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**The Irish Times**

February 27, 2003

SECTION: CITY EDITION; PROPERTY; PARIS PROPERTY; Pg. 51

LENGTH: 1130 words

HEADLINE: Chic shoeboxes at the Sacre Coeur

So you always wanted a pied-a-terre with a view of the Eiffel Tower, Notre Dame or Sacre Coeur? There is still the odd bargain to be had in Paris apartments, writes Sarah Binchy

Walk past an estate agent's window in Paris and you will see what seem like bargains so rare you feel you should walk in there and then to put down your money. For example: "Seductive one-bed in the heart of Montmartre, wooden floors, double windows, charm of the old Paris, E75,000." Are they mad? Apparently not. This apartment does, admittedly, turn out to be a shoebox, at 22 sq m (236 sq ft), containing a "kitchen" barely worthy of the name. But the location is fantastic - and nobody bothers much about kitchens in Paris.

Second-hand apartment sales in the Paris area went up by 12.8 per cent in 2002, and have been rising steadily for the past four years, according to the latest figures from FNIAM, the national estate- agents' organisation. The average price per sq m is currently E4,000, but average prices give only a partial picture to the foreign investor seeking somewhere central and full of Parisian charm. That cuts out cheap new apartments, all the suburbs, and large swathes of the Paris's less picturesque quarters of Paris.

Paris Real Estate Finders (PREF), an agency run by American couple Darrell Halverson and Stephanie Freedman, has constructed its own price database which consists only of the kind of "classical" property foreign investors are interested in. An apartment in the Latin Quarter (5th/6th arrondissement), by their reckoning, costs between E5,000 and E6,000 per sq m. "All foreigners dream of a place in the Latin Quarter," says Halverson. The trick is to dream of somewhere just as nice and a bit more affordable.

The best value right now is in decent-sized studios and one-bedroom apartments, to be found in areas of increasing popularity within the 9th, 10th, 11th and 18th arrondissements. The 10th and 11th (around Republique and Bastille) are lively and central; by PREF's calculations, the price per sq m in the 10th is well below E3,000. Montmartre - which straddles the 9th and 18th - retains its village atmosphere and is rapidly yuppifying, aided by chic films like the recent Amelie, but is still underpriced.

The first question is what you can afford: E150,000 is a comfortable sum for a decent-sized, readily rentable studio or one-bed.

Most lenders and agents wince if you suggest anything less than E100,000. Any lower suggests seriously tiny, seriously not such a good area, or other problems, although if you put in the research you can find exceptions to this rule.

"When in doubt, compromise on space," advises Mary Fort, head of non-resident lending at Banque Patrimoine et Immobilier in Paris. "You will always be able to rent a shoebox in the right area in Paris, but space counts for nothing if it's not a great location." When it comes to the mortgage, most French banks will only lend up to 80 per cent of the purchase price, and they are more interested in you, the buyer, than the property they are securing the loan on. Repossessions are extremely rare; it is a curious fact that French banks don't even bother surveying the properties they lend on, although you are now legally required to produce a certificate declaring presence or absence of termites, a consideration which may take away from the charm of those lovely exposed beams in the historic Marais.

French banks will need your last three to six months' bank statements, and all details of your existing investments and loans, which allow them to calculate your income and outgoings. As a rule of thumb, they will lend you a sum such that your "total outgoings" do not exceed one third of your "net income". Here, outgoings means existing mortgages and other loans (not utilities or day-to-day expenditure); and importantly, "net income" means income before tax but after social insurance.

So, if your income is E3,000 a month after PRSI and before tax, your existing mortgage is E500 and you have no other outgoings, they will deem you able to afford another mortgage of E500 a month in France. Some banks will allow you add up to 70 per cent of your projected rental income to your actual income, once they have vetted independently that the property will get the rent you are claiming for it.

The tradition in France is to borrow as little as possible and pay it off as early as possible - usually within 15 years - but that does not mean longer mortgages are not possible, says Fort, whose own bank offers Irish borrowers mortgages of up to 25 years.

Competent French speakers who already know the market, or are willing to spend a pleasant few weeks getting to know it, can do as up to half of Parisian buyers do, and try their luck with direct owner-buyer sales - see publications like *De Particulier a Particulier*, [www.pap.fr](http://www.pap.fr) - thereby cutting out the estate agent fees.

If this seems too risky, you can pound the pavement in the company of a French estate agent, as Irish buyer Ruth (see panel) did (see panel).

You will not get the hard sell. Estate agents here are "honourable," Irish buyers report repeatedly, with wonder. Often estate agents do not have exclusive rights to the

properties on their books, which explains the occasional mystifying secretiveness you will encounter when trying to get details about a property: the agent will sniff out any buyer who is likely to try and make direct contact with the seller.

Alternatively, you can get on the iInternet and find an English-speaking agent to manage the purchase for you. The American-run, International Living Paris office will source an apartment for you, help you arrange a mortgage and any renovations for a consultancy fee of E75 an hour.

Pref, mentioned above, charges a minimum fee of E4,600, to be paid after a free initial search, followed by a meeting with the client in Paris. They stick to private sales "so the client just pays our fee, which is a lot less than an estate agent's"; their clients are usually American, but they recently found an apartment in Montmartre for Irish buyer Mary (see panel), and - as part of their service - helped her renovate it before she rents it out.

Foreign investors are advised to rent furnished and rent short-term, by the month, or even less. Well-located, well-equipped apartments, geared towards tourists and those on business trips, rent for more than E700 a week on the short-term market.

Conversely, on the long-term market, French law favours the tenant, who clocks up immediate rights if he rents unfurnished, and, if he defaults on the rent, can take two years to evict.

(There is even a civilised statute that prevents any legal action against squatters in winter.) Numerous agencies will rent out your property for you; their cut of the rent can be anything from 10 per cent to 50 per cent depending on the size of your apartment and the level of service they provide.

(Panel)

HEADLINE: Mary's apartment in Montmartre

Mary, a sound technician in her 30s, bought a 48 sq m (516 sq ft), one-bedroom apartment in the 9th arrondissement, just at the edge of Montmartre, six months ago through Paris Real Estate Finders. It's now ready to rent, starting at E750 for two people for one week. "It started with a romantic notion on my part last summer, but then I investigated it and it just seemed very do-able. It's a joint purchase between me, my partner and my brother. It cost E198,000.

I'd been thinking in the region of E100,000 but Stephanie and Darrell talked me out of it - if you want space and a good location you need to spend more. We put down a fairly hefty 40 per cent deposit, leaving us with a 15-year mortgage of E120,000. Our legal fees were E17,000. Our total fees, including the PREF fee of E5,478, was E18,874. Of this, E9,682 plus VAT was the transfer tax you pay in France - basically, a State tax. Then there were procedural and other fees. "It needed a bit of work - we spent E15,000 fitting

out a new kitchen, retiling the bathroom, that sort of thing. It only took about six weeks. We'll rent the apartment short-term, leaving us free to visit when we want.

I love it here, I love the neighbourhood; it's small scale and intimate. And the view of Sacre Coeur makes me very happy.

LOAD-DATE: February 27, 2003