EMF

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Q3 | 2021

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation
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Mortgage lending activities continued to expand in the third quarter of 2021, as key market indicators registered further yearly increases, particularly in terms of outstanding residential mortgage loans. The apparently consistent upward momentum of the European mortgage market took place in parallel with a relative improvement of the European macroeconomic outlook, a trend that was highlighted in previous editions of this report, albeit at a slower rate than in previous quarters. As per the latest figures published by Eurostat (December 2021), EU GDP increased by 4.1% in Q3 2021 compared to Q3 2020, after a 13.8% yearly increase in the previous quarter. In the Euro area, GDP grew by 3.9%, down from 14.4% in Q2 2021. It is the third consecutive quarter with increasing GDP levels.

The correlative growth of both residential mortgage lending and overall economic activity in Europe is, however, a lot more nuanced. Improved expectations as to the broader economy can certainly serve as a catalyst for lending. Yet, as this report aims to show, a multitude of market factors are currently at play, influencing lending performance. One such factor is house prices, which, on average, rose once more across all EMF jurisdictions on a yearly basis, further extending a period of consistent growth. However, recent data shows that, despite the successive periods of growth, signs of deceleration are becoming visible at this stage. In terms of supply, country-specific reports indicate that housing starts, transactions and building permit issuance remain high, yet household demand is proving higher, leading to constraints that have an impact on both house prices and lending proper. Moreover, labour and material costs are increasing, posing a new supply-side risk for both builders and lenders. In terms of regulation, several pandemic-related measures or exemptions were scaled back as of this quarter, as businesses reopened and borrowers' finances stabilised after the initial "shock". The focus is now on ensuring stable lending conditions and borrowers' creditworthiness. Lastly, mortgage interest rates, on average, appeared to decrease further in the broader European market, but country-specific data and developments suggest that the overarching trend could shift moving forward, more so bearing in mind the evolution of inflation in the EU and elsewhere.

These topics will be covered in more detail in this edition of the EMF Quarterly Review.

MORTGAGE MARKETS

On an aggregated level, the volume of outstanding mortgage loans in the EMF country sample[1] amounted to approximately EUR 7.9 tn in Q3 2021, representing a 6.6% yearly increase compared to Q3 2020 volumes. The volume of outstanding mortgage loans, while maintaining its upward momentum, expanded at a slower yearly pace, following a peak 6.8% growth rate in Q2 2021 (vs Q2 2020).

[1] In Q3 2021, the sample for the Quarterly Review includes BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. (i.e. around 95% of the total outstanding mortgage lending in the EU27 and UK in 2020). For this analysis, the EMF Secretariat used Q3 2021 figures and country-specific comments submitted by BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. In order to have a complete statistical table, the Secretariat used the latest available figures to complete certain parts of the dataset.

Gross lending activity was also dynamic in Q3 2021, expanding for the third consecutive quarter. The market is nevertheless showing signs of deceleration. Combined gross lending was EUR 375 bn in Q3 2021, marking a 17% increase compared to the same quarter of the previous year. This latter rate is significantly lower than the one registered in Q2 2021, when gross lending grew by 35% year-on-year and volumes reached a peak aggregated amount of EUR 399 bn.

From a country standpoint, most EMF jurisdictions log further increases both in outstanding mortgage loans and gross residential lending, yet there are particular narratives worth highlighting, which will be commented on in this section.

In Northern Europe, the first of the regions to be considered, the volume of outstanding residential mortgages expanded once more in Q3 2021. In **Sweden**, the volume increased by 6.6% y-o-y (considering values in SEK), up from 6.3% the previous quarter. Gross lending activity also grew in said country, with the latest data showing a yearly increase of 15%, up from 4.4% y-o-y in Q2 2021.

Mortgage lending secured on one-family homes in particular increased by 6.3% on an annual basis (6.0% in Q2) and tenant-owned apartments by 7.9% (7.5% in Q2). Net mortgage lending (that is, the change in the stock of outstanding mortgage loans) to multi-family homes increased by 5.5% in Q3 compared to a yearly 5.4% in Q2 2021.

According to the latest reports, one key driver behind the increased lending on single-family homes is, as explained in previous reports, the growing demand for this type of housing amid the Covid-19 restrictions and thereafter. Another explanation could be the amortisation exemption, which was originally introduced in April 2020. The amortisation exemption was, however, abolished during the third quarter of 2021. Other factors that can help explain this development are increased savings during the pandemic, which enable households to spend more on housing, and the comparably low level of construction of detached houses in relation to demand.

Denmark, in the meantime, saw its residential mortgage volumes grow by 1.2% compared to Q3 2020 values, reaching DKK 1.99 bn in total value. In contrast, gross lending activity decreased in Q3 2021 by -11.8% on a yearly basis. Total gross lending amounted to DKK 95 bn.

In **Finland**, the volume of outstanding mortgage loans expanded by 4.2% compared to Q3 2020. Regarding gross residential lending, volumes decreased by -5.5% y-o-y, following a yearly contraction of -30.6% in the previous quarter. Reports show that household and investor demand for new mortgages was higher than a year before. The effects of the transition to remote or teleworking schemes led to an increase in demand for new, more spacious housing options. These effects, however, appear to be wearing off.

Moving on to Continental Europe, outstanding residential mortgage volumes increased further in Q3 2021.

In the **Netherlands**, the residential mortgage stock grew by 3.9% over one year (compared to Q3 2021), up from 3.1% in the previous quarter. Dutch gross lending grew by more than 12% yearly, improving on Q2 2021's 8.3% growth rate. According to the latest available information on the mortgage market, demand for housing is still high, mainly driven by low interest rates, while the number of houses on sale in the current owner-occupied market is not adequate to meet demand. This apparent imbalance has had an impact on house prices, which will be analysed later on.

In neighbouring **Belgium**, outstanding residential mortgage loan volumes grew by 6.5% on a similar basis, while gross residential lending expanded by a significant 45.1%. The increase in both indicators can be explained mainly by the fact that this quarter is compared to a comparatively "weak" third quarter in 2020, which saw the initial economic and social disruptions of the pandemic and the ensuing lockdowns. Compared to the third quarter of 2019, considered a more "normal" year, the number of new loans showed a small decrease (-1.6%), but the corresponding amount increased by 17%.

Regarding the purpose of the credits granted, the increase, in number of credits granted, as compared to the figure of 2020, was noticeable on all levels: a 22.7% increase for loans for the purchase of houses, 6% growth in loans for the renovation of houses and a 38.5% increase for loans for the construction of houses. The number of loans for the purchase and renovation of houses also showed a strong increase (+20%). Furthermore, the number of remortgaging loans also went up again (by 7.5%) as compared to the third quarter of the preceding year.

In **France**, the residential mortgage stock expanded by 7% yearly in Q3 2021 compared to the same quarter of the previous year, up from 6.5% in Q2 2021. In terms of gross residential lending, the marker remained dynamic, despite the growth rate being relatively slower compared to that of the previous quarter: in Q3 2021, gross lending volumes grew by 20.9% year on year, down from 28% in Q2 2021.

Increases in the volume of outstanding residential mortgage loans were driven by the large volume of new lending in the first nine months of 2021, which, considered altogether, amounted to EUR 170 bn (excluding remortgaging loans), up by 24% compared to 9M 2020 and by 21% compared to 9M 2019. The amounts of new home loans remained very high in Q3 2021, linked to the significant number of existing dwellings (+19.4% y-o-y) and the continuous increase in housing prices (7.4% y-o-y).

Lastly, in **Germany**, the volume of outstanding residential mortgages increased by 7.1% in Q3 2021 compared to Q3 2020 (also 7.1% in Q2 2021), as the overall residential mortgage loan stock reached an all-time high. Gross lending, in the meantime, recorded a slight deceleration, although volumes expanded further, in a similar pattern to that of France. In Q3 2021, gross lending activities grew by 8.2% on an annual basis, after a recording a significant 20.7% increase in Q2 2021.

Lending for residential real estate remained at a high level in the third quarter of 2021. In total, EUR 222.7 bn worth of mortgage loans were newly granted for the purchase and construction of residential property from January to September, 13.6% more than in the previous year. It should be noted that the second quarter of the previous year was affected by the COVID 19 pandemic, so that the very strong rate of increase was also due to a base effect. Growth in lending was particularly driven by owner-occupied home financing. In addition to the fundamentally strong demand, a trend that was highlighted in previous iterations of the report, interest rates remained favourable as well (on average in Q3: 1.28% p.a.), enabling and/or facilitating lending.

In Central and Eastern European markets, mortgages activity tended to grow over the course of Q3 2021.

In **Poland**, outstanding residential loans grew by 7% (considering PLN values) against Q3 2020, while gross lending expanded by a strong yearly rate of 70.3%. The third quarter of 2021 saw a tightening of the lending policy criteria by some banks, mainly related to the entry into force of the provisions of the amended Recommendation S[2], but this did not slow down the growth trend in residential mortgage lending observed in the previous quarters.

At the end of Q3 2021, the number of mortgage loan agreements in Poland exceeded the level of 2,538 units. The volume of outstanding mortgage loans exceeded PLN 500 bn for the first time in the history of the Polish banking sector. During Q3 2021, 68,353 new housing loans were granted (2.00% more than in 2Q 2021, 40% more than in 3Q 2020). The average value of a mortgage loan amounted to almost PLN 340,000. Furthermore, the level of NPL at the end of Q3 2021 was 2.45%, suggesting the quality of residential loans remains high.

Regarding **Czechia**, in Q3 2021 outstanding residential mortgage and gross lending performed similarly, with the former expanding by 11.6% yearly (CZK values) and the latter by 40%, on the same basis.

Czech mortgage market slightly eased its pace of growth in Q3 2021, yet the origination of new mortgage loans remained high. Despite a decrease in quarterly sales of 16% (2021Q3 vs.2021Q2), the yearly trend points towards growth in the production of new mortgages. Factors such as low real estate supply, high demand for housing, together with expectations of consumers concerning real estate market development and the increasing level of household savings can help explain the successive expansions of lending.

Moreover, housing finance remained accessible in great part due to low interest rates and a relatively easing of lending rules, as established by the central bank – the only credit indicator applied for housing loan provisioning was an LTV limit of 90%. Income indicators, that is DTI and DSTI, have not applied since 2020. Expectations around interest rates have also had an impact on the market and rates started to increase, in line with the latest inflationary developments.

Moving on to **Hungary**, the total outstanding residential loan portfolio grew by 3.8 % in Q3 compared to the previous quarter and by 10.4% compared to Q3 in the previous year. Concerning gross residential mortgage loan volumes, these increased by 3.5% in the 3rd quarter of 2021 compared to the previous quarter and increased by about 55% compared to the same period of 2020.

Lastly, in **Romania**, the stock of residential mortgage loans grew by 12.6% on a yearly basis in the third quarter of 2021 (and by 3.8% against the previous quarter). In terms of gross residential lending, loans increased by 57.2% against Q2 2020 (compared with March 2020 figures particularly when the pandemic broke out, the latest data shows a 72% increase). On a quarterly basis (i.e., against Q2 2021), gross lending grew by 21%. Over this period, the NPL ratio for mortgage loans reached 1.52% in September 2021, decreasing by 0.09 pps q-o-q and by 0.49 pps y-o-y.

Most local banks kept their credit standards relatively unchanged in 2021 Q3, in line with the previous quarter's expectations. In respect of Q4 2021, credit institutions anticipate credit standards to remain unchanged.

In the south of Europe, the latest residential mortgage lending data shows the three major jurisdictions recording additional gains in Q3 2021. There are, however, some particular market trends worth highlighting.

In **Italy**, outstanding mortgage lending expanded to approximately EUR 405.3 bn, pointing to an increase of about 4.4% compared to the same quarter of the previous year (Q3 2020). Gross residential lending amounted approximately to EUR 17.6 bn, in line with the performance of the same quarter of 2020. If we consider the first nine months of 2021, gross residential lending increased by almost 8.5% y-o-y.

The mortgage market in **Spain**, meanwhile, continued to show signs of recovery, as the economic and health scenario improved. After many months of profound economic uncertainty, which led to the postponement of housing purchase decisions, pent-up demand has driven lending, helping to restart the market. Thus, during Q3 2021 gross lending increased by 24% y-o-y, albeit marking a -15% q-o-q decrease due to seasonal factors.

From January to September of 2021, mortgage originations increased by more than 45% compared to the same period in 2020, and by 40% compared to 2019. This renewed lending activity experienced by the market throughout this year was also reflected in the volume of outstanding residential mortgages, although more moderately, with a recorded y-o-y increase of 0.5% in Q2 2021 (as per the last data known), following a deleveraging process that has taken place for over the course of a decade.

In **Portugal**, the results from the October 2021 Housing Market Survey show that demand from new buyers increased, marking the strongest return for this indicator since May 2018. At the regional level, the latest survey data points to demand rising at the sharpest rate across Lisbon (in net balance terms), while the pick-up was a little more modest in comparison across Porto and the Algarve. The agreed sales indicator remained in positive territory for eight consecutive months, with a net balance of +15% of contributors noting an increase in sales during October (easing slightly from 21% in September). Against this backdrop, outstanding residential loans increased by 2.2% y-o-y in Q3 2021, up from 1.5% the previous quarter. In terms of gross lending, volumes expanded by 44.4% (53.6% in the previous quarter).

