Deloitte.



Property Index

Overview of European Residential Markets

15th edition, October 2026

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Introduction

We are pleased to present the **15th edition of the Property Index**, Deloitte's annual overview of residential real estate markets across Europe and Turkey. Over the past fifteen years, the publication has become a recognised source of information for real estate professionals, investors, economists, policymakers, journalists and students seeking to better understand the evolving dynamics of European housing markets.

The **Property Index** provides a comprehensive analysis of the factors shaping residential real estate across Europe. By comparing housing prices, rental levels, construction activity, mortgage markets and housing affordability across multiple countries and cities, the publication offers both a broad European perspective and detailed benchmarks for individual markets.

The residential sector continues to operate in a changing economic environment. While inflation has gradually moderated and financing conditions have begun to improve across many countries, housing markets remain affected by affordability pressures, supply shortages, demographic changes and differing national policy responses. These factors continue to influence both home ownership and rental housing across Europe.

The first part of this year's edition examines market sentiment and expectations regarding economic growth, construction activity, residential prices, mortgage rates, rental markets and housing affordability. The report then provides a detailed comparison of residential market indicators, including housing completions, housing starts, prices, rents and mortgage financing. Particular attention is also given to **taxation of residential property**, including transaction taxes, VAT, recurrent property taxes and capital gains taxation of owner-occupied housing.

Behind the publication stands a dedicated international network of Deloitte professionals specialising in real estate, development, taxation, investment and finance. The data and insights presented throughout the report are collected directly from Deloitte member firms and based on publicly available national sources, combining local market knowledge with a consistent cross-country methodology.

While residential markets differ significantly across countries, one theme emerges consistently throughout this year's edition: **housing affordability remains one of the most pressing challenges facing Europe**. Improving financing conditions may support demand and market activity, but long-term housing market development will increasingly depend on the ability of individual countries to expand housing supply and deliver affordable homes.

We hope that this **15th edition of the Property Index** provides valuable insights, fosters informed discussion and continues to serve as a trusted resource for everyone interested in the present and future of European housing markets.

This edition of the **Property Index** provides an in-depth overview of residential property markets across **25 European countries**, offering a comprehensive perspective on current housing market developments, affordability challenges and future expectations.

The report combines market data and expert insights from Deloitte professionals across Europe, covering key indicators such as residential property prices, housing construction activity, mortgage markets, rental trends and housing affordability. Together, these indicators provide a detailed picture of how residential markets have evolved during **2025** and the first half of **2026**.

As in previous years, the analysis is primarily based on **year-on-year comparisons**, allowing developments to be assessed within a broader economic context. Residential property markets continue to be influenced by a wide range of factors, including **inflation, interest rates, economic growth, government policies, construction costs** and the evolving **geopolitical environment**. These factors play a crucial role in shaping housing demand, residential supply and overall affordability across Europe.

The findings presented in this publication indicate that European housing markets are gradually moving towards a period of greater stability. While financing conditions have started to improve, they remain uncertain due to expectations of higher mortgage interest rates, which may continue to affect housing affordability and market demand.

At the same time, structural challenges related to **housing supply**, pressure on **rental markets**, and **affordability** remain significant across much of the region.

Behind the **Property Index** stands a dedicated international network of Deloitte professionals specialising in **real estate, development, investment** and **finance**. The data and insights presented throughout the report are collected directly from Deloitte member firms and based on publicly available national sources, ensuring a combination of **local market expertise** and **cross-country comparability**.

The objective of the publication remains unchanged: to provide **reliable, data-driven insights into European residential property markets**. By combining local knowledge with a consistent analytical framework, the **Property Index** continues to serve as a trusted resource for understanding the trends, challenges and opportunities shaping housing markets across Europe.

List of participating countries:

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

Highlights

Luxembourg[1]
9,160
EUR/sqm

Luxembourg remains the most expensive country for purchasing a new home, with average prices reaching €9,160 per square meter.

Durres, Albania[2]
+24.1%

Durres recorded the largest annual increase in new dwelling prices among all cities surveyed, rising from €1,330/sqm to €1,650/sqm.

Belgrade
+20.0%

Among capital cities, Belgrade experienced the highest nominal price growth for new dwellings, increasing by 20.04% year-on-year.

Munich
11,200
EUR/sqm

Munich ranked as the most expensive city among the analysed cities, with average prices reaching €11,200 per square meter.

Vlorë, Albania[3]
21.3
annual salaries

Among all surveyed cities, Vlorë was the least affordable in terms of income-to-price ratio, requiring 21,28 gross annual salaries to buy a 70 sqm home.

Luxembourg-City, Luxembourg
45.4
EUR/sqm

Luxembourg-City reported the highest average residential rent across the analysed cities, far exceeding levels in Paris (€31.2/sqm) and Barcelona (€30.9/sqm).

Turin, Italy
4.7
annual salaries

Turin offered the most affordable homeownership opportunity, requiring just 4.7 gross annual salaries to purchase a 70 sqm new dwelling.

Turkey
864
EUR/sqm

At the national level, Turkey recorded the lowest average price for new residential properties, at just €864 per square meter.

[1] *it relates to apartments only*
[2] *due to second-home demand*
[3] *due to second-home demand*

Europe's Housing Market:

Current Trends and Dynamics

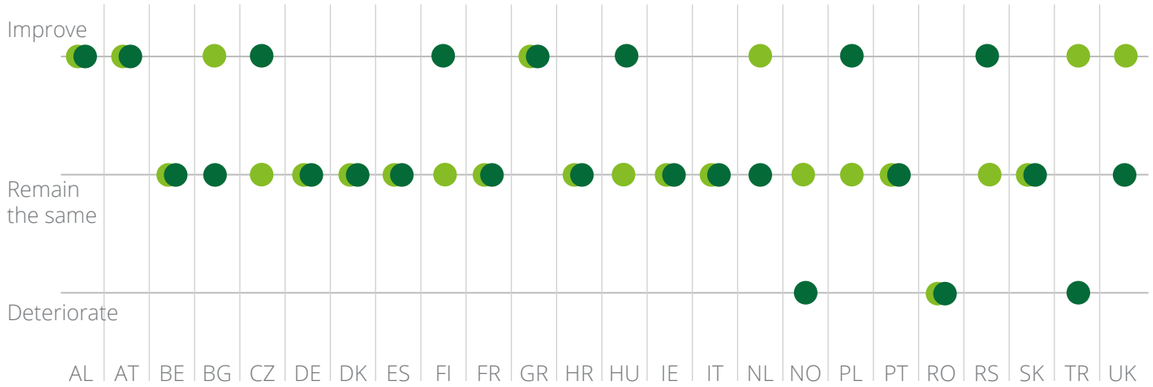
The **European residential market** continues to navigate a period of gradual adjustment following several years marked by rising inflation, elevated interest rates and significant housing market volatility. While economic conditions, financing costs and residential activity differ across countries, the survey results suggest that **European housing markets are entering a phase of greater stability and predictability**.

Looking ahead to **2026 and beyond**, respondents generally expect **economic conditions to remain stable** and overall financing conditions to become more supportive, although mortgage rates are expected to increase in many countries, which may continue to affect housing affordability and market demand. **Residential property prices and rents are expected to continue rising** across most markets. At the same time, expectations for residential construction activity remain more cautious, reflecting persistent challenges related to permitting processes, construction costs, labour availability and housing supply.

A common theme emerging across all surveyed indicators is the continuing **imbalance between housing demand and available supply**. While improving financing conditions may support housing demand and residential investment, respondents consistently identify housing shortages as a key constraint affecting both ownership and rental markets.

As a result, **housing affordability remains the most significant long-term challenge for European residential markets**, despite expectations of higher mortgage rates and a relatively more stable economic outlook. The following section explores how these factors are expected to shape housing markets across **24 European countries** over the coming years.

For the coming months (H2 2026) we expect the overall economic climate will:



Source: Deloitte national offices

The broader **economic environment** remains an important factor shaping residential real estate markets across Europe. Expectations regarding economic growth, inflation and consumer confidence directly influence housing demand, investment activity and overall market sentiment.

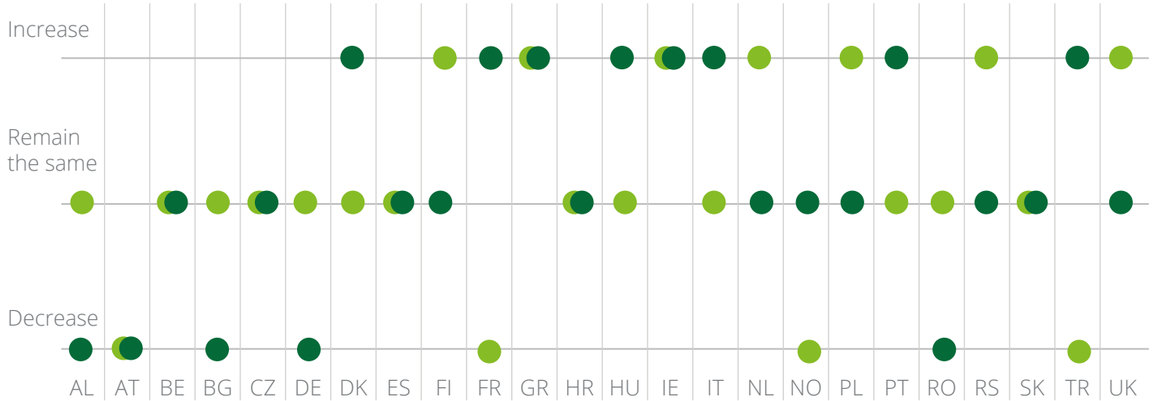
According to the survey responses, **stability remains the most common expectation for the second half of 2026**. Among the **24 participating countries**, the majority anticipate **no significant change in the overall economic climate**, suggesting that respondents expect macroeconomic conditions to remain broadly stable despite ongoing geopolitical and economic uncertainties.

At the same time, the results reveal a degree of optimism. **More countries expect an improvement in economic conditions than a deterioration**, indicating that positive expectations continue to outweigh negative sentiment across the surveyed markets.

Compared with expectations reported for 2025, the outlook appears slightly more cautious. Rather than anticipating a broad acceleration of economic growth, respondents generally expect a period of continued stabilisation and greater predictability.

For residential real estate markets, this environment may prove supportive. **A more stable economic outlook, combined with easing inflation can support household confidence, investment activity and housing demand, although the expected increase in mortgage rates may limit the overall positive impact. Overall, the survey suggests that stability, rather than rapid economic expansion, is expected to remain the defining feature of Europe's economic outlook in 2026**, creating a cautiously supportive backdrop for residential property markets.

For the coming year (2026) we expect that construction activity on residential market will:



Source: Deloitte national offices

Residential construction activity across Europe continues to operate in a challenging environment. While financing conditions have gradually improved and inflationary pressures have eased compared with previous years, developers in many countries still face constraints related to construction costs, labour availability, permitting procedures and land supply.

According to the survey results, **stability remains the most common expectation for residential construction activity in 2026**. Among the participating countries, **eleven expect construction activity to remain broadly unchanged**, while **eight anticipate an increase** and **five foresee a decline** during the coming year.

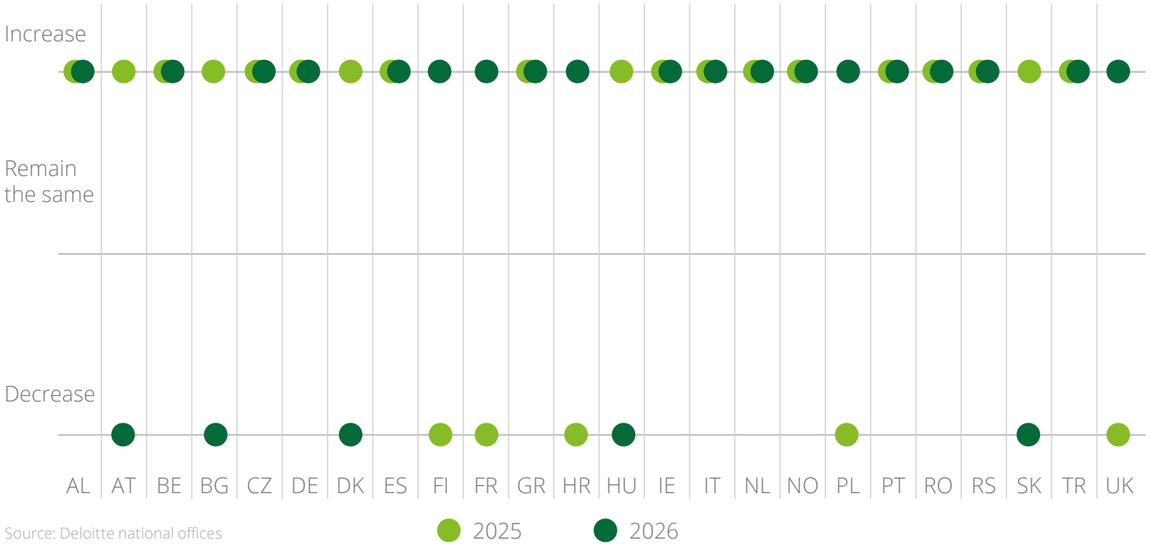
Compared with the previous survey, the outlook appears slightly more positive. Despite expectations of higher mortgage rates, improving economic conditions in several markets are expected to support housing demand and gradually restore developer confidence. However, respondents generally do not anticipate a rapid acceleration of construction activity.

The survey suggests that European residential construction is entering a phase of stabilisation

rather than strong expansion. Although financing conditions are becoming more supportive, structural challenges such as lengthy permitting processes, rising regulatory requirements and limited construction capacity continue to constrain the pace of new housing delivery.

Overall, housing shortages are expected to remain a structural issue across many European markets. As demand gradually recovers, the ability of individual countries to increase housing supply may become an increasingly important factor shaping future residential market development and housing affordability.

For the coming year (2026), we expect that prices of residential dwellings will:



Source: Deloitte national offices

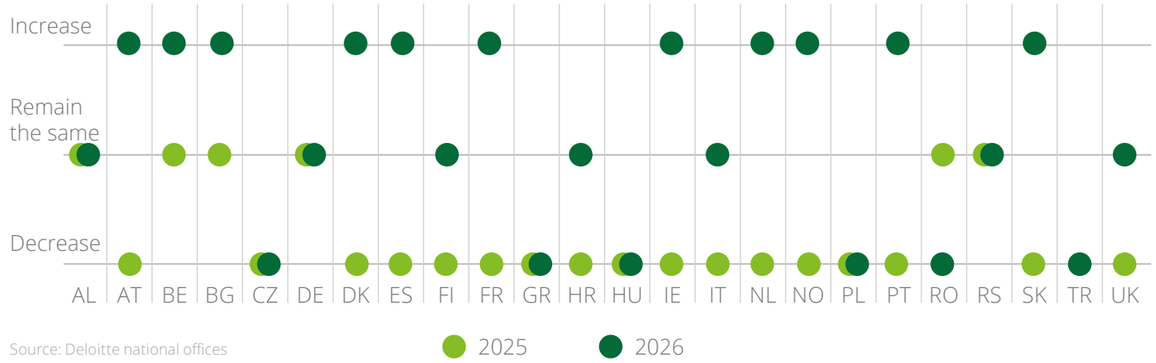
Residential property prices across Europe are expected to remain resilient in 2026, despite ongoing affordability challenges and uneven economic conditions. While the rapid price growth observed in previous years has moderated in many markets, structural imbalances between housing demand and supply continue to support residential values across much of the continent.

According to the survey responses, **price growth remains the dominant expectation for 2026**. Among the **24 participating countries, 19 expect residential property prices to increase**, while the remaining **5 anticipate broadly stable price levels**. Notably, **none of the surveyed countries expects a decline in residential property prices during the coming year**.

Compared with the previous survey, overall expectations have become slightly more optimistic. The same number of countries anticipate residential property price growth in 2026 as in the previous survey, although expectations shifted in several individual markets. These changes suggest a redistribution of sentiment across countries rather than a more optimistic outlook at the European level.

The persistence of positive price expectations reflects the **ongoing imbalance between housing demand and available supply** observed across many European markets. Although improving mortgage conditions may support buyer activity, housing construction remains insufficient in many countries, limiting the availability of new housing stock and reducing the likelihood of widespread price corrections. **Overall, the survey suggests that residential price growth is expected to remain the prevailing trend across Europe in 2026.** While respondents generally do not anticipate a return to the exceptionally strong growth rates seen in previous years, **stable or rising prices remain the overwhelming expectation**, supported by recovering demand and persistent housing supply constraints, despite expectations of higher mortgage rates.

For the coming year (2026), we expect that interest rates for mortgages on residential dwellings will:



Source: Deloitte national offices

Mortgage interest rate expectations vary across Europe for 2026, although respondents generally anticipate rates to remain stable or increase. This suggests that financing conditions are unlikely to improve significantly and may continue to constrain housing affordability and demand in several markets.

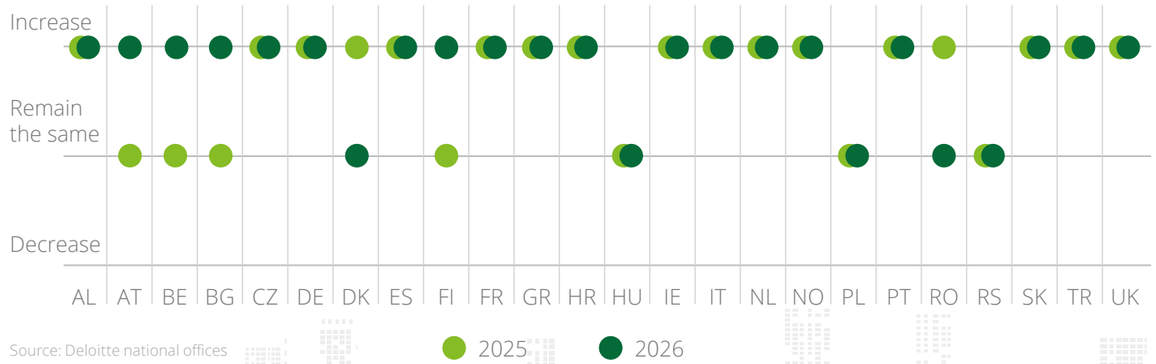
According to the survey responses, **an increase in mortgage rates is the most common expectation for 2026. Among the 24 participating countries, 6 expect mortgage rates to decline, while 7 anticipate broadly unchanged borrowing conditions. A further 11 countries foresee a mortgage rate increasing**.

Compared with the previous survey, the outlook has shifted noticeably. While high borrowing costs were one of the main challenges facing residential markets in recent years, respondents generally expect mortgage interest rates to remain stable or increase in 2026, indicating that financing conditions may continue to constrain housing affordability and demand across several European markets.

For housing markets, expectations of stable or higher mortgage interest rates suggest that affordability pressures may persist and access to mortgage financing may remain constrained. Elevated borrowing costs could limit residential demand, reduce housing transaction activity and continue to affect the financial viability of new residential developments. However, the volume of this impact is expected to vary across European markets.

Overall, the survey indicates that mortgage affordability is likely to remain under pressure **across much of Europe in 2026.** With mortgage interest rates generally expected to remain stable or increase, the future performance of residential markets will continue to depend on a combination of financing costs, housing supply, construction activity and local affordability challenges.

For the coming year (2026), we expect that residential market rents will:



Source: Deloitte national offices

The outlook for the European **rental market** remains strongly positive, with rental growth expected to continue across most surveyed countries in 2026. With mortgage interest rates generally expected to remain stable or increase, demand for rental housing is likely to increase, further supported by persistent housing shortages and the limited availability of affordable residential properties.

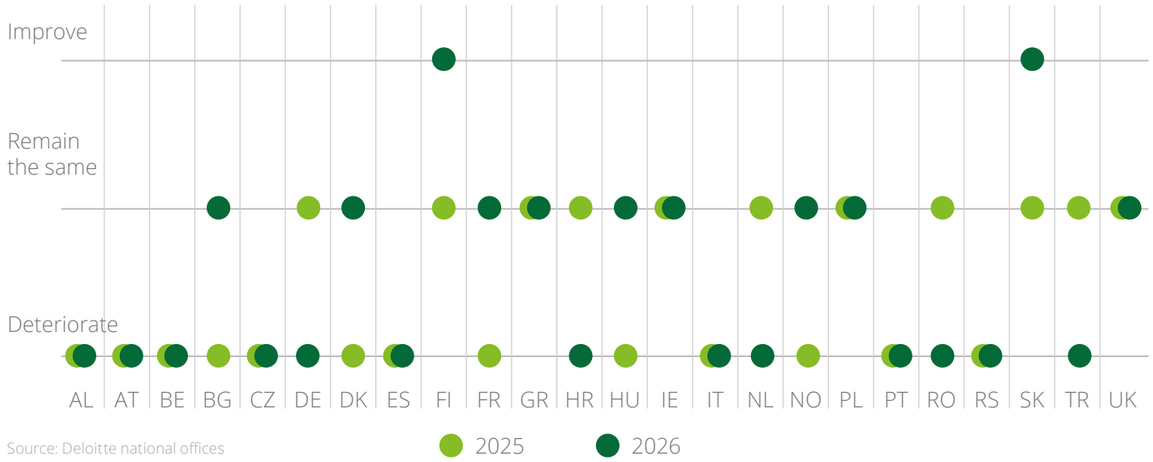
According to responses from **24 participating countries, 19 expect residential rents to increase during 2026**, while the remaining **five anticipate broadly stable rental levels**. **No country expects a decline in rents during the coming year**, making rental growth one of the strongest consensus expectations in this year's survey.

Compared with the previous edition of the *Property Index*, expectations have become even more uniform. With mortgage interest rates generally expected to remain stable or increase, access to owner-occupied housing may remain constrained, further supporting demand for rental housing. Respondents continue to identify **limited housing supply as the key factor supporting rental growth across Europe**.

The persistence of positive rental expectations reflects the **structural imbalance between housing demand and available supply** observed in many European markets. In several countries, new housing construction remains insufficient to meet growing demand, while affordability constraints continue to keep part of the population in the rental sector.

Overall, the survey suggests that rental growth will remain one of the most persistent trends across European residential markets in 2026. With mortgage interest rates generally expected to remain stable or increase, access to owner-occupied housing may remain constrained, further supporting rental demand. Together with persistent housing shortages and supply constraints, this is expected to continue supporting rental prices across much of Europe and reinforce the strength of the rental sector within the broader residential market.

For coming 2–3 years (up to 2029), we expect the affordability of own housing will:



Source: Deloitte national offices

Housing affordability is expected to remain one of the greatest challenges facing European residential markets over the coming years. With mortgage interest rates generally expected to remain stable or increase, and despite a relatively stable economic outlook, respondents across Europe continue to express concern about the ability of households to access owner-occupied housing.

According to responses from **24 participating countries, 13 expect housing affordability to deteriorate by 2029**, while **9 anticipate broadly unchanged conditions** and only **2 foresee an improvement**. This makes housing affordability the most negative indicator among all residential market expectations covered in this year's *Property Index*.

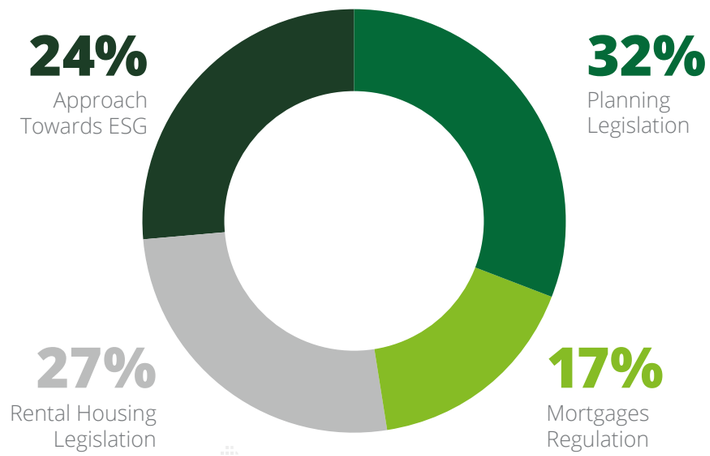
The results stand in sharp contrast to the outlook for residential prices and rents, where growth is expected to remain the dominant trend.

Although mortgage interest rates are generally expected to remain stable or increase across European markets, respondents believe that financing costs are only one of several factors affecting housing affordability, alongside rising residential prices, increasing rents and limited housing supply.

