

# Investing & Living abroad

L'Observatoire BNP PARIBAS  
INTERNATIONAL BUYERS

Non-residents buyers still  
invest in the property market in  
France in spite of the crisis



Let's give a future to your plans



**BNP PARIBAS**  
INTERNATIONAL BUYERS

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**Non-residents buyers still invest**  
in the property market in France in spite of the crisis!

# Trend in property transactions by non-residents in France

	2007	2008	2009
<b>Number of transactions*</b>	<b>54 926</b>	<b>49 895</b> -9%	<i>International Buyers' Estimate: market relatively stable because of new nationalities investing in France</i>
<b>Average amount (In Euros)</b>	<b>258 K€</b>	<b>230 K€</b> -11%	

- Overall the number of property transactions has fallen by 20% in France in 2008 (residents and non-residents), whereas the number of transactions made by foreign buyers has only fallen by 9%.
- Non-residents represent **7% of the global property market in France** (+1 point).
- The average amount of transactions made by foreign buyers is about **17% higher** than the average amount of transactions in France.

\*Number of transactions Province (40 869) + Ile-de-France area (14 057)

## Non-residents market in France (Paris area excluded)

- 72% of foreign buyers are Europeans
- British buyers are the first foreign buyers in France (19% of transactions)
- 20% of transactions are realised in PACA region
- 48% of properties acquisitions are houses
- 74% of transactions concern existing properties
- 51% of foreign buyers use a mortgage in France

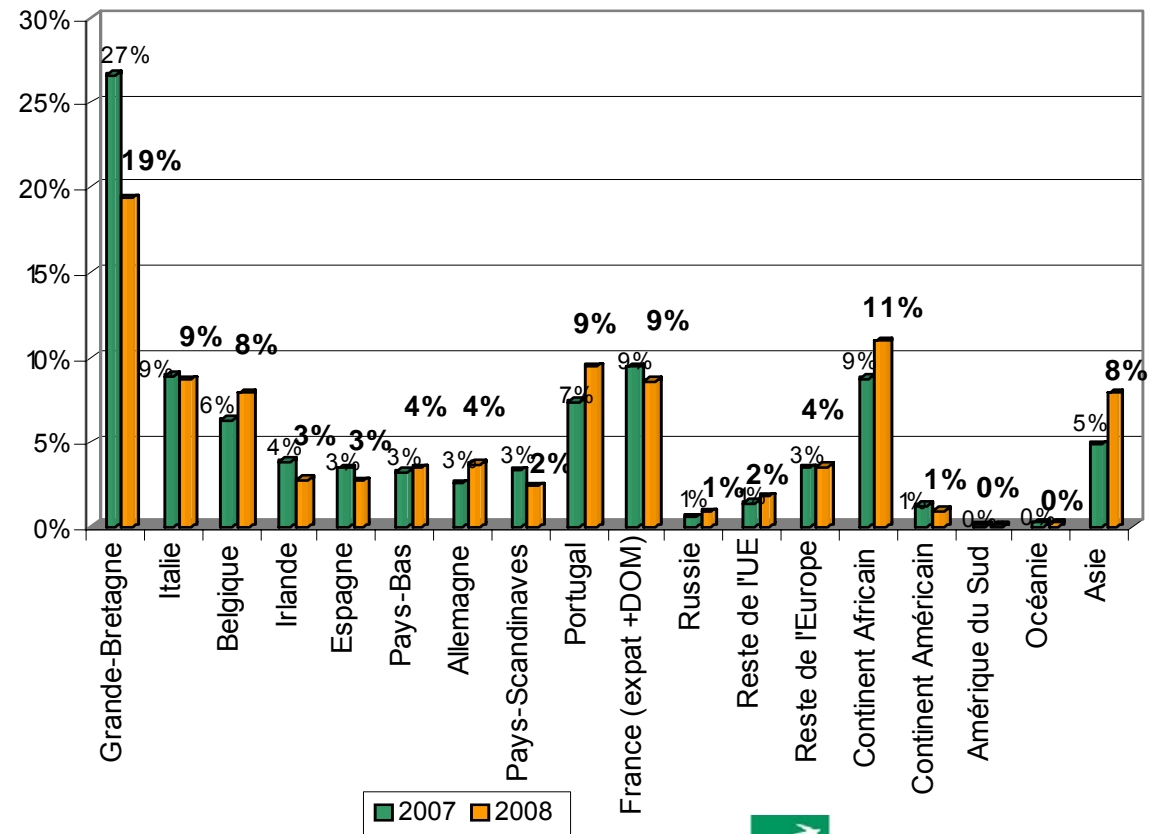


# 72% of foreign buyers are Europeans

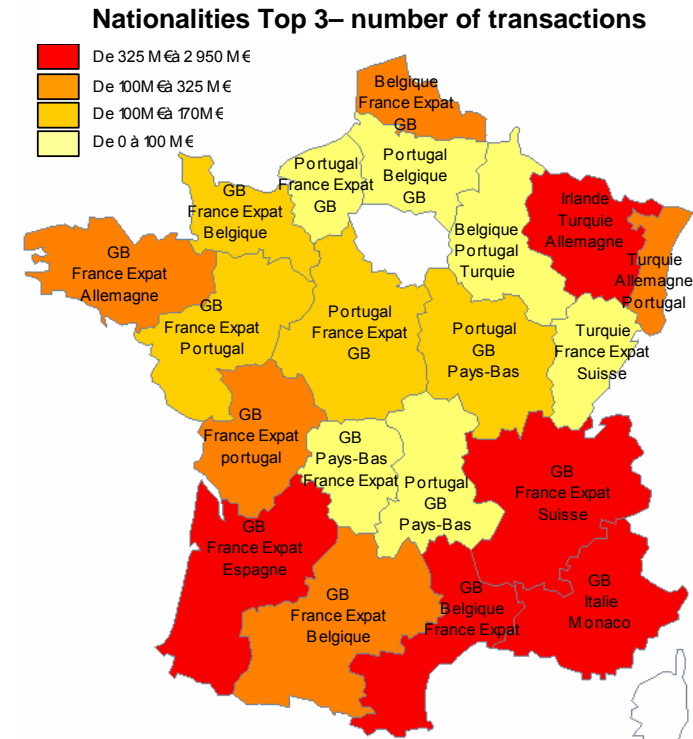
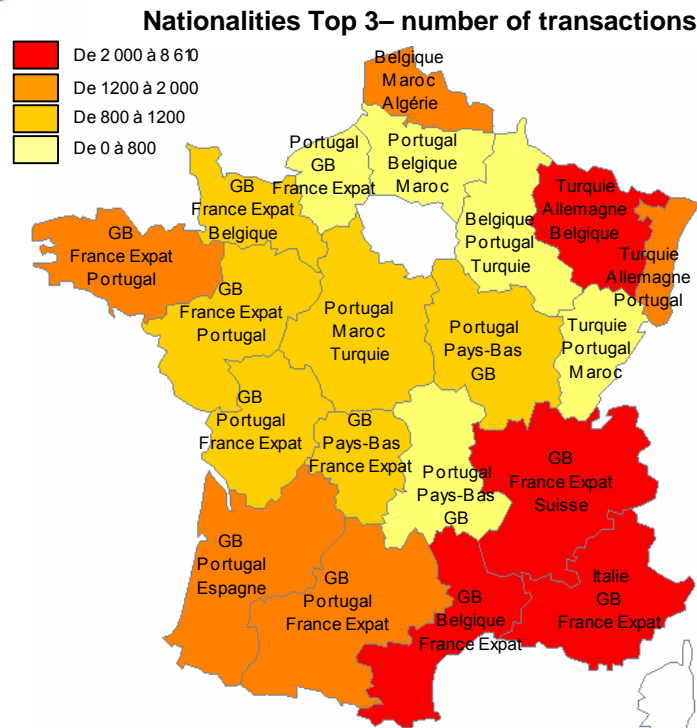
## Development of transactions in 2008 :

- ⇒ Belgium (+13,2%)
- ⇒ Russia (+32,6%)
- ⇒ Germany (+30,7%)
- ⇒ Great Britain and Ireland (-34.3%)
- ⇒ Netherlands (-2.8%)

Distribution of transactions by nationality in 2008  
(excluding Paris area)



# Transactions by non-residents buyers in France (excluding Paris area)

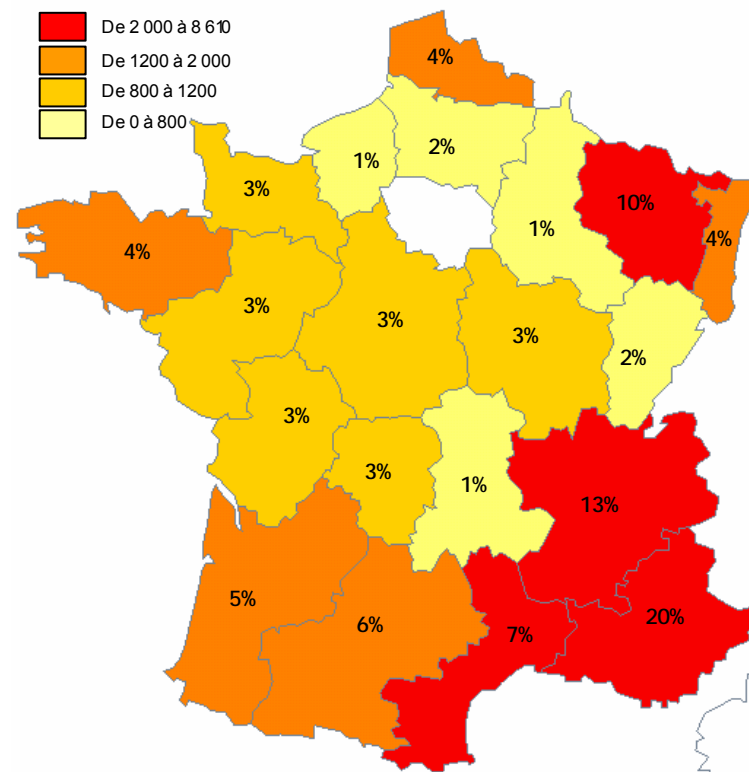


- Huge presence of Italians buyers in the PACA region and of Deutsch in Alsace, Lorraine and Bretagne.
- Belgian buy almost in the East and South-Ouest of France and Dutch buy in Auvergne.



