

# EMF

FUNDING THE REAL ECONOMY

# Q2 | 2023



## QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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### DISCLAIMER

The following review focuses on mortgage and housing market developments in the second quarter of 2023 and is based on a country sample including Belgium, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Sweden and the United Kingdom. This sample covers around 95% of the total outstanding mortgage lending in the EU27 and UK in Q2 2023. Where data for Q2 2023 is not yet available, the review reports figures from the previously available quarter. As Croatia joined the European Monetary Union on 1 January 2023, Croatia was also included in the Bank Lending Survey representation of the Quarterly Reviews since Q1 2023.

### GENERAL COMMENTARY

Europe's mortgage and housing markets continued to cool down in the second quarter of 2023. The general downward trend, observed already since the third quarter of 2022, slowed down significantly in Q2 2023, and indicated the arrival of the trough in the slowdown of mortgage lending. While the quarterly decline of gross lending in Q4 2022 and Q1 2023 still amounted to 18.8% and 17.9% respectively, the decrease in Q2 2023 amounted to only 2.2%. Markets were still influenced by generally high inflation rates, which led to a further contraction in the construction sector, while demand for housing remained tight. Furthermore, the significant economic uncertainty

has catalysed the further cooling down. What follows is an analysis at both aggregate and individual country level.

According to publications by Eurostat, in the second quarter of 2023, seasonally adjusted GDP increased by 0.1% in the Euro area and was stable in the EU27, compared with the previous quarter. In the first quarter of 2023, GDP had increased by 0.1% in the Euro area and by 0.2% in the EU27. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.5% in the Euro area and by 0.4% in the EU27, after increases of 1.1% in both zones in the previous quarter.

Among the Member States for which data are available for the second quarter of 2023, Ireland (+3.3%) recorded the highest increase compared to the previous quarter, followed by Lithuania (+2.8%). Declines were recorded in Sweden (-1.5%), in Latvia (-0.6%), in Austria (-0.4%) and in Italy (-0.3%). The growth rates compared to the same quarter of the previous year were positive for seven countries, with the highest values observed for Ireland (+2.8%), Portugal (+2.3%) and Spain (+1.8%). The most significant declines were recorded for Sweden (-2.4%), Czechia (-0.6%) and Latvia (-0.5%)

During the second quarter of 2023, household final consumption expenditure was stable in both the Euro area and the EU27 (0.0% in the previous quarter). Government final consumption expenditure increased by 0.2% in both zones



(after -0.6% in the Euro area and -0.1% in the EU in the previous quarter). Gross fixed capital formation increased by 0.3% in the Euro area and by 0.4% in the EU (after +0.3% and 0.0% respectively). Exports decreased by 0.7% in both zones (after 0.0% in the Euro area and +0.1% in the EU27). Imports increased by 0.1% in the Euro area and decreased by 0.2% in the EU27 (after -1.3% and -1.4% respectively in the previous quarter). Household final consumption expenditure made negligible contributions to GDP growth in both the Euro area and the EU27. The contributions from government final expenditure were positive for the Euro area (+0.1 pp) and negligible for the EU27. The contributions of gross fixed capital formation were positive for the Euro area and for the EU (+0.1 pp for both zones). The contributions from the external balance were negative (-0.4 pp for the Euro area and -0.3 pp for the EU27). The contributions from changes in inventories were positive for the Euro area and for the EU27 (+0.4 pp the Euro area and +0.2 pp for the EU).

The number of employed persons increased by 0.2% in the Euro area and by 0.1% in the EU27 in the second quarter of 2023, compared with the previous quarter. In the first quarter of 2023, employment had increased by 0.5% in the Euro area and by 0.4% in the EU27. Compared with the same quarter of the previous year, employment increased by 1.3% in the Euro area and by 1.1% in the EU27 in the second quarter of 2023, after +1.6% in the Euro area and +1.5% in the EU27 in the first quarter of 2023.

Euro area annual inflation in Q2 2023 stood at 5.5% in June 2023, down from 6.1% in May according to the flash estimate from Eurostat. Looking at the main components of Euro area inflation, food, alcohol & tobacco experienced the highest annual rate in June (11.7%, compared with 12.5% in May), followed by non-energy industrial goods (5.5%, compared with 5.8% in May), services (5.4%, compared with 5.0% in May) and energy (-5.6%, compared with -1.8% in May).

The ongoing attempt of central banks to cool down the economy to control inflation levels, catalysing greater economic uncertainty, which is exacerbated by geopolitical risks in eastern Europe, is contributing to the omnipresent pressure in housing and mortgage markets around Europe. Mortgage interest rates increased further but exhibited a different picture inside and outside the Euro area. The stock of outstanding mortgages stagnated at a similar level compared to the previous quarter and increased slightly by around 1% from the previous year.

Regulatory developments at national levels were more and more focussed on regulating housing affordability and the general increase of mortgage interest rates. Governments seem to be aware of the increasing pressure which the increase of interest levels are putting on the income of households, while not contradicting monetary policy actions.

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

#### FURTHER READING

- **Confronting Inflation and Low Growth - OECD (2023)**, OECD Economic Outlook, Interim Report: OECD Publishing, Paris. ([Link](#))
- **Summer 2023 Economic Forecast: Easing growth momentum amid declining inflation and robust labour market (2023)**, European Commission, Press release. ([Link](#))
- **Mortgage Debt Limits and Buy-to-Let Investors: A Structural Model of Housing with an Endogenous Rental Sector – Thiel, J., & Zaunbrecher, H. (2023)**. Mortgage Debt Limits and Buy-to-Let Investors: A Structural Model of Housing with an Endogenous Rental Sector (No. 449). CPB Netherlands Bureau for Economic Policy Analysis. ([Link](#))
- **Young adults facing housing inequality in Malmö, Sweden – Grander, M. (2023)**. The inbetweeners of the housing markets—young adults facing housing inequality in Malmö, Sweden. *Housing Studies*, 38(3), 505-522. ([Link](#))
- **EMF Hypostat 2023: A Review of Europe's Mortgage and Housing Markets**, European Mortgage Federation (2023), Brussels. ([Link](#))

#### MORTGAGE MARKETS

The aggregated mortgage stock of the EMF country sample increased slightly to EUR 8.3 tn (estimation based on 90% of the total sample) by the end of the second quarter of 2023. The estimated increase in the quarters of 2023 remained at a stable level and amounted to 1.50% y-o-y in Q2 and 1.51% in Q1 2023, respectively. Considering the quarterly increases in 2023 the growth in the mortgage stock started to slightly accelerate again from 0.21% q-o-q in Q1 2023 to 0.54% q-o-q in Q2 2023.

Compared to the previous year, gross residential mortgage lending decreased by 41.3% y-o-y in Q2 2023, after a 37.6% decrease in Q1 2023. Q2 2023 marked the fifth consecutive quarter with a negative yearly growth rate. The quarterly decrease of gross mortgage lending started to ease significantly, after an 18% decrease in Q1 2023, with the decrease in Q2 2023 amounting to just 2.2%. Total gross lending amounted to approximately EUR 231 bn, the lowest since the pandemic marked Q3 2020.

From a country standpoint, mortgage lending developments exhibited a clear pattern across the country sample: gross lending decreased in Q2 2023 in all underlying countries on a y-o-y basis, except in Italy (+2.9%) and Portugal (+7.9%). The largest decreases in gross lending were noted in Hungary (-55.9%) and Denmark (-55.4%).

In **Sweden**, the net mortgage lending growth rate continued to slow down in the second quarter 2023 to 2.6% y-o-y compared to 3.9% y-o-y in the previous quarter. Mortgage lending secured on single-family homes increased by 1.7% on an annual basis (3.2% Q1). The increase in lending secured on tenant-owned apartments slowed down to 1.6% (3.0% Q1). The net mortgage lending to multi-family homes increased by 6.4% in Q2 compared to 7.0% on an annual basis in the first quarter. The increasing mortgage interest rates during 2022 and 2023 in combination with a slowdown in the economy have resulted in the mortgage market cooling down and in house prices falling. The demand for mortgage loans is affected by falling house prices and slowdowns in construction.

In **Denmark** total outstanding residential loans amounted to DKK 1,841 bn in the second quarter of 2023. This is a decrease of 0.6% compared to Q1 2023. Total outstanding residential loans have decreased by 2.05% since the second quarter of 2022. Lastly, in **Finland**, due to increased key interest rates, household and investor demand for new mortgages was lower than a year before. Because the Euribor is rising, fewer housing transactions were made, and the market is cooling down further. Finland recorded a total of EUR 107.9 bn in outstanding residential mortgage loans in Q2 2023.

In the second quarter of 2023 the decline in the mortgage market in **Hungary** continued: gross residential lending decreased by 68% in Q2 2023 y-o-y. Compared to the previous quarter growth of 35% was nevertheless recorded, although the observed monthly gross lending figure represents only approximately one third of the monthly output record of May 2022. The total outstanding residential loan portfolio grew by 2% in Q2 2023 y-o-y and 0.37% q-o-q. In **Romania**, the stock of mortgage loans declined further in Q2 2023 by 0.6% compared to the previous quarter and by 0.5% y-o-y. The NPL ratio for mortgage loans increased slightly to 1.6% in June 2023, increasing both in quarterly terms (+0.1 pps), as well as in annual terms (+0.3 pps). In June 2023, gross residential lending decreased by 2% compared to the previous quarter (-46% y-o-y). Remortgaging activity had followed an upward trend between Q2 2021 and Q1 2023 but declined by 19 pps q-o-q in Q2 2023. In Q1 2023 banks tightened their credit standards for loans for house and land purchase extended to households, while in Q2 2023 banks expect lending standards to remain relatively constant. In **Poland**, after five quarters of consecutive declines in lending, the first quarter of 2023 saw increases in both the number and value of homeing loans, trends which were reinforced in the second quarter. However, the scale of mortgage lending is still at a very low level, and the high growth rate is mainly attributed to the base effect. In Q2 2023, the value of housing loans issued amounted to PLN 30,798, up 40.19% from the previous quarter. The historical record was reached by the average value of a housing loan recorded in Q2 2023 at PLN 366,139. The previous record was set in Q1 2022 with a figure of PLN 353,727. A higher level of repayments of active loans was recorded than of new loans. Q2 2023 was the sixth consecutive period of shrinkage in the portfolio of mortgages serviced by banks. As regards **Czechia**, there was a decrease of 38% y-o-y in new loans and 46% y-o-y in remortgaging. Compared to the previous quarter this represents a deceleration of the y-o-y decline (Q1 2023 -69% in new loans). On a quarterly basis, new loans declined by 39% and remortgaging by 33%, respectively.

This cautious change of trend is supported by three main factors: while interest rates did not change on average, mortgage providers supported sales through short-term advantageous conditions boosting demand for financing. Secondly, consumer demand remained strong, despite the current market conditions. Thirdly, a relaxation of regulation from the central bank has supported the market. From 1 July, the cap on DSTI (debt service-to-income) was lifted, making mortgage loans more accessible and supporting demand for financing.

In **Belgium**, the first stop in the Continental Europe subgroup of the EMF sample, new mortgage lending continued to decline significantly in Q2 2023 by more than 40% y-o-y. The corresponding value also decreased by more than 40%. Remortgaging transactions excluded, the yearly evolution of production was also negative, with a decrease of more than 36% in number of contracts and in value. As in the first quarter, this significant decrease is mainly driven by the fundamental increase in interest rates and the fall in credit demand, which also declined by around 40% in the first quarter of 2023 and around 29% y-o-y in the second quarter of 2023. As for the purpose of the credits granted, the evolution was negative for all purposes: -27.9% for loans for the purchase of houses, -30.3% for loans for the purchase and renovation of houses, -43% for loans for the renovation of houses and even -50.9% for loans for construction

of houses. Loans for other immovable purposes (garage, swimming pool, etc.) also recorded a decrease of -49%. The number of refinancing loans fell by more than 78% as compared to the second quarter of the year before. When it comes to production without remortgaging, approximately 44,600 mortgage credit contracts were granted for a total amount of approximately EUR 7.4 bn. In Q2 2023, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years went up again to reach more than 96% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to only 0.3% of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 4.5% of the newly granted loans. Since 2015, the outstanding number of overdue contracts shows a positive evolution downwards. The ratio overdue contracts to total number of contracts remained at 0.61%. Based on the reported data, the significant decline in **Germany's** gross residential mortgage lending observed since Q3 2022 slowed down in Q2 2023. Following a decline of 19% in Q4 2022 and 11% in Q1 2023, the decline in Q2 2023 amounted to only 2% q-o-q. The volume of total outstanding mortgage loans still increased by 3.3% y-o-y in Q2 2023. In **France**, the total amount of outstanding mortgage loans grew by 3.3% y-o-y in Q2 2023, reaching EUR 1,292 bn. Q-o-q, the annual growth rate of total mortgage loans outstanding has continued to decline since the Q1 2022 peak and is expected to remain on this course for the next quarters. New loans for residential real estate (excluding renegotiations and loan transfers) amounted to EUR 36 bn in Q2 2023, the lowest level for a first quarter since Q2 2016. As a result, the quarterly production was down by 5% q-o-q and by -42% compared to Q2 2022. According to the Banque de France-ACPR, first-time buyers represented 49% of new mortgage loans for the purchase of a main residence in Q2 2023 (slightly above the 47% average since 2014 and stable over the last quarters). The share of modest first-time buyers (with an annual income of less than or equal to EUR 30,000) fell to 18.5% (compared to a 24% average since January 2020). Due to rising house prices and rising interest rates, the average initial maturity for new mortgage loans has lengthened since Q2 2022, reaching a new peak at 22 years in Q2 2023. New mortgage loans with an initial maturity of more than 20 years represented 80% of the credit production this quarter, reaching a new historical peak. This development was combined with a rise in incomes, which partially limited the severe erosion of household purchasing power to acquire a home, linked to the increase in interest rate and in house prices.

In **Portugal**, the volume of total outstanding residential loans increased by 0.4% y-o-y, amounting to EUR 100.9 bn by the end of Q2 2023. The volume of total outstanding residential loans therefore decreased from EUR 101.2 bn in Q1 2023 by 0.3% q-o-q. New loan production totalled EUR 4.55 bn in Q2 2023, +7.9% y-o-y and +0.5% q-o-q. Regarding new credit production<sup>1</sup>, in Q2 2023 mortgage lending registered production highs of the last 7 years, reaching an accumulated y-o-y-growth in the first half of 2023 of 7%. It is worth noting that mortgage production includes renegotiated contracts<sup>2</sup>, which have been increasing steady since mid-2022, following the increase in reference interest rates. In the first half of 2023, renegotiated contracts accounted for 35% of all mortgage production, while new contracts accounted for 65%. In fact, new contracts decreased by 26% y-o-y reflecting the weakening of the mortgage market in 2023. In neighbouring **Spain**, the net decline in the mortgage stock,

<sup>1</sup> Banco de Portugal (Monetary and Financial Statistics).

<sup>2</sup> New mortgage production comprises renegotiated contracts and new contracts; renegotiated contracts are regular renegotiations, with customers' active participation, that originate a new contract, not having resulted from payment default; new contracts are entirely new written contracts.



which began at the end of 2021, accelerated. This acceleration was a result of both a decrease in new mortgage arrangements and an increase in early repayments following the rise in borrowing costs. In particular, gross lending activity fell by 19.5% in Q2 2023 while the amount of remortgaging loans tripled. This surge in remortgaging was driven by consumers seeking to protect themselves from potential future interest rates increases. In Italy, the volume of outstanding mortgage loans in Q2 2023 amounted to about EUR 425.2 bn, registering a slight decrease of 0.2% with respect to the previous quarter and an increase of 1.3% y-o-y. Gross residential lending increased both with respect to the previous quarter (+19%) and to the same quarter of the previous year (+3%).

