

Finding Your French Dream Home





Agenda

01 The Basics

02 Renting vs Buying

03 Renting Property

04 Purchasing Property

05 Buy-to-Let

06 Financing



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Renestance

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



The Basics



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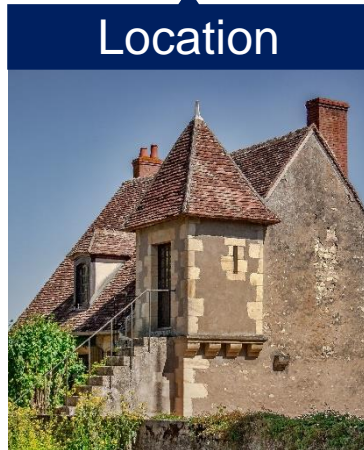
The Challenge – Get Clear on the Basics



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

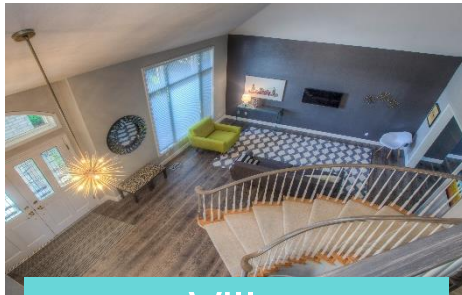
Village House



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

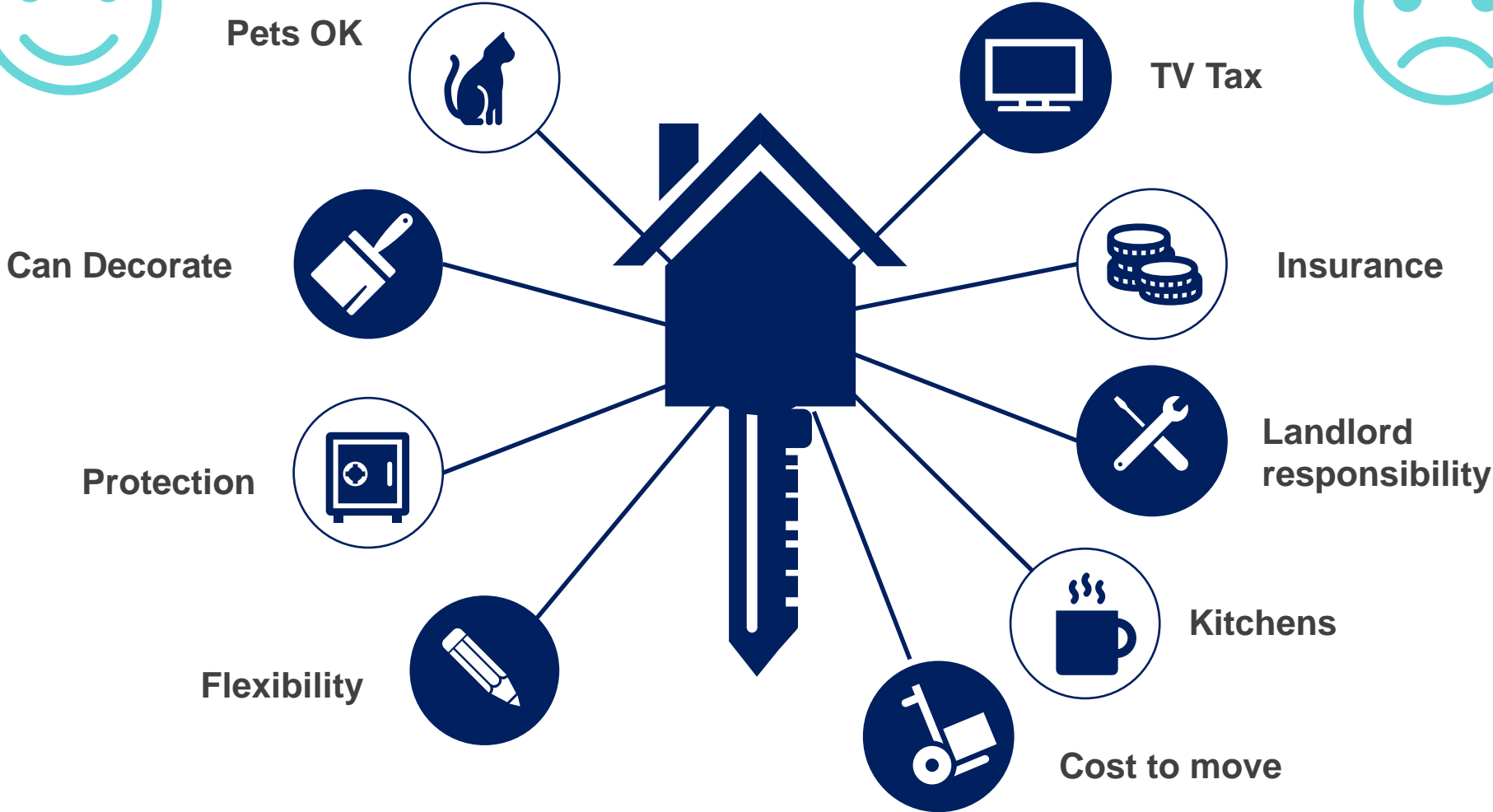
- Unfurnished – 3 years
- Furnished – 1 year
- Student – 9 month
- **Seasonal – up to 180 days**

