

A photograph of a modern, multi-story residential building under construction. The building features a mix of grey, black, and colorful (yellow, orange, green) panels. The balconies are enclosed with glass and metal railings. The courtyard in the foreground is paved with grey bricks and contains several stacks of orange construction materials, a wheelbarrow, and some construction equipment. The sky is a clear, light blue.

Building costs and subsidies in Iceland

Sara Bragadóttir and Heiður Anna Helgadóttir



The development of building prices

Building cost index decreased in June 2020 due to Covid measures

Temporary impact due to the exchange rate of the ISK in relation to EUR/USD

May expect the building cost index to increase by about 5-35% this year

Reasons for the presumed increase

Cost for reinforcing steel

Concrete prices

Prices for electricity- and water installation materials

Shortage in skilled labour

Iceland's geological position





Subsidies and loans

Founding contribution system to make the housing market more sustainable

When all loans and the contribution have been repaid, 50% of the rent amount goes to a special housing systems fund

FS has not seen their benefit in participating in this system

Thank you 😊