



aviv group —

AVIV Housing market report

→ Q4 2024

SeLoger

 Meilleurs
Agents

immoweb

immo welt

AVIV Housing market report

01

**2024 – A Turning Point
in Credit Conditions p3**

02

**Housing market:
The worst is behind us p7**

03

**2025 projections under
political uncertainties p15**

01

2024 – A Turning Point in Credit Conditions

The European real estate market has seen favorable shifts in credit conditions over 2024, largely driven by changes in monetary policy. On June 6th, 2024, the European Central Bank (ECB) lowered its key interest rates by 25 basis points, marking its first rate cut since 2019. This decision effectively signaled the end of a prolonged period of stringent monetary tightening in the eurozone. **In the second half of the year, the ECB implemented three additional rate cuts**, each of 25 basis points, reducing its deposit rate down to 3% by the end of 2024.

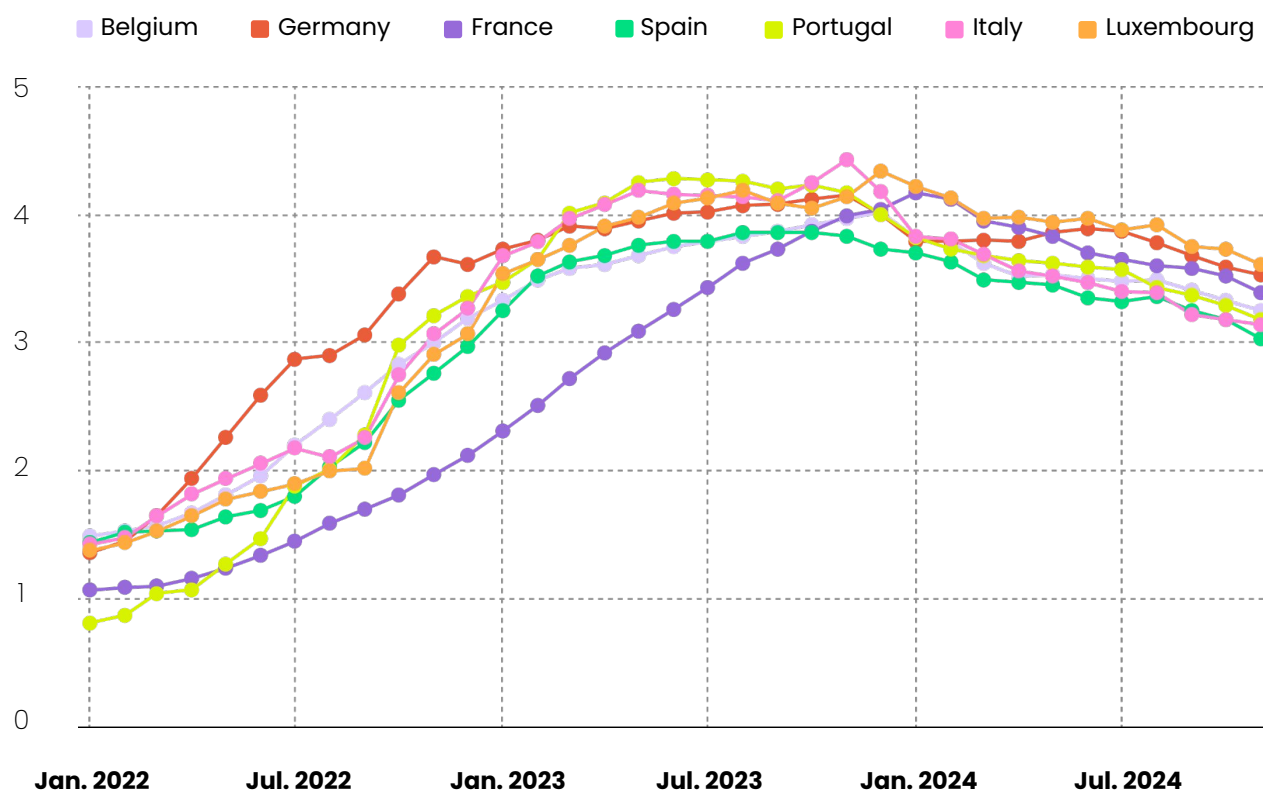
Inflation trends have supported these monetary easing efforts. Recent inflation data align with the ECB's forecasts, with headline inflation expected to average 2.4% in 2024, declining to 2.1% in 2025 and 1.9% in 2026.

By late 2023 and early 2024, credit conditions started to improve as banks anticipated the European Central Bank's (ECB) first rate cut. **Interest rates fell across most countries, with further decreases reported particularly over the last three months.** Since January, cumulative interest rate decreases have amounted to 0.8 percentage points in France, 0.6 percentage points in Belgium, and 0.3 percentage points in Germany.¹

¹ Interest rates in Germany had already decreased by 0.15 percentage points in November and an additional 0.2 percentage points in December 2023. Similarly, in Belgium, interest rates had also already decreased by 0.2 percentage points in December 2023.



Average Interest rates for housing loans to households



Evolution of Interest rates for housing loans to households

(in percentage points)

	Interest Rates evolution last month	Interest Rates evolution last 2 months	Interest Rates evolution last 3 months	Interest Rates evolution YTD	Interest Rates evolution 2023	Interest Rates evolution 2022
Belgium	↘ -0.1	↘ -0.2	↘ -0.2	↘ -0.6	↗ 0.5	↗ 1.8
Germany	↘ -0.1	↘ -0.2	↘ -0.3	↘ -0.3	↗ 0.1	↗ 2.4
France	↘ -0.1	↘ -0.2	↘ -0.2	↘ -0.8	↗ 1.9	↗ 1.2
Spain	↘ -0.2	↘ -0.2	↘ -0.3	↘ -0.7	↗ 0.5	↗ 1.8
Portugal	↘ -0.1	↘ -0.2	↘ -0.3	↘ -0.6	↗ 0.4	↗ 2.7
Italy	0.0	↘ -0.1	↘ -0.3	↘ -0.7	↗ 0.2	↗ 2.3
Luxembourg	↘ -0.1	↘ -0.1	↘ -0.3	↘ -0.6	↗ 0.7	↗ 2.2

Housing purchase excluding revolving loans and overdrafts. All maturities together.

1m = October 2024 to November 2024.

2m = September 2024 to November 2024.

3m = August 2024 to November 2024.

YTD = January 2024 to November 2024

2023 = January 2023 to January 2024.

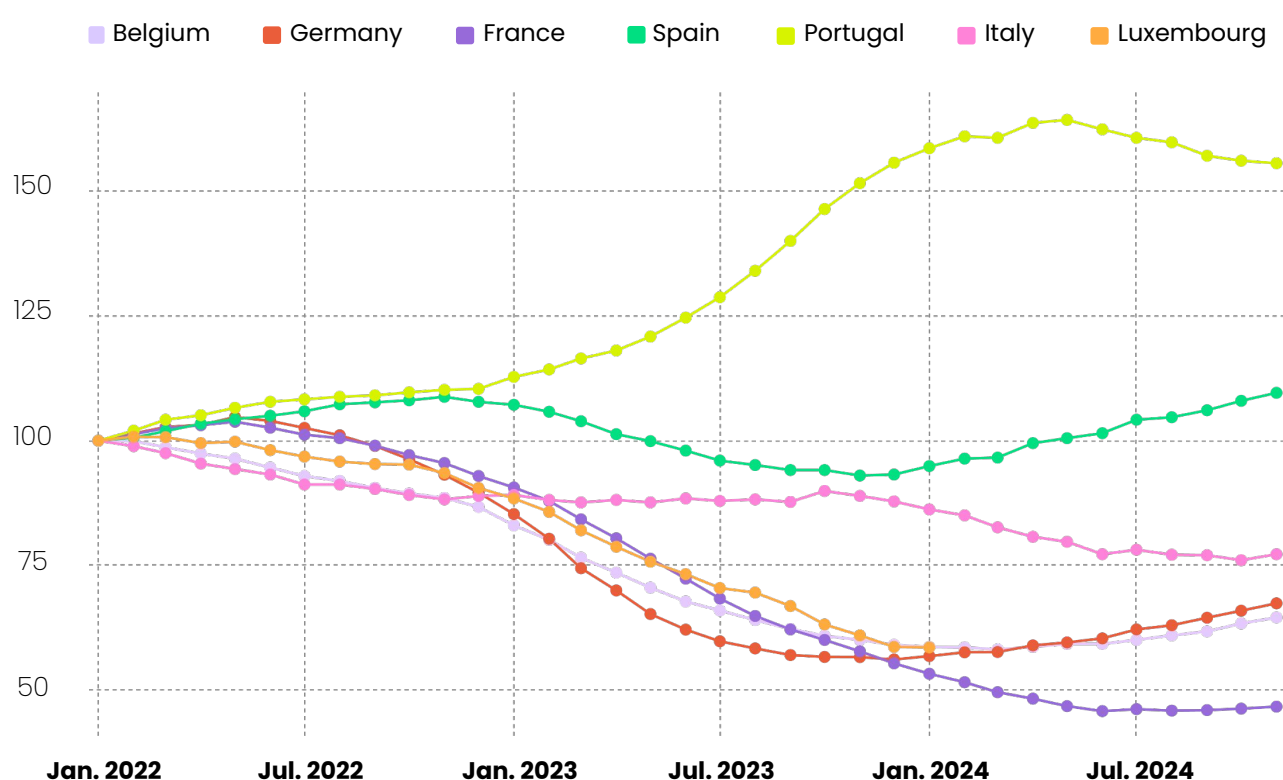
2022 = January 2022 to January 2023.

