Deloitte.

Property Index

Overview of European Residential Markets

14th edition, August 2025

Contents

Introduction

We are excited to introduce the 14th edition of the Property Index, Deloitte's annual review of residential real estate trends across Europe, including Israel and Turkey. For over a decade, the Property Index has helped readers – from real estate professionals and economists to students, journalists, and policymakers – understand how housing markets work, how they differ, and what they reveal about life across the continent.

At its core, the Property Index aims to offer a comprehensive analysis of the factors influencing housing markets, while taking into account the varied economic and social contexts of each country and region. It systematically compares residential property prices and rental levels across multiple European nations and key cities, providing both a broad overview and detailed benchmarks that help make sense of a highly diverse market landscape.

This year, the publication puts a stronger spotlight on the local character of housing. While national trends offer a useful frame of reference, it is often the regional and city-level data that reveal the real stories – about affordability, availability, and quality of life. By exploring the role of regional markets within national housing systems, we aim to shed light on both the shared challenges and the distinct conditions that shape how people live across Europe.

In line with this perspective, the Property Index continues to monitor the evolving housing situation – highlighting how people on the "old continent" live, what kind of homes they can afford, and the pressures they face as living costs rise.

This publication is the result of close collaboration between Deloitte real estate professionals across Europe, Israel, and Turkey. We hope that this 14th edition of the Property Index provides meaningful insights, sparks discussion, and serves as a valuable tool for anyone interested in the future of housing in our region.

This year's edition includes an in-depth analysis of residential property markets across the following countries:

- Albania (AL)
- Austria (AT)
- Belgium (BE)
- Bosnia and Herzegovina (BA)
- Bulgaria (BG)
- Croatia (HR)
- Czech Republic (CZ)
- Denmark (DK)
- Finland (FI)
- France (FR)
- Germany (DE)
- Greece (GR)
- Hungary (HU)
- Ireland (IE)
- Israel (IL)
- Italy (IT)
- Luxembourg (LU)
- Netherlands (NL)
- Norway (NO)
- Poland (PL)
- Portugal (PT)
- Romania (RO)
- Serbia (RS)
- Slovakia (SK)
- Slovenia (SI)
- Spain (ES)
- Turkey (TR)
- United Kingdom (UK)

This year, our analysis of the residential property market covers a record number of participating countries – marking the broadest scope in the history of the Property Index. While the report continues to rely on a core group of long-standing contributors, we are delighted to welcome several new participants this year. Albania, Finland, and Turkey join the Property Index for the first time, further broadening the geographic reach and economic diversity of the insights we provide.

The majority of the indicators in this publication are based on year-on-year comparisons, offering a clear view of how property markets have evolved over the past 12 months. As always, the housing sector remains sensitive to wider economic influences – ranging from inflation and interest rates to government policy and currency fluctuations – which have played a significant role in shaping supply, demand, and affordability throughout 2024.

Behind the Property Index is a dedicated and experienced international team of Deloitte professionals who bring together expertise in real estate, development, investment, and finance. **This is even more essential, as sources and details of the data may differ across the various regions.** The data and perspectives shared in this publication are drawn directly from Deloitte offices and derived from official sources publicly available in each participating country, ensuring both local insight and global consistency.

Our goal remains simple: to provide trustworthy, data-driven insights into Europe's residential property markets. Through the combined efforts of our multidisciplinary network, the Property Index continues to serve as a reliable and accessible resource for understanding the complex – and constantly evolving – world of housing.

High lights

12.8

Among all surveyed countries, **Ireland** recorded the highest number of housing starts in 2024, with an impressive 12.8 initiated dwellings per 1,000 inhabitants.

+28.1%

Krakow recorded the largest annual increase in new dwelling prices among all cities surveyed, with a year-on-year jump of 28.1%.

13,970 EUR/sqm

Tel Aviv ranked as the most expensive city among the 75 analyzed, with average prices reaching €13,970 per square meter.

+25.2%

Among capital cities, **Jerusalem** experienced the highest nominal price growth for new dwellings, increasing by 25.2% year-on-year.

43.4 EUR/sqm

Luxembourg City reported the highest average residential rent across 77 cities, far exceeding levels in Paris (€32.0/sqm) and Dublin (€31.7/sqm).

15.4 annual salaries

Among all surveyed cities, **Amsterdam** was the least affordable in terms of income-to-price ratio, requiring 15.4 gross annual salaries to buy a 70 sqm home.

4.9 annual salaries

Odense and **Turin** offered the most affordable homeownership opportunity, requiring just 4.9 gross annual salaries to purchase a 70 sqm new dwelling.

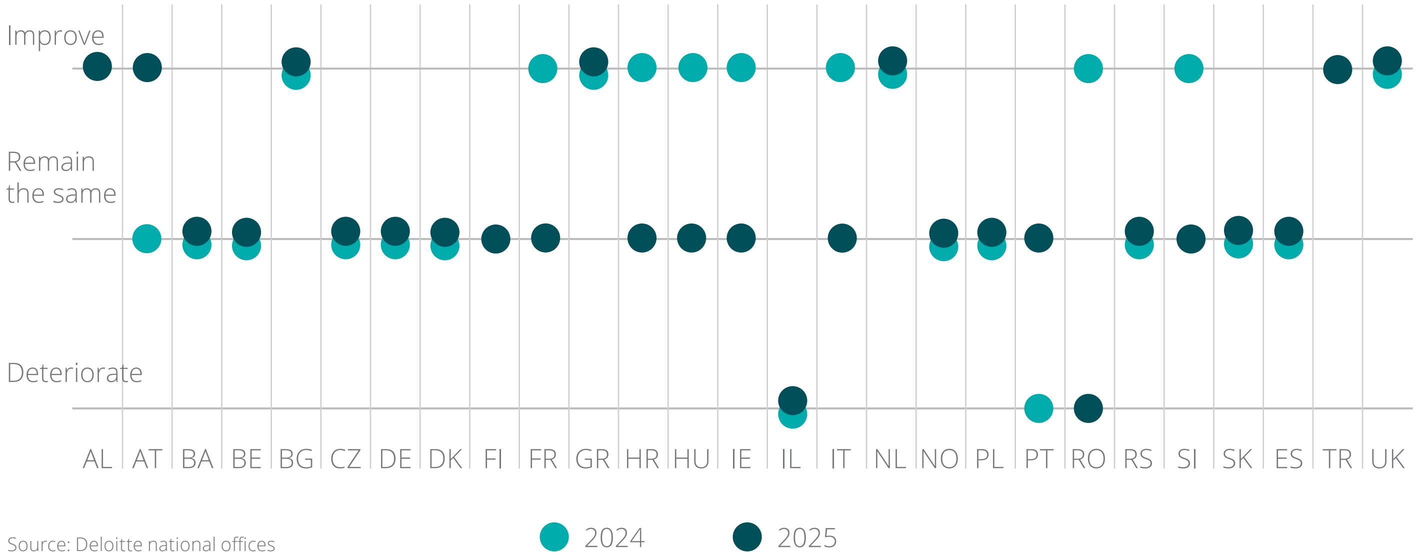
949 EUR/sqm

At the national level, **Turkey** recorded the lowest average price for new residential properties, at just €949 per square meter.

Where is Europe's Housing Market Headed Next?

The European residential market in 2024 and early 2025 has entered a phase of rebalancing. After a period marked by pandemic recovery and rapid price growth, the housing sector is now shaped by economic adjustments, tighter lending conditions, and renewed focus on affordability. While conditions vary between regions, many markets share similar concerns: the cost of living, housing supply, interest rates, and rental pressure. This year's Property Index examines these shared dynamics across 28 countries, highlighting how people live, rent, and buy homes in changing economic times. The overall picture reveals a sector facing challenges – but also showing resilience, adaptation, and long-term opportunity.

For the coming months (H2 2025) we expect the overall economic climate will:



Source: Deloitte national offices

Throughout 2024, Europe's economic outlook showed signs of cautious improvement. Inflation eased in most regions, allowing household purchasing power to stabilize slightly. However, economic growth remained uneven, with some countries seeing stronger recovery than others. High energy prices, labour market shifts, and global uncertainty continued to weigh on overall momentum. Public investment and European recovery funds played a key role in supporting housing infrastructure, especially in regions undergoing demographic or economic transition. While still fragile, the macroeconomic climate became more predictable – offering a modest foundation for residential market activity in the first months of 2025.

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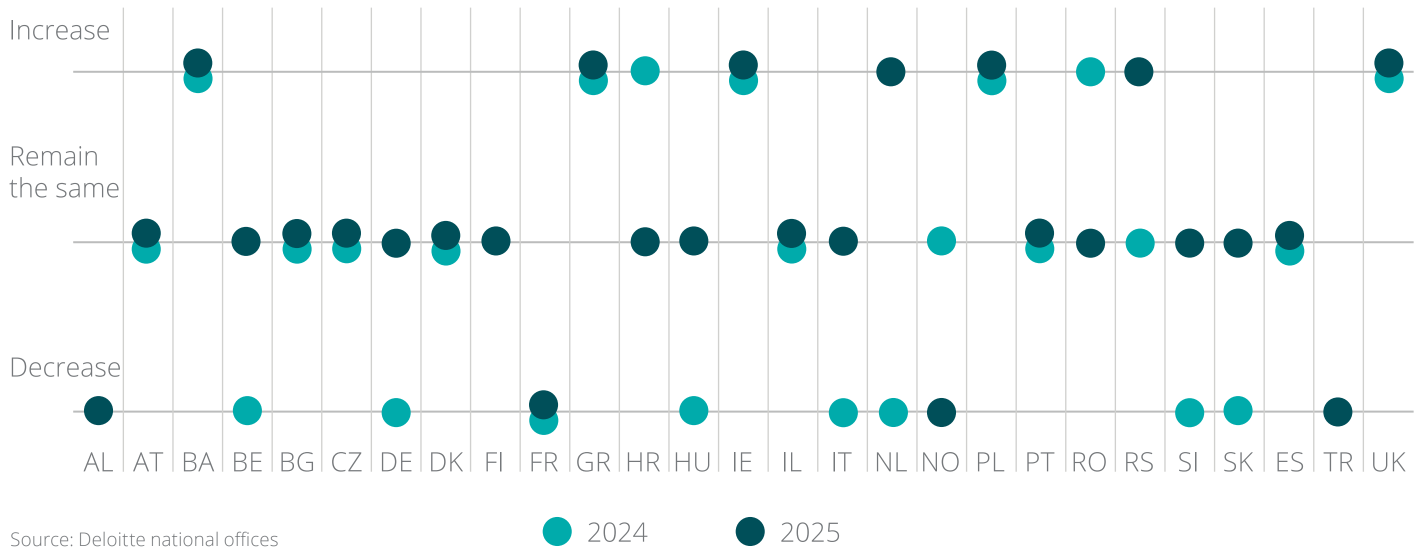
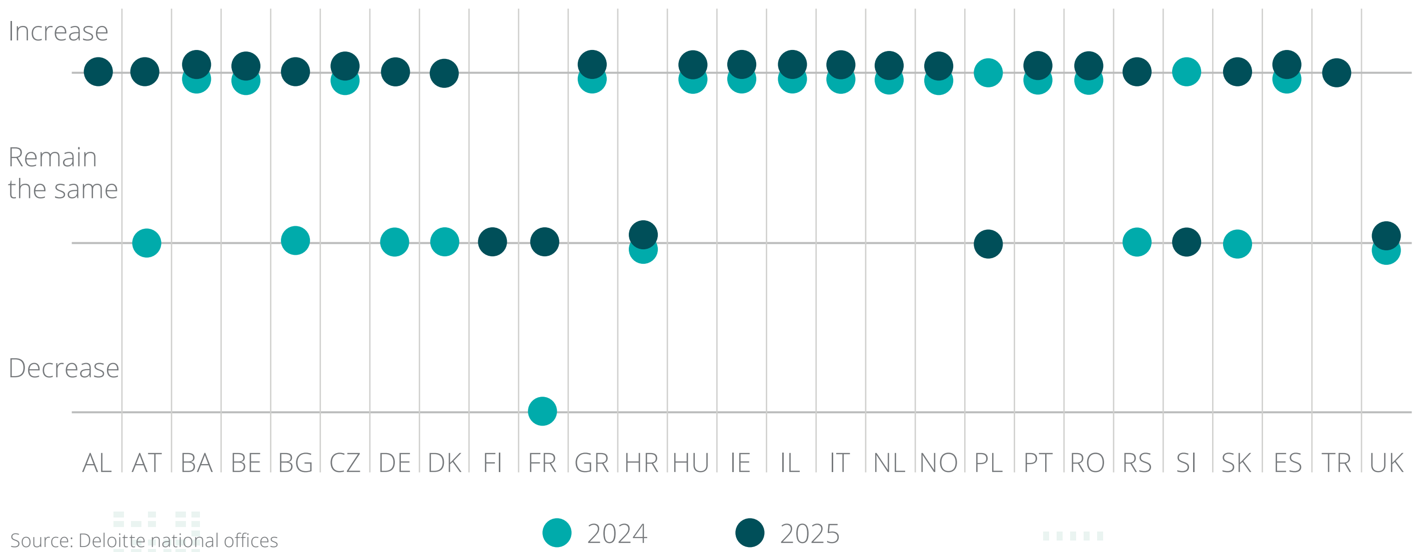
We expect that construction activity during the coming year (2025) on residential market will:



Source: Deloitte national offices

New housing construction slowed in 2024 across much of Europe. Developers faced higher material and labor costs, stricter financing conditions, and increased regulatory demands – especially around sustainability and energy efficiency. In some regions, local incentives and recovery funds helped sustain moderate levels of new construction. Nonetheless, the supply of newly built homes remained below long-term demand. Innovative solutions, such as modular construction and energy-efficient designs, became more common as the industry looked for ways to reduce costs and meet environmental goals. Still, the housing supply gap widened in many areas, particularly in growing urban regions and regions with migration-driven demand.

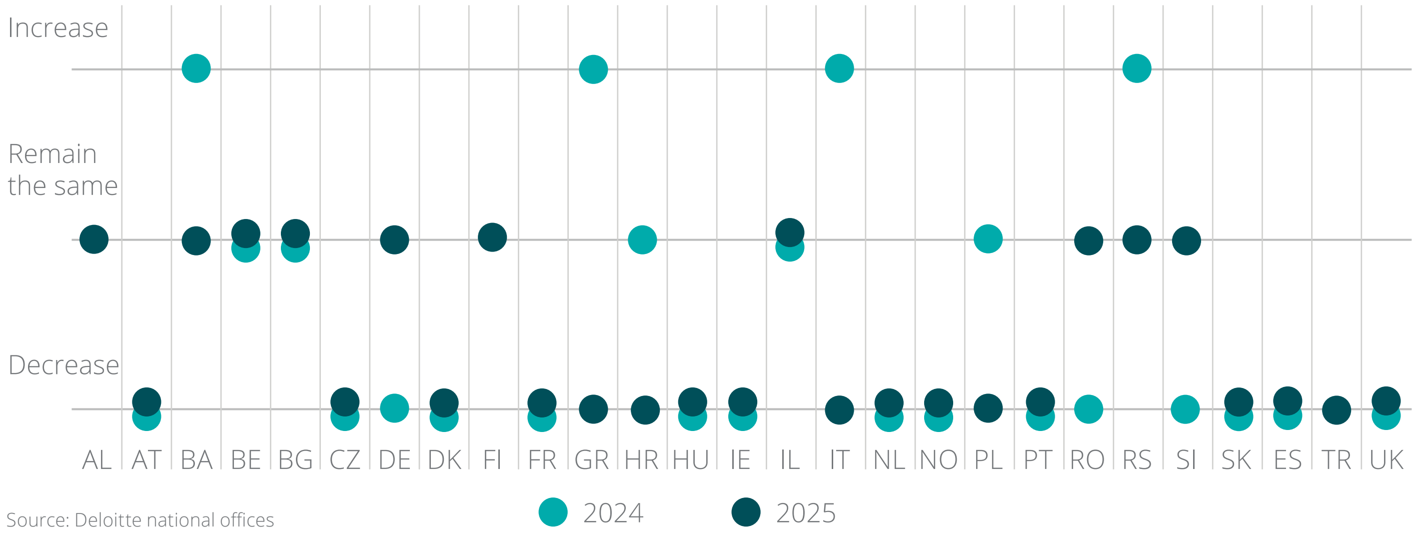
For the coming year (2025), we expect that prices of residential dwellings will:



Source: Deloitte national offices

After years of sharp increases, residential property prices began to stabilize in 2024. In many areas, price growth slowed or plateaued, and in a few markets, slight corrections occurred. This was driven largely by reduced purchasing power, higher borrowing costs, and more cautious buyer sentiment. Yet in some regions – especially those with limited housing supply or strong population growth – prices remained elevated. Demand shifted toward more energy-efficient and well-located properties, while less competitive units saw lower interest. Overall, by early 2025, price dynamics had become more balanced, though affordability remains a concern for many prospective buyers.

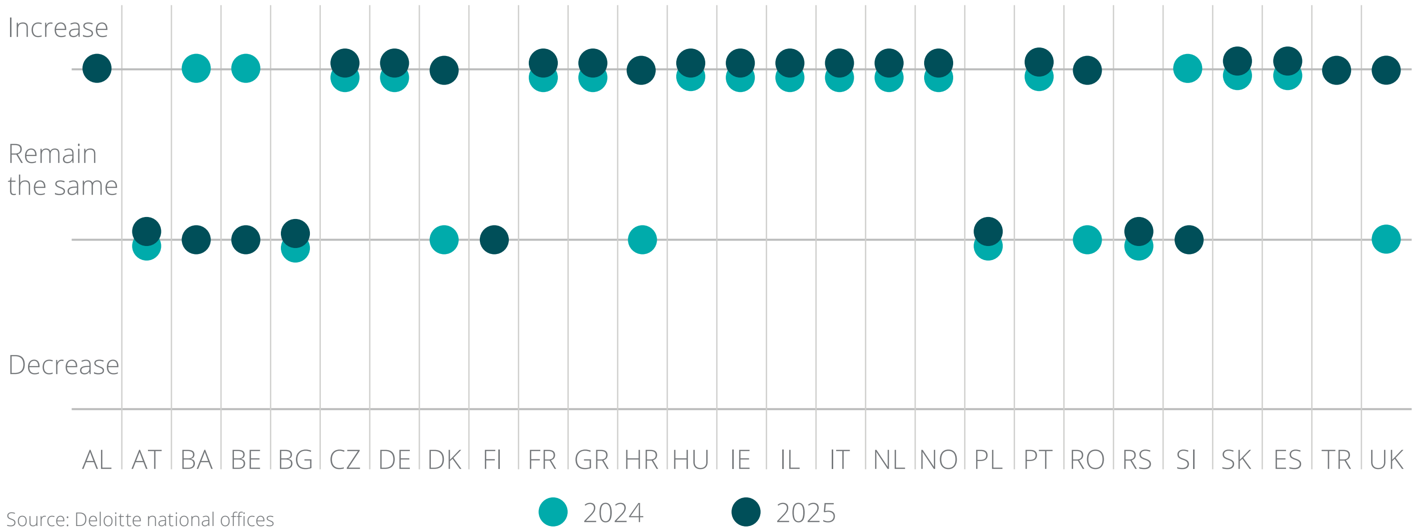
For the coming year (2025), we expect that interest rates for mortgages on residential dwellings will:



Source: Deloitte national offices

In 2024, interest rates remained one of the most influential factors shaping the residential property market. Central banks maintained tight monetary policy for most of the year in response to inflation, keeping mortgage rates relatively high. This created affordability challenges, especially for first-time buyers or those with variable-rate loans. Toward the end of the year, interest rates began to ease slightly, but borrowing remained cautious. Many households postponed buying decisions or adjusted expectations. Lenders, in turn, applied stricter criteria, and financial institutions focused more heavily on creditworthiness and long-term sustainability.

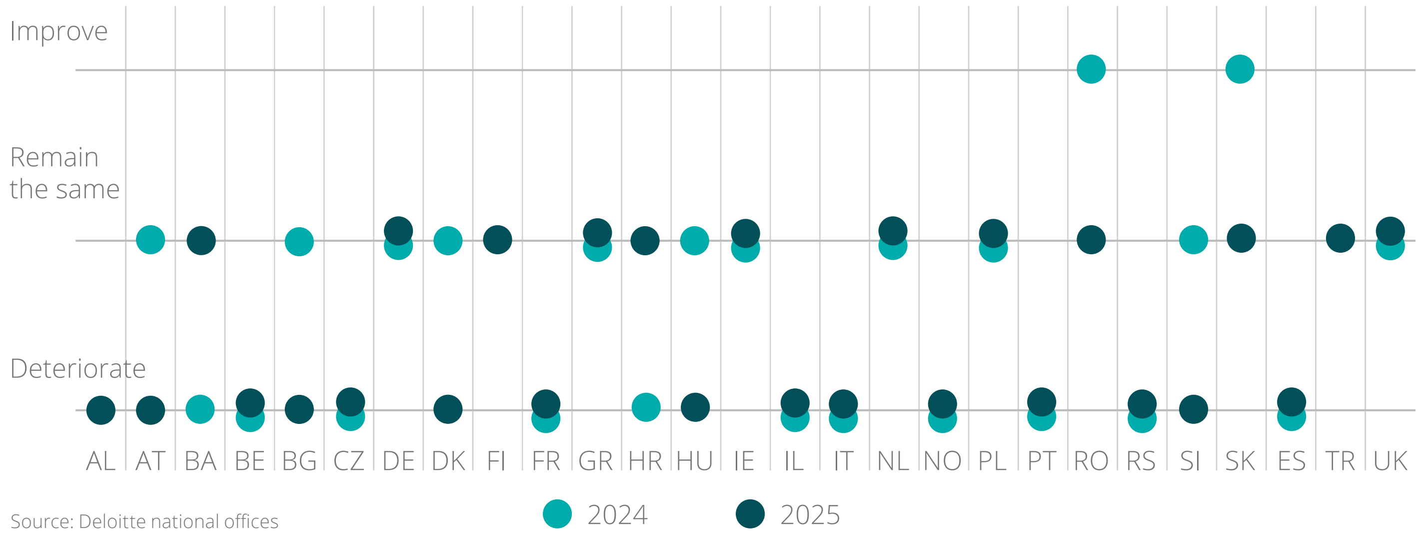
For the coming year (2025), we expect that residential market rents will:



Source: Deloitte national offices

Across Europe, the rental market became increasingly competitive in 2024. Many households turned to renting as home ownership became harder to attain due to financing hurdles. This increased demand placed upward pressure on rents, particularly in urban and economically dynamic regions. Supply failed to keep pace, and shortages of affordable rental housing became more pronounced. Renters – especially younger people, students, and lower-income households – faced growing challenges in securing stable accommodation. In response, several governments explored rent regulation, subsidy programs, or partnerships with institutional investors to expand the rental supply, though the long-term impact of such measures remains to be seen.

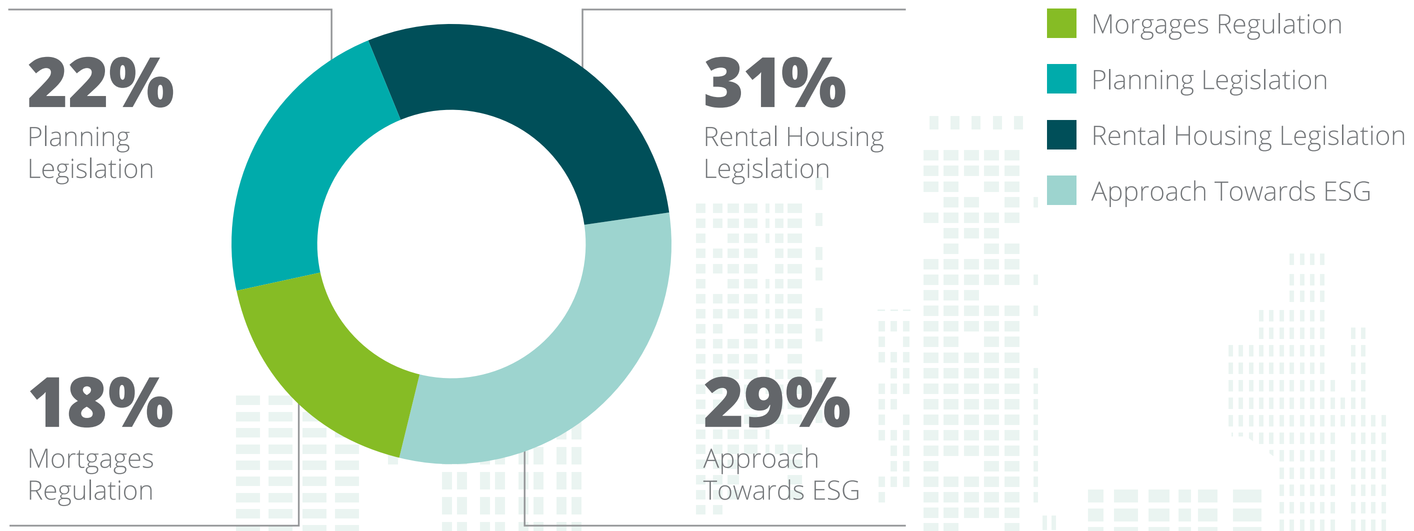
For the coming 2-3 years (up to 2028), we expect the affordability of own housing will:



Source: Deloitte national offices

Affordability remained one of the most pressing housing issues in 2024. While property prices moderated in some regions, the combination of high mortgage rates and rising rents placed pressure on household budgets. Many people – especially younger adults and families – found it increasingly difficult to buy or rent suitable homes. In response, public initiatives gained momentum. These included new funding for social or affordable housing, tax incentives for developers, and regulatory reforms to support supply. Despite these steps, the affordability gap widened in many areas, and housing costs remain a major social and economic concern as 2025 begins.

