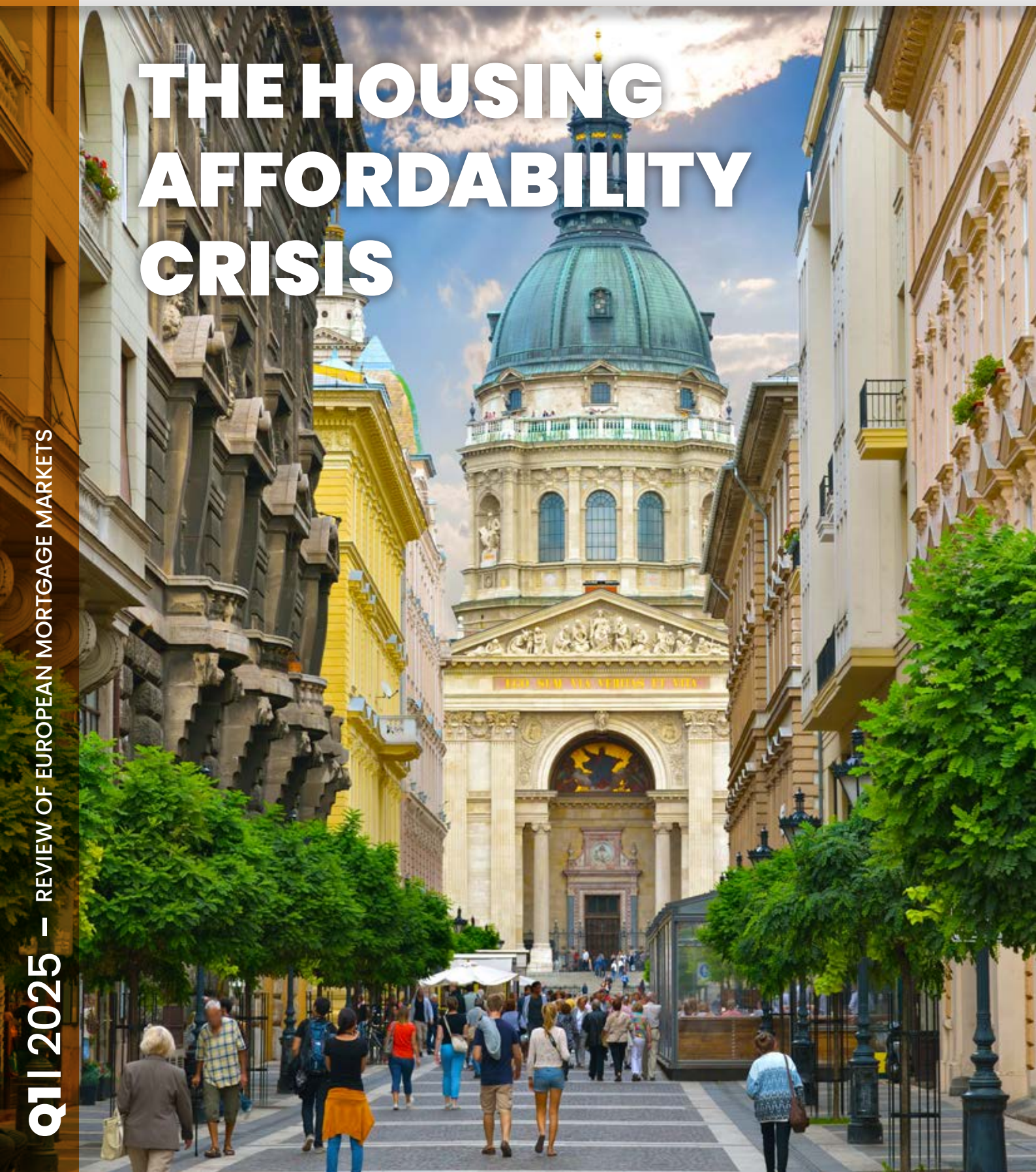
QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

EMF
FUNDING THE REAL ECONOMY

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European Mortgage Federation

THE HOUSING AFFORDABILITY CRISIS



Q1 | 2025 – REVIEW OF EUROPEAN MORTGAGE MARKETS



DISCLAIMER

This review looks at developments in the mortgage and housing markets in Q4 2024 and is based on a country sample including Belgium, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, The Netherlands, Poland, Portugal, Romania, Sweden, and the United Kingdom. This sample covers around 95% of total mortgage lending in the EU27 and UK. Where data for Q4 2024 is not yet available, the review reports figures from the most recently available quarter.

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INTRODUCTION

For 20 years the EMF's quarterly review has been charting the ups and downs of Europe's housing and mortgage markets with contributions from our many national experts. We have watched the introduction of the Euro, the eastern expansion of the European Union, the global financial crisis, the sovereign credit crisis, the focus on climate change, Brexit, rate hikes and then falls and documented its impact on Europe's ability to house its citizens.

As the housing debate, not least about affordability, becomes front and centre of European policy discussions, we thought it a suitable time to improve the format of the QR to better showcase the superb content from our national experts. In this edition, in addition to the usual national updates, we have included a 'horizontal' review of the most important topic of the day: the housing affordability crisis and different national policy responses to it. We have also included a deep dive into one of the most interesting and rapidly developing of Europe's mortgage markets: Hungary, kindly contributed by Gyula Nagy, CEO of MBH Mortgage Bank and chair of the EMF's Research and Data committee.

Future editions of the QR will provide other articles on the important topics of our market, and more deep dives into Europe's major mortgage markets. As readers, we value your feedback, please do not hesitate to contact us with your thoughts on the new format and what you would like to read about in future editions.

European Mortgage Market Q1 2025

In the first quarter of 2025, the EMF sample of European mortgage and housing markets mostly experienced recovery, with most countries reporting increased lending activity driven by lower interest rates, improved credit demand, and supportive macroeconomic conditions.

Mortgage Market Developments

While there were differences in local policy and economic conditions, several broad and consistent trends have emerged across countries with a widespread return of borrower confidence and development of the housing market.

The main commonality across nearly all markets is the impact of declining interest rates. Lower borrowing costs have stimulated demand for new housing loans and refinancing. Countries such as Belgium, Italy, Czechia, Hungary, and Portugal all recorded intense increases in gross mortgage lending, often well above 40% y-o-y. Even more stable markets like Sweden and Germany saw an increase in lending growth compared to previous quarters. This boost is particularly clear in refinancing activity, which increased in markets like Belgium and Romania, as borrowers sought to lock in favourable mortgages, highlighting that the recovery is not just about new housing demand but also about households optimising their financial positions. In the UK, gross mortgage lending increased significantly due to the implementation of the Stamp Duty Land Tax which improved sentiment and supported mortgage lending.

Housing Supply

In many countries within the sample, housing supply remains limited due to a combination of structural issues and declines in construction activity. The difference between housing supply and demand is a common theme, with many markets struggling to keep up with the growing need for new homes.

Sweden experienced a sharp drop in construction activity in 2023, falling by nearly 50%, stabilising in 2024 and is expecting a recovery in 2025. However, overall demand remains low due to higher costs and demographic changes. Germany has seen a small increase in building permits between Q1 2024 and Q1 2025, signalling tentative recovery after years of decline, though construction activity is not yet on the rise. Denmark's housing market activity increased, but supply levels fell slightly for houses and more significantly for apartments, following a dip after a new property tax was introduced in 2024. Spain reported a 20% rise in building permits, but supply still falls short of demand due to limited developable land, administrative delays, and labour shortages. Finland is expected to see a slow construction recovery starting in 2025, but oversupply, reduced subsidised housing, and weak consumer confidence will continue to constrain the market despite population growth. In France, housing supply remained low, housing permits rebounded by 6% q-o-q but still very low at 88,900 units. The French housing market is increasingly reliant on existing home transactions, which has dominated the sales since several decades. Hungary saw very low housing supply in 2024 and Q1 2025, with a slight y-o-y decrease in completed dwellings despite a significant rise in building permits, especially in Budapest. Regional differences exist, with smaller towns performing somewhat better than cities. Poland's housing completions declined sharply, with falls in building permits and construction starts, particularly among developers. Individual investors showed some increases, but the overall supply trend is downward. Portugal continues to face restricted housing supply with no sign of improvement, as rising prices and tight sales and rental markets discourage



owners from selling. While some recovery signs exist, especially regarding building permits, actual housing completions remain low, maintaining pressure on housing markets. Finally, the UK experienced a sharp increase in housing construction of 23% y-o-y, but this number is still low as buyers have bought forward projects to avoid upcoming regulations.

House Prices

House prices across the EMF country sample showed a clear upward trend, although the speed and distribution of growth varied significantly between countries and regions. Most countries in the EMF sample reported y-o-y increases in property values, with the pace of growth varying significantly between markets. While some countries experienced moderate annual growth in the range of 2 to 5%, such as Germany, Sweden, Italy and the UK, others recorded more pronounced gains. In Hungary, Czechia, and Spain, prices rose by over 10 to 15%, indicating a particularly strong resurgence in housing demand.

Urban centres and high-demand regions were the primary drivers of this upward trend. Cities such as Budapest, Prague, Lisbon, and Madrid saw price increases well above national averages, boosted by a combination of investment activity, limited supply, and renewed buyer confidence. In Hungary, for instance, a shift in household savings away from government bonds (due to falling returns) toward real estate helped fuel demand, contributing to almost 20% year-on-year price growth in Budapest. In Czechia, housing prices continued their strong post-pandemic rise, especially for older flats outside Prague, with the national housing price index growing by 10%.

Belgium also saw national house prices increasing by 7.8% q-o-q. However, price dynamics were uneven within the country: Wallonia recorded a strong rise in house prices, while Flanders experienced a slight decline in apartment prices.

The Danish and Swedish markets followed a similar but milder upward trend. In Denmark, both house and apartment prices saw solid increases, while in Sweden, growth was moderate and focused on one-family homes in cities such as Malmö and Gothenburg. Germany marked a turning point with its fourth consecutive quarter of price growth, signalling a stabilisation after years of slowdown and price corrections.

Spain experienced strong price growth, including the Balearic Islands, Madrid, and Malaga. Since 2015, cumulative price increases in these areas have exceeded 70%. Portugal also showed positive momentum, especially in Lisbon, where prices reached their highest point since mid-2022. Italy saw a more modest price growth, led by rising prices for existing homes rather than new developments.

In contrast, markets such as Finland, Poland, and Romania displayed more mixed results. In Finland, price increases have yet to materialise, despite improving sales expectations. Poland showed strong regional variation, with some areas experiencing stagnation or even decline, while smaller cities posted modest gains. Divergences were also observed between primary and secondary markets, particularly in Warsaw. Romania presented a similar picture: while urban centres recorded growth, rural property prices fell slightly, reinforcing a broader regional trend of increasing disparity between cities and the countryside in Central and Eastern Europe. In Q1 2025, in France, the evolu-

tion of house prices for new homes was more dynamic than that of existing homes. Moreover, prices for existing homes are rebounding in most areas of France, with a slightly more pronounced increase in less densely populated areas compared to more densely populated areas.

Mortgage Interest Rates

Mortgage markets across the country sample generally experienced easing interest rates.

Average rates in Belgium remained stable as about 94% of new loans featured long-term fixed interest rates, signalling continued demand for predictability. In Czechia, the central bank's slight policy rate cut contributed to a gradual decline in mortgage rates, with most borrowers choosing short- to medium-term fixed rates expecting further rate reductions. Sweden continued to stand out with a high share, around 74%, of outstanding mortgages at variable rates, reflecting widespread expectations of falling interest rates.

Germany saw a small decrease in average mortgage rates, improving affordability and making homeownership more attractive as rents continue to rise. Denmark's mortgage market was marked by significant declines in short-term fixed rates but slight increases in longer-term fixations, suggesting nuanced borrower responses to rate changes. Spain's borrowing costs continued to decline, fuelling strong demand for fixed-rate mortgages, which now make up 90% of new loans. In France, home loans interest rates have decreased steadily by 1pps since Q1 2024. However, regardless of this decline, rates remain high compared to the average of the past decade.

Hungary's mortgage landscape was dominated by medium-term fixed-rate loans, although the share of variable-rate loans grew notably due to government-subsidised products introduced in 2024. Interest rates there remain relatively high compared to other countries, with no expected decrease in the near term.

Italy saw a sharp drop in variable-rate mortgage uptake, with fixed-rate products clearly dominant.

Poland's central bank cut interest rates in May 2025, prompting a shift among borrowers from fixed to variable interest rate products as expectations for further monetary easing grow. Portugal experienced a slight but noticeable move from fixed and fixed-to-floating products toward floating-rate mortgages, accompanied by modest rate reductions. Romania reported a mild decline in mortgage rates, with short-term fixed loans remaining the most popular product.

Overall, the quarter highlighted a general trend of declining mortgage rates across many markets and an increasing interest in variable or shorter-term fixations in places anticipating further rate cuts. At the same time, several countries continue to favour longer-term fixed-rate loans, reflecting ongoing caution amid uncertain economic conditions.

Conclusion

The first quarter of 2025 marked a turning point for Europe's housing and mortgage markets, with a broad-based recovery gaining traction after a period of stagnation and uncertainty. Lower interest rates, improving economic conditions, and renewed borrower confidence have led to a renewal in mortgage lending and a general rise in house prices across much of the sample.

However, structural supply shortages remain a significant bottleneck, with construction activity still lagging behind demand in many countries. The uneven pace of recovery, between regions, property types, and income groups, also highlights growing imbalances that could shape future market dynamics.

Looking ahead, the outlook is rather optimistic. Addressing the structural constraints will be key to ensuring a more balanced and inclusive housing market across Europe.

The Housing Affordability Crisis:

a review of national policy responses

Across Europe, housing affordability has become a growing concern, particularly for younger people, those on lower incomes, and city dwellers. The challenges are similar: higher house prices, insufficient supply to match population growth and a lack of available housing finance.

For this edition of the Quarterly Review, we asked our national contributors to summarise specific measures in their countries. Although there are many different policies, some common approaches can be seen:

Supply-side measures, such as expanding public housing, for example in the UK and Germany, promoting public-private partnerships in Portugal and Czechia, and reforming planning and construction regulations to reduce costs and delays in Germany and Portugal.

Targeted support for young people and first-time buyers, including mortgage guarantees (Italy, Spain), reduced loan-to-value requirements (Czechia, Italy), tax exemptions (Portugal), and housing allowances aimed at improving access to homeownership (Hungary, Spain).

Specific support for other groups including those in rural areas (for example Hungary's Rural Home Renewal programme) and those with more children (Italy and, again Hungary).

Improving the rental market. Several countries have introduced rent controls, tenant protections, and incentive schemes—such as state-backed guarantees for landlords—to promote affordable rentals (Spain, Seden and Czechia, for example).

It is clear from the diversity of approaches and the reform or reversal of some earlier policies, as has happened in Romania and Portugal for example, that this is a policy area still in development. The continent wide fall in interest rates may have provided a temporary respite but, to the extent that it might fuel further house price growth, the question of affordability clearly remains an imperative area for further research and policy development.

BELGIUM

In 2025, Belgium implemented a series of federal and regional measures to improve housing affordability and quality.

Federal Level: The reduced VAT rate of 6% for demolition and reconstruction was extended to promote urban renewal. Landlords renting at moderate prices receive tax incentives. Through the European Affordable Housing Plan, Belgium can double social housing investments and revise state aid rules.

Brussels-Capital Region: As of May 2025, rent prices cannot exceed the reference grid by more than 20% without justification. A minimum of 3% of social housing is reserved for homeless individuals, increasing to 6% by 2027. €1.5 million was allocated to Social Real Estate Agencies to support vulnerable groups, alongside systematic psychosocial assistance for rehoused individuals.

