



HOMEHUNTS
LUXURY PROPERTY SPECIALISTS

INSIDE FRANCE

**PRIME PROPERTY OBSERVATIONS FOR
SMARTER, SAFER INVESTING**

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SPRING 2015





Cap Ferrat, on the French Riviera, continues to be Home Hunts most expensive and desired address

KEY FACTS

FNAIM reported an average 1.5% drop in house prices in France in 2014. Only one hotspot has seen house prices increase in the last 12 months: Languedoc, by almost 1%.

Home Hunts has found that enquiries and sales of prime property were up 35% overall in 2014, compared with 2013.

The most common nationalities of buyers are British, French, American, Swiss, Russian and Middle Eastern, but many are also Italian, Belgian, Scandinavian, Brazilian and Eastern European.

The following arrondissements in Paris are the most sought after by overseas buyers: 6th, 7th 8th, 16th (north), 17th (around Parc Monceau) and 18th (Montmartre).

Home Hunts' most popular property price bracket in 2014 was €1-€5 million in the French Alps, which received 90% of the overall interest from buyers making enquiries in this region.



“We want to ensure that 2015 is the year of the deal”

Director, Tim Swannie



“We are perfectly placed to help clients find their dream properties”

Director, Francois-Xavier de Vial

INSIDE FRANCE'S PRIME PROPERTY MARKET

Flexible property prices and unique, favourable market conditions could make 2015 the year of the deal

WHILE house prices dropped in many areas of France in 2014, even in key prime hotspot locations, including Paris, they have started to rise in others, such as Languedoc. Combining this with exceedingly low interest rates, favourable currency pairs and the pound spiking at the highest level since 2007, Home Hunts is finding that savvy buyers are taking advantage of France's current unique and irresistible buying conditions.

THE YEAR OF THE DEAL

Throughout 2014 Home Hunts received 35% more enquiries and sales for prime market properties than in 2013. After a buoyant start to the year – January was the busiest month Home Hunts had experienced for four years despite it usually being one of the quietest – buyer activity really started to boom in the third and fourth quarters of 2014.

“We received a lot of interest from the UK because of the strength of the pound against the euro and this continues to be the case,” says Tim Swannie, Director of Home Hunts.

“We have had buyers from all over the world, including China, the Middle East, America, South Africa, Brazil, Russia, as well as Europe. We have also sold a wide range of properties, such as apartments in Cannes and Paris, vineyards in Bordeaux, a chateau in Provence, waterfront villas on the Riviera and chalets in the French Alps.”

Yet while Home Hunts has worked with buyers from all over the world who have invested in a huge variety of property types, they all had one thing in common: they were all looking for a deal.

UNIQUE FRENCH MARKET CONDITIONS

All clients are taking advantage of this unique time in the French housing market to find their dream home, in their dream destination,

at their dream price. When analysing transaction records, Home Hunts can confirm that properties which sell have either been put on the market very recently – and been aggressively priced to attract buyer attention – or are those where the owner needs to sell and is willing to be flexible.

“If owners are not willing to take an offer then their property will sit on the market for a long time,” says Swannie.

FINDING DREAM PROPERTIES

With the lure of a good deal all the more possible in 2015, along with such interesting market conditions, clients have discovered that they can find exactly the property that they have been hoping for.

“We are perfectly placed to help people locate their dream properties and we focus on bringing clients what they want,” says Francois-Xavier de Vial, Director of Home Hunts. “As a buyer's agent, we are in touch with all estate agents in France, and our team makes it their mission to ensure they cover the entire French market for our clients.”

SAVVY FUTURE INVESTMENTS

Home Hunts expects confidence in the market to continue growing throughout 2015 as price flexibility continues. In addition, with the general elections coming up in 2017 and a change of government expected, many buyers are already looking for properties with this in mind.

“We are already being contacted by developers and investors who are looking to take advantage of current market conditions in order to reap the rewards in a couple of years' time,” says Swannie. “We will continue to hone our skills and source properties that meet our clients' criteria. We want to ensure that 2015 is the year of the deal.”

