

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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

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

The last quarter of the year 2021 saw European residential lending continue to expand. However, while overall mortgage stock and gross lending volumes maintained their upward movement, continuing a trend that has now lasted for more than a year, the pace of growth is showing signs of deceleration. This latter development took place in concert with a significant change in the European macroeconomic scenario.

In spite of the generally positive evolution of the European economy, there are nevertheless significant uncertainties in terms of inflation and supply-side bottlenecks, which will likely have an impact on the expectations and outcomes of European mortgage and housing markets in successive periods.

Compared to Q4 2020, Euro area GDP increased by 4.6%, whereas EU27 economic activity expanded by 4.8%, improving on the previous quarter's growth rates. For 2021 as a whole, GDP increased by 5.3% in both the euro area and EU, after recording deep economic contractions (-6.4% and -5.9% respectively) in 2020. GDP growth was indicative of a much improved economic and business environment in the EU, especially as governments and authorities began to rollback their containment and social distancing policies. This, in turn, was overshadowed by what would become the main highlight of late 2021, rising consumer prices. Indeed, by the end of 2021, inflation had taken centre stage. According to Eurostat, the area annual inflation rate in the Euro area was 5.0% in December 2021, up from 4.9% in November. One year prior, price deflation was the main highlight, as annual prices decreased by -0.3%. In the broader EU27, the inflation rate was 5.3% at year-end (up from 5.2%

in November 2021), which contrasts with December 2020's 0.3% inflation rate. This substantial shift to what appears to be the start of an inflationary cycle was mainly motivated by rising energy prices, but other items comprised in the HICP have also become more costly for European consumers, such as services, food products or non-energy manufactured goods, giving way to a higher inflation rate. It is perhaps too early to ascertain the impact of the latest price developments, let alone provide estimates on forward-looking trend. However, inflation readings have been increasing steadily and this could potentially have an impact on future spending and investment decisions, as well as the interest rate environment.

In addition to apparent changes at macroeconomic level, mortgage and housing markets have undergone significant changes over the course of Q4 2021. Firstly, in terms of housing supply, most jurisdictions report that permit issuance, completions and starts are increasing, yet there are near-term problems such as material costs and the performance of the construction sector that can potentially hinder supply. Furthermore, house prices continued to increase at a comparatively significant pace, matching Q3 2021's rate of growth. Concerning mortgage interest rates, the scenario is mixed, as different jurisdictions report either increases or decreases. Still, the average unweighted rate increased for the first time in more than two years. Lastly, pandemic-related measures are yielding positive results in terms of household indebtedness and non-performing exposures. Many of these are nevertheless being phased out, as authorities begin to focus on improving the macroprudential framework and curtailing borrower-related risks.

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

MORTGAGE MARKETS

At an aggregated level, the mortgage stock of the EMF country sample¹ amounted to above EUR 8 tn in Q4 2021, a record high, which would represent a 6.4% yearly increase compared to Q4 2020 volumes. Despite maintaining its upward momentum, the broader European mortgage stock grew at a comparatively slower rate, following a 6.8% growth rate in Q3 2021 (vs Q3 2020). For the first time, the combined EMF mortgage stock, as shown here, includes the latest figures from Greece.

Gross lending activity was also dynamic in Q4 2021, expanding for the fourth consecutive quarter. The market is nevertheless showing signs of deceleration. Combined gross lending was EUR 374 bn in Q4 2021, marking a 2% increase compared to the same quarter of the previous year. This latter rate is significantly lower than the one registered in Q3 2021, when gross lending grew by 16% year-on-year, or peak-level Q2 2021, which saw gross residential lending expand by a significant 35%, as aggregated volumes reached 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.

In Northern Europe, the volume of outstanding residential mortgages expanded once more in Q4 2021. In **Sweden**, the volume of outstanding mortgages increased by 6.8% y-o-y (considering values in SEK), up from 6.6% the previous quarter, while **Denmark** saw its residential mortgage volumes grow by 1.5% on the same basis. In **Finland**, in the meantime, the volume of outstanding loans expanded by 4% compared to Q4 2020. Regarding gross residential lending, the narrative is somewhat mixed. Levels increased by 3.3% on a yearly basis in Sweden, down from almost 15% y-o-y in the previous quarter, whereas Denmark and Finland both saw, as in the previous quarter, decreasing volumes, by -8.4% and by -7.7% y-o-y, respectively.

In Central and Eastern European markets, mortgage lending activity tended to grow over the course of Q3 2021. Compared to Q4 2020 values, the volume of outstanding residential loans grew in **Romania** (12.7%, local currency) and **Hungary** (11.8%). Gross residential lending also expanded significantly in these jurisdiction (Romania, +24.7%; Hungary, +38.1%), although the pace has decelerated when compared to Q3 2021's yearly rates. In **Poland**, the mortgage stock, considering values in PLN, increased by a yearly 7.4% (up from 7.0% in Q3 2021), while gross lending expanded by more than 40% on the same basis. In **Czechia**, outstanding mortgage volumes grew by 12.2% compared to Q4 2020. In the meantime, gross residential lending expanded by 26.7%.

The volume of outstanding mortgages increased in **Belgium** by 6% yearly in Q4 2021, while gross lending decreased by -13.5%. In **France**, the mortgage stock grew by 6.8% compared to Q4 2020, while the gross lending expanded by 4.7%. Lastly, in **Germany**, the mortgage stock expanded by 7.1% compared to Q4 2020, while new residential lending increased by 4.3% on the same basis

(down from 8.2% in Q3 2021). According to the latest reports, residential lending growth was mainly driven by owner-occupied home financing, in addition to strong overall demand for housing and a favourable interest rate environment.

Southern European jurisdictions recorded further mortgage stock increases in Q4 2021. In **Italy**, outstanding residential loan volumes increased by 4.7% over a year, while **Portugal** reports a 2.1% growth rate on the same basis. Meanwhile, in **Spain**, the mortgage stock increased by 1.1% in Q4 2021, up from 0.8% in Q3 2021. Regarding gross lending, the scenario is mixed. Both Portugal and Spain report an additional round of increases in Q4 2021, as values expand by 21.5% and 11.3%, respectively. Although significant, the pace of growth has decelerated against Q3 2021's yearly rate. In **Italy**, meanwhile, Q4 2021 gross residential lending decreased compared to Q4 2020, but if we consider the overall performance of the year, it reports a growth of 3.6%. **Greece**, the latest addition to the Quarterly Review sample, saw the national mortgage stock fall by -33% (down from a -24.8% yearly drop in the previous quarter), mainly due to the securitisation and transfer of NPL to non-resident financial institutions.

In **Ireland**, residential lending follows two simultaneous albeit different trends. Firstly, outstanding mortgage volumes decreased further in Q4 2021, as reports point to a -3.7% contraction (further to a -3.5% drop in Q3 2021). In terms of gross lending, volumes expanded once more in Q4 2021, with values increasing by 12.3%, despite the relative slowdown (Q3 2021 saw Irish gross lending figures grow by a noticeable 42.3%).

In the **United Kingdom**, the mortgage stock increased by 4.3% y-o-y in Q4 2021 (down from 5% in Q3 2021). The volume of gross residential loans decreased by -9.5% on a yearly basis, after a 16.3% increase (on the same basis) in the previous quarter.

REGULATION AND GOVERNMENT INTERVENTIONS

In terms of specific public policy actions, governments and authorities across different jurisdictions focused their efforts on improving their macroprudential frameworks, mainly by further modifying provisions that concern borrower indebtedness. In addition to this, other noteworthy policies were oriented toward energy efficiency of dwellings and lending to first time buyers.

As part of a broader national discussion on household indebtedness, commented on in previous iterations of the EMF Quarterly Review, **Finland's** Ministry of Finance announced that a new legislative proposal will be tabled in spring 2022. The original proposal included inter alia maximum debt-to-income ratio (DTI), maximum maturity for housing loans and restrictions on housing company loans for new construction. However, the latest reports suggest that the maximum DTI will not be included.

In **France**, an assortment of measures was proposed and subsequently discussed during Q4 2021. In the field of energy efficiency, the "energy performance diagnosis" (DPE) provides information on the energy performance of a home by evaluating its energy consumption and its impact in terms of greenhouse gas emissions. The new calculation methods for establishing the "DPE", which entered

¹ In Q4 2021, Quarterly Review country sample includes data from BE, CZ, DE, DK, EL, 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 2021). For this analysis, the EMF Secretariat used Q4 2021 figures and country-specific comments submitted by BE, CZ, DE, DK, EL, 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.

into force on 1 July, 2021 were modified in Q4 2021. Indeed, the number of existing dwellings with F and G ratings multiplied by the application of this new approach. Given the short-term consequences for dwellings included in these categories (inability to rent out properties in the least efficient part of G from 2023, from 2025 for all housing with a DPE rated G and from 2028 for housing with a DPE rated F), the government deemed necessary to review the calculation method.

Furthermore, the 2022 Budget Bill, passed in December 2021, extended various aid systems for home ownership, energy renovation and rental.

First, the zero-rate loan (PTZ) has been extended until the end of 2023, giving first-time buyers clearer perspectives in relation to their home purchase projects for the coming year. Second, the Eco zero-rate loan (Eco-PTZ) has been extended until the end of 2023 to promote the energy renovation of housing. In addition, a system for simplifying the processing of these loans is planned from 1 July, 2022 when borrowers will benefit from "Ma PrimeRénov" (bonus for the energy renovation of housing, accessible to all owners of homes built at least 15 years earlier). With 650,000 Ma PrimeRénov' aids delivered in 2021, and 65,000 Eco-PTZ loans granted over the same period, this augurs very significant development potential for the Eco-PTZ distributed by banks. Third, the "Denormandie" tax arrangement, which aims at supporting the rental of second-hand dwellings with significant renovation work (applicable in a certain number of small and medium-sized cities -245- spread over the whole territory), was extended until the end 2023. Lastly, the "Censi-Bouvard" tax arrangement to support the supply of rental residences for the elderly or for students was also extended one year.

Moving on to the **Netherlands**, the new Dutch government aims to encourage housebuilding. In particular, the goal is to build 100,000 new homes each year. There are nevertheless concerns as to whether these can actually be built, considering the modest increase in number of building permits issuances and the shortages both in labor and material currently faced by the construction sector. Furthermore, nearly 40% of companies in the construction material industry is experiencing challenges due to workforce shortages, which is often cited as the most notable obstacle to business. As a result, construction companies have to reckon with a further increase in material shortages.

In **Hungary**, the FGS Green Home Programme (GHP), launched in October 2021, was initiated by the Central Bank to promote the development of the green housing loan market. The Green Home Loan in the Programme is available for individuals for the purchase or construction of new flats and family houses with an energy-efficiency rating of at least BB and a maximum primary energy consumption of 90 kWh/m²/year for their own use. The maximum loan amount is HUF 70 million and the maximum maturity is 25 years. For the commercial banks that participate in the programme, the Central bank provides refinancing funds at 0% interest, which they can lend on to retail customers at a maximum interest rate of 2.5%.

In **Czechia**, the central bank reestablished the DTI and DSTI credit indicators. Furthermore, the LTV was reduced to 80%, down from 90%.

In neighbouring **Poland**, the Sejm adopted the Act on guaranteed housing credit in October 2021. According to the new legislation, the State, through the state-owned Bank Gospodarki Krajowej (BGK), will guarantee up to 20% of the housing loan amount, but no more than PLN 100,000. The loan will be granted

for a minimum of 15 years in the Polish currency. Obtaining the guarantee will be possible only where properties meet certain price limits which have been established for particular regions and cities.

It will also be possible to obtain the so-called family repayment when a borrower's family expands with a second or subsequent child during the repayment period of the guaranteed housing loan. The family repayment amounts to PLN 20,000 (in the case of a second child) or PLN 60,000 (in the case of adding another child to the family). BGK will charge 1% of the value of the guarantee (commission fee). The housing loan guarantees will become effective at the end of May 2022.

Further south, in **Spain**, Banco de España's Circular 5/2021, which develops the three new macroprudential tools introduced by the Royal Decree-Law 22/2018 and Royal Decree 192/2019, came into force on 12 January, 2022. These measures consist of a) a sectoral component of the countercyclical capital buffer which allows the application of this buffer not only over the whole system but also over specific sectors; b) a limit on risk concentration to reduce the loan exposure in certain portfolios if signs of financial imbalance are observed; and finally c) limits and conditions on loan origination if necessary establishing a defined threshold on customer borrowing based on variables such as loan-to-value (LTV), debt service to income (DSTI), debt to income (DBT), or the loan term. The Spanish Central Bank will enforce these limits when it considers that the recent evolution of one or more credit segments may hinder financial stability.

