

**Live & Invest in
Europe Virtual Conference**

Finding Your French Dream Home

November 16th 2022





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Renestance

- Living full-time in France since 2000
- Bachelors in Immobilier (French real estate)
- President and co-founder of Renestance since 2015
- Property finder/buying agent in Occitania





Agenda

- 01 Housing Basics**
- 02 Renting vs. Buying**
- 03 Renting**
- 04 Buying**
- 05 Financing**

French Housing Basics



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Get Clear on the Basics

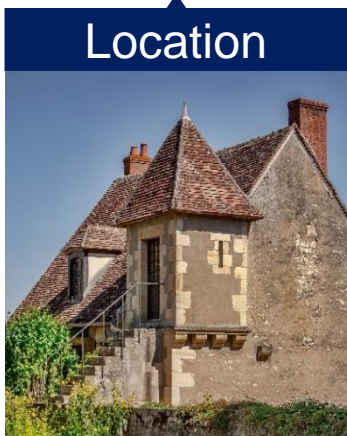


Duration

Part-Time
Full-Time
>5 years

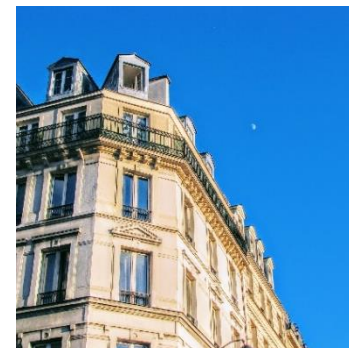
City / Town
Countryside
Coastal
Weather

Location



Budget
Full financed
Mortgage

Finances



Criteria

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



Types of Properties

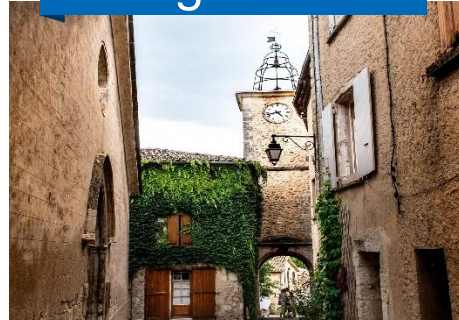
Civic
Planning

Outdoor
space vs.
Proximity to
stores

Coastal vs.
Rural vs.
City

Convenience
vs. Charm

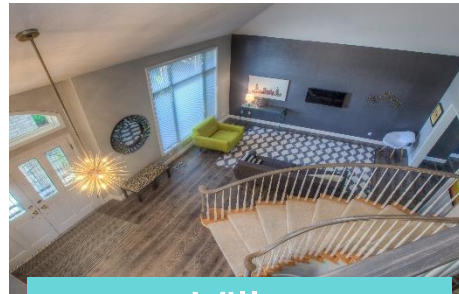
Village House



Modern



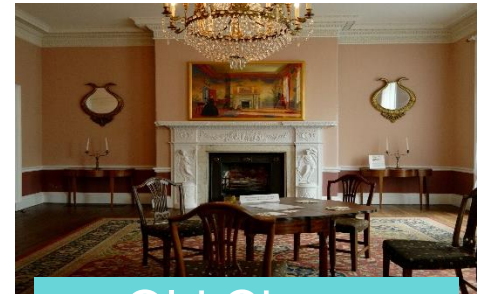
Farm House



Villa



Château



Old Charm



Renting vs. Buying



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Pros & Cons of Renting



PROS

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



CONS

- Less selection for houses
- 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



Pros & Cons of 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?