Flanders Region: From January 2025, registration fees for first-time homebuyers are reduced to 2%. Renovation deadlines were extended to six years to reach energy label D. From 2028, rent indexation is banned for poorly insulated homes. Municipalities failing to build enough social housing face financial penalties. The region is investing €1 billion annually in social housing.

Wallonia Region: Registration fees were cut to 3% for primary residences. Housing grants are available for renovation, with a required audit (excluding roofs/insulation). Zero-interest loans (Rénopack) support financing. Beneficiaries must occupy or rent the home at moderate prices for five years.

FINLAND

The government has temporarily accelerated state-supported housing production. The amount for interest-subsidized loans will increase to EUR 2.25 bn and it can be used until the end of 2025. This will allow for the start of over 10,000 new state-supported housing projects.

FRANCE

There are several major schemes/aids put in place by the French government to adress housing affordability. Most of them have been in place since several decades.

TO BECOME HOMEOWNER IN 2025:
Main:

PTZ (Zero-interest Loan): This scheme allows first-time buyers to obtain an interest-free loan to finance part of the purchase of a primary residence (63,647 PTZ in 2022, 47,630 in 2023 and 45,900 in 2024). The amount and eligibility conditions depend on the property's location and the borrower's income.

"Prêt Action Logement": Formerly known as the "1% Housing contribution", it is a contribution of companies with more than 50 employees to the construction effort and called now "Action Logement". This loan is offered by Action Logement to help access homeownership, particularly for employees of private companies. It provides favourable conditions, including a reduced interest rate.

Bail Réel Solidaire (BRS, Real joint and several lease): it allows modest households to become homeowners, especially in densely populated areas, at a relatively affordable cost compared with the prices of a home bough on the market. It is based on a land-building separation (the household buy only the housing and lease the land to a government-approved organization).

MaPrimRenov' : a financial aid for renovation works which can support indirectely the purchase of an existing home at lower price in the outlook to launch works after the acquisition.

Minor:

PAS (Social Homeownership Scheme Loan): This loan is intended for modest-income households and is subject to income conditions. It is accompanied by a State guarantee to promote mortgage credit to low-income households at a favorable interest rate. It can finance the purchase of a main residence as well as renovations.

PSLA (Social Homeownership Scheme): This scheme aims to facilitate homeownership for low-income households by allowing the purchase of properties at controlled prices after a period of rent.

VAT at 5.5% (reduced Value Added Tax): a lower VAT (against 20%) for the purchase of a newly-built home located in some areas in France considered as an urban renwal area (in "ANRU" and "QPV" areas). (Achat dans le neuf |impots.gouv.fr)

Local Authority Aids: Some municipalities or departments implement their own homeownership assistance programs, such as grants or zero-interest loans.

TO ACCESS TO RENTAL HOUSING IN 2025 :

Main (social housing)

Social housing built thanks to public loans and lower taxes (VAT at 5.5%, property tax exemption): Tenants can access, under certain conditions, to social housing with a low rent, but the number of demands from households is largely higher than the offer from social landlords.

Locatif Locatif Intermédiaire (LLI, "Intermediate rental housing"): investors (individual investors must go through a real estate investment compagny – "SCI") can buy a new home for rental at a price below the market value, located in densely populated areas, and can benefite from a lower VAT (10%) as well as a tax credit on property taxe (for a maximum of 20 years).

Minor (private rental market)

Denormandie Scheme: It encourages the renovation of existing homes by households for rental in certain areas (with a minimum amount of works and a compliance with rental conditions), in exchange of a reduction in income tax.

1. In recent years, the French government's approach to housing affordability has become more multifaceted, with mainly adaptations to existing policies and a few reforms and new initiatives:

Increased Emphasis on Social Housing: The government has prioritized social housing to meet the needs of low-income households by setting a target to create 125,000 new social housing units in 2021 and 2022 (against less than 110,000 financing agreements granted per year during the period) ; 110,000 units per year in 2023 and 2024 (against less than 96,000 financing agreements granted per year) ; and 100,000 units aimed for 2025.

Encouragement of Private Rental Investments: To stimulate private investment in rental housing, the government introduced tax incentives, such as the Pinel scheme between September 2014 and December 2024, which provided tax reductions to landlords who rented properties at controlled prices (an approximate and non-exhaustive figure of more than 244,000 digital tax declarations were recorded by the French Court of Auditors over the period). But there is no longer a specific support scheme for investment in new rental properties in 2025, excluding the "LLI" which has been opened since 2024 to individual investors (subject to going through a real estate investment company, SCI) and is not yet widely known by

households. For existing dwellings, the Denormandie scheme incentivizes the renovation of existing properties for rental in eligible areas until December 31, 2027 (around 600 units in 2023).

Reform of Housing Financial Assistance: Housing financial assistance programs, including the "APL" ("Aide Personnalisée au Logement"), have been reformed to try to enhance support for low-income tenants while reducing costs for the public budget.

Rent Control Measures: In response to rising rents in major cities (of which Paris, Lyon, Bordeaux, ...), the government has implemented regulations to control rental prices and to limit annual rent increases.

Promotion of Homeownership: The government supports homeownership through the Zero-Interest Loan (available for all new homes purchased throughout France for primary residence from April 01, 2025 to December 31, 2027, with a governmental goal of 67,000 PTZ in 2025).

Dissociation of Land and Property: New initiatives, like the "Bail Réel Solidaire" (BRS, around 3,700 units delivered in 2024), have emerged to enhance affordable access to homeownership by separating the cost of land from that of building, making it more affordable for lower-income households.

2. Two other elements that have/will have an impact on the rental housing supply in France:

- A parliamentary report submitted on June 30, 2025 to Minister Valérie Létard **proposes a fiscal shock to revive long-term rental investment.** It advocates for tax measures aimed at creating an additional 90,000 housing units per year by 2030, recognizing the crucial role of landlords, and restoring the attractiveness of the private rental sector. (Investissement locatif : les parlementaires rendent enfin leurs conclusions). **Some recommandations could be incorporated in the Financial law for 2026, but in a highly constrained budgetary context.**

- With the various deadlines set by the Climate and Resilience law, a progressively larger portion of the existing housing stock can no longer be rented without energy renovation work that improves the energy performance certificate (EPC) rating. Since January 1, 2025, properties with an EPC "G" are no longer be rentable ; then, starting January 1, 2028, homes with an EPC "F" will be affected by the rental ban, and the ones with an EPC "E" will be impacted starting January 1, 2034.

Since 2021, several reforms regarding the energy performance certificate (EPC) have been implemented to enhance the reliability of estimation methods. These reforms have also resulted in the improvement of the EPC ratings for certain properties, allowing some of them to continue being rented out : since July 1, 2024, small housing units (less than 40 square meters) are assessed using a method that "better reflects the energy reality of these properties" ; and on July 9, 2025, the French government announced a reduction in the electricity conversion factor used in the calculation of the energy performance certificate (EPC), lowering it from 2.3 to 1.9 (effective from January 1, 2026).

GERMANY

Housing construction subsidies are primarily the responsibility of the federal states (Bundesländer). At the state level, there are various programs to promote publicly subsidised housing and home ownership. The federal government supports the federal states as a co-financier (especially in the area of social housing) and through additional programs that are related to climate protection. These programs are primarily provided by KfW, Germany's leading promotional bank.
Currently, subsidised loans are granted for the following measures in connection with the acquisition of residential property by private households:

- KfW Home Ownership Programme (For the purchase or construction of a home)
- Home ownership for families (For families with children who build in a climate-friendly way)
- Climate-friendly new construction
- Residential buildings (For building energy-efficient and sustainable houses and flats)
- Completion of an energy-efficient refurbishment or when buying a property that has just been refurbished as an efficient house.

Housing construction subsidies have already been expanded in recent years. In addition, changes to the legal framework are being prepared to enable faster and simpler approval and planning processes and to address applicable building standards. As a result, these legal changes are expected to lead to a significant reduction in construction costs, making newly built residential properties more affordable again.

HUNGARY

The share of the social rental sector is very low in Hungary and homeownership is becoming unaffordable for more and more people. The bigger part of the rental market has market driven prices and the very dynamic growth of the house prices is reflected also in the rental prices.

The Hungarian government in the past years and also today has several subsidy programs like CSOK Plus (Home Purchase Subsidy Plus) or Prenatal Baby Loan program, that are intended to help first time buyers, young couples with children. These programs typically help families in the acquisition of the first home especially in the countryside in smaller villages, where home prices are still affordable. Affordability of home purchases began to deteriorate in the capital and in the large cities during



2024, when nominal house prices y-o-y increased by double digits. The government has also realized the worsening home affordability trends and introduced some new measures to change the situation.

From 2025 onward:

- Companies can grant housing allowance (monthly HUF 150thousand, equivalent to EUR 375) for employees younger than 35 years, that can be used for rental costs payment or for mortgage loan repayment
- In the Rural Home Renewal Program families with children living in small villages (less than 5,000 inhabitants) may apply for a state subsidy when renewing their home (3 Mio HUF (EUR 7,500) in-non refundable money and 3 Mio in the form of subsidized loan
- There are new Airbnb regulations in Budapest with listing limit and zoning restrictions.

The new Home Start program will be launched in September 2025. The loan will have a fix, subsidized rate for max 25 years and will be available not only for families but also for singles and families without children.

ITALY

In the last years, the main public measure to increase the housing affordability is the First Home Guarantee Fund (Fondo Prima casa) which issues public guarantees to cover 50% of the mortgage loan exposure up to EUR 250,000, for the purchase of the first home, granted to single-parent families with minors, people under the age of 36 or tenants of public housing.

The Budget Law of 2025 extended until 2027 the public guarantee up to 80% of total mortgage loan if specific conditions are met (e.g. if LTV > 80%). The public guarantee increases up to 90% of mortgage loan for "large families" (borrowers with more than three children under the age of 21). According to data as of 31 March 2025, the Fund guaranteed more than 589,000 mortgages for a total financed amount of EUR 69.2 billion.

POLAND

There is currently no program supporting individual buyers (there are programs supporting social housing or thermal modernization of buildings, but they are addressed to municipalities/housing cooperatives, etc.).

From July 3, 2023 to January 2, 2024, the Safe Credit 2% program was in effect. The program guaranteed a subsidy for mortgage payments so that the actual interest rate for the first ten years of repayment did not exceed 2% (+ back margin). Only households that had never previously owned their own property were eligible for the program. The maximum age of the borrower was 45 years, the maximum preferential loan amount is PLN 500,000 for a single person and PLN 600,000 for married couples or single parents with a child (EUR 117,000 or EUR 140,000, respectively). The program was suspended on January 2, 2024.

It should be emphasized, however, that the program increased demand for apartments so much that their prices increased by as much as 20% year-on-year. For this reason, the program de facto reduced the availability of apartments - especially for consumers who wanted to buy an apartment outside the program.

Work is currently underway on another housing program („Key to the Apartment"). Initially, the program was to be similar in structure to the Safe Credit 2%. However, the government currently declares that the new program will not aim to support the purchase of apartments, but to expand social housing or apartments with regulated rent. The details of the program have not yet been announced.

PORTUGAL

Portugal currently implements several policies to improve housing affordability, focusing on increasing supply, supporting vulnerable groups and promoting sustainable solutions.

1. "Building Portugal: New Housing Strategy" Program - Launched in May 2024, this program presents 30 measures, organized into six main axes:

1) Incentive to housing supply: (i) provision of public properties for affordable rental through public-private partnerships; (ii) reduction of VAT to 6% on rehabilitation and construction works of housing at controlled costs; (iii) legislative changes to allow the use of rural land in sustainable housing projects;

2) Promotion of public housing: (i) release of 25,000 housing units provided for in the Recovery and Resilience Plan (RRP); (ii) increased financing for housing projects not initially included in the RRP;

3) Strengthening confidence in the rental market: (i) repeal of previous measures that generated legal uncertainty, such as coercive leasing; (ii) creation of investment contracts for "build-to-rent" and "available-to-let" projects;

4) Legislative simplification: (i) review of the Urban Simplex to reduce bureaucracy in administrative processes; (ii) implementation of the BIM (Building Information Modelling) methodology in licensing;

5) Promoting youth housing: (i) public guarantee to facilitate young people's access to housing credit; (ii) exemption from the Real Estate Property Tax (IMT) and Stamp Duty (IS) on the purchase of the first home by young people up to 35 years old, for properties worth up to EUR 316,000; (iii) reformulation of the Porta 65 program, eliminating exclusions based on rental limits;

6) Ensure housing accessibility: (i) streamlining rent subsidy programs, eliminating restrictions and expirations; (ii) creation of regulations for the transition between supported income and affordable income, avoiding discontinuities in support.

2. State Budget 2025 (OE2025) - Allocates EUR 1,137 million to housing, with emphasis on: (i) construction of 10,000 homes for disadvantaged families; (ii) promoting public-private partnerships to unlock construction capacity across the housing sector.

3. Housing Interventions Program – Program financed by the RRP and which aims to improve accessibility conditions in at least 1,000 homes for people with reduced mobility. Furthermore, Ordinance No. 301/2019 establishes guidelines for improving accessibility in existing residential buildings, classifying interventions as simple, medium and deep, with specific requirements for each level.

4. New Generation of Housing Policies (NGPH) - Since 2017, NGPH has guided housing policies in Portugal, with objectives such as: (i) ensuring universal access to adequate housing; (ii) promote urban rehabilitation as the predominant form of intervention; (iii) expand the scope of beneficiaries and increase the housing stock with public support.

In recent years, the government's approach to housing affordability has evolved significantly, reflecting changes in policy priorities and strategies adopted to address the housing crisis. Several initial housing support programs and policies in Portugal have been adopted in recent years, with emphasis on:

1) New Generation of Housing Policies (NGPH): starting in 2017 and focusing on urban rehabilitation and increasing the public housing stock. Programs such as "1º Direito", aimed at families in need of housing, and "Porta de Entrada", for emergency situations, stood out;

2) Recovery and Resilience Plan (RRP) (2021-2026): with an allocation of €3.2 billion for housing, the RRP aimed to finance the construction and rehabilitation of 26,000 homes by 2026. However, implementation has been slow, with only 20% of the allocated funds used so far;

3) "Mais Moradia Program" (2023): program that introduced measures such as incentives for construction and rehabilitation, rent regulation and specific support for young people up to 35 years old. However, some measures were later reversed or adjusted due to criticism and changes in government;

4) "Construir Portugal": New Housing Strategy (2024): presented by the government led by Luís Montenegro, this plan focuses, as mentioned above, on: (i) encouraging housing supply through the provision of public properties and cost reduction; (ii) promote public housing, with the release of 25,000 homes by RRP; (iii) promote youth housing, with tax exemptions and public guarantees; (iv) simplify urban planning legislation; (v) ensure housing accessibility by streamlining rental assistance programs.

However, despite the various political initiatives adopted over the last few years, the housing crisis persists, with challenges such as: (i) the slow implementation of programs, especially within the scope of the RRP; (ii) territorial inequalities in access to support; (iii) criticism of changes in legislation, such as the Land Law, due to potential risks of real estate speculation.

In summary, the Government's approach to housing affordability has been dynamic, with several reforms and programs implemented in recent years. However, the effectiveness of these policies depends on their effective implementation and the ability to adapt to the real needs of the population.

- Portugal has implemented several measures to increase the supply of affordable housing, reflecting a multifaceted approach involving the public, private and cooperative sectors. Below, we highlight the main initiatives in force, which reflect the Portuguese government's efforts to tackle the housing crisis, promoting a greater supply of affordable housing through various strategies.

