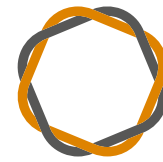


# QR

## QUARTERLY REVIEW

### OF EUROPEAN MORTGAGE AND HOUSING MARKETS



# EMF

FUNDING THE REAL ECONOMY

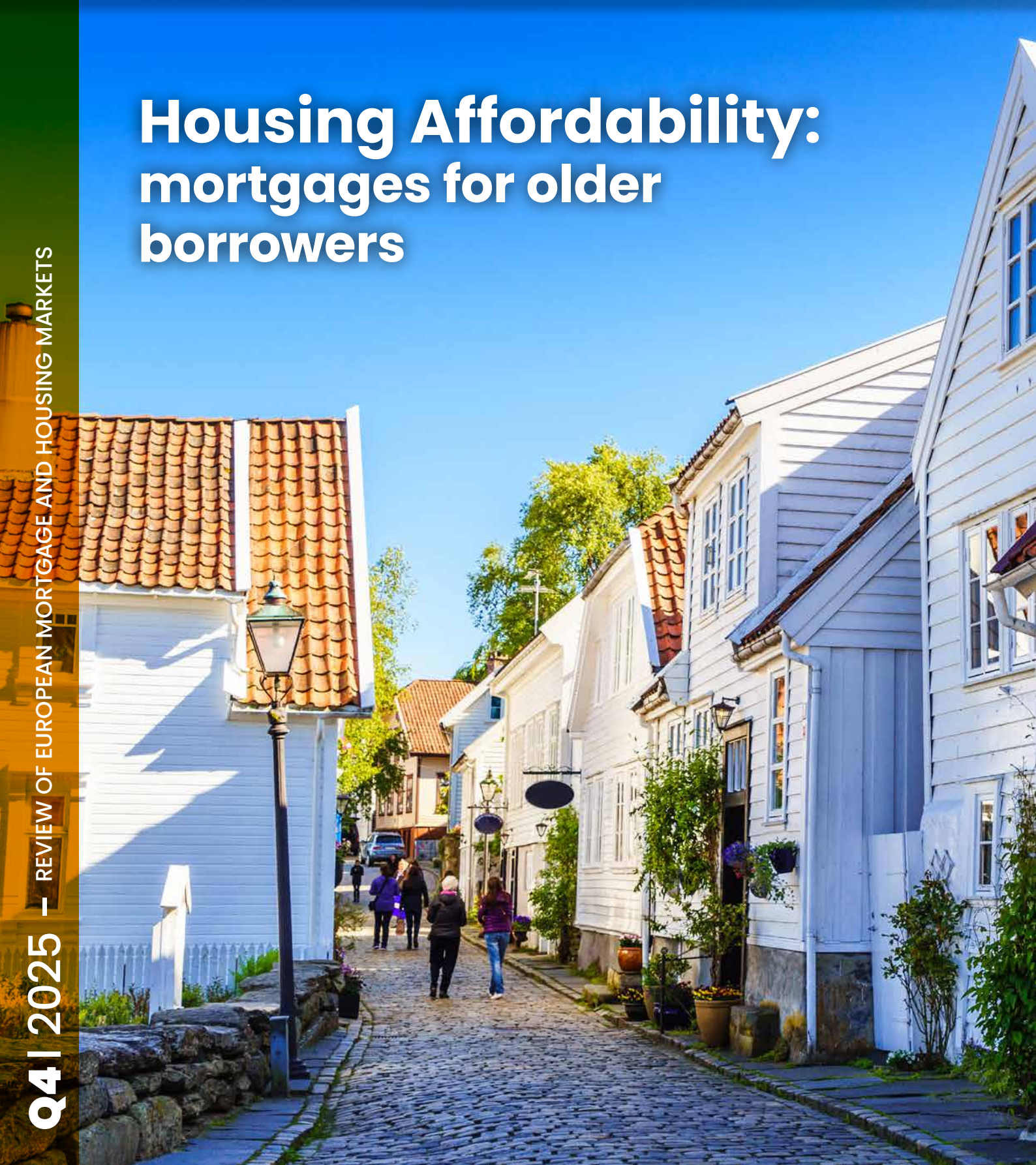
European  
Mortgage  
Federation

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# Housing Affordability: mortgages for older borrowers

REVIEW OF EUROPEAN MORTGAGE AND HOUSING MARKETS

Q4 | 2025





## DISCLAIMER

This review looks at developments in the mortgage and housing markets in Q4 2025 and is based on a country sample including Belgium, Bulgaria, Cyprus, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, The Netherlands, Malta, Norway, Poland, Portugal, Romania, Slovenia, Sweden, and the United Kingdom. This sample covers around 95% of total mortgage lending in the EU27 and UK. Where data for Q4 2025 is not yet available, the review reports figures from the most recently available quarter.



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## INTRODUCTION: NORWAY, LOANS FOR THE ELDERLY AND Q4 2025

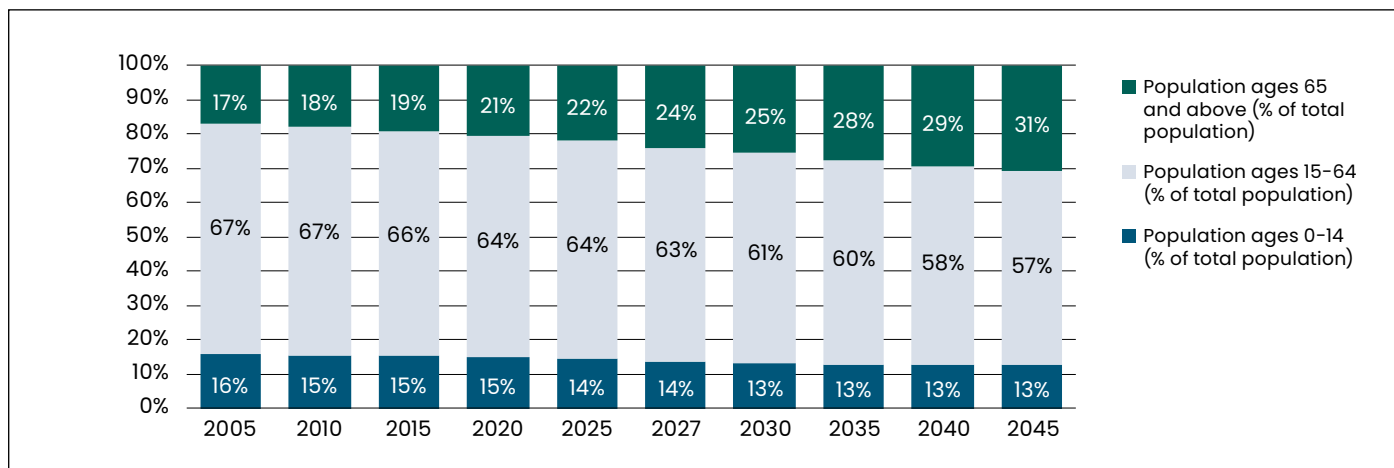
Affordability is front and centre of European housing policy. Which is why we have made it central to our recent Quarterly Reviews. In the review of Q1, we looked at national policy responses to affordability, for the next QR, we looked at the short-term rental market, the ‘Airbnb effect’ and the regulation, tax and political responses to it. The review of Q3 2025 focused on the problems facing first-time buyers. In this edition we bring the discussion full circle by looking at the housing finance problems of Europe’s ageing population.

In addition, to mark the ECB’s plenary meetings in Stavanger, Benedikte Fahre from Finance Norway, looks at some of the specifics of the Norwegian housing and mortgage market from housing co-operatives to the growth of covered bond funding.

Kyung-Hwan Kim (CEO, the Korean Housing Finance Corporation) and Yoon Su Kim (Head, Reverse Mortgage Department, KHFC) provide an overview of the Korean reverse mortgages market and how it offers an alternative “stay-in-place” strategy for older borrowers. In 2007, Korea launched a government-led reverse mortgage program called “Home Pension” to address the inadequate social security system for its rapidly aging population, after earlier commercial bank offerings proved nonviable.

And, as ever, we look at Europe’s economic, housing and mortgage markets, taking the story up to December 2025. By Q4 the mortgage market recovery had become more entrenched, with outstanding balances and gross lending continuing to grow across the continent. The ECB’s bank lending survey highlighted growing demand partly due to lower rates. But there was also growing divergence between countries: some markets continued to see mortgage rates fall whilst others are starting to see small increases again. Overall, the quarter confirmed that the market was still recovering, but unevenly, shaped by differing rate dynamics and structural constraints.

## Europe's ageing population



Source: Eurostat for past data, World Bank for projections<sup>1</sup>

## Lending into retirement & senior buyers

European mortgages, their regulations and commercial terms, are largely designed with working age borrowers in mind, prioritising predictable income from employment and repayment before retirement age. The number of older people in the EU has increased in recent decades and is projected to go on rising. According to the lifecycle hypothesis, people tend to accumulate savings until they retire, after which they draw down these savings gradually. Increasing longevity prompts them to save more to ensure financial security in their later years. As such, real interest rates are likely to decrease as the population ages. Moreover, as the number of people aged 75 and over increases, as the elderly are staying healthier for longer, government policy is aimed at enabling them to live independently at home for longer.

But as Europe's population ages, new borrowing tools are needed to unlock accumulated house price appreciation to support meagre pensions or to transfer money to the children for their housing needs.

Many older adults rely on fixed or low incomes from pensions, retirement savings, or social benefits, which can limit their deposits and reduce their ability to qualify for a mortgage. Lenders often assess borrowers based on stable employment income, making it more difficult for retirees to access large loans or favourable terms. At the same time, rising housing prices and the need for significant down payments can make buying a new home financially demanding, especially for seniors who do not have substantial home equity or savings.

Another major issue is the limited supply of age-appropriate housing. Many homes on the market are not designed with accessibility features such as single-level layouts, step-free entrances, or accessible bathrooms. As a result, seniors who buy these properties may need to invest in costly renovations to adapt them for aging in place. Additionally, ongoing housing cost such as property taxes, insurance, maintenance, and utilities can place a heavy financial burden on retirees with fixed incomes.

### Box 1: The perils of non-bank alternatives

In 1964, Jeanne Calment, a 90 year old French woman, entered into a contract with property lawyer André-François Raffray. Under the terms of the contract Raffray bought Calment's house in return for a monthly payment of 2,500 francs (a huge monthly salary at the time) and the right to live in her house until her death. The deal did not go well for Raffray. Jeanne Calment went on to be, according to the Guinness Book of Records, the oldest person ever, eventually dying 32 years later at the age of 122.

This type of contract is common in many countries without a banking product to help asset rich / cash poor pensioners, but the Calment case illustrates the risks for the annuity provider. The risk can fall the other way - the estate of someone who dies soon after entering into the agreement can lose virtually the entire value of their main asset. Banking products where a traditional loan is provided to the customer, or annuity products where the longevity exposure is owned by a life insurer used to analysing and aggregating such risks, can help avoid the risks inherent in this type of private deal. As Calment said when asked about Raffray's deal "In life, one sometimes makes bad deals."

<sup>1</sup> [https://ec.europa.eu/eurostat/databrowser/view/demo\\_pjanind/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/demo_pjanind/default/table?lang=en) & <https://databank.worldbank.org/source/population-estimates-and-projections#>

The tools to support senior buyers afford and access suitable housing exist: lifetime-mortgages, home reversion plans or loans to convert equity into annuities, but all these raise new problems for mortgage lenders, from prudential standards to consumer protection and fairness. These schemes vary by

country, but they generally aim to reduce financial barriers, provide tax relief, or support age-appropriate housing options. We surveyed our national markets to get a better idea of the national specificities of lending to this sector.

## The national specificities of senior lending in Europe

### Belgium

In Belgium, the mortgage market for older borrowers is characterized by a “no legal limit, but strict internal policy” approach. While there are no statutory laws preventing retirees from

taking a loan, commercial and social lenders apply rigorous age-based risk assessments.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Officially, there is no legal maximum age limit for taking out a mortgage in Belgium. In practice, however, every bank follows its own criteria. Generally speaking, a mortgage needs to be paid off in full by the time the borrower reaches a certain age and the length of repayment of the loan also diminish with age.
Are there any products currently offered specifically targeted at older borrowers?	Currently, the Belgian market does not offer a wide range of products specifically branded for older borrowers, though “Bridge Loans” are frequently used by seniors to finance a new home while waiting for the sale of a previous one (The maximum term of a bridging loan is 12 months.) Another common practice is the “Mortgage Reuse,” which allows older homeowners to re-borrow capital from a previously paid-off mortgage to fund home renovations or energy-saving upgrades without incurring new notary fees.
Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?	There are no unique tax or accounting rules specifically for senior mortgages, but these loans are subject to the standard European Capital Requirements Regulation.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	The policy discussion in Belgium is currently more focused on the rising statutory retirement age and digital accessibility. However, as the population ages, there is an ongoing professional dialogue between the National Bank of Belgium and the banking sector about adapting lending standards to better reflect the longer working lives and increased wealth of the modern retiree.

### Bulgaria

Senior buyers is not a major topic in policy discussions in Bulgaria.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Mortgage practices differ from bank to bank and there is not centralized practice or guidance on this matter.
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	Mortgage practices differ from bank to bank but in October 2024, Bulgarian National Bank introduced an absolute limit of 30 years on the term of new mortgage loans, as a measure to reduce risk in the mortgage market. This measure could also be viewed as aimed at mitigating risks related to aging borrowers.

### Cyprus

There is no scheme for senior buyers or any lending-into-retirement options in Cyprus. Regarding age-limit for borrowers in Cyprus, there is a usual limit at 65 which is the retirement age in Cyprus. This limit may be extended to 70 in particular cases.

There is usually no demand by borrowers that have retired. Moreover, this issue has not been raised in a policy discussion.

### Czechia

This topic is likely to gain greater importance in the future. At present, anecdotal evidence suggests that part of real estate and mortgage demand reflects investment-type borrowing, primarily aimed at purchasing property for children or gener-

ating supplementary rental income in addition to pensions, or a combination of both. These types of „investment mortgages” will require tougher LTV and DTI requirements, at 70% and 7x respectively, from April 2026.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	There is no formal regulatory limit on mortgage maturity; however, the maximum mortgage loan duration is typically around 25–30 years that should not exceed a retirement age (usually around 65 years old, but in some cases extended up to 70 or 75 years old for some segments). Though few banks allow a longer duration around 35-40 years for selected segments. In 2025, the median maturity of newly originated mortgages was 30 years, while the average maturity stood at nearly 27 years.
Are there any non-bank products that address the same topics, for example provided by pension companies?	To our knowledge, there is currently only one provider of reverse mortgages (with limited activity of around 1,000 contracts over the past decade) holding a licence from the national bank to offer non-bank consumer loans at an APR of around 11%.
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	Guidance from consumer loan legislation.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	The government plans to expand pension housing and dormitory capacity as a means of partially reducing strain on the real estate market. At the same time, it prioritizes improving housing affordability for young families and critical public sector employees. This policy orientation is partly rooted in historical developments, whereby older generations accessed housing partly through relatively inexpensive privatization of the undercapitalized residential housing stock in the 1990s and, in some cases, restitution following the communist-era nationalization of residential property. Overall, the dominant narrative suggests that older cohorts secured real estate under more favourable affordability conditions.

## Denmark

In Denmark, equity release can be achieved through a traditional mortgage loan (typically structured as interest only). The regulation does not define a specific product type such

as a “reverse mortgage”. Recently, alternative non-bank equity release products have entered the Danish market.

Are there any products currently offered specifically targeted at older borrowers?	There are no products specifically targeted older borrowers, and there are no specific rules for loans to borrowers in a particular age group. However, it is clear that a low income – or the prospect of a low income – due to retirement is considered when the mortgage lender conducts the required creditworthiness and credit assessment. As a general rule, mortgage loans with variable interest rates and interest-only loans may only be granted to borrowers who qualify for a 30-year fixed-rate loan without interest-only periods. However, the rules take into account that there may be a need to take out loans for equity release purposes. Therefore, it is possible to deviate from this requirement (variable-rate loans / interest-only loans), provided that: <ul style="list-style-type: none"> <li>• the mortgage lender assesses that, at the end of the interest-only period, the property value will be sufficient for the sale proceeds to fully repay the loan,</li> <li>• the customer has the financial capacity to service the loan on an ongoing basis, and</li> <li>• the mortgage lender bases the assessment on a maximum loan-to-value ratio of 60% (this may be deviated from based on, among other things, the condition and marketability of the property, as well as the borrower’s financial situation and age).</li> </ul>
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	All mortgage loans are subject to the same regulatory framework with respect to consumer protection. As mentioned above, a creditworthiness assessment is conducted when a loan is granted for equity release purposes.
Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?	Macroprudential requirements, or similar, applicable to interest-only loans, do not depend on whether the loans are granted to older borrowers for equity release purposes.
Are there any non-bank products that address the same topics, for example provided by pension companies?	In recent years, new non-bank products have entered the Danish market, offering older homeowners the opportunity to release housing equity by selling part of their home (“home reversion plans”) or the entire property to a professional investor, while retaining the right to continue living in the home. As these products are relatively new to the Danish market, no specific regulatory framework currently applies. As a result, they are not subject to the same consumer protection requirements — including disclosure obligations and advisory duties — as those applicable to bank and mortgage lending.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	In Denmark, there is a focus among both policymakers and stakeholders on ensuring that older people have the financial means to remain in their homes, including through access to their home equity.

## Finland

For many Finns, the majority of their wealth is tied up in their owner-occupied home. Money can be accessed from it for use (other words, the value of the property can be transferred to cash without selling the property), even without selling the property. For this purpose, the so-called “reverse mortgage” has been developed. Simply put, a reverse mortgage is a secured consumer loan, where the collateral is the home. However, the loan terms differ from those of a regular consumer loan. A special feature

of a reverse mortgage is that it is not repaid during the loan period; only the interest is paid. The home remains with the owner and does not transfer to the bank. A typical maximum loan period is ten years. After that, the loan is either repaid in full at once, or sometimes it is not repaid then either, but the loan period is extended. In practice, this is when a new loan agreement is made.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	There is no age limit for Finnish borrowers.
Are there any products currently offered specifically targeted at older borrowers?	For many Finns, the majority of their wealth is tied up in their owner-occupied home. Money can be accessed from it for use, even without selling the property. For this purpose, the so-called “reverse mortgage” has been developed. Simply put, a reverse mortgage is a secured consumer loan, where the collateral is the home. However, the loan terms differ from those of a regular consumer loan. A special feature of a reverse mortgage is that it is not repaid during the loan period; only the interest is paid. The home remains with the owner and does not transfer to the bank. A typical maximum loan period is ten years. After that, the loan is either repaid in full at once—or sometimes it is not repaid then either, but the loan period is extended. In practice, this is when a new loan agreement is made. The interest towards “reverse mortgages” has been modest but right now the government is seeking ways to make this product more appealing.
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	General regulations on credit risk management, consumer protection, and adherence to good lending practices apply to reverse mortgages.

## France

Access to mortgage credit for elderly people is a topic of discussion in France from 2 perspectives:

- The decrease in income linked to retirement

- The cessation of death and disability insurance after a certain age

This is why financing housing for older people becomes complicated after a certain age.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Depending on the borrower’s age at the time of the loan application, the amount may be limited by the bank to take into account the reduced incomes after retirement during the life of the loan, or the duration may be limited to align with maximum age for insurability.
Are there any products currently offered specifically targeted at older borrowers?	Reverse mortgage is a specific loan for older people „house rich but cash poor” without periodic repayment and with a lump sum repayment of principal and interest due upon the borrower’s death. The sale price of the mortgaged property, used as collateral for the repayment of the reverse mortgage, will be used to repay the loan or the deceased’s heirs may decide to pay the outstanding amounts to keep the property. It is a loan without credit worthiness assessment because there is no repayment during the life of the loan. It is designed for people with insufficient income or who are of an age that prevents them from obtaining the insurance required for a mortgage credit in France. This loan is suitable for people over a certain age set by the bank lender (for example people over 60 years or more) so that the value of mortgaged property can cover the debt at the time of the borrower’s death.
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	In France, reverse mortgages are governed by a special regulatory framework, distinct from both consumer credit and mortgage credit regimes. Specific borrower protections are built into this system, such as prohibitions against solicitation, mandatory acceptance of the loan offer before a notary, independent valuation of the property used as collateral, and a cap on the lender’s claim at the amount of the sale price of the mortgaged property after the borrower’s death. This last measure is particularly designed to safeguard the interests of the deceased’s heirs.
Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?	There are no particular tax rules or fiscal treatments that apply specifically to reverse mortgages. They follow the general taxation principles without any special provisions.
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	The specific provisions of the French Consumer Code that apply to this type of loan include rules designed to protect consumers. These guidelines ensure that borrowers are fully informed and that the products are suitable for their needs.

Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	While financing for elderly homeowners is recognized as a challenge, it is not comprehensively addressed at a policy level. However, there is greater attention given to assisting elderly people who own their homes, particularly with regard to home adaptation to stay at home and energy efficiency improvements. For example, there are targeted aids for improving accessibility or specific financing solutions such as the “prêt avance mutation,” which functions similarly to a reverse mortgage but only to finance energetic improvement of the housing. This loan, capped at €50,000, is dedicated to funding energy renovations for owner-occupiers with very low income, especially if they are older. The interest can be paid periodically or settled in one lump sum when the capital is reimbursed—either upon the sale of the property or after the borrower’s death.
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## Germany

In Germany, the market for reverse mortgages remains very small and is therefore a niche market.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	The focus is on creditworthiness rather than an age limit for borrowers. In practice, however, many lenders apply internal age limits for applying for a mortgage and an age limit for full repayment. Lending to retirees remains legally possible, as regulations allow lenders to overlook the risk of death if the borrower is expected to meet their obligations during their lifetime and the collateral covers the rest.
Are there any non-bank products that address the same topics, for example provided by pension companies?	Sale with a lifetime right of residence. However, data on the uptake of this option is limited. Also reverse mortgages continue to play only a minor role.
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	Protection mainly comes from the general duty to give adequate explanations before a consumer loan and BaFin / consumer warnings for complex products.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	Yes. The Anti-Discrimination Agency and consumer groups have raised concerns about age-related credit barriers.

## Greece

This topic importance has not been highlighted in Greece. The issue of housing affordability mainly refers to young individ-

uals, young couples and large families and families with three or more children.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Mortgages typically have age-limits on borrowers (75 or max 80 years old for the final repayment) and there is a regulatory flexibility for lenders to write mortgages for borrowers who have been retired.
Are there any products currently offered specifically targeted at older borrowers?	There are no products specifically targeted at older borrowers' (as far as we know).

## Hungary

Home ownership rate is very high in Hungary and generally in Central Eastern Europe. For this reason, there would be a place on the market for financial products for elderly people living in their own property. When mortgage lending was booming in Hungary between 2000 and 2008, there were certain products

available on the market offered by banks or financial (non-bank) companies. Both reverse mortgage and life annuity were available, although only offered by a very limited number of service providers. At this time the financial regulation of these products was also relatively underdeveloped.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	In Hungary mortgages typically have age limits on borrowers. The banks consider the expected age of the borrower at the expiry of the mortgage loan when making the decision of the loan disbursement. Most banks have the age limit at 75 years for the borrower. There may be exceptions at some banks for borrowers with higher income, additional life insurance or with an additional guarantee from another person providing a repayment guarantee.
Are there any products currently offered specifically targeted at older borrowers?	At present there are no specially targeted mortgage products available for elderly borrowers.
Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?	For the financial companies offering life annuity products there is a prudential regulatory capital requirement. This regulation makes the entry to this market very difficult for non-bank companies, for this reason there was no newcomer to this market since the introduction of the restrictions.

<p>If a scheme supporting senior mortgages was previously in place in your country but has since been discontinued, could you please explain the reasons for its discontinuation?</p>	<p><u>Life Annuity Payment Scheme</u></p> <p>A company established in 2005 called Hild Zrt offered in Hungary Life Annuity Payments for elderly property owners. The company offered monthly payments (annuities) for the remainder of the life of the owner in return for the property ownership transfer following the death of the owner. The product was popular but besides Hild only FHB Bank and OTP Bank was considering entering this special market segment. In 2009 the Hungarian Competition Authority ruled on investigation against Hild for misleading pledges and information.</p> <p><u>FHB Életjárdék Zrt</u> (a subsidiary of the FHB Bank) Bank was also offering Life Annuity products between 2006 and 2014. In 2014 the company was sold to the National Asset Management Ltd Co. The reason for the sale was the change in the legal environment.</p> <p>The amendment to the Act LX of 2003 on insurance activities and insurance companies entering into force from January 2015 prescribed that from the new date only insurance companies were authorised to offer new Life Annuity Payment products. At the same time in order to preserve the already existing life annuity portfolio the owners of these companies were allowed to sell their company to the National Asset Management Company (representing the Hungarian State).</p> <p>In 2016 the EU wide regulation (Act LXXXVIII of 2014 in Hungary) established stricter regulatory requirements that made the entry to this product segment more difficult.</p> <p>Due to the regulatory and legal restrictions no new companies entered the market with senior mortgage products after the changes.</p> <p><u>Reverse mortgage product</u> was also available in Hungary from 2005 from one bank (FHB Bank), but the bank discontinued the offering of the product in 2015. The portfolio still exists but is diminishing.</p>
<p>Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?</p>	<p>Right now, there is no discussion on this topic in Hungary.</p>

## Ireland

Ireland has a very developed market in products targeted at older buyers including equity release mortgages, home reversion schemes and lifetime mortgages. The Central Bank has developed consumer protection rules and regulations for these products. The only Equity Release product currently available in Ireland is a Lifetime Loan.

<p>Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?</p>	<p>Although not specifically stated in the law, rules on underwriting standards requiring sustainable regular income effectively set a cap on the upper age limit of the borrower at their expected retirement age.</p>
<p>Are there any products currently offered specifically targeted at older borrowers?</p>	<p>Products available include:</p> <ul style="list-style-type: none"> <li>• a roll-up mortgage, where a fixed amount is lent. Interest on this amount is capitalised and only becomes repayable on the death / moving of the borrower. Sometimes this is offered with a cap on the debt at the value of the house (a no 'negative equity' guarantee)</li> <li>• an interest only mortgage, as above with the interest being paid as normal and only the initial loan amount being recovered at the end of the scheme</li> <li>• a home reversion scheme, where a fixed portion of the house (say 50%) is sold, at a discount to a third party who then realises that percentage of the eventual sale proceeds.</li> </ul>
<p>This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?</p>	<p>Ireland has explicit product-specific consumer-protection treatment for equity-release products. The Central Bank's Consumer Protection Code contains dedicated provisions on home reversion agreements and lifetime mortgages, including information duties before the product is offered. The CCPC also warns that equity release is not suitable for everyone and recommends independent legal and financial advice. In consultation responses, Safeguarding Ireland has argued that these products are aimed at older and potentially vulnerable consumers, and Age Action has criticised blanket age barriers and called for fairer access to later-life borrowing.</p>
<p>Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?</p>	<p>The cash received under these schemes is tax free.</p>
<p>Are there any non-bank products that address the same topics, for example provided by pension companies?</p>	<p>The leading provider of this type of mortgage is regulated as a retail credit firm rather than a bank. But in practice from a consumer point of view this is not particularly relevant.</p>
<p>Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?</p>	<p>Yes. Age Action has explicitly raised the problem of older people being excluded from conventional mortgage borrowing and has called for blanket age caps to be outlawed. Safeguarding Ireland has focused on the vulnerability and advice dimension of equity-release products. More broadly, public discussion by the CCPC and market participants shows that later-life lending is being treated as a live issue in retirement planning, care funding and intergenerational transfers.</p>

## Italy

<p>Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?</p>	<p>In Italy, there is no law imposing an age limit for applying for a mortgage. However, for risk assessment purposes, banking practice does impose an age limit on the borrower at the end of the mortgage term. This is typically 75–80 years of age at the end of the mortgage term. Retirees applying for a mortgage are subject to credit assessment regulations like any other borrower, and there are no regulatory exemptions.</p>
<p>Are there any products currently offered specifically targeted at older borrowers?</p>	<p>In Italy, a reverse mortgage exists, regulated by Legislative Decree 203/2005, converted, with amendments, into Law 248/2005, and subsequently amended by Law 44/2015. This is a medium- to long-term loan, reserved for individuals over 60 years of age, secured by a residential property whose duration, generally, coincides with the life of the borrower. Ownership of the property remains with the borrower. Interest and related fees are repaid upon the borrower's death. Interest can be repaid periodically throughout the life of the loan. Upon the borrower's death, the heirs (if the owner does not decide to repay the loan early) have the option to: a) repay the debt to the bank and release the property from the mortgage; b) sell the mortgaged property; or c) allow the borrowing bank to sell the property at market prices to repay its loan. The law provides that the borrower or heirs cannot be asked for an amount greater than the market value of the mortgaged property if that value is insufficient to repay the remaining debt. Furthermore, the borrower/heirs are entitled to the difference between the realizable value of the property and the remaining loan debt. The loan is fully repaid in a single payment and can be requested upon the death of the borrower, or if ownership or other real or enjoyment rights on the property pledged as collateral are transferred, in whole or in part, or if actions are taken that significantly reduce its value. A specific decree from the Ministry of Business and Made in Italy specifically regulates the rules for the public offering of reverse mortgages and the rules for pre-contractual and contractual transparency of the loan, as well as cases involving a significant reduction in the value of the property, allowing the lender to request full repayment in a single installment, in addition to the case of the death of the borrower. In Italy this is a niche product with a little market (with assets no greater than a few hundred million euros). Only two banks in Italy offer this product.</p>

## Lithuania

The importance of the topic, and the inadequacy of current legislation has been recognized by parliament who in 2025 commissioned a review of the legislation for reverse mortgages in Poland, UK and USA. Despite this, the market has not yet

developed. Given high levels of home ownership, relatively poor pension provisions and the demographic profile of the country (exaggerated by emigration of younger people) there is a significant opportunity for the product.

<p>Are there any products currently offered specifically targeted at older borrowers?</p>	<p>There are currently no products offered by banks but according to Bankia. There are some private non-bank providers.</p>
<p>This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?</p>	<p>Not in rules, but the parliamentary note on the topic identifies the problems of complexity and suspicion of inheritance motives are likely to be problems.</p>
<p>Are there any non-bank products that address the same topics, for example provided by pension companies?</p>	<p>The Seimas analytical brief and the European Judicial Network's Lithuanian briefing<sup>2</sup> point to a legal concept similar to a reverse mortgage: the life-annuity concept (defined in article 6.640 of the civil code which allows a pensioner to give another party their house but retain tenancy and receive an annuity). Public commentary also mentions isolated private-finance arrangements.</p>
<p>Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?</p>	<p>There is definite policy discussion but there is no notable NGO discussion of the topic.</p>

## Netherlands

Senior buyers and lending-into-retirement is a growing segment in the Dutch mortgage market. A dedicated “senior mortgage” (*senioren hypotheek*) product has emerged to serve the borrowers within 10 years of the Dutch retirement age: it allows seniors to take out, transfer, or increase a mortgage even after

retirement, offering financial flexibility for purposes such as unlocking home equity, purchasing a new home, or reducing monthly expenses and there is no maximum age limit for this type of loan.

<sup>2</sup> [https://e-justice.europa.eu/topics/family-matters-inheritance/family-maintenance/lt\\_en?utm](https://e-justice.europa.eu/topics/family-matters-inheritance/family-maintenance/lt_en?utm)

## Malta

The Maltese government, through the Housing Authority, offers several schemes tailored to assist older individuals and seniors with purchasing or securing a home, primarily through

the Equity Sharing Scheme, which is designed for those who may face difficulties in securing a full home loan due to age or income constraints.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	There is no formal regulatory carve-out in Malta explicitly permitting mainstream lending to retired borrowers, and the conventional market structure treats retirement age as effectively the end of standard mortgage eligibility. Applicants must generally be between 18 and 70 when applying, repayment terms mostly run up to 40 years, or up until age 65.
Are there any products currently offered specifically targeted at older borrowers?	Malta has a dedicated framework: the <b>Home Equity Release Scheme</b> <sup>3</sup> , which functions similarly to a reverse mortgage. The equity release scheme enables retired persons aged over 61 or 62 to make an arrangement with an MFSA-licensed financial institution to translate part of the value of their property into a liquid asset, payable either as a one-time lump sum or as a stream of revenue paid monthly or quarterly. The scheme allows senior citizens to liquidate up to 60% of the value of their property while still being able to live in it. There is also a government <b>Equity Sharing Scheme</b> <sup>4</sup> targeted at people over 40 who find it difficult to obtain standard bank loans, though this is focused on first-time access to homeownership rather than later-life equity release.
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	Malta has explicitly acknowledged the unique challenges of this product in regulation. Since the applicable Regulations came into effect on 1 September 2019, and considering that this product is offered to pensioners, the MFSA felt the necessity to supplement the Regulations with specific Conduct of Business Rules covering registration requirements, sales practices, record keeping, information provided to customers, and complaints handling.
Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?	The <b>Equity Release Financial Products Regulations</b> (S.L. 376.06 under the Financial Institutions Act) constitute the primary legal instrument. The Equity Release financial products regulations came into force on 1 September 2019, after which no credit or financial institution can offer such products without being duly authorised. Institutions had one year from that date to comply. Beyond this licensing and conduct framework, there is no publicly documented specific tax relief or preferential capital treatment for banks offering equity release products in Malta.
Are there any non-bank products that address the same topics, for example provided by pension companies?	No non-bank equity release or reverse mortgage products such as those offered by life insurers or pension companies, are known to be currently available in Malta. Malta does have <b>Personal Retirement Schemes</b> and <b>Individual Savings Accounts</b> governed under subsidiary legislation to the Social Security Act, which the Central Bank of Malta has described as a “fourth pillar” of retirement provision, but these are savings/accumulation vehicles rather than housing equity products.
If a scheme supporting senior mortgages was previously in place in your country but has since been discontinued, could you please explain the reasons for its discontinuation?	Malta’s Home Equity Release Scheme was not formally discontinued, but it has effectively stalled due to lack of market participation. The regulatory infrastructure remains in place — the MFSA pages on equity release are still live — but the product has not gained commercial traction.

## Norway

There is a high level of home ownership in the Norwegian housing market, over 80% of households own their own home. The degree of home ownership is 90% among households aged

67-79. Lending on a home that has increased its value after many years of rising house prices is thus something many senior homeowners especially in central areas can do.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Mortgages do not typically have age-limits, but as part of the banks’ overall lending practices before they can grant a loan, they will have to consider the borrower’s debt servicing capacity, their debt-to-income ratio and the loan-to-value. The Regulations on financial institutions’ lending practices have a flexibility quota for a percentage of the mortgages that can breach the requirements in the regulation. The flexibility quota is 10% of the lending volume each quarter in all parts of Norway except for Oslo where the quota is 8%.
Are there any products currently offered specifically targeted at older borrowers?	There is a reverse mortgage called a SeniorLoan (“SeniorLån” or “Litt Extra”) specifically targeted at older borrowers, and you must be over 60 years of age to qualify for the mortgage. The main terms of this reverse mortgage are: <ul style="list-style-type: none"> <li>• You can receive the loan as a lump sum, as monthly payments, or as a combination of both.</li> <li>• You do not need to pay interest or principal as long as you live in the home. Interest is added to the loan amount each month.</li> <li>• Each year, you can deduct accrued interest expenses on your tax return, in the same way as with a regular mortgage.</li> <li>• You retain ownership of the home. If the value of the home is lower than the loan at maturity, the bank covers the loss.</li> </ul>

<sup>3</sup> <https://www.mfsa.mt/faq/home-equity-release-scheme/>

<sup>4</sup> <https://housingauthority.gov.mt/scheme/equity-sharing-scheme/>

	<ul style="list-style-type: none"> <li>You can end the loan agreement at any time.</li> <li>The loan is only repaid upon permanent relocation from the home (for example, moving to a nursing home) or upon death.</li> <li>The loan cannot be combined with other debt secured against the property. If you already have a mortgage on the property, this must be repaid using the amount you receive from the SeniorLoan.</li> </ul> <p>Several Norwegian banks offer this loan, but there is not data available on the total outstanding amount or the take up of these loans.</p> <p>However, the debt of people over 67 years (the current retirement age in Norway) has increased. From 2022 to 2023, the proportion of people aged 67 and older with debt increased from 60,7% to 66,2%. The average debt was NOK 602,700 in 2023. But there is no evidence supporting that the increased debt is due to increased uptake of the reverse mortgage SeniorLoan.</p>
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	In Norway the Regulations on financial institutions' lending practices impose a number of requirements on banks' lending practices. The regulation includes requirements relating to, for example loan-to-value, debt-to-income ratio and debt servicing capacity. As mentioned in another section the regulation has a flexibility quota for a %age of the mortgages that can breach the requirements in the regulation. The regulation has an exception for SeniorLoans with a loan-to-value of up to 90%, and these mortgages do not count towards the flexibility quotas in the banks
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	The reverse mortgages called SeniorLoan offered in Norway gives rights of residence for spouses following the main borrower's death, with some exceptions following the inheritance law. The exceptions are mainly related to situations where one or both spouses have children from previous relationships, if one of the parties has the house as their separate property or if the couple is not married. In these situations, the banks advise the borrower to enter into a legal agreement with the relevant affected parties before taking up a reverse mortgage to allow a partner or spouse to remain in the property after the main borrower's death.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	The specific topic relating to lending into retirement has not been subject to any public debate or policy discussion in the later years, but the economy of the pensioners in general has received some attention and public debate in the last years. This was mainly related to the cost-of-living crisis with the increased inflation in the post-pandemic years.

## Poland

In Poland, this topic is relevant but still underdeveloped as a banking market segment. The key distinction is between standard amortizing mortgages that continue into retirement, and reverse-mortgage loans. The first is legally possible and is assessed under ordinary mortgage affordability rules. The second

exists in Polish law as a separate product but did not develop into a mainstream bank offering by the end of 2025. The public debate in Poland is driven more by consumer-protection concerns around home-reversion style arrangements.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Under the Mortgage Credit Act, a mortgage may be granted only where the lender's creditworthiness assessment shows that the borrower will be able to repay the loan with interest under the contractual schedule. KNF Recommendation S reinforces this by requiring banks, when determining the loan term, to consider the borrower's ability to generate income throughout the life of the loan, with particular attention to the period when the borrower is expected to reach retirement age.
Are there any products currently offered specifically targeted at older borrowers?	As of end-2025, Poland did not appear to have a mainstream bank product specifically targeted at older borrowers in the form of an actively offered reverse mortgage. This is notable because Polish law has provided a dedicated framework for reverse mortgages since 2014.
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	For regular mortgage loans extending into retirement, the issue is recognised in KNF Recommendation S through the requirement to assess income-generating capacity over the entire loan term and to pay special attention to the retirement transition. For reverse mortgages, the dedicated 2014 Act expressly recognises that this is a special product and introduces product-specific legal architecture, including post-death settlement rules and a requirement for banks to manage longevity risk.
Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?	Only for reverse mortgages: banks must establish rules for managing longevity risk, and once reverse-mortgage exposures exceed 5% of own funds, an actuary must be involved in estimating that risk. Beyond that, there's no dedicated preferential capital or accounting regime for senior mortgages.
Are there any non-bank products that address the same topics, for example provided by pension companies?	Yes. In practice, the closest substitutes in Poland are non-bank life-annuity (renta dożywotnia), or home-reversion (dożywocie) arrangements offered by mortgage funds or other private entities. However, they are legally and economically different from a bank reverse mortgage. In a reverse mortgage the borrower remains an owner until death, whereas in a life-annuity / home-reversion arrangement ownership is typically transferred much earlier, with the consumer retaining only contractual use or residence rights. A reverse mortgage may be granted only by a bank, whereas a life-annuity type arrangement may be offered by a much wider range of entities. This distinction is important because the non-bank segment has historically raised stronger consumer-protection concerns.

Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	Under the Mortgage Credit Act, consumers must receive standardised pre-contractual information enabling comparison and informed decision-making; if advisory services are provided, the adviser must recommend products that fit the consumer's needs and financial situation and act in the consumer's best interest. In addition, Banking Law gives applicants the right to request a written explanation of the creditworthiness assessment and the factors that influenced it. For reverse mortgages, the dedicated statute adds a 30-day withdrawal right, the right to early repayment without a fee, instalment-survivorship rules for joint borrowers in certain cases, and detailed post-death settlement rules with heirs. So Poland does have meaningful consumer-protection rules, but they are assembled from general mortgage law plus the reverse-mortgage statute, rather than from a dedicated appropriateness code for senior lending.
If a scheme supporting senior mortgages was previously in place in your country but has since been discontinued, could you please explain the reasons for its discontinuation?	No discontinued scheme identified; rather, there is a legally available product category that has not developed commercially.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	Yes, there is a policy discussion, in Poland it has been led mainly by public authorities, ombudsman-type institutions and consumer-protection bodies. In 2025 the Ministry of Justice publicly announced work on stronger protection for seniors and explicitly referred to regulation of life-annuity type arrangements. Also, the Ombudsman for Citizens' Rights (RPO) argued that civil-law life-annuity arrangements did not sufficiently protect consumers. This supports the conclusion that the issue is visible in Poland primarily as a senior-protection and housing-security issue, not yet as a developed mortgage-product policy field.

## Portugal

Although several European markets show greater openness to mortgage lending targeted at clients close to, or already in retirement (mortgages for senior buyers or lending into retirement), in Portugal such solutions are practically non-existent. The regulatory framework, prudential practices applied to financial institutions, and the requirements associated with life insurance significantly reduce the viability of this type of product.