In the coming year (2025), we expect changes in residential market in:



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Economic Outlook

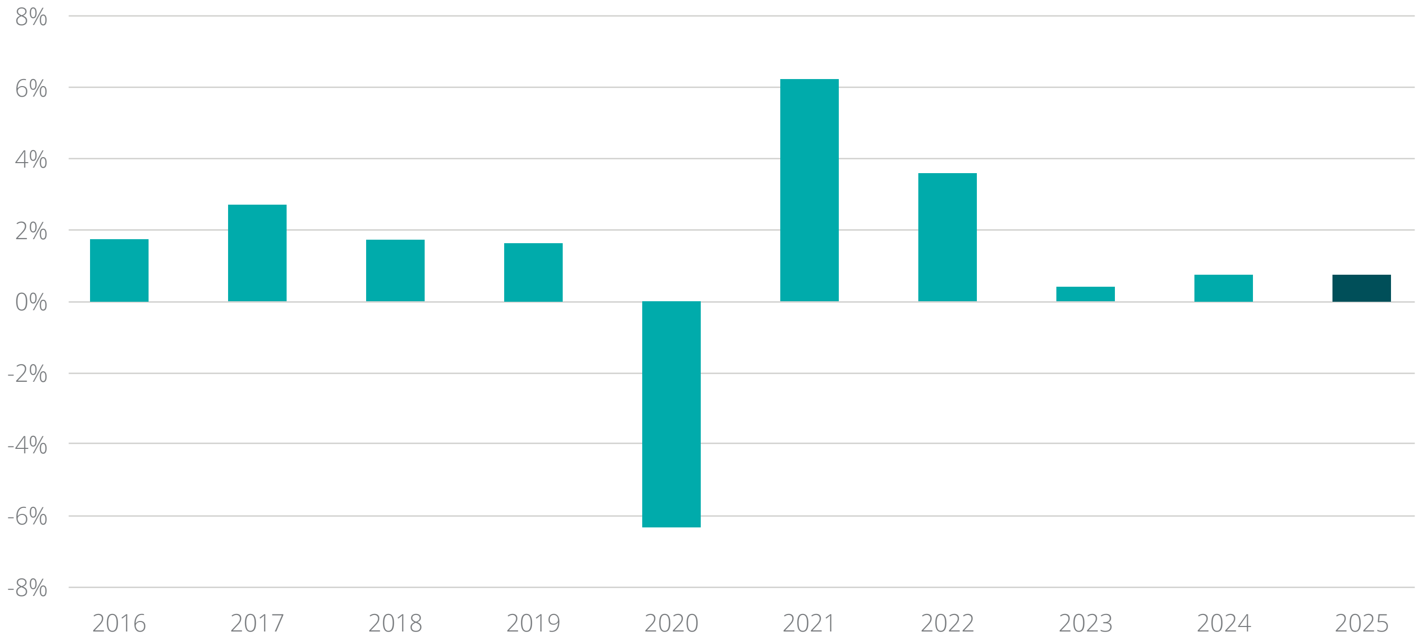
Moderate Recovery Amid Global Uncertainty

After several challenging years marked by the COVID-19 pandemic and the energy crisis stemming from disrupted gas supplies, the Eurozone economy returned to modest growth in 2024, with GDP increasing by 0.7%. This growth was primarily driven by a rebound in household consumption, supported by rising real wages and strong employment figures. Investment, however, remained weak due to high financing costs and continued policy uncertainty.

In 2025, GDP is expected to grow again by 0.8%. The outlook reflects moderate recovery momentum but also heightened global risks, particularly due to rising protectionist measures and trade tensions. These factors are likely to weigh on business sentiment and investment activity across the region.

Inflation is forecast to average 2.1% in 2025, driven by easing energy prices and weaker overall demand. This suggests a gradual return to price stability, providing some relief to households and businesses.

Growth of Real GDP in the Eurozone

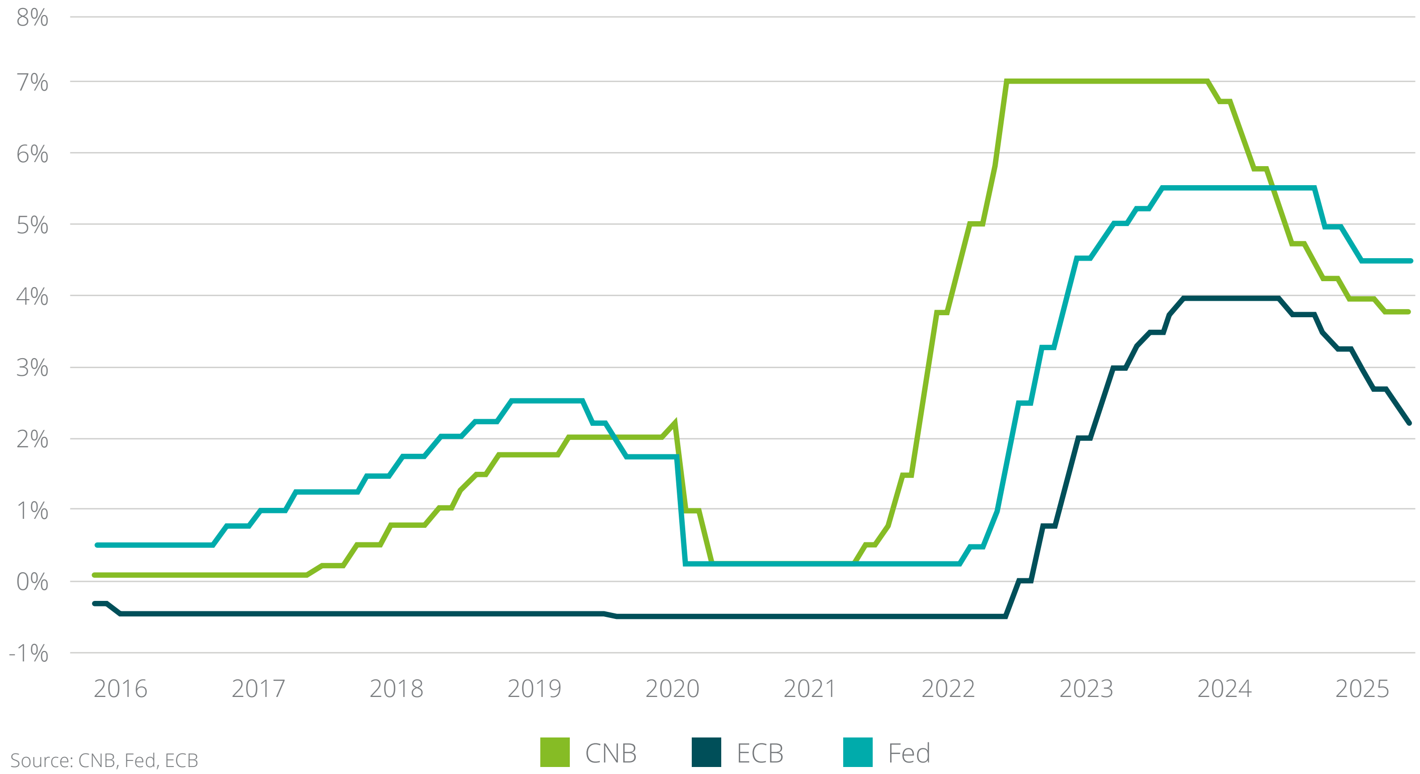


Source: Eurostat, IMF

Among individual countries, Spain is expected to record the strongest growth, with GDP rising by 2.5%, supported by strong domestic demand and continued post-disaster reconstruction. Germany is projected to achieve only a slight growth with 0.3%, as industrial output remains under pressure and investment remains subdued.

Fiscal consolidation is likely to remain a key focus in the coming years, as governments seek to rebuild budgetary space and prepare for long-term spending pressures related to demographic shifts, healthcare, the green transition, and defense. At the same time, a more open and predictable trade environment will be essential to support stable and sustained growth across the Eurozone.

Interest Rates Development by Individual Central Banks



Source: CNB, Fed, ECB

The CNB has recently lowered its key interest rate to 3.50%, and while it may continue to reduce rates further, this is not certain given the evolving economic conditions. Notably, inflation in the Czech Republic has now fallen below 2%, which could influence future monetary policy decisions. The ECB has also cut its rates to 2.25% and might pursue additional easing depending on how inflation and growth develop across the Eurozone. On the other hand, the Fed is maintaining its rates within the 4.25% to 4.50% range and is expected to remain cautious about loosening monetary policy, closely monitoring inflation trends and economic data before making any further adjustments. All three central banks must also consider the ongoing trade tensions triggered by tariff measures introduced by the US, which continue to create uncertainty and risk for the global economy.

Comparison of Residential Markets

Housing Development Intensity

Completed Dwellings

The opening chapter of this year's Property Index takes a closer look at housing development intensity – a key indicator that measures how many new dwellings were completed per 1,000 residents across each participating country. This metric offers a clear picture of how actively countries are expanding their housing stock to meet growing demand.

In 2024, three countries recorded fewer than two completed dwellings per 1,000 inhabitants: **Bosnia and Herzegovina** (1.04), **Hungary** (1.39), and **Spain** (1.78). These figures reflect relatively low levels of new housing activity compared to the rest of the group.

At the other end of the spectrum, **Turkey** led the way with a remarkable 6.85 completed dwellings per 1,000 people, followed by **Israel** (5.62) and **Poland** (5.33). These countries stood out for their particularly high levels of residential construction relative to their population size.

When looking at the absolute number of completed dwellings, **Turkey** also claimed the top spot in 2024, overtaking **France** for the first time as the country with the largest annual housing output. **Turkey** completed approximately 586,900 dwellings, compared to 330,400 in **France**. They were followed by traditional leaders in housing construction: **Germany** (252,000) and **Poland** (199,900).

On the other side of the scale, **Bosnia and Herzegovina** reported the lowest number of completed homes, with around 3,400 new dwellings in 2024. Similar figures were seen in **Slovenia**, where approximately 5,100 units were finished. Also below the 20,000-dwelling mark were **Hungary** and **Slovakia**, with 13,200 and 17,600 completed dwellings, respectively.

Looking at year-on-year changes, **Bosnia and Herzegovina** recorded the highest growth in completed dwellings among participating countries, with an impressive 17.6% increase between 2023 and 2024. **Belgium** and **Turkey** followed with growth rates of 10.0% and 9.7%, respectively.

Conversely, 13 out of 20 countries that submitted comparable data saw a decline in residential completions over the past year. The most significant drop was observed in **Finland**, where completions fell by 48.5%. Other notable decreases occurred in **Hungary** (-28.7%), **Denmark** (-21.9%), and the **Czech Republic** (-20.4%).

Housing Development Intensity – Index of Number of Completed Dwellings per 1,000 Citizens, 2024

Source: Deloitte national offices

Initiated Dwellings

To enable a meaningful comparison across countries, the number of newly initiated dwellings in 2024 was measured per 1,000 inhabitants – providing insight into how actively housing construction is being launched across different national markets.

At the lower end of the scale, **Italy** recorded the fewest housing starts, with just 0.94 dwellings per 1,000 people. **United Kingdom** and **Bosnia and Herzegovina** followed with similarly modest figures of 1.58 and 1.67, respectively. These low rates suggest a slower pace of new housing development in these countries.

In contrast, **Ireland** led the ranking by a wide margin, initiating an impressive 12.84 dwellings per 1,000 inhabitants – a level of construction intensity far above the European average. **Turkey** and **Israel** followed with 8.94 and 6.54 dwellings per 1,000 people, respectively, both maintaining strong momentum in launching new residential projects.

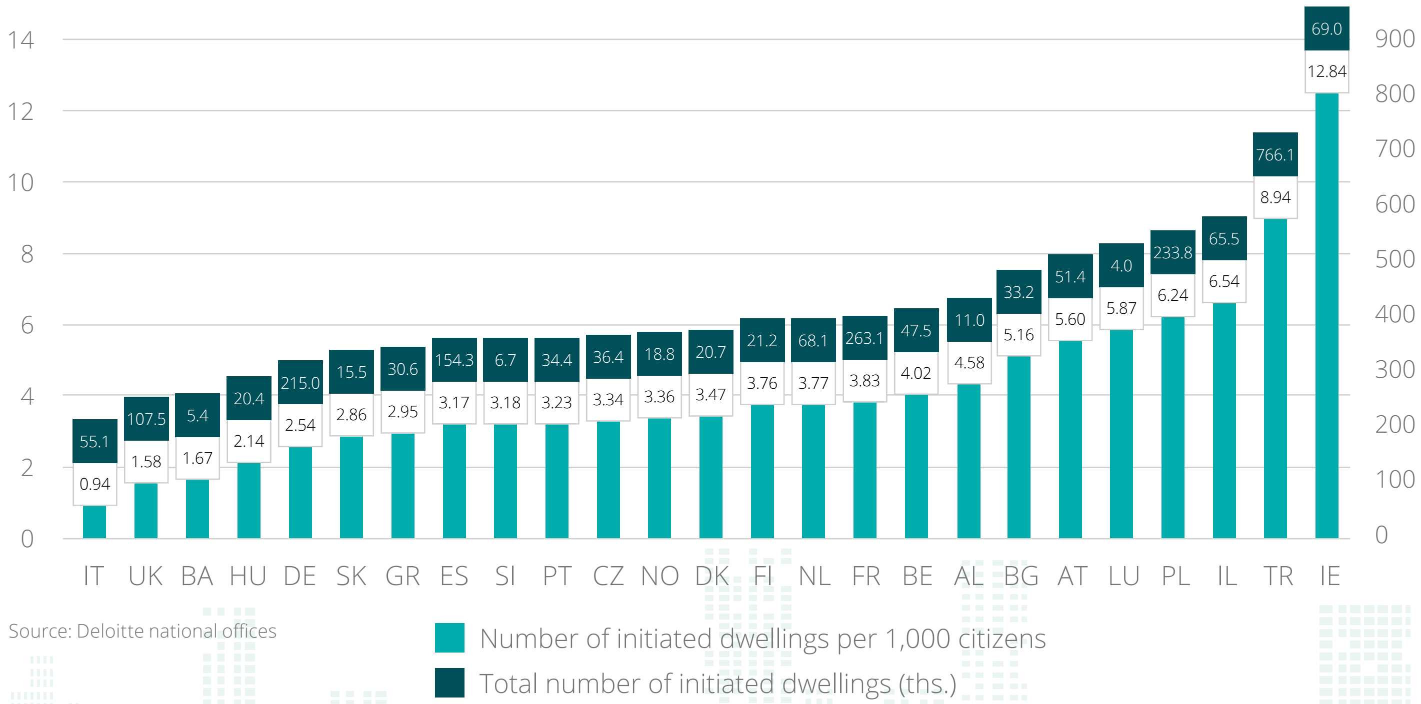
When we look at the absolute number of dwellings initiated, some smaller markets tracked fewer than 10,000 units last year. This includes **Luxembourg** (4,000), **Bosnia and Herzegovina** (5,400), and **Slovenia** (6,700). These figures reflect the limited scale of construction activity in countries with smaller populations and, in some cases, more constrained housing sectors.

At the top of the list, **Turkey** once again emerged as the most active market, initiating approximately 766,100 new dwellings – surpassing **France**, which had previously held the leading position and recorded 263,100 housing starts in 2024. **Poland** (233,800) and **Germany** (215,000) followed closely behind, while **Spain** ranked further down with 154,300 completed dwellings.

Encouragingly, the number of newly initiated dwellings increased in 14 of the 27 countries included in this year's analysis – a notable improvement compared to last year, when only 3 of 22 countries reported growth. This upward trend may reflect shifting market dynamics, improved confidence, or policy support in certain regions.

Among the standout performers, **Ireland** recorded the most dramatic year-on-year increase, with housing starts surging by 110.5%. This sharp rise was largely driven by temporary government incentives, which led to a construction rush ahead of their scheduled expiry in April. Other notable increases were seen in **Poland** (+23.7%), the **Netherlands** (+23.1%), **Bosnia and Herzegovina** (+17.0%), and **Spain** (+15.2%).

Housing Development Intensity – Index of Number of Initiated Dwellings per 1,000 Citizens, 2024



Source: Deloitte national offices

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While many markets have seen price growth and sustained demand, several countries experienced a notable slowdown in housing starts in 2024. This downturn highlights the uneven landscape of residential development across Europe, influenced by factors such as policy shifts, financing challenges, and regulatory changes.

The most significant decline in new housing initiations was recorded in **United Kingdom** (-27.8%). This sharp drop is likely attributable to market uncertainty following the change in government in mid-2024. In particular, announcements of upcoming planning system reforms prompted many developers to pause activity, awaiting greater regulatory clarity. The introduction of stricter fire safety regulations may have further contributed to delays in project commencements.

A comparable decrease was observed in **Albania** (-24.9%), driven mainly by a sharp reduction in low-rise residential development. Notably, single-dwelling building permits fell by 52%, while permits for two-dwelling buildings declined by 8.5%, pointing to a slowdown in self-build and small-scale construction by individual owners and private investors.

Additional declines in housing initiations were reported in **Norway** (-17.5%), **Germany** (-17.2%), and **Slovakia** (-13.9%).

These contractions underscore the diverse set of challenges developers face across different markets – from financing constraints and rising construction costs to tightened regulations and changing buyer behavior.

Housing Stock

Beyond the number of homes completed or initiated, the total housing stock in each country remains a fundamental measure of both living standards and broader economic development. This year's Property Index once again includes data not only from across Europe, but also from Israel and Turkey, offering a wide-ranging view of housing availability across the region.

Across the 17 countries that submitted data on housing stock in 2024, the average number of dwellings per 1,000 inhabitants stands at 450. Notably, 10 of these countries exceed this average – highlighting considerable variation in housing availability across national markets.

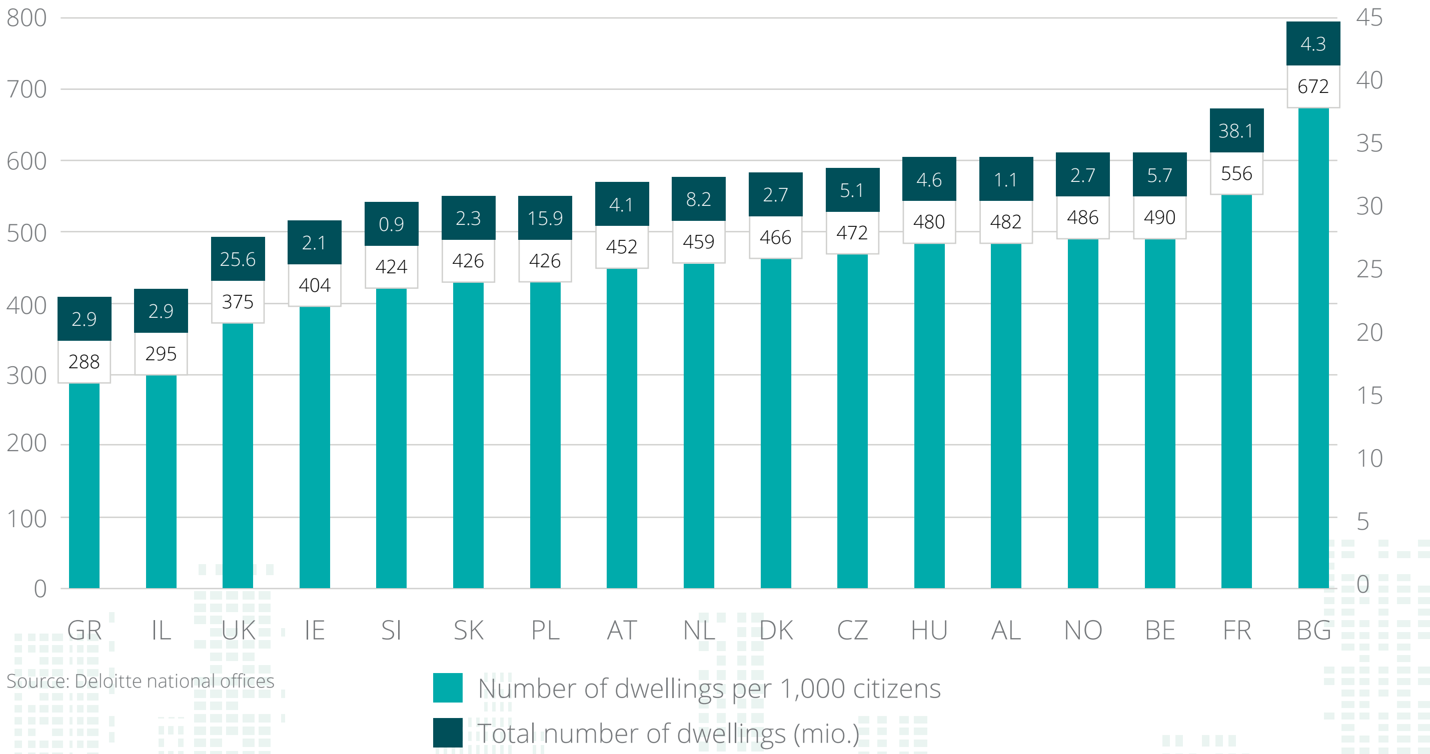
For the second year running, **Bulgaria** tops the ranking with the highest housing stock per capita, offering 672 dwellings per 1,000 people. It is followed by **France** (556) and **Belgium** (490), both maintaining relatively strong housing provision compared to the regional average.

On the opposite end of the scale, **Greece** once again reports the lowest housing stock per capita, with just 288 dwellings per 1,000 inhabitants – a figure that may reflect long-standing structural and economic constraints. **Israel** and the **United Kingdom** follow, with 295 and 375 dwellings per 1,000 inhabitants, respectively.

When viewed in absolute terms, **France** leads with the largest total housing stock, totaling 38.10 million dwellings as of 2024. The **United Kingdom** ranks second with 25.60 million, while **Poland** rounds out the top three with a total of 15.90 million dwellings.

At the other end, **Slovenia** recorded the smallest national housing stock, with just 900,000 dwellings. It was followed by **Albania** (1.10 million), and then **Ireland** and **Slovakia**, with 2.10 million and 2.30 million dwellings, respectively.

Housing Stock – Number of Dwellings per 1,000 Citizens, 2024



Source: Deloitte national offices

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Comparison of Residential Property Prices

in Selected Countries and Cities

This year's Property Index encompasses 28 European countries and 75 individual cities, with all price-related data converted into euros (EUR) to ensure a standardized and comparable format across markets.

However, it is important to note that the annual variation in housing prices is also partially influenced by currency exchange rate fluctuations. These fluctuations can impact cross-border comparisons, especially in countries outside the Eurozone or with volatile local currencies.

To account for these effects, this year's edition includes a brief analysis of exchange rate movements relative to the euro in 2024.

Depreciation of the Euro (EUR) against national currencies:

In several countries, the euro lost value against local currencies, thereby amplifying the reported price levels in euro terms. These cases include:

- **Albania:** -7.40%
- **Poland:** -5.21%
- **Czech Republic:** -4.43%
- **United Kingdom:** -2.64%
- **Israel:** -0.31%
- **Serbia:** -0.14%
- **Denmark:** -0.11%

Appreciation of the Euro (EUR) against national currencies:

In contrast, the euro gained value against the currencies of several countries, partially dampening the impact of price changes in euro terms:

- **Romania:** +0.57%
- **Norway:** +1.81%
- **Hungary:** +3.47%
- **Turkey:** +61.35% – largely driven by persistent high inflation in 2024

Stable exchange rates:

In **Bulgaria** and **Bosnia and Herzegovina**, the local currencies are pegged to the euro, resulting in no exchange rate variation.

By factoring in these exchange rate movements, the Property Index offers a more nuanced view of price dynamics across European residential markets, acknowledging that local currency performance is a significant component of cross-national housing affordability and investment analysis.

