



NAR



CIPS



STUDENT MANUAL

# Europe & International Real Estate

OFFICIAL CIPS DESIGNATION COURSE

Presented by the **Center for REALTOR® Development**

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v2025

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# 00

## INTRODUCTION



## Introduction

### Course Overview & Module Learning Objectives

#### Course Learning Goals

**The goals of the CIPS Europe & International Real Estate course are for students to:**

- ▶ Identify important laws, cultural norms, and geographic factors of various European markets that will help you facilitate successful real estate transactions.
- ▶ Assess opportunities in European real estate markets by understanding the history of specific regions, investment patterns, and trends in real estate activity.
- ▶ Learn ways to access information and develop a professional network that will help you to start or enhance an international real estate business with European clients and properties.

## Course Learning Objectives

### ▶ **Module 1: An Overview of Europe Today**

- » Understand the geographic landscape of Europe and get a sense of its countries and regions.
- » Describe the structure and function of the European Union and how it relates to the business of international real estate.
- » Explain the impact of culture on real estate in Europe and how an understanding of cultural context can help your real estate business.

### ▶ **Module 2: Current EU Market Trends**

- » Explain how changing demographics in the EU can affect the real estate market.
- » Describe current economic factors of the EU and how these factors can shape decisions about real estate investments.
- » Understand current trends that will help you build and grow your business.

### ▶ **Module 3: The Real Estate Market in Germany**

- » Explain the impact that geography and reunification have on the real estate market in Germany.
- » Provide an overview of the real estate business in Germany, including current conditions, the home-buying process, and how real estate transactions are typically taxed.
- » Describe business culture in Germany and identify strategies for enhancing your knowledge.

### ▶ **Module 4: The Real Estate Market in the United Kingdom**

- » Understand the geographic layout and current economic conditions of the United Kingdom and their importance in making real estate investments.
- » Explain how the real estate market functions in the UK, including how the transaction process works, what taxes and fees are involved, and how current lending policies work.
- » Describe business culture in the United Kingdom and identify strategies for enhancing your knowledge.

▶ **Module 5: The Real Estate Market in France**

- » Understand the geographic layout and current economic conditions of France and their importance in making real estate investments.
- » Explain how the real estate market functions in France, including how the transaction process works, what taxes and fees are involved, and the current market conditions and policies.
- » Describe business culture in France and identify strategies for enhancing your knowledge.

▶ **Module 6: Profiles of Other Countries**

- » Identify and describe the geographic location, general demographics, and economic conditions of each profiled country and how they influence real estate decisions.
- » Summarize the current housing market and real estate practices and policies of each profiled country.
- » Describe some general business practices and cultural norms of profiled countries.

## Activities and Class Procedures

This course contains a variety of activities designed to involve students, such as work group assignments, exercises, and discussions. Students are strongly encouraged to ask questions and engage in class discussions and group exercises. The range of experience levels among students offers a rich opportunity for learning from peers. Your active involvement enriches the learning experience for yourself and others.

## Countries Examined in Course

This course focuses on a selection of European countries where NAR has cooperating agreements with national real estate associations. The cooperating agreement relationships form the foundation for the CIPS Network and allows you to network with real estate professionals around the world.

- |                   |          |            |
|-------------------|----------|------------|
| ▶ Belgium         | ▶ Cyprus | ▶ France   |
| ▶ Germany         | ▶ Greece | ▶ Ireland  |
| ▶ Italy           | ▶ Spain  | ▶ Portugal |
| ▶ United Kingdom* |          |            |

\*Denotes non-EU country

## International REALTOR® Membership

Members of a cooperating association, with which NAR has a bilateral agreement of cooperation, can become international members of the NATIONAL ASSOCIATION OF REALTORS®. As an International REALTOR® Member, your name and contact information is entered into the Find a REALTOR® database—at no cost. Inclusion in this global database allows consumers and professionals around the world to find you at <https://www.nar.realtor/global>. Member benefits also include access to the Realtors Property Resource® proprietary database of all 165 million U.S. property parcels and offers an “analyze a property for investment” function.

For information on all International Member benefits and membership application, go to <https://www.nar.realtor/global/international-realtor-membership>.

## Earning the CIPS Designation

The NATIONAL ASSOCIATION OF REALTORS® awards the Certified International Property Specialist (CIPS) Designation to REALTORS® who complete the required coursework and demonstrate global real estate experience.

The CIPS course curriculum is the foundation for a worldwide network of over 4,000 real estate professionals in 50 countries.

To be eligible for the CIPS designation, you must complete five of the courses listed below (two core courses and three elective courses), and complete an application demonstrating 100 points of international experience.

### ▶ Course Requirements

- » From the time the first course is taken, you have 3 years to complete the coursework and apply for the designation.

### ▶ Core Courses

- » Global Real Estate: Local Markets (both U.S. and non-U.S. students)
- » Global Real Estate: Transaction Tools (U.S. students only)
- » The Business of U.S. Real Estate (non-U.S. Students only)

### ▶ Elective Courses:

- » Europe & International Real Estate
- » Asia/Pacific & International Real Estate
- » The Americas & International Real Estate
- » Africa & International Real Estate

- ▶ **One of the following courses may count as one elective option:**
  - » At Home with Diversity
  - » CCIM Institute

## International Real Estate Experience

There are many ways to earn the 100 points necessary for CIPS designation. Completing international transactions, earning other NAR certifications, and being a member of your local global business council are among the ways to earn points.

For up-to-date information on experiential requirements and a designation application form, go to [www.nar.realtor/cips](http://www.nar.realtor/cips).

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## Test Your European IQ

Test your knowledge of European facts. Mark the best answer.

1. The euro is the official currency of all European countries.

True  
False

2. According to the United Nations geoscheme designation, the United Kingdom is considered part of Western Europe.

True  
False

3. Europe is larger in population than either North America or South America.

True  
False

4. The symbol for the euro is £.

True  
False

5. The Council of Ministers and European Parliament make decisions affecting every resident of the European Union.

True  
False

**6. Almost one-fifth of the European Union's population resides in Germany.**

**True  
False**

**7. Russia and Ukraine are not part of Europe.**

**True  
False**

**8. Real estate is regulated by governing bodies of the European Union, making practices nearly identical from country to country.**

**True  
False**

**9. The European Standardised Information Sheet (ESIS) provides EU consumers with standardized information about the cost of loans and mortgages.**

**True  
False**

**10. Brexit is a political philosophy related to trade and immigration concerns with little real impact on the daily lives of British residents.**

**True  
False**



# 01

## AN OVERVIEW OF EUROPE TODAY



## Module 1: An Overview of Europe Today

### AFTER COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- ▶ Understand the geographic landscape of Europe and get a sense of its countries and regions.
- ▶ Describe the structure and function of the European Union and how it relates to the business of international real estate.
- ▶ Explain the impact of culture on real estate in Europe and how an understanding of cultural context can help your real estate business.

Successful participation in the European real estate market requires not only market expertise, but also knowledge of the interrelated regions of Europe. Europe is constantly changing, with the most recent evidence reflected in government, social, and economic responses to the ongoing war between Russia and Ukraine. The continent was also impacted by the COVID-19 pandemic and the formal exit of the United Kingdom from the European Union within the last decade as well.

As a real estate professional, you must also consider how current conditions affect the overall business environment. We'll explore strategies to evaluate current market conditions to make better, more informed decisions for your business. Effectively utilizing such information will provide a solid foundation for development of your own European strategy.

We begin by reviewing some basic terminology needed to speak knowledgeably about Europe. Then we will look more closely at the countries of Europe and its regions.

▶ **As your instructor presents the material in this chapter, ask yourself:**

- » What do I already know about Europe and the European Union?
- » What market (or markets) am I most interested in?
- » How can I incorporate this information into my business planning?

## Useful Terms to Know

- ▶ **Brexit**  
The shorthand name given to the United Kingdom's departure from the European Union. It is a combination of "Britain" and "exit." Brexit officially occurred on January 31, 2020.
- ▶ **Brussels**  
An informal term for the unofficial "capital" of the European Union, as it is the location of most of its governing agencies.
- ▶ **ESG**  
An acronym for environmental, social, and governance initiatives that are driving business and how it is conducted. This includes prioritizing sustainability, for example.
- ▶ **Euro**  
The basic currency unit that has replaced the national currencies of 20 European Union member countries. It is designated as "€."
- ▶ **Euro Area (Eurozone)**  
Consists of EU member states that have adopted the euro as their currency. There are currently 20 countries in the euro area. Euro exchange reference rates quoted by the European Central Bank.
- ▶ **European Central Bank**  
The central bank of the 20 European Union countries that use the euro. It works to maintain price and rate stability across the eurozone.
- ▶ **European Commission**  
The executive branch of the European Union is responsible for proposing legislation, enforcing EU laws, and directing the union's administrative operations.
- ▶ **European Union**  
An economic and political union comprised of 27 European countries and governing common economic, social, and security policies.
- ▶ **Kilometer**  
A metric unit of measurement equal to 1,000 meters (equal to approximately 0.62 miles). Kilometers are used to measure distance in most of Europe; the United Kingdom, however, uses miles.
- ▶ **Meter/Metre**  
The base unit of length in the International System of Units (SI). It is used to measure length throughout Europe. Great Britain officially uses the metric system (a vestige of its time in the EU), although imperial measures (inches, feet, miles, etc.) are still in widespread use, especially for road distances.
- ▶ **Republic of Ireland**  
An independent sovereign state that is not part of the United Kingdom. Ireland is part of the European Union.

► **Schengen Area**

An area comprising 26 European countries that have officially abolished all passport and other types of internal border control at their mutual borders. It is comprised of most EU countries, except for Cyprus and Ireland, and also includes four non-EU countries: Iceland, Norway, Switzerland, and Liechtenstein.

► **United Kingdom**

The United Kingdom (UK) is made up of England, Scotland, Wales, and Northern Ireland. Northern Ireland consists of six counties in the northeast portion of the Irish land mass.

## The Population and Geography of Europe

Although Europe is the second smallest continent in terms of land mass (only Australia is smaller), it is widely diverse in geography, climate, and culture.

Europe is third in population, ahead of North America, South America, and Australia: it currently holds about 748,000 people (see Table 1.1). Given its size, the population density is moderately high at 34 persons per square kilometer (87 people per square mile), making space (and real estate) a premium commodity.

**Table 1.1**

List of the Seven Continents, Ranked By Current Population (2024)<sup>1</sup>

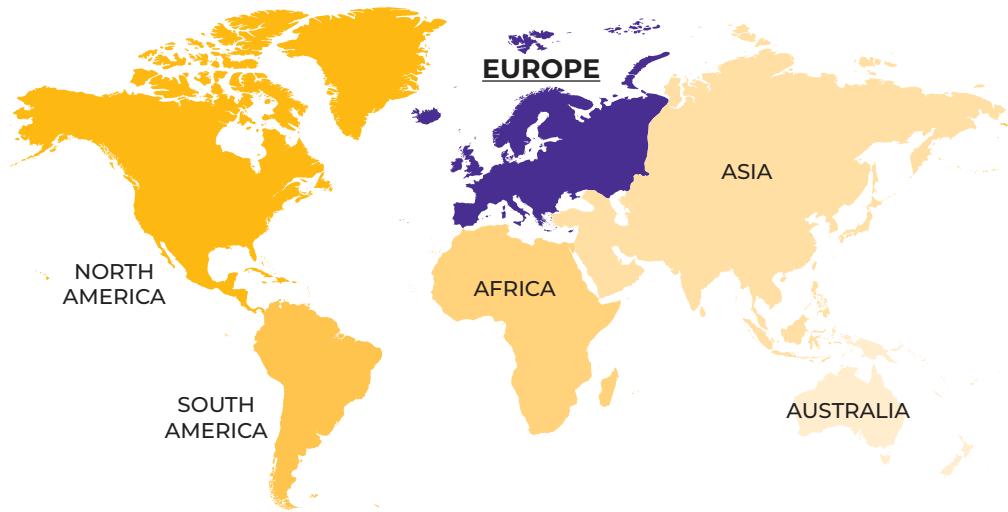
Rank	Continent	2024 Population	Area (Km <sup>2</sup> )	Density (P/Km <sup>2</sup> )	World Population Share
1	Asia	4,806,898,006	31,033,131	155	58.89%
2	Africa	1,515,140,850	29,648,481	51	18.56%
3	Europe	743,230,911	22,134,710	34	9.11%
4	North America	613,149,877	21,330,000	29	7.51%
5	South America	435,611,301	17,461,112	25	5.34%
6	Australia/Oceania	46,502,478	8,486,460	5	0.57%
7	Antarctica	0	13,720,000	0	0.00%

Let's look at Europe's constituent countries (see Figure 1.1) and then view its global location (see Figure 1.2). Located entirely in the Northern Hemisphere, we can see that Europe is a peninsula bordered by the Arctic Ocean to the north, the Atlantic Ocean to the west, and the Mediterranean, Black, and Caspian Seas to the south.

<sup>1</sup> Worldometer. Population 2024. Retrieved from <https://www.worldometers.info/geography/7-continents/>. Accessed August 2024.

Figure 1.1 Map of European Countries



**Figure 1.2** European Continent Within Global Map

It is helpful to have a general idea of the regions within Europe, in addition to the laws and culture of specific countries with which you may do business.

These regions (clusters of countries) have developed some similarities to each other even as Europe strongly supports individual cultural identities. The UN has created a “geoscheme” of Europe that divides it into four subregions:

- ▶ **Northern Europe**
  - » Consists of 17 countries and territories, including Sweden, Norway, and the United Kingdom.
- ▶ **Western Europe**
  - » Consists of 9 countries, including France, Germany, and Switzerland.
- ▶ **Southern Europe**
  - » Consists of 16 countries and territories, including Spain, Italy, and Greece.
- ▶ **Eastern Europe**
  - » Consists of 10 countries, including Russia, Poland, and the Czechia.

You can get a general sense of the size, geographic orientation, and the countries comprising each region in Figure 1.3.

**Figure 1.3** United Nations European “Geoschemes”



**NORTHERN EUROPE**

- Åland Islands
- Denmark
- Estonia
- Faroe Islands
- Finland
- Guernsey
- Iceland
- Ireland
- Isle of Man
- Jersey
- Latvia
- Lithuania
- Norway
- Sark
- Svalbard and Jan Mayen
- Sweden
- United Kingdom

**EASTERN EUROPE**

- Austria
- Belgium
- France
- Germany
- Liechtenstein
- Luxembourg
- Monaco
- Netherlands
- Switzerland

**SOUTHERN EUROPE**

- Albania
- Andorra
- Bosnia & Herzegovina
- Croatia
- Gibraltar
- Greece
- Italy
- Malta
- Montenegro
- North Macedonia
- Portugal
- San Marino
- Serbia
- Slovenia
- Spain
- Vatican City

**WESTERN EUROPE**

- Belarus
- Bulgaria
- Czech Republic
- Hungary
- Moldova
- Poland
- Romania
- Russia
- Slovakia
- Ukraine

The cultures of each region have been shaped by geography. For example, most Northern European countries share a colder climate, whereas Southern European countries have a more temperate, Mediterranean climate. It is easy to understand why many Americans and Europeans purchase vacation homes in areas like Portugal, with its mild climate and accessible location on the Atlantic coast.

But differences in regional cultures are also shaped by their political geography. Eastern Europe, for example, became more isolated from the rest of Europe in the decades following World War II, when many borders were redrawn. This “Iron Curtain” period divided Europe into two blocs, one with a “western” free-market economy and the other with an “eastern” communist economy.

The social, economic, and political differences that emerged between Eastern Europe and the rest of the continent had a tremendous impact on the respective real estate markets. Soviet-dominated countries did not experience steady economic growth until the “eastern bloc” began to crumble with the fall of the Berlin Wall in 1989. After German reunification in 1990, many formerly Soviet-dominated countries began to expand and reshape their economies, which in turn changed where industries prospered and attracted investment, and where people settled and bought homes.

However, the long-term effects of Soviet control were so profound that we still sometimes divide Europe in geopolitical terms into just two regions: Eastern and Western Europe. The Russian invasion of Ukraine in 2022, and the ongoing war between those two countries, threatens to reinforce and exacerbate these geo-political divisions further, as Western companies have pulled out from the area and markets and open trade with the West has once again been severely impacted. The focus of this course will be on those areas with more enduring, stable, and transparent real estate markets that attract U.S. investors. This includes the United Kingdom, France, and Germany.

## The European Union

The European Union is a unique economic and political partnership among 27 European countries. The union and EU citizenship were created by the Maastricht Treaty in 1993, with origins in partnerships established just after World War II. The financial and diplomatic success of the EU led to its rapid growth across the continent.

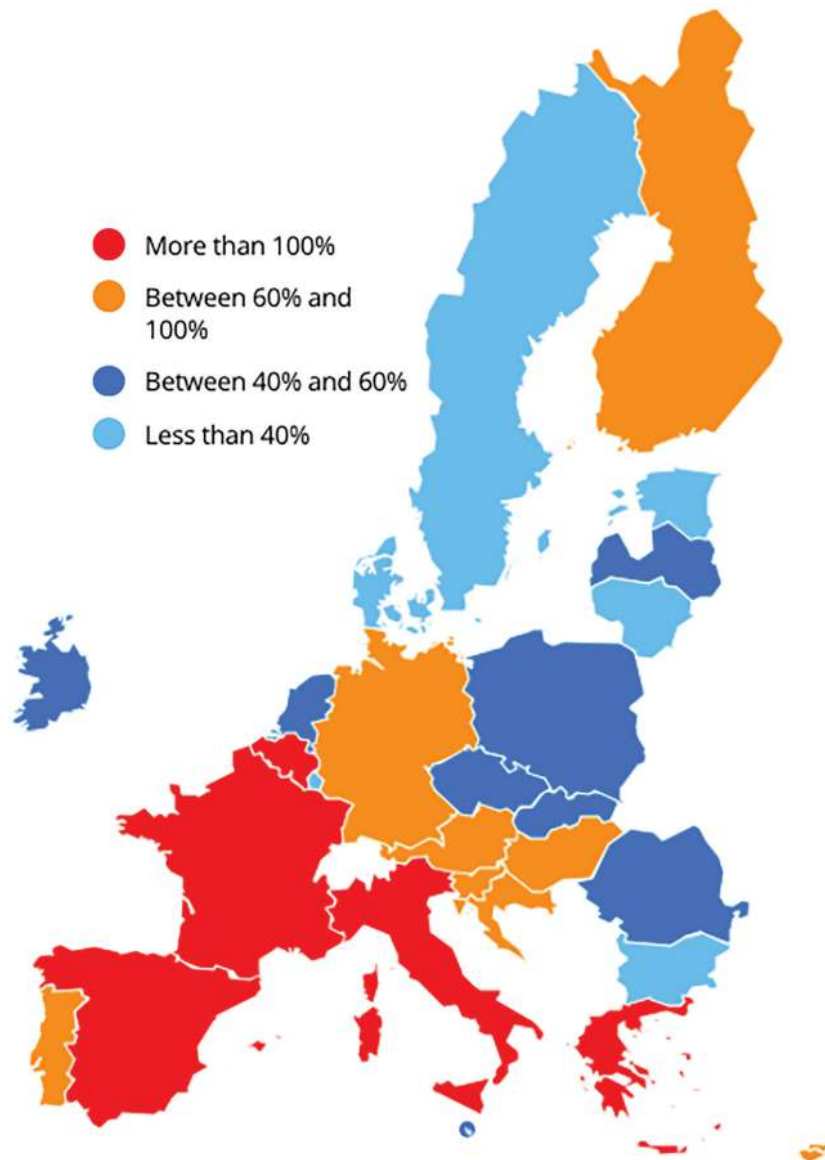
While United Kingdom was part of the EU for decades, it formally withdrew from the union in January 2020, a change referred to as “Brexit.” Though the changes associated with Brexit have become more normalized in the years since, we further explore its impact in Module 4 and how it might affect your business efforts in the UK.

The EU was formed to foster political and economic stability, economic and social balance, and the rule of law. The motto the EU has adopted is “United in Diversity.” The modern EU is described by some academics as an emerging superpower, although this status has been recently slowed by a rising possibility of a debt crisis among many member nations, including more affluent members, such as France; the withdrawal of the United Kingdom with Brexit; as well as member states’ differing economic and political realities and priorities. At the start of 2024, 11 countries in the EU had debt levels that exceeded 60% of their GDP, which is the threshold for stability and growth set by the EU. Figure 1.4 shows the debt-to-GDP ratios of member countries.<sup>2,3</sup> This is something for real estate professionals to monitor in the years to come.

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<sup>2</sup> Dixon, Hugo. “Breakingviews: The risk of a euro crisis is rising.” Reuters. July 1, 2024. <https://www.reuters.com/breakingviews/risk-euro-crisis-is-rising-2024-07-01/>

<sup>3</sup> Hackett, Paul. “From crisis to cooperation: how the EU handled the troubled 2019-2024 era.” Euro News. May 15, 2024. <https://www.euronews.com/business/2024/05/15/from-crisis-to-cooperation-how-the-eu-handled-the-troubled-2019-2024-era>

**Figure 1.4** Debt-to-GDP Levels of EU Member Countries<sup>4</sup>

**EU decisions impact real property choices made by individuals and businesses. The guiding principles of the EU are based on the four freedoms:**

1. Free movement of goods.
2. Free movement of capital.
3. Freedom to establish and provide services.
4. Free movement of people.

<sup>4</sup> Euro News. <https://www.euronews.com/business/2024/05/15/from-crisis-to-cooperation-how-the-eu-handled-the-troubled-2019-2024-era>

These four freedoms remove many barriers to real estate transactions and assure protection of private property rights across member states.

Consequently, European Union countries are leaders in issues affecting both local and international real estate. For example, Germany, France, and the UK have established standards on the environmental, social, and governance (ESG) performance of existing and new real estate assets. The EU has set a goal to be climate-neutral by 2050, with specific regulations targeting properties and energy. These objectives are increasingly important to investors concerned with climate change and sustainability and to banks funding these initiatives.

EU governance also strives for a digital single market, extending equal access to all EU citizens, and improving basic digital skills and connectivity. It sets a common benchmark at the European level for fundamental rights and values in the digital space. The recent pandemic has accelerated these efforts by revealing the need for increased and equal digital access.

While real estate is locally regulated by each country, EU governance shapes the broad economic and business environments in which real estate markets function.

## How Does the EU Make Decisions?

The European Union decision-making process involves three institutions: The Council of Ministers, the European Commission, and the European Parliament. Most legislation is proposed by the Commission and approved by the Council and European Parliament. There is no official president of the EU; rather, the institutions of the EU operate as a cabinet government. On the world stage, the principal representative of the EU is the President of the European Council.

### Here's a brief overview of these institutions:

#### ▶ The Council of Ministers

- » Sets the overall policy agenda and represents the national governments of member states. It consists of one minister from each member country.

#### ▶ The European Commission

- » The executive branch of the EU. It oversees implementation of regulations and represents the interests of the Union as a whole. Commissioners are proposed by the Council and approved by the Parliament.

#### ▶ The European Parliament

- » Represents the EU's citizens and are directly elected by them. Delegates—in proportion to population—are elected by each country to serve 5-year terms. Although the EU has no official capital, most of its legislative and administrative work takes place in Brussels, Belgium. Once a month, the EU Parliament meets in Strasbourg, France, for a 4-day session.

The current population of the European Union is approximately 448 million. Table 1.2 shows the recent percentage breakdown of each EU nation. Much of this course focuses on the top two EU nations in population (Germany and France), as well as the United Kingdom. Although the UK officially withdrew from the European Union in January 2020, it remains a major focus for international real estate activity, and an important market for U.S. buyers. We will look more closely at the UK real estate market in Module 4.

**Table 1.2** Percentage of European Union Population by Country<sup>5</sup>

EU-27 Country	% of EU Population
Germany	18.6%
France	15.2%
Italy	13.1%
Spain	10.8%
Poland	8.2%
Romania	4.2%
Netherlands	4.0%
Belgium	2.6%
Greece	2.3%
Czechia	2.4%
Portugal	2.4%
Sweden	2.3%
Hungary	2.1%
Austria	2.0%
Bulgaria	1.4%
Denmark	1.3%
Finland	1.2%
Slovakia	1.2%
Ireland	1.2%
Croatia	0.9%
Lithuania	0.6%
Slovenia	0.5%
Latvia	0.4%
Estonia	0.3%
Cyprus	0.2%
Luxembourg	0.1%
Malta	0.1%

<sup>5</sup> Source: Eurostat. (August 2024). Population as a percentage of EU27. Retrieved from <https://ec.europa.eu/eurostat/databrowser/view/tps00005/default/table?lang=en>

## Does the EU Oversee the Euro?

The European Central Bank (ECB) oversees the euro and functions independently from the European Union. Although there are ongoing communications between them, neither the EU nor the ECB may take instructions from the other. The policy mandate of the ECB is to maintain price stability, keep inflation in check, and maintain financial system stability.

Residential real estate is the main component of euro area household wealth, and mortgage loans are a primary asset of the euro banking sector. Stability in the market is a driver of the business cycle and the overall financial stability of a country. Recessions aligned with falling housing values lead to falling GDP. Similarly, price collapses in the commercial real estate sector also play a role in a country's financial health. Real estate professionals doing business in Europe must keep track of the policy decisions of the ECB, as they impact real estate markets across the EU.

The euro is the second-most popular currency (behind the U.S. dollar) and is used daily by more than 320 million people. Nations using the euro as a unit of currency make up the eurozone.

### DID YOU KNOW?

The exchange rate of the euro is constantly in flux. The European Central Bank quotes daily exchange rates against many of the world's top currencies.

To see today's rate against the U.S. dollar and other international currencies, visit [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/index.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html).

## How Does the EU Impact Daily Life?

There are many ways in which the EU impacts daily life for its citizens, ranging from unrestricted travel and employment opportunities among member states to universal consumer protections. Let's look at other general policies in greater detail.

### ► Unrestricted Travel and Employment

EU citizens may travel visa-free throughout member countries as well as seek employment and work without a work permit. Cross-border commuting for work is not uncommon. If unemployed, an EU citizen may go to another EU country to seek employment and continue to receive unemployment benefits. Job seekers and workers are entitled to the equal treatment in employment as well as the same protections and services as nationals. Tax treaties help people avoid double-taxation on incomes.

EU citizens can reside in another member country for up to 3 months without any conditions other than the requirement to hold a valid identity card or passport. After 3 months, EU citizens are required to meet certain conditions depending on their status—worker, student, etc.—and may be required to meet certain administrative formalities. EU citizens can acquire the right to permanent residence in another EU country after legally residing there for a continuous period of 5 years. Protection of pension and health care rights throughout the EU is assured for retirees.

Losing this right of unrestricted travel was a consequence of Brexit for UK citizens.

### ► Schengen Agreement: Freedom of Movement

Most EU countries)—plus the non-EU countries of Switzerland, Norway, Iceland, and Lichtenstein—participate in the Schengen Agreement, which allows unrestricted cross-border travel. Citizens of Schengen Agreement countries are not required to show a passport when crossing borders between signatory states, whether travelling for professional or private reasons.

This freedom of movement makes for more fluid real estate markets in each member nation. For example, EU citizens in Schengen area countries can readily move to or work in another country and purchase property there. It also makes it easy for European area buyers to have vacation properties in other countries and visit them frequently. Brexit complicated this ease of access for UK buyers—a change felt in many European resort communities where the number of British buyers has declined since Brexit.<sup>6</sup>

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<sup>6</sup> Ferguson, Donna. "Post-Brexit fall in English ownership of European second homes, figures show." The Guardian. July 22, 2023. <https://www.theguardian.com/money/2023/jul/22/english-housing-survey-second-homes-europe-brexit>

When doing business in the EU, you need to know about conditions such as ease of access throughout the region. Those conditions could have a significant impact on your business in either the short or long term: for example, second home buyers seek easy access and nearby destinations.

» **Other Important Points About Borders:**

- ▶ Internal border controls may fluctuate in response to extenuating circumstances, including terrorism, pandemics, organized crime, etc.
- ▶ Detailed information on current internal border controls is provided by the European Commission at [https://home-affairs.ec.europa.eu/policies/schengen-borders-and-visa/schengen-area/temporary-reintroduction-border-control\\_en](https://home-affairs.ec.europa.eu/policies/schengen-borders-and-visa/schengen-area/temporary-reintroduction-border-control_en).
- ▶ The United Kingdom and Ireland opted out of the Schengen Agreement and maintain their own border controls; a Common Travel Area pact between the UK and Ireland permits its citizens free movement between these two countries. This pact does not apply to non-citizens travelling in these countries.
- ▶ All Schengen area countries, plus the United Kingdom and Ireland, participate in the U.S. Visa Waiver Program. This allows individuals to travel to the U.S. for business or tourism for up to 90 days without a visa.

▶ **Languages**

In every EU country, people speak their own language (24 at last count). Language policy is the responsibility of member states, and the EU does not have a common language policy. The most widely understood language in the EU is English at nearly 50%.

Be aware of the official language used within a country for business transactions. In Germany, for example, contracts are in German—you have the right to have a translator when reviewing or signing a contract but must supply the translator yourself.

**BORDER-FREE SCHENGEN AREA\* INCLUDES:**

Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland\*, Italy, Latvia, Liechtenstein\*, Lithuania, Luxembourg, Malta, Netherlands, Norway\*, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland\*

**NON-SCHENGEN AREA OF THE EU\*\* INCLUDES:**

Cyprus, Ireland

\*Switzerland, Norway, Iceland, and Lichtenstein are not EU member nations.

\*\*Non-Schengen area designates EU member nations only.

### ► Universal Service and Data Privacy

EU citizens' rights include protection of personal data and the right to privacy. Internet access must be available to all citizens and net neutrality is required. Mobile phone users can make or receive calls anywhere within the EU with no roaming charges.

