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# Actors behavior of the *Viager* market (2018)

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## Introduction

A *Viager* real estate transaction, which can also be called a « lifetime annuity real estate » transaction, consists in selling a property in return for a down payment and a lifetime annuity that the buyer has to pay until the seller dies<sup>1</sup>. Older than 200 years old, the *viager* product is used and standardized today in many countries such as France, Belgium, Italy and Spain. With the increase of life expectancy and the apparition of a new generation of elder-boomers, it has become an additional way for the elderly to complete their retirement. The example of France is relevant. On the one hand, about 75 % of the French retired population is homeowner and among this population an important part are « house rich, cash poor »<sup>2</sup>. On the other hand, the French residential real estate park value is estimated at 6 300 billion euros with an added value of more than 3 700 billion euros since 1998<sup>3</sup>. New investment funds such as Certivia, dedicated to the *viager* market, a 120 million institutional fund, have recently been created. This new interest for lifetimes annuities real estate is also a good illustration of the fact that the development of the *viager* market is becoming a major issue today.

## The *viager* mechanism

### Origin

According to Griffond, 2008 and Artaz, 2016<sup>4</sup>, the origin of the *viager* mechanism dates from the middle ages. In 846 after Jesus Christ, Charles II

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<sup>1</sup> FEVRIER Philippe, LINNEMER Laurent, VISSER Michael, 2012, « Testing for asymmetric information in the viager market », *Journal of Public Economics* n°96 104-123

<sup>2</sup> Retired homeowners having low pensions.

<sup>3</sup> SIMON Arnaud and ESSAFI Yasmine, 2017, « Concurrence générationnelle et prix immobiliers », *Revue d'Economie Régionale et Urbaine*, no. 2017/1, 109-40.

<sup>4</sup> ARTAZ Michel, 2016, « Viagers : aspects juridiques, économiques et fiscaux », *édition Delmas*, 2017/2018

le Chauve, a French king, specifies the rules of *viager* sales as a means of transmitting property in land or money for the benefits of churches and monasteries in exchange for a lifetime enjoyment in the form of usufruct or annuity. It was called the « *precarious* ». After that, as the Church will ban usury, advocating interest-free loans, the lifetime annuity will become a real credit instrument. Lifetime annuities will be also used as a protection against risks. The dower, which was a life annuity that the husband would give to his wife in case of widowhood, will become still common until 1789. In 1804 the French *Civil Code*, written under Napoléon 1<sup>st</sup> by a commission of experts in charge of writing a new civil law system, specifies all aspects juridically regulating the *viager* sales<sup>5</sup>.

### Particularities

In *viager* sales, some aspects differ from a classic transaction. First, a rental discount is made on the full value of the property, coming from the fact that the property is occupied and that the seller keeps the usufruct or the right of use and habitation<sup>6</sup>. So, the usufruct is kept by the seller, and the economic value of the property will be paid by the buyer. This payment is made through two mechanisms: a down payment and a lifetime annuity. The down payment (*bouquet* in French) is an immediate payment made by the buyer at the signature of the contract. The lifetime annuity (« *rente* » in French) is an annuity paid on a regular basis, often a sum of money paid monthly, by the buyer until the death of the seller. When the seller dies, the buyer, who already has the bare ownership since the contract date, becomes the full owner. If there are several beneficiaries (these beneficiaries can be family members), the rent has to be paid until the death of all the beneficiaries. This possibility is often used by married couples who want to offer financial safety resource for the surviving partner. We may note that there is no restriction on how the down payment or the annuity should be chosen. However, the contract terms have to be reasonable on economic grounds and should not constitute a disguised donation between the buyer and the seller.

