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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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In the first quarter of 2021, European residential lending continued to expand, building upon the upward trend that was commented on in the previous editions of this report.

The economic situation in Europe, during said period, deteriorated further, as EU GDP levels, according to the latest Eurostat figures, decreased by 1.2% against Q1 2020 figures, following a 4.4% yearly contraction in Q4 2020. The quarterly change also shows a similar narrative, in that the European economy also decreased, albeit at a slower pace, against Q4 2020 production (by a rate of 0.1%).

The economic momentum seen during the third quarter of 2020 has eventually halted and the outlook for the broader European economy has become more moderate. Despite this, European outstanding residential loan stock, as will be explained in the next section, continued to grow in Q1 2021, maintains an upward trend that extends for over two years. Gross residential lending performs differently at a national level, but the aggregated European volumes point to another active quarter in which new loan volumes increased at a very significant rate, improving on the previous quarter. Furthermore, the housing supply in the countries that make up the EMF Quarterly Review sample also tended to expand at an aggregated level, while housing prices, in general terms, increased through the quarter, in spite of the restrained economic scenario across Europe.

This edition of the Quarterly Report will delve into these and other relevant matters.

MORTGAGE MARKETS

At the end of the first quarter of 2021, outstanding residential loan volumes of the EMF country sample stood at approximately EUR 7.7 tn¹, as net lending increased by 6% against Q1 2020 data. Considering the latest available figures submitted by the industry, the latter would be the fastest growth in more than a year. This comparatively rapid expansion of outstanding loan levels is consistent with the overall European lending juncture, which has been favourable to residential lending.

In terms of gross residential mortgage lending, volumes increased by a yearly growth rate of 14% in Q1 2021, amounting to an aggregated score of EUR 365 bn. The pace of growth of gross lending is the fastest rate recorded since the onset of 2020.

As outstanding residential loans and gross lending volumes expand at a noticeable pace in the broader European market, more specific trends can be identified across key jurisdictions.

In Northern Europe, outstanding loans follow a similar upward trend. In **Sweden**, net mortgage lending growth levelled out in the first quarter 2021 at 6.4% on an annual basis (in SEK), after a period of stable expansion in 2020. Mortgage lending secured on one-family homes increased by 5.8% on an annual basis (5.8% Q4) and tenant-owned apartments by 7.2% (7.1% Q4). Moreover, net

¹ In Q1 2021 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. around 95% of the total outstanding mortgage lending in the EU27 and UK in 2020). Concerning the outstanding residential loans aggregated figure shown here, this report only considers the data available for each jurisdiction as of Q1 2021. Volumes may be revised ahead of the Q2 2021 edition of the report.



mortgage lending to multi-family homes increased by 6.9% in Q1 2021, compared to 7.2% year-on-year growth rate in the fourth quarter of 2020. Gross residential lending levels remained stable.

As in previous quarters, the increased lending to one-family homes can be explained by the increasing demand for these types of housing during the pandemic and amid the ensuing containment measures. Furthermore, the increased lending rate in 2020 was driven in part by the loan amortisation exception of April 2021. Another aspect that could help explain the expansion of net lending is household savings, which increased significantly during the pandemic - allowing families to spend more on housing- and the financing capabilities of local mortgage institutions.

In **Denmark**, total outstanding residential loans fell to DKK 1,985 bn in the first quarter of 2021, signalling a 3.7% increase against Q1 2020 figures. In the meantime, lending activity remained high, as total gross residential lending amounted to DKK 127 bn. Gross lending levels decreased by 10% on a yearly basis, but the quarterly change shows residential mortgages grew by 15% against Q4 2020.

In **Finland**, net lending increased by 3.7% on a yearly basis, up from 3.2% in Q4 2020. Concerning new loans activity, gross residential lending fell by 6.1% in Q1 2021 against the same period of the previous year, following a 1.1% yearly expansion in the previous quarter.

On to Central and Western Europe, the local mortgage markets registered further increases in terms of lending by the end of Q1 2021. In **Belgium**, outstanding loans increased by 5.3% in Q1 2021 against the same quarter of the previous year, up from a yearly 4.5% increase in Q4 2020. In the meantime, the number of new mortgage loans went up by more than 37% compared to the first quarter of 2020. Gross residential lending levels increased by 51%.

The notable increases in lending activity can be explained partly by the fact that the latest figures are compared with the first quarter of 2020, which saw the onset of the pandemic. Furthermore, as reported in the previous edition of this report, the Flemish government's fiscal incentive scheme concerning mortgage credit, implemented as of October 2019, was in effect until 1 January 2020. The latter prompted consumers to realize their mortgage credit before the end of the year 2019 and, as a consequence, the number of loans realized in the first quarter of 2020 was much lower than normal. In spite of this, even when compared to the first quarter of the more "normal" year 2019, the number of new loans in Q1 2021 still pointed to a significant increase in lending activity.

In the neighbouring **Netherlands**, lending activity remained high, improving on the figures reported in the previous quarter. Net residential lending increased by 2.6% in Q1 2021, up from a yearly growth rate of 1.9% in the preceding quarter. Gross lending expanded significantly on the same basis, registering a year-on-year growth of more than 35%.

Mortgage lending in **Germany** continued to expand steadily in the first quarter of 2021, both at outstanding and gross lending levels. Particularly, net lending grew by 6.6% year-on-year (6.5% in the previous quarter), while gross residential mortgages went up by 13% (slightly down from a 13.6% growth rate in Q4 2020). Overall, a total of EUR 70.9 bn were newly granted for the purchase and construction of residential property between January and March, 12.7% more than in Q1 2020.

In **France**, the annual growth rate of the outstanding residential loans slowed down over one year, from 6.6% at the end of March 2020 to 5.6% at the end of March 2021. However, this variation rate remains dynamic on one year, driven by large volumes of new home loans. New lending (without renegotiated loans) was equivalent (which amounted to EUR 49 bn) in the first three month of 2021 to Q1 2020 score, mainly supported by the large number of second-hand dwellings transactions recorded at the beginning of 2021.

In the East, the lending juncture varied across the relevant jurisdictions. Starting off in **Hungary**, the total outstanding residential loan portfolio grew (in local currency) by 2% in Q1 2021 compared to the previous quarter and by 7.7% compared to Q1 2020 figures. Gross residential lending performed comparatively different, as the volume of newly issued mortgage loans decreased by 24% in the first quarter of 2021 against the previous quarter and decreased by about 25% compared to the same period of 2020. This contraction takes place amid a GDP drop of 2.1 % compared to Q1 2020 and as household consumption levels decrease by yearly 3.7% over the same period. In **Czechia**, meanwhile, net lending increased by 9.4% rate in Q1 2021 on a yearly basis (in local currency), up from an 8.6% yearly rate of growth in Q4 2020. Gross residential lending expanded considerably, by almost 70% y-o-y, as the mortgage market recorded a record number of sales and subsequent mortgage credit grants. Consumer expectations are mainly behind this strong upward change in the market, as interest rates are foreseen to remain favourable -entering the second quarter of 2021- and real estate assets are considered safe investments in uncertain times.

In **Poland**, the housing and mortgage market remained in an upward trend in the first quarter of 2021. The average value of a newly granted housing loan also continued to grow and increased to PLN 313 thousand during Q1 2021.

Market growth is caused by relatively cheap mortgage loans and it is stimulated by the lack of an alternative to investing capital. An additional factor shaping the current housing market environment is the rapidly rising inflation levels.

The number of newly granted housing loans in Q1 2021 amounted to 57.1 thousand units (increase of 6.35% in comparison to 4Q 2020). The total amount of mortgage loans outstanding exceeded the level of PLN 480 billion. There are currently nearly 2.5 million housing loans granted by banking sector. The quality of housing loans remains stable - the share of non-performing loans remains at the level of 2.54%.

Moving on to **Romania**, the mortgage credit stock continued to grow in the first quarter of 2021, as volumes went up by a yearly 10% growth rate (in RON) while the gross residential lending increased by 22 percent compared to March 2020. As the country's overall non-performing exposure, the NPL ratio for mortgages loans reached 1.68% in March 2021, decreasing by 0.2 percentage points q-o-q and by 0.44 pps y-o-y.

In Southern Europe, mortgage lending also generally followed an upward trend during the first quarter of 2021. In **Italy**, outstanding mortgage lending reached a volume of approximately EUR 395.5 bn, signalling an increase of around 3%. Gross residential lending remains substantially at the same level of the previous quarter and amounted approximately to EUR 20.3 bn. In **Spain**, the mortgage market seemed to gradually recover from the economic fallout caused by the pandemic, as credit lending and bank financing conditions remain favourable. In Q1 2021, EUR 13.6 bn worth of new residential loans (38% y-o-y increase) was

granted, marking the second highest gross residential lending reading in the last decade. The highest score was recorded in the previous quarter (Q4 2020), when new residential loans reached a value above the EUR 14.0 bn mark. These figures would confirm the mounting trend that began as of the second half of 2020. However, it is worth pointing out that more time is needed to ascertain the latter point, as the apparent shift in lending activity could be caused by a near-term, pent-up demand effect. Lastly, in **Portugal**, total outstanding residential loans increased by 3.2% y-o-y, reaching an absolute amount of EUR 97.1 bn in Q1 2021. Over the same period, new mortgage loans increased by a 17.6% yearly growth rate, up from an 8% increase in the previous quarter.

In **Ireland**, net lending registered a slowdown of -3.7% in Q1 2021 against Q1 2020. However, new mortgage lending grew by 7.8% y-o-y, up from 6.6% in Q4 2020. In this vein, mortgage approval volumes rose by 7.8% y-o-y in Q1 2021 to more than 11,300 loans, the highest Q1 level since the data series began in 2011. The growth was driven by first-time buyer (FTB) approval volumes, which increased by 11.9% to almost 6,100. Mortgage drawdown volumes rose by 4.5% y-o-y to almost 9,100 in Q1 2021. FTB mortgage drawdowns rose by 7.3% year on year to more than 4,700, the highest Q1 level since 2007. Mover purchase volumes grew by 1.7% year on year to 2,334, the same volume as Q1 2019 and only 4.2% more than in Q1 2017.

In the **United Kingdom** mortgage market activity was high in the first quarter of 2021, following equally elevated levels in the final quarter of 2020. The market continued to be driven by pent up demand, and the extension of the Stamp Duty Holiday to September 2021, which was originally due to end on 31 March 2021. During this period, net lending went up by 3.5% (in GBP) compared to Q1 2020 figures and gross lending grew by more than 25% on a similar basis, following a more moderate yearly expansion (5.3%) in the previous quarter. Mortgage approvals for house purchase were up 33% in the first quarter of 2021 compared to Q1 2020, whereas approvals for remortgaging was down 30% over the two period. This reflects the pick-up in demand for moving home as people re-evaluated their housing needs over the pandemic.

REGULATION AND GOVERNMENT INTERVENTIONS

The first quarter of 2021 saw a continuation of previous relief measures, namely those related to aiding borrowers meet their loan instalments and relieve the financial pressure brought about by the pandemic. Tax schemes to incentivise dwelling purchases also remain in place. However, new programmes that aim at improving the energy efficiency of buildings were implemented in the early stages of 2021, signalling a potential shift in policy objectives as the pandemic is contained.

In **Sweden**, measures introduced in 2020 to counteract the effects of the pandemic were still in effect as of Q1 2021. Perhaps the most noticeable of these, as it directly involves mortgage lenders, is the general amortisation exception for mortgage borrowers and was introduced in mid-April 2020. As reported previously, this specific exception from the amortisation requirement is valid until August 2021.

In **Finland**, the discussion on household indebtedness ensued. In August 2018 the Ministry of Finance established a working group to consider different options to tackle the issue of household over indebtedness. The working group published its report and proposals on the 1 October 2019. The proposals include inter alia maximum debt-to-income ratio (DTI), maximum maturity for housing loans and restrictions on housing company loans for new construction. The timetable of

legislative proposals is uncertain due to the corona pandemic. The Ministry of Finance announced that the parliamentary process started in the beginning of 2021. New legislative proposals are expected later in 2021, with new regulations potentially coming into force in 2022. Moreover, in June 2020, the Board of the Financial Supervisory Authority raised the loan cap (the maximum loan-to-collateral ratio, LTC) for residential mortgage loans other than first-home loans from 85% to the statutory standard level of 90%.

As the pandemic is contained and the economic situation improves, the Board of the Financial Supervisory Authority will lower the loan cap for residential mortgage loans other than first-home loans by 5 pps, to the pre-pandemic level of 85%. The decision on the tighter loan cap will enter into force on 1 October 2021.

In **Belgium**, the federal authorities decision to postpone mortgage payments was implemented, running through the 1 January – 31 March period. To recall, the measures allowed households, companies and self-employed to request a new moratorium on the payment of capital and interests for a maximum period of 3 months. People with an income below EUR 1,700 will not have to pay afterwards the interest over the moratorium period. By means of this scheme, a loan can only benefit for 9 months of a payment delay granted in the context of the first and this second moratorium. Said measure has run its course and was not renewed following its legal end date.

