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Mixed response as French homes go under the hammer in the UK

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French property is now being auctioned in Britain for the first time — but will it revive the country's ailing housing market?



Last weekend about 200 people gathered to watch an auction of French properties that the organisers claim was the first of its kind to be held in the UK. It took place at London's Olympia during the France Show, an annual three-day exhibition fair where an array of companies set out their stalls and battle for attention from the visiting crowd of Francophiles. There were more than 50 lots going under the hammer, ranging from a modest building plot in Brittany to Charentaise townhouses, and Pyrenean ski lodges, as well as a gîtes business in the Languedoc-Roussillon region and a carp fishery in Limousin. Prices varied from €16,000 to more than €1m, while reserve prices were lower, and starting bids lower still.

"We had the idea 18 months ago" says Nick Green, of French Property Auction, "although it's taken a year to secure the legal framework for this auction." Auction procedures in France can seem arcane and preconditions for bidders can be onerous.

In the UK, "conditional auctions have become increasingly popular", says Green, "giving more buyers the opportunity to bid". At the auction in London last Saturday the winning bid above the reserve triggered a non-refundable 3.5 per cent auction-house administration fee, (ranging from £2,500 to £10,000) and a 21-day period for the buyer and seller to proceed to the formal commitment to buy — a *compromis de vente*, which is the preliminary exchange of contracts in the French buying process.

In the build-up to the auction, there was keen interest from sellers but great uncertainty about the level of buyer demand. The French property market has suffered in recent years from rising supply and falling demand. Figures published by the Fédération Nationale de l'Immobilier (FNAIM) show that in 2014 there were 710,000 transactions involving existing property and 84,200 new property sales. Although broadly similar to figures for 2013, the numbers are down by more than 110,000 from their post-crash peak in 2011.

Average prices across France as a whole, according to the FNAIM, fell 1.7 per cent last year and 2.9 per cent in 2013. However, these figures fail to illustrate the wide variations in the country's market.

"There is a trend towards purchases in the economically active major conurbations of France and away from those areas which have traditionally been dominated by second homes such as the Perigord," says Jean-François Buet, president of the FNAIM. He adds that the market for smaller properties priced between €150,000 and €300,000 has performed better than that for larger, more expensive homes.

"In areas where the prices went up during the boom years, many owners have had difficulty adjusting their expectations of the sale price," says estate agent Patrice Besse. Overpriced houses have difficulty attracting buyers and can sometimes sit on the market for years. "But the houses that are selling at the moment are the character buildings which are priced close to their current market value."

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- Nick Green, French Property Auction

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Matthew Barry, of agents Charente Immobilier, says rising stock levels mean there is a wide variety of choice for buyers. "I might normally have had 120 houses for sale up to 2007/2008, but now it's up to 400," he says. Two of his clients, Maxine and Godfrey Kent, were among those who attended the London auction, having decided to test this route to sell their four-bedroom house in the Charente area of southwest France, which has been on and off the market since 2011. Like many British expats, they have a number of reasons for wishing to return to the UK: ageing parents, the desire to be near grandchildren and health issues.

Another owner, Bernard Chalaux, a former Parisian stockbroker turned estate agent, was also willing to try a new way to sell his *maison de maitre* in Manche, Lower Normandy. "After working at the Bourse in Paris, I understand the system of buying and selling." But he says the current market is difficult. "In six months working in Normandy, I haven't sold anything". With no viewings before the auction he decided against attending.

For just over an hour, the auctioneer in London struggled to elicit bids and only two lots reached their reserve prices: a building plot that sold for €8,500 and part of a 12th-century former abbey in the Dordogne. The latter was bought for €7,000 by Trevor Leggett, founder of Leggett Immobilier, whose agency had over 50 lots in the auction. "I know the property and it needs a new roof, so I will have to spend around €30,000 on it straightaway," he said after the auction.

Most of the lots received no bids at all. Of 63 lots catalogued, four were withdrawn, six sold before the auction and five were the subject of post-sale negotiations to see whether deals might be reached between sellers and potential buyers. The total sale value achieved by the auction at the time of going to press was €662,670.

Despite this, Green remains upbeat. "We are encouraged by the results of our first sale. Feedback from buyers, sellers and French agents has been exceptionally positive and we hope to build on this as more and more people become aware that they can buy and sell French property by auction here in the UK."

Some sellers were disappointed by the results but others were more optimistic. "The stronger pound will have an effect," says Matthew Barry, of Charente Immobilier. "We are getting more inquiries from people who have now managed to free up money by selling their property in the UK."

Buying guide

France

- Auctions in France are held by *notaires* (legal specialists) and are called *ventes à la bougie*, which means "sale by candle". This is because small candles are lit to mark the times when fresh bids are permitted
- Auctions account for only 2 per cent of sales in France, according to property portal french-property.com
- The winning bid might not always win an auction because of *la surenchère*, which is an overbid of at least 10 per cent. This can be placed at any point up to 10 days after an auction has taken place

UK

- Savills Auctions held eight auctions in London last year with an 84 per cent success rate, selling 1,224 lots of UK property
- Allsop Residential Auctions raised £421m across seven UK residential auctions in 2014, selling 1,554 lots, including the £6.96m sale of a mixed-use, investment property in South Kensington, London
- The Essential Information Group reported a record 21,838 residential lots sold at auction in 2014, with more than £3bn worth of property going under the hammer

Illustration by Matthew Cook
