

After declining sharply since the beginning of 2022, due mainly to first-time buyers, the number of real estate transactions looks set to stabilise

Since the start of 2022, the number of real estate transactions has fallen by just over 20% and accounts for almost half of the decline in household investment over the period. The monthly consumer confidence survey of households (CAMME) includes a question on the housing purchase intentions of those surveyed: the share of households intending to buy housing is well correlated, although a few months ahead, with the number of real estate transactions. It can also be broken down by category of household, so that those who have given up a housing purchase can be identified. Thus the decline in purchasing intentions since 2022 derives mainly from households of tenants and young people, who are equivalent to first-time buyers. At the beginning of 2024, their numbers stabilised, suggesting that the collapse of the real estate market could be coming to an end.

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Each month, INSEE interviews around 2,000 households as part of the monthly consumer confidence survey “CAMME”. This survey includes a question on intentions to purchase a home in the next 12 months (► [Method](#)). The share of households intending to buy their home¹ is correlated overall with the number of real estate transactions taxed monthly in common law (mainly sales of second-hand housing, ► [Figure 1](#)).

Thus, the share of households intending to purchase a home, like transactions, saw an upward trend across the entire period starting from the end of the sovereign debt crisis until the end of the health crisis (however, the series of real estate transactions was significantly more uneven than intentions to purchase during the Covid crisis in

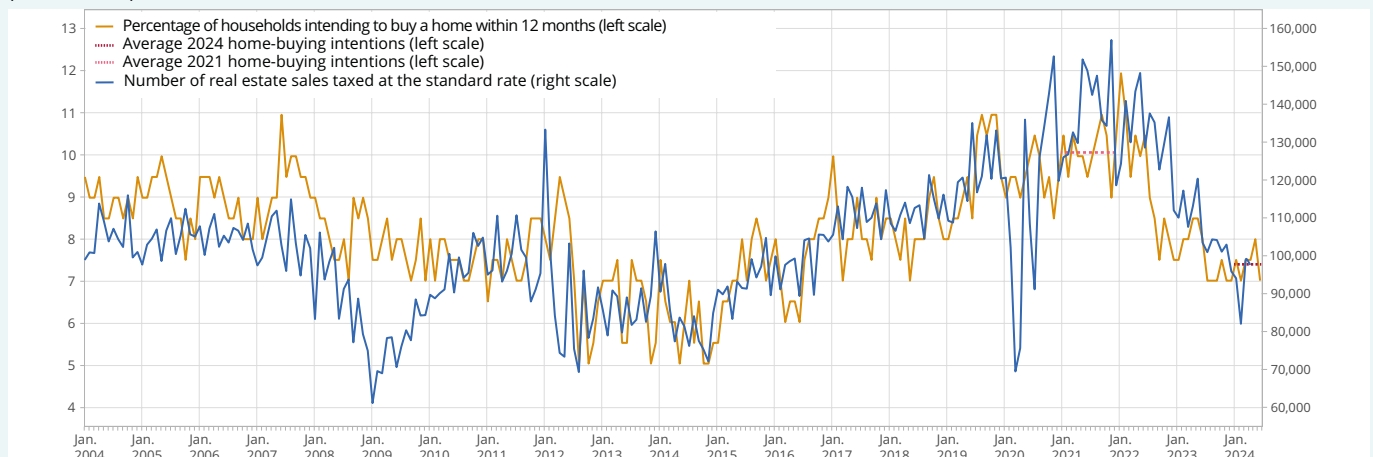
2020). More specifically, the share of households with the intention of purchasing housing reached a historic low several times, dropping to 5% during 2014 then gradually increasing to its historic high, at 12%, in January 2022. This dynamism in purchasing intentions and, at the same time in real estate transactions, is closely linked to the continuing drop in interest rates over this period, from 4.0% at the start of 2012 to 1.1% at the beginning of 2022² (► [Figure 2](#)).

Since mid-2022, purchasing intentions – like transactions – have fallen back sharply, largely due to the increase in interest rates for new real estate loans, which is leading households to abandon or postpone their acquisition plans. These two types of deterioration did not happen

¹ Used to calculate [the balance of opinion relating to this question](#) published in INSEE's macroeconomic database, see Method.

² Within the meaning of the narrowly defined effective rate (TESE) for new loans calculated by the Bank of France as the average rate of new real estate loans granted to households, excluding insurance.