The survey findings therefore point to a **persistent structural imbalance between housing demand and available supply**. While residential construction activity may gradually recover, stable or higher mortgage interest rates may continue to affect housing affordability, while many countries also face housing shortages, lengthy permitting processes and insufficient levels of new housing delivery.

Overall, housing affordability is expected to remain the defining long-term challenge for European residential markets. While most other market indicators point towards stability or gradual recovery, **affordability stands out as the only area where a clear majority of countries expect conditions to worsen over the coming years**. The results suggest that improving affordability will require not only better financing conditions but also a sustained increase in housing supply and the delivery of more affordable homes across Europe.

In the coming year (2026), we expect changes in residential market in:



Economic Outlook

Stability Returns Amid Renewed Global Risks

After several challenging years marked by the pandemic and the energy crisis stemming from disrupted gas supplies, **the Eurozone economy returned to modest growth in 2025, with GDP increasing by 1.5%**. This growth was driven by a rebound in household consumption, supported by rising real wages and strong employment, as well as recovery in investment despite ongoing policy uncertainty.

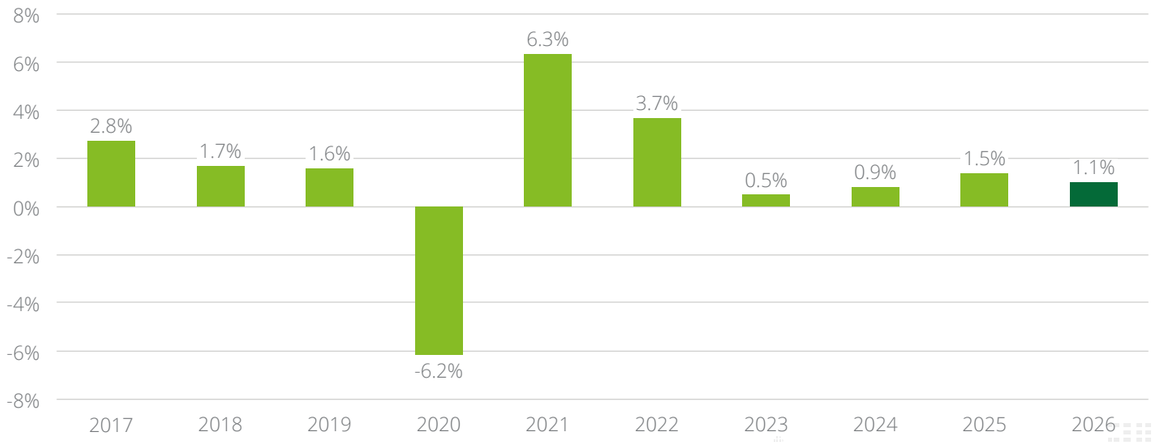
In **2026, GDP is expected to grow by 1.1%**, reflecting continued but moderate recovery momentum. At the same time, the forecast also takes into account disruptions to supply chains caused by the closure of the Strait of Hormuz and rising global risks. These factors are likely to **weigh on business sentiment and investment activity** across the region.

Inflation is forecast to average 3.0% in 2026, driven by increased energy prices and weaker overall demand. This points to a gradual return to price stability, providing some relief to households and businesses.

Among individual EU countries, **Poland is expected to record the strongest growth, with GDP rising by 3.3%**, supported by strong domestic demand and public investments. In contrast, Germany is projected to almost stagnate, with only 0.8% increase, as the recovery in industrial activity remains constrained by heightened energy prices.

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

Growth of Real GDP in the Eurozone

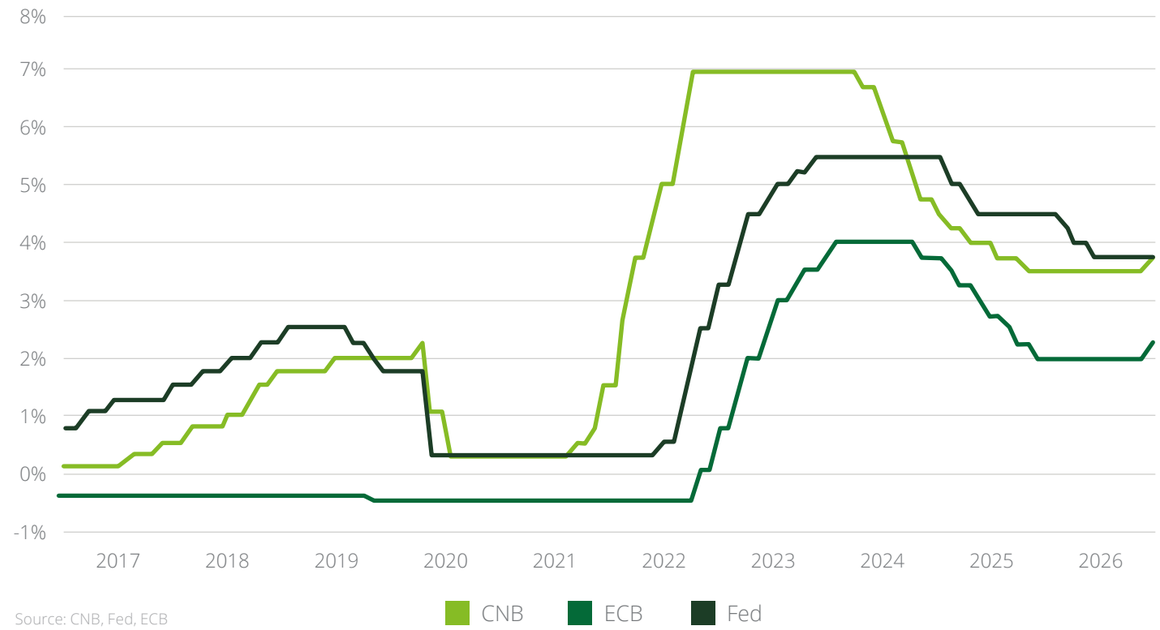


Source: Eurostat, IMF

The CNB and the ECB kept their key policy rates unchanged for over a year as inflation and growth stabilized across Europe. Following the closure of the Strait of Hormuz and the resulting surge in energy prices, central banks began monitoring spillover effects on the broader economy. Rising prices for services and construction materials ultimately led to action.

The ECB increased its key rate by 0.25 percentage points **to 2.25%, with the CNB** following soon by raising its **rate to 3.75%**. In contrast, the **Federal Reserve had been gradually easing policy**, bringing rates to a 3.50–3.75% range, and opted not to reverse course. All three central banks remain **focused on inflation** but are moving cautiously, leaving the door open to further rate increases if inflationary pressures remain strong.

Interest Rates Development by Individual Central Banks



Source: CNB, Fed, ECB



Comparison of Residential Markets

Housing Development Intensity

Completed Dwellings

The first chapter of this year's *Property Index* examines **housing completions**, one of the most widely used indicators of residential construction activity. Measured as the number of newly completed dwellings per 1,000 inhabitants, it highlights the extent to which countries are adding new housing supply relative to the size of their population.

A particularly high level of housing development activity was recorded in **Albania**, which led the survey with **9.22 completed dwellings per 1,000 inhabitants**. **Turkey (7.82)** and **Ireland (6.64)** also reported strong results, indicating a substantial expansion of housing stock relative to population size. At the opposite end of the ranking, **Hungary (1.26)** and **Spain (1.64)** were the only countries recording fewer than two completed dwellings per 1,000 residents, suggesting comparatively low levels of new housing supply.

The ranking changes somewhat when measured in absolute numbers rather than per-capita terms. **Turkey** remained by far the largest residential construction market in the survey, delivering approximately **673,600 dwellings** in 2025. **France** followed with **378,800 completed units**, while **Poland (208,700)** and **Germany (207,000)** recorded broadly similar levels of annual housing output.

Among countries with the smallest construction volumes, **Hungary** reported approximately **12,000 completed dwellings**, while **Slovakia** recorded around **14,200 units**. Housing completions also remained below the 20,000-unit threshold in **Finland and Norway**, with **around 19,600 dwellings** completed in each country.

The survey also reveals considerable differences in recent construction trends. **Bulgaria** recorded the strongest year-on-year growth in housing completions, with an increase of **78.9%** between 2024 and 2025. Significant growth was also reported by **Ireland (20.3%) and France (14.7%)**, reflecting a continued expansion of residential construction activity.

Despite these positive developments, the overall picture across Europe was mixed. **Nine out of eighteen countries** reporting comparable data experienced a **decline** in housing completions compared with the previous year. The largest decrease was observed in **Albania (-71.2%)**, followed by **Slovakia (-19.1%), Norway (-18.5%), Germany (-17.9%) and Belgium (-17.5%)**. This suggests that, although some markets continue to expand rapidly, residential construction activity remains under pressure in a substantial part of Europe.

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Housing Development Intensity – Index of Number of Completed Dwellings per 1,000 Citizens, 2025



Source: Deloitte national offices



Initiated Dwellings

To compare residential development activity across countries, the number of **newly initiated dwellings in 2025** was measured per **1,000 inhabitants**. This indicator captures the intensity of new housing construction and provides a useful measure of how actively countries are expanding their future housing supply.

The results reveal substantial differences across European housing markets. **Turkey** recorded by far the highest level of housing construction activity, with **12.91 newly initiated dwellings per 1,000 inhabitants**. **Serbia (6.05)** and **Poland (5.69)** also reported relatively high levels of housing starts, indicating strong momentum in residential development. At the opposite end of the ranking, **Italy** recorded just **0.88 dwellings per 1,000 inhabitants**, while the **United Kingdom (1.83)** and **Slovakia (2.79)** also reported comparatively low levels of new construction relative to population size.

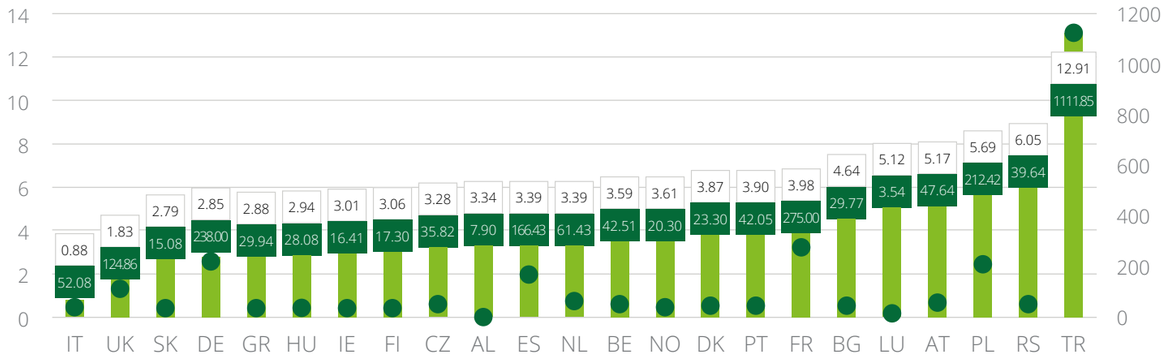
A similar pattern can be seen in the absolute number of dwellings initiated. **Turkey** remained the largest residential construction market in the survey, with approximately **1,112,000 newly initiated dwellings** in 2025. It was followed by **France**, where around **275,000 dwellings** were started. **Germany (238,000)** and **Poland (212,000)** also maintained high levels of construction activity despite a challenging economic environment in many European markets.

At the other end of the scale, **Luxembourg** and **Albania** recorded the lowest volumes of new housing starts, with approximately **3,500** and **7,900 dwellings**, respectively. Both countries remained below the 10,000-unit threshold during the year.

Despite continued activity in several major markets, housing construction trends remained mixed across Europe. **Thirteen out of twenty-three countries** reporting comparable data recorded a **decline** in the number of newly initiated dwellings, highlighting the uneven pace of residential development across the continent. The strongest year-on-year growth was observed in **Hungary**, where housing starts increased by **37.0%** compared with 2024. Further notable increases were reported in **Turkey (30.2%), Portugal (21.4%) and the United Kingdom (15.0%)**, suggesting an improvement in development activity in these markets.

By contrast, several countries experienced a significant contraction in housing starts. The sharpest decline was recorded in **Ireland (-76.3%)**, following a surge in commencements in 2024 driven by temporary government incentives. However, activity rebounded in the first five months of 2026, with commencements increasing by 161% year on year. Following by **Albania (-58.4%), Netherlands (-12.3%) and Luxembourg (-11.6%)** also reported notable decreases. These results underline the considerable divergence in residential construction activity across Europe, with some countries expanding rapidly while others continue to face challenging market conditions.

Housing Development Intensity – Index of Number of Initiated Dwellings per 1,000 Citizens, 2025



Source: Deloitte national offices

Housing Stock

Beyond housing completions and dwelling starts, the **total housing stock** provides an important indicator of long-term housing availability and the overall development of residential markets. This year's *Property Index* includes data from **17 countries**, offering a broad overview of the housing stock available across participating European markets.

Across the countries covered by the survey, the average housing stock stood at **475 dwellings per 1,000 inhabitants** in 2025. While this average provides a useful benchmark, the results reveal substantial differences between individual countries. In total, **eight countries** reported housing stock levels above the survey average.

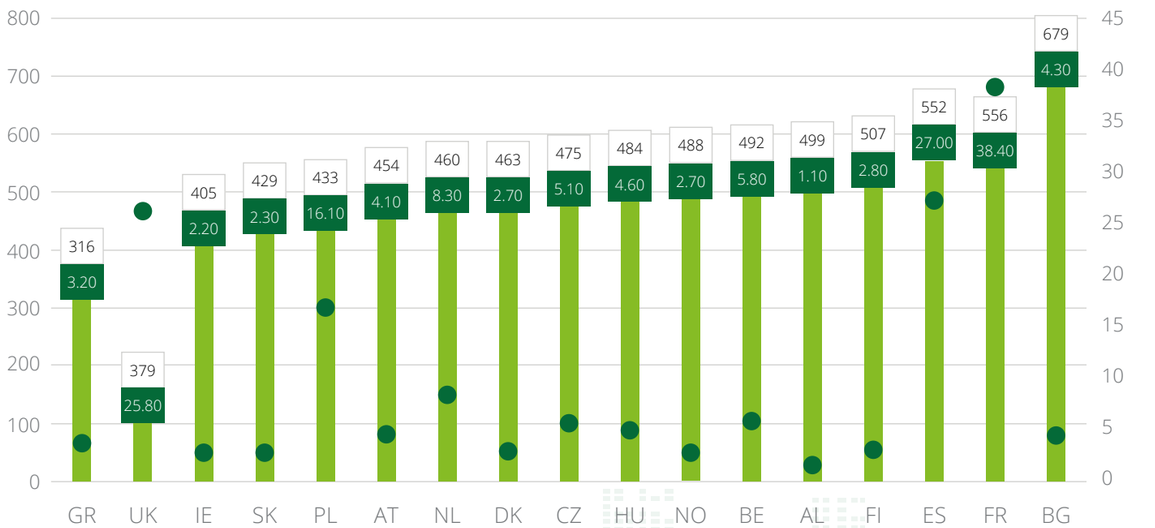
For the **third consecutive year**, **Bulgaria** recorded the highest housing stock per capita, with **679 dwellings per 1,000 inhabitants**. It was followed by **France (556)** and **Spain (552)**, both of which also maintain housing stock levels significantly above the survey average.

The lowest housing stock per capita was reported in **Greece**, where the housing stock amounted to just **316** dwellings per 1,000 inhabitants. The **United Kingdom (379)** and **Ireland (405)** also ranked among the countries with comparatively limited housing stock relative to population size. These figures illustrate the significant variation in housing availability across European housing markets.

The picture differs somewhat when viewed in **absolute terms**. **France** remained the country with the **largest housing stock**, reaching approximately **38.4 million dwellings** in 2025. **Spain** followed with **27.0 million dwellings**, while the **United Kingdom** ranked third with **25.8 million dwellings**.

At the other end of the scale, **Albania** reported the **smallest housing stock**, with approximately **1.2 million dwellings**. It was followed by **Ireland (2.2 million) and Slovakia (2.3 million dwellings)**. These figures largely reflect differences in country size and population, highlighting the importance of considering both absolute and per-capita measures when comparing housing availability across markets.

Housing Stock – Number of Dwellings per 1,000 Citizens, 2025



Source: Deloitte national offices

Comparison of Residential Property Prices

in Selected Countries and Cities

The Role of Exchange Rates in International Price Comparisons

This year's **Property Index** compares residential property prices across **25 European countries and 75 individual cities**. To ensure consistency and comparability, all housing prices presented in the report have been **converted into euros (EUR)** using average annual exchange rates.

While the use of a common currency enables meaningful international comparison, developments in exchange rates can also influence year-on-year changes in reported housing prices. In countries outside the Eurozone, movements in local currencies may either **amplify or dampen price developments when expressed in euro terms**, independently of underlying changes in national housing markets.

In 2025, the euro depreciated against several Central and Eastern European currencies, making residential prices in those countries appear higher when converted into euros. The most notable examples were **Albania (-2.85%), the Czech Republic (-1.70%)**, and **Poland (-1.52%)**.

By contrast, the euro **appreciated against a number of national currencies**, resulting in lower reported property values in euro terms than would otherwise have been observed. This effect was particularly visible in **Romania (+1.34%), the United Kingdom (+1.06%), Norway (+0.77%), and Hungary (+0.69%)**.

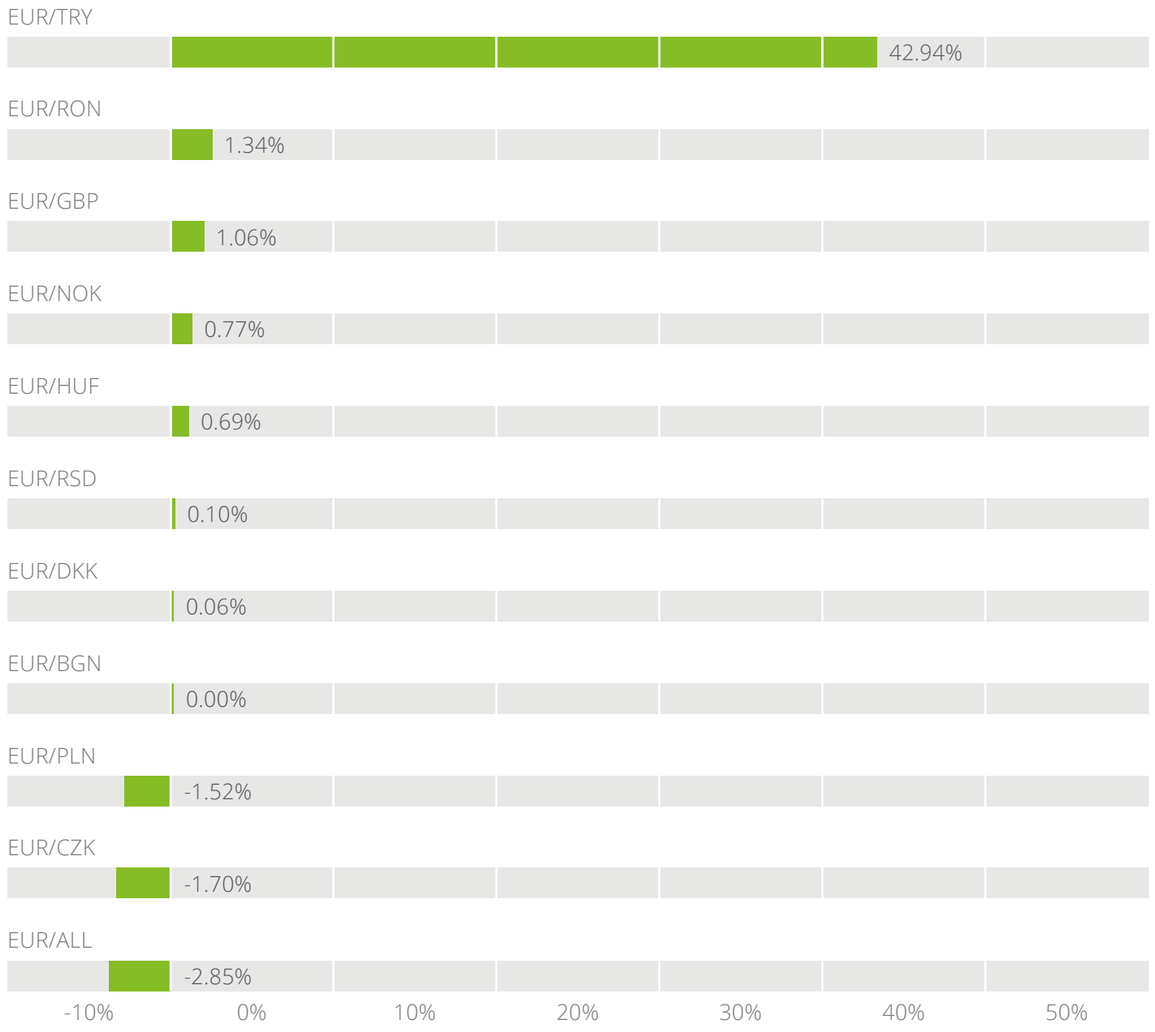
The most significant exchange-rate movement was again recorded in **Turkey**, where the euro strengthened by **42.94%** against the Turkish lira. As in previous years, this development was largely driven by **persistently high domestic inflation and currency depreciation**, making direct comparisons of Turkish housing prices with other European markets more difficult.

Exchange rates remained essentially stable in **Bulgaria**, whose currency is linked to the euro through a currency-board arrangement. Similarly small changes were reported in **Denmark (+0.06%)** and **Serbia (+0.10%)**, where exchange-rate effects had only a limited impact on reported price levels.

When interpreting international housing price comparisons, exchange-rate developments should therefore be considered alongside underlying market trends. Changes in residential property prices expressed in euros may reflect not only movements in local housing markets but also shifts in the value of national currencies relative to the euro. As a result, exchange-rate effects remain an important factor in assessing both housing affordability and residential investment performance across Europe.

Property Index | 15th edition, October 2026

Euro Exchange Rate Changes, Average 2024/2025



Source: Deloitte national offices

Average Bid Price of a New Dwelling in Selected Countries (€/sqm), 2025

To provide the most meaningful and accurate comparison of housing prices across diverse residential markets, the **15th edition of the Property Index focuses on average bid prices for newly built homes** across 22 participating countries. This analysis offers insight into the key factors shaping housing markets, including affordability pressures, housing supply constraints, financing conditions, and broader economic developments that continue to influence residential real estate across Europe and Turkey.

Luxembourg remains the most expensive country for new residential properties, with an average bid price of **€9,160/sqm**[4], representing a **4.6% year-on-year increase**. The country is followed by four other markets where average bid prices exceed **€5,000/sqm**:

- **Czech Republic (€5,412/sqm)**
- **Germany (€5,200/sqm)**
- **Austria (€5,199/sqm)**
- **Netherlands (€5,186/sqm)**

These figures reflect a combination of strong housing demand, constrained supply, and elevated construction costs across these markets.

At the opposite end of the ranking, **Turkey** remains the most affordable market for new residential property, with an average bid price of just **€864/sqm**. It is followed by several southeastern European countries reporting average bid prices below **€2,000/sqm**:

- **Serbia (€1,706/sqm)**
- **Albania (€1,720/sqm)**
- **Romania (€1,917/sqm)**
- **Greece (€1,931/sqm)**

These comparatively low-price levels may reflect lower purchasing power, less pronounced demand pressures, and different stages of residential market development compared to more mature European housing markets.

The remaining **12 countries** included in this year's Property Index reported average bid prices ranging between **€2,000 and €4,999/sqm**, highlighting the significant differences that continue to exist across European residential markets.

Looking at year-on-year price trends, **Romania** recorded the strongest increase in average bid prices for residential property, with prices rising by **14.4%** between 2024 and 2025. Growth was primarily driven by housing supply constraints resulting from permitting bottlenecks, regulatory restrictions, and rising development costs.

Several other countries also recorded double-digit growth in average bid prices, including:

- **Croatia (+14.3%)**, where strong demand and limited housing supply continued to support price growth.
- **Slovakia (+12.5%)**, where robust housing demand coincided with a prolonged decline in residential construction activity.
- **Hungary (+10.9%)**, where government housing support measures, improving financing conditions, and limited housing supply contributed to higher prices.

