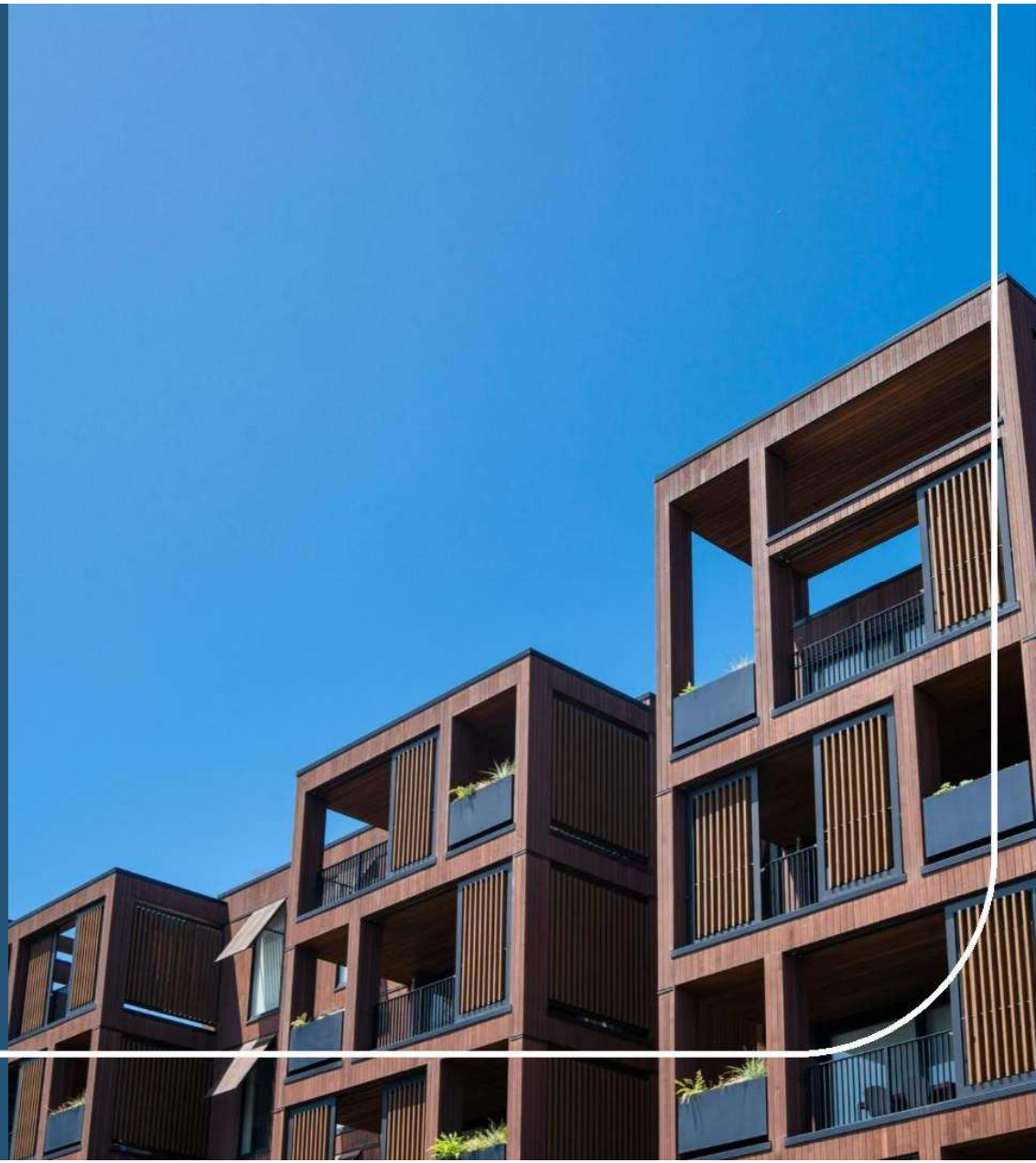
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SUERF
Evidence on Housing Affordability

Gottfried Haber

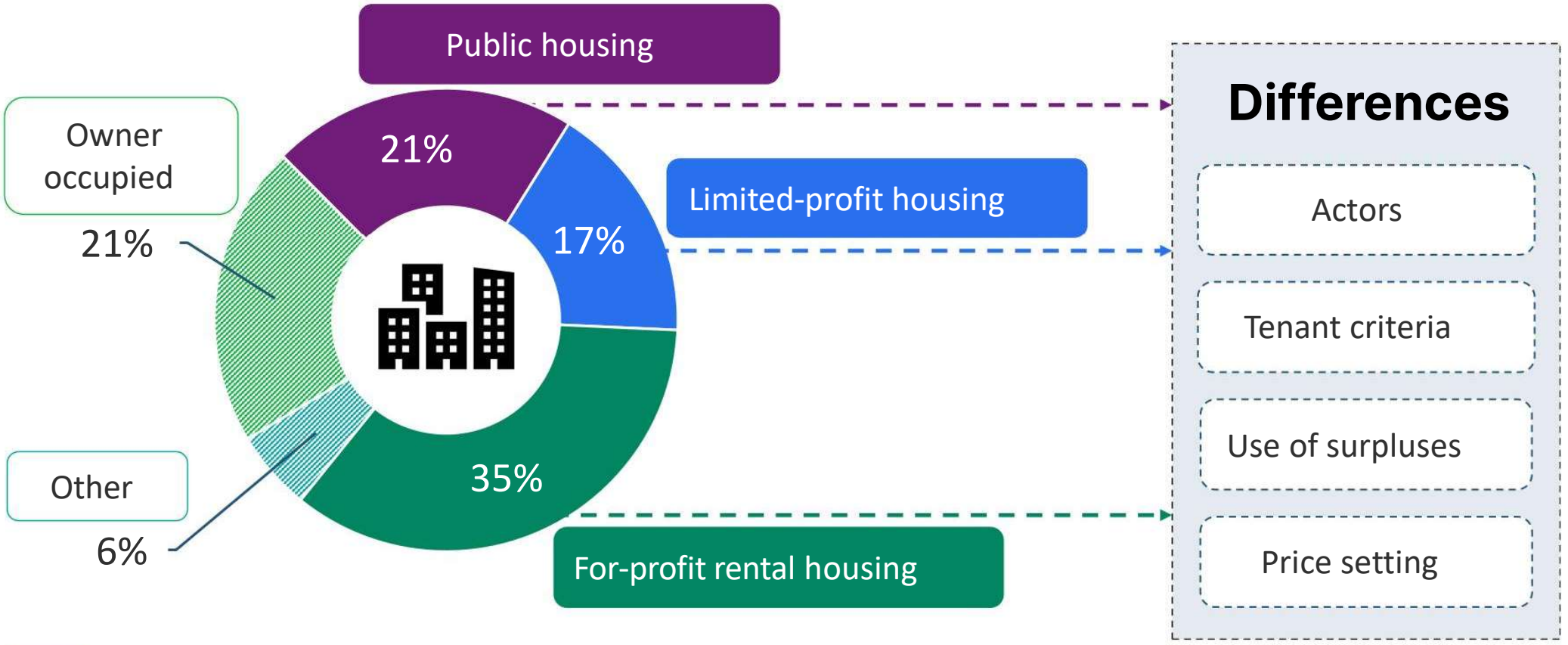
Note: Past performance is not necessarily indicative of future results.
CEE8: Croatia, Czechia, Hungary, Poland, Romania, Slovenia, Slovakia, Serbia

