Belgium

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IN A NUTSHELL

- → Despite lower rates, growth remained slow at 1% and unemployment rose slightly to 6.2%.
- → However, mortgage lending remained exceptionally strong, new loans increased by 15% in number and 29% in value.
- → Lower registration fees in Wallonia and Flanders helped to increase activity.
- → The total mortgage market shrank to EUR 322 bn (EUR 323 bn in 2024).

MACRO-ECONOMIC OVERVIEW

The economy continued to grow slowly, at 1%, the same rate as in 2024. However, it relied more heavily on domestic consumption as both investment and exports fell. Demand was largely supported by the fall in ECB policy rates (the deposit rate fell from 3% to 2% over the year) and the automatic indexation of wages.

Unemployment, although relatively low with shortages in specific sectors, overall rose to 6.2% from 5.7%. Employment in manufacturing fell, whilst the number in services and public sector jobs rose. The headline rate overstated the total as labour participation rates rose from 70.8% of the 15–64-year-old population to 71.9%, reflecting a higher retirement age and tax changes to encourage 'flexi working'. There were, as ever, significant differences between Belgium's three regions with Flanders near full employment (4.3% at year end), whilst in the capital region unemployment was 11.2%. In Wallonia it was 8.4%.

Despite the falling rates, consumer sentiment (European Commission Harmonised consumer confidence index) remained below its long-term average, presumably due to geopolitical concerns and rising unemployment.

Despite falling from 4.3% to 3% over the year, inflation remained above ECB target rates and significantly above most Western European eurozone countries. Energy and food prices fell significantly over the year but prices for services continued to increase rapidly, at least partly due to Belgium's system of automatic wage indexation which made the recent inflation shock more persistent than in other countries.

HOUSING MARKET

Across the whole country house prices rose by 3.3% (2.3% in 2024), but the average masks significant variations, prices rose for detached and semi-detached houses (5.4% and 7.7% respectively) much more significantly than for apartments (2.9%), reversing the pattern in 2024. House prices in Wallonia rose by as much as 12.1% (detached) and 13.1% (semi-detached), significantly more than in the other two regions.

To some extent the price increases reflected the continued slow supply. The number of new building permits continued its three-year decline, this year the number fell by 3% after falls of 8% in 2024 and 9% in 2023.

There were significant regional changes to the (historically very high) costs associated with house purchases. In particular, in Wallonia, where the registration duty (effectively a property transfer tax) was cut from 12.5% to 3% for most properties. This could be a cause of the significant house price increases there. In Flanders, which has been cutting the rate gradually since 2020, the rate was cut from 3% to 2%. In Brussels the rate remains 12.5% but with some adjustments to the tax free allowance. Other costs associated with a house purchase with a mortgage, including notary fees, mortgage registration charges, administrative fees and taxes remain high.

Energy performance requirements remained significant. In Flanders, buyers of houses with low energy performance are obliged to upgrade them within 5 years of the purchase. The definition of low performance (currently grade D to F) is increasing over time. Whilst in Wallonia the approach is 'more carrot than stick' with incentives, grants and subsidized loans available, largely reflecting the differing economic capacity to fund upgrades there.

MORTGAGE MARKET

Residential mortgage debt increased from approximately EUR 313.90 billion at end-2024 to EUR 321.80 billion at end-2025, growth of 2.5%. Banks dominated; according to ECB statistics they provided EUR 280 bn (EUR 272 bn in 2024).

New lending was responsible for almost all of the growth. Members of Febelfin (who represent 90% of the total market) granted more than 214,000 new loans for a total value exceeding €40 billion, an increase of 15% in volume and 29% in value y-o-y. A breakdown of new lending by region is not available, but given the tax changes in Wallonia noted above, and the 16.7% growth in the number of transactions, it is reasonable to assume that the mortgage growth was highest in the southern province.

New loans remain overwhelmingly at a long-term fixed rate; 86% of loans are fixed either for life or for at least 10 years. As such, although new mortgage rates have fallen in line with ECB easing, the impact has been very limited for existing borrowers and the recent rate volatility means that different borrowers currently pay very different interest rates.

NON-MARKET LED INITIATIVES

In addition to the changes in the headline rate of registration duty noted above, there were several simplifications including the abolition of lower rates for first time buyers and smaller homes in Wallonia. The tax deductibility of mortgage interest was removed for investment properties and the lower, 6%, VAT rate for renovation was restricted to owner occupied houses.

