

Live & Invest Overseas Retire Overseas Conference

Finding Your French Dream Property

September 17th 2021





Agenda

01 The Basics

02 Renting vs Buying

03 Renting Property

04 Purchasing Property

05 Buy-to-Let

06 Financing



Dennelle Taylor Nizoux

Renestance

- Has lived full-time in France since 2000
- Bachelors in Immobilier (French real estate)
- President and co-founder of Renestance since 2015
- Property finder in Occitanie region



The Basics



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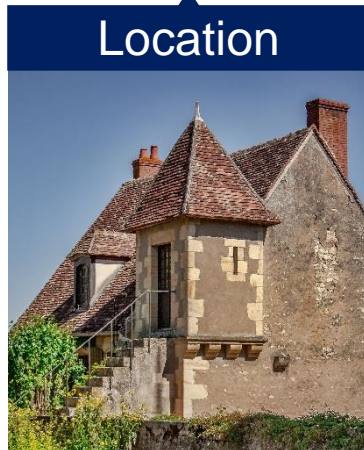
The Challenge – Get Clear on the Basics



Duration

City / Town
Countryside
Coastal
Weather

Part-Time
Full-Time



Location



Budget
Full financed
Mortgage

Finances



Criteria

Style
Size
Bedrooms
Price
Outdoor Space
View
Parking
Access to Public
Transport
Near Other Expats



The Challenge – Types of Houses

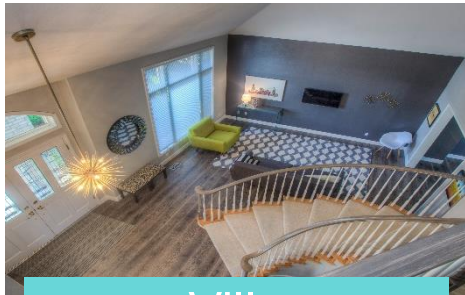
Village House



Modern



Farm House



Villa



Château



Old Charm

Civic
Planning

Outdoor
space vs.
Proximity to
stores

Coastal vs.
Rural vs.
City

Convenience
vs. Charm



Renting vs. Buying



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The Challenge – Renting



PROS

- Less committment
- Lower cost
- Protected by French law
- Lower maintenance
- No property tax
- No concern about sales value
- No large down payment



CONS

- Less selection for house
- Hard to rent as a foreigner
- May have to block large sums
- Security deposit, agency fees
- No equity built, no appreciation
- No say in property management, disrepair
- Limited say for deco (and furn.)
- Annual Rent Rise

The Challenge – Buying



PROS

- No infinite rent payments
- Your style, your stuff
- Value appreciation
- Say in property management
- Become investment, letting
- Can't be thrown out
- Asset becomes collateral
- Protection with mortgage insurance
- Value to pass down



CONS

- Major commitment
- More expensive (fees, taxes)
- Ties up cash
- Market depreciation painful
- French mortgages
- Maintenance costs
- Some drawbacks to letting

Renting In France



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Primary residence or not?