Affordable Housing in Austria



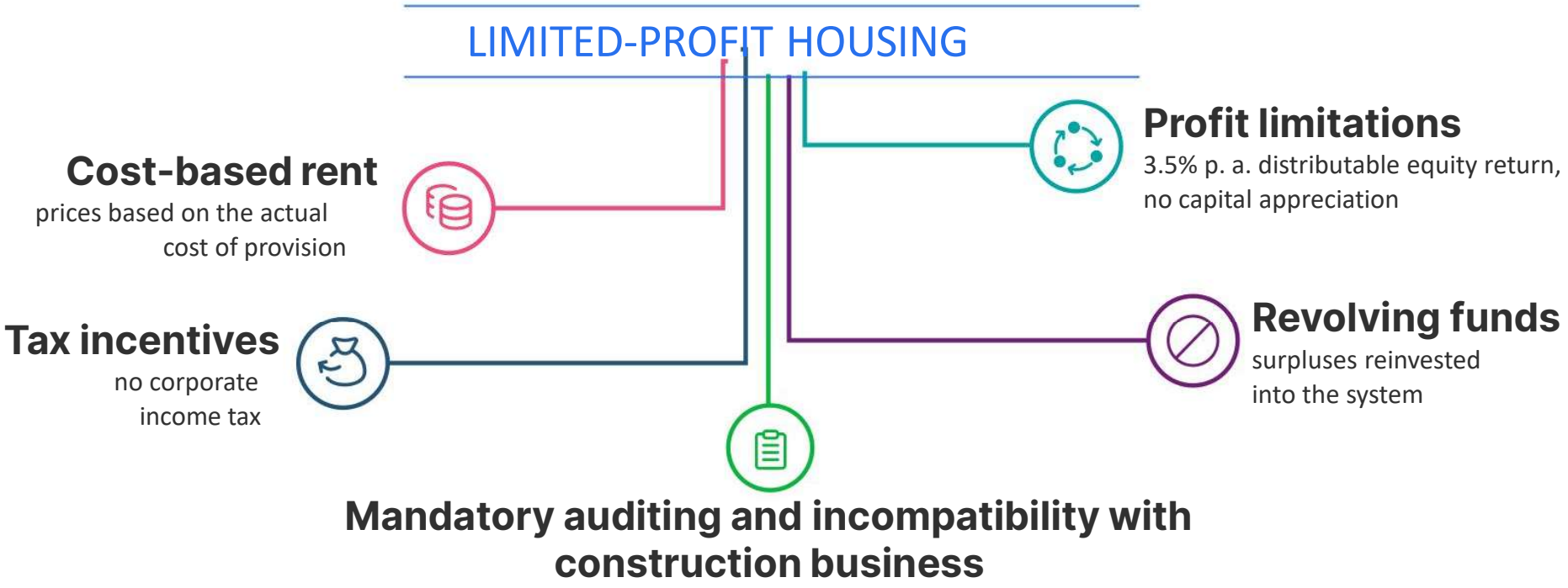
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Background - Types of housing in Vienna



Source: Statistic Austria (2025)

What are limited profit housing associations?



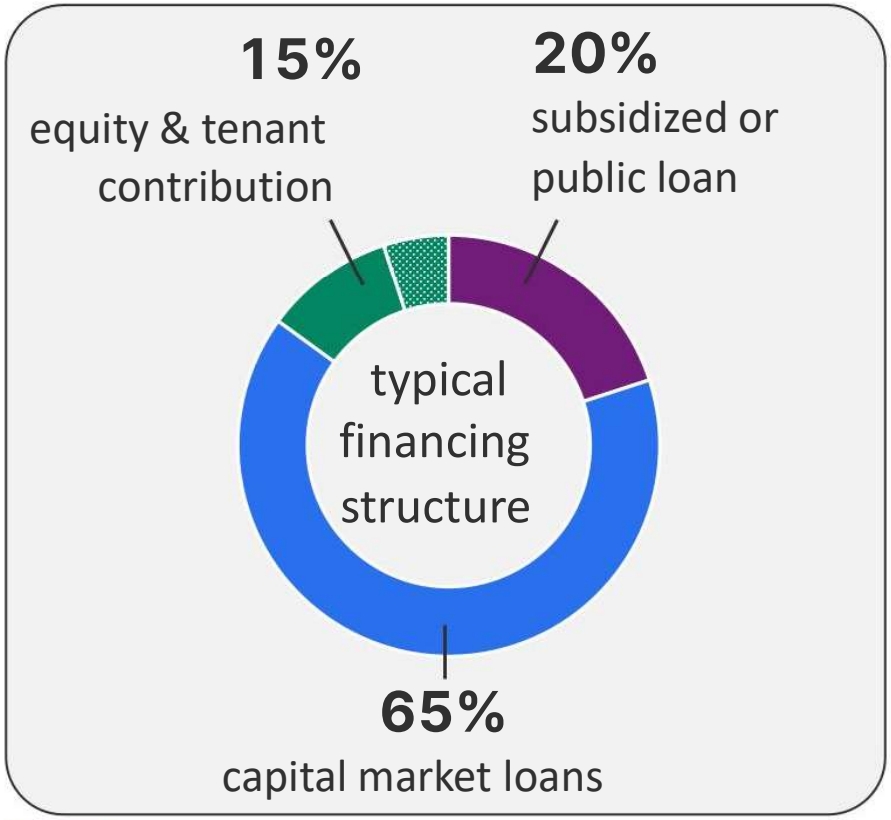
Limited-profit housing sector *in Austria – approximate figures*

1 000 000 units	63bn EUR	4-5bn EUR
under management	balance sheets	investment activity p.a.

Source: GBV (2025)

Limited-profit housing associations (LPHAs)

The private sector is a key pillar of the LPHA sector in Austria.