The EU General Data Protection Regulation (GDPR) has established some of the most stringent data protection regulations in the world. Most importantly, the rules are meant to give individuals more control of their personal data. It sets out detailed requirements for companies and organizations on collecting, storing, and managing personal data and applies both to European organizations within and outside of the EU. This means your business, when operating within the EU, must follow the same rules.

As part of a larger initiative, the EU has also established connectivity goals. Wherever you are in the EU, residents must be able to access good quality electronic communication services at an affordable price—including basic internet access. This is known as the “universal service” provision.<sup>7</sup>

### ► Cross-Border Banking and Standardized Loan Term Disclosures

EU regulations require full disclosure of the cost of loans, mortgages, and consumer credit. The lender must provide a description of loan terms by means of a European Standardised Information Sheet (ESIS). This concise overview of terms and conditions makes it easier for borrowers to compare loan offerings. Information contained on the ESIS includes:

- » Amount of loan
- » Duration of loan
- » Type of interest rate
- » Total amount to be reimbursed
- » Annual percentage rate of charge (total cost of loan)
- » Any costs to be repaid
- » Number, frequency, and size of payments
- » Information on conditions for early repayment

If taking out a loan in a foreign currency: examples explain the potential effects of exchange rate changes on your mortgage credit

Consumers can, in principle, obtain a mortgage loan from lenders based in other EU countries; however, the country of residence, where they work, and/or the location of the property influence how the lender assesses the application.

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<sup>7</sup> European Commission. Getting an internet connection. Retrieved August 28, 2024 from [https://europa.eu/youreurope/citizens/consumers/internet-telecoms/internet-access/index\\_en.htm](https://europa.eu/youreurope/citizens/consumers/internet-telecoms/internet-access/index_en.htm)

Individuals needing more information on mortgage rules in a specific country should contact the country's national administration. For further information or a link to a country-specific listing see [https://europa.eu/youreurope/citizens/consumers/financial-products-and-services/mortgages/indexamp\\_en.htm](https://europa.eu/youreurope/citizens/consumers/financial-products-and-services/mortgages/indexamp_en.htm).

## Real Estate Within the EU

**The EU has been a desirable place for international real estate investment because of three factors:**

1. Open borders
2. Uniform consumer protections
3. Stable and transparent markets

Recent data shows that real estate accounted for about 1.5 million enterprises, accounting for 4.8% of all business in the EU economy: this means approximately 2.7 million people, or 1.7% of employment in the EU.<sup>8</sup> Check Eurostat, the official statistical office for the European Union, for the most recent numbers. You can access the dashboard at <https://ec.europa.eu/eurostat>.

In many big European cities, housing prices have been rising for decades, pushed higher by a mix of low interest rates, land shortages, and construction that cannot keep pace with demand. One unexpected result of the pandemic was an acceleration of this trend: property prices increased almost everywhere, fueled in part by demand from workers needing at-home office space as well as stimulus money and supportive monetary policies.

Post-pandemic has seen an increase in inflation and interest rates, which has slowed the real estate sector, yet prices remain high, in part due to foreign investment. Since 2010, housing prices across the EU have risen 46% and rents have increased by 21%.<sup>9</sup> Not all countries are affected in the same way, so it's important that real estate professionals monitor both larger macro conditions as well as the trends in their particular market.

Other trends impact real estate investment throughout the EU. There is widespread and increasing demand for rental properties.<sup>10</sup> Contributing factors include a rising urban population, high home prices and mortgage rates, tightening housing supply, and changes in habits, especially among younger generations. The imbalance between demand and supply have created market opportunities that will more fully materialize in the years to come.

<sup>8</sup> Eurostat. "1.5 million enterprises in the EU's real estate sector." June 27, 2024. <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240627-2>

<sup>9</sup> Ditta, Geoffrey. "Surging property prices: When will Europe's cities become affordable again?" The Conversation. June 11, 2024. <https://theconversation.com/surging-property-prices-when-will-europes-cities-become-affordable-again-230256>

<sup>10</sup> Frank Verwoerd & Frederieke Meijer. "Higher mortgage costs are driving demand towards the rental market in Europe." CBRE. June 20, 2024. <https://www.cbre.com/insights/articles/higher-mortgage-costs-are-driving-demand-towards-the-rental-market-in-europe>

## Future Outlook for the EU

Despite the recent challenges posed by Brexit and the pandemic, a recent survey conducted by the European Commission reports that citizen attitudes for a strong and independent EU remain high, which is especially important in the wake of Russian aggression against Ukraine. More than two-thirds of citizens believe the EU is a “place of stability in a troubled world.”<sup>11</sup>

The most recent change in EU membership was the exit of the UK in 2020. Meanwhile, other countries continue to be in talks for entering the union. EU admission requires unanimous approval from existing member states. Candidates must have stable democratic institutions, the ability to take on EU membership responsibilities, and a functioning market economy. There are currently ten aspiring members. Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Türkiye, and Ukraine are currently candidate countries. Kosovo has applied for candidate status.

The future solvency and stability of member nations must be continually monitored as you consider and negotiate real estate investments in Europe. Access economic forecasts and performance data by country at [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies_en).

### DID YOU KNOW?

The European Parliament puts out an annual list of ten issues to monitor that may impact EU society. The list for 2024 is below.<sup>12</sup> Be sure to check this list every year to get a sense of topics and trends that could impact your business.

- ▶ Young Europeans voting behavior in European elections
- ▶ Deep fakes and disinformation in a year of elections
- ▶ The twin transition towards a greener, more digital society
- ▶ Climate overshoot and adaptation
- ▶ The future of the EU automotive sector
- ▶ Financing Ukraine's recovery and reconstruction
- ▶ Prosecution of international crimes and reparation for victims in Russia's war on Ukraine
- ▶ El Niño's knock-on effects on food security
- ▶ The 2024 US elections
- ▶ India's rise as a global power

<sup>11</sup> Standard Eurobarometer—Spring 2024. <https://europa.eu/eurobarometer/surveys/detail/3216>

<sup>12</sup> Bassot, Étienne. “Ten Issues to Watch in 2024.” European Parliament Research Service. January 2024. [https://www.europarl.europa.eu/RegData/etudes/IDAN/2024/757592/EPRS\\_IDA\(2024\)757592\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2024/757592/EPRS_IDA(2024)757592_EN.pdf)

## Europe's Diverse Cultural Heritage and Real Estate

The European Union's organizations and administrative departments specifically avoid overseeing local cultural issues. Instead, the Council of Europe (a human rights organization, not to be confused with the EU Council) fulfills this role and works closely with the United Nations Educational, Scientific, and Cultural Organization (UNESCO). The Council regards Europe's diverse cultural heritage as a force for fostering open-mindedness, inclusion, and basic human rights.

Real estate professionals know that an area's cultural heritage is an asset; it impacts the economy at large and the property market. The EU promotes a balanced approach between the need to stimulate growth on the one hand and preservation of historical sites and local traditions on the other.

### Impact of Culture on Development and Pricing

#### How do cultural heritage initiatives impact business and real estate?

- ▶ Economic development, especially tourism, in successful intercultural cities and along cultural corridors enhances property values.
- ▶ Preservation initiatives impact town planning, building standards, and future development.
- ▶ Heritage initiatives encourage continuation of specialized building skills needed to preserve historic structures.
- ▶ Preservation of historic sites, towns, and landscapes enhances property values.

### Understanding Cultural Attitudes in Business

Navigating Europe's rich and diverse cultural history provides opportunity for successful business ventures, but differences among various regions and nations can also present obstacles. The concept of high- and low-context cultures offers a good way to think about cultural characteristics because it allows us to generalize (without stereotyping) about a group's outlook, attitudes, relationships, social norms, and ideas.

As a real estate professional, it's important to be able to navigate and bridge the various cultures encountered in the course of doing business. Real estate is a relationship business—if there is no relationship, there is no business. Increasing your cultural awareness will increase your chances of establishing and maintaining successful international business relationships.

Regarding high and low contexts, European cultures tend to divide regionally along north–south and east–west lines. Southern and eastern countries lean toward high context, while northern and western European countries lean toward low-context characteristics. These differences can be summarized as:

▶ **High-Context Cultures**

Cultures that are more collectivistic in nature, valuing the group over the individual. They often rely more on closer interpersonal relationships and use implied, nonverbal communication to a greater extent. Developing a relationship is essential to conducting business. This describes the cultures of Russia, Romania, and Italy.

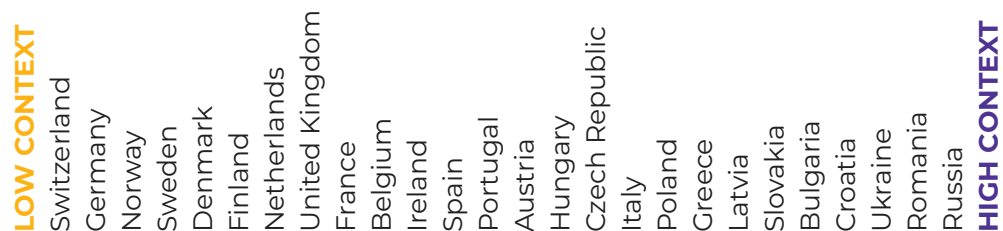
▶ **Low-Context Cultures**

Cultures that are more individualistic in nature, valuing the individual over the group. Low-context cultures rely more on explicit communication and formal contracts. Getting the job done is more important than building a business relationship. Switzerland, Germany, and Norway would be considered low-context cultures.

Distinct regional differences also exist within countries such as southern vs. northern Italy and southern vs. northern France. The best advice when interacting with someone from a different culture is to be sensitive to their body language, listen without interrupting, and avoid judging their words or actions by your own cultural conventions. It's also helpful to ask open-ended questions to gain the most information. Finally, do not be afraid to ask for clarification, objectively and politely. As with any friend, client, or business associate, the more you understand someone's perspective, the more you are able to connect and communicate effectively.

See Figure 1.5 to get a general sense of the cultural context for some European nations and Table 1.3 for a quick summary of the broad qualities associated with high-context and low-context cultures.

**Figure 1.5** High- to Low-Context Countries



**Table 1.3** High Context vs. Low Context<sup>13</sup>

High-Context Culture	Low-Context Culture
<ul style="list-style-type: none"> <li>▶ Indirect, implicit, subtle.</li> <li>▶ Layered and nuanced messages.</li> <li>▶ Nonverbal cues such as voice, eye movements, gestures, and facial expressions are important and carry a great deal of meaning.</li> <li>▶ Focus on long-term relationships.</li> <li>▶ Find low-context style of communication as extremely detailed, distrustful, and a waste of time due to repetition of message.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Concise, straightforward, explicit.</li> <li>▶ Simple and clear messages.</li> <li>▶ Literal meaning of your words is important, more than the context surrounding them.</li> <li>▶ Focus on purpose of communication.</li> <li>▶ Find high-context communication as undisciplined, secretive, lacking transparency, and a waste of time in building relationships as opposed to getting the work done.</li> </ul>

Understanding cultural distinctions can help shape how you market properties, promote your services, and interact with clients and other real estate professionals. In later modules, we'll look more closely at the business culture of countries profiled in this course. For now, keep in mind that cultural distinctions can impact buyers' and sellers':

- ▶ Approach to property transactions
- ▶ Expectations of working with a real estate professional
- ▶ Frequently asked questions
- ▶ Transactional process norms and etiquette
- ▶ Professional and personal relationships
- ▶ Response to marketing approaches

While learning where a country falls on the cultural continuum is important, knowing the relative position of two cultures in relation to the other strongly influences how we view each. If you are from the U.S., for example, you likely have a greater understanding of a German client's perspective than a client from a high-context country like Croatia, for example. To understand this distinction, it is helpful to know that the United States is considered a very low-context culture.

<sup>13</sup> Adapted from: TechTello. High Context Culture vs Low Context Culture: Communication Design For Avoiding Uncertainty. January 14, 2021. Retrieved from <https://www.techtello.com/high-context-culture-vs-low-context-culture>

## Exercise: Applying High- and Low-Context Criteria

Apply the cultural criteria for high and low context to a European country you have some knowledge about or personal experience with. You can do this exercise individually, with a partner, or in small teams. This exercise is not about being an expert; it's about learning and sharing what you know. When completing this exercise, assume you have a new client who is native to this country.

**Country:** \_\_\_\_\_ **Context: (high or low?)** \_\_\_\_\_

- 1. Based on this country's cultural context, what type of relationship would your client expect?**

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- 2. What would be some of this client's most frequently asked questions?**

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- 3. What kind of questions would you ask this client?**

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- 4. What would be some important issues to cover during a buyer consultation or listing presentation?**

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- 5. How would you describe this client's expectations of a real estate professional?**

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- 6. How does this client's culture differ from your own?**

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## Module 1: Key Point Review

- ▶ Europe can be divided into four distinct sub regions: Eastern, Northern, Southern, and Western.
- ▶ The European Union is an economic and political partnership between 27 European countries—it provides travel and employment opportunities among member states as well as consumer and other protections. It embraces and encourages its diversity.
- ▶ A country's geographic location, history, and culture affects its marketplace.
- ▶ European cultures are highly diverse in terms of high- to low-cultural contexts. Understanding these cultural distinctions supports successful business.

### DID YOU KNOW?

The European Union maintains an official website, which contains links to doing business in the EU, its member institutions, and living, working, and travelling there. Access it at [https://europa.eu/european-union/index\\_en](https://europa.eu/european-union/index_en).





# 02

## CURRENT EU MARKET TRENDS



## Module 2: Current EU Market Trends

### AFTER COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- ▶ Explain how changing demographics in the EU can affect the real estate market.
- ▶ Describe current economic factors of the EU and how these factors can shape decisions about real estate investments.
- ▶ Understand current trends that will help you build and grow your business.

In this module, we look at some factors that impact business and the real estate market in the EU. An understanding of these dynamics provides a framework for your business planning. We'll also explore strategies for accessing current information about countries in which you might do business.

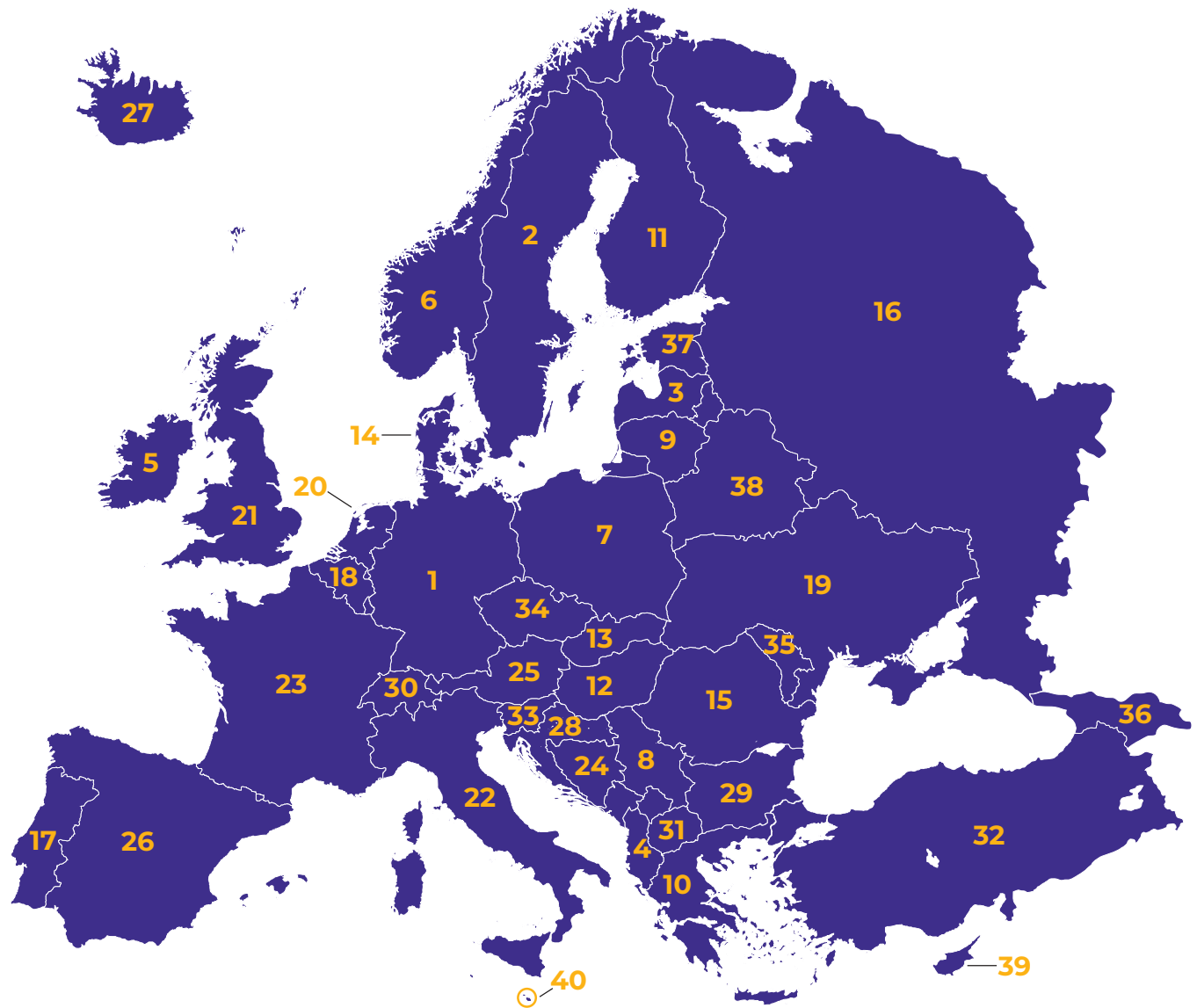
### ▶ **As your instructor presents the material in this chapter, ask yourself:**

- » How does this information impact my real estate business?
- » How can I incorporate this information into my business planning?
- » What strategies can I use to gain a deeper understanding of market conditions?

We touched upon the geographic landscape of Europe in Module 1, but a richer understanding of European geography will make it easier to understand the market dynamics at play. So we begin with a brief map quiz. The point is not to get them all correct; rather, it's to get you actively thinking about countries in which you might be doing business and how they relate to one another.

## Test Your European Geography IQ

Match these countries with the corresponding number on the map. Write your answer in the space provided on the next page. (The answer key is provided at the end of the module on page 56).



- |                            |                 |                   |                   |
|----------------------------|-----------------|-------------------|-------------------|
| Albania _____              | *England _____  | *Ireland _____    | Romania _____     |
| Austria _____              | Estonia _____   | *Italy _____      | Russia _____      |
| Belarus _____              | Finland _____   | Latvia _____      | Serbia _____      |
| *Belgium _____             | *France _____   | Lithuania _____   | Slovakia _____    |
| Bosnia & Herzegovina _____ | Macedonia _____ | Malta _____       | Slovenia _____    |
| Bulgaria _____             | Georgia _____   | Moldova _____     | *Spain _____      |
| Croatia _____              | *Germany _____  | Netherlands _____ | Sweden _____      |
| *Cyprus _____              | *Greece _____   | Norway _____      | Switzerland _____ |
| Czech Republic _____       | Hungary _____   | Poland _____      | Turkey _____      |
| Denmark _____              | Iceland _____   | *Portugal _____   | Ukraine _____     |

\* Denotes Country included in this course

## Two-Tier Structure of EU Countries

The vision of the EU is to promote a unified and cohesive European continent that promotes open markets, economic prosperity, and universal human rights for member nations. The reality, however, is somewhat different. The core EU nations of Western and Northern Europe have more power and prosperity than newer, less economically strong nations from Eastern and Southern Europe.

There is disagreement about how to reduce these differences and how to minimize Europe's historic disparities between north and south, west and east. Certain nations stand to gain and lose over time, which can directly impact the value of investments: this means continually monitoring legislation and demographic developments affecting your business is essential to sustainable success.

The two-tier structure will likely continue in the near future. But although economic prosperity has historically been greater in the north and west, the southern and eastern regions are starting to become more competitive. Some southern EU countries, such as Greece, Portugal, and Spain are even growing faster than some of the traditionally stronger and stable EU countries, such as Germany.<sup>1415</sup> For real estate professionals, this means there's still likely to be more opportunities

in Scandinavia, the United Kingdom, the Netherlands, western Germany, Switzerland, Austria, and France, but there may also be an expansion of opportunities in the eastern and southern regions of Europe in the years ahead.

### DID YOU KNOW?

All official European Union website addresses are in the europa.eu domain. This is a good starting point for information about EU institutions, policies, and countries—it also provides signposts to official EU institutions and agencies, each of which maintain their own websites. The domain is run by the Communication Department of the European Commission on behalf of the EU institutions.

Find links to official EU-related content on all major social media channels, including Twitter, LinkedIn, Instagram, and Facebook—you can filter the information by institution or agency. To get started, access [https://europa.eu/european-union/contact/social-networks\\_en](https://europa.eu/european-union/contact/social-networks_en).

<sup>14</sup> EU Joint Research Centre. "Regions in the EU's east and south are catching up on competitiveness." European Commission. March 27, 2023. [https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/regions-eus-east-and-south-are-catching-competitiveness-2023-03-27\\_en](https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/regions-eus-east-and-south-are-catching-competitiveness-2023-03-27_en)

<sup>15</sup> Aderman, Liz and Eddy, Melissa. "Europe's Economic Laggards Have Become Its Leaders." The New York Times. April 30, 2024. <https://www.nytimes.com/2024/04/30/business/europe-economy-inflation-growth.html>

## Changing Demographics Within the EU

The EU population has grown slowly and steadily for decades. In 1960, the EU had a population of 354 million people, and, aside from a brief dip due to Brexit and the Covid-19 pandemic, continues to grow today, with a population of approximately 450 million.

### Population growth and distribution is not uniform across the EU. Some important points to know are:

- ▶ Germany is the largest EU country in population, followed by France, Italy, Spain, and Poland. Together, these five countries account for about two-thirds of all EU residents.
- ▶ Europe's population is aging as life expectancy increases and fewer children are born.
- ▶ Positive net migration has been the main determinant of European population growth since the 1990s.

## Aging and Net Migration

Understanding how aging and immigration impact population trends is important to planning successful real estate investments in both the short and long term. Remember that aging and migration patterns lead to population growth for some countries and population loss for others—plus changes in housing demands.

EU countries rank among the oldest populations in the world. The median age of the EU population is 44.4 years; for contrast, the median age of the world's population is 30.6. Over the past decade, five EU countries—Portugal, Spain, Greece, Slovakia, and Italy—all experienced median increases of four years or more. The only country where it decreased slightly was Sweden to 40.7.

As a population ages, retirements reduce the workforce. Eventually, the number of retirees leaving the workforce may exceed the number of young workers entering it. The old age dependency ratio is now at 33%. This ratio measures the number of elderly people (aged 65 years and over) compared to the number of working adults. The highest ratios (in the 37% range) are found in Italy, Finland, and Portugal. The lowest (between 21% and 25%) are Luxembourg, Ireland, and Cyprus.<sup>16</sup> A reduced workforce implies reductions in productivity and economic growth, while a growing retiree population means increasing costs for pension payouts, long-term care, and health care. Consider what this means for housing needs—aging and more retirees will bring changes in desired housing sizes, locations, and amenities.

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<sup>16</sup> Eurostat. "Half of EU's population older than 44.4 years in 2022." February 22, 2023. <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20230222-1#:~:text=Across%20the%20EU%20countries%2C%20the,data%20published%20by%20Eurostat%20today>

European population increases in the last few decades are attributed to net migration. Remember that net migration rate refers to the difference between immigrants (people coming into an area) and emigrants (people leaving an area) throughout a given year. As positive net migration is expected to continue, Europe's overall population growth or decline will depend mostly on migration patterns. The most recent data shows a net migration to the EU of 4.25 million people in 2022. Population growth due to natural change (birth and death rates) is limited.

## Immigration

Immigration is a significant variable in population trends. Whether a particular country considers immigration positively or negatively depends on many complex factors. In the past 20 years, the number of non-EU immigrants and mobile EU citizens living in EU-27 countries and the UK has continued to increase substantially. According to recent figures, there are now 27.2 non-EU citizens living in the EU, or 6.1% of the total population. Most are of working age and could have a positive financial impact on an aging population. On the other hand, when countries experience a large influx of immigrants, it often triggers public anxiety and political disputes. Although not the only factor, immigration concerns were a key driver of the Brexit vote in the United Kingdom, for example.

According to the European Commission, the net fiscal effects of immigration are minimal, although refugees and asylum seekers often lead to high social costs and low employment rates. Interrelated effects are expected to further drive immigration towards Europe. These include:

- ▶ Contracting economies.
- ▶ Food insecurity.
- ▶ Social unrest and political tensions.
- ▶ Deepening divisions between population groups.
- ▶ Climate change.

In absolute terms, EU countries with the most non-nationals living there are Germany, Spain, France, and Italy. Germany has almost double the number non-national residents as the next closest country (Spain). Non-nationals in these four member states represent approximately 60% of the total number of non-nationals living in all the European Union.<sup>17</sup> How these countries deal with immigrant integration into their societies presents a continuing social and economic challenge.

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<sup>17</sup> Eurostat. "Demography of Europe – 2024 edition." <https://ec.europa.eu/eurostat/web/inter-active-publications/demography-2024#population-diversity>

## Demographics and Real Estate

There is a clear link between population growth and demand for real estate. International investors must closely monitor European regions that are experiencing population growth for investments in the short-term. Likewise, they must monitor long-term demographic changes for opportunities or potential threats. Factors such as aging and immigration flows will directly impact these evaluations.

An aging populace correlates with decreased demand for some types of real estate, whereas immigration can increase demand for homes, especially in urban centers. The factors that drive immigration, as well as the skill and education level of the immigrant population, impact real estate activity.

As a real estate professional, you know the importance of demographic trends in areas in which you conduct business. Find current demographic information for any EU country at [https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union\\_en](https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union_en).

## The Economy of the EU

The EU accounts for approximately 14% of the world's trade, behind only China and the United States. Its GDP is approximately \$16 trillion, making it the world's third largest economy. The GDP of Germany, France, and Italy comprise just over half of the EU's total economic output. See Table 2.1 for a list of the EU countries with the highest GDP.

**Table 2.1** Top EU Member States by GDP and their % of EU Economy<sup>18</sup>

Rank	Country	GDP (Billion USD)	% of the EU Economy
1.	Germany	4,031.1	24.26%
2.	France	2,778.1	16.72%
3.	Italy	1,997.0	12.02%
4.	Spain	1,390.0	8.37%
5.	Netherlands	990.6	5.96%
6.	Poland	716.3	4.31%
7.	Sweden	603.9	3.64%
8.	Belgium	589.5	3.55%
9.	Ireland	519.8	3.13%
10.	Austria	468.0	2.82%

After experiencing a mild recession in 2023 due to geopolitical unrest and elevated inflation, the outlook for the EU economy in the years ahead looks positive. GDP is expected to rise, albeit slowly, while inflation, unemployment, and deficits are all expected to recede through 2025. As usual, not all countries in the EU will experience the same economic recovery. Short-term projections actually show a more robust recovery in countries that have typically lagged the stronger economies in the north and west regions.<sup>19</sup>

### DID YOU KNOW?

The euro area (also referred to as the eurozone) are the countries that use the euro as their currency. The symbol for the euro is €. The euro is the second-most used currency in the world (after the dollar).

The European Union refers to the entirety of EU countries, regardless of currency type.

<sup>18</sup> Pallavi, Rao. "These are the EU countries with the largest economies." World Economic Forum. February 1, 2023. <https://www.weforum.org/agenda/2023/02/eu-countries-largest-economies-energy-gdp/>

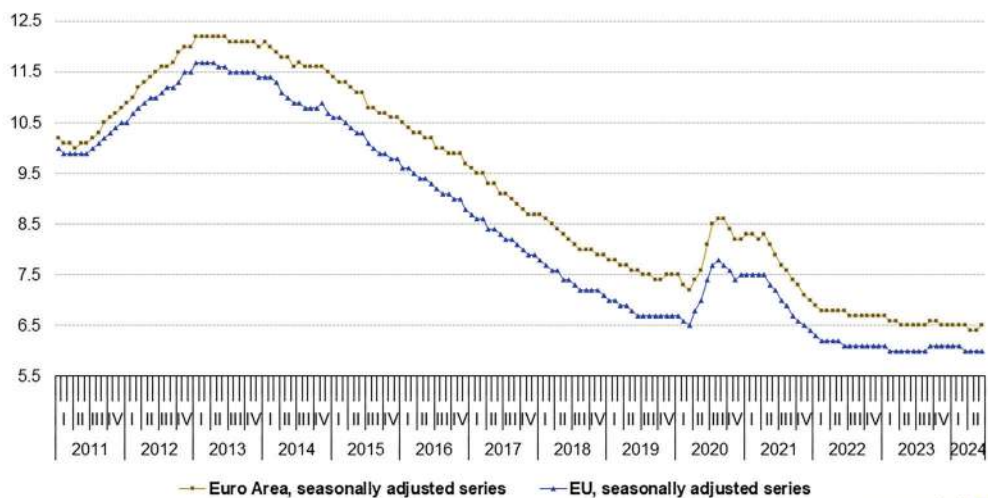
<sup>19</sup> European Commission. "Spring 2024 Economic Forecast: A gradual expansion amid high geopolitical risks." May 15, 2024. [https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2024-economic-forecast-gradual-expansion-amid-high-geopolitical-risks\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2024-economic-forecast-gradual-expansion-amid-high-geopolitical-risks_en)

## Employment

Along with GDP, employment is a strong indicator of economic health. Higher employment leads to increased consumer spending, which drives the local economy, including residential real estate transactions. This means changing space demands of all types.

Aside from the pandemic years, overall unemployment has been on a slow and steady decline since the early 2010s. The unemployment rate in the EU is approximately half of what it was just over a decade ago (see Figure 2.1). That trend is expected to persist in the years ahead.

