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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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GENERAL COMMENT

In the second quarter of 2022, residential mortgage market developments in the EMF country sample were mixed. The aggregated mortgage stock expanded once more on a yearly basis, reaching a new record-breaking value. Conversely, aggregated residential gross residential lending contracted for the first time in more than a year.

The former takes place in an uncertain and not less intricate macroeconomic scenario. In terms of overall economic activity, Europe saw additional gains in Q2 2022. According to Eurostat (September 2022 data) EU27 GDP levels increased by 4.2% compared to Q2 2021, down from a 5.5% yearly growth rate in Q1 2022. In the meantime, euro area GDP levels expanded by 4.1% in Q2 2022 against Q2 2021 (5.4% y-o-y in Q1 2022). Household consumption, as well as gross fixed capital formation, were once more the main drivers of economic growth in both zones. Inflation continued to increase. The latest Eurostat reading suggests that, by end September 2022, euro area annual inflation will be approximately 10%, up from 9.1% in August. Behind this latest round of consumer price increases, which first began in the latter stages of 2021, were primarily energy and food prices, with manufactured goods and services contributing to the inflationary cycle. Several factors can help explain the current European macroeconomic picture, yet two ongoing factors have held significant sway over recent developments: global supply-side shortages, which affect a diversity of sectors and industries

across the world, and the conflict in Ukraine, which has brought about additional strains on international energy supply while hindering consumer and business confidence in Europe and elsewhere.

As regards Europe's mortgage and housing industries and as this edition of the Quarterly Review shows, both continue to undergo noteworthy changes. As reported in Q1 2022, housing supply developments outline a heterogeneous scenario globally, with no clear predominant trend across jurisdictions. In terms of house prices, the latest unweighted average reading for the EMF sample suggests a further yearly increase, yet the pace of growth has slowed down. In the meantime, mortgage interest rates increased on average in Q2 2022, recording the highest quarterly hike in the EMF series. Finally, national policies and interventions are focusing on issues such as housing indebtedness or green renovations, and a number of governments and authorities have put forward specific measures to curtail the economic and social impact of the energy crisis on households.

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 sample¹ amounted to approximately EUR 8.19 tn at the of the second quarter of 2022. It marks another

¹ The sample for the Q2 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). In order to have a complete -albeit provisional- statistical table, the Secretariat used the latest available data of the remaining countries that make up the Quarterly Review sample.



record-setting quarter for the European mortgage industry, building on the upward trend that has characterised lending since the early stages of 2017. Nevertheless, it is worth pointing out that, as reported in previous editions of this Review, the pace of growth has decelerated gradually since Q3 2021 (which saw the EMF mortgage stock expand by a peak rate of 6.8%), albeit maintaining an upward trend.

In Q2 2022, the volume of outstanding residential mortgages increased by 4.2% compared to the same period of the previous year, down from a 5% yearly expansion in Q1 2022. In terms of gross residential lending, the latest available data suggest that the aggregated value has decreased by -1% on a yearly basis (compared to Q2 2021), ending a 5-quarter long run of consistent year-on-year growth. Overall gross lending amounted to approximately EUR 395 bn, the highest since Q2 2021.

From a country standpoint, most EMF jurisdictions recorded further increases in the volume of both outstanding residential mortgage lending and gross residential lending, yet there are particular national developments that are worth highlighting:

Residential mortgage lending in Northern Europe expanded once more in Q2 2022, yet there are specific jurisdictional trends worth noting. Furthermore, external shocks resulting from the conflict in Ukraine have eroded banks and consumer sentiment in the region. In **Sweden**, the volume of outstanding mortgages increased by further 7% against Q1 2021 data (considering values in SEK), in line with Q1 2022's growth rate. More in detail, mortgage lending secured on single-family homes increased by 6.8% on an annual basis (vs 6.9% growth in Q1). The increase in lending secured on tenant-owned apartments slowed down further to 7.2% (7.7% Q1). In the meantime, net mortgage lending to multi-family homes increased by 6.9% in Q2 compared to 6.1% on an annual basis in the first quarter. Moreover, the first half of 2022 was marked by extensive disruption of global value chains and the onset of the conflict in Ukraine, which contributed heavily to high inflation, dwindling asset prices and an increase in interest rates. In this context, Swedish households share an increasingly pessimistic outlook. Inflation and increasing mortgage interest rates in the first quarter of 2022 have furthermore led to a cool down of house prices, which, as it will be explained in the relevant section, have started to drop. Gross lending, meanwhile, increased by 4.7% year-on-year (in local currency). In **Finland**, household and investor demand for new mortgages was lower than a year prior. Outstanding mortgage volumes in the Finnish market increased by 2.8% y-o-y this quarter (3.5% yearly in Q1 2022). Gross residential lending, however, fell by almost -14%, a further contraction from Q1 2022's -6.2% drop. Household and investor demand for new mortgages was a lower than a year before. Amid the start of the conflict in Ukraine, in similar fashion to the situation in Sweden, general consumer confidence was low, yet it did not weaken further in August. The year-on-year change in consumer prices calculated by Statistics Finland was 7.6% in August. The state of the Finnish mortgage credit industry remained good, but the operating environment has become more uncertain. The conflict has increased the risk of cyber-attacks against financial sector entities and service providers. Lastly, as regards **Denmark**, the volume of outstanding residential loans decreased by -4% in the second quarter of 2022, compared to the previous quarter (Q1 2022). Compared to the same quarter of the previous year (Q1 2021), the volume of outstanding residential loans has decreased by -5.7%. Gross lending, in turn, saw a significant increase of 35% y-o-y.

In **Hungary**, the total outstanding residential loan portfolio grew by less than 1% in Q2 compared to the previous quarter and by 9% compared to Q2 2021 (in

HUF). In the meantime, the volume of newly issued mortgage loans (i.e., gross residential loans) increased by 17% in the second quarter of 2022 compared to the previous quarter and increased by about 11% compared to the same period of 2021 (in local currency as well). It is worth noting that Q2 2022's aggregated gross residential loan volumes registered a new record level, although toward the end of the quarter (June 2022), the industry started to see signs of a decline in mortgage lending activity. In this vein, the National Bank of Hungary's Bank Lending Survey indicates that more than 80% of credit institutions expect a fall in housing loan demand in the second half of the year. The mortgage credit stock in **Romania**, meanwhile, expanded by 11.7% on a yearly basis in Q2 2022, considering volumes in local currency. The NPL ratio for mortgage loans reached 1.35% in June 2022, decreasing by 0.04 pps q-o-q and by 0.26 pps y-o-y. In June 2022, gross new residential lending increased by 4.7% compared to the previous quarter. Domestic banks pointed to a strong tightening of credit standards, in line with the previous quarter's expectations. The forecast for Q3 2022 suggests that credit institutions will undergo further tightening of credit standards for loans granted to the real economy. Moving on to **Poland**, Q2 2022 saw the mortgage market react markedly to the increase in interest rates. In this context, the mortgage stock increased by 4.7% year-on-year in PLN (decelerating from 6.5% in Q1 2022). While the WIBOR 3M rate rose from 4.77% to 7.05% during the period, determining the rates on floating loans, banks tightened their lending policies as a result of the Financial Supervision Authority (FSA)'s recommendations concerning the higher interest rate risk buffer. The combination of these two factors resulted in a significant decline in the number of new mortgages issued (more than 43% y-o-y). Finally, in **Czechia**, total sales of mortgage loans decreased by 22% q-o-q (2022Q2 vs. 2022Q1) and by 52% y-o-y (2022Q2 vs. 2021Q2), as a result of a worsening macroeconomic environment and consumer confidence. Mortgage demand has furthermore decreased due to a change in consumer behaviour relative to recent mortgage interest rate increases, as well as inflation. In this scenario, the Czech mortgage stock increased by 9.2% y-o-y, while gross lending fell by more than 50% on the same basis (in local currency)

Starting off in **Belgium**, the first jurisdiction to consider in the Continental Europe subgroup, the mortgage stock increased by 6.3% on a yearly basis, while gross lending grew by a flat 0.3 compared to Q2 2021. In the **Netherlands**, the volume of outstanding residential mortgage loans increased by 4.9%. Gross lending expanded by a yearly rate of 21.6% compared to Q2 2021. In **France**, the residential home loans stock grew by 6.6% over one year. Its annual growth rate started to decelerate, after peaking in Q1 2022, but remained at a high level supported by an otherwise dynamic new residential loan activity. New lending for residential real estate (excluding renegotiated loans) amounted to EUR 62 bn in the second quarter of 2022, signalling the largest single-quarter gross lending value on record. The quarterly production was up by 1% compared to Q2 2021 and +11% compared to the previous quarter. The recent expansion of both the French residential mortgage stock and gross lending is linked to the rise of housing prices and of the borrowed envelopes, which offset the decrease in the number of loans (driven by a slight underlying decline in transactions). According to Banque de France-ACPR (French Prudential Supervision and Resolution Authority), this trend is also induced by a change in the type of borrowers. If first-time buyers represented nearly 50% of loans for the purchase of a main residence in Q2 2022 (above the average of recent years, which stood at 47%), the share first-time buyers with an annual income of less than or equal to EUR 30,000 fell to 21% in June 2022 (compared to 24% on average since January 2020). Moreover, the average annual income of borrowers has progressively increased since 2020 and was higher in Q1 2022 compared to the same period in 2020 and 2021.

In **Germany**, the overall outstanding value increased by 6.7% y-o-y, similar to Q1 2022's growth rate (a yearly rate of 6.9%). Gross lending, however, expanded by a more moderate 0.5%, similar to the Belgian case. Although the industry has remained resilient in the midst of the conflict in Ukraine, the underlying energy crisis and the recent inflationary trends, real estate financing momentum slowed significantly in Q2 2022. The consistent application of security-oriented lending standards by credit institutions also played a tightening role here, which leads to higher requirements being placed on the loan-to-value ratio and the disposable income of borrowers under the current framework conditions, as the Bundesbank's Bank Lending Survey suggests.

Most jurisdiction in Southern Europe reported a growth in mortgage lending-, but lending activity has been mixed across these countries. In **Portugal**, total outstanding residential loans increased by 4.7% y-o-y by the end of Q2 2022. New loan production, or gross lending, increased by 10.1% on the same basis. As regards **Spain**, the latest information indicates that mortgage activity remained otherwise strong in Q2 2022, as consumers anticipated further interest rate hikes and opted to purchase a new dwelling. In this scenario, the Spanish gross lending increased by 11.4% compared to Q2 2021. Q2 2022 also saw the highest single quarter financing volumes (EUR 18 bn worth of gross lending) since Q4 2010. In **Italy**, outstanding residential mortgages increased by 4.7% in Q2 2022 compared to Q2 2021. Gross lending fell by -15.2% on the same basis. Lastly, in **Greece**, the total stock of outstanding housing loans continued to decline (-3.1%) in July 2022, at a rate that remained almost unchanged since 2021. According to the latest available data of the Bank Lending Survey for Greece (Q2 2022), credit standards for housing loans to households remained stable. The demand for housing loans was seen to have decreased somewhat for the first time after Q2 2020. Regarding housing loans, though housing market prospects continued to exert a rather positive impact on demand, consumer sentiment and the general level of interest rates weighed negatively on it. Banks expect that the contraction in housing loan demand will also extend in the next quarter (i.e. Q3 2022). Finally, due to a steep rise of inflation (11.2%, y-o-y, in August 2022), an impending increase in borrowing costs is likely to have an impact on demand, although new mortgage lending in 2021 remained low both in absolute terms and compared to the pre-crisis levels, according to the recent release of Financial Stability Report (May 2022).

In **Ireland**, gross lending volumes expanded once more in Q2 2022 by more than 40% compared to the same period one year prior. Mortgage approval volumes rose by 9.6% year on year in Q2 2022 to more than 15,600. This was the highest Q2 volume since the data series began in 2011. The first-time buyer (FTB) segment accounted for less than half of all mortgage drawdowns for the first time since Q2 2020 as re-mortgage or switching activity more than doubled (up by 104.7%) year on year. The Q2 2022 switching level of 3,801 was the highest quarterly volume since the data series began in 2011.

In the **United Kingdom**, mortgage market activity remained robust in the second quarter of 2022. Gross lending totalled GBP 76 bn in the period, and whilst this is lower than in the same period last year, during the pandemic, it is up 19% compared to the same period in 2019, before the pandemic.

REGULATION & GOVERNMENT INTERVENTION

The policy landscape in Q2 2022 is particularly heterogeneous. Several national governments and/or authorities have implemented new measures to manage

issues related to creditworthiness, household indebtedness or access to housing finance for new buyers. Other jurisdictions, in turn, report further interventions aimed at supporting green renovations. However, the energy crisis and increasing consumer price levels have been predominantly at the core of the policy decisions taken during this quarter, as explained in this section.

SWEDEN

Due to rising energy costs, especially in the south of Sweden, during the year and the coming winter, several political initiatives have been proposed to cap energy prices for homeowners. This happened during an electoral campaign in Sweden in the summer. There was a change in government further to the 11 September election, but it is not yet clear what the energy compensation will look like.

FINLAND

The discussion as regards household indebtedness continued in Finland, as reported in the previous edition of the Quarterly Review. The Ministry of Finance tabled its legislative proposals on the matter in spring 2022. The latter body also decided that the maximum Debt-to-Income (DTI) will not be included in the proposal. Furthermore, it was decided that the maximum maturity for housing loans will be 30 years, with restrictions applying to housing company loans for new construction.

