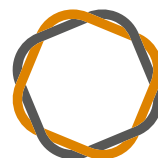




**QUARTERLY
REVIEW**
OF EUROPEAN
MORTGAGE
MARKETS



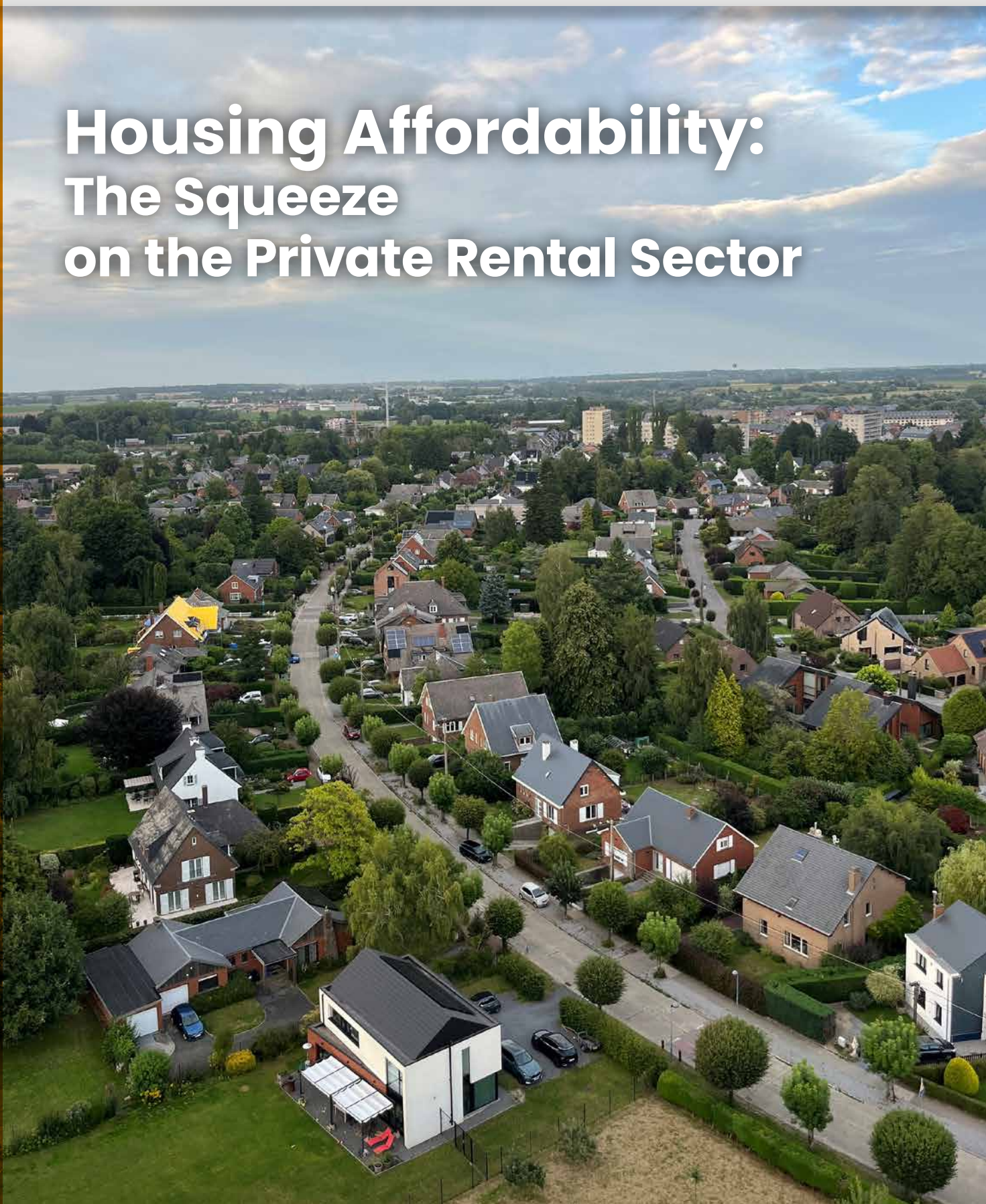
EMF
FUNDING THE REAL ECONOMY

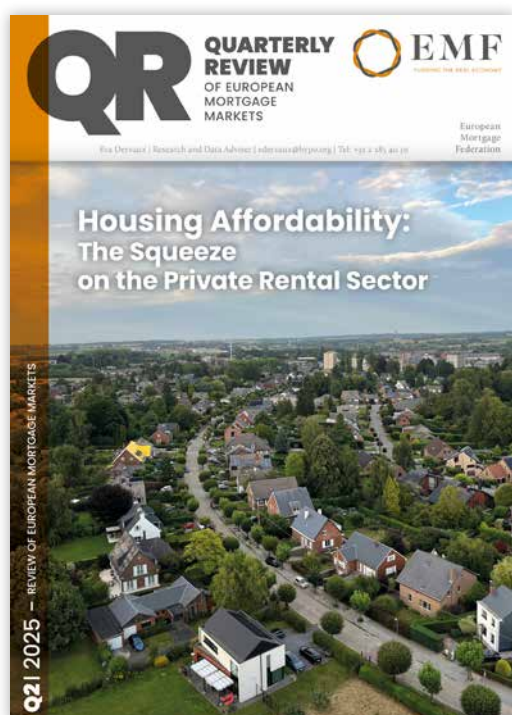
European
Mortgage
Federation

Eva Dervaux | Research and Data Adviser | edervaux@hypo.org | Tel: +32 2 285 40 30

Housing Affordability: The Squeeze on the Private Rental Sector

Q2 | 2025 — REVIEW OF EUROPEAN MORTGAGE MARKETS





DISCLAIMER

This review looks at developments in the mortgage and housing markets in Q2 2025 and is based on a country sample including Belgium, Bulgaria, Cyprus, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, The Netherlands, Malta, Norway, Poland, Portugal, Romania, Slovenia, Sweden, and the United Kingdom. This sample covers around 95% of total mortgage lending in the EU27 and UK. Where data for Q2 2025 is not yet available, the review reports figures from the most recently available quarter.



Editor

European Mortgage Federation
Rue de la Science 14 A, 2nd Floor
B-1040 Brussels – Belgium
Tel : +32 2 285 40 30
Email: info@hypo.org

Writing team

Luca Bertalot
Jennifer Johnson
Eva Dervaux
Richard Kemmish

Layout

Exnihilo.be

INTRODUCTION

Continuing on last quarter's approach and updated format, the EMF is happy to share with you its review of the European housing and mortgage market in Q2 2025.

In this edition, we welcome some new contributors to the country chapters, namely: **Bulgaria, Cyprus, Lithuania, Malta, Norway and Slovenia.**

Following up from last quarter's topic, housing affordability, this quarter's focus is on the short-term rental market and its impact on Europe's housing market. The expansion of short-term rentals has a direct impact on housing as properties that used to be homes increasingly chase tourist revenues. This contributes to the housing crisis in different countries, leading governments to implement measures like annual day limits and, in some cases, localised bans to protect affordability for local residents as well as neighbourhood stability. This review includes a table where readers can find details on three critical areas on the short-term rental market: **Regulation, Taxes, and the Political and Social** response for each country.

We have also invited an esteemed EMF contributor, Claude Taffin, to write an article *the private rental sector in France and Europe*. Homeownership has become increasingly unattainable for the younger generation which is leading to a surge in rental demand. This pressure affects both social housing (lengthening waiting lists) and the private market, where supply is shrinking. The private rental stock is being converted because tax incentives have been withdrawn, while short-term rentals are favoured by landlords for being more profitable and less risky. This new competition intensifies already rooted structural housing difficulties.

Finally, as per usual, this review includes developments of the mortgage and housing markets in Q2 2025 with country fact sheets of the following countries: Belgium, Bulgaria, Cyprus, Czechia, Germany, Denmark, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Slovenia, Sweden, and the United Kingdom.

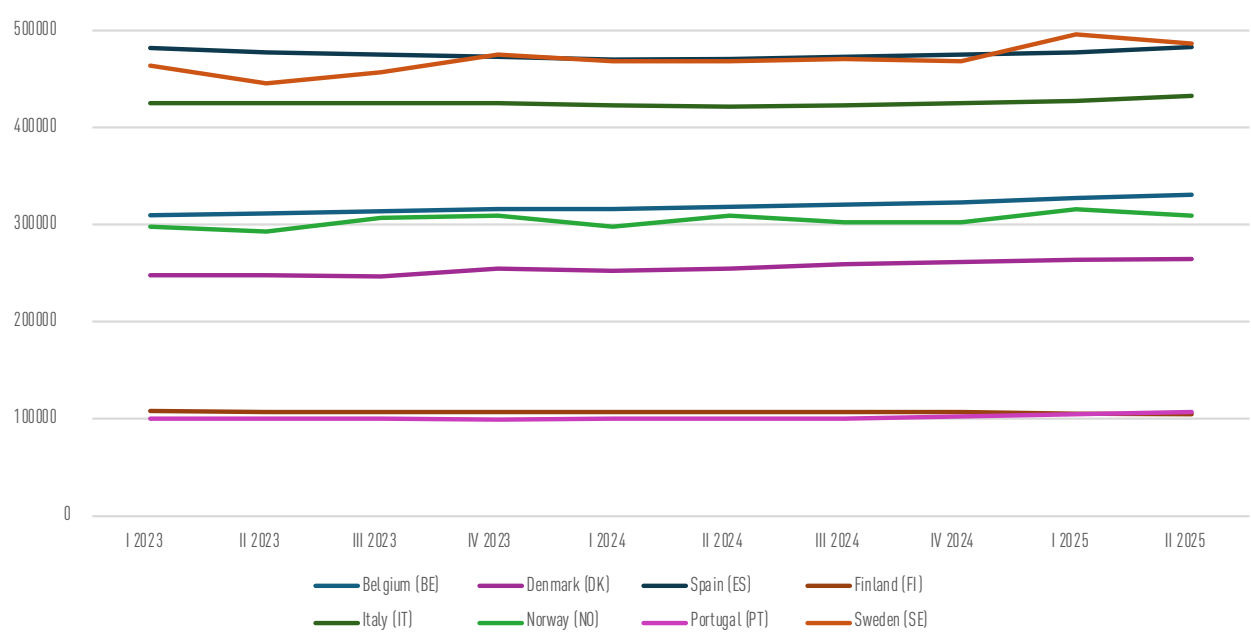
European Mortgage Market Overview

Q2 2025

The second quarter of 2025 confirmed the overall recovery of mortgage markets across Europe from last quarter, with most countries reporting renewed lending growth and improving borrower confidence. After several quarters of adjustment, activity picked up again as interest rates eased, economic

sentiment strengthened, and housing demand recovered. The countries with higher levels of outstanding residential mortgage lending (Germany, France, the Netherlands, and the UK) are experiencing a greater increase compared with the smaller markets.

Graph 1: Total Outstanding Residential Mortgage Lending (smaller markets)

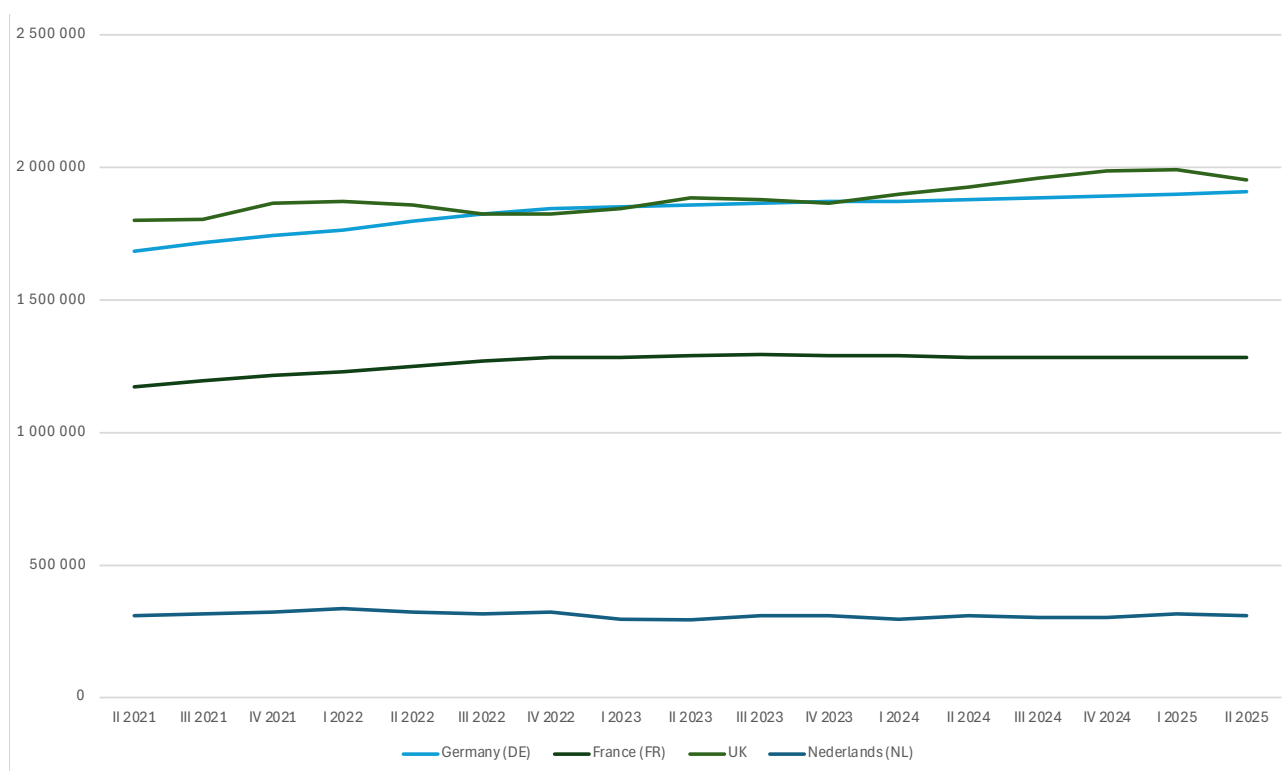


This graph does not support the message (overall recovery of mortgage markets) and also it hard to read the countries and the figures. On my opinion gross residential quarterly figures would support better the positive trends

Across the continent, both new mortgage origination and refinancing volumes increased, reflecting a more dynamic lending environment. In many markets, households took advantage of decreasing borrowing costs to either enter the housing market or refinance existing loans under more favourable terms. Refinancing activity was particularly strong in countries such as Belgium, Czechia, and Romania, where borrowers sought to

lock in better rate conditions and restructure existing debt. In only two countries of the sample (for which data was available) did the interest rates increase from Q2 2024: the Netherlands and Hungary. All of the other countries have experienced a decrease in the weighted average of their Mortgage Interest Rates in the past year.

Graph 2: Total Outstanding Residential Mortgage Lending (larger markets)



The decline in policy rates and improved macroeconomic outlook were key drivers of this positive trend. Markets such as Poland and Italy saw renewed loan demand following rate reductions, while in Denmark and Germany, low unemployment and restored purchasing power supported a steady expansion of outstanding residential loans. Even in traditionally slower markets, like Finland and Malta, mortgage activity strengthened compared to a year earlier.

Increased investor activity contributed to increased lending in particular in certain urban areas. In Hungary, for instance, the number of investors in Budapest remained substantial in smaller flats, proving to be particularly popular due to their ease of being rented out. This is reflecting both rental market opportunities and improving market confidence.

At the same time, structural and regulatory developments continued to shape national markets. Bulgaria, preparing for euro adoption in early 2026, maintained strong credit growth under favourable lending conditions, while ensuring stability

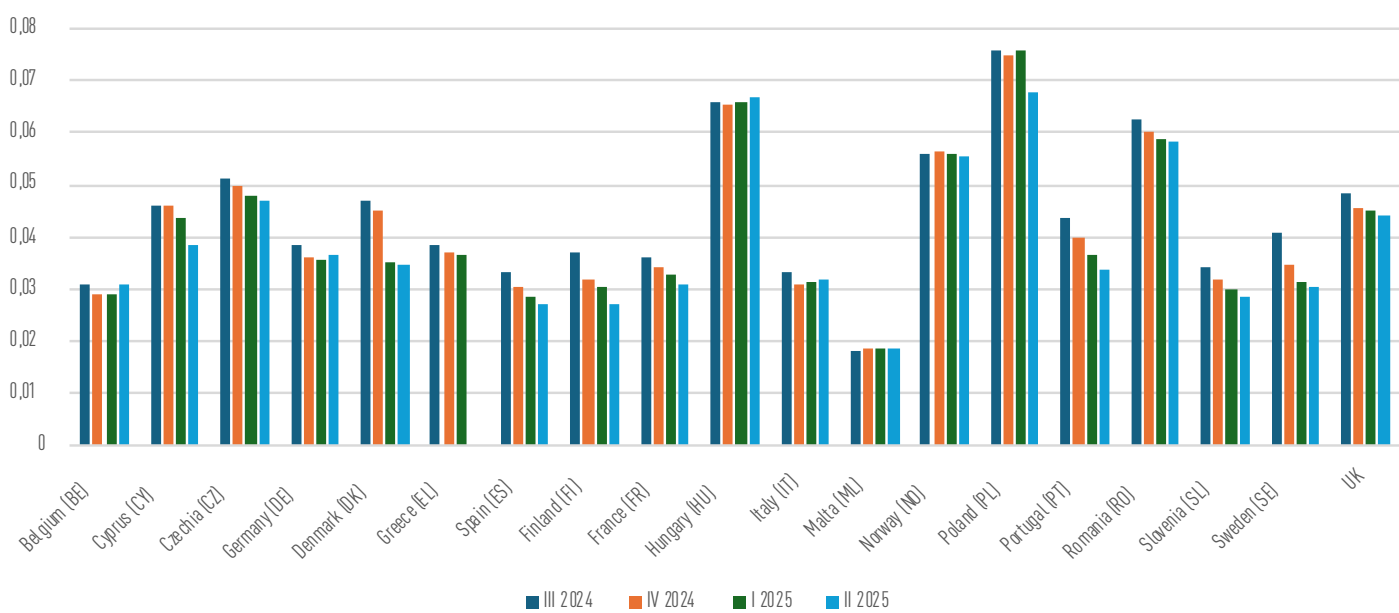
during the currency transition. In Malta, new sustainability requirements enhanced energy-efficient housing investment but lengthened project timelines

However, not all markets grew at the same pace. Cyprus and Portugal grew slower: in Cyprus, outstanding mortgage volumes stabilised after years of declining, while in Portugal, higher construction costs, regulatory delays, and lingering uncertainty dampened developer confidence and new lending. Sweden also had only modest growth as the market continued to recover from past rate hikes, despite gradually improving affordability.

Overall, the European mortgage market in Q2 exhibited recovery and cautious optimism. Lending activity continued to expand and refinancing remained strong. Although supply constraints, construction costs, and regulatory challenges persist in some countries, the general trend points toward steady and sustainable growth across Europe's mortgage markets, supported by lower rates, improving economic conditions, and borrower engagement.



Graph 3: Mortgage Interest Rates Continue to Fall in Most Countries Q3 2024 to Q2 2025



This graph is not duration adjusted, making a country-to-country comparison complicated.



France

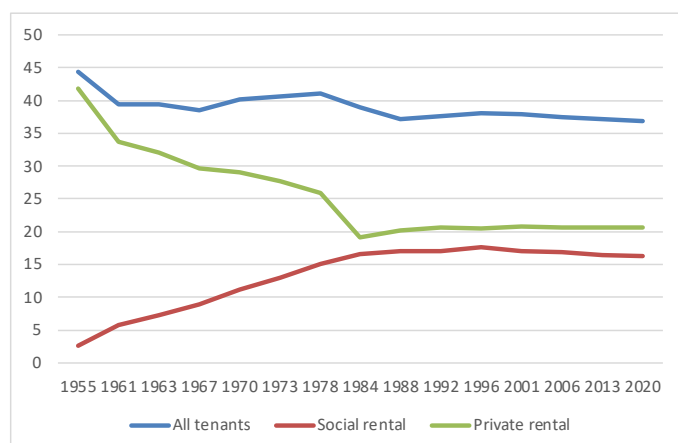
The squeeze on the private rental sector



The housing market in France is in deep crisis. New construction has reached a 40-year low, and, as in many countries, in Europe and elsewhere, buying a home has become increasingly difficult for the younger generation. Therefore, the demand for rental has increased, both in the social sector where waiting lists are getting longer and in the private sector, where supply is shrinking, because tax incentives have been withdrawn and short-term rentals are privileged because they are more profitable and less risky. This new competition adds to deep-rooted and structural difficulties.

INTRODUCTION: a short history of the private rental stock

The share of the private rental in the housing stock collapsed from the 50s to the 70s when the most dilapidated part was demolished and mostly replaced by homeownership, encouraged by the development of often subsidised mortgage credit and later supported by housing savings schemes, and, to a lesser extent, by social rental (graph 1). Investors were deterred by increasingly heavy taxation and, from 1982, by a new regulation of the tenant-landlord relationship which was more favourable to the former. New tax incentives for individual investors put in place from the mid-80s stabilised the PRS in spite of the continuous withdrawal of institutional investors, however they ended in 2024 (box 1).



More demand due to the affordability crisis

The rise in house prices coupled with stagnating purchasing power makes it more and more difficult for the new generation to buy a house, thus fuelling the demand for rental. The proportion of homeowners has been decreasing in France since 2016 and a similar trend can be observed in a majority of EU countries (graph 2). The waiting lists for social housing are getting longer every year while new programs are scarce due to limited land availability and public funds¹.



1. There are exceptions, in particular the city of Paris: in January 2004, the social rental stock amounted to 272,000 units, or 23.1% of main residences, 127,000 of which created since the entry into force of SRU law. The 2000 law on "Solidarity and Urban Renewal" (SRU) requires that any municipality (except for the smallest) belonging to a large urban area (more than 50,000 inhabitants) have no less than 20% or 25% of social rental housing; those who have less and do not increase this proportion quickly enough are subject to a special tax.