Source: ECB, November 2024

In parallel to the decrease in interest rates, the European credit market has seen signs of recovery in terms of annual credit volumes. Since 2022, annual credit production has continuously declined. However, since late 2023, beginning 2024 annual credit production has started to stabilize or increase again in most countries. Germany reached its low point in November 2023, Belgium in March 2024, and France in June 2024. Whilst annual credit volumes had started a constant upward trend in Germany, Belgium had first seen a period of stabilisation with more significant improvements since July. In France, a clear stabilization is visible, with slight improvements.

New credits for housing to households – Annual production







(100 = 1st January 2022)



12 months accumulated sum, non deflated from house prices evolution. Source: ECB, July 2024. ⁴ Numbers for Luxembourg are only available until February 2024.

This positive trend also becomes apparent when examining monthly credit production in the last 4 months compared to the same months the year before. Indeed, **in each of the months between August and November 2024 Belgium, Germany and Spain had seen higher credit production** compared to the same month the year before. **For France** the situation is also particularly noteworthy, since **for the last three recorded months credit production figures have continuously surpassed those in the same month the year before**, effectively reversing the trend relative to the average of -31% observed over the two years prior to August 2024.

Evolution of the monthly production of new credits for housing to households compared to same month one year ago

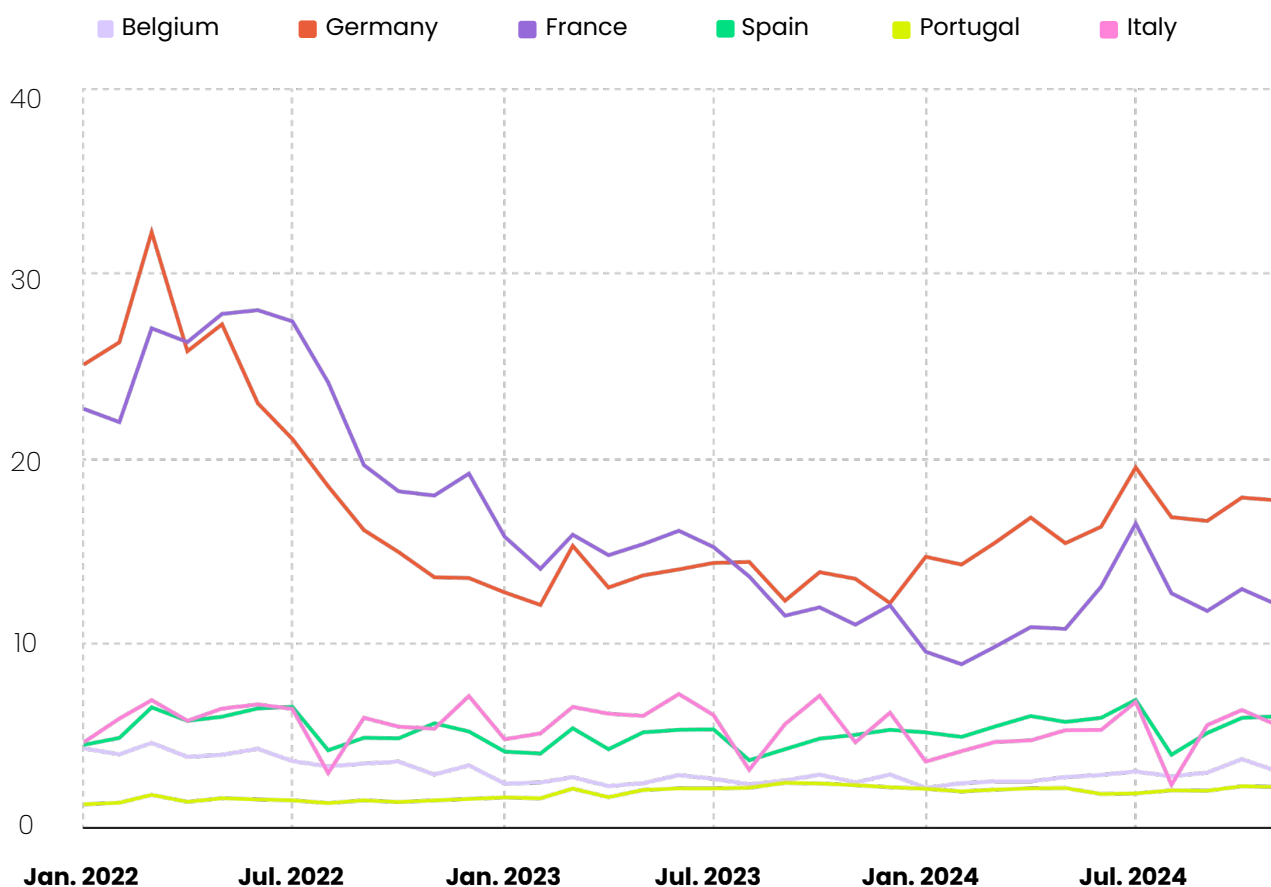
	November 24	October 24	September 24	August 24
 Belg.	↗ 25%	↗ 29%	↗ 17%	↗ 19%
 Ger.	↗ 32%	↗ 29%	↗ 35%	↗ 17%
 Fran.	↗ 10%	↗ 8%	↗ 2%	↘ -7%
 Spain	↗ 20%	↗ 23%	↗ 21%	↗ 8%
 Port.	↘ -4%	↘ -6%	↘ -18%	↘ -7%
 Italy	↗ 20%	↘ -11%	↘ -1%	↘ -26%

Monthly production, non deflated from house prices evolution.

November 2024 = monthly credit % difference between November 2024 and November 2023.

Source: ECB, November 2024

New credits for housing to households – Monthly production (in Billions of euros)



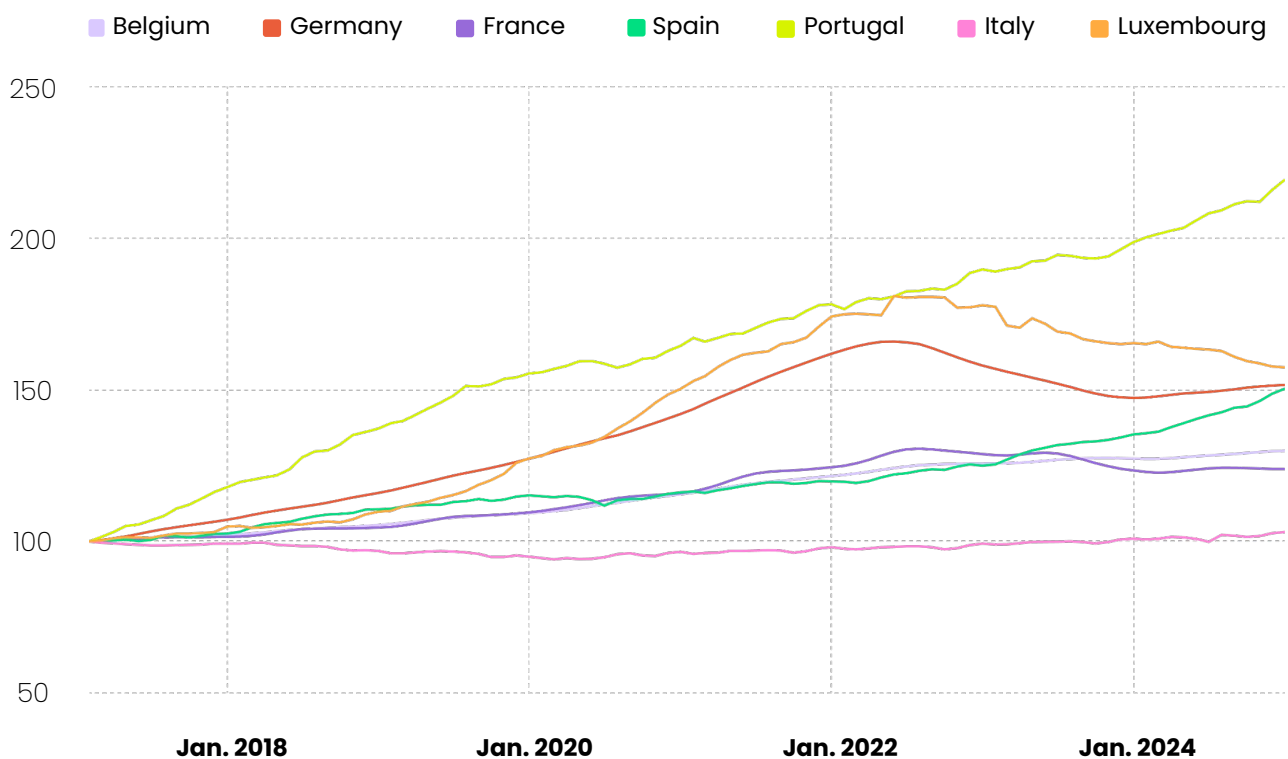
Source: ECB, October 2024.

