Q2 | 2020

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation
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During the second quarter of 2020 the world experienced the consequences of the first wave of the COVID-19 outbreak. In April, public life practically came to a standstill for the majority of the world's population due to lockdowns to contain the spread of the pandemic. These lockdowns were gradually eased in Europe in May and June when the pandemic appeared to have slowed down.

In order to counterbalance the heavy toll on the economy and on the population, which saw in Q2 a contraction of 11.4% in GDP and of 2.7% in employment rate in the EU27 with respect to the previous quarter, both the European Union and the Member States put in place several supporting measures to alleviate the loss of income and to guarantee the survival of entire economic sectors. In May 2020 the European Commission proposed a support and recovery package called Next Generation EU which was approved in July by the European Council. It supports Member States in their recovery from the crisis, provides measures to boost private investment and to support ailing companies and provides reinforcement of key EU programmes to make the single market stronger and to accelerate both the green and digital transition. In several countries, payment moratoria on mortgages have been put in place and in several cases have already been extended with respect to the initial periods agreed in Q1 2020. Currently with the emergence of a second wave which is hitting Europe hard, the measures in place are likely to be extended and reinforced.

As far as housing and mortgage markets are concerned the impact of COVID-19 has in general terms been severe, especially during the first lockdown period, as on-site visits to dwellings as well as to banks and notaries weere severely hindered as a consequence of the social distancing regulations. The gradual easing of the measures in May and June provided respite to the market which in several instances showed resilience and new momentum in residential property purchases and mortgage applications and originations. Moreover, it is also interesting to note how the pandemic has shifted the interest of home buyers to homes with specific characteristics, which make a lockdown or a "staycation" more bearable, such as detached homes, homes with a garden or terrace, secondary homes and homes located in smaller cities farther away from the larger hubs.

MORTGAGE MARKETS

Mortgage market dynamics in the second Quarter of 2020 varied amongst countries, ranging from contractions in gross lending of up to 35% with respect to the same period of last year up to further expansions due to increased appetite for specific housing categories as a consequence of the pandemic.

Starting from Continental Europe, in **France** and **Belgium** new mortgage lending dropped severely due to the lockdown which blocked the various passages involved in concluding a mortgage contract. This figure, however, reversed in the months after the easing of the lockdown when strong demand for new mortgages was detected which may provide some optimism for the future. In Belgium, the new lending figures in both quarters of 2020 decreased for the first time in years and reached levels last seen in 2016 and dropped by over 15%, or by 23% when remortgaging is not considered. This drop, besides the impact of COVID-19, was to a lesser extent also caused by the end of the fiscal discount provided by the Flemish government until end of 2019, which resulted in a drop in the number of new loans during the first half of 2020 as a result of prospective buyers concluding their mortgage contracts in 2019. In France notwithstanding a drop of over 23% in gross lending the outstanding figures still showed a 6% increase year-on-year. In **Germany**, on the other hand a slowdown in new residential mortgage lending was registered without any signs of significant decline marking a 0.7% contraction with respect to Q1 2020 and a 3.7% increase with respect to Q2 2019.

Moving North, mortgage markets' outstanding values did not see a contraction, whereas gross lending figures moved in different directions as a reaction to COVID-19. In **Finland** household and investor demand was still high and due to the current pandemic several remortgaged drawdowns were registered in April. In **Denmark**, on the other hand, gross lending figures dropped by 27.6% with respect to Q1 2020 and by 32.6% compared to Q2 2019. A partial explanation of this decrease can be provided by the massive contraction of remortgaging which was nearly 40% less than in Q2 2019. Heading in the opposite direction, gross lending in **Sweden** saw a 6% increase on an annual basis, or a 5.4% increase with respect to previous quarter. This evolution can be explained both by the increased demand for one-family homes, followed by the significant demand for Swedish vacation homes during 2020 due to COVID-19 restrictions. Moreover, as several individuals are working from home there is as well an increased demand for properties in suburbs and smaller cities where more house can be acquired for the same amount of money. Another explanation is also linked to the ongoing pandemic, as mortgage holders were granted an amortisation exemption in April, which will be further explained in the relevant section below.

A similar picture can also be observed in the East with increasing outstanding mortgage figures and a mixed picture regarding gross lending. In **Czechia** the pandemic did not seem to affect housing and mortgage markets negatively, but on the contrary, it accelerated the local housing market trends, marking an increase of over17% y-o-y and a 3% q-o-q increase, mainly because of the perception of houses being a safe investment especially in uncertain times and because the long-term intention of buying a house was mostly was not affected by the outbreak of the pandemic. In **Hungary** new mortgage lending decreased by 14% q-o-q and by 18% y-o-y in parallel to a significant drop of household consumption. Also in **Romania** gross lending experienced a drop of 18% compared to previous quarter and of 3% compared to the same quarter previous year. During the same period credit standards were tightened and NPL evolution increased marginally with respect to the beginning of the year.

In the South the picture is more mixed. In **Italy** outstanding and gross lending figures marked both an increase of respectively 1% and 18% y-o-y. In **Portugal**, June registered the first positive signals since February with more stable sales market figures and slightly rising demand from tenants. Notwithstanding still subdued new sales and new listings figures the evolution is the least negative of the last four months. New loans in Q2 2020 contracted by 3.2% over the year and by over 12% with respect to last quarter. In Spain outstanding mortgages contracted by 1.3% y-o-y and new lending plummeted by 23% with respect to previous year and by 10% with respect to past quarter notwithstanding the significant increase in remortgaging activity from 2.6% in Q1 to 14% in Q2. The summer months with the partial return to normality marked some upturn of the mortgage market.

In **Ireland** outstanding and new lending both contracted in Q2 2020 by respectively 2.3% and 35%, the former the lowest level since Q3 2004 and the latter the lowest figure since Q1 2017. In the **UK** the initial recovery of mortgage and housing markets in Q1 2020 after the uncertainties caused by Brexit was stopped in its tracks with the outbreak of COVID-19. With no property viewings permitted, gross lending was just GBP 44.8 bn in the quarter, 30% lower than in the same period a year earlier. Almost half (45%) of this lending was remortgaging activity, which although was reduced, was only 16% lower than in Q2 2019. Net lending (gross lending minus repayments) fell to GBP 3.3 bn, 70% lower than in the same period in Q2 2019. Mortgage repayments were 22% lower in the quarter compared to Q2 2019, as many homeowners took advantage of a repayment holidays offered by lenders to help people affected by COVID-19.

REGULATION AND GOVERNMENT INTERVENTIONS

Besides the significant measures put in place due to the pandemic, which will be analysed in depth in a later section, throughout Europe some new non-market interventions especially updating macroprudential tools were introduced.

In **Czechia** the Central Bank relaxed credit indicators that had been applied to mortgages. Specifically in April the Debt to Income ratio limit was cancelled and LTV and DSTI limits were relaxed, which helped to maintain sales volumes regardless of the crisis caused by the pandemic. In **Finland** the legislative proposal presentedby the working group in charge of considering different options to tackle the issue of household overindebtedness faces an uncertain timeline due to COVID-19 and is expected to be postponed from beginning 2021 to later in that year or even in 2022. In **France** end 2019 the National Prudendial Authorities proposed some restrictions on mortgages exceeding 25 years and and LTI over 33% requesting additional capital buffers for non-compliant banks. The first reporting by banks was delayed because of the health crisis and is now expected for the end of September. Real estate professionals and credit brokers reacted strongly, fearing a credit crunch.

In **Belgium** the Central Bank (National Bank of Belgium – NBC) has invited banks to start gathering information on EPC-data for new loans as soon as possible and without waiting for the possible access to EPC-databases of the regional authorities. Further details are under discussion with the NBC.

In **Romania** the government "First Home" Programme, modified by the "A home, a family" Programme became "New Home" on 15 August 2020. The "New Home" program removes income restrictions and interest rate subsidy provisions. The novelty of the program resides in the differentiation of the proportion representing the advance and the guarantee from the state according to the value of the loan.

HOUSING MARKETS

HOUSING SUPPLY

The picture of housing construction, new permits and transaction figures for Q2 2020 are at best quite somber. COVID-19 has put an abrupt halt to the real estate market, especially in April and May, the months of the strictest confinement rules. On the bright side, when confinement measures were mostly lifted supply returned and completion figures were in general terms still high as they built on the robust new permit figures of the previous quarters.

In continental Europe supply was significantly affected by the consequences of the lockdown imposed. In **France** construction and transaction figures saw significant reductions. Most building sites had to stop and new permits were impossible to obtain marking a 45% reduction during the quarter, whereas at the end of June annual transaction figures reported a 10% regression. For 2020 a decrease of 20% is expected, which is still 20% higher than the level seen in 2007-2008. On the bright side two major real estate companies Caisse des Dépôts Habitat and Action Logement announced a large increase in their programmes to purchase rental apartments (respectively 40,000 and 10,000) from real estate developers. As a consequence, for the second quarter, sales to investors were up 39 % while sales to individuals were down 50 %. A similar measure was initiated in 2008 at the government's request in order to save the real estate sector from low demand and high stocks. However, the situation today is quite different. Stocks of real estate developers are low and the problem seems to be on the offer side, such as a lack of affordable land and difficulty obtaining construction permits. Moreover from the European Action Plan EUR 6.5 bn is targeted for renovation of private homes and public building offices and EUR 2 bn are for dwellings.

In the Nordics the supply of dwellings in general shows signs of contraction especially with respect to 2019. In **Sweden** and **Finland** new permits continue a decreasing trend in the construction market. In any case in Finland the number of completed houses will remain high as a consequence of the relatively numerous housing starts in recent years, while in Sweden new starts in 2020 are expected to be 47,000, a nearly 3.5% decrease with respect to the previous year. **Denmark** marked a 6.2% increase in houses sold and a 2% decrease in flats sold in Q2 2020 with respect to Q2 2019. At the end of Q2 2020 there were 6% less houses and 1.5% less apartments on the market with respect to the previous quarter, which compared to the same quarter of 2019 was a drop or respectively 16.3% and 21%.

Also in the East housing completions in Q2 2020 were still high and new permits plummeted with respect to previous year. In **Romania** the volume of construction work increased by nearly 20% compared to Q2 2019 and at the same time in the first half of 2020 number of new building permits for residential buildings decreased by 12% with respect to the same period in 2019. **Hungary** experienced similar dynamics with building permits decreasing by 37% and completion increasing by nearly 40% with respect to Q2 2019. This evolution can be explained both by the COVID-19 outbreak which blocked the market activity causing sales transaction to fall by 70% in Budapest and by nearly 60% nationwide in April but also by the VAT on new buildings which was restored in January from 5% to 27%.

In **Italy** and in **Spain** the housing market suffered a sharp contraction as transactions decreased by over 27% year-on-year caused by the forced closure of most activities because of COVID-19. In Spain specifically real estate activities decreased by over 5%.

In **Ireland** significant contractions in housing constructions were also registered in Q2 2020 with nearly 32% fewer dwelling completions with respect to Q2 2019, marking the lowest figure since Q2 2017. Looking at monthly data, April 2020, when the restrictions were the strictest, saw a drop of over 72% with respect to the same month in 2019, whereas in June the comparison with 2019 was a contraction of 5.9%. Also looking at housing starts Q2 marked a significant drop of over 47% y-o-y, the lowest level since Q3 2016. New permits also dropped by nearly 30% y-o-y in Q2 2020 and most of them were Strategic Housing Development (SHD) applications, which involve larger housing developments. Irish households in Q2 2020 bought over 36% fewer residential properties in Q2 2020 with respect to Q2 2019, the lowest figure since Q2 2013. In the **UK** starts and completions were around 60% lower than in Q2 2019 which accelerated a trend already started in 2019 when the activity slowed down following six years of sustained growth.

