EMF

FUNDING THE REAL ECONOMY

Q4 | 2020

QUARTERLY REVIEW
OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

José Díaz | Policy Adviser | jdiaz@hypo.org | Tel: +32 2 285 40 30

Daniele Westig | Economic Adviser | dwestig@hypo.org | Tel: +32 2 285 40 40

The fourth quarter of 2020 saw the continuation of the Q3 2020's rebound, yet some specific trends can be identified at sectoral level.

Firstly, the general economic situation of the European Union deteriorated slightly during the running quarter, as EU GDP contracted by -0.5% against Q3 2020's production levels, according to Eurostat own data. This apparent shift was expected, given that Q3 2020's 11.5% quarterly growth rate came as a consequence of the mid-year, partial economic restart, which was ultimately hampered by the protraction of the Covid-19 public health crisis and the enactment, at national level, of additional social-distancing restrictions.

As for the mortgage market, the effects of the second wave of the pandemic have been asymmetrical. Overall, outstanding residential loan levels expanded, yet gross lending performed differently across the relevant jurisdictions. Furthermore, demand for housing keeps building momentum and prices tended to increase, yet there are some notable geographical exceptions to this latter trend, as the price cycle has proven to be heterogenous throughout the pandemic. Lastly, housing demand also continued to benefit from predominantly low interest rates, helping to maintain the former's upward movement. Considering housing supply, the construction of dwellings picked up speed in some jurisdictions, raising concerns as to whether supply can match demand, while in others, construction activity contracted. These and other market movements will be analysed in this edition of the EMF's Quarterly Review.

MORTGAGE MARKETS

During the fourth quarter of 2020, total outstanding residential loan volumes of the analysed sample[1] continued to expand, registering a 2.77% yearly growth rate. Although the figures signal a consistent upward trend and absolute quarterly volumes are the highest recorded, it is worth noting that the rate of growth has decelerated since the 3.1% reading of Q2 2020 and that Q4 2020 year-on-year rate of growth is the lowest score recorded in 2020. Concerning new gross residential loans, overall lending levels decreased by -0.6% in Q4 2020 compared to the same quarter of the previous year. Gross residential mortgage lending has contracted since the second quarter of 2020, when the gross volumes decreased by a sharp -7.8%, Since then, the rate of yearly contraction has moderated. By the end of the quarter, gross residential loan volumes remained below pre-pandemic (Q4 2019) levels, but registered one of the highest values in the last years compared to other quarters.

The following paragraphs show how outstanding and gross lending performed across all relevant jurisdiction, as individual, country-specific trends can be pinpointed.

Starting off in **Sweden**, the first of the Nordic markets, net mortgage lending increased further in the fourth quarter of 2020, as outstanding residential loans increased by 6.6% (in SEK) against Q4 2019 values. Said rate improved slightly on Q3 2020's 6.2% yearly rate. Over the same period, mortgage lending for one-family

[1] In Q4 2020 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).

homes increased by 5.8% (5.3% in Q3) and tenant-owned apartments by 7.2% (7.1% in Q2). Net mortgage lending to multi-family homes increased during 2020; during Q4 2020, it increased by 8% on a yearly basis, compared to 7.7% in the third quarter.

As explained in the previous edition of this report, a plausible explanation for the increasing lending to single-family homes is the growing demand for these types of housing during the Covid-19 pandemic. Furthermore, the increased lending rate during 2020 could also be explained by the amortisation exemption introduced in April. Other contributing factors are the constraints on consumption and the subsequent increase in savings, which have left households with more disposable income, or the increased lending capacity of Swedish banks.

Lending activity was also rather dynamic in **Denmark** over this quarter. Considering the latest figures, total outstanding residential loans increased by 3.6% (in local currency) against Q4 2019 levels. Total gross residential lending, however, decreased significantly on an annual basis, as quarterly values dropped by -31.2% compared to Q4 2019. Although gross lending seems to be recovering, the bounce-back has only been partial, given that Q4 2020 volumes remained well below those reported in late 2019. This decrease can be explained by the sharp yearly decrease in remortgaging activity (-34.4% in Q4 2020 against Q4 2019).

Lastly, mortgage lending in **Finland** also saw a notable increase in the fourth quarter of 2020. Total outstanding mortgages lending increased by 3.2% on a yearly basis, up from 2.6% in the previous quarter. In the meantime, gross mortgage lending increased by 1.1% against Q4 2019 figures, following a yearly contraction of -4.9% in Q3 2020. Amid the third wave of the COVID-19 pandemic, household and investor demand for mortgages was higher than the previous year.

The **Dutch** mortgage market recorded very few purchases by young buyers, whereas investment activity -mainly around small, accessible apartments- has been significant. This new trend could be explained by a new transfer tax policy for people under 35 and for investors. Demand for housing in the Netherlands is expected to increase, whereas supply is foreseen to tighten.

Outstanding mortgage lending in **Belgium** increased by a yearly rate of 4.5% over the course of Q4 2020. Though the lending activity continued to expand further, it did so at a slower pace if compared to Q3 2020's reading (5.1%). Gross residential lending in the Belgian market, however, has gone through another deep contraction, as values fell by a steep -21.1% against Q4 2019 figures. In terms of specific lending trends in Belgium, it is worth noting that the number of new mortgage loans went down by more than 28% as compared to the fourth quarter of 2019. The corresponding amount also went down by more than 21%.

This strong decline is entirely due to the fact that the Flemish government announced in October 2019 that the fiscal incentives governing mortgage credit would stop applying to new loans as from 1st January 2020. Given that many consumers pushed to secure their mortgage credit before the end of the year, the number of loans contracted in the fourth quarter of 2019, as a consequence, was much higher than normal. Therefore, Q4 2020 figures are compared to very high figures reported in Q4 2019. If compared to the fourth quarter of the more "normal" year of 2018, the number of new loans increased by almost 11% and the corresponding amount even by 22.5%.

Meanwhile, in **France**, at end of January 2021, housing loans outstanding amounted to 1.141 billion euros, that is, a 5.3 % y-o-y increase.

Further into Central Europe, mortgage lending in **Germany** continued to expand, building upon the upward trend reported in the previous edition of this report. During Q4 2020, total outstanding mortgages levels expanded by a yearly 6.5% (6% yearly in the previous quarter). Gross residential lending picked up speed over the same period, increasing by a strong 13.6%. Gross lending accelerated in the German market for the third consecutive quarter, showing a consistent upward trend despite the economic impact of the pandemic.

Moving East markets also recorded an overall strong quarterly lending performance, yet the COVID-19 pandemic has exerted a negative impact on non-financial indicators. In **Hungary**, national GDP decreased by -3.6% compared to Q4 2019 domestic production levels. In the meantime, household spending lessened by -4.2%. This contrasts with the mortgage market. Total outstanding residential loans increased by 7.2% on an annual basis (in local currency) in Q4 2020, up from a 6.8% yearly rate of growth in Q3 2020. Considering the quarter-on-quarter change, Hungary's outstanding residential mortgage portfolio increased by 1.5%. In terms of newly issued mortgage loans (that is, gross residential loans), quarterly figures show a yearly increase of 1.5%, whereas the quarterly variation points to a -2% decrease in reported volumes. In **Czechia**, 2020 concluded with a strong trend in housing loans reaching the historically highest volumes of nearly CZK 120,000 (ca EUR 4,550). These successful figures are the result of expectations connected with real estate market development and the level of interest rates.

In **Romania**, the lending narrative is somewhat different. During Q4 2020, the stock of mortgage credit increased by 3% against the previous quarter and by a significant 9.9% growth rate, if compared to Q4 2019 figures (in local currency). Conversely, gross residential lending tightened by -24% on a quarter-on-quarter basis and by a -33% on an annual basis. The non-performing loans ratio for mortgage loans reached 1.88% in December 2020, dropping 0.13 pps q-o-q or 0.23 pps y-o-y.

Last but not least **Poland** also registered a significant yearly increase in terms of outstanding loans volumes. The residential mortgage stock in said country increased by 7.5% y-o-y in Q4 2020. As per the latest market information, the end of 2020 brought about a dynamic increase in the share of housing loans granted in the largest Polish agglomerations, which amounted to 73.46%, marking growth of over 6.31 pp in comparison to 3Q 2020. The share of Warsaw in new granted loans in Poland reached nearly 50%.

On to Southern Europe, the **Italian** residential market saw further increases in lending activity in Q4 2020, with outstanding mortgage volumes expanding at a 2.1% yearly growth rate. This latest reading would indicate the market is gaining traction, as the pace of growth improves on Q3 2020's 1,2%. As to new residential lending, gross volumes increased by 19.3% with respect to the previous quarter.

In **Spain**, the mortgage market showed an improved lending performance during the last quarter of 2020. Gross residential lending activity grew by a yearly rate of 13.8%. If the quarterly change is taken into account, the gross residential mortgage increased by 25%. Renegotiations played an important role during 2020, especially during the second quarter. Since then, a progressive decrease in the volume of renegotiations took place, decreasing to a 3% share of the new lending portfolio in Q4 2020, as opposed to 14% in Q2 2020.

Lastly, in **Portugal**, total outstanding residential loans increased by 2.5% y-o-y in Q4 2020, amounting to 96.2 million euros, while gross residential lending recorded a strong 8% yearly growth rate over the same period (3.3 million euros' worth of new loans). The local housing survey outlined, in its December 2020 results, a scenario wherein sales remain fragile and demand is likely to deteriorate, leading to weak sales prospects.

In **Ireland**, outstanding loan levels went down by 2.4% y-o-y in Q4 2020. Mortgage approval volumes rose by 23.5% year on year in Q4 2020 to more than 14,400, as the market continued to recover from the slump in Q2 2020. The growth was driven by purchase mortgages, especially first-time buyer (FTB) approval volumes, which jumped by 34.1% to more than 8,000.

Mortgage drawdown volumes fell by 0.9% year on year to less than 12,200 in Q4 2020. However, purchase mortgage volumes rose by 2.2% year on year, driven by a 7.8% increase in FTB drawdowns to 6,884.

In the last relevant mortgage market to consider, the **United Kingdom**, mortgage lending recorded high levels of activity, due to pent up demand built up in the lockdown period being released and the introduction of a stamp duty holiday where no tax is due on properties up to GBP 500,000 on sales in England and Northern Ireland, initially until 31 March 2021. However, it has since been announced that the stamp duty holiday will be extended until September 2021, which will give further support to the mortgage market for much of 2021. Gross lending was up 5% in the quarter compared to Q4 2019. The remortgaging market however was down (31%) in the quarter compared to Q4 2019

REGULATION AND GOVERNMENT INTERVENTIONS

Measures adopted to counteract the fallout of the pandemic were aimed at offering relief to borrowers in relation to their loan instalments by means of temporary repayment exemptions or moratoria. Other public authorities opted for tax schemes to incentivise dwelling purchases. In all cases, policy choices varied and took into account the specific situation of the local mortgage market.

In **Sweden**, several measures were introduced in 2020 to counteract the effects of the Covid-19 pandemic. One measure specific to mortgage lenders was a general amortisation exemption for mortgage borrowers, which was introduced in the middle of April. The amortisation requirements were introduced in Sweden in 2016 and stricter amortisation requirements in 2018. The new exemption from the amortisation requirement is valid until end of August 2021. In December 2020, Finansinspektionen reported that 195.000 mortgage borrowers had received an amortisation exemption from the middle of April until December, as per the new rules.

In **Finland**, the discussion around household indebtedness continues. In August 2018 the Ministry of Finance established a working group to consider different options to tackle the issue of household over indebtedness. The working group published its report and proposals on 1October 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. The timetable of legislative proposals is uncertain due to the pandemic. Earlier the Ministry of Finance had announced that the parliamentary process would start at the beginning of 2021 and the new regulations may come into force later in 2021 or 2022.

In **Belgium**, amid the pandemic, the Federal Government put forward new measures regarding the postponement of mortgage payments from 1 January 2020 until 31 March 20201. This means that households, companies and the self-employed can request, once again, a moratorium on the payment of capital and interest of maximum 3 months. The same conditions apply as in the first moratorium. People with an income below 1.700 EUR will not have to repay the interest accrued over the moratorium period. In total, a loan can only benefit from 9 months of a payment delay granted in the context of the first and this second moratorium.

In **France**, the High Council of Financial Stability (HCSF) recommended, in January 2021, an easing of housing credit constraints, extending the maximum length of housing loans from 25 to 27 years and rising the affordability ratio from 33% to 35%.

In **Hungary**, a payment moratorium was introduced in March, 2020 for both retail and corporate clients initially, which lasted until 31 December 2020. The payment moratorium provided that clients' obligation to pay monthly instalments (principal, interest and other fees) was temporarily suspended, unless the client indicated or demonstrated such behaviour reflecting the willingness to continue paying their obligation ('opt-out' system). During the autumn period, it was announced that the deadline of the moratoria would be extended from 31 December 2020 – by a further 6 months – until the end of June 2021. In **Czechia** in 2020 a general relaxation in certain regulations was recorded, such as the step by step removal of income credit indicators, DTI and DSTI, as well as a relaxation of LTV indicators.