Furthermore, the Flemish government recently implemented a new policy that enables home or apartment owners to take out an interest-free renovation loan. Said loan aims at significantly improving, within a period of five years, the energy performance of houses or apartments that have a poor energy performance. This condition would allow clients to receive an interest-free renovation loan in addition to the mortgage loan for the acquisition of the property. It is deemed an *interest-free loan* since it is automatically repaid once a year by the Flemish Energy and Climate Agency.

To be eligible for this type of loan, the person must have a principal mortgage loan that is primarily intended for the acquisition of the home. In addition, borrowers can take out an interest-free renovation loan with the commitment to bring the single-family home from label E or F to label A, B or C within a period of 5 years. For apartments, the transition is from label D, E or F to label A or B.

The renovation loan must be used primarily for the renovation, or demolition and reconstruction of the home. Those who commit to bringing their house to label A within five years can borrow up to EUR 60,000 interest-free. For label B, it is EUR 45,000 and for label C, it is EUR 30,000. For those who commit to bringing an apartment up to label A within five years can borrow up to EUR 45,000 interest-free and for label B, the threshold is EUR 30,000. This commitment binds clients to fulfil the energy performance goals.

In **France**, the national government focused on protecting households' income and support various economic sectors. In light of the recent policies, a limited number of suspension of payments was registered and defaults on mortgages stayed low. Structurally, residential loans NPL ratio remains low over time and fluctuated very little throughout economic cycles. Moreover, the government stimulus plan notably included a general expansion of financial aid for the energy renovation of homes (*MaPrimRenov*). The renovation market therefore appeared to be dynamic in Q1 2021, which shows that housing is still a relevant matter for French households.



In **Hungary**, Q1 2021 saw the reintroduction of a 5% VAT on new housing. Meanwhile, family support measures, granted especially for families with children, helped stimulate the housing development activity. Lastly, besides the already existing subsidies for families (namely the Home Purchase Subsidy and Prenatal Baby Support Loans), a non-refundable state subsidy of HUF 3 mn may be applied as of January 2021 for home improvements purposes by families living with their children or young adults (25 years or younger) in their own property.

In **Spain**, the central government aims at introducing a housing law which seeks to address the problems of housing affordability (both in rental and ownership market) affecting some demographics, mainly young people, who struggle with joblessness and/or job insecurity. This draft law is still being studied by the government ahead of a potential implementation in the future.

In **Ireland**, the government introduced an enhanced Help to Buy tax incentive, effective from July 2020, which enables FTBs to get a refund on income tax and deposit interest tax paid then use that money to buy or build a home. The maximum refund that could be claimed was increased from EUR 20,000 to EUR 30,000. The refund also must not exceed 10% of the purchase price or valuation of the property (increased from 5%).

Furthermore, the Central Bank of Ireland decided that the LTV and LTI limits on mortgage lending, and the related allowances, should remain unchanged in 2021.

All in all, governments, during the first quarter of 2021, maintained generally favourable tax schemes and loan exceptions to, on the one hand, ensure the mortgage sectors remains stable, from a lender and borrower perspective, and, on the other, help adapt dwellings to the new environmental and energy efficiency criteria laid out by the European Union.

HOUSING MARKET

HOUSING SUPPLY

The latest housing construction data and transaction figures show that the European housing supply tended to increase during the first quarter of 2021. Yet, as in the mortgage market, there are more specific or localised trends to point out.

In **Sweden**, housing starts increased by around 9% in 2020 compared to 2019. In light of the strong increase in housing prices for one-family homes, it has been observed that, over the course of several years, the increase in construction activity was concentrated in apartments. In 2020 housing starts for apartments increased by around 11% but housing starts for one-family homes remained unchanged. 80% of the housing starts in 2020 was apartments.

Regarding **Denmark**, the housing market remained active throughout the first quarter of 2021 with a total of 13,632 houses sold, that is 40% more transactions than in the first quarter of 2020. Over the same period, 4,980 owner-occupied apartments were sold, an increase of 37% compared to the same quarter in 2020. Nonetheless, the supply of both houses and apartments on the market continued to fall in the first quarter of 2021. A total of 23,165 houses and 4,603 apartments were on the market at the end of the first quarter, which indicate that the supply of houses fell by 7% compared to the fourth quarter of 2020, while apartment supply contracted by 5% on the same basis. In **Finland**, housing permits and the number of new starts both increased during Q1 2021, which reflects that the market is recovering well.

In **France**, starting off with the second-hand dwellings market, transactions for Q1 2021 increased by 25% compared to Q1 2020 (which included March 2020, a month that registered the negative economic impact of the first lockdown). At the end of March 2021, the number of transactions over the last twelve cumulative months reached an all-time high of 1.08 mn units, up by 4% year-on-year. Conversely, sales of new buildings are significantly suffering from the pandemic, with cumulative volumes over 12 months down by 16% over one year in Q1 2021. The recovery in construction of individual houses is nevertheless visible in Q1 2021, with annual volumes almost equivalent (-1%) to those in the same period of the previous year.

In **Hungary**, the number of newly issued building permits in Q1 of 2021 was 6,946 for the whole country and 757 specifically for Budapest. The number of issued building permits decreased significantly compared to the same period of the previous year: for the whole country, the decrease was of 32% while in Budapest, volumes dropped by a sharp 58.4%. This latter decline was mostly attributable to the wait-and-see position related to the brownfield area regulation in Budapest. In terms of newly finished dwellings, a total of 6,153 units were reported in Q1 2021, 30% higher than in Q1 2020. 2,708 of these were completed in Budapest alone, which represents a 129% increase against Q1 2020. This notable increase in new output was due, on the one hand, to the different subsidies put forward by authorities to support families purchasing new houses. On the other hand, it had one-off effect, as the regulation tightening the building permit conditions in terms of energy efficiency was to have initially entered into force in 2021.

In **Czechia**, another key market in the region, a large demand caused real estate prices to expand, as will be explained further below. This, combined with a rather low supply of houses, pushed average prices further upwards. Regarding **Poland**, more flats were completed in Q1 2021 than in the previous year. The number of dwellings for which construction permits were issued and the number of dwellings under construction also increased. A total of 53,302 dwellings were completed (increase of over 7% y-o-y) and construction of 63,678 new dwellings began (increase of over 21% y-o-y). Moreover, permits were issued for the construction of 84.3 thousand dwellings, i.e. 42.0% more than in the corresponding period of 2020.

Lastly, construction works for residential buildings in **Romania** increased by 2.6% in Q1 2021 compared to the same period of the previous year. At the same time, the costs in residential construction registered a slight increase compared to the previous year (3%). Moreover, between January and March 2021, the number of permits issued for residential buildings increased by 18.1% compared to the same period of 2020.

Moving on to markets in southern Europe, different housing supply trends can be pinpointed during the analysed period. In **Italy**, Q1 2021 residential transactions amounted to more than 162,000 units, with an increase of 38.6% y-o-y. In **Spain**, from the housing construction and renovation approach, Q1 2021, in a similar vein to Q4 2020, the market shed off the sharp declines recorded in the first months of the pandemic, due in great part to the improved consumer and business confidence, a positive epidemiological outlook and the announcement by the relevant authorities of urban regeneration and rehabilitation plans, financed by European funds channelled to the sector. Housing permits, in the meantime, declined slightly, by 0.6% y-o-y. This contrasts with Q2 and Q3 2020, when said indicators fell by 37% and 19%, respectively. In the housing

renovation field, the last two quarters also show a more favourable evolution, growing by 4% in Q4 2020 and by almost 15% in Q1 2021 compared to previous declines in terms of permits. Finally, the results of **Portugal's** March Housing Market Survey show a more stable situation in the local market, as both sales and prices move broadly to neutral ground. The agreed sales indicator showed a net balance of +2% at the national level, marking the first occasion since February 2020 in which this indicator stands above the zero-level threshold. Furthermore, near term sales expectations increased noticeably during March, rising to a net balance of +22% from -11% in the previous month (and from -24% in December 2020). This is the strongest reading for this series since 2018, with all regions covered by the survey (Lisbon, Porto and Algarve) expected to see an uplift in sales volumes over the next three months.

Regarding **Ireland**, housing construction continued to recover from the impact of restrictions on economic activity associated with the pandemic. Almost 4,000 new dwellings were completed in Q1 2021, according to the Central Statistics Office (CSO), 20.1% or about 1,000 units fewer than in Q1 2020. Fewer than 2,900 housing units were started in Q1 2020, a decrease of 58% year on year and the lowest quarterly level since Q4 2015. On a regional basis, completions in Dublin fell by 40.9% year on year to their lowest Q1 level since 2016. Commencements in Dublin fell by 88% and dropped to their lowest level since Q3 2014, driven mainly by a collapse in scheme unit commencements (when one-off units are excluded). Dublin accounted for less than 14% of commenced units in Q1 2021, the lowest share since Q3 2012. Household purchases of residential property rose by 3.6% year on year to 10,640 dwellings worth EUR 3.3 bn in Q1 2021, the highest Q1 levels since the data series began in 2010. However, sales fell in year-on-year terms in Dublin for the fourth quarter in a row, shrinking by 9.4% in Q1 2021.

Lastly, In the **UK**, levels of housebuilding starts and completions were high in the first quarter of 2021. Housing starts were up 36% compared to Q1 2020, and completions were up by 22% on Q1 2020. This is partly due to lower levels of building in 2020 due to coronavirus restrictions.

HOUSE PRICES

Overall, the Q1 2021 residential real estate prices in Europe tended to increase further in Q1 2021, building upon the general trend described in the previous number of the Quarterly Review. However, upon taking a closer look at national real estate markets, this latter narrative varies slightly in certain jurisdictions.

In **Sweden**, the first of the Nordic markets to consider, one-family homes increased by 13% on a yearly basis in Q1 2021, compared to 10.3% in the fourth quarter of 2020. Apartments increased by 6.5% in Q1 compared to 5.6% in Q4 2020. Given that many individuals work remotely due to the pandemic, demand has shifted from apartments in larger city centres to one-family homes in suburban areas and/or smaller cities. Furthermore, in terms of apartments, a similar shift can be seen, in that demand for larger apartments increased as well, probably due to the preference for more spacious dwellings when working from home. Also, the increasing demand for vacation homes in Sweden seems to continue in Q1 2021, as prices increase expand during said period.

The prices on one-family homes in the Stockholm area increased by 14.4% on a yearly basis in the first quarter 2021 (up from 10.3% in Q4 2020). In the Malmö-area the prices increased by 12.9% on an annual basis (11.6% in Q4 2020) and in Gothenburg by 9.5% (6.2% in Q4 2020). The prices on apartments in Stockholm increased by 6.1% in the first quarter 2021 (5.2% Q4 2020). Apartments in

Gothenburg increased by 4.2% (3.7% in Q4 2020) and in Malmö by 10.5% (8.6% in Q4 2020).

Moreover, the trend of increasing prices on one-family homes continued in April, when one-family homes increased by over 20% on an annual basis. The growth rates for apartments stood at 12% in April.

Concerning **Denmark**, house prices increased by 11.6% in 2020. Meanwhile, prices on owner-occupied apartments have risen by 11.9%. Compared to the previous quarter, prices rose by 4.5% and 4.3% for houses and apartments, respectively, in Q1 2021. In **Finland**, the average housing price increased by 1.1% in Q1 2021 against Q1 2020, as per the available information. However, housing prices varied greatly depending on the area. For instance, large cities are expanding and there is an upward pressure on prices of urban dwellings. Conversely, prices in the remainder of the country registers declining prices and lower residential price levels, as the populations tends to move to more urban areas.

In Central and Western Europe, the price cycle also points to an expansive phase, yet with some particular features worth highlighting.

In **Belgium**, house prices displayed a more moderate trend in the first quarter of 2021 compared to other periods. Based on the figures of the Notary Barometer, the average price of a house in Belgium increased to reach EUR 281,705 at the end of the first quarter of 2021, which would represent an increase of 1.7% compared to the average price at the end of Q1 2020. There are nevertheless differences between the country's three regions (Flanders, Wallonia and Brussels). In the first quarter of 2021, housing prices decreased in two of the three regions compared to the first quarter of 2020. In the Brussels region, the average house price in the first quarter of 2021 (which stood at EUR 483,970) decreased by -3% compared to the average price in the first quarter of 2020. In Wallonia, the average housing price (EUR 208,333) also decreased by -0.2% compared to the first quarter of 2020. In Flanders, the only region that registered a price increase, the average housing price (EUR 314,360) grew by 2.5% compared to the average price recorded in the same period of the previous year.

Similarly, average prices of apartments in Belgium went up by 2.7% in Q1 2021 compared to the first quarter of 2020. However, here too regional differences can be seen. In Flanders, the average price of an apartment (EUR 255,173) increased by 3.1% compared to the first quarter of 2020. In the Brussels Region, the average price of an apartment (EUR 279,832) increased by 1.9% compared to the first quarter of 2020. In Wallonia the average price of an apartment (EUR 186,837) decreased by -0.8% compared to 2019.

In the **Netherlands**, the average house price, at a national level, increased by more than 10% against Q1 2020's house price index reading.