Types of Leases

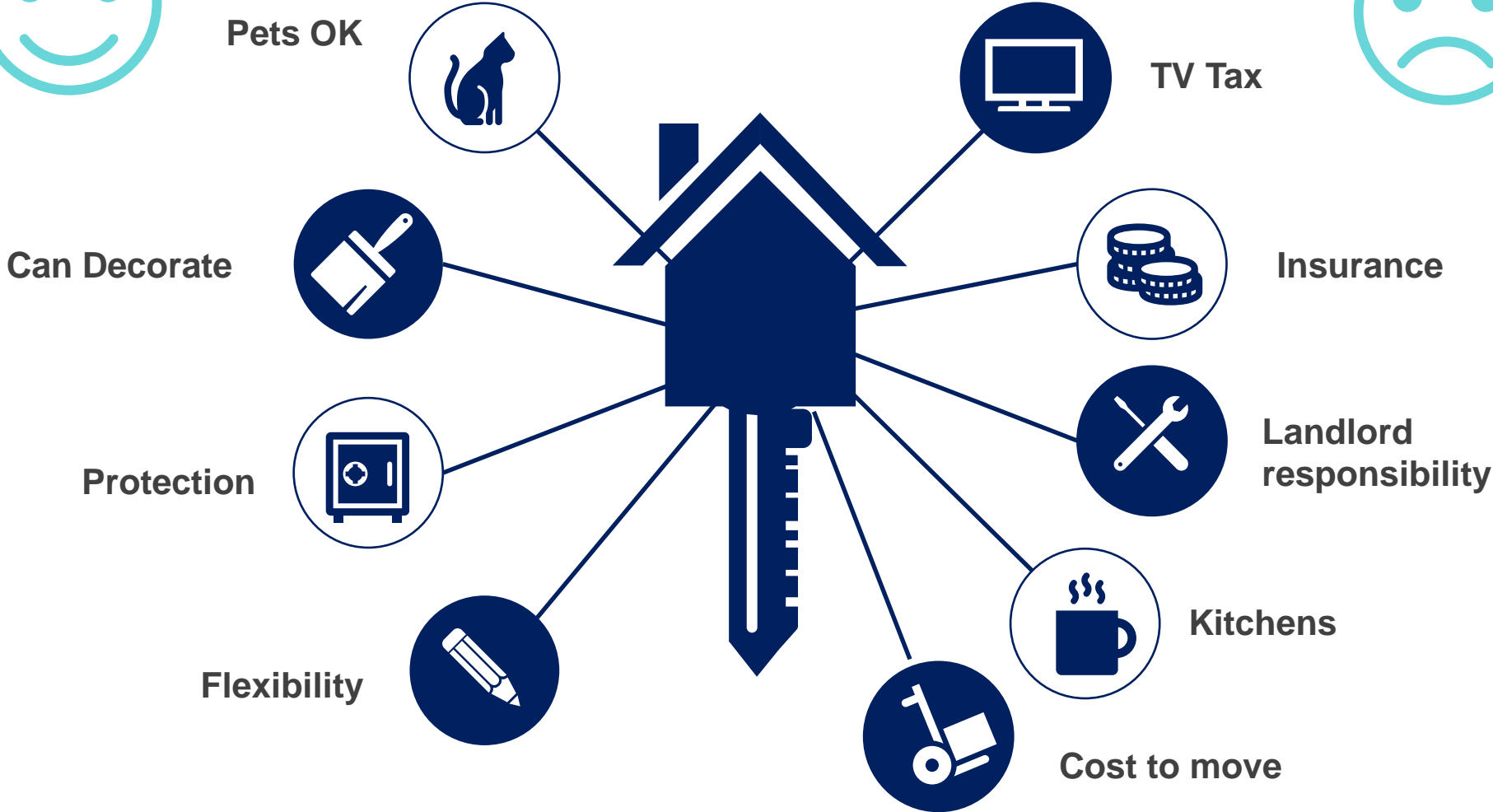
- Unfurnished – 3 years
- Furnished – 1 year
- Student – 9 month
- **Seasonal – up to 180 days**

Note

Landlord is bound by lease term for primary residences and must renew except a few conditions.



Renting - Differences



Renting - Costs

	Montpellier	Nice	Paris
1 Bed, 30-55m2 (323-592ft2)	€633	€793	€1310
3 Bed House, 90-140 m2 (968-1507 ft2)	€1495	€2070	€3450

Up to 25%

More for furnished accommodation



Rent Increases

Yearly by national index

Don't Forget to Include



Bills



Taxe
d'habitation



TV Tax



Charges
(annual
true-up)

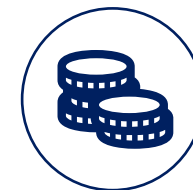


Security Deposits

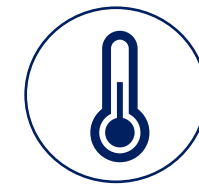
Can be hard to recover in full



Garbage
collection



Renters
Insurance



Boiler
Maint.