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EQUITY

60 000 units constructed

DEBT

32% market share



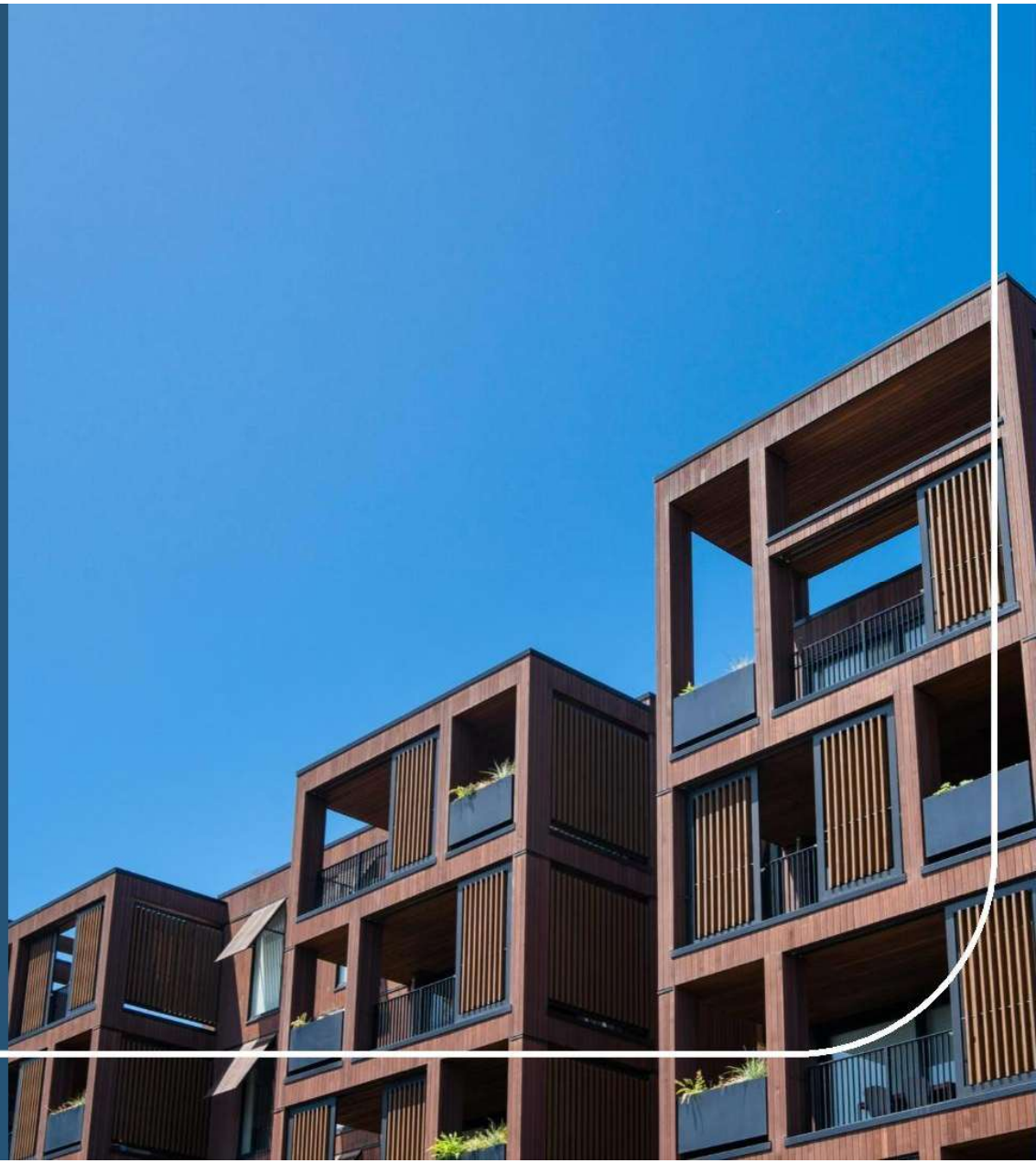
HOME → MEDIA CENTRE → NEWSROOM → ALL RELEASES

Austria: Erste Bank and EIB support €1.5 billion investment in affordable housing

Long-term factors for affordability

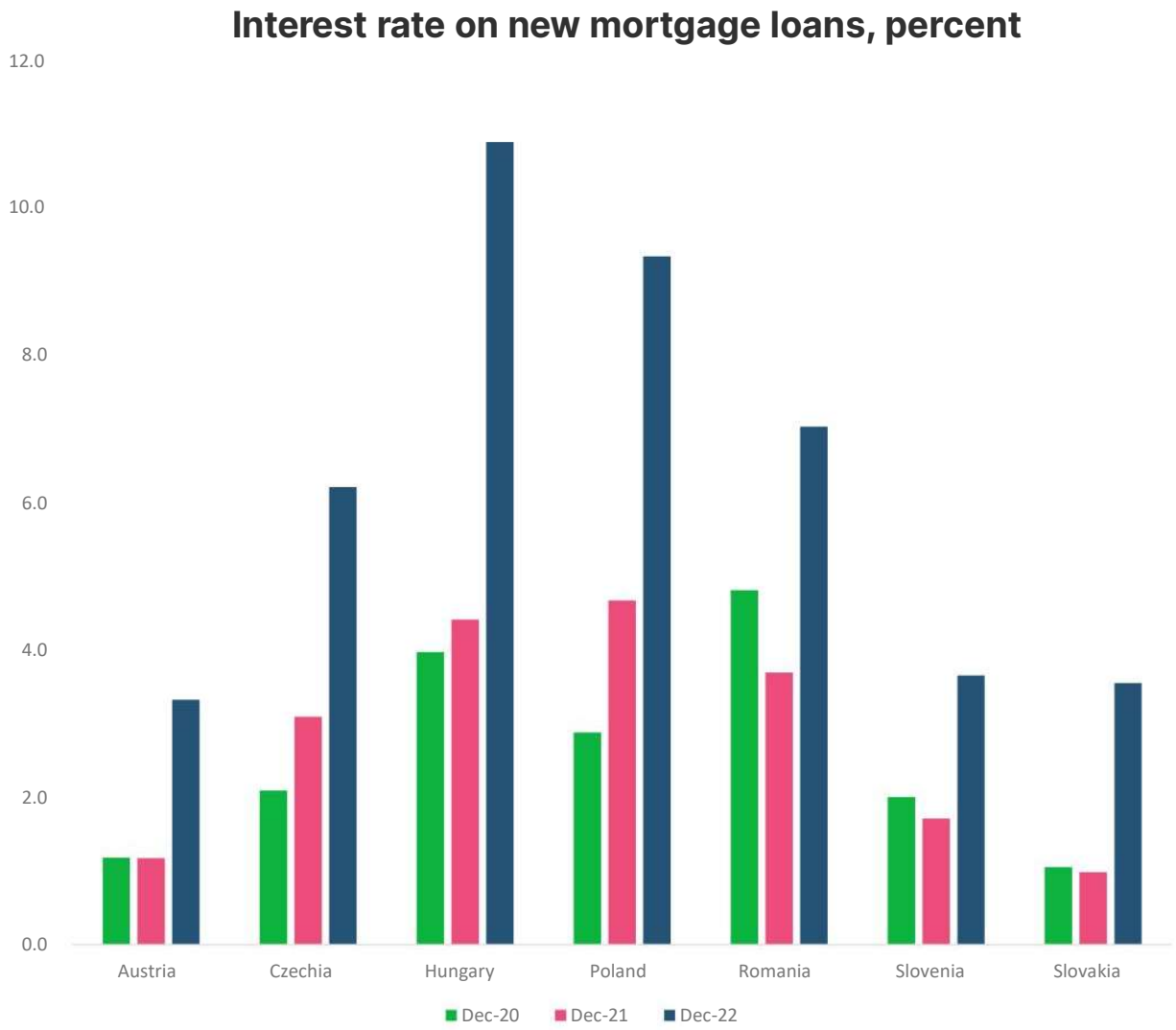
- **Population growth** is expected to slow gradually, removing some pressure from the housing market
- As the population is **ageing** and fertility rates remain low, the structure of households and their housing needs will change as well
- **Migration** is likely to remain a factor making the rental market attractive, sustaining the price pressure
- **Urbanization** vs. living in the suburbs amid increasing impact of climate change on living conditions (heat, droughts) and possibility of flexible working arrangements
- The **energy efficiency** of buildings is likely to become on of the key factors impacting house prices in the long run