In the **UK**, mortgage market activity was stable in the third quarter of 2021 with gross lending in GBP standing at 70.8 bn. This is comparable to gross lending in Q3 2019, before the pandemic. Demand has been driven by a continued re-evaluation of housing needs due to the pandemic and a stamp duty holiday. Almost half (46%) of the lending in the quarter took place in September, as completions were pushed through before the end of the stamp duty holiday at the end of the month. Lending was lower compared to the second quarter of the year, however with the stamp duty holiday becoming less generous at the end of June, lending in Q2 was particularly strong.

Lending for house purchase accounted for 67% of all lending, and remortgaging accounted for 29%. The remortgaging market picked up in the quarter as mortgage rates continued to fall, prompting some homeowners to change deals and take advantage of lower rates.

[2] At the end of 2020, the Polish Financial Supervision Authority adopted Recommendation S, a list of best practices in the area of mortgage lending. Its main goal is to ensure that activities in this area comply with the current prudential rules, so as to protect lending institutions and clients alike. As of 30 June 2021, banks introduced further changes to mortgage loan granting, on the basis of Recommendation S, thereby establishing tighter lending conditions.

In **Ireland**, mortgage approval volumes rose by 20.9% year on year in Q3 2021 to almost 14,400, about 1,000 more than in Q3 2019. Almost 40,000 mortgages were approved in the first nine months of 2021, some 2,600 more than in the same period of 2019.

Mortgage drawdown volumes rose by 40.9% y-o-y to almost 11,500 in Q3 2021. First-time buyer (FTB) mortgage drawdowns rose by 43.8% y-o-y to more than 6,000. Almost 30,200 mortgages were drawn down in the first nine months of 2020, some 28.7% more than in the same period of 2020 but about 300 less than in the first nine months of 2019. Almost 15,700 FTB mortgages were drawn down in the year to date, only about 300 less than in the first nine months of 2008.

REGULATION AND GOVERNMENT INTERVENTIONS

As businesses have reopened and overall economic activity has started to recover, government measures have shifted from curtailing the immediate effects of the pandemic to improving access to lending by borrowers, better evaluating borrowers' creditworthiness and/or tackling supply-side bottlenecks. Some relevant examples of this are shown here:

Starting off in northern Europe, the general amortisation exemption for mortgage borrowers in **Sweden**, introduced in the middle of April 2020, came to an end in August 2021. Since then, many borrowers have started amortising again, which could potentially have somewhat of a cooling effect on the market.

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

In the **Netherlands**, a coalition government agreement, as formalised in December 2021, aims to encourage the construction of new homes. The goal is 100,000 homes per year. Even if the plans for 100,000 homes a year are agreed, reports suggest it remains to be seen whether all these will actually be built. Although there has been a modest increase in the number of permits issued, labour and building materials shortages in the construction sector are rapidly increasing. For instance, the construction materials industry has faced significant labour and production resources shortages in recent quarters, well past the 2018 peak. Moreover, about 40% of companies in that sector are experiencing difficulties due to workforce shortages, citing this as the biggest obstacle. As a result, construction companies have to reckon with a further increase in material shortages.

In **France**, the Haut Comité de Stabilité Financière (HCSF) recommended to limit the level of Debt-Service-to-Income (DSTI) ratio and the maturity for new home loans, following the observation of a gradual deterioration of the lending criteria for several years. At the end of 2020, the HCSF slightly relaxed its recommendation in favour of a maximum DSTI ratio of 35%, a maximum maturity of 25+2 years. Moreover, the HCSF accepts that 20% of new loans may exceed these criteria (largely in favour of the main residence and first-time buyers). In mid-September 2021, the HCSF announced that this measure would be binding as of 1 January 2022.

Loan granting conditions continued to improve in Q3 2021 for all banks operating in France without jeopardising the strong trend in credit production. The average DSTI has declined by 0.7 pps since January 2020 and stood at 30.2% in Q3 2021. At the same time, the initial average duration is slowly increasing to 21.2 years (vs. 20 years at the beginning of 2020). New home loans not meeting HCSF criteria fell below 20% of total production (compared to 24% in Q2 2021), reaching the target before the beginning of 2022.

Concerning the existing housing stock, the renovation market remained active in Q3 2021. Works related to building energy performance are supported by the French government through incentive and financial aid systems (mainly MAPRIMRENOV' with a budget of EUR 2.4 bn for 2021). In addition, this support is not limited to energy renovations but include general home improvements. A new, single public service has been active since 1 January 2022 to more effectively support households wishing to carry out energy renovation work on their homes.

In **Czechia**, the upper limit of 90% LTV was maintained in Q3 2021, with no new regulation launched during this period.

In **Poland**, according to the provisions of the Recommendation S (as issued by the Polish Financial Supervision Authority, PFSA), when verifying the creditworthiness of a client applying for a mortgage, banks must assess repayment capacity over a maximum period of 25 years (previously 30 years), even if the borrower intends to take out a loan for a longer period. Furthermore, the PFSA orders banks to match the currency of the mortgage loan with the currency of the borrower's dominant income. If the borrower earns their income in a foreign currency, when calculating creditworthiness, it must be artificially depreciated by 50% to protect against exchange rate risk (previously the depreciation level was 20%).

Lastly, as part of said Recommendation, since 1 July 2021, the PFSA requires that each bank (except for cooperative banks) should have a loan offer with a fixed interest rate (fixation period of minimum 5 years). The offer with a fixed interest rate will also be available to borrowers who took out a mortgage before the updated version of the recommendation entered into force.

In **Hungary**, during the second and the third quarters of 2021, the volume of gross residential loans increased quite significantly compared to the same period of the previous year, heavily marked by the economic consequences of the pandemic. Measures such as the reduced 5% VAT rate on new housing, reintroduced in 2021, and various family support subsidy measures also stimulated the mortgage market.

With economic activities resuming, the Hungarian market registered a sharp increase in the price of building materials and a concurrent shortage of skilled manpower, two factors that have led to a temporary slowdown of new home completions (except in Budapest). However, the preferential VAT rate on finished new dwellings (5% instead of 27%) helped offset the recent market strains, supporting and encouraging developers of new housing projects.

HOUSING MARKET

HOUSING SUPPLY

Recently published supply-side indicators show a stable and increasing number of housing permits, starts and transactions in Europe. However, housing supply developments have been heterogeneous across different jurisdictions, as will be shown.

In Northern Europe, the overall picture points to an expanding supply of houses. In **Sweden**, the first of the markets considered in this region, housing starts are expected to have increased by around 8% in 2021. Due to the strong increase in house prices for single-family homes, it is expected that housing starts for these will increase by 20% in 2021. The increase in construction in the last years has been concentrated in apartments. In 2020, housing starts for single-family homes remained unchanged compared to 2019. In 2021, 78% of the housing starts is expected to be apartments compared to 80% in 2020.

Regarding the housing market in **Denmark**, it remained active throughout the third quarter of 2021, with a total of 11,791 houses sold (that is 10% less transactions than in the third quarter of 2020). In the same period, 3,941 owner-occupied apartments were sold, a decrease of 17% compared to the same quarter in 2020. Housing supply remained stable and the supply of apartments on the market continued to rise in the third quarter of 2021. A total of 23,843 and 5,841 houses and apartments, respectively, were on the market at the end of the third quarter. The supply of apartments increased by 7.8% compared to the previous quarter.

In **Finland**, new housing permits and the number of new starts increased in Q3 2021, signalling a potential recovery of the market.

The picture in Continental Europe is somewhat mixed, according to the latest information submitted to the EMF. In the **Netherlands**, although permit issuance recovered from the Dutch nitrogen crisis, the 12-month average appears to have stalled, remaining close to 2017 and 2018 levels. The number of new homes completed (around 70,000 dwellings a year) has not shown any increase for several years now.

In **France**, regarding existing dwellings, transactions for Q3 2021 increased sharply, by 19%, compared to Q3 2020 (impacted by July and August 2020, which were not very dynamic in the context of the pandemic). By the end of September 2021, the number of transactions over the last twelve cumulative months reached an all-time high of 1.204.000 units, up by 22% compared to the volume reported in Q3 2020 and by 15% compared to that in Q3 2019.

Despite signs of recovery have been visible since the beginning of 2021 for new buildings, the volume of quarterly sales remained below their pre-pandemic level (-20% compared to Q3 2019), as well as new buildings put up for sale (-12% compared Q3 2019). The significant recovery in construction of individual houses observed since the beginning of 2021 continued in Q3 2021, with volumes 18% higher than in the first nine months of 2020, and even 3% higher than the same 9 months in 2019, before the start of the pandemic.

In Central and Eastern Europe jurisdictions, by contrast, the housing market remains on a clear upward path. Starting off in **Poland**, the construction business expanded further in Q3 2021. Nearly 59,000 new dwellings were completed during this period (a decrease of 1% in comparison to Q3 2020), while construction started for around 72,000 dwellings (an increase of 6.5% on the same yearly basis). Furthermore, 37,000 building permits were issued (an increase of 24% y-o-y against the same period of the previous year) for the construction of 83,5000 dwellings (up by 21.5% y-o-y). In spite of the apparent growth of several activities around housing, from completions to permit issuances, constructions costs are increasing, which poses a potential obstacle for the future performance of the industry. Concerning **Hungary**, the number of newly issued building permits in Q3 2021 was 7156 for the whole country. This represented a 49% increase compared to the same period in the previous year. In Budapest alone, the number of the newly issued building permits (1398) more than doubled compared to Q3 2020.

The number of newly finished dwellings in the first 9 months of 2021 decreased by 1.7 % compared to the previous year. Following a period of growth that comprised the first 6 months for finished housing projects in Budapest, considering yearly change in values, a slowdown took place in Q3 2021 compared to both Q3 2020 and Q2 2021.

As to **Romania**, the volume of construction works maintained its upward trend in Q3 2021, increasing by about 26% compared to the same period of the previous year. The number of building permits saw a considerable advance as well on the same basis (by 14%).

Real estate activity showed an improvement in southern Europe. For instance, in **Italy**, in Q3 2021, transactions volumes amounted to more than 172,000, marking a yearly increase of 21.9%. Meanwhile, in **Spain**, housing market activity evolved favourably during Q3 2021, in line with the improved economic scenario, as mentioned previously, reaching levels similar to before the pandemic in 2019. In particular, during this quarter, more than 28,000 building permits were issued, up by 37% compared to Q3 2020 and by 4% compared to Q2 2021. On the other hand, there was a reduction in housing completions , as the latest data points to a yearly (vs Q3 2020) decrease of -3% and a quarterly one of -11%. This trend in completions is potentially linked to pandemic-related disruption of this specific activity, as construction processes can take up to two years to complete.

In **Ireland**, almost 8,700 housing units were started in Q3 2020, nearly 60% more than in Q3 2020. On an annualised basis, more than 30,500 units were commenced in the twelve months ending in September 2021, the most in any twelve-month period since the twelve months ending in August 2008.

Dublin accounted for 41.4% of housing starts in Q3 2021, with 3,596 units. On an annualised basis, commencements in the Dublin region almost reached 10,900 units, the most since the twelve months ending in August 2007 and more than double the level for the twelve months ending in March 2021.

Fewer than 4,700 new dwellings were completed in Q3 2021, 7.7% fewer than in Q3 2020. Almost 13,600 dwellings were completed in the first nine months of the year, about 400 more than in the same period of 2020, but some 1,100 fewer than in the same period of 2019.

Dublin accounted for about 27% of completions while Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 24% and 26% of completions, respectively. Dublin accounted for 67% of apartments completed nationwide. The number of apartments completed in the first nine months of the year almost doubled between 2017 and 2021, rising from 1,570 to 2,999.

Household market purchases of residential property rose by 46.6% year on year to 11,890 in Q3 2021. While sales of new properties rose by about 8% year on year, the growth in transactions was driven by sales of existing properties, which increased by 56% and accounted for 85% of sales in the quarter. Sales of existing houses nationwide rose to more than 32,300 in the twelve months ending September 2021, the highest annualised level since the series began.

On a regional basis, Dublin accounted for 1% of the 3,777 sales between Q3 2020 and Q3 2021.

In the **UK**, the latest data for housebuilding in the third quarter of the year shows that there were 40,960 house building starts in the period. This is down by 3% compared to Q3 2020. However, it is also up 12% compared to the third quarter of 2019 during ore normal times. There were 46,110 house building starts in Q3 – up 15% compared to Q3 2020.

HOUSE PRICES

An overarching trend can be seen across key EMF jurisdictions: a consistent increases in house prices, especially since the onset of the pandemic. However, there are signs of a deceleration, as the unweighted HPI value in the combined EMF sample grew by 2.4% in Q3 2021 compared to Q3 2020, down from a peak reading of 8.3% in Q2 2021. It is the slowest pace of growth in more than a year. Considered individually, all EMF jurisdictions report yearly HPI increases, as it will be shown in this section.

In terms of house prices, the Nordics all reported further increases in the price of houses, yet there are some specific market signals worth underscoring. Prices of single-family homes in **Sweden** prices by 20.3% on a yearly basis Q3 2021, after a 17.2% expansion in Q2 2021, pointing to an acceleration. The latest reading is a record figure and has not been higher since the end of the 1980s. Prices of apartments increased by 8.4% in Q3, compared to 12.0% in Q2. As explained in previous editions, demand patterns have changed significantly, especially as a result of the wide-spread transition to remote or teleworking schemes: in this sense, demand has shifted from large city centres to single-family homes in suburbs and smaller cities; among apartments, from smaller units to larger, more spacious ones.

