

Real Estate Project(Report)

(Where to invest in Real Estate Investments in France Departments)

Introduction

1.1 Background

Home is the preferred form of housing for almost 80% of French people. Tenants are no exception to the rule and the rental demand for this type of property is very strong.

If you wish to buy or if you are looking to rent your accommodation, here is some information on the state of real estate in France.

A disparity according to the cities from a workers' house in red bricks typical of Lille to the chic and bourgeois habitat of the Prado avenues of Marseille, the realities of the real estate market in France are diverse.

1.2 The Problem

This project aim is to find regions in France with a big population and its GDP per capita. In addition, French real estate is particularly dynamic today. The year 2019 had already broken all records and 2020 also promises to be very dynamic. In January 2020, prices for old goods were up in many cities.

Paris (where the price per square meter has passed the 10 000 € mark) and Lyon (where housing prices increased by 7.7% in 2019), along with Bordeaux, remain the most expensive cities in France in real estate. In 2019, the average price per square meter in the former increased by 4.7%. It increased by 3.5% in 2018.

1.3 Target Audience

This project is for any potential investors who would like to invest in Real Estate in France, as this project will break highlight the best regions in France when it comes to real estate investments decisions.

2. Data

2.1 Data Acquisition

I used the French statistics web sites to gather all the information I needed for my project, based on the information I gathered the following factors were analysed in order to get a better solution out of the problem be :

- The GDP per capita of all departments in France
- The Total Population of each departments
- Crime Rate

I analysed all this factors to analyse the rate of crime in each departments because usually to make a reasonable profit in real estate , the estate must be in a reasonably safe environment and evaluate the GDP in each departments because this factors will be crucial while making a decision to invest.

2.12 Finding

The Meilleurtaux site compared the profitability of 7 different investments: real estate, passbook A, stocks, government bonds, money market funds, life insurance and gold. And guess what? Real estate investment has been the best performing for 20 years.

Indeed, the volatility of a real estate investment is very low, and its profitability remains high, thanks to the leverage of credit. Rental investment is therefore a safe and profitable value.

It would even be a shame not to take advantage of it during your expatriation since you can today buy a studio or a two-room apartment in Paris, Lyon, Bordeaux or Marseille by bringing up to only 20% of the value of the apartment, or even 10% under certain conditions

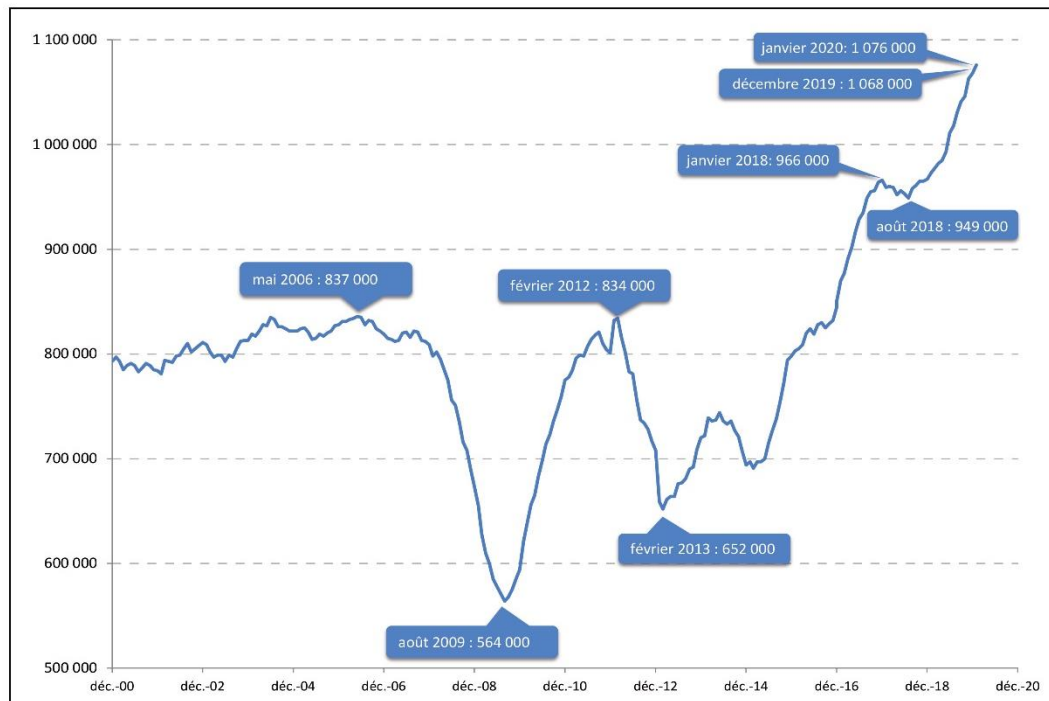
In Lille, an open house of 80 m² costs between 140,000 and 160,000 € while it will cost you around 3,000 € per m² to acquire a property in the charming 8th arrondissement of Marseille. A minimum of € 1,000 difference per square meter.

Cities like Strasbourg, where the historic centre remains very attractive, offer apartments from € 2,800 per square meter. However, some properties go up to 3,500 € / m², or even beyond.