02

Housing market: The worst is behind us

European countries Housing Price indices








(100= january 2017)



Source: AVIV – Immowelt, Immoweb, Meilleurs Agents, Idealista Italy, Idealista Portugal, Idealista Spain and Immotop



Housing price indices evolution

	 Belg.	 Germ.	 Fran.	 Spain	 Port.	 Italy	 Luxem.
Price (€/m²)	2 325€	3 012€	3 017€	2 271€	2 827€	1 880€	8 272€
2024 Q4	↗ 0.6%	↗ 0.6%	↘ -0.2%	↗ 4.1%	↗ 3.3%	↗ 1.6%	↘ -1.3%
2024 Q3	↗ 0.6%	↗ 0.9%	↗ 0.1%	↗ 2.0%	↗ 1.9%	↗ 1.6%	↘ -2.3%
2024	↗ 2.0%	↗ 2.9%	↗ 0.4%	↗ 11.2%	↗ 10.4%	↗ 2.2%	↘ -4.8%
2023	↗ 1.3%	↘ -6.7%	↘ -4.2%	↗ 8.2%	↗ 4.7%	↗ 1.6%	↘ -7.0%
2022	↗ 3.4%	↘ -2.4%	↗ 3.5%	↗ 4.3%	↗ 6.5%	↗ 1.2%	↗ 2.1%

Source: AVIV – Immowelt, Immoweb, Meilleurs Agents, Idealista Italy, Idealista Portugal, Idealista Spain and Immotop.

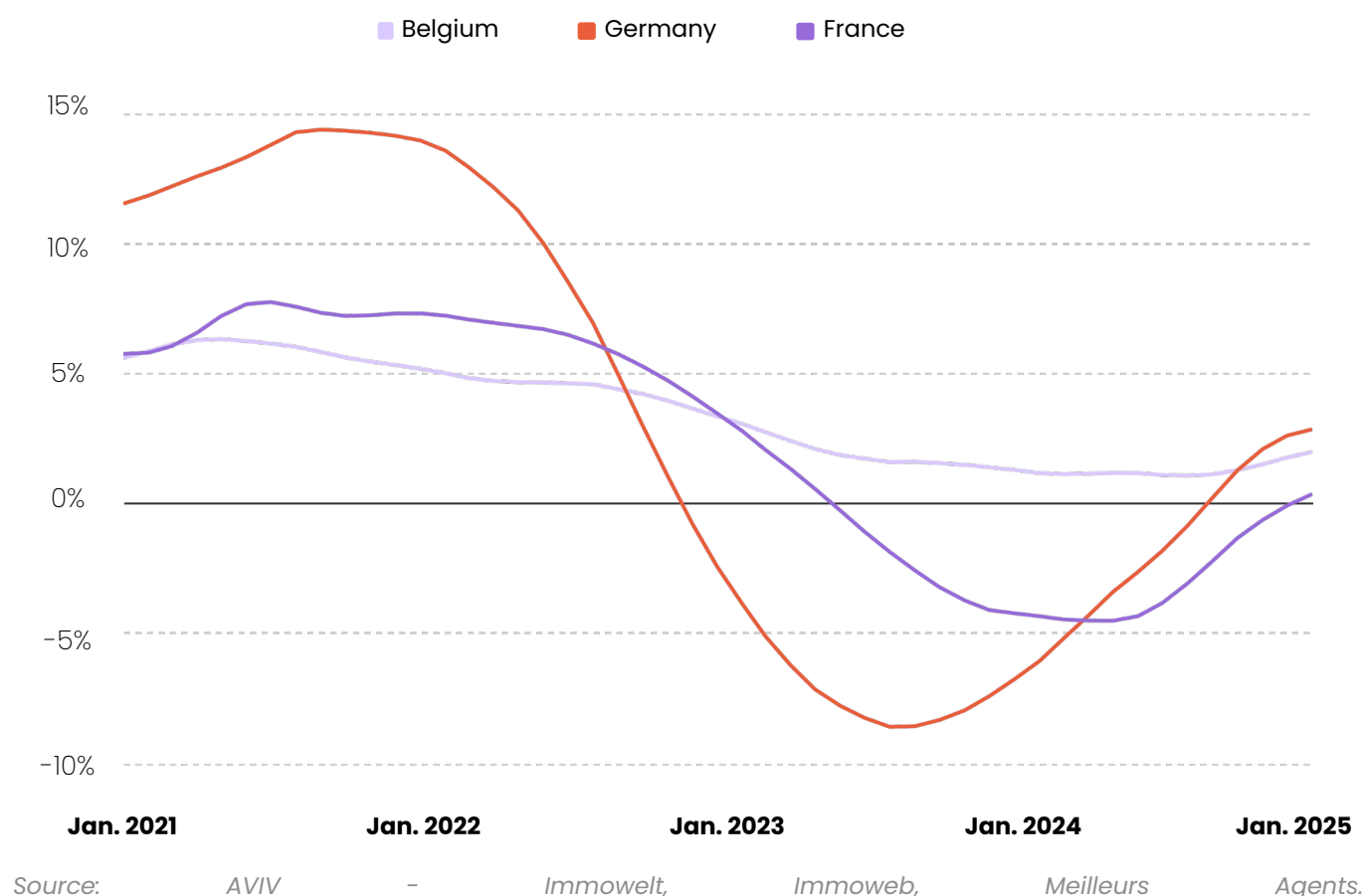
The European real estate market faced significant challenges in 2023, marked by its lowest level of dynamism in prices since the onset of the downward cycle in 2022. This stagnation was reflected in falling property prices in several key countries, including Germany, France, and Luxembourg, where declines ranged between -4% and -7% over 2023. Germany, which had already experienced a price drop of -2.4% in 2022, saw the decline intensify to -6.7% in 2023.

In contrast, some countries avoided outright declines but exhibited a clear deceleration in price growth. Belgium, for instance, recorded a price increase of 3.4% in 2022, which slowed to 1.3% in 2023. Portugal followed a similar trajectory, with price growth moderating from 6.5% in 2022 to 4.7% in 2023.

The year 2024, however, marked a turning point. Countries that had seen significant price declines began to stabilize, while those with previous growth trends saw further acceleration. Luxembourg, the most expensive market in the region, experienced a less pronounced price decline in 2024 (-4.8% compared to -7% in 2023). Germany demonstrated the strongest recovery, with a remarkable turnaround to a 2.9% increase in prices, compared to a -6.7% drop the previous year. Similar to interest rates and credit volumes, prices appear to react more quickly in Germany compared to the other countries. Belgium also recorded a stronger price increase of 2% in 2024, although it remained below the 3.4% growth rate of 2022. France's market stabilized, with prices posting a modest 0.4% increase.








Signs of market recovery were particularly evident in year-on-year price trends. In Belgium, the lowest annual growth rate was observed in July 2024 (+1.1%), which has since doubled to 2%. Germany, where the decline began earlier, saw its recovery start sooner, with the lowest point in August 2023 (-8.6%), recovering to 2.9% by 2024. Similarly, France reached its lowest point in May 2024 (-4.5%) before stabilizing at 0.4% over the past year.

Annual housing price evolution over time



Reading key: In October 2024, prices in Germany have increased by 1.6% over the past 12 months, whereas in August 2023, they had decreased by 9% over the preceding 12 months.

Housing Purchasing Power (HPP) evolution from 2021

	Housing Purchasing Power in January 22	Housing Purchasing Power at the lowest level	Housing Purchasing Power in July 25	Loss of HPP between January 22 and lowest level (%)	Loss of HPP between January 22 and lowest level (sqm)	Evolution of HPP from the lowest level and July 25 (%)	Evolution of HPP from the lowest level and July 25 (sqm)	Loss of HPP between January 22 and July 25 (%)	Loss of HPP between January 22 and July 25 (sqm)
 Belg.	169	129	143	-24%	-40	11%	14	-15%	-26
 Ger.	105	82	98	-22%	-23	20%	16	-7%	-7
 Fran.	105	80	90	-24%	-25	13%	10	-14%	-15
 Spain	120	89	90	-26%	-31	1%	1	-25%	-30
 Port.	64	45	47	-29%	-19	5%	2	-26%	-17
 Italy	130	100	118	-23%	-30	18%	18	-10%	-12
 Lux.	67	55	65	-18%	-12	19%	10	-3%	-2

Source: AVIV – Immowelt, Immoweb, Meilleurs Agents, Idealista Italy, Idealista Portugal, Idealista Spain and Immotop for prices and evolutions, ECB for interest rates and Eurostat for incomes.

The initial phase of recovery in real estate prices and market activity is closely tied to an improvement in purchasing power, particularly in countries where price adjustments were most pronounced. **Rising interest rates had previously curtailed purchasing power**, necessitating price corrections across much of the region. However, the easing of interest rates beginning in early 2024, combined with the prior price declines, has gradually restored purchasing power for households.