Box 1: The Pinel tax benefit

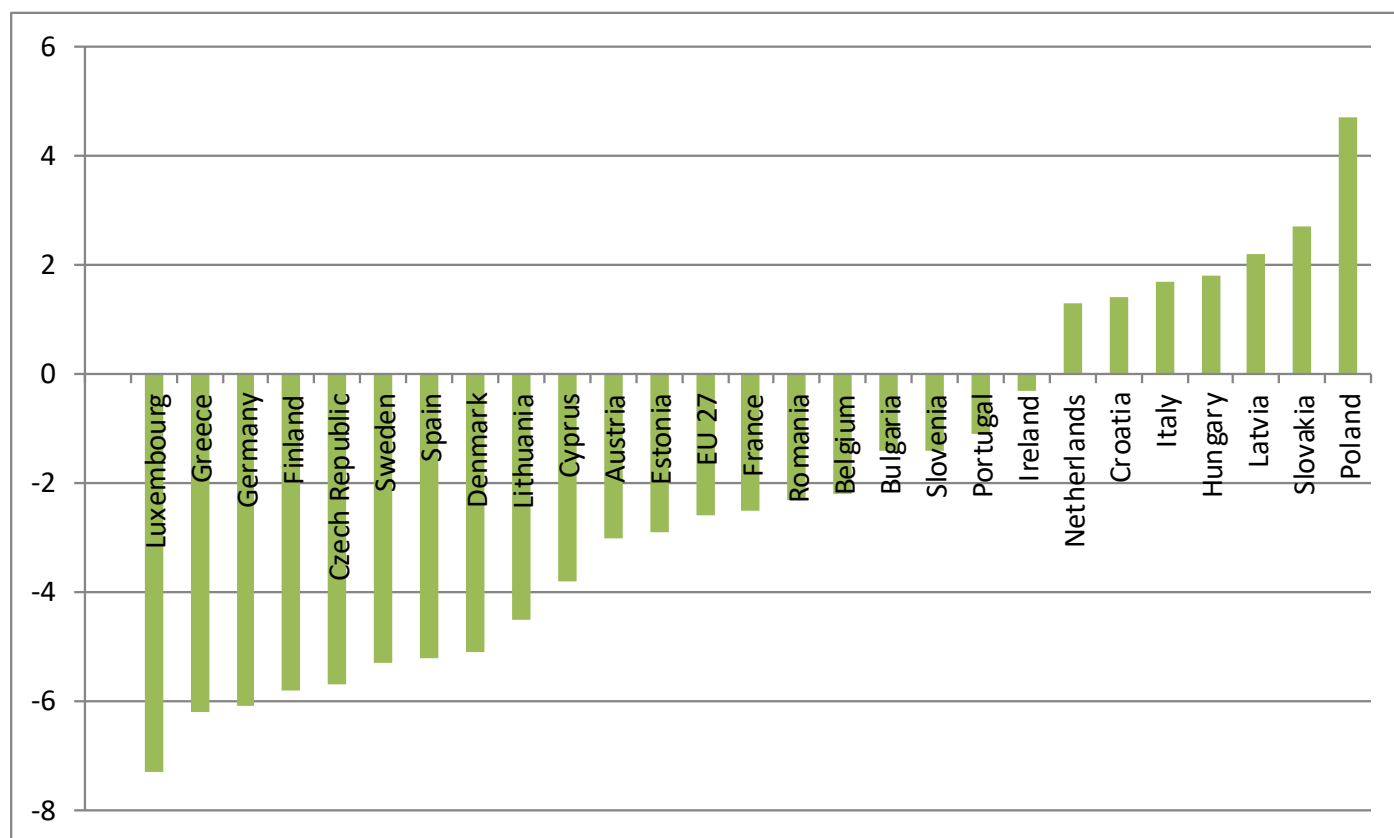
The Pinel tax benefit is an incentive scheme for rental investment in newly built housing. In return, individual investors commit to renting out their property for a period of 6 to 12 years, while complying with rent and tenant income caps. The property must be located in an area defined as “high demand” and meet certain energy performance criteria.

Depending on the initial rental commitment (6 or 9 years), the tax reduction rate varies from 12% to 18% of the transaction amount, up to a total investment of €300,000 and €5,500 per square meter. This initial commitment may be extended by 3 years, once or twice, up to a total commitment of 12 years. Each extension entitles the investor to an additional tax

reduction of 3% of the investment amount, up to the overall tax break ceiling set in 2022 at €10,000 per year.

The Pinel program, which existed during 10 years (2015-2024), was the last of a long series of incentive schemes, initiated in 1984. They all aimed at supporting the building industry in general and the rental market in particular, in order to offset the withdrawal of institutional investors. Over time, the schemes added other requirements of housing policy: the supply of affordable housing in areas where the demand is higher, and energy efficiency. Other schemes, more focused on housing for low-income or small cities, have been or still are in use in the existing stock.

Graph 2: Variation 2012–2024 of the ownership rate in EU (in percentage points)



Source: Eurostat (Survey on income and living conditions - SILC).

Notes: - The statistical unit in SILC is the individual, not the household.

- Malta is not on the graph: the ownership rate has fallen by 14%, which is hard to believe.



Less supply due to a number of reasons

On the supply side, there has been almost no investment in newly-built housing since the Pinel program was stopped, and landlords have had many reasons to disinvest.

A rational investor considers three criteria: rate of return, risk, and liquidity. All three of these criteria have long been unfavourable to rental investment, but market trends and some legal changes have worsened the situation in recent years.

Unlike institutional investors, most individuals who invest in rental housing base their decisions on much simpler criteria. These criteria vary from one country to another, if not from one investor to another. Most investors have in mind the rental income, tax benefits, and the anticipated capital gain, through the relative emphasis placed on each component may differ from one investor to another. In Germany, for instance, the prospect of an acceptable and secure rate of return is essential. Taxation and rental risk are considered more relevant in France.

A shrinking rate of return

A number of factors combine to reduce the rate of return: As in many countries, market prices increased markedly in France in the previous decade, and the post-Covid crisis did not lead to a significant reduction (except in Paris). Rents did not follow the same trend, not only because renters' income could not sustain such increases, but also due to legal restrictions. Indeed, the 2014 ALUR law made it possible to introduce stronger rent control inspired by the German regulation in this area (box 2). A number of big cities, including Paris, Bordeaux, Lille, Lyon and Montpellier, opted for the new system, with mixed results because a significant proportion of new rentals do not comply with the law;

- Apartment charges, which are shared between the owner and the tenant, on the contrary, tend to increase at a higher pace than rents²;
- Following the progressive elimination of the council tax for principle residences between 2021 and 2023, local authorities had no other choice than to significantly increase the property tax³, thus transferring the burden from tenants to owners;
- On the contrary, the income tax on rents has been stable since 2017 following increases in the previous years: net rental income is added to the taxpayer's other incomes (the marginal rate is 45%) and subject to various social taxes at a flat rate, this rate was 1.1% when it was introduced in 1991, but it reached 17.2% in 2017;
- Moreover in 2017, the wealth tax was concentrated on properties. Although the tax scale remained unchanged, this further shifted the balance between housing and financial products; the combination of wealth, income and social taxes results in a tax burden which consumes most of the rental income;
- Unlike owner-occupied main residences, rented properties are subject to capital gains tax, as is common in most countries. The current rate is 36.2% (19% income tax flat rate + 17.2% social taxes). The taxable base (the nominal capital gain reduced by the amount of improvement and renovation works) is reduced by 10% each year after 5 years, resulting in an exemption after 15 years. However, full exemption will only be reached after 30 years as the taxable base for social contributions decreases very slowly (2% per year, then 4%, finally 8% in the last five years). Those who benefitted from large capital gains in the previous decade must be very patient if they want to cash them in!

² The law precisely defines which expenses (maintenance, utilities, etc.) will be paid by the landlord and by the tenant.

³ With a record for the city of Paris in 2023: + 63%.

Box 2: Rent control in France since 2014

High pressure areas	Other areas
First contract: • Rent set based on local reference rent (Average for similar units, rent tables available in the bigger cities); • Maximum rent: 20% above the reference rate (possible exemptions).	Free
Renewed contract: • The tenant may ask for a decrease if the rent is above Ref Rent + 20%; • The landlord may ask for an increase if the rent is below Ref Rent – 30%; he cannot go beyond Ref Rent – 30%.	• Limited to the increase of the “reference rent index” (average of the last twelve monthly CPIs without rents and tobacco); • Possible higher increase only if rent is far below market level or in case of improvement.
During the lease (3 or 6 years): Rent pegged to the “reference rent index” if mentioned in the contract. Increase spread over 3 (<10%), or 6 years (+10%).	

(*) With a certified rent observatory.

The rental risk

Apart from rent control, the legal context has been very stable for more than 20 years. After the 1948 law, tenant-landlord relationships were not regulated until 1982 when the “Quilliot” Law significantly strengthened tenants’ rights and introduced (soft) rent controls across the entire stock. After two changes due to political shifts and market evolution, the “Méhaignerie” law that relaxed rent control in 1986 and the “Mermaz – Malandain” law which reintroduced stricter controls in 1989, a stable equilibrium appeared to have been reached and the main features of the 1989 law remained unchanged⁴.

As shown in table 1, several countries in Northern Europe offer better protection to tenants than France⁵. However, there is a perception on the part of landlords that they face high risks: in reality, despite the probability of default having more than doubled in the last five years, it remains rather low⁶. The loss given default can however be very high as the judicial process is long and eviction can be delayed or refused for humanitarian reasons⁷. The risk may be limited by using a professional manager and rental insurance, but many landlords are reluctant to add permanent costs that would reduce their low return even further.

The competition with short-term rentals

The development of more profitable, less risky and more liquid short-term rentals was therefore seen as a great opportunity for many existing landlords and new investors in major cities and touristic areas. Not only can the rent be freely negotiated at a much higher level, but the taxation is much milder.

Profits from furnished tourist rentals are particularly high in cities where high occupancy rates are possible. This is mainly the case in metropolises with high tourist demand throughout the year (low seasonality), such as Paris, Nice or Annecy. The table below shows that furnished tourist rentals are by far more profitable, after tax, than long-term furnished rentals, and even more profitable than usual unfurnished rentals. In particular, the “classified” micro BIC regime and the real BIC LMNP regime (with depreciation deducted) enable taxpayers to optimise their investment, to the detriment of tax revenues and long-term accommodation.

⁴ For example: Taffin, Claude (2017). The Private Rental Sector in France. Housing Finance International, International Union of Housing Finance, Autumn 2017, pp. 30-35.

⁵ The classification between High/Median/Low also takes account of rent regulation. It is based on Christine Withehead's publications and on artificial and author's intelligence.

⁶ Between 3% and 4% depending on the source.

⁷ Eviction is uniformly prohibited between the beginning of November and the end of March, including in the overseas territories. In Europe, this gallic oddity is only shared with a part of Luxemburg and a part of Belgium.

Table 1: Leases and Security of Tenure in Europe

Security of Tenure	Country	Typical minimum duration	Legitimate reasons to terminate the contract				
			Failure to pay rent	Renovation of dwellings	Occupation by landlord	Sale of dwelling	Other
HIGH	Austria	3 years	Yes	No	Yes	No	Yes
	Belgium (1)	9 years or < 3 years	Yes	Yes	Yes	No	No
	Denmark	open-ended	Yes	Yes	Yes	No	Yes
	Germany	open-ended	Yes	No	Yes	No	
	Netherlands (2)	open-ended	Yes	Yes	Yes	No	Yes
MEDIUM	France	3 years	Yes	No	Yes	Yes	No
	Greece	3 years	Yes	No	No	No	
	Italy (3)	Varies by type of lease	Yes	Yes	Yes	Yes	
	Spain (4)	Freely agreed	Yes	No	Yes	No	Yes
	Sweden	open-ended	Yes	Yes	No	No	
LOW	Czechia	12 months	Yes	Yes	Yes	No	Yes
	Finland	12 months	Yes	Yes	Yes	Yes	
	Ireland (5)	6 months	Yes	Yes	Yes	Yes	Yes
	Poland	6-12 months	Yes	Yes	Yes	No	Yes
	Portugal (6)	12 months	Yes			No	
	Switzerland	12 months	Yes	Yes	Yes	No	
	U. K. (England)	6 months	Yes	Yes	Yes	Yes	No

Source: OECD (2024), "Indicator PH6.1 Rental regulation," OECD Affordable Housing Database, <http://oe.cd/ahd>.

Notes:

(1) The landlord can terminate the tenancy without a reason, but is obliged to pay a compensation.

(2) The rental contract has to cover at least 6 months.

(3) 3 + 2 years (agreed rent contract), 4 + 4 years (free rent contract), 1-18 months (transitional lease), 6-36 months (students rent).

(4) The tenant can freely extend the contract during the first five years.

(5) Unlimited duration after 6 months for tenancies created after 10 June 2022.

(6) Person older than 65 years old or disabled who has lived in the dwelling for more than 15 years cannot be evicted.

Table 2: Estimated rental rate of return (12 years internal rate of return) by type of rental

Tax regime	Real (1)	Micro (2)	Micro classified (3)
Long-term unfurnished	1.3%	1.3%	
Long-term furnished	2.2%	1.9%	
Short-term	3.6%	2.8%	3.9%

Source: Annaïg Le Meur, députée du Finistère (2024). Propositions de réforme de la fiscalité locative, Assemblée Nationale, May 2024.

Notes:

(1): Real expenses can be deducted or carried forward (with limits); amortization allowed for short-term rentals only.

(2): 30% (long-term unfurnished), 50% (long-term furnished and short-term non-classified) flat deduction for expenses.

(3): 71% (short-term classified) flat deduction for expenses.

Before the development of short-term rentals, the number of long-term furnished rentals had been increasing much faster than unfurnished rentals for many years: they represented 4.9% of the private rental stock in 1990 and reached 13.2% in 2020 (Source: Insee, Population Censuses) due to the higher return (table 2) but also to more flexible contracts.

Short-term rentals are far more profitable and flexible. The various rental risks are also smaller, though more and more cases of squatting and deterioration are being reported. While it cannot be denied that the number of short-term rentals has dramatically increased in the past few years, estimating their total remains challenging. The most recent estimate available was published in December 2024 by La Direction Générale des Entreprises du Ministère de l'Economie: it amounts to 1.2 million units. According to a survey conducted in 2023 by PwC for Airbnb, 48% were main residences, 44% second homes occasionally rented by their owners, and only 8% were mostly or solely dedicated to short-term rentals⁸. Airbnb emphasises that these touristic rentals are far less numerous than second homes and vacant units: 0.7% in Annecy, 10 times fewer than second homes and 11 times fewer than vacant units. The Le Meur report advises however to be cautious about these data which are likely aimed at minimising the impact of platforms on the housing crisis. Indeed, the official number of classified “meublés de tourisme” is 208,000 (December 2024), 16% more than one year before, and about twice the estimate by PwC⁹.

Eurostat publishes international comparisons but they are based on the number of nights paid on a group of platforms. They only allow for a rough comparison of the importance of the touristic rental stocks of EU countries. The total number of nights recorded in 2024 amounts to 234.7 million, which is 135% more than in 2021. France has the largest share (22.5%) followed by Spain (20%) and Italy (14.8%). Germany (7.1%), Greece and Portugal (5.3%) are far behind.

The exclusion of energy-inefficient dwellings

The revised Energy Performance of Buildings Directive (EU/2024/1275, EPBD) entered into force on 28 May 2024 and will need to be transposed into national laws by 29 May 2026¹⁰. It imposes ambitious new requirements aimed at accelerating housing renovation and achieving carbon neutrality of the building stock by 2050. The main requirements for housing are as follows:

- From January 1, 2030, all new homes must be “zero-emission”. This means very low consumption, largely covered by renewable energies produced on site or nearby (solar panels, heat pumps, carbon-free urban networks);
- For existing homes, each country must renovate at least

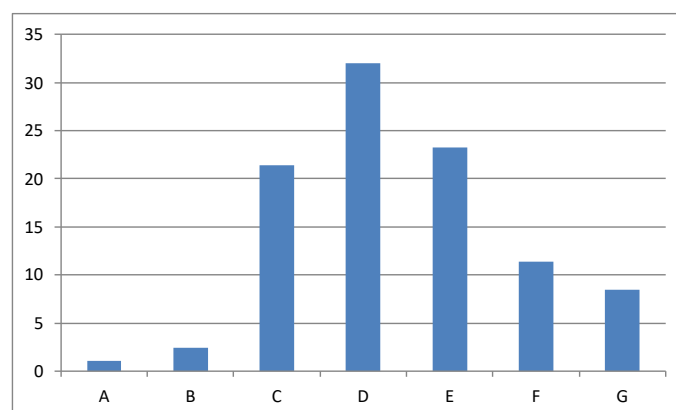
the 15% most energy-intensive (lowest energy classes) by 2030; this threshold will rise to 25% by 2033;

- The directive introduces “renovation passports”: an independent energy audit sets out a roadmap for the work needed to achieve the new performance levels;
- The overall aim is to achieve a zero-emissions housing stock by 2050.

This directive obliges each country to transpose these requirements into national law by 2026, and to adapt their housing renovation and construction strategies to meet these new standards. It imposes strict targets for reducing the number of energy-inefficient homes but leaves it to countries to determine how to precisely target “thermal sieves”, whilst not directly prohibiting their rental. A thermal sieve refers to a building or structure that exhibits very poor thermal insulation, thus resulting in a leakage or loss of thermal energy. The French government chose to gradually ban the rental of “sieves”, defined by the rating F and G on the Energy Performance Certificate (EPC) by the Climate and Resilience Law of August 22, 2021. This law provides for a phased ban: from January 2025 on G-rated housing, in 2028 on F-rated, and in 2034 on E-rated housing. Moreover, the rents of units classified F or G have been frozen since 2022.

The impact on the supply of rental units will obviously be tremendous: it was estimated that 20% of private rentals were “sieves” (F or G) and 23% were rated E (graph 3). The rating of second homes and vacant units is even worse: 32% and 26.5% respectively were rated as “sieves”.

Graph 3: The Private Rental Stock by Energy efficiency Rating (January 2022 – in %)



Source: Ministry of Housing.

Note: Free occupancy is included, vacancy is not.

⁸ Strategy-AirBnB. Impact de la location courte durée en France. October 2023.

⁹ This is not contradictory: there is a grey zone made of those units most often rented and used a part of the year by the owner or his family and friends.

¹⁰ The first version of the Energy Performance of Buildings Directive (EPBD) was published in 2002 (Directive 2002/91/EC). It was recast in 2010 as Directive 2010/31/EU and amended in 2018 as part of the “Clean energy for all Europeans” package.

In the wake of significant criticism (the calculation method does not reflect actual energy performance, too many errors by professionals and sometimes questionable probity, etc.), the EPC has been marginally improved, allowing some properties to continue being rented out:

- In July 2024, a technical adjustment to better address smaller units (less than 40 square meters), which primarily concerns rental,
- Two decrees published in June 2025 introduced a QR code system enabling individuals to check that the professional is entitled to practice and the validity of the EPC carried out,
- From January 2026, the controversial electricity conversion factor¹¹ will be reduced from 2.3 to 1.9.

In spite of these improvements, it is likely that many landlords will be unable or simply reluctant to engage in renovation works because these works are unaffordable or will only be amortised over more than 15 years, given the low level of rental return (see above), and the unsatisfactory level

and scarcity of subsidies, not to mention that their output sometimes fails to achieve the promised one or two-class improvement in the energy rating .

It is not surprising therefore that the share of sales of homes rated F and G rose sharply in 2022 (+5 percentage points), then to a lesser extent in 2023 (+1 point). In 2024, this proportion is down slightly by two points, settling at 15%. This decline in the proportion of “sieves” among sales is only due to the single-family home market, which concerns a minor part of the rental market. In Paris, where rental is dominant, this share remained stable at 31%, while in the inner suburbs, it rose by five points to 21%¹².

According to the notaries, the discount for “thermal sieves” – called the “green value” (box 3) - is increasing: an average of 15% nationwide, but exceeding 20 to 25% in many départements, particularly in rural areas and those with low housing demand.

No other EU country has taken such drastic steps, and only Belgium has planned a ban, but only in 2033 (table 3).

Table 3: Bans and trajectories for energy-inefficient homes in Europe

Country/Region	Status	Deadlines
France	Progressive ban confirmed	G banned from 2025; F in 2028; E in 2034
Belgium - Brussels-capital	Ban planned	F and G banned by 2033
Spain	National trajectory announced	F/G → E by 2030; D by 2033 (1)
Germany	No general ban, GEG (2) obligations	Heating standards and gradual renovation
Netherlands	No national ban; rent measures	Ongoing rental reforms
Italy	No general ban; EPBD trajectories	2030/2033 Targets
Portugal	Targeted restrictions (tourism/licenses)	D level required for some uses
Other (DK, SE, AT, IE, PL...)	No immediate national ban	EPC obligations and EPBD trajectories (2030–35)

Source: Multiple (via ChatGPT).

Notes:

(1): Depending on EPBD transposition.

(2): Gebäudeenergiegesetz (Law on energy in buildings).

¹¹ A multiplier that converts electricity use into its “primary energy” equivalent, reflecting how much raw energy (nuclear, gas, renewables) must be used to generate it. Lowering it from 2.3 to 1.9 makes electric energy seem more efficient in energy-performance ratings.

¹² Source: Note de conjoncture immobilière no. 67, Notaires de France, April 2025.

Measures already taken by the government and local authorities

Despite the absence of a majority in Parliament and therefore a stable government, a number of measures have been put in place. They aim at discouraging landlords from keeping properties vacant and, more recently, from investing in second homes in general and short-term rentals in particular.