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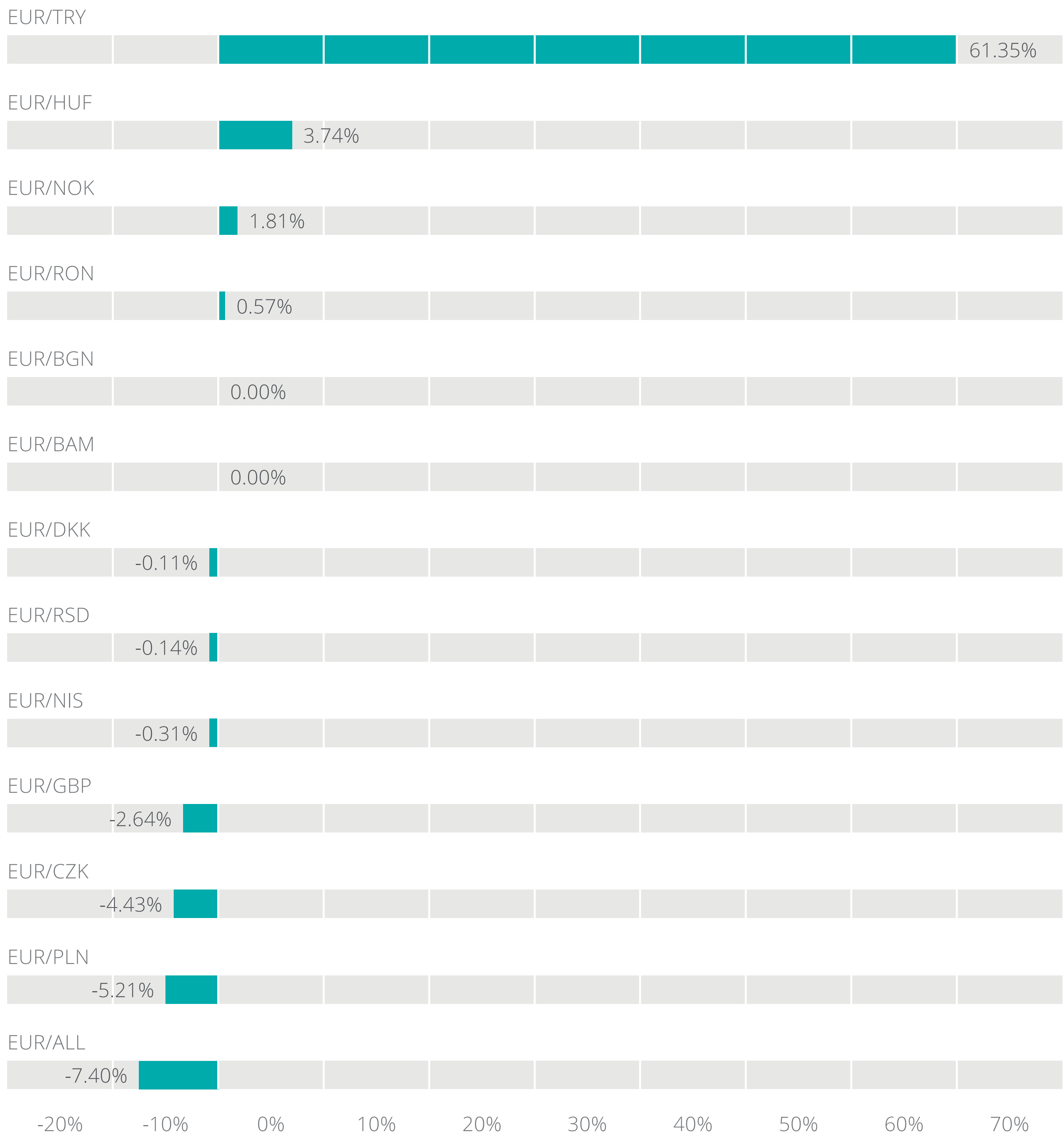
Euro Exchange Rate Changes, Average 2023/2024



Source: Deloitte national offices

Average Bid Price of a New Dwelling in Selected Countries (€/sqm), 2024

To provide the most meaningful and accurate comparison of housing prices across diverse residential markets, the 14th edition of the Property Index places special emphasis on average bid prices for newly built homes across all participating countries. This in-depth analysis offers insight into the underlying forces shaping the housing landscape – from rising interest rates and persistent inflation to affordability constraints – all of which are continuing to impact both demand and supply in housing markets across Europe, Israel, and Turkey.

One of the standout findings in this year's ranking is **Luxembourg** taking the lead as the most expensive country for new residential properties. With an average bid price of €8,760 per square meter, it has overtaken last year's leader, **Israel**, which now ranks second at €6,131/sqm. It is important to note, however, that the Luxembourg figures are based solely on flat units rather than houses, and the relatively small sample size may slightly influence the final value.

The top five most expensive countries in 2024 are rounded out by:

- **United Kingdom** (€5,203/sqm)
- **Austria** (€5,053/sqm)
- **Portugal** (€5,049/sqm)

These figures reflect strong market demand, constrained land availability, and elevated construction costs in these nations.

At the opposite end of the spectrum, **Turkey** remains the most affordable market for new residential property, with an average bid price of just €949/sqm. This is followed by **Bosnia and Herzegovina** (€1,482/sqm) and **Albania** (€1,620/sqm).

In addition, three southeastern European countries also reported average bid prices below €2,000/sqm:

- **Romania** (€1,676/sqm)
- **Serbia** (€1,750/sqm)
- **Greece** (€1,792/sqm)

These lower price levels may reflect less intense demand pressures, varying income levels, and differing stages of housing market development.

The remaining 14 countries in this year's Property Index reported average prices ranging between €2,000 and €4,999/sqm, with:

- **Croatia** as the most affordable end of this bracket (€2,504/sqm), and
- **Finland** as the most expensive in the range (€4,889/sqm – average bid price), while its 5.3% year-on-year change was influenced by increased construction and energy costs in 2024.

Looking at year-on-year price trends, **Poland** experienced the most significant increase in average bid prices for new housing, rising by an impressive 19.3% between 2023 and 2024. This sharp uptick was largely fueled by a government subsidy scheme launched in mid-2023, which stimulated demand and pushed prices upward. Additionally, the appreciation of the Polish zloty against the euro further amplified the price growth when expressed in EUR.

Several other countries also saw double-digit growth in new residential property prices, including:

- **Albania** (+16.6%)
- **Bosnia and Herzegovina** and **Israel** (both+12.7%)
- **Hungary** (+11.9%)
- **Croatia** and **Romania** (both +11.5%)
- **Italy** (+11.2%)
- **Greece** (+10.2%)

In total, nine countries recorded price growth above 10%, underscoring ongoing demand pressures and reduced affordability in many parts of the continent.

Conversely, the only country to register a significant year-on-year decline in bid prices was **Turkey**, where prices fell by -12.0%, marking the sharpest drop in this year's comparison.

This sharp nationwide decline observed in Turkey reflects a broader market correction following the post-pandemic price surge, compounded by elevated interest rates and a significant drop in affordability.

Altogether, these figures reflect a highly fragmented housing market across Europe - with some regions experiencing robust price acceleration, while others confront economic headwinds or rebalancing trends that are leading to softening in prices. The contrast between markets reinforces the importance of local factors, including policy interventions, demographic shifts, and broader macroeconomic conditions.

Average Bid Price of a New Dwelling in Selected Countries, Annual Change (%)

Country	Average Bid Price (€/sqm)	Annual Change (%)
Luxembourg	8.760	-3.4%
Israel#	6.131	12.7%
United Kingdom#	5.203	-0.9%
Austria	5.053	2.7%
Portugal	5.049	-1.3%
Czech Republic	5.030	2.7%
Finland	4.889	5.3%
Germany	4.800	2.1%
Netherlands	4.157	-2.3%
Spain	3.739	8.8%
Slovenia	3.400	-
France*	3.332	1.7%
Slovakia	3.252	4.7%
Belgium	3.248	1.3%
Denmark	3.239	3.2%
Hungary	3.087	11.9%
Poland	2.792	19.3%
Italy	2.741	11.2%
Croatia	2.504	11.5%
Greece	1.792	10.2%
Serbia	1.750	3.1%
Romania**	1.676	11.5%
Albania	1.620	16.5%
Bosnia and Herzegovina	1.482	12.7%
Turkey	949	-12.0%

* Older Dwellings
** All Dwellings (New + Older)
\# Transaction Price

Source: Deloitte national offices

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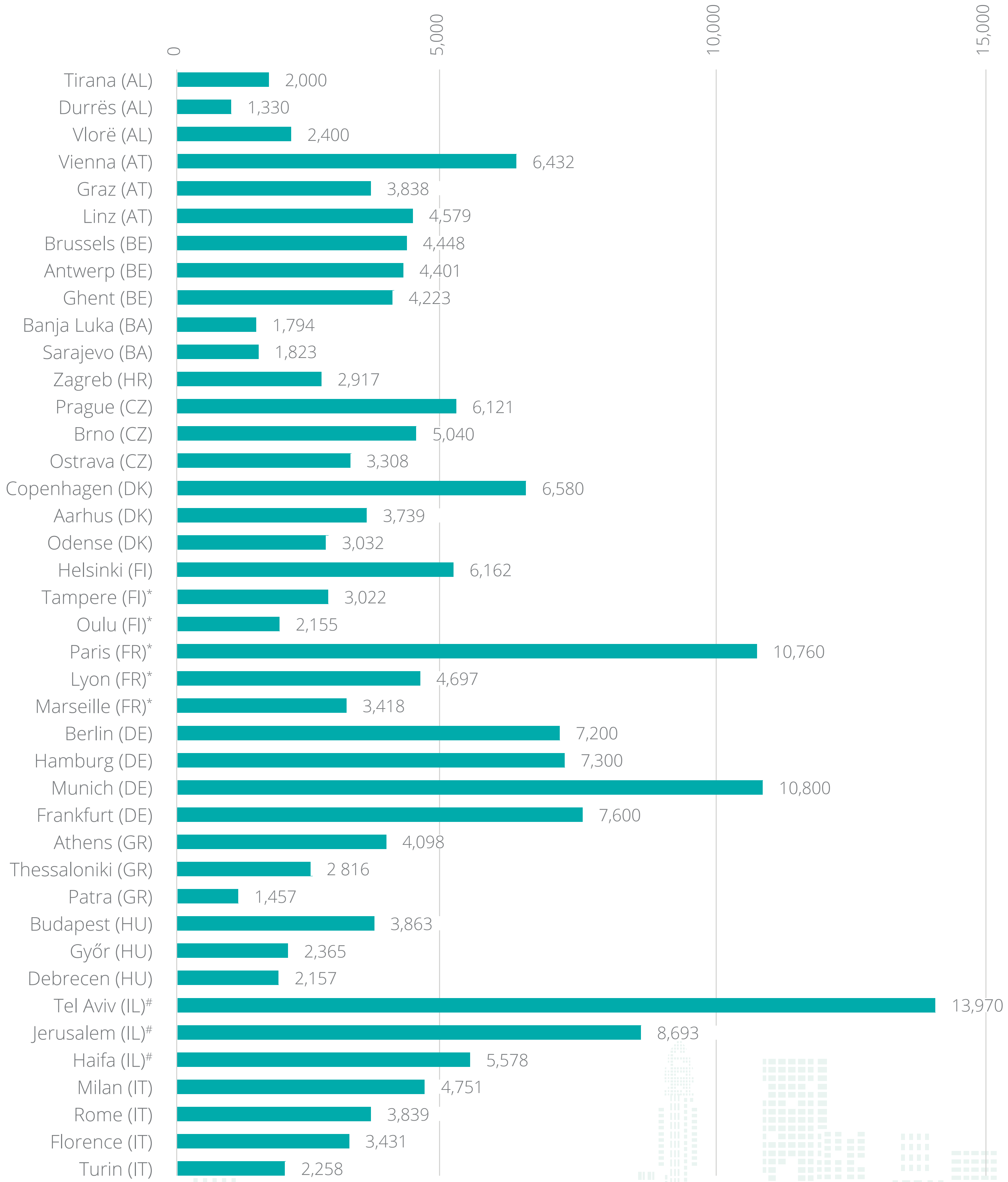
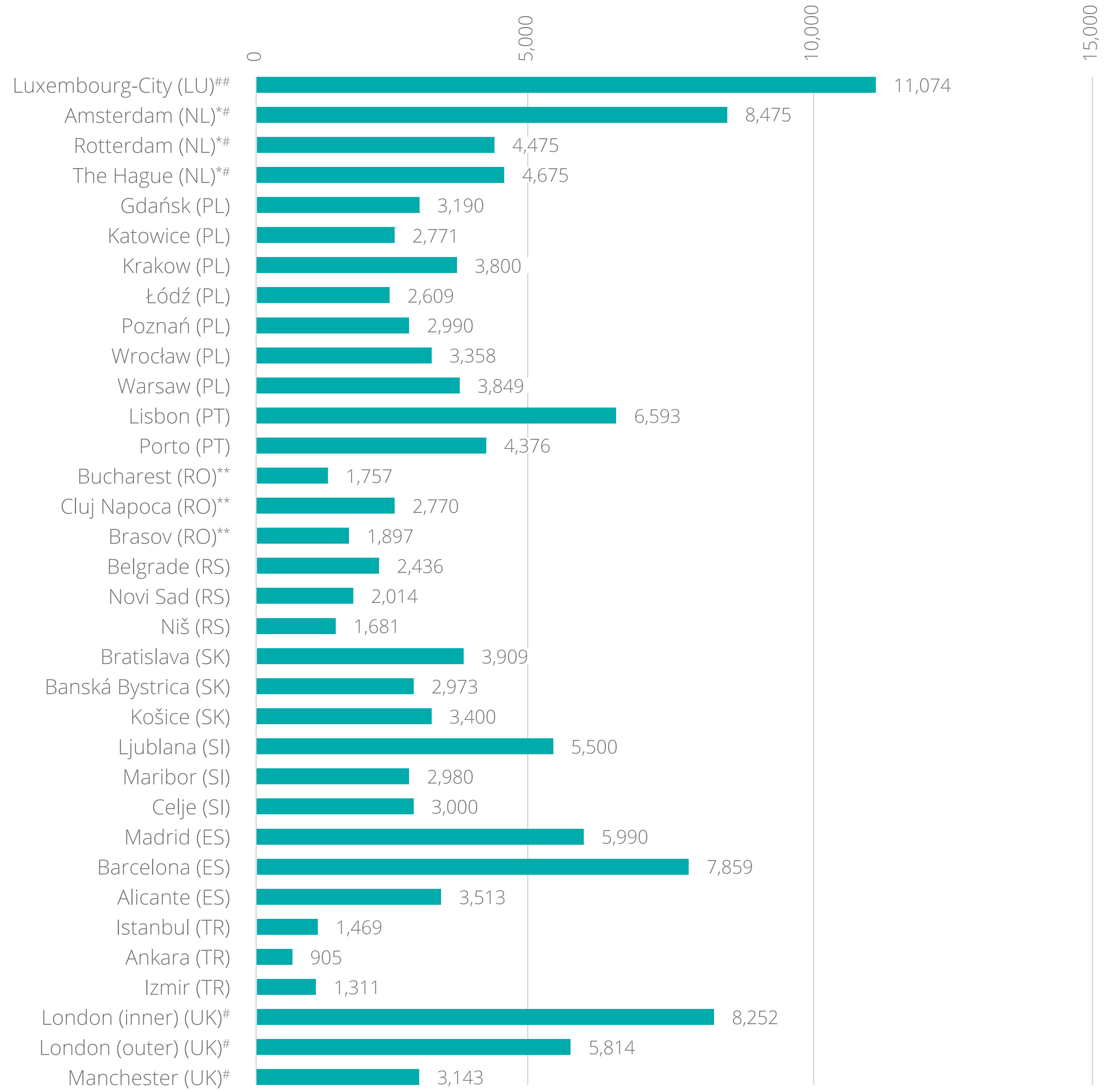
Average Bid Prices of a New Dwelling (€/sqm), 2024





* Older Dwellings
** All Dwellings (New + Older)
\# Transaction Price
\#\# Flat Units Included Only

Source: Deloitte national offices

Property Index | 14th edition, August 2025

A core and long-standing feature of the Property Index is the city-level analysis of average residential property prices, offering valuable insights into how affordability and demand vary across urban centers. Just like the national-level approach, this year's edition combines average bid prices with transaction price data – depending on availability in each location.

In 2024, 75 cities were included in the analysis, providing a broad and diverse picture of housing prices across Europe, Israel, and Turkey.

At the top of the list, **Tel Aviv** remains the most expensive city for buying a new home, with an average price of €13,970 per square meter. Close behind is **Luxembourg City**, where prices reached €11,074 per sqm. Two more cities joined the elite club of housing prices above €10,000 per sqm: **Munich** (€10,800) and **Paris** (€10,760).

Slightly more affordable, but still among the highest-priced markets, are cities in the €7,500 to €9,999 per sqm range. These include **Jerusalem** (€8,693), **Amsterdam** (€8,475), Inner **London** (€8,252), **Barcelona** (€7,859), and **Frankfurt** (€7,600) – all reflecting strong demand in major economic and cultural hubs.

On the opposite end of the spectrum, **Ankara**, the capital of Turkey, stands out as the most affordable city in this year's survey. With an average bid price of just €905 per sqm, it is the only city among the 75 analyzed with a price below €1,000 per square meter.

Cities with prices between €1,000 and €1,499 per sqm include **Izmir** (€1,311), **Durrës** (€1,330), **Patra** (€1,457), and **Istanbul** (€1,469), illustrating the relatively low cost of new housing in several parts of Southeastern Europe.

Interestingly, some of the most expensive cities are not national capitals, underscoring the role of regional economic powerhouses. These include **Munich**, **Tel Aviv**, **Barcelona**, **Istanbul**, **Izmir**, **Milan**, **Cluj-Napoca**, and **Brașov**. These cities have emerged as strong magnets for investment and population growth, which is often reflected in rising property values.

When examining year-on-year changes in average bid prices, several cities experienced striking increases. **Kraków** topped the ranking with a surge of 28.1%, followed closely by **Jerusalem** (+25.2%), and the Albanian cities of **Tirana** and **Vlorë** (both +25.0%).

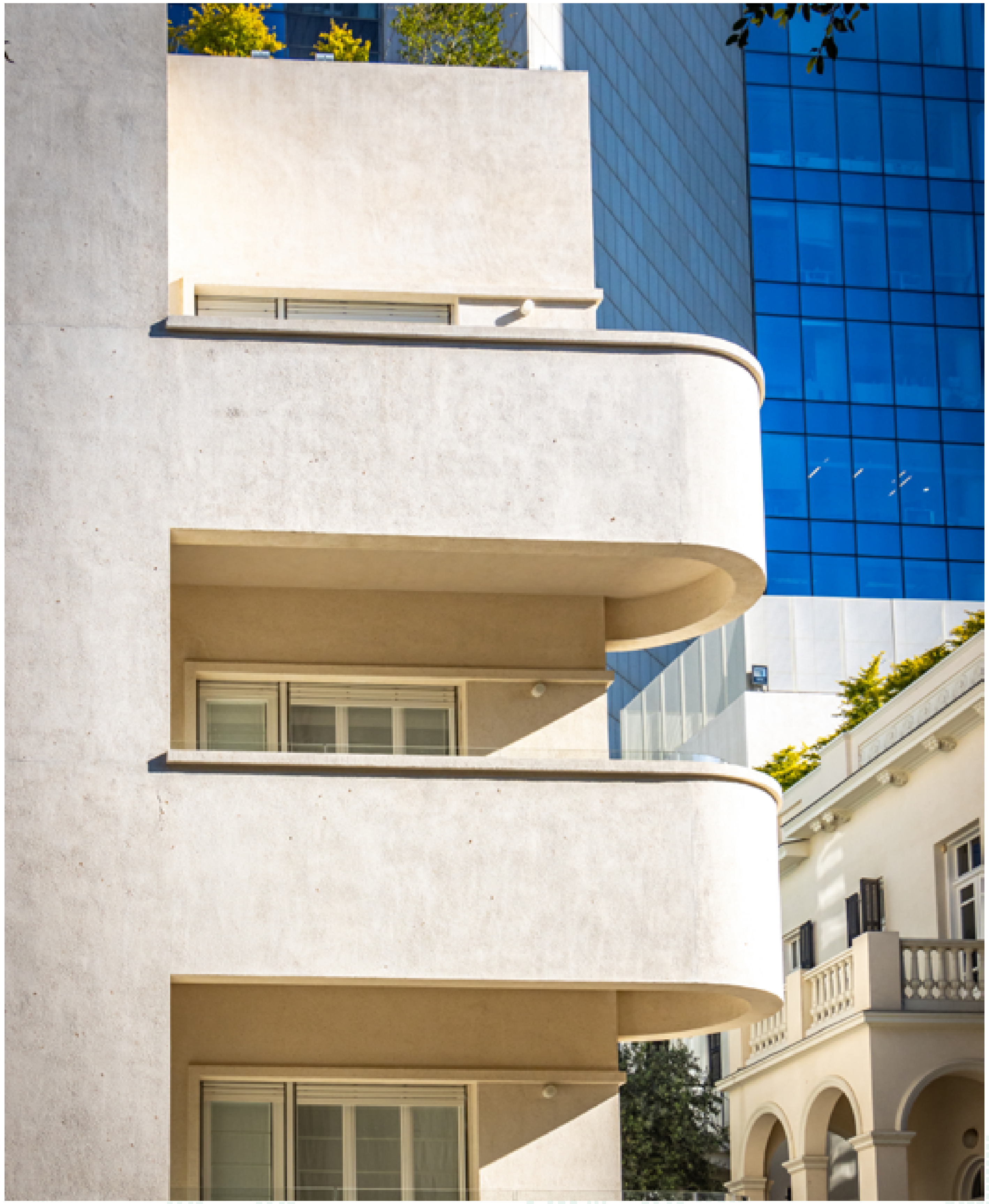
Both Albanian cities have seen heightened interest from domestic and international buyers. Vlorë, in particular, has benefited from the rapid expansion of the tourism sector and major infrastructure developments – including the upcoming Vlora Airport (expected by late 2025/early 2026), as well as ongoing strategic investments such as the Vlora Bypass and Llogara Tunnel.

Other cities with annual growth exceeding 20% include **Łódź** (+22.7%), **Niš** (+22.4%), **Warsaw** (+21.7%), Wrocław (+21.2%), and **Banja Luka** (+20.5%), underscoring the robust momentum in select regional markets.

However, not all cities recorded price growth. In several locations, average bid prices declined due to a combination of demand shifts, affordability constraints, and broader macroeconomic pressures. Notable year-on-year decreases were observed in **İzmir** (-9.3%), **Marseille** (-8.0%), **Istanbul** (-7.8%), **Ostrava** (-7.3%), and **Ankara** (-6.3%).

In Turkey, specific local factors further amplified the decline of bid prices: in İzmir, an oversupply in newly developed areas, coupled with weakening demand amid economic uncertainty, exerted downward pressure on prices. In Istanbul, elevated mortgage rates and tighter lending criteria significantly curtailed buyer activity – particularly in the mid- to high-end market segments. Meanwhile, in Ankara, slower population growth and reduced investor interest compared to coastal regions contributed to the observed price correction.

This wide spread in prices and trends once again highlights the diversity of urban housing markets across Europe and its neighboring regions - where local economic conditions, demographic pressures, and policy choices all shape the property landscape in unique ways.



