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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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The first quarter of the year has been characterised worldwide by the outbreak of COVID-19 which has imposed an unprecedented challenge for all nations around the globe. The COVID-19 pandemic initiated a world health crisis, obliging most European countries to take lock-down like measures and obliging populations to self-insolate with significant restrictions on movement. All of these measures together quickly impacted the economy which was essentially put into hibernation. In a matter of days the COVID-19 outbreak led not only to a world health crisis but also a new economic and social crisis. Forecasts indicate this will be the deepest economic recession in the history of the EU. This pandemic is furthermore symmetrical, affecting and damaging all countries and economic sectors.

The European institutions and national governments have implemented different measures aiming to alleviate the economic and social effect of the crisis and to aid households and businesses particularly affected by the pandemic. However, these measures have not yet been able to shore up the economy. In Q1 2020 European GDP fell by 3.8% q-o-q. This marks the end of almost 7 years of economic growth. On top of that, forecasts are not optimistic and the impact on the economy is expected to be even more significant during the second quarter of the year as many European economies remained paralysed in April and most of May. This being said, the way in which the pandemic evolves in the coming months will also determine the speed at which the economy recovers.

The hibernation of the European economy also impacted employment. Thousands of European citizens lost their jobs, despite the measures put in

place to limit employment losses. Therefore, unemployment rates are expected to rise in the first half of the year with important differences amongst countries.

The deterioration of the economy combined with the higher rate of unemployment and very low oil prices has impacted on prices and, therefore, inflation is expected to be very moderate. Unsurprisingly, the pandemic and the aforementioned related trends, have impacted on mortgage and housing markets across Europe as we will see in the next paragraphs.

As an operational note, we would like to highlight that the House Price Index has been rebased with new base year 2015=100 in order to be aligned with the housing statistics as they are represented in Eurostat.

MORTGAGE MARKET

MARKET DEVELOPMENT¹

The growth of the European mortgage market significantly slowed down during the first quarter of the year. Total outstanding residential lending stood at EUR 7.35 tn at the end of March 2020, represents only a 0.15% increase with respect to the end of 2019. The impact of COVID-19 can be seen in the evolution of gross residential lending. In the first three months of the year gross residential lending decreased by almost 12% with respect to Q4 2019. Also important to note is that this deceleration of the mortgage market has not been the same across all European countries as we will see below.

¹ In Q1 2020 the sample for the Quarterly Review included BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK (i.e. over 95% of the total outstanding mortgage lending in the EU28 in 2018). For CZ and UK the last available data provided in Q3 2019 has been used.



Starting with the Nordic countries, in **Denmark** during the first quarter of the year outstanding residential mortgage loans decreased to EUR 256,935 mn, representing a decrease of 0.3% with respect to the previous quarter. However, on a yearly basis the total outstanding stock continued to grow by 1.5%. Looking at new lending, gross lending during the first quarter of the year was significantly lower than the previous quarter with a 29% reduction. This important reduction on new residential lending is mainly due to a fall in re-mortgaging activity. Despite the large quarterly drop, the level of gross residential lending is still 60% higher than the previous year and remains at a high level. The decrease in re-mortgaging activity can be explained by a slight increase in interest rates together with the extraordinary high level of re-mortgaging experiences in previous quarters. Therefore, Denmark follows the general trend of growing outstanding residential lending and sharply declining new lending for house purchase. On the other hand, **Finland** is not reporting a negative trend yet, but the outstanding volume of residential loans remained practically unchanged. Similarly for new loans, gross residential lending grew significantly on a yearly basis by 10.7% but only slightly on a quarterly basis. Remaining in the north of Europe, **Sweden** experienced an increase of 5.4% y-o-y in its net mortgage lending. More in detail, mortgage lending secured on one-family homes increased by 4.7% on an annual basis and tenant-owned apartments by 7.1%². Despite this new residential lending in the country decreased by over 16% q-o-q.

Jumping into the core central European countries and starting in **Belgium** we observe a negative evolution of the national mortgage market. In the first quarter of 2020, the number of new mortgage loans went down by more than 19% on a yearly basis, while the corresponding amount also decreased by almost 20.5%. Excluding remortgaging transactions, we observe a decline of 22.5% in the number of contracts and of 24% on the amount of lending. This drop in numbers and volume was observed at almost all levels, meaning loans for house purchase (-31%), for house construction (-30%) and also those for purchase and renovation (-22%). Only loans for renovation went slightly up by 3%. Similarly gross residential lending, without refinancing deals, went down for the first time in years returning to 2016 levels and amounting to EUR 6.3 mn, almost 48,000 contracts were granted. There are two main reasons behind this negative evolution of the market in the first quarter of the year. Firstly, in October 2019 the Flemish government announced the end of fiscal incentives governing mortgage credit; only loans for which the notarial deed would take place before 1 January 2020 remained eligible. The second reason, as for the other markets, is the outbreak of the coronavirus pandemic the effects of which started to emerge in March, as notaries were not able to execute deeds anymore. This impact is expected to be even more significant in the second quarter of the year. In **Germany**, no effects of COVID-19 were identified in the first quarter of the year due to the fact that lockdown measures were only applied in the last two weeks of March, with most of them therefore taking effect in Q2 2020. Given that and taking into account the characteristic lag of housing and mortgage markets a bigger impact is expected in Q2 2020. This being said, and according to preliminary data, in Germany, gross residential lending grew during the first quarter of the year by 13.9% y-o-y amounting to EUR 62.4 bn. The outstanding amount of residential loans also grew by 6.1% yearly and summed up to EUR 1,550 bn at the end of Q1. Moving now to **France**, French mortgage markets dynamics remained buoyant during the first two months of the year, however, in March dynamics reversed mainly due to the COVID-19 outbreak. Overall in the first quarter, gross residential lending declined by 6.1% on a yearly

basis; likewise, total outstanding residential lending only registered a very slight increase, particularly on a quarterly basis.

Moving south, in particular to the Iberian Peninsula, in **Spain** the effect of the COVID-19 crisis are already visible in the data of the mortgage market for Q1 2020. The market experienced a contraction of 7.2% y-o-y and a strong 20.3% decrease on a quarterly basis. However, gross lending activity is expected to decrease further in the next quarter coinciding with two months in which practically all economic activities were at a standstill and where therefore buyers encountered serious difficulties to take out mortgages. In fact, in April 2020 gross residential lending fell by 50.6% y-o-y, the strongest decline recorded since 2013. Moreover, the crisis increased re-mortgaging activity. It amounted to 2.5% in Q4 2019, increased to 2.6% in Q1 2020 and to 4.0% in April. Given all of the above, the outstanding volume of residential loans in Spain also decreased, and it is expected to decrease even further in forthcoming quarters. Finally, NPL ratios and foreclosure assets are also expected to be affected by the crisis after several years of important strides to reduce this type of assets. Today Spanish banks' balance sheets contain about EUR 85.0 bn worth of NPAs, of which EUR 57.0 bn correspond to NPLs assets. In the other country of the Peninsula, **Portugal**, the impact on the mortgage market was more moderate but still significant. Gross residential lending reached EUR 2,848 mn in Q1 2020, which represents an increase of 21.1% y-o-y but a significant drop of 6.5% on a quarterly basis. Outstanding residential lending followed a similar path with a slight increase of 0.3% on a yearly basis and a 0.2% increase q-o-q, reaching EUR 94,506 mn. Similarly, remaining in the South, Italy recorded a positive evolution of outstanding residential mortgage lending which grew to EUR 383.9 bn. New loans for housing purchase grew too, experiencing a 25.2% increase y-o-y.

Amongst the eastern countries, in **Romania** despite the COVID-19 outbreak the stock of mortgage credit continued to grow on a quarterly (2%) and a yearly basis (10%). However, gross residential lending clearly reflects the impact of the pandemic as it recorded an important decrease of 20% y-o-y and 25% q-o-q. The few new loans granted were entirely in local currency. The pandemic has also reflected on the NPL ratio for mortgage loans which reached 2.1% in March 2020, an increase of 0.01 pps quarterly and 0.4 pps yearly. On the other hand, in **Poland** a positive evolution of the mortgage market was recorded. The number of new loans granted in the first quarter amounted to 56,453 an increase of 2% q-o-q. The total number of residential mortgage loans granted by Polish banks amounted to over 2,431 mn loans. The average mortgage amount in Q1 2020 was PLN 293,833 an increase of nearly 4% q-o-q. More in detail, of the loans granted 41% had an LTV over 80%. Moreover, the quality of the mortgage portfolios remained satisfactory with the level of NPLs standing at 2.38% at the end of March. A similar evolution was observed in Hungary, where the volume of newly issued mortgage loans grew by 2% on a quarterly basis and by a significant 20% in yearly terms. Likewise the total outstanding residential loan portfolio increased by 1.5% q-o-q and by 5% y-o-y. This positive evolution was accompanied by a favourable macroeconomic context in Q1 2020 when GDP grew by 2.2% y-o-y, mainly boosted by a positive contribution of the industry and final household consumption.

Finally, in **Ireland** mortgage approval volumes fell by 0.3% y-o-y to about 10,500, partly due to a strong first quarter in 2019. More in detail, first-time

² Sweden has experienced an important change in the figures regarding outstanding housing stocks of one family homes and tenant-owned apartments. Last year Statistics Sweden started to collect figures on outstanding loans from Mortgage Credit Companies and Alternative Investment Funds (AIF) where the fund's assets largely comprise loans to households. From now the figures from Mortgage Credit Companies and AIFs are included in the figures and the timeseries has been revised back to Q1 2018.

buyer (FTB) and top-up segments both grew in y-o-y terms, with FTB volumes up to 2.6% to more than 5,400 in the first quarter of the year. Furthermore, mortgage drawdown volumes grew by only 1.8% y-o-y to about 8,700 while purchase mortgage drawdowns rose by 4% y-o-y to more than 6,900. FTBs accounted for almost 4,400 of those mortgages with volumes up by 8.4% with respect to the same quarter of 2019.

REGULATION & GOVERNMENT INTERVENTION³

During the first quarter of 2020 and as a direct consequence of the COVID-19 outbreak, which particularly hit Europe from March onwards, European housing and mortgage markets have experienced unprecedented levels of government intervention. European institutions, national governments and competent authorities have implemented huge packages of measures aimed at alleviating the negative economic and social effects of the pandemic. As outlined below, most of these packages include mortgage moratoria for households and businesses in financial distress, both public and private initiatives, as not only governments but banks have also been supporting the real economy during these difficult months.

Looking more closely at the different measures we will start our geographical tour in the north of Europe.

In **Denmark** the introduction of different measures such as salary compensation, compensation for turnover losses for self-employed and deferral payment deadlines for various taxes amongst others helped Danish households and homeowners to manage the economic challenges. The majority of households and homeowners were able to service their loans and a large proportion of Danish households was financially unaffected by the national lockdown declared in March thanks to the stimulus measures introduced by the Government. For those households severely affected by the crisis, help has also been provided by banks. Despite no national moratoria having been introduced, on 23 March Danish banks and the Danish Government issued a mutual statement of intent stating that customer assistance is systemically crucial and much needed and with a commitment to support bank customers in temporary financial difficulty due to COVID-19. At the time of writing 98% of all completed applications for payment holidays for private persons has been successfully approved.

In **Sweden** several measures were introduced in the first and second quarters of the year to counteract the effects of COVID-19. A measure that directly affects mortgage lenders is a general amortisation exemption for mortgage borrowers that was introduced in mid-April. The new exemption is valid until the end of August 2021. In this context, at the beginning of June, Finansinspektionen reported that over 100,000 mortgage borrowers had benefited from these measures and received an amortisation exemption between mid-April and the beginning of June. Banks and authorities have also introduced measures in different policy areas.

In **Finland** no particular measures to address the impact of the pandemic have been taken, however, policy discussions around household indebtedness, started prior to the COVID-19, continued during the first quarter of the year. In this context, on 1 October 2019 the group of experts assembled by the Ministry of Finance to tackle this issue published its report and proposals. The proposals include inter alia a maximum debt-to-income ratio (DTI), maximum tenures for housing loans and restrictions on commercial loans for new construction.

However, it is still uncertain when the measures will be adopted as the legislative timeline has been impacted by the pandemic. The MoF has announced that tentatively the parliamentary process will start at the beginning of 2021 and the new regulations may come into force later in 2021 or 2022.

Moving south, in **Belgium** several measures, COVID and non-COVID related were taken during the first quarter of the year. Amongst the former, on 21 March the Federal Government together with the National Bank and Febelfin introduced a package of measures in order to alleviate the economic impact of the pandemic. The package includes the possibility to postpone mortgage payments until October 2020. Households, companies and self-employed individuals who are suffering financial distress as a consequence of COVID-19 can benefit from these measures. Beneficiaries can suspend mortgage payments for a maximum of 6 months from April until 31 October by a request made in a bank branch without incurring any cost or fees. Homebuyers who earn less than EUR 1,700 per month will be exempt from accruing interest during the period. Other debtors will settle up the interest later. Businesses can apply for the six-month reprieve before 30 April, or make the request after that date for a holiday payment lasting until 31 October. Meanwhile the measures announced have been extended until the end of the year, so those who are already benefitting from the payment holidays can request an extension provided that they still meet the requirements. Apart from the COVID related measures, in Q1 2020 the National Bank of Belgium invited banks to start gathering EPC-data for dwellings for which new mortgage loans are granted to foster sustainability. Further details will be discussed and announced in due time.