The prices of single-family homes in the Stockholm area increased by 23.8% on a yearly basis in the third quarter 2021 (19.4% Q2 2021). In the Malmö-area, prices increased by 21.5% on an annual basis (19.9% Q2 2021) and in Gothenburg by 19.3% (16.0% Q2 2021). The prices of apartments in Stockholm increased by 8.0% in the third quarter 2021 (11.9% Q2 2021). The prices of apartments in Gothenburg increased by 6.1% (8.7% Q2 2021) and in Malmö by 12.6% (17.9% Q1 2021).

More recently, the trend of increasing prices of single-family homes appeared to slow down in the late autumn period. In October, the prices of single-family homes increased by 12.8% y-o-y, whereas apartment prices expanded by around 8% in October.

In **Denmark**, house prices have increased by 12.2% in the past year. Meanwhile, prices of owner-occupied apartments rose by 12.8%. Compared to the previous quarter (Q2 2021), prices for houses and apartments both rose by 1%. Despite the relative supply-side halt, price of both houses and apartments continued to grow in Q3 2021. The latest performance of supply and prices might indicate that the effects of the pandemic are starting to ease. Finally, in Finland, house prices increased by 3.9% in Q3 2021 compared to the same quarter of the preceding year, down from 4.1% y-o-y in the previous quarter, signalling a relative deceleration of the price trend. The evolution of prices has varied depending on the area, as larger urban areas recorded significant increases, while the remainder of the country reported decreasing prices.

Continental Europe also saw a significant expansion in average house prices, although some particular, localised trends can be highlighted.

Regarding the **Netherlands**, houses sold during Q3 2021 were 17.5% more expensive on average than in the same quarter of the previous year. Year-on-year house price growth has been increasing for seven quarters in a row now. Only at the turn of the century was there a similar growth pattern in terms of house prices. The average house sold in the third quarter was more than EUR 61,000 more expensive than in the same period last year.

Of the four largest Dutch cities, the slowest rate of growth was reported in Amsterdam, where existing owner-occupied houses were 14.9% more expensive than a year before. This apparently slower growth rate does not take account of the fact that house-buyers in said city also paid considerably more for their houses than those who bought a house there a year before, as the average sales price rose by EUR 79,000.

In **Belgium**, the neighbouring jurisdiction, house prices evolved in an upward trend in Q3 2021. According to the figures of the Notary Barometer, the average price of a house in Belgium increased to reach EUR 295,367 at the end of the third quarter of 2021. This means an increase by 6.6% compared to the average price at the end of the third quarter of 2020.

However, differences in housing price evolution can be seen across Belgium's three regions (Flanders, Wallonia and Brussels). These all registered further house price increases in Q3 2021 compared to Q3 2020, however, both the average price and the rate of growth varied across territories. In the Brussels region, average house prices in Q3 2021 increased by 6.7% on a yearly basis, with an average price of EUR 531,250. Regarding Wallonia, the southernmost region of the country, house prices expanded by 5.5% against the Q3 2020 reading. The average price sat at EUR 220,239. The last of the Belgian regions, Flanders, saw houses prices increase by 6.7% y-o-y, as the average price of this type of dwelling reached EUR 327,107.

Regarding apartments, a similar narrative can be outlined. At a national level, the average price of apartments went up by 4.9% in Q3 2021 compared to Q3 2020. Regional differences are also visible in this regard, despite the overall price increase registered throughout. In Flanders, the average price of an apartment (EUR 261,185) grew by 5.3% y-o-y. The same type of building in Brussels, with an average price of EUR 284,256, registered a price increase of 3.4%. In Wallonia, average apartment prices rose by 3% against Q3 2020, with the average price standing at EUR 193,825. In France, house prices continued to grow through the pandemic. In Q3 2021, the annual growth rate for existing dwellings gained speed, reaching 7.4% over one year, its highest annual level in 10 years. This trend was driven for the first time since 2016 more strongly by houses (+9%) than apartments (+5.2%), a phenomenon which has been consolidating since Q4 2020. It is closely linked to a geographic reorientation of demand for housing, but also in terms of type of property, given the facilitates teleworking schemes provide.

Furthermore, Q3 2021 saw a continuation of recent geographical trends, whereby medium-sized cities became more appealing as an option as opposed to large cities. Together with this, buyers showed a stronger desire to live in larger dwellings with outside space. In light of these changes, price growth over one year has been stronger in provincial France since Q4 2020 (+ 8.8% in Q3 2021) than in the Paris Region (+ 4% in Q3 2021).Lastly, the average price of new homes continued to increase in Q3 2021, supported by various factors notably the strong demand from households and the limited supply on the territory (Q3 2021 vs. Q3 2020 : prices up by 3.4% for flats and by 16.5% for individual houses).

In **Germany**, prices for owner-occupied housing increased by 12.5% y-o-y, up from 10.8% yearly the previous year. This price increase was due to the surplus demand for residential property, which gained in value since the beginning of the pandemic as the centre of households' lives. In this context, low interest rates on loans and the perception that real estate assets as a stable form of investment also had a favourable effect. This development is supported above all by the overall increase in the number of inhabitants and households in recent years. Against this backdrop, demand exceeded supply, especially in key regions that have recorded a significant economic expansion. As a result, the prices for detached and semi-detached houses rose by and two-family houses rose by 12.6% and those for condominiums by 12.2% – in each case compared to the previous year.

Regarding EMF jurisdictions in Central and Eastern Europe, the price narrative is, as stated before, one of a general increase in the price of dwellings and, in some cases, of accelerating price growth. On closer inspection, however, the trends seem more varied.

In this vein, demand for dwellings is still very high in **Poland** – not only in the biggest cities but also in provincial areas, where a noticeable price catch-up process is taking place. A considerable number of property purchases were made for investment purposes and to protect savings against rising inflation levels (HICP in Sept. 2021 =5.6%). On average, houses prices rose by 4.5% y-o-y in Q3 2021 (compared to Q3 2020), improving on Q2 2021's yearly rate of 2.1%.

Price increases were recorded on both primary and secondary markets in Q3 2021. In the primary market, the largest transactional price growth was reported in: Szczecin (9% q-o-q), Katowice (6.4%) and Zielona Góra (6.4% q-o-q). Concerning the secondary market, the largest transactional price changes were recorded in: Szczecin (5.6% q-o-q), Łódź (4.7%) and Katowice (4.5%). The transactional prices on both markets in Warsaw expanded by 3% q-o-q.

In **Hungary**, according to Takarek House Price Index, the pace of growth of house prices decelerated compared to the previous quarter. At a national level, prices expanded by around 1% in Q2 2021 compared to Q1 2021 (as per the latest available information). Considering yearly figures, house prices grew, on average, by 9%. The increases were sharper in the countryside than in Budapest, while the prices for newly finished dwellings expanded more dynamically than existing dwellings. Residential property prices in **Romania**, meanwhile, increased in Q2 2021 by 3% in nominal terms (and by 1.5% in real terms). However, according to NBR Bank lending survey, published in November 2021, a significant percentage of credit institutions reported a certain advance in the average house price per square meter in Q3 2021, while the remaining part indicated a relatively flat evolution. Most credit institutions anticipate, ahead of Q4 2021, that residential property prices are to remain unchanged, while 19% of said institutions estimate house prices are likely to see a certain increase.

Lastly, in **Czechia**, recent data points to an increase in average house prices of 14.% in Q2 2021, the latest available figure. As stated in previous editions of this report, several factors have contributed to the consistent increase in house prices, namely the low supply of real estate relative to demand, high purchasing power, or limited investment opportunities in other markets. Another driver has gained relevance, inflation, which entails increasing costs in the construction sector.

In Southern Europe, house prices increased at different rates, with some signs of deceleration being reported, as will be shown here. Beginning in **Italy**, the Q3 2021 Housing Price Index (HPI) increased by 1.2% with respect to the previous quarter and by 4.2% compared to the same quarter of the previous year (after a moderate 0.4% yearly increase in Q2 2021). More in detail, the increase on an annual basis of the HPI was due to the acceleration of the pace of growth of both the prices of new dwellings -which recorded a growth equal to 3.9% in the third quarter- and those of existing dwellings (which represent more than 80% of the aggregate index), which rose by 4.2% after remaining stable in the second quarter.

Moving on to **Spain**, prices continued to pick up, driven by the economic expectations and the rising production costs in the new housing segment. In particular, during Q3 2021, housing prices increased by 2.6% y-o-y and recorded the 5th consecutive increase on a quarterly basis. Compared to Q4 2019, housing prices at national level recorded an increase of 0.5%. However, in cities such as Madrid or Barcelona, housing prices were less dynamic, expanding by 0.3% and 1.5%, respectively, with values still below pre-pandemic levels.

In the adjacent market, **Portugal**, house prices grew by 2.1% in Q3 2021 compared to the previous quarter (4.5% q-o-q in Q2 2021). In monthly terms, house prices increased by 0.9% in September 2021, confirming the deceleration already observed in June and July, when the monthly variation was 0.6%. As to the previously referenced October 2021 House Market Survey, a net balance of 32% of respondents saw house prices rise over the latest survey period at headline level. Looking ahead, a net balance of 57% of contributors expect prices to rise over the next twelve-month period, the highest reading for the series since August 2018.

In **Ireland**, residential property price inflation accelerated again in Q3 2021, with prices up by 12.4% in the twelve months to September 2021, compared with a decrease of 0.8% in the year to September 2020. The Central Statistics Office's national index was only 7.4% lower than its highest level in April 2007and at its highest level since August 2008. Prices in Dublin rose by 11.5% in the year to September 2021, with house prices in Dublin increasing by 12.4% year on year and apartment prices in the county by 7.7%.

In the **UK**, the increased demand for housing saw prices grow in the third quarter of 2021. They were up 10% compared to Q3 2020. The supply of homes on the market has not recovered to pre-pandemic levels and it is unclear if and when this will occur. However it is unlikely to resolve whilst health concerns over the pandemic remain.

MORTGAGE INTEREST RATES

As a general, predominant trend, average mortgage interest rates decreased in most jurisdictions, yet diverging trends are reported, as will be shown in this section. Considered altogether, the Q3 2021 unweighted average interest rate of the EMF sample was 1.89%, 4 bps lower than Q2 2021's reading (1.92%).

In the Northern European region, interest rates registered further decreases in Q3 2021. In **Sweden**, variable interest rates remained stable during the third quarter 2021 at 1.2%. Furthermore, longer-term interest rates remained more or less unchanged at the end of the third quarter: 1-5 years at 1.3%. However, interest rates over 5 years decreased slightly to 1.5% in the third quarter from 1.6% in the second quarter.

In **Denmark**, the average interest rate on loans with a fixation period of up to one year decreased by 2 bps in Q3 2021. For loans with one to five years of interest rate fixation and loans with five to ten years fixation, the average interest rate fell by 5 and 8 bps, respectively. Conversely, the average interest rate on loans with more than ten years of fixation increased by 13 bps in the third quarter of 2021. Lastly, in Finland, the rate on new housing loans was 0.72 %, unchanged from the previous quarter.

In Continental Europe, the interest rate scenario is somewhat mixed, as key jurisdictions report quarterly increases in mortgage rates, departing from the predominant EMF trend. In the **Netherlands**, mortgage interest rates for new mortgages fell from 1.70% to 1.66% in Q3. The average mortgage rate in the stock fell from 2.49% to 2.43%. In terms of the average mortgage rate, the current reading for Q3 2021 stands at 1.56%, 6 bps lower than Q2 2021's rate.

In **Belgium**, the average mortgage interest rate increased by 3 bps, reaching a final of 1.38% by end Q3 2021. In terms of market share of loans, Q3 2021 saw new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years representing about 93% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year amounted to less than 0.5% of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 6.5% of the newly granted credits. Since 2015, the outstanding number of overdue contracts has shown a positive evolution downwards. The ratio overdue contracts/total number of contracts remained at only 0.72% at the end of September 2021.

In **France**, the downward trend in interest rates continued in Q3 2021 compared to the previous quarter, with an average rate of 1.12% (without the loan insurance and administrative costs), reaching its lowest quarterly level. New home loans with an initial term of 20 years and more represented in Q3 2021 almost 70% of the quarterly production, bringing the average initial term to 21 years. In this scenario, the low interest rate environment and the lengthening of average loan maturities are supporting borrowers' creditworthiness amid the gradual tightening of lending criteria for new home loans, as requested by the HCSF, and a continuous rise in prices. Finally, in **Germany**, the average mortgage interest reading was 1.28% in Q3 2021, 2 bps higher than the previous quarter.

In broad terms, rates in Central and Eastern Europe either increased or remained unchanged relative to the previous quarter, with the sole exception of one jurisdiction, **Romania**, which reported a new round of interest rate cuts. In **Czechia**, given the recent macroeconomic development, namely the changes in the level of inflation, the national central bank increased interest twice in Q3 2021, transitioning from 0.50% in June 2021 to 1.5% by end September. Mortgage interest rates followed this trend as well. Although the average interest rate was close to 2.3% at the end of the quarter, banks are approving loans with rates starting close to 3%. Recent reports coming out of the Czech market suggests that mortgage interest rates could increase in the near term, in light of the latest changes.

