TERRITORIAL ANCHORAGE OF PRIVATE SERVICED APARTMENTS IN THE PARIS REGION (ÎLE-DE-FRANCE): A GEOGRAPHY OF FINANCIALIZED REAL-ESTATE PRODUCTS?
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ABSTRACT.—This article offers a snapshot of the serviced apartment market in the Paris region (Île-de-France), which includes four types of establishments: student housing, senior residences, tourist accommodations, and retirement homes. It shows how these investment products, generally designed for individual investors, are the result of a financialization process affecting metropolitan rental markets. The territorial anchorage of these residences, which balances the preferences of investors, tenants, and producers, is analyzed using several databases (Clameur, Grecam, Sitadel, Census Data), one of which was specifically developed for this study.

Introduction

Is housing an “impossible” financial asset? This article aims to study the impact of the financialization process on production of rental accommodation in the Paris metropolitan area, an issue that has been addressed until now mainly as a service sector property (commercial property, office space) issue or as an urban infrastructure production issue. This process, present in the French real estate market since early 1990s, can be characterized above all by a change in the preferred immovable asset management option: from a heritage-related logic, which considers immovable assets as a long term “safe investment”
to a financial logic, which is more focused on short term profitability (Nappi-Choulet, 2009). This is reflected among real estate players in the generalization of practices meant to encourage investors to incorporate rental investment products as opposed to classical financial assets (Vergriete, 2012). In particular, maximum intermediation between the investor and the asset acquired by using a property manager systematically offers the possibility for retailers to resume a real estate product in terms of risks and returns.

In the French case, this evolution was, above all, encouraged by progressive “fiscalization” of the housing policy with the authorities introducing, from mid-1980s onwards, measures meant to encourage household rental investment (Pollard, 2010; Vergriete, Guerrini, 2012). Private developers played a fundamental role in propagating and popularizing fiscal tools among the general public by simplifying the process as far as possible for the investors as well as by introducing products specifically designed to benefit from these tools. This evolution was also symbolized by the appearance, mainly around the turn of the century, of “developers-defiscalizers”, who are specialists in such rental investment products (Vergriete, 2012). Nonetheless, the question still remains: what are the specific modalities of “territorial anchorage” for these products financialized in the mega cities, which assumes that there are “anchoring” players in the background who are able to reconcile heterogeneous requirements of the investors (arbitration between returns and risks) and the tenants (arbitration between rent levels and centrality) while at the same time obtaining a profit for themselves (Theurillat, 2011, 2012).

The example of private serviced apartments is particularly adapted to deal with these trends. In fact, these real estate products are today what come closest to an ideal dematerialized financial asset. This title of “serviced apartment” designates a range of very specific real estate products, characterized by consolidation, into a single structure, of mostly furnished rental housings, which offer their occupants the possibility of enjoying a set of hotel services. Today it covers four types of rental products targeting highly heterogeneous populations which are therefore most often studied separately: student hostels, tourist accommodation, senior residences as well as retirement homes, also known under the acronym of EHPA. However, from the perspective of an investor, all these residences belong to the same family of rental investment products, which are now focused mainly on individual investors.

Serviced apartments made their appearance in France in the late 1970s, mainly in the form of tourist accommodation constructed at seaside and ski resorts by private developers (the most emblematic among them being Pierre & Vacances, founded in 1967). The model gradually spread to other forms of residences found today and reached the main urban areas, notably during the 1980s. But the real boom in the sector occurred in the mid-1990s, fuelled by tax incentives. Residence construction has been on the rise ever since.

It was decided to focus on Île-de-France region. The Parisian metropolitan area, which currently represents one-fifth of serviced apartments constructed in France, is the oldest and at the same time, the most important market for urban residences. In addition, the four types of residences are well represented here. Nevertheless, it is difficult to examine this heterogeneous housing stock using available government statistics. Only the database SIT@DEL2 on construction activity provides information on this subject, but this source has several limitations. This lack of data was overcome by...
collecting data provided by major players of the sector: private developers, residence managers, real estate agents, and specialized websites. A geolocation database designed to be as exhaustive as possible for the four main types of residences, was developed for this study. It lists 568 private for-profit residences in business in Île-de-France at the time of collecting data (first trimester of 2012) for a total of around 50,000 housings (for additional information on the databases used in this article, please see Box 1). This article thus provides a hitherto unavailable portrait of the entire serviced apartment market with all its components and players in Île-de-France.