Luxembourg stands out as the leader in recovering lost purchasing power, regaining 10 of the 12 square meters lost since 2022. Although it remains the most expensive country in the study, with an average price of €8,272 per square meter and one of the lowest purchasing power levels (65 sqm), the cumulative price drop of -9.6% since January 2022 has helped offset the impact of higher rates.

In contrast, Spain and Portugal, where prices have risen sharply—by 25.5% and 23.1%, respectively, since January 2022—have seen minimal improvements in purchasing power, regaining only 1 and 2 square meters. Despite these gains, Portugal continues to lag behind due to lower income levels, making it the country with the lowest purchasing power in the study.

Belgium and Italy, which experienced milder price increases of 6.9% and 5.1%, respectively, since January 2022, have recovered more ground. Belgian households regained 14 of the 40 square meters lost, while Italian households recovered 18 of the 30 square meters. France, with a modest price decline of -0.5% since January 2022, saw households recover 10 of the 25 square meters lost. Germany, benefiting from a more substantial price drop of -6.9%, regained 16 of the 23 square meters lost.

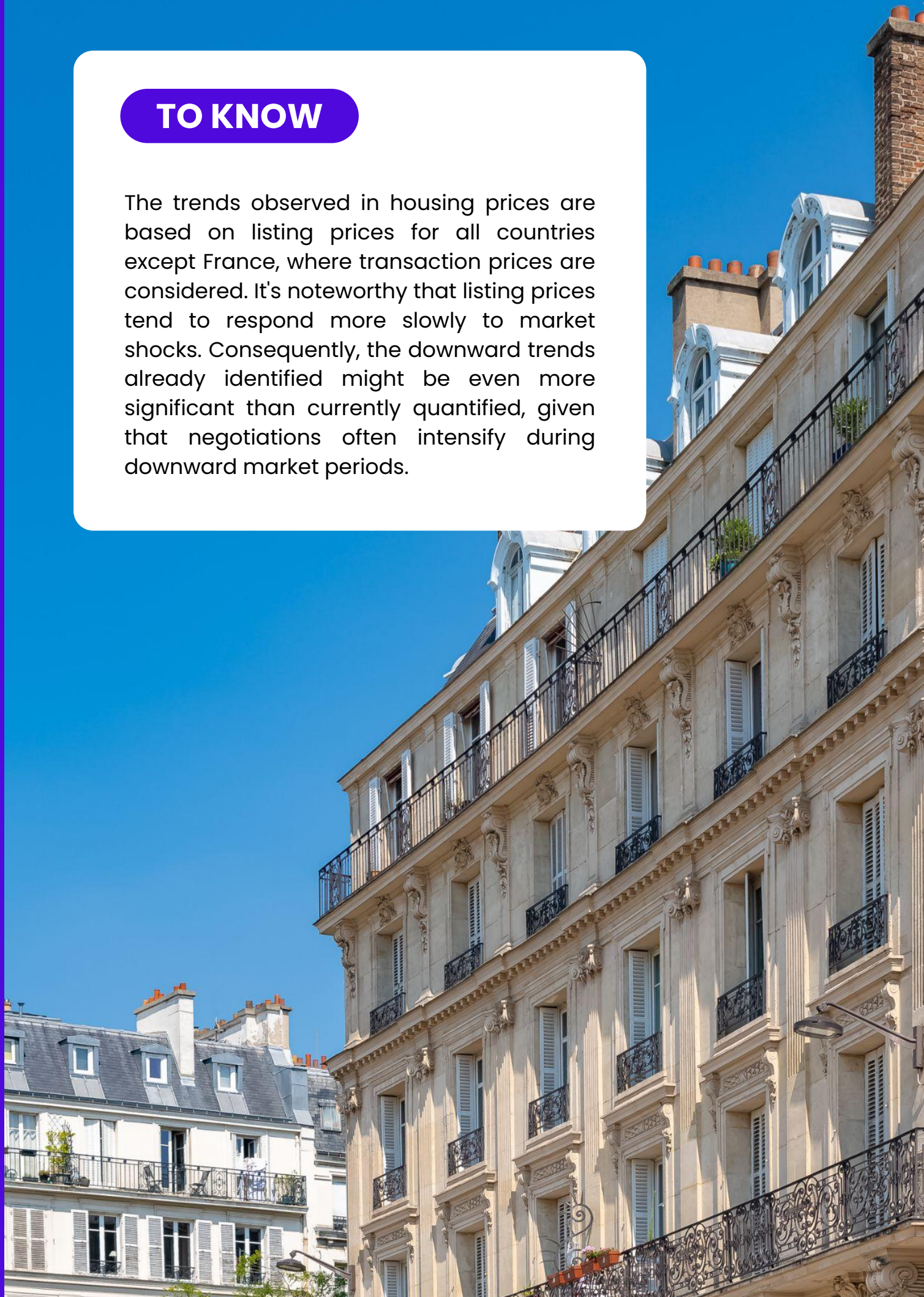
As of 2024, Belgium, Italy, and Spain rank as the most affordable countries in the study, thanks to their relatively low property prices and favorable income levels. Germany and France follow closely in terms of purchasing power, while Luxembourg and Portugal rank lower due to their respective challenges of high prices and low incomes.

Since hitting their lowest levels between November 2022 and December 2023, purchasing power has improved across all markets. However, it remains below January 2022 levels, ranging from -25% to -3%. If credit conditions do not continue to improve, further price adjustments may be necessary to reinvigorate market dynamism.



TO KNOW

The trends observed in housing prices are based on listing prices for all countries except France, where transaction prices are considered. It's noteworthy that listing prices tend to respond more slowly to market shocks. Consequently, the downward trends already identified might be even more significant than currently quantified, given that negotiations often intensify during downward market periods.





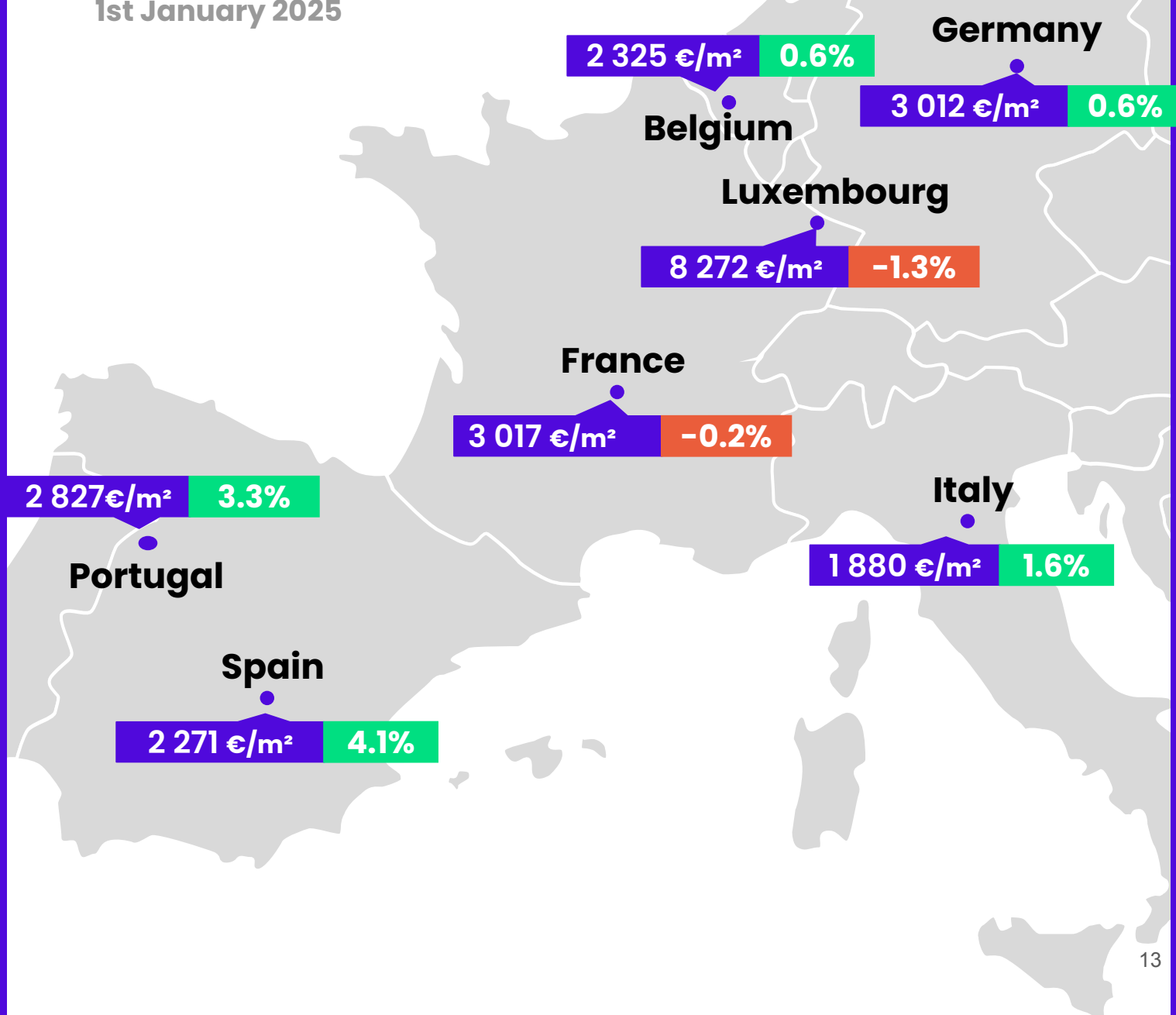
Housing price and evolution in European countries

Source: Aviv - Immowelt, Immoweb, Meilleurs Agents, Idealista Italy, Idealista Portugal, Idealista Spain and Immotop.

