

Belgian real estate market to rebound in 2025

We expect Belgium's real estate market to rebound next year. With the decline in interest rates, combined with wage indexation, increasing housing shortages, and legislative changes, we anticipate housing price growth to pick up to 3% in 2025 and 3.8% in 2026



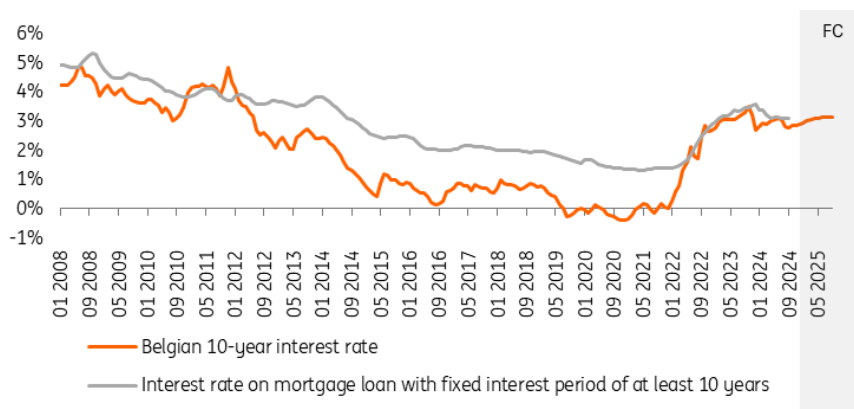
More than half of Belgians already believe housing is unaffordable in Belgium

According to our ING consumer survey (October 2024), over half of the respondents believe that housing, whether renting or buying, is already unaffordable. Additionally, most Belgians expect the affordability of energy-efficient homes to worsen due to stricter environmental legislation, with only 34% sharing similar concerns for energy-consuming homes. According to our respondents, the future of housing appears challenging, especially for young buyers. Notably, 63% believe that young buyers will face greater difficulties in acquiring housing. This sentiment is more pronounced among older generations, with concerns growing as age increases.

... and housing prices will rise faster again in 2025

In recent years, interest rate increases by the European Central Bank have led to a sharp rise in long-term mortgage rates, negatively affecting buyers' borrowing capacity and making home purchases difficult or even impossible for many new buyers. However, in June 2024, the ECB began cutting deposit rates again, leading to a decline in mortgage rates. While short rates are expected to fall further, we anticipate a stabilisation of long-term interest rates in 2025, with a potential slight increase during the year. As future ECB rate cuts are already reflected in current long-term rates, we do not expect a return to the extremely low levels seen before 2022.

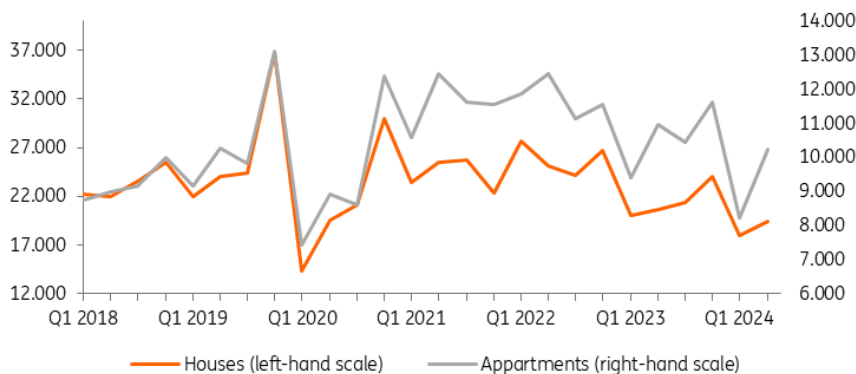
Stabilisation of mortgage rates



Source: NBB, Refinitiv, ING forecasts

The decline in mortgage rates in 2024 has improved housing affordability, allowing potential buyers to borrow more for the same monthly payment. This increased affordability has positively impacted the market, significantly boosting transaction numbers. As interest rates stabilise, we expect many buyers to abandon their wait-and-see approach, realising that rates will not return to pre-2022 lows. Consequently, we anticipate a stronger increase in transactions in 2025, which will support price growth.

The number of transactions on the Belgian real estate market is on the rise again



Source: Statbel, ING Research

Legislative changes will influence house prices

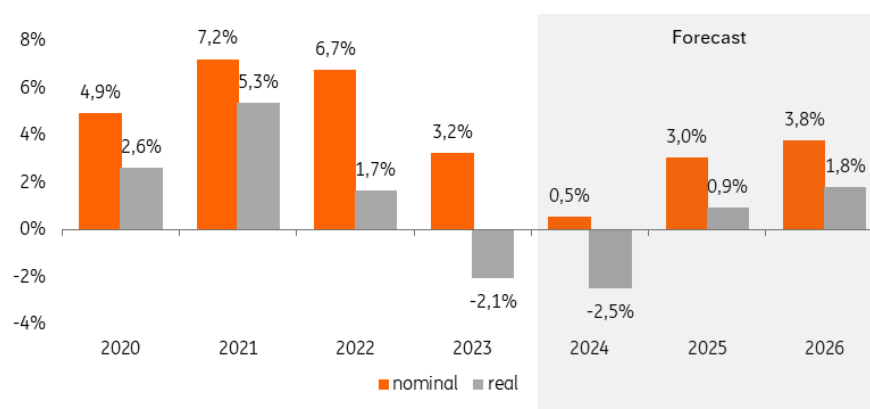
The mandatory renovation requirement in Flanders has caused a price difference between energy-efficient and energy-consuming homes. Measures announced by the government will impact property prices and willingness to renovate. From 2025, Flanders' registration fees for primary residences will decrease from 3% to 2%, and Wallonia's fees will drop from 12.5% to 3%, likely raising property prices and benefiting sellers. Nevertheless, the abolishment of certain benefits in both regions will moderate the price increases resulting from the registration fee reductions.

Prices for energy-efficient homes have risen faster than energy-consuming ones and this trend is expected to continue, although the relaxation of renovation obligations may lead to stronger price increases for energy-consuming homes. However, this effect will be tempered by eliminating reduced registration fees and additional incentives for homes with poor energy scores, maintaining the price growth differential between energy-efficient and energy-consuming homes.

Overall, after an expected modest price increase of 0.5% in 2024, Belgium's residential real estate prices are expected to grow by 3% in 2025 and 3.8% in 2026, driven by stable mortgage rates, wage indexation, fee reductions, housing shortages, and legislative changes.

You can find the full version of this study in [French here](#) and in [Dutch here](#).

Real estate price trends, including forecasts from ING



Source: Statbel, ING Research

Author

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss

arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.