Small provincial towns like Metz, Clermont Ferrand, or Besancon offer prices between 1,500 and 2,100 € / m². In general, the capital and the cities of the south east of France display the most important prices for the purchase but also for the rental.

Thus, Paris, Lyon and Nice are the first 3 in the ranking of cities where property is the most expensive in France. In Paris, the average price per m² for an apartment is € 7,707, that for a house at € 7,806. Rents are also exploding with a price of € 26.4 per square meter. The capital is largely the most expensive city in France.

Nice, located by the sea, has rents around 14.5 € / m². It will cost you more than € 4,420 per square meter to buy a house.



3. Analysis

3.1 Population

Each year around 100,000 families look for a house to rent. But the supply remaining below the demand, it is estimated that it would be necessary to build 15,000 houses per year for a decade to meet the needs. In short, if they are correctly placed and their rents are in line with the market, the houses can be rented without difficulty.

In France, buying or renting a house or an apartment is affordable depending on the cities and departments. Real estate in urban areas and real estate in rural areas also do not have the same prices.

Out[3]:

	Region	Population (1990)	Population (1999)	Population (2008)	Population (2020)
0	Auvergne-Rhône-Alpes	6 668 168	6 949 608	7 459 092	8 032 377
1	Bourgogne- Franche-Comté	2 705 826	2 728 086	2 802 519	2 783 039
2	Bretagne	2 794 317	2 904 075	3 149 701	3 340 379
3	Centre - Val de Loire	2 369 808	2 440 295	2 531 588	2 559 073
4	Corse	249 645	260 152	302 966	344 679
5	Grand Est	5 274 064	5 387 509	5 521 452	5 511 747
6	Hauts-de-France	5 770 671	5 855 448	5 931 091	5 962 662
7	Île-de-France	10 644 665	10 946 012	11 659 260	12 278 210
8	Normandie	3 126 859	3 202 449	3 293 092	3 303 500
9	Nouvelle Aquitaine	5 114 287	5 257 954	5 671 076	5 999 982
10	Occitanie	4 546 249	4 842 680	5 419 946	5 924 858
11	Pays de la Loire	3 055 197	3 219 960	3 510 170	3 801 797
12	Provence-Alpes-Côte d'Azur	4 257 244	4 502 385	4 882 913	5 055 651
13	France métropolitaine	56 577 000	58 496 613	62 134 866	64 897 954

3.2 Profitability

In the big cities, the average rents for the houses of a hundred square meters vary from 1,000 to 1,500 € per month according to the address, the standing, and the quality of the property. In medium-sized cities, the rent generally hovers around 800 € monthly.

In rental investment, the rule is always the same: the higher the risk, the higher the return. Placement by nature very safe, the individual house shows a gross rental profitability lower by one to two points compared to studios and other two rooms. Depending on the address, it varies on average and as an indication from 3 to 5%.

A 135 m2 house in Antony (92). Price: € 450,000. Monthly rent: € 1,800. Gross rental profitability: 4.80%.

A 100 m2 house in Toulouse. Price: € 295,000. Monthly rent: € 1,150. Gross rental profitability: 4.67%.

A 100 m2 house in Lille. Price: 290,000 €. Monthly rent: € 1,000. Gross rental return: 4.13%.

Out[42]:

	Postal Code	Departments	Price per m2	The Evolution of Price per m2 (in 30 days)
30	58	Nièvre	1 282€ /m2	+~15%
41	48	Lozere	1 435€ /m2	+~13.64%
2	88	Vosges	1 468€ /m2	+7.93%
33	55	Meuse	1 488€ /m2	+14.10%
42	47	Lot-et-Garonne	1 518€ /m2	+3.55%
34	54	Meurthe-et-Moselle	1 541€ /m2	+1.83%
43	46	Lot	1 563€ /m2	+3.52%
11	81	Tarn	1 588€ /m2	+0.13%
9	90	Territoire de Belfort	1 653€ /m2	+6.56%
46	42	Loire	1 655€ /m2	+0.79%
18	71	Saône-et-Loire	1 691€ /m2	+0.65%
17	72	Sarthe	1 749€ /m2	+7.41%
27	61	Orne	1 757€ /m2	+8.73%
10	82	Tarn-et-Garonne	1 762€ /m2	+~2.91%
1	89	Yonne	1 763€ /m2	+14.02%
23	63	Puy-de-Dôme	1 810€ /m2	+~0.99%
31	57	Moselle	1 813€ /m2	+~0.22%

Conclusion

Ile de France is by far the richest Region in France in Term of GDP per, the investor might believe that investing in Ile de France would be a good idea as it's a financially stable region, but the truth is, that factor does not always play in the investors favour. often the regions with the lowest price per m2 offer the best percentage growth on the capital invested in the long term.

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With a house, the risk of haircuts is limited. In the long term, in fact, prices have never fallen, as shown by the PAP index on May 1. On a 1,000-basis established on January 1, 2001, houses reached 1,700 on June 1, 2013. Above all, in twelve years, the value of houses has increased by more than 70% according to our index.

To hope for a good recovery, the houses must be located near shops, services, transport and especially schools. In other words, respect the basic rule of real estate investment: select a good location. This point is more important as a well-placed house will have more chances to please the tenants and will be rented at a better price.