Romania

By Ioana Mitrea, Romanian Association of Banks

IN A NUTSHELL

- → Economic activity remained weak, with real GDP growth estimated at 0.7% in 2025 and a further contraction recorded in Q1 2026.
- → Inflation remained high, with Romania continuing to record one of the highest HICP inflation rates in the EU.
- → Housing supply remained constrained, while house prices continued to increase in nominal terms.
- → Mortgage lending remained predominantly RON-denominated and mainly deposit-funded.
- → Green housing loans continued to gain relevance, although they still represented a limited share of the outstanding housing loan stock.

MACRO-ECONOMIC OVERVIEW

Romania's economy stagnated in 2025, with real GDP growth estimated at 0.7%, after the sharp slowdown already recorded in 2024. Growth continued to be affected by fiscal consolidation, weak private and public consumption and renewed inflationary pressures, while investment and net exports provided partial support.

Inflation remained a key macroeconomic constraint. According to the European Commission, HICP inflation is estimated at 6.7% in 2025, significantly above the EU average. The persistence of inflationary pressures continued to weigh on real disposable income and affordability, particularly in the housing market.

The labour market remained relatively resilient, although softer economic activity limited further improvement. The unemployment rate is estimated at 6.1% in 2025, slightly above the previous year.

Monetary conditions remained restrictive. The National Bank of Romania kept the policy rate at 6.5% in early 2026, reflecting the need to contain inflation while economic growth remained weak.

LOOKING AHEAD

The outlook for 2026 remains shaped by fiscal consolidation, high inflation, and geopolitical uncertainty. These factors are expected to constrain household purchasing power and may delay a stronger recovery in mortgage demand.

At the same time, housing supply constraints are likely to continue supporting nominal house prices, especially in large urban centres. Affordability is therefore expected to remain a key challenge, with borrowers likely to remain sensitive to interest-rate levels, debt-service capacity and down-payment requirements.

Banks are expected to maintain prudent underwriting standards, while demand may increasingly shift towards fixed-rate products, lower LTV, structures and energy-efficient housing.

HOUSING MARKETS

Romania continues to have one of the highest owner-occupation rates in the EU. In 2024, the owner-occupation rate stood at 94%, compared with 68.4% at EU level.

Housing supply remained constrained. In 2024, housing completions declined by 14.9%, while residential construction activity weakened significantly. The supply pipeline remained fragile, despite a modest increase in building permits after two years of decline.

House prices continued to rise in nominal terms. Romania's house price index reached 168.99 in Q4 2025, compared with 158.36 in 2024, confirming continued price growth despite weaker macroeconomic conditions. At the EU level, house prices increased by 5.5% year-on-year in Q4 2025.

The main drivers of price growth remained constrained supply, elevated construction costs, wage dynamics, and continued demand in major urban areas. Regional disparities remained significant, with affordability pressures particularly visible in cities such as Cluj-Napoca, Bucharest, Brașov, Timișoara and Iași. The previous chapter already highlighted that affordability was weaker in Cluj County than in Bucharest, despite Bucharest's larger market size.

MORTGAGE MARKETS

MARKET DYNAMICS

The Romanian mortgage market remained dominated by local-currency lending. In 2024, RON-denominated loans represented 89% of outstanding housing loans, up from 86% in 2023, while foreign-currency loans continued to decline.

Mortgage affordability remained under pressure in 2025 and early 2026, reflecting elevated interest rates, high inflation, and continued house price growth. The average mortgage rate declined from the 2023 peak but remained high by historical standards. The National Bank of Romania (NBR) Financial Stability Report indicates that green housing loans and standard housing loans continued to develop within a more selective lending environment.

The First Home/New Home Programme continued to lose importance. Its share had already declined to 25% of total housing loans by September 2024, compared with around 45% five years earlier. This trend reflects both the reduction of state-backed guarantee ceilings and the diversification of banks' standard mortgage products.

LTV rules remained unchanged. For primary residences, the maximum LTV is 85% for RON loans and 75% for foreign-currency loans. For non-primary residences, the cap is reduced by 10 percentage points.

Credit quality remained generally sound, although macroeconomic risks increased. The NBR highlighted elevated risks to financial stability in its December 2025 report, driven by domestic vulnerabilities and global uncertainty.

NON-MARKET LED INITIATIVES

No major new government subsidy scheme materially changed the mortgage market during the reference period. The main non-market factor remained the New Home Programme, although its systemic relevance continued to decline.

The market therefore continued to be driven mainly by standard mortgage products offered by credit institutions, borrower affordability, interest-rate expectations, and housing supply constraints.

MORTGAGE FUNDING

Mortgage lending in Romania continued to be primarily deposit-funded. The previous chapter showed that deposits remained the main source of funding and that the loan-to-deposit ratio declined to 66.6% in 2024.

This structure remained broadly unchanged in early 2026. NBR monetary indicators for March 2026 confirm the continued importance of domestic deposits in the banking system, with RON-denominated resident deposits representing a significant share of non-government customer deposits.

