

EMF

FUNDING THE REAL ECONOMY

Q3 | 2023



QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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

DISCLAIMER

This review looks at developments in the mortgage and housing markets in Q3 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 total mortgage lending in the EU27 and UK. Where data for Q3 is not yet available, the review reports figures from the previously available quarter. The report ends with a look at the European Central Bank (ECB) Bank Lending Survey and corresponding surveys from other central banks of supply and demand for housing loans in the third quarter of 2023.

GENERAL COMMENTARY

Europe's mortgage and housing markets have continued to moderate the general downward trend. Lending volumes had been falling significantly since Q3 2022, but have been steadily recovering since the second quarter of this year, indicating the arrival of the trough in the slowdown of mortgage lending. The quarterly decline in gross lending in Q4 2022 and Q1 2023 was 18.8% and 17.9%, respectively, but in Q2 2023 was only 2.8%, followed by a mere 1.6% decrease in Q3 2023. The market continues to be influenced by high inflation rates, affecting new construction, while the demand for housing remains low. Additionally, significant economic uncertainty has caused a further cooling

of general economic activity. The analysis that follows covers both aggregate and individual country levels.

According to [Eurostat](#), in the third quarter of 2023, seasonally adjusted GDP decreased by 0.1% in the Euro area but increased by 0.1% in the EU as a whole, compared with the previous quarter. This followed Q2 growth of 0.2% in the Euro area and 0% growth in the entire EU. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.1% both in the Euro area and in the EU in the third quarter of 2023, after +0.5% in the Euro area and +0.4% in the EU in the previous quarter.

Among the Member States for which data are available for the third quarter of 2023, Latvia (+0.6%) grew fastest compared with the previous quarter, followed by Belgium (+0.5%) and Spain (+0.3%). The highest declines were in Ireland (-1.8%), Austria (-0.6%) and Czechia (-0.3%). On a yearly basis there was growth in Portugal (+1.9%), Spain (+1.8%) and Belgium (+1.5%). The highest declines were recorded for Ireland (-4.7%), Estonia (-2.5%), Austria and Sweden (-1.2% both).

Looking at the drivers of GDP growth, household final consumption expenditure had positive contributions in both the euro area and the EU (+0.2 pps), government final expenditure added to both zones (+0.1 pps), gross fixed capital formation had a negligible overall impact, as did the external balance



for the Euro area but positive for the EU as a whole (+0.2 pps). Decreasing GDP was the changes in inventories (-0.3 pps the euro area and -0.5 pps for the EU).

Employment increased by 0.2% in both the Euro area and in the EU in the third quarter of 2023, (after an increase by 0.1% in both zones in Q2). Year on year it increased by 1.3% in the Euro area and by 1.2% in the EU in Q3 (previously +1.4% and +1.2%).

Euro area annual inflation is expected to be 2.4% in November 2023, down from 2.9% in October according to the flash estimate from Eurostat. Looking at the main components, food, alcohol & tobacco prices are rising fastest (6.9%, compared with 7.4% in October), followed by services (4.0%, compared with 4.6%), non-energy industrial goods (2.9%, compared with 3.5%) and energy (-11.5%, compared with -11.2%).

Increases in interest rates, and heightened economic uncertainty fuelled by global geopolitical risks, are increasing pressure on mortgage origination volumes. Mortgage interest rates have risen, with notable differences between the Euro area and other regions. The volume of outstanding mortgages has plateaued in recent quarters, experiencing a modest uptick of approximately 1% from the previous year.

Increasingly, national regulations have been focussed on housing affordability and the overall high level in mortgage interest rates. Governments are aware of the growing strain that higher rates pose on household incomes, all the while aligning with monetary policy actions and objectives.

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

FURTHER READING

- Restoring Growth – OECD (2023), OECD Economic Outlook, November 2023, OECD Publishing, Paris. ([Link](#))
- Autumn 2023 Economic Forecast: A modest recovery ahead after a challenging year (2023), European Commission, Press release. ([Link](#))
- Fixed rate versus adjustable rate mortgages: evidence from euro area banks. – Albertazzi, U., Fringuellotti, F., & Ongena, S. (2023). Fixed rate versus adjustable rate mortgages: evidence from euro area banks. European Economic Review, 104643. ([Link](#))
- Review of the impact of housing quality on inequalities in health and well-being – Howden-Chapman, P., Bennett, J., Edwards, R., Jacobs, D., Nathan, K., & Ormandy, D. (2023). Review of the impact of housing quality on inequalities in health and well-being. Annual review of public health, 44, 233-254. ([Link](#))

MORTGAGE MARKETS

The total mortgage stock of the EMF country sample increased slightly to EUR 8.32 tn (estimate based on 90% of the total sample) by the end of the third quarter of 2023. The estimated increase in the remaining quarters of 2023 remained stable at 1.33% y-o-y in Q3 and 1.45% in Q1 2023, respectively. Each quarter in 2023 the mortgage stock grew by under 0.5% (0.22% Q1 2023, 0.48%, Q2 2023 and 0.09% in Q3 2023).

Gross residential mortgage lending decreased by 20.5% in the year to the end of Q3 (a 29.1% decrease to Q2). The third quarter was sixth consecutive quarter

where lending decreased. But this decrease started to ease significantly in Q2 (after an 18% decrease in Q1) moderating to 2.2% in Q2 and 1.58% in Q3. Total gross lending was EUR 264 bn, the lowest since the pandemic effected Q3 2020.

Looking at individual countries: gross lending decreased in Q3 2023 in all of our sample countries on a y-o-y basis, except for significant outliers Czechia (+34.5%) and Portugal (+32.7%). The largest decreases were in Romania (-61.3%) and Denmark (-56%).

In **Sweden**, net lending growth continued to slow, to 1.9% y-o-y compared with 2.5% y-o-y in the previous quarter. Mortgage lending secured on one-family homes increased by 0.9% on an annual basis (1.1% Q2). Lending secured on tenant-owned apartments slowed to 0.8% (1.0% Q2) and to multi-family homes increased by 6.2% in Q3 compared to 6.5% on an annual basis in the previous quarter. The increasing mortgage interest rates during 2022 and 2023 and a slowdown in the economy have slowed mortgage origination and caused house prices to fall. The demand for mortgage loans is affected by diverse developments in house prices and slowdown in construction. In **Denmark**, total outstanding residential loans were DKK 1,841 bn (EUR 246.9 bn) in Q3, an increase of 0.02% from Q2 2023 and 2.05% since Q3 2022. In **Finland**, due to increased interest rates, demand for new mortgages was lower than a year before with total. Because the Euribor is rising, fewer housing transactions were made, and the market is cooling down further. Finland recorded a total of EUR 107.5 bn in outstanding residential mortgage loans in Q3 2023 (-0.9% y-o-y).

The decline in the mortgage market in **Hungary** continued: gross residential lending decreased by 38.5% in Q3 2023 y-o-y and 1.7% compared to Q2. Total residential loans grew by 0.6% in Q3 compared to both the previous quarter and one year previously. In **Romania**, total mortgage loans increased in Q3 compared to the previous quarter (but declined by 0.9% y-o-y). The NPL ratio for mortgage loans increased slightly to 1.65% in June 2023, increasing both in quarterly terms (+0.05 pps), as well as in annual terms (+0.3 pps). In September 2023, gross residential lending increased by 1.6% compared to the previous quarter (-6% y-o-y). Remortgaging activity increased in Q3 by +25% y-o-y and +17% q-o-q, respectively. Since the beginning of 2023 in **Poland**, there has been an increase in lending, which accelerated in Q3 due to the launch of the "Safe Credit 2%" program. In Q3 2023, the number of new housing loans was just under 41,000, a 32% q-o-q increase (92% y-o-y). The revival was also influenced by the cut in interest rates in September for the first time in more than 3 years. Additionally, purchases were encouraged by the rapid price increases and the shrinking stock of available apartments. However, Q3 2023 was the seventh quarter of shrinkage in mortgages outstanding, as repayments exceed new lending. The number of mortgages reached 2,291,661, approximately 5% less than a year ago. The average value of a mortgage in Q3 was PLN 388,679 (EUR 83,979). In **Czechia**, for the first-time since the end of 2021, the mortgage market grew by +33% y-o-y after the market fell to its smallest in 10 years in H2 2022. On a quarterly basis, there was a small increase (+5.5%). Remortgaging revived more than new mortgages, increasing by 45% y-o-y and by 20% m-o-m. This is partially due to (i) the drop in remortgaging activity in previous quarters was more than the fall in new loans, and (ii) the option to defer remortgaging is limited by contracted deadlines for rate renewals. Favourable conditions emerged thanks to the resolution of deferred housing needs, stabilisation of interest rates (albeit at a higher level), and a slow decrease in inflation. Customers are accepting financing at current rates as a significant improvement is not expected in the

short term. As mentioned in the last quarterly review, another driver of this slow growth was the cancellation of the cap on Debt Service-to-Income (DSTI) managed by the central bank, effective as of July 2023.

In **Belgium**, the first stop in the Continental Europe subgroup of the EMF sample, just as in the first and second quarters, the number of new mortgage loans went down significantly in Q3 2023, by more than 30% y-o-y. The corresponding amount also decreased by more than 33%. Excluding re-mortgaging, lending shrank compared to the corresponding quarter of the previous year, with a decrease of almost 29% in the number of contracts and more than 31% by value. Demand for credit fell, by 15% from Q2 to Q3 or -40% by year. The market shrank for all purposes: -23.2% for the purchase of houses, -10.5% for purchase renovation, -29.1% for loans for renovation only, and -53.1% for loans for construction. Loans for other purposes (garage, swimming pool, etc.) decreased by -37.7%. The number of refinancing loans went down by almost -67% year on year. When it comes to production without the refinancing deals, about 43,500 mortgage credit contracts were granted for a total amount of about EUR 7.2 bn. Despite the weak overall economy in **Germany**, the appetite for investment in residential real estate has remained moderate in 2023. The change in interest rates has led to a significant decline in demand for owner-occupied property. This is particularly visible in residential mortgage lending volumes which grew moderately by 1.9% quarter on quarter but which was still a fall of -28.2% y-o-y, (-36.9% in the year to Q2). In **France**, total outstanding housing loans grew by 1.8% y-o-y to Q3 2023, reaching EUR 1,294 bn. Quarterly, the annual growth rate continued to decrease since the Q1 2022 peak, which is expected to continue for the next quarters. New loans for housing (excluding renegotiations and loan transfers) were EUR 29 bn in Q3 2023, the lowest quarterly level since Q1 2016, and down 17% q-o-q and by -43% y-o-y. According to Banque de France-ACPR, first-time buyers were 49% of the total of new housing loans for the purchase of a main residence in Q3 2023 (slightly above the 47% average since 2014 and stable over the last quarters). The share of first-time buyers with an annual income of less than or equal to EUR 30,000 fell to a low in July 2023 of 16.2% (compared to a 24% average since January 2020). Due to rising housing prices and increasing interest rates, the average initial maturity for new loans lengthened to Q1 2023 since when, it has been stable at 22 years. New home loans with an initial maturity of more than 20 years were 80% of quarterly origination, a new historical peak. This development has been combined with the rise of incomes, which has partially limited the severe erosion of households' purchasing power for acquiring a home linked to the increase in interest rates and in housing prices. Renegotiated home loans (including loan transfers) were EUR 5.6 bn in Q3 2023, decreasing by 24% y-o-y, and the lowest level since Q1 2015. With a rise of 200 basis points over the last year in average interest rates for home loans, fewer and fewer households have an interest in renegotiating their loans, except concerning their insurance attached to their home loan, which represents the largest part of the current negotiated amount.

In **Portugal**, the volume of total outstanding residential loans decreased by 0.6% y-o-y, to EUR 100.7 bn by the end of Q3 2023 a decrease from EUR 100.9 bn in Q2 (-0.2% q-o-q). New loans were EUR 5.19 bn in Q3 2023, +32.7% y-o-y and +13.9% q-o-q. Regarding new credit production¹, in Q3 2023, mortgage loans in Portugal registered production highs of the last 7 years, reaching an accumulated y-o-y growth in 9M2023 of 16%. However, this includes renegotiated

contracts, which have been increasing steadily since mid-2022 following the increase in reference interest rates. In 6M 2023, renegotiated contracts were 38% of all mortgage production, while new contracts accounted for 62%. New contracts decreased by 22% y-o-y in 9M2023, reflecting the weakening of the mortgage market. In neighbouring **Spain**, gross lending activity shrank by 15% y-o-y. However, the base effect should be considered, as it compares to an extraordinary dynamic year, especially when considering the context of high levels of liquidity. So far this year, activity has decreased by 17%, although when compared to 2021, the fall is barely 6%. A significant part of lending activity is the rise in remortgaging, which accounted for 9% of new lending in Q3 2023 compared to 2% a year ago. This increase is due to changes in interest rates over the last year and a half, and the desire of borrowers to take advantage of more favourable lending conditions when converting their loan from a variable rate to a fixed one. It should be noted that during 2023 the government reduced the early repayment fees, and no fees are applied in the case of variable rate loans. In **Italy**, the volume of outstanding mortgage loans in Q3 2023 amounted to about EUR 424.7 bn, a decrease of 0.1% quarterly and an increase of 0.1% y-o-y. Gross residential lending decreased both with respect to the previous quarter (-23.8%) and to the same quarter of the previous year (-3.2%), due to a weakening of demand, which is influenced by both high inflation and the increase in key interest rates. In Q3 2023 the total stock of outstanding mortgage loans in **Greece** continued to decline (-3.6%, y-o-y), although at a rate that remained almost unchanged since 2022 (-3.6%). According to the latest available data from the Bank Lending Survey for Greece (Q3 2023), credit standards for housing loans to households remained stable compared to Q2 2023. Terms and conditions for housing loans to households remained also unchanged. Banks reported a somewhat decrease in the proportion of rejected loan applications to housing loans in Q3 2023 compared to Q2 2023. The demand for housing loans decreased, compared to Q2 2023, because of the termination of the subsidized housing program "My Home". During the next quarter, Q4 2023, the overall demand for housing loans is expected to remain unchanged. Finally, during the period January to October 2023, there was a decrease in the amount of issued mortgages on an annual basis, although in absolute terms it remained low. Inflation although considerably lower than in 2022 (2.9%, y-o-y, in November 2023 and 4.2%, on average in the 11-month period of 2023, against 8.8% in November 2022 and 9.4% during the 11-month period of 2022) and the increase in borrowing costs are impacting demand.

In **Ireland**, a total of 11,614 new mortgages to the value of EUR 3.172 bn were drawn down by borrowers during Q3, a decrease of 21.8% y-o-y in volume and 21.8% y-o-y in value. First-time buyers remained the single largest segment by volume (60.4%) and by value (61.2%). Re-mortgage/ switching drawdown volumes and values fell by 79.6% and 81.5% y-o-y, respectively. Mortgage approvals volumes decreased by 16.8% y-o-y in Q3 2023 to less than 13,500. First-time buyer approval volumes increased by 13.3% y-o-y to almost 8,300, the second highest volume since the series began in 2014. Mover purchase volumes fell by 4.9% to 3,096, the second lowest Q3 volume since 2015. Re-mortgage/ switching approval volume fell by 78% y-o-y to less than 1,100 in Q3 2023.

In the **UK**, activity in the mortgage market was again weak in the third quarter. Gross lending was GBP 50.9 bn (EUR 58.9 bn), down 27% compared to GBP 83.5 bn (EUR 95.6 bn) in Q3 2022. 35% of approvals were for remortgaging.

¹ Banco de Portugal (Monetary and Financial Statistics).