A similar situation has taken place in Hungary, where the central bank, in light of the macroeconomic situation marked by a slower recovery and increasing inflationary risks, decided to increase the base rate by the end of June 2021, following a monthly approach. At the end of Q3 2021, the base rate was 1.65%. Recent data shows that increased to 2.4% in December 2021. Mortgage rates began increasing in light of this monetary decision. Notwithstanding said increase, it is worth noting that, since the proportion of variable rates among newly issued mortgages is very low (below 1%) and that the proportion of mortgages with variable rate among the total outstanding mortgages was around 36% as of June 2021, the interest rate risk of mortgage loans outstanding is somewhat limited. The most popular mortgage interest type was Medium Term Fixed (5Y-10Y initial rate fixation), representing 57% of all newly issued mortgages in Q3. The representative interest rate for this product was 4.33% in Q3 (4.11% in Q2 2021).

In **Poland**, interest rates remained unchanged relative to the previous period. The National Bank of Poland's reference rate still amounted to 0.1%. Given that the majority of mortgage loans in Poland have variable rate fixation (mostly: margin + Wibor 3M), fixed rate loans are offered with maximum rate fixation up to 5 years.

Lastly, regarding **Romania**, the representative mortgage interest rate decreased by 0.39 bps in the third quarter of 2021 compared to the previous quarter and by 143 bps compared to the level registered in the same period of the preceding year. The share of loans granted with a variable interest rate compared to total mortgage loans granted marginally increased in 2021 Q3, reaching 73.5%, up 6.9 pps compared to 2020 Q3. The preference for new loans granted with fixed interest rate increased in Q3 2021 compared to the preceding quarter for short-term fixed new loans by 1.9 pps and for medium-term fixed new loans by 2.2 pps, while slightly decreased for long-term new loans by 2.8 pps.

Concerning the Southern European EMF jurisdictions, their average interest rates align with the predominant trend in Europe. Q3 2021 mortgage interest rates in **Italy** – interest rates on short term loans and with a maturity of over 1 year – decreased. Rates on short term loans (that is, with maturity <1 year) decreased to 1.36% (1.39% in Q2 2021; 5.48% in Q4 2007) and interest rates with maturity over 1 year decreased to 1.39% (1.43% in Q2 2021; 5.84% in Q4 2007). The average rate on new transactions for house purchasing decreased to 1.39% (1.42% in Q2 2021; 5.72% in Q4 2007).

In **Spain**, interest rates continued down the path of recent years, reaching a record low weighted average rate of 1.47% in Q3 2021. The abundance of liquidity in the financial system, together with the severe commercial pressure at national level, pushed the long-term fixed rate downwards, to reach the latter score. This type of fixation continued to gain market share, being chosen by 57% of the market.

As to the other Iberian market, **Portugal**, local banks typically apply a variable interest rate on new loans for house purchase and these interest rates have two components: an external index (Euribor – Euro Interbank Offered Rate, which can vary between 3, 6 or 12 months, or a fixed rate) and a spread. The spread is assigned by the credit institutions to each contract in consideration of the risk of the client and of the LTV ratio. In Q3 2021, the variable rate for new loans (up to 1 year initial rate fixation) was 0.64%, down from 0.67% in Q2 2021.

In **Ireland**, in Q3 2021, fixed-rate (loans fixed for over one year) mortgages accounted for more than 81% of new mortgages issued, the highest proportion since the data series began in 2004. Less than 34% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q2 2021, down from 40% two years earlier. The share of mortgages outstanding which had interest rates fixed for over one year jumped from 28.1% to 40.8% over the same period.

In the **UK**, rates on fixed mortgage products fell in the third quarter of the year, both for shorter term and longer term products. Variable rates remained more or less unchanged. The average rate on shorter term deals (2 years) fell 10 basis points from 1.91% in Q2 to 1.81% in Q3. At the longer end, for 10 year fixed rate deals, average rates fell 15 basis points from 2.23% in Q2 to 2.08% in Q3.

COVID 19 SPECIFIC IMPACT OVERVIEW

What follows is a brief outline of some of the key policy actions and/or market developments that specifically concern the pandemic and its impact on relevant markets, as reported to the EMF.

In **France**, the government continues to financially support various economic sectors and its businesses in the context of the pandemic that began in Q1 2020. As a result of these actions, as of Q3 2021, the unemployment rate remained stable at 8.1% (at the same level as in Q4 2019), while the employment rate reached its highest level (67.5%). Meanwhile, the number of business failures remained at a very low level in Q3 2021. As to the non-performing residential loans ratio, it continued to decrease during this quarter. Structurally in France, the NPL ratio for home loans remains low over time and fluctuates very little through economic cycles, thanks to the vast majorities of new home loans with guarantees (97.5% in 2020) and with fixed interest rate (99.4% in 2020 and the 9M 2021).

In September 2021, the HCSF considered that, although the risks to financial stability remain high, the outlook continues to improve in a context of strong economic recovery, which should allow a return to pre-crisis activity levels by the end of 2021. In this context, the HCSF observed that the gross debt of French firms stabilised in H1 2021 after the sharp increase recorded in 2020. At the same time, their net debt is at a similar level at that observed at the end of 2019, before the pandemic.

To enable banks to support the economic recovery, the HCSF confirmed on 6 January 2022 that banks' countercyclical capital buffer rate remained unchanged at 0% (in force since 1 April 2020). Moreover, the gradual normalisation of lending criteria for new home loans since Q1 2020 strengthen the fundamentals of the home loan model and ensure its robustness.

In **Hungary**, bank lending for households picked up strongly in Q2 of 2021, with the trend continuing into Q3, especially in terms of gross lending, as shown in this report. Different state subsidies, such as the Home Purchase Subsidy, the Prenatal Baby Support Loan or Home Renovation Subsidy, have all played a key role in this increase. The rise in household debt represents an acceptable risk according to the Central Bank, since the household debt to GDP ratio was still only 17% in June 2021.The payment moratoria introduced in March 2020, in the immediate aftermath of the COVID-19 outbreak, ended (with some exceptions) at the end of October 2021. Only a limited number of eligible debtors opted to remain under the moratoria scheme as of November 2021 (2% of corporate and 5% of household debtors).

In **Romania**, after the outbreak, the NBR took measures to support debtors by allowing lenders (banks and NBFIs) to delay payments of the loans of any individual affected by the pandemic, without applying the prudential provisions as concerns the level of indebtedness, the LTV limit and the maximum maturity of consumer credit. Residential real estate risks are evaluated as moderate, but could potentially increase given the tempered price evolution and increasing production costs. The banking sector has a relatively high exposure to the residential real estate market, with mortgages and mortgage-backed consumer loans representing 68% of the total stock of loans to households (September 2021).

In **Spain**, moratoria schemes introduced in response to the public health crisis included a deadline for application until 31 March 2021. The vast majority was granted in Q2 2020. By means of the various adopted loan moratoria schemes, more than 1.4 million applications have been granted, with an acceptance rate of 93%. These moratoria schemes included payment deferrals of up to 1 year. Most of the moratoria approved at the time have since expired, without this having resulted thus far in an increase of NPL levels (which remain low in the housing purchase segment, at around 3%).

In **Italy**, according to the preliminary data from 19 November 2021, it is estimated that the existing outstanding debt moratoria to households and NFCs amounted approximately to EUR 60 bn, equal to 22% of all the moratoria granted since March 2020 (approximately EUR 270 bn). This amount refers to approximately 537,000 applications.

In **Portugal**, the most recent data from Banco de Portugal shows loans under moratorium have decreased sharply since September 2020 (deadline date for bank customers to request access to the public moratorium), both in the individuals segment (-98% in Oct-21 vs Sep-20).The total amount of loans under moratorium decreased by 93% in Oct-21 vs. Sep-20, following the expiry of the majority of public moratoria in September 2021.

The total amount of loans under moratoria stood at EUR 19.1 bn at the end of Q3 (EUR 37.4 bn in Q2 2021), of which EUR 5.3 bn of loans to individuals (EUR 14.4 bn in Q2 2021) corresponding to 4,2% of total loans to individuals (11.5% in Q2 2021). The total amount of mortgage loans under moratorium corresponded to EUR 4.7 bn at the end of Q3 (4.8% of total mortgages) which compares with EUR 13bn at the end of Q2 2021 (13.2% of total mortgage loans).

Mortgage loans under moratorium covered 83.800 borrowers at the end of Q2 compared to 229.800 at the end of Q2 2021.

In **Ireland**, the housing market, as well as the wider economy, continued to recover strongly in Q3 2021 as the public health measures to limit the spread of Covid-19 were further eased during the quarter. More than 30,500 housing units were commenced in the twelve months ending September 2021, the most in any twelve-month period since the twelve months ending August 2008. This means there is a significant pipeline of residential home building activity which will lead to substantial uplift in housing supply in the next two years.