# The strongest concentration of acquisitions remains the South of France

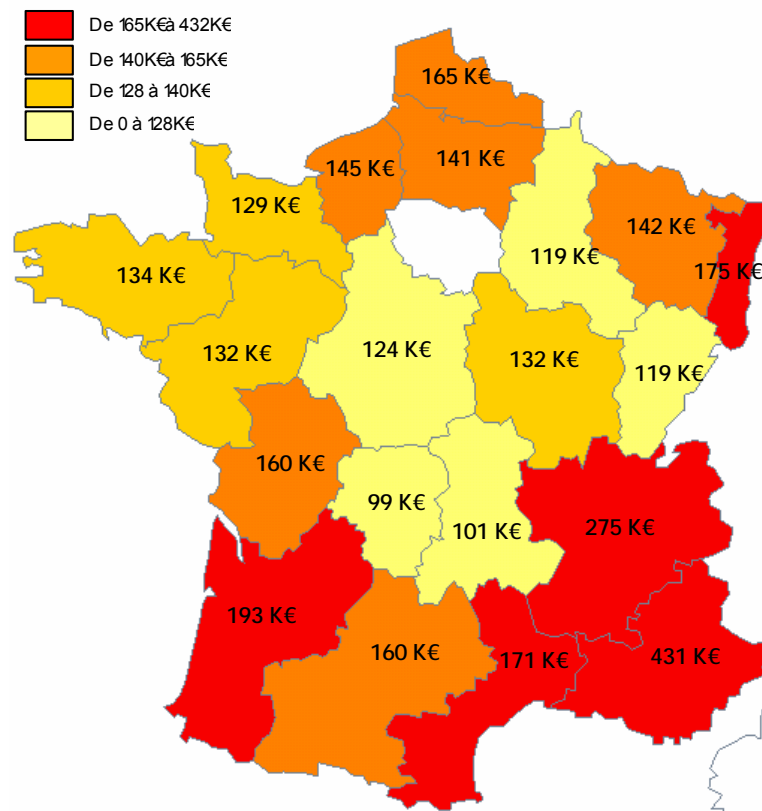
Transactions made by foreign buyers in 2008  
(excluding Paris area region)





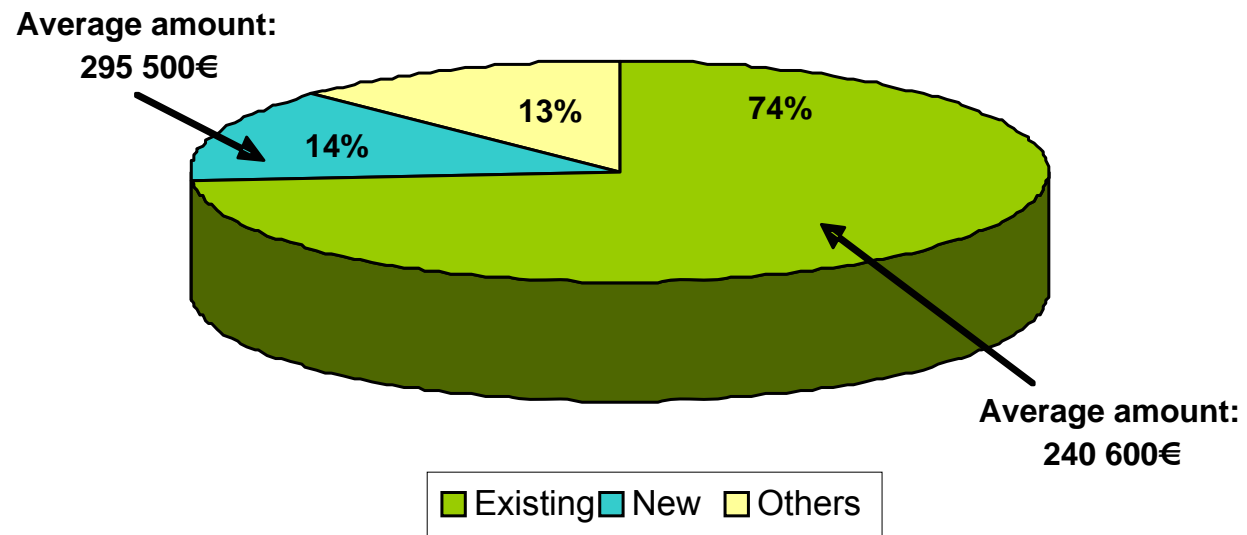
Transactions with the highest average amount are made in the PACA region (431K€) and in Rhône-Alpes region (275K€)

Average amount of transactions made by foreign buyers in 2008  
(excluding Paris area region)



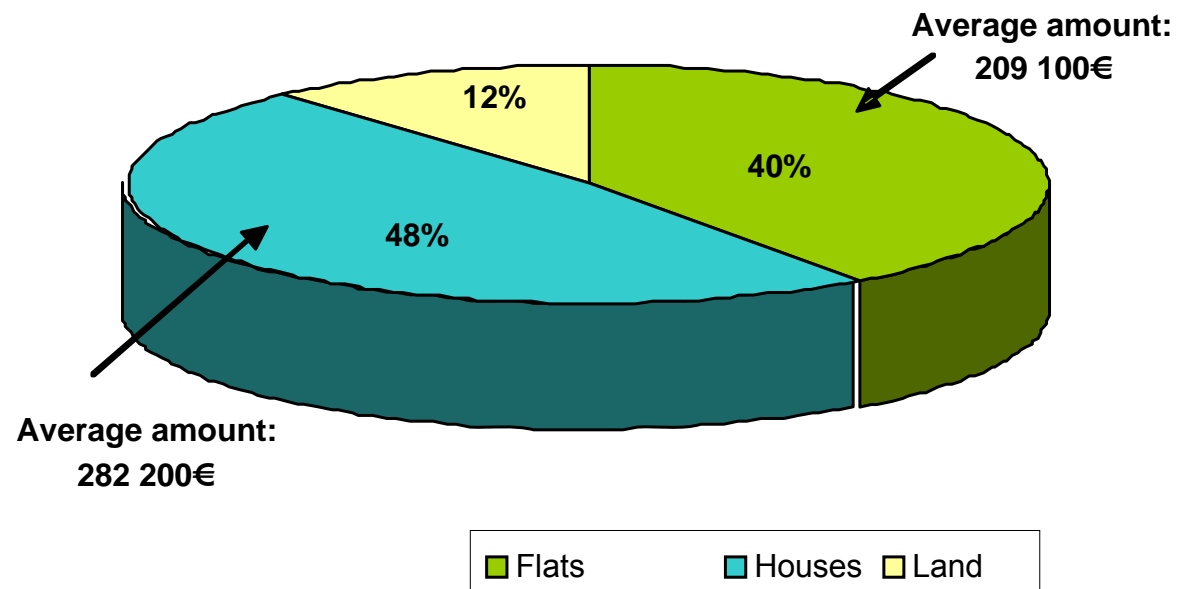
Average amounts have slowed down (-4.1% for new-builds properties) and (-2.9% for existing properties)

**Distribution of transactions between new-build and existing properties  
(excluding Paris area region)**



# Distribution of transactions by type of property remains stable

## Distribution of transactions by type of property



- Fall of the average amount for a house acquisition (-5.4%)

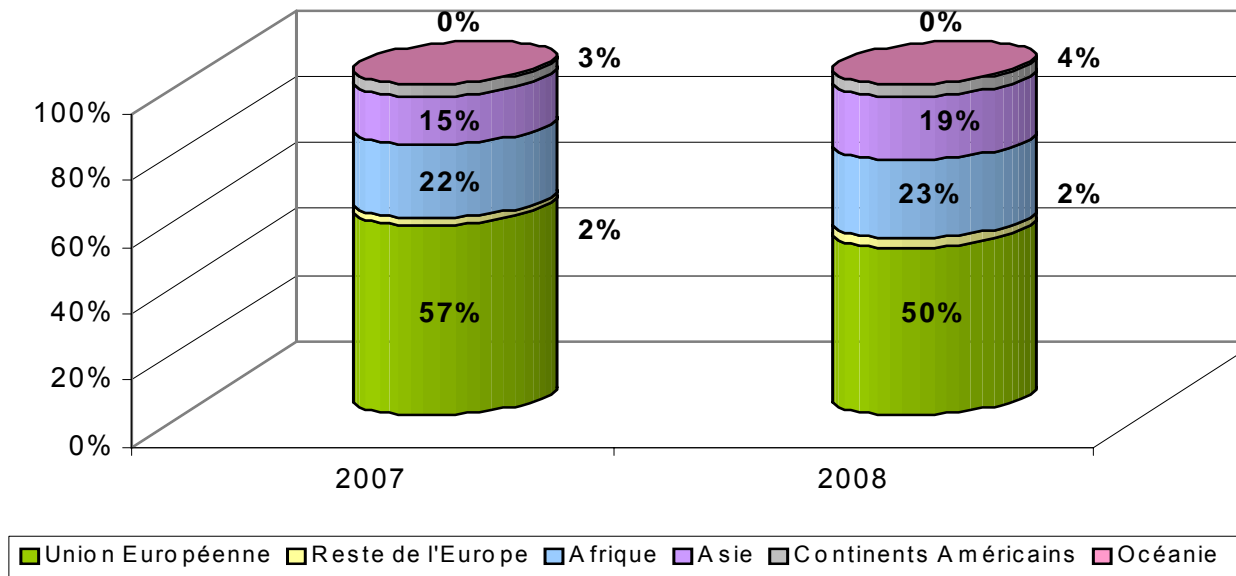
## Non-residents market in Ile-de-France area

- 52% of foreign buyers in Ile-de-France are Europeans (59% in 2007)
- Italians are the first foreign buyers in Paris
- 34% of transactions are made in Paris
- 70% of properties acquisitions are apartments
- 88% of transactions concern existing properties