PRICE €/m²

24 Q4 evolution

1st January 2025

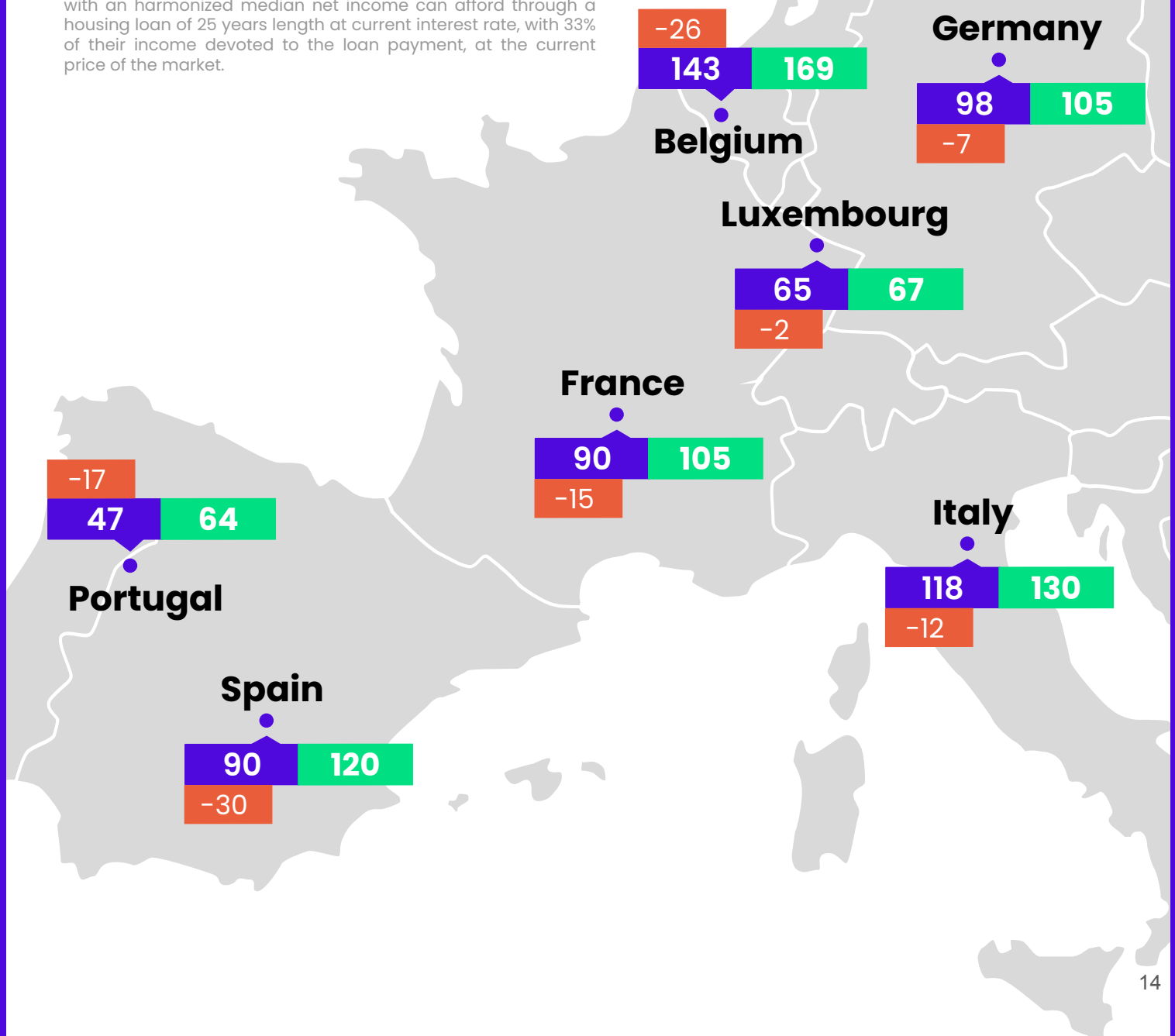


Housing Purchasing Power* & evolution in European countries

- HPP today (sqm)
- HPP January 2022 (sqm)
- Loss of HPP (sqm)

Source: Authors calculations - Eurostat, ECB, Immowelt, Immoweb, Meilleurs Agents, Idealista Italy, Idealista Portugal, Idealista Spain and Immotop.

*Housing Purchasing Power (HPP): Number of square meters that a household of 2 adults under 65 years old without children with an harmonized median net income can afford through a housing loan of 25 years length at current interest rate, with 33% of their income devoted to the loan payment, at the current price of the market.



03

2025 projections under political uncertainties

Credit conditions have started to improve throughout 2024. **The European Central Bank is expected to continue lowering key interest rates in 2025**, with inflation stabilising at around 2% by the end of 2025. Additionally, **Incomes are expected to increase** in the beginning of 2025 in all three countries (with automatic salary indexation in Belgium). Correspondingly **we should see an increase in purchasing power** across Belgium, France, and Germany in early 2025. While demand may remain reluctant in the early months of the year, a **recovery is anticipated by spring**, a period traditionally marked by high real estate activity, which is expected to initiate a growth cycle in terms of credit production and transactions.

Housing prices are projected to pick up in parallel. In France, prices are expected to accelerate from a more modest annual growth of 0.4% in 2024 to around 2% by the end of 2025. Belgium's housing market prices are also expected to accelerate from 2% over 2024 to more than 3% by the end of 2025. Germany, where prices tend to be more volatile and which has already seen a recovery to 2.9% price growth over 2024, is forecast to exceed 3% price growth in 2025.



However, political and economic uncertainties could impact this outlook, particularly if institutional crises trigger additional public debt tensions and stricter credit conditions.

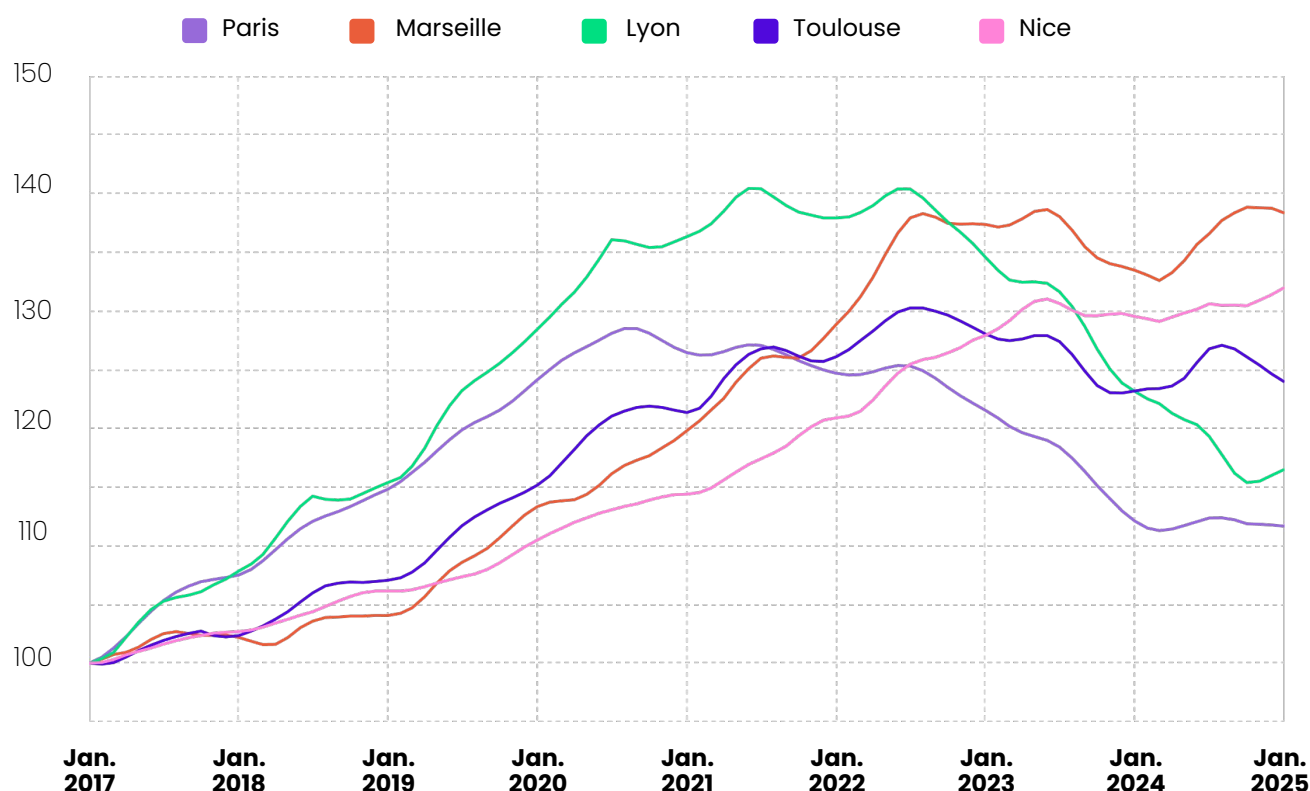
France has experienced significant political instability, including three different prime ministers in 2024. This turbulence, combined with a high public deficit, has raised concerns about the country's ability to manage and repay its debt. Consequently, the yield on France's 10-year government bonds as well as the risk premium has increased significantly. Similarly, Belgium faces a high public deficit and remains without a federal government since the elections in June 2024, while Germany is preparing for snap elections in February.