POLAND

In May 2022, the Law on Guaranteed Housing Credit came into force. The purpose of the law is to implement the "Housing without own contribution" programme, which is intended to enable people who are creditworthy but unable to raise adequate funds for an own contribution to purchase an apartment. The programme introduces a guarantee by the Bank Gospodarstwa Krajowego for an own contribution of 10% to 20% of the property being purchased (a maximum of PLN 100,000). One key condition that applies is that the price of a square meter of an apartment is within the established limits (which may vary between municipalities). The programme also provides for loan relief after the birth of a child. In the case of the birth of a second child in the family, one can count on the cancellation of PLN 20,000, and after the birth of the third and subsequent children – PLN 60,000.

As of September 2022, according to the latest information, the programme has not had the expected impact, as few apartments on offer from developers meet the established price conditions.

HUNGARY

A major contributor to the very strong lending registered during Q2 2022, as explained in the previous section, was caused by the demand brought forward due to current and expected interest rate hikes, as well as by the National Bank of Hungary's Funding for Growth Scheme (FGS) Green Home Programme (GHP). During the second quarter in 2022, this type of sustainable loan accounted for 33% of housing loan disbursements and 85% of new home loans. This programme was launched in October 2021 with the aim of promoting the creation of a green housing 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 homes (that is, with an energy-efficiency rating of at least BB and a maximum primary energy consumption of 90 kWh/m²/year. Later the maximum primary energy consumption was restricted to 80 kWh/m²).

Funds allocated for the FGS Green Home programme were fully used, with demand exceeding the available funds. Given these circumstances, banks had to stop accepting new applications as of Q2 2022.



ROMANIA

A new credit moratorium was introduced in June 2022 through the GEO 90/2022 concerning the granting of facilities for loans issued by banks and non-banking financial institutions for customers experiencing financial difficulties, directly or indirectly due to the serious situation generated by the energy crisis and the conflict in Ukraine. The suspension of payment obligations applies only once for each credit, for a period of between 1 and 9 months.

CZECHIA

The adjusted LTV ratio and the new regulation pertaining to key income ratio (Debt-to-Income (DTI) and Debt service-to-income ratio (DSTI)), first introduced by the central bank at the end 2021, came into force on 1 April 2022.

Under this new framework, the LTV tightened to 80% (from a previous rate of 90%), while the DTI cap stood at 8,5 (for loan applicants younger than 36 years, it was 9,5) and the DSTI was capped at 45% (50% for people 36 or younger). As access to finance was restricted, mortgage loan sales registered a drop.

BELGIUM

In the context of the ongoing energy crisis, the financial sector has taken the initiative to give capital payment deferrals of 12 months to those who request it and have at least applied for or obtained an instalment plan from their energy supplier. Some other conditions also apply, such as not having more than EUR 10,000 available in savings and investment accounts. In this case, lenders do not charge any fee or administration fees. The payment deferral only applies to loans related to the borrowers' principal residence. For those who do not meet the conditions, lenders will also analyse files on a case-by-case basis with a view to finding a solution.

FRANCE

The Law of 2022/08/16 concerning "Emergency Measures for the Protection of Purchasing Power" caps the rent review index (IRL) at +3.5% (maximum possible annual revaluation of a rent), from 2022/07/01 to 2023/06/30.

Concerning the application of the French "Climate & Resilience Law", since 24 October 2022 it is no longer possible for the landlord of housing with an EPC (Energy Performance Certificate) class of "F" and "G" to carry out a rent review or to increase the rent when renewing the lease or when starting a new lease.

With the new adjusted *Diagnostic de Performance Energétique* (DPE) calculation method, the Government estimated that, as of 1 January 2022, there were 5.2 mn main residences classed with an EPC score of "F" or "G", representing 17% of the French stock of main residences. Added to the upcoming ban on 1 January 2023 on renting very energy-intensive properties (the worst share of EPC "G" representing 1.7% of the main residence stock), and considering the following deadlines (2025 for all "G", 2028 for "F", ...), a number of landlords have put housing concerned by these up-coming restrictions up for sale because they did not see themselves undertaking the renovation work in an occupied property within the time allowed, in order to continue to rent legally.

SPAIN

In response to the conflict in Ukraine and the high inflation environment, the government approved a series of measures in March 2022 to lessen the economic consequences of the conflict. The plan includes aid mainly for the most vulnerable groups and the most affected productive sectors. It establishes aid for transport

and tax reductions on electricity bills. The plan also establishes a 2% cap on rent increases, which is applicable to both large and small investors, unless the latter agree otherwise with their tenants. In terms of the financial sector, the government approved a new facility underpinned by around EUR 10 bn in state-guaranteed loans for the affected institutions. In addition, the maturity as well as the grace period for the already approved state-guaranteed loans were both extended.

Furthermore, during the period covered in this report, the government announced its intention to implement a new windfall tax on banks as a result of the normalisation of ECB monetary policy in order to control inflation. This measure is intended to raise some EUR 3 bn euros over the next two years and will be aimed at covering part of the cost of the programme to counter inflation. The Spanish banking sector has stated that this tax will reduce lending capacity.

IRELAND

The Irish government announced a number of new initiatives in the first half of 2022, including changes to the mortgage to rent scheme aimed at borrowers at risk of losing their homes due to mortgage arrears, new provisions requiring landlords to register tenancies every year, amended affordable housing regulations for local authorities and an expanded local authority home loan scheme.

It also launched a new fund aimed at supporting the building of apartments for sale to owner-occupiers in Ireland's five cities (Dublin, Cork, Galway, Limerick and Waterford) that aims to bridge the gap between the cost of building and the market price, where the cost is greater.

UNITED KINGDOM

The government announced permanent changes to the Stamp Duty Land Tax, effective from 23 September 2022. The residential nil-rate threshold was increased from GBP 125,000 to GBP 250,000, and for first-time buyers it will rise from GBP 300,000 to GBP 425,000. Furthermore, the value of properties upon which a first-time buyer can claim relief has increased from GBP 500,000 to GBP 625,000. Whilst stamp duty costs are not a significant barrier to property purchase, this may help support demand to some extent.

HOUSING MARKETS

HOUSING SUPPLY

Developments in relation to housing supply were heterogeneous in Northern Europe, as the following information indicates. In **Sweden**, in 2022, construction started to slow down and, according to the forecast by the National Board of Housing, construction activity will give way to 58,000 new dwellings in 2022, signalling a decrease of around -14% compared to 2021. However, due to the strong increase in housing prices for single-family homes last year, housing starts for single-family homes are expected to increase by 8% in 2022. Accordingly, the share of single-family homes among total housing starts will increase from 20% in 2021 to 25% in 2022. In neighbouring **Finland**, new housing permits and the number of new starts is now decreasing, which might indicate that the market is slightly cooling down. In **Denmark**, lastly, the supply of both houses and apartments increased in the second quarter of 2022. A total of 25,537 and 6,617 houses and apartments, respectively, were on the market at the end of the period. Housing supply has risen by 15.7% compared to the previous quarter, while apartment supply rose by 27.8%.

In **Hungary**, the number of newly issued building permits in Q2 of 2022 was 9,714 for the whole country. This number represents a 17% increase compared to the

same period in the previous year. In Budapest particularly there was a significant increase in the number of planned dwellings. The increase in the number of newly issued building permits (3,030) was almost 50% higher compared to the same quarter in 2021. The number of housing completions for the whole country in Q2 was 4,605. This figure represents a 26% increase compared to Q2 in 2021. The number of housing completions in the capital city (1,181) has fallen both compared to the previous quarter (by more than 50%) and also compared to Q2 of 2021 (by 35%). The number of dwellings built by individuals has grown during the period, especially in smaller towns and villages, while housing construction by enterprises lagged behind the previous period, especially in Budapest. In neighbouring **Romania**, the number of new dwellings decreased by 2.3% in Q2 2022 compared to the same period of 2021, while the volume of construction works maintained its upward trend, but at a slower pace, increasing by about 4.1% on the same basis. Moreover, the number of building permits sharply decreased in 2022 Q2 (-18% y-o-y). It is worth mentioning that the average construction costs increased by over 22% in the first half of 2022, compared to the same period of 2021, which would be consistent with the inflationary and supply-side developments. Moving on to **Poland**, a recovery in the construction market was apparent in Q2, compared to a weaker performance in the previous quarter. The number of housing starts was 24.6% higher q-o-q, the number of building permits obtained increased by 10.7%, and the number of housing units completed fell by 0.2%. Unfortunately, on a year-on-year basis, a reduction in development activity can be seen - the number of apartments under construction fell by 17.9%, while the number of building permits fell by 17.2%. In view of already high real estate prices and more expensive construction costs, developers are holding back on further projects, waiting for further developments in the mortgage market.

In **France**, housing permit issuance remained very dynamic in Q2 2022, rising by 9% compared to Q1 2021. However, the 126,100 permits issued in the quarter (seasonally adjusted and working day adjusted) declined by 12% compared to the Q1 2022 (which constituted the highest quarterly volume since 2007). This trend is related to the entry into force of the Environmental Regulation "RE2020" (as of January 1st, 2022). However, it is worth pointing out that this effect is gradually fading. Compared to Q1 2022, the quarterly newly issued housing permits fell by 28% for single-family dwellings, but are still increasing for multi-family dwellings by 5.5%. Concerning housing starts, their quarterly volume amounted to 91,900 units, slightly below the 10 years-average (93,900 units). Moreover, it was 6% lower than volume of the previous quarter and 8% lower than in Q2 2021. The real estate development segment, in turn, has not returned to its pre-crisis levels. The quarterly number of new dwellings put up for sale amounted to 28,733 units in Q2 2022, down by 12% versus Q2 2021 and 17% below the Q2 2019. During the same period, 27,909 new dwellings were sold, decreasing by 13% versus the Q2 2021 and 20% below volumes of Q2 2019. The stock of homes for sale in Q2 2022 slightly rebounded at 94,547 units, after the lowest point since Q2 2012 reached in Q1 2022 at 90,880 units. In the **Netherlands**, while housing permit issuance has recovered from the Dutch nitrogen crisis, the 12-month average appears to have stalled at 2017-2018 levels. Moreover, the number of new completed houses (around 70,000 dwellings a year) has not shown any increase for several years now.

In **Spain**, the latest data from Q1 2022 showed a very dynamic picture in the real estate market. Residential transactions continued to grow in annual terms by 23%, although it is expected that housing dynamics will slow down in the coming months, considering the aggravated global market headwinds. In the meantime, in **Italy**, Q2 2022 transactions volumes amounted to approximately 219,000, with an increase of 8.6% on the same quarter of the last year. Lastly,

in **Greece**, in the first five months of 2022, construction activity in dwellings increased marginally for the entire country, both in terms of number and volume (in cubic meters) of new building permits (0.2% and 0.5%, y-o-y, respectively), while in the region of Athens, the corresponding increases were higher (12.9% and 6.6%, y-o-y, respectively). The increased investment interest from abroad, which fuelled the recovery of the high quality real estate market and income-related properties, especially during the 2018-2019 period, recovered in 2021 (34.4%) and continued its growth in H1 2022, recording a significant increase by 70.8%, y-o-y. More specifically, in H1 2022, net foreign direct investment in Greece for the real estate market purchasing amounted to EUR 788.4 mn compared to EUR 461.7 mn for H1 2021. In Q2 2022, residential investment (seasonally adjusted data at constant prices) increased by 16.0%, y-o-y, though still remains at a low level at 1.4% of GDP. Business expectations for housing construction, as reflected in the relevant indicator of IOBE survey, improved further in 2021 (54.4%) and continued to be positive in the eight-month period of 2022 (9.4%). However, the total cost of construction of new residential buildings increased in Q2 2022 by 8.9%, y-o-y, while for the whole of 2021, the average annual increase was 3.2%.

In **Ireland**, almost 7,200 housing units were started in Q2 2022, 44% fewer than in Q2 2021. On an annualised basis, some 29,300 units were started in the twelve months ending June 2022, the lowest annualised level since the twelve months ending July 2021. Comparing with pre-pandemic figures, housing starts in the first half of 2022 were 15.4% higher than in the same period of 2019 at 14,149. At a regional level, Dublin commencements were 30.8% higher at 5,005 in H1 2022. Dublin and Dublin Commuter (Louth, Meath, Kildare and Wicklow) accounted for 37.8% and 19.9%, respectively, of housing starts in Q2 2022. Almost 7,700 new dwellings were completed in Q2 2022, according to the Central Statistics Office (CSO), 53.4% more than in Q2 2021 and the highest quarterly volumes since the CSO started reporting quarterly completions in 2011. Dublin accounted for about 35.7% of completions in Q2 2022 and 76.3% of apartment completions. Munster and the Dublin Commuter region accounted for about 22% and 21.3% of completions, respectively. Household market purchases of residential property rose by 14.7% year on year to 11,263 in Q2 2022. On an annualised basis, there were 48,243 purchases in the twelve months ending June 2022. This was the highest level since the data series began in 2010. Dublin was the largest housing market in Q2 2022 with more than 3,300 household market purchases and a 29.4% share of the national market. Dublin accounted for more than half of the new and existing apartment markets. In terms of property type and dwelling status, apartments accounted for 15.5% of sales in Q2 2022, while new properties, mainly houses, accounted for 17.6% of sales.

In the **UK**, as regards homebuilding, in the second quarter of 2022 there were 55,000 house building starts and 46,000 completions. This is up 14% and 5% respectively on Q2 2021.

HOUSE PRICES

The average unweighted house price index for the EMF Quarterly Review country sample increased by 9.1% in the second quarter of 2022 compared to the same period one year prior. Although this continues an upwards trend that stands since Q2 2014, the annual pace of expansion has decelerated noticeably and suggests that average European HPI growth peaked in Q1 2022 (when it recorded a rate of 12%, the highest yearly rate in the series). As to house prices of the individual jurisdictions, the latest quarterly data suggests a widespread increase in their respective indexes. However, the pace of growth has varied across the sample, in light of the particular market conditions of each jurisdiction.