Net lending was GBP 1.9 bn (EUR 2.2 bn) in the quarter, which is significantly lower than the GBP 18.7 bn (21.6 bn) in the same period last year. Demand for mortgages remains muted compared to last year which reflects higher mortgage interest rates.

REGULATION & GOVERNMENT INTERVENTION

There were moderate but still elevated inflation rates, posing a significant concern for governments and authorities within the EMF country sample. This led to increased consumer prices and a depletion of households' savings. Consequently, government efforts were predominantly directed towards addressing housing and mortgage affordability issues. Additionally, measures were implemented to support the supply side of the market, which was under strain from increased input prices. However, amid these initiatives, certain jurisdictions expressed concerns about potential actions that could jeopardise monetary policy measures.

FINLAND

The regulatory landscape is set to undergo significant changes in 2024 with the implementation of various rules. Some of the key measures include the introduction of a maximum maturity of 30 years for housing loans, restrictions on housing company loans for new construction projects, and the new regulations governing the assessment of borrowers' creditworthiness. The Financial Supervisory Authority of Finland (FIN-FSA) may soon have the authority to regulate the values and distributions of probabilities required in these assessments. Notably, quick-loan companies will now fall under the supervision of FIN-FSA, marking a shift towards enhanced oversight in this sector. The regulatory framework is also being extended to encompass other credit providers, reflecting a comprehensive approach to financial regulation. Consumers can expect changes in the interest rate landscape, with a lowering of the interest rate ceiling for consumer loans to 15% plus the reference rate, with a maximum cap of 20%. This move aims to provide greater protection to consumers and ensure more reasonable lending practices. Additionally, a positive credit registry will be implemented, offering a more transparent and comprehensive view of individuals' credit histories. This development is expected to play a crucial role in shaping lending decisions and promoting responsible borrowing. The new government's program does not explicitly mention the introduction of new macro stability instruments, indicating a potential focus on other areas of financial governance.

HUNGARY

The Home Purchase Subsidy (CSOK) as well as the "Prenatal Baby Support loans for Families", two subsidy programs that are available in 2023, are a popular form of subsidy especially for young couples already having or planning to have children. However, it was recently announced that the conditions for the Prenatal Baby Support loan will be restricted from 2024 and CSOK type loans in large cities will no longer be available in 2024. To offset the negative effect of the two restrictions in existing subsidy schemes from January 2024 a new interest subsidised housing loan will be introduced, called Home Purchase Subsidy Plus (CSOK+), which will be available for families who plan to have another child. The new CSOK+ scheme will provide a higher loan amount than the existing ones, but the maximum amount depends on the number of children. The subsidised interest rate will be fixed at 3 %. Despite the various subsidy schemes available for families, the rapidly rising interest rates would have led to a significantly growing risk and increasing non-performing loan

(NPL) figures during the repricing of the variable rate mortgage loan portfolio for debtors who were trapped with rising mortgage rates. In 2022, a so-called "interest rate cap" was introduced by the government for mortgage debtors with variable rate loans. Later, the program was extended to customers with loans featuring a maximum 5-year interest rate fixation. The interest rates were frozen at their earlier, lower level, and the "cap" was initially fixed at this level until June 2023, later extended until the end of December 2023. Recently, it was announced that the "interest rate cap" will be further extended at year-end.

POLAND

From the beginning of July 2023, the government launched the housing program "Safe Credit 2%." In essence, the program offers preferential mortgage terms for the purchase of a first apartment or house, or for the construction of a house. The loan interest rate will be 2% for the first 10 years of the loan term (plus the bank margin). Additionally, the "Housing account" program, with a subsidy from the state, has been introduced. Each saver will receive a special Housing Bonus every year. This bonus will be equal to the annual inflation rate or the rate of change in the value of the price of 1 square meter of usable floor area in a residential building. The bonus will be calculated annually and paid once, with the more favourable index selected for the saver each year. Savings will earn interest according to the bank's offer, and this interest is exempt from capital gains tax. The housing account can be opened for a duration of 3 to 10 years.

CZECHIA

The Czech National Bank reconsidered its macroprudential regulations and cancelled the Debt Service-to-Income (DSTI) limit in Q3 2023. This step was driven by the fact that the current setup was very restrictive and that interest rates probably reached their maximum with the expectation of a future decline. This anticipated development does not warrant such a restrictive approach in regulation. This step supported the demand for loans and contributed to partial market recovery. The Czech National Bank also decided on the cancellation of Debt-to-Income (DTI), applicable from the beginning of 2024.

ROMANIA

Starting in January 2024, the reduced VAT for dwellings of maximum 600,000 lei (approx. 120,000 EUR) and 120 square meters surface, increases from 5% to 9% (approved by Law No. 296/2023). This initiative can put additional pressure on the prices of new dwellings.

BELGIUM

No specific new regulations and government interventions in the last months have influenced the mortgage market. However, the government has decided to lower the maximum amount of the dossier cost. Another law has been announced to regulate more strictly the bundling between mortgage loans and other financial products.

FRANCE

At the request of the French Government, the CDC, "Caisse des Dépôts et Consignations", confirmed at the end of August 2023 a purchase order of 10,500 housing units from 70 real estate developers (2,100 social housing units and 8,400 intermediate rental housing) with a target of 17,000 new housing units to be completed before the beginning of 2024. The extension of the PTZ (zero-interest home loans) until the end of 2027 and its planned refocusing on the purchase of newly built flats in the most densely populated areas were

mentioned in the finance bill tabled in September 2023. To prevent a too sudden drop in the number of operations financed with a PTZ next year, the Minister of Finance announced a significant increase in the resource ceilings of beneficiary households. With this broadening of the eligible household profile (including higher incomes), the number of operations financed in 2024 may be around 40,000 PTZ (compared to 26,000/28,000 PTZ without changes in the income scale eligible), slightly less than the 45,000 PTZ granted in 2023. Several measures aimed at promoting the energy renovation of housing (particularly for overall renovations) were supported in the 2024 finance bill project: an extension of the Eco-PTZ until the end of 2027, an increase in the maximum amount of the Eco-PTZ to EUR 50,000 (instead of EUR 30,000 previously) if associated with the “MaPrimeRenov” bonus (an energy renovation bonus), and a revaluation to EUR 50,000 of the “MaPrimeRenov” bonus for overall renovation. Moreover, the Pinel scheme (including the “Pinel” and the “Pinel+” launched in January 2023), which supports the purchase of homes to be rented, will be discontinued at the end of 2024, and no other scheme is expected to take its place.

ITALY

In July 2023, the Italian Banking Association published a Memorandum with the aim of highlighting the available options for borrowers with variable interest rate mortgage loans to mitigate the impacts of the increase in interest rates on instalment amounts, following decisions made by the European Central Bank. Essentially, ABI promoted the adoption of measures among its members in favour of households with variable rate mortgage loans. These measures include: (i) extending the repayment plan of loans for the first home purchase; (ii) extending, through a review of access conditions, the eligibility of beneficiaries for the renegotiation of mortgage loan contracts introduced by the Italian Budget Law 2023; (iii) raising awareness about the option to use the “Solidarity Fund for mortgages for the first home purchase (also known as the Gasparrini Fund),” allowing borrowers to suspend the payment of their mortgage loan instalments in specific event occurrences.

SPAIN

The measures under the Code of Good Practices (CBP) approved at the end of 2022 for borrowers at risk of vulnerability are still in force. These measures encourage lenders to find an alternative solution to foreclosure, such as capital deferrals, extensions of the mortgage term and, under certain circumstances, adjustments to interest rates. When debt restructuring is insufficient, a second debt restructuring may be considered, and as a last recourse, a debt discharge via ‘datio in solutum’, where the borrower hands the property to the bank to settle the debt.

GREECE

The deadline for applications regarding the government co-funded loan program ‘My Home’ expired on 29 September 2023. Under this program, young couples were eligible for mortgages with 75% of the loan financed through public funds at a zero interest rate, and the remaining 25% financed from banks at market rates. The total public funds of the program amounted to EUR 375 mn and contributed to a temporary increase in the demand for housing loans, mostly during the second quarter of 2023.

IRELAND

The Government of Ireland announced amendments to the Vacant Property Refurbishment Grant which will see the number of homes eligible for the grant

doubled and the target increased to 4,000 to be delivered by 2025. The Local Authority Home Loan (mortgage provided by local government authorities) has been amended to cover purchase and/or renovation of non-habitable homes that are potentially eligible for the Vacant Property Refurbishment Grant, to plug gaps of finance availability.

HOUSING MARKETS

Examining the entire sample and taking into account the different segments, it becomes evident that Construction activity and house prices are responding in different ways to the current macroeconomic conditions. Making generalisations is hence not feasible, and the specific circumstances must be analysed independently, as demonstrated in the subsequent section.

■ CONSTRUCTION SUPPLY

In most countries building starts and permits data show a y-o-y contraction but in some countries there are signs of improvements on a quarter by quarter basis.

The National Board of Housing forecasts that construction will drop sharply in **Sweden** in 2023 to 25,000 dwellings, 55% lower than in 2022. In **Denmark**, housing market activity increased in Q3 2023 with 10,149 houses being sold, 20% more than in Q3 2022. In the same period 3,422 owner-occupied apartments were sold, an increase of 37% year on year. A total of 30,588 and 6,747 houses and apartments, respectively, were on the market at the end of Q3. The supply of houses has increased by 2.4% and apartments by 9.9% from the previous quarter. In **Finland** new housing permits and the number of new starts further decreased in Q3 2023. Despite hopes for improvement, the market conditions remained challenging, with interest rates continuing to rise.

In **Hungary**, the number of newly issued building permits was 4,014 in Q3 2023, a 32% decrease from the previous quarter, and a 51% decrease compared to Q3 2022. The number of housing completions for the whole country in Q3 was 3,455, a 7% quarterly and 23% annual decrease. Building permits (843) issued in Budapest in Q3 were 66% lower compared to the previous quarter and 74% of the same quarter last year. Activity on the residential real estate market in **Romania** has continued to decline. The volume of construction works in the first 9 months of 2023 decreased by 7.2% compared to the same period of the previous year. For the next period, we expect a continuation of this trend, given the significant decrease in building permits for residential buildings (-24% Jan-Sep 2023 compared to same period 2022) and the sustained growth in construction costs for residential buildings (+15% in the first 9 months of 2023 compared to the same period in 2022). The number of real estate transactions fell in this period of 2023, both at national level (-18%) and in the main regional centers. There was an increase in mortgage lending and real estate activity in Poland in Q3 2023. The number of apartments for which construction was approved increased by 13%, while the number for which construction started increased by 4%. The number of housing units completed continues to fall. In Q3, developers completed 32,475 apartments (5% less than in the previous quarter and 11% less than a year ago). Despite a small decrease in prices in **Czechia**, the housing market did not change significantly. The number of transactions reached its lowest level H2 2022 and has been gradually recovering since Q2 2023. The cautious approach of consumers and still high prices of real estate, despite the slowly growing level of financing, do not promise a full recovery by the end of the year.



In the **Netherlands**, the total number of permits for new-build homes issued in 2023 as a whole will not exceed 55,000 (last year, this figure was 64,500). This represents 55% of the government target, and will see the housing shortage rise to more than 400,000 homes. The number of permits reached an all-time high of 2,872 units in March 2021 and a record low of 1,229 units in December 2012. In **Germany**, a sharp decline in permits for residential buildings (-27.7% in Q3 2023 y-o-y) due to higher interest rates and construction costs, resulted in less real estate completions. Due to high immigration, the excess demand for housing remains, leading to an increase in new contract rent prices. As wages are rising and interest rates have stabilised, homeownership is becoming preferable again for more households, as rent equals mortgage loan payments. In **France**, the overall volume of housing permits was 89,800 units in Q3 2023 (seasonally adjusted and working day adjusted - SA-WA), the lowest quarterly level since 2000. Volumes of housing starts were 67,700 units (SA-WA) in Q3, decreasing by 9% from the previous quarter. In Q3 there was the lowest number of new housing starts for single-family houses (21,200 units) since 2000, -14% below the previous lowest point of Q2 2020, marked by the halt in global activity due to the Covid-19 crisis. Sales of existing dwellings totalled 204,000 transactions in Q3, 85% of total housing transactions in France. Quarterly transactions of existing dwellings declined by 12% q-o-q and by 26% y-o-y. Despite the sharp and continuous decrease since 2022, the level of activity is still close to its 10-year average (around 215,000 units per quarter). Building by developers was 6% of the total, with their sales being 94% flats and 6% houses in Q3. With 19,400 units (SA-WA) in Q3 2023, the number of new dwellings put up for sale was down for the sixth quarter in a row (-9% q-o-q and -33% y-o-y), at the same level as Q2 2020. Similar to the previous quarter, Q3 sales slowed considerably more than new offers, reaching their lowest level since 2000 with 16,200 new homes sold (SA-WA), decreasing by 12% versus the previous quarter and by -40% compared to Q3 2022. Cancellations represented 25% of sales in Q3 2023, still at a prominent level in a historical perspective. The number of homes available for sale has continued to increase (+17% y-o-y at 131,400 units in Q3 2023), reaching quarter after quarter a new historical high level. In Q3 2023, around 9% of new housings (sold and put up for sale) corresponded to construction linked to an already existing home.

Housing supply in **Spain** remains very low even though cooling demand, following the new monetary policy cycle. The scarcity of available land for development, together with the rise in construction and financial costs, is limiting the development of new projects. Consequently, this constrains the expansion of the housing stock in relation to household creation and the demand for second homes. In **Italy** transactions volumes amounted to approximately 157,000, a decrease of 10.4% y-o-y. In **Greece**, in the first 8 months of 2023, construction of dwellings for the entire country increased significantly in terms of number of permits (by 22.5% y-o-y) and in cubic meters (by 14.5% y-o-y). In the region of Athens, the number of building permits increased by 21.4% y-o-y, and of cubic meters by 21.2% y-o-y. Increased investment from abroad continued to grow in the first 9 months, increasing by 28.7% y-o-y. More specifically, the net foreign direct investment in Greece for real estate market purchasing was EUR 1,643.6 mn compared to EUR 1,276.9 mn for the 9-month period of 2022. In the 9-month period of 2023, residential investment (seasonally-adjusted at constant prices) increased 40.2% y-o-y, though it still remains at a low level at 2.0% of GDP. Business expectations for housing construction, as reflected in the relevant indicator of the IOBE survey, improved further in 2022 (4.0% compared to 54.4% in 2021) and continued to be positive in the 11-month period of 2023 (13.3%). However, the total cost

of construction of new residential buildings increased in the first 9 months by 6.7% y-o-y, while for the whole of 2022, the average annual increase was 8.8%. The results from the September **Portuguese** Housing Market Survey remain consistent with a subdued market backdrop, as demand, sales, and new instructions remain in negative territory. However, lower supply has prevented a material decline in house prices up to now. Regarding new buyer demand, a headline net balance of -26% of respondents noted a decline in inquiries during September, a reading slightly below the previous month's (-25%). All the regions covered (Lisboa, Porto, and the Algarve) continue to have negative home-buyer demand trends. For agreed sales, the headline net balance was recorded at -23% in September, also identical to that seen in the previous month. At the same time, short-term sales expectations also reflect a more negative picture, with a net balance of -29% of respondents anticipating a drop in the next three months (down from -14% in August).

