

Belgium

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IN A NUTSHELL

- The economy grew by 1% and inflation fell to +0.40 %.
- New mortgages increased by 14.3 % by value.
- to EUR 31 billion New federal and regional governments.

MACROECONOMIC OVERVIEW

Interest rates fell after 2 consecutive years of increases stimulating the property market. The number of employed increased slightly by 0.2 % and unemployment remained stable at 5.8%. GDP grew by 1 %.

Consumer confidence has turned negative as a consequence of international geopolitical tensions. The constitution of governments at federal and regional level weighs on consumer confidence. Belgium had elections in 2024, and it took time to form the governments at federal and regional level which impacted consumer confidence.

Belgium's inflation is still contained, by a principle that is unique in Europe, through an automatic indexation of salaries if the rate of inflation exceeds the pivot index (fixed at 2%). This has a significant impact on companies' wage costs.

HOUSING MARKET

House sales fell by 0.7% according to the Real Estate Barometer of the Federation of Notaries (Fednot). The average price of a house and an apartment increased by +2.2% and +2.5%, in real nominal terms.

The average house price was EUR 329,743 an increase of 2.2%. for an apartment it was EUR 271,300 (+2.5%). **In Flanders the average house was EUR 367,595 (+2.5%) and apartment cost EUR 282,574 (+2.2%). In Brussels**, the average cost EUR 570,100 (+1.4%) and apartment, EUR 290,763€ (+3.7%) compared to the previous year and in **Wallonia**, the average house price decreased to EUR 238,691 (-0.8%) and for an apartment it fell to EUR 198,531 (-0.3%).

The number of transactions fell by 0.7% for Flanders and 1% in Wallonia but increased by 0.3% in Brussels.

The importance of Energy Performance (EPB) labels impacts prices, increasingly. This is particularly the case in the Flemish region where a property with an EPB worse than D (consumption of more than 400 kWh/M²/year), must reach at least D within 5 years of purchase.

In Wallonia, the recently formed government at the end of 2024 announced favourable measures on the reduction of registration fees for first-time buyers from 12.5% to 3%. This has had an impact on the projects in the last quarter of 2024. Prospective buyers postponed purchases to January 2025 to benefit from this fee reduction.

MORTGAGE MARKET

With lower interest rates, 2024 had 3 consecutive quarters of new loan growth. New loan applications, excluding refinancing, increased to 186,000 loan applications for €31 billion, an increase of around 10% (by number) and 15% (by value). Applications for construction fell by 2% in number but rose by more than 9% by amount but those for Purchase and Renovation increased by 0.6% (number) and +16.5% (amount).

In 2024, the number of external refinancings increased to just under 9,400 (+8.1%) for a total amount of just over EUR 1 billion.

The average amount of a loan for construction was EUR 226,000 (210,000 EUR in 2023), for a purchase was EUR 198,000 (192,500 EUR in 2023) for renovation loans was just over EUR 64,000 (65,000 EUR in 2023) and for purchase and renovation was EUR 204,500 (190,000 EUR in 2023).

In 2024, around 89% of the borrowers opted for a fixed interest rate for the life of the loan and nearly 6 % for an initial 10-year fixed rate (categorised as semi-fixed rate). This means that around 95 % of borrowers have opted for a fixed or semi-fixed interest rate for the entire term of their loan.

The importance of the energy performance of the assets as guarantees for the credit portfolios of banks is more than ever in the focus of their attention and becomes more and more an important element in the decision to grant mortgage loans.

Indeed, lenders are paying more and more attention to EPB certificates when analysing loan applications, in order to open a dialogue with applicants about the financial resources they have and will be able to mobilise to reach the obligations of the EPB directive and label A. In addition, the lenders' supervisor is asking them to report loans with their EPB "label" to the prudential authorities. Loan applications with a good to very good EPB label are less risky for lenders.