FRANCE'S PRIME MARKET HOTSPOTS

Paris, the Alps, the South West, Languedoc, Provence and the Riviera – data gathered by Home Hunts' consultants all over France revealed these regions as the country's most coveted

PARIS

AVENUE Foch, Rue de Rivoli, Place des Vosges...Paris is home to some of the most coveted safe haven addresses in the world. And as the most visited city in the world, with 32.3 million visitors in 2013, it is also one of the most sought after second home destinations.

A young and vibrant city, as most of its 12 million inhabitants are under 40, it is the financial hub of France with a buzzing commercial centre from which one-third of Fortune 500 companies run their headquarters.

A review of house prices in the Ile-de-France region by the FNAIM (the national association of French estate agents) shows an overall drop of almost 2% in 2014. Combining this with low interest rates means that there are some savvy real estate investments to be made.

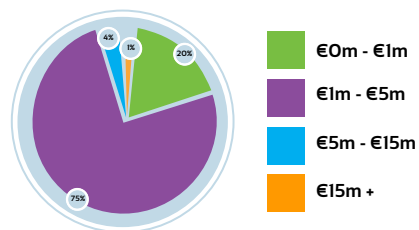
According to Hervé Levy, a consultant at Home Hunts' Paris office, the following arrondissements have proved most popular with overseas buyers throughout 2014: the 6th, 7th and 8th; the north of the 16th; around Monceau Park in the 17th; and in Montmartre in the 18th. "The north of the 16th is popular because it is next to the golden triangle and its boutiques," explains Levy.

"In the golden triangle, prices keep increasing as it is a secure place to invest for the medium- to long-term. Monceau Park is also a great place for families to live, with its park and British school, as well as the Luxembourg Park area. Montmartre remains as popular as ever for its views all over Paris."

Montmartre is a Parisian hotspot for overseas buyers (Place Valada pictured)



Percentage of enquiries per price bracket



Buyers' nationalities

- American
- Middle Eastern
- Lebanese
- English
- Italian
- Brazilian



Property in the Portes du Soleil area is less expensive than in the Three Valleys or Espace Killy

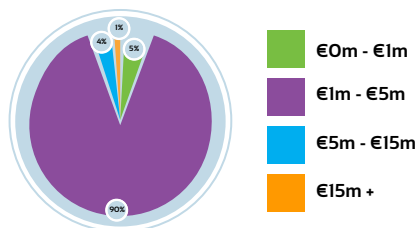
THE ALPS

LACK of snow cover at the start of the season is encouraging buyers to factor in year-round use and altitude skiing into purchasing criteria. Chamonix will always be high on the list of where to buy, and it offers the best possible year-round use with only October and November considered as low season.

Yet the resorts of the Grand Massif – Samoëns, Les Carroz, Arraches and Morillon – are fast becoming popular due to their proximity to Geneva and the fact they are considered to be "altitude resorts".

"The Portes du Soleil are sought after for the same reasons, as well as it being a vast ski domaine," says Chris Leder, a consultant for The Alps. "All these areas are a fraction of the price of their better-known sisters (Three Valleys and Espace Killy) and half the time from Geneva. They also have more summer activity so year-round use is better."

Percentage of enquiries per price bracket



Buyers' nationalities

- English
- Swiss
- Russian
- Danish
- American
- French

"In terms of up-and-coming areas, Samoëns is offering buyers excellent value for money. A fraction of the price of destinations such as Three Valleys, its year-round value for money is unbeatable," says Leder.

SOUTH WEST

HOME Hunts' south-west territory combines the Midi-Pyrénées and Aquitaine regions, with the most popular area for sales and enquiries in 2014 proving to be the Périgord Noir.

"The Périgord Noir is very popular with overseas buyers and their reasons seem to be twofold: the scenery and the ambiance," says Esther Deneau, a Home Hunts' consultant at the south-west France office.

As house prices, according to the FNAIM, have dropped by 1.7% in Aquitaine and by 0.5% in the Midi-Pyrénées in 2014, south-west France is offering some irresistible investment opportunities – particularly when combined with the growing strength of sterling.

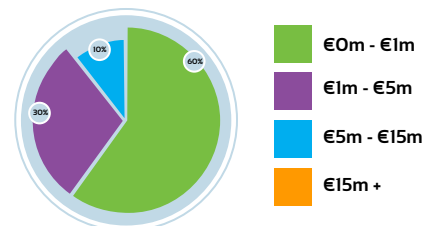
While the Dordogne retained its crown as most popular department, the Gironde, home to Bordeaux's wine region, is fast becoming a favourite with buyers.