As of January 1st 2024, there were 37,187 million main residences, 3,668 million second homes, and 2,945 million vacant units in Metropolitan France. These 6,613 million units, 18% of the whole stock, have been targeted for several years by “carrot and (mostly) stick” measures to try to increase the supply of affordable housing. Many of these measures are not recent and were described in a report dating from 2016, along with similar actions taken in the European Union¹³. This report also shows, based on a 2011 Census, that several countries have a much higher proportion of unoccupied units: more than 30% in Bulgaria, Greece, Croatia, Portugal, Malta, Bulgaria and Cyprus.

For the purposes of this article, we will focus on recent measures:

- The housing tax surcharge on second homes: While council tax has been eliminated for main residences, it remains in place for unoccupied dwellings. Moreover, in eligible communities (those located in “zones tendues”, i.e. where the supply of housing is insufficient compared to demand, creating a high level of real estate tension), local authorities can decide to increase the council tax on homes classified as second homes. This increase can range from 5% to 60% of the assessment (the communal portion of council tax). In England, from April 1, 2025, a council tax premium of up to +100% can be applied on second homes and has already been adopted by many councils. In Germany, cities like Munich and Berlin apply a local tax on second homes while Italy has a strongly differentiated taxation which concerns the property tax, registration fees and even VAT;
- The “Echaniz-Le Meur” law, passed in November 2024, reduces tax allowances (see table 2): from 71% to 50% for listed properties, 50% to 30% for unlisted properties. It extends mandatory EPC for new tourist rentals (from 2034, only accommodation with an EPC between A and D will be eligible for rental in certain areas) and allows local authorities to set quotas, limit rental periods, monitor advertisements and penalise infringements. Communities where the proportion of second homes exceeds a given threshold (often 15% or 20% of the housing stock) may modify their town planning regulations in order to reserve certain areas exclusively for the construction

of main residences. Chamonix, Biarritz, Bayonne, and a few cities in Brittany and Corsica have introduced such measures. Switzerland set the example by limiting the proportion of second homes in new construction to 20% (Lex “Weber” applied from January 2016). This law created a double market, with higher prices for second homes.

In Spain, where a tax of up to 100% on purchases by non-EU residents is under parliamentary debate, a number of measures have also been taken:

- Obligation to register in a central register for tourist accommodation from July 2025: each property must have a registration number visible on advertisements,
- Blocking of thousands of advertisements that do not comply with the law (licence, missing information, etc.),
- Freeze on licences for new rentals in certain central district¹⁶,
- Minimum standards for safety, ventilation, natural light, etc,
- Heavy fines for violations.

Greece, Ireland and the city of Budapest significantly tightened legislation on tourist accommodation or are ready to do so. At EU level, a regulation (2024/1028) on the collection and sharing of data on short-term accommodation rental services has been adopted. This requires platforms and hosts to provide information to local and national authorities and introduces a harmonised system of prior registration.

Measures under study in France

Housing professional have long called for new tax incentives, often referred to as the “private lessor status”, which would notably include provisions for amortisation.

A parliamentary report submitted on June 30, 2025 to Minister Valérie Létard proposes a fiscal shock to revive long-term rental investment¹⁷. It recommends tax measures aimed at creating an additional 90,000 housing units per year by 2030, whilst recognising the crucial role of landlords, and restoring the attractiveness of the private rental sector. Under the proposal, amortisation would apply not only to newly built rentals but also to existing properties (at rates of 5% and 4% respectively, with a bonus for affordable rentals). Some of these recommendations may be incorporated in the finance act for 2026, however, even if these proposals only target new investments, the highly constrained budgetary context makes new carrots for long-term rentals much less likely than sticks for short-term.



Box 3: The “Green Value”

The “green value” of a building can be defined as the impact on property value of energy efficiency and other environment-friendly features (building materials, access to public transportation, etc.). Research on this topic usually focuses on the energy dimension of the green value.

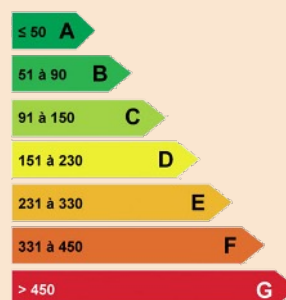
The first attempts to assess this green value conducted in the United States and Europe (Germany and Switzerland) estimated gains of around 5% for “green” buildings, mostly commercial, and are characterized by regulatory definitions or certifications. A 2013 study by the European Commission provides similar results based on an international survey of newly sold or rented housing units¹⁴.

In France the capture of the energy performance rating in the notaries’ databases allows us to quantify the impact of this label on the sale price of units. The EPC rating includes two labels that classify the unit in seven classes from the best (A) to the worse (G) according to its level of energy consumption (« energy » label – figure 1) and its GHG emission (“climate” label).

Several changes were introduced in 2021 in order to better identify “thermal sieves”. A major new feature of the EPC is that it is now fully enforceable. This means that it has the same legal value and scope as any other real estate diagnosis. The new EPC is valid for 10 years (except in the case of energy renovation work). The new EPC merges the two previous labels, the energy label and the climate label: properties will be classified in the EPC according to their worst performance.

Since November 2006, EPC labels must be included in any sale (or pre-sale) agreement. From 2010, they have been progressively integrated into the notaries’ real estate databases, which capture data on real estate transactions, including characteristics of the unit, of the seller, and of the buyer. Since 2013, a standard hedonic price regression model, i.e. an econometric model linking the price of a house to its characteristics, as used to calculate house price indexes, provides an order of magnitude of the green value for a segment of the market, the second-hand houses declared in good conditions (by the seller). In 2023, For example, the discount generated by an F or G label, compared with a similar class D apartment is only 7% in the city of Paris but it reaches 25% for a house in Nouvelle-Aquitaine¹⁵. This discount increases year after year, in particular for apartments.

Figure 1: The energy label
(Energy consumption of primary energy in kWh by sq. m. and per year)



13 FEANTSA and Fondation Abbé Pierre (2016). «La vacance immobilière comme opportunité à saisir pour des solutions de logement abordable en Europe», 29 pages.

14 2013 EC survey: “Energy performance certificates in buildings and their impact on transaction prices and rents in selected EU countries.”

15 “La valeur verte des logements en 2023”, Notaires de France, November 2024.

16 In Barcelona, the city council will completely stop renewing the licenses in 2028.

17 Daubresse Marc-Philippe, senator, and Mickaël Cosson, member of Parliament (2025). Pour une relance durable de l’investissement locatif, report to the government, June 2025.



Short-term rentals and their impact on house prices and Europe's housing market

In many countries, online rental companies such as Airbnb are accused by some local residents of being responsible for excessive tourism and, in particular, increasing property prices to levels that are unaffordable for locals. This has impacted urban centres across Europe, creating both economic opportunities and significant regulatory challenges related to housing supply, taxation, and neighbourhood quality of life.

This section of the review provides a detailed comparative analysis of the current socio-political landscapes governing short-term rentals. The analysis focuses on three critical areas: **Regulation** (licensing, duration limits, and zoning restrictions), **Taxes** (tourism and income tax applicability), and the **Political and Social** response in each country.

The data reveals a clear trend toward increased governmental intervention and tighter local controls, moving beyond simple licensing requirements. Governments are now frequently implementing tools like mandatory national registration systems (as seen in Spain and Czechia) and imposing strict annual day limits (such as Denmark's 70-day limit or Slovenia's proposed 60-day cap) to manage rental volume. Furthermore, intense pressure from housing crises is leading to localised outright bans, for example by Barcelona's plan to prohibit tourist rentals by 2028 and the introduction of moratoriums and district-level bans in Budapest. A parallel trend is the harmonisation of taxation, with many countries now subjecting short-term rentals to the same tourism and city taxes applied to traditional hotels, ensuring a more level fiscal playing field.

Short-Term Rentals And Their Impact On House Prices And Europe's Housing Market

	Regulation	Taxes	Politics and Society		
	Have there been any changes to the rules for the licensing of rental properties in recent years as a response to this challenge?	Have limits been introduced or changed (maximum rental duration limits) on the number of days that a property can be rented without obtaining a license?	Are there absolute limits on short term rentals in specific zones?	Are rented properties subject to tourism tax?	How has this topic been addressed in the press and what is the overall public opinion?
Bulgaria	No.	No.	No.	Yes, short-term rents are subject to a similar tourism tax as hotels. Tourism tax is determined by local authorities as a total amount per night, per person. Various specifics may apply.	This is not a focus of public discussion in Bulgaria.
Cyprus	There have been no regulatory changes as regards short-term rentals in Cyprus since 2020, when the amended law for the operation of tourist accommodation was introduced.	The new amending law for short-term rentals in Cyprus requires owners to obtain a license to operate their property in such a way.	There are currently no zoning limits as regards short term rentals.	As per a circular issued by Cyprus Tax Authorities, rental income from self-catering accommodation rented out via online platforms, websites, or otherwise, would be considered as business income subject to income tax. If rental income exceeds the VAT threshold then such rentals are subject to 9% value added tax. This is the same value added tax paid by hotels. There have been no changes since 2020.	There have not been any frequent media discussions concerning short-term rentals over the past few years.
Czechia	Czech Republic is introducing regulations for short-term rentals, with a new system requiring registration of accommodation units and a unique registration number. This system will facilitate the fulfilment of registration obligations and at the same time make the collection of local fees from the stay more efficient. Registration will be mandatory from May, 2026.	There have been no limits introduced. Registration concerns any accommodation provided for payment, regardless of the length of stay.			

	Regulation	Taxes	Politics and Society		
Denmark	No.	A limit of 70 days of short term rentals has been imposed on a municipal level. Respective municipals can increase the imposed restriction to 100 days.	No specific limits to historical areas. However, individual home owner associations can set their own limits, which are typically decided in general meetings – this is however not a part of government regulation.	Short term rental is not automatically subject to tourism tax in the same way that hotels are. A basic deduction is given, which reduces taxable income. For rentals via reporting platforms such as Airbnb, the basic deduction is DKK 33,500 (2025). Furthermore, 60% of the income on short term rental that exceeds DKK 33,500 will be taxed.	The subject has gained much attention from a societal and political standpoint. Legislation (beslutningsforslag B 148) has been proposed, which seeks to tighten the rules for short term lending. Specifically the proposition aims to lower the limit of rental days from 70 to 35 days. Further the proposition will introduce a reporting obligation for rental services, introduction of better sanction options for municipalities and distinction between private and commercial rental.
Germany	Yes, in terms of daily limits, permits and fines, which may vary depending on the city or municipality.	Germany does not have a single national law capping the number of nights for short-term rentals. Instead, regulation is delegated to cities and municipalities. If you rent, you need your landlord's permission for short-term rentals. Without it you risk termination. If you own the property, city/municipality rules apply. Without official license the cap of renting out the entire flat lies between 56 -90 days depending on the city or municipality. Renting out a room in your main residence does not fall under the annual caps that apply to entire flats.	In Germany there are no real “historic-centre or residential-only” caps. However, on district level „Milieuschutz” zones can add stricter bans on short-term rentals, effectively creating zone-specific prohibitions, especially in large cities with a competitive housing market.	Under tax law, rental income is taxable under the Income Tax Act. In return, expenses related to the rental can be deducted as income-related expenses. However, the net amount remaining is generally subject to tax. Trade tax is payable if hotel-like additional services (daily room service, reception) are offered. City tax is not mandatory nationwide and depends on the city or municipality. However, city tax is often required in large cities. In the case of Berlin, the city tax, which was introduced in 2014 at 5%, has increased to 7.5% from 2025.	Yes, short-term rentals are on the political agenda. The coalition agreement announces stricter rules, the exact details of which still depend on legislation, local authorities and EU requirements. There have been no anti-tourism protests in Germany. However, there have been numerous protests against rising rents, also in connection with short-term rentals.

	Regulation	Taxes	Politics and Society		
Spain	In accordance with Regulation (EU) 2024/2018 and following its transposition in our national legal framework, a Digital One-Stop Shop has been established. As of 1 July 2025, it is mandatory for all short-term rentals (tourist, temporary or room rentals) advertised in any online platform to be registered in the Registro Único de Arrendamientos (Single Rental Register) and to obtain a Número de Registro de Alquiler (Rental Registration Number) issued by the Land Registry. This system aims to enhance transparency and ensure regulatory compliance. In any case, dwellings intended for tourist rentals are subject to specific regulations established by regional or local authorities. In Catalonia, an individual property cannot be registered as a tourist apartment, as only entire buildings are entitled. In Madrid, authorisation from the homeowners' association is required in order to use a dwelling for tourist rental.	There are no specific limits at the state level; such restrictions are determined by regional and local authorities.	Yes, in Madrid since 2025 the City Council will no longer grant licenses for dispersed tourist accommodations within residential buildings in the historic centre, and independent access is required for those located outside the historic area. In Barcelona, tourist rentals will be prohibited by the end of 2028, as the local authority has no intention to grant new licenses or renew existing ones.	Depends on the region. In many regions tourism rentals are subject to tourism tax, but for example in Madrid tourism tax do not apply, neither for hotels.	Yes, it is an issue that has raised concerns in some sectors of the society, which is why the different administrations are working to regulate it.
Finland	Housing company law is under review. Implementation day unknown.				

	Regulation	Taxes	Politics and Society		
France	The law of 19 November 2024 aimed at strengthening the tools for regulating furnished tourist accommodation at the local level was officially published on 20 November 2024. Landlord and mandatory declaration of main residence By 20 May 2026 at the latest, all furnished tourist rentals must be declared to the public authorities. The landlord will have to provide proof that the accommodation offered for rent is indeed his main residence. Mayors will be able to impose 2 new administrative fines, in the event of failure to register a furnished tourist property (€10,000 maximum) and in the event of false declaration or use of a false registration number (€20,000 maximum). An Energy Performance Certificate (EPC) is mandatory for all housing offered for rent as a furnished tourist accommodation and subject to a change of use permit. In Metropolitan France, these dwellings will have to attest to an EPC classified between classes A and E from 21 November 2024 to 31 December 2033; and between classes A and D as of January 1, 2034 (like dwellings rented as a main residence). From 1 January 2034, the mayor will be able to ask the owner to provide the valid EPC of his furnished tourist accommodation. Failure to transmit the EPC will be punishable by an administrative penalty of €100 per day. The owner who rents out his furnished tourist accommodation in violation of the rules relating to the EPC will incur an administrative fine of up to €5,000 Modification of the co-ownership regulations From 2025, any co-owner declaring himself to the city hall as a lessor of furnished tourist accommodation will have to inform the property manager. The new co-ownership regulations may or may not prohibit furnished tourist accommodation. In condominiums that already have a co-ownership regulation, a majority vote (two-thirds of the votes) may modify the co-ownership regulation to prohibit the rental of furnished tourist accommodation (whereas today unanimity is required).	From 2025 with this new law, municipalities will be able to limit the maximum period during which main residences can be rented to tourists to 90 days per year (instead of 120 days today). A civil fine of €15,000 may be applied if the number of rental days authorised in the municipality is exceeded.	With this new law, municipalities will be able to define quotas for authorisations for furnished tourist accommodation and thus reserve sectors in their local urban plan (PLU) for the construction of main residences in order to better regulate tourist rentals. In addition, municipalities with a change of use regulation for existing housing will be able to extend this regulation to all premises that are not for residential use. In parallel, some local governments, particularly in major cities like Paris, have also implemented or proposed specific regulations to limit the number of days properties can be rented out short-term and to increase oversight of rental platforms.	Linked to this new law, new tax allowance rates have been applied to rental income received since 1 January 2025: 50% for listed properties and guest rooms (with a ceiling of €77,700 in annual rental income) and 30% for non-classified properties (with a ceiling of €15,000 in annual rental income).	the topic is frequently discussed in the press and public discourse in France. Major cities like Paris, Nice, Lyon and Marseille have seen significant growth in short-term rental platforms like Airbnb, leading to concerns about rising housing costs, gentrification, and the availability of long-term rental supply. In consequence, there have been anti-tourist demonstrations in France, particularly in areas heavily affected by tourism, such as Paris, but also in some tourist areas like the Pays Basque or in Bretagne region. For example: Since 2023, 23 municipalities in the Basque Country agglomeration have been applying one of the toughest regulations in France against seasonal rentals. Those prohibits owners of secondary homes from making tourist rentals (with rare exceptions), to force them to rent their homes year-round to local workers. In 2025 in Chamonix (Haute-Savoie), the community has decided to limit the ability to rent to one property per homeowner, which should also soon concern legal entities. Some other surrounding municipalities are also affected by strict quotas for rentals per owner. The French government passed a more restrictive law for short-term rental housing in November 2024, supported by a transpartisan coalition of deputies in the National Assembly and the Senate, and called "Le Meur law".

	Regulation	Taxes	Politics and Society		
Hungary	Airbnb has become a hot topic in Budapest, since the current housing situation in Budapest has become quite critical, as rental costs can reach as much as 50–60% of monthly incomes of young couples or singles. Nearly 18% of the 800,000 households in the capital — approximately 140,000 households — live in long-term rentals. According to the Ministry of National Economy, the situation has worsened by the rapid spread of tourism-related short-term rentals (such as Airbnb) in recent years. Between 2020 and 2024, the number of private and other accommodations involved in short-term rentals in Budapest rose by 80%, and in 2024, guests were hosted in 26,000 rooms across the city's private lodgings. The number of rooms involved in STR in the capital exceeded the number of hotel rooms. From 2025 restrictions have been introduced in STR Budapest, at the same time restrictions were not affecting rural areas of Hungary. From 2025, the annual lump-sum tax payable for private accommodations in the capital will rise from HUF 38,400 to HUF 150,000. Terézváros, (the 6th district of the capital, which is quite popular with tourists) went even further. There was a vote of the residents of the district and the residents voted to ban short-term rentals starting from January 2026.	Starting January 1, 2025, a two-year moratorium will be introduced in Budapest on the registration of new short-term (Airbnb-type) accommodations. This means that no new permits can be issued in the capital until December 31, 2026. The regulation aims to address Budapest's housing crisis and applies exclusively to Budapest, not to rural municipalities. Existing, already registered accommodations are not affected by the moratorium, but the issuance of new permits will be suspended.	A complete ban has been voted so far only in Terézváros (6th district in Budapest)	in Hungary, short-term rental properties—including platforms like Airbnb and traditional private accommodations often referred to as "Zimmer Frei"—are subject to tourism tax (IFA – idegenforgalmi adó) in a similar way to hotels. This local tourism tax is typically imposed by the municipality and is charged per guest per night, regardless of the type of accommodation. The exact rate varies by location, and the hosts are responsible for collecting and remitting it to the local authorities. Hosts operating private accommodations may choose a simplified taxation scheme, paying a flat-rate tax per room per year instead of declaring actual rental income. This is meant to simplify compliance but is now becoming more costly in the capital due to the new housing policy. In the flat-rate tax system, itemized deductions are not applicable, since the tax is based on a fixed amount. However, if the taxpayer opts for general taxation (personal income tax on actual income), then certain expenses (e.g., utilities, maintenance, furnishing, service fees) may be deductible, provided they are directly related to the rental activity and properly documented.	At the announcement of the restrictions on the Airbnb in Budapest the topic was quite frequently discussed in the press. I do not know of any major anti-tourist demonstration so far. The topic has not been picked up by bigger political parties so far.

	Regulation	Taxes	Politics and Society		
Lithuania The views and positions expressed in this publication are of the authors alone, and should not be interpreted as necessarily being those of the institutions to which they are affiliated.	As of Q2 2025, Lithuania has no national restrictions on short-term rentals (STRs). There are no limits on rental days or zoning bans, though hosts must register a business certificate or individual activity and meet safety standards. The main change comes from the EU STR Transparency Regulation adopted in late 2024, requiring host registration and property IDs by 2026; Lithuania is preparing its implementation. Local municipalities have not introduced separate licensing systems, and the national stance remains permissive compared with larger EU cities. Source: European Commission (2024 STR Regulation); Lithuanian Tourism Department guidelines 2025.	No, Lithuania has not introduced any nationwide or municipal duration limits on how many days a property may be rented short-term without a license. Hosts can offer short-term stays year-round provided they comply with existing registration and taxation rules (such as holding a business certificate or registered individual activity for accommodation services). The upcoming EU Regulation on Short-Term Rentals (Regulation (EU) 2024/1027) —adopted in December 2024—will require Lithuania to establish a registration system for STR hosts by 2026, but it does not impose rental-day caps. National authorities have not proposed any day limits so far, and public debate around introducing them has been minimal. Source: European Commission, Regulation (EU) 2024/1027 on data collection and sharing relating to short-term accommodation rental services; Lithuanian Tourism Department guidance (2025).	No zoning-based prohibitions or quotas exist in Lithuania as of Q2 2025. Municipalities such as Vilnius, Kaunas, and Klaipėda have not designated any restricted or license-only zones for Airbnb-type rentals. Short-term rentals are permitted in both residential and mixed-use buildings, though building administrators or homeowner associations (bendrijos) can set internal rules limiting STR use in specific properties. These are private contractual arrangements, not city-level restrictions. Municipal authorities have signalled that potential zoning discussions may occur once the EU registration framework is operational, but no legal acts or pilot areas have been introduced yet. Source: Vilnius City Municipality – Tourism Department FAQs (updated March 2025); Lithuanian Real Estate Development Association statements (2025).	STR income is taxed under general rental or self-employment rules. There were no changes to income-tax rates or deductible-expense rules in Q2 2025. However, a €2 per-person nightly tourist tax applies in Vilnius (since 2023) and is automatically collected by Airbnb under a 2024 agreement with the municipality. Other cities may adopt similar mechanisms, but no national tax adjustments occurred. Source: Vilnius City Municipality (Press release 2024-02 Airbnb agreement); State Tax Inspectorate rental-income rules 2025.	Short-term rentals remain a minor public issue in Lithuania. There have been no protests or major political campaigns against Airbnb-type activity. Media debate focuses mainly on overall housing affordability and supply shortages rather than tourism-driven price effects. Authorities continue to monitor the market and prioritise alignment with EU transparency rules. The general policy stance is balanced—recognising both the tourism benefits and potential risks of STR expansion—without any plans for drastic restrictions. Source: LRT News (“Airbnb tax collection in Vilnius,” May 2024); Oxford Economics for Airbnb (2024 Impact Study).