► 1. Share of households intending to buy a home and number of real estate transactions (non CVS data)



Last point: June 2024 for the share of households intending to buy a home; April 2024 for the number of real estate transactions.

Note: transactions taxed under common law are mainly sales of second-hand homes. For details of the types of sales included in this series, ► [Box Method](#). **How to read it:** in June 2024, 7% of households said they intended to purchase a home in the next 12 months; in April 2024, the number of real estate sales taxed under common law was estimated at 97,819.

Scope: for the share of households intending to buy a home: households living in Metropolitan France in ordinary housing; for transactions: real estate sales taxed at the common law rate.

Source: INSEE, monthly household survey (Camme); General Inspectorate for the Environment and Sustainable Development.

completely simultaneously, however: purchasing intentions, observed from summer 2022, were ahead of transactions by about six months. This difference corresponds to the usual delays in this sector, linked to the search for a property, the signing of a sale agreement then the exchange of contracts. Therefore the share of households intending to purchase a home can be used, on the one hand to predict change in the real estate market in the short term, and on the other hand to trace variations in transactions by category of household.

The stabilisation of purchasing intentions suggests an end to the deterioration in investment in services to households

In national accounting, households' purchases of second-hand housing are not traced as they correspond to exchanges between households with no value creation. However, costs linked to the acquisition (agency fees, notary fees, transfer taxes) are counted as household investment in services and thus enter directly into the calculation of GDP. By volume, these costs vary with the number of transactions (fluctuations in real estate prices are recorded in the investment deflator) and represented around a quarter of all household investment in 2022. Household investment in construction (purchase of new housing and major maintenance and improvement work to housing) accounts for the remaining three quarters. Between Q2 2022 and Q1 2024, household investment in services fell by just over 20%, accounting for almost half the decline in total household investment.

³ Households that are already home-owners generally own their main residence (around 94%; Household wealth survey 2017-2018); in the vast majority of cases, therefore, renting households intending to purchase a property would be buying for the first time. The notion of "first-time buyer" usually used by INSEE assumes that the purchase would be made through a loan, information not known here.

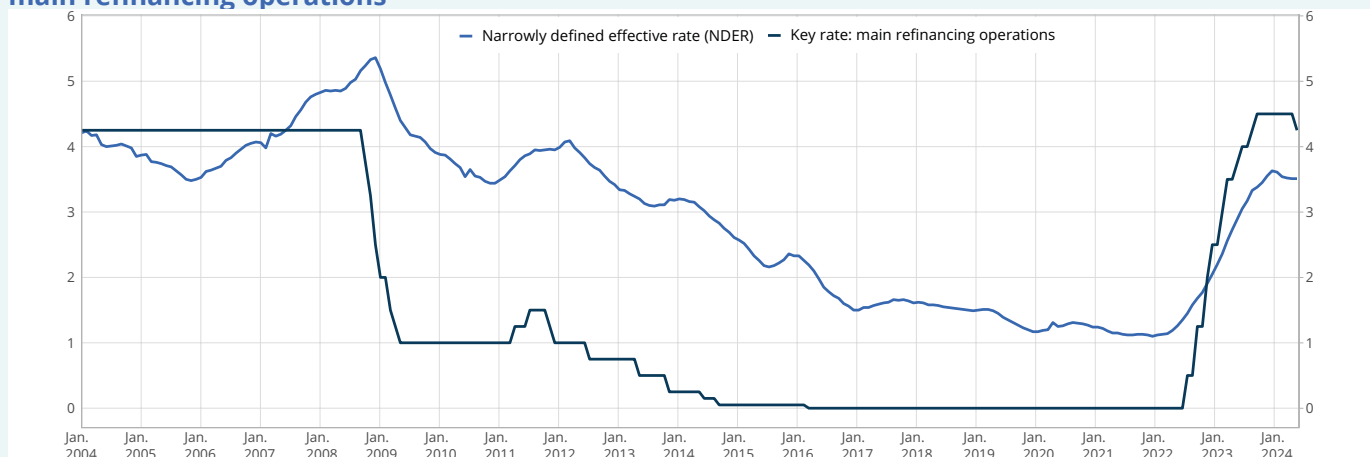
⁴ Data available to June 2024.

Since mid-2023, the share of households who intend to buy a home has stabilised, fluctuating between 7 and 8%. On average, however, since the start of 2024, purchasing intentions have remained 3 points below the 2021 level. Given the usual delays between purchasing intentions and completion of a transaction, the number of transactions is expected to stabilise over the coming quarters. In this *Economic outlook*, the forecast selected is that of stabilisation of household investment in services from the spring onwards.