- Expansion of Public Housing Stock: Target of 59,000 new homes by 2026. The government plans to significantly increase the public housing stock, with 26,000 units financed by the Recovery and Resilience Plan (RRP) and another 33,000 through the Federal Budget. Of these, 10,000 will be allocated to disadvantaged families.
- Public-Private Partnerships and Tax Incentives: (i) Partnerships for affordable construction and rental: Public-private partnerships are being promoted to develop affordable housing on state lands; (ii) Reduction of VAT to 6%: applicable to rehabilitation works and construction of affordable housing, aiming to reduce construction costs; (iii) Credit lines for cooperatives and developers: providing financing for affordable rental projects, including public guarantees for construction on public land.
- Legislative Changes to Increase Supply: (i) Reclassification of rural land: the new legislation allows the construction of affordable housing on land previously classified as rural, if it is intended for sustainable projects and with controlled prices; (ii) Construction bonus: introduction of urban incentives that allow greater construction density in popular housing projects.
- Rehabilitation and Use of Existing Properties: (i) "Rehabilitate for Rent" Program: initiative that aims to rehabilitate buildings over 30 years old for affordable rental, with financial support from the State; (ii) Use of vacant public properties: implementation of a legal regime that facilitates the conversion of underutilized public properties into affordable housing.
- Support for Youth Housing: (i) Exemption from the Real Estate Property Tax (IMT) and Stamp Duty (IS): young people up to 35 years old benefit from total or partial exemption from these taxes when purchasing their first home, depending on the value of the property; (ii) Public guarantee on real estate credit: provision of a public guarantee of up to 15% of the property value for young people who acquire their first permanent home; (iii) Reformulation of the "Porta 65 Jovem" program: the program was restructured to be more comprehensive and effective, with a reinforced budget.

ROMANIA

Access to the credit market has improved due to rising salaries (+11 percent nationally in December 2024 compared to 2023), alongside a decrease in financing costs (the average annual effective interest rate for mortgage loans in RON dropped from 7.9 percent in December 2023 to 7.71 percent in March 2025). As a result, the Housing Affordability Index increased to 1.3 in December 2024, up from 1.2 December 2023 (the average net monthly income exceeds the optimal income required to obtain a mortgage loan by approximately 30 percent).

The volume of loans granted to households through the state-guaranteed program "First Home"/"New Home" has decreased considerably, the stock of loans reaching RON 24.1 bn (EUR 4.75bn) in March 2025, down from RON 29.6 bn (EUR 5.8bn) in March 2024 and much lower than the peak of RON 36.9 billion (EUR 7.3bn) recorded in August 2021. In total mortgage loans they represent 21.7% as at March 2025, down from 28% one year prior. In recent years, there has been a significant decline in the volume of new state-guaranteed loans granted to households, in the period April 2024 – March 2025 their value being 2.5 times lower than that recorded in the same period of the preceding 12 months (RON 472.2 mn (EUR 93mn) compared to RON 186 mn (EUR 37mn)). Expectations suggest a continuation of this downward trend, amid the reduction of the guarantee ceiling, but also the development, diversification and personalization of the banks' product offer according to customer needs.

Although the quality of "First Home/New Home" loans has been superior in terms of credit performance over time compared to standard mortgage loans, this trend has recently reversed, with the default rate of "First Home/New Home" loans exceeding that of standard real estate loans (1.78% compared to 1.51%, March 2025), considering that these loans have variable interest rates and, therefore, a higher cost. In the case of these loans, the deterioration of quality is not determined by the increase in payment delays, but rather by a greater classification by banks of these loans as unlikely to pay. In this context, it is necessary to continue to closely monitor this portfolio and asses any potential risks arising in the upcoming period.

SPAIN

To make credit more affordable and address the housing affordability challenges -particularly those faced by younger people, the national and regional governments offer public guarantees that partially cover mortgage loans. Depending on the scheme, these guarantees can cover up to 95% or even 100%, provided the property is the buyer's primary residence. In addition, some autonomous communities offer regional tax discounts when purchasing a home under certain circumstances. However, according to key market players, there is a general lack of awareness among potential buyers.

In the rental housing sector, the government introduced a rental voucher scheme in 2022 for young people with low incomes, providing monthly assistance of €250. This was followed by the enactment of Law 12/2023, designed to protect housing rights. This law introduced rent price controls, limited rental increases and prohibited evictions in cases where tenants are considered vulnerable. However, according to the major real estate portals, these measures have contributed to a decline in the available rental housing stock. A significant portion of properties have changed from long-term residential use to temporary or holiday rentals, as this law only applies to the former.

In 2024, the government approved a loan and guarantee scheme for public and private developers to promote the construction of social housing. Applications must be summited by 1 June 2026.

SWEDEN

The main policy to housing affordability is the "utility value system" for rental apartments. The rent is based on the apartment's utility value, which includes factors such as the apartment's size, layout, modernity, etc. The rent for a specific apartment is compared to the rent of other similar apartments in the same area. The „utility value system" in general counteract „market rents", but in attractive areas creates queues for rental apartments. For example, in Stockholm the waiting time for a rental apartment is between two months in the outskirts of Stockholm to 20 years in the city centre. In addition to the "utility value system" individuals and families with low incomes can apply for housing allowance. Housing allowance can be applied for by families with children and individuals aged 18-28. Students can apply for housing allowance if they meet the age criteria or have children. Pensioners generally do not qualify for housing allowance but can apply for a different type of support called housing supplement through the Swedish Pensions Agency. Housing affordability is debated in Sweden and is an issue. However, besides the "utility value system" and housing allowance there is in practice no further measures.

UK

In June 2025, the government announced a £39 bn (EUR 45bn) affordable housing programme over the next 10 years. This replaces the current 5 year affordable housing programme of £11.5bn (EUR 13.3bn) that was due to end in March 2026. The programme's aim is to deliver 300,000 social and affordable homes with at least 60% (approx. 180,000) of these homes for social rent. If delivered, this will be 6 times more than the number of Social Rent homes delivered in the decade up to 2024. This will contribute towards the governments ambition to build 1.5 million homes over the next 5 years.

To help housing associations and council meet the rising costs of maintenance and repairs of social housing, from April 2026 social housing rents will be allowed to increase by CPI+1% each year for 10 years. This is aimed to give greater long-term certainty to lenders and investors.

The Government has launched a permanent Mortgage Guarantee Scheme known as 'freedom to buy' that launches in July 2025 and replaces the current scheme that closed to new applicants in June 2025. This scheme provides a guarantee to lenders on their 91-95% loan-to-value mortgages, under which the government will compensate lenders for a portion of net losses in the event of repossession.

First time buyers are able to open a Lifetime ISA before the age of 40 and receive a 25% bonus on deposits up to a maximum of £1,000 per year (EUR 1,150) until the age of 50. The ISA can be used to buy a first home up to the value of £450,000 (EUR 520,000).



EMF – ECBC UP-COMING EVENTS

16 SEPTEMBER 2025: 37TH ECBC PLENARY MEETING – SEVILLE

This important gathering will bring together key players from the European mortgage and covered bond community for three days of engaging discussions, expert insights, and valuable networking opportunities.

The programme will feature a series of high-level panels, keynote speeches, and interactive sessions focusing on the latest developments, challenges, and innovations shaping the industry.

25 SEPTEMBER 2025 : 4TH EEMI INTERNATIONAL SUSTAINABLE HOUSING FINANCE SYMPOSIUM – VENICE

Hungary

addressing the problems of an ageing housing stock



Like many of its neighbours, Hungary is a country of home owners. The legacy of history held back the development of a rental market and with levels of construction a fraction of previous levels, the ageing housing stock presents problems of affordability, quality of life and energy consumption. The government has taken several steps to address these problems and at the same time develop the ability of the capital markets to serve the needs of the housing market, Gyula Nagy, CEO of MBH Mortgage bank writes.

Hungary had a population of 954 million and a stock of about 4.6 million housing units at year end. The homeownership ratio at around 90% is among the highest in the EU, although most Central Eastern European and Baltic countries also have very high home ownership.

Mortgage lending is typically provided by commercial banks, specialized mortgage banks and saving cooperatives. Financial companies are legally also able to lend for mortgages, but their share has significantly diminished following the Great Financial Crisis (GFC), and most of them stopped their lending activity.

Prior to the GFC mortgage lending in foreign currency was significant and 90% of the FX mortgage debt was in CHF. During and right after the crisis, the number of non-performing loans for these mortgages became high on the one hand due to interest rate increase, on the other hand due to exchange rate deterioration. The FX mortgage topic became a political issue.

In August 2010 Parliament adopted an act prohibiting foreign currency denominated (FX) new mortgage lending and the government introduced several measures to ease the burden on the borrowers and stabilize the mortgage market. In 2014 a transaction was carried out by the Central Bank for the forced conversion of these loans. By 2015 the proportion of FX loans has fallen to below 1% and by 2016 FX mortgage loans were nearly fully eliminated from the mortgage loan portfolios of the banks. Currently, non-performing loans are only about 1% of the total housing loan stock.

How Hungary compares

	HUNGARY	EU
MORTGAGE MARKET EUR BN	15.450	6,879
AS A % OF GDP	7.5%	38.3%
HOME OWNERSHIP	91.0%	68.4%
AVERAGE ENERGY EFFICIENCY (KWH/SQM)	156 KWH/SQM	109 KWH/SQM

High levels of home ownership

Following the switch from the socialist system to market economies after 1990 the privatization of state housing in Central Eastern Europe created a super-homeownership housing system in Hungary. The system was characterized by an overwhelming majority of owner-occupied housing, a relatively small and underregulated rental market, and a continuously decreasing social housing sector due to municipal governments' sales of property to compensate for lack of funds. Although the regulatory conditions for a housing market were established in the 1990s, the development of mortgage markets lagged, hindering housing access for those without high incomes or significant inheritance. Different subsidy programs targeted the acquisition of a new home, but as affordability becomes a growing problem for young couples, the government is seeking incentives to help first time buyers and young couples. The incentives mostly help the purchase of a dwelling, but from 2025 companies can give housing allowance for employees below 35 years (monthly HUF 150th, approximately EUR 375), that can be used apart from the mortgage repayment also for paying rental costs.