	Regulation	Taxes	Politics and Society		
Malta	Recent years have seen Malta strengthen its licensing framework for short-term rentals. Every property offered as a holiday let must hold a valid Malta Tourism Authority (MTA) licence and display its registration number on all online listings. As of 2023, about 5,700 licences had been issued, yet over 10,000 properties were listed on platforms like Airbnb, underscoring compliance gaps that authorities are aiming to close. Proposals currently before Parliament would add a condominium consent requirement for apartment-based short-lets. Under these draft rules, landlords must secure approval from a majority of their condo co-owners—and renew that consent every three years—to retain or renew their MTA licence. These measures are justified as necessary to protect neighbours from noise and overcrowding, though they remain under consultation.	Malta has not introduced a maximum-days-per-year cap on short-term lettings akin to Amsterdam’s 30-night limit. The requirement is binary: any short-term rental activity must be licensed from day one. No legislation currently distinguishes between lightly and heavily used properties based on days rented.	There are likewise no absolute, zone-based bans on holiday lets (for example, within Valletta’s historic core or designated residential suburbs). Local councils have raised concerns and urged tighter controls in high-tourist areas, but no geographic quotas or outright area prohibitions have yet been enacted.	All commercial accommodations—including short-term rentals—are subject to Malta’s “Environmental Contribution” (tourist tax), introduced in 2016. Each overnight guest pays a per-night levy, identical in treatment to hotel guests, to fund upkeep of tourism-intensive infrastructure. Income from short-let rentals is taxed under the standard TA24 regime. Landlords may opt for a 15 % final withholding tax on gross rental income (no expense deductions allowed) or declare the income within their progressive tax return—claiming mortgage interest, repairs, and depreciation. Where hosting constitutes a trading activity (regular holiday-letting), VAT registration is required once revenues exceed the VAT threshold. There have been no recent changes specifically targeting expense deductions or shifting landlords’ choice of tax regime as a response to the short-let boom.	Short-term rentals are a frequent topic in the Maltese press and among community groups. National outlets and legal observers report ongoing debates over overtourism, eroded neighbourhood character, and strain on local services—often citing examples from Sliema, St. Julian’s, and Valletta. In mid-2025, Momentum (a parliamentary party) launched a petition and local demonstrations in Swieqi, St. Julian’s, Bugibba, and Valletta, demanding spot fines for nuisance visitors, stronger enforcement, and mandatory security deposits from short-term lettings. These grassroots actions reflect rising resident frustration over noise, trash, and safety concerns. To date, no major party (Labour or Nationalist) has formally pledged sweeping bans or strict day-count limits on Malta’s short-lets. Prime Minister Robert Abela has explicitly rejected a Barcelona-style prohibition, affirming that investment-income interests and property rights will be safeguarded as any regulatory framework is finalised.

	Regulation	Taxes	Politics and Society		
Norway	There is no licensing of rental properties in Norway.	No limits have been introduced recently , but short-term rentals have always been regulated by The Housing Cooperatives Act and The Act Relating to Owner-tenant. In housing cooperatives, rentals are limited to 30 days per year, while in condominiums (owner-occupied housing associations), the general limit is 90 days. The respective boards in the housing cooperatives and condominiums are responsible for enforcing the rules. This leads to significant variations in the enforcement of the regulations. For other private homes and cabins, there are no limits.	No	A tourism tax in Norway is under works, and it will apply to tourists living in hotels and short-term rentals like Air-bnb. The tax is not in place, so all the details are not clear. The suggestion is a tax of 3%, and only municipalities that experience particularly high pressure from tourists may introduce the tax. The latest report regarding the tax is that it shall be introduced before the summer of 2026. In 2018 Norway introduced a cap on how much you could earn on short term renting (maximum 30 days) of a part of your own home without paying a tax on the earnings. Before 2018 all earnings on this type of short term rental was tax free, but to address the increase of Air-bnb rentals the cap was introduced. You can now earn up to 15 000 NOK tax free per year, 85% of all earnings over this is taxed.	This has been a focus in the press, especially regarding problems in the north and western parts of Norway where there is a lot of seasonal tourism. In cities like Bergen and Tromsø, there has been focus on students and workers struggling to find places to rent due to the high growth of short term rentals in these cities, and in other more rural areas. We have not seen anti-tourism demonstrations in Norway, but an increased public debate regarding taxation of tourism, especially in small, rural areas that does not have the infrastructure to handle the growth in tourism parts of Norway has experienced.
Poland	Currently, there is no nationwide ban on short-term rentals such as Airbnb in Poland—this type of rental, if it does not violate local law and does not have the characteristics of a hotel business, is carried out on the basis of a standard rental agreement. In mid-September 2025, work began on a government bill regulating short-term rentals, which is to introduce: a mandatory register of such apartments, an identification number requirement, regulations concerning restricted zones (where short-term rentals may be restricted by municipalities), and internal regulations.	Currently, local and municipal restrictions or housing community regulations (quiet hours, building rules, municipal regulations on the number of days) may pose such barriers. Depending on the city, a permit or classification as an accommodation facility may be required.	No	If short-term rentals are organized, regular, and resemble hotel operations, tax authorities may classify them as a business activity or accommodation service, which imposes VAT obligations, accounting requirements, and compliance with standards set for accommodation facilities.	In Poland, there are signs of social resistance against short-term rentals, local protests, and tensions, especially in tourist cities, but so far there have been no nationwide demonstrations.

	Regulation	Taxes	Politics and Society		
Portugal	Yes. Portugal has implemented key legislative changes addressing over-tourism and the impact of local accommodation (AL) on housing. In 2023, the "Mais Moradias" program introduced restrictions like suspending new AL registrations, limiting license validity to five years, restricting ownership changes, and imposing condominium rules and a special contribution. These measures were repealed with the enactment of Decree-Law No. 76/2024 in November 2024. The law returned regulatory powers to municipalities, allowing local regulation of AL, especially in cities with over 1,000 registrations like Lisbon and Porto. It also created containment zones, where new AL is restricted, and sustainable zones, allowing AL under strict rules, reassessed every three years. Condominium powers to block licenses were reduced, requiring proof of disturbance and a majority vote. Lastly, license stability was enhanced by removing the five-year validity limit and preventing automatic expiration of inactive registrations, ensuring greater legal certainty for owners.	In Portugal, there are no specific legal limits restricting the number of days a property can be rented without obtaining a Local Accommodation (AL) license. The Civil Code allows short-term rental contracts to be concluded for periods of less than one year, without establishing minimum or maximum limits on their duration. These contracts can be made for professional, educational, or tourism purposes, as long as they are specified in the contract. However, it is important to distinguish between short-term rentals and Local Accommodation (AL). AL refers to the rental of properties for tourism purposes, through platforms such as Airbnb, and is subject to specific regulations. Legislation in Portugal establishes that, in order to operate as an AL, it is necessary to register the property with the Tax Authority and meet specific requirements, such as obtaining a license and complying with safety and hygiene standards. Therefore, while short-term rentals for non-tourism purposes are not subject to specific duration limits, Local Accommodation requires compliance with specific regulations, including registering the property and obtaining a license.	In Portugal, there are no absolute limits on the number of days a property can be rented as a short-term rental (without a license) in specific areas, including historic centers or residential areas. There are legal and municipal instruments to regulate or restrict Local Accommodation (AL), but these do not impose a daily ceiling or maximum for simple rentals without a license.	In Portugal, properties rented under Local Accommodation (AL) are subject to municipal tourism tax (known as "city tax") in certain cities. These amounts are similar to those applicable to hotels. In other words, AL properties are taxed equivalently, under the same type of tourist tax applied to hotels. AL income can be taxed under the simplified regime, organized accounting, or even category F, but there is no limit on the number of days (the relevant factor is the type of tax regime). The Extraordinary Contribution on Local Accommodation (CEAL), which was an additional 15% tax applied on a basis that considered multiple factors (such as area, rental trends, among others) and was not considered tax deductible, was eliminated in 2023. To encourage long-term rentals, specific reduced rates were created, especially for contracts lasting more than five years, with progressive exemptions depending on the duration. For example, for properties previously registered as AL until December 31, 2022, the transition to permanent lease (with a contract until December 31, 2024) guarantees exemption from Personal Income Tax (IRS) and Corporate Income Tax (IRC) on property income until 2029.	Yes, the topic of local accommodation (AL) and its effects on formerly residential cities has been the subject of heated debate in Portugal, both in the press and in the public sphere, with demonstrations both in favor of the sector and against its impact on housing. Strong political differences on the issue are evident, with centrist parties (PS, PSD) and right-wing parties (CDS/PP and Iniciativa Liberal) tending toward more flexible local accommodation (AL), and left-wing parties (BE, CDU, PAN, Livre) advocating for restrictions or stronger regulation. This debate will likely be a central focus of discussions on housing in the upcoming elections and in the near future.

	Regulation	Taxes	Politics and Society	
Romania	In the case of Romania, short-term rentals and platforms have not been a significant issue impacting house prices or the housing market, unlike some other European countries where excessive tourism and short-term rentals have driven up property prices and reduced affordability for locals. This is due to a combination of factors such as lower tourism pressure in residential areas, a more balanced housing supply, and a housing market that is still developing in comparison to more mature European markets.	In order to legally rent out a property for tourism purposes, regardless of the total number of days rented per year, one must obtain a tourism classification certificate issued by the Ministry of Entrepreneurship and Tourism. This process involves submitting documentation such as proof of the property's legality, agreements with the owners' association, and consent from neighboring property owners.	No, there are no such limits.	In Romania, there is no specific national legislation that imposes a tourism tax. However, municipalities and local councils have the authority to introduce such taxes at the local level (city taxes, tourism taxes, etc). If established, these taxes apply to all types of rental units, including hotels, guesthouses, and apartments rented out short-term via online platforms. Recently proposed legislative changes, assumed by the government in the second fiscal package, due to be implemented starting January 2026, have introduced requirements for hosts engaging in short-term rentals. Individuals renting out properties for periods of at least 30 days are now required to use electronic fiscal cash registers and issue fiscal receipts. This is part of a broader effort to ensure tax compliance and reduce tax evasion in the short-term rental market. Moreover, short-term rental income in Romania will be taxed by applying a 10 percent tax rate on the net annual income, which is calculated by deducting a standard 30 percent allowance from the gross rental income, simplifying the tax calculation and reporting process. Starting from May 20, 2026, Romania will implement the European Union's new regulation requiring short-term rental platforms to report detailed data on each rental listing to Romanian authorities. This includes information such as the number of nights booked, guest details, the property address, registration numbers, and other relevant data. This measure aims to increase transparency, improve tax compliance, and support the enforcement of local tourism regulations in Romania. To the best of our knowledge, there have not been any anti-tourist demonstrations.

	Regulation	Taxes	Politics and Society	
Sweden	No	There has been no specific change due to short-term rental via for example Airbnb. The general rules for short-term rental in Sweden can be summarised as follows: Rental apartment: To rent out your entire apartment, you must have written approval from your landlord. Without this, you risk losing your rental contract. Tenant-owned apartment: Your Tenant-owners' association must approve the rental. One-family homes: No regulation and the owner is free to rent out. In general landlords and Tenant-owners' associations are reluctant to allow short-term rental via for example Airbnb. And there are several cases where unapproved short-term rental have resulted in lost of rental contracts. Also for tenant-owned apartments owners who rent out unapproved, there is a possibility that the right to the apartment may be forfeited, after notice to correct and failure to comply.	No	There is no tourism tax in Sweden. If you rent out your home for more than SEK 40,000 (approximately EUR 3,600) per calendar year, you must pay capital income tax on the surplus. If the rental has a commercial nature, similar to hotel operations, you may also be liable to pay VAT. During summer there is sometimes discussions about tourism tax in few towns or regions where many tourists come. There has been no anti-tourist demonstrations in Sweden. On the contrary Sweden welcome more tourists and try to attract more visitors.

	Regulation	Taxes	Politics and Society		
Slovenia	The government is preparing the new Hospitality Act that limits short-term rental of residential real estate. The law would set a general time limit for short-term rental of real estate to 60 days per calendar year, which only applies to municipalities in which there is a high risk of negative impacts of short-term rental due to large shortages of housing and a large volume of short-term rentals. Municipalities would have the option to adjust this timeframe. The government will set the criteria for determining municipalities with a general time limit on rentals and the list will be valid for two years. These municipalities will be able to change the limit to between 30 and 270 days in a calendar year. The municipalities that will not be included in the list of municipalities with a housing crisis, will be able to determine a limit of at least 60 days of rentals in a calendar year. The law also regulates in more detail the method of obtaining consent from apartment owners in two-apartment and multi-apartment buildings. To conduct short-term rentals in a multi-unit building, the law sets the required consent of more than 75% of co-owners and requires the approval of all owners of adjacent apartments. The consent of the apartment owners will be valid for three years. To support the new short-term rental regulations, the accommodation establishments register will be adjusted and would include more detailed data, linked to the real estate cadastre¹.	See explanation of the new law in previous question.	See explanation of the new law in previous question.	Yes, the tourist and promotional tax is paid by citizens of the Republic of Slovenia and foreigners who stay overnight in an accommodation establishment. The tax is set by the municipality in the amount of up to EUR 2.5 per person per day, while the promotional tax is calculated in addition to the tourist tax and amounts to 25% of the amount of the calculated tourist tax. If you are advertising your flat on web-based platforms (such as Airbnb and Booking) and in other media and are renting it out to tourists, the income derived from it is subject to self-employment income tax. Renting to tourists is treated as the pursuit of a business activity. Tax returns for the prepayment of income tax and self-employment income tax must be submitted. So if you let rooms through agents or web advertising agencies (Airbnb, Booking.com, etc.) established outside Slovenia you are obliged to pay VAT on the received services in Slovenia at the general rate of 22%.	As the government is currently preparing the new Hospitality Act that limits short-term rental of residential real estate, there has been more discussion on this topic in the press and in public. In Slovenia, there haven't been any anti-tourist demonstrations. For now, neither Bled in Bohinj, two very popular touristic destinations, are considering introducing drastic measures to control mass tourism.

1. Source: <https://www.gov.si/novice/2025-07-18-zakon-o-gostinstvu-tudi-z-ureditvijo-oddajanja-stanovanj-v-kratkotrajni-najem/>

	Regulation	Taxes	Politics and Society		
United Kingdom	From 1 April 2025, councils in England have been able to charge a council tax premium of up to 100% on second homes defined as a property that is “occupied periodically”, for which “there is no resident of the dwelling, and the dwelling is substantially furnished”. Raising council tax in this way is aimed to disincentive the ownership of a second home, some of which are used for short-term rentals. There are plans to introduce a mandatory national register for all short-term lets, creating a new planning class for short-term rentals not used as primary residences, and to implement increased safety checks for all short-term rentals. In Scotland, from October 2023 anyone operating a short-term let in Scotland must be licensed.	In some areas such as London there is a 90-day limit per calendar year for entire homes unless the owner has special planning permission. This has been in place until 2015. Rules will vary in other regions.	Yes, some local authorities are opting to introduce such taxes, for example, Edinburgh plans to introduce a 5% surcharge on all overnight stays including short-term lets.	Several changes have been introduced through the abolishment of the Furnished Holiday Lets (FHL) tax regime. Properties qualifying as FHL will no longer have special holiday let tax treatment and the removal of beneficial tax treatments such as landlord receiving relief through a basic rate tax credit rather than the full deduction.	This topic has increasingly been reported in the press with a focus on particular communities where housing has become affordable for local people due to the increase in short-term rentals.

MORTGAGE MARKET

Market Developments

The second quarter of 2025 confirms the positive trend of the mortgage market in Belgium. The number of new mortgage loans increased in the second quarter of 2025, by around 18% as compared to the second quarter of 2024. The corresponding amount also increased by around 18%.

Re-mortgaging transactions excluded, the evolution of production as compared to that in the corresponding quarter of the year before was also positive, with an increase of 15,7% in number of contracts and 30,4% in amount.

Regarding credit demand, the second quarter of 2025 continued on the positive trend of the previous quarters, with an increase of around 8,8% in the number of the credit applications.

Concerning the purpose of the granted credits, all categories recorded an increase in the number of credits issued relative to the second quarter of 2024 (y-o-y): +16,6% for loans for construction purposes, + 44,2% for loans for the purchase and renovation of houses. We also noticed a light increase, by 2,2% for renovation loans and also loans for the purchase of houses with an increase of 16,5%. Loans for other immovable purposes (garage, swimming pool, ...) also noticed an increase of around +41,5%. The number of refinancing loans went up by around 74,6% as compared to the second quarter of the year before.

When it comes to production without the refinancing operations, about 54.600 mortgage credit contracts were granted for a total amount of more than EUR 10 billion in Belgium.

Regulation and Government Intervention

Since January 2025, registration fees in the Wallonia Region have been reduced to 3% (from 12,5%) for unique, owner-occupied homes. This major reduction has boosted the market in the region, but has also driven up prices.

HOUSING MARKET

House Prices

Based on the figures of the notary barometer, the average price of a house in Belgium went up to reach EUR 346.648 for the first semester of 2025. This means an increase by 5,1 % compared to the price of the last period of 2024.

In 2025, average prices of apartments in Belgium went up to reach EUR 271.994. This means a stable trend with +0,2% compared to 2024.

However, regional differences (Flanders, Brussels and Wallonia) can also appear what price evolution of apartments is concerned. For the first semester of 2025, apartment prices increased in two of the three regions compared to the year 2024. In Flanders, the average price of an apartment (EUR 281.541) decreased by -0,4 % compared to 2024. In Wallonia, the average price of an apartment (EUR 206.297) increased + 3,9% compared to 2024. In the Brussels Region, the average price of an apartment (EUR 295.068) increased by + 1,5 % compared to 2024.

In the first half of 2025, housing prices rose across all three Belgian regions, though at different rates. Wallonia saw the largest increase (+17.8%) due to reduced registration fees, reaching an average of EUR 270,627. Flanders recorded a 2% rise to EUR 375,053, while Brussels experienced a modest 1.2% increase to EUR 576,763. For apartments, trends were more mixed. Flanders saw a slight decline of 0.4% (average EUR 281,541), while Wallonia and Brussels recorded increases of 3.9% (EUR 206,297) and 1.5% (EUR 295,068) respectively.

MORTGAGE INTEREST RATES

During the second quarter of 2025, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years was stable and reach about 92,7 % of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to only 2 % of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 5,2 % of the newly granted loans.

Since 2015, the outstanding number of overdue contracts shows a positive evolution downwards and stabilisation in the past year. The ratio overdue contracts/total number of contracts remained at about 0,59%.



Country fact Sheet

by: Daniel Kryszkiewicz, FeBelFin.

BELGIUM

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	312.122	313.177	315.229	317.145	319.117	321.408	323.996	327.349	330.951
Gross Residential Mortgage Lending (million EUR)	7.574	7.436	8.382	6.544	7.450	7.757	8.365	9.083	3.602
House Price Indices (2015 = 100)	143,4	146,4	181,0	177,0	177,0	183,0	171,0	198,0	n/a
Mortgage Interest Rates (% , weighted average)	3,28	3,47	3,60	3,23	3,15	3,09	2,89	2,88	3,08
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,66	5,35	5,66	5,23	5,24	4,92	4,61	4,38	4,19
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,57	4,84	5,02	4,70	4,53	4,31	4,00	3,86	3,88
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,57	3,90	3,91	3,40	3,23	3,30	3,08	2,99	3,06
Long-term initial fixed period rate, 10-year or more maturity (%)	3,28	3,47	3,60	3,23	3,15	3,09	2,89	2,88	3,08
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	0,3	0,2	0,3	0,4	0,66	1,14	1,35	2,01	2,04
Short-term fixed (1Y-5Y initial rate fixation)	0,5	0,4	0,5	0,6	0,51	0,60	0,60	0,72	1,38
Medium-Term fixed (5Y-10Y initial rate fixation)	3,2	7,1	1,9	2,9	3,20	3,42	3,37	2,99	3,84
Long-Term fixed (over 10Y initial rate fixation)	96,0	92,3	97,3	96,2	95,63	94,84	94,68	94,28	92,74



MORTGAGE MARKETS

Market developments:

In Q2 2025 the Bulgarian mortgage market has continued its dynamic growth with a ca. 8% increase to the total outstanding amount of mortgage loans compared to Q1 and a 28% increase y-o-y. As of 30 June 2025, the total amount of outstanding mortgage loans in Bulgaria is BGN 31.4 bn (ca. EUR 16 bn). Favourable loan market conditions and rising property prices contribute to this process.

Bulgaria will adopt the Euro as its national currency on 1 January, 2026. This will impact the mortgage market, where the overwhelming majority of mortgage loans, including new mortgage loans, are originated in BGN (historically at ca. 97%) and have a floating rate based on the average deposit rate in the Bulgarian banking system (historically at ca. 99%). In accordance with Bulgaria's Act on the Implementation of the Euro (the Euro Adoption Act), the introduction of EUR as national currency may not result in an increase of interest rates on BGN denominated loans and a decrease of interest rates on BGN denominated deposits as at the date of Euro adoption, i.e. 1 January, 2026. However, after that date a convergence of interest rates may be expected.

In the past years interest rates on EUR denominated loans has been ca. 40-50 bps higher than the interest on BGN denominated loans.

REGULATION & GOVERNMENT INTERVENTION

As of October 2024, the Bulgarian National Bank introduced certain restrictions on mortgage lending activity, which consist of a maturity (30 years) and LTV (max. 85%) ceiling on new and renegotiated loans, as well as a Debt Service to Income Ratio at Origination (DSTI-O) of 50%. In March 2025,

the Bulgarian National Bank established a moderation of the growth of residential mortgage lending in the first months of 2025. In Q2 it seems that the market has again returned to more dynamic growth.