Types of Leases

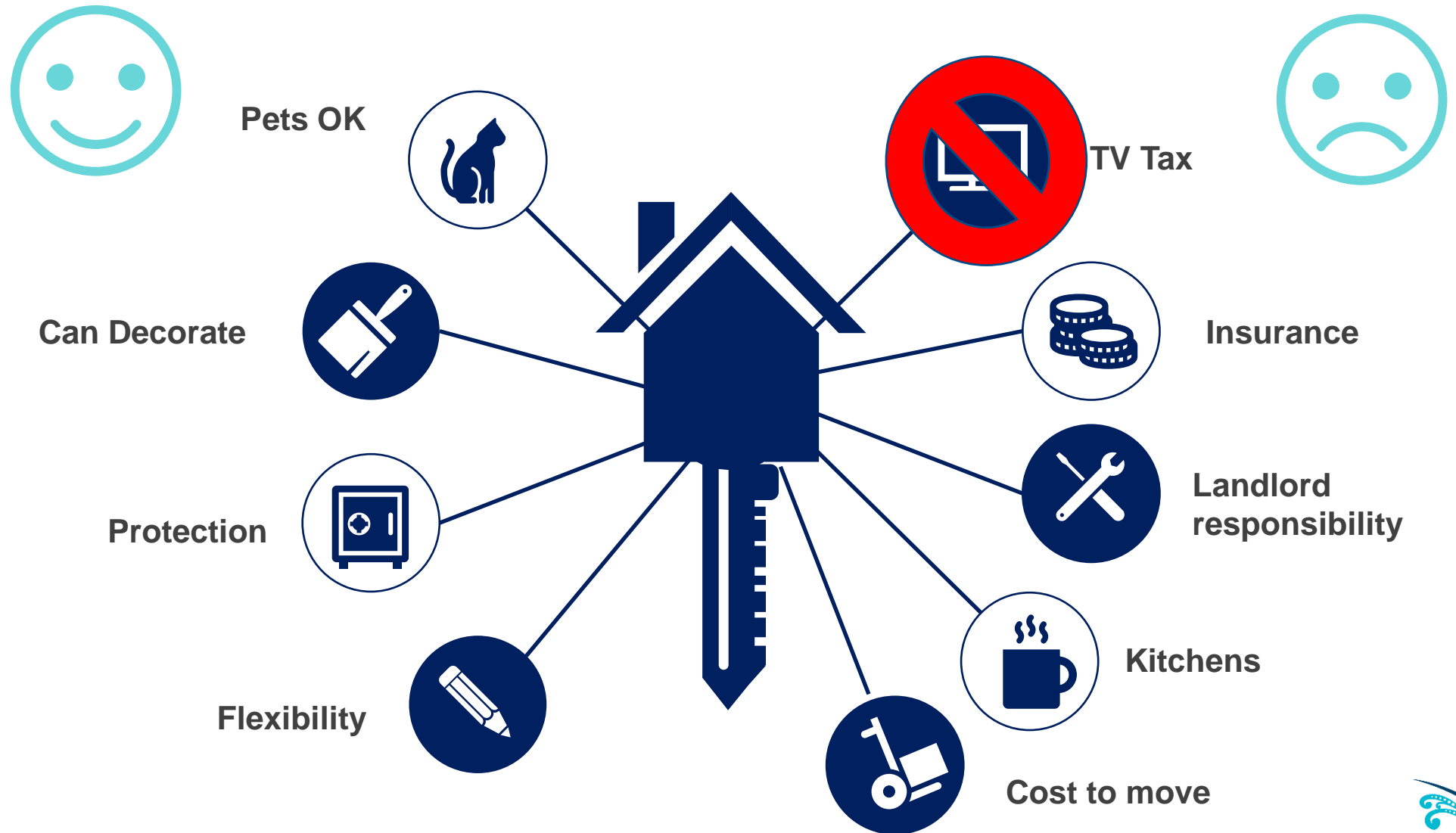
- Unfurnished – 3 years
- Furnished – 1 year
- Student – 9 month
- Seasonal – up to 180 days

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)	€600	€850	€1300
3 Bed House, 90-140 m2 (968-1507 ft2)	€1200		

