

# EMF

FUNDING THE REAL ECONOMY

## Q1 | 2022



# QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

**European Mortgage Federation**

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## GENERAL COMMENT

In the first quarter of 2022, European residential mortgage lending expanded once more, with both mortgage stock and gross lending volumes still recording yearly gains, although further signs of deceleration persist, as highlighted in the previous edition of this report. Despite the ongoing growth of broader mortgage lending activity, the economic scenario in Europe has become increasingly uncertain. In addition to supply-side bottlenecks and inflation-related risks, the quarter was witness to the start of the conflict in Ukraine, a near-term external shock that both unsettled the political landscape and further deteriorated the business and economic outlook.

However, the concerted impact of these elements has yet to be reflected on the economy. According to Eurostat, EU GDP increased by 5.6% on a yearly basis, following a 4.9% increase in Q4 2021. Meanwhile, in the euro area, GDP grew by 5.4% y-o-y, up from 4.7% in the prior quarter. Against this backdrop, household and public expenditure increased, as did gross fixed capital formation volumes, signalling a comparatively improved economic scenario in Europe. Inflation remained a challenge though, as the euro area annual rate closed at 7.5% in March 2022, up from 5.9% in February, mainly driven by energy prices, and, to a lesser extent, manufactured and non-energy industrial goods. Future macroeconomic changes are likely to occur in line with political, trade-related and inflationary developments.

From a sectoral perspective, the European mortgage and housing market has also undergone significant changes of its own. Concerning housing supply, the overall situation remains somewhat mixed, as many jurisdictions report either a slowdown in construction activity or significant increases across key supply indicators. House prices, in the meantime, remain clearly on the upside, continuing a long phase of expansion. However, the latest indications suggest that price growth could have peaked. Moreover, the mortgage rate environment appear to be changing, as the average, unweighted European Mortgage Federation (EMF) country sample rate increased once more in the first quarter of 2022, amid a general rise of mortgage interest rates at country level. Mortgage credit standards also tightened across euro area banks, which could potentially change net demand patterns in the coming quarters. Lastly, from a regulatory perspective, national authorities have begun focusing on borrower indebtedness and related risks.

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

## MORTGAGE MARKETS

The aggregated mortgage stock of the EMF country sample<sup>1</sup> amounted to approximately EUR 8.1 tn in Q1 2022, the largest volume ever recorded, and continuing a long trend of growth that first started in early 2017. However, despite the

<sup>1</sup> The sample for the Q1 2022 Quarterly Review includes BE, CZ, DE, DK, EL, 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 2021). For this analysis, the EMF Secretariat used Q1 2022 figures and country-specific comments submitted by BE, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. In order to have a complete statistical table, the Secretariat used the latest available figures to complete certain parts of the dataset.

apparent expansion of the broader outstanding residential mortgage portfolio, the pace of growth has decelerated noticeably over the last two quarters. In Q1 2022, the total mortgage stock of the EMF sample increased by 4.8% (compared to Q1 2021), down from a yearly 6.5% in the previous quarter. Growth seems to have peaked in Q3 2021.

Regarding gross residential lending, activity continued its upward trend, entering its fifth consecutive quarter of growth. However, like the previous indicator, residential lending further decelerated in the first quarter of 2022. Combined gross lending volumes expanded by a yearly 2% this quarter, a further slowdown from Q4 2021's 3% increase (which saw volumes reach EUR 374 bn, as per the updated information). Gross residential lending has been losing momentum over three consecutive quarters, after registering a substantial 35% yearly growth in Q2 2021.

Most EMF jurisdictions logged further increases both in outstanding mortgage loans and gross residential lending, yet there are particular narratives worth highlighting.

In Northern Europe, the residential mortgage stock saw another round of expansion in Q1 2022. In **Sweden**, the volume of outstanding mortgages increased by 7% against Q1 2021 data (considering values in SEK), up from 6.8% the previous quarter. In **Finland**, the volume of outstanding loans expanded by 3.5% on the same basis in Q1 2022, down from 4% in Q4 2021. In **Denmark**, total outstanding residential loans decreased by -3.1% compared to the fourth quarter of 2021 and by 1.5% compared with Q1 2021 values. Regarding gross residential lending, the narrative is so far mixed, much like the preceding quarter. Levels increased by a significant 12% on a yearly basis in Sweden, improving on Q4 2021's 3.3% growth rate. Finland, in turn, saw volumes decrease further, although the pace of contraction seems to have slowed down over a quarter: in Q1 2022, gross lending fell by -6.2% y-o-y, after a -8.4% decrease in Q4 2021.

In Central and Eastern European markets, overall mortgage lending grew further over the course of Q1 2022. Considering the latest data, outstanding residential loan levels grew in **Czechia** by 11.9% and in **Hungary** by 10.9% (both in local currency) compared to Q1 2021. Romania saw its mortgage stock expand by 12.7% (considering LEU values). Outstanding loans in **Poland** expanded by 6.5% y-o-y in Q1 2022 while gross lending data points to a 1.1% increase on the same basis. Hungary and Romania both report an increasing gross residential lending portfolio, as levels expanded by 56.8% and 25.8% y-o-y respectively. In **Czechia**, gross lending (including small unsecured loans) decreased by -23.8% on a yearly basis, after a 26.7% growth in the previous quarter.

Over in Western Europe, the volume of outstanding mortgages increased in **Belgium** by 6.2% yearly in Q1 2022, while gross lending expanded by 11.5%, after a -13.5% yearly contraction one quarter prior. In **Germany**, the mortgage stock increased by 6.9% y-o-y and gross lending expanded by 5.6%. According to the latest reports, lending for residential real estate remained at a high level in the first quarter of 2022, but with the first signs of a slight loss of momentum. In total, EUR 74.9 bn were newly granted for the purchase and construction of residential property from January to March. Lastly, in the **Netherlands**, gross lending decreased in Q1 2022 by a slight -0.3%, whereas the latest mortgage

stock reading (for Q4 2021) point to a 4.4% increase compared to the same quarter of the previous year. Regarding **France**, the mortgage stock expanded by 6.8% over one year in Q1 2022. The annual rate of growth has remained at its highest since Q1 2021. Gross residential lending, in the meantime, grew by 15%.

Most jurisdiction in Southern Europe reported a growth in mortgage lending-, but lending activity has been mixed across these countries. In terms of outstanding mortgages, **Portugal** and **Italy** recorded further gains in Q1 2022, reporting growth of 2.2% and 4.8% y-o-y respectively. **Greece**, however, reports a -33% yearly contraction over the same period, mainly due to the securitisation and transfer of NPL to non-resident financial institutions. In **Spain**, the volume of outstanding mortgages expanded by 1.1% in Q4 2021. Concerning gross residential lending, both Spain and Portugal logged significant yearly increases (respectively, 16.6% and 24.1% compared to Q1 2020). In Italy, gross residential lending amounted approximately to EUR 17.3 bn.

In **Ireland**, gross lending expanded once more in Q1 2022, with values increasing by 17.3% year on year. Mortgage approval volumes rose by 6.7% year on year in Q1 2022 to almost 12,100. This was the highest Q1 volume since the data series began in 2011.

In the **United Kingdom**, the mortgage stock increased by 4% y-o-y in Q1 2022 (after a 4.2% growth rate in Q4 2021, considering values in GBP). Gross residential lending decreased by -10.6% on a yearly basis.

## REGULATION AND GOVERNMENT INTERVENTIONS

The following measures and/or regulatory developments were reported:

### FINLAND

As part of a broader national discussion on household indebtedness commented on in previous iterations of the EMF Quarterly Review, the Ministry of Finance announced that a new legislative proposal would be tabled in spring 2022. The original proposal included inter alia a maximum debt-to-income ratio (DTI), maximum maturity for housing loans and restrictions on housing company loans for new construction. However, the latest reports suggest that the maximum DTI will not be included.

### CZECHIA

Before the end of 2021, Czechia's central bank announced the reintroduction of regulations that concern specific income indicators -namely, DTI and DSTI (debt service-to-income ratio)-, as well as the tightening of the LTV indicator. Changes entered into force as of 1st April, 2022. These measures will bring about significant limitations to house financing.

### POLAND

At the beginning of March 2022, the Polish Financial Supervision Authority (KNF) addressed a position to the management boards of banks on measures aimed at reducing the level of credit risk. Given the increasing costs of debt servicing by borrowers in recent months and the possible increase in credit risk, the KNF has highlighted the need to take urgent measures to reduce the level of this risk for both newly granted loans and existing mortgage loans credit portfolios.

<sup>1</sup> In Q4 2021, Quarterly Review country sample includes data from BE, CZ, DE, DK, EL, 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 2021). For this analysis, the EMF Secretariat used Q4 2021 figures and country-specific comments submitted by BE, CZ, DE, DK, EL, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. In order to have a complete statistical table, the Secretariat used the latest available figures to complete certain parts of the dataset.

The supervisory authority recommends that, when assessing creditworthiness, banks should consistently take account of a minimum change in the interest rate level of 5 pps, which is within the range of solutions provided in Recommendation S. The buffer for interest rate increases used so far was only 2.5 pps.

#### HUNGARY

The volume of outstanding residential loans continues to expand, while the volume of new mortgage contracts surpassed pre-pandemic levels. Furthermore, the structure of the new residential loan volumes is likewise different from the pre-pandemic period, given that the volume of housing loan contracts rose to a historical high due to the different family support and home subsidy measures and to increasing house prices. Average contract sizes increased rapidly in parallel with the upswing on the housing market. The average amount of new contracts rose by HUF 1.1 mn to HUF 13 mn in a year.

The increasing disbursement of subsidised and central bank refinanced loans has helped widen the gap between transaction and customer interest rates. As a result, and despite the changing interest rate environment, there was only a moderate increase in the average interest rates on housing loans until March 2022.

In the case of variable-rate mortgage loans, an interest rate stop measure was introduced by the government. According to the new regulation the interest rates of mortgage loans with a variable interest rate, (3, 6, 12 months repricing) were frozen at their 2021 October rate. The frozen rates must be applied by banks from January to June 2022. These measures can be extended moving forward.

In addition to the previous considerations, the Funding for Growth Scheme Green Home Programme (GHP), launched in October 2021, was initiated by the Central Bank to promote the creation of the green residential loan market. The Green Home Loan in the Programme was available for natural persons for the purchase or construction of new energy efficient apartments and family houses, that is, with an energy efficiency rating of at least BB and a maximum primary energy consumption of 90 kWh/m<sup>2</sup> /year (max. primary energy consumption was later restricted to 80 kWh/m<sup>2</sup>). The maximum loan amount was HUF 70 mn and the maximum maturity 25 years. For commercial banks that participate in the programme, the Central bank provides refinancing funds at 0% interest, which they can lend on to retail customers at a maximum interest rate of 2.5%.

#### ROMANIA

Given the increase in the importance of non-residential mortgage loans (up by 7% between December 2019 and June 2021, respectively a proportion of 13% of the total), their high rate of non-performance, but also the increased sensitivity to real estate price fluctuations, the National Bank of Romania (NBR) has sought to act counter-cyclically for this segment of real estate lending. Thus, since 1st of April 2022, the NBR implemented lower LTV limits - by 10 pps (equivalent to an increase in the advance of 10 pps) - for loans granted to individuals for the purchase of a property other than that intended to be used as housing for their own use. This measure aims to reduce the vulnerabilities caused by an increase in new loans for this purpose, but also to increase the resilience of debtors and creditors in the event of adverse developments.

#### FRANCE

The previous recommendation concerning granting criteria by the Haut Comité à la Stabilité Financière (HCSF) became legally binding from 1<sup>st</sup> January, 2022. This measure, which affects new home loans provided by banks, established a maximum

level of Debt-Service-to Income ratio of 35% and a maximum duration of 25 years (+2 years of delay for newly built properties). Banks have been authorized to grant, on a quarterly basis, up to 20% of new credits which do not respect those criteria. Since the second half of 2021, French banks have respected these obligations.

#### HOUSING MARKETS

##### HOUSING SUPPLY

Housing supply indicators varied significantly in Q1 2022. Recent sectoral changes in several jurisdictions indicate that residential construction has slowed down, due to a diversity of factors, such as labour shortages, increasing construction material costs or the negative economic outlook. In contrast, reports from other EMF jurisdictions outline a growth scenario, wherein building permit issuance and other indicators registered further gains. Consequently, the overall picture is quite heterogeneous, as will be explained below.