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

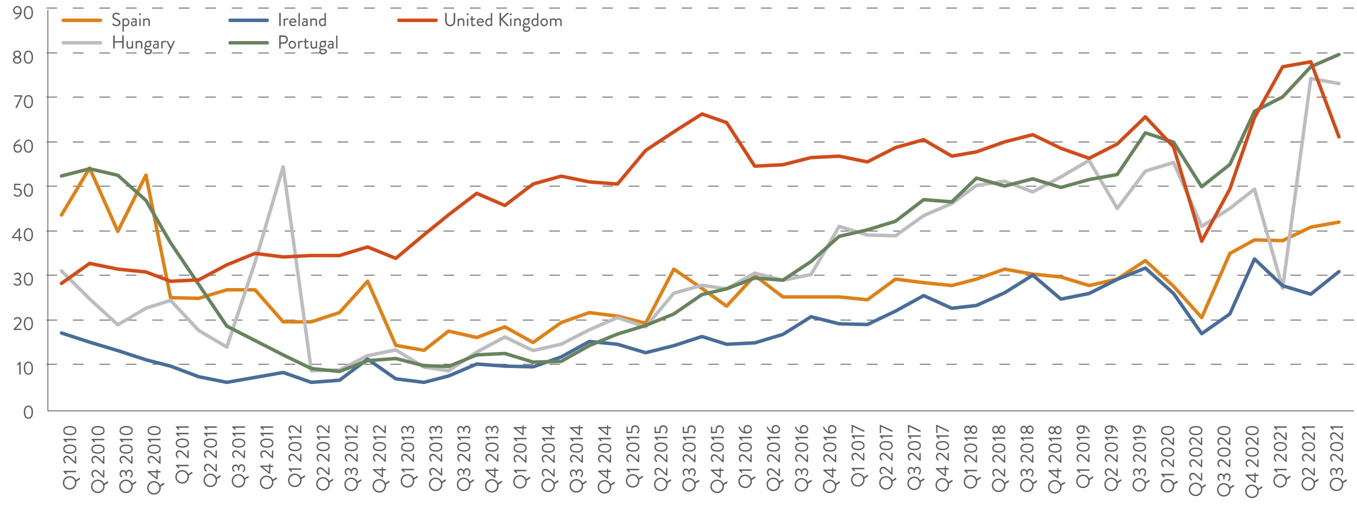


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

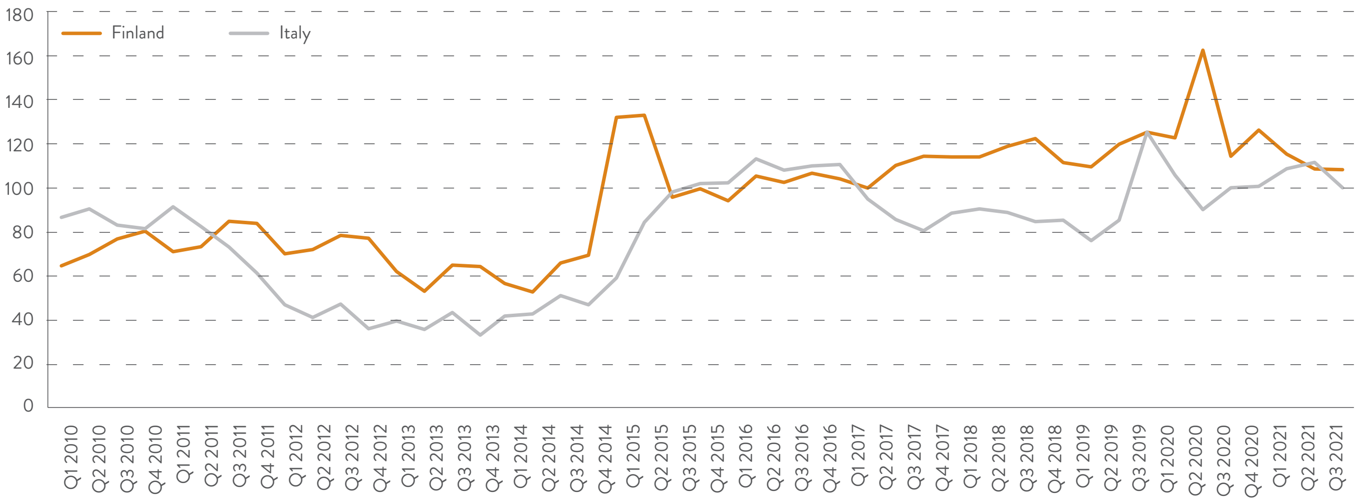


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

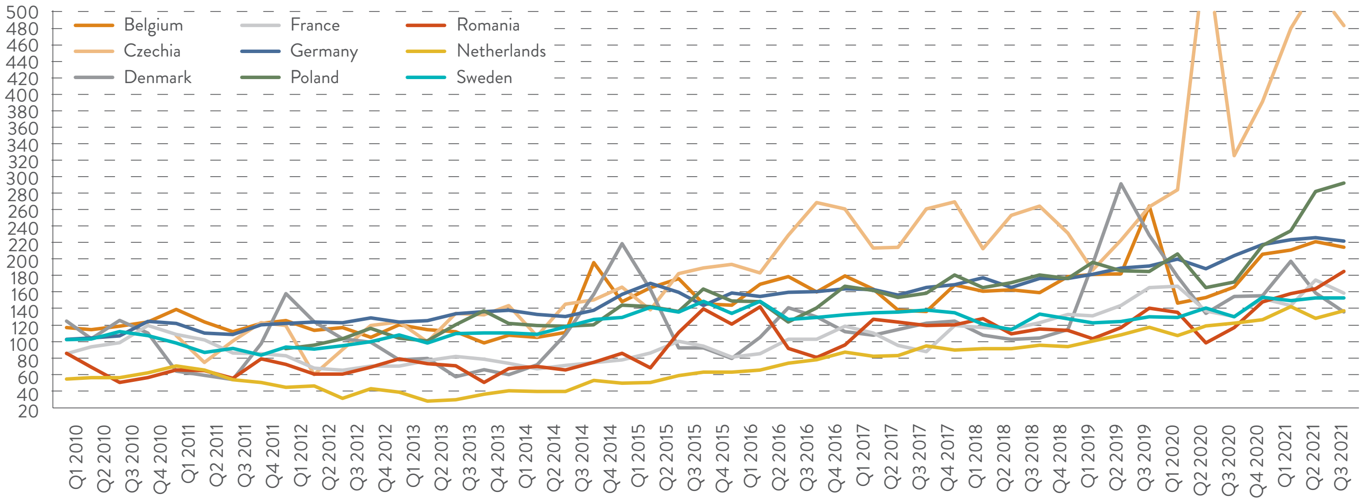
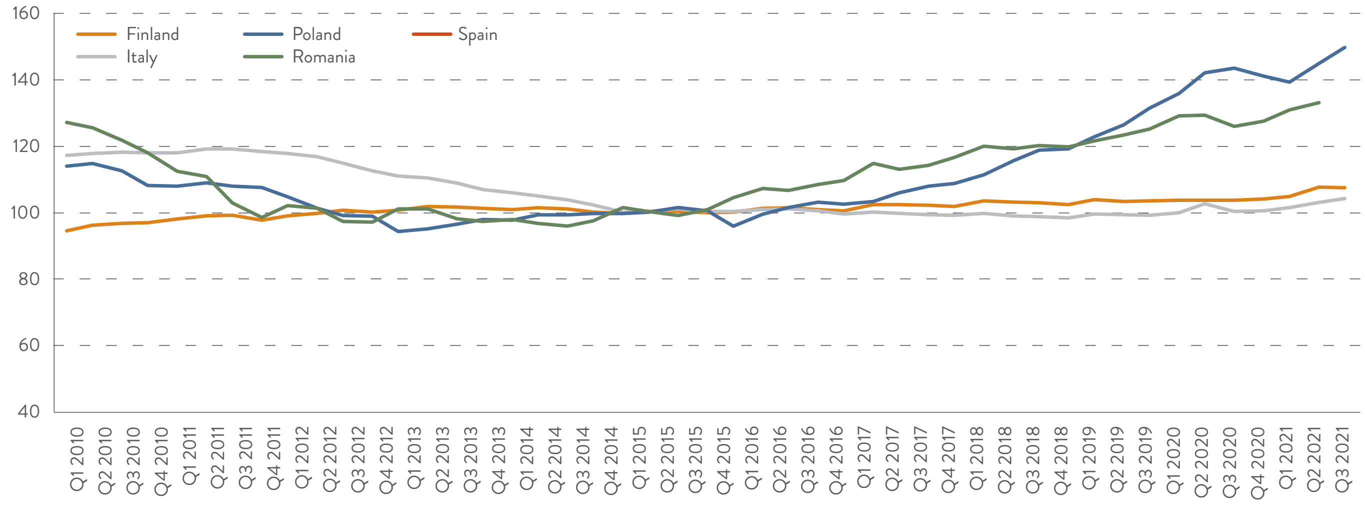
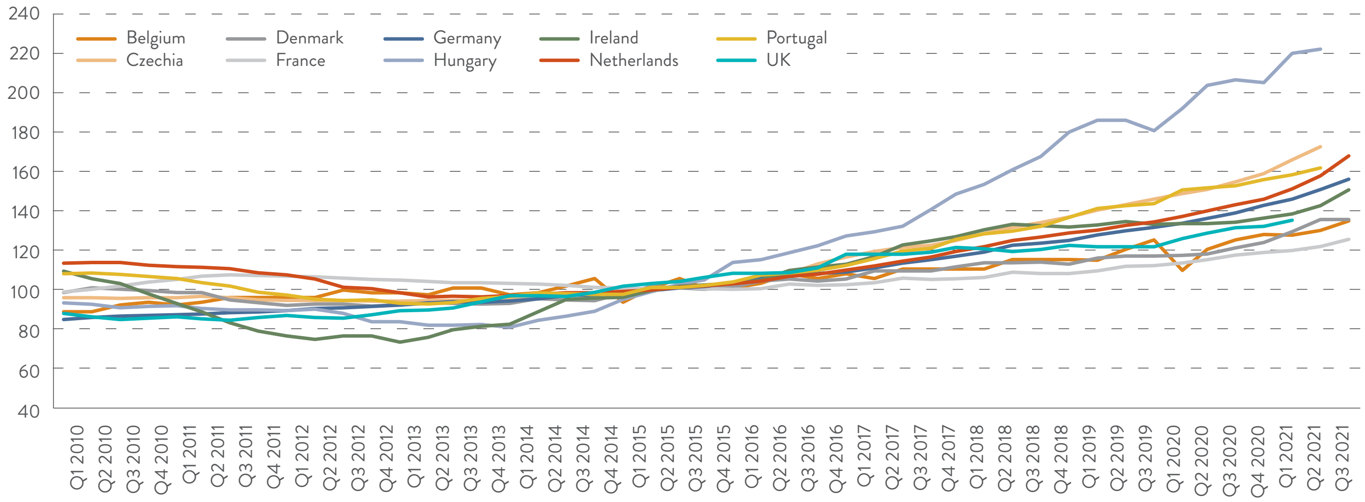


CHART 2B | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED BETWEEN 2% AND 5% Y-O-Y



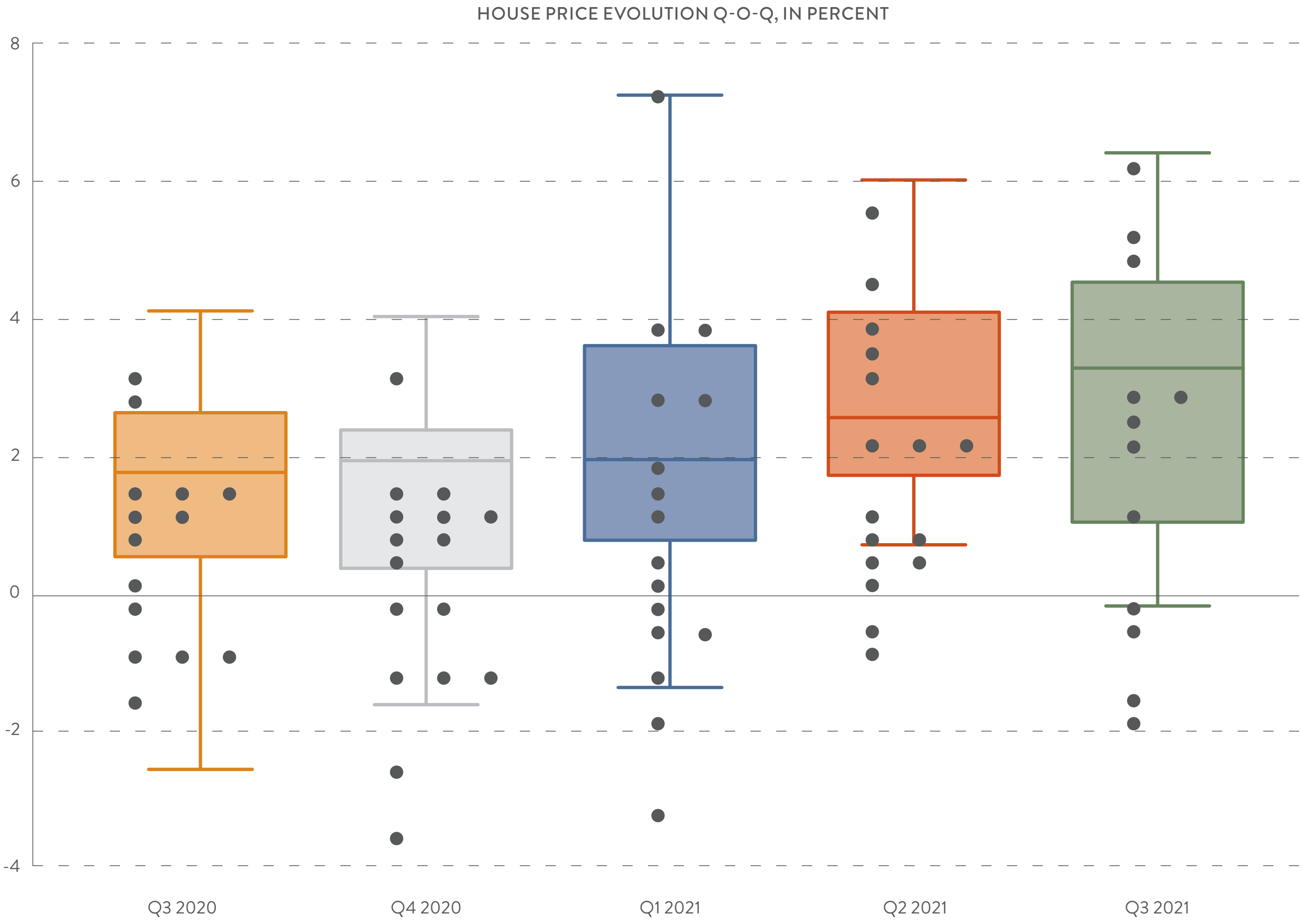
* *Average Q1-Q4 2015=100*

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)

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	LATEST Y-O-Y CHANGE (%), Q3 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2021, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q2 2021, LOCAL CURRENCY
BE	264,616	266,838	270,029	275,378	278,759	283,106	287,653	6.5	6.1	6.5	6.1
CZ	45,998	47,932	48,124	51,174	52,591	55,587	57,377	19.2	16.0	11.6	10.5
DE	1,549,693	1,571,876	1,599,644	1,629,423	1,651,496	1,683,634	1,713,273	7.1	7.1	7.1	7.1
DK	256,393	260,710	264,205	267,416	266,873	267,713	267,732	1.3	2.7	1.2	2.5
ES	484,917	482,704	481,752	481,913	482,528	485,339	n/a	n/a	0.5	n/a	0.5
FI	100,694	101,488	102,462	103,614	104,414	105,711	106,735	4.2	4.2	4.2	4.2
FR	1,089,585	1,100,784	1,116,586	1,136,990	1,150,081	1,171,959	1,194,662	7.0	6.5	n/a	6.5
HU	12,781	13,116	13,098	13,360	13,516	14,477	14,672	12.0	10.4	10.4	8.9
IE	91,615	91,100	90,614	90,526	88,181	87,638	87,487	-3.5	-3.8	-3.5	-3.8
IT	384,410	386,131	388,161	391,515	395,461	401,152	405,305	4.4	3.9	4.4	3.9
NL	737,839	742,000	746,239	749,716	756,105	764,791	775,643	3.9	3.1	3.9	3.1
PL	101,192	103,954	103,086	104,607	103,442	107,798	108,517	5.3	3.7	7.0	5.2
PT	94,056	94,522	95,108	96,176	97,066	95,915	97,186	2.2	1.5	2.2	1.5
RO	17,214	17,508	17,804	18,354	18,563	19,103	19,751	10.9	9.1	12.6	11.1
SE	404,740	435,349	437,829	468,966	465,831	480,205	485,044	10.8	10.3	6.6	6.3
UK	1,652,822	1,607,938	1,621,653	1,667,706	1,780,770	1,797,310	1,803,152	11.2	11.8	4.9	5.1

