

What can central banks do about housing affordability?

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Panel discussion II

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Panelists:

Ben Broadbent Balyasny Asset Management

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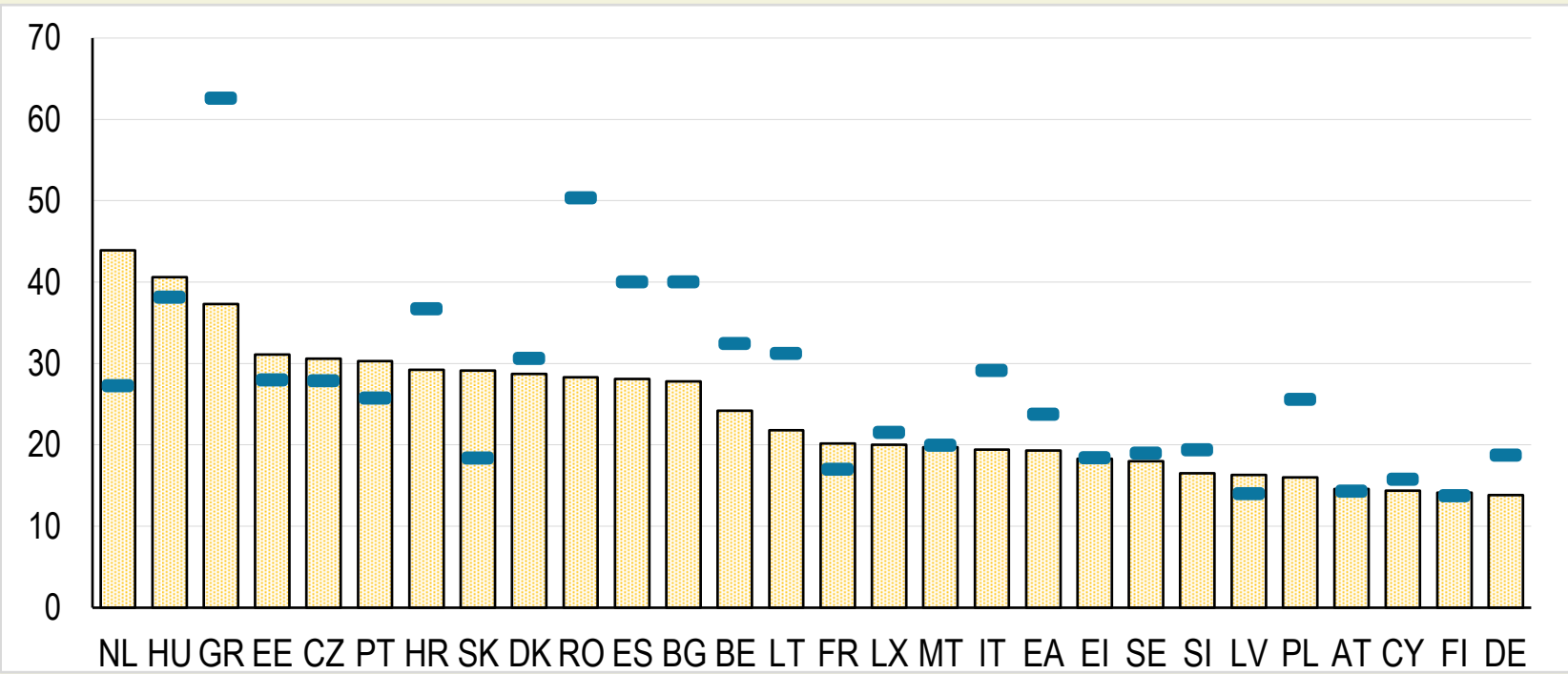
Christian Keller, Barclays Bank

Yannis Stourmaras, Bank of Greece

*The views expressed are those of the presenter and not necessarily those of the HNB-a.