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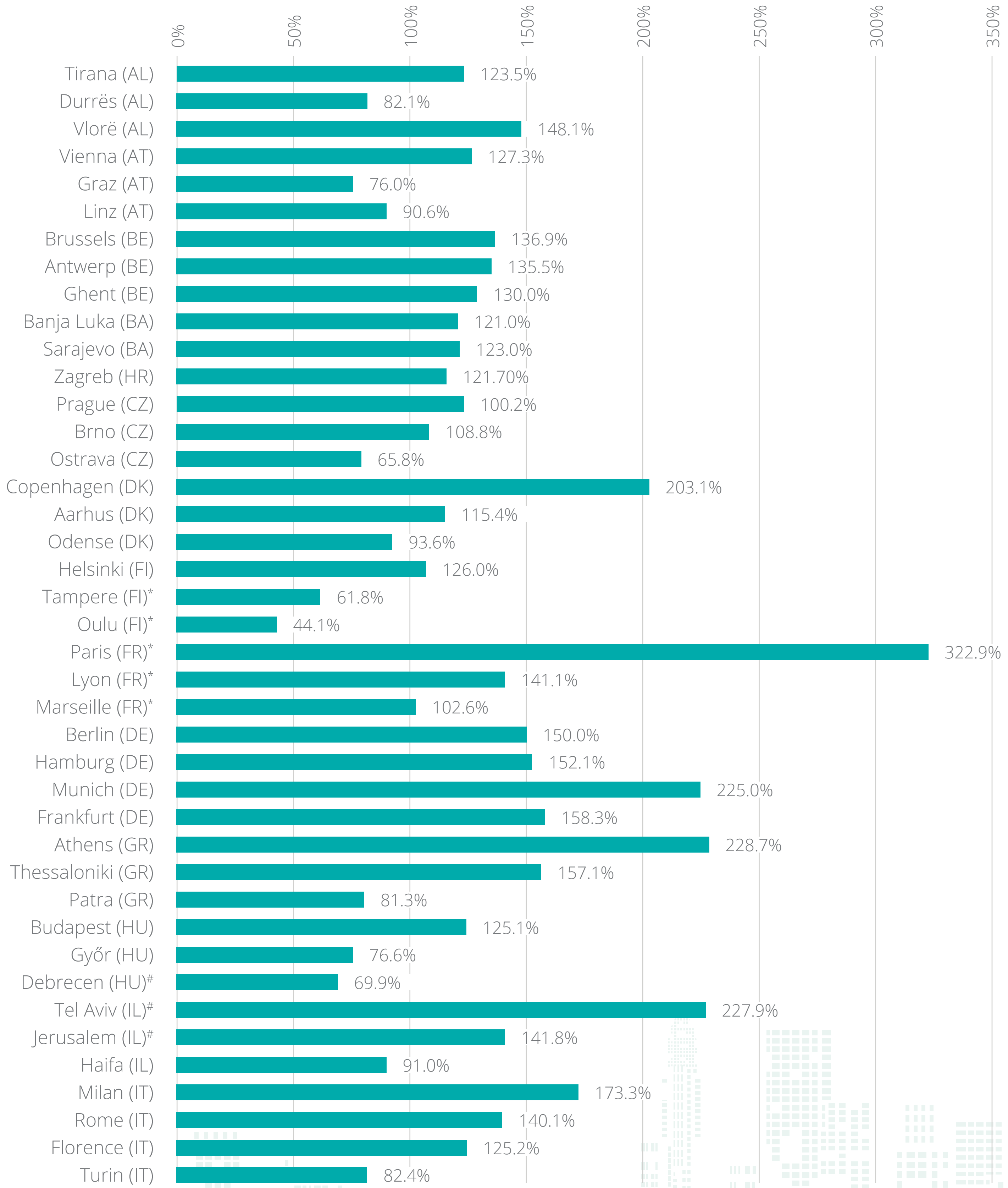
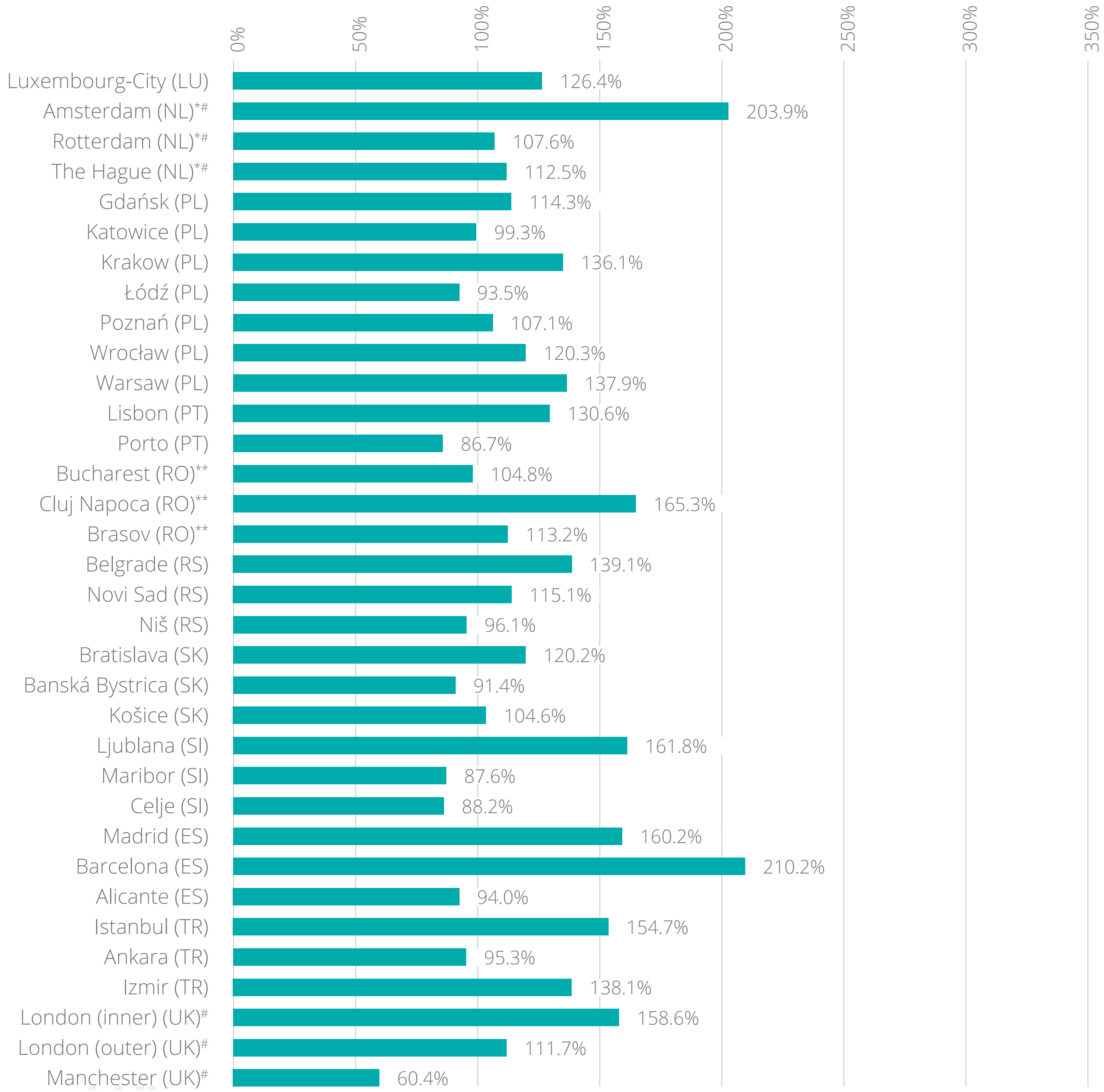
Comparison of the Average Bid Prices in Main Cities to the Country Average (Country Average = 100%), 2024





* Older Dwellings
** All Dwellings (New + Older)
\# Transaction Price
\#\# Flat Units Included Only

Source: Deloitte national offices

This year's Property Index also includes a comparison between city-level bid prices and national averages, providing deeper insights into how urban housing markets diverge from broader countrywide trends.

Once again, France tops the list for the largest price gap, with residential property prices in **Paris** exceeding the national average by a striking 322.9%. This means a new home in the capital costs more than three times the French national average, underscoring the extreme premium attached to housing in Paris.

Several other cities also stand out for being more than twice as expensive as their respective national averages. These include:

- **Athens** (+228.7%)
- **Tel Aviv** (+227.9%)
- **Munich** (+225.0%)
- **Barcelona** (+210.2%)
- **Amsterdam** (+203.9%)
- **Copenhagen** (+203.1%)

These figures highlight the significant concentration of wealth, economic activity, and housing demand in major metropolitan centers – often far outpacing regional or rural areas.

Conversely, the analysis also identifies a number of cities where average bid prices remain well at national levels. Among the most notable examples are:

- **Oulu**: 44.1% at the national average
- **Manchester**: 60.4%
- **Tampere**: 61.8%
- **Ostrava** 65.8%
- **Debrecen**: 69.9%

These cities may offer more affordable housing opportunities, especially in contrast to capital cities or economic hotspots within their countries. Lower-than-average prices can also reflect differing local dynamics, such as population size, economic development, or regional investment trends.

By showcasing the extremes – both above and below national benchmarks – this comparison helps illustrate how housing affordability and market pressures vary dramatically within countries, often shaped by location, infrastructure, and economic context.

In line with the earlier observations, capital cities remain the most prominent and influential residential property markets across Europe, as well as in Israel and Turkey. Their size, economic relevance, and population density naturally place them at the centre of housing demand and market dynamics.

To capture recent developments, this year's Property Index presents a closer look at year-on-year changes in bid prices for new dwellings specifically in capital cities. The analysis offers a valuable snapshot of how these key urban markets have evolved over the past year.

According to data gathered from Deloitte's network of national offices, most capital cities saw notable increases in residential property prices, reflecting a continued trend of rising demand and constrained supply in urban areas.

The sharpest annual increase was observed in **Jerusalem**, where new home prices surged by 25.2% compared to the previous year. This notable rise in average transaction prices in 2024 was primarily driven by a sharp decline in the proportion of government-subsidized new apartments – units that had helped suppress prices in 2023.

Similarly significant price growth was recorded in:

- **Tirana**: +25.0%
- **Warsaw**: +21.8%

Four additional capitals also experienced double-digit price growth:

- **Ljubljana**: +12.2%
- **Budapest**: +10.9%
- **Athens**: +10.8%
- **Amsterdam**: +10.1%

On the other hand, only one capital city reported a year-on-year decline exceeding 5% – **Ankara** (Turkey), where the average bid price for new dwellings fell by 6.3%.

These figures underline the strong momentum in many capital markets, driven by factors such as urban migration, investment interest, and local economic performance. At the same time, the drop in Ankara highlights how macroeconomic shifts and local conditions can push markets in different directions, even among major cities.

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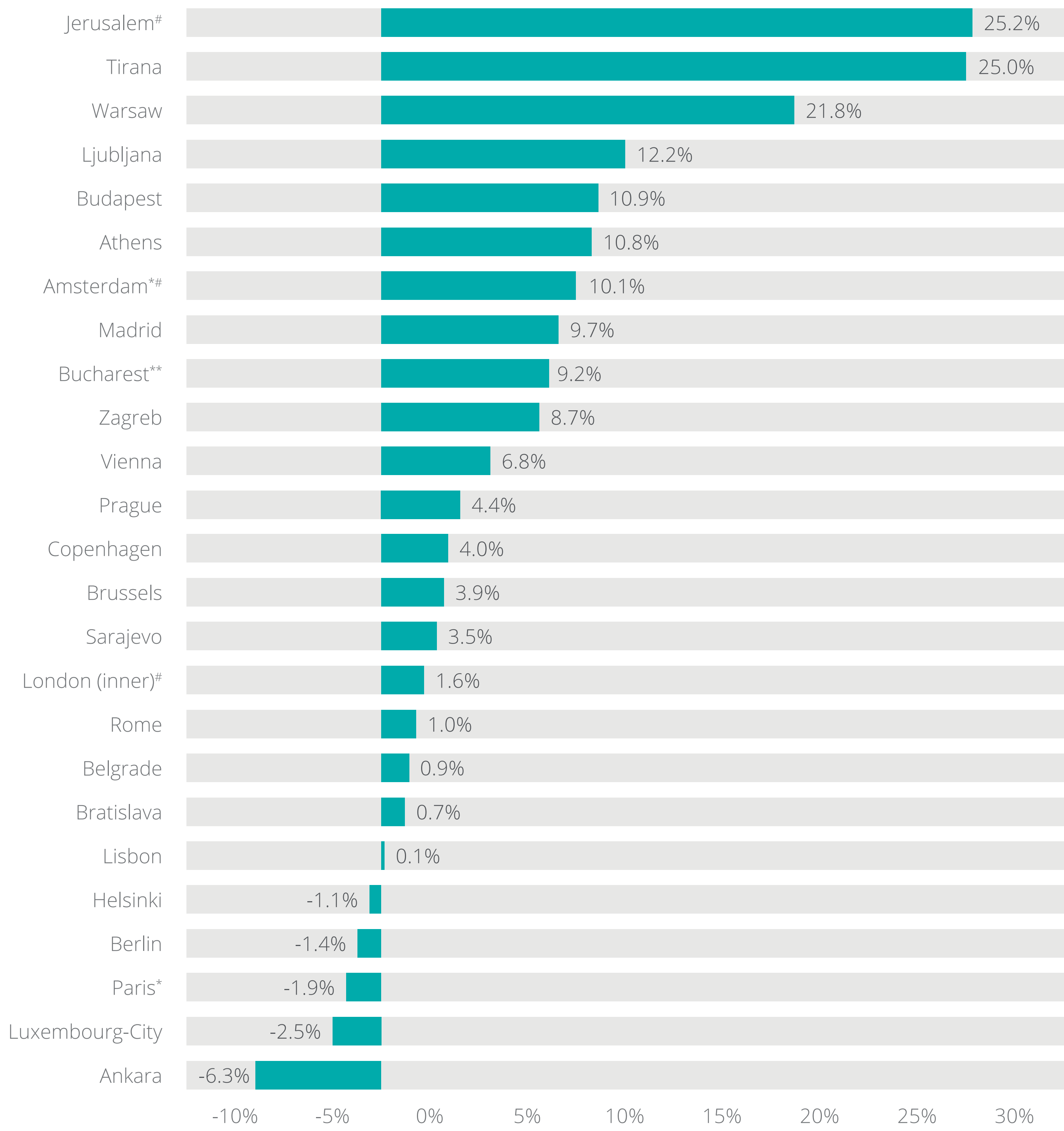
Annual Change of Average Bid Price of a New Dwelling in the Capital Cities, Calculated in Euros



* Older Dwellings
** All Dwellings (New + Older)
\# Transaction Price
\## Flat Units Included Only

Source: Deloitte national offices

Affordability of Own Housing – Cities

To offer a more detailed perspective on housing affordability, this year's Property Index includes a comparative analysis of owner-occupied housing affordability across selected European cities. This assessment is based on cities where both average bid price data and gross salary data are available.

Affordability is calculated as the number of average gross annual salaries required to purchase a standardized newly built apartment with a floor area of 70 square meters. This metric provides a clearer understanding of how attainable homeownership is for local residents and highlights differences in affordability within and across countries.

According to data submitted by Deloitte national offices, **Amsterdam** ranks as the least affordable city in this year's survey, with residents needing 15.4 average gross annual salaries to purchase a 70 sqm new home – a slight increase of 0.3 compared to last year. Close behind is **Athens**, where affordability stands at 15.3 annual salaries, placing it second. **Prague** follows in third position, requiring 15.0 annual salaries for a comparable flat.

In the next affordability tier, between 14.0 and 14.9 annual salaries, are **Košice** (14.2) and **Brno** (14.0).

Other cities falling within the 12.0 to 13.9 salary range include:

- **Banská Bystrica** (12.8)
- **Bratislava** (12.3)

Cities where affordability requires between 10.0 and 11.9 annual salaries include:

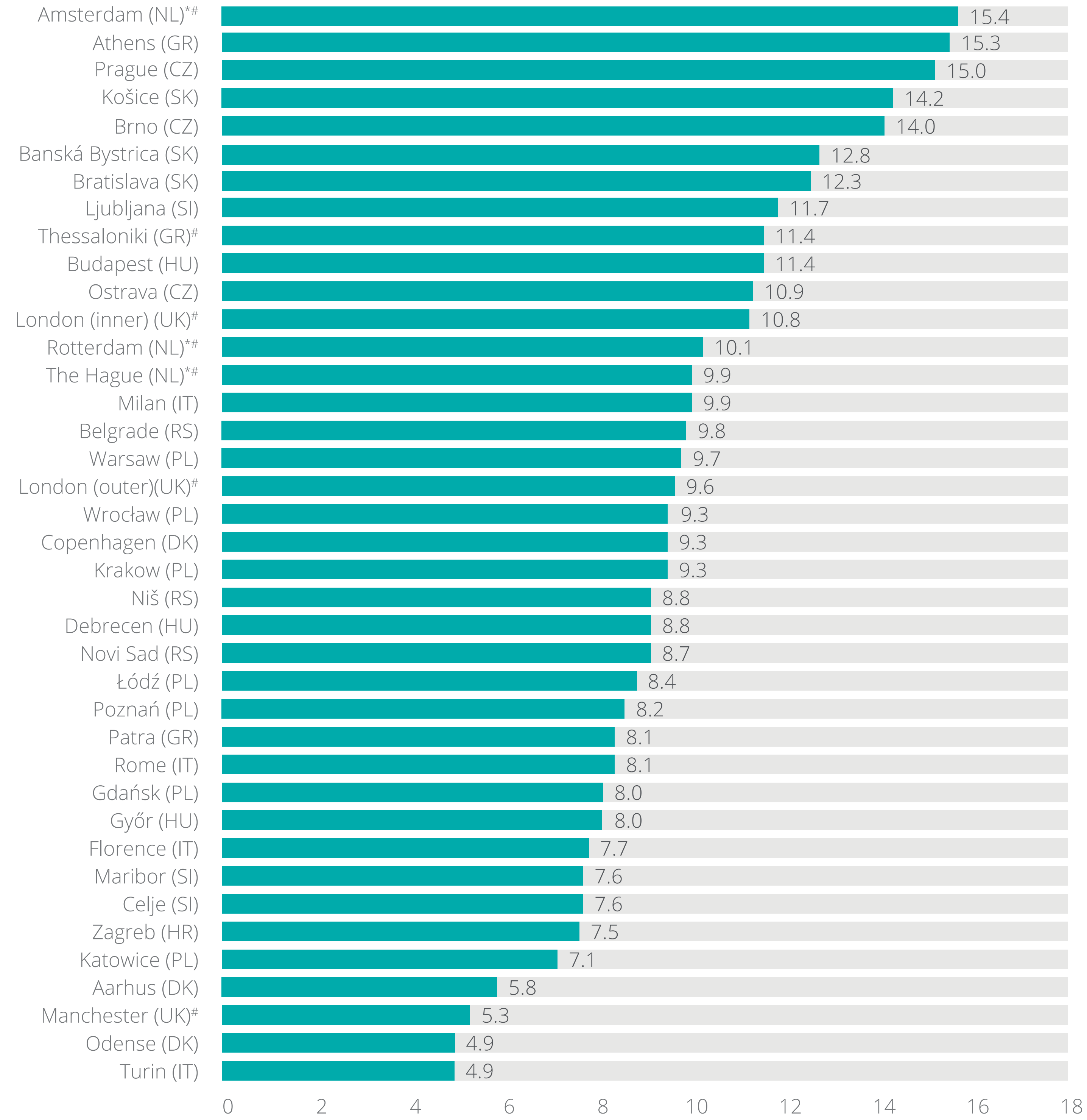
- **Ljubljana** (11.7)
- **Thessaloniki** (11.4)
- **Budapest** (11.4)
- **Ostrava** (10.9)
- **London Inner** (10.8)
- **Rotterdam** (10.1)

At the more affordable end of the spectrum, residents of **Odense** in Denmark and **Turin** in Italy need only 4.9 annual gross salaries to purchase a new home – making it the most affordable city in this comparison. Other cities offering relatively accessible homeownership include:

- **Manchester** (5.3)
- **Aarhus** (5.8)
- **Katowice** (7.1)

It is essential to highlight that housing affordability is shaped not only by property prices, but also by local wage levels. In some cases, even cities with high property values may offer improved affordability due to corresponding growth in average gross salaries. Therefore, the balance between income growth and housing cost inflation remains a crucial factor influencing housing accessibility across Europe.

Affordability of Own Housing
Equivalent of Gross Annual Salaries For a Standardized New Dwelling by City



* Older Dwellings
\# Transaction Price

Source: Deloitte national offices

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Rental Market

As with every edition, the Property Index once again presents a comparative overview of rental prices across Europe, including cities from Israel and Turkey. This year, the analysis covers 77 individual cities, offering a broad picture of how much people pay to rent a home across the continent.

Based on data from local public institutions, **Luxembourg City** ranks as the most expensive city for renters in 2024, with average rental prices reaching €43.4 per square meter. **Paris** (€32.0/sqm) and **Dublin** (€31.7/sqm) follow at some distance, highlighting the premium cost of housing in Europe's key urban centers.

A cluster of 15 cities reported rental levels between €20.0/sqm and €29.9/sqm, reflecting high demand and strong market pressure. These include:

- **Barcelona** (€29.9/sqm)
- **Oslo** (€27.3/sqm)
- **Madrid** (€27.1/sqm)
- **Amsterdam** (€26.3/sqm)
- **Copenhagen** (€24.9/sqm)
- **London** (outer) (€23.8/sqm)
- **Galway** (€22.9/sqm)
- **Milan** (€22.7/sqm)
- **Helsinki** (€22.3/sqm)
- **Munich** (€21.9/sqm)
- **Cork** (€21.5/sqm)
- **Trondheim** (€21.3/sqm)
- **The Hague** (€20.4/sqm)
- **Bergen** and **Rotterdam** (both €20.2/sqm)

At the more affordable end of the spectrum, the lowest rents among the cities surveyed were recorded in:

- **Durrës** (€4.9/sqm)
- **Vlorë** (€5.0/sqm)
- **Ankara** (€5.2/sqm)
- **Plovdiv** (€5.7/sqm)
- **Banja Luka** and **Izmir** (both €6.2/sqm)

Beyond static price comparisons, the Property Index also highlights the year-on-year changes in rental levels, which reveal some striking shifts.

The steepest increase was recorded in **Banja Luka**, with a sharp rise of 37.8%. A major driver of rising rent prices in Banja Luka is the shrinking supply of rental units, with around 19% of homes sitting mostly empty year-round and many owners shifting from long-term rentals to short-term platforms like Airbnb.

Other cities with notable rental increases above 20% include:

- **Vlorë** (+25.0%)
- **Debrecen** (+24.8%)
- **Durrës** (+22.5%)

In the case of Albanian cities such as **Vlorë** and **Durrës**, the relatively large increase in rental prices was primarily driven by growing seasonal demand for short-term rentals. Particularly in these coastal areas, heightened activity from the tourism sector has exerted upward pressure on rents, reflecting a shift in the local housing market dynamics during peak seasons.

Meanwhile, a small number of cities recorded a decline in rental prices, suggesting localized shifts in supply and demand. Among them were **Antwerp**, where rents dropped by 6.5%, and **Istanbul**, with a 6.1% decrease.

The decline in rental prices in Istanbul was influenced by the return of students and remote workers to their hometowns, combined with increased supply from newly completed residential projects, which has softened demand in the city center.

Together, these figures illustrate the broad diversity in rental affordability and market dynamics across European cities. Whether driven by demand, supply constraints, economic trends or public policy, rental markets remain a key aspect of housing accessibility and urban life.

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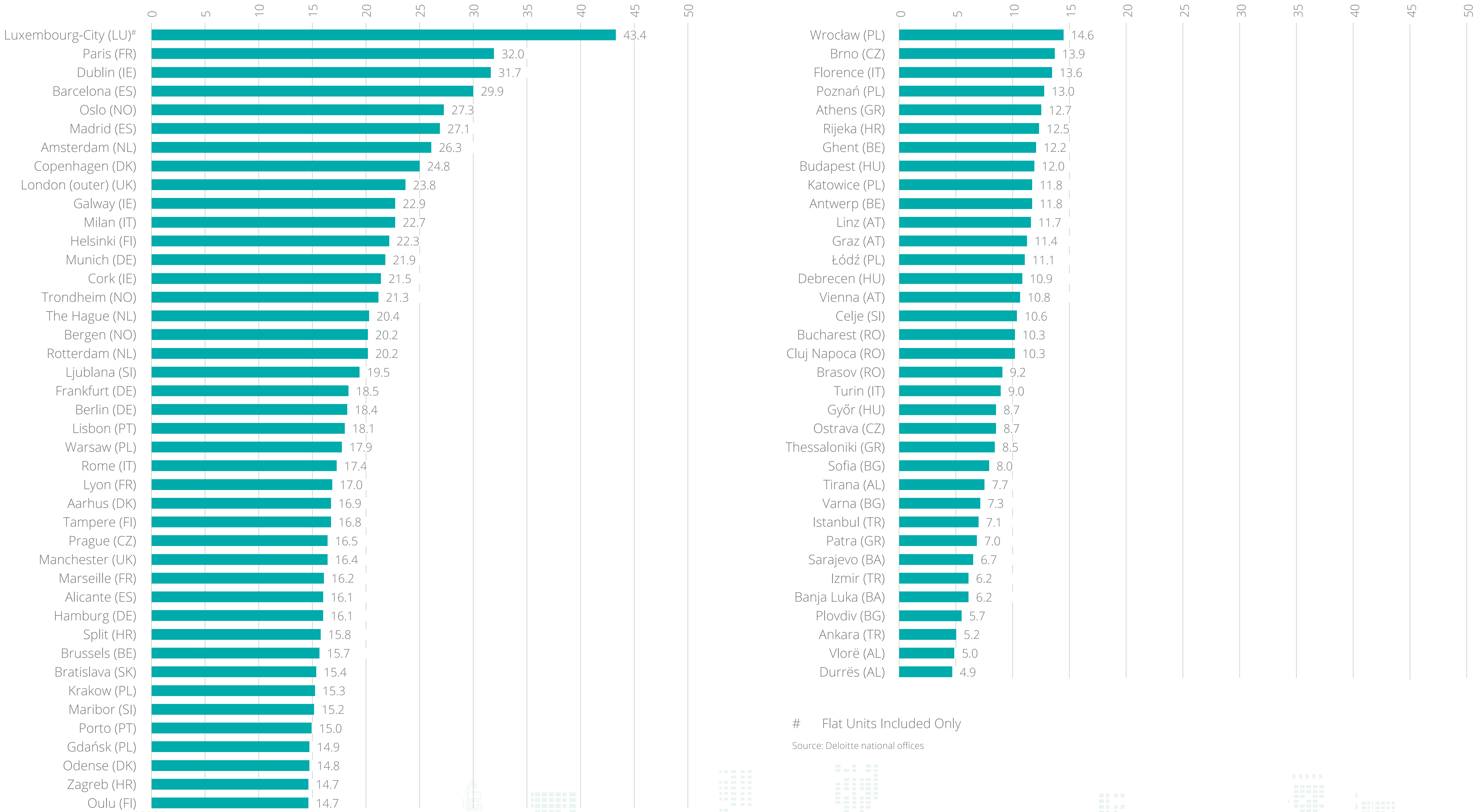
Average Monthly Rent per sqm in EUR, 2024



Flat Units Included Only

Source: Deloitte national offices

Mortgage Markets in Europe

The European mortgage market remains a cornerstone of housing finance across the region, with interest rates playing a pivotal role in shaping borrowing costs and overall housing affordability. Influenced by macroeconomic conditions and central bank policies, mortgage rates continue to vary widely across countries. Understanding both the structure and recent trends of interest rates is essential before evaluating their comparative levels across Europe.