In total, four countries recorded annual price growth exceeding 10%, highlighting persistent affordability pressures and supply constraints across parts of Europe.

Conversely, only two countries registered year-on-year declines in average bid prices. **Turkey** recorded the sharpest decrease **(-9.0%)**, primarily reflecting the significant depreciation of the Turkish lira against the euro despite continued growth in residential property prices in local currency. **Serbia** followed with a more moderate decline **(-2.5%)**, reflecting a gradual stabilisation of the residential market after several years of strong growth.

Overall, the results demonstrate a highly fragmented residential market across Europe, with some countries continuing to experience strong price growth while others face economic headwinds or market adjustments that are leading to softer price developments. The differences between individual markets highlight the importance of local factors, including housing policies, demographic trends, supply constraints, and broader macroeconomic conditions.

[4] *it relates to apartments only*

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

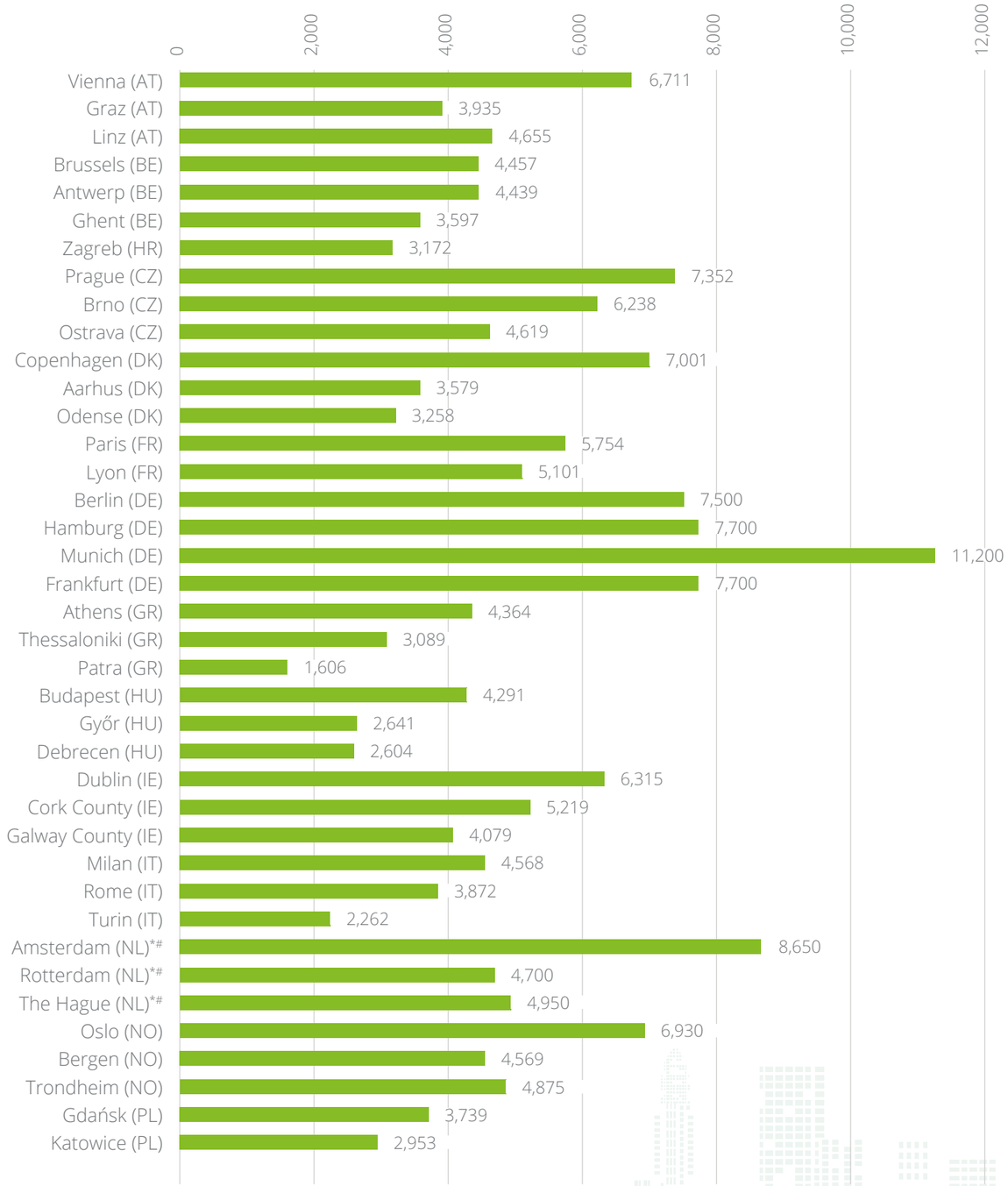
Country	Average Bid Price (€/sqm)	Annual Change (%)
Luxembourg	9,160	4.57%
Czech Republic	5,412	7.59%
Germany	5,200	8.33%
Austria	5,199	2.90%
Netherlands#	5,186	5.49%
Finland	4,962	1.49%
Portugal	4,946	2.85%
Norway	4,134	0.60%
Spain	4,071	8.88%
Ireland#	3,860	3.37%
Slovakia	3,656	12.46%
Hungary	3,438	10.89%
Belgium	3,269	0.67%
Poland	3,008	7.76%
United Kingdom#	2,912	3.51%
Croatia	2,861	14.26%
Italy	2,734	-0.25%
Greece	1,931	7.80%
Romania*	1,917	14.38%
Albania*	1,720	6.17%
Serbia	1,706	-2.51%
Turkey	864	-8.99%

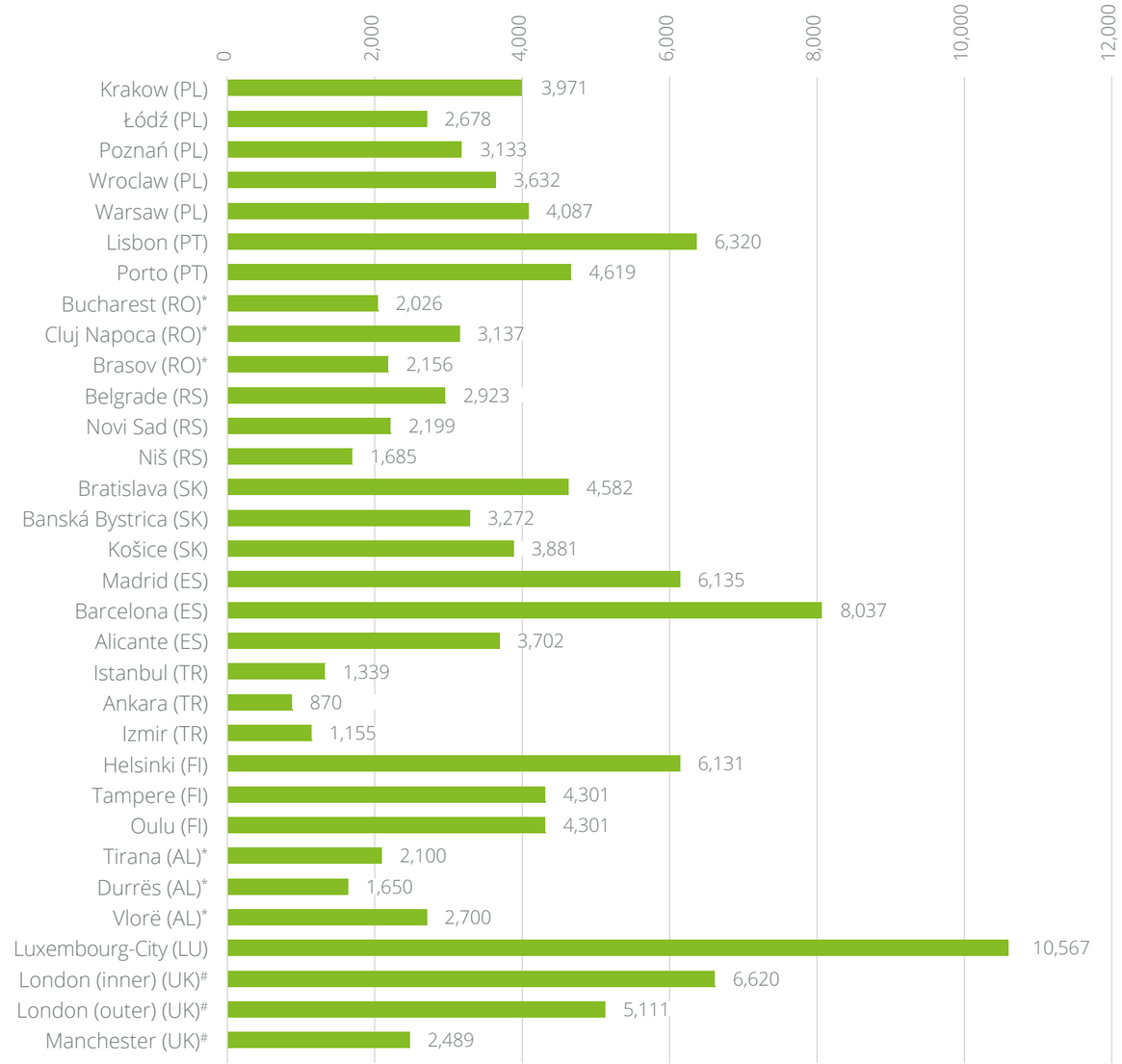
* All Dwellings (New + Older)
\# Transaction Price

Source: Deloitte national offices

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Average Bid Prices of a New Dwelling (€/sqm), 2025





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

Source: Deloitte national offices

Average Bid Price of a New Dwelling in Selected Cities (€/sqm), 2025

The city-level comparison of residential property prices remains one of the central features of the *Property Index*, highlighting differences in housing affordability and market dynamics across Europe. As in previous editions, the analysis combines **average bid prices and transaction-based data**, depending on local market data availability provided by Deloitte member firms.

In 2025, the survey covers **71 cities**, offering a broad overview of residential property prices across European urban markets. The results continue to demonstrate substantial differences in housing costs between individual cities, reflecting variations in purchasing power, housing supply, economic development and investment activity.

Following the absence of Israeli data from this year's survey, **Munich** became the most expensive city included in the ranking, with an average residential property price of **€11,200 per sqm**. **Luxembourg City** followed with **€10,567 per sqm**, making it the only other city exceeding the €10,000 threshold. A further group of high-priced markets includes **Amsterdam (€8,650), Barcelona (€8,037), Hamburg (€7,700), Frankfurt (€7,700) and Berlin (€7,500)**, confirming the continued strength of major Western European residential markets.

At the opposite end of the ranking, **Ankara** remained the most affordable city in the survey, with an average price of just **€870 per sqm**. It was also the only city among the **71 analysed** locations with a price below **€1,000 per sqm**. The next-lowest prices were again recorded in Turkey, with **İzmir (€1,155) and Istanbul (€1,339)**.

The contrast between Europe's most and least expensive cities remains striking. While buyers in Munich face prices above **€11,000 per sqm**, residential property in Ankara can still be purchased for less than one-twelfth of that level. This highlights the considerable diversity of housing markets across Europe, where local economic conditions, income levels and housing supply constraints continue to play a decisive role in residential pricing.

Looking at **year-on-year changes**, several cities recorded significant increases in residential property prices. **Durrës** led the ranking with a **24.1% increase**, followed by **Belgrade (+20.0%)**. **Cork County (+19.0%), Bratislava (+17.2%) and Gdańsk (+17.2%)** also reported strong growth. In **Durrës**, rising prices were supported by growing demand for coastal residential property, improved accessibility, proximity to Tirana and the expansion of premium waterfront developments, which continued to attract both owner-occupiers and investment-oriented buyers.

Meanwhile, in **Belgrade**, price growth was driven by persistent demand, expanding mortgage lending and the continued development of large-scale premium residential projects, while supply growth remained limited in prime urban locations.

Not all cities recorded price growth, however. The largest decline was reported in **Dublin (-15.3%)**, followed by **Ghent (-14.8%), İzmir (-11.9%) and Istanbul (-8.8%)**. Other notable decreases were observed in **Luxembourg City (-4.6%), Oslo (-4.5%), Milan and Ankara (-3.8%) and Aarhus (-3.4%)**.

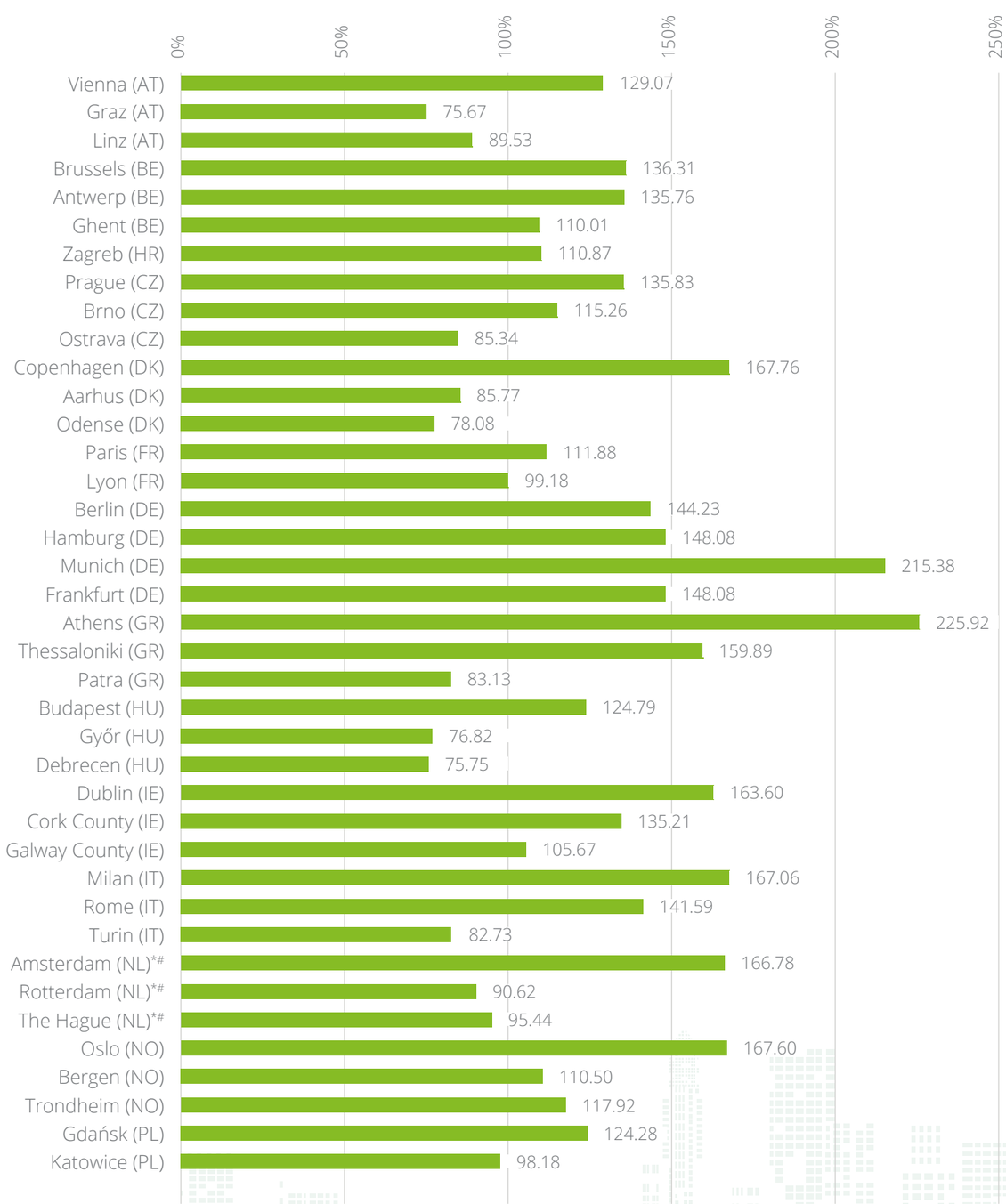
The decline recorded in **Dublin** should be interpreted with caution. According to the Irish contribution, it reflects only the market for new homes in Dublin City and may have been influenced by changes in transaction volumes and the mix of properties sold. Prices for second-hand homes continued to rise, while the broader Dublin market also recorded growth in new-home prices.

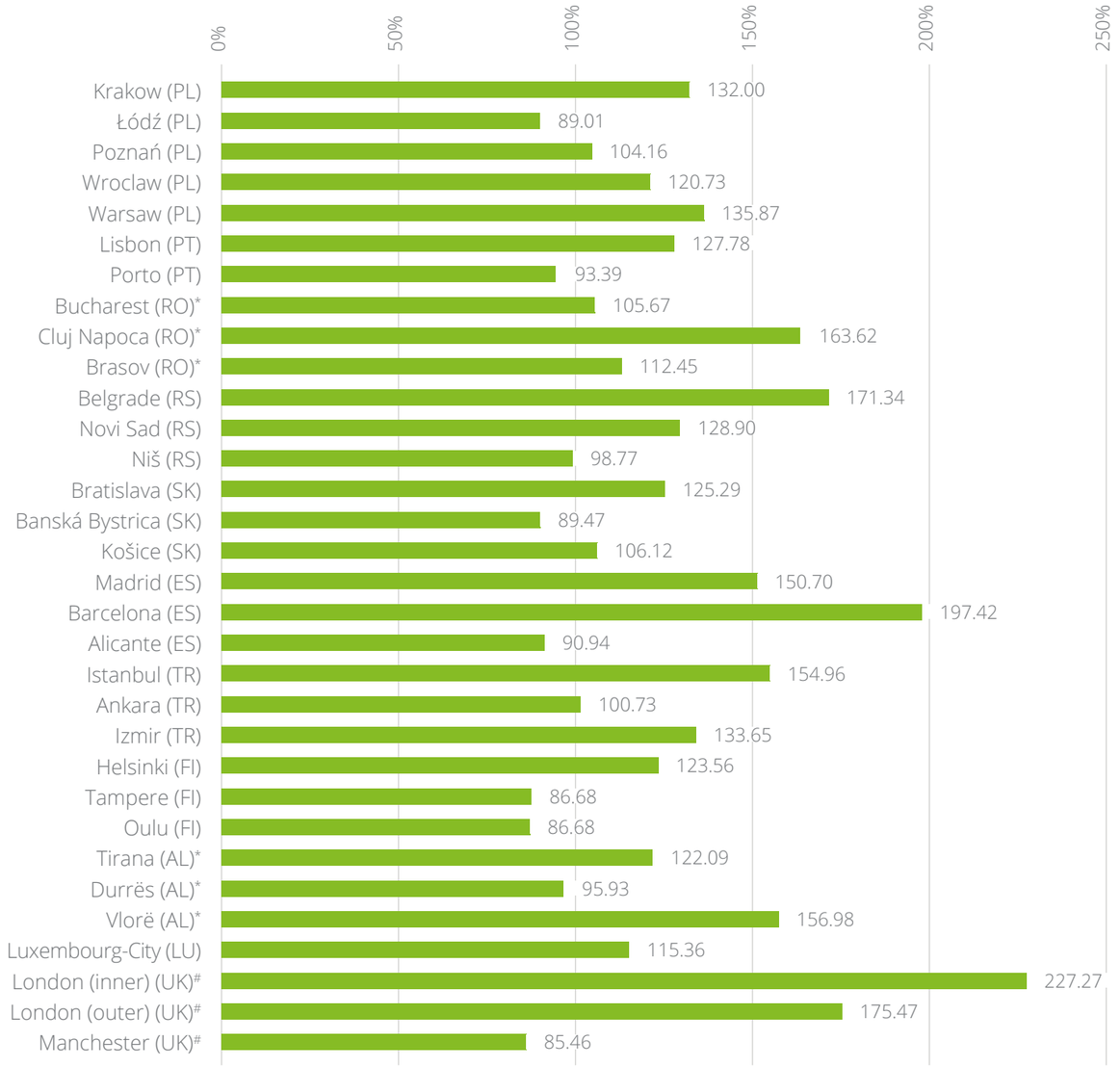
Overall, the results confirm that residential property markets across Europe continue to follow very different trajectories. While major Western European cities remain the most expensive locations for homebuyers, some cities in Central and Southeastern Europe recorded the strongest annual growth, illustrating the increasingly diverse landscape of European residential real estate markets.



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





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

Source: Deloitte national offices

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The *Property Index* also compares **city-level residential property prices with national averages**, providing additional insight into the extent to which major urban housing markets differ from broader national trends. Reported percentages indicate the city price level relative to the respective national average, set at 100%.

In 2025, **London (inner)** recorded the largest premium over the national average among all surveyed cities. New residential property prices in the United Kingdom capital exceeded the national average by **227.3%**, meaning that housing in London (inner) costs more than two times the countrywide average. **Athens (225.9%)** and **Munich (+215.4%)** were the only other cities where prices were more than double their respective national averages.

A second group of cities also recorded substantial premiums over national price levels, including **Barcelona (+197.4%), London (outer) (+175.5%), Belgrade (+171.3%), Copenhagen (+167.8%), Oslo (+167.6%), Milan (+167.1%) and Amsterdam (+166.8%)**. These cities represent some of the most important economic, administrative and cultural centres in their respective countries and continue to attract a large share of both domestic and international housing demand.

The results highlight the strong concentration of economic activity, employment opportunities and residential demand in major metropolitan areas. Higher wages, stronger labour markets and the continued inflow of population into key urban centres often place additional pressure on housing markets. At the same time, limited availability of development land and housing supply constraints can further contribute to higher residential property prices relative to national averages.

At the other end of the ranking, several cities remain significantly more affordable than the average for their respective countries. The most notable examples include **Graz (75.7%), Debrecen (75.8%), Győr (76.8%) and Odense (78.1%)**. These markets typically offer lower housing costs than capital cities or primary economic centres and may reflect different local demographic, economic and investment dynamics.

An interesting trend compared with previous editions of the Property Index is that the gap between leading metropolitan areas and national averages has narrowed in several countries. While major urban centres continue to command substantial price premiums, national average prices have in many cases grown faster than prices in the largest cities. This suggests that housing price growth is becoming more geographically widespread, extending beyond traditional economic hubs into a broader range of regional markets.

Overall, the comparison illustrates that housing affordability can vary dramatically within a single country. Even where national averages may appear relatively moderate, property prices in leading metropolitan centres can be substantially higher due to the concentration of jobs, economic activity, infrastructure and long-term housing demand.

In line with previous editions of the *Property Index*, **capital cities remain the most influential residential property markets** across Europe. As the primary administrative, economic and employment centres within their respective countries, they continue to attract a substantial share of housing demand, investment activity and population growth.

To capture recent developments, this year's analysis focuses on **year-on-year changes in the average prices of new dwellings in capital cities**. The comparison provides valuable insight into how Europe's largest urban housing markets performed during 2025.

According to data collected through Deloitte's network of national offices, **most capital cities recorded further increases in residential property prices**, although the overall pace of growth was generally more moderate than in the previous edition of the survey.

The strongest increase was observed in **Belgrade**, where average residential property prices rose by **20.0%** year-on-year. According to the Serbian contribution, the increase was supported by persistent demand, expanding mortgage lending and the continued development of premium residential projects, while supply growth in prime locations remained relatively limited.

Other capitals also recorded notable double-digit growth. **Bratislava** reported an increase of **17.2%**, followed by **Bucharest (+15.3%), Budapest (+11.1%)** and **Copenhagen (10.6%)**.

In **Bratislava**, price growth was primarily driven by a strong recovery in housing demand following lower mortgage rates and rising real wages. At the same time, limited new housing supply and a growing share of premium residential developments in central locations created additional upward pressure on prices.

In **Bucharest**, rising residential property prices were largely driven by supply-side constraints. Limited planning approvals, lengthy permitting procedures and regulatory changes affecting project financing reduced the availability of new residential developments. In addition, changes to VAT rules and increased development costs contributed to upward pressure on housing prices.

On the opposite side of the ranking, **Dublin City** was the only capital city to record a decline exceeding 5%, with prices falling by **15.3%** compared with the previous year. According to the Irish contribution, this decline should be interpreted with caution, as it reflects only the market for new homes in Dublin City. The result may have been influenced by changes in transaction volumes and the composition of properties sold, while prices in the broader Dublin market and in the second-hand housing segment continued to increase.