In **Sweden**, housing starts increased by around 22% in 2021. Due to the strong growth in house prices for one-family homes, housing starts for one-family homes increased by 21% in 2021, compared to only 2% in 2020. The increase in construction over the last years has been concentrated on apartments. In 2021, the share of the housing starts made up by single-family homes was 20%. Apartments in multi-family homes made up 80% of the housing starts in 2021. In neighbouring **Finland**, new housing permits and the number of new starts are now decreasing, which reflects that the market is slightly cooling down. In **Denmark**, lastly, supply of both houses and apartments decreased in the first quarter of 2022. A total of 20,177 and 4,554 houses and apartments, respectively, were on the market at the end of the first quarter. The supply of houses has fallen by 8.2% compared to the previous quarter. The supply of apartments has fallen by 10.9% in the meantime.

In **Hungary**, the total number of newly issued building permits in Q1 2022 was 8,001, which represents a 15% increase compared to the same period in the previous year. In Budapest, the number of newly issued building permits (which amounted to a total of 2,077) grew by a significant 157% compared to the same quarter in 2021, furthermore outpacing the figure in the previous quarter (Q4 2021, with 1276 new permits). House completions showed a different trend, as there were 4,528 newly finished dwellings in Q1 2022, a 26% decrease compared to Q1 2021 data (6,153). Moving on to **Poland**, the first quarter of 2021 brought not only a decline in demand for housing, but also decreasing activity levels in the local construction section. Polish developers are preparing for a drop in demand for apartments, resulting from high house prices and the reduced availability of residential mortgage loans. In the meantime, the conflict in Ukraine has had an impact on the availability of labour in the construction sector, which has hindered the performance of the sector. In the first three months of 2022, 54,800 residential units were completed (a 3.3% increase compared to Q1 2021), while construction of 53,300 units started (i.e. 10,400 units (or 16.3%) less than a year earlier). In the period in question, building permits were granted for 78,000 dwellings (6,800 dwellings (or 8.0%) less than a year prior). Regarding **Romania**, the number of new dwellings increased by 11.2% in Q1 2022 compared to the same period of 2021, while the volume of construction works maintained its upward trend, increasing by about 18% in the same reference period. The number of building permits also grew in 2022 Q1, but at a slower pace (2.7%, y-o-y). It is worth mentioning that the average construction costs increased by over 22% in the first three months of 2022, compared to the same period of 2021.





In **France**, issuance of housing permits was strong in Q1 2022, rising by 23.5% compared to the previous quarter. The 141,900 permits issued (seasonally adjusted and working day adjusted) during this quarter constituted the highest level since 2007. This significant increase was linked to the numerous requests registered at the end of 2021, probably related to the entry into force of the Environmental Regulation "RE2020" as of January 1<sup>st</sup>, 2022. Compared to Q4 2021, quarterly housing permits increased by 30.8% for individual houses and by 17.4% for collective housing. Concerning housing starts, their quarterly volume grew at a slower pace (100.300 units in total, or 0.8% compared with Q4 2021), breaking down into +1.5% for collective housing and -0.2% for individual houses.

In **Spain**, after the 2020 slowdown, the real estate sector has been gradually recovering. In terms of housing approvals, Q1 2022 recorded up to 28,000 dwellings, around 4,000 more dwellings than in Q2 2021 (+18%). This would represent about EUR 700 mn more in terms of production budget, which increased to EUR 3 bn. Demand, meanwhile, continued to grow in annual terms (+23%), although in Q-o-Q terms it dropped to 10% when compared to a quarter that recorded an historical volume since 2008. In **Greece**, in the first two months of 2022, construction activity in dwellings continued to increase nationally, both in terms of number and volume (in cubic meters) of new building permits (19.0% and 35.7%, y-o-y, respectively), while in the region of Athens, the corresponding increases were slightly higher (45.6% and 56.4%, y-o-y, respectively). Business expectations for housing construction, as reflected in the relevant indicator of the Foundation for Economic and Industrial Research (IOBE) survey, improved further in 2021 (54.4%) and continued to be positive in the first six months of 2022 (47.6%). However, the total cost of construction of new residential buildings increased in Q1 2022 by 7.0%, y-o-y, while for the whole of 2021, the average annual increase was 3.2%. Lastly, in **Italy**, transactions volumes amounted to more than 181,000 in Q1 2022, with an increase of 12% compared to Q1 2021 figures.

In **Ireland**, almost 7,000 housing units were started in Q1 2022, 143% more than in Q1 2021. On an annualised basis, more than 34,800 units started over twelve months ending March 2022, the most since the twelve months ending June 2008. Dublin and Dublin Commuter accounted for 32.9% and 26.5%, respectively, of housing starts in Q1 2022. On an annualised basis, housing starts in Dublin and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) reached their highest levels since the twelve months ending June 2007 and May 2007, respectively, at 12,842 and 8,629. Almost 5,700 new dwellings were completed in Q1 2022, according to the Central Statistics Office (CSO), 44.5% more than in Q1 2021. Dublin accounted for about 37.8% of completions in Q1 2022 while Munster and Dublin Commuter accounted for about 20.9% and 18.7% of completions, respectively. Dublin accounted for 85.5% of apartments completed nationwide. The number of apartments completed in Dublin almost trebled to 1,490. Household market purchases of residential property rose by 3.6% year on year to 11,019 in Q1 2022. On an annualised basis, there were 46,798 purchases in the twelve months ending March 2022. This was the second highest level since the data series began and slightly lower than the 46,831 purchases in the twelve months ending February 2022. In terms of property type, apartments accounted for 15% of sales, the highest proportion since Q1 2020. New properties, mainly houses, accounted for 16.3% of sales.

In the **UK**, there were 42,000 house building starts, and 43,000 completions in the first quarter of 2022. This is down 7% and 11% respectively on Q1 2021. The house building statistics are distorted somewhat due to the impact of Covid, with activity in the first quarter of 2021 being higher than usual, further to

a recovery from lower activity in 2020 when more severe social distancing restrictions were in place.

#### HOUSE PRICES

The unweighted average EMF House Price Index grew by 10.8% in Q1 2022 compared to same quarter of the previous year. Although a significant expansion, this latest reading is comparatively slower than Q4 2021's growth rate of 11.4%, the highest recorded so far, and Q3 2021's 10.9% yearly increase. The latest data furthermore suggests that average house prices might have peaked, although further analysis is required to confirm this theory. From a country standpoint, the evolution of House Price Indexes (HPI) performed differently across jurisdiction, depending on market conditions:

In **Sweden**, single-family homes' prices increased by 12.8% on a yearly basis in Q1 2022, compared to 15.8% yearly growth in the preceding quarter. The price of apartments increased by 8.4% Q1 2022, compared to 8.2% in Q4 2021. Prices for single-family homes in the Stockholm area increased by 12.9% on a yearly basis in the first quarter 2022 (16.3% Q4 2021). In the Malmö-area, prices increased by 12.4% on an annual basis (18.1% Q4 2021) and in Gothenburg by 13.9% (17.1% Q4 2021). Prices for apartments in Stockholm increased by 9.7% in the first quarter 2022 (8.9% Q4 2021), in Gothenburg by 4.7% (4.6% Q4 2021) and in Malmö by 9.1% (8.9% Q4 2021). In **Denmark**, over the past year, house prices have increased by 6.2%. Meanwhile, prices for owner-occupied apartments rose by 7.1%. Compared to the previous quarter (Q4 2021), prices increased by 1 and 2.6% for houses and apartments, respectively. In **Finland**, average house prices increased by 3.3% against Q1 2021.

In **Hungary**, house prices increased significantly in 2021. According to the Takarékszövetkezet House Price Index, in Q4 2021, the overall national house price growth was around 15% higher compared to Q4 2020 house prices. However, growth has significantly slowed in the Q4 2021 compared to the previous quarter (1% only). Considering a geographical breakdown of prices, significant price increases took place in some of the larger rural cities (e.g. Miskolc, Szeged, Debrecen), whereas the price growth in Budapest was only around 7% on a yearly basis. Furthermore, strong price growth was also reported in the Budapest metropolitan area and in the Balaton region. An overarching trend during the pandemic has been that family house price growth has outpaced the growth of apartment prices, in great part due to a fast-growing demand. In **Romania**, residential property prices increased in the last quarter of 2021 by 7.5% in nominal terms, more than 5.5 pps greater compared to the same period of the preceding year, although this evolution is the lowest in the region. The latest NBR's Bank lending survey, published in May 2022, shows that more than half of the reporting banks reported a rise in the average house price per square meter, while the rest indicated a flat evolution. For 2022 Q2, most banks envisaged that residential property prices will remain approximately constant. Regarding **Poland**, the largest cities report a noticeable increase in the average transaction price per square meter of the usable floor area of the residential unit, yet this trend is more subdued compared to previous periods. In the primary market, the biggest transactional price growth was observed in Gdynia (+7.8% q/q), Katowice (+7.7%), and Zielona Góra (+6.9% q/q). In the secondary market, the biggest transactional price changes were recorded in Lublin (+7.1% q/q), Szczecin (+6.5%), and Olsztyn (+6.4%). The transactional prices in the capital city of Warsaw grew by 6.8% and 1.5%, respectively.

Regarding Western Europe, the following developments were reported. In **Belgium**, according to the latest notary barometer, the average price of a house

increased by 7.1%, reaching an average value of 315,984 EUR at the end of the first quarter of 2022. In the **Netherlands**, the neighbouring jurisdiction, the average HPI grew by a significant 20.2%, further accelerating the price trend. In **Germany**, prices for owner-occupied housing increased 12.5% year on year, causing this market segment to dominate the trend in the housing market. This was driven by a labour market that was very robust during the course of the pandemic and by the resulting stability of household incomes. At the same time, financing conditions were favourable compared to historic levels. All of this caused prices for single- and two-family houses to rise by 12.6% and prices for apartments by 12.5%. Lastly, in **France**, the average house price for second-hand dwellings was still trending upwards in Q1 2022, rising by 1.5% compared to the previous quarter and by 7.3% on an annual basis. The gap between house prices and flat prices kept accentuating in the meantime, with an annual increase of 9.2% for houses and 4.7% for apartments in Q1 2022. The growth rate of new dwellings prices was more moderate than for second-hand dwellings, however, increasing by 0.7% vs. Q4 2021 and by 4.6% vs. Q1 2021. The rise of prices of newly-built houses is expected to continue, due particularly to the shortage of materials, the increasing price of raw materials and/or energy and given the implementation of the “RE2020” programme.

In Southern Europe, house prices increased as well in Q1 2022, although HPI values evolved differently in the relevant jurisdictions. In **Italy**, Q1 2022's HPI increased by 1.73% against the previous quarter and by 4.6% compared to the same quarter of the previous year (following a 4.0% in the fourth quarter of 2021). According to the latest reports from this jurisdiction, in the Q1 2022 (last available data) the HPI increased by 1.7% with respect to the previous quarter and by 4.6% compared with the same quarter of the previous year (it was +4.0% in the fourth quarter of 2021). More in detail, the increase on an annual basis of the HPI was due both to the prices of new dwellings that recorded a growth equal to +5.0% (slightly slowing down from the previous quarter when it was +5.3%) and the prices of existing dwellings which rose by 4.5%, speeding up compared to the +3.7% registered in the fourth quarter of 2021. In **Spain**, the housing market is experiencing price growth momentum since 2021, which particularly intensified during Q1 2022 with a q-o-q increase of 2.4% and a y-o-y increase of 6.7%. Despite the shortage problem that began approximately a year ago, new houses have shown a more modest increase in the last 3 months of 0.2% compared to the 2.4% rebound experienced by the second-hand segment. Cities such as Madrid (+4.8%) and Barcelona (+3.3%) have showed a Q-o-Q increases above the national average. Regarding **Portugal**, HPI values increased by 12.9% y-o-y in Q1 2022, after recording a significant 11.6% yearly increase in Q4 2021, according to the latest available figures. Lastly, in **Greece**, according to Bank of Greece indices of residential property prices, in Q1 2022, nominal apartment prices increased, on average, by 8.6%, y-o-y, for the entire country (9.7%, y-o-y, in Athens, 8.3% in Thessaloniki, 8.2% in other cities and 6.4% in other areas of Greece). According to revised data, in 2021 nominal apartment prices increased by an average annual rate of 7.4%, compared with an average increase of 4.5% in 2020.

Regarding **Ireland**, residential property price inflation accelerated again in Q1 2022, with prices up by 15.2% in the twelve months to March 2022, compared with an increase of 3.5% in the year to March 2021. The Central Statistics Office's national index was only 2.1% lower than its highest level in April 2007 and the highest level since December 2007. Prices in Dublin rose by 12.7% in the year to March 2022, with house prices in Dublin increasing by 12.6% year on year and apartment prices in the county by 12.9%. Residential property price inflation outside Dublin was 17.3% year on year.

Lastly, in the **United Kingdom**, house prices continued to grow in the first quarter of the year and were up 10% compared to the same quarter in 2021. The housing market continued to suffer from relatively low levels of stock compared to the high levels of demand. The imbalance between supply and demand has supported house price growth over the past year but house price growth may begin to fall as the number of properties on the market has started to pick up.

