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QUARTERLY REVIEW
OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation
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European residential mortgage lending expanded further in Q2 2021, as the momentum gathered in the previous periods remained unscathed.

This performance of the mortgage sector took place amidst the relative improvement of the European macroeconomic landscape. As per the latest Eurostat reports, EU27 GDP increased by 13.8% in Q2 2021 compared to the same period in the previous year (Euro area growth was 14.8% on the same basis), following a 1.2% yearly drop in Q1 2021.

This apparent bounce-back of the European economy, albeit partial, was due to a strong contribution of household consumption, suggesting an improved economic outlook. In this scenario, the European mortgage stock and gross lending, as will be explained in this report, recorded new yearly increases at aggregated level. However, from a country standpoint, the rates of growth of these two indicators vary between jurisdictions, with some countries reporting either decreasing outstanding mortgage or gross lending volumes. Additionally, housing supply in Europe seems to be expanding in general terms, although housing shortages and other supply-side bottlenecks, such as lack of qualified workers in the construction sector, are starting to materialise. House prices are also increasing, as demand for residential dwellings remains high, financing conditions are still favourable and public authorities are still supportive of household finances. Yet mortgage interest rates, though generally low, seem to be increasing in some EMF countries, which could potentially have an impact on residential lending in the future.

This edition of the Quarterly Report will delve into these and other relevant matters.

MORTGAGE MARKETS

In Q2 2021, the aggregated mortgage stock of the EMF Quarterly Review country sample[1] amounted to EUR 7.77 tn. Outstanding mortgage loans in Europe grew by 6.2% versus the same period of the previous year, up from 5.7% in the previous quarter.

In the meantime, gross lending reached a total volume of EUR 388 bn. The latter expanded by a yearly rate of 31% (14% in Q1 2021), which signals a relative acceleration of mortgage lending after a period (Q2 2020 through Q4 2020) of contraction. Most EMF jurisdictions also report growing volumes of the mortgage stock and gross lending, although there are exceptions to this general trend.

As outstanding residential loans and gross lending volumes expand at a noticeable pace in the broader European market, more specific trends can be identified across key jurisdictions.

[1] In Q2 2021, the sample for the Quarterly Review included BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. (i.e. around 95% of the total outstanding mortgage lending in the EU27 and UK in 2020). For this preliminary analysis, the EMF Secretariat used Q2 2021 figures and country-specific comments submitted by BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. In order to have a complete – albeit provisional – statistical table, the Secretariat used the latest available figures to complete certain parts of the dataset..

Starting off in Northern Europe, outstanding loans follow a similar upward trend. In **Sweden**, the mortgage stock expanded by 6.3% on a y-o-y basis (in SEK), similar to that recorded in the previous quarter. In terms of gross lending, Swedish lending activity grew by 4.4% against the same quarter of the previous year.

More in detail, mortgage lending secured on one-family homes increased by 6.0% on an annual basis (5.8% in Q1) and tenant-owned apartments by 7.5% (7.2% in Q1). Outstanding mortgages to multi-family homes increased by 5.4% in Q2 compared to 6.9% on an annual basis in the first quarter of the current year.

As in the previous quarter, an important explanation for the expansion of mortgage lending to one-family homes is the increasing demand for this type of housing during the Covid-19 restrictions. Another relevant point that can help explain this trend is the amortisation exemption introduced in April 2020. Other explanations could be increased savings and limited spending on vacations abroad during the pandemic and therefore the possibility to spend more on housing.

Denmark saw its volume of outstanding mortgage loans grow by 2.5% to DKK 1.9 bn, down from 3.7% in Q1 2021. Gross mortgages lending reached DKK 99 bn, signalling a yearly increase of 19%. Lastly, in Finland, the volume of outstanding mortgages grew by 4.2%, improving on the Q1 2021 rate of 3.7%. In contrast, gross lending in Finland fell by more than 30% on the same basis. According to the latest report, household and investor demand for mortgages was a higher than a year before, but it is important to note that the reference for this comparison was the pandemic period, which led the housing market to a standstill due to the successive rounds of lockdowns.

Concerning Continental Europe, local mortgage markets registered further mortgage stock and gross lending increases in Q2 2021.

In **Belgium**, residential loans outstanding increased by 6.1% y-o-y, while gross lending registered the sharpest increase in the region (45%), although the pace of growth was more moderate than in the previous quarter (51% y-o-y in the previous quarter). As in the previous quarter, this strong increase can be explained by the fact that Q2 2021 is compared to a Q2 2020, which saw the effects of the lockdown and social distancing measures. Moreover, concerning new loans specifically, when compared to the same period in 2019, the number of new residential loans increased by more than 5%.

In **France**, outstanding mortgage loans increased by 6.5% on a yearly basis. According to the latest report, it was the first time since the onset of the health crisis that this category exceeded the level reached a year earlier (5.9% at the end of June 2020). In the meantime, gross lending activity grew by 8.7%, after a period of negative growth. This new scenario was driven by the large volume of new lending on the first half year of 2021 which amounted to EUR 111 bn (excluding renegotiated loans), up by 27% compared to H1 2020 and by 22% compared to H1 2019. At Q2 2021, they reached historically high levels, linked to the high number of second-hand dwellings and the steady increase of house prices.

In **Germany**, the residential mortgage stock grew by 7.1% y-o-y (6.6% in Q1 2021) whereas gross lending volumes expanded by a significant 20.7%, improving on Q1 2021's rate of growth of 13%. Lending for residential real estate remained at a high level in the second quarter of 2021. In total, EUR 75.2 bn worth of mortgage loans were newly granted for the purchase and construction of residential property between January and June. It should be noted, of course, that the second quarter of the previous year was affected by the COVID 19 pandemic, thus the very strong rate of increase was also due to a base effect. Growth was driven in particular by owner-occupied home financing. In addition to the fundamentally still strong demand, this was favoured especially by the very favourable interest rates (on average in Q2: 1.26% p.a., as will be commented further below).

Lastly, in the **Netherlands**, gross residential lending expanded further in Q2 2021, although at a comparatively slower rate: that is, 8,3% in Q2 2021 versus 36.2% in Q1 2021.

The lending landscape in Central and Eastern Europe was also positive in Q2 2021, showing signs of relative acceleration. In **Hungary**, the mortgage stock grew by 8.9% (HUF) year-on-year, after a 6.7% increase in Q1 2021. Gross lending, in the meantime, expanded by more than 70% on a yearly basis. This significant growth in overall mortgage lending took place amidst rapidly increasing economic activity, with GDP increasing by almost 18% compared to Q2 2020 levels, and household consumption, which expanded by almost 10% year-on-year. In **Romania**, outstanding residential loan volumes increased by a further 11% in Q2 2021 (up from 9.9% in the previous quarter), while gross lending levels, as in Hungary, expanded by more than 70%.

The NPL ratio for mortgage loans reached 1.61% in June 2021, decreasing by 0.08 pps q-o-q and by 0.56 pps y-o-y. Moreover, more than half of credit institutions reported unchanged lending conditions in 2021 Q2, while the remaining indicated their relative easing, as will be explained further below in the corresponding BLS section. For 2021 Q3, local banks anticipated credit standards to remain broadly unchanged, while about 29% of credit institutions forecast lending conditions to ease somewhat in the case of loans to households for house and land purchase.

In **Czechia**, outstanding loans grew by 10.5% on the same basis, following a 9.4% yearly growth rate (CZK) in Q1 2021. Gross lending increased by almost 12%. Over the course of Q2 2021, the market achieved record-breaking sale figures and confirmed the high demand for housing financing. Sales increased by 118% y-o-y and by 24% q-o-q. A combination of factors drove this latest upward trend, namely the low supply of real estate (both new and second hand), high demand (in light of the housing market development expectations), increased level of households' savings and low interest rates. In this context, the average loan size followed the growth path of the housing prices.

Poland also recorded a similar upward trend, with the mortgage stock increasing by a yearly 5.2% (considered in local currency), a pace 0.7 pps sharper than Q1 2021's reading. The number of new loans granted during Q2 2021 amounted to around 67,000 loans (growth of nearly 17% in comparison to Q1 2021). The total number of residential mortgage loans granted by Polish banks amounted to over 2.51 mn loans. Not only the number of loans, but also the average value of the mortgage loans granted increased – to nearly PLN 330,000 (an increase of nearly 5% in comparison to the previous quarter). The reasons for this are both increasing property prices and the increasing credit affordability of Polish households. The quality of mortgage loans remains good, as the level of NPL at the end of Q2 2021 was 2.5%.

In Southern Europe, mortgage lending continued to follow an upward trend, as it did in the previous quarter. In **Italy**, Q2 2021 outstanding mortgage lending

continued to grow, ultimately reaching about EUR 401.2 bn, a 3.9% y-o-y increase. Gross residential lending amounted to approximately EUR 22.2 bn, with a growth of 23% with respect to the same quarter of 2020. Regarding **Spain**, the mortgage market showed further signs of recovery after leaving behind a period of sharp declines, especially during Q2 2020. In terms of mortgage activity Q2 2021 marked the fourth consecutive quarter of positive activity and also registered the highest figure of the last decade with a volume of EUR 16.3 mn (a 84.4% year-on-year increase). This volume was also 42.2% higher compared to Q2 2019, a quarter exempt from the impact of the pandemic. This boost in credit activity might be explained, in part, by the generally favourable credit conditions and the significant increase in household savings during the confinement period. Lastly, in **Portugal**, total outstanding residential loans increased by 1.5% on a yearly basis, amounting to EUR 95.9 bn in Q2 2021. Gross lending increased by a noticeable 53.6%, with volumes standing at EUR 3.8 bn at end of quarter.

In **Ireland**, mortgage approval volumes rose by 124.7% y-o-y in Q2 2021 to more than 14,200, the highest Q2 level since the data series began in 2011 and a substantial recovery from Q2 2020, which had been the weakest quarter since Q1 2016. In the meantime, outstanding loans decreased by 3.8%, the only jurisdiction to report a contraction, while gross lending expanded by a more than 50%. The growth was driven by first-time buyer (FTB) approval volumes, which increased by 162.3% to more than 7,700. Re-mortgage or switcher mortgage volumes rose to their highest level since the data series began, at almost 1,900. Mortgage drawdown volumes rose by 45.4% year on year to more than 9,600 in Q2 2021. FTB mortgage drawdowns rose by 49% year on year to almost 4,900. Switcher volumes increased by 35.7% year on year to 1,519, the highest Q2 level since 2009.

In the **United Kingdom**, mortgage market activity continued to be strong in Q2 2021. Much of this was driven by the tapering of the stamp duty holiday at the end of June, where no tax is paid on the first £500,000 of a property. Gross lending in June was particularly high at GBP 44.6 bn and homebuyers pushed through completions before the deadline. Consequently, lending for house purchase accounted for almost three quarters (72%) of lending in Q2, and remortgaging only 24%. The stamp duty holiday was previously extended until the end of September, but only up to GBP 250,000. This will continue to provide some support to housing market activity.

REGULATION AND GOVERNMENT INTERVENTIONS

In Q2 2021, several relief measures put forward to curtail the economic fallout of the pandemic came to an end during this period, coinciding with the apparent improvement of the macroeconomic scenario. However, recent policy decisions indicate that public authorities are seeking to facilitate and/or support residential lending and house purchases in the aftermath of the pandemic.

In **Sweden**, the amortisation exemption for mortgage borrowers, which was introduced mid-April 2020 and reported on in previous editions of this report, stopped at the end of August 2021. Many local borrowers started to amortise again during this quarter, which could potentially give rise to relatively slower growth in the mortgage market.

In neighbouring **Finland**, the discussion on household indebtedness ensued in this quarter. To recall, in August 2018, the Ministry of Finance (MoF) established a working group to consider different options to tackle the issue of household indebtedness. The working group published its report and proposals on 1 October 2019. The proposals include inter alia maximum debt-to-income ratio (DTI), maximum maturity for housing loans and restrictions on housing company loans for new construction. Recently the MoF announced that legislative proposals will be tabled in Spring 2022, yet the maximum DTI will not be included in these. Furthermore, in June 2020, the Board of the Financial Supervisory authority raised the loan cap (the maximum loan-to-collateral ratio, LTC) for residential mortgage loans other than first-home loans from 85% to the statutory standard level of 90%. The housing market has since recovered from the shock caused by the pandemic. As a result, the Board of the Financial Supervisory Authority decided to lower the loan cap for residential mortgage loans other than first-home loans by 5 pps, to the pre-pandemic level of 85%. The decision on the tighter loan cap will enter into force on 1 October 2021.

In **Belgium**, no further measures regarding the postponement of mortgage payments were adopted after the programme's end date, 31 March 2021. Borrowers whose loans were under the moratorium scheme have since restarted to meet their financial obligations. From a regulatory standpoint, authorities are currently undertaking the task of implementing the EBA guidelines on loan originations and monitoring, which must be accomplished by year end. A 6-month extension of the deadline has been accepted by the National Bank of Belgium (NBB). Regarding the valuation of dwellings specifically, this is now in many cases based on the sales value of the home included in the purchase agreement. However, the EBA Guidelines stipulate that, in the future, an internal or external appraiser will have to determine the exact value of the property. This might as a consequence influence the LTV, in cases where the sales price is higher than the real value of the property according to the valuation report (which may occur in regions with housing shortage, like the main cities). This in turn could have an impact on the maximum amount the consumer could borrow from the bank. The NBB has drafted recommendations according to which the LTV of loans granted may not exceed certain LTV values or may only exceptionally exceed those values.

Over in the **Netherlands**, as of Q1 2021, residents under the age of 35 will no longer have to pay stamp duty, as per the new regulation. However, since 1 April, it has been extended to homes up to EUR 400,000. The stamp duty exemption for house buyers of this specific age group contributed to significant increases in the number of transactions. Many young buyers delayed their decision to acquire a new house from late 2020 to the start of 2021, as demonstrated by the sharp rise of transaction at the turn of the year. The same pattern repeated itself around 1 April. Since then, the number of transactions has decreased.

Given the gradual deterioration of lending criteria throughout several years in **France**, the *Haut Comité de Stabilité Financière (HCSF)* recommended to limit the level of Debt-Service-to-Income ratio and the maturity for new home loans. At the end of 2020, as previously reported, the HCSF slightly relaxed its recommendation in favour of a maximum DSTI ratio of 35%, a maximum maturity of 25+2 years. Moreover, HCSF accepts that 20% of new loans may exceed these criteria (largely in favour of the main residence and the first-time buyers). In mid-September 2021, the HCSF announced that this measure will be binding as of 1 January 2022. Since Q1 2020, the HCSF reported a steady normalisation of lending criteria for new loans and confirmed that banks in France have almost reached the target levels: the share of new residential loans that did not comply with the HCSF recommendation was equal to 23.7% in Q2 2021 and continued to decline in July 2021 to 20.9% (vs. a maximum of 20% as target level at the beginning of 2022).Concerning the

current housing stock, the French government aims at encouraging homeowners to carry out energy renovations by putting in place incentive laws and financial aid systems (notably MaPrimRenov', as reported in the Q1 2021 edition of this report). Regarding the new housing segment, the government announced in May 2021 a new aid package of EUR 1 bn euros to support sustainable construction projects. This latter measure is meant as an addition to the French recovery plan for 2020-2021.