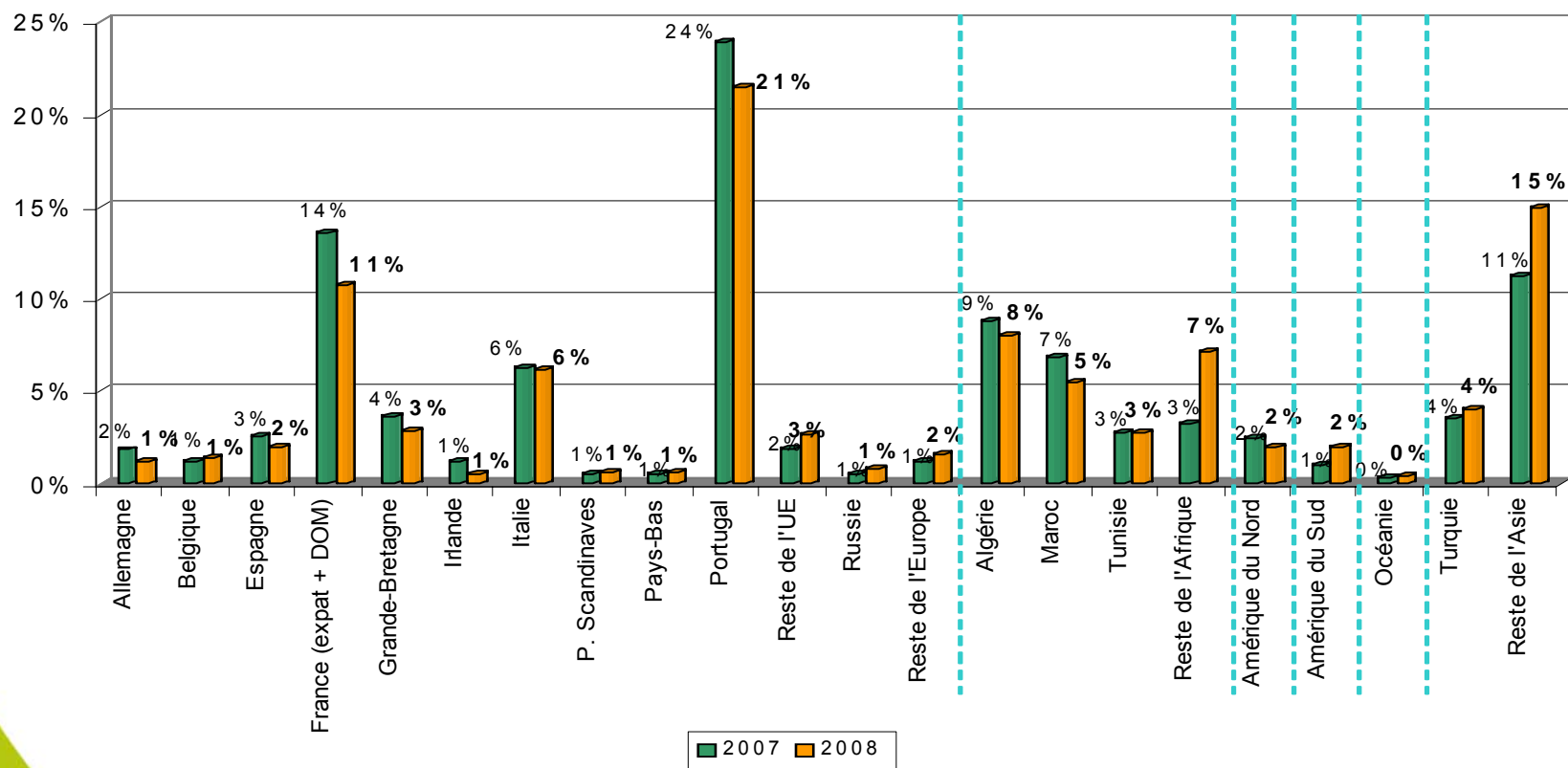
52% of foreign buyers in Ile-de-France are Europeans  
(59% in 2007)

Distribution of transactions by continent



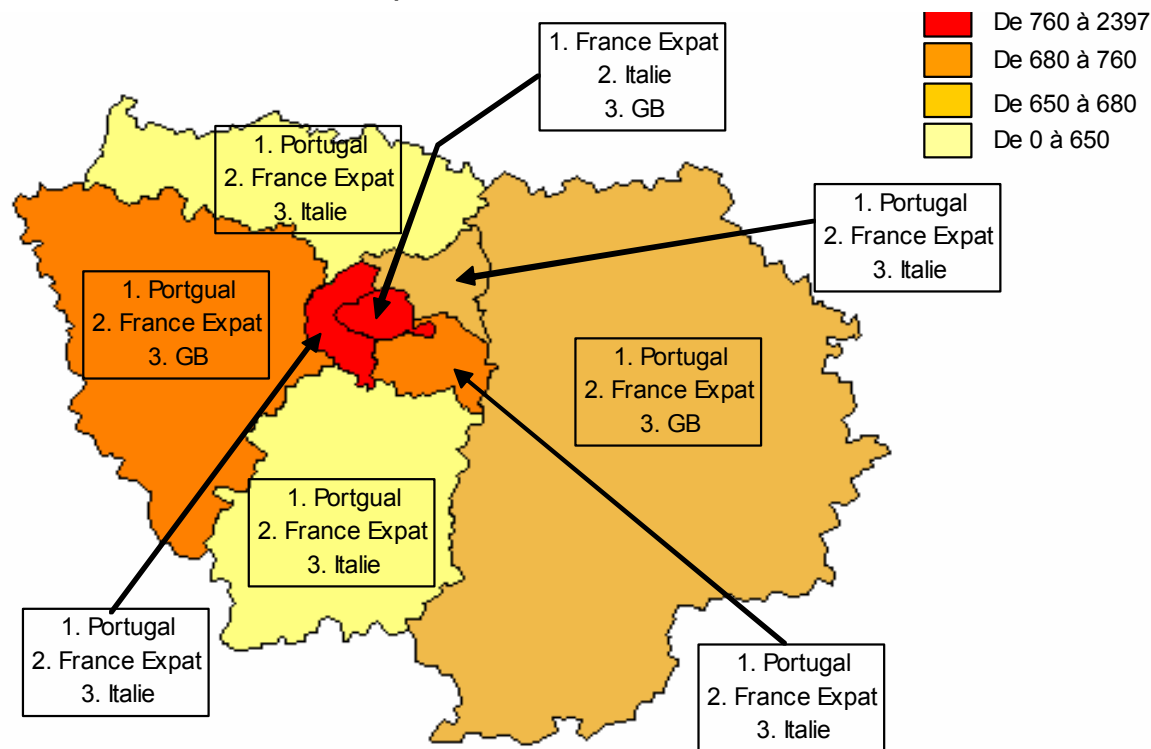
# The share of Asian and African countries has strongly increased (+4 points in 2008)

Distribution of transactions by nationality



# Italians are the first foreign buyers in Paris

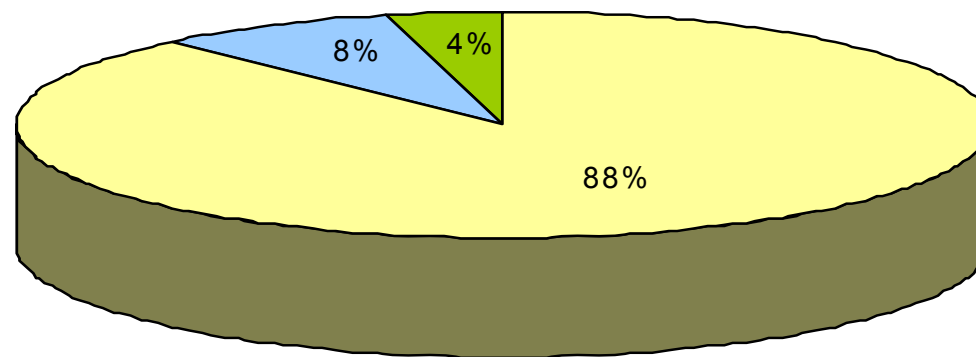
Nationalities Top 3 – number of transactions





88% of transactions concern existing properties

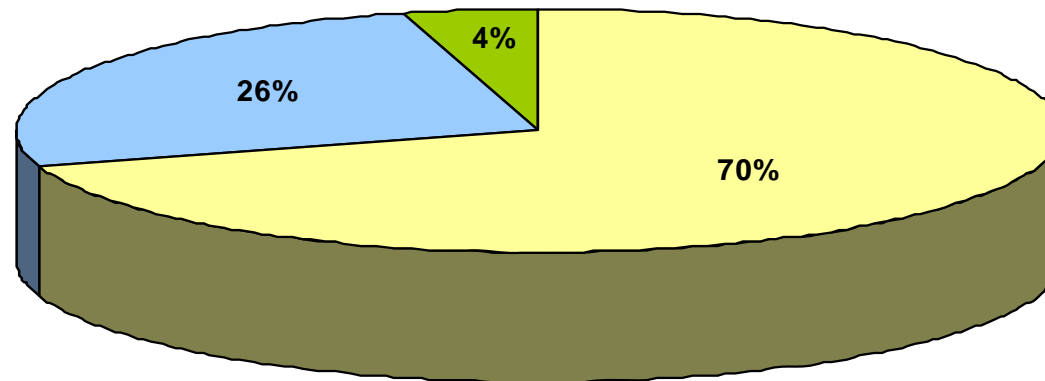
Distribution of transactions between new-build and existing properties  
in Ile-de-France area



■ Ancien ■ Neuf ■ Autre

# 70% of properties acquisitions are apartments

Distribution of transactions by type of property in Ile-de-France area



■ Appartements ■ Maisons ■ Terrains

**BNP Paribas International Buyers is the N°1**  
specialist lender for international buyers of French  
residential properties

# History of BNP Paribas International Buyers

*BNP Paribas International Buyers is the European leading specialist lender for non-residents who wish to buy a property in France. The business started in the early 1990's, under the Abbey National France (ANF) brand, to cater to growing demand from British buyers investing in France.*

- **1991:** development of distribution channels, via **purchasing advisors based in the United-Kingdom.**
- **1999:** setting up of an International Buyers (IB) division with the creation of a unit **based in Lille and of a network of dedicated agencies.**
- **2001:** creation of a department dedicated to **Italian buyers.**
- **2004:** acquisition of ANF by **BNP Paribas.**
- **2005:** merger of ANF's IB division with UCB. Provision of International Buyers' products and services under the brand **UCB.** Development of new products and services.
- **2008:** creation of a department dedicated to **Dutch and Belgian buyers.**

# 1<sup>st</sup> July 2008: creation of BNP Paribas Personal Finance

- 1 unique lender:



*Merger between Cetelem and UCB*

- 2 commercial brands

- UCB becomes Cetelem

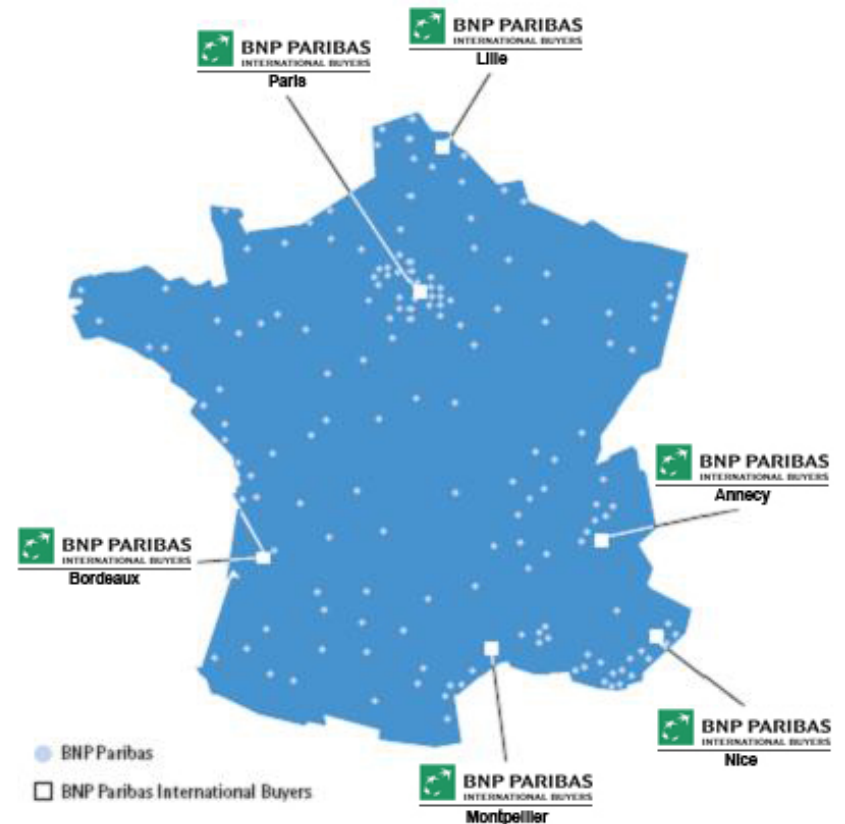


- UCB IB becomes BNP Paribas International Buyers



# Distribution channels

- **France Network:** 5 agencies (Nice, Montpellier, Annecy, Bordeaux and Paris). Distribution of products and services, via **sales agents** (specialised agents, real-estate agencies, asset management consultants, etc.) **based in France and in Italy.**
- **International Network:** products and services distributed both directly and indirectly (**sales agents**, a large percentage of whom are loan or insurance brokers, **established in the United-Kingdom, Ireland, Netherlands and Belgium**).



# How is BNP Paribas International Buyers positioned in its market?

## BNP Paribas International Buyers advantages:

- **Historical presence in the market of British buyers acquiring property in France**, the experience it has acquired from that, and its **position as a leader**.
- **Multilingual and multicultural service/expertise** over the entire duration of the customer relationship. Documentation available in English, French, Italian and Dutch.
- **Support throughout the purchase process and customised service**. A unique contact person throughout the loan procedure.
- **Extended offer: comprehensive financing solutions**, repayment and In fine loans, with or without a life-insurance policy, with fixed or variable rates, which meet clients' specific needs and profiles.



# Projects

**BNP Paribas International Buyers offers products and services to cater to the needs of non-resident customers:**

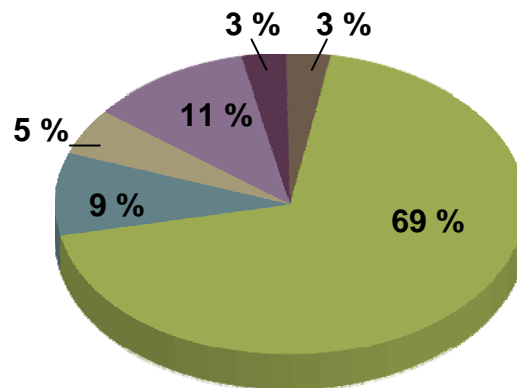
- **Acquisition** (main/secondary home, existing/new property, construction/works);
- **Refinancing** (of a loan secured on French property);
- **Equity release;**
- **Buy to let.**



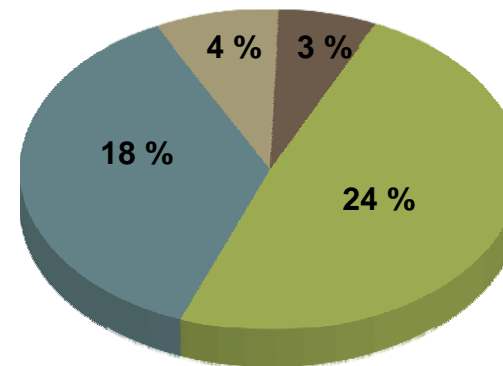
# BNP Paribas International Buyers clients

- **Prospective non-residents clients carrying out a property transaction in France:** Irish, British, Dutch, Belgian, Italian, etc.
- **Middle class and high net worth individuals.**

Breakdown of production by nationality

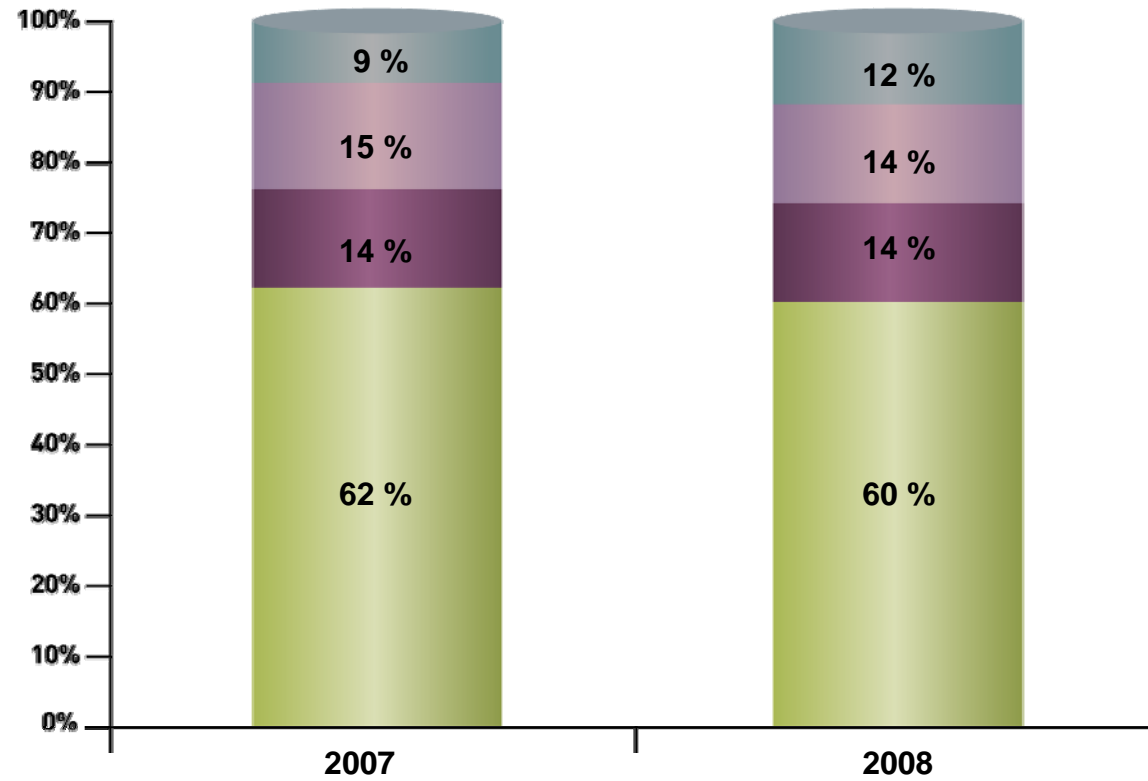


Market share by nationality



■ British ■ Italian ■ France ■ Other ■ Dutch ■ Irish

# Breakdown of production by type of property



Secondary residence   Rental   Main residence   Tourist residence



# "Investing and living abroad"

## 1<sup>st</sup> Observatory

### BNP Paribas International Buyers



# Objectives and methodology

- **Objective**

To have a **complete view** of the **backgrounds** and **expectations** of foreign buyers in France, their **motivations** and **constraints**, their **selection criteria**, and their **satisfaction**.

- **Methodology**

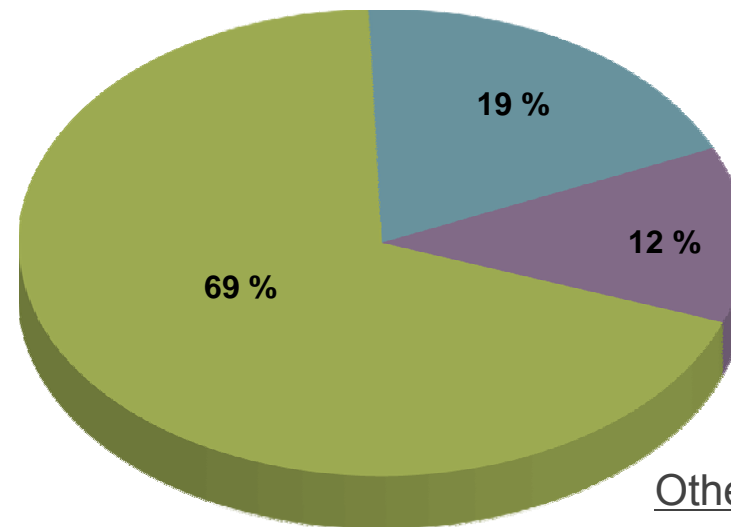
**Telephone survey carried out in February 2009**, on a sample of **202 persons**, representative of foreigners having acquired an immovable property in France in the last three years, financed through BNP Paribas International Buyers.

**A first qualitative phase** based on **20 interviews** with professionals, real-estate agents and brokers, in France and the United-Kingdom.



## France, an obvious choice!

Before you chose France,  
did you consider any other country?



