

Press release

Berlin, 28 August 2024

Third increase in succession: discernible upward trend in property financing

New lending by vdp member banks rises by 15.6% in the second quarter

In the second quarter of 2024, the banks which together make up the Association of German Pfandbrief Banks (vdp) extended property loans totalling EUR 31.2 bn – an increase of 15.6% compared with the second quarter of 2023 (EUR 27.0 bn). With that, for the third quarter in succession, the volume of new lending exceeded the corresponding quarters one year earlier in each case, and reached the highest figure since the third quarter of 2022 (EUR 39.4 bn). From the beginning of 2024 to mid-year, real estate lending totalled EUR 58.2 bn, which is equivalent to growth of 10.2% compared with the first half-year of 2023 (EUR 52.8 bn).

This positive trend in new lending activity was driven by residential property financing, the volume rising by 33.1% to EUR 20.1 bn between the second quarter of 2023 and the second quarter of 2024 (Q2 2023: EUR 15.1 bn). In the first half-year of 2024, total lending for the construction and purchase of residential properties came to EUR 37.9 bn. This was 19.6% up on the corresponding period one year earlier (H1 2023: EUR 31.7 bn). By contrast, commercial property loans totalled EUR 11.1 bn in the second quarter of 2024 and EUR 20.3 bn in the first half-year of 2024. This was a decrease of 6.7% and 3.8% respectively compared with the corresponding quarter and half-year one year earlier (Q2 2023: EUR 11.9 bn; H1 2023: EUR 21.1 bn).

“The growth in total lending reflects how demand for residential properties is again rising significantly.”

Jens Tolckmitt

“For the first time since autumn 2022, total property financing in one quarter is above EUR 31 bn. We had already seen signs of a property financing recovery in the first quarter of this year, and now it is solidifying,” remarked vdp Chief Executive Jens Tolckmitt. “Our recently published vdp index figures on price developments likewise indicate that the two-year downturn on the German property market is coming to an end. The residential property market in particular is already benefitting from the interest rate and price environment, which has become more stable in the meantime, and the adjusted returns. Given these general conditions, demand for residential properties is rising significantly. The growth in total lending is a reflection of this development.”

Residential property financing: growth in all segments

Of the total volume of residential property loans extended (EUR 20.1 bn), almost half (EUR 9.5 bn) was accounted for by new lending for one-and two-family houses (share: 47.3%). Compared with the second quarter one year earlier, this market segment grew in the second quarter of 2024, namely by 25.0%, as did loans for condominiums (+38.7%) and for multi-family houses (+57.6%). Comparing the first half of 2024 with the first half of 2023, financing for one- and two-family houses rose by 24.2%, condominiums by 37.9% and multi-family houses by 2.2%.

Commercial property loans: increased volume for retail properties

In contrast to new residential property financing, new commercial property loans extended did not yet experience a recovery in the second quarter of this year. Total new lending of EUR 11.1 bn was made up of loans for office properties (EUR 5.0 bn), retail properties (EUR 3.7 bn), hotel properties (EUR 0.6 bn) as well as other commercial buildings (EUR 1.8 bn). Whereas lending for retail properties and other commercial buildings rose considerably compared with the previous year on both a quarterly and a half-yearly basis, lending volumes for offices and hotels fell markedly.

Property financing portfolio remains above EUR 1,000 bn

The portfolio of property loans extended by the vdp member banks amounted to EUR 1,007.2 bn as at 30 June 2024. This was slightly higher than the immediately preceding quarter (31 March 2024: EUR 1,003.5 bn). Properties located in Germany accounted for by far the greater part of the financing volume (around 87%).

The complete real estate financing statistics as well as tables and charts are available for free use on the vdp's website under the following link [LINK](#).

About the Association of German Pfandbrief Banks (vdp)

The Association of German Pfandbrief Banks is one of the five associations that make up the German Banking Industry Committee. It represents the sector's most important providers of financing for residential and commercial property construction, governments and public-sector institutions.

Association of German Pfandbriefbanks

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