Moving on to **France**, house prices in said country kept growing throughout the pandemic. In Q1 2021, the annual growth rate reached 5.9% over one year, driven for the first time since 2016 more strongly by houses (6.5%) than apartments (5%). This phenomenon correlates to a reorientation of household demand in geographic terms (that is, displacement from very large cities to less dense urban areas), but also regarding the type of property, which involves the desire for outdoor spaces and/or more space at home. Lastly, in **Germany**, the protracted high demand for residential properties caused prices in this segment to increase further, by 8.4% overall. Prices for owner-occupied housing rose



slightly more, by 9.4%, while prices for multi-family houses increased by 7.6%. Rents under new contracts increased 2.3%, compared to a 3.9% increase in the first quarter of 2020. The somewhat lower momentum in rents compared to the previous year is due to local regulations that have been adopted in many areas to contain the increase in rents under new contracts.

In Eastern Europe, the price cycle varies across jurisdictions as well. In **Hungary**, the national house price level contracted in Q4 of 2020 (the last available date reported) compared to the previous quarter (0.7 %) and grew by 4.8 % compared to Q4 in 2019. At a regional level, there are significant differences in terms of prices; for instance, the fastest pace of growth was recorded in the South Trans-Danubian region, while the slowest expansion rate was recorded in the Central Region of the country.

Residential dwelling prices also tended to move upward in **Czechia**, where the average price, at a national level, grew by almost 12% against Q1 2020's index reading.

Concerning **Poland**, high activity in the housing market resumed over the current quarter: the number of housing construction contracts sold on the largest primary markets was significantly higher than in the previous quarter. Housing construction costs (materials and labour) grew at a slightly slower pace than in the previous quarters. Land prices continued to rise, which was related to the replenishment of "land banks" by developers.

As to the evolution of prices proper, increases in apartment prices q-o-q prevailed in almost all markets, price dynamics also increased. Transaction prices on the primary market increased due to a larger scale of sales of better-located and more attractive apartments. In the secondary market, an increase in offer and transaction prices was also observed in most cities. In the primary market the largest transactional price growth was observed in: Gdynia (+16% q/q), Poznań, Rzeszow and Warsaw (+4%). Meanwhile, in the secondary market, the biggest transactional price changes were recorded in: Lublin (+4% q/q) and Rzeszow (3%). In Warsaw prices fell on secondary market by nearly 4%.

In **Romania**, residential property prices increased by 2% in the final quarter of 2020 in nominal terms (in real terms, prices fell by -0.3 percent), more than 2 pp lower compared to the same period of the preceding year. According to the May 2021 results of the NBR Bank Lending Survey, a substantial number of credit institutions estimated that the average house price per square meter had been steady over the past three months, while the remaining banks deemed that residential property prices had increased to a certain extent. For the coming quarter, house prices are primarily expected to remain unchanged.

At the southern end of the continent, the price cycle shows that residential asset prices continue to pick up. However, as stated previously, there are specific price variations to each country that should be pointed out. In the fourth quarter of 2020, last available data for **Italy**, the Housing Price Index (HPI) increased by 0.3% with respect to the previous quarter and by 1.6% compared to the same quarter of the previous year. More particularly, the increase on an annual basis of the HPI was mainly due both to the prices of new dwellings that recorded a growth equal to +1.7% (+3% in the third quarter) and to the prices of existing dwellings that increased on annual basis by 1.4% (0.7% in the previous quarter).

In **Spain**, in quarterly terms, Q1 2021 marked the third consecutive quarter in which prices showed signs of picking up, although, on an annual basis, prices remained

below pre-pandemic levels as Q1 2021 showed a drop of 1.7% compared to Q4 2019. Data on the two main Spanish cities shows that Madrid suffered a greater impact than Barcelona during this period, as the prices in the capital remain 3.8% below pre-pandemic levels, while in Barcelona the deviation is -1.3%. Lastly, regarding **Portugal**, house prices rose by 0.9% in April. This is one of the most notable monthly change since March 2020, which marked the beginning of the pandemic. If considered on a yearly basis, house prices registered an increase of 3% in April, a slight acceleration compared to the 2.6% y-o-y change observed in the previous two months. Nevertheless, the latest yearly change is far from the one observed a year ago, when this indicator recorded a 15.0% increase.

In **Ireland**, residential property price inflation accelerated in Q1 2021, with prices up by 3.7% year on year in March 2021, compared 2.2% in December 2020. Meanwhile, prices in Dublin rose by 2.5% in the year to March 2021, with house prices in said city increasing by 2.8% y-o-y and apartment prices in the county by 0.7%.

In the **UK**, house prices continued to grow in Q1 2021, and were up 9% compared to a year earlier. This has been driven by a pick-up in demand whilst the supply of new properties coming on to the market has remained low. As the UK recovers from the pandemic, more people may be willing to put their properties on the market, which may help alleviate some price pressure.

MORTGAGE INTEREST RATES

In general, mortgages interest rates remain low across key EMF jurisdiction and, as in the previous quarter, most of the countries that contribute to this quarterly report register additional cuts in their average interest rates.

Starting off in the northern end of the continent, variable interest rates decreased slightly during the first quarter 2021, to 1.2%, in Sweden. Longer interest rates remained more or less unchanged in the end of the first quarter: for 1-5 years at 1.3%, and 1.5 % for loans over 5 years. In Denmark, the average interest rate on loans with fixation period up to one year decreased by 9 bps in the first quarter of 2021. For the loans between one to five years of interest rate fixation and those with between five and ten years of interest rate fixation, the average interest rate rose by 8 and 19 bps, respectively. In the meantime, the average interest rate on loans with more than ten years of fixation decreased by 12 bps in the first quarter of 2021. Lastly, the average interest rate on new housing loans in Finland stood 0.71%, up by 2 bps against Q4 2020's reading.

In **Belgium**, as in previous quarters, interest rates remained at a very low level in Q1 2021. In the first quarter of 2021, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years was about 92% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to less than 1% (exactly 0.6%) of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 7.5% of the newly granted credits.

As to the **Netherlands**, the average interest rate fell by 7 bps, standing at 1.68% at the end of Q1 2020. In Germany, interest rates remained favourable to borrowers in the first three months of 2021, with an average rate on new residential loans recorded at 1.18%.

In **France**, the Q1 2021 average interest rate stands at 1.18%. It is lower than the one reported in previous quarter, reaching its lowest level since Q4 2019.

Interest rates remain low, easing borrowers' solvability in the context of a gradual tightening of credit criteria for new home loans requested by the HCSF. Despite ongoing concerns about the rapid growth of outstanding home loans, the strict requirement introduced by the HCSF in December 2019 regarding Debt-Service-to-Income ratio and loan maturity were slightly eased in December 2020, to not penalise low-income households and first-time buyers. The mandatory nature of the HCSF criteria will be confirmed during the summer 2021, with a strict application for banks potentially by the end of the year.

In **Hungary**, the country's central bank basic rate remains, since July 2020, at 0.6%. The most popular mortgage interest type is Medium Term Fixed (5Y-10Y initial rate fixation) with approximately 60% proportion of all newly issued mortgages. The representative interest rate for this product was 3.96% in Q1 2021. The proportion of variable rate mortgages among the newly issued loans was below 1%. Meanwhile, in Czechia, the average interest rate is 1.99%, 5 bps below Q4 2020's rate.

Since May 2020, the reference rate has been kept on a record low level of 0.1%. A majority of mortgage loans in Poland (a share of over 95%) is based on variable rates (mostly: margin + Wibor 3M), fixed rate loans (with maximum rate fixation up to 5 years) are currently being offered.

Lastly, the representative mortgage interest rate in **Romania** decreased by 0.14 percentage points in the first quarter of 2021 compared to the previous quarter and by 0.64 pps compared to the level registered in the same period of the preceding year. The share of loans granted with variable interest rate in total mortgage loans slightly decreased in 2021 Q1, reaching 74.1%, after a decrease of 1.1 pps compared to 2020 Q4, being 4.1% points smaller compared to 2020 Q1. The preference for new loans granted with fixed interest rate decreased for short-term fixed new loans decrease by 2.1 pps, while slightly increased for medium-term new loans and long-term fixed new loans by 1.6 pps.

Interest rates in Southern European markets performed differently during the first quarter of 2021, both between countries and in terms of specific types of residential loans.

Regarding mortgage interest rates, Q1 2021 saw interest rates on both short-term loans and with maturity of over 1 year increase slightly in **Italy** after several years of contractions. More in detail, interest rate on short term loans (with maturity below 1 year) increased to 1.36% (1.29% in Q4 2020; 5.48% in Q4 2007) while interest rates with maturity over 1 year increased to 1.37% (1.24% in Q4 2020; 5.84% in Q4 2007). The average rate on new transactions for house purchasing increased to 1.36% (1.25% in Q4 2020; 5.72% in Q4 2007). Meanwhile, interest rates in **Spain** remain at minimum levels for all types of loans. In Q1 2021, both variable-rate loans and long-term fixed loans saw a further 0.1 pps decline in their rates compared to Q4 2020, decreasing to 1.4% and 1.6%, respectively. Fixed-rate arrangements, specifically those with an initial fixed rate period over 10 years, continued to increase, accounting for almost half of new transactions. This trend confirms the growing interest of borrowers to protect from interest rates hikes amid the wide range of fixed-rate products and a context of low interest rates.

Lastly, banks in **Portugal** apply a variable interest rate on new loans for house purchase and these interest rates have two components: an external index (Euribor – Euro Interbank Offered Rate, which can vary between 3, 6 or 12 months, or a fixed rate) and a spread. The spread is assigned by the credit

institutions to each contract in consideration of the risk of the client and of the Loan-to-Value ratio. In Q1 2021, the variable rate for new loans (up to 1-year initial rate fixation) was 0.69%, compared with 0.71% in Q4 2020.

In **Ireland**, fixed rate (loans fixed for over one year) mortgages accounted for 77% of new mortgages issued in Q1 2021. Some 38% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q4 2020, down from 43% two year earlier. The share of mortgages outstanding which had interest rates fixed for over one and up to five years jumped from 19.4% to 33.4% over the same period.

Finally, in the **UK**, average mortgage rates picked up in the first quarter of 2021. Variable rate mortgages increased to 1.88% up from 1.77% in the previous quarter, and shorter-term fixed rates up to 5 years were 1.90% in Q1 2021, compared to 1.84% in Q4 2020. Longer term fixed rates remained relatively stable.

Average rates on 95% LTV products were 4.07% in the first quarter of the year, down from 4.18% in the final quarter of 2020, but remain elevated compared to before the pandemic when they were around 3.0%.

COVID 19 SPECIFIC IMPACT OVERVIEW

In **Sweden**, the general amortisation exception for mortgage borrowers, mentioned above, has been active since April 2021. The Finansinspektionen, the country's financial regulator, has however made clear that said measure will end in August 2021.

In addition to this, the Finansinspektionen and the Riksbank are concerned about the strong increase in housing prices. Both bodies consider that the changing demand in housing during the pandemic, in combination with low mortgage interest rates and other measures during the pandemic, could have contributed the strong price increases. When measures like the amortisation exception is lifted in August and the market goes back to normal in the aftermath of the pandemic, prices are expected to cool down.

In **Finland**, in light of the transition to remote working and the increased demand for more spacious houses, consumer intentions to buy new dwellings was high in the first quarter of 2021. This reflected in the overall performance of said market, as described above. In the meantime, the banking sector maintained its capitalisation amid the financial risks caused by the pandemic. The easing of macroprudential requirements had only moderate influence on banks' capital adequacy, lending capacity and liquidity ratios. For example, banks were unable to apply EBA's guidelines regarding moratoria on loan repayments, because the grace periods granted voluntarily and independently by the banks did not fulfil the conditions specified in EBA's guidelines.

In terms of moratoria, another common measure laid out to counteract the effects of the pandemic, the demand for new repayment holidays returned to nearly normal levels during the first quarter of 2021. The number of applications for extensions to existing moratoria were also relatively few.

Finally, in June 2020, the country's Board of the Financial Supervisory Authority raised the loan cap (the maximum loan-to-collateral ratio, LTC) for residential mortgage loans other than first-home loans from 85% to the statutory standard level of 90%. The housing market has recovered well from the shock caused by



the pandemic. As of Q1 2021, the Board of the Financial Supervisory Authority is expected lower the loan cap for residential mortgage loans other than first-home loans by 5 pps, to the pre-pandemic level of 85%. The decision on the tighter loan cap will enter into force on 1 October 2021.

In the East, due to the wide-ranging payment moratorium on loan repayments, which was introduced in **Hungary** in March 2020, additional liquidity was made available for private sector actors in 2020. The payment moratorium was introduced for both retail and corporate clients initially until December 31, 2020. However, it was later extended until June 2021. The moratorium temporarily suspends the payment of monthly instalments (principal, interest and other fees), unless the client “opts-out” by indicating or demonstrating his or her willingness to continue paying. Concerning **Czechia**, although the situation was one of the most difficult ones in Europe between February and March 2021, no specific public measures concerning house financing were launched by the relevant authorities. Banks, however, approached the situation by offering the postponement of instalments, but in form of restructuring of loans.

As to **Poland**, on March 16, 2020, banks in said country introduced the non-statutory credit moratorium. The plan included suspension of repayment of principal and interest or principal instalments for 3 months and automatic extension by the same period of the total liability repayment period, provided that the loan repayment security was extended. On June 24, 2020, the statutory credit moratorium was introduced. The statutory payment holidays on loans were available for anyone who lost their job or other main source of income after March 13, 2020. The maximum deferral period was 3 months.

