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PRESS RELEASE

Real estate holdings by institutional sector (Article for the June 2013 Economic Review)

While numerous studies have looked at real estate price trends, there has been a lack of statistics on the value of real estate assets in Belgium.

An estimate of the value of these assets was made possible by using detailed information on property holdings from the cadastral register of the FPS Finances. The article presents certain characteristics of the Belgian stock of real estate and their trends over the period 2005-2011.

By combining this information with the price information on property sales compiled by the FPS Economy, and performing certain adjustments to limit the price volatility of certain types of properties, the total value of real estate holdings was estimated at €1,380 billion at end-2011.

This estimate is broken down by type of asset (residential buildings, non-residential buildings and land) and by the region in which the property is located.

Property owners have been classified by sector according to the SEC95 classification, which makes it possible to establish links with the institutional sectors in the national accounts. The sector breakdown of real estate by type of property and by region was done in proportion to the sector breakdown of cadastral revenues by type of property and by region. Given that there is not a single price by type of property and by region, it was assumed that there is a correlation between a property's cadastral revenue and its market value.

Unsurprisingly, individuals (S14 +S15) are the principal property-owning sector, with estimated holdings of €1,070 billion at end-2011. These holdings comprise almost exclusively residential properties (€920 billion). While the majority of companies' property holdings (S11 + S12) are non-residential properties, the study shows that the sector owns numerous residential properties and that the share of these assets increased over the period.

A more detailed analysis of individuals' property holdings shows notably that the share of villas decreased over the period in favour of apartments. The value of real estate by region is more or less proportional to the regional population. We note, in addition, that almost all of the assets in a given region are owned by the residents of that region. This is somewhat less true of the Brussels region, where 18% of real estate is owned by residents of the other regions.

Some simplifying assumptions were made to determine the distribution of real estate holdings among individuals. This distribution is clearly unequal, as half of residential real estate assets are held by either 18% or 28% of owners, depending upon which assumptions are used.

The article also shows that real estate assets account for a preponderant portion of individuals' total holdings, and that the percentage increased steadily over the observation period. Individuals' mortgage borrowing increased significantly over the period, but not by more than the value of their real estate assets, which indicates that Belgian households are not over-indebted from a macroeconomic standpoint, although it does not mean that individual households are not overextended.