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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

Eric Hüllen | Research and Data | ehuellen@hypo.org | Tel: +32 2 285 40 30

DISCLAIMER

The following review focuses on the mortgage and housing market developments in the first quarter of 2023 and is based on a country sample including Belgium, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Sweden and the United Kingdom. This sample covers around 95% of the total outstanding mortgage lending in the EU27 and UK in Q1 2023. Where data for Q1 2023 is not yet available, the review reports figures from the previously available quarter. As Croatia joined the European Monetary Union on 1 January 2023, Croatia will be also included in the Bank Lending Survey representation of the present Quarterly Review.

GENERAL COMMENTARY

Mortgage and housing market developments in Europe were subdued in the first quarter of 2023. As a result of rising inflation and consumer prices, increasing lending costs caused gross lending figures to drop in nearly all sampled countries both y-o-y and q-o-q. The rise in general price level led to a contraction of the construction sector, while demand for housing remained tense. Furthermore, the mortgage lending and housing supply landscape across the different EMF jurisdictions has become increasingly complex and heterogeneous. Overall macroeconomic development therefore started to reshape the mortgage and housing landscape. What follows is an analysis at both macro and individual country level.

According to publications by Eurostat, seasonally adjusted GDP increased by 0.1% in the EU27 while GDP decreased by 0.1% in the Euro area compared to the previous quarter. Compared to the previous year, adjusted GDP increased by 1.0% in the EU27 and in the Euro area, after an 1.7% increase in the EU27 and an 1.8% increase in the previous quarter. Poland (+3.8%) and Luxembourg (+2.0%) exhibited the highest increase of GDP compared to the previous quarter, while Ireland (-4.6%) and Lithuania (-2.1%) showed the largest contraction.

As in the previous quarter, households' final consumption continued to decrease by 0.3% in the EU and Euro area (after -0.9% and -1.0% respectively) as well as government expenditure by 0.9% in the EU27 and by 1.6% in the monetary union. Government expenditure therefore started to contract after positive growth rates in the previous quarters (+0.4% in the EU27 and +0.8% in the Euro area) as many pandemic measurements started to expire. Gross fixed capital formation increased by 0.3% in the EU27 and by 0.6% in the Euro area (after -2.8% and -3.5% respectively). Exports decreased by -0.1% in the Euro area but increased by +0.1% in the EU27 (after -0.3% in the EU27 and -0.2% in the Euro area). Imports decreased by 1.3% in both the EU27 and the Euro area (after -2.3% and -2.5% in the previous quarter). Therefore, final household and government consumption and changes in inventories contributed negatively to GDP growth in both areas, while gross fixed capital formation and the overall trade balance contributed positively. Overall GDP volumes were 2.9% in the EU27 and 2.2% in the Euro area above the pandemic level recorded in the fourth quarter of 2019.



By the end of the first quarter of 2023 the annual rate of the harmonised index of consumer prices (HICP) for the Euro area stood at 6.9% which was already a slowdown compared to the first two months of 2023 (8.6% in January and 8.5% in February). Looking at the main components of Euro area inflation, food, alcohol and tobacco exhibited the highest annual rates in Q1 2023 (15.5%, compared with 5.0% in March 2022), followed by non-energy industrial goods (6.6%, compared with 3.4% in March 2022), services (5.1%, compared with 2.7% in March 2022). Energy prices first started to decrease by -0.9% at the end of Q1 2023 after exhibiting comparable high rates in the previous periods (44.3% in March 2022).

The high level of inflation in combination with depressed consumer and business confidence, coupled with a high level of political uncertainty, also impacted the interest rate environment, residential mortgage lending sector, house building trends and house prices. The ECB continued to increase the basic rate to counter inflation putting further pressure on interest rates, and further rate increases are possible. The aggregated European residential mortgage stock started to stagnate in Q1 2023, to a very similar level as that of the previous quarter, while gross residential lending continued to decline for the fourth quarter, as demand and supply of new mortgages became less dynamic across the EMF country sample.

Development in the housing market were quite diverse across the underlying sample. The development of house prices in particular was increasingly heterogeneous, exhibiting different patterns across Europe. In general, the total number of transactions decreased substantially. Most participating jurisdictions also reported either a deceleration of permit issuance or building starts and completions, or a clear contraction of these indicators.

Regulatory developments at national level have also been varied, although specific national measures seem to be focusing increasingly on the impact of inflation, financing conditions and the income of borrowers or households, but also continued to focus on financing the energy performance of building stocks.

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

FURTHER READING

- A Long Unwinding Road - OECD (2023), OECD Economic Outlook, Volume 2023 Issue 1: Preliminary version, OECD Publishing, Paris. ([Link](#))
- Medium-Term Projections of Potential Gdp Growth in Turbulent Times – European Commission (2023), Special Issues, Brussels. ([Link](#))
- Household deposits and consumer sentiment expectations – Anastasiou, D., Ftiti, Z., Louhichi, W., & Tsouknidis, D. (2023). Household deposits and consumer sentiment expectations: Evidence from Eurozone. *Journal of International Money and Finance*, 131, 102775. ([Link](#))
- Methods regulation an affordable housing market on global markets. – Natalia, S., Tatiana, M., Yulia, S., & Igor, K. (2023, May). Methods regulation an affordable housing market on global markets. In *AIP Conference Proceedings* (Vol. 2560, No. 1). AIP Publishing. ([Link](#))

MORTGAGE MARKETS

The aggregated mortgage stock of the EMF country sample remained approximately stable at EUR 8.2 tn (estimation based on 90% of the total sample)

by the end of the first quarter of 2023, pointing to a slowdown in the upward trend which has been observed since 2017. Q4 2022 saw a rise of 1.4% in the mortgage stock while the increase is estimated to be 1.55% in Q1 2023 based on the previous year and only 0.25% on the previous quarter considering values in local currencies.

Compared to the previous year, gross residential mortgage lending decreased by 16% y-o-y in Q1 2023, after an 18.4% decrease in Q4 2022. Q4 2022 marked the fourth consecutive quarter with a negative growth rate. Total gross lending amounted to approximately EUR 281 bn, the lowest since pandemic marked in Q3 2020.

From a country standpoint, mortgage lending developments exhibited a more homogenous pattern in Q1 2023, as in previous quarters, as interest rates continued to increase all around Europe.

In **Sweden**, net mortgage lending continued to slow down in Q1 2023, recording a 4.2% yearly increase compared to a 5.0% increase in the previous quarter (considering values in local currency). Mortgage lending secured in one-family homes increased by 3.2% y-o-y, compared to 4.4% in the previous quarter. The increase in lending secured on tenant-owned apartments slowed down to 3.0% y-o-y (4.4% y-o-y Q4 2022). The net mortgage lending to multi-family homes increased by 8.5%, compared to 7.1% y-o-y in Q4 2022. The increasing mortgage interest rates in 2022 and 2023 in combination with increasing consumer prices resulted in a cooling down of the mortgage market and in falling housing prices. Mortgage lending activity was also affected by a slowdown in construction activities. Especially amongst households, the slowdown in mortgage lending reached historic low at the end of 2022 and the beginning of 2023. For example, lending growth to households secured on housing has not been lower in the current statistical time series for over 20 years. In **Denmark** total outstanding residential loans increased to DKK 1.85 bn in Q1 2023. This is an increase of 0.6% compared to the previous quarter, but a decrease of 5.36% y-o-y. Lastly, in **Finland**, due to increased key interest rates, household and investor demand for new mortgages was lower than a year before. Because the Euribors are rising, fewer housing transactions were made and the market is cooling down. Finland recorded a total of EUR 108.3 bn outstanding residential mortgage loans in Q1 2023.

Following on from record setting growth in housing loans in **Hungary** until Q2 2022 new loan disbursement started to decline from Q3 2022. The pace of decline further accelerated during Q4 2022 and Q1 2023. The volume of newly issued mortgage loans (gross residential loans) decreased by 25% in Q1 2023 compared to the previous quarter and by 64% y-o-y. The total outstanding residential loan portfolio still grew by 0.2% in Q1 on y-o-y basis and contracted by 0.7% q-o-q. In **Romania**, the stock of mortgage loans declined in Q1 2023 by 0.9% compared to the last quarter and by 2.1% y-o-y. The NPL ratio for mortgage loans reached 1.52% in March 2023, increasing both in quarterly terms (+0.1 bps), as well as in annual terms (+0.14 bps). In March 2023, gross new residential lending decreased by 29% compared to the previous quarter (-42% y-o-y), while the value of remortgaging continued to grow, but at a slower pace. In Q1 2023, banks tightened the credit standards on loans for house and land purchase extended to households. Regarding the outlook for the next quarter, banks expect to keep the lending standards relatively unchanged. In **Poland** mortgage lending fell by about 70% y-o-y in 2022, so Q1 2023 brought a slight recovery in the mortgage lending market, which was especially noticeable in February 2023, when a significant increase

(on a monthly basis) in the number of housing loan applications was observed (almost 43% compared to January 2023). This was likely due to a change in the KNF (Polish FSA) recommendations on creditworthiness assessment. For variable-rate loans, the 500 bp interest rate buffer was abolished, but without setting a specific level and leaving its determination to decision of banks. For fixed rate loans KNF recommended an interest rate buffer of 250 bp. As a result of the changes, the creditworthiness of home loan applicants increased significantly at the beginning of this year, which was reflected in the increase in the average amount of credit granted in March this year. As a result, nearly 22,000 new mortgages were issued in Q1 2023, a q-o-q increase of nearly 16%. At the end of the quarter over 2.3 mn mortgage contracts were active, slightly more than at the end of Q4 2022. The average value of a mortgage was PLN 329,500. As regards **Czechia**, following a significant drop in mortgages sales in the second half of 2022, sales of mortgages in Q1 2023 increased by 21% from a particularly low base. Developments in relation to new loans and remortgaging were similar.

In **Belgium**, the first stop in the Continental Europe subgroup of the EMF sample, the number of new mortgage loans went down significantly by more than 40% y-o-y in Q1 2023. Re-mortgaging transactions excluded, the evolution of production as compared to that in the corresponding quarter of the year before was also negative, with a decrease of more than 36% in number of contracts and an almost 36% decrease in total volume. This decrease is mainly driven by the fundamental increase of interest rates and the fall in credit demand, which dropped by almost 30% in Q4 2022 and around 40% in Q1 2023 y-o-y. The evolution of credits granted, was negative for all indicators: -33.3% for loans for the purchase of houses, -34.3% for loans for the purchase of renovation of houses, -31.2% for loans for construction of houses and even -42.2% for loans for the renovation of houses. Loans for other immovable purposes (garage, swimming pool, etc.) also noticed a decrease of -52.3%. The number of refinancing loans went down by more than 76% y-o-y. When it comes to production, without the refinancing deals, about 43,400 mortgage credit contracts were granted for a total amount of about EUR 7.2 bn. Looking at more recent periods, in April and May, mortgage lending still showed a strong decrease in number of contracts of almost 40%, compared to the same period in 2022. Considering the strong decrease of about -34% in credit demand during April and May compared to the same months of 2022, we expect new mortgage lending to probably still show a continuous decreasing trend in the coming months compared to the year before. Based on the reported data, **Germany's** residential mortgage lending declined significantly in the course of the second half of 2022. Following a decline in Q3 and Q4 2022, the subdued development continued in Q1 2023 (-34% y-o-y; -10% q-o-q). In **France**, the total volume of outstanding residential home loans grew by 4.5% over one year in Q1 2023, reaching EUR 1.29 tn. The annual growth rate of the loans continued to decelerate, after peaking in Q1 2022, and is expected to remain oriented in this direction for the next quarters. New loans for residential real estate (excluding renegotiations and loan transfers) amounted to EUR 38 bn in the first quarter of 2023, the lowest level for a first quarter since Q1 2016. The quarterly production of Q1 2023 was down by 16% compared to the previous quarter and by -33% compared to Q1 2022.

In **Portugal**, total outstanding residential loans increased by 2.0% y-o-y, amounting to EUR 101.2 bn by the end of Q1 2023. Total outstanding residential loans

therefore decreased from EUR 101.7 bn in Q4 2022 by -0.5% q-o-q. The new loan production totalled EUR 4.53 bn in Q1 2023, +9.0% y-o-y and +16.8% q-o-q. Regarding the new credit production, in Q1 2023 both mortgage and consumer loans registered production highs of the last 7 years, reaching an accumulated y-o-y growth in March 2023 of 9% and 2% respectively¹. However, mortgage production has been mainly linked to renegotiated contracts², which have been increasing steadily since mid-2022 following the increase of reference interest rates. In March 2023 renegotiated contracts accounted for 38% of all mortgage production (35% in 3M23 and 7% in June 2022), while new contracts accounted for 62% (65% in 3M23 and 93% in June 2022). In fact, new contracts decreased by 24% y-o-y reflecting the weakening of the mortgage market in Q1 2023. As for the NFC segment, new loans are now below the levels of 2022 (-5% y-o-y accumulated growth in 3M23) but above levels of 2021. In neighbouring **Spain**, there have been signs of slowdown since the end of 2022 in new lending against a backdrop of high and persistent inflation and subsequent policy rate rises from the ECB. Q1 2023 figures showed an annual decline of 15%, following a marginal increase of 0.2% in Q4 2022. The slowdown recorded in new lending activity combined with an increase in early redemptions has led to a decrease of the mortgage lending stock, resuming the downward trend recorded before 2021. In **Italy**, outstanding mortgage lending amounted to about EUR 425.9 bn in Q1 2023, with an increase of 2.8% with respect to the same quarter of the previous year. Gross residential lending decreased by -5.8% y-o-y, due to a weakening of demand influenced by high inflation and the increase in key interest rates. In Q1 2023, the total stock of outstanding housing loans in **Greece** continued to decline on average by -3.7% y-o-y compared to Q1 2022 (-2.8% y-o-y). According to the latest available data of the Bank Lending Survey for Greece (Q1 2023), credit standards for housing loans to households remained stable compared to Q4 2022. Terms and conditions for mortgages to households eased to some extent. Banks reported a decrease in the proportion of rejected loan applications to housing loans in Q1 2023 compared to Q4 2022. The demand for housing loans contracted to a small extent for fourth consecutive quarters, after repeatedly reported expansions in demand since Q3 2020. Regarding housing loans, housing market prospects continued to exert a rather positive impact on demand, while consumer sentiment and the general level of interest rates contributed negatively. Banks expect the demand in housing loans to remain almost unchanged in the next quarter. Finally regarding latest data, during the 4-month period of 2023, the amount of new housing loan agreements, which in absolute terms remained at low levels, decreased by -7.2%, y-o-y, against a significant increase in the corresponding period in 2022 (-67.3%, y-o-y). Furthermore, the persistent inflationary pressures and increase in borrowing costs are likely to have an impact on demand.