In Q2 2023 the total stock of outstanding mortgage loans in **Greece** continued to decline (-3.8%, y-o-y), although at a rate that remained almost unchanged since 2022 (-3.6%). According to the latest available data from the Bank Lending Survey for Greece (Q2 2023), credit standards for housing loans to households remained stable compared to Q1 2023. Terms and conditions for housing loans to households tightened to some extent. Banks reported a slight increase in the proportion of rejected housing loan applications in Q2 2023 compared to Q1. The demand for housing loans was seen to have increased strong for the first time after Q1 2022 (to an extent last seen in Q4 2021). 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. Banks expect the demand in housing loans to contract somewhat in the next quarter. Finally, during the 7-month period of 2023, the volume of new housing loan agreements, which in absolute terms remained at low levels, decreased by 5.3%, y-o-y, against a significant increase in the corresponding period in 2022 (40.4%, y-o-y). Furthermore, the persistent inflationary pressures (9.3%, on average, in 2022 and 4.7%, y-o-y, in the 8-month period of 2023) and increase in borrowing costs are likely to have an impact on demand.

In **Ireland**, a total of 9,896 new mortgages to the value of EUR 2,762 bn were drawn down by borrowers during the second quarter of 2023 representing a decrease of 17.4% in volume and 11.9% in value y-o-y. First-time buyers (FTBs) remained the single largest segment by volume (60.3%) and by value (61.5%). Remortgage/switching drawdown volumes and values fell by 63.8% and 63.1% y-o-y respectively. Mortgage approvals volumes decreased by 13% y-o-y in Q2 2023 to more than 13,500. FTB approval volumes increased by 13% y-o-y to 8,600, the highest Q2 volume since the series began in 2014. Mover purchase volumes fell by 5.8% to 3,004, the second lowest Q2 volume since 2015. Remortgage/switching approval volume fell by 75.6% y-o-y to less than 1,000 in Q2 2023.

In the **UK**, mortgage market activity continued the downward trend in the second quarter of the year. Gross lending totalled GBP 52.1 bn in Q2 2023, down 11% on the GBP 58.5 bn in the previous quarter and 32% lower than the GBP 76.6 bn in Q2 2022. 37% of approvals were for remortgaging compared to 41% in the previous quarter. Net lending was negative in Q2 at minus GBP 1.1 bn compared to GBP 0.4 bn in Q1 and GBP 15.7 bn in Q2 last year. This slowdown in mortgage lending reflects the drop in demand for housing finance following the increase in the central bank benchmark rate and corresponding mortgage rates. At the start of the year benchmark rate was 3.50% and by the end of Q2 2023 it was 5.00%. It has since risen to 5.25%. The BSA Property Tracker<sup>3</sup> shows that 71% of people think the affordability of monthly mortgage repayments is a barrier to property purchase in the UK – the highest level since the Property Tracker began in June 2008.

## REGULATION & GOVERNMENT INTERVENTION

Increasing inflation rates, resulting in higher consumer prices and an erosion of households' savings, remained one of the main concerns of governments and authorities across the EMF country sample. Government intervention was therefore focused largely on housing and mortgage affordability. Measures supporting the supply side of the market, which came under pressure due to higher input prices, were also introduced. Against this backdrop however, some jurisdictions have cautioned against actions which could undermine monetary policy actions.

### SWEDEN

In general, the government is taking care with regard to other government spending measures to avoid increasing inflation further. The inflation is slowly falling although, as of August, it remained high at 7.5%.

### HUNGARY

Some of the subsidies that were popular in 2022 are no longer available in 2023. The volume of housing loans for home improvement and modernisation fell short in Q1 and Q2 compared to the previous quarters in 2022 due to the termination of the home improvement subsidy scheme by the end of 2022. The Home Purchase Subsidy (CSOK), and the "Prenatal Baby Support loans for Families" will both be available in 2023 and are a popular form of subsidy especially for young couples with children already having or planning to start a family. It was however announced that the conditions for the Prenatal Baby Support loan will be restricted from 2024 and the CSOK will not be available in large cities from 2024.

With a view to protecting customers with variable rate mortgages, an interest rate cap was introduced in 2022 by the government: interest rates were frozen at their November 2021 level and the cap was fixed at this level until June 2023. This program was also extended to loans with a maximum 5-year interest rate fixation period. The interest rate cap program was extended beyond its original June 2023 deadline until the end of December 2023.

### POLAND

At the end of 2022, the government announced the introduction of a new "Safe Credit 2%" housing program from July 2023 onwards. In brief, the program provides preferential mortgage terms for the purchase of a first apartment or house, or the construction of a house. The interest rate will be 2% for the first 10 years of the loan term (+ bank margin). In mid-May 2023, the Financial Supervisory Authority (KNF) announced that in order to change the structure of mortgage funding, it plans to introduce a new long-term financing ratio for banks.

According to the KNF, the introduction of this indicator will result in an increased supply of mortgage covered bonds. The calibration and levels of the indicator are to be set by the end of 2023.

A further stimulus to support mortgage lending was put in place by the KNF (in February 2023), which reduced the amount of buffer for the creditworthiness assessment of potential borrowers from 5% to 2.5% (only for loans with a periodically fixed interest rate).

<sup>1</sup> <https://www.bsa.org.uk/media-centre/press-releases/property-tracker-report-reveals-affordability-of-mortgage-payments-is-the-biggest-barrier-to-buying>

**CZECHIA**

The Czech national bank recently reviewed its macroprudential regulations and has lifted the DSTI limit since Q3 2023. This step was driven by the fact that interest rates have probably achieved their maximum and have stabilised and therefore that the function of the DSTI as a restrictive measure is no longer necessary in the event of falling interest rates. This move supported demand for loans and contributed to a partial market recovery.

**BELGIUM**

No specific new regulations and government interventions influencing the mortgage market were introduced in the last months. However, the government has decided to lower the maximum amount of the file costs. Another law has been announced to regulate more strictly the bundling of mortgage loans and other financial products.

**FRANCE**

To support real estate developers which have faced an unprecedented decline in their business for several decades, the French government requested that to Action Logement and La Caisse des Dépôts et Consignations fund some pending housing programs (47,000 new homes) for the next quarters. The monthly (instead of quarterly) calculation of usury rates, which began for a period of 6 months from 1 February 2023, has been extended until the end of 2023. This more frequent calculation of usury rates has prevented a faster adjustment of interest rates for housing loans to households more in line with the level of banks' refinancing costs.

At the end of June 2023, the High Council for Financial Stability (HCSF) slightly relaxed the characteristics of the flexible margin which allows banks to originate up to 20% of new home loans every quarter, which are not aligned with the HCSF criteria in terms of maturity (max. 25 + 2 years) and DSTI ratio (max. 35%): at least 70% of this flexible margin is dedicated to the financing of main residences (instead of 80% previously), and a maximum of 30% concern the purchase of secondary homes or rental properties (instead of 20% previously). This technical adjustment does not modify the global structure or the scope of HCSF's measures and is likely to have very little impact on supporting the mortgage market and access to housing. In addition, several announcements linked to real estate were announced by the Prime Minister in June and could be implemented in the finance bill for 2024. There is a concern, however, that their nature could reinforce the difficulties of the housing market: The PTZ (zero interest home loan) could be extended to 2027 but would be refocused from 2024 on purchases of newly built collective housing in dense areas and on existing housing to be renovated in sparsely populated areas. This measure could halve the number of PTZ granted in 2024 compared to 2022 (approx. 64,000 PTZ), impacting directly FTBs. Moreover, the Pinel scheme (supporting the purchase of homes to be rented) would be terminated at the end of 2023 and no other scheme is planned in its place.

**SPAIN**

The Code of Good Practices (CBP) approved by the Government in November 2022 is still in force to support the most vulnerable households from interest rate rises through grace periods and term extensions. For the time being, interest rate increases have not resulted in an increase in NPL levels.

**GREECE**

According to the latest available data of the Bank Lending Survey for Greece (Q2 2023), the demand for housing loans increased as a result of the state program "My House" which provides low interest rate loans co-financed with the Public Employment Service (DYPA).

**IRELAND**

In the first half of 2023, the government increased the limits on house prices for local authority home loans across all local authority areas and increased the income limits for all applicants in each local authority area. The government also announced a new commitment on widespread adoption of modern methods of construction in public housing. Lately, a EUR 150 mm revolving fund has been introduced to tackle long term vacancy and dereliction within towns and cities. The Vacant Property Refurbishment Grants have increased to EUR 50,000 for vacant properties and EUR 70,000 for derelict properties.

**HOUSING MARKETS**

Throughout the sample and considering the various sections it is clear that construction and house prices are reacting in a heterogeneous way to the current macroeconomic environment. Generalisations are therefore impossible, and the specific realities need to be analysed separately as shown in the following section.

**CONSTRUCTION SUPPLY**

As far as building construction is concerned, there is no general trend throughout the EMF sample. In most countries building starts and permits data show a y-o-y contraction while in some countries some signs of improvements have been registered q-o-q. There are also notable exceptions where the construction data show an increase both in y-o-y and q-o-q terms.

The National Board of Housing is forecasting that construction will drop sharply in **Sweden** in 2023 to figures as low as 25,500 dwellings, which is 55% lower than in 2022. In **Denmark**, housing market activity increased throughout Q2 2023 with a total of 10,593 houses being sold, representing 4% more transactions than in the second quarter of 2022. In the same period 3,437 owner-occupied apartments were sold, an increase of 9% compared to the same quarter in 2022. A total of 29,862 and 6,127 houses and apartments, respectively, were on the market at the end of Q2. The supply of houses has increased by 5.7% compared to the previous quarter. The supply of apartments has fallen by 2.6%. **Finland** reported that new housing permits and the number of new starts has started to decrease. Despite hopes for improvement, the market conditions remained challenging, with interest rates continuing to rise.

In **Hungary**, the number of newly issued building permits for the country was 5,891 in Q2 2023. This is an 18% increase compared to the previous quarter, but still a 40% decrease compared to Q2 2022. The number of housing completions for the whole country in Q2 was 3,740. This is a slight increase compared to Q1 in 2023, but an 18% decrease compared to Q2 2022. Building permits (2,515) issued in Budapest in Q2 2023 represented only about 83% of the volume of Q2 2022 but they exceed with 44% the number of permits issued in the previous quarter. Regarding **Romania**, the activity in the residential real estate market tempered. In the first 6 months of 2023 the volume of construction works for residential buildings decreased by 4.6% compared to the previous



year (unadjusted data), while the number of building permits issued in the same period decreased by 24.5% y-o-y. Average construction costs continued to increase in the period from January to June (+15% in annual terms). The demand for residential properties also contracted; the number of transactions decreased by 15% in the first half of 2023 y-o-y. With high inflation, labour force shrinkage and construction costs growing, the housing supply sector in **Poland** significantly slowed down. Admittedly, compared to the first quarter's numbers, housing indicators increased in Q2, but compared to Q2 2022, the number of housing units for which construction had begun was nearly 30% lower and the number of units for which permits had been issued was 35% lower. In contrast, the number of housing units completed was 3.31% higher than a year earlier. Activity in **Czechia** is in line with macroeconomic developments, with the number of transactions reaching a low in the second half of 2022, and gradually recovering from Q2 2023 onwards. Low consumer confidence and continued high prices of real estates and high mortgages interest rates do not promise full recovery by the end of the year.

In the **Netherlands**, building permits data was reported at 1,877 units in June 2023. This represents an increase from the previous number of 1,742 units for May 2023. The data reached an all-time high of 2,872 units in March 2021 and a record low of 1,229 units in December 2012. In total, in Q2 2023, municipalities issued permits to build more than 15,000 new homes, which is a 5% decrease y-o-y. Fewer permits were also granted in the first three months of this year than a year earlier.

Regarding **France**, the volume of housing permits represented 96,000 units in Q2 2023, the lowest second quarter since 2014. Concerning housing starts, the quarterly volumes amounted to 76,200 units in Q2 2023, decreasing by 4% q-o-q. The first half of 2023 recorded the lowest number of new housings starts for single-family houses since 2000, at a level similar to the first half of 2020 marked by the pandemic. The segment of existing dwellings totalled 229,000 transactions in Q2 2023 and represented around 84% of the total housing transactions in France. Quarterly transactions of existing dwellings declined by 2% compared to Q1 2023 and by 23% compared to Q2 2022. Despite the continuous decrease observed since 2022, the level of activity in H1 2023 has remained above its ten-year average (at around 215,000 units per quarter). The building activity of real estate developers represented around 7% of the total transactions in France and their sales are broken down into 94% of flats and 6% of houses in Q2 2023. With 21,135 units in Q2 2023, the number of new dwellings put up for sale was down for the fifth quarter (-10% q-o-q and -29% y-o-y), close to the lowest reading of Q2 2020. As in the previous quarter, sales in Q2 2023 slowed down more considerably than new offers, reaching their lowest level since 2000 with 17,872 new dwellings sold (decreased by 10% q-o-q and by 40% y-o-y). Cancellations represented 23% of sales in Q2 2023, which still represents a high level from a historical perspective.

According to information from **Spain**, the number of housing sales saw a y-o-y decline of 7% in Q2 2023 after the fall of 2% in the previous quarter. Even so, it is worth noting that mortgage activity appears to be slower than house sales figures. In **Italy** transactions volumes amounted to approximately 184,000, registering a decrease of 16% y-o-y. The quarterly comparison shows an increase of 10.4%. In **Greece**, in the first five months of 2023, construction activity in dwellings increased significantly for the entire country, both in terms of number and volume (cubic meters) of new building permits (28.7% and 21.6%, y-o-y, respectively) against marginal decreases during the same period in 2022 (-0.8%

and -1.2%, y-o-y, respectively). In the region of Athens, the corresponding increases recorded were 21.5% and 25.5% y-o-y. The increased investment interest from abroad, which fuelled the recovery of the high-quality real estate market and income-related properties, increased significantly in 2022 (68.0%) and continued its growth in the first half 2023, recording a significant increase of 39.9%, y-o-y, but with a decelerated pace compared to the same period in 2022. More specifically, in H1 2023, net foreign direct investment in Greece for the real estate purchases amounted to EUR 1,102.8 mn compared to EUR 788.4 mn for H1 2022.

In Q2 2023, residential investment (seasonally adjusted data at constant prices) increased significantly by 47.1% y-o-y, although it still remains at the low level of 2.1% of GDP. The business expectations for housing construction, as reflected in the relevant indicator of IOBE survey, improved further in 2022 (4.0%) and continued to be positive in the eight-month period of 2023 (19.7%). However, the total cost of construction of new residential buildings increased in Q2 2023 by 6.5% y-o-y, while for the whole of 2022 the average annual increase was 8.8%. The results from the June **Portuguese** Housing Market Survey indicate a weakening of activity in the residential market. Demand from new buyers and agreed sales fell again compared to previous negative readings. The rental market continues to face a strong imbalance between demand and supply, with rents continuing to rise. Regarding new buyer demand, a headline net balance of -36% of respondents noted a decline in enquiries in June, a reading that worsened considerably compared to May (-19%). When disaggregated across the three different regions, Lisbon had the most negative reading at -40%, followed by the Algarve at -37% and then Porto at -30%. New sales instructions also declined, returning a net balance of -30% in June (compared to -26% in May). For agreed sales, the headline net balance was recorded at -37% in June also down from -19% in May. At the same time, short-term sales expectations also reflect a more negative picture, with a net balance of -22% of respondents anticipating a drop in the next three months (down from -13% in May).