Continuing to **France**, the French Government also introduced a series of different schemes to shore up household income. Meanwhile banks concentrated on anticipating difficulties in relation to the outstanding loans of existing customers. Most mortgage loans in France are flexible and offer a contractual possibility to suspend or reduce monthly payments; these facilities were also introduced for those contracts that did not have them in first instance. Government measures and banks helped a large number of customers to bear the effects of the crisis. In this context, the Haut Conseil de Stabilité Financière requested banks not to grant mortgages with a maturity over 25 years and to refuse LTIs over 33%.

In **Spain**, following the outbreak of the pandemic, several macroprudential measures were taken in order to alleviate financial difficulties of households and companies, together with the collaboration of the Spanish financial sector. From a financial stability perspective, in addition to the deferral on certain tax payments and the application of temporary layoff arrangements (ERTEs) without employees forgoing unemployment benefit, a public-guarantee credit line was launched on 17 March 2020 up to EUR 100 bn, aiming to guarantee the liquidity of self-employed professionals, SMEs and large companies. According to data from the Ministry of Economic Affairs as of 14 June 2020 near to 565,110 operations under this scheme were granted, amounting to EUR 69 bn, of which about 76% were backed by a public guarantee. So far, the main sectors benefiting from this measure are companies from the tourism, leisure and culture sector, which have received around 17% of funds, together with the construction sector, with a share close to 11%. The breakdown by company size shows that the largest volume of financing is concentrated on the self-employed and SMEs (71%), in a country where small and medium-sized enterprises are predominant. The contingency measures also include the approval of several moratoria.

³ Further details on the measures presented and coverage of the rest of European countries can be found in our Dynamic Monitoring Report [here](#).



Initially, the Royal Decree 8/2020 of 17 March 2020 stipulated that the moratoria only applied to mortgage loans for the purchase of the main residence; later the Royal Decree Law 11/2020 of 31 March 2020 extended the moratoria to loans backed by properties used for economic activities, including rented housing in cases in which the borrower has ceased to receive rent payments as a result of the pandemic, as well as for non-mortgage loans in which the borrower is in a situation of economic vulnerability, including consumer credit and credit cards. In addition, the banking sector established a moratorium regulated by Royal Decree Law 19/2020 of 26 May 2020, which extends the range of persons eligible for debt deferrals and allows the extension of the payment holiday beyond the term set by the legislative moratoria. As of May 31, a total of 788,000 moratoriums were registered, these were granted mainly to wage and salary debtors. Within the three types of moratoria, 67% corresponded to legislative moratoria (26.5% on mortgage loans and 40.5% on non-mortgage loans) and the remaining 33% corresponded to banking sector moratoria. In total, the outstanding balance of loan payments suspended amounted to EUR 33.9 bn, which represents nearly 5% of the total outstanding balance.

Similar measures were taken in **Portugal**, where at the end of March a six-month moratorium on bank loan repayments for families and companies affected by the COVID-19 outbreak was approved by the Portuguese government. Influencing in particular the housing loan market, moratoria apply to credit for the purchase of permanent housing and, according to a specific legal framework, to the rents paid for permanent housing. This moratorium on credit for permanent own housing allows individuals who have seen their working hours reduced or lost their jobs due to the crisis, as well as self-employed persons whose economic activity has been impacted, to suspend the payment of the benefits associated with the credit for permanent own housing, provided that they have not been in default in relation to these credits for more than 90 days. In the event that there is no default, the moratorium also applies to unemployed individuals registered in employment centres. On the other hand and with regard to rent charges, an exceptional regime has been introduced. It provides that rent payments of the main residence may be suspended if the household has had a reduction in income of at least 20% and, therefore, in this new situation the income represents more than 35% of the value of the household's income.

In **Italy** measures have been taken to alleviate the effects of the crisis, however, the outlook is still uncertain. Important changes were introduced to the "Mortgage Solidarity Fund for first-time buyers" which allows borrowers to request a suspension of the payment of the entire instalment for a total of 18 months when specific events have occurred (death, serious injuries, loss of job etc.). The suspension is granted for loans up to EUR 250,000 where the holder has an indicator of the equivalent economic situation (ISEE) not exceeding EUR 30,000 (sort of annual income). The applicant must declare that the immovable property securing the financing is a "primary residence" and is not classified in the Real Estate public registry as a luxury house. Due to COVID-19, the Fund has been extended for a period of 9 months from 17 March 2020 (i) to self-employed workers and professionals who self-certify a decrease, in the quarter following 21st February 2020, in their income of more than 33% in the last quarter of 2019, as a result of the cessation or restriction of their activity due to COVID-19, (ii) to workers who receive public subsidies due to job loss; (iii) also to those who exceed the annual income of 30,000 EUR and (iv) to loans up to EUR 400,000. Moreover, ABI (Italian Banking Association) signed a memorandum with consumer associations which allows borrowers to submit the request to suspend payment of the loan principal for (i) mortgages guaranteed by collateral on non-luxury properties (both residential

and non residential) granted before 31 January 2020 (ii) unsecured loans with instalment repayment granted before 31 January 2020, if certain conditions are met. On 19 June, Italian banks had received 2.6 mn applications for debt moratoria from households and NFCs, for a total value of approximately EUR 280 bn. It has been estimated that around 90% of these applications have been accepted by banks, 7% are still being examined and only 3% have been rejected. Moreover, households applied for loans amounting to circa EUR 87 bn. Applications for suspension of instalments on first home mortgage loans (via the 'Gasparrini' Fund), continued to increase (to 170,000), for an amount averaging around EUR 94,000. These results are extraordinary, considering the strict timeline and complexity of the measures, and reflect the strong commitment of Italian banks.

In **Romania**, the National Bank adopted a package of measures to mitigate the negative effects of the crisis on households and companies. One of the most relevant measures introduced aims to increase the flexibility of the legislative framework to allow banks and NBFIs to help individuals and companies with their outstanding loans. According to this measure, lenders are allowed to delay the repayments of those affected by COVID-19 without applying conditions related to the level of indebtedness, the loan-to-value limit and the maximum tenure of consumer credit.

Similarly, in order to address possible difficulties in the repayment of loans as a consequence of the pandemic, measures have also been taken in **Poland**, in this case at industry level. Polish banks announced optional moratoria for loans. Banks offered a postponement of the repayment of principal and interest instalments or capital instalments for a period of up to 3 months with an automatic extension by the same period of the total loan repayment period. The moratoria concern housing, consumer and corporate loans. In order to benefit the consumer needs to apply for the suspension of instalments, free of charge, and demonstrate the deterioration of their situation as a result of the pandemic. Banks provided the opportunity to submit applications by e-mail, electronic banking or telephone, provided the customer can be identified. Moreover, banks have offered assistance to all entrepreneurs with positive creditworthiness assessments at the end of 2019 to renew existing financing, in the form of renewal of the existing financing, for a period of up to 6 months. Additionally, the Polish Parliament introduced the so-called "anti-crisis shield" act on 31 March, including a regulation to limit the cost of consumer loans.

Moratoria covering retail and corporate clients were also introduced in **Hungary** on 18 March. These moratoria allow clients to temporarily suspend monthly payment obligations, principal, interest and other fees, until 31 December, unless the client indicates or demonstrates willingness to continue paying. On top of the moratoria, the MNB (Central Bank of Hungary) has introduced additional measures to increase consumer protection, support lending activities and ensure smooth banking operations. The number of households and companies which have benefited from these measures as well as the share of the mortgage loan portfolio that will be finally affected by the moratoria is difficult to predict as clients have the right to 'jump in-and out' during the period of the moratorium.

Finally, **Ireland** too introduced measures to alleviate the effects of the pandemic on the economy and most sectors of activity including construction which was obliged to close between end of March and mid-May. In this context, the Government put in place a dedicated unemployment benefit as well as a wage subsidy for businesses forced to close. The estimated COVID-19 adjusted unemployment rate was 28.2% in April 2020. Amongst the mortgage market related measures, BPI announced payment breaks or holidays of up to three months for mortgage, consumer credit

and business lending customers in mid-March 2020. In June a further extension of three months as well as the extension of the deadline for application to 30 September was announced. By 29 May more than 66,000 mortgage breaks were granted by Irish lenders for mortgage customers in Ireland according to the Central Bank of Ireland.

HOUSING MARKETS

HOUSING SUPPLY

The pandemic and the subsequent slowdown of the economy have not only affected mortgage markets but housing markets too, on both the supply and demand sides. The lock-down measures imposed unprecedented constraints on market activities. Construction was paralysed for weeks, impacting the number of housing completions. Similarly, notaries were obliged to put their activities on hold, impacting on the finalisation of sales transactions. Real estate agents for their part were unable to work, therefore, reducing the number of purchases. All of this has affected housing markets in different ways. A more detailed overview of the trends observed by countries is presented below.

On the supply side in **Denmark** in Q1 2020 there were 32,133 houses for sale, 2.1% fewer than in the last quarter of 2019. Similarly, the number of owner-occupied apartments for sale dropped by 4.2% compared to the previous quarter. Overall, on a yearly basis, the supply of houses and apartments for sale dropped by 7.1 and 16.4% respectively. Furthermore, looking at supply and demand together, trading activity in Denmark was still high in the first quarter of the year. In this period 9,789 single family houses were sold, an increase of 4.6% y-o-y. In the same period, 3,761 owner-occupied apartments were sold, 8.4% more than the previous year. In **Finland** the market seems to be cooling down as the number of new housing permits keeps decreasing. However, the number of completed houses remains high given the numerous starts recorded in previous years. It is expected that this increase in supply and the impact of the pandemic will keep house prices under control. Likewise, the market is also cooling down in **Sweden** where construction figures continued decreasing in 2019 and are expected to do so in 2020 too. The figures were relatively high in 2017 and 2018, but the lack of housing is severe in some areas and it is considered a problem by authorities. In 2019 the number of housing starts was 48,600 dwellings (38,300 apartments and 10,300 one-family homes) compared to 52,200 dwellings in 2018. In 2020 this number is expected to fall to an even lower figure, 47,000 dwellings. Moreover, newly constructed housing is on average highly priced and not affordable for many groups in the country.

Moving South, in **Spain** housing supply has also been impacted by the COVID-19 outbreak. The pandemic has accentuated the slowdown in activity already perceived in the last quarter of 2019. According to provisional data from the Ministry of Transport, Mobility and Urban Agenda, the number of housing approvals in Q1 2020 decreased significantly by -16% compared to the same period of the previous year. As expected, investment in housing completions also dropped in Q1 2020, reversing the growing trend that the series has been showing since 2014. Investment stands below EUR 18 bn, representing a 11.0% decrease on a yearly basis. Similarly, given the deterioration of the economic conditions and the mobility and travel restrictions, the number of real estate transaction has decreased sharply. Furthermore, the Bank of Spain has recalled the need to reinforce the criteria of prudence and risk management when assessing mortgages collateral. Likewise in **Portugal** the COVID-19 outbreak has negatively impact sentiment across the housing market, and the measures to manage the health crisis have had an significant negative impact on sales activity. Furthermore, house purchases and sales volumes decreased sharply in March in Lisbon, Porto and Algarve. Finally, it is expected

that it could take up to 12 months for the pre-crisis supply-demand situation to recover. Finally, in **Italy**, in Q1 2020 the residential housing market registered a negative performance. Transactions amounted to 117,000 representing a 15.5% decrease y-o-y; both capital cities and the rest of the country recorded smaller figures as a consequence of the lock-down measures taken in March to limit the spread of COVID-19 which drastically limited the possibility of signing notarial deeds.

In the countries of Eastern Europe during this first quarter of the year, as in much of the rest of Europe, supply shrunk. In **Romania** the number of building permits issued for residential buildings decreased by 0.3% y-o-y, despite the 17% growth recorded in relation to completed buildings. Moreover, despite negative sentiments relating to construction, the volume of construction works for residential buildings increased by 32% in 2020 Q1 compared to 2019 Q1. In **Poland** despite the positive evolution of the mortgage market, a noticeable negative effect of COVID-19 was observed in housing supply. In Q1 2020, 49,624 dwellings were completed which represents a 15.5% decrease with respect to the previous quarter. Similarly the construction of new dwellings dropped by 12% q-o-q with only 52,543 housing starts. Finally, building permits decreased by 11% q-o-q, with only 58,343 permits issued. **Hungary** recorded a decrease in housing supply as well. The number of newly issued building permits in the first three months of the year was 7,032 for the whole country and 3,615 in Budapest, representing a drop of 27% compared to the same period of the previous year. However, the number of completions is still increasing by 22% y-o-y. The number of finished dwellings amounted to 4,475, 26% of these were in Budapest. The reason behind the decrease in new building permits and the increase in building completions is the increase in the VAT for new dwellings from 5 to 27% as of January 2020. Moreover, the spread of COVID-19 resulted in an abrupt and drastic fall in market activity, as is reflected by the drop in the number of transactions. The number of sales in March 2020 fell by 29% nationwide and by 38% in Budapest alone.

Finally, in **Ireland** the evolution of housing supply was positive throughout Q1 2020. Almost 5,000 new dwellings were completed according to the Central Statistics Office (CSO)* in the first quarter, 17.2% more than one year previously. Completions in Dublin rose too by 12.3% y-o-y to almost 1,700. In this context, apartments continued to drive the growth in completions with over 1,000 apartments completed, up a significant 75% y-o-y, of those 837 were in Dublin. In this same period almost 6,900 housing starts were recorded, an increase of 4.6% y-o-y. In Dublin starts jumped by 43.9% to 3,218, and the county accounted for almost half of the housing starts of the quarter. Moreover, the number of planning permissions granted nearly doubled (up 97.4%) with respect to the same quarter of 2019 to almost 14,800, driven by a 274% increase in apartment permissions. Some 8,000 of the 9,698 apartment units for which planning permissions were granted were in Dublin with a further 1,000 in the four counties around Dublin. The number of residential properties sold in Ireland rose by only 4.8% year-on-year to almost 10,300 in Q1 2020.

