

## Paris: find a base in the city of love – and make a profit too

A new apartment block will offer a rare opportunity to invest in 'old Paris' with views of the Seine

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Rather in the way that central London property prices have largely defied the economic downturn, Paris has been enjoying its own place in the sun.

Prices soared by 22 per cent last year, according to Knight Frank's prime global city index – the highest of any city monitored – helped by demand from international buyers keen to find a base in the city of love.



**£2.8 million: views of the Eiffel Tower and the Seine from a Haussmannian building in the leafy 16th arrondissement. Through Vingt Paris ([www.vingtparis.com](http://www.vingtparis.com))**

**'Buyers typically choose Paris with their hearts but it can also be considered a safe investment'**

The 20 arrondissements or districts of Paris would fit into half of London's Zones 1 and 2. This concentrated space, coupled with Paris's majestic Haussmann architecture which escaped bombing in the Second World War, means property supply is very limited and new-build developments rare.

"Paris doesn't have comparable developments to London's One Hyde Park and The Lancasters," says Mark Harvey of Knight Frank. "There have been fewer than 100 new developments in the last four years. Prime property prices have risen steeply but Paris still represents value compared with London. Buyers typically choose it with their

hearts but, as the most visited city in the world, it can also be considered a safe investment."

## New-build on the Seine

The first new-build development on the River Seine in 25 years is about to start construction in the 4th arrondissement, a short walk from the Marais, the Bastille and the Latin Quarter. Gare du Nord, arrival point for the Eurostar from London, is 15 minutes away by taxi.

Established and well-financed French developer Cogedim has bought a former office building on the Quai Henri IV and plans to replace it with a curvaceous, modern, light-filled seven-floor building.



**£417,475: apartments at Nouvelle Vague are part of the first new-build project on the river in Paris for 25 years. Call Knight Frank (020 7629 8171)**

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Nouvelle Vague, translated as New Wave, will have 73 apartments on a 1.5 acre river-front site with views west to Notre Dame and south to Jardin des Plantes park. Apartments, all with balconies, range from 430sq ft to 1,615sq ft, with prices from £417,475 through Knight Frank.

Launched in November 2011, half were quickly snapped up by a mixture of French buyers looking for a capital pied-à-terre, and foreign investors. "The location and design make this a unique proposition for Paris," says

Antoine Derigny of Cogedim.

"No two apartments are the same and 70 per cent of the façade is glass. There will be a full-time concierge and excellent security with a communal garden for residents."

Underground parking is an additional £33,400 and annual service charges start from £2,000. Completion is expected by mid-2014.

## Eyeing up the expats

Susie Hollands left London 10 years ago to spend two months in Paris while on a break between IT contracts. Today she is still there, now running Vingt Paris, a successful property sales and rental company.

Her personal approach and detailed knowledge of the marketplace means several international clients who buy through her then employ her to manage rentals for them.

Her top tip for investors planning to buy to let is to target the expat market. "The rental market for foreigners in Paris is huge and has become increasingly buoyant since 2008," says Susie. "Rents are probably at their ceiling now. To fit in with Parisian laws, I would advise clients to always rent their apartments fully furnished on a one-year lease."

A one-bedroom second-floor apartment in the prestigious 7th arrondissement bought four years ago for £250,480 with a further £25,050 spent on renovation now rents excellently for £2,080 a month.

The American owners plan to move there eventually and meanwhile pocket £1,670 a month, more than covering costs and allowing them to spend a month there every year between renters.



**£932,000: a one-bedroom loft apartment with lift, in the smart 7th arrondissement. Call Knight Frank (020 7629 8171)**

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"Paris does not traditionally provide big yields but to get the most rental bang for your buck, I advise owners to buy two studios rather than one larger apartment," says Susie. "Studios are very easy to rent from £1,040 a month and hugely popular in Paris. They make a brilliant investment."

Expect to pay from £208,740 for a studio and from £334,000 for a smart one-bedroom in the desirable Marais – and be prepared to act quickly when one comes on to the market.

"The beauty of Paris is how international it is," adds Susie. "When the dollar weakened, Americans were replaced by Australian, Russian and Brazilian buyers. Rather like London, everyone wants a piece of Paris."

## Contacts and factfile

\* **Nouvelle Vague:** through Knight Frank ([www.knightfrank.com](http://www.knightfrank.com); 020 7629 8171).

\* **Vingt Paris:** [www.vingtparis.com](http://www.vingtparis.com); +33 (0) 97046 6901 .

\* **Allow 7-10 per cent buying costs:** on resales and 23 per cent on new-builds.

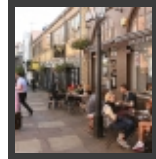
\* **Typical running costs:** for a two-bedroom apartment are £1,250.

\* **French tax changes:** capital gains tax is applied to the sale of property on a sliding scale, from 19 per cent to zero after 15 years of ownership. From this month, owners must wait 30 years to be exempt. Some holiday homes may be exempt. Non-residents are liable to a wealth tax of between 0.25 and 0.5 per cent on French assets.

**French tax is complex and advice should be taken before purchase.**

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