**Figure 2.1**  
Unemployment Rates, EU And EA, Seasonally Adjusted  
(January 2011–June 2024)<sup>20</sup>



Source: Eurostat (online data code: une\_rt\_m)

eurostat

Youth unemployment, however, is a continuing concern throughout Europe. Although following the decreasing trend of lower unemployment overall, youth unemployment was still at 14% in 2024. A strong link between labor market participation and educational status is related to youth employment rates. The employment rate by country is available from Eurostat, the statistical office of the European Union. Access it at <https://ec.europa.eu/eurostat>.

<sup>20</sup> Eurostat. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Unemployment\\_rates,\\_EU\\_and\\_EA,\\_seasonally\\_adjusted,\\_January\\_2011\\_-\\_June\\_2024\\_02-10-2023\\_v2.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Unemployment_rates,_EU_and_EA,_seasonally_adjusted,_January_2011_-_June_2024_02-10-2023_v2.png)

## Real Estate and the Economy

The economic outlook of a country (and the EU overall) is intertwined with the real estate market. Stronger GDP and higher employment rates lead to a more stable and prosperous market—and safer investment opportunities. High employment has long been associated with high occupancy levels for commercial properties and increased demand for retail space.

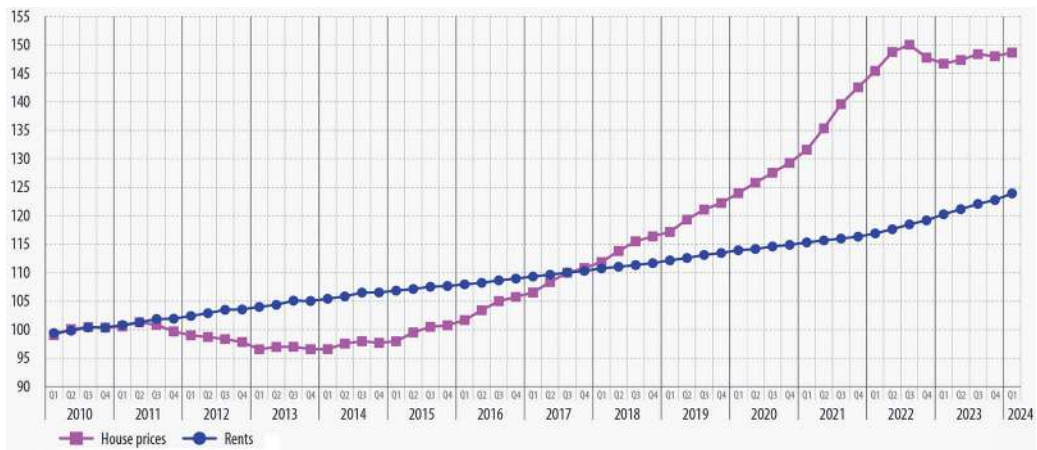
The favorable projection of the fundamentals discussed earlier – that is, increasing productivity, along with lower inflation and unemployment – provide for a brighter outlook in the real estate market in the years ahead. With falling inflation, lower interest rates are likely to follow, which will help to kickstart a sluggish buyers' market in 2022 and 2023.

The primary risk to a more robust real estate market stem from geopolitical unrest in the Middle East and the potential for the Israel-Hamas conflict widening into a broader regional war, as well as an escalation and widening of aggression spilling over from the ongoing war between Russia and Ukraine. Another risk, albeit not as acute, is that inflation will remain sticky and persist at higher than currently projected rates in the coming years, which would keep interest rates higher.<sup>21</sup>

## Long-Range Changes

After a brief dip, housing prices are once again rising, though more slowly than they had been before and during the pandemic. Rents as well are steadily increasing. Since 2010, house prices in the EU have risen over 30% and rents by over 15%. Rents rose steadily in this period, while housing prices have fluctuated. See Figure 2.2.

**Figure 2.2** House Prices and Rents in the EU Q1 2010–Q1 2024<sup>22</sup>



<sup>21</sup> “European Real Estate Market Outlook 2024.” CBRE. January 11, 2024. <https://www.cbre.com/insights/books/european-real-estate-market-outlook-2024>

<sup>22</sup> Eurostat. “House prices and rents rose between Q4 2023 and Q1.” 2024. <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240705-1>

**A report by PwC noted some factors that could have substantial impacts on the real estate market in the years ahead. Some bigger takeaways:<sup>23</sup>**

- ▶ The impact of environmental, social and governance (ESG) will continue to grow.
- ▶ The market is still in flux after a decade of very low interest rates. Valuation is still a challenge. According to one expert, “The watch words... are discipline and patience.”
- ▶ AI will play an increasingly big role in the real estate market, with its greatest applications in marketing and leasing.
- ▶ Demographic shifts will continue to have a large impact on the market. Geopolitical risks abroad might also present market opportunities.

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**23** PwC. “Emerging Trends in Real Estate®: Europe 2024.” November 7, 2023. <https://www.pwc.com/gx/en/industries/financial-services/real-estate/emerging-trends-real-estate/europe-2024.html>

## Exercise: Be an Economist

Select an EU country you are interested in exploring. Investigate the country online and create a snapshot of its overall economic outlook and the potential opportunities for real estate investment. Look for data indicating possible challenges or drawbacks for investors.

### POTENTIAL RESOURCES TO USE:

- ▶ **Global Property Guide/Europe**  
<https://www.globalpropertyguide.com/Europe>
- ▶ **The World Property Journal**  
<https://www.worldpropertyjournal.com/>
- ▶ **Eurostat: Housing Price and Sales Statistics**  
<https://ec.europa.eu/eurostat/web/housing-price-statistics>
- ▶ **Eurostat: Employment in Detail-Quarterly Statistics**  
[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment\\_in\\_detail\\_-\\_quarterly\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment_in_detail_-_quarterly_statistics)
- ▶ **European Commission: Spring 2024 Economic Forecast**  
[https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2024-economic-forecast-gradual-expansion-amid-high-geopolitical-risks\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2024-economic-forecast-gradual-expansion-amid-high-geopolitical-risks_en)

### Be sure to take into account:

- ▶ Short- and long-term GDP outlook.
- ▶ Employment forecast.
- ▶ Economic strengths and weaknesses (manufacturing, technology service, tourism, etc.)
- ▶ Regional trends.
- ▶ Any data you can find on the country's real estate market.

When you're done, find students who either chose the same country or adjacent countries. Compare notes and takeaways. For neighboring countries, can you see any negative or positive trends regarding the economy and overall real estate investment opportunities? Are these likely to impact adjacent regions?

## Some Questions to Consider:

1. What is the general economic forecast? What sectors of the economy are projected to grow?

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2. Is unemployment rising or declining? What group has the highest unemployment rate?

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3. Is the economy experiencing any current constraints (closed borders, tourism declines, etc.)?

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4. Are housing prices rising? In what areas?

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5. Do any government programs support foreign investment?

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6. What market area present opportunities for investors (office space, rental properties etc.)?

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## Residential Real Estate Trends

A savvy real estate investor pays attention to the trends, short-term and long-term, macro and micro. We look next at some important real estate trends in the EU residential market.

### Homeownership Rate

The rate of home ownership throughout the EU is high, about 70%, and homes account for the largest share of personal wealth. Homeownership rates are especially high in the central and eastern regions of Europe due to the transition to private ownership from state-owned property; at the time of transition, residents were able to acquire ownership of their dwellings.

Consequently, home ownership rates in Romania, Croatia, and Lithuania, for example, are in the range of 90%. Even in economically distressed countries, homeownership levels in Europe remain high with few properties changing hands because families often pass their homes down to the next generations. At the other end of the spectrum, Germany, Austria, and Switzerland are countries of renters. In Germany, for example, pro-tenant rental laws and rent controls make renting more attractive and economical than buying.

Generally, more developed European countries (France, Germany) tend to have a lower home ownership rate than newly developed countries (Lithuania, Slovakia). But overall, the percentage of home ownership has remained relatively stable over recent years. See Figure 2.3.

### Pricing

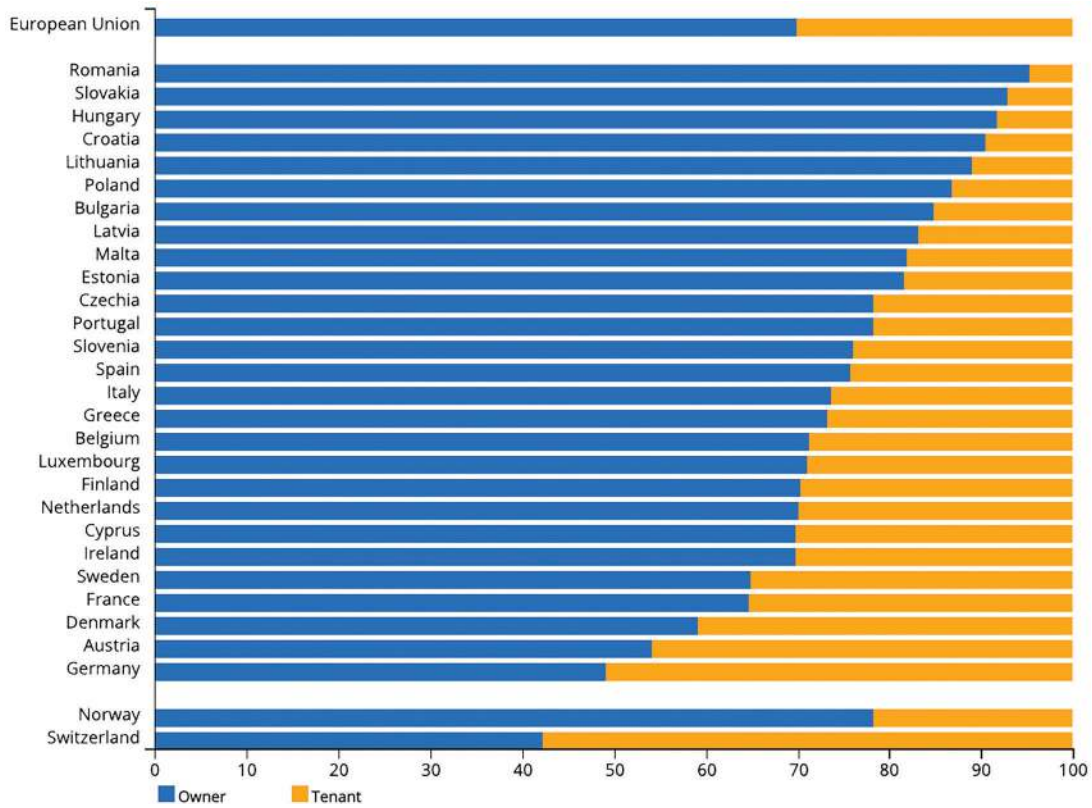
Many factors are involved in the rise and fall of housing prices and the rate at which they do so. Health of the economy, demographic patterns, demand, and housing inventories are just a few. It is important for investors to look at the full range of data and variables when making investment decisions rather than looking at a single data point in isolation.

As noted earlier, housing prices in the EU remain high. After a brief dip post pandemic, housing prices are again ticking upward (take another look at Figure 2.2). The first quarter of 2024 saw housing prices rise 1.3% from the same period in the previous year. In the coming years, much will depend on where inflation and interest rates go.

Pricing data for individual countries is available through Global Property Guide's site at: [www.globalpropertyguide.com/home-price-trends](http://www.globalpropertyguide.com/home-price-trends). The site cautions that European housing prices and other economic statistics vary in quality, and that no official authority collects EU housing data; rather, each country collects data slightly differently. But this is a good place to get an overview of real estate practices and pricing trends for a specific country.

**Figure 2.3**

Share of People Living in Households Owning or Renting Their Home, 2021<sup>24</sup>



<sup>24</sup> *Housing in Europe - House or flat – owning or renting.* (n.d.). Housing in Europe. <https://ec.europa.eu/eurostat/cache/digpub/housing/bloc-1a.html>

## Interest and Mortgage Rates

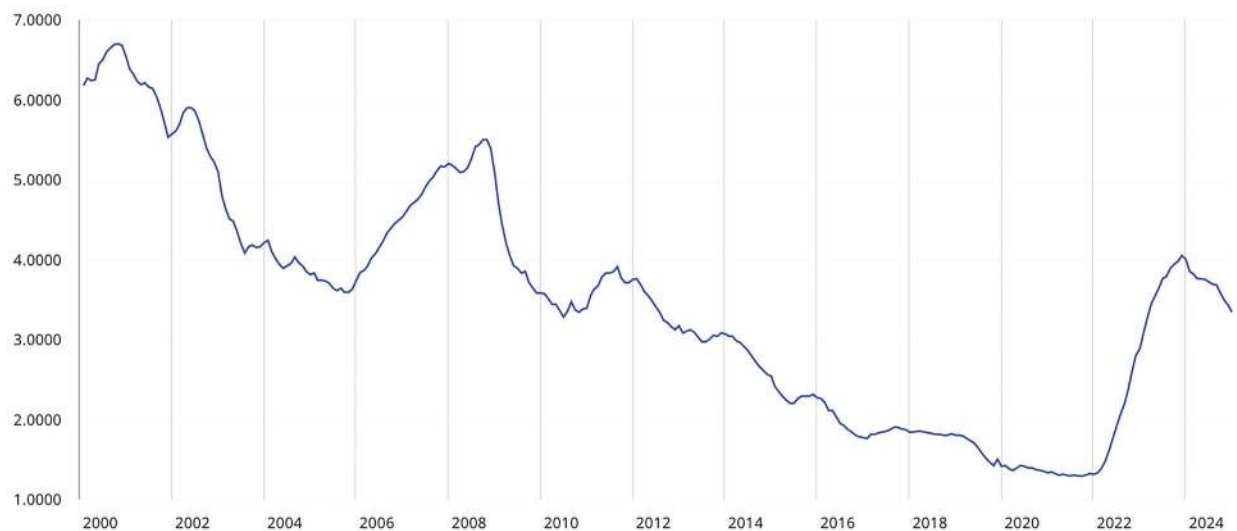
The European Central Bank sets the key interest rates for the euro area. The ECB is the monetary authority for the 20 EU member states using the euro and plays a role similar to that of the U.S. Federal Reserve or the Bank of England in the UK. In the last couple of years, the ECB has raised interest rates to tamp down inflation. In the latter half of 2024, inflation has come down far enough where most analysts are forecasting the ECB will begin lowering interest rates.<sup>25</sup>

Mortgage rates tend to follow the same trajectory as the baseline interest rate. As interest rates rise mortgage rates over time tend to rise as well. The same is true in the reverse. When interest rates fall, mortgage rates tend to fall as well. Mortgage rates shot up through 2022 and 2023, but leveled off and have begun to tick down slightly in 2024. Should the ECB begin cutting the baseline interest rate, mortgage rates should continue to fall as well. See Figure 2.4 to get a broader view of interest rates in the Euro Area since the start of the century. Rates across countries will vary.

It is important to know that applicants can obtain a mortgage loan from lenders in other EU countries; however in practice, your country of origin, where you work, and/or where the property is located influence how the lender assesses the application.

**Figure 2.4**

Interest Rates in EU, 2000 to 2024 (Percent per Annum)<sup>26</sup>



<sup>25</sup> McHugh, David. "Inflation fell to 2.2% in Europe, clearing the way for a European Central Bank rate cut in September." AP News. August 30, 2024. <https://apnews.com/article/euro-economy-inflation-ecb-interest-rates-dc2874f781757e322f1383f1991581fa>

<sup>26</sup> Bank interest rates - loans to households for house purchase (new business) - euro area, Euro area (changing composition), Monthly. (2025). Europa.eu. <https://data.ecb.europa.eu/data/datasets/MIR/MIR.M.U2.B.A2C.A.R.A.2250.EUR.N>

## EU Mortgage Directive

To help make real estate purchases safer and more uniform across its member nations, the EU Mortgage Directive ensures that homebuyers and mortgage borrowers are informed and protected against risks.

### The directive benefits consumers and lenders by:

- ▶ Mandating a European Standardized Information Sheet (ESIS) to clarify information given to the consumer at pre-contractual stage.
- ▶ Providing clear warnings of the risks of foreign-currency loans including an example of the impact of exchange rate fluctuation.
- ▶ Requiring lenders to assess the borrower's ability to repay the loan.
- ▶ Allowing borrowers to pay off a loan early.
- ▶ Banning linkage of other financial products and services to the mortgage when the credit arrangement is not available separately.
- ▶ Establishing a "passport" arrangement for authorized intermediaries to provide services throughout the single market.
- ▶ Encouraging lenders to apply reasonable forbearance when borrowers face serious repayment difficulties.

If the lender does not provide an ESIS, it can be requested. EU regulations stipulate that the lender must give the consumer at least 7 days to assess the mortgage offer (this period is longer in some countries).

## Commercial/Investment Real Estate Trends

As we discussed earlier, according to the PwC recent Emerging Trends in Real Estate® survey, the real estate market in Europe is a sector in transition due to a number of factors, including ESG agendas, AI implementation, valuation challenges, and demographic changes.

Questions also remain in the post-pandemic environment about the use and/or repurposing of traditional office buildings and retail spaces. Commercial real estate companies have faced challenges on multiple fronts in recent years, most notably higher interest rates, higher cost for building materials, and lower demand for office space. The commercial property prices fell almost 9% from 2023 to 2024, and some analysts think they could fall further.<sup>27</sup>

Analysts advice caution, patience, and a strategic approach investing in this environment. Location, as always, is critical, and analysts advice selecting cities that score highest for economic performance and productivity. The PwC survey lists the top 10 European real estate prospects for investment:<sup>28</sup>

- |              |               |
|--------------|---------------|
| 1. London    | 6. Milan      |
| 2. Paris     | 7. Munich     |
| 3. Madrid    | 8. Lisbon     |
| 4. Berlin    | 9. Frankfurt  |
| 5. Amsterdam | 10. Barcelona |

<sup>27</sup> “Commercial property is weak link in euro zone finance, ECB says.” Reuters. May 16, 2024. <https://www.reuters.com/markets/europe/commercial-property-is-weak-link-euro-zone-finance-ecb-says-2024-05-16/#:~:text=The%20central%20bank%20for%20the,pandemic%2C%22%20the%20ECB%20said>

<sup>28</sup> PwC. (2024). “Emerging Trends in Real Estate®: Europe 2024.” <https://www.pwc.com/gx/en/industries/financial-services/real-estate/emerging-trends-real-estate/europe-2024.html>

## Importance of PropTech

PropTech refers to the use of information technology to help individuals and companies research, buy, sell, and manage real estate. The goal is to make the process of owning, leasing, or working in a building easier and more efficient. This coincides with a recognized shift in the industry from a strictly B2B strategy to one concerned with building occupants and how they utilize office space.

PropTech innovations are expected to keep expanding. Such innovations include security enhancement, virtual tours, e-signing, digital advertising, automated and “green” property management, fractional investment groups, and use of artificial intelligence to better match buyers with properties.

The strong European focus on the environmental, social, and governance (ESG) performance of existing and new real estate assets aligns with increased use of property technology and firms specializing in this. While the pandemic did not create this trend, it accelerated it. Technologies are not limited by borders, and the industry acclimated to new and existing technologies to reach clients, market properties, and conduct transactions. Smart real estate professionals will do the same.

### **For EU property professionals, real estate technology firms support areas of:**

- ▶ Lead generation
- ▶ Remote working
- ▶ Owner/occupier tools
- ▶ Digital marketing
- ▶ Property management

While London remains the European hub for real estate tech investment, many countries in the EU, including France, Germany, and Spain, are also key markets.

## Investor Visas

Some European countries attract wealthy investors with residency status and even fast-track citizenship. As a legal resident of a Schengen area country, an investor can travel freely throughout western and continental Europe, as well as find a haven for cash, access to prestigious schools and universities for their children, and personal safety.

An internet search for “Schengen investor visa” yields thousands of hits for real estate firms that specialize in matching wealthy non-Europeans with qualifying real estate investments. They have been dubbed “Golden Visas,” and they are coming under increased scrutiny as a potential vehicle of corruption and, especially since the Russian invasion of Ukraine, a security risk. The European Economic and Social Committee (EESC) wants to get rid of them entirely throughout the European Union. It feels these programs do not align with the founding principles of the union partnership and provide a threat to member state security, but they remain popular with investors.

In 2022, the UK ended its golden visa program, as have most countries in the EU, though some programs do remain. As of this writing, EU countries offering Golden Visa programs are Spain, Portugal, Greece, Italy, Malta, Austria, and Belgium. Check for the latest updates in your country of interest. Residency and investment requirements vary.

## EU Capital Regulations

After the financial crisis of 2008, the EU implemented financial regulations to stabilize capital markets and assure that financial institutions, such as banks and insurance companies, are adequately capitalized. These regulations help protect investors and break down to three primary facets:

### ▶ **Basel IV**

Basel IV calls for ongoing review of European banks' internal risk-assessment models for lending and higher capital reserve requirements to mitigate risks. Higher capital requirements withdraw liquidity from the market and may restrict lending for real estate. Implementation is set for 2025.

### ▶ **Solvency II**

Regulations introduced under Solvency II set standards for the amount of capital that EU insurance companies and pension funds must hold to reduce the risk of insolvency.

### ▶ **Alternative Investment Fund Managers Directive (AIFMD)**

The AIFMD introduces regulation of entities such as hedge funds, private equity, and real estate funds. It requires all covered AIFMs to obtain authorization and make various disclosures as a condition of operation. The directive also sets regulations for marketing of alternative investment funds established in EU as well as those established outside of the EU. Its primary goal is to protect investors.

## Exercise:

# Building Your European Business Network

Take a few minutes to become more acquainted with these resources that can help you make valuable connections in building your real estate business. First, explore the resources below, and then spend 5 minutes thinking about how you stay current with real estate trends. Share your ideas in small groups.

### CIPS NETWORK

**Learn how to navigate the CIPS network of real estate professionals in 52 countries:**

- ▶ Go to <https://www.nar.realtor/global-perspectives/step-3-build-your-network>

### BUSINESS BUILDING RESOURCES

**Check out the business-building resources available at NAR Global:**

- ▶ Go to <https://www.nar.realtor/global>

### REAL ESTATE EXPOS

Real estate expos are a great opportunity for face-to-face networking. You could meet your next European referral partner.

**For a list of events throughout Europe, go to**

- ▶ [https://www.eventseye.com/fairs/zt1\\_trade-shows\\_europe\\_real-estate.html](https://www.eventseye.com/fairs/zt1_trade-shows_europe_real-estate.html)
- ▶ [https://www.griclub.org/club/real-estate/club-real-estate-europe\\_30](https://www.griclub.org/club/real-estate/club-real-estate-europe_30)

### NETWORKING STRATEGIES

Review strategies you use to network and become more knowledgeable about news and trends. Answer the questions on the following page.

**1. What social media sites do you use on a regular basis? Are there any that you use specifically for networking?**

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**2. What key words do you set for Google alerts?**

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**3. What websites do you visit to stay current on European real estate?**

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**4. Do you read any international publications?**

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**5. What industry-related events do you participate in to build your network? Are these local, national, or international?**

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**6. List two additional strategies you can use to become more knowledgeable about Europe.**

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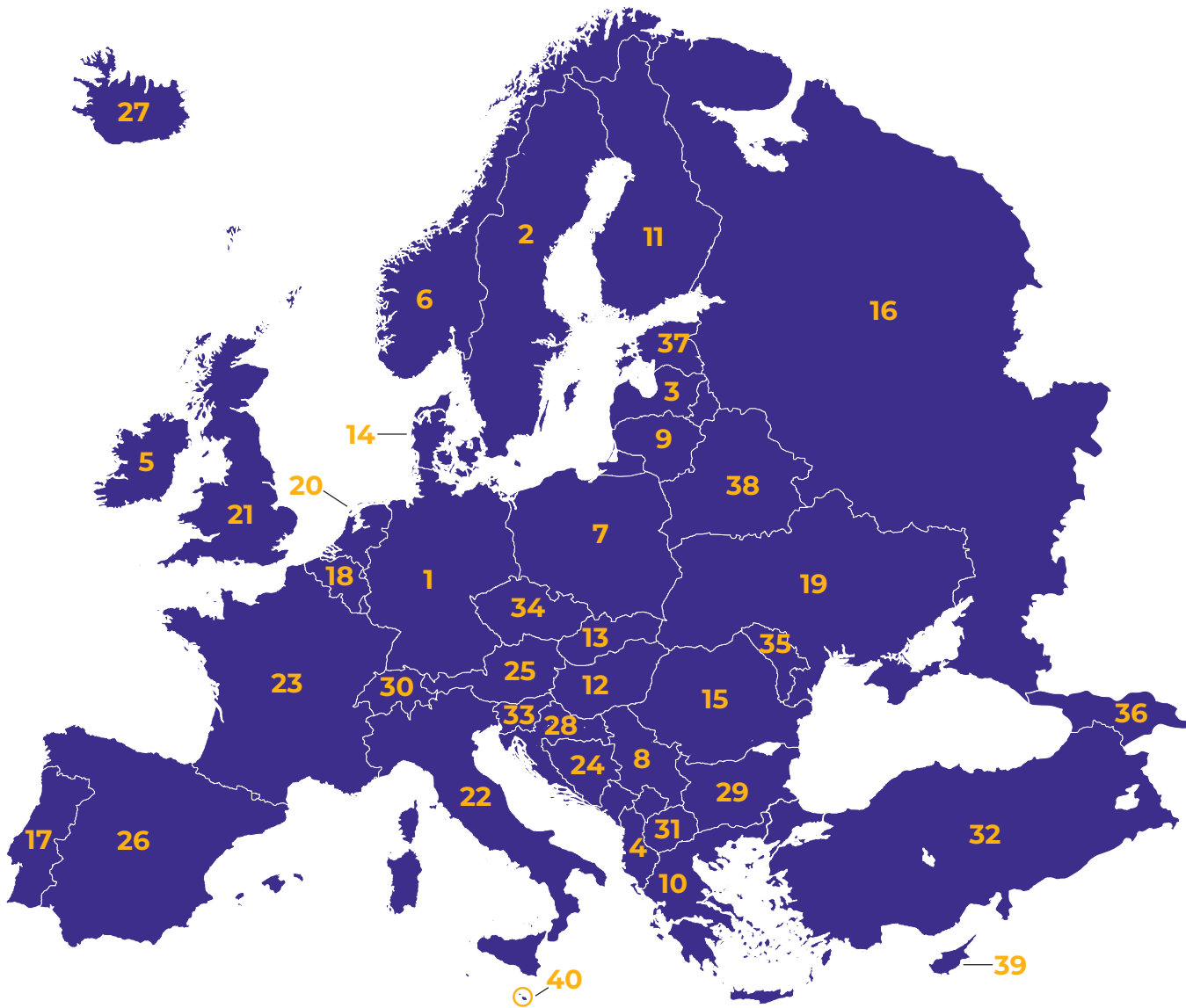
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## Module 2: Key Point Review

- ▶ European populations are older than average, and many are changing due to positive net migration.
- ▶ After a slight recession post-pandemic, the EU market is showing signs of slow but steady growth.
- ▶ Housing prices remain high, and housing demand is expected to increase with the lowering of inflation and interest rates in the years ahead.
- ▶ The European Union offers consumer protections related to housing, including requiring lenders to provide a European Standardized Information Sheet to mortgage applicants.

## Answer Key for Test Your European Geography IQ



Albania	4	*England	21	*Ireland	5	Romania	15
Austria	25	Estonia	37	*Italy	22	Russia	16
Belarus	38	Finland	11	Latvia	3	Serbia	8
*Belgium	18	*France	23	Lithuania	9	Slovakia	13
Bosnia & Herzegovina	24	Macedonia	31	Malta	40	Slovenia	33
Bulgaria	29	Georgia	36	Moldova	35	*Spain	26
Croatia	28	*Germany	1	Netherlands	20	Sweden	2
*Cyprus	39	*Greece	10	Norway	6	Switzerland	30
Czech Republic	34	Hungary	12	Poland	7	Turkey	32
Denmark	14	Iceland	27	*Portugal	17	Ukraine	19

\* Denotes Country included in this course



# 03

## THE REAL ESTATE MARKET IN GERMANY



## Module 3: The Real Estate Market in Germany

### AFTER COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- ▶ Explain the impact that geography and reunification have on the real estate market in Germany.
- ▶ Provide an overview of the real estate business in Germany, including the economy, the home buying process, and how real estate transactions are typically taxed.
- ▶ Describe business culture in Germany and identify strategies for enhancing your knowledge.

In the first two modules, we looked at Europe and the European Union as a whole to become broadly acquainted with its regions, its economic trends, and its laws. For the remainder of this course, we will explore the laws, cultures, and real estate markets of specific nations. We will spend the most time focusing on the largest markets in the Europe: Germany, the United Kingdom, and France. In the final module, we will look briefly at a few other countries that might also provide investment opportunities. The purpose here is to become more familiar with each of these markets so you can start devising your business strategy. It's important to do additional research into whatever market you choose to explore, utilizing the help of legal and financial experts as needed.

### As your instructor presents the material in this chapter, ask yourself:

- ▶ What do I already know about Germany?
- ▶ Does this market present opportunities for me?

## Geography

In terms of land area, Germany ranks fourth in Europe (France, Spain, and Sweden are larger), but first in terms of population. Germany's 84 million inhabitants live in an area equivalent to the state of Montana in the United States. Because of its size and centralized location in relation to the rest of Europe, almost half of Europe's population lives within 500 kilometers (about 300 miles) of Germany (see Figure 3.2).

Major cities are Berlin (the capital), Dusseldorf, Hamburg, Frankfurt, Munich, Cologne, Essen, Stuttgart, and Bremen. The former West German capital city of Bonn remains an important center for federal administration. Despite densely populated urban centers, Germany enjoys vast swaths of farm and forest land and unspoiled natural environments. The terrain varies from low plains in the north, rolling hills and valleys in the center and east, and the mountainous alpine region of the south.