Among the 28 countries analyzed in the 2025 edition of the Property Index, **Hungary** recorded the highest average mortgage interest rate, reaching 9.35%. Other countries where rates exceeded the 5.0% threshold included:

- **Poland** (7.67%)
- **Romania** (6.89%)
- **Norway** (5.66%)
- **Albania** (5.26%)
- **Czech Republic** (5.07%)

At the opposite end of the spectrum, the lowest mortgage rates were reported in:

- **Bulgaria** (2.83%)
- **Croatia** (2.86%)
- **Turkey** (3.01%)

If we were to calculate a simple average of all the interest rates reported across participating countries, the overall average would amount to 4.36%, highlighting a moderate cost of borrowing in the region.

Beyond static comparisons, the report also assesses the year-on-year changes in mortgage rates between 2023 and 2024.

The most significant increase was seen in **Hungary**, where rates surged by 195 basis points (bps), indicating tightening monetary conditions. Other countries with notable increases included:

- **Turkey** and **Portugal** (both +83 bps)
- **Norway** (+82 bps)
- **Greece** (+51 bps)
- **Slovakia** (+32 bps)
- **Bosnia and Herzegovina** (+27 bps)

In contrast, 18 out of the 28 countries analyzed saw a decline in interest rates over the year. The largest reductions were recorded in:

- **Serbia** (-82 bps)
- **Romania** and **Italy** (both -79 bps)
- **Luxembourg** (-77 bps)
- **Czech Republic** and **Croatia** (both -74 bps)
- **Denmark** (-71 bps)

To summarize, while 10 countries experienced an increase in mortgage rates, the majority observed a downward trend, reflecting diverging monetary policy directions and economic conditions across the continent.

Overall, the average mortgage rate across Europe in 2024 shows signs of a slight upward movement, underscoring the changing financial landscape that directly impacts housing affordability and buyer behavior in many national markets.

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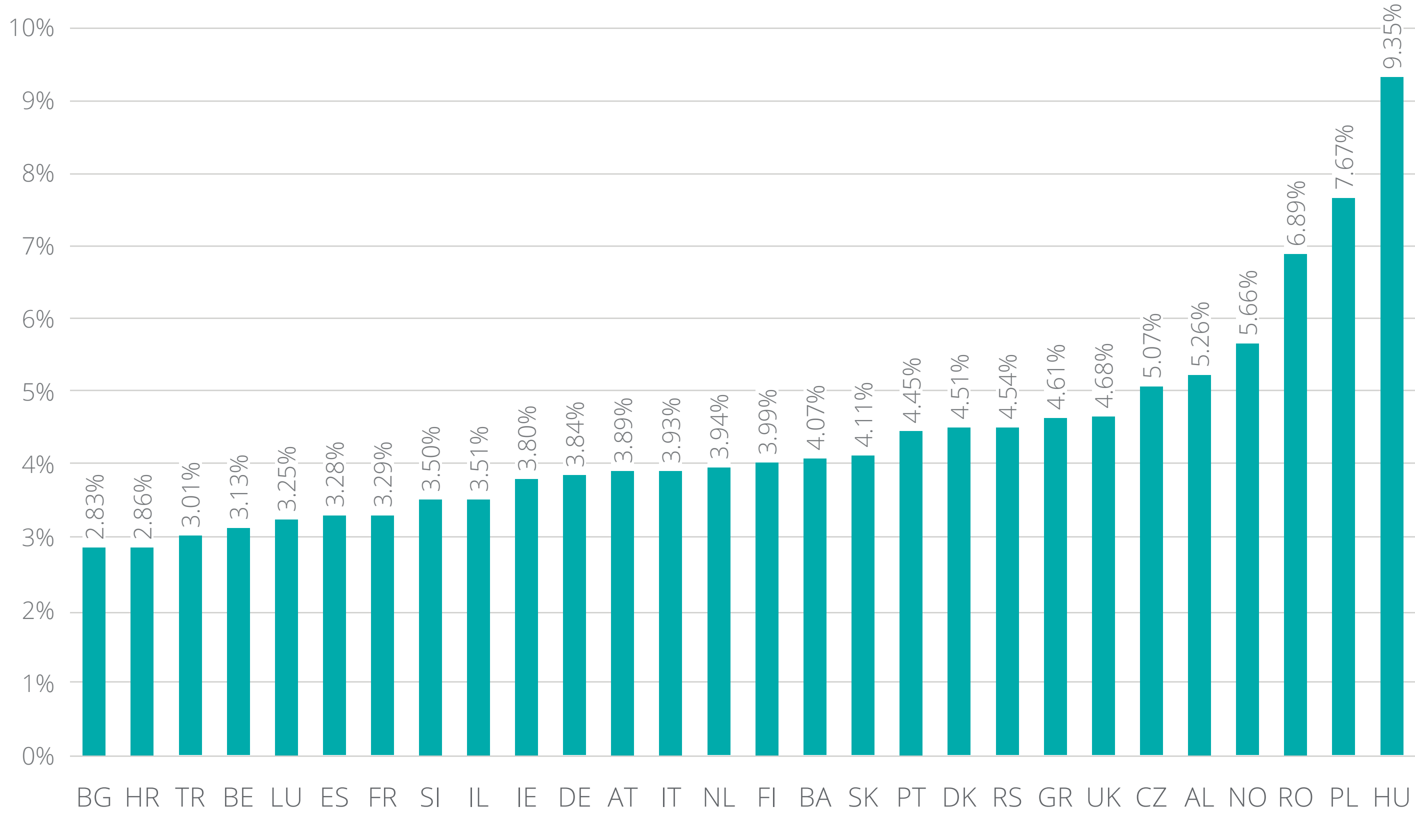
Average Mortgage Rate (%), 2024



Source: Deloitte national offices

How Big Is a Flat in Europe?

Regional Contrasts in Size, Design, and Price

This section of the Property Index 2025 explores the most typical newly built flats in major cities – the unit types that dominate residential development and reflect prevailing buyer preferences. While data availability and reporting standards vary across countries, the comparative format provides a consistent framework for meaningful cross-country analysis. The focus is on identifying common market trends while also highlighting distinctive local characteristics, offering a clearer view of Europe's increasingly diverse and segmented housing landscape.

Across Europe, the average size and configuration of new residential flats reflect a balance between market demand, urban planning regulations, density, and cultural preferences. Although a general trend toward smaller, more efficient layouts is observable, pronounced regional differences persist, influenced by affordability, family structures, and ownership culture.

Typical Size and Layout of New Residential Units

Central and Southeastern Europe

New residential construction in CEE/SEE reflects rapid urbanization and evolving housing needs. Most cities feature modestly sized units, functional layouts, and increasing adoption of energy-efficient features. Balconies, storage rooms, and optional parking are generally standard.

- **Warsaw, Kraków, Poznań (61 m² avg.)**: Layouts are compact and pragmatic – studios to 3-bedroom apartments – with high popularity of one-bedroom units. Shell & core delivery is common, requiring post-purchase fit-out.
- **Budapest (55–70 m²)**: Apartments typically include 1–2 bedrooms, open-plan kitchen/living, and balconies or terraces. Targeted at small households or investors. Energy efficiency and smart home features are increasingly standard.
- **Bratislava (~64.2 m²)**: Two-room units predominate, with balconies/loggias, elevators, and shared green spaces. Compact but livable layouts.
- **Prague, Brno, Ostrava (54–57 m²)**: Dominated by 2+kk layouts (two rooms including kitchenette). Balconies and storage rooms are frequently included. Minimal variability between cities.
- **Bucharest, Cluj-Napoca (65–70 m²)**: 1–2 bedroom units with balconies, storage, and underground parking. Practical for nuclear families or young professionals.
- **Ljubljana, Maribor, Celje (52–54 m²)**: 2–3 room apartments with open-plan living, balconies, and private storage. Common features include mid-rise buildings and communal green/play spaces.
- **Belgrade (61 m²)**: Mostly two-bedroom units with functional zoning, shared areas, and balconies. Urban projects dominate with clear layout conventions.
- **Sofia (85 m² typical for 2-bed)**: Most transactions are 1-bed units (~60% of market). Layouts include open-plan living/dining/kitchen, optional storage, and balcony access.
- **Sarajevo, Mostar, Banja Luka (50–80 m²)**: 2–3 room layouts tailored for young families and professionals. Includes balconies and basic shared amenities.
- **Tirana, Durrës, Vlorë (50–80 m²)**: Mainly 1+1 or 2+1 units with open-plan kitchens and balconies. Elevators and parking are common in newer projects.

Northern and Western Europe

Despite higher density, urban planning standards and sustainability requirements result in moderately sized, high-quality units. Emphasis on accessibility, natural light, and energy efficiency.

- **Copenhagen (~79 m²)**: Focus on daylight access, spacious living, and long-term usability. Balconies and district heating are standard.
- **Amsterdam (60–80 m²)**: Compact yet well-finished units with 2–3 rooms, open-plan layouts, and outdoor space. Parking often limited.
- **Rotterdam (70–95 m²)**: Slightly larger units with two bedrooms and semi-open kitchens. Focus on sustainable methods and light/air access.
- **The Hague (70–90 m²)**: Typical 3-room apartments with loggias, open spaces, and secure bike storage. High energy-efficiency ratings.
- **Antwerp (35–70 m²)**: Studio to 2-bed units with open kitchens, outdoor space, and bike storage. Mid-2025 regulation allows smaller flexible units.
- **Brussels (1-bed ~70–75 m², 2-bed ~95–100 m²)**: Larger-than-preferred sizes due to regulatory constraints, with guest toilets and utility spaces. High layout precision.
- **Paris (50–70 m²)**: 2–3 room units with compact layouts, balconies, and cellars. Parking is rare in central areas.
- **Vienna (~73 m² avg.)**: Typically open-plan, 1–2 bedrooms, separate WC, and generous terraces. Emphasis on accessibility and communal areas.
- **Graz & Linz (50–90 m²)**: Efficient layouts, 2–3 rooms, cellars, underfloor heating, and sustainable heating systems like heat pumps in Linz.

Southern Europe

Units are generally larger, with multiple outdoor spaces, and layouts that prioritize daylight and cross-ventilation. Energy upgrades and sustainability are gaining ground.

- **Lisbon (119 m²) & Porto (104 m²)**: Dominated by T2 and T3 apartments with spacious layouts, terraces, and nearly universal balconies. Parking is less common in Lisbon.
- **Athens, Thessaloniki, Patra (60–100 m²)**: Units with 2–3 bedrooms, open kitchens, 10–20 m² balconies, and energy-efficiency upgrades (e.g., solar water, A-rated insulation).
- **Milan (81 m²)**: Highly efficient floor plans, mainly 1–2 bedrooms. Smart features and parking in upscale projects.
- **Rome (92.4 m²)**: Predominantly three-room units with flexible layouts, balconies, and terraces.
- **Florence (96.6 m²)**: Despite many studio apartments, the average unit exceeds 90 m². Balconies, parking, and mid-sized family units in suburbs are typical.
- **Madrid (varied)**: Apartments are increasingly compact, mostly 1–2 bedrooms. Shared amenities (co-working, pools) are growing. Designed for urban professionals and renters.

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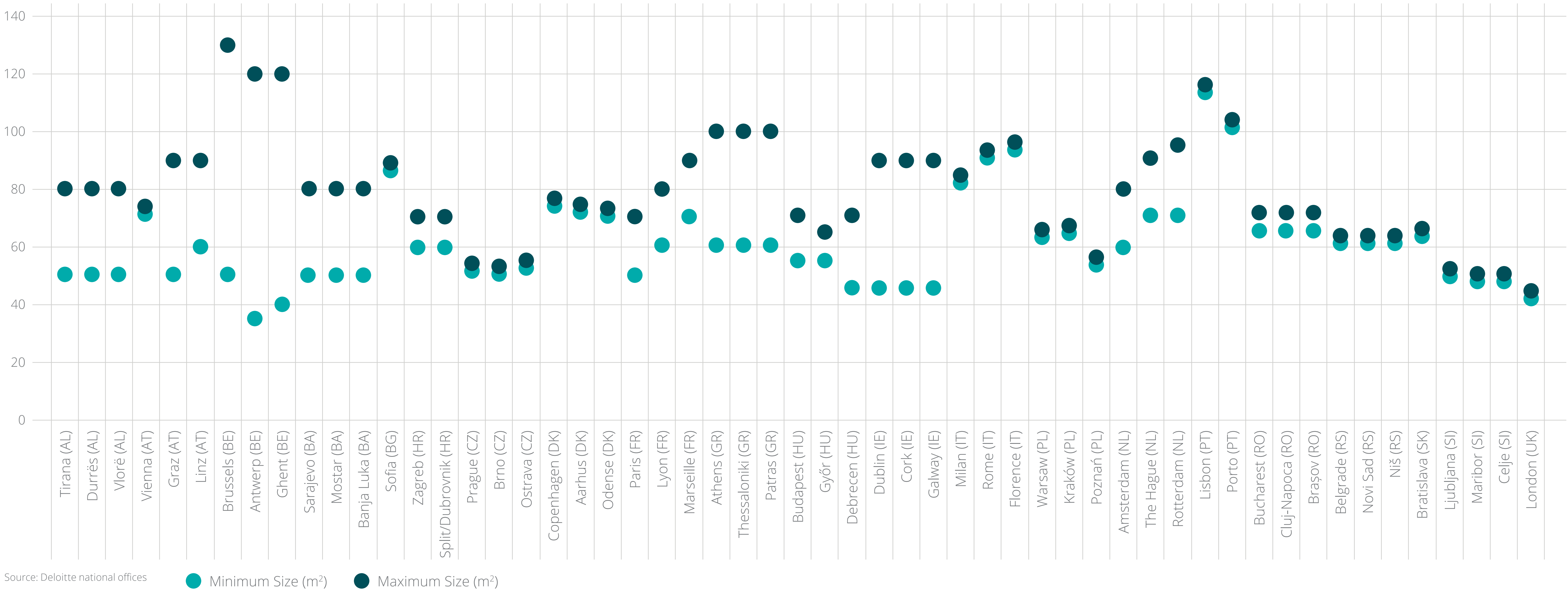
Average Size of New Residential Cities, m², 2024



Source: Deloitte national offices

Outliers and Planning Constraints

Several cities across Europe diverge notably from regional averages due to regulatory constraints, market-specific conditions, or urban planning mandates:

- **Brussels**: Imposes minimum unit sizes and mandates a share of 3-bedroom apartments in larger developments, even when demand favors smaller units. Developers criticize these as creating oversized, unsellable flats.
- **Antwerp**: Has adopted more flexible rules, allowing efficient smaller units (down to 35 m² for studios). It serves as a counterpoint to Brussels' more prescriptive standards.
- **Vienna**: Unique in enforcing mandatory zoning for subsidized housing – 2/3 of floor area in large developments must be allocated to subsidized units, shaping both unit size and distribution.
- **Lisbon**: Features a significant mismatch between apartment size and parking provision – only 35% of homes have parking despite average units being much larger than in most capitals.
- **Ljubljana** and **Maribor**: Show no provision for affordable housing in new developments, despite ongoing price pressures, resulting in a market dominated by mid- to high-end units.
- **Serbia**: In Belgrade, almost 40% of new apartment data lacks layout specifications, indicating market opacity and inconsistency in unit standardization.

Design Convergence Across Europe

Despite local regulatory differences and market idiosyncrasies, there is growing convergence in design trends across Europe, particularly in the following areas:

- **Open-plan living spaces:** Nearly all markets favor layouts that integrate kitchen, dining, and living areas to maximize flexibility and space perception.
- **Balcony or terrace as standard:** Outdoor space is a non-negotiable feature in almost every city reviewed – even in high-density capitals like Paris, Vienna, or Budapest.
- **Functional 2-room layouts:** The 2-room apartment (either 2+kk or 1+1) is the most universally common unit type, from Prague to Copenhagen, Madrid to Cluj.
- **Emphasis on compact efficiency:** Even in larger units, circulation and storage are optimized. Dual-aspect layouts, modular kitchens, and built-in storage are used to support compact living.
- **Sustainability & energy efficiency:** Heat pumps, district heating, solar panels, and A-rated insulation systems are becoming universal – driven by regulation (e.g., Brussels, Vienna) and consumer demand (e.g., Greece, Germany).
- **Smart home readiness:** Increasingly included in new projects, particularly in Western Europe and urban centers in CEE such as Budapest and Debrecen.

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Pricing and Market Dynamics

Residential property prices across Europe continue to reflect a complex interplay of supply constraints, construction costs, interest rate shifts, and policy interventions. While some Western and Nordic cities show price stabilization or moderate growth, Central and Southeastern Europe report much sharper price increases – driven by rising demand, low availability, and investment inflows. Despite differing starting points, all markets are experiencing upward price pressure on new residential stock.

Central and South-Eastern Europe

CEE/SEE countries remain more affordable than Western Europe, but prices are rising quickly, particularly in capital cities and economic hubs. The region is increasingly attractive due to urban growth, infrastructure development, and foreign investment.

- In **Warsaw**, prices can reach up to €3,600/m², while in cities like Łódź, they start around €2,400/m². Other cities, such as Kraków and Poznań, range between €2,500–€3,500/m², reflecting varying local dynamics.
- In **Prague**, average prices stand at about €5,900/m², followed by Brno at around €5,100/m², and Ostrava at €3,600/m². These figures reflect the economic centrality of Prague and rising regional demand.
- **Bratislava** averages €4,150/m², reaching €5,956/m² in central districts like Bratislava I. Košice is more accessible, with prices between €2,833–€2,914/m², showing potential for regional growth.
- In **Budapest**, average prices hit €4,300/m², with prime districts reaching €8,000/m². Győr and Debrecen are more affordable, between €2,600–€3,400/m², and are supported by industrial development.

- Cluj-Napoca leads with prices between €2,500–€3,000/m², driven by the tech sector. **Bucharest** and Brasov remain cheaper at €1,500–€2,000/m², but demand is growing steadily.
- **Sofia's** new apartment prices range between €2,000–€4,500/m². Small apartments dominate the market, and parking is often sold separately for around €1,500/m².
- In **Belgrade**, the average is €2,435/m², while luxury projects like Belgrade Waterfront reach up to €11,811/m². Novi Sad and Niš remain far more affordable, at €2,014/m² and €1,681/m², respectively.
- **Ljubljana** has some of the region's highest prices, ranging from €6,000–€8,000/m² in the city center, and €3,500–€5,000/m² in the surrounding metropolitan area. Maribor (~€3,000/m²) and Celje (€1,880–€2,720/m²) offer more accessible alternatives.
- Prices in **Sarajevo** are around €1,820/m², with Mostar at €2,040/m² and Banja Luka at €1,870/m². Urban migration and a shortage of new stock continue to drive prices up.
- **Tirana** offers units between €1,200–€2,500/m², while Durrës is priced at €1,000–€1,300/m² and Vlorë at €1,500–€1,800/m², with increasing demand in coastal areas due to tourism and development projects.

Northern and Western Europe

Northern and Western Europe features the highest unit prices across the continent, especially in large capital cities. These markets are shaped by robust demand, high-quality standards, strong energy regulations, and significant international investment.

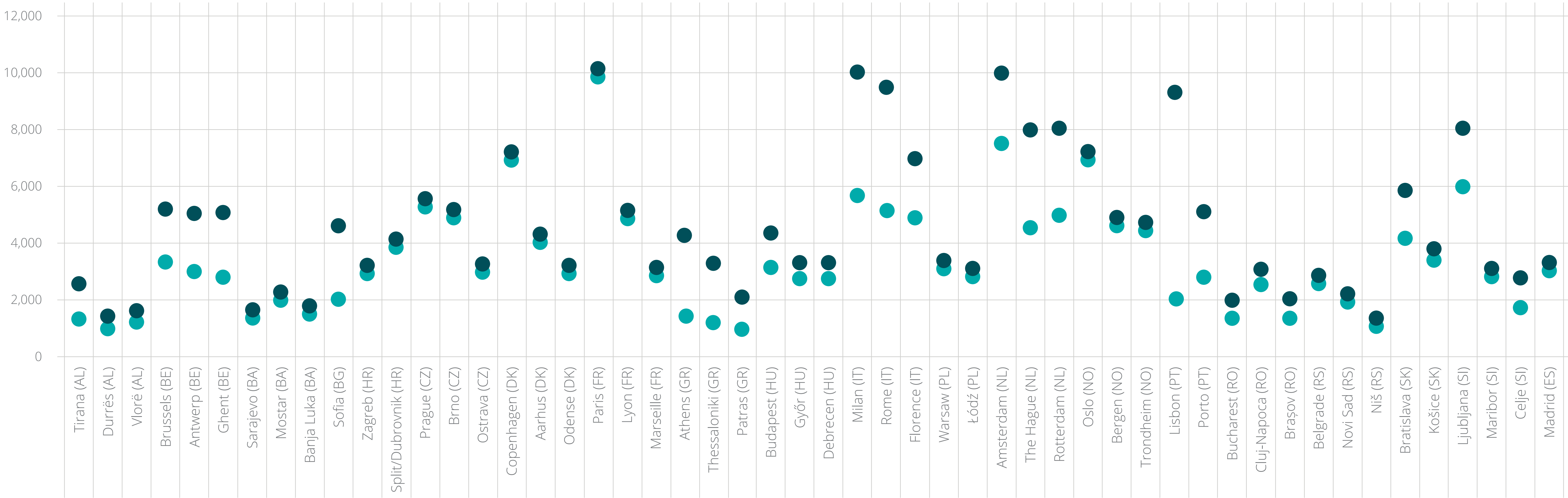
- In **Copenhagen**, the average price of newly built apartments reached around €7,516/m² in 2024, making it one of the most expensive cities in the Nordic region. Prices in Aarhus (€4,383/m²) and Odense (€3,501/m²) are more moderate, yet still reflect a strong and stable housing market.
- **Amsterdam** remains one of Europe's most expensive housing markets, with new residential units ranging between €7,500–€10,000/m². Rotterdam and The Hague are more affordable, with prices typically ranging from €5,000–€8,000/m² and €4,500–€8,000/m², depending on location and unit features.
- Newly built apartments in the Big 7 **German** cities (such as Berlin and Munich) averaged €5,971/m². Nationwide, the average for new units stood at €4,800/m², with existing stock averaging about €3,100/m². Despite rising demand, Germany remains relatively stable due to its regulatory frameworks and regional development.
- **Paris** leads the market with average new unit prices around €10,000/m². Lyon offers more moderate rates near €5,000/m², while Marseille remains among the most affordable major French cities at around €3,500/m².
- **Brussels** shows average prices between €3,282–€5,697/m², influenced by its regulatory environment. Antwerp ranges from €2,851–€5,180/m², while Ghent offers slightly lower pricing from €2,673–€5,005/m².
- Though no specific prices are listed, high underground parking costs in **Vienna** (€25,000–€40,000) and rising values in Graz and Linz suggest a premium market trend.
- **Oslo** leads the market with €7,254/m², while Bergen (€4,576/m²) and Trondheim (€4,502/m²) remain relatively high, reflecting Norway's overall strong economy and quality of housing stock.
- While prices aren't stated for **Finland**, the inclusion of private saunas, underground parking, and energy efficient systems signals a premium product aligned with Nordic expectations.

Southern Europe

Southern Europe presents a highly diverse pricing landscape, from some of Europe's most expensive urban cores to emerging and still-affordable coastal markets. Tourism, foreign investment, and urban renewal strongly influence local price dynamics.

- **Lisbon's** prices range from €2,165–€9,420/m², depending on location and features. Porto is somewhat more accessible, ranging from €2,618–€5,013/m², though demand is steadily increasing from international buyers.
- In **Madrid**, most new homes are priced above €3,500/m², with only social housing falling below this mark. A tight supply of new developments and pressure from the rental market are elevating prices further.
- **Milan** averages €5,850/m², but in luxury districts like the Quadrilatero, prices exceed €10,000/m², and can reach €20,000/m². Rome shows a range from €3,900–€9,500/m² in the center to €1,800–€4,000/m² in the suburbs. Florence offers similar variation, from €3,000–€7,000/m² depending on location.
- In **Athens**, prices vary between €1,500–€4,200/m², with smart systems and A-rated buildings increasingly common. Thessaloniki ranges from €1,300–€3,500/m², and Patra remains more accessible, at €1,000–€2,100/m².

Minimum and Maximum Price on New Residentials Units, €/m², 2024



Source: Deloitte national offices

Minimum Price (EUR) Maximum Price (EUR)

Innovation, Features, and Amenities

As European housing markets mature and urban land becomes scarcer, new-build flats are increasingly defined by their efficiency, sustainability, and comfort-enhancing features. Across all regions, developers are prioritizing energy performance, smart home integration, and wellness-oriented design – with marked regional differences in pace and adoption.