In **Ireland**, almost 8,400 housing units were started in Q3, 23.5% more than in Q3 2022 and the highest quarterly total since Q3 2021. Dublin and the Dublin Commuter region accounted for 39.1% and 17.4%, respectively, of housing starts in Q3. Almost 3,300 dwellings were started in Dublin, 23.1% more than in Q2 2023. By contrast, Dublin Commuter housing starts fell by 5.9% to less than 1,500 over the same period. Commencements rose y-o-y in Connacht-Ulster, up 64.8%. Almost 8,500 new dwellings were completed in Q3 2023, according to the Central Statistics Office (CSO), 14.4% more than in Q3 2022. Dublin accounted for about 42.2% of all completions in Q3 2023 and 80.8% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 16.6% and 19.7% of completions, respectively. Household market purchases of residential property fell by 1.9% y-o-y to 13,069 in Q3. There were 50,359 purchases in the twelve months ending September 2023, annual activity peaked at 50,687 in the twelve months to August 2023. Dublin was the largest housing market in Q3 with almost 4,000 transactions, 3.5% less than in Q3 2022 and giving it a 30.5% share of the national market. Dublin accounted for more than half (56.2%) of apartment sales.

From 15 June 2023 new building regulatory standards were introduced in the **UK** relating to energy performance and electric vehicle charging points. Many house builders have chosen to bring forward the start of project works to avoid the costs of complying with these new standards. This has caused a spike in housing starts in Q2 2023 of 73,620. This was up 35% compared to the same period last year. There were 40,720 completions in Q2 2023, down 12% compared to the same period of last year.

■ HOUSE PRICES

The development of house prices across the underlying country sample is challenging to capture, as no clear trends or patterns are present. Additionally, similar patterns for northern Europe, evident in previous quarters, have begun to erode.

The simple average of house price index values for the EMF country sample increased slightly in Q3 2023 to an average of 160.7 (from 159.9 in Q2, Base year 2015). That the average HPI peaked in Q3 2022, also at 160.7 and fell from Q4 2022 to Q2 2023.

Regarding northern Europe, in **Sweden**, one-family home prices decreased by 11.1% on a yearly basis (12.4% to Q2 2023) according to Statistics Sweden. These prices are partly based on transactions where the price is negotiated

in earlier quarters and the figure is to some extent delayed. Other statistics, based on real estate agents, shows one-family house prices have stabilized during 2023. Apartment prices were unchanged annually in Q3 2023 compared to a 6% decrease in the year to Q2 2023, according to Valueguard HOX index. The prices for one-family homes in the Stockholm area decreased by 12.0% y-o-y in the third quarter 2023 (-14.5% in Q2). In the Malmö-area the prices decreased by 12.9% (-16.5% in Q2 2023) and in Gothenburg by -7.8% (-11.6% in Q2 2023). Apartments prices in Stockholm increased by 2% in the third quarter 2023 (-4% in Q2 2023), those in in Gothenburg decreased by 2% (-8% in Q2 2023) and in Malmö also by -2% (-8% in Q2 2023). Prices also fell in October but at a lower rate. One-family homes decreased by 1.9% in October y-o-y. Tenant-owned apartments increased slightly by 0.4%. The monthly price changes on both, one-family homes and apartments, have levelled out during the year but have started to decrease slightly in October. House prices in **Denmark** have decreased by 1.3% in the past year. Meanwhile, prices for owner-occupied apartments have increased by 0.3%. Compared to the previous quarter, prices increased by 1.2% for houses and 3.4% for apartments. In July to September 2023, prices in **Finland** fell by 7.1% y-o-y in large towns and by 6.1% 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 been diverse, with no clear pattern across the region.

In **Hungary**, according to the National Statistical Office, House Price Indices decreased by 3% in nominal terms for existing dwellings, but increased by 7% for new dwellings. In Q2 2023, the MBH House Price Index, calculated as a national average based on available real housing transaction data, shows a 0.6% decrease q-o-q and a 4.4% increase y-o-y (nominal terms). Since these figures represent nominal price changes, the y-o-y change in real terms in Q2 was -14%. The nominal house price change y-o-y in Budapest exceeded the national average, whereas the price changes in villages and smaller settlements were below the country average. In **Romania**, residential real estate prices remained relatively constant in Q3 2023 compared to the previous year (+0.1%), but at regional level, the disparities remain significant, following the asymmetries in economic development. High construction costs continue to put pressure on new dwelling prices, intensifying their growth relative to existing ones (+4.4% vs. -2%, Q2 2023 y-o-y). According to the NBR Bank Lending Survey (August 2023), the average house price per square meter remained approximately constant and banks further expect the average price to stay unchanged in Q3. In **Poland**, in the third quarter rapid price increases in the primary and secondary markets continued, mainly due to the impact of "Safe Credit 2%." In the primary market, the most significant transactional price growth was in Olsztyn (8% q-o-q), Opole (5.4% q-o-q), and Poznań (5.3% q-o-q). In the secondary market, the largest price changes were in Szczecin (9% q-o-q), Łódź (6.3% q-o-q), and Kraków (5.6% q-o-q). Transaction prices in the capital city of Warsaw grew by 6.4% in the primary market and by 3.2% in the secondary market.

Based on the figures from the notary barometer, the average price of a house in **Belgium** went down to EUR 321,993 in the third quarter of 2023. This is an increase of 0.9% year on year. Regional differences in housing price evolution can occur in Belgium's three regions (Flanders, Wallonia, and Brussels). During the third quarter of 2023, housing prices increased in two of the three Belgian regions compared to 2022. In the Brussels region,

the average house price (EUR 556,081) decreased by 3.6% y-o-y. In Wallonia, the average price (EUR 238,104) increased by 1.1% y-o-y and in Flanders, it increased to EUR 355,941 (also an increase of 2.3% y-o-y). During Q3, average prices of apartments in Belgium went up by 2.9% y-o-y, increasing in all three regions compared to the third quarter of 2022. In Flanders, the average price (EUR 277,775) increased by +3.9%, in Wallonia, (EUR 203,535) by 2.4% and in Brussels Region (EUR 285,338) by +1.5%. In the **Netherlands**, house prices started to increase again in Q3 2023. The HPI increased to 180 (base year 2015) an increase of 1.24% q-o-q but a decrease of 4.56% y-o-y. House prices are still lower than at the beginning of 2022. In **Germany**, the price correction for owner occupied residential properties continued to fall from Q2 to Q3 by -1.6%, but remained moderate overall at -5.8% y-o-y. Prices for existing homes in **France** fell in Q3 both on a quarterly (-1.1% seasonally adjusted, -1.2% for flats and -1% for single-family houses) and an annual basis. Prices have fallen most in Paris region and big cities, while housing prices in Provincial France have been more stable. In the Paris region (Ile-de-France) excluding Paris city, prices for existing homes decreased by -2.4% (S.A.) in Q3 2023 q-o-q and by -5.4% y-o-y. This quarterly decline in housing prices, the largest since Q2 2009, was in single-family homes in the suburbs (-2.6% q-o-q - S.A.), and flats (-2.1% q-o-q - S.A.). Specifically in Paris, the average prices of flats were down by -1.3% q-o-q (S.A.) and by -5.3% y-o-y, reaching their Q2 2019 level (before the Covid-19 crisis), and decreasing by -7.4% compared to their highest level recorded at the end of 2020. In Provincial France (Metropolitan France excluding Paris region), prices for existing dwellings registered their second consecutive quarterly decline since 2016, with a decrease of -0.8% in Q3 2023 (S.A. data). Over the quarter, the decline was -0.8% for flats and -0.7% for single-family houses. However, due to rising prices until Q1 2023, prices in provincial France decreased only by -0.5% in the year to Q3 2023, with increases in flat prices (+0.5%) but declines of -1% for single-family houses prices. Prices of new homes built by real estate developers, are still increasing in Q3 2023, by 0.7% for single-family houses and by 0.3% for flats (respectively +2.7% and +4.1% compared to Q3 2022). Specifically affected by the shortage of building materials, the implementation of new building methods (including the "RE2020"), and the rise in the price of raw materials, energy, and labour costs, the surge in prices of newly built homes may continue in the next quarters.

In **Spain**, house prices have continued to increase given insufficient supply and solid, albeit declining, demand. National house prices rose by 1.1% q-o-q and by 4.2% y-o-y. In regions facing pressure from domestic buyers, such as Madrid, or foreign demand, such as in the Balearic Islands, the unit price per square meter has reached an all-time high. The Housing Price Index for **Italy** Q3 2023 (preliminary estimates) remained stable compared with the previous quarter and increased by 1.8% y-o-y. Prices of new dwellings increased by 1.6% q-o-q, while of existing dwellings decreased by 0.4% q-o-q. In **Greece**, in Q3 2023, according to Bank of Greece indices nominal apartment prices increased, on average, by 11.9% y-o-y for the entire country (12.0% y-o-y in Athens, 15.4% in Thessaloniki, 12.8% in other cities, and 9.5% in other areas). According to revised data, in 2022, apartment prices increased by 11.9% (7.6% in 2021). Broken down by the age of the property, the rate of increase in prices was 11.6% y-o-y for new apartments (up to 5 years old) and 12.2% y-o-y for old apartments (over 5 years old). According to revised data, in 2022, the average annual rates of increase were 12.4% and 11.5% for new and old apartments, respectively. In **Portugal**, house prices rose 3.7% q-o-q in Q3 2023, an increase from +1.8% q-o-q reported in Q2 2023.



Irish residential property price inflation increased by 1.4% in the twelve months to September 2023, (10.7% in the year to September 2022). The CSO's national index increased to 170. Prices for new dwellings were up 10.4% y-o-y while prices of existing dwellings were 1% lower. Prices in Dublin decreased by 1.9% in the 12 months to September 2023, with house prices falling by 2.5% while apartment prices increased by 0.7%. Residential property price inflation outside Dublin rose by 4% y-o-y, with house prices up by 3.9%.

House prices in the **UK** remained more or less flat on a quarterly basis, but down 2.4% compared to Q3 2022. The fall in prices reflects the general slowdown in housing market demand and the reduction in affordability as interest rates rises. Average house prices in London also remained broadly stable in the third quarter of the year. The BSA Property Tracker shows that people are more optimistic about house prices, 33% think house prices will rise in December, compared to just 20% in September. This may reflect recent media reports that house prices increased slightly in recent months.

MORTGAGES INTEREST RATES

The average, unweighted EMF mortgage interest for Q3 2023 was 4.96%, 9.3 bps higher than Q2 (4.86%). It is the highest average rate since the start of the data in Q1 2009. Moreover, Q3 2023 marks the eighth consecutive increase for the EMF average. The average rate for Euro area countries was 4.35% and 6.23% for non-Euro area countries. Excluding Denmark, Sweden and the UK from the sample of the non-Euro area countries, the average interest rate was 7.32%. For the non-Euro Area eastern European countries (CZ, HU, PL, RO), the average interest rate already started to decrease since the second quarter of the year from its high of 8.07% in Q1.

In **Sweden**, variable interest rates continued to increase to 4.8% in September from 4.3% in the previous quarter. Longer interest rates also increased in the second quarter: Mortgages with a 1-5 year fix increased to 4.4% (3.9% in Q2 2023) and interest rates with over 5 years fixed increased to 3.8% (3.3% in Q2 2023). In **Denmark**, the average interest rate on mortgages with a fixed period of up to one year increased by 57 bps in Q3. For mortgages with between one to five years fixed rates, the average rate rose by 19 bps. For those fixed for five to ten years, increase was 12 bps and for those over ten years, 8 bp. The high level of interest rates on short term-rate mortgage loans during 2022 and throughout 2023 has provided an opportunity for owners of these types of mortgages to convert their mortgages to fixed-rate mortgages with a lower interest rates, thereby reducing some of their outstanding debt payments. In **Finland**, the rate on new housing loans was above 4.65% in Q3, around 30% of all mortgage debtors have an interest rate cap. In addition, Nordea announced that 70% of its mortgage debtors have an interest rate cap or savings or other assets to weather more challenging months.

In **Belgium**, compared to previous quarters, interest rates continued to rise to 3.47% (3.28% Q2 2023). For the first 9 months of 2023, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years increased again, reaching more than 96% of newly provided loans. The share of new loans with an initial fixed rate for 1 year was only 0.6% of the total. The number of credits with an initial period of variable interest rates ranging from 3 to 10 years represented about 3.4% of the newly granted loans. Since 2015, the number of overdue contracts shows a positive evolution downwards. The ratio overdue contract to total number of contracts remained at only 0.61%. In the **Netherlands**, the average interest rate for

new mortgages rose from 3.91% to 4.00% in Q3. Variable interest rates (fixed for up to 1 year) amounted to 4.71%, while long-term fixed (10 years or more fixation) were 3.65%. Regarding data from **Germany**, the average interest rate was 4.09% in Q3 2023 (3.98% in Q2 2023). 76% of new lending was issued on an interest fixed period of over five years. The quarterly interest rate of home loans (excluding renegotiations and loan transfers) in **France**, reported by the Banque de France, has increased each month since the previous quarter, reaching 3.73% at the end of September and averaging 3.59% for Q3. The maximum rate (the usury rate) averaged 5.33% in Q3 for a new home loan with a duration of more than 20 years and was 5.56% for the month of September. Consequently, the average APRC for a new home loan with a duration of more than 20 years was 4.17% in September 2023. The usury rates, monitored by the French government, depend on the duration of the home loan (under 10 years, between 10-20 years, above 20 years) and are based on the previous quarterly average of the APRC with an added margin of 33%. They were updated every quarter before January 2023, and since then, they are updated every month. As the upward trend in interest rates strengthens, the level of usury rates is rising faster and hit its highest point in Q3 2023 since 2013. The more frequent calculation of usury rates in 2023 has led to a quicker adjustment of interest rates for home loans to households, more in line with the level of refinancing costs for banks. This measure has enabled the preservation of a credit offer covering more borrowers, particularly those benefiting from higher interest rates (for example, first-time buyers).

Interest rate developments in Central and Eastern European varied over the course of the latest quarters. For some jurisdictions, the significant increase in interest rates has already started to temper, and rates are starting to normalise from their high levels.

In **Hungary**, the Central Bank base rate peaked at the end of September 2022 at 13%, and remained there until the end of October 2023. Following two reductions of 75 bps each, the rate is 11.5% at the beginning of December. A similar-sized rate cut of 75 bps has occurred at year-end 2023. Interest payable by customers on newly issued mortgages peaked in Q1 2023 and then slowly decreased in Q2 and Q3. The most popular mortgage interest types were medium and long-term fixed mortgages: 5 to 10 years fixed rate mortgages were 44.3% of new mortgages, while over 10 years fixed were 30.5%. The share of variable rate mortgages (up to 1 year) is negligible at 1.2% of all new mortgages, unchanged since Q2. The most typical rate was 8.49% (interest rate fixed for 5 to 10 years). According to the recommendation of the Government from October 2023 onwards, commercial banks should implement a voluntary interest rate ceiling which would lead to lower mortgage rates in the coming months. The recommended interest rate ceiling for October was 8.5% APR. Since then, there are already rates below 8% APR, and in line with the disinflation process, further rate cuts are expected. In **Romania** in Q3 2023, the representative rate on new loans for house purchase further declined, by 0.5 pps q-o-q, reaching 6.9%, although increasing 1.2 pps y-o-y. 55% (-10.7 pps y-o-y) of new mortgage loans have variable interest rates, the rest have short-term fixed rate (28%, +10 pps y-o-y), medium term fixed (11%, +9 pps y-o-y) and 7% have more than 10 years fixed rate (-14 pps y-o-y). In **Poland** in September 2023, the Monetary Policy Council announced the first cut of their reference rate in the past 12 months by 0.75 pps to 6%. As the market expected further reductions, the WIBOR 3M rate began a gradual decline from 6.90% at the beginning of the period to 5.77% at the end of September. In **Czechia**, in Q3 2023, the Czech National Bank confirmed the current level of basic interest

rates, which has not changed since Q2 2022 and remains at 7.0%. The offered interest rates of mortgages declined to a level below 6% and stabilised.