**Figure 3.1** German Flag



## The Federal States

Germany is divided into 16 federal states. Similar to the United States, there is a national constitution for all of Germany, but each of the 16 states also has some sovereignty, which can lead to variances in law and policies. These differences in law also apply to real estate, for example, with taxation. See Table 3.1 for a list of the 16 states and Figure 3.3 for the geographic layout of these states.

**Table 3.1** Sixteen Federal States (Länder) of Germany

- |                     |                           |                      |
|---------------------|---------------------------|----------------------|
| ▶ Baden-Württemberg | ▶ Hessen                  | ▶ Saarland           |
| ▶ Bayern            | ▶ Mecklenburg-Vorpommern* | ▶ Sachsen*           |
| ▶ Berlin*‡          | ▶ Niedersachsen           | ▶ Sachsen-Anhalt*    |
| ▶ Brandenburg*      | ▶ Nordrhein-Westfalen     | ▶ Schleswig-Holstein |
| ▶ Bremen‡           | ▶ Rheinland-Pfalz         | ▶ Thuringia*         |
| ▶ Hamburg‡          |                           |                      |

\* Formerly East Germany    ‡ City States (Stadtstaaten)

Figure 3.2 Map of Germany



German property has been traditionally taxed on the basis of two primary categories: Property tax “A” is for agricultural and forestry use, and property tax “B” is for “constructible” land, such as homes and buildings. A property tax “C” is being introduced as well in 2025 that will allow municipalities to tax undeveloped land that is ready to be developed.

This additional category is part of a broader property tax reform initiative that is set to take effect at the start of 2025. At its core, the reform is meant to update and make fairer the existing property tax system that is based on land valuations from when Germany was divided into the East and West. The new system will rely on current market conditions rather than historical data, but will require millions of property owners to submit data by the end of 2024 to implement.<sup>29</sup> Handling of this reform varies across municipalities. The end result will be a revaluing of property across Germany that will directly impact how those properties are taxed moving forward.

The real property tax rate ranges from .26% and 1.0%, depending on the state and the use of the property. In addition to real property tax rate, there is also a transfer tax rate that varies by state (see Table 3.2). Some states have also changed their rate in recent years. For example, Hamburg and Saxony increased their rate in 2023, while Thuringia lowered it in 2024. The buyer of the property usually pays the transfer tax rate.

The variation in tax policies across states can obviously have a significant impact on real estate ventures. Be sure to look closely at the laws and policies of any state in which you plan on investing or doing business. Find the most current information on tax policy at GTAI (Germany Trade & Invest), a site supported by the Federal Ministry for Economic Affairs and Energy, at <https://www.gtai.de/gtai-en/invest/investment-guide/taxation-of-property-561540>.

**Table 3.2** Transfer Tax Rates by State<sup>30</sup>

German State	Tax Rate
<b>Bavaria</b>	<b>3.5%</b>
<b>Baden-Württemberg, Bremen, Lower Saxony, Rhineland-Palatinate, and Saxony-Anhalt, Thuringia</b>	<b>5.0%</b>
<b>Hamburg, Saxony</b>	<b>5.5%</b>
<b>Berlin, Hesse, and Mecklenburg-Vorpommern</b>	<b>6.0%</b>
<b>Brandenburg, North Rhine-Westphalia, Saarland, Schleswig-Holstein</b>	<b>6.5%</b>

<sup>29</sup> Kingston, Charles. “Germany’s property tax reform starts impacting broader market.” REFIRE. June 18, 2024. <https://www.refire-online.com/markets/germany-property-tax-reform-starts-impacting-broader-market/>

<sup>30</sup> Tax Foundation—Europe. 2024. <https://taxfoundation.org/data/all/eu/germany-real-estate-transaction-tax-rates/>

Figure 3.3 Map of German States



## Economic Reunification: Progress and Challenges

Over three decades have passed since the 1989 fall of the Berlin Wall and reunification of Germany a year later. A generation of young Germans have no personal memory of a divided Germany or the events that brought about its reunification. They share neither this history with their elders nor

identification as *ossi* (east) or *wessi* (west) German. *Ostalgia*, nostalgia for the “good old days” of a divided Germany, is felt mostly among their parents and grandparents, yet lingering economic disparities continue to present challenges.

In the years following reunification, the economies of the five former-East-German states trailed the West significantly. The eastern states had always been less densely populated and more reliant on agriculture and small businesses, while the western region dominated in terms of heavy industrial capacity. According to the government’s annual report on German unity, Germany continues striving to equalize living standards throughout the country. The current tax reform initiative is yet another example of that ongoing effort. Significant progress in infrastructure and economic performance has been made. However, the former eastern German economy still lags behind the western.<sup>31</sup>

### Positive Developments

The economy in the east is at its strongest point since reunification. Eastern Germany’s major industrial centers, located in the southern federal states are developing at a fast pace. Exports to Central and Eastern European countries have made Leipzig and Dresden into thriving logistical centers for shipping and warehousing. Brandenburg and Saxony-Anhalt have recently been the chosen locations for manufacturing plants of big American tech companies, such as Intel and Tesla. Cities on the Baltic coast have become a vacation destination known as the “German Riviera.” The area features seaside spas and beautiful white sand beaches.

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<sup>31</sup> Annual Report of the Federal Government on the Status of German Unity 2020. April 7, 2021. Retrieved from <https://www.bmwi.de/Redaktion/EN/Dossier/neue-laender.html>

## Continuing Challenges

Challenges in bridging the gap between East and West remain, however. Although unemployment in the eastern states has improved, there is still a real and substantial wage gap between the two regions. High-paying jobs in the major industrial cities along the Rhine continue to draw young workers from the small towns and rural areas of the eastern states depleting the work force. The heavy reliance on manufacturing in the east leaves its economy more vulnerable to downturns and competition from outside of Germany. These tensions have led to increases in political frustration and the re-emergence of some far-right groups that have been able to tap into this frustration. In fact, in 2024, AfD became the first far-right party to win state election in Germany since World War II, with a third of the vote in Thuringia. The party also finished very strong in Saxony. These social and political events are worth monitoring closely in the years to come.

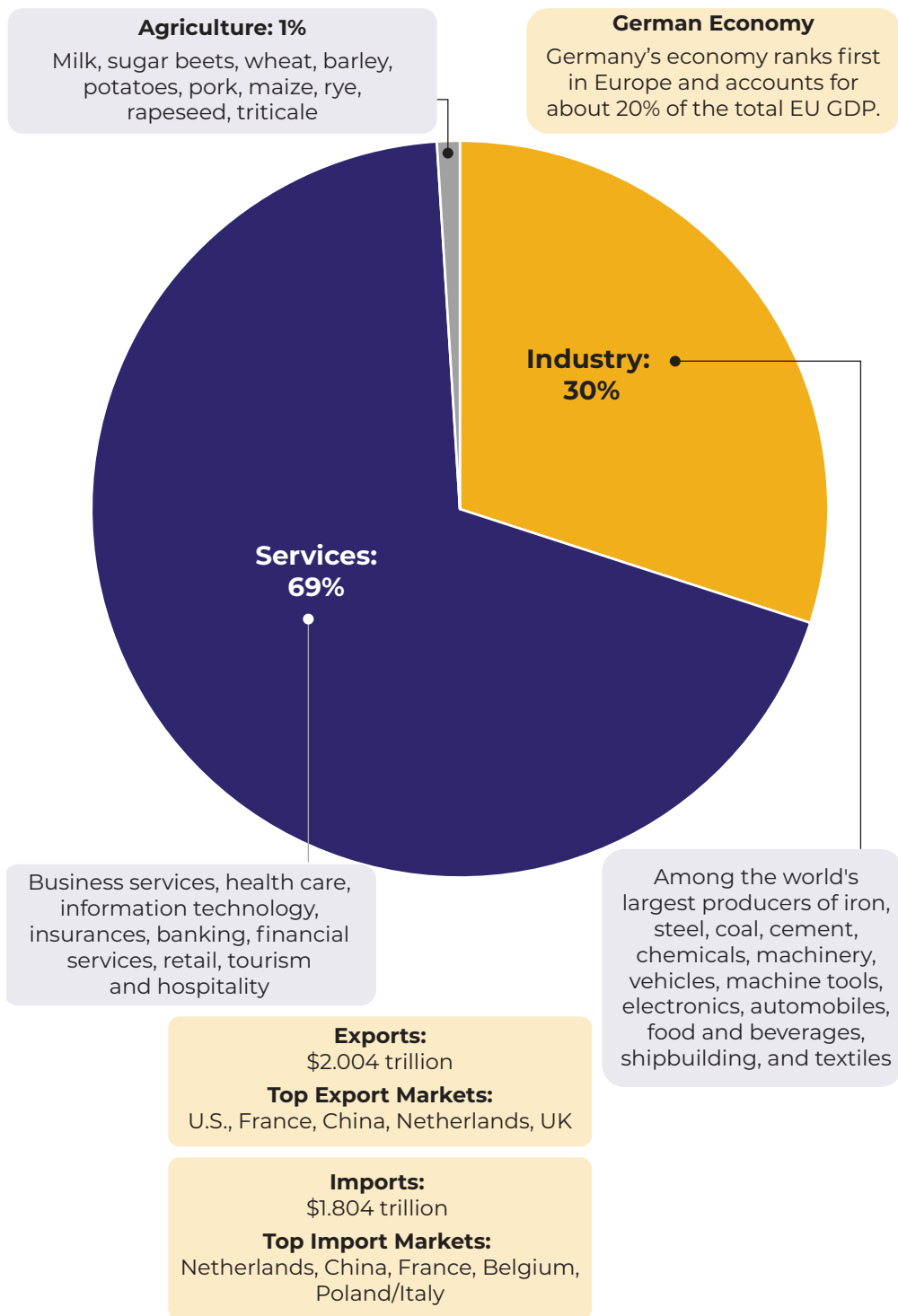
Like much of Europe post-pandemic, Germany has faced economic headwinds. The Russian invasion of Ukraine, disrupted supply chains and forced Germany to reevaluate national security and priorities. Elevated inflation and interest rates also lead to stagnating productivity. Analysts see an abating in inflation and a subsequent decrease in borrowing costs, which is expected to lead to a slower recovery in the years ahead, though geopolitical risks remain a threat to growth.<sup>32</sup>

For a snapshot of the overall German economy, see Figure 3.4. Note that like most advanced economies, the largest sector of the Germany economy is services including retail, banking, and insurance.

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<sup>32</sup> European Commission. "Economic forecast for Germany." May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en)

**Figure 3.4** Snapshot of German Economy



## The Real Estate Business in Germany

Now that we know more about the geographic layout, government, and economy of Germany, let's take a closer look at how the real estate business functions alongside these political and social factors.

### Current Conditions and Policies

The German real estate market has seen sharp declines over the past couple of years. After housing prices peaked in 2022, they have fallen by about 13% in the years since. The steep drop has appeared to level off as 2025 approaches; however, low supply, higher interest rates, and high cost of housing materials are expected to tamp down any substantial short-term rebounds. Analysts are cautiously predicting a 2-3% rise in housing prices through 2026.<sup>33, 34</sup>

Another trend affecting German real estate investment is a shift toward supporting sustainability or ESG initiatives (Environmental/Social/Governance). The European Union is striving to achieve climate neutrality by 2050, and the 2020 European Climate Conference renewed this aspiration. Real estate is seen as key in achieving this goal, but the focus on “green” buildings is no longer considered enough. The German Buildings Energy Act (Gebäudeenergiegesetz, GEG) targets climate-neutrality housing stock across Germany by 2045. A recent amendment to the act mandates that every new construction starting in 2024 needs to utilize a minimum of 65% renewable energy for heating.<sup>35</sup> The biggest hurdle will be implementing these types of regulatory requirements in an equitable and cost-efficient way.

In addition to the property tax reform discussed earlier, investors should also be aware of Germany's Real Estate Transfer Tax Reform, or RETT reform, it alters aspects of the current transfer tax. The goal is to avoid imbalance between taxation of direct real estate transactions and taxation of indirect transactions through a real estate company—in other words, those involving “share deals.” RETT applies to companies or foreign investors holding real estate assets in Germany. The new rules apply to all transactions closing after June 30, 2021.

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**33** Ghosh, Indradip. “German home prices to fall 2% in 2024, supply to lag demand: Reuters poll.” Reuters. May 21, 2024. <https://www.reuters.com/markets/europe/german-home-prices-fall-2-2024-supply-lag-demand-2024-05-21/>

**34** Delmendo, Lalaine. “German house prices are in freefall.” Global Property Guide. February 12, 2024. <https://www.globalpropertyguide.com/europe/germany/price-history>

**35** “Germany agrees phaseout of fossil fuel heating systems.” Clean Energy Wire. September 11, 2023. <https://www.cleanenergywire.org/factsheets/qa-germany-debates-phaseout-fossil-fuel-heating-systems>

A final note: the current German market can be thought of as three unique sectors: western Germany, eastern Germany, and Berlin:<sup>36</sup>

▶ **Berlin**

A dynamic and growing city, Berlin remains the most stable real estate sector in Germany. Its population is rising as young professionals come to the city seeking jobs, keeps demand high.

▶ **Western Germany**

A commercial and industrial region with well-developed infrastructure and low unemployment, relative to eastern Germany. It has traditionally had high demand for property rental and purchase, with fewer properties available than in eastern Germany, therefore keeping prices higher as well.

▶ **Eastern Germany**

Properties here are substantially cheaper than in western Germany, and there are typically more properties for sale. The most promising markets are in the big cities: Leipzig, Dresden, and Potsdam. Since the recent downturn, urban areas have seen more growth and activity, while rural areas have remained relatively stagnant.

## Real Estate Agents in Germany

About half of the real estate transactions in Germany involve a real estate agent or, in German, a makler. There are no federal or state licensing requirements for real estate agents. Immobilienverband Deutschland (IVD), the national organization for real estate professionals, requires successful completion of a qualification exam before an admissions committee, as well as proof of professional liability insurance as conditions of membership. It is not uncommon for young real estate professionals to have university degrees in real estate. IVD members are, for the most part, company owners.

## Home Buying Process in Germany

Germans tend to view the purchase of a home as a once-in-lifetime event. It's not unusual for the search process to take several months or even years. They seldom flip a home for profit, trade up, change homes as a family expands, or move just to satisfy the desire for a new home. When it comes to home ownership, the common wisdom is: buy it and die in it.

There is no multiple listing service in Germany. Agents sell their own listings, and buyers must go from agency to agency to view a variety of for-sale properties or contact owners directly. As you might expect, when shopping for a home, German buyers want to know all the facts about the property.

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<sup>36</sup> Kingston, Charles. "Eastern Germany's housing market remains a study in contrasts." REFIRE. July 1, 2024. [https://www.refire-online.com/markets/eastern-germany-housing-market-remains-a-study-in-contrast/#:~:text=Key%20takeaways,and%20Leipzig%20\(up%207.6%25\)](https://www.refire-online.com/markets/eastern-germany-housing-market-remains-a-study-in-contrast/#:~:text=Key%20takeaways,and%20Leipzig%20(up%207.6%25))

Although obligated to disclose hidden defects, the seller has no obligation to point out any easily observable conditions. The notar, a highly-trained, government-appointed legal professional, will verify that there are no outstanding liens on the property but is not responsible for the condition of the property or any defects.

Once the right property is found, buyers begin the transaction process by making an offer through the listing agent (or makler). The buyer must demonstrate the ability to pay for the property by presenting a mortgage approval—an irrevocable acceptance of loan financing—from a bank of good standing or, for a cash transaction, proof of existing funds. Down payment requirements tend to be high—usually 20% or more. The seller agrees to the entry of a priority notice in the land register, which protects the buyer from other sales activity such as a competing offer. There is no extended preclosing time period for completing inspections and contingencies.

In Germany, signing the purchase contract at a signing ceremony completes the transaction. During the ceremony, the notar goes over all of the transaction documents. The notar's reading of the purchase contract resolves any issues concerning the property or the exchange between buyer and seller. The transaction information as entered in the land records (Grundbuch) is final.

### STEP-BY-STEP: WHEN THE GERMAN BUY HOMES

1. The makler conveys the offer to the seller.
2. The seller must disclose hidden defects. The buyer must demonstrate ability to pay—a mortgage approval or proof of funds.
3. When the buyer and seller agree on price and terms, a notar—an impartial intermediary—prepares the purchase contract. The buyer chooses the notar.
4. The notar checks the land register to uncover any impediments to the sale of the property and restrictions on its use. The seller agrees to the entry of a priority notice in the land register to protect the buyer from a competing offer.
5. The buyer's purchase funds are deposited into the notar's account. The notar's fee, covers contract preparation, the signing ceremony, and land register entry. The notar's fees and the makler's commission (also paid from this account) are subject to 19% VAT.
6. Signing Ceremony. At the signing ceremony, the notar reads the contract aloud, in German, in the presence of the buyer and seller. The proceedings may be interrupted by either party to question a contract point and receive full clarification.
7. The notar applies for registration in the local land registration records—the Grundbuch. Sale proceeds are paid to the seller upon recording of the transaction in the land register.

## 8. Transfer of ownership is complete when:

- » The notar has applied for registration.
- » An entry has been made in the land register.
- » Previous mortgages have been paid.
- » The tax office has certified that the seller has no unpaid property taxes.
- » The buyer pays the state real estate transfer tax (3.5%–6.5%) within 4 weeks after completing the transaction. It can take up to 95 days to complete a transaction.

## Renting Homes in Germany

Germany is a nation of renters. About half of Germans own their own home—the lowest rate of home ownership in the EU. The popular wisdom—“once a renter always a renter”—holds that long-time tenants do not aspire to home ownership. Furthermore, scarcity of land in urban centers makes the single-family homes that sit on it very expensive. Combined with mandated rent controls and many other protections, renters have little economic incentive to consider homeownership.

In a nation of renters, it's not surprising that Germany's laws generally favor the tenant. Deposits cannot exceed 3 months' rent and are held in an interest-bearing account. Rent increases are strictly controlled and must be justified.

Utility costs are sometimes included in the lease. Typically, most tenancies are unlimited. Landlords must have a good reason for ending the lease and provide at least 3 months notice. The eviction process for nonpayment is slow, sometimes taking more than 6 months.

Furnished apartments are rare. Unfurnished apartments are completely unfurnished: they do not include built-in cabinets, closets, or lighting fixtures. Renters usually need to provide stoves, refrigerators, kitchen cabinets, wardrobes, shelves, furnishings, curtain rods, curtains, and even lighting unless the previous occupant leaves these items.

Laws are changing regarding the payment of fees to real estate agents. Previously the renter was responsible for paying the agent's fees—now fees are the responsibility of the property owner.

**DID YOU KNOW?**

**Apartment and house rental terms used in Germany can be confusing. Some important ones to know:**

- ▶ **Quadratmeter (Qm Or M2)**  
Accompanied by a number and tells you size in square meters.
- ▶ **Zimmer (Zi)**  
Accompanied by a number tells you how many rooms the place has.
- ▶ **Baujahr (BJ)**  
Followed by a number means year built.
- ▶ **Kaution (Ka, Kt and Kaut)**  
Is the “security deposit” required? A number indicates the deposit in euros.

**ENERGY EFFICIENCY INCENTIVES FOR BUYING AND RENTING**

**Germany requires one of two types of energy certificates for existing residential properties whenever they are sold or leased.**

- ▶ A demand-oriented certificate analyzing energy usage based on the building envelope, construction materials, and heating system.
- ▶ A consumption-oriented certificate analyzing actual usage based on energy use for the previous 3 years.

The certificates provide potential buyers and occupants with detailed information on operating costs related to energy consumption.

Recent legislation supports increased energy efficiency in buildings with government subsidies and incentives worth billions of euros. This is part of Germany’s goal of becoming climate neutral by 2045. By law, landlords can pass along the costs of modernization by raising rents, although to what extent is under debate.

**Foreigner Buyers in Germany**

There are no legal restrictions on foreigners buying property in Germany. However, you cannot purchase a house in order to get citizenship, become a permanent resident, or get a visa. Financing is possible for foreigners, but mortgage loans to foreigners typically cover only 60% of the purchase price.

The buyer may choose a notar and, since all legal proceedings are conducted in German, should select a notar who speaks the same language or hire an interpreter. It is advisable to obtain a copy of the purchase contract before meeting with the notar, review it carefully, have it translated if necessary, and prepare any questions to ask during the contract reading, discussed earlier.

It's important to note that there are significant tax differences for short-versus long-term real estate investments. In Germany, foreign property owners are subject to a 25% capital gains tax if they hold the property for fewer than 10 years.

## Commercial Investments in Germany

Six cities—Berlin, Hamburg, Düsseldorf, Frankfurt, Munich, and Stuttgart—contain the concentration of Class A office space, meaning offices that are newly constructed with the latest systems and technology. Not surprisingly, these cities also have highly-developed service sectors, which usually generates a corresponding demand for office space.

Class B office space tends to be a little older and does not contain the latest technologies. It tends to cluster in regional markets where both the inventory and size of office spaces are smaller scale. The perk of Class B space is that rents are also typically lower; better deals are therefore easier to find.

A large share of the cash flowing into European commercial real estate targets German assets. As a result, stiff competition for prime assets bids up prices. Markets outside of major centers benefit too, as the spillover seeks opportunity in outlying areas, second-tier cities, and a variety of types of investments.

## German Real Estate Buying Outside of Germany

Though Germany's economy has struggled in recent years, it's still considered one of the safest and most stable in the EU. As we saw in Module 2, three German cities—Berlin, Munich, and Frankfurt—were listed among PwC's top European cities for investment.

Warm climates draw German second-home buyers to the coastlines and islands of the Mediterranean. In the United States, Germans flock to the west coast of Florida in search of sunshine and relaxation. A look at direct air routes from German hubs (Frankfurt, Munich) provides a clue to where Germans like to buy abroad.

When buying in a foreign country, Germans will likely use the same slow, deliberate approach to second-home buying. In a hot market, they could lose out on a deal. Whether selling or buying, real estate professionals should be ready with the facts as well as translated transaction documents, such as a listing agreement or purchase contract. For both the buyer and seller, be ready to explain the seller's disclosure obligations. Remember that in Germany, signing a purchase contract completes the deal. By contrast, in the United States, signing a contract to make an offer signals the start of negotiations.

Buyer loyalty may be an issue because Germans are accustomed to real estate professionals who sell their own listings. German buyers may not know that a multiple-listing service enables the real estate professionals to show any listed property.

## Exercise: Get To Know Germany

Below is a list of helpful real estate and news sites targeted to Germany. Choose one site from the “Real Estate and Business” category and one from the “News and General Information” category to learn more about German real estate and news related to Germany today. Write down two things you learned from each of the sites you visited. Then get into small groups and share what you’ve learned with your classmates.

### REAL ESTATE AND BUSINESS

- ▶ **World Property Journal**  
[www.worldpropertyjournal.com/real-estate-news/germany](http://www.worldpropertyjournal.com/real-estate-news/germany)
- ▶ **Global Property Guide/Germany**  
<https://www.globalpropertyguide.com/Europe/Germany>
- ▶ **Immonet.de**  
[www.immonet.de](http://www.immonet.de)
- ▶ **U.S. Commercial Service Germany**  
<https://www.trade.gov/germany>
- ▶ **Federal Tax Office of Germany**  
[https://www.bzst.de/EN/Home/home\\_node](https://www.bzst.de/EN/Home/home_node)
- ▶ **Thomas Daily**  
[www.thomas-daily.de](http://www.thomas-daily.de)

#### Two Things I Learned:

1. \_\_\_\_\_
2. \_\_\_\_\_

### NEWS AND GENERAL INFORMATION

- ▶ **Spiegel Online International**  
[www.spiegel.de/international](http://www.spiegel.de/international)
- ▶ **Immobilienverband IVD**  
[www.ivd.net](http://www.ivd.net)
- ▶ **DW—Deutsche Welle**  
[www.dw.de/en](http://www.dw.de/en)
- ▶ **The Local, Germany’s News in English**  
[www.thelocal.de](http://www.thelocal.de)
- ▶ **Facts About Germany**  
<http://www.tatsachen-ueber-deutschland.de/en>

#### Two Things I Learned:

1. \_\_\_\_\_
2. \_\_\_\_\_

## Business Culture in Germany

As with any country, Germans have their own particular cultural norms. It's important to never stereotype, as culture and cultural norms can vary significantly based on any number of factors, such as geography (urban or rural), economy (richer or poorer), immediate circumstance (social gathering or business meeting), individual personality, and world views, to name just a few. But having a general sense of German culture as a whole can be helpful in getting oriented in the culture and navigating your way through early business processes and interactions. Let's take a look at a few aspects of German business culture.

### Emphasis on Planning and Structure

Germans are careful planners. Germans believe meticulous planning provides security in both personal life and business because it ensures order, structure, and stability. Rules and regulations are followed because they contribute to an orderly life. Germans generally want the assurance of knowing what they will be doing at any given point in time, so creating schedules and maintaining commitments is also important.

In both business and social settings, always be on time! Punctuality is taken very seriously—if delayed, it is important to phone immediately and explain the reason. Canceling at the last minute can jeopardize a business relationship. Once made, a decision seldom changes. It may be rendered into a series of detailed action steps that will be accomplished meticulously. Contracts are very important and are followed to the letter.

### Formal Business Introductions

In Germany, business proceeds without a personal relationship (lower context; see Module 1); rather, following established protocol and deferring to authority maintains the business relationship. One's standing in a business context can be established through official work experience and expertise, academic credentials, and company affiliation.

Deference to authority is important for Germans, so be clear on your level of authority. Companies tend to be quite hierarchical with decisions made at the top. Respect the chain of command of the German firm. Not surprisingly, titles are also rather important. Use all appropriate titles and forms of address, such as Herr or Frau along with the title and surname: for example, Herr Prokurist Jahn. Use first names only if specifically invited.

When introduced, a firm handshake with everyone present is appropriate. Senior executives will offer their hands first. Stand until invited to sit down. Avoid hand gestures when talking as well as touching or backslapping. Casual greetings and smiles are reserved for close friends and acquaintances.

## Business Meeting Culture

In communications, Germans can be straightforward to the point of bluntness. Exhibiting impatience or confrontational behavior is counterproductive.

Maintain direct eye contact while speaking. Maintain a communication distance of 18 inches or more, similar to North Americans. Do not attempt to sit or stand close. Expect a great deal of written communication to summarize business discussions and maintain a record of business meetings and decisions.

When making a presentation, dress formally and conservatively—visitors should keep ties and jackets on. In your presentation, stress shared interests and benefits that appeal to Germans—efficiency, performance, and quality. Be direct, factual, concrete, and precise. Neatness is essential in all correspondence and presentations.

Appointments are mandatory and should be made well in advance. Meetings, which begin and end on time, are rather formal and follow a strict agenda.

Although business does not rely on personal relationships, first meetings are for getting acquainted. The eldest or highest-ranking person enters the room first—men enter before women if their status and age are otherwise about the same. Although German is the preferred business language, most managers can converse in English.

### TOP 10 TAKEAWAYS ABOUT GERMAN BUSINESS CULTURE

1. Planning is highly desirable: this provides order, structure, and stability.
2. Rules and regulations are followed carefully.
3. Punctuality is essential to both business and social settings.
4. Contracts are important and must be followed to the letter.
5. Decision making or negotiation can be a slow and detailed process.
6. Business relationships rely on protocol and deferring to authority.
7. Formality is expected.
8. Business attire is understated and conservative.
9. Communication is direct, factual, and precise.
10. Efficiency, performance, and quality are valued.

## Beyond Business

There is a proper time for everything, and business and personal life are kept strictly separate. Working overtime shows a lack of careful planning. Be careful about trying to do business after hours. If you invite a client or a client's subordinate to dinner, it may be perceived as a conflict of interest.

German families tend to be small with the father traditionally as the dominant figure, although this is changing. The Germans take great pride in their homes, and orderliness is a virtue. In fact, the home is seen as the one place where a German can relax and show individuality.



**KEY CONTACT**

▶ **Immobilienverband (IVD)**  
<https://ivd.net/>

## Exercise: Identifying Breaches of Etiquette

Review the German cultural norms discussed in this module. With a classmate, conduct a role-play using the scenario below (or a scenario you create). Try to reenact three norms correctly and one norm incorrectly. Ask your classmate to identify any breaches of etiquette and where you were successful. Switch roles with your partner and see if the results are the same.

### SCENARIO:

At an international symposium, you are scheduled to meet with a German-based real estate professional. You hope to establish a future business relationship that will benefit both of you.

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## Module 3: Key Point Review

- ▶ A central location and large population make Germany an important part of the European Union economy. It is highly attractive to foreign investors.
- ▶ The 16 federal states of Germany (Länder) vary in their laws, taxation policies, and real estate opportunities.
- ▶ In the decades following reunification, the economy of eastern Germany has lagged behind western Germany. This is changing, although infrastructures and opportunities are still not yet equal.
- ▶ Despite a recent downturn in the real estate market, Germany's housing market remains one of the most stable in the EU.

### DID YOU KNOW?

Germany maintains a federal statistics office that provides official data on society, the economy, the environment, and the state. It also provides information on social and economic trends as well as podcasts on many topics.

- ▶ **Access Statistisches Bundesamt (in English) at:**  
[https://www.destatis.de/EN/About-Us/\\_node.html](https://www.destatis.de/EN/About-Us/_node.html)

# 04

## THE REAL ESTATE MARKET IN THE UNITED KINGDOM





## Module 4: The Real Estate Market in the United Kingdom

### AFTER COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- ▶ Understand the geographic layout and current economic conditions of the United Kingdom and their importance in making real estate investments.
- ▶ Explain how the real estate market functions in the UK, including how the transaction process works, what taxes and fees are involved, and how current lending policies work.
- ▶ Describe business culture in the UK and identify strategies for enhancing your knowledge.

In this module, we will take a closer look at the geography, government, and economic situation in the United Kingdom, and their impact on the real estate market. Before doing business in the UK, it's important to do additional research, utilizing the help of legal and financial experts as needed.

### As your instructor presents the material in this chapter, ask yourself:

- ▶ What do I already know about the United Kingdom?
- ▶ Does this market present opportunities for me?