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:
- Netherlands
- Poland
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	LATEST Y-O-Y CHANGE (%), Q3 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2021, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q2 2021, LOCAL CURRENCY
BE	10,497	16,194	7,259	8,726	9,547	12,775	10,972	12,664	12,369	29.6	45.1	29.6	45.1
CZ	2,596	3,015	3,037	7,368	3,825	4,550	5,381	6,812	5,714	49.4	-7.6	39.9	-11.9
DE	65,500	64,900	62,900	62,300	70,800	73,700	70,900	75,200	76,600	8.2	20.7	8.2	20.7
DK	26,787	21,549	15,387	11,164	14,410	14,891	17,116	13,340	12,722	-11.7	19.5	-11.8	19.2
ES	9,155	12,341	9,830	8,865	11,234	14,042	13,565	16,351	13,883	23.6	84.4	23.6	84.4
FI	8,411	8,468	8,667	12,859	8,003	8,559	8,135	8,929	7,561	-5.5	-30.6	-5.5	-30.6
FR	64,500	72,100	69,000	58,600	58,800	66,000	58,600	75,000	71,100	20.9	28.0	20.9	28.0
HU	715	762	720	626	714	703	307	1,112	1,123	57.3	77.7	55.0	75.3
IE	2,639	2,768	1,996	1,462	1,957	2,950	2,142	2,230	2,784	42.3	52.5	42.3	52.5
IT	14,754	25,729	19,728	18,024	17,599	20,988	20,313	22,161	17,588	-0.1	23.0	-0.1	23.0
NL	32,567	35,628	29,213	34,620	36,770	38,353	39,791	37,491	41,254	12.2	8.3	12.2	8.3
PL	3,283	3,000	3,268	2,919	3,048	3,550	3,740	4,921	5,110	67.6	68.6	70.3	71.0
PT	2,646	3,047	2,848	2,494	2,755	3,292	3,349	3,831	3,977	44.4	53.6	44.4	53.6
RO	725	840	670	549	725	883	801	934	1,122	54.8	69.9	57.2	73.0
SE	12,812	15,439	12,914	16,615	13,466	18,155	15,307	18,005	16,082	19.4	8.4	14.9	4.4
UK	80,131	84,046	72,785	47,463	66,903	83,744	96,291	100,054	82,276	23.0	110.8	16.0	98.2

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

Source: European Mortgage Federation

The series has been revised for at least two figures in:
- Hungary
- Poland
- Romania
- United Kingdom

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	3,863	2,474	3,716	3,715	6,986	1,197	2,221	3,191	5,349	3,381	4,348	4,547
CZ	844	1,722	1,229	257	1,705	-2,660	1,933	192	3,050	1,417	2,996	1,790
DE	14,896	15,020	24,196	23,937	21,295	19,258	22,183	27,768	29,779	22,073	32,138	29,639
DK*	505	3,175	2,298	1,956	100	-608	4,318	3,494	3,211	-543	840	19
ES	-2,287	-850	-546	-3,464	-2,038	-2,644	-2,213	-952	162	614	2,811	n/a
FI	337	286	854	710	722	340	794	974	1,152	800	1,297	1,024
FR	15,655	12,890	16,877	20,549	18,767	10,940	11,199	15,802	20,404	13,091	21,878	22,703
HU	218	43	111	-371	328	-935	335	-18	262	156	962	195
IE	-3,029	-2,765	-1,645	-157	-326	-1,176	-515	-486	-88	-2,345	-543	-151
IT	840	1,268	2,170	1,507	-396	895	1,721	2,030	3,354	3,946	5,691	4,153
NL	2,749	1,595	3,490	2,465	1,758	2,139	4,161	4,239	3,477	6,389	8,686	10,852
PL	1,101	1,191	2,601	84	3,592	-3,004	2,762	-868	1,521	-1,164	4,356	719
PT	158	-184	110	28	-60	210	466	586	1,068	890	-1,151	1,271
RO	383	50	350	384	431	215	294	296	550	209	540	648
SE	7,535	-853	-293	-670	15,384	-18,001	30,608	2,480	31,137	-3,135	14,374	4,839
UK	3,660	72,794	-58,329	34,384	85,315	-56,202	-44,884	13,715	46,053	113,063	16,541	5,841

* 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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	110.6	115.8	115.8	115.8	115.4	120.9	125.8	109.8	120.9	125.8	128.8	128.4	131.0	135.9
CZ	128.6	131.7	134.3	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4	166.8	173.3	n/a
DE	119.2	122.7	124.0	125.4	128.0	130.2	132.1	134.2	136.7	139.6	143.3	146.8	151.5	157.1
DK	114.0	114.0	114.2	113.2	116.5	117.5	117.3	117.8	118.5	121.6	124.5	130.1	136.8	136.8
ES	107.6	107.7	109.7	110.9	111.0	111.1	112.1	111.2	109.1	109.8	110.0	110.2	111.8	112.7
FI	103.8	103.3	103.1	102.5	104.1	103.5	103.7	104.0	104.0	104.0	104.4	105.1	108.2	108.0
FR	106.1	108.8	108.3	108.3	109.4	112.2	112.4	113.7	115.7	118.1	119.6	120.5	122.9	126.8
HU	153.3	160.8	167.6	180.0	186.3	186.3	180.9	192.2	204.2	207.1	205.6	220.5	222.6	n/a
IE	130.8	133.7	133.1	132.3	133.5	135.1	133.7	134.3	134.2	134.8	137.2	139.0	143.4	151.5
IT*	99.2	98.4	98.3	97.7	99.1	98.8	98.6	99.5	102.4	99.8	100.0	101.1	102.8	104.0
NL	121.7	124.9	126.6	128.9	130.3	132.7	134.6	137.5	140.2	143.5	146.4	151.7	158.4	168.6
PL	111.2	115.5	118.7	119.1	122.8	126.5	131.6	136.1	142.4	143.9	141.5	139.6	145.5	150.4
PT	128.5	129.7	132.3	137.1	141.5	143.1	144.1	151.2	152.5	153.3	156.5	159.1	162.5	n/a
RO**	120.2	119.4	120.4	119.9	121.8	123.6	125.5	129.6	129.8	126.4	128.0	131.5	133.6	n/a
SE	116.6	117.2	117.0	117.3	118.9	121.3	121.6	121.6	124.2	127.5	132.6	137.4	145.7	153.5
UK	119.7	122.0	121.4	120.0	121.0	123.0	122.5	122.4	122.4	126.8	129.5	132.3	133.3	136.4

* 2010=100
** 2009=100

Source: European Mortgage Federation

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

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

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

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38
CZ*	2.43	2.49	2.68	2.80	2.74	2.58	2.38	2.41	2.36	2.17	2.04	1.99	2.07	2.28
DE	1.90	1.87	1.86	1.79	1.63	1.39	1.28	1.28	1.30	1.24	1.18	1.18	1.26	1.28
DK**	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70
ES	1.94	1.96	2.01	2.11	2.12	1.95	1.76	1.81	1.75	1.75	1.62	1.54	1.49	1.47
FI	0.87	0.88	0.86	0.81	0.76	0.72	0.73	0.71	0.73	0.72	0.69	0.71	0.72	0.72
FR***	1.57	1.53	1.50	1.51	1.44	n/a	1.20	1.19	1.27	1.30	1.27	1.21	1.14	1.12
HU	4.31	4.87	5.45	5.17	5.04	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33
IE	3.06	2.97	2.95	2.96	2.95	2.93	2.87	2.78	2.78	2.80	2.77	2.80	2.74	2.73
IT	1.80	1.80	1.89	1.85	1.77	1.44	1.44	1.38	1.27	1.27	1.25	1.37	1.42	1.39
NL**	2.41	2.40	2.40	2.41	2.31	2.16	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56
PL	4.30	4.40	4.40	4.30	4.30	4.40	4.30	4.30	3.30	3.10	2.90	2.80	2.90	2.90
PT	1.41	1.33	1.63	1.31	1.32	1.02	1.09	0.95	1.08	0.82	0.71	0.69	0.67	0.64
RO****	4.99	5.48	5.70	5.85	5.17	5.38	5.41	5.31	5.22	5.25	4.81	4.67	4.21	3.82
SE	1.51	1.48	1.47	1.57	1.53	1.52	1.46	1.53	1.54	1.49	1.39	1.36	1.36	1.33
UK	2.09	2.10	2.10	2.11	2.08	2.05	1.92	1.84	1.77	1.74	1.85	1.91	1.92	1.82

* For Czechia from Q1 2015 the data source is the Czech national Bank

** This data series has been revised and it depicts the variable interest rate, which is the most common one.

*** Data from Q2 2012 has been revised for France due to a new source. Further data break in Q1 2014

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

Source: European Mortgage Federation

NOTE:
Data refers to quarter averages.
For Czech Republic the weighted average for the whole market is likely biased towards the short-term loans. This is due to the available weighting scheme: the loan volumes include prolongations, but prolongations tend to have shorter interest rate periods.
For Hungary the represenative interest rate on new loans in Q1 2018 is not any more the variable rate, but the short-term fixed one (1y-5y)

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

TABLE 5B | MORTGAGE INTEREST RATES

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	1.56	1.82	1.87	1.84	1.94	1.87	1.79	1.92	2.03	1.84	1.89	1.85
CZ	3.14	3.15	3.10	3.00	3	2.75	2.54	2.21	2.1	2.17	2.31	2.44
DE	2.04	2.06	2.01	1.91	1.85	1.83	1.88	1.79	1.74	1.76	1.78	1.78
DK*	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70
ES	1.64	1.70	1.75	1.60	1.56	1.60	1.64	1.62	1.50	1.40	1.43	1.42
FI	0.86	0.82	0.77	0.73	0.76	0.79	0.77	0.73	0.72	0.72	0.70	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	2.78	3.53	3.23	3.62	3.03	3.01	3.26	3.07	3.41	2.98	2.97	3.87
IE	3.03	3.11	3.08	3.14	3.03	2.88	2.96	3.19	3.11	3.23	3.19	3.11
IT	1.52	1.47	1.48	1.37	1.37	1.35	1.37	1.34	1.29	1.36	1.39	1.36
NL	1.87	1.88	1.87	1.85	1.74	1.7	1.69	1.71	1.70	1.62	1.62	1.62
PT	1.36	1.31	1.32	1.02	1.10	1.02	1.16	0.92	0.80	0.84	0.83	0.80
RO**	5.55	5.75	5.01	5.27	5.28	5.15	5.11	5.15	4.71	4.60	4.17	3.70
SE	1.42	1.47	1.45	1.41	1.39	1.39	1.42	1.36	1.29	1.24	1.25	1.23
UK***	2.10	2.08	2.09	2.08	1.94	1.93	1.50	1.58	1.77	1.88	1.91	1.90

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	1.80	1.94	1.87	1.95	2.17	2.09	2.03	1.91	2.00	2.04	2.11	2.13
CZ	2.65	2.79	2.76	2.63	2.47	2.49	2.41	2.22	2.06	2.02	2.10	2.30
DE	1.71	1.66	1.48	1.4	1.33	1.32	1.46	1.39	1.30	1.29	1.30	1.34
DK*	1.17	1.01	0.80	0.50	0.65	0.80	0.94	0.71	0.65	0.73	0.87	0.82
ES	1.76	1.85	2.00	1.80	1.56	1.70	1.58	1.60	1.42	1.37	1.38	1.35
FI	1.04	1.05	1.07	1.16	1.09	1.01	1.02	1.38	1.15	1.50	1.66	1.69
HU	4.80	4.51	4.87	4.87	4.87	4.21	4.35	4.56	4.44	4.52	4.53	4.89
IE	2.92	2.90	2.90	2.85	2.82	2.74	2.72	2.70	2.69	2.68	2.64	2.64
NL	2.11	2.12	2.11	2.03	1.89	1.76	1.74	1.80	1.75	1.63	1.59	1.60
RO**	5.96	6.04	5.93	5.94	5.91	5.78	5.79	5.65	5.36	5.29	4.60	4.21
SE	1.57	1.57	1.49	1.46	1.41	1.41	1.46	1.42	1.29	1.29	1.31	1.26
UK	2.13	2.09	2.06	2.03	1.89	1.82	1.77	1.74	1.84	1.90	1.91	1.81

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	1.83	1.70	1.69	1.56	1.66	1.57	1.61	1.46	1.37	1.35	1.34	1.37
CZ	2.68	2.79	2.70	2.51	2.31	2.37	2.31	2.13	2.02	1.94	2.02	2.25
DE	1.71	1.64	1.47	1.24	1.12	1.12	1.13	1.09	1.03	1.03	1.09	1.11
DK*	1.57	1.25	1.00	0.73	0.77	0.92	1.07	0.84	0.70	0.89	1.14	1.06
ES	3.98	3.97	4.18	4.49	4.17	4.29	3.50	3.82	3.59	3.82	3.64	3.49
FI	2.00	1.84	1.46	1.33	1.52	1.62	1.58	1.58	1.57	1.31	1.32	1.31
HU	5.45	5.17	5.03	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33
NL	2.38	2.39	2.27	2.11	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56
RO**	6.40	6.63	6.47	6.44	6.31	6.1	5.48	5.77	5.60	5.22	4.65	4.40
SE	1.86	1.79	1.81	1.54	1.39	1.35	1.57	1.41	1.47	1.48	1.59	1.50
UK	2.67	2.64	2.50	2.33	2.25	2.31	2.29	2.13	2.13	2.11	1.91	1.86

