

INSEE NOTARIES INDEX (INSEE- labeled)	Non-new apartments				Non-new houses			
	Index value		Variation*		Index value		Variation*	
	2010 T4	2011 T1	3 months	1 year	2010 T4	2011 T1	3 months	1 year
Metropolitan France	226,7	231,1	1,9 %	10,5 %	196,7	195,0	-0,8 %	7,8 %
Île-de-France	235,9	245,9	4,2 %	16,5 %	186,0	188,7	1,5 %	8,3 %
Provinces	218,3	217,5	-0,4 %	4,9 %	200,4	197,3	-1,6 %	7,6 %

\* 3-month variation: development between 2010T4 and 2011T1 \* 1-year variation: development between 2010T4 and 2011T1.

apartments are fairly contained; four cities display prices that are slightly down: Bourges (-1.3%), Besançon (-1.3%), Rouen (-0.5%) and Amiens (-0.5%). Only Limoges has suffered a significant fall of -6.5%.

Where houses are concerned, five conurbations recorded negative developments: Caen (-1.6%), Montpellier (-5%), Saint-Etienne (-5.3%), Nancy (-0.3%) and Metz (-11.4%). In the last of these, this strong fall can be attributed to the growth in the share of small houses (4% in the first quarter of 2010 compared with 14% in the first quarter of 2011).



## ■ The resale market: an increasingly diverse and active market

### Volumes no longer catching up ?

After the significant fall seen in late 2008 and in the first half of 2009, the sales volume for resale properties in France as a whole has risen steadily since and reached 806,000 between April 2010 and March 2011, a 23% improvement on the same period a year earlier. However, this development has waned since the start of the year, as between 2009 and 2010, the increase reached +32%. In the 1st quarter of 2011, over the provinces as a whole, volumes were up 24% on the 1st quarter of 2010, but down 3% in relation to the 4th quarter of 2010. This seasonal fall is normal. In Ile-de-France, the number of properties sold in the first quarter of 2011 showed a slight contraction (-4%) compared to the 1st quarter of 2010, so it is necessary to wait for the figures for the next quarter in order to verify whether this trend is confirmed.

### Increasingly marked price variations

The analysis of the prices of resale properties (houses and apartments) during the course of the previous quarters revealed development

disparities from one department to another, but not at national level, as in the 4th quarter of 2010, we saw a 9.2% increase for apartments and 9.6% for houses.

The indices for that quarter show that the price of apartments rose 10.5% in one year, while that of houses increased by 7.8%.

This divergence between the two markets is confirmed over the last three months: +1.9% for apartments, compared with -0.8% for houses. Two reasons for this situation are apparent: the first of these is property prices that are compelling a large section of purchasers to turn towards the acquisition of apartments, which are generally less expensive than houses, while the second is the attraction of property investment in collective housing, due to the "safe investment" factor that offers less random performance than the stock market.

In the first quarter of 2011, 21 departments had apartment prices which were down overall on the previous year and 32 for houses, while only 12 departments registered rises greater than 10%, for flats as well as houses, including Ile-de-France.

If we examine this in more detail, this disparity between apartments and houses exists both in Ile-de-France and in the provinces, as the change in apartment prices over a year for the Paris region is 16.5%, with a considerable deviation between Paris (+20.8%) and Essonne (+5.8%), for example; the same goes for houses, with +17.4% in Hauts-de-Seine and +3.7% in Seine-Saint-Denis. As for the provinces, the price falls for

## ■ The new-build market: the PTZ+ (zero-rate loan) effect appears to be some way off

After the reduction of the tax breaks linked to buy-to-let investment and the disappearance of the Pass Foncier, the volume of sales in the first quarter of 2011 equates to the lowest level recorded since the 4th quarter of 2008, with just 22,200 properties sold, 17.2% fewer than in the first quarter of 2010 (-15.9% for apartments and -26% for individual properties).