Since 2022, the drop in purchasing intentions has mainly concerned households of tenants and young people, who can be compared to first-time buyers³

Using the share of households intending to buy housing, the dynamics of real estate purchase can be broken down by category of household. The intention to buy a home is both greater and more cyclical in tenant households, who can be compared to first-time buyers. Indeed, among tenant households, the share of households intending to purchase housing has been falling substantially for three years (-5 points on average between 2021 and 2024;⁴ ► **Figure 3**), i.e. much more than for households that are already owners (-1 point). In January 2024, the purchasing intentions of owner households were even seen occasionally to exceed those of tenant households, an unprecedented scenario with the available data.

► 2. Narrowly defined effective rate (NDER) for real estate loans to individuals and base interest rate: main refinancing operations



Last point: May 2024 for the narrow effective rate; June 2024 for the ECB's main key rate.

How to read it: in May 2024, the narrowly defined effective rate was 3.5%; in June 2024, the ECB's main base interest rate was 4.25%.

Source : Banque de France.

French economic outlook

Analysis by age confirms these results. Since 2014, the momentum of intentions to purchase has been driven above all by young households (where the reference person is under 35, ► **Figure 4**), and they are more often than not tenants.⁵ Thus, after a significant increase between 2014 and the beginning of 2022, the purchasing intentions of young households fell sharply, from 23% on average in 2021 to 15% in 2024⁶ (-8 points). Purchasing intentions of households of intermediate age (between 35 and 64) followed the same trend until 2022, in a less marked manner. They declined between the beginning of

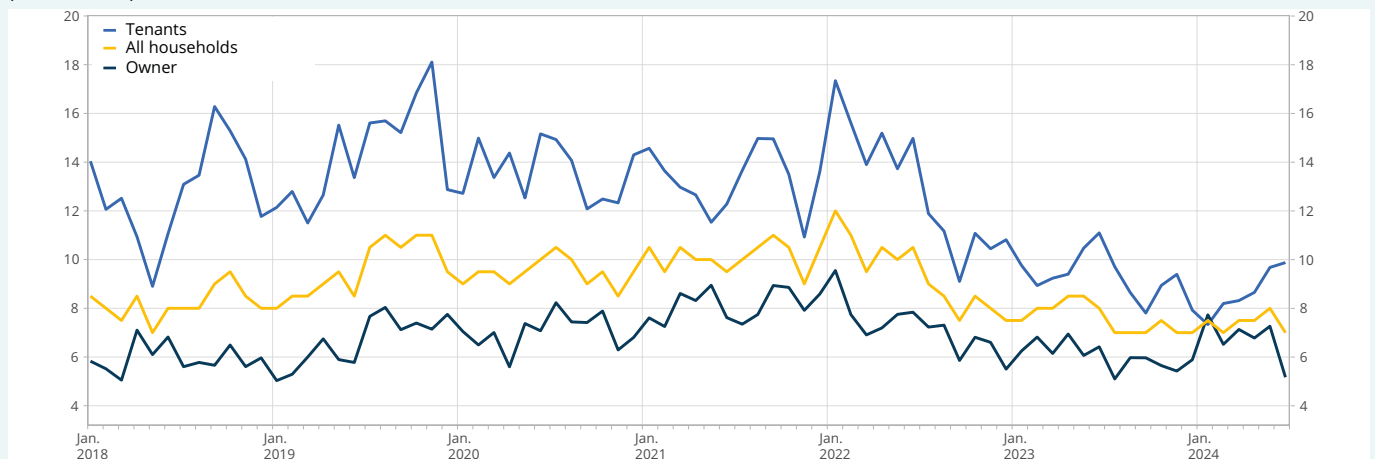
2022 and mid-2023 (falling from 12% in January 2022 to 5% in July 2023) but have since recovered, contrary to what is observed for the younger households. For households aged over 64, purchasing intentions are stable and very low (which reflects the fact that these households buy few homes: 7 out of 10 are in fact already owners, Household wealth survey 2017-2018,).

By income category, households' purchasing intentions in the last three quartiles of the standard of living scale (the 75% of households with the highest standard of living) have fallen in a comparable manner over the last

⁵ Housing survey 2020, SDES.

⁶ Data available to June 2024.