In **Spain** interest rates continued to rise, although at a more moderate pace. The weighted average rate was at 3.8% in Q3 2023, approximately 13 bps above the rate in Q2 and below the main benchmark for variable-rate loans (12 month Euribor). In this environment of tightening lending conditions, fixed-rate loans continue to increase their market share relative to variable-rates. In Q3 in **Italy**, the interest rate on loans with fixed periods of less than one year continued to increase to 4.87% (1.33% in Q1 2022). Interest rates fixed for over 1 year decreased slightly to 4.05% relative to the previous quarter (1.72% in Q1 2022). The average rate on new loans for house purchases decreased to 4.21% from 4.27% in the previous quarter (1.66% in Q1 2022). According to the latest figures from **Greece**, in October 2023, the interest rate on new housing loans (including charges such as processing fees, mortgage registration fees, etc.) rose by 109 basis points to 5.21%, year on year, almost the same rise compared to October 2022 (108 basis points). The increase was higher for outstanding housing loans with an initial fixed rate of over 5 years by 140 basis points year on year. 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 loans during the period January-July 2023 decreased after 5 years of continuous growth (in 2022, on average, the increase was 20.7%). More specifically, in the first 10 months of 2023, new housing loans were EUR 919 mn compared to EUR 966 mn in the corresponding period of 2022, a decrease of 4.9%, y-o-y. In **Portugal**, in Q3 2023, the variable rate for new loans (up to 1-year initial rate fix) was 4.74% compared with 4.37% in Q2 2023.

Regarding **Ireland**, the representative interest rate in Q3 was 4.21%, 24 bps higher than in the previous quarter. Fixed rate (loans fixed for over one year) mortgages accounted for 84.7% of new mortgages, and 62.9% of mortgages outstanding at June 2023, (50.2% in the previous year). 22.4% of outstanding mortgages were on ECB base rate-linked tracker mortgage rates in Q2 2023.

Lastly in the **UK**, average mortgage interest rates increased to 4.85% in Q3 from 4.56% in Q2. Interest rates on variable rate mortgages, and fixed rates up to 5 years all increased. However, for longer term fixed rate products, interest rates decreased to 3.32% from 3.82% in the previous quarter. In recent months swap rates have fallen significantly as markets expect the Bank of England to reduce rates. Consequently, fixed rates have reduced and are likely to continue to do so as lenders compete for business.

GROSS RESIDENTIAL LENDING (2015 = 100; IN EURO; SEASONALLY ADJUSTED DATA)

CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2015 LEVELS

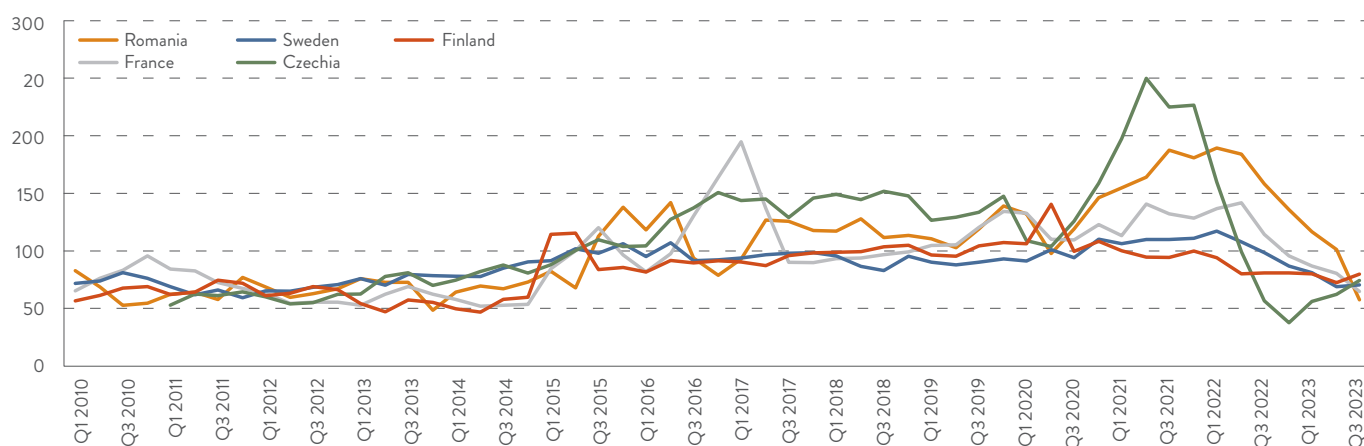


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 100% OF 2015 LEVELS

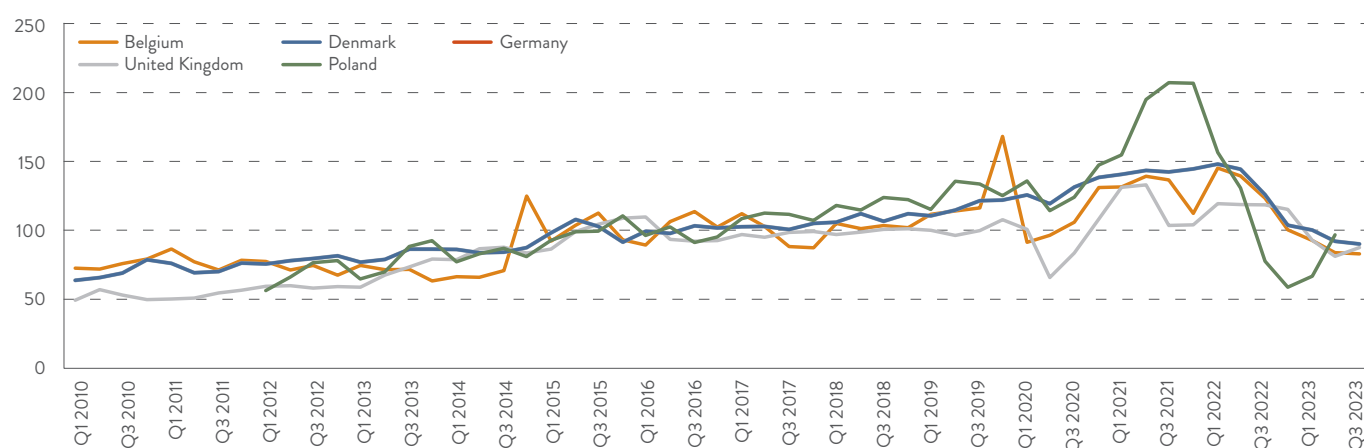
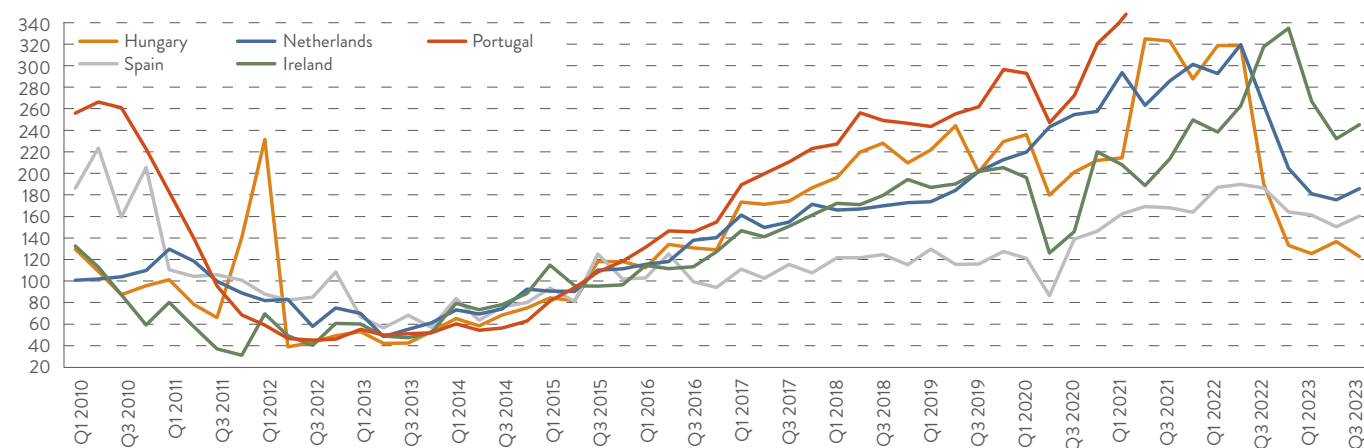


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 130% OF 2015 LEVELS



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.
The fpp-package in R-Studio was employed.

NOMINAL HOUSE PRICE INDICES (2015 = 100)