## Geography

### Four Distinct Regions

The United Kingdom is comprised of four distinct regions: England, Wales, Scotland, and Northern Ireland (see Figure 4.2). Each of the four regions maintains a strong sense of nationalistic identity. Although any citizen of the United Kingdom may be referred to as British, only people from England are referred to as English.

Over time, Scotland, Wales, and Northern Ireland have achieved a degree of home rule, apart from England. Each has its own legislative and executive bodies, but there is a wide variation in the extent of powers of each government. The most distinct is Scotland, which has its own systems of law, education, local government, and state church—the Church of Scotland.

### Colonies and Overseas Territories

The land area of the United Kingdom is slightly smaller than the U.S. state of Oregon, but British territory once circled the globe and encompassed about a quarter of the world's land area and population, making it one of the most dominant empires in history. Most of the former colonies, united by shared language and culture, became voluntary members of the Commonwealth of Nations with the British Monarch as the head in name only. About a dozen islands scattered through the Caribbean, Pacific, and southern Atlantic continue close ties with England as British Overseas Territories; these include Bermuda, Cayman Islands, Falkland Islands, and Pitcairn, to name a few. In recent years, however, some of these nations—most notably Jamaica—have expressed a desire to possibly leave the monarchy. Closer to the European continent, the Territory of Gibraltar, located at the tip of a narrow isthmus, shares a land border with Spain. Three island territories off the coast of Great Britain are Crown Dependencies: Jersey, Guernsey, and the Isle of Man.

**Figure 4.1** United Kingdom Flag



## Population

The United Kingdom's population totals about 69 million, making it one of the most populous countries in Europe. It is also one of the most densely populated countries with more than a third of the population concentrated in the southeastern sector. London alone is home to 10 million people and one of the largest cities in the world, making it a hub for real estate activity.

The UK's population continues to grow, but at a slow rate. This can be attributed in part to falling birth rates and the trend toward smaller families. However, the effects of a dramatic drop in net migration due to Brexit doesn't appear to have occurred. Since Brexit, EU immigration has in fact dipped, but has been far outweighed by a three-fold surge in non-EU immigration.<sup>29</sup> The UK remains a densely populated nation compared to other large countries in Europe. It is expected to overtake Germany as the most populous European nation by 2050.

## Climate

As an island nation, the surrounding waters—the Atlantic, North Sea, Irish Sea, and English Channel—create its temperate climate and cloudy skies (more than half the days of the year are overcast). The terrain varies from craggy hills and low mountains in the north, especially the Scottish Highlands and the England's Lake District, to the rolling hills and plains of the southeast. Because of the deeply inset coastline, the farthest distance from any point in England to the coast is only 150 kilometers (about 93 miles).

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<sup>29</sup> "Will record net migration continue?" UK Parliament. July 16, 2024. <https://commonslibrary.parliament.uk/will-record-net-migration-continue/#:~:text=The%20government%20made%20changes%20to,these%20visas%20is%20now%20falling>

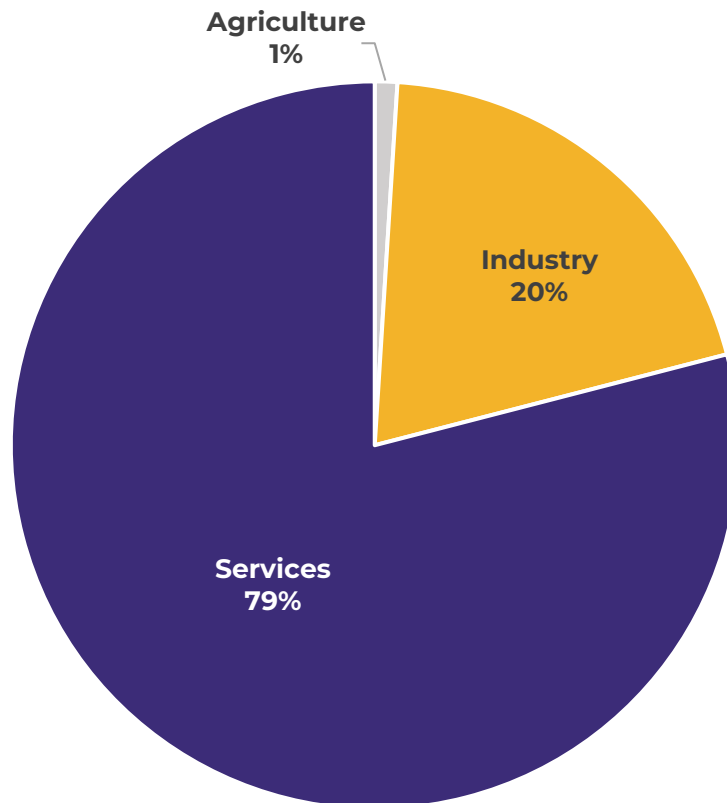
Figure 4.2 Map of the United Kingdom



## Current Economic Conditions

The United Kingdom's economy is the second largest in Europe after Germany (the French economy is very close in size to the UK's). Like most of Europe, the UK's GDP stagnated in 2022 and 2023 and is beginning to stabilize with some slight growth in 2024. Services, particularly banking and financial services, make up 79.1% of the economy (see Figure 4.3). Despite its small size, the productive agricultural sector provides more than half of food needs.

**Figure 4.3** United Kingdom Economy Makeup



## Brexit

In 2016, a referendum asked British voters to decide whether the United Kingdom should leave or remain in the European Union. The majority voted in favor of a British exit—Brexit—from the EU. The formal departure from the EU took place in January 2020, with lengthy negotiations regarding borders and trade terms.

Brexit has marked the beginning of a new chapter in the UK's economy, one described as “the biggest overnight change to occur in modern commercial relations.”<sup>30</sup> Just as supporters of Brexit were aspiring to a stronger UK economy, there were many dire warning about the harm that could be done to the UK economy in leaving the EU. Four years later, the results seems to have been mixed, and the UK economy as a whole appears to have been impacted more by global economic trends that have impacted other industrialized nations, including the EU, than by Brexit specifically.

### Following is a brief snapshot of the effects of Brexit:<sup>31</sup>

#### ▶ **The Economy:**

Analysts forecast that over the long-term the UK economy will be 4% less productive than had it stayed in the EU.

#### ▶ **Trade Policy:**

Newer trade deals as a result of leaving the EU have not materialized as quickly as Brexit supporters were hoping. But trade deals with over 70 countries, including the EU, are in place.

#### ▶ **Immigration:**

A big impetus to leave the EU for supporters of Brexit was to tighten the borders. However, net migration has grown in the years since, due in large part, as mentioned earlier, to non-EU populations. The result has been that the UK and its cities are becoming more, not less, diverse.

#### ▶ **Public Opinion:**

In the years, since Brexit occurred, public opinion has soured on the move, especially from young people. A small majority of Britons (51%) are actually in favor of overturning Brexit and rejoining the EU. Another 42% are in favor of taking the less drastic step of joining the Single Market, or the EU economy, once again.

<sup>30</sup> New York Times. Benjamin Mueller and Peter Robins. What is Brexit? And how is it going? (July 1, 2021). Retrieved from <https://www.nytimes.com/article/brexit-uk-eu-explained.html>

<sup>31</sup> The Week. “Brexit: where we are four years on.” January 31, 2024. <https://theweek.com/business/economy/brexit-where-we-are-now>

## Economic Outlook for the UK

After a period of decline, the UK economy grew 0.7% in early 2024. Fundamentals are improving which has prompted slightly more upbeat forecasts by analysts in the coming years. Inflation has declined substantially and is now in the realm of the target rate of 2%, while wages increased more than at any time since the end of the pandemic in the summer of 2021 and unemployment fell. As a result, interest rate cuts amounting to a half point are expected by the start of 2025, and business activity and business confidence has been rising.<sup>32</sup>

A good resource for information on the UK's current employment rate, inflation, and GDP is the Office for National Statistics. Access this site at <https://www.ons.gov.uk>.

### DID YOU KNOW?

The Eurotunnel (Chunnel) is a 50 km-long undersea rail tunnel below the Strait of Dover in the English Channel. It connects the UK with France: a fast and inexpensive way for people and freight to travel between the countries. About 500 trains run through the tunnel each day, with a crossing time of 35 minutes. It is called the Channel Tunnel or Le Shuttle for going by car or Eurostar for the high-speed, passenger-only service. Since Brexit, anyone traveling on the Eurotunnel now needs a passport and will pass through customs.

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<sup>32</sup> UK Parliament. "Economic update: A better short-term outlook for 2024." July 30, 2024

# The Real Estate Business in the United Kingdom

## British Real Estate Terminology

When doing business in the UK, it's helpful to be familiar with the terminology associated with real estate transactions. Below is a brief glossary of terms you should become acquainted with. Take a few minutes to review these before reading further.

- ▶ **Chain**  
Linkage of a succession of property transactions (purchase of the next property is contingent on sale of the current one).
- ▶ **Chain Free**  
The buyer doesn't need to sell a current property in order to buy another one.
- ▶ **Completion**  
Closing.
- ▶ **Conveyancer**  
An attorney (solicitor) or licensed professional hired by the buyer or seller to handle the legal aspects of a property transaction.
- ▶ **Conveyancing**  
The legal process transferring ownership from seller to buyer.
- ▶ **Council Tax**  
Annual real estate tax based on the assessed value of the property. Both homeowners and tenants pay this tax.
- ▶ **Dilapidations Charge**  
Damage charges usually specified in a rental agreement.
- ▶ **Disbursements**  
Closing costs.
- ▶ **Energy Performance Certificate**  
A report, required for UK property sales and rentals, that rates the energy efficiency of a property on a scale from A (most efficient) to G (least efficient). The report may include recommendations for improving energy efficiency.
- ▶ **Equity Release**  
A cash-out refinance.
- ▶ **Exchange Of Contracts**  
The point at which buyer and seller commit to completion of the transaction at the agreed price and terms by exchanging signed contracts. The sale is binding at this point.
- ▶ **Fly-to-Let**  
The practice of purchasing a property in a foreign country for rental or investment.
- ▶ **Freehold**  
A type of ownership in which property owner owns the property and land it sits on in perpetuity.

- ▶ **Holiday**  
Vacation.
- ▶ **Gazumping**  
When a seller has accepted an offer but subsequently accepts a higher offer from another buyer.
- ▶ **Gazundering**  
When the buyer lowers an offer immediately prior to exchange of contracts.
- ▶ **Instruction**  
A listing agreement. The seller gives the agent instructions to market the property, usually by private treaty.
- ▶ **Land Registry**  
Local property records.
- ▶ **Leasehold**  
The buyer owns the right to live in a property for a specified length of time (often 99–999 years), after which ownership reverts to the freeholder. The leaseholder pays ground rent to the owner (freeholder) of the land.
- ▶ **Local Authority Search**  
An investigation of any issues or future developments that could affect a property or nearby areas.
- ▶ **Pre-Contractual Stipulation**  
Contingencies or conditions the buyer or seller must satisfy before the purchase can be completed.
- ▶ **Private Treaty**  
A sale of a property involving a binding private contract between the parties. The most common form of buying and selling a property.
- ▶ **Procurator Fee**  
An agent's commission usually expressed as a percentage of the purchase price.
- ▶ **Stamp Tax**  
Real estate transfer tax.
- ▶ **Surveyor**  
A property appraiser.
- ▶ **To Let**  
For rent.
- ▶ **Under Offer**  
The stage in the transaction when an offer has been accepted but contracts have not been exchanged.
- ▶ **Vendor**  
The seller.

## Current Housing Market

Like the rest of Europe, housing demand in the UK has been weak in recent years. Inflation, higher interest rates, and a slowing economy all contributed to the downturn. But the housing market has been picking up more recently. Housing prices increased 2.7% between June 2023 and June 2024, and mortgage approvals increased 27% in roughly that same time period. As inflation continues to decline and interest rates come down, the market is expected to continue picking up.<sup>33</sup>

The average house price in the UK, as of June 2024, was £287,924, but prices vary based on region. Average housing prices in England are by far the highest at £305,000, followed by Wales and Scotland, £216,000 and £192,000, respectively, with the lowest in Northern Ireland, £185,000. Over the past year, however, the housing prices in Northern Ireland have increased the most at 6.7% compared to housing prices in Wales, which only increased 1.8%.<sup>34</sup>

For the most recent information, visit the UK House Price Index at <https://landregistry.data.gov.uk/app/ukhpi>. Values are calculated by the Office of National Statistics using house sales data from HM Land Registry, Registers of Scotland, and Land and Property Services Northern Ireland.

## Real Estate Professionals

Real estate agents are referred to as estate agents in the UK. Although estate agents are not licensed, the NAEA Propertymark—a bilateral partner of the National Association of REALTORS®—maintains high standards of qualification and conduct for its members. Qualifying for membership requires completion of a rigorous training program with different levels of competency.

<sup>33</sup> UK Parliament. “Economic update: A better short-term outlook for 2024.” July 30, 2024

<sup>34</sup> “UK House Price Index summary: June 2024.” HM Land Registry. August 14, 2024. [https://www.gov.uk/government/statistics/uk-house-price-index-for-june-2024/uk-house-price-index-summary-june-2024#:~:text=Average%20house%20prices%20in%20the,to%20%C2%A3192%2C000%20\(4.3%25\)](https://www.gov.uk/government/statistics/uk-house-price-index-for-june-2024/uk-house-price-index-summary-june-2024#:~:text=Average%20house%20prices%20in%20the,to%20%C2%A3192%2C000%20(4.3%25))

## Overview of Real Estate Transaction Process in the UK

The transaction process begins with the buyer making an offer through the real estate professional, called an estate agent. The offer itself is not legally binding for either the buyer or seller, except in Scotland where offers are in fact legally binding. Consequently, it is not uncommon for a buyer to withdraw an offer or a seller to accept a better offer.

If an offer is accepted by the seller, there is a period of time in which inspections, or surveys, are conducted to ensure the value and condition of the property. Conveyancing refers to the process of transferring ownership from seller to buyer. Attorneys (solicitors) or licensed conveyancers appointed by the buyer and seller draft contracts setting forth the price and terms of the transaction.

Until contracts are signed, the seller is free to accept a higher offer—a practice known as gazumping. When the buyer and seller agree on the transaction terms, final contracts are signed and exchanged and the buyer makes a deposit, usually 5–10%. Both parties are now legally committed to the transaction and a date is set for transfer of the title to complete the sale.

The transaction is completed by signing a transfer document, the buyer paying the balance of the agreed price, and the seller receiving the sale proceeds (see below for summary).

### STEP-BY-STEP: WHEN THE BRITISH BUY HOMES

1. Buyer contacts listing agents to see properties. Estate agents show only their own listings.
2. Buyer makes an offer. Seller and buyer agree on price and seller accepts offer. Buyer requests the seller's agent to remove the property from the market.
3. Buyer and seller appoint solicitors/conveyancers. Surveyor appraises the property (usually arranged by the lender). Buyer's conveyancer does a local authority search and checks the Land Registry.
4. Buyer and seller exchange contracts, buyer pays a deposit (usually 5%–10%). Conveyancer sets a date for completion of the sale. Buyer and seller are now committed to the transaction.
  - » Up to this point, the buyer may withdraw the offer or the seller may accept a better offer.
5. Buyer's solicitor prepares the transfer document and arranges finalization of mortgage documents
6. Day of completion. Seller's conveyancer hands over title deeds, arranges finalization of outstanding mortgages, and receives balance of sales proceeds. Buyer receives deed, transfer document, and keys.
7. Buyer pays stamp tax and registration fees. Buyer's solicitor registers the property in the Land Registry.

## Property Ownership

Real property in the UK may be owned by freehold or leasehold. A freehold is equivalent to fee simple ownership. The owner has full right and responsibilities for the property. Leasehold grants ownership for a specified period of time which is usually quite long—99 to 999 years. The leaseholder pays an annual ground rent to the freeholder. Most leasehold properties are condominiums although some houses are leasehold. The lease specifies who is responsible for maintenance and repairs of the property. It's important to know who's responsible for maintenance and service fees because they could add up to substantial sums throughout the year. At the end of the leasehold, ownership reverts to the freeholder. The buyer's solicitor should check that ground rent payments are up-to-date before signing a contract.

Legislation was passed in 2024 to provide more protections for the leaseholders in England and Wales. Called the "Leasehold and Freehold Reform Act 2024," the act is intended to enact over time a number of safeguards to leaseholders' rights, including:<sup>35</sup>

- ▶ Making it easier for leaseholders to extend leases and also buy the freehold
- ▶ Extend the standard lease extension term to 990 years
- ▶ Ban the granting of most new leasehold houses
- ▶ Add more transparency to charges and transactions

The act is also intended to strengthen the rights of freeholders on private and mixed-tenure estates. The reforms will be enacted incrementally over a number of years. Projects are that most of the reforms would be put in place by the end of 2026.

## Real Estate Transaction Taxes and Fees

There are a number of taxes and fees associated with real estate transactions that both buyers and sellers need to be aware of. Most of these costs are incurred by the buyer.

### ▶ Stamp Duty Land Tax (SDLT)

The most significant tax is the Stamp Duty Land Tax (SDLT), payable on property over a certain price in England and Northern Ireland. The tax rates increased in 2022. The value and type of property determine the exact SDLT, but generally for residential properties the range is now 3% to 15%. There is a 2% surcharge for non-UK residents.

Different rates and some exemptions apply, such as for first-time buyers and other types of transactions. Real estate professionals will need to consult with a tax expert to be apprised of the latest details surrounding this tax.

<sup>35</sup> UK Parliament. "Leasehold reform in England and Wales: What's happening and when?" August 27, 2024. <https://commonslibrary.parliament.uk/leasehold-reform-in-england-and-wales/>

▶ **Capital Gains Tax**

Capital gains tax in the UK is complex. There are many contingencies and various types of exemptions for whether one must pay capital gains tax. Capital gains on property is taxed at a higher rate than other assets. Generally, capital gains tax on residential property is 18 to 28% depending on UK income tax bracket. However, the tax can be avoided when the home is a primary residence and used exclusively as a home (not for lease or business). Capital gains is paid when selling a buy-to-let property (rental property), second homes, or when a home is used for business purposes.

Overseas owners pay capital gains tax on the sale of a property at the same rates as UK residents. An overseas owner who spends 90 days in a UK residence in a given year can declare it as a principal residence and avoid capital gains tax. A gain on the sale of a property purchased for the sole purpose of making a profit is treated as ordinary income for tax purposes.

▶ **Annual Tax On Enveloped Dwellings (ATED)**

Ownership of a residence through a UK-based company does not allow the owner to skirt capital gains and stamp tax surcharges. There is an annual flat-rate tax on non-natural person (NNP) owned residential properties valued at more than £500,000; the tax rate is tied to the Consumer Price Index (CPI). To determine how much is to be paid in taxes, owners need value the property using a valuation date, which resets every five years since April 1, 2012. Residential properties that meet ATED criteria pay capital gains tax at 20% or 28% at time of sale. These rates change frequently, so it's a good idea to check them when in the process of a transaction. For the most current rates, check the following site: <https://www.gov.uk/guidance/annual-tax-on-enveloped-dwellings-the-basics>.

▶ **Legal and Transaction Fees**

Legal fees typically range between .5% to 1% and the real estate agent fees vary, plus the VAT, and it usually paid for by the seller, but there are buyer agents as well. Commission rates vary based on the region and price of the property. In sum, the total transaction cost for a real estate purchase may be between 3% to 17%.

## Exercise: How Much Does That Cost?

Practice your currency conversion skills by converting pounds and dollars for typical transactions—there are many apps and online tools to make this process simple. You can work alone or in teams to do this exercise.

- ▶ **GBP** stands for Great British Pound. The symbol is **£**.
  - ▶ **USD** stands for United States Dollar. The symbol is **\$**.
1. Find the current exchange rate online. The value of the GBP/USD pair is quoted as 1 British pound equals \_\_\_\_\_ U.S. dollars. (See [xe.com](http://xe.com) or [federalreserve.gov](http://federalreserve.gov)). Write the rate below:
    - ▶ 1 GBP equals \_\_\_\_\_ USD.
    - ▶ Multiply the amount in pounds by the conversion rate to convert it to dollars.
    - ▶ If you have dollars and want to convert to pounds, you can divide it by the conversation rate.

### Conversion example, using the rate of 1 GBP = 1.3693 USD

1 (GBP) British Pound	=	1.37 (USD) U.S. Dollars
100 (GBP)	=	136.93 (USD)
5000 (GBP)	=	6846.38 (USD)

2. Locate a conversion tool and practice using it (remember to select the two currencies you want to convert). The following XE currency converter also has apps available for your smartphone: <https://www.xe.com/currencyconverter/>.
3. *Using today's conversion rate*, calculate the following currency conversions. You can use an online tool or calculate the cost yourself.
  - ▶ **A home costs £268,000 in the UK. How much do you need in U.S. dollars to purchase this home?**  
\_\_\_\_\_
  - ▶ **Your client has \$450,000 to spend on a second home in the UK. How much can this client spend in pounds?**  
\_\_\_\_\_
  - ▶ **A UK-based client wants to purchase a vacation condo in Florida. If this client has £350,000 to spend, what is their budget in U.S. dollars?**  
\_\_\_\_\_

## Housing Trends

Chronically undersupplied and high priced generally characterizes the UK housing market. That shows no signs of changing. One analysis claimed that housing stock was at an all-time low, and that the UK would need 300,000 more new homes in addition to its typical annual output of approximately 230,000 to align with demand.<sup>36</sup> Elevated interest rates in recent years have slowed the market, but prices could increase more steeply in the years to come if a surge in demand greatly outstrips supply. Investors will need monitor these factors closely in the near term, as inflation and interest decline.

## Mortgage Lending

UK mortgage lending standards usually require a 20% down payment (deposit). The Financial Conduct Authority ([www.fca.org.uk](http://www.fca.org.uk)), which regulates mortgage lending, requires borrowers to provide documentation of income. As in the United States, lenders must verify the borrower's income to ensure that the borrower has the financial capability to repay the loan.

Any mortgage transaction that involves human interaction, by phone or face-to-face, must be a "fully advised sale." That means borrowers must participate in a counseling session with a qualified mortgage advisor who reviews the borrower's financial capability and explains mortgage terms in detail. High net-worth individuals and business borrowers may forgo the mortgage advisor requirement.

### Many government-sponsored schemes (programs) help borrowers qualify for a mortgage.<sup>37</sup>

- ▶ The recently-launched mortgage guarantee scheme increases the availability of 5% deposit mortgages for borrowers by providing government-backed guarantees on 95% mortgages. The scheme is available through at least June 30, 2025.
- ▶ The shared ownership scheme offers the chance to buy a share of a home (between 10% and 75% of its value) and pay rent on the remaining share. Buyers may purchase larger shares when they are able. There are different rules depending on region.
- ▶ The First Homes scheme enables first-time buyers to purchase a home for 30%–50% less than the market value.
- ▶ There are different types of Help to Build equity loans for new constructions, but the rules and rate vary by region.
- ▶ Of note: The Help to Buy ISA scheme launched in 2013 ended in 2023.

<sup>36</sup> RPA Group. "What Happens When UK Housing Supply Doesn't Keep Up with Demand?" February 24, 2024. <https://www.rpagroupplc.com/literature/what-happens-when-uk-housing-supply-doesnt-keep-up-with-demand#:~:text=This%20month%2C%20a%20study%20by,low%20in%20proportion%20to%20demand>

<sup>37</sup> "Affordable home ownership schemes." Gov.UK. <https://www.gov.uk/affordable-home-ownership-schemes>

## International Buyers in the UK

Barrier-free ownership, stable financial and banking systems, private property rights protection, and reliable returns made the UK, particularly London, a magnet for foreign investment in all types of real estate. London has annually ranked as one of the top global cities for foreign investors seeking stable and secure real estate investments opportunities. Brexit initially has served as a drag on the London and UK markets, but that lag has abated.

Even with the downturn in the real estate market across Europe in recent years, foreign investors have been more bullish on London and the UK. One survey found that 69% of foreign investors intended on investing in the UK in 2024. With inflation dropping to its lowest level in years and a series of interest rate cuts expected, foreign investment could pick up substantially in the coming years.<sup>38, 39</sup>

## When the British Buy Abroad

Sunny days, warm nights, a private hideaway overlooking a sandy beach; such are British holiday makers' (vacationers') dreams. Reality shows capturing the experiences—good and bad—of holiday home buyers and renters are popular fare on British television. Those who can afford to fulfill the dream flock to British enclaves around the Mediterranean, Iberian coastlines, and Central Florida. Perhaps due to the more temperate, damp climate of the UK, real estate and travel destinations for the British are typically more sunny and hot. UK citizens may be required to have visas when traveling in the EU beginning sometime in the middle of 2025.

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**38** Jen Siebrits, Steven Devaney, Nick Baring. "Is foreign investment in UK real estate rising despite the downturn?" CBRE. June 13, 2024. <https://www.cbre.co.uk/insights/articles/is-for-foreign-investment-in-uk-real-estate-rising-despite-the-downturn>

**39** "Ideal for International Investors? UK Property in 2024." CCG. August 8, 2024. <https://concept-capital-group.com/news/ideal-international-investors-uk-property-2024/#:~:text=An%20EY%20investor%20survey%20found,downturn%2C%20not%20divesting%20from%20it>

## Commercial Real Estate Investing

Investment-grade commercial real estate in the UK, especially London, has been the perennial favorite of international buyers, because it has offered all the advantages investors generally seek: stability, quality of assets, numerous investment grade properties, prestige, and value appreciation. Investors should be encouraged by the brighter outlook in the UK real estate market. Trends in the commercial sector are already pointing to a surge in activity. In the second quarter of 2024, the commercial market saw a 6% increase from the first quarter, totaling £12.2bn. Investment in the hotel sector was particularly notable, marking its highest first half investment figure since 2018.<sup>40</sup>

Investors who invest cash in UK commercial properties seek the stability, safety, and return on investment that volatile financial assets cannot provide. As with other European capital cities, the amount of cash seeking investment opportunities creates stiff competition for top real estate. The result generally pushes prices up and depresses returns but, for foreign investors, lower return on investment is offset by safety and value appreciation potential.

In 2019, the capital gains tax exemption for non-UK residents was removed. Now commercial investors with more than 25% stake in a property are subject to a capital gains tax. The UK benefits from a longer lease structure compared with Europe and the U.S. However, the average lease length has declined steadily in London over the past 20 years and is now about 5.5 years. Outside of London, the cities of Sheffield, Edinburgh, Birmingham, Manchester, and York are seen by some analysts as top markets for commercial investment.<sup>41,42</sup>

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<sup>40</sup> "UK Real Estate Investment Volumes Q2 2024." CBRE. July 24, 2024. <https://mktgdocs.cbre.com/2299/72a8f4ab-17c2-4e47-b2e6-48c2515c2531-1025860370/v032024/uk-real-estate-investment-figures-q2-2024.pdf>

<sup>41</sup> "Central London Office Market Snapshot. Devono. 2024. <https://www.devono.com/wp-content/uploads/2024/06/Q1-2024-Snapshot-Devono.pdf>

<sup>42</sup> "Top 12 UK Property Markets for Investment in 2024: Insights for Savvy Investors." IP Global. May 16, 2024. <https://www.ipglobal-ltd.com/insights/top-12-uk-property-markets-for-investment-in-2024/>

## Exercise: Get to Know the United Kingdom

Below is a list of helpful real estate and news sites covering the United Kingdom. Choose one site from the “Real Estate and Business” category and one from the “News and General Information” category to learn more about UK real estate and news related to UK today. Write down two things you learned from each of the sites you visited. Then get into small groups and share what you’ve learned with your classmates.

### REAL ESTATE AND BUSINESS

- ▶ **NAEA Propertymark**  
[www.propertymark.co.uk](http://www.propertymark.co.uk)
- ▶ **Zoopla**  
[www.zoopla.co.uk](http://www.zoopla.co.uk)
- ▶ **A Place in the Sun**  
[www.aplaceinthesun.com](http://www.aplaceinthesun.com)
- ▶ **Council of Mortgage Lenders**  
<https://www.ukfinance.org.uk/>
- ▶ **Home Builders Federation**  
[www.hbf.co.uk/](http://www.hbf.co.uk/)
- ▶ **Royal Institution of Chartered Surveyors (RICS)**  
[www.rics.org](http://www.rics.org)

#### Two Things I Learned:

1. \_\_\_\_\_
2. \_\_\_\_\_

### NEWS AND GENERAL INFORMATION

- ▶ **Reuters**  
[www.reuters.com/](http://www.reuters.com/)
- ▶ **The Times**  
[www.thetimes.co.uk](http://www.thetimes.co.uk)
- ▶ **Financial Times**  
[www.ft.com/home/uk](http://www.ft.com/home/uk)
- ▶ **The Guardian**  
[www.theguardian.com/uk](http://www.theguardian.com/uk)
- ▶ **Colliers International**  
[www.colliers.com/en-gb/uk/insights](http://www.colliers.com/en-gb/uk/insights)

#### Two Things I Learned:

1. \_\_\_\_\_
2. \_\_\_\_\_

## Business Culture in the United Kingdom

As with any country, the people of the UK have their own particular cultural norms. It's important to never stereotype, as culture and cultural norms can vary significantly based on any number of factors, such as geography (urban or rural), economy (richer or poorer), immediate circumstance (social gathering or business meeting), individual personality, and world views.

This is especially so in the UK where multiculturalism reflects the colonial history of the British Empire, with threads from India, the Middle East, Caribbean, Asia, and other regions woven into the modern social fabric. Cultural background may greatly influence personal behavior but first- and second-generation children of immigrants tend to bridge the cultures, as they do in the United States.

Although we need to always be mindful of each person's individual background and temperament, having a general sense of culture in the UK as a whole can be helpful in navigating business processes and interactions. Let's take a look at a few aspects of UK business culture that might be helpful to know.