HOUSING MARKETS

Housing Supply:

In Q2 2025, both construction starts and housing completions increased compared to Q1 (by 14% and 19% respectively), which is likely due to seasonal factors. The number of new construction permits remained largely unchanged (3273 issued in Q2 2025).

House Prices:

The House Price Index (HPI) indicates a 3.8% increase in Q2 2025 compared to Q1 2024 and 15.5% compared to Q2 2024. House prices in Bulgaria are traditionally higher and with more dynamic growth in the country's largest cities, in particular Sofia, Plovdiv and Varna.

MORTGAGE INTEREST RATES

Floating rate loans remain the dominant type of mortgage loan products with a share of ca. 99%. In Q2 2025 the volume of new EUR denominated loans has increased 57% compared to Q1 and 12% compared to Q2 2024 (to a still modest amount of BGN 102.4 mn (EUR 52.4 mn)). This trend is continuing in Q3 2025 and may be connected to Bulgaria's adoption of EUR as of 1 January, 2026.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	10.176	10.630	11.263	11.808	12.495	13.212	14.100	14.834	16.045
Gross Residential Mortgage Lending (million EUR)	985	980	1.174	1.177	1.371	1.381	1.459	1.377	1.754
House Price Indices (2015 = 100)	185,5	190,5	192,8	206,4	213,5	221,9	228,0	237,6	246,7
Mortgage Interest Rates (% , weighted average)	3,56	3,51	2,87	3,06	3,02	3,09	2,80	2,89	2,85
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,56	3,51	2,86	3,05	3,02	3,06	2,78	2,89	2,85
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	2,53	n/a	3,46	3,25	n/a	3,71	3,87	2,87	3,56
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,56	3,56	3,56	n/a	n/a	4,07	n/a	n/a	n/a
Long-term initial fixed period rate, 10-year or more maturity (%)	4,07	4,07	4,07	n/a	n/a	n/a	n/a	n/a	n/a

MORTGAGE MARKETS

Market developments:

The size mortgage market appears to have stabilized over the past few quarters, at around €8.7-8.6 billion, following a long-term trend of deleveraging after the 2013 crisis in Cyprus, which led to a decline of around 30% in outstanding mortgages in the 2015-2023 period. New housing volumes have been increasing over the past few quarters, but have, to a large extent, been offset by higher repayments, with only small overall increases registered, particularly in the residents segment. The combination of lower policy rates as well as increased loan demand suggests that the market is likely to increase in the near future. This is in line with both the end of the deleveraging phase of the Cyprus economy as well as the increase in loan demand. Loan refinancing has remained higher than its long-term average, as a result of the higher prevailing interest rates, with the impact expected to fade out in the coming quarters.

HOUSING MARKETS

Housing Supply:

The number of building permits for dwellings, which proxies expected housing starts, has increased by 12% in the January-April 2025 period, compared with the same period in the

previous year. Given that a delay exists between the permit issuance and the building phase, the data suggest that there is still a significant pipeline of housing projects which are expected to materialize of the coming 1-2 years. The major factor affecting housing supply is the increase in population, especially due to net migration, making the need for additional housing more prevalent.

House Prices:

House prices continued to increase over the past year and quarter, reflecting the significant GDP growth rates in Cyprus, one of the highest in Europe in 2024 and 2025, as well as the previously-mentioned population increase mostly due to net migration. At the same time, this also reflects the continuous inflow of foreign funds in the economy, and in particular for real estate developments, even though to a smaller extent than in the previous years, as housing yields have declined.

MORTGAGE INTEREST RATES

Data suggest that over the high interest rate period of 2022-2023 many borrowers sought to replace their variable interest rate loans with fixed rate interest rate loans. This trend has eased as interest rates have declined, with Euribor-based and bank base rate-based loans remaining high in popularity.



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	8.699	8.641	8.724	8.652	8.669	8.672	8.795	8.674	8.774
Gross Residential Mortgage Lending (million EUR)	368	472	588	386	373	352	366	473	554
House Price Indices (2015 = 100)	89,4	91,4	93,5	95,0	96,6	97,4	97,8	99,6	n/a
Mortgage Interest Rates (% , weighted average)	3,90	4,18	4,93	5,02	4,58	4,59	4,62	4,38	3,85
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	2,74	2,73	3,19	3,20	3,44	3,37	3,14	3,12	3,42
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,89	4,07	3,99	3,95	4,02	4,07	4,08	4,20	4,07
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,78	4,12	4,34	4,53	4,64	4,65	4,46	4,16	3,83

MORTGAGE MARKETS

Market developments:

The growing trend from previous periods continued in the 2nd quarter. Sales of mortgage loans grew by 54% y-o-y and remortgaging even accelerated (+68% y-o-y). It was visible on quarterly basis too. Sales of mortgages increased by 29% q-o-q and remortgaging by 40% q-o-q.

In addition to the improving economic situation and growing consumer confidence, developments in the housing market (particularly concerns over rising real estate prices and the continued decline in mortgage rates) were significant drivers of stronger demand for mortgage financing. The data shows a slightly higher share of external refinancing on overall remortgaging (around 14% in Q2 and 16% in June-July) which envisages a stronger competition.

The first few months of the 2nd half of 2025 confirmed the accelerated growth but no significant changes of commercial or macro-economic factors with potential impact on market performance are expected.

REGULATION & GOVERNMENT INTERVENTION

No macro-prudential interventions have been launched by the Czech Central Bank. The central bank kept the LTV ratio at 80% (90% for borrowers under 36 years) and deactivated the DTI and DSTI ratios during both the June and September financial stability meetings. This was mainly done because of the excessive increase in real estate prices. This has become an issue for monetary policy, due to higher pressure on CPI, but has not posed a risk to financial stability, according to the June release of the CNB's Financial Stability Report.

HOUSING MARKETS

Housing Supply:

Construction dynamics did not significantly change Q2 2025. The number of flat construction starts in Prague remained at the highest levels since 2006, though the earlier outperformance slightly eased in Q2. This should later support hou-

sing completions numbers, which underperformed both last year's figures and the ten-year average. In contrast, construction starts in the country as a whole remained slightly weaker the first part of 2025 than in the previous years, which also applies to housing completions.

House Prices:

Prices of housing continued to accelerate in Czechia. In Q2 2025, real prices of older flats in Czechia grew by 16,3% y-o-y (3,7% q-o-q) in average, when in Prague it was 13,6% (2,2% q-o-q) and 17% (4,2% q-o-q) in regions. Prices of new flats in Prague increased by 6,7% q-o-q and 15,6% y-o-y. This dynamic still worsens price indicators of housing affordability (the sequential growth of real estate prices surpassed the nominal wage growth in past six quarters) and implies a continued significant growth in imputed rents within consumer prices. House price index increased by 10,5% y-o-y in Q2 that is a milder increase compared to around 16% y-o-y increase in prices of flats. On sequential basis, the HPI slightly accelerated to 3,1% q-o-q from 2,4% a quarter earlier, surpassing the disposable income for five quarters in row.

MORTGAGE INTEREST RATES

The Czech National bank reduced its policy rate by 25 bps to 3,50% in May and it remained unchanged until the end of Q3. This rather slight reduction did not directly affect mortgage interest rates, whose gradual decline began last year and continues steadily also with 2025.

Average mortgage interest rate declined by 13 bps. from 4,81% to 4,68%. The lower interest rates were provided in fixation range from 1 up to 5 years, which represents 83% of production, when fixations just from 1 up to 3 years represent 65% of all new sales.

The share of short-term fixations (up to 1 year) decreased in June and further in July to 8% (from 12% seen in Q2 2024 to Q2 2025). This reflects an increase in IRS rates during the later part of Q2 and further over the summer months, which is likely to further limit a larger decline in mortgage rates.

Country fact Sheet

by: Jaromir Sindel and Martin Kotek, Czech Banking Association.

CZECHIA



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	68.244	66.974	66.410	65.322	66.807	67.218	68.359	69.855	71.736
Gross Residential Mortgage Lending (million EUR)	1.357	1.396	1.643	1.605	2.494	5.722	5.180	5.599	7.161
House Price Indices (2015 = 100)	211,2	211,7	212,2	214,2	219,9	224,1	230,2	235,6	242,9
Mortgage Interest Rates (% , weighted average)	5,97	5,86	5,75	5,51	5,19	5,12	4,96	4,81	4,68
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	6,95	6,68	6,76	5,94	5,45	5,39	5,2	4,95	4,86
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	5,91	5,88	5,76	5,44	5,13	5,07	4,91	4,78	4,65
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	5,95	5,76	5,72	5,56	5,39	5,23	5,04	4,86	4,76
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	2,9	3,1	4,1	9,0	12,4	11,1	11,9	13,4	11,4
Short-term fixed (1Y-5Y initial rate fixation)	75,8	78,5	79,1	77,3	79,0	82,0	79,0	79,3	83,4
Medium-Term fixed (5Y-10Y initial rate fixation)	21,3	18,4	16,8	13,7	8,6	6,9	9,1	7,4	5,2

MORTGAGE MARKETS**Market developments:**

The total outstanding residential loans is 1,976 billion in the second quarter of 2025. This is an increase of 0.76 % compared to the first quarter of 2025. The total outstanding residential loans has increased by 4.5 % since the first second of 2024. Adjustable mortgage rates has declined in the past months, which might increase the demand for mortgage lending. At the same time, unemployment is low and households purchasing power has been restored, which suggest that the mortgage lending will continue a stable growth.

HOUSING MARKETS**Housing Supply:**

The housing market activity increased throughout the second quarter of 2025 with a total of 12,665 houses being sold. That is 8.8 % more transactions than in the second quarter of 2024. In the same period 4,304 owner-occupied apartments were sold, an increase of 20.4 % compared to the same quarter in 2024.

A total of 32,922 and 6,206 houses and apartments, respectively, were on the market at the end of the first quarter. The supply of houses has decreased by 3 % compared to the same quarter in 2024. The supply of apartments has decreased by 10.1 percent.

In 2024, a new property tax system was implemented. Prior to its introduction, the housing market experienced a notable increase in activity, followed by a slight decline immediately after the system came into effect. However, throughout 2024 and into the months of 2025, market activity has rebounded, likely driven by favourable macroeconomic conditions such as high employment levels, rising real wages, and declining interest rates.

House Prices:

In the past year, house prices have increased by 6,5 percent. Meanwhile, prices on owner-occupied apartments have grown by 7.7 percent. Compared to the previous quarter, prices have grown for houses by 2.1 % and prices for apartments increased by 2.9 percent. House prices in the Capital Region have risen significantly, exhibiting a year-on-year increase of 7.1 % in the second quarter of 2025 compared to the same period in 2024. Likewise, owner occupied apartments within the capital region has experienced an increase 11 % compared to the second quarter of 2024

MORTGAGE INTEREST RATES

The average interest rate on loans with fixation period up to one year decreased by 8 basis points in the second quarter of 2025. For the loans with one to five years of interest rate fixation the average interest rate increased by 9 basis points.

The loans with between five and ten years of interest rate fixation, the average interest rate decreased by 13 basis points. The average interest rate on loans with more than ten years of fixation increased by 4 basis point in the second quarter of 2025.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	247.133	246.849	253.936	252.911	254.073	260.036	262.046	262.900	264.786
Gross Residential Mortgage Lending (million EUR)	8.043	7.764	10.278	7.214	7.400	8.377	11.411	11.030	10.865
House Price Indices (2015 = 100)	133,4	135,0	134,0	135,5	140,4	141,1	143,4	144,5	158,2
Mortgage Interest Rates (% , weighted average)	4,34	4,91	4,98	4,88	4,81	4,69	4,53	3,53	3,45
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,34	4,91	4,98	4,88	4,81	4,69	4,53	3,53	3,45
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,46	4,65	4,47	3,98	4,12	3,70	3,32	3,41	3,28
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,29	4,41	4,48	3,99	4,08	3,97	3,47	3,57	3,65
Long-term initial fixed period rate, 10-year or more maturity (%)	5,75	5,83	5,86	5,12	5,01	5,04	4,76	4,74	4,78
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	28,8	25,4	24,3	29,2	27,6	20,4	14,0	30,1	39,0
Short-term fixed (1Y-5Y initial rate fixation)	13,7	14,1	23,1	26,8	29,6	29,0	45,4	34,6	28,7
Medium-Term fixed (5Y-10Y initial rate fixation)	0,2	0,2	0,4	0,6	0,6	0,3	0,1	0,9	0,1
Long-Term fixed (over 10Y initial rate fixation)	57,3	60,3	52,2	43,4	42,3	50,4	40,5	34,4	32,2

MORTGAGE MARKETS**Market developments:**

Household and investor demand for new mortgages was a higher level than a year before. Demand is still lower than historical average. Drawdowns of new housing loans by Finnish households in April-June 2025 amounted to EUR 3.9 billion, which was EUR 600 million more than in the same period a year earlier.

REGULATION & GOVERNMENT INTERVENTION

To boost demand for housing loans the government has set / is going to set new rules (the implementation day still unknown):

- Increase the maximum duration of housing loans from 30 years to 35 years to support saving and investments.
- Implement measures to support housing sales and construction during economic downturns.
- The binding maximum loan-to-value (LTV) ratio for housing loans. The Financial Supervisory Authority can set the housing loan ceiling at a maximum of 95% for all home buyers, instead of the current 90%.

HOUSING MARKETS**Housing Supply:**

New housing starts are expected to start grow this year and continue to grow in 2026. However, the recovery in new housing construction is slow, as the recovery is being held back by an oversupply of housing in the market and weak consumer confidence. Last year, housing construction consisted mainly of subsidized construction, which is starting to decline. Population growth and migration are increasing the demand for housing, and construction is set to fall significantly below long-term construction needs in the coming years.

House Prices:

Housing sales is predicted to grow in 2025, but the forecast suggests that price increases will be delayed.



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	107 887	107 514	107 490	106 651	106 520	106 327	106 234	105 544	105.689
Gross Residential Mortgage Lending (million EUR)	7 027	6 316	6 351	5 091	5 336	5 231	6 249	5 597	5.933
House Price Indices (2015 = 100)	104,1	102,0	101,2	99,0	100,1	99,6	99,0	97,7	98,4
Mortgage Interest Rates (% , weighted average)	4,39	4,65	4,42	4,38	4,31	3,71	3,17	3,06	2,73

MORTGAGE MARKETS

Market developments:

At the end of June 2025, the total outstanding amount of home loans increased for the first time since Q4 2023 (by 0.1%), standing at €1,283 bn. The end of the reduction of the home loan stock is due to the recovery of new home loans since Q3-2024. New housing loans (excluding negotiations and loan transfers) amounted at €37.0 bn in Q2-2025, growing by 42% over a year and by 13% over a quarter.

According to Banque de France-ACPR, the demand from first-time buyers remained strong during the quarter. The amount of new home loans dedicated for the purchase of a primary residence constituted 54% of the total new home loans whereas modest first-time buyers (with an annual income of less than or equal to €30,000) stood for 17% of this total (stable over the last quarter at a weak level).

The average initial maturity for new home loans has increased slightly to 22.5 years in Q2-2025. The average maturity at origination was stable for the purchase of a primary residence (23.7 years for first-time buyers and 22.6 years for repeat homebuyers). New home loans with an initial maturity of more than 20 years accounted for 81% of the total quarterly production, their historical highest share in the total.

Volumes of renegotiated loans remained weak against a backdrop of falling interest rates recorded since the beginning of 2024. Renegotiated loans slightly modestly dropped to €6.0 bn in Q2-2025 (-6% QoQ, but +15% YoY) and the largest part was linked to the change in the borrower insurance attached to the home loan.

The French political context could negatively affect, at least, the level of interest rate for new home loans in Q4-2025 (from October) and could slow down the recovery in housing transactions and prices in the second part of 2025.

The strong-willed support by banks in favor of first-time buyers should continue and maintain the average interest rate of new home loans under the average level of OAT-10 years (a not sustainable situation over a long period).

REGULATION & GOVERNMENT INTERVENTION

Since April 2025, the finance bill for 2025 has made the purchase of a new single-family detached house by a first-time buyer again eligible a free-interest rate loan.

From 1 January 2026, the change in the conversion factor from final energy to primary energy in favour of electricity should (according to estimates) lead to improve the EPC labels of around 850,000 homes, which are currently attached to an EPC "F" or "G" and considered as the most energy-consuming housing.

The subsidy for the energy renovation of housing, known as MaPrimeRénov (MPR), has seen requests from individuals to benefit from it increase very significantly in 2025. Faced with the foreseeable budgetary cost for the year 2025, the observation of significant aid fraud and an inflation in the cost of the works, the government has decided to suspend the granting of subsidies for large-scale renovations in individual dwell-

ings (no suspension of aid to condominiums) until 30 September and to adjust the rules for the rest of 2025.

Observing a clear alleviation of the risks associated with the concentration of debt of heavily indebted large non-financial companies with certain banking institutions, the High Council for Financial Stability (HCSF) has decided to lift the sectoral systemic risk buffer (sSyRB). Established on August 1, 2023, it targeted the exposures of systemic banks to heavily indebted large companies. This measure consisted of a surcharge of 3% on Common Equity Tier 1 (CET1) capital as soon as the total exposure to a heavily indebted non-financial company exceeded 5% of CET1 capital. The measure was initially planned until July 31, 2025.

HOUSING MARKETS

Housing Supply:

The building sector recorded some improvements during the quarter, but volumes have been revised downward for the last quarts due to a new method of estimation considered more accurate and implemented since September 2025. Compared to Q1-2025, new housing permits rebounded by 18% at 102,910 units, their highest level since Q3-2022, mostly linked to buildings with several units (+20%). The number of housing starts increase more moderately by 3% QoQ, at 68,910 units (still at very low levels).

Construction of new single-family detached houses registered a rebound this quarter: 21,600 new housing permits (+9% QoQ) and 16,830 housing starts (+12% QoQ). The sector of new single-family detached houses, representing around 6% of the total housing transactions of Q2-2025, an extremely low level in terms of volumes and market share. But since April 2025, the enlargement of the free interest rate loan ("PTZ") to new single-family detached houses is supporting a recovery for this segment.

Sales of new homes built by real estate developers represented around 6% of the total transactions in France in Q2-2025 (its lowest share since 2001), breaking down into 94% of flats and 6% of houses. The quarterly sales slightly decreased by 2% QoQ, with 15,726 new homes sold in Q2-2025 (SA data). The decline was more significant over a year, with -9% of sales. With the end of the Pinel Scheme at the end of 2024, most new housing sales in Q2-2025 (like in Q1-2025) concerned a primary home to live in (~80% versus ~65% in 2023-2024) and those volumes did not manage to offset the sharp decline in sales for a rental investment.

The segment of existing dwellings totaled 240,200 transactions in Q2-2025 and represented almost 88% of the total quarterly housing sales in France (at its highest historical share). Business activity slightly decreased over the quarter (-0.6%) but was still positive over a year (+11% vs. Q2 2024). The dynamic was more in favor in Provincial France than Ile de France region. Quarterly transactions in Provincial regions were stable (+0.1%) compared to Q1-2025, at around 210,400 units. The Paris region totaled 28,700 transactions in Q2-2025 (-5% QoQ).

House Prices:

Prices of existing homes in France recorded in Q2-2025 a surprising drop of 0.6% over the last quarter (SA data), both on flats and single-family houses. Over a year, the annual growth rate of housing prices in France was stable at +0.3% (at the same annual level as in Q1-2025). This positive evolution in housing prices (for the first time in the first part of 2025 since 2023) illustrated the recovery in housing transactions started at the end of last year.

The evolution of real estate prices for new homes in France was still more dynamic in Q2-2025 than that of existing homes. At €4,953 per square meter (SA-WDA data), the average price per square meter of new flats (94% of the total homes sold by real estate developers) increased by 1.7% over the quarter and by 1.3% year-on-year. Over the last quarter, all sizes of homes have recorded a rise, especially 4-room flats with +3.3%. The average price of a house built by real estate developers (6% of the total sales by property developers) reached €348,296 in Q2-2025, decreasing by 3.3% over the quarter, but increasing by 3.0% compared to Q2-2024. The decrease in housing prices of existing dwellings recorded in Q2-2025 was visible on almost every areas followed by Notaires de France.

MORTGAGE INTEREST RATES

France is attached to its traditional origination model of new home loans with fixed rates. So there is no evolution compared to previous quarter, with around 99% of new homes loans with fixed rates. The attraction for floating-rate loans is also reduced by the current environment of potential higher interest rates for the coming quarters.

The quarterly interest rate of new home loans (excluding renegotiations and loan transfers) reported by Banque de France has decreased each month since the peak of January 2024, from 4.17% to 3.10% in June 2025 (for the Narrowly Defined Effective Rate, corresponding to the interest component of the Annual Percentage Rate of Charge). The fall of more than 100 bps for the average interest rate over the period helped to boost the production of new home loans until Q2-2025.

But the quarterly average NDER for new home loans remained high over the last 10 years, at 3.11% in Q2-2025, and was in the way of stabilization over the last months. This partially explains why the amount and number of new home loans stayed weak in comparison with the period before the first semester of 2023 and why the number of purchases primary homes with a loan by repeat buyers has plummeted compared to before 2022.