Up to 25%

More for furnished accommodation



Rent Increases

Yearly by national index



Security Deposits

Can be hard to recover in full

Don't Forget to Include



Bills



Taxe d'habitation



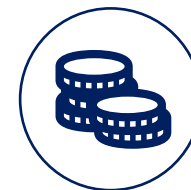
TV Tax



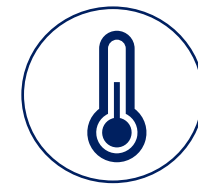
Charges (annual true-up)



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



Purchasing Property



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Buying in France - General Considerations

Less space, more 'charm'

No MLS

Sold As-Is

Diagnostics

Lengthy process

High closing costs

Low fluidity

Low cost but high complexity financing

Taxes

Inheritance





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/like area in all seasons
Want to fix it up as you like
No wasted rent payments

Primary Residence

2

Always available for
vacation
Your deco, stuff and
storage
Let it and 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 letting
Market study if business

Investment



Buying – Cost of Ownership



One-off:

- 7-8% *frais de notaire* at purchase
- Agency commissions (included in listed price)
- Building survey (optional)
- Mortgage insurance

On-going:

- Repairs, maintenance, security
- Co-ownership costs
- Homeowners insurance
- Tax on rental income
- *Taxe foncière* (property tax)
- *Taxe d'habitation* (occupancy tax)
- Possibly IFI (wealth tax)



French Tax Considerations

	Primary Residence	Second Home	Investment
Rental tax shelters	-	-	Several programs to reduce total income tax bill
Taxe foncière (prop. tax)	Paid by owner	Paid by owner	Paid by owner
Taxe d'habitation (occupancy tax)	Paid by occupant on Jan 1st, but 80%+ phased out	Paid by owner	Paid by occupant on Jan 1st, but 80%+ phased out
Taxe sur les logements vacants (tax on empty housing)	-	In zone 'tendue' if left empty >1 yr. - 12.5% 1 st yr, 25% afterward	In zone 'tendue' if left empty >1 yr. - 12.5% 1 st yr, 25% afterward
Rental income tax (and social charges)			Can deduct interest and running costs
Wealth tax	If total net real estate assets >1.3M€	If total net real estate assets >1.3M€	If total net real estate assets >1.3M€
Plus-value (capital gains)	-	19% + 17.2% on gain if <6 yrs	19% + 17.2% on gain if <6 yrs
Succession	Paid by heir – between 5-60% depending on relationship	Paid by heir – between 5-60% depending on relationship	Paid by heir – between 5-60% depending on relationship