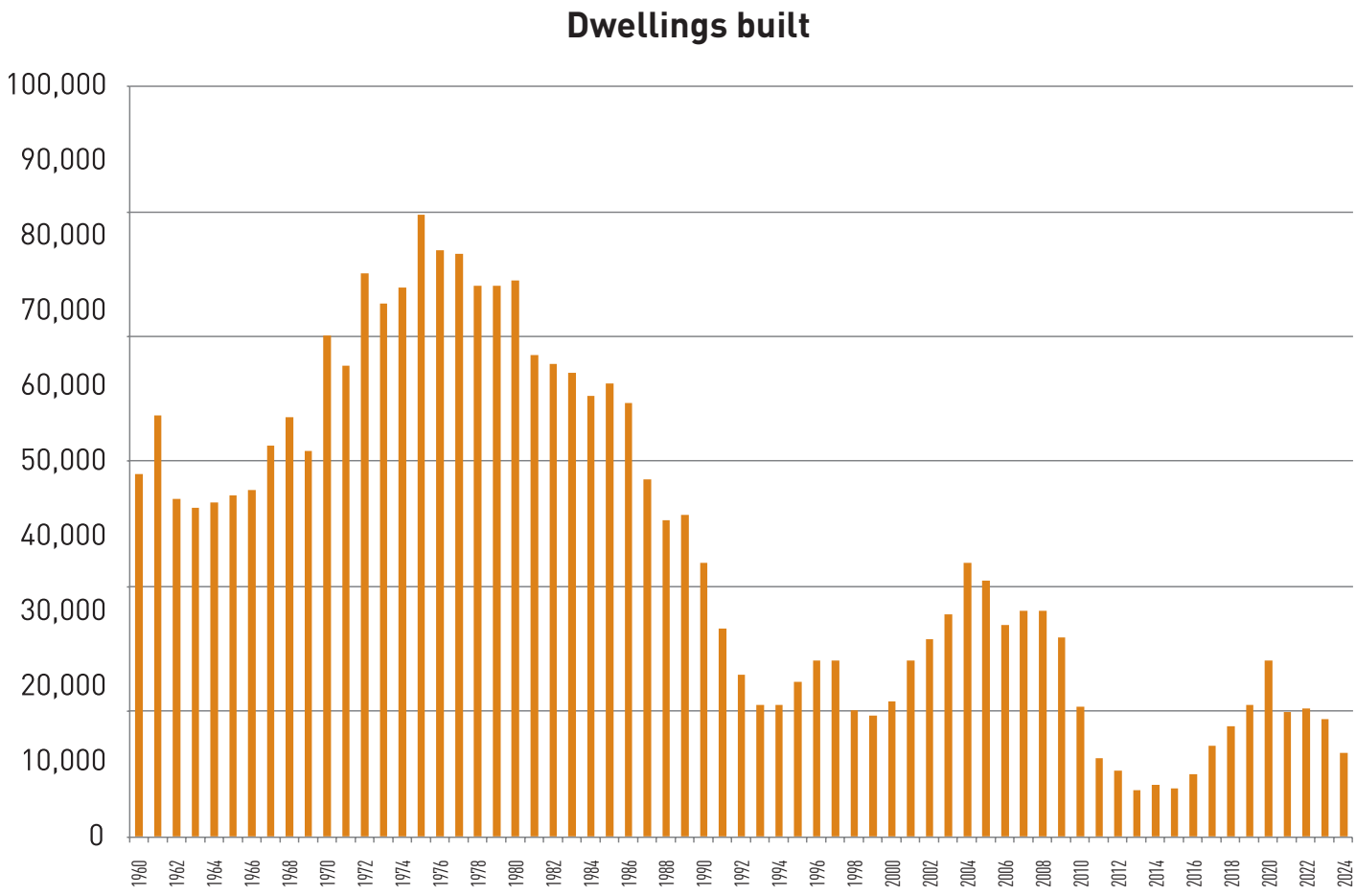


Chart 1. Source: Hungarian Statistical Office

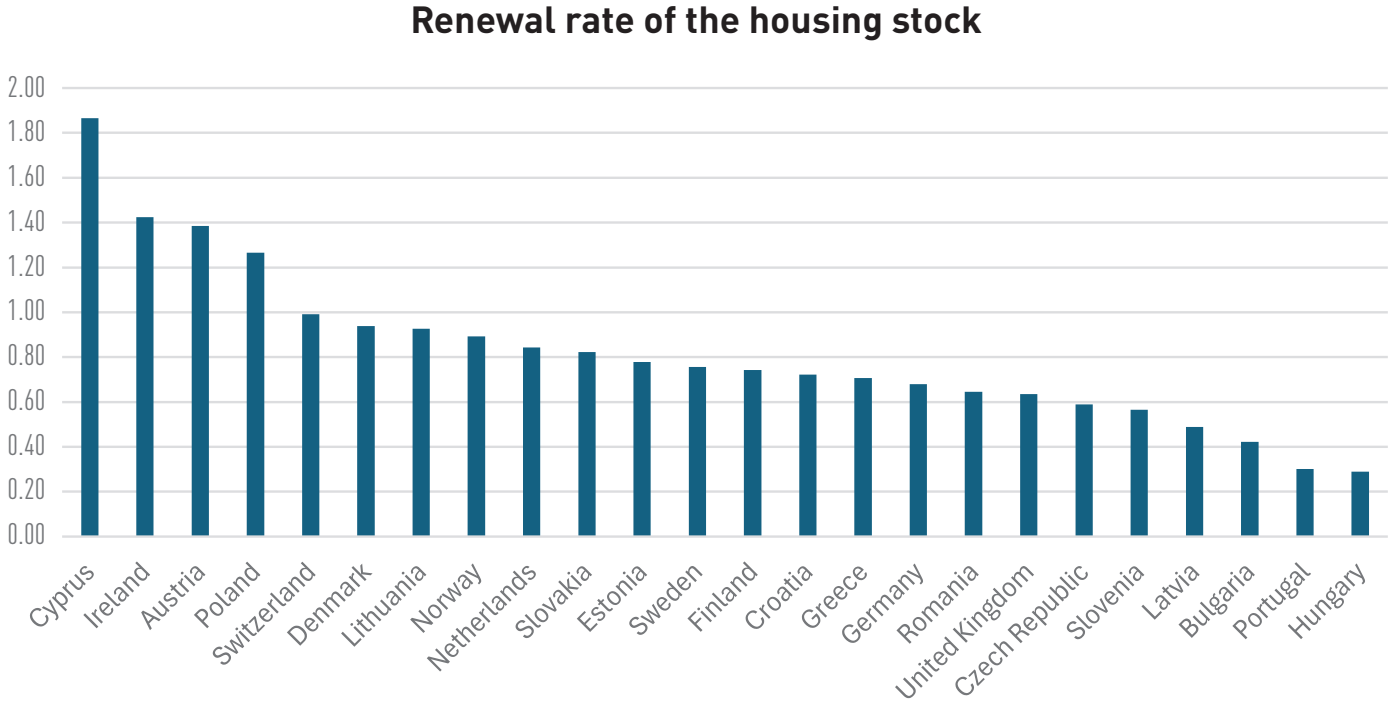
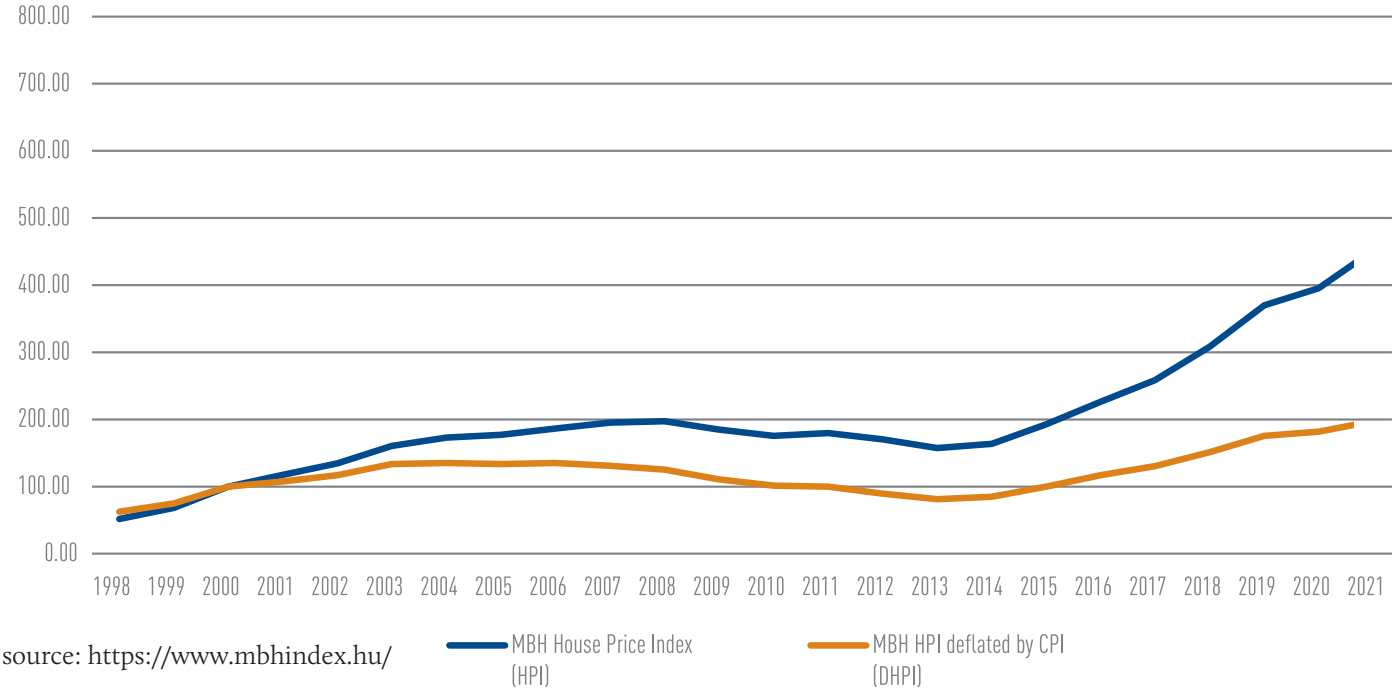


Chart 2. Source: National Bank of Hungary, ECB, National Stat. Office

MBH House Price Index
1998 - 2024



source: https://www.mbhindex.hu/

An ageing housing stock

In Hungary, the majority of houses were built before 1990, as show on chart 1. Less than 12% were built after 2000 and just 4% since 2010.

A significant part of the housing stock has either weak or very poor energy classes and is in dire need of renovation. However, this renovation would only take place very slowly through the construction of new housing, especially considering the low renovation rates in Hungary.
In order to increase the energy efficiency of the entire stock, a significantly greater emphasis needs to be placed on renovations. The number of newly built dwellings has decreased in recent years, largely due to affordability constraints caused by the significant increase in the price of new homes. The renewal rate (new buildings/ housing stock) was the lowest in 2024 in the EU. (Chart 2.) at 0.3%.

Rapid house price appreciation

House price developments are important indicators in a countries' economy. MBH Mortgage bank's legal predecessor, FHB Mortgage Bank - as one of the leading mortgage originators at that time - developed the first commercial house price index in Hungary. The MBH House Price Index measures the development of residential real estate prices since 1998 in nominal and real terms. The index is published quarterly, and starts from first quarter 1998. At the time of quarterly disclosures, the time series ends with the data of the previous quarter. i.e. at the first publication, The value of the index is normalised to2000, i.e. the average index value in 2000 is 100. During the development of the index, MBH regarded such long-standing, internationally well-known indices as examples as the house price index of Halifax or Hypoport AG. It was the aim to prepare the MBH House Price Index on similar standards, and to make it the key reference in the profession.

For computing the index, the process is based on the hedonic method was applied, which is usual in the profession, and the classic reference of which is the study of Kain and Quigley[1]. The hedonic method is the most widespread statistical method to measure aggregate property price change, and is based on the theoretical consideration that the value of houses/flats can be divided into the values of their attributes.
The most important national House Price Indexes in Hungary are the MNB (National Bank) Index and KSH (National Statistical Office) Index, that are calculated on the same (hedonic) method. When looking closer at house price developments it can be seen that following the GFC, there was a long contraction period between 2008 and 2014 and then double digit yearly growth almost every year (with the exception of only 2020 and 2022). The very dynamic house price growth continued also in Q1 of 2025, (see the 2025 Q1 Quarterly Report).

Developing the mortgage bond market

The most common way to fund mortgage lending is from deposits, but covered bonds are also used. Legal act No. XXX. that was

1.Kain, John F. – John M. Quigley [1970]: Measuring the Value of Housing Quality. Journal of the American Statistical Association 65 (330), Jun 1970, pp. 532-548.

introduced for Mortgage Banks and Mortgage Bonds in 1997 contributed significantly to the establishment of the covered bond market from 2000 onwards.
From April 2017 a new regulation (Mortgage Funding Adequacy Ratio) issued by the National Bank of Hungary entered into force. According to which commercial banks had to refinance at first 15% of their outstanding long-term mortgage loans with long term securities. The ratio was increased to 20% from October 2018 and changed to 25% from the 1st of October 2019. Although the Central Bank announced its intention to further raise the ratio to 30%, so far the ratio was not increased any further.
The Central Bank also helped the mortgage sector with special mortgage bond purchase programs during the past 7 years. The first mortgage bond purchase program was intended to help mortgage lenders switch from variable to fixed rate lending in 2018. The Central Bank purchased fixed rate mortgage bonds on the primary and secondary markets at preferential rates. In 2020 in light of the Coronavirus Crisis, the Central Bank announced again a covered bond purchase program with the aim of helping the capital and mortgage market. This program lasted from June to December 2020. There was a third bond purchase program managed by the Central bank from September 2021 to June 2022, this time the focus was on green covered bonds and the program gave a strong motivation to the mortgage banks to start their green covered bond programs. As a further motivation to the banks to issue green mortgage loans, there is a preferential treatment in the MFAR of green mortgage loans.

Mortgage characteristics

The overwhelming majority of mortgage loans are based on an annuity calculation. Prior to 2018 variable rate mortgages were dominant, since than fixed (5 to 10 years initial fixed, or fixed for more than 10 years) type mortgages became dominant. While in 2017 variable rate mortgages were over 40% of new loans, by, the beginning of 2019 they were below 5% and by the end of 2020 they were around 1% only. In 2024 the share went up again (above 20%), but fixed or initial fixed mortgages still dominate.
The prudent mortgage lending was also supported by new LTV and DSTI (Debt Service to Income) regulations introduced since 2015. The maximum LTV for was set at 80%, later in 2025 it was raised to 90% for first time buyers and also for mortgages with green collateral.
The DSTI regulations introduced by the Supervisory Authority (the National Bank) in 2015 were further restricted from 2018, where the highest ratio was possible for mortgages with fixed interest rate period above 10 years. The mortgage bond purchase program of the National Bank (only fixed rate mortgage bonds were eligible) also helped the banking sector to switch from variable to fixed rate mortgage lending.
60% of the outstanding residential mortgage loan portfolio is held by commercial banks, about 31% by specialized mortgage banks and 9% by housing saving banks. New lending (2024) was somewhat higher at commercial banks (63%) and smaller at home saving banks. In 2024, 73 thousand new mortgage loans were originated in total volume of 1,279 bn HUF (EUR 3.2bn). From the total volume the highest proportion (77%) was for the acquisition of used dwellings and only 10% for buying new dwellings. Remortgage is legally possible, but the proportion of remortgage loans is minimal, below 2% in 2024. Although the banks are competing with each other on the mortgage market, most mortgage clients remain with their original mortgage lender and do not change bank during the lifetime of the mortgage loan.
The outstanding mortgage loan portfolio at the end of 2025 Q1 was 6,503 bn HUF, calculated on the official HUF/EUR exchange rate on 31 th March) was equal to EUR 16,2 bn The mortgage debt to GDP in Hungary is quite low compared to the EU average or even compared to the neighbour countries. In 2024 the residential mortgage debt to GDP ratio stood at 6.9%.

Supporting green lending

Housing developers now offer only environmentally sustainable new properties, (this is also required by law), but their price is significantly higher and the number of new dwellings is also very limited, so the average energy consumption of the housing stock is relatively high in international comparison, (156 KWH/sqm compared to the 109 KWH/sqm EU average)[2]
The National Bank initiated several green programs and also introduced macroprudential regulations with the intention of promoting green lending.:
Green Mortgage Bond Purchase Program
Green Home Program – refinancing new residential dwellings with minimum BB classification and max 80 KWH/sqm consumption at preferential rates for a volume of HUF 300 bn. (in 2022)
Higher LTV (90%) and higher DSTI (60%) allowed for borrowers below 41 years for e green loan purposes (purchase of energy efficient real estate with max 68 KWH/sqm or 30% upgrade in primary energy demand)
Preferential weights for green covered bonds in MFAR
The MNB's Green Housing Preferential Capital Requirement Programme
(it aims to support the construction of new housing of good energy quality and also the renovation of old, substandard housing)
The National Bank has joined the Advisory committee of the Energy Efficient Mortgage Initiative of the EMF in 2019, two commercial banks, OTP Bank and MBH Mortgage Bank also participate in the program.

Helping the home buyers

in 2024 from the total outstanding mortgage portfolio, 19% consisted of subsidized mortgage loans. New mortgage lending has grown significantly in 2024 compared to the previous year. The volume of newly issued subsidized loans for housing

2. National Bank of Hungary and Odysse-Mure



purchase has grown from 126 bn in 2023 HUF to 339 bn HUF in 2024, the volume of non subsidized loans has grown from 482 bn HUF to 1,007 bn HUF. While market priced housing loan issue has doubled in 2024, the volume of subsidized loans has almost tripled during the year.

The most significant housing subsidy is the Home Purchase Subsidy (CSOK in Hungarian) for families. The new, interest subsidised housing loan, that was introduced in 2024 - called Home Purchase Subsidy Plus (CSOK+) - provided a higher loan amount than the previously existing one. This loan type alone contributed significantly to the total housing loan amount issued in 2024.

Apart from the CSOK programs the "Prenatal Baby Support" program (unsecured interest free loan facility up to HUF 10 Mn) also helped house purchase possibilities for families and first-time buyers.

There is a rural CSOK program for inhabitants in villages with less than 5,000 inhabitants. Non-refundable funds and loans with subsidized interest rates are available for acquisition, renovation, enlargement. This subsidy is available also for families without children.

In the Rural Home Renewal Program, families living in small villages (less than 5,000 inhabitants) may apply for a state subsidy when renewing their home (3 Mn HUF non-refundable, plus 3 Mn in the form of subsidized loan.

Companies can grant tax deductible housing allowance (monthly 150th HUF) for employees younger than 35 years, that can be used for rental costs payment or for mortgage loan repayment.

A home renovation programme was introduced in the summer of 2024, exclusively for energy efficiency modernisation projects. Primary energy saving of at least 30 per cent must be achieved with the renovations, the improvement must be certified by energy efficiency certificates both before and after the completion of the renovation work. From the presently allocated budget of the home renovation programme approximately 20,000 detached houses may be renovated.

The ongoing affordability challenge

In spite of the extensive home subsidy programs of the government, due to the strong price increase on the housing market, home affordability – like in most EU countries – is a growing problem in Hungary.

According to the National Bank Housing Report home affordability began to deteriorate in the capital and also in bigger cities toward the end of 2024. The access to new housing was particularly unfavourable for both childless families and for singles. In the case of used homes, affordability began to deteriorate also since the end of 2024 and in Q1 of 2025 due to accelerating home prices, primarily in the capital where there was significant demand for growth.

New subsidy program adressing also singles and families without children

A new program, called "Home Start Program" will be launched in September 2025, that offers up to HUF 50 million loan at a fixed 3% interest rate for a maximum term of 25 years. It is a new element in the government's home subsidy program, that there are no requirements for marriage or having children, making the credit accessible also to single applicants or couples without children.

Country fact Sheet

by: Daniel Kryszkiewiez, FeBelFin.

BELGIUM

MORTGAGE MARKET

Market Developments

The following figures are based on the evolution of mortgage lending by Febelfin (RCC) members which represent around 90% of the market.

New mortgage loans increased again in Q1, by 35.4% y-o-y (by number) and 53.3% (by value). Excluding re-mortgaging the increase was 32.5% (number) and 51.2% (amount).
Continuing the trend of 2024, demand for credit also increased, by 19.6% (by number).
By purpose, the increases were +17.2% (by number, 36.3% by amount) for loans for construction and +27.5% (69.6% by amount) for purchase + renovation of houses. Loans for other real estate purposes (garage, swimming pool, etc) increased by +50% and the number of refinancings increased by 123%.
Excluding refinancing, about 52,500 mortgage credit contracts were granted for a total amount of more than EUR 9.6 bn.

Regulation and Government Intervention

Since January 2025, registration fees in the Walloon Region have been reduced to 3% (from 12.5%) for unique, owner-occupied homes. This major reduction has boosted the market in the region, but has also driven up prices.

HOUSING MARKET

Housing Prices

Based on the Notary Barometer, the average house price increased to EUR 355,731 in Q1, an increase of 7.8% q-o-q. The average apartment price increased to EUR 271,218. However, there are significant regional differences between Flanders, Wallonia and Brussels.