In **Hungary**, in the first half of 2021, a 5% VAT ceiling on new housing was reintroduced, while authorities laid out support measures, especially for families with children, to help stimulate housing development. In addition to the already existing subsidies for families (namely the Home Purchase Subsidy and Prenatal Baby Support Loans), a non-refundable state subsidy of HUF 3 mn was put in place aimed at financing home improvements. The latter is also meant to support families living with their children in their own property.

In **Romania**, as of 1 January 2022, the 5% reduced VAT ceiling for purchased homes extends the threshold from RON 450,000, the original reference, (to EUR 140,000 (its equivalent value)), which could influence future price trends and real estate firms' strategies.

In **Spain**, the most recent regulatory developments involve the covered bond market. The Central Government, immersed in the transposition of EU Directive 2019/2162, tabled the Draft Law on Covered Bonds by mid-2021, a piece of legislation that seeks to efficiently integrate capital markets and strengthen guarantees of the mortgage funding. The banking industry, coordinated by the Spanish Mortgage Association (AHE), participated in the consultation launched by the authorities.

In **Ireland**, the government issued, back in May 2021, new planning guidelines to prohibit bulk buying of houses and duplexes. It also planned to amend legislation to enable local authorities to designate as specified number of houses and duplexes in a development for owner occupiers. Apartments will be exempt from the provisions. New draft legislation was also presented in May to provide for a new shared equity scheme, among other things.

HOUSING MARKET

HOUSING SUPPLY

In terms of housing supply, Q2 2021 saw a continuation of the upward trend already highlighted in the Q1 2021 edition of the Quarterly Review. Generally, European housing supply tended to increase due to the improvement of the economic situation and the various support measures currently in place. Nevertheless, it is worth pointing out that some jurisdictions reported more specific supply trends that have not necessarily been reported elsewhere, as will be outlined.

In Northern Europe, housing supply was particularly active in the second quarter of 2021. As per the latest available figures, housing starts are expected to increase in **Sweden** by around 8% in 2021. This is due in great part to the evolution of prices for one-family homes: given their strong increases, housing starts are foreseen to increase by a significant 20% this year. Over the last few years, increases in construction had been mostly concentrated in apartments. For instance, in 2020, housing starts for one-family homes remained unchanged compared to 2019. In 2021, 78% of the housing starts are expected to be apartments compared to 80% in 2020.

Regarding **Denmark**, a total of 13,962 houses were sold in the second quarter of 2021, that is 16% more transactions than in the second quarter of 2020. Furthermore, in the same period, 4,509 owner-occupied apartments were sold, an increase of 14% compared to the same quarter in 2020. Supply of both houses and apartments continued to rise as well in Q2 2021. A total of 23,474 and 5,413 houses and apartments, respectively, were on the market at the end of the second quarter. The supply of houses therefore rose by 1.2% compared to the first quarter of 2021, while the supply of apartments rose by 17% on the same basis. Lastly, in **Finland**, the number of new housing permits and house starts both increased in Q2 2021, reflecting the market's upward trend.

In **France**, Q2 2021 second-hand dwelling transactions increased by 31% compared to Q2 2020 (linked to a month of April 2020 negatively impacted by the effects of the first lockdown). At the end of June 2021, the number of transactions over the last twelve cumulative months reached an all-time high of 1.155.000 units, up by 15% compared to Q2 2020 and by 14% compared to Q2 2019. If sales of new buildings (mostly apartments) rebounded in H1 2021 (with + 29% vs. H1 2020), they nevertheless remained at lower levels than before the pandemic (-8% vs. H1 2019). The significant recovery in construction of individual houses continued in H1 2021, with volumes 27% higher than the first six months of 2020, and even 7% higher than those of H1 2019.

In the **Netherlands**, the market is experiencing a housing shortage. In 2020, the target of building 75,000 additional homes (new construction and transformations) was achieved, as was the case in the previous two years. Overall, more than 69,000 new-build homes were built in 2020 while approximately 10,000 repurposed homes were added to this figures. In total, more than 79,000 homes were completed last year. However, given the recent developments at market-level, there are calls to build 100,000 new houses per year as a way of offsetting the apparent shortage. In the last 12 months for which data is available (until June 2021), a total of 74,000 building permits were issued. In addition, there is a significant delay between the permit's issuance and the actual delivery of homes. In additional to the latter issue, and despite the modest increase in residential dwelling constructions, companies in the construction and building materials industries are facing production problems, mainly due to labour shortages and the lack of production resources, materials and space. The shortages in the building materials industry are similar to those seen at the peak in 2018/2019.

In Central and Eastern Europe, housing supply also increased significantly in Q2 2021.

Starting off in **Hungary**, the number of newly issued building permits in Q2 of 2021 was 8,328 permits for the whole country and 2,060 for Budapest. Given the various incentives and the improving economic environment the total number of newly issued building permits increased by more than 50% compared to the same quarter of the previous year (in Budapest alone, the increase was 64%). Despite this, the increase in building material prices and the lack of skilled workforce in the construction sector has caused noticeable delays in housing completions, similar to the Dutch case.The number of newly finished dwellings was 3,642 in Q2 of 2021, which would represent 93 % of the finished dwellings in the same period in 2020. A total of 1,824 new completions took place at the same time in Budapest, this number was almost four times higher than in the same quarter of the previous year, outperforming the country average.

In **Poland**, high demand in the housing market continues to encourage investors to increase their activity. During Q2 2021, around 52,533 dwellings were completed (an increase of 10% compared to Q2 2020) and the construction of 80,922 dwellings started (an increase of 71% y-o-y). Over 35,000 building permits

(increase of 35% y-o-y) were issued for the construction of 87,130 dwellings (increase of 25% y-o-y). It is important to note that, while the construction sector logs significant increases across different categories, as described here, construction costs in the local market are steadily increasing, fast becoming a concern for companies and investors.

Lastly, in first half of 2021, the volume of construction works continued to follow an upward trend in **Romania**, increasing by about 28% compared to the same period of the previous year, while the number of building permits also saw a considerable advance (31%)

Moving on to southern Europe, the supply-side scenario is generally similar to that of other jurisdictions. In **Italy**, in Q1 2021 (last data available), total residential transactions amounted to more than 162,000 operations, an increase of 38.6% y-o-y. In **Spain**, real estate prospects remain favourable, as per the information available up to Q2 2021, for the coming months thanks to the improvement in the epidemiological and economic situation. The reason for this is that services have since resumed their activity and financing conditions remain overall positive for residential lending. However, the shortage in skilled labour in the construction sector can potentially hamper housing development.

In **Portugal**, the results from the June Housing Market Survey signal a continued pick-up in activity across the sales market. Sustained, steady growth in tenant demand produced a more stable near- term outlook for rents, with expectations remaining in neutral territory for a second consecutive report. In June, a net balance of +3% of respondents saw demand from new buyers increase. Although this is slightly lower than +8% in May, it marks the third consecutive positive reading for this indicator after eight consecutive negative readings. The agreed sales indicator picked up for a fourth consecutive report, evidenced by a headline net balance of +13% of respondents pointing to an increase in June (up from +8% in May). At regional level, trends remain mixed, with survey participants from Lisbon reporting strong sales growth (net balance of +26%), while Porto showed a rather flat picture. In the Algarve, momentum behind transactions remains altogether weaker, with the sales metric remaining in negative territory within the region. Looking ahead however, sales expectations are comfortably positive regarding the near-term outlook across all regions.

Regarding **Ireland**, housing construction continued to recover from the impact of restrictions on economic activity associated with the COVID-19 pandemic. Almost 12,700 housing units were started in Q2 2020, the most in a single quarter since Q2 2007. On an annualised basis, almost 27,300 units were commenced in the twelve months ending June 2021, the most in any twelve-month period since the twelve months ending October 2008. More than 5,000 units were commenced in Dublin for the first time since Q2 2006. Housing starts in the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) jumped to 3,401, the most since the data series began in 2004. More than 5,000 new dwellings were completed in Q2 2021, 55.5% or almost 1,800 units more than in Q2 2020. Dublin accounted for 68% of apartments completed nationwide and the national total of 1,333 was the second highest quarterly output of apartments since the data series began in 2011. The number of scheme houses completed nationally rose by 38.2% year on year to more than 2,500. Household market purchases of residential property rose by almost 50% year on year to 9,818 in Q2 2021. Sales of new properties rose by 35% y-o-y, the first such increase since Q1 2020. Sales of existing properties increased by 53% and accounted for 85% of sales in the quarter, the largest share since Q1 2017.

Lastly, In the **UK**, Mortgage market activity continued to be strong in the second quarter of the year. Much of this was driven by the tapering of the stamp duty holiday at the end of June, where no tax is paid on the first £500,000 of a property. Gross lending in June was particularly high at £44.6 billion and homebuyers pushed through completions before the deadline. Consequently, lending for house purchase accounted for almost three quarters (72%) of lending in Q2, and remortgaging only 24%. The stamp duty holiday was previously extended until the end of September, but only up to £250,000. This will continue to provide some support to housing market activity.

HOUSE PRICES

In terms of Q2 2021 house prices, most EMF jurisdictions reported further increases in this category, signalling a continuation of an upward trend that has remained stable during the pandemic and in its aftermath. Despite the apparently consistent general trend, some countries report more detailed changes as to the evolution of local prices.

In **Sweden**, one-family house prices increased by 17.2% on a yearly basis Q2 2021 (up from 12.9% in Q1 2021), a record figures not seen since the end of the 1980s. The prices for one-family homes are nonetheless expected to slow down during the autumn period and especially as the economy transitions to a more stable situation after the pandemic. Apartments increased by 12.0% in Q2 compared to 6.5% in Q1.

Since the implementation of telework or remote-working schemes amid the pandemic, demand has shifted from apartments in large city centres to one-family homes in suburbs and smaller cities. Moreover, among apartments, there also seems to be a shift in demand from smaller apartments to larger apartments, probably due to extra space needed when working from home. Also, the increasing demand for vacation homes in Sweden seems to continue and prices are increasing.

The prices for one-family homes in the Stockholm area increased by 19.0% on a yearly basis in the second quarter 2021 (14.4% Q1 2021). In the Malmö-area, prices increased by 19.4% on an annual basis (14.0% Q1 2021) and in Gothenburg by 16.5% (9.4% Q1 2021). The prices on apartments in Stockholm increased by 11.9% in the second quarter 2021 (6.1% Q1 2021). The prices on apartments in Gothenburg increased by 8.7% (4.2% Q1 2021) and in Malmö by 17.9% (10.5% Q1 2021). The trend of increasing prices for one-family homes continued in July, when prices increased by over 16.6% on an annual basis, albeit lower than in the second quarter. The growth rates for apartments was around 9% in July.

Concerning **Denmark**, in the past year, house prices have increased by 16%. Meanwhile, prices on owner-occupied apartments rose by 15.9%. Compared to the previous quarter, prices rose by 4.8% and 4.4% for houses and apartments, respectively. In Finland, average house prices increased by 1.1% in Q1 2021 against Q1 2020, as per the latest available information.

In Continental Europe, the price cycle continues to point to an expansive phase, yet with some particular features worth highlighting. In **Belgium**, house prices evolved at a relatively slower pace in the second quarter of 2021. According to the latest figures published by the notary barometer, the average price of a house in Belgium increased to reach 289,456 EUR at the end of the second quarter of 2021, pointing to a 4.5% increase compared to the average price at the end of the second quarter of 2020.However, regional differences in the evolution of

prices can be seen across the country's three regions (Flanders, Wallonia and Brussels). Overall, house prices increased in all three regions compared to the second quarter of 2020. In the Brussels region the average house price in the second quarter of 2021 (EUR 507,936, as reported) increased by 1.6% compared to the average price in the second quarter of 2020. In Wallonia, the average house price (EUR 214,824) also increased by 2.9% compared to the second quarter of 2020. In Flanders, the average house price (EUR 322,274) increased even by 5.1% compared to the average price in the second quarter of 2020. In the course of the second quarter of 2021, average prices of apartments in Belgium went up by 4.0% compared to the same quarter of the previous year. However, regional differences are also present. In Flanders, the average price of an apartment (EUR 259,340) increased by 4.6% compared to the second quarter of 2020, while in the Brussels region, the average price for this type of dwelling(EUR 281,593) increased by 2.5% on the same basis. In Wallonia, an apartment's average price (EUR 189,590) grew by 0.7% y-o-y.

House price in the **Netherlands** climbed by 13% y-o-y in Q2 2021. As we saw in the previous eight quarters, the price increase in Amsterdam (7.5% yearly) is lower than the national average. Key factors that can help explain these price increases are the decreasing mortgage interest rates and, most notably, the pace at which new supply is sold. The number of days that a house is for sale is currently 28; the long-term average from 1995 is 85 days.

In **France**, house prices kept growing through the public health crisis. In Q2 2021, the annual growth rate reached 5.9%, a stable pace compared to the previous quarter. This increase was driven for the first time since 2016 more strongly by houses (6.8%) than apartments (4.6%), a phenomenon which has been gaining momentum since Q4 2020. It corresponds to a geographic reorientation of household demand (that is, a displacement from very large cities to less densely populated urban areas), but also in terms of type of property, namely the desire for outdoor spaces or more spacious dwelling, something teleworking schemes has allowed for, as previously mentioned.

Excess demand in **Germany** remains high in the residential sector, which is reflected in sustained price increases. The price index for owner occupied housing rose by 10.9% year on year. Demand appeared to be strengthening further during the course of the pandemic, with more and more people wishing to own their own homes since lockdowns began. However, supply is unable to keep up with this strong demand. For one thing, new construction activity remains relatively limited, and the extremely low interest rate environment is having a negative impact on the willingness of property owners to sell, given the lack of investment alternatives. This is resulting in ongoing strong demand for condominiums in metropolitan areas and university cities, where prices increased by 12.5% year on year. The single- and two-family homes subsector also registered a year-on-year increase of 10.4%. These year-on-year price increases are the highest ever observed for owner-occupied housing.

In Eastern Europe, the price cycle is also trending upwards. Considering the latest Takarek House Price Index reading, house prices in **Hungary** have increased by 7.2 % in Q1 2021 compared to the previous quarter. According to the National Statistical Office study, price increases in 2021 have been mostly influenced by the dynamic growth of new dwelling prices.

Residential dwelling prices also expanded further in **Czechia** during Q2 2021, given the strong demand for real estate options in said country. The growth in average house prices accelerated in the first half of this year, recording a yearly increase of 15%.