In **Sweden**, the first of the Northern European countries considered here, the price of single-family homes increased by 9.2% on a yearly basis Q2 2022 compared to 12.7% Q1 2021. The price of apartments increased by 3.3% Q2 2022 compared to an 8.4% growth rate in Q1 2022. However, house price growth showed signs of decelerating during the second quarter. Several negative events in 2022, such as the onset of the conflict in Ukraine, sharply increasing inflation and increasing mortgage interest rates, have created uncertainty in the housing market. House prices, which increased significantly during the pandemic, started moderate at a significant pace during the first half of 2022. During the second quarter of 2022, prices of tenant-owned apartments and single-family homes dropped by 6.4 and 5.5% respectively. The prices for single-family homes in the Stockholm area increased by 8.8% on a yearly basis in the second quarter 2022 (13.2% Q1 2022). In the Malmö-area the prices increased by 9.3% on an annual basis (12.3% Q1 2022) and in Gothenburg by 12.4% (12.1% Q1 2022). The prices for apartments in Stockholm increased by 3.8% in the second quarter 2022 (9.7% Q1 2022). The prices for apartments in Gothenburg increased by 0.9% (4.7% Q1 2022) and in Malmö by 3.6% (9.1% Q1 2022). Prices continued to slow down in July. The prices for single-family homes decreased by -2.4% in July on an annual basis and tenant-owned apartments by -2.9%. In **Denmark**, over the past year, house prices have increased by 3.7%. Meanwhile, prices for owner-occupied apartments have risen by 4.9%. Compared to the previous quarter, prices increased by 1.2% and 1.6% for houses and apartments, respectively. In **Finland**, average house prices increased by 1% against Q2 2021.

In **Hungary**, after the downturn linked to the pandemic, house prices grew significantly in 2021, a trend that continued in the first quarter of 2021 (the latest period for which there is data available). According to the Takarékszövetkezet House Price Index in Q1 2022 the overall national house price growth has been around 6% compared to the house prices in Q4 in 2021. Compared to the full year of 2021 the growth was around 16% for the whole country. The highest growth rate was observed in Q1 in the cities of Veszprém and in Pécs. The growth of the house prices in Q1 Budapest was around 9% compared to 2021. In **Poland**, an increase in the average transaction price per square meter of the usable floor area of the residential unit is still noticeable in the largest urban areas, however a slowdown is becoming more apparent. In the primary market, the biggest transactional price growth was observed in Poznań (+8.3% q/q), Kraków (+6.3%), and Gdynia (+5.8%). In the secondary market, the biggest transactional price changes were recorded in Zielona Góra (+9.1%), Białystok (+8.9% q/q), and Łódź (+7%). The transactional prices in the capital city of Warsaw grew by 0% and 3%, respectively. In **Romania**, residential property prices increased in the first quarter of 2022 (last reported period) by 6.4% in nominal terms, almost 5 pps higher compared to the same period of the preceding year, although this evolution is the lowest in the region. According to most credit institutions participating in NBR Bank lending survey (August 2022), the average house price per square meter remained relatively unchanged in Q2 2022, with only 18.2% reporting an increase. Looking forward to Q3 2022, 85% of banks anticipate residential property prices to stay flat, while 15% anticipate a decrease. In **Czechia**, the average national HPI increased by 23% y-o-y in Q2 2022. Prices have been negatively impacted by inflation and recent macroeconomic developments, particularly the uncertain economic outlook.

Regarding Western Europe, the following developments were reported. The average price of a house in **Belgium** decreased slightly to reach 314,666 EUR at the end of the second quarter of 2022, based on the latest notary barometer. However, this still indicates an increase of 6.3% compared to the average price at the end of the second quarter of 2021. Regional differences between Flanders,

Wallonia and Brussels can be pinpointed in the broader Belgian market. In the course of the second quarter of 2022, housing prices increased in two of the three regions compared to 2021. In Wallonia, the average housing price (EUR 228,383) increased by 2.5% compared to the second quarter of 2021. In the Brussels region, the average housing price (EUR 565,866) also increased, by 4.9% compared to the average price in the second quarter of 2021. However, in Flanders the average house price in the second quarter of 2022 (EUR 341,635) decreased slightly, but still shows an increase by 6.1% compared to the average price in the second quarter of 2021. In terms of apartments, average prices in Belgium went up by 2.4% compared to the second quarter of 2021. However, here too regional differences in terms of price evolution of apartments can be seen. In the second quarter of 2022, apartment prices increased in the three regions compared to the second quarter of 2021. In Flanders, the average price of an apartment (EUR 264,937) increased by 2.4% compared to the second quarter of 2021. In the Brussels Region, the average price of an apartment (EUR 275,321) increased by 1.5% compared to the second quarter of 2021. In Wallonia the average price of an apartment (EUR 197,342) increased by 4.8% compared to the second quarter of 2021. In the **Netherlands**, the neighbouring jurisdiction, prices of existing owner-occupied houses rose by 18.4% in Q2 2022 compared to Q2 2021. This is slower than in Q1 2022, when the increase was 20.3%. Of all second quarters since 2015, this was the second quarter with the fewest transactions, but with slightly more transactions than in the 1st quarter of 2022. Recent reports suggest that the increase in mortgage interest rates will not reflect in house prices and the number of transactions until next quarter. Moving forward, fewer transactions are expected to take place, while the HPI rate of growth is expected to slow down. In **Germany**, prices for owner occupied housing grew by 11.6% year on year in the second quarter of 2022. Demand continues to surpass supply in this market segment. Prices for single and two-family houses increased by 12.1%, while those for apartments went up 9.8%. General conditions have changed in recent months, with sharply rising lending rates and construction costs curbing demand. However, this will not become apparent until prices flatten out in the next few quarters. Concerning **France**, the average house prices for second-hand dwellings kept increasing in Q2 2022 although at a slower pace, rising by 1.5% compared to the previous quarter and 6.8% on an annual basis. The gap between house prices and apartment prices was still significant, with an annual increase of 8.5% for houses and 4.5% for apartments in Q2 2022. More in detail, in the region of Paris (Ile-de-France), prices expanded at a slower pace than the national average, with 0.7% compared to Q1 2022 and 2.2% compared to Q2 2021. This annual evolution was mostly linked in Q2 2022 to the annual growth of apartment prices of 0.7%, largely impacted by the weight of Paris in the price index. Specifically in Paris, the prices for apartments were still down slightly over one year with -0.8% (after -1.2% y-o-y in Q1 2022). Furthermore, house prices in Ile-de-France increased by 5.4% on a yearly basis, illustrating the significant demand for houses, both for the immediate suburbs (4.5%) and for the outer suburbs (5.8%) of Paris. In the rest of the country, the dynamic of house prices for second-hand dwellings decelerated, with a yearly 9.0% increase in Q2 2022, with a 9.0% increase as regards houses and 7.6% for apartments. These rates were well above their annual average for the last fifteen years. In Q2 2022, the annual growth rate of new dwellings prices was more moderate in France than for second-hand dwelling, increasing y-o-y by 5.2 for houses and by 4.9% for flats. The rise in new-build house prices should continue, affected specifically by the shortage of materials, the rise in the price of raw materials/energy and by the implementation of the aforementioned "RE2020".

In Southern Europe, average house prices increased as well in Q2 2022, albeit at different rates. In **Spain**, house prices continued to show an upward trend along

with construction costs which have increased near to 20% in the last year. House prices rose by 5.5% y-o-y and by a more subdued rate of 0.4% q-o-q. In terms of new housing, the unit price was EUR 2,031 in Q2 2022, about EUR 300 more than for existing housing. In both segments, prices have risen by more than 5% on a yearly basis. In **Italy**, the most recent preliminary estimates that concern the Housing Price Index (HPI) show an increase of 2.3% in Q2 2022 with respect to the previous quarter and by 5.2% compared with the same quarter of the previous year (it was 4.5% in the first quarter of 2022). More in detail, the HPI increase on an annual basis was due both to the prices for new dwellings that recorded a growth equal to 12.1% (a speed-up compared to 5.0% registered in the previous quarter and the prices of the existing dwellings which rose by 3.8%, slightly slowing down compared to 4.4% registered in the first quarter of 2022. Lastly, in **Greece**, according to Bank of Greece indices of residential property prices, in Q2 2022, nominal apartment prices increased, on average, by 9.4%, y-o-y, for the entire country (10.9%, y-o-y, in Athens, 10.4% in Thessaloniki, 8.9% in other cities and 6.3% in other areas of Greece). According to revised data, the respective increase in Q1 2022 was 9.3%, while in 2021 apartment prices increased by an average annual rate of 7.5%, compared with an average increase of 4.5% in 2020. Broken down by age of property, in Q2 2022 the rate of increase in prices was 10.5%, y-o-y, for new apartments (up to 5 years old) and 8.7%, y-o-y, for old apartments (over 5 years old). According to revised data, in Q1 2022 an increase of 10.4%, y-o-y, was recorded in prices for new apartments, whereas for old apartments the prices increased by 8.5%, y-o-y. In 2021, the average annual rates of increase were 8.0% and 7.1% for new and old apartments, respectively.

Regarding **Ireland**, residential property price inflation decelerated in Q2 2022, with prices up by 14.1% in the twelve months to June 2022, compared with an increase of 15.1% in the year to March 2022. The CSO's national index rose to 163.6, which equalled its highest level in April 2007. Prices in Dublin rose by 11.8% in the year to June 2022, with house prices in Dublin increasing by 11.9% year on year and apartment prices in the county by 11.2%. Residential property price inflation outside Dublin rose by 16% year on year.

Lastly, in the **United Kingdom**, House prices continued to grow in the second quarter of the year and were up 8% compared to the same quarter in 2021. This was driven by relatively low levels of housing stock for sale compared to higher levels of demand. It is unclear how house prices will evolve over the remainder of the year. Higher mortgage interest rates and pressure on household finances should see demand fall, but this may be offset somewhat by the new policy measures announced by the government that support demand.

MORTGAGES INTEREST RATES

The average unweighted EMF mortgage interest rate increased by 60 bps to 2.75% (2.15% in Q1 2022), marking the largest single-quarter interest rate increase in the EMF series. This latest reading also signals the third consecutive quarter with increasing mortgage interest rates, in light of the recent inflationary scenario. A majority of jurisdictions report a similar upward movement in their average mortgage interest of reference, although there are particular aspects to consider in each case, as will be shown here.

In **Sweden**, variable interest rates increased sharply during the first quarter 2022 to 2.4% from 1.3% last quarter. Longer interest rates also increased in the second quarter: 1-5 years increased to 3.3% (1.8 in Q1 2022) and interest rates over 5 years increased to 3.5% (2.3 in Q1 2022). 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 increased by 28 bps in the second quarter of 2022. For loans with between one to five years of interest rate fixation and loans with between five and ten years of interest rate fixation, the average interest rate rose by 108 and 91 bps, respectively. The average interest rate on loans with more than ten years of fixation increased by 106 bps in the second quarter of 2022. The increased interest rate on fixed-rate mortgage loans during 2021 and the first half of 2022 provided owners of these types of loans with the opportunity to convert their fixed rate loan with a low interest rate to a fixed rate loan with a higher interest rate. In **Finland**, the rate on new housing loans was above 1.6%. Many customers have an interest rate cap, which helps predict loan service costs, even if interest rates change.

In **Belgium**, as in previous quarters, interest rates remained at a low level, although they started to increase. As of Q2 2022, the average representative mortgage interest rate is 1.86%, 0.39 bps higher than the previous quarter. For further reference, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years remained at about 92% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to 1.9% 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. Interest rates on new mortgages in the Netherlands rose from 1.65% in Q1 2022 to 2% in Q2 2022. The average mortgage interest rate in the stock fell from 2.3% to 2.25%. The overall average rate in the Netherlands rose by 38 bps, from 1.59% to 1.97%. 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 demand for purchase properties. Regarding **France**, the average interest rate (without loan insurance and administrative costs) stood at 1.27% by end Q2 2022, after a 1.13% rate reported by the Banque de France in Q1 2022 (an increase of 14 bps). The potential fast rise in interest rates over the next few quarters is limited by the quarterly usury rate (corresponding to the average level of the previous quarter plus 33%), varying according to the duration of the home loan. It is worth noting, however, that if mortgage interest rates increase over the coming periods, the usury rate will adjust upwards. The current trend in rising mortgage interest rates has had a crowding-out effect in the market, especially for elderly people (due to a higher cost of borrower insurance) and for lower-income households (due to a higher nominal loan rate).