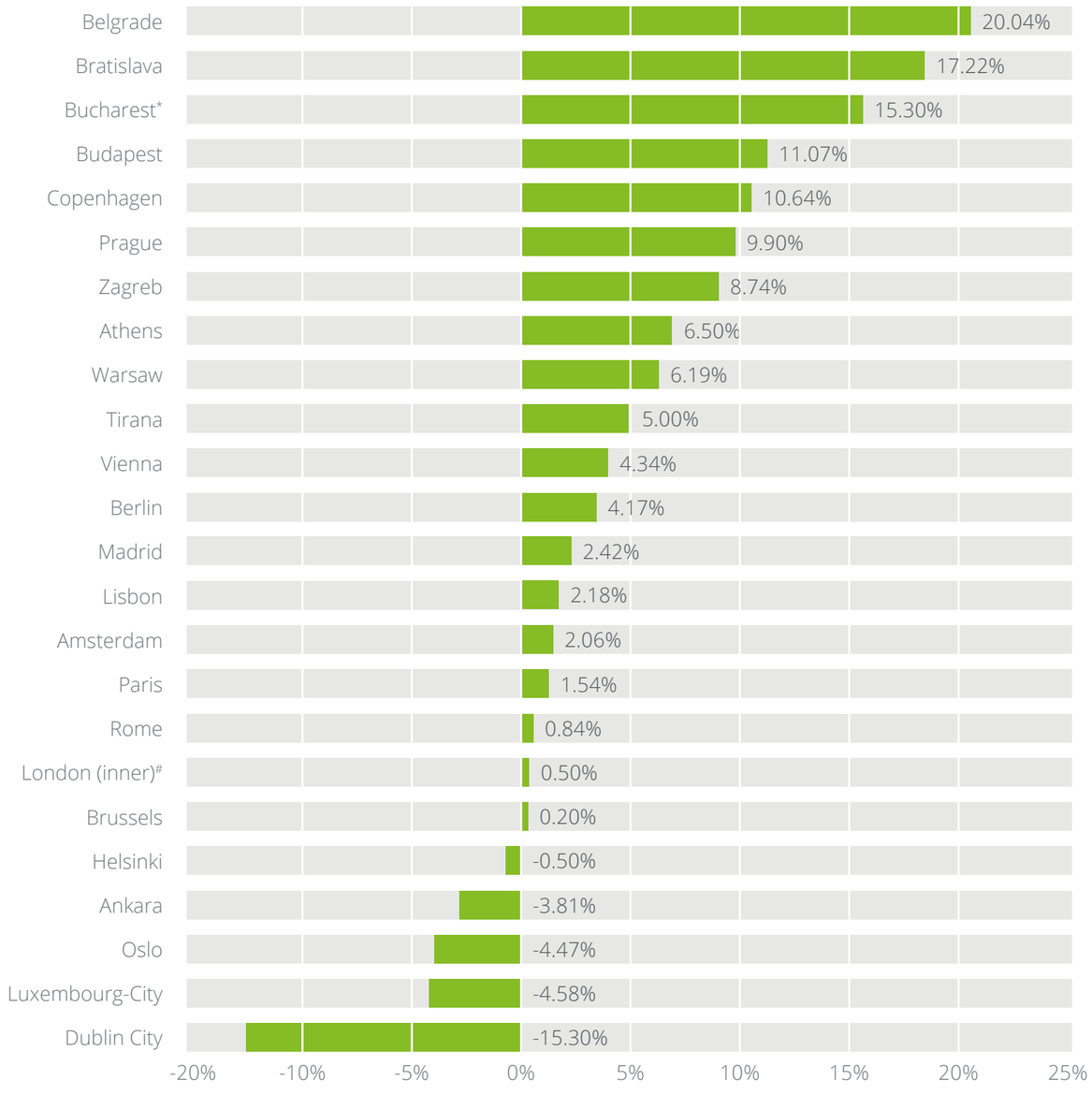
Compared with the previous edition of the *Property Index*, price growth across capital cities was generally less pronounced. In 2024, seven capital cities recorded double-digit increases in residential prices, led by **Jerusalem (+25.2%), Tirana (+25.0%) and Warsaw (+21.8%)**. By contrast, in 2025 only five capitals exceeded the 10% threshold, indicating a gradual moderation in price growth across major metropolitan markets.

This trend is consistent with the findings of the previous chapter, which suggest that residential price growth is becoming increasingly dispersed across national markets rather than being concentrated solely in capital cities and major metropolitan centres. Several regional cities recorded comparable or even stronger growth than national capitals during 2025, indicating that housing demand has expanded beyond the traditional economic hubs.

Nevertheless, capital cities continue to occupy a unique position within national housing markets. Higher incomes, stronger labour markets and ongoing migration towards key economic centres support residential demand, while limited development land and supply constraints continue to sustain long-term price pressures. As a result, capital cities remain the dominant residential markets in most European countries, even though the gap between capital-city growth and wider national market performance appears to be gradually narrowing.



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



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

Source: Deloitte national offices

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Affordability of Owner-Occupied Housing – Cities

To complement the analysis of residential property prices, this year's Property Index provides a detailed assessment of **housing affordability at the city level across Europe**. The analysis is based on locations for which both average prices of new dwellings and gross annual salary data are available.

Affordability is expressed as the number of average gross annual salaries required to purchase a standardized newly built apartment with a floor area of 70 square metres. By combining housing prices with local earnings, this indicator provides a more realistic picture of homeownership accessibility than property prices alone and allows for meaningful comparisons across cities and countries. In Ireland, however, the affordability indicator is based on a standardized newly built apartment of 114 square metres instead of 70 square metres.

In 2025, affordability data were available for **49 European cities**. The results reveal substantial differences in homeownership accessibility, not only between countries but also within individual national markets.

The **least affordable city** in this year's ranking is **Vlorë (Albania)**, where purchasing a 70 sqm newly built apartment requires the equivalent of **21.3 average gross annual salaries**. The deterioration in affordability reflects strong demand for coastal real estate, growing interest from both domestic and foreign investors, the expansion of premium waterfront developments, and rising expectations linked to tourism growth and major infrastructure projects. Property prices have therefore continued to grow significantly faster than local incomes.

Prague ranks second, with residents needing **16.9 annual salaries** to acquire a comparable dwelling. Compared with the previous edition, affordability worsened considerably from **15.0 annual salaries** in 2024. **Athens** occupies third place at **16.0 annual salaries**, compared with **15.3 annual salaries** a year earlier. In both cities, residential property prices increased at a faster pace than average earnings, further reducing housing affordability for local households.

The next group of relatively unaffordable cities includes **Kosice (15.0) and Brno (15.0)**. Together with **Amsterdam (14.8), Dublin (14.6), Ostrava (14.1), Bratislava (13.7) and Banská Bystrica (13.4)**, these cities demonstrate that affordability challenges are no longer limited to traditionally expensive capitals but increasingly affect regional urban centres as well.

A notable finding this year is the broader deterioration in housing affordability across Europe. While only **11 cities required more than 10 average annual salaries** to purchase a new dwelling in the 2024 edition, this number increased to **19 cities in 2025**. This development suggests that in many urban markets residential property prices continue to outpace wage growth, making homeownership progressively less attainable for local residents.

At the opposite end of the ranking, **Turin (Italy)** remains the most affordable city in the survey. Residents require only **4.7 average annual salaries** to purchase a new apartment, compared with **4.9 annual salaries** in the previous edition. Other highly affordable cities include **Bergen (4.9), Odense (4.9), Trondheim (5.2), Manchester (5.3) and Aarhus (5.6)**.

Interestingly, affordability developments have not been uniform across Europe. While several of the least affordable cities recorded a further deterioration in accessibility, many of the most affordable locations remained broadly stable or even improved slightly. Turin, for example, improved from 4.9 to 4.7 annual salaries, while affordability in Odense and Aarhus changed only marginally. This suggests that affordability pressures remain concentrated primarily in already expensive housing markets, where residential property prices continue to rise faster than household incomes.

The city-level comparison also highlights substantial differences within individual countries. For example, affordability in Greece, where residents of **Athens (16.0)** face significantly greater affordability pressures than those in **Patra (8.8)**. Such disparities underline the importance of analysing housing markets at the city level, as national averages may mask considerable regional differences.

While housing prices and wage levels remain the primary drivers of affordability, several additional factors also influence access to homeownership. These include mortgage interest rates, bank lending conditions, housing supply constraints, demographic developments, urbanisation trends, and the growing importance of investment demand in selected markets. The interaction of these factors continues to shape housing affordability across Europe.

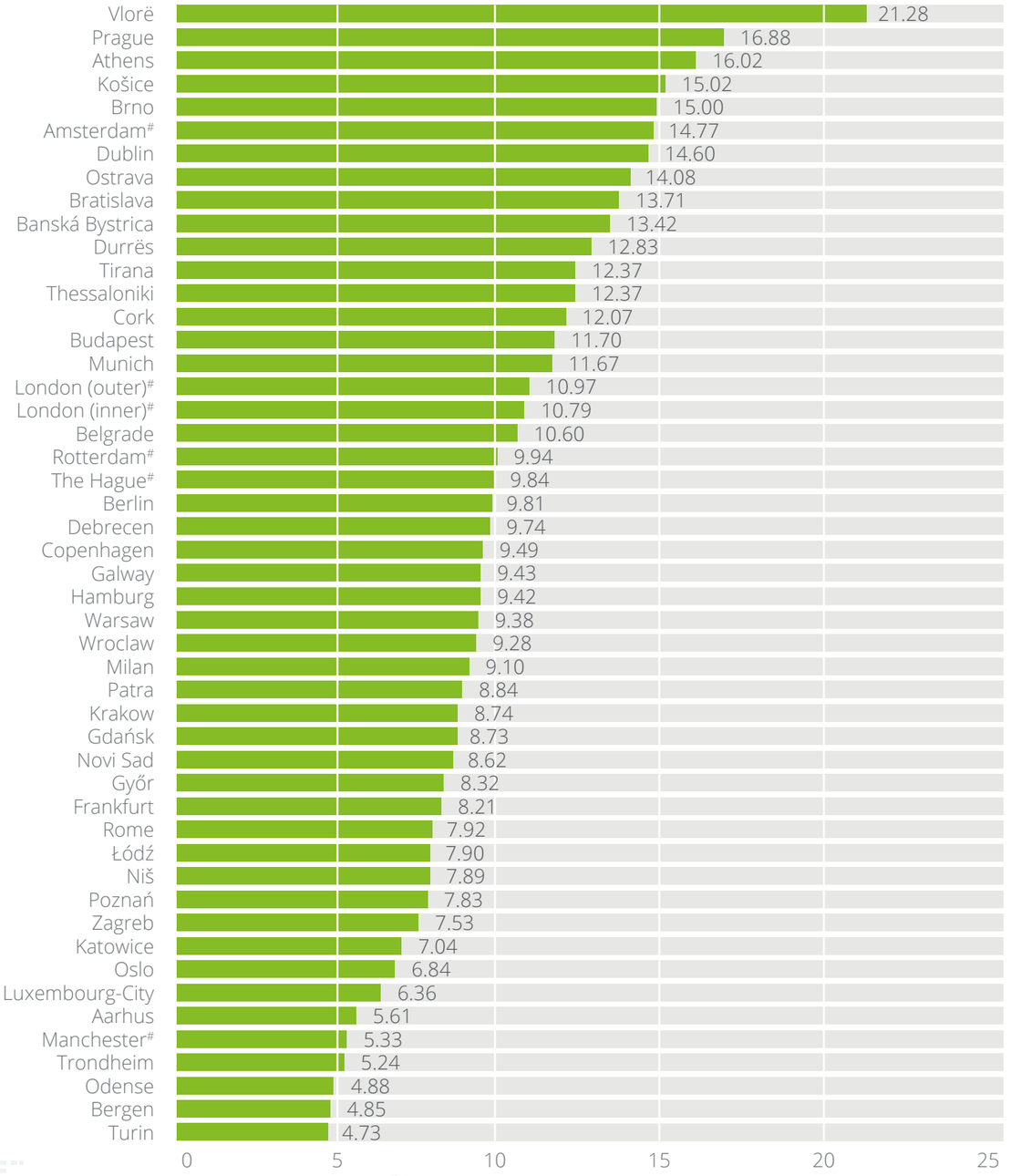
Overall, the 2025 results indicate that housing affordability remains under pressure in many European cities. Although income growth has supported purchasing power in several markets, it has often been insufficient to keep pace with rising residential property prices, particularly in locations benefiting from strong investment activity, population growth, and limited housing supply.

According to data submitted by **Deloitte national offices**, the **least affordable city** in this year's ranking is **Vlorë**, where residents must save **21.3 average gross annual salaries** to afford a 70 sqm new home.



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Affordability of Owner-Occupied Housing
Equivalent of Gross Annual Salaries for a Standardized New Dwelling by City



Transaction Price

Source: Deloitte national offices

Rental Market

As in previous editions, the Property Index provides a comparative overview of **rental prices across European cities**, offering insights into the cost of renting residential property in different urban markets. In 2025, rental data were available for **69 cities**, providing a broad picture of rental market conditions across Europe and Turkey.

According to data collected by Deloitte national offices, **Luxembourg City** once again ranks as the most expensive city for renters, with an average monthly rent of **€45.4 per sqm**, up from **€43.4 per sqm** in 2024. Similar to last year's results, the highest rental levels remain concentrated in Western and Northern European cities characterized by strong labour markets, international migration, and highly developed residential property sectors.

Following Luxembourg City are **Paris (€31.2/sqm)**, **Barcelona (€30.9/sqm)** and **Dublin (€30.8/sqm)**, where rental prices also continued to increase compared to the previous edition. Other cities with particularly high rental levels include **Oslo (€28.9/sqm)**, **Amsterdam (€28.7/sqm), Madrid (€28.5/sqm) and Copenhagen (€25.5/sqm)**.

A further **8 cities reported average rents between €20 and €29.9 per sqm**, reflecting continued demand pressure in major urban markets. These cities include **Galway, Munich, Bergen, Trondheim, Rotterdam**, **Cork, The Hague and Frankfurt**, among others. Compared with the previous edition, several cities recorded sufficient rental growth to move into higher rental-price categories, confirming that rental markets across much of Europe remain subject to upward pressure.

At the **low-cost end of the spectrum**, the lowest rental levels continue to be concentrated in Southeastern Europe. The most affordable rental markets in this year's survey are **Ankara (€5.0/sqm)**, **İzmir (€5.9/sqm), Durrës (€6.0/sqm), Vlorë (€6.0/sqm), Plovdiv (€6.6/sqm) and Istanbul (€6.9/sqm)**. Interestingly, most of these cities were also among the least expensive rental markets in the previous edition, indicating that despite notable growth in some locations, the overall ranking of Europe's lowest-cost rental markets has remained relatively stable.

Beyond static price comparisons, the Property Index also highlights **year-on-year changes in rental levels**, revealing several notable developments. **Hamburg** recorded the strongest rental growth among all surveyed cities, with rents increasing by **23.6% year on year**. According to Deloitte Germany, this increase reflects a structural imbalance between strong housing demand and insufficient new supply. A slowdown in residential construction activity, combined with persistently low vacancy rates and growing affordability constraints in the owner-occupied housing market, has intensified demand for rental accommodation. Similar factors have also contributed to strong rental growth in **Frankfurt (+14.6%) and Munich (+11.5%)**.

Other cities recording rental growth above **20%** include the Albanian coastal markets of **Durrës (+22.4%) and Vlorë (+20.0%)**. According to Deloitte Albania, rising apartment prices have encouraged landlords to increase rents in order to preserve rental yields. At the same time, declining housing affordability has kept more households in the rental market for longer periods. In coastal cities such as Durrës and Vlorë, growing tourism activity and increasing demand for short-term accommodation have further reduced the supply available for long-term tenants, contributing to significant rental price growth.

Strong rental growth was also observed in **Tirana (+16.9%)**, where demand continues to be supported by population growth, internal migration, and the city's role as Albania's main economic and administrative centre.

While rental prices increased in most locations, only a limited number of cities recorded declines. The most significant decreases were observed in **İzmir (-5.7%) and Lyon (-5.0%)**. In İzmir, the decline primarily reflects the depreciation of the Turkish lira against the euro and weaker household purchasing power. In Lyon, rent control regulations and statutory limitations on annual rent increases contributed to a modest reduction in average rental levels.

The city-level comparison also reveals considerable differences within individual countries. For example, average rents in **Dublin (€30.8/sqm)** are substantially higher than in **Cork (€21.9/sqm)** and **Galway (€24.4/sqm)**. Similar disparities can be observed between **Paris (€31.2/sqm) and Lyon (€16.2/sqm), Copenhagen (€25.5/sqm) and Odense (€15.4/sqm), or Oslo (€28.9/sqm) and Bergen (€22.8/sqm)**. These differences highlight the importance of analysing rental markets at the city level, as national averages often mask significant regional variations.

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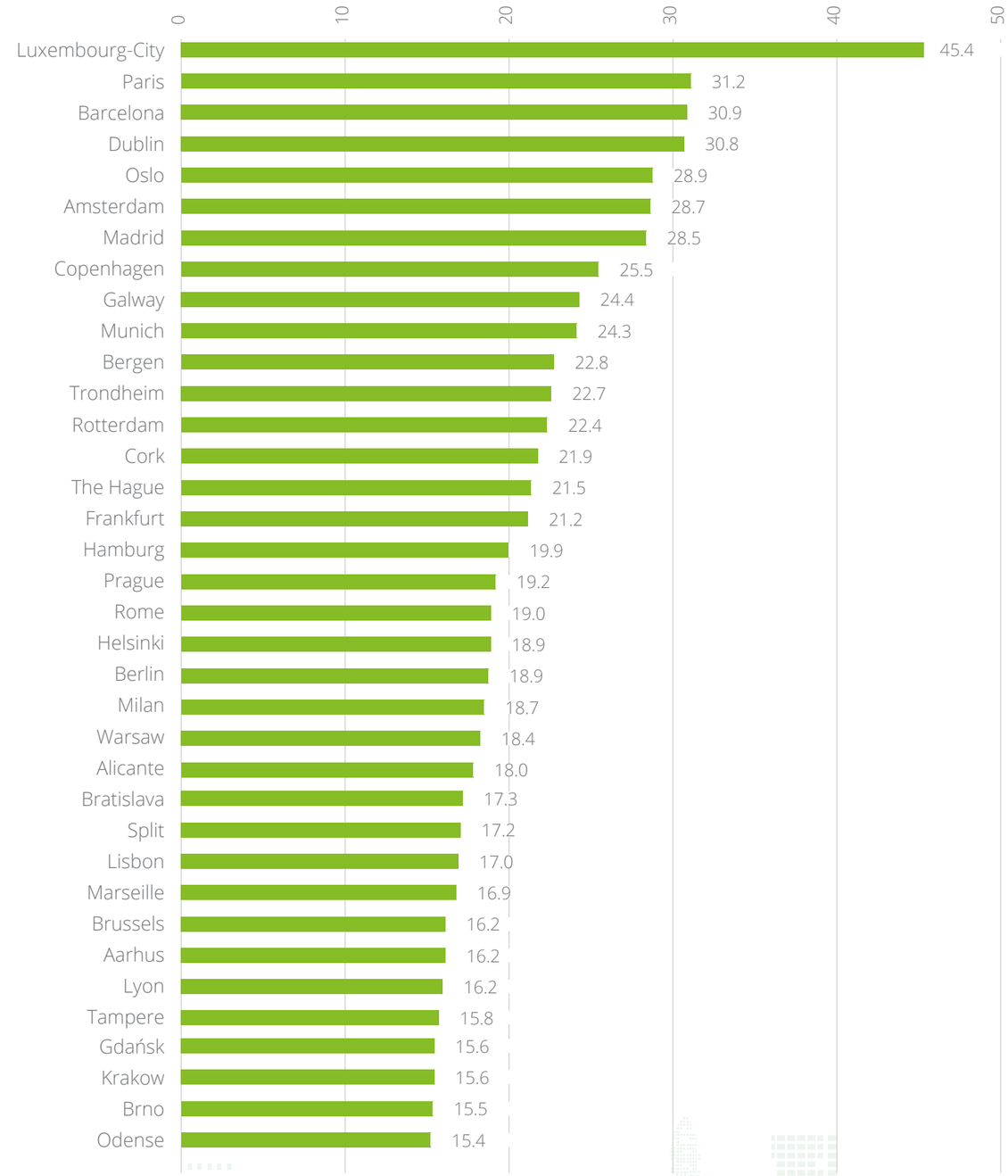
Rental prices increased in the vast majority of surveyed cities, while only a handful recorded declines. Rising residential property prices and worsening affordability of owner-occupied housing appear to be increasingly keeping households in the rental sector for longer, creating additional demand pressure in many urban markets.

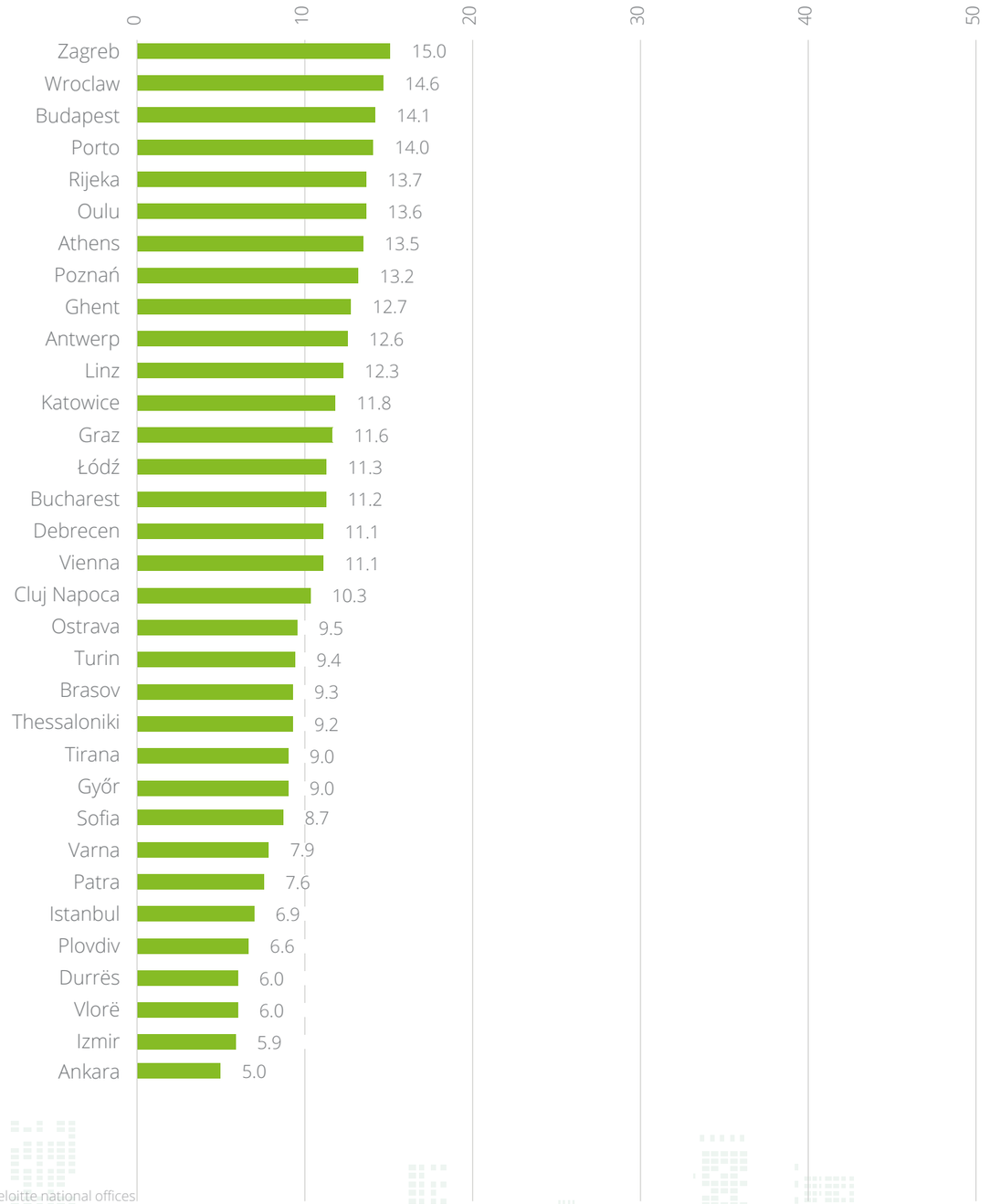
Western and Northern European cities continue to dominate the ranking of the most expensive rental markets, reflecting strong labour-market fundamentals, international mobility, and persistent housing supply constraints. Meanwhile, exceptional rental growth in cities such as Hamburg, Durrës and Vlorë demonstrates that local supply shortages, investment activity, tourism and demographic trends continue to shape rental markets across Europe in different ways.