In **Spain**, the current coalition government is working on a new Housing Law that aims to meet housing needs; however, for the moment, negotiations have run aground on account of discrepancies between the two political formations in finding solutions to the housing affordability issue. Furthermore, as part of the national credit-support measures, the Ministry of Economy together with credit institutions are studying the most appropriate channels to provide a solution in terms of the survival of viable businesses. On a general basis, direct aid is considered a better option by banks rather than partial write-offs on state-guaranteed loans.

In **Ireland**, the government introduced an enhanced Help to Buy tax incentive, effective from July 2020 onwards, which enables FTBs to get a refund on income tax and deposit interest tax paid then use that money to buy or build a home. The maximum refund that could be claimed was increased from EUR20,000 to EUR30,000. The refund also must not exceed 10% of the purchase price or valuation of the property (increased from 5%). Moreover, the Central Bank of Ireland has decided that the LTV and LTI limits on mortgage lending, and the related allowances, should remain unchanged throughout 2021.

In short, national policymakers have opted for temporary mortgage repayment exemptions in order to prevent strains in local banking entities and/or hinder households purchasing capacity in an otherwise complicated economic scenario.

HOUSING MARKET

HOUSING SUPPLY

Housing construction levels, bearing in mind the latest reports, expanded in the fourth quarter of 2020, increasing the housing supply in most of the jurisdictions considered here. There are, however, some significant exceptions to consider.

In **Sweden**, despite the initial forecast construction at the beginning of 2020, which pointed to a downward trend, housing starts increased by around 6%

in 2020 compared to 2019. In **Denmark**, the housing market remained active throughout Q4 2020, with the reported sale of 12,553 houses; that is, a 28% increase in the number of transactions against the same quarter of the previous year. In the same period, 4,625 owner-occupied apartments were sold, an increase of 21% on the same basis. In **Finland**, according to the latest information, the number of new housing permits and new starts are rising, which would suggest that the market is recovering.

In the **Netherlands**, as mentioned above, demand for housing is increasing yet housing supply is declining, which can lead to a very tight market and to subsequent price increases. Moreover, the supply of newly built homes is also insufficient to meet the mounting demand.

Considering the relevant markets in Eastern Europe, **Hungary** saw the national housing supply contract further in Q4 2020. Nationwide, the number of newly issued building permits was 5,278, a -32% decrease compared to Q4 2019 levels. In Budapest, these decreased by a sharp yearly rate of -58.4%, with total quarterly permit issuances standing at 885. Furthermore, in terms of newly completed dwellings, the Hungarian market registered 15,343 new completed houses, 41% more than in the fourth quarter of 2019. About 25% of the new housing completions (3.921) took place in the capital city, 18% higher than the same quarter of the previous year.

In **Romania**, in 2020, the volume of construction works for residential buildings increased by 17.8% compared to the same period of the previous year. At the same time, the costs in residential construction registered a slight increase compared to 2019 (1%). However, between January and December 2020, the number of permits issued for residential buildings decreased by 2.9% compared to the similar period of 2019.

In **Poland**, around 65,455 dwellings were completed during Q4 2020 and construction of 108,591 dwellings started over the same period. For 2020, a grand total of 221,978 new dwellings were completed, while construction of 275,938 new houses started. As to building permits, 32.076 new permits were issued for the construction of new dwellings in Q4 2020 (223,842 in the whole 2020). The construction sector has not been greatly affected by the pandemic, yet it is suffering from workforce shortages, which create tensions at market-level.

In **Czechia** Q4 2020 did not bring any changes in trends with demand for housing more than offsetting the supply. There is still significant investment potential in relation to real estate considering: (1) the current low level of interest rates and therefore the limited potential to capitalise on saving deposits and (2) the significant financial uncertainty linked to the Covid-19 crisis which makes sharpens the perception of real estate as one of the most interesting investments.

At the southern end of the continent, the **Italian** residential housing market continued to increase in terms of sales volume, as during the previous quarter. In this context, transactions amounted to more than 183,000 units, with an increase of 8.8% y-o-y. In **Spain**, amid the current crisis, the pace of new building permit applications slowed down during the year, with particularly significant declines in Q2 2020 (-37% y-o-y) and Q3 2020 (-19% y-o-y). In Q4 2020, although 5% fewer approvals were granted than in Q4 2019, the signs of a more imminent recovery led to a slowdown in the downward trend. Moreover, in Q4 2020, new building permits were granted for about 23,000 dwellings, while throughout the year more than 85,000 dwellings were given permissions (well below the more than 100,000 dwellings of the previous year). Lastly, in **Portugal**, latest data for the fourth quarter of 2020 signalled weak conditions in the home buying and selling market, given that demand continued to decline and sales expectations are not expected to improve in the near term.

To conclude, housing construction in **Ireland** continued to recover from the impact of restrictions on economic activity associated with the Covid-19 pandemic. Some 7,400 new dwellings were completed in Q4 2020, according to the Central Statistics Office (CSO), 15.9% or about 1,000 units more than in Q4 2019. On an annual basis, completions fell by 1.9% compared with 2019 to 20,676. Dublin and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) remained the most active regions, accounting for almost 37% and 23% of completions in Q4 2020, respectively. There were almost 6,300 housing starts in Q4 2020, a decrease of 1.4% y-o-y. Commencements fell in Dublin by more than a quarter for the third successive quarter while Dublin Commuter commencements recorded the first year-on-year growth since Q3 2019. The two regions accounted for 30% and 24%, respectively, of commencements in Q4 2020. Additionally, household purchases of residential property recovered from sharp declines in the two previous quarters with a 2% year-on-year increase in Q4 2020. Almost 13,000 residential properties were sold to households in Q4 2020, the most since the data series began in 2010. While sales of existing property rose by 4% y-o-y to a new high of 10,533, sales of new properties fell for the third successive quarter by 5.6%.

HOUSE PRICES

Much like construction and housing supply, prices generally increased over Q4 2020 in the QR country sample. There are, however, some features which are distinct to some countries that breakaway from the general trend, as will be shown in this section.

In **Sweden**, as the Covid-19 outbreak became a more pervasive pandemic, house price growth slowed down, even decreasing somewhat on a monthly basis. However, in the second quarter the growth rate of single-family house prices started to increase and continued to increase during 2020. Single-family house prices increased by 10.1% on a yearly basis in Q4 2020, compared to 6.1% in the third quarter. Apartments increased by 5.6% in Q4 compared to 4.2% in Q3.

As many individuals switched to remote working, there has been a change in demand from apartments in the larger city centres to single-family homes in suburbs and smaller cities. Among apartments there also seem 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 seemed to continue and prices increased. The prices of single-family homes in the Stockholm area increased by 11.5% on a yearly basis in the fourth quarter 2020 (6.5% Q3 2020). In the Malmö-area, prices increased by 10.7% on an annual basis (8.4% Q3 2020) and in Gothenburg by 6.3% (4.1% Q3 2020). The prices of apartments in Stockholm increased by 5.2% in the fourth quarter 2020 (4.1% Q3 2020). Apartments in Gothenburg increased by 3.7% (2.6% Q3 2020) and in Malmö by 8.6% (5.4% Q3 2020).

The trend of increasing prices of single-family homes continued in January, when single-family homes increased by up to 15% on an annual basis. The growth rates for apartments grew by 5.7% in January.

In **Finland**, the evolution of house prices varied depending on the area. Big cities are expanding and there is a clear upward pressure in dwelling prices. Meanwhile, the rest of the country is losing population, which in turn is reflected in declining prices and lower price levels. In overall terms, house prices in Finland increased by a flat 0.6% in Q4 against 2019 levels.

As to the **Danish** market, house prices increased by 5.9% in 2020 on a yearly basis. Over the same period, prices of owner-occupied apartments rose by 8.5%. Compared to the previous quarter, prices rose by 1.9% and 3.0% for houses and apartments, respectively. Overall house prices rose by 6.1% in Q4 2020 on a yearly basis.

Focusing now on Central Europe, house prices in the **Netherlands** increased during the fourth quarter of 2020 and, as mentioned above, are expected to continue rising, given the tightening of the national housing market and the shortage of newly-built dwellings. On to neighbouring **Belgium**, a similar upward trend can be outlined. Despite Q4 2020 real estate price information being unavailable, prices still increased in the midst of the Covid-19 public health crisis. Buyers were again particularly active on the property market. The catch-up movement after the semi-lockdown led to price increases.

Based on the figures of the notary barometer, the average price of a house in Belgium increased to EUR 276,993 at the end of 2020. This means an increase by 5.7% compared to the average price at the end of 2019.

Regional differences in house price evolution can occur in Belgium's three regions (Flanders, Wallonia and Brussels). In the course of 2020, house prices increased in the three regions compared to 2019. In the Brussels region, the average house price at the end of 2020 (EUR 499,488) increased by 4.4% compared to the average price at the end of 2019. In Flanders, the average house price (EUR 306,629) increased by 6.7% compared to the average price at the end of 2019. In Wallonia, the average house price (EUR 208,642) also increased by 6.3% compared to 2019.

In the course of 2020, average prices of apartments in Belgium went up by 6.8% compared to 2019. This national evolution is comparable in the three regions (Flanders, Brussels and Wallonia). In Flanders, the average price of an apartment (EUR 247,562) increased by 6.5% compared to the end of 2019. In the Brussels Region, the average price of an apartment (EUR 274,382) increased by 8.1% compared to the end of 2019. In Wallonia the average price of an apartment (187,953 EUR) increased by 5.7% compared to 2019.

In **France**, housing transactions declined by -13%, but remained at high levels, while prices continued to rise, according to the latest information from the national market.

In **Germany**, prices for owner-occupied housing increased by 8.5% compared to the prior-year period and were 6.8% higher than at the end of the first quarter. The trend in single-family houses/duplexes and condominiums has been quite similar since the start of the pandemic (6.8% and 6.9%, respectively; 8.5% and 8.4%, respectively, year on year).

In Eastern Europe, the house prices seem to follow the same expanding path as the relevant Central and Northern European market. In **Czechia** 2020 showed a yearly growth of 9% of house prices. In **Hungary**, no figures for Q4 are yet available; however, the year-on-year change trend shows that house prices have consistently expanded during the pandemic period, at increasing rates. The latest data, from Q3 2020, shows that house prices rose by 11.1% against Q3 2019 values. Following the 2.2 % contraction in Q2 2020, there was a 1.4 % house price growth in Q3 compared to the previous quarter. In Budapest, in Q3 house prices grew by 2 % compared to the second quarter.

In **Poland**, demand for dwellings is still very high. A considerable number of property purchases is made for investment purposes and as savings, safeguarding against rising inflation (currently the HICP level recorded in Poland is the highest in the EU). In Q4 2020, price increases were recorded in both primary and secondary housing markets.

In the primary market, the highest transactional price growth was registered in: Lublin (+10.6% q/q), Katowice (+5.2%) and Zielona Gora (+4.5%). In the secondary market, the highest transactional price changes were recorded in: Wrocław (+9.2% q/q), Zielona Gora (+7.6%) and Rzeszow (3%).

The prices on both markets in the capital city of Warsaw remained almost unchanged in 4Q 2020 (+0.77% and -2.2%, respectively). It should be noted, however, that in the second half of 2020, transaction prices in Warsaw exceeded the psychological barrier of PLN 10.000 and still remain at this threshold (10,261 on the primary market and 10,072 on the secondary market).

In **Romania**, residential property prices increased in the third quarter of 2020 by 2.3% in nominal terms (respectively 0.6% in real terms), over 4 p.p. lower compared to the previous quarter. However, according to NBR's Bank Lending Survey results, published in February 2021, most responding banks deemed that the evolution of residential property prices was relatively flat, while 24% estimated a certain pick-up in 2020 Q4. For 2021 Q1, 66% of banks expect house prices to remain unchanged, while 28% anticipate a decrease and only about 6% foresee their rise.

In Southern Europe, the performance of house prices showed a mixed picture. In the third quarter of 2020 (last available data point), **Italy**'s Housing Price Index (HPI) decreased by 2.5% compared to the previous quarter and increased by 1.0% compared to the same quarter of the previous year. More in detail, the yearly increase of HPI was mainly due both to the prices of new dwellings that recorded a positive growth rate equal to +3.0% (+2.7% in the second quarter) and to the prices of existing dwellings, which increased by 0.7% on a yearly basis.

Since mid-year, residential prices in **Spain** seem to have partially recovered their upward trend, in line with demand. In this regard, during Q4 2020, appraised values slightly increased by 0.2% on a quarterly basis, after the rise of 0.6% spotted in the previous quarter. Even so, this quarterly increase is still not enough to offset the falls of previous quarters, as in year-on-year terms, in this last quarter of 2020, the price was 1.8% below than that recorded in the previous year. According to the age of the dwellings, the price of new dwellings fell by -0.8% quarter-on-quarter and by -1.4% year-on-year, while the price on existing housing was completely in line with the aggregate results (+0.2% quarter-on-quarter and -1.8% year-on-year).

In quarterly terms, a wide variety of provinces showed a favourable evolution in prices, with Seville and Zamora leading the way, both with an increase of 2.7%. In contrast, two of Spain's largest regions experienced a quarterly downward variation, although in the case of Madrid the fall was somewhat more pronounced (-1,4%) than in the province of Barcelona (-0.5%).