The pandemic did not deteriorate the quality of loans to households, 95% borrowers who have taken loan payment holidays now service their loans in a timely manner. Moratoria covered almost 1 million individual customer accounts for the amount of nearly PLN 82 billion (both mortgage and consumer loans).

Lastly, in **Romania**, the real estate market juncture changed significantly over the course of a year. In the beginning of 2020, the sector was in the expansion phase of the cycle. However, the economic crisis caused by the pandemic halted this cyclical evolution and changed the risks outlook for the market. On one hand, it reduced the pressures of overestimation of real estate prices, yet, on the other hand, it increased the liquidity and solvency risks, especially for companies in the construction and real estate sectors. Although prices have stabilised and demand for housing has risen, the uncertainty surrounding the economic recovery, both domestically and internationally, can put pressure on future developments. After the pandemic outbreak, NBR took measures to support debtors by allowing lenders (banks and NBFIs) to delay payments of the loans of any individual affected by the pandemic, without applying the prudential provisions as concerns the level of indebtedness, the LTV limit and the maximum maturity of consumer credit.

In the South, moratoria still play an active role in offsetting the pandemic. According to the preliminary data available as of 21 May 2021, it is estimated that, in **Italy**, the existing outstanding debt moratoria to households and NFCs amounts to approximately EUR 144 billion, which would be equal to 52% of all the moratoria granted since March 2020 (approximately EUR 280 bn). This amount refers to approximately 1.3 mn applications. In **Spain**, after several extensions in the application period for moratorium (first in mid-2020 and then until September 2020), the EBA finally extended the deadline for applications until March 30, 2021, adopted in Spain through the Royal Decree-Law 3/2021, of

2 February. According to the EBA guidelines, and by means of the latter decree, a period of up to 9 months, including the previously granted payment holiday, was established for the suspension of instalments. In total, almost 1.6 million applications both for legal moratorium (on mortgage loans, non-mortgage loans, mortgage loans granted to the tourism sector and, lastly, loans granted to the transport sector) and for non-legislative moratoria were received by the end of March 2021, of which more than 1.4 mn operations were granted (an approval rate of over 90%). The outstanding amount of suspended loans stood at EUR 59 bn, being more benefited wage and salaried debtors (over 77%) as opposed to companies or self-employed.

Regarding **Portugal**, the most recent data out of Banco de Portugal, the central bank, shows loans under the moratorium scheme have decreased since September 2020 (deadline date for bank customers to request access to the public moratorium), both in individuals (-28.2% in Apr-21 vs Sep-20) and in non-financial companies (NFC) segments (-7.9% in Apr-21 vs Sep-20). The total amount of loans under moratorium decreased by 18.4% in Apr-21 vs. Sep-20, following the expiry of the private moratoriums in March 2021.

The total amount of loans under moratorium stood at EUR 42,842 mn at the end of Q1 (EU 46,145mn in Q4 2020), of which EUR 17,117 mn of loans to individuals (EUR 20,066 mn in Q4 2020) corresponding to 13.8% of total loans to individuals (16.2% in Q4 2020). The total amount of mortgage loans under moratorium corresponded to EUR 14,913 mn at the end of Q1 (15.3% of total mortgages) which compares with EUR 17,074 mn at the end of Q4 2020 (17.8% of total mortgage loans). The total amount of loans to NFC under moratorium was EUR 24,609 mn (33.0.% of total loans to NFC), compared to EUR 24,766 mn in Q4 2020 (33.6% of total loans to NFC). The total number of borrowers under moratorium stood at 387.2 thousand at the end of Q1 (versus 477.5 thousand at the end of Q4 2020), of which 326.1 thousand correspond to loans to individuals and 54.5 thousand to NFC (413.2 thousand and 54.6 thousand at the end of Q4 2020). Mortgage loans under moratorium covered 260.5 thousand borrowers at the end of Q1 compared to 302.4 thousand at the end of 2020.

At the end of April 2021, the total amount of loans under moratorium stood at EUR 39,253 mn. Of the loans to individuals EUR 15,141 mn were under moratorium (12.1% of total loans to individuals) of which EUR 13,309 mn corresponded to mortgage loans (13.6% of total mortgage loans). The total amount of loans to NFC under moratorium was EUR 23,242 mn (31.1% of total loans to NFC). The total number of debtors under moratorium stood at 339.3 thousand at the end of February, of which 282.4 thousand corresponded to loans to private individuals and 52.5 thousand to NFC. Mortgage loans under moratorium covered 234.9 thousand debtors in total.

In regard to new credit production, up to March 2021, mortgage loans were registering the highest production levels of the last five year. While mortgage production continued to expand on a yearly basis since August 2020, returning to 5-year highs, and reaching an accumulated 18% year-on-year growth by 3M2021 (source: Monetary and Financial Statistics), consumer loans remained relatively subdued by March 2021 (decreasing by -26% y-o-y in 3M2021). Regarding the NFC segment, the pandemic helped push new production, thanks to state-guarantee credit lines issued as support mechanisms amid the pandemic. Following the access to the support facilities, NFC new production growth has however slowed down, due in part to the uncertainty as to the broader economic activity, which hinders investment decisions (-23% YoY in 3M2021 vs. +2% in 2020).

In **Ireland**, the pandemic and subsequent lockdown imposed to slow its spread had a severe impact on the economy with business and social activity significantly restricted by public health measures in Q1 2021. For example,

all residential construction, except some social housing schemes, closed from 8 January until 4 May.

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

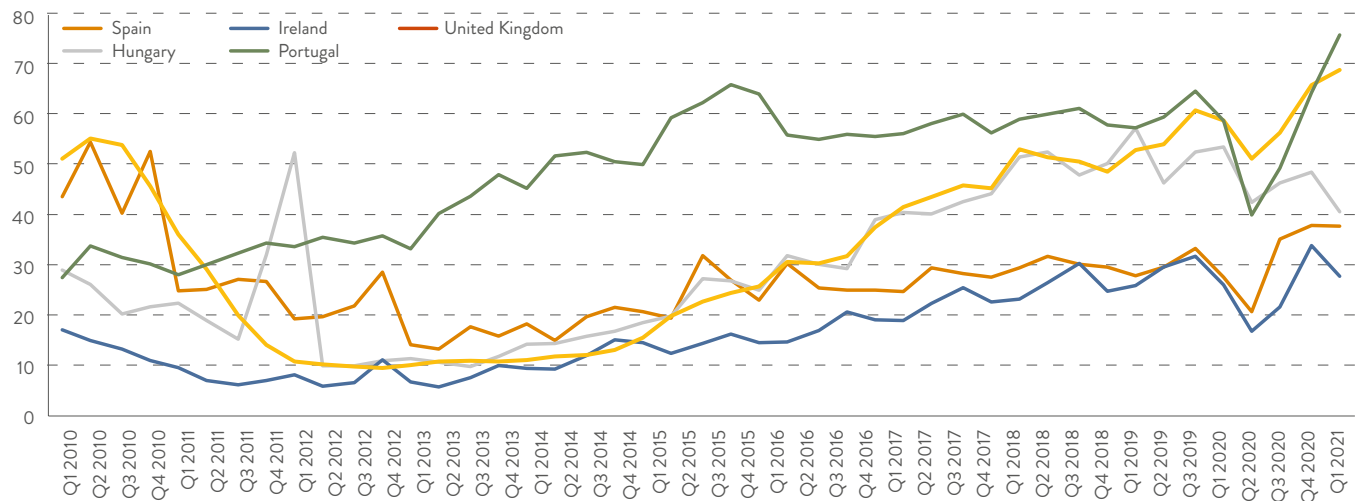


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

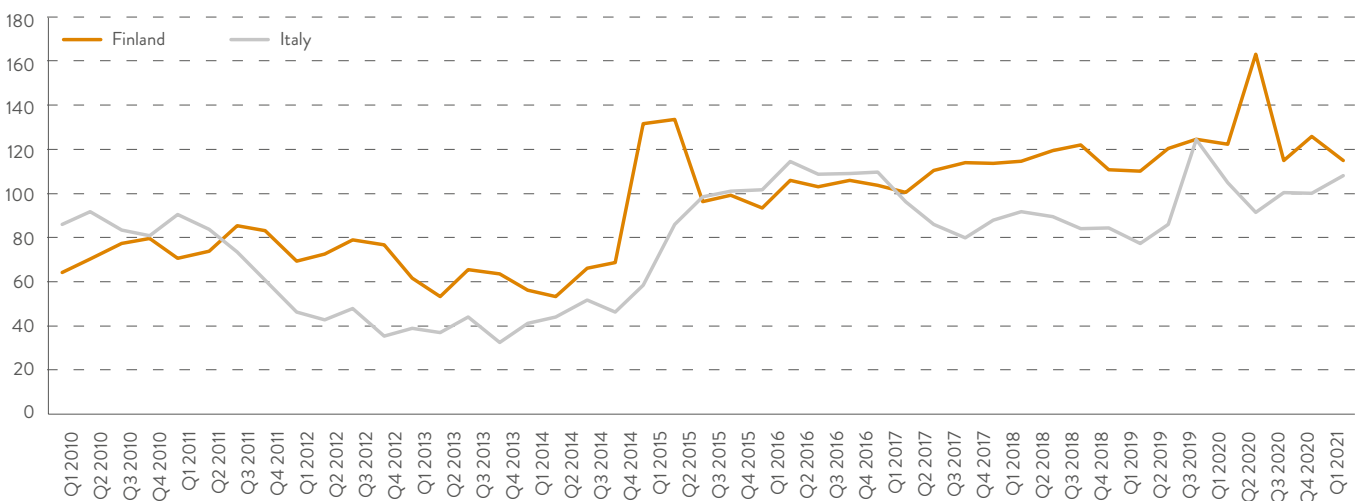


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

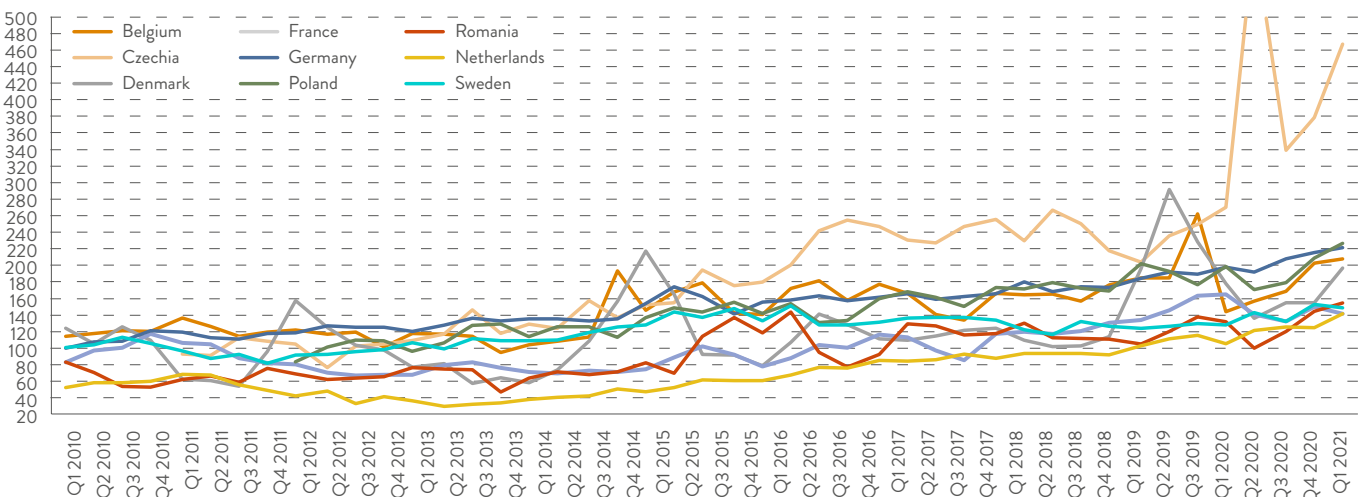
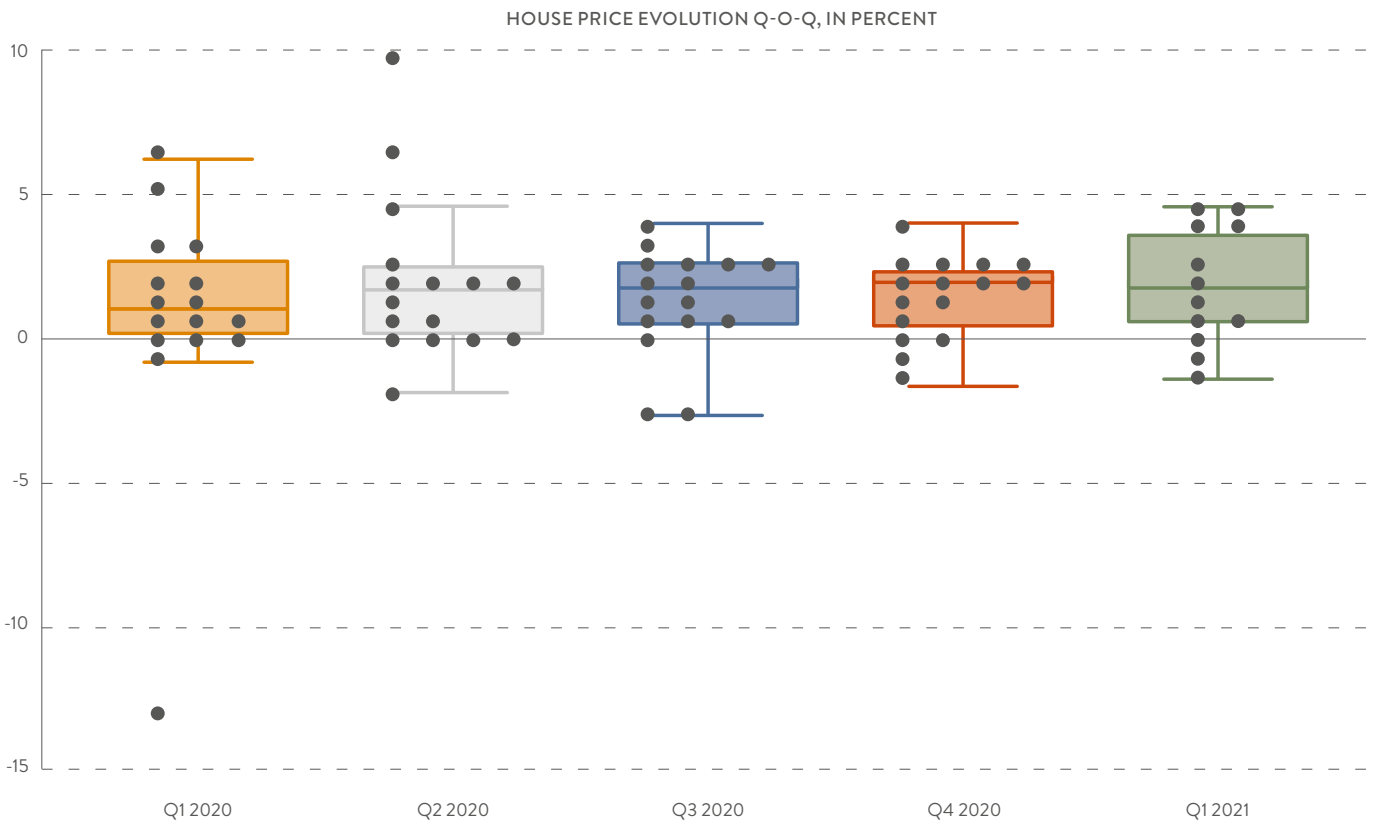