In **Ireland**, more than 8,200 housing units were started in Q2 2023, 14.8% more than in Q2 2022 and the highest quarterly total since Q3 2021. Dublin and Dublin Commuter (the four counties closest to Dublin) accounted for 43.6% and 16.4%, respectively, of housing starts in Q2 2023. Almost 3,600 dwellings were commenced in Dublin, 32.3% more than in Q2 2022. By contrast, Dublin Commuter housing starts fell by 5.4% to about 1,300 over the same period. Commencements fell by 4.3% y-o-y in Cork but rose by 14.5% in the rest of Munster. Almost 7,400 new dwellings were completed in Q2 2023, according to the Central Statistics Office (CSO), 3.5% less than in Q2 2022. Dublin accounted for about 32.5% of all completions in Q2 2023 and 68.7% of apartment completions. Munster and the Dublin Commuter region accounted for about 21.1% and 23.2% of completions, respectively. Household market purchases of residential property rose by 4% y-o-y to 11,722 in Q2 2023. On an annual basis, there were 50,611 purchases in the twelve months ending June 2023, the second highest level, after the twelve months ending May 2023, since the data series began in 2010. Dublin was the largest housing market in Q2 2023 with almost 3,600 household market purchases, 8.3% more than in Q2 2022 and giving it a 30.7% share of the national market. Dublin accounted for more than half of apartment sales (56.9%).

#### HOUSE PRICES

The development of house prices across the underlying country sample is difficult to capture, as no clear trends or patterns are present. Only in northern Europe was a significant decrease in house prices observed.

The simple average of HPI values for the EMF country sample started to decrease in Q2 2023 to an average of 154.2 from 159.5 in Q1 2023 (base year 2015). It is noteworthy that the average HPI peaked in Q3 2022 to 160.7 and has fallen since Q4 2022. The following sections seek to capture the heterogeneous picture of Europe's house price developments in recent periods:

Regarding northern Europe, prices decreased significantly in all reporting jurisdictions. In **Sweden**, one-family homes prices decreased by 12.3% on a yearly basis, compared to a decrease by 9.0% in Q1 2023, according to Statistics Sweden. The price statistic is partly based on transactions where the prices are negotiated in earlier quarters and the figure is to some extent delayed. Other statistics, based on real estate agents, shows single-family house prices have already stabilised in Q2 2023. Apartment prices decreased by 6% y-o-y, compared to a decrease by 10% in Q1, according to Valueguard HOX index. The prices for single-family homes in the Stockholm area decreased by 14.3% y-o-y in the second quarter of 2023 (-11.6% in Q1 2023). In the Malmö-area the prices decreased by 16.1% y-o-y (-11.6% in Q1 2023) and in Gothenburg by -11.7% (-4.7% in Q1 2023). The prices for apartments in Stockholm decreased by 4% in the second quarter (-9% in Q1 2023). Apartment prices in Gothenburg decreased by 8% (-12% in Q1 2023) and in Malmö by 8% (-10% in Q1 2023). Prices also slowed down in August 2023 on an annual basis, but at a lower rate. Single-family home prices decreased by 6% in August y-o-y and tenant-owned apartment prices decreased by 0.6%. However, the monthly price changes for both single-family homes and apartments levelled out during the summer and started to increase slightly in August on a monthly basis. As regards **Denmark**, in the past year, house prices have decreased by 3.7%. Meanwhile, prices for owner-occupied apartments have fallen by 4.4%. Compared to the previous quarter, prices decreased by 3.1% for houses and prices for apartments fell 4.1%. In April to June 2023, prices in **Finland** fell by 7.7% y-o-y in large towns and by 5.5% y-o-y in the rest of the country. Prices of dwellings in housing companies fell in all large towns but most in Greater Helsinki.

In Central and Eastern Europe, house price developments have been diverse, with no clear pattern emerging for the broader region. As reported by **Hungary**, following the contraction in Q4 2022 house prices increased again in Q1 2023 by 2.5% (nominal terms) according to the National Statistical Office (KSH) figures. Within the overall quarterly increase, the prices of new homes increased by 6% whereas those of used dwellings increased by 1.9%. In real terms, however, the change in all segments was negative. The MBH House Price Index, that is calculated on the available real housing transaction data, shows a 3.7% increase q-o-q and a 12% increase y-o-y (nominal terms). The nominal house price increase was less dynamic in Budapest compared to the county average and compared to other large cities. In **Romania**, residential real estate risks are moderate, but on a decreasing trend, with both supply and demand contracting and relatively steady price dynamics despite. Residential real estate prices increased in Q1 2023 by 4.6% in nominal terms, 1.8 pps lower compared to the same period of the preceding year. In Romania the price dynamics are the lowest in the region, after Czechia. According to the NBR Bank Lending Survey (May 2023), around 70% of banks reported a flat average house price per square metre, whereas 28% deemed that the price increased slightly. The survey respondents expect the same evolution of the average price for the next quarter. In **Poland**, the effects of the "Safe Credit 2%" program are yet to be seen, as the first transactions financed by this program did not take place until July 2023. However, it was clearly evident that as the launch date approached, its effect on offer prices became more evident. Since the

program was announced in mid-December 2022, offer prices for apartments have been rising. In the primary market, the biggest transactional price growth was observed in Rzeszów (6% q-o-q), Gdańsk (4.7% q-o-q), and Łódź (4.2% q-o-q). In the secondary market, the biggest transactional price changes were recorded in Rzeszów (6% q-o-q), Gdynia (5% q-o-q), and Olsztyn (4.4% q-o-q). The transactional prices in the capital city of Warsaw grew by 2.5% q-o-q (on both markets). Lastly, in **Czechia**, despite a small decrease of prices, the housing market did not change significantly.

As for the Continental Europe area, the following developments were reported. Based on the figures of the notary barometer, the average price of a house in **Belgium** went down to reach 320,937 EUR in Q2 2023. This means a decrease by 0.3% y-o-y. Regional differences in housing price evolution can be observed in Belgium's three regions (Flanders, Wallonia and Brussels). During Q2 2023, house prices decreased in two of the three regions compared to 2022. In the Brussels region, the average house price (536,712 EUR) decreased by 4.1% compared to the average price in the second quarter of 2022. In Wallonia, the average housing price (236,148 EUR) decreased by 1.4% y-o-y. In Flanders, however, the average house price in the second quarter of 2023 (356,863 EUR) still showed an increase by 1.7% y-o-y. In the course of Q2 2023, average prices of apartments in Belgium went up by 1.7% y-o-y. However, regional differences (Flanders, Brussels and Wallonia) can also appear when price evolution of apartments is concerned. In the second quarter of 2023, apartment prices increased in two of the three regions compared to the second quarter of 2022. In Flanders, the average price of an apartment (263,953 EUR) increased by 2.5% y-o-y. In Wallonia, the average price of an apartment (199,530 EUR) increased by 2.4% y-o-y. In the Brussels Region, however, the average price of an apartment (273,208 EUR) decreased by -0.6% y-o-y. In the **Netherlands**, house prices started to decline in Q3 2022. The HPI decreased to 177.8 (base year 2015) in Q2 2023, which indicated a drop of 1.88% q-o-q and 5.17% y-o-y. With this, house prices are again below the level recorded at the beginning of 2022. On the market for owner occupied residential properties in **Germany**, prices fell by 3.8% y-o-y and by 0.4% compared with the previous quarter. The smaller impact in relation to other sectors is due to ongoing high demand for housing. A simultaneous slump in new construction activity has aggravated excess demand in metropolitan areas. Nevertheless, the burdens caused by inflation and borrowing costs had a dampening effect on the market. Rents under new contracts for multi-family houses rose by 0.9% across Germany between the first and the second quarter of 2023. Finally, in **France**, the growth of house prices for existing homes stopped in 2023 after a continuous appreciation between 2016 and 2022. After -0.2% (seasonally adjusted data) q-o-q in Q1 2023, housing prices in the second quarter dropped by 0.8% q-o-q. The quarterly decline was more significant for apartments (-1.0% q-o-q) than for houses (-0.6% q-o-q). Over one year, house prices of metropolitan France were still increasing, but at the slow pace of 0.5%. In the Paris region (Ile-de-France), excluding Paris city, house prices of existing homes decreased by 1.8% in Q2 2023 q-o-q and 2.5% y-o-y. This quarterly decline in house prices (the strongest one since Q2 2009) was mostly linked to apartments in the immediate suburbs (-2.0% q-o-q), but prices of single-family homes also followed a downward trend (-1.7% q-o-q). Specifically in Paris, the average prices of apartment were down by 2.4% q-o-q and by 4.4% y-o-y: they reached the level previously observed in Q3 2019 (before the Covid-19 crisis), decreasing by 6.7% compared to their highest level recorded at the end of 2020. In Provincial France (Metropolitan France excluding Paris' region), house prices for existing dwellings registered their first quarterly decline since 2016, with -0.4% in Q2



2023. With -0.5% compared to the previous quarter, prices of single-family houses were more impacted by the current context than apartment prices (-0.2% q-o-q). However, benefiting from a positive evolution recorded until Q1 2023, house prices in Provincial France continued to show a growth rate of +1.8% y-o-y in Q2 2023. Regarding the prices of new homes built by real estate developers, average prices for apartments increased by 0.5% q-o-q and by 4% y-o-y in Q2 2023. While the average price of new single-family houses built by real estate developers recorded a quarterly drop of 2.1% (only linked to the prices of houses with 4 rooms and more), an increase of 1.1% y-o-y was still recorded.

As to Southern Europe, HPI values display a slightly more homogenous trend of slightly increasing house prices, besides the general moderation of growth rates, except for Greece where prices increased significantly.

In **Spain**, house price growth remained positive despite showing moderation. This can be explained to a large extent by the lack of housing stock in the market, especially in large cities where demand is more stressed. Regarding **Italy**, the Housing Price Index increased by 2.0% compared with the previous quarter and by 0.7% y-o-y (+1.0% in Q1 2023). More in detail, the prices of new dwellings increased by 2% q-o-q, while the prices of the existing dwellings increased by 1.9% q-o-q. In **Greece**, in Q2 2023, the Bank of Greece indices for nominal apartment prices increased, on average, by 13.9%, y-o-y, for the entire country (14.1% in Athens, 16.4% in Thessaloniki, 14.6% in other cities and 12.1% in other areas of Greece). According to revised data, the respective increase in Q1 2023 was 15.0%, while in 2022 apartment prices increased by an average annual rate of 11.8%, compared with an average increase of 7.6% in 2021. Broken down by age of property, in Q2 2023 the rate of increase in prices was 13.8%, y-o-y, for new apartments (up to 5 years old) and 14.1%, y-o-y, for old apartments (over 5 years old). According to revised data, in Q1 2023 an increase of 13.4% y-o-y was recorded in prices for new apartments, whereas for old apartments the prices increased by 16.2% y-o-y. In 2022, the average annual rates of increase were 12.4% and 11.4% for new and old apartments, respectively. In **Portugal**, house prices rose 1.8% q-o-q in Q1 2023, marking a moderation from +4.3% q-o-q reported in Q1 2023<sup>4</sup>.

Concerning **Ireland**, residential property price inflation decelerated further in Q2 2023, with prices up by 2.2% in the twelve months to June 2023, compared with an increase of 14% in the year to June 2022. The CSO's national index decreased to 166.9. Prices for new dwellings were 11% up y-o-y, while prices of existing dwellings were 0.6% higher. Prices in Dublin decreased by 0.9% in the 12 months to June 2023, with house prices in Dublin falling by 1.1% y-o-y and apartment prices in the county by 0.2%. Residential property price inflation outside Dublin rose by 4.5% y-o-y, with house prices up by 4.7%.

House prices fell by 1% in the **UK** in Q2, down from 2% from their peak in Q4 2022. The fall in prices reflects the general slowdown in the housing market, and the reduction in affordability as interest rates rise, and the increase in mortgage payments as a proportion of incomes. Average house prices remained broadly stable in the second quarter of the year. During the pandemic, house prices in London did not increase to the same extent as the average across the UK. If prices fall further, it is possible that prices in London do not fall to the same extent as the average across the UK.

## MORTGAGES INTEREST RATES

The average, unweighted EMF mortgage interest for Q2 2023 amounted to 4.86%, 17 bps higher than Q1 2023's average rate (4.69%). It is the highest average rate since the start of the data record in Q1 2009. Moreover, Q2 2023 marks the seventh consecutive increase for the EMF average. The average EMF mortgage interest rate for Euro area countries amounted to 3.87% and 5.52% for non-Euro area countries. When excluding Denmark, Sweden and the UK from the sample of the non-Euro area countries, the average interest rate was up to 7.72%. For the non-Euro Area eastern European countries. (CZ, HU, PL, RO), the average interest rate already started to decrease from the high of 8.07% in Q1 2023.

In **Sweden**, variable interest rates continued to increase slightly to 4.3% in June from 4.2% in the last quarter. Longer interest rates decreased in the second quarter: Mortgages with a 1-5 year fixation decreased to 3.9% (4.1% in Q1 2023) and interest rates with over 5 years of initial fixations decreased to 3.3% (3.5% in Q1 2023). In **Denmark**, the average interest rate on loans with a fixation period up to one year increased by 36 bps in Q2 2023. For the loans with between one to five years of interest rate fixation the average interest rate rose by 14 bps. For loans with between five and ten years of interest rate fixation, the average interest rate rose by 14 bps. The average interest rate on loans with more than ten years of fixation increased by 19 bps in the second quarter of 2023. As a result of the high interest rates on variable mortgage loans during 2022 and the first half of 2023, owners of these types of loans were given the opportunity to convert their variable rate loan with a high interest rate to a fixed rated loan with a lower interest rate, and hence reduce some of their outstanding debt. In Finland, the rate on new housing loans stood above 4.39% in Q2 2023 and around 30% of all mortgage debtors have an interest rate cap.

In **Belgium**, in the first quarter of 2023, mortgage lending still showed a strong decrease in number of contracts of 28.5% y-o-y. Taking into account the decrease of about 11% in credit demand during July compared to the same month of 2022, we expect new mortgage lending to still show a negative trend in the coming months compared to the year before, although less pronounced. Compared to previous quarters, interest rates continued to increase: the weighted average mortgage interest rate increased to 3.28%, which is 76 bps increase y-o-y. The variable interest rate increased to 4.66%, while the short-term initial fixed period rate (1-5 years) increased to 4.57% and medium- (5-10 years) and long-term (>10 years) increased less rapidly to 3.57% and 3.28%, respectively. In the **Netherlands**, the mortgage interest rate for new mortgages rose from 3.78% to 3.91% in Q2 2023. The variable interest rate (fixation up to 1 year) amounted to 4.43%, while the long-term initial fixed period rate (10 years or more fixation) amounted to 3.55%. Regarding data from **Germany**, the average interest rate was 3.98% in Q2 2023 (3.78% in Q1 2023). 74% of new lending was issued on an interest fixation period of over five years. The quarterly interest rate of home loans (excluding renegotiations and loan transfers) in France reported by the Banque de France has progressed each month since the previous quarter, reaching 3.26% at the end of June 2023 and 3.09% on average for Q2 2023. The fast rise in interest rates observed in other European countries has been limited in France by the mechanism of the "usury rate" monitored by the French government. The usury rate depends on the duration of the housing loan and was updated each quarter (until January 2023) based on the previous quarterly average of the APRC with an added margin of 33%. The maximum legal borrowing APRC in France was 4.48% on average in Q2 2023 for a new home loan with a duration

<sup>4</sup> Confidencial Imobiliário (Ci), July 2023.



of more than 20 years and 4.68% for the month of June. As the upward trend in interest rates gets stronger, the level of usury rates is going up faster and faster and reached its highest level since 2015 in Q2 2023.

