

EUROPE: Current Developments in the Housing and Housing Finance Market

Christian König, Managing Director European Federation of Building Societies
in Brussels, Belgium



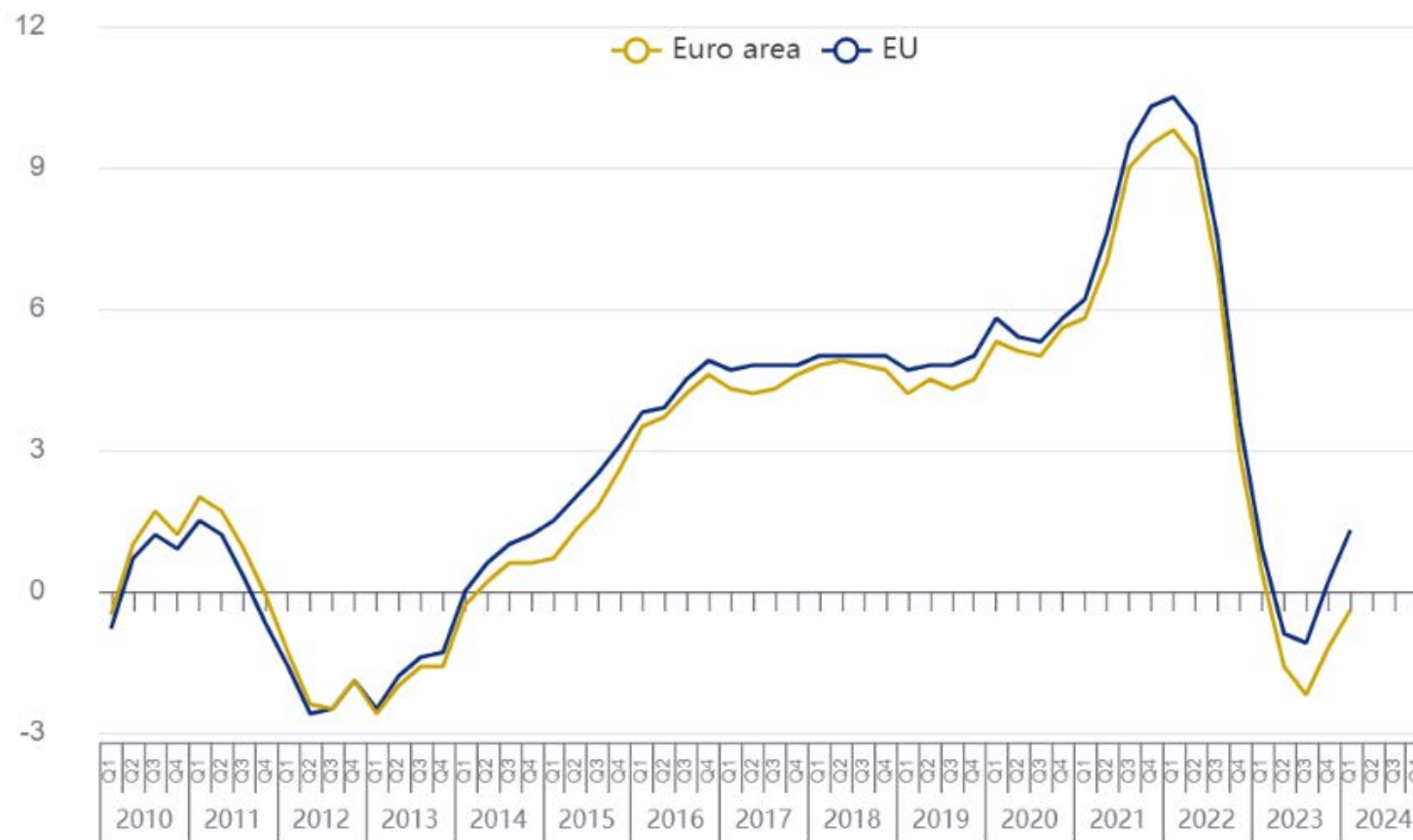
European Federation of Building Societies

- Representation of credit and other institutions promoting & supporting housing finance since 1962
- Currently about 50 members in the European Union and neighbouring countries
- Key player in the EU legislative process for issues concerning home loans, the mortgage market and housing policy



House price development in the EU: 2010-2024

House prices: Annual percent change



Source: Eurostat



Housing market trends vary significantly in the EU

Annual percent change in house prices (Q1 2024)

