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PRESS RELEASE

Tychos Analytics Group

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France Real Estate Debt Continues to Grow at Concerning Pace; Student Debt in United Kingdom Heading Toward Unprecedented Levels

After sharp Covid-based private debt increases for major European countries in 2020, during 2021 France private debt growth remains high, UK private debt growth has moderated, though its student loan debt is high, and German private debt levels remain stable

The Tychos Group specializes in analysis of private debt trends in the world's seven largest economies, including Germany, France, and the U.K. in Europe. This announcement focuses on Europe only. Private debt trends are a key determinant of overall economic trends, and rapid growth in total private debt often leads to financial instability and crisis within a country. Also, specific industry sectors within an economy that show overly rapid growth often experience higher credit losses and instability within that sector, and thus warrant close attention regarding potential risk.

Private Sector Debt Growth in Europe's Three Largest Economies

Through steep increases in both private and public debt, all three major European economies continue to rebound toward pre-pandemic levels of GDP.

In France, private debt to GDP stepped up sharply from 209 percent at year-end 2019 to 233 percent into the second quarter of 2021. In the UK and Germany, it grew more moderately, from 155 percent to 160 percent in the UK, and from 120 percent to 130 percent in Germany.

In France, this growth comes from a notable step up in real estate lending, both to households and businesses (See Chart), along with select commercial sectors. In the UK, the most notable increase is in student debt which has grown by 110 percent nominally over five years, or 84 percent in ratio to GDP, and is projected by the Department of Education (DfE) to nearly double nominally by 2026.

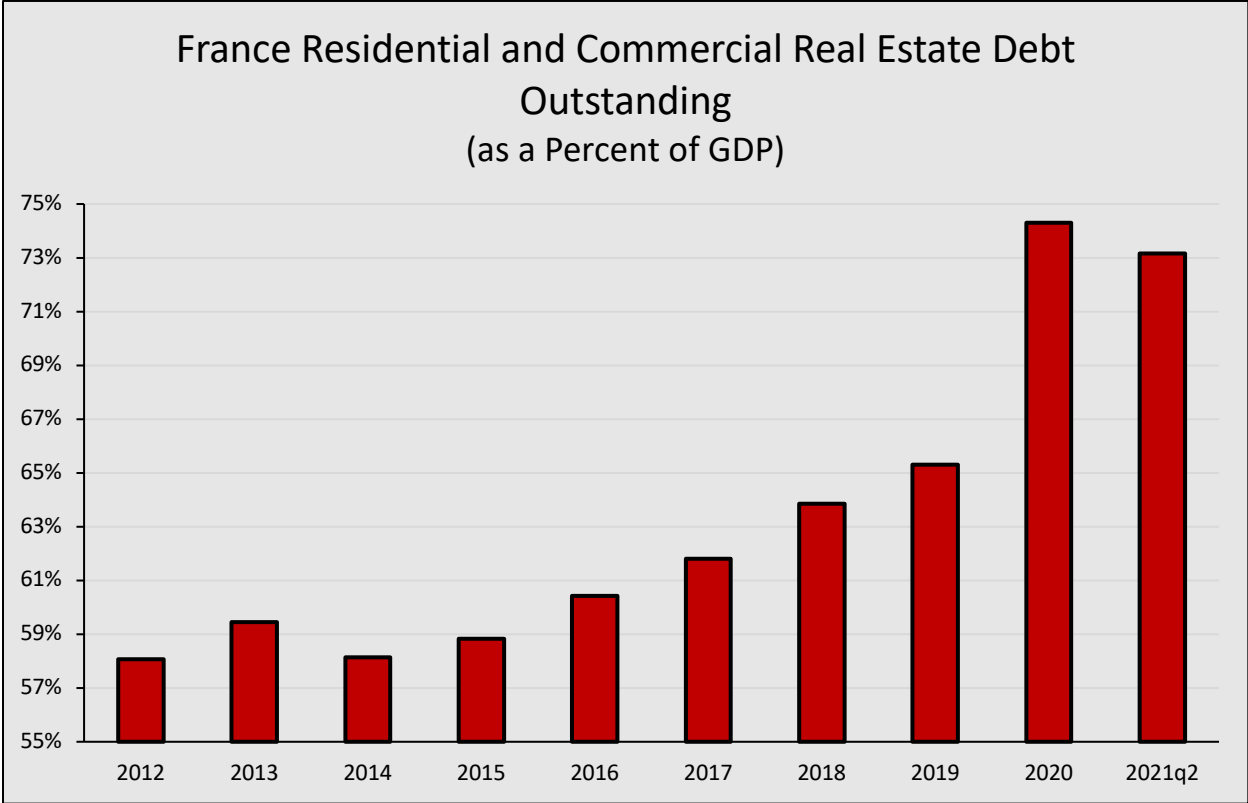
France

Business Debt:

Business debt in France continues to grow across nearly all industries. Total business debt is now at 165 percent as a ratio to GDP, an increase of 30 percent nominally over five years, or 20 percent in ratio to GDP. Of particular note is commercial real estate debt because of its large size relative to other sectors.

Household Debt:

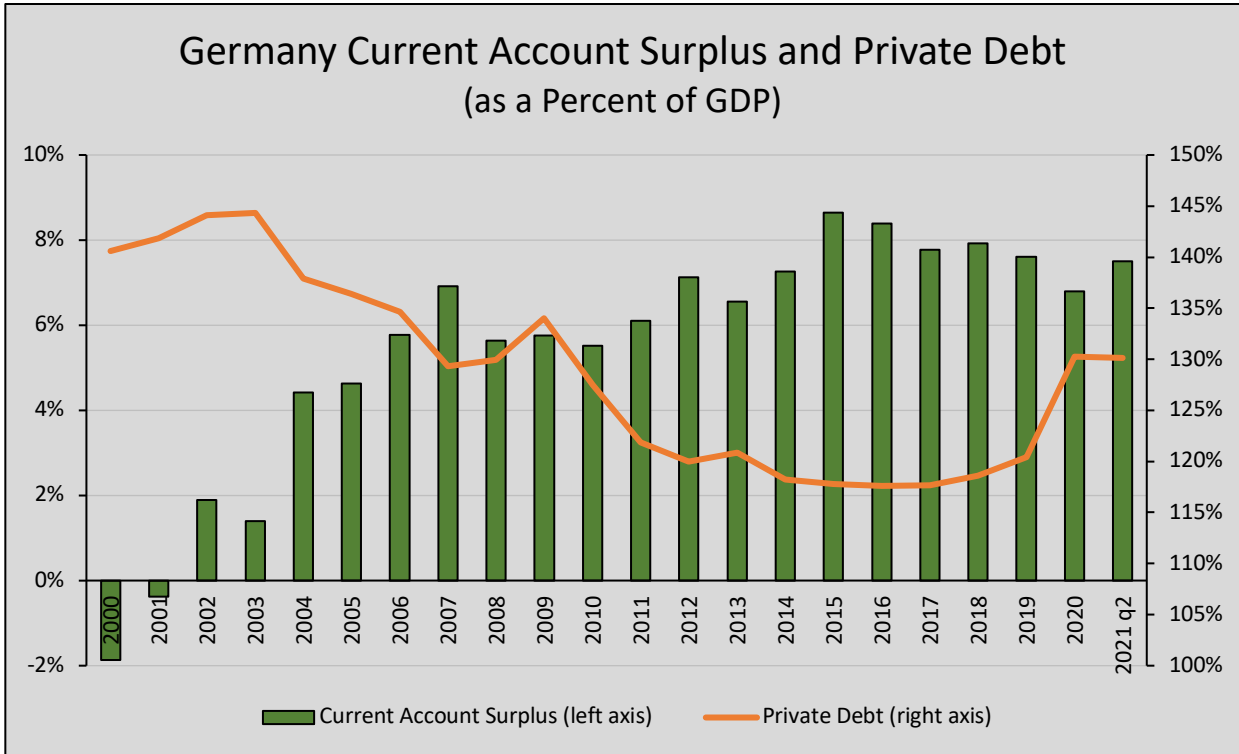
Household debt, although smaller in size than business debt, has been growing at roughly the same pace. It now stands at 67 percent of GDP, an increase of 30 percent nominally over five years, or 20 percent in ratio to GDP. The large majority of household debt is in the form of housing loans.



This data was released on 10/19/2021 and will next be updated on 01/25/2022.