Interest rate developments in Central and Eastern European jurisdictions were especially significant over the course of the latest quarters. For some jurisdictions, the significant increase in interest rates has already started to temper, and rates are starting to normalise from their high levels. In **Hungary**, the Central Bank base rate peaked at the end of September 2022 and remains at 13%. Interest payable by customers on newly disbursed housing loans peaked in Q1 2023. Due to slowly decreasing inflation figures and the increased competition on clients among banks, a slight and cautious decrease could be observed in the mortgage rates in the second quarter. Similar to the earlier trend, the most popular mortgage interest type was medium- and long-term fixed mortgages. Initial interest rates fixed between 5 and 10 years were 42.7% of new mortgages, new mortgages with a fixed period of over 10 years (long term) represented 31.9% of the newly issued loans. The share of variable rate mortgages (up to 1 year) slightly increased but remained low at 1.2% of the share. This loan type still has a negligible market share among newly issued mortgages. In **Romania**, the representative interest rate on new loans for house purchase saw a quarterly decline of 0.4 pps, reaching 7.4% (+2.8 pps above Q2 2022 values). Most new loans (60.2%, +4.1 pps q-o-q) continued to have a variable interest rate in Q2 2023. Regarding new loans with a fixed interest rate, short-term fixed interest rate loans accounted for 17.6% of total new loans (down from 20.6% in the previous quarter), whereas loans with long-term fixed interest rates were 20.4% of total new loans, almost unchanged from Q1 2023. In **Poland**, the Monetary Policy Council has maintained a stable level of the NBP reference rate at 6.75%. As a result, the WIBOR 3M rate, which is the basis for determining the interest rate on floating-rate loans, began to gradually decline until it reached 6.90% at the end of Q1 2023 and remained unchanged until the end of Q2 2023. Finally, regarding **Czechia**, in Q2 2023 the Czech National Bank confirmed the current level of basic interest rates that did not change from Q2 2022 and remained at the level of 7.0%. Interest rates for mortgages stabilised at 6%. The most typical interest rate which is that fixed for 5 years started at under 6% and was often subject to discounted offers.

In **Spain** borrowing interest rates continued to increase gradually. In Q2 2023, the weighted interest rate reached 3.7%, which is 30 bps above the level recorded in Q1 2023 and 226 bps higher than the all-time low recorded at the end of 2021 (1.45%). Among these, loans with an initial fixed period of over 10 years recorded the lowest rate at 3.2% in comparison to floating rates and rates with up to 10 years fixation. Given the current monetary scenario, variable rate loans are losing ground in favour of fixed rate loans, especially those with a fixation period between 1 and 10 years, which have doubled their market share, now accounting for 32% of new lending. Even so, loans with an initial fixed rate for more than 10 years are still in the majority, representing 46%. With reference to the mortgage interest rates on new business in **Italy**, in Q2 2023, the interest rate on short term loans, with maturity under 1 year, continued to increase to 4.47% (1.44% in Q1 2022). The interest rate with maturity over 1 year remained essentially stable at 4.13% with respect to the previous quarter (2.34% in Q2 2022). The average rate on new business for house purchases increased to 4.27% (2.05% in Q2 2022). According to the latest figures reported from **Greece** at the end of Q2 2023, interest rates on new housing loans rose further compared to December

2022 by 70 bps to 4.82%, whilst compared to July 2022 the rise was 142 bps. The rise was higher for outstanding housing loans with an initial maturity of over 5 years compared to December 2022 by 72 bps to 4.39% and compared to July 2022 by 224 bps. According to the Bank of Greece interest rates on euro-denominated new loans vis-à-vis Euro area residents from domestic credit institutions, the amount of new housing loan agreements during the period January-July of 2023 decreased for the first time after 5 years of continuous growth (in 2022, on average, the increase was 20.7%). More specifically, in the 7-month period of 2023, new housing loans amounted to EUR 634 mn compared to EUR 670 mn in the corresponding period of 2022, posting a decrease of 5.3%, y-o-y. In **Portugal**, in Q2 2023, the variable rate for new loans (up to 1-year initial rate fixation) was 4.37% compared with 3.84% in Q1 2022.

Regarding **Ireland**, the representative interest rate in Q2 2023 amounted to 3.97%, 55 bps higher than in the previous quarter. In Q2 2023, fixed-rate (loans fixed for over one year) mortgages accounted for 88% of new mortgages issued. Mortgages with interest rates fixed for over one year accounted for more than half of mortgages outstanding at 61.7% at March 2023, up from 47.2% in the previous year. Some 23.7% of the value of outstanding mortgages was on ECB base rate-linked tracker mortgage rates in Q1 2023.

Lastly in the **UK**, average mortgage interest rates increased to 4.56% in Q2 up from 4.47% in Q1 2023, however this increase did not occur across all products. Variable rates increased over the quarter in line with the rise in the Bank Rate (+0.81 pps) as short-term initial fixations (+0.4 pps) and medium-term initial fixations (+0.37 pps), while long-term initial fixations decreased by 0.18 pps, reflecting the expectation of upcoming decreases in the average mortgage interest rate.

GROSS RESIDENTIAL LENDING (2015 = 100; IN EURO; SEASONALLY ADJUSTED DATA)

CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 90% OF 2015 LEVELS

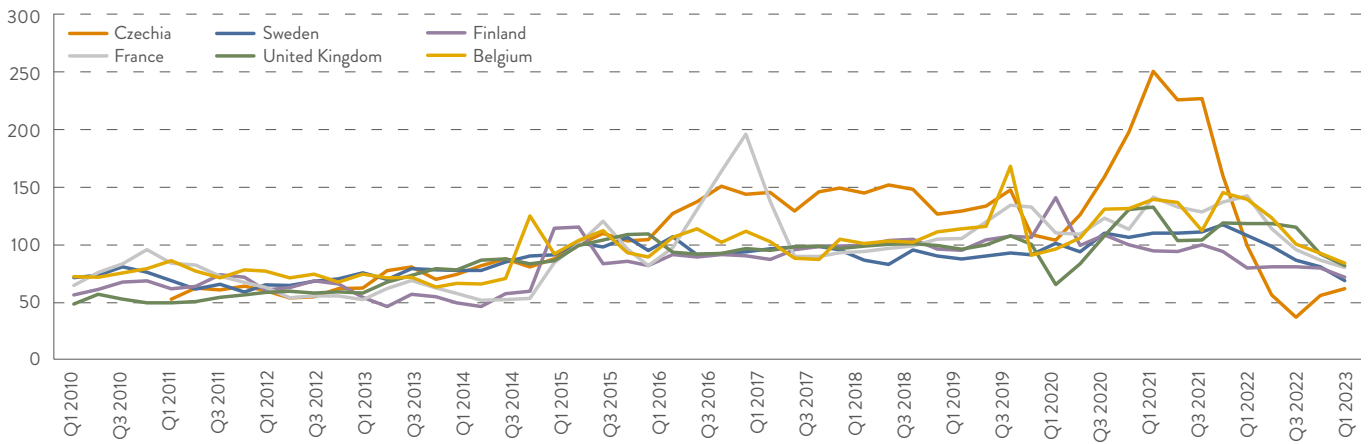


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 90% AND 130% OF 2015 LEVELS

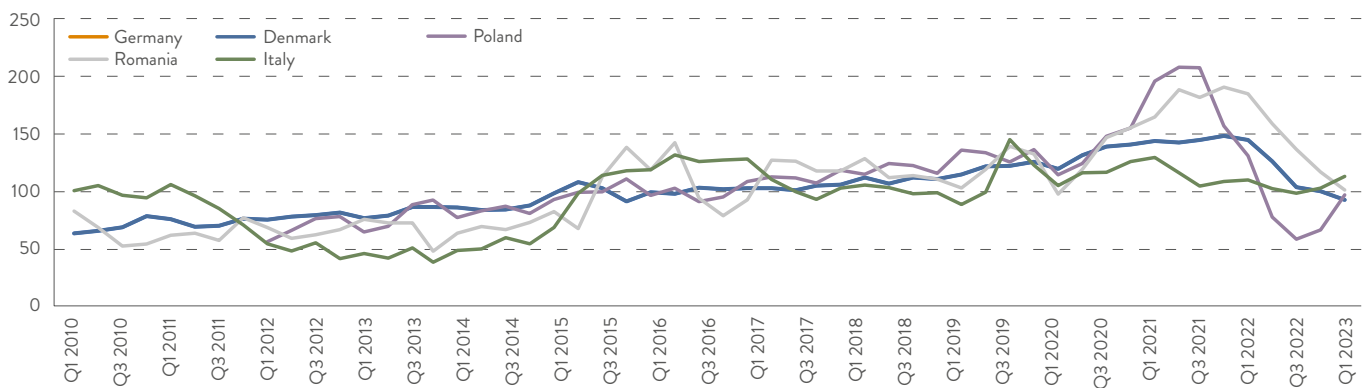
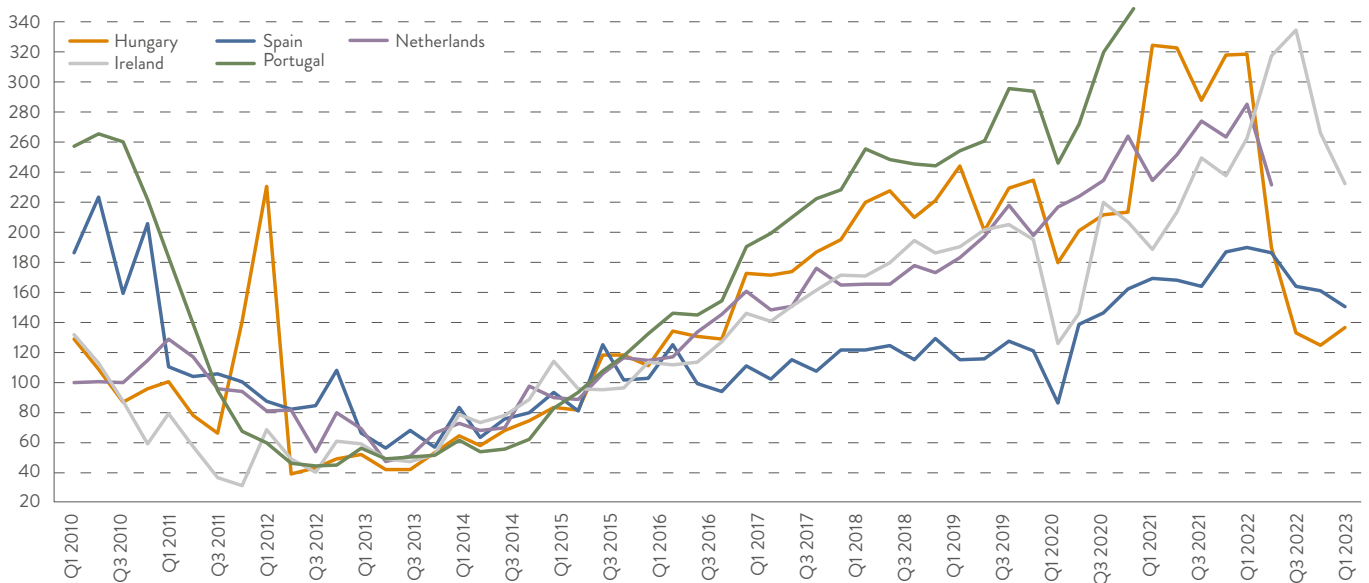


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 130% OF 2015 LEVELS



NOTE: The time series have been seasonally adjusted by regressing the gross domestic lending of each country on quarter dummies and a constant, and adding the residuals to the sample. The fpp-package in R-Studio was employed.

NOMINAL HOUSE PRICE INDICES (2015 = 100)