Central and Eastern European jurisdictions have all seen significant changes in their mortgage interest rate environments, particularly driven by consumer prices. As inflation levels increase in **Hungary**, the Central Bank started to increase its base rate in June 2021. The rate stood at 0.9% in June 2021 and was increased to 2.4% in December 2021. There were monthly increases between 0.5% to 1% in 2022. As a result of the accelerated base rate increase at the end of June 2022, the new base rate stood already at 7.75%. Mortgage rates continued their growth in Q2 in 2021. In Q1 and Q2 of 2022 the most popular mortgage interest type was long term fixed mortgages (initial interest rate fixed over 10 years) respectively with 43.5% and 51.65% share of the newly issued mortgages. The high proportion of long-term fixed mortgages is mostly attributed to the Green Home Programme (GHP), whose loans have a fixed interest for their total lifetime. From the newly issued mortgage loans with a variable rate (up to 1-year initial rate fixation) loans represented less than 1%. In **Poland**, as in other EMF jurisdictions, fast growing inflation remains



a problem. At the end of second quarter of 2022, the consumer price index (CPI) amounted to 15.5% (y/y) compared to 11% in March 2022. Of particular concern is the increase in core inflation, which rose from 6.9% to 9.1% during the period under review. As a result, the NBP interest rates were raised three times, from 3.50% in March 2022 to 4.50%, 5.25%, and ultimately 6% by end June 2022. As a result, the WIBOR 3M also increased, as mentioned above. Consequently, the interest rates on new mortgages started to exceed 8% (both fixed and floating rates). Lastly, in **Romania**, the representative interest rate in Q2 2022 was 4.6%, 0.73 bps higher than the preceding quarter and 0.41 bps higher compared to the recorded rate of Q2 2021. In the context of high inflation and monetary policy tightening, the share of new loans granted with a variable interest rate compared to total mortgage loans continued to decline, coming down to 55.7%, a decline of 19 pps against the previous year's second quarter. The preference for loans granted with fixed interest rate decreased by 3 pps for short-term new loans (q-o-q), whereas for medium and long-term rates it went up by 0.04 and 6.43 pps. In **Czechia**, the average mortgage interest rate rose to 4.06% in Q2 2022, from 3.45% in the previous quarter (a 61 bps increase over one quarter). It is the first time in 10 years that mortgage interest rates exceed the 4% mark. The Czech central bank, in light of the significant increases of consumer prices, decided to increase the basic rate as of April 2022, reaching the 7% threshold by the end of Q2 2022. The latest indications as to new loan applications suggest that the offered interest rates stand at 6%.

After several years in a downward trend, the weighted average interest rate in **Spain** experienced an increase of 13 bps to 1.63% in Q2 2022. The floating rate reached a value of 1.45%, 10 bps higher than in Q1 2022; while the long-term fixed rate, which continued to gain momentum with a share of 65% of new loans, increased by 16 bps to 1.42%. Further interest rate increases are expected in the coming months following the latest ECB decisions. In **Italy** mortgage interest rates on new business -both the interest rate on short term loans, with maturity <1 year, and those with maturity over 1 year- continued to increase in Q2 2022,

respectively to 1.39% (1.33% in Q1 2022) and to 2.34% (1.72% in Q1 2022). The average rate on new business for house purchase increased to 2.64% (1.66% in Q1 2022). Finally, in **Greece**, bank interest rates on new and outstanding housing loans increased slightly up to July 2022 compared with the average rate for 2021. In particular, interest rates on new housing loans (including charges, such as processing fees, mortgage registration fees, etc.) stood at 3.4% in July 2022, against the average rate (3.1%) in 2021, whereas the corresponding rate on outstanding housing loans with an initial maturity of over 5 years stood at 2.2% (2.0% in 2021). According to the bank interest rate of euro-denominated new loans vis-à-vis euro area residents from domestic credit institutions, the amount of new housing loan agreements increased in 2021, on average, by 46.2% and continued an upward trend during the period January-July of 2022. More specifically, in the first 7-month period of 2022, new housing loans amounted to EUR 670 mn compared to EUR 477 mn in the corresponding period of 2021, posting an increase of 40.4%, y-o-y.

In Q2 2022, fixed-rate (loans fixed for over one year) mortgages accounted for 85.6% of new mortgages issued in **Ireland**, the highest ratio since the data series began in 2003. Some 30.4% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q1 2022, down from 38.1% two years earlier. The share of mortgages outstanding which had interest rates fixed for over one year jumped from 32.5% to 47.2% over the same period.

In the **UK**, average mortgage interest rates increased across all product types – both fixed and variable, and across all fixed term maturities in the second quarter of the year. This reflected the increase in the Bank Base Rate which was 1.25% by the end of June, up from 0.75% at the end of March. The average mortgage rate for new products was 1.98% in Q2 2022, up from 1.64% in Q1. The Bank Rate was recently increased to 2.25% in September 2022 (50 bps), and so mortgage interest rates are likely to increase further in coming months.

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

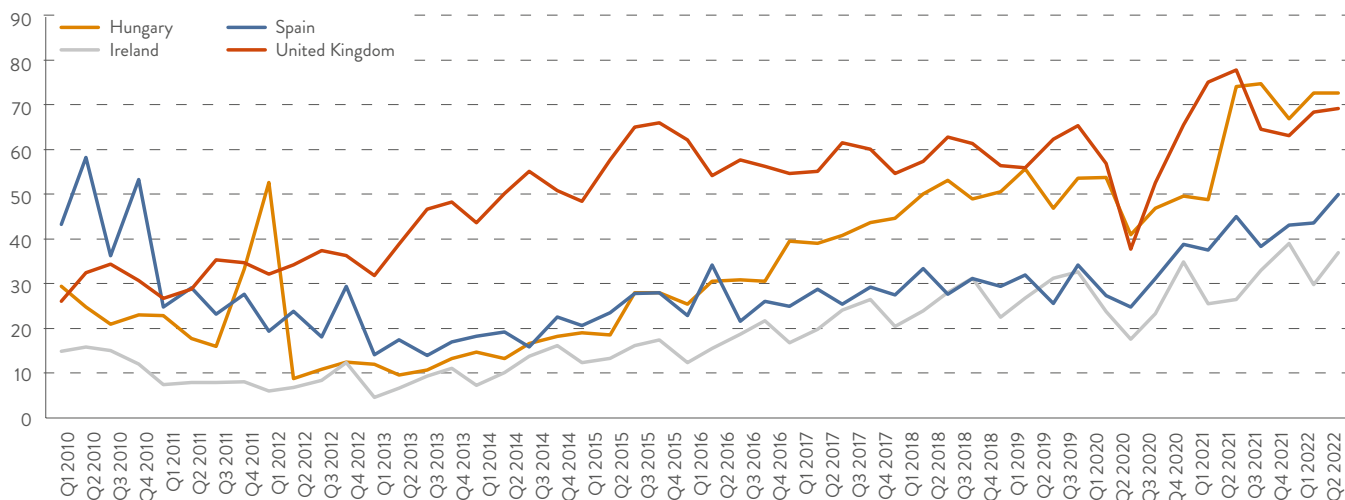


CHART IB | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

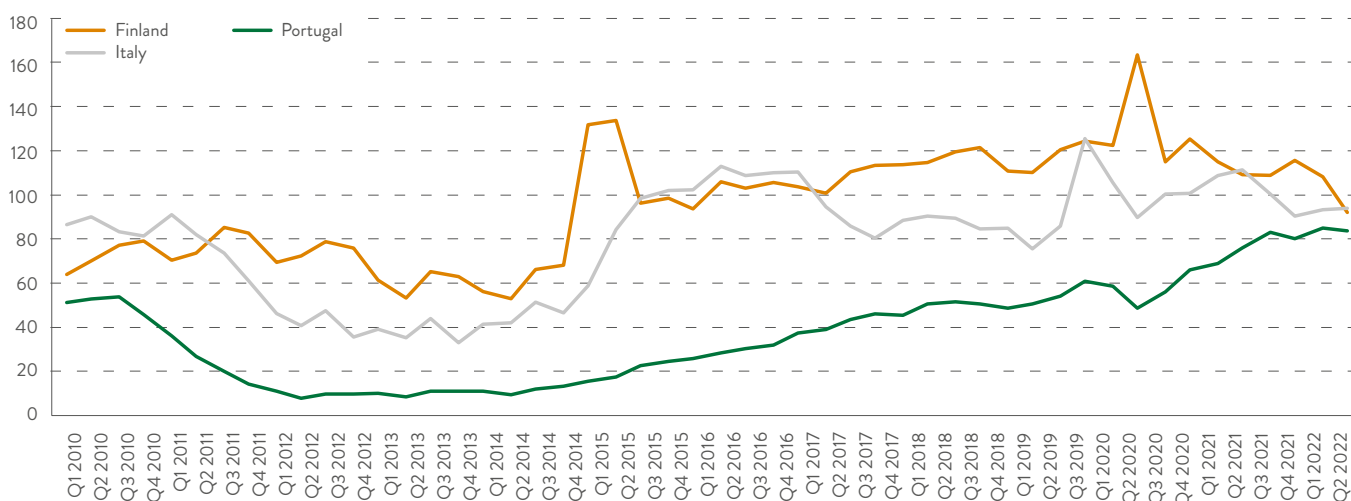


CHART IC | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

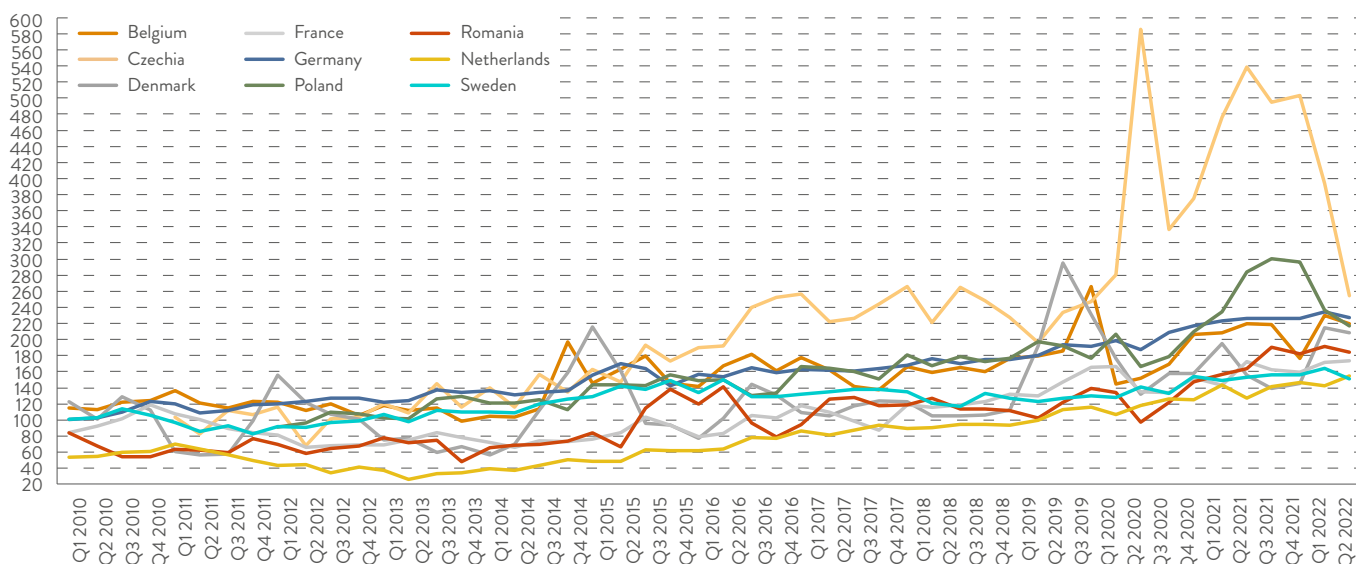


CHART 2A | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED AT MOST 5% Y-O-Y

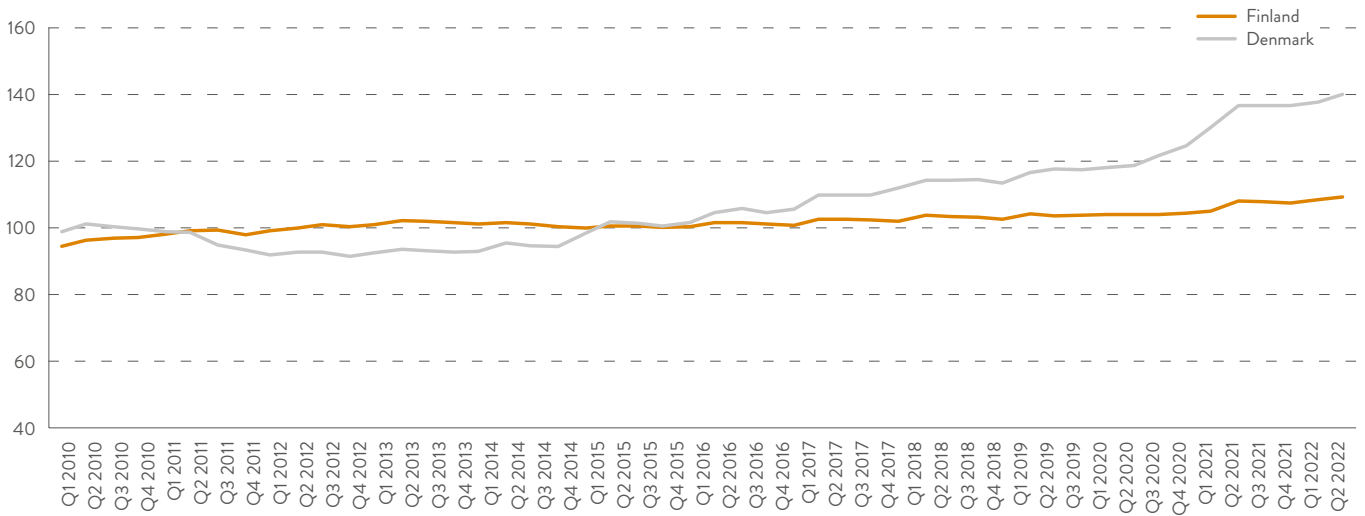


CHART 2B | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BETWEEN 5% AND 10% Y-O-Y