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Average Monthly Rent per sqm in EUR, 2025





Source: Deloitte national offices

Mortgage Markets in Europe

The **European mortgage market** remains one of the key pillars of residential housing finance, directly influencing housing affordability, purchasing power and overall market activity. Changes in mortgage interest rates affect not only households seeking owner-occupied housing but also developers, investors and the broader residential construction sector. As a result, mortgage financing remains an important indicator when assessing both the current state and future direction of housing markets across Europe.

Among the **25 countries** analysed in this year's *Property Index*, **Hungary** once again recorded the highest average commercial market mortgage interest rate, reaching **9.08%**. However, this rate does not reflect the more favorable financing available through state-backed incentive schemes, under which mortgage rates start at around 3%. Despite remaining the highest in the survey, the Hungarian rate decreased by **27 basis points** compared with 2024, reflecting the broader easing trend observed across Europe.

Other countries where average mortgage rates remained above the **5% threshold** were **Poland (6.91%), Romania (5.86%) and Norway (5.44%)**. These countries also occupied the upper end of the ranking in the previous edition of the *Property Index*, indicating that borrowing conditions remain relatively restrictive compared with most European markets.

Persistently elevated mortgage rates continue to influence residential markets through reduced borrowing capacity of households and weaker affordability of owner-occupied housing. In markets where housing demand is highly dependent on bank financing, mortgage costs remain one of the most important factors affecting transaction activity, residential investment and housing demand.

At the opposite end of the ranking, the lowest mortgage rates were reported in **Bulgaria and Finland (both 2.77%)**, followed by **Turkey (2.84%), Croatia (2.90%)** and **Spain (2.94%)**.

Lower financing costs generally improve access to mortgage lending and support market activity by expanding the pool of households capable of purchasing residential property. In markets where housing supply remains constrained, improving financing conditions can also contribute to stronger residential demand and additional upward pressure on property prices.

When calculated as a simple average across all participating countries, the average mortgage interest rate reached **4.09%** in 2025. Compared with **4.47%** in the previous year, this represents a decline of **38 basis points**, confirming that financing conditions generally improved across Europe during the year.

Beyond the comparison of current mortgage rates, the *Property Index* also examines annual changes between **2024 and 2025**.

The largest increase was recorded in **Luxembourg (+49 bps)**, followed by **Serbia (+42 bps)** and **Croatia (+4 bps)**. These were the only three countries in the survey that reported an increase in mortgage rates during the year.

In contrast, **22 out of 25 countries recorded a decline in mortgage rates**. The largest reductions were observed in:

- **Greece (-107 bps)**, from **4.61% to 3.54%**
- **Romania (-103 bps)**, from **6.89% to 5.86%**
- **Portugal (-98 bps)**, from **4.45% to 3.47%**

The scale of these reductions is particularly notable because several of the largest declines occurred in countries that had relatively elevated mortgage rates in the previous year. This suggests that the easing cycle was strongest in markets where financing costs had previously become the most restrictive.

Overall, the mortgage data point to a clear turning point compared with previous years. Following a prolonged period of monetary tightening aimed at combating inflation, **financing conditions improved across most European residential markets during 2025, with mortgage rates declining in 22 of the 25 countries analysed**.

The broader findings of this year's *Property Index* suggest that improving financing conditions have already begun to influence residential markets in several countries. Strong residential price growth was recorded in cities such as **Durrës (+24.1%), Belgrade (+20.0%), Cork County (19.0%), Bratislava (+17.2%)** and **Gdańsk (+17.2%)**, where recovering buyer activity coincided with an environment of gradually improving mortgage affordability.

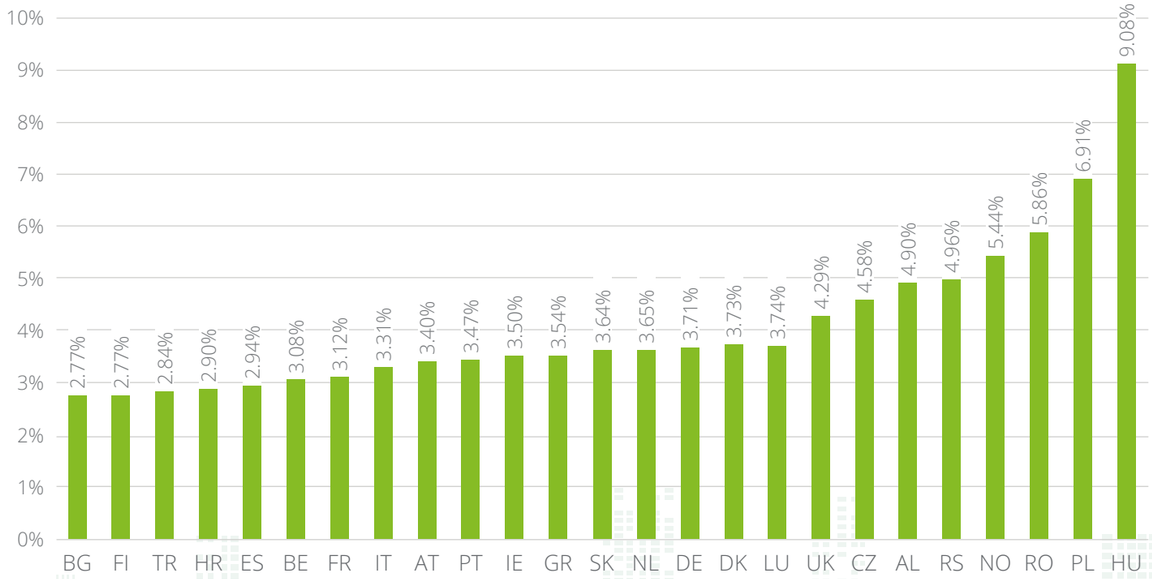
Lower mortgage rates may contribute to a further recovery in residential transaction volumes, broaden access to owner-occupied housing and stimulate demand for new residential developments. At the same time, reduced financing costs may improve the economic viability of residential projects, encourage new project launches and support higher construction activity over the medium term.

However, mortgage rates represent only one side of the housing affordability equation. Planning restrictions, permitting processes, construction costs, labour availability and land supply continue to play a crucial role in determining whether additional demand can be matched by new housing supply.

Where housing supply remains constrained, improving financing conditions may place renewed upward pressure on residential property prices. Conversely, if higher construction activity successfully translates into additional housing supply, part of the affordability benefits generated by lower mortgage rates may be preserved over the longer term.

The results therefore suggest that **the next phase of the European residential market may be characterised less by financing constraints and more by the ability of individual housing markets to respond to recovering demand through new residential development**. Moreover, a gradual shift of households from rental housing to owner-occupied housing could ease some pressure on rental markets and moderate rental growth in selected locations, although local demographic and economic factors will remain important determinants of future rental market performance.

Average Mortgage Rate (%), 2025



Source: Deloitte national offices

Taxing Residential Real Estate

Different Approaches Across Europe

This section of the Property Index 2026 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.

This section of the Property Index explores how residential real estate is taxed across Europe, from the initial purchase through ownership and rental to the eventual sale. Based on contributions from **21 countries**, the analysis provides a comparative view of the main tax mechanisms affecting private homeowners and residential property investors, while highlighting **significant differences in national approaches**.

The comparison shows that there is no single European model for taxing residential property. Countries differ not only in headline tax rates, but also in how tax bases are determined, which deductions and exemptions are available, and how taxation changes depending on the length and purpose of ownership. These differences can have a significant impact on the overall cost of acquiring, owning, and selling residential property.

At the same time, **property taxation is increasingly being used as a policy tool beyond simply generating public revenue**. Several countries apply specific measures targeting vacant homes, second residences, high-value properties or short-term rentals, reflecting broader efforts to influence how housing stock is used and to address **affordability and housing supply challenges**.

The following analysis highlights the key patterns emerging from the country responses, focusing on **the cost of entering the housing market, the taxation of property ownership and rental income**, the treatment of capital gains, and the role of holding periods and other exemptions.

The Cost of Entering the Housing Market

The cost of acquiring an owner-occupied home varies significantly across Europe, with substantial differences in the transaction tax burden faced by homebuyers. In some markets, **no general transaction tax is imposed on the acquisition of residential property**, while in others, purchase-related taxes can add a significant amount to the upfront cost of homeownership. The differences are particularly pronounced when comparing markets with no general transaction tax with countries where acquisition taxes reach several percentage points of the property value.

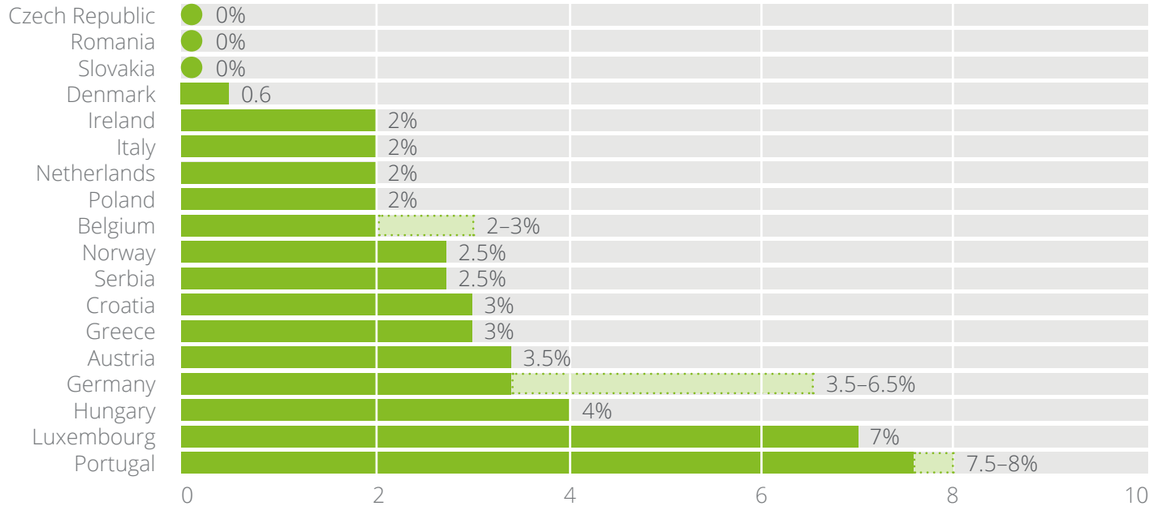
At the upper end of the range, **Portugal applies a progressive transaction tax** regime for residents, with marginal rates **reaching up to 8%** at the highest value bracket, while **Luxembourg applies** a combined **7% registration and transcription tax**. **Germany** follows with rates ranging from **3.5% to 6.5%, depending on the federal state**. By contrast, a number of markets apply relatively moderate transaction taxes: Hungary generally levies a 4% real estate transfer tax on property values up to HUF 1 billion and 2% on the portion exceeding this threshold, with the total tax liability capped at HUF 200 million per property. Preferential rates and exemptions may also apply. **Austria charge 3.5%**, while **Croatia and Greece** apply a standard rate of **3%**. In several countries, including **Poland, Ireland, Italy** and the **Netherlands**, the effective rate for an owner-occupied home is around **2% under the conditions reflected in the survey**. For Ireland, this figure is influenced by Stamp Duty, a mandatory transfer tax paid by the purchaser, which is levied at 1% on the first €1 million of the purchase price, 2% on the next €500,000 and 6% on any amount above €1.5 million.

At the lower end of the spectrum, **Denmark applies only a relatively low variable registration charge of around 0.6%, while the Czech Republic, Romania and Slovakia do not impose a general transaction tax on the acquisition of residential property.** Belgium is a particularly interesting case: although standard rates remain high, preferential treatment for a sole or primary residence reduces the rate to 2% in Flanders and 3% in Wallonia. This illustrates how focusing only on headline rates can significantly overstate the tax burden faced by typical owner-occupiers.

Overall, the survey highlights that transaction taxes on owner-occupied homes vary substantially across Europe and increasingly reflect housing policy objectives. Several countries distinguish between owner-occupied and investment purchases, offering preferential treatment to primary residences while applying higher rates to second homes or investment property acquisitions. For homebuyers, the applicable transaction tax can therefore depend not only on **where the property is located, but also on how the property will be used and, in some cases, its value**.

Transaction Taxes for Owner-Occupied Homes

Real estate transfer tax / stamp duty, by country, 0% (no tax) to 8% (Portugal, residents)



Dashed segments show the upper end of a stated range (Belgium, Germany, Portugal).

Source: Deloitte national offices

Note: Rates shown represent the transaction tax applicable to owner-occupied / primary residential property based on the country responses. Where taxation is progressive, state-dependent or subject to specific conditions, the chart shows a representative or applicable range/rate as indicated in the country response. The United Kingdom is omitted from the chart due to its strongly progressive SDLT/LBTT/LTT structure, which cannot be reduced to a single comparable rate.

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VAT on New Owner-Occupied Homes

VAT treatment of newly built owner-occupied homes varies considerably across Europe, ranging from **exemption and zero-rating to standard or reduced VAT rates of up to 25%**. Unlike transaction taxes, where owner-occupied homes are often subject to preferential treatment, VAT systems frequently distinguish between new and existing properties, with **new residential construction generally more likely to fall within the VAT regime**.

The highest rate among the surveyed countries is found in **Croatia (25%)**, followed by **Slovakia (23%) and the Netherlands (21%)**. In **Belgium**, residential transactions are often structured as split sales, whereby the newly constructed building is sold by the construction company and is generally subject to **21% VAT**, while the corresponding land is sold separately by a land company and is subject to registration duties instead. At the other end of the spectrum, several countries apply **reduced VAT rates to qualifying owner-occupied homes**. **These include Hungary at 5%, Italy at 4% for qualifying owner-occupied ("prima casa") purchases, Poland at 8%, the Czech Republic at 12% and Serbia at 10%.** Ireland applies a 13.5% VAT rate to most new residential property sold by developers, although a reduced 9% rate applies to certain newly built apartments. Albania applies the standard 20% rate. In Belgium a reduced rate of 6% is applicable under specific conditions where property is newly constructed on a site where a previous construction has been demolished.

A significant number of countries take a different approach and **exempt residential property purchases from VAT altogether**. This applies, according to the survey responses, in **Austria, Denmark, Germany, Norway and Portugal**, while Greece currently reports a **suspension of its VAT regime for new buildings**. Luxembourg illustrates another model, with a reduced 3% rate potentially available for a primary residence compared with the standard 17% rate. The **United Kingdom** is also distinct, with qualifying new residential construction generally being **zero-rated for VAT purposes**.

Overall, the survey highlights that VAT treatment is one of the important tax-related factors affecting the upfront cost of newly built housing across Europe. While some countries support owner-occupied housing through **reduced VAT rates, exemptions or zero-rating**, others apply standard VAT rates to new residential construction, potentially increasing the upfront cost of newly built homes. The wide range of approaches – **from exemption or zero-rating to rates of 20–25%** – highlights the different ways European tax systems treat new housing and its affordability.



Note: The comparison reflects the VAT treatment of new owner-occupied residential property reported in the country responses. Where reduced rates, exemptions or transitional regimes apply only under specific conditions, these are reflected in the accompanying notes. Romania is shown at the standard 21% VAT rate; a transitional 9% rate remains available for qualifying homes under specified conditions until mid-2026.

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VAT on new owner-occupied homes

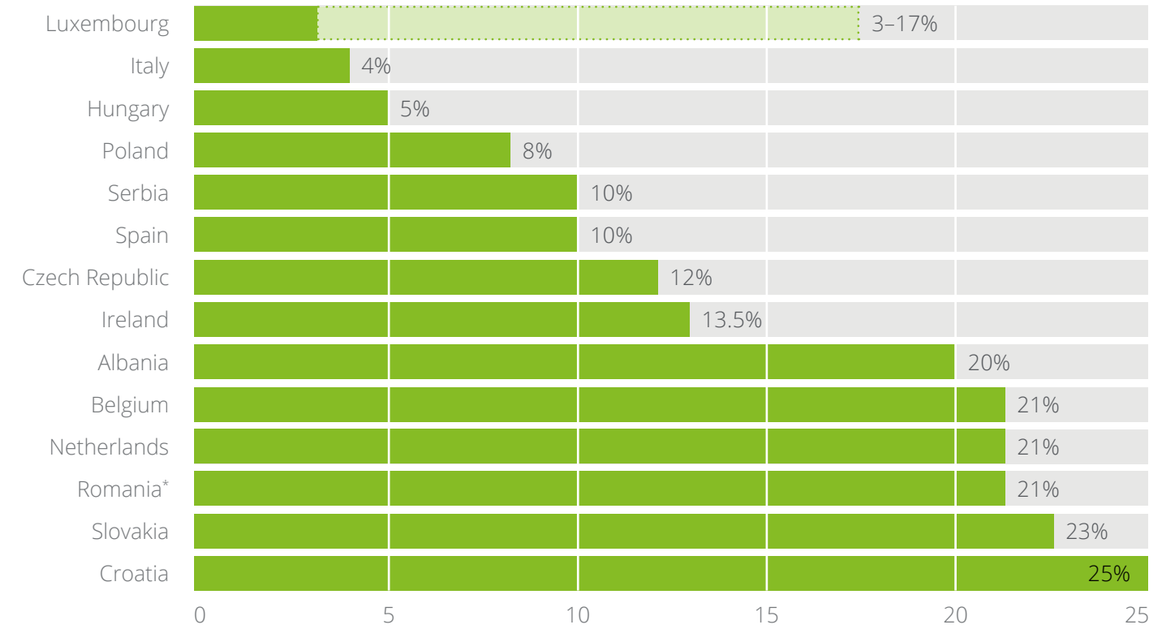
No VAT charged, and VAT rate where applicable

No VAT charged (7 countries)

Austria	Denmark	Germany	Greece	Norway	Portugal	United Kingdom
Exempt	Exempt	Exempt	Suspended	Exempt	Exempt	Zero-rated

Exempt: no VAT, not recoverable
Zero-rated: no VAT, developer reclaims input VAT
Suspended: temporary; standard rate may return

VAT rate where applicable (14 countries)



* Romania: transitional 9% rate available until mid-2026.

Source: Deloitte national offices

Property Tax Bases for Owner-Occupied Homes

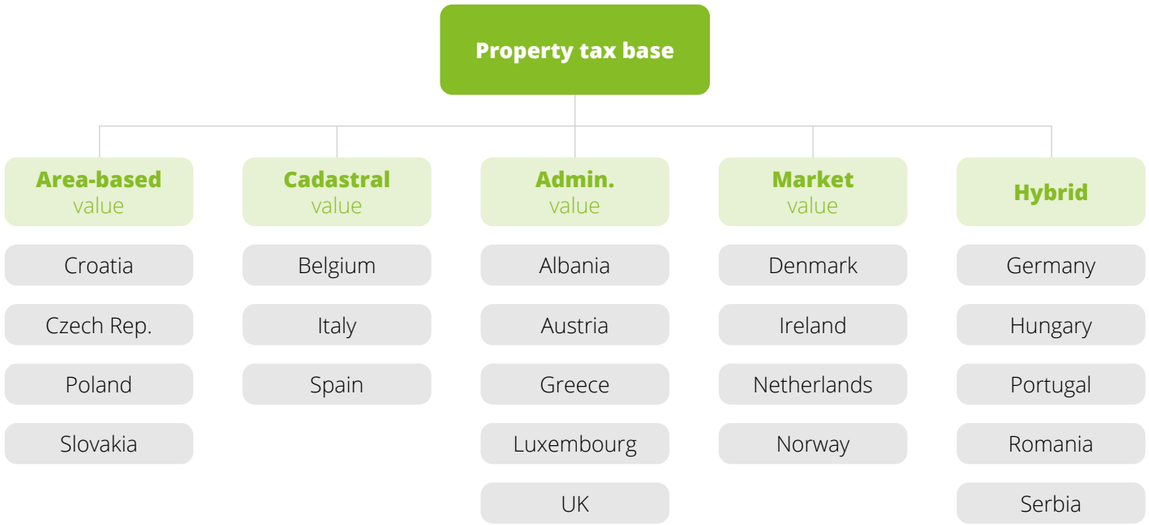
The way residential property is valued for annual taxation varies significantly across Europe. The survey responses reveal **five broad approaches to determining the property tax base: area-based, cadastral value, administrative value, market value and hybrid systems**. This diversity means that the annual tax burden is not determined solely by the tax rate, but also by what governments consider to be the taxable value of a home.

An **area-based approach** is used in several Central and Southeastern European markets, including **Croatia, the Czech Republic, Poland and Slovakia**. In these systems, the size of the property is a key determinant of the tax base, with local coefficients or statutory values applied to the relevant area. At the other end of the spectrum, **Denmark, Ireland, the Netherlands and Norway** use systems linked more directly to **current or regularly reassessed market values**, creating a closer relationship between property prices and the tax base.

Another group of countries relies on cadastral or administratively determined values. Belgium, Italy and Spain use cadastral values, while **Albania, Austria, Greece, Luxembourg and the United Kingdom** rely on various forms of administrative valuation. These systems can be based on historical valuations, government-set reference values or valuation bands and may therefore be **less directly connected to current market prices**. The survey also identifies hybrid **approaches in Germany, Hungary, Portugal, Romania and Serbia**. In these countries, different methods of determining the property tax base may coexist within the national system, or the tax base may combine area-based, administratively determined and/or value-based elements. In Hungary, municipalities may choose between an area-based method and a value-based method within statutory limits.

Overall, the survey shows that there is no common European approach to defining the taxable value of an owner-occupied home. The contrast between area-based systems and market-value-based taxation is particularly significant, while cadastral, administrative and hybrid approaches occupy a broad middle ground. As a result, **the same increase in residential property values does not necessarily translate into a comparable increase in annual property tax across European markets**, because the relationship between market prices and the tax base differs fundamentally from country to country.

Property Tax Bases for Owner-Occupied Homes



Source: Deloitte national offices

Capital Gains Tax and Reliefs on Owner-Occupied Homes

The taxation of capital gains on owner-occupied homes varies significantly across Europe, with **headline tax rates ranging from 0% to more than 40%**. However, the headline rate alone provides only a partial picture of the effective tax burden. **Residence requirements, holding periods and other exemptions or reliefs can substantially reduce or eliminate the tax payable when an owner sells their home.**

At the most favourable end of the spectrum, **Greece currently suspends capital gains tax on property sales**, while **Croatia** applies a **12% rate with a two-year residence-based exemption**. The Czech Republic combines a **15% or 23% rate with a two-year residence test**, while **Romania applies a 10% tax on the sale value rather than the realised capital gain, with relief becoming available after three years**. Norway applies a **22% rate**, but gains can be exempt where the relevant one-year ownership and use conditions are met.

In several countries, **relatively high or progressive headline rates are largely offset by primary-residence exemptions**. Austria, Ireland, Germany, Italy, Denmark, Belgium and Luxembourg all provide specific relief for qualifying primary residences, while the **United Kingdom and Spain** also provide substantial primary-residence reliefs. In Germany and Italy, for example, the conditions focus on the use of the property as the owner's main home, while Denmark provides a full exemption for qualifying primary residences regardless of the holding period. In Germany, private disposal gains are also generally exempt after a ten-year holding period. Other countries, including **Hungary, Poland, Slovakia and Serbia**, rely more heavily on holding-period tests rather than primary-residence exemptions, with relief generally becoming available after **five to ten years**. In Hungary, however, relief under the personal income tax regime is granted progressively during the first five years of ownership, with full exemption available after the fifth year.By contrast, **Albania provides only limited relief**, placing them among the least favourable systems for owner occupiers in the survey.

Overall, the survey shows that the taxation of residential capital gains is shaped as much by reliefs and exemption rules as by headline tax rates. For owner-occupiers, **the conditions for exemption can be more important than the nominal CGT rate itself**, particularly in countries where the sale of a primary residence is fully or substantially relieved. The comparison therefore illustrates a clear distinction between taxing investment gains and protecting owner-occupied housing, with many European systems using residence or holding-period requirements to reduce the tax burden on long-term homeowners.