Meanwhile, in **Portugal**, the housing market has proven to be a resilient sector, with valuation showing a new positive reading in December. Thus, the year ends with house prices 1.8% above the pre-pandemic period in February 2020, as December made a considerable contribution to this cumulative development. Furthermore, in December, house prices rose by 1.0% against the previous month, reverting a cycle of chained variations that, since March, have oscillated between -0.2% and 0.9%.

From continental Europe to the Isles, house prices in the Irish and UK markets rose over the fourth quarter of 2020, building upon the upward trend logged in previous quarters. Particularly in **Ireland**, residential property prices rebounded in late 2020, with prices up by 2.2% y-o-y in December 2020. Prices for new dwellings were 2.0% up y-o-y, while prices of existing dwellings rose by only 0.2% on the same basis. This was the tenth consecutive quarter in which new property prices had risen faster than those for existing property.

Prices in Dublin rose by 1.2% in the year to December 2020, while Residential property price inflation outside Dublin rose by 3.1% year-on-year. In the **UK**, the pickup in the housing market has placed upwards pressure on house prices. Prices were up 5.7% in Q4 2020 compared to the same quarter of the previous year. It was anticipated that house prices may start to moderate in 2021, however with the extension of the stamp duty holiday, this may not ultimately happen. However, with lockdown measures expected to end in the summer, it could encourage more people to put their properties on the market, which could help ease price pressures.

MORTGAGE INTEREST RATES

Mortgages interest rates remain low, as most countries that make up the EMF sample report additional cutbacks in their average rates.

Mortgage interest rates in the Nordic markets decreased further in the fourth quarter of 2020. In **Sweden**, short-term (1-5 years) and variable interest rates decreased slightly during the autumn and winter periods to around 1.3% at the end of 2020. Long-term interest rates, over 5 years, instead increased slightly to 1.5% at the end of 2020. In **Denmark**, average interest rate for all fixation periods, except on loans with a fixation period of up to one year, fell in the fourth quarter of 2020. The average interest rate on loans with a fixation period up to one year increased by 2 bps. For the loans with a fixation period from one to five years the average interest rate fell by 6 bps. For loans with between five and ten years of interest rate fixation and loans with more than ten years of fixation, the average interest rate fell by 14 and 4 bps, respectively. **Finland**, meanwhile, reported a rate on new housing loans of 0.69 %, the lowest rate among all the relevant markets.

Central European markets also register a noticeable reduction, in line with that seen in Northern Europe. In the **Netherlands**, the average mortgage interest rate fell to 1.75%, due in part to competition between mortgage providers. Dutch households nowadays choose long fixed-interest periods, the most common being a 20-year period. Additionally, refinancing activity is up, due to the low-interest rate environment. In **Belgium**, interest rates remain low, as in the previous quarter, and decreased further: the average rate stood at 1.37%, down from 1.4% in the Q3 2020. The market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years was about 92% of newly provided loans. In **Germany**, the average mortgage interest rate dropped to 1.18% in Q4 2020 from 1.24% in the previous quarter.

In **Hungary**, the Central Bank's base rate was reduced from 0.75% to 0.6 % on 22 July 2020. In terms of fixation period, the most popular mortgage interest type was the Medium Term Fixed (5Y-10Y initial rate fixation), representing almost 60 % of all newly issued mortgages. The average rate for this specific product was 4,06 % in Q4. The proportion of variable rate mortgages among the newly issued loans was only around 1 %. Regarding **Poland**, in an effort to counteract the economic effects of the pandemic, the Monetary Policy Council lowered the reference rate to a record level of 0.1% on 28 May 2020. As the huge majority of mortgage loans are based on variable rates, this resulted in a lowering of the interest rate for both new and existing loans. The average interest rate in the Polish mortgage market was 2.90% as of Q4 2020. In **Romania**, the representative mortgage interest rate was 4.81%. a 0.44 bps decrease compared to the previous quarter and a 0.6 bps drop against the level registered in the same period of the preceding year. The share of loans granted with variable interest rate in total mortgage loans increased in 2020 Q4, reaching 75.2%, after an increase of 8.7 pps compared to 2020 Q3, although being 3.04 pps lower compared to Q4 2019 values. The preference for new loans granted with fixed interest rate decreased for all maturities compared to the preceding quarter. In this regard, short-term fixed new loans decreased by 3.5 pps, for medium-term new loans by 2.4 pps and by 2.7 pps for long-term fixed new loans.

Considering the Southern European mortgages markets, interest rates on short term loans and with a maturity of over 1 year continued to decrease, remaining at low levels, in **Italy** during Q4 2020. More in detail, the interest rate on short term loans (with maturity below 1 year) decreased to 1.29%, while interest rates with maturity over 1 year decreased to 1.24%. The average rate on new transactions for house purchasing decreased to 1.25%. In **Spain**, interest rates continued to fall as a result of the broad monetary stimulus context and competition among banks. The weighted average rate fell by 7% quarter-on-quarter to 1.62% in Q4 2020. Fixed-rate transactions continued to consolidate, accounting for almost 70% of the new portfolio. Lastly, in **Portugal**, the average mortgage interest rate was 0,71% in Q4 2020, down from 0.82% in Q3 2020.

In **Ireland**, fixed-rate (loans fixed for over one year) mortgages accounted for almost 80% of new mortgages issued in Q4 2020 – the highest proportion since the data series began in 2003. Some 37% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q3 2020, down from 44% two years earlier. The share of mortgages outstanding which had interest rates fixed for over one and up to five years jumped from 17.2% to 31.5% over the same period.

In the **UK**, mortgage rates picked up in the fourth quarter of the year on average. Tracker mortgages increased to 2.33% in Q4 from 1.58% in Q3, and short term fixed rates were relatively unchanged. However, medium and long term rates fell from 2.13% to 1.74%, and 2.33% to 1.13% respectively. Rates on higher 95% LTV products saw increased the most in the quarter, rising to an average of 4.08% in Q4 2020 compared to 3.44% in Q3. This compared to 2.99% from a year earlier, in Q4 2019.

COVID-19 RELATED IMPACT

In **Sweden**, one measure specific to mortgage lending is the abovementioned general amortisation exemption for mortgage borrowers, which was introduced by mid-April 2020. In December 2020, Finansinspektionen reported that

195,000 mortgage borrowers had received an amortisation exemption that would last from mid-April to December, according to the new rules. In total 600,000 mortgage borrowers are covered by the amortisation rules and can apply for an amortisation exemption. The Finansinspektionen has made clear that the amortisation exemption will end in August 2021. Policy measures aimed at containing the pandemic's fallout have had a relatively mild effect on housing and mortgage markets. In **Denmark**, even though restrictions tightened between November and December, both the lending and housing market remained active. The Danish housing market, however, faces a decreasing supply of houses and apartments, as well as prices clearly set on an upward trend, as previously explained. Lastly, in **Finland**, demand for larger dwellings has increased as companies and employees transition to remote working schemes. Consumer intentions for buying new dwellings reached an all-time high. Finland is not part of the countries that deployed relief measures, such as EBA-sanctioned moratoria on loan repayments and public guarantee schemes (PGSs).

As to the **Netherlands**, the pandemic has so far had no negative impact on the local housing market. On the contrary, over the twelve months of the Covid-19 pandemic (March 2020 to February 2021), the number of houses sold has been the highest of any twelve-month period to date. Due to a combination of actors, namely the implementation of new teleworking schemes, increased average saving levels and the support of the national government, pent-up demand is released, leading to a more dynamic housing market. That said, the assumed migration from the city to less urban environments is not visible in the data. The latter trend is not new, yet it has not accelerated.

In the East, The National Bank of **Hungary** (NBH) introduced monetary measures to support lending activity and help capital markets that experienced a severe liquidity drain at the outbreak of the pandemic. Among the most relevant measures put forward was the restart of the mortgage bond purchase program. Said program began in May 2020 and now aims to stimulate "frozen" capital markets. During the program, which lasted until November 2020, the NBH bought mortgage bonds on the primary and secondary markets at preferential rates. Following the end of the repurchasing programme, the NBH launched a new green mortgage bond scheme. It is expected that the NBH will purchase green mortgage bonds as part of its mortgage bond purchase programme. Preparations for green mortgage bond issuance have started and banks such as OTP Mortgage Bank and Takarék Mortgage Bank have joined the Energy Efficient Mortgage Initiative of the EMF. The issuance of the first Hungarian Green Mortgage Bond is expected in the second half of 2021.

In **Poland**, the Anti-Crisis Shield 4.0 support package entered into force in June 2020, which included a moratorium on repayment instalments. The statutory credit moratorium can be used by anyone who lost their job or other main source of income after 13 March 2020. The maximum deferral period is 3 months.

In **Romania**, despite the fact that prices steadied and demand for housing expanded, economic uncertainty risks hampering the economic recovery. In the new economic setup, asset quality indicators are expected to slow their convergence towards low-risk buckets and even resume the trend towards higher-risk groups for households, in step with the evolution estimated for Europe's banking sector. The threat of a rise in the default rate for loans to households, including mortgage loans is expected to intensify. The future dynamic in non-performing loans will depend, besides the overall economic recovery, on the financial standing of the debtors who suspended their instalments through public and private moratoria.

In **Czechia**, in October, the government moratorium on instalments was terminated and customers had to start repaying their loans starting from November. Evidence shows that most interested borrowers were able to start repaying. For those struggling during the third wave of epidemy, banks designed internal schemes focusing on further postponements and other forms of repayment schedule adjustments.

In **Italy**, the first stop in the Southern European Covid-19 impact overview, local banks received, on 24 February 2020, 2.7 million application for debt moratoriums by households and Non-Financial Corporations, for a total value of approximately EUR 295 billion. It has been estimated that, in terms of the amounts involved, around 95% of the applications and notifications for moratoriums have been accepted by bank and only 4% rejected. Households applied for loans amounting to around EUR 95 billion. Applications for suspension of instalments on first home mortgage loans (via the 'Gasparrini' Fund) stood to 220,000, for an amount averaging around EUR 94,000.

Concerning **Spain**, moratoria remained active as a measure to preserve the solvency of households and companies as of Q4 2020. Until end-January 2021, approximately 1.4 million moratoria had been granted under the legislative and banking industry agreements, where EUR 56.2 billion in loans benefited from this payment relief schemes (around 9% of the outstanding balance). The vast majority of beneficiaries have been salaried employees (around 75% on average) as opposed to self-employed debtors, which account for only 25%. Public loan guarantees schemes to support self-employed and business owners have allowed to mobilise around EUR 115 billion at end-December 2020.

In **Ireland**, the coronavirus pandemic and the subsequent lockdown imposed to slow its spread had a severe impact on the economy, with restrictions tightened in late October 2020 before being relaxed against in December. The Irish Central Statistics Office estimated the Covid-19 adjusted unemployment rate at 19.4% by December 2020, while the seasonally adjusted standard unemployment rate was 5.8%, compared with 4.9% a year earlier.

Lenders, through Banking and Payments Federation Ireland (BPFI), had put in place payment breaks on about 151,000 residential mortgage, consumer credit and SME lending accounts by the time applications closed at the end of September. Some 82,000 residential mortgage accounts had payment breaks, including almost 9,000 for buy-to-let (BTL) mortgage accounts. Most payment breaks had expired by late October and returned to full repayments. BPFI data indicates that, by the end of December, fewer than 3,000 accounts still had active payment breaks. Some 11.4% of PDH and 9.5% of BTL mortgage accounts (8,200 and 800 accounts respectively) received other forms of support from the lender when the payment breaks expired. These include accounts that were already in arrears when the payment break was agreed.