Despite the persistence of pressures on the level of OAT-10 years in Q2-2025, the decreasing trend in home loan interest rates observed during the quarter kept going (but at a slower pace). In addition, the continuous drop of interest rates for new home loans was partially linked to the structure of the production, which was still particularly supported by the important share of loans for the purchase of a main residence by first-time buyers (almost 50% of the total new home loans in Q2-2025) in a context of a traditional intense competition between lenders in France.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.291.641	1.294.093	1.292.144	1.286.634	1.283.558	1.282.756	1.283.174	1.281.645	1.283.486
Gross Residential Mortgage Lending (million EUR)	41.800	34.900	32.200	28.300	30.700	35.300	38.100	39.100	43.000
House Price Indices (2015 = 100)	132,7	131,2	128,8	126,8	126,1	127,5	126,0	126,3	125,8
Mortgage Interest Rates (% , weighted average)	3,08	3,59	3,97	4,07	3,81	3,60	3,40	3,26	3,11
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	3,68	3,45	2,82	3,64	4,17	4,42	3,71	3,44	3,50
Short-term fixed (1Y-5Y initial rate fixation)	4,90	4,74	4,18	3,83	3,81	3,58	3,22	3,59	3,60
Medium-Term fixed (5Y-10Y initial rate fixation)	4,01	4,03	4,55	4,89	4,76	4,07	4,21	4,15	4,80
Long-Term fixed (over 10Y initial rate fixation)	87,41	87,78	88,46	87,65	87,26	87,93	88,86	88,81	88,10

MORTGAGE MARKETS**Market developments:**

In Q2 2025, the total outstanding residential loans reached €1.908.200 bn, representing a 1.6% increase y-o-y. A total of €59.6 bn was disbursed in Q2 2025, marking an 15,3% increase in gross residential lending compared to the same quarter of the previous year.

HOUSING MARKETS**Housing Supply:**

Building permits for residential properties increased by 2.9% in the first half of 2025 compared with the same period in 2024, showing signs of a moderate recovery in construction activity after sharp declines from 2022 to 2024. However, the increase is still too limited to confirm a significant upward growth trend.

House Prices:

Prices for owner-occupied property rose by 2.6% y-o-y in Q2 2025, supported by a 0.77% increase compared with the Q1 2025. This is the fifth consecutive increase and signals a steady upward trend. In comparison, the rise in new contract rents are rising faster, making homeownership more attractive relative to renting.

MORTGAGE INTEREST RATES

The weighted average interest rate on new residential mortgage loans increased from 3.57% in Q1 2025 to 3.67% in Q2 2025. Variable interest rates and short-term fixed interest rates have declined in a quarterly comparison and their share has also increased. A different situation can be seen with medium and long-term fixed interest rates, which have increased compared with the previous quarter. The share of medium-term fixed interest rates has risen moderately, while the share of long-term fixed interest rates has declined more sharply, which shows that, compared with the previous quarter, fixed interest rates of less than 10 years were taken into account to a greater extent.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.857.000	1.866.400	1.871.300	1.871.800	1.877.500	1.885.000	1.891.800	1.897.600	1.908.200
Gross Residential Mortgage Lending (million EUR)	47.800	48.700	50.500	46.700	51.700	54.300	59.300	57.400	59.600
House Price Indices (2015 = 100)	162,8	160,2	157,8	157,2	157,9	159,2	159,7	160,8	162,1
Mortgage Interest Rates (% , weighted average)	3,98	4,09	4,15	3,85	3,90	3,84	3,60	3,57	3,67
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,84	5,29	5,57	5,38	5,47	5,35	4,93	4,52	4,34
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,30	4,46	4,53	4,07	4,12	4,02	3,73	3,57	3,54
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,70	3,80	3,86	3,57	3,61	3,58	3,37	3,35	3,50
Long-term initial fixed period rate, 10-year or more maturity (%)	3,79	3,85	3,83	3,59	3,67	3,61	3,39	3,48	3,65
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	16,1	13,8	13,4	12,1	11,8	11,4	11,5	11,5	12,1
Short-term fixed (1Y-5Y initial rate fixation)	10,1	9,8	11,5	11,2	10,0	9,6	10,3	9,7	10,7
Medium-Term fixed (5Y-10Y initial rate fixation)	35,7	37,0	37,0	36,0	38,1	37,1	30,9	30,0	31,9
Long-Term fixed (over 10Y initial rate fixation)	38,1	39,4	38,1	40,7	40,2	41,8	47,3	48,8	45,3

MORTGAGE MARKET**Market Developments**

The mortgage market continued to shrink rapidly as it has done since at least 2019 (when records are available), falling below EUR26bn for the first time. Repayments and amortisations year to date are EUR 2.7bn compared to new loan origination of slightly over EUR 1bn.

The decoupling between the house prices and mortgages outstanding reflects the ongoing dominance of cash buyers and/or foreign investors, for now still outweighing domestic demand which is constrained by affordability concerns,

Regulation and Government Intervention

The My Home 2 programme introduced in Q1 continued to support affordability, banks extended EUR 165mn under the programme in Q2 (approximately 1,600 loans).

The minimum real estate investment required under the Golden Visa programme for foreign investors increased and purchases for short term rentals (Airbnb style) were banned as qualifying assets under the programme.

In an attempt to support the market VAT on new builds and capital gains tax on property sales remain suspended until at least the end of this year and the end of 2026, respectively.

The anticipated 'voluntary compromise' proposal on the

redenomination of Swiss franc mortgages has not materialised and remains a 'proposal' despite protests by effected borrowers.

HOUSING MARKET**Housing Supply**

Total construction output increased significantly (+7.2% y-o-y, 9.8% q-o-q), which was reflected in an increase in the number of new residential permits (+4.2% y-o-y), although completions were slightly down year-on-year, new construction activity remains significantly above recent levels.

Housing Prices

House prices continue to rise, apartment prices were up 7.3% y-o-y to an all time high, but the rate of increase and the number of transactions are clearly slowing. House price appreciation is increasingly localised in student and tourist focussed areas.

MORTGAGE INTEREST RATES

Mortgage interest rates fell slightly over the quarter, largely as a result of the ECB rate cut and the relatively high proportion of floating rate mortgages.

	Q1 2025	Q2 2025	Source
MACROECONOMIC INDICATORS			
Total Outstanding Residential Mortgage Lending (Million EUR)	26.331		https://data.ecb.europa.eu/data/datasets/BSI/BSI.M.GR.N.A.A22.A.1.U2.2250.Z01.E Although all previous data points are slightly different
House Price Indices (2015 = 100)	167,1		https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-03102025-bp
Mortgage Interest Rates (% , weighted average)	3,67		https://www.bankofgreece.gr/Publications/Note_on_the_Greek_economy_20_06_2025.pdf
MORTGAGE INTEREST RATES			
Variable rate and initial fixed period rate up to 1 year (%)	3,70		https://data.ecb.europa.eu/data/datasets/MIR/MIR.M.GR.B.A2C.F.R.A.2250.EUR.N average of the 3 months in the quarter
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,15	n/a	This appears to be wrong for Q1? https://data.ecb.europa.eu/data/datasets/MIR/MIR.M.GR.B.A2C.A.R.A.2250.EUR.N
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS			
Variable rate (up to 1Y initial rate fixation)	23,9	3.63	This looks odd – we've only ever shown the 2 buckets and said that they represent about 40% of the market
Short-term fixed (1Y-5Y initial rate fixation)	n/a		
Medium-Term fixed (5Y-10Y initial rate fixation)	17,1		
Long-Term fixed (over 10Y initial rate fixation)	N/A		

MORTGAGE MARKET

Market Developments

The mortgage market continued to grow rapidly. Total new mortgage origination of EUR 3.37bn was an 18.1% increase y-o-y (by value), and 19.8% q-o-q (not seasonally adjusted). Although first time buyers are the largest segment at 59% of the total, re-mortgaging activity was significantly higher (+91% y-o-y).

Mortgages for newly built properties continued to expand more rapidly than those on existing properties. The average mortgage rose by 8.6% y-o-y.

Regulation and Government Intervention

In response to concerns about rental affordability there was a significant increase in the scope of rent control rules from June onwards. These rules limit rent increases to one per year at the higher of inflation or 2%.

To incentivise the sale or rent of vacant property, the Vacant Homes Tax was increased to 7 times local property tax (from a multiple of 5 in the previous year).

The First Homes Scheme, a joint scheme between the government and mortgage lenders to provide shared ownership for first time buyers was extended to 2027 and additional funding provided. Since its launch in 2022, 6,700 first time buyers have made use of the scheme.

HOUSING MARKET

Housing Supply

A total of 9,214 new dwellings were completed in Q2m an increase of 35% y-o-y (23% q-o-q seasonally adjusted). The increase was greatest in Dublin (85% y-o-y) which has 42% of all national completions. In contrast, new dwelling permissions were significantly lower at 7,447, down 12.5% y-o-y. This downturn was across all property types.

Housing Prices

House prices continued to rise rapidly, by 7.8% y-o-y to a median value of EUR 370,000, although this is based on relatively low turnover in particular of existing homes. Unlike other periods of house price inflation the price increases were geographically spread, with prices in Dublin, if anything slightly underperforming the national trend. The house price inflation is now at a 10 year high with no obvious signs of abating.

MORTGAGE INTEREST RATES

The average interest rate on outstanding mortgages fell slightly in Q2 to 3.6% (3.61% in Q1). This is however still a significant reduction (0.51%) on a yearly basis. In addition it is 31 basis points above the eurozone average.

Fixed rate mortgages are now 85% of total new origination (up from 70% one year ago) and have an average of 3.52%. Floating rates in contrast are currently 4.08%.



MORTGAGE MARKETS

Market developments:

The economic activity in Hungary grew by 0,2 % y-o-y and by 0,4 % compared to the previous quarter (seasonally and calendar adjusted data). Construction grew by 4,3 % compared to the same period of the previous year. The actual final consumption of households was 4,5 % higher than a year before in the same quarter.

The mortgage market continued to perform well in Q2 of 2025 similarly to the good performance observed since the changes observed from Q2 2024. The quarterly figure of newly issued mortgage loans in the second quarter of 2025 was 7,6% higher on q-o-q basis and 8,4% higher on y-o-y basis. The total outstanding residential loan portfolio grew by 3% in Q2 compared to the previous quarter and by 12% on y-o-y basis.

The growth in the volume of new mortgages was primarily driven by an increase in average contract sizes. In addition, a growing number of households returned to the mortgage market, opting not to invest further in domestic government securities. These securities, whose interest rates were linked to the previous year's national inflation figures, were repriced to much lower rates from the second quarter of 2025. The number of investors remained significant in Budapest. Smaller flats, typically between 40 and 60 square metres, were particularly popular as they can be easily rented out. Investors accounted for around one-third of all property transactions in Budapest.

REGULATION & GOVERNMENT INTERVENTION

A new mortgage program (subsidized by the government) will be introduced from September called "Home Start". The most important characteristics of the program are :

- Target group: first time buyers. Married status or children in the family is not required for participation in the program.
- Fixed 3 % rate for the whole duration of the loan
- Max 25 years duration for the loan
- Minimum 10 % downpayment
- Purpose of the loan: Purchase of a used or new dwelling or building a new home
- Maximum amount of the loan HUF 50mn.
- The purchase price of the dwelling in a condominium can be max HUF 100mn, that of an individual house can be max HUF 150mn.
- Max price of a square meters in the home can be HUF 1,5mn.
- The loan will be available at the commercial banks from the 1st of September, the difference between the 3 % fixed rate paid by the customers and the funding rate for the banks will be reimbursed by the state to the banks

The new Home Start program is changing the mortgage market scenario from the 3rd quarter. Since the program starts in September, a reduced activity is expected in August, since

customers will wait with their applications in order to benefit from the better rate conditions from September.

HOUSING MARKETS

Housing Supply:

The housing supply in 2024 was very low, only 13.295 new dwellings were put to the market. The trend of insufficient housing supply continued also in 2025, in the second quarter 2.425 dwellings were put to the market, that figure is a decrease of 25% compared to the same period of the previous year. As far as building permits are concerned on the national level, the number of building permits issued shows a much more promising trend. 7.179 new permits were issued in Q2. This figure is 27% higher than in the previous quarter and 61% higher than a year before.

The housing market of Budapest showed similar performance, following 843 new dwellings in the first quarter only 978 new dwellings were taken into use in the second quarter. The volume put to the market in the second quarter of 2025 is 20% less than in Q2 of the previous year. In the Budapest residential market it seems that mood of the house project developers is also changing to a positive direction. In the second quarter 3.318 new building permits were issued, this is a 24 % growth to the previous quarter and a more than 5fold growth compared to Q2 of 2024. The building permit figure of Budapest represents 46 % of the national issuance, what shows that there will be a strong supply of new projects in Budapest.

House Prices:

According to the MBH House price index the nominal growth rate in Q1 was 10 % on a yearly basis and 4,2% compared to the previous quarter. Also from the National Statistical Office (in Q1 2025), the combined housing price index rose ~12,5% y-o-y; after inflation this corresponds to 6,9% real increase. In Q1 in Budapest the growth rate was even higher. At the beginning of the year house prices have grown quite dynamically and although in the second quarter there was a slowdown in the price growth and the number of new transactions, for the rest of the year the price growth of residential properties will continue according to analysts and property experts.

Apart from Budapest, the growth is quite significant in some rural county headquarters. According to the National Statistical office, the biggest price growth on a yearly basis was experienced in Szeged (27,8%), but significant residential property price growth was experienced also in Debrecen. The outstanding property price increase in these cities can partly be explained by the new industrial investments (new BMW car factory and CATL battery plant in Debrecen and new BYD car factory in Szeged) .

With the new subsidised loan product (Home Start) starting from September experts count with a strong 4 months (September to December) in mortgage lending, with growing transaction figures and also with a pickup in the construction of new housing projects, although in the case of new housing projects the effects will be visible only later. In case of new dwellings there is a limit for using the subsidized loans , the upper limit is HUF 1,5mn per square meters. In the inner dis-

districts of Budapest and in frequented rural locations (e.g. Balaton) the square meters prices for new dwellings are already higher than 1.5mn HUF per square meters.

MORTGAGE INTEREST RATES

New mortgage loans are typically priced with fixed rates, the most typical mortgage rate similarly to earlier period was the medium-term fixed rate (5Y-10Y initial rate fixation). This product represented 43% of the total new volume issued in Q2. The proportion of variable rate mortgages (up to 1Y initial rate fixation) has increased in 2024 from the very low proportion in 2023 (below 1% proportion) and was 24,75% in Q2 of 2025, but this was thanks to the introduction of a special subsidised mortgage product in 2024 (CSOK Plus).

Mortgages rates offered by the large commercial banks vary mainly between 6 to 7%, although there are certain products falling outside this range. The Central Bank base rate is at 6,5% since September 2024. The inflation figure was 4,2% in April

2025 and increased to 4,6% June, but than in July decreased to 4,3%. According to the MBH forecasts inflation will stay on average at 4,5% in 2025.

The “interest rate cap”, that was introduced in 2022 by the government for mortgage debtors with variable rate loans and also applied to customers having loans with maximum 5 years interest rate fixation will be further prolonged in 2025 (earlier the program was about to expire at the end of June 2025).

From September a significant change will occur on the mortgage market with the introduction of the Home Start program, loans in the program will have a fixed (subsidized) 3 % mortgage rate for the whole maturity of the loan. Obviously this new product will completely change the mortgage market, since the announcement of the Home Start program the mortgage debtors postpone their mortgage application and wait for the much more favourable mortgage conditions.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	15.265	14.664	14.993	14.707	15.224	15.599	15.450	16.165	16.817
Gross Residential Mortgage Lending (million EUR)	481	452	517	683	1.021	973	908	1.007	1.091
House Price Indices (2015 = 100)	293,3	294,6	302,0	321,8	328,3	325,1	337,1	n/a	n/a
Mortgage Interest Rates (% , weighted average)	8,87	8,49	7,50	6,54	6,47	6,60	6,56	6,61	6,69
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	11,32	10,59	8,25	8,64	8,21	8,73	7,95	8,30	8,56
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	14,04	14,87	13,87	13,17	9,42	7,40	7,29	6,93	6,67
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	8,87	8,49	7,50	6,54	6,47	6,60	6,56	6,61	6,69
Long-term initial fixed period rate, 10-year or more maturity (%)	9,39	8,78	7,65	6,90	6,90	7,02	6,86	7,01	7,07
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	1,2	1,2	0,7	15,2	27,3	25,3	23,6	20,3	24,8
Short-term fixed (1Y-5Y initial rate fixation)	24,1	24,0	24,1	13,4	2,5	2,1	2,2	2,1	3,0
Medium-Term fixed (5Y-10Y initial rate fixation)	42,8	44,3	42,7	40,1	41,3	44,4	44,4	4,4	43,2
Long-Term fixed (over 10Y initial rate fixation)	31,9	30,5	32,5	31,3	28,9	28,1	29,9	33,8	29,1

MORTGAGE MARKETS**Market developments:**

The Italian mortgage market continues to register a positive performance in the 2025. In Q2 2025, the volume of outstanding mortgage loans amounted to about EUR 432.7 bn, registering a growth of 2.6 % y-o-y and of 1.0 % q-o-q. This trend reflected mainly the reduction in interest rates which boosted demand for loans for house purchase. According to the Bank of Italy annual report, in the coming months, credit developments could be affected by the heightened uncertainty surrounding the global macroeconomic outlook.

HOUSING MARKETS**Housing Supply:**

The growth in sales volumes began in the second quarter of 2024 continued also in Q2 2025; they recorded more than 201,000 (+8.1% y-o-y). The growth affected all areas of the country, with a slight difference between the provincial capital cities (+ 7.2%) with respect to the smaller cities (+8.4%). The “first home”, benefiting from the tax relief, represented the 73% of the purchases, stable compared to the previous quarter. This trend could have been positively affected also by the reduction of mortgages interest rates.

House Prices:

According to preliminary estimates of ISTAT, in Q2 2025 the House Price Index (HPI) increased by 2.7% q-o-q and by 3.9% y-o-y. The increase on annual basis of HPI was mainly due to the prices of existing dwellings, which rose by 4.5% and, to a lesser extent, to the prices of new dwellings which increased by 1.1%.

MORTGAGE INTEREST RATES

The interest rates remained stable compared to the previous quarter and the fixed-rates mortgages confirmed the dominance: the share of variable-rate mortgages (up to 1Y initial rate fixation) has decreased from about 46% of new loans in Q1 2023 to about 8% at Q2 2025, stable compared to the previous quarter.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	425.256	424.712	424.651	423.414	421.655	422.937	426.224	428.632	432.762
Gross Residential Mortgage Lending (million EUR)	19.418	14.790	17.952	12.311	15.247	14.637	18.184	18.422	19.429
House Price Indices (2015 = 100)	108,8	108,7	108,7	108,5	112,0	112,8	113,5	113,3	116,4
Mortgage Interest Rates (% , weighted average)	4,27	4,21	4,42	3,79	3,55	3,31	3,11	3,14	3,19
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,47	4,87	5,00	4,88	4,54	4,51	4,21	3,73	3,32
Long-term initial fixed period rate, 10-year or more maturity (%)	4,13	4,05	4,03	3,62	3,44	3,22	3,03	3,09	3,18
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	37,4	24,4	33,7	17,1	11,1	9,3	6,5	8,6	8,4
Short-term fixed (1Y-5Y initial rate fixation)	62,6	75,6	66,3	82,9	88,9	90,7	93,5	91,4	91,6
Medium-Term fixed (5Y-10Y initial rate fixation)									
Long-Term fixed (over 10Y initial rate fixation)									

MORTGAGE MARKETS

Market developments:

Lithuania's mortgage market expanded rapidly in Q2 2025. The total outstanding housing loan portfolio rose by about 9 % year-on-year, reaching approximately €14.4 billion by mid-year. New mortgage issuance remained strong, with €1.29 billion of housing loans granted in January–May 2025—69 % more than in the same period a year earlier. Monthly new lending volumes stabilised around €270–280 million toward the end of Q2. Refinancing activity was substantial: renegotiated loans accounted for roughly half of new housing credit, as borrowers took advantage of lower rates. The average interest rate on newly issued housing loans declined to 3.7 %, down about 1.7 percentage points from mid-2024, reflecting easing Euribor levels and intensified competition among banks.¹

Mortgage demand is expected to remain robust through 2025. Real GDP is projected to grow by roughly 2.8 %, inflation has eased to around 5 %, and consumer confidence continues to recover. The new government's "socially fair" programme proposes measures such as allowing pension-fund withdrawals for first-home down payments and easing responsible-lending criteria, which could further stimulate activity. No new restrictive interventions took effect in Q2 2025: macro-prudential limits—85 % LTV for first homes and 30 % down payment for second properties—remained unchanged. Since mid-2024, banks have been legally required to offer at least one five-year fixed-rate mortgage option, widening consumer choice.²

REGULATION & GOVERNMENT INTERVENTION

No new macro-prudential or subsidy schemes were introduced in Q2 2025. The existing housing-loan rules set by the Bank of Lithuania continue to apply, and the main institutional change was the full implementation of the five-year fixed-rate offer requirement adopted in 2024. Overall, regulation remained stable, with authorities monitoring lending dynamics but taking no additional actions.³

HOUSING MARKETS

Housing Supply:

Construction activity showed mixed dynamics. Completions fell sharply: only 6 061 dwellings were finished in H1 2025, 24 % fewer than a year earlier, mainly due to slow permit-

ting and procedural complexity. By contrast, new housing starts reached 7 442 units, up 30 % year-on-year, signalling renewed developer confidence. The Lithuanian Real Estate Development Association's sentiment index jumped from 62 (2024) to 84 (2025). Easing material costs and strong demand encouraged new project launches, but administrative bottlenecks persist—building permits issued in H1 2025 fell about 4 %. Overall, supply continues to lag demand, keeping upward pressure on prices.⁴

House Prices:

Residential prices continued to rise strongly. Nationwide, house prices were about 8.8 % higher year-on-year in Q2 2025—one of the fastest increases in the EU. Major cities posted solid gains: Vilnius +5.8 %, Kaunas +8 %, and similar growth in Klaipėda and Šiauliai. On a quarterly basis, apartment prices in the five largest cities grew by an average 3.6 % in Q2 (versus +1.5 % in Q1). The sharpest increases were recorded for older flats, reflecting revived affordability and pent-up demand as wages rose and interest rates eased. Sales volumes also climbed, with housing transactions in June 2025 about 15 % higher than a year earlier. Price increases were broad-based, with secondary cities narrowing the gap with Vilnius. Analysts warn that if supply constraints persist, affordability may again deteriorate despite income growth.⁵

MORTGAGE INTEREST RATES

Lithuania's mortgage portfolio remains dominated by variable-rate loans, though product variety is improving. As of Q2 2025, long-term fixed-rate loans accounted for 3–4 % of new lending—up from 1–2 % a year earlier—following the legal obligation for banks to offer at least one five-year fixed option. Most borrowers still link their rates to short-term EURIBOR, so overall pricing moves closely with market rates. Average interest rates on newly granted mortgages decreased from 5.4 % (mid-2024) to about 3.7 % (mid-2025) in line with the stabilisation of ECB policy rates. This moderation improved affordability and triggered a wave of refinancing. No other major product innovations were reported.⁶

Note: The views and positions expressed in this publication are of the authors alone, and should not be interpreted as necessarily being those of the institutions to which they are affiliated.