In the first section, we will discuss the “concept” of serviced apartments by looking at the legal and fiscal nature of these products. We will also introduce the main players in the sector as well as the practical means implemented by the latter to maximize intermediation between the investors and their real estate assets. Subsequently, in the second section, we will analyze the dynamics of construction and location of the serviced apartments within the Parisian agglomeration, which will highlight the influence of the geography of arbitration between returns and risks on these apartments. Finally, in the last section we will reexamine the specificity of each type of housing. This will allow us to underline, in an antithesis to the preceding sections focusing mainly on investment logics, the limitations of market homogenization as well as the influence of tenant demand on their geographical distribution.

**Concept of serviced apartments: construction and rise of a rental investment tool**

The specific form and the growth of the concept of serviced apartments are, to a great extent, specific to the French context. However, comparable real estate purpose-built products exist and have been studied in several other countries as part of a variety of theoretical frameworks. Increase in the number of student hostels has thus often been considered by Anglo-American authors as a symptom for a particular type of gentrification, that is, “studentification” (Hubbard, 2009; Smith, 2009). In the Australian context, it has also been analyzed as a response to the new international student population flows (Tsutsumi, O’Connor, 2011). Senior residences are often studied through the prism of their most extreme form, that of gated communities reserved for old people (sun cities, retirement communities), in France (Madoré, Vuillat, 2010) as in the United States (Stroud, 1995; Pihet, 1999). As for tourist accommodation, it is dealt with either as a specific type of secondary residences or a new branch of the hospitality sector (Johns, Lynch, 2007; Nicod et al., 2007). Finally, retirement homes are mainly a research topic for human geography on health and ageing (Joseph, Chalmers, 1996; Ford, Smith, 2008).

In addition to the fact that these various studies systematically focus on a specific type of residence, they only rarely approach their dimension of rental investment products, generally preferring to look at the practices of their tenants rather than the logics of their producers and owners. Yet, in the French context, the marketing and financial concept of serviced apartments was from the start boosted by private developers and managers whose objective was to develop their business on specific growing real estate markets, while putting the financial burden induced by real estate asset ownership on external investors, in particular, a cluster of small individual investors.
The French General Tax Code provides a general definition of a serviced apartment*: “a furnished or decorated premises […], which includes, in addition to the accommodation, at least three of the following services, rendered in conditions similar to those proposed by hotel-type establishments operating professionally: breakfast, regular cleaning of the premises, providing linen and client reception, even if it is not personalized”. It is thus a form of intermediary housing between a classical rental of

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Box 1/ Description of databases used

1. SIT@DEL2: this official database on new constructions in France is based on information taken from construction licenses issued every year by local authorities. The data is available at the département level for the period 1985-2011, and at the municipality level for the period 2001-2011. While this database clearly distinguishes serviced apartments as a separate category, it nevertheless has significant limitations for our study: it associates private for-profit residences with government-run residences and private non-profit residences. And even if the private for-profit residences, the only ones that we are interested in here, are a priori highly dominant in terms of quantity, there is no way to know their exact quantity in the total number of new residences. In addition, the different types of residences are not distinguished from one another and the database does not provide any information about the economic players involved in the sector.

2. GRECAM: this database developed by a private company identifies all the projects involving more than ten units on sale intended for individuals in all the municipalities of Île-de-France for the period 1984-2012. The manager of such a project is then considered as a private developer, whatever be the way he or she defines themselves. On the other hand, projects sold as a block to a single investor (the number of such cases is gradually decreasing) and serviced apartment projects are not taken into account. The data comes from direct surveys among development players, who are also the main clients and users of the databases developed which ensures a priori that the database has a very good statistical representativity (nearly exhaustive for its field of survey). Only the data on new collective housing prices are available in terms of square metres and hence used by us for this research.

3. CLAUMEUR: a private organization which collects references of private rental housing stock rent provided by some of the biggest private real estate players, and notably the main real estate agency networks (Foncia, Century 21, etc.). Average rents per square meter are available since 2005 for municipalities with more than 10,000 inhabitants. For smaller municipalities, data is available through associations at municipal level, especially Public Institutions at Inter-municipal level (EPCI). In this case, it was decided to desaggregate the data provided by attributing the same value to each municipality of the association. According to the observatory’s website, the share of new leases identified by the database in 2014 is higher than or equal to, for the départements in Île-de-France, 12.5% (that is, more than one out of eight leases), but this figure is not provided at municipality level. Some reservations were however raised about Clayeur data, in particular, in a recent official report pertaining to different rent observatories (Baietto-Beysson, Vorms, 2012): the authors conclude that there is an “insufficient transparency pertaining to the representativity of the data collected and the statistical methods used”, which is out of line with public statistics criteria. Having said this, it is however the only observatory (public or private) to freely diffuse easily usable data on municipality rents for the Parisian agglomeration.