## MORTGAGES INTEREST RATES

On average, the EMF country sample mortgage interest rate stood at 2.15% in Q1 2022, following an average rate of 2.01% in Q4 2021, marking a 14 bps increase over a quarter. This would be both the first consecutive quarter average interest rate increase and the steepest since 2018, thus breaking a trend of consistent rate reductions. In terms of specific jurisdictions, most EMF countries reported rate increases, although at different paces and with a few exceptions to this overarching trend, as will be explained below.

In **Sweden**, variable interest rates increased slightly during the first quarter 2022, ultimately reaching 1.3%. Longer interest rates increased in the first quarter as well: 1-5 years now stand at 1.8% (up from 1.4% in Q4 2021). Interest rates over 5 years increased to 2.3% in Q1 2022 from 1.6% in the fourth quarter of 2021. In Finland, the rate on new housing loans was 0.87%. In Denmark, the average interest rate on loans with fixation period up to one year decreased by 5 bps in the first quarter of 2022. For the loans with between one to five years of interest rate fixation and the loans with between five and ten years of interest rate fixation, the average interest rate rose by 53 and 65 bps, respectively. The average interest rate on loans with more than ten years of fixation increased by 44 bps in the first quarter of 2022. The increased interest rate on fixed rated mortgage loans during 2021 and the beginning of 2022 has given the opportunity for owners of these types of loans to convert their fixed rated loan with a low interest rate to a fixed rated loan with a higher interest rate, and hence reduce some of their outstanding debt.

In **Belgium**, mortgage rates remained low overall in Q1 2022, although the average rate increased to 1.47% (an increase of 9 bps compared to the previous quarter). The market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years remained at about 93% of newly provided loans in the first quarter of 2022. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to 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 6% of the newly granted credits. In the **Netherlands**, a similar situation can be seen, as mortgage interest rates for new mortgages increased to 1.59%, up by 4 bps from Q4 2021. In **Germany**, financing conditions had already deteriorated by the end of the first quarter of 2022, rendering an average interest rate of 1.5% p.a., 0.2 pps higher than in the fourth quarter of 2021. In the meantime, financing conditions have deteriorated further and it can be assumed that this will have a dampening effect on financing costs and thus also on demand for purchase properties. Finally, in **France**, the level of interest rates on mortgage loans reported by the Banque de France stayed near to its historical lowest level in Q1 2022 (1.13% for the average interest rate without loan insurance and administrative costs). But interest rates have started to increase during the quarter from 1.12% in January 2022 to 1.14% in March 2022 (and 1.19% in April 2022).

As inflation levels increase in **Hungary**, the Central Bank increased its base rate in June 2021. The base rate stood at 2.4% by end 2021. In 2022, the monthly rate first increased by 50 bps, followed by a 100 bps increase at the end of March,



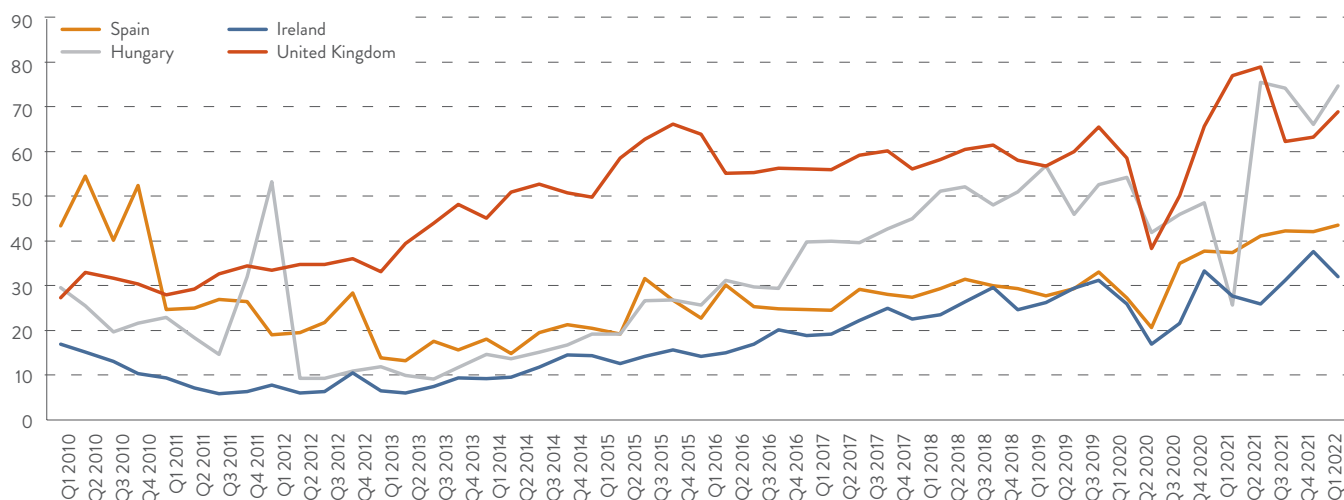
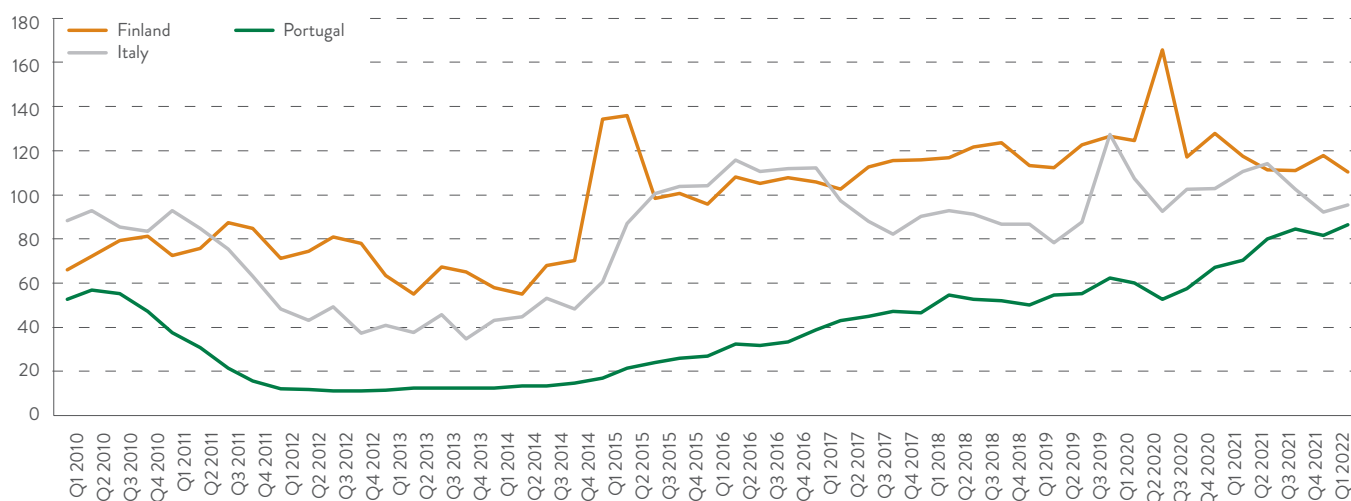
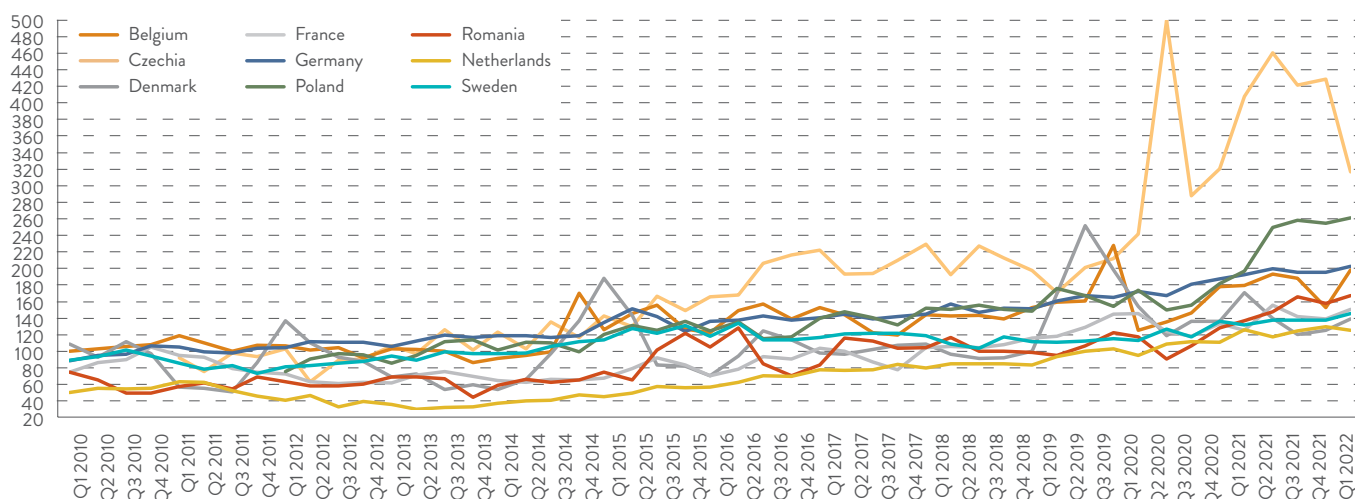
which caused the base rate for the Hungarian market to expand to 4.4%. Amid these changes, there have also been noticeable shifts in the make-up of the mortgage market. Until Q4 2021, the most popular mortgage rate was medium term fixation (i.e., 5Y-10Y initial rate fixation), which represented approximately 52% of all newly issued mortgages. By Q1 2022, long term fixed mortgages (that is, with an initial interest rate fixed for over 10 years), became the most dominant product, with a share of 43.5 % of all newly issued mortgages. The interest rate of long-term fixed rate mortgages decreased from 5.14% in Q3 of 2021 to only 3.47 % in Q1 of 2022. During the same period (Q3 2021 to Q1 2022) medium term fixed rate mortgage rates (5 – 10 years initial rate fixation) increased from 4.33 % to 5.6 %. The explanation behind these changes lies in the implementation of the new Green Home Programme (GHP), launched in October 2021. Loans included in this scheme have a maximum maturity of 25 years and the interest rate is fixed for the total lifetime of the loan. The Hungarian National Bank provided refinancing funds to credit institutions at 0% interest, which they can lend on to retail customers at a maximum interest rate of 2.5%. In **Czechia**, also against the backdrop of growing inflation, the central bank planned a gradual increase of interest rate, starting with a 3.75% base rate in and finishing with a 5% rate by 1<sup>st</sup> April. For the first time since 2014, rates exceed the 3% threshold. This significant interest rate increase, however, has not been fully visible in new loan production. Nevertheless, the interest rates for new loan applications are clearly above the 5% mark. In **Poland**, the dynamic growth of the inflation rate continued - in the first quarter of 2022 the consumer price index of the Central Statistical Office amounted to 9.7% compared to the corresponding period of the previous year. As a result, NBP interest rates were raised three times: first from 1.75% to 2.25%, then to 2.75%, and finally to 3.50% in March 2022. Rising inflation and consequently rising interest rates encouraged consumers to become more interested in housing loans based on a periodically fixed interest rate (fixation period of 5 years). In total, during Q1 2022, banks granted nearly 37 thousand mortgage loans with a fixed interest rate. These were both loans granted at a fixed interest rate from the moment of origination and conversions introduced to the original contracts from floating to permanent interest. In total, fixed interest rates accounted for around 70% of all bank lending in this period. Lastly, in **Romania**, the representative mortgage interest rate stood at 3.9% in the first quarter of 2022, indicating an increase of 0.21 bps compared to the preceding quarter, and a decrease of 0.78 bps relative to Q1 2021's rate. Amid rising inflation and interest rate perspectives, the share of loans granted with variable interest rate in total mortgage loans decreased significantly in 2022 Q1, reaching a 59.2% share, down by 14.9 pps against the previous year's first quarter. At the same time, the preference for new loans granted with a fixed interest rate increased in Q1 2022 compared to the preceding quarter for short-term fixed new loans by 1.64 pps and for medium-term fixed new loans by 4.12 pps, whereas long-term new loans saw a climb of 6.23 pps.