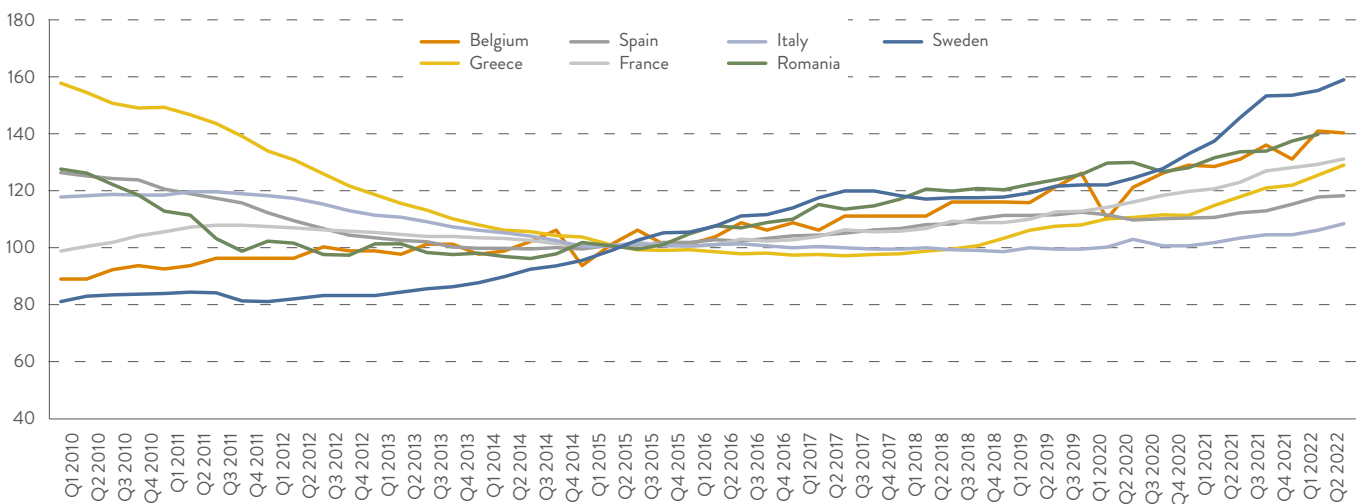


CHART 2C | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BY AT LEAST 10% Y-O-Y

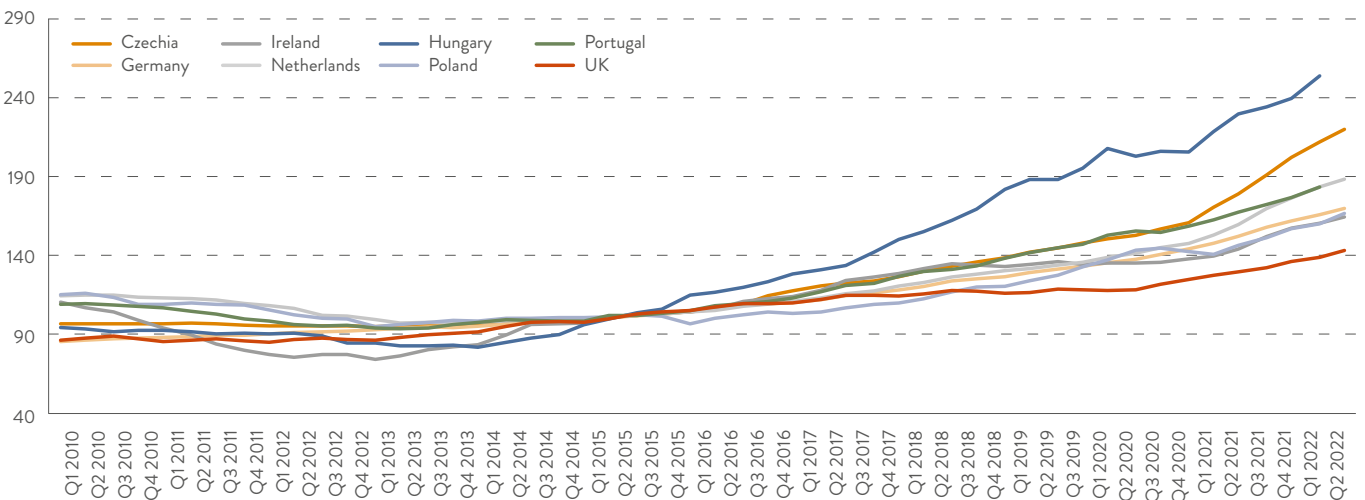
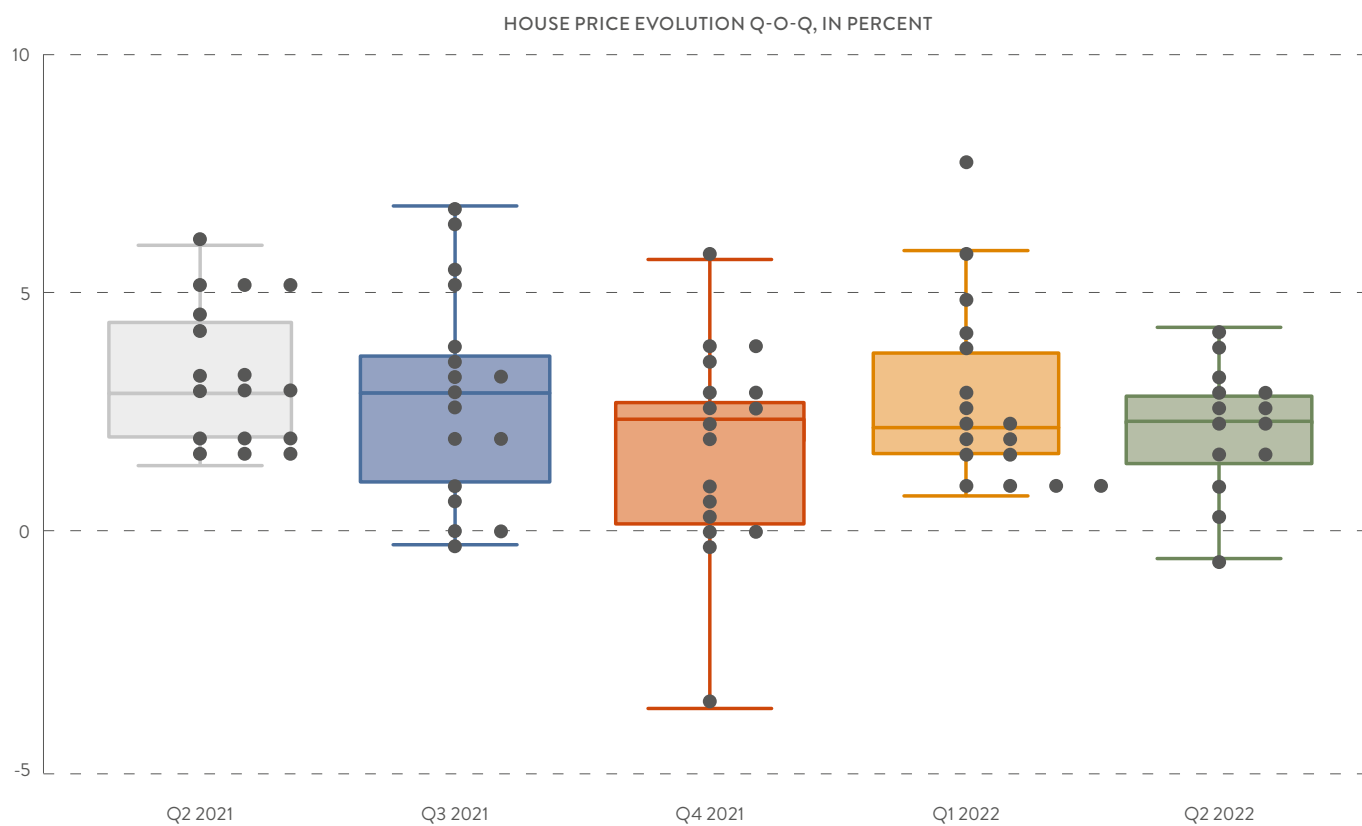


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER



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 2022.



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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	LATEST Y-O-Y CHANGE (%), Q2 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2022, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q1 2022, LOCAL CURRENCY
BE	275,378	278,759	283,106	287,653	291,948	296,028	300,929	6.3	6.2	6.3	6.2
CZ	51,174	52,591	55,587	57,377	60,632	63,121	62,566	12.6	20.0	9.2	11.9
DE	1,629,423	1,651,496	1,683,634	1,713,273	1,744,433	1,765,863	1,796,920	6.7	6.9	6.7	6.9
DK	267,416	266,873	267,713	267,732	271,527	262,941	252,452	-5.7	-1.5	-5.7	-1.5
EL	46,133	45,532	41,399	37,148	30,891	30,516	30,314	-26.8	-33.0	-26.8	-33.0
ES	481,913	482,528	485,339	485,593	487,146	488,767	n/a	n/a	1.3	n/a	1.3
FI	103,614	104,414	105,711	106,735	107,759	108,052	108,703	2.8	3.5	2.8	3.5
FR	1,136,990	1,150,081	1,171,959	1,194,662	1,214,582	1,228,009	1,249,231	6.6	6.8	6.6	6.8
HU	13,360	13,516	14,477	14,672	14,660	14,996	14,022	-3.1	11.0	9.4	12.9
IE	90,319	87,954	87,404	87,239	86,923	84,218	n/a	n/a	-4.2	n/a	-4.2
IT	391,515	395,461	401,152	405,305	409,868	414,455	419,845	4.7	4.8	4.7	4.8
NL	751,949	758,338	767,024	777,664	785,288	793,781	804,334	4.9	4.7	4.9	4.7
PL	104,607	103,442	107,798	108,517	111,346	110,137	108,749	0.9	6.5	4.7	6.5
PT	96,176	97,115	95,946	97,186	98,149	99,235	100,481	4.7	2.2	4.7	2.2
RO	18,354	18,563	19,103	19,751	20,347	20,824	21,259	11.3	12.2	11.7	12.7
SE	468,966	465,831	480,205	485,044	490,376	493,499	483,960	0.8	5.9	7.0	7.0
UK	1,669,740	1,783,210	1,799,941	1,806,351	1,862,221	1,868,766	n/a	n/a	4.8	n/a	4.0

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:

- Denmark
- Finland
- Hungary
- Ireland
- Netherlands
- Poland
- Romania
- Sweden
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	LATEST Y-O-Y CHANGE (%), Q2 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2022, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2022, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q1 2022, LOCAL CURRENCY
BE	8,726	9,547	12,775	10,972	12,664	12,369	11,054	12,236	12,697	0.3	11.5	0.3	11.5
CZ	7,368	3,825	4,550	5,381	6,812	5,714	6,084	4,400	3,408	-50.0	-18.2	-51.4	-23.8
DE	62,300	70,800	73,700	70,900	75,200	76,600	76,900	74,900	75,700	0.7	5.6	0.7	5.6
DK	11,164	14,410	14,891	17,116	13,340	12,722	13,757	18,903	18,040	35.2	10.4	35.3	10.4
ES	8,865	11,234	14,042	13,565	16,351	13,883	15,626	15,811	18,209	11.4	16.6	11.4	16.6
FI	12,859	8,003	8,559	8,135	8,929	7,561	7,836	7,634	7,689	-13.9	-6.2	-13.9	-6.2
FR	58,000	59,000	66,200	58,700	74,600	71,400	69,300	71,300	75,100	0.7	21.5	0.7	21.5
HU	626	714	703	648	1,112	1,123	957	998	1,091	-1.9	54.0	10.8	56.8
IE	1,462	1,957	2,950	2,142	2,230	2,784	3,312	2,513	3,134	40.5	17.3	40.5	17.3
IT	18,024	17,599	20,988	20,313	22,161	17,588	18,986	17,385	18,800	-15.2	-14.4	-15.2	-14.4
NL	34,620	36,770	38,353	39,791	37,491	41,254	44,646	39,660	45,596	21.6	-0.3	21.6	-0.3
PL	2,919	3,048	3,550	3,740	4,921	5,110	5,019	3,780	n/a	n/a	1.1	n/a	1.1
PT	2,494	2,755	3,292	3,349	3,831	4,089	4,001	4,155	4,218	10.1	24.1	10.1	24.1
RO	549	725	883	801	934	1,122	1,083	1,002	1,049	12.4	25.1	12.8	25.8
SE	16,615	13,466	18,155	15,307	18,005	16,082	18,367	16,985	17,756	-1.4	11.0	4.7	12.0
UK	47,976	67,403	84,241	96,760	100,260	83,067	81,177	88,594	89,048	-11.2	-8.4	-11.2	-9.1

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:

- Denmark
- France
- Hungary
- Romania
- Sweden
- United Kingdom



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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
BE	3,715	6,986	1,197	2,221	3,191	5,349	3,381	4,348	4,547	4,295	4,080	4,901
CZ	257	1,705	-2,660	1,933	192	3,050	1,417	2,996	1,790	3,255	2,489	-555
DE	23,937	21,295	19,258	22,183	27,768	29,779	22,073	32,138	29,639	31,160	21,430	31,057
DK*	1,956	100	-608	4,318	3,494	3,211	-543	840	19	3,795	-8,586	-10,489
EL	-1,840	-798	-2,205	-437	-642	-3,289	-601	-4,133	-4,251	-6,257	-376	-201
ES	-3,464	-2,038	-2,644	-2,213	-952	162	614	2,811	254	1,553	1,621	n/a
FI	710	722	340	794	974	1,152	800	1,297	1,024	1,024	293	651
FR	20,549	18,767	10,940	11,199	15,802	20,404	13,091	21,878	22,703	19,920	13,427	21,222
HU	-371	328	-935	335	-18	262	156	962	195	-13	336	-974
IE	-162	-331	-1,179	-517	-491	-97	-2,365	-550	-165	-316	-2,705	n/a
IT	1,507	-396	895	1,721	2,030	3,354	3,946	5,691	4,153	4,563	4,586	5,390
NL	2,546	1,649	2,933	4,331	4,455	3,951	6,389	8,686	10,640	7,624	8,493	10,553
PL	84	3,592	-3,004	2,762	-868	1,521	-1,164	4,356	719	2,829	-1,210	-1,388
PT	28	-60	241	435	586	1,068	939	-1,169	1,240	963	1,086	1,246
RO	384	431	215	294	296	550	209	540	648	596	477	435
SE	-670	15,384	-18,001	30,608	2,480	31,137	-3,135	14,374	4,839	5,332	3,122	-9,539
UK	34,384	85,315	-55,814	-44,350	14,260	46,620	113,470	16,731	6,410	55,870	6,546	n/a

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

Source: European Mortgage Federation

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

Refer to Table 1 for eventual revisions.