### Formal Business Introductions

When introduced, a handshake with eye contact is appropriate. Other touching, such as back pats, hugs, and air kisses are inappropriate. The British tend to maintain a wide social distance and direct eye contact is minimal.

When making introductions, a younger person is introduced to an elder and a junior colleague is introduced to a senior; when introducing people of equal age or seniority, introduce the person you know best to the other. Courtesy titles—Mr. or Ms.—are used along with last names unless invited to proceed on a first-name basis. Business cards are exchanged without ritual.

### Business Meeting Culture

Punctuality for meetings and appointments is expected. Meetings involving colleagues of equal rank tend to be open discussions; when present, a senior or high-ranking participant usually leads the discussion.

The English tend to be masters of understatement and prefer an understated and indirect approach. When making a presentation, persuade with objective facts and solid evidence and avoid a hard-sell approach. Although not needed to conduct business, the British like to develop long-term business relationships.

The general tendency is to keep work and private lives strictly separated. Meals with work colleagues are viewed as social events, and not opportunities for business, although it is best to follow the lead of your host.

## Beyond Business

Both personal and business behavior is reserved and formal. The British maintain their personal privacy and even friends may avoid discussions of personal or family matters. Observance of proper protocol and “keeping a stiff upper lip” are core values for the British. Although decreasing, the old system of social classes is still observed in subtle ways. Younger generations may, however, be more relaxed about protocol and informal in demeanor and interpersonal interactions.

Avoid the use of slang expressions and gestures, which will likely be perceived as too familiar. An extremely rude gesture to avoid is the two-finger “V-for-victory” sign with the palm facing inward.

	<b>KEY CONTACT</b> ▶ <b>NAEA PROPERTYMARK</b> <a href="http://www.propertymark.co.uk">www.propertymark.co.uk</a>
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## Module 4: Key Point Review

- ▶ The culture of the United Kingdom is diverse, and comprised of four distinct regions: England, Wales, Scotland, and Northern Ireland.
- ▶ The UK's economy is the second largest in Europe, and London is a major global financial center.
- ▶ The effects of Brexit are still ongoing. To date, analysts forecast a long-term 4% decrease in overall economic productivity, trade policy is relatively stable but still in flux, net migration actually has increased due largely to non-EU immigrants, and public opinion favors aligning more closely with the EU by either rejoining or aligning markets.
- ▶ The housing market slumped through 2022 and 2023, but a variety of signs in 2024 point to a more robust market in the years ahead.



# 05

## THE REAL ESTATE MARKET IN FRANCE



## Module 5: The Real Estate Market in France

### **AFTER COMPLETING THIS MODULE, YOU WILL BE ABLE TO:**

- ▶ Understand the geographic layout and current economic conditions of France and their importance in making real estate investments.
- ▶ Explain how the real estate market functions in France, including how the transaction process works, what taxes and fees are involved, and the current market conditions and policies.
- ▶ Describe business culture in France and identify strategies for enhancing your knowledge.

In this module, we will take a closer look at the geography, government, and economic situation in France, and their impact on the real estate market. The purpose here is to get you more familiar with this market so you can start devising your business strategy. Before conducting business in France, it's important to do additional research, utilizing the help of legal and financial experts as needed.

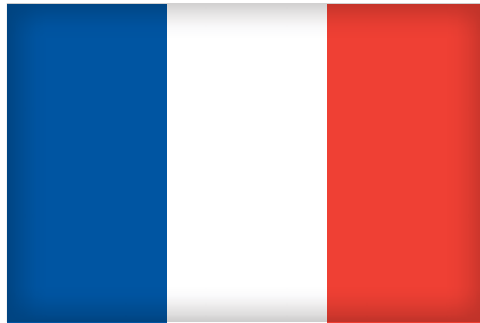
### **As your instructor presents the material in this chapter, ask yourself:**

- ▶ What do I already know about France?
- ▶ Does this market present opportunities for me?

## Geography

France is the largest in land area among the countries considered to be Western Europe; it is slightly smaller than the U.S. state of Texas. Major cities are Paris, the capital city, and Marseille, Lyon, Toulouse, Nice, Nantes, Strasbourg, and Bordeaux (see Figure 5.2). When the French refer to “Metropolitan France,” they mean the European mainland area bordered by Germany, Belgium, Italy, Switzerland, and the microstates of Andorra, Luxembourg, and Monaco. At 67 million people, France is the second most populated nation in the EU, behind Germany.

**Figure 5.1** French Flag



## Climate

France has many terrains, with plains and rolling hills in the north and west, Pyrenees Mountains and Alps in the south and east, and scenic coastlines along the Bay of Biscay and Mediterranean. Climates mirror the type of terrain. In the north, there are cold, damp winters and temperate summers. The Mediterranean coast experiences mild winters and hot summers with occasional cold, dry winds—le Mistral—from the northwest. The seasonal climates of each region influence the type and timing of desired real estate transactions.

Figure 5.2 Map of France



## Divisions of Government

Metropolitan France is now made up of 13 regions. In 2016, a consolidation reduced the number of regions to 13 from 22 regions. The regions, for the most part, still echo the historic provinces of France (see Table 5.1).

Each region is subdivided into 96 departments (equivalent to counties) and 36,000 municipal communes (cities or smaller towns). The 96 departments are configured on the basis of territory, not population, and are roughly equivalent in area. At the local level, the 36,000 communes each have a mayor and council to govern the villages and towns. Traditionally, French governance and decision making was very concentrated at the national level, but in recent years power has shifted more to the local level. The communes have growing control of local spending and priorities, which makes it even more important to know the local laws and policies associated with any real estate business you might be conducting.

The cities of Paris, Lyon, and Marseille rank as both departments and communes and are subdivided into arrondissements (administrative departments), each with a Conseil d'Arrondissement and mayor. The authority of regions, departments, and communes frequently overlap.

A scattering of overseas departments, referred to as collectivités, and territories is spread throughout the Caribbean and Pacific.

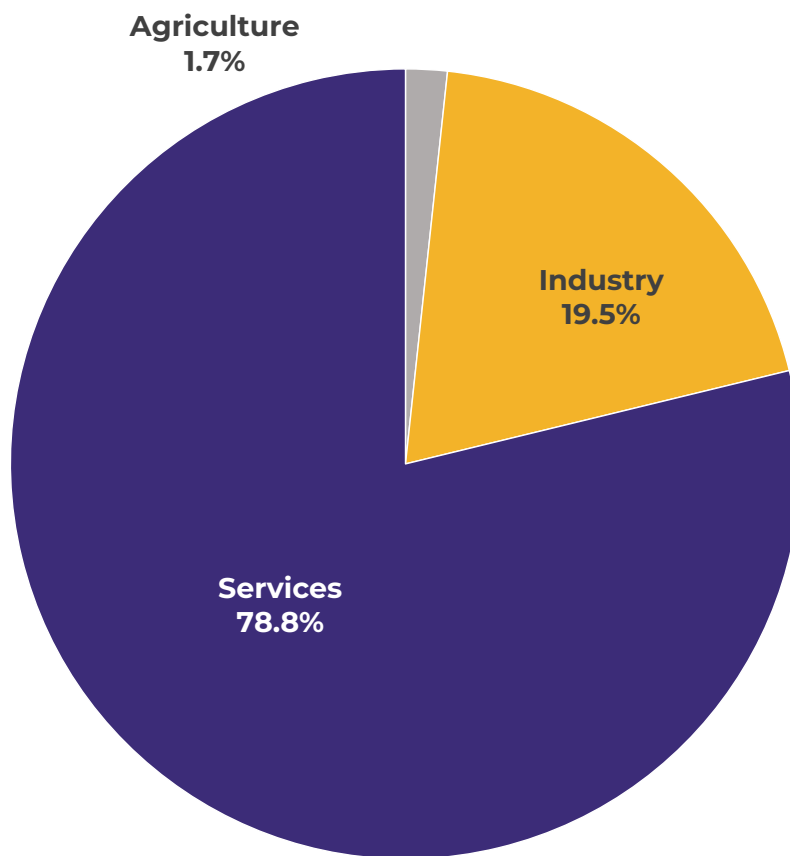
**Table 5.1** Thirteen Regions of Metropolitan France

<b>Name of Region</b>	<b>Capital</b>	<b>Derived From</b>
<b>Grand Est</b>	Strasbourg	Fusion of Alsace-Lorraine and Champagne-Ardenne
<b>Nouvelle-Aquitaine</b>	Bordeaux	Fusion of three regions: Aquitaine, Limousin, and Poitou-Charentes
<b>Auvergne Rhône-Alpes</b>	Lyon	Fusion of the Auvergne and the Rhône-Alpes
<b>Bretagne</b>	Rennes	Unchanged, Brittany
<b>Bourgogne Franche-Comté</b>	Dijon	Fusion of Burgundy and the Franche-Comte
<b>Centre Val de Loire</b>	Orléans	Only the name has been changed
<b>Corse</b>	Ajaccio	Corsica
<b>Occitane</b>	Toulouse	Fusion of Languedoc-Roussillon and Midi-Pyrénées
<b>Normandie</b>	Rouen	Normandy, fusion of Basse-Normandie and Haute-Normandie
<b>Hauts-de-France</b>	Lille	Fusion of Nord-Pas-de-Calais and the Picardie
<b>Île-de-France</b>	Paris	Unchanged
<b>Pays de la Loire</b>	Nantes	Unchanged
<b>Provence-Alpes-Côte d'Azur</b>	Nice	Unchanged

## Current Economic Conditions

France's economy ranks second in the EU (behind Germany) and third in Europe (also behind the United Kingdom). It has a blend of agriculture, industrial, and services; the service sector accounts for most of the job growth in recent years (see Figure 5.3). Principal industrial exports include machinery and transportation equipment, aircraft, plastics, chemicals, pharmaceutical products, iron and steel, and beverages.

**Figure 5.3** French Economy Makeup



Although the smallest sector of the French economy, the agricultural sector is dominant among countries of the EU. Wine and viticulture lead the way.<sup>43</sup> Most French exports go to other EU countries, although this balance is declining. Trade with non-EU countries, including the U.S. and China, is rising.

France has faced many of the same headwinds as other European nations, with a global slowdown, geopolitical instability, increased inflation, and higher interest rates. But like other European countries, the economy of France is starting to show signs of picking up. The first quarter of 2024 showed the economy was still flat with only .2% growth, but as inflation continues to decline and interest rate cuts expected, the second half of the year was expected to see increased investment, leading to a forecast of 1.3% growth in 2025.

Domestic political unrest has muddied the forecast, however. France, under the Macron administration, held a snap election in 2024 that led to a political stalemate, with the left-wing, right-wing, and centrist parties all holding power, making it difficult to form a governing coalition and therefore a clearer direction for the future of the French economy.<sup>44</sup> Real estate investors will need to watch this situation closely.

#### DID YOU KNOW?

The European Commission publishes a full macroeconomic forecast for the EU and member states twice each year. It updates GDP and inflation figures more often.

- ▶ Access the most recent economic forecast for France at: [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/france\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/france_en).

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<sup>43</sup> International Trade Association. "France: Country Commercial Guide." August 1, 2024. <https://www.trade.gov/country-commercial-guides/france-agricultural-sector>

<sup>44</sup> Porter, Catherine. "What the Mood Is Like in France After Surprise Election Results." The New York Times. July 8, 2024. <https://www.nytimes.com/2024/07/08/world/europe/france-election-reaction.html>

## The Real Estate Business in France

Now that we are more acquainted with the geographic layout, government structure, and economy of France, let's take a closer look at how the real estate business functions there.

Given that many international investors might not speak French as a first, or even second language, it's very important to learn the French terms common in the real estate business. In addition to the list below, the following can also be a valuable resource for translating real estate terms:

▶ **French-Property.com**

<https://www.french-property.com/guides/france/purchase-real-estate/glossary>

## French Real Estate Terminology

- |   |   |
|---|---|
| ▶ <b>À Vendre</b><br>For sale   | ▶ <b>Compromis de Vente</b><br>Purchase agreement                                       |
| ▶ <b>Acte de Vente Authentique</b><br>Deed of sale                                      | ▶ <b>Condition Suspensive</b><br>Contingency clause                                     |
| ▶ <b>Assurance Décès Invalidité Incapacité, (Adii)</b><br>Life and disability insurance | ▶ <b>Conservation des Hypothèques</b><br>Original deed of sale                          |
| ▶ <b>Agences Immobilières</b><br>Real estate agency                                     | ▶ <b>Délai Scrivener</b><br>10-day cooling-off period before accepting a mortgage offer |
| ▶ <b>Attestation d'acquisition</b><br>Notaire's record of transaction                   | ▶ <b>Document d'Urbanisme</b><br>Municipal land use certificate                         |
| ▶ <b>Capacité D'endettement</b><br>Maximum DTI ratio                                    | ▶ <b>Expertise</b><br>Valuation   |
| ▶ <b>Commission Comprise (C/C)</b><br>Agency commission included                        | ▶ <b>Frais</b><br>Fees  |
| ▶ <b>Comptant</b><br>Cash purchase  | ▶ <b>Indemnités De Remboursement Anticipé (IRA)</b><br>Early payoff fee                 |
| ▶ <b>Compte Séquester</b><br>Deposit in an escrow account pending certain conditions    | ▶ <b>Loyer</b><br>To rent   |

- ▶ **Plan Catastral**  
Cadastral registry certificate
- ▶ **Plus-Value**  
Capital gain
- ▶ **Prêt Immobilier**  
Mortgage
- ▶ **Prêt In Fine**  
Interest-only mortgage
- ▶ **Prêt Modulable**  
Flexible mortgage
- ▶ **Promesse d'Achat/Promesse de Vente**  
Option to purchase/Option to sell
- ▶ **Notaire**  
Notary
- ▶ **Relevé d'Identité Bancaire (RIB)**  
Bank account information
- ▶ **Taux**  
Interest rate
- ▶ **Taux Fixe**  
Fixed interest rate
- ▶ **Taux Revisable**  
Variable interest rate
- ▶ **Taux Efféctif Global (TEG)**  
Annual percentage rate (APR)
- ▶ **TVA**  
French equivalent of VAT (Value Added Tax)
- ▶ **Vendeur**  
Seller



## Current Conditions and Policies in Real Estate Market

France is one of Europe's core performing housing markets, which continues attracting investors from around the world. However, demand outstripping supply characterizes the French residential real estate market. Long lead time for construction and fast growth in household formation keep the housing supply chronically short of demand. The lack of affordable housing is contributing to the domestic political tensions roiling France recently.<sup>45</sup> In response to this ongoing issue, the French government announced a 1 billion euro investment to build more affordable intermediate housing.<sup>46</sup> Housing starts picked up incrementally in the first half of 2024, but the supply problem is likely to persist for the foreseeable future.

Although price trends may vary considerably between cities and regions, as well as from quarter to quarter of the financial year, the overall market has been slumping in recent years. As interest rates increased, housing sales fell by 23% in 2023, which has caused a substantial declines in housing prices through the first half of 2024; housing prices fell year-on-year by 7.5%. Interest rates peaked at the end of 2023 at 4.4% but have declined to 3.7% as we approach 2025. Analysts expect the drop in both prices and interest rates to spur buyer activity in the years ahead.<sup>47</sup>

For up-to-date data on house price trends, go to the French Property Market Report published by the Notaires of France at <https://www.notaires.fr/en/real-estate-market-trends>.

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<sup>45</sup> Bourgerie-Gonse, Théo. "France's housing crisis: Critics slam Macron's failed 'supply shock'." Euractiv. September 8, 2023. <https://www.euractiv.com/section/economy-jobs/news/frances-housing-crisis-critics-slam-macrons-failed-supply-shock/>

<sup>46</sup> "The government announces nearly a billion euros for intermediate housing." Batinfo. March 15, 2024. [https://batinfo.com/en/actualite/le-gouvernement-annonce-pres-d-un-milliard-d-euros-pour-le-logement-intermediaire\\_27652](https://batinfo.com/en/actualite/le-gouvernement-annonce-pres-d-un-milliard-d-euros-pour-le-logement-intermediaire_27652)

<sup>47</sup> Thompson, Hannah. "House price falls accelerating in France: will this continue?" The Connexion. July 12, 2024. <https://www.connexionfrance.com/news/house-price-falls-accelerating-in-france-will-this-continue/668933#:~:text=Property%20prices%20in%20France%20fell,-drop%20for%20the%20same%20period>

## Real Estate Professionals in France

Real estate agents in France are called agents immobilier. The Federation Nationale de l'Immobilier (FNAIM), France's national association for real estate professionals, maintains an online database of listed properties. FNAIM also upholds a code of ethics for association members. The organization membership covers about 60% of real estate agents and brokers in France. About half of all real estate transactions involve a real estate professional—agent or notary—as an intermediary.

To be a listing agent in France, the agent and seller need a legally binding bilateral contract, called a mandat de vente, or a listing agreement. This contract lays out, among other things, the sales terms, duration of the contract, agent commission, and terms of exclusivity. Importantly, an agent cannot receive commission on sale unless there is a written, signed mandat de vente.

### ► Licensing

France requires professional licensing for real estate agents (agence immobilière) and brokers. Agents and brokers must obtain a Real Estate Transaction Card (carte professionnelle), known as the “T Card,” which is recorded in the Trade and Companies Register. The card entitles the agent to conduct “housing and business premises transactions.”

In order to obtain a T Card, the real estate professional must show proof of vocational aptitude through training or work experience. The agent must also obtain a bond to protect clients' funds and carry liability insurance. The real estate professional must display the card number, the amount of financial guarantee provided, the name and address of the underwriting organization, and the rates or terms for calculating fees.

### ► Commissions

Commission rates are negotiable and subject to VAT. National law mandates payment of the real estate agent upon completion of the transaction, which means that the agent or brokerage may not receive compensation for any services prior to closing. The commissions in France have traditionally been paid by the buyer, but this is changing, with sellers and shared arrangements between buyer and seller becoming more frequent. Terms of the commission fee must be clearly stated in the mandat de vente. Often the agent fees are included in the price of the property. In such instances, the property will be tagged as F.A.I., (Frais d'Agence Inclus). All commissions are subject to 20% VAT as well.

Property managers' fees are fixed according to the terms of the management agreement—usually a percentage of the monthly rent.

## Overview of the Real Estate Transaction Process in France

Having covered the buying process in Germany and the UK now, you'll find that the process here isn't drastically different. However, there are some variations particular to France that you should be aware of. The process is outlined below.

### STEP-BY-STEP: WHEN THE FRENCH BUY HOMES

1. Buyer contacts listing agents to see properties. Properties may be listed with several agencies. A written agency agreement is required to represent a seller or buyer.
2. Transaction begins with a purchase agreement (compromis de vente) and 5–10% deposit held by a notary. A 10-day cooling off period is allowed for buyers to withdraw.
3. Notaire performs certifications and searches:
  - » Certificate of non-encumbrance and 30-year title search
  - » Cadastral registry certificate
  - » Municipal land use certificate
  - » Waiver of Municipal preemption rights
4. Seller furnishes environmental reports, radon exposure information, termite and asbestos certifications, and the required energy performance diagnosis (DPE) certificate.
5. Buyer and seller meet with the notaire to complete the deed of sale (acte de vente authentique). The buyer pays the notary fees, usually about 1% of property value plus VAT, at the time of closing.
6. Notaire collects registration fees (frais) and applies for registration of the deed at the relevant Land Registry (Conservation des hypothèques); the original deed of sale, called the minutes, remain with the notaire.
7. Notaire provides an attestation d'acquisition upon completion of the transaction.

**DID YOU KNOW?**

As of July 1, 2021, the energy performance diagnosis (DPE) is part of mandatory real estate diagnostics which must be attached to contracts. The DPE is now legally enforceable against the owner and the diagnostician, and this information must be included in real estate ads for residential properties.

**French law also requires other disclosures from the seller:**

- ▶ Latent defects: major faults seller knows about.
- ▶ Floor area.
- ▶ Easements/restrictions on use.
- ▶ Exact site boundaries and applicable town planning rules

**Role of the Notaire**

You'll notice the notaire is an integral part of the purchasing process. Similar to the notar in Germany, a French notaire is a legal professional. The notaire may operate in every area of law including family, property inheritance, company law, and other legal areas. Real estate purchase transactions require the services of a notaire who administers most of the aspects of the transaction. Duties include:

- ▶ Preparing the purchase agreement
- ▶ Conducting required certification and deed searches
- ▶ Holding deposits
- ▶ Preparing and executing the deed of sale
- ▶ Scheduling and supervising the transaction closing and notifying parties of closing date
- ▶ Collecting registration fees
- ▶ Completing the registration of the property deed

## Costs and Financing

France is a very tax-intense country with a complicated tax code. For example, there are two primary forms of tax on income: an income tax and social charge. Residents and non-residents alike are subject to these taxes. If your client plans to purchase an income property, buy a second home, start a business, inherit property, or spend an extended period of time in France, the advice of a French tax advisor can help manage a potentially expensive tax bill. Here we touch upon the basic costs and policies associated with real estate investing in France.

### ▶ Closing Taxes and Fees

The total closing costs for purchasing a property in France are generally around 7.5% of the net purchase price, also paid to the notaire. Most of these costs are for stamp duties (about 5.5%). The notaire fee is typically about 1% of the purchase price, and the rest is associated with fees incurred through the survey and inspection process. A 20% VAT is also applicable to commissions and certain properties. Be sure to research the various taxes and fees associated with any purchase.

### ▶ Capital Gains

For French and EU Residents, there is a 19% capital gains tax plus 17.2% social charge. Large gains (€50,000+) are assessed by a progressive tiered tax of 2%–6%. There are, however, a number of exemptions. If the home is a primary residence, it's likely that no capital gains tax is due. In addition, after 5 years of ownership, rates begin to taper down by 6% per year.

In 2018, France abolished wealth tax on financial assets, replacing it with IFI (Impôt sur la Fortune Immobilière), which is only applicable to real estate assets.

As of 2015, non-residents no longer pay a higher rate than residents. Non-residents pay the same net tax of 36.2%. However, non-residents might incur other administrative fees, such as having to hire a tax agent to sell the property. Again, it's advised to speak with a tax professional in France when conducting any real estate business to ensure compliance and awareness of all the state and municipal laws, taxes, and fees.

### ▶ Défiscalisation

As stated earlier, France suffers from a chronic shortage of housing. In order to alleviate the housing shortage and encourage investment in new housing and rehabbing of existing homes, France instituted several types of tax deductions and exemptions for certain types of investment. Advising taxpayers on these tax plans spurred the growth of a profession of défiscalisation counselors. An internet search for “défiscalisation immobilière” provides listings for counseling services.

### ► **Mortgage Financing**

Mortgage financing is a very competitive business in France but also a remarkably stable one. Fixed-rate long-term mortgages with terms of 20–30 years comprise the majority of loans. Other types of mortgage products—variable rate, flexible payment, and interest only—are available in a small segment of the market.

Customarily, maximum loan-to-value is 80% with a 33% maximum debt-to-income ratio. Because French mortgage underwriting standards focus on the borrower's ability to pay over the life of the mortgage, the incidence of default is quite low—less than 1%. Lenders may require mortgage life insurance.

## Foreigner Buyers in France

There are no restrictions on foreign ownership of real estate in France. Foreign buyers flock to picturesque resorts on the Mediterranean coast, historic villages in the south, and mountain resorts in the eastern French Alps. Real estate transactions by non-resident foreigners decreased 16% in 2023, but France still lead all the countries in Europe, accounting for 21% of all foreign investment. Five French regions—Île-de-France (Paris region), Auvergne-Rhône-Alpes, Grand Est, Hauts de France and Occitanie—are among the top 15 in Europe for the number of foreign investment projects.<sup>48</sup>

### Areas with a high proportion of foreign buyers are:

- **Mediterranean Coast and Southern France:**  
Cote d'Azur and Provence
- **South Central France and French Alps:**  
Aquitaine, Auvergne, Limousin, Midi Pyrenees, and Rhone-Alpes
- **West Coast:**  
Normandy, Brittany, and Pas de Calais

The Belgians have become the largest foreign buyers of real estate in France, displacing the British who have traditionally been at the top. Transactions by United States residents remained about the same.<sup>49</sup>

<sup>48</sup> "EY attractiveness survey: France is still the champion in Europe." Republique Francaise. May 12, 2024. <https://www.campusfrance.org/en/actu/barometre-ey-de-l-attractivite-la-france-a-nouveau-championne-d-europe>

<sup>49</sup> "Press release: who buys real estate in France?" Group CCF. July 15, 2024.

## Rental Properties

Rental laws in France are very pro-tenant. Different regulations apply to furnished and unfurnished properties. The Loi Alur was implemented in stages through 2015 and 2016, making French law more pro-tenant and altering policy on everything from ethics codes and standard practices to leasing contracts.

Unfurnished properties are subject to the most restrictive regulations. For an unfurnished property, the minimum lease term is 3 years for an individual or 6 years for a company. At the end of the lease term, the landlord/owner can re-occupy the property only if the owner or a family member intends to live there or if the owner plans to sell, or for some serious violation, such as failure to pay rent or obtain house insurance. The owner must provide at least 6 months' advance notice of this intention to end the contract, even in the case of nonpayment of rent. If the property is to be sold, the tenant has a right of first refusal at the same price offered by a buyer.

Eviction of a tenant for nonpayment of rent entails a lengthy process and requires a 6-month grace period, which can be extended by up to 3 years under various circumstances. Leases customarily include a resolution clause that allows lease termination, after 2 months' notice, for nonpayment of rent or failure to obtain house insurance.

The tenant, on the other hand, may leave at any time with 2 to 3 months' notice, or 1 month in the case of job loss or illness if over age 60. However, a tenant may not sublet a property without the landlord's consent. Rent increases are usually tied to the IRL index (L'Indice de Référence de Loyers), published by the National Institute of Statistics and Economic Studies (INSEE). Rent caps are in place in some major cities.

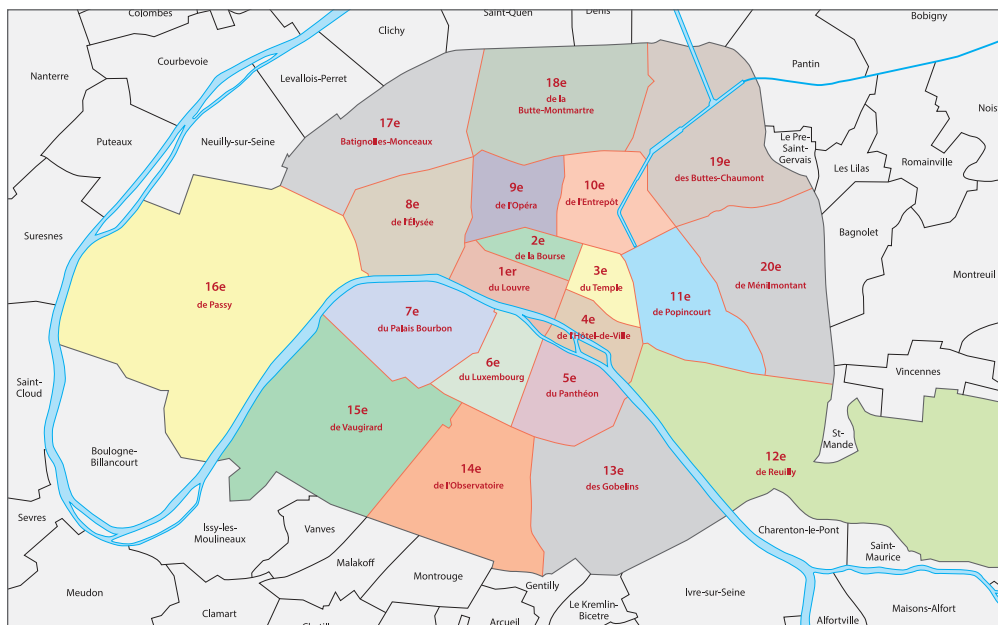
Furnished properties allow more flexibility and can be rented for 1 year. The lease automatically renews unless either the owner or renter give notice.

Short-term rentals, such as Airbnb, have become a hot-button issue for popular tourist destinations, particularly Paris. Lucrative short-term rentals have exacerbated housing shortages by removing properties from the long-term rental market, pushing prices upward, and emptying popular neighborhoods of permanent residents. New regulations limit short-term rentals of primary homes to a maximum of 120 nights per calendar year and require registration with local authorities.

## Commercial Real Estate

As one might expect, Paris is the hub of commercial real estate investment in France. Twenty arrondissements, or subdivisions, make up the city of Paris (see Figure 5.4). The River Seine bisects the city into Right and Left Banks—La Rive Droite and La Rive Gauche. Saint-Germain-de-Pres in the 6th arrondissement and the Champs Elysees in the 8th typically have the highest apartment prices in the city.

**Figure 5.4** Arrondissements of Paris



The Greater Paris Region continues to be an attractive market for investors. Although down slightly from 2022, commercial activity has been stable between 2023 and 2024. Most investments were recorded in the traditional investment zones of the Paris Central Business District (8th arrondissement). As has been a pattern across many cities post-pandemic, office vacancies continue to creep upward, with an 8.2% vacancy rate by the second quarter of 2024.<sup>50</sup>

Paris is second only to London as the most attractive city in Europe for foreign investors.<sup>51</sup> There is also an ongoing urban development project known as Le Grand Paris. This long-term project includes creation of an extended public transport network linking the region’s main economic centers and new housing infrastructures in the region. The total cost is estimated at over 38.5 billion euros, but should set Paris up to be even more attractive to commercial investment in the future.

### SOCIÉTÉ CIVILE IMMOBILIÈRE (SCI)

Société Civile Immobilière (SCI) is a property investment partnership with tax transparency and limited liability. It establishes French residency of ownership entity and can be used to create a more favorable tax regime. However, not all exemptions for individuals are allowable for an SCI, and there are annual fees and administrative duties, so it’s important to speak with a professional who can provide all the legal and financial details.