4. A personal database on private serviced apartments doing business in Île-de-France: this database is the outcome of a systematic collection of data available online on the topic. Our main sources, other than the information taken directly from the websites of the sector players, were as follows for each of four main residence types:

- EHPAD: a document published in 2009 by the Regional Health Organization (Ors) of Île-de-France which identifies all establishments of this type*, as well as more recent data taken from various specialized websites**;
- Student hostels: the French reference website for rentals of this type of housing***;
- Tourist accommodation: one of the reference websites for rentals of this type of housing****;
- Senior residences: various specialized websites*****.

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** For example, http://www.lesmaisonsderetraite.fr/
*** https://www.adele.org/
**** http://www.cityzenbooking.com/
***** For example, http://www.lesresidencesseniors.com/

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Legal definition and practical divisions

furnished premises and a hotel room, but one which differs from the two in several aspects. On one hand, it is distinguished from the rental of furnished premises because of the hotel-type services provided, the fact that it reaches out mainly to a specific category of tenants (tourists, students, etc.) and the fact that the housing concerned is included in a housing complex specially conceived for this purpose (and not in classical residential buildings). On the other hand, this form of housing differs from a hotel room because of the emphasis on autonomy of each apartment within a residence: a tenant can live in principle in a serviced apartment without ever being obliged to use the proposed hotel services, which are optional. This constraint implies, in particular, the presence of a kitchen in each lodging.

**Serviced apartments as tax optimization tools**

Finding the benchmark definition of serviced apartments in the General Tax Code is not a matter of chance: the development of this sector and at a broader level, its emergence as a coherent whole from the perspective of the investors and real estate professionals, are largely a result of the integration of various products within a common tax framework. As new housing sets meant for rental as furnished premises, serviced apartments could benefit from two types of distinct fiscal advantages. On one hand, from mid 1980s onwards, new rental housing benefitted from a series of schemes protecting rental investment by families. The positive impact on sales by private developers was particularly evident since 1996 when the scheme called “Périssol” was established (Pollard, 2010; Vergriete, Guerrini, 2012). In 2009, a tax scheme applicable to serviced apartments called “Censi-Bouvard” (or “Scellier Lmnp”) was implemented. On the other hand, furnished appartment rental benefitted, in the same period, from popularization of tax by-laws for this sector, called Lm(n)p, financially more advantageous than those related to classical rental of unfurnished premises (Trouillard, 2011).

These tax incentives are politically justified, in the case of residences, by social and economic functions fulfilled by these products, in particular, in tense real estate markets. They target people who encounter difficulties in finding lodgings, due to economic reasons (students) or because of lack of appropriate lodgings (senior residences, EHPAD). In the case of tourist accommodation, it involves developing capacities for accommodating a major economic sector with the potential beneficial effect, in the case of Paris, of limiting the (criticized) development of seasonal rentals for tourists within conventional housing since the 2000s (Ducarroz, Jankel, 2011).

**Serviced apartments as “financial” investment: benefits of intermediation**

Rather than a concrete accommodation (sold most of the time on an “off-plan” basis), it is clearly a financial package that the serviced apartment marketers propose to potential investors: it integrates the various tax benefits corresponding to this type of products and includes more often a mortgage scheme which is better than the market rate and negotiated beforehand with a partner bank. But the core concept of serviced apartments is in the desire to push the intermediation between investors and their real estate assets to a maximum. It systematically involves a property manager who relieves the investors of all the tasks ordinarily related to managing rental properties: looking for tenants, lease management, collecting rents and providing services associated with the apartment. Investors in serviced apartments are thus encouraged
to assimilate these real estate products into true dematerialized financial assets. This
evolution was particularly marked by the methods used to market these products: using
automated “investment simulators” on the internet, national-scale marketing campaigns.