Lastly, the Central Bank of **Ireland** launched a public consultation on its macroprudential mortgage measures, which comprise loan-to-value and loan-to-income limits, in December 2021. It also introduced a "carry-over approach" for allowance lending (a certain portion of mortgages may exceed the limits) between assessment periods and clarified lenders' ability to participate in the government's planned "First Home" Shared Equity Scheme.

HOUSING MARKETS

HOUSING SUPPLY

Building permit issuance and housing supply in Europe generally increased in Q4 2021 across several EMF jurisdictions, yet some country-specific trends point to relative housing supply shortages and/or drops. It is worth noting, additionally, that construction costs seem to be increasing in some countries, while real estate construction seems to have weakened in the short term.

Starting in Northern Europe, housing starts in **Sweden** increased by around 14% in 2021. Due to the strong increase in housing prices for one-family homes, housing starts for one-family homes increased by almost 30% in 2021. The increase in construction in the last years was mainly concentrated in apartments. In 2021, 22% of housing starts were one-family homes compared to 20% in 2020. In **Denmark**, the housing market remained active throughout Q4 2021. A total of 10,513 houses was sold (a -19% drop in terms of transactions compared to Q4 2020). During the same period, 3,888 owner-occupied apartments were sold, representing a decrease of 19% compared to the same quarter in 2020. The supply of both houses and apartments also decreased in the fourth quarter of 2021. A total of 21,993 and 5,067 houses and apartments, respectively, was on the market at the end of the fourth quarter. The supply of houses fell by -7.7% compared to the previous quarter. The supply of apartments fell by 13.4%. Lastly, in **Finland**, the issuance of new housing permits and the number of new starts both increased.



In the **Netherlands**, the 12-month average in building permit issuances appears to have stalled at 2017 and 2018 levels. The number of new completed houses (around 70,000 dwellings a year) has not shown any increase for several years now. In **France**, existing building transactions for 2021 (1,178,000 units overall) increased by 15% compared to 2020, which was already at a very high historical level. Dwelling transactions in Q4 2021 were however down by -9% compared to Q4 2020 volumes. Despite this slight slowdown, the market remained dynamic during this period. 471,000 housing permits and 386,700 housing starts were recorded in 2021, up respectively by +19% and by +11% compared to the previous year. In particular, the significant recovery in construction of individual houses observed since the beginning of 2021 continued in Q4 2021. Compared to Q4 2020, the quarterly housing permits (36,700 units) increased by 3%, while the quarterly housing starts (32,000 units) climbed by 15%.

In Eastern Europe, housing supply expanded further in Q4 2021. In **Hungary**, the number of newly issued building permits in Q4 of 2021 was 7,511 for the whole country. This number represents a 42% increase compared to the same period in the previous year. The total number of issued building permits in 2021 was 29,941, the increase for the year is 32.7% compared to 2020. In the meantime, in Budapest, the growth in the number of the newly issued building permits (1,276) was even more dynamic with 44% growth compared to the same quarter in 2020. Trends in housing completions, on the other hand, were just the opposite compared to the issued new permits. The number of newly finished dwellings in the 4th quarter was 7,256, a 53% decrease compared to the number achieved in Q4 of 2020 (15,343). In Budapest the number was 1,994, also representing a decrease compared to the same period in 2020 (about 50%). Concerning **Romania**, the latest reports suggest that building construction maintained its upward trend in 2021, up by 28% compared to the previous year, while the number of building permits expanded by 24% on the same basis. It is important to note that the average construction costs increased by 13% in annual terms in 2021.

In **Poland**, during Q4 2021, nearly 70,300 new dwellings were completed (an increase of 7.4% in comparison to Q4 2020) and the construction of 61,000 dwellings (a decrease of nearly 44% y-o-y) began. Nearly 32,000 building permits were issued for the construction of 83,5000 dwellings (increase of 21.5% y-o-y). Residential construction activity weakened especially towards the end of the year. This is not only due to the seasonality of construction works but is also a result of the reduced investment activity of developers anticipating the drop in residential demand due to high prices. This may lead to the significant drop in the supply of new apartments for at least several quarters.

In Southern Europe, the supply-side scenario was also one marked by further gains. In **Italy**, Q4 2021 transaction volumes amounted to more than 212,000, with an increase of 15.7% y-o-y. In **Spain**, real estate activity continued showing a positive trend during Q4 2021 in the light of the improvements in confidence indicators, despite the emergence of the Omicron variant. Specifically, from a supply side perspective, the volume of new housing approvals reached its third consecutive quarter of y-o-y increase, which stood at +28% in Q4 2021, after recording a volume of near to 30,000 licensed dwellings (the highest level of the last three years). Also, from the demand side, a positive trend was observed, with close to 193,000 housing sales, an increase of 20% y-o-y. Over the year, more than 674,000 houses were sold (+38%), a remarkable figure when comparing to the levels reached so far since the real estate boom.

In **Ireland**, almost 6,500 housing units were started in Q4 2021, 3.3% more than in Q4 2020. On an annual basis, more than 30,700 units were commenced in 2021, the most in any year since 2007. Dublin and Dublin Commuter accounted for 35.6% and 25%, respectively, of housing starts in 2021. Both regions recorded their highest commencement levels since 2006 with 10,936 in Dublin and 7,694 in Dublin Commuter. More than 6,900 new dwellings were completed in Q4 2021, according to the Central Statistics Office (CSO), 5.3% less than in Q4 2020. About 20,400 dwellings were completed in all of 2021, 93 fewer than in 2020 and 616 fewer than in 2019. Dublin accounted for about 30.3% of completions in 2021 while Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 23% and 22% of completions, respectively. Completions in Dublin rose by 2.7% year on year in 2021 to 6,201. Dublin accounted for 78% of apartments completed nationwide. The number of apartments completed increased by 30.3% in 2021 to 5,107, the most since at least 2008.

In the final quarter of 2021, there were 36,000 house building starts, and 45,000 completions in the **United Kingdom**. This is down 4% and 13% respectively on Q4 2020. The housebuilding statistics are distorted somewhat due to the impact of the pandemic. Activity in the final quarter of 2020 was higher than usual following a period of very low activity in the second quarter of 2020. On an annual basis house building starts were 35% higher in 2021 compared to 2020, and completions were 19% higher.

HOUSE PRICES

The average, unweighted house price index of the EMF country sample grew by 10.4% on a yearly basis in Q4 2021, following a 10.3% increase in Q3 2021 as per the available data at the time this report is published. This would indicate a further acceleration of the rate of growth of European house prices, albeit comparatively more moderate than in the previous quarters.

The average HPI growth rate in 2021 (considering all four quarters) was also 9.1%, which remains the strongest increase recorded so far for the EMF sample. This would mean a further step in the overall price trend, which has been consistently expanding, at varying degrees, since Q2 2014. This data is nevertheless provisional and can be subject to change once the national HPI scores become available.

In **Sweden**, the first step in northern Europe, single-family home prices increased by 16.0% on a yearly basis in Q4 2021, down from 20.2% in Q3. Despite the slowdown in price increases, these are still record figures and have not been higher since the end of the 1980s. The prices of apartments increased by 8.2% in Q4, (also 8.4% in the previous quarter). The main drivers of these developments are, as mentioned in other iterations of this report, the implementation of remote working schemes and the ensuing demand for housing, especially single-family homes, in the suburban areas and smaller cities. The prices of single-family homes in the Stockholm area increased by 16.4% on a yearly basis in the fourth quarter 2021 (23.7% Q3 2021). In the Malmö-area the prices increased by 18.2% on an annual basis (22.4% Q3 2021) and in Gothenburg by 17.5% (18.9% Q3 2021). The prices of apartments in Stockholm increased by 8.9% in the fourth quarter 2021 (8.0% Q3 2021). Apartments in Gothenburg increased by 4.6% (6.1% Q3 2021) and in Malmö by 8.9% (12.6% Q3 2021). In **Denmark**, prices of both houses and apartments decreased in the fourth quarter of 2021 compared to previous quarter. A potential explanation of this could be that the effects of the pandemic on supply and prices is starting to ease. In the meantime, the average house prices increased by 3.1% against Q4 2020 in **Finland**.

In the third quarter, the latest period for which there is data, houses sold in the **Netherlands** were 17.5% more expensive on average than in the same quarter of the previous year. Yearly house price growth has been increasing for seven quarters in a row now. Prices have not increased at this pace since the turn of the century. 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 cities, house price growth was slowest in Amsterdam: here, existing owner-occupied houses were 14.9% more expensive than one year before. However, this does not consider the fact that homebuyers in Amsterdam also paid considerably more for their houses than those who bought a house there a year earlier. In the Dutch capital the average selling price rose by EUR 79,000. In **Belgium**, based on the figures of the notary barometer, the average price of a house increased to reach EUR 297,611 at the end of 2021. This means an increase by 7.5% compared to the average price at the end of 2020. In France, prices for existing dwellings increased by 7.2% over one year, down slightly compared to the previous quarter (7.5% y-o-y). Concerning **Germany**, prices for owner-occupied housing increased by 12.4% y-o-y. This trend was driven by financing conditions that remained favourable, coupled with stable employment and incomes for private households. Another factor that is important not to underestimate is likely to have been the marked increase in construction costs for new residential properties, which helped fuel the rise in prices of existing owner-occupied homes and flats in multi-family houses. This pushed prices for single – and two-family houses up by 12.5% and condominium prices up by 12.1% – both in a year-on-year comparison

In Eastern Europe, house prices are also reported to be increasing. Starting off in **Hungary**, house prices grew significantly in 2021. In Q3, overall national house price growth was 12.5% compared to Q3 2020 values. The strongest increases were recorded in the Budapest agglomeration and the Balaton region, which have comparatively more single-family houses than other parts of the country. During the pandemic, the growth of family house prices outpaced that of apartments, due in great part to a growing demand for the former. In Q3 2021, overall prices decelerated somewhat compared to Q2 2021 (recording a 1% growth). In **Romania**, residential real estate risks are evaluated as moderate, with an increasing probability of occurrence amid the tempered price evolution and increasing production costs. Residential property prices increased in the third quarter of 2021 by 5.9% in nominal terms (respectively 0% in real terms). Prices are expected to increase further in 2022, due to the current makeup of the Value Added Tax. However, according to the National Bank of Romania Bank lending survey (February 2022), more than half of the credit institutions reported that the average house price per square meter stayed relatively flat in 2021 Q4, while the remaining 47% indicated its increase to a certain extent. In **Poland**, finally, the average house price increased by a yearly 10.4% in Q4 2021 (improving on Q3 2021's 4.5% increase). In the primary market, the largest transactional price growths were seen in Białystok (+12.8% q-o-q), Lublin (+12.4%) and Opole (+8.9% q-o-q). As to the secondary market, the most significant changes took place in Rzeszów (+6.6% q-o-q), Kielce (+6.3%) and Gdańsk (+5.8%). Transactional prices in Warsaw grew by 5.8% q-o-q (primary market) and 3.3% (secondary market). Regarding **Czechia**, house prices increased significantly in Q4 2021, mainly to inflation. Growth began to accelerate in Q3 2021 and continued in Q4 2021, as the HPI increased by 25%, three times higher than the level of inflation.

In Southern Europe, house prices increased as well in Q4 2021, although HPI values evolved differently in the relevant jurisdictions. In **Italy**, the Q4 2021 HPI increased by 0.1% against the previous quarter and by 4.0% compared to

the same quarter of the previous year (it was +4.1% in the third quarter 2021). According to the latest reports from this jurisdiction, the yearly HPI increase was due to prices of new dwellings recording an increase equal to +5.3% in the fourth quarter (up from +4.0% in the previous one) and the prices of the existing dwellings, which rose by 3.9%, slightly slowing down from the third quarter (it was +4.1%). In **Portugal**, house prices rose 2.9% in Q3 2021 compared to the previous quarter (also 2.9% q-o-q in Q2 2021). In Q4 2021, house prices increased by 2.7% on quarterly basis. In **Spain**, house prices expanded further, supported by the escalation of material costs and mismatches between supply and demand. In Q4 2021 prices recorded a q-o-q increase of 2.0%, which, together with the somewhat softer increases of the previous three quarters, led to an annual increase of 4.4% at national level. At regional level, the communities which recorded increases above the national average were Madrid (+7.2%), Valencia (+6.3%), the Balearic Islands (+6.2%) together with Murcia and Catalonia, both with a rate of around +5.0%. According to the price per square meter, Madrid (2,760 €/sqm²), the Balearic Islands (2,546 €/sqm), the Basque Country (2,455 €/sqm) and Catalonia (2,091 €/sqm), remain the most expensive regions in terms of appraisal value. House prices in **Greece** also grew significantly on a yearly basis, as the average HPI increased by 9.1% this quarter compared to Q4 2020. At national level, the annual increase was of 7.1%.