Germany

Germany’s overall private debt remains moderate. Germany has continued to use its advantageous trade surplus position as a source of growth not reliant on debt (See Chart).

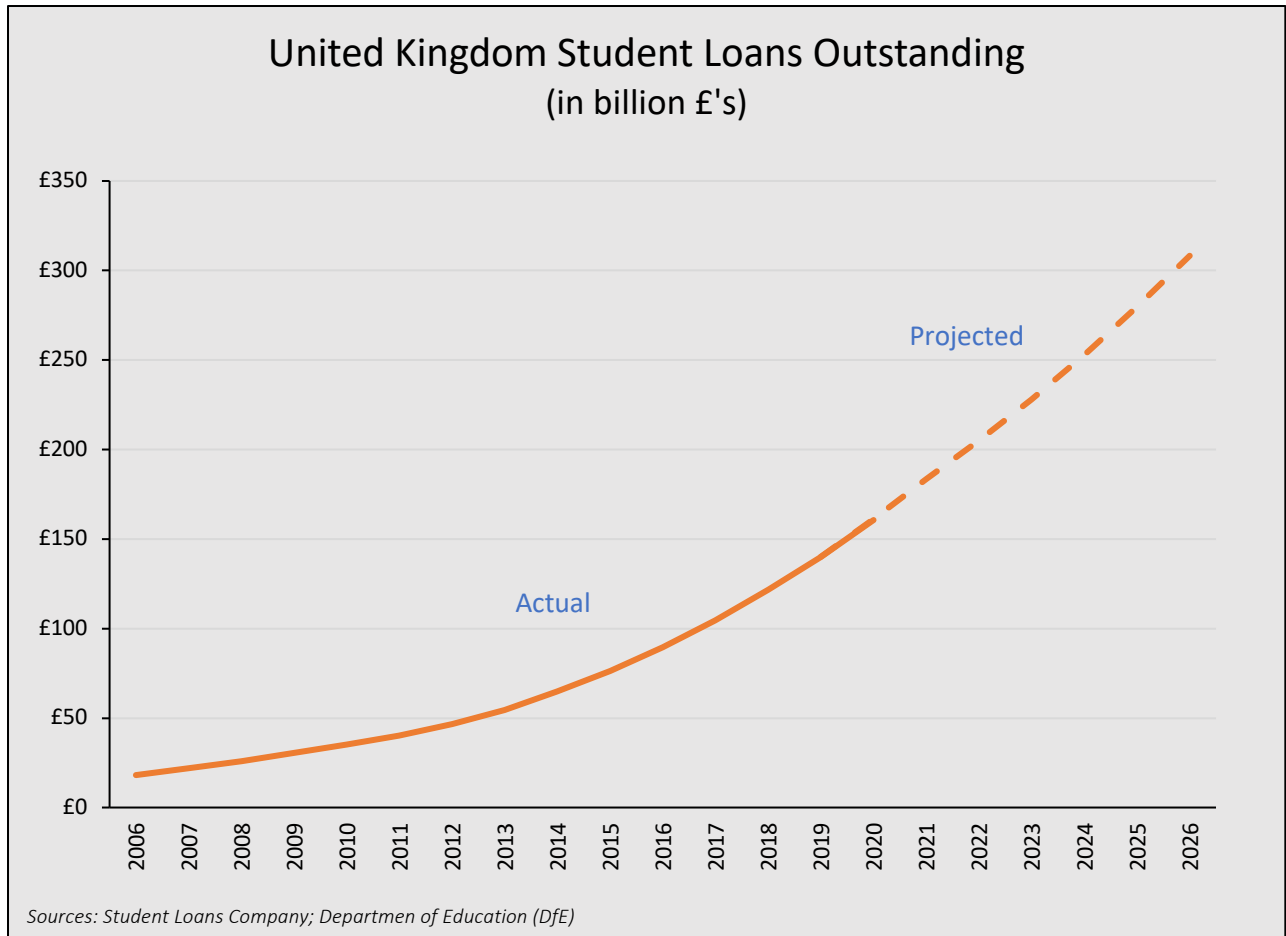


This data was released on 10/13/2021 and will next be updated on 01/18/2022.

