



# CENTRAL BANK OF CYPRUS

EUROSYSTEM

## RESIDENTIAL PROPERTY PRICE INDEX (RPPI)

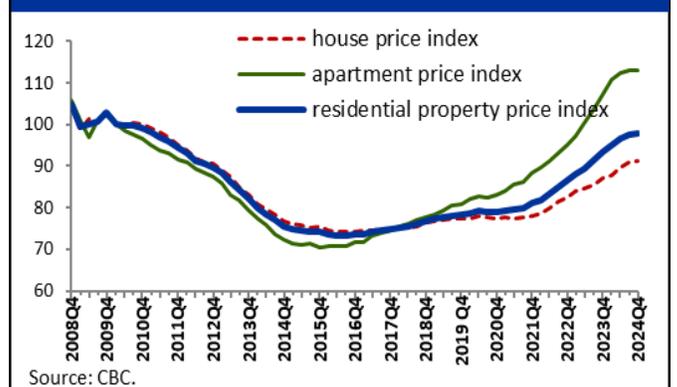
### 2024 Q4

The deceleration in residential property price growth rates continued during 2024Q4, as recorded in the Residential Property prices Index (RPPI).

- In 2024Q4, the Residential Property Price Index of the Central Bank of Cyprus (CBC)<sup>1</sup> (houses and apartments) recorded decelerating growth in year-on-year terms, with the Apartment Price Index recording a relatively larger deceleration compared to the House Price Index (Table 1).
- Regarding demand for real estate properties, according to data from the Department of Lands and Surveys (DLS), the total number of sales contracts, which concerns all types of properties, recorded a small annual increase in 2024Q4 from both local and foreign buyers. On a by district basis, during 2024Q4, an annual increase was recorded in the number of sales contracts across all districts, except Nicosia and Famagusta, which recorded a decrease.
- Regarding supply for real estate properties, the observed trend relating to an increase in the number of authorised building permits seems to continue.
- The trend of decelerating increases in residential property prices also appears to be confirmed by the property price expectations index over the next three months, according to the Business and Consumer Surveys (BCS) of the European Commission (December 2024).

Table 1 Overview	2024 Q1	2024 Q2	2024 Q3	2024 Q4
<b>Residential property price index (2010 Q1=100)</b>	<b>95,0</b>	<b>96,6</b>	<b>97,4</b>	<b>97,8</b>
Quarterly change	1,6%	1,6%	0,9%	0,4%
Annual Change	7,8%	8,0%	6,5%	4,5%
<b>(a) Property price index Houses (2010Q1=100)</b>				
	<b>87,9</b>	<b>89,7</b>	<b>90,8</b>	<b>91,2</b>
Quarterly change	0,8%	2,0%	1,2%	0,5%
Annual change	4,7%	6,2%	6,0%	4,6%
<b>(b) Property price index Apartments (2010Q1=100)</b>				
	<b>110,8</b>	<b>112,3</b>	<b>113,0</b>	<b>113,1</b>
Quarterly change	3,4%	1,4%	0,6%	0,1%
Annual change	13,9%	12,0%	8,8%	5,5%

CHART 1 House and apartment price indices (2010 Q1 =100)



Source: CBC.

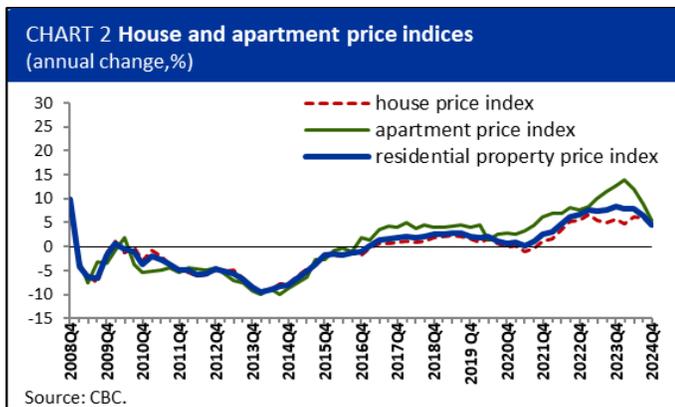
<sup>1</sup> The CBC RPPI is calculated by the Real Estate Unit of the Division of Economic Analysis and Research on the basis of market valuations of real estate prices and a statistical methodology widely used in the international literature. It takes partial account of developments in previous quarters through smoothed regression coefficients (see relevant methodology):

[https://www.centralbank.cy/images/media/pdf/Methodology\\_EN\\_lat\\_est.pdf](https://www.centralbank.cy/images/media/pdf/Methodology_EN_lat_est.pdf)). Therefore, it is likely that there will be a short lag in fully capturing the pass-through of developments in the Index's turning points, with respect to both time and the magnitude of the change in market course.