HOUSE PRICE

In an environment of uncertainty with changes taking place in supply and demand, prices have also been affected. In Q1 2020 house prices in Europe continued to grow or remained stable y-o-y in most countries. However, in quarterly terms we observe a generalised slow down in price growth and in some countries there is evidence of a negative evolution of prices.

Starting with **Denmark** during the past year house prices increased by 4.1% while prices on owner-occupied apartments increased even more by 5.6%. However, on a quarterly basis no change in prices was recorded, whereas prices



of owner-occupied apartments increased by 2.2% q-o-q. Meanwhile in **Finland** we continue to observe two different trends, a positive evolution of prices in big cities given the upward pressure from an increasing population, and a negative evolution of prices in the rest of the country which continues to lose population. Both combined result in a very small increase in house prices at national level. On a yearly basis, house prices marked a slight increase of +0.3% in Q1 2020. In **Sweden** house prices recovered somewhat in 2019 after the decrease experienced in the two previous years. However, the outbreak of COVID-19 resulted in a decrease in prices at the end of the quarter on a monthly basis. In Q1 2020 one-family house prices increased by 5.2% on a yearly basis, compared to 3.9% in Q4 2019. Prices of apartments increased even more, by 6.3% y-o-y, compared to 3.8% in Q4 2019. Finally, in April house prices slowed down, one-family homes increased by 3.7% on an annual basis and prices for apartments increased by 1.7%. Looking at the evolution of prices by city, in Stockholm prices for one-family houses increased by 4.9% on a yearly basis and in Malmö prices increased even more by 7.7% on average. However, apartment prices experienced stronger growth in Stockholm (7.4%) than in Malmö (6%) and Gothenburg (5%). As in the whole country, in the largest cities house price growth also slowed down in April: Stockholm to 1.9%, Gothenburg to 0.7% and Malmö to 2.4%. All in all we can observe how prices in the main cities keep growing faster than in the rest of the country.

In **Belgium** house price evolution was different across the three Belgian regions, but all three registered somewhat positive growth. In Brussels the average house price increased by 3.3%, in Flanders by 1.4% and in Wallonia by 1.3%. Looking at apartment prices, these also went up in the three regions registering increases bigger than those for houses. In Brussels apartment prices increased by 5.6%, in Flanders by 5.5% and in Wallonia the biggest increase was registered, where prices went up by 6.9%. Prices grew too in its neighbouring country, **Germany**. The price of owner-occupied houses grew by 7% yearly. Following the trend of previous quarters, prices for single-family houses rose more strongly by 7.3%, more so than those for apartments which registered a 6% increase. Nevertheless, the very strong price growth registered in metropolitan regions in the past years appears to be fuelling a shift in demand to surrounding areas. Prices grew as well in **France**, both in quarterly and yearly terms.

Now for the South, in **Spain** house price evolution has been severely impacted by the global pandemic. After three years of uninterrupted growth, a negative q-o-q variation of house prices at national level was recorded (-0.8%). The decrease was generalised, but some regions such as Madrid (-1.3%), Valencia (-1.4%), País Vasco (-0.9%), Castilla-La Mancha (-1.7%), Navarra (-2.3%) or the Balearic Islands (-1.9%) recorded price drops above the average. Its neighbouring country, **Portugal**, still registered a positive q-o-q evolution of house prices, however, according to the Portuguese Housing Market Survey of March, 18% of respondents saw a decline of house prices. Furthermore, price expectations remain negative at the three and twelve month horizons across all regions. Prices are expected to drop by just over 7% over the coming year. A very similar trend is observed in the rental market prices. The slight increase in house prices was the trend in **Italy** as well in Q1 2020. The Housing Price Index increased by 0.9% with respect to the previous quarter and by 1.7% compared to the same quarter of the previous year. More in detail, the increase on an annual basis of HPI was due both to the prices of new dwellings that recorded a positive rate of change equal to +0.9% and above all to the prices of existing dwellings that increased on an annual basis by 1.9%. The different trends observed between the evolution of prices and volumes indicate that the measures adopted to alleviate the effects of the pandemic introduced in March did not have a noticeable impact on the prices of residential properties

as notarial deeds of sales were finalised under conditions established before the health emergency.

Moving East, a negative trend in relation to house prices was observed in **Romania**. In the last quarter of 2019, the latest figure available, residential property prices continued to decrease recording a negative annual growth rate in real terms of -0.6%. Despite some banks expecting an increase in prices for Q1 2020, the majority expect the negative trend to return in the second quarter of the year. In contrast, a positive evolution of house prices was recorded in both primary and secondary markets in **Poland**. In the primary market the biggest price growth was observed in Wrocław with an increase of 9.4% q-o-q, followed by Rzeszów and Łódź with 6.8% and 3.7% increases respectively. On the other hand, in the secondary market the biggest price growth was recorded in Rzeszów with 10% increase q-o-q, followed by Kraków and Katowice, with price growth of 4.7% and 4.3% respectively. Finally, in the capital city Warsaw, prices grew by 3.6% and 3% q-o-q respectively. In **Hungary** the dynamic growth observed in house prices since 2014 reached a turning point in the last quarter of 2019. In Q4 2019, the latest figure available, prices decreased by 3% q-o-q. This stable evolution of house prices is partly supported by the fact that due to the moratorium on loan instalments, households and small corporates in stretched liquidity situations are not necessarily forced to sell their property.

Finally, in **Ireland** house prices also experienced an overall slight increase by 1% on a yearly basis. The national index is now 17.9% below its highest level in 2007. Prices in the capital increased by 0.6 y-o-y, ending a run of ten months in which inflation did not exceed 0.1%. Moreover, residential property price inflation outside Dublin continued to decelerate, dropping to 1.5% y-o-y.

MORTGAGE INTEREST RATES

Despite the changes observed in most mortgage market fundamentals, interest rates is an area that has remained stable. As has been the trend, in most countries favourable financing conditions continue with interest rates at all time low levels. The average weighted interest rate of our sample has dropped and it stands now at 2.10%. Moreover, variation amongst countries has returned to previous levels after the slightly stronger convergence observed in Q4 2019.

In **Denmark** the average interest rate slightly increased compared to the previous quarter, interest rates spiked temporarily during the lockdown period but quickly stabilised. This increase in interest rates has also impacted re-mortgaging activity. Long-term mortgage loans with a fixed period of more than 10 years increased by 0.07 pps compared to the previous quarter. For mortgage loans with fixed rates from 1 to 5 years and 5 to 10 years there was an increase in the average interest rate by 0.15 and 0.14 pps, respectively, since the previous quarter. And, finally, mortgage loans with a fixed period of up to a year increased by 0.01 percentage points compared to the previous quarter. In **Finland** interest rates continued to decrease and the average interest rate on new loans reached an all-time low at 0.71%. Finally, in **Sweden** interest rates remained quite stable, by the end of March shorter and longer interest rates were around 1.4%.

In the centre of Europe, in particular in **Belgium**, interest rates remained at historical low levels too. Furthermore, the market share of new fixed-interest rate loans and loans with initial fixed periods over 10 years accounted for 88% of new loans, while loans with a fixed period of 1 year amounted to less than 3%. The other 9% was credit with an initial period of variable interest rate ranging from 3 to 10 years. In **Germany** interest rates remained unchanged in the first

quarter and the weighted average stayed at 1.28%. While in **France** interest rates experienced a very slight increase on a quarterly basis, the weighted average interest rate for new mortgage loans stands at 1.13%.

Amongst the southern countries, very favourable financing conditions are still observed in **Spain** despite the slight increase in the weighted average interest rate which stands now at 1.81%. However, this slight increase has not been passed on to long-term fixed rates where narrow margins and high competition has continued to drive down fixed rate arrangements, while their market share continued to grow and reached 45% of new loans. Similarly, **Portugal** experienced favourable financing conditions too with even lower average interest rates than in Spain. The external index reached a historically low level standing at 0.95% (compared to 1.09% in Q4 2019), this has contributed not only to an increase in new gross residential lending but also to a reduction in household debt. Moreover, there has been an increase in loans granted with fixed interest rates, shielding households from interest rate rises. In **Italy** interest rates during the first quarter of the year decreased too. The interest rate on short term loans, maturity lower than a year, decreased to 1.35% and those for long-term loans reached 1.39%. These were significant decreases that put the average rate of new transactions at 1.38%, significantly lower than the average 1.85% registered the previous quarter.

Interest rates continued to decrease in **Romania**. The country registered a 0.1 pps drop on a quarterly basis and a 0.54 pps drop y-o-y. A decreasing trend in the share of loans granted with variable interest rate was also observed, reaching a level of less than 70%, after a fall of 8.3 pps compared to Q4 2019 and 4.3 pps with respect to Q1 2019. The preference for fixed interest rates grew for all maturities, as follows: interest rates for short-term fixed new loans went up by 0.7 pps, for medium-term by 1.2 pps and by 6.3 pps for long-term fixed new loans. Moving to **Poland**, we observe that the average interest rate remained stable at 4.3%. However, the National Bank of Poland announced the first interest rate cut in 5 years, lowering the reference rate from 1.5% to 1%. This initial cut was followed by two further decreases in order to alleviate the effects of the pandemic which left the reference rate in May at an all-time low of 0.1%. Finally, in **Hungary** interest rates also dropped, continuing the decreasing trend observed in the last quarter of 2018 and the average mortgage interest rate reached 4.17%. The most popular mortgage interest type was Medium Term Fixed (5Y-10Y initial rate fixation) representing 54 % of all newly issued mortgages. The proportion of variable rate mortgages among the newly issued loans was less than 2%.

Lastly, in **Ireland** fixed-rate mortgages accounted for 74% of the newly issued in Q1 2020. Some 38% of the value of outstanding mortgages, excluding securitised loans, was on ECB base rate-linked tracker mortgages rates in Q1 2020, the latest data available. Meanwhile the share of mortgages outstanding with a fixed interest rate for more than a year increased to almost 33%. Finally, the weighted average interest rate in Ireland decreased with respect to the previous quarter, standing at 2.78%.

COVID-19 IMPACT OVERVIEW

In this quarter's edition we have introduced a new section analysing the specific impact of COVID-19. Despite some of the effects having already been observed in the first quarter, particularly in March, it is generally expected that a more severe impact will be observed in the figures of the second quarter. Nevertheless, we consider it important to document some of the changes observed in European markets and highlight some surprising consequences of the unprecedented challenges experienced.

Following the order of previous sections, we start in the Nordics. In **Finland** the impact of COVID-19 has translated into less willingness on the part of consumers to buy new dwellings. It has also translated into moderate price growth. In **Sweden**, so far, the impact on housing and mortgages has been relatively mild. Prices have slowed down, but there have been no dramatic drops. Growth in mortgage lending has even increased somewhat, and mortgage interest rates remained stable. It is expected that the COVID-19 pandemic effects will translate into an economic downturn later in the year impacting on house prices, interest rates and mortgage lending in the future. Likewise in **Ireland** the impact of the pandemic became more noticeable as the second quarter began; in April mortgage approvals fell by more than 40% y-o-y as the restrictions took effect.

In other countries, such as **Romania**, the COVID-19 outbreak has presented risks to financial stability from the real estate market, driven by a strong contraction of demand and supply due to declining income levels and increasing uncertainty. However, these effects were partially offset by interest deferral facilities and government programs to support companies. The effects were especially visible in the market in the last two weeks of March when decreases of 70% in demand and 60% in supply were recorded. Nevertheless, a gradual return of interest in the purchase of housing was observed after 30 March. In **Poland** lock-down measures were introduced on 20 March, so effects are not reflected in Q1 2020 figures. In terms of new mortgage lending, credit sales in March increased by 7% with respect to February. Pandemic effects were, however, clearly visible in April 2020, when decreases in both numbers and values of mortgage loans were observed, about 20-30% in comparison to March. Banks generally strengthened their lending criteria introducing requirements on down payments of at least 20% (up to even 40%) and increasing the credit fees and margins. The number of transactions on the housing market also fell, mainly due to social distancing rules. Nevertheless, no impact was observed in house prices in Q1 2020. The average offer and transaction prices of residential properties continued to rise both on primary and secondary markets. Offer prices grew faster than transaction prices, reflecting the fact that sellers expected faster price increases. The difference in average transaction and offer prices remained, which may indicate that buyers are not accepting excessively highly priced offers. Finally, at the end of March the offer on the long-term rental market began to grow in the largest cities – these apartments were previously rented short-term, which during a pandemic ceased to be profitable. This may lower rental rates in the future. The pandemic made its impact felt also in the rental market. According to the experts of the Housing and Real Estate Advisory Board, a large number of dwellings, which had formerly been rented out short term to tourists, may have been redirected to the long-term rental market. On the housing supply side, the pandemic may result in delay of new construction and also in fewer new developments in the long run.

In **France** the impact of COVID-19 was already partially noticeable in the first quarter of the year. It is important to note that one of the factors that has allowed banks to weather the crisis is the full digitalisation of their systems which have allowed them to maintain a certain level of mortgage activity despite the lockdown and social distancing measures. Furthermore, the lockdown measures and the new normality in which many citizens work remotely, have changed the way households perceive their houses, seeing them as more versatile and therefore more valuable than previously considered. A sign of this is the high traffic on the internet for real estate and mortgages during these months.

All in all, we could say that the figures of the first quarter of the year are a preview of what is to come in the next three months ahead of us.