But the involvement of a single manager for an entire residence also plays the role
of an insurance mechanism for the investor: it considerably reduces the rental risk by
guaranteeing regular rental income (of an amount guaranteed through prior contract),
whether the particular apartment is actually rented or not. In fact, the investor does
not rent out his apartment directly to its final user (the tenant) but to the manager.
This regularity in rental income (for a minimum period of nine years under Censi-
Bouvard scheme) is in fact vital in order to benefit fully from tax benefits related to
these type of products. In fact, all investments imply a risk: in this case, if the resi-
dence is not sufficiently well located or, more generally, if the rental demand is not
sufficient for this type of product, the rental amount received by the investors could be
lowered, which would automatically lead to a decrease in the rate of return. Worse
still, in case of lapses by its manager, even the functioning of the residence could be
threatened and the concerned apartments lose all resale value. The question of repu-
tation and reliability of property managers has thus become more acute since early
1990s following a series of scandals, in particular, in the sector of tourism accom-
mmodation. As a reaction, associations of professionals and investors emerged in view of
promoting greater regulation of the sector. In the same vein, several systems of nota-
tion and classification of property managers and various chains or residences were set
up by specialized magazines. In order to minimize risks, investors were encouraged to
favor projects developed by bigger groups and associated with clearly identified and
renowned brands that were presented as being safer than those developed by smaller
and/or casual players.

**Territorial anchorage players of serviced apartments in Île-de-France**

Even though it is possible to find a few “out-and-out managers” without any prop-
erty development subsidiary among the sector’s players, developing a brand image is
generally made easy for major residence chains through integration of a large number
of distinct functions, from real estate development and property management to mar-
keting and maybe even construction activity and provision of services. This consolida-
tion of functions is all the more beneficial for players as it enables them to have a
greater share of income generated at all stages of the “life cycle” of a residence. Active
developers in the sector thus almost systematically have their own property manage-
ment subsidiary.

These trends favored the concentration of the market operations in the hands of a
few major players. The database that we have developed gives us information on de-
velopers and managers for the four main types of residences (Table 1). The student
hostel sector is dominated by subsidiaries of major French “generalist” real estate de-
velopers (Nexity, Bnp Paribas Immobilier). The tourism accommodation sector turns out
to be more heterogeneous: among the sector’s leaders, we can find “developers-defisca-
lizers” like the group Résidence Études established in 1989, as well as out-and-out mana-
gers who are also, in most cases, active in the traditional hotel sector like Singapore
group CapitaLand. The leading group in the Île-de-France market, under the brand
Adagio, is itself emblematic of this duality in the sector. It stems from a partnership
signed in 2007 between Accor, the biggest French hotel group and Pierre & Vacances,
a major tourism accommodation developer with business concerns outside urban areas until then. Another distinctive characteristic of tourism accommodation market is its international dimension with the presence of four foreign groups (CapitaLand, Frasers centrepoint, Bridgestreet, StayCity), even though a certain number of French EHPAD managers also have business interests in European countries other than France. The EHPAD stock in Île-de-France is characterized by the domination of “out-and-out managers” (Korian, Medica, Orpea-Clinéa, Le Noble age) with the notable exception of the sector’s leading group, DomusVi-Dolcea, established in 2010 following the merger between an out-and-out manager (DomusVi) and a real estate developer (GDP Vendôme) which used to have a management subsidiary (Dolcéa). The private retirement homes sector existed even before the concept of serviced apartments and a number of establishments are still owned by their managing company. But the fact that many of the major players in the sector are today listed at the stock exchange or aspire to be so tends to accelerate the externalization of their real estate assets in favor of institutional investors (Boisnier, 2012) or individual investors. Finally, the senior residence market, which was not very dynamic till late 2000s, is currently going through a revival, which is notably reflected in the return of generalist developers who had deserted the sector at the time of real estate crisis in the early 1990s.