In **Ireland**, mortgage drawdown volumes rose by 5.9% y-o-y to almost 10,500 in Q1 2023. The growth in drawdowns was also fuelled by switching activity with the number of non-purchase drawdowns up by 22% y-o-y to almost 2,800. First-time buyers drew down more than 5,300 mortgages, up 2.7% y-o-y and the highest Q1 volume since 2007. Re-mortgage volumes continued to grow albeit at a much slower rate with growth of 19.1% y-o-y to almost 2,100. Mortgage approval volumes decreased by 4.1% y-o-y in Q1 2023 to more than 11,600. This was the second highest Q1 volume since the data series began in 2011. First-time buyer approval volumes increased by 4.3% y-o-y to over 6,600, while mover purchase volumes fell by 1.7% to 2,553, the lowest Q1 volume since 2016.

¹ Banco de Portugal (Monetary and Financial Statistics).

² New mortgage production comprises renegotiated contracts and new contracts; renegotiated contracts are regular renegotiations, with customers' active participation, that originate a new contract, not having resulted from payment default; new contracts are entirely new written contracts.



In the **UK**, mortgage market activity dropped in the first quarter of 2023, with gross lending totalling GBP 58.5 bn (EUR 66.5 bn), down 21% compared to the first quarter of 2022. Remortgaging accounted for 41% of all loans advanced. Net lending was significantly lower in Q1 2023, at GBP 0.4 bn, compared to GBP 16.1 bn in the same period last year. This slowdown in lending activity reflects the increases in mortgage interest rates experienced over the last year following increases to the Bank of England Bank Rate as the Bank seek to bring inflation back towards the 2.0% target. At the start of the year Bank Rate was 3.50% and by the end of Q1 2023 it was 4.25%. It was subsequently increased further to 5.00% by the end of June 2023. According to the BSA Property Tracker, the affordability of monthly repayments is now the biggest barrier to property purchase in the UK.

REGULATION & GOVERNMENT INTERVENTION

Increasing inflation rates, resulting in higher consumer prices and an erosion of households' savings, remained one of the main concerns of governments and authorities across the EMF country sample. Next to this, measures focused on supporting borrowers in improving the energy performance of their homes was another key focus of policymakers' attention in the first quarter of 2023.

SWEDEN

The government electricity price compensation was paid out in February 2023. In general, the government is careful with other government spending measures to avoid increasing inflation further. Inflation is slowly falling but remained at a high level of 10.5% in April 2023.

HUNGARY

Some of the subsidies that were popular in 2022 are no longer available in 2023. The volume of loans for new housing fell significantly in Q1, one of the reasons for the decline is the running out of the FGS Green Home Programme funds.

The volume of housing loans for home improvement and modernisation also fell short in Q1 compared to the previous quarter due to the ending of the home improvement subsidy scheme effective from January 2023.

The Home Purchase Subsidy (CSOK), as well as the "Prenatal Baby Support loans for Families" will be available also in 2023. Both facilities are a popular form of subsidy especially for young couples which already have or plan to have children.

POLAND

As reported already above, the KNF (Polish FSA) changed the recommendations on creditworthiness assessment. For variable-rate loans, the 500 bp interest rate buffer was abolished, but without setting a specific level and leaving its determination to the banks' decisions. For fixed rate loans KNF recommended an interest rate buffer of 250 bp.

CZECHIA

No new regulations in the housing financing sector were introduced in Q1 2023. However, at the end of the quarter a discussion about the possibility of relaxing selected credit ratios, especially income ratios (DSTI and DTI), was initiated by the sector considering the frozen financing market and real estate market. Another reason behind this discussion was the fact, that interest rates most probably reached their maximum and the DSTI would cease to perform its

function in a declining interest rates environment. In Q2 2023 ČNB decided to cancel DSTI ratio the effects of which will probably materialize in Q3 2023.

FRANCE

The mechanism of "usury rate" played an active part in the slowdown of new home loans in Q4 2022. Its gradual rise from quarter to quarter was still too slow compared to the rapid increase in the cost of bank resources. In the face of this situation, the French government has accepted that the usury rate be revised every month since February 2023. This more regular updating allows the usury rate to increase faster than before, partially supporting the production of new home loans for households and a better margin for credit institutions.

As legally enforced by the "Haut Comité à la Stabilité Financière" (HCSF) since January 1st 2022, new home loans originated by banks in France have to respect a maximum level of Debt-Service-to Income ratio of 35% and a maximum duration of 25 years (+2 years of delay for newly built properties). The share of non-compliant loans in Q1 2023 was equal to 13.9% of the total production and represented a share covered by the acceptance margin (banks are quarterly authorized by HCSF to grant up to 20% of new home loans which do not respect those criteria). Specifically, in Q1 2023, 13.6% of the quarterly new home loans were characterized by a Debt-To-Income ratio above 35% and only 0.7% was not in compliance with the duration criterion.

Concerning the rental market, when the lease agreement provides for a clause of a rent review, the rent for the dwelling can be revised each year by the value of the annual change in the IRL (the rent reference index). By an official decision of the French government acted in August 2022, the IRL has been capped at +3.5% since the third quarter of 2022. This decision helps French households to cope with the rise of the cost of living and protects their purchasing power in a context of very high inflation. Year on year, the consumer prices grew in France by 5.7% in March 2023.

SPAIN

The Code of Good Practices (CBP) approved by the Government in November 2022 is still in force to support the most vulnerable households from interest rate rises through grace periods and term extensions. Most financial institutions have voluntarily adhered to the CBP. Beyond these measures, banks continue to apply ad-hoc measures to some borrowers who are not covered by the CBP. So far, NPLs have not experienced impairment.

IRELAND

The Central Bank of Ireland (CBI) increased its loan-to-income limit for first-time buyers from 3.5 to 4.0, effective from 1st January 2023. The CBI also changed the criteria for borrowers to be considered as First-time buyers (FTBs). As a result, FTBs may include borrowers who are divorced or separated or have undergone bankruptcy or insolvency as well as FTBs getting a top-up loan or re-mortgage with an increase in the principal, where the property is the primary home.

HOUSING MARKETS

HOUSING SUPPLY

Reviewing 2022, housing starts decreased by around 17% in **Sweden**. The forecast by the National Board of Housing expects that construction will drop sharply in 2023 to 25,500 dwellings, which is 55% lower than in 2022.

In **Denmark**, housing market activity decreased throughout the first quarter of 2023 with a total of 8,688 houses being sold, which represents 18% fewer transactions than in the first quarter of 2022. In the same period 3,076 owner-occupied apartments were sold, a decrease of 22% y-o-y. The activity in Q1 2023 was below the activity level of before the pandemic. The decrease in sold houses and owner-occupied apartments must be seen in relation to a relatively high activity in Q1 2022 and increased interest rates accompanied by high inflation. A total of 28,284 houses and 6,294 apartments, were on the market at the end of the first quarter. The supply of houses fell by 1.7% compared to the previous quarter, while the supply of apartments fell by 12.4%. **Finland** reported a cooling down of the market in Q1 2023, as new housing permits and the number of new housing starts further decreased which points to homogenous developments in recent periods for Northern Europe.

In **Hungary**, the number of newly issued building permits was 4,989 in Q1 2023. This is a 38% decrease compared to the same quarter in 2022. The number of housing completions in Q1 2023 was 3,613. This figure represents a 20% decrease on y-o-y basis. Building permits (1,743) issued in Budapest in Q1 represented only about 84% of the volume of Q1 2022. In Budapest the number of housing completions in Q1 (1,404) fell short of 42.5% y-o-y. The number of housing market transactions realised in Q1 2023 fell by 43% y-o-y. The low activity contributed to the decline in house prices. The increase in energy prices observed in the second half of 2022, also impacted the housing market, especially properties with low energy efficiency were affected by the recent market developments. Regarding **Romania**, in the first quarter of 2023, 15,329 homes were completed, down by 4% y-o-y, while the number of building permits decreased in the same period by 27%. However, the volume of construction works increased by 12.5% y-o-y. It is worth mentioning that the average construction cost index climbed by 18% in Q1 2023 y-o-y. Trading activity also tempered, in Q1 2023 the number of individual units transacted substantially decreased by 23%. With construction costs growing rapidly, the housing sector in **Poland** has performed poorly in terms of new construction starts. The number of housing units started in Q1 2023 fell by 27.6% y-o-y and the number of housing units for which construction permits have been issued fell by 33.2% y-o-y. The number of housing units completed in Q1 2023 increased by 1.3% y-o-y, but their useable area decreased by 1.6% compared to the same period last year. **Czechia** is in line with the macroeconomic development, which pushed housing market transactions down.

In the **Netherlands**, although the permit issuance procedure has recovered from the Dutch nitrogen crisis, the 12-month average appears to have stalled at the levels of 2017 and 2018. The number of new homes completed (around 70,000 dwellings a year) has not shown any increase for several years now. Regarding **France**, with 99,700 units in Q1 2023 (seasonally adjusted and working day adjusted), the quarterly volumes of housing permits represented the lowest first quarter since 2015. If they rebounded by 11% compared to the previous quarter, volumes of housing authorizations remained 15% lower than Q1 2020, before the whole shock of the pandemic. Concerning the housing starts, the quarterly volume amounted to 80,200 units in Q1 2023, decreasing by 10% compared the previous quarter due to less new constructions of multifamily housing and buildings. Housing starts of new single-family houses recorded 34,100 units in Q1 2023 (-10% q-o-q), similar to the volumes recorded in Q1 2020. The segment of single-family houses not built by the real estate developers represented around 10% of the total housing transactions in France. The market of existing dwellings totalled 232,500 transactions in Q1 2023

and represented around 83% of the total housing transactions in France. The number of quarterly transactions declined by 12% compared to Q4 2022 and by 17% compared to Q1 2022. Despite the continuous decrease observed since 2022, the level of activity remained high at the beginning of 2023, above its historical average at around 215,000 units per quarter. The building activity of real estate developers represented around 7% of the total transactions in France and is broken down into 94% of flats and 6% of houses. With 22,964 units in Q1 2023 (down by 10% versus Q4 2022 and by -17% y-o-y), the number of new dwellings put up for sale fell to a level close to the disastrous one recorded in Q1 2020. During this quarter, the sales slowed down more considerably than new offers, reaching their lowest level since 2000 with 19,596 new dwellings sold, decreasing by 17% versus the previous quarter and by -41% compared to Q1 2022. Cancellations represented 22.6% of sales in Q1 2023, increasing by 2.3 pps compared to the previous quarter.

According to information from **Spain**, the rise in building costs – which have begun to show some stability – together with land shortage continue to be two of the main challenges for the real estate sector. In the last 12 months to March 2023, approvals were granted for just over 109,000 dwellings (-3% y-o-y), falling short of the needs of the residential demand despite showing some weakness. In **Italy** transaction volumes amounted approximately to 167,000, with a decrease of -8.3% y-o-y. In **Greece**, in Q1 2023, construction activity in dwellings increased nationally, both on terms of number and volume (cubic meters) of new building permits (38.1% and 24.7% y-o-y, respectively), while in the region of Athens, the corresponding increases were 29.6% and 28.7% y-o-y. Note that in 2022, new housing permits in national level in terms of volume decreased on average by 3.2%, whilst the number of permits remained unchanged (in the Athens area the corresponding rates were -10.0% and -3.2%). The increased investment interest from abroad, which fuelled the recovery of the high-quality real estate market and income-related properties, especially during the 2018-2019 period, recovered in 2021 (34.4%) and continued its growth in 2022 (68.0%) and in Q1 2023, recording also a significant increase by 32.9% y-o-y. More specifically, in Q1 2023, net foreign direct investment in Greece for the real estate market purchasing amounted to EUR 497.0 mn, compared to EUR 374.0 mn for Q1 2022. In Q1 2023, residential investment (seasonally adjusted data at constant prices) increased by 48.4% y-o-y, though still remains at a low level at 2.0% of GDP. The business expectations for housing construction, as reflected in the relevant indicator of IOBE survey, improved further in 2022 (4.0%) and continued to be positive in the first five months of 2023 (13.8%). However, the total cost of construction of new residential buildings increased in Q1 2023 by 8.1%, y-o-y (8.8% y-o-y for 2022).

In **Ireland**, about 7,300 housing units were started in Q1 2023, 5% more than in Q1 2022 and the highest quarterly total since Q3 2021. Dublin and Dublin Commuter accounted for 37.4% and 20.4%, respectively, of housing starts in Q1 2023. More than 6,700 new dwellings were completed in Q1 2023, according to the Central Statistics Office (CSO), 19.1% more than in Q1 2022 and the highest Q1 quarterly volumes since the CSO started reporting quarterly completions in 2011. 6,716 new dwellings were completed in Q1 2023, 19.1% up from 5,640 in Q1 2022. Dublin accounted for about 37.6% of all completions in Q1 2023 and 75.4% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 21.4% and 19.9% of completions, respectively. Household market purchases of residential property rose by 1.2% year on year to 11,158 in Q1 2023. On an annual basis, there were 50,159 purchases in the twelve months ending March 2023,



the second highest level since the data series began in 2010. Dublin was the largest housing market in Q1 2023 with more than 3,200 household market purchases, 5.4% more than in 2022 and giving it a 28.8% share of the national market. Dublin accounted for almost half (49.5%) of apartment sales. In terms of property type and dwelling status, apartments accounted for 15.2% of sales in Q1 2023, while existing houses accounted for 68.5% of sales. While Dublin, Kildare and Cork accounted for 24.5%, 19.2% and 12.2%, respectively, of new house sales in Q1 2023.

Regarding the **UK** in Q1 2023, there were 37,750 house building starts, down 12% on the 42,870 in the same period last year. There were 37,350 completions, which is down 8% on the same period last year.

