

Paris property | Buyers hesitate amid uncertainty while wealthy foreigners enjoy rich pickings, writes *Liz Rowlinson*

There was a sense of fate about actor Mikael Mitterstadi's purchase of an apartment in Paris. After living in California and then in the Languedoc while appearing in the French soap opera *Le tout commence*, the 24-year-old bought a studio apartment with views of the Sacré-Coeur in Montmartre. "This summer I was weighing up buying my first home in New York or Paris, but with my French-German passport it was easier in France," he says. "My parents got together at the Sacré-Coeur, so it was a sign I should buy the apartment," he adds.

International buyers have been helping fill the gap created by space-seeking

'We moved to Paris for a better quality of life and the 8th arrondissement felt safe and convenient'

Parisians leaving the city centre for the suburbs or other cities in France. Yet there are not enough of them to prevent average prices dropping. Even before the European Central Bank raised interest rates in September this was evident — in the year to July the average price in Paris had dropped 2.1 per cent, according to the French association of estate agents, FNAIM.

Although mortgage rates are still relatively low at around 2 to 3 per cent, further increases from the European Central Bank are being anticipated, and with the uncertainty of the cost of living and energy crises, buyers have started holding fire. "Three months ago properly priced properties were selling in a fortnight, but now there are not enough buyers," says Helena Hermanns of Leggett Immobilien. "It's the quietest we have been for five years."

She says "correctly priced" properties are still selling — such as a 23 sq m studio at €315,000 on the Île Saint-Louis, an island in the Seine, purchased last month by a French investor — a



(Clockwise from above) The Eiffel Tower, eternal symbol of Paris; Montmartre sunrise; Belleville

Steve Tidwell/Alamy, Alexander Spataro/Getty Images, Soma/Alamy

marchand de biens — who plans to renovate and resell. "Other properties are sticking and we are dropping prices," she adds. A three-bedroom duplex in the Marais has been reduced from €1.87m to €1.7m during this year.

At higher price points, agents report that international buyers are still active. "Strongest interest is from US buyers, but we also have some from Asia Pacific and the UK looking to buy

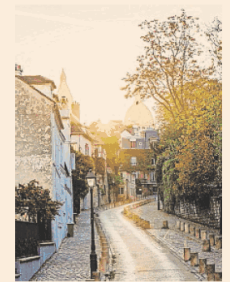
second homes in Paris," says Yves Romestan, chief executive of YRSA Résidences par Progedim, an estate agency. "Strong activity at the luxury end may be masking the real drop in prices, which is possibly between 5 and 10 per cent in traditionally desirable areas such as the 7th, 8th, 15th and 16th [arrondissements]."

Wealthy American tech and logistics entrepreneurs who have profited during the pandemic have been looking to take advantage of the US dollar's rise by about 20 per cent against the euro compared with a year ago, says Hugues de La Morandière of Savills Paris. "They might have multiple residences, maybe a child studying in Europe and are looking at the comparative affordability of Paris to London and New York."

Will, who does not wish to give his real name, moved to Paris with his wife and children from New York in June and chose a serviced three-bedroom 100 sq m flat in the "Golden Triangle" near the Champs-Élysées for €2.1m. "We moved to Paris for a better quality

of life and the 8th felt safe and convenient for everything," says Will, who joined a Paris-based multinational tech company and enrolled his son and daughter at the École Jeannine Manuel international school.

American buyers have also been active at the top of the market. Of the four parties currently interested in a €50m off-market property in the 6th arrondissement, two are American,



says Edward de Mallet Morgan of Knight Frank's super-prime division. "We are seeing interest in Paris from investment funds but also individuals looking for legacy properties. The big-ticket sales validate the strength of the market to buyers thinking of spending €10m or €20m."

The price of Paris's prime price homes increased by 8.9 per cent in the year to June 2022, according to Knight Frank Research, to €21,500 per sq m. In 2021, there were 22 super-prime sales (€10m or above) across the city, higher than in any of the past five years. In the first six months of 2022, there were 13, including the sale of a property for more than €200m on Île Saint-Louis, reportedly bought by French telecoms billionaire Xavier Niel from Sheikh Abdullah bin Khalifa al-Thani of Qatar.

There's also been a shift away from the classic established areas of the 6th, 7th and 8th arrondissements and the Marais — towards the gentrifying 10th, 12th arrondissements and parts of the 20th, such as Belleville, where buyers are hoping to benefit from greater price growth. "Young couples with good jobs are looking at previously less sought-after areas in the east," says de La Morandière. "Rather than the status and formality of life in the 16th they are looking for organic food shops, concept stores, the scope to cycle to work." He says a typical purchase for this kind of buyer might be a two or three-bedroom apartment in a Haussmann building costing €11,000 to €12,000 per sq m.

Londoner Patty Rowe has swapped the similar "traditional family

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The average price in Paris in July was €10,659 per sq m, according to the FNAIM. Buying costs on a second-hand property are 7 to 8 per cent of the sale price.

