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How to own a piece of Paris

by Adrian Leeds

> GO TO
this month



When my landlord said "Sorry, but we want to sell the apartment," I nearly went into cardiac arrest. After three years of "schlepping" the groceries up three flights of stairs, I had become suddenly attached to my spacious 17th century Marais flat with its sunny southern exposure, its little idiosyncrasies and the friendly "quartier merchandises." The thought of uprooting was frightening and I knew in my gut that finding any other space as homey and comfortable as this at a similar price would be almost impossible. There were sleepless nights.

Buying an apartment immediately became my number one project. The first questions were... Most importantly, did I want to own "a piece of Paris" — and how permanent a resident would that make me? And, in any case, would it be a good investment? What price is reasonable? Can I get a loan? Can I afford it? Who can I trust to help me? Nine months later (the equivalent to giving birth!), I had the answers and the apartment. However, if you're considering owning "a piece of Paris" yourself, maybe I can save you some time and energy...

Owning "a piece of Paris" doesn't make you, necessarily, a permanent resident. Many people are purchasing property in France for the sheer purpose of renting it and earning money from their investment. Renting out your acquisition can be an option — either on a short-term basis (by the week), or for a long-term period (by the month or by the year). There are many agencies and management firms that can keep your apartment neatly rented and profitable for you. Although, of course, like me, you can simply live in it and enjoy it, (even if I've had

very good experiences letting the apartment while on vacation and making a few extra bucks to help pay the mortgage).

According to a recent report in **l'Express**, Paris' sharpest real estate upswing has occurred in the 6th near Odéon (32.6%) and the lowest in the 14th (no more than 9.4%). The **most expensive area is the 6th near St-Germain-des-Prés** with an average price rate of 39,131F/m² and the least expensive is the 18th near La Goutte-d'Or at 10,725F/m². Whichever way you look at it, real estate has risen considerably in all but one neighborhood, showing an increase of over 10%.

Still, Paris remains affordable compared with other major cities. According to the Corcoran Group in Brooklyn, New York (www.thinkglink.com/hbc385.htm), in terms of cost, the top ten most expensive cities in the world are: **Tokyo** (\$1,271 per square foot), **Hong Kong** (\$1,220), **London** (\$1,101), **Singapore** (\$906), **New York** (\$890), **Sydney** (\$839), **Stockholm** (\$753), **Paris** (\$700), **Zurich** (\$667) and... **Kobe**, Japan (\$884).

In France, the property deed has to be recorded by a "notaire," who drafts a "promesse de vente" or "**promise to sell**" contract which gives you two to three months to obtain a loan. Plus, I provided a deposit of 10% of the purchase price, kept by the notaire until the completion of the sale. If a loan can't be secured and should the sale "fall through," the deposit is returned. If it's completed, the deposit is deducted from the final sales transaction.

The notaire provides a variety of supplementary services. He collects all the administrative and town planning documents needed to finalize the sale, checks the seller's financial and mortgage position, repays any bank loans and, where relevant, sums due to the manager ("syndic") of the property, by deducting the required amounts from the proceeds. The notaire's fees will be added to

the cost of the transaction, so be prepared for these to account for approximately 10% of the purchase price!

I sought out a notaire who could speak English to get me through the "rough spots." I discovered that certain notaires are thought to take advantage of foreigners by leading them to believe that some transactions entail additional fees. This isn't true — be careful of whom you choose. Ask your friends to recommend potential candidates with good references, then interview each of them.

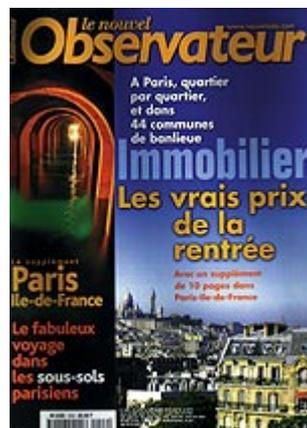
Next stop — obtaining a loan. I made an appointment with my personal advisor at my bank in Paris and discovered "**tout de suite**" that I wouldn't be considered at all, if I didn't have a salary deposited in the bank monthly. That was rejection number one. Next, I made a trip to my hometown in the States and met with my bank, my accountant and my attorney. My bank instantly declined. No way, they wouldn't lend money on property outside the US.

Then, a wise friend asked one simple question: "**Have you thought about asking around the British banks?**" No, I hadn't!

Turns out these are willing to make loans available to international customers. I visited several establishments including Woolwich and Abbey National. Both had highly creative loan options and were happy to consider my application. I chose to put 20% down on a variable mortgage that maintained the same monthly rate, yet left the term of the loan open. The interest rates at the time were more than 3% lower than in the US and more than 1% lower than those of French banks.

The result was monthly mortgage installments almost identical to the rent I'd been paying — so, in effect — purchasing the apartment was costing me no more than the down payment! My loan application was finally accepted and the closing of the sale took place without complications and to everyone's satisfaction, especially mine. I now have "**a little piece of Paris**" I can call my own and I wouldn't trade it for all the square footage, king-size beds and walk-in closets I used to think life was all about, stateside, that is.

Adrian Leeds is the publisher of the electronically distributed Insider Paris Guides (hyperlink — www.insiderparisguides.com), the author of the Leeds Good Value Guide to Paris Restaurants (www.insiderparisguides.com/restaurants/index.html), the co-coordinator of the Parler Parlor French-English Conversation



Paris real estate window shopping
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Group ([hyperlink — www.parlerparlor.com](http://www.parlerparlor.com)) and the editor of the Parler Paris bi-monthly newsletter ([hyperlink — www.parlerparis.com](http://www.parlerparis.com)), as well as the president of Western Web Works, LLC of Knoxville, Tennessee. She has lived in Paris for seven years, with her daughter.