

# MARKET COMMENTARY

## Germany to complete issuance of green bonds for 2025

Florian Späte

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- Tomorrow, Germany will tap two green bond issuances. In each case, EUR 0.75bn will be allocated (green Bobl 1.3% 10/2027, green Bund 2.5% 02/2035).
- As with previous issuances, robust demand is anticipated. These are the final green government bond auctions of Germany of the year. Compared to 2024, the total gross issuance volume will shrink by EUR 3bn to EUR 14.5bn.
- This means that, among euro area countries, Germany will have placed the highest volume of new green government bonds on the market in 2025. However, due to the repayment of the first green Bund in October, the volume of German green bonds will only increase by EUR 6bn to EUR 79bn compared to 2024. Consequently, France currently has the largest volume of green government bonds in the euro area, totalling EUR 86bn.
- The greenium of German green government bonds has remained at a consistently low yet positive level throughout this year, with little to no fluctuation. This reflects both the successful establishment of the green bond market, as well as a stable supply coupled with growing investor selection.

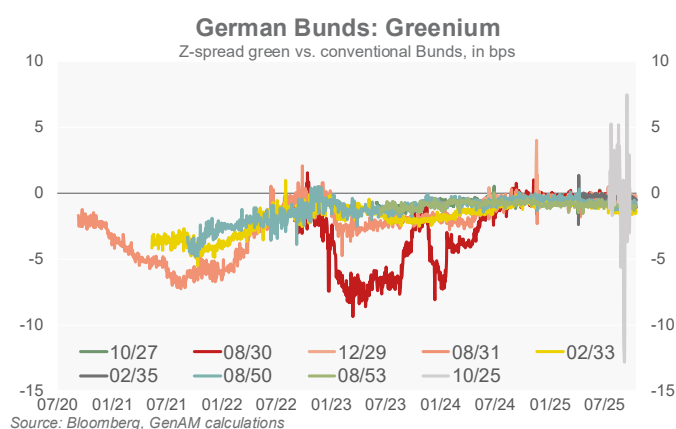
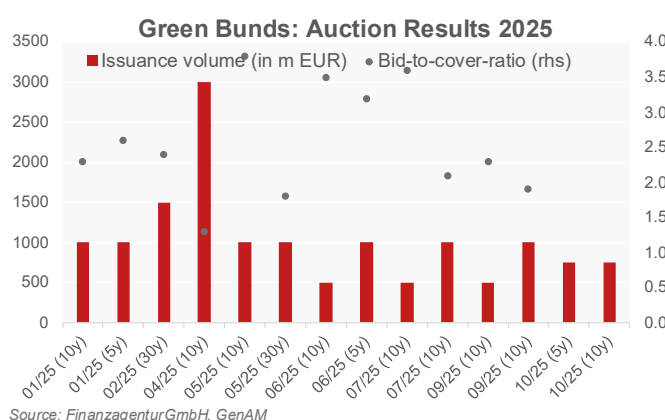
**Last issuance of a green Bunds in 2025.** Tomorrow, on October 21, Germany will tap two existing green bonds. The issuance volume of both the 1.3% 10/2027 green Bobl and the 2.5% 02/2035 green Bund will increase by EUR 0.75bn each. This will lift the total issuance volumes up to EUR 9.75bn and EUR 5.75bn, respectively. The offer is expected to meet solid demand. The average bid-to-cover ratio in 2025 is currently 2.6, which is the same as in 2024. Following the successful issuance, the annual gross issuance volume in 2025 will total EUR 14.5bn. This is slightly less than in 2024, when it was EUR 17.5bn. All bonds were placed at auctions. The volume of outstanding green government bonds will therefore increase by EUR 6bn, reaching just over EUR 79bn in 2025 (in October, the first German green government bond, worth EUR 8.5bn, matured).

**Germany on the way to a green benchmark yield curve.** Tomorrow's issuance will see Germany surpass Italy's current figure of EUR 13.3bn, underpinning its ambition to be the leading euro area country for green government bonds. Germany currently has the most green bonds outstanding in the euro area, with eight bonds in circulation. The country's goal remains to create a complete green yield curve. With the twin concept (among other things, green bonds have the same maturities and coupons as their conventional twins), Germany is leading the way and has noticeably increased transparency in the green bond market (for more information, see [here](#)). However, due to higher net issuance (currently EUR 12.6bn ytd), France has overtaken Germany in terms of outstanding volume in 2025 (EUR 86bn vs. EUR 79bn).

**Euro area green government bond issuance volume lags 2024.** Despite the green government bond market continuing to grow, the total gross issuance volume of European treasurers will not reach the expected figure of around EUR 55bn in 2025. The current total issuance volume stands at around EUR 47bn. While we anticipate surpassing the EUR 50bn threshold, the annual gross issuance volume is expected to fall well short of the EUR 60bn for 2024. At less than 4% of all euro area government bond

gross issuances, the share of green issuances is expected to decline slightly compared to 2024. Moreover, at just over 3% of all outstanding euro area government bonds, green government bonds remain a niche product. Only five euro area countries have issued green government bonds so far this year (AT, DE, ES, FR, IT).

**Greenium of German bonds stable at a low level.** The greenium of German bonds has changed only marginally this year. Overall, a slight downward trend can be observed, as is the case with other euro area issuers. While remaining positive, the greenium of German bonds fluctuates between 0 and 2 bps depending on the bond (except for the recently expired green bond). In our view, this reflects the growing maturity of the green bond market. The market has now become established, and pricing has normalised accordingly. Additionally, issuers have adjusted to existing demand and are offering a sufficient quantity of green government bonds. Moreover, in addition to national issuers the EU is a major provider of green bonds through the NextGeneration EU programme. Meanwhile, demand remains robust. In particular, institutional investors who prefer ESG-compliant products can invest in green bonds without significant performance losses when the greenium is so low. Surveys show that the appetite for investing in green bonds remains strong. The EU Green Bond Standard increases transparency and should further boost acceptance of green bonds. However, at the global level, the complexity of the standards and political headwinds (e.g., US) may dampen demand.



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