"This area, as well as the Lot-et-Garonne and around Bordeaux, offers great value for money and stunning landscapes," says consultant Rory Ramsden, "plus the infrastructure is excellent."

Renowned for its world class wine-making traditions, Bordeaux is also a modern metropolis with an international airport and spectacular transport system.

By 2017 the city will be part of a high-speed rail network that will connect to Paris in two hours, which will raise house prices in the area.

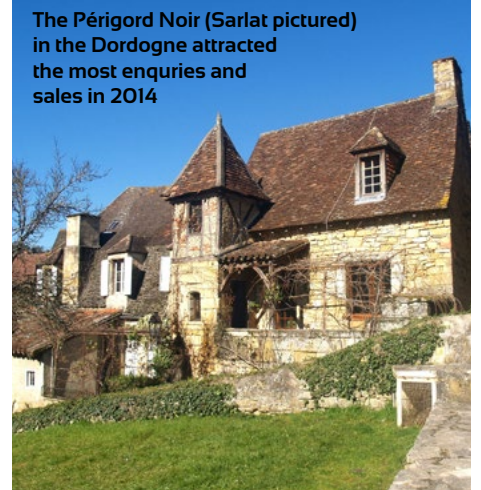
Percentage of enquiries per price bracket



Buyers' nationalities

- British
- American
- French
- Scandinavian
- Indian
- Dutch

The Périgord Noir (Sarlat pictured) in the Dordogne attracted the most enquiries and sales in 2014



LANGUEDOC

LONG renowned for its diversity – from its smooth sandy beaches to wild mountain plateaus – Languedoc is also noted for offering property buyers excellent value for money.

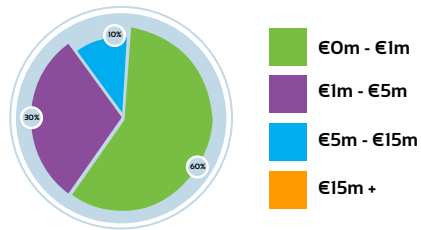
"People choose Languedoc as it hasn't been taken over by mass tourism and therefore it feels like a real French region," says Albert van Creveld, a consultant for Languedoc. "Prices are more economical, compared to areas like Provence, but the climate is the same."

The most popular locations for buyers are in the towns and areas between Carcassonne and Narbonne, as well as Nîmes, Uzès and Montpellier.

Buyers looking to make the most of their investment should explore the towns and the areas around Narbonne, a beloved holiday destination of the French. "Narbonne has developed a great infrastructure and will have its own TGV station in the next couple of

years," says Creveld. "This development, along with its proximity to the Mediterranean Sea and moderate climate, is currently attracting many new residents."

Percentage of enquiries per price bracket



Buyers' nationalities

- British
- Swedish
- Belgian
- German
- Italian
- American



The Canal de la Robine in Narbonne is a favourite holiday destination of the French

PROVENCE

FROM the beauty of the Var countryside to the glamour of St Tropez, this varied region is easily accessible, sun drenched for the majority of the year and offers some of the most attractive properties on the market. Some still say, however, that the real Provence can only be discovered in the Luberon.

"The Luberon still has a high attraction for buyers in Provence, mainly because of the selection of villages concentrated in north Luberon," says Nicola Christinger, a consultant at the Provence office. "St Remy de Provence is a very good example of a town that is consistent in price with a stable market."

Property along the Provence coast, in resorts such as Bandol, Hyères-les-Palmiers, Saint Tropez, Fréjus and Saint-Raphaël, was also highly sought after by Home Hunts' clients during 2014.

According to Home Hunts, villages on the southern side of the Alpilles – located between

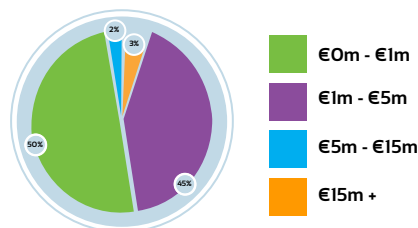
Avignon and Arles – have grown in appeal to buyers in 2014.