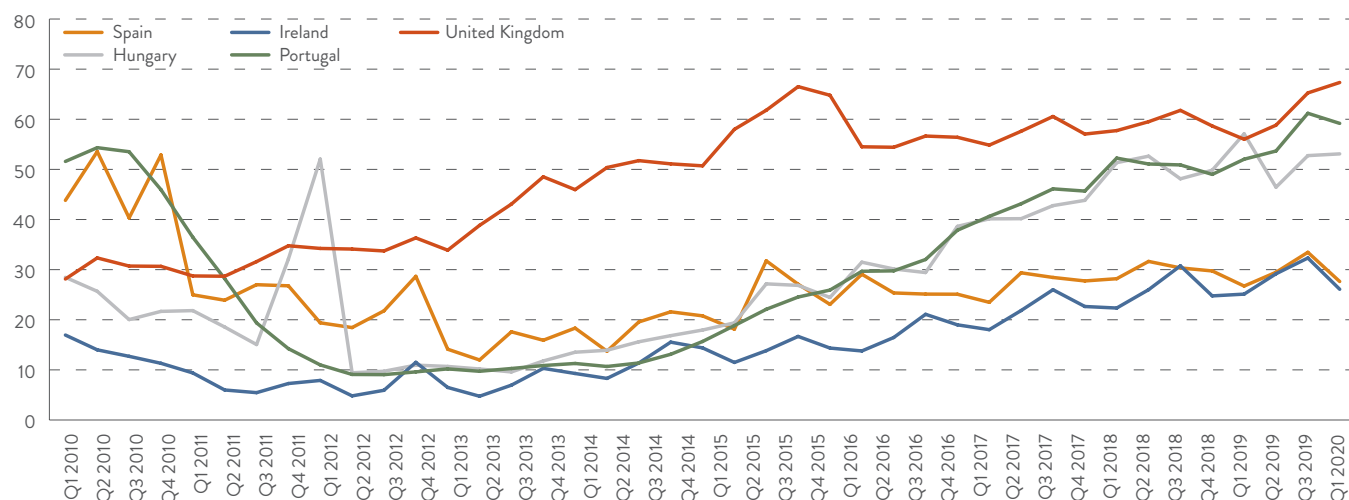
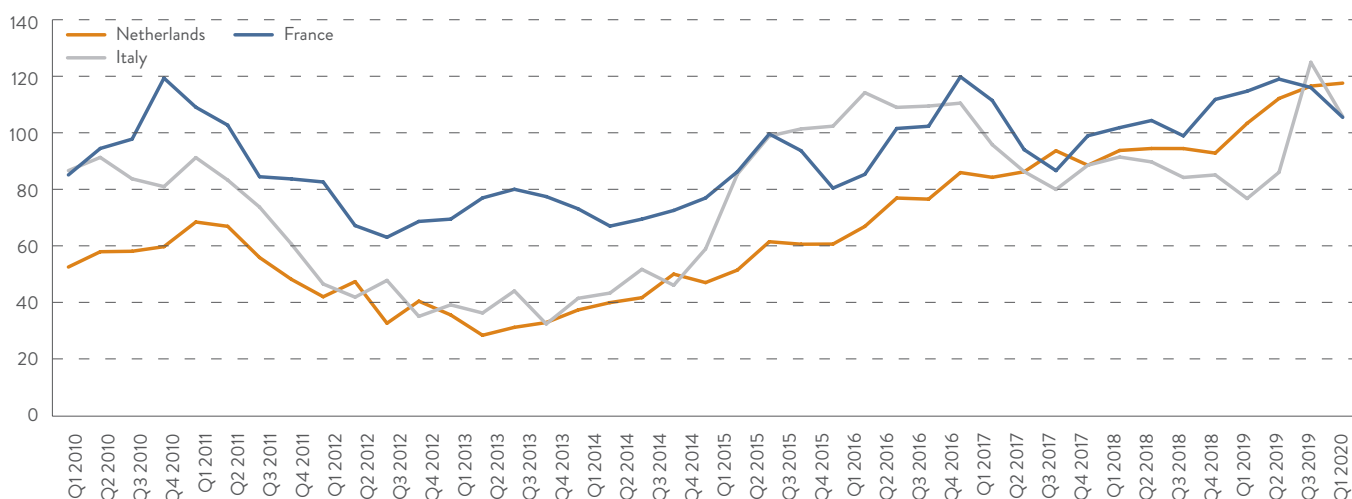
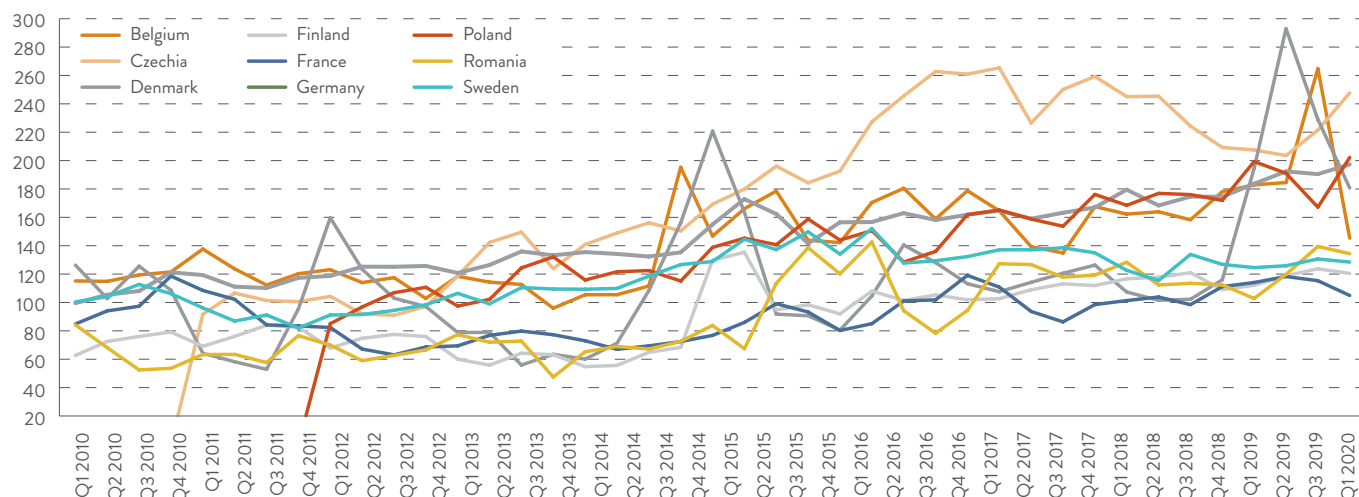
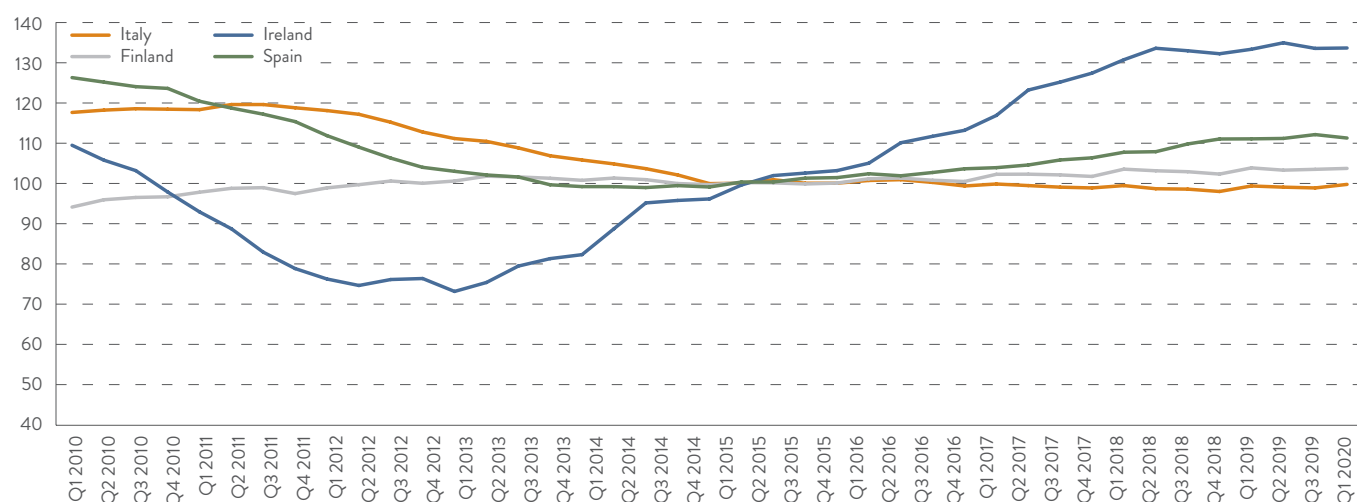
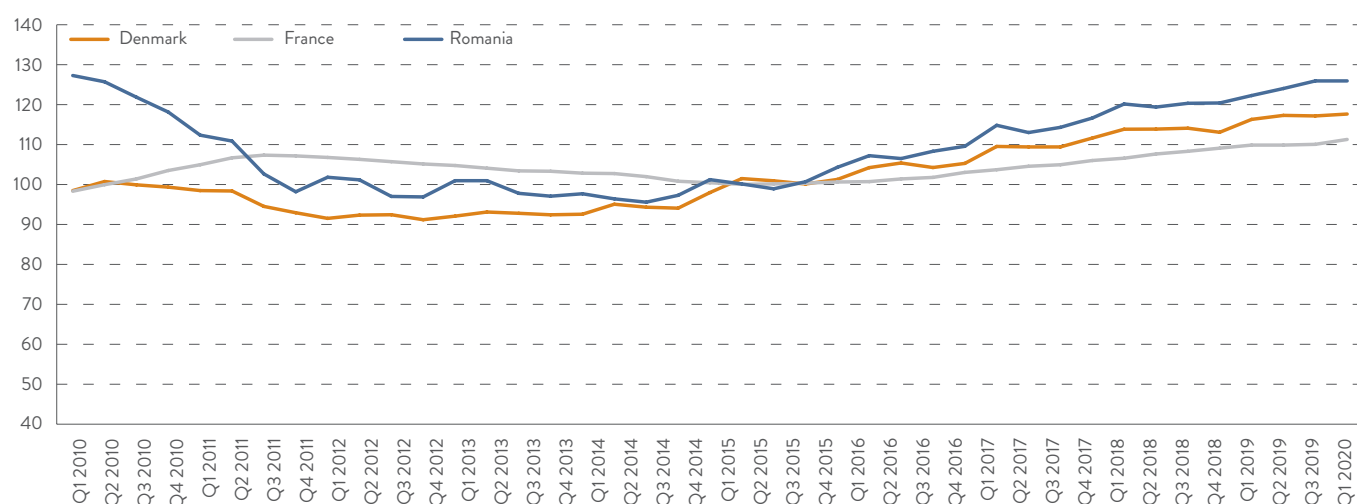
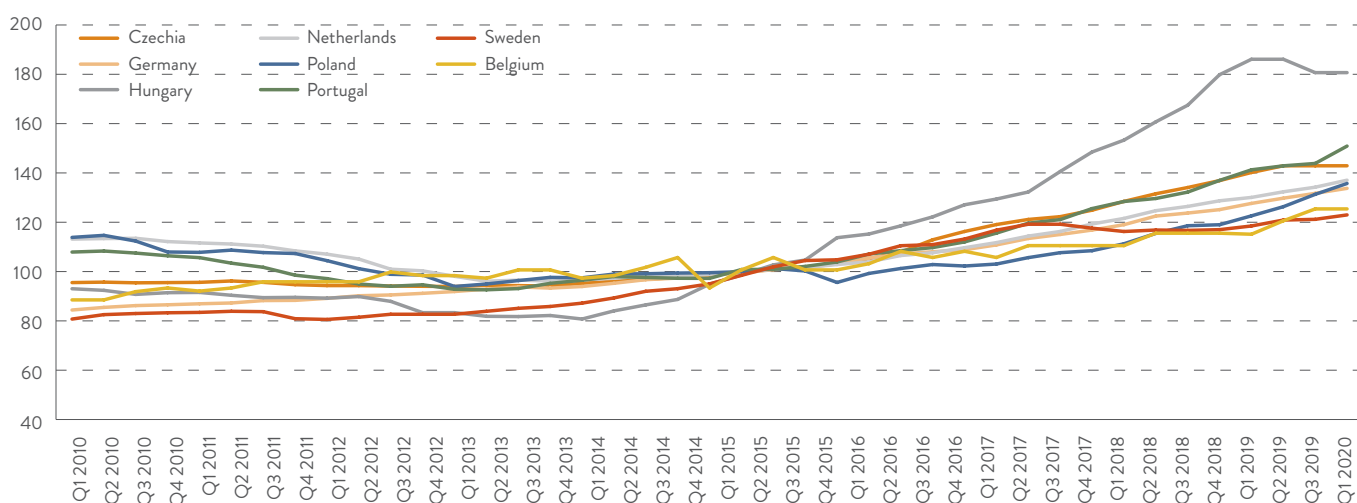
CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2007 LEVELS**CHART 1B** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS**CHART 1C** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

