-Sulpice and the Luxembourg Gardens.

Coming in close to second among the most expensive locations in Paris lies the 7th arrondissement, home to the distinguished Eiffel Tower. The average starting price for a property found in this location, home to a large array of French upper class and nobility, begins at €10,750 psm (US\$14,000). High-walled gardens and classical mansions located throughout the streets manage to embody the history of Paris, creating an enviable sense of luxury in this arrondissement.

"Of course, the renowned Saint-Germain-des-Prés area and the avenues Foch and Montaigne will always be a strong draw for buyers," explains Barnes International. "But neighborhoods such as the Marais in the historic center of Paris and several neighborhoods in the artistic part of the Montparnasse district are now winning over international buyers in search of the eternal, romantic side of Paris," says Chida-Klewer.

In the past, some of the most active investment cities proved to be London, New York and Paris. Due to the predicted price growth expected to continue in Paris, experts expect these changes to bump it into the circle of the top 10 worldwide markets to keep an eye on; specifically due to the fierce competition amongst luxury buyers. Chida-Klewer reiterates that it is safe to say that France has most definitely retained its appeal for the world's wealthiest and they are indeed streaming in from around the world. 🏰



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>> As the trend of investing in Parisian households continues to grow, buyers with assets adding up to over €25 million (US\$28 million) have begun the hunt in finding the perfect luxury home in the City of Lights. By September 2014, statistics showed the proportion of foreigners buying apartments in Paris compared to locals had climbed up to 8.3 per cent in comparison with the 7.8 per cent accounted for the previous year. During the first quarter of 2014 alone, Chinese investors spent US\$5.4 billion overseas, resulting in an increase of 25 per cent over the same period in 2013. Foreigners have gotten word of these new opportunities and have truly started to take advantage.

In addition, Michelin highlighted that foreign buyers accounted for 9.2 per cent of all transactions in the first quarter of 2015, the highest level over the past 10 years, going over the 30 per cent mark in many highly priced areas. Experts claim that these conditions should encourage those "wait and see" buyers to finally lay down their cards, especially as clouds in the fiscal sky continue to clear.

When questioned about this new change of pace, Chida-Klewer expressed, "in the past, international buyers came primarily from Brazil, Russia and the Arabian Gulf. Today, it is not uncommon for Barnes to negotiate property transactions with buyers from China, Indonesia or even Australia."

Michelon also added that foreign investors have recently been drawn to Paris due to the positive legal developments on the tax front. On 26 February 2015, the European Court of Justice (ECJ) ruled illegal the social contributions on the