Wholesale funding, securitisation and covered bonds remained less significant funding channels for mortgage lending in Romania. Covered bonds are legally available but have not yet become a dominant source of mortgage funding.

GREEN FUNDING

Green housing finance continued to develop in Romania. According to the NBR Financial Stability Report of December 2025, green loans represented an increasing share of housing loans, confirming growing market relevance.

This follows the trend already visible in 2024, when green loans represented 20% of new housing loans in the first nine months of the year and 9.2% of the outstanding housing loan stock as of September 2024.

Banks are expected to continue developing green mortgage and renovation products, supported by ESG strategies, regulatory pressure and increasing borrower awareness. However, affordability constraints and the still-elevated interest-rate environment may limit the pace of adoption.

	ROMANIA 2024	ROMANIA 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	0.9	0.7	1.5
Unemployment Rate (LSF), annual average (%) (1)	5.4	6.1	6.0
HICP inflation (%) (1)	5.8	6.8	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	94.3	93.2	68.5
Gross Fixed Investment in Housing (annual change) (1)	-3.4	0.8	2.8
Building Permits (2015=100) (2)	91.2	88.6	86.9
House Price Index - country (2015=100) (1)	158.36	168.99	161.92
House Price Index - capital (2015=100) (2)	143.59	156.58	n/a
Nominal house price growth (%) (1)*	3.99	6.71	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (1)	22,153	23,016.97	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	1,1610.56	1,210	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (1)	12.36	10.4	81.39
Gross residential lending, annual growth (%) (1)	4.2	18.4	2.8
Typical mortgage rate, annual average (%) (2)	3.67	5.87	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables
** Eurostat Reviewed*
*** EU 2025 to be confirmed*

ROMANIA FACT TABLE

Which entities can issue mortgage loans in your country?	In Romania, generally credit institutions can issue mortgage loans, with marginal input from non-bank financial institutions. Currently, there are 29 credit institutions. In addition, a number of non-bank financial institutions registered with the National Bank of Romania may also engage in lending activities, including mortgage and real estate lending.
What is the market share of new mortgage issuances between these entities?	Banks are the main mortgage lenders, with marginal input from non-bank financial institutions.
Which entities hold what proportion of outstanding mortgage loans in your country?	Although official data are not available, the largest 10 banks are the origin of most mortgage loans.
What is the typical LTV ratio on residential mortgage loans in your country?	The average LTV ratio for new residential mortgage loans in Romania was 72% in 2025.
How is the distinction made between loans for residential and non-residential purposes in your country?	Credit institutions grant: - mortgage loans (including loans within the First House Programme, renamed the "New House" Programme in 2020), which are dedicated to residential purposes, more specifically to the acquisition or construction of houses. - consumer loans meant to address consumers' financing needs, with one of the most common products being personal loans.
What is/are the most common mortgage product(s) in your country?	The Romanian mortgage market is currently dominated by standard bank mortgage loans. While the government backed First House programme, renamed "New House" in 2020, played a key role in the development of the mortgage market, its importance has gradually declined over recent years. The share of "New House" loans in new mortgage lending remains well below 50%, as borrowers increasingly opt for standard mortgage products offered by banks.
What is the typical/ average maturity for a mortgage in your country?	The maximum lending period for loans granted under the New House Programme is 30 years. As for standard mortgage loans, other than the ones mentioned above, the maximum lending period stands at 35 years.
What is/are the most common ways to fund mortgage lending in your country?	Customer deposits remain the primary source of funding for mortgage lending in Romania. The loan-to-deposit ratio stood at 68.8% in September 2025 (Source: NBR, Financial Stability Report, December 2025), indicating that credit institutions mainly rely on funds attracted from customers to finance lending activity. Credit institutions have gradually reduced their dependence on parent banks by strengthening their domestic deposit base.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	A series of costs are applicable to mortgage loans. The most important ones include: - analysis fees; - valuation fees of the property to be mortgaged, carried out either by internal evaluators of credit institutions or external evaluators. The average cost range for evaluating a residential property is about EUR 80-150, plus VAT; - costs related to obtaining the Land Book extract necessary for signing the mortgage real estate: RON 40 (approximately EUR 8); - notarial and legal costs associated with the purchase transaction and the registration of the mortgage, which vary according to the property value and the applicable legal tariffs. Additional Land Registry fees are payable, including the registration of ownership rights, generally amounting to 0.15% of the property value for individuals. - For secured mortgage loans, credit institutions require home insurance, which depends on the value of the home, the maturity, the types of insured risks, etc.
What is the level (if any) of government subsidies for house purchases in your country?	There are no government subsidies for house purchases. However, the New House Programme supports first-time homebuyers through state guarantees. The programme allows a minimum down payment of 5% for homes up to EUR 70,000 and 15% for homes valued between EUR 70,001 and EUR 140,000, while the state guarantee may cover up to 50% or 60% of the loan amount.