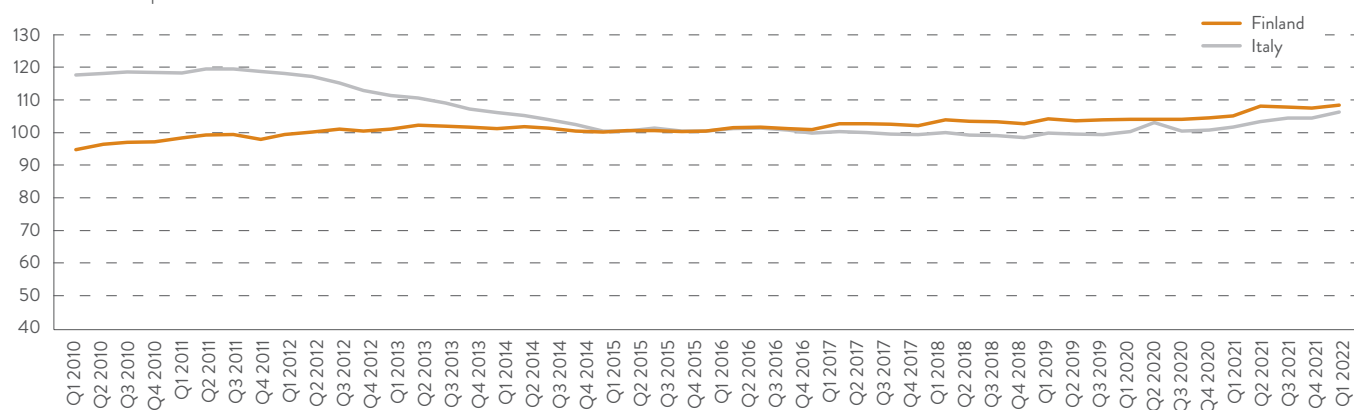
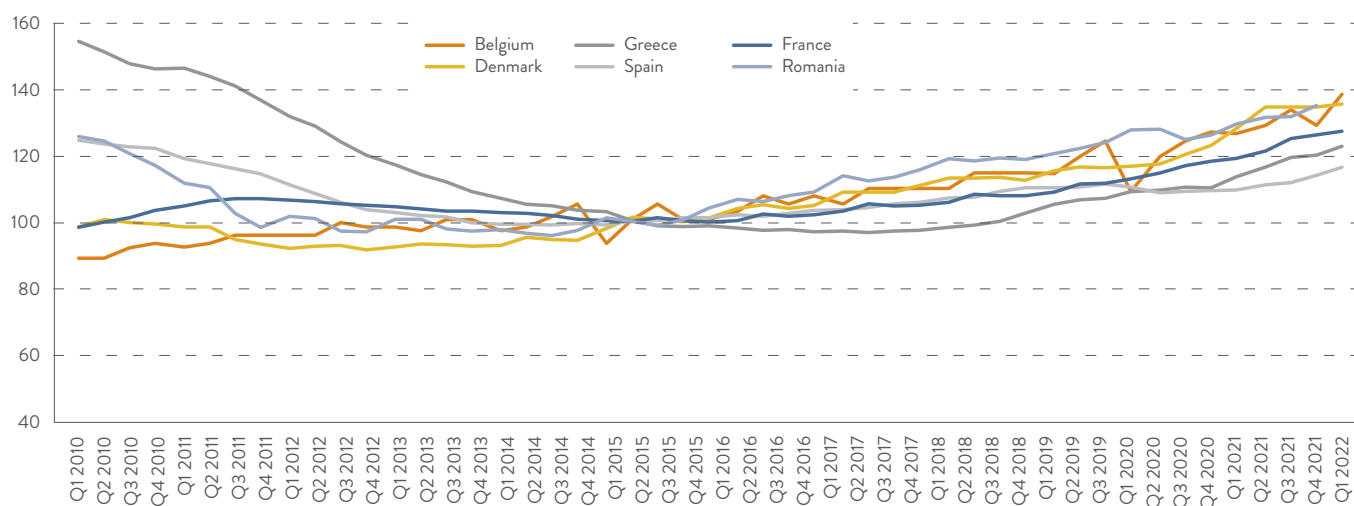
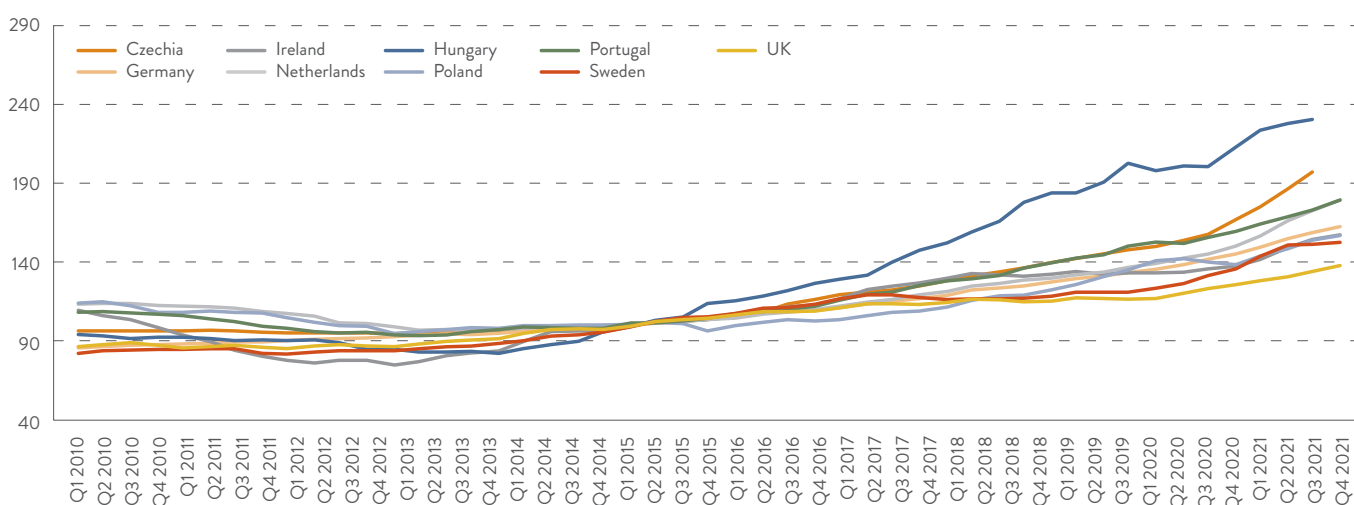
In **Italy**, regarding mortgage interest rates on new business, the Q1 2022 interest rate on short term loans (with maturity <1 year) remained the same as the value registered in Q4 2021, equal to 1.32%, while interest rates with maturity over 1 year rose to 1.72 (1.41% in Q4 2021, 1.39% in Q3 2021, 1.43% in Q2 2021; 5.84% in Q4 2007). The average rate on new business for house purchases increased to 1.65% (1.40% in Q4 2021, 1.39% in Q3 2021, 1.42% in Q2 2021; 5.72% in Q4 2007). In **Portugal**, the variable rate for new loans (up to 1 year initial rate fixation) was 0.74%, compared with 0.61% in Q4 2021. After several years in a downward trend, interest rates in Spain appear to have started to expand in Q1 2022, although they are still at very favourable levels for

consumers. In particular, the weighted average rate stood at 1.50% in Q1 2022 (compared to 1.43% in Q4 2021). In line with consumer preferences, the trend towards initial fixed-rate mode remains in place, accounting for 75% of new originations. In view of the normalisation of monetary policy, which is being anticipated by the Euribor, banks are adjusting their credit supply by tightening the conditions of fixed-rate loans. On the one hand, this could discourage such loans, but on the other hand, interest rate increases could drive the appeal of a fixed-rate solution in order to avoid interest rate risk. Finally, in **Greece**, bank interest rates on new and outstanding housing loans remained unchanged up to April 2022 compared with the average rate for 2021. In particular, the rate on new housing loans (including charges, such as processing fees, mortgage registration fees, etc.) in April 2022 stood at 3.1%, against the same rate (3.1%) in 2021, whereas the corresponding rate on outstanding housing loans with an initial maturity of over 5 years stood at 1.9% (2.0% in 2021). According to the bank interest rate for euro-denominated new loans that concern euro area residents from domestic credit institutions, the amount of new housing loan agreements increased during 2021, on average, by 46.2% and continued its upward trend during the period January-April of 2022. More specifically, in the first 4-month period of 2022, new housing loans amounted to EUR 351 mn compared to EUR 210 mn in the corresponding period of 2021, posting an increase of 67.3%, y-o-y.

In Q1 2022, fixed-rate (loans fixed for over one year) mortgages in **Ireland** accounted for almost 81% of new mortgages issued, down slightly on Q4 2021. Some 31.6% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q4 2021, down from 39.1% two years earlier. The share of mortgages outstanding which had interest rates fixed for over one year jumped from 30.2% to 44.1% over the same period.

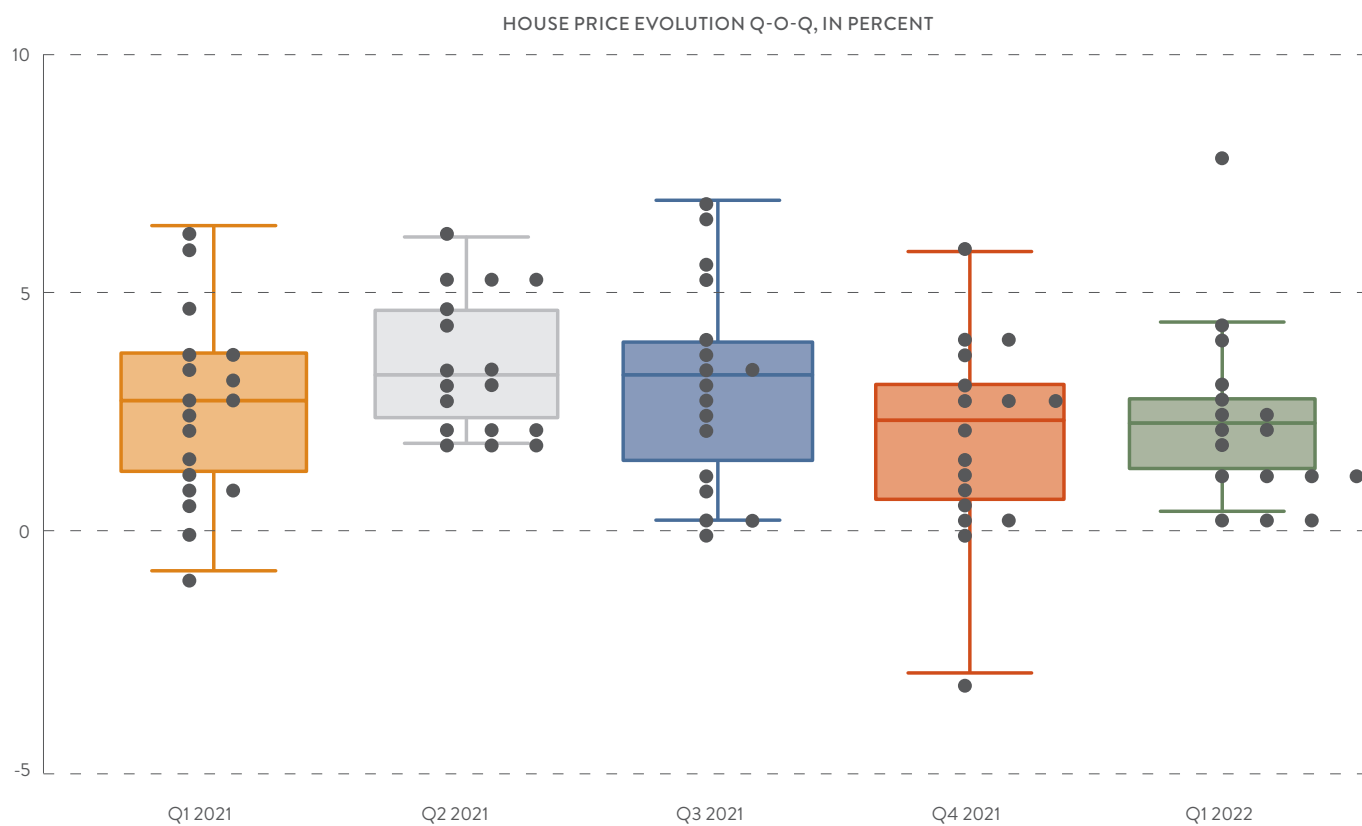
In the **UK**, average mortgage rates increased across all fixed term products in Q1 2022 compared to the previous quarter. Variable rates remained unchanged. This increase reflects the rise in the Bank Rate from 0.25% in December 2021 to 0.75% by the end of March, and a rise in swap rates. The average mortgage rate for new products was 1.64% in the first quarter of 2022 which is up from 1.57% in Q4 2021, but it still lower compared to 1.91% a year ago in Q1 2021.

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

**CHART 2A** | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED AT MOST 5% Y-O-Y**CHART 2B** | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BETWEEN 5% AND 10% Y-O-Y**CHART 2C** | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BY AT LEAST 10% Y-O-Y

• HPI growth thresholds have been revised as of Q1 2022 to better reflect recent trends across EMF jurisdictions. The relevant charts show, respectively, HPI growth up to 5% y-o-y, between 5% to 10% y-o-y, and growth above the 10% y-o-y mark.



**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 2022.

The dataset shows q-o-q growth figures of the country sample until Q2 2022 for which there are 14 datapoints instead of 17, as in 3 countries the latest House Price Index available was that of Q1 2021.



