

# OeNB Report 2024/I: Bank Lending Survey – Loan demand has been declining for over a year

## Results of the January 2024 euro area bank lending survey for Austria

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*Demand for corporate loans has been falling since the fourth quarter of 2022 and is expected to decline further in the first quarter of 2024. This development has been driven by the recession that the Austrian economy has been facing since the second half of 2022 (especially the decline in corporate investment) and by rising interest rates and financing costs.*

*Since the second quarter of 2022, banks have substantially tightened their lending policies for corporate loans given rising risk levels pertaining to economic conditions, companies' creditworthiness and, most recently, collateral value. In the first quarter of 2024, banks plan to further tighten their lending policies.*

*According to the surveyed banks, the real estate sector is disproportionately affected by the restrictions impacting on the supply of and demand for corporate loans unlike other economic sectors.*

*Demand for private housing loans continued to shrink in the third and fourth quarters of 2023, after having dropped sharply in the second half of 2022, albeit from record highs. For the first quarter of 2024, the surveyed banks expect demand to remain unchanged at a low level, citing rising interest rates as the main factor behind the sustained decline in demand seen since mid-2022. Overall, loans have become less affordable.*

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