However, the number of properties placed on the market grew by 4.2% in a year (+6.5% for apartments and -10.9% for houses), increasing time to market in certain regions. The novelty of the PTZ+ will certainly require a greater period of adaptation than anticipated in order to compensate for investors' losses. Where prices are concerned, annual rises of 6.8% for apartments and 2.8% for individual houses were recorded for the 1st quarter of 2011; these are due in particular to the property tax rise in the last two years and the effect of the new BBC (low consumption building) standard. On the apartment market, 4 regions display prices that have dropped slightly (up to -2%): Corsica, Limousin, Lorraine and Bourgogne. Conversely, in Haute-Normandie, Pays de la Loire, Poitou-Charentes, Aquitaine and PACA, new-build prices have risen between 10% and 13%.

In terms of the new-build market, we will have to await the draft of the new finance law in the autumn before assessing dynamism over 2011 as a whole.

This is because the market is particularly dependent on investors (2/3 of sales in 2010) who require reassurance regarding the tax adjustments already announced, but may not receive it as long as the candidates for the presidential election have not declared their plans in this area.

Having said that, it now appears safe to predict that the volume of new-builds in 2012 will not reach that of 2010, namely 115,000 apartment sales.

For resale properties in 2011, judging by the volumes from the first five months and as we have already announced, the number of sale contracts signed is likely to be down slightly on 2010 (782,000 sales). However, nothing is certain yet, as the

property market is subject to positive as well as negative parameters: admittedly, interest rates are climbing, making the property market unviable for a fringe of consumers, particularly first-time buyers, whose numbers have fallen by 3 points for apartments and 2 points for individual dwellings. But at the same time, the PTZ+, which is particularly well suited to the resale market in the provinces and to new-builds incorporating energy-saving standards in the large cities, is making home ownership viable for a certain number of first-time buyers, not all of whom are simply buying their own council homes.

Similarly, the uncertainty of the economic situation is intensifying the principle of property as a "safe investment".

Where prices are concerned, a rise has been recorded in the number of departments and cities displaying a negative

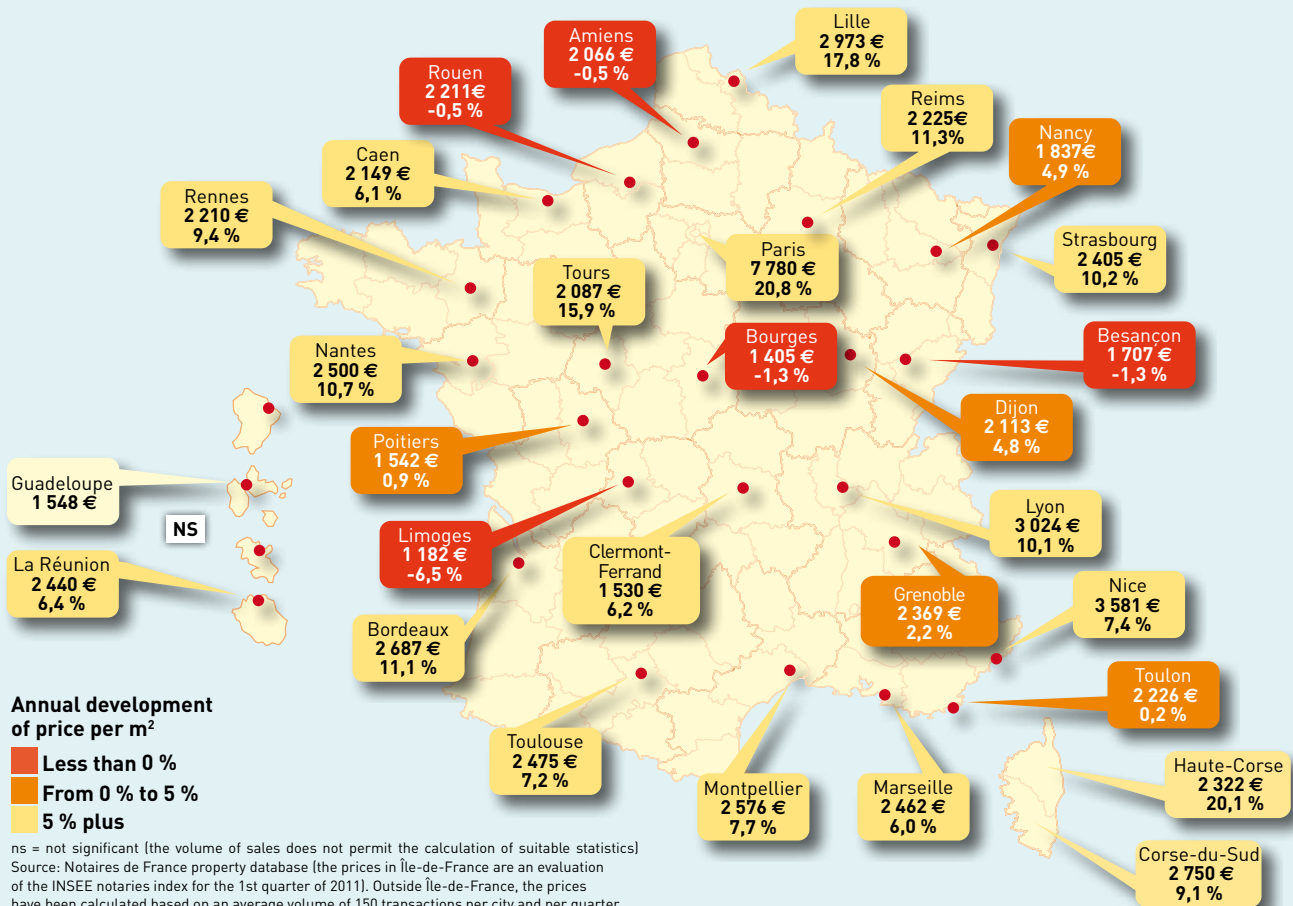
price trend, with their proportion increasing from roughly a quarter to a third.