Affordable Housing in CEE



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Interest rate effects on loans 2020-2022



Surging inflation and central bank responses, with massive monetary tightening in the region, resulted in a substantial increase of the cost of credit.

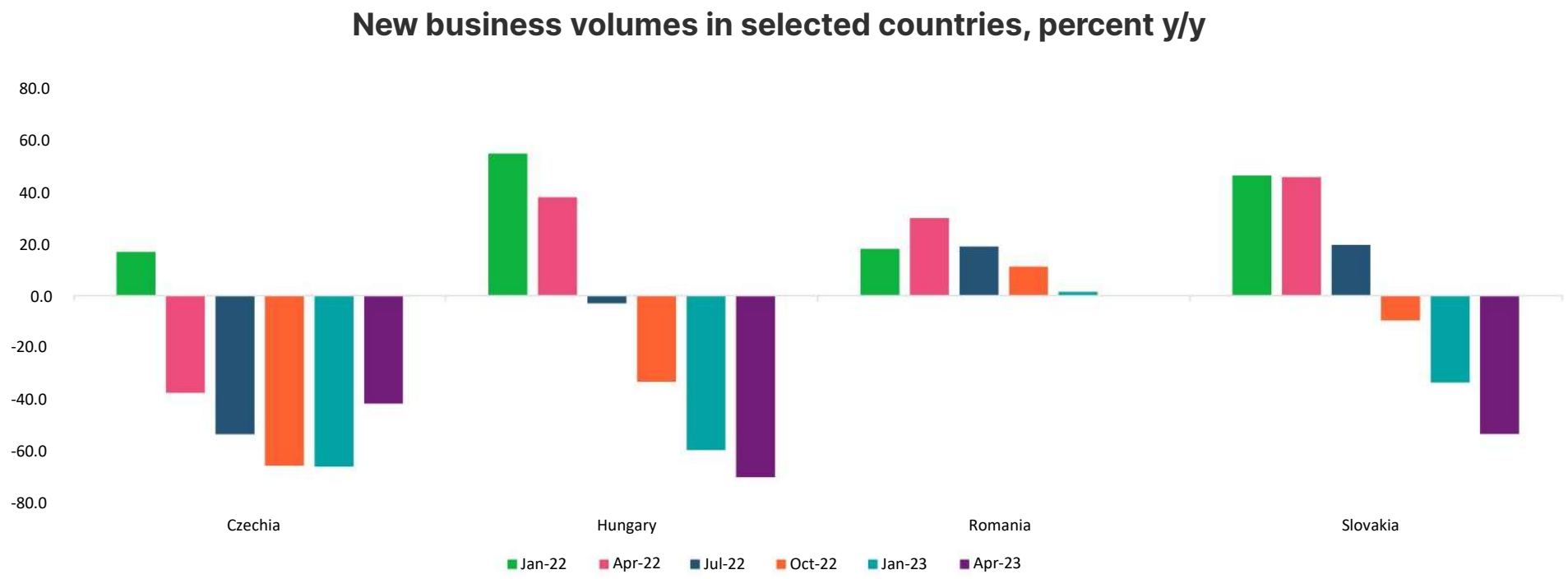
Interest rates on new mortgage loans at least doubled between December 2021 and 2022 and remain very high.

This cooled down the demand for housing loans, resulting in a visible decline of new business volumes in CEE.

In e.g. Poland, it also opened the discussion on variable vs. fixed rate loans.

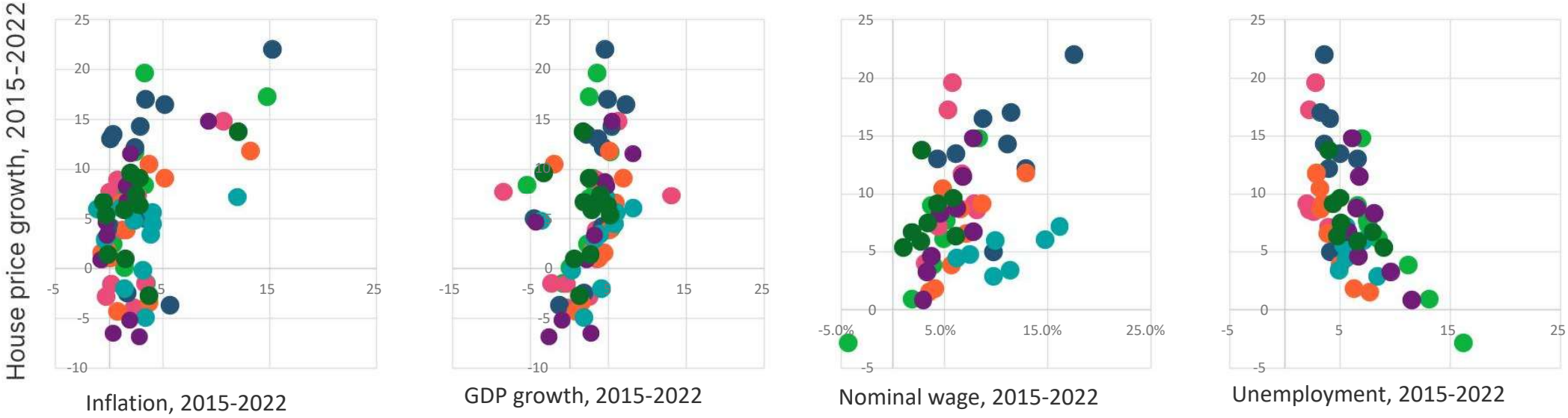
Source: ECB

Lower demand was visible in declining new business as high cost of credit affected eligibility for mortgages