CHART 2A | COUNTRIES WHERE HOUSE PRICES HAVE DECREASED Y-O-Y

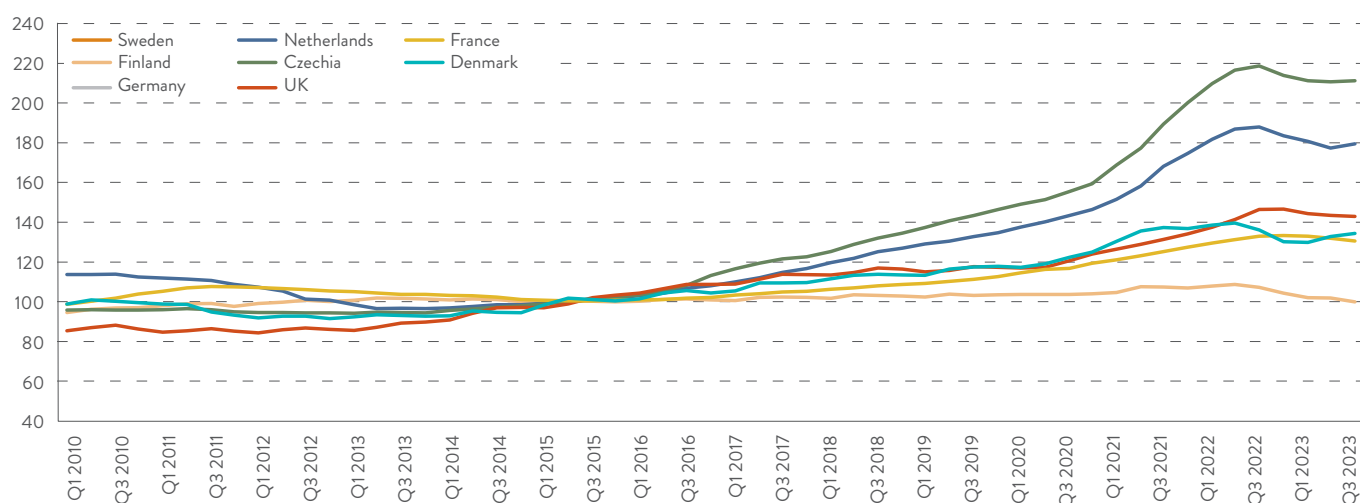


CHART 2B | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BELOW 4% Y-O-Y

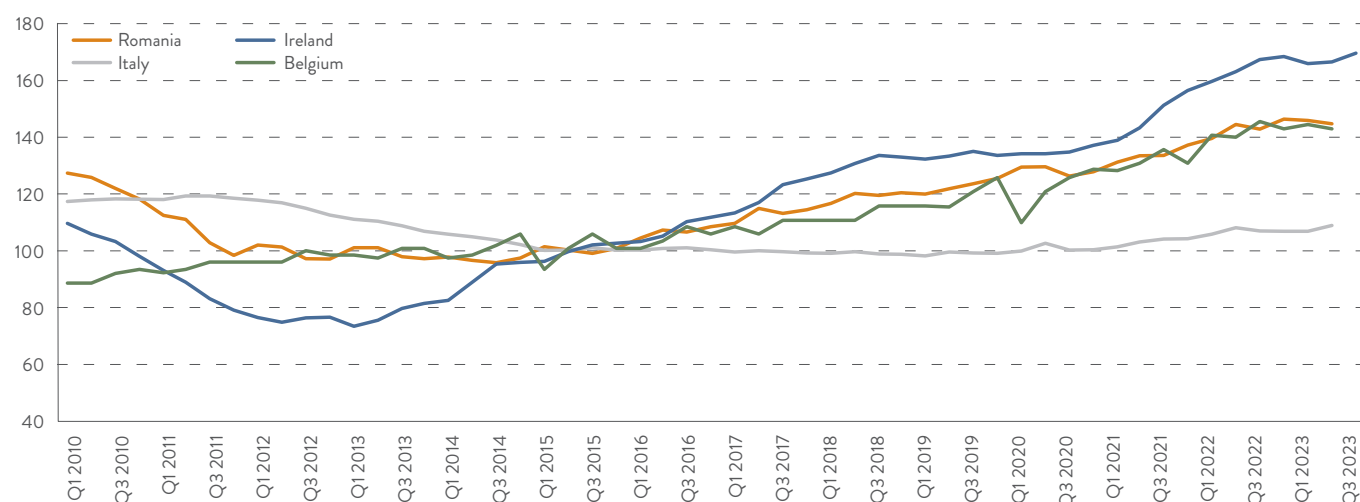


CHART 2C | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED ABOVE 4% Y-O-Y

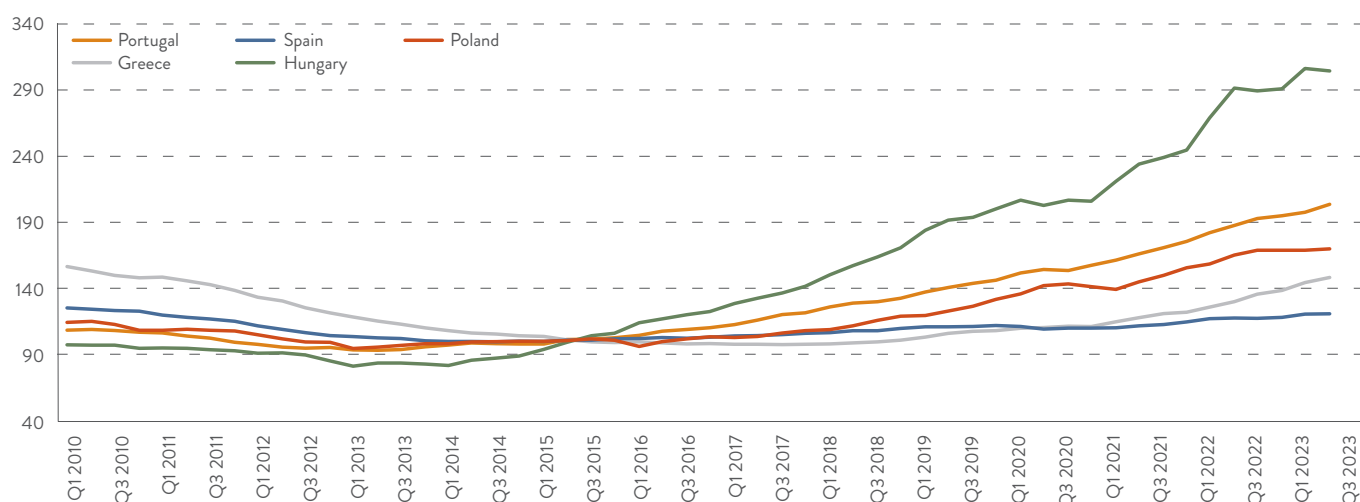
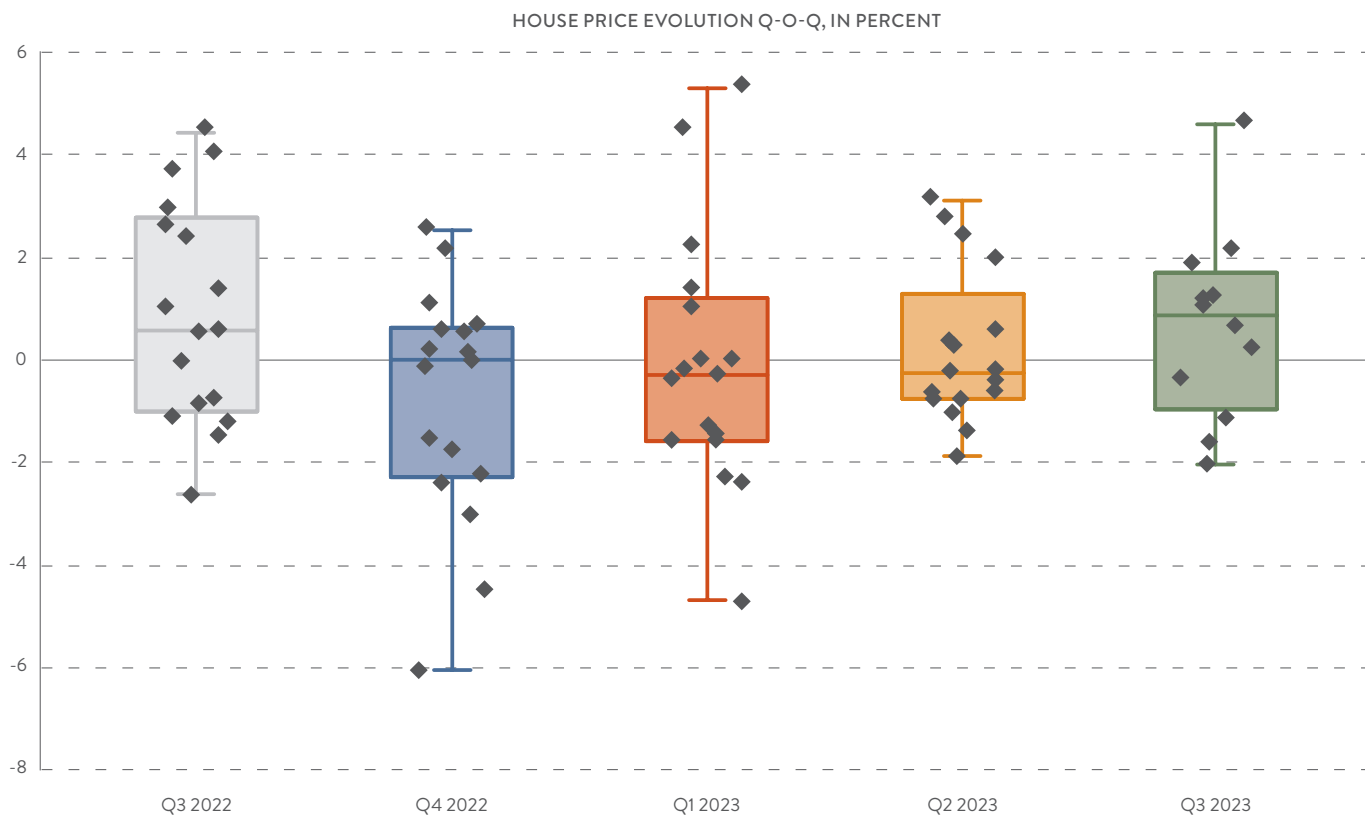
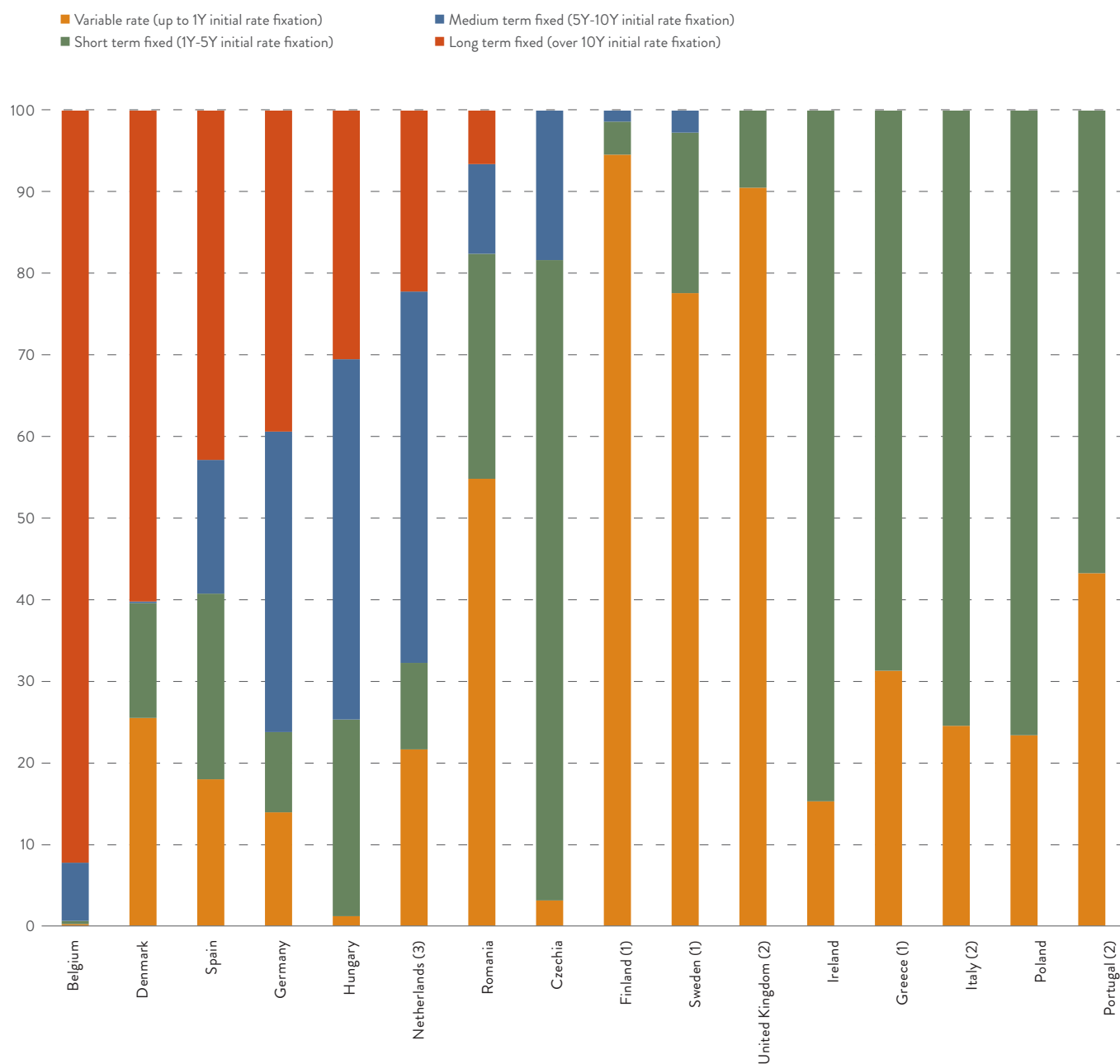


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER**NOTES:**

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.

CHART 4 | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS (Q3 2023)



NOTES:

- (1) Medium- and Long-term fixations are grouped together
 (2) Short-, Medium- and Long-term fixations are grouped together
 (3) Due to data availability referring to Q1 2023



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

	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023	LATEST Y-O-Y CHANGE (%), Q3 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2023, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q2 2023, LOCAL CURRENCY
BE	296,028	300,929	304,879	308,579	309,852	312,122	313,177	2.7	3.7	2.7	3.7
CZ	63,121	62,566	63,756	65,497	67,650	68,244	66,974	5.0	9.1	4.1	4.7
DE	1,765,863	1,796,920	1,824,500	1,842,800	1,848,300	1,857,000	1,866,400	2.3	3.3	2.3	3.3
DK	263,043	252,550	242,560	247,730	248,588	247,133	246,849	1.8	-2.1	2.1	-2.0
EL	30,516	30,314	30,117	29,753	29,311	28,899	28,623	-5.0	-4.7	-5.0	-4.7
ES	488,767	490,671	490,356	486,890	481,496	478,120	n/a	n/a	-2.6	n/a	-2.6
FI	108,052	108,703	108,467	109,315	108,348	107,887	107,514	-0.9	-0.8	-0.9	-0.8
FR	1,228,009	1,249,231	1,269,970	1,280,950	1,285,452	1,291,641	1,294,093	1.9	3.4	1.9	3.4
HU	14,996	14,022	13,443	14,204	14,905	15,265	14,664	9.1	8.9	0.6	2.0
IE	84,218	83,445	83,048	83,391	82,832	83,144	83,815	0.9	-0.4	0.9	-0.4
IT	414,455	419,845	424,169	426,959	425,908	425,252	424,714	0.1	1.3	0.1	1.3
NL	793,965	804,429	810,999	813,300	816,639	819,943	823,353	1.5	1.9	1.5	1.9
PL	110,137	108,749	105,472	106,167	104,113	107,964	104,439	-1.0	-0.7	-5.5	-6.0
PT	99,235	100,481	101,328	101,700	101,178	100,892	100,675	-0.6	0.4	-0.6	0.4
RO	20,824	21,259	21,376	21,432	21,251	21,072	21,076	-1.4	-0.9	-0.9	-0.5
SE	495,530	485,672	482,279	477,161	472,007	452,600	464,475	-3.7	-6.8	1.9	2.5
UK	1,868,777	1,859,873	1,830,180	1,834,658	1,850,593	1,894,334	1,883,461	2.9	1.9	0.8	1.9

NOTE: Non seasonally-adjusted data.

Source: European Mortgage Federation

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

DK – Only owner occupation, only mortgage banks - gross lending for house purposes not available for commercial banks starting Q3 2013.

PL – Adjusted for loan amortisation and flows between the foreign currency loan portfolio and the zloty loan portfolio; the entire banking system was taken into account, including credit unions.

CZ – The series has been distorted at 2018A4 due to the change of definition of the statistics and the splitting according to fixation

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

- Netherlands
- Sweden
- United Kingdom

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:



TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023	LATEST Y-O-Y CHANGE (%), Q3 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 2023, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q2 2023, LOCAL CURRENCY
BE	12,369	11,054	12,236	12,697	11,145	9,961	7,392	7,574	7,436	-33.3	-40.3	-33.3	-40.3
CZ	4,440	4,610	3,082	2,102	1,038	798	988	1,357	1,396	34.5	-35.5	-38.1	33.4
DE	76,600	76,900	74,900	75,700	67,800	55,100	49,300	47,800	48,700	-28.2	-36.9	-28.2	-36.9
DK	12,722	13,757	18,903	18,040	17,643	15,316	9,881	8,043	7,764	-56.0	-55.4	-55.9	-55.4
ES	13,883	15,626	15,811	18,209	15,551	15,655	13,466	14,660	13,172	-15.3	-19.5	-15.3	-19.5
FI	7,561	7,836	7,634	7,689	6,403	6,207	6,431	7,027	6,316	-1.4	-8.6	-1.4	-8.6
FR	71,300	69,300	71,500	74,800	61,600	51,700	44,600	41,800	34,900	-43.3	-44.1	-43.3	-44.1
HU	1,123	957	998	1,091	677	439	350	481	452	-33.2	-55.9	-38.4	-58.7
IE	2,784	3,312	2,513	3,134	4,057	4,353	2,866	2,762	3,172	-21.8	-11.9	-21.8	-11.9
IT	17,588	18,986	17,385	18,865	15,289	17,911	16,384	19,418	14,790	-3.3	2.9	-3.3	2.9
NL	41,254	44,646	39,660	45,596	38,050	30,809	23,634	24,955	26,897	-29.3	-45.3	-29.3	-45.3
PL	5,110	5,019	3,780	3,326	1,897	1,350	1,555	2,482	n/a	n/a	-25.4	n/a	-29.4
PT	4,089	4,001	4,155	4,218	3,906	3,879	4,530	4,551	5,185	32.7	7.9	32.7	7.9
RO	1,122	1,083	1,002	1,049	953	823	581	569	369	-61.3	-45.8	-5.8	-45.6
SE	15,994	18,282	17,053	17,712	14,165	14,449	11,289	11,472	9,649	-31.9	-35.2	-27.9	-28.7
UK	82,945	81,080	87,480	89,230	94,578	89,709	66,785	59,885	70,458	-25.5	-32.9	-27.1	-32.9

CZ – Data break on Q1 2020 due to methodological adjustments
SE – approx. 75% of total market

Source: European Mortgage Federation

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

- France
- Netherlands
- United Kingdom

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:





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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BE	5,349	3,381	4,348	4,547	4,295	4,080	4,901	3,950	3,700	1,273	2,270	1,055
CZ	3,050	1,417	2,996	1,790	3,255	2,489	-555	1,190	1,741	2,153	594	-1,270
DE	29,779	22,073	32,138	29,639	31,160	21,430	31,057	27,580	18,300	5,500	8,700	9,400
DK*	3,211	-543	840	19	3,795	-8,484	-10,493	-9,990	5,171	858	-1,455	-284
EL	-3,289	-601	-4,133	-4,251	-6,257	-376	-201	-197	-364	-443	-412	-276
ES	162	614	2,811	254	1,553	1,621	1,905	-315	-3,466	-5,394	-3,377	n/a
FI	1,152	800	1,297	1,024	1,024	293	651	-236	848	-967	-461	-373
FR	20,404	13,091	21,878	22,703	19,920	13,427	21,222	20,739	10,980	4,502	6,189	2,452
HU	262	156	962	195	-13	337	-974	-579	761	701	360	-600
IE	-97	-2,365	-550	-165	-316	-2,705	-773	-397	343	-559	312	671
IT	3,354	3,946	5,691	4,153	4,563	4,586	5,390	4,324	2,790	-1,052	-655	-539
NL	3,951	6,638	8,541	10,623	7,726	8,488	10,464	6,570	2,301	3,339	3,304	3,410
PL	1,521	-1,164	4,356	719	2,829	-1,210	-1,388	-3,277	695	-2,054	3,852	-3,525
PT	1,068	939	-1,169	1,240	963	1,086	1,246	847	372	-522	-287	-216
RO	550	209	540	648	596	477	435	118	55	-181	-179	4
SE	31,306	-2,423	15,689	4,677	5,357	3,138	-9,858	-3,393	-5,118	-5,154	-19,407	11,875
UK	46,620	113,470	16,972	5,677	55,890	7,027	-8,904	-29,693	4,478	15,935	43,741	-10,873

* 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.