### Table 1 / Major players of private serviced apartments in Île-de-France

<table>
<thead>
<tr>
<th>Type of residences</th>
<th>Real Estate Group</th>
<th>Brand(s), Residence chain(s)</th>
<th>Real Estate Development subsidiary</th>
<th>Residence Management subsidiary</th>
<th>Number of residences in business in Île-de-France (share of residences of the group in the total regional stock by types)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student residences</td>
<td>Nexity</td>
<td>Studéa, Les Lauréades, Le Jardin des sciences</td>
<td>Nexity</td>
<td>Nexity Studéa</td>
<td>52 (48 %)</td>
</tr>
<tr>
<td></td>
<td>BNP Paribas real-estate</td>
<td>Studélites</td>
<td>BNP Paribas real-estate</td>
<td>Résidences Studélites</td>
<td>24 (22 %)</td>
</tr>
<tr>
<td></td>
<td>Résidence Études</td>
<td>Les Estudines</td>
<td>Résidence Études</td>
<td>Résidence services gestion</td>
<td>22 (20 %)</td>
</tr>
<tr>
<td>Tourist accommodation</td>
<td>Parnariat Accor, Pierre &amp; Vacances</td>
<td>Adagio City Aparhotel, Adagio Access</td>
<td>Pierre &amp; Vacances</td>
<td>Accor, P&amp;V résidences</td>
<td>32 (24 %)</td>
</tr>
<tr>
<td></td>
<td>Résidence Études</td>
<td>RelaSpa, Residhome, Séjours &amp; Affaires</td>
<td>Résidence Études</td>
<td>Résidence services gestion</td>
<td>23 (17 %)</td>
</tr>
<tr>
<td></td>
<td>CapitaLand</td>
<td>Citadines Apart'hotel</td>
<td>Real Estate development in South-East Asia</td>
<td>The Ascott limited</td>
<td>16 (12 %)</td>
</tr>
<tr>
<td>Senior residences</td>
<td>Altarea COGEDIM</td>
<td>Les Hespérides</td>
<td>COGEDIM immobilier</td>
<td>Groupe Compass (SOPREGI)</td>
<td>24 (62 %)</td>
</tr>
<tr>
<td></td>
<td>Acapace</td>
<td>Les Jardins d’Arcadie</td>
<td>Acapace promotion</td>
<td>Les Jardins d’Arcadie ou gestion directe par les copropriétaires</td>
<td>5 (13 %)</td>
</tr>
<tr>
<td></td>
<td>DomusVi-Dolcéa pré</td>
<td>Les Templitudes</td>
<td>GDP Vendôme</td>
<td>DomusVi</td>
<td>61 (21 %)</td>
</tr>
<tr>
<td>Retirement homes (EHPAD)</td>
<td>DomusVi-Dolcéa</td>
<td>Résidences Médicis, Les Jardins des Médicis, La Maison de Fannie</td>
<td>GDP Vendôme</td>
<td>DomusVi</td>
<td>26 (9 %)</td>
</tr>
<tr>
<td></td>
<td>Korian</td>
<td>Hotelia, Quieta</td>
<td>No development subsidiary</td>
<td>Korian</td>
<td>23 (8 %)</td>
</tr>
<tr>
<td></td>
<td>Medica</td>
<td>Résidences, Mapi</td>
<td>No development subsidiary</td>
<td>Medica</td>
<td>23 (8 %)</td>
</tr>
</tbody>
</table>
Specialization in a particular type of residences continues to be the rule, with at present, if we take into account the whole stock in Île-de-France at the time of our study, one single group (Réside Études) had a dominant position in the student hostel sector as well as in the tourist accommodation sector. However, the trend in the last few years has been in favor of emergence of diversified players. In the first place, it concerns the main French “generalist” property development groups (Bouygues Immobilier, Nexity, Kaufman & Broad, etc.) who produce several types of residences regularly all over the territory nowadays, often after buying out specialized groups and/or through agreements signed with out-and-out managers.

**Serviced apartment market as an investment support: a geography of arbitration between risks and returns**

It is not easy to discuss “financialized” products today in the case of housing destined mainly for individual investors, given that the financialization process is often associated with an increasing involvement of institutional investors. Yet, the French rental housing market was marked by an overall withdrawal by these big investors especially since the early 1990s (Nappi-Choulet, 2009, 2012). However, as pure rental investment products, that is, essentially perceived in terms of their exchange value (rents, capital gain, tax gains) and not their usage or heritage value, serviced apartments and their high degree of intermediation are fully in line, according to us, with the current financialization process of the real estate market in major French metropolitan cities (Vergriete, 2012). The existence of these products leads the individual investors to apprehend urban spaces as mere investment instruments, structured by the underlying geography of risk-return profiles associated with them (Harvey, 1985; Crouzet, 2001; Attuyer et al., 2012; Halbert, Le Goix, 2012). However, while the influence of this financial geography has been frequently highlighted to explain the current dynamics of real estate markets, few authors have until now really tried to chart it substantially. They have often been content to describe the investors’ behavior with simple formulas (maximizing rates of return, search for the most central locations, etc.). Thus, in this section, with the example of serviced apartments, we propose a more complex and nuanced version of the effects of financialization on localization strategies used by private players in urban production.