	BELGIUM 2023	BELGIUM 2024	EU 27 2024
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	1.2	1.0	1.0
Unemployment Rate (LSF), annual average (%) (1)	5.5	5.7	5.9
HICP inflation (%) (1)	2.3	4.3	2.6
HOUSING MARKET			
Owner occupation rate (%) (1)	71.9	70.2	68.4
Gross Fixed Investment in Housing (annual change) (1)	-3.4	-4.3	-4.3
Building Permits (2015=100) (2)	114.9	95.6	136.9
House Price Index - country (2015=100) (2)	145.8	145.9	179.8
House Price Index - capital (2015=100) (2)	124.7	129.2	171.5
Nominal house price growth (%) (2)	2.2	0.1	4.9
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	138,662	130,000	6,879,667
Outstanding Residential Loans per capita over Total Population (EUR) (2)	26,877	27,418	15,311
Outstanding Residential Loans to disposable income ratio (%) (2)	90.3	89.7	71.3
Gross residential lending, annual growth (%) (2)	-30.3	8.2	3.9
Typical mortgage rate, annual average (%) (2)	3.6	3.4	4.34

(1) Eurostat Data

(2) European Mortgage Federation - Hypostat 2024, Statistical Tables

* Eurostat Reviewed

** EU 2024 to be confirmed

BELGIUM FACT TABLE

Which entities can issue mortgage loans in your country?

Banks, insurance companies and other types of lenders that have been authorised (licence) or registered by the supervising authority FSMA to grant mortgage credit according to the Belgian law on mortgage credit.

What is the market share of new mortgage issuances between these entities?

Based on the membership of our Association (UPC), representing ca 90% of the total Belgian market, the following market shares can be approximatively given in amount:

- Banks: ca 96,1%
- Insurance companies: 0.7%
- Other types of lenders: 3.2%

N.B.: These figures do not take into account the social credit lenders. However, their market share is rather low.

Which entities hold what proportion of outstanding mortgage loans in your country?

The list of mortgage credit lenders and the end-of-year outstanding amount of mortgage loans was published until 2013 on an annual basis by the supervising authority FSMA. This publication has been stopped since then. On the basis of UPC membership, the following market shares can be approximatively given in amount:

- Banks: ca 95.9%
- Insurance companies: 1.2%
- Other types of lenders: 2.9%

What is the typical LTV ratio on residential mortgage loans in your country?

According to the Financial Stability Review issued by the National Bank of Belgium (NBB), the average loan-to-value ratio was about 80% in the period 1996-2006. It dropped to about 65% (and even below that) in the years 2007-2014. However, this average loan-to-value ratio has to be interpreted with caution, as the data are the result of a very wide distribution of loan-to-value ratios at origination. For the first half of 2020 vintage, about 53% of the volume of new mortgage loans was made up of loans with an LTV ratio above 80%. As a consequence of recommendations imposed by the NBB, the share of new mortgage loans with an LTV ratio above 80% decreased to about 40% in 2022. In 2023, the average LTV was 71%. In the first semester 2024, the share of new mortgage loans with an LTV higher than 80% again increased. Average LTV remains at 71%, at the same level as last year.

How is the distinction made between loans for residential and non-residential purposes in your country?

Residential purposes means that it is for private housing (consumers).

The Belgian mortgage credit law applies to mortgage credit as funding for acquiring or safeguarding immovable real rights granted to a natural person chiefly acting for a purpose deemed to lie mainly outside the scope of his commercial, professional or crafting activities and having his normal place of residence in Belgium, at the moment when the agreement is being signed:

- either by a lender having his principal place of business or chief residence in Belgium
- or by a lender having his principal place of business or chief residence outside Belgium, provided a special offer or publicity had been made in Belgium before the agreement was signed and the actions needed for signing the agreement have been undertaken by the borrower in Belgium.

What is/are the most common mortgage product(s) in your country?

The most common mortgage credit product is a loan with a term of 20 - 25 years, a fixed interest rate throughout the full loan term and a fixed amount of monthly instalments.

What is the typical/ average maturity for a mortgage in your country?