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

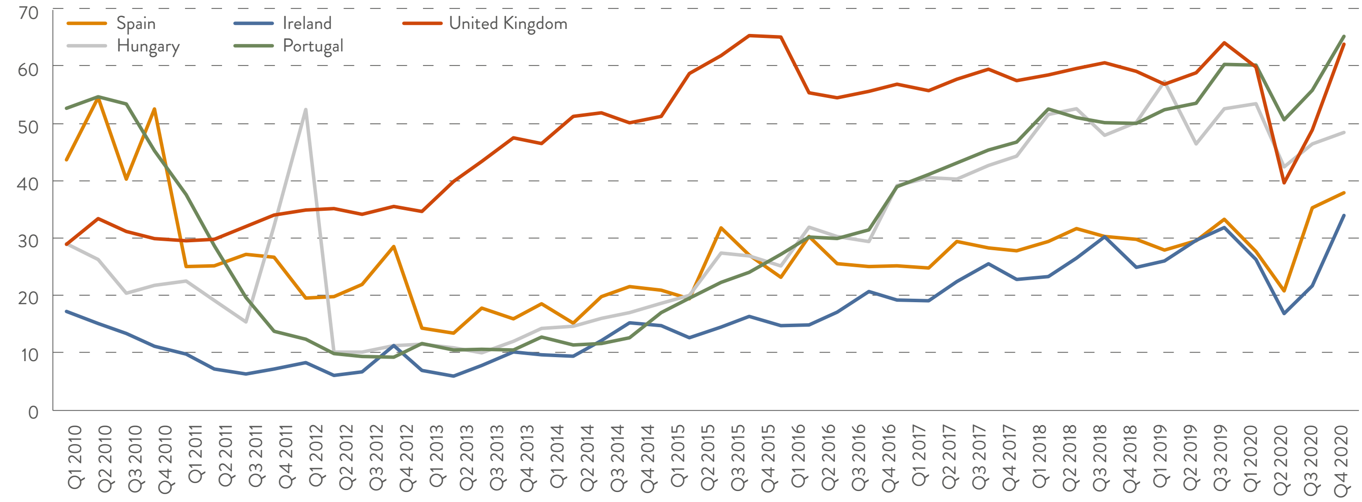


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

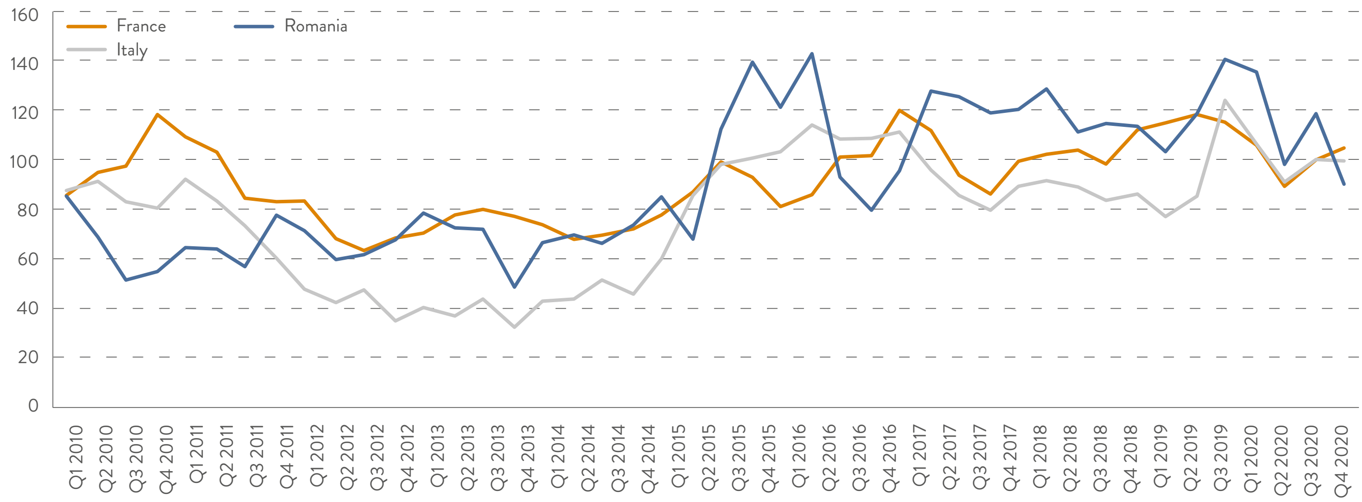


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

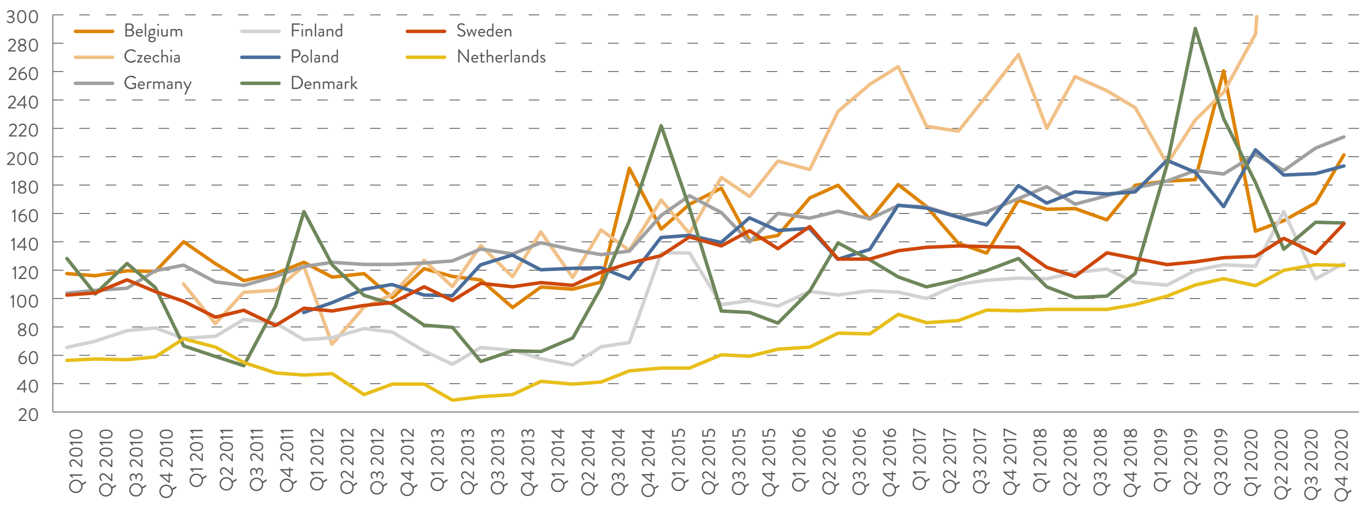
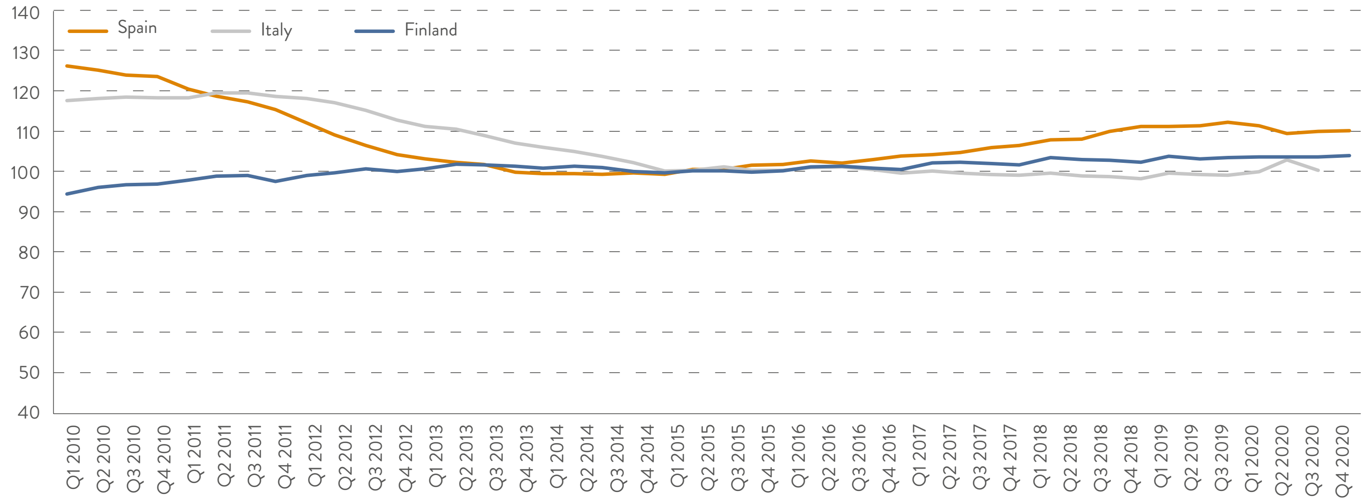
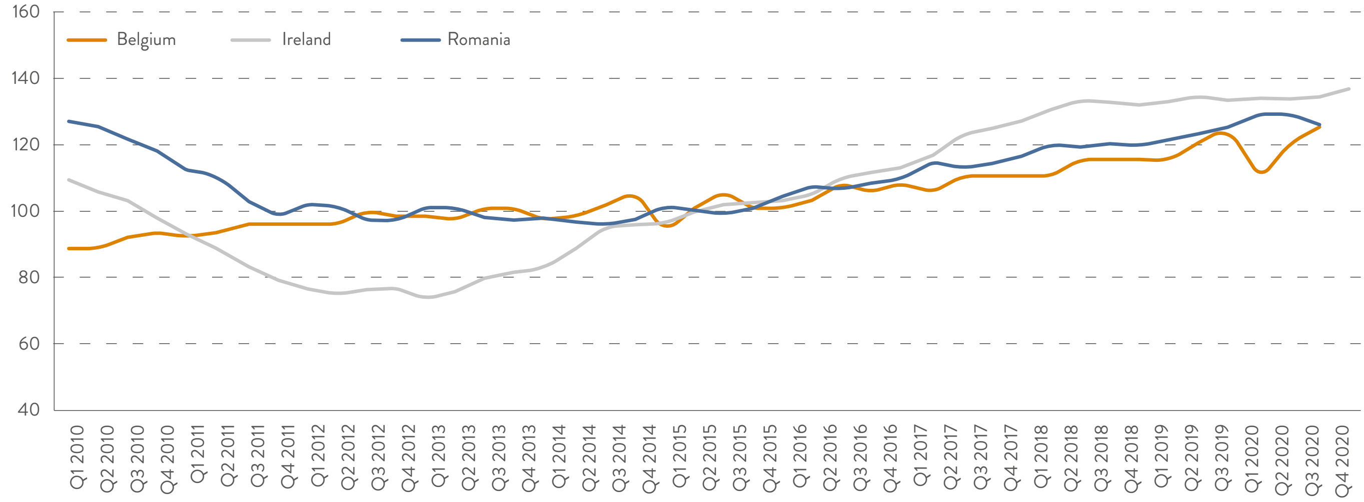


CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



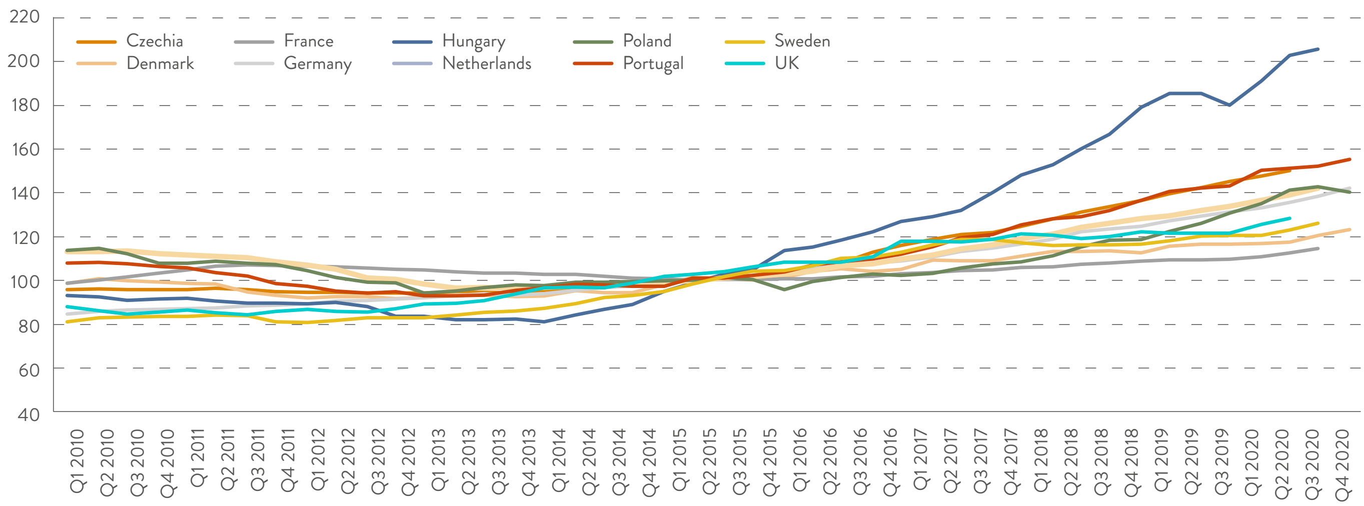
* Average Q1-Q4 2015=100

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



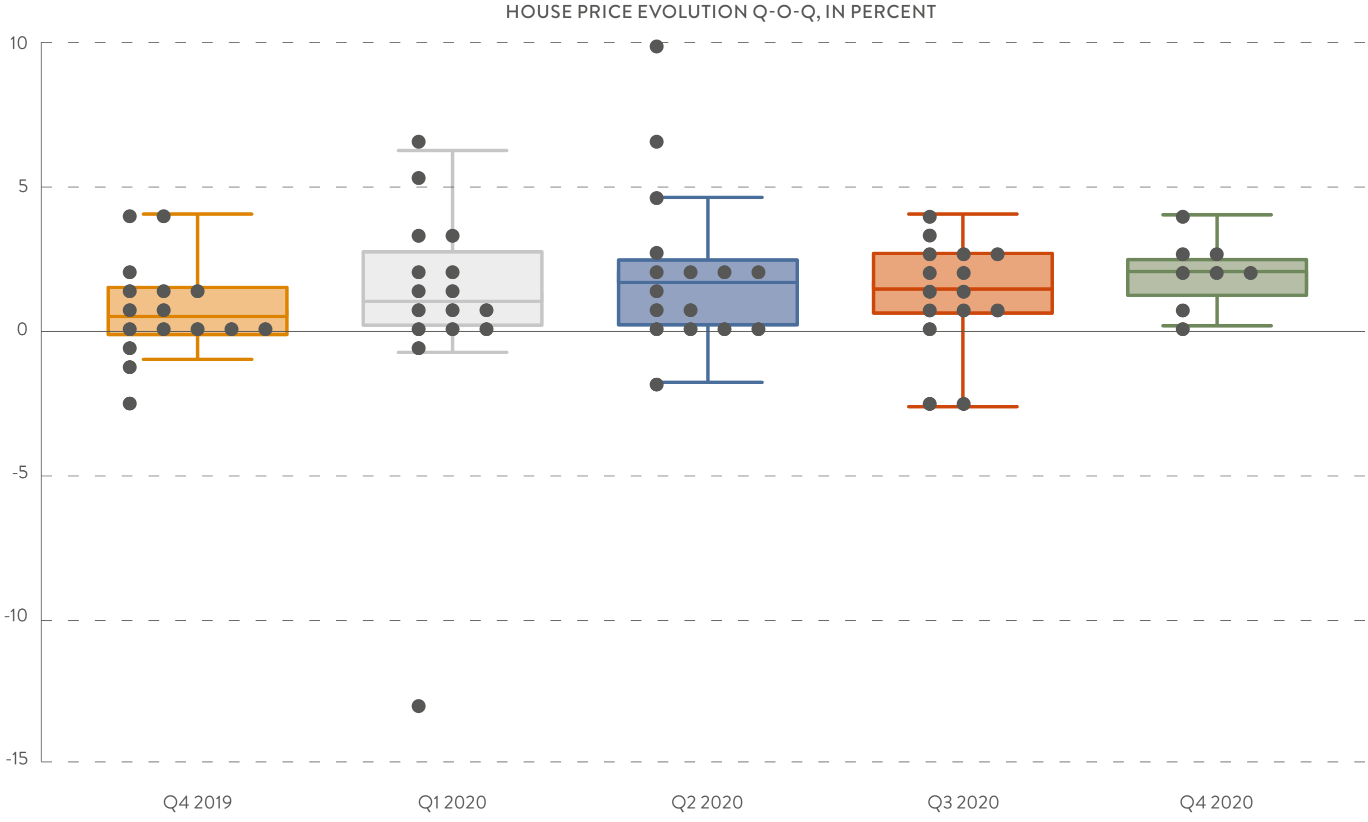
* Average Q1-Q4 2015=100

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)