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BE	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38
CZ	2.94	2.97	2.80	2.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.96	1.86	1.67	1.37	1.25	1.26	1.25	1.20	1.14	1.15	1.28	1.30
DK*	2.79	2.53	2.16	1.72	1.67	1.74	2.03	1.79	1.75	1.63	2.13	2.27
ES	2.31	2.44	2.41	2.21	1.86	1.81	1.80	1.77	1.67	1.55	1.44	1.42
HU	5.79	5.61	5.72	5.49	4.72	4.52	4.73	4.65	4.43	4.73	4.80	5.14
IT****	2.06	2.00	1.92	1.46	1.46	1.39	1.25	1.25	1.24	1.37	1.43	1.39
NL	2.82	2.84	2.78	2.63	2.57	2.16	2.07	2.04	2.00	1.90	1.79	1.75
RO**	5.91	6.12	5.26	5.46	5.48	5.42	5.28	5.2	4.84	4.51	4.16	3.78
UK	n/a	n/a	n/a	2.09	2.18	2.66	2.89	2.33	2.42	2.42	2.23	2.08

* 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:
- United Kingdom

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	24.1	23.1	23.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	46.9	46.4	45.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	24.4	25.8	26.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	4.6	4.7	4.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK											
Variable rate (up to 1Y initial rate fixation)	32.7	32.5	31.5	31.2	31.0	31.3	30.4	29.7	29.1	29.8	28.7
Short-term fixed (1Y-5Y initial rate fixation)	25.9	24.8	24.8	24.0	23.2	22.3	22.1	21.7	21.7	20.4	20.6
Medium-Term fixed (5Y-10Y initial rate fixation) / Long-Term fixed (over 10Y initial rate fixation)	41.4	42.6	43.7	44.8	45.9	46.4	47.5	48.6	49.2	49.8	50.7
FINLAND											
Variable rate (up to 1Y initial rate fixation)	93.6	93.9	94.1	94.3	94.4	94.5	94.7	95	95.1	95.2	95.3
Short-term fixed (1Y-5Y initial rate fixation)	4.1	3.7	3.6	3.3	3.1	2.9	2.8	2.6	2.5	2.4	2.2
Medium-Term fixed (5Y-10Y initial rate fixation) / Long-Term fixed (over 10Y initial rate fixation)	2.4	2.4	2.3	2.3	2.5	2.6	2.5	2.4	2.4	2.4	2.5
IRELAND											
Variable rate (up to 1Y initial rate fixation)	76.1	73.9	71.9	69.8	67.5	66.5	65.19	63.31	60.61	59.18	n/a
Short-term fixed (1Y-5Y initial rate fixation)	21.6	23.6	25.4	27.2	29.2	30.2	31.5	33.41	36.02	37.44	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	2.4	2.5	2.8	3.0	3.3	3.3	3.3	3.27	3.36	3.38	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)*

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
SWEDEN											
Variable rate *(up to 1Y initial rate fixation)*	64.9	63.8	63.0	61.1	59.3	58.0	56.6	54.3	52.1	50.4	48.9
Short-term fixed *(1Y-5Y initial rate fixation)*	33.8	34.9	36.0	37.6	39.4	40.8	42.2	44.5	46.7	48.4	49.9
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	1.3	1.3	1.0	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2
UNITED KINGDOM											
Variable rate *(up to 1Y initial rate fixation)**	29.9	28.7	27.5	26.3	25.1	24.4	23.8	23	21.8	20.6	19.6
Short-term fixed *(1Y-5Y initial rate fixation)*	68.4	69.5	70.6	71.7	72.9	73.6	74.1	74.9	76.1	77.3	78.2
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.8	1.8	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.1	2.2
Long-Term fixed *(over 10Y initial rate fixation)*	0.0	0.0	0.0	0	0	0	0	0	0	0	0

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

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

* 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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	7.9	6.6	6.0	2.6	1.1	2.3	2.7	2.7	0.7	0.6	0.6	0.4	0.4
Short-term fixed (1Y-5Y initial rate fixation)	5.8	5.9	3.4	2.9	2.0	1.4	1.1	1.3	1.0	1.1	1.2	1.1	1.2
Medium-Term fixed (5Y-10Y initial rate fixation)	20.8	24.6	24.4	25.5	20.4	12.2	14	14.5	14.1	14.6	13.8	13.5	14.6
Long-Term fixed (over 10Y initial rate fixation)	65.5	62.9	66.1	69.1	76.6	84.0	82.2	81.5	84.2	83.6	84.4	85.0	83.8
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	3.5	2.7	4.1	3.2	3.2	2.2	2.0	2.1	3.1	3.1	2.6	1.3	1.1
Short-term fixed (1Y-5Y initial rate fixation)	54.8	49.8	52.6	48.2	47.0	38.5	34.3	46.7	46.5	50.7	50.3	50.9	51.2
Medium-Term fixed (5Y-10Y initial rate fixation)	41.7	30.1	43.3	48.6	49.8	59.3	63.7	51.2	50.3	46.2	47.1	47.8	47.7
Long-Term fixed (over 10Y initial rate fixation)	6.1	4.3	6.3	5.4	6.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK													
Variable rate (up to 1Y initial rate fixation)	14.8	18.2	16.6	10.7	5.2	7.3	11.2	16.1	9.8	9.1	8.0	12.3	12.7
Short-term fixed (1Y-5Y initial rate fixation)	25.4	31.2	26.8	14.5	8.6	10.8	15.6	17.0	14.7	16.7	16.8	20.4	25.7
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	0.9	1.6	0.8	0.7	1.6	0.5	0.3	0.3	0.5	0.6	0.4	0.4
Long-Term fixed (over 10Y initial rate fixation)	58.3	49.8	55.0	74.0	85.4	80.3	72.6	66.6	75.1	73.7	74.7	66.9	61.2
FINLAND													
Variable rate (up to 1Y initial rate fixation)	96.6	96.3	96.1	96.4	96.5	96.6	95.9	96.9	97.1	96.9	96.7	95.9	96.6
Short-term fixed (1Y-5Y initial rate fixation)	1.4	1.7	1.8	1.5	1.3	1.3	1.6	1.1	1.0	1.2	0.8	0.7	0.6
Medium-Term fixed (5Y-10Y initial rate fixation) / Long-Term fixed (over 10Y initial rate fixation)	2.0	2.0	2.1	2.1	2.2	2.2	2.5	2	1.9	1.8	2.5	3.4	2.8
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.5	11.6	11.4	11.2	10.6	10.8	10.4	11.1	10.3	10.1	9.5	9.3	10.3
Short-term fixed (1Y-5Y initial rate fixation)	8.7	8.7	8.9	8.8	7.7	7.6	7.6	7.8	7.2	7.2	7.1	7.0	6.6
Medium-Term fixed (5Y-10Y initial rate fixation)	34.0	34.6	33.0	32.6	31.5	31.7	32.0	32.5	32.7	33.1	34.3	36.4	35.4
Long-Term fixed (over 10Y initial rate fixation)	45.8	45.1	46.7	47.3	50.1	49.9	49.9	48.6	49.8	49.5	49.1	47.3	47.71

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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
HUNGARY													
Variable rate *(up to 1Y initial rate fixation)*	11.5	6.5	4.9	3.2	2.6	1.7	1.6	1.1	1.1	1.0	0.9	0.9	0.7
Short-term fixed *(1Y-5Y initial rate fixation)*	42.4	31.3	26.5	24.7	28.3	30.6	29.3	27.9	26.7	25.4	27.1	31.7	28.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	38.4	51.3	57.6	61.4	59.2	55.2	53.9	57.8	59.3	59.8	60.6	56.6	57.5
Long-Term fixed *(over 10Y initial rate fixation)*	7.8	11.0	11.0	10.7	9.8	12.5	15.2	13.2	12.9	13.7	11.4	10.8	12.9
IRELAND													
Variable rate *(up to 1Y initial rate fixation)*	36.1	30.9	28.7	27.9	26.3	25.0	25.6	24.9	21.4	20.3	22.8	19.3	18.9
Short-term fixed *(1Y-5Y initial rate fixation)*	63.9	69.1	71.3	72.1	73.7	75.0	74.4	75.1	78.6	79.7	77.2	80.7	81.1
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)*	32.8	30.5	30.8	34.2	31.5	19.7	19.8	19.2	17.4	16.2	16.9	16.8	16.5
Short-term fixed *(1Y-5Y initial rate fixation)*	67.2	69.5	69.2	65.8	68.5	80.3	80.2	80.8	82.6	83.8	83.1	83.2	83.5
Medium-Term fixed *(5Y-10Y initial rate fixation)*													
Long-Term fixed *(over 10Y initial rate fixation)*													
NETHERLANDS													
Variable rate *(up to 1Y initial rate fixation)*	16.3	16.9	18.2	19.7	19.4	17.1	17.3	12.5	14.3	15.2	12.8	11.3	11.9
Short-term fixed *(1Y-5Y initial rate fixation)*	10.0	9.2	9.3	10.0	8.7	7.9	7.4	6.6	7.4	7.4	6.4	6.6	6.7
Medium-Term fixed *(5Y-10Y initial rate fixation)*	43.8	43.1	42.5	42.7	44.1	43.4	41.1	39.7	34.0	32.9	34.8	33.7	32.2
Long-Term fixed *(over 10Y initial rate fixation)*	29.9	30.8	30.0	27.5	27.8	31.6	34.3	41.2	44.3	44.4	46.0	48.4	49.1

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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
POLAND													
Variable rate *(up to 1Y initial rate fixation)*	100	100	100	100	100	100	100	100	100	100	n/a	n/a	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
Medium-Term fixed *(5Y-10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed *(over 10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate *(up to 1Y initial rate fixation)*	64.0	66.3	82.9	76.9	70.81	55.7	59.7	71.0	70.7	70.0	68.5	71.5	70.8
Short-term fixed *(1Y-5Y initial rate fixation)*; Medium-Term fixed *(5Y-10Y initial rate fixation)*; Long-Term fixed *(over 10Y initial rate fixation)*	36.0	33.7	17.1	23.1	29.2	44.3	40.3	29.0	29.3	30.0	31.5	28.5	29.2
ROMANIA													
Variable rate *(up to 1Y initial rate fixation)*	75.0	69.9	74.3	76.2	79.4	78.2	70.0	72.0	66.5	75.2	74.1	74.8	73.5
Short-term fixed *(1Y-5Y initial rate fixation)*	11.3	13.6	13.2	10.8	10.0	10.5	11.2	10.5	11.0	7.4	5.4	4.6	6.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	6.7	8.5	3.8	2.6	2.5	4.2	5.4	4.6	5.5	3.1	4.6	5.7	7.9
Long-Term fixed *(over 10Y initial rate fixation)*	7.0	8.0	8.7	10.5	8.1	7.1	13.4	13.0	17.1	14.3	15.9	15.0	12.2
SPAIN													
Variable rate *(up to 1Y initial rate fixation)*	36.2	35.7	34.4	38.1	36.3	33.6	32.3	38.6	35.4	31.2	28.2	25.5	24.4
Short-term fixed *(1Y-5Y initial rate fixation)*	28.2	26.6	26.8	27.0	28.8	22.3	19.3	17.0	18.9	19.1	19.3	16.6	15.2
Medium-Term fixed *(5Y-10Y initial rate fixation)*	4.7	4.8	5.6	4.5	3.5	3.0	3.6	3.0	3.1	2.7	3.1	3.1	3.3
Long-Term fixed *(over 10Y initial rate fixation)*	30.8	32.8	33.3	30.4	31.4	41.1	44.8	41.4	42.6	47.0	49.4	54.9	57.2

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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
SWEDEN													
Variable rate *(up to 1Y initial rate fixation)*	72.2	62.1	54.9	60.8	63.0	58.7	49.5	52.7	46.4	45.2	43.7	43.4	42.8
Short-term fixed *(1Y-5Y initial rate fixation)*	20.9	29.8	36.2	31.6	27.0	28.5	35.4	34.1	37.7	39.8	42.6	44.4	45.2
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	6.8	8.1	8.9	7.6	10.0	—	12.8	13.2	15.8	15.0	13.7	12.3	12.0
UNITED KINGDOM													
Variable rate *(up to 1Y initial rate fixation)**	8.3	6.8	7.9	6.6	7.4	6.7	7.3	10.3	9.1	7.9	6.7	5.5	5.3
Short-term fixed *(1Y-5Y initial rate fixation)*	90.0	91.7	90.5	91.8	90.7	91.8	91.5	88.6	89.4	90.4	91.8	92.5	92.7
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.7	1.5	1.6	1.6	1.9	1.5	1.2	1.1	1.5	1.7	1.5	2.0	2.0
Long-Term fixed *(over 10Y initial rate fixation)*	n/a	0	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0

* 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:
- Czechia
- Sweden

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 latest ECB quarterly data, published in October 2021.