Note: The comparison focuses on the capital gains tax treatment of owner-occupied residential property based on the country responses. Where a country applies specific residence, use, holding period or reinvestment conditions, these are reflected in the chart. The Netherlands is not classified because it does not apply a separate capital gains tax regime; residential property taxation is instead addressed through its Box 3 system. Portugal is also shown separately because relief is linked to reinvestment rather than a general exemption.

Capital Gains Tax and Reliefs on Owner-Occupied Homes

X: statutory capital gains tax burden Y: ease of obtaining relief for a primary residence

Most tax-friendly
Low tax, easy relief

Greece	0% · primary residence
Croatia	12% · 2-year residence
Czech Republic	15/23% · 2-year residence
Romania*	10% · 3 years
Norway	22% · 1 year + use

Looks harsh, often isn't
High tax, easy relief

Austria	30% · primary res.
Ireland	33% · primary res.
Germany	progressive · primary res.
Italy	26% · primary res.
UK	18/24% · primary res.
Spain	19-28% · primary res.
Denmark	progressive · exempt primary res.
Luxembourg	up to 42% · primary res.

Tax-neutral
Low/medium tax, moderate relief

Hungary	15% · 5 years
Poland	19% · 5 years
Slovakia	progressive · 5 years
Serbia	15% · 10 years

Least tax-friendly
Medium/high tax, limited relief

Albania	15% · no relief
Belgium*	16.5% · partial only

EASY

DIFFICULT

LOW

HIGH

Not classified in the matrix

Netherlands – no separate CGT under Box 3

Portugal – relief based on reinvestment

** Romania: tax is calculated on the sale price, not the capital gain. Belgium: 16.5% shown above; a 33% rate may apply in speculative cases. Germany/Italy "primary residence": Germany requires use in the sale year plus the two preceding years (often achievable in just over one year); Italy requires use as main residence for most of the ownership period, with no fixed minimum. Denmark's primary-residence exemption.*

Source: Deloitte national offices

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Special Taxes on Residential Property Ownership

Residential property taxation is often used **not only as a source of public revenue, but also as a tool supporting wider housing policy objectives**. The survey responses show that **several European countries** have introduced targeted taxes on vacant homes, second residences or high-value residential properties, reflecting different approaches to improving housing availability and addressing the under-utilisation of existing housing stock.

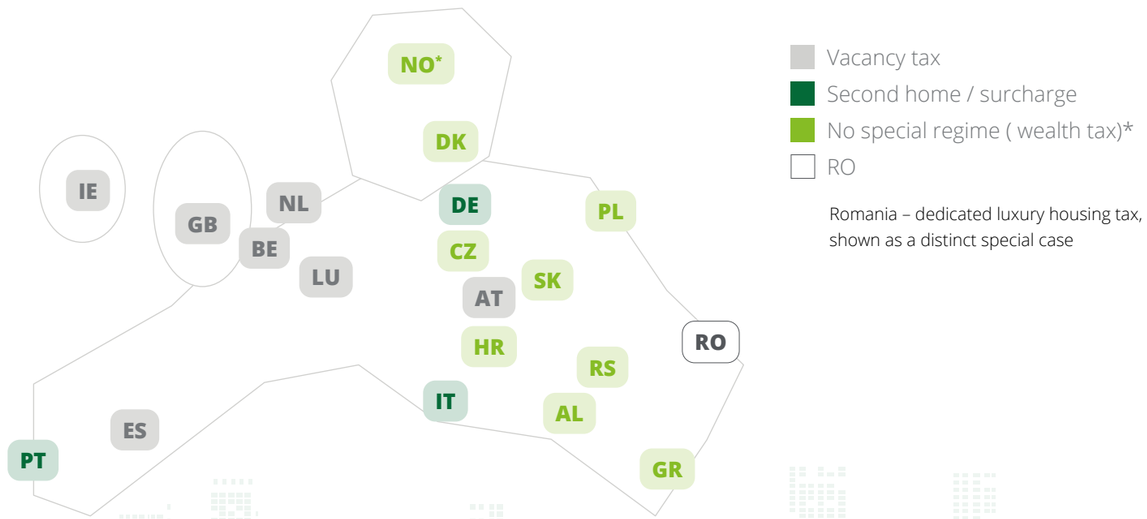
The most widespread approach is the introduction of **vacancy taxes**. Austria, Belgium, Ireland, Luxembourg, the Netherlands, Spain and the United Kingdom all report measures targeting long-term vacant residential properties, although these are often applied at the **regional or municipal level** rather than nationwide. In Austria, the regime may also include **second-home levies** in certain regions, illustrating how local authorities can combine different housing policy instruments within the same tax framework.

Another group of countries focuses primarily on **second homes and higher-value residential assets**. Germany applies a municipal second-home surcharge (Zweitwohnungssteuer) in many cities, while Italy and Portugal impose additional taxation on certain higher-value or secondary residential properties. Romania represents a separate category, applying a luxury housing tax to high-value residential buildings, whereas **most surveyed countries report no dedicated nationwide vacancy, second-home or luxury property tax regime**. **This suggests that targeted ownership taxes remain the exception rather than the rule across European residential property tax systems.**

Overall, the survey demonstrates that special residential property taxes remain targeted rather than universal across Europe. Where they exist, they are typically designed to address vacant housing, second homes or high-value residential assets, reflecting broader housing policy priorities. Rather than treating all homes equally, **many tax systems distinguish between owner-occupied housing, vacant properties and secondary or high-value residences**, illustrating how taxation can be tailored to different patterns of residential property use and ownership.

Taxing vacant & underused homes in Europe

Schematic outline – relative position only, not to scale



Note: The comparison reflects dedicated vacancy, second-home and luxury residential property taxes reported in the country responses. Many of these measures are regional or municipal rather than nationwide and therefore may not apply uniformly across each country.

Annex:

Comments on Residential Markets

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Albania

Market sentiment remained strongly positive. According to the Bank of Albania's H2 2025 survey, around 61% of all residential purchases were financed through mortgages (typically covering up to 60% of property value), up from 50% in H2 2024. Sales remained brisk, with the average time-to-sell a home nationwide standing at 9.1 months, a slight improvement compared to the 9.3 months recorded in H2 2024. In Tirana, the average time-to-sell was 8.1 months, slightly longer than the 7.1 months in H2 2024. Foreign buyer interest continued to increase, with approximately 25% of sales involving non-residents, mainly EU nationals, compared with 18% in H2 2024, supporting demand. Agents reported rising prices across most areas, although at a slower pace than before. According to the Bank of Albania, the national House Price Index increased by 28% year-on-year in H2 2025. Price growth in Tirana was more moderate, while the strongest increases were recorded in coastal regions, which were the main drivers of nationwide growth.

Local asking prices continued to increase in 2025, though the trend varied by city. At the national level, the average bid price for dwellings reached approximately EUR 1,720/sqm, up from EUR 1,620/sqm in 2024. In Tirana, the average price per square meter increased to around EUR 2,100/sqm, compared with EUR 2,000/sqm a year earlier, supported by continued urban development and sustained, albeit somewhat moderating, demand. Coastal markets recorded stronger growth: in Vlora, average prices reached around EUR 2,700/sqm, up from EUR 2,400/sqm in 2024, while in Durres prices increased to approximately EUR 1,650/sqm, compared with EUR 1,330/sqm in the previous year. The available data does not distinguish between new and older dwellings and therefore reflects blended market prices across property types.

The residential rental segment remained active in 2025, supported by continued tourism inflows and steady demand in urban areas. Total rental income is estimated at approximately EUR 400m in 2025 (representing a change of around 14% year-on-year). Demand is being particularly supported by short-term tourism. In Tirana, typical units rent for around EUR 750–800 per month (approximately EUR 9–10/m²), depending on location and quality.



Austria

In 2025, around 18% more residential properties were purchased in Austria than in 2024 - the strongest increase in real estate transactions in more than a decade. The decisive turning point was the convergence of two factors: several ECB rate cuts and the expiry of the Regulation for sustainable lending standards for residential real estate financing (KIM-Regulation) in June 2025 noticeably stimulated demand for owner-occupied housing. The recovery is set to continue into 2026: in Q1 2026, the annual price increase accelerated from 2.1% to 3.1%, and since Q4 2025, all segments have been trending upward nationwide, pointing to a broad-based recovery.

New homes and apartments became on average 2.9% more expensive in 2025, while existing residential properties rose by 2.5%. Structurally, the new-build market remains under severe pressure on two distinct metrics. First, regarding building permits: the number of permits issued for new residential buildings fell by 7.1% in 2025 to approximately 31,979 – a new low since records began in 2010. Second, regarding completed units given the approximately two-year lag between permit issuance and project completion, the sharp decline in permits issued during 2023 and 2024 is now translating into reduced output at the delivery stage. For 2026, a further decline of around 9% to approximately 24,400 completed residential units is expected compared to 2025.

The rental market is subject to significant new regulation from 2026 onwards. On 11 December 2025, the Austrian National Council passed the 5th Rent Law Inflation Relief Act (5. MILG), which entered into force on 1 January 2026 and for the first time extends statutory rent adjustment limits to "free market rents". Under the new framework, regulated rents in older buildings may increase by no more than 1% in 2026 and by a maximum of 2% in 2027. Furthermore, and more significantly, the 5. MILG introduced an entirely new statute which for the first time places statutory limits on value-adjustment clauses in free-market rental agreements that had previously been freely negotiated between parties. Against this regulatory backdrop, the ongoing decline in new construction output continues to constrain supply, particularly in urban centres, which is likely to keep upward pressure on rents at or near the levels permitted under the applicable caps.



Belgium

After two subdued years, the Belgian residential market made a strong comeback in 2025. The recovery was broad-based: more transactions, a rebound in mortgage lending, and returning buyer confidence. In 2025, transactions in existing residential properties rose 21.4% year-on-year, while new mortgage lending grew 25.7% compared with 2024. A key stimulus is a fiscal measure in Wallonia, where registration duties on a sole and primary residence dropped from 12.5% to 3%, a shift that brought the market firmly back to life.

That said, the recovery has been partly policy-driven rather than solely the result of stronger structural fundamentals. Transaction growth already began to moderate in the second half of 2025, a sign that the initial impulse was fading. At the same time, mortgage rates edged back up, building-permit numbers kept declining (especially for apartments), and the structural supply shortage persisted. Nominal residential prices rose by around 3.2%, but real price growth remained modest.

The cooldown continued into early 2026: in the first quarter, transaction numbers fell 12.7% in Flanders, 16.3% in Wallonia, and 14.6% in Brussels compared with the fourth quarter of 2025. The market therefore entered the year on a positive but more cautious note, with growth expected to normalise further as the fiscal stimulus fades.

Asking prices showed sharp regional divergence in 2025. Apartments posted the strongest growth overall, but the picture varied considerably by region:

- Wallonia recorded the highest annual increase, fuelled by the lower registration duties.
- Flanders followed, with strong demand in the coastal municipalities and around Antwerp.
- Brussels lagged, typical of a more mature and largely saturated market.

A similar pattern held for houses: Wallonia combined the lowest absolute prices with the strongest annual increase, while Flanders and Brussels saw more moderate movements. Detached houses remained the most expensive, particularly in Brussels, where tight supply pushed prices up.

An important nuance: asking prices rose but realised sale prices often came in below them. In the first quarter of 2026, most homes sold for around 94–97% of their asking price. Only a narrow segment (renovated, energy-efficient, and well-located properties) reached or exceeded the asking price. Energy performance (EPC) became an increasingly decisive value driver: homes with a poor energy label required substantial renovation investment, which translated into longer selling periods and lower achieved prices.

From an affordability standpoint, these conditions pose a growing challenge for certain buyer groups. In competitive urban markets, first-time buyers, particularly younger households relying mainly on mortgage financing, can find it harder to compete with purchasers who bring more own resources or family support. Combined with the high renovation costs of less energy-efficient properties, that can delay the move into homeownership for some households, despite the broader improvement in market activity.

The Belgian rental market tightened further through 2025 and into early 2026, driven by a persistent imbalance between supply and demand. Average monthly rents rose across all regions, and rental growth ran clearly ahead of general inflation, resulting in a continued deterioration in housing affordability.

The main driver is a structural shortage of adequate rental housing. The available rental stock increased only slightly as fewer new rental properties came onto the market, while older and less energy-efficient dwellings were gradually withdrawn without sufficient replacement. At the same time, demand stayed strong, underpinned by population growth, rising numbers of students and expatriates, and households deferring the move into ownership. That imbalance kept upward pressure on rents, especially in major urban centres.

Single-person households faced additional headwinds. Landlords often prefer couples or families with higher combined household incomes, making it harder for single applicants to clear affordability checks. As a result, single tenants tend to carry a heavier housing-cost burden or to settle for smaller dwellings in less central locations.

For investors, residential property remained attractive. Gross rental yields averaged around 4–5% nationally and just above 5% in cities such as Liège. The Belgian rental market thus continued to offer relatively favourable returns for investors, even as affordability pressures on tenants kept building.



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Bulgaria

Real estate activities are among the leaders in growth, with the value added from these activities rising by 5.8% in 2025 against overall economic growth of 3.1%. Bulgaria emerged as one of the strongest-performing real estate markets in the European Union in 2025, supported by rising incomes, low unemployment and expectations linked to euro adoption. Construction and real estate activities combined have the second-largest contribution to the country's aggregate economic growth in 2025, adding a total of 0.67 percentage points to GDP growth. The gross value added from real estate activities amounted to 8.31 billion euros in 2025, compared to 7.33 billion euros in 2024. Growing purchasing power and expected euro adoption contributed to the boom in the real estate market. Unemployment in Bulgaria in February 2026 stood at 3.2% – the lowest level since the beginning of the century in Bulgaria and the lowest in the European Union. In the last quarter of 2025, the average monthly salary reached BGN 2,574 (EUR 1,316), representing a nominal year-on-year increase of 11.0%. Housing prices have been growing strongly, with 14.8% growth Q1 2026 compared to Q1 2025.

The supply of properties has increased with some 20–25% since the beginning of 2026, intensifying competition among sellers. Properties that were held back until the adoption of the euro are now being put up for sale, including to foreign buyers. At the same time, the number of residential property transactions in Q1 2026 declined by 15% y-o-y according to the Bulgarian Registry Agency reaching the levels of Q1 2020. The slowdown in both transaction number and price growth was expected following the strong market boom in 2024 and 2025, accompanied by rapid price growth. Demand remains relatively strong, but overall activity in the residential market is easing.

In 2025, rental prices in Sofia increased by approximately 20%, while rents in Varna and Burgas rose by 10–15%. The main drivers behind this trend were greater labour mobility, the postponement of home purchases, and stronger economic activity in the country's major cities. Inflation remains a key benchmark for rental price adjustments. With average annual inflation reaching around 4.6% in 2025, many landlords revised rental rates to reflect higher costs, although there are no indications of further extraordinary increases. Rents are more closely tied to household incomes and affordability than to residential property prices. This creates a natural ceiling on the pace of rental growth and makes sustained steep increases unlikely.



Croatia

Real estate prices in Croatia kept rising through 2025 and into early 2026, up 14.1% for the year (new dwellings +13.1%, existing +14.3%), and holding at +14.3% year-on-year in Q1 2026. Unlike prior years, though, the volume decline deepened sharply - transactions fell 42.2% year-on-year in Q1 2026, far steeper than the moderate declines of 2023-2024 – while prices kept climbing regardless. The trend not only continued but became more pronounced.

Sentiment was mixed and increasingly strained. Expectations at the start of 2025 pointed toward a cooling "turning point," but prices accelerated instead while activity fell, and affordability kept worsening despite cheaper financing. Combined with GDP growth easing to 2.3% year-on-year by Q3 2025, the weakest pace since 2023, housing affordability moved further up the political agenda, while concerns grew that house price growth was becoming increasingly disconnected from underlying economic fundamentals.

The core price driver remains a supply-demand mismatch: 2024 completions reached 16,654 units, the most since 2009 but still well below pre-2008 levels of around 22,000/year. Growth was strongest outside Zagreb and the coast (+18.1% y-o-y), showing the shortage has spread inland. Financing conditions reinforced demand - new loan volume rose 110.8% year-on-year through October 2025 as rates fell from 3.73% to 3.03% - with Zagreb absorbing most of it, as new dwelling sales there jumped 52.1% year-on-year in H1 2025 versus a 15.8% drop elsewhere.

The rental segment saw the sharpest shift of the period: rents rose 21.9% versus the 2025 average and 39.1% year-on-year by Q1 2026 - the largest increase in the EU, far ahead of second-place Bulgaria (6.4%/10.5%). Gross yields moved only modestly, averaging 4.42% nationally in Q4 2025, though likely understating current returns given the later rent acceleration. Long-term renting stays structurally small, with roughly 91% owner-occupancy, concentrated mainly in Zagreb, Split, and Dubrovnik.



Czech Republic

The Czech residential market underwent a decisive shift in 2025, moving from the cautious, wait-and-see stance that characterized the 2023–2024 period towards a broadly optimistic, demand-driven recovery. The Czech economy grew by 2.6% in 2025 – the highest rate since 2022 – with household consumption exceeding its pre-COVID peak for the first time, headline inflation easing to 2.1% at year-end, and real wages growing by 5.1% year on year in Q4 2025. Unemployment remained among the lowest in the EU at approximately 2.7%.

The near-term outlook is constructive: the Czech National Bank (CNB) projects growth close to 3% in 2026, one of the stronger performances in the CEE region. However, the medium-term trajectory is expected to moderate, with Czech export performance remaining exposed to German demand and broader global trade uncertainty.

The most significant driver of the recovery was the normalization of mortgage financing costs. The average mortgage rate fell from 5.07% in 2024 to 4.58% in 2025, declining further to 4.48% by January 2026, as the CNB held its repo rate at 3.50%. New mortgage lending reached CZK 321 billion in 2025 – up 41% year on year and the second-highest volume on record – while the total market, including refinancing, rose to CZK 406 billion.

Against this backdrop, the CNB moved to selectively tighten macroprudential conditions. Effective from 1 April 2026, it recommended that lenders apply a maximum loan-to-value (LTV) ratio of 70% and a debt-to-income (DTI) cap of 7× net annual income to investment mortgages – defined as loans for a third or subsequent property, or any property intended for rental. Owner-occupier mortgages remain unaffected, with LTV limits at 80% (90% for borrowers under 36), while DTI/DSTI limits remain deactivated for the broader market.

Heading into H1 2026, the mortgage market has maintained strong momentum. In April 2026, banks and building societies extended new mortgage loans totalling CZK 44.2 billion, bringing the year-to-date volume to CZK 141 billion – approximately CZK 48 billion more than in the same period of the previous year. Each of the first four months of 2026 recorded historically high volumes, while the average mortgage rate edged only marginally higher to 4.52% in April, suggesting that any market correction remains gradual rather than abrupt.

Residential asking prices across the Czech Republic increased markedly in 2025, driven by a combination of demand-side and supply-side pressures.

On the demand side, falling mortgage rates and rising real wages – up 4.6% year on year – brought a significant number of previously sidelined buyers back to the market. On the supply side, the structural deficit in new housing deepened further: the total number of residential building permits issued fell to 23,014 in 2025, the lowest level since 2016, according to the Czech Statistical Office (ČSÚ).

The persistently slow and complex permitting process – further complicated by the ongoing consolidation of building authorities – continued to constrain the pipeline of new developments. Rising construction costs, including materials such as steel and thermal insulation, combined with labour shortages across both blue- and white-collar professions, exerted additional upward pressure on developer pricing. Looking ahead to 2026, these dynamics show no sign of easing, and the supply-demand imbalance is expected to continue supporting price growth.

Average asking prices for newly developed residential properties – covering developer projects across all segments – increased across all major cities. Nationally, the average asking price reached CZK 133,900 per sqm (EUR 5,400) in 2025, up from CZK 126,200 (EUR 5,030) in 2024, representing a year-on-year increase of approximately 6%.

Prague remained by far the most expensive market, with the annual average asking price reaching CZK 181,900 per sqm (EUR 7,350), compared to CZK 167,800 (EUR 6,690) in 2024 – an increase of 8.4%. Brno recorded even stronger growth, with the average asking price rising from CZK 136,400 (EUR 5,440) to CZK 154,400 (EUR 6,240), representing year-on-year growth of 13.2%. The most pronounced increase was observed in Ostrava, where asking prices surged from CZK 86,100 (EUR 3,430) to CZK 114,300 (EUR 4,620) – a rise of 32.8%, reflecting the city's catch-up dynamics and growing investor interest relative to the two larger markets.

Against a backdrop of rapidly rising new-build prices, Czech municipalities have intensified efforts to address housing affordability through publicly supported schemes. In Brno – currently the largest such initiative in the country – the city has commenced construction of 334 co-operative apartments, with similar programmes being prepared in Hradec Králové, Třebíč and Pardubice. In Prague, the city's development arm, Pražská developerská společnost (PDS), aims to deliver up to 8,000 affordable units over the next decade through a combination of municipal construction and co-operative housing programmes.

The Czech rental market continued its upward trajectory throughout 2025, driven by sustained demand and a still limited supply of rental housing.

Average rents across all residential segments – including new developments as well as panel and brick apartment buildings – increased consistently across all major cities. Nationwide, the average rent reached CZK 328 per sqm per month (EUR 13.3) in 2025, up from CZK 304 (EUR 12.1) in 2024, representing a year-on-year increase of approximately 8%.

Prague remained by far the most expensive rental market, with the annual average reaching CZK 474 per sqm per month (EUR 19.2), compared to CZK 414 (EUR 16.8) in 2024 – an increase of 15%. Brno followed with an average of CZK 383 (EUR 15.5), up from CZK 348 (EUR 13.9), while Ostrava recorded CZK 235 (EUR 9.5), compared to CZK 218 (EUR 8.7) in the previous year.

The Build-to-Rent (BTR) segment advanced significantly in 2025, with an estimated nearly 13,000 apartments within institutional rental projects across the Czech Republic, based on available market data. Rents in the BTR segment significantly exceed standard market levels, with average rents in Prague BTR projects surpassing CZK 600 per sqm per month (approximately EUR 24.4) and peak rents reaching CZK 770 per sqm per month (approximately EUR 31.3).

The BTR investment market remained highly active. Notable transactions included FINEP's construction of 219 rental apartments within the Stodůlky Residential project for the Reico Nemovitostní fund, as well as AFI Home's forward acquisition of the Nová Elektra complex in Prague 9 – Hloubětín, comprising 291 units developed by FINEP and scheduled for completion in late 2026. AFI further expanded its Prague portfolio through the acquisition of the Port 7 complex in Holešovice, including land earmarked for an additional 152 rental units.

Outside Prague, Fond Českého Bydlení acquired three residential buildings in Brno and Ostrava from Czech Home Capital, adding 342 apartments to its portfolio. Looking ahead, the BTR pipeline is expected to expand substantially, with thousands of new rental units forecast in Prague over the coming years as the sector continues to deepen and professionalize.



Denmark

The Danish housing market was characterized by strong optimism throughout 2025. Danish households remained highly active in the housing market, investing a total of DKK 148 billion during the first half of the year alone, representing a 31% increase year-on-year. Despite global economic uncertainty, homebuyers remained active, supported by rising incomes, lower interest rates, and high employment levels.

Owner-occupied apartments led the growth with a 15.3 percent increase in 2025 – the largest annual rise in Boligsiden's statistics. Single-family homes and terraced houses rose 7.5 percent. Regional variations were significant: Copenhagen recorded exceptionally strong apartment price growth of 23.3%, with the average 80 sqm apartment becoming approximately DKK 1 million more expensive. Aarhus saw 10.2 percent growth, while Aalborg and Odense were weighed down by high supply. The capital region dominated entirely, with 18 municipalities around Copenhagen where a standard house increased by at least 500,000 DKK.

The rental market became historically tight with a vacancy rate of just 1.9 percent in Q4 2025 – the lowest level ever recorded. In Copenhagen, competition was particularly intense, with 50-100 prospective tenants applying for a single property. Rents in private rental properties increased 75 percent from 2015-2025 – nearly four times more than in social housing. Social housing rents rose more moderately at around 3 percent annually, while private rental prices accelerated sharply.