HOUSE PRICES

Average HPI values for the EMF country sample started to decrease in Q1 2023, to an average of 150.6 from 154.6 in Q1 2022 (base year 2015). It is noteworthy that the average HPI peaked in Q3 2022 to 160.7 and fell since Q4 2022. From a country standpoint, developments have been heterogeneous, as the following sections show.

In **Sweden**, one-family house prices decreased by -8.8% y-o-y in Q1 2023 compared to a decrease of -3.7% in Q4 2022 according to Statistics Sweden. The price statistics is partly based on transactions where the prices are negotiated in earlier quarters and the figure is to some extent delayed. Other statistics, based on real estate agents, shows further declines in single-family house prices in Q1 2023. Prices on apartments decreased by -10% y-o-y in Q1 2023 compared to a decrease of -9% in Q4 2022 according to Valueguard HOX index. The prices on single-family homes in the Stockholm area decreased by -11.9% y-o-y in Q1 2023 (-5.3% Q4 2022). In the Malmö-area the prices decreased by -13.0% y-o-y (-5.6% Q4 2022) and in Gothenburg by -4.3% (-5.1% Q4 2022). The prices on apartments in Stockholm decreased by -approximately 9% in Q1 2023 (-9.0% Q4 2022). Apartments prices in Gothenburg decreased by around -12% (-12% Q4 2022) and in Malmö by -10% (-8% Q4 2022). The prices have continued to slow down in April 2023. One-family homes decreased by -15% in April on y-o-y basis and tenant-owned apartments by -9%. However, the monthly price changes on both single-family houses and apartments levelled out during the spring and even started to increase slowly. As regards **Denmark**, house prices decreased by 7.2% on a y-o-y basis. Meanwhile, prices on owner-occupied apartments fell by 9.1%. Compared to the previous quarter, prices decreased by 0.4% for houses while no changes were apparent for apartments. Finally, in **Finland**, prices fell in Q1 2023 by 5.8% y-o-y in large towns and by 4.8% y-o-y in the rest of the country. Prices of dwellings in housing companies fell in all large towns but most in Greater Helsinki.

In Central and Eastern Europe, house price developments have also been diverse, with no clear pattern emerging for the broader region. As reported by **Hungary**, following the extraordinary house price growth in Q1 and Q2 2022, a very strong slowdown in Q3 and Q4 could be observed. According to the National Statistical Office data the nominal house price decrease by approximately 2% in Q4 compared to the previous quarter but was still about 17% higher on a y-o-y basis. As a result of the reverse trends during the last periods, the extraordinary rise in house prices seen in the first half of 2022 (28.9% y-o-y) decelerated significantly. The indices monitoring the change in the price of used and new homes, as published by the Hungarian Central Statistical Office (HCSO), also indicate a decline in the price of used homes, while the price of new homes

still rose moderately. According to their calculations house prices declined to a larger degree in smaller settlements. Nevertheless, in spite of the slowdown toward the end of the year, 2022 exhibit high yearly house price growth for some of the big cities. According to MBH House Price Index, the house prices in 2022 have grown by 30% y-o-y in Szeged and by 26% in Debrecen. The price grew 20% y-o-y in Budapest. In **Romania**, residential property prices increased in the last quarter of 2022 by 6.8% in nominal terms, decreasing by 0.7 bps y-o-y. It remains the lowest price evolution in the region. According to the NBR Bank Lending Survey (May 2023), the share of banks that reported a flat house price per square meter in Q1 2023 was 70%, while 28.3% of respondents deemed that the price had somewhat increased. For the next quarter, almost all the banks that NBR had surveyed expect the average price to remain unchanged. In **Poland**, the significant demand correction observed in 2022 affected the slowdown of offer prices and even lead to a decline in transaction prices. Due to the decline in the purchasing power of the average household, demand for older, better located, but smaller apartments continued. In the primary market, the biggest transactional price growth was observed in Olsztyn (+8.9% q-o-q), Bydgoszcz (+8.5% q-o-q), and Opole (+6.9% q-o-q). In the secondary market, the biggest transactional price changes were recorded in Łódź (+3% q-o-q), Białystok (+2.6% q-o-q), and Opole (+6.9% q-o-q). The transactional prices in the capital city of Warsaw remained unchanged. Lastly, in **Czechia**, real estate prices continued to decrease in the recent period. The decrease in the price index, first recorded in Q4 2022, was confirmed by -0.9% y-o-y basis. Despite of the slightly decreasing prices, more substantial revival of the housing market is not expected at least for Q2 and Q3 2023.

As to the Continental Europe area, the following developments were reported. Based on the figures of the notary barometer, the average house price in **Belgium** went up to EUR 323,031 in the first quarter of 2023. This means an increase by 1.1% compared to the average price in the first quarter of 2022. Regional differences in housing price evolution occur in Belgium's three regions (Flanders, Wallonia and Brussels). During Q1 2023, house prices increased in two of the three regions compared to 2022. In the Brussels region, the average house price (EUR 578,753) increased, by 0.8% y-o-y. In Flanders, the average house price in Q1 2023 (EUR 358,271) showed an increase by 3.0% y-o-y. In Wallonia, however, the average housing price (EUR 235,036) decreased by 0.4% y-o-y. In the course of Q1 2023, average prices of apartments in Belgium went up by 1.5% compared to the first quarter of 2022. However, regional differences (Flanders, Brussels and Wallonia) also appear for price evolution of apartments. In Q1 2023, apartment prices increased in the three regions compared to the first quarter of 2022. In Flanders, the average price of an apartment (EUR 272,765) increased by 2.0% y-o-y. In the Brussels Region, the average price of an apartment (EUR 281,918) increased by 0.4% y-o-y. In Wallonia the average price of an apartment (EUR 202,277) increased by 1.8% y-o-y. In the **Netherlands**, prices of existing owner-occupied houses dropped by 0.7% in Q1 2023 y-o-y. In Q4 2022 the increase was 5.1%. The price fall increased within the quarter: 1.5% in January, -1.5% in February and -0.5% in March. In Q4 2022 there was a small drop in prices. On average, house prices amounted to EUR 416,786. 40,437 homes changed hands, which is 21.2% fewer than in Q1 2022. In Amsterdam, existing owner-occupied houses were 5.7% less expensive than one year before. Of all first quarters since 2015, this was the first quarter with the fewest transactions. We see the sharp rise in mortgage interest rates reflected in house prices and the number of transactions for this quarter. Current housing market trends show that we are heading towards a phase where the housing market is less active, meaning fewer transactions followed by less

harsh price rises. The price decline continued in **Germany** in the first quarter of 2023. Prices for owner occupied housing decreased in Q1 2023 by 1% y-o-y (-2.4% q-o-q). The main causes of the drop in demand for housing are believed to be rising interest on loans, combined with remaining high property prices, while construction costs have further increased, leaving private households reluctant to make purchases. Even on the market for existing properties, higher financing costs, particularly in markets where prices have risen sharply in recent years, have led to a reduction in demand for owner-occupied housing. While there has been a drop-in new construction activity due to the rise in building costs, excess demand for housing continues. This suggests, there will not be collapse in prices on the market for owner-occupied housing. Finally, in **France**, the slowdown of house prices for existing dwellings in metropolitan France strengthened markedly in Q1 2023, with +2.7% y-o-y, compared to +4.6% y-o-y in the previous quarter and +7.3% y-o-y in Q1 2022. The gap between the growth rate of prices for houses and for flats kept reducing in Q1 2023, with a similar decrease over the quarter (respectively -0.2% and -0.1%).

As to Southern Europe, HPI values showed heterogeneous developments, with data from Spain and Italy exhibiting moderation in growth rates, while Greece and Portugal recently reporting increasing growth rates. In **Spain**, house price growth was more moderate; in y-o-y terms, recording an increase of 3.1% in Q1 2023, compared to the average increase of 5.1% observed in 2022. In q-o-q terms, by contrast, house price growth intensified to about 2.2%. At the national level, there are price gaps about 15%. Even the gap decreased in recent periods; there are still significant differences between regions. The Balearic Islands are the only market where prices have fully recovered, followed by Madrid. Regarding **Italy**, Housing Price Index increased only slightly by 0.1% compared to the previous quarter and by 1.1% compared to the same quarter of the previous year. More in detail, the increase on the same quarter of the previous year was due to both the prices of new dwellings that recorded growth of 5.4% and the prices of the existing dwellings, which rose by 0.4%. Regarding **Greece**, the Bank of Greece indices, in Q1 2023, for nominal apartment prices increased on average by 14.5% y-o-y for the entire country (16.5%, y-o-y, in Athens, 16.1% in Thessaloniki, 13.1% in other cities and 10.6% in other areas of Greece). According to revised data, in 2022 nominal apartment prices increased by an average annual rate of 11.7%, compared with an average increase of 7.6% in 2021. Broken down by age of property, the annual rate of change in prices of new apartments (up to 5 years old) was 12.8% and of old apartments (over 5 years old) 15.6%. According to revised data, in 2022 prices of new apartments increased on average by 12.2%, whereas prices of old apartments increased by 11.3%. In **Portugal**, house prices rose 4.3% q-o-q in Q1 2023, marking an increase of 3.2% q-o-q reported in Q4 2022.

Concerning Ireland, residential property price inflation decelerated further in Q1 2023, with prices up by 3.9% in the twelve months to March 2023, compared with an increase of 15.1% in the year to March 2022. The CSO's national index decreased to 166.3. Prices for new dwellings were 11.1% up y-o-y, while prices of existing dwellings were 3.5% higher. Prices in Dublin rose by 1.7% in the 12 months to March 2023, with house prices in Dublin increasing by 1.6% y-o-y and apartment prices in the county by 2.1%. Residential property price inflation outside Dublin rose by 5.7% y-o-y, with house prices up by 5.9%.

House prices fell by 2% in the **UK** in Q1 2023, the first quarterly fall since Q4 2019. However, they were still 5% higher than in Q1 2022. The fall in prices reflects the general slowdown in the housing market, and the reduction in

affordability as interest rates rise, and the increase in mortgage payments as a proportion of incomes. House prices in London also fell in the quarter, following the wider national trend.

MORTGAGES INTEREST RATES

The average, unweighted EMF mortgage interest for Q1 2023 amounted to 4.69%, 13.94 bps higher than Q4 2022's average rate (4.11%). It is the highest average rate since the start of the data record in Q1 2009. Moreover, Q1 2023 marks the sixth consecutive increase for the EMF average. The average EMF mortgage interest rate for Euro area countries amounted to 3.55% and 6.32% for non-Euro area countries. When excluding Denmark, Sweden and the UK from the sample of the non-Euro area countries, the average interest rate was up to 8.07%.

In line with the overall scenario, mortgage interest rate developments in EMF jurisdictions all indicate a general increase of rates with an even higher growth rate than in the previous quarter.

In **Sweden**, variable interest rates increased sharply during the second half of 2022 and continued to increase during Q1 2023. In March 2023 variable interest rates increased to 4.2% from 3.6% in the last quarter. Interest rates fixed for a longer time horizon also increased during Q1 2023. 1-5 years fixed rates increased to 4.1% (3.8% in Q4 2022) and interest rates over 5 years increased to 3.5% (3.1% in Q4 2022). In **Denmark**, the average interest rate on loans with fixation periods up to one year increased by 186 bps in the first quarter of 2023. For loans with fixations between 1-5 years interest rates rose by 20 bps. For loans with between 5-10 years of interest rate fixation, the average interest rate fell by 5 bps. The average interest rate on loans with more than 10 years of fixation decreased by 30 bps in Q1 2023. The high level of interest rate on fixed rated mortgage loans during 2022 and Q1 2023 has given the opportunity for owners of these types of loans to convert their fixed rated loan with a low interest rate to a fixed rated loan with a higher interest rate, and hence reduce some of their outstanding debt. In **Finland**, the rate on new housing loans stood above 3.93% in Q1 2023 and around 30% of all mortgage debtors have an interest rate cap.

In **Belgium**, in the first quarter of 2023, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years went up again to reach more than 93.1% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to 1.4% of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 5.5% of the newly granted credits. The weighted average of mortgage interest rates increased to 3.17% in Q1 2023 (from 2.91% in Q4 2022 and from 1.47% in Q1 2022). Since 2015, the outstanding number of overdue contracts shows a positive evolution downwards. The ratio overdue contracts to total number of contracts remained at only 0.65%. In the **Netherlands**, the mortgage interest rate for new mortgages rose from 3.41% to 3.78% in Q1 2023. The average mortgage rate in the stock rose from 2.32% to 2.38%. Regarding data from **Germany**, the average interest rate for new mortgages was 3.78% in Q1 2023 (3.45% in Q4 2022). Lastly, in **France**, the quarterly mortgage interest rate reported by the Banque de France has increased each month since the previous quarter, reaching 2.56% at the end of March 2023 and an average of 2.37% for Q1 2023. For new home loans with a duration higher than 20 years, the annual percentage rate was equal to 3.82% in Q1 2023 versus 2.68% in Q4 2022 (versus 1.80% in Q1 2022, its lowest historical level).



Interest developments in Central and Eastern European jurisdictions are following the pattern of rising interest rates and are clearly reflecting the economic picture outlined in this report. In **Hungary**, the Central Bank base rate peaked at the end of September 2022 and remained at 13%. Interest payable by customers on newly disbursed housing loans continued to rise. As a result of the growing inflation and increasing yields, the growth of mortgage rates on new loans further accelerated in Q1 2023. Similarly to the earlier trend, the most popular mortgage interest type were medium and long term fixed mortgages. Initial interest rate fixed 5-10 years amounted for 34.34% for new mortgages, over 10 years fixed new mortgages represented 34.96% of the newly issued loans. The share of variable rate mortgages (up to 1 year) remained below 1% and have therefore still a negligible market share among newly issued mortgages. In **Romania**, the representative interest rate on new loans for house purchase saw a quarterly climb of 0.8 bps, reaching 7.9% (+3.96 bps y-o-y). Against the backdrop of persistently high inflation and monetary policy tightening, the share of new loans with variable interest rates remained below the last two years' average in Q1 2023, although it was slightly higher than the last quarter's value (56.2%, +3.55 bps). Turning to new loans with fixed interest rate, short term rates accounted for 20.6% of total new loans (-0.5 bps q-o-q), whereas long-term fixed rates were less common in credit contracts compared to the previous quarter (20.5%, -2.6 pbs). In **Poland**, the Monetary Policy Council has maintained a stable level of the NBP reference rate at 6.75% as of September 2022. As a result, the WIBOR 3M rate, which is the basis for determining the interest rate on floating-rate loans, began to gradually decline until it reached 6.9% at the end of Q1 2023. The average interest rates on new mortgages fell to around 8.3% to 8.7%. Finally, regarding **Czechia**, in Q1 2023 the Czech National Bank confirmed the current level of basic interest rates that did not change from Q2 2022 and remained at the level of 7.0%. Interest rates of mortgages stabilised at a level of 6.0%. Most common interest rates, fixed for 3-5 year period, was usually slightly under 6%. Customers preferred shorter fixations of interest rates from 3-5 years.

