

Housing Observatories: A View of Affordability in Times of Soaring Inflation

BASQUE HOUSING OBSERVATORY

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Basque Government

BASQUE HOUSING OBSERVATORY

Institutional framework: Basque Government – Basque Country.

Location: Vitoria-Gasteiz, capital city of the Basque Country.

Years active: 2003 – ongoing (probably the oldest observatory in Spain).

The Basque Housing Observatory is an instrument of the Basque Government focused on communicate and access to information and knowledge on housing from a triple perspective:

- support for the public decision-making process
- useful tool for professionals and agents of the sector
- reflect the reality of housing from an objective point of view

Basque Country in big numbers (I/2023):

CPI 2021: 6.4 / 2022: 5.4

CPI (April 2023): 4.2

Unemployment rate: 8.7

Employment rate: 69.1

Population (2022/1/1): 2.186.517



Average mortgage loan and percentage of salary

This lower average effort to pay for housing in the Basque Country is therefore associated with the higher average salary of the Basque working population. However, it would be of interest to know the average salary of individuals and families who have signed a mortgage in 2022, but unfortunately this indicator remains unknown.

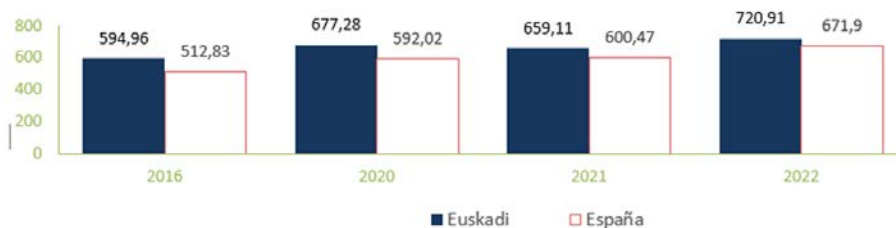
And at the same time, it must be considered that the effort of the young working population for buying a house would be 58.7% of their average salary.

In any case, the trend is upward: in 2016 the mortgage payment was 26% of the average salary compared to the current 30%. This negative trend is taking place in the Basque Country as well as in Spain. In 2022, when the strongest increase in the Euribor happened, it can be clearly seen how this indicator increased from 28% in 2021 to 30% in 2022, two points in a single year.

Mortgages constituted in 2022 represent an average monthly payment in the Basque Country of 720 euros, 49 euros higher than the Spain's monthly payment average.

However, the effort to pay for housing would be less in the Basque Country, since this average fee represents 30% of the average salary, while in Spain as a whole is 2 points higher (32%).

Average mortgage



Percentage of salary



Executed evictions per 100.000 inhabitants

In 2022, 141 evictions were registered in the Basque Country, 17% less than in 2021.

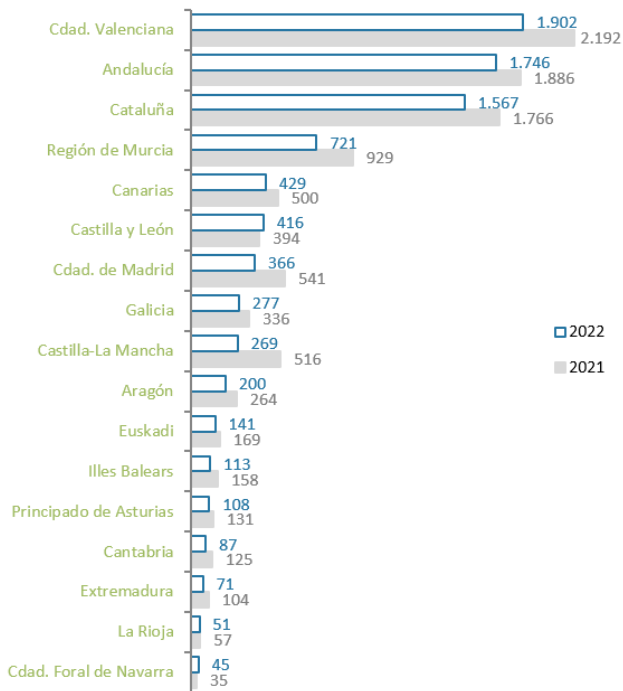
Euskadi is in the last position of evictions per 100,000 inhabitants and very far from Spain's average.

In 2019 the Provincial Councils of the Basque Country returned more than 424 million euros in tax relief for main house buyers. That amount reduces the impact of the rise of interest rates in the number of mortgages signed.

In the Basque Country from the 4th quarter of 2020 to the 4th quarter of 2022, the increase in the average monthly rent was 5.87% that represents half of the CPI increase in the same period.

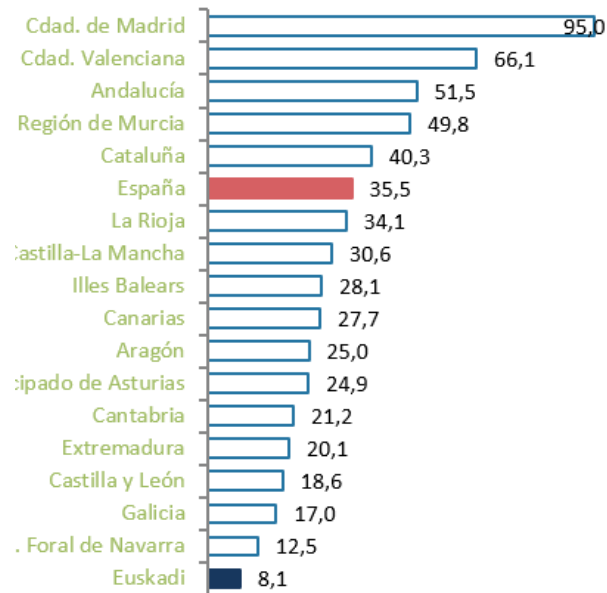
Evictions carried out as a result of foreclosure proceedings by Autonomous Regions .2021-2022 and evolution rates 2021-2022.

Source: General Council of the Judiciary



Evictions in 2022 per 100,000 inhabitants by Autonomous Regions.

Source: INE



Conclusions

- **Indicator 1: “Average mortgage loan and percentage of salary”**
 - **Advantages:** It is a real indicator, shared with other Spanish regions, of the effort people make to pay for housing. This indicator gives us a comparative picture with other nearby areas and helps us to know our situation.
 - **Disadvantages:** We do not have data on the average salaries of the population groups that need to buy a house. This would give us a better picture of the real effort involved in accessing housing.
- **Indicator 2: “Executed evictions per 100.000 inhabitants”**
 - **Advantages:** A clear and objective indicator, maintained by the General Council of the Judiciary, which allows comparison with other Spanish regions.
 - **Disadvantages:** It is an indicator that refers to a general value (the population as a whole). In order to be more precise, this value should distinguish between the population that is a home owner and the population that is a tenant.

Actual public measures taken in BC:

- **Grants for house rental for young people, from 18 up to 36 years old, up to 300 € per month for paying the rent.**
- **Granting a subjective right to housing for family units that earn less than 9.000 € to 15.000 € (from unipersonal to 3 or more members) up to 300 € per month for paying the rent.**