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	LATEST Y-O-Y CHANGE (%), Q4 2020, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q3 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2020, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q3 2020, LOCAL CURRENCY
BE	252,718	256,433	263,419	264,616	266,838	270,029	275,378	4.5	5.3	4.5	5.1
CZ	46,696	46,953	48,658	45,998	47,932	48124	51,174	5.2	2.5	8.6	8.1
DE	1,485,203	1,509,140	1,530,435	1,549,693	1,571,876	1,599,644	1,629,423	6.5	6.0	6.5	6.0
DK	254,946	256,901	257,001	256,393	260,710	264,205	267,416	4.1	2.8	3.6	2.6
ES	493,063	489,599	487,561	484,917	482,704	481,752	n/a	n/a	-1.6	n/a	-1.6
FI	98,921	99,631	100,354	100,694	101,488	102,462	103,614	3.2	2.8	3.2	2.8
FR	1,040,000	1,060,000	1,078,000	1,090,000	1,101,000	1,116,000	1,136,990	5.5	5.3	5.5	5.3
HU	13,758	13,387	13,715	12,781	13,116	13,098	13,359	-2.6	-2.2	7.2	6.8
IE	93,274	93,117	92,791	91,615	91,100	90,614	90,526	-2.4	-2.7	-2.4	-2.7
IT	382,404	383,911	383,515	384,410	386,131	388,161	391,515	2.1	1.1	2.1	1.2
NL	731,029	733,835	734,556	736,695	740,220	745,090	n/a	n/a	1.5	n/a	1.5
PL	100,520	100,604	104,196	101,192	103,954	103,086	104,607	0.4	2.5	7.5	6.4
PT	93,878	93,906	93,846	94,056	94,522	95,108	96,176	2.5	1.3	2.0	1.3
RO	16,185	16,568	16,999	17,214	17,508	17,804	18,354	8.0	7.5	9.9	10.2
SE	408,027	407,357	422,742	404,740	435,349	437,829	468,966	10.9	7.5	6.6	6.2
UK	1,588,311	1,622,467	1,707,200	1,652,586	1,609,263	1,620,199	1,666,816	-2.4	-0.1	3.2	2.9

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:

- Denmark

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	LATEST Y-O-Y CHANGE (%), Q4 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2020, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q3 2020, LOCAL CURRENCY
BE	10,099	9,129	10,350	10,497	16,194	7,259	8,726	9,547	12,775	-21.1	-9.1	-2.1	-9.1
CZ	3,024	2,411	2,710	2,596	3,015	3,037	7,368	3,825	4,550	50.9	47.4	55.9	55.5
DE	59,600	54,800	59,800	65,500	64,900	62,900	62,300	70,800	73,700	13.6	8.1	13.6	8.1
DK	10,191	9,591	16,547	26,787	21,549	15,387	11,164	14,410	14,891	-30.9	-46.2	-31.2	-46.4
ES	11,210	10,596	11,498	9,155	12,341	9,830	8,865	11,234	14,042	13.8	22.7	13.8	22.7
FI	8,265	7,831	8,995	8,411	8,468	8,667	12,859	8,003	8,559	1.1	-4.9	1.1	-4.9
FR	42,960	44,379	48,111	53,860	50,305	41,653	36,918	45,811	n/a	n/a	-14.9	n/a	-14.9
HU	695	673	842	715	762	720	626	714	703	-7.8	-0.1	1.5	9.0
IE	2,635	1,884	2,250	2,639	2,768	1,996	1,462	1,957	2,950	6.6	-25.8	6.6	-25.8
IT	17,882	15,752	15,272	14,754	25,729	19,728	18,024	17,599	20,988	-18.4	19.3	-18.4	19.3
NL	29,230	25,205	29,227	32,567	35,628	29,213	34,620	36,770	38,353	7.6	12.9	7.6	12.9
PL	2,926	2,759	3,448	3,283	2,776	3,268	3,268	3,268	n/a	n/a	-0.5	n/a	-4.8
PT	2,542	2,349	2,577	2,646	3,047	2,848	2,494	2,755	3,292	8.0	4.1	8.0	4.1
RO	692	545	579	725	840	670	549	725	553	-34.2	0.1	-33.1	2.7
SE	15,794	12,732	14,526	12,812	15,439	12,914	16,615	13,466	18,155	17.6	5.1	12.9	3.9
UK	78,803	72,117	71,499	79,822	83,277	73,205	49,061	66,788	82,956	-0.4	-16.3	5.3	-13.8

CZ – Data break on Q1 2013 due to change in sources
IT – Latest data is an estimation

Source: European Mortgage Federation

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

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BE	2,747	3,499	3,195	3,863	2,474	3,716	3,715	6,986	1,197	2,221	3,191	5,349
CZ	875	675	810	844	1,722	1,229	257	1,705	-2,660	1,933	192	3,050
DE	11,652	19,929	20,700	14,896	15,020	24,196	23,937	21,295	19,258	22,183	27,768	29,779
DK*	384	1,713	358	505	3,175	2,298	1,956	100	-608	4,318	3,494	3,211
ES	1,308	639	-2,912	-2,287	-850	-546	-3,464	-2,038	-2,644	-2,213	-952	n/a
FI	109	733	474	337	286	854	710	722	340	794	974	1,152
FR	9,140	14,158	16,476	16,000	12,000	18,000	20,000	18,000	12,000	11,000	15,000	20,990
HU	-254	-457	506	218	43	111	-371	328	-935	335	-18	261
IE	-508	-637	-227	-3,029	-2,765	-1,645	-157	-326	-1,176	-515	-486	-88
IT	1,235	28	1,437	840	1,268	2,170	1,507	-396	895	1,721	2,030	3,354
NL	2,868	3,783	3,186	2,273	867	4,246	2,806	721	2,139	3,525	4,870	n/a
PL	309	-893	3,100	1,101	1,191	2,601	84	3,592	-3,004	2,762	-868	1,521
PT	-270	-83	54	158	-184	110	28	-60	210	466	586	1,068
RO	324	430	386	383	50	350	384	431	215	294	296	550
SE	-10,774	10	10,660	7,535	-853	-293	-670	15,384	-18,001	30,608	2,480	31,137
UK	31,179	-14,589	11,021	3,660	72,424	-58,999	34,157	84,733	-54,614	-43,323	10,936	46,617

* 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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BE	110.6	110.6	110.6	110.6	115.8	115.8	115.8	115.4	120.9	125.8	109.8	120.9	125.8	n/a
CZ	121.2	122.3	125.0	128.6	131.7	134.3	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4
DE	113.5	115.2	117.0	119.2	122.7	124.0	125.4	128.0	130.1	132.1	134.2	136.7	139.6	143.3
DK	109.4	109.4	111.7	114.0	114.0	114.2	113.2	116.5	117.5	117.3	117.8	118.5	121.6	124.5
ES	104.4	105.6	106.2	107.6	107.7	109.7	110.9	111.0	111.1	112.1	111.2	109.1	109.8	110.0
FI	102.4	102.3	101.9	103.8	103.3	103.1	102.5	104.1	103.5	103.7	104.0	104.0	104.0	104.4
FR	104.5	104.9	106.0	106.6	107.7	108.4	109.2	110.0	110.0	110.2	111.5	113.5	115.7	n/a
HU	132.2	140.6	148.5	153.3	160.8	167.6	180.0	186.3	186.3	180.9	192.2	204.2	207.1	n/a
IE	123.3	125.3	127.5	130.8	133.7	133.1	132.3	133.5	135.1	133.7	134.3	134.2	134.8	137.2
IT*	99.2	98.8	98.6	99.2	98.4	98.3	97.7	99.1	98.8	98.6	99.5	102.4	99.8	n/a
NL	114.4	116.3	119.4	121.7	124.9	126.6	128.9	130.3	132.7	134.6	137.5	140.2	143.5	n/a
PL	105.5	107.6	108.4	111.2	115.5	118.7	119.1	122.8	126.5	131.6	136.1	142.4	143.9	141.5
PT	119.6	121.1	125.6	128.5	129.7	132.3	137.1	141.5	143.1	144.1	151.2	152.5	153.3	156.5
RO**	113.0	114.3	116.6	120.2	119.4	120.4	119.9	121.8	123.6	125.5	129.6	129.8	126.4	n/a
SE	119.6	119.6	117.9	116.6	117.2	117.0	117.3	118.9	121.3	121.6	121.6	124.2	127.5	132.6
UK	118.7	118.6	118.3	119.7	122.0	121.4	120.0	121.0	123.0	122.5	122.4	122.4	126.8	129.5

* 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)

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BE	2.13	2.03	2.01	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.4	1.37
CZ*	2.11	2.19	2.34	2.43	2.49	2.68	2.80	2.74	2.58	2.38	2.41	2.36	2.17	2.04
DE	1.85	1.83	1.85	1.90	1.87	1.86	1.79	1.63	1.39	1.28	1.28	1.30	1.24	1.18
DK**	0.94	0.87	0.87	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78
ES	1.99	1.91	1.96	1.94	1.96	2.01	2.11	2.12	1.95	1.76	1.81	1.75	1.75	1.62
FI	1.02	0.95	0.92	0.87	0.88	0.86	0.81	0.76	0.72	0.73	0.71	0.73	0.72	0.69
FR***	1.55	1.52	1.48	1.45	1.43	1.41	1.42	1.29	1.19	1.12	1.13	1.25	1.22	1.22
HU	3.43	3.01	4.31	4.31	4.87	5.45	5.17	5.04	4.86	4.39	4.17	4.24	4.15	4.06
IE	3.20	3.07	3.02	3.06	2.97	2.95	2.96	2.95	2.93	2.87	2.78	2.78	2.80	2.77
IT	2.02	1.90	1.88	1.80	1.80	1.89	1.85	1.77	1.44	1.44	1.38	1.27	1.27	1.25
NL**	2.42	2.41	2.39	2.41	2.40	2.40	2.41	2.31	2.16	2.09	1.88	1.77	1.77	1.75
PL	4.40	4.40	4.30	4.30	4.40	4.40	4.30	4.30	4.40	4.30	4.30	3.30	3.10	2.90
PT	1.48	1.52	1.51	1.41	1.33	1.63	1.31	1.32	1.02	1.09	0.95	1.08	0.82	0.71
RO****	3.61	4.42	4.77	4.99	5.48	5.70	5.85	5.17	5.38	5.41	5.31	5.22	5.25	4.81
SE	1.53	1.56	1.52	1.51	1.48	1.47	1.57	1.53	1.52	1.46	1.53	1.54	1.49	1.39
UK	1.98	1.98	2.03	2.09	2.10	2.10	2.11	2.08	2.05	1.92	1.84	1.77	1.74	1.85

Source: European Mortgage Federation

* 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.