Interest rates on new loans in **Spain** have continued to rise following the ECB's interest rate hikes. In Q1 2023 the weighted average interest rate increased by almost 2 pps since the end of 2021, to a rate of 3.4%. Under the pressure of a rising Euribor, the market has increased its preference for mixed interest rate

loans, despite their share being lower (26%) than that of long-term fixed products (48%). The remaining share (26%) corresponds to variable rate arrangements. With reference to the mortgage interest rates on new businesses in **Italy**, in Q1 2023, both the interest rate on short term loans, with maturity under 1 year, and those with maturity over 1 year continued to increase, respectively to 3.81% (1.33% in Q1 2022) and to 4.12% (1.72% in Q1 2022). The average rate on new business for house purchasing increased to 4.0% (1.66% in Q1 2022). According to the latest figures reported from **Greece** at the end of Q1 2023, interest rates on new housing loans (including charges, such as processing fees, mortgage registration fees, etc.) rose further by 37 bps q-o-q and by 143 bps y-o-y (to 4.48%). The rise was even higher for outstanding housing loans with an initial maturity of over 5 years (70 bps q-o-q and 44 bps y-o-y, to 4.38%). According to the bank interest rate of euro-denominated new loans vis-à-vis Euro area residents from domestic credit institutions, the amount of new housing loan agreements during the period of Q1 2023 decreased for the first time after 5 years of continuous growth (in 2022, on average, the increase was 20.7%). More specifically, in the first 4-months period of 2023, new housing loans amounted to EUR 326 mn compared to EUR 351 mn in the corresponding period of 2022, posting a decrease of 7.2%, y-o-y. In **Portugal**, in Q1 2023, the variable rate for new loans (up to 1-year initial rate fixation) was 3.84% compared with 3.08% in Q4 2022.

In Q1 2023, fixed-rate (loans fixed for over one year) mortgages accounted for 92% of new mortgages issued in **Ireland**, the second highest ratio since the data series began in 2003. Mortgages with interest rates fixed for over one year accounted for more than half of mortgage outstanding by 61.1%, up from 58.6% in the previous year. 23.8% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q1.

Lastly in the **UK**, average mortgage interest rates increased across all product types in Q1 2023, reflecting increases in market interest rates. The average mortgage rate across all product types was 4.20% in Q1 2023, up from 3.38% in Q4 2022. 18% of loans in Q1 2023 were advanced on a variable rate, the highest proportion since Q3 2013.

GROSS RESIDENTIAL LENDING (2007 = 100; IN EURO; SEASONALLY ADJUSTED DATA)

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

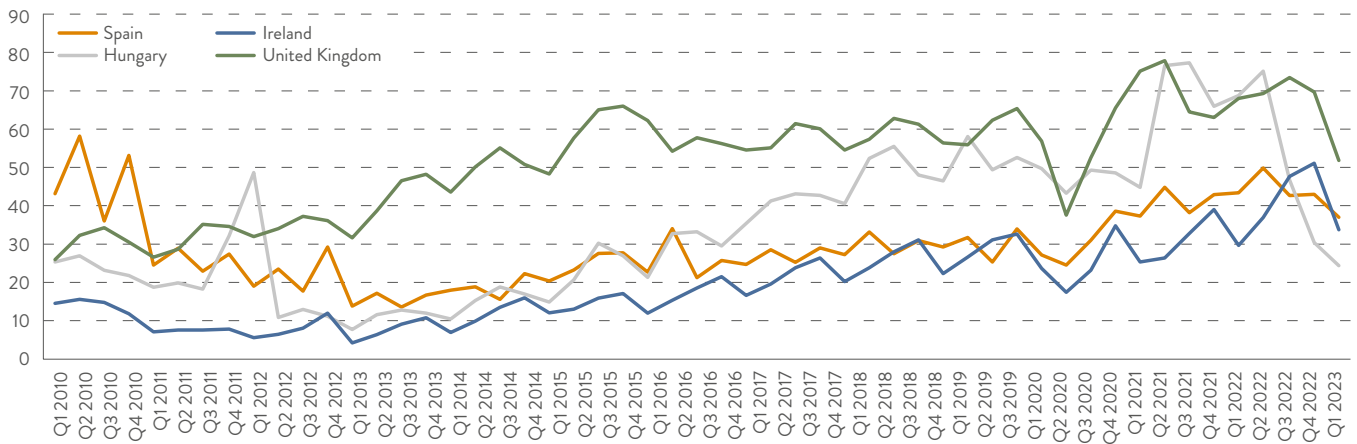


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

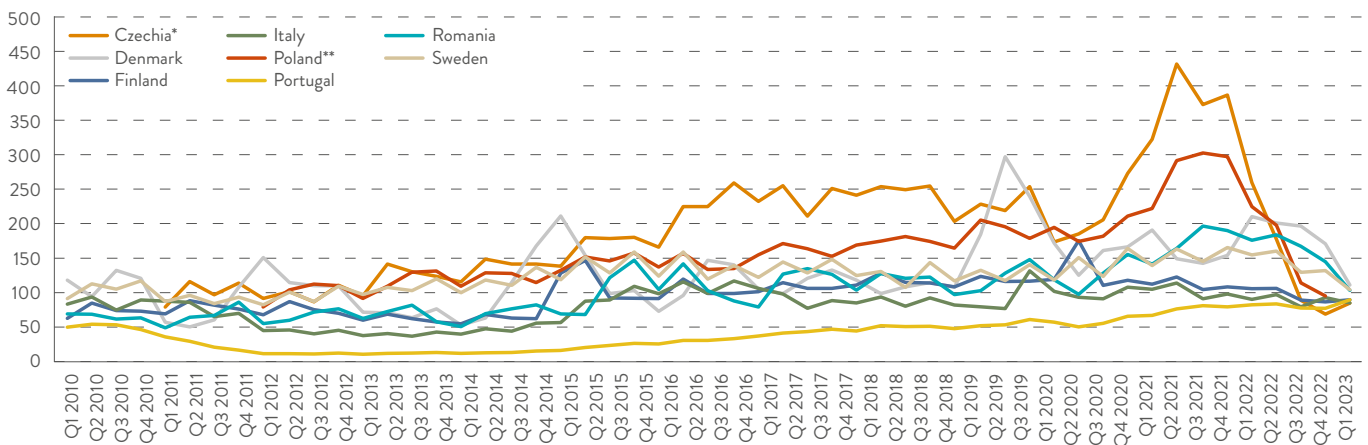
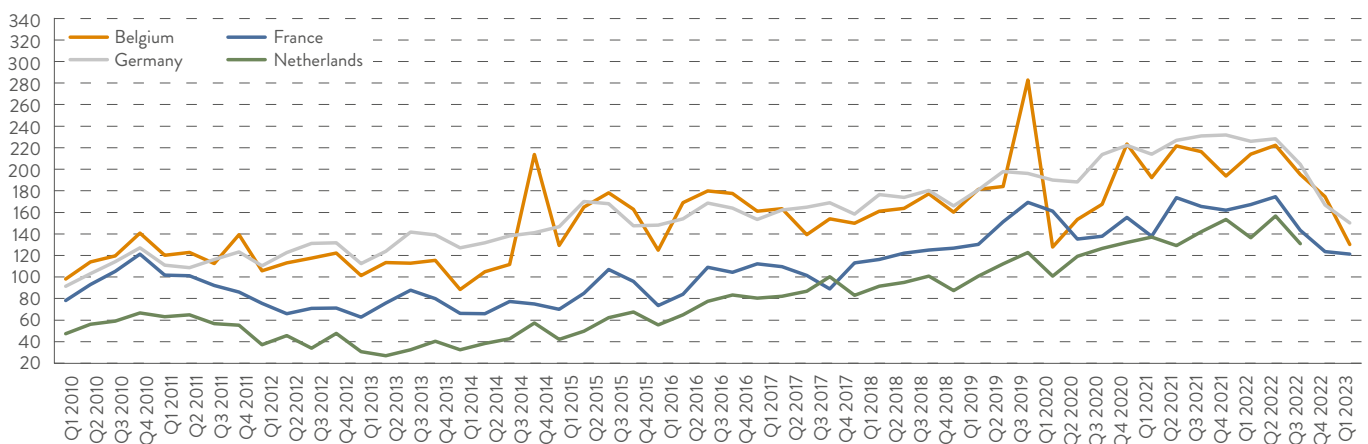


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS



* 2011 = 100
** 2012 = 100

NOTE:
The time series have been seasonally adjusted by regressing the gross domestic lending of each country on quarter dummies and a constant, and adding the residuals to the sample means.
STATA econometric software has been used.

NOMINAL HOUSE PRICE INDICES (2015 = 100)

CHART 2A | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED AT MOST 5% Y-O-Y

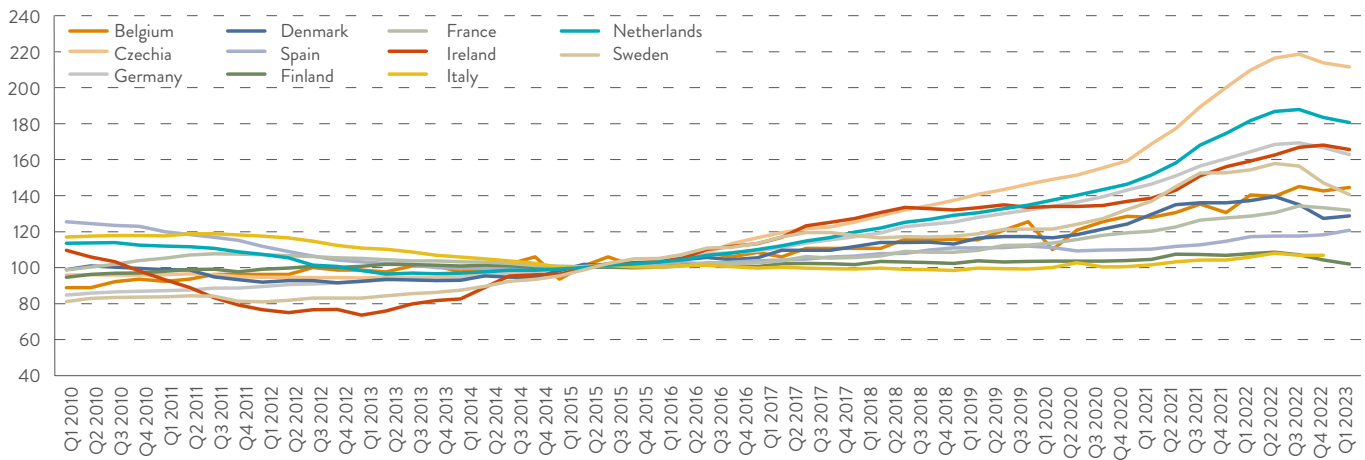


CHART 2B | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BETWEEN 5% AND 10% Y-O-Y

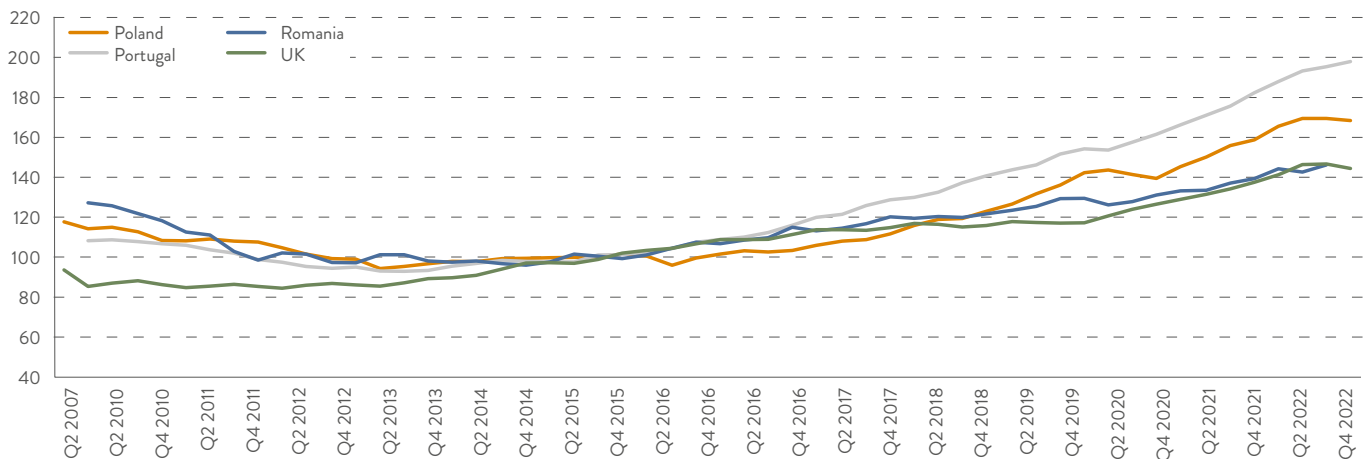


CHART 2C | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BY AT LEAST 10% Y-O-Y