The housing market's strength reflects a robust Danish economy with high employment and real wage growth, though forecasts for 2026-2027 point to more moderate expansion. Falling interest rates have been a key driver, but this tailwind is expected to diminish.



Finland

Following one of Finland's sharpest housing corrections in recent history, triggered by rapid Euribor rises, inflation, and weakening consumer confidence from late 2022, the market entered 2025 in a stabilizing mood. The ECB's rate-cutting cycle, which began in Jun24, drove 12-month Euribor down significantly from its c. 4.2% peak, materially improving mortgage affordability in a country where variable-rate loans dominate.
The broader Finnish economy remained fragile: GDP contracted in 2024, unemployment increased and real household incomes remained under pressure, limiting the pace of housing market recovery. Geopolitical uncertainty (particularly Finland's NATO accession context and the broader European security environment) also weighed on confidence. By late 2025 and into early 2026, sentiment had shifted from cautious stabilization to tentative recovery, most visibly in the largest urban centres. Market participants broadly expected a gradual, multi-year normalization rather than a sharp rebound.

New construction was among the hardest-hit segments and its recovery lagged behind the resale market.

- Supply paradox: Housing starts collapsed from 2022 onward, but projects initiated during the 2020–2021 boom continued completing and delivering throughout 2024–2025, sustaining inventory even as the new pipeline shrank.
- Developer responses: Outside the Helsinki Metropolitan Area, developers reduced asking prices and offered incentives – e.g., covering transfer tax, furniture packages, or absorbing housing company loan shares – to stimulate absorption.
- HMA resilience: Helsinki, Espoo, Vantaa, and Kauniainen showed considerably more resistance to price declines, supported by in-migration, constrained land supply, and deeper underlying demand. Even so, extended marketing periods became standard.
- Developer stress: Several smaller and mid-size developers entered financial difficulties or restructuring, adding further uncertainty to the primary segment.
- Medium-term outlook: The thinning pipeline of new starts was expected to constrain supply through 2026–2027, supporting new construction prices – particularly in high-demand urban locations – over the medium term.

The rental market experienced meaningful structural shifts driven by both supply pressures and investor behaviour.

- Supply surge: A large volume of institutionally developed rental apartments – initiated during the low-rate environment – completed during 2024–2025, particularly in the HMA, Tampere, and Turku, pushing vacancy rates upward. Major operators such as Kojamo (Lumo) and SATO responded with incentives including rent-free periods and reduced deposits.
- Private investor exits: Many small private landlords, pressured by elevated loan servicing costs and compressed yields, chose to sell, temporarily adding supply to the for-sale market.
- Rental price pressure: Rents stagnated or declined modestly in nominal terms in oversupplied markets; in real terms, declines were more pronounced. Premium Helsinki locations and sought-after urban submarkets proved more resilient.
- Regulatory environment: No material changes to the freely negotiated Finnish rental framework were enacted during the period.
- Outlook: As new completions decline from 2026 onward, rental supply is expected to tighten gradually, supporting a gradual and uneven recovery in rental growth – most visible first in the HMA and other high-demand cities.



France

In 2025, the French residential market transitioned from correction to stabilisation, with early signs of recovery emerging during 2025. After declines in prices and transaction volumes between 2021 and 2024, prices broadly stabilised and then showed slight national growth, while transactions increased compared with 2024 but remained below the 2021 peak. This improvement is closely linked to the easing and stabilisation of mortgage rates (from above 4% in early 2024 to a bit above 3% in 2025), improving affordability and supporting new lending. Sentiment is cautiously optimistic. The acute phase of the downturn appears to have ended, but the recovery remains moderate and sensitive to political, budgetary and regulatory uncertainties. By early 2026, the environment was seen as more normalised, with more predictable interest rates, and a better balance between buyers and sellers, even though activity remains moderate by historical standards.

Local markets in 2025 show strong regional disparities. After broad-based declines between 2021 and 2024, many areas move into stabilisation, but with different profiles. Paris and a number of rural markets recorded modest price increases, while several large regional cities display stagnation or small further drops in asking prices, reflecting more constrained local demand and purchasing power. The primary (new-build) market, which had been one of the most affected segments, with very low construction and sales in 2022–2024, begins to recover slightly from late 2024 onwards. There is a slight rebound in the number of new housing units in 2025 after two years of strong decline, but production and sales remain significantly below pre-2022 levels. Asking prices in the new-build segment remained under downward pressure: instead of large nominal reductions, developers rely on incentives and promotions. Therefore, headline prices tend to stabilise with only limited visible decreases, and the behaviour of asking prices varies from one local market to another.

Over the past year, the French rental market has tightened further, especially in large cities and other high-demand zones. Demand is supported by households who postpone buying because of tighter credit conditions and higher rates, increasing the number of people remaining tenants. At the same time, supply is constrained by stricter energy-efficiency rules that limit the rental of the least efficient dwellings and by regulatory and tax changes affecting furnished and short-term rentals in some markets. This combination leads to strong pressure on the rental sector. Vacancies remain low in tense areas, and rents and rental yields edge up, as purchase prices have recently corrected or stabilised while rental demand remains robust. Overall, the rental segment has become more competitive and less accessible for some tenants, and it plays a key role in absorbing demand that cannot or does not wish to access home ownership under current economic and financial conditions.



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Germany

The overall sentiment in the German residential market in 2025 and early 2026 was cautiously stabilizing after a prolonged downturn following the sharp correction phase between 2022 and 2024. Market participants were still influenced by elevated interest rates, high construction costs, and weak transaction volumes, which continued to weigh on activity. At the same time, strong structural fundamentals, particularly housing shortages and sustained demand in major cities, provided a clear underpinning for the market. As 2025 progressed, prices began to stabilize and, in some segments, returned to moderate growth, signalling that the market had passed its lowest point. By early 2026, sentiment had shifted toward a gradual recovery phase, with improving confidence among investors and buyers, although uncertainty and caution remained. Against this backdrop, recent political initiatives such as the so-called “construction acceleration programs” (“Bauturbo”) aim to revive development activity, although their actual impact is expected to depend heavily on local implementation at the municipal level. However, renewed geopolitical uncertainty, particularly following the recent escalation of tensions involving Iran, has weighed on market sentiment and transaction activity. In addition, while recent political signals in Berlin have shifted the focus away from expropriation towards regulation and supply-side measures, international investors continue to closely monitor the broader regulatory environment in the German residential sector.

On the primary residential market (new-build segment), asking prices in 2025 remained under pressure or stagnated in many cities, reflecting weak demand and affordability constraints after the interest rate shock. However, due to high construction costs and limited supply, price declines were generally limited, and in some markets, prices generally remained resilient despite weaker demand conditions.

During 2025, early signs of stabilization emerged, with moderate recovery in asking prices overall, driven by strong structural demand and supply shortages.

By early 2026, asking prices in the primary market showed slight increases again in some cities, although the recovery remained uneven and segmented by location and price category.

Overall, the primary market was characterized by resilience on the price side but weak transaction dynamics, leading to a slow and selective adjustment rather than a broad rebound. This structural environment is also reflected in changing development priorities, with increasing demand for more affordable housing products, while high-end residential units are facing weaker absorption.

The rental segment in Germany developed very dynamically in 2025, with rents continuing to rise due to strong demand and limited supply. Growth was particularly pronounced in metropolitan areas and economically strong regions, where housing shortages are most acute, while smaller or structurally weaker regions saw more moderate increases.

A key driver was the decline in new construction, which further tightened available supply and intensified competition for rental units. At the same time, affordability challenges in the ownership market shifted additional demand into renting, reinforcing upward pressure.

Overall, the rental market remained tight and landlord-friendly, with low vacancy and continued upward momentum in most urban markets. Beyond economic factors, ongoing political debates, particularly those surrounding expropriation initiatives in Berlin, continue to create uncertainty among international investors and influence perceptions of the German residential market more broadly.



Greece

During 2025 and early 2026, apartment prices continued to increase across Greece, supported by limited housing supply, sustained investment demand and the government's "My House II" programme, according to the Bank of Greece. Nationally in 2025, apartment prices rose 7.8% nominally, a slower pace than 2024 (9.1%). Older apartments (over 5 years) experienced higher growth (8.1%) than new ones (7.4%). Regionally, Thessaloniki (9.6%), other major cities (9.8%), and other areas (8.8%) saw higher annual price increases than Athens (6.2%). Foreign investment activity, including demand associated with the Golden Visa programme, remained below the exceptionally strong levels recorded in previous years. Nationwide residential construction activity (ELSTAT, Jan-Nov 2025) declined in terms of new permits (-16.7%) and construction volume (-19.1%) year-on-year. However, total construction costs for new residential buildings (ELSTAT, full year) increased by 2.7% (a milder rate than 2024's 3.7%), though cumulative costs over 2021-2025 rose by 23.1%. Mortgage lending also showed signs of recovery: according to the Bank of Greece, new housing loan volumes increased by 49.8% in 2025, although overall lending activity remained well below historical averages. Demand for housing loans was unchanged in Q4 2025, following previous quarterly decreases. Conversely, residential investments (ELSTAT, at constant prices) showed strong positive development, growing 22.4% in 2025 (compared to 12.9% in 2024) and accounting for 3.1% of GDP. Business sentiment in the residential construction sector remained positive and improved further during 2025, with the IOBE indicator rising to 9.7%.

The Greek residential rental market remained strong in 2025, although rental growth moderated compared to previous years. Demand continued to exceed supply, particularly in Athens, Thessaloniki, and major tourist destinations, resulting in further rent increases. According to market data, average residential rents increased by approximately 4–5% nationwide during 2025. Supply constraints limited new housing stock, and the continued popularity of short-term rentals contributed to upward pressure on rents. Demand was particularly strong for renovated, energy-efficient apartments, while smaller and older units continued to dominate leasing activity due to affordability considerations.



Hungary

The Hungarian residential market experienced a highly volatile phase of development in 2025 and early 2026. Driven by a substantial increase in subsidised financing, nationwide house prices rose significantly in nominal terms in 2025. However, the pace of price growth significantly outstripped underlying economic fundamentals, with residential properties estimated to be overvalued by 22.5% nationwide by Q4 2025. The total transaction volumes in 2025 edged up by 3% year on year to approximately 152,000. The launch of the government's Otthon Start Program (OSP) in September 2025 reshaped market demographics: in Budapest, the share of first-time homebuyers skyrocketed from 25% to 40% within a year, while buy-to-let investors grew increasingly cautious and retreated to the seller's side of the market. This structural shift occurred alongside steady wage growth.

Financing dynamics during this period were entirely split between high commercial market rates and state-backed incentives. In the commercial banking sector, standard financing costs remained high and restrictive, with the annual average mortgage rate easing only marginally from 9.35% in 2024 to 9.08% in 2025. These elevated borrowing costs made conventional mortgage financing increasingly inaccessible for many households, triggering a significant shift towards OSP-subsidised loans.

In Q4 2025, the volume of newly concluded mortgage contracts soared by 130% year on year. By Q1 2026, the share of subsidized loans within total housing macro-lending expanded from 23% to 81% of total housing lending.

The residential property market in 2025 was characterized by acute short-term supply constraints in completions, offset by a massive surge in the future development pipeline heading into 2026. In 2025, the number of completed dwellings nationwide fell by 9.3% to 12,062 units (down from 13,295 in 2024), representing the lowest annual completion volume since 2016. However, forward-looking indicators point to a major supply expansion: the number of started/initiated dwellings (new building permits issued) surged by 37% to 28,081 units in 2025.

The Hungarian rental market in 2025 and early 2026 was characterised by a growing divergence between residential prices and rents, reflecting broader imbalances in the housing market. While house prices increased sharply rental growth remained more moderate across most regions. As a result, rental yields compressed significantly, reducing the attractiveness of residential investment. This dynamic, combined with increasing market overvaluation and policy-driven shifts in demand, contributed to a more cautious stance among investors and a gradual rebalancing of market activity. In Budapest, the average monthly rent climbed to EUR 14.1 per sqm, representing a solid 17.5% increase compared to EUR 12.0 in 2024. Despite this rental growth, the sharp appreciation in older property values compressed net rental yields further. In regional hubs, Debrecen consolidated its high-rent environment at EUR 11.1 per sqm due to acute local housing shortages stemming from international corporate expansions. The combination of declining yields and increasing market overvaluation (22.5% above estimated fundamentals) significantly reduced the attractiveness of traditional buy-to-let investment strategies. Consequently, investment buyers grew highly risk averse. Following the rollout of the Otthon Start Program, investment-targeted buying slowed down drastically. Rather than expanding their portfolios, existing real estate investors shifted to the seller's side of the market by early 2026, looking to exit and liquidate holdings to lock in capital gains from the recent price rally.



Ireland

As Ireland's economy continues to display resilient economic and demographic growth, it's infrastructure and housing deficits present a key challenge to competitiveness. Undersupply within the residential market has placed upward pressure on the price of a home for rent and for sale, decreasing affordability.

2025 brought several encouraging developments in the residential market, including the launch of a new national housing plan and a range of policy measures aimed at improving viability, creating additional zoned land, reducing infrastructure bottlenecks and ultimately increasing future housing supply.

In 2025, 36,246 new homes were delivered to the market, marking an annual increase of 20%, and the highest number of annual completions since 2008. Within this, new build social housing surpassed 9,000 units, a record year for social housing and reflecting an annual increase of 16%. Furthermore, new home completions are expected to rise further in 2026, as activity in the first half of the year surpassed 2025 levels. The Central Bank of Ireland forecasts that completions will reach 39,500 units in 2026, followed by 41,000 in 2027.

Residential commencements reached 16,412 units in 2025, marking an annual decrease of 76%. However, context is important. This decline followed a surge of commencements in 2024 (69,311 units) due to government incentives introduced 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). To qualify for these incentives, developments had to commence between 25 April 2023 and the relevant deadline and be completed by 31 December 2026. Commencements have ticked upwards in the opening months of 2026 with 18,974 units breaking ground during the January – July 2026 period, an increase of 152% on the same seven months last year. Apart from 2024's exceptional output, commencements in 2026 are at their highest point in almost two decades.

Also in the development pipeline, 34,974 units were granted planning permission in 2025. This marks an increase of 8% on the previous year. Houses dominated last year, accounting for 59% of all units granted planning, with apartments accounting for the remaining 41%. While the annual increase in the number of units granted planning will be welcomed, delivery of more than 50,000 units annually is considered necessary to meet future population growth and housing demand. Without a more robust planning pipeline, it is difficult to see this target being achieved and maintained in the short to medium term.

Undersupply within the residential market continues to place upward pressure on prices. Residential property prices increased by 6.8% in the 12 months to December 2025. This was down on the rate of growth (8.9%) which was recorded in the year to December 2024. Property prices in Dublin increased by 5.6% in the year to December 2025, while regional property prices increased by 7.9% during the same period. The median selling price for a Dublin City dwelling stood at €476,000 as of December 2025, while the median selling price stood at €400,000 nationwide.

In the rental market, there were approximately 2,400 units available for rent nationwide at the time of writing. The standardised average rent in new tenancies nationwide measured €1,755 per month as of Q4 2025, while the corresponding figure for existing tenancies measured €1,500.

Overall, while a structural demand and supply imbalance remains a core feature of the Irish residential market, delivery metrics are indicating an improvement. To see this positive momentum continue, it is critical that there are persistent efforts to deliver on critical infrastructure, provide a pipeline of serviced zoned land and ensure viability is maintained.



Italy

Sentiment in the Italian residential real estate market remained cautiously optimistic throughout 2025, underpinned by improving macroeconomic fundamentals and a favourable monetary policy environment.
The European Central Bank's seven consecutive interest rate cuts starting in June 2024, followed by four additional cuts through February 2026, provided significant relief to mortgage borrowers and developers.

The Italian economy showed resilience in 2025, with GDP growth at 0.5% and inflation declining to 0.8%, supporting real purchasing power. This combination created a favourable environment for residential market participants.

The real estate market delivered strong performance with 767,000 residential transactions (+6.4% vs. 2024) and total revenue of €124 billion (+8.8%). The mortgage market played a crucial role, with mortgage capital provided reaching €47.2 billion (+25% vs. 2024). The affordability index stood at 12.6%, above the historical average of 9.8%, indicating favourable conditions for homebuyers. Notably, younger buyers (under 35) represented 35.8% of mortgage applicants, up from 34.7% in 2024, signalling a return of younger buyers to the housing market.

Investment volumes reached €12.4 billion (+23% vs. 2024), the best result in six years. However, the market demonstrated increasing selectivity: new constructions declined 21%, while the used market grew 9.1%, reflecting the scarcity of new residential units and elevated construction costs.

The market entered 2026 with continued positive momentum. Forecasts suggest 780,000-810,000 transactions (+4-5% vs. 2025), with total market revenue expected to reach €175.8 billion (+8.4%). Price growth is forecasted at 3-4% nationally, while rental prices are expected to increase more significantly at 8.1%, reflecting persistent supply-demand imbalances.

The Italian residential market registered average price growth of 3.1% in 2025, with significant regional variation. By May 2026, the national average had increased 4.37% compared to May 2025.

The Roman market showed differentiated dynamics by area. While the historic centre experienced slight price pressure, suburbs and intermediate areas witnessed sustained increases. Prime residential prices increased 2.2% in 2025, with growth expected between 2.0-3.9% through 2026. By May 2026, asking prices reached €3,798/sqm (+5.8% YoY), driven by the Jubilee effect and strong demand for quality properties in central areas.

Milan maintained its position as the country's most dynamic residential market. The city registered 4.5% price increase in 2025, with expectations for 7.3% growth in 2026, driven by the Winter Olympics effect. Central and semi-central zones show the highest demand-supply imbalance. By May 2026, asking prices reached €5,679/sqm (+3.0% YoY), the highest among major Italian cities. The long-term outlook remains highly positive, with residential prices expected to increase by as much as 25% by 2030.

In the rental sector, demand remains high, particularly among younger segments (18-34 years old), including university graduates and early-career professionals relocating to larger cities. However, this growth is offset by shrinking supply, as many property owners have shifted to short-term or tourist rental models, which are economically more attractive.

In the second half of 2025, the market registered increases of 2.2% for monolocals (studio apartments) and trilocals (three room apartment) and 2.3% for two-room apartments. Milan and Bologna showed slight declines after years of strong growth, while Genoa and Palermo increased. By May 2026, Milan's rental prices stood at €22.23/sqm (highest among major cities, -1.5% YoY), Rome at €18.52/sqm (+2.7% YoY), and Bologna at €16.67/sqm (-2.5% YoY). Florence's real estate market has been significantly influenced by short-term rental expansion, especially in the Historic Centre.

The rental market is expected to experience continued pressure in 2026, with rental prices forecasted to increase 4-6% in major cities. Demand is expected to remain particularly strong in major urban centres, particularly from young professionals and students.

The market is witnessing a shift toward more flexible rental contracts. Long-term rentals now represent only 39% of the market, while transitory contracts have grown to 29%, and subsidized contracts account for 32%. This trend reflects evolving preferences of renters, particularly younger demographics seeking flexibility and shorter commitment periods.

The sentiment for the rental market in 2026 indicates that the structural imbalance between demand and supply will likely persist, keeping rental prices under upward pressure. However, the potential return of properties from short-term to long-term rental markets, driven by regulatory reforms, could provide relief and offer greater opportunities to families and young professionals seeking affordable housing solutions.



Luxembourg

The Luxembourg residential market in 2025 was characterized by a gradual transition from correction to stabilization, against a backdrop of subdued economic growth and lingering uncertainty. Luxembourg's GDP grew by +0.6% in 2025, following +0.4% in 2024, with a forecast of 1.7% for 2026. The broader economy was weighed down by global trade uncertainty – particularly changes in US trade policy – and volatile financial sector results, with real GDP declining in Q1 2025 before stabilising later in the year.

The construction sector remained under pressure: number of initiated dwellings dropped further from 4,002 in 2024 to 3,538 in 2025, a decline of approximately 11.6%.

Meanwhile, Luxembourg's population continued to grow, reaching 690,959 inhabitants by end-2025, up from 681,973 in 2024 (+1.3%).

Transaction activity was heavily shaped by fiscal policy throughout the year. The government had introduced temporary tax incentives (notably a 50% reduction in the taxable base for registration duties, accelerated depreciation at 6% for off-plan purchases, and capital gains taxed at one-quarter of the global rate), initially set to expire at end-2024, then extended to 30 June 2025 with a final notarial signing deadline of 30 September 2025.

In mid-July 2026, the government announced a further housing stimulus package aimed at reviving residential construction, improving access to home ownership and expanding affordable rental supply. Key measures include a temporary exemption from registration and transcription duties on the construction element of qualifying VEFA purchases intended as a principal residence where construction is no more than 80% complete, an increase in the Bëllegen Akt tax credit from €40,000 to €45,000 per individual, a new 8% VAT rate for qualifying social-purpose rental housing, and a new "3x6" accelerated depreciation regime for rental investment (6% per year for six years, on a depreciable base capped at €600,000 per property). Although these measures were announced after the 2025 reporting period, they are likely to influence market activity in H2 2026, particularly in the off-plan, owner-occupier and rental investment segments.

On the policy front, the government continued to support housing supply. In July 2025, the Minister of Housing presented amendments to the Pacte Logement 2.0, introducing simplified administrative processes and new financial incentives for municipalities – including a €2,500 per-unit grant for affordable housing acquired by the State, for dwellings in priority housing zones (ZPH), and for housing built in infill lots ("dents creuses").

After a cumulative price decline of approximately 14% in nominal terms between Q4 2022 and Q1 2024, residential prices stabilized in 2025. The STATEC hedonic price index confirmed this stabilization: over 12 months (Q3 2024 to Q3 2025), the aggregate housing price index rose by +1.2%, with segment-level variations of +0.7% for existing apartments, +1.1% for existing houses, and +2.8% for new apartments (VEFA).

However, significant quarterly volatility was observed throughout the year due to the fiscal deadline effects: a temporary price spike of +4.5% in Q2 2025 (when rush-buying pushed prices upward) followed by a correction of -3.1% in Q3 2025 as that effect dissipated.

At the national level, the average asking (bid) price for new dwellings rose from €8,760/sqm in 2024 to €9,160/sqm in 2025 (+4.6%). In Luxembourg City, however, the average asking price of new apartments (construction sales) declined from €11,074/sqm to €10,567/sqm (-4.6%), continuing a correction from €11,352/sqm in 2023. Year-on-year, however, all sales segments remained in positive territory: +5.5% for existing houses, +3.1% for existing flats, and +1.7% for new flats.

The rental market remained broadly balanced in 2025, with moderate upward trends close to or slightly below consumer price inflation. In Q1 2025, asking rents for apartments were up +1.5% year-on-year (vs. CPI inflation of +1.6%), while by Q3 2025 the annual increase was +1.2% (vs. CPI of +2.4%), indicating that rental growth remained slightly below the rate of consumer price inflation. The STATEC rent index for existing leases (tenants not changing dwellings) confirmed moderate increases of +1.7% year-on-year in Q1 2025, closely aligned with overall consumer price inflation.

In Luxembourg City, the average monthly asking rent rose from €43.37/sqm in 2024 to €45.42/sqm in 2025 (+4.7%). This continued the upward trend from €37.26/sqm in 2023, reflecting the structural undersupply, sustained population growth, and constrained affordability of homeownership pushing more households into the rental segment.



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Netherlands

In 2025, Dutch housing prices continued to rise compared to 2024. In the fourth quarter of 2025, prices for both existing and newly built homes increased by 6.2% compared with the same quarter in 2024. The average sale price was nearly €486,000 for existing homes and just over €520,000 for newly built homes.

For 2026, the outlook is cautiously optimistic. House prices are expected to grow at a slower pace than in previous years, though they are still projected to increase by approximately 2.8%, largely due to carry-over effects from earlier market momentum. This more moderate growth reflects weakening demand, as affordability has deteriorated following earlier price increases and slightly higher mortgage rates. In addition, geopolitical tensions in the Middle East are contributing to greater economic uncertainty, which may weigh on consumer confidence and make potential homebuyers more cautious. Despite this uncertainty, the Dutch gross domestic product is still projected to grow by 0.8%.

