

## Press release

Berlin, 22 May 2025

### **Brisk start to 2025: vdp member banks extend significantly more property loans**

#### **Rise in new lending volume, notably for residential properties**

The banks which together make up the Association of German Pfandbrief Banks (vdp) extended significantly more property loans in the first quarter of 2025 than in the first quarter of 2024. The volume of property financing rose by 24.5% to EUR 36.1 bn. Compared with the immediately preceding quarter, a 19.1% increase was recorded. The positive trend at the beginning of this year was primarily driven by a marked revitalization of lending for the construction and purchase of residential properties.

Between January and March 2025, **new lending for residential properties** totalled EUR 24.4 bn. This was 31.9% higher year on year and 35.6% higher quarter on quarter. The volume of loans for **commercial properties** came to EUR 11.7 bn, which was 11.4% higher than in the first quarter of 2024 (EUR 10.5 bn). Compared with the fourth quarter of 2024, a 4.9% decrease was recorded (EUR 12.3 bn).

#### **“The property financing market in particular picked up considerably at the beginning of this year.”**

Jens Tolckmitt

“Following phases of stabilization and recovery in 2024, the property financing market picked up considerably again at the beginning of 2025,” vdp Chief Executive Jens Tolckmitt commented. He added that this was particularly true of the residential property market and in this context, above all, of the segment comprising multi-family houses. Here, demand for financing had initially dropped considerably following the turn-about in interest rates in 2022, and has now experienced a pronounced increase in the first quarter of 2025 – albeit from a low level. He pointed out that, besides the volume of loans for residential properties, prices for residential properties recently also saw an increase. The development of prices and lending volumes over the remainder of this year will primarily depend, Tolckmitt said, on the long-term interest rate level, which in turn will affect investors’ return expectations. “We are currently facing a number of uncertainty factors in the environment, and it is difficult to predict their implications for the property market,” Tolckmitt remarked, and emphasized the importance of the German economy quickly returning to speed, as this would also stimulate the property market.

### **New lending for residential properties: considerable rise for multi-family houses**

The volume of extended residential property loans, which totalled EUR 24.4 bn in the first quarter of 2025 (previous year: EUR 18.0 bn), consisted of new loans for one- and two-family houses (EUR 11.7 bn), condominiums (EUR 4.9 bn), multi-family houses (EUR 6.5 bn) and other residential properties (EUR 1.3 bn). The strongest growth in relative terms (51.2%) was recorded in financing for multi-family houses (previous year: EUR 4.3 bn). Each of the other property asset classes likewise saw double-digit growth rates.

### **Commercial property loans: lower demand for offices than at the start of 2024**

Totalling EUR 11.7 bn, commercial property loans were in line with the average for the preceding quarters. Thus, lending in this segment remained rather subdued on the whole. The volume of new loans for retail properties increased from EUR 2.5 bn in the first quarter of 2024 to EUR 3.7 bn, thereby reducing the gap vis-à-vis the nominal volume of loans extended for office properties, which totalled EUR 4.3 bn in the quarter under review (previous year: EUR 5.8 bn). This was followed by loans for other commercial properties (EUR 2.0 bn), hotels (EUR 1.4 bn) and industrial buildings (EUR 300 million).

### **Property financing portfolio proves stable**

As at 31 March 2025, the **portfolio** of property loans extended by the vdp member banks totalled EUR 1,028.4 bn. This was up slightly on the immediately preceding quarter (31 Dec. 2024: EUR 1,025.1 bn). At around 87%, properties located in Germany accounted for by far the greater share of the financing volume.

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](#).

### **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 finance for residential and commercial property, governments and public-sector institutions. The vdp advocates for the continued success of the Pfandbrief and represents the specific, Pfandbrief-related interests of its member institutions vis-à-vis lawmakers, regulators and markets at national and international level.*

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