"Mouries, St-Etienne du Grès and Fontvieille are becoming increasingly popular as the prices are slightly less expensive, but still offer beautiful villages, lifestyle and countryside," says Christinger. "The Alpilles has performed well even in a difficult market over the past few years. There is culture on offer in larger towns, such as Avignon and Nîmes, and excellent transport links to international airports and the TGV."

Les Baux de Provence is situated in the heart of the Alpilles



Percentage of enquiries per price bracket



Buyers' nationalities

- British
- German
- Russian
- Chinese
- Swiss
- Middle Eastern



Villefranche-sur-Mer attracted a large share of enquiries and sales throughout 2014

RIVIERA

THERE are three distinct areas in the French Riviera that stand out for their popularity in 2014. The first of these is in and around Valbonne and Mougins, the latter being just a 15-minute drive from Cannes.

"There are many good and reasonably-priced restaurants in this area and the villages are lively all year round," says Tim Swannie, Director of Home Hunts. "It also has the best international schools and the European Silicon Valley."

Close to Monaco with incredible views, Villefranche-sur-Mer and Saint-Jean-Cap-Ferrat have also attracted a large share of enquiries and sales in 2014. "The bay of Villefranche has been voted many times as the most beautiful bay in Europe and Cap Ferrat is one of the world's most sought after, and expensive, addresses," says Swannie.

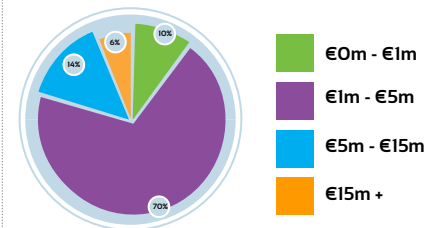
Cannes and Cap d'Antibes, well known for their beaches, exclusivity and year-round activities also continue to be highly popular with Home Hunts' clients.

Grasse – and its surrounding areas – is currently viewed as a good up-and-coming location to invest in by the Home Hunts team because it is not as expensive as other back country Riviera locations.

"With the new dual carriageway that is going to be built, this area would certainly pick up in value in the future," says Swannie, adding that properties on the Riviera as a whole have dropped by around 20% since 2008.

"Properties here have become a very good investment opportunity," he adds. "Rental yields are high, as with 300 days of sunshine, the Med at your feet and the Alps just behind, it really is a year-round destination."