CHART 2A | COUNTRIES WHERE HOUSE PRICES HAVE DECREASED BY MORE THAN 3% Y-O-Y

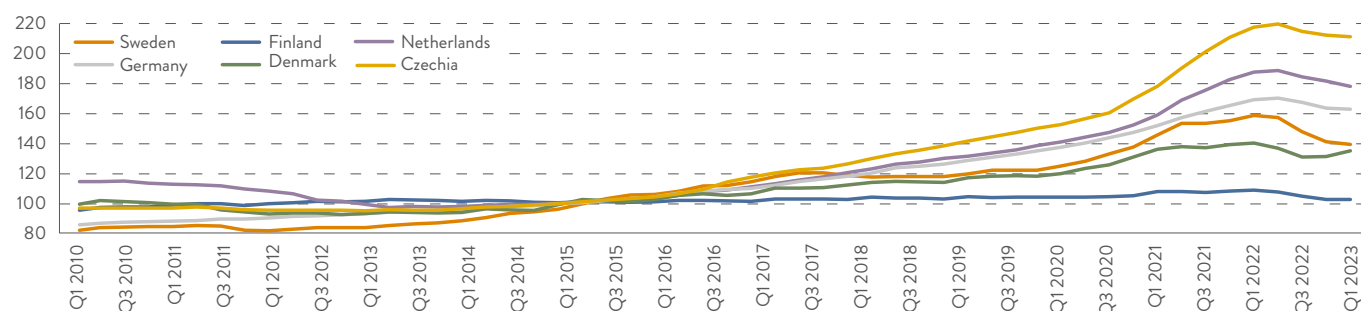


CHART 2B | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BELOW 3% Y-O-Y

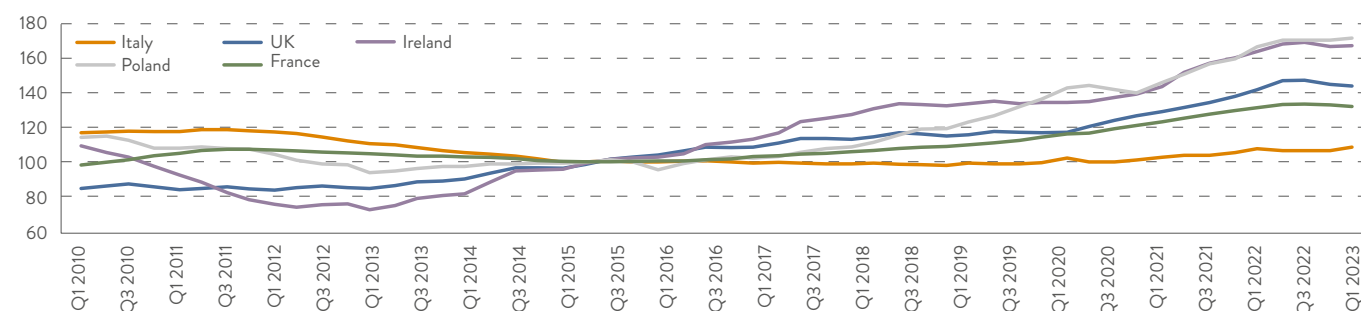
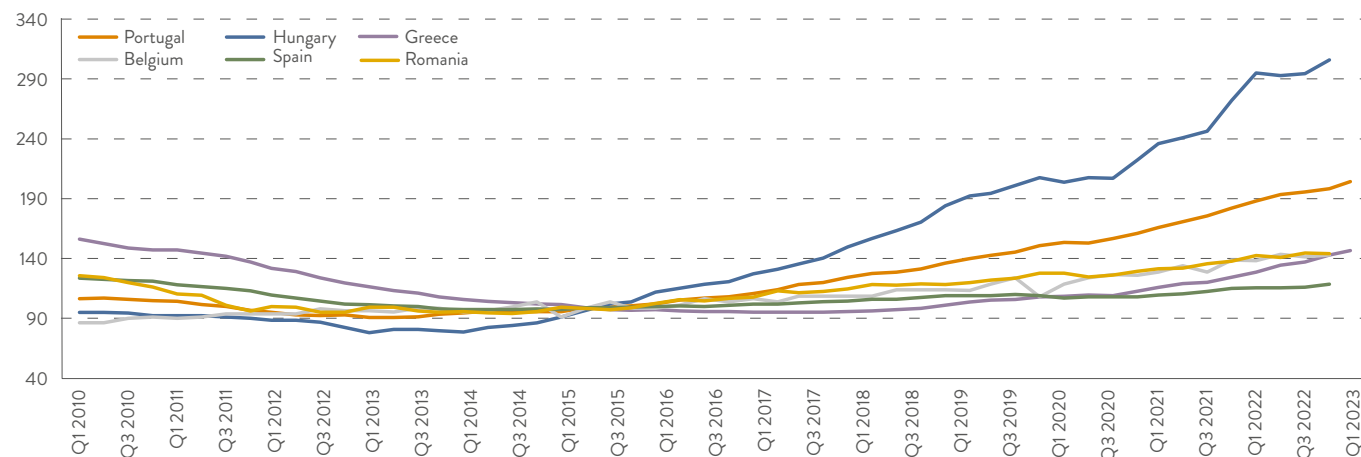
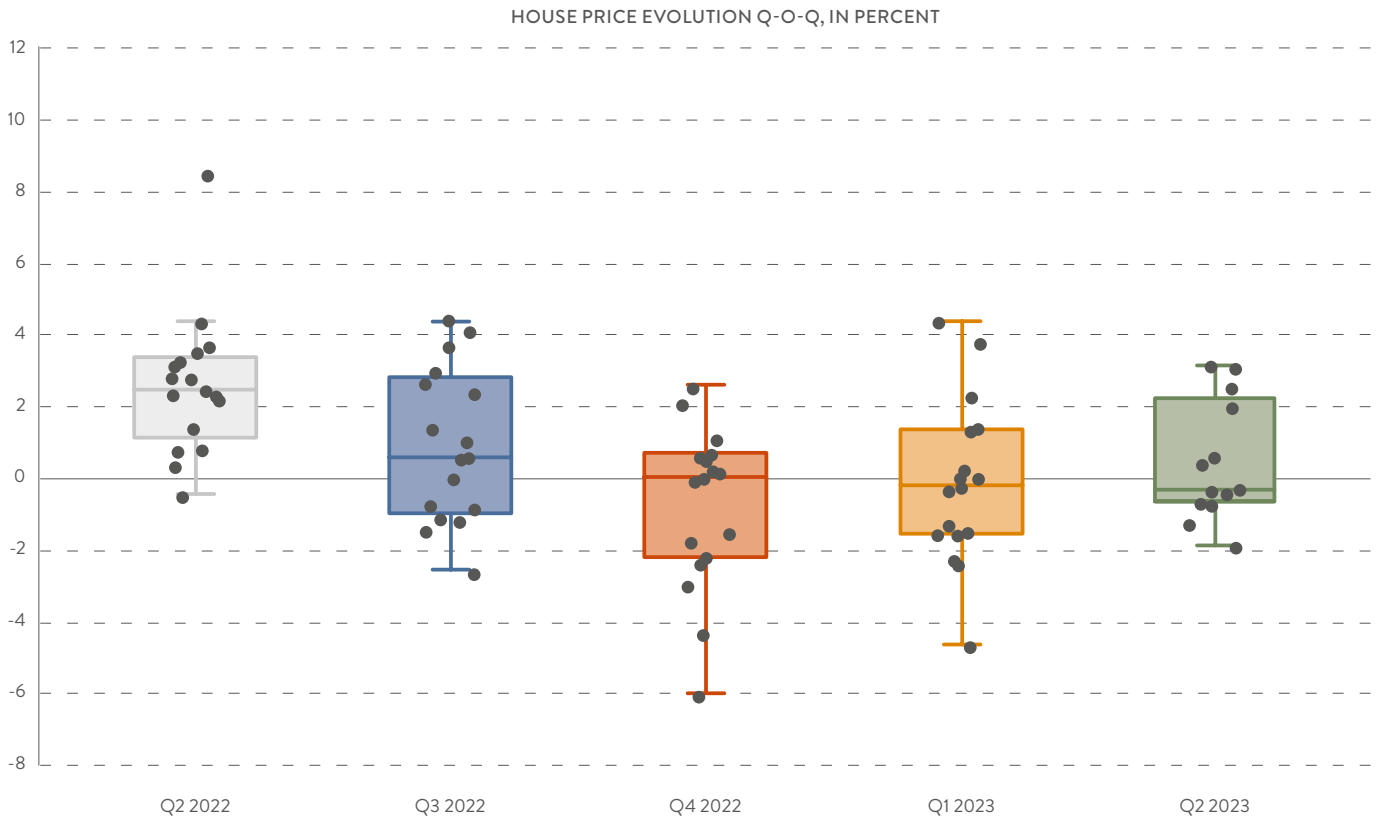


CHART 2C | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED ABOVE 3% Y-O-Y





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



**NOTES:**

The dataset shows q-o-q growth figures of the country sample for most recent five quarters based on a Boxplot representation. 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.

CHART 4 | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS (Q2 2023)



NOTES:

- (1) Medium- and Long-term fixations are grouped together
- (2) Short-, Medium- and Long-term fixations are grouped together
- (3) Due to data availability referring to Q1 2023



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

	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	LATEST Y-O-Y CHANGE (%), Q2 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 2023, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 2023, LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%), Q1 2022, LOCAL CURRENCY
BE	291,948	296,028	300,929	304,879	308,579	309,852	312,122	3.7	4.7	3.7	4.7
CZ	60,632	63,121	62,566	63,756	65,497	67,650	68,244	9.1	7.2	4.7	3.3
DE	1,744,433	1,765,863	1,796,920	1,824,500	1,842,800	1,848,300	1,857,000	3.3	4.7	3.3	4.7
DK	271,527	263,043	252,550	242,560	247,730	248,588	247,133	-2.1	-5.5	-2.0	-5.4
EL	30,891	30,516	30,314	30,117	29,753	29,311	28,899	-4.7	-3.9	-4.7	-3.9
ES	487,146	488,767	490,671	490,356	486,890	481,496	n/a	n/a	-1.5	n/a	-1.5
FI	107,759	108,052	108,703	108,467	109,315	108,348	107,887	-0.8	0.3	-0.8	0.3
FR	1,214,582	1,228,009	1,249,231	1,269,970	1,280,950	1,285,452	1,291,641	3.4	4.7	3.4	4.7
HU	14,660	14,996	14,022	13,443	14,204	14,905	15,265	8.9	-0.6	2.0	2.0
IE	86,923	84,218	83,445	83,048	83,391	82,832	83,144	-0.4	-1.6	-0.4	-1.6
IT	409,868	414,455	419,845	424,169	426,959	425,908	425,252	1.3	2.8	1.3	2.8
NL	785,288	793,781	804,334	810,810	813,112	816,639	n/a	n/a	2.9	n/a	2.9
PL	111,346	110,137	108,749	105,472	106,167	104,113	107,964	-0.7	-5.5	-6.0	-5.1
PT	98,149	99,235	100,481	101,328	101,700	101,178	100,892	0.4	2.0	0.4	2.0
RO	20,347	20,824	21,259	21,376	21,432	21,251	21,072	-0.9	2.1	-0.5	2.1
SE	491,457	495,530	485,672	482,279	477,161	472,007	452,771	-6.8	-4.7	2.6	3.9
UK	1,861,750	1,868,777	1,860,926	1,831,207	1,835,703	1,850,717	1,895,788	1.9	-1.0	1.9	2.9

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:

- Sweden
- Hungary
- Denmark

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023	LATEST Y-O-Y CHANGE (%). Q2 2023. EUR VALUES	LATEST Y-O-Y CHANGE (%). Q1 2023. EUR VALUES	LATEST Y-O-Y CHANGE (%). Q2 2023. LOCAL CURRENCY	LATEST Y-O-Y CHANGE (%). Q1 2023. LOCAL CURRENCY
BE	12.664	12.369	11.054	12.236	12.697	11.145	9.961	7.392	7.574	-40.3	-39.6	-40.3	-39.6
CZ	5.146	4.440	4.610	3.082	2.102	1.038	798	988	1.357	-35.5	-67.9	-38.1	-69.1
DE	75.200	76.600	76.900	74.900	75.700	67.800	55.100	49.300	48.100	-36.5	-34.2	-36.5	-34.2
DK	13.340	12.722	13.757	18.903	18.040	17.643	15.316	9.881	8.043	-55.4	-47.7	-55.4	-47.7
ES	16.351	13.883	15.626	15.811	18.209	15.551	15.655	13.439	14.660	-19.5	-15.0	-19.5	-15.0
FI	8.929	7.561	7.836	7.634	7.689	6.403	6.207	6.431	7.027	-8.6	-15.8	-8.6	-15.8
FR	74.500	71.200	69.200	71.600	75.100	61.300	51.700	44.700	41.900	-44.2	-37.6	-44.2	-37.6
HU	1.112	1.123	957	998	1.091	677	439	350	481	-55.9	-64.9	-58.7	-64.0
IE	2.230	2.784	3.312	2.513	3.134	4.057	4.353	2.866	2.762	-11.9	14.0	-11.9	14.0
IT	22.161	17.588	18.986	17.385	18.865	15.289	17.911	16.384	19.418	2.9	-5.8	2.9	-5.8
NL	37.491	41.254	44.646	39.660	45.596	38.050	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PL	4.921	5.110	5.019	3.780	3.326	1.897	1.350	1.555	2.482	-25.4	-58.9	-29.4	-58.7
PT	3.831	4.089	4.001	4.155	4.218	3.906	3.879	4.530	4.551	7.9	9.0	7.9	9.0
RO	934	1.122	1.083	1.002	1.049	953	823	581	569	-45.8	-42.1	-45.6	-42.0
SE	18.030	15.994	18.282	17.053	17.712	14.165	14.449	11.289	11.472	-35.2	-33.8	-28.7	-27.8
UK	100.347	82.945	81.080	87.480	89.230	94.584	89.713	66.488	60.668	-32.0	-24.0	-32.0	-21.0

CZ – Data break on Q1 2020 due to methodological adjustments  
SE – approx. 75% of total markets

Source: European Mortgage Federation

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

- Poland
- France


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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
BE	3,191	5,349	3,381	4,348	4,547	4,295	4,080	4,901	3,950	3,700	1,273	2,270
CZ	192	3,050	1,417	2,996	1,790	3,255	2,489	-555	1,190	1,741	2,153	594
DE	27,768	29,779	22,073	32,138	29,639	31,160	21,430	31,057	27,580	18,300	5,500	8,700
DK*	3,494	3,211	-543	840	19	3,795	-8,484	-10,493	-9,990	5,171	858	-1,455
EL	-642	-3,289	-601	-4,133	-4,251	-6,257	-376	-201	-197	-364	-443	-412
ES	-952	162	614	2,811	254	1,553	1,621	1,905	-315	-3,466	-5,394	n/a
FI	974	1,152	800	1,297	1,024	1,024	293	651	-236	848	-967	-461
FR	15,802	20,404	13,091	21,878	22,703	19,920	13,427	21,222	20,739	10,980	4,502	6,189
HU	-18	262	156	962	195	-13	337	-974	-579	761	701	360
IE	-491	-97	-2,365	-550	-165	-316	-2,705	-773	-397	343	-559	312
IT	2,030	3,354	3,946	5,691	4,153	4,563	4,586	5,390	4,324	2,790	-1,052	-655
NL	4,455	3,951	6,389	8,686	10,640	7,624	8,493	10,553	6,476	2,302	3,527	n/a
PL	-868	1,521	-1,164	4,356	719	2,829	-1,210	-1,388	-3,277	695	-2,054	3,852
PT	586	1,068	939	-1,169	1,240	963	1,086	1,246	847	372	-522	-287
RO	296	550	209	540	648	596	477	435	118	55	-181	-179
SE	2,293	31,306	-3,209	15,465	4,765	5,345	4,073	-9,858	-3,393	-5,118	-5,154	-19,237
UK	14,260	46,620	113,470	16,972	5,677	55,890	7,027	-7,851	-29,719	4,496	15,014	45,072

\*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)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
BE	109.8	120.9	125.8	128.8	128.4	131.0	135.9	131.0	141.0	140.3	146.0	143.4	145.3	n/a
CZ	149.0	151.4	155.4	159.4	168.9	177.5	189.7	200.6	210.3	217.1	219.3	214.5	211.7	210.9
DE	134.2	136.7	139.6	143.3	146.8	151.5	157.1	161.2	165.2	169.2	170.1	167.5	163.5	162.8
DK	117.4	119.3	122.7	125.4	130.8	136.2	138.0	137.4	139.3	140.4	136.7	130.8	131.1	135.2
EL	109.4	109.9	110.9	110.7	114.3	117.5	120.7	121.9	125.8	130.2	135.9	138.7	144.7	148.3
ES	111.2	109.1	109.8	110.0	110.2	111.8	112.7	114.9	117.6	118.0	118.0	118.6	121.3	n/a
FI	104.0	104.0	104.0	104.4	105.1	108.2	108.0	107.6	108.6	109.4	107.8	104.6	102.2	101.9
FR	114.5	116.3	116.9	119.6	121.3	123.5	125.7	128.0	130.2	132	133.8	134.0	133.7	132.7
HU	206.7	202.7	206.8	206.1	221.2	234.2	239.3	244.8	269.5	292.2	290.0	291.7	302.6	n/a
IE	134.3	134.2	134.8	137.2	139.0	143.4	151.5	156.7	159.9	163.4	167.7	168.8	166.3	166.9
IT	99.5	102.4	99.8	100.0	101.1	102.8	103.9	104.0	105.7	108.1	106.9	106.8	106.8	108.9
NL	137.5	140.2	143.5	146.4	151.7	158.4	168.6	175.1	182.4	187.5	188.6	184.1	181.2	177.8
PL	136.1	142.4	143.9	141.5	139.6	145.5	150.4	156.3	159.2	166.1	170.0	170.0	170.0	171.0
PT	151.7	154.3	153.6	157.7	161.7	166.4	171.3	176.0	182.6	188.31	193.82	195.9	198.6	204.7
RO	129.6	129.8	126.4	128.0	131.5	133.6	133.8	137.5	139.8	144.9	143.2	146.8	146.3	n/a
SE	121.6	124.2	127.5	132.6	137.2	145.5	153.2	153.5	155.0	158.6	157.3	147.8	140.9	139.1
UK	117.1	117.3	120.8	124.2	126.8	129.2	131.8	134.6	138.1	141.9	147.1	147.4	145.1	144.1