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

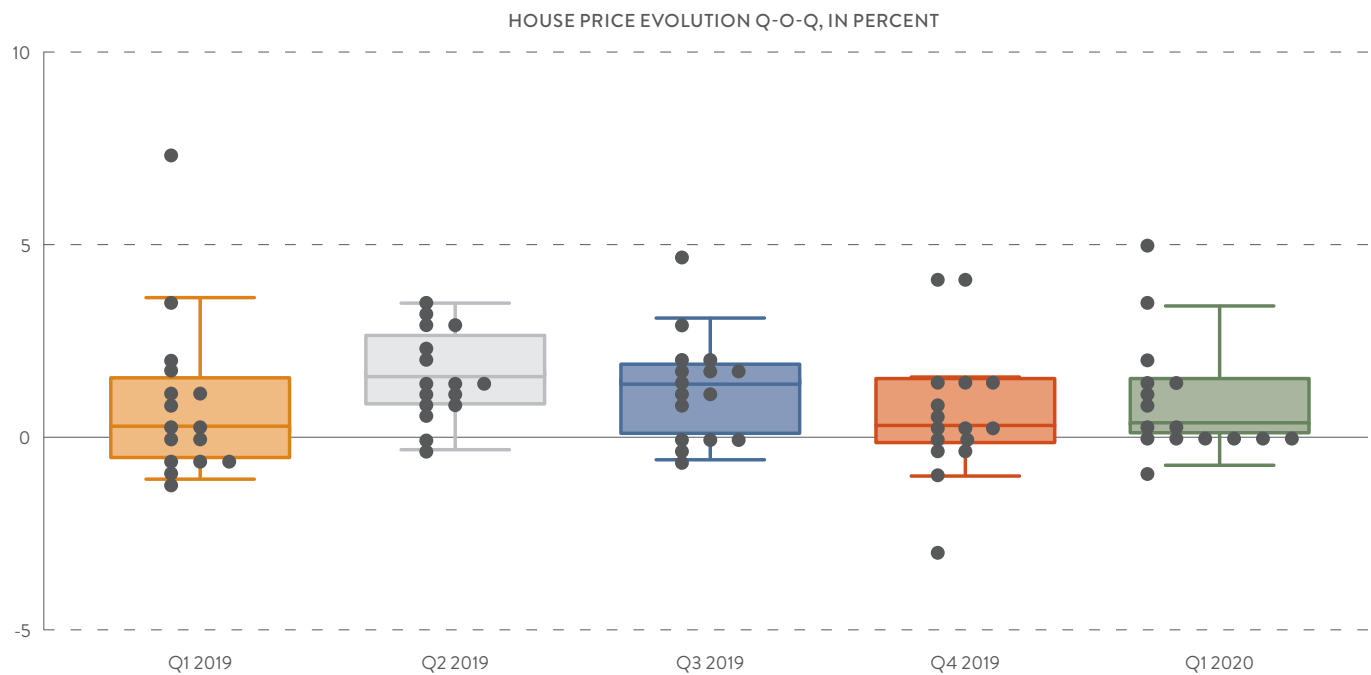
* Average Q1-Q4 2015=100

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

* Average Q1-Q4 2015=100

CHART 2C | COUNTRIES WHERE HOUSE PRICES* HAVE RISEN BY AT LEAST 5% Y-O-Y

* Average Q1-Q4 2015=100

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

Boxplots depict intuitively the distributional characteristics of a dataset, in this case the q-o-q House Price Index evolution of the country sample. The rectangle represents the second and third quartile of the data and the central horizontal line indicates the median value, i.e. the value that splits the sample in two equal halves. The horizontal lines below and above the box indicate respectively the lower and the upper quartiles. Eventual 'outliers' are depicted as points if they are more than 1.5 times the interquartile distance – the height of the box – away from respectively Q1 or Q3. This is the case for Q1 2019.

The dataset shows q-o-q growth figures of the country sample until Q4 2019 for which there are 10 datapoints instead of 16, as in 6 countries the latest House Price Index available was that of Q3 2019.

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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	LATEST Y-O-Y CHANGE (%). Q1 20. EUR VALUES	PREVIOUS Y-O-Y CHANGE (%). Q4 19. EUR VALUES	LATEST Y-O-Y CHANGE (%). Q1 20. LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%). Q4 19. LOCAL CURRENCY
BE	242,665	246,528	249,002	252,718	256,433	263,419	264,163	6.1	6.9	6.1	6.9
CZ	44,962	45,846	47,765	49,074	49,321	51,132	n/a	n/a	11.5	n/a	11.9
DE	1,431,091	1,445,987	1,461,007	1,485,203	1,509,140	1,530,435	1,549,693	6.1	5.8	6.1	5.8
DK	248,956	249,458	252,608	254,924	256,900	256,935	256,389	1.5	3.0	1.5	3.1
ES	493,176	490,806	489,859	489,192	485,646	487,561	484,917	-1.0	-0.7	-1.0	-0.7
FI	97,444	97,781	98,067	98,921	99,631	100,354	100,694	2.7	2.6	2.7	2.6
FR	994,000	1,010,000	1,022,000	1,040,000	1,060,000	1,078,000	1,090,000	6.7	6.7	6.7	6.7
HU	13,387	13,605	13,647	13,758	13,387	13,715	12,781	-6.4	0.8	5.0	3.8
IE	100,713	97,684	94,919	93,274	93,117	92,791	91,615	-3.5	-5.0	-3.5	-5.0
IT	378,126	379,054	380,006	382,222	383,732	382,583	383,472	0.9	0.9	0.9	0.9
NL	723,643	725,916	726,783	731,029	733,835	734,556	738,444	1.6	1.2	1.6	1.2
PL	95,627	96,728	97,918	100,520	100,604	104,196	101,192	3.3	7.7	9.4	6.6
PT	93,794	93,952	93,768	93,878	93,906	93,846	94,056	0.3	-0.1	0.3	-0.1
RO	15,402	15,785	15,835	16,185	16,568	16,999	17,214	8.7	7.7	10.2	10.5
SE	401,638	409,173	408,320	408,027	407,357	422,742	404,740	-0.9	3.3	5.4	5.3
UK	1,571,226	1,574,886	1,647,310	1,588,311	1,622,467	1,707,200	n/a	n/a	8.4	n/a	3.1

NOTE: Non seasonally-adjusted data.

Source: European Mortgage Federation

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

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

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

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

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

- The Netherlands

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	LATEST Y-O-Y CHANGE (%), Q1 20, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 19, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 20, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 19, LOCAL CURRENCY
BE	8,532	9,171	9,320	10,099	9,129	10,350	10,497	16,194	7,259	-20.5	60.4	-20.5	60.4
CZ	2,909	3,005	2,842	2,806	2,315	2,559	2,346	2,772	n/a	n/a	-1.2	n/a	-3.0
DE	52,300	58,400	57,500	59,600	54,800	59,800	65,500	64,900	62,400	13.9	8.9	13.9	8.9
DK	10,519	8,735	9,629	10,191	9,591	16,547	26,787	21,549	15,387	60.4	111.4	60.5	111.6
ES	9,872	12,032	9,943	11,210	10,596	11,498	9,155	12,341	9,830	-7.2	10.1	-7.2	10.1
FI	8,038	9,333	8,334	8,265	7,831	8,995	8,411	8,468	8,667	10.7	2.5	10.7	2.5
FR	38,859	42,577	47,574	42,960	44,379	48,111	53,860	50,305	41,653	-6.1	17.1	-6.1	n/a
HU	586	759	804	695	673	842	715	762	720	7.0	9.6	19.9	12.9
IE	1,704	2,014	2,369	2,635	1,884	2,250	2,639	2,768	1,996	5.9	5.0	5.9	5.0
IT	16,414	18,099	15,464	17,882	15,752	15,272	14,754	25,729	19,728	25.2	43.9	25.2	43.9
NL	23,958	26,447	27,444	29,230	25,205	29,227	32,567	35,628	32,369	28.4	21.9	28.4	21.9
PL	2,830	2,929	3,045	2,926	2,759	3,448	3,283	2,776	3,268	18.4	-5.1	25.3	-6.1
PT	2,186	2,588	2,519	2,542	2,349	2,577	2,646	3,047	2,848	21.2	19.9	21.2	19.9
RO	584	724	682	692	545	579	725	840	670	23.0	21.4	24.7	24.5
SE	13,636	14,311	11,656	15,794	12,732	14,526	12,812	15,439	12,914	1.4	-2.2	7.9	-0.4
UK	70,054	73,717	80,717	78,803	72,117	71,499	79,822	83,277	n/a	n/a	5.7	n/a	0.5

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

IT – Latest data is an estimation

Source: European Mortgage Federation

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

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	3,921	2,905	3,348	2,747	3,499	3,195	3,863	2,474	3,716	3,715	6,986	744
CZ	2,167	1,320	1,603	857	658	830	884	1,919	1,309	246	1,812	n/a
DE	14,526	17,887	12,835	11,652	19,929	20,700	14,896	15,020	24,196	23,937	21,295	19,258
DK*	1,200	2,199	1,019	399	3,345	313	502	3,150	2,316	1,977	35	-546
ES	-2,910	-2,720	-4,057	-3,129	2,137	-1,965	-2,370	-947	-667	-3,545	1,915	-2,644
FI	706	687	457	109	843	474	337	286	854	710	722	340
FR	14,349	12,111	14,634	9,140	14,158	16,476	16,000	12,000	18,000	20,000	18,000	12,000
HU	-237	-54	-42	-254	214	506	218	43	111	-371	328	-935
IE	-934	-228	-2,665	-508	-637	-227	-3,029	-2,765	-1,645	-157	-326	-1,176
IT	1,291	1,010	2,007	1,263	33	1,438	928	952	2,216	1,510	-1,149	889
NL	3,680	2,431	1,134	25,890	2,955	3,186	5,459	3,140	5,113	7,052	3,527	4,609
PL	307	-1,505	1,773	309	1,418	3,100	1,101	1,191	2,601	84	3,592	-3,004
PT	-381	-210	-260	-270	-83	54	158	-184	110	28	-60	210
RO	429	426	314	324	461	386	383	50	350	384	431	215
SE	3,610	5,886	-1,615	-10,774	4,458	10,660	7,535	-853	-293	-670	15,384	-18,001
UK	-28,578	10,710	2,095	31,179	2,493	11,021	3,660	72,424	-58,999	34,157	84,733	n/a

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

Source: European Mortgage Federation

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

Refer to Table 1 for eventual revisions.



TABLE 4 | HOUSE PRICE INDICES, 2015 = 100

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	105.7	108.3	105.7	110.6	110.6	110.6	110.6	115.8	115.8	115.8	115.4	120.9	125.8	109.8
CZ	112.8	116.2	119.1	121.2	122.3	125.0	128.6	131.7	134.3	137.2	140.5	143.3	n/a	n/a
DE	108.1	108.9	110.9	113.5	115.2	117.0	119.2	122.7	124.0	125.4	127.9	130.1	132.1	134.1
DK	104.2	105.2	109.6	109.4	109.4	111.7	114.0	114.0	114.2	113.2	116.5	117.5	117.3	117.8
ES	102.5	103.4	103.7	104.4	105.6	106.2	107.6	107.7	109.7	110.9	111.0	111.1	112.1	111.2
FI	100.9	100.5	102.4	102.4	102.3	101.9	103.8	103.3	103.1	102.5	104.1	103.5	103.7	104.0
FR	101.6	102.9	103.6	104.5	104.9	106.0	106.6	107.7	108.4	109.2	110.0	110.0	110.2	111.5
HU	122.1	127.0	129.3	132.2	140.6	148.5	153.3	160.8	167.6	180.0	186.3	186.3	180.9	n/a
IE	111.7	113.2	116.9	123.3	125.3	127.5	130.8	133.7	133.1	132.3	133.5	135.1	133.7	133.8
IT*	100.0	99.1	99.6	99.2	98.8	98.6	99.2	98.4	98.3	97.7	99.1	98.8	98.6	n/a
NL	107.5	109.6	111.7	114.4	116.3	119.4	121.7	124.9	126.6	128.9	130.3	132.7	134.6	137.5
PL	102.7	102.0	102.9	105.5	107.6	108.4	111.2	115.5	118.7	119.1	122.8	126.5	131.6	136.1
PT	109.6	111.9	115.5	119.6	121.1	125.6	128.5	129.7	132.3	137.1	141.5	143.1	144.1	151.2
RO**	108.2	109.5	114.8	113.0	114.3	116.6	120.2	119.4	120.4	120.5	122.3	124.1	126.1	n/a
SE	111.2	113.5	117.1	119.6	119.6	117.9	116.6	117.2	117.0	117.3	118.9	121.3	121.6	123.4
UK	108.6	108.8	111.2	118.7	118.6	118.3	119.7	122.0	121.4	120.0	121.0	123.0	122.7	n/a

* 2010=100

** 2009=100

Source: European Mortgage Federation

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

Further information below:

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

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

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	2.00	2.11	2.16	2.13	2.03	2.01	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66
CZ*	2.01	2.17	2.22	2.17	2.25	2.41	2.49	2.58	2.81	2.89	2.91	2.71	2.71	n/a
DE	1.63	1.80	1.83	1.85	1.83	1.85	1.90	1.87	1.86	1.79	1.63	1.39	1.28	1.28
DK**	1.09	1.11	1.09	0.94	0.87	0.87	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57
ES	1.97	1.97	1.92	1.99	1.91	1.96	1.94	1.96	2.01	2.11	2.12	1.95	1.76	1.81
FI	1.16	1.13	1.07	1.02	0.95	0.92	0.87	0.88	0.86	0.81	0.76	0.72	0.73	0.71
FR***	1.32	1.45	1.54	1.55	1.52	1.48	1.45	1.43	1.41	1.42	1.29	1.19	1.12	1.13
HU	4.06	3.91	3.59	3.43	3.01	4.31	4.31	4.87	5.45	5.17	5.04	4.86	4.39	4.17
IE	3.22	3.16	3.22	3.20	3.07	3.02	3.06	2.97	2.95	2.96	2.95	2.93	2.87	2.78
IT	2.02	2.11	2.10	2.02	1.90	1.88	1.80	1.80	1.89	1.85	1.77	1.44	1.44	1.38
NL**	2.41	2.39	2.42	2.42	2.41	2.39	2.41	2.40	2.40	2.41	2.31	2.16	2.09	1.88
PL	4.40	4.40	4.40	4.40	4.40	4.30	4.30	4.40	4.40	4.30	4.30	4.40	4.30	4.30
PT	1.77	1.70	1.61	1.48	1.52	1.51	1.41	1.33	1.63	1.31	1.32	1.02	1.09	0.95
RO****	3.52	3.72	3.34	3.61	4.42	4.77	4.99	5.48	5.70	5.85	5.17	5.38	5.41	5.31
SE	1.57	1.65	1.52	1.53	1.56	1.52	1.51	1.48	1.47	1.57	1.53	1.52	1.46	1.53
UK	2.16	2.09	2.05	1.98	1.98	2.03	2.09	2.10	2.10	2.11	2.08	2.05	2.05	n/a

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

Source: European Mortgage Federation

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

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

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

NOTE:

Data refers to quarter averages.