Percentage of enquiries per price bracket

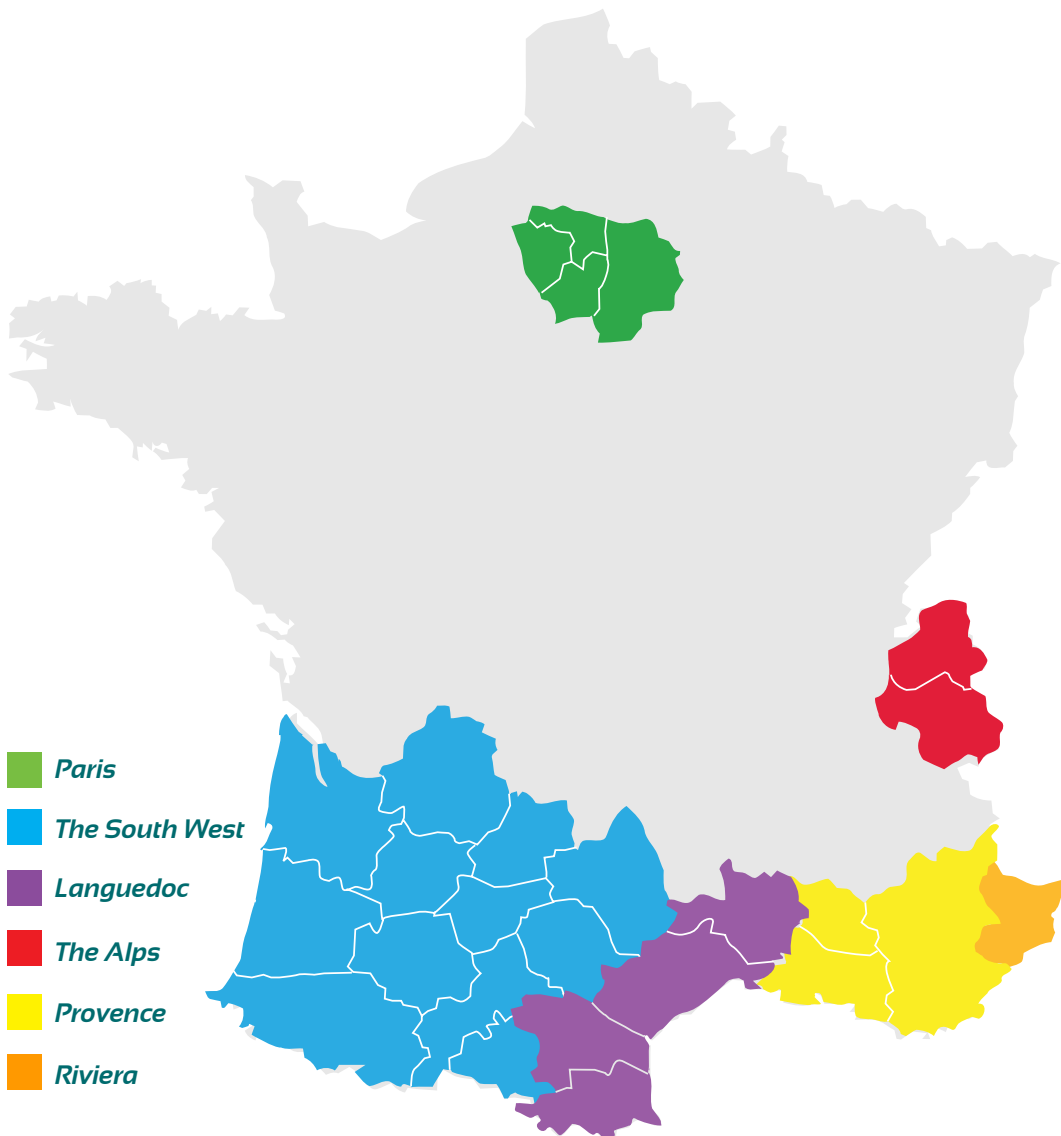


Buyers' nationalities

- British
- Russian
- Middle Eastern
- Scandinavian
- Eastern European
- American

PRIME PROPERTY FOCUS BY REGION

What types of properties are the most popular with buyers?



Riviera

Properties attracting the most attention along the Riviera are:

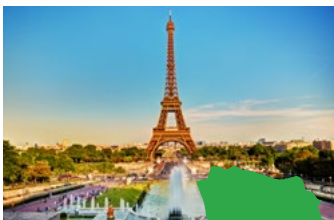
- Villas with sea views.
- Bastide or farmhouse-style houses in the countryside.
- Waterfront properties.



Provence

The following properties tempt buyers the most in Provence:

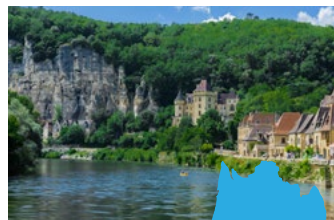
- Stone farmhouses with land.
- Properties with hobby vines or olive groves.
- Houses with "lock up and leave" possibilities.



Paris

What kind of property is winning the most sales in the City of Light?

- Apartments with Eiffel Tower views in the 7th, 8th or 16th.
- Chateaux one hour from Paris.
- Two-bedroom apartments below €1 million in Montmartre.



South West

The most sought after properties in Home Hunts' south-west territory are:

- Perigourdine and stone properties.
- Gite properties with income.
- Chateaux with fairy-tale architecture.



Languedoc

These properties are creating the most interest in Languedoc:

- Second home properties near the coast or Canal du Midi.
- Stone properties with land.
- Vineyards for leisure or business investment.



The Alps

What is getting buyers excited in the French Alps?

- Renovated chalets with contemporary interiors.
- Properties near Lake Geneva.
- Country estates or chateaux with access to ski slopes.



VINEYARD INTELLIGENCE

Home Hunts' vineyard sales in France boomed in 2014 and are up 35% when compared with data from the previous year. This is why...

THE last few years have seen exponential growth in overseas buyers enquiring into, and investing in, vineyards in both south-west France – in Aquitaine, Languedoc Roussillon and the Midi-Pyrénées – and in the South of France, largely in Provence.