- Yes, seriously
- Yes, to some extent
- No

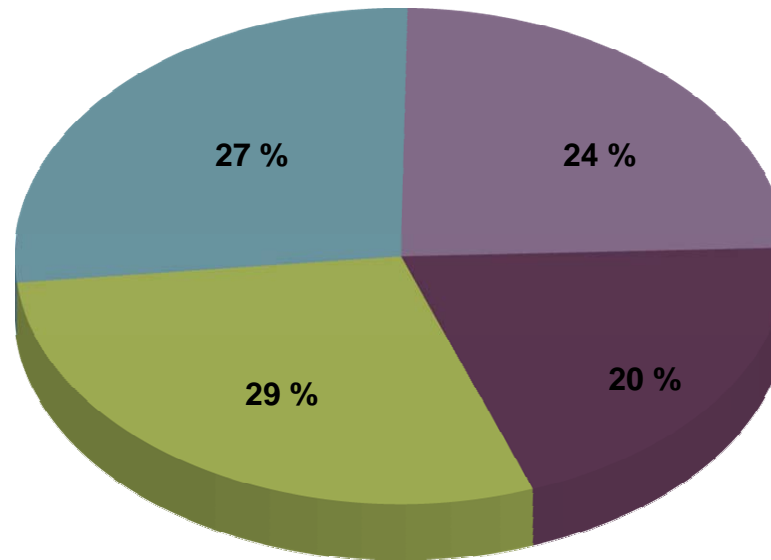
Other countries: Spain 9%, Italy 5%

***"I think that what my customers have in common is their love for France"***

*(Real-estate agent in Paris)*

The choice of France: almost 60% made up their minds in less than 2 years!

How long had you been thinking about acquiring property in France?

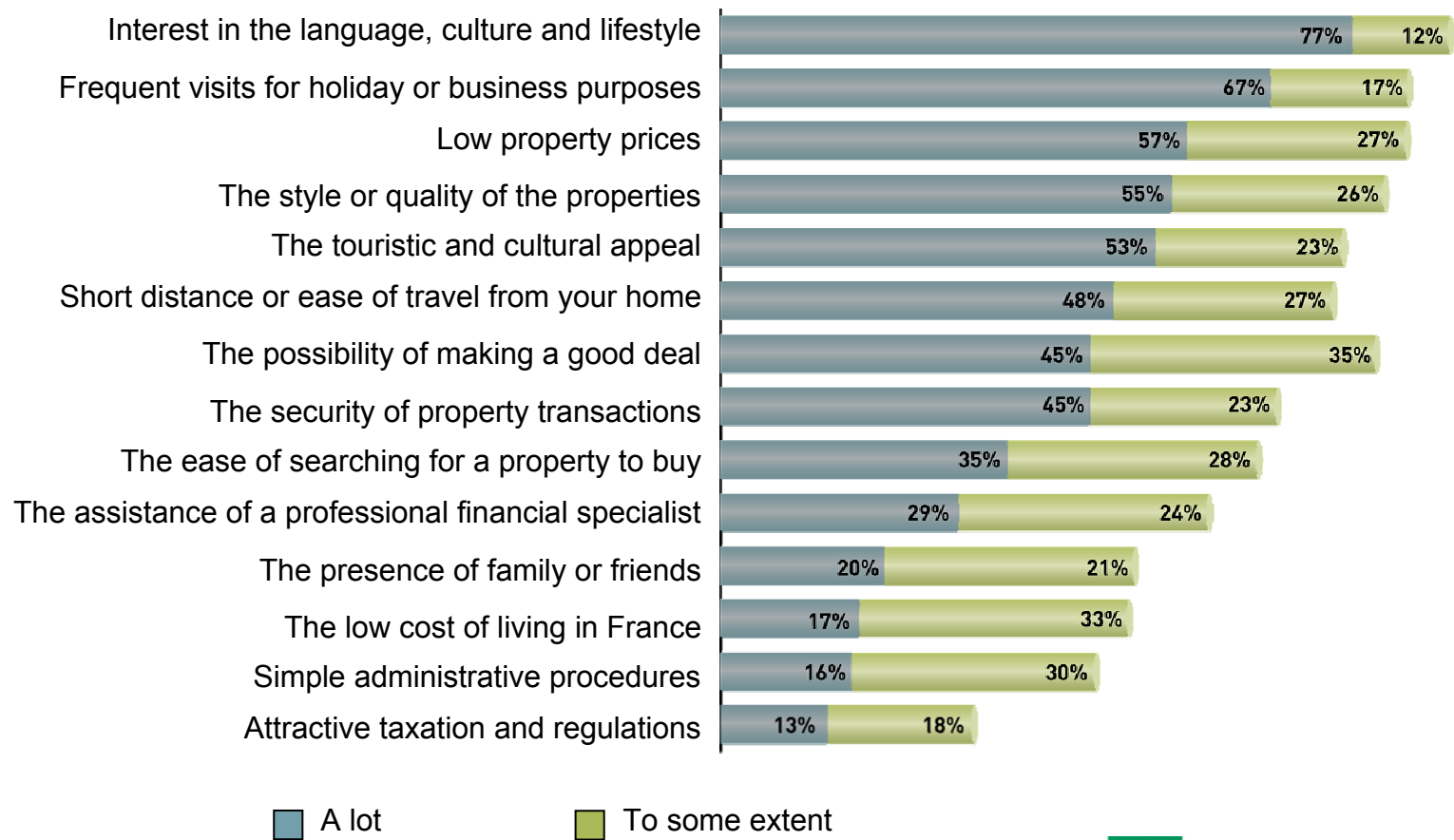


- 4 years or more
- 2 or 3 years
- Between 1 and 2 years
- Less than one year



# The choice of France: art of living above all!

## Reasons that have contributed to the decision in favour of France



## The choice of France: art of living above all!

***"What appeals to buyers in France is good taste, culture, savoir-vivre, gastronomy, things that can be found in all of our regions, basically the French way of life"***  
*(Real-estate agent in Languedoc)*

***"Let's say that 90% of our customers acquire property in France because they love the country ... In fact, it is France that they are buying."***  
*(Broker in the United-Kingdom)*

***"It is the space, climate, peacefulness, easy traffic, remoteness of neighbours and the pace of life there"***  
*(About the British by a real-estate agent of the South-West region)*

# The choice of France: motivations win over obstacles!

## Reasons behind hesitations to acquire property in France



## The choice of France: motivations win over obstacles!

***"Personally, I do not really see obstacles! Even language is no longer an obstacle... English was imposed on us as the negotiation language... But there is an obstacle today for British buyers in the form of the exchange rate!"***

*(Real-estate agent in the Alps)*

***"Poor knowledge of French law, particularly of inheritance law... Anglo-Saxons do not always understand the "forced" transmission of property to children"***

*(Real-estate agents in the South-West region and Côte d'Azur)*

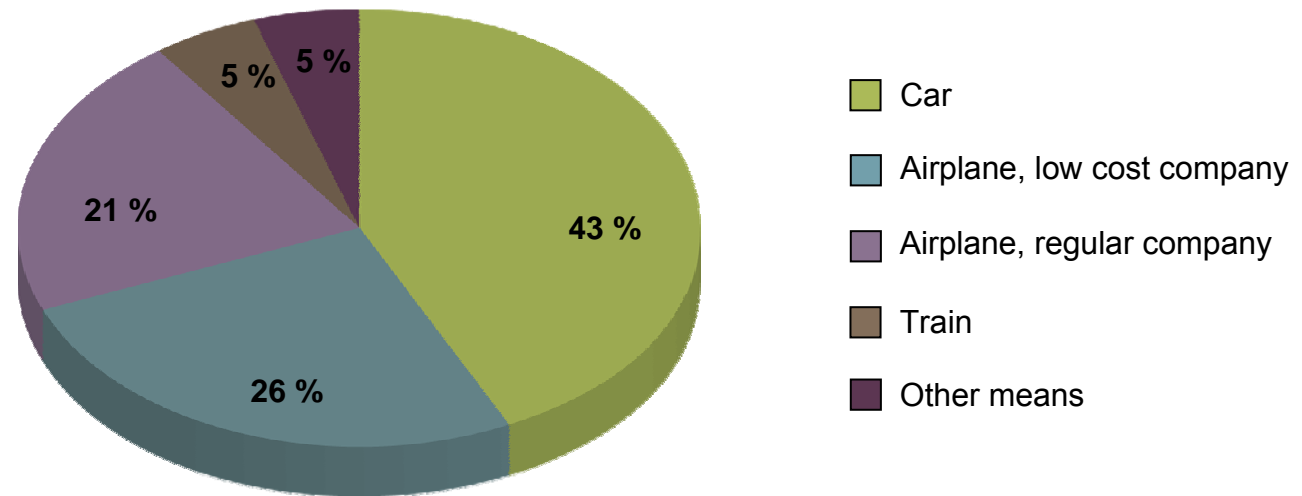
***"The main obstacle for them at the moment is definitely the Euro to Pound exchange rate"***