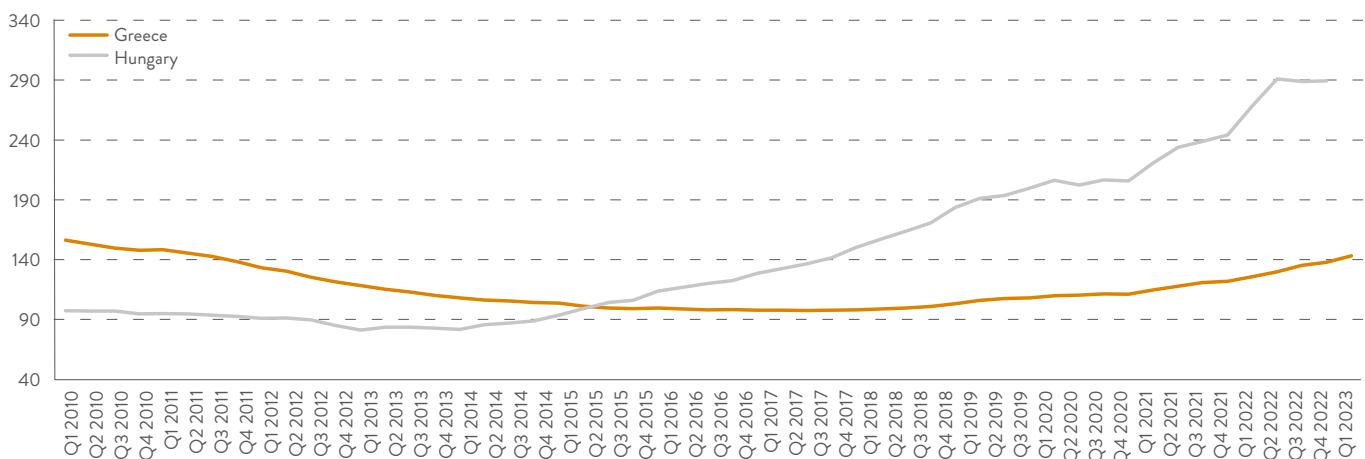
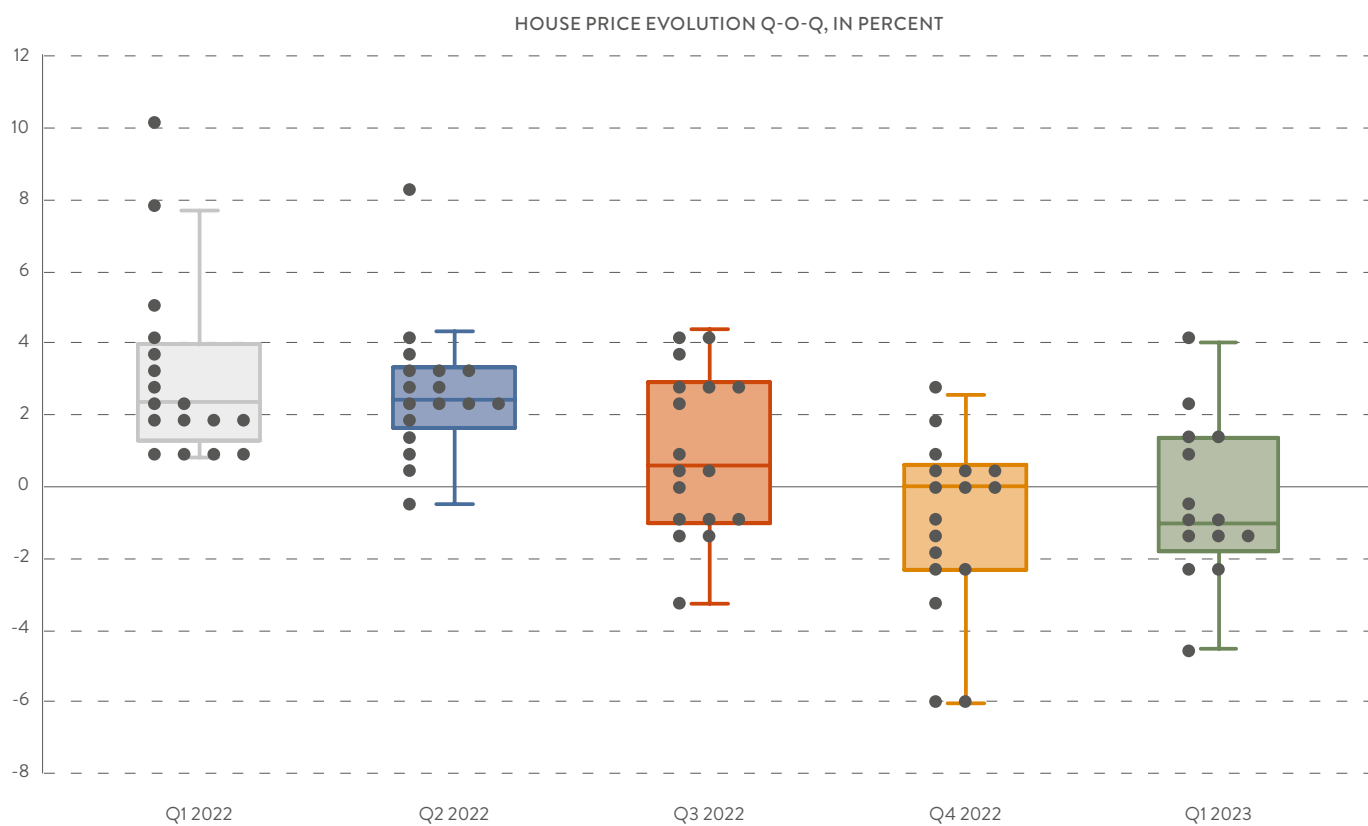


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER**NOTES:**

The dataset shows q-o-q growth figures of the country sample for most recent five quarters based on a Boxplot representation. 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.



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

	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	LATEST Y-O-Y CHANGE (%), Q1 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2023, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q4 2022, LOCAL CURRENCY
BE	287,653	291,948	296,028	300,929	304,879	308,579	309,785	4.6	5.7	4.6	5.7
CZ	57,377	60,632	63,121	62,566	63,756	65,497	67,650	7.2	8.0	3.3	4.8
DE	1,713,273	1,744,433	1,765,863	1,796,920	1,824,500	1,842,800	1,848,300	4.7	5.6	4.7	5.6
DK	267,732	271,527	263,043	252,550	242,484	247,593	248,589	-5.5	-8.8	-5.4	-8.8
EL	37,148	30,891	30,516	30,314	30,117	29,753	29,311	-3.9	-3.7	-3.9	-3.7
ES	485,593	487,146	488,767	490,671	490,356	486,890	n/a	n/a	-0.1	n/a	-0.1
FI	106,735	107,759	108,052	108,703	108,467	109,315	108,348	0.3	1.4	0.3	1.4
FR	1,194,662	1,214,582	1,228,009	1,249,231	1,269,970	1,280,950	1,285,452	4.7	5.5	4.7	5.5
HU	14,672	14,660	14,996	14,022	13,443	14,204	14,900	-0.6	-3.1	2.0	5.2
IE	87,239	86,923	84,218	83,445	83,048	83,391	82,832	-1.6	-4.1	-1.6	-4.1
IT	405,305	409,868	414,455	419,845	424,169	426,959	425,908	2.8	4.2	2.8	4.2
NL	777,664	785,288	793,781	804,334	810,810	813,112	n/a	n/a	3.5	n/a	3.5
PL	108,517	111,346	110,137	108,749	105,472	106,167	104,113	-5.5	-4.7	-5.1	-2.9
PT	97,186	98,149	99,235	100,481	101,328	101,700	101,178	2.0	3.6	2.0	3.6
RO	19,751	20,347	20,824	21,259	21,376	21,432	21,251	2.1	5.3	2.1	5.3
SE	486,112	491,457	494,504	484,613	481,139	475,589	472,124	-4.5	-3.2	4.2	5.0
UK	1,805,859	1,861,750	1,868,777	1,860,926	1,831,207	1,835,703	1,850,717	-1.0	-1.4	2.9	4.1

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:

- Sweden
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	LATEST Y-O-Y CHANGE (%), Q1 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2023, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q4 2022, LOCAL CURRENCY
BE	10,972	12,664	12,369	11,054	12,236	12,697	11,145	9,961	7,392	-39.6	-9.9	-39.6	-9.9
CZ	3,840	5,146	4,440	4,610	3,082	2,102	1,038	798	988	-67.9	-82.7	-69.1	-83.2
DE	70,900	75,200	76,600	76,900	74,900	75,700	67,800	55,100	49,500	-33.9	-28.3	-33.9	-28.3
DK	17,116	13,340	12,722	13,757	18,903	18,040	17,643	15,316	9,881	-47.7	11.3	-47.7	11.3
ES	13,565	16,351	13,883	15,626	15,811	18,209	15,551	15,655	13,439	-15.0	0.2	-15.0	0.2
FI	8,135	8,929	7,561	7,836	7,634	7,689	6,403	6,207	6,431	-15.8	-20.8	-15.8	-20.8
FR	58,900	74,500	71,000	69,400	71,700	74,900	61,300	52,700	51,700	-27.9	-24.1	-27.9	-24.1
HU	648	1,112	1,123	957	998	1,091	677	439	350	-64.9	-54.2	-64.0	-50.2
IE	2,142	2,230	2,784	3,312	2,513	3,134	4,057	4,353	2,866	14.0	31.4	14.0	31.4
IT	20,313	22,161	17,588	18,986	17,385	18,800	15,289	17,911	16,384	-5.8	-5.7	-5.8	-5.7
NL	39,791	37,491	41,254	44,646	39,660	45,596	38,050	n/a	n/a	n/a	n/a	n/a	n/a
PL	3,740	4,921	5,110	5,019	3,780	3,326	1,897	1,571	n/a	n/a	-68.7	n/a	-68.1
PT	3,349	3,831	4,089	4,001	4,155	4,218	3,906	3,879	4,530	9.0	-3.0	9.0	-3.0
RO	801	934	1,122	1,083	1,002	1,049	953	823	581	-42.1	-24.0	-42.0	-24.0
SE	15,307	18,030	15,994	18,282	17,053	17,712	14,165	14,449	11,289	-33.8	-21.0	-27.8	-14.2
UK	96,760	100,347	82,945	81,080	87,480	89,230	94,584	89,713	66,488	-24.0	10.6	-21.0	13.4

CZ – Data break on Q1 2020 due to methodological adjustments

Source: European Mortgage Federation

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

- Sweden
- United Kingdom


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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	2,221	3,191	5,349	3,381	4,348	4,547	4,295	4,080	4,901	3,950	3,700	1,206
CZ	1,933	192	3,050	1,417	2,996	1,790	3,255	2,489	-555	1,190	1,741	2,153
DE	22,183	27,768	29,779	22,073	32,138	29,639	31,160	21,430	31,057	27,580	18,300	5,500
DK*	4,318	3,494	3,211	-543	840	19	3,795	-8,484	-10,493	-10,066	5,109	996
EL	-437	-642	-3,289	-601	-4,133	-4,251	-6,257	-376	-201	-197	-364	-443
ES	-2,213	-952	162	614	2,811	254	1,553	1,621	1,905	-315	-3,466	n/a
FI	794	974	1,152	800	1,297	1,024	1,024	293	651	-236	848	-967
FR	11,199	15,802	20,404	13,091	21,878	22,703	19,920	13,427	21,222	20,739	10,980	4,502
HU	335	-18	262	156	962	195	-13	336	-974	-579	761	696
IE	-517	-491	-97	-2,365	-550	-165	-316	-2,705	-773	-397	343	-559
IT	1,721	2,030	3,354	3,946	5,691	4,153	4,563	4,586	5,390	4,324	2,790	-1,052
NL	4,331	4,455	3,951	6,389	8,686	10,640	7,624	8,493	10,553	6,476	2,302	n/a
PL	2,762	-868	1,521	-1,164	4,356	719	2,829	-1,210	-1,388	-3,277	695	-2,054
PT	435	586	1,068	939	-1,169	1,240	963	1,086	1,246	847	372	-522
RO	294	296	550	209	540	648	596	477	435	118	55	-181
SE	30,020	2,293	31,306	-3,209	15,465	4,765	5,345	3,047	-9,891	-3,474	-5,550	-3,465
UK	-44,350	14,260	46,620	113,470	16,972	5,677	55,890	7,027	-7,851	-29,719	4,496	15,014

*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)

	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	125.8	109.8	120.9	125.8	128.8	128.4	131.0	135.9	131.0	141.0	140.3	146.0	143.4	145.3
CZ	146.3	149.0	151.4	155.4	159.4	168.9	177.5	189.7	200.6	210.3	217.1	219.3	214.5	212.2
DE	132.1	134.2	136.7	139.6	143.3	146.8	151.5	157.1	161.2	165.2	169.2	170.1	167.5	163.5
DK	117.3	116.7	118.5	121.6	124.5	130.1	135.7	136.8	136.8	138.0	140.3	135.7	127.9	129.3
EL	107.3	109.4	109.9	110.9	110.7	114.3	117.5	120.7	121.9	125.8	130.0	135.7	138.4	143.9
ES	112.1	111.2	109.1	109.8	110.0	110.2	111.8	112.7	114.9	117.6	118.0	118.0	118.6	121.3
FI	103.7	104.0	104.0	104.0	104.4	105.1	108.2	108.0	107.6	108.6	109.4	107.8	104.6	102.2
FR	112.4	113.7	115.7	118.1	119.6	120.5	122.9	126.9	128.2	129.3	131.3	135.1	134.0	132.7
HU	199.9	206.6	202.6	206.9	206.1	221.2	234.2	239.3	244.8	269.4	292.1	289.7	290.5	n/a
IE	133.7	134.3	134.2	134.8	137.2	139.0	143.4	151.5	156.7	159.9	163.4	167.7	168.8	166.3
IT	98.6	99.5	102.4	99.8	100.0	101.1	102.8	103.9	104.0	105.7	108.1	106.9	106.9	106.9
NL	134.6	137.5	140.2	143.5	146.4	151.7	158.4	168.6	175.1	182.4	187.5	188.6	184.1	181.2
PL	131.6	136.1	142.4	143.9	141.5	139.6	145.5	150.4	156.3	159.2	166.1	170.0	170.0	169.1
PT	146.1	151.7	154.3	153.6	157.7	161.7	166.4	171.3	176.0	182.6	188.31	193.82	195.9	198.6
RO	125.5	129.6	129.8	126.4	128.0	131.5	133.6	133.8	137.5	139.8	144.9	143.2	146.8	n/a
SE	121.6	121.6	124.2	127.5	132.6	137.2	145.5	153.2	153.5	155.0	158.6	157.3	147.8	141.2
UK	117.4	117.1	117.3	120.8	124.2	126.8	129.2	131.8	134.6	138.1	141.9	147.1	147.4	145.1

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: valuation based index, of new and existing apartments for the whole country, compiled by the Bank of Greece.