Regarding **Ireland**, residential property price inflation accelerated again in Q4 2021, with prices up by 14.4% in the twelve months to December 2021, compared with an increase of 2.2% in the year to September 2021. The CSO's national index was only 4% lower than its highest level in April 2007 and the highest level since March 2008. Prices in Dublin rose by 13.1% in the year to December 2021, while prices outside Dublin rose by 15.4% year on year.

Lastly, in the **United Kingdom**, house prices continued to grow in the final quarter of the year and were up 10% compared to the same quarter in 2020. The housing market continued to suffer from relatively low levels of stock compared to the high levels of demand. The imbalance between supply and demand has supported house price growth over the past year.

MORTGAGES INTEREST RATES

Regarding mortgage interest rates, the average unweighted rate for EMF jurisdictions, considered altogether, was 2.01%, up by 11 bps compared to Q3 2021's average rate (1.90%). It is the first rate increase since Q4 2018. From the particular standpoint of EMF jurisdictions, mortgage interest rate developments have been somewhat heterogenous, as the latest data shows.

In **Sweden**, variables interest rates remained stable during the fourth quarter of 2021 at 1.2%. Longer interest rates, however, increased slightly: 1-5 years at 1.4% (1.3% in Q3 2021), while interest rates over 5 years increased to 1.6% in the fourth quarter from 1.5% in the third quarter. In **Denmark**, the average interest rate on loans with fixation period up to one year decreased by 3 bps in the fourth quarter of 2021. For loans with between one to five years of interest rate fixation and loans with between five and ten years of interest rate fixation, the average interest rate rose by 12 and 7 bps, respectively. The average interest rate on loans with more than ten years of fixation increased by 19 basis point in the fourth quarter of 2021. The increased interest rate on fixed rated mortgage loans during 2021 gave allowed loan owners to transition to a higher rate thus reducing some of their outstanding debt. In Finland, the rate on new housing loans was 0.77%.



In the **Netherlands**, mortgage interest rates for new mortgages fell from 1.66% to 1.65% in Q4. The average mortgage rate in the stock fell from 2.43% to 2.34%. In **Belgium**, as explained in previous reports, mortgages interest rates remained at a low level. In the fourth quarter of 2021, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years remained at about 93% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to 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. In **France**, the downward trend in interest rates stabilised in Q4 2021 at its lowest quarterly level, with an average rate of 1.12% (without the loan insurance and administrative costs). In comparison, the average interest rate in Q4 2020 stated at 1.27%.

In **Hungary**, the Central Bank started to increase its base rate in June 2021, amid the return of inflation. The increase took place on a regular monthly basis, with increases varying between 15 to 30 bps. As a result, the Central Bank base rate stood at 2.4 % at the end of 2021. In **Romania**, the representative mortgage interest rate decreased by 0.14 bps in the fourth quarter of 2021 compared to the previous quarter and by 1.13 pps compared to the level registered in the same period of the preceding year, down to 3.68%. The share of loans granted with variable interest rate against total mortgage loans decreased in 2021 Q4, reaching 71.2%, down 4 pps compared to 2020 Q4. The preference for new loans granted with fixed interest rate increased in 2021 Q4 compared to the preceding quarter for short-term fixed new loans by 1.7 pps and for medium-term fixed new loans by 1.6 pps, while slightly decreased for long-term new loans by one pp.

Concerning **Poland**, Q4 2021 saw a series of increases in the National Bank of Poland (NBP) reference interest rate, which since May 2020 had been kept at a record low 0.10%. By the end of the year, the reference rate was raised to 1.75%, while the market WIBOR rate, which is the basis for setting interest rates on mortgage loans, increased to approximately 2.50%. As a result, the average mortgage interest rate reached 4.6% at the end of the year (from 2.9% at the end of Q3 2021). Since 2020, Polish banks have introduced loans based periodically on a fixed interest rate. This type of loans began to gain popularity, especially in the second half of 2021, due to the increases in NBP interest rates. In total, nearly 13,000 loan agreements with periodically fixed interest rates were signed in 2021. These accounted for approximately 6% of the value of the entire lending activity of banks in the above-mentioned period. Loans with a periodically fixed interest rate of up to 5 years are clearly dominant here – they accounted for almost 99% of all loans granted. Fixed interest rate loans were granted for higher amounts than in the case of variable interest rate loans – by approx. 15%). In **Czechia**, the central bank increased interest rates two times in Q4 2021, from 1.50% in October to 3.75% at the end of December, in view of increased consumer and real estate prices. Reports suggest this step, although substantial, is not final and that further increases can be expected in 2022. Mortgage rates reacted almost immediately to this decision, yet it has yet to reflect on new production. Most mortgages granted in Q4 2021 still benefited from comparatively lower rates (the average rate for this quarter was 2.66%).

In **Italy**, interest rates on short term loans (with maturity <1 year) registered a new reduction, falling to 1.32% (1.36% in Q3 2021, 1.39% in Q2 2021; 5.48% in Q4 2007) while interest rates with maturity over 1 year registered a slight

increase to 1.41% (1.39% in Q3 2021, 1.43% in Q2 2021; 5.84% in Q4 2007). The average rate on new transactions for house purchasing is 1.40% (1.39% in Q3 2021, 1.42% in Q2 2021; 5.72% in Q4 2007). In **Portugal**, the variable rate for new loans (up to 1 year initial rate fixation) was 0.61% in Q4 2021, compared to 0.62% in Q3 2021. Lastly, in **Spain**, interest rates reached a new all-time low in Q4 2021, resulting in a quarterly drop of 4 bps in the weighted average rate to 1.43%. The strong competition in the market led to a narrowing gap between fixed and variable rate prices, resulting in 61% of new loans being originated with an initial fixed rate of more than 10 years. The remaining 39% is distributed between 23% of variable rate loans and 16% of loans with an initial fixed rate of more than 1 year and less than 10 years. Lastly, in **Greece**, the average interest rate on new mortgages was 2.77% in Q4 2021, 9 bps lower than Q3 2021's rate (2.85%).

In Q4 2021, fixed-rate (loans fixed for over one year) mortgages in **Ireland** accounted for more than 81% of new mortgages issued, down slightly on Q3 2021. Some 32.6% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q3 2021, down from 40.2% two years earlier. The share of mortgages outstanding which had interest rates fixed for over one year jumped from 28.1% to 42.2% over the same period.

The **UK's** average mortgage rate for new products was 1.5% in the final quarter of 2021. This is the lowest rate in any quarter since the data was first collected. Rates on medium term fixed rate mortgages remained relatively unchanged at 1.85% in Q4 2021 compared to the previous quarter (1.86%) however shorter term fixed rates were 1.55%, down from 1.81% in the previous quarter. Mortgage interest rates were driven lower by strong competition between lenders despite wholesale forward rates increasing in the quarter.

COVID-19 IMPACT OVERVIEW

In **France**, in the context of the ongoing pandemic, the government aided various economic sectors and companies in 2020-2021 through financial means. As a result of these actions, as of Q4 2021, the unemployment rate decreased to 7.4% (its lowest level since 2008), while the employment rate of people aged from 15 to 64 years reached its highest historical level (67.8%). Meanwhile, business failures were very low in 2021 (27,540 units), decreasing by 12% compared to 2020. As to the non-performing residential loans ratio, it continued to decrease in 2021. Structurally, the NPL ratio for home loans has remained low over time (1.06% of outstanding home loans in 2020) and fluctuates very little through economic cycles, thanks to the vast majority of new home loans with guarantees (97.5% in 2020) and with fixed interest rate (99.4% in 2020 and as of September 2021).

In **Hungary**, disbursement of household loans returned to pre-pandemic levels in 2021. The total volume of mortgage loan contracts concluded with households in 2021 exceeded those of 2020 by 26%. Different state subsidies (i.e., Home Purchase Subsidy, Prenatal Baby Support Loan, Home Renovation Subsidy, Green Home Programme) have all played a major role in driving this increase. Furthermore, the payment moratoria introduced in March 2020, following the coronavirus outbreak, came to an end (with some exceptions) at the end of October 2021. Only a limited number of eligible debtors used the opportunity to remain in moratoria as of November 2021 (2% of corporate and 5% of household debtors). These debtors are eligible for the extended period of the moratorium, which runs from November 2021 to June 2022.

Meanwhile, in **Romania**, the National Bank of Romania (NBR) implemented a combination of measures (monetary, macroprudential, supervisory) to allow the banking sector to accommodate the shocks generated by the pandemic. Risks related to both the financial sector and the real economy are closely monitored and periodical assessments of the macroprudential instruments (i.e., liquidity indicators, capital buffers, DSTI/LTV) are conducted, along with stress test exercises. After the outbreak, NBR took further 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, LTV limit and the maximum maturity of consumer credit. For households, the share of debtors benefiting from moratoria dropped to 0.01% in December 2021, compared to 10% in May 2020, with few debtors opting to extend the suspension period in March 2021. However, reports show a higher NPL ratio for these debtors compared to those who did not suspend their loan payments (4.9% vs 1.2% for mortgage loans).

In **Italy**, according to the preliminary data from 31 of December 2021 and the latest estimates, the current outstanding debt moratoria to households and NFCs amount to approximately EUR 44 bn, equal to 17% of all the moratoria granted since March 2020 (approximately EUR 270 bn). This amount refers to approximately 400,000 applications.

Moving on to **Spain**, the month of March 2022 marked the anniversary of the end of the period foreseen – after several extensions – to apply for the moratoria on loans and credits introduced in response to the pandemic. Almost all of the 1.5 mn applications granted have already expired, without this leading to an increase of NPL levels, which remain low in the residential segment (at around

3%). In 2020, the government approved public loan guarantees schemes to provide lending to Spanish companies and self-employed workers affected by the economic downturn. Around EUR 136.5 bn will be granted through these credit lines until the end of February 2022. These new loans introduced capital deferrals of up to 2 years, which are expected to expire in mid-2022.

Lastly, in **Portugal**, all contracts in public moratorium ended on 31 December 2021. In this context, Banco de Portugal no longer publishes statistical information on credit moratoria, with the latest information comprising the month of November. Most recent data from Banco de Portugal shows that loans under moratorium decreased sharply from September 2020 (deadline date for bank customers to request access to the public moratorium), both in individuals (-99.6% in Nov-21 vs Sep-20) and in NFC segments (-89.3% in Nov-21 vs Sep-20). Furthermore, the total amount of mortgage loans under moratorium amounted to EUR 59 mn by end November 2021 (0.1% of total mortgages), which compares with EUR 4.7 bn at the end of Q3 2021 (4.8% of total mortgage loans).

In **Ireland**, the housing market, as well as the wider economy, continued to recover strongly in Q4 2021 as the public health measures to limit the spread of Covid-19 were further eased during the quarter. More than 30,700 housing units were commenced in 2021, the most since 2007. 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. However, Covid-19 may be resulting in higher rates of absence due to sickness and self-isolation of those affected, which could negatively affect output levels. Absences in the construction sector in the last quarter of 2021 were at nearly 12%, similar to levels observed during the last quarter of 2020. Prior to the pandemic, the rate of absence in the sector in the last quarter of 2019 was at around 8%.