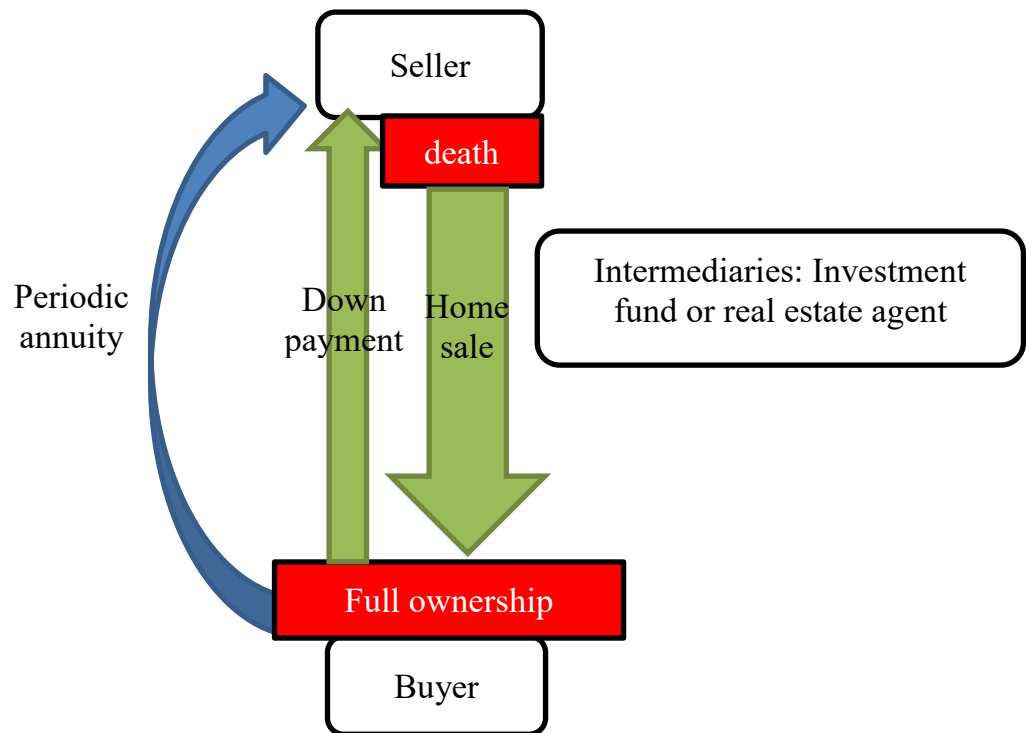
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CONSEIL ECONOMIQUE ET SOCIAL, 2008, « les viagers immobiliers en France », *Étude présentée par Mme Corinne Griffond*

<sup>5</sup> LE GUIDE Raymond and PORTAIS Julien, 2015, « Le viager », *Droit notarial, édition ellipses*

<sup>6</sup> The right of use and the right of habitation are two distinct rights. Combined, it allows someone to use and live in a property

Figure 1 – *viager* mechanism



Additional conditions may be specified in the contract. All contracts today indicate that the annuity should be indexed on a consumer price index, which reflects the evolution of the price of consumer goods (excluding tobacco). This condition guarantees that the seller's real income will remain identical and will not fluctuate over time. As we are in a period of low inflation, the indexation remains low and this condition has not been too much binding. Another condition exists in all contracts today which allow the seller to cancel the deal if the buyer stops paying the annuities. In that case, if the buyer does not find an alternative solution, he loses all the annuities already paid. However, as the buyer is the new proprietary, he can sell the property to someone else to avoid default if he has financial trouble. The seller will keep the usufruct or the right of use and habitation, whoever is the person paying the lifetime annuity. Some contracts also include a clause starting that the seller can stop benefitting from the usufruct or the right of use and habitation at any moment in exchange for a higher annuity. This clause is often used by sellers who anticipate their entrance in a retirement home somewhere else in the future, and who will need extra resources to finance it.

## Nowadays

Today, the *viager* market represents less than 1 % of the total real estate transaction in France. Most of the transactions remain still concentrated in Paris and its suburbs, and in large cities in the southern region of France: it is a Sunbelt effect around the Mediterranean Sea. The *viager* market is quite small, but still in development, and offers lots of advantages. However, as this paper will investigate, a lot of common people think at first sight that a *viager* is a solution that concerns the others, that it is against the concept of inheritance whereas it is instead more a break with a classic way of using the property<sup>7</sup>, and have a bad image of the product. One explanation is that many people in France associate the *viager* market with novels such as *le petit fût* (1884) of Maupassant, the comedy *il vitalizio*<sup>8</sup> (1915) of Pirandello in Italy and the movie *le viager* (1972) of Tchernia. In all these examples, the seller lives much longer than expected. The real story of Jeanne Calment, the former oldest person living in the world (122 years old) who sold, aged 90 years old, her apartment in to a man, notary, who died before her 30 years later used to remain strong in the French minds.

