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In Paris, Romancing the Deal

By DEBORAH BALDWIN

ROBYNN ROCKSTAD-REX had a large house in Seattle. But after her husband died two years ago she ached for a little piece of Paris. "It's the one city," she said, "where I could smile again." She found herself hunched over the computer scouring real estate listings until all hours. "It was an obsession for a while," she said.

A place of one's own in the city of light: it may sound like one of those impossible dreams, brought down to earth by the rude realities of doing business in a country where notoriously slow-moving bureaucracies can give apartment hunting a nightmarish hue. But this quest ended happily.

Working with a firm called Paris Real Estate Finders - one of several such services to have sprung up in recent years - Ms. Rockstad-Rex located a pied-à-terre near Montmartre within two weeks. Taking possession took several months, but Finders held her hand the whole time, and Ms. Rockstad-Rex suggested it was actually kind of fun.

Paris, that fantasy destination for so many expats and luxury goods connoisseurs, has become an unlikely destination for Americans hoping to acquire second homes. The prospective buyers are so plentiful, in fact, that they have spawned a cottage industry of local fixers who specialize in ushering Americans through the 7 percent transfer fee, codified inheritance rules, requisite "notaire" and other bewildering rituals of French real estate.

A strong euro has scared away some buyers, but others have clearly decided that it's a sign to buy in. Though the euro has sagged a bit in recent months, many economists see it bouncing back, indicating that now may be the time to buy.

Some buyers are also motivated by prices below those in New York and a conviction that they can only go up. "Let's say there are worse investments you can make," said Ms. Rockstad-Rex, asserting that her apartment has appreciated 50 percent since she bought it in 2003.

Of course, when the alternative is investing in municipal bonds, who wouldn't prefer a private hideaway stocked with French armoires and raw-milk Camembert?

Douglas C. Gaddis, and his partner, Dr. Gary Begin, found themselves lusting over photographs in real estate agency windows during regular trips to Paris. Last year, armed with listings from Paris Real Estate Finders' electronic database, they zeroed in on a one-bedroom in an 1890's building designed by Charles Plumet, and bought it based on photographs alone, like a mail-order bride.

The couple, who live outside Washington, flew to Paris to renovate, hiring a contractor "who came up the stairs with an air-powered jackhammer," Mr. Gaddis said with awe. The investment all told was about \$340,000, he said.

That's not so bad considering where prices sit in Washington and New York. The average cost of a square foot in an older building in the fashionable Sixth Arrondissement in the third quarter of 2004 was 655 euros, or about \$800, compared with \$942 in Greenwich Village, an equivalent New York neighborhood.

For those with the means, renovation à l'Americaine can be a fait accompli. Alon and Betsy Kasha, an American couple who develop and sell properties (abkasha.com), put their pieds-à-terre on the market as finished luxury products complete with two-year warranties. Along with such authentic touches as herringbone parquet, they note, Americans want creature comforts like shower stalls and washer-dryers.

Ms. Kasha, formerly in the marketing department at Cartier, supplies décor, mixing flea-market finds and contemporary French furniture.

Their turn-key apartments, situated in the fashionable Sixth and Seventh Arrondissements near monuments like the Eiffel Tower and stores like Armani, are aimed squarely at well-heeled Americans who associate the good life with France and do not worry over currency fluctuations. The apartments have asking prices of roughly \$400,000 to \$1 million and "are like a collection," Mr. Kasha said.

"We're treating this as fashion," he explained.

As he and other interested parties like to point out, Paris appears to be a more solid investment than, say, gold. In the third quarter of 2000 the average apartment in the Sixth Arrondissement was 460 euros a square foot, in contrast to the 655 four years later.

"It's a really good investment right now," said Sharon Lagerberg, who bought a place near Montmartre in October with her husband, Dr. Steven Lagerberg. It cost 432,000 euros and has "already gone up 50,000 euros," she said.

Bilingual and versed in currency trading, mortgage rates and property taxes, services like Paris Real Estate Finders feed the fantasies of Americans locked in their Dilbertian cubicles by sending them links to Web pages lush with descriptive prose and seductive photographs. In true American spirit, they offer efficiency, too. No more slogging from listing to listing in a city where each microneighborhood has its own microagency. No more translating phrases like "poutres exposés" ("exposed beams").

Doing business in a foreign language is only one of the challenges. Closings are typically two-hour rituals that can include a dramatic reading of a 30-page property transfer document. It's "a holdover from the Revolution, when people with limited education began buying houses," explained Dr. Edward Wheatley, an American professor who bought an apartment in an Art Deco building with his wife, Mary Mackay, through Paris Real Estate Finders (parisrealestatefinders.com).

There are no official French statistics on the number of Americans who buy apartments in Paris, though real estate agents said there has been an uptick this year.

The average buyer, said Olivier de Ripert, a real estate agent, is a hotel-weary 50-something who visits often and longs for a retirement haven, preferably near a good pâtisserie.

Mr. de Ripert, who serves what is widely considered to be the most desirable neighborhood among wealthy Americans, Île-St.-Louis, said he started seeing more American noses pressed to his window after the November elections. More recently, politics seemed less relevant to clients than a chance to move some of their money overseas, he said.

Michele Imhoff, a French banker who has been helping Americans line up mortgages in Paris since 1991, said the same thing. "Now Americans do want to diversify their portfolios and investments, and the best way to do it is buying something in Europe."

Ms. Imhoff, the manager of the United States representative office of the Banque Transatlantique in Washington, said she provides free advice - plus mortgage applications and the like translated into English - to any client with one or more accounts. For information, call (202) 429-1909.

For some buyers the fluctuating euro (trading this week for about \$1.20), continues to have a chilling effect, said Darrell Halverson, who runs Paris Real Estate Finders with his wife, Stephanie Freedman. But with French mortgage rates still around 3 percent and the market "marching up steadily, 1 percent a month for 40 months," he noted, many "are poised and ready to leap."

Toward that end, Finders has compiled not only a sophisticated database of listings but also a rapid response mechanism that can shoot the right ones to browsers who fill out a short questionnaire at the company's Web site.

The firm charges about 2.5 percent of the selling price for help with various aspects of finding and financing a property. They deal with one client at a time and say they had more business last year than they could handle. Rival services include Abodes Abroad (abodesabroad.net). Other self-taught go-betweens include Adrian Leeds, an American who publishes a subscription online newsletter (frenchpropertyinsider.com) and organizes sales seminars in Paris and the United States (a two-hour consultation is \$250).

Rental income sounds like easy money, but that's not always the case. Though French co-ops are more laissez-faire than their New York counterparts - no grueling interviews with board members - they don't necessarily welcome strangers coming in and out of buildings. And absentee owners often find themselves giving a hunk of the income to other fixers to safeguard the plumbing and keep track of the keys.

Many buyers have an exaggerated idea of how much rental income can be generated, said Marianne Le Berre, a French architect who helps people find and fix up apartments. "After you deduct fees and taxes on renting, it's 2 percent," she said.

But for those who have found their dream pied-à-terre, economic cycles, the bureaucracy and taxes are beside the point. It's satisfying to know "you can negotiate your way through a different legal and cultural system to make a home for yourself in another country," Dr. Wheatley said. Right now he and his wife are busy preparing to move from Clinton, N.Y., to Chicago. But they say they are delighted to know that one day, when the rat race ends, "the place is going to be there when we can use it more freely."