## 1. Changes in the residential property price index (RPPI)

The RPPI (houses and apartments) recorded a decelerated quarterly increase of 0,4% in 2024Q4, compared with an increase of 0,9% in 2024Q3. This is driven by decelerating quarterly increases of the order of 0,5% in house prices and 0,1% in apartment prices (Chart 1, Table 1, p.1).

On an annual basis, the RPPI recorded a decelerated increase of 4,5% in 2024Q4 compared with an increase of 6,5% in 2024Q3. In the quarter under review, apartment prices recorded a decelerated increase of 5,5%, and house prices a decelerated increase of 4,6% (Chart 2, Table 1, p.1).

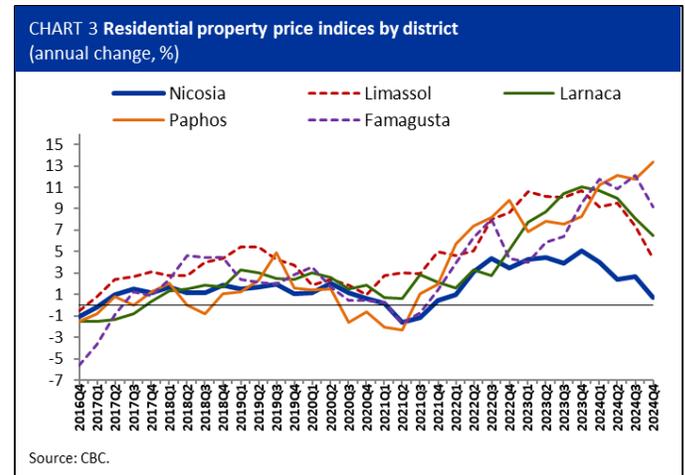


According to various indicators, the real estate sector appears to be experiencing a slowdown of its overall positive trajectory, as reflected in a deceleration in the increase in the number of sale contracts, combined with an increase in supply (increase in the availability of residential properties for rent and sale). Limiting factors for the expansion of activity in the real estate sector are the cost of construction materials, which remains at high levels as well as the borrowing cost, which continues to be relatively higher than in the previous 5-year period.

## 2. Price changes by district

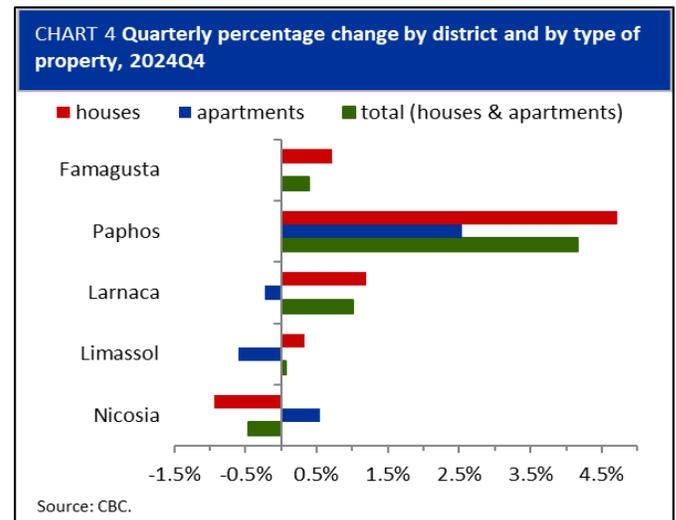
Regarding price indices of individual districts, the RPPI recorded accelerated yearly increases only in Paphos (13,4%), while a deceleration in increases was recorded in Nicosia, Limassol, Larnaca and Famagusta (0,7%, 4,4%, 6,5% and 9,2%, respectively) (Chart 3, Table 5, p.7).

On an annual basis, an acceleration in house prices was recorded in Paphos (14,7%) while a deceleration was recorded in Limassol and Famagusta (by 5,1% and 7,8%, respectively). Nicosia recorded a decrease (-0,4%), while Larnaca recorded a stable annual growth rate (6,1%).