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

Further information below:

**Belgium:** Stadim average price of existing dwellings

**Czech Republic:** Data break in Q1 2008

**Germany:** all owner-occupied dwellings, weighted average, VdP index

**Denmark:** one-family houses - total index unavailable from source

**France:** INSEE «Indice des prix du logement» (Second-hand dwellings - metropolitan France - all items).

**Greece:** valuation based index, of new and existing apartments for the whole country, compiled by the Bank of Greece.

**Hungary:** FHB house price index (residential properties)

**Ireland:** new series of House Price Index of the Central Statistics Office

**Netherlands:** Source: ECB. Data on existing dwellings.

**Poland:** Weighted average price for the seven largest Polish cities

**Portugal:** Statistics Portugal house price index

**Spain:** new house price index, first released by the Ministry of Housing on Q1 2005

**Sweden:** index of prices of one-family homes.

**UK:** Department of Communities and Local Government Index (all dwellings)

Source: European Mortgage Federation

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

- Greece
- Italy
- Denmark
- France



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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
DE	1.66	1.48	1.40	1.37	1.34	1.35	1.38	1.38	1.47	1.86	2.48	2.91	3.17	3.28
DK**	2.41	2.36	2.17	2.04	1.94	2.06	2.31	2.76	3.80	4.72	5.71	6.05	6.00	5.97
EL	1.28	1.30	1.24	1.18	1.18	1.26	1.28	1.31	1.50	2.24	2.88	3.45	3.78	3.98
ES	0.57	0.67	0.76	0.78	0.69	0.72	0.70	0.67	0.62	0.90	1.52	2.12	3.98	4.34
FI	2.84	2.83	2.95	2.80	2.67	2.81	2.85	2.77	2.83	2.95	3.17	3.60	3.76	3.96
FR***	1.81	1.75	1.75	1.62	1.54	1.49	1.47	1.43	1.50	1.63	2.02	2.71	3.39	3.69
HU	0.71	0.73	0.72	0.69	0.71	0.72	0.72	0.77	0.87	1.60	2.75	3.30	3.93	4.39
IE	1.19	1.27	1.30	1.27	1.21	1.14	1.12	1.12	1.13	1.27	1.57	1.91	2.37	2.89
IT	4.17	4.24	4.15	4.06	3.97	4.11	4.33	4.69	3.47	5.48	7.95	8.62	9.72	8.87
NL**	2.78	2.78	2.80	2.77	2.80	2.74	2.73	2.71	2.80	2.75	2.69	2.77	3.42	3.97
PL	1.38	1.27	1.27	1.25	1.37	1.42	1.39	1.40	1.66	2.04	2.26	3.01	4.00	4.27
PT	1.88	1.77	1.77	1.75	1.68	1.62	1.56	1.54	1.59	1.97	2.70	3.41	3.78	3.91
RO****	4.30	3.30	3.10	2.90	2.80	2.90	2.90	4.60	6.00	8.20	9.00	9.20	8.70	8.60
SE	0.95	1.08	0.82	0.71	0.69	0.67	0.62	0.61	0.74	1.20	1.93	3.08	3.84	4.37
UK	5.31	5.22	5.25	4.81	4.67	4.21	3.82	3.68	3.89	4.62	5.70	7.05	7.85	7.42
SE	1.53	1.54	1.49	1.39	1.36	1.36	1.33	1.35	1.48	2.05	2.74	3.38	3.81	4.21
UK	1.84	1.77	1.74	1.85	1.91	1.92	1.82	1.57	1.64	1.98	2.59	3.38	4.20	4.56

\* 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)

For **Sweden** the the representative interest rate is based on approxiamtely 75 % of the total market

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

TABLE 5B | MORTGAGE INTEREST RATES

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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
BE	1.92	2.03	1.84	1.89	1.85	1.92	1.97	1.90	2.46	3.67	4.40	4.66
CZ	2.21	2.1	2.17	2.31	2.44	3.18	4.12	5.09	6.23	6.68	7.06	6.95
DE	1.79	1.74	1.76	1.78	1.78	1.81	1.88	2.10	2.52	3.29	4.19	4.84
DK*	0.76	0.78	0.69	0.72	0.70	0.67	0.62	0.90	1.52	2.12	3.98	4.34
EL	2.48	2.42	2.31	2.44	2.37	2.30	2.39	2.66	3.12	3.81	3.90	3.98
ES	1.62	1.50	1.40	1.43	1.42	1.35	1.35	1.45	2.08	2.76	3.40	3.80
FI	0.73	0.72	0.72	0.70	0.72	0.77	0.88	1.56	2.54	2.90	3.43	3.97
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	3.07	3.41	2.98	2.97	3.87	4.53	5.59	6.49	8.91	9.57	10.57	11.32
IE	3.19	3.11	3.23	3.19	3.11	3.06	3.34	3.47	3.55	3.67	4.19	4.13
IT	1.34	1.29	1.36	1.39	1.36	1.32	1.33	1.39	1.88	2.77	3.81	4.47
NL	1.71	1.70	1.62	1.62	1.62	1.60	1.64	1.95	2.51	3.47	4.11	4.43
PL	3	2.90	2.90	2.90	2.90	4.50	6.20	8.10	9.30	9.50	9.20	9.10
PT	0.92	0.80	0.84	0.83	0.80	0.83	1.03	1.47	2.23	3.24	3.86	4.32
RO**	5.15	4.71	4.60	4.17	3.70	3.55	3.70	4.36	5.50	7.17	8.33	8.02
SE	1.36	1.29	1.24	1.25	1.23	1.22	1.29	2.45	3.42	3.63	4.22	4.28
UK***	1.58	1.77	1.88	1.91	1.90	1.64	1.64	2.14	2.72	3.72	4.47	5.28

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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
BE	1.91	2.00	2.04	2.11	2.13	2.12	2.21	2.53	3.08	3.79	4.46	4.57
CZ	2.22	2.06	2.03	2.14	2.35	2.81	3.89	4.70	5.56	5.84	5.87	5.91
DE	1.39	1.30	1.29	1.30	1.34	1.38	1.49	2.14	2.78	3.56	3.97	4.30
DK*	0.71	0.65	0.73	0.87	0.82	0.94	1.47	2.56	3.17	4.12	4.32	4.46
ES	1.60	1.42	1.37	1.38	1.35	1.35	1.56	1.76	2.29	3.42	3.98	4.35
FI	1.38	1.15	1.50	1.66	1.69	1.99	1.62	1.08	1.52	2.06	3.10	3.59
HU	4.56	4.44	4.52	4.53	4.89	5.33	6.02	7.88	10.63	13.30	16.41	14.04
IE	2.70	2.69	2.68	2.64	2.64	2.63	2.67	2.65	2.62	2.70	3.35	3.94
NL	1.80	1.75	1.63	1.59	1.60	1.64	1.68	1.99	2.77	3.31	4.02	4.42
PL	3.20	3.20	3.40	3.80	3.70	4.60	5.60	8.20	8.60	9.00	8.30	8.30
RO**	5.65	5.36	5.29	4.60	4.21	4.12	4.16	4.87	6.20	7.04	7.47	6.60
SE	1.42	1.29	1.29	1.31	1.26	1.39	1.84	3.26	3.75	3.79	4.08	3.92
UK	1.74	1.84	1.90	1.91	1.81	1.55	1.62	1.96	2.57	3.36	4.13	4.53

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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
BE	1.46	1.37	1.35	1.34	1.37	1.33	1.46	1.90	2.46	3.07	3.48	3.57
CZ	2.13	2.02	1.92	2.02	2.28	2.69	3.65	4.58	5.53	5.97	5.92	5.95
DE	1.09	1.03	1.03	1.09	1.11	1.14	1.34	2.11	2.80	3.36	3.57	3.70
DK*	0.84	0.70	0.89	1.14	1.06	1.13	1.77	2.68	3.40	4.21	4.15	4.29
EL	3.55	3.36	3.15	3.12	3.25	3.19	2.99	3.02	2.99	3.18	3.51	3.94
ES	3.82	3.59	3.82	3.64	3.49	3.52	4.08	4.01	4.45	4.47	4.69	4.33
FI	1.58	1.57	1.31	1.32	1.31	1.38	1.84	2.87	3.22	3.21	3.68	3.85
HU	4.15	4.06	3.97	4.11	4.33	4.69	5.60	6.82	7.95	8.62	8.98	8.87
NL	1.77	1.75	1.68	1.62	1.56	1.54	1.59	1.97	2.70	3.41	3.78	3.91
RO**	5.77	5.60	5.22	4.65	4.40	4.29	4.32	5.10	6.10	6.75	7.35	6.68
SE	1.41	1.47	1.48	1.59	1.50	1.61	2.29	3.48	3.34	3.11	3.52	3.29
UK	2.13	2.13	2.11	1.91	1.86	1.85	1.96	2.14	2.54	3.15	3.69	4.06



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

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
BE	1.40	1.37	1.34	1.35	1.38	1.38	1.47	1.86	2.48	2.91	3.17	3.28
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	1.20	1.14	1.15	1.28	1.30	1.32	1.54	2.39	3.08	3.58	3.75	3.79
DK*	1.79	1.75	1.63	2.13	2.27	2.46	2.90	3.96	4.86	5.86	5.56	5.75
ES	1.77	1.67	1.55	1.44	1.42	1.37	1.36	1.52	1.79	2.36	2.95	3.18
HU	4.65	4.43	4.73	4.80	5.14	3.71	3.47	5.48	6.79	9.13	9.72	9.39
IT****	1.25	1.24	1.37	1.43	1.39	1.41	1.72	2.34	2.84	3.56	4.12	4.13
NL	2.04	2.00	1.90	1.79	1.75	1.74	1.80	2.11	2.62	3.10	3.31	3.55
RO**	5.2	4.84	4.51	4.16	3.78	3.70	4.04	4.76	5.60	6.08	6.48	6.28
UK	2.33	2.42	2.42	2.23	2.08	1.99	1.88	2.19	2.78	3.25	4.00	3.82

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

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

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

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

Source: European Mortgage Federation

## NOTE:

n – no lending made in this maturity bracket

Data refers to quarter averages

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

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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
<b>CZECHIA</b>											
<b>Variable rate</b> (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
<b>Short-term fixed</b> (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
<b>Medium-Term fixed</b> (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
<b>Long-Term fixed</b> (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
<b>DENMARK</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	29.7	29.1	29.8	28.7	28.8	29.0	31.3	33.7	35.8	37.0	38.2
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	21.7	21.7	20.4	20.6	20.8	21.6	22.3	22.7	22.8	22.6	22.0
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	48.6	49.2	49.8	50.7	50.4	49.3	46.4	43.6	41.5	40.4	39.8
<b>Long-Term fixed</b> (over 10Y initial rate fixation)											
<b>FINLAND</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	95.0	95.1	95.2	95.3	95.4	95.5	95.5	95.5	95.5	95.2	94.8
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	2.6	2.5	2.4	2.2	2.1	2.0	1.9	1.9	2.0	2.2	2.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)											
<b>IRELAND</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	63.3	60.6	59.2	57.7	55.9	52.9	49.8	46.0	41.4	38.3	n/a
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	33.4	36.0	37.4	38.9	40.7	43.6	46.3	49.3	51.0	53.2	n/a
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	3.3	3.4	3.4	3.4	3.4	3.6	4.0	4.8	7.7	8.5	n/a
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n/a


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

	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
<b>SWEDEN</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)	54.3	52.1	50.4	48.9	48.3	47.0	47.2	48.8	51.0	53.5	56.4
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	44.5	46.7	48.4	49.9	50.5	51.7	51.4	49.9	47.7	45.1	42.3
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	1.2	1.2	1.2	1.2	1.2	1.3	1.4	1.4	1.4	1.3	1.3
<b>Long-Term fixed</b> (over 10Y initial rate fixation)											

<b>UNITED KINGDOM</b>											
<b>Variable rate</b> (up to 1Y initial rate fixation)*	23.0	21.8	20.6	19.6	18.6	17.4	16.0	14.6	13.1	12.8	12.9
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	74.9	76.1	77.3	78.2	79.2	80.2	81.4	82.5	83.6	83.7	83.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	2.1	2.1	2.1	2.2	2.2	2.4	2.6	2.9	3.3	3.5	3.5
<b>Long-Term fixed</b> (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
<b>HUNGARY*</b>											
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 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
<b>ITALY</b>											
Maturity less than 5 years	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2
Maturity over 5 years	99.7	99.7	99.7	99.7	99.8	99.7	99.8	99.7	99.8	99.8	99.8

## 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:

- Denmark

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

	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
<b>BELGIUM</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	2.7	0.7	0.6	0.6	0.4	0.4	0.5	0.6	1.9	4.3	2.1	1.5	0.3
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	1.3	1.0	1.1	1.2	1.1	1.2	1.1	1.2	1.2	1.2	1.0	0.6	0.5
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	14.5	14.1	14.6	13.8	13.5	14.6	13.6	13.6	11.6	9.6	4.9	4.9	3.2
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	81.5	84.2	83.6	84.4	85.0	83.8	84.8	84.7	85.3	84.9	92.1	93.1	96.0
<b>CZECHIA</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	2.1	3.1	3.2	2.6	1.3	1.1	1.1	1.2	1.7	1.8	2.8	2.5	2.9
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	46.7	46.6	50.7	50.3	50.9	51.2	46.0	47.2	55.0	63.1	64.1	70.1	75.8
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	51.2	50.3	46.2	47.1	47.8	47.7	53.0	51.5	43.4	35.2	33.1	27.4	21.3
<b>Long-Term fixed</b> (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	n/a	n/a
<b>DENMARK</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	16.1	9.8	9.1	8.0	12.3	12.7	15.4	21.1	31.2	35.1	27.8	28.4	28.8
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	17.0	14.7	16.7	16.8	20.4	25.7	26.8	26.6	22.0	18.0	21.3	13.8	13.7
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	0.3	0.3	0.5	0.6	0.4	0.4	0.9	0.6	0.3	0.2	0.2	0.2	0.2
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	66.6	75.1	73.7	74.7	66.9	61.2	57.0	51.7	46.5	46.7	51.0	57.5	57.3
<b>FINLAND</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	96.9	97.1	96.9	96.7	95.9	96.6	95.6	95.8	96.9	95.1	96	95.2	94.8
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	1.1	1.0	1.2	0.8	0.7	0.6	0.8	0.6	0.9	2.0	2.1	2.9	2.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	2	1.9	1.8	2.5	3.4	2.8	3.6	3.6	2.2	2.9	1.9	1.9	2.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>GERMANY</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	11.1	10.3	10.1	9.5	9.4	10.3	9.8	9.0	9.6	13.5	17.8	17.0	16.1
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	7.8	7.3	7.2	7.1	7.0	6.6	7.0	6.3	6.8	8.0	9.1	9.8	10.1
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	32.5	32.7	33.2	34.3	36.4	35.4	35.9	35.6	38.9	37.5	36.0	35.3	35.7
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	48.6	49.8	49.5	49.1	47.3	47.7	47.3	49.1	44.7	41.0	37.1	37.9	38.1



