

France

The Deposit

The minimum amount you need to provide for your deposit depends on your nationality, the country you live in and where you pay income tax. For tax-payers in France, it is possible to arrange a 100% mortgage. For UK and EU residents and tax-payers, the minimum deposit is 10% of the purchase price. For residents and tax-payers in non-EU countries, the minimum deposit is 20% of the purchase price. Deposit percentages do vary slightly, and are typically lower on new properties that are either under construction or less than five years of age.

Mortgages

Obviously, mortgage rates vary depending on the type: fixed, variable, interest only etc., and on the time frame. The average mortgage rate in France is typically situated near 4.5% for a fixed rate over a five-year period.

In order to qualify for a mortgage in France, you must be able to prove sufficient income to cover your payments. The *Banque de France*, which governs lending conditions for all French banks and mortgage providers, allows only one third of your income to be put towards the repayment of your debt; this includes not only your mortgage, but

also credit card repayments, vehicle financing, student loans and so on.

Income from tax-declared earnings, pensions and maintenance payments are classified as standard, but income from investments has to be generated from recognised and acceptable income investment products or portfolios. Up to 80% of rental income from long-term tenancy agreements may be taken into consideration.

In France, mortgages must be covered by life insurance. Many of the French lenders insist that you use their policies, and that they cover all the terms of your mortgage.

To buy or not to buy

Simon Watkinson

With cheaper real estate prices on offer in the French Departments, an astounding 72,934 French residents (*frontaliers*) - more than 16,000 of whom are Swiss - commute to work in Geneva every weekday.

These *frontaliers* are amongst the most-highly paid workers in the world, according to a 2006 league table of professional wages and living costs compiled by UBS in 71 of the world's major cities. This table was calculated using average exchange rates for April 2006 of CHF 1 /USD 0.772 and CHF 1/ EUR 0.640 as the benchmark

Unsustainable house price rises of 46.5% over three years (2001 - 2004) in the Pays de Gex meant that nothing was available during that time period for less than the equivalent of CHF 3,150 per square metre. Due to the recent strengthening of the Euro to Swiss Franc exchange rate and higher interest rates, French property prices have fallen slightly.

The price hike understandably induced xenophobia amongst young French locals. Not yet on the property ladder and earning inferior French salaries, they could no longer afford to buy a property in their native towns and villages.

In Geneva, city-living comes at an even higher price, a fact endorsed by the 2006 Real Estate Survey of the State of Geneva's Department of Economy and Health. Prices per square metre of new apartment ranged from CHF 5,430 to

CHF 9,340 whilst those per square metre of old apartment ranged from CHF 5,560 to CHF 11,750. The price of a four bed-roomed detached house with garden ranged from CHF 1,450 000 to CHF 2,770 000.

Properties in Haute-Savoie and the Pays de Gex are still 40 per cent cheaper than in Geneva.

Since 2004, Swiss citizens have not required a residency permit to live in France.

Property speculators have homed in on the city of Annecy where the imminent completion of the A41 toll motorway to Geneva will halve the current one-hour commute. Over the past two years, the authorities in Haute-Savoie increased construction of affordable housing to try to ease this shortage, but demand still outweighs supply.

Building regulations and restrictions may not be as strictly adhered to in some small French villages as in Geneva. Furthermore, Madame/ Monsieur *le maire* may ignore, perhaps out of sheer professional incompetence, illegal construction work. A newly-wed English couple, who'd moved from Geneva to France in 2004 and are known to the author, returned from a short break in the Rhone Valley to their mid-terrace property in a village in Ain, to find that the beautiful view from their balcony had been obscured by a gargantuan, illicit breeze-block roof extension.