Private Features and Interior Design Standards

Across nearly all European urban markets, new residential units are increasingly designed with modern lifestyles in mind. Most apartments, even smaller ones, are equipped with balconies, terraces, or loggias. These outdoor spaces are now seen as essential rather than optional, especially post-pandemic. For instance, in Austria, balconies or terraces are "almost standard," while in Germany, balconies of 5–20 m² are the norm in urban areas. In Portugal, balconies and terraces are highlighted as common inclusions in both Lisbon and Porto.

Internally, there is a clear shift toward open-plan layouts, combining kitchen, dining, and living areas for efficient spatial use and natural light. This is particularly consistent in Belgium, Czech Republic, Finland, and Italy (e.g. Milan, Florence). Modern bathrooms and kitchens are common, with many delivered ready for buyer installation or with pre-installed modules.

Smart home readiness is increasingly expected. In Austria, Greece, and Hungary, many new units are pre-fitted for smart home systems. Milan, in particular, is described as a "smart living hub," with rising integration of smart appliances, security systems, and digital infrastructure.

Energy Efficiency and Sustainability

Energy performance has become a central selling point and planning requirement. In multiple markets, new buildings are constructed to passive house or low-energy standards. In Austria, this leads to significantly lower operating costs. In Belgium, projects are required to meet high EPB (Energy Performance of Buildings) scores, and in Greece, most developments are rated A or A+ for energy efficiency.

Heat pumps, solar panels, and district heating systems are common modern features. For instance, Antwerp projects often include heat pumps and photovoltaic panels. In Hungary, especially in Győr and Debrecen, heat pumps are now standard in most new developments.

Across the Nordic countries, including Finland and Norway, developments also emphasize thermal insulation, energy-efficient windows, and underfloor heating. These features not only improve sustainability but also enhance indoor comfort.

Parking, Storage, and Mobility Solutions

Parking remains a highly regulated and market-sensitive feature. In Brussels, rules often impose a 1:1 parking ratio per apartment, though this is increasingly criticized as outdated due to a shift toward car-free living. In contrast, cities like Antwerp provide flexible parking and abundant storage for bikes and cargo bikes, aligning with new mobility trends.

Most projects across Central Europe (e.g., Austria, Slovakia, Czech Republic) include underground parking spaces, often sold separately, typically costing between €25,000 and €40,000 in Vienna. Storage rooms are standard, with cities like Prague, Brno, and Ostrava reporting over 60% of units including private storage spaces.

In Italy, parking space demand is extremely high. In Rome, prices for garages can range from €30,000 to €120,000, and in Florence, parking in central locations can exceed €11,000/m². Underground parking is common in larger developments in cities like Madrid, Bucharest, and Tirana.

Communal and Shared Facilities

A notable shift is the rise of shared living and communal features. In cities like Brussels, Antwerp, and Amsterdam, developers increasingly incorporate co-living elements such as shared laundry rooms, communal kitchens, fitness areas, green courtyards, or even on-site commercial units. Vienna often includes communal rooms, children's playgrounds, and bicycle storage as part of its urban development model.

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In Spain, common areas such as gardens, coworking spaces, and pools are increasingly offered, particularly in Build-to-Rent (BTR) developments. Albanian cities like Vlorë and Durrës are also starting to include fitness centers, retail units, and shared courtyards, especially in resort-style complexes near the coast.

Security, Accessibility, and Comfort Enhancements

In Austria, Greece, and Germany, accessible bathrooms and wheelchair-ready layouts are now available on demand in newly built homes. In Finland, regulations require spacious, accessible bathrooms in all new units.

Security doors, video intercoms, and concierge services are increasingly common in premium projects, especially in Poland, Italy, and France. In high-end areas of Belgrade and Ljubljana, apartments often include air conditioning, luxury finishes, and advanced soundproofing, making them attractive to affluent buyers.

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Annex:

Comments on Residential Markets

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Albania

Market sentiment remained strongly positive. According to the Bank of Albania's H2 2024 survey, roughly half of all residential purchases were financed by mortgages (typically covering up to 60% of value). Sales are brisk: the average time-to-sell a home nationwide fell to 9.3 months in latest survey (vs 10.5 previously). In the case of Tirana, the average time-to-sell decreased to 7.1 months (vs 9.7 previously). Foreign buyer interest has risen (18% of sales in H2 2024 were to non-residents, mainly EU nationals), keeping demand high. Agents report rising prices across almost all areas, with especially strong gains in Tirana and the coastal area. The sales price index in Tirana increased by 26.2% in H2 2024 compared to the previous period and 56% compared to the level of a year earlier.

Local asking prices climbed sharply in 2024. For example, average price per square meter (m²) in Tirana has increased to EUR 2,000/m² (from 1,600 EUR/m² a year before) by late 2024, driven by urban development and high demand. Prime locations in the city centre (areas like Blloku and around Skanderbeg Square) now command EUR 3,000–EUR 3,500/m² or more, while even suburban districts surpass EUR 1,000/m². Coastal cities rose too: current apartment prices in Vlora average around EUR 1,500-EUR 1,800/m² (highest for seafront views) and rental yields of c. 5% are common. Additionally, seaside high-end projects (e.g. Dhërmi, Saranda) reached EUR 1,500–EUR 2,500/m², while premium beachfront units can reach up to EUR 3,500/m².

The residential rental segment expanded in 2024. Official statistics indicate total rental income of approximately EUR 350m in 2024 (up by c. 10% y-o-y). Surging short-term tourism demand drove rents up by 20% in late 2024, with one-bedroom (1+1) units in Tirana fetching about EUR 500–800 per month (around EUR 8–12/m²).

Austria

The Austrian residential real estate market in 2024 and early 2025 showed signs of adjustment and stabilization, that had primarily been influenced by broader economic developments, particularly interest rate hikes and inflation.

The general sentiment among buyers was one of caution. Following years of significant price increases and robust construction activity, the shift in interest rates and the rising inflation especially in the previous years have dampened the demand. Also the so called "KIM-Verordnung" (Credit Real Estate Market Regulation) in Austria, which was in place since August 2022 until 30 June 2025 and aimed to increase the stability of the financial system and limit excessive real estate lending, had a massive impact on mortgage lending: The regulation led to stricter lending guidelines (equity ratio of at least 20%, debt service ratio i.e., the share of the loan burden in monthly net income, could not exceed 40%, and the maximum loan term could not exceed 35 years), which again resulted in a decrease of affordability of mortgage lending, and thus a decrease in real estate transactions. Thus, Transaction volumes initially decreased. Towards the end of 2024 and into early 2025, especially for single-family homes the transaction volume began to show early signs of recovery. Expectations of declining key interest rates and rising real incomes contributed to a more positive outlook, with prices for existing apartments stabilizing. Despite these challenges, interest in residential properties in growing urban centres remained high.

The development of asking prices for newly built properties was mixed. While prices for existing homes saw slight declines in many regions, new apartment prices generally remained stable in 2024. The reduction in new construction output in 2024 and forecasts for a further decline from 2025 onwards suggest a future scarcity, which could lead to further price increases in the new build segment.

In contrast to the sales market, the rental segment continued its upward trend. Rents including operating costs increased by an average of 4.5% in 2024. This is a direct consequence of the tight market situation, the increasing unaffordability of homeownership for many households, and the shortage of newly built rental properties. Rental prices increased notably, especially in central locations and urban areas, and this trend is expected to continue into 2025.

Belgium

The Belgian residential market entered 2025 presenting a major challenge: housing demand consistently exceeds housing supply. This fundamental issue, despite some improvements in market sentiment, has made the availability of suitable and affordable housing a pressing concern across all market segments – purchase, private rental, or social housing. This is clearly evidenced by the 176,000-person waiting list for social housing and Embuild's projection of 240,000 additional dwellings required by 2035 to meet future demand.

The rise in demand is primarily due to demographic shifts. Specifically, the aging of the Belgian population and the increasing number of single-person households are key drivers. These changing living patterns need a greater volume and variety of housing units, thereby putting continuous upward pressure on the market.

However, the housing supply has not sufficiently kept pace with this increasing demand. A significant contributor to this shortfall is the halving of professional investments in residential real estate in 2024, which severely limited the pipeline for new developments. While the number of completed dwellings saw a modest 10% increase in 2024 compared to 2023, new construction starts surprisingly decreased by 8.38%. The creation of new projects and the repurposing of existing properties face increasing obstacles, including stricter financing conditions for developers and private owners. Furthermore, the absence of a stable government structure significantly complicates the granting and delivery of permits, directly contributing to a shortage of new projects. In addition, rising labor and energy costs, alongside more expensive building materials, collectively make these supply-side challenges worse.

These factors combine to create considerable pressure on real estate affordability. The widening gap between demand and supply has already resulted in a doubling of rental prices over the past two decades. Consequently, we anticipate that prices will continue to increase over the coming years, particularly for new residential properties, further straining the financial capacity of households seeking housing solutions.

Asking prices for newly built residential properties in Belgium experienced a general upward trend in 2024, primarily due to the persistent shortage of housing units. Across the country, newly built dwellings saw a positive evolution of approximately 1.3% over 2024, bringing the average price per square meter to 3,248 EUR/m². This upward pressure is even more pronounced in Belgium's key local markets: Brussels, Antwerp, and Ghent, where prices are notably higher.

The Brussels residential market exemplifies this trend, with asking prices for new dwellings showing a wide variance depending on the specific municipality. Over the past year, prices for new dwellings in Brussels increased by 3.90%, pushing the average bid price to approximately 4,448 EUR/m². The core challenge in Brussels stems from the constraints on supply, primarily attributed to the difficulties in securing granted permits. This imbalance causes demand to consistently exceed availability, consequently exerting continuous upward pressure on property prices.

Ghent's residential market is distinguished by its position as Flanders' most expensive apartment market, a trend underscored by a 10% price increase over the past five years. This robust growth is largely attributable to a substantial demand for housing that the available supply has simply failed to keep pace with. The result is a significant upward pressure on prices, with the average price per square meter for new dwellings reaching €4,223/m². This figure represents a notable 13.31% year-over-year increase, highlighting the strong and sustained demand in this popular Flemish city.

The Antwerp residential market presents a notable contrast to other major Belgian urban centers. It is the only local market where prices for new residential dwellings experienced a modest 1.82% increase, reaching an average bid price of approximately €4,401/m². This growth is lower than that observed in other urban cities, which can be attributed to a market correction following significant growth in Antwerp over the past few years. Despite this tempered increase in new build prices, the Antwerp city center remains the second most expensive rental market.

Belgium private rental market is experiencing a notable evolution, characterized by an increased tenant occupancy in recent years. This shift is twofold, partly attributable to budgetary constraints that compel certain households to rent rather than buy, yet also significantly influenced by evolving lifestyle preferences and societal shifts.

The demand for more compact living solutions is intensifying, driven by two key demographic trends. Firstly, a generational shift is evident, with younger individuals increasingly embracing co-living arrangements with friends or other people as a direct response to financial pressures. Secondly, a broader societal shift towards more single-person households – spanning both younger generations and the elderly – necessitates a greater availability of apartments or smaller homes. Currently, the market has not adequately adapted to these changing needs, contributing to existing imbalances.

Over the past five years, apartment prices have consequently seen a slightly faster increase than house prices, fueled by the ongoing "apartmentization" of the housing stock and this heightened demand for smaller living units. Innovative intergenerational living models, such as the "one roof two ages" concept (e.g., "kotmadam" expanding due to financial pressures), are also gaining traction, further underscoring the demand for flexible and financially viable housing options. The ease of relocation for career changes, a clear advantage over the long-term commitment of homeownership, also fosters greater labor mobility within the economy.

This collective demand for adaptable living solutions, coupled with increasing diversity in societal living norms, underscores the critical need for an adaptable housing supply. Should supply fail to keep pace, it will inevitably exacerbate price pressures and erode affordability.

Looking forward, the trajectory of rising housing costs suggests that the rental market is poised to eventually overshadow the homeownership market. This significant transition is anticipated to usher in an era where institutional investors increasingly manage and rent out large-scale residential properties, mirroring established models in neighbouring countries like Germany and the Netherlands. This projected evolution indicates a fundamental shift in Belgium's residential real estate landscape.

Bosnia and Herzegovina

Throughout 2024, Bosnia and Herzegovina's residential market exhibited a dichotomy of rising property prices and declining transaction volumes. In the Federation of Bosnia and Herzegovina (FBiH), the average apartment price on the secondary market increased by 11% compared to 2023, reaching 2,530 BAM/m². However, the total number of real estate transactions decreased from 38,538 in 2023 to 36,159 in 2024, indicating a slowdown in market activity.

This trend reflects growing affordability concerns among local buyers, aggravated by rising interest rates and inflation. While the market remained attractive to investors, particularly those from the diaspora, the general sentiment among domestic buyers was one of caution, leading to a more subdued market environment.

In 2024, primary residential markets in both the Federation of Bosnia and Herzegovina and Republika Srpska experienced significant price increases.

- Federation of Bosnia and Herzegovina (FBiH): The average price of new apartments reached 2,906 BAM/m² in Q3 2024, marking a 12.1% increase compared to 2023. Notably, in municipalities like Centar Sarajevo and Stari Grad Sarajevo, prices soared to averages of 3,900 BAM/m² and 4,020 BAM/m², respectively.
- Republika Srpska: Cities such as Banja Luka also saw substantial price hikes. In Banja Luka's city center, the average price per square meter reached 4,808 BAM, while areas outside the center averaged 3,350 BAM/m².

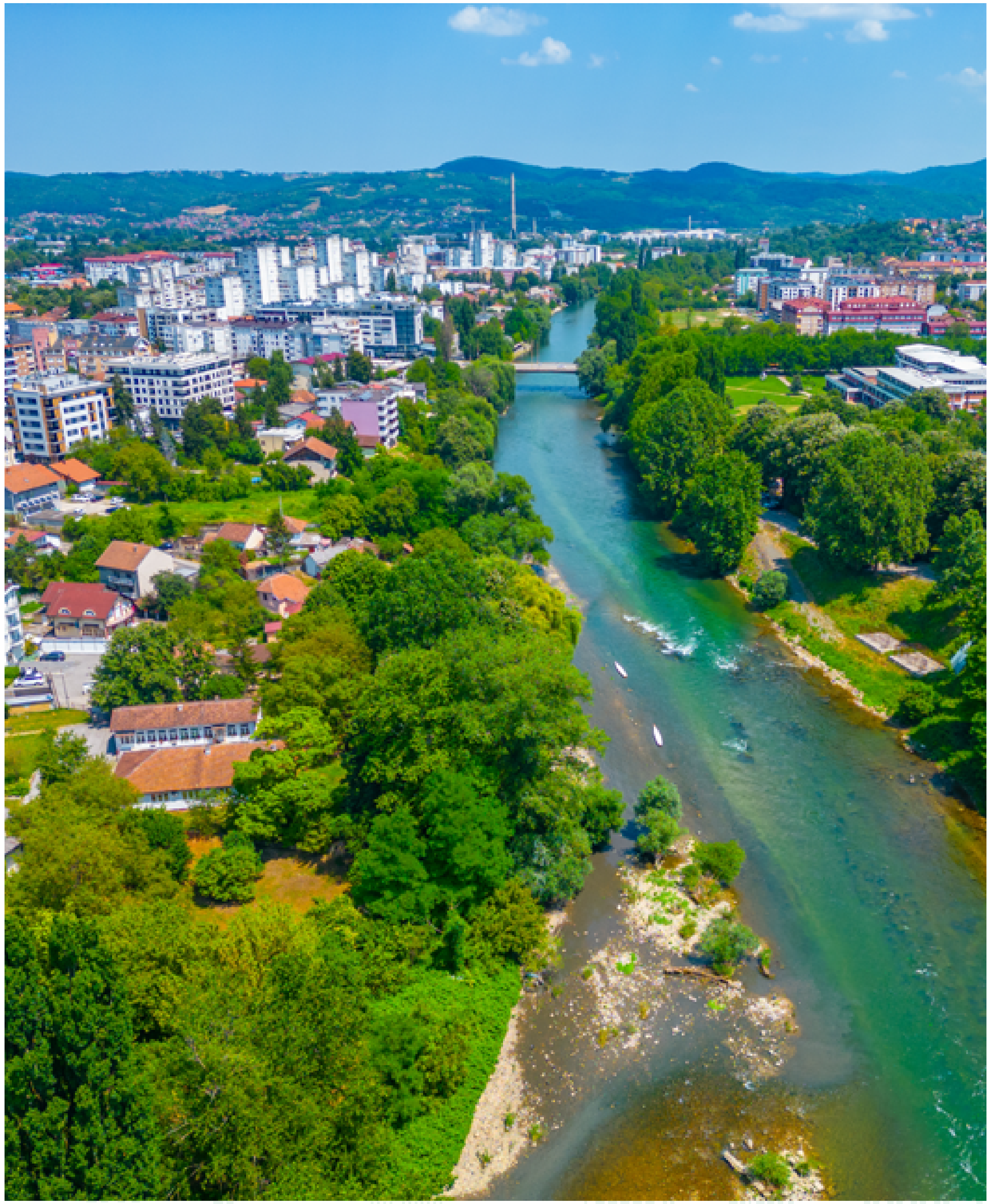
These increases are attributed to limited housing supply, heightened demand from the diaspora, and rising construction costs. Despite the price surges, the number of newly sold apartments grew modestly by 3.4%, suggesting that while demand remains, affordability constraints are beginning to temper market activity

The rental market in Bosnia and Herzegovina, particularly in urban centres like Sarajevo, experienced heightened demand throughout 2024. Economic challenges and stricter mortgage lending criteria led many, especially young professionals and low-income families, to opt for renting over purchasing. In central Sarajevo, average monthly rents ranged between 600 and 800 BAM, with suburban areas being up to 30% more affordable.

Contributing factors to the rental market dynamics include:

- Affordability Concerns: Rapid price increases outpaced wage growth, leading to affordability challenges for many citizens.
- Cultural Shifts: A growing acceptance of renting, influenced by European trends, especially among younger demographics seeking flexibility.
- Regulatory Gaps: The rental sector remains under-regulated, leading to challenges in tenant-landlord relationships and potential exploitation.

Despite the demand, rental yields remained modest. For instance, in Sarajevo, the average gross rental yield was estimated between 2.83% and 3.08% as of March 2025.



Bulgaria

In 2024, Bulgaria's residential market hit record highs in prices and transaction volume, driven by economic growth, easier access to mortgages, and optimism around Eurozone accession. Housing prices in Bulgaria reached a record high in Q4 2024, with the Housing Index climbing to 228 points, compared to 193 points in Q4 2023. The index has increased by more than 128% since the base year, reflecting a strong and sustained rise in property prices.

Demand remains strong, supported by high savings, while new developments dominate buyer interest. The resale market, however, has slowed. Expectations are that Eurozone entry will stabilize the market, but housing prices are still projected to rise moderately over the next few years. New regulations were put in place from the Bulgarian National Bank in October 2024, which aim to tighten the requirements for mortgage loans and ultimately to cool down the market.

Transaction growth in Bulgaria's residential market varied significantly across major cities in early 2025. Sofia was the only city where growth (10.4%) nearly matched the national average for 2024. Plovdiv showed a notable slowdown 9.4% in 1Q25 compared to 24.5% in FY24, Plovdiv had minimal growth of 1.5% versus 3.8% in FY24, and Varna experienced a decline of 3.9% compared to 5% increase in FY24. These official figures, however, don't capture the full picture due to delays in registering sales on green, which often show up only when buildings are completed. More than 50% of the deals in the bigger cities were financed via mortgages in FY24.

The average asking price of residential property in Sofia reached EUR 2080 per sq.m in 1Q25, which is a 18.1% increase compared to FY24, according to Bulgarian properties. The increase is primarily driven by the continuous policy of lower interest rates and the rising demand for apartments in new residential buildings. House prices were also on the rise during FY24. According to Colliers report for FY24, a typical single house in the southern part of Sofia cost around EUR 500,000.

According to Deloitte analysis, the rental segment in Sofia has increased by 16% in FY24 versus FY23, while offered prices in Plovdiv have increased by only 9%. Varna, the third largest city in Bulgaria, has recorded a growth of 18% compared to FY23. The average price for a one-bedroom apartment in Sofia varied from EUR 400 in the outer neighbourhoods to 750 EUR in the canter, according to the data from one of the leading real estate websites. Investments in residential properties with the purpose of renting it out remains a main driver on the market. However, the lack of regulations on the rental market limits the data availability and visibility.

Croatia

Prices of real estate continued rising in Croatia, whereas cumulatively residential prices have risen by more than 60% over the last 5 years. We noted in the 2024 Property Index that in 2023 the prices increased but sales volume had decreased. The same occurred in 2024, where prices increased by approximately 10%, while sales volume decreased by approximately 22%. We could conclude that there are no changes compared to trends present in the Croatian residential real estate market in the last couple of years.

Primary component of the increase in prices, as in previous years, is the shortage of supply. This is due to numerous factors:

a. not enough developmental projects in the residential market,

b. conversion of housing units to short-term tourist rentals,

c. approximately 600,000 properties are either empty or used only for short-term rent,

d. subsidized mortgages — 2023 was the final year of the APN subsidy program, which had a direct effect on real estate prices. Lack of development projects is in part explained by construction companies being engaged in infrastructure projects financed by EU funds and reconstruction of buildings damaged in the 2021 earthquakes.

An additional component for the increase in prices is the rising demand, which is a factor of:

e. euro adoption and higher demand from foreign investors,

f. rising disposable income,

g. investments in short-term rentals,

h. need for permanent residence.

Residential real estate market issues have become one of the most significant topics in public discourse and politics. The new (old) government has announced new measures, such as additional taxes/levies on short-term rentals, tax reimbursals on new purchases for first-time buyers of real estate, a new program aimed at utilizing 600,000 properties which are empty with the government acting as an intermediary between new landlords and tenants.

There is still a significant gap between asking prices and actual transaction prices.

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Czech Republic

Sentiment in the Czech residential real estate market remained cautiously optimistic throughout 2024, influenced by a combination of macroeconomic stabilization and persistently elevated interest rates. After the inflation-driven volatility of previous years, improving economic indicators contributed to a moderate resurgence in confidence among both homebuyers and developers. Key factors included a recovery in GDP growth from 0.3% in 2023 to 1.0% in 2024, a significant drop in inflation from 10.7% to 2.4%, and a stable labour market, with unemployment holding at 2.6%.

Interest rates continued to play a central role in shaping market dynamics. While there were initial expectations of substantial monetary easing, the Czech National Bank (ČNB) pursued a cautious approach, maintaining benchmark interest rates at relatively high levels for much of the year. As a result, the average mortgage interest rate declined only moderately - from 5.81% in 2023 to 5.07% in 2024.

Despite the relatively high rates, the mortgage market recorded notable growth. The number of mortgage loans issued to individuals rose from 47,291 in 2023 to 65,682 in 2024, representing a 37% increase. Likewise, the total volume of mortgage loans grew from CZK 166 billion to CZK 235 billion over the same period. This surge in lending activity significantly bolstered overall demand in the property market.

Nevertheless, a degree of caution persisted among certain buyer segments - particularly first-time homebuyers dependent on mortgage financing - due to ongoing uncertainties surrounding future monetary policy and broader geopolitical tensions within the Central and Eastern European (CEE) region. As a result, parts of the market remained in a wait-and-see posture.

In 2024, residential property prices across the Czech Republic exhibited mixed dynamics, reflecting varying market forces across regions and property types. Asking prices for newly developed residential projects in major urban canters such as Prague, Brno, and Ostrava remained relatively high. This trend was largely driven by a limited supply of new housing combined with sustained demand.

Despite continued demand, the overall year-on-year change in average asking prices across the Czech Despite strong demand, year-on-year changes in the average asking prices of new development projects across the Czech Republic remained relatively stable. Nationally, the average price rose by 7.4%, climbing from CZK 117,600 per square meter in 2023 to CZK 126,400 in 2024.Among the major Czech residential markets, Prague recorded a 9.3% increase, reaching CZK 153,700 per square meter, while Brno saw even sharper growth of 13.3%, up to CZK 126,600 per square meter. In contrast, Ostrava's market was nearly flat, with prices edging up by just 0.1% year on year to CZK 83,100 per square meter.

Transactional data further confirms the upward momentum. Sale prices for new development projects nationwide rose by 14.1%, from CZK 100,400 per square meter in 2023 to CZK 114,500 in 2024. In Prague, transaction prices of new dwellings increased by 13.7%, reaching CZK 142,200 per square meter (up from CZK 125,200), while Brno posted a more moderate rise of 7.4% to CZK 119,200 per square meter. Ostrava, on the other hand, recorded an 11.7% increase, with average transaction prices now at CZK 78,900 per square meter.

A persistent challenge in the Czech residential market remains the low affordability of home ownership. This is often measured by the number of average gross monthly salaries required to purchase a standard 70-square-meter apartment. The gap between wage growth and property price inflation continues to widen, as wages have not kept pace with the rising costs of residential real estate. This structural imbalance poses long-term concerns for accessibility and market sustainability, particularly for first-time buyers and middle-income households.