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER



NOTES:
 Boxplots depict intuitively the distributional characteristics of a dataset, in this case the q-o-q House Price Index evolution of the country sample. The rectangle represents the second and third quartile of the data and the central horizontal line indicates the median value, i.e. the value that splits the sample in two equal halves. The horizontal lines below and above the box indicate respectively the lower and the upper quartiles. Eventual 'outliers' are depicted as points if they are more than 1.5 times the interquartile distance – the height of the box – away from respectively Q1 or Q3. This is the case for Q1 2020.

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

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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	LATEST Y-O-Y CHANGE (%), Q1 2021, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2021, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 2020, LOCAL CURRENCY
BE	256,433	263,419	264,616	266,838	270,029	275,378	278,759	5.3	4.5	5.3	4.5
CZ	46,953	48,658	45,998	47,932	48,124	51,174	52,591	14.3	5.2	9.4	8.6
DE	1,509,140	1,530,435	1,549,693	1,571,876	1,599,644	1,629,423	1,651,448	6.6	6.5	6.6	6.5
DK	256,901	257,001	256,393	260,710	264,205	267,416	266,873	4.09	4.1	3.7	3.6
ES	489,599	487,561	484,917	482,704	481,752	481,913	n/a	n/a	-1.2	n/a	-1.2
FI	99,631	100,354	100,694	101,488	102,462	103,614	104,414	3.7	3.2	3.7	3.2
FR	1,059,878	1,078,645	1,089,585	1,100,784	1,116,586	1,136,990	1,150,124	5.56	5.41	5.56	5.41
HU	13,387	13,715	12,781	13,116	13,098	13,360	13,644	6.8	-2.6	7.7	7.2
IE	93,117	92,791	91,615	91,100	90,614	90,526	88,181	-3.7	-2.4	-3.7	-2.4
IT	383,911	383,515	384,410	386,131	388,161	391,515	395,461	2.9	3.0	2.9	3.0
NL	733,835	734,556	736,695	740,856	745,095	748,572	755,572	2.6	1.9	2.6	1.9
PL	100,604	104,196	101,192	103,954	103,086	104,607	103,444	2.2	0.39	4.5	7.5
PT	93,906	93,846	94,056	94,522	95,108	96,176	97,066	3.2	2.5	3.2	2.5
RO	16,568	16,999	17,214	17,508	17,804	18,354	18,563	7.8	8.0	9.9	9.9
SE	407,357	422,742	404,740	435,349	437,829	468,966	465,831	15	10.8	6.4	6.4
UK	1,622,467	1,707,200	1,652,586	1,609,263	1,620,199	1,666,816	1,779,861	7.7	-2.4	3.5	3.2

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:

- France

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	LATEST Y-O-Y CHANGE (%), Q1 2021, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 2020, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2021, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 2020, LOCAL CURRENCY
BE	9,129	10,350	10,497	16,194	7,259	8,726	9,547	12,775	10,972	51.1	-21.1	51.1	-21.1
CZ	2,411	2,710	2,596	3,015	3,037	7,368	3,825	4,550	5,381	77.2	50.9	69.6	55.9
DE	54,800	59,800	65,500	64,900	62,900	62,300	70,800	73,700	70,900	13	13.6	13	13.6
DK	9,591	16,547	26,787	21,549	15,387	11,164	14,410	14,891	17,116	11.2	-30.9	10.8	-31.2
ES	10,596	11,498	9,155	12,341	9,830	8,865	11,234	14,042	13,564	38.0	13.8	38.0	13.8
FI	7,831	8,995	8,411	8,468	8,667	12,859	8,003	8,559	8,135	-6.1	1.1	-6.1	1.1
FR	54,100	55,900	64,500	72,100	69,000	58,600	58,800	66,000	58,600	-15.1	-8.5	-15.1	-8.5
HU	673	842	715	762	720	626	714	703	532	-26.1	-7.8	-25.4	1.5
IE	1,884	2,250	2,639	2,768	1,996	1,462	1,957	2,950	2,142	7.3	6.6	7.3	6.6
IT	15,752	15,272	14,754	25,729	19,728	18,024	17,599	20,988	20,313	3.0	-18.8	3.0	-18.8
NL	25,205	29,227	32,567	35,628	29,213	34,620	36,770	38,353	39,791	36.2	20.0	36.2	20.0
PL	2,759	3,448	3,283	3,000	3,268	2,919	3,048	3,550	3,740	14.4	18.3	17.0	26.7
PT	2,349	2,577	2,646	3,047	2,848	2,494	2,755	3,292	3,349	17.6	8.0	17.6	8.0
RO	545	579	725	840	670	549	725	883	801	19.5	5.1	21.8	6.9
SE	12,732	14,526	12,812	15,439	12,914	16,615	13,466	18,155	15,307	18.5	17.6	0.1	0.1
UK	72,117	71,499	79,822	83,277	73,205	49,061	66,788	82,956	95,214	30.1	-0.4	25.0	5.3

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

Source: European Mortgage Federation

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

- France

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	3,499	3,195	3,863	2,474	3,716	3,715	6,986	1,197	2,221	3,191	5,349	3,381
CZ	675	810	844	1,722	1,229	257	1,705	-2,660	1,933	192	3,050	1,417
DE	19,929	20,700	14,896	15,020	24,196	23,937	21,295	19,258	22,183	27,768	29,779	22,025
DK*	1,713	358	505	3,175	2,298	1,956	100	-608	4,318	3,494	3,211	-543
ES	639	-2,912	-2,287	-850	-546	-3,464	-2,038	-2,644	-2,213	-952	162	n/a
FI	733	474	337	286	854	710	722	340	794	974	1,152	800
FR	14,158	16,383	15,655	12,890	16,877	20,549	18,767	10,940	11,199	15,802	20,404	13,134
HU	-457	506	218	43	111	-371	328	-935	335	-18	262	284
IE	-637	-227	-3,029	-2,765	-1,645	-157	-326	-1,176	-515	-486	-88	-2,345
IT	28	1,437	840	1,268	2,170	1,507	-396	895	1,721	2,030	3,354	3,946
NL	3,783	3,186	2,273	867	4,246	2,806	721	2,139	4,161	4,239	3,477	7,000
PL	-893	3,100	1,101	1,191	2,601	84	3,592	-3,004	2,762	-868	1,521	-1,163
PT	-83	54	158	-184	110	28	-60	210	466	586	1,068	890
RO	430	386	383	50	350	384	431	215	294	296	550	209
SE	10	10,660	7,535	-853	-293	-670	15,384	-18,001	30,608	2,480	31,137	-3,135
UK	-14,589	11,021	3,660	72,424	-58,999	34,157	84,733	-54,614	-43,323	10,936	46,617	113,045

*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 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	110.6	110.6	110.6	115.8	115.8	115.8	115.4	120.9	125.8	109.8	120.9	125.8	128.8	128.4
CZ	122.3	125.0	128.6	131.7	134.3	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4	166.8
DE	115.2	117.0	119.2	122.7	124.0	125.4	128.0	130.2	132.1	134.2	136.7	139.6	143.3	146.8
DK	109.4	111.7	114.0	114.0	114.2	113.2	116.5	117.5	117.3	117.8	118.5	121.6	124.5	130.1
ES	105.6	106.2	107.6	107.7	109.7	110.9	111.0	111.1	112.1	111.2	109.1	109.8	110.0	110.2
FI	102.3	101.9	103.8	103.3	103.1	102.5	104.1	103.5	103.7	104.0	104.0	104.0	104.4	105.1
FR	104.9	105.2	106.1	108.8	108.3	108.3	109.4	112.2	112.4	113.7	115.7	118.1	119.6	120.4
HU	140.6	148.5	153.3	160.8	167.6	180.0	186.3	186.3	180.9	192.2	204.2	207.1	205.6	n/a
IE	125.3	127.5	130.8	133.7	133.1	132.3	133.5	135.1	133.7	134.3	134.2	134.8	137.2	139.0
IT*	98.8	98.6	99.2	98.4	98.3	97.7	99.1	98.8	98.6	99.5	102.4	99.8	100.1	n/a
NL	116.3	119.4	121.7	124.9	126.6	128.9	130.3	132.7	134.6	137.5	140.2	143.5	146.4	151.7
PL	107.6	108.4	111.2	115.5	118.7	119.1	122.8	126.5	131.6	136.1	142.4	143.9	141.5	139.6
PT	121.1	125.6	128.5	129.7	132.3	137.1	141.5	143.1	144.1	151.2	152.5	153.3	156.5	n/a
RO**	114.3	116.6	120.2	119.4	120.4	119.9	121.8	123.6	125.5	129.6	129.8	126.4	128.0	n/a
SE	119.6	117.9	116.6	117.2	117.0	117.3	118.9	121.3	121.6	121.6	124.2	127.5	132.6	137.4
UK	118.6	118.3	119.7	122.0	121.4	120.0	121.0	123.0	122.5	122.4	122.4	126.8	129.5	132.3

* 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)

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

	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	2.03	2.01	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34
CZ*	2.19	2.34	2.43	2.49	2.68	2.80	2.74	2.58	2.38	2.41	2.36	2.17	2.04	1.99
DE	1.83	1.85	1.90	1.87	1.86	1.79	1.63	1.39	1.28	1.28	1.30	1.24	1.18	1.18
DK**	0.87	0.87	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69
ES	1.91	1.96	1.94	1.96	2.01	2.11	2.12	1.95	1.76	1.81	1.75	1.75	1.62	1.54
FI	0.95	0.92	0.87	0.88	0.86	0.81	0.76	0.72	0.73	0.71	0.73	0.72	0.69	0.71
FR***	1.53	1.60	1.57	1.53	1.50	1.51	1.44	n/a	1.20	1.19	1.27	1.30	1.27	1.21
HU	3.01	4.31	4.31	4.87	5.45	5.17	5.04	4.86	4.39	4.17	4.24	4.15	4.06	3.97
IE	3.07	3.02	3.06	2.97	2.95	2.96	2.95	2.93	2.87	2.78	2.78	2.80	2.77	2.80
IT	1.90	1.88	1.80	1.80	1.89	1.85	1.77	1.44	1.44	1.38	1.27	1.27	1.25	1.36
NL**	2.41	2.39	2.41	2.40	2.40	2.41	2.31	2.16	2.09	1.88	1.77	1.77	1.75	1.68
PL	4.40	4.30	4.30	4.40	4.40	4.30	4.30	4.40	4.30	4.30	3.30	3.10	2.90	2.80
PT	1.52	1.51	1.41	1.33	1.63	1.31	1.32	1.02	1.09	0.95	1.08	0.82	0.71	0.69
RO****	4.42	4.77	4.99	5.48	5.70	5.85	5.17	5.38	5.41	5.31	5.22	5.25	4.81	4.67
SE	1.56	1.52	1.51	1.48	1.47	1.57	1.53	1.52	1.46	1.53	1.54	1.49	1.39	1.36
UK	1.98	2.03	2.09	2.10	2.10	2.11	2.08	2.05	1.92	1.84	1.77	1.74	1.85	1.91

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

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

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

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

Source: European Mortgage Federation

NOTE:

Data refers to quarter averages.

