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EYE ON EUROPE
By Rachel Tiplady

Cheerio, London. Bonjour, Red Tape

French real estate is something of a bargain, but as I learned when buying my *pied-a-terre*, local customs can be very strange indeed

Some of the best advice my godmother ever gave me was to beware of beautiful moments, as they can lead to unwise decisions. Her words floated back to me in early March as I huffed and puffed up five flights of stairs to see an apartment for sale near the center of Paris. I had just sold my small flat in London and was determined to choose a property in the City of Light based on a rational analysis of pros and cons. No elevator was definitely a con.

But then all my resolve went out of the window -- literally. I discovered that the apartment had a view of the Eiffel Tower from the master bedroom. As I stood and gazed, it suddenly burst into glittering lights, a bewitching 10-minute spectacle featured every evening hour since the Millennium. It was all too much. "I'll take it," I said in quivering, breathless French.

RELATIVE STEALS. I'm not alone in taking the plunge. More foreigners than ever are finding themselves seduced by the charms of setting up a business or home in the world's most visited country. Foreign investment in French property has increased from \$4.5 billion in 2000 to \$15.3 billion in 2004, according to data collected by the global real estate company Cushman & Wakefield Healey & Baker.

While property values have doubled in that time, a good chunk of the boost comes from new investment. And a big piece of that derives from Brits like me, many of whom are priced out of their own market and can fly back home on one of the myriad new low-cost airlines.

Even with the run-up in French property values, prices are still relatively low. Despite the weak dollar, Americans yearning for a small house in the country's sunniest Southern region, Languedoc-Roussillon, can find one for \$100,000. Or they can bag a typical Parisian one-bedroom apartment for under \$275,000. Government taxes typically load 8% onto that, but that's still a steal compared with upward of \$600,000 for the equivalent in Manhattan or central London. I got my two-bedroom flat -- just a couple of subway stops from République in the 11th arrondissement -- for \$365,000.

A good investment, perhaps, but my godmother's advice is still valid. A few days of post-purchase elation quickly evaporated, to be followed by three months (and counting) of alternating stress, terror, and boredom caused by interminable red tape and strange traditions peculiar to France. Unlike the U.S., where the property market is well oiled, in France you lurch from one battle to another. Bedraggled and paperwork-weary, the least I can hope is that my struggles prove useful for another person's foray into *l'immobilier français*.

HIGH COMMISSIONS. First, to find the perfect place, forget using a French-style real estate agency. As in most European countries, these are stores that display properties for sale and offer a simple introductory service for buyers and sellers. On Sundays in Paris, you often see couples strolling the streets and window-shopping for a new pad. While these agencies provide a good idea of what's available, they don't share properties among one another, so a small setup might only have 10 apartments on its books. That leaves buyers hotfooting it around town to leave their specs with dozens of stores.

These stores also add as much as 10% onto the property price -- a cost passed on to the buyer. It's galling to pay that premium when you can often locate the same property online. I found my apartment on the Web, and later discovered that it was selling for \$19,000 more through an agency.

France has no equivalent of the Multiple Listing Service, leaving two ways to ensure you bag the right property at the right price. If you have time and speak French, by far the best place to look is Pap.fr, a countrywide consumer-to-consumer site that posts new ads every day.

DELAYS AND BOREDOM. Alternatively, if you have limited time, limited French, and a slightly bigger budget, try a U.S.-style agent. American couple Darrell Halverson and Stephanie Freedman set up their service, Parisrealestatefinders.com, four years ago. For 2% to 3% of the purchase price, they'll find your perfect pied-à-terre and walk you through the administrative tasks that follow.

And that's where the fun really starts. There's a mandated three-month minimum wait between offer and closing for property sales in France. No one can give a good explanation of why three months, but I bet it was chosen because it takes that long for the average browbeaten buyer just to fill out all the paperwork.

Possibly the most bizarre experience was signing what's known as the Sales Promise a few days after my offer's acceptance. In France, this happens at the office of a notary, who collects the property taxes from each sale. Another of a notary's duties: to bore prospective buyers into submission by reading the 20-page Promise aloud.

After two sweaty hours in his office near the Arc de Triomphe, I not only knew that the apartment had no lead, asbestos, or termites, but also the birthday, birthplace, and countless other details about the vendors. I wouldn't have been surprised if they'd listed their blood types and shoe sizes, too.

FAVORABLE LOANS. And when it comes to buying property in France, you can forget liberty, equality, and fraternity. I'm buying my apartment with my boyfriend. Although I am contributing all of the cash for the deal (about 50% of the purchase price), thanks to the sale of my London flat, I discovered to my horror that in France, the woman in a joint-purchase is always listed as the second person on contracts.

I can still see the quasi-apologetic expressions of the notary, banker, and mortgage broker. "Ah, that's what comes from buying in a Latin country," said one with a half-smile. Quite.

Some things turned out to be less of an ordeal than I anticipated. Despite the weeks of waiting and demands for more than 200 pages of past bank statements, pay slips, and various other forms, the French banks were surprisingly nice and worked hard to give us the best possible offer. Loan rates are at a record low, averaging 3.5% to 4% for a fixed rate and 3% for an adjustable rate over 15 or 20 years. French banks will happily lend to foreigners, and they exact no extra costs, such as points.

FIVE GOLDEN RINGS. Although I more than once thought wistfully about my first mortgage in Britain, which I arranged in five minutes over the phone, I realize that the deal is far better over here. Rates in Britain currently average 1% more than in France, and the banks increasingly charge up to \$1,000 to open an account. I was also hit with a hefty fee for paying back my loan in London early, something I wouldn't face here.

French rates are set to stay low this year, while property prices throughout the country are predicted to rise for at least the next few years. If Paris wins the bid for the 2012 Olympic Games, which will be announced in Singapore on July 6, real estate in certain areas will leap, particularly in the 17th arrondissement, where a lot of improvements are planned.

My final hurdle, transferring the proceeds from the sale of my London apartment from sterling to euros, made me feel like a currency trader, except of course that this was my money. I asked around, and on the advice of a wise and helpful friend (not my godmother this time), I used the international money-transfer company Travelex, which offers competitive rates, because it doesn't have costly overhead on offices. When I compared its offer with the one from my bank in Britain, I realized I'd made an extra 3,500 euros (\$4,400). I used part of my profits to buy my friend a beer.

STILL WORTH IT. They say the most stressful events in life include marriage, divorce, a new job, and, above all, moving. I think moving in France must trump them all. With more than a month-and-a-half to go before we get the keys, my boyfriend and I have taken to sitting listlessly at the funky Cannibale Café, around the corner from our new apartment.

Afterward, we linger on the street in front and remember why we've been through so much. "Good things come to those who wait," is another favorite saying of my godmother. This time, I'll try to keep her words in mind.

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