With a team that is experienced and knowledgeable about the wine business and vineyard real estate in France, Home Hunts has recently launched a dedicated vineyard arm to its business and its first ever Vineyard Buyer's Guide.

HOW TO SECURE YOUR DREAM VINEYARD

There are four main reasons why Home Hunts is attracting such a large portion of buyers looking for vineyard properties in France. The first is that it simply has a huge selection of vineyard properties for sale, both on its website and off market.

Why more than any other estate agent? Because it is a buyer's agent and has access to all real estate on sale by all its partner estate agents as well as its own.

Home Hunts is also well connected and always discreet, which is extremely important once you know that only about 10% of vineyard properties for sale are shown in estate agents' collections.

Next, while Home Hunts is a registered estate agent, the fact that it is a buyer's agent means that it acts in the buyer's best interest and offers independent, objective advice.

And finally, all the services that Home Hunts offers its clients – from the market intelligence, to the choice and the after-sales support (ranging from how to sell your wine to where your children can go to school) – are bespoke and can come at no extra cost.

ASK TWO QUESTIONS BEFORE SEARCHING

Those considering the purchase of a vineyard should know the answers to two key questions before starting a search: what do you want your vineyard for, and where do you want to live.

"Two clients I am currently dealing with are looking for different types of vineyards," says Rory Ramsden, consultant and vineyard property expert for south-west France.

"The first being a small number of hectares of vines with a property attached that could allow a small restaurant to be created or an oenotourism activity. The second is a vineyard with Grand Cru status, with modern equipment and a barrel store, with the object of taking over a going concern and developing sales by the bottle (rather than in bulk to a négociant)."

Rory accompanies his clients all the way through the buying process. He ensures that they ask the right questions and get satisfactory answers before embarking on costly due diligence. He also helps them to make a fair verbal offer, structure the purchase and gather a team of reliable experts to carry out the due diligence.

"I also support many of my clients through a negotiation with the current owner that agrees a two-year

handover period, so they are assured of ongoing technical support on the wine-making side and time to meet existing clients," says Ramsden, adding that the real trick when buying a vineyard is to know exactly how you are going to sell your wine.

"Owners often agree and then we make it a condition in the 'compromis de vente', which is the preliminary sales contract," he says.

WHAT IS SELLING AND WHO IS BUYING?

According to Home Hunts, Bordeaux vineyard properties with renovation potential are highly sought after at the moment. In terms of who is buying, the main nationalities are British, American, Russian and Chinese, as well as expats working in Asia who are looking for a second home.

When it comes to budget, around 75% of enquiries and sales are for properties in the €0-1 million bracket. Around 20% are looking for properties between €1-5 million, 4% are searching in the €5-15 million range, while just 1% are looking at properties that are worth more than €15 million.

SECRET LOCATION TIP

Where can you find good value for money when looking for a vineyard property in France?

Ramsden suggests looking in the Pecharmant Appellation, a well-known wine in the Dordogne department. This AOP (Appellation d'Origine Protégée) can be found in the hills to the north of Bergerac.

"It is only 461 hectares, but the wines compare to those from Lalande de Pomerol in price yet the land is only €30,000 per hectare compared to €220,000 per hectare in St Emilion," says Ramsden.



EXPERT FINANCIAL INSIGHTS

With house prices still falling in most regions, low interest rates and beneficial currency fluctuations, this is an economically advantageous time to buy real estate in France

WHILE buying a property in France is a reality for some, for most it remains a dream – a future possibility for a more opportune moment. But what if that moment is here and the right time has finally come?

A rise in enquiries and transactions throughout 2014 showed that buyers who were waiting on the side lines for an optimal buying opportunity have decided that the time to buy is now.

BUYER ENQUIRIES GO THROUGH THE ROOF

"We have seen a 35% increase in enquiries and transactions when compared with the same period last year, and our market-savvy clients are telling us it's the right time to invest," says Tim Swannie, Director of Home Hunts. "House prices have been falling over the past few years in most areas, including Paris, but they have started to stabilise in some, such as the Midi-Pyrénées, Provence and the French Riviera, and even started to rise in others, such as Languedoc-Roussillon. This bodes well for the future health of the market, so before the increases spread our clients are making the most of the price drops."