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:



TABLE 4 | HOUSE PRICE INDICES (2015 = 100)

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BE	120.9	125.8	128.8	128.4	131.0	135.9	131.0	141.0	140.3	146.0	143.4	144.9	143.4	n/a
CZ	151.4	155.4	159.4	168.9	177.5	189.7	200.6	210.3	217.1	219.3	214.5	211.7	211.2	211.7
DE	136.7	139.6	143.3	146.8	151.5	157.1	161.2	165.2	169.2	170.1	167.5	163.5	162.8	160.2
DK	119.3	122.7	125.4	130.8	136.2	138.0	137.4	139.3	140.4	136.7	130.6	130.2	133.4	134.9
EL	109.9	110.9	110.7	114.3	117.5	120.7	121.9	125.8	130.2	136.0	138.9	145.1	149.0	152.2
ES	109.1	109.8	110.0	110.2	111.8	112.7	114.9	117.6	118.0	118.0	118.6	121.2	121.5	122.8
FI	104.0	104.0	104.4	105.1	108.2	108.0	107.6	108.6	109.4	107.8	104.6	102.2	101.9	99.9
FR	116.3	116.9	119.6	121.3	123.5	125.7	128.0	130.2	132	133.8	134.0	133.7	132.7	131.2
HU	202.7	206.8	206.1	221.2	234.2	239.3	244.8	269.5	292.2	290.0	291.7	307.2	305.3	n/a
IE	134.2	134.8	137.2	139.0	143.4	151.5	156.7	159.9	163.4	167.7	168.8	166.3	166.9	170.0
IT	102.4	99.8	100.0	101.1	102.8	103.9	104.0	105.7	108.1	106.9	106.8	106.8	108.9	n/a
NL	140.2	143.5	146.4	151.7	158.4	168.6	175.1	182.4	187.5	188.6	184.1	181.2	177.8	180.0
PL	142.4	143.9	141.5	139.6	145.5	150.4	156.3	159.2	166.1	170.0	170.0	170.0	171.0	178.9
PT	154.3	153.6	157.7	161.7	166.4	171.3	176.0	182.6	188.31	193.82	195.9	198.6	204.7	n/a
RO	129.8	126.4	128.0	131.5	133.6	133.8	137.5	139.8	144.9	143.2	146.8	146.3	145.1	n/a
SE	124.2	127.5	132.6	137.2	145.5	153.2	153.5	155.0	158.6	157.3	147.8	140.9	138.9	139.8
UK	117.3	120.8	124.2	126.8	129.2	131.8	134.6	138.1	141.9	147.1	147.4	145.1	144.1	143.6

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

Source: European Mortgage Federation

Further information below:

Belgium: Stadim average price of existing dwellings

Czech Republic: Data break in Q1 2008

Germany: all owner-occupied dwellings, weighted average, VdP index

Denmark: one-family houses - total index unavailable from source

France: INSEE "Indice des prix du logement" (Second-hand dwellings - metropolitan France - all items).

Greece: 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:

- Denmark
- Greece
- Hungary
- Netherlands

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:





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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 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	3.28	3.47
CZ*	2.36	2.17	2.04	1.94	2.06	2.31	2.76	3.80	4.72	5.71	6.05	6.00	5.97	5.86
DE	1.30	1.24	1.18	1.18	1.26	1.28	1.31	1.50	2.24	2.88	3.45	3.78	3.98	4.09
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	4.34	4.91
EL	2.83	2.95	2.80	2.67	2.81	2.85	2.77	2.83	2.95	3.17	3.60	3.76	3.96	4.24
ES	1.75	1.75	1.62	1.54	1.49	1.47	1.43	1.50	1.63	2.02	2.71	3.39	3.69	3.82
FI	0.73	0.72	0.69	0.71	0.72	0.72	0.77	0.87	1.60	2.75	3.30	3.93	4.39	4.65
FR***	1.27	1.30	1.27	1.21	1.14	1.12	1.12	1.13	1.27	1.57	1.91	2.37	2.89	3.29
HU	4.24	4.15	4.06	3.97	4.11	4.33	4.69	3.47	5.48	7.95	8.62	9.72	8.87	8.49
IE	2.78	2.80	2.77	2.80	2.74	2.73	2.71	2.80	2.75	2.69	2.77	3.42	3.97	4.21
IT	1.27	1.27	1.25	1.37	1.42	1.39	1.40	1.66	2.04	2.26	3.01	4.00	4.27	4.21
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	3.91	4.00
PL	3.30	3.10	2.90	2.80	2.90	2.90	4.60	6.00	8.20	9.00	9.20	8.70	8.60	8.00
PT	1.08	0.82	0.71	0.69	0.67	0.62	0.61	0.74	1.20	1.93	3.08	3.84	4.37	4.74
RO****	5.22	5.25	4.81	4.67	4.21	3.82	3.68	3.89	4.62	5.70	7.05	7.85	7.42	6.92
SE	1.54	1.49	1.39	1.36	1.36	1.33	1.35	1.48	2.05	2.74	3.38	3.81	4.21	4.57
UK	1.77	1.74	1.85	1.91	1.92	1.82	1.57	1.64	1.98	2.59	3.38	4.20	4.56	4.85

* 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)

For Sweden the the representative interest rate is based on approximately 75 % of the total market

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

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:



TABLE 5B | MORTGAGE INTEREST RATES

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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BE	2.03	1.84	1.89	1.85	1.92	1.97	1.90	2.46	3.67	4.40	4.66	5.35
CZ	2.1	2.17	2.31	2.44	3.18	4.12	5.09	6.23	6.68	7.06	6.95	6.68
DE	1.74	1.76	1.78	1.78	1.81	1.88	2.10	2.52	3.29	4.19	4.84	5.29
DK*	0.78	0.69	0.72	0.70	0.67	0.62	0.90	1.52	2.12	3.98	4.34	4.91
EL	2.42	2.31	2.44	2.37	2.30	2.39	2.66	3.12	3.81	3.90	3.98	4.21
ES	1.50	1.40	1.43	1.42	1.35	1.35	1.45	2.08	2.76	3.40	3.80	4.13
FI	0.72	0.72	0.70	0.72	0.77	0.88	1.56	2.54	2.90	3.43	3.97	4.41
HU	3.41	2.98	2.97	3.87	4.53	5.59	6.49	8.91	9.57	10.57	11.32	10.59
IE	3.11	3.23	3.19	3.11	3.06	3.34	3.47	3.55	3.67	4.19	4.13	4.41
IT	1.29	1.36	1.39	1.36	1.32	1.33	1.39	1.88	2.77	3.81	4.47	4.87
NL	1.70	1.62	1.62	1.62	1.60	1.64	1.95	2.51	3.47	4.11	4.43	4.71
PL	2.90	2.90	2.90	2.90	4.50	6.20	8.10	9.30	9.50	9.20	9.10	8.90
PT	0.80	0.84	0.83	0.80	0.83	1.03	1.47	2.23	3.24	3.86	4.23	4.25
RO**	4.71	4.60	4.17	3.70	3.55	3.70	4.36	5.50	7.17	8.33	8.02	7.57
SE	1.29	1.24	1.25	1.23	1.22	1.29	2.45	3.42	3.63	4.22	4.28	4.77
UK***	1.77	1.88	1.91	1.90	1.64	1.64	2.14	2.72	3.72	4.47	5.28	5.64

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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BE	2.00	2.04	2.11	2.13	2.12	2.21	2.53	3.08	3.79	4.46	4.57	4.84
CZ	2.06	2.03	2.14	2.35	2.81	3.89	4.70	5.56	5.84	5.87	5.91	5.88
DE	1.30	1.29	1.30	1.34	1.38	1.49	2.14	2.78	3.56	3.97	4.30	4.46
DK*	0.65	0.73	0.87	0.82	0.94	1.47	2.56	3.17	4.12	4.32	4.46	4.65
ES	1.42	1.37	1.38	1.35	1.35	1.56	1.76	2.29	3.42	3.98	4.35	4.60
FI	1.15	1.50	1.66	1.69	1.99	1.62	1.08	1.52	2.06	3.10	3.59	3.91
HU	4.44	4.52	4.53	4.89	5.33	6.02	7.88	10.63	13.30	16.41	14.04	14.87
IE	2.69	2.68	2.64	2.64	2.63	2.67	2.65	2.62	2.70	3.35	3.94	4.16
NL	1.75	1.63	1.59	1.60	1.64	1.68	1.99	2.77	3.31	4.02	4.42	4.63
PL	3.20	3.40	3.80	3.70	4.60	5.60	8.20	8.60	9.00	8.30	8.30	7.80
RO**	5.36	5.29	4.60	4.21	4.12	4.16	4.87	6.20	7.04	7.47	6.60	6.41
SE	1.29	1.29	1.31	1.26	1.39	1.84	3.26	3.75	3.79	4.08	3.92	4.44
UK	1.84	1.90	1.91	1.81	1.55	1.62	1.96	2.57	3.36	4.13	4.53	4.75

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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BE	1.37	1.35	1.34	1.37	1.33	1.46	1.90	2.46	3.07	3.48	3.57	3.90
CZ	2.02	1.92	2.02	2.28	2.69	3.65	4.58	5.53	5.97	5.92	5.95	5.76
DE	1.03	1.03	1.09	1.11	1.14	1.34	2.11	2.80	3.36	3.57	3.70	3.80
DK*	0.70	0.89	1.14	1.06	1.13	1.77	2.68	3.40	4.21	4.15	4.29	4.41
EL	3.36	3.15	3.12	3.25	3.19	2.99	3.02	2.99	3.18	3.51	3.94	4.42
ES	3.59	3.82	3.64	3.49	3.52	4.08	4.01	4.45	4.47	4.69	4.33	4.00
FI	1.57	1.31	1.32	1.31	1.38	1.84	2.87	3.22	3.21	3.68	3.85	3.67
HU	4.06	3.97	4.11	4.33	4.69	5.60	6.82	7.95	8.62	8.98	8.87	8.49
NL	1.75	1.68	1.62	1.56	1.54	1.59	1.97	2.70	3.41	3.78	3.91	4.00
RO**	5.60	5.22	4.65	4.40	4.29	4.32	5.10	6.10	6.75	7.35	6.68	4.98
SE	1.47	1.48	1.59	1.50	1.61	2.29	3.48	3.34	3.11	3.52	3.29	3.80
UK	2.13	2.11	1.91	1.86	1.85	1.96	2.14	2.54	3.15	3.69	4.06	4.75



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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BE	1.37	1.34	1.35	1.38	1.38	1.47	1.86	2.48	2.91	3.17	3.28	3.47
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	1.14	1.15	1.28	1.30	1.32	1.54	2.39	3.08	3.58	3.75	3.79	3.85
DK*	1.75	1.63	2.13	2.27	2.46	2.90	3.96	4.86	5.86	5.56	5.75	5.83
ES	1.67	1.55	1.44	1.42	1.37	1.36	1.52	1.79	2.36	2.95	3.18	3.21
HU	4.43	4.73	4.80	5.14	3.71	3.47	5.48	6.79	9.13	9.72	9.39	8.78
IT****	1.24	1.37	1.43	1.39	1.41	1.72	2.34	2.84	3.56	4.12	4.13	4.05
NL	2.00	1.90	1.79	1.75	1.74	1.80	2.11	2.62	3.10	3.31	3.55	3.65
RO**	4.84	4.51	4.16	3.78	3.70	4.04	4.76	5.60	6.08	6.48	6.28	6.95
UK	2.42	2.42	2.23	2.08	1.99	1.88	2.19	2.78	3.25	4.00	3.82	3.32

* 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

** 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

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

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:



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

	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 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)	29.1	29.8	28.7	28.8	29.0	31.3	33.7	35.8	37.0	38.2	38.2
Short-term fixed (1Y-5Y initial rate fixation)	21.7	20.4	20.6	20.8	21.6	22.3	22.7	22.8	22.6	22.0	22.0
Medium-Term fixed (5Y-10Y initial rate fixation)	49.2	49.8	50.7	50.4	49.3	46.4	43.6	41.5	40.4	39.8	39.7
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	95.1	95.2	95.3	95.4	95.5	95.5	95.5	95.5	95.2	94.8	94.5
Short-term fixed (1Y-5Y initial rate fixation)	2.5	2.4	2.2	2.1	2.0	1.9	1.9	2.0	2.2	2.6	2.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.7
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	60.6	59.2	57.7	55.9	52.9	49.8	46.0	41.4	38.3	37.1	n/a
Short-term fixed (1Y-5Y initial rate fixation)	36.0	37.4	38.9	40.7	43.6	46.3	49.3	51.0	53.2	53.6	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	3.4	3.4	3.4	3.4	3.6	4.0	4.8	7.7	8.5	9.3	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)

	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
SWEDEN											
Variable rate <i>(up to 1Y initial rate fixation)</i>	52.1	50.4	48.9	48.3	47.0	47.2	48.8	51.0	53.5	56.4	58.7
Short-term fixed <i>(1Y-5Y initial rate fixation)</i>	46.7	48.4	49.9	50.5	51.7	51.4	49.9	47.7	45.1	42.3	40.0
Medium-Term fixed <i>(5Y-10Y initial rate fixation)</i>	1.2	1.2	1.2	1.2	1.3	1.4	1.4	1.4	1.3	1.3	1.3
Long-Term fixed <i>(over 10Y initial rate fixation)</i>											
UNITED KINGDOM											
Variable rate <i>(up to 1Y initial rate fixation)*</i>	78.2	79.4	80.5	81.5	82.7	84.0	85.5	87.0	87.3	87.2	87.6
Short-term fixed <i>(1Y-5Y initial rate fixation)</i>	21.8	20.6	19.5	18.5	17.3	16.0	14.5	13.0	12.7	12.8	12.4
Medium-Term fixed <i>(5Y-10Y initial rate fixation)</i>											
Long-Term fixed <i>(over 10Y initial rate fixation)</i>											
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											
	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
ITALY											
Maturity less than 5 years	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Maturity over 5 years	99.7	99.7	99.7	99.8	99.7	99.8	99.7	99.8	99.8	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:

- United Kingdom (change in methodology of representation)

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:



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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	0.7	0.6	0.6	0.4	0.4	0.5	0.6	1.9	4.3	2.1	1.5	0.3	0.2
Short-term fixed (1Y-5Y initial rate fixation)	1.0	1.1	1.2	1.1	1.2	1.1	1.2	1.2	1.2	1.0	0.6	0.5	0.4
Medium-Term fixed (5Y-10Y initial rate fixation)	14.1	14.6	13.8	13.5	14.6	13.6	13.6	11.6	9.6	4.9	4.9	3.2	7.1
Long-Term fixed (over 10Y initial rate fixation)	84.2	83.6	84.4	85.0	83.8	84.8	84.7	85.3	84.9	92.1	93.1	96.0	92.3
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	3.1	3.2	2.6	1.3	1.1	1.1	1.2	1.7	1.8	2.8	2.5	2.9	3.1
Short-term fixed (1Y-5Y initial rate fixation)	46.6	50.7	50.3	50.9	51.2	46.0	47.2	55.0	63.1	64.1	70.1	75.8	78.5
Medium-Term fixed (5Y-10Y initial rate fixation)	50.3	46.2	47.1	47.8	47.7	53.0	51.5	43.4	35.2	33.1	27.4	21.3	18.4
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
DENMARK													
Variable rate (up to 1Y initial rate fixation)	9.8	9.1	8.0	12.3	12.7	15.4	21.1	31.2	35.1	27.8	28.4	28.8	25.4
Short-term fixed (1Y-5Y initial rate fixation)	14.7	16.7	16.8	20.4	25.7	26.8	26.6	22.0	18.0	21.3	13.8	13.7	14.1
Medium-Term fixed (5Y-10Y initial rate fixation)	0.3	0.5	0.6	0.4	0.4	0.9	0.6	0.3	0.2	0.2	0.2	0.2	0.2
Long-Term fixed (over 10Y initial rate fixation)	75.1	73.7	74.7	66.9	61.2	57.0	51.7	46.5	46.7	51.0	57.5	57.3	60.3
FINLAND													
Variable rate (up to 1Y initial rate fixation)	97.1	96.9	96.7	95.9	96.6	95.6	95.8	96.9	95.1	96	95.2	94.8	94.5
Short-term fixed (1Y-5Y initial rate fixation)	1.0	1.2	0.8	0.7	0.6	0.8	0.6	0.9	2.0	2.1	2.9	3.4	4.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.8	2.5	3.4	2.8	3.6	3.6	2.2	2.9	1.9	1.9	1.8	1.5
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	10.3	10.1	9.5	9.4	10.3	9.8	9.0	9.6	13.5	17.8	17.0	16.1	13.8
Short-term fixed (1Y-5Y initial rate fixation)	7.3	7.2	7.1	7.0	6.6	7.0	6.3	6.8	8.0	9.1	9.8	10.1	9.8
Medium-Term fixed (5Y-10Y initial rate fixation)	32.7	33.2	34.3	36.4	35.4	35.9	35.6	38.9	37.5	36.0	35.3	35.7	37.0
Long-Term fixed (over 10Y initial rate fixation)	49.8	49.5	49.1	47.3	47.7	47.3	49.1	44.7	41.0	37.1	37.9	38.1	39.4