For the Olympics a 52-hectare site 7km north of the centre is being developed into the Village that will offer 2,800 new homes.

Continued from page 3

oriented" leafy boulevards of the 15th arrondissement for the 10th. She has upsized from a tiny studio flat to a one-bedroom 33 sq m apartment on the Canal Saint-Martin that she paid €350,000 for in August after saving money during the pandemic.

"I've got a dozen bars on my doorstep and I feel like the area is on the up. I like the lack of snobbery," says Rowe, who works in marketing. "I only intended

'It's common to see 30 people queuing outside an unappealing "shoebox" flat clasping their paperwork'



staying in Paris for a year but can't imagine leaving now. I think I can have a much higher living standard here than in London."

Meanwhile, families have been heading to the of the western "greenbelt" of Yvelines for the international schools, golf courses and parks, says Yves Romestan. He says popular towns are

(Clockwise from above) The Ile Saint-Louis, in the centre of Paris; Neuilly-sur-Seine, a wealthy suburban area; the Canal Saint-Martin

— *clockwise from top: Shutterstock/Pascal Gueret, Hems/Alamy*

Versailles, Marly-le-Roi, Saint-Germain-en-Laye, Le Vésinet, Saint-Nom-la-Bretèche, Maisons-Laffitte and Bougival. "Closer to Paris, Neuilly-sur-Seine has become even more desirable than the 16th arrondissement."

Suburban areas will be better connected to the city centre in the coming years. The Grand Paris Express project will add 68 new stations and 200km of new metro lines, as part of the Greater Paris project to create new housing, schools and businesses on the city's fringes. Regeneration in the north of the city for the 2024 Paris Olympics is attracting investors: in Saint-Denis, for example, the average price per square metre has increased by 8.6 per cent over the two years to October, according to Meilleurs Agents.

Owners in the city centre are also planning on cashing in on the Olympics, utilising their right to let out their homes on Airbnb for up to 120 days per year. "All my friends are planning on renting out their flats," says Rowe. She is relieved to be out of the "flat-hunting

horrors" of the competitive long-term rentals market. "It's common to see 30 people queuing outside an unappealing 'shoebox' apartment clasping their paperwork," she says.

Fashion student Charlotte from La Rochelle, who didn't want to give her real name, started an internship at Christian Dior Couture in September



and needed a flat. "You must email agents or private individuals your 'financial dossier' in advance of viewings, which exposes you to all kinds of potential identity theft and abuse as it contains your payslip, employment contract, passport or ID card, a utility bill," she says.

"We had spent three days of chasing adverts and viewings when we saw a listing in the Marais and contacted the owner within seconds of it going online. After sending my dossier the agent told us she would choose 10 people to view. She took the advert down after an hour, having received 340 applications." Having her father with her as a guarantor offering an immediate deposit helped her secure a 15 sq m flat at €900 per month (without electricity bills).

Mikaël Mittelstadt also can't wait to spend some time in his tiny apartment. "With auditions for a new role [around the world] I've only spent a few nights there so far but Paris is as just as magical as when I first lived here as a child."

PROPERTIES FOR SALE

PARIS



▲ Apartment, 17th arrondissement, €570,000

A one-bedroom apartment with 46 sq m of living space and two south-west-facing balconies. The flat is in a 1930s building in Batignolles, within a half-hour walk of the Arc de Triomphe and the river Seine. For sale with Savills.



▲ Duplex apartment, 2nd arrondissement, €1.75m

A four-bedroom, 128.5 sq m apartment on the fourth and fifth floors of a building between the Rue de Rivoli and the river Seine. A glazed ceiling allows natural light through to a 44-sq-m, double-height living area. For sale with Knight Frank.



▲ Apartment, 16th arrondissement, €8.9m

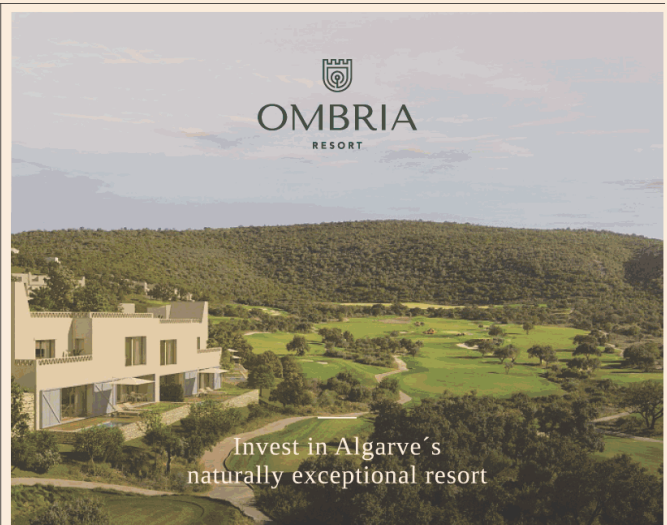
A five-bedroom apartment in La Muette neighbourhood, with about 350 sq m of living space. The property is in a period building with 3m ceilings and overlooks a private garden. For sale with Christie's International Real Estate.

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