1. Source: Bank of Lithuania (MFI balance-sheet statistics, Q2 2025); Ober-Haus Market Review Q2 2025.

2. Source: Bank of Lithuania; Ministry of Finance; Eurostat macroeconomic outlook (June 2025)

3. Source: Bank of Lithuania – Responsible Lending Regulations (2025 update).

4. Source: State Data Agency (Construction Statistics Q2 2025); LNTPA Residential Outlook Survey 2025.

5. Source: Ober-Haus Residential Market Review Q2 2025; Register Centre transaction data.

6. Source: Bank of Lithuania (MFI interest-rate statistics Q2 2025); ECB Monetary Statistics.

MORTGAGE MARKETS

Market developments:

Outstanding residential mortgage has been increasing from 8.047 mn in Q2 2024 to 8.785 mn in Q2 2025, meaning an increase of 9% y-o-y. New sustainability criteria under schemes such as 'Ixtri Proprietà Sostenibbli' require developers to integrate energy-efficiency measures. This program is aimed at encouraging the purchase of environmentally friendly homes. The scheme offers financial grants distributed over three years to buyers of properties that meet specified sustainability standards. While boosting long-term building quality, these requirements lengthen permit assessment times and can slow project hand-overs.

REGULATION & GOVERNMENT INTERVENTION

While not yet legislated, the Ministry for Social and Affordable Accommodation has signaled plans to revise:

- Stamp duty relief thresholds for first-time buyers, potentially increasing the exemption cap on property value from €250,000 to €300,000.
- Mortgage lending criteria in collaboration with the Malta Financial Services Authority to encourage banks to extend deposit requirements down from 20% to 10% of purchase price for low-risk profiles.

These proposals, expected to enter public consultation by Q1 2026, aim to dovetail with existing grants and guarantee schemes, further lowering the entry barriers for young Maltese buying their first home.

HOUSING MARKETS

Housing Supply:

Residential building activity in Malta shows a modest uptick in approvals and site mobilisations, while completions have yet to match the pace of new starts. Key signals include:

- Building permits issued for private dwellings rose by approximately 5% quarter-on-quarter, signalling stronger developer confidence.
- Construction starts climbed in line with permit growth, estimated at 6% above the previous quarter.
- Completions moved up only marginally—around 2–3%—reflecting a time-lag as projects progress through later construction stages.

This divergence points to a growing pipeline of homes under construction that will hit the market in the next 6–12 months.

House Prices:

The q-o-q change in the last year has been (Q3 2024 to Q4 2024) has been 0.0 %. The y-o-y change in HPI (Q4 2023 form Q4 2024) is an increase of 5.2 % Prices rose across the main residential segments in Q4 2024: apartment values were up 5.0 % and maisonettes up 5.2 % year-on-year. Transaction volumes in Q4 2024 were roughly 1,400 sales—flat compared with the previous quarter but still down about 2 % from a year earlier, hinting at mild cooling in buyer activity.

- Early Q1 2025 indicators suggest a slight uptick in listings, potentially driven by owners seeking to lock in sales before any further interest-rate rises.
- Looking ahead, monitoring loan-to-value changes and rental-yield trends will help gauge whether sustained price growth remains viable amid affordability headwinds.

Malta's Residential Property Price Index (RPPI) shows clear variation across property types in Q2 2025: Compared with Q1 2025, the aggregate RPPI rose by 1.7 %—indicating sustained momentum across segments.

Data underscore that while Maltese house prices are rising overall, maisonettes and core urban districts are leading the charge, whereas peripheral and island (Gozo) markets exhibit more muted dynamics.

MORTGAGE INTEREST RATES

Most new mortgage lending in Malta continues to be floating-rate products tied to short-term EURIBOR benchmarks plus a bank margin. However, over the past two years, major lenders have expanded their fixed-rate offerings—now commonly available for initial terms of 5 or 10 years—and introduced hybrid mortgages that lock in a fixed rate for a set period before reverting to a variable rate. While these fixed and hybrid options remain a minority of total new lending, their take-up has grown as borrowers seek protection against future interest-rate volatility.

Mortgage rates for both floating and fixed products have broadly tracked underlying market rates. Floating-rate mortgages adjust in line with 3-month EURIBOR movements, while fixed-rate deals move in step with 5- or 10-year swap rates. Following the European Central Bank's tightening cycle, both floating and fixed rates peaked in late 2023 and have since moderated—with the average mortgage credit interest rate in Malta declining to 2.54% in June 2025 and standing at 2.59% by September 2024.



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	7.396	7.521	7.689	7.889	8.048	8.227	8.402	8.610	8.786
Gross Residential Mortgage Lending (million EUR)	192	121	91	112	114	140	107	141	132
Mortgage Interest Rates (% , weighted average)	2,08	2,29	1,94	1,99	2,05	1,95	1,83	1,87	1,86
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	2,72	2,48	2,59	2,57	2,62	2,58	2,50	2,61	2,54
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	1,54	1,58	1,74	1,54	1,47	1,40	1,45	1,38	1,44
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	65,4	42,1	42,3	50,4	44,3	38,3	41,9	40,3	37,7
Short-term fixed (1Y-5Y initial rate fixation)	32,7	55,3	55,0	48,5	53,1	60,4	57,1	57,4	60,1
Medium-Term fixed (5Y-10Y initial rate fixation)	1,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

MORTGAGE MARKET

Market Developments

Despite the slow growth in the Dutch economy in Q2 2025 (just 0.1% growth, q-o-q), mortgage market origination remained robust with a 20% y-o-y increase in the number of transactions and house price inflation outstripping CPI. A significant trend is the sale of properties by professional landlords – and therefore the increase in owner occupancy rates.

Regulation and Government Intervention

The sales by professional landlords are a result of several recent regulatory and fiscal changes. In particular, the Affordable Rent Act which came fully into force at the beginning of the year increasing the scope of protection for tenants beyond the social housing sector to also include 'mid-market' rentals. In addition, the transfer tax for buy-to-let properties was increased from 8% to 10.4% in 2023 and the tax deductibility of mortgage interest payments on rental properties was reduced, all reducing the financial incentives to invest in the sector.

HOUSING MARKET

Housing Supply

In Q2 20,000 new home permits were issued, a fall of 3,300 since the corresponding quarter last year. In addition, 1,500 housing permits were withdrawn in the quarter (new data series). Completions, similarly, were lower at 16,000 in the

quarter, (14,900 in Q2 24). Reasons cited for the slow down include the regulatory developments noted in the previous section (in particular the restrictions on rent increases), lower profitability due to higher construction costs and the use of fixed price contracts and a court ruling requiring more complicated environmental approvals for new projects¹

Housing Prices

House prices continued to rise, although at a slower rate than recently. In the year to the end of Q2 2025 prices increased by 9.7%, from 11% in the year to Q1. Price increases and activity levels were significantly higher for existing homes than for new builds.

MORTGAGE INTEREST RATES

Mortgage rates eased in Q2, helped by the ECB's 25 bp cut in June. According to ECB data the average rate for all new mortgages fell to 3.5% from 3.69% in Q1. Rates on medium term fixed mortgages (5 to 10 years) fell slightly more rapidly than either floating rate or long-fixed mortgages.



1. <https://www.nautadutilh.com/en/insights/the-construction-exemption-annulled-next-steps/>

MORTGAGE MARKETS

Market developments:

The total outstanding residential loans at market value is approximately EUR 310 bn in the second quarter of 2025. This is an increase of 1,6 % since the first quarter of 2025 and an increase of 4,1% since the second quarter of 2024.

HOUSING MARKETS

Housing Supply:

High interest rates and a sharp increase in construction costs have led to a significant decline in the sale and starts of new housing projects in Norway since the second quarter of 2022. The first quarter of 2025 showed a positive trend for both the starts and sale of new homes, with a 38% increase in the number of homes sold and a 31% increase in housing starts. However, this trend reversed in the second quarter of 2025, marking the lowest number of housing starts for a second quarter since statistics began in 1999. Compared to the second quarter of 2024, there was a 15% decrease in the number of homes sold and a 14% decrease in housing starts. Going forward the recent key policy rate cuts in June and September is expected to have a positive impact on the sale and starts of new housing, but with a lagging effect.

House Prices:

Prices of pre-owned homes decreased by 0,6% from the first to the second quarter of 2025, adjusted for seasonal variations. The decline is not observed nationwide. Housing prices fell in 4 out of 11 regions. The most significant drop occurred in Oslo, where seasonally adjusted prices fell by 1,7%. Prices rose for semi-detached and terraced houses, while they declined for detached houses and apartment buildings.

Overall, housing prices in Norway increased by 4,5 % from the second quarter of 2024 to the second quarter of 2025, and all regions experienced a price increase in this period. In the first two quarters of 2025 there has been a record high sale of existing dwellings, an increase of 13,6% compared to the two first quarters of 2024. Part of this increase in sales is driven by an increased amount of rental properties being listed for sale, both from private and institutional real estate investors. The most important factor for the sales is weakened profitability following the fairly high interest rate level.

MORTGAGE INTEREST RATES

In Norway the large majority of mortgages has a variable interest rate, and this is still the case in second quarter with 95,15% of outstanding loans having a variable rate. 2,8% of outstanding loans have a medium term fixed rate (3Y-5Y).

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	293.067	306.913	309.017	297.870	308.843	301.498	303.167	316.027	309.665
House Price Indices (2015 = 100)	142,0	141,0	141,0	142,0	144,0	145,0	147,0	151,0	150,0
Mortgage Interest Rates (% , weighted average)	4,22	4,69	5,34	5,56	5,71	5,72	5,58	5,63	5,62
MORTGAGE INTEREST RATES									
Variable rate	4,84	5,36	5,78	5,93	5,91	5,89	5,86	5,83	5,79
Short term fixed (3M-12M initial rate fixation)	2,97	3,1	3,12	3,29	3,45	3,7	3,84	3,93	4,06
Short-term fixed (1Y-3Y initial rate fixation)	2,85	2,99	3,07	3,25	3,47	3,9	4,16	4,24	4,3
Medium-Term fixed (3Y-5Y initial rate fixation)	3,39	3,59	3,78	3,96	4,04	4,06	4,01	4,02	3,94
Long-Term fixed (over 5Y initial rate fixation)	2,93	2,95	2,96	2,96	2,97	3,08	3,04	3,09	3,23
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate	95,4	95,6	95,9	95,9	96,0	95,3	94,9	95,0	95,2
Short term fixed (3M-12M initial rate fixation)	0,7	0,7	0,6	0,7	0,8	0,8	0,6	0,5	0,7
Short-term fixed (1Y-3Y initial rate fixation)	1,8	1,7	1,7	1,8	1,7	2,2	2,8	2,9	2,8
Medium-Term fixed (3Y-5Y initial rate fixation)	1,0	1,0	0,8	0,7	0,7	0,8	0,9	0,8	0,8
Long-Term fixed (over 5Y initial rate fixation)	1,0	1,0	0,9	0,9	0,9	0,9	0,8	0,7	0,6

MORTGAGE MARKETS**Market developments:**

In the second quarter of 2025, banks granted nearly 20% more mortgage loans than in the previous quarter. Banks in Poland granted 55,519 housing loans with a total value of nearly PLN 23.3bn, which represents a 29% increase y-o-y. The amount of the average mortgage loan at the end of the second quarter of 2025 amounted to PLN 443,151 (an increase of nearly 5% y-o-y). The number of active mortgage agreements in Poland at the end of the second quarter of 2025 amounted to 2,176,000 loans. In May 2025, the National Bank of Poland lowered its reference rate by 50 basis points to 5.25%. This was the first change in interest rates since October 2023. Increased activity on the real estate market will be most influenced by the decline in inflation and the associated interest rate cuts. The market will also be positively affected by Poland's generally good macroeconomic situation, the stabilisation of construction material and labor costs, and, consequently, the stabilisation or decline (especially on the secondary market) of real estate prices.

REGULATION & GOVERNMENT INTERVENTION

In May 2025, the Polish Financial Supervision Authority confirmed the adequacy of the WIBOR index used to determine mortgage interest rates, which stabilizes the legal environment for WIBOR-based agreements during the benchmark transition.

On June 2, 2025, GPW Benchmark began publishing the POLSTR index (the successor to the WIBOR rate).

In June 2025, the President of the Office of Competition and Consumer Protection (UOKiK) announced his intention to work on a statutory, uniform model mortgage loan agreement (with a periodically fixed rate), which is an important regulatory signal for the structure of mortgage agreements.

HOUSING MARKETS**Housing Supply:**

Developer activity remains somewhat subdued. In Q2 2025, 46,148 apartments were completed, of which 29,296 were built by developers. This represents an increase in the total number of apartments completed by only 0.5% q-o-q, and among apartments built by developers, an increase of less than 6% q-o-q (a decrease of nearly 1% y-o-y). In the second quarter, construction began on approximately 55,000 apartments (comparable to Q1 2025), while the number of apartments for which building permits were issued fell by over 7% q-o-q.

House Prices:

Price dynamics slowed significantly in the second quarter of 2025, especially on a quarterly basis. On the primary market the largest increases were recorded in: Rzeszów (+7.5% q-o-q), Wrocław (+5.4% q-o-q) and Olsztyn (+4.6% q-o-q). On the secondary market, increases were recorded only in: Rzeszów (+5.3% q-o-q), Wrocław (+2.1% q-o-q) and in Gdynia (+1.5% q-o-q). Transaction prices in Warsaw changed on the primary market by -0.1% (q-o-q) and +2.6% (y-o-y). On the secondary market: by -0.4% (q-o-q) and +7.7% (y-o-y).

MORTGAGE INTEREST RATES

In the second quarter of 2025, we observed a continuation of the downward trend in the share of fixed-rate mortgages. The share of these loans in the number of newly granted liabilities amounted to 76%, which represents a decline of over 4.16 percentage points compared to 1Q2025.

In terms of value, variable-rate loans accounted for nearly 26% of newly granted liabilities (vs. 21% in Q1 2025). The change in borrowers' preferences is likely to be a result of market expectations of further interest rate cuts.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	107.964	104.439	110.595	112.440	113.555	115.385	116.045	118.405	118.108
Gross Residential Mortgage Lending (million EUR)	2.482	3.288	5.766	6.291	4.277	4.419	4.539	4.664	5.485
House Price Indices (2015 = 100)	179,7	188,0	194,0	205,0	213,0	218,1	220,4	222,0	223,0
	8,60	8,00	7,70	7,60	7,90	7,60	7,50	7,60	6,80
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	9,10	8,90	7,80	8,00	7,90	7,80	7,90	7,90	7,30
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	8,30	7,80	7,60	7,50	7,90	7,50	7,40	7,50	6,60
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	86,7	85,2	81,0	77,4	75,4	73,3	70,9	68,6	66,8
Short-term fixed (1Y-5Y initial rate fixation)	13,3	14,8	19,0	22,6	24,6	26,7	29,1	31,4	33,2
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	37,8	23,3	17,2	17,4	32,2	24,9	13,1	21,1	25,6
Short-term fixed (1Y-5Y initial rate fixation)	62,2	76,7	82,8	82,6	67,8	75,2	86,9	78,9	74,4

MORTGAGE MARKETS

Market developments:

In Q2 2025, the Portuguese mortgage market has lost some momentum. Persistent uncertainty and limited policy support continue to weigh on real estate developers' confidence, resulting in fewer transactions and a general slowdown in market activity. Demand is cooling, sentiment is weakening, and developers are facing increasing challenges—such as stricter licensing processes, rising land prices, and higher construction costs. These factors are holding back the launch of new projects and land acquisitions, which in turn reduces the short-term supply of new homes and slows down deal flow, ultimately impacting mortgage origination volumes. As for refinancing activity, it remained broadly stable throughout the quarter, with no significant changes reported.

The evolution of commercial, political and macroeconomic factors in Portugal may be influenced, in the near future, by several factors. Inflation, interest rates, GDP growth and labour market developments are some of the key elements to be monitored. Political uncertainty and global issues such as trade policies and the energy crisis can also have a significant impact. The legislative elections of May 18 strengthened the position of the center-right Democratic Alliance (AD) coalition of the previous government, amid a loss of left-wing voters and the end of bipartisanship in the Portuguese political system, leading to some reduction in the likelihood of political instability in the country. Furthermore, the political fragmentation resulting from the elections also increases the risk of legislative paralysis and increases the risk of potential difficulties in approving important reforms and public projects, as well as in the management of EU funds, with potential adverse impacts on economic activity. In any case, the economy should evolve favourably in the near future, with economic activity expected to grow this year and next at a similar pace to last year (+1.9%), with inflation maintaining its slowdown trend and the labour market showing slight additional improvements, despite the aforementioned risks and uncertainties currently existing. The economy is likely to be affected by the aforementioned risks to the global economy, particularly those arising from the global geopolitical context

and the ongoing trade war, in addition to pressure on families' financial capacity (e.g., continued rise in house prices) and the aforementioned potential governance difficulties of the new minority government.

HOUSING MARKETS

Housing Supply:

According to the June Portuguese Housing Market Survey, the supply of new housing continues to show signs of strain. Developers are reporting a lower inclination to launch new projects and a noticeable slowdown in land acquisition. At the same time, the broader for-sale supply remains weak, with new property listings showing deeply negative trends. This leads to a constrained pipeline and limited new-home supply soon. The decline in project launches and land demand, combined with mounting development obstacles, suggests that construction starts are likely slowing. Several factors are contributing to this environment. Licensing bottlenecks remain the most severe obstacle for developers, while rising land prices and increasing construction costs continue to pressure project viability.

House Prices:

House prices are still going up, but not as quickly as before. The June Housing Market Survey shows that only 20% more respondents reported price increases than decreases, a drop from 32% in March and 29% in December.

MORTGAGE INTEREST RATES

There has been a significant shift away from floating-rate mortgages. The share of new loans with variable rates (defined as up to one year of initial rate fixation) declined to 23,8% in Q2 2025, down from 32,7% in Q1 2025 — indicating a growing borrower preference for fixed-rate products.

No new mortgage types have been introduced, and the three existing categories, Floating, Fixed-to-Floating, and Fixed, remain unchanged.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	99.987	99.738	99.442	99.542	100.250	101.410	102.939	104.960	107.284
Gross Residential Mortgage Lending (million EUR)	5.698	6.574	6.743	5.991	5.944	5.732	6.872	6.531	6.912
House Price Indices (2015 = 100)	204,74	208,48	211,27	212,45	220,74	228,89	235,68	247,05	258,78
Mortgage Interest Rates (% , weighted average)	3,98	4,51	4,73	4,68	4,56	4,35	4,00	3,67	3,39
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	76,3	55,4	37,3	32,7	27,9	20,3	22,0	26,0	23,6
Short-term fixed (1Y-5Y initial rate fixation)	23,7	44,6	62,7	67,3	72,1	79,7	78,0	74,0	76,4
Medium-Term fixed (5Y-10Y initial rate fixation)									
Long-Term fixed (over 10Y initial rate fixation)									

MORTGAGE MARKETS

Market developments:

In Q2 2025, the total outstanding residential loans have increased on an annual basis (+6,1 %), for the ninth consecutive quarter, with this growth rate being three times more than the Y-o-y growth recorded in 2024 Q2.

The mortgage loans' quality showed improvement in 2025 Q2, with the non-performing loans ratio (NPL) standing at 1,55%, lower by 0,1 percentage points compared to the same period of the previous year.

Gross new residential lending has increased by 26 % y-o-y, and the same trend is observed for remortgaging. The increase in remortgaging is mainly driven by households aiming to lower their exposure to interest rate fluctuations and manage borrowing costs in an environment of higher and more unpredictable rates. As variable-rate loans lost appeal, more borrowers chose to refinance their existing mortgages, either by moving to fixed-rate loans or consolidating debt under better conditions. Moreover, attractive offers from banks on standard home loans encouraged homeowners to restructure their mortgages to take advantage of lower rates, longer repayment terms, or additional funding.

According to the latest NBR Bank Lending Survey (May 2025), credit institutions have eased the credit standards for mortgage loans in 2025 Q1, mainly driven by economic and real estate market expectations and the changes in the banking sector from a competition point of view.

REGULATION & GOVERNMENT INTERVENTION

Starting August 1, 2025, Romania implemented significant changes to the VAT regime for real estate transactions. The standard VAT rate increased from 19 to 21 %, now applying to most new residential properties. Previously, certain properties benefited from a reduced 9% VAT rate if they met specific conditions. The reduced rate was eliminated for transactions concluded after August 1, 2025.

HOUSING MARKETS

Housing Supply:

In Q2 2025, construction costs for new residential buildings rose by 5,1% year-on-year, while labour expenses surged by 15%. Over the same period, the total number of building permits issued nationwide increased by 5,32% y-o-y. In contrast, the completion of residential projects declined by 3,5% compared with the previous year, highlighting a lag between permit issuance and actual construction delivery.