For Czech Republic the weighted average for the whole market is likely biased towards the short-term loans. This is due to the available weighting scheme: the loan volumes include prolongations, but prolongations tend to have shorter interest rate periods.

For Hungary the representative interest rate on new loans in Q1 2018 is not any more the variable rate, but the short-term fixed one (1y-5y)

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

- Romania



TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	2.25	2.06	1.95	1.58	1.51	1.57	1.56	1.82	1.87	1.84	1.94	1.87
CZ	2.51	2.25	2.28	2.57	2.53	2.88	3.12	2.97	3.15	2.8	n/a	n/a
DE	2.10	2.04	2.05	2.05	2.08	2.14	2.04	2.06	2.01	1.91	1.85	1.83
DK*	1.09	0.94	0.87	0.87	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57
ES	1.51	1.68	1.57	1.60	1.56	1.57	1.64	1.70	1.75	1.60	1.56	1.60
FI	1.02	1.00	0.94	0.90	0.84	0.85	0.86	0.82	0.77	0.73	0.76	0.79
FR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	3.59	3.43	3.01	3.18	3.18	3.41	2.78	3.53	3.23	3.62	3.03	3.43
IE	3.18	3.17	3.03	2.96	3.11	3.04	3.03	3.11	3.08	3.14	3.03	2.88
IT	1.66	1.63	1.53	1.54	1.47	1.51	1.52	1.47	1.48	1.37	1.37	1.35
NL	1.97	1.98	1.96	1.95	1.91	1.89	1.87	1.88	1.87	1.85	1.74	1.7
PT	1.61	1.48	1.52	1.51	1.41	1.33	1.36	1.31	1.32	1.02	1.10	1.02
RO**	3.29	3.56	4.46	4.78	4.48	5.41	5.55	5.75	5.01	5.27	5.28	5.15
SE	1.52	1.53	1.56	1.52	1.45	1.46	1.42	1.47	1.45	1.41	1.39	1.39
UK***	1.90	1.78	1.84	—	—	—	—	—	—	—	—	—

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	2.09	1.96	1.86	1.94	1.82	1.54	1.80	1.94	1.87	1.95	2.17	2.09
CZ	2.12	2.14	2.24	2.38	2.50	2.53	2.71	2.86	2.83	2.72	n/a	n/a
DE	1.73	1.77	1.70	1.72	1.74	1.72	1.71	1.66	1.48	1.4	1.33	1.32
DK*	1.22	1.16	1.12	1.12	1.17	1.24	1.17	1.01	0.80	0.50	0.65	0.80
ES	1.71	1.74	1.67	1.69	1.67	1.74	1.76	1.85	2.00	1.80	1.56	1.70
FI	1.12	1.13	1.15	1.18	1.02	1.06	1.04	1.05	1.07	1.16	1.09	1.01
HU	5.40	5.14	4.63	4.31	4.31	4.87	4.80	4.51	4.87	4.87	4.87	4.21
IE	3.27	3.22	3.10	3.07	3.03	2.94	2.92	2.90	2.90	2.85	2.82	2.74
NL	2.20	2.23	2.21	2.15	2.15	2.10	2.11	2.12	2.11	2.03	1.89	1.76
RO**	5.01	4.84	4.37	4.49	5.11	5.49	5.96	6.04	5.93	5.94	5.91	5.78
SE	1.65	1.65	1.65	1.67	1.61	1.60	1.57	1.57	1.49	1.46	1.41	1.41
UK	2.05	1.99	1.97	2.03	2.09	2.11	2.13	2.09	2.06	2.03	n/a	n/a

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	2.10	2.19	2.16	2.13	1.94	1.84	1.83	1.70	1.69	1.56	1.66	1.57
CZ	2.19	2.13	2.21	2.36	2.43	2.51	2.69	2.83	2.78	2.55	n/a	n/a
DE	1.68	1.68	1.67	1.69	1.76	1.71	1.71	1.64	1.47	1.24	1.12	1.12
DK*	1.56	1.53	1.58	1.61	1.72	1.67	1.57	1.25	1.00	0.73	0.77	0.92
ES	4.13	4.26	4.07	4.48	4.45	4.21	3.98	3.97	4.18	4.49	4.17	4.29
FI	1.89	1.92	1.80	1.90	1.70	1.90	2.00	1.84	1.46	1.33	1.52	1.62
HU	6.51	6.27	5.76	5.39	5.27	5.39	5.45	5.17	5.03	4.86	4.39	4.17
NL	2.36	2.34	2.34	2.34	2.39	2.39	2.38	2.39	2.27	2.11	2.09	1.88
RO**	5.57	4.75	5.09	5.40	5.51	6.12	6.40	6.63	6.47	6.44	6.31	6.1
SE	1.94	1.91	2.17	2.20	2.03	2.04	1.86	1.79	1.81	1.54	1.39	1.35
UK	2.69	2.71	2.66	2.63	2.63	2.67	2.67	2.64	2.50	2.33	n/a	n/a

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BE	2.16	2.13	2.03	2.01	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66
CZ	2.67	2.44	2.57	2.48	2.54	2.48	2.94	2.97	2.80	2.87	n/a	n/a
DE	1.90	1.95	1.92	1.94	1.98	1.95	1.96	1.86	1.67	1.37	1.25	1.26
DK*	2.89	2.82	2.78	2.87	2.85	2.79	2.79	2.53	2.16	1.72	1.67	1.74
ES	2.42	2.44	2.39	2.33	2.29	2.26	2.31	2.44	2.41	2.21	1.86	1.81
HU	5.93	5.67	5.52	5.51	5.76	5.74	5.79	5.61	5.72	5.49	4.72	4.52
IT****	2.30	2.22	2.12	2.07	1.96	1.93	2.06	2.00	1.92	1.46	1.46	1.39
NL	2.90	3.00	3.00	2.90	2.86	2.80	2.82	2.84	2.78	2.63	2.57	2.16
RO**	5.76	3.34	3.69	4.85	4.56	5.56	5.91	6.12	5.26	5.46	5.48	5.42
UK	n	n	n	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

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

*** Bank of England discontinued the series Variable rate (up to 1 year). In this chart it has been replaced by Variable Rate without initial fixed period.

**** IT: Data-series accounts for interest rates for all maturities beyond 1 year of initial fixed period

NOTE:

n – no lending made in this maturity bracket

Data refers to quarter averages

UK – from Q1 2018 onwards Bank of England discontinued these data series

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

Source: European Mortgage Federation



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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	20.0	19.1	18.6	18.7	18.6	18.4	24.1	23.1	23.6	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	56.7	56.3	54.6	53.2	52.4	51.7	46.9	46.4	45.1	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	18.9	20.3	22.5	23.7	24.5	25.5	24.4	25.8	26.6	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	4.4	4.3	4.4	4.4	4.4	4.5	4.6	4.7	4.8	n/a	n/a
DENMARK											
Variable rate (up to 1Y initial rate fixation)	37.9	36.7	36.3	36.4	35.4	33.4	32.7	32.5	31.5	31.2	31.0
Short-term fixed (1Y-5Y initial rate fixation)	24.9	25.6	25.9	25.9	25.5	26.3	25.9	24.8	24.8	24.0	23.2
Medium-Term fixed (5Y-10Y initial rate fixation)	37.2	37.7	37.8	37.5	39.2	40.2	41.4	42.6	43.7	44.8	45.9
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	91.6	92.2	92.7	92.8	93.1	93.3	93.6	93.9	94.1	94.3	95.9
Short-term fixed (1Y-5Y initial rate fixation)	5.3	5.0	4.7	4.4	4.5	4.2	4.1	3.7	3.6	3.3	1.6
Medium-Term fixed (5Y-10Y initial rate fixation)	3.0	2.8	2.6	2.8	2.3	2.5	2.4	2.4	2.3	2.3	2.5
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	86.9	85.8	84.3	82.5	80.9	78.6	76.1	73.9	71.9	69.8	67.3
Short-term fixed (1Y-5Y initial rate fixation)	11.2	12.6	13.9	15.6	17.2	19.4	21.6	23.6	25.3	27.2	29.5
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.6	1.7	2.0	1.9	2.0	2.4	2.5	2.8	3.0	3.3
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	68.3	68.3	68.4	68.9	69.01	67.0	64.9	63.8	63.0	61.1	59.3
Short-term fixed (1Y-5Y initial rate fixation)	30.1	30.1	30.2	29.7	20.9	31.6	33.8	34.9	36.0	37.6	39.4
Medium-Term fixed (5Y-10Y initial rate fixation)	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.0	1.3	1.3
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	40.6	38.6	36.6	35.0	33.4	31.6	29.9	28.7	27.5	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	58.0	60.0	61.9	63.4	65.0	66.7	68.4	69.5	70.6	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	1.4	1.4	1.5	1.5	1.6	1.6	1.8	1.8	1.9	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	n/a	n/a
CURRENCY DENOMINATION											
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	0.3	
CHF denominated	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	0.4	
Other FX denominated	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	0.0	
BREAKDOWN BY LOAN ORIGINAL MATURITY											
	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
ITALY											
Maturity less than 5 years	0.7	0.7	0.7	0.5	0.6	0.5	0.5	0.5	0.50	0.46	0.5
Maturity over 5 years	99.3	99.3	99.3	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.5

NOTES:

* From Q4 2015 in Hungary lending in foreign currency is not allowed any more.

n – no lending outstanding in this maturity bracket

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

Source: European Mortgage Federation



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

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	0.5	1.2	1.6	2.5	4.9	7.4	7.9	6.6	6.0	2.6	1.1	2.3	2.7
Short-term fixed (1Y-5Y initial rate fixation)	2.2	2.5	3.1	4.8	4.2	3.9	5.8	5.9	3.4	2.9	2.0	1.4	1.1
Medium-Term fixed (5Y-10Y initial rate fixation)	16.3	17.2	17.2	18.2	18.1	17.1	20.8	24.6	24.4	25.5	20.4	12.2	14.0
Long-Term fixed (over 10Y initial rate fixation)	81.1	79.1	78.1	74.6	72.9	71.6	65.5	62.9	66.1	69.1	76.6	84.0	82.2
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	19.1	16.7	21.1	24.9	16.9	18.5	17.3	23.2	28.7	31.2	32.2	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	50.9	56.6	53.4	45.6	47.8	47.9	47.7	42.4	39.9	35.8	34.3	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	26.9	23.7	22.4	26.6	30.9	28.6	29.0	30.0	25.1	27.7	27.3	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	3.1	3.0	3.0	3.0	4.3	5.0	6.1	4.3	6.3	5.4	6.2	n/a	n/a
DENMARK													
Variable rate (up to 1Y initial rate fixation)	17.8	17.4	18.6	22.9	13.7	15.5	14.8	18.2	16.6	10.7	5.2	7.3	11.2
Short-term fixed (1Y-5Y initial rate fixation)	35.2	33.0	28.3	39.4	36.7	29.6	25.4	31.2	26.8	14.5	8.6	10.8	15.6
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	1.0	2.3	0.9	2.1	0.6	1.5	0.9	1.6	0.8	0.7	1.6	0.5
Long-Term fixed (over 10Y initial rate fixation)	45.4	48.7	50.8	36.8	47.6	54.3	58.3	49.8	55.1	74.0	85.4	80.3	72.6
FINLAND													
Variable rate (up to 1Y initial rate fixation)	93.2	94.3	95.6	96.0	96.2	96.4	96.6	96.3	96.1	96.4	96.5	96.6	94.4
Short-term fixed (1Y-5Y initial rate fixation)	3.1	2.8	2.2	1.9	1.8	1.8	1.4	1.7	1.8	1.5	1.3	1.3	3.1
Medium-Term fixed (5Y-10Y initial rate fixation)	3.6	2.9	2.2	2.1	2.0	1.8	2.0	2.0	2.1	2.1	2.2	2.2	2.5
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	10.9	11.3	11.6	11.9	11.3	12.5	11.5	11.6	11.4	11.2	10.6	10.8	10.4
Short-term fixed (1Y-5Y initial rate fixation)	8.8	8.5	8.9	8.9	8.8	8.8	8.7	8.7	8.9	8.8	7.7	7.6	7.6
Medium-Term fixed (5Y-10Y initial rate fixation)	36.1	35.2	35.5	35.4	34.4	33.8	34.0	34.6	33.0	32.6	31.5	31.7	32.0
Long-Term fixed (over 10Y initial rate fixation)	44.2	45.0	43.9	43.9	45.5	44.9	45.8	45.1	46.7	47.3	50.1	49.9	49.9