MORTGAGE INTEREST RATES

In Q1 loans fixed for more than 10 years remained stable at 94.3% of newly origination. Loans with an initial 1 year fixed rate were only 2% of the loans provided. Loans with an initial period of variable interest from 3 to 10 years represented about 3.7% of new loan.
Since 2015, the number of overdue loans has decreased and stabilised in the past year at 0.61%.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	309.852	312.122	313.177	315.229	317.145	319.117	321.408	323.996	327.349
Gross Residential Mortgage Lending (million EUR)	7.392	7.574	7.436	8.382	6.544	7.450	7.757	8.365	9.083
House Price Indices (2015 = 100)	144,9	143,4	146,4	181,0	177,0	177,0	183,0	171,0	n/a
Mortgage Interest Rates (%, weighted average)	3,17	3,28	3,47	3,60	3,23	3,15	3,09	2,89	2,88
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,40	4,66	5,35	5,66	5,23	5,24	4,92	4,61	4,38
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,46	4,57	4,84	5,02	4,70	4,53	4,31	4,00	3,86
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,48	3,57	3,90	3,91	3,40	3,23	3,30	3,08	2,99
Long-term initial fixed period rate, 10-year or more maturity (%)	3,17	3,28	3,47	3,60	3,23	3,15	3,09	2,89	2,88
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	1,5	0,3	0,2	0,3	0,4	0,66	1,14	1,35	2,01
Short-term fixed (1Y-5Y initial rate fixation)	0,6	0,5	0,4	0,5	0,6	0,51	0,60	0,60	0,72
Medium-Term fixed (5Y-10Y initial rate fixation)	4,9	3,2	7,1	1,9	2,9	3,20	3,42	3,37	2,99
Long-Term fixed (over 10Y initial rate fixation)	93,1	96,0	92,3	97,3	96,2	95,63	94,84	94,68	94,28

Country fact Sheet

CZECHIA

by: Jaromir Sindel & Martin Kotek, Czech Banking Association.

MORTGAGE MARKET

Market Developments

New lending grew significantly - by 71% y-o-y (and by 7% q-o-q), continuing the trend of the previous quarter. This was driven mainly by new sales, which increased by 84%, external remortgaging (from bank to bank) grew by 64%.
The reasons for this continue to be the improved economic situation, recovery in real income, lower mortgage rate and expected increase in real estate prices – which all continue to support recovery in real estate activity market and thus housing financing.
We do not expect any change in this trend in the next half year. Preliminary data from the Czech banking association envisages a stabilization of new mortgage origination at around CZK24bn (EUR 1bn, equivalent) per month which, if achieved would strengthen the gross mortgage credit impulse to 3.4% of GDP this year after 2.8% last year. It will be supported by expected decline in interest rates and by further demand for real estate. We currently see no indications of the central bank tightening lending conditions.

Regulation and Government Intervention

No new regulation was introduced in 2025Q1 with a potential impact in near future. The CNB kept the DTI and DSTI measures deactivated and LTV at 80% (90% for those younger than 36 years).

HOUSING MARKET

Housing Supply

Supply changes very slowly and significantly lags housing demand. This is an unfortunately long-term situation and despite many political discussions improvement is not in sight. The major reason is the complexity of construction proceedings, bureaucracy in general and high demand, very often driven by speculation and investment opportunities which increase the gap between supply of new housing and demand. Moreover, supply is limited by labour shortages reported by the construction sector.

Housing Prices

House prices continued to accelerate. According to CSO data, in Q1 2025, realised prices of older flats rose by 4% q-o-q, following a 3.6% increase in the previous quarter, which exceeded the average 2.9% growth since end-2019. gr In year-on-year prices of older flats rose by 15.8%.
In Prague the increase was 3.5% (3.5% in the previous quarter and 2.3% long term average), outside Prague prices rose 4.2% (3.6% in the previous quarter and 3% long term average. On a longer term comparison, older flat prices have increase by 1.8 times since the pre-pandemic 4Q/2019, and 3.2 times the level in 4Q/2013. These multiples were 1.6 times pre-pandemic and 2.6 times 2013 in Prague and 1.9 times and 3.4 times, respectively, outside Prague

The house Price Index, including land, increased by 2.4% q-o-q continuing the increase of the previous three quarters. As result, the HPI surged by 10% y-o-y in Q1 after after average 5% y-o-y growth in 2024. The HPI jumped by 58% during previous 5 years and by 140% in the past decade. Both exceeded the average disposable income that increased by 40% and 91% respectively.

MORTGAGE INTEREST RATES

The Czech National bank reduced its policy rate by 25 bps to 3.75%. This rather slight reduction did not directly affect mortgage interest rates, whose gradual decline began last year and continues steadily.
Average interest rates declined by 15 bps. to 4.81%, the lowest rates were fixed from 1 to 5 years (4.78%) which was the most popular product (79% of all new loans), 63% of all loans were fixed for up to 3 years. This is driven by expectations of oncoming rate cuts. Very short fixed periods (up to 1 year) and floating rates exceeded 13% market share, the highest in 10 years.





	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	67.650	68.244	66.974	66.410	65.322	66.807	67.218	68.359	69.855
Gross Residential Mortgage Lending (million EUR)	988	1.357	1.396	1.643	1.605	2.494	5.722	5.180	5.599
House Price Indices (2015 = 100)	211,7	211,2	211,7	212,2	214,2	219,9	224,1	230,2	235,6
Mortgage Interest Rates (%, weighted average)	6,00	5,97	5,86	5,75	5,51	5,19	5,12	4,96	4,81
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	7,06	6,95	6,68	6,76	5,94	5,45	5,39	5,2	4,95
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	5,87	5,91	5,88	5,76	5,44	5,13	5,07	4,91	4,78
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	5,92	5,95	5,76	5,72	5,56	5,39	5,23	5,04	4,86
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	2,5	2,9	3,1	4,1	9,0	12,4	11,1	11,9	13,4
Short-term fixed (1Y-5Y initial rate fixation)	70,1	75,8	78,5	79,1	77,3	79,0	82,0	79,0	79,3
Medium-Term fixed (5Y-10Y initial rate fixation)	27,4	21,3	18,4	16,8	13,7	8,6	6,9	9,1	7,4

Country fact Sheet

by: Kristoffer Fahnøe Lynggaard, Finans Danmark.

DENMARK

MORTGAGE MARKET

Market Developments

The total outstanding residential loans at market value is DKK 1,962 billion (EUR 262.9 billion) in the first quarter of 2025. This is an increase of 0.4% compared to the fourth quarter of 2024 and3.78% since Q1 2024.

HOUSING MARKET

Housing Supply

Housing market activity increased throughout the first quarter of 2025 with a total of 11,353 houses being sold, 20.4% more than Q1 2024. In the same period 4,081 owner-occupied apartments were sold, an increase of 31.9% y-o-y.

A total of 31,290 and 6,082 houses and apartments, respectively, were on the market at the end of the first quarter, down 0.5% for houses and 10% for apartments, y-o-y.

In 2024, a new property tax system was implemented. Prior to its introduction, the housing market experienced a notable increase in activity, followed by a slight decline immediately after the system came into effect. However, throughout 2024 and into the early months of 2025, market activity has rebounded, likely driven by favourable macroeconomic conditions such as high employment levels, rising real wages, and declining interest rates.

Housing Prices

In the past year, house prices have increased by 5,4% and owner-occupied apartments by 10.2%. Compared to the previous quarter, prices have grown for houses by 0.8% and for apartments by 3.5%.

MORTGAGE INTEREST RATES

The average interest rate on loans with a fixed period up to one year decreased by 100 basis points in the first quarter of 2025. For loans with one to five years fixed rates the average interest rate increased by 9 basis points, for those between five and ten years it increased by 10 basis points and for rates fixed for more than ten years it decreased by 2 basis points.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	248.588	247.133	246.849	253.936	252.911	254.073	260.036	262.046	262.900
Gross Residential Mortgage Lending (million EUR)	9.881	8.043	7.764	10.278	7.214	7.400	8.377	11.411	11.030
House Price Indices (2015 = 100)	130,2	133,4	135,0	134,0	135,5	140,4	141,1	143,4	144,5
Mortgage Interest Rates (%, weighted average)	3,98	4,34	4,91	4,98	4,88	4,81	4,69	4,53	3,53
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,98	4,34	4,91	4,98	4,88	4,81	4,69	4,53	3,53
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,32	4,46	4,65	4,47	3,98	4,12	3,70	3,32	3,41
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,29	4,41	4,48	3,99	4,08	3,97	3,47	3,57	4,29
Long-term initial fixed period rate, 10-year or more maturity (%)	5,56	5,75	5,83	5,86	5,12	5,01	5,04	4,76	4,74
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	28,4	28,8	25,4	24,3	29,2	27,6	20,4	14,0	30,1
Short-term fixed (1Y-5Y initial rate fixation)	13,8	13,7	14,1	23,1	26,8	29,6	29,0	45,4	34,6
Medium-Term fixed (5Y-10Y initial rate fixation)	0,2	0,2	0,2	0,4	0,6	0,6	0,3	0,1	0,9
Long-Term fixed (over 10Y initial rate fixation)	57,5	57,3	60,3	52,2	43,4	42,3	50,4	40,5	34,4

Country fact Sheet

by: Jussi Kettunen, Finance Finland.

FINLAND

MORTGAGE MARKET

Market Developments

Household and investor demand for new mortgages was higher than a year before. Demand is still lower than the historical average due to weak economic situation and relatively high interest rates. Drawdowns of new housing loans by Finnish households in Q1 were EUR 3.3 billion, EUR 600mn more than the same period last year.

Regulation and Government Intervention

To boost demand for housing loans the government is expected to set new rules in the near future (implementation day still unknown). One of these new rules is expected to increase the maximum duration of housing loans from 30 to 35 years to support saving and investments.

These measures are put in place to support housing sales and construction during economic downturns. Finally, the binding maximum loan-to-value (LTV) ratio is expected to also increase. The Financial Supervisory Authority will be able to set the limit at a maximum of 95 percent for all home buyers. Currently the limit is 90% for others than first-time buyers.

HOUSING MARKET

Housing Supply

New housing starts are expected to increase this year and in 2026. However, the recovery in construction is slow and held back by oversupply and weak consumer confidence. Last year, housing construction consisted mainly of subsidized construction, which is starting to decline. Population growth and migration are increasing demand, and construction is expected to fall significantly below needs in the coming years.

Housing Prices

Housing sales are predicted to grow in 2025, but the forecast suggests that price increases will be delayed.



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	108 348	107 887	107 514	107 490	106 651	106 520	106 327	106 234	105 544
Gross Residential Mortgage Lending (million EUR)	6 431	7 027	6 316	6 351	5 091	5 336	5 231	6 249	5 597
HOUSE PRICE INDICES (2015 = 100)	104,3	104,1	102,0	101,2	99,0	100,1	99,6	99,0	97,7
Mortgage Interest Rates (%, WEIGHTED AVERAGE)	3,93	4,39	4,65	4,42	4,38	4,31	3,71	3,17	3,06
** The Bank of Finland does not update background information on interest rates.									

Country fact Sheet

by: Bertrand Cartier, BPCE.

FRANCE

MORTGAGE MARKET

Market Developments

At the end of March 2025, the total outstanding amount of home loans decreased over a year by 0.3%, standing at €1,282 bn. New housing loans (excluding negotiations and loan transfers) amounted at €32.7 bn in Q1-2025, growing by 52% over a year but stable over a quarter.

According to Banque de France-ACPR, the demand from first-time buyers remained strong during the quarter, representing 52% of new home loans dedicated for the purchase of a primary residence, whereas the share of modest households amongst first-time buyers (with an annual income of less than or equal to €30,000) stood for 17% (stable over the last quarter at a weak level).

The average initial maturity for new home loans has returned modestly above 22 years in Q1-2025. The average maturity at origination was stable for the purchase of a primary residence (23.6 years for first-time buyers and 22.4 years for repeat homebuyers). As previous quarters, new home loans with an initial maturity of more than 20 years accounted for 79% of the total quarterly production.

99% of new home loans and 98% of the total outstanding amount are fixed-rate. Volumes of renegotiated loans remained weak against a backdrop of falling interest rates recorded since the beginning of 2024. Renegotiated loans slightly rebounded to €6.4 bn in Q1-2025 (+3% QoQ) and the largest part was linked to the change in the insurance attached to the home loan.

Regulation and Government Intervention

Delayed due to censorship by the Barnier Government in late 2024, the finance law for 2025 (dated February 14, 2025) includes housing measures that provide a boost for housing but no real revival: Starting February 15, 2025, there is an exemption from transfer taxes for gifts of €100,000 per donor to a child or grandchild, with a total limit of €300,000 per recipient, to purchase a newly-built home or to carry out energy performance improvements in an existing home (both of which must be for a primary residence). Starting April 1, 2025, eligibility for the Zero-Interest Loan (PTZ) is available for all new homes purchased throughout France for main residence (government forecasts anticipates an additional 22,000 sales in 2025 compared to 2024, which should mostly support new single-family detached homes).

Under the phased measures established by the law of August 22, 2021, known as the "Climate and Resilience Law", homes classified as energy performance rating G can no longer be rented out starting January 1, 2025 (this would affect nearly 600,000 rental units). Legislative proposals are currently being studied to attempt to ease these provisions, particularly by granting exemptions in certain cases (for example, in the absence of a vote for renovations in co-ownership buildings or by taking into account the vote for renovations in co-ownership buildings and allowing a reasonable timeframe for them to be carried out). The HCSF (High Council for Financial Stability) maintained in Q1-2025 the rate of the credit protection reserve (countercyclical capital buffer, sSyRB) at 1%, but would like to eliminate it for the next quarters. In S1-2025, the HCSF currently considers that the concentration of exposures of French systemic importance lending institutions toward highly indebted large companies has significantly decreased.

HOUSING MARKET

Housing Supply

Compared to Q1-2025, new housing permits rebounded by 6% but remained at a very low level at 88,900 units. And the number of housing starts decreased by 4% QoQ, at 71,840 units (also at historically low levels). Construction of new single-family detached houses registered a rebound this quarter: 19,760 new housing permits (+6% QoQ) and 17,150 housing starts (+16% QoQ). The sector of new single-family detached houses, representing around 6% of the total housing transactions of Q1-2025, is still impacted by some difficulties on the offer-side and the demand-side.

Sales of new homes built by real estate developers represented around 6% of the total transactions in France in Q1-2025 (its lowest share since 2001), breaking down into 96% of flats and 4% of houses. The quarterly sales slightly decreased by 8% QoQ, with 15,900 new homes sold in Q1-2025. With the end of the Pinel Scheme at the end of 2024, most new housing sales in Q1-2025 concerned a primary home to live in (~80% versus ~65% in 2023-2024) and those volumes did not manage to offset the sharp decline in sales for a rental investment.

The segment of existing dwellings totaled 240,000 transactions in Q1-2025 and represented almost 88% of the total quarterly housing sales in France (at its highest historical share). Business activity slightly increased by 3% over the quarter, from a low level compared to the last decade, more in favor of Paris region than in Provincial France. Quarterly transactions in Provincial regions rose by 3% compared to Q4-2024, at around 210,000 units. The Paris region represented 12% of the Q1-2025 total, with 29,200 transactions (+5% QoQ). Specifically, the housing activity in Paris city rebounded this quarter from very low levels in 2024, with 7,530 homes sold in Q1-2025 (+25% versus Q1-2024).

Housing Prices

Prices of existing homes in France have returned to growth in Q1-2025, illustrating the recovery in purchases of existing homes that has begun since mid-2024. After two quarters of near stability, housing prices in France have increased significantly by 1% compared to Q4-2024 (+1.1% for houses and +0.8% for apartments, provisional data adjusted for seasonal variations). Year-on-year, they rose for the first time after six consecutive quarters of decline: +0.5% in Q1-2025, breaking down into +0.7% for apartments and +0.3% for houses.

Country fact Sheet

by: Bertrand Cartier, BPCE.

FRANCE

The evolution of real estate prices for new homes in France was more dynamic in Q1-2025 than that of existing homes. At €4,874 per square meter, the average price per square meter of new flats (94% of the total homes sold by real estate developers) increased by 2.8% over the quarter and by 1.5% year-on-year (all sizes of homes have recorded a rise). The average price of a house built by real estate developers (6% of the total) reached €362,481 in Q1-2025, an appreciation of 6.0% over the quarter and 6.9% year-on-year.