In the domestic market, mortgage credit is traditionally granted to borrowers who can demonstrate a stable and consistent income that is expected to remain at comparable levels over a sufficiently long period of their working life. Most financial institutions continue to focus on the "traditional" mortgage segment, with no dedicated offer for senior clients. Furthermore, specialized products, such as lifetime mortgages, home reversion plans or solutions that allow homeowners to release housing equity in the form of lifetime income, do not have solid commercial demand in Portugal and are not part of the typical product range of credit institutions.

Three factors are identified as especially constraining for the senior segment:

- Income reduction after retirement undermines DSTI ratio: When calculating the debt-service-to-income ratio, the borrower's expected income over the full maturity of the contract is considered. This requires incorporating the

drop in income after retirement, significantly reducing the borrowing capacity of senior clients.

- Age-based maturity limits: A borrower's more advanced age restricts the possibility of extending the loan term, preventing the lowering of monthly instalments and making it harder to meet macroprudential DSTI requirements.
- Restrictions on access to life insurance: In most mortgage proposals, taking out a life insurance policy is also mandatory. However, most insurers have very restrictive acceptance limits for new policies above the age of 65–70, making premiums prohibitive or preventing issuance altogether.

The combination of these factors results in most Portuguese financial institutions not offering mortgage solutions targeted at senior clients. Additionally, the current national market environment reinforces the focus on mortgage lending for younger borrowers, supported by public measures aimed at promoting first home ownership, including tax benefits, government guarantees and dedicated programs for this segment.

On the other hand, alternative financing arrangements such as property leasing, do not have widespread acceptance among the Portuguese population. Likewise, instruments such as lifetime mortgages, home reversion plans or equity release loans may eventually, in the future, find a suitable regulatory framework under entities other than traditional banks. However, they are not currently widely available.

## Romania

In Romania, lending into retirement currently has limited relevance, as this kind of products are not present in the domestic market. Mortgage lending remains focused on traditional loans granted to working-age borrowers, with lenders typically requiring that loans be repaid by around retirement age. The limited development of such products reflects several structural

factors, including one of the highest home-ownership rates in the EU (94% as of 2024) and the perception of housing as an intergenerational asset intended to be transferred to heirs, which reduces demand for instruments that would diminish inheritance value.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Romanian legislation does not impose a maximum age limit for borrowers. However, lenders are free to set their own eligibility criteria. In practice, most Romanian banks require mortgage loans to be fully repaid by around 65 years of age (the age of retirement), effectively limiting the maturity of mortgage loans granted to older borrowers.
Are there any products currently offered specifically targeted at older borrowers?	There is no mortgage product specifically targeted at older borrowers. However, senior borrowers can access special consumer loans for up to 5 years.

## Spain

In the Spanish market there are several mechanisms aimed at aged people, although they remain relatively unpopular. In the case of reverse mortgages, only 366 contracts were written between January and September 2025.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Reverse mortgages are for homeowners who are over 65 or require long-term care.
Are there any products currently offered specifically targeted at older borrowers?	Among property transfer mechanism, there are arrangements such as bare property where the former owner conserves usufruct rights, or the conversion of the property into a guaranteed life annuity. However, these are non-bank products. Banking products that do not involve the transfer of the ownership include reverse mortgage, both with and without insurance coverage.
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	Reverse mortgages are regulated by Law 41/2007, and their commercialisation is bound by Order EHA/2899/2011 on transparency and protection of banking service customers.
This type of product challenges existing lending practices, for example in consumer protection and underwriting practices. Is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?	When taking out a reverse mortgage, if the property is the borrower's primary residence of the homeowner it is exempted from paying the Stamp Duty Tax and also has a reduction on notary and land register fees. On top of that, since reverse mortgages constitute a loan, monthly income is not subject to personal income tax.
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	In accordance to the order EHA/2899/2011 the Bank of Spain created the Reverse Mortgage Guide aimed at clarifying technical and legal aspects.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	No.

## Slovenia

The topic is highly relevant in Slovenia because the country is ageing and policymakers have explicitly discussed the need to convert accumulated assets into income in old age, high home ownership rates and relatively modest pension income. The mortgage market and regulatory framework remain primarily focused on full repayment before retirement, and any development of such products would require further analysis,

particularly from a prudential risk and consumer protection perspective. The government's Active Ageing Strategy 2017 refers to creating a mechanism to convert individuals' assets into old age income and gives reverse mortgage as an example. Academic work on housing and long-term care in Slovenia likewise treats housing equity release as a live policy question. In practice though, product availability is limited.<sup>5</sup>

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Under the bank's internal policies, mortgages are subject to an upper age limit at final maturity, meaning that the borrower must be no older than 80 years at the date of final repayment. Lending to retired borrowers is permitted. Pension income is recognised as eligible income, provided it is regular and verifiable, and borrowers are assessed under the same standard underwriting and macroprudential criteria as other customers (including DSTI/DTI, LTV and minimum residual income requirements). From a legal and macroprudential perspective, Slovenian legislation and the macroprudential measures issued by the Bank of Slovenia do not impose any explicit age limits on mortgage borrowers, either at origination or at maturity. Macroprudential measures are age-neutral and focus on income sustainability, debt-servicing capacity, collateral values and loan maturity.
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<sup>5</sup> <https://www.bluehomes.com/buy-retirement-home-Slovenia/SLO/oSR/SR/en/theme3.html>

	<p>There is also no regulatory carve-out allowing a defined percentage of mortgages to deviate from standard underwriting criteria (e.g. specific exemptions for retired borrowers). Lending to retired borrowers therefore takes place entirely within the standard prudential framework, without dedicated quotas or exemptions.</p> <p>In conclusion, the 80-year age limit at final maturity reflects an internal risk-management policy of the bank, rather than a requirement arising from legislation or macroprudential regulation.</p>
<p>This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?</p>	<p>At present, this type of product (e.g. lending into retirement or equity-release-type arrangements) is not explicitly addressed as a distinct category in Slovenian banking regulation or industry codes of practice. There have been no specific regulatory amendments or dedicated industry standards introduced to deal directly with the consumer-protection or underwriting challenges associated with such products.</p> <p>However, the underlying risks and challenges are implicitly recognised within the existing regulatory framework, in particular through:</p> <ul style="list-style-type: none"> <li>• responsible lending requirements,</li> <li>• general consumer-protection and disclosure rules, and</li> <li>• a conservative approach to assessing long-term income sustainability and repayment capacity.</li> </ul> <p>As a result, while the challenges posed by these products are acknowledged indirectly, they are currently addressed through general regulatory principles rather than through tailored rules or product-specific adjustments.</p>
<p>Are there any non-bank products that address the same topics, for example provided by pension companies?</p>	<p>In Slovenia, there are currently no well-established or widely used non-bank products such as equity-release, home-reversion or lifetime-mortgage schemes that would systematically allow older households to unlock housing equity. Pension companies primarily operate within the framework of supplementary pension savings and annuity products, which are not linked to residential real estate.</p>
<p>Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?</p>	<p>In Slovenia, there are no specific or dedicated guidelines addressing reverse mortgages or similar complex products (such as issues related to interest compounding, inheritance outcomes or surviving spouses' rights). These products are not recognised as a distinct product category in legislation, secondary regulation or industry codes of practice. However, the key risks typically associated with such products are implicitly addressed within the existing general regulatory framework, notably through:</p> <ul style="list-style-type: none"> <li>• responsible lending and suitability requirements,</li> <li>• rules on clear, comprehensive and timely consumer disclosure,</li> <li>• general consumer-protection provisions, and</li> <li>• a conservative supervisory approach to complex or long-term lending structures.</li> </ul> <p>Given that reverse-mortgage-type products are not currently developed or widely offered in the Slovenian market, there has been no specific regulatory response or tailored guidance to date. Any future introduction of such products would likely require additional, targeted guidance, particularly regarding advice standards, product appropriateness and the protection of vulnerable consumers.</p>

## Sweden

A few institutions offer equity-release mortgage, but the outstanding value of equity-release mortgages compared to all mortgage lending is negligible.

<p>Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?</p>	<p>No. The credit assessment is the same for retired persons as for other borrowers. Since income normally decreases for retired persons, this may affect the credit assessment and whether the loan is approved.</p>
<p>Are there any products currently offered specifically targeted at older borrowers?</p>	<p>A few institutions offer equity-release mortgages for persons above 60 years. Unlike a traditional home loan, the lender does not need to assess the borrower's repayment capacity based on monthly income but can instead determine the loan amount based on the unencumbered value of the home and the borrower's age.</p> <p>In an equity-release mortgage, you do not pay the interest on an ongoing basis; it is added to the loan over its term. You also do not need to amortise. This means the loan carries no monthly costs, as the loan amount instead increases over time. The equity-release mortgages normally have a no-negative-equity guarantee.</p>
<p>This type of product challenges existing lending practices, for example in consumer protection and underwriting practices; is this acknowledged anywhere, for example, in changes to banking regulations or industry codes of practice?</p>	<p>Exemptions on amortisation requirement in the act on Limitation of Housing Credits.</p> <p>Pre-contractual information must be provided in accordance with the Consumer Credit Directive, the SECCI, and the specific pre contractual information required for telephone sales.</p>
<p>Are there any specific rules for the tax, regulatory capital or accounting treatment of this type of product by banks?</p>	<p>No. Regulatory capital follows CRR and CRD, and the Swedish Finansinspektionen have no specific rules on regulatory capital for loans to retired persons.</p>

Are there any non-bank products that address the same topics, for example provided by pension companies?	No.
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## United Kingdom

The UK has an ageing population. Most Building Societies do not have a maximum age limit since 2015 when the market increased their maximum ages limits. The Financial Conduct Authority observed that lending to people later in life and be-

yond retirement is likely to move from a niche product to the norm. The mortgage industry is working with regulators to understand how regulation needs to evolve to ensure that people can get the financial services they need.

Do mortgages typically have age-limits on borrowers and is there any regulatory scope for lenders to write mortgages for borrowers who have retired?	Yes, UK mortgage lenders provide a range of products for those paying into retirement and taking new mortgages out once retired subject to affordability checks.
Are there any products currently offered specifically targeted at older borrowers?	Retirement interest only mortgages, which are open ended interest only mortgages are available to those over the age of 55. Take up has been low due to prescriptive affordability rules, often underwritten against the lowest income earner. Alternative, Lifetime mortgages are not subject to affordability assessments because of the interest added to the loan.
Reverse mortgages are unfamiliar and potentially more complex, are there any specific guidelines covering advice, product appropriateness or consumer protection?	There are specific qualifications for advice, product appropriateness is covered by consumer duty. The onerous on the lenders to make sure the mortgage product meets the customer's needs.
Have charities or pressure groups representing the rights of the aged raised this as an issue? Is there a policy discussion on this topic in your country?	No. Due to the UK ageing population, The FCA recognises the need for change and policy discussions are conducting policy discussions on that matter.

## Mortgage and housing market review: 2025

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 re-newed 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 bottle-neck, 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.

The second quarter of 2025 confirmed the overall recovery of mortgage markets across Europe from last quarter, with most countries reporting renewed lending growth and improving borrower confidence. After several quarters of adjustment, activity picked up again as interest rates eased, economic sentiment strengthened, and housing demand recovered. Across the sample, both new mortgage origination and refinancing volumes increased, reflecting a more dynamic lending environment. Overall, the European mortgage market in Q2 exhibited recovery and cautious optimism. Lending activity continued to expand and refinancing remained strong. Although supply constraints, construction costs, and regulatory challenges persist in some countries, the general trend points toward steady

and sustainable growth across Europe's mortgage markets, supported by lower rates, improving economic conditions, and borrower engagement.

In the third quarter of 2025, total outstanding residential mortgage lending increased across all countries in the EMF sample. The overall gross residential lending trend remains upward. On the subject of mortgage interest rates, a closer look at the share of new mortgages with variable interest rates across the EMF sample of European countries reveals substantial cross-country differences and evolving borrower preferences.

In the fourth quarter, outstanding mortgages followed the same upward trend as previous quarters. Likewise, no major change can be observed in gross residential lending across the EMF sample. The ECB's bank lending survey confirmed a sustained net increase in demand for housing loans, with improved housing market prospects and declining lending rates cited as the primary drivers. Regarding interest rates, two opposing trends are emerging: countries with interest rates higher than 4% are seeing their average interest rates decrease over the past year, whereas most countries with interest rates lower than 4% are seeing their average interest rates over the past year increase, expect Spain, Greece and Sweden.

# Reverse Mortgages in Korea: An International Comparative Perspective

by: Kyung-Hwan Kim (CEO, the Korean Housing Finance Corporation) and  
Yoon-Su Kim (Head, Reverse Mortgage Department, KHFC)



*“Global aging is accelerating, with seniors projected to make up over 20% of the world's population by 2070 — and Korea is already there. Many elderly homeowners are house-rich but cash-poor, making downsizing a smart way to unlock retirement funds. Yet most resist the move, held back by high costs and a strong preference for staying in the home they know.*

*Reverse mortgages (RM hereafter) offer an alternative, a proactive “stay-in-place” strategy. Kyung-Hwan Kim (CEO, the Korean Housing Finance Corporation) and Yoon-Su Kim (Head, Reverse Mortgage Department, KHFC) examine Korea's existing frameworks and draw on international examples to explore how other aging countries are tackling the same challenge.”*

## Introduction

Due to economic growth and advances in medical technology, aging is intensifying worldwide. According to the UN World Population Prospects 2024 and Korea's Ministry of Data and Statistics, the proportion of the elderly population aged 65 and over in the world is expected to rise from 10.2% in 2024 to 16.3% in 2050, and 20.3% in 2070. Korea, one of the most rapidly aging countries in the world, is expected to see the ratio rise from 19.2% in 2024 to 40.1% in 2050, and 47.7% in 2070. In fact, Korea has entered a super-aged society in 2025 as the share of the elderly population passed the 20% mark.

A characteristic of the elderly in aging countries, especially those living in their own homes, is being “house-rich and cash-poor,” meaning they have a house but no income. Tapping into accumulated housing equity to generate cash flows will help them to finance their retirement better. Downsizing, or selling the current home and buying a less expensive one is an option. Doing so can also enable the elderly homeowners to secure the right living environment in terms of manageable floor space, adequate facilities and no barriers to mobility indoors.

However, downsizing is not widespread in most countries for various reasons, although some countries such as Australia and the U.K have systems to facilitate downsizing with tax and other incentives. One major factor constraining downsizing is the transactions costs associated with it, but the preference for ‘aging in place’ is another crucial reason. Consequently, most downsizing tends to take place when aging in place is no longer physically possible.

## The evolution of reverse mortgages

Reverse mortgages (RM hereafter) offer an alternative, a proactive “stay-in-place” strategy. A RM is a way to get cash in lumpsum when needed, via a line of credit, or in annuity (fixed monthly payments) using the house an elderly person owns as collateral while continuing to stay in the same house. Unlike traditional mortgages whereby the homeowner makes monthly repayments to the lender after taking a lumpsum amount from the lender, the RM lender provides payments to the homeowner during the loan period. The loan amount is determined by several factors, including the homeowner's age, the appraised value of the house, and the interest rate.

Generally, the older the homeowner and the higher the home value, the larger the potential loan amount. Additionally, the home must be the residence of the owner.

There exists a large theoretical and empirical literature documenting the benefits of RM such as consumption smoothing and coping with unexpected financial needs in old age. However, actual take-ups of RM products fall behind expectations. There are many barriers on both the demand side and the supply side (Knaak et al 2020). The supply side constraints include the cross-over risk (housing equity falls below the outstanding loan balance), adverse selection, moral hazard, the high cost of insurance based on imperfect actuarial models, the absence of risk pooling mechanisms, and regulatory disincentives and market barriers. On the demand side, strong bequest motives (the desire of older homeowners to pass their home on to their children or heirs), lack of financial literacy and product understanding (Complex contract terms and high upfront fees create a "fear factor"), and negative perceptions and stigma (that RM is a loan of last resort) are major constraints.

Currently, reverse mortgage products are available in some countries in the Asia-Pacific Region including the U.S., Australia, Japan, Hong Kong and South Korea. The RM market in Australia is dominated by the private sector, while Japan's RM system engages both the private sector and the government. The U.S., Hong Kong, and Korea operate RM predominantly through government insurance or guarantees. We focus on the Korean system and make comparisons with those of the two countries as relevant.

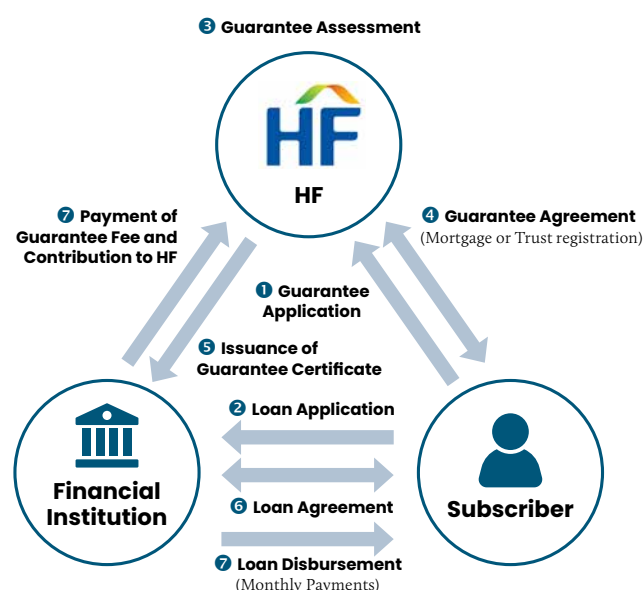
### The Korean reverse mortgage, 'Home Pension'

The proportion of the population aged 65 and older rose from 3.8% in 1980 to 7.2% in 2000 in Korea, approaching an 'aging society' at an unprecedented rate, but the social security system consisting of national pension and public assistance programs was inadequate to meet the financial needs of the elderly population. Although several commercial banks offered reverse mortgage products in the early 2000s, they proved not to be viable. Consequently, the government adopted reverse mortgages as a national policy agenda in 2005 and decided to launch a government-led program called the 'Home Pension' in 2007. The name reflects its feature of providing fixed monthly payments just like a pension scheme.

The Home Pension system is administered by the Korea Housing Finance Corporation (HF), a government-owned entity, in collaboration with participating financial institutions comprising 14 banks and two insurance companies. Figure 1 illustrates the structure of its operation. The elderly person who wants to subscribe to the Home Pension submits

an application to HF, which assesses the application and issues a certificate of guarantee to the financial institution. The financial institution makes the loan against the HF guarantee and disburses loan amounts to the applicant. The financial institution pays annual fee to HF on behalf of the subscriber. The "No-Recourse" clause is a defining feature of the Home Pension. It ensures that the borrower (or their heirs) will never owe more than the home is worth at the time of termination, while heirs can keep the remaining equity if the house sells for more than the loan.

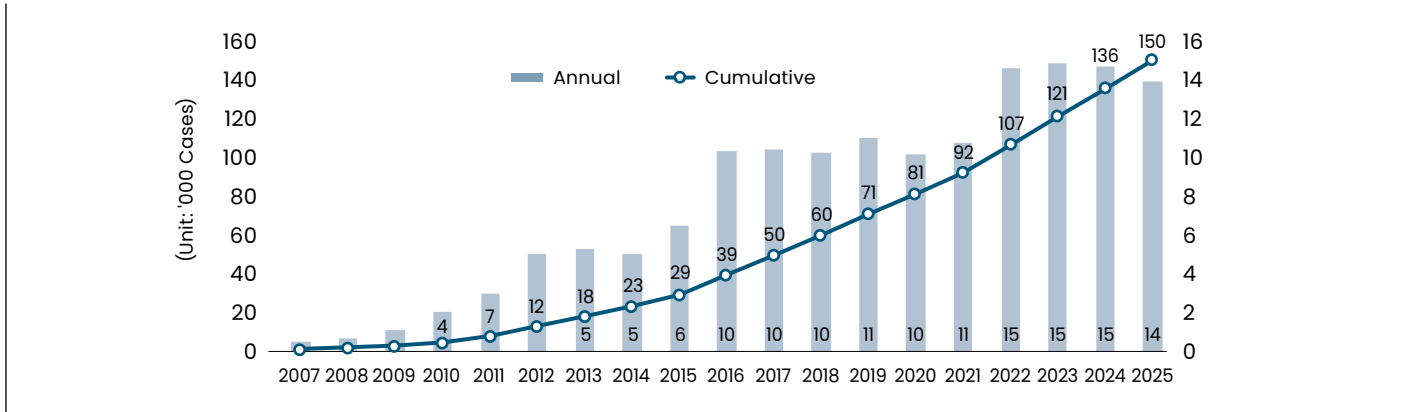
Figure 1: The structure of the Home Pension system



Currently, any homeowner aged 55 or older can enroll in the Home Pension program. There is no limit on the number of homes the elderly person owns as long as the total combined value of the homes does not exceed KRW 1.2 billion (USD 810,811), based on the officially assessed and publicized price (about two-thirds of the market value on average). The limit on the eligible house price, which distinguishes it from its U.S. and Hong Kong counterparts, reflects the policy of providing government guarantee on reverse mortgages mainly to mid- to low-priced homes. Practically, however, only the top 3% of the housing stock is excluded. Preferential treatments in monthly payments (up to extra 20%) are given to the elderly belonging to vulnerable groups who own low-priced homes below minimum. This is a unique feature of the Korean Home Pension.