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

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	43.5	45.9	41.4	38.7	28.1	18.3	11.5	6.5	4.9	3.2	2.6	1.7	1.6
Short-term fixed (1Y-5Y initial rate fixation)	27.2	27.0	32.6	34.2	42.7	46.6	42.4	31.3	26.5	24.7	28.3	30.6	29.3
Medium-Term fixed (5Y-10Y initial rate fixation)	22.5	20.6	19.5	21.2	23.8	29.2	38.4	51.3	57.6	61.4	59.2	55.2	53.9
Long-Term fixed (over 10Y initial rate fixation)	6.8	6.4	6.5	5.9	5.4	5.9	7.8	11.0	11.0	10.7	9.8	12.5	15.2
IRELAND													
Variable rate (up to 1Y initial rate fixation)	59.8	53.4	47.2	43.8	45.6	41.5	36.1	30.9	28.7	27.9	26.3	25.0	25.6
Short-term fixed (1Y-5Y initial rate fixation)	40.2	46.6	52.8	56.2	54.4	58.5	63.9	69.1	71.3	72.1	73.7	75.0	74.4
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)	29.0	31.3	35.5	37.5	36.3	33.4	32.8	30.5	30.8	34.2	31.5	19.7	19.8
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	71.0	68.7	64.5	62.5	63.7	66.6	67.2	69.5	69.2	65.8	68.5	80.3	80.2
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	10.7	13.8	14.7	15.3	15.4	16.2	16.3	16.9	18.2	19.7	19.4	17.1	17.3
Short-term fixed (1Y-5Y initial rate fixation)	8.3	10.0	8.7	8.9	9.3	10.2	10.0	9.2	9.3	10.0	8.7	7.9	7.4
Medium-Term fixed (5Y-10Y initial rate fixation)	57.9	54.3	55.5	55.3	53.4	48.2	43.8	43.1	42.5	42.7	44.1	43.4	41.1
Long-Term fixed (over 10Y initial rate fixation)	23.0	21.9	21.2	20.5	21.8	25.4	29.9	30.8	30.0	27.5	27.8	31.6	34.3



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

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	100	100	100	100	100	100	100	100	100	100	100	100
Short-term fixed (1Y-5Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate (up to 1Y initial rate fixation)	63.3	58.9	60.1	59.1	61.3	68.2	64.0	66.3	82.9	76.9	70.81	55.7	58.8
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	36.7	41.1	39.9	40.9	38.7	31.8	36.0	33.7	17.1	23.1	29.2	44.3	41.2
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	93.6	97.5	88.8	78.5	73.2	77.7	75.0	69.9	74.3	76.2	79.4	78.2	70.0
Short-term fixed (1Y-5Y initial rate fixation)	4.8	1.7	2.5	10.3	15.5	8.5	11.3	13.6	13.2	10.8	10.0	10.5	11.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.1	0.5	1.9	3.5	5.6	6.0	6.7	8.5	3.8	2.6	2.5	4.2	5.4
Long-Term fixed (over 10Y initial rate fixation)	0.5	0.3	6.7	7.8	5.7	7.9	7.0	8.0	8.7	10.5	8.1	7.1	13.4
SPAIN													
Variable rate (up to 1Y initial rate fixation)	41.7	42.0	43.9	42.3	36.3	36.8	36.2	35.7	34.4	38.1	36.3	33.6	32.3
Short-term fixed (1Y-5Y initial rate fixation)	24.8	26.2	27.2	28.5	29.7	28.39	28.2	26.6	26.8	27.0	28.8	22.3	19.3
Medium-Term fixed (5Y-10Y initial rate fixation)	4.7	4.4	3.9	3.9	4.1	4.24	4.7	4.8	5.6	4.5	3.5	3.0	3.6
Long-Term fixed (over 10Y initial rate fixation)	28.9	27.4	25.0	25.3	29.9	30.58	30.8	32.8	33.3	30.4	31.4	41.1	44.8

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

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	72.7	72.9	72.5	69.0	70.3	72.9	72.2	62.1	54.9	60.8	63.0	58.7	49.5
Short-term fixed (1Y-5Y initial rate fixation)	19.6	19.8	18.9	20.4	20.8	20.2	20.9	29.8	36.2	31.6	27.0	28.5	35.4
Medium-Term fixed (5Y-10Y initial rate fixation)	7.7	7.3	8.6	10.7	8.9	6.9	6.8	8.1	8.9	7.6	10.0	12.8	1.3
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	15.8	11.6	11.0	7.4	6.7	6.7	8.3	6.8	7.9	6.6	7.4	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	82.0	86.7	87.6	90.9	91.6	91.7	90.0	91.7	90.5	91.8	90.7	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	2.2	1.7	1.4	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.9	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n/a	n/a	n/a	0	0	0	0.1	n/a	n/a

NOTE:

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

n – no lending made in this maturity bracket

Source: European Mortgage Federation

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

- Spain
- United Kingdom
- Czech Republic

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEY

The Bank Lending Survey (BLS) is carried out by the European Central Bank (ECB), is addressed to senior loan officers of a representative sample of euro area banks and is conducted four times a year. The sample group participating in the survey comprises around 130 banks from all euro area countries and takes into account the characteristics of their respective national banking structures^{1,2}.

The survey addresses issues such as credit standards for approving loans as well as credit terms and conditions applied to enterprises and households. It also asks for an assessment of the conditions affecting credit demand. The results and information displayed here are taken from the quarterly results of the “*The Euro area bank lending survey – Second quarter of 2019*” of the ECB.

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

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

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

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

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



RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
AT	14	-14	14	0	29	14	0	29	29	14	14	0
BE	25	0	0	25	0	0	25	0	50	25	75	50
CY	0	0	0	0	0	0	0	0	0	0	0	0
DE	0	-7	-7	-7	-7	-3	0	7	-3	0	0	3
EE	0	0	13	30	10	0	0	0	0	0	0	63
EL	25	0	0	0	-25	0	0	0	0	0	0	0
ES	0	-11	-11	-11	-11	0	0	11	11	0	11	0
FR	0	-2	-2	-14	-2	-2	-2	-2	-2	0	2	37
IE	0	0	0	0	0	0	0	0	0	0	0	0
IT	-20	-20	0	-10	0	0	10	10	0	-10	-10	0
LT	25	75	0	0	0	25	25	0	0	0	0	25
LU	-33	-17	0	-33	-17	0	0	0	-17	-33	0	17
LV	0	0	0	-25	0	50	25	50	0	0	0	50
MT	0	-45	0	40	0	0	0	0	21	60	0	0
NL	-30	-48	-36	-51	-50	-34	-35	-32	-34	-30	-34	-34
PT	0	0	0	0	0	60	20	0	0	0	20	20
SI	0	0	0	0	0	20	20	0	0	0	100	40
SK	65	51	32	59	32	78	50	66	15	78	-9	60
EA	-4	-11	-6	-11	-8	-2	-1	3	1	-2	1	9
CZ	57	40	42	41	29	40	92	-6	-15	18	26	5
DK	-32	22	14	40	13	-6	19	0	8	0	19	-7
HU	-4	-5	-5	-5	-15	0	-5	-5	-5	0	0	55
PL	13	11	21	-4	7	58	61	1	1	32	8	29
RO	47	-16	3	7	0	18	16	50	0	0	0	12
UK	-10	-7	-2	-4	-4	11	12	-7	6	1	-15	4

The first quarter of 2020 was marked by the outbreak of Covid19 in Asia in the month of January, and by March as well in Europe, an event that is expected to have a significant impact on credit conditions and demand all along the year. In Q1 2020, credit conditions to households for house purchase have experienced the most significant tighten since Q1 2013. On average in the EU credit standards tightened by 9%, reverting the slight easing trend experienced in previous

quarters. Despite this relevant tighten of the credit conditions the impact of Covid19 was somehow contained in the first quarter if we compared it with the numbers recorded during the financial and sovereign debt crisis.

A lower risk tolerance and a worsening of the creditworthiness of households have been identified as the main factors contributing to the tightening of

credit conditions for house purchase. On the other hand, and as it was the case in previous quarters, bank's funding costs and balance sheet constraints had a neutral impact on credit standards.

Amongst the largest euro area countries, credit standards tightened specially in France and Germany while they remained stable in Spain and Italy. For France the main reasons for the tightening of the credit conditions have been the lower risk tolerance of banks together with a higher risk perceptions and a deteriorated prospects of borrower's creditworthiness mainly created for the deterioration of the general economic outlook and the housing market prospects as a consequence of the pandemic outbreak. Furthermore, the macroprudential recommendations by the French High Council for Financial Stability are believed to have as well impacted credit conditions. In Germany, the main factors contributing to the tightening of conditions were the higher risk perceptions of banks and the lower risk tolerance. On the contrary, in Spain and Italy credit conditions remained unchanged. Nevertheless, the impact of the pandemic for these countries on next quarters is expected to be significant.

Looking at the rest of the EU countries of our sample we observe a change in trends, while in previous quarter the big majority of the countries conditions remained unchanged, in this last quarter most of the countries experienced tightening of the credit conditions. In the sample Estonia points out with a tightening of the credit conditions of 63%, closely followed by Slovakia were

credit conditions tightened by 60%. At the other end of the spectrum we find the Netherlands, country that experienced the biggest easing of over 34% for another consecutive quarter.

In this context, banks expect that in the second quarter of 2020 credit standards will further tighten by 12%.

Looking at the rejection rate, it increased during the fourth quarter of 2019, the number of housing loans rejected increased by 6% compared to the previous quarter. However, the trends were different among jurisdictions. In Italy and Spain the rejection rate decreased, in Germany it remained unchanged and, finally, in France it slightly increased.

Outside the Euro area, in the UK the trend reverted and in the first quarter of the year credit conditions tightened by 4%. However, in Denmark credit conditions for households eased by almost 7%. Moving to the Centre-East, in Poland credit standards tightened significantly by almost 29%, a figure significantly higher than the one registered the previous quarter. In Czechia some banks tightened standards for loans for house purchase provided to households, however, less than during the last quarter of the year. The net tightened was of 29%. Likewise, in Romania credit conditions for house purchase tightened by 12% during the first quarter of the year. Finally, in Hungary credit standards for house purchase loans significantly tightened by 55%.

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2020-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2020	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Credit Standards Overall	0	50	—	3	63	0	0	37	0	0	25	17	50	0	-34	20	40	60	9	5	-7	55	29	12	4
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	2	0	0	50	0	0	0	0	0	0	0	0	-8	—	5	23	—	2
Perception of risk	14	50	0	7	13	0	0	22	0	0	25	17	25	0	20	20	0	40	8	—	8	43	—	—	—
Pressure from competition	0	0	0	0	0	0	0	0	0	-5	0	-8	0	-8	-34	0	-10	-14	-4	-5	1	0	-5	—	-2
Risk Tolerance	5	8	0	6	67	0	0	9	0	0	8	28	42	0	-32	0	20	33	3	6	7	20	14	—	-3

NOTE:

For UK there are different factors and following assumptions were made: tight wholesale funding conditions > impact of funds and balance sheet constraints; market share objectives > pressure from competition; changing appetite for risk > Risk Tolerance

For DK following assumption: Credit standards - competition > Pressure from competition; credit standards - perception of risk > perception of risk; credit standards appetite for risk > Risk Tolerance

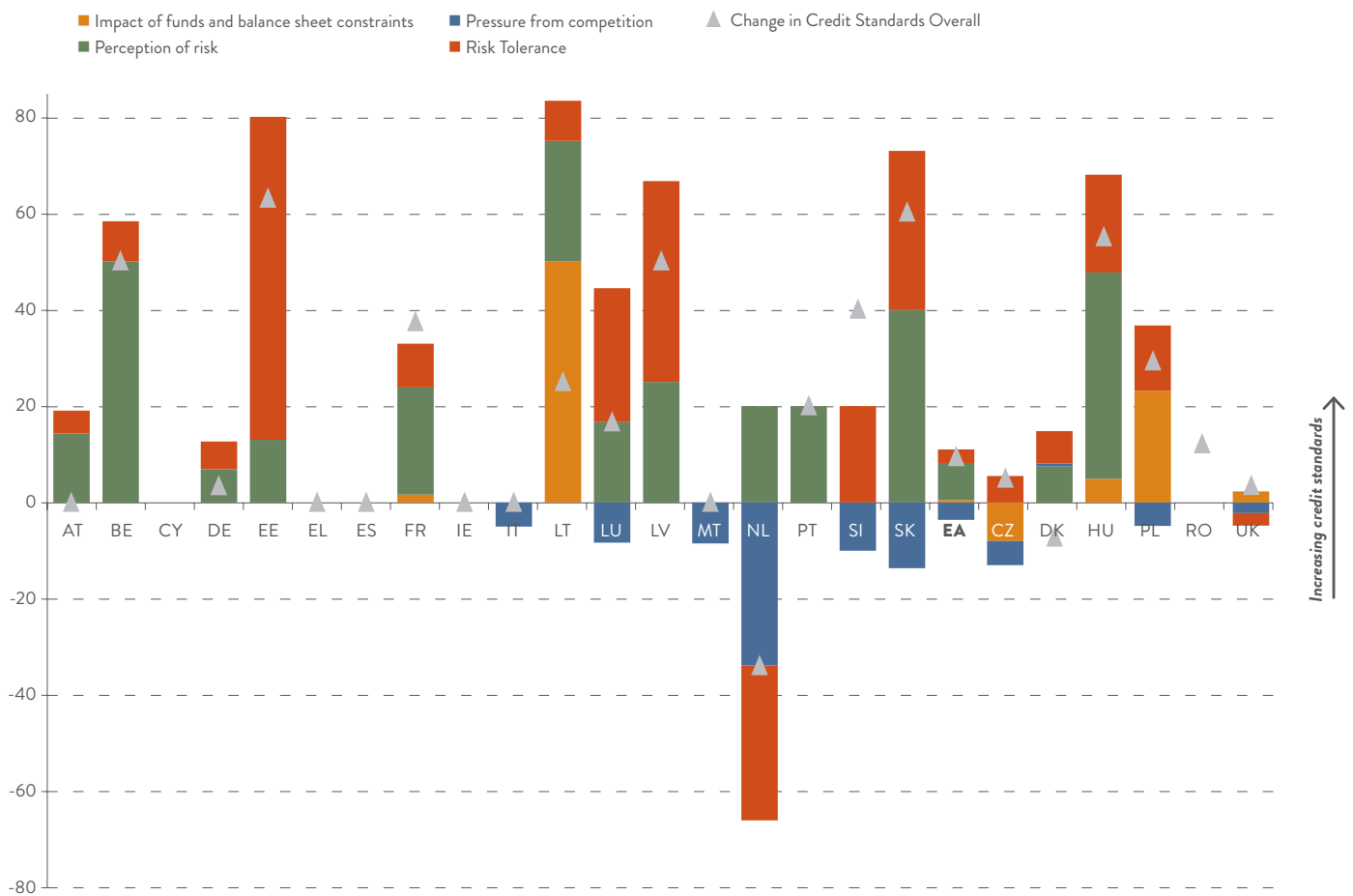
For CZ there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balance sheet constraints; pressure from other banks and non-banks > pressure from competition.