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

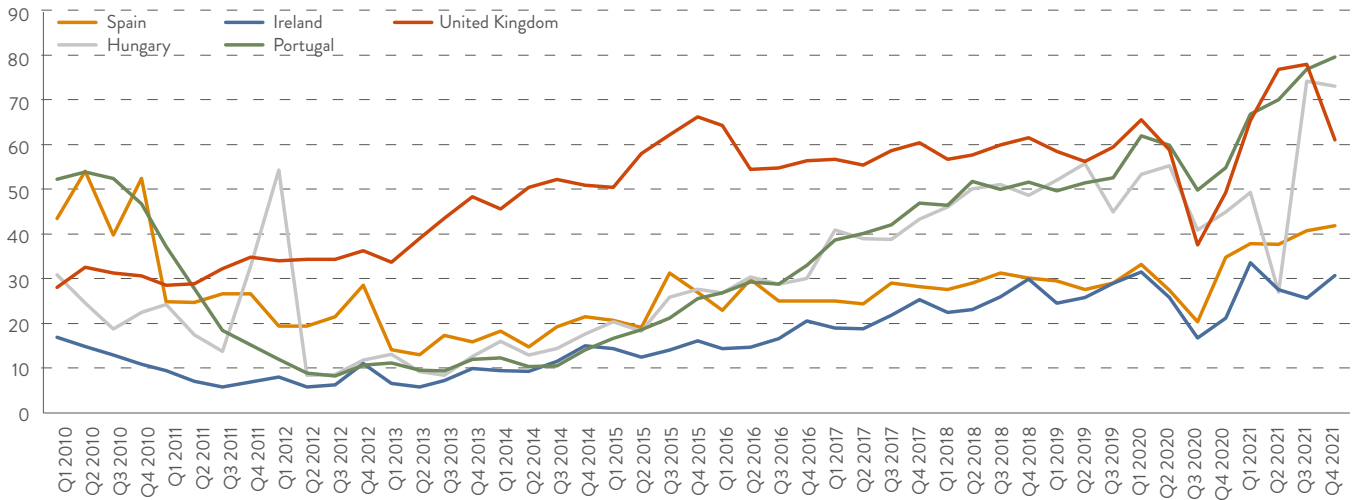


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

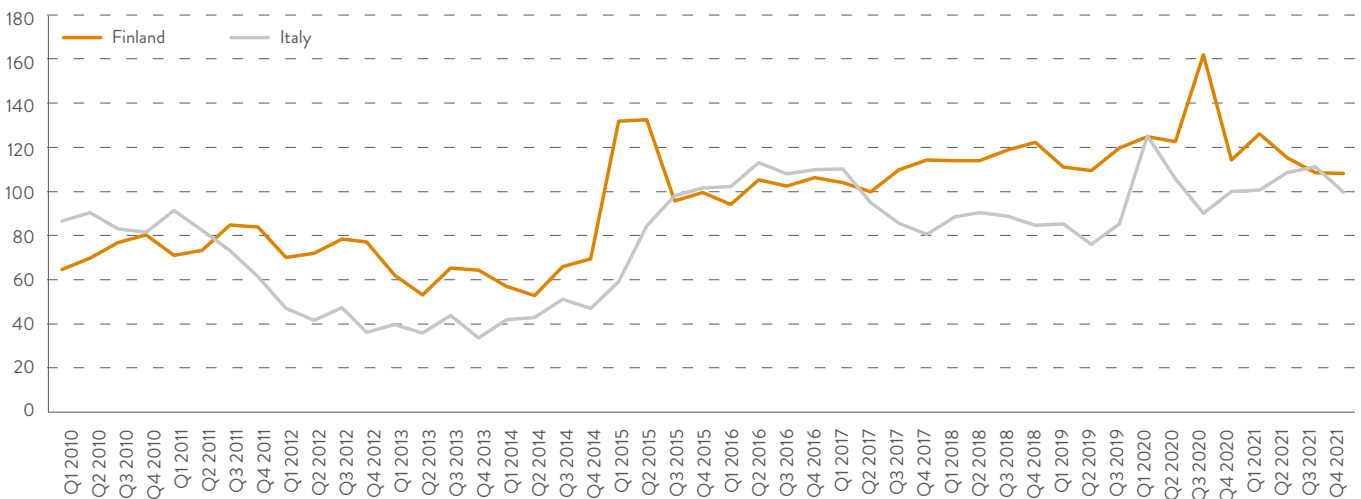


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

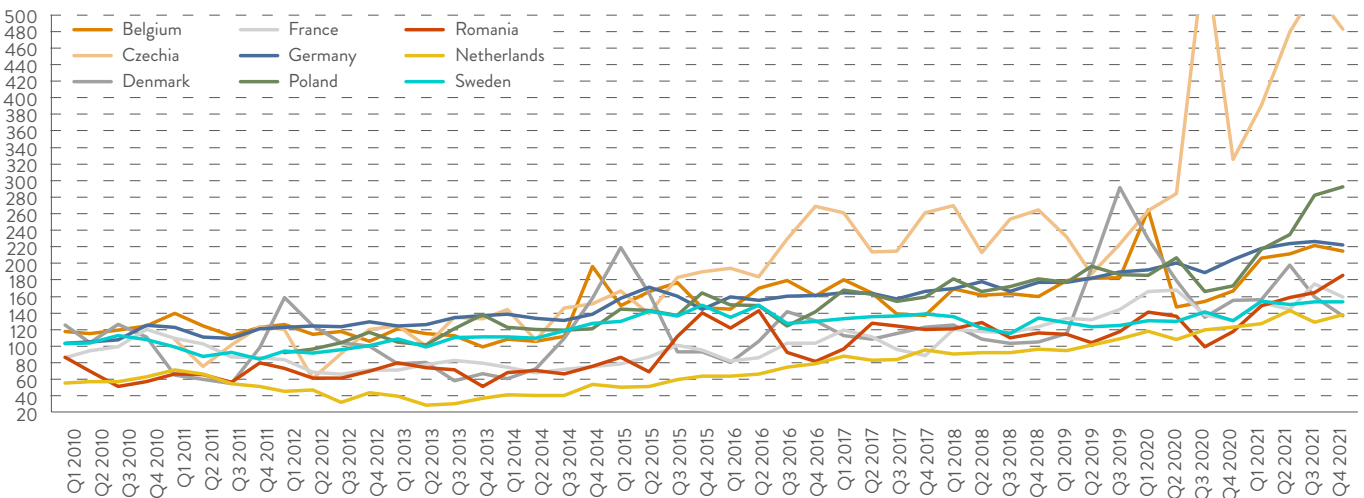
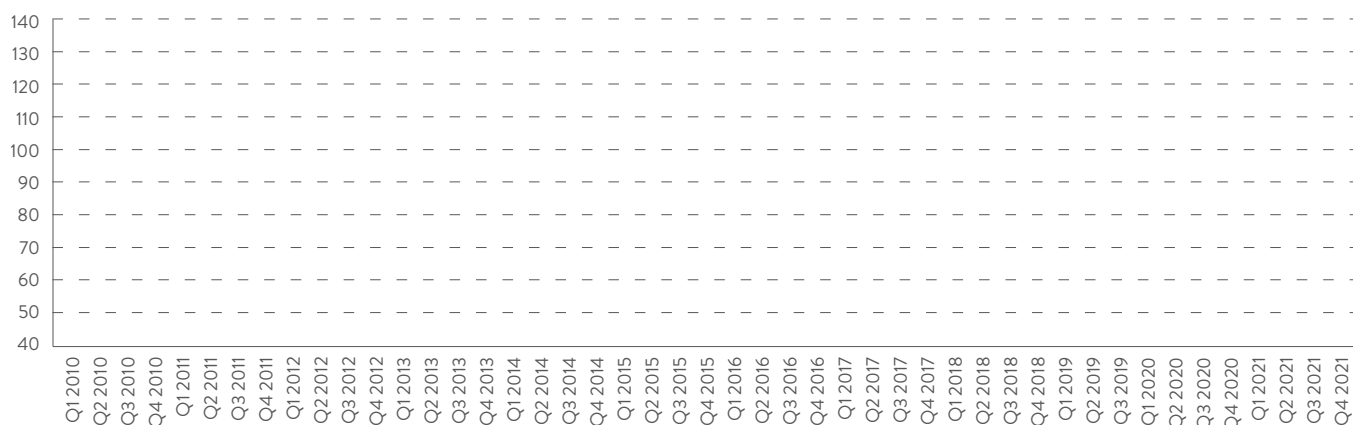


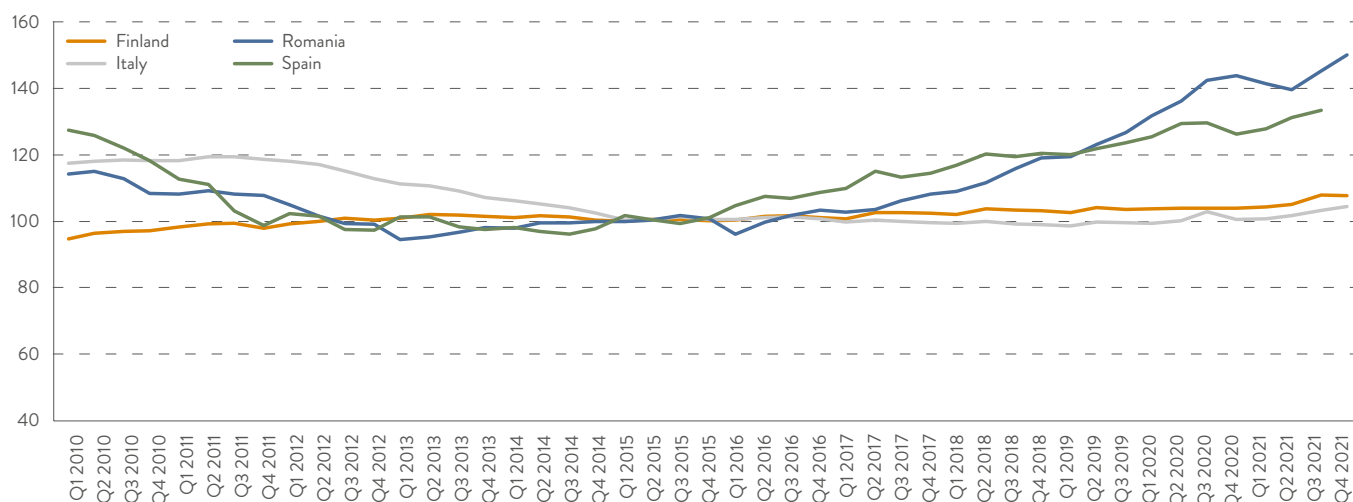
CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



* Average Q1-Q4 2015=100

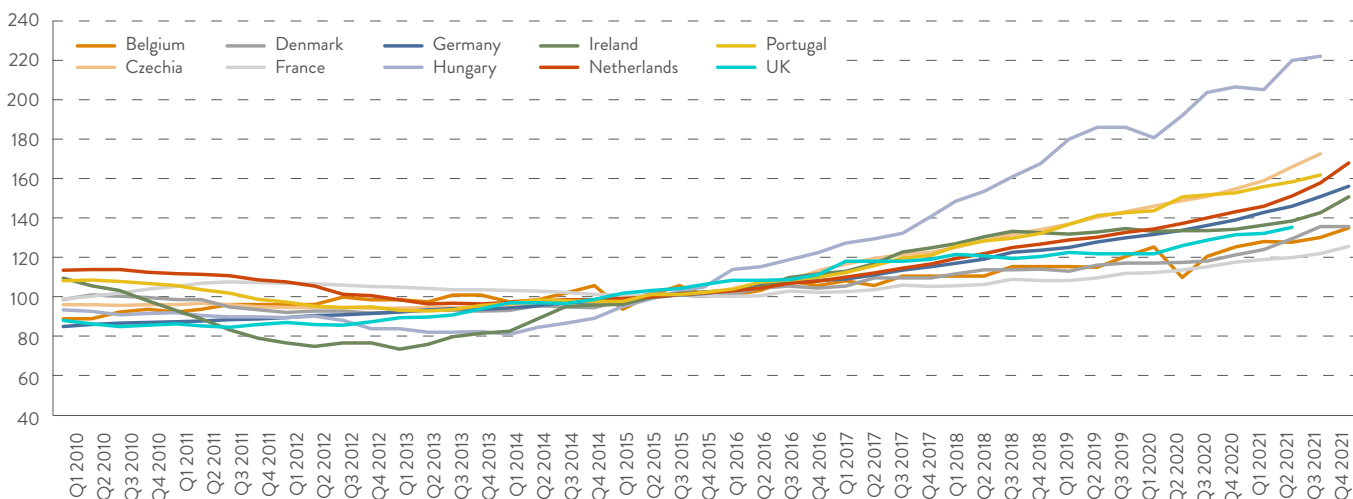
NOTE: no data is published in chart 2A, as no country in the EMF sample recorded a yearly HPI growth rate below 2% in Q4 2021. The growth thresholds will be adjusted in the next edition of the Quarterly Report.