<sup>50</sup> “France Greater Paris Office Figures Q2 2024.” CBRE. July 19, 2024. <https://www.cbre.com/insights/figures/france-greater-paris-office-figures-q2-2024>

<sup>51</sup> Hughes-Morgan, Charlotte. “London Remains Top Pick in Europe for Financial Investors; Paris Comes Second.” Bloomberg. May 19, 2024. <https://www.bloomberg.com/news/articles/2024-05-19/london-remains-europe-s-top-pick-for-financial-investors-paris-is-second>

## Exercise: Get to Know France

Below is a list of helpful real estate and news sites related to France. Choose one site from the “Real Estate and Business” category and one from the “News and General Information” category to learn more about French real estate and news related to France today. You can use Google translate for sites that appear in French. Write down two things you learned from each of the sites you visited. Then get into small groups and share what you’ve learned with your classmates.

### REAL ESTATE AND BUSINESS SITES

- ▶ **Insee-Notaires**  
<https://www.insee.fr/en/accueil>
- ▶ **FNAIM Index**  
[www.fnaim.fr](http://www.fnaim.fr) (French language)
- ▶ **Notaires of France**  
<https://www.notaires.fr/en>
- ▶ **MIPIM International Real Estate Expo**  
[www.mipim.com](http://www.mipim.com)

#### Two Things I Learned:

1. \_\_\_\_\_
2. \_\_\_\_\_

### NEWS AND GENERAL INFORMATION

- ▶ **France 24 News**  
[www.france24.com/en/france/](http://www.france24.com/en/france/)
- ▶ **Le Figaro**  
<http://plus.lefigaro.fr/tag/le-figaro-in-english>
- ▶ **Le Monde**  
<https://www.lemonde.fr/le-monde-in-english/>
- ▶ **Reuters France**  
[www.reuters.com/places/france](http://www.reuters.com/places/france)

#### Two Things I Learned:

1. \_\_\_\_\_
2. \_\_\_\_\_

## Business Culture in France

As with any country, the French have their own particular cultural norms. However, it's important to never stereotype, as culture and cultural norms can vary significantly based on any number of factors, such as geography (urban or rural), economy (richer or poorer), immediate circumstance (social gathering or business meeting), individual personality, and world views. But having a general sense of French customs and norms as a whole can be helpful in conducting business processes and interactions. Let's take a look at a few aspects of French business culture that might be helpful to know.

### Formal Business Introductions

Appearances matter, so dress conservatively and in well-tailored clothing. The French appreciation for the finer things in life includes stylish apparel and accessories. When introduced, a handshake is appropriate along with the greeting for the time of day. Business cards are exchanged without a formal ritual, though cards should always be treated respectfully; French business cards may be a bit larger than the North American standard format.

Learning a few basic words in French is appreciated and helps you build relationships. A few good terms to start using:

- ▶ **Bonjour:** Hello
- ▶ **Merci:** Thank You
- ▶ **Au revoir:** Goodbye
- ▶ **Le client:** The client
- ▶ **L'acheteur:** The buyer

Business conduct stresses courtesy and formality. Before doing business, the French expect to establish a foundation of mutual respect and trust, which is earned through proper, courteous behavior.

## Business Meeting Culture

Appointments should be made by email or phone at least 2 weeks in advance. Avoid scheduling a meeting during the months of July and August as these are the traditional vacation periods. Punctuality is important; if delayed, phone immediately and provide an explanation.

Business meetings are for the purpose of discussing issues, not making decisions. During discussion, the French may be quite candid and direct in their communications. Usually the upper levels of company hierarchy make business decisions, and many French businesspeople are quite risk averse.

When making a presentation, avoid high-pressure tactics—low key is a better approach. Maintain direct eye contact and present information in a detailed, logical progression. Do not be surprised if spirited debate ensues. Although business is conducted slowly, once an agreement is reached, it may be documented by a precisely worded, comprehensive document or contract.

## DOING BUSINESS IN FRANCE

**One specialist summarizes French business etiquette in just three rules:<sup>52</sup>**

1. Be polite and mindful of conventions.
2. Foster positive relationships.
3. Be presentable.

## Beyond Business

The French are known for their pride in excellence, whether in traditional products or contemporary creations. The cost of living tends to be high in a country that places such a premium on quality, even with imports, but fortunately even the simpler and cheaper products tend to be good.

Although generally polite in business dealings, the French are sometimes perceived as aloof by their European neighbors. But speaking even a little French will go far to overcome barriers, as it suggests you have respect for their culture and heritage. As in the world over, people tend to be more reserved in large cities like Paris than in small towns and provinces.

The French tend to be rather private and family-oriented with different codes of conduct for those inside the circle of family and friends and those outside. It is only with the inner circle that they tend to relax and express individuality. The extended family can be called on for connections and emotional and sometimes financial support. Friendship implies frequent contact and mutual support when needed.

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<sup>52</sup> Hopwood, Sean. (2019, November 15). "Doing business in France: three etiquette tips." Forbes Business Development Council. <https://www.forbes.com/councils/forbesbusinessdevelopmentcouncil/2019/11/15/doing-business-in-france-three-etiquette-tips/>



## Module 5: Key Point Review

- ▶ France is the second most populated country in the EU, with the second largest economy.
- ▶ Demand for housing in France exceeds supply, which is a chronic problem that the government is attempting to address.
- ▶ The real estate market has slumped in recent years and prices have fallen. The decline in prices, paired with lower inflation and reduced interest rates, is expected to spark more activity in the coming years.
- ▶ There has been some political unrest in France in recent years, making clear forecasts on the economy more difficult. This is something for real estate professionals to monitor.
- ▶ Paris remains the center of commercial real estate investment in France.



# 06

## PROFILES OF OTHER COUNTRIES



## Module 6: Profiles of Other Countries

### AFTER COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- ▶ Identify and describe the geographic location, general demographics, and economic conditions of each profiled country, and how they influence real estate decisions.
- ▶ Summarize the current housing market and real estate practices and policies of each profiled country.
- ▶ Describe some general business practices and cultural norms of profiled countries.

### **This module contains brief profiles, or snapshots, of other European countries. Below are the countries we will take a look at:**

- ▶ Belgium
- ▶ Greece
- ▶ Ireland
- ▶ Italy
- ▶ Portugal
- ▶ Spain

### **As you read the profiles, consider the following questions:**

- ▶ How is the real estate market influenced by its geography, economic conditions, business policies, and cultural norms?
- ▶ What aspects of the real estate market invite investment? Which aspects might diminish investment?
- ▶ What are the specific rules and regulations affecting foreign ownership of real estate in this country?

# Belgium

## Geography and Population

Belgium borders the North Sea between neighbor countries France and the Netherlands. It shares borders with Germany and Luxembourg (see Figure 6.1). Belgium topography ranges from flat coastal plains along the western coastline to central rolling hills and rugged mountains of the Ardennes in the far southeast. It has a population of approximately 11.5 million people, and two-thirds of the population is concentrated in the industrial northwestern portion of the country.

Belgium is divided into two regions based on language and culture: Flanders and Wallonia (see Figure 6.1). Generally, the upper half of the country is Dutch-speaking, and the lower half is mostly French-speaking. Because language is a sensitive issue for many Belgians, English is often the neutral and best choice. English is spoken as a second language by many Belgians and is the language used in most business contexts.

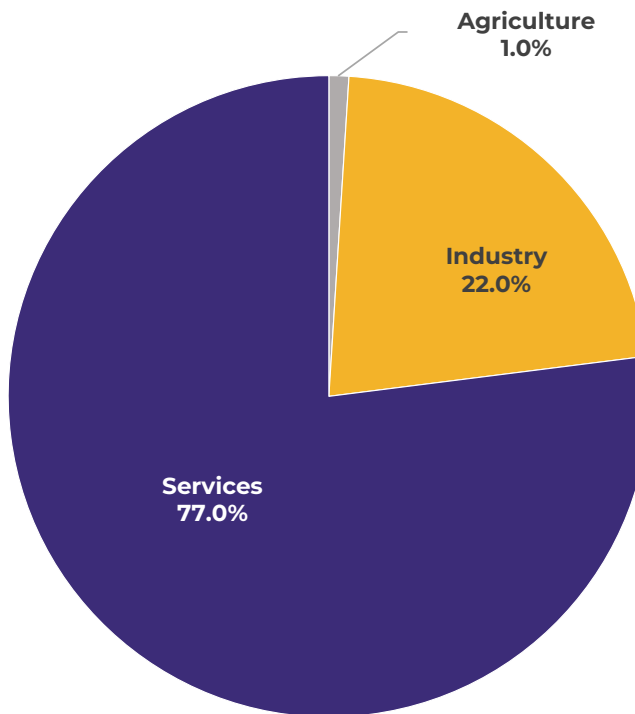
**Figure 6.1** Map of Belgium



## Economy

Belgium's central geographic location, coastline, and transportation network underpin a diversified economy with a broad mix of services, manufacturing, and logistics (see Figure 6.2). With approximately three-quarters of its trade dependent on other EU countries, Belgium's economy is closely tied to those of its neighbors. Brussels also serves as the capital for the European Union.

**Figure 6.2** Belgium Economy Makeup



Belgium's economy slowed along with the rest of the EU in 2022 due to inflation, supply chain issues due to geopolitical instability, and increased interest rates, slipping about 3% from the previous year. But Belgium is one of the EU's most stable economies. Growth has been slow but steady in the past two years and is expected to remain on this trajectory through 2025. Inflation spiked slightly in 2024, as the government phased out some measures meant to mitigate higher energy prices, but is expected to decline once again closer to the 2% target in 2025.<sup>53, 54</sup>

For the most current conditions on the Belgian economy, go to [www.economy-finance.ec.europa.eu/economic-surveillance-eu-economies/belgium/economic-forecast-belgium\\_en](http://www.economy-finance.ec.europa.eu/economic-surveillance-eu-economies/belgium/economic-forecast-belgium_en).

<sup>53</sup> "Economic forecast for Belgium." European Commission. May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/belgium/economic-forecast-belgium\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/belgium/economic-forecast-belgium_en)

<sup>54</sup> "Belgium GDP Growth." Trading Economics <https://tradingeconomics.com/belgium/gdp-growth>

## The Real Estate Business in Belgium

### CURRENT CONDITIONS AND POLICIES

Decarbonization and reducing greenhouse gas emissions is a top priority in Belgium, and more stringent laws have been enacted in the last couple of years. By 2030, all buildings in the Brussels-Capital region will need to have an energy performance certificate (EPC), certifying that the building meets the nation's standard for energy efficiency. In 2023, buyers of a home in Flanders must acquire a D-level rating within five years. The five-year D-level rating plan is set to being in Wallonia in 2026.<sup>55, 56</sup>

The announcement of these policies are thought to have contributed to the substantial drop of 17% in transactions in 2023, along with inflation and rising interest rates. Even though transactions dropped, housing prices overall remained relatively stable. As mortgage rates are expected to decline activity in the real estate sector across all regions of Belgium are expected to pick back up, and prices are already beginning to increase. The early part of 2024 saw a 3% increase in housing prices.<sup>57</sup>

In 2024, the average price of an attached or semi-detached house in Belgium was about 260,000 euro, and a detached home 372,000 euro.<sup>58</sup> There is significant price differences among the three regions, with the Brussels-Capital region being most expensive.

There are no restrictions on foreign ownership of real estate.

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**55** Goffin, Pierre. "Changes to the EPC in Belgium: what impact on your property investments?" CBRE. August 18, 2023. <https://www.cbre.be/insights/articles/changes-to-the-epc-in-belgium-what-impact-on-your-property-investments>

**56** Walker, Lauren. "All Brussels homes must have energy performance certificate by 2030." The Brussels Times. February 2, 2024. <https://www.brusselstimes.com/904626/all-brussels-homes-must-have-energy-performance-certificate-by-2030>

**57** O'Regan, Ellen. "Where everyone wants to own a home: Property prices keep going up in Belgium." The Brussels Times. July 7, 2024. <https://www.brusselstimes.com/1126588/where-everyone-wants-to-own-a-home-property-prices-keep-going-up-in-belgium>

**58** StatBel. June 20, 2024. <https://statbel.fgov.be/en/themes/housing/real-estate#:~:text=the%20FPS%20Finances.,Belgium,Apartments%20cost%20240%2C125%20euros>

## REAL ESTATE PROFESSIONALS

The real estate profession is regulated by the Belgium government. Real estate professionals must be members of the IPI/BIV (Professional Institute of Real Estate Agents). Membership in IPI/BIV requires a minimum of 3-years of post-secondary education (college-level) in a business-related field such as accountancy, law, or economics plus a 1-year training period. The real estate agent must be bonded and have professional liability (errors and omissions) insurance. The IPI/BIV maintains a code of ethics for its members and can impose sanctions for infractions.

Agent commissions in Belgium depend on the price of the property. The lower the price of the property, the higher the commission rate could become. Agency commissions are typically paid by the seller.

Total transaction costs are relatively high in Belgium. Closing costs for the buyer is typically between 10% and 17% of property value, and for new properties a 21% VAT is payable by the buyer. A registration tax of is payable for most properties and varies by region and size of home.<sup>59, 60</sup>

### ► Key Facts for Real Estate Professionals in Belgium

- » Brussels is the unofficial capital of the European Union.
- » No restrictions on foreign ownership of real estate.
- » Relatively high real estate transaction costs.
- » Housing in Brussels-Capital Region is more expensive than average.

 	<h4>KEY CONTACTS</h4> <ul style="list-style-type: none"> <li>► <b>Confederation des Immobiliers de Belgique</b> <a href="https://www.cib.be">https://www.cib.be</a></li> <li>► <b>European Association of Real Estate Professions</b> <a href="https://www.cepi.eu">https://www.cepi.eu</a></li> </ul>
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<sup>59</sup> Kumar, Kenert. "How to Buy Property in Belgium as a Foreigner." Global Property Guide. June 18, 2024. <https://www.globalpropertyguide.com/europe/belgium/buying-guide>

<sup>60</sup> Buswell, Gary. "Belgian real estate: buying a home in Belgium." Expatica. June 8, 2024. <https://www.expatica.com/be/housing/buying/buying-a-property-in-belgium-106778/>

## Belgium: Business Culture at a Glance

### COMPROMISE, TACT, AND TRUST

- ▶ Key values are tolerance and diplomacy.
- ▶ International reputation for being flexible, innovative, multilingual, and solution-minded.
- ▶ Insistence on compromise and finding a win-win solution.
- ▶ Direct communicators, but value tact and subtlety.
- ▶ Personal relationships seen as basis for trust in business. Building trust takes time.

### REGIONAL DISTINCTIONS

- ▶ Flemish companies seen as more egalitarian and collaborative in business and management approaches.
- ▶ Companies led by Walloons tend to be more hierarchical and dependent on top managers for decision making.
- ▶ Punctuality is expected by all.

### BUSINESS INTRODUCTIONS AND ATTIRE

- ▶ Introduce yourself with a firm handshake and a smile.
- ▶ Address others with the appropriate title and surname.
- ▶ Business attire is conservative, stylish, and understated.
- ▶ When in doubt, it is better to be overdressed than underdressed.

### BUSINESS MEETINGS

- ▶ First meetings focus on getting acquainted, as Belgians prefer to do business with people/companies they know and trust.
- ▶ Belgians appreciate a follow-up “memorandum of understanding” to recap the meeting.
- ▶ Business meals are mostly for socializing, with any business discussed after the meal is over.

## Greece

### Geography and Population

Greece lies in the southern Balkans surrounded by seas: the Aegean, Ionian, and Mediterranean. About half of the country consists of islands spread around the mainland in a wide arc. Greece has more than 14,000 kilometers (about 8,700 miles) of coastlines.

The Corinth Canal bisects Greece into two portions: the northern mainland and the Peloponnesus peninsula. The terrain of Greece is crisscrossed with rugged mountains extending into the sea. The 160 permanently inhabited islands tend to be rocky and arid. An extensive system of ferryboats connects the islands and mainland ports. Greece shares land borders with Bulgaria, Albania, Turkey, and Macedonia (see Figure 6.3).

**Figure 6.3** Map of Greece



Earthquakes are a hazard throughout Greece and some of the most populated areas—Corinth and Sparta—suffered catastrophic damage in the past. Government-mandated building standards require new construction to withstand earthquakes.

The population of Greece is approximately 10 million people, down nearly a million people since 2010. With a median age of 46, Greece is one of the older populations in Europe. Greek is the official language of the country, but roughly half the population speaks English as well. This number is climbing, as English is now taught in Greek elementary schools starting in 3rd grade, sometimes even earlier.

#### **DID YOU KNOW?**

Cyprus, lying 1,000 km from the coast of mainland Greece, has extensive cultural ties with Greece, but is not under Greek control. The entire island is part of the European Union, though this does not quite apply to the northern portion of the island under Turkish control. But officially, Turkish Cypriots who have, or are eligible for, EU travel documents are EU citizens.

The Republic of Cyprus is a former British colony that gained its independence in 1960. Because Cyprus is a former British colony, British second-home buyers feel an affinity with the island and a large population of expatriate retirees have settled there. More than 50,000 Russians also live in Cyprus, primarily in the city of Limassol.

Since 2008, Cyprus has used the euro as its official currency.

## Economy

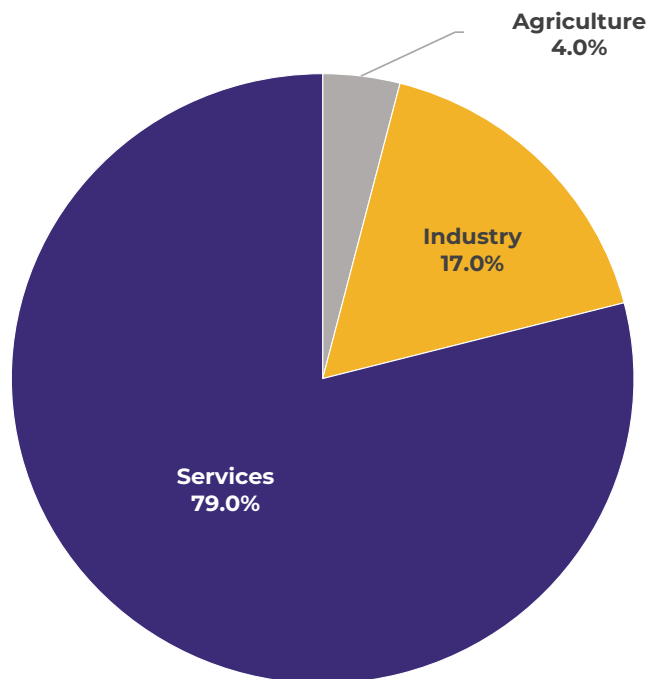
Greece was an early member of the European Union, and in 2001 joined the eurozone. In 2010, eroding finances, chronic economic underperformance, and lax collection of taxes, exacerbated by a credibility gap in reporting government borrowing, pushed Greece to the brink of bankruptcy. Economic reforms have included spending cuts, stepped-up tax collections, reduction in the civil-service workforce, and deep cuts in pensions and social programs, resulting in an extended period of social and economic unrest.

That said, the Greek economy has emerged stronger for the policy measures and not only has stabilized in recent years but is showing moderate but steady growth and has been outperforming other traditionally strong EU economies, such as Germany and France. Public debt, unemployment, and inflation are expected to continue declining incrementally through 2025, while GDP is predicted to continue at about 2% annual growth.<sup>61</sup>

For the most current conditions on the Greek economy, go to [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/greece/economic-forecast-greece\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/greece/economic-forecast-greece_en).

The economic mix of Greece relies a bit more on agriculture and less on industry than many of its neighbors to the north (see Figure 6.4).

**Figure 6.4** Greece Economy Makeup



<sup>61</sup> "Economic forecast for Greece." European Commission. May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/greece/economic-forecast-greece\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/greece/economic-forecast-greece_en)

## The Real Estate Business in Greece

### CURRENT CONDITIONS AND POLICIES

Just as the economy has stabilized, so has the housing market. Housing prices continue to increase at a robust clip due to strong demand and an improving overall economy. Prices jumped by more than 10% in the first quarter of 2024 in urban areas, which marked the tenth consecutive quarter of double-digit price increases. Thessaloniki, Greece's second largest city next to Athens, showed the highest prices increase at 12% in the first part of 2024. Even with the continued escalation in prices, housing prices in Greece are still lower than in many other EU countries, which is further fueling foreign demand.<sup>62</sup>

The Golden Visa program for Greece is one of the lowest-cost—and most popular—investment visa programs in the EU. It offers residency to non-EU investors purchasing or renting property worth over €250,000, similar to Hungary, Spain, and Portugal.

Foreigners and citizens of EU countries can purchase property in Greece without restrictions. Importation of funds for real estate acquisition must be documented and requires permission from the Bank of Greece. The buyer must also obtain a Tax Registry Number from the Internal Revenue Service.

Acquiring property in sensitive areas near military installations, national borders, and on some islands close to Turkey requires permission of the Local Council; non-EU citizens seldom receive such permission.

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<sup>62</sup> Delmendo, Lalaine. "Greece's Residential Property Market Analysis 2024." Global Property Guide. June 10, 2024. <https://www.globalpropertyguide.com/europe/greece/price-history>

## REAL ESTATE PROFESSIONALS

Greek real estate agents are not licensed, but the most professional are members of the Hellenic Association of REALTORS®. Agent commissions are not negotiable or variable in Greece. By law, the commission is 4%, which is split equally by buyer and seller. The commission is subject to VAT, which is 24% in Greece.

Note that agency fees are different in Cyprus. The commission in Cyprus is always paid by the seller.

### ► **Key Facts for Real Estate Professionals in Greece**

- » The Greek economy has been near bankruptcy in the past, but regained stability after implementing austerity measures and economic reforms and is not stable and outperforming some traditionally stronger economies in the EU.
- » Housing prices have been increasing rapidly in recent years in urban areas of Greece, and demand remains high.
- » There are some minor restrictions on foreign ownership of real estate.
- » Greece has the lowest-cost Golden Visa program in the EU, which further fuels demand.

## Greece: Business Culture at a Glance

### PERSONABLE AND INVITING


- ▶ Friendly, warm, and hospitable people.
- ▶ Openness to meeting new people and doing business with them.
- ▶ Business means personal connections and nurturing relationships.

### BUSINESS INTRODUCTIONS AND ATTIRE

- ▶ Use a firm handshake and direct eye contact when introduced.
- ▶ Wait for an invitation to use first names.
- ▶ When leaving, say goodbye to each person individually.
- ▶ Business attire is conservative, but less formal than other European countries.
- ▶ Dressing well shows respect and sets a serious tone.

### BUSINESS MEETING CULTURE

- ▶ Initial meetings are for getting acquainted and evaluating trustworthiness.
- ▶ Preference for conducting business face-to-face.
- ▶ Pace of business is relaxed and slower moving, but not casual.
- ▶ Hierarchy is respected and authority concentrated at the top; negotiations dominated by most senior person.
- ▶ Discussions are animated and may veer from the set agenda. Avoid showing irritation or imposing a deadline.
- ▶ Developing relationships takes time, and often occurs outside of business settings.
- ▶ Punctuality is appreciated, but most have more relaxed attitude toward time.

	<p><b>KEY CONTACT</b></p> <p>▶ <b>Hellenic Association of REALTORS® (SEK)</b>  <a href="https://sek.gr/en/">https://sek.gr/en/</a></p>
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## Ireland

### Geography and Population

The Republic of Ireland occupies five-sixths of the island of Ireland in the North Atlantic Ocean (with Northern Ireland being a part of the UK) (see Figure 6.5). The River Shannon bisects Ireland from north to south and separates the midlands from the western portion of the island. Ireland has a population of 5.2 million people and is steadily growing. It also has one of the EU's youngest populations, with a median age of 38.8. Most of the population is concentrated on the eastern side of the island, particularly around the city of Dublin.

Figure 6.5 Map of Ireland



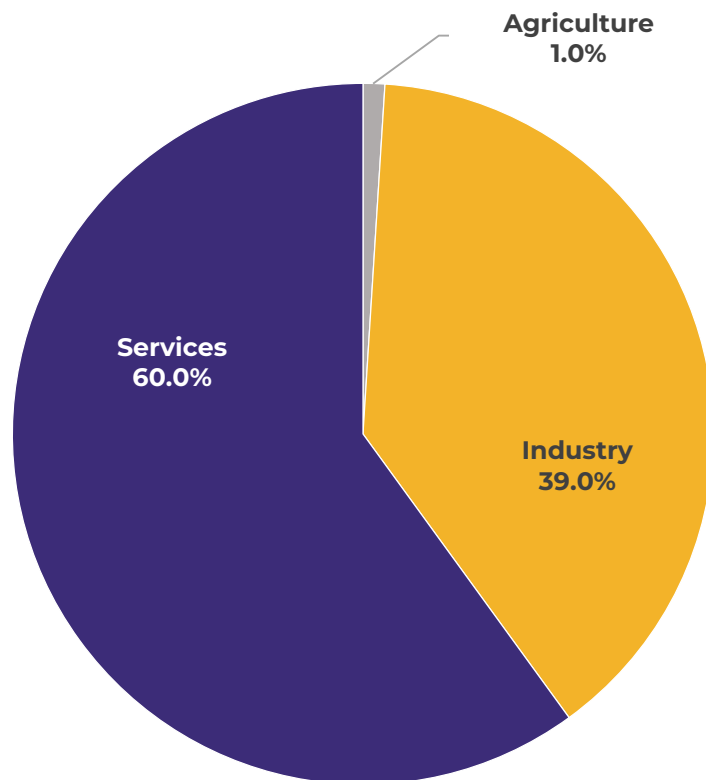
## Economy

Ireland, an EU member since 1973, is part of the eurozone. It has a robust commercial relationship with the United States, totaling approximately a trillion dollars annually, and is considered one of the world's most open economies for business and trade.<sup>63</sup>

The Irish economy struggled in 2022 and 2023, due to the inflationary factors that disrupted growth in much of Europe. But the economy stabilized and turned to the positive with 1.2% GDP in 2024. That growth is expected to increase substantially in 2025, with European Commission estimating a 3.6% increase. Factors contributing to that growth are declining inflation and a strong labor market.<sup>64</sup> For the most current economic data on Ireland, go to [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/ireland/economic-forecast-ireland\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/ireland/economic-forecast-ireland_en).

For Ireland's economic mix by sector, see Figure 6.6. In recent years, the focus of Ireland's economy has shifted from agriculture to services, especially those related to high-tech, trade, and investment.

**Figure 6.6** Ireland Economy Makeup



<sup>63</sup> International Trade Administration. "Ireland: Country Commercial Guide." January 25, 2024. <https://www.trade.gov/country-commercial-guides/ireland-market-overview>

<sup>64</sup> European Commission. "Economic forecast for Ireland." May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/ireland/economic-forecast-ireland\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/ireland/economic-forecast-ireland_en)

## Real Estate Business in Ireland

### CURRENT CONDITIONS AND POLICIES

The real estate market in Ireland slumped throughout 2022 and 2023, with substantial drop-offs in housing prices. Compared to the rest of the eurozone, Irish mortgage rates are generally higher, as they continue to be today. Higher rates paired with chronically tight housing supply keep prices elevated. The first quarter of 2024 saw a 7% increase in housing prices, the first positive change since November of 2022. With interest rate cuts expected as inflation declines, the real estate market is likely to heat up further.<sup>65</sup>

There are no restrictions on foreigners purchasing real property in Ireland. Buyers should be aware that Ireland's law of subrogation means property debts, including mortgages, service and management charges, remain with a property and are inherited by the buyer. A conditional offer obligates neither the buyer, who can back out of the deal, nor the seller, who can raise the price or accept a higher offer.

### REAL ESTATE PROFESSIONALS

Irish real estate professionals, usually referred to as auctioneers, must be licensed. There is quite a lot of variability in agency commissions in Ireland. Cheaper houses will tend to incur higher commission rates. Similarly properties in the countryside will tend to have higher commission rates. All commissions in Ireland are also subject to 23% VAT. To add to the mix, agencies have also often included additional fees for marketing and other administrative services.<sup>66</sup>

Recently, there has been a growing trend of fixed-price estate agents. These agencies offer one set price for services, rather than commissions based on the price or region of property. Often, these agencies include VAT in the fixed price.<sup>67</sup> The bottom line: if looking for a real estate agent in Ireland, it's wise to do your homework and look closely at the commission and fees of a number of different agents.

#### ► Key Facts for Real Estate Professionals in Ireland

- » The Irish economy is stable and one of the world's most open. Modest growth is expected through 2025.
- » There are no restrictions on foreign ownership of real estate.
- » Ireland's current housing market is characterized inadequate supply, higher mortgage rates, and housing prices that are expected to rise in the near-term as inflation eases and interest rates are cut.
- » Tech, trade, and investment services are an important part of the Irish economy.

<sup>65</sup> Nussupbekova, Tamila. "Ireland's Residential Property Market Analysis 2024." Global Property Guide. <https://www.globalpropertyguide.com/europe/ireland/price-history>

<sup>66</sup> Kumar, Kenert. "How to Buy Property in Ireland as a Foreigner." Global Property Guide. June 19, 2024.

<sup>67</sup> Money Guide Ireland. "Estate Agent Fees for Selling a House." March 16, 2024. <https://www.moneyguideireland.com/estate-agent-fees-for-selling-a-house.html>

## Ireland: Business Culture at a Glance

### CASUAL ATMOSPHERE

- ▶ Less formal than in most of Europe.
- ▶ Preference for wit and eloquence, and dislike of pretention.
- ▶ Uses direct communication and a straightforward approach.
- ▶ Family and friends are as important as business.
- ▶ Gain business contacts through friends in the network.

### BUSINESS INTRODUCTIONS AND ATTIRE

- ▶ For introductions, use a firm handshake, warm smile, and direct eye contact.
- ▶ Shake hands with everyone present.
- ▶ Begin with titles and surnames, but first names are often quickly introduced.
- ▶ Offer your business card, but do not be surprised if not everyone uses them.
- ▶ Conservative business dress is preferred.