On an annual basis, apartment prices recorded decelerated increases in all districts. Specifically, apartment prices recorded an increase in Nicosia by 2,6%, in Limassol by 5,5%, in Larnaca by 8,7%, in Paphos by 12,1% and in Famagusta by 14,2%.

Quarterly changes in the property price indices by district and by type of property during 2024Q4 are presented in Chart 4 and Table 6, p. 7.



### 3. Other market indicators

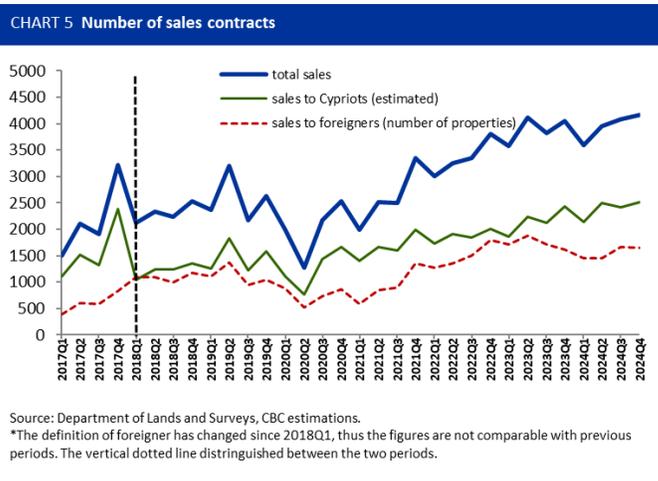
Various real estate indicators reflect a slowdown in demand dynamics combined with a gradual increase in supply during 2024Q4.

According to data published by the DLS, **sales contracts**, which concern all types of properties, recorded an annual increase of 2,8% in 2024Q4 (4.163 compared with 4.048 in 2023Q4) (**Chart 5, Table 2**) from both local and foreign buyers. Specifically, in the quarter under review, the number of properties sold to local buyers registered an annual increase of 3,2% (2.516 compared with 2.437 in 2023Q4, **Chart 5**), while the number of properties sold to foreign buyers increased by 2,2% on an annual basis (1.647 compared with 1.611 in 2023Q4, **Chart 5**).

**Table 2 Number of Sales contracts per district\*, 2024Q4.**

	Locals	Foreigners		Total
		EU	Non-EU	
<b>Nicosia</b>	803 86%	65 7%	66 7%	<b>934</b>
<b>Limassol</b>	885 66%	121 9%	335 25%	<b>1341</b>
<b>Larnaca</b>	448 53%	101 12%	310 36%	<b>859</b>
<b>Paphos</b>	274 33%	193 23%	358 43%	<b>825</b>
<b>Famagusta</b>	106 52%	38 19%	60 29%	<b>204</b>
<b>Total</b>	<b>2516</b>	<b>518</b>	<b>1129</b>	<b>4163</b>

\*The percentages (%) concern the share of local and foreign buyers per district.



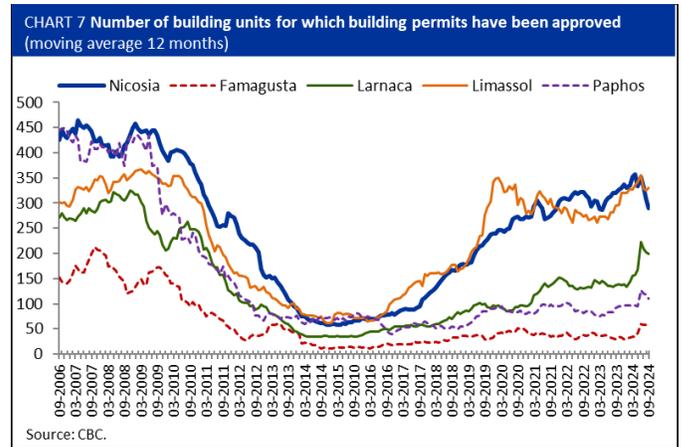
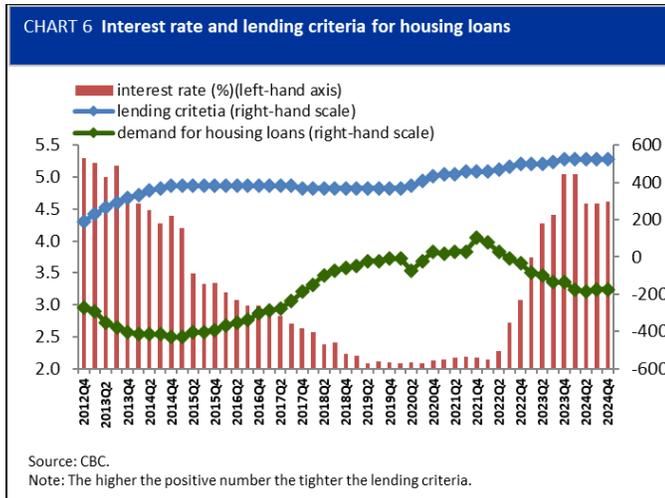
As far as the number of sales contracts by district is concerned, the largest number of transactions was registered in Limassol (1.341), followed by Nicosia (934), Larnaca (859) and Paphos (825), while Famagusta (204) recorded the lowest number of transactions (**Table 2**). Regarding the percentage of local buyers, this exceeded 50% in the districts of Nicosia, Limassol, Larnaca and Famagusta, while in Paphos the buyers were mainly foreigners (67%).