*(Real-estate agent in the United-Kingdom)*



## The choice of France: "low cost" companies facilitate the transaction

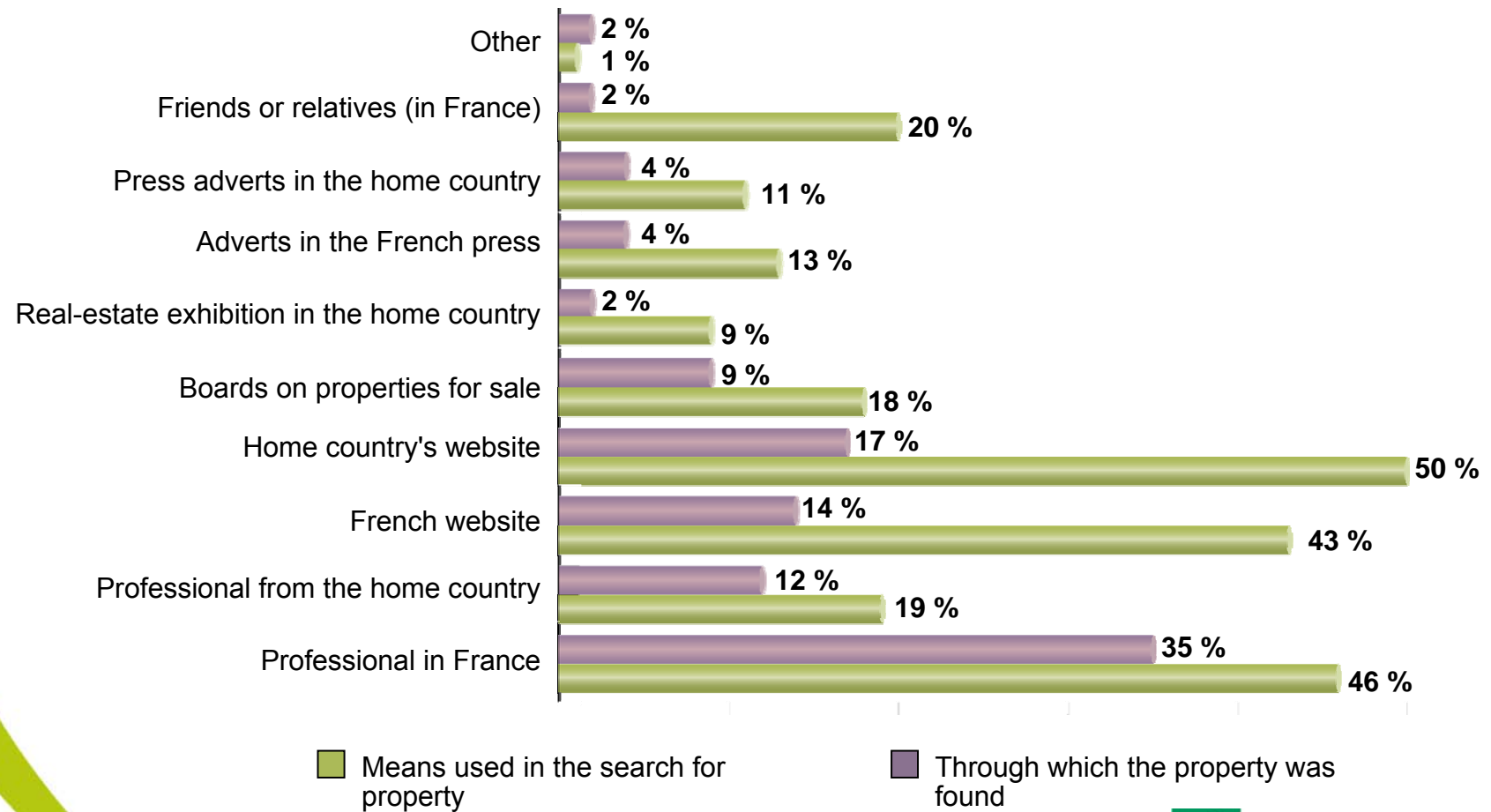
### Means most commonly used to travel to the residence in France



***"France's key strength also lies in frequent flights by low cost companies and numerous airports serviced from the United Kingdom"***  
*(Real-estate agent in the United-Kingdom)*

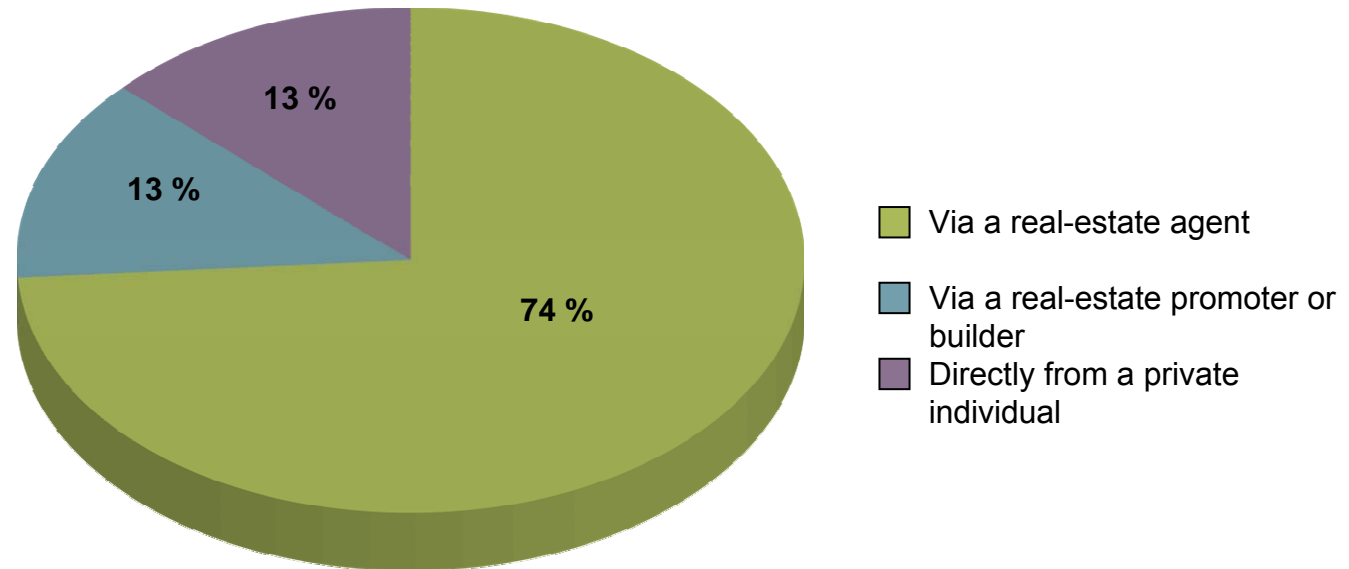
# The purchase process: Internet is a must