Tenants renting at market prices struggling in many countries

Tenants renting at market price, 2024 vs. long-run average²



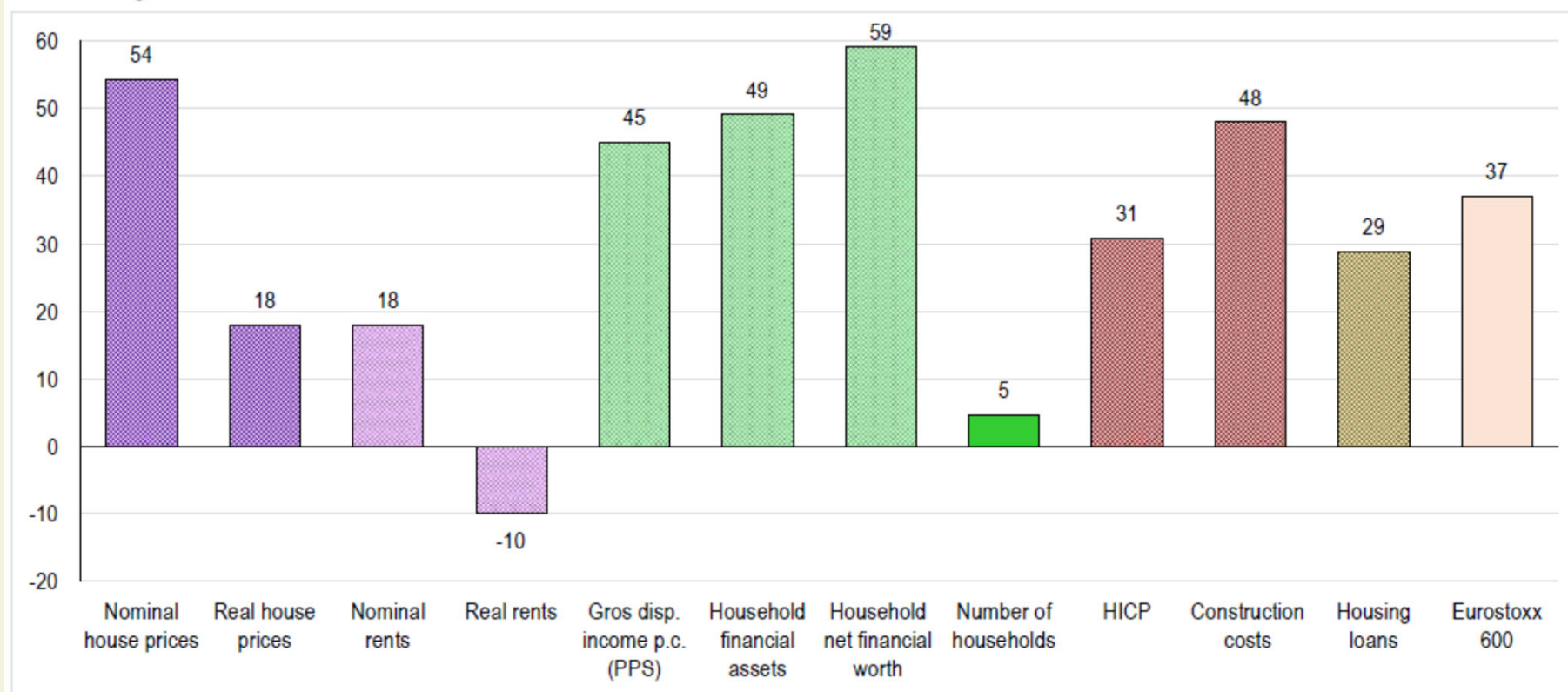
¹ Percentage of the population living in a household where total housing costs exceed 40% of disposable income (excluding housing allowances)

² The bars denote the overburden rates in 2024, the dashes long-term averages (from 2005 or later to 2024).