Other countries use *viager* products, such as Italy, Belgium and Spain. In Anglo-Saxon countries another product closed to *viager* is more developed: the reverse mortgage. The reverse mortgage has not been studied here, even if it could be considered as another form of lifetime annuity real estate, as it is still a different product, with other problematics such as interest rates levels, bank initiatives, etc. The *free viager* product also exists. As it is mix between a standard real estate transaction and an *occupied viager*, as it represents less than 5 % of the *viager* transactions, and as it involves less the seller who does not live in his home anymore, we have not taken them into consideration.

## The qualitative analysis

The subject of this article is to investigate on the actors' behavior in the *viager* market through a qualitative analysis. The analysis is focused on France, and only on the *occupied viager* product which is the main form of lifetime annuity real estate.

The paper aims at exploring the perception of the *viager* market today, which cannot be found through a database analysis. It distinguishes the

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<sup>7</sup> **DROSSO Férial**, 1993, « Le viager, essai de définition », *Revue française de sociologie*, 34-2. p.223-246

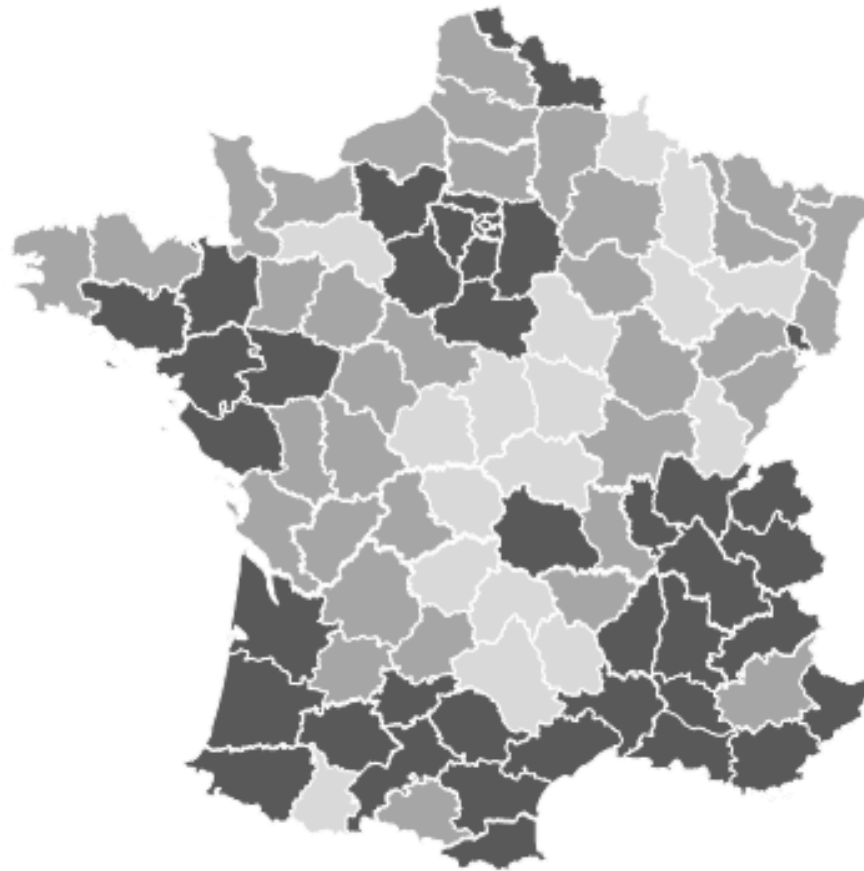
<sup>8</sup> **PIRANDELLO Luigi**, 1915, « Le viager », « *il vitalizio* » *Pièce de théâtre, traduction de l'italien Jacqueline Bloncourt-Herselin, édition mille et une nuit*

perception of the product for the potential/effective buyers, the potential/effective sellers, and the experts (notaries, funds, real estate agents). A sample of interviews has been made in France in order to think about it, with the help of *Renée Costes Viager*, a French brokerage agency specialized in *viager* sales (1000 *viager* sales per year). The interviews were semi-directive, which means that they were based on open questions.