TABLE 4 | HOUSE PRICE INDICES, 2015 = 100

	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	II 2022
BE	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	140.3
CZ	137.2	140.5	143.3	146.3	149.0	151.4	155.4	159.4	168.9	177.5	189.7	200.6	210.3	218.6
DE	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	169.2
DK	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	140.3
EL	102.5	105.4	106.8	107.3	109.4	109.9	110.9	110.7	114.3	117.5	120.5	121.5	124.9	128.5
ES	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	118.0
FI	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	109.4
FR	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	131.2
HU	180.0	186.3	186.3	193.7	205.8	201.0	204.4	203.9	216.7	227.7	232.2	237.8	251.9	n/a
IE	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	163.6
IT	97.7	99.1	98.8	98.6	99.5	102.4	99.8	100.0	101.1	102.8	103.9	104.0	105.7	108.1
NL	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	187.5
PL	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	166.1
PT	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	188.3
RO	119.9	121.8	123.6	125.5	129.6	129.8	126.4	128.0	131.5	133.6	133.8	137.5	139.8	n/a
SE	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	158.9
UK	115.1	115.9	117.8	117.4	117.1	117.3	120.8	124.2	126.8	129.2	131.9	135.5	138.6	142.9

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

Source: European Mortgage Federation

Further information below:

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

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

- Czechia
- Greece
- Hungary
- United Kingdom



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

	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	II 2022
BE	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	1.86
CZ*	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	4.06
DE	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	2.24
DK**	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	0.90
EL	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	2.95
ES	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	1.63
FI	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	1.60
FR***	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	1.27
HU	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	5.48
IE	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	2.75
IT	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	2.04
NL**	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	1.97
PL	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	8.20
PT	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	1.20
RO****	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	4.62
SE	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	2.05
UK	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	1.98

* 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 (%)

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
BE	1.84	1.94	1.87	1.79	1.92	2.03	1.84	1.89	1.85	1.92	1.97	1.90
CZ	3.00	3	2.75	2.54	2.21	2.1	2.17	2.31	2.44	3.18	4.12	5.09
DE	1.91	1.85	1.83	1.88	1.79	1.74	1.76	1.78	1.78	1.81	1.88	2.10
DK*	0.56	0.56	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67	0.62	0.90
EL	3.14	2.84	2.72	2.52	2.48	2.42	2.31	2.44	2.37	2.30	2.39	2.66
ES	1.60	1.56	1.60	1.64	1.62	1.50	1.40	1.43	1.42	1.35	1.35	1.45
FI	0.73	0.76	0.79	0.77	0.73	0.72	0.72	0.70	0.72	0.77	0.88	1.56
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	3.62	3.03	3.01	3.26	3.07	3.41	2.98	2.97	3.87	4.53	5.59	6.49
IE	3.14	3.03	2.88	2.96	3.19	3.11	3.23	3.19	3.11	3.06	3.34	3.47
IT	1.37	1.37	1.35	1.37	1.34	1.29	1.36	1.39	1.36	1.32	1.33	1.39
NL	1.85	1.74	1.7	1.69	1.71	1.70	1.62	1.62	1.62	1.60	1.64	1.94
PL			4.3	3.3	3	2.90	2.90	2.90	2.90	4.50	6.20	8.10
PT	1.02	1.10	1.02	1.16	0.92	0.80	0.84	0.83	0.80	0.83	1.03	1.47
RO**	5.27	5.28	5.15	5.11	5.15	4.71	4.60	4.17	3.70	3.55	3.70	4.36
SE	1.41	1.39	1.39	1.42	1.36	1.29	1.24	1.25	1.23	1.22	1.29	2.45
UK***	2.08	1.94	1.93	1.50	1.58	1.77	1.88	1.91	1.90	1.64	1.64	2.14

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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
BE	1.95	2.17	2.09	2.03	1.91	2.00	2.04	2.11	2.13	2.12	2.21	2.53
CZ	2.63	2.47	2.49	2.41	2.22	2.06	2.02	2.10	2.30	2.69	3.54	4.18
DE	1.4	1.33	1.32	1.46	1.39	1.30	1.29	1.30	1.34	1.38	1.49	2.14
DK*	0.50	0.65	0.80	0.94	0.71	0.65	0.73	0.87	0.82	0.94	1.47	2.56
ES	1.80	1.56	1.70	1.58	1.60	1.42	1.37	1.38	1.35	1.35	1.56	1.76
FI	1.16	1.09	1.01	1.02	1.38	1.15	1.50	1.66	1.69	1.99	1.62	1.08
HU	4.87	4.87	4.21	4.35	4.56	4.44	4.52	4.53	4.89	5.33	6.02	7.88
IE	2.85	2.82	2.74	2.72	2.70	2.69	2.68	2.64	2.64	2.63	2.67	2.65
NL	2.03	1.89	1.76	1.74	1.80	1.75	1.63	1.59	1.60	1.64	1.68	1.98
PL			4.2	3.3	3.20	3.20	3.40	3.80	3.70	4.60	5.60	8.20
RO**	5.94	5.91	5.78	5.79	5.65	5.36	5.29	4.60	4.21	4.12	4.16	4.87
SE	1.46	1.41	1.41	1.46	1.42	1.29	1.29	1.31	1.26	1.39	1.84	3.26
UK	2.03	1.89	1.82	1.77	1.74	1.84	1.90	1.91	1.81	1.55	1.62	1.96

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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
BE	1.56	1.66	1.57	1.61	1.46	1.37	1.35	1.34	1.37	1.33	1.46	1.90
CZ	2.51	2.31	2.37	2.31	2.13	2.02	1.94	2.02	2.25	2.63	3.35	3.86
DE	1.24	1.12	1.12	1.13	1.09	1.03	1.03	1.09	1.11	1.14	1.34	2.11
DK*	0.73	0.77	0.92	1.07	0.84	0.70	0.89	1.14	1.06	1.13	1.77	2.68
EL				3.41	3.55	3.36	3.15	3.12	3.25	3.19	2.99	3.02
ES	4.49	4.17	4.29	3.50	3.82	3.59	3.82	3.64	3.49	3.52	4.08	4.01
FI	1.33	1.52	1.62	1.58	1.58	1.57	1.31	1.32	1.31	1.38	1.84	2.87
HU	4.86	4.39	4.17	4.24	4.15	4.06	3.97	4.11	4.33	4.69	5.60	6.82
NL	2.11	2.09	1.88	1.77	1.77	1.75	1.68	1.62	1.56	1.54	1.59	1.97
RO**	6.44	6.31	6.1	5.48	5.77	5.60	5.22	4.65	4.40	4.29	4.32	5.10
SE	1.54	1.39	1.35	1.57	1.41	1.47	1.48	1.59	1.50	1.61	2.29	3.48
UK	2.33	2.25	2.31	2.29	2.13	2.13	2.11	1.91	1.86	1.85	1.96	2.14



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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
BE	1.68	1.56	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38	1.47	1.86
CZ	2.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.37	1.25	1.26	1.25	1.20	1.14	1.15	1.28	1.30	1.32	1.54	2.39
DK*	1.72	1.67	1.74	2.03	1.79	1.75	1.63	2.13	2.27	2.46	2.90	3.96
ES	2.21	1.86	1.81	1.80	1.77	1.67	1.55	1.44	1.42	1.37	1.36	1.52
HU	5.49	4.72	4.52	4.73	4.65	4.43	4.73	4.80	5.14	3.71	3.47	5.48
IT****	1.46	1.46	1.39	1.25	1.25	1.24	1.37	1.43	1.39	1.41	1.72	2.34
NL	2.63	2.57	2.16	2.07	2.04	2.00	1.90	1.79	1.75	1.74	1.80	2.11
RO**	5.46	5.48	5.42	5.28	5.2	4.84	4.51	4.16	3.78	3.70	4.04	4.76
UK	2.09	2.18	2.66	2.89	2.33	2.42	2.42	2.23	2.08	1.99	1.88	2.19

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

Source: European Mortgage Federation

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

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

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

Note:

n - no lending made in this maturity bracket

Data refers to quarter averages

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

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

- Poland

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

	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
CZECHIA											
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK											
Variable rate (up to 1Y initial rate fixation)	31.2	31.0	31.3	30.4	29.7	29.1	29.8	28.7	28.8	29.0	31.3
Short-term fixed (1Y-5Y initial rate fixation)	24.0	23.2	22.3	22.1	21.7	21.7	20.4	20.6	20.8	21.6	22.3
Medium-Term fixed (5Y-10Y initial rate fixation)	44.8	45.9	46.4	47.5	48.6	49.2	49.8	50.7	50.4	49.3	46.4
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	94.3	94.4	94.5	94.7	95.0	95.1	95.2	95.3	95.4	95.5	95.5
Short-term fixed (1Y-5Y initial rate fixation)	3.3	3.1	2.9	2.8	2.6	2.5	2.4	2.2	2.1	2.0	1.9
Medium-Term fixed (5Y-10Y initial rate fixation)	2.3	2.5	2.6	2.5	2.4	2.4	2.4	2.5	2.5	2.5	2.5
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	69.8	67.5	66.5	65.2	63.3	60.6	59.2	57.7	55.9	52.9	n/a
Short-term fixed (1Y-5Y initial rate fixation)	27.2	29.2	30.2	31.5	33.4	36.0	37.4	38.9	40.7	43.6	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	3.0	3.3	3.3	3.3	3.3	3.4	3.4	3.4	3.4	3.6	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)

	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	61.1	59.3	58.0	56.6	54.3	52.1	50.4	48.9	48.3	47.0	47.2
Short-term fixed (1Y-5Y initial rate fixation)	37.6	39.4	40.8	42.2	44.5	46.7	48.4	49.9	50.5	51.7	51.4
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.4
Long-Term fixed (over 10Y initial rate fixation)											

UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	26.3	25.1	24.4	23.8	23.0	21.8	20.6	19.6	18.6	17.4	16.0
Short-term fixed (1Y-5Y initial rate fixation)	71.7	72.9	73.6	74.1	74.9	76.1	77.3	78.2	79.2	80.2	81.4
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.9	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.4	2.6
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	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	46.6	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.9	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	
CHF denominated	44.6	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	
Other FX denominated	1.9	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	

BREAKDOWN BY LOAN ORIGINAL MATURITY	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
ITALY											
Maturity less than 5 years	0.5	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.2	0.3	0.25
Maturity over 5 years	99.5	99.5	99.6	99.5	99.7	99.7	99.7	99.7	99.8	99.7	99.75

NOTES:

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

n – no lending outstanding in this maturity bracket

Source: European Mortgage Federation

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

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	2.6	1.1	2.3	2.7	2.7	0.7	0.6	0.6	0.4	0.4	0.5	0.6	1.9
Short-term fixed (1Y-5Y initial rate fixation)	2.9	2.0	1.4	1.1	1.3	1.0	1.1	1.2	1.1	1.2	1.1	1.2	1.2
Medium-Term fixed (5Y-10Y initial rate fixation)	25.5	20.4	12.2	14.0	14.5	14.1	14.6	13.8	13.5	14.6	13.6	13.6	11.6
Long-Term fixed (over 10Y initial rate fixation)	69.1	76.6	84.0	82.2	81.5	84.2	83.6	84.4	85.0	83.8	84.8	84.7	85.3
CZECHIA													
Variable rate (up to 1Y initial rate fixation)	3.2	3.2	2.2	2.0	2.1	3.1	3.2	2.6	1.3	1.1	1.1	1.2	1.7
Short-term fixed (1Y-5Y initial rate fixation)	48.2	47.0	38.5	34.3	46.7	46.6	50.7	50.3	50.9	51.2	46.0	47.2	55.0
Medium-Term fixed (5Y-10Y initial rate fixation)	48.6	49.8	59.3	63.7	51.2	50.3	46.2	47.1	47.8	47.7	53.0	51.5	43.4
Long-Term fixed (over 10Y initial rate fixation)	5.4	6.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK													
Variable rate (up to 1Y initial rate fixation)	10.7	5.2	7.3	11.2	16.1	9.8	9.1	8.0	12.3	12.7	15.4	21.1	31.2
Short-term fixed (1Y-5Y initial rate fixation)	14.5	8.6	10.8	15.6	17.0	14.7	16.7	16.8	20.4	25.7	26.8	26.6	22.0
Medium-Term fixed (5Y-10Y initial rate fixation)	0.8	0.7	1.6	0.5	0.3	0.3	0.5	0.6	0.4	0.4	0.9	0.6	0.3
Long-Term fixed (over 10Y initial rate fixation)	74.0	85.4	80.3	72.6	66.6	75.1	73.7	74.7	66.9	61.2	57.0	51.7	46.5
FINLAND													
Variable rate (up to 1Y initial rate fixation)	96.4	96.5	96.6	95.9	96.9	97.1	96.9	96.7	95.9	96.6	95.6	95.8	96.9
Short-term fixed (1Y-5Y initial rate fixation)	1.5	1.3	1.3	1.6	1.1	1.0	1.2	0.8	0.7	0.6	0.8	0.6	0.9
Medium-Term fixed (5Y-10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)	2.1	2.2	2.2	2.5	2	1.9	1.8	2.5	3.4	2.8	3.6	3.6	2.2
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.2	10.6	10.8	10.4	11.1	10.3	10.1	9.5	9.4	10.3	9.8	9.0	9.6
Short-term fixed (1Y-5Y initial rate fixation)	8.8	7.7	7.6	7.6	7.8	7.3	7.2	7.1	7.0	6.6	7.0	6.3	6.8
Medium-Term fixed (5Y-10Y initial rate fixation)	32.6	31.5	31.7	32.0	32.5	32.7	33.2	34.3	36.4	35.4	35.9	35.6	38.9
Long-Term fixed (over 10Y initial rate fixation)	47.3	50.1	49.9	49.9	48.6	49.8	49.5	49.1	47.3	47.7	47.3	49.1	44.7