House Prices:

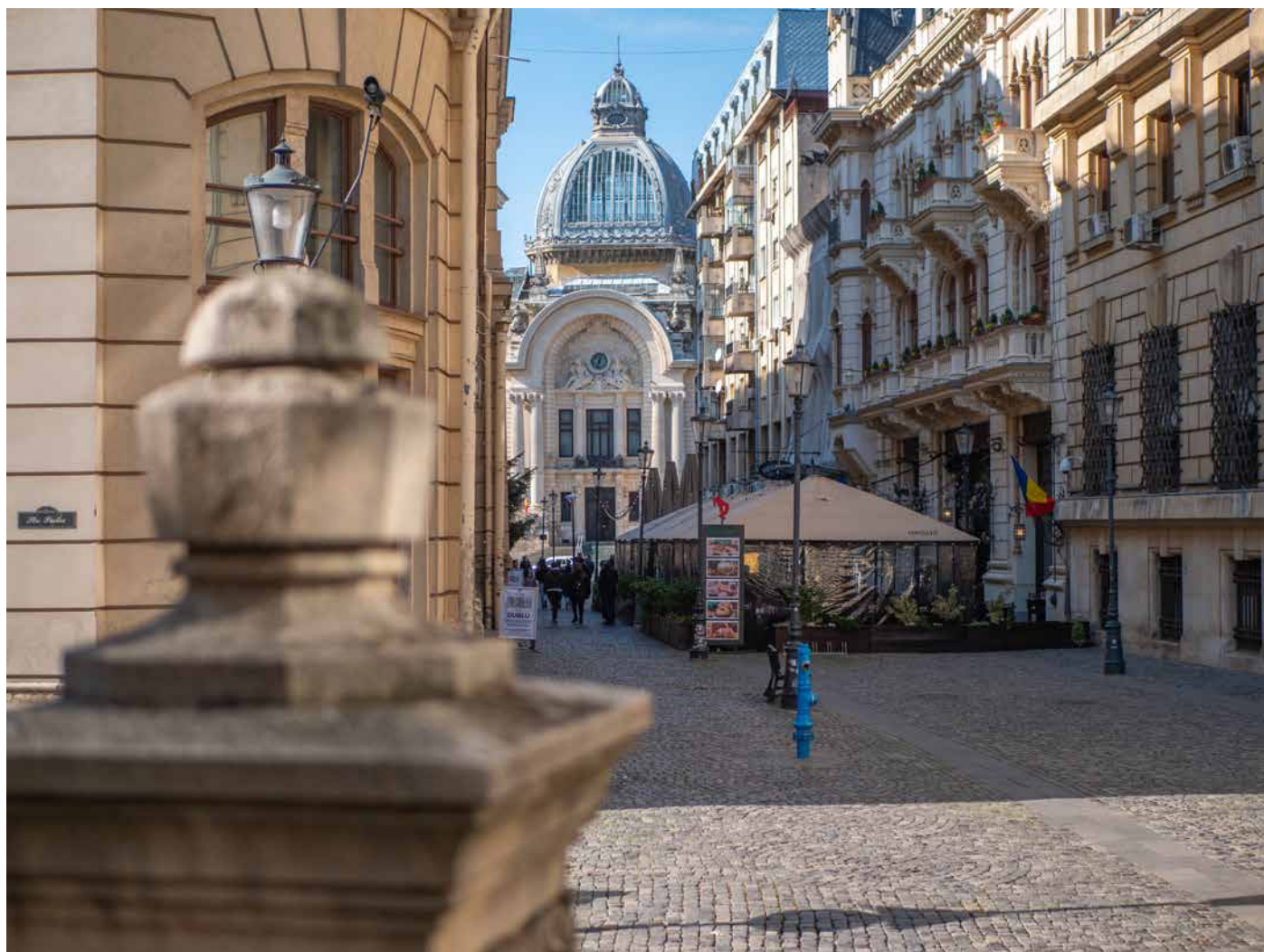
In 2025 Q1, house prices increased by 2,1% quarterly and by 4,9% over annually. During the same period, average disposable income grew faster than house prices, leading to improvements in housing affordability.

The annual price increase in 2025 Q1 was higher for old dwellings (6,21%) than for new dwellings (2,3%). This evolution was driven by urban areas (5,4%), while in rural areas house prices slightly declined (-0,5%).

MORTGAGE INTEREST RATES

Households' awareness of interest rate risks increased significantly once interest rates embarked on an upward trend in 2022 and stabilized at higher levels. Specifically, the share of floating-rate loans contracted considerably to under 50% (42% in June 2025, compared to 82% in May 2022) in the case of housing loans and 10% (compared to 30% in May 2022) in the case of consumer credit.

The representative interest rate on new loans for house purchase has slightly decreased in the second quarter of 2025, standing at 5,8 % (-0,6 percentage points decrease y-o-y). Short-term fixed rate loans continue to prevail, taking up 63,3% of new credit volumes, with its loan cost decreasing slightly to 5,6% quarterly. The average interest rate level of variable-rate loans has declined to 6,4% (-1,2 percentage points y-o-y), remaining the most expensive type of credit and accounting for 25,5 % of new loan volumes. The average interest rate of the medium-term fixed rate loans remained constant at 5%, while decreasing its market share on new loans by 3,2 percentage y-o-y. Long-term fixed interest rates have seen a slight reduction in cost in annual terms to 5,9%, as well as a smaller market share (5,5% , -1,1 percentage points compared to 2024 Q2).



	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	21.072	21.076	21.218	21.258	21.424	21.691	22.127	22.349	22.411
Gross Residential Mortgage Lending (million EUR)	569	893	1.014	891	1.063	1.175	1.464	1.255	1.317
House Price Indices (2015 = 100)	145,1	150,0	152,3	154,3	155,1	155,9	158,4	161,8	n/a
Mortgage Interest Rates (% , weighted average)	7,42	6,92	6,82	6,69	6,44	6,26	6,01	5,88	5,81
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	8,02	7,57	7,56	7,65	7,61	7,43	6,84	6,45	6,43
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	6,60	6,41	6,33	6,23	6,02	5,83	5,71	5,69	5,64
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	6,68	4,98	5,01	5,29	4,99	5,03	5,02	4,97	4,96
Long-term initial fixed period rate, 10-year or more maturity (%)	6,28	6,95	6,95	6,51	6,24	6,30	6,20	6,11	5,85
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	60,2	54,8	48,5	40,7	31,2	27,4	28,0	28,7	25,5
Short-term fixed (1Y-5Y initial rate fixation)	17,6	27,5	35,5	39,1	51,4	56,1	58,6	60,5	63,3
Medium-Term fixed (5Y-10Y initial rate fixation)	1,8	11,1	10,4	13,7	8,8	7,7	6,6	6,1	5,6
Long-Term fixed (over 10Y initial rate fixation)	20,4	6,6	5,6	6,5	8,6	8,8	6,8	4,8	5,5

MORTGAGE MARKETS**Market developments:**

Along with lower interest rates, new housing loans increased by over a half in the second quarter of 2025. The y-o-y growth in housing loans increased to 6,2% by June 2025 (3,9% at the end of 2024), and the stock of housing loans to EUR 8.9bn. The share of new housing loans in all housing loans thus increased to 2,1%. Housing loan growth in Slovenia was among the highest among EU countries in June 2025. In the second quarter of 2025, according to the BLS survey, declining interest rates and higher consumer confidence were the primary drivers of the continued increase in housing loan demand. Banks also reported a small net tightening of credit standards for housing loans. Along with favorable conditions on the labor market and an overall good financial position of households, the share of NPE for housing loans remained stable at 0,9%. In June 2025 the volume of NPEs for housing loans was similar to that in December 2024.

HOUSING MARKETs**Housing Supply:**

In the second quarter of 2025, the number of new buildings permits for flats decreased by around a quarter y-o-y, after increasing for almost a year. New investment in housing fell to 2.5% of GDP in the second quarter of 2025 and remained significantly lower than in the euro area (which stood at 5.8%). In 2024, construction starts were made on 4,597 new flats, down 11,5% on the previous year, while new flats that were completed rose by 5% to 5,165 on the previous year. In the second quarter of 2025, confidence in construction improved

somewhat y-o-y along with the improvement in the assessment of building activity. The construction of new residential buildings is still hampered by high construction costs (higher prices of building materials and higher labor costs) and a shortage of workers. Shortages in supply remain.

House Prices:

House prices were 3,2% higher y-o-y in the first quarter of 2025 and 5,5% higher in the second quarter of 2025. The growth in house prices was still quite high in 2024 at 7,4%. Compared to 2008, in the second quarter of 2025, house prices were nominally more than half higher, and 12,6% higher in real terms. Prices of used apartments remain highest in Ljubljana and on the Coast region. The rise in house prices is driven by lower interest rates and increased demand for housing loans. After nearly three years of decline, the number of sales of residential properties increased in the first half of 2025, with a y-o-y growth of 13,2% in the first quarter of 2025 and 34,8% in the second quarter of 2025. The sale of used apartments in Ljubljana increased by around a quarter y-o-y, while in the rest of Slovenia it grew by around 40%.

MORTGAGE INTEREST RATES

In 2024, interest rates for housing loans were close to the euro area average and followed a similar downward trend. In 2025, they continued to decrease and by June they were lower than the euro area average. Fixed interest rates for newly approved housing loans, which greatly dominate over variable rates, have decreased from 3,1 in December 2024 to 2,9% by June 2025. The share of variable rate loans in total loans for house purchase decreased from 2,45 in December 2024 to 1,82 in March 2025 and to 1,07% in June 2025.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	8.223	8.235	8.272	8.303	8.392	8.488	8.598	8.710	8.914
Gross Residential Mortgage Lending (million EUR)	288	278	320	310	353	360	390	429	559
House Price Indices (2015 = 100)	185,4	186,3	191,2	195,4	198,3	201,5	205,7	201,7	209,3
Mortgage Interest Rates (% , weighted average)	4,07	4,03	3,96	3,81	3,68	3,44	3,18	2,99	2,86
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,07	5,41	5,8	5,3	5,42	4,88	4,97	3,98	3,51
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,81	3,74	3,3	3,99	3,37	3,52	3,6	3,28	2,93
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,8	3,74	3,88	3,72	3,56	3,39	3,01	2,91	2,85
Long-term initial fixed period rate, 10-year or more maturity (%)	4,06	4,04	3,95	3,79	3,67	3,4	3,15	2,98	2,85
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	4,8	3,2	2,6	2,8	1,8	2,0	2,0	1,9	1,2
Short-term fixed (1Y-5Y initial rate fixation)	1,5	1,6	1,7	1,6	2,3	2,3	1,7	1,6	1,2
Medium-Term fixed (5Y-10Y initial rate fixation)	13,5	13,8	12,9	14,4	15,1	13,9	15,1	17,7	17,0
Long-Term fixed (over 10Y initial rate fixation)	80,3	81,4	82,8	81,1	80,7	81,7	81,1	78,8	80,5

MORTGAGE MARKETS**Market developments:**

Q2 2025 marked the fifth quarter in a row of gross lending growing above 20% YoY. The favourable behaviour of economy, the high rentals and the positive outlook in housing prices boosted demand. The positive performance of gross lending is mirrored in the outstanding portfolio, which expanded by 2,5% y-o-y.

REGULATION & GOVERNMENT INTERVENTION

Recently, the Ministry of Housing and Urban Agenda has launched the public consultation process on the draft Royal Decree regulating the State Housing Plan 2026–2030. The new plan establishes three main lines of action to promote the increase of social and affordable housing stock, urban rehabilitation and regeneration, as well as to foster youth emancipation.

HOUSING MARKETS**Housing Supply:**

Building permits have been rising since Q1 2024, although they remain insufficient to meet the growing structural demand. Although the different stakeholders acknowledge the problem, greater involvement and more decisive public policies are needed aimed at accelerating urban land development and consequently, increasing the housing stock.

House Prices:

Housing prices have increased by 3% q-o-q and by 10% y-o-y. At the regional level, Madrid as well as several coastal regions, such as Alicante, Valencia, Cantabria and the Balearic Islands, led housing price growth, with particularly pronounced increases in their respective capitals.

MORTGAGE INTEREST RATES

Borrowing rates continued to decrease in all categories of mortgage products in line with monetary policy decisions. In this context, long-term fixed rates loans continued to gain momentum, accounting for 75% of market share.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	478.120	475.055	471.915	470.137	471.396	472.491	474.501	477.535	483.067
Gross Residential Mortgage Lending (million EUR)	14.660	13.172	14.942	15.507	17.674	15.949	18.822	19.444	21.794
House Price Indices (2015 = 100)	121,5	122,8	124,9	126,5	128,5	130,2	133,7	137,8	141,9
Mortgage Interest Rates (% , weighted average)	3,77	3,90	3,86	3,57	3,45	3,32	3,05	2,85	2,72
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,21	4,50	4,52	3,95	4,32	4,10	3,61	3,24	3,04
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,37	4,62	4,53	4,10	4,02	3,97	3,50	3,31	3,16
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,48	4,02	3,91	3,87	3,91	4,06	3,63	3,69	3,62
Long-term initial fixed period rate, 10-year or more maturity (%)	3,18	3,22	3,23	3,09	2,93	2,87	2,75	2,62	2,52
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	19,1	16,9	15,4	16,8	12,5	10,3	10,1	9,2	8,1
Short-term fixed (1Y-5Y initial rate fixation)	22,2	24,1	24,8	23,0	20,9	17,3	14,1	10,4	8,8
Medium-Term fixed (5Y-10Y initial rate fixation)	10,0	15,2	15,8	14,4	11,8	11,4	11,4	9,8	8,5
Long-Term fixed (over 10Y initial rate fixation)	48,6	43,8	44,0	45,8	54,8	61,0	64,4	70,6	74,6

MORTGAGE MARKETS**Market developments:**

Net mortgage lending grew by 1.9 % on an annual basis in the second quarter 2025 compared to 1.7 % the previous quarter. Mortgage lending secured on one-family homes increased by 2.4 % on an annual basis (2.0 % Q1 2025). The increase in lending secured on tenant-owned apartments increased by 1.6 % (1.3 % Q1 2025). The net mortgage lending to multi-family homes increased by 1.0 % in Q2 compared to 1.6 % on an annual basis in the previous quarter. During 2025 there has been a higher demand for one-family homes than tenant-owned apartments, and therefore net lending growth has been higher for one-family homes. As the interest rates has decreased during 2024 and 2025 the mortgage market has slowly recovered and the residential lending growth rate has increased. However, the general growth in the economy is still slow and house buyers hesitate.

HOUSING MARKETS**Housing Supply:**

The construction is expected to recover slightly in 2025. Increasing costs for housing and rents, and decreasing birth rates and immigration, have lowered demand for new housing in general.

House Prices:

One-family homes prices increased by 2,9 % on a yearly basis Q2 2025 compared to an increase by 2,6 % Q1 2025 according to Statistics Sweden. One year ago, Q2 2024, the house prices decreased by 0,2 % on an yearly basis. The price statistic is partly based on transactions where the prices are negotiated in earlier quarters and the figure is to some extent delayed. The prices on one-family homes in the Stockholm area increased by 4,6 % on a yearly basis in the second quarter 2025 (2,7 % previous quarter). In the Malmö-area the prices increased by 1,6 % on an annual basis (2,2% previous quarter) and in Gothenburg by 7,5 % (4,1 % previous quarter).

MORTGAGE INTEREST RATES

The share of variable interest rates was 75% of outstanding household mortgage loans at the end of Q2 2025. The share of new loans with variable interest rates was 75 % in Q2 compared to 78 % the previous quarter. Swedish mortgage borrowers in general expect mortgage interest rates to decrease, which is one reason for the demand of variable interest rates. The share of variable interest rate among new mortgage loans is comparably high in Sweden compared to other European countries

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	445.639	457.176	476.323	469.017	467.807	471.679	467.822	496.093	485.608
Gross Residential Mortgage Lending (million EUR)	11.472	9.649	12.826	11.671	13.351	12.170	15.834	14.204	15.230
House Price Indices (2015 = 100)	138,8	139,8	138,1	137,1	138,4	141,9	141,8	140,6	142,5
Mortgage Interest Rates (% , weighted average)	4,21	4,57	4,77	4,68	4,53	4,09	3,46	3,13	3,06
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,28	4,77	4,40	4,36	4,04	3,36	2,94	3,01	2,82
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,92	4,44	4,18	3,74	3,64	2,91	2,85	3,10	2,97
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,29	3,80	3,02	3,09	3,11	2,78	2,75	3,24	3,22
Long-term initial fixed period rate, 10-year or more maturity (%)	6,28	6,95	6,95	6,51	6,24	6,30	6,20	6,11	5,85
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	56,4	58,7	61,1	65,1	69,2	86,9	77,1	73,8	73,8
Short-term fixed (1Y-5Y initial rate fixation)	42,3	40,0	37,6	33,7	29,6	11,5	21,0	25,0	25,0
Medium-Term fixed (5Y-10Y initial rate fixation)	1,3	1,3	1,3	1,3	1,2	1,6	1,9	1,2	1,2
Long-Term fixed (over 10Y initial rate fixation)									
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	80,1	77,5	69,2	86,0	91,6	71,3	72,8	77,7	74,7
Short-term fixed (1Y-5Y initial rate fixation)	17,6	19,7	29,0	12,7	7,4	27,5	26,0	19,7	23,4
Medium-Term fixed (5Y-10Y initial rate fixation)	2,3	2,8	1,9	1,3	1,0	1,2	1,2	2,6	1,9
Long-Term fixed (over 10Y initial rate fixation)									

MORTGAGE MARKETS**Market developments:**

Gross lending was £57.6 billion in the second quarter of 2025 which is 4% lower than in Q2 2025. After repayments net lending was £7.1 billion in the quarter, up 9% on Q2 2024. Lending activity in Q2 2025 was somewhat subdued as many transactions were brought forward to Q1 2025, ahead of the increases to Stamp Duty Land Tax in April. The Bank Rate was cut from 4.25% to 4.00% in August 2025. As a result average mortgage rates fell from 4.52% in Q1 2025 to 4.43% in Q2 2025.

Inflation has been stubborn in the UK and is expected to remain well above the Bank of England's 2.0% target for the remainder of this year. Further easing in monetary policy is not expected until Q2 2026, and as a result mortgage rates are likely to remain relatively elevated.

Wider economic conditions remain supportive for home-buyers. Wage growth remains higher than inflation meaning real wages are growing. The unemployment rate remains low, although conditions in the labour market have been softening in recent months with unemployment increasing and job vacancies falling.

REGULATION & GOVERNMENT INTERVENTION

In July the Prudential Regulation Authority (PRA) relaxed rules around Loan To Income (LTI) flow limits. Until this point firms lending more than £100 million per year could

not advance more than 15% of new loans at an LTI of over 4.5. This has been increased to £150 million, meaning this restriction will no longer apply to around 80 UK lenders.

The PRA have also stated they will review the 15% limit and firms are able to apply for a modification to go above this limit until the consultation is complete.

Overall this should result in a greater availability of lending to First-time buyers, who typically have smaller deposits.

HOUSING MARKETS**Housing Supply:**

Q2 data unavailable. In Q1 2025 there were 29,610 new house-building starts. This is up 23% on Q1 2024. There were 32,560 housebuilding completions, which is down 5% on Q1 2024.

House Prices:

Average house prices fell by 0.6% over the quarter, but are up 2.9% over the year.

MORTGAGE INTEREST RATES

Average mortgage rates fell from 4.46% in Q1 to 4.32% in Q2 following the cut in the Bank Rate to 4.00% in August. There was a slight increase in the number of loans advanced on variable rates, as many were expecting Bank Rate to fall over the second half of the year.

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1,894,334	1,883,461	1,862,971	1,894,062	1,921,917	1,958,517	1,984,064	1,663,090	1,667,997
Gross Residential Mortgage Lending (million EUR)	66,034	59,885	70,458	61,376	59,342	71,253	76,871	81,271	91,754
House Price Indices (2015 = 100)	148.7	146.8	145.1	146.8	150.5	151.3	153.1	150.9	150.9
Mortgage Interest Rates (% , weighted average)	4.56	4.85	5.31	4.96	4.80	4.83	4.54	4.52	4.43
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5.28	5.64	5.74	5.86	5.94	5.78	5.56	5.27	4.86
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4.53	4.75	5.22	4.83	4.71	4.73	4.46	4.46	4.32
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4.06	4.75	4.65	4.18	4.10	4.01	3.97	3.92	4.05
Long-term initial fixed period rate, 10-year or more maturity (%)	3.82	3.32	4.16	4.22	3.02	3.90	5.05	5.19	N/A
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	12.80	12.40	12.40	12.40	11.90	11.50	10.90	10.10	9.50
Short-term fixed (1Y-5Y initial rate fixation)	83.62	84.01	84.01	84.10	84.58	85.05	85.71	86.57	87.33
Medium-Term fixed (5Y-10Y initial rate fixation)	3.49	3.50	3.50	3.50	3.44	3.36	3.30	3.24	3.17
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	15.3	9.5	14.3	11.9	6.4	7.4	6.0	7.2	7.6
Short-term fixed (1Y-5Y initial rate fixation)	83.7	89.5	84.7	87.5	93.0	92.0	93.5	92.8	91.9
Medium-Term fixed (5Y-10Y initial rate fixation)	1.0	1.0	1.0	0.6	0.6	0.6	0.5	0.5	0.5



QUARTERLY REVIEW

OF EUROPEAN
MORTGAGE
MARKETS

Q2| 2025



The entire contents of this publication are protected by copyright.
All rights reserved. No part of this publication may be reproduced,
stored in a retrieval system, or transmitted in any other form or by any
means: electronic, mechanical, photocopying, recording or otherwise
without the prior permission of the European Mortgage Federation.