### **The sample**

The analysis is based on 52 interviews, approximately 45 minutes each, made in different region of France between 2016 and 2017. The properties studied were only *occupied viager* where the seller kept the right of use and habitation). Among these 52 interviews, there were 17 sellers, 12 buyers, 15 experts including 2 funds, and 8 common French people with no link with the *viager* market. The 8 common interviews are used to give us information about the first impression while thinking about the *viager* market. The 15 experts are composed of 13 real estate agents specialized in *viager* products and 2 asset managers working in a *viager* fund. The 17 sellers and the 12 buyers are divided in 3 categories: effective buyers/sellers, current or potential buyers/sellers, buyers/sellers who gave up (who thought of buying/selling a *viager* but decided not to do it).

Figure 2 – spatial dynamics



The spatial dynamics can be divided into 3 groups, which will be taken from Essafi, Languillon and Simon, 2017<sup>9</sup>. The segmentation by price highlights three groups: group 1 next to Paris or around the Mediterranean Sea with a dynamic demography, group 2 around the frontier or closed to the group 1, and group 3 in the center or in the North-East of France which is more rural and where the population is declining.

Table 1 - Characteristics of the 8-common people:

| Region                     | Age                           |
|----------------------------|-------------------------------|
| 5 Paris, urban, group 1    | 1 of 25 years old             |
| 3 Picardie, rural, group 2 | 4 between 50 and 55 years old |
|                            | 3 > 80 years old              |

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<sup>9</sup> ESSAFI Yasmine, LANGUILLON Raphaël and SIMON Arnaud, 2017, « The Relation between Aging and Housing Prices A Key Indicator for the French Spatial Wealth Reshaping », *HAL archives-ouvertes.fr*

Table 2 - Characteristics of the 15 experts:

| Region                                 | Age                           | Type of expert        |
|--|-------------------------------|-----------------------|
| 7 Paris and its suburbs, group 1       | 6 between 25 and 40 years old | 12 real estate agents |
| 1 Rambouillet, suburb, group 1         | 9 between 40 and 55 years old | 2 asset managers      |
| 1 Versailles, urban, group 1           |                               | 1 notary              |
| 1 Bordeaux, urban, group 1             |                               |                       |
| 1 Bretagne (Brest), urban, group 2     |                               |                       |
| 1 Lorraine (Nancy/Metz), urban group 2 |                               |                       |
| 1 Auvergne (Riom), rural, group 1      |                               |                       |
| 2 Funds in Paris, group 1              |                               |                       |

Table 3 - Characteristics of the 17 sellers:

| Effective seller   | Current or Potential seller                                      | Seller who gave up                                 |
|--|--|--|
| 1 Rambouillet, urban, group 1: couple 82 and 85 years old                | 1 Bordeaux, urban, group 1: 78 years old                         | 1 Poitiers, urban, group 2: 83 years old           |
| 1 Versailles, urban, group 1: 68 years old                               | 1 Metz, urban, group 2: 74 years old                             | 1 Nouvelle-Aquitaine, rural, group 2: 67 years old |
| 1 Riom, rural, group 1: 70 years old                                     | 1 Nancy city, urban, group 2: 82 years old                       |  |
| 1 Paris, urban, group 1: 73 years old, sold through a <i>viager</i> fund | 1 Nancy suburb, group 2: 78 years old                            |  |
| 1 Nice, urban, group 1: 72 years old, sold through a <i>viager</i> fund  | 2 Brest, urban, group 2: 74 and 78 years old                     |  |
|  | 2 Seine-et-Marne, suburb, group 1: 70 and couple 80/83 years old |  |
|  | 1 Orne, rural, group 3: couple 70 years old                      |  |
|  | 1 Orne, rural, group 3: 78 years old                             |  |