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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
GREECE													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.5	48.6	46.4
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n	n	n
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9.9	11.2	13.2
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n	n	n
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	3.2	2.6	1.7	1.6	1.1	1.1	1.0	0.9	0.9	0.7	0.5	0.5	0.6
Short-term fixed (1Y-5Y initial rate fixation)	24.7	28.3	30.6	29.3	27.9	26.7	25.4	27.1	31.7	29.0	24.2	16.8	15.9
Medium-Term fixed (5Y-10Y initial rate fixation)	61.4	59.2	55.2	53.9	57.8	59.3	59.8	60.6	56.6	57.5	52.4	39.5	31.9
Long-Term fixed (over 10Y initial rate fixation)	10.7	9.8	12.5	15.2	13.2	12.9	13.7	11.4	10.8	12.8	22.9	43.2	51.7
IRELAND													
Variable rate (up to 1Y initial rate fixation)	27.9	26.3	25.0	25.6	24.9	21.4	20.3	22.8	19.3	18.9	18.9	19.4	14.4
Short-term fixed (1Y-5Y initial rate fixation)	72.1	73.7	75.0	74.4	75.1	78.6	79.7	77.2	80.7	81.1	81.1	80.6	85.6
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)	34.2	31.5	19.7	19.8	19.2	17.4	16.2	16.9	16.8	16.5	17.2	16.7	25.2
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	65.8	68.5	80.3	80.2	80.8	82.6	83.8	83.1	83.2	83.5	82.8	83.3	74.8
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	19.7	19.4	17.1	17.3	12.5	14.3	15.2	12.8	11.3	11.9	11.0	9.6	9.8
Short-term fixed (1Y-5Y initial rate fixation)	10.0	8.7	7.9	7.4	6.6	7.4	7.4	6.4	6.6	6.7	6.7	6.4	6.3
Medium-Term fixed (5Y-10Y initial rate fixation)	42.7	44.1	43.4	41.1	39.7	34.0	32.9	34.8	33.7	32.2	34.1	33.9	31.1
Long-Term fixed (over 10Y initial rate fixation)	27.5	27.8	31.6	34.3	41.2	44.3	44.4	46.0	48.4	49.1	48.2	50.0	52.9

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	100	100	100	100	100	97**	n/a	n/a	87.3	75.7	74.4	31.3
Short-term fixed (1Y-5Y initial rate fixation)	n	n	n	n	n	n	3**	n	n	12.8	24.3	25.6	68.7
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate (up to 1Y initial rate fixation)	76.9	70.81	55.7	59.7	71.0	70.7	70.0	68.5	71.5	68.7	67.0	64.8	67.2
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	23.1	29.2	44.3	40.3	29.0	29.3	30.0	31.5	28.5	31.3	33.0	35.2	32.8
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	76.2	79.4	78.2	70.0	72.0	66.5	75.2	74.1	74.8	73.5	71.2	59.2	55.7
Short-term fixed (1Y-5Y initial rate fixation)	10.8	10.0	10.5	11.2	10.5	11.0	7.4	5.4	4.6	6.4	8.1	9.7	6.7
Medium-Term fixed (5Y-10Y initial rate fixation)	2.6	2.5	4.2	5.4	4.6	5.5	3.1	4.6	5.7	7.9	9.5	13.6	13.7
Long-Term fixed (over 10Y initial rate fixation)	10.5	8.1	7.1	13.4	13.0	17.1	14.3	15.9	15.0	12.2	11.2	17.4	23.8
SPAIN													
Variable rate (up to 1Y initial rate fixation)	38.1	36.3	33.6	32.3	38.6	35.4	31.2	28.2	25.5	24.4	22.7	22.5	20.0
Short-term fixed (1Y-5Y initial rate fixation)	27.0	28.8	22.3	19.3	17.0	18.9	19.1	19.3	16.6	15.2	13.0	11.1	10.8
Medium-Term fixed (5Y-10Y initial rate fixation)	4.5	3.5	3.0	3.6	3.0	3.1	2.7	3.1	3.1	3.3	3.3	4.4	3.9
Long-Term fixed (over 10Y initial rate fixation)	30.4	31.4	41.1	44.8	41.4	42.6	47.0	49.4	54.9	57.2	61.0	62.0	65.3

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

	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	60.8	63.0	58.7	49.5	52.7	46.4	45.2	43.7	43.4	42.8	44.1	47.6	61.3
Short-term fixed (1Y-5Y initial rate fixation)	31.6	28.5	28.5	35.4	34.1	37.7	39.8	42.6	44.4	45.2	44.7	41.6	28.7
Medium-Term fixed (5Y-10Y initial rate fixation)	7.6	10.0	12.8	12.8	13.2	15.8	15.0	13.7	12.3	12.0	11.2	10.8	10.0
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	6.6	7.4	6.7	7.3	10.3	9.1	7.9	6.7	5.5	5.3	5.1	6.0	6.9
Short-term fixed (1Y-5Y initial rate fixation)	91.8	90.7	91.8	91.5	88.6	89.4	90.4	91.8	92.5	92.7	93.0	92.1	91.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.6	1.9	1.5	1.2	1.1	1.5	1.7	1.5	2.0	2.0	1.9	1.9	1.9
Long-Term fixed (over 10Y initial rate fixation)	0	0.1	0.0	0.0	0.0	0.1	0.0	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.

**Cumulative data for the whole year (PL)

n – no lending made in this maturity bracket

Source: European Mortgage Federation

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

- 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^{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 latest quarterly results, published in July 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.

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

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

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

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

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
AT	14	14	0	29	14	14	0	-14	14	14	14	29
BE	25	75	50	50	0	0	-25	0	0	0	25	50
CY	0	0	0	25	50	50	25	0	25	0	0	25
DE	0	0	3	21	7	0	0	-7	4	4	7	32
EE	0	0	100	50	0	-25	-50	0	-25	0	25	0
EL	0	25	0	0	0	0	0	0	0	0	0	0
ES	0	11	0	33	11	0	11	0	11	11	0	30
FR	0	8	50	25	50	33	-8	0	8	0	0	17
IE	0	0	0	60	0	-20	0	20	20	0	0	20
IT	-10	-10	0	0	10	0	0	0	0	-9	-9	9
LT	0	0	25	50	-25	0	0	25	0	0	25	0
LU	-33	0	17	50	33	50	83	33	0	17	17	83
LV	0	0	50	25	-25	-25	0	0	-50	-25	0	25
MT	60	0	0	38	0	38	0	0	37	37	-34	0
NL	0	-33	-33	50	0	0	-17	0	-17	-17	0	33
PT	0	20	20	60	20	20	0	0	0	0	0	0
SI	0	100	40	20	0	25	0	0	0	0	0	10
SK	78	-9	60	100	-2	-33	-32	-78	-32	-27	-44	-26
EA	0	3	13	27	18	9	-2	-2	2	0	2	24
CZ	18	26	5	72	26	-21	-31	-2	-21	-23	2	93
DK	0	19	-7	15	-12	-13	-6	-5	2	2	-1	7
HU	0	0	55	37	-15	-6	-20	-5	-6	-6	-6	35
PL	32	8	29	91	-38	-6	-66	-18	28	15	42	77
RO	0	0	12	65	2	34	0	-47	-20	0	7	75
UK	1	-15	4	72	-10	-2	-14	-39	-15	-23	3	22

CREDIT STANDARDS FOR RESIDENTIAL LOANS

The latest ECB BLS results, looking backwards to the Q2 2022 period, show that credit standards for mortgages tightened once more in the Euro area and more considerably than in the previous quarter (Q1 2022). The net percentage stands at 24%, after 2% in the first quarter of 2022, above the ECB's expectations and clearly exceeding the average net percentage of this indicator (6%).

The ECB indicates that an increased perception of risk, together with country specific factors, contributed to a significant net tightening of standards. This was further underpinned by the lower risk tolerance of credit institutions and bank's balance sheet constraints, both of which had a moderate impact on the average euro area credit standard score. Particularly, the increased perception of

risks, in relation to the economic outlook, housing market prospects, geopolitical uncertainties and concerns as to borrowers creditworthiness, had a significant impact on the current credit standard situation. Q2 2022 would mark the second consecutive quarter in which banks' risk perceptions has a tightening impact, something not recorded since 2014 (excluding the pandemic period).

From a country standpoint, credit standards tightened in net terms across the four largest euro area jurisdictions (Germany, France, Italy and Spain). Some banks in France noted that, regulations set by the French High Council for Financial Stability and the usury rate (a maximum interest rate on loans), as explained in the previous analysis, had an overall tightening effect. In Germany, Italy and Spain, a combination of factors, most notably a higher level of risk perceptions, in concert with a lower risk tolerance, contributed towards a tightening of standards.

Looking ahead at the third quarter of 2022, euro banks expect a further net tightening of credit standards on residential mortgage loans, given be high-risk perception of banks.

TERMS AND CONDITIONS FOR HOUSING LOANS

In Q2 2022, overall euro area terms and conditions for housing loans tightened further, with a net percentage of 22% of banks, after a 6% rate in the previous quarter. One of the main drivers of this is the level of mortgage interest rates, although other factors, such as narrowing of banks' margins on average loans, as well as developments related LTV and collateral requirements.

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

REJECTION RATE

On average, euro area banks reported the largest increase in the share of rejected formal and informal applications for housing loans since Q1 2015, with a net score of 28% (up from 1% in Q1 2022), amid significant uncertainties about the lending environment.

The share of loans that were rejected increased in Germany, Spain and France, while it was unchanged in Italy.

NON-EURO AREA CREDIT STANDARDS

As regards non-euro area, Denmark (7%), the UK (22%) and Hungary (35%) saw credit standards tightened. A comparatively more significant tightening was recorded in Romania (75%) and Poland (77%). Lastly, Czechia recorded the largest tightening over one quarter (93% in Q1 2022, after a 2% tightening in Q1 2022).

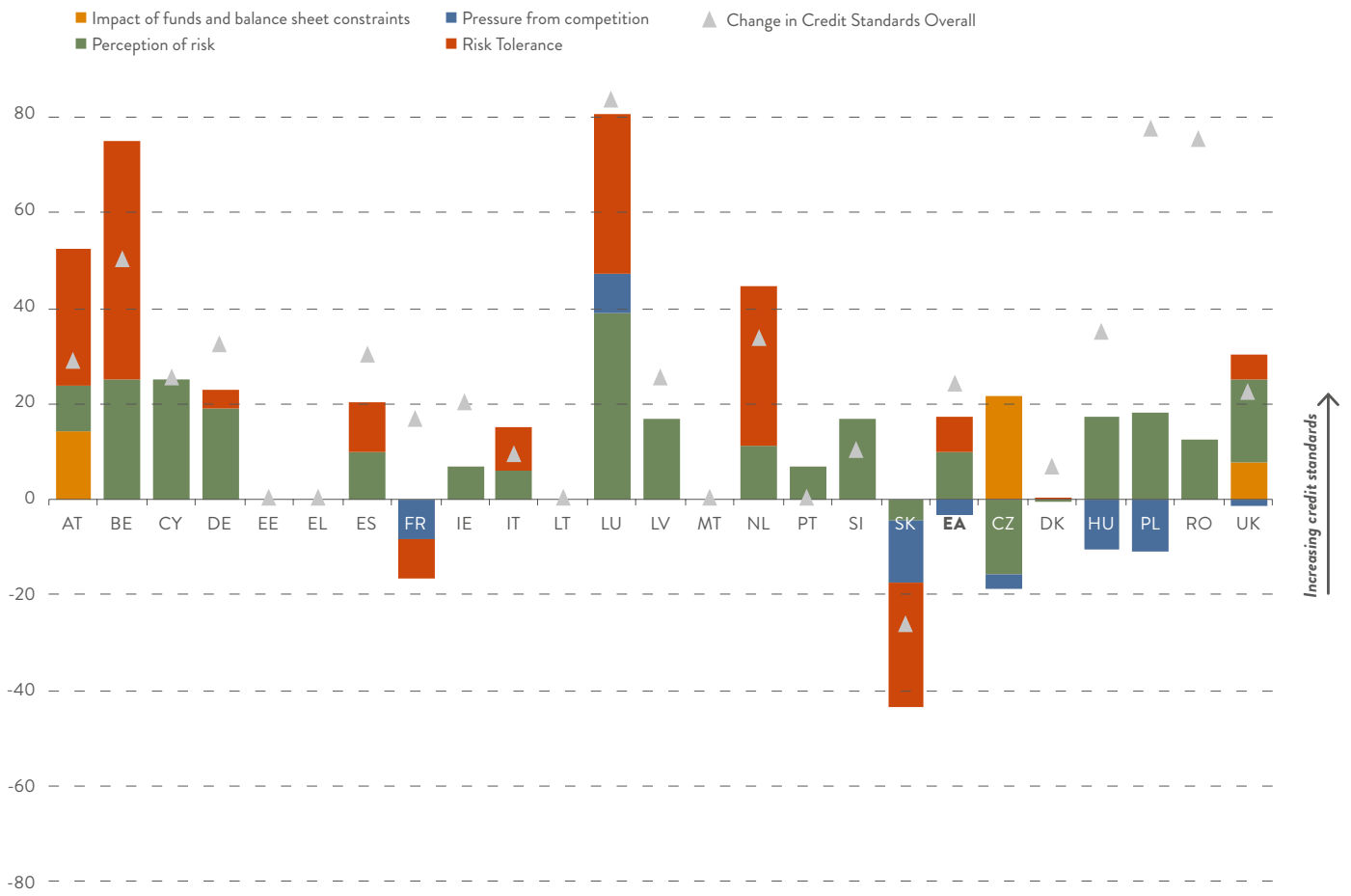
TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2022-Q2 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 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	29	50	25	32	0	0	30	17	20	9	0	83	25	0	33	0	10	-26	24	93	7	35	77	75	22	
FACTORS AFFECTING CREDIT STANDARDS:																										
Impact of funds and balance sheet constraints	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0	0	8
Perception of risk	10	25	25	19	0	0	10	0	7	6	0	39	17	0	11	7	17	-4	10	-16	0	17	18	12	17	
Pressure from competition	0	0	0	0	0	0	0	-8	0	0	0	8	0	0	0	0	0	-13	-3	-3	0	-11	-11	0	-1	
Risk Tolerance	29	50	0	4	0	0	10	-8	0	9	0	33	0	0	33	0	0	-26	7	0	0	0	0	0	5	