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:

- Sweden
- Greece
- United Kingdom

Source: European Mortgage Federation



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

	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38	1.47	1.86	2.48	2.91	3.17
CZ*	2.38	2.41	2.36	2.17	2.04	1.94	2.06	2.31	2.76	3.80	4.72	5.71	6.05	6.00
DE	1.28	1.28	1.30	1.24	1.18	1.18	1.26	1.28	1.31	1.50	2.24	2.88	3.45	3.78
DK**	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67	0.62	0.90	1.52	2.12	3.98
EL	2.93	2.84	2.83	2.95	2.80	2.67	2.81	2.85	2.77	2.83	2.95	3.17	3.60	3.76
ES	1.76	1.81	1.75	1.75	1.62	1.54	1.49	1.47	1.43	1.50	1.63	2.02	2.71	3.39
FI	0.73	0.71	0.73	0.72	0.69	0.71	0.72	0.72	0.77	0.87	1.60	2.75	3.30	3.93
FR***	1.20	1.19	1.27	1.30	1.27	1.21	1.14	1.12	1.12	1.13	1.27	1.57	1.91	2.37
HU	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33	4.69	3.47	5.48	7.95	8.62	9.72
IE	2.87	2.78	2.78	2.80	2.77	2.80	2.74	2.73	2.71	2.80	2.75	2.69	2.77	3.42
IT	1.44	1.38	1.27	1.27	1.25	1.37	1.42	1.39	1.40	1.66	2.04	2.26	3.01	4.00
NL**	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56	1.54	1.59	1.97	2.70	3.41	3.78
PL	4.30	4.30	3.30	3.10	2.90	2.80	2.90	2.90	4.60	6.00	8.20	9.00	9.20	8.70
PT	1.09	0.95	1.08	0.82	0.71	0.69	0.67	0.62	0.61	0.74	1.20	1.93	3.08	3.84
RO****	5.41	5.31	5.22	5.25	4.81	4.67	4.21	3.82	3.68	3.89	4.62	5.70	7.05	7.85
SE	1.46	1.53	1.54	1.49	1.39	1.36	1.36	1.33	1.35	1.48	2.05	2.74	3.38	3.81
UK	1.92	1.84	1.77	1.74	1.85	1.91	1.92	1.82	1.57	1.64	1.98	2.59	3.38	4.20

* 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:

TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	1.79	1.92	2.03	1.84	1.89	1.85	1.92	1.97	1.90	2.46	3.67	4.40
CZ	2.54	2.21	2.10	2.17	2.31	2.44	3.18	4.12	5.09	6.23	6.68	7.06
DE	1.88	1.79	1.74	1.76	1.78	1.78	1.81	1.88	2.10	2.52	3.29	4.19
DK*	0.67	0.76	0.78	0.69	0.72	0.70	0.67	0.62	0.90	1.52	2.12	3.98
EL	2.52	2.48	2.42	2.31	2.44	2.37	2.30	2.39	2.66	3.12	3.81	3.90
ES	1.64	1.62	1.50	1.40	1.43	1.42	1.35	1.35	1.45	2.08	2.76	3.40
FI	0.77	0.73	0.72	0.72	0.70	0.72	0.77	0.88	1.56	2.54	2.90	3.43
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	3.26	3.07	3.41	2.98	2.97	3.87	4.53	5.59	6.49	8.91	9.57	10.57
IE	2.96	3.19	3.11	3.23	3.19	3.11	3.06	3.34	3.47	3.55	3.67	4.19
IT	1.37	1.34	1.29	1.36	1.39	1.36	1.32	1.33	1.39	1.88	2.77	3.81
NL	1.69	1.71	1.70	1.62	1.62	1.62	1.60	1.64	1.95	2.51	3.47	4.11
PL	3.30	3.00	2.90	2.90	2.90	2.90	4.50	6.20	8.10	9.30	9.40	8.90
PT	1.16	0.92	0.80	0.84	0.83	0.80	0.83	1.03	1.47	2.23	3.24	3.86
RO**	5.11	5.15	4.71	4.60	4.17	3.70	3.55	3.70	4.36	5.50	7.17	8.33
SE	1.42	1.36	1.29	1.24	1.25	1.23	1.22	1.29	2.45	3.42	3.63	4.22
UK***	1.50	1.58	1.77	1.88	1.91	1.90	1.64	1.64	2.14	2.72	3.72	4.47

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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	2.03	1.91	2.00	2.04	2.11	2.13	2.12	2.21	2.53	3.08	3.79	4.46
CZ	2.41	2.22	2.06	2.03	2.14	2.35	2.81	3.89	4.70	5.56	5.84	5.87
DE	1.46	1.39	1.30	1.29	1.30	1.34	1.38	1.49	2.14	2.78	3.56	3.97
DK*	0.94	0.71	0.65	0.73	0.87	0.82	0.94	1.47	2.56	3.17	4.12	4.32
ES	1.58	1.60	1.42	1.37	1.38	1.35	1.35	1.56	1.76	2.29	3.42	3.98
FI	1.02	1.38	1.15	1.50	1.66	1.69	1.99	1.62	1.08	1.52	2.06	3.10
HU	4.35	4.56	4.44	4.52	4.53	4.89	5.33	6.02	7.88	10.63	13.30	16.41
IE	2.72	2.70	2.69	2.68	2.64	2.64	2.63	2.67	2.65	2.62	2.70	3.35
NL	1.74	1.80	1.75	1.63	1.59	1.60	1.64	1.68	1.99	2.77	3.31	4.02
PL	3.30	3.20	3.20	3.40	3.80	3.70	4.60	5.60	8.20	8.60	9.00	8.30
RO**	5.79	5.65	5.36	5.29	4.60	4.21	4.12	4.16	4.87	6.20	7.04	7.47
SE	1.46	1.42	1.29	1.29	1.31	1.26	1.39	1.84	3.26	3.75	3.79	4.08
UK	1.77	1.74	1.84	1.90	1.91	1.81	1.55	1.62	1.96	2.57	3.36	4.13

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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	1.61	1.46	1.37	1.35	1.34	1.37	1.33	1.46	1.90	2.46	3.07	3.48
CZ	2.31	2.13	2.02	1.92	2.02	2.28	2.69	3.65	4.58	5.53	5.97	5.92
DE	1.13	1.09	1.03	1.03	1.09	1.11	1.14	1.34	2.11	2.80	3.36	3.57
DK*	1.07	0.84	0.70	0.89	1.14	1.06	1.13	1.77	2.68	3.40	4.21	4.15
EL	3.41	3.55	3.36	3.15	3.12	3.25	3.19	2.99	3.02	2.99	3.18	3.51
ES	3.50	3.82	3.59	3.82	3.64	3.49	3.52	4.08	4.01	4.45	4.47	4.69
FI	1.58	1.58	1.57	1.31	1.32	1.31	1.38	1.84	2.87	3.22	3.21	3.68
HU	4.24	4.15	4.06	3.97	4.11	4.33	4.69	5.60	6.82	7.95	8.62	8.98
NL	1.77	1.77	1.75	1.68	1.62	1.56	1.54	1.59	1.97	2.70	3.41	3.78
RO**	5.48	5.77	5.60	5.22	4.65	4.40	4.29	4.32	5.10	6.10	6.75	7.35
SE	1.57	1.41	1.47	1.48	1.59	1.50	1.61	2.29	3.48	3.34	3.11	3.52
UK	2.29	2.13	2.13	2.11	1.91	1.86	1.85	1.96	2.14	2.54	3.15	3.69



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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BE	1.48	1.40	1.37	1.34	1.35	1.38	1.38	1.47	1.86	2.48	2.91	3.17
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.25	1.20	1.14	1.15	1.28	1.30	1.32	1.54	2.39	3.08	3.58	3.75
DK*	2.03	1.79	1.75	1.63	2.13	2.27	2.46	2.90	3.96	4.86	5.86	5.56
ES	1.80	1.77	1.67	1.55	1.44	1.42	1.37	1.36	1.52	1.79	2.36	2.95
HU	4.73	4.65	4.43	4.73	4.80	5.14	3.71	3.47	5.48	6.79	9.13	9.72
IT****	1.25	1.25	1.24	1.37	1.43	1.39	1.41	1.72	2.34	2.84	3.56	4.12
NL	2.07	2.04	2.00	1.90	1.79	1.75	1.74	1.80	2.11	2.62	3.10	3.31
RO**	5.28	5.20	4.84	4.51	4.16	3.78	3.70	4.04	4.76	5.60	6.08	6.48
UK	2.89	2.33	2.42	2.42	2.23	2.08	1.99	1.88	2.19	2.78	3.25	4.00

* 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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	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)	n/a	n/a	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)	n/a	n/a	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)	n/a	n/a	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)	30.4	29.7	29.1	29.8	28.7	28.8	29.0	31.3	33.7	35.8	37.0
Short-term fixed (1Y-5Y initial rate fixation)	22.1	21.7	21.7	20.4	20.6	20.8	21.6	22.3	22.7	22.8	22.6
Medium-Term fixed (5Y-10Y initial rate fixation)	47.5	48.6	49.2	49.8	50.7	50.4	49.3	46.4	43.6	41.5	40.4
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	94.7	95.0	95.1	95.2	95.3	95.4	95.5	95.5	95.5	95.5	95.2
Short-term fixed (1Y-5Y initial rate fixation)	2.8	2.6	2.5	2.4	2.2	2.1	2.0	1.9	1.9	2.0	2.2
Medium-Term fixed (5Y-10Y initial rate fixation)	2.5	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	65.2	63.3	60.6	59.2	57.7	55.9	52.9	49.8	46.0	41.4	n/a
Short-term fixed (1Y-5Y initial rate fixation)	31.5	33.4	36.0	37.4	38.9	40.7	43.6	46.3	49.3	51.0	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	3.3	3.3	3.4	3.4	3.4	3.4	3.6	4.0	4.8	7.7	n/a
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n/a

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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	56.6	54.3	52.1	50.4	48.9	48.3	47.0	47.2	48.8	51.0	53.5
Short-term fixed (1Y-5Y initial rate fixation)	42.2	44.5	46.7	48.4	49.9	50.5	51.7	51.4	49.9	47.7	45.1
Medium-Term fixed (5Y-10Y initial rate fixation)	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.4	1.4	1.4	1.3
Long-Term fixed (over 10Y initial rate fixation)											

UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	23.8	23.0	21.8	20.6	19.6	18.6	17.4	16.0	14.6	13.1	12.8
Short-term fixed (1Y-5Y initial rate fixation)	74.1	74.9	76.1	77.3	78.2	79.2	80.2	81.4	82.5	83.6	83.7
Medium-Term fixed (5Y-10Y initial rate fixation)	2.1	2.1	2.1	2.1	2.2	2.2	2.4	2.6	2.9	3.3	3.5
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CURRENCY DENOMINATION	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.6	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.9	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	
CHF denominated	44.6	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	
Other FX denominated	1.9	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	

BREAKDOWN BY LOAN ORIGINAL MATURITY	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
ITALY											
Maturity less than 5 years	0.5	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2
Maturity over 5 years	99.5	99.7	99.7	99.7	99.7	99.8	99.7	99.8	99.7	99.8	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:

- Denmark

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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	2.7	2.7	0.7	0.6	0.6	0.4	0.4	0.5	0.6	1.9	4.3	2.1	1.5
Short-term fixed (1Y-5Y initial rate fixation)	1.1	1.3	1.0	1.1	1.2	1.1	1.2	1.1	1.2	1.2	1.2	1.0	0.6
Medium-Term fixed (5Y-10Y initial rate fixation)	14.0	14.5	14.1	14.6	13.8	13.5	14.6	13.6	13.6	11.6	9.6	4.9	4.9
Long-Term fixed (over 10Y initial rate fixation)	82.2	81.5	84.2	83.6	84.4	85.0	83.8	84.8	84.7	85.3	84.9	92.1	93.1
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	2.0	2.1	3.1	3.2	2.6	1.3	1.1	1.1	1.2	1.7	1.8	2.8	2.5
Short-term fixed (1Y-5Y initial rate fixation)	34.3	46.7	46.6	50.7	50.3	50.9	51.2	46.0	47.2	55.0	63.1	64.1	70.1
Medium-Term fixed (5Y-10Y initial rate fixation)	63.7	51.2	50.3	46.2	47.1	47.8	47.7	53.0	51.5	43.4	35.2	33.1	27.4
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	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)	11.2	16.1	9.8	9.1	8.0	12.3	12.7	15.4	21.1	31.2	35.1	27.8	28.4
Short-term fixed (1Y-5Y initial rate fixation)	15.6	17.0	14.7	16.7	16.8	20.4	25.7	26.8	26.6	22.0	18.0	21.3	13.8
Medium-Term fixed (5Y-10Y initial rate fixation)	0.5	0.3	0.3	0.5	0.6	0.4	0.4	0.9	0.6	0.3	0.2	0.2	0.2
Long-Term fixed (over 10Y initial rate fixation)	72.6	66.6	75.1	73.7	74.7	66.9	61.2	57.0	51.7	46.5	46.7	51.0	57.5
FINLAND													
Variable rate (up to 1Y initial rate fixation)	95.9	96.9	97.1	96.9	96.7	95.9	96.6	95.6	95.8	96.9	95.1	96	95.2
Short-term fixed (1Y-5Y initial rate fixation)	1.6	1.1	1.0	1.2	0.8	0.7	0.6	0.8	0.6	0.9	2.0	2.1	2.9
Medium-Term fixed (5Y-10Y initial rate fixation)	2.5	2	1.9	1.8	2.5	3.4	2.8	3.6	3.6	2.2	2.9	1.9	1.9
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	10.4	11.1	10.3	10.1	9.5	9.4	10.3	9.8	9.0	9.6	13.5	17.8	17.0
Short-term fixed (1Y-5Y initial rate fixation)	7.6	7.8	7.3	7.2	7.1	7.0	6.6	7.0	6.3	6.8	8.0	9.1	9.8
Medium-Term fixed (5Y-10Y initial rate fixation)	32.0	32.5	32.7	33.2	34.3	36.4	35.4	35.9	35.6	38.9	37.5	36.0	35.3
Long-Term fixed (over 10Y initial rate fixation)	49.9	48.6	49.8	49.5	49.1	47.3	47.7	47.3	49.1	44.7	41.0	37.1	37.9