Table 4 - Characteristics of the 12 buyers:

| Effective buyer   | Current or Potential buyer            | Buyer who gave up                                  |
|---|---------------------------------------|--|
| 2 Paris, urban, group 1: 46 and 68 years old<br>1 Lyon, urban, group 1: 51 years old<br>2 Bordeaux, urban, group 1: 37 and 44 years old<br>1 Saudi Arabia: 40 years old buying in Paris<br>1 Emirates: 60 years old buying in Bordeaux<br>1 Nancy, urban, group 2: 41 years old<br>1 Bretagne, urban, group 2: 45 years old<br>1 Orne, rural, group 3: 54 years old | 1 Lille, urban, group 1: 51 years old | 1 Nouvelle-Aquitaine, rural, group 2: 47 years old |

## The results

The analysis has been made with the help of NVivo, a qualitative analysis software package. The results are divided in three parts: the first impression given through the common people point of view and the market sentiment of the experts, the relation to property and housing and the will to make it more liquid while staying at home, and the presence of asymmetric information and the lack of financial knowledge from a part of the population.

### First impression

Through the interview of the common people, some phrases and impressions appear to be recurrent about the *viager* product:

- It is a solution that concerns the others, *not me*:
  - « it concerns people without survivals » (Mr., 82 years old)
  - « it concerns especially, I think, widows » (Mrs., 82 years old)
  - « people who are really poor, who have no other mean to survive » (Ms., 25 years old)
- It is an old thing that should not have changed much:

- « connotation a little old » (Mr., 82 years old)
- « very old people like me have a very bad image of the *viager* [...] it is a question of generation » (Mrs., 82 years old)
- « we do not really know what it is today. How it comes. But well, it should be the same thing » (Mrs., 82 years old)
- « for a long time, the main criticism was that we were paid in worthless money » (Mr., 84 years old)
- A non-ethical solution which is against the concept of inheritance:
  - « we bet on someone's death » (Mrs., 82 years old)
  - « the principle of a *viager* is that we do not transmit » (Mr., 82 years old)

Some think of the importance of a good relationship but it seems complicated:

- « we would do it easier if we would feel a good relationship between the buyer and the seller » (Mrs., 52 years old)
- « it is complicated because there are lots of ulterior motives » (Mr., 82 years old)
- « I think that it does not put any problems if they have no relations before. I think that it is a problem if these people know each other. In that sense, a fund is not bad » (Mr., 84 years old)

In practice buyers rarely want the death of their counterparts, but some sellers prefer to avoid any moral problems by selling through a *viager* fund:  
 « The individual will wait for my death, so to inherit. The fund does not care whether I die or not, that is not their problem » (Mrs., seller, sold through a *viager* fund, 72 years old, Nice)

## **Market sentiment according to the experts**

Some differences exist, according to the experts' opinion, between large cities and province:

- Communication efforts must be done:
  - on sellers in large cities:
    - « when we have the mandate, we have the investors » (Mr., expert, 45 years old, Paris)
  - on buyers in province:
    - « the buyer is still cautious and still know little about the *viager*, its mechanism » (Mrs., expert, 44 years old, Auvergne)
- Buyers' goal seems to be different:
  - Pure investment in large cities:
    - « they are much more interested by the liquidity of the product they are buying [...] they are investors » (Mr., expert, 50 years old, Paris)
  - For children or to live later in province:

« the goal often [...] is really for the children's real estate assets [...] and there are those who think of their retirement » (Mrs., expert, 44 years old, Auvergne)

Some differences exist also, according to the experts' opinion, between the standard real estate market and the *viager* market<sup>10</sup>:

- Less negotiation margin for the buyer in the *viager* market:  
« there are really few negotiations. To make it simple, the negotiation on the economic value is closed to zero. But the negotiation on the breakdown between down payment and lifetime annuity exist » (Mr., expert, 38 years old, Bretagne)
- More importance of the law in the *viager* market:  
« it is something not very mastered by notaries » (Mr., expert, 35 years old, Paris)

But there is the same importance of the location.