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)

TABLE 5B | MORTGAGE INTEREST RATES

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BE	1.58	1.51	1.57	1.56	1.82	1.87	1.84	1.94	1.87	1.79	1.92	2.03
CZ	2.58	2.55	2.76	3.14	3.15	3.10	3.00	3	2.75	2.54	2.21	2.10
DE	2.05	2.08	2.14	2.04	2.06	2.01	1.91	1.85	1.83	1.88	1.79	1.74
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
ES	1.60	1.56	1.57	1.64	1.70	1.75	1.60	1.56	1.60	1.64	1.62	1.50
FI	0.90	0.84	0.85	0.86	0.82	0.77	0.73	0.76	0.79	0.77	0.73	0.72
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	3.18	3.18	3.41	2.78	3.53	3.23	3.62	3.03	3.01	3.26	3.07	3.41
IE	2.96	3.11	3.04	3.03	3.11	3.08	3.14	3.03	2.88	2.96	3.19	3.11
IT	1.54	1.47	1.51	1.52	1.47	1.48	1.37	1.37	1.35	1.37	1.34	1.29
NL	1.95	1.91	1.89	1.87	1.88	1.87	1.85	1.74	1.70	1.69	1.71	1.70
PT	1.51	1.41	1.33	1.36	1.31	1.32	1.02	1.10	1.02	1.16	0.92	0.80
RO**	4.78	4.48	5.41	5.55	5.75	5.01	5.27	5.28	5.15	5.11	5.15	4.71
SE	1.52	1.45	1.46	1.42	1.47	1.45	1.41	1.39	1.39	1.42	1.36	1.29
UK***	2.06	2.13	1.96	2.10	2.08	2.09	2.08	1.94	1.93	1.50	1.58	2.33

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BE	1.94	1.82	1.54	1.80	1.94	1.87	1.95	2.17	2.09	2.03	1.91	2.00
CZ	2.34	2.44	2.48	2.65	2.79	2.76	2.63	2.47	2.49	2.41	2.22	2.06
DE	1.72	1.74	1.72	1.71	1.66	1.48	1.4	1.33	1.32	1.46	1.39	1.30
DK*	1.12	1.17	1.24	1.17	1.01	0.80	0.50	0.65	0.80	0.94	0.71	0.65
ES	1.69	1.67	1.74	1.76	1.85	2.00	1.80	1.56	1.70	1.58	1.60	1.42
FI	1.18	1.02	1.06	1.04	1.05	1.07	1.16	1.09	1.01	1.02	1.38	1.15
HU	4.31	4.31	4.87	4.80	4.51	4.87	4.87	4.87	4.21	4.35	4.56	4.44
IE	3.07	3.03	2.94	2.92	2.90	2.90	2.85	2.82	2.74	2.72	2.70	2.69
NL	2.15	2.15	2.10	2.11	2.12	2.11	2.03	1.89	1.76	1.74	1.80	1.75
RO**	4.49	5.11	5.49	5.96	6.04	5.93	5.94	5.91	5.78	5.79	5.65	5.36
SE	1.67	1.61	1.60	1.57	1.57	1.49	1.46	1.41	1.41	1.46	1.42	1.29
UK	2.03	2.09	2.11	2.13	2.09	2.06	2.03	1.89	1.82	1.77	1.74	1.75

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BE	2.13	1.94	1.84	1.83	1.70	1.69	1.56	1.66	1.57	1.61	1.46	1.37
CZ	2.34	2.43	2.50	2.68	2.79	2.70	2.51	2.31	2.37	2.31	2.13	2.02
DE	1.69	1.76	1.71	1.71	1.64	1.47	1.24	1.12	1.12	1.13	1.09	1.03
DK*	1.61	1.72	1.67	1.57	1.25	1.00	0.73	0.77	0.92	1.07	0.84	0.70
ES	4.48	4.45	4.21	3.98	3.97	4.18	4.49	4.17	4.29	3.50	3.82	3.59
FI	1.90	1.70	1.90	2.00	1.84	1.46	1.33	1.52	1.62	1.58	1.58	1.57
HU	5.39	5.27	5.39	5.45	5.17	5.03	4.86	4.39	4.17	4.24	4.15	4.06
NL	2.34	2.39	2.39	2.38	2.39	2.27	2.11	2.09	1.88	1.77	1.77	1.75
RO**	5.40	5.51	6.12	6.40	6.63	6.47	6.44	6.31	6.10	5.48	5.77	5.60
SE	2.20	2.03	2.04	1.86	1.79	1.81	1.54	1.39	1.35	1.57	1.41	1.47
UK	2.63	2.63	2.67	2.67	2.64	2.50	2.33	2.25	2.31	2.29	2.13	1.74

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
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
CZ	2.48	2.54	2.48	2.94	2.97	2.80	2.87	n/a	n/a	n/a	n/a	n/a
DE	1.94	1.98	1.95	1.96	1.86	1.67	1.37	1.25	1.26	1.25	1.20	1.14
DK*	2.87	2.85	2.79	2.79	2.53	2.16	1.72	1.67	1.74	2.03	1.79	1.75
ES	2.33	2.29	2.26	2.31	2.44	2.41	2.21	1.86	1.81	1.80	1.77	1.67
HU	5.51	5.76	5.74	5.79	5.61	5.72	5.49	4.72	4.52	4.73	4.65	4.43
IT****	2.07	1.96	1.93	2.06	2.00	1.92	1.46	1.46	1.39	1.25	1.25	1.24
NL	2.90	2.86	2.80	2.82	2.84	2.78	2.63	2.57	2.16	2.07	2.04	2.00
RO**	4.85	4.56	5.56	5.91	6.12	5.26	5.46	5.48	5.42	5.28	5.20	4.84
UK	n/a	n/a	n/a	n/a	n/a	n/a	2.09	2.18	2.66	2.89	2.33	2.13

* 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:
- UK

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
CZECHIA											
Variable rate *(up to 1Y initial rate fixation)*	18.7	18.6	18.4	24.1	23.1	23.6	n/a	n/a	n/a	n/a	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	53.2	52.4	51.7	46.9	46.4	45.1	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed *(5Y-10Y initial rate fixation)*	23.7	24.5	25.5	24.4	25.8	26.6	n/a	n/a	n/a	n/a	n/a
Long-Term fixed *(over 10Y initial rate fixation)*	4.4	4.4	4.5	4.6	4.7	4.8	n/a	n/a	n/a	n/a	n/a
DENMARK											
Variable rate *(up to 1Y initial rate fixation)*	36.4	35.4	33.4	32.7	32.5	31.5	31.2	31.0	31.3	30.4	29.7
Short-term fixed *(1Y-5Y initial rate fixation)*	25.9	25.5	26.3	25.9	24.8	24.8	24.0	23.2	22.3	22.1	21.7
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	37.5	39.2	40.2	41.4	42.6	43.7	44.8	45.9	46.4	47.5	48.6
FINLAND											
Variable rate *(up to 1Y initial rate fixation)*	92.8	93.1	93.3	93.6	93.9	94.1	94.3	94.4	94.5	94.7	95.0
Short-term fixed *(1Y-5Y initial rate fixation)*	4.4	4.5	4.2	4.1	3.7	3.6	3.3	3.1	2.9	2.8	2.6
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	2.8	2.3	2.5	2.4	2.4	2.3	2.3	2.5	2.6	2.5	2.4
IRELAND											
Variable rate *(up to 1Y initial rate fixation)*	82.5	80.9	78.6	76.1	73.9	71.9	69.8	67.5	66.5	65.19	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	15.6	17.2	19.4	21.6	23.6	25.4	27.2	29.2	30.2	31.5	n/a
Medium-Term fixed *(5Y-10Y initial rate fixation)*	2.0	1.9	2.0	2.4	2.5	2.8	3.0	3.3	3.3	3.3	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)*

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
SWEDEN											
Variable rate *(up to 1Y initial rate fixation)*	68.9	69.01	67.0	64.9	63.8	63.0	61.1	59.3	58.0	56.6	54.3
Short-term fixed *(1Y-5Y initial rate fixation)*	29.7	20.9	31.6	33.8	34.9	36.0	37.6	39.4	40.8	42.2	44.5
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	1.4	1.4	1.4	1.3	1.3	1.0	1.3	1.3	1.3	1.2	1.2
UNITED KINGDOM											
Variable rate *(up to 1Y initial rate fixation)**	35.0	33.4	31.6	29.9	28.7	27.5	26.3	25.1	24.4	23.8	23.0
Short-term fixed *(1Y-5Y initial rate fixation)*	63.4	65.0	66.7	68.4	69.5	70.6	71.7	72.9	73.6	74.1	74.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.5	1.6	1.6	1.8	1.8	1.9	1.9	1.9	2.0	2.1	2.1
Long-Term fixed *(over 10Y initial rate fixation)*	0.1	0.1	0.1	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	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
ITALY											
Maturity less than 5 years	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.3
Maturity over 5 years	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.6	99.5	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

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	2.5	4.9	7.4	7.9	6.6	6.0	2.6	1.1	2.3	2.7	2.7	0.7	0.6
Short-term fixed (1Y-5Y initial rate fixation)	4.8	4.2	3.9	5.8	5.9	3.4	2.9	2.0	1.4	1.1	1.3	1.0	1.1
Medium-Term fixed (5Y-10Y initial rate fixation)	18.2	18.1	17.1	20.8	24.6	24.4	25.5	20.4	12.2	14	14.5	14.1	14.6
Long-Term fixed (over 10Y initial rate fixation)	74.6	72.9	71.6	65.5	62.9	66.1	69.1	76.6	84.0	82.2	81.5	84.2	83.6
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	2.0	2.6	3.1	3.5	2.7	4.1	3.2	3.2	2.2	2.0	2.1	3.1	3.1
Short-term fixed (1Y-5Y initial rate fixation)	59.5	55.3	56.8	54.8	49.8	52.6	48.2	47.0	38.5	34.3	46.7	46.5	50.7
Medium-Term fixed (5Y-10Y initial rate fixation)	38.4	42.2	40.1	41.7	30.1	43.3	48.6	49.8	59.3	63.7	51.2	50.3	46.2
Long-Term fixed (over 10Y initial rate fixation)	3.0	4.3	5.0	6.1	4.3	6.3	5.4	6.2	n/a	n/a	n/a	n/a	n/a
DENMARK													
Variable rate (up to 1Y initial rate fixation)	22.9	13.7	15.5	14.8	18.2	16.6	10.7	5.2	7.3	11.2	16.1	9.8	9.8
Short-term fixed (1Y-5Y initial rate fixation)	39.4	36.7	29.6	25.4	31.2	26.8	14.5	8.6	10.8	15.6	17.0	14.7	14.7
Medium-Term fixed (5Y-10Y initial rate fixation)	0.9	2.1	0.6	1.5	0.9	1.6	0.8	0.7	1.6	0.5	0.3	0.3	0.3
Long-Term fixed (over 10Y initial rate fixation)	36.8	47.6	54.3	58.3	49.8	55.1	74.0	85.4	80.3	72.6	66.6	75.1	75.1
FINLAND													
Variable rate (up to 1Y initial rate fixation)	96.0	96.2	96.4	96.6	96.3	96.1	96.4	96.5	96.6	95.9	96.9	97.1	96.9
Short-term fixed (1Y-5Y initial rate fixation)	1.9	1.8	1.8	1.4	1.7	1.8	1.5	1.3	1.3	1.6	1.1	1.0	1.2
Medium-Term fixed (5Y-10Y initial rate fixation) / Long-Term fixed (over 10Y initial rate fixation)	2.1	2.0	1.8	2.0	2.0	2.1	2.1	2.2	2.2	2.5	2.0	1.9	1.8
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.9	11.3	12.5	11.5	11.6	11.4	11.2	10.6	10.8	10.4	11.1	10.3	10.1
Short-term fixed (1Y-5Y initial rate fixation)	8.9	8.8	8.8	8.7	8.7	8.9	8.8	7.7	7.6	7.6	7.8	7.2	7.2
Medium-Term fixed (5Y-10Y initial rate fixation)	35.4	34.4	33.8	34.0	34.6	33.0	32.6	31.5	31.7	32.0	32.5	32.7	33.1
Long-Term fixed (over 10Y initial rate fixation)	43.9	45.5	44.9	45.8	45.1	46.7	47.3	50.1	49.9	49.9	48.6	49.8	49.5

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

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
HUNGARY													
Variable rate *(up to 1Y initial rate fixation)*	38.7	28.1	18.3	11.5	6.5	4.9	3.2	2.6	1.7	1.6	1.1	1.1	1.0
Short-term fixed *(1Y-5Y initial rate fixation)*	34.2	42.7	46.6	42.4	31.3	26.5	24.7	28.3	30.6	29.3	27.9	26.7	25.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	21.2	23.8	29.2	38.4	51.3	57.6	61.4	59.2	55.2	53.9	57.8	59.3	59.8
Long-Term fixed *(over 10Y initial rate fixation)*	5.9	5.4	5.9	7.8	11.0	11.0	10.7	9.8	12.5	15.2	13.2	12.9	13.7
IRELAND													
Variable rate *(up to 1Y initial rate fixation)*	43.8	45.6	41.5	36.1	30.9	28.7	27.9	26.3	25.0	25.6	24.9	21.4	21.4
Short-term fixed *(1Y-5Y initial rate fixation)*	56.2	54.4	58.5	63.9	69.1	71.3	72.1	73.7	75.0	74.4	75.1	78.6	78.6
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)*	37.5	36.3	33.4	32.8	30.5	30.8	34.2	31.5	19.7	19.8	19.2	17.4	17.4
Short-term fixed *(1Y-5Y initial rate fixation)* Medium-Term fixed *(5Y-10Y initial rate fixation)* Long-Term fixed *(over 10Y initial rate fixation)*	62.5	63.7	66.6	67.2	69.5	69.2	65.8	68.5	80.3	80.2	80.8	82.6	82.6
NETHERLANDS													
Variable rate *(up to 1Y initial rate fixation)*	15.3	15.4	16.2	16.3	16.9	18.2	19.7	19.4	17.1	17.3	12.5	14.3	15.2
Short-term fixed *(1Y-5Y initial rate fixation)*	8.9	9.3	10.2	10.0	9.2	9.3	10.0	8.7	7.9	7.4	6.6	7.4	7.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	55.3	53.4	48.2	43.8	43.1	42.5	42.7	44.1	43.4	41.1	39.7	34.0	32.9
Long-Term fixed *(over 10Y initial rate fixation)*	20.5	21.8	25.4	29.9	30.8	30.0	27.5	27.8	31.6	34.3	41.2	44.3	44.4