It isn't just lower prices that are making overseas buyers flock to France, it is the combination of these plus low interest rates and advantageous exchange rates that are causing France's property market to provide such irresistible buying conditions.

EURO INTEREST RATES LOWEST SINCE 1999

"The Eurozone interest rates are now the lowest they have been since the euro was introduced in 1999," says Tim Yates of

Spectrum IFA, explaining that the reasons behind this are twofold.

"The Euribor 3 month – the interbank rate that most variable rate mortgages are linked to – reached its historical high of 5.3% at the beginning of October 2008, and is now down to 0.08%," says Yates.

However, as the Euribor has come down the banks have taken the opportunity to increase their margins. "Six years ago a typical margin would have been 1%, now it is 2%," he says. "Interest rates have therefore come down from 6.3% in 2008 to as low as 2.1% today."

In terms of reduced outgoings, an owner of a house bought with an €800,000 20-year repayment mortgage could currently benefit from a monthly saving of almost €1,800.

FX RATES FAVOUR OVERSEAS BUYERS

Adam Bobroff, Director of Foreign Exchange at the Foremost Currency Group, says that for those who have been looking to buy a property in France now may well be a great time to snap up a bargain.

"One key factor is the drastic change in exchange rates which, in many of the FX pairs, have moved by over 10% in the favour of an overseas buyer in the past year alone," says Bobroff, explaining that GBP/EUR is at the best level in almost six years, having gained 12% since the summer of 2013.

"This means your dream home in the sun, based on €1,000,000, is a staggering £100,000 cheaper now," he adds.

France remains one of the top locations for Britons buying property abroad, but as the most visited country in the world, with over 84.7 million foreigners visiting the country in 2013, it is also a property hotspot for other overseas buyers. And they, too, are able to benefit from current favourable exchange rates.

"It's not just the Brits that have seen a huge benefit from the exchange rate fluctuation over the past year," says Bobroff. "Americans have gained 16%, Australians will find their purchase to be 11% cheaper since the start of 2014, along with Canadians seeing similar gains, and the Scandinavians have seen smaller savings at up to 2%."

THE TIME TO BUY IS NOW

With the pound fluctuating over 10 cents against the single currency in 2014 – and spiking at 1.35 in January 2015 (the highest level since the end of 2007) due to the initial election news in Greece – the



question is when will this window of opportunity disappear? Will GBP continue to run on such good form and will interest rates remain low?

"In the short- to medium-term, I don't think the pound will gain too much strength before the UK's general election, so euro buyers that need their funds within the next three to six months should consider taking advantage of what is a near six-year GBP/EUR high," says Bobroff.

Another question buyers are puzzling over is why pound/dollar rates have dropped – after hitting a five-year high of \$1.72 last year then tumbling to around \$1.35 – when euro rates remain high?

"Again it's due to interest rates," says Bobroff. "Unlike Europe, the US economy is performing robustly, and this means interest rates are likely to start rising in the US before the UK does. They have also wound up their QE stimulus programme which has given strength to the greenback. Global uncertainty in Ukraine and the oil markets are also causing a 'flight to safety', and the net effect is a strong dollar that is more expensive to purchase."

