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BANK CREDITING IN THE REAL ESTATE DOMAIN
CREDITAREA BANCARĂ ÎN DOMENIUL IMOBILIAR

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Abstract. *This paper examines bank crediting in the real estate domain with emphasis on the Republic of Moldova and a comparative benchmark against worldwide household-debt dynamics. It outlines the main forms of real-estate loans, analyses the official evolution of housing-related credit based on National Bank of Moldova evidence, and situates that trajectory within broader global leverage trends. The results show that Moldovan real-estate credit expanded strongly after 2018 and especially in 2024–2025, while the worldwide benchmark remained comparatively stable over the long run. This suggests a catch-up process of domestic financial deepening rather than a simple replication of global credit expansion. Sustainable development of this segment therefore depends on prudent credit policy, portfolio-quality control, borrower affordability assessment, and better integration of digital and sustainability-oriented banking products.*
Key words: *real estate crediting, mortgage loans, banking sector, housing finance, Prima Casă, Moldova, financial stability, worldwide benchmark, sustainable development.*
JEL CLASSIFICATION: G21, R31, E44

INTRODUCTION

Bank crediting performs a central intermediation function in the economy by transferring financial resources from savers to investors and households. Within this mechanism, real estate lending occupies a special place because it finances the purchase, construction, modernization, and commercial use of immovable property, thereby stimulating investment, employment, and household welfare. In the Republic of Moldova, the expansion of mortgage lending and state-supported housing programmes has increased the role of banks in the functioning of the property market.

The objective of this paper is to analyse the structure and evolution of real estate crediting in the Republic of Moldova, to place it against a worldwide benchmark for household leverage, and to identify the main risks and development directions of this market. The analysis combines academic findings on credit policy, customer behaviour and sustainable banking with official data published by the National Bank of Moldova and the International Monetary Fund.

MAIN FINDINGS

1. Main concepts and the role of real estate financing.

Real estate financing represents the provision of medium- and long-term bank resources for the acquisition, construction, renovation, or commercial development of property. For banks, this segment generates interest income and collateral-backed exposure; for the economy, it supports construction, related services, and capital formation. In Moldova, real estate crediting also has a social function because it facilitates access to housing and supports the accumulation of household assets, while requiring prudent borrower assessment, collateral valuation, and portfolio monitoring.

2. Main forms of real estate credit in Moldova.

There are a number of large categories that make up the market for loans. The dominating way of financing a resident has been through mortgage loans, which are given primarily to households for housing acquisition needs (i.e., apartments or houses) and tend on having long maturities with real-estate collateral behind. Construction loans are issued to finance the construction or finishing of residential projects, and they're sometimes distributed via tranches based on work completed.

Commercial real-estate loans are secured by offices, retail space, warehouses or mixed-use projects and use a significantly greater reliance on cash-flow analysis. Simultaneously, the government-backed initiative "Prima Casă" has expanded access for first-time buyers with partial guarantees and lowered entry thresholds.

3. Evolution of real estate crediting in the Republic of Moldova, 2011–2025

Figure 1 illustrates the annual progression of real estate credit in Moldova based on BNM data. The 2011 figure is 3,846.3 million MDL; however, it belongs to a larger group of banks that focus on real estate, construction, and development. To compare fairly, the stock increased from 1,460.1 million MDL in 2012 to a massive 26,092.6 million MDL in 2025. Growth remained relatively slow during 2012-2017, gradually increased during 2018-2021 along with the expansion of the mortgage market and housing programs supported by the state, and finally, after 2023, the increase in growth became even more pronounced. The trend is indicative of a rapid growth of bank's housing finance intermediation. At the same time, it is a signal for us to pay more attention to factors such as affordability, collateral values, and portfolio quality.