HOUSE PRICES

The outbreak of the pandemic affected House Price dynamics, but to a lesser extent with respect to the housing supply figures.

In Continental Europe house prices showed an upward trend despite COVID-19. In **Belgium** house prices increased between 2.8% and 3.1%, whereas apartment prices increased around 6% according to the various regions in Q2 2020. In **France** House Prices continued to rise, but at a a slower pace while in **Germany** the dynamics show a 6.0% increase in Q2 2020, without being negatively affected by COVID-19. This can be explained by the ongoing interest of domestic and foreign investors in housing which is considered a basic need. In addition with large amounts of liquidity available due to expansive monetary policy and a lack of alternative investment options, property markets continued to be seen as a sound way to invest money. Rents linked to new contracts rose by 3.1% and owner-occupied housing also increased by 6.8% year-on-year.

In the Nordics house prices are generally still on an upwards trend, though to different degrees. In **Denmark** prices for owner-occupied apartments and houses increased by respectively 2.7% and 2% y-o-y by 1.1% and 0.3% respectively q-o-q. In **Finland** the large cities continue to mark an increasing trend while the countryside continues to see a declining price trend. In **Sweden** the pandemic caused a further slowdown in prices and in certain instances the price trend even decreased on a month-to-month basis. However, during the second part of the quarter growth of especially one-family house prices started to increase by 5.8% year-on-year with respect to 4.8% of Q2 2019. Apartment prices, on the other hand, slowed down to 2.1% with respect to nearly 7% in the previous year. This specific evolution can be explained both by the growing appetite of Swedish households to have a detached second home in the country to spend their "staycations" due to COVID-19 restrictions and also by the increased interest in relocating to smaller, more affordable towns from where to telework. Against this background one-family homes in the Stockholm area increased by over 6.1%, in Malmo by over 6.3% and in Gothenburg by 3.8% year-on year. This trend continued in July and August when the price of one-family homes increased by around 10% and apartments by 4% on annual basis.

Moving to the East House prices showed different dynamics. In **Czechia** House Prices grew by 7.7% y-o-y in Q2 and since the beginning of 2020 prices increased more outside Prague than in the capital. Even if a share of housing is kept for short rental, principally in Prague, which was negatively affected by COVID-19 and the linked travel restrictions, investors keep these dwellings expecting a future improvement of the situation. In Hungary house price remained constant thanks to the payment holiday measures introduced in order to support households and small corporates with stretched liquidity situation thus avoiding fire sales of real estate. In **Romania** the latest available data from Q1 2020 show an increase of 8.1% in nominal terms, compared to 3.4% q-o-q and to 4.8% during the same period last year, the largest nominal growth rate of housing prices since Q1 2016. It should be noted here that for Q2 2020 several banks already reported that a decline in house prices is to be expected.

In the South price dynamics were also relatively heterogeneous. In **Spain** Q2 2020 saw a contraction of 1.7% in prices with respect to Q2 2019, with new dwellings nevertheless registering a timid increase of 0.6%. This different dynamic between new builds and the entire market shows that there is balance in supply and demand in addition to the fact that house prices of new-build units have been set months before the formalisation of the purchase. Similar to other countries, in Spain there was a growing demand for dwellings outside the larger cities different regions saw their house prices fall by over 3% y-o-y, such as Valencia, Aragon, Murcia and Cantabria, whereas in other regions like the Balearic Islands, Basque Countries and Ceuta y Melilla house prices actually grew. **Italy** registered the most significant house price increase since the start of the time series. This dynamic can be explained by the increase in new constructions (2.7%) and especially in existing ones (3.7%). The significant increase confirms a trend started in 2019 and refers to contracts signed between April and June. In **Portugal** house prices confirmed the table trend since March and registered a variation in the subsequent three months between 0.4% and 0.9%, thus keeping the record levels reached at the beginning of the year.

In **Ireland** property prices increased by 0.1% in June marking a gap of nearly 18% with respect to the peak registered in 2007. Dublin marked a 0.7% decrease in residential property prices y-o-y in June 2020, the ninth decline in the past eleven months, whereas apartments in the county increased by 2.4% accelerating from 1.4% in March 2020. Residential property price outside Dublin increased by 0.9% y-o-y, unchanged since May, but registered the joint lowest inflation rate since December 2013 when prices fell by 1.6%. In the **UK** house prices remained stable in Q2 2020. The decision of the government to temporarily increase the stamp duty threshold to GBP 500,000 for property sales in England and Northern Ireland until March 2021. The tax will only be payable above that threshold at a marginal rate. Together with the pent-up demand over the lockdown period these factors help to explain the spike in house prices in August. Demand for housing is likely to remain elevated during the stamp duty holiday, with a bunching of transactions likely to occur around the end of the holiday period at the end of March 2021.

MORTGAGE INTEREST RATES

Mortgage interest rates in Europe in Q2 2020 remained in general terms quite low without a clear increasing or decreasing trend throughout the sample. Notwithstanding the well-known differences and different preferences between fixed and variable interest rates, there is an ongoing trend of increasing appetite for more fixed interest rate arrangements.

In Continental Europe interest rates are generally low and over the last quarter the dynamics have marginally changed. In **Belgium**, 88% of new mortgages were concluded with an initial fixed rate of over 10 years, with a marginal 3% of mortgages with only 1 year fixation period. Overdue contracts since 2015 have shown a decreasing trend, which was reversed at the start of 2020 mostly due to technical corrections of some issuers. In any case the ratio of overdue contracts remained stable at 0.91% by end Q2 2020. In **Germany** and **France** the representative interest rates for mortgages marginally increased in the last quarters reaching 1.30% and 1.13% respectively.

In this quarter, the Nordics also consolidated its position as the region in Europe with on average the lowest mortgage rates. In **Finland** the aggregate rate in Q2 2020 was 0.73% whereas in **Denmark** it increased to 0.67% registering the lowest value in the sample. This increase was mostly felt by more fixed interest rate contracts which increased by 29 bps whereas the more variable ones with a one year fixation period increased by 1 bps. A similar picture was also seen in **Sweden** where variable interest rate changes remained almost unchanged, whereas more fixed interest rate contracts saw the interest rates increased slightly.

In Eastern Europe, interest rates showed a mixed picture with respect to the previous quarter, however the level here remained the highest in Europe. In **Czechia**, the reference interest rate was quite low at 0.25% also with low interest rate swaps, creating a favourable environment of further decreases in mortgage interest rates. Mortgage providers in any case preferred to operate more careful interest rates cuts due to the uncertainty concerning future developments in order to collect some higher margins which may be used as future buffers against potential worsening in the payment capacity of borrowers. In **Hungary** most mortgages were issued with an initial fixation period of 5-10 years with an interest rate of 4.24 marking a 7 bps increase with respect to Q1 2020. In **Romania** mortgage rates decreased by 9 bps, but they are still 5 bps higher with respect to Q2 2020, thus representing the highest interest rate in the sample at 5.22%. Over 70% of new mortgages were issued with variable interest rates, representing a slight increase with respect to the beginning of the year.

Different trends are also detected in Southern Europe. In **Portugal** variable interest rates are constructed with two elements, an external index based on EURIBOR and a borrower-specific component depending on its risk profile. In Q2 the variable rate increased by 13 bps to 1.08 with respect to Q1. In **Spain** mortgage rates continued their downward trend marking a new minimum in Q2 with 1.75%. Here fixed rate mortgage rates continued to grow albeit at a lesser rate with respect to the previous quarters. In **Italy** both interest rates with shorter or longer fixation periods continued to decrease at low levels. Variable interest rates reached 1.37% while the interest rates with a longer initial fixation period reached 1.25%.

In **Ireland** Q2 2020 marked the first time since the beginning of the data series in 2003 that over 75% of new mortgages were issued with a fixation period of over one year. Around 37% of the value of outstanding mortgages was linked to ECB base rate-linked tracker mortgage rates while mortgages with a fixation rate between 3 and 5 years grew from 8.5% in June 2018 to 20.1% in Q2 2020. In the UK average interest rates fell in Q2 2020 following the reduction of the Bank of England Base Rate to 0.1%. Tracker rates internalised this decrease whereas fixed rates remained more stable with some longer term fixed rate deals (over 10 year) increasing in Q2. The proportion of mortgages advanced on variable rates was 10.3% in Q2 up from 7.3% in Q1 and the highest proportion for nearly three years. The **UK** is likely to be entering a long period of low interest rates, and with some longer term fixed rates increasing some borrowers may choose variable rates if the prospect of a rate rise is unlikely for some time. There was a significant reduction in the number of higher Loan to Value products (90%+ LTV) available, especially in the first-time buyer market. This reflects the uncertainty over the long term direction of property prices and wider economic uncertainty. Consequently it is expected that until this changes first-time buyers will make up a smaller proportion of house purchases than they have done in the past as they will find it more difficult to secure mortgage financing.

COVID-19 RELATED IMPACT

In Q2 most jurisdictions imposed strict confinement rules in order to curb the effects of the COVID-19 pandemic affecting practically every aspect of public life. In this context housing and mortgage markets were in most cases not left unscathed. To a varying degree all jurisdictions tried to support the economy and mortgage and housing markets specifically both by setting up mortgage payment schemes supported either by the government or by lender associations and also by providing relief to individuals facing job losses or interruptions or to companies experiencing significant income stream losses. These measures combined have for the time being counteracted the effects of the pandemic, but a question mark remains as to when they will come to an end.

Looking at continental Europe, in **Belgium** payment holidays have been extended until the end of the year for individuals already benefitting from these measures which were originally set until 30 October. Beneficiaries were able to request this extention by the endof September at the latest and were required to prove fulfilment of the necessary conditions. In **France** the majority of mortgage holders have contracts with variable rates and the contractual possibility to suspend the repayment. In addition, the possibility to postpone or reduce their monthly repayment was provided while additional non-contractual facilities were introduced for loans which did not have these flexibilites. Not surprisingly the requests to benefit from these measures increased sharply during the lockdown period and together with further measures of the government to support household income the overall bank risk stayed low. In **Germany** the property market remained robust notwhithstanding the collapse of the economy of over 10%. Also here the stabilisation of household income and company solvency had an overall positive impact.

In the Nordics the COVID-19 pandemic triggered a government response with respect to housing markets. In **Sweden** among the various measures enacted to counter the effects of the pandemic is a general amortisation exemption for mortgage holders since mid-April until August 2021. The original amortisation requirement was introduced in 2016 and was toughened in 2018. This exemption was taken up by over 100,000 mortgage holders. Banks and authorities acted in several policy areas and thus the impact on the housing and mortgage markets has been relatively mild. In **Finland** COVID-19 dampened consumer intentions to buy new dwellings but the situation recovered when the confinement was lifted. In April there was significant remortgaing activity. In **Denmark** the housing market remained robust registering price increases both for houses and apartments as well increases in trading activity.

Moving East, Members States also introduced financial measures to counter the pandemic. In **Hungary** measures were introduced in March and in September to counter the second wave. Especially hit was the rental market, which mainly in Budapest was based on short term agreements for tourists which stayed away. On the supply side, the pandemic may have an impact on new construction andnew projects in the long run. In **Czechia** payment holidays of 6 months until 30 October are in place which blocked the interest rate and principal instalments. In **Romania** the real estate sector was visibly hit, but the effect is expected to be temporary. Asset quality indicators are expected to slow their convergence towards low risk buckets and even resume their trend towards higher risk. Also defaults for loan to households including mortgages is expected to increase. The future dynamic in NPLs will depend, besides the overall economic recovery, on the financial standing of the debtors who suspended their instalments through public and private moratoria.