► 3. Share of households intending to purchase a home, according to housing occupancy status (non CVS data)



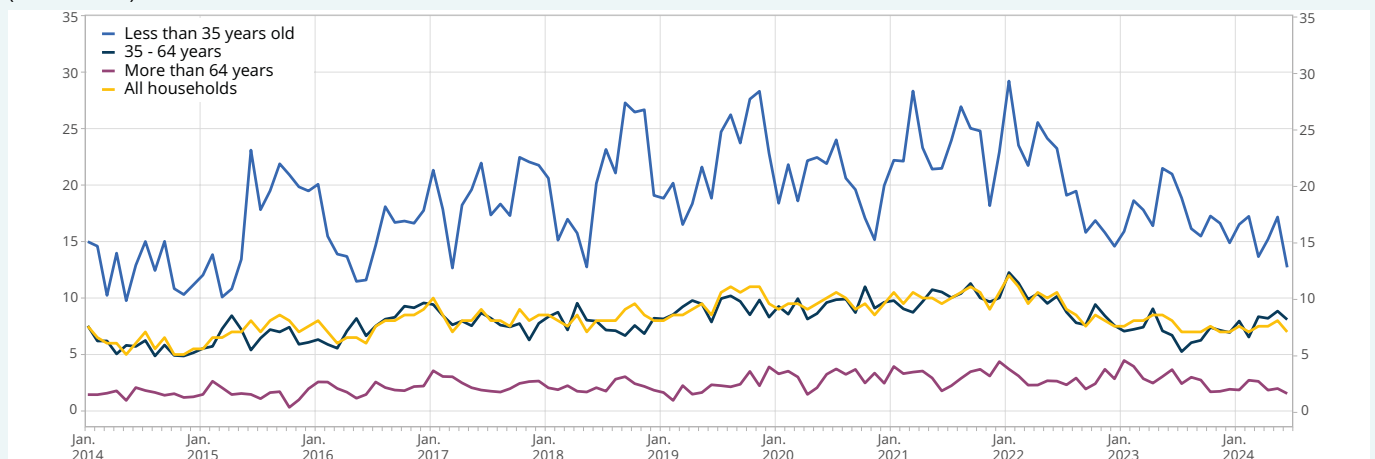
Last point: June 2024.

How to read it: in June 2024, 10% of households renting their main residence say they intend to buy a home in the next 12 months.

Scope: for the share of households intending to buy a home: households living in Metropolitan France in ordinary housing; for transactions: real estate sales taxed at the common law rate.

Source: INSEE, monthly household survey Camme.

► 4. Share of households intending to purchase a home, according to age category (non CVS data)



Last point: June 2024.

How to read it: in June 2024, 13% of households where the reference person is under 35 say they intend to buy a home in the next 12 months.

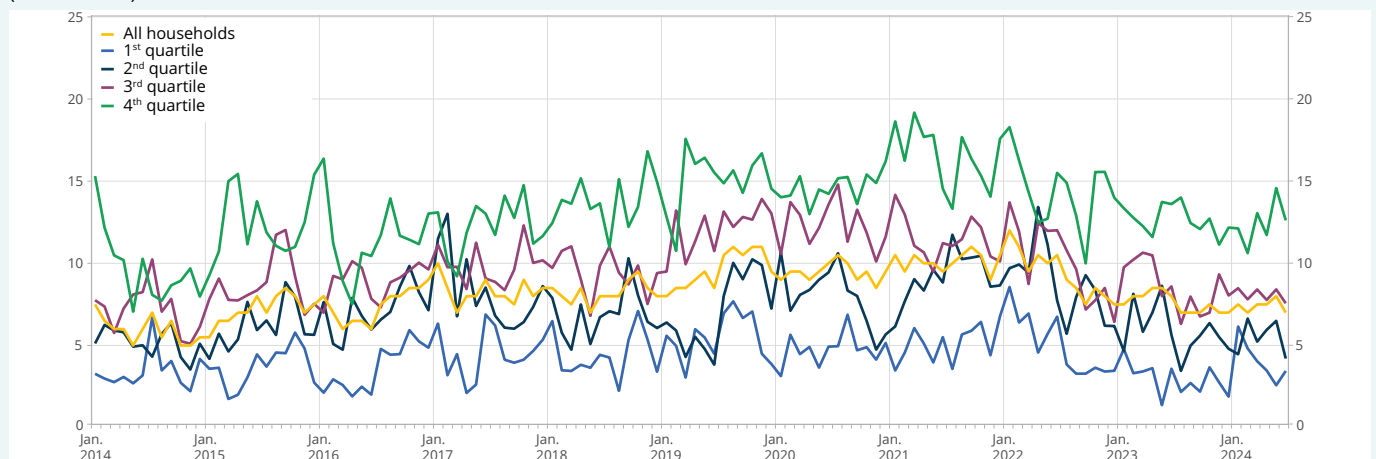
Scope: for the share of households intending to buy a home: households living in Metropolitan France in ordinary housing; for transactions: real estate sales taxed at the common law rate.