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

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
POLAND													
Variable rate *(up to 1Y initial rate fixation)*	100	100	100	100	100	100	100	100	100	100	100	100	100
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)*	59.1	61.3	68.2	64.0	66.3	82.9	76.9	70.81	55.7	59.7	71.0	70.7	70.7
Short-term fixed *(1Y-5Y initial rate fixation)*	40.9	38.7	31.8	36.0	33.7	17.1	23.1	29.2	44.3	40.3	29.0	29.3	29.3
Medium-Term fixed *(5Y-10Y initial rate fixation)*													
Long-Term fixed *(over 10Y initial rate fixation)*													
ROMANIA													
Variable rate *(up to 1Y initial rate fixation)*	78.5	73.2	77.7	75.0	69.9	74.3	76.2	79.4	78.2	70.0	72.0	66.5	75.2
Short-term fixed *(1Y-5Y initial rate fixation)*	10.3	15.5	8.5	11.3	13.6	13.2	10.8	10.0	10.5	11.2	10.5	11.0	7.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	3.5	5.6	6.0	6.7	8.5	3.8	2.6	2.5	4.2	5.4	4.6	5.5	3.1
Long-Term fixed *(over 10Y initial rate fixation)*	7.8	5.7	7.9	7.0	8.0	8.7	10.5	8.1	7.1	13.4	13.0	17.1	14.3
SPAIN													
Variable rate *(up to 1Y initial rate fixation)*	42.3	36.3	36.8	36.2	35.7	34.4	38.1	36.3	33.6	32.3	38.6	35.4	31.2
Short-term fixed *(1Y-5Y initial rate fixation)*	28.5	29.7	28.39	28.2	26.6	26.8	27.0	28.8	22.3	19.3	17.0	18.9	19.1
Medium-Term fixed *(5Y-10Y initial rate fixation)*	3.9	4.1	4.24	4.7	4.8	5.6	4.5	3.5	3.0	3.6	3.0	3.1	2.7
Long-Term fixed *(over 10Y initial rate fixation)*	25.3	29.9	30.58	30.8	32.8	33.3	30.4	31.4	41.1	44.8	41.4	42.6	47.0

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

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
SWEDEN													
Variable rate *(up to 1Y initial rate fixation)*	69.0	70.3	72.9	72.2	62.1	54.9	60.8	63.0	58.7	49.5	52.7	46.4	46.4
Short-term fixed *(1Y-5Y initial rate fixation)*	20.4	20.8	20.2	20.9	29.8	36.2	31.6	27.0	28.5	35.4	34.1	37.7	37.7
Medium-Term fixed *(5Y-10Y initial rate fixation)* Long-Term fixed *(over 10Y initial rate fixation)*	10.7	8.9	6.9	6.8	8.1	8.9	7.6	10.0	—	12.8	13.2	15.8	15.8
UNITED KINGDOM													
Variable rate *(up to 1Y initial rate fixation)**	7.4	6.7	6.7	8.3	6.8	7.9	6.6	7.4	6.7	7.3	10.3	9.1	7.9
Short-term fixed *(1Y-5Y initial rate fixation)*	90.9	91.6	91.7	90.0	91.7	90.5	91.8	90.7	91.8	91.5	88.6	89.4	90.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.9	1.5	1.2	1.1	1.5	1.7
Long-Term fixed *(over 10Y initial rate fixation)*	n	n/a	n/a	n/a	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	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:
- Spain
- United Kingdom
- Czech Republic

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 – Fourth quarter of 2020"* 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)

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
AT	0	29	14	0	29	29	14	14	0	29	14	14
BE	25	0	0	25	0	50	25	75	50	50	0	0
CY	0	0	0	0	0	0	0	0	0	25	50	50
DE	-7	-7	-3	0	7	-3	0	0	3	21	7	0
EE	30	10	0	0	0	0	0	0	63	25	0	-13
EL	0	-25	0	0	0	0	0	0	0	0	0	0
ES	-11	-11	0	0	11	11	0	11	0	33	11	0
FR	-14	-2	-2	-2	-2	-2	0	2	37	10	58	24
IE	0	0	0	0	0	0	0	0	0	40	0	-10
IT	-10	0	0	10	10	0	-10	-10	0	0	10	0
LT	0	0	25	25	0	0	0	0	25	50	-25	0
LU	-33	-17	0	0	0	-17	-33	0	17	50	33	50
LV	-25	0	50	25	50	0	0	0	50	25	-25	-25
MT	40	0	0	0	0	21	60	0	0	38	0	38
NL	-51	-50	-34	-35	-32	-34	-30	-34	-34	35	0	0
PT	0	0	60	20	0	0	0	20	20	60	20	20
SI	0	0	20	20	0	0	0	100	40	20	0	25
SK	59	32	78	50	66	15	78	-9	60	100	-2	-33
EA	**-11**	**-8**	**-2**	**-1**	**3**	**1**	**-2**	**1**	**9**	**22**	**20**	**7**
CZ	41	29	40	92	-6	-15	18	26	5	72	26	-21
DK	40	13	-6	19	0	8	0	19	-7	15	-12	13
HU	-5	-15	0	-5	-5	-5	0	0	55	37	-15	-6
PL	-4	7	58	61	1	1	32	8	29	91	-38	6
RO	7	0	18	16	50	0	0	0	12	65	2	34
UK	-4	-4	11	12	-7	6	1	-15	4	72	-10	2

According to the latest ECB's Bank Lending Survey results, credit standards for housing loans tightened in the fourth quarter, but at a slower pace than in the previous quarters of 2020.

More specifically, **credit standards** for loans to households for house purchase continued to tighten in the fourth quarter of 2020, with a net percentage of 7% (20% in the third quarter). The net tightening was smaller than in previous quarters of 2020 and close to the historical average recorded since 2003 (6%). The reasons behind the relative slowdown is the continued erosion of both the overall economic outlook, as the coronavirus pandemic lingers on over, and borrowers' creditworthiness. Moving forward, Eurozone banks expect a continued net tightening of credit standards for housing loans in the first quarter of the year 2021, foreseen a net percentage of 13%.

Across the largest euro area countries, **credit standards** tightened in France (24% in Q4 2020, after a 58% reading in the previous quarter), while they remained unchanged (0%) in Germany, Spain and Italy.

Banks in Spain, for instance, reported a notable net easing contribution from cost of funds and balance sheet constraints, while pressure from competition contributed to a net tightening of credit standards. Furthermore, French banks state that additional macroprudential provisions adopted in December 2019 are the main driver of the tightening of national credit standards, as stated in the previous edition of the Quarterly Review.

In terms of the other countries that make up our sample, credit supply has evolved differently in Euro Area countries. As per the latest information, credit standards have remained unchanged in Belgium and the Netherlands, while in Austria and Portugal, standards have tightened (recording net percentages of 14% and 20% respectively). In the meantime, standards in Ireland have eased, as signalled by the latest quarterly reading of -10%.

Concerning **credit conditions**, these tightened further for housing loans and, as of Q4 2020, record a net percentage of 6%, following a 9% reading in the previous quarter. The tightening comes as bank's risk perception increases and their risk tolerance falters.

Considering the largest Eurozone economies, overall terms and conditions on mortgage loans tightened in Germany and France. No changes were registered in Spain and Italy. In Germany, the tightening was is a consequence of wider margins on both average and riskier loans, while in France, margins on average loans narrowed while conditions tightened.

In the fourth quarter of 2020, a net percentage of 5% of banks reported an increase in the share of **rejected loan** applications for housing loans, below Q3 2020's net percentage of 8%. This correlates with the successive changes in credit standards. The rate of rejection for housing loan increased in France, Spain and Germany. It, however, dropped in the Italian market.

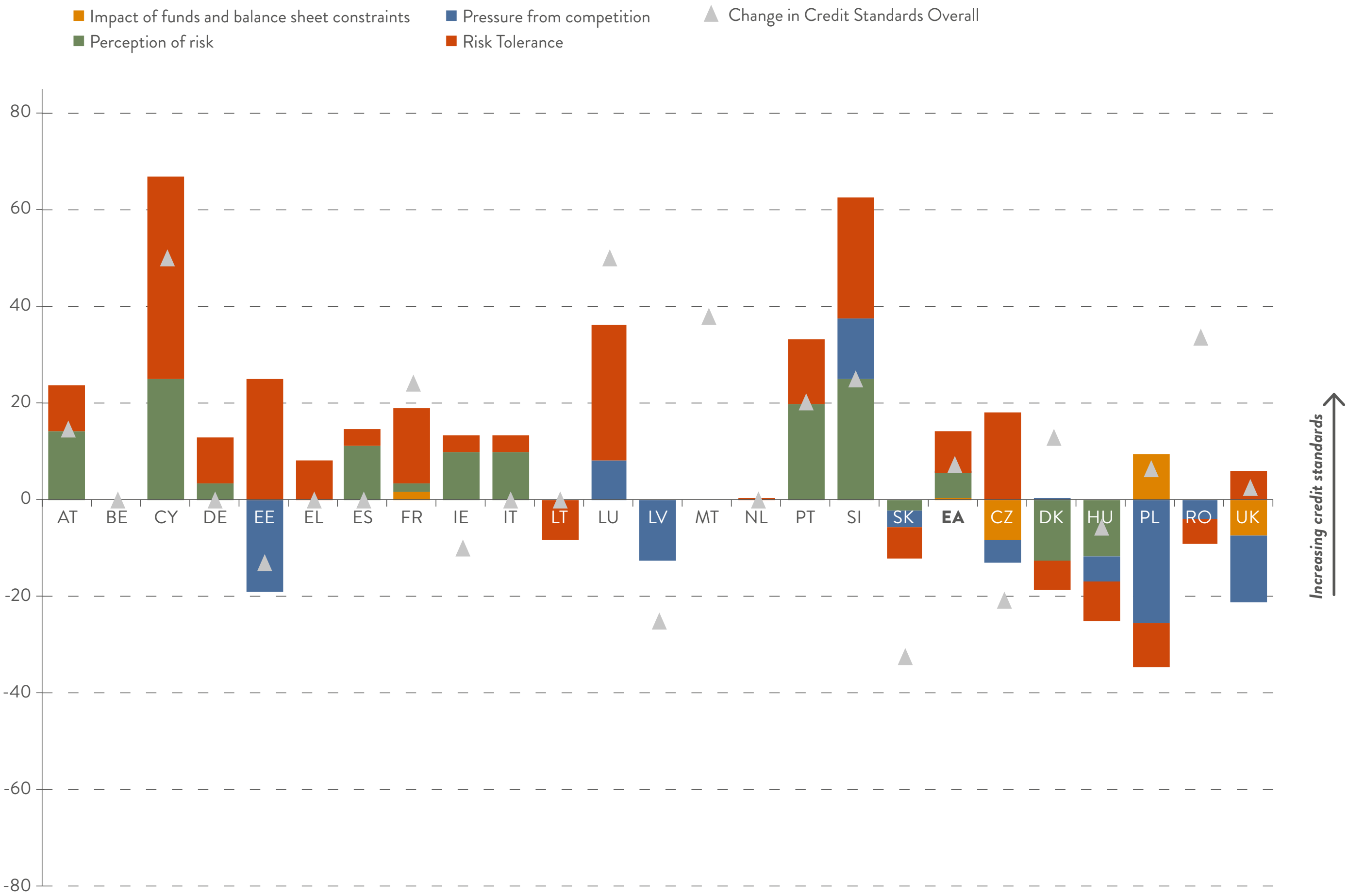
Outside of the Euro area, standards tightened in Romania (34% net balance) while in Hungary (-6%), Poland (-6.4%) and Czechia (-21%) standards experienced different degrees of easing. In Denmark, conditions also eased further, recording a -13% easing after a -12% in Q3 2020. Lastly, in the UK, credits standards also eased, netting a 2% reading in Q4 2020.