Meanwhile, Trump's policy announcements have changed expectations on inflation in the US and thus, monetary easing of the FED may change. This may lead to higher interest rates in the U.S. compared to Europe, attracting investments from the EU. In turn, the European Central Bank (ECB) might be compelled to adjust its directory rates, potentially resulting in adverse impacts on housing interest rates across the EU.

France : Key takeaways

Five biggest cities in France

(100 = January 2017)



Market

recovery

confirmed

Evolution of prices in Q4 2024

- France : -0.2%
- Paris: -0.2%
- 10 biggest cities: +0.1%
- Rural areas: -0.2%

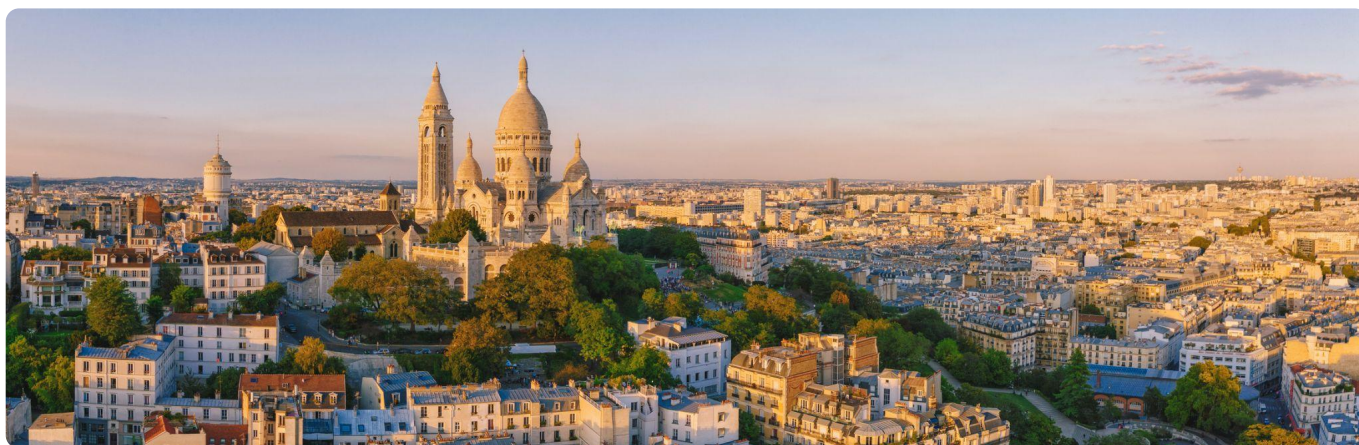
Evolution of prices in 2024

- France : +0.4%
- Paris: -0.4%
- 10 biggest cities: -0.2%
- Rural areas: +0.2%

The signals are back in the green for real estate project owners.

Demand has increased this year : in one year, the number of planned property purchases has risen by +10%. Although this phenomenon has affected rural areas a little less, with only +6% buyers over the last twelve months, it is particularly noticeable in the towns in the Top 10 of biggest cities. Here, the number of buyers is almost +24% higher than at the end of 2023.

For the offer, we are now seeing the beginnings of a destocking process. This is particularly true in the eleven largest cities in France. In Paris, for example, supply has fallen by -7% since the start of the year.



Will the market recover in 2025?

The ECB's key interest rate cuts over the next few months and inflation stabilising at around 2% should lead to a further fall in mortgage rates for individuals. So much so that they could reach the symbolic 3% mark before the summer.

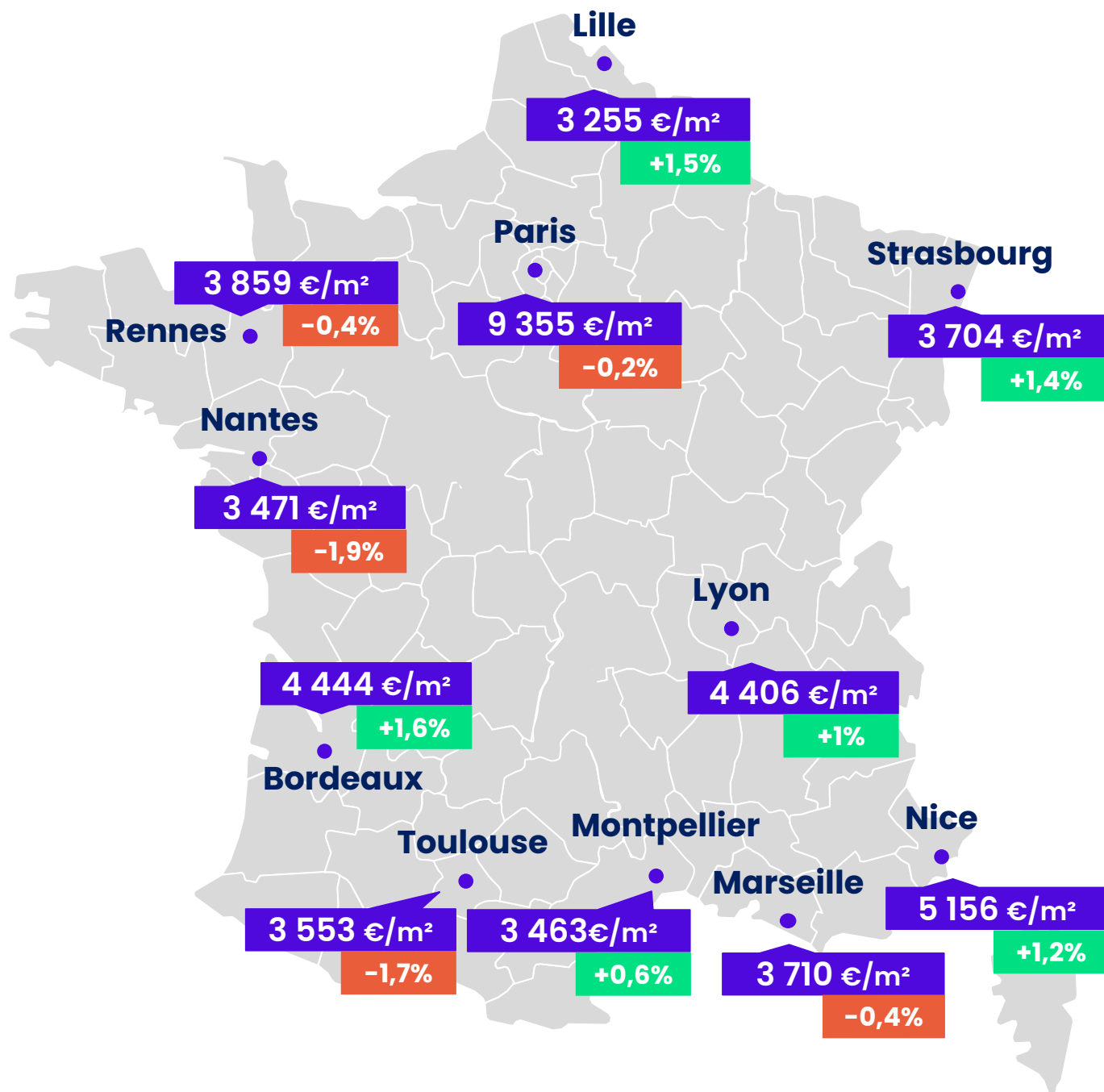
The market should reach a tipping point in the spring, with a recovery in demand likely to trigger the start of a new upward cycle.

While there is every reason to be optimistic that the market will pick up again in 2025, it should be borne in mind that the political and economic uncertainties currently hanging over the country could change the situation at any moment.



