



 Current trends in the rental market across Paris.

This issue of Paris Market Watch discusses current rental trends and popular expatriate neighbourhoods in the city, as well as the impact of the ALUR Law legislation.

PARIS RENTAL MARKET

The level of demand in the Paris rental market has remained unchanged over the last 12 months, with prospective tenants continuing to outnumber available rental accommodation. In terms of rental prices, monthly rates have declined by 1.2% in the city and surrounding suburbs in the last year.

Property-types

In the current market, all terraced housing – regardless of size – is low in availability and can be difficult to find. Relocating employees looking for larger apartments with three or more bedrooms may also find home searches challenging as both furnished and unfurnished options are low in availability. For singles or couples, furnished and unfurnished smaller apartments with one or two bedrooms, are more widely accessible. Encouragingly for relocating families, free-standing family homes in the suburbs (three or more bedrooms) are now higher in availability and not as challenging to source.

Rental Rates

Over the last few years, we have found that monthly rents for furnished and unfurnished properties are not dissimilar in price. The following table outlines average rental rates in Paris*:

Bedroom	Apartment (furnished or unfurnished)	House (suburbs only, unfurnished)
1	€1,300-1,700	Not available
2	€1,700-2,500	€2,000-2,500
3	€2,600-3,200	€2,500-3,500
4	€4,200-5,000	€3,500-4,500

*CORRECT AT TIME OF PUBLICATION

Expatriate Neighbourhoods: Paris

Paris is made up of 20 districts known as arrondissements. Districts 1 to 4, in the centre of Paris, include the Sentier, Marais and Montorgueil neighbourhoods that offer singles and couples a wide choice of furnished and unfurnished apartments. Typically in these central areas, properties cost around €25 to €45 per square metre, per month.

Other expatriate neighbourhoods include Maillot, Ternes, Wagram, Villiers, Batignolles and Monceau, found in the 8th and 17th Districts, which offer couples and families similar priced properties as those in Districts 1 to 4.

The 7th District includes the Gros Caillou, Grenelle and St Dominique neighbourhoods, which are popular with all assignee-types including singles, couples and families. Properties in this area are slightly more expensive at €30 to €60 per square meter, per month.

Many families choose to live in the 78th Département (administrative division of France, of which there are 101), as there are international schools located nearby. Apartments and houses are available in this area, but most properties are unfurnished.

Neighbourhoods include Versailles, Le Vesinet, St Germain en Laye, where the Lycée International School is based and Croissy sur Seine, which includes the British School. Properties in these districts are more readily available in March and April, once competition for school placements has eased. Apartments in these areas are around €21 to €30 per square metre, per month and €25 to €30 for houses.

In the northern 16th District, the École Active Bilingue School (EaB) has a campus in the Victor Hugo area and the Marymount Paris School is located in Neuilly sur Seine. Properties here may be rented for approximately €30 to €45 per square metre, per month.

When searching for a property in France, August is a holiday month with most real estate agents and landlords away on annual leave. With this in mind, it is highly advisable to avoid this time of the year when organising home searches.

Impact of the ALUR Law

Since August 2015, the ALUR (Accès au Logement et un Urbanisme Rénové) Law implemented rent controls, impacting all residential rental properties that use personal leases (as opposed to a corporate lease) and those up for renewal. The controls were introduced in Paris, with regulations limiting rents in the city to 20% above and 30% below a neighbourhood's average, based on property size, year of construction, property-type and location.

The law aims to cap rental increases when a tenant is renewing a lease and is part of the French government's housing reforms across the country. The legislation also lowered the cost of fees that real estate agencies are allowed to charge tenants, which led to a number of agencies closing in 2016.

In July last year, the government announced that the rent controls were working well in the central districts of the capital and planned to roll them out to other cities in France. As of yet however, many aspects of the ALUR Law are still not enforced in Paris and the audit that was supposed to take place prior to any extension to other cities, has not been implemented.

This legislation has meant that the city's rental market has become more accessible to tenants, by making rents more affordable. However, since it applies to personal leases, some estate agents and landlords are now giving preference to tenants on a corporate lease. It has also started to result in a decline in the number of rental properties available, as many buy-to-let investors are not seeing the return on investment they once did.

RENTAL MARKET ACROSS FRANCE

Demand for rental properties is currently outpacing supply, especially in major towns and cities and this is pushing rental rates up and in turn, rising rents have led to a drop in vacancy rates (the length of time between rental property tenancies). For international assignees relocating to France, this means that good quality rental properties can be challenging to source.

Due to this current trend, the rental market can be quite fast moving, with properties in major cities on the market for as little as two weeks before being taken by a tenant. So once relocating employees find a property that they like, they will need to act quickly to secure it.



RESIDENTIAL SALES MARKET ACROSS FRANCE

There has been renewed confidence in the France property market in the last 12 months. Construction activity for new homes is especially favourable with the number of new builds steadily rising since 2016, after four years of decline. Between April 2016 and April 2017, 391,500 units were created across the country, representing a year-on-year rise in construction of 15%.

Across the entire residential sales market, selling activity remains strong, with 891,000 properties sold in the last year. This upturn is attributed to low lending rates, as the average cost of buying a property in France is currently between 15% and 20% lower than it was in 2011/2012. (CBRE, France Residential Market Report, Q2 2017)

WHAT WE DO

As an important part of our Destination Services support, Cartus establishes and maintains relationships with real estate agents in Paris and other regions of France. These long term relationships are key to making sure that relocating employees have access to all available properties. To help meet requirements, we act as intermediary between the real estate agent and the prospective tenant. We recommend that relocating employees keep in regular contact with their Cartus representative throughout their period of relocation.

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Sources: : CBRE's Residential France Overview; PropertyShowrooms.com; Property Wire, Clameur.FR, Loi-Alur.FR, servicepublic.fr, legifrance.fr, seloger.com.

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