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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
GREECE													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.5	48.6	46.4	42.5	41.1	34.0
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n	n	n	n	n	
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9.9	11.2	13.2	15.6	17.8	18.4
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n	n	n	n	n	
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	1.6	1.1	1.1	1.0	0.9	0.9	0.7	0.5	0.5	0.6	0.8	1.2	1.0
Short-term fixed (1Y-5Y initial rate fixation)	29.3	27.9	26.7	25.4	27.1	31.7	29.0	24.2	16.8	15.9	28.2	31.8	29.7
Medium-Term fixed (5Y-10Y initial rate fixation)	53.9	57.8	59.3	59.8	60.6	56.6	57.5	52.4	39.5	31.9	40.9	34.3	34.3
Long-Term fixed (over 10Y initial rate fixation)	15.2	13.2	12.9	13.7	11.4	10.8	12.8	22.9	43.2	51.7	30.2	32.7	35.0
IRELAND													
Variable rate (up to 1Y initial rate fixation)	25.6	24.9	21.4	20.3	22.8	19.3	18.9	18.9	19.4	14.4	9.0	6.0	7.6
Short-term fixed (1Y-5Y initial rate fixation)	74.4	75.1	78.6	79.7	77.2	80.7	81.1	81.1	80.6	85.6	91.0	94.0	92.4
Medium-Term fixed (5Y-10Y initial rate fixation)	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	
ITALY													
Variable rate (up to 1Y initial rate fixation)	19.8	19.2	17.4	16.2	16.9	16.8	16.5	17.2	16.7	25.2	52.0	66.7	46.1
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	80.2	80.8	82.6	83.8	83.1	83.2	83.5	82.8	83.3	74.8	48.0	33.3	53.9
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	17.3	12.5	14.3	15.2	12.8	11.3	11.9	11.0	9.6	9.8	16.3	19.9	22.1
Short-term fixed (1Y-5Y initial rate fixation)	7.4	6.6	7.4	7.4	6.4	6.6	6.7	6.7	6.4	6.3	6.9	4.3	5.4
Medium-Term fixed (5Y-10Y initial rate fixation)	41.1	39.7	34.0	32.9	34.8	33.7	32.2	34.1	33.9	31.1	33.0	39.9	43.7
Long-Term fixed (over 10Y initial rate fixation)	34.3	41.2	44.3	44.4	46.0	48.4	49.1	48.2	50.0	52.9	43.8	35.9	28.8

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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	100	100	97**	n/a	n/a	87.3	75.7	74.4	33.02	43.05	40.2	47.7
Short-term fixed (1Y-5Y initial rate fixation)	n	n	n	3**	n	n	12.8	24.3	25.6	66.98	56.95	59.8	52.3
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)	59.7	71.0	70.7	70.0	68.5	71.5	68.7	67.0	64.8	67.2	68.6	74.6	70.9
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	40.3	29.0	29.3	30.0	31.5	28.5	31.3	33.0	35.2	32.8	31.4	25.4	29.1
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	70.0	72.0	66.5	75.2	74.1	74.8	73.5	71.2	59.2	55.7	65.5	52.7	56.2
Short-term fixed (1Y-5Y initial rate fixation)	11.2	10.5	11.0	7.4	5.4	4.6	6.4	8.1	9.7	6.7	9.2	21.1	20.6
Medium-Term fixed (5Y-10Y initial rate fixation)	5.4	4.6	5.5	3.1	4.6	5.7	7.9	9.5	13.6	13.7	7.8	3.2	2.8
Long-Term fixed (over 10Y initial rate fixation)	13.4	13.0	17.1	14.3	15.9	15.0	12.2	11.2	17.4	23.8	17.5	23.0	20.5
SPAIN													
Variable rate (up to 1Y initial rate fixation)	32.3	38.6	35.4	31.2	28.2	25.5	24.4	22.7	22.5	20.0	25.7	27.8	26.1
Short-term fixed (1Y-5Y initial rate fixation)	19.3	17.0	18.9	19.1	19.3	16.6	15.2	13.0	11.1	10.8	10.0	12.0	18.2
Medium-Term fixed (5Y-10Y initial rate fixation)	3.6	3.0	3.1	2.7	3.1	3.1	3.3	3.3	4.4	3.9	3.8	5.3	7.8
Long-Term fixed (over 10Y initial rate fixation)	44.8	41.4	42.6	47.0	49.4	54.9	57.2	61.0	62.0	65.2	60.5	54.9	47.9

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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	49.5	52.7	46.4	45.2	43.7	43.4	42.8	44.1	47.6	61.3	75.6	74.5	79.4
Short-term fixed (1Y-5Y initial rate fixation)	35.4	34.1	37.7	39.8	42.6	44.4	45.2	44.7	41.6	28.7	18.5	21.5	18.1
Medium-Term fixed (5Y-10Y initial rate fixation)	12.8	13.2	15.8	15.0	13.7	12.3	12.0	11.2	10.8	10.0	5.9	4.0	2.5
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	7.3	10.3	9.1	7.9	6.7	5.5	5.3	5.1	5.2	4.2	3.8	5.5	18.0
Short-term fixed (1Y-5Y initial rate fixation)	91.5	88.6	89.4	90.4	91.8	92.5	92.7	93.0	92.1	91.2	90.5	89.1	79.1
Medium-Term fixed (5Y-10Y initial rate fixation)	1.2	1.1	1.5	1.7	1.5	2.0	2.0	1.9	2.7	4.6	5.7	5.4	2.9
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

NOTE:

* Please note that for the UK, this refers to more than 99% to Variable rate without any fixed period.

** Cumulative data for the whole year (PL)

n – no lending made in this maturity bracket

The series has been revised for at least two figures in:
none

Source: European Mortgage Federation

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEY

The Bank Lending Survey (BLS), 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 approximately 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 May 2023.

The previous publications of the EMF Quarterly Review did not include reviews of the BLS carried out from the National Bank of Croatia, as Croatia joined the European Monetary Union on 1 January 2023. Croatia was subsequently included

in the April 2023 survey conducted by the ECB. Therefore, in this round, the size of the sample of banks in the Euro area surveyed was increased to 158 banks, mainly reflecting the enlargement of the Euro area to include Croatia (the corresponding response rate was 100%). Croatia will be also included in the BLS representation of the Quarterly Reviews from this edition onwards.

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 relating to 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, where positive values in the credit standard statistics of the ECB mean a standard increase, thus a restriction.

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.

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 Czechia, Hungary, Romania and Poland. For these countries, similar criteria as those used in the BLS carried out by the ECB apply, meaning that, as is the case

for the euro zone countries, positive values represent net tightening and negative values represent 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.

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)

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
AT	29	14	14	0	-14	14	14	14	29	57	14	0
BE	50	0	0	-25	0	0	0	25	50	25	25	50
CY	25	50	50	25	0	25	0	0	25	25	25	0
DE	21	7	0	0	-7	4	4	7	32	39	29	11
EE	50	0	-25	-50	0	-25	0	25	0	50	50	0
EL	0	0	0	0	0	0	0	0	0	0	0	0
ES	33	11	0	11	0	11	11	0	30	40	20	20
FR	25	50	33	-8	0	8	0	0	17	42	10	20
HR	—	—	—	—	—	—	—	—	—	—	—	33
IE	60	0	-20	0	20	20	0	0	20	20	0	67
IT	0	10	0	0	0	0	-9	-9	9	9	18	9
LT	50	-25	0	0	25	0	0	25	0	50	75	0
LU	50	33	50	83	33	0	17	17	83	83	100	50
LV	25	-25	-25	0	0	-50	-25	0	25	50	25	0
MT	38	0	38	0	0	37	37	-34	0	-34	0	31
NL	50	0	0	-17	0	-17	-17	0	33	0	17	50
PT	60	20	20	0	0	0	0	0	0	20	40	0
SI	20	0	25	0	0	0	0	0	10	20	30	30
SK	100	-2	-33	-32	-78	-32	-27	-44	-26	0	0	17
EA	27	18	9	-2	-2	2	0	2	24	32	21	19
CZ	72	26	-21	-31	-2	-21	-23	2	93	25	-18	4
DK	15	-12	-13	-6	-5	2	2	-1	7	19	27	43
HU	37	-15	-6	-20	-5	-6	-6	-6	35	31	17	0
PL	91	-38	-6	-66	-18	28	15	42	77	4	-1	-58
RO	65	2	34	0	-47	-20	0	7	75	18	-8	28
UK	72	-10	-2	-14	-39	-15	-23	3	22	13	34	-5

CREDIT STANDARDS FOR RESIDENTIAL LOANS

The latest ECB BLS results, looking back to the first quarter of 2023, indicate a further substantial net tightening of credit standards for mortgages, at a similar pace as in the previous quarter (19% of surveyed banks, after 21% in 2022 Q4). The pace of the tightening remained markedly below the peak observed in the third quarter of 2022 and the tightening peaks during the pandemic, sovereign debt crisis or global financial crisis.

This new round of tightening standards was mainly driven by banks' increased risk perception, related to banks' concerns regarding the general economic outlook, for which the additional tightening impact decreased compared with the previous quarter, which would be consistent with a still subdued but improved outlook for Euro area economic growth in the first quarter. Also, banks' lower risk appetite contributed to the tightening.

The tightening contribution of banks' cost of funds and balance sheet constraints remained contained. The tightening was mainly driven by banks' liquidity positions. By contrast, the tightening impact of banks' costs related to their capital positions and market financing remained modest, also reflecting Euro area banks' solid capital positions.

Banks in Spain and France particularly referred to a tightening impact related to banks' cost of funds and balance sheet constraints, either due to their market financing conditions (Spain) or liquidity positions (France and Spain). Spanish banks also reported a net easing impact associated with increased competition from other banks.

In the second quarter of 2023, Euro area banks again expect a net tightening of credit standards in relation to loans to households for house purchase, but at a significantly lower level (net percentage of 6%).

TERMS AND CONDITIONS FOR RESIDENTIAL LOANS

Considering the overall terms and conditions for residential lending in the Euro area, banks again reported a net tightening of 26% (net percentage) after 31% in the previous quarter. The tightening of overall terms and conditions was further triggered by rising interest rates and widening margins on riskier loans, including higher market rates and credit risk. Banks additionally reported tightening of margins on average loans, LTV ratios, other loan size limits and loan maturities.

First, higher cost of funds and balance sheet constraints resulting from increased interest rates delivered the strongest contribution to the tightening of overall terms and conditions. Second, banks further highlighted introduced risk perception and lower risk appetite as contributors, but with a more modest impact than in the previous quarter. The competition had an easing impact on the overall terms and conditions.

NON-EURO AREA CREDIT STANDARDS

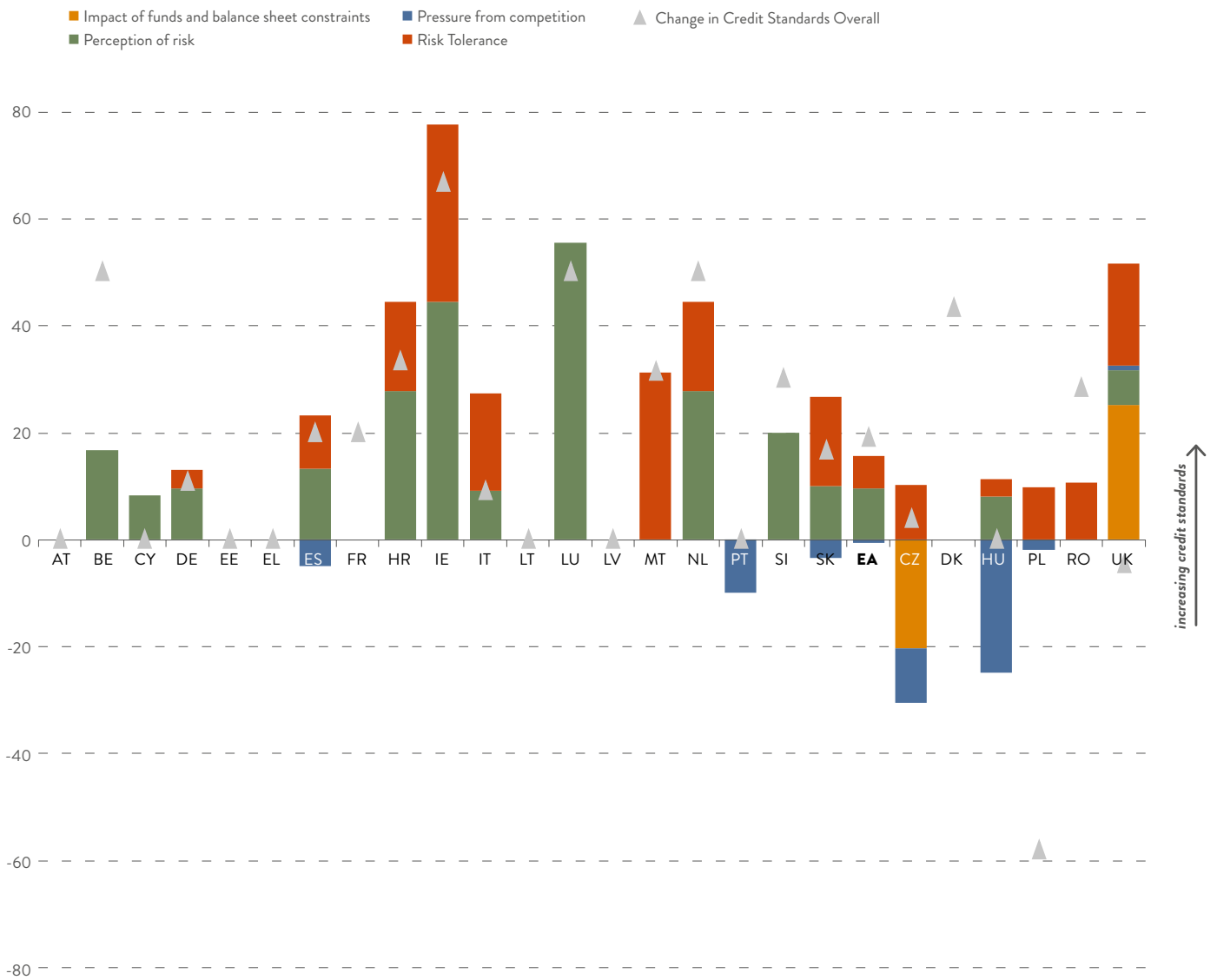
Regarding non-Euro area jurisdictions, the picture is diverse. While Denmark and Romania reported strong tightening of credit standards (43% and 28% respectively), the situation in Czechia (4%) and Hungary (0%) remained relatively unchanged. The United Kingdom reported a slight easing (-5%), while Poland reported the strongest easing in credit standards for residential loans in the whole sample (-58%).