In Southern Europe the pandemic also had a significant impact on housing and mortgage markets leading countries to set up various support schemes and public as well as association-based mortgage payment holidays. In **Spain** a legislative moratorium for mortgage debt was approved together with a moratorium established by the banking sector. Moreover, by the end of July, payment holidays were also granted to loans to the tourism and logistics sectors. Considering the various schemes combined, by the end of August 1.3 million applications were approved accounting for almost EUR 49 bn. Notwithstanding the general deterioration of the economy and the labour market in Q2 2020 the NPL ratio in residential portfolios stood at 3.5% increasing by 10 bps with respect to Q1 2020. In **Portugal** at the end of March a six-month payment holiday on bank loans for families and companies affected by the COVID-19 pandemic was approved, which can be granted to individuals fulfilling a certain set of conditions, such as loss of employment or significant reduction of income. This moratorium also applies to unemployed or to individuals registered in employment centres. A similar approach was taken for rent charges, with payment suspensions being granted in the event of household financial distress due to COVID-19. According to Banco de Portugal in Q2 over 840,000 applications were made for credit moratoria and over 740,000 were approved of which 44% were mortgage loans. **Italy** which was one of the most hard hit countries in Q2 2020 updated its public solidarity fund for First Time Buyers which has been active since April 2013 in order to allow borrowers to ask for payment holidays of up to 18 months when certain conditions are met. The scope of this fund was extended to self-employed workers and professionals and also to a broader category of loan-holders. Moreover, the Italian Banking Association (ABI) signed a memorandum with consumer associations which allows consumers to suspend up to 12 months payment of the loan principals of mortgages pledged to non-luxury properties and to unsecured loans granted before 31 January 2020. By September Italian banks had received 2.7 million applications for payment holidays, amounting to EUR 301 bn. 94% of these were accepted and only 3% rejected. Applications for suspension of instalments on first home mortgages amounted to 213,000 averaging EUR 94,000. These results achieved in a short time in extraordinary circumstances show the commitment of Italian banks to be part of the solution.

In **Ireland** the government introduced a dedicated unemployment benefit for those who lost a job due to COVID-19 as well as a wage subsidy for businesses forced to close. In mid-March lenders, through the Banking & Payments Federation Ireland (BPFI), announced payment breaks of up to three months for residential mortgages, consumer credits and business loan customers, which was further extended in June, with postponement of the application deadline until 30 September. At the end of June the Central Bank of Ireland calculated that over 10% of the value of private dwellings and of buy-to-let mortgage accounts were on payment holidays, dropping to 6.1% and 7.6% respectively, by early September. Some 90% of accounts with payment breaks returned to full repayments after the payment break ended. In the **UK** the housing market came to a standstill in Q2 2020 and the government introduced support measures to protect incomes and those struggling to repay mortgages. In March, mortgage lenders announced a three month mortgage payment holiday to mortgage holders fulfilling certain conditions which was extended to 6 months where required. By the end of May nearly 1.9 million mortgage payment holidays had been issued for 1 mortgage out of 6. Lenders also introduced a moratorium on residential and buy-to-let repossession action ending on 31 October 2020. Moreover the Government introduced the Jobs Retention Scheme at the end of March according to which workers could be placed on leave and still receive 80% of their salary up to GBP 2,500 a month. This scheme will be replaced by the Job Support Scheme starting from end October. The combination of these schemes has for the time being counteracted the effects of the COVID-19 pandemic. It is still very likely that unemployment, arrears and repossessions will rise once these schemes come to an end.

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

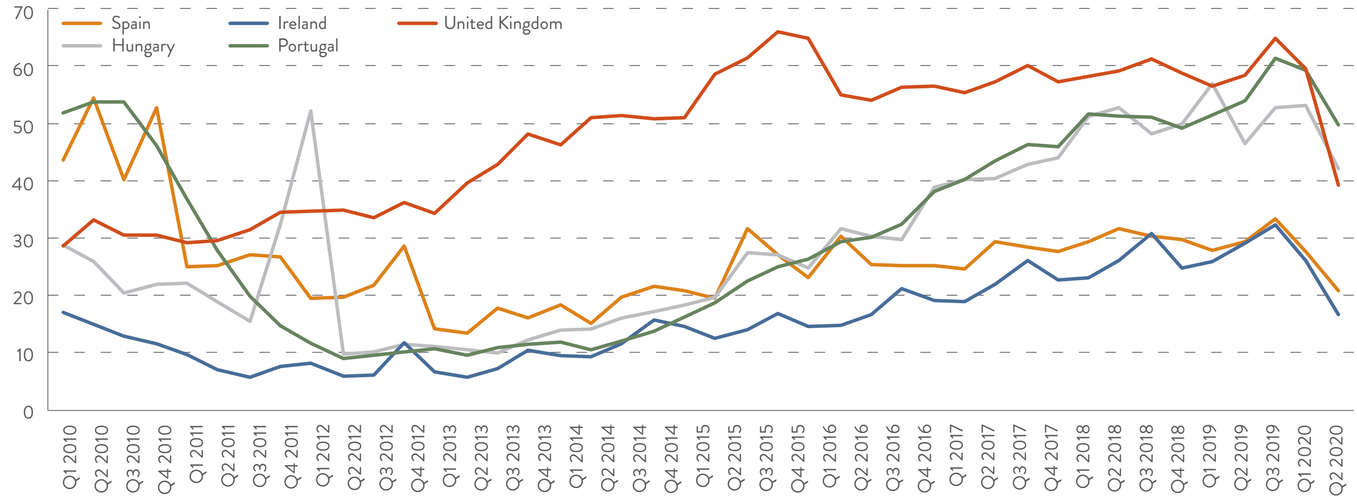


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

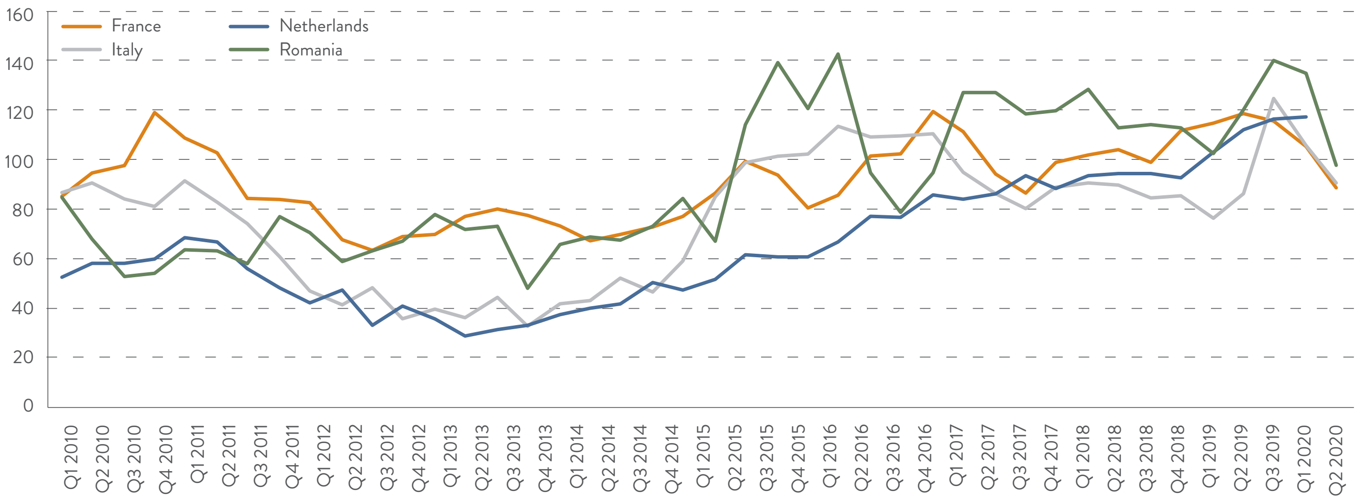


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

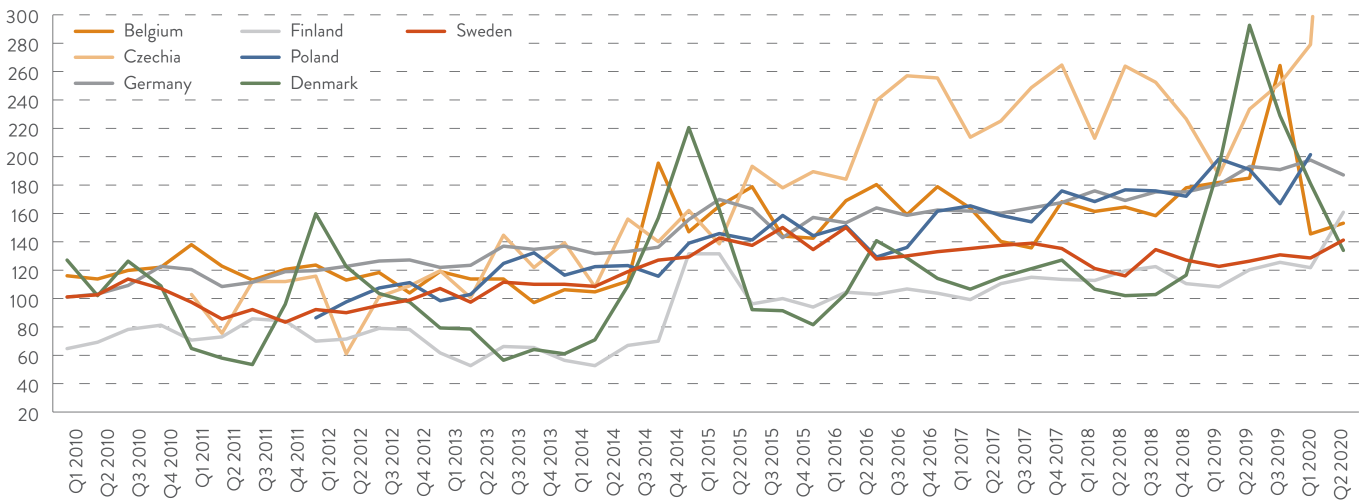
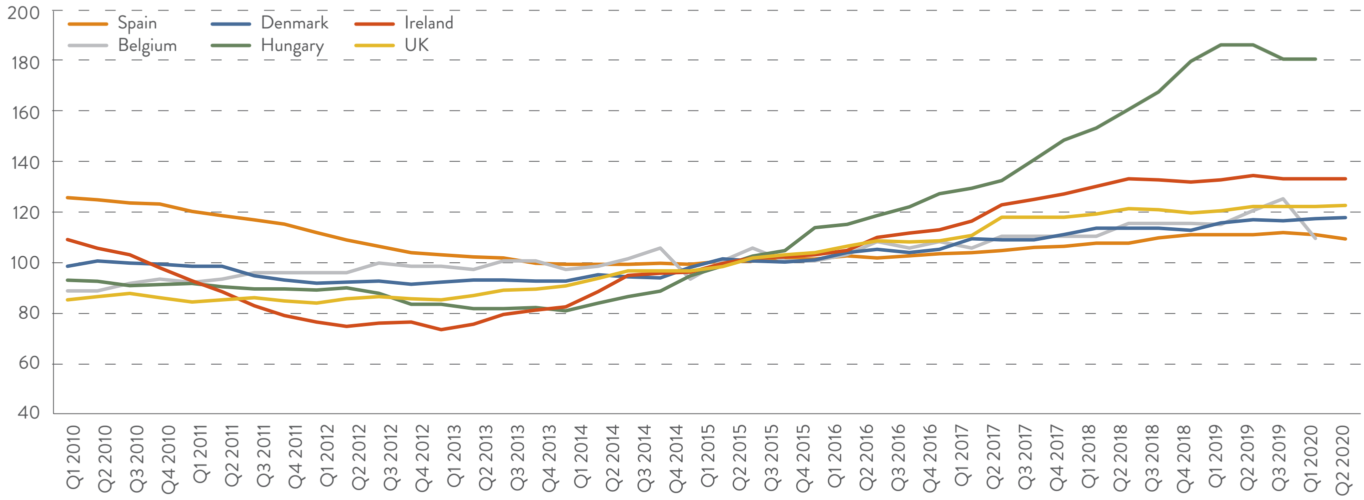
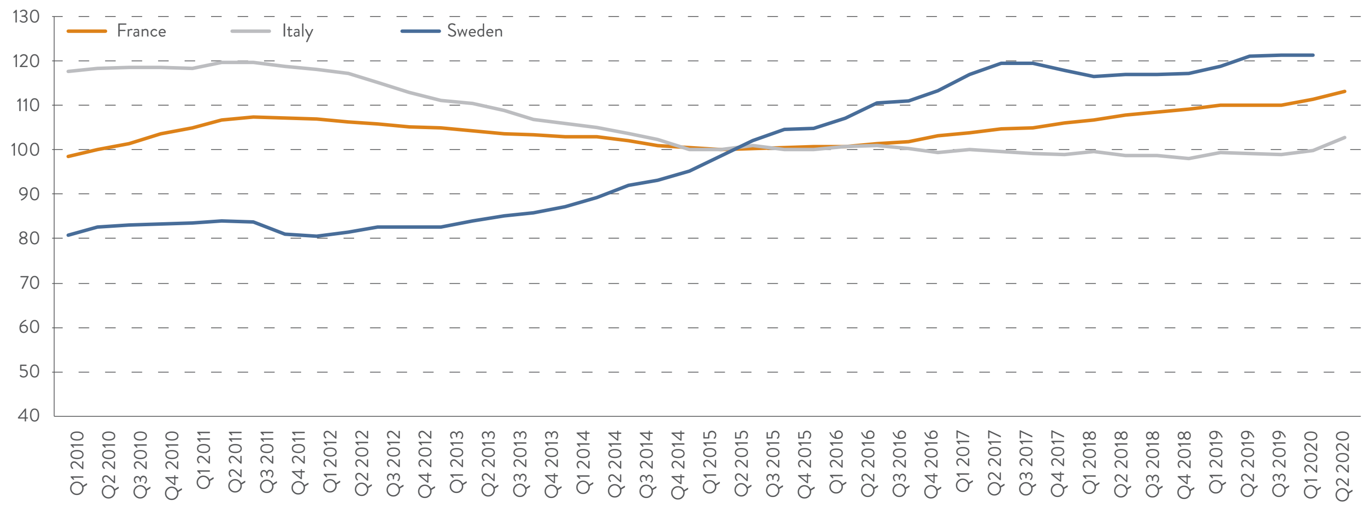


CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



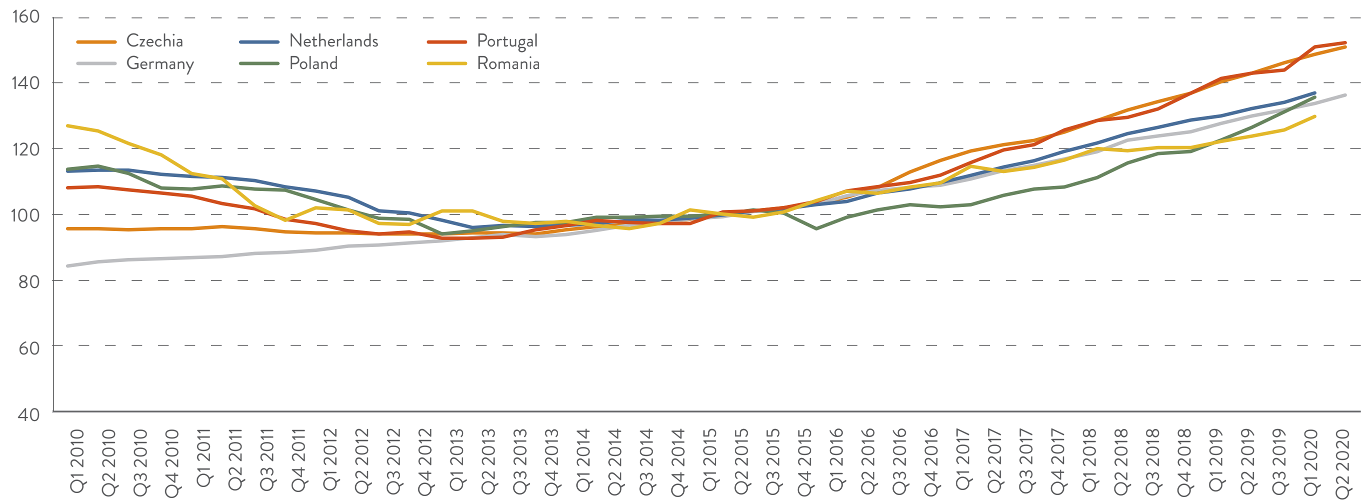
Average Q1-Q4 2015=100

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



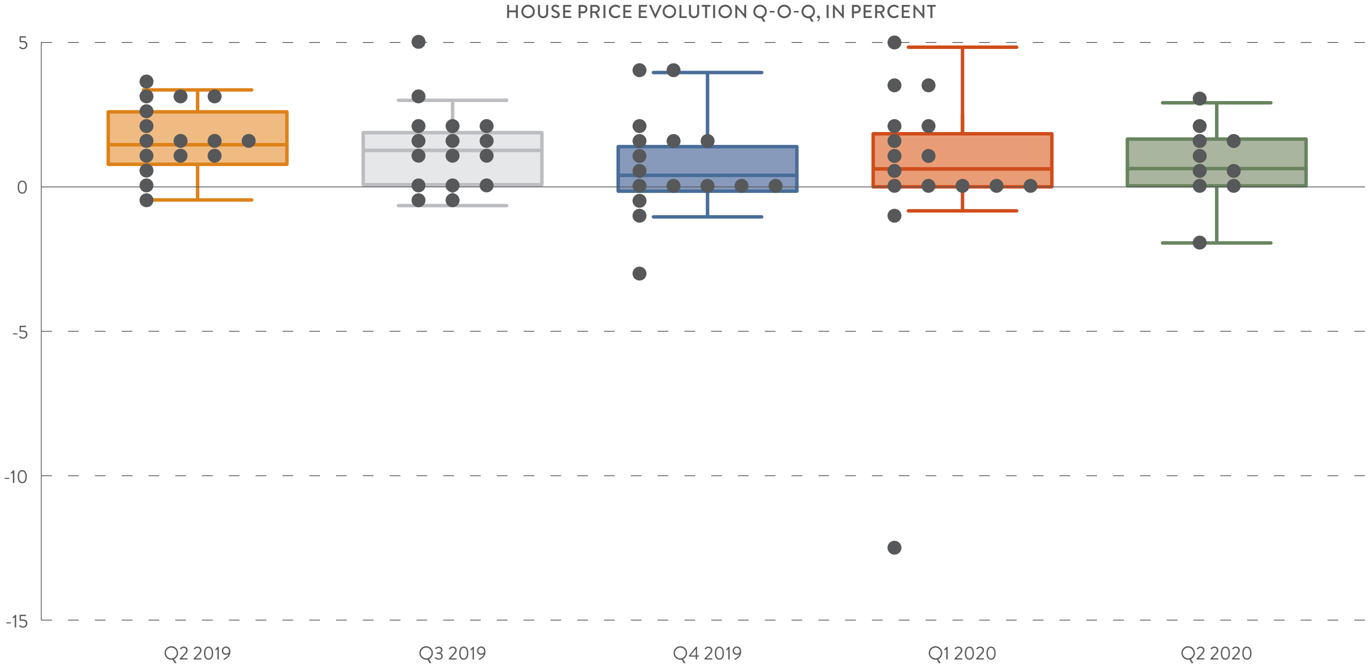
Average Q1-Q4 2015=100

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

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

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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	LATEST Y-O-Y CHANGE (%), Q2 2020, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2020, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 2020, LOCAL CURRENCY
BE	246,528	249,002	252,718	256,433	263,419	264,163	266,369	5.4	6.1	5.4	6.1
CZ	43,745	45,467	46,696	46,953	48,658	45,998	47,932	2.6	1.2	7.9	7.6
DE	1,445,987	1,461,007	1,485,203	1,509,140	1,530,435	1,549,693	1,571,876	5.8	6.1	5.8	6.1
DK	249,458	252,608	254,924	256,900	256,935	256,389	260,701	2.3	1.5	2.1	1.5
ES	490,806	489,859	489,192	485,646	487,561	484,917	482,704	-1.3	-1.0	-1.3	-1.0
FI	97,781	98,067	98,921	99,631	100,354	100,694	101,488	2.6	2.7	2.6	2.7
FR	1,010,000	1,022,000	1,040,000	1,060,000	1,078,000	1,090,000	1,101,000	5.9	6.7	5.9	6.7
HU	13,605	13,647	13,758	13,387	13,715	12,781	13,116	-4.7	-6.4	5.1	5.0
IE	97,684	94,919	93,274	93,117	92,791	91,615	91,100	-2.3	-3.5	-2.3	-3.5
IT	379,054	380,006	382,222	383,732	382,583	383,472	386,130	1.0	0.9	1.0	0.9
NL	725,916	726,783	731,029	733,835	734,556	736,695	740,220	1.3	1.4	1.3	1.4
PL	96,728	97,918	100,520	100,604	104,196	101,192	n/a	n/a	3.3	n/a	9.4
PT	93,952	93,768	93,878	93,906	93,846	94,056	94,522	0.7	0.3	0.7	0.3
RO	15,785	15,835	16,185	16,568	16,999	17,214	17,508	8.2	8.7	10.6	10.2
SE	409,173	408,320	408,027	407,357	422,742	404,740	435,349	6.7	-0.9	6.0	5.4
UK	1,574,886	1,647,310	1,588,311	1,622,467	1,707,200	1,652,586	1,609,263	1.3	0.3	3.1	3.6

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
HU – The decrease in Q1 and Q2 2020 in EUR amounts is caused mainly by the devaluation of HUF versus EUR during this period.