According to the CBC's latest *Monetary and Financial Statistics publication*<sup>2</sup>, the volume of new housing loans recorded an annual increase of 7,6% (€290,1m in 2024Q4 compared with €269,6m in 2023Q4). In addition, according to the same source, the interest rate for mortgage loans<sup>3</sup> decreased to 4,62% on average in 2024Q4, compared with 5,04% in 2024Q3, partially supporting, both demand dynamics and also the gradual increase of supply for residential properties. Furthermore, according to the *CBC's Bank Lending Survey*<sup>4</sup>, **lending criteria** remain at the same strict levels compared with the previous quarter and demand for loans also remained stable at the same levels in 2024Q4 (**Chart 6, p.4**).

<sup>2</sup> <https://www.centralbank.cy/el/publications/monetary-and-financial-statistics>

<sup>3</sup> Floating rate and up to one year fixed.

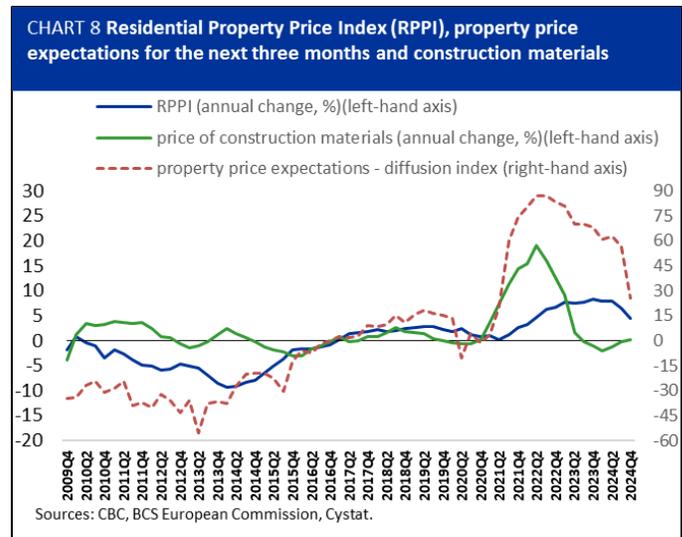
<sup>4</sup> <https://www.centralbank.cy/el/publications/surveys/bank-lending-survey>



Regarding the supply of residential properties, according to the latest available data published by the Statistical Service of Cyprus (CYSTAT), the number of residential units for which building permits have been authorised, which is a leading indicator of construction activity, recorded an increase of 10% in the period January – September 2024 (from 7.999 units in January – September 2023 to 8.801 units in January – September 2024). This was mainly due to the fact that in June 2024 a significant increase in building permits was recorded due to the transfer of the permits approval procedure to the District Local Government Organisations (DLGO). Secondly, there was a significant increase in the permits for buildings with multiple units, i.e. blocks of apartments, because of the already existing increased demand for apartments. As a result, a gradual increase in the supply of residential units is expected in the medium term. The number of residential units by district for which building permits have been approved (Chart 7) has recorded the greatest increases in recent months in Larnaca and Limassol, respectively. This confirms the view of market participants that, in the aforementioned districts, the stock of residential properties will increase, which is expected to offset upward price pressures from the demand side.

According to data from the *Business and Consumer Surveys* of the European Commission (December 2024) relating to the construction sector, the index of construction activity in the previous 3 months remained at a positive level during 2024Q4 (4,9%).