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



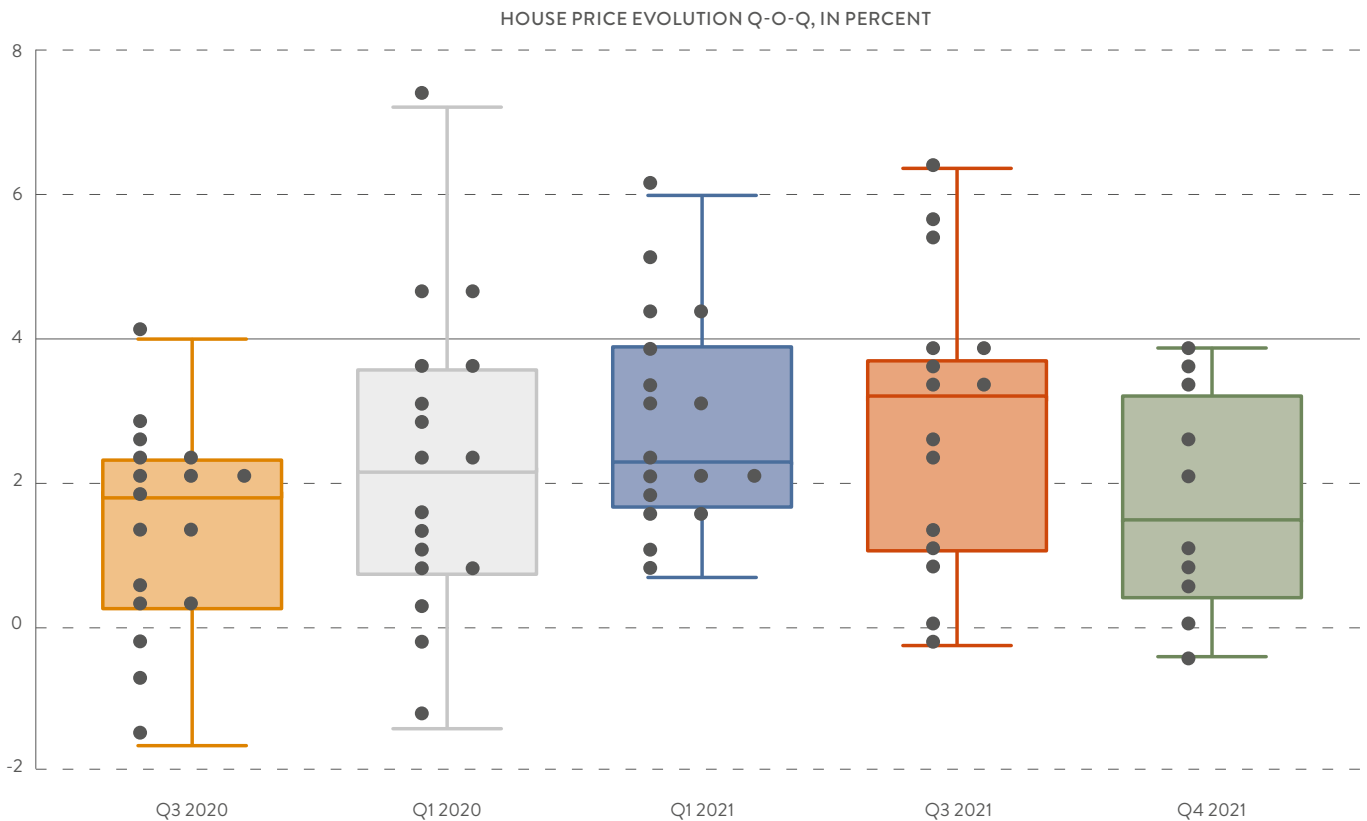
* Average Q1-Q4 2015=100

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 depicted as points if they are more than 1.5 times the interquartile distance – the height of the box – away from respectively Q1 or Q3. This is the case for Q1 2020.

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

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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	LATEST Y-O-Y CHANGE (%), Q4 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2021, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q3 2021, LOCAL CURRENCY
BE	266,838	270,029	275,378	278,759	283,106	287,653	291,948	6.0	6.5	6.0	6.5
CZ	47,932	48,124	51,174	52,591	55,587	57,377	60,632	18.5	19.2	12.2	11.6
DE	1,571,876	1,599,644	1,629,423	1,651,496	1,683,634	1,713,273	1,744,433	7.1	7.1	7.1	7.1
DK	260,710	264,205	267,416	266,873	267,713	267,732	271,527	1.5	1.3	1.5	1.2
EL	50,064	49,422	46,133	45,532	41,399	37,148	30,891	-33.0	-24.8	-33.0	-24.8
ES	482,704	481,752	481,913	482,528	485,339	485,593	487,146	1.1	0.8	1.1	0.8
FI	101,488	102,462	103,614	104,414	105,711	106,735	107,759	4.0	4.2	4.0	4.2
FR	1,100,784	1,116,586	1,136,990	1,150,081	1,171,959	1,194,662	1,214,582	6.8	7.0	6.8	7.0
HU	13,116	13,098	13,360	13,516	14,477	14,672	14,724	10.2	12.0	11.8	10.4
IE	91,100	90,614	90,526	88,181	87,638	87,487	87,184	-3.7	-3.5	-3.7	-3.5
IT	386,131	388,161	391,515	395,461	401,152	405,305	409,868	4.7	4.4	4.7	4.4
NL	742,000	746,239	749,716	756,105	764,791	775,643	n/a	n/a	3.9	n/a	3.9
PL	103,954	103,086	104,607	103,442	107,798	108,517	111,423	6.5	5.3	7.4	7.0
PT	94,522	95,108	96,176	97,066	95,915	97,186	98,149	2.1	2.2	2.1	2.2
RO	17,508	17,804	18,354	18,563	19,103	19,751	20,347	10.9	10.9	12.7	12.6
SE	435,349	437,829	468,966	465,831	480,205	485,044	490,362	4.6	10.8	6.8	6.6
UK	1,608,860	1,623,119	1,669,740	1,783,210	1,799,944	1,806,369	1,862,831	11.6	11.3	4.3	5.0

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:

- Greece (New)
- Spain
- UK



TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	LATEST Y-O-Y CHANGE (%), Q4 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2021, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q3 2021, LOCAL CURRENCY
BE	16,194	7,259	8,726	9,547	12,775	10,972	12,664	12,369	11,054	-13.5	29.6	-13.5	29.6
CZ	3,015	3,037	7,368	3,825	4,550	5,381	6,812	5,714	6,084	33.7	49.4	26.7	39.9
DE	64,900	62,900	62,300	70,800	73,700	70,900	75,200	76,600	76,900	4.3	8.2	4.3	8.2
DK	21,549	15,387	11,164	14,410	14,891	17,116	13,340	12,722	13,757	-7.6	-11.7	-7.7	-11.8
ES	12,341	9,830	8,865	11,234	14,042	13,565	16,351	13,883	15,626	11.3	23.6	11.3	23.6
FI	8,468	8,667	12,859	8,003	8,559	8,135	8,929	7,561	7,836	-8.4	-5.5	-8.4	-5.5
FR	72,100	69,000	58,600	58,800	66,000	58,600	75,000	71,100	69,100	4.7	20.9	4.7	20.9
HU	762	720	626	714	703	307	1,112	1,123	957	36.1	57.3	38.1	55.0
IE	2,768	1,996	1,462	1,957	2,950	2,142	2,230	2,784	3,312	12.3	42.3	12.3	42.3
IT	25,729	19,728	18,024	17,599	20,988	20,313	22,161	17,588	18,986	-9.5	-0.1	-9.5	-0.1
NL	35,628	29,213	34,620	36,770	38,353	39,791	37,491	41,254	n/a	n/a	12.2	n/a	12.2
PL	3,000	3,268	2,919	3,048	3,550	3,740	4,921	5,110	5,019	41.4	67.6	42.6	70.3
PT	3,047	2,848	2,494	2,755	3,292	3,349	3,831	4,089	4,001	21.5	44.4	21.5	44.4
RO	840	670	549	725	883	801	934	1,122	1,083	22.7	54.8	24.7	57.2
SE	15,439	12,914	16,615	13,466	18,155	15,307	18,005	16,082	18,367	1.2	19.4	3.3	14.9
UK	84,046	73,002	47,976	67,403	84,241	96,760	100,263	83,081	81,576	-3.2	23.3	-9.5	16.3

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:

- Portugal

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
BE	2,474	3,716	3,715	6,986	1,197	2,221	3,191	5,349	3,381	4,348	4,547	4,295
CZ	1,722	1,229	257	1,705	-2,660	1,933	192	3,050	1,417	2,996	1,790	3,255
DE	15,020	24,196	23,937	21,295	19,258	22,183	27,768	29,779	22,073	32,138	29,639	31,160
DK*	3,175	2,298	1,956	100	-608	4,318	3,494	3,211	-543	840	19	3,795
EL	-612	-809	-1,840	-798	-2,205	-437	-642	-3,289	-601	-4,133	-4,251	-6,257
ES	-850	-546	-3,464	-2,038	-2,644	-2,213	-952	162	614	2,811	254	1,553
FI	286	854	710	722	340	794	974	1,152	800	1,297	1,024	1,024
FR	12,890	16,877	20,549	18,767	10,940	11,199	15,802	20,404	13,091	21,878	22,703	19,920
HU	43	111	-371	328	-935	335	-18	262	156	962	195	52
IE	-2,765	-1,645	-157	-326	-1,176	-515	-486	-88	-2,345	-543	-151	-303
IT	1,268	2,170	1,507	-396	895	1,721	2,030	3,354	3,946	5,691	4,153	4,563
NL	1,595	3,490	2,465	1,758	2,139	4,161	4,239	3,477	6,389	8,686	10,852	n/a
PL	1,191	2,601	84	3,592	-3,004	2,762	-868	1,521	-1,164	4,356	719	2,906
PT	-184	110	28	-60	210	466	586	1,068	890	-1,151	1,271	963
RO	50	350	384	431	215	294	296	550	209	540	648	596
SE	-853	-293	-670	15,384	-18,001	30,608	2,480	31,137	-3,135	14,374	4,839	5,318
UK	72,794	-58,329	34,384	85,315	-55,814	-44,350	14,260	46,620	113,470	16,735	6,425	56,462

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

Source: European Mortgage Federation

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

Refer to Table 1 for eventual revisions.



TABLE 4 | HOUSE PRICE INDICES, 2015 = 100

	III 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	IV 2021
BE	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	136.9
CZ	131.7	134.3	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4	168.9	177.5	189.7	200.6
DE	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	161.2
DK	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	136.8
EL	98.6	99.9	102.5	105.4	106.8	107.3	109.4	109.9	110.9	110.7	114.2	117.1	120.1	120.8
ES	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	114.9
FI	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	107.6
FR	108.8	108.3	108.3	109.4	112.2	112.4	113.7	115.7	118.1	119.6	120.5	122.9	126.9	128.2
HU	160.8	167.6	180.0	186.3	186.3	180.9	192.2	204.2	207.1	205.6	220.5	222.6	225.4	n/a
IE	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	157.0
IT	98.4	98.3	97.7	99.1	98.8	98.6	99.5	102.4	99.8	100.0	101.1	102.8	103.9	104.0
NL	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	n/a
PL	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	156.3
PT	129.7	132.3	137.1	140.7	143.7	146.1	151.7	154.3	153.6	157.7	161.7	166.4	171.3	176.0
RO	119.4	120.4	119.9	121.8	123.6	125.5	129.6	129.8	126.4	128.0	131.5	133.6	133.8	n/a
SE	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	154.1
UK	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	140.9

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

Source: European Mortgage Federation

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: house price index for the whole country; 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:

- Czechia
- Greece (New)
- France
- Italy

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

	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	IV 2021
BE	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38
CZ*	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	2.66
DE	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	1.31
DK**	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67
EL	3.01	3.24	3.20	3.16	3.17	2.93	2.84	2.83	2.95	2.80	2.67	2.81	2.85	2.77
ES	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	1.43
FI	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	0.77
FR***	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	1.12
HU	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	4.69
IE	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	2.71
IT	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	1.40
NL**	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	1.54
PL	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	4.60
PT	1.33	1.63	1.31	1.32	1.02	1.09	0.95	1.08	0.82	0.71	0.69	0.67	0.62	0.61
RO****	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	3.68
SE	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	1.35
UK	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	1.57

* 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 representative 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:

- Greece (New)
- Portugal



TABLE 5B | MORTGAGE INTEREST RATES

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
BE	1.82	1.87	1.84	1.94	1.87	1.79	1.92	2.03	1.84	1.89	1.85	1.92
CZ	3.15	3.10	3.00	3	2.75	2.54	2.21	2.1	2.17	2.31	2.44	3.18
DE	2.06	2.01	1.91	1.85	1.83	1.88	1.79	1.74	1.76	1.78	1.78	1.81
DK*	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67
ES	1.70	1.75	1.60	1.56	1.60	1.64	1.62	1.50	1.40	1.43	1.42	1.35
FI	0.82	0.77	0.73	0.76	0.79	0.77	0.73	0.72	0.72	0.70	0.72	0.77
FR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	3.53	3.23	3.62	3.03	3.01	3.26	3.07	3.41	2.98	2.97	3.87	4.53
IE	3.11	3.08	3.14	3.03	2.88	2.96	3.19	3.11	3.23	3.19	3.11	3.06
IT	1.47	1.48	1.37	1.37	1.35	1.37	1.34	1.29	1.36	1.39	1.36	1.32
NL	1.88	1.87	1.85	1.74	1.7	1.69	1.71	1.70	1.62	1.62	1.62	1.60
PT	1.31	1.32	1.02	1.10	1.02	1.16	0.92	0.80	0.84	0.83	0.80	0.83
RO**	5.75	5.01	5.27	5.28	5.15	5.11	5.15	4.71	4.60	4.17	3.70	3.55
SE	1.47	1.45	1.41	1.39	1.39	1.42	1.36	1.29	1.24	1.25	1.23	1.22
UK***	2.08	2.09	2.08	1.94	1.93	1.50	1.58	1.77	1.88	1.91	1.90	1.64