United Kingdom

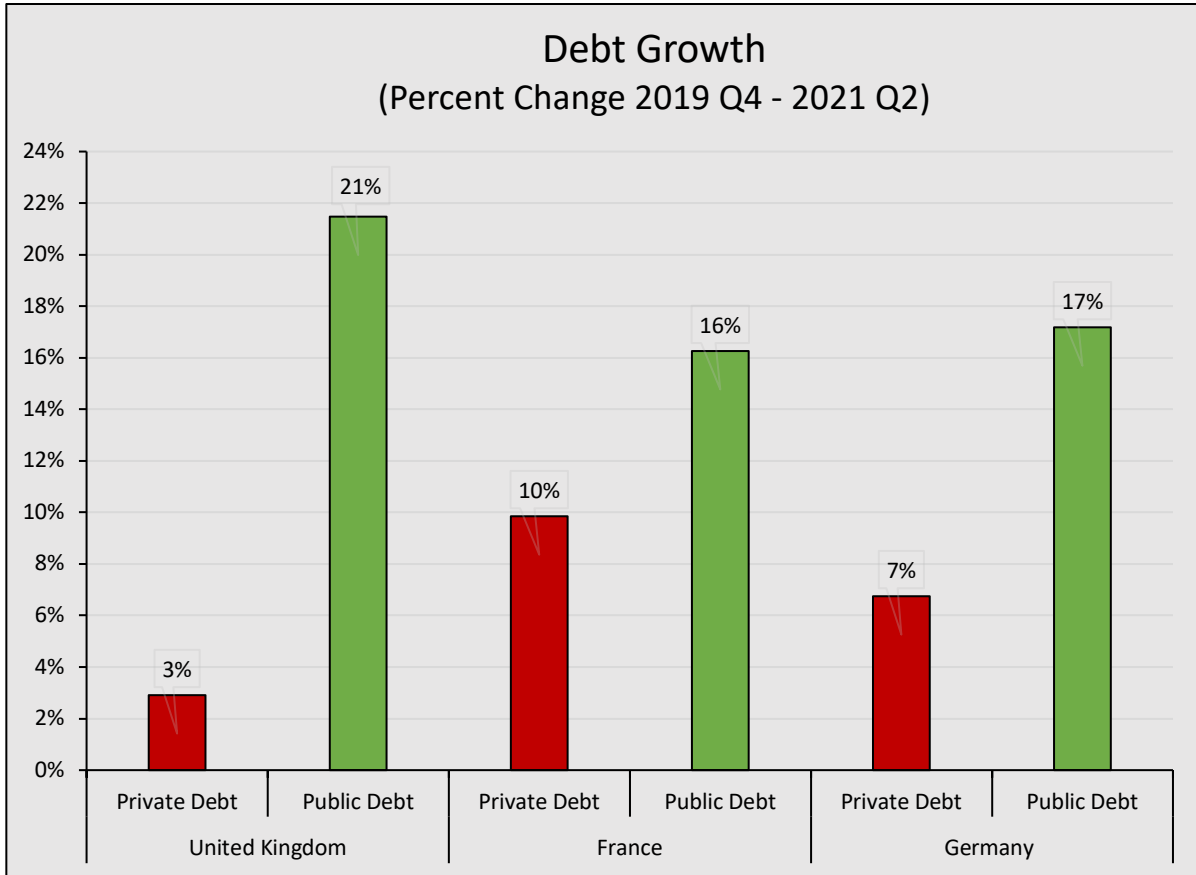
Household Debt:

Although overall household debt levels remain high, growth is relatively flat. Notably, student debt rose from two percent of GDP at the beginning of the decade to its current level of nearly eight percent of GDP, an increase of 110 percent nominally over five years, or 84 percent in ratio to GDP, and is projected to nearly double in nominal size by 2026 (See Chart).



Private versus Public Debt

With the pandemic, all three countries have seen increased reliance on public debt for stimulus, with the result that public debt levels are increasing at a much higher rate than private debt levels (See Chart).



This data was released on 10/07/2021 and will next be updated on 01/06/2022.

Globally, private sector debt, which includes business and household debt and stands at over \$132 trillion, is significantly larger than government debt, which stands at over \$73 trillion. and is a more significant factor in economic outcomes.

For additional details, including commentary on recent U.S. trends, please visit www.tychosgroup.org.