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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
<b>GREECE</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	54.5	48.6	46.4	42.5	41.1	34.0	34.3
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n	n	n	n	n	n	n
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	9.9	11.2	13.2	15.6	17.8	18.4	21.6
<b>Long-Term fixed</b> (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	n/a	n/a
<b>HUNGARY</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	1.1	1.1	1.0	0.9	0.9	0.7	0.5	0.5	0.6	0.8	1.2	1.0	1.2
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	27.9	26.7	25.4	27.1	31.7	29.0	24.2	16.8	15.9	28.2	31.8	29.7	24.1
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	57.8	59.3	59.8	60.6	56.6	57.5	52.4	39.5	31.9	40.9	34.3	34.3	42.8
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	13.2	12.9	13.7	11.4	10.8	12.8	22.9	43.2	51.7	30.2	32.7	35.0	31.9
<b>IRELAND</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	24.9	21.4	20.3	22.8	19.3	18.9	18.9	19.4	14.4	9.0	6.0	7.6	12.3
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	75.1	78.6	79.7	77.2	80.7	81.1	81.1	3.55	85.6	91.0	94.0	92.4	87.7
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>ITALY</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	19.2	17.4	16.2	16.9	16.8	16.5	17.2	16.7	25.2	52.0	66.7	46.1	37.4
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)													
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	80.8	82.6	83.8	83.1	83.2	83.5	82.8	83.3	74.8	48.0	33.3	53.9	62.6
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>NETHERLANDS</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	12.5	14.3	15.2	12.8	11.3	11.9	11.0	9.6	9.8	16.3	19.9	22.1	n/a
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	6.6	7.4	7.4	6.4	6.6	6.7	6.7	6.4	6.3	6.9	4.3	5.4	n/a
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	39.7	34.0	32.9	34.8	33.7	32.2	34.1	33.9	31.1	33.0	39.9	43.7	n/a
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	41.2	44.3	44.4	46.0	48.4	49.1	48.2	50.0	52.9	43.8	35.9	28.8	n/a



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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
<b>POLAND</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	100	100	97**	n/a	n/a	87.3	75.7	74.4	33.02	43.05	40.2	47.7	37.8
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	n	n	3**	n	n	12.8	24.3	25.6	66.98	56.95	59.8	52.3	62.2
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
<b>PORTUGAL</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	71.0	70.7	70.0	68.5	71.5	68.7	67.0	64.8	67.2	68.6	74.6	70.9	69.5
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)													
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	29.0	29.3	30.0	31.5	28.5	31.3	33.0	35.2	32.8	31.4	25.4	29.1	30.5
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>ROMANIA</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	72.0	66.5	75.2	74.1	74.8	73.5	71.2	59.2	55.7	65.5	52.7	56.2	60.2
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	10.5	11.0	7.4	5.4	4.6	6.4	8.1	9.7	6.7	9.2	21.1	20.6	17.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	4.6	5.5	3.1	4.6	5.7	7.9	9.5	13.6	13.7	7.8	3.2	2.8	1.8
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	13.0	17.1	14.3	15.9	15.0	12.2	11.2	17.4	23.8	17.5	23.0	20.5	20.4
<b>SPAIN</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	38.6	35.4	31.2	28.2	25.5	24.4	22.7	22.5	20.0	25.7	27.8	26.0	22.1
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	17.0	18.9	19.1	19.3	16.6	15.2	13.0	11.1	10.8	10.0	12.0	18.3	20.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	3.0	3.1	2.7	3.1	3.1	3.3	3.3	4.4	3.9	3.8	5.3	7.8	11.8
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	41.4	42.6	47.0	49.4	54.9	57.2	61.0	62.0	65.2	60.5	54.9	47.8	45.6

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

	I 2020	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023
<b>SWEDEN</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)	52.7	46.4	45.2	43.7	43.4	42.8	44.1	47.6	61.3	75.6	74.5	79.4	80.1
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	34.1	37.7	39.8	42.6	44.4	45.2	44.7	41.6	28.7	18.5	21.5	18.1	17.6
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	13.2	15.8	15.0	13.7	12.3	12.0	11.2	10.8	10.0	5.9	4.0	2.5	2.3
<b>Long-Term fixed</b> (over 10Y initial rate fixation)													
<b>UNITED KINGDOM</b>													
<b>Variable rate</b> (up to 1Y initial rate fixation)*	10.3	9.1	7.9	6.7	5.5	5.3	5.1	97.3	4.2	3.8	5.5	18.0	15.3
<b>Short-term fixed</b> (1Y-5Y initial rate fixation)	88.6	89.4	90.4	91.8	92.5	92.7	93.0	0.0	91.2	90.5	89.1	79.1	83.7
<b>Medium-Term fixed</b> (5Y-10Y initial rate fixation)	1.1	1.5	1.7	1.5	2.0	2.0	1.9	2.7	4.6	5.7	5.4	2.9	1.0
<b>Long-Term fixed</b> (over 10Y initial rate fixation)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

## NOTE:

\* 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:  
none

## THE BANK LENDING SURVEYS

### NOTES ON THE BANK LENDING SURVEY

The Bank Lending Survey (BLS), 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 survey was conducted between 19 June and 4 July 2023. A total of 158 banks were surveyed in this round, with a response rate of 100%. It takes into account the characteristics of their respective national banking structures<sup>1,2</sup>.

The survey addresses issues such as credit standards for approving loans as well as credit terms and conditions applied to enterprises and households. It also asks for an assessment of the conditions affecting credit demand.

As Croatia joined the Monetary Union on 1 January 2023, Croatia was subsequently included in the surveys conducted by the ECB. Since Q1 2023 the reviews of the BLS in the Quarterly Review also include Croatia.

For the United Kingdom (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 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 relating to the change in credit standards for Denmark and the UK have been inverted, as in these cases a positive value is equivalent to a standard easing, where positive values in the credit standard statistics of the ECB mean a standard increase, thus a restriction.

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

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

In addition to Denmark and the UK, we have compiled the bank lending surveys from Czechia, Hungary, Romania and Poland. For these countries, similar criteria as those used in the BLS carried out by the ECB apply, meaning that, as is the case for the Euro zone countries, positive values represent net tightening and

negative values represent 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.

## RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

### 1. CREDIT STANDARD:

**TABLE 6A** | SUPPLY HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)  
NET PERCENTAGE (FREQUENCY OF TIGHTENED MINUS THAT OF EASED OR REVERSE)

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
AT	14	14	0	-14	14	14	14	29	57	14	0	-14
BE	0	0	-25	0	0	0	25	50	25	25	50	0
CY	50	50	25	0	25	0	0	25	25	25	0	0
DE	7	0	0	-7	4	4	7	32	39	29	11	11
EE	0	-25	-50	0	-25	0	25	0	50	50	0	25
EL	0	0	0	0	0	0	0	0	0	0	0	0
ES	11	0	11	0	11	11	0	30	40	20	20	10
FR	50	33	-8	0	8	0	0	17	42	10	20	20
HR	—	—	—	—	—	—	—	—	—	—	33	33
IE	0	-20	0	20	20	0	0	20	20	0	67	0
IT	10	0	0	0	0	-9	-9	9	9	18	9	0
LT	-25	0	0	25	0	0	25	0	50	75	0	50
LU	33	50	83	33	0	17	17	83	83	100	50	67
LV	-25	-25	0	0	-50	-25	0	25	50	25	0	25
MT	0	38	0	0	37	37	-34	0	-34	0	31	-31
NL	0	0	-17	0	-17	-17	0	33	0	17	50	-17
PT	20	20	0	0	0	0	0	0	20	40	0	0
SI	0	25	0	0	0	0	0	10	20	30	30	0
SK	-2	-33	-32	-78	-32	-27	-44	-26	0	0	17	19
EA	<b>18</b>	<b>9</b>	<b>-2</b>	<b>-2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>24</b>	<b>32</b>	<b>21</b>	<b>19</b>	<b>8</b>
CZ	26	-21	-31	-2	-21	-23	2	93	25	-18	4	27
DK	-12	-13	-6	-5	2	2	-1	7	19	27	43	1
HU	-15	-6	-20	-5	-6	-6	-6	35	31	17	0	0
PL	-38	-6	-66	-18	28	15	42	77	4	-1	-58	34
RO	2	34	0	-47	-20	0	7	75	18	-8	28	n/a
UK	-10	-2	-14	-39	-15	-23	3	22	13	34	-5	31

## GENERAL COMMENTARY

According to the latest ECB BLS results, looking back to the second quarter of 2023, banks reported a further net tightening of credit standards for loans to households. The net tightening for housing loans was broadly in line with what banks had expected in the previous quarter but remained slightly above the historical average. The cumulative net tightening since the beginning of 2022 has been substantial, and the BLS results have provided early indications about the significant weakening in lending dynamics observed since last autumn. Against the background of the typical lags in the impact of monetary policy transmission on the economy, risks related to the economic outlook remained substantial. Higher risk perceptions related to the economic outlook and borrower-specific situations, lower risk tolerance as well as higher cost of funds, contributed to the tightening. The July 2023 BLS contained a number of ad hoc questions: Euro area banks reported that their access to funding deteriorated in most market segments in the second quarter of 2023, especially in retail funding. Euro area banks also reported that the net tightening was less pronounced than in the previous quarter for housing loans and more pronounced for consumer credits. Competition contributed somewhat to alleviating the net tightening pressures. In the third quarter of 2023, banks expect unchanged credit standards for housing loans.

## CREDIT STANDARDS FOR RESIDENTIAL LOANS

In the second quarter of 2023, Euro area banks reported a further net tightening of credit standards on loans to households for house purchase, which was less pronounced than in the previous quarter. The net tightening was broadly in

line with the tightening expected by the banks in the first quarter of 2023 and continued to be at a level slightly above the historical average of 6%.

This new round of tightening standards was mainly driven by banks' increased risk perception, related to banks' concerns regarding borrowers' creditworthiness, housing market prospects and the general economic outlook.

Also, banks' lower risk tolerance continued to contribute to the tightening. To a similar extent, banks' cost of funds and balance sheet constraints also contributed to the tightening, predominantly related to higher capital costs. The impact of banks' liquidity positions and access to market financing was broadly neutral in the second quarter.

In Germany, France and Spain, credit standards for loans to households for house purchase tightened in net terms. Banks' risk perceptions and lower risk tolerance were the main drivers of the net tightening. Banks in Spain and France particularly referred to a tightening impact of banks' cost of funds and balance sheet situation, either due to their market financing conditions and liquidity positions (Spain) or capital costs (France). In Italy, credit standards on housing loans remained unchanged in the second quarter.

In the third quarter of 2023, Euro area banks expect unchanged credit standards on loans to households for house purchase.

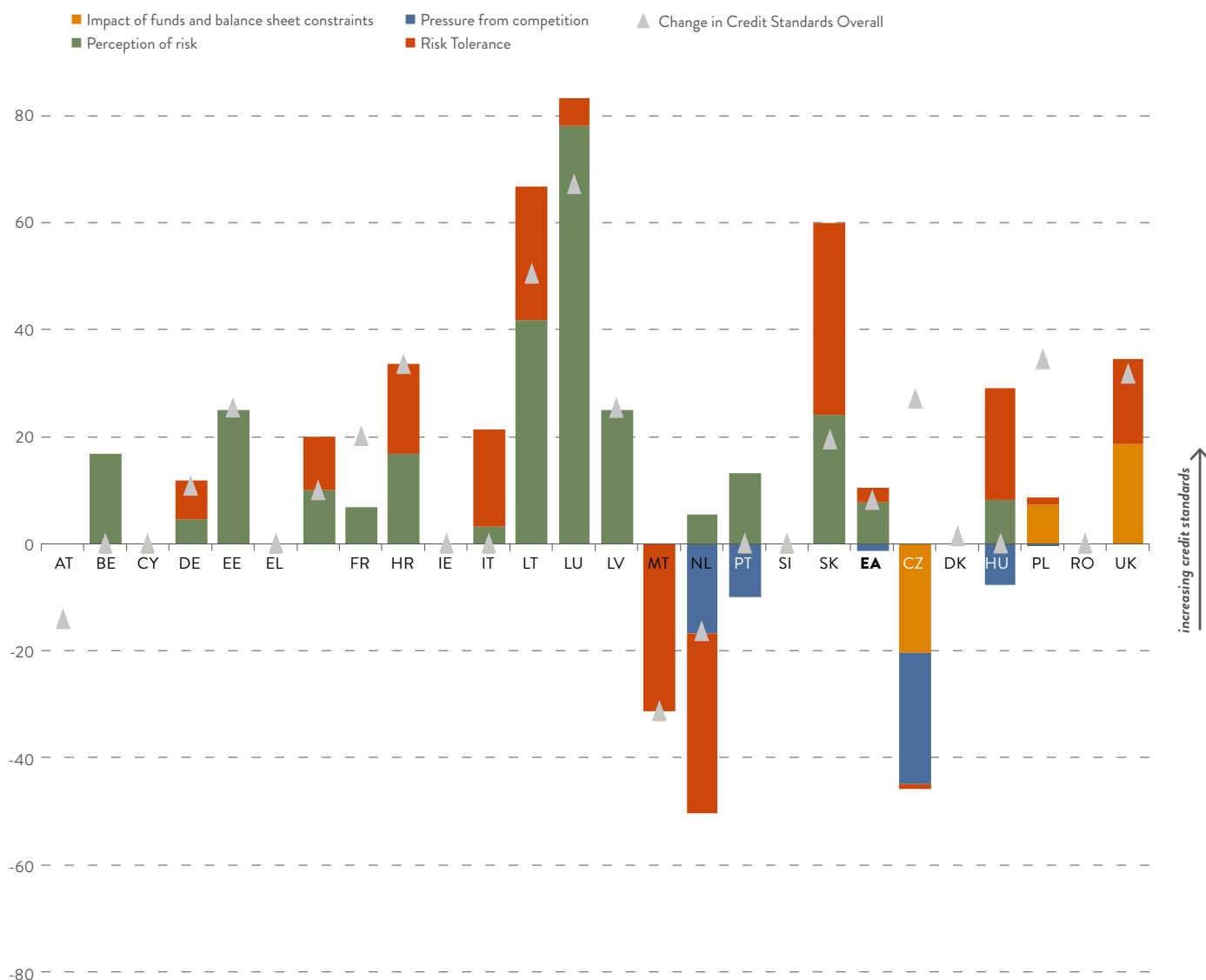
**TABLE 6B** | FACTORS THAT HAVE AFFECTED SUPPLY IN 2022-Q4 (BACKWARD-LOOKING 3 MONTHS)

II 2023	AT	BE	CY	DE	EE	EL	ES	FR	HR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK	
Change in Credit Standards Overall	-14	0	0	11	25	0	10	20	33	0	0	50	67	25	-31	-17	0	0	19	8	27	1	0	34	n/a	31	
<b>FACTORS AFFECTING CREDIT STANDARDS:</b>																											
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-20	0	0	7	n/a	19	
Perception of risk	0	17	0	5	25	0	10	7	17	0	3	42	78	25	0	6	13	0	24	8	0	0	8	0	n/a	0	
Pressure from competition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-17	-10	0	0	-2	-24	0	-7	0	n/a	0	
Risk Tolerance	0	0	0	7	0	0	10	0	17	0	18	25	17	0	-31	-33	0	0	36	3	-1	0	21	1	n/a	16	

### 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



### TERMS AND CONDITIONS FOR RESIDENTIAL LOANS

Considering the overall terms and conditions for residential lending in the Euro area, banks again reported a net tightening that was less pronounced than in the previous quarter, of 15% (net percentage) after 26% in the previous quarter. The tightening of overall terms and conditions was further triggered by widening margins on both average and riskier loans, reflecting the proceeding pass-through of higher market rates to mortgage rates and concerns or varying attitudes towards credit risks.