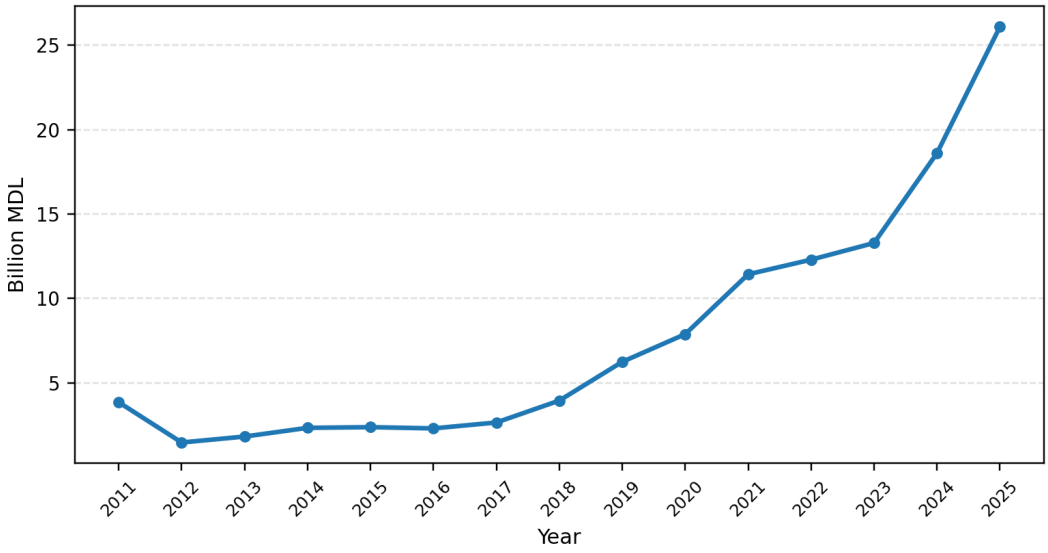


Figure 1. Real-estate credit stock in the Republic of Moldova, 2011–2025

Source: Elaborated by the author based on official National Bank of Moldova annual reports and banking-sector financial releases, including 2025 year-end data.

The residential property price index (RPPI) provides another related aspect to understanding market trends. The official BNM announcement of Q1 2025 reports an aggregate RPPI of 211.7 (2019=100), which corresponds to a 18.4 percent increase compared with Q4 2024 and a 35.4 percent rise in relation to Q1 2024. The trend underlying the period of 2021-2025 shows that house prices growth moderated in the period 2021-2023, but surged in 2024 and beginning of 2025. According to BNM, this boom was driven largely by an increased access to finance facilitated by the Prima Cas Plus scheme. From a conceptual point of view, this shows that a recent extension of credit to real-estate was met by a substantial increase of residential prices, a development that would tend to boost current demand while at the same time poses questions on affordability, collateral values and the risk of market overheating.

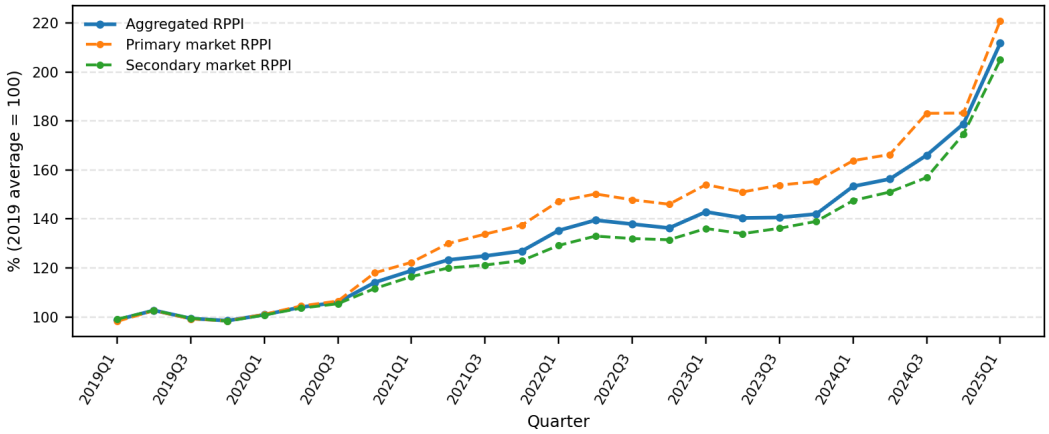


Figure 2. Residential Property Price Index (RPPI), 2019Q1-2025Q1
Source: Recreated by the author based on BNM, Indicele prețului bunurilor imobile rezidențiale (RPPI), trimestrul I 2025.

