

INSEE (French National Statistics & Economic Studies Institute) and Notary indexes	Older apartments				Older houses			
	Index value		Variation*		Index value		Variation*	
	2012 Q3	2012 Q4	3 months	1 year	2012 Q3	2012 Q4	3 months	1 year
Mainland France	114.8	113.7	-1.0 %	-1.1 %	106.7	105.0	-1.6 %	-2.1 %
Greater Paris	122.9	121.2	-1.4 %	-0.6 %	110.9	109.8	-0.9 %	-1.0 %
French provinces	107.3	106.8	-0.5 %	-1.6 %	105.8	104.0	-1.7 %	-1.3 %

* 3-month variation: development between 2012 Q3 and 2012 Q4 * 1-year variation: development between 2011 Q4 and 2012 Q4.



Analysis

■ The market for older properties

In volumes

The number of sales of older properties stood at 709,000 in 2012, down by 12% over a year, with the pace being similar in both Greater Paris and the French provinces according to estimates from the CGEDD(1). Provoked by changes in the taxation of capital revenues in February, the high number of transactions in January 2012 obscured a more pronounced fall. Indeed, over the 12-month period from February 2012 to January 2013, the number of transactions totalled only 655,000, i.e. 22% fewer than over the previous 12 months. In both the French provinces and Greater Paris, the sharpest fall occurred in the third quarter (21% over a year). In the fourth quarter, the slide over the year was less brutal in both Greater Paris and French provinces (-10%).

Prices

According to the Notaires-INSEE index, prices were down by 1.7% overall year-on-year in the fourth quarter of 2012, (by 1.1% for apartments and 2.1% for houses). This fall was somewhat steeper in the French provinces (-2.1%) than in Greater Paris (-0.7%). In the French provinces, the prices for apartments fell less than those for houses (1.6% compared to -2.3%). The same is true for Greater Paris although the variation was less pronounced (-0.6% and -1% respectively). Prices barely varied between the third and fourth quarters of 2012. Viewed in terms of seasonally adjusted data, they fell by 0.5% in the French provinces and rose slightly in Greater Paris (+0.1%). On the hand, when we consider

the raw data, prices fell by 1.3% in both Greater Paris and the French provinces.

In the French provinces, whether at a local, département (county), conurbation or district level, we are also seeing changes in median prices, although these may be influenced by possible variations in the quality of the properties sold. Most of the départements have seen prices fall over the space of a year, with increases exceeding 5% being quite rare. More precisely, of the 42 départements in which at least 100 apartment sales were recorded, 10 have witnessed upward developments, with 3 of these (Ain, Gard and Vendée) exceeding 10% and the 7 others achieving a maximum of 3.5%. Meanwhile, 31 witnessed falls, 5 of which exceeded 10% with 8 being situated between 5 and 10%. For houses, in the 83 départements in which more than 100 transactions were recorded, 27 have reported increases, with 8 exceeding 5% (although none exceeded 10%) while 48 reported falls, 5 of which exceeded 10% and with 15 being situated between 5 and 10%. Prices remained stable in 8 départements.

In Greater Paris, none of the variations in the median prices for each département were upwards. For apartments, the sharpest falls were recorded in Paris and in Seine-Saint-Denis, not exceeding 1% there, while prices remained virtually stable in the outer suburbs. For houses, the Val d'Oise stood up well (-0.1%) while the fall reached a maximum of 1.6% in the Yvelines and Essonne.

For apartments, the districts of Bordeaux, Lyon, Rennes and Rouen stood out from the pack with price rises of 2% to 6%. On the other hand, prices fell by more than 5% in Aix-en-Provence, Grenoble, Nancy, Reims, Saint-Etienne, Toulon and Troyes. For houses, the increases have been stronger and more numerous, exceeding 5% in Amiens, Le Havre, Reims, Saint-Nazaire, Toulon and Tours. Falls of more than 5% have been limited to Metz, Nancy, Nice and Orleans, while Lille and Douai-Lens have remained stable.

■ The new housing market

According to the ECLN survey (Enquête Commercialisation des logements Neufs/New Home Sales Survey), the number of unitary sales by developers totalled 86,200 properties in 2012, i.e. 17.9% fewer than in 2011. The number of properties proposed for sale (109,300 units) was down by 11.4%. This trend quickened during the last quarter of the year with just 20,300 new homes being proposed for sale (34.3% fewer than in the fourth quarter of 2011). Consequently, the total stock of apartments proposed for sale is down compared to the third quarter and now accounts for no more than one year's sales. On the other hand, the percentage of completed stock has increased to 5.3% of the total stock.

The Fédération des Promoteurs Immobiliers, whose monitoring group covers approximately 82% of the market, estimated the volume of unitary sales at 73,700 units in 2012. This is the lowest level for 16 years, being 28% down in comparison to 2011 and 36% in comparison to 2010. The main reason for this is the slide in sales to individual investors, which totalled 42% over the year 2012 and in the last quarter. Where prices are concerned, in 2012 these increased by 0.9%. According to the new INSEE index for new properties (please see page 4), the prices fell by 1.4% over a year, but between the third quarter of 2011 and the third quarter of 2012.

According to the Markemétron newsletter (a market report examining sales of non-project houses), over the last twelve months (to the end of January 2013), the number of gross sales totalled approximately 123,000 units and was down by 18% compared to the previous 12 months. Over the last three months, it was down by 11% compared to the previous three months. Regarding housing construction, up to the end of February 2013 the number of authorisations fell over the space of a year by 7% and the number of new housing starts by 18.3%. The total achieved, (335,800 homes including 295,400 in new buildings and 40,400 built onto existing buildings) means that we are now in a situation in which housing needs are no longer being met, even based on the lowest estimates.

The availability of credit

According to the Observatoire Crédit Logement (housing loan monitoring group) / CSA, the distribution of housing loans to domestic clients (new properties, all properties and upgrades) was down by 27.2% by the end of February 2013 when considered annually (year-on-year). By late 2012, the fall in production totalled 35.5%. This development appears to signal the beginning of a period of stabilisation.

In February 2013, competitive sector loan rates for the whole market stood at an average of 3.13%. Since February 2012, rates have therefore fallen back by 82 base points. This fall in rates chiefly benefits the market for older properties with an average rate of 3.08%, a fall of 89 base points over a year.

(1) Conseil Général de l'Environnement et du Développement Durable: Calculations by J. Friggit based on DGFIP data