Demand for dwellings remained strong in Poland, as a significant number of property purchases is made for investment purposes and as a safeguarding of savings against rising inflation. In Q2 2021, price increases were recorded on both primary and secondary markets. In the primary market, the most significant transactional price increases took place in Zielona Góra (6.9% q-o-q), Katowice (6.3%) and Kraków (6.2%). Meanwhile, the largest secondary market transactional price changes were recorded in Kraków (8.8% q-o-q), Zielona Gora (8.6%) and Łódź (6.7%). The transactional prices on both markets in the capital city of Warsaw grew at a comparatively moderate pace (+0.1% and +1.2%, respectively).

In **Romania**, residential property prices increased in the first quarter of 2021 by 1.4% in nominal terms (respectively -2.3% in real terms). However, according to the August 2021 National Bank of Romania (NBR) Bank lending survey, more than half of the responding credit institutions indicated a certain advance in the average house price per square meter in 2021 Q2, while the remaining banks reported a flat evolution. Most banks (62%) estimate a further relative increase in residential property prices in the following quarter (2021 Q3), while 38 % of credit institutions anticipate house prices to stay unchanged.

In Southern Europe, a similar price narrative can be outlined. **Italy**'s Housing Price Index (HPI) increased by 1.7% in Q2 2021 compared to Q1 2021 and by 0.4% compared to Q2 2021 (down from a 1.7% yearly increases in Q1 2021). The yearly HPI growth commented here was mainly due to the prices of new dwellings, which recorded a growth rate equal to 2.0%; whilst prices of existing dwellings increased slightly by 0.1%.

Lastly, regarding **Portugal**, house prices rose 4.5% in Q2 2021 compared to the previous quarter (1.2% q-o-q in Q1 2021). In monthly terms, house prices increased by 1.1% in June, slowing down in comparison to the previous month (+2.5% monthly change in May). Considered on a yearly basis, Q2 2021 prices in this jurisdiction grew by 6.6%. Considering the abovementioned survey results, a net balance of +15% of respondents saw house prices rise over the latest survey period at the headline level. This marks a slight increase on the net balance of +11% in May and is in fact the strongest reading for this indicator since January 2020. A net balance of +38% of contributors to the survey expect prices rising over the next twelve months, the most elevated reading for the series since January 2019.

In **Ireland**, residential property price inflation accelerated again in Q2 2021, with prices up by 6.9% in the year to June 2021, compared with no change in the year to June 2020. Prices in Dublin rose by 6.4% in the year to June 2021, while residential property price inflation outside Dublin rose by 7.4% year-on-year.

In the **UK**, house prices grew further in Q2 2021 and were up 9% compared to a year earlier. This has been driven by the demand for housing far outweighing the supply of properties on the market. Whilst the stamp duty holiday boosted demand and prices somewhat, people have also been re-evaluating their housing needs since the covid-19 pandemic. There has been regional variance in house price growth with prices in rural areas growing faster than in the major cities. In Q2 all parts of the UK saw an acceleration in house price growth, with Northern Ireland and Wales seeing the greatest rises but London seeing one of the weakest.

MORTGAGE INTEREST RATES

In general, mortgages interest rates remain low across key EMF jurisdictions and, as in the previous quarter, most of the countries that contribute to this quarterly review report generally low interest rate in their local markets. However, many jurisdictions are reporting interest rate increases, while others see rates fall further, as will be described in this section.

The interest rate scenario in northern Europe continues to favour lending, although some jurisdictions reported increases in certain rates. Variable interest rates in **Sweden** have been stable during the second quarter 2021 at 1.2%. Longer interest rates were more or less unchanged at the end of the second quarter: 1 to 5 years at 1.3%. However, interest rates over 5 years increased slightly to 1.6% in the second quarter, up from 1.5% in the first quarter.

In **Denmark**, the average interest rate on loans with fixation period up to one year increased by 3 basis points in the second quarter of 2021. For the loans with between one to five years of interest rate fixation and the loans with between five and ten years of interest rate fixation, the average interest rate rose by 14 and 25 basis points, respectively. The average interest rate on loans with more than ten years of fixation increased by 50 basis points in the second quarter of 2021. Lastly, in Finland, the rate on new housing loans was 0.72 %, one of the lowest in the EMF country sample.

In **Belgium**, the average interest rate was 1.35% in Q2 2021 (1.34% in Q1 2021). Revised data for Q1 2021 shows that the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years was about 93% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to less than 1% (exactly 0.4%) of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 6.5% of the newly granted credits. Since 2015, the outstanding number of overdue contracts has shown a positive evolution downwards. The ratio overdue contracts/total number of contracts remained at only 0.73% at the end of June 2021.

In the **Netherlands**, mortgage rates fell slightly further in Q2 2021. the average interest rate for new mortgages was 1.62% (compared to Q2 2020's 1.77%). Meanwhile, the representative interest rate in **Germany** in Q2 2021 was 1.26%. Finally, in **France**, the downward trend in interest rates continued in Q2 2021, with an average rate of 1.14% (without the loan insurance), reaching its lowest level observed in Q4 2019. Interest rates remain low, easing borrowers' solvability in the context of a gradual tightening of lending criteria for new home loans, as requested by the HCSF.

In **Hungary**, the central bank base rate was increased from 0.6 % to 0.9 % on 23 July 2021. The Monetary Council announced further increases to the base rate. The proportion of variable rate mortgages among newly issued mortgage loans is very low in Hungary (below 1 % in Q2 of 2021). The most popular mortgage interest type is medium term fixed (5Y-10Y initial rate fixation), which represents approximately 57% of newly issued mortgages. The representative interest rate for this product was 4.11 % in Q2 2021.

Meanwhile, in **Czechia**, the average interest rate is 2.07%, an increase of 8 bps compared to that of Q1 2021.The decreasing trend of interest rates stopped in Q2, after reaching the lowest reading in Q1 2021. Interest rates were affected by the increasing cost of funding. In the previous quarter, slow growth in the cost of funding was offset by decreasing margins driven by providers' efforts to maintain customer interest rates and market shares, but in Q2 this approach became untenable.

Interest rates remain unchanged in **Poland**. The representative rate was, in Q2 2021, 2.90%, 10 bps higher than that of the previous quarter. In the meantime, the National Bank of Poland's reference rate remains at 0.1%. A very significant proportion of mortgage loans in Poland are variable rate-based, as few banks offer fixed rate loans with maximum rate fixation of up to 5 years.

Lastly, the representative mortgage interest rate in **Romania** (4.23%) decreased by 0.44 percentage points in the second quarter of 2021 compared to the previous quarter and by 0.99 percentage points compared to the rate registered in the same period of the preceding year. The share of loans granted with variable interest rate in total mortgage loans marginally increased in 2021 Q2, reaching 74.8%, up 2.8 pps compared to 2020 Q2. The preference for new loans granted with a fixed interest rate decreased for short-term fixed new loans by 0.8 bps and for long-term fixed new loans by 0.98 bps, while they slightly increased for medium-term new loans by 1.1 pps.

Representative interest rates in the southern part of the continent performed differently during Q2 2021, both between countries and in terms of specific types of residential loans.

With reference to mortgage interest rates, in Q2 2021, both interest rates on short term loans and with maturity over 1 year registered slight increases in **Italy**. Interest rates on short term loans (with maturity <1 year) increased to 1.39% (1.36% in Q1 2021; 5.48% in Q4 2007) while interest rates with maturity over 1 year increased to 1.43% (1.37% in Q1 2021; 5.84% in Q4 2007). The average rate on new transactions for house purchasing increased to 1.42% (1.37% in Q1 2021; 5.72% in Q4 2007).

Meanwhile, again in Q2 2021 the weighted average rate in **Spain** marked a new all-time low, registering a rate of 1.49%, compared to 1.54% in Q1 2021 or 1.75% in Q2 2020. Variable rate loans (with a fixation below or equal to 1 year) continued to contract, representing only 25% of gross lending, while 75% were loans with a revision period higher than a year. A year ago, loans with an initial fixed rate higher than a year accounted for 60% (15 points difference in just one year).

In **Portugal**, the variable rate for new loans (up to 1-year initial rate fixation) was 0.67% comparing with 0.69% in Q1 2021.Banks typically apply a variable interest rate on new loans for house purchase and these interest rates have two components: an external index (Euribor – Euro Interbank Offered Rate, which can vary between 3, 6 or 12 months, or a fixed rate) and a spread. The spread is assigned by the credit institutions to each contract in consideration of the risk of the client and of the Loan-to-Value ratio.

Fixed-rate (loans fixed for over one year) mortgages in **Ireland** accounted for almost 81% of new mortgages issued, the highest proportion since the data series began in 2004. Some 34% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q1 2021, down from 42% two years earlier. The share of mortgages outstanding which had interest rates fixed for over one and up to five years jumped from 21.6% to 36% over the same period.

Finally, in the **UK**, rates on longer term mortgage products fell in the second quarter of the year as lenders driven by strong competition from lenders. Shorter term fixed rates (2 years) remained relatively stable whilst variable rates increased significantly to the highest level since Q3 2014. The number of tracker rate mortgages reduced significantly over the course of the covid-19 pandemic as lenders responded to the increased uncertainty. However the number of tracker rates on the market has been increasing in recent months.

COVID 19 SPECIFIC IMPACT OVERVIEW

In **Sweden**, as mentioned above, the general amortisation exemption for mortgage borrowers, originally introduced in mid-April 2020, came to an end August 2021. Finansinspektionen and the Riksbank have expressed their concerns about the increasing trend of house prices. Both institutions consider that changing demand in housing during the pandemic, together with low mortgage interest rates and other measures adopted during this critical period, have contributed to strong price increases. Prices are nevertheless expected to cool down when measures like amortisation holidays are abolished during the summer and as the market returns to normal activity.

In **Finland**, in June 2020, the Board of the Financial Supervisory Authority raised the loan cap (the maximum loan-to-collateral ratio, LTC) for residential mortgage loans other than first-home loans from 85% to the statutory standard level of 90%. The housing market has recovered well from the shock caused by the COVID-19 pandemic. As a result, the Board of the Financial Supervisory Authority decided to lower the loan cap for residential mortgage loans other than first-home loans by five percentage points, to the pre-pandemic level of 85%. The decision on the tighter loan cap entered into force on 1 October 2021.

Following the outbreak of the pandemic in March 2020, a payment moratorium was introduced in **Hungary** for both retail and corporate clients initially until 31 December 31, 2020. It was later extended until end of June 2021. Clients' obligation to pay monthly instalments (principal, interest and other fees) is temporarily suspended under this scheme, unless the client indicates or demonstrates such behaviour reflecting the willingness to continue paying (the so-called 'opt-out' system).

After the pandemic outbreak, the National Bank of **Romania** took further measures to support debtors by allowing lenders (banks and NBFIs) to delay payments of the loans of any individual affected by the COVID-19 pandemic, without applying the prudential provisions as concerns the level of indebtedness, the LTV limit and the maximum maturity of consumer credit. The value of mortgage loans for which the public moratorium is still applied (June 2021) is RON 200 mn, respectively 0.1% of the total volume of mortgage loans. Analyses of the probability of default also indicate that the credit risk in the mortgage segment is likely to remain low, with an important factor being the expectations of economic recovery. The estimates are made, however, under higher levels of uncertainty.

In **Italy**, according to the preliminary data from late August 2021, outstanding debt moratoria to households and NFCs is estimated to be approximately EUR 71 bn, equal to 25% of all the moratoria granted since March 2020 (approximately EUR 280 billion). This amount refers to approximately 630,000 applications.

In **Spain**, during the year 2020, the Government, in collaboration with the financing entities, approved several lines of public guarantees to financially support the companies most affected by the pandemic, which allowed the allocation of EUR 130,000 mn for the self-employed and private companies until Q2 2021. These credit lines included holiday payments during the first years and a maturity period of 5 years, recently extended to 8 years. Furthermore, as an additional measure, prompted by the extension of measures partially limiting movement of individual, during Q2 2021 the Government approved a line of up to EUR 3,000 mn for the restructuring of financial debt for companies that received extraordinary funding by means of the public support framework, adding to the EUR 11,000 mn line of direct aids. These measures, together with income protection schemes and moratoriums, will have ensured that the volume of doubtful residential loans has remained stable, even with slight decreases, after standing at 4.4% in Q2 2021 compared to 4.5% in Q1 2021 or 4.7% in Q2 2020. As for the moratoria, in total until April 2021 (last known data) they accumulated a balance of EUR 60,500 mn, with a large majority having already expired.

Regarding **Portugal**, the most recent data from Banco de Portugal indicate that loans under moratorium have decreased since September 2020 (deadline date for bank customers to request access to the public moratorium), both among individuals (-32% in Jul-21 vs Sep-20) and non-financial companies (NFC) segments (-14% in Jul-21 vs Sep-20). The total amount of loans under moratorium decreased by 23% in Jul-21 vs. Sep-20, following the expiry of the private moratoriums in March 2021. The total amount of loans under moratorium stood at EUR 37.5 mn at the end of Q2 (EUR 42.5 mn in Q1 2021), of which EUR 14.4 mn of loans to individuals (EUR 17 mn in Q1 2021) corresponding to 11.5% of total loans to individuals (13.7% in Q1 2021). The total amount of mortgage loans under moratorium corresponded to EUR 13 mn at the end of Q2 (13.2% of total mortgages) which compares with EUR 14.9 mn at the end of Q1 2021 (15.3% of total mortgage loans). The total amount of loans to NFC under moratorium was EUR 22.300 mn (29.5.% of total loans to NFC), compared to EUR 24.305 mn in Q1 2021 (32.6% of total loans to NFC). The total number of borrowers under moratorium stood at 298,000 at the end of Q2 (386,200 at the end of Q1 2021), of which 243,400 correspond to loans to individuals and 51,300 to NFC (325,500 and 54,200 at the end of Q1 2021). Mortgage loans under moratorium covered 229,800 borrowers at the end of Q2 compared to 259,900 at the end of Q1 2021.

In **Ireland**, the housing market, as well as the wider economy, recovered strongly in Q2 2021 as the public health measures to limit the spread of COVID-19 were eased during the quarter. For example, all residential construction, except some social housing schemes, closed from 8 January until 4 May. Personal spending grew by 19.4% year on year driving a 15.1% increase in modified final domestic demand.

CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2007 LEVELS

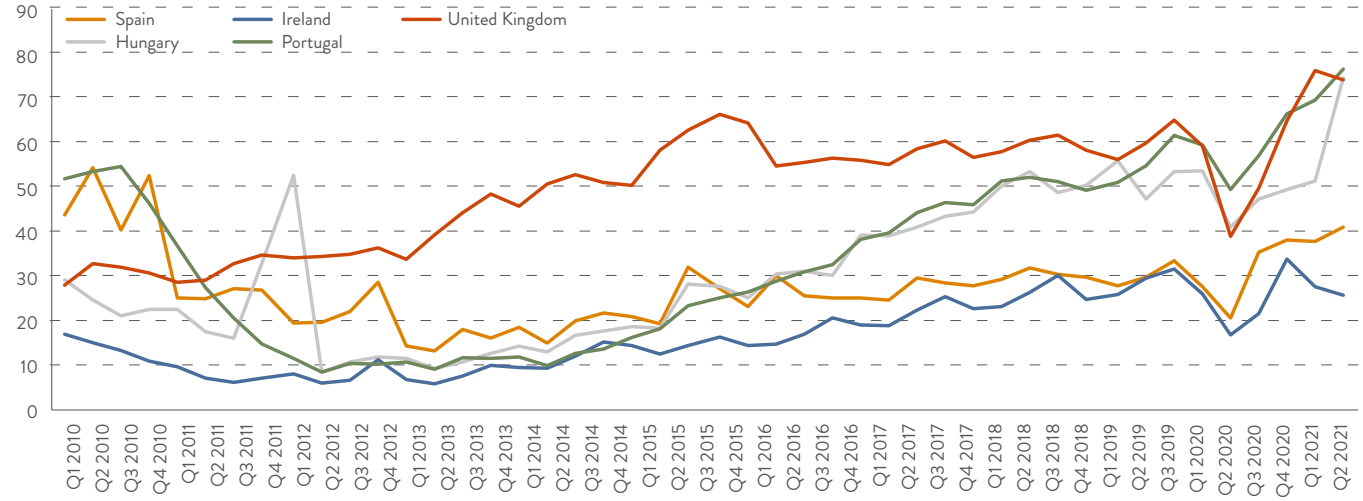


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

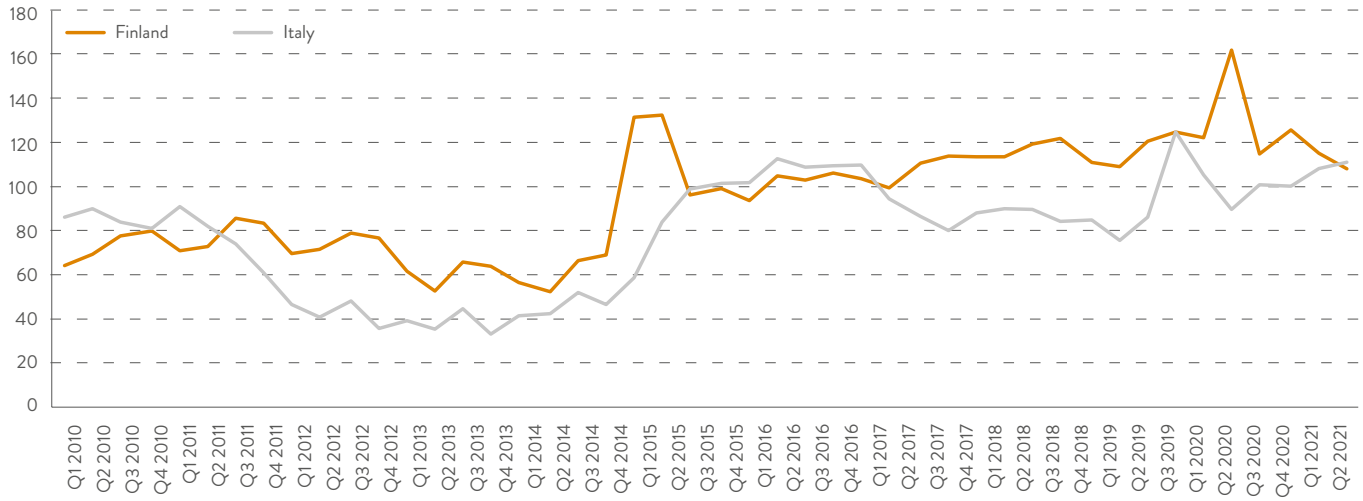


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

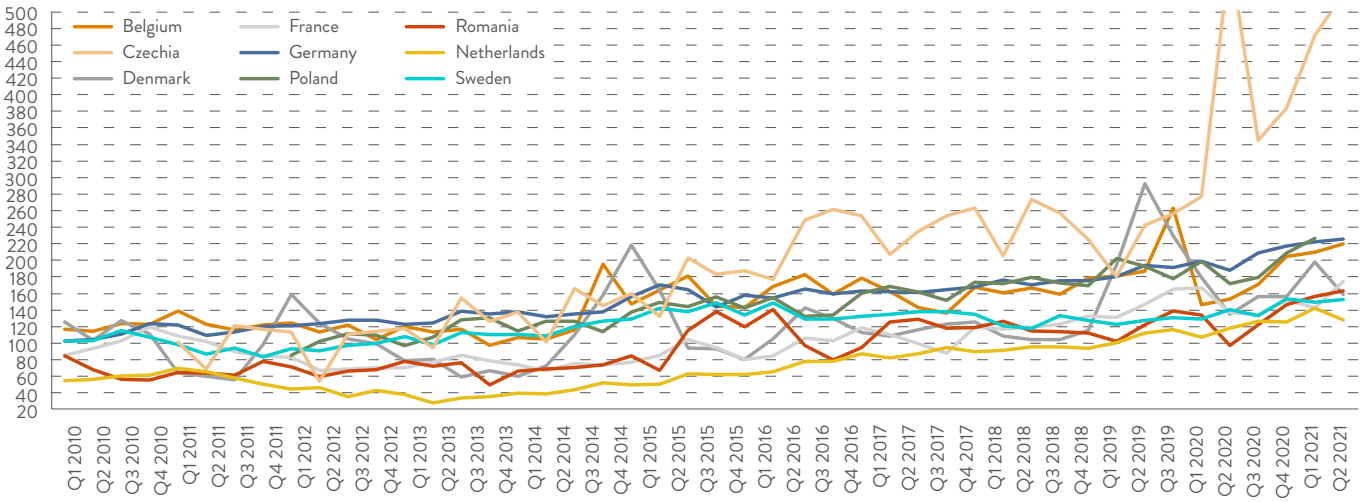
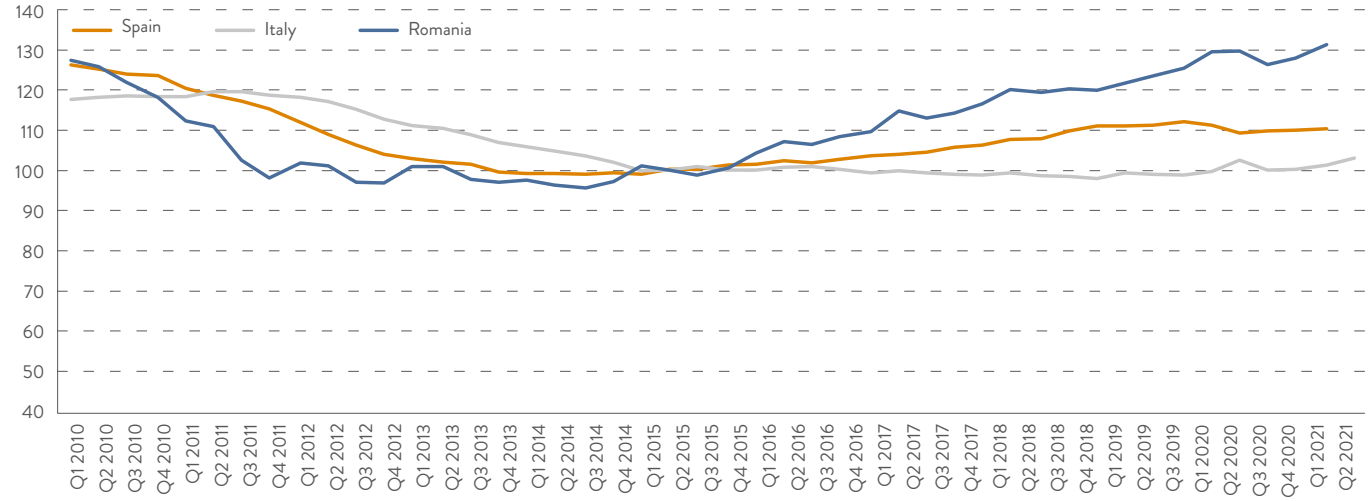
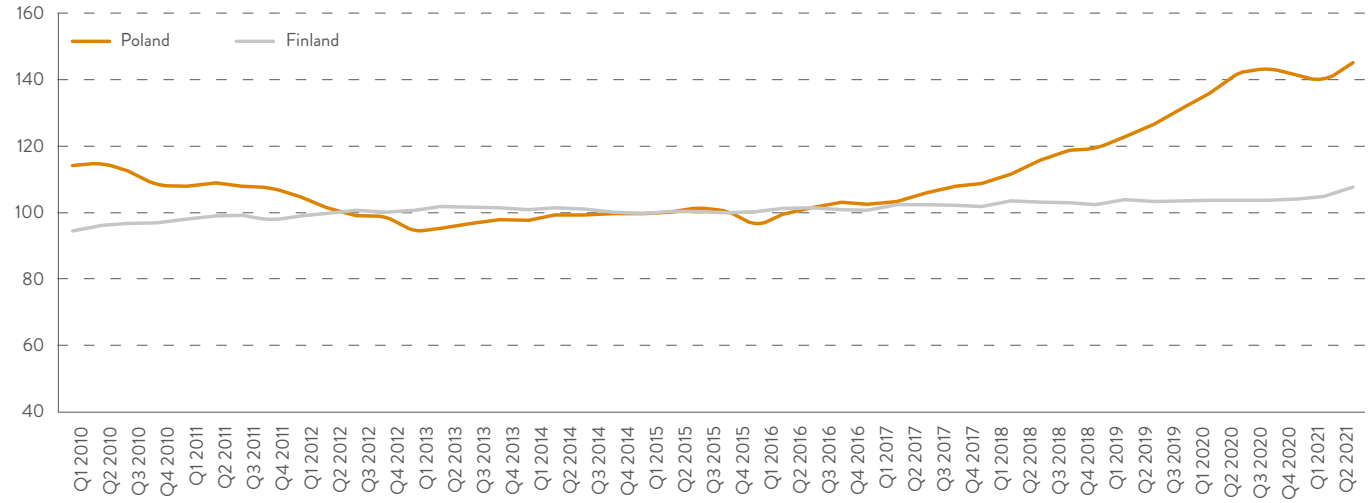


CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



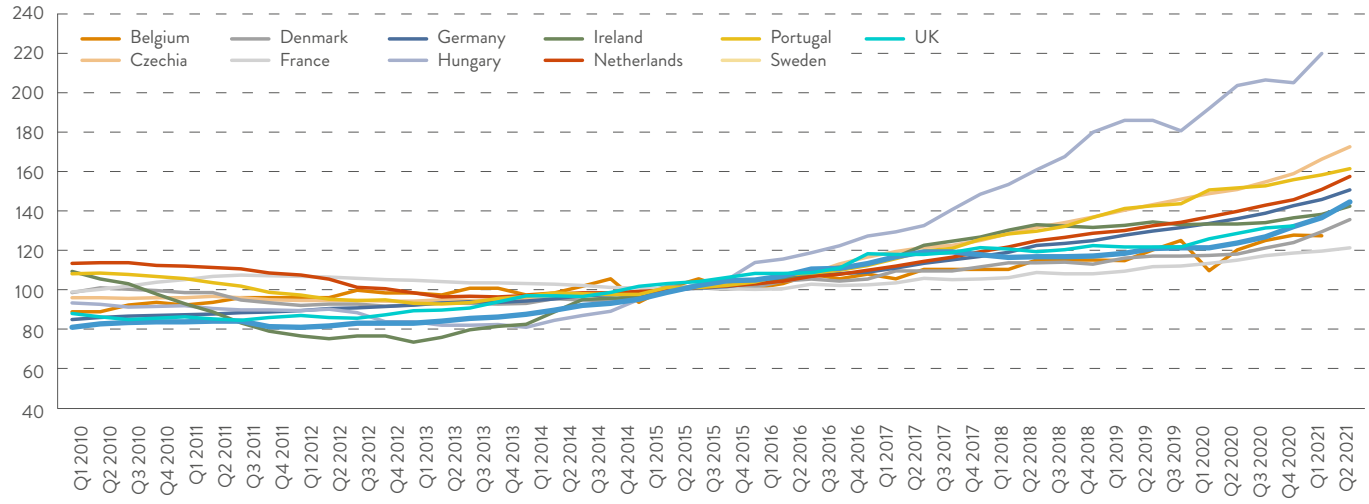
** Average Q1-Q4 2015=100*

CHART 2B | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED BETWEEN 2% AND 5% Y-O-Y



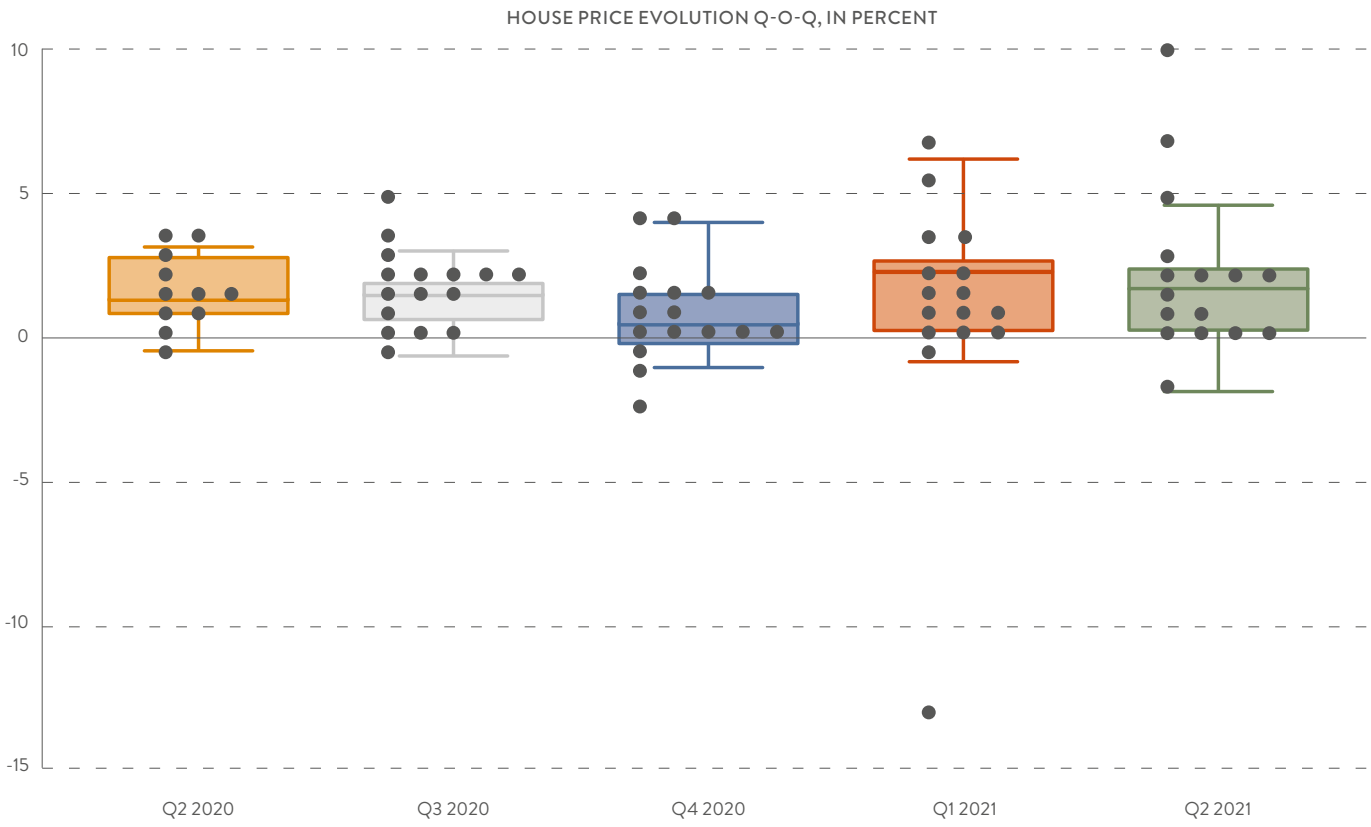
** Average Q1-Q4 2015=100*

CHART 2C | COUNTRIES WHERE HOUSE PRICES* HAVE RISEN BY AT LEAST 5% Y-O-Y



** Average Q1-Q4 2015=100*

CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER



NOTES:
Boxplots depict intuitively the distributional characteristics of a dataset, in this case the q-o-q House Price Index evolution of the country sample. The rectangle represents the second and third quartile of the data and the central horizontal line indicates the median value, i.e. the value that splits the sample in two equal halves. The horizontal lines below and above the box indicate respectively the lower and the upper quartiles. Eventual 'outliers' are depicts as points if they are more than 1.5 times the interquartile distance – the height of the box – away from respectively Q1 or Q3. This is the case for Q1 2020.