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)

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

CREDIT STANDARDS FOR RESIDENTIAL LOANS

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

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

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

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

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

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

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

REJECTION RATE

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

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

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

NON-EU CREDIT STANDARDS

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

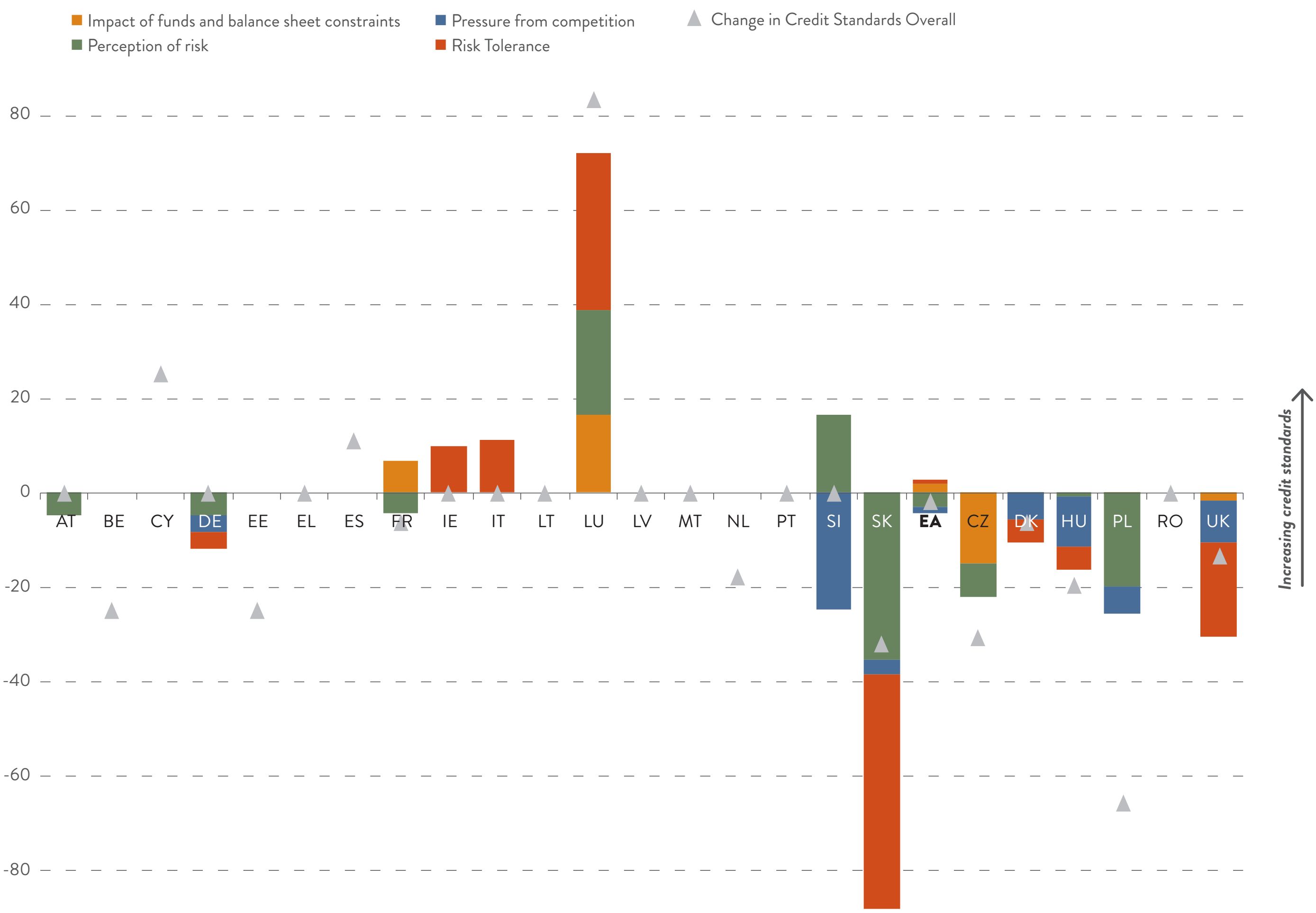
TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2021-Q3 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

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

NOTE:

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

CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021
AT	-14	14	14	29	29	43	-14	29	0	14	14	14
BE	25	0	0	0	100	-50	-100	25	25	25	50	-50
CY	25	25	50	0	25	0	-75	100	100	-25	25	0
DE	10	14	38	28	17	24	-29	36	11	0	11	18
EE	0	13	13	0	25	0	-50	25	50	63	13	13
EL	100	50	0	75	75	75	0	100	50	75	50	25
ES	-11	11	0	-33	-33	-44	-100	22	-11	-22	44	33
FR	-20	20	28	28	41	38	-91	46	37	-38	54	7
IE	10	50	20	0	0	40	-100	50	30	0	10	-10
IT	10	0	20	10	30	-30	-70	30	0	-10	22	9
LT	25	0	0	0	0	-25	-50	25	0	75	25	50
LU	17	17	0	-17	17	33	-100	33	67	-50	-17	-17
LV	25	25	25	25	50	0	-50	50	50	75	75	25
MT	-25	43	0	-82	-99	-82	-58	56	62	0	2	-37
NL	52	49	50	14	50	49	2	-42	6	36	64	-21
PT	20	-20	40	40	20	0	-80	20	20	40	40	60
SI	0	-20	-20	-20	-80	-60	-100	50	0	-25	75	50
SK	-15	-20	-25	-1	7	0	-100	-3	-27	-21	46	32
EA	**12**	**14**	**26**	**15**	**25**	**12**	**-61**	**31**	**16**	**-7**	**36**	**11**
CZ	-28	-72	29	18	31	20	-50	64	75	86	96	-11
DK*	28	11	-14	-30	-7	6	1	8	-19	-33	-6	8
HU	65	75	60	-44	34	6	-81	84	10	89	100	—
PL	13	26	54	38	-18	23	-66	19	-8	-58	-59	—
RO	-33	8	-17	2	31	12	-65	3	-11	43	—	—
UK**	24	-2	-29	-13	13	-28	79	-96	-32	22	-81	—

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

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

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

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

CREDIT DEMAND IN NON-EURO AREA COUNTRIES

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

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2021-Q3 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

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

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

CHART 5 | DEMAND OVERVIEW AND FACTORS

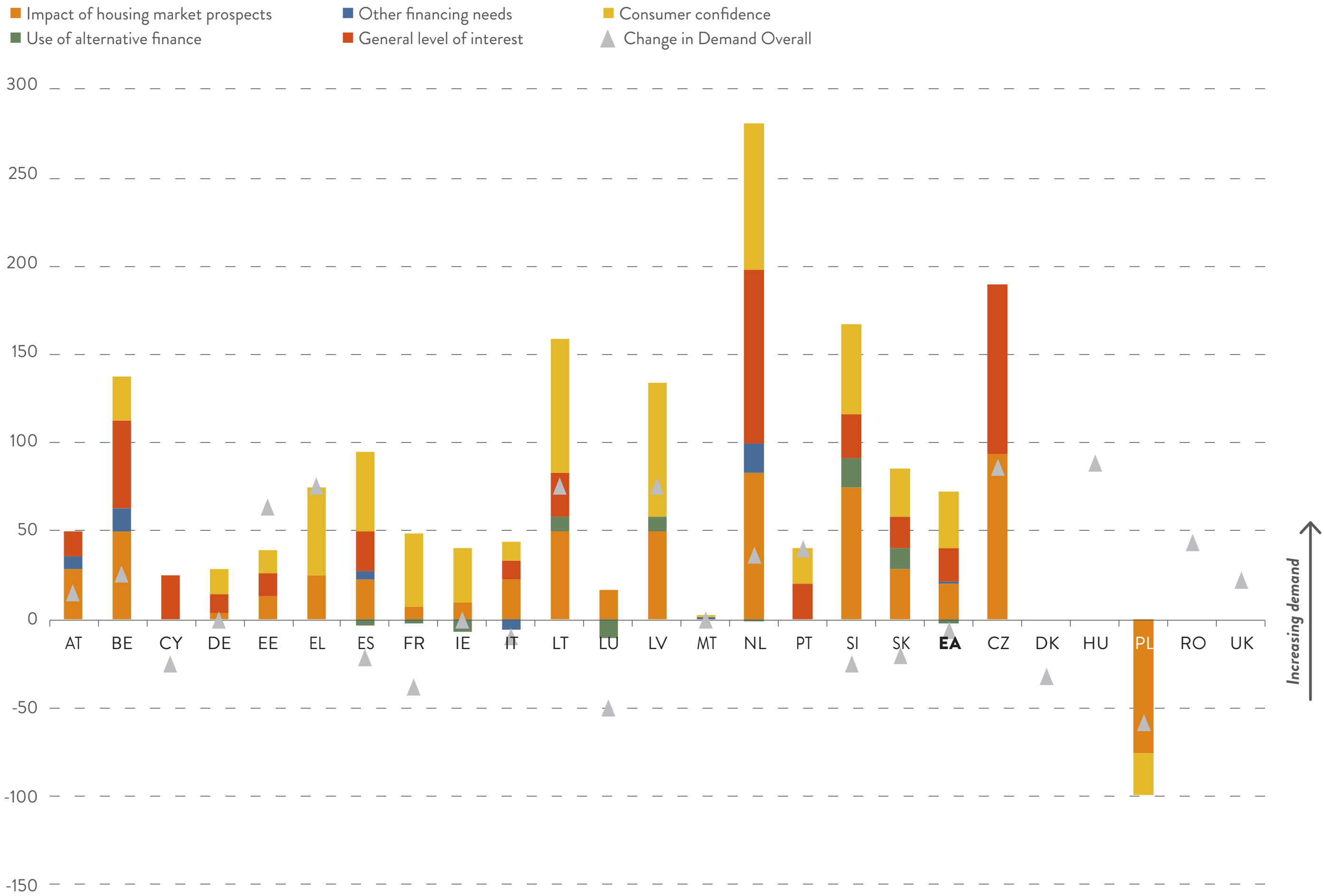
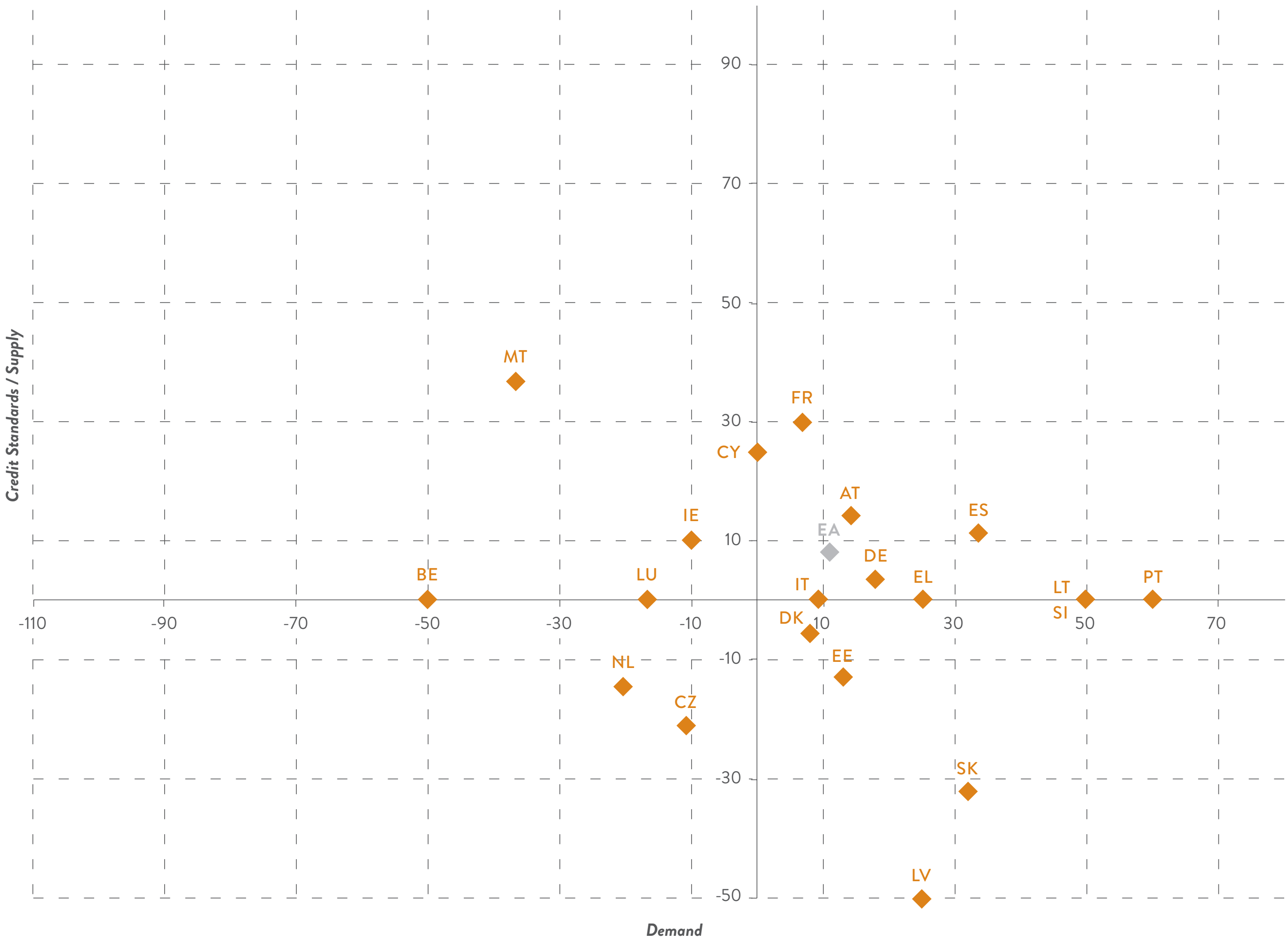


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

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

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

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

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QUARTERLY REVIEW
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