

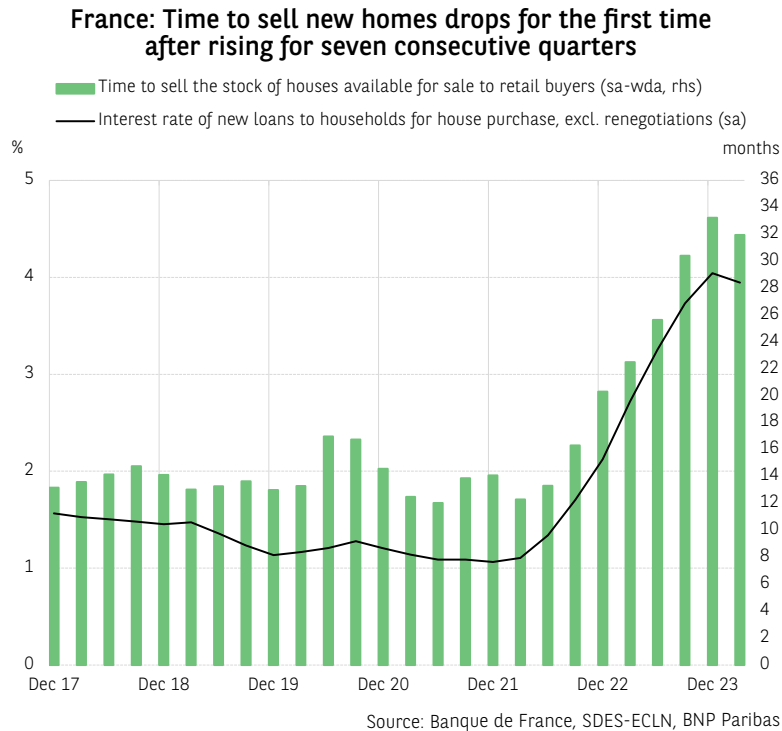
CHART OF THE WEEK



10 July 2024

FRANCE: TIME TO SELL NEW HOMES DROPS FOR THE FIRST TIME AFTER RISING FOR SEVEN CONSECUTIVE QUARTERS

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The average time taken to sell new houses to retail buyers (individual houses and flats, excluding renovated or upgraded housing) fell slightly in the first quarter of 2024. This took it to an average of 32 months, from 33.2 months in the fourth quarter of 2023. This downturn marked an end to the uninterrupted rise in sales times since the second quarter of 2022, when it stood at 13.3 months.

The fall was the result of both an increase in reservations and a reduction in the stock of homes for sale. In the denominator, reservations of new homes increased (2.4% q/q¹), on the back of lower interest rates. Having climbed from 1.09% on 30 June 2021 to 4.04% on 31 December 2023, the average interest rate² for new loans to households for house purchase³, excluding renegotiations, dropped back to 3.95% on 31 March 2024. Further falls in the rate in April 2024 (to 3.90%) and May 2024 (3.83%) could serve to drive sales times down still more.

Turning to the numerator, the stock of houses available for sale has also decreased (-1.6% q/q). The sharp increase in bond rates, which provide the benchmark for lending for house purchase rates, between January 2022 and October 2023 produced a steep fall in sales over this period, with the result that developers aggressively scaled back the production of new homes. This has meant that with fairly low numbers of new homes coming onto the market, the uptick in reservations has been enough to put a dent in stocks; hence these developments need to be viewed with a degree of caution. They are encouraging for the cash positions of developers but still fall a long way short of showing that the sector has recovered. Meanwhile, we do not believe that a continued fall in long-term interest rates is the most likely scenario, whilst fiscal and budgetary uncertainties are likely to create a certain reticence amongst homebuyers and real estate investors.

¹ SDES, the Data and Statistical Research Service, takes the average of reservations over the past two quarters to calculate sales times.
² Excluding fees and insurance.
³ And not-for-profit institutions providing services to households.

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