Parking



Purchasing Property



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Buying – Types of Purchase

Primary residence or not? Major investment either way

1

Ready to take the leap
Basics checked (location,
housing criteria, finances)
Know and like area in all
seasons
Want to fix it up as you like
No wasted rent payments

Primary Residence

2

Always available for
holidays
Your deco, stuff and
storage
Let it out to cover running
costs
Tax pros and cons

Second Home

3

Know market and
geological risks
Holding for +6 years
Renovations that add
market value
Rental value if not
occupying full-time

Investment

Buying – Cost of Ownership



One-off:

- 7-8% *frais de notaire* at purchase
- Agency commissions (included in listed price)
- Building survey (optional)
- Capital gains tax (at sale) possible if not primary residence

On-going:

- *Taxe foncière* (property tax)
- *Taxe d'habitation* (occupancy tax)
- Repairs, maintenance, security
- Co-owners costs
- Homeowners insurance
- Possibly wealth tax



Buying – Finding a Property

Online via agency

- French sites
- English sites
- Agency sites directly
- Notaires offices

Classic French agency, local office

Privately

- Facebook groups
- Personal network

A property finder like **Renestance**



Buying – Finding a Property

Challenges without property finder

Rarely fluent
English-speaker



High commissions
5-8%



Sales mandate,
works for seller

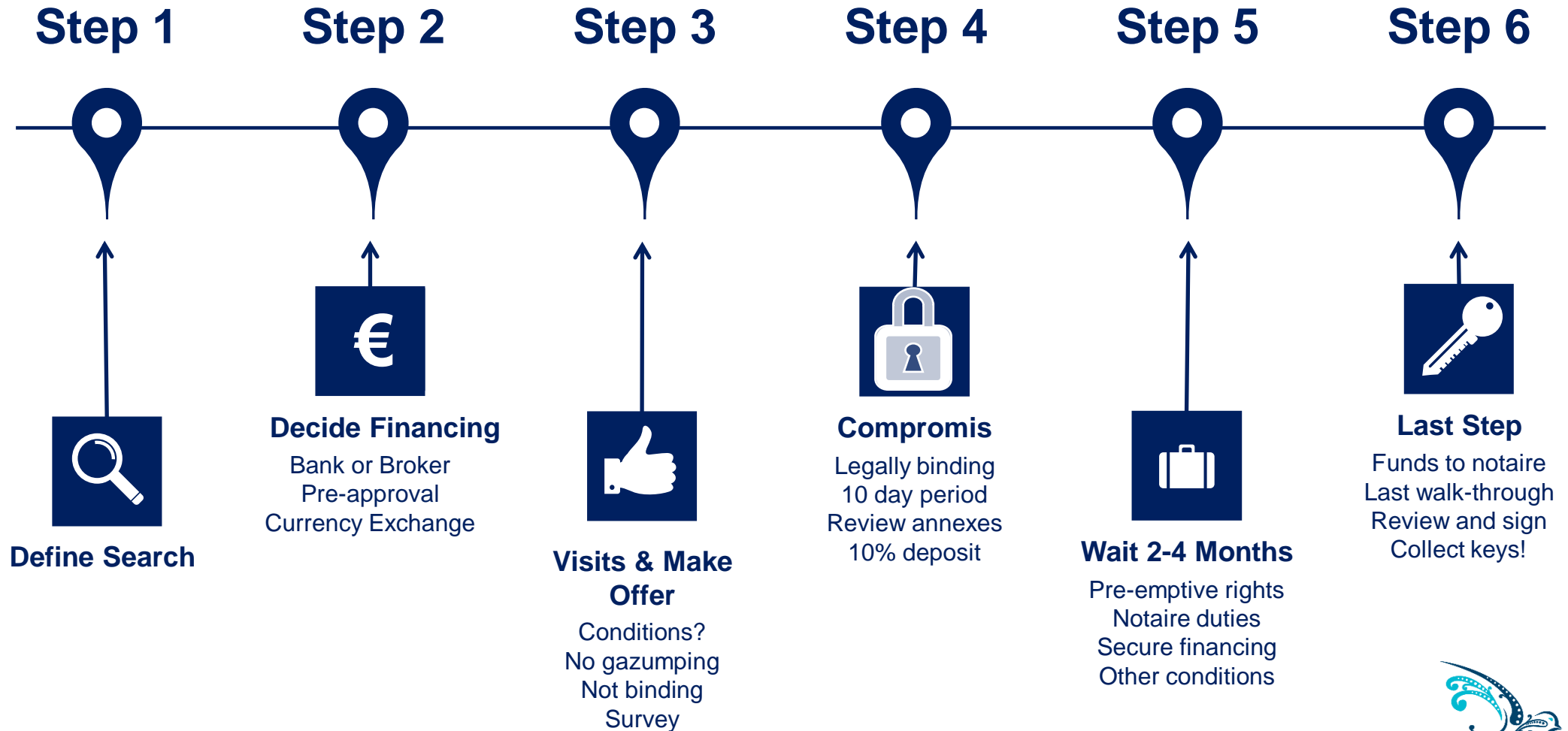


Difficulty
deciphering listings

Time-consuming
legwork



Buying - Timeline 2 – 5 months



Buying – Case Study

01



Client

- Single 70 yrs lady

02



Requirement

- Water view
- Short walk to essentials
- 2 bathrooms
- Old world charm
- No driving

03



Locations

- Montpellier
- Sète

04




Challenges

- No stairs
- Air conditioning a must
- Close proximity to stores




Buying – Case Study

€307,000