France

Housing prices and trends



PRICE €/m²

Q4 trends

Hybrid prices and apartment trends (only 12% of the housing stock are houses in french big cities)

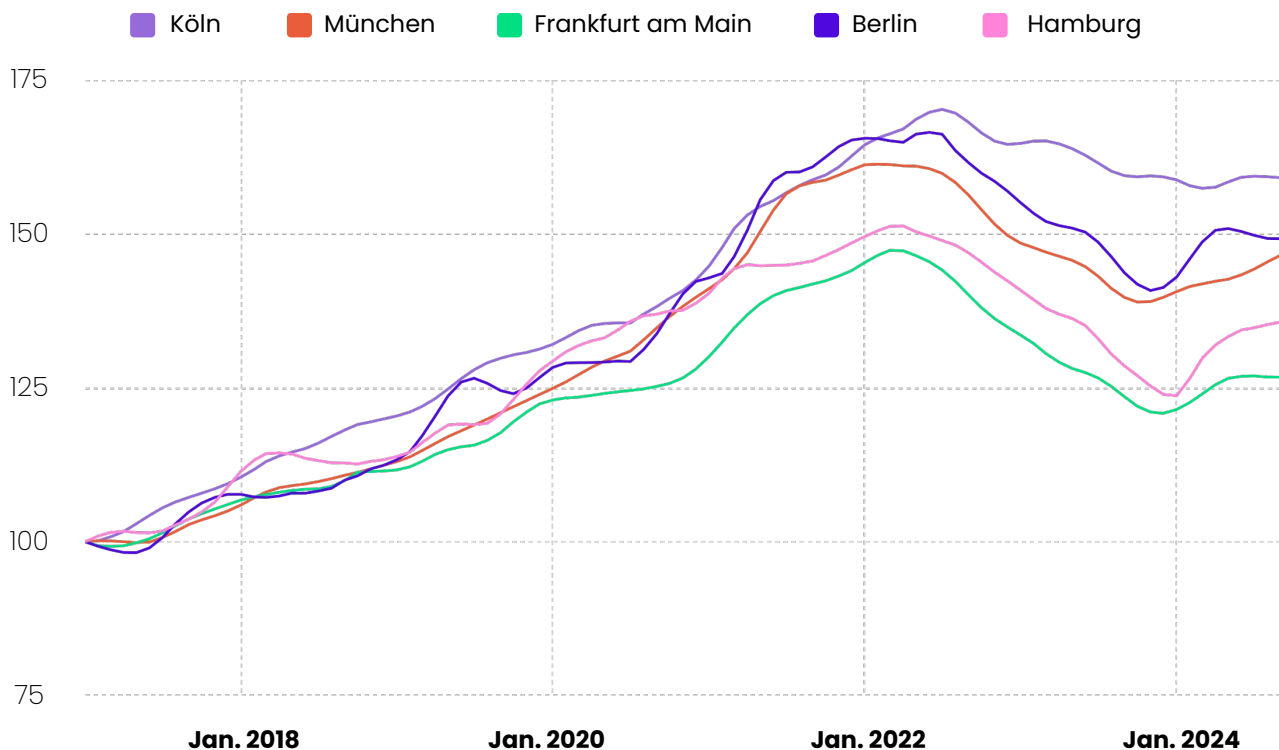
1st Jan 2025



Germany : Key takeaways

Five biggest cities in Germany

(100 = January 2017)



Real Estate Market 2024 – Prices Are Rising Again

- **Since the beginning of 2024, real estate prices in Germany have increased by 2.9%.**
 - Apartment prices have risen by 2.8%, while house prices have increased by 3.1%.
- **December 2023 marked the last month of negative growth.** Since then, there has been an average monthly growth of 0.24%.
 - However, this growth remains below the historical monthly average of 0.8% (2017 to July 2022, before the start of the crisis).
- **The market clearly recovered in 2024**, with noticeable signs of a positive turnaround.
 - Compared to the peak in July 2022, prices remain lower:
 - Apartments are still, on average, 9.3% cheaper. Houses remain roughly 7.1% below their peak.
 - The year 2024 has brought initial improvements in interest rates and lending conditions, which are expected to continue having a positive impact on real estate prices.

Germany's biggest cities are back on track

Apartments:

- 3-Month Trend:
 - Strongest increases: Leipzig (+3.7%), Essen (+3.1%), Nuremberg (+2.8%)
 - Declines: Cologne (-1.2%), Duisburg (-2.5%), Düsseldorf (-0.7%)
- 1-Year Trend:
 - Strongest increases: Dresden (+7.6%), Munich (+6.5%), Hanover (+6.1%)
 - Declines: Berlin (-0.1%), Duisburg (-0.2%)

Houses:

- 3-Month Trend:
 - Strongest increases: Stuttgart (+4.3%), Leipzig (+3.4%), Frankfurt (+3.6%)
 - Declines: Berlin (-1.8%), Munich (-3.1%)
- 1-Year Trend:
 - Largest gains: Cologne (+8%), Frankfurt (+10.5%), Duisburg (+9%)
 - Declines: Berlin (-5.1%), Munich (-1.0%)

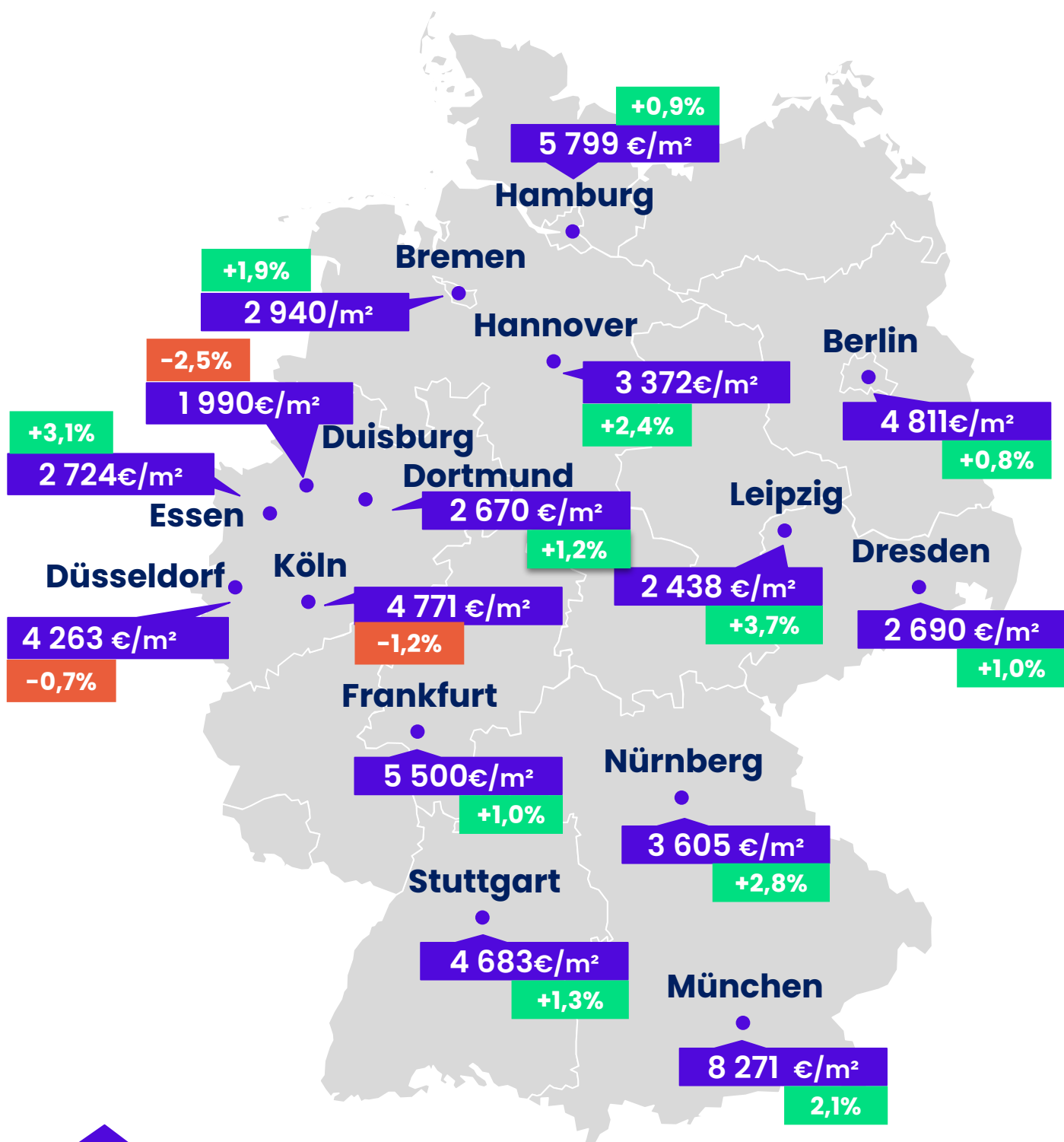
On average, the top 15 cities in Germany have grown by 3.2% since the start of 2024, with apartments showing a 3.3% increase and houses rising by 2.8%. While some cities still need more time to stabilize, the majority continue to grow steadily, albeit not as rapidly as before the crisis. In a 2-year comparison, real estate is still more affordable, with an average decline of -4.6% (apartments -4.4%, houses -6.6%).