More specifically concerning second-hand dwellings, housing prices went up in most areas of France, with a slightly more pronounced gain in less densely populated areas compared to very densely populated areas. Prices in Île-de-France region raised by 0.9% QoQ in Q1-2025, in line with the national average. Prices for houses were a bit more dynamic over a quarter (+1.3%), especially in the outer-suburbs (+1.5%). Moreover, for the first time since 2020, apartments in Paris have recorded in Q1-2025 a quarterly price increase for the second consecutive quarter (+1.1%), surpassing the growth rate of regional apartment prices (+0.8%).

MORTGAGE INTEREST RATES

The quarterly interest rate of new home loans (excluding renegotiations and loan transfers) reported by Banque de France has decreased each month since the peak of January 2024, from 4.17% to 3.20% in March 2025 (for the Narrowly Defined Effective Rate, corresponding to the interest component of the Annual Percentage Rate of Charge). But the quarterly average NDER for new home loans remained high over the last 10 years, at 3.23% in Q1-2025. This partially explains why the amount and number of new home loans have stayed weak in comparison with the period before the first semester of 2023 and why the number of purchases primary homes with a loan by repeat buyers has plummeted.

Despite the persistence of pressures on the level of France's 10-year government bond yield in Q1-2025, the decreasing trend in home loan interest rates observed during the quarter was generated by banks' expectations of several future interest rates cuts by the ECB. In addition, the continuous drop of interest rates for new home loans was partially linked to the structure of the production, which was particularly supported by the important share of loans for the purchase of a main residence by first-time buyers in a context of a traditional intense competition between lenders in France.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.285.452	1.291.641	1.294.093	1.292.144	1.286.634	1.283.558	1.282.756	1.283.174	1.281.645
Gross Residential Mortgage Lending (million EUR)	44.600	41.800	34.900	32.200	28.300	30.700	35.300	38.100	39.100
Change in Outstanding Residential Loans (Million EUR)	4.502	6.189	1.309	-806	-5.510	-3.076	-802	418	-1.529
House Price Indices (2015 = 100)	133,7	132,7	131,2	128,8	126,8	126,1	127,5	126,0	126,3
Mortgage Interest Rates (%, weighted average)	2,37	2,89	3,29	3,54	3,56	3,49	3,38	3,20	3,10
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	2,35	2,96	3,56	3,70	3,99	3,97	3,98	3,91	3,83
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	2,36	2,83	3,33	3,69	3,75	3,71	3,60	3,44	3,36
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	1,99	2,32	2,69	2,85	2,88	3,03	2,91	2,73	2,64
Long-term initial fixed period rate, 10-year or more maturity (%)	2,38	2,90	3,29	3,54	3,54	3,46	3,35	3,18	3,03
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	3,76	3,68	3,45	2,82	3,64	4,17	4,42	3,71	3,44
Short-term fixed (1Y-5Y initial rate fixation)	4,45	4,90	4,74	4,18	3,83	3,81	3,58	3,22	3,59
Medium-Term fixed (5Y-10Y initial rate fixation)	3,84	4,01	4,03	4,55	4,89	4,76	4,07	4,21	4,15
Long-Term fixed (over 10Y initial rate fixation)	87,96	87,41	87,78	88,46	87,65	87,26	87,93	88,86	88,81

Country fact Sheet

by: Vincent Tran, vdp.

GERMANY

MORTGAGE MARKET

Market Developments

In Q1 2025, total outstanding residential loans reached €1,897.6bn, a 1.4% increase y-o-y. A total of €57.4 bn was disbursed, a 22.9% increase compared to the same quarter of the previous year.

HOUSING MARKET

Housing Supply

Building permits for residential properties increased by 3.4% y-o-y, signaling early signs of a potential recovery in construction activity after sharp declines in the first quarter periods from 2022 to 2024. However, this increase is not yet sufficient to define a sustained upward trend.

Housing Prices

The increase in owner-occupied prices, marked by a 1.2% y-o-y increase to Q4 2024, has accelerated with a 2.3% rise to Q1 2025. This steady growth is further supported by a 0.71% q-o-q increase from Q4 2024 to Q1 2025, marking the fourth consecutive quarter of price increase and signaling a sustained upward trend.

MORTGAGE INTEREST RATES

The weighted average interest rate on new residential mortgage loans declined from 3.6% in Q4 2024 to 3.57%. This further reduction makes mortgage loans more affordable and as new contract rents continue to rise, makes homeownership a more attractive option.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.848.300	1.857.000	1.866.400	1.871.300	1.871.800	1.877.500	1.885.000	1.891.800	1.897.600
Gross Residential Mortgage Lending (million EUR)	49.300	47.800	48.700	50.500	46.700	51.700	54.300	53.200	57.400
House Price Indices (2015 = 100)	163,5	162,8	160,2	157,8	157,2	157,9	159,2	159,7	160,8
Mortgage Interest Rates (%, weighted average)	3,78	3,98	4,09	4,15	3,85	3,90	3,84	3,60	3,57
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,19	4,84	5,29	5,57	5,38	5,47	5,35	4,93	4,52
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,97	4,30	4,46	4,53	4,07	4,12	4,02	3,73	3,57
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,57	3,7	3,8	3,86	3,57	3,61	3,58	3,37	3,35
Long-term initial fixed period rate, 10-year or more maturity (%)	3,75	3,79	3,85	3,83	3,59	3,67	3,61	3,39	3,48
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	17,0	16,1	13,8	13,4	12,1	11,8	11,4	11,5	11,5
Short-term fixed (1Y-5Y initial rate fixation)	9,8	10,1	9,8	11,5	11,2	10,0	9,6	10,3	9,7
Medium-Term fixed (5Y-10Y initial rate fixation)	35,3	35,7	37,0	37,0	36,0	38,1	37,1	30,9	30,0
Long-Term fixed (over 10Y initial rate fixation)	37,9	38,1	39,4	38,1	40,7	40,2	41,8	47,3	48,8

Country fact Sheet

by: Richard Kemmish, Consultant.

GREECE

MORTGAGE MARKET

Market Developments

The mortgage market continued to shrink as it has done since at least 2019 (when records are available). By the end of the quarter there were EUR 26.3bn mortgages outstanding, a fall of 0.6% q-o-q and 4.8% y-o-y. There is effectively a decoupling between the mortgage and housing markets reflecting on the one hand, ongoing reluctance by banks to increase their exposure to the sector and deteriorating affordability measures and on the other a strong increase in cash buyers and foreign investors.

Regulation and Government Intervention

From January the Bank of Greece has introduced new macro-prudential caps to restrict mortgage lending, including caps on LTV and DSTI ratios.

In an attempt to moderate house price appreciation several measures have been introduced including a higher threshold for foreign property investments in key areas including Athens and Thessaloniki under the 'golden visa' scheme, a moratorium on short term rentals in some regions and a higher 'tourist tax' on short term rentals (to €8 / day in high season, from €1.5).

The government has announced that they will shortly publish a compromise settlement to re-denominate Swiss Franc mortgages to Euros.There are currently 37,000 such mortgages with a value of €5bn,

HOUSING MARKET

Housing Prices

House price which had been increasing consistently since Covid and, excluding that year, since 2016 nearly plateaued in the first quarter, growing just 0.17% since year end. This still represents a 3.7% increase on the year, which is effectively a normalization after several years of rapid growth. The slowing may also be due to lower foreign investment in the property market in response to policy changes[1].

MORTGAGE INTEREST RATES

Interest rates on the predominant floating rate mortgages (or fixed for one year or less) continued to decline in line with Euro rates averaging 3.7% by quarter end, a fall of 12 basis points on the quarter and 62 on the year. Rates fixed for 5 to 10 years, which had been increasing their market share, in contrast rose over the quarter by an average 10 basis points to 4.15%. This still represents a reduction of 5 basis points over the year.

1. https://www.reuters.com/business/finance/greece-present-plan-settle-swiss-franc-mortgage-dispute-sources-say-2025-07-01

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	29.428	29.071	28.713	28.482	27.845	27.454	27.259	26.823	26.331
House Price Indices (2015 = 100)	145,4	149,4	153,3	156,5	161,1	163,8	165,6	166,8	167,1
Mortgage Interest Rates (%, weighted average)	3,76	3,96	4,24	4,43	4,45	4,20	3,86	3,71	3,67
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,90	3,98	4,21	5,09	5,32	4,92	4,39	3,82	3,70
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,51	3,94	4,42	4,43	4,20	4,12	3,97	3,95	4,15
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	34,0	34,3	31,2	36,6	37,5	32,7	24,2	25,3	23,9
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	18,4	21,6	23,5	16,6	15,2	16,6	17,3	17,6	17,1
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Country fact Sheet

by: Richard Kemmish.

IRELAND

MORTGAGE MARKET

Market Developments

Data for the size of the mortgage market for Q1 are not yet available but the strong growth in new origination (excluding refinancing) of €2.4bn - a 17.5% increase in value terms on the same period last year - suggests that the market continues to grow.

Regulation and Government Intervention

The government has set a target of 50,000 new homes per year to address the structural shortage of housing caused by the rapidly growing population and the after effects of the collapse in the construction sector after the GFC. As the number of houses built last year fell 7% to just over 30,000, several ministers and the central bank[1] have called for a policy response including simplification of planning regulations.

The consumer protection code[2], which is compulsory from March 2026, requires banks to increase transparency making it easier for consumers to switch between mortgage products.

As of 2025 all Credit Unions are allowed to offer mortgages[3] in competition with banks. Although currently only 14% of total lending it is expected that this sector will grow rapidly.

HOUSING MARKET

Housing Supply

Housing completions in Q1 rose by 2% y-o-y to 5,938. Completions of apartments rose by 13.4% whilst completions of other types of property fell. Although Dublin and the commuter region continued to dominate total completions (32% and 21% respectively), the west and the borders region increased more rapidly (5.8% and 5% respectively)[4].

New building permits were granted for 8,177 units, a decrease of 2.5% on the same quarter last year.

Housing Prices

Prices rose by 7.9% year-on-year, but the rate of increase is slowing significantly, rising only 1% in the quarter to March 25[5]. Prices rose more rapidly outside Dublin (8.7%) than in the capital (6%).

MORTGAGE INTEREST RATES

The median interest rate on mortgages (granted by banks) was 3.75%, 20 basis points lower on the quarter.[6] Fixed rate mortgage represent 77% of new mortgages, with an average rate on new origination in the quarter of 3.58%, a 61 basis point fall y-o-y. New variable rate mortgages had an average rate of 4.42%[7], 17 basis points lower.



1. https://www.irishtimes.com/business/2025/03/25/makhloufs-housing-comments-touch-nerve-in-government/
2. https://www.centralbank.ie/consumer-hub/explainers/what-is-the-consumer-protection-code-2025-and-how-can-it-protect-me?utm_source=chatgpt.com
3. www.cuda.ie/blog/2024/12/31/new-rules-will-allow-all-credit-unions-to-make-mortgage-offer
4. https://www.cso.ie/en/releasesandpublications/ep/p-ndc/newdwellingcompletionsq12025
5. https://ec.europa.eu/eurostat/databrowser/view/prc_hpi_q/default/table?lang=en&category=prc.prc_hpi.prc_hpi_inx
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Country fact Sheet

by: Gyula Nagy, MBH Bank.

HUNGARY

MORTGAGE MARKET

Market Developments

Economic activity declined by an estimated 0.2% q-o-q, mainly due to the decline in industrial production and investments. At the same time some favourable macroeconomic fundamentals and release of household savings supported the growing demand in the housing market sinceQ2 2024. The number of people employed remained historically high and Unemployment was 4.4 per cent in 2024 Q4.
The mortgage market continued to grow Q1, continuing the trend since Q22024. New mortgags increased by 8.5% q-o-q and 50% y-o-y, more than the previous record in Q2 2024.
Total outstandings grew by 2.3% q-o-q and 12% y-o-y.
The growth was due to growing household consumption thanks to favourable wage and income trends, new government programmes announced and savings from households coming to the housing market.The savings of households were held in domestic government securities with high interest rates until end of 2024. The interest rates were linked to national inflation figures of the previous year, and are repriced to much lower rates in 2025, somany holders of the securities directed their savings (interest and also capital payments) into real estate.
According to the Housing Report of the National Bank, transactions in Q1 grew 7% y-o-y and are above the long-term average. Sales stagnated in Budapest and county headquarter cities, but increased by 18% in other cities and 11% in villages.

HOUSING MARKET

Housing Supply

Supply in 2024 was very low, only 13,300 new dwellings, theleast since 2016. Given the total number of dwellings is 4,5 million the renewal rate of the housing stock is among the lowest in the EU and is also very low in regional comparison. In 2024 this rate was only 0.29%, the lowest in Europe. The figure is very low even in regional comparison (Poland 1.27%, Austria 1.38%, Slovakia 0.82%). The trend continued in 2025, in Q1 only 2,700 dwellings were completed, a decrease of 2.7% y-o-y.
In Budapest only 843 dwellings were completed in Q1. In towns of county rank also fewer buildings were built than a year ago but In smaller cities and villages more dwellings were completedz.

Nationally 5,651 building permits were issued in Q1, 25% more than a year earlier. This was mainly driven by planned large-scale investments in the capital. In Budapest, a total of 2,674 dwellings were authorised for construction, 2.9 times more than a year earlier.
Outside Budapest, the number of permits issued increased in the Central Transdanubian and Southern Great Plain regions, but decreased in the other regions. There was a decrease in the towns of county rank.

Housing Prices

With lower inflation, gross earnings in 2024 were rising more slowly than in previous years, but in real terms earnings have continued to grow supporting increased household investment. Since certain government bonds' pricing was linked to the inflation figures of the preceding period, and the interest rates of these bonds turned from double digit figures to 6 – 7% at the beginning of 2025, significant household savings moved from the securities market to housing. Local and foreign investors have been similarly effected and have been in buying properties. This trend was stronger in the inner districts of Budapest and in large cities.

According to the National Bank House Price Index, nominal prices rose by 15,1% nationally in Q4l. Based on preliminary data the y-o-y growth in Q1 of 2025 was 15% nationally and 19.2% in Budapest.
According to the National Statistical Office House Price Index the y-o-y real house price index was 10% higher for new dwellings and 8.7% for used dwellings.
Apart from the National Bank and the National Statistical Office House Price Index - MBH Bank also publishes its House Price Index based on real transaction data and also produces an AVM (Automated Valuation Method Data) for dwellings in 40 cities. AVM data are refreshed at 6 months intervals. Following the latest recalculations home prices in Budapest have increased on average by 12.13%, in the countryside by 8.3%. The highest growth figures in rural cities were observed in Debrecen (16.3%), Sopron (15.5%) in Miskolc 14.4% and in Szeged (13.6%).

MORTGAGE INTEREST RATES

New mortgage loans typically havefixed rates, most were fixed for medium-terms (5Y-10Y),which were 44% of the total. Variable rate mortgages (up to 1Y initial fixed rate) increased in 2024 from the very low proportion in 2023 (below 1%) and was around 20% in Q1 of 2025. This was due to the introduction of a special subsidised mortgage product in 2024 (CSOK Plus), which proved popular and helped the pick-up of mortgage lending in 2024. The new, interest subsidised housing loan provided a higher loan amount than the previously scheme (CSOK). This loan type alone contributed significantly to the total housing loan amount issued in 2024.

Mortgages rates offered by the large commercial banks vary mainly between 6 and 7%, although there are certain products falling outside this range. The Central Bank base rate has been 6.5% since September 2024. Inflation somewhat decreased in 2025 from 5.6% in February to 4.4% in Maybut according to forecasts will stay on average at 4.5% in 2025. As a consequence, we do not expect decreasing mortgage interest rates during the year.
The "interest rate cap", that was introduced in 2022 by the government for mortgage debtors with variable rate and fixed for up to 5 year rates will be further prolonged in 2025 (initially the program was due to expire at the end of June 2025).