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



TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	1.51	1.57	1.56	1.82	1.87	1.84	1.94	1.87	1.79	1.92	2.03	1.83
CZ	2.55	2.76	3.14	3.15	3.10	3.00	3.00	2.75	2.54	2.21	2.10	2.17
DE	2.08	2.14	2.04	2.06	2.01	1.91	1.85	1.83	1.88	1.79	1.74	1.76
DK*	0.84	0.79	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69
ES	1.56	1.57	1.64	1.70	1.75	1.60	1.56	1.60	1.64	1.62	1.50	1.40
FI	0.84	0.85	0.86	0.82	0.77	0.73	0.76	0.79	0.77	0.73	0.72	0.72
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	3.18	3.41	2.78	3.53	3.23	3.62	3.03	3.01	3.26	3.07	3.41	2.98
IE	3.11	3.04	3.03	3.11	3.08	3.14	3.03	2.88	2.96	3.19	3.11	3.23
IT	1.47	1.51	1.52	1.47	1.48	1.37	1.37	1.35	1.37	1.34	1.29	1.36
NL	1.91	1.89	1.87	1.88	1.87	1.85	1.74	1.7	1.69	1.71	1.70	1.62
PT	1.41	1.33	1.36	1.31	1.32	1.02	1.10	1.02	1.16	0.92	0.80	0.84
RO**	4.48	5.41	5.55	5.75	5.01	5.27	5.28	5.15	5.11	5.15	4.71	4.60
SE	1.45	1.46	1.42	1.47	1.45	1.41	1.39	1.39	1.42	1.36	1.29	1.24
UK***	2.13	1.96	2.10	2.08	2.09	2.08	1.94	1.93	1.50	1.58	1.77	1.88

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	1.82	1.54	1.80	1.94	1.87	1.95	2.17	2.09	2.03	1.91	2.00	2.04
CZ	2.44	2.48	2.65	2.79	2.76	2.63	2.47	2.49	2.41	2.22	2.06	2.02
DE	1.74	1.72	1.71	1.66	1.48	1.4	1.33	1.32	1.46	1.39	1.30	1.29
DK*	1.17	1.24	1.17	1.01	0.80	0.50	0.65	0.80	0.94	0.71	0.65	0.73
ES	1.67	1.74	1.76	1.85	2.00	1.80	1.56	1.70	1.58	1.60	1.42	1.37
FI	1.02	1.06	1.04	1.05	1.07	1.16	1.09	1.01	1.02	1.38	1.15	1.50
HU	4.31	4.87	4.80	4.51	4.87	4.87	4.87	4.21	4.35	4.56	4.44	4.52
IE	3.03	2.94	2.92	2.90	2.90	2.85	2.82	2.74	2.72	2.70	2.69	2.68
NL	2.15	2.10	2.11	2.12	2.11	2.03	1.89	1.76	1.74	1.80	1.75	1.63
RO**	5.11	5.49	5.96	6.04	5.93	5.94	5.91	5.78	5.79	5.65	5.36	5.29
SE	1.61	1.60	1.57	1.57	1.49	1.46	1.41	1.41	1.46	1.42	1.29	1.29
UK	2.09	2.11	2.13	2.09	2.06	2.03	1.89	1.82	1.77	1.74	1.84	1.90

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	1.94	1.84	1.83	1.70	1.69	1.56	1.66	1.57	1.61	1.46	1.37	1.35
CZ	2.43	2.50	2.68	2.79	2.70	2.51	2.31	2.37	2.31	2.13	2.02	1.94
DE	1.76	1.71	1.71	1.64	1.47	1.24	1.12	1.12	1.13	1.09	1.03	1.03
DK*	1.72	1.67	1.57	1.25	1.00	0.73	0.77	0.92	1.07	0.84	0.70	0.89
ES	4.45	4.21	3.98	3.97	4.18	4.49	4.17	4.29	3.50	3.82	3.59	3.82
FI	1.70	1.90	2.00	1.84	1.46	1.33	1.52	1.62	1.58	1.58	1.57	1.31
HU	5.27	5.39	5.45	5.17	5.03	4.86	4.39	4.17	4.24	4.15	4.06	3.97
NL	2.39	2.39	2.38	2.39	2.27	2.11	2.09	1.88	1.77	1.77	1.75	1.68
RO**	5.51	6.12	6.40	6.63	6.47	6.44	6.31	6.10	5.48	5.77	5.60	5.22
SE	2.03	2.04	1.86	1.79	1.81	1.54	1.39	1.35	1.57	1.41	1.47	1.48
UK	2.63	2.67	2.67	2.64	2.50	2.33	2.25	2.31	2.29	2.13	2.13	2.11

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

	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BE	2.01	1.95	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34
CZ	2.54	2.48	2.94	2.97	2.80	2.87	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.98	1.95	1.96	1.86	1.67	1.37	1.25	1.26	1.25	1.20	1.14	1.15
DK*	2.85	2.79	2.79	2.53	2.16	1.72	1.67	1.74	2.03	1.79	1.75	1.63
ES	2.29	2.26	2.31	2.44	2.41	2.21	1.86	1.81	1.80	1.77	1.67	1.55
HU	5.76	5.74	5.79	5.61	5.72	5.49	4.72	4.52	4.73	4.65	4.43	4.73
IT****	1.96	1.93	2.06	2.00	1.92	1.46	1.46	1.39	1.25	1.25	1.24	1.37
NL	2.86	2.80	2.82	2.84	2.78	2.63	2.57	2.16	2.07	2.04	2.00	1.90
RO**	4.56	5.56	5.91	6.12	5.26	5.46	5.48	5.42	5.28	5.2	4.84	4.51
UK	n/a	n/a	n/a	n/a	n/a	2.09	2.18	2.66	2.89	2.33	2.42	2.42

* 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:

- UK

Source: European Mortgage Federation

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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	18.6	18.4	24.1	23.1	23.6	n/a	n/a	n/a	n/a	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	52.4	51.7	46.9	46.4	45.1	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	24.5	25.5	24.4	25.8	26.6	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	4.4	4.5	4.6	4.7	4.8	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK											
Variable rate (up to 1Y initial rate fixation)	35.4	33.4	32.7	32.5	31.5	31.2	31.0	31.3	30.4	29.7	29.1
Short-term fixed (1Y-5Y initial rate fixation)	25.5	26.3	25.9	24.8	24.8	24.0	23.2	22.3	22.1	21.7	21.7
Medium-Term fixed (5Y-10Y initial rate fixation)	39.2	40.2	41.4	42.6	43.7	44.8	45.9	46.4	47.5	48.6	49.2
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	93.1	93.3	93.6	93.9	94.1	94.3	95.9	96.9	97.1	96.9	96.7
Short-term fixed (1Y-5Y initial rate fixation)	4.5	4.2	4.1	3.7	3.6	3.3	1.6	1.1	1.0	1.2	0.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.3	2.5	2.4	2.4	2.3	2.3	2.5	2.0	1.9	1.8	2.5
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	80.9	78.6	76.1	73.9	71.9	69.8	67.5	66.5	65.2	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	17.2	19.4	21.6	23.6	25.4	27.2	29.2	30.2	31.5	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	2.0	2.4	2.5	2.8	3.0	3.3	3.3	3.3	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n

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

	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	69.0	67.0	64.9	63.8	63.0	61.1	59.3	58.0	56.6	54.3	52.1
Short-term fixed (1Y-5Y initial rate fixation)	20.9	31.6	33.8	34.9	36.0	37.6	39.4	40.8	42.2	44.5	46.7
Medium-Term fixed (5Y-10Y initial rate fixation)	1.4	1.4	1.3	1.3	1.0	1.3	1.3	1.3	1.2	1.2	1.2
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	33.4	31.6	29.9	28.7	27.5	26.3	25.1	24.4	23.8	23.0	21.8
Short-term fixed (1Y-5Y initial rate fixation)	65.0	66.7	68.4	69.5	70.6	71.7	72.9	73.6	74.1	74.9	76.1
Medium-Term fixed (5Y-10Y initial rate fixation)	1.6	1.6	1.8	1.8	1.9	1.9	1.9	2.0	2.1	2.1	2.1
Long-Term fixed (over 10Y initial rate fixation)	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENCY DENOMINATION											
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.7	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 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
ITALY											
Maturity less than 5 years	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.3
Maturity over 5 years	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.6	99.5	99.7	99.7

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

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	4.9	7.4	7.9	6.6	6.0	2.6	1.1	2.3	2.7	2.7	0.7	0.6	0.6
Short-term fixed (1Y-5Y initial rate fixation)	4.2	3.9	5.8	5.9	3.4	2.9	2.0	1.4	1.1	1.3	1.0	1.1	1.1
Medium-Term fixed (5Y-10Y initial rate fixation)	18.1	17.1	20.8	24.6	24.4	25.5	20.4	12.2	14.0	14.5	14.1	14.6	13.8
Long-Term fixed (over 10Y initial rate fixation)	72.9	71.6	65.5	62.9	66.1	69.1	76.6	84.0	82.2	81.5	84.2	83.6	84.4
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	2.6	3.1	3.5	2.7	4.1	3.2	3.2	2.2	2.0	2.1	3.1	3.1	2.6
Short-term fixed (1Y-5Y initial rate fixation)	55.3	56.8	54.8	49.8	52.6	48.2	47.0	38.5	34.3	46.7	46.5	50.7	50.3
Medium-Term fixed (5Y-10Y initial rate fixation)	42.2	40.1	41.7	30.1	43.3	48.6	49.8	59.3	63.7	51.2	50.3	46.2	47.1
Long-Term fixed (over 10Y initial rate fixation)	4.3	5.0	6.1	4.3	6.3	5.4	6.18	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK													
Variable rate (up to 1Y initial rate fixation)	13.7	15.5	14.8	18.2	16.6	10.7	5.2	7.3	11.2	16.1	9.8	9.1	8.0
Short-term fixed (1Y-5Y initial rate fixation)	36.7	29.6	25.4	31.2	26.8	14.5	8.6	10.8	15.6	17.0	14.7	16.7	16.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.1	0.6	1.5	0.9	1.6	0.8	0.7	1.6	0.5	0.3	0.3	0.5	0.6
Long-Term fixed (over 10Y initial rate fixation)	47.6	54.3	58.3	49.8	55.0	74.0	85.4	80.3	72.6	66.6	75.1	73.7	74.7
FINLAND													
Variable rate (up to 1Y initial rate fixation)	96.2	96.4	96.6	96.3	96.1	96.4	96.5	96.6	94.4	94.5	94.7	95	95.1
Short-term fixed (1Y-5Y initial rate fixation)	1.8	1.8	1.4	1.7	1.8	1.5	1.3	1.3	3.1	2.9	2.8	2.6	2.5
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	1.8	2.0	2.0	2.1	2.1	2.2	2.2	2.5	2.6	2.5	2.4	2.4
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.3	12.5	11.5	11.6	11.4	11.2	10.6	10.8	10.4	11.1	10.3	10.1	9.5
Short-term fixed (1Y-5Y initial rate fixation)	8.8	8.8	8.7	8.7	8.9	8.8	7.7	7.6	7.6	7.8	7.2	7.2	7.1
Medium-Term fixed (5Y-10Y initial rate fixation)	34.4	33.8	34.0	34.6	33.0	32.6	31.5	31.7	32.0	32.5	32.7	33.1	34.3
Long-Term fixed (over 10Y initial rate fixation)	45.5	44.9	45.8	45.1	46.7	47.3	50.1	49.9	49.9	48.6	49.8	49.5	49.1

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	28.1	18.3	11.5	6.5	4.9	3.2	2.6	1.7	1.6	1.1	1.1	1.0	0.9
Short-term fixed (1Y-5Y initial rate fixation)	42.7	46.6	42.4	31.3	26.5	24.7	28.3	30.6	29.3	27.9	26.7	25.4	27.1
Medium-Term fixed (5Y-10Y initial rate fixation)	23.8	29.2	38.4	51.3	57.6	61.4	59.2	55.2	53.9	57.8	59.3	59.8	60.6
Long-Term fixed (over 10Y initial rate fixation)	5.4	5.9	7.8	11.0	11.0	10.7	9.8	12.5	15.2	13.2	12.9	13.7	11.4
IRELAND													
Variable rate (up to 1Y initial rate fixation)	45.6	41.5	36.1	30.9	28.7	27.9	26.3	25.0	25.6	24.9	21.4	20.3	22.8
Short-term fixed (1Y-5Y initial rate fixation)	54.4	58.5	63.9	69.1	71.3	72.1	73.7	75.0	74.4	75.1	78.6	79.7	77.2
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)	36.3	33.4	32.8	30.5	30.8	34.2	31.5	19.7	19.8	19.2	17.4	16.2	16.9
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	63.7	66.6	67.2	69.5	69.2	65.8	68.5	80.3	80.2	80.8	82.6	83.8	83.1
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	15.4	16.2	16.3	16.9	18.2	19.7	19.4	17.1	17.3	12.5	14.3	15.2	12.8
Short-term fixed (1Y-5Y initial rate fixation)	9.3	10.2	10.0	9.2	9.3	10.0	8.7	7.9	7.4	6.6	7.4	7.4	6.4
Medium-Term fixed (5Y-10Y initial rate fixation)	53.4	48.2	43.8	43.1	42.5	42.7	44.1	43.4	41.1	39.7	34.0	32.9	34.8
Long-Term fixed (over 10Y initial rate fixation)	21.8	25.4	29.9	30.8	30.0	27.5	27.8	31.6	34.3	41.2	44.3	44.4	46.0