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

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	LATEST Y-O-Y CHANGE (%), Q2 2020, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2020, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 2020, LOCAL CURRENCY
BE	9,171	9,320	10,099	9,129	10,350	10,497	16,194	7,259	8,726	-15.7	-20.5	-15.7	-20.5
CZ	3,016	2,962	3,024	2,411	2,710	2,596	3,015	3,037	7,368	171.9	26.0	185.7	34.0
DE	58,400	57,500	59,600	54,800	59,800	65,500	64,900	62,400	62,000	3.7	13.9	3.7	13.9
DK	8,735	9,629	10,191	9,591	16,547	26,787	21,549	15,387	11,164	-32.5	60.4	-32.6	60.5
ES	12,032	9,943	11,210	10,596	11,498	9,155	12,341	9,830	8,865	-22.9	-7.2	-22.9	-7.2
FI	9,333	8,334	8,265	7,831	8,995	8,411	8,468	8,667	12,859	43.0	10.7	43.0	10.7
FR	42,577	47,574	42,960	44,379	48,111	53,860	50,305	41,653	36,918	-23.3	-6.1	-23.3	-6.1
HU	759	804	695	673	842	715	762	720	626	-25.7	7.0	-18.1	19.9
IE	2,014	2,369	2,635	1,884	2,250	2,639	2,768	1,996	1,462	-35.0	5.9	-35.0	5.9
IT	18,099	15,464	17,882	15,752	15,272	14,754	25,729	19,728	18,024	18.0	25.2	18.0	25.2
NL	26,447	27,444	29,230	25,205	29,227	32,567	35,628	32,369	37,985	30.0	28.4	30.0	28.4
PL	2,929	3,045	2,926	2,759	3,448	3,283	2,776	3,268	n/a	n/a	18.4	n/a	25.3
PT	2,588	2,519	2,542	2,349	2,577	2,646	3,047	2,848	2,494	-3.2	21.2	-3.2	21.2
RO	724	682	692	545	579	725	840	670	549	-5.0	23.0	-2.9	24.7
SE	14,311	11,656	15,794	12,732	14,526	12,812	15,439	12,914	16,615	14.4	1.4	13.6	7.9
UK	73,717	80,717	78,803	72,117	71,499	79,822	83,277	73,205	49,061	-31.4	1.5	-30.2	4.8

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:
- Czechia

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
BE	2,905	3,348	2,747	3,499	3,195	3,863	2,474	3,716	3,715	6,986	744	2,206
CZ	1,255	1,544	875	675	810	844	1,722	1,229	257	1,705	-2,660	1,933
DE	17,887	12,835	11,652	19929	20,700	14,896	15,020	24,196	23,937	21,295	19,258	22,183
DK*	2,199	1,019	399	3345	313	502	3,150	2,316	1,977	35	-546	4,312
ES	-2,720	-4,057	-3,129	2,137	-1,965	-2,370	-947	-667	-3,545	1,915	-2,644	-2,213
FI	687	457	109	843	474	337	286	854	710	722	340	794
FR	12,111	14,634	9,140	14,158	16,476	16,000	12,000	18,000	20,000	18,000	12,000	11,000
HU	-54	-42	-254	214	506	218	43	111	-371	328	-935	335
IE	-228	-2,665	-508	-637	-227	-3,029	-2,765	-1,645	-157	-326	-1,176	-515
IT	1,010	2,007	1,263	33	1,438	928	952	2,216	1,510	-1,149	889	2,658
NL	2,431	1,134	25,890	2955	3,186	5,459	3,140	5,113	7,052	3,527	2,860	5,664
PL	-1,505	1,773	309	1418	3,100	1,101	1,191	2,601	84	3,592	-3,004	n/a
PT	-210	-260	-270	-83	54	158	-184	110	28	-60	210	466
RO	426	314	324	461	386	383	50	350	384	431	215	294
SE	5,886	-1,615	-10,774	4458	10,660	7,535	-853	-293	-670	15,384	-18,001	30,608
UK	10,710	2,095	31,179	2,493	11,021	3,660	72,424	-58,999	34,157	84,733	-54,614	-43,323

* 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

	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	II 2020
BE	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	n/a
CZ	116.2	119.1	121.2	122.3	125.0	128.6	131.7	134.3	137.2	140.5	143.3	146.3	149.0	151.4
DE	108.9	110.9	113.5	115.2	117.0	119.2	122.7	124.0	125.4	128.0	130.1	132.1	134.2	136.6
DK	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	118.5
ES	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	109.1
FI	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	104.0
FR	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	113.5
HU	127.0	129.3	132.2	140.6	148.5	153.3	160.8	167.6	180.0	186.3	186.3	180.9	180.9	n/a
IE	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	133.7
IT*	99.1	99.6	99.2	98.8	98.6	99.2	98.4	98.3	97.7	99.1	98.8	98.6	99.5	102.5
NL	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	140.2
PL	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	n/a
PT	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	152.5
RO**	109.5	114.8	113.0	114.3	116.6	120.2	119.4	120.4	120.5	122.3	124.1	126.1	130.2	n/a
SE	113.5	117.1	119.6	119.6	117.9	116.6	117.2	117.0	117.3	118.9	121.3	121.6	121.6	n/a
UK	108.8	111.2	118.7	118.6	118.3	119.7	122.0	121.4	120.0	121.0	123.0	122.7	122.7	123.1

* 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)

	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	II 2020
BE	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	1.48
CZ*	2.04	2.10	2.11	2.19	2.34	2.43	2.49	2.68	2.80	2.74	2.58	2.38	2.41	2.36
DE	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	1.30
DK**	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	0.67
ES	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	1.75
FI	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	0.73
FR***	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	n/a
HU	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	4.24
IE	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	2.78
IT	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	1.27
NL**	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	1.77
PL	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	n/a
PT	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	1.08
RO****	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	5.22
SE	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	1.54
UK	2.09	2.05	1.98	1.98	2.03	2.09	2.10	2.10	2.11	2.08	2.05	1.92	1.84	1.77

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

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

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

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

Source: European Mortgage Federation

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

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

TABLE 5B | MORTGAGE INTEREST RATES

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
BE	2.06	1.95	1.58	1.51	1.57	1.56	1.82	1.87	1.84	1.94	1.87	1.79
CZ	2.38	2.65	2.58	2.55	2.76	3.14	3.15	3.10	3.00	3	2.75	2.54
DE	2.04	2.05	2.05	2.08	2.14	2.04	2.06	2.01	1.91	1.85	1.83	1.88
DK*	0.94	0.87	0.87	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67
ES	1.68	1.57	1.60	1.56	1.57	1.64	1.70	1.75	1.60	1.56	1.60	1.64
FI	1.00	0.94	0.90	0.84	0.85	0.86	0.82	0.77	0.73	0.76	0.79	0.77
FR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	3.43	3.01	3.18	3.18	3.41	2.78	3.53	3.23	3.62	3.03	3.01	3.26
IE	3.17	3.03	2.96	3.11	3.04	3.03	3.11	3.08	3.14	3.03	2.88	2.96
IT	1.63	1.53	1.54	1.47	1.51	1.52	1.47	1.48	1.37	1.37	1.35	1.37
NL	1.98	1.96	1.95	1.91	1.89	1.87	1.88	1.87	1.85	1.74	1.7	1.69
PT	1.48	1.52	1.51	1.41	1.33	1.36	1.31	1.32	1.02	1.10	1.02	1.16
RO**	3.56	4.46	4.78	4.48	5.41	5.55	5.75	5.01	5.27	5.28	5.15	5.11
SE	1.53	1.56	1.52	1.45	1.46	1.42	1.47	1.45	1.41	1.39	1.39	1.42
UK***	1.78	1.84	—	—	—	—	—	—	—	—	—	—

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
BE	1.96	1.86	1.94	1.82	1.54	1.80	1.94	1.87	1.95	2.17	2.09	2.03
CZ	2.10	2.18	2.34	2.44	2.48	2.65	2.79	2.76	2.63	2.47	2.49	2.41
DE	1.77	1.70	1.72	1.74	1.72	1.71	1.66	1.48	1.4	1.33	1.32	1.46
DK*	1.16	1.12	1.12	1.17	1.24	1.17	1.01	0.80	0.50	0.65	0.80	0.94
ES	1.74	1.67	1.69	1.67	1.74	1.76	1.85	2.00	1.80	1.56	1.70	1.58
FI	1.13	1.15	1.18	1.02	1.06	1.04	1.05	1.07	1.16	1.09	1.01	1.02
HU	5.14	4.63	4.31	4.31	4.87	4.80	4.51	4.87	4.87	4.87	4.21	4.35
IE	3.22	3.10	3.07	3.03	2.94	2.92	2.90	2.90	2.85	2.82	2.74	2.72
NL	2.23	2.21	2.15	2.15	2.10	2.11	2.12	2.11	2.03	1.89	1.76	1.74
RO**	4.84	4.37	4.49	5.11	5.49	5.96	6.04	5.93	5.94	5.91	5.78	5.79
SE	1.65	1.65	1.67	1.61	1.60	1.57	1.57	1.49	1.46	1.41	1.41	1.45
UK	1.99	1.97	2.03	2.09	2.11	2.13	2.09	2.06	2.03	1.89	1.82	1.77

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
BE	2.19	2.16	2.13	1.94	1.84	1.83	1.70	1.69	1.56	1.66	1.57	1.61
CZ	2.10	2.19	2.34	2.43	2.50	2.68	2.79	2.70	2.51	2.31	2.37	2.31
DE	1.68	1.67	1.69	1.76	1.71	1.71	1.64	1.47	1.24	1.12	1.12	1.13
DK*	1.53	1.58	1.61	1.72	1.67	1.57	1.25	1.00	0.73	0.77	0.92	1.07
ES	4.26	4.07	4.48	4.45	4.21	3.98	3.97	4.18	4.49	4.17	4.29	3.50
FI	1.92	1.80	1.90	1.70	1.90	2.00	1.84	1.46	1.33	1.52	1.62	1.58
HU	6.27	5.76	5.39	5.27	5.39	5.45	5.17	5.03	4.86	4.39	4.17	4.24
NL	2.34	2.34	2.34	2.39	2.39	2.38	2.39	2.27	2.11	2.09	1.88	1.77
RO**	4.75	5.09	5.40	5.51	6.12	6.40	6.63	6.47	6.44	6.31	6.1	5.48
SE	1.91	2.17	2.20	2.03	2.04	1.86	1.79	1.81	1.54	1.39	1.35	1.57
UK	2.71	2.66	2.63	2.63	2.67	2.67	2.64	2.50	2.33	2.25	2.31	2.29

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
BE	2.13	2.03	2.01	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48
CZ	2.44	2.57	2.48	2.54	2.48	2.94	2.97	2.80	2.87	n/a	n/a	n/a
DE	1.95	1.92	1.94	1.98	1.95	1.96	1.86	1.67	1.37	1.25	1.26	1.25
DK*	2.82	2.78	2.87	2.85	2.79	2.79	2.53	2.16	1.72	1.67	1.74	2.03
ES	2.44	2.39	2.33	2.29	2.26	2.31	2.44	2.41	2.21	1.86	1.81	1.80
HU	5.67	5.52	5.51	5.76	5.74	5.79	5.61	5.72	5.49	4.72	4.52	4.73
IT****	2.22	2.12	2.07	1.96	1.93	2.06	2.00	1.92	1.46	1.46	1.39	1.25
NL	3.00	3.00	2.90	2.86	2.80	2.82	2.84	2.78	2.63	2.57	2.16	2.07
RO**	3.34	3.69	4.85	4.56	5.56	5.91	6.12	5.26	5.46	5.48	5.42	5.28
UK	n	n	n/a	n/a	n/a	n/a	n/a	n/a	2.09	2.18	2.66	2.89

* Due to the review of the official registers in Denmark, there is a slight change in the exact composition of the household sector. As such, there is a data break starting Q3 2013.
** Recalculation of the interest rate as a weighted average of interest rates in local currency and euro (previously weighted average only of euro denominated mortgages). Data break from Q1 2014.
*** Bank of England discontinued the series Variable rate (up to 1 year). In this chart it has been replaced by Variable Rate without initial fixed period.
**** IT: Data-series accounts for interest rates for all maturities beyond 1 year of initial fixed period

Source: European Mortgage Federation

NOTE:
n – no lending made in this maturity bracket
Data refers to quarter averages
UK – from Q1 2018 onwards Bank of England discontinued these data series

