

Pressemitteilung

ZIA on the ECON report for Basel III: an overall positive approach, lacking a final push for change

Berlin, 25 January 2023 - The German Property Federation (ZIA) sees the report adopted by the European Parliament's Economic and Monetary Affairs Committee (ECON) with its proposed amendments to the European implementation of the Basel banking as an overall adequate compromise.

This report is more aligned with the original European Commission legislative proposal from autumn 2021.

"Above all, it is important to provide for fundamental transitional relief for residential real estate financing, and without any restrictions. After a long period of exchange with EU policy makers, this central demand of the real estate industry is now substantially being taken into account by the ECON," says ZIA Vice President Jochen Schenk.

In the meantime, there had been a push for the transitional relief for residential property financing to be closely linked to sustainability criteria. "ZIA supports the efforts to strengthen sustainability approaches. However, the aforementioned linkage would have unnecessarily complicated the crucial transformation financing of the German residential real estate stock."

ZIA criticises the fact that the relief is only short-lived and hardly permanent, though. According to Aygül Özkan, ZIA Vice CEO, low-risk residential property financing is thus insufficiently appreciated in the long term.

This issue is utmostly evident in the unequal treatment of commercial property financing compared to residential property financing, which is in principle assigned a higher risk weight - especially in the area of project financing. "Due to the historically low default rates in the European and especially the German commercial real estate

market, more courage would have been necessary to achieve a risk-adequate implementation of the Basel III framework," Aygül Özkan concludes.

In the next step, the European Parliament is expected to vote on the compromise proposal in plenary in February. Trilogue negotiations with the Commission and the European Council will ensue promptly.