This trend will be moderate and in no cases in two figures like in 2010, as this increase is essentially due to an adjustment effect at national level. If we are indeed witnessing a deterioration of the euro and dollar currencies, the resulting rise in interest rates would change the property market very significantly, for first-time buyers in particular.

It could be disastrous if this economic situation was exacerbated by a greater tax burden, as let's not forget, if we were to experience a fall in volumes and the corresponding reduction of ownership transfer taxes, the budget situation of the local authorities would be very considerably affected..

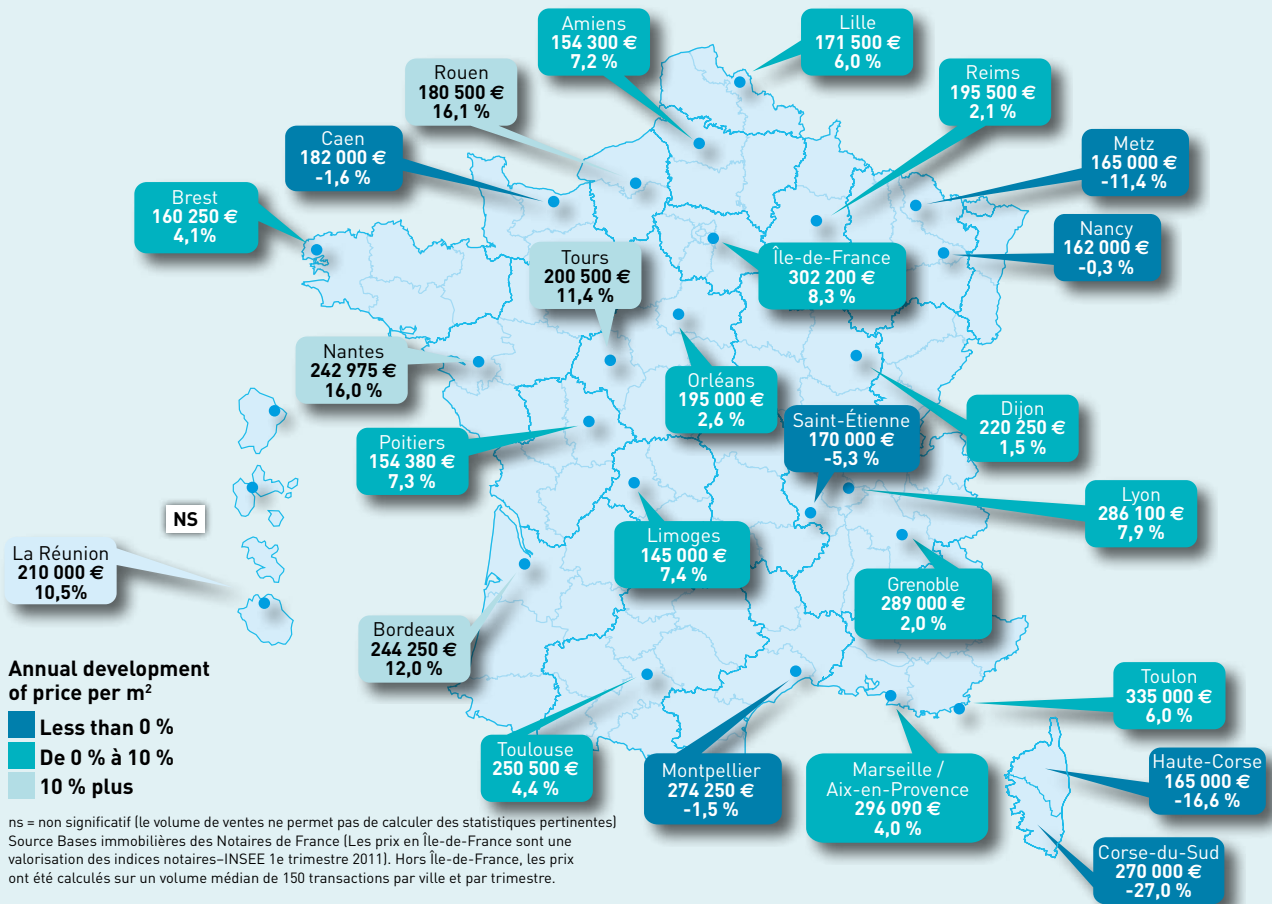
## Average price per m2 of resale apartments