The dataset shows q-o-q growth figures of the country sample until Q2 2020 for which there are 10 datapoints instead of 16, as in 6 countries the latest House Price Index available was that of Q1 2020.

TABLE 1 | TOTAL OUTSTANDING RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	LATEST Y-O-Y CHANGE (%), Q2 2021, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2021, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 2021, LOCAL CURRENCY
BE	263,419	264,616	266,838	270,029	275,378	278,759	283,106	6.1	5.3	6.1	5.3
CZ	48,658	45,998	47,932	48,124	51,174	52,591	55,587	16.0	14.3	10.5	9.4
DE	1,530,435	1,549,693	1,571,876	1,599,644	1,629,423	1,651,496	1,683,634	7.1	6.6	7.1	6.6
DK	257,001	256,393	260,710	264,205	267,416	266,873	267,713	2.7	4.1	2.5	3.7
ES	487,561	484,917	482,704	481,752	481,913	482,528	n/a	n/a	-0.5	n/a	-0.5
FI	100,354	100,694	101,488	102,462	103,614	104,414	105,711	4.2	3.7	4.2	3.7
FR	1,078,645	1,089,585	1,100,784	1,116,586	1,136,990	1,150,081	1,171,959	6.5	5.6	6.5	5.6
HU	13,715	12,781	13,116	13,098	13,360	13,516	14,477	10.4	5.8	8.9	6.7
IE	92,791	91,615	91,100	90,614	90,526	88,181	87,638	-3.8	-3.7	-3.8	-3.7
IT	383,515	384,410	386,131	388,161	391,515	395,461	401,152	3.9	2.9	3.9	2.9
NL	734,556	736,695	740,856	745,095	748,572	755,572	n/a	n/a	2.6	n/a	2.6
PL	104,196	101,192	103,954	103,086	104,607	103,444	107,798	3.7	2.2	5.2	4.5
PT	93,846	94,056	94,522	95,108	96,176	97,066	95,915	1.5	3.2	1.5	3.2
RO	16,999	17,214	17,508	17,804	18,354	18,563	19,103	9.1	7.8	11.1	9.9
SE	422,742	404,740	435,349	437,829	468,966	465,831	480,205	10.3	15	6.3	6.4
UK	1,707,200	1,652,586	1,609,263	1,620,199	1,666,816	1,779,861	1,767,498	9.8	7.7	3.3	3.5

NOTE: Non seasonally-adjusted data.

Source: European Mortgage Federation

Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period (provided by the ECB).

DK – Only owner occupation, only mortgage banks - gross lending for house purposes not available for commercial banks starting Q3 2013.
PL – Adjusted for loan amortisation and flows between the foreign currency loan portfolio and the zloty loan portfolio; the entire banking system was taken into account, including credit unions.
CZ – The series has been distorted at 2018A4 due to the change of definition of the statistics and the splitting according to fixation

The series has been revised for at least two figures in:
- Germany
- France
- Hungary
- Netherlands

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	LATEST Y-O-Y CHANGE (%), Q2 2021, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2021, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 2021, LOCAL CURRENCY
BE	10,350	10,497	16,194	7,259	8,726	9,547	12,775	10,972	12,664	45.1	51.1	45.1	51.1
CZ	2,710	2,596	3,015	3,037	7,368	3,825	4,550	5,381	6,812	-7.6	77.2	-11.9	69.6
DE	59,800	65,500	64,900	62,900	62,300	70,800	73,700	70,900	75,200	20.7	13	20.7	13
DK	16,547	26,787	21,549	15,387	11,164	14,410	14,891	17,116	13,340	19.5	11.2	19.2	10.8
ES	11,498	9,155	12,341	9,830	8,865	11,234	14,042	13,565	16,351	84.4	38.0	84.4	38.0
FI	8,995	8,411	8,468	8,667	12,859	8,003	8,559	8,135	8,929	-30.6	-6.1	-30.6	-6.1
FR	55,900	64,500	72,100	69,000	58,600	58,800	66,000	58,600	75,000	8.7	-15.1	8.7	-15.1
HU	842	715	762	720	626	714	703	686	1,112	77.7	-4.8	75.3	-3.9
IE	2,250	2,639	2,768	1,996	1,462	1,957	2,950	2,142	2,230	52.5	7.3	52.5	7.3
IT	15,272	14,754	25,729	19,728	18,024	17,599	20,988	20,313	22,161	23.0	3.0	23.0	3.0
NL	29,227	32,567	35,628	29,213	34,620	36,770	38,353	39,791	37,491	8.3	36.2	8.3	36.2
PL	3,448	3,283	3,000	3,268	2,919	3,048	3,550	3,740	n/a	n/a	14.4	n/a	17.0
PT	2,577	2,646	3,047	2,848	2,494	2,755	3,292	3,349	3,831	53.6	17.6	53.6	17.6
RO	579	725	840	670	549	725	883	801	938	70.8	19.5	73.9	21.8
SE	14,526	12,812	15,439	12,914	16,615	13,466	18,155	15,307	18,005	8.4	18.5	4.4	9.7
UK	71,499	79,822	83,277	73,205	49,061	66,788	82,956	95,214	94,553	92.7	30.1	81.2	25.0

CZ - Data break on Q1 2013 due to change in sources

Source: European Mortgage Federation

The series has been revised for at least two figures in:

- Spain
- France
- Netherlands

TABLE 3 | CHANGE IN OUTSTANDING RESIDENTIAL LOANS (MILLION EUR)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	3,195	3,863	2,474	3,716	3,715	6,986	1,197	2,221	3,191	5,349	3,381	4,348
CZ	810	844	1,722	1,229	257	1,705	-2,660	1,933	192	3,050	1,417	2,996
DE	20,700	14,896	15,020	24,196	23,937	21,295	19,258	22,183	27,768	29,779	22,073	32,138
DK*	358	505	3,175	2,298	1,956	100	-608	4,318	3,494	3,211	-543	840
ES	-2,912	-2,287	-850	-546	-3,464	-2,038	-2,644	-2,213	-952	162	614	n/a
FI	474	337	286	854	710	722	340	794	974	1,152	800	1,297
FR	16,383	15,655	12,890	16,877	20,549	18,767	10,940	11,199	15,802	20,404	13,091	21,878
HU	506	218	43	111	-371	328	-935	335	-18	262	156	962
IE	-227	-3,029	-2,765	-1,645	-157	-326	-1,176	-515	-486	-88	-2,345	-543
IT	1,437	840	1,268	2,170	1,507	-396	895	1,721	2,030	3,354	3,946	5,691
NL	3,186	2,273	867	4,246	2,806	721	2,139	4,161	4,239	3,477	7,000	n/a
PL	3,100	1,101	1,191	2,601	84	3,592	-3,004	2,762	-868	1,521	-1,163	4,355
PT	54	158	-184	110	28	-60	210	466	586	1,068	890	-1,151
RO	386	383	50	350	384	431	215	294	296	550	209	540
SE	10,660	7,535	-853	-293	-670	15,384	-18,001	30,608	2,480	31,137	-3,135	14,374
UK	11,021	3,660	72,424	-58,999	34,157	84,733	-54,614	-43,323	10,936	46,617	113,045	-12,363

*Due to the review of the official registers in Denmark, there is a slight change in the exact composition of the household sector. As such, there is a data break starting Q3 2013.

Source: European Mortgage Federation

Please note this variable is the result of the variation between the two consecutive amounts of outstanding residential mortgage lending (Table 1).

Refer to Table 1 for eventual revisions.

TABLE 4 | HOUSE PRICE INDICES, 2015 = 100

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	110.6	110.6	115.8	115.8	115.8	115.4	120.9	125.8	109.8	120.9	125.8	128.8	128.4	n/a
CZ	125.0	128.6	131.7	134.3	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4	166.8	173.3
DE	117.0	119.2	122.7	124.0	125.4	128.0	130.2	132.1	134.2	136.7	139.6	143.3	146.8	151.5
DK	111.7	114.0	114.0	114.2	113.2	116.5	117.5	117.3	117.8	118.5	121.6	124.5	130.1	136.8
ES	106.2	107.6	107.7	109.7	110.9	111.0	111.1	112.1	111.2	109.1	109.8	110.0	110.2	n/a
FI	101.9	103.8	103.3	103.1	102.5	104.1	103.5	103.7	104.0	104.0	104.0	104.4	105.1	108.2
FR	105.2	106.1	108.8	108.3	108.3	109.4	112.2	112.4	113.7	115.7	118.1	119.6	120.5	122.4
HU	148.5	153.3	160.8	167.6	180.0	186.3	186.3	180.9	192.2	204.2	207.1	205.6	220.5	n/a
IE	127.5	130.8	133.7	133.1	132.3	133.5	135.1	133.7	134.3	134.2	134.8	137.2	139.0	143.5
IT*	98.6	99.2	98.4	98.3	97.7	99.1	98.8	98.6	99.5	102.4	99.8	100.0	101.1	102.8
NL	119.4	121.7	124.9	126.6	128.9	130.3	132.7	134.6	137.5	140.2	143.5	146.4	151.7	158.4
PL	108.4	111.2	115.5	118.7	119.1	122.8	126.5	131.6	136.1	142.4	143.9	141.5	139.6	145.5
PT	125.6	128.5	129.7	132.3	137.1	141.5	143.1	144.1	151.2	152.5	153.3	156.5	159.1	162.5
RO**	116.6	120.2	119.4	120.4	119.9	121.8	123.6	125.5	129.6	129.8	126.4	128.0	131.5	n/a
SE	117.9	116.6	117.2	117.0	117.3	118.9	121.3	121.6	121.6	124.2	127.5	132.6	137.4	145.7
UK	118.3	119.7	122.0	121.4	120.0	121.0	123.0	122.5	122.4	122.4	126.8	129.5	132.3	133.3

*:2010=100
**:2009=100

Source: European Mortgage Federation

It is worth mentioning that house prices are calculated according to different methodologies at the national level.

Further information below:
- Belgium: Stadim average price of existing dwellings
- Czech Republic: Data break in Q1 2008
- Germany: all owner-occupied dwellings, weighted average, VdP index
- Denmark: one-family houses – total index unavailable from source
- France: INSEE "Indice des prix du logement" (Second-hand dwellings – metropolitan France – all items).
- Greece: urban areas house price index (other than Athens); the time series has been updated
- Hungary: FHB house price index (residential properties)
- Ireland: new series of House Price Index of the Central Statistics Office
- Netherlands: Source: ECB. Data on existing dwellings.
- Poland: Weighted average price for the seven largest Polish cities
- Portugal: Statistics Portugal house price index
- Spain: new house price index, first released by the Ministry of Housing on Q1 2005
- Sweden: index of prices of one-family homes.
- UK: Department of Communities and Local Government Index (all dwellings)

The series has been revised for at least two figures in:
- France
- Italy
- Portugal

TABLE 5A | MORTGAGE INTEREST RATES (%, WEIGHTED AVERAGE)

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	2.01	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35
CZ*	2.34	2.43	2.49	2.68	2.80	2.74	2.58	2.38	2.41	2.36	2.17	2.04	1.99	2.07
DE	1.85	1.90	1.87	1.86	1.79	1.63	1.39	1.28	1.28	1.30	1.24	1.18	1.18	1.26
DK**	0.87	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72
ES	1.96	1.94	1.96	2.01	2.11	2.12	1.95	1.76	1.81	1.75	1.75	1.62	1.54	1.49
FI	0.92	0.87	0.88	0.86	0.81	0.76	0.72	0.73	0.71	0.73	0.72	0.69	0.71	0.72
FR***	1.60	1.57	1.53	1.50	1.51	1.44	n/a	1.20	1.19	1.27	1.30	1.27	1.21	1.14
HU	4.31	4.31	4.87	5.45	5.17	5.04	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11
IE	3.02	3.06	2.97	2.95	2.96	2.95	2.93	2.87	2.78	2.78	2.80	2.77	2.80	2.74
IT	1.88	1.80	1.80	1.89	1.85	1.77	1.44	1.44	1.38	1.27	1.27	1.25	1.37	1.42
NL**	2.39	2.41	2.40	2.40	2.41	2.31	2.16	2.09	1.88	1.77	1.77	1.75	1.68	1.62
PL	4.30	4.30	4.40	4.40	4.30	4.30	4.40	4.30	4.30	3.30	3.10	2.90	2.80	2.90
PT	1.51	1.41	1.33	1.63	1.31	1.32	1.02	1.09	0.95	1.08	0.82	0.71	0.69	0.67
RO****	4.77	4.99	5.48	5.70	5.85	5.17	5.38	5.41	5.31	5.22	5.25	4.81	4.67	4.23
SE	1.52	1.51	1.48	1.47	1.57	1.53	1.52	1.46	1.53	1.54	1.49	1.39	1.36	1.36
UK	2.03	2.09	2.10	2.10	2.11	2.08	2.05	1.92	1.84	1.77	1.74	1.85	1.91	1.92

* For Czechia from Q1 2015 the data source is the Czech national Bank
** This data series has been revised and it depicts the variable interest rate, which is the most common one.
*** Data from Q2 2012 has been revised for France due to a new source. Further data break in Q1 2014
**** Recalculation of the interest rate as a weighted average of interest rates in local currency and euro (previously weighted average only of euro denominated mortgages). Data break from Q1 2014.

Source: European Mortgage Federation

NOTE:
Data refers to quarter averages.

For Czech Republic the weighted average for the whole market is likely biased towards the short-term loans. This is due to the available weighting scheme: the loan volumes include prolongations, but prolongations tend to have shorter interest rate periods.

