

LUXURY RESIDENTIAL MARKET INSIGHT

PARIS

Knight Frank



“A stark supply shortage is frustrating buyers and driving up prices.”

Where do buyers in Paris come from?



Europe (excl. Russia and CIS)	42%
Middle East	20%
Russia and CIS	10%
Far East	10%
Americas	10%
India	3%
Rest of the world*	5%

*Africa, South East Asia (excl India), Australia, New Zealand

Source: Knight Frank Residential Research

Market overview

The prime residential market in Paris has undergone a remarkable recovery since the lull experienced in early 2009 and buyers of all denominations are fighting for a slice of it.

It would have been difficult to envisage such a healthy Paris market two years ago. But prices achieved in 2010 exceeded previous highs and even set new records. The average price achieved in the third quarter reached €6,900 per m², which is almost 10% up on the same period in 2009. Almost three quarters of the arrondissements in Paris have seen residential activity surge to new heights.

Demand is strong within all segments of the market, fuelled by a surge in capital growth and the low cost of financing. But affordability is gradually being eroded across most boundaries as a result of the peripheral areas of popular arrondissements receiving greater attention. This demand comes from those seeking a first rung on the property ladder or investors looking to capitalise on high rents and capital growth.

The main malaise facing Paris is a stark supply shortage, which is frustrating buyers and driving up prices. Combined with increasing international demand and anticipated capital growth, this is leading to prime areas seeing significant upticks in activity. But even with such positive conditions for vendors, some still insist on unrealistic prices.

Saint-Germain-des-Prés is one of the most exclusive areas of Paris, popular with an international clientele seeking the peaceful and elegant side streets of Rue Jacob, Des Saints Peres and Saint Sulpice as well as the hustle and bustle of the Boulevard Saint Germain, with its famous bars, restaurants, shops, architectural splendour and landmark buildings. Prime property here is priced between €12,000 and €20,000 per m².

The 7th, which is the largest of the inner left bank arrondissements and resembles London's Westminster due to its iconic monuments and numerous government buildings, has become increasingly in vogue in recent years. It now comfortably achieves some of the highest prices in the city, with prime property reaching an average of €17,500 per m². Notable streets include Université, Bac, Varenne, Grenelle, Place Vauban, Champs de Mars and Bourdonnais. But the most spectacular properties on the left bank can command upwards of €30,000 per m².

Neuilly and the 16th are known as one of the most affluent and family orientated arrondissements, characterised by large residential districts such as Auteuil and Passy, which are bordered along tree-lined avenues by impressive freestone apartment blocks. Notable addresses around Trocadero command upwards of €14,000 per m², with more prestigious streets such as Henri Martin achieving around €20,000. Further south around Muette and Ranelagh, prices average €14,000 per m².

Known principally for the Avenue des Champs-Élysées, the 8th runs some 2.5km down to Place de la Concorde. The famous golden triangle, or Triangle d'or, made up of Montaigne and George V, attracts a broad range of international clients. Prime residential values rarely fall below €15,000 per m² and will often exceed €20,000 for prized apartments in the best locations. Prices may exceed €20,000 per m² outside the triangle towards the Elysee Palace, Rue du Cirque and Matignon.



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Expert insight

Paris is characterised by a wide range of striking period buildings dating back to the Second Empire and late 19th Century.

Whether Haussmannian, Belle Epoque or Art Deco in style, a building's provenance is just as important as its interior to discerning buyers searching for a piece of the city's heritage. As well as offering a particular aesthetic, period buildings are synonymous with ample proportions – ceilings may be 5m high in some of the grander homes.

A prime location, favourable proportions, light, elevation and period features are all fundamental

criteria for buyers and any weakness in this regard often has a notable impact on price and saleability.

Strong international demand for historic, stone-clad buildings supports the market with a significant amount of interest stemming from Russia, Asia, Latin America, Europe and the Middle East. And with supply limited, high-quality properties sell quickly.

The prognosis for Paris therefore remains strong – the combination of foreign-led demand, attractive borrowing rates, rich period properties, scarce new developments and the cosmopolitan lifestyle it offers residents make Paris a stalwart on the global prime property scene.

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PRIME PROPERTIES



7th Arrondissement

A stunning contemporary 4th floor apartment with exceptional views towards the Dôme des Invalides. The property features a double reception, master suite with boudoir and library, two en-suite bedrooms, separate 20m² studio apartment, A/C, parking and concierge.

- 3 bedrooms
- 4 bathrooms
- 260m²
- €6,300,000



6th Arrondissement

A beautiful and sensitive conversion within a magnificent listed C17th mansion offering generous accommodation over two floors. Along with stunning period features, the property benefits from modern fittings, two parking spaces and cellar storage.

- 3 bedrooms
- 3 bathrooms
- 170m²
- €4,000,000

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