The price index of construction materials, published by CYSTAT, recorded a minor annual increase of 0,2% in 2024Q4, following the decreases that were recorded on an annual basis since 2023Q3 (Chart 8). The aforementioned index remains in historically high levels over the last years, as a result of geopolitical developments and supply chain disruptions.



According to the BCS of the European Commission (December 2024), in 2024Q4, **property price expectations** over the next three months are in line with the decelerating trend of residential property prices as they are on a significantly lower level in 2024Q4 (25,4) compared with the respective quarter last year (68). This suggests a significantly smaller consensus among survey participants regarding potential increases in property prices in Cyprus in the next three months (**Chart 8, p. 4**).

#### **4. Conclusion**

In 2024Q4, residential property prices recorded decelerated increases, a trend that is expected to continue in the short term. In particular, the increased supply of properties and the decelerated increase of purchases of residential properties from foreign buyers, contribute to this trend. Potential restraint in the prices of construction materials is also expected to contribute in containing increases in residential property prices.

TABLE 3 Residential property price indices by type and by district

Year*	Quarter	<u>Residences by type</u>		<u>Residences by district</u>					Residential property price index
		Apartments	Houses	N/sia	L/sol	L/ca	Paphos	F/sta	
2010	-	98,2	100,1	99,9	99,0	99,5	100,3	99,5	99,6
2011	-	93,3	97,2	98,6	94,4	94,9	95,4	94,4	96,3
2012	-	89,0	91,8	94,4	90,8	87,3	87,5	87,9	91,2
2013	-	82,5	86,1	87,8	86,5	79,5	83,3	80,0	85,2
2014	-	74,7	78,8	80,3	79,5	72,1	77,4	71,1	77,8
2015	-	71,0	75,6	76,0	76,4	68,7	75,3	70,1	74,4
2016	-	71,0	74,3	74,2	75,7	67,9	75,1	67,6	73,4
2017	-	73,4	74,6	74,9	77,4	67,4	75,3	67,2	74,3
2018	-	76,6	75,6	76,0	80,1	68,5	75,7	69,9	75,8
2019	-	78,8	77,1	77,2	83,8	70,4	77,6	71,5	77,8
2020	-	82,6	77,6	78,1	85,3	72,0	77,8	72,6	79,0
2021	-	85,9	77,6	77,7	88,2	73,1	77,5	72,5	80,0
2022	-	92,3	80,7	80,0	94,1	75,5	83,5	76,6	84,1
2023	-	102,2	85,3	83,6	103,9	82,6	89,9	81,5	90,6
2024	Q1	110,8	87,9	85,3	109,7	87,8	96,2	88,0	95,0
2024	Q2	112,3	89,7	85,3	111,6	89,6	99,6	89,1	96,6
2024	Q3	113,0	90,8	86,1	112,7	90,6	101,6	91,8	97,4
2024	Q4	113,1	91,2	85,7	112,8	91,5	105,8	92,1	97,8

Source: CBC.

\*The annual index is calculated as the average of the four quarters of each year.

TABLE 4 Apartment and house price indices by district  
(annual and quarterly, 2010Q1 = 100)

Year*	Quarter	<u>Apartments</u>					<u>Houses</u>				
		N/sia	L/sol	L/ca	Paphos	F/sta	N/sia	L/sol	L/ca	Paphos	F/sta
2010	-	99,3	97,8	97,1	97,0	97,1	100,1	99,4	100,4	101,4	100,1
2011	-	99,0	91,8	88,7	82,7	83,1	98,5	95,1	96,8	99,1	97,2
2012	-	95,2	88,3	82,2	76,9	76,8	94,1	91,5	88,7	90,7	89,7
2013	-	89,0	82,8	71,7	71,7	71,8	87,3	87,5	82,1	86,7	81,4
2014	-	81,5	74,9	63,8	67,2	64,1	79,8	81,1	74,7	80,7	72,3
2015	-	76,6	74,0	61,0	64,2	60,3	75,8	77,2	71,9	79,3	71,8
2016	-	75,0	74,6	61,3	66,0	57,8	73,9	76,1	70,8	78,9	69,4
2017	-	77,0	78,6	61,8	64,2	57,4	73,9	76,9	69,5	80,2	69,4
2018	-	78,9	84,6	63,5	67,6	59,5	74,6	78,4	70,1	79,8	72,4
2019	-	80,3	90,8	69,0	69,5	61,7	75,9	81,3	70,9	81,3	73,8
2020	-	82,2	96,3	71,9	70,0	62,0	76,4	81,5	72,0	80,9	75,7
2021	-	84,0	100,2	75,7	71,7	65,2	74,9	83,6	72,4	79,7	74,5
2022	-	87,6	108,2	80,3	79,0	71,0	76,6	87,7	73,9	85,3	77,8
2023	-	91,8	122,9	91,6	92,4	72,7	80,0	93,7	79,0	88,7	84,2
2024	Q1	94,4	134,9	101,9	102,9	82,9	81,4	96,3	81,9	93,5	89,5
2024	Q2	95,0	136,4	105,0	106,4	85,0	81,0	99,5	83,6	97,0	90,3
2024	Q3	95,5	138,2	106,5	108,6	85,5	81,9	100,6	85,0	99,1	93,4
2024	Q4	96,1	137,3	106,2	111,4	85,5	81,1	100,9	86,0	103,8	94,1