Germany

Housing prices and trends



PRICE €/m²

Q4 trends

Hybrid prices and apartment trends (only 11,5% of the housing stock are houses in german big cities)

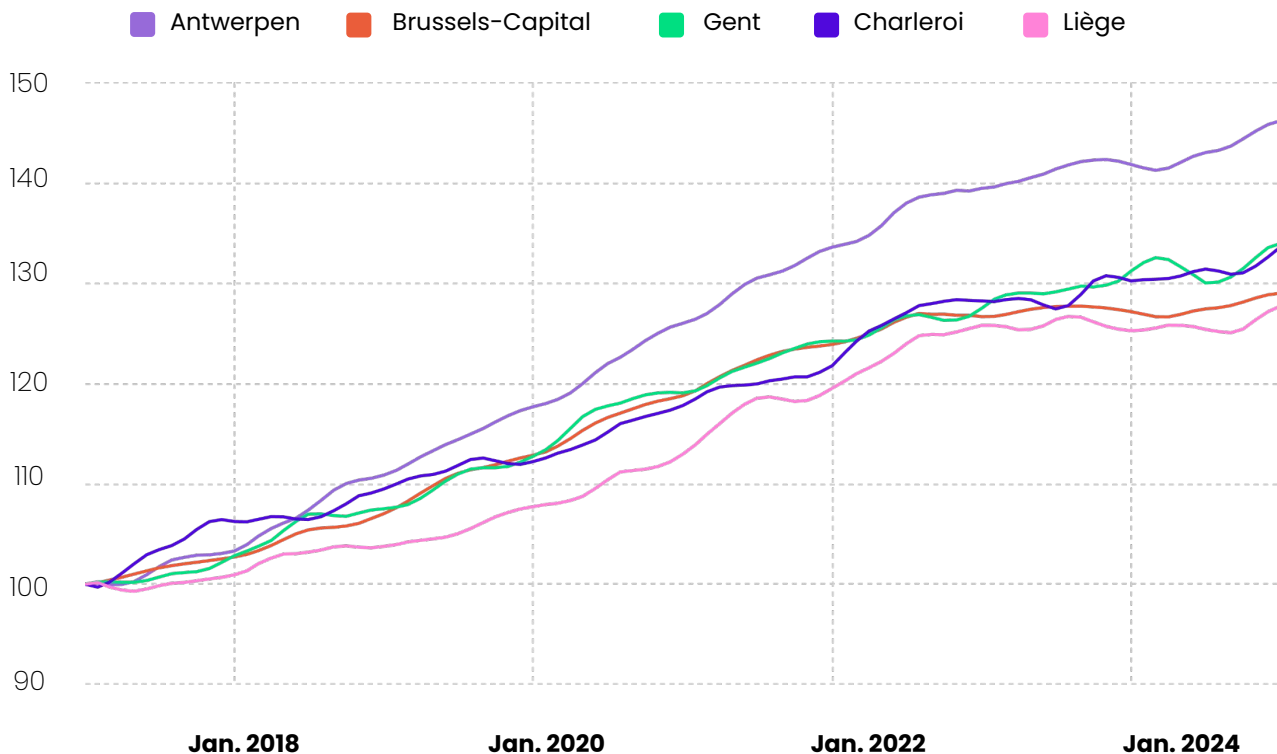
1st Jan 2025



Belgium : Key takeaways

Five biggest cities in Belgium

(100 = January 2017)



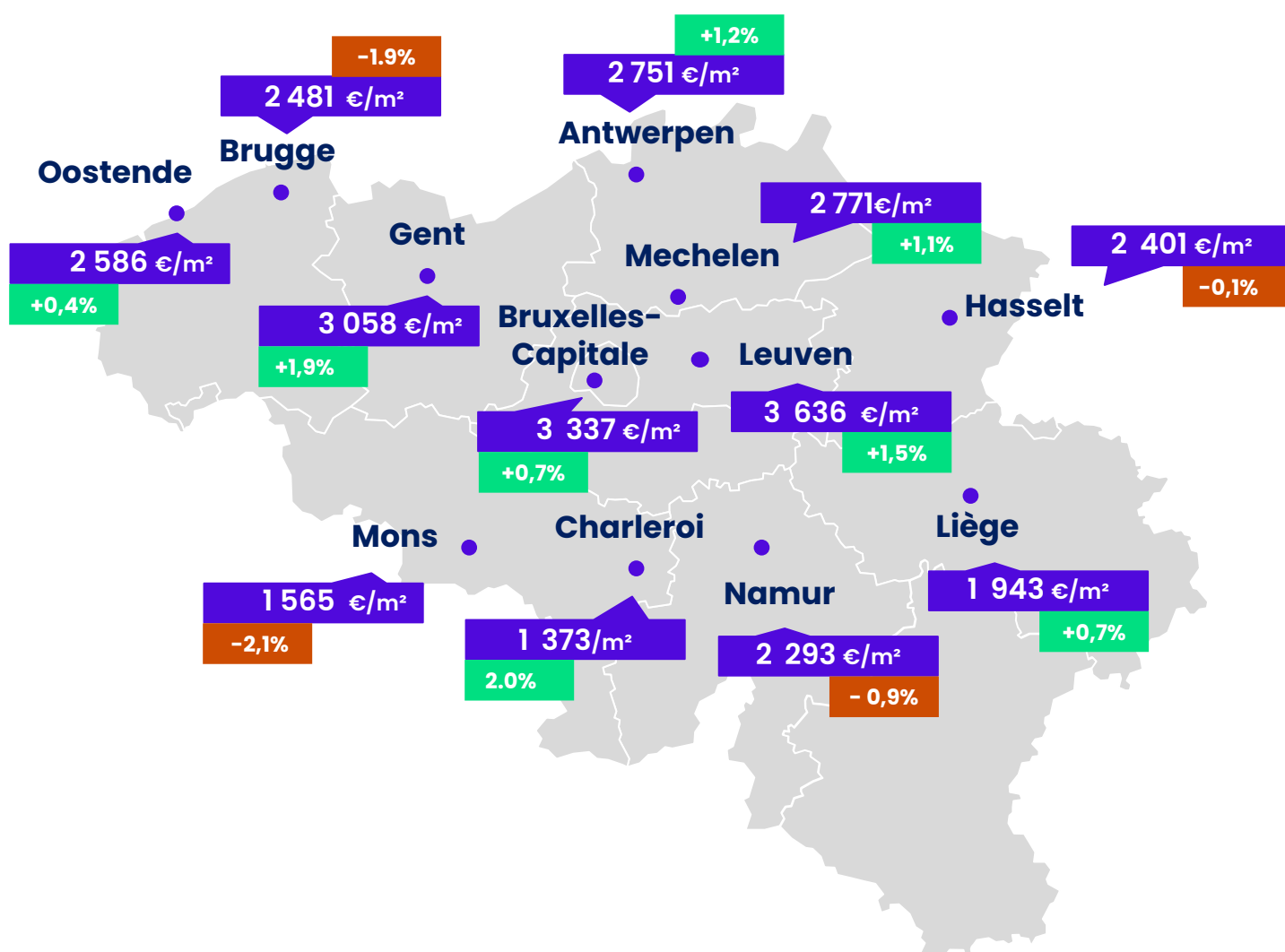
- With an average price per square meter of €2,325 as per 1st of January 2025, prices rose by +0.6% this quarter in Belgium, confirming the upward trend observed since the beginning of the second semester 2024.
 - This increase is more pronounced than that recorded in 2023 Q4, which was -0,1% and also 2022 Q4 (0.1%).
 - However, price growth remains below the levels recorded in the third quarter of 2020 and 2021 (1,0% Q4 2021 and 1,4% Q4 2020).
- **Throughout 2024, prices increased by 2%, a higher rise than that recorded in 2023 (1.3%).**
- In **Brussels**, prices saw the highest increase this quarter: **+0.7%**, compared to growth of **0.6% in Flanders** and slightly more moderate growth in **Wallonia (0.4%)**. Brussels continues to confirm its rebound in the second semester after lagging behind the other two regions since 2022, when interest rates began to rise..

- **Over the year 2024 interest rates went down significantly and, combined with the automatic indexation for many Belgians in January 2025, households regained a significant amount of housing purchasing power,** recouping almost half of the sqm lost between January 2022 and December 2023.
- Overall we see **signs of recovery in the housing and housing credit market in 2024 and expect the market to continue this gradual recovery throughout the year 2025.**
- Local factors, such as reduced transaction fees for housing in Wallonia and Flanders, could help stimulate real estate activity in 2025.
- **However, political uncertainty still looms over Belgium that could impact the positive outlook.** The federal government is yet to be formed, and the country's budgetary situation remains concerning. According to the European Commission's autumn forecasts, the budget deficit is expected to reach 4.9% in 2025, if no structural reforms are put in place.



Belgium

Housing prices and trends



PRICE €/m²

Q4 trends

1st Jan 2025

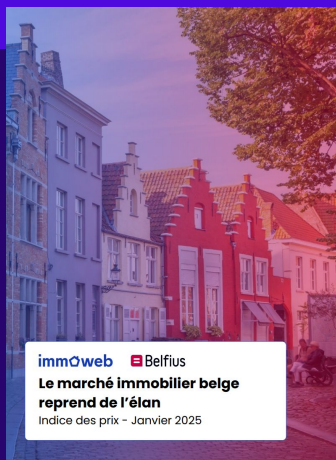
Hybrid city prices and trends

More details :



immowelt

Q4 2024



immoweb

Q4 2024



Meilleurs Agents

Q4 2024

aviv group