The cumulative number of Home Pension subscriptions since its introduction until 2025 totals at 150,071. Enrollments were very sluggish in the first ten years or so before the pace picked up since 2016. The average number of new enrollments was around 11,000 to 15,000 in the recent 5 years. (See Figure 2)

**Figure 2: The annual and cumulative number of subscribers to Home Pension**



Source: Korea Housing Finance Corporation

The current take-up rate, defined as the number of cumulative enrollments as a percentage of the total number of eligible homeowners, is just about 2%. Considering that about 78% of the assets of households with a head aged 60 or older are concentrated in real estate as of 2024, and the growing awareness of the product as a viable financial option for the aged, the pace of subscription is expected to accelerate in the future. The latest policy package introduced in March 2026 will further expedite the expansion. We will explain the details later.

### HECM (Home Equity Conversion Mortgage) in the United States

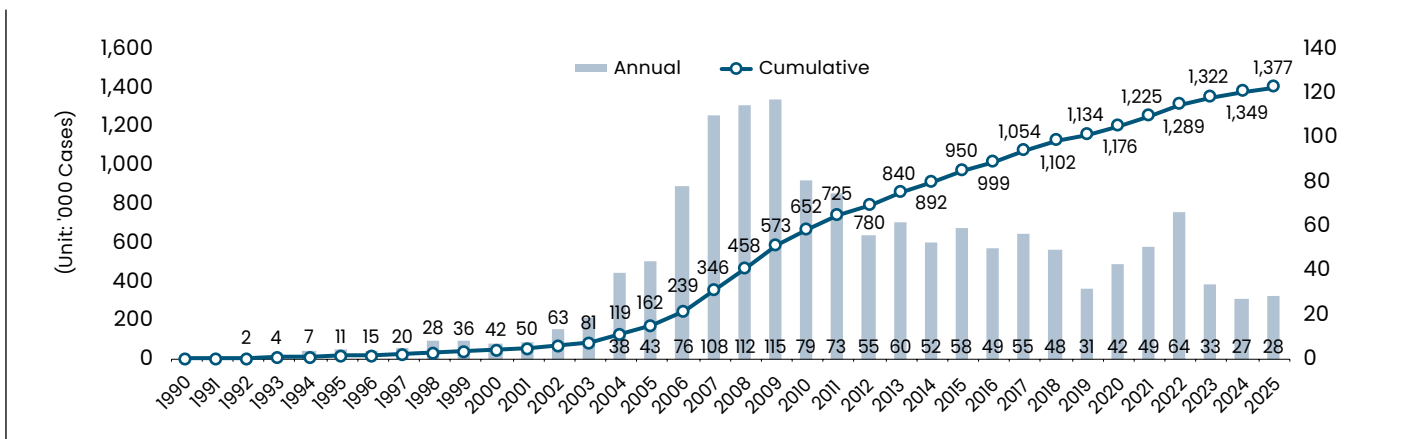
The HECM in the United States can be regarded as a representative example of a government-backed reverse mortgage program. It began as a pilot project in 1989 under the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD). After two rounds of congressional evaluation, it was established as an official government-led reverse mortgage program in 1998.

At the time of HECM's introduction in 1989, the proportion of the U.S. population aged 65 and older was already 12.2%, approaching an aging society, and it stands at 18% as of 2024, close to entering a super-aged society.

The main feature of HECM is that homeowners aged 62 and older are eligible to enroll, with no restriction on the number of homes owned or home prices. However, it recognizes a maximum of USD 1,249,125 per collateralized home. Various options for payments are offered, including the life (combined), fixed (combined), line of credit, and cash-out. The vast majority (86 to 94%) of subscribers opted for a line of credit whereas less than 2% has chosen the monthly payment only option over the past 10 years.

The cumulative number of HECM enrollments since its introduction until 2025 totals 1,376,964. Enrollments increased until 2009, and then declined after 2013 due to falling home prices following the global financial crisis. Since the U.S. has a well-developed pension system and non-financial assets

**Figure 3: The annual and cumulative number of subscribers to HECM**



Source: Annual HECM Production Numbers, NRMLA(National Reverse Mortgage Leaders Association)

account for only 31.5% (as of 2024) of household assets, the need to use HECM is not high. Therefore, reverse mortgages are utilized for home purchases, home repairs, and loan repayments.

HECM loans insured by the Federal Housing Administration (FHA) and can be pooled into HECM mortgage-backed securities (HMBS). Ginnie Mae is the guarantor of securities issued by those lenders who participate in the HECM securities programs, which provides capital and liquidity to the HECM market. The unpaid principal balance of HMBS stands at \$56.7 billion in FY 2025, with 249,879 reverse mortgages in the portfolio.

### RMP (Reverse Mortgage Programme) in Hong Kong

Hong Kong is at a stage of aging comparable to Korea. As of the end of 2024, the proportion of people aged 65 and older is 23.5%. Hong Kong's RMP was launched in 2011 through the guarantee of the Hong Kong Mortgage Corporation Limited (HKMC). It is operated by the Hong Kong Mortgage Corporation Insurance Limited (HKMCI), which is fully funded by HKMC. The overall structure is similar to those of the U.S. and Korea, but it also has some unique features. For example, siblings can enroll jointly, and even homeowners other than the primary applicant can participate. A drawback of joint enrollments is that the monthly payment for each subscriber is smaller than if an individual applied alone. Another key feature of RMP is that the payment period can be changed at any time during the period of enrollment. Monthly payments for life are most popular, as 53.8% of the newly enrolled in 2025 selected this option.

The cumulative number of RMP subscriptions totaled 8,937 by 2025 since its initial introduction. It has shown a steady increase since its launch, with 942 new subscriptions in 2025 alone. Although RMP eligibility conditions are more lenient compared to the U.S. HECM or the Korean Home Pension,

subscriptions to it are much smaller. This might be attributable to a relatively low proportion of non-financial assets in household wealth, which is about 35.2%.

### A comparison of reverse mortgage systems of the three countries

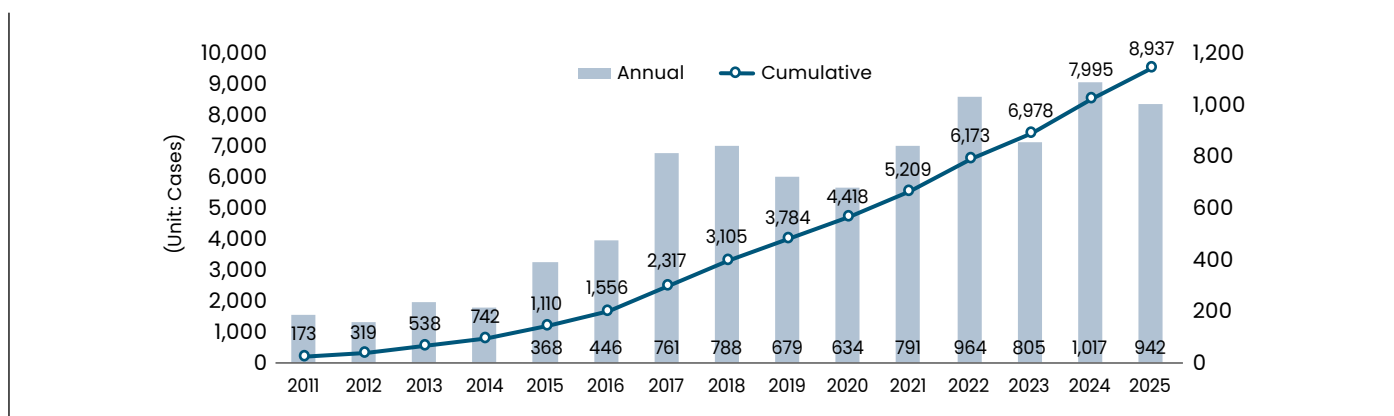
This subsection seeks to make comparison of reverse mortgage systems in the U.S., South Korea, and Hong Kong focusing on the differences in eligibility requirements, guarantee fees, monthly payments, and ancillary costs. Table 1 summarizes the key features of each system.

First, eligibility requirements. The minimum eligible age is highest for HECM, which requires homeowners to be at least 62 years old, while RMP and the Home Pension allows individuals aged 55 and above to join. Both HECM and RMP have no restrictions on house price, but the Home Pension enforces a price limit.

Second, guarantee fees. The reverse mortgage systems in the three countries have broadly similar structure of imposing guaranty fees on subscribers, but the details differ. Regarding the initial guaranty fee, the Home Pension charges 1% of the house price to be paid up front on the first monthly payment date, whereas the US HECM charges 2.0% of the house price (Maximum Claim Amount; MCA). Hong Kong's RMP charges 1.96% of the house price as an initial guaranty fee, but this is divided into annual installments over 7 years from the 4<sup>th</sup> to the 10<sup>th</sup> year after enrollment. If the plan is canceled before the full payment of the initial guarantee fee, the unpaid portion is added as a lump sum to the loan balance and must be repaid. As for the annual guaranty fee, the Home Pension charges 0.95% on the loan balance, US HECM charges 0.5%, and Hong Kong RMP charges 1.25%.

Third, monthly payouts. The Korean Home Pension provides USD 904.16 (KRW 1,338,150) for the average subscriber

**Figure 4: The annual and cumulative number of subscribers to RMP**



Source: Hong Kong Mortgage Corporation, HKMC Reverse Mortgage Programme Statistics

**Table 1: Comparison of Reverse Mortgage Products**

		<b>Korean Home Pension Korea</b>	<b>HECM U.S.</b>	<b>RMP Hong Kong</b>
Guarantor Institutions		Korea Housing Finance Corporation	FHA under the Department of Housing and Urban Development (HUD)	Hong Kong Mortgage Corporation Limited (HKMC)
Time of Introduction		• July 2007	• 1989 (pilot project) • 1998 (regular project)	• July 2011
Eligibility	Age	• 55 years and older	• 62 years and older	• 55 years and older
	# of Homes Owned	• No limit (Max combined officially assessed and publicized KRW 1.2 B)	• No limit	• No limit
	House price	• KRW 1.2B or less in officially assessed and publicized price	• No limit	• No limit
Guarantee Fee	Initial	• 1.0% of the house price	• 2.0% of MCA (Maximum Claim Amount=Min (Assessed house price, \$1,249,125))	• 1.96% of the house price (Paid in installments of 0.28% annually for 7 years from the 4 <sup>th</sup> year to the 10 <sup>th</sup> year)
	Annual	• 0.95% of the outstanding loan balance	• 0.5% of the outstanding loan balance	• 1.25% of the outstanding loan balance
Monthly Payment		USD 904.16 (KRW 1,338,150)	USD 705.09	USD 823.35 (HKD 6,426.0)
Interest rate	Base rate*	• Adjustable rate (every 6 months) • COFIX(Cost of Fund Index)	• Adjustable rate (monthly or yearly) • CMT(10y)/SOFR • Fixed rate	• Adjustable rate • HK Prime rate-2% • Fixed rate • (~30 years) 4.0% • (31 years~) Adjustable rate
	Margin	• Set by policy (0.85%)	• Set by lenders	• Set by policy

\*For a 72 year old subscriber owning a house valued at KRW 0.4 Billion (USD 267,040.52)

(72 years old) and the average house value (KRW 400 million). The U.S. HECM provides USD 705.09, and the Hong Kong RMP provides USD 823.35 (HKD 6,426.0) for the same subscriber and the house price. This means that the Home Pension pays 28.2% and 9.8% more than the U.S. and Hong Kong pay, respectively.

Fourth, ancillary costs. The borrowing cost of the Korean Home Pension is significantly lower than that of the HECM. In particular, the HECM charges the subscribers the handling and counseling fees borne by financial institutions as the loan origination costs. To alleviate the burden of ancillary costs for participants, the HECM legally caps the lender origination fee, which is charged progressively based on house value, at \$6,000. The Home Pension charges no such fees. Furthermore, while the HECM allows financial institutions to set the margin for variable rate loans, the additional interest rate for the Home Pension is set by the government at 85 basis points to reduce the borrower's interest burden.

## Merits of the Korean Home Pension

The subscribers of the Korean Home Pension enjoy several benefits compared to their counterparts enrolled in the U.S. HECM program. First, they pay lower interest rates and receive property tax concessions. The borrower is charged a variable interest rate set at COFIX (the cost of funds index) +0.85% (set by government policy). The rate has been on average 55bps lower than the interest rates banks charge on their mortgages over the past 10 years. As for a tax incentive, a 25% property tax reduction is offered on the homes with a price under KRW 500 million owned by the Home Pension subscribers.

Second, the Korean subscriber incurs low initial costs. A 70-year-old HECM subscriber with a house priced at \$300,000 pays 2.64% of the home value as the initial joining cost. The cost to the equivalent subscriber of the Korean Home Pension is 0.45% of the home value. This is primarily attributable to the origination fee the HECM subscriber

pays to the lending bank. The fee equals 2% of home value from \$125,000 to \$200,000, and 1% for the amount exceeding \$200,000. Therefore, a \$300,000 home is subjected to a \$5,000 in origination fee. The Korean subscriber to the Home Pension pays no such fee.

Third, the Korean Home Pension offers higher monthly payouts to the vulnerable groups. The Korea Housing Finance Corporation, the Home Pension administrator, has a stable funding source provided through a government fund. The monthly payout for a Home Pension subscriber is determined at a level where the corporation's revenue from guaranty fees equals the expected loss from the operation of the program, according to the principle of actuarial neutrality. However, contributions from the government fund can be used to cover the losses from paying preferential amounts to the vulnerable groups living in low-priced homes.

Fourth, the Korean Home Pension provides lifetime annuities and the option to withdraw lumpsum amounts to meet special needs. Virtually all (99%) subscribers opt for a lifetime monthly payout scheme. Subscribers can also withdraw up to 50% of the loan amount in case of special needs such as paying a large medical bill, but they must receive the remainder in monthly installments. Therefore, the Home Pension subscribers are protected from the risk of losing big money to fraud.

## Takeaways from the Korean experience

Since the Home Pension was introduced in 2007 as a government-led program to address the financial needs of the aging population, the program is now considered a viable option for the elderly homeowners. The Home Pension introduced in 2007 as a government-led program to address the financial needs of the aging population, is now considered a viable option for the elderly homeowners. A survey conducted by the Bank of Korea (Kim and Hwang 2025) reveals that about 96% of the respondents have heard about the Home Pension, and 75% have some knowledge about it. Although the current level of enrollments still remains a very small proportion of the elderly population owning homes meeting the eligibility requirements, the progress so far is impressive compared with reverse mortgage systems in other countries.

One contributory factor to the performance is the series of policy changes aimed at taking the program to scale by alleviating the barriers (both real and perceived) to enrollments over the years. Government has relaxed the eligibility requirements and increased payouts to the subscribers of the home pension. For example, the minimum age was lowered from 65 (for both the homeowner and the spouse) to 60 (for the homeowner, in 2009), and to 55 (for the older of the two, in 2023) as aging proceeded and early retirement increased. The limit on the house price was raised from

KRW 600 million to KRW 900 million (in 2008), to KRW 900 million based on the officially assessed and publicized price (in 2020), and to KRW 1.2 billion based on the officially assessed and publicized price (in 2023). The maximum loan amount was increased from KRW 300 million to KRW 500 million (in 2009), to KRW 600 million (in 2023). The limit on lumpsum withdrawal for loan repayment was also increased from 30% to 50% (in 2009), to 70% (in 2016), and to 90% (in 2019). Meanwhile, the initial guaranty fees were reduced from 2% of the house price to 1.5% (in 2015), and to 1.0% (in 2026).

The house price ceiling was raised from KRW 600 million to KRW 900 million in market price (in 2008), later to KRW 900 million in officially assessed and publicized price (in 2020), and then to KRW 120 million in officially assessed and publicized price (in 2023). The maximum loan amount and the limit on lumpsum withdrawal were also increased, while the guaranty fees were reduced.

In March 2026, the government announced a package of measures to further boost the Home Pension as an integral component of a multi-layered old-age income security system together with the National Pension, Retirement Pension, and Individual Pension. The package is focused on increasing monthly payouts, easing the burden of costs at enrollments, and enhancing convenience for subscribers.

First, the actuarial model for the Home Pension was recalibrated to increase the monthly payouts to the beneficiaries. An average subscriber aged 72 and owning a KRW 400 million house will receive 3.13% more than the previous level. The owners of low-priced housing, aged 60 years and older and with an inadequate income receive a further boost.

Second, the fee structure was modified to reduce the cost the subscribers incur. The initial guaranty fee was lowered from 1.5% to 1.0% of the house price, and the time period during which initial guaranty fee can be refunded to subscribers opting out of the program was extended from 3 years to 5 years. This measure is expected to alleviate the financial and psychological burden of would-be subscribers. However, the annual guaranty fee was increased from 0.75% to 0.95% of the loan balance to partially compensate the shortfall in revenue to the program due to the reduced initial fee.

Third, residency requirements were relaxed to enhance convenience of subscribers. A new applicant was required to reside in the house to be provided as collateral against the reverse mortgage with a few exceptions. Some more exceptions are now allowed. For example, a spouse or the couple may not reside in the same house due to unavoidable reasons such as medical treatment, childcare, or moving into a senior housing. Furthermore, an "elderly child (aged 55 or older)"

of the deceased subscriber of the Home Pension can take over the reverse mortgage using the same house as collateral without having to secure additional funds for repayment of the deceased parent's reverse mortgage debt.

Another factor is the public awareness campaigns. Reverse mortgages are lifelong financial products that are difficult for the elderly to understand. There are many myths about the Home Pension, which make potential subscribers to the program hesitate to enroll. The Korea Housing Finance Corporation has made attempts to debunk the myths and provide accurate information using various media. However, the Bank of Korea study mentioned above finds that simply informing respondents that fixed monthly payments do not

result in a loss when house prices rise—because the amount bequeathed to children increases accordingly—led to a 7 percentage-point increase in enrollment intention, suggesting that further efforts are warranted (Kim and Hwang 2025).

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Duck Gyoo Kim and In Do Hwang “Demand for Home Pension and Reverse Mortgage: An Information Provision Survey Experiment”, BOK Working paper No. 2025-10, May 2025

Peter Knaak, Margaret Miller and Fiona Stewart, “Reverse Mortgages, Financial Inclusion, and Economic Development: Potential Benefit and Risks”, Policy Research Working Paper 9134, World Bank, January 2020



# Norway's housing market and the power of alliances in banking

by: Benedikte Fahre, Kjartan Bremnes and Michael H. Cook, Finance Norway



*Norway offers a distinctive model of housing finance: a market shaped by high home ownership, strong local banking traditions and a funding system, like its Scandinavian peers, that relies heavily on covered bonds. Benedikte Fahre, from Finance Norway explains the highly characteristic, but resilient mortgage market, the macroeconomic backdrop and the innovative ways in which both large and small mortgage lenders remain competitive in both the domestic and international covered bond markets.*

## Introduction

Norway's mortgage market combines conservative regulation with a decentralised banking structure: Norwegians rely on mortgages from banks, mostly at variable rates. Home ownership remains high and important in Norwegian culture and traditional savings banks still play an important role despite some recent consolidation. The traditional savings banks alliances help smaller institutions stay local but benefit from shared infrastructure, products and funding. Covered bonds have become a core part of market funding since 2007 used both by large banks accessing international investors and by smaller banks using joint issuance platforms to compete more effectively. Although popular in the Euro market, covered bonds are also often NOK denominated and sold to local investors.

## A macroeconomic outlook

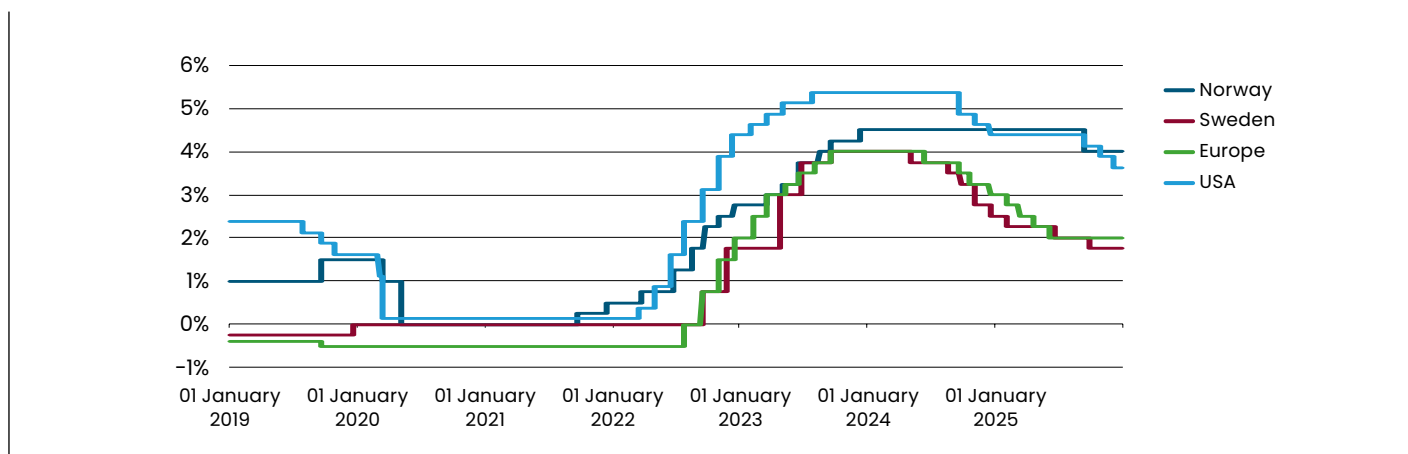
### A higher policy rate than our trading partners

The Norwegian economy is a small, open economy with its own central bank and independent currency, making it sensitive to international uncertainty and turmoil.