As a result of their improved optimism about mortgage risks the NBB announced that they would withdraw the mortgage specific capital buffer originally introduced in 2013 and include mortgages alongside other banking products in the countercyclical buffer. They estimate that this will cut the capital consumption of the mortgage stock from EUR 3.9 bn to EUR 3.3 bn.

As noted above, the energy efficiency of buildings continued to be a major policy objective, although in very different ways in the three regions. In Flanders, in addition to the requirement to upgrade the lowest rated houses after purchase, property tax was also linked to energy efficiency measures. In Wallonia, various grants and interest free loans are available for qualifying works and for lower income households.

MORTGAGE FUNDING

Deposits continued to significantly exceed loans in the banking sector; at 80% the ratio is one of the lowest amongst peer countries (for example, the Netherlands and France, where the ratio is approximately 100% and Germany where it is 90%). Despite this, Belgian banks have a significant presence in the covered bond market, with the four largest banks having circa EUR 70 bn outstanding. Securitisations, although occasionally used to fund Belgian mortgages, are not a material part of the total funding.

GREEN FUNDING

Despite the frequent issuance of green senior unsecured bonds by Belgian banks and the policy rules regarding EPC, no green covered bonds have been issued yet.

	BELGIUM 2024	BELGIUM 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	1.0	1.0	1.5
Unemployment Rate (LSF), annual average (%) (1)	5.7	6.2	6.0
HICP inflation (%) (1)	4.3	3.0	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	70.3	70.9	68.5
Gross Fixed Investment in Housing (annual change) (1)	-1.5	0.4	2.8
Building Permits (2015=100) (2)	n/a	n/a	86.9
House Price Index - country (2015=100) (2)	145.93	144.86	161.92
House Price Index - capital (2015=100) (2)	129.21	150.70	n/a
Nominal house price growth (%) (2)	0.07	0.73	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	323,996	321,800	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	27,418	26,947	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (2)	89.7	84.32	81.39
Gross residential lending, annual growth (%) (2)	n/a	29.0	2.8
Typical mortgage rate, annual average (%) (2)	3.41	3.9	3.31

(1) Eurostat Data
(2) European Mortgage Federation - Hypostat 2026, Statistical Tables

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 c.a. 90% of the total Belgian market, the following market shares can be approximatively given in amount: • Banks: ca 96,4% • Insurance companies: 0.5% • 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% has decreased to about 40% in 2022. In 2023, the share of new mortgage loans with an LTV higher than 80% again increased. Average LTV-O was at 71%, compared to 72% in 2022.
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: a) either by a lender having his principal place of business or chief residence in Belgium b) 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 has 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 in mortgage loan vintages 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/are the most common ways to fund mortgage lending in your country?	Most funding still comes from deposits. 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 changed at the start of 2022. It increased to 12% (coming from 10%) 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 3% (coming from 6%) of the purchase price. It only amounts to 1% in case of a deep energetic 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). Moreover, the principle of "portability of registration duties" existed in Flanders: upon the purchase of a new housing property intended to replace the previous principal residence, registration duties up to EUR 13,000 could be "transferred", meaning these duties did not have to be paid a second time. This "portability of registration duties", that applied in Flanders until 2022, was reformed: until 01.01.2024, consumers could choose to apply the new lowered registration duty or still to pay the former (higher) level of registration duty in combination with the portability of registration duties. From 01.01.2024 on, the portability of registration duties no longer exists. In Wallonia, the registration duty amounts to 12.5% of the purchase price. However, in case of a main residence, the first EUR 20,000 of the purchase price is exempt from registration tax. In 2023, the registration tax amounts to only 6% on the first slice of EUR +/- 178,000 in case of small properties in some cities and on the first slice of EUR +/- 167,000 in more rural areas. The tax on those slices is even lowered to 5% in case of social mortgage credit. In the Brussels region, the normal registration duty amounts to 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 purchase. There is also a registration duty on the amount of the mortgage loan covered by a mortgage registration.
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 01.01.2020 by a reduction of the registration duty. In Wallonia, the so-called "Cheque habitat", applies from 2016 on. More information is available on: https://logement.wallonie.be/fr/aide/le-cheque-habitat 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 from 01.01.2024, this measure has ended.