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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
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)	61.3	68.2	64.0	66.3	82.9	76.9	70.81	55.7	59.7	71.0	70.7	70.0	68.5
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	38.7	31.8	36.0	33.7	17.1	23.1	29.2	44.3	40.3	29.0	29.3	30.0	31.5
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	73.2	77.7	75.0	69.9	74.3	76.2	79.4	78.2	70.0	72.0	66.5	75.2	74.1
Short-term fixed (1Y-5Y initial rate fixation)	15.5	8.5	11.3	13.6	13.2	10.8	10.0	10.5	11.2	10.5	11.0	7.4	5.4
Medium-Term fixed (5Y-10Y initial rate fixation)	5.6	6.0	6.7	8.5	3.8	2.6	2.5	4.2	5.4	4.6	5.5	3.1	4.6
Long-Term fixed (over 10Y initial rate fixation)	5.7	7.9	7.0	8.0	8.7	10.5	8.1	7.1	13.4	13.0	17.1	14.3	15.9
SPAIN													
Variable rate (up to 1Y initial rate fixation)	36.3	36.8	36.2	35.7	34.4	38.1	36.3	33.6	32.3	38.6	35.4	31.2	28.2
Short-term fixed (1Y-5Y initial rate fixation)	29.7	28.39	28.2	26.6	26.8	27.0	28.8	22.3	19.3	17.0	18.9	19.1	19.3
Medium-Term fixed (5Y-10Y initial rate fixation)	4.1	4.24	4.7	4.8	5.6	4.5	3.5	3.0	3.6	3.0	3.1	2.7	3.1
Long-Term fixed (over 10Y initial rate fixation)	29.9	30.58	30.8	32.8	33.3	30.4	31.4	41.1	44.8	41.4	42.6	47.0	49.4

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	70.3	72.9	72.2	62.1	54.9	60.8	63.0	58.7	49.5	52.7	46.4	45.2	43.7
Short-term fixed (1Y-5Y initial rate fixation)	20.8	20.2	20.9	29.8	36.2	31.6	27.0	28.5	35.4	34.1	37.7	39.8	42.6
Medium-Term fixed (5Y-10Y initial rate fixation)	8.9	6.9	6.8	8.1	8.9	7.6	10.0	—	12.8	13.2	15.8	15.0	13.7
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	6.7	6.7	8.3	6.8	7.9	6.6	7.4	6.7	7.3	10.3	9.1	7.9	6.7
Short-term fixed (1Y-5Y initial rate fixation)	91.6	91.7	90.0	91.7	90.5	91.8	90.7	91.8	91.5	88.6	89.4	90.4	91.8
Medium-Term fixed (5Y-10Y initial rate fixation)	1.7	1.6	1.7	1.5	1.6	1.6	1.9	1.5	1.2	1.1	1.5	1.7	1.5
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	0	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0

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 2021” 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 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
AT	29	14	0	29	29	14	14	0	29	14	14	0
BE	0	0	25	0	50	25	75	50	50	0	0	-25
CY	0	0	0	0	0	0	0	0	25	50	50	25
DE	-7	-3	0	7	-3	0	0	3	21	7	0	0
EE	10	0	0	0	0	0	0	63	25	0	-13	-25
EL	-25	0	0	0	0	0	25	0	0	0	0	0
ES	-11	0	0	11	11	0	11	0	33	11	0	11
FR	-2	-2	-2	-2	-2	0	2	37	10	58	24	-7
IE	0	0	0	0	0	0	0	0	40	0	-10	0
IT	0	0	10	10	0	-10	-10	0	0	10	0	0
LT	0	25	25	0	0	0	0	25	50	-25	0	0
LU	-17	0	0	0	-17	-33	0	17	50	33	50	83
LV	0	50	25	50	0	0	0	50	25	-25	-25	0
MT	0	0	0	0	21	60	0	0	38	0	38	0
NL	-50	-34	-35	-32	-34	-30	-34	-34	35	0	0	-18
PT	0	60	20	0	0	0	20	20	60	20	20	0
SI	0	20	20	0	0	0	100	40	20	0	25	0
SK	32	78	50	66	15	78	-9	60	100	-2	-33	-32
EA	-8	-2	-1	3	1	-2	1	9	22	20	7	-2
CZ	29	40	92	-6	-15	18	26	5	72	26	-21	-31
DK	13	-6	19	0	8	0	19	-7	15	-12	-13	-6
HU	-15	0	-5	-5	-5	0	0	55	37	-15	-6	-20
PL	7	58	61	1	1	32	8	29	91	-38	-6	-66
RO	0	18	16	50	0	0	0	12	65	2	34	0
UK	-4	11	12	-7	6	1	-15	4	72	-10	-2	-14

In terms of credit standards, the ECB's Bank Lending Survey results point to a net easing of housing loans, supported mainly by competition between lenders. Risk perception related to borrowers' creditworthiness and bank's risk tolerance, however, had a tightening effect on the variable. In the meantime, the ECB reports that banks registered a net decline in demand for loans to households during Q1 2021. The reasons behind this are weak consumer confidence and low spending on durables. The low interest rate environment, together with the housing market prospects, helped maintain a certain degree of consumer demand, yet their contributions could not prevent demand to contract.

Credit standards for loans to households for house purchase eased slightly in net terms in the first quarter of 2021, with a net percentage of -2% (following a 7% reading in Q4 2020). It is the first net easing since Q3 2019, following a several quarters of stronger tightening.

Moving forward, from an aggregated perspective, banks expect credit standards to tightened in Q2 2021, while net demand for residential loans is foreseen to expand over the same period.

Across the largest euro area countries, credit standards for housing loans eased in **France** (-7% in Q1 2021, compared to 24% in Q4 2020), while they remained unchanged in **Germany** and **Italy**. **Spain**, meanwhile, saw credit guidelines tighten (11% in Q1 2021, following a neutral 0% in the previous quarter).

Concerning the net easing in France, the latter can be explained by macroprudential policy recommendations adopted by the French High Council for Financial Stability in January 2021, commented on in a previous edition of this report, which sought to modify the stricter recommendation from December 2019. In Spain, the net tightening of credit standards for housing loans derives from the outlook of the economy and credit risks. Credit standards for housing loans are expected to tighten further in Q2 2021, with a reading of 9%.

In terms of the other countries that make up our sample, credit supply has evolved differently in other Eurozone jurisdictions. For instance, credit standards have remained unchanged (0%) in **Austria**, **Portugal** and **Ireland**, while guidelines in **Belgium** and **the Netherlands** eased (recording net percentages of -25% and -18% respectively).

As to credit conditions, these eased for housing loans, as banks net percentage stands at -6%, after 6% in Q4 2020). The net easing was mainly related to a narrowing of margins on average loans. The margins on riskier loans continued to widen in the meantime, while collateral requirements remained unchanged. Credit conditions tended to ease due to competitive pressure, as well as bank costs and funding conditions. Bank's risk perception, however, led to a tightening of terms and conditions.

Across the largest euro area countries, overall terms and conditions on housing loans eased in Spain and France, while they did not change in Germany and Italy. In Spain, banks indicated both competitive pressure and favourable bank funding cost as factors contributing to the easing. Competition was also mentioned by banks in France and Italy as having an easing impact on their overall terms and conditions.

In the first quarter of 2021, euro area banks reported broadly no change in the **share of rejected applications** for housing loans (-1% in said period, after 5% in the previous quarter). It is important to note that this takes place after successive quarters, marked by the pandemic, which registered net increase. Furthermore, the aforementioned credit standard easing is concomitant to this new neutral rejection scenario. Across the largest euro area countries, the rejection rate for housing loans remained unchanged in **Germany** and **Spain**, while it declined in **France** and **Italy**.

In the relevant non-eurozone countries, credit standards for housing or residential loans also saw varying degrees of easing. In **Denmark**, the percentage of credit standards stood at -6%, marking the third consecutive quarter with a negative reading (that is, easing standards). In the **UK**, the quarterly reading was -14%. In the meantime, **Hungary** and **Czechia** registered further easings, -20% and -31% respectively. In **Poland**, the net percentage for this indicator is -66%. Credit standards in **Romania**, the last of the relevant markets, remained unchanged (0%).

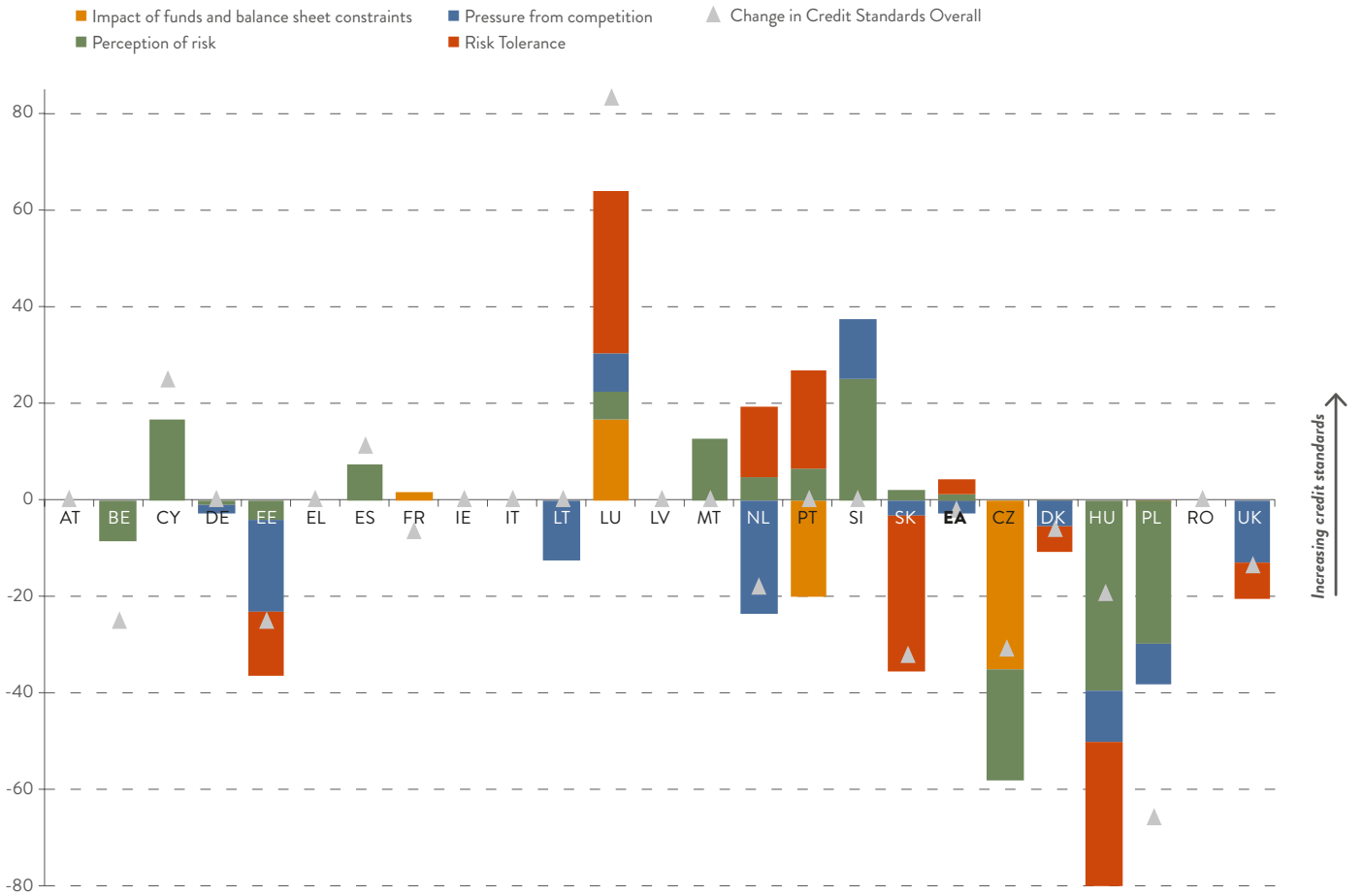
TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2021-Q1 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2021	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK	
Change in Credit Standards Overall	0	-25	25	0	-25	0	11	-7	0	0	0	83	0	0	-18	0	0	-32	-2	-31	-6	-20	-66	0	-14	
FACTORS AFFECTING CREDIT STANDARDS:																										
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	2	0	0	0	17	0	0	0	-20	-25	0	0	-35	—	0	0	0	0	0
Perception of risk	0	-8	17	-1	-4	0	7	0	0	0	0	6	0	13	5	7	25	2	1	-23	0	-40	-30	0	—	
Pressure from competition	0	0	0	-2	-19	0	0	0	0	0	-13	8	0	0	-23	0	13	-3	-2	0	-5	-11	-8	0	-13	
Risk Tolerance	0	0	0	0	-13	0	0	0	0	0	0	33	0	0	14	20	0	-32	3	—	-5	-56	—	—	-8	