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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
GREECE													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	54.5	48.6	46.4	42.5	41.1	34.0	34.3	31.2
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n	n	n	n	n	n	n	n
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	9.9	11.2	13.2	15.6	17.8	18.4	21.6	23.5
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
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	1.1	1.0	0.9	0.9	0.7	0.5	0.5	0.6	0.8	1.2	1.0	1.2	1.2
Short-term fixed (1Y-5Y initial rate fixation)	26.7	25.4	27.1	31.7	29.0	24.2	16.8	15.9	28.2	31.8	29.7	24.1	24.0
Medium-Term fixed (5Y-10Y initial rate fixation)	59.3	59.8	60.6	56.6	57.5	52.4	39.5	31.9	40.9	34.3	34.3	42.8	44.3
Long-Term fixed (over 10Y initial rate fixation)	12.9	13.7	11.4	10.8	12.8	22.9	43.2	51.7	30.2	32.7	35.0	31.9	30.5
IRELAND													
Variable rate (up to 1Y initial rate fixation)	21.4	20.3	22.8	19.3	18.9	18.9	19.4	14.4	9.0	6.0	7.6	12.3	15.3
Short-term fixed (1Y-5Y initial rate fixation)	78.6	79.7	77.2	80.7	81.1	81.1	3.55	85.6	91.0	94.0	92.4	87.7	84.7
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
ITALY													
Variable rate (up to 1Y initial rate fixation)	17.4	16.2	16.9	16.8	16.5	17.2	16.7	25.2	52.0	66.7	46.1	37.4	24.4
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	82.6	83.8	83.1	83.2	83.5	82.8	83.3	74.8	48.0	33.3	53.9	62.6	75.6
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	14.3	15.2	12.8	11.3	11.9	11.0	9.6	9.8	16.3	21.0	21.9	20.9	21.6
Short-term fixed (1Y-5Y initial rate fixation)	7.4	7.4	6.4	6.6	6.7	6.7	6.4	6.3	6.9	8.3	9.0	9.9	10.6
Medium-Term fixed (5Y-10Y initial rate fixation)	34.0	32.9	34.8	33.7	32.2	34.1	34.0	30.9	33.0	37.1	39.1	41.6	45.5
Long-Term fixed (over 10Y initial rate fixation)	44.3	44.4	46.0	48.4	49.1	48.2	50.0	53.0	43.8	33.6	30.0	27.6	22.3

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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	97**	n/a	n/a	87.3	75.7	74.4	33.02	43.05	40.2	47.7	37.8	23.3
Short-term fixed (1Y-5Y initial rate fixation)	n	3**	n	n	12.8	24.3	25.6	66.98	56.95	59.8	52.3	62.2	76.7
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate (up to 1Y initial rate fixation)	70.7	70.0	68.5	71.5	68.7	67.0	64.8	67.2	68.6	74.6	70.9	69.5	43.2
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	29.3	30.0	31.5	28.5	31.3	33.0	35.2	32.8	31.4	25.4	29.1	30.5	56.8
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	66.5	75.2	74.1	74.8	73.5	71.2	59.2	55.7	65.5	52.7	56.2	60.2	54.8
Short-term fixed (1Y-5Y initial rate fixation)	11.0	7.4	5.4	4.6	6.4	8.1	9.7	6.7	9.2	21.1	20.6	17.6	27.5
Medium-Term fixed (5Y-10Y initial rate fixation)	5.5	3.1	4.6	5.7	7.9	9.5	13.6	13.7	7.8	3.2	2.8	1.8	11.1
Long-Term fixed (over 10Y initial rate fixation)	17.1	14.3	15.9	15.0	12.2	11.2	17.4	23.8	17.5	23.0	20.5	20.4	6.6
SPAIN													
Variable rate (up to 1Y initial rate fixation)	35.4	31.2	28.2	25.5	24.4	22.7	22.5	20.0	25.7	27.8	26.1	22.1	17.8
Short-term fixed (1Y-5Y initial rate fixation)	18.9	19.1	19.3	16.6	15.2	13.0	11.1	10.8	10.0	12.0	18.3	20.6	22.9
Medium-Term fixed (5Y-10Y initial rate fixation)	3.1	2.7	3.1	3.1	3.3	3.3	4.4	3.9	3.8	5.3	7.8	11.8	16.4
Long-Term fixed (over 10Y initial rate fixation)	42.6	47.0	49.4	54.9	57.2	61.0	62.0	65.2	60.5	54.9	47.7	45.6	42.9



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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	46.4	45.2	43.7	43.4	42.8	44.1	47.6	61.3	75.6	74.5	79.4	80.1	77.5
Short-term fixed (1Y-5Y initial rate fixation)	37.7	39.8	42.6	44.4	45.2	44.7	41.6	28.7	18.5	21.5	18.1	17.6	19.7
Medium-Term fixed (5Y-10Y initial rate fixation)	15.8	15.0	13.7	12.3	12.0	11.2	10.8	10.0	5.9	4.0	2.5	2.3	2.8
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	91.0	92.1	93.4	94.5	94.7	95.0	95.0	95.8	96.3	94.5	82.0	84.7	90.5
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	9.0	7.9	6.6	5.5	5.3	5.0	5.0	4.2	3.7	5.5	18.0	15.3	9.5
Long-Term fixed (over 10Y initial rate fixation)													

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

Source: European Mortgage Federation

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

- United Kingdom (change in methodology of representation)
- Finland
- Netherlands

For a more interactive data representation, the Quarterly Review Data Hub shows the quarterly EMF mortgage and housing data in an active webpage. Please consult the Quarterly Review Data Hub on the EMF website www.hypo.org or via the following QR code:



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 survey was conducted between 15 September and 2 October 2023. A total of 157 banks were surveyed in this round, with a response rate of 100%. The BLS 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.

For the United Kingdom (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 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 UK 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.

In addition to Denmark and the UK, we have compiled 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.

GENERAL COMMENTARY

According to the third quarter 2023 ECB BLS, banks reported a further net tightening of credit standards for loans to households, which significantly exceeded previous expectations. For housing loans, the pace of net tightening even picked up compared with the second quarter. Credit standards on loans for consumer credit and other lending tightened further, at a slightly moderating pace. In the fourth quarter of 2023, Euro area banks expect credit standards for housing loans to remain broadly unchanged, while a further net tightening is expected for consumer credit and other loans to households. The net decrease in housing loan demand remained substantial and stronger than previously expected, albeit smaller than the all-time low in the fourth quarter of 2022. The net decrease in demand for consumer credit was also stronger than expected in the previous quarter. In the fourth quarter of 2023, banks expect a less pronounced decrease in the demand for housing loans and for consumer credit than in the third quarter.

As in the previous edition, the October BLS also contained a number of ad hoc questions. Euro area banks' access to funding deteriorated in all market segments in the third quarter of 2023, especially for access to retail funding. The reduction in the ECB's asset portfolio is contributing to a deterioration in Euro area banks' financing and liquidity conditions, resulting in the build-up of further tightening pressure on the supply of credit. Banks indicated a negative impact of the phase-out of TLTRO III on their liquidity and funding conditions over the past six months, leading to a mild tightening effect on terms and conditions and a downward pressure on loan volumes which is expected to intensify in the coming six months. Euro area banks reported a further markedly positive impact of the key ECB interest rate decisions on their net interest margins over the past six months, although the positive impact is expected to gradually abate in the coming six months.

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

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



RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
AT	14	0	-14	14	14	14	29	57	14	0	-14	14
BE	0	-25	0	0	0	25	50	25	25	50	0	25
CY	50	25	0	25	0	0	25	25	25	0	0	25
DE	0	0	-7	4	4	7	32	39	29	11	11	4
EE	-25	-50	0	-25	0	25	0	50	50	0	25	0
EL	0	0	0	0	0	0	0	0	0	0	0	0
ES	0	11	0	11	11	0	30	40	20	20	10	30
FR	33	-8	0	8	0	0	17	42	10	20	20	10
HR	—	—	—	—	—	—	—	—	—	33	33	33
IE	-20	0	20	20	0	0	20	20	0	67	0	67
IT	0	0	0	0	-9	-9	9	9	18	9	0	0
LT	0	0	25	0	0	25	0	50	75	0	50	0
LU	50	83	33	0	17	17	83	83	100	50	67	33
LV	-25	0	0	-50	-25	0	25	50	25	0	25	0
MT	38	0	0	37	37	-34	0	-34	0	31	-31	0
NL	0	-17	0	-17	-17	0	33	0	17	50	-17	17
PT	20	0	0	0	0	0	0	20	40	0	0	0
SI	25	0	0	0	0	0	10	20	30	30	0	-44
SK	-33	-32	-78	-32	-27	-44	-26	0	0	17	19	0
EA	9	-2	-2	2	0	2	24	32	21	19	8	11
CZ	-21	-31	-2	-21	-23	2	93	25	-18	4	27	-63
DK	-13	-6	-5	2	2	-1	7	19	27	43	1	13
HU	-6	-20	-5	-6	-6	-6	35	31	17	0	0	0
PL	-6	-66	-18	28	15	42	77	4	-1	-58	34	28
RO	34	0	-47	-20	0	7	75	18	-8	28	-4	n/a
UK	-2	-14	-39	-15	-23	3	22	13	34	-5	31	20

CREDIT STANDARDS FOR RESIDENTIAL LOANS

In the third quarter of 2023, Euro area banks indicated an additional tightening of credit standards for household loans related to home purchases, with a net percentage of 11%, surpassing earlier projections of relatively stable credit standards. Although still below the peak recorded in the third quarter of 2022 (32%), the extent of the tightening exceeded banks' forecasts from the preceding quarter, when a net percentage of 0% was anticipated.

Banks' higher risk perceptions were the main factor driving the net tightening of credit standards on housing loans, alongside lower risk tolerance. Increased risk perceptions were primarily related to perceptions regarding borrower creditworthiness, the general economic outlook and, to a smaller extent, housing market prospects. Banks' cost of funds and balance sheet constraints had a broadly neutral impact on average, with a tightening impact of changes in banks' liquidity positions only partially compensated by a slight net easing in access to market financing.

In Germany, France, and notably Spain, credit standards for loans for households for housing loans were tightened, while they remained unchanged in Italy. The heightened perception of risk had a constricting effect in all four major Eurozone countries. Spain and Italy experienced a tightening effect due to reduced risk tolerance. In Italy, this was partially offset by a minor easing impact resulting from competition among banks. France and Spain saw a robust tightening impact from banks' liquidity positions. The cost of funds and balance sheet constraints had a generally neutral influence on credit standards across countries, with the exception of improved access to market financing in France.

In the fourth quarter of 2023, Euro area banks expect broadly unchanged credit standards on loans to households for house purchase (1%).

TERMS AND CONDITIONS FOR RESIDENTIAL LOANS

In the third quarter of 2023, banks witnessed a heightened net tightening of their overall terms and conditions for new housing loans, surpassing the

figures from the previous quarter (with a net percentage of 19%, compared to 15% in the preceding quarter). The increased tightening of overall terms and conditions was primarily driven by widening margins on both average and riskier loans. This trend reflected the ongoing translation of elevated market rates to mortgage rates and concerns or differing perspectives on credit risks.

Banks' higher cost of funds and balance sheet situation contributed most to the net tightening of overall terms and conditions, with the cost of liquidity mentioned as an important factor by some banks. In addition to the standard factor related to cost of funds and balance sheet constraints, banks referred, under "other factors", to liquidity costs as a factor contributing to a tightening. The tightening impact of increased risk perceptions was more limited. By contrast, competition had a net easing impact on terms and conditions.

In each of the four largest economies in the Euro area, there was a net tightening of overall terms and conditions for housing loans. In France and Spain, the primary factor was an expansion of margins on both average and riskier loans. This tightening was notably significant in France, where, for the third consecutive quarter and following an acceleration since the initiation of the tightening cycle, a net percentage of 60% of banks attributed the tightening of terms and conditions to cost of funds and balance sheet constraints. In Germany, margins contracted for average loans but expanded for riskier loans. In Italy, the tightening effect was mainly associated with increased loan-to-value ratios and restrictions on loan sizes and maturities.

NON-EURO AREA CREDIT STANDARDS

Regarding non-Euro area jurisdictions, Denmark Poland and the United Kingdom reported a further tightening of credit standards (13%, 28% and 20% respectively). The situation in Hungary (0%) remained unchanged, while Czechia experienced a strong relaxation in credit standards (-63%). At the time of writing, the BLS conducted by the Central Bank of Romania has yet to be published, but looking at Q2 2023 data, the situation remained relatively unchanged (-4%).