→ Development over 1 year: 1 January 2010 to 31 March 2010 / 1 January 2011 to 31 March 2011

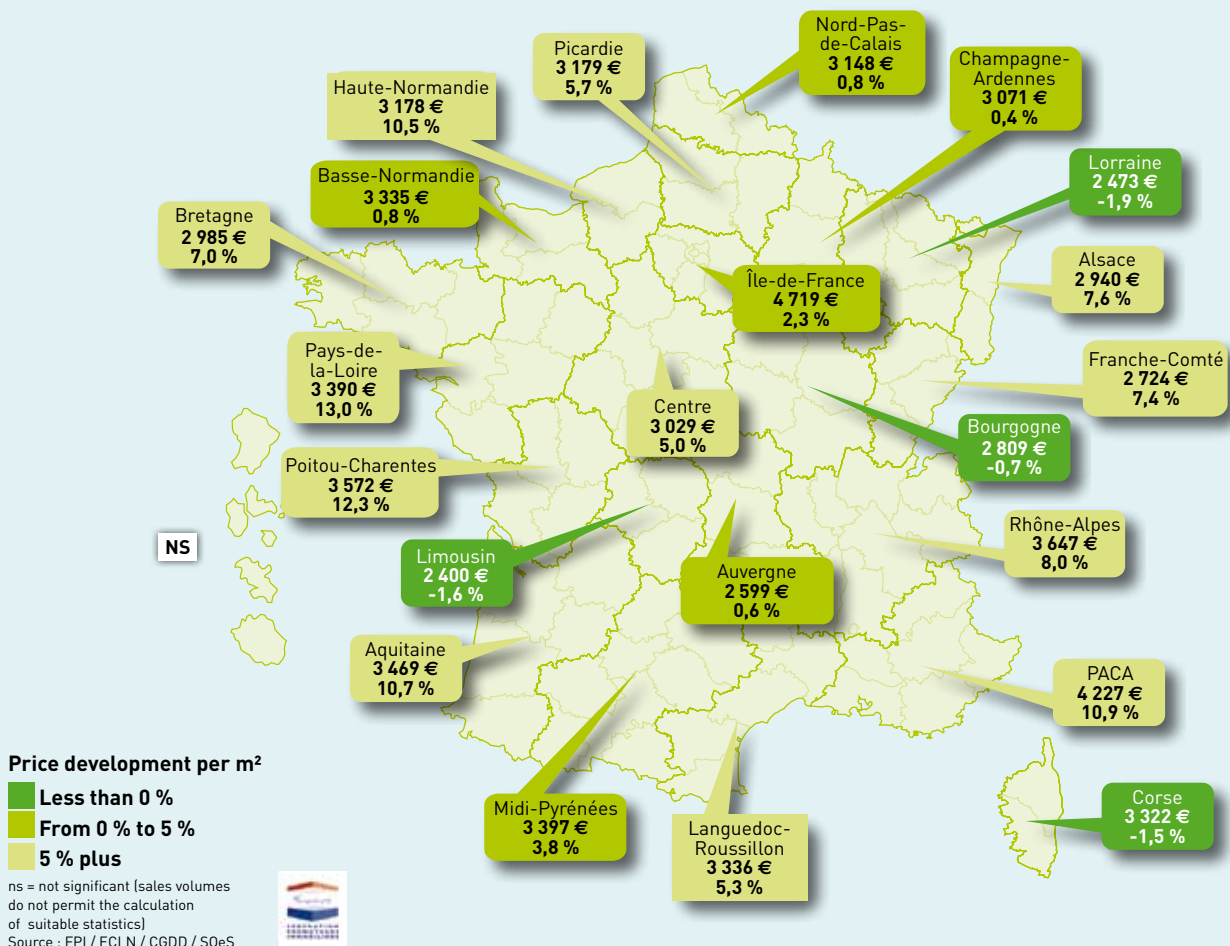


## Average sale price of resale houses

→ Development over 1 year: 1 January 2010 to 31 March 2010 / 1 January 2011 to 31 March 2011



## Price per m<sup>2</sup> of new property in 1st quarter of 2011 (apartments)

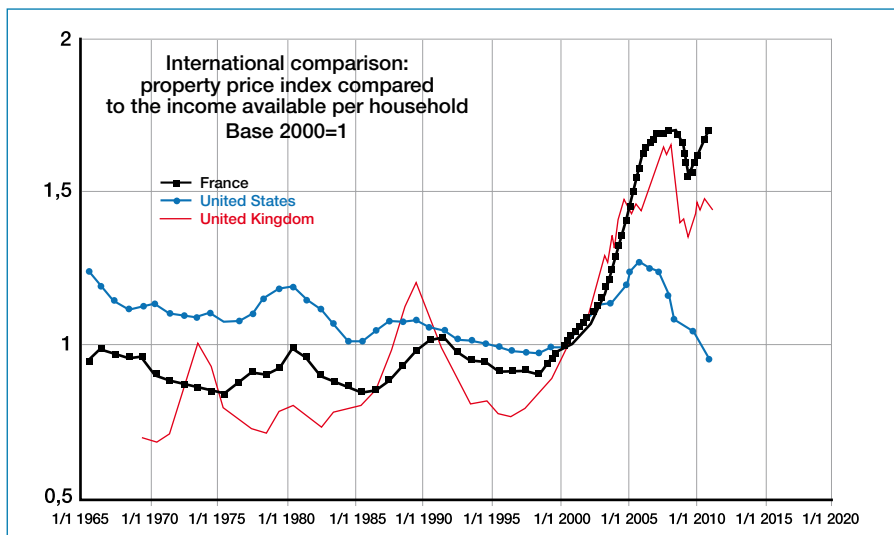


# Housing indices

→ **France:** the property price index for France as a whole is calculated by the Notaires de France in partnership with the INSEE. This index is published every three months and uses the hedonic pricing method. The data results from sale documents transmitted by the notaries.

→ **United States:** the FHFA index produced by the Federal Housing Finance Agency, a US government body, measures the development of the price of individual houses based on a sample of mortgage loans, using the repeated sales method.

→ **United Kingdom:** the DCLG index is the official house price index published by the British government, based on a sample of mortgage loans. It uses the hedonic pricing method.



