



WE'LL ALWAYS HAVE PARIS

Dark clouds might hang over Europe, but the sun is shining in Paris, which is outpacing the financial crisis with real estate, business, manufacturing and tourism

LONDON TROTS, AND NEW YORK STRUTS, BUT PARIS

walks gracefully at its own pace. Despite an uncertain economic future for Europe – France included – the couture capital of the world remains one of the engines of the global economy. France may have lost its triple-A rating with Moody's and Standard & Poor's, but the city has not lost its headstrong fiscal assertiveness.

Paris is not an exceptionally large conurbation. In terms of population, according to the United Nations World Urbanisation Prospects report 2011, it comes in globally at number twenty-one. It is outnumbered by the mega-cities of Tokyo, Delhi and Mexico City, and even Lagos outranks the "City of Light".

Despite its petite population, Paris' GDP ranks as the sixth-largest in the world, behind Tokyo, New York and Los Angeles, statistically tied with Chicago and London. This places Paris' financials at, or close to the top in the context of the Eurozone, depending on who's doing the measuring, and how and when. The greater metropolis of Paris produces more than a quarter of France's GDP. The GDP of Paris alone is larger than that of the Netherlands.

"That Paris exists and anyone could choose to live anywhere else in the world will always be a mystery to me," said Marion Cotillard as Adriana in Woody Allen's *Midnight in Paris*. Clearly Adriana was not factoring property prices into her equation.

In the rest of France, property sales slowed, accompanied by stable or declining prices. But the capital showed gains throughout the year, and most analysts agree that Paris' real estate market should continue to set the gold standard for safe investments, proving once and for all that it's all about location. Paris still fits the fundamental criteria for prime property investments: a sought-after location with a limited supply, transparent legislation and high resale potential.

For the rest of the city's economy, the picture is not so clear. On the plus side, Paris' economy is extremely diverse, so may prove to be fairly robust. Despite becoming essentially a service economy with services generating nearly half of GDP, Paris has not specialised in the same way that London and New York have with financial services or as LA has with entertainment. This may partly explain why Paris hosts so many world headquarters of major corporations – at last count 24 Fortune Global 500 companies are headquartered within city limits.

France has long been open to inward investment. Over 20,000 foreign companies have a base in France, with many in or around Paris, employing more than 2 million people and making a significant contribution to the economy. Even with a decline in the industrial base, Paris is still a manufacturing powerhouse due to the sheer size of its economy, with an accompanying shift from traditional to high-tech manufacturing.

While this all sounds rosy, Paris has not been left unscathed by the recession. At the end of 2012, the Organization for Economic Cooperation and Development (OECD) predicted the global economy would make "a hesitant and uneven recovery over the next two years with a slowdown or even recession hovering over the Euro area."

The IMF is estimating France's GDP growth rate for 2013 will sit at 0.37 percent, inching up in the coming years. This is bound to give socialist president François Hollande a few headaches. Reviving a centralised, state-dominated economy, which is reeling from the Euro crisis with minimal predicted growth, high unemployment and a sliding credit rating is not going to be easy. Reducing the budget deficit in the coming year may also be a pipe dream. Hollande has acknowledged the problems, and promises two years of reform – reform that will be essential to return France to its former glory.

Paris, however, will prevail, aided in part by its glorious tourism industry. The figures for 2012 have yet to be released, but the tourist office estimates record visitor figures, up 1.5 percent on 2011, largely courtesy of favourable exchange rates.

While France's economy struggles, Paris sashays on, modelling the best the country has to offer. In the words of Thomas Jefferson: "A walk about Paris will provide lessons in history, beauty, and in the point of life." ☺

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