The policy rate is currently 4.0%, after two cuts in June and September 2025 from the peak at 4.5%. Norway now has the highest policy rate compared to some of its most important trading partners.

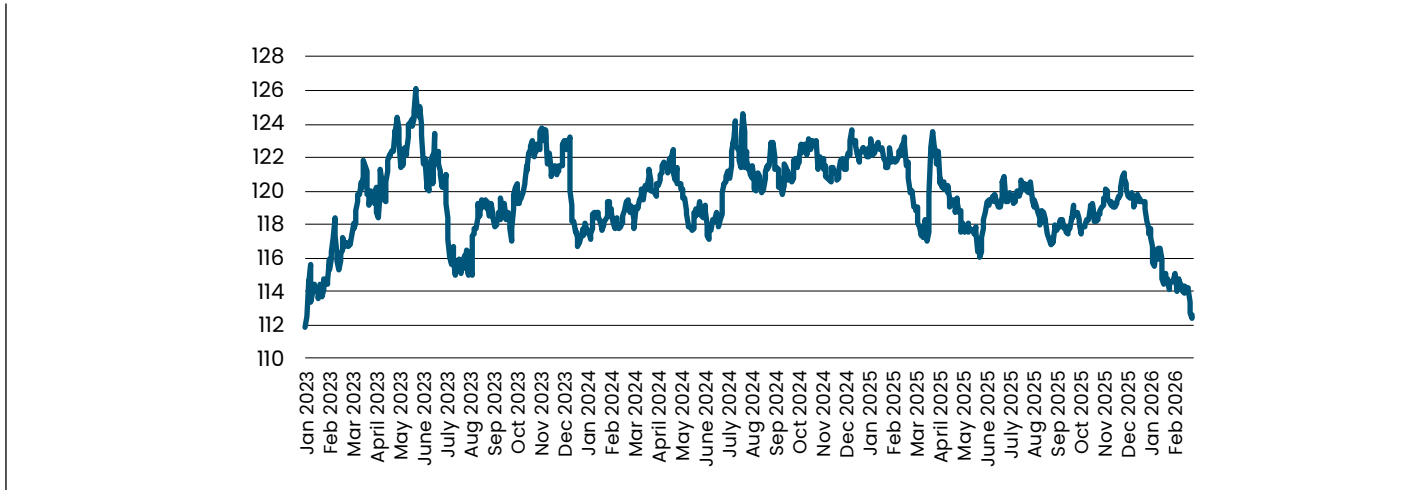
The import-weighted exchange rate remained relatively stable from 2023 until the end of 2025 but has strengthened noticeably during the first months of 2026. As a major oil and gas-exporting country, with an independent currency,

**Chart 1: Policy rate in Norway and important trading partners**



Source: Norges Bank, Riksbanken, ECB and FED

**Chart 2: Import-weighted krone exchange rate**



Source: Norges Bank

the krone has traditionally been sensitive to fluctuations in the oil price. While this correlation has weakened in recent years, the substantial rise in oil prices following the conflict in the Middle East has resulted in a marked appreciation of the krone.

**Inflation has come down from the peak**

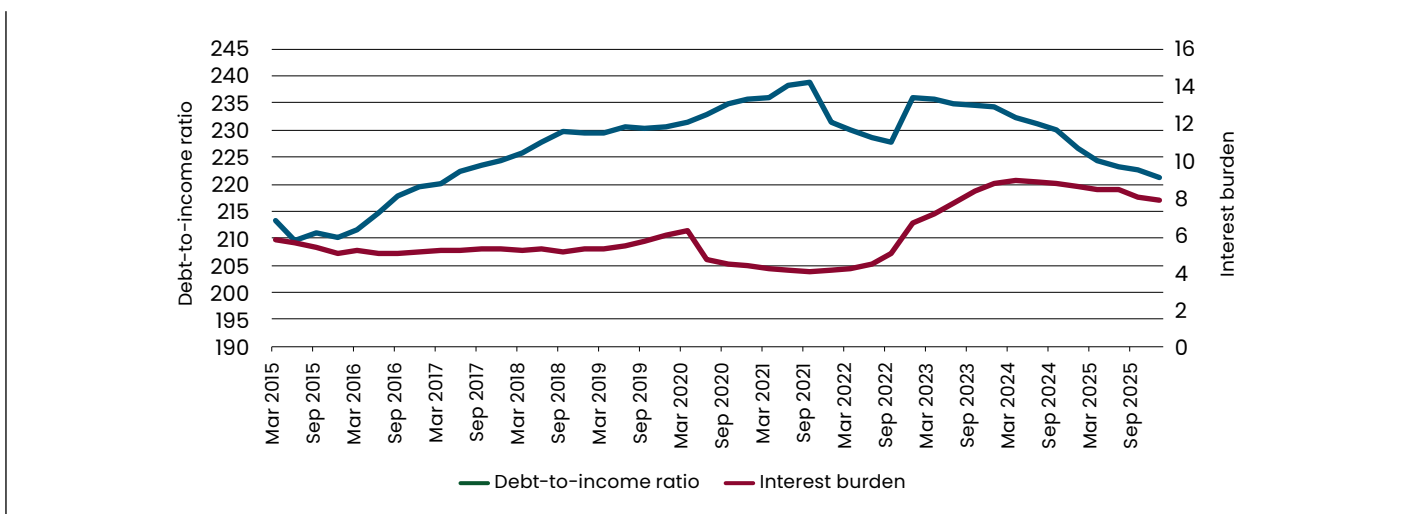
The central bank has an inflation target of 2%. Like many countries after the pandemic, Norway experienced high inflation, and the central bank struggled to bring inflation down towards the target. The rise in prices post-pandemic was triggered by an import cost shock, partly due to a weaker krone. The twelve-month growth in consumer prices (CPI) peaked at 7.5% at the end of 2022. Since then, price growth for imported consumer goods has dropped considerably and

is now low. However, over the past couple of years, strong wage growth combined with low productivity growth has increased costs for businesses, and price growth for Norwegian-produced goods and services remain high. High price growth for services, rent and food continues to keep inflation above the target of 2%<sup>1</sup>. In February 2026 the twelve-month growth in CPI was 2.7%<sup>2</sup>.

**The households’ debt burden is still high, but has reduced**

Households’ debt to income ratios (DTI) are high in a historical context and compared to similar countries and has, for quite some time, been highlighted as one of the key vulnerabilities in the financial system by the Norwegian authorities. Even though the credit growth has increased from the begin-

**Chart 3: Debt-to-income ratio and interest burden**



Source: Norges Bank

1 [Norges Bank Monetary Policy Report 4/25](#)  
 2 [Statistics Norway: Consumer price index](#)

ning of 2024, after a period of lower growth, the households' debt burden has come down from its peak. The debt burden started to slow in 2022, and the reduction has continued in the following years. From the beginning of 2024 the decline in the households' DTI ratio is driven by the strong growth in the households' disposable income.

*“From the beginning of 2024 the decline in debt to income ratios has been driven by strong growth income”.*

The interest burden<sup>3</sup> has also declined slightly in 2025 following the two cuts in the policy rate in June and September.

### Regional differences within the housing market

There are significant regional differences in the Norwegian housing market, and for the country, growth has been moderate over the past year. The price per square meter remains substantially higher in Oslo than in the rest of the country, but growth there has been weaker in recent years. This is largely driven by a more interest rate sensitive market, where the homeowners have a higher debt ratio and are thus more affected by the increases in the policy rate. In addition, there has been a substantial increase in the number of secondary residences being sold, particularly in Oslo over the past year. This has led to a considerable rise in the supply of homes for sale, which has resulted in dampened price growth.

A strong labour market, with low unemployment and robust wage growth, has contributed to strong housing price growth in several other regions. The rise has been most noticeable in Stavanger, Bergen, and Tromsø. In Stavanger, which is closely tied to the oil industry, a strong labour market with low

unemployment and high wage growth has driven a sharp rise in prices. As of February 2026, Stavanger had an annual price growth of 10.6%. Tromsø has also seen significant growth with an increase in 12-month nominal prices of 11.1% over the same period. In Tromsø the expansion in the local economy has been fuelled by increased tourism, creating upward pressure on housing prices and leading to more properties being purchased for rent to tourists<sup>4</sup>.

### Valuation of real estate with automated valuation models

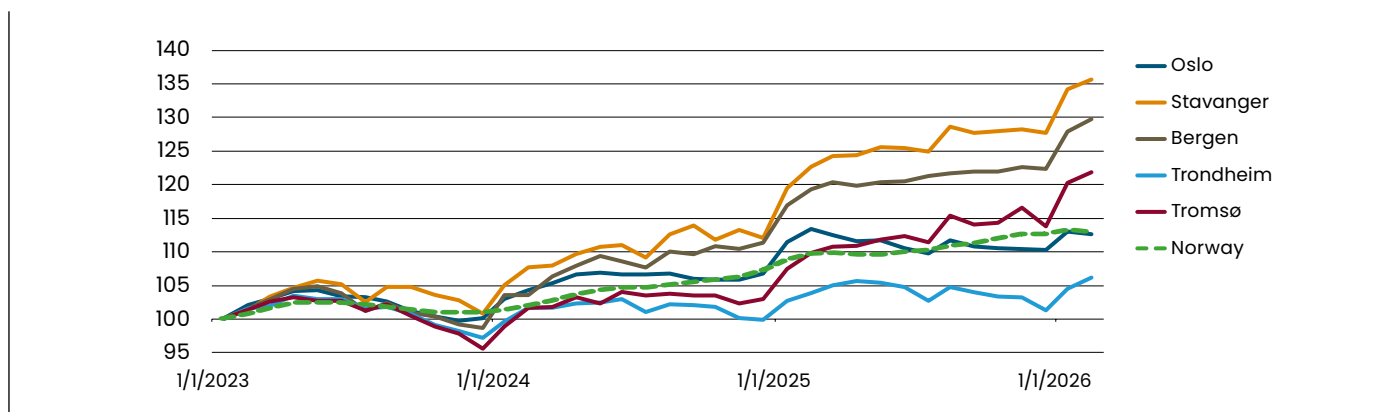
There is a well-developed market for using automated valuation models for estimating values of real estate. Most banks make extensive use of automated valuation models for estimating values of residential real estate and updating the values in accordance with subsequent development in the residential real estate market. The model is used both at origination and for updating values on the mortgage portfolios.

Most covered bond issuers update the valuations on the properties in the portfolio on a quarterly basis. For each property, value estimates are calculated using information on the specific property, comparable sales, and other attributes relevant for the housing market. Due to the richness and granularity in the database (all residential property sales in Norway are recorded daily into the database), the estimates are perceived as robust and will adapt to changes in market conditions.

### House investments have been at record low levels

Housing investments declined by around 30% from the beginning of 2022 to the end of 2024, driven by a sharp increase in material costs and higher interest rates. Although housing

**Chart 4: Real estate prices in major cities, Index January 2023 = 100**



Sources: Eiendom Norge, FINN og Eiendomsverdi AS

<sup>3</sup> The Interest Burden Ratio is a financial metric that measures the proportion of a company's earnings before interest and taxes that remains after paying interest expenses. It provides insight into how effectively a company can manage its debt obligations and the impact of interest costs on profitability.

<sup>4</sup> [Real Estate Norway Housing Price Statistics](#)

investments have risen somewhat since bottoming out in 2024, they remain at very low levels.

In recent years, the share of companies in the real estate sector that have gone bankrupt has increased. This development is closely linked to higher interest expenses and low levels of activity in the construction industry, both of which have had a particular impact on these sectors. In property development, the bankruptcy rate has risen sharply and now exceeds the level seen during the financial crisis<sup>5</sup>.

Housing investments account for roughly one-fifth of total investments in mainland Norway, and the downturn has dampened activity in the Norwegian economy as a whole<sup>6</sup>.

### The strong tradition for variable interest rates continues

In the mortgage market 95% of outstanding mortgages have a variable interest rate. An important explanation for this is their traditionally lower cost, compared to fixed interest mortgages<sup>7</sup>.

### A high degree of homeownership, but a slight increase in households renting

The share of households owning their own home has historically been very high, and there is a strong home ownership tradition in society. In 2024, 70% of households own their own home, and 11.4% are owners of a share in a housing cooperative, making the total home ownership 81.5%.

There has been a slight downward trend since 2015, with more households for several reasons, most significantly the increase of single households. The increase in households renting is broad based in all age groups up to retirement age,

but the largest increase has been in people in their 20s, with an increase from 37% to 39% from 2015 to 2024<sup>8</sup>.

### A highly regulated mortgage market

The mortgage market is highly regulated. Due to the authorities concern regarding housing prices and its correlation with household debt, the Ministry of Finance introduced a regulation on requirements for new residential mortgage loans in 2015. The goal was to ensure a sustainable development in household debt. The regulation has later been revised several times. A tightened version was applied from January 2017, the scope of the regulation was extended to include consumer loans in 2019, and other loans secured by collateral was included in 2023. From 2025 the regulation was made permanent, but the Ministry of Finance will regularly assess the structure of the regulations.

The latest alterations of the regulation came in 2025 when the maximum loan-to-value (LTV) was increased from 85% to 90% to remove some adverse effects of this requirement, mainly for first time buyers or other young buyers, that have a strong debt servicing ability but lower savings<sup>9</sup>.

### The banking market

Banks are divided into three main categories: savings banks, commercial banks, and branches of foreign banks. The Norwegian owned banks are divided into savings and commercial banks and are independent legal entities subject to supervision by Norwegian authorities. Commercial banks can only be established as limited or public limited companies, whereas savings banks were traditionally organized as self-owning foundations, with equity primarily built from retained profits. Today many savings banks also have external owners.

Requirement	Residential mortgages	Consumer loans	Loans secured by other collateral
Maximum loan-to-value (LTV), amortising loans	90%	–	–
Maximum loan-to-value (LTV), revolving credit facilities	60%	–	–
Requirement for principal repayments	Loans with LTV above 60%	All loans	–
Maximum debt-to-income ratio	500%		
Interest rate stress test when assessing debt servicing capacity	The highest of 7% interest rate, or an increase of 3 percentage points on the borrower's total debt		
Flexibility quota	10% (in Oslo: 8%)	5%	10%

5 [Norges Bank Financial Stability report 2025/2](#)

6 [Statistics Norway: Economic trends for Norway and abroad towards 2029, Economic Analyses 1/2026](#) (Norwegian only)

7 [Norges Bank Blog: Fixed or variable interest rate](#) (Norwegian only)

8 [Statistics Norway: Housing conditions, register based](#)

9 [Regulations on financial institutions' lending practices](#)

The market is dominated by Norwegian-owned banks. The rest are subsidiaries and branches of foreign banks. Subsidiaries owned by foreign banks are separate Norwegian legal entities and are regulated in line with other Norwegian banks, while foreign-owned branches are not separate legal entities and are regulated from their home country.

Banks and credit institutions account for around 80% of total domestic credit to Norwegian households and businesses. This represents a much larger share of total credit than, for example, in the United States, where the bond market plays a more significant role. Households primarily borrow through banks and credit institutions, while businesses borrow mostly from banks and to some extent in the bond market<sup>10</sup>. The banking sector is characterized by a large number of banks, 107 as of year-end 2025. Compared to the banking sector in other European countries, the banking sector in Norway is not particularly large relative to overall value creation<sup>11</sup>.

### Market shares on loans

DNB, a Norwegian commercial bank, is the largest bank, both in the retail market (market share of 27%) and in the commercial market (market share of 30%). Beside other Norwegian banks, some Nordic banks are active in the Norwegian market, in addition to Santander Consumer Bank (a subsidiary of Spanish Banco Santander) that is active in the market for car loans and consumer credit. Over the last twenty-years the foreign-owned subsidiaries and branches have somewhat increased their market share in Norway<sup>12</sup>. Nordea, Danske Bank, and Handelsbanken are the largest foreign-owned branches in the Norwegian market today.

In 2024 Nordea acquired the Norwegian retail portfolio from Danske Bank.

Today's savings bank sector is characterized by a large number of savings banks. Ranging from small local banks to regional and national banks. Most of the savings' banks are part of a bank alliance. The two largest alliances are SpareBank 1 and Eika. The SpareBank 1 Alliance consist of 12 savings banks with a market share of 25% in the retail market and 20% in the commercial market. The Eika Alliance comprises around 50 smaller savings banks with market share of 9% in the retail market and 4% in the commercial market. It should be noted that the banks in the alliances are independent banks, competing with other banks both inside and outside the alliance<sup>13</sup>.

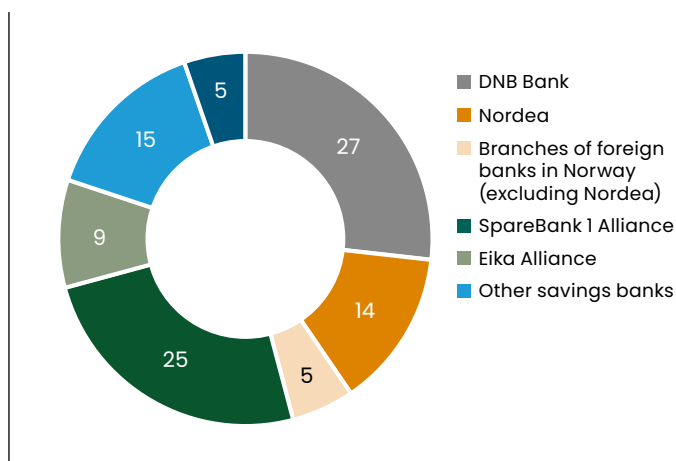
### The development in the savings banks sector

From 600 savings banks in 1960, the number has steadily decreased to 74 in 2026. The main reason behind the reduction is due to changes in settlement and industrial structure, where larger units of savings banks became necessary to provide a complete alternative to larger commercial banks. The largest merger in recent years was the merger of two large regional savings banks, Sparebanken Vest and Sparebanken Sør into Sparebanken Norge, which resulted in the merged bank becoming one of the largest banks in Norway, and the largest savings bank.

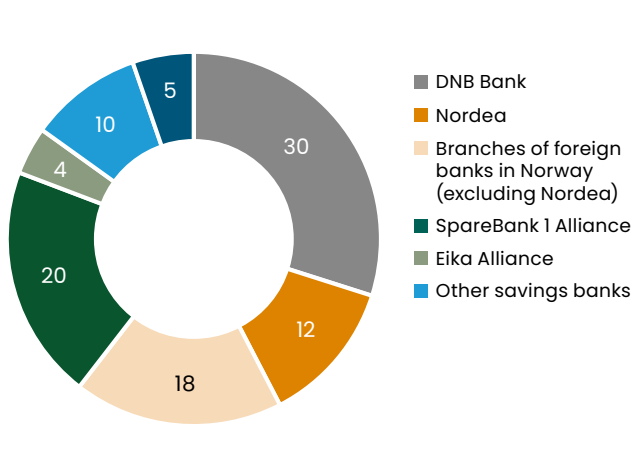
Many of the savings banks are still relatively small in terms of total assets. They maintain a strong presence and deep-rooted connections in their region, due to the savings banks being traditionally organized as self-owning foundations,

**Chart 5: Market share by banks / savings banks**

#### Retail market



#### Corporate market



<sup>10</sup> [Norway's financial system 2025](#)

<sup>11</sup> [Norges Bank Staff Memo: An international comparison of the Norwegian banking sector](#)

<sup>12</sup> [Norges Bank Staff Memo: Branches of foreign banks and credit supply](#)

<sup>13</sup> [Norway's financial system 2025](#)

with equity primarily built from retained profits. These savings banks support their local communities through reliable banking services and by allocating part of their profits to local initiatives.

### Alliances of savings banks have ensured that the savings banks remain competitive

To remain competitive with larger commercial banks, Norwegian savings banks have developed unique cooperative alliances. As mentioned above the two largest are the Spare-Bank 1 Alliance and the Eika Alliance, but there are also other smaller alliances in the market. Within these alliances independent savings banks across the country have joined forces under a common brand, a shared IT platform, and a range of joint support functions for banking operations. Through these alliances, even small banks are able to share economies of scale and offer a comprehensive range of products, combining local roots with the benefits of scale. Rather than being acquired by larger banks, many savings banks have formed flexible partnerships that preserve local identity while acting collectively were advantageous.