### BUSINESS MEETING CULTURE

- ▶ Be punctual—but expect a more relaxed attitude toward time.
- ▶ Begin meetings with informal small talk to establish rapport.
- ▶ Meetings include significant discussion, with everyone expected to participate.
- ▶ Confrontation is avoided; silence may signal disagreement.
- ▶ The Irish are well-known for a short-term, profit-focused orientation.
- ▶ Going to a pub after a meeting is common; failure to buy a round is a breach of etiquette.
- ▶ Expect self-deprecating and ironic touches of humor.

	<p><b>KEY CONTACT</b></p> <ul style="list-style-type: none"> <li>▶ <b>Institute of Professional Auctioneers &amp; Valuers</b> <a href="http://www.ipav.ie/">www.ipav.ie/</a></li> </ul>
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# Italy

## Geography and Population

Italy occupies the “boot” of Southern Europe with miles of Mediterranean coastline. The large islands and Sicily and Sardinia are part of Italy. Italy shares borders with Switzerland, Austria, France, and Slovenia (see Figure 6.7). The Vatican, a separate state occupying about half a square kilometer, lies within the capital city of Rome. The Vatican is an independent city state but is not part of the EU.

Italy has a population of approximately 59.3 million people. The population has been in slight decline over the past decade, after reaching a peak of approximately 60.5 million in 2014. The population is expected to continue declining in the years to come. The population is also older, with Italy having the highest median age (48) across the EU. In comparison to other European countries, the number of citizens who speak English is on the lower end, about a third of the population. It’s largest city by far is Rome, with nearly 3 million people, followed by Milan and Naples, with populations of 1.3 million and 1 million, respectively.

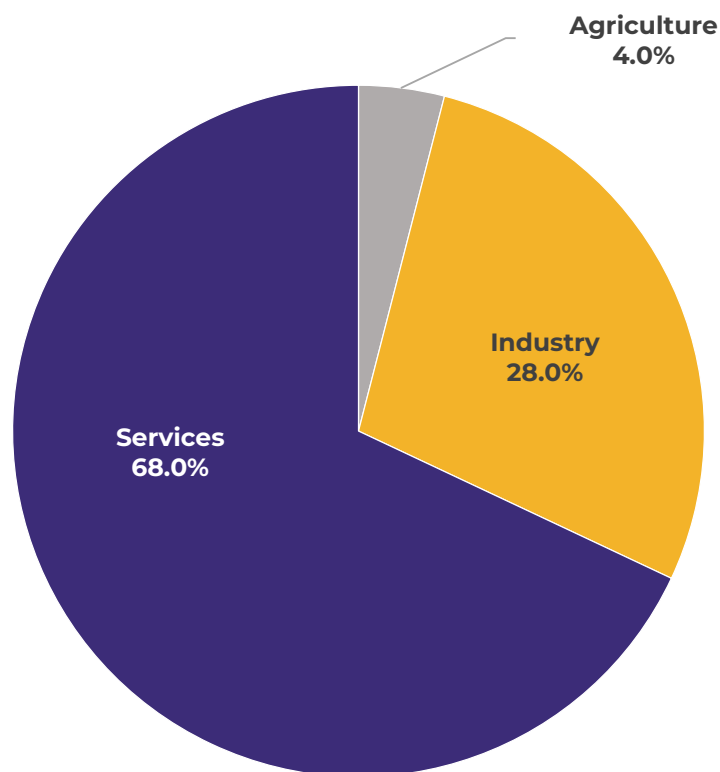
**Figure 6.7** Map of Italy



## Economy

Italy has a diversified economy, which is divided into a developed industrial north, dominated by private companies, and a less-developed, highly-subsidized, agricultural south (see Figure 6.8). The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family-owned.

**Figure 6.8** Italy Economy Makeup



Italy's economy struggled for years, suffering from high unemployment, political instability, and steep national debt. The pandemic hit Italy especially hard, with a GDP decline of almost 9%, its steepest drop since World War II. The government enacted some needed reforms to recover from the pandemic, which spurred strong growth as the world reopened, and as many countries suffered declines as geo-political uncertainty roiled the continent and inflation took hold, Italy's economy weathered the challenges quite well.<sup>68</sup> The economy slowed, but not to the degree of some other EU countries. It was able to maintain modest 1% growth in 2023 and 2024. Debt is still a lingering long-term concern, however, and is something to be monitored closely in the years to come.<sup>69</sup> For the most current conditions, go to [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/italy/economic-forecast-italy\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/italy/economic-forecast-italy_en).

<sup>68</sup> European Commission. "Italy's recovery and resilience plan." [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/italys-recovery-and-resilience-plan\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/italys-recovery-and-resilience-plan_en)

<sup>69</sup> European Commission. "Economic forecast for Italy." May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/italy/economic-forecast-italy\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/italy/economic-forecast-italy_en)

## Real Estate Business in Italy

### CURRENT CONDITIONS AND POLICIES

Mirroring the broader economy, the housing market is not showing substantial growth but remains steady. Housing prices increased minimally over the past few years and declined when adjusted for inflation. Demand had slowed to inflation, but by May of 2024, inflation had dropped by 8% points from its 2023 peak to 2.7%. This drop, along with expected cuts to interest rates is expected to spur demand once again. Ultimately, real estate remains a relatively safe investment in Italy, especially in its larger urban areas.<sup>70</sup>

There are no restrictions on foreign ownership of real estate in Italy. Any money remitted from outside Italy for purchasing property, however, should be officially documented to ensure that the proceeds of any resale can be repatriated. Note that the second home market in Italy is highly international. Italy's golden visa program also spurs foreign investment.

### REAL ESTATE PROFESSIONALS IN ITALY

Italian estate agents must complete a course of study and pass an exam to be licensees. They must be registered with the local chamber of commerce and are required to carry indemnity (errors and omissions) insurance. An agent should also be a member of a professional real estate association: AICI (Italian Association of Estate Agents), FIMAA (Federation of Mediators and Agents), or FIAIP (Federation of Professional Estate Agents).

The commissions in Italy can vary considerably, which are subject to 22% VAT. As in other countries, the cheaper the property, the higher the estate agent fee will likely be. In Italy, the commission is usually split equally between seller and buyer. That is, if the agent is to receive 5% commission, each party would pay 2.5% of it.

Most agents in Italy are local and don't have listings for properties farther afield. An agent's commission is paid when the preliminary sales contract is signed so it's important to make sure the commission can be refunded if the sale doesn't go through. Agents may also charge additional fees for services such as property showings and arranging utility connections. Buyers should be advised that the services of a notary are required in Italy; it is not required to hire a solicitor (lawyer) for most transactions.

#### ► Key Facts for Real Estate Professionals in Italy

- » Italy has wide variety of regions and lifestyles.
- » No restrictions on foreign ownership.
- » High transaction costs.
- » Economy has struggled in the past but has stabilized in recent years, and the Italian housing market remains stable.

<sup>70</sup> "Real Estate Market Overview 2024." PwC. September 3, 2024. <https://www.pwc.com/it/it/publications/docs/pwc-real-estate-market-overview-2024.pdf>

**DID YOU KNOW?**

You may have seen headlines about 1-euro homes for sale: this trend started in Italy in 2008 and has spread within Europe. Small municipalities suffering depopulation offer abandoned properties in hopes of rebuilding the local community. Properties are run down and in need of extensive work: buyers must renovate within a certain period, usually 3 years.

One recent market entry, the Sicilian town of Castiglione di Sicilia, offers over 900 properties in an ambitious project overseen by the mayor and a special task force. The village, down to just 3,000 residents, is working to preserve much of its architectural heritage. Many homes will be offered at €1, while those in better condition are listed at €4,000–€5,000. The mayor reports receiving inquiries from around the world.<sup>71, 72</sup>

**Italy: Business Culture at a Glance****FAMILY AND RELATIONSHIPS**

- ▶ Strong family orientation.
- ▶ Building good relationships is essential to business success.
- ▶ Status and hierarchy are highly valued. Show deference to elders.

**REGIONAL DISTINCTIONS**

- ▶ In the north, businesspeople are direct, candid, and down to business.
- ▶ In the south, businesspeople take more time for small talk and getting acquainted.

**BUSINESS INTRODUCTIONS AND ATTIRE**

- ▶ Use a firm handshake with direct eye contact when introduced.
- ▶ Academic or professional titles are taken very seriously.
- ▶ Always demonstrate courtesy and appreciation.
- ▶ Bella figura: dress stylishly and well to make a good impression. Display confidence.

<sup>71</sup> Silvia Marchetti. "Another Italian town is selling houses for one euro." CNN. April 26, 2021. <https://edition.cnn.com/travel/article/castiglione-di-sicilia-one-euro-houses/index.html>

<sup>72</sup> Thackray, Lucy. "Italy's one euro houses: Who can buy one and how does it work?" The Independent. August 28, 2024. <https://www.independent.co.uk/travel/europe/italy/italy-one-euro-homes-how-buy-house-b2602936.html>

## BUSINESS MEETINGS

- ▶ Make appointments well in advance and reconfirm a few days before.
- ▶ Avoid scheduling meetings in August (traditional vacation month).
- ▶ First meetings are for getting acquainted and building rapport.
- ▶ Expect expressive communication and animated discussion.
- ▶ Decision making happens outside of meetings at the highest level of hierarchy.
- ▶ Pace is often slow, with lengthy negotiations.

 <p><b>FIAIP</b> FEDERAZIONE ITALIANA AGENTI IMMOBILIARI PROFESSIONALI</p>	<h3>KEY CONTACT</h3> <ul style="list-style-type: none"><li>▶ <b>Federazione Italiana Agenti Immobiliari Professionali</b> (Italian Federation of Real Estate Agents) <a href="http://www.fiaip.it/">http://www.fiaip.it/</a> (in Italian)</li></ul>
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## Portugal

### Geography and Population

Portugal takes up most of the Atlantic coastline of the Iberian Peninsula (see Figure 6.9). Its long, shared land border with Spain has remained almost unchanged since a 1297 treaty between the two countries ceded the Algarve—the southernmost portion along the Mediterranean—to Portugal.

The population of Portugal is approximately 10.5 million people. After decades of slow and steady population growth, it has declined slightly in the past decade. Approximately two-thirds of the population live in urban areas, with the two largest cities of Lisbon and Porto accounting for nearly half the population.

With a median age of 46.8, Portugal's population is older than the EU median of 44.4 years. The official language is Portuguese; the second most spoken language is English, though it's not as widely understood and spoken as in many other EU countries.

**Figure 6.9** Map of Portugal

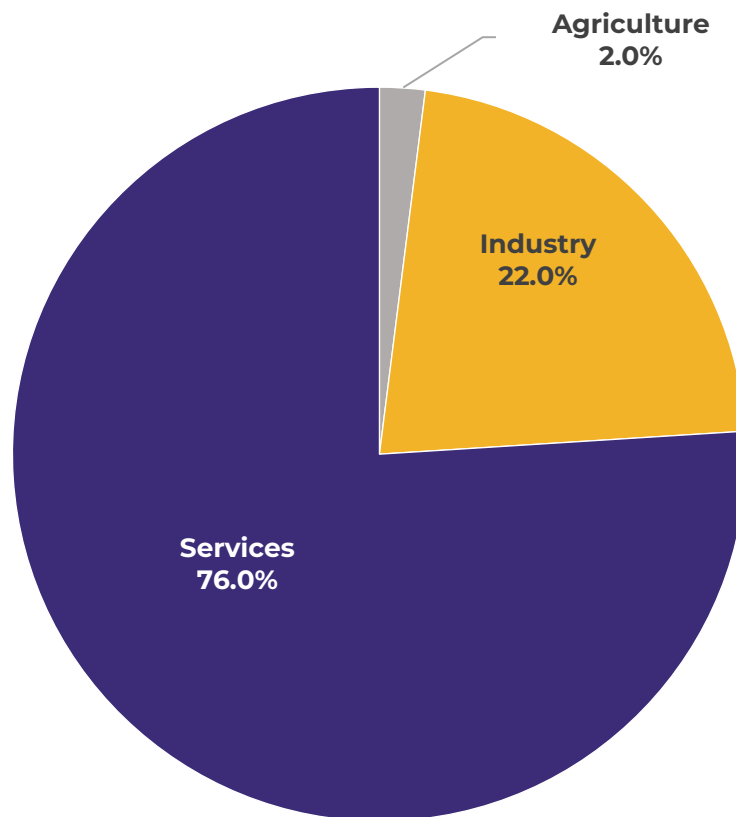


## Economy

In the wake of the Great Recession, Portugal's economy fell into a deep slump between 2011 to 2013 necessitating an EU/IMF bailout. Portugal exited the bailout successfully and staged a modest economic recovery. Although slow-paced, the economy has continued to strengthen in recent years, even outpacing some other core EU countries. For the first time in 2023, the country was able to reduce its public debt to less than 100% of GDP. Fueled by exports and a tourism boom, Portugal has experienced modest but sustained growth of around 2%, and that trend is expected to continue through 2025.<sup>73, 74</sup> For the most current economic data on Portugal, go to [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/portugal/economic-forecast-portugal\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/portugal/economic-forecast-portugal_en).

Portugal's economy relies more on agriculture and industry, particularly around fishing, than other EU countries (see Figure 6.10). That mix is changing, however, with an increasing focus on services.

**Figure 6.10** Portugal Economy Makeup



<sup>73</sup> European Commission. "Economic forecast for Portugal." May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/portugal/economic-forecast-portugal\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/portugal/economic-forecast-portugal_en)

<sup>74</sup> Constenla, Tereixa. Portugal is no longer a problem for Europe." El Pais. May 13, 2024. <https://english.elpais.com/economy-and-business/2024-05-13/portugal-is-no-longer-a-problem-for-europe.html>

## Real Estate Business in Portugal

### CURRENT CONDITIONS AND POLICIES

The housing market in Portugal has remained relatively strong in recent years relative to other EU countries, due in part to the emphasis the government has made to attract foreign investors. Despite the economic downturn that affected all of Europe, housing prices continued to increase at a robust clip. Since 2017, housing prices have increased on average 9.2% through 2023. In the first quarter of 2024, apartment prices rose 6.1% and house prices rose 9.8%.<sup>75</sup>

Demand slowed substantially in 2023 in the first quarter of 2024. This decline is in contrast to construction activity which has continued to increase year over year for the past decade. Increasing supply paired with slowing demand could present buying opportunities in the years ahead.

Part of the decline in demand could be due to Portugal eliminating its Golden Visa eligibility for all real estate investments. The Mais Habitação Law, enacted in 2023, maintains the program for a variety of foreign investment but no longer for real estate.<sup>76</sup> There are no restrictions on foreign purchase or ownership of real estate. Buyers must obtain a Personal Fiscal Number (Número fiscal de contribuinte NIF) from the local tax office, similar to the way foreigners need to in the United States with the ITIN.

### REAL ESTATE PROFESSIONALS IN PORTUGAL

The Portuguese government requires licensing for real estate agents, who must display a license number. Commissions are typically to be paid by the seller; however, that cost is usually included in the price of the house, which is then ultimately paid by the buyer—again a practice that is similar to that in the United States.

#### ► Key Facts for Real Estate Professionals in Portugal

- » Economy is stable and expecting modest growth in the years ahead.
- » Portugal's population is older than the European average.
- » Golden Visa program has been eliminated for real estate investment.
- » No restrictions on foreign ownership.

<sup>75</sup> Delmendo, Lalaine. "Portugal's house price growth continues, despite weak demand." Global Property Guide. May 27, 2024. <https://www.globalpropertyguide.com/europe/portugal/price-history>

<sup>76</sup> Patricia Vicente Rua and Catarina Demyon. "Portugal's revamped golden visa scheme to boost investment funds." Reuters. January 9, 2024. <https://www.reuters.com/markets/europe/portugals-revamped-golden-visa-scheme-boost-investment-funds-2024-01-09/>

## Portugal: Business Culture at a Glance

### FORMAL AND CONSERVATIVE


- ▶ General approach is conservative: change and innovation are not quickly embraced.
- ▶ Seniority and hierarchy are respected and deferred to.
- ▶ Confrontation is avoided.
- ▶ Preference for establishing a personal relationship with business partners.
- ▶ Business relationships are built with individuals, not companies.
- ▶ Strong family orientation.

### BUSINESS INTRODUCTIONS AND ATTIRE

- ▶ Handshakes are used for introductions. Shake hands when both arriving and leaving.
- ▶ Professional and academic titles are important and used with surnames.
- ▶ Reserve first names for family and very close friends.
- ▶ Business dress is conservative and formal.
- ▶ Your attire signals social standing.

### BUSINESS MEETINGS

- ▶ Be punctual, but attitudes toward time are more relaxed.
- ▶ Pace of meetings is leisurely, and decision making takes time.
- ▶ First meetings are often used to get acquainted and build relationships.
- ▶ Transparency is not prioritized in negotiations: information must be requested.
- ▶ For business meals, be careful to distinguish between social and business occasions.
- ▶ Avoid scheduling meetings in August (vacation time).
- ▶ Portugal is a late-night culture: dinner begins well after 9:00 pm.

	<p><b>KEY CONTACT</b></p> <ul style="list-style-type: none"> <li>▶ <b>Associação dos Profissionais e Empresas de Mediação Imobiliária de Portugal</b> Association of Professionals and Companies of Real Estate Mediation of Portugal <a href="https://apemip.pt/">https://apemip.pt/</a></li> </ul>
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# Spain

## Geography and Population

Spain occupies most of the Iberian Peninsula, which it shares with Portugal (see Figure 6.11). In addition to the mainland, Spanish territory includes the Canary Islands in the Atlantic and Mediterranean Balearic Islands. The Pyrenees Mountains define the northern land border separating Spain from France. It shares the tiny peninsula of Gibraltar with Britain. Two small coastal enclaves in North Africa, the autonomous cities of Ceuta and Melilla, make Spain the only European country to share a land border with an African country.

Spain has a population of approximately 47.5 million people. The two largest cities in Spain are Madrid and Barcelona, which make up nearly a quarter of the population. However, Spain has a number of other larger cities that have populations of about a million people. Those cities are Valencia, Seville, Bilbao, and Malaga. The median age of the Spanish population is 45, which is just slightly higher than the EU median age of 44.4.

The official language is Spanish with two primary dialects, Castilian or Castellano. Catalan is spoken in Barcelona, and its speakers are fiercely protective of their language. It would be a mistake to refer to Catalan as a dialect of Spanish. Spaniards who also speak English are quite prevalent, especially in the urban areas of the country.

**Figure 6.11** Map of Spain

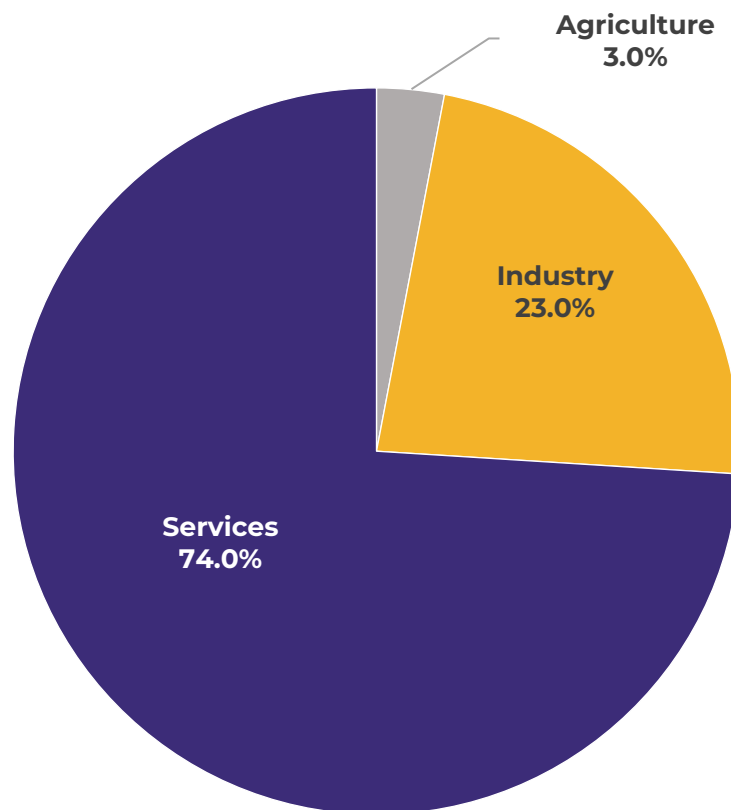


## Economy

Spain's economy is fourth largest in the EU—behind Germany, France, and Italy. Until the economic crisis of 2007, 15 years of strong growth earned it the title of the “Spanish Miracle.” Today, Spain's economy is quite strong. The country has weathered the economic downturn much better than many of its EU neighbors. The Spanish economy posted an impressive 2.5% growth in GDP in 2023, and is projected to approximate that number again in 2024 and 2025. Growth has been fueled by a strong labor market, a thriving tourism industry, and strong investment.<sup>7778</sup> For the most current economic data on Spain, go to [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/spain/economic-forecast-spain\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/spain/economic-forecast-spain_en).

Spain has a diversified economy similar to other EU nations (see Figure 6.12).

**Figure 6.12** Spain Economy Makeup



<sup>77</sup> Cingari, Piero. “Spain's economy is thriving: Why it's growing more than its EU rivals.” Euro News. March 29, 2024. <https://www.euronews.com/business/2024/03/29/spains-economy-thrives-why-its-growing-more-than-its-eu-rivals>

<sup>78</sup> European Commission. “Economic forecast for Spain.” May 15, 2024. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/spain/economic-forecast-spain\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/spain/economic-forecast-spain_en)

## Real Estate Business in Spain

### CURRENT CONDITIONS AND POLICIES

Spain's real estate market was in decline for nearly a decade after the housing bubble burst in 2008, but turned a corner in 2016. Other than the dip during the pandemic, prices have been rising steadily. In 2023, house prices rose by over 5%, and the first quarter of 2024 saw a 7% increase. Similar to Portugal, the rise in prices continues despite falling demand; home sales in 2023 fell nearly 10%. Housing prices are still lower than their peak in 2007, preceding the market crash.<sup>79,80</sup>

There are no restrictions on purchase or ownership of real estate by foreigners. The Mediterranean coastline and islands are favorite destinations for retirees and vacationers from the United Kingdom and Northern European countries. A Golden Visa program traditionally attracts many international investors, with the highest number from China and Russia. In recent years, however, there has been ongoing debate about ending the program.

### REAL ESTATE PROFESSIONALS IN SPAIN

Spain does not require licensing for real estate agents. The agency commission is typically around 2.5% to 6% and is paid by the seller, and VAT varies. The seller can deduct that fee from any capital gains.

#### ► Key Facts for Real Estate Professionals in Spain

- » Spain's economy has been quite strong relative to other EU countries.
- » Spain's housing prices continue to rise, despite a slip in demand.
- » There are no restrictions on foreign ownership.
- » Spain still offers a Golden Visa for real estate, but there has been ongoing debate in the country to end the program.

<sup>79</sup> Delmendo, Lalaine. "Spain's house price growth continues, despite falling demand." Global Property Guide. April 8, 2024. <https://www.globalpropertyguide.com/europe/spain/price-history>

<sup>80</sup> "House prices on the Spanish islands are close to real estate boom levels." Idealista. May 17, 2024. <https://www.idealista.com/en/news/property-for-sale-in-spain/2024/05/17/817036-the-price-of-housing-on-the-spanish-islands-is-already-close-to-the-levels-of#:~:text=Tinsa%20highlights%20that%20new%20and,in%20the%20previous%20expansionary%20cycle>

## Spain: Business Culture at a Glance

### RELATIONSHIPS AND RANK ARE IMPORTANT

- ▶ Relationships are important and face-to-face communication is preferred.
- ▶ Take time to develop relationships before doing business.
- ▶ Hierarchy and rank are respected: Spaniards prefer to do business with people of similar rank.
- ▶ Quality of character is crucial to sustaining a business relationship.
- ▶ Loyalty is to individuals, not the company.

### BUSINESS INTRODUCTIONS AND ATTIRE

- ▶ Introduce yourself with a handshake and a greeting appropriate to the time of day.
- ▶ Do not use first names unless invited to do so.
- ▶ Spanish surnames use both parents' surnames with the father's name first: use only the father's surname when introduced.
- ▶ Dress conservatively and well, as attire indicates status.

### BUSINESS MEETINGS

- ▶ First meetings are for getting acquainted.
- ▶ Meetings often veer from the agenda, with loud and expressive discussion.
- ▶ Decisions are made at the highest level of a company.
- ▶ Spaniards do not like to lose face and may avoid admitting mistakes or misunderstandings.
- ▶ Negotiations may proceed very slowly, with win-win outcomes sought to preserve relationships.
- ▶ Haggling over details is expected, and even preferred.
- ▶ Gifts may be exchanges to signal successful conclusion of deals.
- ▶ Avoid comparison between Madrid and Barcelona—this intense rivalry is apparent in many areas of business and culture.



#### KEY CONTACT

- ▶ **Spanish International Realty Alliance (SIRA)**  
<http://siralia.com/sira/> (Spanish language)

## Exercise: Final Reflection

Answer these final questions to reflect on your learning of the European real estate market as a whole.

- ▶ **Did you acquire strategies for accessing current information on countries of interest?**

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- ▶ **What are your key takeaways from this course?**

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- ▶ **How will you apply what you've learned to your future business practices?**

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# 07

RESOURCES



## Resources: Helpful Tools & References

### National Association of REALTORS®

- ▶ **CIPS Designation Information:**  
<https://www.nar.realtor/education/designations-and-certifications/cips-designation>
- ▶ **NAR:**  
<https://www.nar.realtor/>
- ▶ **Nar International Real Estate Information:**  
<https://www.nar.realtor/international-real-estate>
- ▶ **International Referral Form Sample:**  
<https://cdn.nar.realtor/sites/default/files/documents/international-realtor-member-referral-form-08-24-2020.pdf>

## France

- ▶ **French-Property:**  
<https://www.french-property.com/>
- ▶ **Global Property Guide—France:**  
<https://www.globalpropertyguide.com/Europe/France>
- ▶ **INSEE—National Institute of Statistics and Economic Studies:**  
<https://www.insee.fr/en/accueil>
- ▶ **Notaires de France—French Property Market Report:**  
<https://www.notaires.fr/en/housing-tax-system/french-property-market/french-property-market-analysis>
- ▶ **Paris Property Group:**  
<https://parispropertygroup.com/>
- ▶ **Le Monde:**  
<https://www.lemonde.fr/le-monde-in-english/>
- ▶ **Le Figaro:**  
<https://plus.lefigaro.fr/tag/le-figaro-in-english>
- ▶ **The Local—France’s News In English:**  
<https://www.thelocal.fr/>

## Germany

- ▶ **Annual Report on Status of German Unity:**  
<https://www.bmwi.de/Redaktion/EN/Dossier/neue-laender.html>
- ▶ **Global Property Guide—Germany:**  
<https://www.globalpropertyguide.com/Europe/Germany>
- ▶ **GTAI—Federal Ministry for Economic Affairs and Energy:**  
<https://www.gtai.de/gtai-en/invest/investment-guide/taxation-of-property-561540>
- ▶ **Immobilienverband (IVD Real Estate Association):**  
<https://ivd.net/>
- ▶ **Statistisches Bundesamt—Federal Statistics Office:**  
[https://www.destatis.de/EN/About-Us/\\_node.html](https://www.destatis.de/EN/About-Us/_node.html)
- ▶ **The Local—Germany’s News in English:**  
<https://www.thelocal.de/>
- ▶ **U.S. Commercial Service/Germany:**  
<https://www.trade.gov/germany>

## United Kingdom

- ▶ **Global Property Guide—United Kingdom:**  
<https://www.globalpropertyguide.com/Europe/United-Kingdom>
- ▶ **HM Government/Own Your Home—Mortgage Assistance Schemes:**  
<https://www.ownyourhome.gov.uk/>
- ▶ **HM Land Registry:**  
<https://landregistry.data.gov.uk/app/ukhpi>
- ▶ **NAEA PropertyMark:**  
<https://www.propertymark.co.uk/>
- ▶ **UK House Price Index:**  
<https://landregistry.data.gov.uk/app/ukhpi>
- ▶ **UK Office for National Statistics:**  
<https://www.ons.gov.uk/>
- ▶ **UK Annual Tax on Enveloped Dwellings:**  
<https://www.gov.uk/guidance/annual-tax-on-enveloped-dwellings-the-basics>

## European Union

- ▶ **Official Website of the European Union**  
[https://europa.eu/european-union/index\\_en](https://europa.eu/european-union/index_en)
- ▶ **Eurostat—Official Statistics About The EU:**  
<https://ec.europa.eu/eurostat>
- ▶ **European Commission:**  
[https://ec.europa.eu/info/index\\_en](https://ec.europa.eu/info/index_en)
- ▶ **European Commission/Business, Economy, Euro:**  
[https://ec.europa.eu/info/business-economy-euro\\_en](https://ec.europa.eu/info/business-economy-euro_en)
- ▶ **European Commission Economic Performance by Country:**  
[https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country_en)

## Real Estate Information/Europe

- ▶ **Colliers International:**  
<https://www.colliers.com/en-xe>
- ▶ **Global Property Guide—Europe:**  
<https://www.globalpropertyguide.com/Europe>
- ▶ **Property EU:**  
<https://propertyeu.info/Home>
- ▶ **Tranio/Europe:**  
<https://tranio.com/europe/>
- ▶ **The World Property Journal:**  
<https://www.worldpropertyjournal.com/>

## General Information/Europe

- ▶ **Currency Conversion:**  
<https://www.xe.com/currencyconverter/>
- ▶ **The Local—Europe’s News In English:**  
<https://www.thelocal.com/>
- ▶ **Reuters/Europe:**  
<https://www.reuters.com/world/europe/>
- ▶ **Statistica—Business Data Platform**  
<https://www.statista.com/>