Country fact Sheet

by: Gyula Nagy, MBH Bank.

HUNGARY



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	14.905	15.265	14.664	14.993	14.707	15.224	15.599	15.450	16.165
Gross Residential Mortgage Lending (million EUR)	350	481	452	517	683	1.021	973	908	1.007
House Price Indices (2015 = 100)	291,6	293,3	294,6	302,0	321,8	328,3	325,1	337,1	n/a
Mortgage Interest Rates (%, weighted average)	9,72	8,87	8,49	7,50	6,54	6,47	6,60	6,56	6,61
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	10,57	11,32	10,59	8,25	8,64	8,21	8,73	7,95	8,30
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	16,41	14,04	14,87	13,87	13,17	9,42	7,40	7,29	6,93
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	8,98	8,87	8,49	7,50	6,54	6,47	6,60	6,56	6,61
Long-term initial fixed period rate, 10-year or more maturity (%)	9,72	9,39	8,78	7,65	6,90	6,90	7,02	6,86	7,01
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	1,0	1,2	1,2	0,7	15,2	27,3	25,3	23,6	20,3
Short-term fixed (1Y-5Y initial rate fixation)	29,7	24,1	24,0	24,1	13,4	2,5	2,1	2,2	2,1
Medium-Term fixed (5Y-10Y initial rate fixation)	34,3	42,8	44,3	42,7	40,1	41,3	44,4	44,4	4,4
Long-Term fixed (over 10Y initial rate fixation)	35,0	31,9	30,5	32,5	31,3	28,9	28,1	29,9	33,8

Country fact Sheet

by: Macro Marino, Italian Banking Association (ABI).

ITALY

MORTGAGE MARKET

Market Developments

The mortgage market grew by 1.2% y-o-y (0.6% q-o-q) to EUR 428.6bn. Gross residential lending increased +49.6% y-o-y and 1.3% q-o-q mainly due to lower interest rates which boosted demand for loans for house purchase.

HOUSING MARKET

Housing Supply

The growth in sales which began Q2 2024 continued reaching more than 172,000 (+11,2% y-o-y). There was a slight difference between the provincial capital cities (+ 11,6%) compared to the smaller cities (+11%). The "First homes" purchases, benefitting from tax relief[1], represented the 73% of all purchases.
This trend could has been positively affected also by the reduction of mortgages interest rates.

Housing Prices

According to preliminary estimates of ISTAT, the House Price Index (HPI) decreased by 0.2% q-o-q (+4.4% y-o-y).
The annual increase was mainly due to existing dwellings (which rose by 4.9%) and, to a lesser extent, to the prices of new dwellings which increased by 1.5%.

MORTGAGE INTEREST RATES

Interest rates continued to decrease and fixed-rates continued to be preferred. The share of variable rate mortgages (up to 1 year fixed) has decreased from about 46% Q1 2023 to about 8% at Q1 2025.

1. The "first home" purchase relief allows to pay reduced taxes if specific conditions are met. If the seller is a private individual (or a company selling in VAT exemption regime) the proportional registration fee is 2% on the cadastral value (instead of 9%) and the fixed "imposta ipotecaria" and "cadastral fee" are both equal to EUR 50. If the seller is a company selling under VAT tax regime, VAT on the purchase price is 4% (instead of 10%) and the fixed "registration fee", "imposta ipotecaria" and "cadastral fee" are both equal to EUR 200. In any case, the proportional registration fee (2%) cannot be lower than EUR 1,000.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	425.908	425.256	424.712	424.651	423.414	421.655	422.937	426.224	428.632
Gross Residential Mortgage Lending (million EUR)	16.384	19.418	14.790	17.952	12.311	15.247	14.637	18.184	18.422
House Price Indices (2015 = 100)	106,8	108,8	108,7	108,7	108,5	112,0	112,8	113,5	113,3
Mortgage Interest Rates (%, weighted average)	4,00	4,27	4,21	4,42	3,79	3,55	3,31	3,11	3,14
MORTGAGE INTEREST RATES									
Variable rate (up to 1Y initial rate fixation)	3,81	4,47	4,87	5,00	4,88	4,54	4,51	4,21	3,73
Long-term initial fixed period rate, 10-year or more maturity (%)	4,12	4,13	4,05	4,03	3,62	3,44	3,22	3,03	3,09
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS									
Variable rate and initial fixed period rate up to 1 year (%)	0,2	0,2	0,2	0,2	0,1	0,14	0,13	0,11	0,11
Short-term fixed (1Y-5Y initial rate fixation)	99,8	99,8	99,8	99,8	99,9	99,86	99,87	99,89	99,89
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	46,1	37,4	24,4	33,7	17,1	11,1	9,3	6,5	8,6
Short-term fixed (1Y-5Y initial rate fixation)	53,9	62,6	75,6	66,3	82,9	88,9	90,7	93,5	91,4

Country fact Sheet

by: Richard Kemmish, Consultant.

NETHERLANDS

MORTGAGE MARKET

Market Developments

In line with higher house prices and a 16% y-o-y increase in house sales[1], the Dutch mortgage market continued to grow, increasing by 1.2% in the quarter (4.6% in the year) to EUR 899bn[2]. Further growth is anticipated given the high level of new mortgage applications in the quarter, 142,000 an increase of 23% on the same quarter last year.

Regulation and Government Intervention

The Affordable Rent Act came fully into force at the beginning of the year increasing the scope of protection for tenants beyond the social housing sector to also include 'mid-market' rentals and defining maximum rent increases to inflation plus 1%[3].

MORTGAGE INTEREST RATES

As the ECB cut its policy rate, Dutch mortgages with shorter fixed periods tightened accordingly but those with longer fixings less so or, in the case of 10 year plus fixings, actually increased.

Floating rate loans, or those fixed for up to 1 year, had an average rate of 4.65% by quarter end, a reduction of 29 basis points on the quarter and 47 on the year, those fixed for up to 5 years averaged 3.81% (12bp lower on the quarter, 47bp on the year), for up to 10 years averaged 3.5%, just 3 basis points tighter on the quarter (22bps on the year) but longer dated fixed period mortgages actually increased by 30 basis points on the quarter (22 on the year) to an average of 3.29%.

HOUSING MARKET

Housing Prices

House prices continued their strong recovery from the weaker market in 2023, increasing a further 2.4% in the first quarter, an 11.5% increase y-o-y. Prices in rural areas rose most rapidly, whilst those in Amsterdam rose least. ABN Amro has forecast a further increase of 8% in 2025[4] due to a combination of lower mortgage rates, strong wage growth and the on-going structural shortage of properties.

1. https://www.kadaster.nl/-/woningmarkt-1e-kwartaal-2025-starters-kochten-in-steden-doorstromers-daarbuiten
2. Source: CSB
3. https://www.aoshearman.com/en/insights/ao-shearman-in-the-netherlands/102k7r7/legislative-changes-in-dutch-housing-real-estate
4. https://www.abnamro.com/en/news/the-dutch-housing-market-shows-resilience-in-the-face-of-global-uncertainty

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	839.399	843.624	848.120	851.917	858.752	868.001	878.169	887.833	898.787
Gross Residential Mortgage Lending (million EUR)	23.634	24.955	26.897	31.753	27.361	32.012	36.711	42.670	43.918
House Price Indices (2015 = 100)	126,8	124,7	126,4	128,6	131,6	135,4	140,4	143,3	146,7
Mortgage Interest Rates (%, weighted average)	3,52	3,69	3,84	3,84	3,72	3,62	3,66	3,52	3,69
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,11	4,43	4,71	5,07	5,12	5,12	5,22	4,94	4,65
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,02	4,42	4,63	4,58	4,28	4,11	4,12	3,93	3,81
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,78	3,91	4,00	3,84	3,72	3,62	3,66	3,53	3,50
Long-term initial fixed period rate, 10-year or more maturity (%)	3,31	3,55	3,65	3,20	3,07	3,02	3,11	2,99	3,29
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	0,23	0,20	0,17	0,17	0,16	0,17	0,16	0,20	0,19
Short-term fixed (1Y-5Y initial rate fixation)	1,14	1,09	1,03	0,98	0,97	1,03	1,01	1,00	1,10
Medium-Term fixed (5Y initial rate fixation)	98,63	98,71	98,80	98,85	98,87	98,80	98,82	98,80	98,70
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	21,9	20,9	21,6	20,0	18,1	15,9	15,6	15,8	15,7
Short-term fixed (1Y-5Y initial rate fixation)	9,0	9,9	10,6	11,6	15,2	15,9	15,7	15,0	11,6
Medium-Term fixed (5Y-10Y initial rate fixation)	39,1	41,6	45,5	45,4	44,1	47,6	47,9	47,6	52,8
Long-Term fixed (over 10Y initial rate fixation)	30,0	27,6	22,3	23,0	22,6	20,6	20,9	21,5	19,9

Country fact Sheet

POLAND

by: Agnieszka Nierodka, Polish Bank Association (Związek Banków Polskich).

MORTGAGE MARKET

Market Developments

In Q1 banks advanced over 48,000 loans with a value of almost PLN 20 billion (EUR 4.7bn equivalent), down 22% y-o-y. In part, such a large decline on an annual basis is the result of a high base from the previous year, when the "Safe Credit 2%" housing program was ending. Given the lower house price, the average loan amount decreased to PLN 425,000 (EUR 100, 000PLN 427,000 in Q4 2024).
The number loans outstanding was 2,192,000 loans (a decrease of 4,3% y-o-y) with a total value of PLN 495 billion (an increase of 2% y-o-y).
Given the growth in average wages and decline in house prices, demand is expected to remain stable. At end of 2024, some households delayed buying a flat in anticipation of the government's new housing programme. According to recent statements by politicians, the launch of such a programme is unlikely, so consumers have returned to the market. Rate cuts are not expected until autumn.

Regulation and Government Intervention

At the end of April 2025, the Sejm passed a law requiring developers to create a website with information on the prices of apartments introduced for sale. In addition to the information prospectus and contact details, the website will have to include information on the price per square meter of the apartment or house. According to the legislator, this is put in place to increase transparency.
There have been no macro-prudential interventions, no changes to financial regulations nor subsidy schemes introduced this quarter.

HOUSING MARKET

Housing Supply

During Q1 approximately 46 thousand apartments were completed, a decrease of 4,7% y-o-y and 22% q-o-q.
In the same period, building permits were issued for 61.9 thousand apartments, 11.6% y-o-y. Of this, 40,400 permits were issued to developers (a 20,8% decrease y-o-y), and 18.3 thousand to individual investors (an increase of 4.6%).
In Q1 construction began on 55,700 apartments, 7.3% less than a year ago. Developers started building 36,500 apartments (13% less), and individual investors 18 thousand (5.5% more).

Housing Prices

Transaction prices declined significantly in H2 2024 but the situation varies regionally. On the primary market, the largest quarterly declines were in Rzeszów (-7%) and Poznań (-3%), and the largest increases in Zielona Góra (+9%), Opole (+8%) and Gdynia (+5%). On the other regional markets, prices remained stable.
On the secondary market, small increases were recorded only in Lublin and Łódź (+3%).
Transaction prices in Warsaw changed on the primary market by -1% (q-o-q, and +3% y-o-y). On the secondary market: by -3% (q-o-q) and 8% (y-o-y).

MORTGAGE INTEREST RATES

In May 2025 the NBP cut interest rates for the first time since October 2023 0.50% to5.25%. Given that inflation is approaching the NBP target, further cuts are expected in autumn 2025.
In Q1 2025, there was a noticeable decrease in demand for fixed rate mortgages to 80% (by number, 79% by value, aa quarterly decrease of both by 8%). The growth in variable rates is due to expectations of further easing of monetary policy.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	104.113	107.964	104.439	110.595	112.440	113.555	115.385	116.045	118.405
Gross Residential Mortgage Lending (million EUR)	1.555	2.482	3.288	5.766	6.291	4.277	4.419	4.539	4.664
House Price Indices (2015 = 100)	180,3	179,7	188,0	194,0	205,0	213,0	218,1	220,4	222,0
Mortgage Interest Rates (%, weighted average)	8,70	8,60	8,00	7,70	7,60	7,90	7,60	7,50	7,60
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	9,20	9,10	8,90	7,80	8,00	7,90	7,80	7,90	7,90
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	8,30	8,30	7,80	7,60	7,50	7,90	7,50	7,40	7,50
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	88,5	86,7	85,2	81,0	77,4	75,4	73,3	70,9	68,6
Short-term fixed (1Y-5Y initial rate fixation)	11,5	13,3	14,8	19,0	22,6	24,6	26,7	29,1	31,4
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	47,7	37,8	23,3	17,2	17,4	32,2	24,9	13,1	21,1
Short-term fixed (1Y-5Y initial rate fixation)	52,3	62,2	76,7	82,8	82,6	67,8	75,2	86,9	78,9

MORTGAGE MARKET

Market Developments

The mortgage market grew substantially in Q1 due to increased demand, sales activity, and significant rises in prices as supply remains constrained.
There was a significant increase in participation of younger buyers (under 35 years old) due to recent legislative and fiscal measures including the introduction of a public guarantee for young buyers (Decree Law 44/2024, enacted July 2024), which reduces barriers for accessing mortgage financing, the exemption from IMT (property transfer tax) and stamp duty for first-home purchases and the 'IRS Jovem' income tax benefit, introduced in 2020 and significantly enhanced in January 2025 via the State Budget, which expanded eligibility criteria and lengthened the benefit period.
As a result of these policies and strong market fundamentals new mortgage lending in 2024 reached its highest level since 2014. Of the total under-35 segment surged, from August 2024 onwards. This group represented 47% of new loans for primary residences, up from 37% in earlier months.
In March, 56% new mortgages were granted to borrowers aged 35 or under (excluding refinancing and loan transfers).
Housing loan originations in March (including renegotiations) reached €2 433 million, the second highest monthly total in the historical time series.
New loans production totaled €6,631mn in Q1, +9,35% y-o-y and -5.0% q-o-q.
The total outstanding residential loans grew by 5.6% y-o-y and 2.0% q-o-q to €106.2 billion by the end of Q1 2025.

Regulation and Government Intervention

Decree Law 20-B/2023 (March 2023) grants temporary support to households with mortgage loans contracted before 15 March 2023. Eligible borrowers receive an interest subsidy when their loan rate is 3% or higher. The subsidy covers 75% or 50% (depending on household income) of the difference between the rate and 3%. Eligibility criteria include: (i) initial amount ≤€250,000; (ii) a variable interest rate (or mixed, in variable period); (iv) no overdue payments; (v) debt-service-to-income ratio ≥35% of annual income (for the mortgage only); (vi) annual income ≤€38,632 (per last tax return), or, if higher, income must have dropped by over 20% to below €38,632; (vii) financial assets ≤€29,786. This support was initially granted until December 2023 and extended to December 2024.

Decree Law 91/2023 (October 2023) allows borrowers to have a temporary fixed mortgage rate for 2 years, calculated at 70% of the 6-month Euribor plus the contractual spread, while other loan terms remain unchanged. The borrower pays the lower of this fixed amount or the original interest due. This support is granted until March 2024.

HOUSING MARKET

Housing Supply

According to the March Housing Market Survey, the supply of new housing is not improving and remains restricted.
Key factors contributing to this include the lack of seller confidence or willingness to list properties, rapidly rising house prices—which may discourage owners from selling—and persistent tightness in both the sales and rental markets.

Housing Prices

According to the March Housing Market Survey, the net balance between respondents reporting price increases and those reporting price decreases rose by 10 percentage points to +32%, the highest level since August 2022.
Lisbon recorded the largest share of respondents reporting price increases, with the net balance surging by 16 percentage points to +38%.