Banks additionally reported tightening triggered by higher cost of funds and balance sheet situation, while the tightening impact of banks' risk perceptions became smaller.

In addition, banks mentioned the following "other factors" as contributors to the tightening of their overall terms and conditions: the level of interest rates, higher market reference rates to which mortgage loans are linked, and the increase in the usury rate in France, although to a lesser extent than in previous quarters, while competition actually had an easing impact.

In Germany, France and Spain, the widening of loan margins contributed most to tighter overall terms and conditions, while in Italy overall terms and conditions

remained unchanged as the rising level of interest rates was compensated by decreasing margins on both average and riskier loans. Banks in France referred to the update of the administrative threshold for a lending rate to be classified as usury rate, for which the adjustment was temporarily changed from quarterly to monthly. The dominant factor contributing to the tightening of overall terms and conditions in France was banks' funding costs, whereas higher risk perceptions were the dominant tightening factor in Spain. Both factors had a net tightening impact in Germany and Italy alongside with a lower risk tolerance of banks in Italy. Competition had an easing impact in Germany and Italy.

### NON-EURO AREA CREDIT STANDARDS

Regarding non-Euro area jurisdictions, Poland, the United Kingdom and Czechia reported a further tightening of credit standards (34%, 31% and 27%, respectively). The situation in Denmark (1%) and Hungary (0%) remained relatively unchanged. At time of writing, the Bank Lending Survey executed by the Central Bank of Romania has yet to be published.



**TABLE 7A** | DEMAND HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)  
NET PERCENTAGE (FREQUENCY OF TIGHTENED MINUS THAT OF EASED OR REVERSE)

	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022	II 2022	III 2022	IV 2022	I 2023	II 2023
AT	29	0	14	14	14	0	0	14	-71	-86	-43	14
BE	25	25	25	50	-50	25	0	-50	-75	-100	-75	-75
CY	100	100	-25	25	0	100	-50	-75	-75	-50	-100	-25
DE	36	11	0	11	18	11	32	-4	-71	-93	-75	-32
EE	25	100	100	25	25	0	-75	50	-50	-100	-25	0
EL	100	50	75	50	25	75	25	-25	-50	-25	-50	75
ES	22	-11	-22	44	33	33	22	10	-30	-20	-90	-60
FR	17	0	-25	33	8	0	0	-25	-17	-90	-80	-70
HR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-33	33
IE	100	40	0	20	-20	-40	-20	20	40	50	67	0
IT	30	0	-10	22	9	18	-18	-9	-18	-45	-45	-64
LT	25	0	75	25	50	75	-25	0	0	-50	-75	-50
LU	33	67	-50	-17	-17	-17	-50	-83	-83	-100	-100	-100
LV	50	50	75	75	25	0	0	-25	-50	-75	25	-50
MT	56	62	0	2	-37	-20	34	0	0	0	3	21
NL	0	17	50	50	-17	-33	33	17	-33	-67	-83	-17
PT	20	20	40	40	60	60	20	20	-40	-80	-80	-60
SI	50	0	-25	75	50	20	10	40	-60	-60	-70	-30
SK	-3	-27	-21	46	32	21	22	36	-74	-100	-100	-93
EA	27	8	-2	29	11	8	10	-10	-42	-74	-72	-47
CZ	64	75	86	96	-11	-18	-81	-83	-81	-69	-32	37
DK*	8	-19	-33	-6	8	-23	0	21	20	49	41	23
HU	84	10	89	100	63	47	60	20	-92	-92	-76	-15
PL	19	8	-58	-59	-15	47	87	87	93	32	-74	-77
RO	3	-11	43	75	-53	-34	43	-49	-56	-54	-72	n/a
UK**	-96	-32	22	-81	35	35	-6	-30	37	75	31	-53

\* 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"

## CREDIT DEMAND

In Q2 2023, Euro area banks reported the fourth substantial decrease in net demand for housing loans of -47%, following -72% and -74% in the two previous quarters. Therefore, the decrease was still substantial but less pronounced than in the previous quarters. Also, the decrease in demand in the second quarter 2023 was relatively close to the value expected by banks in the previous quarter (net percentage of -39%).

For the fourth quarter in a row, the general level of interest rates remained the main negative contributor to housing loan demand. Compounded by negative consumer confidence and housing market prospects, these three key factors contribute to the current environment of rising mortgage interest rates and the slowdown in the annual growth of Euro area house prices. A small negative impact was recorded for other financing needs and the use of alternative finance, mainly due to households' savings.

Additionally, the European Commission's consumer confidence indicator remained well below its long-term average for the Euro area up to June, although it had been recovering in the last quarter as households started revising their inflation

expectations and became more optimistic about their own financial situation. Reviewing the results for the four largest Euro area countries, demand for housing loans decreased substantially in all four countries. The general level of interest rates, consumer confidence and housing market prospects all had a downward impact on demand in France, Germany, Spain and Italy. Among these factors, rising interest rates had the strongest dampening impact in all countries, respectively. The negative impact of housing market prospects was larger in France than in the other three countries.

Looking ahead to the third quarter of 2023, banks expect a further net decline in the demand for housing loans, although they expect the decrease to be significantly lower than for the present quarter (with a potential net percentage -18%).

## CREDIT DEMAND IN NON-EURO AREA COUNTRIES

The reported demand for housing loans in non-Euro area countries was quite diverse. Poland and the United Kingdom experienced significant decreases in mortgage demand by -77% and -53%, respectively. The decrease was also negative, but less strong in Hungary, by -15%. On the other hand, Czechia and Denmark reported a positive development in credit demand for housing loans of 37% and 23%.

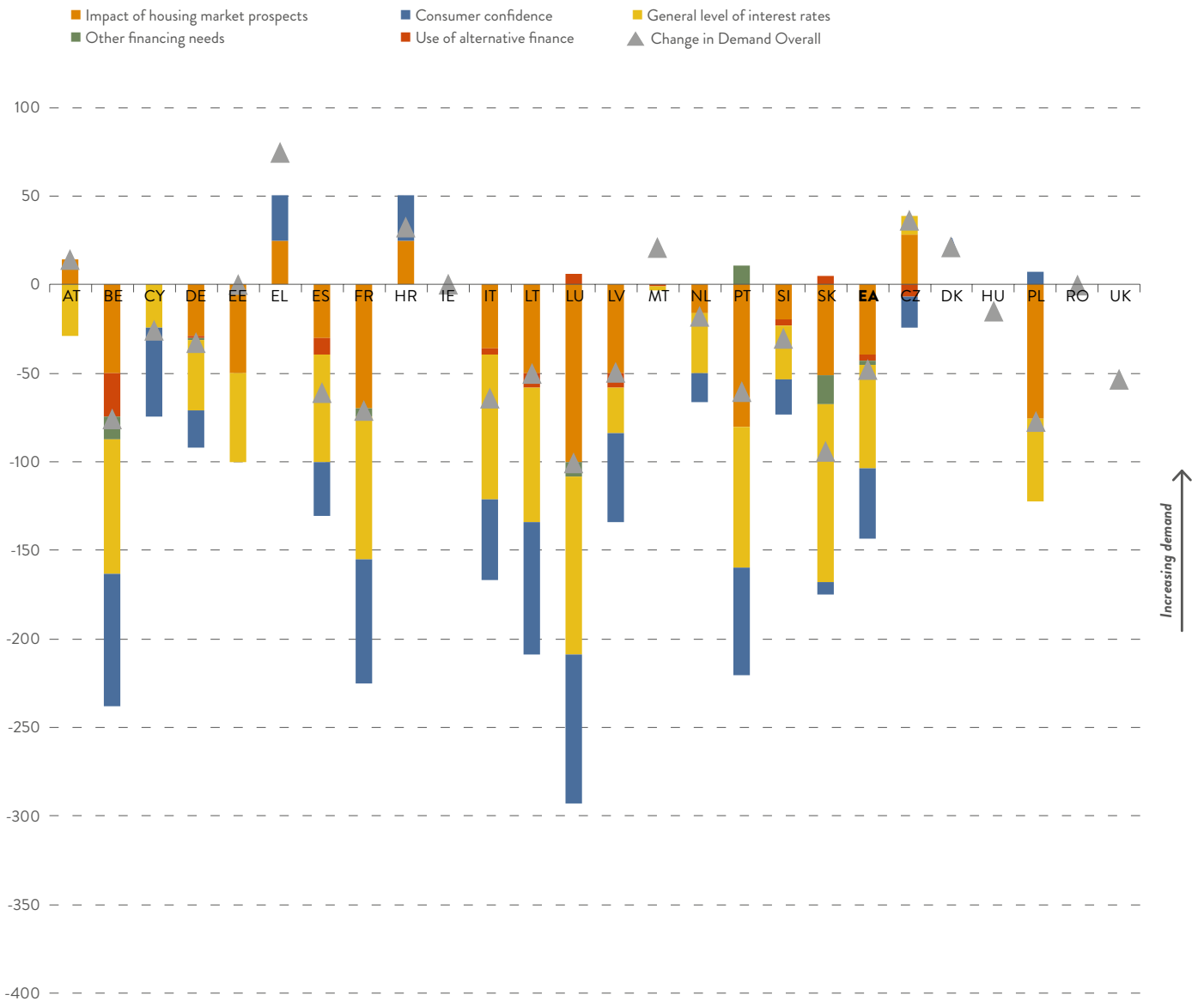
**TABLE 7B** | FACTORS THAT HAVE AFFECTED DEMAND IN 2023-Q1 (BACKWARD-LOOKING 3 MONTHS)  
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2023	AT	BE	CY	DE	EE	EL	ES	FR	HR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Demand Overall	14	-75	-25	-32	0	75	-60	-70	33	0	-64	-50	-100	-50	21	-17	-60	-30	-93	-47	37	23	-15	-77	n/a	-53
<b>FACTORS AFFECTING CREDIT DEMAND:</b>																										
Impact of housing market prospects	14	-50	0	-29	-50	25	-30	-70	25	0	-36	-50	-100	-50	0	-17	-80	-20	-51	-40	28	—	—	-66	—	—
Other financing needs	0	-13	0	-2	0	0	0	-5	0	0	0	0	-8	0	0	0	10	0	-16	-3	—	—	—	—	—	—
Consumer confidence	0	-75	-50	-21	0	25	-30	-70	25	0	-45	-75	-83	-50	0	-17	-60	-20	-7	-40	-17	—	—	12	—	—
Use of alternative finance	0	-25	0	-1	0	0	-10	0	0	0	-3	-8	6	-8	-1	0	0	-3	5	-3	-7	—	—	—	—	—
General level of interest rates	-29	-75	-25	-39	-50	0	-60	-80	0	0	-82	-75	-100	-25	-3	-33	-80	-30	-100	-58	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 HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)



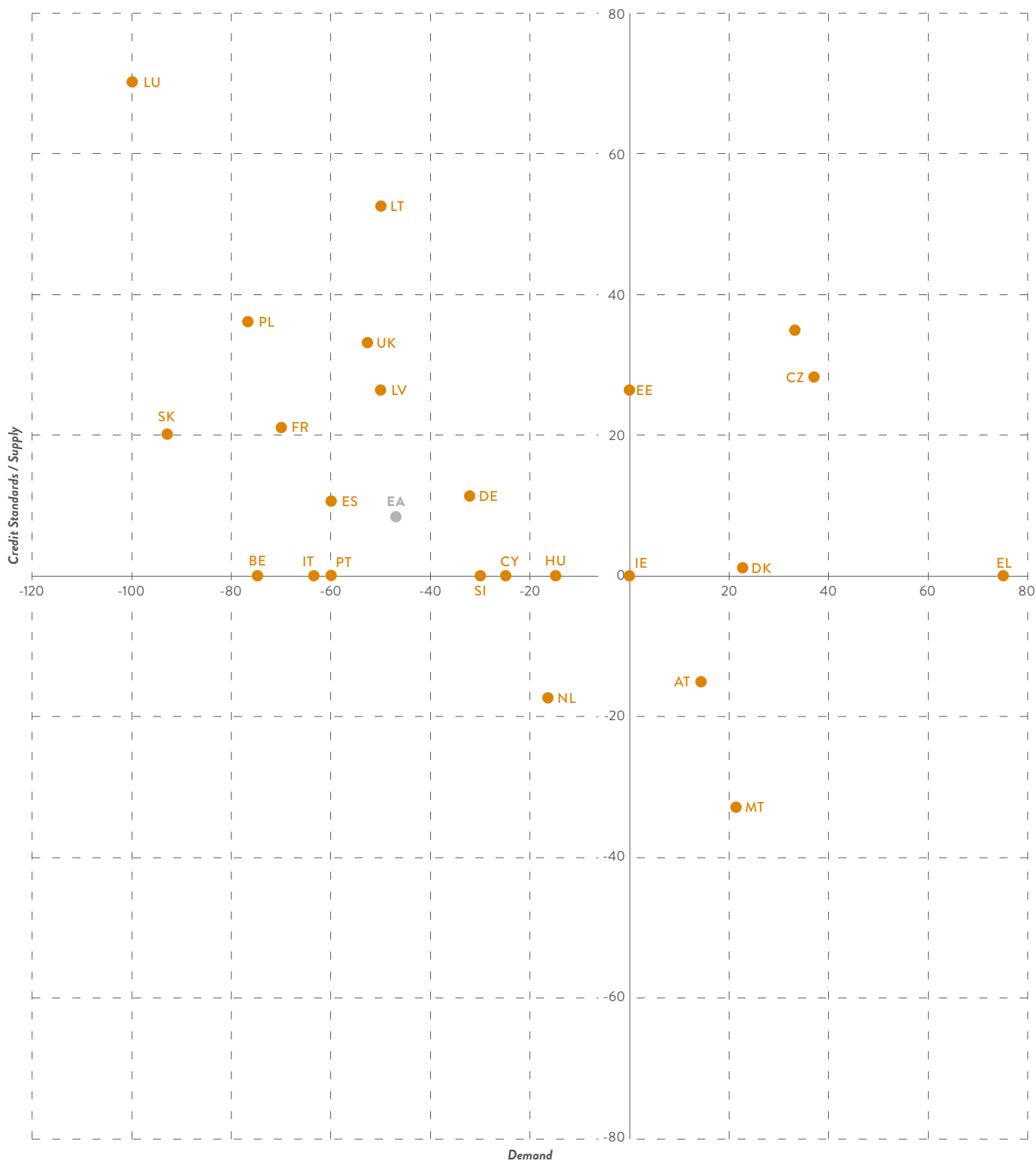
SCATTER PLOT ANALYSIS

In terms of credit standards, a majority of jurisdictions (14 out of 24 countries considered in this report, except Romania where data was not yet available) reported a tightening of net credit standards in Q2 2023. The second largest group of countries (7 of 24 countries) reported no changes in credit standards.

The general tightening accompanied with a slight relaxation is in line with the trend outlined in the previous report and the macroeconomic and consumer prices outlook. 17 jurisdictions reported a decrease in demand for residential mortgages, which continues the trend of the previous quarter.



CHART 6 | DEMAND AND SUPPLY OVERVIEW



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



Q2|2023

QUARTERLY REVIEW  
OF EUROPEAN  
MORTGAGE MARKETS



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