For HU the factors have suffered a change in the sign (positive net change indicator = contributed to tightening); also there are different factors so the following assumptions were made: changes in bank's current or expected capital position + changes in bank's current or expected liquidity > impact of funds and balance sheet constraints; competition from other banks and non-banks > pressure from competition.

For PL there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet constraints;

For RO there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet; competition from other banks and non-banks > pressure from competition.

CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020
AT	29	43	14	14	0	-14	-14	14	14	29	29	43
BE	0	-25	0	0	0	0	25	0	0	0	100	-50
CY	25	75	100	80	100	50	25	25	50	0	25	0
DE	-7	0	0	14	21	3	10	14	38	28	17	24
EE	38	25	13	20	30	0	0	13	13	0	25	0
EL	0	25	0	25	25	25	100	50	0	75	75	75
ES	11	11	11	22	22	22	-11	11	0	-33	-33	-44
FR	29	-21	-21	-40	17	-22	-20	20	28	28	41	38
IE	20	20	20	10	30	-10	10	50	20	0	0	20
IT	10	30	10	10	20	10	10	0	20	10	30	-30
LT	0	-25	0	0	25	0	25	0	0	0	0	-25
LU	33	67	17	17	17	-17	17	17	0	-17	17	33
LV	25	33	50	75	50	25	25	25	25	25	50	0
MT	14	14	13	55	55	56	-25	43	0	-82	-99	-82
NL	72	53	47	33	51	49	52	49	50	14	50	49
PT	60	40	80	40	40	60	20	-20	40	40	20	0
SI	40	20	40	0	20	-20	0	-20	-20	-20	-80	-60
SK	12	10	34	-26	93	-2	-15	-20	-25	-1	7	0
EA	19	12	8	5	23	5	12	14	26	15	25	12
CZ	1	-32	39	-25	-2	45	-28	-72	29	18	31	20
DK*	-11	14	2	-11	0	11	28	11	-14	-30	-7	6
HU	96	42	51	72	85	51	65	75	60	-44	34	6
PL	29	-14	-13	76	40	11	13	26	54	38	-18	23
RO	9	19	-31	50	-15	-39	-33	8	-17	2	31	12
UK**	2	-6	8	-29	5	3	24	-2	-29	-13	13	-28

NOTE:

* Data taken is "demand for loans - existing customer" as DK does not provide an aggregate figure for demand (we left aside the "demand for loans - new customers")

** Data taken is "change from secured lending for house purchase from households"

For another consecutive quarter, credit demand for housing loans continued to increase in the European Union, however, during this first three months of the year the growth of demand was significantly lower. Net demand grew by 12% overall, half than in previous quarters. This figure is above the historical average and it was higher than expected by banks.

This increase was mainly fuelled by the general low level of interest rates. However, this positive impact was lowered by weak consumer confidence. Furthermore, positive demand was also weaker by a deteriorated housing

market prospects. On the other hand, other financing needs such as refinancing positively impacted demand.

Looking at the 4 biggest countries of the EU, in Spain and Italy demand for housing loans decrease, accumulating another quarter of negative evolution. The main factor contributing to the decrease on demand growth were consumer confidence which highly deteriorated as a consequence of the Covid19 outbreak, which strongly affected household's income and employment situation. Meanwhile in France and Germany demand grew significantly.

This increase was boosted by favourable level of interest rates which still remain very low.

Outside the Eurozone, in the UK, demand followed a similar trend of decreasing demand. In Q1 2020 demand on loans for housing purchase decreased by

28%. On the other hand, in Denmark demand for housing loans has increased by almost 6% during this past quarter. Furthermore, in Poland household's demand increased by almost 23% figure that contrast with those recorded in the rest of Europe. Meanwhile, in Czechia and Hungary demand raised by 20 and 6%, respectively. On the other hand, in Romania demand drop by 30%.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2020-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2020	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Demand Overall	43	-50	0	24	0	75	-44	38	20	-30	-25	33	0	-82	49	0	-60	0	12	20	6	6	23	-30	-28
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	-14	0	0	7	-25	-11	-2	75	10	-10	0	17	-25	-80	49	0	-20	0	3	-4	—	—	57	—	—
Other financing needs	43	25	50	17	-25	0	15	25	10	0	0	50	0	0	82	0	20	34	19	26	—	—	0	—	—
Consumer confidence	0	0	25	-7	-38	-33	27	50	10	-20	-50	-17	-25	-80	31	-20	-20	27	-9	0	—	—	0	—	—
Use of alternative finance	0	0	25	0	0	0	6	-6	0	0	0	0	0	0	32	-10	-10	-17	2	—	—	—	—	—	—
General level of interest	-5	0	25	-5	4	0	-11	4	0	0	0	0	0	9	0	-13	-30	-2	-2	-15	—	—	4	—	—

NOTE:

DK, HU, RO and UK do not provide factors affecting the Demand, but a breakdown of the different types of lending

For CZ there are different factors and the following assumptions were made: non-housing related expenditure > other financial needs; household savings > internal financing out of savings/down payment; level of interest rates > general level of interest.

For PL there are different factors and the following assumptions were made: changes in consumption expenditure > changes in consumer confidence; use of alternative financing sources > impact of other sources of finance; changes in terms on housing loans > impact from loans of other banks.

CHART 5 | DEMAND OVERVIEW AND FACTORS

■ Impact of housing market prospects ■ Other financing needs ■ Consumer confidence
■ Use of alternative finance ■ General level of interest ▲ Change in Demand Overall

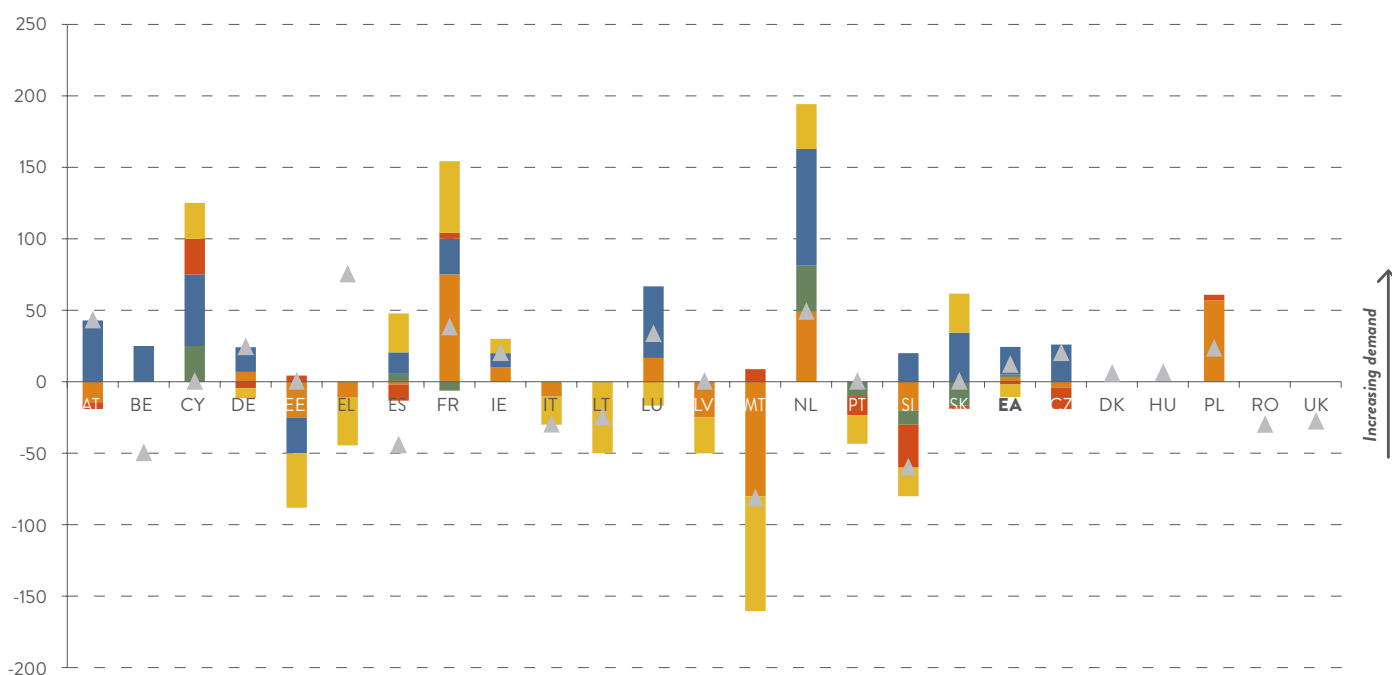
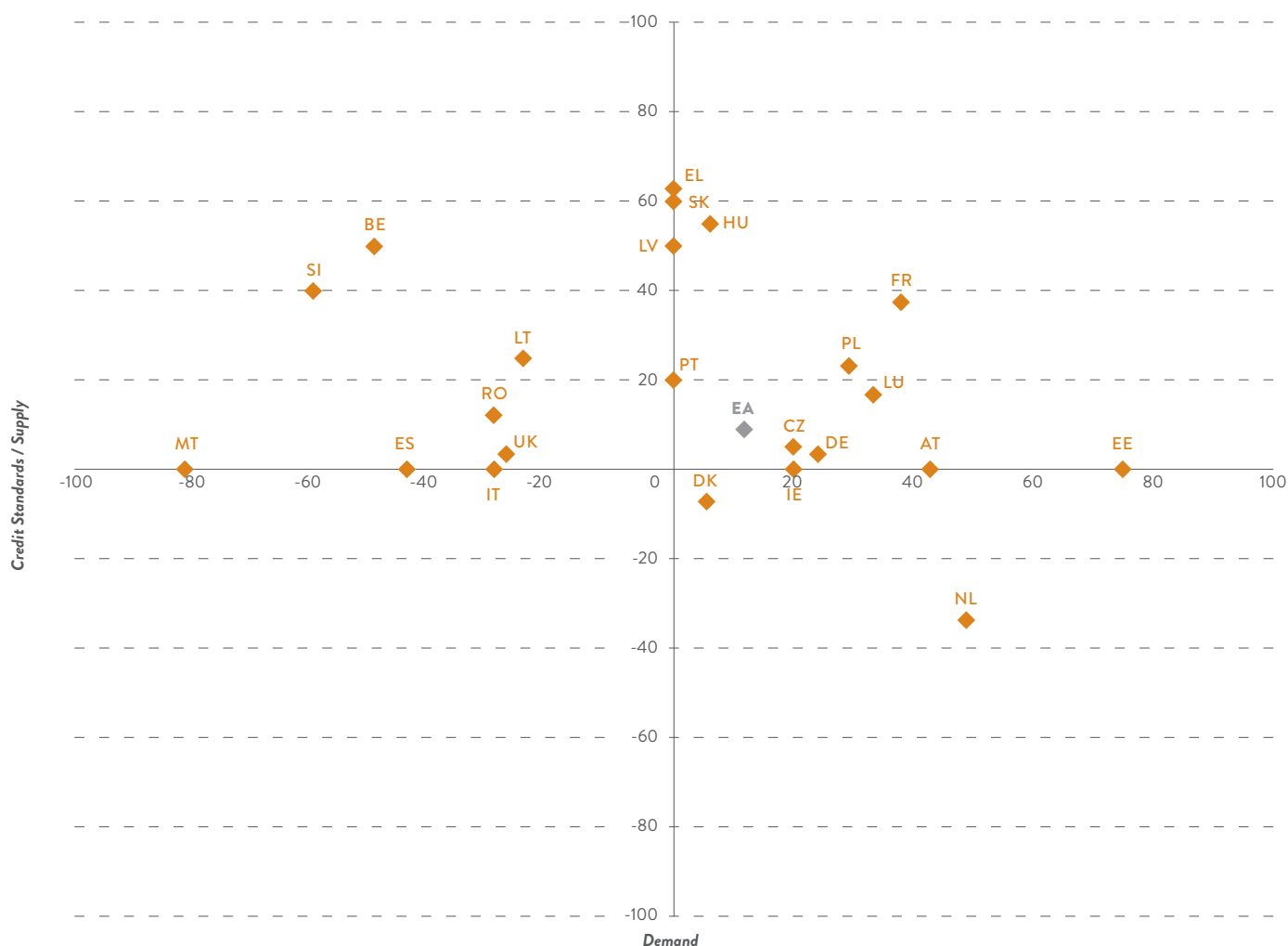


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

The graph depicting the changes in supply and demand shows some clear trends, particularly on the supply side. Regarding credit standards we see how the majority of the countries are on the upper part of the chart, therefore,

presenting tightening of their credit standards. On the demand side the picture is more heterogeneous, however, a bigger part of countries have still experienced some positive developments in demand for loans for housing purchase.



Q1|2020

**QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS**



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