## **Relation to property and housing**

### **The classical relation to property and housing**

In the standard real estate market, housing is something where attachment is very strong. As 75 % of the French retired population is homeowner, the property is a major good and is considered as essential to live. But it is rarely considered as an investment<sup>11</sup>. In the *viager* market, the attachment to the home is still strong, but the investment is much more important for the buyers. These buyers are often investors, thinking of their financial situation. Out of 11 effective or potential buyers, 10 said they had bought in *viager* to invest. The only one who had bought to live later had bought in a rural region (Orne, group 3). So, in most buyers' point of view, a *viager* is a good investment for different reasons:

- Trust in stone:  
« it is a safe investment » (Mrs., buyer, 46 years old, Paris)
- A frequent comparison with the rental investment:  
« Rental investment is good, but it has some limits » (Mr., buyer, 45 years old, Bretagne)
- A source of diversification:

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<sup>10</sup> We may notice that this paper is focused on *occupied viager*, but using *free viager* is a way to sell a property when it faces some trouble with the standard real estate market:

« A property in *free viager* [...] 50 calls a day » (Mrs., expert, 50 years old, Paris)

« In reality what is found as *free viager* on the market? Goods not saleable » (Mr., expert, 50 years old, Paris)

<sup>11</sup> **SCHWARTZ, Herman and SEABROOKE, Leonard**, 2008, « Varieties of residential Capitalism in the international political economy: Old welfare states and the new politics of housing », *Comparative European Politics*, 6(3), pp. 237–261

« I decided to diversify my investments » (Mr., buyer, 45 years old, Bretagne)

They are often aware of the necessity to be solvable:

« I have always bought *viagers* with lifetime annuities not too high compared to my revenues » (Mr., buyer, 68 years old, Paris)

And they want to buy in locations they know well:

« I like investing in somewhere I know and where I would feel good » (Mr., buyer, 44 years old, Bordeaux)

« It would be better to have proximity than distance. We can react faster in case of problems » (Mr., buyer, 47 years old, Gironde)

### **The will to make properties more liquid while staying at home**

As we have underlined in the first impression paragraph, some people think that the *viager* is against the concept of inheritance. However, Castles, 1998, and Doling and Ronald, 2010<sup>12</sup>, have argued that home-ownership may be a source of income for the elderly. Nonetheless, there is no universal cross-sectional trade-off, but only a negative correlation as the institutional context differs from a country to another, resulting in different degrees to which housing and pensions are commodified<sup>13</sup>.

In seller's mind, we have noticed three main motivation to sell a *viager*:

- To anticipate the death or the entrance in a retirement home:  
« I have a safety » (Mrs., seller, 78 years old, Orne)
- Disinherit the children:  
« I was in a depression. I am so freaked out. I sold on a whim. I did not deserve what my children have done to me » (Mr., seller, 70 years old, Auvergne)
- The need of money:  
« I have a pension of 1 066 euros per month. And I have to keep everything. So, it is hard, very hard [...] really from my personal work I only earn 482 euros per month » (Mrs., seller, 78 years old, Orne)
- Someone without children not wanting to leave anything to the state:  
« I preferred inherit from myself » (Mr., seller, 74 years old, Bretagne)

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<sup>12</sup> **CASTLES F. G.**, 1998, « The really big trade-off: Home ownership and the welfare state in the new world and the old », *Acta Politica*, 33(1), pp. 5–19

**DOLING John and RONALD Richard**, 2010, « Property-based welfare and European homeowners: How would housing perform as a pension? » *Journal of Housing and the Built Environment*, 25(2), pp. 227–241

<sup>13</sup> **DELFANI Neda, DE DEKEN Johan and DEWILDE Caroline**, 2014, « Home-Ownership and Pensions: Negative Correlation, but No Trade-off », *Housing Studies*

The will to enjoy their properties while staying at home is strong among the sellers:

« I still want to enjoy it a little, to be able to enjoy a little financially for pleasures that I have not had the time or not the means to do before » (Mrs., seller, 73 years old, Paris)