Sources: Eurostat; upper left-hand and lower panels: [Distribution of population by housing cost burden and tenure status \[ilc_lvho28\]](#); upper right-hand panel: [Housing cost overburden rate by degree of urbanisation \[ilc_lvho07d\]](#); author's calculations.

Graph 10. Determinants of long-term growth in EU house prices, 2015–24¹

Cumulative growth, %

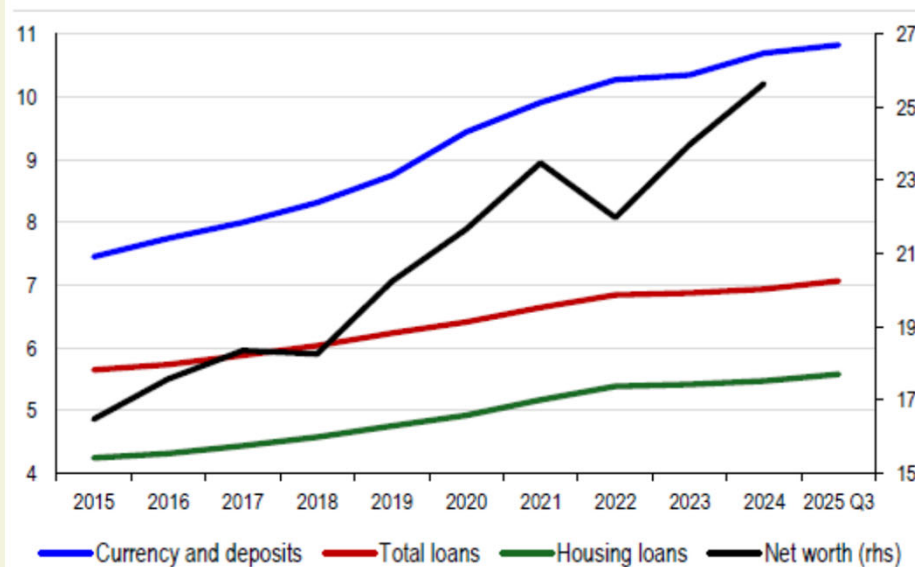


¹ Data for EU27, except for housing loans (euro area).

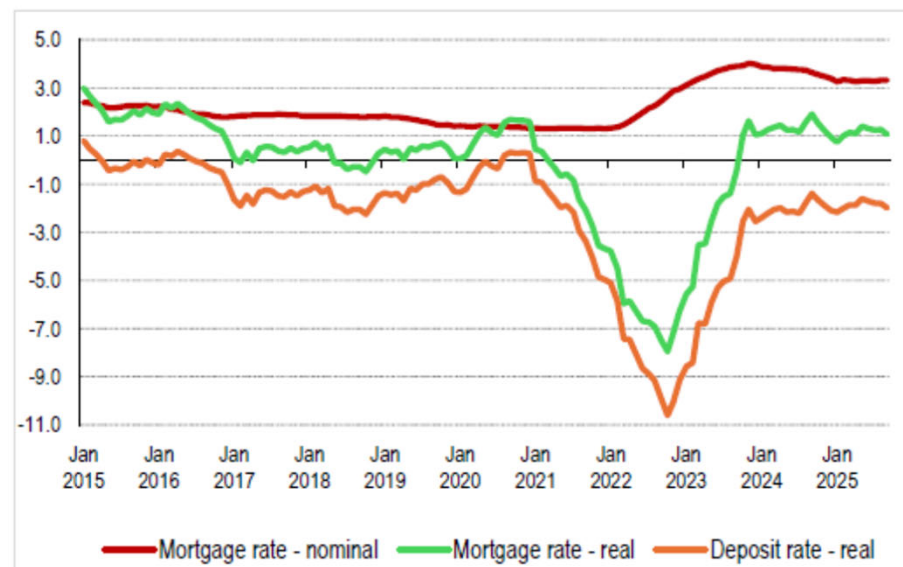
Sources: Eurostat; ECB; author's calculations.