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2020-Q4 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

IV 2020	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	14	0	50	0	-13	0	0	24	-10	0	0	50	-25	38	0	20	25	-33	**7**	-21	13	-6	6	34	2
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	0	-13	0	-11	2	0	0	0	0	-25	0	0	0	0	0	**-1**	-7	—	0	10	7	-7
Perception of risk	5	0	33	0	0	0	0	2	-7	0	0	44	0	38	-11	7	33	8	**1**	-7	-12	-4	-9	20	—
Pressure from competition	0	0	0	0	-13	0	6	0	0	0	0	8	-13	0	0	0	13	-3	**1**	-2	0	-6	-25	0	-14
Risk Tolerance	14	0	50	0	0	0	0	0	0	0	0	0	0	38	15	0	25	-61	**2**	—	-6	0	—	—	6

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)

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020
AT	14	0	-14	-14	14	14	29	29	43	-14	29	0
BE	0	0	0	25	0	0	0	100	-50	-100	25	25
CY	80	100	50	25	25	50	0	25	0	-75	100	100
DE	14	21	3	10	14	38	28	17	24	-29	36	11
EE	20	30	0	0	13	13	0	25	0	-50	25	50
EL	25	25	25	100	50	0	75	75	75	0	100	50
ES	22	22	22	-11	11	0	-33	-33	-44	-100	22	-11
FR	-40	17	-22	-20	20	28	28	41	38	-91	46	37
IE	10	30	-10	10	50	20	0	0	40	-100	50	30
IT	10	20	10	10	0	20	10	30	-30	-70	30	0
LT	0	25	0	25	0	0	0	0	-25	-50	25	0
LU	17	17	-17	17	17	0	-17	17	33	-100	33	67
LV	75	50	25	25	25	25	25	50	0	-50	50	50
MT	55	55	56	-25	43	0	-82	-99	-82	-58	56	62
NL	33	51	49	52	49	50	14	50	49	2	-42	6
PT	40	40	60	20	-20	40	40	20	0	-80	20	20
SI	0	20	-20	0	-20	-20	-20	-80	-60	-100	50	0
SK	-26	93	-2	-15	-20	-25	-1	7	0	-100	-3	-27
EA	**5**	**23**	**5**	**12**	**14**	**26**	**15**	**25**	**12**	**-61**	**31**	**16**
CZ	-25	-2	45	-28	-72	29	18	31	20	-50	64	75
DK*	-11	0	11	28	11	-14	-30	-7	6	1	8	19
DK*	—	—	—	—	—	—	—	—	—	—	—	—
HU	72	85	51	65	75	60	-44	34	6	-81	84	10
PL	76	40	11	13	26	54	38	-18	23	-66	19	-8
RO	50	-15	-39	-33	8	-17	2	31	12	-65	3	-11
UK**	-29	5	3	24	-2	-29	-13	13	-28	79	-96	-32

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"

Demand for Euro area mortgages registered further net increases during Q4 2020, following Q3 2020's significant bounce-back. The net increase of housing loan demand was 16% during this quarter, versus 31% in Q3 2020. The expanding demand for housing loans can be explained, in part, to the release of constrained demand, as mentioned previously in this report, and the subsequent catch-up of lending by banks after the initial shock of the pandemic. The current juncture has been driven by low interest rates and the improved housing market projections. However, it is important to note that consumer confidence is not as robust, which has hindered mortgage credit demand.

Banks foresee a net decline of in demand for mortgages in Q1 2020, of -3%.

As to the relevant Euro area markets, banks in Germany and France logged net increases in loan demand (11% and 37%, respectively), whereas Spanish entities saw a net decline of -11%. Italian banks, in turn, reported no change (0%) concerning demand of mortgage loans.

The low interest rate environment contributed again to the demand in all countries. Moreover, Housing prospects contributed positively in Germany and France, while they had a negative impact in Spain and no impact at all in Italy. Confidence level were negative throughout, only contributing, albeit in a limited manner, in France. Lastly, when considering financing needs, these helped improved loan demand in Spain yet had a negative effect on French demand levels.

Beyond these key markets, demand for loans varied significantly across the Eurozone. Bearing in mind the net results ECB bank lending survey, the following countries recorded net increases in loan demand: Netherlands (6%), Portugal (20%), Belgium (25%), Ireland (30%). In Austria, Lithuania and Slovenia, demand remains unchanged in Q4 2020, in line with the Italian reading. Slovakia recorded a -27% net demand score, marking the third consecutive quarter with a negative net balance.

As to non-Euro area markets, demand for loans increased by 75% in Czechia, the highest balance recorded this quarter, while Demark and Hungary saw more moderate yet significant increases (19% and 10% each). In Poland and Romania, however, registered negative net balances, as demand decreased by -8% and by -11% respectively. Lastly, the UK recorded its second consecutive quarter with a negative score (-31,5% in Q4 2020, following Q3 2020's -96% reading).

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2020-Q4 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

IV 2020	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	0	25	100	11	50	50	-11	37	30	0	0	67	50	62	6	20	0	-27	**16**	75	19	10	-8	-11	-32
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	0	25	25	4	13	-11	13	25	20	0	0	67	0	0	-30	0	-25	28	**3**	43	—	—	-12	—	—
Other financing needs	0	0	25	0	0	0	6	-6	0	0	0	0	0	0	32	-10	-10	-17	**2**	—	—	—	—	—	—
Consumer confidence	0	25	25	-11	38	-22	-2	25	20	-20	0	-17	25	62	-31	-20	0	28	**-8**	32	—	—	16	—	—
Use of alternative finance	-5	0	25	-5	4	0	-11	4	0	0	0	0	0	9	0	-13	-30	-2	**-2**	0	—	—	—	—	—
General level of interest	0	25	0	7	25	11	22	25	0	20	0	50	25	1	37	20	25	34	**16**	27	—	—	—	—	—

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

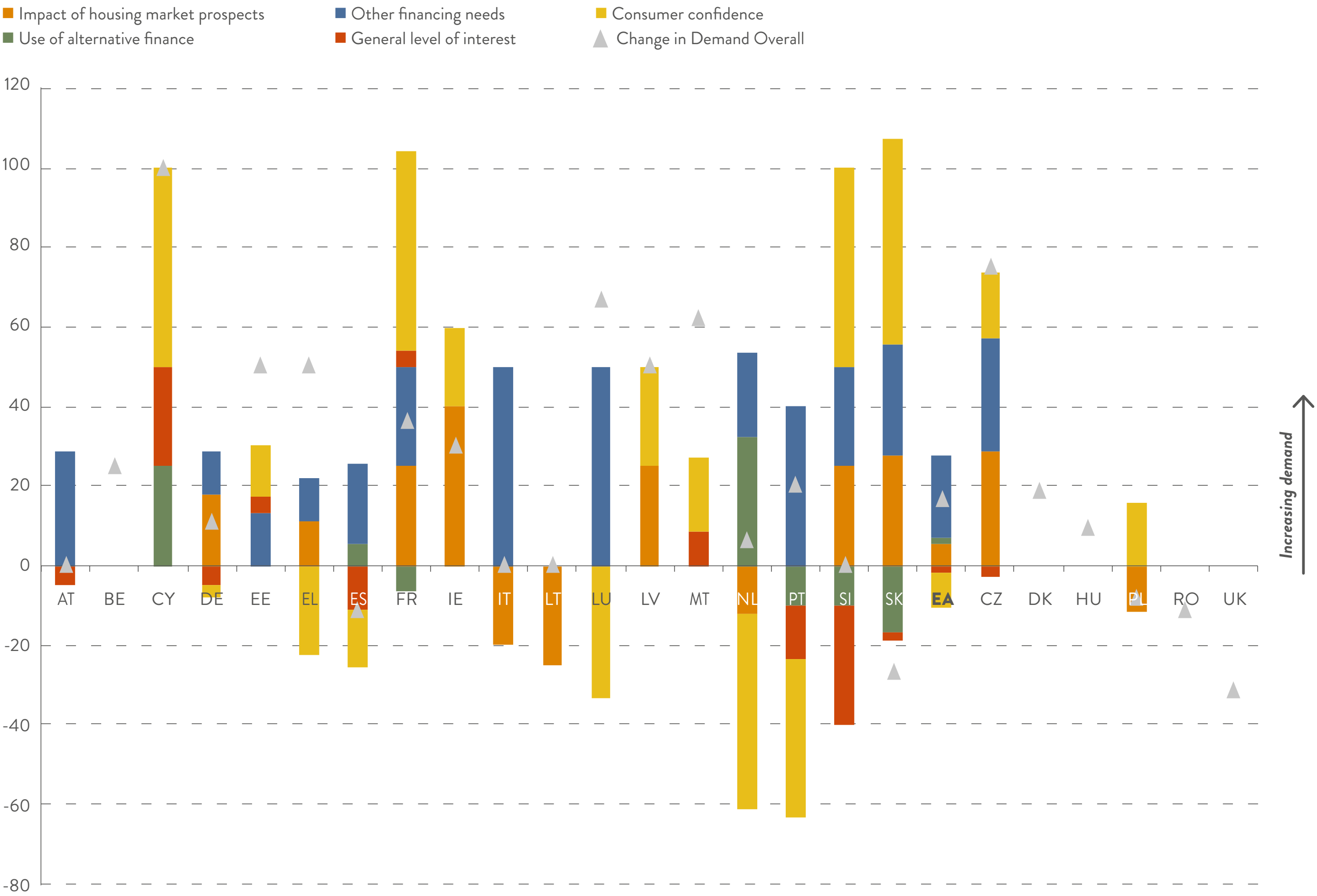
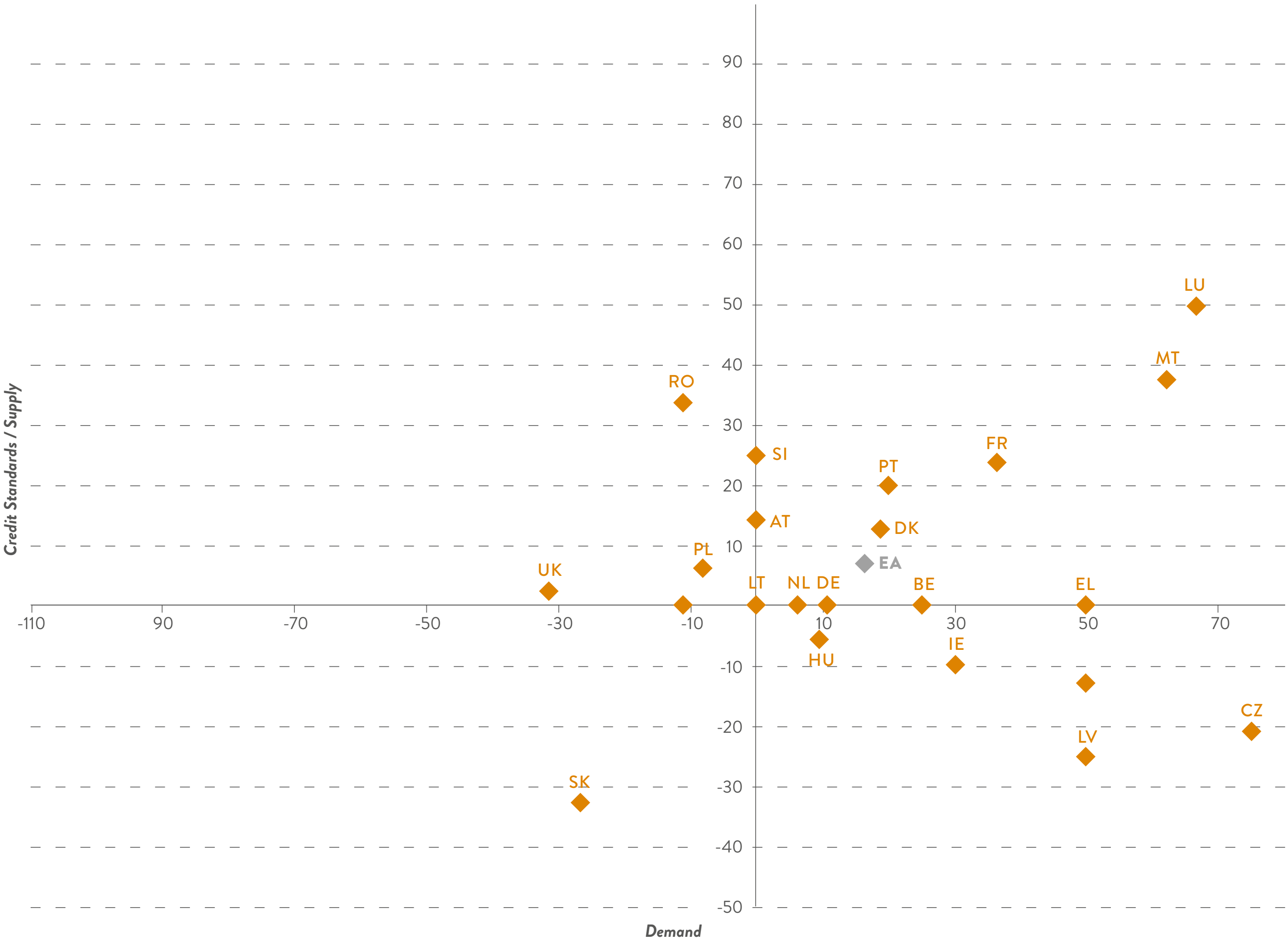


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

The fact that in aggregate terms the Euro area tightened only marginally credit standards as opposed to the previous two quarters is seen in the distribution of the various jurisdictions which shows several countries, located principally in Central and Eastern Europe, with easing standards together with a further significant sample of countries with unchanged standards.

On the demand side the ongoing appetite for lending for house purchase is unbroken with the majority of countries depicting an increase in demand and with only the UK and Slovakia showing some more significant reduction in demand in the latter potentially explained by the use of alternative sources of finance.

Q4 | 2020

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS

EMF
FUNDING THE REAL ECONOMY