The Czech Republic's rental market experienced moderate growth in 2024, driven by sustained demand from both domestic tenants and incoming foreign professionals. This trend has been further reinforced by macroeconomic factors - most notably, persistently high interest rates - which have continued to limit homeownership opportunities, particularly for young families.

In major urban canters such as Prague, Brno, and Ostrava, strong demand has supported year-on-year growth in rental prices. By the end of 2024, the average nationwide rent reached CZK 309 per square meter. Prague remained the most expensive region, with average rents peaking at CZK 425, according to data from Deloitte. Brno followed with an average of CZK 358, while Central Bohemia and Hradec Králové both reported average rents of CZK 295.

With growing interest in rental living - particularly in cities with robust labour markets like Prague, Brno, and Pilsen - the Czech rental housing market is becoming increasingly institutionalized. New residential developments are increasingly being designed to meet the standards of long-term rental housing, offering enhanced amenities, higher-quality housing, and professionally managed services. Within this emerging segment, known as Built-to-Rent (BTR), rental prices may exceed average local rents by up to 30%.

In parallel, the Czech investment market has seen several significant transactions involving BTR projects. One of the largest agreements was concluded by the developer FINEP, which plans to develop and sell more than 1,700 apartments to AFI Europe, marking a notable step in the institutionalization of the country's rental sector.

Denmark

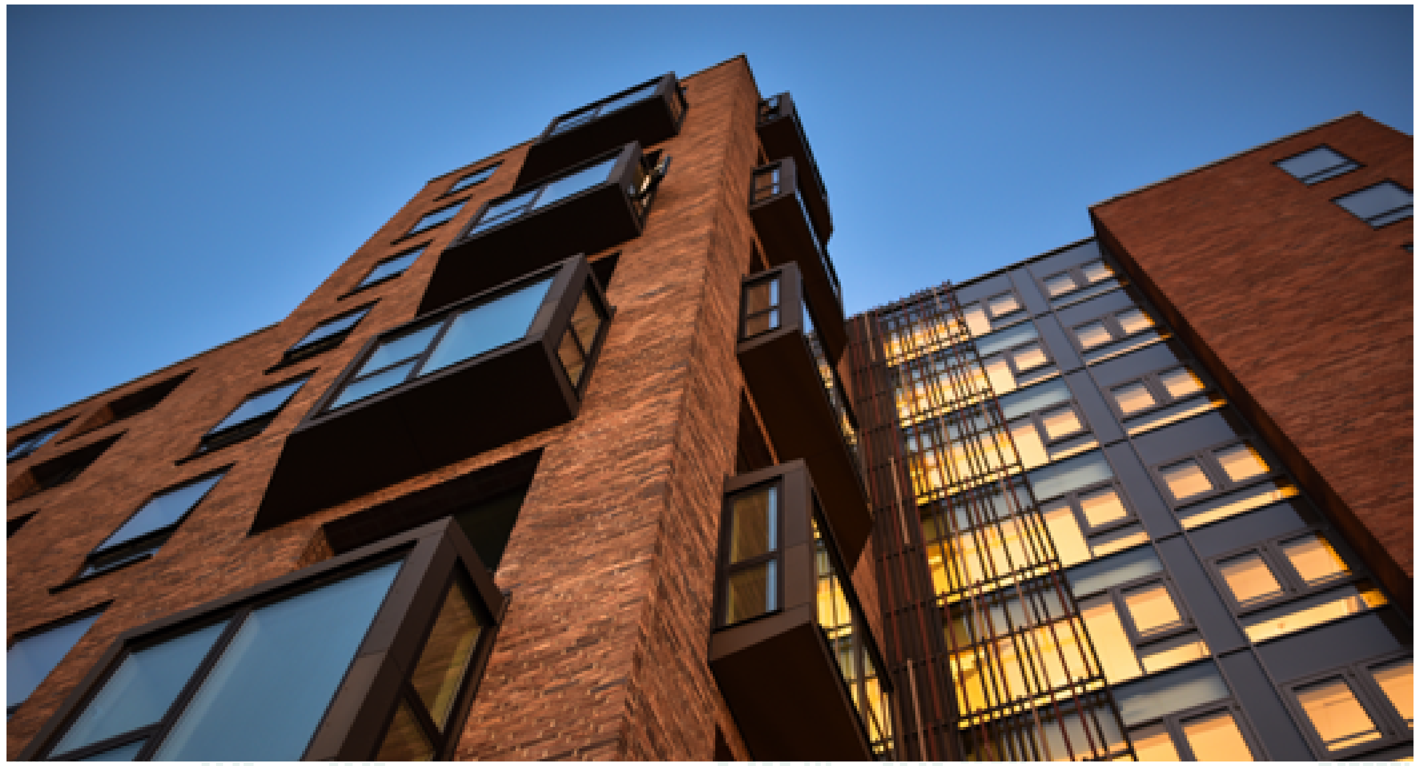
Throughout 2024, the Danish residential market experienced a positive shift following a period of instability influenced by fluctuating interest rates and yield requirements. The overall sentiment has been optimistic, driven by reductions in interest rates and increased investor demand. Moreoever, key factors that has been affecting the market in 2024 have been significant drops in inflation and low unemployment rate. Looking ahead to 2025, further interest rate cuts and robust market conditions are expected to enhance market liquidity further.

Despite an overall positive sentiment in the market, there has been a notable difference between private behaviour and professional investments. The proportion of foreign investors has significantly declined since 2022, reaching only 25% in 2024 compared to 58% in 2022. Consequently, the professional segment of the market has continued to be restrained in 2024.

In terms of local market behaviour, the number of new dwellings initiated in the primary market saw a decline compared to the previous year. Despite this, asking prices for new residential properties have risen across the country, with notable increases in cities such as Copenhagen, Aarhus, and Odense. The average asking price per square meter for new dwellings rose by 3.3% from 2023 to 2024.

The rental segment demonstrated significant growth in 2024, supported by low unemployment rates and a stable economy. These favourable conditions have led to positive trends, including low vacancy rates. Factors such as reduced construction activity and the increasing cost burden on homeowners have contributed to the strength of the rental market. Particularly in Copenhagen, rental prices have experienced an upward pressure.

Historically, it has been more economically advantageous for citizens to invest in an owner-occupied apartment instead of renting an apartment. As a result of higher interest rates and continued high condominium prices, costs of owning condominium have increased significantly. This has made renting a more cost-effective option relatively to owning in the current market compared to ealier.



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Finland

The sentiment in the Finnish residential market in 2024 and early 2025 was cautiously optimistic despite economic challenges. Residential property returns turned positive at 1.2% in 2024, supported by slower declines in property values and slight increases in income returns.

The rental housing market faced difficulties, especially in the Helsinki Metropolitan Area (HMA), where occupancy rates improved slightly but abundant supply led to negative annual rental growth in early 2025. In other major cities, occupancy rates were higher and rental development stronger.

Economic uncertainty, driven by geopolitical developments and financial market volatility, impacted the broader economic outlook and the real estate sector. Initial strong expectations for Finland's economic growth in 2025 were revised downward, affecting the cautious optimism in the real estate and construction sectors.

New residential construction activity remained subdued, focusing heavily on state-subsidised supply. Foreign investors continued expanding their residential portfolios, while domestic funds faced liquidity constraints and shifted from net buyers to net sellers.

Overall, the residential market sentiment in 2024 and early 2025 reflected cautious optimism mixed with ongoing challenges, influenced by broader economic uncertainties and market-specific dynamics.

In 2024, asking prices for residential properties on the primary markets saw a decline due to economic uncertainty and abundant supply. Property values continued to fall, contributing to the overall subdued market conditions. In the Helsinki Metropolitan Area, property values declined more sharply compared to other major cities

During 2024, the rental segment in Finland experienced several key developments:

- Helsinki Metropolitan Area: The rental market faced challenges with abundant supply causing annual rental growth to turn negative. Occupancy rates slightly improved but remained low, with a steep drop in the number of completed rental dwellings from 7,600 units in 2023 to around 4,700 units in 2024.
- Other Major Cities: Occupancy rates were higher than in the Helsinki Metropolitan Area, with stronger rental development. Approximately 3,000 rental dwellings were completed in other major cities, down from the previous year's record-breaking numbers.
- State-Subsidised Housing: There was a noticeable increase in state-subsidised housing starts, particularly in the Helsinki Metropolitan Area, where 55% of new rental residential starts were state-subsidised. This trend was also evident in Tampere and Turku.

Overall, the rental segment showed mixed performance across different regions, with significant challenges in the Helsinki Metropolitan Area and relatively better conditions in other major cities.

France

The overall sentiment in the residential market for 2024 and early 2025 is characterised by a gradual stabilisation following two years of sharp declines in transactions and prices. Signs of recovery are present but remain irregular and mixed, with transaction volumes too low to establish a truly positive dynamic. Despite some favourable indicators, optimism remains moderate due to geopolitical and budgetary uncertainty, as well as declining household confidence.

In France, the prices of properties are falling for the fifth consecutive quarter, but this trend is expected to gradually ease. In provinces, the drop in prices is more pronounced for houses than for flats, with a forecasted decrease. In the Ile-de-France region, prices are continuing to decline significantly, especially for flats in Paris, although the rate of decrease is expected to moderate the following year.

During the year 2024, the rental market showed an average rent increase higher than inflation across the entire country. These increases also affected all types of properties. The most rented accommodations during the year were one-room apartments.

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Greece

In 2024, the Greek real estate market remained particularly active, attracting strong interest and capital inflows from both domestic and international sources. Property prices continued their upward trend, with high-specification assets showing notable growth. Investment activity extended across all property types, while demand consistently exceeded the supply of modern, high-standard stock. Due to geopolitical uncertainty, increased energy and construction material costs, the construction sector presents constraints on the ability to meet demand through new supply. As a result, and assuming continued interest from both domestic and foreign buyers, property prices—especially in the residential segment—are expected to maintain their positive momentum in the near term. The residential market nationwide continues to record strong annual growth in nominal apartment prices, although this growth has slowed over the past seven quarters. According to estimates from the country's credit institutions, apartment prices increased by 8.7% in 2024, compared to 13.9% in 2023 and 11.9% in 2022. Regionally, Thessaloniki and other parts of the country experienced the highest growth rates, at 11.2% and 10.6% respectively, while Athens and other major cities recorded more moderate increases of 8.2% and 7.1%, slightly below the national average. Foreign investment interest remains strong, supported by the Golden Visa program and increased foreign direct investment in real estate, with net receipts in 2024 rising by 28.9% year-on-year. Residential construction activity also saw a notable increase. Based on ELSTAT data, the first eleven months of 2024 recorded annual growth of 14.9% in the number of new building permits and 8.7% in buildable volume, although construction levels remain below those seen before the financial crisis. Business expectations for residential construction (IOBE data) grew moderately by 7.7% in 2024, following an 18.1% rise in 2023. Investment in residential properties, based on ELSTAT data in constant prices, increased by 2.7% in 2024, compared to a much stronger 24.7% rise in 2023, and remains low relative to GDP (2.4%). To address housing needs and support homeownership among young individuals and families, the Greek government launched the "Spiti Mou II" (My Home II) program in early 2025.

Germany

The residential market in Germany, being very decentralized and heterogenous, experienced cautious sentiment in 2024, driven by persistent affordability challenges due to high interest rates, inflation, and soaring construction costs. Developers scaled back activity amidst financial pressures, exacerbating the housing shortage. While late 2024 saw slight signs of stabilization, optimism for recovery remained muted going into 2025. Currently around 500.000 - 600.000 dwellings are missing in Germany. Therefore, the new German government plans a construction turbo for faster approvals to increase the construction activity.

In Germany's primary residential markets, asking prices for new-build properties mainly declined slightly or stagnated, particularly in major cities such as Berlin and Munich, as buyer demand waned due to expensive financing and less offerings. Suburban areas and energy-efficient properties maintained stronger demand, supported by remote work trends and sustainability incentives.

The rental segment remained under intense pressure, with rents increasing significantly in urban centres. Difficult market conditions to home ownership continued to push demand for rentals, compounding supply shortages, particularly in Berlin, Hamburg, and Frankfurt. Despite government attempts to curb rents and incentivize affordable housing, rising rental costs continued to dominate the market, disproportionately affecting lower-income households.

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Hungary

The residential market remained strong, fuelled by high employment and rising real wages. Employment levels were historically high with 4.69 million people employed in December 2024, while the unemployment rate stood at around 4.5%. By the end of 2024, gross average earnings in the private sector had risen by 10.8% year-on-year. Nationwide, housing transaction volumes increased by approximately 7% year-on-year, surpassing the long-term average. In rural cities, transaction volumes rose by 18%, and in villages by 11%, while Budapest and county seat cities saw stable transaction volumes. In Budapest, about half of the buyers by the end of 2024 were investors, with rental yields around 4-5% in the city and 6-7% in rural towns in December 2024. Due to the declining rental yields, the proportion of investors is expected to decrease in 2025.

Asking prices in the primary market saw a sharp rise. Across the country, nominal housing prices in local currency rose by around 15% year-on-year by the end of 2024, with the increase accelerating in the last quarter of the year. Hungary recorded one of the lowest housing stock renewal rates in the EU in 2024 at just 0.3%, with only 13,300 new residential properties receiving occupancy permits, a nearly 30% decline from 2023. Market participants are becoming more cautious as house prices in the last three years have likely accelerated beyond levels justified by macroeconomic fundamentals. Rents in Budapest and the countryside increased by about 10% during 2024. In Budapest's rental market, the inner districts on the Pest side saw the highest rents. In Budapest, the average rent was HUF 210,000 per month, while the Northern Hungary region had the lowest at HUF 136,000 per month. The rental segment experienced a significant increase in supply in the last quarter of 2024 and the rent increases in 2025 are expected to be lower than in 2024.

Ireland

Housing supply remains an issue for the Irish market. The OECD recently noted that "Ireland will require one of the largest increases in the housing stock between 2020 and 2050 in the OECD", as our population continues to rise at a significant pace. In 2024, over 30,230 housing units completed, marking an annual reduction of 7%. This was driven by a reduction in apartment delivery (-24% YoY), following a falloff in Private Rental Sector (PRS) investment. Indeed, institutional investment in residential property in Ireland fell by 80% in 2023 and 2024. Completions fall significantly short of the annual housing requirement, which were updated in the wake of renewed population forecasts. The Irish government has revised upwards its annual housing output target, to deliver 300,000 units from 2025 - 2030. Deloitte Ireland estimates that 33,000 units will complete construction this year, again falling significantly below target.

Residential commencements soared last year to 69,060 units, an annual increase of 111%. This surge arose due to government incentives designed to stimulate activity in the residential market. These incentives came in the form of a development levy waiver (which expired in December 2024) and water charge refund (which expired in September 2024). In order to avail of these incentives, a scheme must have commenced between 25 April 2023 and the respective deadline, and must be completed by December 2026. While the surge in commencements is welcome, it is unlikely that all of these schemes will reach completion, and commencements have been subdued in the openming months of 2025, as expected following last year's record highs.

Also in the pipeline, 32,400 units were granted planning permission in 2024, an annual decline of 3%. This was predominantly driven by a reduction in the number of apartments which received planning (-39% YoY). This figure is particularly stark, as it represents just two thirds of what's needed each year. To meet our future population needs, +50,000 homes are required annually, without a healthy planning pipeline it is very difficult to see this figure achieved in the first instance and maintained.

Residential property prices increased by 8.9% in the 12 months to December 2024. Price increases regionally (+9.2% YoY) exceeded those in Dublin (+8.4% YoY). The median selling price for Dublin City dwellings stood at €465,000 in December 2024, with the national median price standing at €375,000.

In terms of the rental market, at the time of writing there were less than 1,800 properties available to rent nationwide. The standardised average rent in new tenancies nationwide measured €1,680 per month as of Q4 2024, while the corresponding figure for existing tenancies measured €1,440. Average new tenancy rents in Dublin (€2,177) were significantly higher than regional new tenancy rents (€1,354). Recently announced reforms to the current Rent Pressure Zone (RPZ) model are being assessed by the market. The indexation of newly built apartments to inflation is intended to stimulate private sector investment in rental delivery. Whether these reforms go far enough to stimulate activity remains to be seen.

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Israel

A nominal NIS increase of approximately 5% was noted, however, due to the significant fluctuation in the euro exchange rate (increase of approx. 10%), thereby resulting in a net Euro price decrease of approximately 5%.

Sales volumes in 2023 declined across Israel amid geopolitical instability, despite the unchanged market needs compared to previous years.

In order to attract buyers without officially reducing prices, developers initiated a credit selling approach for apartments. Under this arrangement, prospective buyers are required to a downpayment of 10-20% of the apartment pricet, with the balance due several years later upon receipt of the apartment. This strategy, however, raises concerns about the completion of all signed transactions.

In Q1 2024, the demand for apartment purchases exceeded usual levels, registering a higher-than-normal volume of sale of around 20.6% higher than Q1 2023. Part of this surge can be attributed to compensating for the relatively low volume recorded in 2023.

Italy

Sentiment in the Italian residential real estate market remained cautiously optimistic throughout 2024, underpinned by gradually improving macroeconomic fundamentals and a more favorable monetary policy environment. The European Central Bank's decision to begin gradual interest rate cuts in the second half of 2024, following several quarters of monetary tightening, offered relief to mortgage borrowers and developers alike. This shift contributed to improved credit conditions and renewed activity, particularly in the second half of the year.

In parallel, even though the annual GDP growth reached only 0.5% (in contrast to a 0.7% in the previous year) the Italian economy showed signs of resilience. The GDP data is driven by net foreign demand, while domestic demand contributed negatively. Inflation (FOI) declined sharply to around 0.8%, a significant decrease with respect to the 2023 data of 5.4%, easing pressure on household budgets. The labour market remained stable, with unemployment holding at approximately 5.8%, supporting steady demand in the residential sector. These conditions fostered a cautiously positive outlook among both homebuyers and investors, driving a gradual increase in transaction volumes and sustaining interest in both primary residences and investment properties, particularly in urban centres.

The seven consecutive interest rate cuts implemented by the European Central Bank (ECB) starting in June 2024 have provided banks with the opportunity to improve mortgage conditions for households and lending terms for businesses. According to the latest analysis conducted in December, the Italian Banking Federation (FABI) reported that the indebted households in Italy number 6.9 million, accounting for approximately 25% of the total. Among these, 3.5 million have a mortgage for the purchase of a home. As of the end of October 2024, the total value of outstanding mortgages for home purchases amounted to €423.3 billion, an increase of approximately €33 billion compared to the end of 2020 (+9%), but a decrease of around €3 billion compared to the end of 2022 (-1%). Of the €423.3 billion in total loans, about one-third (€144 billion) is at a variable rate, while the remaining €279 billion is at a fixed rate.

The Italian residential market, in line with broader European trends, continues to experience significant imbalances between demand and supply. In the second half of 2024, this gap has shown signs of narrowing, indicating a gradual improvement and a slow yet steady increase in transaction volumes.

Market sentiment for 2025 suggests cautious optimism, underpinned by greater economic stability and improving credit conditions. Although residential property prices are expected to rise throughout 2025, transaction volumes are forecasted to grow by approximately 5% compared to the previous year.

In 2024, various factors, including the growing focus on ESG criteria and the urgent need to modernize the existing real estate stock, present a strategic opportunity to develop new residential solutions aligned with ongoing demographic shifts. It has been estimated that approximately 3.65 million housing units will need to be developed by 2025, primarily through urban transformation and redevelopment projects in Italy's main inhabited areas.

Restrictive financial conditions, rising prices, and increasing rents have been the main drivers behind the market slowdown. However, in the coming months, the market is expected to stabilize, supported by an improvement in financial conditions. Despite this, prices are projected to continue their upward trend, driven by strong demand and a persistent shortage of prime assets. Intense competition for high-quality properties is also contributing to upward pressure on prices.

The Roman market has shown different dynamics depending on the area: while in the historic canter there was only slight price pressure, despite improvements in the high-end segment, supported by strong demand and investments linked to the Jubilee; in the suburbs and intermediate areas, there was instead an increase. Over the course of the year, significant price increases were observed for new developments, in line with buyers' growing attention to the quality of properties. Prime residential prices increased by 2.2% over the year and are expected to grow further between 2.0% and 3.9% throughout 2024, reflecting continued interest, particularly in larger homes with outdoor space.

Housing prices and rents in Milan remain above the national average, confirming the market's attractiveness and a steadily growing demand which, however, is not matched by an adequate supply. For this reason, property prices remain high. The central macro-areas generally show positive variations, supported by strong demand that is boosting the luxury segment. In the semi-central and peripheral zones, price increases have been recorded in areas near the stops of the M4 line (a recently inaugurated metro line) and in areas undergoing urban regeneration in preparation for the 2026 Winter Olympics. Specifically, Milan's peripheral areas have seen a price increase above the average.

Florence's prime residential market remains undersupplied, especially in the historic city centre, leading to continued price growth. Asking prices have continued to rise due to high demand and virtually no possibility for new developments in the most sought-after areas. At the end of 2023, prime prices reached €9,600 per square metre, with further growth expected as international interest remains strong and supply constrained.

In the rental sector, demand remains high, particularly among younger segments of the population, primarily individuals aged between 18 and 34. This group includes university graduates, early-career professionals, and young workers relocating to larger cities in search of employment and better life opportunities.

This growing demand is driven by a preference for the flexibility and lifestyle that metropolitan areas such as Milan, Rome, and Bologna offer. However, this is offset by a shrinking rental supply. Many property owners perceive traditional long-term rentals as less economically attractive and are shifting towards alternative models, such as short-term or tourist rentals. As a result, rental prices continue to rise.

In the capital, rental prices have recorded a sharper increase compared to sale prices, driven by the insufficient supply of quality properties, financing restrictions, and the "Jubilee effect".

Consistently, the rental market in Milan remains active, with growing demand coupled with insufficient supply, pushing rents upward.

In recent years, the Florence real estate market has been significantly influenced by the strong expansion of the short-term rental sector linked to tourism, especially in the Historic Center. At the end of 2024, the Municipality of Florence welcomed the green light from the Tuscany Region for the reform of the Unified Tourism Law, which would allow the city government to implement greater regulation of the short-term tourist rental sector, particularly in the UNESCO World Heritage area. This area accounts for only 5% of the municipal territory but concentrates around 75% of the short-term rental supply.

The rental market sentiment for 2025 indicates that this mismatch between demand and supply is likely to intensify further, particularly in major urban centres. Rental prices are expected to experience sustained upward pressure, exacerbated by the limited availability of new housing stock—a consequence of delays in the development and delivery of new residential projects.

Luxembourg

In 2024, Luxembourg's residential property market moved from the declines of 2023 into a period of relative stability. Fiscal incentives, including a halved registration duty base, 6% accelerated depreciation and reduced capital gains tax, supported activity, contributing to higher transaction levels towards the end of the year. Initially set to expire in January 2025, these measures were extended to June, leading to higher transaction levels in late 2024 and sustained interest across multiple market segments. Compared with 2023, overall market activity was stronger, though it remained below the levels typically observed before 2022, when transaction volumes were significantly higher across all segments. Financing conditions, buyer selectivity and changes in property preferences continued to shape transaction patterns across the country.

The new-build apartment segment recorded a 2.4% decrease in average prices in 2024 compared with 2023, while sales volumes more than doubled from the historically low levels seen in 2023. According to official statistics, the number of transactions for new apartments remains significantly below the annual averages recorded prior to 2022, particularly for larger units in premium locations. The hedonic index for new builds was broadly stable, with variations largely reflecting location, property type and stage of completion rather than general market repricing.

In the existing-apartment segment, average prices in 2024 were 2.8% lower than in 2023, while sales volumes increased by around 9% over the same period. Most of this growth came from transactions involving smaller dwellings and properties in more affordable municipalities, where buyer demand remained relatively resilient. Despite this increase, volumes are still lower than the long-term average, and the market is characterised by limited supply as some owner's delay marketing decisions in anticipation of more favorable conditions.

The rental market also grew in 2024. Average apartment rents were 16% higher in Luxembourg City when comparing 2024 with 2023, reflecting strong demand for well-located housing and a relatively tight supply. Furnished rooms posted a 2.2% annual increase, while rent adjustments for sitting tenants averaged 1.7% over the year, broadly in line with inflation and indicating limited upward pressure on existing contracts compared with new leases.

Netherlands

In 2024, the Dutch housing market rebounded compared to 2023. After a decline in average house prices in 2023, they rose again in 2024 by 11.5% to an average price of €470,000 and are projected to increase by c. 9% in 2025. This growth is mainly driven by higher wages (up 6.7% compared to 2023) which increases households' borrowing capacity. Other contributors are a rising demand due to population growth, slightly declining mortgage rates, and a low unemployment rate (3.7% in December 2024).

The housing shortage remains a significant challenge in The Netherlands. In 2024, the shortage increased by 2.8%, growing from 390,000 units in 2023 to 401,000 units in 2024. This is 4.8% of the total housing stock of c. 8.3 million dwellings. As a result of continued population growth and a slowdown in construction, the shortage is projected to further increase in 2026.