*“Rather than being acquired ...many savings banks have formed flexible partnerships”.*

The alliances have also evolved to own a variety of other services as their scope has expanded. Several alliances jointly own insurance companies, investment banks, and real estate agencies, either through the alliance itself or through separate companies with other savings banks outside their alliance. This enables them to offer a full-fledged alternative to the range of services provided by commercial banks.

Another important part of the collaboration within the alliances of savings banks is the pooling of credit in specialized credit institutions. When the covered bonds legislation was introduced in Norway in 2007, the banks within the alliances established their own specialized credit institutions to issue covered bonds together. This has enabled more favourable market financing and more equal terms for smaller savings banks compared to larger commercial banks.

### The Norwegian covered bond market Market development

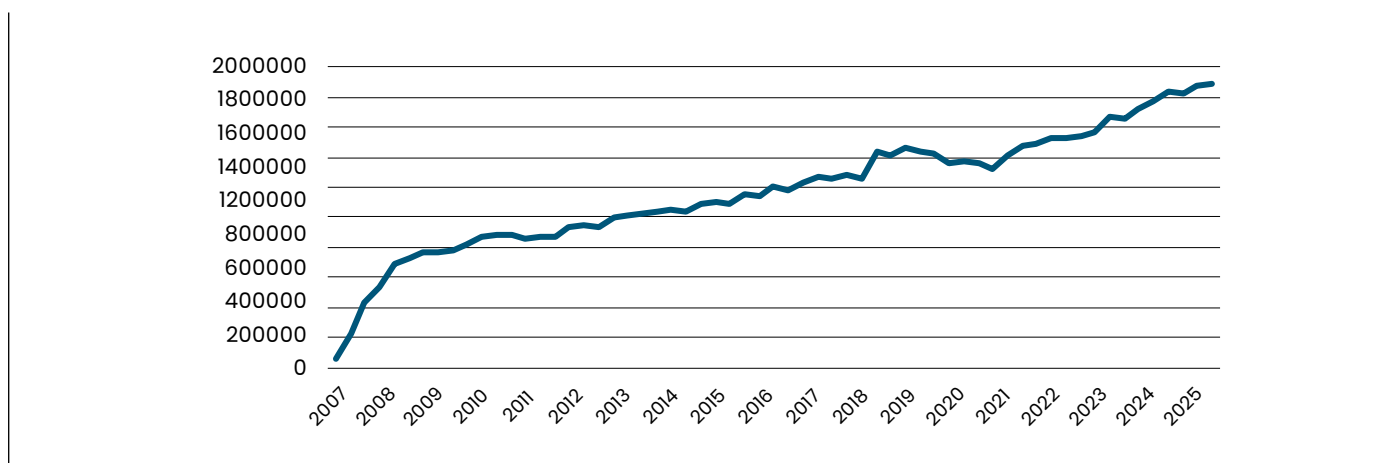
Since the regulations for covered bonds were introduced in 2007, covered bonds have to a large extent replaced other types of market financing used by banks. On average, the value of outstanding covered bonds has increased by 23% per year since 2007.

Chart 6 illustrates how covered bonds have evolved from being a new source of financing in 2007 and rapidly growing in outstanding volumes in the following years. Today, covered bonds constitute more than half of banks' market financing<sup>14</sup>.

### Issuing of covered bonds

Covered bonds may only be issued by specialised credit institutions. Today there are 21 institutions in Norway with a licence to issue covered bonds. The institutions are subject to the same type of regulations as other Norwegian financial institutions, such as capital adequacy requirements, liquidity management requirements etc. The issuers are subject to a supervisory regime that involves both a cover pool monitor and a public supervisor, the Financial Supervisory Authority

**Chart 6: Covered Bonds outstanding volume in Norway over time**



Source: Finance Norway

<sup>14</sup> Financial Supervisory Authority of Norway: [Liquidity situation in Norwegian banks as of 31 December 2025](#) (Norwegian only)

of Norway (“the FSA”). The smallest issuers only issue bonds in Norwegian krone in the domestic market, while the larger issuers are present on a regular basis in international capital markets. Cover pools are dominated by residential mortgages, and majority of issuers are specialised residential mortgage institutions. Only a small number of issuers are specialised in commercial real estate or in public sector loans. Covered bonds from these issuers constitutes about 1.3% of the total outstanding volume.

A licensed credit institution may raise loans by issuing covered bonds where the object of the institution, as laid down in the articles of association, is to grant or acquire residential or commercial mortgages, public sector loans and loans secured by other registered assets. In addition, the company should finance its lending business primarily by issuing covered bonds. The articles of association of the institution shall state which types of loans that shall be granted or acquired by the institution. The scope of the business will therefore be restricted, and institutions will have a very narrow mandate, which ensures transparency.

### Savings banks in the covered bonds market

Issuers of covered bonds in the Norwegian market are either wholly owned subsidiaries or jointly owned issuers by several banks. For the investors there is no difference between investing in covered bonds from a credit institution representing several banks or a single bank.

When several banks cooperate in owning an issuer of covered bonds, they are able to obtain competitive funding in the market compared to larger banks in the same market. In that

way, smaller and medium-sized banks, have better funding terms which helps them compete in the mortgage market.

The collaborative model has therefore helped to ensure diversity within the banking sector, as Norway continues to maintain a decentralized banking structure with many savings banks and probably a lower degree of consolidation than would have occurred without the cooperation between banks.

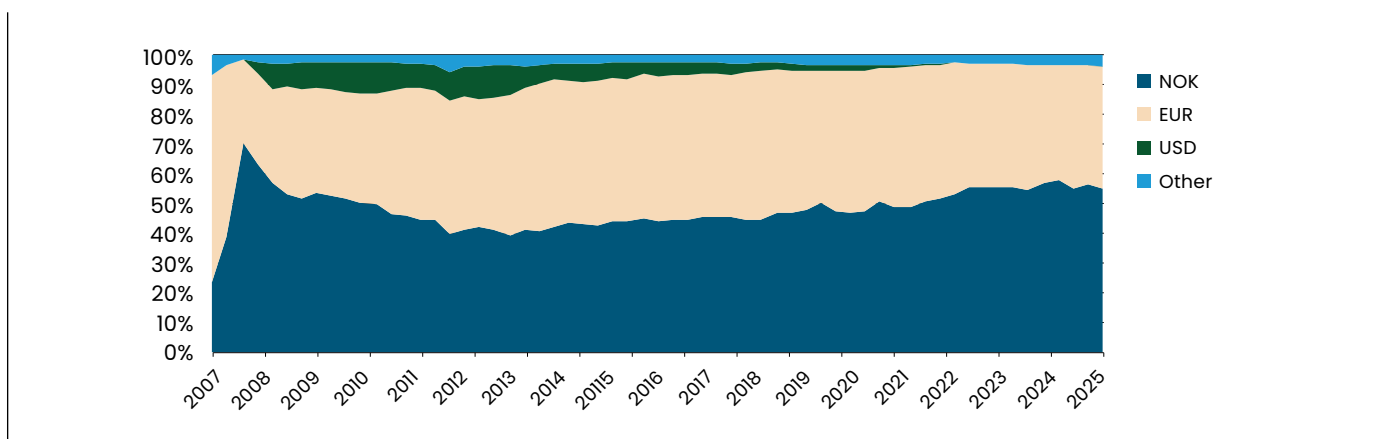
### The market in an international context

The larger issuers are also active in international capital markets. This means that they raise capital by issuing covered bonds in foreign currencies in addition to Norwegian krone. In this way the funding of Norwegian banks/covered bond institutions gain access to a broader investor base. At the same time, currency risk arises, for which institutions utilize hedging instruments to handle these exposures. Chart 7 shows that a significant proportion is financed in foreign currency, primarily in EUR. Over time covered bonds have been issued in a wide range of currencies, including USD, AUD, GBP, CHF and JPY. In the last year most of the issuance has been in EUR and SEK.

Over the years there has been a strong annual growth in issuance. Today Norway is the tenth largest country in terms of outstanding covered bonds. In the market for sustainable covered bonds Norway has the third largest outstanding amount as of 2024.

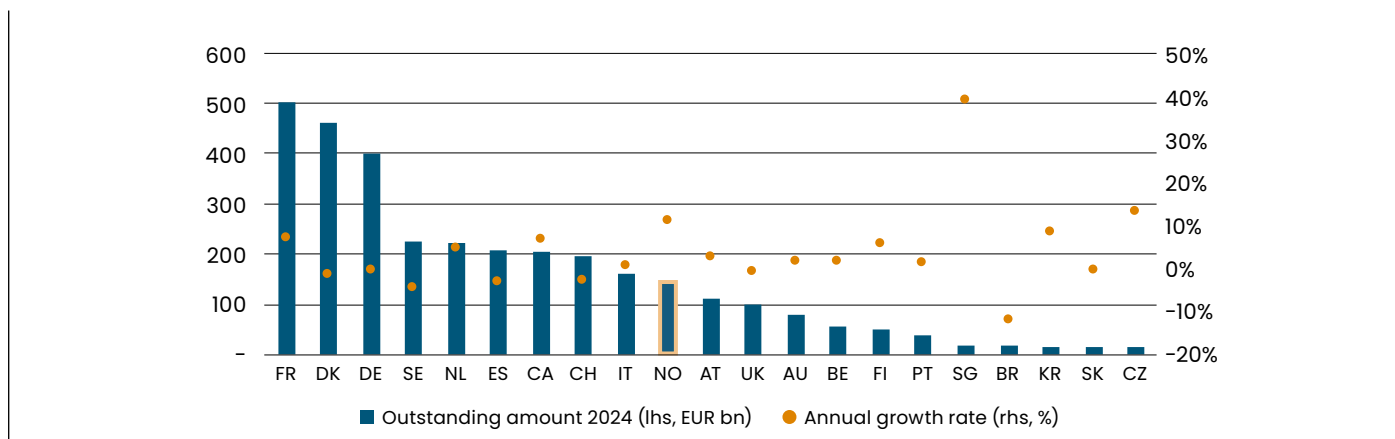
Overall, the development of the covered bonds market in Norway has been a success story since the launch of the market in 2007.

**Chart 7: Share of covered bond funding by currency**



Source: Finance Norway

**Chart 8: Norwegian covered bonds in a European context**



Source: ECBC - ABN AMRO



## MORTGAGE MARKETS

### Market Developments:

The mortgage market in the last quarter of 2025 showed a positive trend in new mortgage production, with the number of new mortgage loans increasing by around 3.8% and the corresponding loan amount increasing by around 16.4% compared to the last quarter of 2024. Excluding re-mortgaging transactions, the evolution of production was also positive, with a 3.7% increase in the number of contracts and a 16.5% increase in loan amount. However, the last quarter of 2025 saw a negative trend in credit demand, with a decrease of around 2.1% in the number of credit applications. The purposes of granted credits were mixed, with loans for construction purposes decreasing by 14.9%, loans for the purchase and renovation of houses increasing by 7.3%, loans for the purchase of houses increasing by 14.7%, loans for other immovable purposes decreasing by around 4.1%, loans for renovation purposes decreasing by 15.7%, and the number of refinancing loans going up by around 6% compared to the last quarter of the previous year.

When it comes to production without the refinancing operations, about 53,832 mortgage credit contracts were granted for a total amount of more than EUR 10.3 billion.

## HOUSING MARKETS

### Housing Supply:

The fiscal year 2025 was marked by a significant resurgence in the real estate market, as national transaction volumes rose by 14.2% year-over-year, effectively reversing the marginal 0.7% contraction observed in 2024. This growth was particularly pronounced during the first half of the year, with quarterly increases peaking at 16.7% in Q2, contrasting sharply with the 15.2% decline recorded between 2022 and 2023. While this upward trend was nationwide, Wallonia emerged as the primary growth driver with a 16.7% increase, followed by Flanders at 14.1% and Brussels at 7.1%. Analysts, including Notaire.be spokesperson Renaud Grégoire, attribute Wallonia's out-performance to fiscal reforms—specifically the introduction of a 3% registration duty for primary residences—which lowered barriers to entry for first-time buyers and younger demographics in urban centers. Furthermore, the heightened market activity suggests a strategic pivot toward real estate as a stable alternative to more volatile investment assets amidst ongoing economic uncertainty.

### Housing Demand:

In 2025, the Belgian residential real estate market experienced notable appreciation, with the national average house price rising by 5.8% to reach €348,800. This upward pressure on valuations was driven primarily by high demand for energy-efficient or recently constructed properties, while older residences faced a comparative slowdown due to stringent energy performance requirements and associated renovation costs. Regionally, Brussels maintained its position as the most expensive market with an average house price of €582,930, followed by Flanders at €380,655. Wallonia, however, recorded the most significant surge in average transaction values, rising 13.4% to €270,790. According to spokesperson Renaud Grégoire, this sharp increase in Wallonia—which peaked at 17.8% in the first quarter—was largely influenced by tax reductions that allowed buyers to acquire higher-quality, more expensive properties. Within the Walloon provinces, Walloon Brabant remained the costliest area at €455,569, while Hainaut recorded the most affordable average at €217,655, despite a 10.7% annual increase.

The apartment sector showed more moderate growth, with the national average price increasing by 2.4% to €277,927. While Brussels and Flanders saw steady gains of 2.8% and 2.3% respectively, Wallonia experienced a more robust 5.4% rise, bringing the average apartment price to €209,342. This shift is partly attributed to a demographic change in the Walloon market, where younger buyers are increasingly entering the apartment segment following the removal of registration duty barriers. On a provincial level, Namur led Wallonian apartment price growth with a 10.3% increase, while Hainaut remained the most accessible at €177,927. Furthermore, the market share of new-build apartments continued its multi-year decline, falling to 10.1% of total sales in 2025. Despite this reduced volume, the cost of new units continued to climb, reaching a national average of €355,865, with Flanders remaining the most expensive region for new developments at €378,807.

## MORTGAGE INTEREST RATES

For the last quarter of 2025, the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years was stable and reach about 86.1% of newly provided loans. The share taken up by new loans granted with an initial fixed rate for 1 year, amounted to only 2.2% of the loans provided. The number of credits with an initial period of variable interest rate ranging from 3 to 10 years represented about 11.7% of the newly granted loans.

Since 2015, the outstanding number of overdue contracts shows a positive evolution downwards and stabilisation in the past year. The ratio overdue contracts/total number of contracts remained at about 0.60%.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	315.229	317.145	319.117	321.408	323.996	327.349	330.951	333.853	337.486
Gross Residential Mortgage Lending (million EUR)	8.382	6.544	7.450	7.757	8.365	9.083	9.521	9.567	9.711
House Price Indices (2015 = 100)	181,0	177,0	177,0	183,0	171,0	197,0	186,0	191	n/a
Mortgage Interest Rates (% , weighted average)	3,60	3,23	3,15	3,09	2,89	2,88	3,08	3,22	3,33
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	5,66	5,23	5,24	4,92	4,61	4,38	4,19	4,10	4,18
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	5,02	4,70	4,53	4,31	4,00	3,86	3,88	3,78	3,72
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,91	3,40	3,23	3,30	3,08	2,99	3,06	3,19	3,17
Long-term initial fixed period rate, 10-year or more maturity (%)	3,60	3,23	3,15	3,09	2,89	2,88	3,08	3,22	3,33
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	0,3	0,4	0,66	1,14	1,35	2,01	2,04	1,87	2,23
Short-term fixed (1Y-5Y initial rate fixation)	0,5	0,6	0,51	0,60	0,60	0,72	1,38	2,12	3,59
Medium-Term fixed (5Y-10Y initial rate fixation)	1,9	2,9	3,20	3,42	3,37	2,99	3,84	5,44	8,08
Long-Term fixed (over 10Y initial rate fixation)	97,3	96,2	95,63	94,84	94,68	94,28	92,74	90,57	86,10

## MORTGAGE MARKETS

### Market developments:

In Q4 2025 gross residential lending amounts increased to EUR 2 154 mn, which is a 17.38% increase q-o-q and a major 47.64% increase y-o-y. This continues a trend from previous quarters fueled by the strong demand for housing and the relatively low mortgage interest rates. The share of refinanced loans remained largely unchanged compared to previous quarters (at ca. 22%).

Thus as at end of Q4 the total amount of outstanding mortgages stood at around EUR 18.3 bn. (a 30% increase y-o-y). After adopting the euro on January 1, 2026, Bulgaria's banking sector will gradually align with the monetary policy of the European Central Bank, which could make interest rates on bank loans more dependent on developments in the Eurozone. In this context, it is expected that interest rates will converge to interest rates in the Eurozone over time. Combined with ongoing inflationary pressures and wider geopolitical uncertainty, this could reduce housing affordability and lead to a moderation in mortgage demand, potentially slowing the growth of the mortgage loan market.

## HOUSING MARKETS

### Housing Supply:

In Q4 of 2025 housing starts have decreased slightly to 1,783 (1,797 in Q3 2025 and 1,539 in Q4 2024), however the number of housing completions increased significantly – 1,809 (1,392 in Q3 2025 and 1,537 in Q4 2024), indicating an year-end push in the last quarter before the change of the national currency to euro.

The number of issued housing construction permits has also increased to 2,425 (2,292 in Q3 2025 and 1,915 in Q4 2024), pointing to continued strong development activity.

The main factors contributing to this increase is the robust demand for new dwellings on the Bulgarian housing market, as well as the overall favourable mortgage market conditions throughout 2025.

### House Prices:

House prices on national level have remained essentially unchanged compared to Q3 2025, with an annual growth of 12.72% compared to Q4 2024. While the overall growth corresponds to the overall trend of increasing house prices over the past decade, the 1% change q-o-q may signal a peak of housing prices.

## MORTGAGE INTEREST RATES

In Q4 2025 floating rate BGN denominated mortgage loans was the absolutely dominant type of mortgage product in Bulgaria. Interest rates on new business remain stable compared to the previous quarter and are near their all-time low.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	11.263	11.808	12.495	13.212	14.100	14.834	16.045	17.157	18.303
Gross Residential Mortgage Lending (million EUR)	1.174	1.177	1.371	1.381	1.459	1.377	1.754	1.835	2.154
House Price Indices (2015 = 100)	192,8	206,4	213,5	221,9	228,0	237,6	246,7	256,01	257,71
Mortgage Interest Rates (% , weighted average) BGN	2,58	2,57	2,52	2,53	2,5	2,47	2,43	2,47	n/a
Mortgage Interest Rates (% , weighted average) EUR	2,87	3,06	3,02	3,09	2,8	2,89	2,85	2,55	2,47
<b>MORTGAGE INTEREST RATES (EUR MORTGAGES)</b>									
Variable rate and initial fixed period rate up to 1 year (%)	2,86	3,05	3,02	3,06	2,78	2,89	2,85	2,54	2,47
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,46	3,25	n/a	3,71	3,87	2,87	3,56	2,94	3,03
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,56	n/a	n/a	4,07	n/a	n/a	n/a	n/a	3,03
Long-term initial fixed period rate, 10-year or more maturity (%)	4,07	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,24

## MORTGAGE MARKETS

### Market developments:

The mortgage market appears to have stabilized over the past few quarters, at around EUR 8.7-8.6 bn, following a long-term trend of deleveraging after the 2013 crisis in Cyprus, which led to a decline of around 30% in outstanding mortgages since 2015. New housing volumes have been increasing over the past few quarters, but have been mostly offset by higher repayments as a result of the higher interest rate environment. The combination of lower policy rates as well as increased loan demand suggests that the market is likely to increase in the near future. This is in line with both the end of the deleveraging phase of the Cyprus economy as well as the increase in loan demand. Loan refinancing has remained higher than its long-term average, as a result of the higher prevailing interest rates, with the impact expected to fade out in the coming quarters.

## HOUSING MARKETS

### Housing Supply:

The number of building permits for dwellings, which proxies expected housing starts, has increased by 13% in January-November 2025, compared with the same period in the previous year. Given that a delay exists between the permit issuance and the building phase, the data suggest that there is still a significant pipeline of housing projects which are expected to materialize over the coming 1-2 years. At the same time, a new government scheme has been announced, which is expected to add approximately 500 housing units in the coming few years. The major factor affecting housing supply is the increase in population, especially due to net migration, making the need for additional housing more prevalent.

### House Prices:

House prices continued to increase over the past year and quarter, reflecting the significant GDP growth rates in Cyprus, one of the highest in Europe in 2024 and 2025, as well as the previously-mentioned population increase mostly due to net migration. At the same time, this also reflects the continuous inflow of foreign funds in the economy, and in particular

for real estate developments, even though to a smaller extent than in the previous years, as housing yields have declined.