Source: CBC.

\*The annual index is calculated as the average of the four quarters of each year.

**Table 5 Residential property price indices by type and by district**  
(year on year change, %)

Year*	Quarter	Residences by type		Residences by district					Residential property price index
		Apartments	Houses	N/sia	L/sol	L/ca	Paphos	F/sta	
2010	-	-2,0	-0,8	-0,6	2,1	-1,8	-2,6	-4,7	-1,1
2011	-	-5,0	-2,9	-1,3	-4,6	-4,6	-4,9	-5,1	-3,3
2012	-	-4,6	-5,6	-4,3	-3,8	-8,1	-8,2	-6,9	-5,3
2013	-	-7,3	-6,2	-7,0	-4,8	-8,9	-4,8	-8,9	-6,5
2014	-	-9,4	-8,5	-8,5	-8,0	-9,3	-7,0	-11,2	-8,8
2015	-	-4,9	-4,0	-5,3	-4,0	-4,6	-2,7	-1,4	-4,3
2016	-	-0,1	-1,8	-2,4	-0,9	-1,2	-0,4	-3,6	-1,4
2017	-	3,3	0,5	0,9	2,2	-0,8	0,3	-0,6	1,2
2018	-	4,4	1,2	1,5	3,5	1,6	0,6	4,0	2,1
2019	-	4,2	2,0	1,6	4,7	2,8	2,5	2,3	2,6
2020	-	3,5	0,7	1,2	1,8	2,2	0,2	1,5	1,5
2021	-	4,1	0,0	-0,5	3,4	1,6	-0,4	-0,2	1,2
2022	-	7,4	3,9	3,0	6,6	3,2	7,8	5,7	5,2
2023	-	10,6	5,7	4,4	10,4	9,5	7,7	6,5	7,7
2024	Q1	13,9	4,7	4,0	9,2	10,7	11,2	11,8	7,8
2024	Q2	12,0	6,2	2,4	9,5	9,9	12,1	10,9	8,0
2024	Q3	8,8	6,0	2,7	7,4	8,1	11,8	11,1	6,5
2024	Q4	5,5	4,6	0,7	4,4	6,5	13,4	9,2	4,5

Source: CBC

\*The annual figures are calculated as the annual change of the average of the four quarters of each year.