For Hungary the represenative interest rate on new loans in Q1 2018 is not any more the variable rate, but the short-term fixed one (1y-5y)

The series has been revised for at least two figures in:
- Italy

TABLE 5B | MORTGAGE INTEREST RATES

VARIABLE RATE AND INITIAL FIXED PERIOD RATE UP TO 1 YEAR (%)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	1.57	1.56	1.82	1.87	1.84	1.94	1.87	1.79	1.92	2.03	1.84	1.89
CZ	2.76	3.14	3.15	3.10	3.00	3	2.75	2.54	2.21	2.1	2.17	2.31
DE	2.14	2.04	2.06	2.01	1.91	1.85	1.83	1.88	1.79	1.74	1.76	1.78
DK*	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72
ES	1.57	1.64	1.70	1.75	1.60	1.56	1.60	1.64	1.62	1.50	1.40	1.43
FI	0.85	0.86	0.82	0.77	0.73	0.76	0.79	0.77	0.73	0.72	0.72	0.70
FR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	3.41	2.78	3.53	3.23	3.62	3.03	3.01	3.26	3.07	3.41	2.98	2.97
IE	3.04	3.03	3.11	3.08	3.14	3.03	2.88	2.96	3.19	3.11	3.23	3.19
IT	1.51	1.52	1.47	1.48	1.37	1.37	1.35	1.37	1.34	1.29	1.36	1.39
NL	1.89	1.87	1.88	1.87	1.85	1.74	1.7	1.69	1.71	1.70	1.62	1.62
PT	1.33	1.36	1.31	1.32	1.02	1.10	1.02	1.16	0.92	0.80	0.84	0.83
RO**	5.41	5.55	5.75	5.01	5.27	5.28	5.15	5.11	5.15	4.71	4.60	4.17
SE	1.46	1.42	1.47	1.45	1.41	1.39	1.39	1.42	1.36	1.29	1.24	1.25
UK***	1.96	2.10	2.08	2.09	2.08	1.94	1.93	1.50	1.58	1.77	1.88	2.42

SHORT-TERM INITIAL FIXED PERIOD RATE, FROM 1 TO 5 YEARS MATURITY (%)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	1.54	1.80	1.94	1.87	1.95	2.17	2.09	2.03	1.91	2.00	2.04	2.11
CZ	2.48	2.65	2.79	2.76	2.63	2.47	2.49	2.41	2.22	2.06	2.02	2.10
DE	1.72	1.71	1.66	1.48	1.4	1.33	1.32	1.46	1.39	1.30	1.29	1.30
DK*	1.24	1.17	1.01	0.80	0.50	0.65	0.80	0.94	0.71	0.65	0.73	0.87
ES	1.74	1.76	1.85	2.00	1.80	1.56	1.70	1.58	1.60	1.42	1.37	1.38
FI	1.06	1.04	1.05	1.07	1.16	1.09	1.01	1.02	1.38	1.15	1.50	1.66
HU	4.87	4.80	4.51	4.87	4.87	4.87	4.21	4.35	4.56	4.44	4.52	4.53
IE	2.94	2.92	2.90	2.90	2.85	2.82	2.74	2.72	2.70	2.69	2.68	2.64
NL	2.10	2.11	2.12	2.11	2.03	1.89	1.76	1.74	1.80	1.75	1.63	1.59
RO**	5.49	5.96	6.04	5.93	5.94	5.91	5.78	5.79	5.65	5.36	5.29	4.60
SE	1.60	1.57	1.57	1.49	1.46	1.41	1.41	1.46	1.42	1.29	1.29	1.31
UK	2.11	2.13	2.09	2.06	2.03	1.89	1.82	1.77	1.74	1.84	1.90	1.91

MEDIUM-TERM INITIAL FIXED PERIOD RATE, FROM 5 TO 10 YEARS MATURITY (%)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	1.84	1.83	1.70	1.69	1.56	1.66	1.57	1.61	1.46	1.37	1.35	1.34
CZ	2.50	2.68	2.79	2.70	2.51	2.31	2.37	2.31	2.13	2.02	1.94	2.02
DE	1.71	1.71	1.64	1.47	1.24	1.12	1.12	1.13	1.09	1.03	1.03	1.09
DK*	1.67	1.57	1.25	1.00	0.73	0.77	0.92	1.07	0.84	0.70	0.89	1.14
ES	4.21	3.98	3.97	4.18	4.49	4.17	4.29	3.50	3.82	3.59	3.82	3.64
FI	1.90	2.00	1.84	1.46	1.33	1.52	1.62	1.58	1.58	1.57	1.31	1.32
HU	5.39	5.45	5.17	5.03	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11
NL	2.39	2.38	2.39	2.27	2.11	2.09	1.88	1.77	1.77	1.75	1.68	1.62
RO**	6.12	6.40	6.63	6.47	6.44	6.31	6.1	5.48	5.77	5.60	5.22	4.65
SE	2.04	1.86	1.79	1.81	1.54	1.39	1.35	1.57	1.41	1.47	1.48	1.59
UK	2.67	2.67	2.64	2.50	2.33	2.25	2.31	2.29	2.13	2.13	2.11	1.90

LONG-TERM INITIAL FIXED PERIOD RATE, 10-YEAR OR MORE MATURITY (%)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BE	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35
CZ	2.48	2.94	2.97	2.80	2.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.95	1.96	1.86	1.67	1.37	1.25	1.26	1.25	1.20	1.14	1.15	1.28
DK*	2.79	2.79	2.53	2.16	1.72	1.67	1.74	2.03	1.79	1.75	1.63	2.13
ES	2.26	2.31	2.44	2.41	2.21	1.86	1.81	1.80	1.77	1.67	1.55	1.44
HU	5.74	5.79	5.61	5.72	5.49	4.72	4.52	4.73	4.65	4.43	4.73	4.80
IT****	1.93	2.06	2.00	1.92	1.46	1.46	1.39	1.25	1.25	1.24	1.37	1.43
NL	2.80	2.82	2.84	2.78	2.63	2.57	2.16	2.07	2.04	2.00	1.90	1.79
RO**	5.56	5.91	6.12	5.26	5.46	5.48	5.42	5.28	5.2	4.84	4.51	4.16
UK	n/a	n/a	n/a	n/a	2.09	2.18	2.66	2.89	2.33	2.42	2.42	2.11

* Due to the review of the official registers in Denmark, there is a slight change in the exact composition of the household sector. As such, there is a data break starting Q3 2013.

** Recalculation of the interest rate as a weighted average of interest rates in local currency and euro (previously weighted average only of euro denominated mortgages). Data break from Q1 2014.

*** Bank of England discontinued the series Variable rate (up to 1 year). In this chart it has been replaced by Variable Rate without initial fixed period.

**** IT: Data-series accounts for interest rates for all maturities beyond 1 year of initial fixed period

Source: European Mortgage Federation

NOTE:
n – no lending made in this maturity bracket
Data refers to quarter averages
UK – from Q1 2018 onwards Bank of England discontinued these data series

The series has been revised for at least two figures in:
- Belgium

TABLE 5C | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	18.4	24.1	23.1	23.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	51.7	46.9	46.4	45.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	25.5	24.4	25.8	26.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	4.5	4.6	4.7	4.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK											
Variable rate (up to 1Y initial rate fixation)	33.4	32.7	32.5	31.5	31.2	31.0	31.3	30.4	29.7	29.1	29.8
Short-term fixed (1Y-5Y initial rate fixation)	26.3	25.9	24.8	24.8	24.0	23.2	22.3	22.1	21.7	21.7	20.4
Medium-Term fixed (5Y-10Y initial rate fixation)	40.2	41.4	42.6	43.7	44.8	45.9	46.4	47.5	48.6	49.2	49.8
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	93.3	93.6	93.9	94.1	94.3	94.4	94.5	94.7	95	95.1	95.2
Short-term fixed (1Y-5Y initial rate fixation)	4.2	4.1	3.7	3.6	3.3	3.1	2.9	2.8	2.6	2.5	2.4
Medium-Term fixed (5Y-10Y initial rate fixation)	2.5	2.4	2.4	2.3	2.3	2.5	2.6	2.5	2.4	2.4	2.4
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	78.6	76.1	73.9	71.9	69.8	67.5	66.5	65.19	63.31	60.61	n/a
Short-term fixed (1Y-5Y initial rate fixation)	19.4	21.6	23.6	25.4	27.2	29.2	30.2	31.5	33.41	36.02	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	2.4	2.5	2.8	3.0	3.3	3.3	3.3	3.27	3.36	n/a
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n

TABLE 5C | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS *(CONTINUED)*

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
SWEDEN											
Variable rate *(up to 1Y initial rate fixation)*	67.0	64.9	63.8	63.0	61.1	59.3	58.0	56.6	54.3	52.1	50.4
Short-term fixed *(1Y-5Y initial rate fixation)*	31.6	33.8	34.9	36.0	37.6	39.4	40.8	42.2	44.5	46.7	48.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.4	1.3	1.3	1.0	1.3	1.3	1.3	1.2	1.2	1.2	1.2
Long-Term fixed *(over 10Y initial rate fixation)*											
UNITED KINGDOM											
Variable rate *(up to 1Y initial rate fixation)**	31.6	29.9	28.7	27.5	26.3	25.1	24.4	23.8	23	21.8	20.6
Short-term fixed *(1Y-5Y initial rate fixation)*	66.7	68.4	69.5	70.6	71.7	72.9	73.6	74.1	74.9	76.1	77.3
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.6	1.8	1.8	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.1
Long-Term fixed *(over 10Y initial rate fixation)*	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CURRENCY DENOMINATION	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	0.3	
CHF denominated	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	0.4	
Other FX denominated	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	0.0	

BREAKDOWN BY LOAN ORIGINAL MATURITY	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
ITALY											
Maturity less than 5 years	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.3	0.3
Maturity over 5 years	99.5	99.5	99.5	99.5	99.5	99.5	99.6	99.5	99.7	99.7	99.7

NOTES:
* From Q4 2015 in Hungary lending in foreign currency is not allowed any more.
n – no lending outstanding in this maturity bracket

Source: European Mortgage Federation

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	7.4	7.9	6.6	6.0	2.6	1.1	2.3	2.7	2.7	0.7	0.6	0.6	0.4
Short-term fixed (1Y-5Y initial rate fixation)	3.9	5.8	5.9	3.4	2.9	2.0	1.4	1.1	1.3	1.0	1.1	1.2	1.1
Medium-Term fixed (5Y-10Y initial rate fixation)	17.1	20.8	24.6	24.4	25.5	20.4	12.2	14.0	14.5	14.1	14.6	13.8	13.5
Long-Term fixed (over 10Y initial rate fixation)	71.6	65.5	62.9	66.1	69.1	76.6	84.0	82.2	81.5	84.2	83.6	84.4	85.0
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	3.1	3.5	2.7	4.1	3.2	3.2	2.2	2.0	2.1	3.1	3.1	2.6	n/a
Short-term fixed (1Y-5Y initial rate fixation)	56.8	54.8	49.8	52.6	48.2	47.0	38.5	34.3	46.7	46.5	50.7	50.3	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	40.1	41.7	30.1	43.3	48.6	49.8	59.3	63.7	51.2	50.3	46.2	47.1	n/a
Long-Term fixed (over 10Y initial rate fixation)	5.0	6.1	4.3	6.3	5.4	6.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK													
Variable rate (up to 1Y initial rate fixation)	15.5	14.8	18.2	16.6	10.7	5.2	7.3	11.2	16.1	9.8	9.1	8.0	12.3
Short-term fixed (1Y-5Y initial rate fixation)	29.6	25.4	31.2	26.8	14.5	8.6	10.8	15.6	17.0	14.7	16.7	16.8	20.4
Medium-Term fixed (5Y-10Y initial rate fixation)	0.6	1.5	0.9	1.6	0.8	0.7	1.6	0.5	0.3	0.3	0.5	0.6	0.4
Long-Term fixed (over 10Y initial rate fixation)	54.3	58.3	49.8	55.0	74.0	85.4	80.3	72.6	66.6	75.1	73.7	74.7	66.9
FINLAND													
Variable rate (up to 1Y initial rate fixation)	96.4	96.6	96.3	96.1	96.4	96.5	96.6	95.9	96.9	97.1	96.9	96.7	95.9
Short-term fixed (1Y-5Y initial rate fixation)	1.8	1.4	1.7	1.8	1.5	1.3	1.3	1.6	1.1	1.0	1.2	0.8	0.7
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	2.0	2.0	2.1	2.1	2.2	2.2	2.5	2	1.9	1.8	2.5	3.4
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	12.5	11.5	11.6	11.4	11.2	10.6	10.8	10.4	11.1	10.3	10.1	9.5	9.3
Short-term fixed (1Y-5Y initial rate fixation)	8.8	8.7	8.7	8.9	8.8	7.7	7.6	7.6	7.8	7.2	7.2	7.1	7.0
Medium-Term fixed (5Y-10Y initial rate fixation)	33.8	34.0	34.6	33.0	32.6	31.5	31.7	32.0	32.5	32.7	33.1	34.3	36.4
Long-Term fixed (over 10Y initial rate fixation)	44.9	45.8	45.1	46.7	47.3	50.1	49.9	49.9	48.6	49.8	49.5	49.1	47.3

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS *(CONTINUED)*

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
HUNGARY													
Variable rate *(up to 1Y initial rate fixation)*	18.3	11.5	6.5	4.9	3.2	2.6	1.7	1.6	1.1	1.1	1.0	1.0	0.9
Short-term fixed *(1Y-5Y initial rate fixation)*	46.6	42.4	31.3	26.5	24.7	28.3	30.6	29.3	27.9	26.7	25.4	27.1	31.7
Medium-Term fixed *(5Y-10Y initial rate fixation)*	29.2	38.4	51.3	57.6	61.4	59.2	55.2	53.9	57.8	59.3	59.8	60.6	56.6
Long-Term fixed *(over 10Y initial rate fixation)*	5.9	7.8	11.0	11.0	10.7	9.8	12.5	15.2	13.2	12.9	13.7	11.4	10.8
IRELAND													
Variable rate *(up to 1Y initial rate fixation)*	41.5	36.1	30.9	28.7	27.9	26.3	25.0	25.6	24.9	21.4	20.3	22.8	19.3
Short-term fixed *(1Y-5Y initial rate fixation)*	58.5	63.9	69.1	71.3	72.1	73.7	75.0	74.4	75.1	78.6	79.7	77.2	80.7
Medium-Term fixed *(5Y-10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed *(over 10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
ITALY													
Variable rate *(up to 1Y initial rate fixation)*	33.4	32.8	30.5	30.8	34.2	31.5	19.7	19.8	19.2	17.4	16.2	16.9	16.8
Short-term fixed *(1Y-5Y initial rate fixation)*													
Medium-Term fixed *(5Y-10Y initial rate fixation)*	66.6	67.2	69.5	69.2	65.8	68.5	80.3	80.2	80.8	82.6	83.8	83.1	83.2
Long-Term fixed *(over 10Y initial rate fixation)*													
NETHERLANDS													
Variable rate *(up to 1Y initial rate fixation)*	16.2	16.3	16.9	18.2	19.7	19.4	17.1	17.3	12.5	14.3	15.2	12.8	11.3
Short-term fixed *(1Y-5Y initial rate fixation)*	10.2	10.0	9.2	9.3	10.0	8.7	7.9	7.4	6.6	7.4	7.4	6.4	6.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	48.2	43.8	43.1	42.5	42.7	44.1	43.4	41.1	39.7	34.0	32.9	34.8	33.7
Long-Term fixed *(over 10Y initial rate fixation)*	25.4	29.9	30.8	30.0	27.5	27.8	31.6	34.3	41.2	44.3	44.4	46.0	48.4