**A sector developing rapidly since mid-1990s**

On the whole, it is difficult to approach serviced apartments using available public statistics (censuses, housing surveys). Given its relatively recent nature and intrinsic diversity, the sector does not fit well with statistical nomenclatures (often old) used to describe the French housing stock. Residences as housing are finally distinguished as a separate category only by the database on new constructions, SIT@DEL2. We have already underlined its limitations. However, it turns out that this database is vital for us as it is the only source that allows us to approach production and localization dynamics of private for-profit residences in Île-de-France while keeping in mind that the construction flows indicated are slightly higher than the real production of this sector.

The total annual housing constructed as serviced apartments has increased sharply in the Parisian region since mid-1990s but also more broadly, at national level (Fig. 1). Between 1996 and 2007, there has been a twelve-fold increase in Île-de-
France (+1113 %) and nine-fold increase in metropolitan France (+798 %) in the annual production of this type of housing. As a result of this growth, Île-de-France production reached a record breaking level of 4,000 housing projects in 2009 and 2011. By comparison, the threshold of 1,000 housings was reached only twice (1993 and 1994) before 1996. This boost in the sector corresponded, in addition, to an increase in Île-de-France’s share in the national production, which increased from 13.7 % over the entire period of 1985-1996 to become 18.4 % over the period 1997-2011.

This also led to an increase in the amount of serviced apartments in the total production of housing (all types) and particularly in Île-de-France where residences represent 10 % of the housing projects started versus a mere 6 % on the national level at the end of the period (Fig. 2). This latest evolution is to be combined with inherent transformations in the serviced apartment market, which is increasingly urban: this is notably explained by the marked development of urban tourist accommodation and student hostels as well as establishment of new residences for seniors within major agglomerations in the last few years. In this context, the Parisian metropolitan area turns out to be particularly attractive and safe for investors. The rental market remains tight benefitting from a limited supply. The agglomeration also has a very large share of people targeted by these investment products (students, tourists, business clients, seniors).

According to the SIT@DELD2 data available at the municipality level for the period 2001-2011 (Fig. 3), housing projects involving serviced apartments are mainly concentrated along the North-South axis within the inner suburbs in Île-de-France. This axis has four major poles: Saint-Denis, the 19th and the 13th arrondissements, as well as the municipality of Ivry. These are all municipalities that offered important land opportunities during this period, in particular, with the establishment of vast Joint Development Zones (ZAC). Among the main production poles in the outer suburbs, sector 4 of the new city of Marne-la-Vallée (Val-d’Europe), in the eastern part of the agglomeration is particularly noteworthy because of the concentration of several tertiary poles (commercial and leisure), starting with the European-scale touristic pole, Disneyland Paris.

**Localization of serviced apartments: risk-return gradient of rental investment in Île-de-France**

The method generally used to calculate the rate of rental return of housing, notably by marketers of rental investment products for individual investors, consists of adding the annual rent amount received to the overall cost of acquisition. In the case of a serviced apartment, it implies rents paid by the manager after deducting the latter’s remuneration as service provider as well as the various charges related to the functioning of the residence. The formula can be further refined by taking into account tax charges and gains pertaining to the ownership of the asset and its rental. The rate of return expected for a residence thus results fundamentally from arbitration between the price level of the property and the rent levels that the location chosen will be able to generate for a specific category of tenants. The lower the property prices and the higher the rents (two conditions that are *a priori* rather contradictory) the higher will be the resulting rate of return.

Getting a rates chart of (net) return estimated at the municipality level in Île-de-France thus implies having, for a single municipality, data on rents and prices per square meter. In the absence of such data pertaining specifically to serviced apart-
ments, an alternative solution is to cross, for the period 2005-2011, the GRECAM data on new collective habitat prices with the CLAMEUR data on rents for the entire private rental stock assuming that the returns thus obtained are representative for the study of residences (Fig. 4).