Source: ECB

House price growth correlates most strongly with labor market indicators. Low unemployment and wage growth support house price increases.



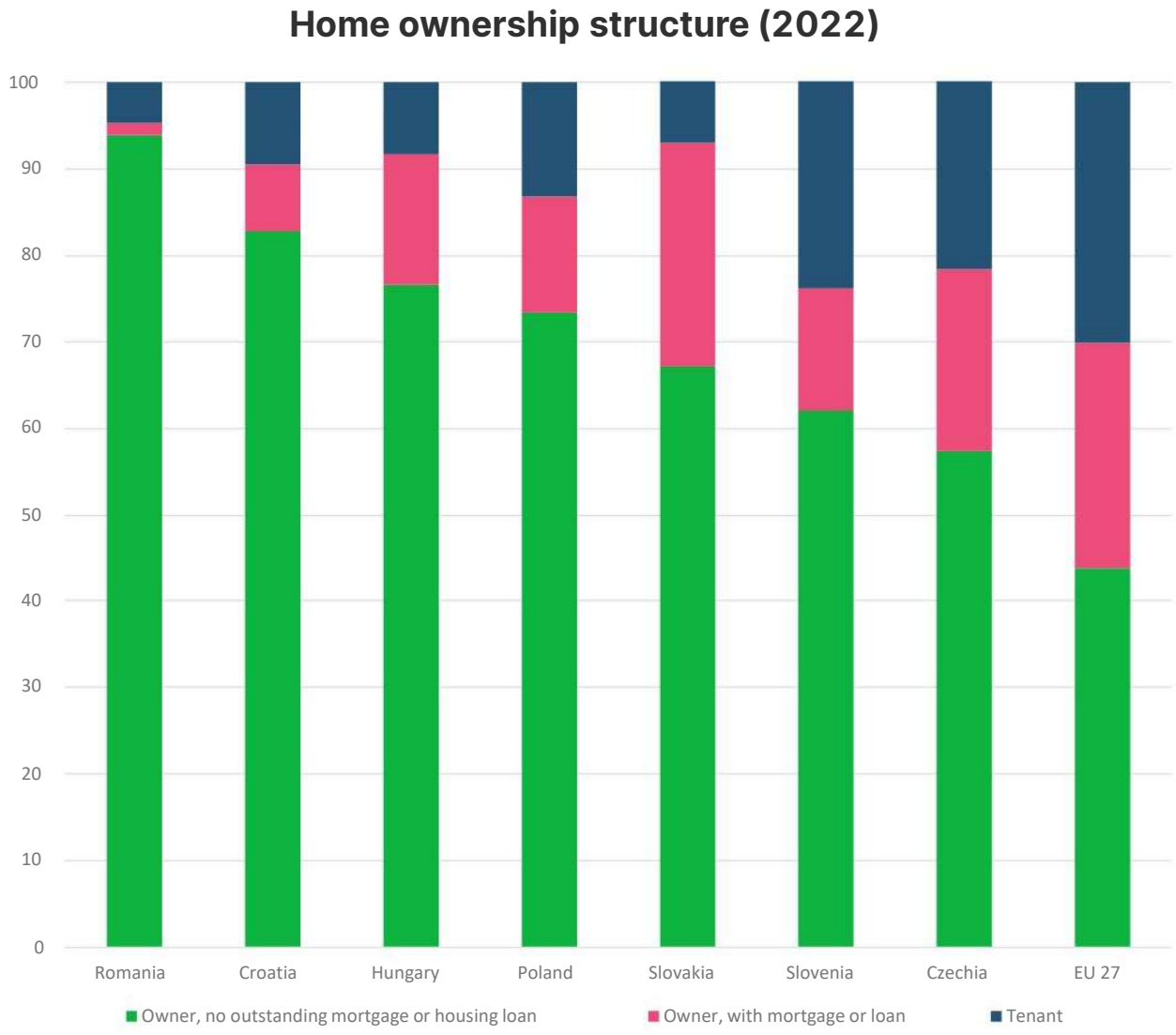
Headline inflation vs. House prices (percent)
Correlation 0.14
(excluding 2022)