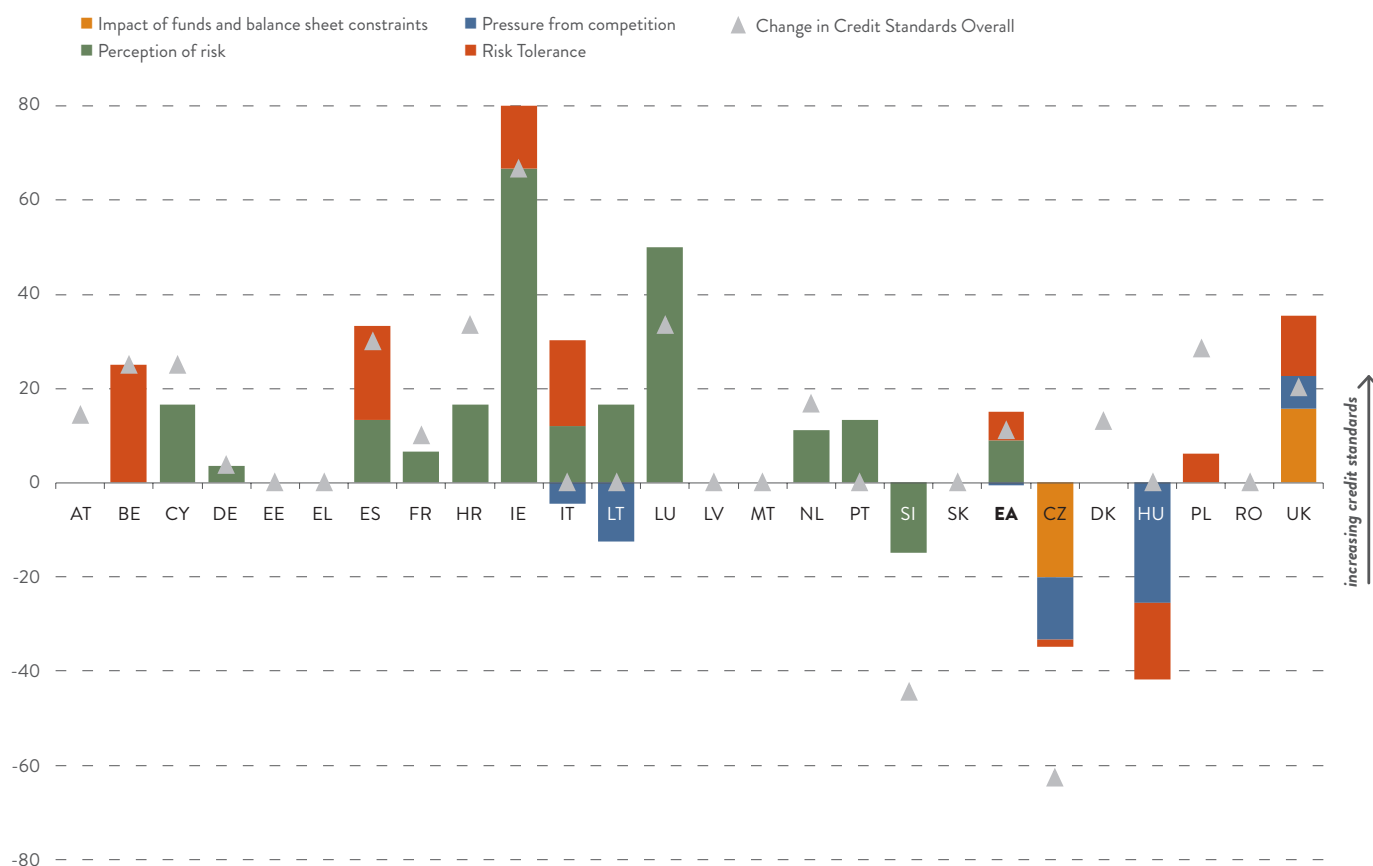
TABLE 6B | FACTORS THAT HAVE AFFECTED DEMAND IN 2023-Q3 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

III 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	14	25	25	4	0	0	30	10	33	67	0	0	33	0	0	17	0	-44	0	11	-63	13	0	28	n/a	20	
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	n/a	16	
Perception of risk	0	0	17	4	0	0	13	7	17	67	12	17	50	0	0	11	13	-15	0	9	0	0	0	0	n/a	0	
Pressure from competition	0	0	0	0	0	0	0	0	0	0	-5	-13	0	0	0	0	0	0	0	-1	-13	0	-26	0	n/a	7	
Risk Tolerance	0	25	0	0	0	0	20	0	0	67	18	0	0	0	0	0	0	0	0	6	-2	0	-16	6	n/a	13	

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)

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	III 2023
AT	0	14	14	14	0	0	14	-71	-86	-43	14	-29
BE	25	25	50	-50	25	0	-50	-75	-100	-75	-75	-25
CY	100	-25	25	0	100	-50	-75	-75	-50	-100	-25	-75
DE	11	0	11	18	11	32	-4	-71	-93	-75	-32	-32
EE	100	100	25	25	0	-75	50	-50	-100	-25	0	-25
EL	50	75	50	25	75	25	-25	-50	-25	-50	75	-75
ES	-11	-22	44	33	33	22	10	-30	-20	-90	-60	-60
FR	0	-25	33	8	0	0	-25	-17	-90	-80	-70	-60
HR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-33	33	-50
IE	40	0	20	-20	-40	-20	20	40	50	67	0	-33
IT	0	-10	22	9	18	-18	-9	-18	-45	-45	-64	-45
LT	0	75	25	50	75	-25	0	0	-50	-75	-50	-75
LU	67	-50	-17	-17	-17	-50	-83	-83	-100	-100	-100	-67
LV	50	75	75	25	0	0	-25	-50	-75	25	-50	-50
MT	62	0	2	-37	-20	34	0	0	0	3	21	24
NL	17	50	50	-17	-33	33	17	-33	-67	-83	-17	-33
PT	20	40	40	60	60	20	20	-40	-80	-80	-60	-20
SI	0	-25	75	50	20	10	40	-60	-60	-70	-30	-33
SK	-27	-21	46	32	21	22	36	-74	-100	-100	-93	-39
EA	8	-2	29	11	8	10	-10	-42	-74	-72	-47	-45
CZ	75	86	96	-11	-18	-81	-83	-81	-69	-32	37	76
DK*	-19	-33	-6	8	-23	0	21	20	49	41	23	-11
HU	10	89	100	63	47	60	20	-92	-92	-76	-15	63
PL	8	-58	-59	-15	47	87	87	93	32	-74	-77	-40
RO	-11	43	75	-53	-34	43	-49	-56	-54	-72	-23	n/a
UK**	-32	22	-81	35	35	-6	-30	37	75	31	-53	55

* 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 Q3 2023, Euro area banks that the net decrease in demand for housing loans remained strong but was lower than earlier this year (net percentage of -45%, after -47% and -72% in the second and first quarter of 2023 respectively). The decrease in demand was stronger than anticipated by banks in the previous quarter (net percentage of -18%).

The primary factor behind the decline in housing loan demand was higher interest rates, with additional significant negative contributions from deteriorating housing market prospects and low consumer confidence. Since the onset of the European Central Bank's rate hikes in the third quarter of 2022, the overall level of interest rates has been the predominant factor adversely affecting housing loan demand. This aligns with the sustained increase in mortgage rates across the Eurozone. The adverse effects of low consumer confidence and challenging housing market prospects were substantial once again in the third quarter of 2023, reflecting weaknesses in housing market dynamics as evidenced by the annual decline in house price index and the subdued levels in the European Commission's consumer confidence indicator. Other financing

needs and the use of alternative finance, particularly internal financing from savings, contributed negatively to demand to a much lesser extent.

The demand for housing loans experienced a substantial decrease in all four major Eurozone countries, with the general level of interest rates, consumer confidence, and housing market prospects exerting a downward influence across the board. Among these factors, the rise in interest rates had the most pronounced dampening impact in all countries. Looking ahead to the third quarter of 2023, banks expect a further but less pronounced decrease in housing loan demand (net percentage of banks at -11%).

CREDIT DEMAND IN NON-EURO AREA COUNTRIES

The reported demand for housing loans in non-Euro area countries was quite diverse. Czechia, Hungary and the UK reported a significant increase in demand with 76%, 63% and 55%, respectively. On the other hand, Poland (-40%) and Denmark (-11%) experienced a decrease in housing loan demand. Looking at Q2 2023 data for Romania, demand declined by -23%.

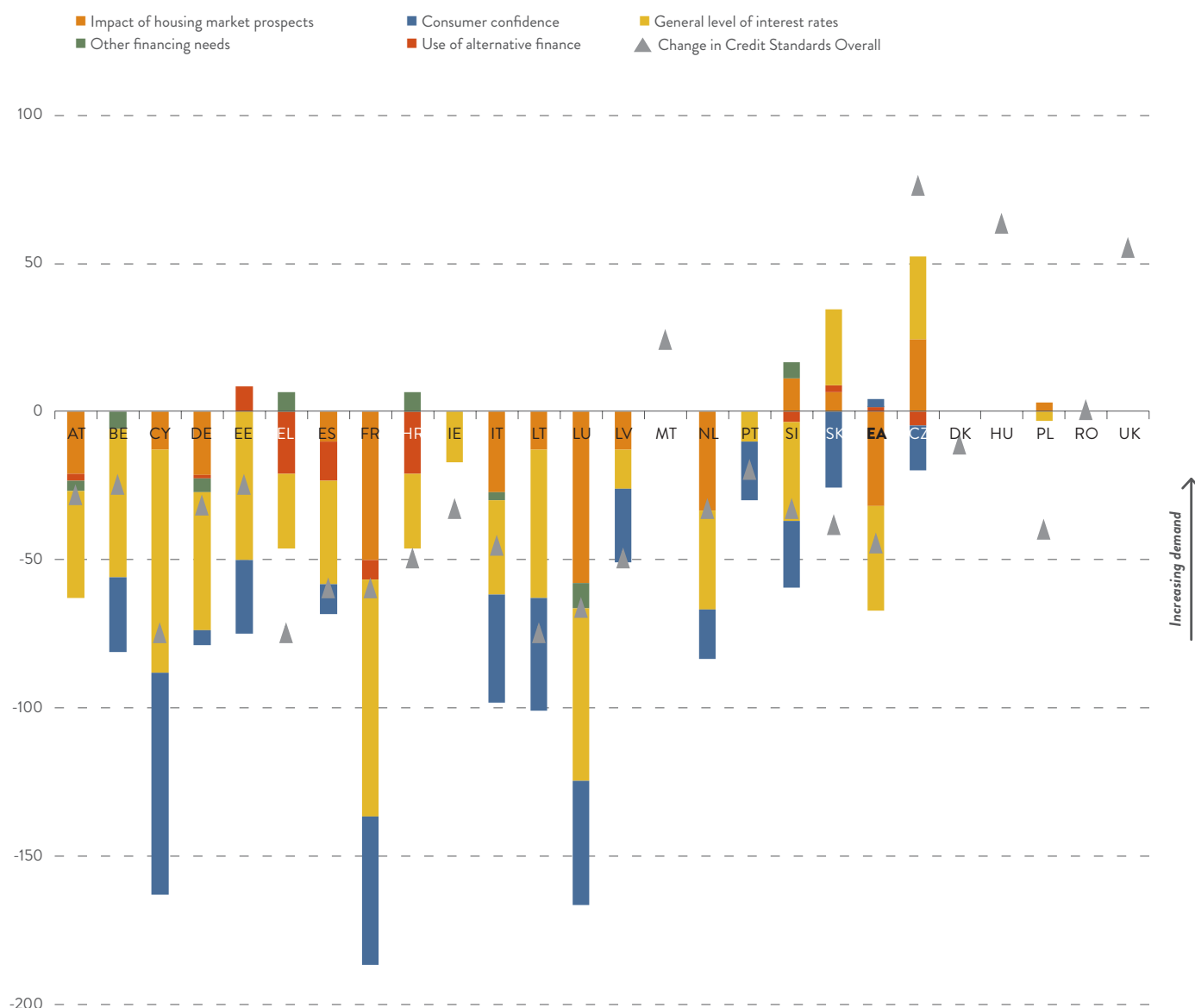
TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2023-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

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	-29	-25	-75	-32	-25	-75	-60	-60	-50	-33	-45	-75	-67	-50	24	-33	-20	-33	-39	-45	76	-11	63	-40	n/a	55
FACTORS AFFECTING CREDIT DEMAND:																										
Impact of housing market prospects	-21	0	-13	-21	0	0	-10	-50	0	0	-27	-13	-58	-13	0	-33	0	11	7	-32	24	—	—	3	—	—
Other financing needs	-4	-6	0	-5	0	7	0	0	7	0	-3	0	-9	0	0	0	0	6	0	0	—	—	—	—	—	—
Consumer confidence	0	-25	-75	-5	-25	0	-10	-50	0	0	-36	-38	-42	-25	0	-17	-20	-22	-26	3	-15	—	—	0	—	—
Use of alternative finance	-2	0	0	-1	8	-21	-13	-7	-21	0	0	0	0	0	0	0	0	-4	2	1	-5	—	—	—	—	—
General level of interest rates	-36	-50	-75	-46	-50	-25	-35	-80	-25	-17	-32	-50	-58	-13	0	-33	-10	-33	26	-35	28	—	—	-3	—	—

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



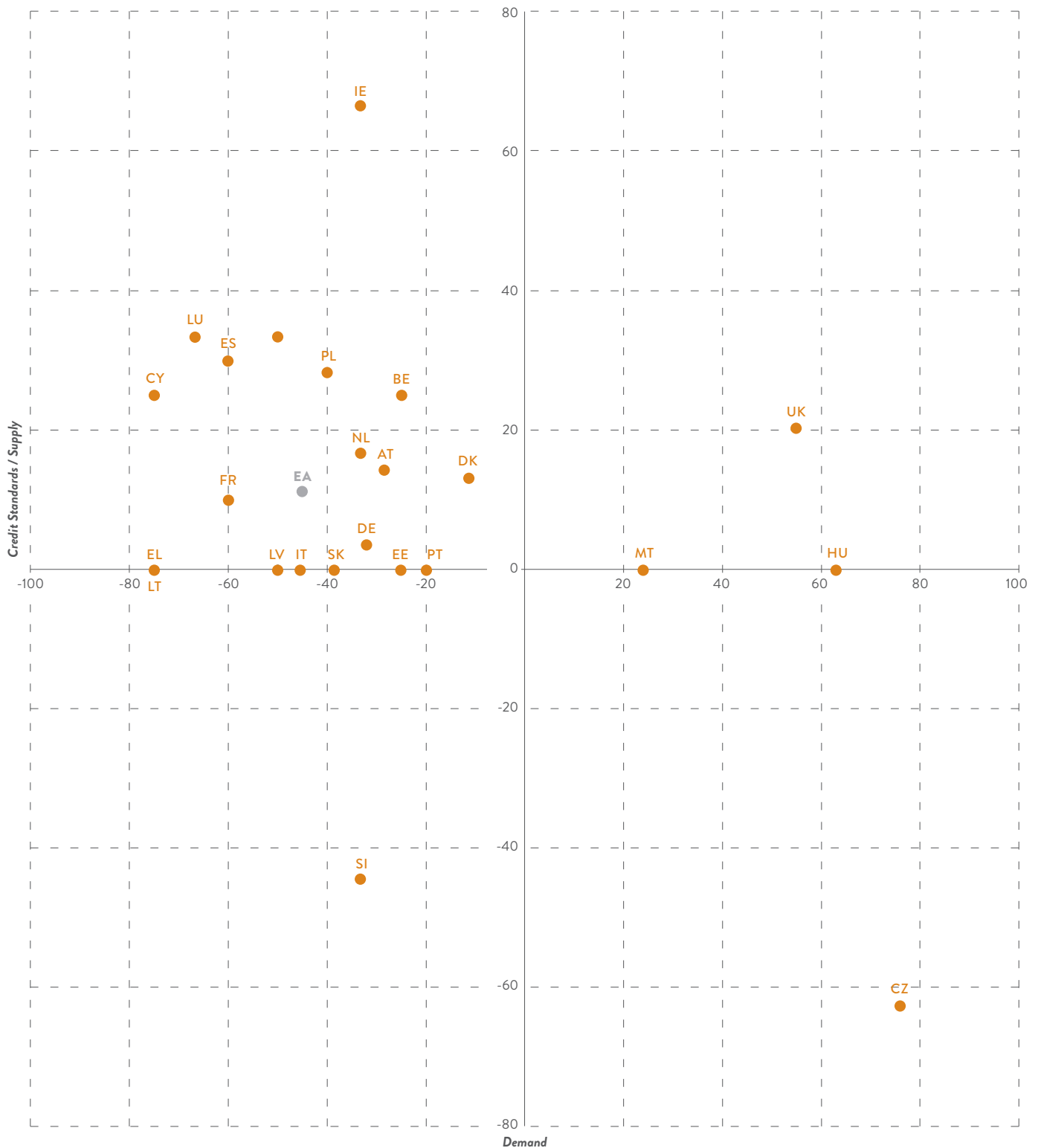
SCATTER PLOT ANALYSIS

In terms of credit standards, a majority of jurisdictions (14 out of 24 countries considered in this report, except Romania where data was not yet available) reported a tightening of net credit standards in Q3 2023. The second largest group of countries (9 out of 24 countries) reported no changes in credit standards. The general tightening and stagnation 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 housing loans, which continues the trend of the previous quarter. Only Czechia, Hungary, the UK and Malta reported an increase in demand. For Czechia and Hungary this is in line with the general relaxation in interest level.



CHART 6 | DEMAND AND SUPPLY OVERVIEW





Q3|2023

**QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS**



The entire contents of this publication are protected by copyright.

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