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 MLS or property finder

Rarely fluent
English-speaker



Sales mandate,
works for seller

High commissions
5-8%

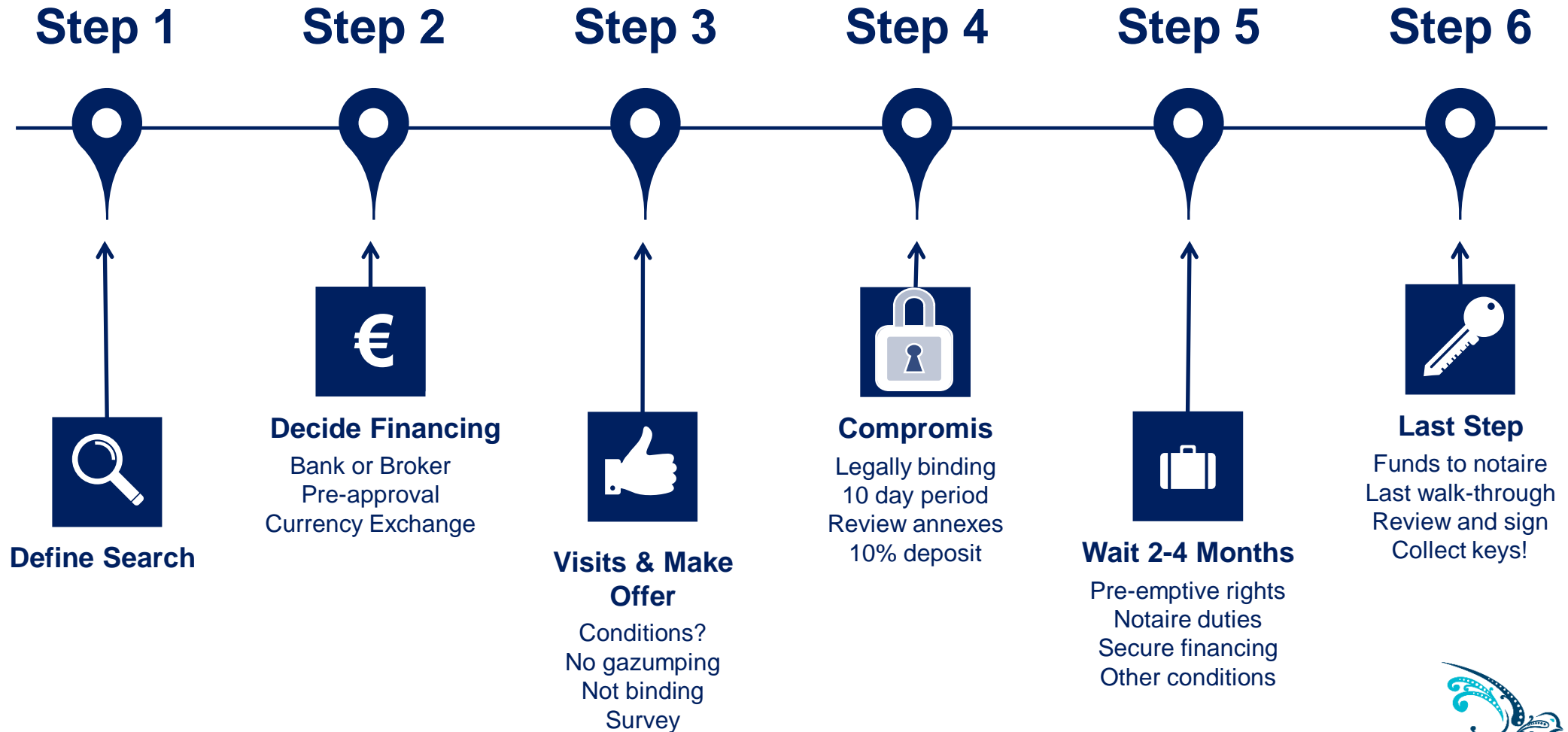


Difficulty
deciphering listings

Time-consuming
legwork



Buying - Timeline 2 – 5 months



Financing



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Financing – Considerations

Durée d'emprunt	Meilleur taux immobilier	Taux immobilier moyen	Tendance
7 ans	1,35%	1,95%	↗
10 ans	1,32%	2,00%	↗
15 ans	1,60%	2,10%	↗
20 ans	1,75%	2,30%	↗
25 ans	1,90%	2,40%	↗

* Taux fixes hors assurance et selon votre profil. Taux actualisés au 14/11/2022 par Empruntis.com. Taux comparés par rapport au 03/10/2022

Elements of French Mortgages:

- Interest rates – national
 - ✓ Very low for past 4 years (June 2018)
 - ✓ GOING UP IN 2022!
- 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% higher than for residents

Each bank has different rules

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



Merci!

If you want help:

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Renestance

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Consultation

Regional Reconnaissance

Rental Search & New Nest Package

Buying Agent

Reliable Partners



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Q & A

Financing – Considerations

Durée d'emprunt	Meilleur taux immobilier	Taux immobilier moyen	Tendance
7 ans	0,65%	1,20%	↗
10 ans	0,65%	1,30%	↗
15 ans	0,90%	1,45%	↗
20 ans	1,10%	1,60%	↗
25 ans	1,30%	1,80%	↗

* Taux fixes hors assurance et selon votre profil. Taux actualisés au 17/06/2022 par Empruntis.com. Taux comparés par rapport au 16/05/2022

Elements of French Mortgages:

- Interest rates – national
 - ✓ Very low for past 4 years (June 2018)
 - ✓ Lowest mid-2019 to Mar-22
- 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
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