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

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

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
CZECHIA											
Variable rate *(up to 1Y initial rate fixation)*	19.1	18.6	18.7	18.6	18.4	24.1	23.1	23.6	n/a	n/a	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	56.3	54.6	53.2	52.4	51.7	46.9	46.4	45.1	n/a	n/a	n/a
Medium-Term fixed *(5Y-10Y initial rate fixation)*	20.3	22.5	23.7	24.5	25.5	24.4	25.8	26.6	n/a	n/a	n/a
Long-Term fixed *(over 10Y initial rate fixation)*	4.3	4.4	4.4	4.4	4.5	4.6	4.7	4.8	n/a	n/a	n/a
DENMARK											
Variable rate *(up to 1Y initial rate fixation)*	36.7	36.3	36.4	35.4	33.4	32.7	32.5	31.5	31.2	31.0	31.3
Short-term fixed *(1Y-5Y initial rate fixation)*	25.6	25.9	25.9	25.5	26.3	25.9	24.8	24.8	24.0	23.2	22.3
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	37.7	37.8	37.5	39.2	40.2	41.4	42.6	43.7	44.8	45.9	46.4
FINLAND											
Variable rate *(up to 1Y initial rate fixation)*	92.2	92.7	92.8	93.1	93.3	93.6	93.9	94.1	94.3	95.9	96.9
Short-term fixed *(1Y-5Y initial rate fixation)*	5.0	4.7	4.4	4.5	4.2	4.1	3.7	3.6	3.3	1.6	1.1
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	2.8	2.6	2.8	2.3	2.5	2.4	2.4	2.3	2.3	2.5	2.0
IRELAND											
Variable rate *(up to 1Y initial rate fixation)*	85.8	84.3	82.5	80.9	78.6	76.1	73.9	71.9	69.8	67.3	66.2
Short-term fixed *(1Y-5Y initial rate fixation)*	12.6	13.9	15.6	17.2	19.4	21.6	23.6	25.4	27.2	29.5	30.5
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.6	1.7	2.0	1.9	2.0	2.4	2.5	2.8	3.0	3.3	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)*

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
SWEDEN											
Variable rate *(up to 1Y initial rate fixation)*	68.3	68.4	68.9	69.01	67.0	64.9	63.8	63.0	61.1	59.3	58.0
Short-term fixed *(1Y-5Y initial rate fixation)*	30.1	30.2	29.7	20.9	31.6	33.8	34.9	36.0	37.6	39.4	40.8
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.0	1.3	1.3	1.3
Long-Term fixed *(over 10Y initial rate fixation)*											
UNITED KINGDOM											
Variable rate *(up to 1Y initial rate fixation)**	38.6	36.6	35.0	33.4	31.6	29.9	28.7	27.5	26.3	25.1	24.4
Short-term fixed *(1Y-5Y initial rate fixation)*	60.0	61.9	63.4	65.0	66.7	68.4	69.5	70.6	71.7	72.9	73.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.4	1.5	1.5	1.6	1.6	1.8	1.8	1.9	1.9	1.9	2.0
Long-Term fixed *(over 10Y initial rate fixation)*	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0

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

BREAKDOWN BY LOAN ORIGINAL MATURITY	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
ITALY											
Maturity less than 5 years	0.7	0.7	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Maturity over 5 years	99.3	99.3	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.6

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

Source: European Mortgage Federation

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

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	1.2	1.6	2.5	4.9	7.4	7.9	6.6	6.0	2.6	1.1	2.3	2.7	2.7
Short-term fixed (1Y-5Y initial rate fixation)	2.5	3.1	4.8	4.2	3.9	5.8	5.9	3.4	2.9	2.0	1.4	1.1	1.3
Medium-Term fixed (5Y-10Y initial rate fixation)	17.2	17.2	18.2	18.1	17.1	20.8	24.6	24.4	25.5	20.4	12.2	14	14.5
Long-Term fixed (over 10Y initial rate fixation)	79.1	78.1	74.6	72.9	71.6	65.5	62.9	66.1	69.1	76.6	84.0	82.2	81.5
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	2.9	2.6	2.0	2.6	3.1	3.5	2.7	4.1	3.2	3.2	2.2	2.0	2.1
Short-term fixed (1Y-5Y initial rate fixation)	69.6	65.6	59.5	55.3	56.8	54.8	49.8	52.6	48.2	47	38.5	34.3	46.7
Medium-Term fixed (5Y-10Y initial rate fixation)	27.5	31.8	38.4	42.2	40.1	41.7	30.1	43.3	48.6	49.8	59.3	63.7	51.2
Long-Term fixed (over 10Y initial rate fixation)	3.0	3.0	3.0	4.3	5.0	6.1	4.3	6.3	5.4	6.18	n/a	n/a	—
DENMARK													
Variable rate (up to 1Y initial rate fixation)	17.4	18.6	22.9	13.7	15.5	14.8	18.2	16.6	10.7	5.2	7.3	11.2	16.1
Short-term fixed (1Y-5Y initial rate fixation)	33.0	28.3	39.4	36.7	29.6	25.4	31.2	26.8	14.5	8.6	10.8	15.6	17.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.0	2.3	0.9	2.1	0.6	1.5	0.9	1.6	0.8	0.7	1.6	0.5	0.3
Long-Term fixed (over 10Y initial rate fixation)	48.7	50.8	36.8	47.6	54.3	58.3	49.8	55.1	74.0	85.4	80.3	72.6	66.6
FINLAND													
Variable rate (up to 1Y initial rate fixation)	94.3	95.6	96.0	96.2	96.4	96.6	96.3	96.1	96.4	96.5	96.6	94.4	94.5
Short-term fixed (1Y-5Y initial rate fixation)	2.8	2.2	1.9	1.8	1.8	1.4	1.7	1.8	1.5	1.3	1.3	3.1	2.9
Medium-Term fixed (5Y-10Y initial rate fixation) Long-Term fixed (over 10Y initial rate fixation)	2.9	2.2	2.1	2.0	1.8	2.0	2.0	2.1	2.1	2.2	2.2	2.5	2.6
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.3	11.6	11.9	11.3	12.5	11.5	11.6	11.4	11.2	10.6	10.8	10.4	11.1
Short-term fixed (1Y-5Y initial rate fixation)	8.5	8.9	8.9	8.8	8.8	8.7	8.7	8.9	8.8	7.7	7.6	7.6	7.8
Medium-Term fixed (5Y-10Y initial rate fixation)	35.2	35.5	35.4	34.4	33.8	34.0	34.6	33.0	32.6	31.5	31.7	32.0	32.5
Long-Term fixed (over 10Y initial rate fixation)	45.0	43.9	43.9	45.5	44.9	45.8	45.1	46.7	47.3	50.1	49.9	49.9	48.6

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
HUNGARY													
Variable rate *(up to 1Y initial rate fixation)*	45.9	41.4	38.7	28.1	18.3	11.5	6.5	4.9	3.2	2.6	1.7	1.6	1.1
Short-term fixed *(1Y-5Y initial rate fixation)*	27.0	32.6	34.2	42.7	46.6	42.4	31.3	26.5	24.7	28.3	30.6	29.3	27.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	20.6	19.5	21.2	23.8	29.2	38.4	51.3	57.6	61.4	59.2	55.2	53.9	57.8
Long-Term fixed *(over 10Y initial rate fixation)*	6.4	6.5	5.9	5.4	5.9	7.8	11.0	11.0	10.7	9.8	12.5	15.2	13.2
IRELAND													
Variable rate *(up to 1Y initial rate fixation)*	53.4	47.2	43.8	45.6	41.5	36.1	30.9	28.7	27.9	26.3	25.0	25.6	24.9
Short-term fixed *(1Y-5Y initial rate fixation)*	46.6	52.8	56.2	54.4	58.5	63.9	69.1	71.3	72.1	73.7	75.0	74.4	75.1
Medium-Term fixed *(5Y-10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed *(over 10Y initial rate fixation)*	n	n	n	n	n	n	n	n	n	n	n	n	n
ITALY													
Variable rate *(up to 1Y initial rate fixation)*	31.3	35.5	37.5	36.3	33.4	32.8	30.5	30.8	34.2	31.5	19.7	19.8	19.2
Short-term fixed *(1Y-5Y initial rate fixation)*, Medium-Term fixed *(5Y-10Y initial rate fixation)*, Long-Term fixed *(over 10Y initial rate fixation)*	68.7	64.5	62.5	63.7	66.6	67.2	69.5	69.2	65.8	68.5	80.3	80.2	80.8
NETHERLANDS													
Variable rate *(up to 1Y initial rate fixation)*	13.8	14.7	15.3	15.4	16.2	16.3	16.9	18.2	19.7	19.4	17.1	17.3	12.5
Short-term fixed *(1Y-5Y initial rate fixation)*	10.0	8.7	8.9	9.3	10.2	10.0	9.2	9.3	10.0	8.7	7.9	7.4	6.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	54.3	55.5	55.3	53.4	48.2	43.8	43.1	42.5	42.7	44.1	43.4	41.1	39.7
Long-Term fixed *(over 10Y initial rate fixation)*	21.9	21.2	20.5	21.8	25.4	29.9	30.8	30.0	27.5	27.8	31.6	34.3	41.2

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 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)*	58.9	60.1	59.1	61.3	68.2	64.0	66.3	82.9	76.9	70.81	55.7	59.7	71.0
Short-term fixed *(1Y-5Y initial rate fixation)*													
Medium-Term fixed *(5Y-10Y initial rate fixation)*	41.1	39.9	40.9	38.7	31.8	36.0	33.7	17.1	23.1	29.2	44.3	40.3	29.0
Long-Term fixed *(over 10Y initial rate fixation)*													
ROMANIA													
Variable rate *(up to 1Y initial rate fixation)*	97.5	88.8	78.5	73.2	77.7	75.0	69.9	74.3	76.2	79.4	78.2	70.0	72.0
Short-term fixed *(1Y-5Y initial rate fixation)*	1.7	2.5	10.3	15.5	8.5	11.3	13.6	13.2	10.8	10.0	10.5	11.2	10.5
Medium-Term fixed *(5Y-10Y initial rate fixation)*	0.5	1.9	3.5	5.6	6.0	6.7	8.5	3.8	2.6	2.5	4.2	5.4	4.6
Long-Term fixed *(over 10Y initial rate fixation)*	0.3	6.7	7.8	5.7	7.9	7.0	8.0	8.7	10.5	8.1	7.1	13.4	13.0
SPAIN													
Variable rate *(up to 1Y initial rate fixation)*	42.0	43.9	42.3	36.3	36.8	36.2	35.7	34.4	38.1	36.3	33.6	32.3	38.6
Short-term fixed *(1Y-5Y initial rate fixation)*	26.2	27.2	28.5	29.7	28.39	28.2	26.6	26.8	27.0	28.8	22.3	19.3	17.0
Medium-Term fixed *(5Y-10Y initial rate fixation)*	4.4	3.9	3.9	4.1	4.24	4.7	4.8	5.6	4.5	3.5	3.0	3.6	3.0
Long-Term fixed *(over 10Y initial rate fixation)*	27.4	25.0	25.3	29.9	30.58	30.8	32.8	33.3	30.4	31.4	41.1	44.8	41.4

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
SWEDEN													
Variable rate *(up to 1Y initial rate fixation)*	72.9	72.5	69.0	70.3	72.9	72.2	62.1	54.9	60.8	63.0	58.7	49.5	52.7
Short-term fixed *(1Y-5Y initial rate fixation)*	19.8	18.9	20.4	20.8	20.2	20.9	29.8	36.2	31.6	27.0	28.5	35.4	34.1
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	7.3	8.6	10.7	8.9	6.9	6.8	8.1	8.9	7.6	10.0	—	12.8	13.2
UNITED KINGDOM													
Variable rate *(up to 1Y initial rate fixation)**	11.6	11.0	7.4	6.7	6.7	8.3	6.8	7.9	6.6	7.4	n/a	n/a	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	86.7	87.6	90.9	91.6	91.7	90.0	91.7	90.5	91.8	90.7	n/a	n/a	n/a
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.7	1.4	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.9	n/a	n/a	n/a
Long-Term fixed *(over 10Y initial rate fixation)*	n	n	n	n/a	n/a	n/a	0	0	0	0.1	n/a	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:
- Czechia