It appears clearly from these results that the level of rates estimated cannot be explained merely by the distance from the agglomeration centre (for these two variables, we get a correlation coefficient of only +0.43, that is, R² of 18 %). Paris and its inner suburbs thus give the investors, for similar distances, an entire gradient of potential rates of return. The production axis for housing as residences highlighted earlier refers to highly heterogeneous situations: two major production poles like Saint-Denis and the 13th arrondissement thus corresponding to highly diverse situations with rates of return estimated at 4.6 and 2.7 % respectively. A substantial majority of housing as residences produced in Île-de-France for the period 2005-2011 is distributed in a relatively regular manner over a large interval extending from 2.5 to 5.5 % even if this distribution is not completely homogeneous: 60 % of the total production is concentrated in municipalities with rates of return higher than 4 %. Thus there is no significant linear relation between estimated rates of return and the number of housings produced as residences per municipality.
The relationship linking the two variables thus cannot be reduced to a systematic strategy of maximizing rates of return expected by developers and/or investors without it being possible to derive a general law on the nature of power relations between these two types of players: if we consider clearly that the popular locations for new constructions result from an arbitration defined specifically by the “anchoring” players (developers) between their own requirements, those of the investors and those of the potential tenants, we cannot however, draw from the available data, its practical modalities (negotiations), or psychological modalities (rationality, players autonomy).

Lastly, this absence of a relationship between rates of return and residence production emphasizes the necessity, as suggested earlier, of taking into consideration the variable risk inherent to all rental investment. In fact, high rates of return reflect a greater risk taken by the investors and conversely: rental risks first and later potential difficulties when selling the asset. It is enough to visit websites designed to market serviced apartments (and more generally rental investment products) to be convinced about the pertinence of this interplay between risks and returns. The two “variables”
are frequently highlighted: other than the expected rates of return, marketers emphasize systematically the virtues of the location chosen for the residence (whether it is the site or the location) with the objective of demonstrating the safety of the proposed investment. In fact, the main risk factor in real estate (rental risk, depreciation) to which the investor is exposed is not related to the intrinsic characteristics of the residence but its location and notably its social environment (Topalov, 1984).

In the absence of data involving specifically the risks associated with serviced apartments (occupation rates, turnover rates, added value at the time of resale), the share of managers and professionals (CPIS) in the assets appears, among the usable variables, to be the one which best condenses the social profile of the Île-de-France municipalities. Measured by the number of houings developed as residences for each municipality in the period, the correlation coefficient (R) between the share of the managers and professionals and rate of return is -0.77, that is, $R^2$ of 59 % (Fig. 5). At the two extremities of the risk-return gradient obtained, the opposition between, on one hand, the western and central parts of the agglomeration, hardly risky but with relatively lower rates of return (Paris, Hauts-de-Seine, Yvelines), and, on the other hand, its eastern part, more risky but potentially more profitable (Val-de-Marne, and especially Seine-Saint-Denis) has been highlighted several times. These results confirm that the Île-de-France market proposes not only risky assets with high returns but also a range of risk-return arbitrages for investors.

Fig. 4/ Gross yields estimated for rental housing investment in Île-de-France (2005-2011)
Diversity of residences, diversity of tenants: limitations of the sector’s homogenization

The sector of serviced apartments, due to the methodological limitations of the database SIT@DEL2, was considered until now as a whole. However, each major residence type can be distinguished by its own specific constraints and thus specific arbitrations (territorial anchorage modalities). The solution to the financial equation that the anchorage of a residence represents will thus strongly vary from one residence type to another: the financial expectations and capacities of the students are not similar to those of senior citizens; likewise, the amounts spent by tourists for a temporary stay in Paris or executives financed by their company will largely exceed what they would be ready to pay for their main residence.

Distinct localization logics

The database developed for this study does not involve construction flows but has a stock of residences operating in Île-de-France, allowing us to distinguish between the four main existing types. It highlights substantial differences between each type, in terms of the number of establishments operating and the location (Fig. 6).

• Tourist accommodation is first characterized by their high concentration in Paris where most of the tourist attractions as well as numerous business centres are found. Among the residences situated in the periphery, apart from a notable concentration close to Disneyland Paris in sector 4 of Marne-la-Vallée, most are located in the western quadrant of the metropolitan area: in particular the northern part of Hauts-de-Seine close to the business neighborhood of La Défense, as well as in the vicinity of Saclay plateau and the former new town of Saint-Quentin-en-Yvelines in the south-western part of the agglomération.

• The location of student hostels are peri-central. They are found particularly in peripheral areas of Eastern Paris as well as in municipalities adjacent to inner suburbs connected directly to the center by public transport (metro, RER). Only the northern part of Hauts-de-Seine can be distinguished by a lower density. On the whole, the location of these residences is related to the presence of institutions of higher education, hence a significantly lower geographic dispersion. Few residences of this type are situated in the outer suburbs and the few exceptions refer once again to the presence of a university center: several hostels close to the university of Cergy-Pontoise, others in sector 1 of Marne-la-Vallée, just west of the university campus of the new city, others in the vicinity of University of Nanterre.