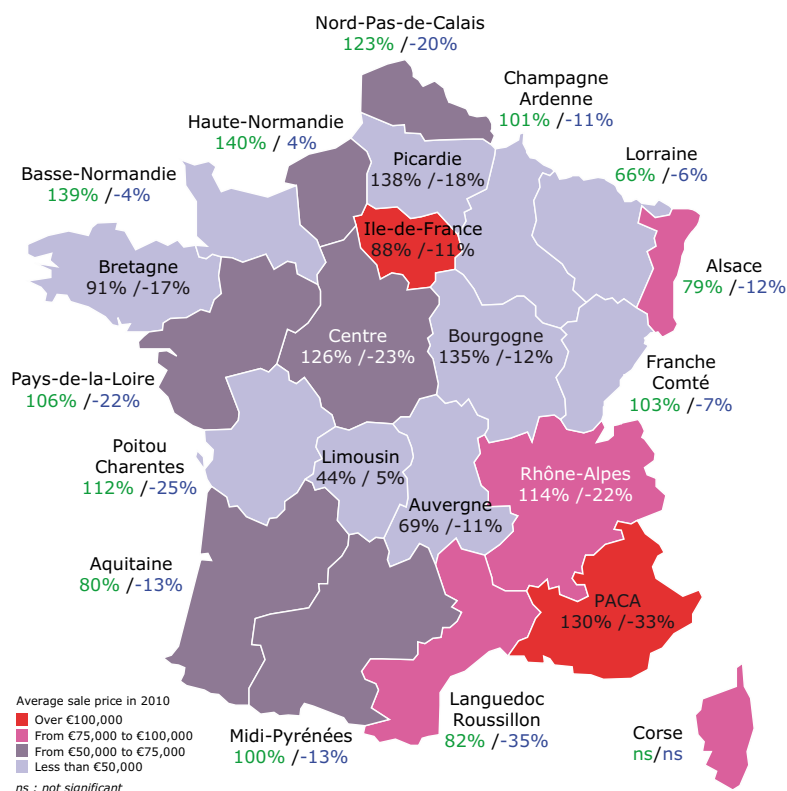
Source: CGEDD according to INSEE, notarial databases, deseasonalized INSEE Notaries Indices, Freddie Mac, FHFA, R.Shiller, US Bureau of Economic Analysis, Census Bureau, Bureau of Labor Statistics, UK DCLG, UK National Statistics.  
Graphic downloadable at: [http://www.cgedd.developpement-durable.gouv.fr/rubrique.php?id\\_rubrique=138](http://www.cgedd.developpement-durable.gouv.fr/rubrique.php?id_rubrique=138)

## The land market

In 2010, the average price of building plots intended for the construction of individual dwellings varied in a proportion from 1 to 5 between Limousin (€25,000) and Provence-Alpes Côte d'Azur (€128,000). With Ile-de-France (€113,000), a single other region, la Réunion, exceeded €100,000. Ten regions of metropolitan France have a price of around €50,000 (+/- 10%). The average surface area of the plots varied between €481 per m<sup>2</sup> in Languedoc-Roussillon and €1,528 in Limousin. The more expensive the land, the smaller the plot. The dispersion of prices per m<sup>2</sup> is therefore greater than that of the prices of plots: the average m<sup>2</sup> in Provence-Alpes-Côte d'Azur is worth twelve times more than that in Limousin.

In ten years (2001-2010), the prices per m<sup>2</sup> in Provence-Alpes-Côte d'Azur have multiplied by 3.5. They have also more than tripled in the Picardie and Centre et Nord-Pas-de-Calais regions and have at least doubled everywhere else with the sole exception of Limousin. In order to reduce the impact on the price of the houses, the size of plots has been reduced in almost all of the regions, sometimes to a significant extent: -35% in Languedoc-Roussillon or -33% in Provence-Alpes-Côte d'Azur (map). In contrast, it has increased in Limousin and remained stable in Normandy.

Development of prices over 10 years / Evolution of the areas over 10 years



Ile-de-France has seen its average plot size drop by 11% and the average price rise by just 88%, given that 15 out of the 22 regions of metropolitan France excluding Corsica have seen a larger increase. Does this suggest that the plots sold in 2010 are, for example, more outlying than in 2001, or that the individual house is losing popularity in Ile-de-France? The fact that the price index for resale houses there has increased less than in the provinces (74% instead of 84%) lends weight to the second hypothesis, but only the development of a land price index would make it possible to be certain.

1-The developments observed in Corsica and in the overseas territories, with the exception of Guadeloupe, are not significant.

Find all the analyses and the conference press pack on the Notaires de France property portal accessible at <http://www.notaires.fr>

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