## MORTGAGE INTEREST RATES

Data suggest that over the high interest rate period of 2022-2023 many borrowers sought to replace their variable interest rate loans with fixed rate interest rate loans. This trend has eased as interest rates have declined, with Euribor-based and bank base rate-based loans remaining high in popularity.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	8.724	8.652	8.669	8.672	8.795	8.674	8.774	8.813	8.693
Gross Residential Mortgage Lending (million EUR)	588	386	373	352	366	473	554	495	471
House Price Indices (2015 = 100)	93,5	95,0	96,6	97,4	97,8	99,6	101,1	102,3	104,7
Mortgage Interest Rates (% , weighted average)	4,93	5,02	4,58	4,59	4,62	4,38	3,85	3,8	3,79
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	3,19	3,20	3,44	3,37	3,14	3,12	3,42	3,32	3,13
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,99	3,95	4,02	4,07	4,08	4,20	4,07	3,76	3,56
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,34	4,53	4,64	4,65	4,46	4,16	3,83	3,64	3,53

## MORTGAGE MARKETS

### Market developments:

Czech mortgage market growth in 2025 peaked in the fourth quarter. Last quarter sales grew by 50% y-o-y when remortgaging even doubled. Share of remortgaging on total sales was 17%. In total, mortgage loan sales for the entire year 2025 grew by 53%, remortgaging increased by 67%.

Drivers behind this development remained stable throughout the year – strong consumer confidence thanks to stronger performance of the economy, supported by stronger real wage growth and ongoing gradual modest decline in mortgage interest rates and expectation of further increase in real estate prices due to still strong demand amid limited improvement on supply side. The larger share of remortgaging reflects both the expiry of longer fixation periods from a low interest rate environment and currently rising volumes of expiring shorter fixation periods from a higher interest rate environment.

Mortgage production continued to perform strongly in January and February 2026, which—beyond the factors mentioned above—likely partly reflects the frontloading of so-called investment mortgages ahead of tighter macroprudential measures.

Further increases in oil and energy prices, accompanied by potential supply chain disruptions in the aftermath of the war in the Middle East, could lead to higher consumer price growth, as observed following the Russian invasion of Ukraine, although likely to a lesser extent due to structural changes and tighter monetary and fiscal policy.

If elevated energy prices persist and begin to pass through into core CPI, a policy rate hike by the Czech National Bank (CNB) becomes more likely. This would likely keep market rates elevated beyond their recent volatility, potentially leading to renewed increases in interest rates and affecting near-term developments in the mortgage market.

## REGULATION & GOVERNMENT INTERVENTION

In the 1<sup>st</sup> quarter 2026 banks started preparing for change of the conditions in provisioning housing loans in relation to the last Czech National Bank Recommendation for managing risks associated with the provision of housing loans which focused specifically on purchase of investment residential property. It is broadly defined as the acquisition of a third or subsequent property. The LTV indicator for this purpose may not exceed 70% and the income indicator DTI (Debt-to-Income) value of 7. This change will be effective from April 1<sup>st</sup>, 2026.

Except the above described change, the central bank kept the LTV ratio at 80% (90% for borrowers under 36 years) and deactivated the DTI and DSTI ratios at its November financial stability meeting. The CNB announced in March that a 25bp hike in the CCyB rate to 1.50% is more likely in future, though the impact on the mortgage market would be milder due to lower RWA density.

## HOUSING MARKETS

### Housing Supply:

Real estate transactions increased by 11%, with 6.5 thousand more apartments and family houses sold than in the previous year. This continued the trend that has been going on since the beginning of 2023, only at a slower pace. Sales of older housing developments increased by 12%. At the end of last year, developers had almost 17.5 thousand new apartments available, and in all regions except Prague, the supply of new apartments increased compared to 2024. Activity in the family house market increased by 4%, most strongly in regions near the capital city.

Around 23,000 dwellings were permitted in 2025, 5% lower than in 2024 and more than a fifth below the five-year average. The number of housing starts reached 35.5 thousand, down 2.9% y-o-y, which may indicate continued investor caution or limits on the supply side as well. On the other hand, completed apartments showed solid numbers last year with a similar increase of 11.5% y-o-y to 33,700, driven mainly by completed projects from previous years, but even so, this is almost 5% below the previous five-year average.

### House Prices:

The real estate market in the Czech Republic maintained a growth pace last year, with sales increasing by 11% y-o-y according to the Flat Zone data. It continues to strengthen activity, although not at the same pace as in 2023-2024. Real estate prices rose by 12% on average nationwide according to the transaction statistics, not far from the 10.4% envisaged by the House Price Index published by the statistical office.

The transaction statistics showed prices of older housing construction rose the most, by 18% on a nationwide average. The same pace was also in the capital, in the regions it was one percentage point lower. Prices of new buildings increased by 9% for first-time sales, and by 13% for resale of new buildings on a national average, the same as in Prague. Family house prices rose by 14% on average.

## MORTGAGE INTEREST RATES

The Czech central bank has kept its policy rate at 3.5% since May (and it remained unchanged until March 2026). This policy helped to stabilize mortgage interest rates too and generally all mortgage loans market.

Average mortgage interest rate declined by 5 bps. from 4.59% to 4.54%. The lower interest rates were provided in fixation range from 1 up to 3 years, which represents even more than 70% of all mortgage loans production.

The share of short-term fixations (up to 1 year) decreased under 8% and longer-term fixations (above 5 years) became negligible. More than 92% of all loans provided in Q4 were loans with fixation period above 1 year and up to 5 years.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	66.410	65.322	66.807	67.218	68.359	69.855	71.736	74.558	76.377
Gross Residential Mortgage Lending (million EUR)	1.643	1.605	2.494	5.722	5.180	5.599	7.161	7.487	7.926
House Price Indices (2015 = 100)	212,2	214,2	219,9	224,1	230,2	235,6	242,9	248,9	254,0
Mortgage Interest Rates (% , weighted average)	5,75	5,51	5,19	5,12	4,96	4,81	4,68	4,59	4,54
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	6,76	5,94	5,45	5,39	5,20	4,95	4,86	4,80	4,74
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	5,76	5,44	5,13	5,07	4,91	4,78	4,65	4,57	4,52
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	5,72	5,56	5,39	5,23	5,04	4,86	4,76	N/A	N/A
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	4,1	9,0	12,4	11,1	11,9	13,4	11,4	8,17	7,52
Short-term fixed (1Y-5Y initial rate fixation)	79,1	77,3	79,0	82,0	79,0	79,3	83,4	91,8	92,48
Medium-Term fixed (5Y-10Y initial rate fixation)	16,8	13,7	8,6	6,9	9,1	7,4	5,2	n/a*	n/a*

\*As the share of mortgage loans with an interest rate fixation period exceeding five years has declined to a negligible level, the CNB has ceased to differentiate within this category between new loans, refinancing, and other purposes, including internal remortgaging. For this reasons, we decided to exclude loans with an interest rate fixation period longer than five years from reporting altogether, thereby ensuring that the data more accurately reflect current market conditions for new and refinanced mortgages. While this decision slightly compromises the continuity of the time series, it preserves the analytical relevance and interpretability of the reported figures.

## MORTGAGE MARKETS

### Market developments:

The total outstanding residential loans is DKK 2.03 bn (EUR 272mn) in the fourth quarter of 2025. This is an increase of 0.82% compared to the third quarter of 2025. The total outstanding residential loans has increased by 4.01% since the fourth quarter of 2024.

## HOUSING MARKETS

### Housing Supply:

The housing market activity increased throughout the fourth quarter of 2025 with a total of 11,033 houses being sold. That is 3.6% more transactions than in the fourth quarter of 2024. In the same period 3,804 owner-occupied apartments were sold, an increase of 1.1% compared to the same quarter in 2024. A total of 27,409 and 4,565 houses and owner-occupied apartments, respectively, were on the market at the end of the fourth quarter. The supply of houses has decreased by 12.3% compared to the same quarter in 2024. The supply of owner-occupied apartments has decreased by 25.4%.

### House Prices:

House prices has increased by 7% over the past year, while owner-occupied apartment prices rose by 16%. Compared to the previous quarter, house prices increased by 2.3% and apartment prices by 3.8%.

Prices have grown significantly faster in the capital region than in the rest of the country, with house prices up 10.6% and owner-occupied apartment prices up 20.8% over the past year. The most notable development is in Copenhagen city, where owner occupied apartment prices rose 24.6% year-on-year which is the highest increase of any area in the country.

## MORTGAGE INTEREST RATES

The average interest rate on loans with fixation period up to one year decreased by 3 basis points in the fourth quarter of 2025. For the loans with one to five years of interest rate fixation the average interest rate increased by 0,1 basis points.

The loans with between five and ten years of interest rate fixation, the average interest rate decreased by 23 basis points. The average interest rate on loans with more than ten years of fixation decreased by 25 basis point in the fourth quarter of 2025.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	253.936	252.911	254.073	260.036	262.046	262.900	264.786	266.179	272.175
Gross Residential Mortgage Lending (million EUR)	10.278	7.214	7.400	8.377	11.411	11.030	10.865	11.447	14.206
House Price Indices (2015 = 100)	134,0	135,5	140,4	141,1	143,4	145,1	149,0	149,7	153
Mortgage Interest Rates (% , weighted average)	4,98	4,88	4,81	4,69	4,53	3,53	3,45	3,02	3,14
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	4,98	4,88	4,81	4,69	4,53	3,53	3,45	3,02	2,99
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,47	3,98	4,12	3,70	3,32	3,41	3,28	3,28	3,28
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,48	3,99	4,08	3,97	3,47	3,57	3,65	3,69	3,46
Long-term initial fixed period rate, 10-year or more maturity (%)	5,86	5,12	5,01	5,04	4,76	4,74	4,78	4,79	4,54
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	24,3	29,2	27,6	20,4	14,0	30,1	39,0	35,6	33,7
Short-term fixed (1Y-5Y initial rate fixation)	23,1	26,8	29,6	29,0	45,4	34,6	28,7	35,6	35,4
Medium-Term fixed (5Y-10Y initial rate fixation)	0,4	0,6	0,6	0,3	0,1	0,9	0,1	0,1	0,1
Long-Term fixed (over 10Y initial rate fixation)	52,2	43,4	42,3	50,4	40,5	34,4	32,2	28,7	30,7

## MORTGAGE MARKETS

### Market developments:

Household and investor demand for new mortgages was roughly at the same level than a year before. Demand is still lower than historical average. Drawdowns of new housing loans by Finnish households in October-December 2025 amounted to EUR 3.8 billion, which was EUR 50 million less than in the same period a year earlier. The total amount of investor loans was at the same level than a year before (2025: EUR 9 billion, 2024: EUR 9 billion).

To boost demand for housing loans the government has set / is going to set new rules (implementation day late spring / still unknown)

- Increase the maximum duration of housing loans from 30 years to 40 years to support saving and investments.
- Implement measures to support housing sales and construction during economic downturns.
- The binding maximum loan-to-value (LTV) ratio for housing loans. The Financial Supervisory Authority can set the housing loan ceiling at a maximum of 95 percent for all home buyers, instead of the current 90 percent.

## HOUSING MARKETS

### Housing Supply:

Last year's (2025) housing starts fell below 17,000 units, which is the lowest figure in the statistical history, reaching back to the late 1960s. New housing starts are expected to start grow this year, estimated amount is 20,000 units. The recovery in new housing construction is slow, as the recovery is being held back by an oversupply of housing in the market and weak consumer confidence. Last year, housing construction consisted mainly of subsidized construction, which is starting to decline. Population growth and migration are increasing the demand for housing, and construction is set to fall significantly below long-term construction needs in the coming years.

### House Prices:

Housing sales is predicted to grow in 2026, but the forecast suggests that price increases will be delayed. Expectations for housing price development are modest due to the forecasted weak economic growth.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	107 490	106 651	106 520	106 327	106 234	105 544	105 689	105 720	105 788
Gross Residential Mortgage Lending (million EUR)	6 351	5 091	5 336	5 231	6 249	5 597	5.933	5.175	5.266
House Price Indices (2015 = 100)	101,2	99,0	100,1	99,6	99,0	97,7	98,4	98,4	95,2
Mortgage Interest Rates (% , weighted average)	4,42	4,38	4,31	3,71	3,17	3,06	2,73	2,82	2,83

## MORTGAGE MARKETS

### Market developments:

At the end of Decembre 2025, the total outstanding amount of home loans increased over a year (by 0.1%), standing at EUR1,285 bn. However, its amount was slightly lower compared to the previous quarter (-0.1%).

Despite the recovery of new home loans since Q3-2024, the growth in the amount of home loan stock is limited by the volume of reimbursements. New housing loans (excluding negotiations and loan transfers) amounted to EUR38.8 bn in Q4-2025, growing by 6% over a year and by 3% over a quarter. According to Banque de France, the demand from first-time buyers remained important during the quarter (55% of new loans for a main residence) and the global amount of new home loans dedicated for the purchase of a main residence constituted 82% of the total new home loans.

The average initial maturity for new home loans was stable over a quarter at 22.6 years in Q4-2025 (vs. 22.4 years in Q4-2024). Concerning specifically the purchase of a main residence, the average maturity at origination was also stable compared to Q3-2025 (23.8 years for first-time buyers and 22.5 years for repeat homebuyers). Moreover, new home loans with an initial maturity of more than 20 years accounted, as in the previous quarter, for 80% of the total quarterly production.

Volumes of renegotiated loans remained modest against a backdrop of falling interest rates recorded since the beginning of 2024. Renegotiated loans increased to EUR6.2 bn in Q4-2025 (+9% q-o-q and +5% y-o-y) and the largest part was linked to the change in the borrower insurance attached to the home loan.

## REGULATION & GOVERNMENT INTERVENTION

The failure to vote on the 2026 budget before the 31<sup>th</sup> Decembre delayed until Q1-2026 a number of measures with a significant impact on housing (in particular the updating of personal housing aid, the budget for energy renovation aid “MaPrimRénov” and the tax status in favour of private landlords for unfurnished rental as a main residence).

## HOUSING MARKETS

### Housing Supply:

The construction sector showed some improvements this quarter regarding seasonally adjusted data. Housing starts grew 14% q-o-q to 77,200 units, but remaining low. While housing permits declined by 3% q-o-q to 98,500 units, representing the highest Q4 figure since 2021. However, with municipal elections in March 2026, the context is not favourable for a real recovery in the construction sector. Furthermore, the war in the Middle East could impose additional limitations on this recovery.

Specifically, new single-family detached homes saw a third consecutive quarterly rebound (with SA data): permits increased by 4% q-o-q to 23,200 units and starts grew by 14% q-o-q to 19,300 units. Despite support from the “PTZ” loan

program since April 2025, volumes remain critically low, at levels unseen in seventy years.

Quarterly sales of new developer-built homes fell by 6% q-o-q to 15,536 units in Q4-2025 (SA data) and with a 12% annual decrease. Since the Pinel Scheme ended in late 2024, 80% of new home sales to households are for primary residences, insufficient to offset the sharp decline in rental investment sales.

Existing dwelling transactions totalled an estimated 251,300 units in Q4-2025 (raw data), surging by 22% q-o-q and by 11% annually. They comprised 86% of total quarterly sales in France: Provincial regions saw strong growth (+29% q-o-q, 226,900 units), in contrast to Île-de-France (including Paris), which declined by 14% over a quarter (30,200 transactions).

### House Prices:

In Q4-2025, prices for existing homes in France saw a quarterly increase of 0.5%, following declines of 0.1% in Q3-2025 and 0.4% in Q2-2025 (SA data). This quarterly rise was driven by a 0.5% increase for single-family houses and a 0.4% increase for flats. Over a year, the growth rate of housing prices in France strengthened slightly to 1.1%, with flats experiencing a 1.5% annual rise and single-family houses a 0.8% annual rise. The upward movement in housing prices throughout 2025, a positive development not seen since 2023, underscores the gradual recovery observed in housing transactions since the end of the previous year.

In Q4-2025, new flats in France saw their average price per square meter rise to EUR 4,947 (SA-WDA data), an increase of 1% over the quarter and 4.1% year-on-year. In contrast, the average price of a house built by real estate developers (representing 5% of their total sales) experienced a quarterly dip of 2.1%, settling at EUR348,520. However, this segment still recorded annual growth, with prices up by 2.5% compared to Q4-2024.

Existing home prices in provincial regions experienced a rebound of 0.6% in Q4-2025, marking an increase after two prior quarters of slight declines. This recovery was consistent for both flats and single-family detached houses. Furthermore, for the first time in four years, the price momentum for flats in Q4-2025 was more robust in transactions occurring within city centres compared to those in suburbs, in very small cities/ in rural areas.

Quarterly price movements in the Île-de-France region were largely stable in Q4-2025: flats (excluding Paris city) saw a 0.2% increase, while regional single-family detached houses and flats within Paris city experienced a 0.2% decrease. In contrast, the quarterly evolution of housing prices in major provincial cities was more heterogeneous compared to the previous quarter: flats in Marseille observed a 1.3% q-o-q price hike in Q4-2025 (versus +2.2% in Q3-2025), Lyon's flats saw a 0.3% increase (vs +1%) and houses in the Lille metropolitan area recorded a 0.8% fall (vs +1.4%).

## MORTGAGE INTEREST RATES

*France is attached to its traditional origination model of new home loans with fixed rate, representing around 99% of the production. The attraction for floating-rate loans is*

# Country fact Sheet

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# FRANCE

also reduced by the current environment of potential higher interest rates for the coming quarters.

The downward trend in interest rates for new home loans (excluding renegotiations and loan transfers), which started after peaking at 4.17% in January 2024, halted in Q3-2025. In Q4-2025, the Narrowly Defined Effective Rate (representing the interest component of the Annual Percentage Rate of Charge) remained stable at 3.10%. While the 100 basis points fall in the average interest rate over the preceding period helped boost new home loan production in Q4-2025, the stabilization of interest rates in the second semester of 2025 explained the slowdown in the pace of recovery for new home loans.

Despite the persistence of pressures on the level of OAT-10 years in Q4-2025, the interest rates of new home have not increased. One explanation is partially related to the structure of the production, which remains significantly influenced by the substantial proportion of loans for first-time buyers purchasing a main residence (accounting for nearly 50% of all new home loans in Q4-2025, like in Q3-2025) amidst a backdrop of traditional intense competition among lenders in France.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.292.144	1.286.634	1.283.558	1.282.756	1.283.174	1.281.645	1.283.486	1.286.576	1.284.701
Gross Residential Mortgage Lending (million EUR)	32.200	28.300	30.700	35.300	38.100	39.100	43.000	43.700	45.500
House Price Indices (2015 = 100)	128,8	126,8	126,1	127,5	126,0	126,3	125,8	128,4	127,4
Mortgage Interest Rates (% , weighted average)	3,97	4,07	3,81	3,60	3,40	3,26	3,11	3,1	3,09
<b>MORTGAGE INTEREST RATES</b>									
Variable rate (up to 1Y initial rate fixation)	3,70	3,99	3,97	3,98	3,91	3,83	3,74	3,70	3,62
Short-term fixed (1Y-5Y initial rate fixation)	3,69	3,75	3,71	3,60	3,44	3,36	3,28	3,27	3,24
Medium-Term fixed (5Y-10Y initial rate fixation)	2,85	2,88	3,03	2,91	2,73	2,64	2,54	2,29	2,29
Long-Term fixed (over 10Y initial rate fixation)	3,54	3,54	3,46	3,35	3,18	3,03	3,00	3,00	3,00
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	2,82	3,64	4,17	4,42	3,71	3,44	3,50	3,20	3,0
Short-term fixed (1Y-5Y initial rate fixation)	4,18	3,83	3,81	3,58	3,22	3,59	3,60	3,48	3,2
Medium-Term fixed (5Y-10Y initial rate fixation)	4,55	4,89	4,76	4,07	4,21	4,15	4,80	4,26	4,6
Long-Term fixed (over 10Y initial rate fixation)	88,46	87,65	87,26	87,93	88,86	88,81	88,10	89,06	89,2

## MORTGAGE MARKETS

### Market developments:

The total outstanding residential loans and gross residential lending have increased compared to the same quarter of the previous year.

## HOUSING MARKETS

### Housing Supply:

The cumulated number of building permits for residential buildings rose significantly by Q4 25 with 10,2%, indicating a stronger upturn in potential construction activity, however from a low level.

### House Prices:

Prices for owner-occupied property rose by 3.0% y-o-y in Q4 2025, supported by a 0.80% increase compared with the Q3 2025. This marks the seventh consecutive increase and reflects a continuing upward trend.

## MORTGAGE INTEREST RATES

The weighted average interest rate on new residential mortgage loans remained 3.71% in Q4 2025 like the previous quarter.