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS *(CONTINUED)*

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
POLAND													
Variable rate *(up to 1Y initial rate fixation)*	100	100	100	100	100	100	100	100	100	100	100	n/a	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
Medium-Term fixed *(5Y-10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed *(over 10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate *(up to 1Y initial rate fixation)*	68.2	64.0	66.3	82.9	76.9	70.81	55.7	59.7	71.0	70.7	70.0	68.5	71.5
Short-term fixed *(1Y-5Y initial rate fixation)*													
Medium-Term fixed *(5Y-10Y initial rate fixation)*	31.8	36.0	33.7	17.1	23.1	29.2	44.3	40.3	29.0	29.3	30.0	31.5	28.5
Long-Term fixed *(over 10Y initial rate fixation)*													
ROMANIA													
Variable rate *(up to 1Y initial rate fixation)*	77.7	75.0	69.9	74.3	76.2	79.4	78.2	70.0	72.0	66.5	75.2	74.1	74.8
Short-term fixed *(1Y-5Y initial rate fixation)*	8.5	11.3	13.6	13.2	10.8	10.0	10.5	11.2	10.5	11.0	7.4	5.4	4.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	6.0	6.7	8.5	3.8	2.6	2.5	4.2	5.4	4.6	5.5	3.1	4.6	5.7
Long-Term fixed *(over 10Y initial rate fixation)*	7.9	7.0	8.0	8.7	10.5	8.1	7.1	13.4	13.0	17.1	14.3	15.9	15.0
SPAIN													
Variable rate *(up to 1Y initial rate fixation)*	36.8	36.2	35.7	34.4	38.1	36.3	33.6	32.3	38.6	35.4	31.2	28.2	25.5
Short-term fixed *(1Y-5Y initial rate fixation)*	28.39	28.2	26.6	26.8	27.0	28.8	22.3	19.3	17.0	18.9	19.1	19.3	16.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	4.24	4.7	4.8	5.6	4.5	3.5	3.0	3.6	3.0	3.1	2.7	3.1	3.1
Long-Term fixed *(over 10Y initial rate fixation)*	30.58	30.8	32.8	33.3	30.4	31.4	41.1	44.8	41.4	42.6	47.0	49.4	54.9

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS *(CONTINUED)*

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
SWEDEN													
Variable rate *(up to 1Y initial rate fixation)*	72.9	72.2	62.1	54.9	60.8	63.0	58.7	49.5	52.7	46.4	45.2	43.7	43.7
Short-term fixed *(1Y-5Y initial rate fixation)*	20.2	20.9	29.8	36.2	31.6	27.0	28.5	35.4	34.1	37.7	39.8	42.6	42.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	6.9	6.8	8.1	8.9	7.6	10.0	—	12.8	13.2	15.8	15.0	13.7	13.7
Long-Term fixed *(over 10Y initial rate fixation)*													
UNITED KINGDOM													
Variable rate *(up to 1Y initial rate fixation)**	6.7	8.3	6.8	7.9	6.6	7.4	6.7	7.3	10.3	9.1	7.9	6.7	5.5
Short-term fixed *(1Y-5Y initial rate fixation)*	91.7	90.0	91.7	90.5	91.8	90.7	91.8	91.5	88.6	89.4	90.4	91.8	92.5
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.6	1.7	1.5	1.6	1.6	1.9	1.5	1.2	1.1	1.5	1.7	1.5	2.0
Long-Term fixed *(over 10Y initial rate fixation)*	n/a	n/a	0	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0

NOTE:
* Please note that for the UK, this refers to more than 99% to Variable rate without any fixed period.
n – no lending made in this maturity bracket

Source: European Mortgage Federation

The series has been revised for at least two figures in:
- Finland

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEY

The Bank Lending Survey (BLS) is carried out by the European Central Bank (ECB), is addressed to senior loan officers of a representative sample of euro area banks and is conducted four times a year. The sample group participating in the survey comprises around 130 banks from all euro area countries and takes into account the characteristics of their respective national banking structures[1,2].

The survey addresses issues such as credit standards for approving loans as well as credit terms and conditions applied to enterprises and households. It also asks for an assessment of the conditions affecting credit demand. The results and information displayed here are taken from the quarterly results of the "The Euro area bank lending survey – Third Quarter of 2021" of the ECB.

For the UK and Denmark, the BLS is carried out by their respective Central Banks. In this context, it is important to point out that some statistical techniques and the underlying factors are slightly different from those used by the ECB. In order to provide a consistent comparison with the data of the ECB, the figures of the change in credit standards for Denmark and the United Kingdom have been inverted, as in these cases a positive value is equivalent to a standard easing, which is opposite to the interpretation of the figures of the BLS of the ECB.

In addition to Denmark and the UK, and following the new structure introduced during the third quarter of 2018, we compile the bank lending surveys from Czech Republic, Hungary, Romania and Poland. For these countries similar criteria as the one used in the BLS carried out by the ECB applies, as is the case for the Eurozone countries positive values stand for net tightening and negative values stand for net easing. In the case of Hungary and Poland the effect of the different factors on demand have been inverted to match the interpretation of the figures of the ECB's BLS.

[1] The Finnish BLS data is not published because of confidentiality reasons. As the Finnish BLS sample consists of only four banks, there is a risk that answers of individual banks could be extracted from the aggregate results.

[2] It should be noted that the term "Net Percentage" is used (see ECB website or contact authors for more information) in this publication. For the data for Denmark and the UK, net weighted average figures are used. Figures for France, Malta, Slovakia and the Netherlands are weighted based on the amounts outstanding of loans of the individual banks in the respective national samples, while figures for the other countries are unweighted. For Estonia and Ireland Diffusion Index Data is used as they lack net percentage data.

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

TABLE 6A | SUPPLY HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
AT	14	0	29	29	14	14	0	29	14	14	0	-14
BE	0	25	0	50	25	75	50	50	0	0	-25	0
CY	0	0	0	0	0	0	0	25	50	50	25	0
DE	-3	0	7	-3	0	0	3	21	7	0	0	-7
EE	0	0	0	0	0	0	63	25	0	-13	-25	0
EL	0	0	0	0	0	25	0	0	0	0	0	0
ES	0	0	11	11	0	11	0	33	11	0	11	0
FR	-2	-2	-2	-2	0	2	37	10	58	24	-7	5
IE	0	0	0	0	0	0	0	40	0	-10	0	10
IT	0	10	10	0	-10	-10	0	0	10	0	0	0
LT	25	25	0	0	0	0	25	50	-25	0	0	25
LU	0	0	0	-17	-33	0	17	50	33	50	83	33
LV	50	25	50	0	0	0	50	25	-25	-25	0	0
MT	0	0	0	21	60	0	0	38	0	38	0	0
NL	-34	-35	-32	-34	-30	-34	-34	35	0	0	-18	0
PT	60	20	0	0	0	20	20	60	20	20	0	0
SI	20	20	0	0	0	100	40	20	0	25	0	0
SK	78	50	66	15	78	-9	60	100	-2	-33	-32	-78
EA	**-2**	**-1**	**3**	**1**	**-2**	**1**	**9**	**22**	**20**	**7**	**-2**	**-1**
CZ	40	92	-6	-15	18	26	5	72	26	-21	-31	-2
DK	-6	19	0	8	0	19	-7	15	-12	-13	-6	-5
HU	0	-5	-5	-5	0	0	55	37	-15	-6	-20	-5
PL	58	61	1	1	32	8	29	91	-38	-6	-66	-17
RO	18	16	50	0	0	0	12	65	2	34	0	—
UK	11	12	-7	6	1	-15	4	72	-10	-2	-14	-39

The Q3 2021 ECB BLS results, looking backwards to the preceding three-month period (Q2 2021), show a that credit standards tightened for mortgages tightened in the Euro area. The current net balance is 8%, after a slight net easing reported in the previous quarter (-1%). According to the ECB, euro area banks are more cautions when it comes to approving new housing loans and in setting the conditions related to the loan-to-value ratio and maturity.

The main drivers of this tightening was a decreased risk tolerance among euro area banks, in addition to cost of funding and balance sheet constraints. Items such as the housing market prospects and the consumers creditworthiness had an otherwise neutral effect on the net score. It is worth pointing out that some banks also reported macroprudential recommendations had a noticeable impact on their jurisdictions' net balance. From a country

perspective, credit standards tightened in Germany, Spain and France, but remained unchanged in Italy.

Risk tolerance was a wide-ranging cause behind the net tightening recorded in all major Euro area jurisdictions. Conversely, cost of funds and the balance sheet situation had either a neutral or slightly easing impact in most countries, except for France. In Italy, risk perceptions, competitive pressure and cost of funds all had an offsetting effect on the broader impact of risk tolerance.

In Germany, the narrative is more complex, as risk perception as to the general economic outlook, the housing market and the creditworthiness of borrowers contributed to country's tightening standards over the period discussed here.

TERMS AND CONDITIONS FOR HOUSING LOANS

Banks reported on balance a moderate tightening of overall terms and conditions for housing loans. In October 2021, looking back at the previous three-month period, recorded a 5% net balance, after -3% reported in the Q2 2021 BLS.

Banks report narrower margins for average and riskier loans, in line with the overall lending rates, and seem more watchful when addressing LTV ratios, maturity and other charges. These elements, taken altogether, have had a tightening effect on overall loan terms and conditions. Cost of fund and balance sheet constraints also contributed moderately to this net tightening.

Terms and conditions became more restrictive in Germany and France, yet they eased in Spain and Italy.

REJECTION RATE

Over the last three months, euro area banks reported a small increase, of 2%, in the share of rejected applications for housing loans, after an 11% net increase in the previous quarter.

Residential loan rejections increased in Germany and France, remained unchanged in Italy and decreased in Spain. The ECB states that a high demand for mortgages in Germany and France may have contributed to the significant net increase in their.

Across the largest euro area countries, the rejection rate for housing loans increased in Germany and France, remained unchanged in Italy and decreased in net terms in Spain. As Germany and France are among the countries with the strongest growth in lending for house purchase, high demand for residential loans may have contributed to the increase in their rejection rate.

NON-EU CREDIT STANDARDS

Outside of the Euro area, the available information at the time of writing shows that, in Q2 2021, credit standards eased in Czechia (-2%), Denmark (-4.6%), Hungary (-5%), Poland (17.5%) and the UK (-39,1%).

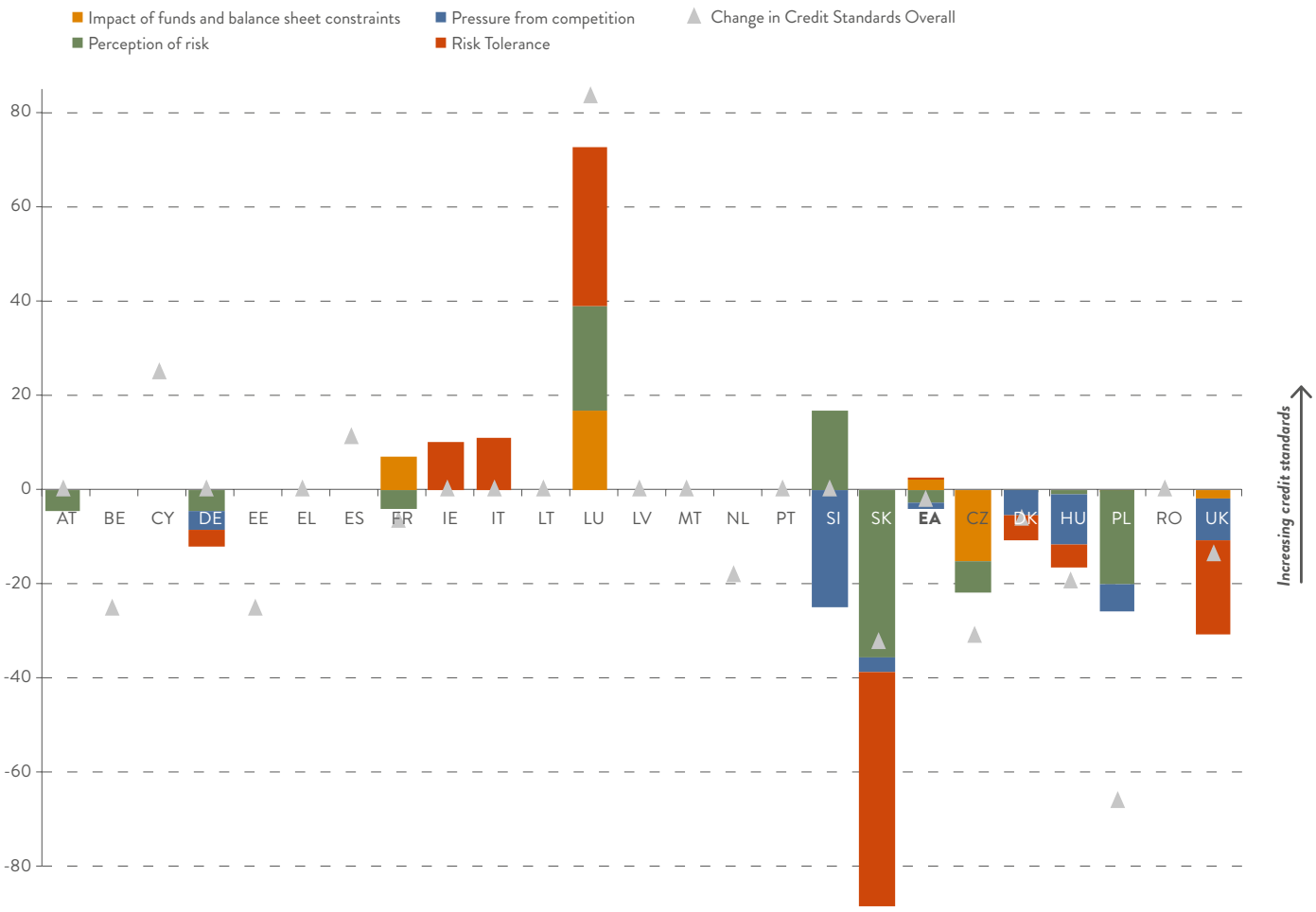
TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2021-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 2021	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Credit Standards Overall	0	-25	25	0	-25	0	11	-7	0	0	0	83	0	0	-18	0	0	-32	**-2**	-31	-6	-20	-66	0	-14
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	7	0	0	0	17	0	0	0	0	0	0	**2**	-15	—	0	0	0	-2
Perception of risk	-5	0	0	-5	0	0	0	-4	0	0	0	22	0	0	0	0	17	-35	**-3**	-7	0	-1	-20	0	—
Pressure from competition	0	0	0	-4	0	0	0	0	0	0	0	0	0	0	0	0	-25	-3	**-1**	0	-5	-11	-6	0	-9
Risk Tolerance	0	0	0	-4	0	0	0	0	10	11	0	33	0	0	0	0	0	-50	**1**	—	-5	-5	—	—	-20

NOTE:

- **For UK** there are different factors and following assumptions were made: tight wholesale funding conditions > impact of funds and balance sheet constraints; market share objectives > pressure from competition; changing appetite for risk > Risk Tolerance
- **For DK** following assumption: Credit standards - competition > Pressure from competition; credit standards - perception of risk > perception of risk; credit standards appetite for risk > Risk Tolerance
- **For CZ** there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balane sheet constraints; pressure from other banks and non-banks > pressure from competition.
- **For HU** the factors have suffered a change in the sign (positive net change indicator = contributed to tightening); also there are different factors so the following assumptions were made: changes in bank's current or expected capital position + changes in bank's current or expected liquidity > impact of funds and balance sheet constraints; competition from other banks and non-banks > pressure from competition.
- **For PL** there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet constraints;
- **For RO** there are different factors and following assumptions were made: current or expected costs related to you bank's capital position > impact of funds and balace sheet; competition from other banks and non-banks > pressure from competition.

CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

TABLE 7A | DEMAND HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021
AT	-14	-14	14	14	29	29	43	-14	29	0	14	14
BE	0	25	0	0	0	100	-50	-100	25	25	25	50
CY	50	25	25	50	0	25	0	-75	100	100	-25	25
DE	3	10	14	38	28	17	24	-29	36	11	0	11
EE	0	0	13	13	0	25	0	-50	25	50	63	13
EL	25	100	50	0	75	75	75	0	100	50	75	50
ES	22	-11	11	0	-33	-33	-44	-100	22	-11	-22	44
FR	-22	-20	20	28	28	41	38	-91	46	37	-38	54
IE	-10	10	50	20	0	0	40	-100	50	30	0	10
IT	10	10	0	20	10	30	-30	-70	30	0	-10	22
LT	0	25	0	0	0	0	-25	-50	25	0	75	25
LU	-17	17	17	0	-17	17	33	-100	33	67	-50	-17
LV	25	25	25	25	25	50	0	-50	50	50	75	75
MT	56	-25	43	0	-82	-99	-82	-58	56	62	0	2
NL	49	52	49	50	14	50	49	2	-42	6	36	64
PT	60	20	-20	40	40	20	0	-80	20	20	40	40
SI	-20	0	-20	-20	-20	-80	-60	-100	50	0	-25	75
SK	-2	-15	-20	-25	-1	7	0	-100	-3	-27	-21	46
EA	**5**	**12**	**14**	**26**	**15**	**25**	**12**	**-61**	**31**	**16**	**-7**	**36**
CZ	45	-28	-72	29	18	31	20	-50	64	75	86	96
DK*	11	28	11	-14	-30	-7	6	1	8	-19	-33	-6
HU	51	65	75	60	-44	34	6	-81	84	10	89	100
PL	11	13	26	54	38	-18	23	-66	19	-8	-58	-59
RO	-39	-33	8	-17	2	31	12	-65	3	-11	43	—
UK**	3	24	-2	-29	-13	13	-28	79	-96	-32	22	-81

NOTE:
* Data taken is "demand for loans - existing customer" as DK does not provide an aggregate figure for demand (we left aside the "demand for loans - new customers")
** Data taken is "change from secured lending for house purchase from households"

Euro are banks report a continued increase in demand for housing loans over the past quarter, with a net balance of 11%. This growth is less noticeable than the one reported in the previous survey's backwards looking reading (36%).

The reasons for this increase in residential credit demand is, as stated previously in this report, an improved economic situation and consumer confidence, otherwise favourable financing conditions -especially low interest rates- and the current housing market prospects, which remain generally positive. Furthermore, payment moratoria schemes and other specific fiscal measures related to the pandemic had a small positive impact on mortgage demand. Household savings, conversely, as a source of alternative finance, slightly curtailed overall demand.

Demand for housing loans increased in all major Euro area jurisdictions, although the extent of the increase varied from country to country. Consumer confidence greatly contributed to this expansion at national level, in line with the general European trend. In the cases of Germany and France, housing market prospects and the low interest rate scenario also helped expand demand. Moreover, the various debt relief and/or refinancing schemes put forth during the crisis also had a positive effect on demand, as per the survey, especially in Italy.

CREDIT DEMAND IN NON-EURO AREA COUNTRIES

Regarding non-euro area countries, the latest available information (Q2 2021, looking three months back) shows that demand for residential loans increased significantly in Czechia (96%) and most notably in Hungary (100%). Yet it decreased in Denmark (-56%), Poland (-58.9%) – in both cases marking the third quarter of contracting demand – and the UK (-81.1%).

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2021-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 2021	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Demand Overall	14	25	-25	0	63	75	-22	-38	0	-10	75	-50	75	0	36	40	-25	-21	**-7**	86	-33	89	-58	43	22
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	29	50	0	4	13	25	22	7	10	22	50	17	50	0	83	0	75	28	**20**	94	—	—	-75	—	—
Other financing needs	7	13	0	0	0	0	6	0	0	-6	0	0	0	1	16	0	0	0	**2**	—	—	—	—	—	—
Consumer confidence	0	25	0	14	13	50	44	42	30	11	75	0	75	2	83	20	50	28	**33**	0	—	—	-24	—	—
Use of alternative finance	0	0	0	0	0	0	-4	-2	-7	0	8	-11	8	0	-1	0	17	12	**-2**	0	—	—	—	—	—
General level of interest	14	50	25	11	13	0	22	0	0	11	25	0	0	0	98	20	25	18	**18**	96	—	—	0	—	—

NOTE:
- **DK, HU, RO and UK** do not provide factors affecting the Demand, but a breakdown of the different types of lending
- **For CZ** there are different factors and the following assumptions were made: non-housing related expenditure > other financial needs; household savings > internal financing out of savings/down payment; level of interest rates > general level of interest.
- **For PL** there are different factors and the following assumptions were made: changes in consumption expenditure > changes in consumer confidence; use of alternative financing sources > impact of other sources of finance; changes in terms on housing loans > impact from loans of other banks.

CHART 5 | DEMAND OVERVIEW AND FACTORS

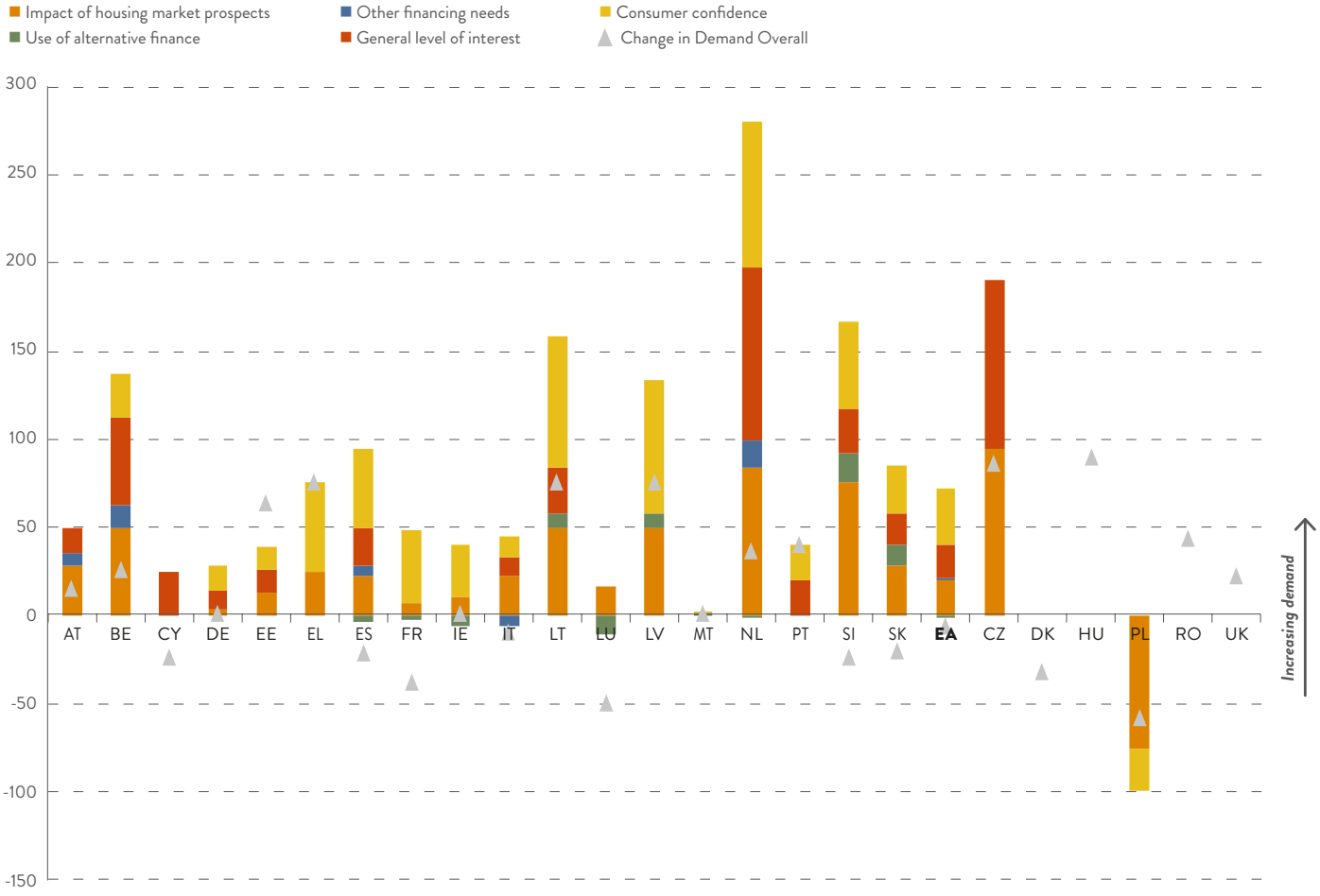
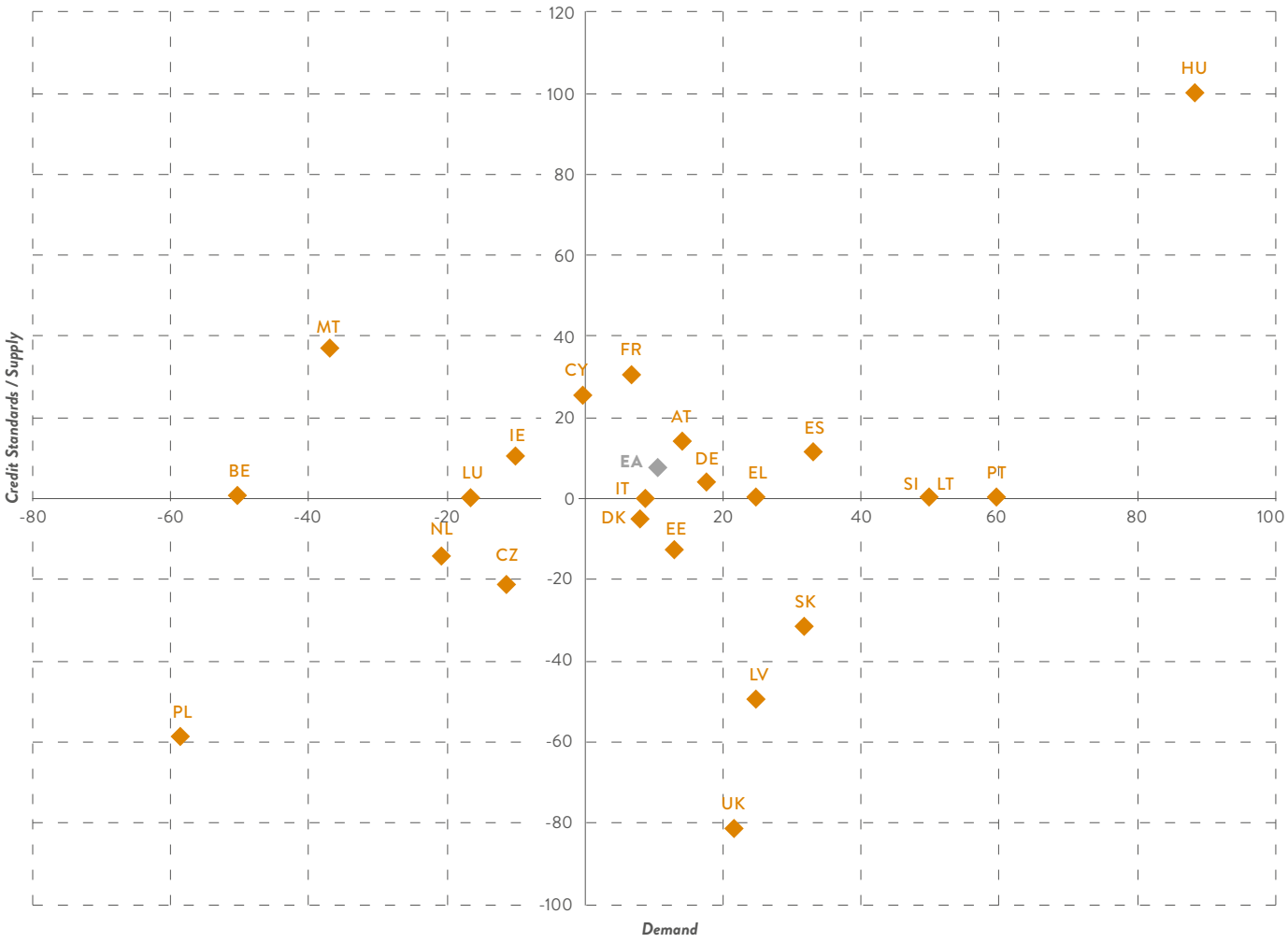


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

As the quarterly chart shows, credit supply tightened in the broader Euro area while demand generally tended to expand over Q2 2021, as explained above. In terms of credit standards, many countries, especially in the Euro area, show a net tightening of the credit supply. On the opposite end, standards tended to ease in most non-euro countries.

Regarding demand for residential loans, household's appetite for new credit remains on positive ground, pointing to a general expansion in a majority of jurisdiction, whether belonging to the Euro area or not. The countries in which demand decreased over a quarter either experienced a relative tightening of their credit supply or the latter remained unchanged.

A rather unique situation can be seen in Czechia, Poland and the Netherlands where, despite the relative easing of credit supply, demand tended to dwindle.

Q2|2021

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

EMF
FUNDING THE REAL ECONOMY

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