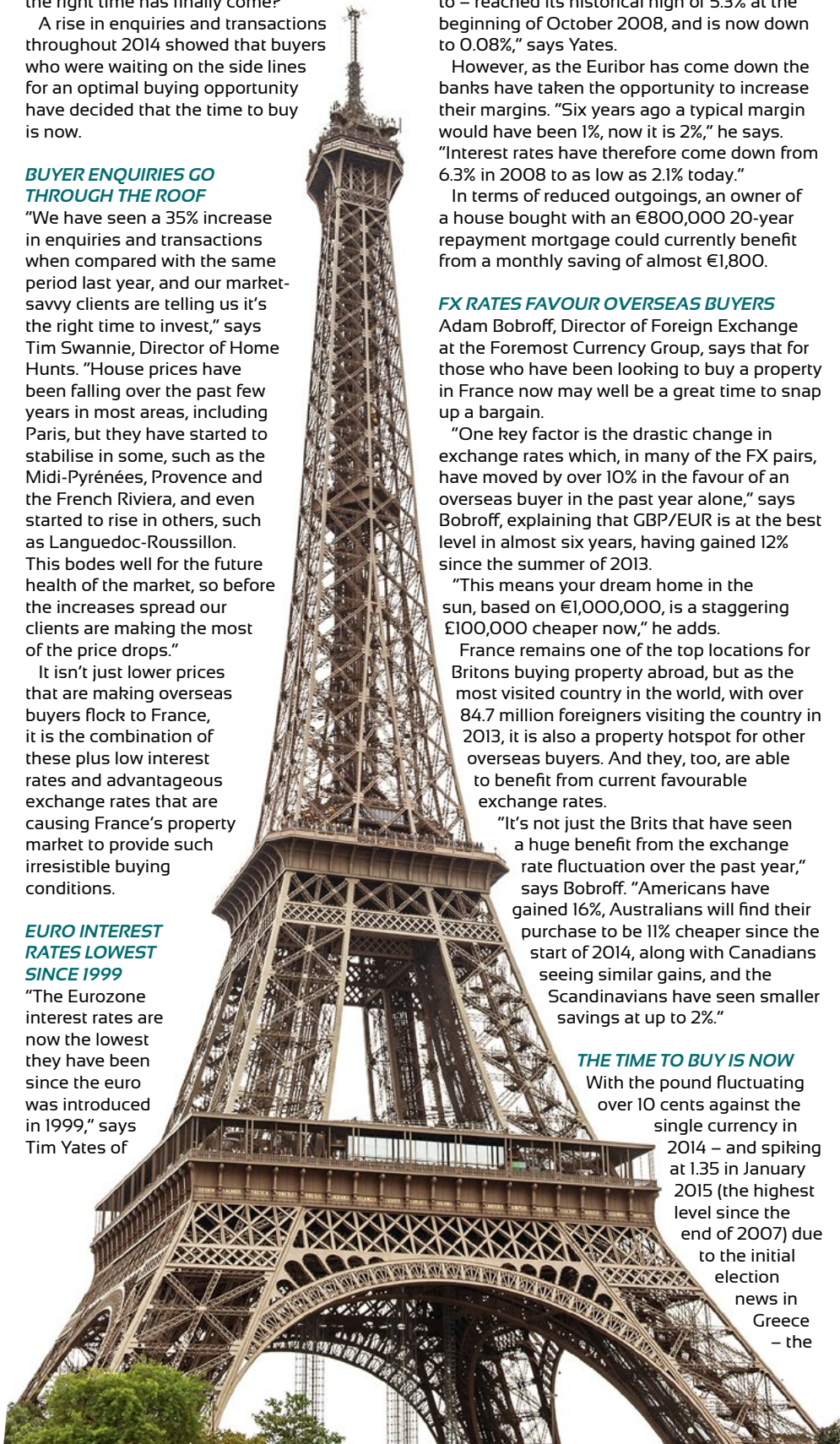
Overall in 2015 rates could fall further as the US is likely to raise interest rates before the UK. However in the latter part of the year this trend could reverse as the UK follows suit.

According to Yates, the main reason the interest rates are currently so low is because the European Central Bank (ECB) is trying desperately to stimulate growth in the Eurozone economy. So this could mean that low interest rates are around for a little while yet. "Keeping interest rates low in order to encourage people and companies to spend is one of the tools that central bankers have in their toolbox," he says.

"There is very little room for rates to fall further, but equally it is not expected that they will increase until there are clear signs of economic growth in the Eurozone."

DREAM PROPERTIES AT DREAM PRICES

"France has always offered stable and secure real estate opportunities with Paris remaining one of the most secure and attractive cities for property investment in the world," says Swannie. "But the current market conditions mean that buyers can, at the moment, pick up a dream property at dream prices."





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IMPORTANT NOTE

Although rules and regulations are largely the same throughout France, they often tend to be open to local interpretation. Home Hunts cannot recommend strongly enough that you check any facts and figures with an official source before making major decisions. Although the authors, researchers and Home Hunts have taken all reasonable care in preparing this document, we make no guarantee about the accuracy and completeness of its content. Any reliance on any information in this guide shall be at the reader's own risk.