Graph 11: Euro area household financial assets, loans and interest rates, 2015–25¹

Household loans, liquid assets and net worth (€ tril.)



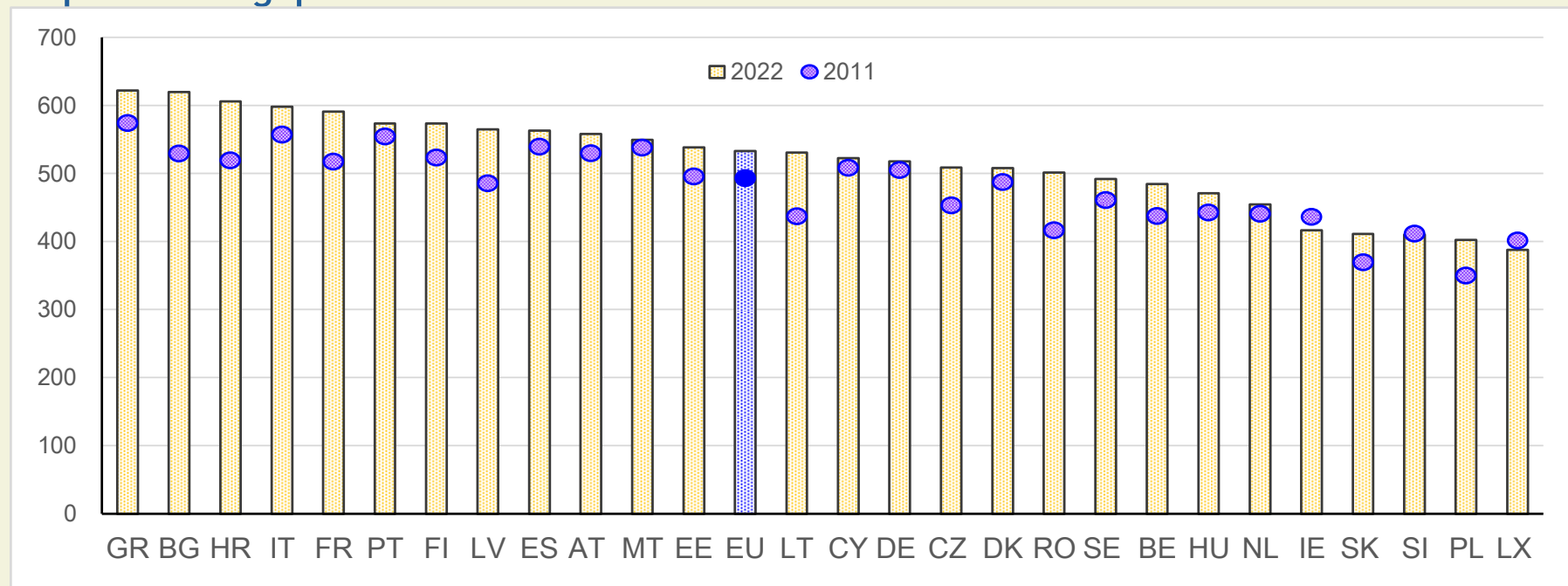
Household mortgage and deposit rates (%)¹



¹ Interest rates on loans for house purchase are calculated by weighting the volumes of new loans with a moving average of the stock of existing loans. Deposit rates are euro area commercial bank interest rates on households' overnight deposits. Real rates calculated by deflating nominal rates with HICP. Sources: ECB; Eurostat; author's calculations.

- About 240 million dwellings in 2024 = 1.2 dwellings / household
- Nb. of dwellings rising faster than population
- But new construction is slow. 56 years to replace half of the housing stock at current speed (vs. 20 yrs in DE, 30 yrs in HR after WWII)

Graph 8. Dwellings per 1000 inhabitants¹



¹ OECD affordable housing indicator HM1.1.1.

Source: OECD, author's calculations.