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 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021
AT	0	-14	-14	14	14	29	29	43	-14	29	0	14
BE	0	0	25	0	0	0	100	-50	-100	25	25	25
CY	100	50	25	25	50	0	25	0	-75	100	100	-25
DE	21	3	10	14	38	28	17	24	-29	36	11	0
EE	30	0	0	13	13	0	25	0	-50	25	50	63
EL	25	25	100	50	0	75	75	75	0	100	50	75
ES	22	22	-11	11	0	-33	-33	-44	-100	22	-11	-22
FR	17	-22	-20	20	28	28	41	38	-91	46	37	-38
IE	30	-10	10	50	20	0	0	40	-100	50	30	0
IT	20	10	10	0	20	10	30	-30	-70	30	0	-10
LT	25	0	25	0	0	0	0	-25	-50	25	0	75
LU	17	-17	17	17	0	-17	17	33	-100	33	67	-50
LV	50	25	25	25	25	25	50	0	-50	50	50	75
MT	55	56	-25	43	0	-82	-99	-82	-58	56	62	0
NL	51	49	52	49	50	14	50	49	2	-42	6	36
PT	40	60	20	-20	40	40	20	0	-80	20	20	40
SI	20	-20	0	-20	-20	-20	-80	-60	-100	50	0	-25
SK	93	-2	-15	-20	-25	-1	7	0	-100	-3	-27	-21
EA	23	5	12	14	26	15	25	12	-61	31	16	-7
CZ	-2	45	-28	-72	29	18	31	20	-50	64	75	86
DK*	0	11	28	11	-14	-30	-7	6	1	8	-19	-33
HU	85	51	65	75	60	-44	34	6	-81	84	10	89
PL	40	11	13	26	54	38	-18	23	-66	19	-8	-58
RO	-15	-39	-33	8	-17	2	31	12	-65	3	-11	43
UK**	5	3	24	-2	-29	-13	13	-28	79	-96	-32	22

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"

As per the latest information published by the ECB, Eurozone banks report a moderate net decrease in demand for residential loans in Q1 2021. Demand contracted slightly in this latter period, after two consecutive quarters of net increases. Bearing in mind the net percentage, credit demand shows a net score of -7%, after a reading of 16% in Q4 2020.

As mentioned above, a somewhat weak consumer confidence reduced demand for housing loans. Low interest rates and positive housing market prospects have, however, prevented a larger contraction of credit demand. Another important aspect that helped contain the apparent contraction is the refinancing and/or restructuring of loans, options seen across many of the Quarterly Review

jurisdictions. The survey results point out that this fall in credit demand may be a temporary factor.

In terms of the largest Eurozone markets, banks in **Italy** (-10%), **Spain** (-22%), **France** (-38%) saw net decreases in housing loan demand, while banks in **Germany** reported unchanged demand (0%) for housing loans in the first quarter. There too consumer confidence weighed heavily, leading to negative or more neutral scores. Debt refinancing schemes, in addition to the low interest rate environment, were a positive factor in countries such as Spain and Germany, while they had a neutral effect in Italy and France.

Looking ahead, banks foresee a net increase in demand for housing loans in Q2 2021, with a (net percentage of 6%.

Credit demand, however, tended to expand in other relevant euro area countries. In **Austria**, credit demand recorded a net percentage of 14%. In **Belgium** and **the Netherlands**, the score was 25% and 36%, respectively. **Portugal**, in turn, saw credit demand record a net reading of 40%. Credit demand in **Ireland** remained unchanged (0%).

Lastly, in non-Eurozone markets, demand for residential loans also tended to increase, albeit with some exceptions. The net credit demand percentage in **Hungary** was 89%, the highest in the quarter. In **Romania**, the score was 43%, following a quarter which saw credit demand increase. In the **UK**, the net percentage was 22%, signalling an increase in demand for residential credit. **Denmark's** own survey shows mortgage demand fall further, as the country records a -33% net percentage, down from -19% in the previous quarter. In **Poland**, credit demand also decreased, as the -58% quarterly credit demand net score shows.

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

I 2021	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Demand Overall	14	25	-25	0	63	75	-22	-38	0	-10	75	-50	75	0	36	40	-25	-21	-7	86	-33	89	-58	43	22
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	0	25	25	4	13	-11	13	25	20	0	0	67	0	0	-30	0	-25	28	3	54	—	—	-43	—	—
Other financing needs	0	0	25	2	0	0	6	-4	0	0	0	17	0	0	9	0	0	14	1	—	—	—	—	—	—
Consumer confidence	0	25	25	-11	38	-22	-2	25	20	-20	0	-17	25	62	-31	-20	0	28	-8	0	—	—	-3	—	—
Use of alternative finance	-5	0	0	-1	0	0	0	-2	3	0	0	0	0	0	0	0	-8	-4	-1	0	—	—	—	—	—
General level of interest	0	25	0	7	25	11	22	25	0	20	0	50	25	1	37	20	25	34	16	86	—	—	0	—	—

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

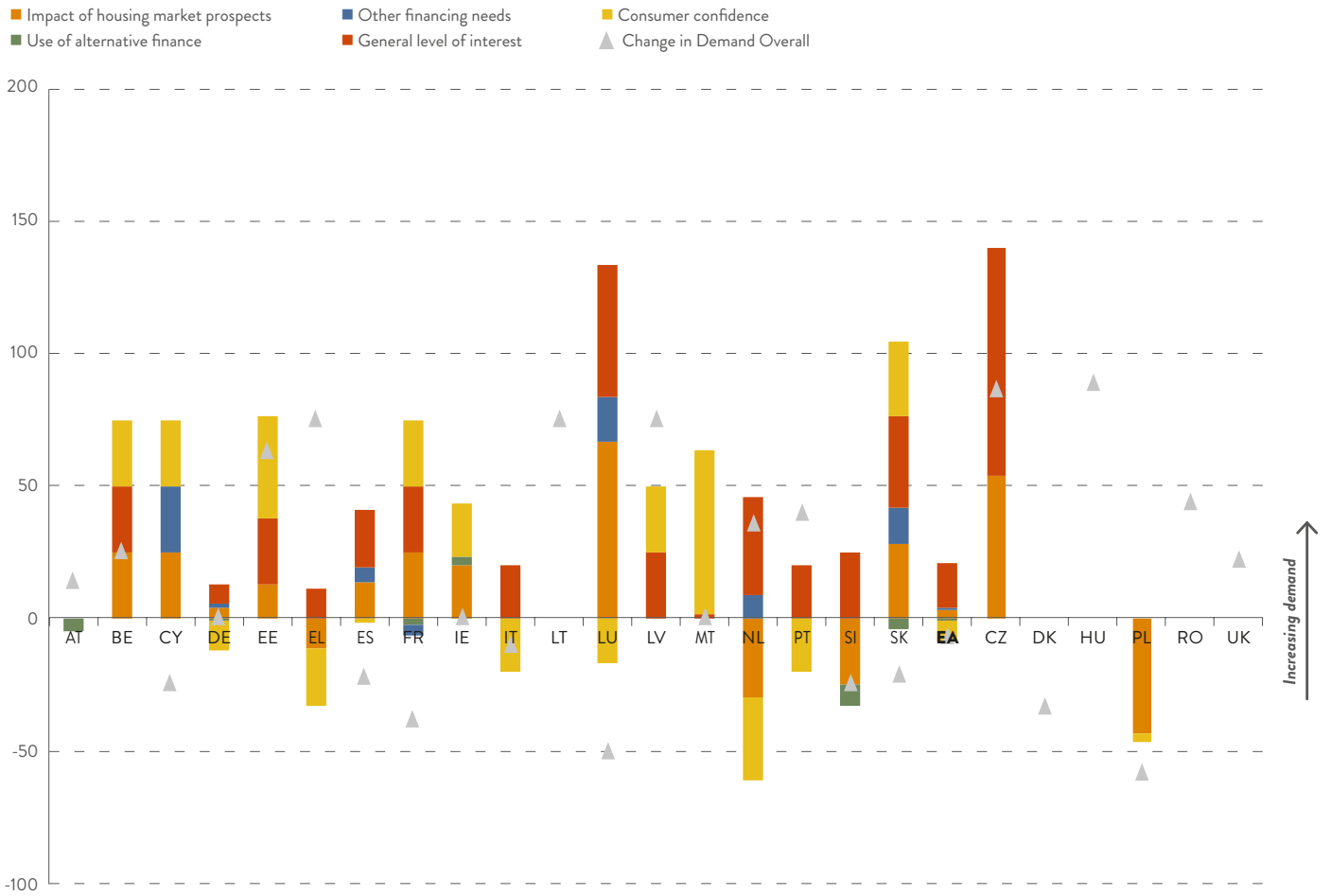
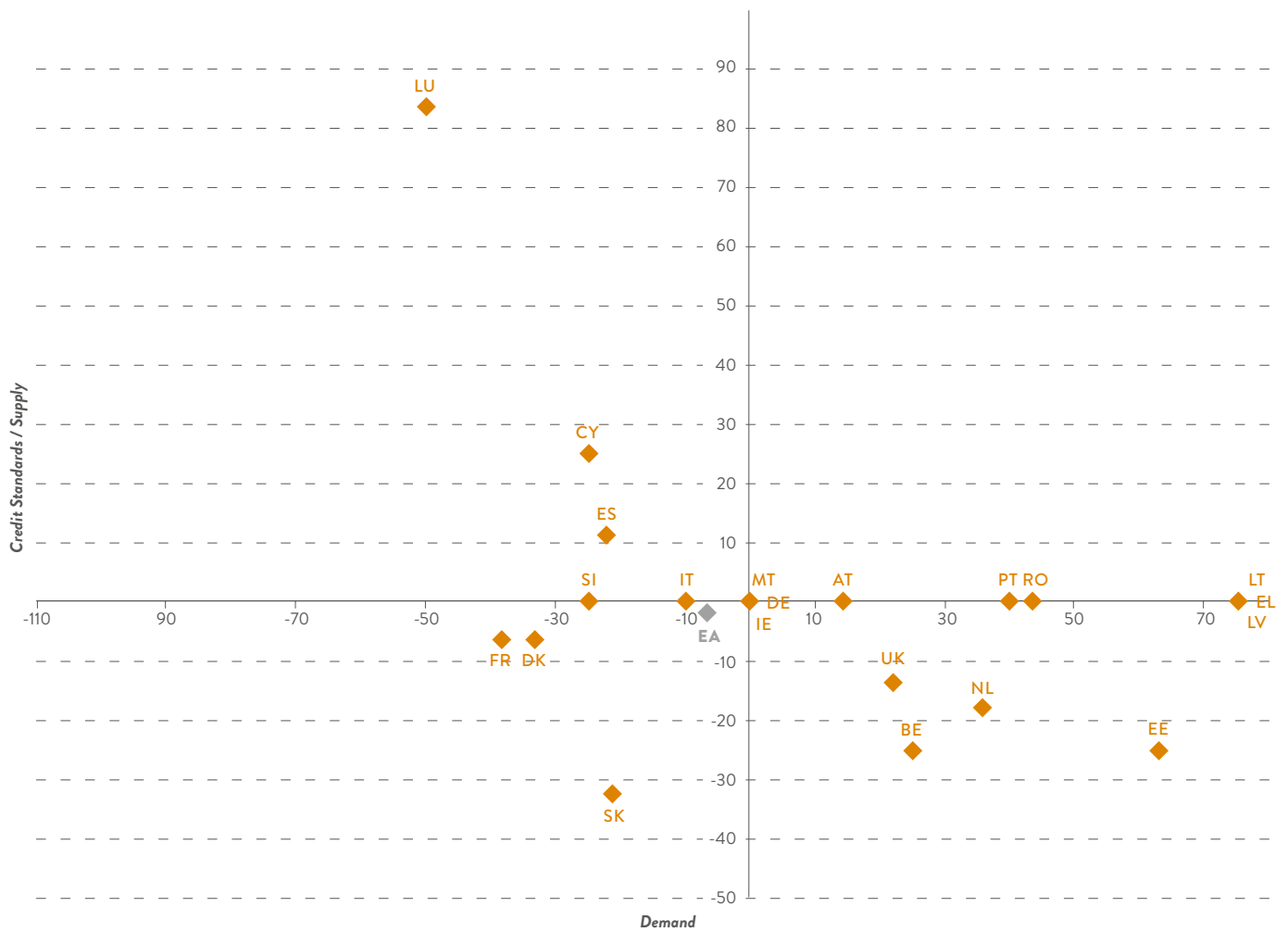


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In aggregated terms, as described in this section, Euro area country credit standards eased against the previous quarter, which is consistent with the distribution seen in the following chart. This is the result of the varying degrees of credit standard easing the main Euro area economies undergo (i.e. Italy, Spain and France) and the otherwise unchanged credit guidelines in other countries, namely Germany.

Regarding credit demand, the distribution is a more diverse in the Euro area, given the fact that demand for credit tended fell in jurisdictions that reported an easing in credit standards, especially the countries mentioned above. In other relevant cases, such as Belgium or the Netherlands, an easing in standards was accompanied by a relative increase in credit demand.



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QUARTERLY REVIEW
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