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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	LATEST Y-O-Y CHANGE (%), Q1 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2022, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q4 2021, LOCAL CURRENCY
BE	270 029	275 378	278 759	283 106	287 653	291 948	296 028	6.2	6.0	6.2	6.0
CZ	48 124	51 174	52 591	55 587	57 377	60 632	58 852	11.9	18.5	11.9	12.2
DE	1 599 644	1 629 423	1 651 496	1 683 634	1 713 273	1 744 433	1 765 863	6.9	7.1	6.9	7.1
DK	264 205	267 416	266 873	267 713	267 732	271 527	n/a	n/a	1.5	n/a	1.5
EL	49 422	46 133	45 532	41 399	37 148	30 891	30 516	-33.0	-33.0	-33.0	-33.0
ES	481 752	481 913	482 528	485 339	485 593	487 146	n/a	n/a	1.1	n/a	1.1
FI	102 462	103 614	104 414	105 711	106 735	107 759	108 060	3.5	4.0	3.49	4.0
FR	1 116 586	1 136 990	1 150 081	1 171 959	1 194 662	1 214 582	1 228 009	6.8	6.8	6.8	6.8
HU	13 098	13 360	13 516	14 477	14 672	14 660	14 992	10.9	9.7	10.9	11.3
IE	90 614	90 526	88 181	87 638	87 487	87 184	n/a	n/a	-3.7	n/a	-3.7
IT	388 161	391 515	395 461	401 152	405 305	409 868	414 455	4.8	4.7	4.8	4.7
NL	746 239	749 716	756 105	764 791	775 643	783 055	n/a	n/a	4.4	n/a	4.4
PL	103 086	104 607	103 442	107 798	108 517	111 346	110 191	6.5	6.4	6.5	7.3
PT	95 108	96 176	97 115	95 946	97 186	98 149	99 235	2.2	2.1	2.2	2.1
RO	17 804	18 354	18 563	19 103	19 751	20 347	20 925	12.7	10.9	12.7	12.7
SE	437 829	468 966	465 831	480 205	485 044	490 376	498 256	7.0	4.6	7.0	6.8
UK	1 623 119	1 669 740	1 783 210	1 799 941	1 806 351	1 862 221	1 855 300	4.0	11.5	4.0	4.2

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:

- Hungary
- Poland
- Portugal
- Sweden
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	LATEST Y-O-Y CHANGE (%), Q1 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 2021, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2022, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q4 2021, LOCAL CURRENCY
BE	7 259	8 726	9 547	12 775	10 972	12 664	12 369	11 054	12 236	11.5	-13.5	11.5	-13.5
CZ	3 037	7 368	3 825	4 550	5 381	6 812	5 714	6 084	4 102	-23.8	33.7	-23.8	26.7
DE	62 900	62 300	70 800	73 700	70 900	75 200	76 600	76 900	74 900	5.6	4.3	5.6	4.3
DK	15 387	11 164	14 410	14 891	17 116	13 340	12 722	13 757	n/a	n/a	-7.6	n/a	-7.7
ES	9 830	8 865	11 234	14 042	13 565	16 351	13 883	15 626	15 811	16.6	11.3	16.6	11.3
FI	8 667	12 859	8 003	8 559	8 135	8 929	7 561	7 836	7 634	-6.2	-8.4	-6.15	-8.4
FR	69 000	58 600	58 800	66 000	58 600	75 000	71 100	69 100	71 500	22.0	4.7	22.0	4.7
HU	720	626	714	703	307	1 112	1 123	957	1 016	56.8	36.1	56.8	38.1
IE	1 996	1 462	1 957	2 950	2 142	2 230	2 784	3 312	2 513	17.3	12.3	17.3	12.3
IT	19 728	18 024	17 599	20 988	20 313	22 161	17 588	18 986	17 385	-14.4	-9.5	-14.4	-9.5
NL	29 213	34 620	36 770	38 353	39 791	37 491	41 254	44 646	39 660	-0.3	16	-0.3	16
PL	3 268	2 919	3 048	3 550	3 740	4 921	5 110	5 019	n/a	n/a	41.4	n/a	42.6
PT	2 848	2 494	2 755	3 292	3 349	3 831	4 089	4 001	4 155	24.1	21.5	24.1	21.5
RO	670	549	725	883	801	934	1 122	1 083	1 007	25.8	22.7	25.8	24.7
SE	12 914	16 615	13 466	18 155	15 307	18 005	16 082	18 367	17 149	12.0	1.2	12.0	3.3
UK	73 002	47 976	67 403	84 241	96 760	100 260	83 067	81 177	86 512	-10.6	-3.6	-10.6	-9.9

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:

- Netherlands
- United Kingdom



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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	3 716	3 715	6 986	1 197	2 221	3 191	5 349	3 381	4 348	4 547	4 295	4 080
CZ	1 229	257	1 705	-2 660	1 933	192	3 050	1 417	2 996	1 790	3 255	-1 780
DE	24 196	23 937	21 295	19 258	22 183	27 768	29 779	22 073	32 138	29 639	31 160	21 430
DK*	2 298	1 956	100	-608	4 318	3 494	3 211	-543	840	19	3 795	n/a
EL	-809	-1 840	-798	-2 205	-437	-642	-3 289	-601	-4 133	-4 251	-6 257	-376
ES	-546	-3 464	-2 038	-2 644	-2 213	-952	162	614	2 811	254	1 553	n/a
FI	854	710	722	340	794	974	1 152	800	1 297	1 024	1 024	301
FR	16 877	20 549	18 767	10 940	11 199	15 802	20 404	13 091	21 878	22 703	19 920	13 427
HU	111	-371	328	-935	335	-18	262	156	962	195	-13	333
IE	-1 645	-157	-326	-1 176	-515	-486	-88	-2 345	-543	-151	-303	n/a
IT	2 170	1 507	-396	895	1 721	2 030	3 354	3 946	5 691	4 153	4 563	4 586
NL	3 490	2 465	1 758	2 139	4 161	4 239	3 477	6 389	8 686	10 852	7 412	n/a
PL	2 601	84	3 592	-3 004	2 762	-868	1 521	-1 164	4 356	719	2 829	-1 155
PT	110	28	-60	241	435	586	1 068	939	-1 169	1 240	963	1 086
RO	350	384	431	215	294	296	550	209	540	648	596	579
SE	-293	-670	15 384	-18 001	30 608	2 480	31 137	-3 135	14 374	4 839	5 332	7 880
UK	-58 329	34 384	85 315	-55 814	-44 350	14 260	46 620	113 470	16 731	6 410	55 870	-6 920

\* 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 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	115.8	115.8	115.4	120.9	125.8	109.8	120.9	125.8	128.8	128.4	131.0	135.9	131.0	141.0
CZ	134.3	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4	168.9	177.5	189.7	200.6	n/a
DE	124.0	125.4	128.0	130.2	132.1	134.2	136.7	139.6	143.3	146.8	151.5	157.1	161.2	165.2
DK	114.2	113.2	116.5	117.5	117.3	117.8	118.5	121.6	124.5	130.1	136.8	136.8	136.8	138.0
EL	99.9	102.5	105.4	106.8	107.3	109.4	109.9	110.9	110.7	114.3	117.3	120.5	121.2	124.1
ES	109.7	110.9	111.0	111.1	112.1	111.2	109.1	109.8	110.0	110.2	111.8	112.7	114.9	117.6
FI	103.1	102.5	104.1	103.5	103.7	104.0	104.0	104.0	104.4	105.1	108.2	108.0	107.6	108.6
FR	108.3	108.3	109.4	112.2	112.4	113.7	115.7	118.1	119.6	120.5	122.9	126.9	128.2	129.3
HU	167.6	180.0	186.3	186.3	193.7	205.8	201.0	204.4	203.9	216.7	227.7	232.2	234.8	n/a
IE	133.1	132.3	133.5	135.1	133.7	134.3	134.2	134.8	137.2	139.0	143.4	151.5	156.7	159.9
IT	98.3	97.7	99.1	98.8	98.6	99.5	102.4	99.8	100.0	101.1	102.8	103.9	104.0	105.8
NL	126.6	128.9	130.3	132.7	134.6	137.5	140.2	143.5	146.4	151.7	158.4	168.6	175.1	182.4
PL	118.7	119.1	122.8	126.5	131.6	136.1	142.4	143.9	141.5	139.6	145.5	150.4	156.3	159.2
PT	132.3	137.1	140.7	143.7	146.1	151.7	154.3	153.6	157.7	161.7	166.4	171.3	176.0	182.6
RO	120.4	119.9	121.8	123.6	125.5	129.6	129.8	126.4	128.0	131.5	133.6	133.8	137.5	n/a
SE	117.0	117.3	118.9	121.3	121.6	121.6	124.2	127.5	132.6	137.2	145.5	153.2	153.5	155.0
UK	116.4	115.1	115.9	117.8	117.4	117.1	117.3	120.8	124.2	126.8	129.3	132.3	135.5	139.6

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

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: valuation based index, of new and existing apartments for the whole country, compiled by the Bank of Greece.
- Hungary: FHB house price index (residential properties)
- Ireland: new series of House Price Index of the Central Statistics Office
- Netherlands: Source: ECB. Data on existing dwellings.
- Poland: Weighted average price for the seven largest Polish cities
- Portugal: Statistics Portugal house price index
- Spain: new house price index, first released by the Ministry of Housing on Q1 2005
- Sweden: index of prices of one-family homes.
- UK: Department of Communities and Local Government Index (all dwellings)

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

- Belgium
- Greece
- Hungary
- Ireland
- Netherlands
- Sweden
- United Kingdom



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

	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	1.95	1.91	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38	1.47
CZ*	2.68	2.80	2.74	2.58	2.38	2.41	2.36	2.17	2.04	1.99	2.07	2.28	2.66	3.45
DE	1.86	1.79	1.63	1.39	1.28	1.28	1.30	1.24	1.18	1.18	1.26	1.28	1.31	1.50
DK**	0.76	0.78	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67	0.62
EL	3.24	3.20	3.16	3.17	2.93	2.84	2.83	2.95	2.80	2.67	2.81	2.85	2.77	2.83
ES	2.01	2.11	2.12	1.95	1.76	1.81	1.75	1.75	1.62	1.54	1.49	1.47	1.43	1.50
FI	0.86	0.81	0.76	0.72	0.73	0.71	0.73	0.72	0.69	0.71	0.72	0.72	0.77	0.87
FR***	1.50	1.51	1.44	n/a	1.20	1.19	1.27	1.30	1.27	1.21	1.14	1.12	1.12	1.13
HU	5.45	5.17	5.04	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33	4.69	3.47
IE	2.95	2.96	2.95	2.93	2.87	2.78	2.78	2.80	2.77	2.80	2.74	2.73	2.71	2.80
IT	1.89	1.85	1.77	1.44	1.44	1.38	1.27	1.27	1.25	1.37	1.42	1.39	1.40	1.66
NL**	2.40	2.41	2.31	2.16	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56	1.54	1.59
PL	4.40	4.30	4.30	4.40	4.30	4.30	3.30	3.10	2.90	2.80	2.90	2.90	4.60	6.00
PT	1.63	1.31	1.32	1.02	1.09	0.95	1.08	0.82	0.71	0.69	0.67	0.62	0.61	0.74
RO****	5.70	5.85	5.17	5.38	5.41	5.31	5.22	5.25	4.81	4.67	4.21	3.82	3.68	3.89
SE	1.47	1.57	1.53	1.52	1.46	1.53	1.54	1.49	1.39	1.36	1.36	1.33	1.35	1.48
UK	2.10	2.11	2.08	2.05	1.92	1.84	1.77	1.74	1.85	1.91	1.92	1.82	1.57	1.64

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

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

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

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

Source: European Mortgage Federation

#### NOTE:

Data refers to quarter averages.