4. Worldwide benchmark, 2011-2025.

To place Moldova in a broader context, Figure 3 uses worldwide household debt as a share of world GDP. This is the closest consistently published international benchmark, because a directly comparable official global series for real-estate credit stock is not available for the whole 2011–2025 period. The worldwide ratio declined from 59.4% in 2011 to 57.0% in 2025, after a pandemic-related increase that culminated at 64.3% in 2021. In other words, global household leverage was relatively stable over the long run and even eased after 2021. Therefore, Moldova's recent credit acceleration cannot be explained only by an international upswing; it also reflects domestic financial deepening from a much lower starting base.

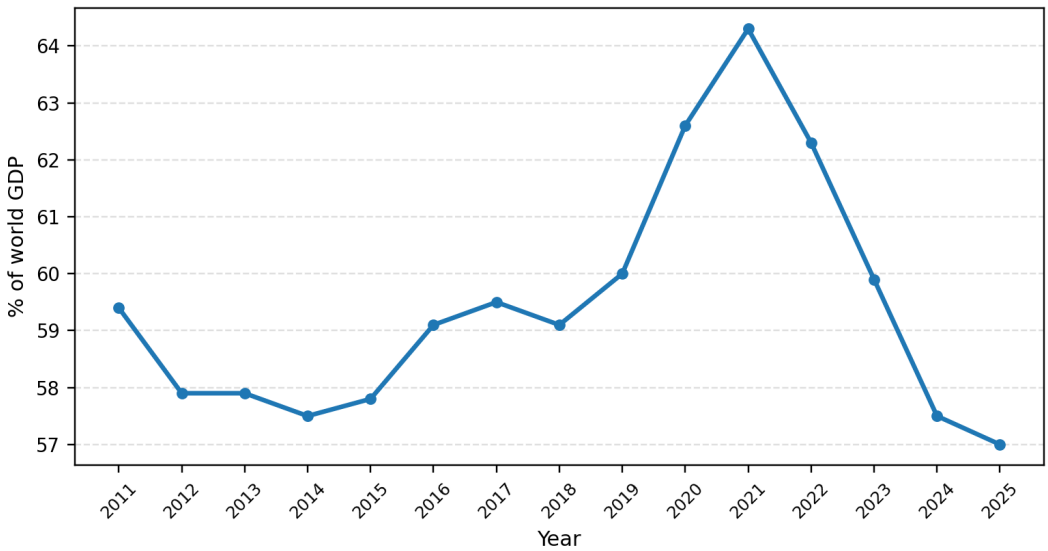


Figure 3. Worldwide household debt, 2011–2025 (% of world GDP, proxy benchmark).
Source: Elaborated by the author based on IMF Global Debt Monitor / DataMapper household-debt series; latest 2024–2025 worldwide updates aligned with IIF-reported data.

5. Comparative analysis: Moldova and the worldwide benchmark.

Moldova and the worldwide benchmark display different dynamics. Moldova shows a steep upward trajectory of real-estate credit, especially after 2018 and most visibly in 2024–2025. By contrast, the worldwide benchmark fluctuates within a relatively narrow corridor around 57–64% of world GDP. The comparison suggests that Moldova is a catch-up market in which credit penetration

is still deepening rapidly, whereas the global benchmark reflects a mature and more cyclical leverage pattern. Consequently, the policy priority in Moldova is not only to support access to housing, but also to prevent overheating, preserve asset quality and maintain the debt-servicing capacity of households.

6. Risks, challenges, opportunities and future trends.

The real estate lending segment in Moldova is likely to grow, but cautiously. The chief risks of the sector are the reduction of housing affordability, possible pressure from the interest rate changes, and the accumulation of household debt in a market where property prices have rapidly increased. Preserving the quality of the loan portfolio and unwillingness to taking up excessive risks through housing credit will be a major challenge for banks. In addition, the further evolution of the sector will be dependent to a larger degree on digital crediting processes, supplying customers quickly, and raising sustainable financing to a large extent, such as for environmentally-friendly housing. Hence, the long-run stability of the market will depend not only on credit growth, but also on lending standards and risk recognition that are consistent with banking prudence.

CONCLUSION

Bank lending continues to be the main source of the real estate sector development in the Republic of Moldova. A Moldova - global comparison indicates that the increase in local real estate lending has outpaced overall global household debt growth, which is an indication that the housing finance sector is undergoing a catch-up process. On one hand, such growth opens the door for more investment, building work and access to housing, on the other hand, it also calls for efficient supervision, establishment of responsible lending criteria, proper risk evaluation, and step-by-step incorporation of customer-focused, digital and green financial products.

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