180° view,
top floor
3 BD, 2 BA



1035 ft²
A/C, tumble
dryer



Elevator,
Pool,
Closed
garage

Sète

- The Venice of the South of France
- Between Med and Bassin de Thau
- Only coastal hill in area
- About 44K residents
- 20 min to Montpellier
- Good bus service

Buy-to-Let



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Buy-to-Let – Key Points

- France remains World's No 1 tourist destination
- Constant trend of Net immigration
- Shortage of housing stock insulates market
- High rental yields (high season + long term rentals)
- **Location is key**
- Occupancy *more* important than price
- Rental properties fund your dream life in France – 6-10% yield



Buy-to-Let – What to Buy? Villa

Villa Investment Formula:

- 4 bedrooms (sleeps 8 people)
- Swimming pool
 - Private in-ground pool adds €700-€1000/wk
 - Shared pool/Above ground pool adds €200-€400/wk
- Air conditioning, WiFi, Satellite TV
- 30 mins maximum to the beach
- Local facilities within walking distance (boulangerie, bar, restaurant)
- 40 minutes from airport (served by Easyjet, Ryanair)
- High-spec interior finish
- Easy change-over cleaning/maintenance



High season rentals: 8 weeks

‘Shoulder’ season rentals: 12 weeks

Long term rentals: 24 weeks



Buy-to-Let – What to Buy? Flat

Apartment investment formula:

- 2 bedrooms (sleeps 4 people)
- Parking
- High season demand + long ‘shoulder’ rentals
 - Coastal location (Collioure, Marseillan, Antibes, Cassis)
 - Conference centres (Cannes, Montpellier)
 - Festival locations (Sete, Avignon, Nimes, Nice, Menton)
 - City Breaks (Nice, Cannes, Montpellier)
 - Places of interest (Carcassonne, Aix, Aigues Mortes)
 - Student towns (Montpellier, Aix)
- 40 minutes from airport
- High-spec interior finish
- Easy change-over cleaning/maintenance



High season occupancy: 80% (AirBNB)

‘Shoulder’ season occupancy: 55%
(AirBNB + weekly lets)