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
BE	1.94	1.87	1.95	2.17	2.09	2.03	1.91	2.00	2.04	2.11	2.13	2.12
CZ	2.79	2.76	2.63	2.47	2.49	2.41	2.22	2.06	2.02	2.10	2.30	2.69
DE	1.66	1.48	1.4	1.33	1.32	1.46	1.39	1.30	1.29	1.30	1.34	1.38
DK*	1.01	0.80	0.50	0.65	0.80	0.94	0.71	0.65	0.73	0.87	0.82	0.94
ES	1.85	2.00	1.80	1.56	1.70	1.58	1.60	1.42	1.37	1.38	1.35	1.35
FI	1.05	1.07	1.16	1.09	1.01	1.02	1.38	1.15	1.50	1.66	1.69	1.99
HU	4.51	4.87	4.87	4.87	4.21	4.35	4.56	4.44	4.52	4.53	4.89	5.33
IE	2.90	2.90	2.85	2.82	2.74	2.72	2.70	2.69	2.68	2.64	2.64	2.63
NL	2.12	2.11	2.03	1.89	1.76	1.74	1.80	1.75	1.63	1.59	1.60	1.64
RO**	6.04	5.93	5.94	5.91	5.78	5.79	5.65	5.36	5.29	4.60	4.21	4.12
SE	1.57	1.49	1.46	1.41	1.41	1.46	1.42	1.29	1.29	1.31	1.26	1.39
UK	2.09	2.06	2.03	1.89	1.82	1.77	1.74	1.84	1.90	1.91	1.81	1.55

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
BE	1.70	1.69	1.56	1.66	1.57	1.61	1.46	1.37	1.35	1.34	1.37	1.33
CZ	2.79	2.70	2.51	2.31	2.37	2.31	2.13	2.02	1.94	2.02	2.25	2.63
DE	1.64	1.47	1.24	1.12	1.12	1.13	1.09	1.03	1.03	1.09	1.11	1.14
DK*	1.25	1.00	0.73	0.77	0.92	1.07	0.84	0.70	0.89	1.14	1.06	1.13
ES	3.97	4.18	4.49	4.17	4.29	3.50	3.82	3.59	3.82	3.64	3.49	3.52
FI	1.84	1.46	1.33	1.52	1.62	1.58	1.58	1.57	1.31	1.32	1.31	1.38
HU	5.17	5.03	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33	4.69
NL	2.39	2.27	2.11	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56	1.54
RO**	6.63	6.47	6.44	6.31	6.1	5.48	5.77	5.60	5.22	4.65	4.40	4.29
SE	1.79	1.81	1.54	1.39	1.35	1.57	1.41	1.47	1.48	1.59	1.50	1.61
UK	2.64	2.50	2.33	2.25	2.31	2.29	2.13	2.13	2.11	1.91	1.86	1.85

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
BE	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38
CZ	2.97	2.80	2.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.86	1.67	1.37	1.25	1.26	1.25	1.20	1.14	1.15	1.28	1.30	1.32
DK*	2.53	2.16	1.72	1.67	1.74	2.03	1.79	1.75	1.63	2.13	2.27	2.46
ES	2.44	2.41	2.21	1.86	1.81	1.80	1.77	1.67	1.55	1.44	1.42	1.37
HU	5.61	5.72	5.49	4.72	4.52	4.73	4.65	4.43	4.73	4.80	5.14	3.71
IT****	2.00	1.92	1.46	1.46	1.39	1.25	1.25	1.24	1.37	1.43	1.39	1.41
NL	2.84	2.78	2.63	2.57	2.16	2.07	2.04	2.00	1.90	1.79	1.75	1.74
RO**	6.12	5.26	5.46	5.48	5.42	5.28	5.2	4.84	4.51	4.16	3.78	3.70
UK	n/a	n/a	2.09	2.18	2.66	2.89	2.33	2.42	2.42	2.23	2.08	1.99

* 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

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:

Source: European Mortgage Federation



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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	23.1	23.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	46.4	45.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	25.8	26.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	4.7	4.8	n/a	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)	32.5	31.5	31.2	31.0	31.3	30.4	29.7	29.1	29.8	28.7	28.8
Short-term fixed (1Y-5Y initial rate fixation)	24.8	24.8	24.0	23.2	22.3	22.1	21.7	21.7	20.4	20.6	20.8
Medium-Term fixed (5Y-10Y initial rate fixation)	42.6	43.7	44.8	45.9	46.4	47.5	48.6	49.2	49.8	50.7	50.4
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	93.9	94.1	94.3	94.4	94.5	94.7	95	95.1	95.2	95.3	95.4
Short-term fixed (1Y-5Y initial rate fixation)	3.7	3.6	3.3	3.1	2.9	2.8	2.6	2.5	2.4	2.2	2.1
Medium-Term fixed (5Y-10Y initial rate fixation)	2.4	2.3	2.3	2.5	2.6	2.5	2.4	2.4	2.4	2.5	2.5
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	73.9	71.9	69.8	67.5	66.5	65.19	63.31	60.61	59.18	57.72	n/a
Short-term fixed (1Y-5Y initial rate fixation)	23.6	25.4	27.2	29.2	30.2	31.5	33.41	36.02	37.44	38.91	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	2.5	2.8	3.0	3.3	3.3	3.3	3.27	3.36	3.38	3.37	n/a
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	63.8	63.0	61.1	59.3	58.0	56.6	54.3	52.1	50.4	48.9	48.3
Short-term fixed (1Y-5Y initial rate fixation)	34.9	36.0	37.6	39.4	40.8	42.2	44.5	46.7	48.4	49.9	50.5
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.0	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	28.7	27.5	26.3	25.1	24.4	23.8	23	21.8	20.6	19.6	18.6
Short-term fixed (1Y-5Y initial rate fixation)	69.5	70.6	71.7	72.9	73.6	74.1	74.9	76.1	77.3	78.2	79.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.1	2.2	2.2
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0	0	0	0	0	0	0	0	0
CURRENCY DENOMINATION											
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	0.3	
CHF denominated	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	0.4	
Other FX denominated	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	0.0	
BREAKDOWN BY LOAN ORIGINAL MATURITY											
	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
ITALY											
Maturity less than 5 years	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.2
Maturity over 5 years	99.5	99.5	99.5	99.5	99.6	99.5	99.7	99.7	99.7	99.7	99.8

NOTES:

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

Source: European Mortgage Federation

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



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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	6.6	6.0	2.6	1.1	2.3	2.7	2.7	0.7	0.6	0.6	0.4	0.4	0.6
Short-term fixed (1Y-5Y initial rate fixation)	5.9	3.4	2.9	2.0	1.4	1.1	1.3	1.0	1.1	1.2	1.1	1.2	1.1
Medium-Term fixed (5Y-10Y initial rate fixation)	24.6	24.4	25.5	20.4	12.2	14.0	14.5	14.1	14.6	13.8	13.5	14.6	13.6
Long-Term fixed (over 10Y initial rate fixation)	62.9	66.1	69.1	76.6	84.0	82.2	81.5	84.2	83.6	84.4	85.0	83.8	84.8
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	2.7	4.1	3.2	3.2	2.2	2.0	2.1	3.1	3.1	2.6	1.3	1.1	1.1
Short-term fixed (1Y-5Y initial rate fixation)	49.8	52.6	48.2	47.0	38.5	34.3	46.7	46.5	50.7	50.3	50.9	51.2	46.0
Medium-Term fixed (5Y-10Y initial rate fixation)	30.1	43.3	48.6	49.8	59.3	63.7	51.2	50.3	46.2	47.1	47.8	47.7	52.9
Long-Term fixed (over 10Y initial rate fixation)	4.3	6.3	5.4	6.2	n/a	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)	18.2	16.6	10.7	5.2	7.3	11.2	16.1	9.8	9.1	8.0	12.3	12.7	15.4
Short-term fixed (1Y-5Y initial rate fixation)	31.2	26.8	14.5	8.6	10.8	15.6	17.0	14.7	16.7	16.8	20.4	25.7	26.8
Medium-Term fixed (5Y-10Y initial rate fixation)	0.9	1.6	0.8	0.7	1.6	0.5	0.3	0.3	0.5	0.6	0.4	0.4	0.9
Long-Term fixed (over 10Y initial rate fixation)	49.8	55.0	74.0	85.4	80.3	72.6	66.6	75.1	73.7	74.7	66.9	61.2	57.0
FINLAND													
Variable rate (up to 1Y initial rate fixation)	96.3	96.1	96.4	96.5	96.6	95.9	96.9	97.1	96.9	96.7	95.9	96.6	95.6
Short-term fixed (1Y-5Y initial rate fixation)	1.7	1.8	1.5	1.3	1.3	1.6	1.1	1.0	1.2	0.8	0.7	0.6	0.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	2.1	2.1	2.2	2.2	2.5	2.0	1.9	1.8	2.5	3.4	2.8	3.6
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.6	11.4	11.2	10.6	10.8	10.4	11.1	10.3	10.1	9.5	9.3	10.3	9.8
Short-term fixed (1Y-5Y initial rate fixation)	8.7	8.9	8.8	7.7	7.6	7.6	7.8	7.2	7.2	7.1	7.0	6.6	7.0
Medium-Term fixed (5Y-10Y initial rate fixation)	34.6	33.0	32.6	31.5	31.7	32.0	32.5	32.7	33.1	34.3	36.4	35.4	35.9
Long-Term fixed (over 10Y initial rate fixation)	45.1	46.7	47.3	50.1	49.9	49.9	48.6	49.8	49.5	49.1	47.3	47.7	47.2

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	6.5	4.9	3.2	2.6	1.7	1.6	1.1	1.1	1.0	0.9	0.9	0.7	0.5
Short-term fixed (1Y-5Y initial rate fixation)	31.3	26.5	24.7	28.3	30.6	29.3	27.9	26.7	25.4	27.1	31.7	29.0	24.2
Medium-Term fixed (5Y-10Y initial rate fixation)	51.3	57.6	61.4	59.2	55.2	53.9	57.8	59.3	59.8	60.6	56.6	57.5	52.4
Long-Term fixed (over 10Y initial rate fixation)	11.0	11.0	10.7	9.8	12.5	15.2	13.2	12.9	13.7	11.4	10.8	12.8	22.9
IRELAND													
Variable rate (up to 1Y initial rate fixation)	30.9	28.7	27.9	26.3	25.0	25.6	24.9	21.4	20.3	22.8	19.3	18.9	18.9
Short-term fixed (1Y-5Y initial rate fixation)	69.1	71.3	72.1	73.7	75.0	74.4	75.1	78.6	79.7	77.2	80.7	81.1	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)	30.5	30.8	34.2	31.5	19.7	19.8	19.2	17.4	16.2	16.9	16.8	16.5	17.2
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	69.5	69.2	65.8	68.5	80.3	80.2	80.8	82.6	83.8	83.1	83.2	83.5	82.8
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	16.9	18.2	19.7	19.4	17.1	17.3	12.5	14.3	15.2	12.8	11.3	11.9	11.0
Short-term fixed (1Y-5Y initial rate fixation)	9.2	9.3	10.0	8.7	7.9	7.4	6.6	7.4	7.4	6.4	6.6	6.7	6.7
Medium-Term fixed (5Y-10Y initial rate fixation)	43.1	42.5	42.7	44.1	43.4	41.1	39.7	34.0	32.9	34.8	33.7	32.2	34.1
Long-Term fixed (over 10Y initial rate fixation)	30.8	30.0	27.5	27.8	31.6	34.3	41.2	44.3	44.4	46.0	48.4	49.1	48.2