GDP growth vs. House prices (percent)
Correlation 0.33

Nominal wage vs. House prices (percent)
Correlation 0.46

Unemployment vs. House prices (percent)
Correlation -0.62

Source: Eurostat, Erste Group Research



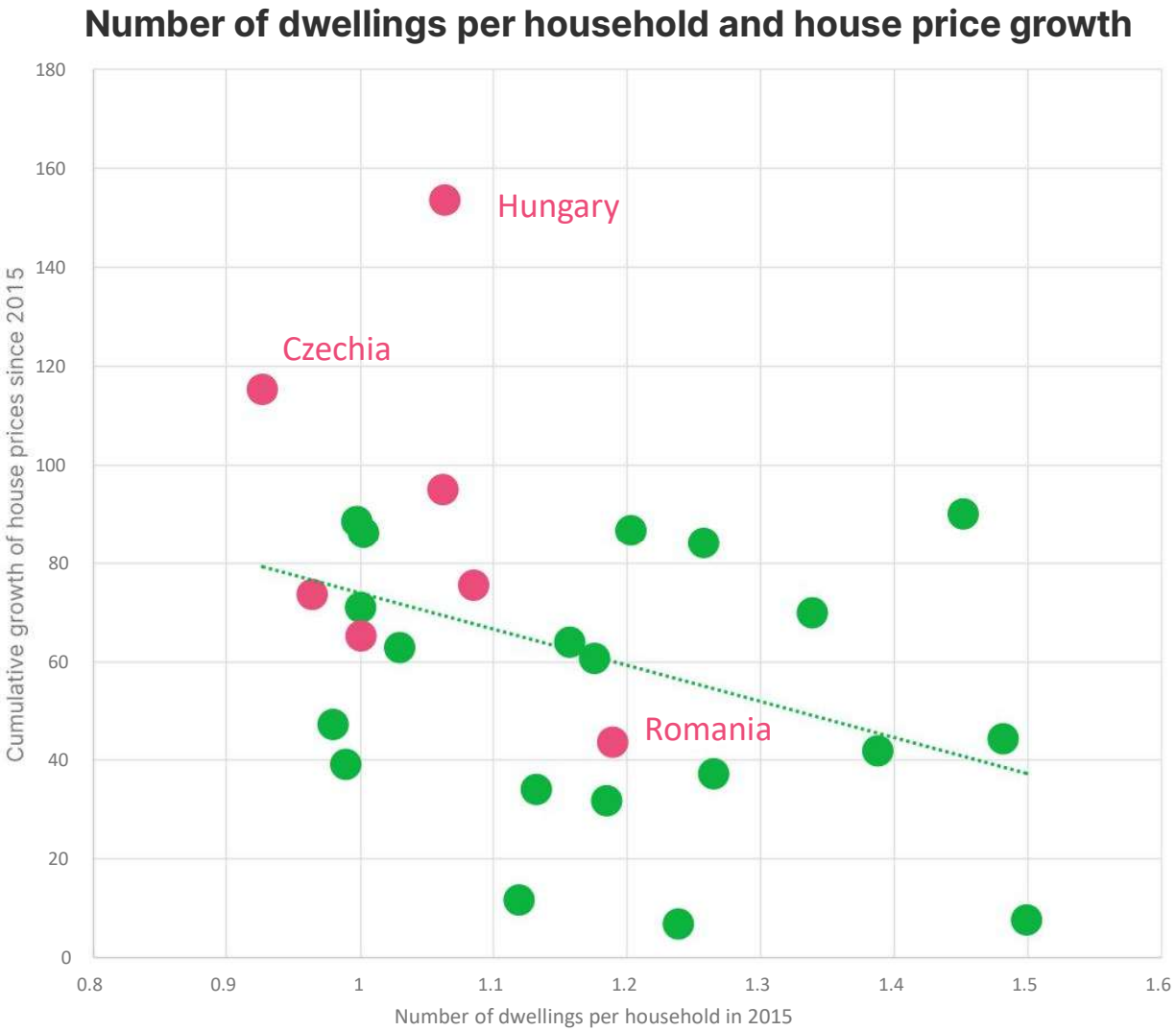
Home ownership in region is much higher compared to EU

The CEE region is characterized by very high home ownership. In Romania, more than 90% of the population owns a home with no outstanding mortgage or housing loan, twice the EU average.

In Czechia and Slovakia, the highest share of the population owns a home with a mortgage or housing loan.

At the same time, the regulation of rentals plays a role as well.

Source: ECB



Low number of dwellings and house price growth

The lower the number of dwellings per households in 2015 was, the higher the cumulative nominal growth of house prices since then.

Czechia and Hungary stand out in the region with the highest increase in house prices since 2015. Czechia also has the lowest number of dwellings per household in the region.

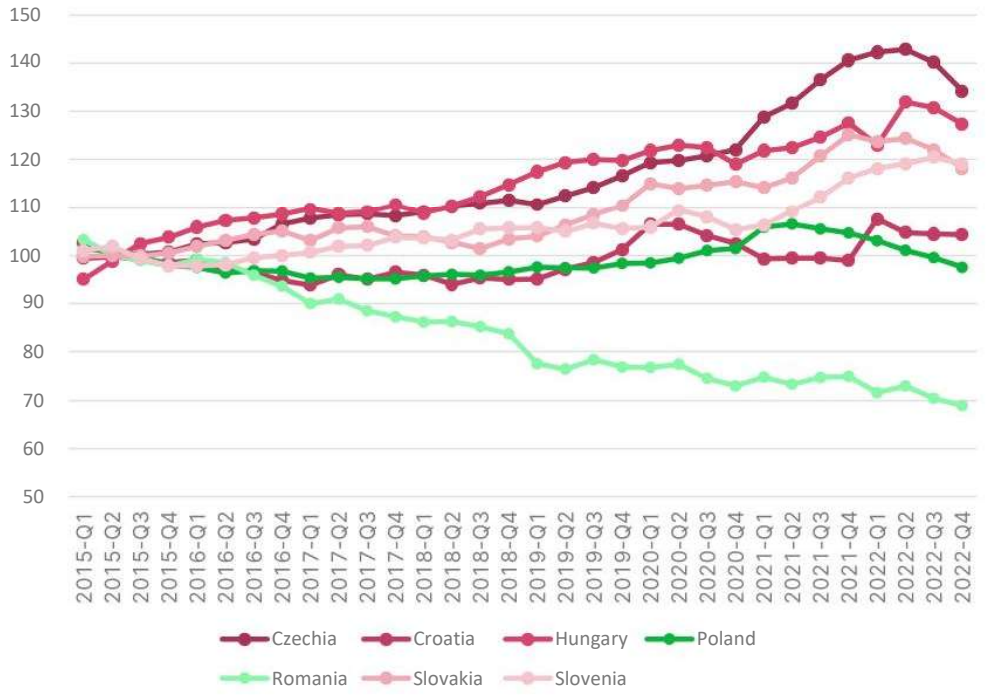
Romania is on the other side of the spectrum, with the highest number of dwellings per household.

In real terms, the picture is quite the same.

Source: Eurostat

Wages grew faster than house prices in Romania and Poland, improving affordability of housing compared to 2015.

