Analysis of Housing Credit and Real Estate Market in Colombia - Financial Stability Special Reports - Second Half of 2023

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The Financial Stability Special Reports accompany the publication of the Financial Stability Report, providing a more detailed analysis of certain aspects and risks relevant to the stability of the Colombian financial system.

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This special report analyzes the dynamics of Colombia's real estate market and mortgage credit, identifying potential sources of risk that could affect economic and financial stability. Specifically, it examines variables associated with the housing sector, its financing, levels of supply and demand, and property prices, among others. In a macroeconomic context that presents a slowdown in economic activity, decreasing but still high levels of inflation, more restrictive credit allocation conditions compared to 2022, and new criteria for the allocation of housing subsidies, the findings of this report conclude that the housing market continues to show low dynamism. New housing sales continue to decline and new housing units available for sale increased, while consumer confidence in the sector fell and withdrawals from home purchases increased. This has contributed to reductions in both prices and new housing units sold, in line with the declines and more recent stabilization of international real estate prices. On the contrary, the rental market exhibits greater dynamism: rental prices have been increasing, while the time to lease a property has decreased in the three main cities. Despite the increase in credit institutions' risk indicators for the real estate market, there are some mitigating factors: i) no high exposures to the construction sector were found for individual institutions; ii) most mortgage loans are fixed-rate and long-term, while variable-rate loans have not shown significant deterioration; iii) according to the *Financial Stability Report for the second half of 2023*, household debt stabilized during 2023; and iv) the coverage ratio for non-performing loans of housing credits is high.

Fuente: https://www.banrep.gov.co/en/publications-research/financial-stability-special-reports/housing-credit-real-estate-market-second-half-2023