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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	100	100	100	100	100	100	100	100	n/a	n/a	n/a	93.7**
Short-term fixed (1Y-5Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	6.3**
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)	66.3	82.9	76.9	70.81	55.7	59.7	71.0	70.7	70.0	68.5	71.5	68.7	67.0
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	33.7	17.1	23.1	29.2	44.3	40.3	29.0	29.3	30.0	31.5	28.5	31.3	33.0
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	69.9	74.3	76.2	79.4	78.2	70.0	72.0	66.5	75.2	74.1	74.8	73.5	71.2
Short-term fixed (1Y-5Y initial rate fixation)	13.6	13.2	10.8	10.0	10.5	11.2	10.5	11.0	7.4	5.4	4.6	6.4	8.1
Medium-Term fixed (5Y-10Y initial rate fixation)	8.5	3.8	2.6	2.5	4.2	5.4	4.6	5.5	3.1	4.6	5.7	7.9	9.5
Long-Term fixed (over 10Y initial rate fixation)	8.0	8.7	10.5	8.1	7.1	13.4	13.0	17.1	14.3	15.9	15.0	12.2	11.2
SPAIN													
Variable rate (up to 1Y initial rate fixation)	35.7	34.4	38.1	36.3	33.6	32.3	38.6	35.4	31.2	28.2	25.5	24.4	22.7
Short-term fixed (1Y-5Y initial rate fixation)	26.6	26.8	27.0	28.8	22.3	19.3	17.0	18.9	19.1	19.3	16.6	15.2	13.0
Medium-Term fixed (5Y-10Y initial rate fixation)	4.8	5.6	4.5	3.5	3.0	3.6	3.0	3.1	2.7	3.1	3.1	3.3	3.3
Long-Term fixed (over 10Y initial rate fixation)	32.8	33.3	30.4	31.4	41.1	44.8	41.4	42.6	47.0	49.4	54.9	57.2	61.0

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	62.1	54.9	60.8	63.0	58.7	49.5	52.7	46.4	45.2	43.7	43.4	42.8	44.1
Short-term fixed (1Y-5Y initial rate fixation)	29.8	36.2	31.6	27.0	28.5	35.4	34.1	37.7	39.8	42.6	44.4	45.2	44.7
Medium-Term fixed (5Y-10Y initial rate fixation)	8.1	8.9	7.6	10.0	—	12.8	13.2	15.8	15.0	13.7	12.3	12.0	11.2
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	6.8	7.9	6.6	7.4	6.7	7.3	10.3	9.1	7.9	6.7	5.5	5.3	7.0
Short-term fixed (1Y-5Y initial rate fixation)	91.7	90.5	91.8	90.7	91.8	91.5	88.6	89.4	90.4	91.8	92.5	92.7	93.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	1.6	1.6	1.9	1.5	1.2	1.1	1.5	1.7	1.5	2.0	2.0	0.0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0.1	0.0	0.0	0.0	0.1	0.0	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:

- Hungary
- Portugal

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 quarterly results, published in January 2022.

For the UK and Denmark, the BLS is carried out by their respective Central Banks.

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

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

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

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

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
AT	29	29	14	14	0	29	14	14	0	-14	14	14
BE	0	50	25	75	50	50	0	0	-25	0	0	0
CY	0	0	0	0	0	25	50	50	25	0	25	0
DE	7	-3	0	0	3	21	7	0	0	-7	4	4
EE	0	0	0	0	100	50	0	-25	-50	0	-25	0
EL	0	0	0	25	0	0	0	0	0	0	0	0
ES	11	11	0	11	0	33	11	0	11	0	11	11
FR	-8	-8	0	8	50	25	50	33	8	0	8	23
IE	0	0	0	0	0	40	0	-10	0	10	10	0
IT	10	0	-10	-10	0	0	10	0	0	0	0	-9
LT	0	0	0	0	25	50	-25	0	0	25	0	0
LU	0	-17	-33	0	17	50	33	50	83	33	0	17
LV	50	0	0	0	50	25	-25	-25	0	0	-50	-25
MT	0	21	60	0	0	38	0	38	0	0	37	37
NL	-17	-33	0	-33	-33	50	0	0	-17	0	-17	-17
PT	0	0	0	20	20	60	20	20	0	0	0	0
SI	0	0	0	100	40	20	0	25	0	0	0	0
SK	66	15	78	-9	60	100	-2	-33	-32	-78	-32	-27
EA	2	-2	0	3	13	27	18	9	-2	-2	2	0
CZ	-6	-15	18	26	5	72	26	-21	-31	-2	-21	n/a
DK	0	8	0	19	-7	15	-12	-13	-6	-5	2	2
HU	-5	-5	0	0	55	37	-15	-6	-20	-5	-6	-6
PL	1	1	32	8	29	91	-38	-6	-66	-18	28	15
RO	50	0	0	0	12	65	2	34	0	-47	-20	0
UK	-7	6	1	-15	4	72	-10	-2	-14	-39	-15	-23

The latest 2022 ECB BLS results, looking backwards to the Q4 2021 period, show that credit standards for mortgages tightened in the Euro area. The current net balance remains unchanged, i.e., stands at 0%, after a net tightening of 2% reported in the previous quarter.

According to the ECB, Banks' lower risk tolerance, together with their balance sheet situation, had a relative net tightening impact. This, in turn, was partly counteracted by credit institutions risk perception related to the broader economy, which allowed credit standards to ease to certain degree. Furthermore,

housing market prospects and creditworthiness of borrowers both had a neutral (0%) on mortgage supply. Bank competition had a similar effect. This suggests that Euro area banks share a generally favourable view of the economic scenario, despite the uncertainties related to the pandemic or the supply-side bottlenecks. It is clear what effect inflation can have on the mortgage lending at this stage.

In terms of euro area jurisdictions, credit standards tightened in net terms in Germany and Spain, eased in Italy and remained unchanged in France. Risk tolerance in particular had a tightening impact in Spain, while its effects were neutral in Germany, France and Italy.

TERMS AND CONDITIONS FOR HOUSING LOANS

Terms and conditions for housing loans remained broadly unchanged in Q4 2021 (net percentage of banks of -1%, after 0% in Q3 2021). This would indicate a further easing of terms and conditions, which was already highlighted in the first half of 2021. In this scenario, banks reported narrowing margins for average loans, which is consistent with the current low interest rate environment. Nevertheless, it is worth pointing out that banks also stated in the latest BLS survey that they experience a small net tightening impact on LTV ratios and a moderate net tightening of margins on riskier loans.

Concerning cost of funds and balance sheet constraints, these factor had a moderately tightening effect, while both risk perception and tolerance had a comparatively slighter tightening impact. Bank competition, conversely, contributed to ease terms and conditions.

Germany, Spain and Italy saw a further net easing of overall terms and conditions, whereas France reports a tightening effect on them over the course of a quarter. The net easing was driven in part by bank competitions, which had an impact on the margins of riskier loans, although this varied significantly between the three jurisdictions here mentioned. In the case of France, margins widen, in line with changes that concern costs of funds and balance sheet constraints.

REJECTION RATE

Euro area banks reported a small net increase in the share of rejected applications for housing loans of 2%, following a stronger net increase in previous quarters (3% in Q3 2021 and around 6% in Q2 2021).

The rejection rate for housing loans increased moderately in Germany, whereas it remained unchanged in Spain, France and Italy.

NON-EURO AREA CREDIT STANDARDS

Regarding non-euro area jurisdictions, the available information at the time of writing shows that, in Q4 2021, credit standards tightened slightly in Denmark (2%) and more moderately in Poland (15.2%). Hungary reported a slight net easing (-6%) of standards, continuing a trend that extends over six quarters, while in the UK, credit standards eased on net terms more significantly (-23%) In Romania, credit standards remained unchanged (0%).

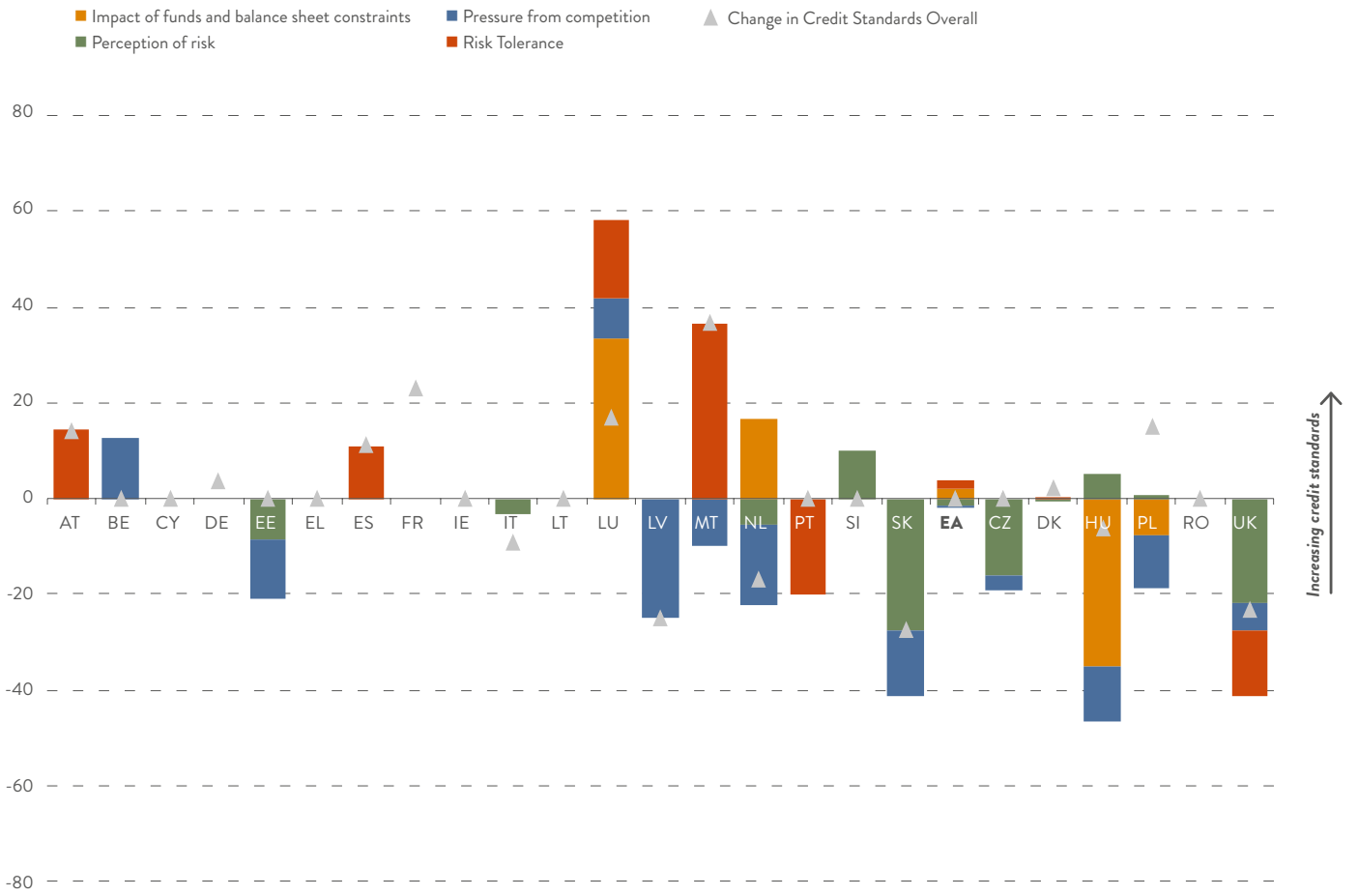
TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2021-Q4 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

IV 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	14	0	0	4	0	0	11	23	0	-9	0	17	-25	37	-17	0	0	-27	0	n/a	2	-6	15	0	-23
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	0	0	0	0	33	0	0	17	0	0	0	2	0	0	-35	-8	0	0
Perception of risk	0	0	0	0	-8	0	0	0	0	-3	0	0	0	0	-6	0	10	-27	-1	-16	0	5	1	0	-22
Pressure from competition	0	13	0	0	-13	0	0	0	0	0	0	8	-25	-10	-17	0	0	-14	-1	-3	0	-12	-11	0	-6
Risk Tolerance	14	0	0	0	0	0	11	0	0	0	0	17	0	37	0	-20	0	0	2	0	0	0	0	0	-14

NOTES:

- 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 balance 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 your bank's capital position > impact of funds and balance sheet; competition from other banks and non-banks > pressure from competition.

CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
AT	14	14	29	29	43	-14	29	0	14	14	14	0
BE	0	0	0	100	-50	-100	25	25	25	50	-50	25
CY	25	50	0	25	0	-75	100	100	-25	25	0	100
DE	14	38	28	17	24	-29	36	11	0	11	18	11
EE	13	13	0	25	0	-50	25	100	100	25	25	0
EL	50	0	75	75	75	0	100	50	75	50	25	75
ES	11	0	-33	-33	-44	-100	22	-11	-22	44	33	33
FR	17	33	33	42	17	-75	17	0	-25	33	8	0
IE	50	20	0	0	40	-100	100	40	0	20	-20	-40
IT	0	20	10	30	-30	-70	30	0	-10	22	9	18
LT	0	0	0	0	-25	-50	25	0	75	25	50	75
LU	17	0	-17	17	33	-100	33	67	-50	-17	-17	-17
LV	25	25	25	50	0	-50	50	50	75	75	25	0
MT	43	0	-82	-99	-82	-58	56	62	0	2	-37	-20
NL	33	33	0	33	33	33	0	17	50	50	-17	-33
PT	-20	40	40	20	0	-80	20	20	40	40	60	60
SI	-20	-20	-20	-80	-60	-100	50	0	-25	75	50	20
SK	-20	-25	-1	7	0	-100	-3	-27	-21	46	32	21
EA	12	25	15	24	5	-54	27	8	-2	29	11	8
CZ	-72	29	18	31	20	-50	64	75	86	96	-11	n/a
DK*	11	-14	-30	-7	6	1	8	-19	-33	-6	8	-23
HU	75	60	-44	34	6	-81	84	10	89	100	63	47
PL	26	54	38	-18	23	-66	19	8	-58	-59	-15	47
RO	8	-17	2	31	12	-65	3	-11	43	75	-53	-34
UK**	-2	-29	-13	13	-28	79	-96	-32	22	-81	35	35

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"

In terms of credit demand for mortgage loans, banks in the euro area report a further increase in Q4 2021. According to the latest ECB data, the net percentage was 8% in this last quarter, after 11% in Q3 2021 and a very significant 29% in Q2 2021. Thus, demand remains strong, yet it seems to expand at a more moderate pace, in line with credit lending developments.

ECB figures show that one of the key factors stimulating demand is consumer confidence, although the impact has been more moderate than in previous quarters in 2021, mainly due to the economic impact of the still ongoing pandemic. That said, the ECB ascertains that the low interest rate environment, otherwise positive housing market prospects and an assortment of

fiscal stimulus programmes (implemented at national level) continue support mortgage demand in euro area countries.

Across the largest euro area countries, banks in Germany, Spain and Italy reported a net increase in housing loan demand in the fourth quarter of 2021, driven by many of the abovementioned factors. Banks in France, however, report that demand-scenario remains unchanged.

CREDIT DEMAND IN NON-EURO AREA COUNTRIES

The latest available about mortgage demand in non-euro area shows very different scenarios. Hungary (47%), Poland (47%) and the UK (35%) all report increased demand for residential credit. The case of Hungary is particularly relevant, as demand has consistently increased in this jurisdiction since Q3 2020. In Poland, overall demand increased for the first time in all of 2021. In Denmark and Romania, demand decreased in Q4 2021 (-23% and -34% respectively).

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

IV 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	100	11	0	75	33	0	-40	18	75	-17	0	-20	-33	60	20	21	8	n/a	-23	47	47	-34	35
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	14	0	0	7	-25	50	22	-8	-20	0	50	-33	25	0	0	20	40	65	5	—	—	—	28	—	—
Other financing needs	7	-13	0	2	0	0	0	0	0	14	13	0	0	0	0	0	15	12	2	—	—	—	—	—	—
Consumer confidence	0	0	0	-4	0	50	22	8	0	9	75	0	0	0	33	40	40	31	10	—	—	—	25	—	—
Use of alternative finance	0	0	0	-4	0	8	-4	0	-13	-9	17	-6	0	-7	-11	7	0	-11	-4	—	—	—	—	—	—
General level of interest rates	0	25	25	0	25	25	22	0	0	18	25	0	0	0	33	40	70	83	9	—	—	—	0	—	—

NOTES:

- **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

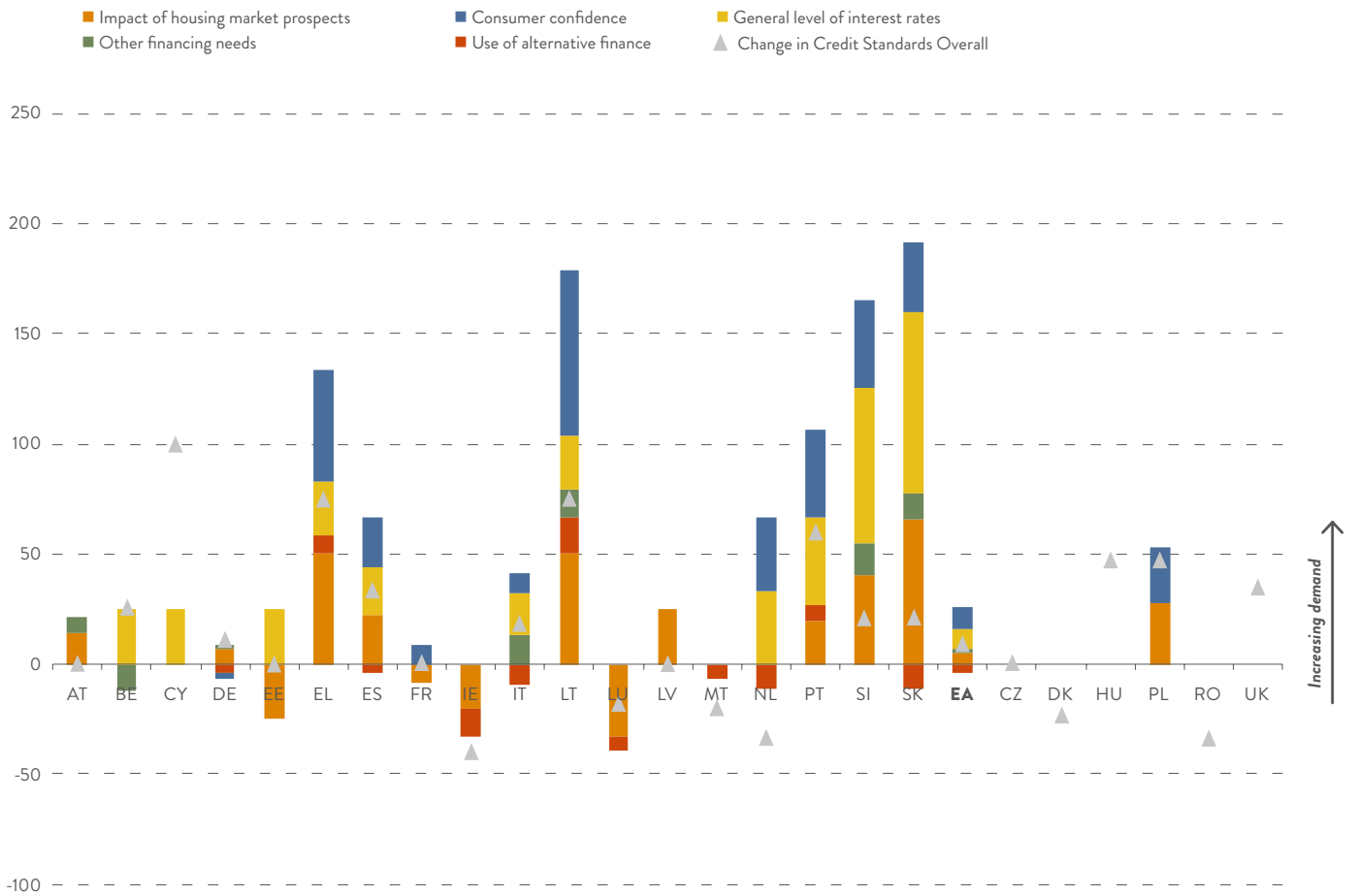
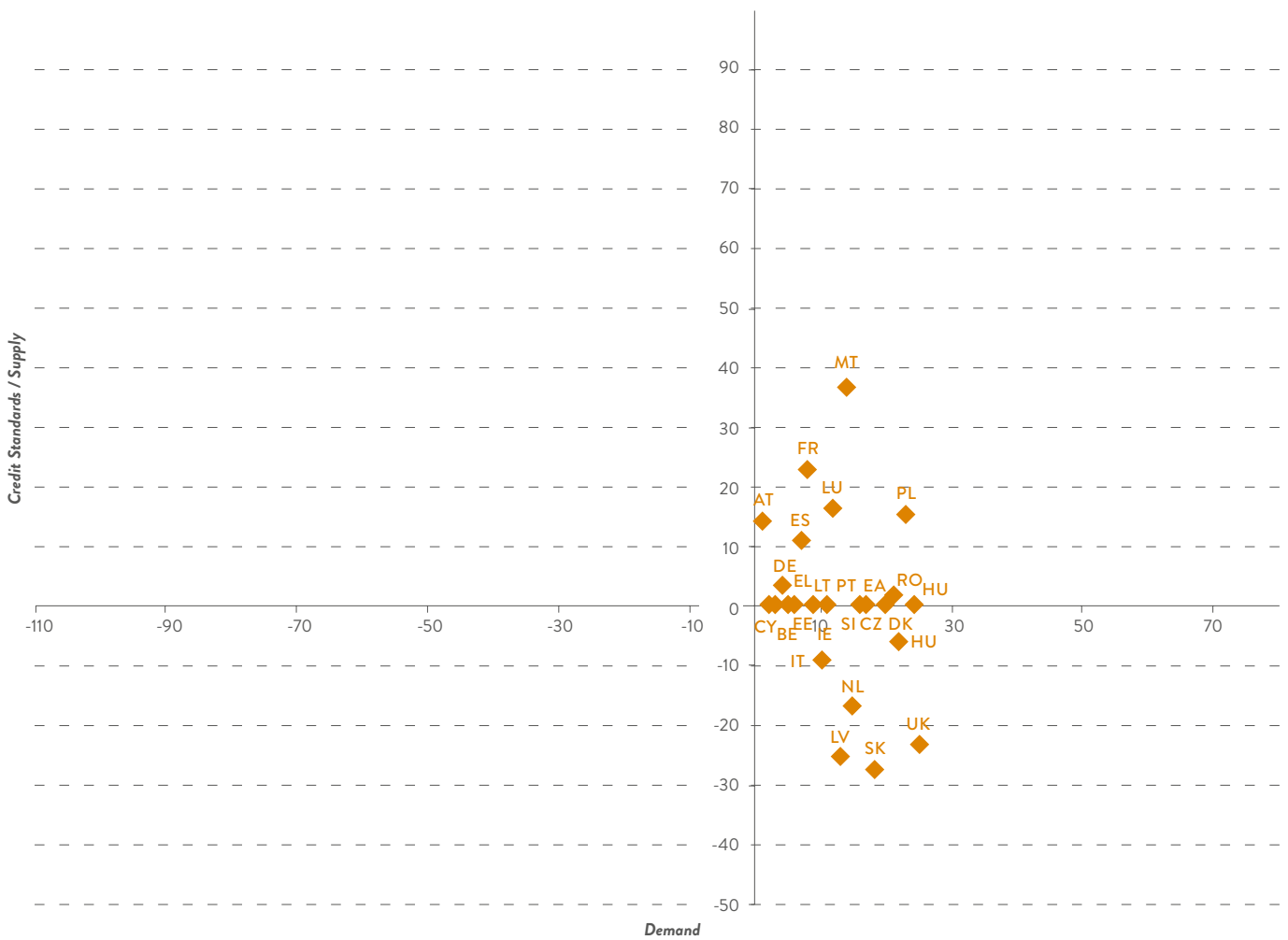


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

As the relevant chart shows, the intersection between credit supply and demand shows a heterogenous picture across the country sample.

In terms of credit standards, the situation is fundamentally marked by the relative stability of standards, as a majority of countries show net scores of 0% (that is, unchanged residential credit standards). Nevertheless, considering only the countries that register some change in this criteria, whether positive or negative, a significant number of jurisdictions (8) report a tightening of credit standards, as opposed to the number of countries (6) registering a net easing.

As to mortgage demand, the data collected in Q4 2021 shows that a majority of jurisdiction (14) register net increases, although the scores tend to vary.

In countries like Spain, Germany or Poland, to name a few, demand for mortgages increased, yet credit standards tightened. In the meantime, the Netherlands, saw a decrease in demand while standards eased. The UK and Slovakia are the only country where overall mortgage demand increased in Q4 2021 while credit standards recorded a net easing.



Q4|2021

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



The entire contents of this publication are protected by copyright.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any other form or by any means: electronic, mechanical, photocopying, recording or otherwise without the prior permission of the European Mortgage Federation.