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)

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
AT	-14	14	0	29	14	0	29	29	14	14	0	29
BE	0	0	25	0	0	25	0	50	25	75		50
CY	0	0	0	0	0	0	0	0	0	0	0	25
DE	-7	-7	-7	-7	-3	0	7	-3	0	0	3	21
EE	0	13	30	10	0	0	0	0	0	0	63	25
EL	0	0	0	-25	0	0	0	0	0	0	0	0
ES	-11	-11	-11	-11	0	0	11	11	0	11	0	33
FR	-2	-2	-14	-2	-2	-2	-2	-2	0	2	37	10
IE	0	0	0	0	0	0	0	0	0	0	0	40
IT	-20	0	-10	0	0	10	10	0	-10	-10	0	0
LT	75	0	0	0	25	25	0	0	0	0	25	50
LU	-17	0	-33	-17	0	0	0	-17	-33	0	17	50
LV	0	0	-25	0	50	25	50	0	0	0	50	25
MT	-45	0	40	0	0	0	0	21	60	0	0	38
NL	-48	-36	-51	-50	-34	-35	-32	-34	-30	-34	-34	35
PT	0	0	0	0	60	20	0	0	0	20	20	60
SI	0	0	0	0	20	20	0	0	0	100	40	20
SK	51	32	59	32	78	50	66	15	78	-9	60	100
EA	**-11**	**-6**	**-11**	**-8**	**-2**	**-1**	**3**	**1**	**-2**	**1**	**9**	**22**
CZ	40	42	41	29	40	92	-6	-15	18	26	5	72
DK	22	14	40	13	-6	19	0	8	0	19	-7	15
HU	-5	-5	-5	-15	0	-5	-5	-5	0	0	55	37
PL	11	21	-4	7	58	61	1	1	32	8	29	91
RO	-16	3	7	0	18	16	50	0	0	0	12	65
UK	-7	-2	-4	-4	11	12	-7	6	1	-15	4	72

The second quarter of 2020 was like the first quarter characterised by the spread around the world of the COVID-19, which affects now the majority of the countries worldwide. This pandemic had its first effects on credit conditions already in the month of March but these have been even stronger in the second quarter of the year, as it was expected. Furthermore, these event is expected to have a significant impact on credit conditions and demand all along the year.

In Q2 2020, credit conditions to households for house purchase tightened even further by 22% compared to the already important tighten of the previous quarter at 9%. This marks have experienced the most significant tighten since Q1 2013. If in the previous quarter, the tighten of the credit conditions to households for house purchase the impact of COVID-19 was somehow contained, this second quarter fully reflect the effects of the crisis consequence of the outbreak.

During these three months risk perceptions related to the general economic outlook, borrower's creditworthiness assessment and housing market prospects have been identified as the main factors contributing to the tightening of credit conditions for house purchase. Moreover, banks informed that the Coronavirus pandemic, included in "others", has been an important factor contributing to the tightening of the conditions. Overall, during this quarter all the factors have somehow contributed to the negative evolution of credit standards, not factors with neutral or positive effects have been identified.

Amongst the largest euro area countries, credit standards tightened specially in France, Germany and Spain while they remained stable in Italy. For France the main reasons for the tightening of the credit conditions have been the higher risk perception by banks together with a higher cost of funds and balance sheet situation. The macroprudential recommendations by the French High Council for Financial Stability are still consider the main factor for the evolution of credit standards exposed above. In Germany and Spain, the main factors contributing to the tightening of conditions were the higher risk perceptions of banks related to the general economic outlook, borrower's creditworthiness and the deteriorated housing market prospects. On the other hand, in Italy credit conditions remained unchanged.

Looking at the rest of the EU countries of our sample we observe that the trend towards the tightening of credit conditions for house purchase started in the beginning of the year continued even more accentuated. The big majority of the countries experienced a tighten of credit conditions. In Q2 2020 Slovakia was the country that recorded the biggest change with a tighten of the condition by 100%. On the other hand, in Greece and Italy credit conditions remained unchanged. This is the first quarter since Q4 2011 that none of the countries of our sample has recorded an easing of credit conditions.

In this context, banks expect that another strong tightening of credit conditions to take place during the third quarter. A tightening of 21% for Q3 2020 is forecasted.

The rejection rate continued increasing during the third quarter. The growth recorded was however slightly lower than in the previous quarter, 4% vs. 6%. However, the trends were different among jurisdictions. Like in the previous quarter, in Italy and Spain the rejection rate decreased, while in Germany and France it slightly increased.

Outside the Euro area, in the UK the trend reverted already the previous quarter and in Q2 2020 credit conditions tightened even further by 72%. Same percentage was recorded in Czechia where credit conditions tightener by 72% as well. Likewise, in Denmark the trend also reverted and in the second quarter the country registered a 15% tighten of the credit conditions. Moving to the Centre-East, in Poland credit standards tightened significantly by 92%, a figure significantly higher than the one registered the previous quarter. Likewise, in Romania credit conditions for house purchase tightened by also a remarkable 65% during the second quarter of the year. Finally, in Hungary credit standards for house purchase loans tightened less than in its neighbouring countries, the tightening recorded was of 37%.

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2020-Q2 (BACKWARD-LOOKING 3 MONTHS)

(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 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	29	50	25	21	25	0	33	10	40	0	50	50	25	38	35	60	20	100	**22**	72	15	37	91	65	72
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	-4	-13	0	0	10	0	0	0	33	0	0	0	0	0	28	**2**	-32	—	0	1	0	7
Perception of risk	29	0	25	7	13	0	0	2	0	-10	0	17	0	0	15	60	20	100	**6**	—	34	24	—	—	—
Pressure from competition	0	0	0	0	-7	0	0	0	0	-5	0	-8	0	0	31	0	10	-3	**2**	-4	0	0	-4	6	11
Risk Tolerance	14	33	25	20	46	0	37	11	27	7	33	50	25	13	30	40	40	64	**21**	46	-6	35	-34	47	35

NOTE:

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

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

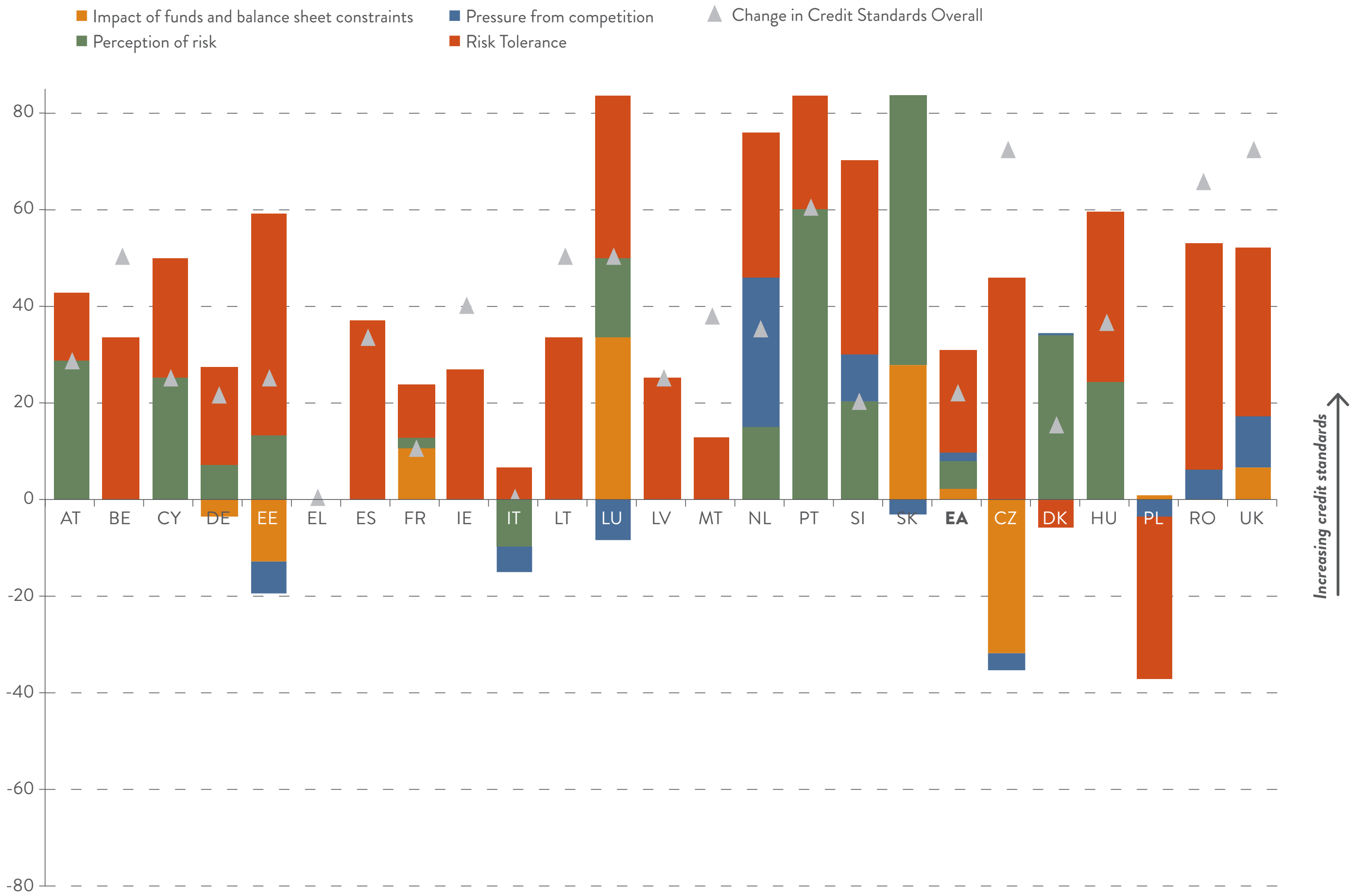
For CZ there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balane sheet constraints; pressure from other banks and non-banks > pressure from competition.

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

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

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

CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020
AT	43	14	14	0	-14	-14	14	14	29	29	43	-14
BE	-25	0	0	0	0	25	0	0	0	100	-50	-100
CY	75	100	80	100	50	25	25	50	0	25	0	-75
DE	0	0	14	21	3	10	14	38	28	17	24	-29
EE	25	13	20	30	0	0	13	13	0	25	0	-50
EL	25	0	25	25	25	100	50	0	75	75	75	0
ES	11	11	22	22	22	-11	11	0	-33	-33	-44	-100
FR	-21	-21	-40	17	-22	-20	20	28	28	41	38	-91
IE	20	20	10	30	-10	10	50	20	0	0	40	-100
IT	30	10	10	20	10	10	0	20	10	30	-30	-70
LT	-25	0	0	25	0	25	0	0	0	0	-25	-50
LU	67	17	17	17	-17	17	17	0	-17	17	33	-100
LV	33	50	75	50	25	25	25	25	25	50	0	-50
MT	14	13	55	55	56	-25	43	0	-82	-99	-82	-58
NL	53	47	33	51	49	52	49	50	14	50	49	2
PT	40	80	40	40	60	20	-20	40	40	20	0	-80
SI	20	40	0	20	-20	0	-20	-20	-20	-80	-60	-100
SK	10	34	-26	93	-2	-15	-20	-25	-1	7	0	-100
EA	**12**	**8**	**5**	**23**	**5**	**12**	**14**	**26**	**15**	**25**	**12**	**-61**
CZ	-32	39	-25	-2	45	-28	-72	29	18	31	20	-50
DK*	14	2	-11	0	11	28	11	-14	-30	-7	6	1
HU	42	51	72	85	51	65	75	60	-44	34	6	-81
PL	-14	-13	76	40	11	13	26	54	38	-18	23	-66
RO	19	-31	50	-15	-39	-33	8	-17	2	31	12	-65
UK**	-6	8	-29	5	3	24	-2	-29	-13	13	-28	79

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"

Breaking the positive trend recorded in previous quarters, demand for loans for house purchase experienced a strong decrease in Q3 2020. After an increase of 12% recorder the previous quarter, in the last three months demand has dropped by 61%. Despite this important decline, the figure is lower than previously forecasted by banks. This figure is as well smaller than that recorded in 2008 in the middle of the financial crisis.