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)

	III 2019	IV 2019	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022
AT	29	29	43	-14	29	0	14	14	14	0	0	14
BE	0	100	-50	-100	25	25	25	50	-50	25	0	-50
CY	0	25	0	-75	100	100	-25	25	0	100	-50	-75
DE	28	17	24	-29	36	11	0	11	18	11	32	-4
EE	0	25	0	-50	25	100	100	25	25	0	-75	50
EL	75	75	75	0	100	50	75	50	25	75	25	-25
ES	-33	-33	-44	-100	22	-11	-22	44	33	33	22	10
FR	33	42	17	-75	17	0	-25	33	8	0	0	-25
IE	0	0	40	-100	100	40	0	20	-20	-40	-20	20
IT	10	30	-30	-70	30	0	-10	22	9	18	-18	-9
LT	0	0	-25	-50	25	0	75	25	50	75	-25	0
LU	-17	17	33	-100	33	67	-50	-17	-17	-17	-50	-83
LV	25	50	0	-50	50	50	75	75	25	0	0	-25
MT	-82	-99	-82	-58	56	62	0	2	-37	-20	34	0
NL	0	33	33	33	0	17	50	50	-17	-33	33	17
PT	40	20	0	-80	20	20	40	40	60	60	20	20
SI	-20	-80	-60	-100	50	0	-25	75	50	20	10	40
SK	-1	7	0	-100	-3	-27	-21	46	32	21	22	36
EA	15	24	5	-54	27	8	-2	29	11	8	10	-10
CZ	18	31	20	-50	64	75	86	96	-11	-18	-81	-83
DK*	-30	-7	6	1	8	-19	-33	-6	8	-23	0	21
HU	-44	34	6	-81	84	10	89	100	63	47	60	20
PL	38	-18	23	-66	19	8	-58	-59	-15	47	87	87
RO	2	31	12	-65	3	-11	43	75	-53	-34	43	-49
UK**	-13	13	-28	79	-96	-32	22	-81	35	35	-6	-30

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"

In Q2 2022, euro area banks reported a decrease in net demand for housing loans (with a net percentage of -10%, a 10% reading in Q1 2022). Two factors can help explain decreasing mortgage loan demand: a hindered consumer demand and the interest rate environment. Consumer confidence, according to the ECB and

the European Commission, reached its lowest level in June 2022 since the onset of the pandemic in 2022 suggesting a negative economic outlook. Furthermore, recent increases in mortgage interest rates have hindered euro area demand.

Across the largest euro area countries, banks in Germany, France and Italy recorded a net decrease in demand for housing loans, while banks in Spain reported a net increase.

Looking forward at Q3 2022, banks expect a strong net decline in the demand for housing loans (net percentage of banks of -47%). Should this net score be confirmed in the upcoming survey, it would be the largest decline since Q2 2022 and, excluding the pandemic period altogether, the largest since Q4 2008.

CREDIT DEMAND IN NON-EURO AREA COUNTRIES

Demand for mortgage loans in non-euro area countries varied significantly in across jurisdictions in Q2 2022. Denmark (21%), Hungary (20%) and particularly Poland (87%) all reported net increases in residential credit demand. Conversely, the UK recorded a decline of -30%, and Romania, a -49% net decrease. Czechia saw a net decrease of -83%.

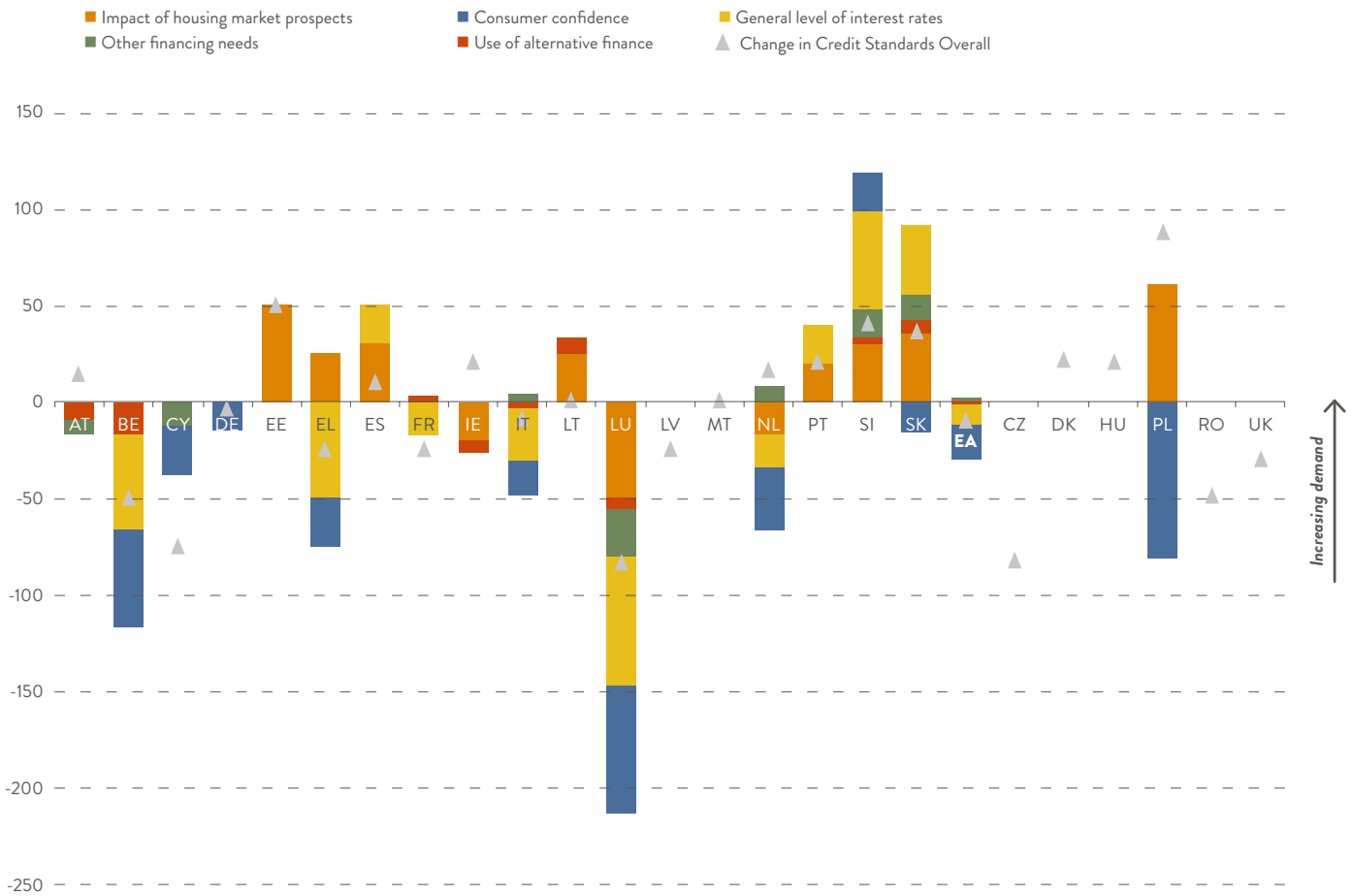
TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2022-Q2 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 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	-50	-75	-4	50	-25	10	-25	20	-9	0	-83	-25	0	17	20	40	36	-10	-83	21	20	87	-49	-30
FACTORS AFFECTING DEMAND:																									
Impact of housing market prospects	0	0	0	0	50	25	30	0	-20	0	25	-50	0	0	-17	20	30	36	1	—	—	—	61	—	—
Other financing needs	-7	0	-13	0	0	0	0	0	0	5	0	-25	0	0	8	0	15	13	1	—	—	—	—	—	—
Consumer confidence	0	-50	-25	-14	0	-25	0	0	0	-18	0	-67	0	0	-33	0	20	-16	-18	—	—	—	-81	—	—
Use of alternative finance	-10	-17	0	0	0	0	0	3	-7	-3	8	-6	0	0	0	0	3	7	-1	—	—	—	—	—	—
General level of interest rates	0	-50	0	0	0	-50	20	-17	0	-27	0	-67	0	0	-17	20	50	36	-11	—	—	—	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

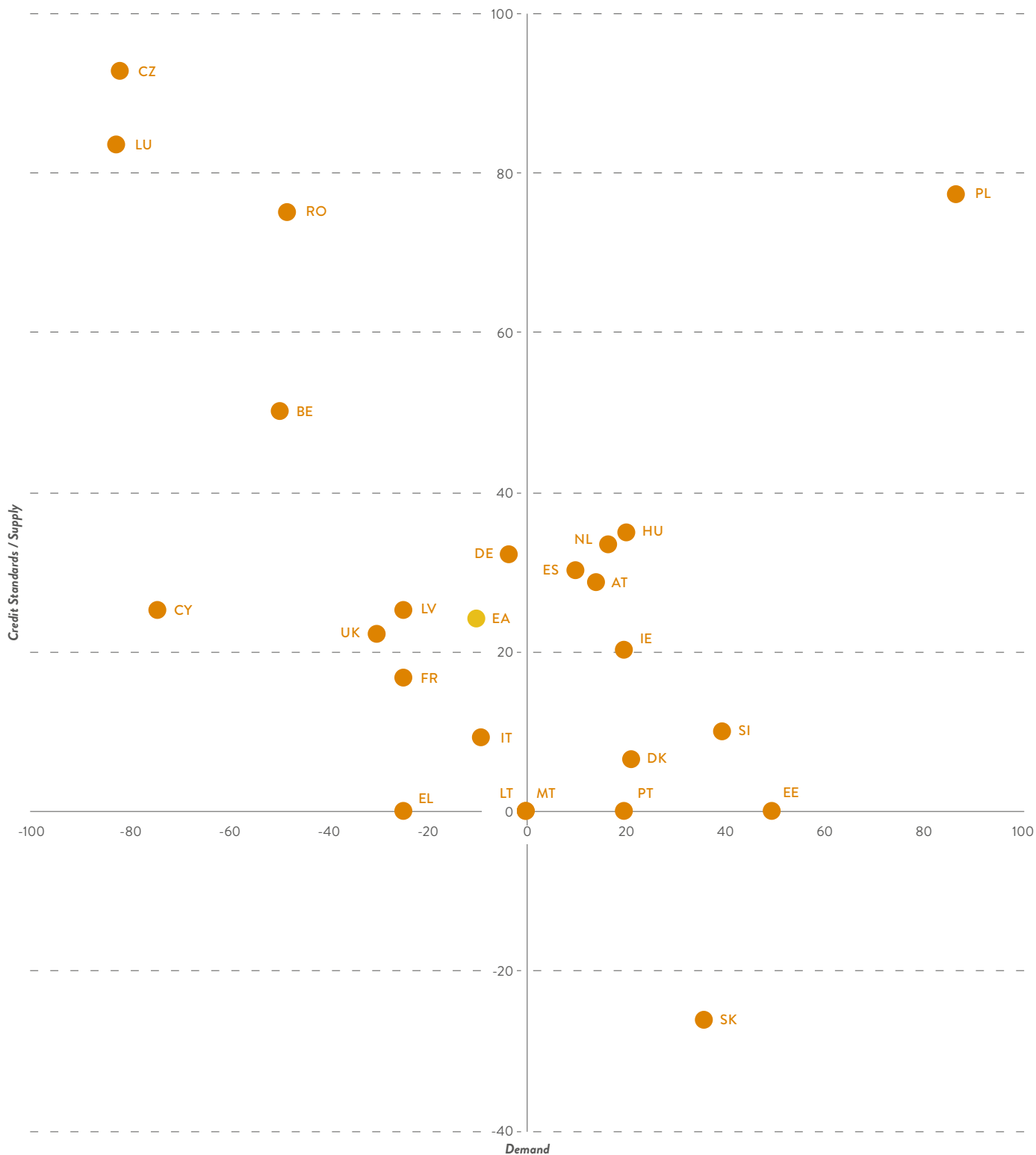


SCATTER PLOT ANALYSIS

In terms of credit standards, a majority of jurisdictions (19 out of 25 countries considered by the ECB) saw credit standards tightened further, as the economic outlook for the euro area weakens due to several factors, ranging from subdued housing prospects to geopolitical uncertainties stemming from the conflict in Ukraine. Only 5 jurisdictions reported an “unchanged” (0%) situation, while only one country, Slovakia, saw credit standards ease in Q2 2022.

Residential Mortgage demand developments were, in contrast, mixed. A total of 12 jurisdictions saw demand decrease during the quarter, while 11 countries reported an increase, indicating that demand is adjusting gradually to banks’ adjustment of their internal lending guidelines.

CHART 6 | DEMAND AND SUPPLY OVERVIEW





Q2|2022

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



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