Event/Conference peak rentals: 4 weeks

Student rentals: 35 weeks



Buy-to-Let – Rental Returns

Property	Location	Purchase Price	High season (8 weeks)	Shoulder season (6 weeks)	Peak weeks	Long term (6 months)	Total	Yield
Villa	Languedoc	€350,000	€16,000	€8,400		€7,200	€31,600	9%
Beach apartment	Languedoc	€150,000	€6,800	€3,000		€5,100	€14,900	10%
Villa	Cote d'Azur (inland)	€700,000	€32,000	€21,000		€12,000	€65,000	9.2%
Beach apartment	Cote d'Azur (low end)	€250,000	€8,000	€4,200		€5,400	€17,600	7%
Villa	Riviera	€1,200,000	€48,000	€16,000	€8,000	€13,500	€85,500	7%
Executive Apartment	Cannes/ Nice	€800,000	€18,000	€9,000	€18,000		€45,000	5.6%



Buy-to-Let – Case Study

01 Client

- Canadian couple, still working

02 Requirement

- Old world charm
- No renovation needed
- 3+ bedrooms
- Short walk to essentials
- Pretty view
- Swimming pool
- Within 1 hr of airport
- Within 1 hr of coast

03 Locations

- Saint Chinian
- Saint Pons de Mauchiens
- Caux
- Roujan
- St Genies de Fontedit
- Faugères
- Caunes-Minervois

04 Challenges

- Wide area considered
- Disagreement on criteria
- Fixed budget, no loan



Buying – Case Study

€308,000



3 BD, 2 BA



Exposed
stone
pool

Fully
renovated,
Fully
furnished



Caunes - Minervois

- Classified medieval village
- Cathar vestiges
- Black Mountain, quarries
- Surrounded by vines
- 20 mn to Carcassonne
- 30 mn to Mediterranean

www.lamaisonbeaumont.com

Financing



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Financing – Considerations

Durée d'emprunt	Meilleur taux immobilier	Taux immobilier moyen	Tendance
7 ans	0,21%	0,55%	→
10 ans	0,34%	0,65%	→
15 ans	0,53%	0,80%	↘
20 ans	0,66%	1,00%	↘
25 ans	0,89%	1,15%	↘

* Taux fixes hors assurance et selon votre profil. Taux actualisés au 16/09/2021 par Empruntis.com. Taux comparés par rapport au 16/08/2021

Elements of French Mortgages:

- Interest rates – national
 - ✓ Very low for past 3+ years
 - ✓ Slight increase in 2020, back down in 2021
- Life insurance
 - ✓ Reimburses your loan in case of death or disability
 - ✓ Adds .25% to .70% of capital per year
- *Hypothèque*, Mortgage guarantee
 - ✓ Approx. 1.7% of loan, one-off cost
- Duration
 - ✓ Very rare to see loans longer than 20 years
- Amount financed
 - ✓ *Frais de notaire* not financed
 - ✓ Renovations enjoy same low rate



Financing – French Residents

Eligibility:

- A consistent source of income
 - Permanent job
 - Employed: CDI (or 24 months of continuity if CDD)
 - Self-employed: 3 years in business with salary/dividends paid (P&L statements)
 - Retired: pension statement
 - Other sources of revenue
 - Existing
 - Rental: Banks will only consider 70% of the rent
 - French government benefits cannot be considered income (i.e.: CAF)
 - Estimated (i.e. you are going to let the property)
 - Statement from real estate agent estimating rent
 - Debts: all current loans must be disclosed
 - Deposit: not mandatory but highly recommended (10%)
 - **Debt ratio: <33% (revenue minus debts)**
 - 3 consecutive months of positive bank balances

Life Insurance

Must also qualify for life insurance, otherwise bank won't finance!



Financing – Non-French Residents

Eligibility:

- Same as French residents, plus:
 - A deposit : 15-25%
 - Duration of the loan: Max 15 years*
- Collateral: saving account to be opened with a deposit equivalent to 24 months of payment
- In case of letting, domiciliation of the rent with bank
- Interest rates : +0,50% to +1% higher than for residents

Each bank has different rules

- Some banks won't lend to Americans (FATCA)
- Age limits may apply



Summary

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Speaker Contact

Dennelle Taylor Nizoux

Renestance

Email: Dennelle@Renestance.com

Website: www.Renestance.com

How We Can Help

Consultation

Regional Reconnaissance

Rental Search & New Nest Package

Buying Agent

Reliable Partners





Q & A