Price to income ratio development since, Index 2015=100



Source: OECD

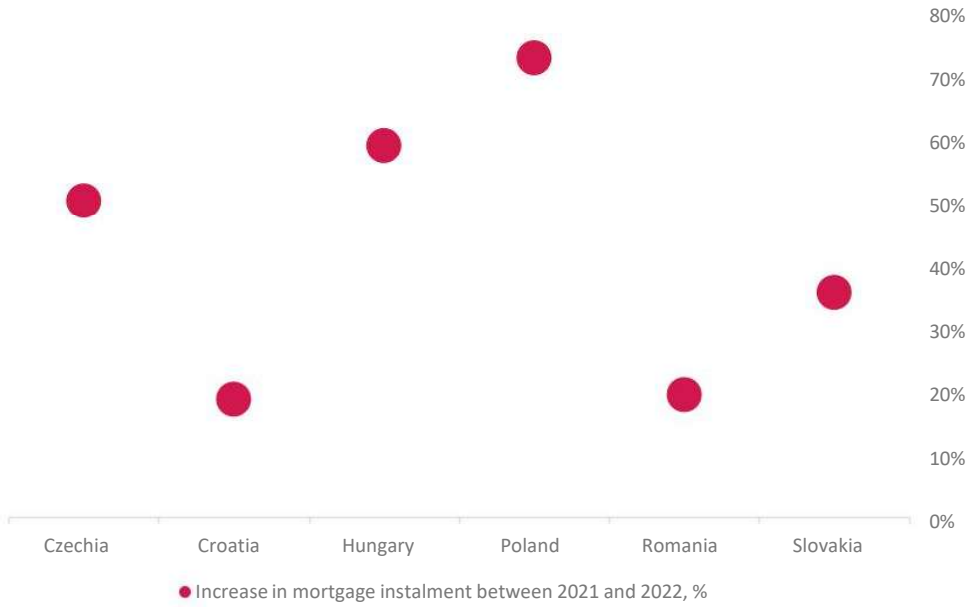
Cumulative change in affordability 4Q22 vs. 1Q15 Index 2015=100



Source: OECD

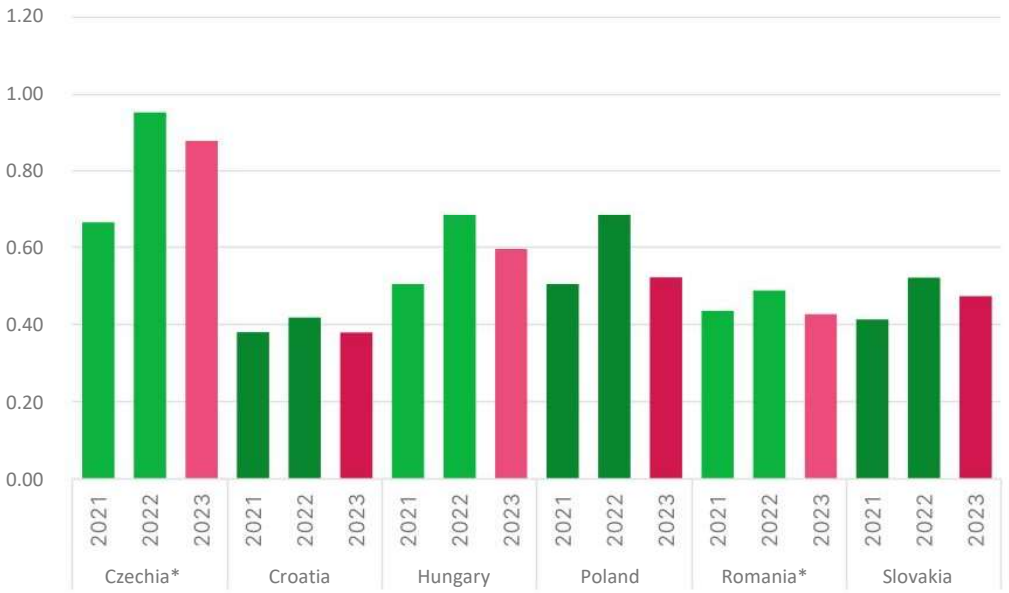
Higher cost of credit affected demand for loans and eligibility for mortgages.

Increase in nominal instalment payment between 2021 and 2022, percent



Source: Local statistics, Erste Group Research

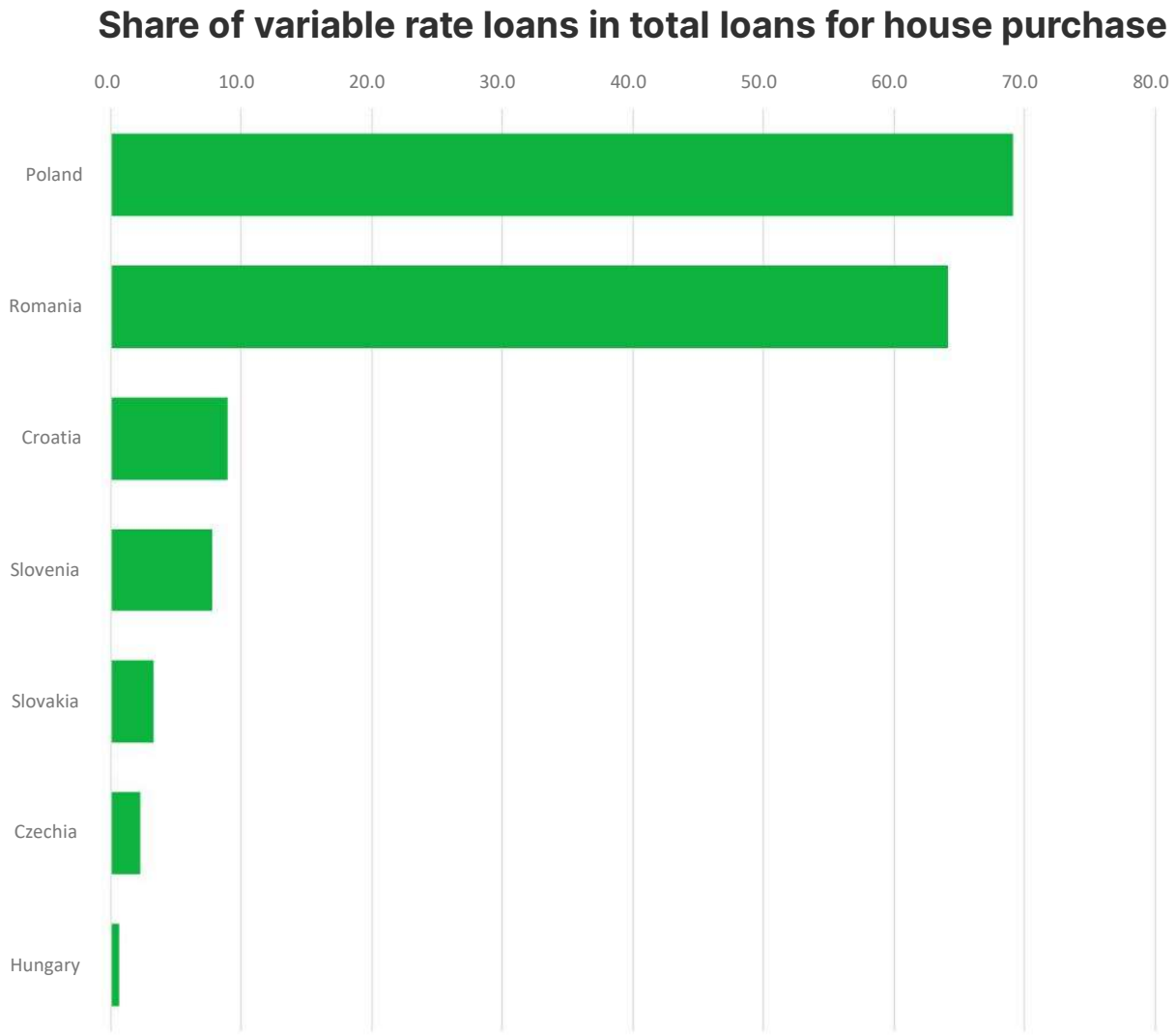
Mortgage instalment to average wage ratio between 2021 and 2022 and 2023 forecast



Source: * in Czechia we use cbamonitor.cz as source and apply growth as reporteed in Eurostat to get nominal values prior to 2022, in Romania housing prices and wages are for Bucharest

Our calculations of instalments are based on the cost of 50 square meter apartment (average price on primary market) in respective year and average interest rates on new mortgage loans (ECB) taken for 20 years.