Due to their old age, there also is a fear of dependence, but the majority of the contracts take this point into account as the right of use and habitation can be abandoned in exchange for a higher annuity:

« What is very interesting is that the annuity is doubled if I leave my apartment » (Mrs., seller, sold through a *viager* fund, 73 years old, Paris)

The sellers do not always consider a *viager* to be a financial bargain as their reference is the standard real estate market, but they still like benefitting from their property:

« As much somewhere, as I take advantage of it, and to give the opportunity to someone to enjoy perhaps also an undervalued purchase » (Mrs., seller, 74 years old, Lorraine)

They consider the transaction to be a good deal for the buyer:

« In my opinion, according to the conditions, it is a good deal for the buyer » (Mr., seller, 78 years old, Bretagne)

However, the buyers also have their own opinion on the sellers:

« The mentality of old people has changed, like everyone. Everyone has become a little greedy now. Everyone wants a lot of everything he has. Sometimes I see ads and I scratch my head. I think the buyer is completely crazy if he buys in these conditions » (Mr., buyer, 68 years old, Paris)

The interviews have underlined five interesting points present in expert's mind:

- A solution that appeals younger people than before:

« We see younger and younger people » (Ms., expert, 55 years old, Versailles)

2 reasons may support this assumption:

➤ The price of real estate:

« They cannot buy another way » (Mrs., expert, 44 years old, Auvergne)

➤ Financing their retirement:

« I am surprised to see people aged 30 and younger thinking about this saving they are putting aside in order to finance their retirement » (Ms., expert, 55 years old, Versailles)

However, this point has to be taken with precaution:

« We have maybe younger and younger people thinking of the *viager* solution, but unfortunately with a loan. But as the loan is a bit complicated to obtain, we do not have much » (Mr., expert, 45 years old, Paris)

- More human than a traditional real estate transaction:

- « We are more on advices and solutions to bring to the clients » (Mr., expert, 30 years old, Lorraine)
- A socially responsible solution:
  - « We allow seniors to live better » (Ms., expert, 34 years old, Rambouillet)
- A solution that is benefitting from all parties. This point is not obvious, because as underlined sooner the sellers often think that it is not a real financial bargain:
  - « The seller will win because he will live better, and the buyer will maybe make a good investment too » (Mr., expert, 30 years old, Lorraine)
- A profitable investment even in case of long longevity of the seller:
  - « Personally, I think that it is very profitable » (Mr., expert, 46 years old, Bordeaux)

Even in the case of Jeanne Calment, the investor has made a positive *Internal Rate of Return* as Mrs. Calment went to a retirement home at the end of her life:

  - « Our agency made a calculus, and we arrived at a positive IRR » (Mr., expert, 46 years old, Bordeaux)

## **Presence of asymmetric information and lack of financial knowledge**

### **A reversion of the classical relation between buyers and sellers**

The presence of asymmetric information and its effects in the commercial real estate markets has been studied in different papers and information considerations are significant, the market participants resolving information asymmetries by purchasing nearby properties<sup>14</sup>. The seller seems to have more information than the buyer. On the contrary, in the *viager* market the situation seems to be reversed, as the product is much more complex. This will be demonstrated below.

In this article we tested the presence of asymmetric information through the example of the usufruct and the right of use and habitation. The usufruct allows someone to rent the property, which is not permitted if the seller keeps only the right of use and habitation. As it differs from usufruct, we made the assumption that the seller should care if they have the right to rent the property or not. However, the interviews have shown that it was not the case. The sellers interviewed had only kept the right of use and habitation, according to their real estate agent, but few of the sellers knew the difference

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<sup>14</sup> **GARMAISE Mark J. and MOSKOWITZ Tobias J.**, 2004, « Confronting Information Asymmetries: Evidence from Real Estate Markets », *The Review of Financial Studies*

with keeping a usufruct. The difference between usufruct and right to live and habitation is mainly unknown, even after the sale of the property:

- Question: « Do you have the usufruct, or just the right of use and habitation? Can you rent to someone else, or not? »  
Answer: « As we are not dead, we have the usufruct. If we enter in a retirement home or somewhere else, we still have the usufruct. »  
(couple, sellers, 82 and 85 years old, Rambouillet)  
The answer is false as this seller has only kept the right of use and habitation.
- Question: « Do you have the right to rent to someone else, or not? Do you have this possibility? »  
Answer: « I have not read my contract thoroughly » (Mr., seller, 70 years old, Auvergne)

On the other hand, the buyers are often better informed concerning the difference between a usufruct and a right of use and habitation:

- Question: « Did the seller kept only the right of use and habitation or the usufruct? »  
Answer: « Only right of use and habitation » (Mr., buyer, 44 years old, Bordeaux)

Moreover, the buyers want to buy in locations they know well, which reduces the usual asymmetric information in which sellers know better the market value of the house than the seller.

Furthermore, the sellers do not know much about *viager* funds. These types of investment funds, which are mainly institutional funds, seem to be poorly known:

« *Viager* funds? What is it? » (Mrs., seller, 78 years old, Orne)

We may notice that investment funds are mainly investing in large cities today, which could explain why investment funds are not very famous in province and in the suburbs. However, an effort of communication should maybe made by these funds if they want to promote their activity and explain what a *viager* fund is, as many sellers interviewed seemed not to know the answer. This fact is also verified in the case of buyers. Few of those interviewed have already heard about *viager* funds.

## Conclusion

Some results have been found through this qualitative analysis. The first impression of common people is that the *viager* product concerns the others, is an old thing that should not have changed much, is a non-ethical solution, and is against the concept of inheritance. This result is surprising to experts as other arguments show a different reality. On one hand, using *viager* product allow people to make early donations as they receive a down payment, on the other hand, the *viager* has evolved during the last decades as

it is now indexed on a standard consumer price index which guarantees that the seller's real income will remain identical and will not fluctuate over time. The relationship between buyers and sellers seems to be complicated at the first sight as there could be ulterior motives, but it is still possible to pass through it by using a *viager* fund.

The market sentiment of the experts is that communication efforts must be done, but in different ways in province and cities, as buyers' goal are different: a pure investment in large cities, whereas this is more for children or to live in later in province. The location is at least as essential for the *viager* market as it is for the standard real estate market, and maybe more, as a lot of buyers seem to be investors who want to buy in locations they know well.

Most sellers seem to want to enjoy their properties while staying at home, but some decide to use *viager* sales in order to disinherit their children. The anticipation of the entrance in a retirement home seem to have its importance for the seller and is visible through the demand of a higher annuity in that case. The experts think that a *viager* is a solution that is profitable for the both sides but the reality is more complex. The seller may think that their property is undervalued and so, that the transaction is not a financial bargain and is a better deal for the buyer, but on the other hand, it helps them to enjoy a little financially for pleasures that they had not the means to do before. Moreover, the idea that his own good is undervalued contradicts reality as some researchers consider on the contrary the amount of the life annuity being too high priced today to obtain a 5 % *Internal Rate of Return*<sup>15</sup>. So, it is difficult to generalize the direct personal financial advantage of using *viager* product but using *viager* products makes properties more liquid and may help the new generation to finance their own retirement. In that sense, and because the willing to stay at home while enjoying life remains strong, the *viager* may have a good future.

The presence of asymmetric information through the knowledge of the difference between a usufruct and a right of use and habitation has also been highlighted. Through the question of the existence of *viager* investment funds, a lack of financial information appears, as they are unknown to a vast majority of buyers and sellers. So, an effort of communication should be made by these funds if they want to promote their activity.

As the results we have found are based on qualitative interviews and analysis, they can only be seen as assumptions that would be interesting to confirm later through a large survey. Another research idea would be to extend the sample to other countries using the same type of products, as the

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<sup>15</sup> LE FUR **Éric** and TARNAUD **Nicolas**, 2016, « Impact du choix d'une table de mortalité sur le taux interne de rentabilité des rentes viagères immobilières », *Bulletin français d'actuariat*, Vol. 16, n°32, juillet - décembre 2016, pp. 129 - 142



sample used in this paper is based only on interviews made in France, and as the *viager* exist in other countries.

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