Source: INSEE, monthly household survey Camme.

three years (between -3 and -4 points between 2021 and 2024, ► [Figure 5](#)). Among these households, the wealthiest 25% have seen their purchasing intentions increase most over the period ranging from 2014 to 2021 (+7 points on average between 2014 and 2021, against +4 points for households in the second and third quartiles of the standard of living scale). Purchasing intentions for these households were also on an upward trend over the first few months of 2024, although this trend was

less pronounced for households in the second and third quartiles. However, the least well-off 25% of households very rarely expect to buy a home. This concerns around 5% of these households and this proportion seems very stable, reflecting the structural exclusion of these households from the real estate market, with only a third of them owing their own home (► [Household wealth survey 2017-2018](#), INSEE). ●

► 5. Share of households intending to purchase a home, according to standard of living quartile (non CVS data)



Last point: June 2024.

How to read it: in June 2024, 3% of households in the most well-off quartile of the standard of living scale say they intend to buy a home in the next 12 months.

Scope: for the share of households intending to buy a home: households living in Metropolitan France in ordinary housing; for transactions: real estate sales taxed at the common law rate.

Source: INSEE, monthly household survey Camme.

Methodology

As part of the monthly consumer confidence survey “CAMME”, INSEE collects responses each month from around 2,000 households on their opinion about their economic environment and their personal situation. This survey is harmonised at European level. The balances of opinion on the various topics, calculated by subtracting the share of “negative responses” from the share of “positive responses”, are available from 2004 in their harmonised version at European level. However, the breakdown by category of household is only possible from 2013 (2018 regarding the breakdown by housing occupancy status, see below).

The question asked to find out households’ housing purchase intentions is as follows: “Are you planning to buy a new or second-hand home (or to have one built) over the next twelve months? (main residence for you or a member of your family, secondary residence, to let, etc.)”. Four response modes are offered: “Yes, definitely”, “Yes, possibly”, “No, probably not”, “No, definitely not”. The corresponding balance of opinion, published in INSEE’s macroeconomic database, is calculated as the difference between the share of households saying “Yes, definitely” and “Yes possibly” and the share of households saying “No, probably not”, “No, definitely not”. For simplification, here we present the share of households intending to buy a home as the sum of the shares of households saying “Yes, definitely” and “Yes, possibly”.

Households are also questioned about the amount of their income, with the following question: “What is the average total monthly income of your household? Consider all types of income: wages, retirement pensions, unemployment benefit, family allowances, etc. Give the amount before tax is deducted at source”. They are also asked about the composition of their household. Combined with information on the income they receive, this factor can be used to calculate a standard of living for each household, i.e. income per consumption unit.

This household standard of living may differ from the definition of standard of living usually used by INSEE. On the one hand, the amount given by households is not necessarily net of income tax deducted at source, which is different from the definition of “disposable income” that INSEE usually uses to calculate standards of living. On the other hand, the standard of living calculated here is based only on the respondents’ declarations, which may therefore not be perfectly aligned with the tax classification of sources of income.

To classify households on the standard of living scale, the quartile values are then calculated by calendar year, by weighting households with weightings specific to the survey. Households are then ranked on the standard of living scale, by comparing the value of their standard of living to that of the quartiles.

Regarding the status of occupancy of the housing (tenant/owner), this information comes from INSEE’s Fidéli database (Housing and individual demographic files), constructed from data originating from a tax source. Data from the CAMME survey and the Fidéli database have been matched from 2018.

Data on real estate sales taxed under common law correspond to those published by the IGEDD cumulated over 12 months, with an estimate produced in order to give a monthly series at national level for this study. These data correspond to the sales of second-hand properties (more than five years old) for residential or commercial use (residential use representing about two thirds of sales), land sold between individuals and new constructions sold between individuals (unless the seller has acquired the property in a future state of completion). There is a one-month time delay between the signing of a deed of sale and its being recorded in the data. ●