In parallel with the housing market developments, the Dutch residential investment market showed strong performance in 2025. Total transaction volume in the Dutch residential investment market reached its highest level since 2020, amounting to €9.7 billion, a 29% increase compared with 2024. This growth can be attributed to two main developments. First, investment in newly built rental housing increased significantly, driven by Dutch institutional investors and housing associations, together accounting for €5.3 billion in investments. Second, transaction activity in existing rental housing rose, largely due to portfolio sales aimed at individual unit disposal. Of the approximately 17,000 existing rental homes sold, the majority are expected to be converted into individually sold units and subtracted from the rental market, due to governmental regulations and fiscal measures such as stricter price controls in the mid-segment rental sector, the abolition of temporary rental contracts and higher wealth taxes.

This continues to increase pressure on the rental market, further widening the imbalance between rental supply and demand. Consequently, in the first and fourth quarter of 2025, more homes left the liberated rental market than entered it. As a result, scarcity increased further: the scarcity index of the Dutch rental platform Pararius stood at just 0.62 (where a value between 5 and 10 indicates a balanced market), pointing to a significant undersupply of rental housing. This situation particularly affects middle-income households, whose financial means are too low to buy a home, while they are also ineligible for social housing.

Looking further ahead, available capital from institutional, international and private investors for investment in the Dutch residential real estate market over the next three years is estimated at €22.9 billion, representing a 22% increase compared to 2024. However, it remains uncertain to what extent this capital, particularly from international investors, will be deployed in practice. Recent signals suggest that international investors are increasingly hesitant about the Dutch residential market due to concerns over regulation, taxation, and policy uncertainty. The actual investment volume will therefore depend on the stability of the investment climate, fiscal policy measures, interest rates, and the availability of new housing development projects.



Norway

The Norwegian residential market demonstrated sustained price growth throughout 2025 and into 2026, outpacing general inflation. From Q4 2024 to Q1 2025, new dwellings increased by 6.0% and used dwellings by 5.9%, reflecting an accelerating upward trend compared to the previous year-on-year period (Q4 2023 to Q4 2024), which recorded 3.4% and 4.8% respectively.

This price appreciation is particularly notable given that consumer inflation in Norway reached 3.2% over the same period, meaning that residential property prices continued to grow significantly faster than inflation.

The momentum continued into 2026, with more pronounced divergence between market segments. From Q1 2025 to Q1 2026, new dwellings appreciated by 9.9%, while used dwellings rose more moderately at 3.8%. Year-to-date performance through May 2026 shows an overall increase of 5.8%, with May alone recording a 0.3% monthly gain. Growth has been geographically concentrated, with particularly strong performance in Sør-Vestlandet, Vestlandet, and Troms.

Despite sustained price growth, market activity indicators show a contraction in transaction volumes. Year-to-date through May 2026, 42,923 dwellings were sold, representing a 4.6% decline compared to the same period in 2025. Similarly, 52,701 dwellings were posted for sale, a 3.1% decrease year-over-year. The decline in both sales and listings likely reflects a combination of market and calendar-related factors: the previous year experienced exceptionally high transaction volumes, creating a naturally higher comparison point, and the 2026 calendar included two additional public holidays, resulting in three extended weekends in May. This likely affected market activity and property viewings, temporarily reducing transaction volumes.

The rental segment has experienced parallel price appreciation. For a standard 2-room dwelling, the average monthly rent increased 6.6% year-over-year, rising from EUR 951 in 2024 to EUR 1,006 in 2025. On an annualized per-square-meter basis, rents grew 6.7%, from EUR 245 to EUR 259 per annum. This rental growth aligns with the broader price appreciation observed in the sales market, suggesting sustained demand across both ownership and rental segments.



Poland

Despite solid economic growth in Poland in 2025, estimated at approximately 3.6% y/y, sentiment in the residential market remained cautious. The market was supported by rising wages and improved mortgage affordability resulting from lower interest rates; however, it continued to be affected by high apartment prices and a more cautious approach among buyers following the period of dynamic price growth. As a result, the situation on the residential market in 2025 and at the beginning of 2026 can be described as stabilisation, accompanied by continued selective price pressure.

Asking prices of new apartments on the primary market increased in 2025 across all analysed cities, although the scale of growth varied significantly between local markets. The strongest growth was recorded in Gdańsk, where the average price rose from EUR 3,190/sqm to EUR 3,739/sqm, i.e. by approximately 17%. Relatively high growth was also observed in Wrocław and Warsaw, while in Kraków and Łódź the pace of growth was more moderate. At the national level, the average asking price of a new apartment increased from EUR 2,792/sqm in 2024 to EUR 3,008/sqm in 2025, i.e. by approximately 8%. While prices between 2023 and 2024 increased by 19%, indicating a period of very strong upward momentum, the lower growth rate observed in 2025 suggests a gradual moderation of price dynamics on the primary market.

The rental segment developed more steadily in 2025 than the sales market. Rents increased in most of the analysed cities; however, their growth rate was lower than in the case of apartment prices. The highest average rents were recorded in Warsaw, while in Kraków, Gdańsk, Wrocław and Poznań the market was characterised by moderate increases or stabilisation. This indicates that, despite sustained demand for rental accommodation, the potential for further rent growth was partly limited by tenants' ability to absorb further increases.

Overall, in 2025 the Polish residential market remained in a stabilisation phase following the earlier period of strong growth. Improved financing conditions and wage growth supported demand, while high apartment prices continued to limit purchase affordability, particularly in the largest cities. At the beginning of 2026, the market outlook may be assessed as cautiously positive, although further market development will depend, among other factors, on financing costs, wage dynamics and the scale of new supply.



Portugal

In 2025, a total of 169,812 residential properties were sold, representing an 8.6% increase compared to 2024. The total value of these transactions reached €41.2 billion, an increase of 21.7% compared to the previous year.

The total volume of mortgages increased by 16.9%, from €24.6 billion in 2024 to €28.7 billion in 2025, partly supported by demand from younger buyers, who benefited from government support measures, including tax exemptions on property transactions and the introduction of a state-backed mortgage guarantee scheme.

On the supply side, there are positive signs, with licensed dwellings increasing by 21% in 2025 (42,048 units) compared to 2024 (34,637 units), potentially reflecting the Urban Simplex program, as part of the "Mais Habitação" initiative. Construction costs have recorded moderate growth (4%) compared with the previous year, with labour costs remaining the main driver of the increase.

Nevertheless, the supply response remains insufficient to ease short-term market pressures, continuing to support price growth and weigh on affordability. In 2025, housing prices increased significantly, with the Housing Price Index registering an average annual increase of 17.6%.

In the overall residential market (new and old dwellings), every region in the country experienced an increase in average transaction prices in 2025, with Lisbon and the Algarve being the Portuguese regions with the highest transaction prices per square meter, averaging approximately €3,543/sqm (+25.1% vs. 2024) and €3,266/sqm (+6.7% vs. 2024), respectively. Both regions also registered the highest average transaction prices per unit in 2025, approximately €361,908 (+13.2% vs. 2024) for Lisbon and €344,529 (+1.8% vs. 2024) 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 supply and high demand from households unable to access home ownership. Lisbon and Porto were the regions with the highest average rents in 2025 at approximately €15.9/sqm (+2.3% vs. 2024) and €13.1/sqm (+5.4% YoY), respectively. The Build-to-Rent (BTR) market remains at an early stage of development and continues to face several barriers. Nevertheless, a number of pioneering projects are beginning to emerge in Porto, including Jardins do Oriente and the Sonae / Grupo Casais partnership.

For 2026, the extension of the 6% reduced VAT rate (down from 23%) to selected new residential developments is expected to reduce construction costs, improve project feasibility, and ultimately boost housing supply and affordability in Portugal. At the same time, ongoing conflict in the Middle Eastis testing market confidence. Although the Portuguese residential market remains resilient, supported by strong demand and a structural housing shortage, inflationary pressures and potential changes in financing conditions may moderate market activity.



Romania

The Romanian residential market experienced a significant decline in transaction activity, with the number of individual units sold falling by 18% in Q4 2025 compared with Q4 2024. Housing sales declined by a more moderate 10% in the same time frame. Despite the decrease in sales, the average price per sqm has continually increased over the analysed period.

Romania's economy grew by only 0.7% in real terms in 2025, down from an already modest 0.9% in 2024. Inflation rose to 7.3% in 2025, compared to 5.6% in the previous year, putting additional pressure on household purchasing power. The increase in VAT on residential property acquisitions from 19% to 21% further reduced affordability for many prospective buyers.

According to Market 360 Imobiliare, despite a drop in real estate assets sold, the average mortgage has increased by 13%, reflecting higher financing requirements. The reference index for consumer credit has also increased, from 5.99% in Q4 2024, to 6.06% in Q4 2025, translating into higher borrowing costs. These trends point to increasingly cautious consumer behaviour in the residential market.

Average asking prices in Romania increased by 14% in Q4 2025 compared with Q4 2024. Growth was particularly pronounced among residential properties completed within the past five years, which continued to outperform older housing stock. Additionally, the number of granted building permits increased by 2% and the number of finalised assets decreased by 6% in 2025 compared to 2024, in the case of the biggest Romanian cities.

Rent prices have remained stable from 2024 to 2025, with no significant price fluctuations across all rental unit categories. The average national rent was kept at 550 EUR/month, with only a modest increase of 3% in rental listings. The average demand of rental properties has increased by 16% from Q4 2024 to Q4 2025. These trends point to a stable and resilient rental market, characterised by strong demand, high competition for newly available units and relatively stable asking rents.



Serbia

The Serbian residential market remained resilient throughout 2025 and into early 2026, although rapid growth gave way to a more selective market increasingly constrained by affordability. Macroeconomic conditions were relatively stable, with moderate GDP growth and declining inflation, although interest rates remained a constraint for housing affordability.

Mortgage conditions stabilized compared to the previous tightening period, while nominal wage growth partly offset increasing housing costs. Construction activity remained stable rather than expanding significantly, with the number of dwellings in issued building permits increasing slightly from 39,317 in 2024 to 39,636 in 2025 (SORS). However, supply remains insufficient to fully alleviate pressure in the country's major urban markets.

Local markets showed uneven dynamics, with Belgrade remaining the dominant and most expensive market, while Novi Sad and Niš continued to grow from lower price bases. At the national level, prices of new dwellings remained broadly stable, while prices of older dwellings increased moderately, indicating stronger demand for existing housing stock amid affordability constraints.

Belgrade recorded the strongest price growth, particularly in both new and older dwellings, reflecting continued demand for centrally located and high-quality properties. Novi Sad also showed steady growth, while Niš remained more affordable, although price increases were visible, especially in the secondary market.

Overall, the pricing dynamics suggest continued demand for residential ownership, supported by urbanisation and wage growth, but affordability constraints are becoming increasingly relevant.

The rental market softened in 2025 following the sharp increases recorded during 2022–2023. Rental prices declined across major cities as supply improved and demand from certain tenant groups, including foreign tenants, moderated.

Despite this short-term adjustment, the rental segment remains structurally important. Affordability constraints in the ownership market, combined with still elevated mortgage costs and ongoing urbanisation, are expected to support a gradual increase in demand for rental housing. Institutional rental and BTR activity remain limited but is expected to grow from a low base, particularly in Belgrade.



Slovakia

Compared with 2024, the Slovak residential market in 2025 and early 2026 experienced a shift from a period of stabilization to a phase of renewed growth and confidence. While economic growth remained moderate at around 0.8%, the labour market stayed stable, supporting consumer confidence. Combined with limited housing supply in major urban centres, these factors contributed to stronger activity in the residential property market throughout 2025. Market sentiment gradually improved during the year as more favourable mortgage conditions increased affordability and supported stronger buyer demand. This recovery was reflected in a clear acceleration in residential property prices. According to the Statistical Office of the Slovak Republic, property prices increased by almost 13% year-on-year in the fourth quarter of 2025, marking one of the strongest annual growth rates in recent years. In the first quarter of 2026, residential property prices continued to increase, following the positive trend recorded in 2025.

According to the Statistical Office of the Slovak Republic, residential property prices continued to rise in Q1 2026, increasing both quarter-on-quarter (relative to Q4 2025) and year-on-year. Growth was recorded across all regions, with the strongest increases observed in the Bratislava and Prešov regions, while both new and existing dwellings contributed to the overall rise.

This overall growth was driven mainly by apartments, whose prices rose by 3.5% in Q1 2026 compared with Q4 2025, and by more than 11% year-on-year. In contrast, the market for houses weakened, with prices falling by 1% relative to Q4 2025, although they remained higher than a year earlier.

The average interest rate on new housing loans in Slovakia stood at 3.46% in April 2026, according to ECB data. Following the ECB's recent rate increase and persistent inflationary pressures, mortgage rates are expected to remain elevated in the coming months, with the possibility of further moderate increases depending on future monetary policy decisions.

Bratislava remained the most expensive residential market in the country, while price growth was recorded across all regions. Data from the Statistical Office indicate that residential property prices increased year-on-year in all eight Slovak regions in the second quarter of 2025, with growth exceeding 10% in several regions, including Bratislava, Prešov, Banská Bystrica, Nitra and Košice. The pace of growth strengthened further in the second half of the year. By the third quarter, the Banská Bystrica and Nitra regions recorded the strongest increases, with price growth in some cases exceeding 20% year-on-year. Price growth was driven by a combination of factors, including lower financing costs, improving buyer demand and a limited supply of new housing. At the same time, housing affordability came under pressure in several regions, as property prices continued to outpace income growth. The Slovak construction sector continues to face shortages of skilled labour across all regions, with most firms reporting difficulties in recruiting qualified workers. Companies also report that these shortages are constraining their operational capacity, which may contribute to pressure on project delivery and costs.

The rental market remained relatively unchanged during 2025 and early 2026, with demand concentrated in the largest urban centres. The average monthly rent in Slovakia reached €749 in the fourth quarter of 2025. Bratislava remained the most expensive rental market, with average monthly rents of €969 at the end of 2025, followed by Trnava (€748) and Košice (€744). In year-on-year comparison, the market showed mixed performance. While the national average declined by 2.6% in the fourth quarter of 2025 compared with the same period in 2024, individual cities recorded very different trends. The strongest rent growth was observed in Prešov (+12.4%), followed by Košice (+6.0%), Banská Bystrica (+5.3%), Trenčín (+3.4%) and Trnava (+1.6%). In contrast, rents declined in Žilina (-3.2%), Bratislava (-2.8%) and Nitra (-0.8%).

As of early 2026, estimated rental vacancy rates in Bratislava are about 2% to 4%, while across Slovakia they range roughly from 4% to 7%. Nationally, vacancy levels are broadly in line with historical norms, although Bratislava has seen a slight tightening over the past two years, mainly driven by strong job growth in the capital.

Build-to-rent (BTR) investment in Slovakia remains at an early stage but is gradually emerging as the country has a very small rental housing sector, with around 7% of households living in rented accommodation compared with the EU average of over 30%. This structural gap is attracting increasing interest from institutional investors, particularly in Bratislava, where demand remains strong while supply is limited. As a result, professionally managed rental projects are slowly starting to appear as part of a gradual shift towards a more developed private rental market. Slovakia has also introduced a state-supported rental housing programme aimed at improving housing affordability, with initial projects being prepared in Bratislava, Košice and other cities.



Spain

In 2025 and early 2026, the residential market in Spain has continued to reflect growing imbalances between supply and demand, despite relatively strong macroeconomic performance. Spain remained among the best-performing economies in Europe, with moderate growth forecasts (2.4% in 2026), alongside a slight uptick in inflation and interest rates. Unemployment kept improving, although it remains above the European average (10.5% vs 6.2%). However, affordability constraints persisted, as income growth has not kept pace with rising housing costs.

Demand remained structurally robust, supported by strong demographic dynamics, including sustained population growth, and a continued decline in average household size. In the next 15 years, Spain is expected to generate c.250k new households annually, significantly above current levels of housing delivery (c. 80k units). This trend is particularly pronounced in major metropolitan areas and high-growth regions, driven by both urban domestic demand and international migration.

The resulting supply-demand imbalance remains a defining feature of the market. Residential construction activity, while showing signs of recovery, continues to operate at levels significantly below historical averages, with current output estimated at around 70% of the historic 50-year norm. This gap has translated into a structural housing deficit, with recent Bank of Spain estimates currently pointing to a 750k unit housing shortage and a sustained annual shortfall in new supply.

Supply-side constraints remain widespread across the development value chain. These include limited availability of buildable land in key urban areas, complex and lengthy planning processes, high construction costs, and labour shortages, all of which continue to restrict the pace of new housing delivery. In addition, financing constraints persist, particularly for developers, while public support remains relatively limited despite recent announcements, with a low share of social housing and virtually no investment in public housing.

In response to these challenges, new housing solutions and regulatory approaches are beginning to emerge. These include the promotion of affordable housing schemes, public-private partnerships, industrialisation of construction processes, and alternative living formats such as flex living in land/buildings with tertiary use. In parallel, in municipalities like Madrid, there are ongoing efforts to increase housing density (residential units, building height and buildable area) on both new and consolidated urban areas. Additionally, increased regulatory flexibility is, in some cases, enabling buildability increase on plots designated for affordable housing, the temporary conversion of tertiary office land/buildings into affordable housing for rent, as well as alternative living schemes in industrial areas. Despite these initiatives, their impact on housing supply in the short and medium term is expected to remain limited.

On the pricing side, residential property values continued to increase in 2025, albeit at a more moderate pace. In major cities such as Madrid, Barcelona and Alicante, signs of price stabilization are emerging in segments that experienced particularly strong growth in recent years, although overall price levels remain elevated due to persistent supply constraints.

The rental market remained under significant pressure, with continued rent increases driven by strong demand and limited supply, particularly in major urban areas. In response, certain regions have introduced rent regulation measures in designated high-pressure zones, which are starting to influence local market dynamics by contributing to the emergence of alternative living formats, including flex living and shared accommodation solutions.

At the same time, parts of the institutional residential market are undergoing adjustment, with many build-to-rent portfolios being divested and, in certain cases, privatized through unit-by-unit sales.

Overall, the Spanish residential market remains characterized by structural supply shortages, which continue to underpin price levels and limit affordability, despite positive macroeconomic conditions.



Turkey

The Turkish economy continued to face significant challenges in 2025. Inflation remained high, monetary policy stayed restrictive and financing costs continued to weigh on both households and businesses. Even so, the residential market proved more resilient than many had expected. Population growth, ongoing urbanization and replacement demand following the 2023 earthquakes continued to support underlying demand. At the same time, residential property remained one of the preferred ways for households to preserve purchasing power in an inflationary environment.

Construction activity gained momentum during the year. The number of completed dwellings increased to 673,575, compared with 636,197 in 2024. Particularly noteworthy was the increase in new construction permits, which reached 1,111,852 units. This suggests that developers have become more optimistic about market conditions and are preparing for stronger housing demand over the coming years.

Financing conditions, however, remained difficult for much of the year. Mortgage rates stayed well above levels affordable for many households, limiting mortgage-financed transactions. As a result, cash purchases continued to account for a large share of sales, while developers increasingly offered instalment payment plans and other financing alternatives to attract buyers.

House prices continued to rise in nominal terms during 2025, although real price growth was more moderate after adjusting for inflation. The rental market also remained under pressure, reflecting strong demand and limited immediately available supply. Even so, rent increases became less pronounced than in previous years, when the market experienced exceptionally rapid growth.

Looking ahead, the overall outlook is cautiously positive. Lower interest rates and an expected recovery in mortgage lending should gradually improve market activity. At the same time, affordability is likely to remain one of the main challenges. Construction costs are still elevated, and household incomes have not increased at the same pace as residential property prices. The substantial increase in construction permits during 2025 should gradually expand housing supply and contribute to a more balanced market over the medium term.



United Kingdom

At the start of 2025, the UK residential market was characterised by cautious optimism, with some indicators suggesting potential stabilisation following the challenges of the previous year. However, this initial optimism gave way to a more subdued market by the end of 2025, with both buyer demand and agreed sales registering negative readings. The December 2025 RICS UK Residential Market Survey indicated encouraging signs of a shift in sentiment, with greater optimism for the near-term and year-ahead sales outlook, supported by expectations of monetary policy easing and reduced Budget uncertainty. By January 2026, tentative signs emerged that market conditions might be turning a corner, with several activity indicators recording their least negative readings in months and respondents showing growing confidence that sales volumes would recover over the year ahead, despite near-term caution. However, this momentum was tempered in February 2026 by heightened geopolitical and macroeconomic uncertainty, particularly from the Middle East conflict and concerns over interest rates. This led to a setback in near-term expectations, although the twelve-month outlook remained broadly positive. By March 2026, the market had lost momentum, with buyer confidence significantly affected by rising mortgage costs and global instability. New buyer enquiries and agreed sales fell sharply to their weakest readings since August 2023. The April 2026 RICS survey continued to point to a subdued housing market, with higher mortgage rates and wider geopolitical uncertainty weighing on buyer demand and sales activity, suggesting muted conditions would persist. By May 2026, sales market activity remained subdued, although the recent decline showed signs of stabilising, indicating that downward momentum may be levelling off, while forward-looking measures remained cautious in the near term.

Prevailing inflation and mortgage rates: The Bank of England base rate stood at 4.75% in January 2025. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.9% in the 12 months to January 2025, up from 3.5% in December 2024. By July 2025, the Bank of England base rate had fallen by 50 basis points to 4.25%. The average two-year fixed-rate mortgage stood at 4.19% for a 75% loan-to-value ratio, while the average five-year fixed rate was 5.19% at the same loan-to-value ratio. In December 2025, the Bank of England reduced the base rate to 3.75%. CPIH rose by 3.2% in the 12 months to January 2026, up from 3.6% in the 12 months to December 2025. In July 2026, HSBC's two-year fixed-rate mortgage stood at 4.72% for a 75% loan-to-value ratio, while the standard five-year fixed rate averaged 4.47% at the same loan-to-value ratio.

In terms of the UK Housebuilding the sector remains under pressure from subdued buyer demand, affordability constraints, planning delays and elevated financing costs. Housebuilders continue to report challenging trading conditions, with weak consumer confidence and higher borrowing costs constraining sales rates and weighing on profitability. Industry surveys indicate that affordability pressures, macroeconomic uncertainty and planning constraints remain the principal barriers to recovery.

Nationally, the average asking price in the UK stood at £373,709 in July 2025, fell to £358,138 in December 2025, and rose to £376,191 in June 2026, according to Rightmove. This rise and fall followed the expected seasonal pattern. According to Nationwide, the average UK house price was £277,484 in June 2026, representing annual growth of 2.2%. Zoopla reported an average UK house price of £271,900 in May 2026, with a 1.4% year-on-year increase. Major cities experienced varied growth. In Manchester, the average house price was approximately £245,000 in March 2025, representing a 2.3% increase from the previous year. By April 2026, the provisional average house price in Manchester was £247,000, a 1.3% increase from April 2025. In contrast, London house prices generally declined, the average house price was approximately £553,000 in April 2026 representing a 2.1% decrease from the previous year. The average price for a first-time buyer as at April 2026 was £472,000 which has decreased 1.8% from the previous year.

The UK residential lettings market underwent a significant transformation with the implementation of the Renters' Rights Act 2025. The Act abolished Section 21 'no fault' evictions. All new and existing Assured Shorthold Tenancies (ASTs) automatically converted to Assured Periodic Tenancies (APTs), meaning tenancies now continue indefinitely until either the tenant gives notice or the landlord can rely on a statutory ground for possession under a reformed Section 8 process. In summary, the reform was intended to provide tenants with greater security and stability. The Act introduced new operational requirements for landlords, who can increase rent only once a year, with tenants now able to challenge increases at the First-tier Tribunal. The increased regulatory burden may lead some landlords to exit the buy-to-let market, which could reduce short-term supply. The build-to-rent (BTR) market is also being affected by the Building Safety Act 2022 (BSA) and its associated gateway process. The BSA was enacted to enhance safety standards in residential buildings, particularly high-rise structures.

The gateway process mandates new regulation at various stages of the project lifecycle (Gateway 1: Planning, Gateway 2: Pre-Construction, Gateway 3: Completion), leading to extended planning and approval timelines, increased compliance costs, and heightened project risk for multi-family, high-rise BTR developments. A notable trend has emerged in which capital is being allocated towards single-family housing BTR developments, which are typically lower-rise and less complex.



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