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)

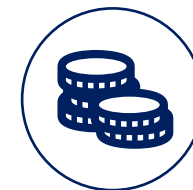


Security Deposits

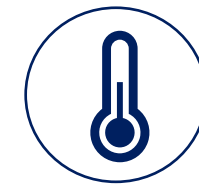
Can be hard to recover in full



Garbage
collection



Renters
Insurance



Boiler
Maint.



Parking



Renting - Requirements

Dossier Locataire

Must Include:

- ✓ Valid ID with signature, proof of legal residency
- ✓ Employment contract
- ✓ Last 3 payslips or statements showing income
- ✓ Last tax return (MUCH better in French)
- ✓ Last 3 rent receipts, proof of previous address
- ✓ Student body card
- ✓ Basic information sheet
- ✓ **Guarantor if no French income, including all of the above info for the guarantor as well**

Not allowed to request:

- X Bank statements
- X Police report
- X Carte Vitale
- X Marriage certificate
- X Divorce judgment
- X Medical report
- X Reservation cheque

Garantie des Loyers Impayés

Often has strict eligibility requirements – monthly income > 3x rent



Renting – Case Study

01



Client

- Newly retired

02



Requirement

- Old world charm
- Village on outskirts of city
- No driving
- Some Anglo expats

03



Locations

- Béziers, Montpellier
- Marseillan
- Pézenas

04



Challenges

- Guarantee
- One year vs. Seasonal lease
- Budget
- Deco in furnished rentals



Renting – Case Study



€775/mo



2 bedrooms
700 ft²



17th century
Central



Pézenas

- Medieval village
- Molière lived here
- Outside Béziers
- Bus service
- Superb outdoor market
- Dynamic expat community
- 20 min to sandy beach
- 40 min to MPL airport

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 year old 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	0,39%	0,80%	↗
10 ans	0,56%	0,95%	↗
15 ans	0,74%	1,15%	↗
20 ans	0,87%	1,35%	↗
25 ans	1,18%	1,60%	↗
30 ans	1,45%	1,90%	→

* Taux fixes hors assurance et selon votre profil. Taux actualisés au 08/06/2020 par Empruntis.com. Taux comparés par rapport au 06/05/2020

Elements of French Mortgages:

- Interest rates
 - ✓ Very low for past 3 years
 - ✓ Very slight increase in 2020
- 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 continuing job 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% more 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

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How We Can Help

Consultation

Regional Reconnaissance

Rental Search & New Nest Package

Buying Agent

Reliable Partners





Q & A