MORTGAGE INTEREST RATES

Since Q4 2024 there has been a small shift from fixed-to-floating and fixed products towards floating rate mortgages: Floating rate mortgages increased from 20% to 23%, fixed-to-floating mortgages decreased from 74% to 71% and fixed rate mortgages decreased from 7% to 6%.
Mortgage rates have declined since Q4 2024. The largest cut was floating rate mortgages (down 36 bps, to 3.32%), followed by fixed-to-floating (down 7 bps, to 2.93%), while fixed rates remained virtually unchanged (3.54%).

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	101.178	100.892	100.675	100.370	100.519	101.282	102.500	104.106	106.163
Gross Residential Mortgage Lending (million EUR)	5.281	5.760	6.651	6.827	6.066	6.039	5.813	6.966	6.631
House Price Indices (2015 = 100)	198,6	204,7	208,5	211,3	212,5	220,7	228,9	235,7	247,05
Mortgage Interest Rates (%, weighted average)	3,81	4,30	4,69	4,89	4,66	4,54	4,19	3,62	3,30
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	72,7	71,7	47,4	30,5	28,6	22,4	20,8	22,3	25,9
Short-term fixed (1Y-5Y initial rate fixation)	27,3	28,3	52,6	69,5	71,4	77,6	79,2	77,7	74,1

Country fact Sheet

by: Stefan Dina, Romanian Association of Banks.

ROMANIA

MORTGAGE MARKET

Market Developments

Total outstanding residential loans increased by +5.2% y-o-y. Aneighth consecutive quarter of growth and ten times the growth in Q1 2024.
Loan quality showed a slight improvement, the NPL ratio was 1.5%, down by 0.09 pp compared to the same period of the previous year.
Gross new lending increased by 40.9% y-o-y, and remortgaging by 22.4%.
According to the latest NBR Bank Lending Survey (May 2025), credit institutions eased credit standards for mortgage loans in Q1, mainly driven by economic and real estate market expectations and changing banking sector competition.
The macroeconomic environment at both national and international level is currently marked by a high degree of uncertainty, which may affect future developments in the real estate market.

Regulation and Government Intervention

There were no new interventions announced.

HOUSING MARKET

Housing Supply

The most significant development affecting housing supply was the increase in construction costs by by 6.14% y-o-y, primarily driven by higher labour costs, which increased by 19.8%. Conversely, the cost index for construction commodities declined by 0.98% y-o-y.

The number of building permits issued increased, by 2.8% y-o-y, in the Bucharest-Ilfov region, the rise wasonly 1.32% y-o-y.

Housing Prices

In Q4 2024, house prices increased by 3.99% y-o-y. The price for existing dwellings rose by 2.54%, while for new dwellings it increased by 4.76%.
According to the Romanian National Institute of Statistics, house prices in rural areas decreased by 0.38% y-o-y, but in urban areas they increased by 5.77%.

MORTGAGE INTEREST RATES

The rate on new loans decreased in Q1 to 5.9%, a 0.8pp decrease y-o-y. Short-term fixed rate loans were 60.5% of new loans with a cost staying at 5.7%. The average rate on variable-rate loans declined to 6.5% (-1.2 pp y-o-y), remaining the most expensive type of credit and accounting for 28.7% of new loans, much less than in previous periods (-12 pp annually). The average interest rate of medium-term fixed rate loans was constant at 5%, while decreasing its market share by 7.6 pp y-o-y. Long-term fixed interest rate has seen a slight reduction in cost in annual terms, as well as a smaller market share (-1.7 pp annualy).

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	21.251	21.072	21.076	21.218	21.258	21.424	21.691	22.127	22.349
Gross Residential Mortgage Lending (million EUR)	581	569	893	1.014	891	1.063	1.175	1.464	1.255
House Price Indices (2015 = 100)	146,3	145,1	150,0	152,3	154,3	155,1	155,9	158,4	n/a
Mortgage Interest Rates (%, weighted average)	7,85	7,42	6,92	6,82	6,69	6,44	6,26	6,01	5,88
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	8,33	8,02	7,57	7,56	7,65	7,61	7,43	6,84	6,45
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	7,47	6,60	6,41	6,33	6,23	6,02	5,83	5,71	5,69
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	7,35	6,68	4,98	5,01	5,29	4,99	5,03	5,02	4,97
Long-term initial fixed period rate, 10-year or more maturity (%)	6,48	6,28	6,95	6,95	6,51	6,24	6,30	6,20	6,11
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	56,2	60,2	54,8	48,5	40,7	31,2	27,4	28,0	28,7
Short-term fixed (1Y-5Y initial rate fixation)	20,6	17,6	27,5	35,5	39,1	51,4	56,1	58,6	60,5
Medium-Term fixed (5Y-10Y initial rate fixation)	2,8	1,8	11,1	10,4	13,7	8,8	7,7	6,6	6,1
Long-Term fixed (over 10Y initial rate fixation)	20,5	20,4	6,6	5,6	6,5	8,6	8,8	6,8	4,8

Country fact Sheet

by: Leyre Lopez, Asociación Hipotecaria Española (AHE).

SPAIN

MORTGAGE MARKET

Market Developments

In 2024, the last available data, mortgages outstanding increased by 0.5% with strong credit demand and lower interest rates.

Regulation and Government Intervention

The order ECO/805/2003, which regulates property valuation standards, has recently been modified. Among other changes, it now allows, under certain circumstances, a preliminary license to start construction before obtaining the definitive building permit. This will shorten the timeline for accessing financing and will help to accelerate project development. Additionally, the Energy Performance Certificate (EPC) must now be included in the valuation process. While valuers are not responsible for issuing the EPC, they are required to incorporate it into the overall valuation documents.

The Bank of Spain implemented a countercyclical capital buffer for exposures located in Spain of 0.5% from Q4 2025. If risk remains at the current level the buffer will rise to 1% from the end of 2026.
Following a recommendation from the European Systemic Risk Board (ESRB), the Bank of Spain is creating a framework of credit limits based on borrower income and collateral value to be activated in the event of emerging risks. Currently, the Bank of Spain does not see signs of easing credit standards.

HOUSING MARKET

Housing Supply

The number of housing permits issued grew by 20% in between Q4 2024 and Q1 2025. However, supply remains insufficient to meet the growing demand for residential properties. The main obstacles are the low availability of land ready for construction, the lengthy procedures to reclassify and develop urban land and labour shortages.

Housing Prices

In Q1 increased by 9% y-o-y and 3% q-o-q. Since 2015, both new and second-hand house prices have risen by over 35%. Markets with more foreign buyers or greater employment opportunities have increased most, by approximately 75% in the Balearic Islands, Malaga and Madrid. The Canary Islands, Valencia and Barcelona also followed this trend, with nominal price increases of around 50%.

MORTGAGE INTEREST RATES

Borrowing rates continue to decline, driving demand for fixed initial rate products, which account for 90% of new mortgage.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	481.496	478.120	475.055	471.915	470.137	471.396	472.491	474.501	477.535
Gross Residential Mortgage Lending (million EUR)	13.466	14.660	13.172	14.942	15.507	17.674	15.949	18.822	19.444
House Price Indices (2015 = 100)	121,2	121,5	122,8	124,9	126,5	128,5	130,2	133,7	137,8
Mortgage Interest Rates (%, weighted average)	3,47	3,77	3,90	3,86	3,57	3,45	3,32	3,05	2,85
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,81	4,21	4,50	4,52	3,95	4,32	4,10	3,61	3,24
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,01	4,37	4,62	4,53	4,10	4,02	3,97	3,50	3,31
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,72	4,48	4,02	3,91	3,87	3,91	4,06	3,63	3,69
Long-term initial fixed period rate, 10-year or more maturity (%)	2,95	3,18	3,22	3,23	3,09	2,93	2,87	2,75	2,62
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	22,1	19,1	16,9	15,4	16,8	12,5	10,3	10,1	9,2
Short-term fixed (1Y-5Y initial rate fixation)	17,8	22,2	24,1	24,8	23,0	20,9	17,3	14,1	10,4
Medium-Term fixed (5Y-10Y initial rate fixation)	7,8	10,0	15,2	15,8	14,4	11,8	11,4	11,4	9,8
Long-Term fixed (over 10Y initial rate fixation)	52,3	48,6	43,8	44,0	45,8	54,8	61,0	64,4	70,6

Country fact Sheet

by: Christian Nilsson, Finance Sweden.

SWEDEN

MORTGAGE MARKET

Market Developments

Net mortgage lending grew by 1.7% y-o-y (1.4% in the previous quarter). Lending on one-family homes increased by 2% (1.5% in Q4 2024), on tenant-owned apartments by 1.3% (0.9% in Q4 2024) and on multi-family homes by 1.7% ((1.8%).
As the interest rate decreased during 2024 the mortgage market has slowly recovered and the lending growth rate has increased.

HOUSING MARKET

Housing Supply

After a sharp drop in construction in 2023 by almost 50%, the figures levelled out in 2024 and is expected to recover slightly in 2025. Increasing costs for housing and rents, and decreasing birth rates and immigration, have lowered demand for new housing.

Housing Prices

One-family home prices increased by 2.9% y-o-y ((2.1% in Q4 2024) according to Statistics Sweden. This statistic is partly based on prices negotiated in earlier quarters and is to some extent delayed. Prices on one-family homes in the Stockholm area increased by 2.3% (1,9% previous quarter), in Malmö-area by 5.3%(7.9%) and in Gothenburg by 4% (0.7%).

MORTGAGE INTEREST RATES

Variable interest rate loans were 74% of outstandings at quarter end and 78% of new loans (77% in the previous quarter), in expectation of decreasing rates. The share of variable interest rate among new mortgage loans is comparably high compared to other European countries.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	464.883	445.639	457.176	476.323	469.017	467.807	471.679	467.822	496.093
Gross Residential Mortgage Lending (million EUR)	11.289	11.472	9.649	12.826	11.671	13.351	12.170	15.834	14.204
House Price Indices (2015 = 100)	140,9	138,8	139,8	138,1	137,1	138,4	141,9	141,8	140,9
Mortgage Interest Rates (%, weighted average)	3,81	4,21	4,57	4,77	4,68	4,53	4,09	3,46	3,13
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,22	4,28	4,77	4,40	4,36	4,04	3,36	2,94	3,01
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,08	3,92	4,44	4,18	3,74	3,64	2,91	2,85	3,10
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,52	3,29	3,80	3,02	3,09	3,11	2,78	2,75	3,24
Long-term initial fixed period rate, 10-year or more maturity (%)	6,48	6,28	6,95	6,95	6,51	6,24	6,30	6,20	6,11
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	53,5	56,4	58,7	61,1	65,1	69,2	86,9	77,1	73,8
Short-term fixed (1Y-5Y initial rate fixation)	45,1	42,3	40,0	37,6	33,7	29,6	11,5	21,0	25,0
Medium-Term fixed (5Y-10Y initial rate fixation)	1,3	1,3	1,3	1,3	1,3	1,2	1,6	1,9	1,2
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	79,4	80,1	77,5	69,2	86,0	91,6	71,3	72,8	77,7
Short-term fixed (1Y-5Y initial rate fixation)	18,1	17,6	19,7	29,0	12,7	7,4	27,5	26,0	19,7
Medium-Term fixed (5Y-10Y initial rate fixation)	2,5	2,3	2,8	1,9	1,3	1,0	1,2	1,2	2,6

Country fact Sheet

UNITED KINGDOM

by: Joseph Thompson, Building Societies Association (BSA).

MORTGAGE MARKET

Market Developments

Gross lending was £76.3 billion in Q1 and net lending was £18.3 billion. This compares with net lending of minus £1.1 billion in Q1 2024 and is the highest figure since Q2 2021. Gross lending was particularly elevated in the quarter due to the changes to Stamp Duty Land Tax that came into effect on 1 April. SDLT thresholds reverted to their 2022 rates so the nil-rate band will decrease to £125,000 from £250,000. The nil-rate threshold for first-time buyers also decreased from £425,000 to £300,000, and the cap on qualifying properties was lowered to £500,000.

The Bank Rate was cut from 5.00% to 4.75% in November 2024 which saw a corresponding reduction in average mortgage rates improving sentiment and supporting mortgage lending in Q1. The Bank Rate was cut further to 4.50% in February 2025.
The Bank Rate is currently 4.25% and is expected to fall further this year. If this is passed through to mortgage rates, this may further stimulate mortgage market activity.
In June 2025 the Financial Conduct Authority launched a discussion paper on the future of the mortgage market. The FCA set out possible measures that could boost homeownership and economic growth. These include considering new affordability tests such as using rental payment history instead of proof of income. The paper also discussed the possibility to rebalance the collective risk appetite in mortgage lending as current risk appetites may be deemed as too cautious if there is a desire to increase access to mortgage finance, innovation, and support home ownership. The paper recognises there are trade-offs, with risks of house price inflation and higher levels of arrears and repossessions.

HOUSING MARKET

Housing Supply

There were 29,610 housing starts in Q1, up 23% on the 24,110 in Q1 2024. Housing starts are still low by historical standards as builders brought forward projects to avoid meeting new building regulatory standards in England relating to energy performance and electric vehicle charging points. This came into force in June 2023. In June 2025, the government announced a £39 billion affordable housing programme over the next decade. This replaces the current affordable housing programme of £11.5 billion over five years until March 2026.

Housing Prices

In Q1 annual house prices growth was 2.8% overall but 1.5% in London. On a quarterly basis prices fell by 1.5% and by 0.8% in London. House price growth in the North east was 10.1% in the year to Q1 2025, and by 8.1% in the North West.

MORTGAGE INTEREST RATES

The proportion of lending on variable rates remained relatively unchanged at 6.7% compared to 6.0% in the previouls quarter. However, it is low compared to 11.8% in Q124 when inflation expectations had peaked and many were expecting the Bank Rate to fall.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.850.593	1.894.334	1.883.461	1.862.971	1.894.062	1.921.917	1.958.517	1.984.064	1.663.090
Gross Residential Mortgage Lending (million EUR)	66.785	59.885	70.458	61.376	59.012	71.253	76.871	81.271	91.308
House Price Indices (2015 = 100)	146,3	148,7	146,8	145,1	146,8	150,5	151,3	153,1	150,9
Mortgage Interest Rates (%, weighted average)	4,20	4,56	4,85	5,31	4,96	4,80	4,83	4,54	4,52
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,47	5,28	5,64	5,74	5,86	5,94	5,78	5,56	5,05
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,13	4,53	4,75	5,22	4,83	4,71	4,73	4,46	4,46
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,69	4,06	4,75	4,65	4,18	4,10	4,01	3,97	4,46
Long-term initial fixed period rate, 10-year or more maturity (%)	4,00	3,82	3,32	4,16	4,22	3,02	3,90	5,05	3,97
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	12,80	12,80	12,40	12,40	12,40	11,90	11,50	10,90	10,10
Short-term fixed (1Y-5Y initial rate fixation)	83,71	83,62	84,01	84,01	84,10	84,58	85,05	85,71	86,57
Medium-Term fixed (5Y-10Y initial rate fixation)	3,49	3,49	3,50	3,50	3,50	3,44	3,36	3,30	3,24
Long-Term fixed (over 10Y initial rate fixation)	0,09	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	18,0	15,3	9,5	14,3	11,9	6,4	7,4	6,0	7,2
Short-term fixed (1Y-5Y initial rate fixation)	79,1	83,7	89,5	84,7	87,5	93,0	92,0	93,5	92,8
Medium-Term fixed (5Y-10Y initial rate fixation)	2,9	1,0	1,0	1,0	0,6	0,6	0,6	0,5	0,5



QUARTERLY REVIEW

OF EUROPEAN MORTGAGE MARKETS

Q1 | 2025

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FUNDING THE REAL ECONOMY

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