Poland: + 18.0%

Bulgaria: + 16.0%

Lithuania: + 9.9%

Luxemburg: - 10.9%

Germany: - 5.7%

France: - 4.8%



Interest rates - loans to households for house purchase

New euro-denominated loans to euro area households, interest rate in per cent



Source: ECB



Mortgage rates vary also in the EU

Cost of borrowing for households for house purchase in July 2024:

Estonia: 5.64%

Latvia: 5.61%

Lithuania: 5.37%

Malta: 2.29%

France: 3.40%

Belgium: 3.42%

HIGHEST RATES

LOWEST RATES



Political Agenda 2024 - 2029



Prosperous and competitive: Financing a fair, green and digital transition, bolstering our competitiveness, promoting an innovation- and business-friendly environment, address demographic challenges.

Strong and secure: EU enlargement, strengthening the EU's security and defence and migration and border management.

Free and democratic and enhance research, innovation and education.

Source: European Union, 2024 - EP



Political Agenda 2024 - 2029

Outgoing European Commission

„Von der Leyen I“

2019 until 2024



- Key project: **Green Deal**
- Focus on achieving climate neutrality by 2050 and interim target by 2030
- Subject to strong electoral win for **green** parties in the Parliament



Incoming European Commission

„Von der Leyen II“

2024 until 2029



- Key project: **Clean Industrial Deal**
- Focus on improving European competitiveness while completing Green Deal
- Subject to a shift in the Parliament toward **conservative** parties

Source: European Union, 2019 - EP



European Commission: Affordable Housing

- In her candidature speech, President von der Leyen promised affordable housing as well as lower energy prices for consumers and industry
- New EU Commissioner as well as EU task force on housing affordability



*“Europe faces a **housing crisis** [...], People are struggling to find affordable homes. This is why, for the first time, I will appoint a Commissioner with **direct responsibility for housing**.*

*We will **develop a European Affordable Housing Plan**, to look at all the drivers of the crisis and to help unlock the private and public investment needed.”*

Source: European Union, 2019 - EP



European Commission: MCD

- Next Commission may propose a review of the Mortgage Credit Directive (MCD)
- Current version of the MCD was passed in 2014
- Commission may attempt to modernise the MCD, incl. terms of **consumer protection** and **sustainability**
- Possible: Introduction of a voluntary **EU label for green mortgages**, based on the EU Taxonomy



Climate change
mitigation



Climate change
adaptation



Sustainable use
and protection
of water and
marine
resources



Transition to a
circular
economy



Pollution
prevention and
control



Protection and
restoration of
biodiversity
and ecosystems



Potential Future EU Priorities

- Current debates in Brussels point towards more European competitiveness
- Recent guidance reports indicate possible new political priorities

Author	Christian Noyer	Enrico Letta	Mario Draghi
Publication	April 2024	April 2024	September 2024
Objective	<u>Capital Markets Union (CMU)</u>	<u>EU Internal Market</u>	<u>European Competitiveness</u>
Key points	<ul style="list-style-type: none">• Development of a long-term European savings product• Revitalisation of the securitisation market• Integrated capital market supervision	<ul style="list-style-type: none">• Long-term European savings product• Standardised IPO access for SMEs• Stronger role of ESMA for large companies	<ul style="list-style-type: none">• Reassessment of regulatory rules for the banking sector• Harmonisation of existing regulations• EU 'securitisation platform' to provide public guarantees for loan tranches



Political Outlook: Financial Markets

Creating a capital markets union

- An EU product for long-term savings on an auto-enrolment basis
- Further development of the European Long-Term Investment Fund (ELTIF)
- Reforms of the European securitization framework

Boosting European's competitiveness

- Completing the European single market
- Harmonisation of industrial, competition and trade policy
- Investments (4.4–4.7% of EU GDP)
- Adaption of political structures in the EU



Political Outlook: Sustainability

Pending:

- **Finalisation of the Green Claims Directive**
 - Regulates environmental marketing claims
- **Development of “ecodesign” standards**
 - Sets requirements for many product groups on EU market
 - Could ban the sale of oil and gas heating systems in future

Potentially:

- Further development of the EU taxonomy to promote transition activities
- **EU label for green loans and mortgages**
 - Possibly as part of the next Mortgage Credit Directive



A young girl with dark hair in pigtails, wearing a light blue tank top, is holding a small globe of the Earth in her hands. She is looking directly at the camera with a serious expression. The background is a blurred outdoor setting with a fence and trees.

Bausparen – for everyone

Contact: info@efbs-bausparkassen.org
www.efbs.org