Several factors have delayed construction in the Netherlands: limited availability of land, shortages of building materials and construction workers, legal delays and a lack of grid connection options. Environmental and climate considerations also play a substantial role; the Dutch government's efforts to meet nitrogen emission targets (the "stikstofcrisis") have led to tighter restrictions on construction projects and fewer building permissions. However, as house prices are forecasted to rise even further, order books of construction companies are well-filled, the number of building permits is increasing, and interest rates are projected to decline further, new home construction is expected to pick up. From 2027 onwards, the housing shortage is projected to gradually decrease.

The number of transactions of owner-occupied houses has grown by 9.8% (145,000 houses) in 2024 compared to 2023. This increase is partly explained by former rental properties entering the market, primarily listed by private investors. New regulations, including stricter price controls in the mid-segment rental sector, the abolition of temporary rental contracts, and higher wealth taxes, have notably reduced returns for (private) investors. Consequently, many smaller private investors chose to sell vacated rental units rather than renew leases, especially for smaller apartments. In 2024, c.37,000 formal rental properties were sold; in the last quarter of 2024, 20% of the houses sold was a former rental property. This trend is projected to persist into 2025 and 2026.

As more private investors are withdrawing properties from the rental market, the number of available rental dwellings – particularly in key urban areas – on the liberated rental market has decreased noticeably, increasing the existing imbalance between rental supply and demand. In Q4 2024, the number of advertised rental properties was 25% lower than in Q4 2023. Moreover, the scarcity index of the Dutch rental platform Pararius (where a value between 5 and 10 suggests a balanced market) was just 0.47, indicating a significant undersupply of rental homes. This situation especially affects citizens with average incomes, whose buying power is too low to buy a house while they are also ineligible for social housing.

In addition to the regulatory pressure on private investors, the Dutch government had planned to implement a rent freeze for social housing from 2025 through 2026. This measure aimed to shield tenants from rising living costs but was also expected to place financial pressure on housing corporations, limiting their ability to invest in maintenance and new construction – thereby increasing the shortage in the social rental sector. The regulation caused large turmoil within the social rental market sector. However, with the resignation of the Dutch cabinet in June 2025, these plans were withdrawn, resulting in more stability for the social housing market.

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Norway

The residential market in 2024 experienced an increase in property prices. The total number of transactions for dwellings nationwide in 2024 reached 95,860, marking an 8.7% rise from 2023, which had 88,194 transactions.

From the first quarter of 2024 to the first quarter of 2025, prices for new homes rose by 4.5%. The sale of new homes in 2024 also increased 11% compared to 2023. There is, however, concerns regarding the low level of housing construction. The new housing market is heavily influenced by the economic situation and in particularly the interest rates. It is, according to Prognosesenteret, crucial for housing supply that the anticipated interest rate cuts in 2025 are implemented.

Prices for pre-owned dwellings also saw an upward trend, with a 6.5% increase from the first quarter of 2024 to the first quarter of 2025. The average deviation between asking price and final price in 2024 was 0%, an improvement from the average deviation of -0.2% in 2023.

The rental segment has shown significant changes over the past year. The average annual rent for a two-room apartment nationwide in 2024 was EUR 245 (NOK 2,850) per square metre, reflecting a 6.3% increase from the previous year. The number of tenants has surged dramatically in recent years, driven by the high influx of refugees from Ukraine, which has led to increased demand for rental properties. Housing costs have risen substantially, outpacing rental price increases. Consequently, professional landlords are increasingly withdrawing from the market due to low profitability, resulting in demand for rental properties growing faster than supply.

There is uncertainty regarding the Norwegian economic development. Inflation remains elevated in 2024, with an unexpected rise in property prices the past few months. It is anticipated that price increases will stay high and exceed the national inflation target throughout FY25.

Poland

Poland faces ongoing challenges with a substantial housing deficit, significantly affecting its citizens. Despite the country's economic growth, the availability of new homes has not met the high demand, especially in urban areas. This shortage is compounded by the fact that a large percentage of young adults, particularly those aged 18 to 35, still live with their parents. The difficulty in securing affordable housing is exacerbated by high mortgage rates, which average 7.67%, making homeownership difficult for many.

The supply of new homes in major cities has dropped, with declines reaching up to 45% in some areas over the last five years. The number of apartments commissioned for use decreased in 2024 compared to the average from the previous five years—for example, Warsaw saw a 37% decrease, Wrocław 45%, Katowice 23%, and Kraków 15%.

Despite these challenges, there are signs of potential recovery in the housing sector. Although the supply of new homes in major cities has declined significantly, promising data related to building permit issuance shows a 20% increase year-on-year, suggesting a potential revival in the housing market.

Due to low supply in 2024, housing prices in Poland's major cities increased by an average of 20%. However, a slowdown was observed at the end of 2024 and the beginning of 2025. Rising costs are not limited to buying homes; rental prices have also risen noticeably, with increases ranging from 7% to 17%. Notably, the increase in prices in PLN is slightly lower than in EUR, due to the strengthening of the zloty during this period.

The institutional rental market (PRS) in Poland has developed over the past decade but remains in its early stages. By December 2024, institutional investors owned 20,000 units, with an additional 9,500 under construction, marking a fivefold increase over the last five years. Forecasts indicate stable growth for PRS in Poland in the coming years. By the end of 2024, 37% of PRS units were concentrated in Warsaw, with the remainder spread across Poland's major cities, illustrating rising demand outside the capital. In 2024, 28 new PRS projects were completed, adding over 5,900 units to the market. Forecasts for 2025 predict the delivery of an additional 6,500 units, with 70% in regional markets. Nevertheless, while the growth rates are impressive, the total number of institutional rental units still represents a negligible percentage of the country's total housing stock.

These factors contribute to the overall housing crisis inPoland, stressing the urgent need for comprehensive efforts by policymakers, developers, and financial institutions to provide affordable housing solutions and mitigate the economic strains faced by families and young adults.

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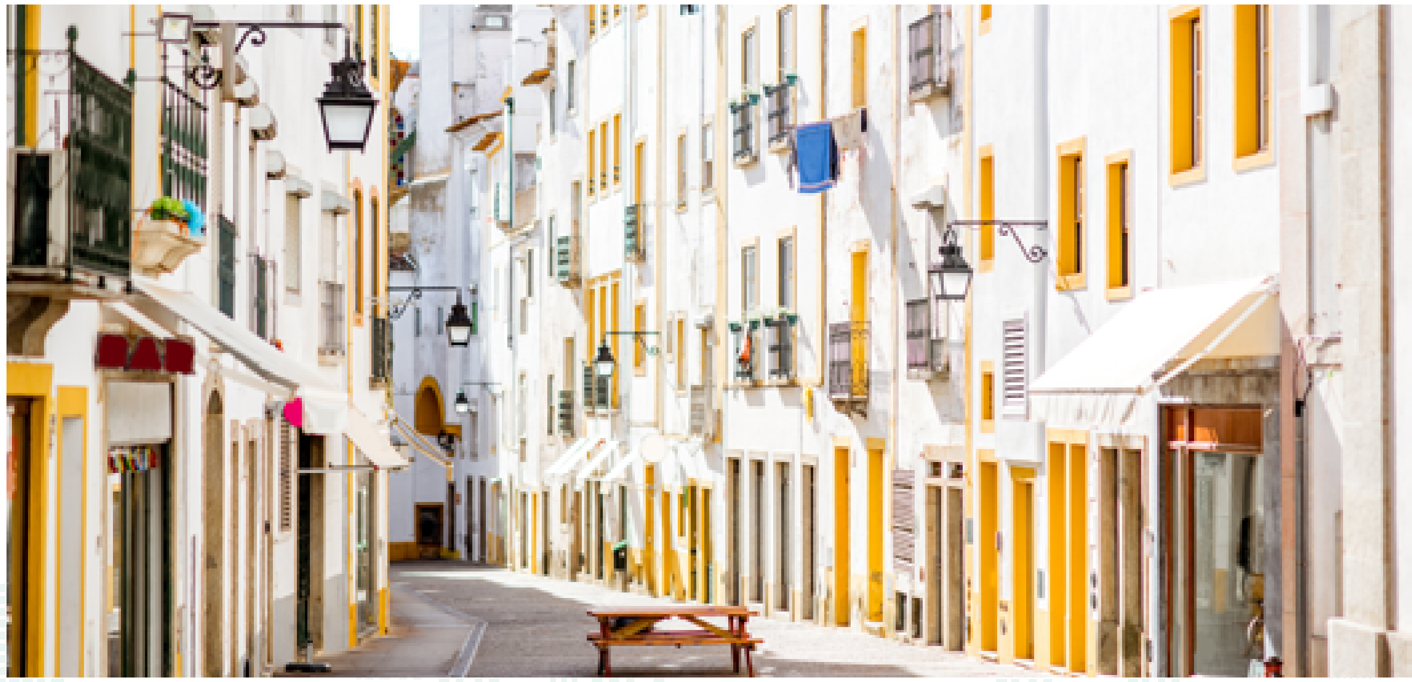
Portugal

In 2024, there was an effort to boost the dynamics of the residential real estate market in Portugal. A reduction in housing loan interest rates, along with the implementation of the "IMT Jovem" program in August 2024, contributed to stronger transaction dynamics in the second half of the year. In 2024, a total of 156,325 residential properties were sold, representing a 14.5% increase compared to 2023. The total value of these transactions reached €33.8 billion, an increase of 20.8% compared to the previous year. There was also a renewed increase in housing prices, with the Housing Price Index recording an average annual rise of 9.1%, surpassing the 8.2% growth observed in 2023. Additionally, there has been a significant increase in licensing requests and development activity, likely driven by more favorable market conditions and supportive regulatory reforms. Notably, the Urban Simplex program, as part of the "Mais Habitação" initiative, has streamlined urban planning and licensing procedures. Despite these efforts, Portugal's housing market remains imbalanced, with supply persistently falling short of the growing demand.

Regarding housing prices, the Portuguese residential market maintained its upward trajectory throughout 2024 and into the first quarter of 2025, driven by sustained demand and limited supply. In the overall residential market (new and old dwellings), every region in the country experienced an increase in average asking prices in 2024, with Lisbon and the Algarve being the Portuguese regions with the highest asking prices per square meter, averaging approximately €4,618/sqm (+0.1% YoY) and €4,269/sqm (+2.1% YoY), respectively. Both regions also registered the highest average asking prices per unit in 2024, approximately €619,753 (+3.4% YoY) for Lisbon and €617,683 (+1.3% YoY) for the Algarve.

Similarly to the housing market, the rental market also experienced an upward trend in rental prices, with every region in Portugal recording an increase in average rents. This was mainly due to the limited availability of leased properties and a surge in demand driven by affordability constraints in the housing market. Lisbon and Porto were the regions with the highest average monthly rents in 2024 at approximately €18.1/sqm (+5.8% YoY) and €15.0/sqm (+5.6% YoY), respectively. The Build-to-Rent (BTR) market is still in its early stages of development, with excessive taxation and an inadequate legal framework hindering the growth of this segment.



Romania

2024 was marked by growing demand and limited supply, which led to continued price increases across major cities. The market sentiment was mostly optimistic, driven by relatively strong consumer interest despite high interest rates and broader economic uncertainty.

However, early 2025 shows signs of a slowdown. Residential property transactions fell compared to the same period in 2024, as mortgage affordability declined and construction costs remained high.

The primary market experienced solid growth across most large cities. Price increases outpaced inflation although wage growth still slightly outpaced housing price growth, keeping affordability somewhat in balance.

The rental segment became increasingly attractive in 2024, with rising rents and tightening supply, while the number of potential renters increased significantly.

Serbia

The value of the real estate market in the Republic of Serbia in 2024 amounted to €7.4 billion, representing a 15% increase compared to 2023. The number of sales contracts reached 126,787, marking a 4.2% rise from the previous year.

After experiencing dynamic expansion in 2022 and a notable slowdown in the H2 of 2023, Serbian housing market in 2024 showed signs of stabilization and recovery. This was marked by a 12.8% increase in the number of sales agreements and a 21.1% rise in market value compared to 2023. Moreover, a moderate increase in house prices was noted throughout 2024, with an annual growth rate of approx. 5%.

Segments for houses, agricultural land, and garage spaces maintained a stable level in the number of concluded contracts relative to the previous year. However, an annual increase in overall market value was observed: houses by 15%, agricultural land by 11.9%, and garage spaces by 7.5%. Construction land saw a significant market value growth of 18.5%, despite a 3% decline in contract numbers compared to 2023. Among all segments, only the commercial property market registered a reduction in transaction numbers by 4% and a decrease in market value by 7.4%.

The largest portion of the total market value was invested in apartments, with an expenditure of €4.1 billion, accounting for 55.6% of the total market value. Purchases of houses amounted to €601.3 million (8.1%), construction land €541.4 million (7.3%), commercial spaces €326 million (4.4%), and agricultural land €266.6 million (3.6%).

Belgrade dominated the total value of traded apartments with a share of 54%. In larger cities, an increase in the number of apartment sales contracts as well as market value was observed compared to the previous year: in Niš, the number of contracts grew by 48% and the value by 97%; in Kragujevac, contracts increased by 40% and the value by 87%; in Novi Sad, contracts rose by 30% and the value by 53%; while in Belgrade, the growth in apartment sales contracts was 8% and market value increased by 9%.

The year 2024 also saw a rise in credit activity in the real estate sector, resulting from the previous easing of monetary policy by the National Bank of Serbia and the European Central Bank. A total of 10% of real estate transaction contracts were financed through credit, which is 3 percentage points higher than in 2023, with most of these funds directed towards apartment purchases. In 2024, 22% of apartments in the Serbia were paid for via credit line, which is 5 percentage points higher compared to 2023.

In 2025, the housing market is expected to maintain a steady upward trend, fuelled by urbanization, high demand for new homes, and more favourable interest rates on housing loans.

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Slovakia

At the beginning of 2024, after a decline in property prices at the end of 2023, market sentiment was positive. Property prices in Slovakia maintained growth throughout the year, with older properties experiencing faster price increases in most regions compared to new constructions. Compared to property prices in the fourth quarter of 2023, prices in the fourth quarter of 2024 rose by 6.7%. However, the supply of apartments was at its lowest in the fourth quarter since 2021, representing a 1.6% decrease in the availability of apartments and houses. Despite a 0.3% increase in interest rates, the total loan volume grew by 4% in 2024, confirming a positive market sentiment, although 2023 saw a total loan volume reduction of 6%. In the first quarter of 2025, property prices increased by 4% compared to the previous quarter. In subsequent quarters of 2025, it is anticipated that the higher VAT rate may impact property prices, potentially supported by a slight decrease in interest rates by approximately 0.2%.

Throughout 2024, local residential property markets across Slovakia experienced growth, with the Bratislava region contributing most significantly to this increase, while the Banska Bystrica and Žilina regions contributed the least. Up until the second quarter of 2024, new constructions and older property prices grew at a similar rate. However, in the third quarter, the price of new constructions stagnated, resuming a growth rate of 3.6% in the final quarter. Despite the rising prices, the market in Bratislava responded positively. In 2024, a total of 1,664 new construction apartments were sold in Bratislava, representing a twofold increase compared to 2023. The planned increase in VAT rate to 23% in 2025 might have influenced this surge in sales, as consumers sought to purchase properties more economically. In the first quarter of 2025, the growth in new property prices maintained a rate of 1.9%, which was slower compared to the market for existing properties that saw a quarterly increase of 3.3%.

Rental housing prices in a year 2024 experienced a consistent increase, averaging a quarter-over-quarter rise of 2.75%. The demand for rental properties was significantly bolstered by reduced loan accessibility, resulting from elevated interest rates, alongside increasing property prices. The most substantial growth was observed in the third quarter, with an impressive average increase of 10.2% quarter-over-quarter. This expansion was predominantly driven by the Bratislava district, where rental prices escalated by 21.1%. The most notable price increases occurred in four- and five-bedroom apartments during this period. However, the fourth quarter witnessed a modest decline of 2% in rental prices. This decrease was partly linked to a reduction in prices within the Bratislava district, where rates fell by up to 8.1%, with four- and five-bedroom apartments experiencing the most significant depreciation in price.

Slovenia

In 2024, sentiment in Slovenia's residential marked was marked by growing concern over affordability. While the broader economy remained stable with GDP growth around 2–3%, inflation easing to 2–3%, and unemployment low at 4% housing market activity slowed. Mortgage rates declined gradually, from 3.96% to 3.50%, supported by ECB rate cuts starting mid-2024, which helped lower average mortgage rates to around 3.3% by year-end. The market experienced the third consecutive annual drop in transaction volumes, mainly due to continued price growth and limited accessibility for average buyers, rather than weakening demand. Leaving many high end developments unsold, or vacant due to prices exceeding the capabilities of the average buyer/tenant.

Announced policy changes including restrictions on short-term rentals added to market uncertainty, though their effects are expected in 2025. By early 2025, the market appeared to be peaking, with activity slowing and many viewing it as the start of a cooling phase.

Asking prices in the primary market (new dwellings) continued to rise in 2024, despite a notable decline in sales:

New apartments averaged €3,400/sqm (+5.6% YoY); Older apartments increased from €2,610 to €2,920/sqm (+11.9%); New houses reached €2,500/sqm, while older houses rose from €141,000 to €165,000 (+17%).

At the national level, apartment sales dropped 15–20%, and house sales fell 10–15%, down 35–40% compared to 2021. This reflects a market where prices continue rising despite falling demand, a sign of tightening affordability. The trend is especially visible in urban areas like Ljubljana, where a major housing project added 3,000 units over three years, with 6,900 more planned. However, these units have not meaningfully improved affordability.

The rental market remained tight in 2024, with stable to slightly rising rents, especially in major cities like Ljubljana and Maribor. Increased demand was driven by limited homeownership access and higher immigration, particularly from conflict-affected regions in Eastern Europe and Ukraine.

While short-term rentals (e.g. Airbnb) remained popular, the government announced new regulations to limit short-term letting, expected to shift more units into the long-term rental pool starting in 2025. For now, however, supply remains limited, and rents continue to trend upward, particularly in areas with strong demand.

Spain

In 2024 and early 2025, the residential market in Spain reflected growing imbalances between supply and demand, set against a backdrop of relatively strong macroeconomic performance. Spain remained among the best-performing economies in Europe, with solid GDP growth forecasts (2.6% in 2025), inflation gradually returning to target levels and interest rates trending downward. Unemployment reached its lowest levels since the Great Financial Crisis., although it remained structurally higher than the European average (10–11%). Wages continued to rise, though real purchasing power was still constrained by lingering post- COVID inflation.

Demand remained robust, driven by demographic growth – specially in major urban areas, largely due to the arrival of foreign residents. With a population exceeding 48.5 million and a demographic core concentrated between the ages of 25 and 59, pressure on the housing market intensified. Household formation accelerated, making Spain one of the fastest-growing countries in Europe in terms of household numbers, a trend driven by both population growth and a decline in average household size (more than 3.7 million households are expected to be created between 2024 and 2039). Transaction volumes reached cycle highs for both domestic and foreign buyers, although activity in the new-build segment remained limited due to supply constraints – representing just 10% of total transactions and heavily concentrated in urban cores.

On the supply side, land scarcity in major cities became more pronounced. The current pipeline of developable land falls well short of future demand. Urban planning remains slow and complex, hindered by fragmented and restrictive regulations that limit high-density or mixed-use developments. The rising cost of infrastructure, borne entirely by private actors, added further strain. Construction activity faced significant headwinds, including rising material costs, a shortage of skilled labor, and limited capacity. Housing production – across free-market, affordable, and public segments – remained at historic lows. Public housing stock is virtually non-existent, and social housing delivery is uneven and limited to regions where regulatory conditions make it feasible.

Financing conditions tightened across the board. Developer financing became more restrictive, with reduced loan-to-cost ratios, stringent pre-sales requirements, and a growing need for developer expertise. Homebuyers also faced tighter credit conditions, with lower loan-to-value ratios and delayed access to homeownership.

As a result, the residential market saw mounting pressure. A structural undersupply continues to drive price tension across the value chain – from land to finished housing – while affordability deteriorates. Households face growing financial strain, particularly in the rental segment, where persistent demand and limited supply continue to push prices upward, especially in major urban areas.

Turkey

Sentiment in the Turkish residential real estate market remained mixed throughout 2024, shaped by persistently high inflation, elevated borrowing costs, and tightening purchasing power. While early 2024 was marked by subdued activity and declining real prices, a modest recovery in buyer interest was observed towards year-end, supported by improving investor sentiment and gradual monetary normalization. However, unlike many European peers, Turkey's macroeconomic landscape remained under pressure. Headline inflation hovered around 70% for much of the year, interest rates stayed elevated, and consumer confidence remained fragile.

Despite these headwinds, housing sales showed signs of resilience. Total residential property transactions rose approximately 16% year-on-year to reach 1.27 million units in 2024, indicating a rebound in demand from the historic lows of 2023. The removal of the 25% rent increase cap mid-year also stimulated movement in both rental and ownership segments, particularly in metropolitan areas such as Istanbul, Ankara, and İzmir.

Interest rates remained a key constraint throughout the year. Mortgage borrowing remained largely inaccessible to middle-income buyers, with loan volumes staying well below historical norms. As a result, cash transactions dominated the market, with a growing share of purchases made by high-net-worth individuals and investors seeking rental yield or currency hedge.

Asking prices for residential properties on the primary market increased nominally but continued to decline in real terms, reflecting the combined effects of ongoing inflation and constrained affordability. By the end of 2024, annual nominal price growth averaged around 26% nationwide, but in real terms, prices remained largely flat or negative.

Local dynamics varied notably:

- In Istanbul, one of the priciest and most liquid markets, nominal price increases reached ~25%, with average square-meter prices exceeding 20,000 TL.
- In Ankara and İzmir, annual growth in asking prices ranged between 30–34%, driven in part by higher demand for more affordable urban housing.

However, supply shortages in key districts and the high cost of construction continued to exert upward pressure on listing prices, especially in newly launched developments.

The rental market experienced one of the most dynamic years in recent memory. Nationwide, rents rose by approximately 41% in nominal terms, with some regions such as İzmir and Ankara seeing annual increases exceeding 50%. Although inflation-adjusted rents were largely flat or slightly negative (−1% to −3%), gross rental yields remained attractive by regional standards, averaging between 7.1% and 8.3% in major cities.

The removal of the rent cap mid-2024 also encouraged landlords to readjust asking rents to reflect market realities, spurring a 22% surge in rental demand indicators in early 2025. High construction costs, low mortgage accessibility, and urban migration trends further fuelled upward pressure on rental pricing.

Overall, the Turkish residential market in 2024 reflected a complex interplay of inflation, monetary policy, and evolving buyer behavior. While nominal indicators suggested growth, real values remained under pressure. Late-year improvements in rental dynamics and transaction volume suggest cautious optimism heading into 2025 – though future performance will remain tightly linked to macroeconomic stabilization and policy clarity.

United Kingdom

The Nationwide House Price Index showed that prices ended 2024 on a strong footing, up 4.7% compared with December 2023, though prices were still just below the all-time high recorded in summer 2022. House prices increased by 0.7% month on month, after taking account of seasonal effects, following a 1.2% rise in November. The price of a typical home is now at £269,426, up £12,095 over the previous year.

Nationwide note that Northern Ireland was the best performing area for the second year running, with prices up 7.1% over the year. Scotland recorded a 4.4% increase in 2024, whilst Wales saw a 2.7% year-on-year rise. Across England overall, prices were up 3.1%, compared with Q4 2024. There was a clear north-south divide in house price performance in 2024 as Northern England (comprising North, North West, Yorkshire & The Humber, East Midlands and West Midlands) continued to outperform southern England, with prices up 4.9% year on year. The North was the best performing English region, with prices up 5.9% year on year.

Looking ahead at 2024 the changes to stamp duty saw a jump in residential property transactions in March, with buyers brining foward their purchases to avoid additional stamp duty costs. This will lead to a jump in transactions in the first quarter of 2025 and a corresponding perido of weakness in the following three to six months, as occurred in the wake of previous stamp duty changes. This will make it difficult to discern the underlying strength of the market.

The RICS UK Residential Market Survey January 2024 results show The January 2025 RICS UK Residential Survey results signal a broadly flat monthly picture for sales market activity, with measures of demand and sales both easing slightly to now sit in neutral territory. Nevertheless, despite the slight stalling in momentum of late, respondents continue to envisage a modest expansion in sales volumes as the year progresses. During January, the new buyer enquiries indicator returned a net balance of zero at the headline level, which is now indicative of a broadly flat trend over the month. What's more, this series has continued to moderate gradually in each of the past five reports having hit a recent high of +16% back in August (suggesting demand growth has lost impetus).

In the lettings market, the latest feedback points to a somewhat stagnant trend in tenant demand, with the net balance slipping to +2% from a reading of +18% in the previous quarter (part of the quarterly seasonally adjusted lettings dataset). Alongside this, respondents once again noted a decline in new landlord instructions (net balance -19%), with this metric consistently stuck in negative territory over recent years. While the flatter demand backdrop appears to be easing upward pressure on rental prices to a certain extent, contributors do still anticipate rents moving higher over the near term (net balance +23% vs +32% beforehand)

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