**Table 6 Apartment and house price indices by district**  
(quarter on quarter change, %)

Year	Quarter	Apartments					Houses				
		N/sia	L/sol	L/ca	Paphos	F/sta	N/sia	L/sol	L/ca	Paphos	F/sta
2021	Q1	0,5	1,1	1,9	2,2	3,0	-0,4	1,6	0,3	-1,5	-0,6
2021	Q2	0,5	1,2	0,6	0,9	1,1	-1,3	1,0	-0,1	-0,2	-2,7
2021	Q3	0,7	0,8	0,7	1,7	-0,2	-0,3	-0,3	2,1	1,5	0,7
2021	Q4	0,8	3,4	0,3	4,5	3,4	1,4	0,7	-0,5	-0,6	2,3
2022	Q1	1,3	1,4	0,8	2,7	3,9	0,1	0,6	-0,2	3,3	2,1
2022	Q2	1,6	0,8	3,5	1,0	2,5	1,2	2,3	1,1	1,9	-0,4
2022	Q3	1,1	3,2	2,6	3,3	2,6	1,3	2,8	0,6	2,6	2,3
2022	Q4	0,2	3,6	2,3	1,4	-3,7	0,3	1,2	1,7	2,2	0,1
2023	Q1	1,4	2,4	3,5	4,3	1,2	1,3	2,8	2,2	-1,1	2,9
2023	Q2	1,4	4,0	4,1	6,5	2,5	1,8	-0,4	1,7	0,9	1,9
2023	Q3	1,5	4,0	2,9	5,2	-1,7	0,3	1,4	2,5	1,1	4,3
2023	Q4	1,3	3,9	5,7	4,6	4,4	1,5	2,5	1,2	1,7	1,4
2024	Q1	0,8	3,7	4,3	3,5	10,7	0,0	0,3	1,1	3,3	2,6
2024	Q2	0,6	1,1	3,0	3,4	2,6	-0,5	3,3	2,1	3,7	0,8
2024	Q3	0,6	1,3	1,4	2,1	0,6	1,1	1,1	1,6	2,2	3,5
2024	Q4	0,6	-0,6	-0,2	2,5	0,0	-0,9	0,3	1,2	4,7	0,7

Source: CBC.

**Notes:**

The residential property price index and other residential property price indices and sub-indices presented in the current report are produced by the Real Estate Unit at the Central Bank of Cyprus (CBC).

Data from 2006 to 2009 were collected retrospectively from a number of credit institutions. From 2010 onwards, the data have been collected by the CBC from the member banks of the Association of Cyprus Banks (Bank of Cyprus, Hellenic Bank, Alpha Bank, National Bank of Greece, Astro Bank, Cyprus Development Bank, Société Générale, Ancoria Bank and Eurobank) and the Cyprus Asset Management Company in standardised form, through an online data submission platform.

The partnered credit institutions receive the relevant information from property surveyors in relation to mortgage lending, loan restructures and property revaluations. The valuations come from more than 100 property survey offices all over Cyprus, contributing in the impartiality of the indices. The data received are representative of the Cyprus residential property market, covering the whole of the government-controlled territory of the Republic of Cyprus (Nicosia, Limassol, Larnaca, Paphos and Famagusta districts) and they refer to all types of residential property (houses and apartments).

All the estimated indices have been rebased so that the first quarter of 2010 equals 100. The aggregate Residential Property Price Index (RPPI) is calculated as the weighted sum of the two indices by type (house and apartment price indices).

Change in the weighting method to calculate the aggregate indices: In 2015Q1, the weighting method changed and the aggregate houses and flats indices are now calculated by using as weights the summation of the value of the properties in the sample of the last four quarters. In this way a more representative allocation between houses and apartments in the Cypriot housing market is provided. In previous reports, the indices used to be aggregated using the number of observations (valuations) of the last four quarters. Similarly, the aggregate RPPI is calculated using as weights for the residential property price indices by district the summation of the value of the observations of the last four quarters in each respective district. This change in the weighting method was suggested by the IMF as part of an evaluation exercise of the RPPI, in the context of the implementation of the Memorandum of Understanding. The evaluation was carried out in the context of the possible use of the indices for updating the property values of the General Valuation (1 January 2013) undertaken by the Department of Lands and Surveys.

As a result of the change in the weighting method, the RPPI for both the historical (2006-2009) and the new series (2010 onwards) has been revised. In the new series the aggregated flats and houses indices, and the residential property price indices by district have also been revised. It is worth noting that the change in the weighting method has not affected significantly either the level of the indices or their growth rates.

Furthermore, in 2019Q1 the indices have been revised from 2017Q1 onwards, due to the removal of certain observations from the sample. These observations have been examined and assessed to not reflect the open market value. In this way the consistency in the construction of the indices is ensured, according to the international standards. The aforementioned changes did not alter significantly the indices or particularly their growth rates.

The hedonic methodology is used for the construction of the indices. In case the number of observations per quarter in a particular district is not enough to implement the hedonic method, the simple average method is used. Further details about the methodology and other relevant information are available on the CBC's website, at [https://www.centralbank.cy/images/media/pdf/Methodology\\_EN\\_latest.pdf](https://www.centralbank.cy/images/media/pdf/Methodology_EN_latest.pdf)

The current report is available at <https://www.centralbank.cy/en/publications/residential-property-price-indices>

For further information or/and clarifications please contact the Real Estate Unit of CBC at [RealEstate@centralbank.cy](mailto:RealEstate@centralbank.cy).