• Very few in number, the senior residences are mainly concentrated in western Paris, as well as on the periphery of bois de Vincennes. A majority of the peripheral residences are situated preferentially in some of the most affluent sectors of the
Parisian agglomeration, in Hauts-de-Seine (Rueil-Malmaison) and Yvelines (Versailles, Saint-Germain-en-Laye).

- On the contrary, EHPAD are found in large numbers and their dispersion is the overall highest in Île-de-France territory: residences can be found in all the départements of Île-de-France, even in remote areas. Even though the establishment of these residences is mostly controlled by the authorities, their distribution is not homogeneous: these institutions are largely concentrated in Paris intra-muros, Hauts-de-Seine and Val-de-Marne (as an extension of bois de Vincennes). In the outer suburbs, true clusters of residences are found on the periphery of some of the forests in Île-de-France: for example in Val-d’Oise, between Montmorency and Saint-Germain forests, or in Essonne on the periphery of Sénart forest.

These heterogeneous geographic distributions among residence types reflect above all distinct requirements of their respective clientele. While the centrality and the associated amenities seem to constitute key variables in choosing locations for the first three types of residences (centrality which can also be understood as proximity to specific structures: institutions of higher education for student hostels, amusement parks, tourist landmarks or business centres for tourist accommodation), EHPAD seem, on the other hand, to be characterized by much softer constraints. For the clientele targeted by these institutions (aged, dependent and generally not very mobile people), centrality is often less important than the vicinity of the residence, its comfort and animation, given however that the immediate family of the tenant (the “caregivers”) also have a decisive influence on the choice of the residence and its location by taking the question of its accessibility into account. The quality and the quantity of services proposed (obligatory medical services, leisure activities, etc.) are thus going to play a primordial role in the success of an EHPAD, generating considerable expense with a significant impact on the financial stability of the residence. For this kind of institutions, these costs can be compensated by a less central location with lower real estate prices. Such an arbitration would be much more problematic for another type of residence. In the case of tourist accommodation or student hostels, the price related to centrality can, on the other hand, be partly compensated by high rental income (notably, tourist accommodation) and/or by reducing the services provided in the residence to the minimum defined by law or by capitalizing on the quality.

Professionals of the sector raise this arbitration between the cost of centrality and the cost of services by distinguishing between residences of “developers” and residences “of managers”, in accordance with the activity capable of producing the maximum added value: economic rents, fruits of a good localization strategy for the former, productivity gains related to a good residence management for the latter. We saw that these denominations were in fact particularly adapted to describe the system of players in the student hostel sector as well as that in EHPAD, but the situation is more composite in the case of tourist accommodation. This arbitration explains the difficult anchorage and thus the low figures found for senior residences in Île-de-France. In fact, the potential tenants of this type of products are still independent and mobile with free time (especially when they are retired) and have the possibility, if they are not happy with their choice, to turn once again to conventional housing, contrary to the EHPAD tenants who, in comparison, represent a captive clientele. These seniors are often going to expect that the residence propose a number of high-quality services as well as a central situation in order to be able to benefit from amenities in Paris intra-muros. These contradictory
expectations explain most of the difficulties emerging in Île-de-France from products other than senior luxury residences.

**Conclusion**

The concept of serviced apartments promotes adoption of a purely financial approach to urban spaces. While it is thus possible to speak of financialized products with respect to these apartments, the study of their concrete territorial anchorage in the Parisian metropolitan area however allowed us to arrive at a nuanced vision of this rental market’s financialization: the sector’s recent production, instead of being a systematic effort to maximize returns, is distributed according to a risk-return gradient, reflecting a diversified demand from the investors (mainly individuals). In addition,
the territorial anchorage of these investment media cannot lose sight of rental demand requirements: each type of residence thus assumes specific trade-offs, which lead to these heterogeneous geographic distributions. The fact that the requirements of the groups targeted by these residences are intractable in nature is certainly a hindrance to diversification by the sector’s players and specialization remains the overall rule in Île-de-France.

Finally the issue raised is the sustainability of real estate products beyond the short-term logics, which has often led to their production. Are their owners ready to make the necessary investments to avoid depreciation of the properties sold initially as quasi-dematerialized assets? Can an old and viable commodity market emerge for this type of products without support from the authorities?

References