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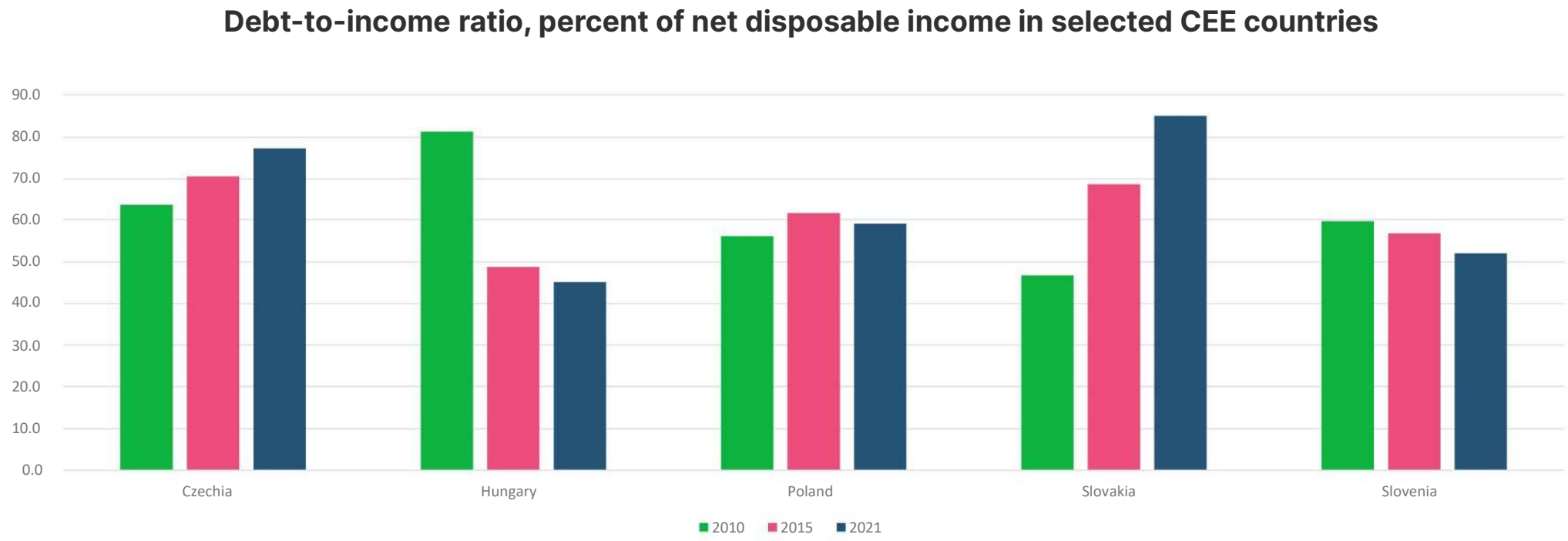


Poland and Romania offered mostly variable rate loans

The share of variable rate loans (floating rate or initial rate fixed for a period of up to one year) in total loans for house purchase is the highest in Poland. That made Polish households the most sensitive to interest rate increases. It also opened the discussion on financial stability issues, bringing the offer of fixed rate loans to the daylight.

Source: Eurostat

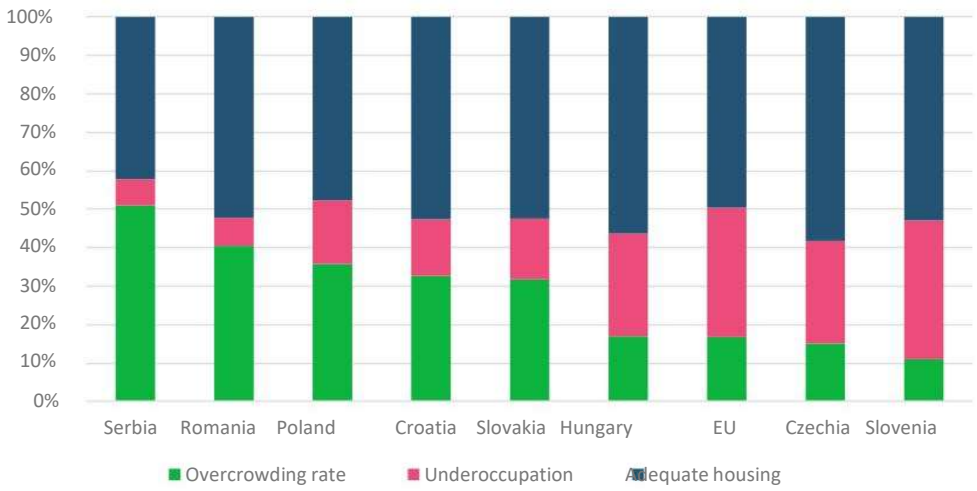
Debt-to-income ratios in the region generally low over time



Source: OECD

Quality of housing





The share of the population deprived of housing has been steadily decreasing since the start of the observation period in 2011. However, five out of eight CEE countries are still above the EU average, with most catching-up needed from Serbia, Romania and Poland. Interestingly, low-quality housing is below the EU average in all countries except for Hungary and Slovenia.

When it comes to the size of dwellings, CEE countries have a high share of overcrowding. In Serbia, more than half of households require greater living space, although the trend has been improving slightly. On the opposite side, Slovenia has more than a third of households living in homes that are too large, the only country above the EU average.

Summary / Conclusions

- Housing affordability
  - Prices
  - Cost of financing
  - Wages / income
- Factors (for supply and demand)
  - Demographics
  - Occupancy
  - …
- Interactions
  - Monetary policy, asset prices, financing cost,…

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Note: Past performance is not necessarily indicative of future results.
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