TABLE 6B | FACTORS THAT HAVE AFFECTED DEMAND IN 2023-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2023	AT	BE	CY	DE	EE	EL	ES	FR	HR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK	
Change in Credit Standards Overall	0	50	0	11	0	0	20	20	33	67	9	0	50	0	31	50	0	30	17	19	4	43	0	-58	28	-5	
FACTORS AFFECTING CREDIT STANDARDS:																											
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-20	0	0	0	0	0	25
Perception of risk	0	17	8	10	0	0	13	0	28	44	9	0	56	0	0	28	0	20	10	10	0	0	8	0	0	0	7
Pressure from competition	0	0	0	0	0	0	-5	0	0	0	0	0	0	0	0	0	-10	0	-3	-1	-10	0	-25	-2	0	0	1
Risk Tolerance	0	0	0	4	0	0	10	0	17	33	18	0	0	0	31	17	0	0	17	6	10	0	3	10	11	19	

- 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





CREDIT DEMAND:

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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
AT	-14	29	0	14	14	14	0	0	14	-71	-86	-43
BE	-100	25	25	25	50	-50	25	0	-50	-75	-100	-75
CY	-75	100	100	-25	25	0	100	-50	-75	-75	-50	-100
DE	-29	36	11	0	11	18	11	32	-4	-71	-93	-75
EE	-50	25	100	100	25	25	0	-75	50	-50	-100	-25
EL	0	100	50	75	50	25	75	25	-25	-50	-25	-50
ES	-100	22	-11	-22	44	33	33	22	10	-30	-20	-90
FR	-75	17	0	-25	33	8	0	0	-25	-17	-90	-80
HR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-33
IE	-100	100	40	0	20	-20	-40	-20	20	40	50	67
IT	-70	30	0	-10	22	9	18	-18	-9	-18	-45	-45
LT	-50	25	0	75	25	50	75	-25	0	0	-50	-75
LU	-100	33	67	-50	-17	-17	-17	-50	-83	-83	-100	-100
LV	-50	50	50	75	75	25	0	0	-25	-50	-75	25
MT	-58	56	62	0	2	-37	-20	34	0	0	0	3
NL	33	0	17	50	50	-17	-33	33	17	-33	-67	-83
PT	-80	20	20	40	40	60	60	20	20	-40	-80	-80
SI	-100	50	0	-25	75	50	20	10	40	-60	-60	-70
SK	-100	-3	-27	-21	46	32	21	22	36	-74	-100	-100
EA	-54	27	8	-2	29	11	8	10	-10	-42	-74	-72
CZ	-50	64	75	86	96	-11	-18	-81	-83	-81	-69	-32
DK*	1	8	-19	-33	-6	8	-23	0	21	20	49	41
HU	-81	84	10	89	100	63	47	60	20	-92	-92	-76
PL	-66	19	8	-58	-59	-15	47	87	87	93	32	-74
RO	-65	3	-11	43	75	-53	-34	43	-49	-56	-54	-72
UK**	79	-96	-32	22	-81	35	35	-6	-30	37	75	31

* 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 Q1 2023, Euro area banks reported the third substantial decrease in net demand for housing loans of -72%, following -77% and -42% in the two previous quarters. Therefore, the last two decreases were the strongest decreases since the launch of the survey in 2003. The decrease turned out to be stronger than expected from the perspective of survey participants compared to the previous quarter.

For the third quarter in a row, the general level of interest rates remained the main negative contributor to housing loan demand. Compounded by negative consumer confidence and housing market prospects, these three key factors contribute to the current environment of rising mortgage interest rates and the slowdown in the annual growth of Euro area house prices. A modest negative impact was recorded for the use of alternative finance, mainly due to loans from other banks, showing increasing competition and narrow market margins.

Banks in the four largest Euro area countries also reported a net decrease in demand for residential mortgages by households. Especially Germany (-75%),

Spain (-90%) and France (-80%) showed very large net decreases. These countries were mainly slowed down by the impacted of the general level of interest rates, consumer confidence and housing market prospects. Among these factors, rising interest rates had the strongest dampening impact in all countries. The negative impact of housing market prospects was larger in Germany and France than in Spain and Italy.

Looking ahead to the second quarter of 2023, banks expect another net decline in the demand for housing loans, although they expect the decrease to be significantly lower than for the present quarter (with a potential net percentage -39%).

CREDIT DEMAND IN NON-EURO AREA COUNTRIES

Demand for housing loans in non-Euro area countries was mainly negative, except for Denmark (+41%) and the UK (+31%). Hungary, Poland and Romania experienced significant decreases in mortgage demand by -76% and -74% and respectively -72%. The decrease was also negative, but less strong in Czechia, with -32%.

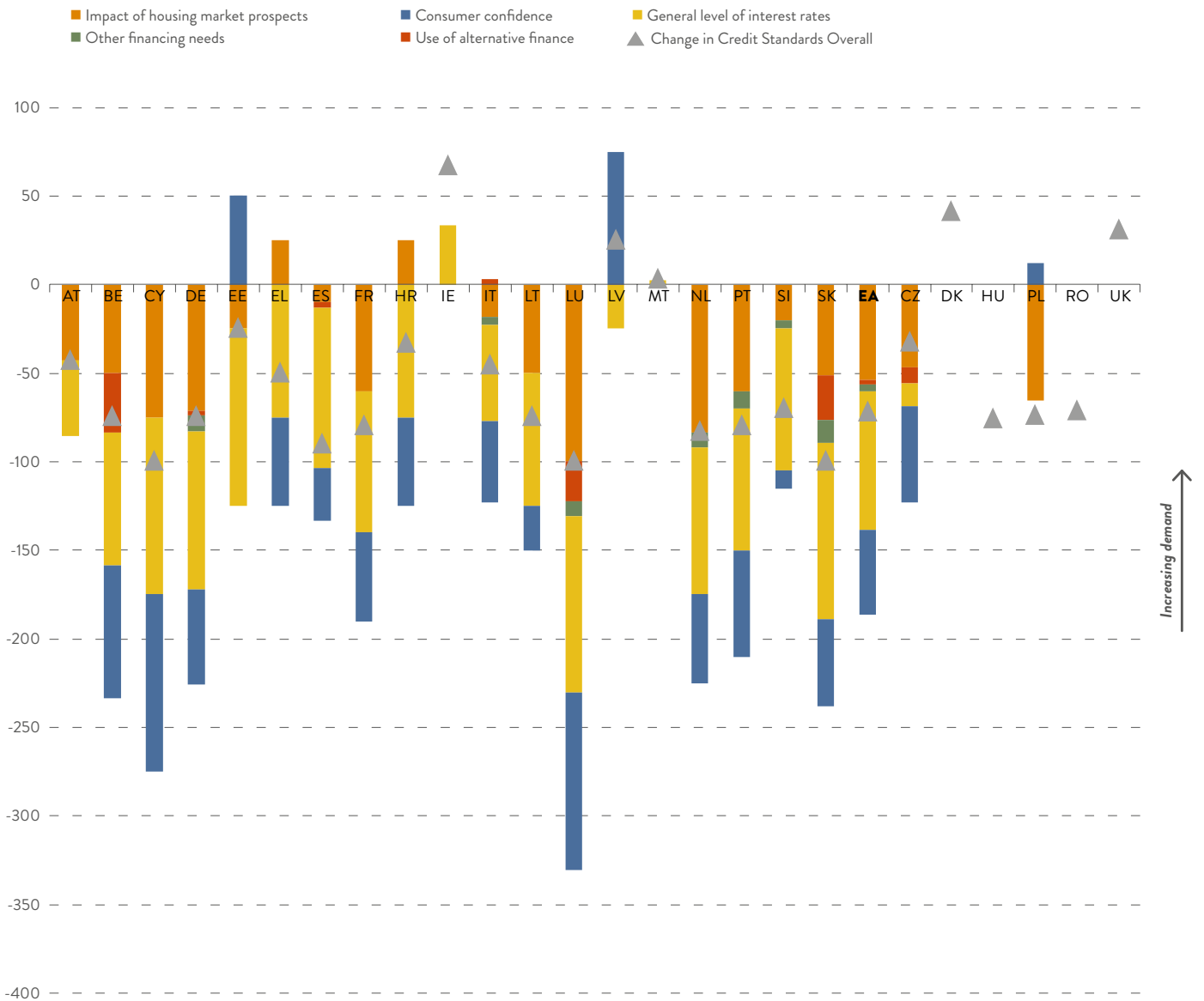
TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2023-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2023	AT	BE	CY	DE	EE	EL	ES	FR	HR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Demand Overall	-43	-75	-100	-75	-25	-50	-90	-80	-33	67	-45	-75	-100	25	3	-83	-80	-70	-100	-72	-32	41	-76	-74	-72	31
FACTORS AFFECTING CREDIT DEMAND:																										
Impact of housing market prospects	-43	-50	-75	-71	-25	25	-10	-60	25	0	-18	-50	-100	0	0	-83	-60	-20	-51	-54	-47	—	—	-66	—	—
Other financing needs	0	0	0	-9	0	0	0	0	0	0	-5	0	-8	0	0	-8	-10	-5	-13	-4	—	—	—	—	—	—
Consumer confidence	0	-75	-100	-54	50	-50	-30	-50	-50	0	-45	-25	-100	75	0	-50	-60	-10	-49	-48	-54	—	—	12	—	—
Use of alternative finance	0	-33	0	-2	0	0	-3	0	0	0	3	0	-22	0	0	0	0	0	-25	-2	-9	—	—	—	—	—
General level of interest rates	-43	-75	—	-89	-100	-75	-90	-80	-75	33	-55	-75	-100	-25	3	-83	-80	-80	-100	-78	-13	—	—	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

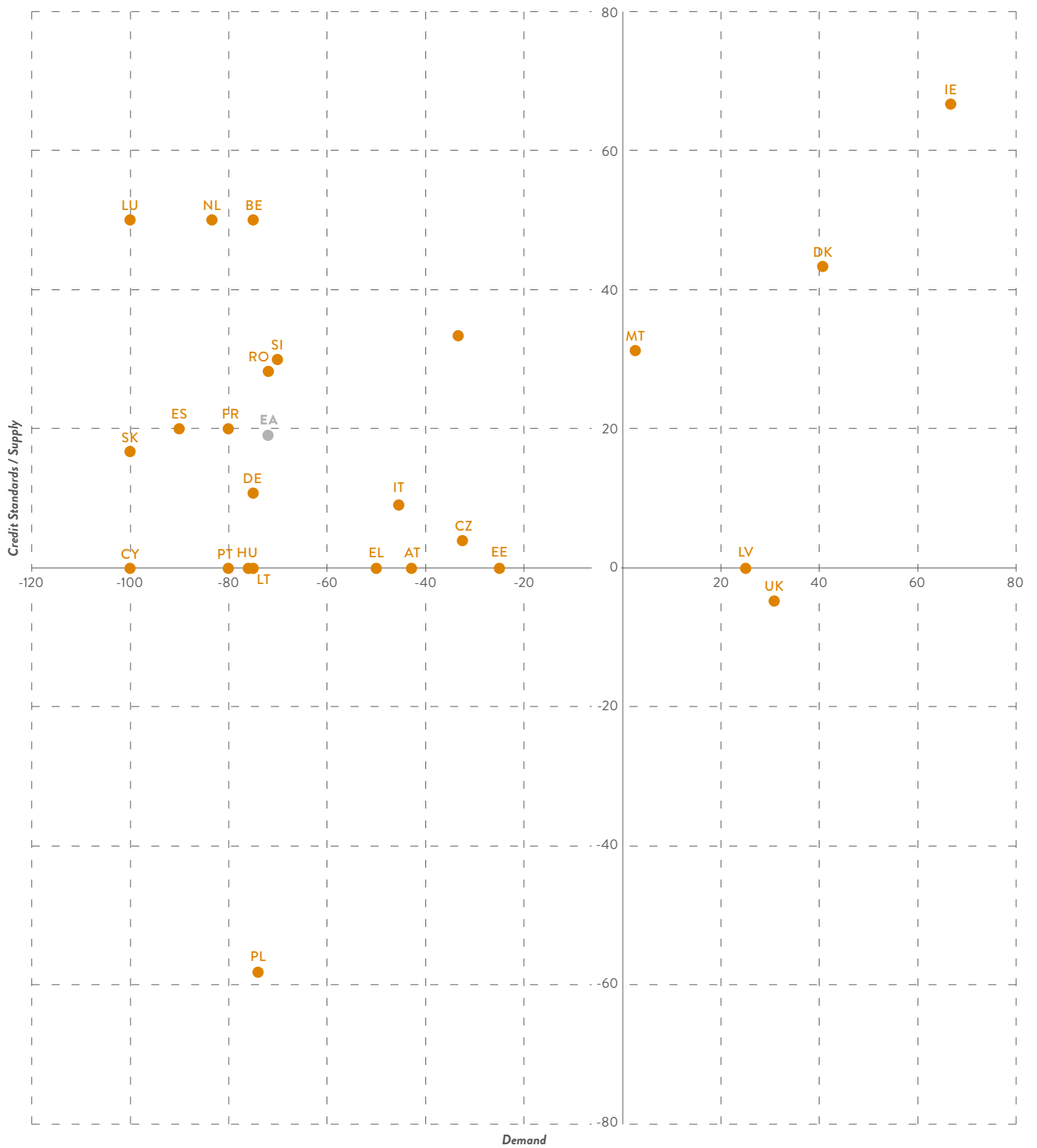


SCATTER PLOT ANALYSIS

In terms of credit standards, a majority of jurisdictions (16 out of 26 countries considered in this report) reported a tightening of net credit standards in Q1 2023. The second largest group of countries (8 of 26 countries) reported no changes in credit standards. The general tightening accompanied with a slight relaxation

is in line with the trend outlined in the previous report and the macroeconomic and consumer prices outlook. 21 jurisdictions reported a decrease in demand for residential mortgages, which continues the trend of the previous year.

CHART 6 | DEMAND AND SUPPLY OVERVIEW





Q1|2023

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



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