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

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

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

TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	1.87	1.84	1.94	1.87	1.79	1.92	2.03	1.84	1.89	1.85	1.92	1.97
CZ	3.10	3.00	3	2.75	2.54	2.21	2.1	2.17	2.31	2.44	3.18	4.12
DE	2.01	1.91	1.85	1.83	1.88	1.79	1.74	1.76	1.78	1.78	1.81	1.88
DK*	0.73	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67	0.62
EL	3.10	3.14	2.84	2.72	2.52	2.48	2.42	2.31	2.44	2.37	2.30	2.39
ES	1.75	1.60	1.56	1.60	1.64	1.62	1.50	1.40	1.43	1.42	1.35	1.35
FI	0.77	0.73	0.76	0.79	0.77	0.73	0.72	0.72	0.70	0.72	0.77	0.88
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	3.23	3.62	3.03	3.01	3.26	3.07	3.41	2.98	2.97	3.87	4.53	5.59
IE	3.08	3.14	3.03	2.88	2.96	3.19	3.11	3.23	3.19	3.11	3.06	3.34
IT	1.48	1.37	1.37	1.35	1.37	1.34	1.29	1.36	1.39	1.36	1.32	1.33
NL	1.87	1.85	1.74	1.7	1.69	1.71	1.70	1.62	1.62	1.62	1.60	1.64
PT	1.32	1.02	1.10	1.02	1.16	0.92	0.80	0.84	0.83	0.80	0.83	1.03
RO**	5.01	5.27	5.28	5.15	5.11	5.15	4.71	4.60	4.17	3.70	3.55	3.70
SE	1.45	1.41	1.39	1.39	1.42	1.36	1.29	1.24	1.25	1.23	1.22	1.29
UK***	2.09	2.08	1.94	1.93	1.50	1.58	1.77	1.88	1.91	1.90	1.64	1.64

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	1.87	1.95	2.17	2.09	2.03	1.91	2.00	2.04	2.11	2.13	2.12	2.21
CZ	2.76	2.63	2.47	2.49	2.41	2.22	2.06	2.02	2.10	2.30	2.69	3.54
DE	1.48	1.4	1.33	1.32	1.46	1.39	1.30	1.29	1.30	1.34	1.38	1.49
DK*	0.80	0.50	0.65	0.80	0.94	0.71	0.65	0.73	0.87	0.82	0.94	1.47
ES	2.00	1.80	1.56	1.70	1.58	1.60	1.42	1.37	1.38	1.35	1.35	1.56
FI	1.07	1.16	1.09	1.01	1.02	1.38	1.15	1.50	1.66	1.69	1.99	1.62
HU	4.87	4.87	4.87	4.21	4.35	4.56	4.44	4.52	4.53	4.89	5.33	6.02
IE	2.90	2.85	2.82	2.74	2.72	2.70	2.69	2.68	2.64	2.64	2.63	2.67
NL	2.11	2.03	1.89	1.76	1.74	1.80	1.75	1.63	1.59	1.60	1.64	1.68
RO**	5.93	5.94	5.91	5.78	5.79	5.65	5.36	5.29	4.60	4.21	4.12	4.16
SE	1.49	1.46	1.41	1.41	1.46	1.42	1.29	1.29	1.31	1.26	1.39	1.84
UK	2.06	2.03	1.89	1.82	1.77	1.74	1.84	1.90	1.91	1.81	1.55	1.62

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	1.69	1.56	1.66	1.57	1.61	1.46	1.37	1.35	1.34	1.37	1.33	1.46
CZ	2.70	2.51	2.31	2.37	2.31	2.13	2.02	1.94	2.02	2.25	2.63	3.35
DE	1.47	1.24	1.12	1.12	1.13	1.09	1.03	1.03	1.09	1.11	1.14	1.34
DK*	1.00	0.73	0.77	0.92	1.07	0.84	0.70	0.89	1.14	1.06	1.13	1.77
EL					3.41	3.55	3.36	3.15	3.12	3.25	3.19	2.99
ES	4.18	4.49	4.17	4.29	3.50	3.82	3.59	3.82	3.64	3.49	3.52	4.08
FI	1.46	1.33	1.52	1.62	1.58	1.58	1.57	1.31	1.32	1.31	1.38	1.84
HU	5.03	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33	4.69	5.60
NL	2.27	2.11	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56	1.54	1.59
RO**	6.47	6.44	6.31	6.1	5.48	5.77	5.60	5.22	4.65	4.40	4.29	4.32
SE	1.81	1.54	1.39	1.35	1.57	1.41	1.47	1.48	1.59	1.50	1.61	2.29
UK	2.50	2.33	2.25	2.31	2.29	2.13	2.13	2.11	1.91	1.86	1.85	1.96



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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
BE	1.79	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38	1.47
CZ	2.80	2.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.67	1.37	1.25	1.26	1.25	1.20	1.14	1.15	1.28	1.30	1.32	1.54
DK*	2.16	1.72	1.67	1.74	2.03	1.79	1.75	1.63	2.13	2.27	2.46	2.90
ES	2.41	2.21	1.86	1.81	1.80	1.77	1.67	1.55	1.44	1.42	1.37	1.36
HU	5.72	5.49	4.72	4.52	4.73	4.65	4.43	4.73	4.80	5.14	3.71	3.47
IT****	1.92	1.46	1.46	1.39	1.25	1.25	1.24	1.37	1.43	1.39	1.41	1.72
NL	2.78	2.63	2.57	2.16	2.07	2.04	2.00	1.90	1.79	1.75	1.74	1.80
RO**	5.26	5.46	5.48	5.42	5.28	5.2	4.84	4.51	4.16	3.78	3.70	4.04
UK	n/a	2.09	2.18	2.66	2.89	2.33	2.42	2.42	2.23	2.08	1.99	1.88

Source: European Mortgage Federation

Source: European Mortgage Federation

\*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



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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
<b>CZECHIA</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	23.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	45.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	26.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	4.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>DENMARK</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	31.5	31.2	31.0	31.3	30.4	29.7	29.1	29.8	28.7	28.8	29.0
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	24.8	24.0	23.2	22.3	22.1	21.7	21.7	20.4	20.6	20.8	21.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	43.7	44.8	45.9	46.4	47.5	48.6	49.2	49.8	50.7	50.4	49.3
<b>Long-Term fixed</b> (over 10Y initial rate fixation)											
<b>FINLAND</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	94,1	94,3	94,4	94,5	94,7	95	95,1	95,2	95,3	95,4	95,5
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	3,6	3,3	3,1	2,9	2,8	2,6	2,5	2,4	2,2	2,1	2
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	2,3	2,3	2,5	2,6	2,5	2,4	2,4	2,4	2,5	2,5	2,5
<b>Long-Term fixed</b> (over 10Y initial rate fixation)											
<b>IRELAND</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	71.9	69.8	67.5	66.5	65.19	63.31	60.61	59.18	57.72	55.88	n/a
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	25.4	27.2	29.2	30.2	31.5	33.41	36.02	37.44	38.91	40.73	n/a
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	2.8	3.0	3.3	3.3	3.3	3.27	3.36	3.38	3.37	3.38	n/a
<b>Long-Term fixed</b> (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)

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021
<b>SWEDEN</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	63.0	61.1	59.3	58.0	56.6	54.3	52.1	50.4	48.9	48.3	47.0
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	36.0	37.6	39.4	40.8	42.2	44.5	46.7	48.4	49.9	50.5	51.7
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	1.0	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.3
<b>Long-Term fixed</b> (over 10Y initial rate fixation)											

<b>UNITED KINGDOM</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)*	27.5	26.3	25.1	24.4	23.8	23	21.8	20.6	19.6	18.6	17.4
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	70.6	71.7	72.9	73.6	74.1	74.9	76.1	77.3	78.2	79.2	80.2
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	1.9	1.9	1.9	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.4
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	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
<b>HUNGARY*</b>											
<b>HUF denominated</b>	46.6	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	Since Q4 2015 FX lending is not allowed any more
<b>EUR denominated</b>	6.9	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	
<b>CHF denominated</b>	44.6	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	
<b>Other FX denominated</b>	1.9	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	

BREAKDOWN BY LOAN ORIGINAL MATURITY	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	IV 2022
<b>ITALY</b>											
<b>Maturity less than 5 years</b>	0.5	0.5	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.2	0.3
<b>Maturity over 5 years</b>	99.5	99.5	99.5	99.6	99.5	99.7	99.7	99.7	99.7	99.8	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

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

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
<b>BELGIUM</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	6.0	2.6	1.1	2.3	2.7	2.7	0.7	0.6	0.6	0.4	0.4	0.5	0.6
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	3.4	2.9	2.0	1.4	1.1	1.3	1.0	1.1	1.2	1.1	1.2	1.1	1.2
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	24.4	25.5	20.4	12.2	14	14.5	14.1	14.6	13.8	13.5	14.6	13.6	13.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	66.1	69.1	76.6	84.0	82.2	81.5	84.2	83.6	84.4	85.0	83.8	84.8	84.7
<b>CZECHIA</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	4.1	3.2	3.2	2.18	2.03	2.13	3.11	3.15	2.57	1.26	1.07	1.09	1.24
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	52.6	48.2	47	38.51	34.27	46.71	46.55	50.67	50.34	50.9	51.19	45.96	47.21
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	43.3	48.6	49.8	59.31	63.7	51.16	50.33	46.18	47.09	47.84	47.74	52.95	51.54
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	6.3	5.4	6.18	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>DENMARK</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	16.6	10.7	5.2	7.3	11.2	16.1	9.8	9.1	8.0	12.3	12.7	15.4	21.1
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	26.8	14.5	8.6	10.8	15.6	17.0	14.7	16.7	16.8	20.4	25.7	26.8	26.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	1.6	0.8	0.7	1.6	0.5	0.3	0.3	0.5	0.6	0.4	0.4	0.9	0.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	55.0	74.0	85.4	80.3	72.6	66.6	75.1	73.7	74.7	66.9	61.2	57.0	51.7
<b>GREECE</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)												54.5	48.6
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)													
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)												9,9	11,2
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>FINLAND</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	96.1	96.4	96.5	96.6	95.9	96.9	97.1	96.9	96.7	95.9	96.6	95.6	95.8
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	1.8	1.5	1.3	1.3	1.6	1.1	1.0	1.2	0.8	0.7	0.6	0.8	0.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	2.1	2.1	2.2	2.2	2.5	2	1.9	1.8	2.5	3.4	2.8	3.6	3.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													



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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
<b>GERMANY</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	11.4	11.2	10.6	10.78	10.43	11.13	10.29	10.11	9.53	9.35	10.29	9.79	8.97
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	8.9	8.8	7.7	7.57	7.62	7.77	7.25	7.24	7.09	6.99	6.58	7.01	6.33
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	33.0	32.6	31.5	31.75	32.02	32.46	32.67	33.15	34.32	36.36	35.42	35.94	35.61
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	46.7	47.3	50.1	49.91	49.93	48.64	49.78	49.51	49.06	47.30	47.71	47.25	49.08
<b>HUNGARY</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	4.9	3.2	2.6	1.7	1.61	1.10	1.07	1.03	0.86	0.88	0.66	0.54	0.51
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	26.5	24.7	28.3	30.6	29.31	27.88	26.73	25.42	27.13	31.67	28.98	24.16	16.78
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	57.6	61.4	59.2	55.2	53.89	57.80	59.28	59.82	60.63	56.64	57.52	52.40	39.55
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	11.0	10.7	9.8	12.5	15.22	13.22	12.92	13.72	11.37	10.82	12.84	22.90	43.15
<b>IRELAND</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	28.7	27.9	26.3	25.0	25.6	24.9	21.38	20.29	22.79	19.26	18.88	18.90	19.42
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	71.3	72.1	73.7	75.0	74.4	75.1	78.62	79.71	77.21	80.74	81.12	81.10	80.58
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>ITALY</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	30.8	34.2	31.5	19.7	19.8	19.2	17.4	16.2	16.9	16.8	16.5	17.2	0.2
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)													
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	69.2	65.8	68.5	80.3	80.2	80.8	82.6	83.8	83.1	83.2	83.5	82.8	83.3
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>NETHERLANDS</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	18.2	19.7	19.4	17.1	17.3	12.5	14.3	15.2	12.8	11.3	11.9	11.0	11.0
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	9.3	10.0	8.7	7.9	7.4	6.6	7.4	7.4	6.4	6.6	6.7	6.7	6.7
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	42.5	42.7	44.1	43.4	41.1	39.7	34.0	32.9	34.8	33.7	32.2	34.1	34.1
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	30.0	27.5	27.8	31.6	34.3	41.2	44.3	44.4	46.0	48.4	49.1	48.2	48.2



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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
<b>POLAND</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	100	100	100	100	100	100	100	97*	n/a	n/a	87.25	75.66	39.23
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	n	n	n	n	n	n	n	3*	n	n	12.75	24.34	60.77
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>PORTUGAL</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	82.9	76.9	70.81	55.7	59.7	71.0	70.7	70.0	68.5	71.5	68.7	67.0	64.8
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)													
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	17.1	23.1	29.2	44.3	40.3	29.0	29.3	30.0	31.5	28.5	31.3	33.0	35.2
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>ROMANIA</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	74.3	76.2	79.4	78.2	70.0	72.0	66.5	75.2	74.1	74.8	73.5	71.2	59.2
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	13.2	10.8	10.0	10.5	11.2	10.5	11.0	7.4	5.4	4.6	6.4	8.1	9.7
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	3.8	2.6	2.5	4.2	5.4	4.6	5.5	3.1	4.6	5.7	7.9	9.5	13.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	8.7	10.5	8.1	7.1	13.4	13.0	17.1	14.3	15.9	15.0	12.2	11.2	17.4
<b>SPAIN</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	34.4	38.1	36.3	33.6	32.3	38.6	35.4	31.2	28.2	25.5	24.4	22.7	22.5
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	26.8	27.0	28.8	22.3	19.3	17.0	18.9	19.1	19.3	16.6	15.2	13.0	11.1
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	5.6	4.5	3.5	3.0	3.6	3.0	3.1	2.7	3.1	3.1	3.3	3.3	4.4
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	33.3	30.4	31.4	41.1	44.8	41.4	42.6	47.0	49.4	54.9	57.2	61.0	62.0

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

	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
<b>SWEDEN</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	54.9	60.8	63.0	58.7	49.5	52.7	46.4	45.2	43.7	43.4	42.8	44.1	47.6
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	36.2	31.6	27.0	28.5	35.4	34.1	37.7	39.8	42.6	44.4	45.2	44.7	41.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	8.9	7.6	10.0		12.8	13.2	15.8	15.0	13.7	12.3	12.0	11.2	10.8
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>UNITED KINGDOM</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)*	7.9	6.6	7.4	6.7	7.3	10.3	9.1	7.9	6.7	5.5	5.3	5.1	6.0
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	90.5	91.8	90.7	91.8	91.5	88.6	89.4	90.4	91.8	92.5	92.7	93.0	92.1
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	1.6	1.6	1.9	1.5	1.2	1.1	1.5	1.7	1.5	2.0	2.0	1.9	1.9
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	0	0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

\* 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:

▪ Poland

## 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<sup>1</sup>. The survey addresses issues such as credit standards for approving loans as well as credit terms and conditions applied to enterprises and households. It also asks for an assessment of the conditions affecting credit demand. The results and information displayed here are taken from the latest quarterly results, published in February 2022.