This drop in demand was mainly fuelled by an important deterioration of consumer confidence which lowered as a consequence of the pandemic. Another factor contributing to this negative development was the worsening of housing market prospects. The fall was nevertheless contained by a positive impact of the low level of interest rates and to a lesser extent other financing needs.

Looking at the 4 biggest countries of the EU, all recorded a negative evolution of demand reporting substantial drops. As anticipated above, all banks signal the deterioration of consumer confidence as a consequence of the COVID-19 as the main factor of this decrease in demand. Furthermore, in Italy, France ad Spain the impact of housing market prospects continued to be negative.

Only in Germany this factor remained a positive contributor. For Italy and Spain the factor supporting demand was other financing need such as debt refinancing and restructuring.

Looking at the whole sample of Eurozone countries we observe an important change on demand of loans for house purchase. The majority of the sample recorded important drops on demand. In Belgium, Ireland, Spain, Luxembourg, Slovenia and Slovakia demand fall by 100%. Only in Greece and the Netherlands demand remained unchanged. This drop in demand all across Europe is a clear consequence of the COVID-19 pandemic and the lock-down like measures introduced in most of the countries.

On a positive note, banks expect demand of loans for house purchase to experiment a positive net increase in the third quarter of the year. The growth forecasted is of 6%.

Outside the Eurozone, in the UK, demand showed a completely different trend, as it surged by 79% after and important drop in the first quarter of the year. On the contrary in Hungary, Poland, Czechia and Romania demand significantly decreased. In the former, Hungary, demand decreased by 81%. Similarly, in Poland and Romania demand decreased by 66 and 65% respectively. Moreover, in Czechia demand drop by 50%. Finally, in Denmark demand for housing loans increased by 1% during this past quarter contrasting with the big drops in demand registered in other jurisdictions.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2020-Q2 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 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	-14	-100	-75	-29	-50	0	-100	-91	-100	-70	-50	-100	-50	-100	2	-80	-100	-100	**12**	-50	1	-81	23	-30	79
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	-14	-25	-25	11	-75	-22	-36	50	-80	-20	-25	0	-100	-38	2	-40	-40	-7	**3**	30	—	—	57	—	—
Other financing needs	14	0	0	-4	-25	0	-2	25	0	10	0	17	0	0	66	0	20	-28	**19**	-61	—	—	0	—	—
Consumer confidence	-29	-75	-100	-50	-100	-100	-57	-25	-80	-70	-50	-83	-100	-58	-31	-80	-20	-35	**-9**	-27	—	—	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**	-1	—	—	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

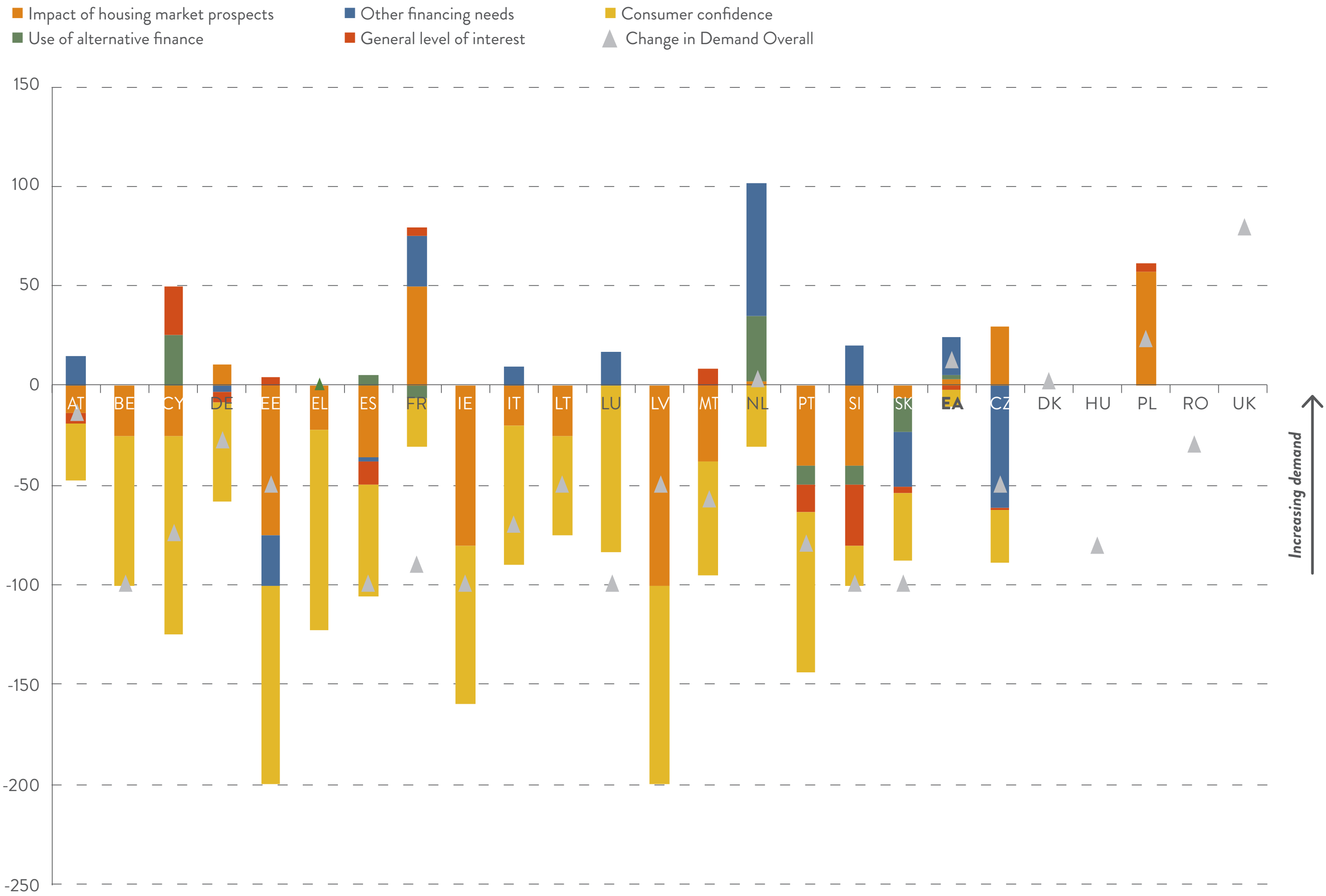
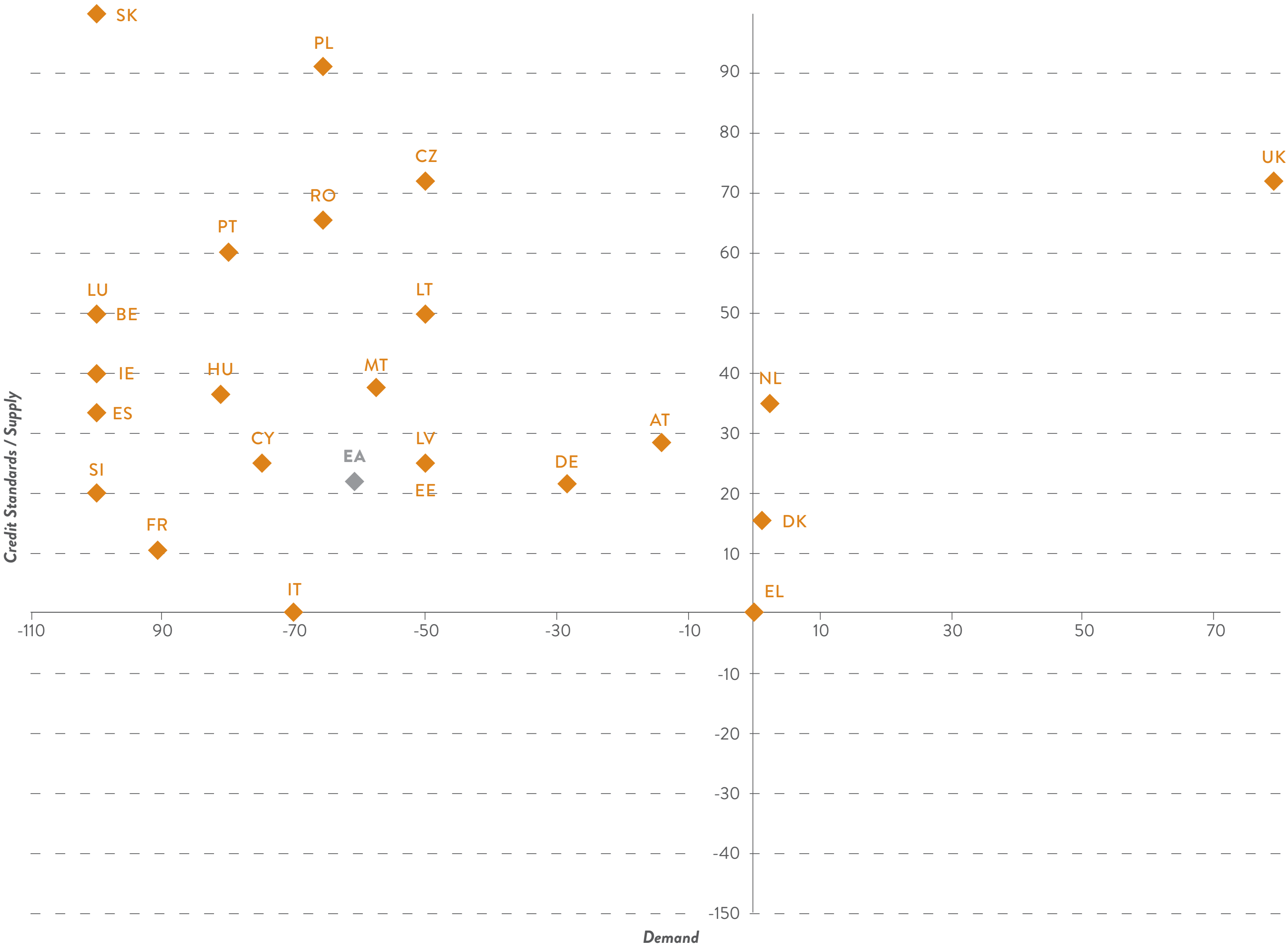


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

The graph shows a clear picture of the evolution of demand and supply of loans for house purchase in Q2 2020. We observe almost all countries of the sample in the first quadrant, meaning the majority of the countries have experienced a sharp decrease in demand and an important tightening of credit conditions. The only outlier observed is the UK where demand has followed a different path and recorded a positive quarter on quarter change.

Q2 | 2020

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