## Means used to search for the property



# Real-estate agents ... far ahead of private individuals

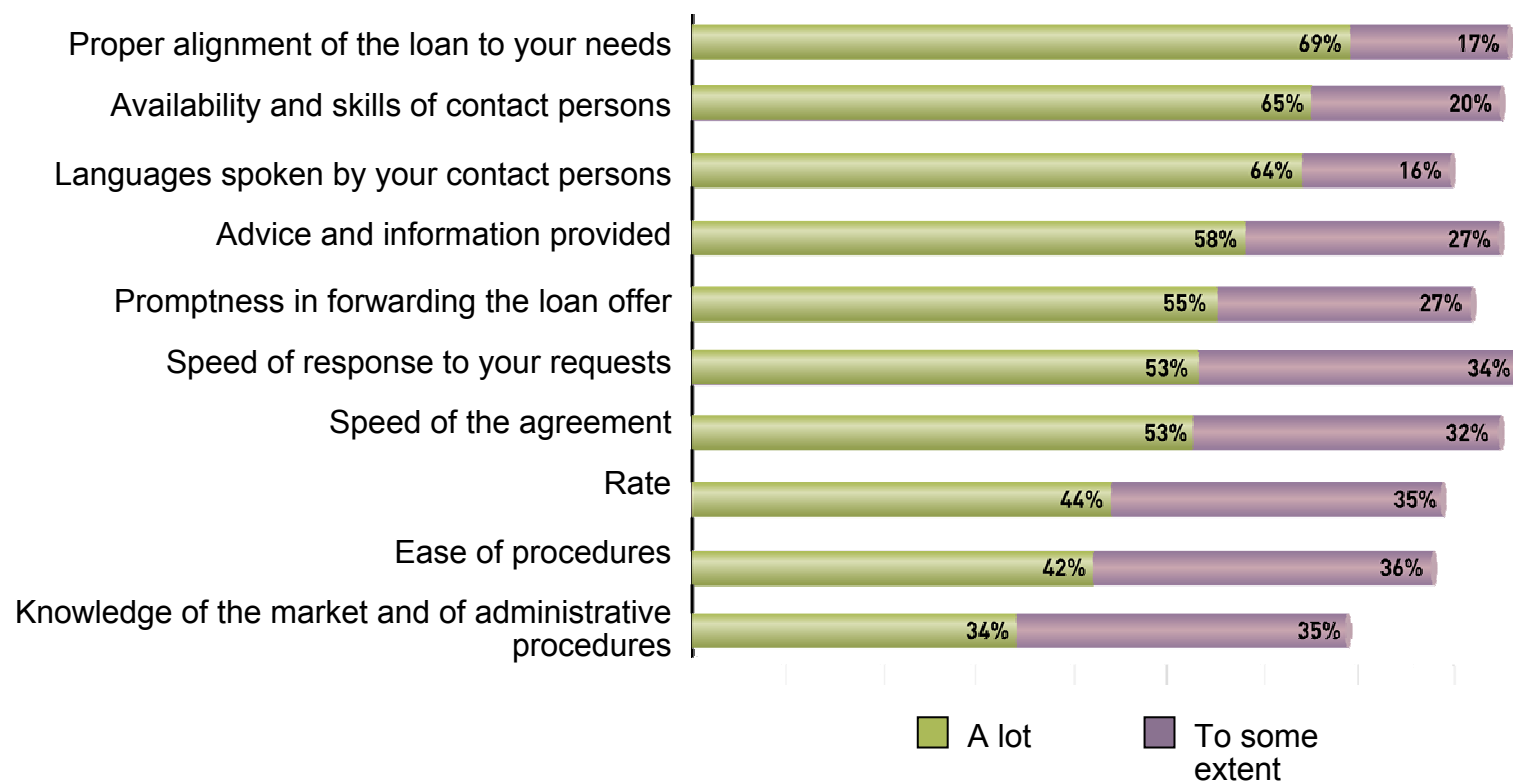
## Means of property acquisition





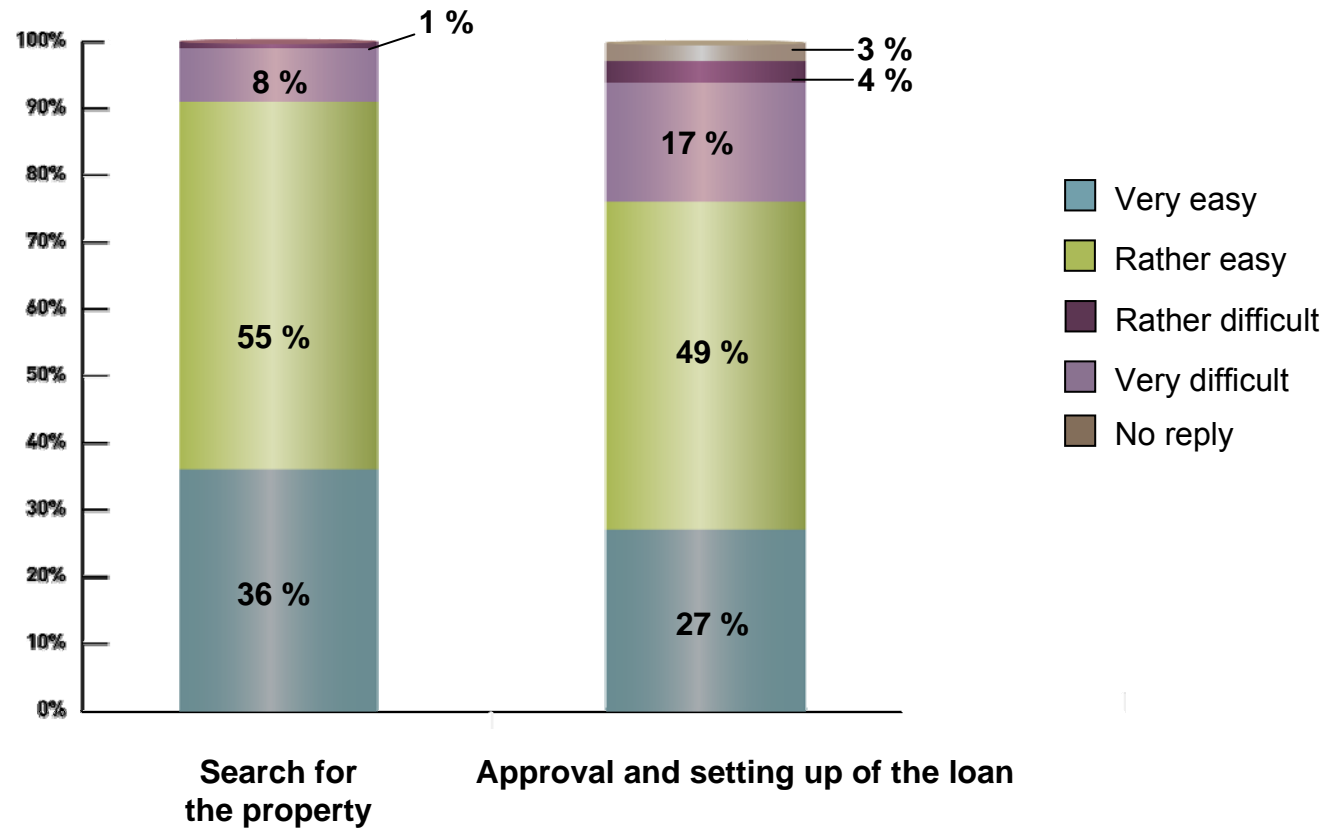
# Financing option: service wins over rates!

## Criteria having contributed to the choice of the professional for the loan



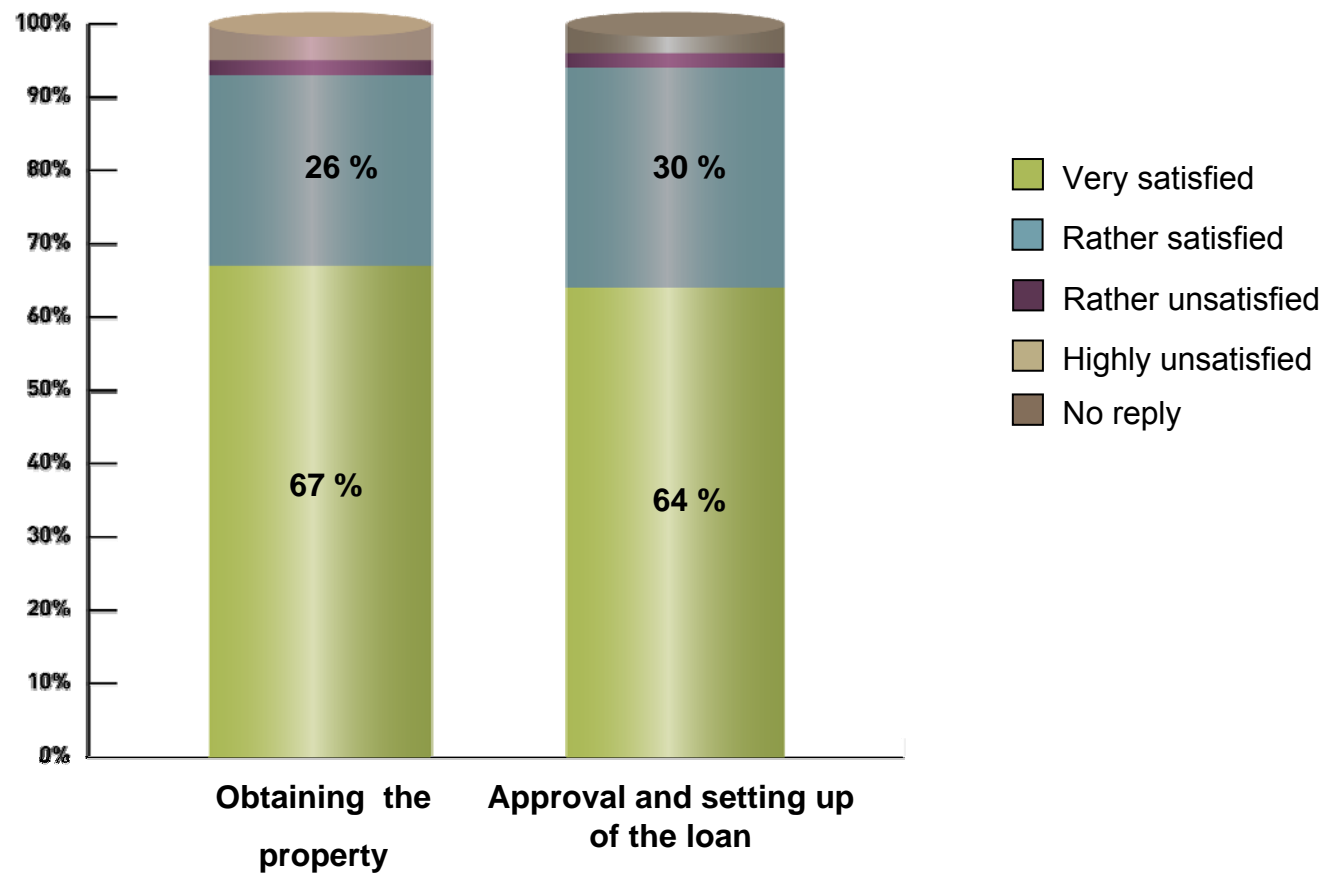
# Finding the property is easier than finding its financing!

## Perceived facility



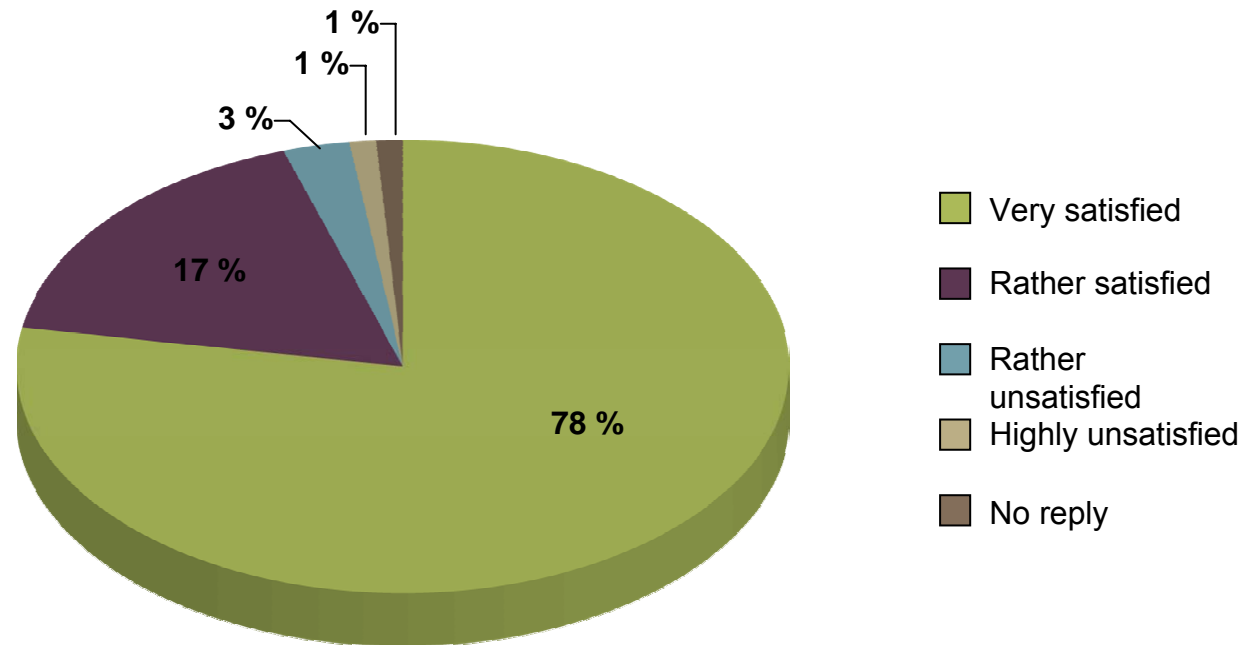
# On the whole, investors are satisfied

## Satisfaction regarding the professionals involved



## On the whole, investors are satisfied

### Assessment of this property acquisition in France



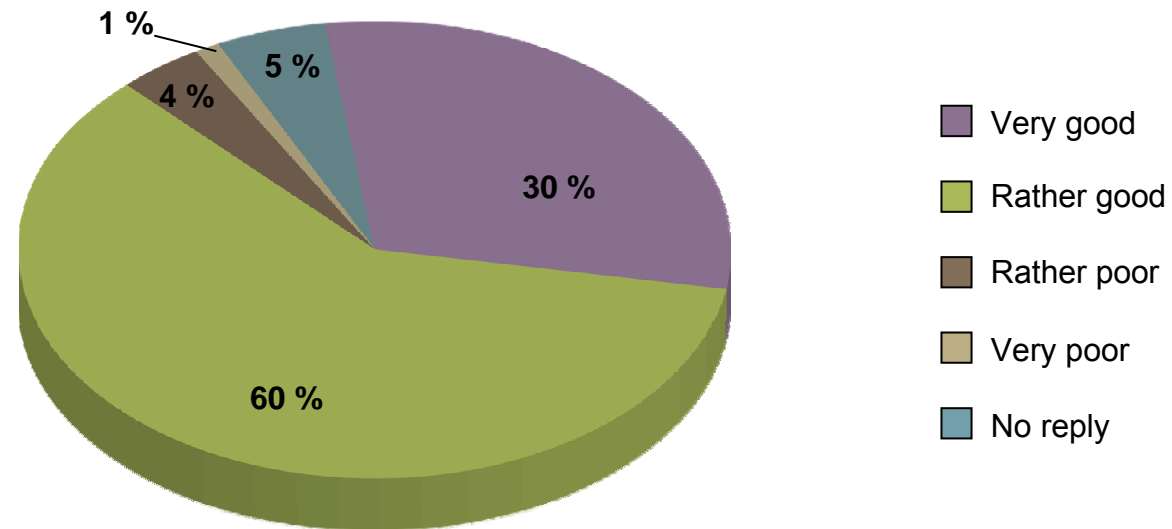
Overall, these investors appreciate the support provided by professionals:

***"We assist them not only in searching for the property, but also for other services (schools, EDF, water, bank accounts, skilled workers, etc.)"***

*(Real-estate agent, South-West region)*

## On the whole, investors are satisfied

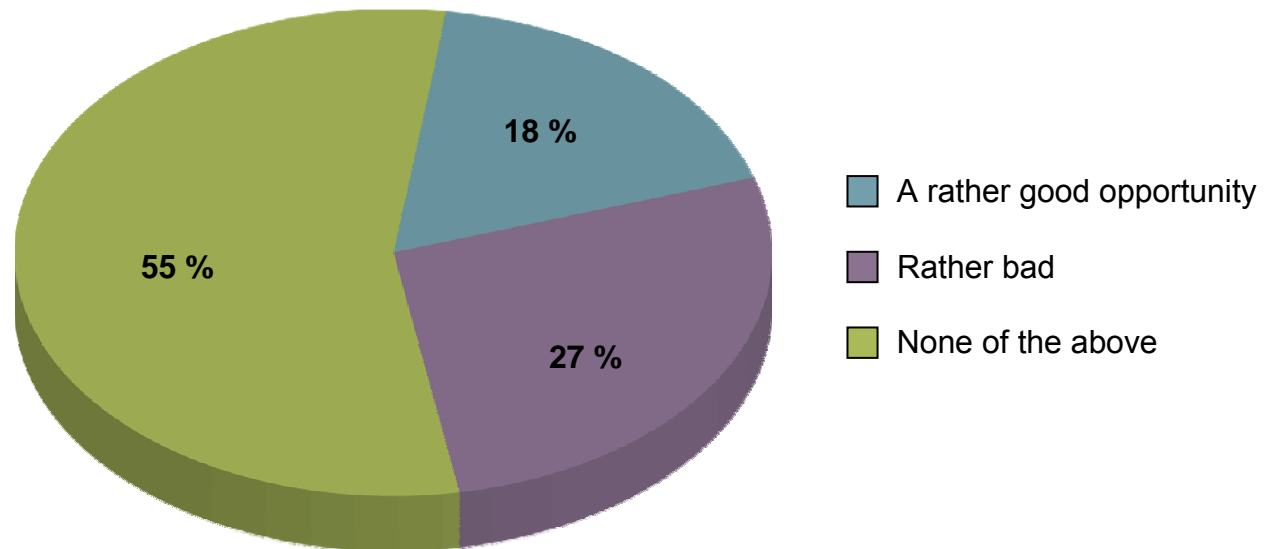
### Perception of the investment over a 10-15 year horizon



***"I think that the French market has been very well sustained since the start of the crisis and the potential remains strong. Those interested in the Spanish market have decided not to buy while those interested in the French market are still investing"***  
(Broker in the United-Kingdom)

Less than 30% affected by the crisis!

Believe that, with regard to real estate assets, the crisis is:

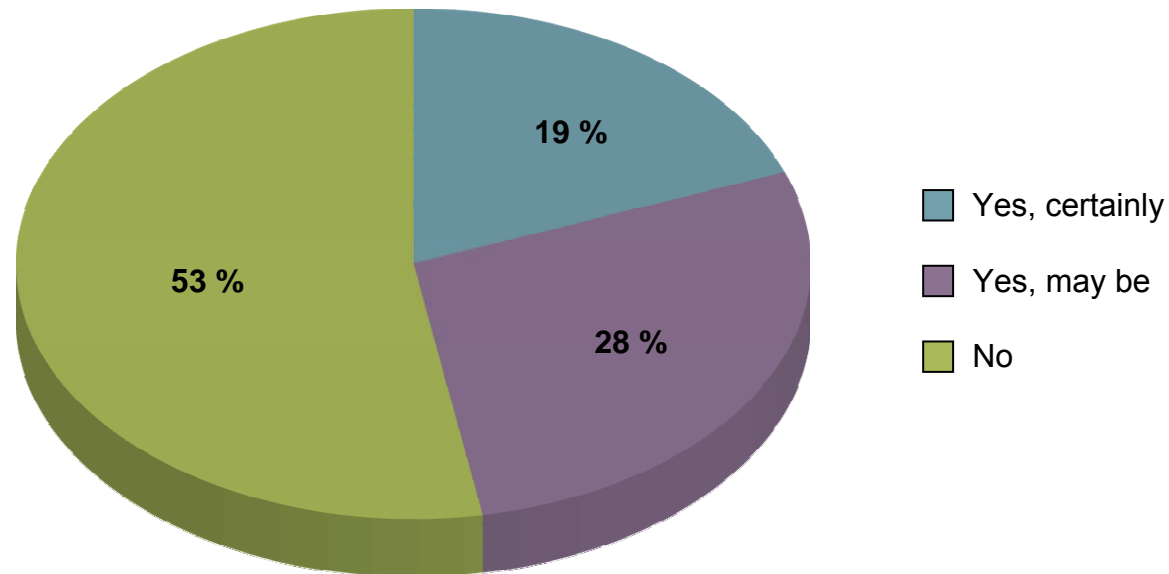


***"Those who have acquired property just before the crisis have no regrets. None of my customers has any regrets about their acquisition"***

*(Real-estate agent in Paris)*

For most investors, the crisis does not jeopardise their projects

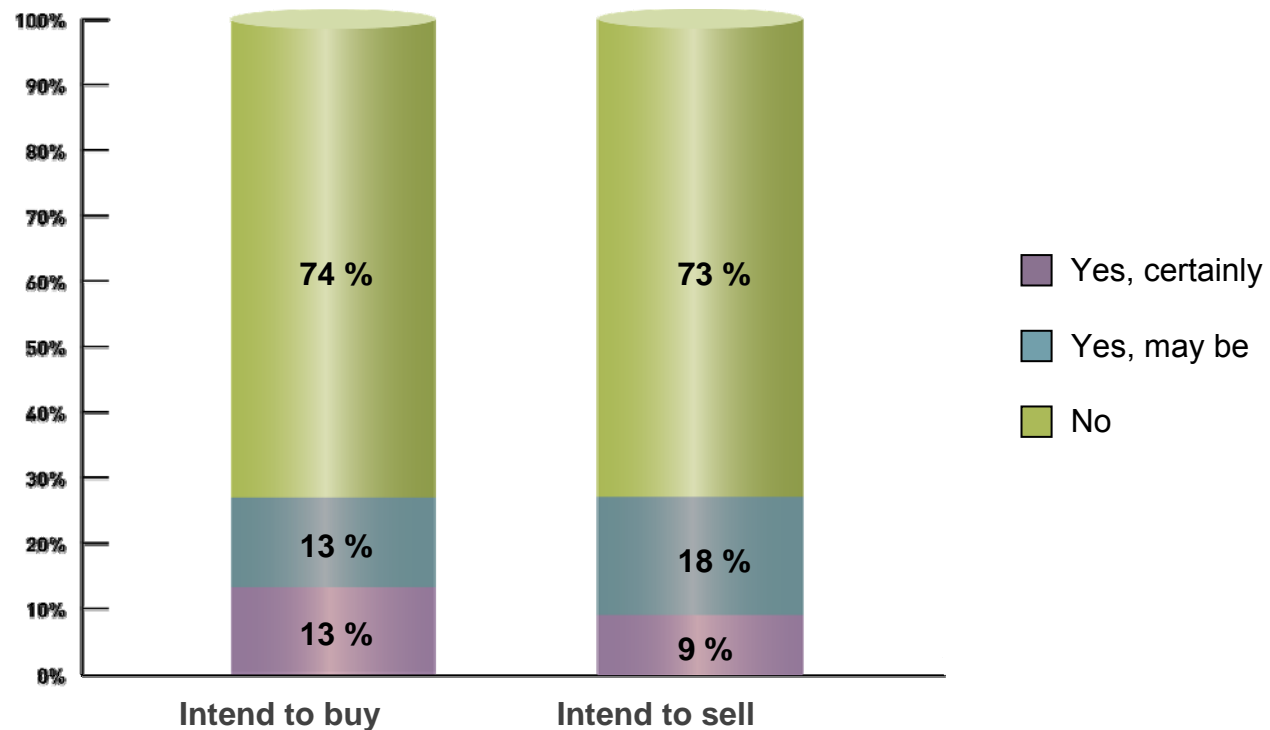
This crisis is expected to change your real-estate projects:



***"There was a fall in business, a significant lack of confidence over 3 months (October, November, December). In February, we can see a net recovery in business, which is quite similar to what happened in 2008."*** (Real-estate agent, South-West region)

# Yet more projects: 1 out of 4 buyers is willing to sell and/or buy

## Real-estate projects over the coming years



Out of the 26% who plan to acquire property again, only 4% are considering another country. (In 40% of cases, intentions to buy and to sell coincide.)



## Summary

- France is relatively **shielded from competition from other countries, and has major and numerous advantages** with regard to foreign buyers, in all respects. It is perceived as a **country with a certain art of living**, encompassing gastronomy, the pace of life, the quality of human relationships...And **there is almost no inconvenience** to spoil this image. The only minor reservations relate to **heavy and complex administrative procedures**.
- Moreover, it would seem that **foreign buyers** are only **moderately affected by the current crisis**, as far as their assets and real-estate projects are concerned. A high percentage of them (and particularly of those involved in rental investments), **are planning to undertake new transactions**, both acquisition and sale, over the coming years. They define the French real estate market as "sound" and they thus represent a **significant potential** for the sector.



## Summary

- **Relational aspects** are **essential** for foreign customers, with **quality of service prevailing over rates**: availability and competence, fluency in the buyer's language, ability to advise.
- Lastly, **strong visibility on the Net seems crucial**, not only on French websites but also on foreign websites, since it is **a very widely used channel in the search for properties** (particularly by the British since 80% of the population has broadband Internet access at home).