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.

<sup>1</sup> 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.

<sup>2</sup> 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 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
AT	29	14	14	0	29	14	14	0	-14	14	14	14
BE	50	25	75	50	50	0	0	-25	0	0	0	25
CY	0	0	0	0	25	50	50	25	0	25	0	0
DE	-3	0	0	3	21	7	0	0	-7	4	4	7
EE	0	0	0	100	50	0	-25	-50	0	-25	0	25
EL	0	0	25	0	0	0	0	0	0	0	0	0
ES	11	0	11	0	33	11	0	11	0	11	11	0
FR	-8	0	8	50	25	50	33	8	0	8	23	0
IE	0	0	0	0	40	0	-10	0	10	10	0	0
IT	0	-10	-10	0	0	10	0	0	0	0	-9	-9
LT	0	0	0	25	50	-25	0	0	25	0	0	25
LU	-17	-33	0	17	50	33	50	83	33	0	17	17
LV	0	0	0	50	25	-25	-25	0	0	-50	-25	0
MT	21	60	0	0	38	0	38	0	0	37	37	37
NL	-33	0	-33	-33	50	0	0	-17	0	-17	-17	0
PT	0	0	20	20	60	20	20	0	0	0	0	0
SI	0	0	100	40	20	0	25	0	0	0	0	0
SK	15	78	-9	60	100	-2	-33	-32	-78	-32	-27	-27
EA	-2	0	3	13	27	18	9	-2	-2	2	0	2
CZ	-15	18	26	5	72	26	-21	-31	-2	-21	n/a	2
DK	8	0	19	-7	15	-12	-13	-6	-5	2	2	-1
HU	-5	0	0	55	37	-15	-6	-20	-5	-6	-6	-6
PL	1	32	8	29	91	-38	-6	-66	-18	28	15	42
RO	0	0	0	12	65	2	34	0	-47	-20	0	7
UK	6	1	-15	4	72	-10	-2	-14	-39	-15	-23	3

The latest ECB Q2 2022 BLS results, looking backwards to the Q1 2022 period, show that credit standards for mortgages tightened once more in the Euro area. The current net balance stands at 2%, following a 0% reading in Q4 2021, as reported in the previous edition of the EMF Quarterly Review.

The ECB suggests that bank's perception of increased risks owing to the economic and geopolitical uncertainties, and a lower risk tolerance contributed to the net tightening of credit standards. Risk perception among Euro area banks began deteriorating in the fourth quarter of 2020, in light of the changing housing

market prospects, the general economic outlook and borrower creditworthiness. This latest net score would be the first tightening impact of risk perceptions since 2014, excluding the pandemic period altogether. Besides the conflict in Ukraine, changes in risk perceptions reflect the way banks see the overall economic scenario in Europe, where there are mounting questions as to the evolution of house prices, lending dynamics and potential interest rate increases.

In terms of euro area jurisdictions, credit standards tightened in net terms in Germany, whereas they eased in Italy. Spain and France credit standards remained unchanged during the quarter. Risk perception has had a heterogeneous effect on banks, affecting how credit institutions evaluate borrowers creditworthiness or the current economic scenario.

The ECB suggests that a further tightening in credit standards on mortgage loans is to be expected in the second quarter of 2022.

### TERMS AND CONDITIONS FOR HOUSING LOANS

In Q1 2021, overall terms and conditions for mortgages in the Euro area underwent a moderate net tightening. The net percentage was 6%, after a -1% net easing in Q4 2021. This latest reading would indicate a change in the previous trend, as highlighted in the previous edition of this report. This tightening can be explained, in part, by the net tightening of LTV ratios, but also by the increase of interest rates in several jurisdictions.

Concerning cost of funds and balance sheet constraints, these two items had to the net tightening effect, as did, perhaps more particularly, banks' risk perception and risk tolerance. Conversely, bank competition had an easing effect.

Germany, France and Italy registered a net tightening of overall terms and conditions, while Spain reports a net easing of this indicator. Overall, risk perception and lower risk tolerance generally contributed to the tightening of terms and conditions in these jurisdictions, in line with the description shown here.

### REJECTION RATE

In Q1 2022, the share of rejected mortgage loans applications was broadly unchanged, with a flat, net percentage of 1%, after a 2% rate in the previous quarter.

The rejection rate for housing loans was also unchanged in Germany, France, Italy and Spain.

### NON-EURO AREA CREDIT STANDARDS

Regarding non-euro area jurisdictions, the most recent figures show that, in Q1 2022, credit standards tightened slightly in Denmark (2%), Czechia (2%) and the UK (3%) and moderately in Romania (7%). Poland, in the meantime, reports a significant tightening of 42%. In Hungary, standards eased further in Q1 2022, trend that enters its seventh consecutive quarter.

**TABLE 6B** | FACTORS THAT HAVE AFFECTED SUPPLY IN 2021-Q4 (BACKWARD-LOOKING 3 MONTHS)  
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

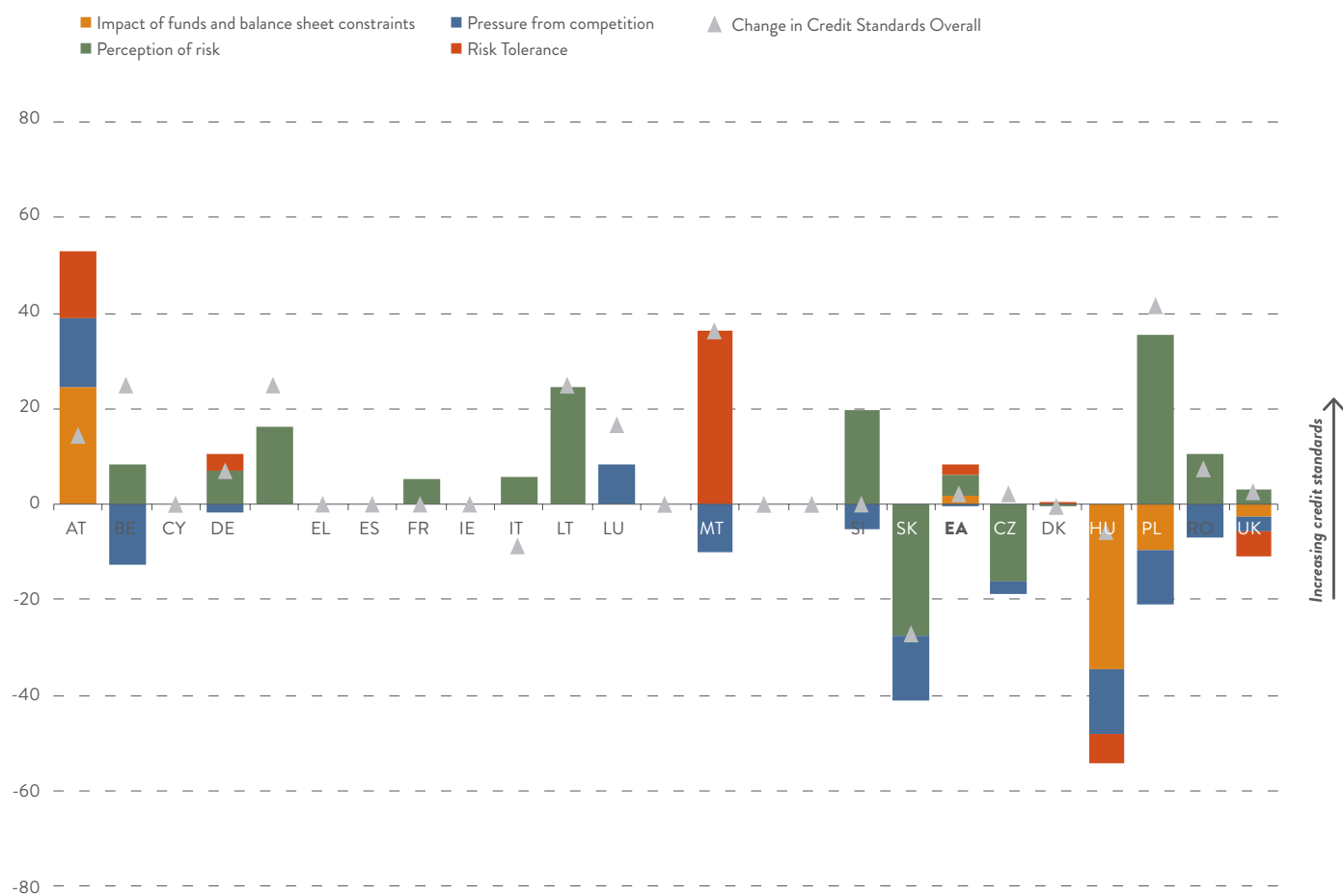
I 2022	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Credit Standards Overall	14	25	0	7	25	0	0	0	0	-9	25	17	0	37	0	0	0	-27	2	2	-1	-6	42	7	3
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	-35	-10	0	-2
Perception of risk	0	8	0	7	17	0	0	6	0	6	25	0	0	0	0	0	20	-27	4	-16	0	0	36	11	3
Pressure from competition	14	-13	0	-2	0	0	0	0	0	0	0	8	0	-10	0	0	-5	-14	-1	-3	0	-14	-11	-7	-3
Risk Tolerance	14	0	0	4	0	0	0	0	0	0	0	0	0	37	0	0	0	0	2	0	0	-6	0	0	-6

#### NOTES:

- For UK there are different factors and following assumptions were made: tight wholesale funding conditions > impact of funds and balance sheet constraints; market share objectives > pressure from competition; changing appetite for risk > Risk Tolerance
- For DK following assumption: Credit standards - competition > Pressure from competition; credit standards - perception of risk > perception of risk; credit standards appetite for risk > Risk Tolerance
- For CZ there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balance sheet constraints; pressure from other banks and non-banks > pressure from competition.
- For HU the factors have suffered a change in the sign (positive net change indicator = contributed to tightening); also there are different factors so the following assumptions were made: changes in bank's current or expected capital position + changes in bank's current or expected liquidity > impact of funds and balance sheet constraints; competition from other banks and non-banks > pressure from competition.
- For PL there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet constraints;
- For RO there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet; competition from other banks and non-banks > pressure from competition.



CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



## CREDIT DEMAND:

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
AT	14	29	29	43	-14	29	0	14	14	14	0	0
BE	0	0	100	-50	-100	25	25	25	50	-50	25	0
CY	50	0	25	0	-75	100	100	-25	25	0	100	-50
DE	38	28	17	24	-29	36	11	0	11	18	11	32
EE	13	0	25	0	-50	25	100	100	25	25	0	-75
EL	0	75	75	75	0	100	50	75	50	25	75	25
ES	0	-33	-33	-44	-100	22	-11	-22	44	33	33	22
FR	33	33	42	17	-75	17	0	-25	33	8	0	0
IE	20	0	0	40	-100	100	40	0	20	-20	-40	-20
IT	20	10	30	-30	-70	30	0	-10	22	9	18	-18
LT	0	0	0	-25	-50	25	0	75	25	50	75	-25
LU	0	-17	17	33	-100	33	67	-50	-17	-17	-17	-50
LV	25	25	50	0	-50	50	50	75	75	25	0	0
MT	0	-82	-99	-82	-58	56	62	0	2	-37	-20	34
NL	33	0	33	33	33	0	17	50	50	-17	-33	33
PT	40	40	20	0	-80	20	20	40	40	60	60	20
SI	-20	-20	-80	-60	-100	50	0	-25	75	50	20	10
SK	-25	-1	7	0	-100	-3	-27	-21	46	32	21	22
EA	25	15	24	5	-54	27	8	-2	29	11	8	10
CZ	29	18	31	20	-50	64	75	86	96	-11	-18	-81
DK*	-14	-30	-7	6	1	8	-19	-33	-6	8	-23	0
HU	60	-44	34	6	-81	84	10	89	100	63	47	60
PL	54	38	-18	23	-66	19	8	-58	-59	-15	47	87
RO	-17	2	31	12	-65	3	-11	43	75	-53	-34	43
UK**	-29	-13	13	-28	79	-96	-32	22	-81	35	35	6

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"

Concerning net demand for mortgage loans, banks in the euro area reported another increase in Q1 2022, with a net percentage of 10% (up from 8% in Q4 2021), which suggest a degree of continuity of the trends already seen during the second half of 2021.

Factors contributing to the consistent expansion of demand for mortgage loans are the low general level of interest rates and the housing market prospects. The ECB suggests, as per the Q1 2022 BLS report, that, despite the mortgages interest rate increases that took place at the onset of 2022, demand could be anticipating future increases, rendering a positive impact on net demand. Funding costs for banks would be expected to increase in this scenario.

Both Germany and Spain reported a net increase in housing loan demand during the first quarter of 2022, whereas demand in the French market remained unchanged. In Italy, demand decreased in net terms. Interest rate levels were a major factor behind the expansion of demand in Germany, while in Spain, demand was driven by consumer confidence and housing market prospects. In France and Italy, by contrast, the interest rate environment led to a net decline.

#### CREDIT DEMAND IN NON-EURO AREA COUNTRIES

The mortgage loan demand scenario in non-euro area countries was somewhat heterogeneous in Q1 2022. Romania (43%), Hungary (60%) and Poland (87%) all report significant increases in terms of net residential credit demand. They are recorded the highest net percentages of the EMF country sample, which is consistent with the residential trends outlined previously. The UK saw a further increase in demand, with a net percentage of 6%, yet the expansion was not as noticeable as in previous quarters (for instance, in both Q3 2021 and Q4 2021, net demand was 35%). In Denmark, mortgage demand remained unchanged (0%). Lastly, in Czechia, net demanded contracted significantly, recording the lowest percentage of the sample (-81%)

**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 2022	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	0	-50	32	-75	25	22	0	-20	-18	-25	-50	0	34	33	20	10	22	10	-81	0	60	87	43	6
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	-14	0	-25	11	-50	25	22	0	0	-9	0	-33	0	0	0	0	30	49	3	—	—	—	52	—	—
Other financing needs	0	25	0	4	0	0	0	0	0	9	-13	-33	0	0	0	0	0	0	3	—	—	—	—	—	—
Consumer confidence	0	-25	0	0	-75	25	33	0	20	-18	-25	-17	0	0	34	20	10	22	0	—	—	—	74	—	—
Use of alternative finance	-5	0	0	0	-8	0	-4	0	0	-6	8	-6	0	0	0	0	0	-11	-1	—	—	—	—	—	—
General level of interest rates	14	25	25	25	0	25	11	-8	20	-18	0	0	0	0	50	20	10	28	10	—	—	—	0	—	—

#### NOTES:

- **DK, HU, RO and UK** do not provide factors affecting the Demand, but a breakdown of the different types of lending
- **For CZ** there are different factors and the following assumptions were made: non-housing related expenditure > other financial needs; household savings > internal financing out of savings/down payment; level of interest rates > general level of interest.
- **For PL** there are different factors and the following assumptions were made: changes in consumption expenditure > changes in consumer confidence; use of alternative financing sources > impact of other sources of finance; changes in terms on housing loans > impact from loans of other banks.

CHART 5 | DEMAND OVERVIEW AND FACTORS

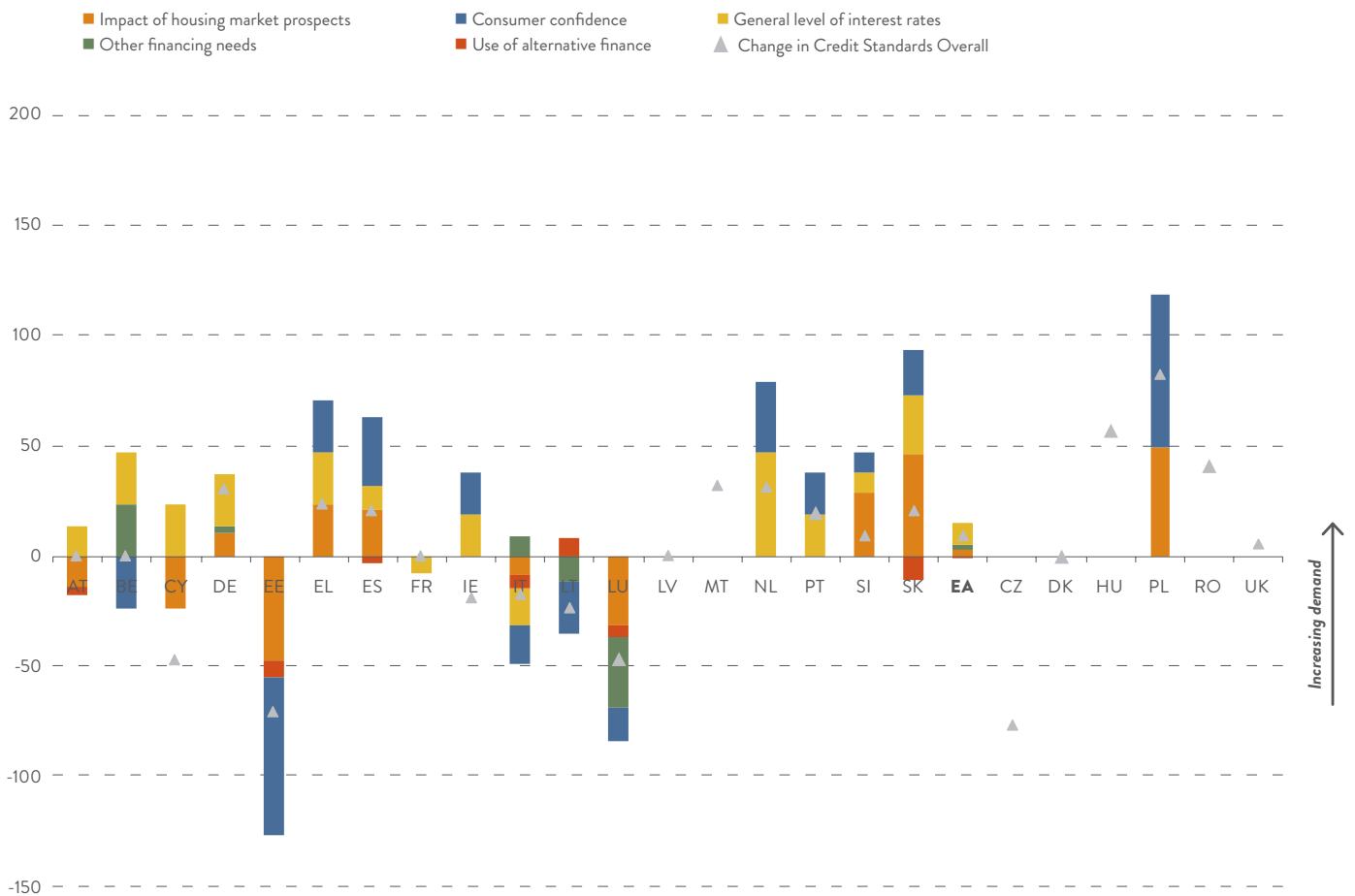
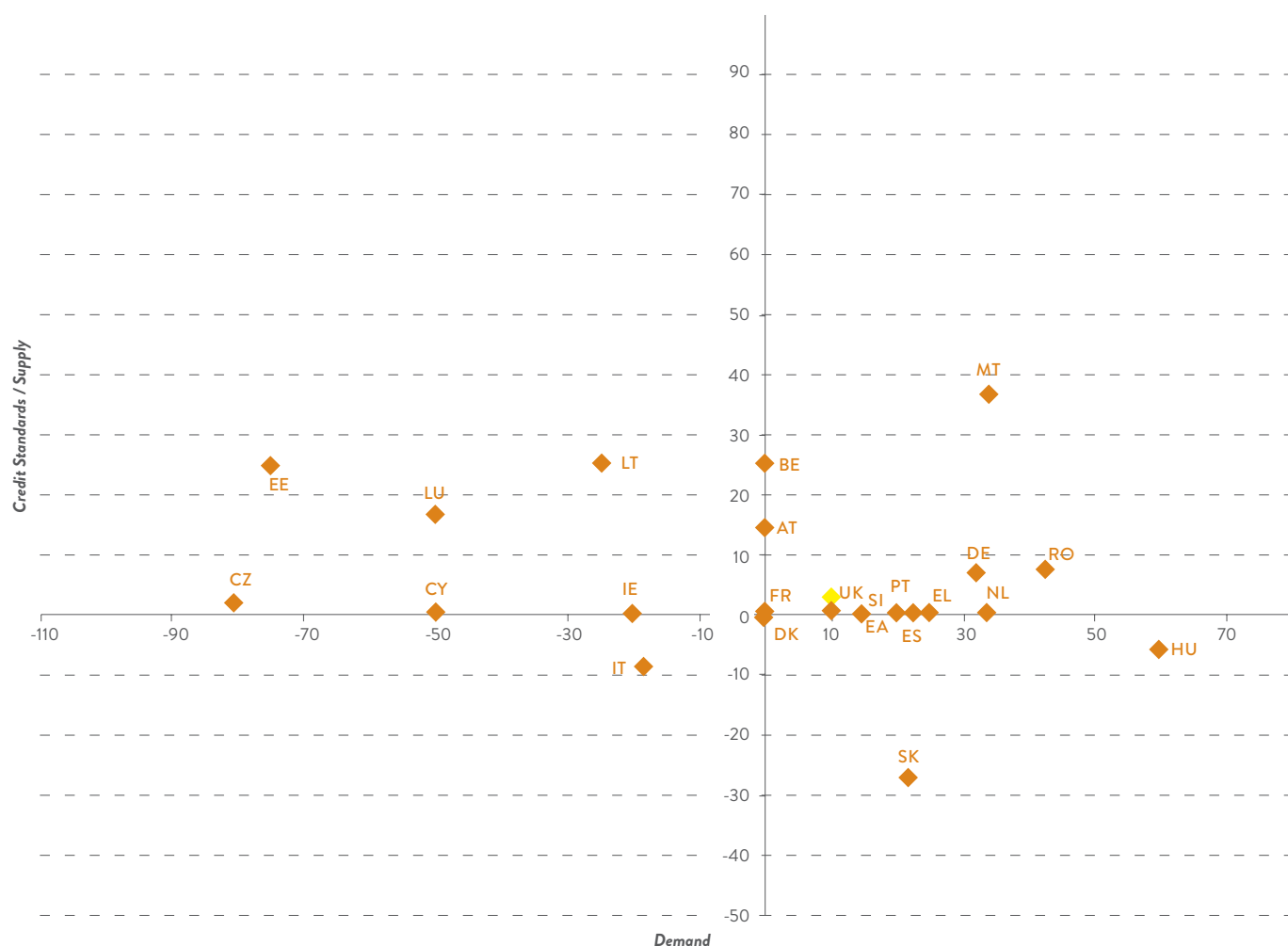


CHART 6 | DEMAND AND SUPPLY OVERVIEW



### SCATTER PLOT ANALYSIS

In terms of credit standards, a majority of jurisdictions (12 in total) report a tightening of credit standards, amid of widespread economic and geopolitical uncertainties, particularly the interest rate prospects and the ongoing conflict in Ukraine. Another 9 jurisdictions reported an “unchanged” (0%) credit standard situation in Q1 2022. This seems to build on the scenario depicted in Q4 2021, when credit standards began to tighten in several jurisdictions.

Concerning mortgage demand, data collected in Q1 2022 shows that a majority of jurisdiction (13) registered net increases, as in Q4 2021. It is worth noting,

however, that net demand for mortgages decrease in 8 jurisdictions, all of which report significant net percentage changes compared to Q4 2021.

As credit standards tighten in Europe, demand generally tended to expand during the quarter. Further data and analysis would be required to determine if recent changes to credit standards will have a near-term impact on residential credit demand.



Q1|2022

QUARTERLY REVIEW  
OF EUROPEAN  
MORTGAGE MARKETS



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