The median maturity of a mortgage loan at origination is about 20 years.

Since 2007, lenders have continued to tighten customers' access to mortgage loans with long maturities. The percentage of loans granted with a maturity of more than 25 years plummeted from 23% in 2007 production volumes to only 2% in 2015 and 2016. At the same time, the share of loans with a maturity between 20 and 25 years remained relatively stable until 2016 while the share of loans with a maturity between 15 and 20 years clearly increased. These trends seem to have influenced the average maturity level of total outstanding stock as from 2013; by the end of 2015, 11% was associated with initial maturities above 25 years, down from 20% in 2012. Whereas in 2016 only 29.0 % of mortgage loans was granted with a maturity of over 20 years, this number rose to almost 40% in 2019.

Since then, the market share of new mortgage loans with a maturity of over 20 years remained almost stable at about 40%. For last year, the proportion of new loans with a maturity of more than 20 years rose to 49% in 2022 and to 54% in 2023, from around 40% in the period 2018-2021. The part of loans with a maturity of >25 years, however, remained stable. In 2023, the market share of loans with a maturity of 20 to 25 years further increased to more than 55%.

What is the level (if any) of government subsidies for house purchases in your country?

Across the regions (Flanders, Wallonia and Brussels) the schemes differ, with each region pursuing its own policy:

Flanders no longer provides a tax reduction. The "housing bonus" system, which allowed the owner of a single house to obtain deductions (40% tax relief) for construction/ purchase/ renovation up to the total amount of EUR 1,520 (and even EUR 2,280 during the first 10 years of the mortgage) has been replaced since January 2020 by a reduction of the registration duty.

In **Wallonia**, the so-called "Chèque habitat", applies from 2016 on is also no longer provided for new credits (from January 2025) but remains for the existing credits before January 2025³.

The **Brussels region** also no longer provides a tax reduction. It was replaced by a higher tax relief on registration duties (first slice of EUR 200,000) to buyers purchasing their own and only home as their main residence.

The **federal state** provided until end 2023 a tax reduction if one buys a second house: a deduction of up to EUR 1,520 (tax relief of 40%) for capital repayments and debt balance insurance premium in case of a loan for the purchase/construction/renovation of a second house in 2023. As of January this measure has ended.

What is/are the most common ways to fund mortgage lending in your country?

Most funding still comes from deposits like savings accounts. A few major lenders issue covered bonds.

What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?

The registration duty in **Flanders**, from January 2025, is 12% of the purchase price of a dwelling that is not the own and only home as the main residence. For the own and only home as the main residence, this duty is lowered to 2% (coming from 3%) of the purchase price. It only amounts to 1% in case of a deep energy efficient renovation in the first 5 years after the purchase. Application of an additional reduction of EUR 2,800 in case the purchase price does not exceed EUR 220,000 (EUR 240,000 in the main cities and some cities around Brussels)¹.

In **Wallonia**, from January 2025, the registration duty amounts to 12.5% of the purchase price. However, in case of an own and only residence, this duty is only 3% of the purchase price.

In the **Brussels region**, the normal registration duty is 12.5% of the purchase price. However, buyers can benefit from an "abattement" (= exemption on which the buyer is not required to pay registration duties) on the first slice of **EUR 200,000**. This exemption is only applicable to properties of under **EUR 600,000** and provided that it concerns the buyer's own and only home as his main residence. An additional "abattement" of EUR 25,000 per energy label category is possible if the energy class of the purchased home improves by at least 2 energy label categories in the first 5 years after the purchase².

There is also a registration duty on the amount of the mortgage loan covered by a mortgage registration.

¹ More information is available on: [Verlaagd tarief in het verkooprecht voor de aankoop van de enige eigen woning | Vlaanderen.be](#)

² More information is available on: [Les droits d'enregistrement - Bruxelles Fiscalité](#)

³ More information is available on: <https://logement.wallonie.be/fr/aide/le-cheque-habitat>