The product market shares remained largely unchanged, except a stronger decrease of long-term fixed periods dropping from a share of 44.83% to 43.45%.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.871.300	1.872.400	1.877.900	1.885.800	1.892.300	1.898.100	1.908.700	1.920.600	1.930.600
Gross Residential Mortgage Lending (million EUR)	50.500	46.700	51.700	54.300	53.200	56.200	59.600	62.300	61.000
House Price Indices (2015 = 100)	157,8	157,2	157,9	159,2	159,7	160,8	162,1	163,1	164,4
Mortgage Interest Rates (% , weighted average)	4,15	3,85	3,90	3,84	3,60	3,57	3,67	3,71	3,71
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	5,57	5,38	5,47	5,35	4,93	4,52	4,34	4,15	4,15
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,53	4,07	4,12	4,02	3,73	3,57	3,54	3,54	3,59
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,86	3,57	3,61	3,58	3,37	3,35	3,50	3,57	3,57
Long-term initial fixed period rate, 10-year or more maturity (%)	3,83	3,59	3,67	3,61	3,39	3,48	3,65	3,73	3,76
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	13,40	12,14	11,82	11,44	11,53	11,54	12,12	11,55	12,01
Short-term fixed (1Y-5Y initial rate fixation)	11,52	11,16	9,95	9,59	10,26	9,67	10,65	11,00	10,92
Medium-Term fixed (5Y-10Y initial rate fixation)	36,98	36,00	38,05	37,13	30,91	30,01	31,94	32,62	33,62
Long-Term fixed (over 10Y initial rate fixation)	38,10	40,70	40,18	41,84	47,30	48,78	45,29	44,83	43,45

## MORTGAGE MARKETS

### Market Developments:

In Q4 2025, actual disbursements in mortgage loans increased by 22.6% compared to Q3 2025. In FY 2025, the increase amounted to 46.3% y-o-y. Spiti Mou (MyHome) II Program was a great boost since April 2025 (31% of the total 2025 actual disbursements). Spiti Mou (MyHome) II Program effect will continue until Q3 2026.

## HOUSING MARKETS

### Housing Supply:

In the course of 2025, the Greek real estate market continued to attract investment interest, both domestic and foreign, particularly in the residential, hospitality and prime office with bioclimatic features sectors. House prices rose further, but the supply of new housing remained constrained, as the start of new construction projects was affected by regulatory backlogs and elevated construction costs.

### Housing Prices:

Upward trends in real estate prices are expected to continue in the near term, albeit at a more moderate pace, as long as demand is not affected by global macroeconomic and geopolitical developments.

The issue of housing affordability remains highly relevant due to increases not only in the market values of residential properties, but also in rents, especially in major urban centres. Government measures so far (e.g. “MyHome II” programme, rent subsidies), as well as the recent measures announced towards the end of the 2025 and expected to be specified in 2026 (e.g. tax incentives for renovating residential properties for long-term lease (“Renovate and Rent”), a new framework for repurposing vacant properties into residential units), are steps in the right direction, but additional measures are needed to boost the supply of residential real estate.

## MORTGAGE INTEREST RATES

For new loans the balance has changed in Q4 2025 compared to Q4 2024 mainly to variable rate (up to 1Y initial rate fixation) and short-term fixed (1Y-5Y initial rate fixation). Rates in each type of product generally falling or remain stable (for Long-Term fixed over 10Y initial rate fixation) compared to Q3 2025.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	28.623	28.456	27.597	27.429	27.060	26.495	26.307	25.425	25.475
Mortgage Interest Rates (% , weighted average)	4,24	4,43	4,45	4,20	3,86	3,71	3,69	3,63	3,55
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	4,21	5,09	5,32	4,92	4,39	3,82	3,70	3,58	3,48
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,42	4,43	4,20	4,12	3,97	3,95	4,15	4,36	4,18

## MORTGAGE MARKETS

### Market developments:

Q4 in 2025 brought a significant change to the mortgage market. With the Home Start Program – that was officially launched in September – mortgage lending activity has more than doubled in Q4 compared to the previous quarter. With a volume of HUF 844 bn in Q4 the growth was 113% compared to the previous quarter and 120% on y-o-y basis. The quarterly amount of HUF 844 bn in Q4 of 2025 was also a record amount in the past 20 years of Hungarian mortgage lending. The total outstanding residential loan portfolio stood at 7,434,063 bn HUF at the end of 2025. This outstanding volume represents a 7,6% growth on q-o-q basis and a growth of 17% compared to the previous year end figure.

The Home Start program- launched in Q4 – had a very significant effect on the mortgage market. On the short term it has significantly improved the affordability for eligible buyers since the interest rate was capped at 3% versus market rates of 6,5 – 7%. However it has also impacted the house price growth – especially in big cities – due to increasing demand. The overwhelming part (appr. 90%) of the Home Start loans was used for the acquisition of second-hand dwellings.

## REGULATION & GOVERNMENT INTERVENTION

The vast majority of loans based on „Home Start program” were used for second hand dwellings, because new dwellings are eligible on the market only in limited volume. A new regulation introduced in March 2026 makes it possible to buy a new dwelling with the Home Start Loan even at a very advanced stage, when the property legally is not existing yet. This is made possible by the registering in the mortgage book of the so called „right to build” for the would be owner of the dwelling.

## HOUSING MARKETS

### Housing Supply:

Housing supply was at historic low in 2025. Only 12,062 new dwellings were built in 2025, this volume was only 90% of the output in the Housing supply was at historic low in 2025. Only 12,062 new dwellings were built in 2025, this volume was only 90% of the output in the previous year. Building permits at the same time increased by 37% compared to the previous year.

In Budapest housing completions showed similar trends to the country average. Only 3,949 new dwellings were put on the market compared to 4,607 completions in 2024.

Building permits issued in 2025 increased in Budapest even more. 10,959 new permits were issued, this volume represents a 56% growth y-o-y basis.

The difference between the trends for completions and building permits suggests that a turnaround is already underway on the market of new dwellings. and developers are more optimistic as for future market trends. The regulatory changes helping the sale of dwellings under construction may also positively influence the new dwellings'

market. previous year. Building permits at the same time increased by 37% compared to the previous year.

In Budapest housing completions showed similar trends to the country average. Only 3949 new dwellings were put on the market compared to 4607 completions in 2024. Building permits issued in 2025 increased in Budapest even more. 10,959 new permits were issued; this volume represents a 56% growth y-o-y basis.

### House Prices:

The new Home Start mortgage program, that started in September, had a strong impact on the housing market, especially in bigger cities and in the capital. The rising demand with the help of subsidized mortgage loans helped the affordability on the short run but at the same time also supported the acceleration of house prices. House prices in Q3 have grown by 18% y-o-y on the country level for used and new dwellings. according to MBH House Price Index. According the National Bank forecast the y-o-y housing price growth in Q4 2025 may exceed 27% in Budapest. In order to prevent the drastic increase of prices of new dwellings, the sm price of new dwellings available with the Home Start loan was limited to 1,5mn HUF/sm. As a result of this regulation the prices of new dwellings in rural areas and in the suburb of Budapest remained within the limit, at the same time in downtown Budapest new dwellings in most of the new projects were not available with the „Home Start” program as their sm price was above 1,5mn HUF.

## MORTGAGE INTEREST RATES

Medium and long term fixed market oriented mortgage rates have slightly decreased.in Q4. In this segment the most popular rates – like in the previous quarter – were medium term fixed rate mortgages, that accounted for 43% of the total market. The proportion of fixed and floating rate products has not changed significantly, fixed rates are still dominating the market.

The proportion of subsidized mortgages has at the same significantly increased in this period, by Home Start mortgage product domination in new lending. From the total issued new mortgage portfolio from October 2025 appr. 72% were Home Start mortgages and about 9% other subsidized mortgages (e.g. CSOK +). Only about 19% the total disbursed volume were market priced mortgages.

# Country fact Sheet

by: Gyula Nagy László, MBH Mortgage bank

# HUNGARY



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	14.993	14.707	15.224	15.599	15.450	16.183	16.838	17.653	19.289
Gross Residential Mortgage Lending (million EUR)	517	683	1.021	973	908	1.007	1.091	985	2.134
House Price Indices (2015 = 100)	301,98	323,77	332,43	331,33	342,37	371,69	368,46	390,34	
Mortgage Interest Rates (% , weighted average)	7,50	6,54	6,47	6,60	6,56	6,61	6,69	6,64	6,46
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	8,25	8,64	8,21	8,73	7,95	8,30	8,56	8,48	8,54
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	13,87	13,17	9,42	7,40	7,29	6,93	6,67	6,73	8,27
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	7,50	6,54	6,47	6,60	6,56	6,61	6,69	6,64	6,46
Long-term initial fixed period rate, 10-year or more maturity (%)	7,65	6,90	6,90	7,02	6,86	7,01	7,07	7,08	7,01
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	0,7	15,2	27,3	25,3	23,6	20,3	24,8	24,1	23,82
Short-term fixed (1Y-5Y initial rate fixation)	24,1	13,4	2,5	2,1	2,2	2,1	3,0	3,1	3,34
Medium-Term fixed (5Y-10Y initial rate fixation)	42,7	40,1	41,3	44,4	44,4	4,4	43,2	43,6	43,42
Long-Term fixed (over 10Y initial rate fixation)	32,5	31,3	28,9	28,1	29,9	33,8	29,1	29,2	29,42

## MORTGAGE MARKETS

### Market Developments:

The mortgage market remained strong. Overall in 2025 13,593 new mortgages for a value of EUR 4.324bn were advanced (an increase of 9.5% and 4.5% respectively on 2024). In the final quarter the q-o-q increases were 8.8% by value and 8.1% by volume (not seasonally adjusted). First-time buyers remained the largest segment, accounting for 61.6% of drawdown volume.

Re-mortgaging and switching continued to expand rapidly, up 33.9% year-on-year by volume and 52.1% by value. Mortgages on new properties (including self-builds) also continued to gain share: in Q4 they accounted for 40.6% of home purchase/build drawdowns, up from 35.8% in Q3 and 36.8% in Q4 2024. At 4,390 loans worth €1.519bn, this was the highest Q4 level since 2007.

[BPF1 Mortgage Drawdowns Report – Q4 2025](#)

### Regulation and Government Intervention:

In the 2026 Budget in October, the government announced a further €80m of funding to the First Home Scheme, (sufficient for an estimated 2,000 homes), and €55m to the Croí Cónaithe (Cities) Scheme which supports provides grants to refurbish vacant properties and subsidizes the sale of building land by local authorities. The same budget package also announced a new Derelict Property Tax and additional planning-system funding.

[Budget 2026 housing package](#)

Further chapters of the Planning and Development Act 2024 came into force requiring Regional Assemblies to begin reviewing their regional strategies. The stated objective is better alignment between planning, infrastructure and housing delivery.

[Planning reform commencement – October 2025](#)

In November, the Department of housing announced new rental rules which will apply from March 2026. These include nationwide rent control linked to CPI, with a 2% cap during periods of high inflation, and stronger tenant-security rules based on rolling six-year tenancies of minimum duration. Newly built apartments and student-specific accommodation commenced from 10 June 2025 are to follow CPI-only rent increases rather than the 2% cap.

[Changes to rent increase rules](#) | [New rules to protect tenants](#)

## HOUSING MARKET

### Housing Supply:

Housing supply again increased significantly. New dwelling completions rose to 11,994, an increase of 38.5% y-o-y and 29.9% q-o-q. Apartment completions were the main driver of this, rising 60.7% y-o-y to 4,094, while scheme dwellings increased by 30.3% and single dwellings by 25.8%. Dublin remained dominant in these numbers with 4,664 completions in the quarter, but the fastest regional growth was in the Mid-East (the counties surrounding Dublin), where completions increased by 58.1% year-on-year.

[CSO New Dwelling Completions Q4 2025](#)

Looking forward, planning permissions continued to grow but at a slower rate. The total new permissions in the quarter were 8,208, an increase of 19.1% y-o-y but a fall of 4% over Q3, which may be an anomalous quarter, the CSO explicitly cautions that single-quarter planning figures can be volatile when large developments are approved in one period.

[CSO Planning Permissions Q4 2025](#)

### Housing Prices:

Unsurprisingly, prices continued to rise at a rate well above general inflation although the rate of increase slowed slightly. The national Residential Property Price Index increased by 7.0% in the year, compared with 7.6% in the year to September. The median price of a dwelling purchased in 2025 was €387,000. As in Q3, price growth outside Dublin remained stronger than in the capital, at 8.1% and 5.6% respectively.

[CSO Residential Property Price Index December 2025](#)

## MORTGAGE INTEREST RATES

Mortgage rates were slightly lower over the quarter. The weighted average on all new mortgages was 3.50% by December, 9 basis points lower on the quarter. The spread over the euro-area average narrowed materially, from 25 basis points in September to 11 basis points by December. Fixed-rate lending remained cheaper than variable: the average fixed rate was 3.44% in December (3.51% in September), while the average variable rate was 4.17% in December (4.08% in September).

## MORTGAGE MARKETS

### Market developments:

The Italian mortgage market continues to register a positive performance in the 2025.

In Q4 2025, the volume of outstanding mortgage loans amounted to about EUR 440.5 bn, registering a growth of 3.4% y-o-y and of 1.1% q-o-q.

This trend reflected mainly the reduction in interest rates which boosted demand for loans for house purchase.

According to the Bank of Italy annual report, in the coming months, credit developments could be affected by the heightened uncertainty surrounding the global macroeconomic outlook.

## REGULATION & GOVERNMENT INTERVENTION

We are waiting for the possible review of Mortgage Credit Directive and the process of Energy Performance of Buildings Directive – EPBD transposition (Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024).

## HOUSING MARKETS

### Housing Supply:

The growth in sales volumes began in the second quarter of 2024 continued also in Q4 2025; they recorded more than 218,500 (+0.5% y-o-y)

The trend in sales volumes is not homogeneous across the country, with marked differences even between the provincial capital cities (-1.7%) and smaller cities (+ 1.3%).

The “first home”, benefiting from the tax relief, accounted for almost 72% of purchases.

### House Prices:

According to preliminary estimates of ISTAT, in Q4 2025 the House Price Index (HPI) increased by 0.9% q-o-q and by 4.1% y-o-y.

The increase on annual basis of HPI was due solely to the prices of existing dwellings, which rose by 5.2%. The prices of new dwellings, on the other hand, saw a marked slowdown in their trend growth, falling to -1.2% from +1.3% in the Q3 2025.

## MORTGAGE INTEREST RATES

The Interest rates remained stable compared to the previous quarter and the fixed-rates mortgages confirmed the dominance: the share of variable-rate mortgages (up to 1Y initial rate fixation) has decreased from about 46% of new loans in Q1 2023 to about 16.5% at Q4 2025, rose about 4.5 percentage points compared to the previous quarter.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	424.651	423.414	421.655	422.937	426.224	428.632	432.762	435.762	440.523
Gross Residential Mortgage Lending (million EUR)	17.952	12.311	15.247	14.637	18.184	18.422	19.429	16.549	18.925
House Price Indices (2015 = 100)	108,7	108,5	112,0	112,8	113,5	113,3	116,4	117,1	118,1
Mortgage Interest Rates (% , weighted average)	4,42	3,79	3,55	3,31	3,11	3,14	3,19	3,28	3,38
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	5,00	4,88	4,54	4,51	4,21	3,73	3,32	3,10	3,21
Long-term initial fixed period rate, 10-year or more maturity (%)	4,03	3,62	3,44	3,22	3,03	3,09	3,18	3,31	3,42
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	33,7	17,1	11,1	9,3	6,5	8,6	8,4	12,02	16,52
Short-term fixed (1Y-5Y initial rate fixation)	66,3	82,9	88,9	90,7	93,5	91,4	91,6	87,98	83,48
Medium-Term fixed (5Y-10Y initial rate fixation)									
Long-Term fixed (over 10Y initial rate fixation)									

## MORTGAGE MARKETS

### Market developments:

The mortgage market continued to grow, according to the Bank of Lithuania it reached €15.12 billion by the end of the year up from €14.57 billion at the end of Q3, end-September 2025 (about 3.8% quarter-on-quarter or 14% y-o-y). Data from January show that the rate of growth is continuing. (Sources: [Bank of Lithuania – loans to households by purpose and original maturity](#); [Bank of Lithuania – December 2025 deposit and credit release](#)).

Demand remained robust. The Bank of Lithuania's September 2025 economic review said housing-loan lending conditions had eased slightly and that banks expected demand for housing loans to grow, supported by lower interest rates and still-strong consumer confidence. By Q4 2025, the central bank's financial-cycle assessment still described household credit growth as one of the strongest in the euro area and said the volume of new housing loans continued to increase significantly. (Sources: [Lithuanian Economic Review / September 2025](#); [Quarterly assessment of the financial cycle in Lithuania / Q4 2025](#)).

## REGULATION & GOVERNMENT INTERVENTION

No new housing subsidy schemes or macro-prudential changes were introduced in Q4. The core housing-loan framework remained the Responsible Lending Regulations of the Bank of Lithuania: maximum LTV of 85%, a stricter 70% cap for second and subsequent housing loans, a standard DSTI cap of 40% (with limited exceptions), and a maximum maturity of 30 years. (Source: [Bank of Lithuania – financial stability instruments](#)).

The most recent, most important regulations were introduced in 2024 and are now fully implemented, in particular the requirement for simple and free mortgage refinancing (since 1 February 2025), and the requirement for larger lenders (with over €50 million outstanding) to offer both floating and fixed for at least five years mortgage products when making an offer to their customers (since May). (Source: [Annual Report of Lietuvos bankas / 2024](#)).

Macro-prudential rules were unchanged with a countercyclical capital buffer of 1%, and a mortgage-specific buffer of 2% for larger lenders

A potentially relevant policy change for the market in future was the June 2025 reform of the second-pillar pension system, which made withdrawals more flexible and may support housing demand. (Sources: [Bank of Lithuania – financial stability instruments](#); [Seimas – second-pillar pension reform approved on 26 June 2025](#)).

## HOUSING MARKETS

### House Prices:

Prices continued to rise strongly. In the year, overall by 11.3% (based on the five largest cities), if anything increasing over the course of the year. The rate of growth was particularly high in Vilnius where the average price for an apartment rose from €2,850 per square m in September to €2,930 by year end (Sources: [Ober-Haus – October 2025](#); [Ober-Haus – November 2025](#); [Ober-Haus – December 2025](#)).

Transaction activity also remained firm. According to the Bank of Lithuania's Q4 financial-cycle assessment and the Ober-Haus more than 50,000 were sold in 2025, 21% higher than in 2024. (Sources: [Ober-Haus – October 2025](#); [Ober-Haus – year-end commentary](#); [Quarterly assessment of the financial cycle in Lithuania / Q4 2025](#)).

## MORTGAGE INTEREST RATES

Mortgage pricing broadly stabilised after sharp declines earlier in the year. According to the Bank of Lithuania's new-business series, the interest rate on new housing loans has been between 3.65% and 3.69% throughout the quarter. (Sources: [Bank of Lithuania – new business loans](#); [Bank of Lithuania – pure new loans](#)).

Despite the new rules requiring lenders to offer fixed rate mortgages the market remains almost entirely floating rate based. (Sources: [Annual Report of Lietuvos bankas / 2024](#); [Lithuanian Economic Review / March 2025](#)).



## MORTGAGE MARKETS

### Market developments:

As the economy continued to grow (by 6.4% in 2025 as a whole) and unemployment fell further (to just 3.2% from 3.4% in Q3), the mortgage market continued to grow strongly: outstanding residential mortgages reached EUR 9.25bn by year end, an increase of 3% q-o-q and 10.1% y-o-y. The mortgage market was also stimulated by both government intervention (see below) and lower interest rates.

### REGULATION & GOVERNMENT INTERVENTION

The “Ixtri Proprietà Sostenibbli” (Buy Sustainable Property) scheme under which buyers of energy efficient properties received a grant of up to EUR 9,000 officially closed at the end of Q3 but, as the scheme was widely reported to have been successful, there was already speculation in Q4 of a new scheme in 2026, and it has since been relaunched.

In addition, various subsidies to support the market are ongoing or, where necessary have received budgetary approval for 2026, in particular:

- the subsidy for first time buyers (EUR 10,000 paid as EUR 1,000 per year over 10 years) was renewed for another year.
- Buyers under 39 buying a home for up to EUR 225,000 are eligible for a subsidised loan to cover up to 10% of the property’s value as a deposit.
- Housing authorities can co-purchase qualifying properties up to a share of EUR 100,000 or 50% of the total value with the buyer buying their share within 20 years (at the original price).

## HOUSING MARKETS

### Housing Supply:

Approvals for new dwellings in Malta remained relatively high – permits were granted for 3,487 dwellings – although it was below the number in Q3 (3,668), that appeared to be an anomaly (Q2 approvals were only 3,027). The average number of dwellings per approval reached 5.8 suggesting continued larger, higher-density projects continue to dominate. Apart-

ments were 72% of the total (slightly down from the 74% a quarter earlier).

Transaction activity stayed firm, with sale agreements increasing 9.2% (measured by final deeds) or 13.4% (by sale agreements) over 2025.

Land scarcity, particularly in central locations, and speculative investments are drivers of housing activity and prices according to the National Statistical Office<sup>1</sup>. According to the central bank<sup>2</sup>, housing pressure is exacerbated by growing tourism (up 14% y-o-y), an influx of migrant workers (net immigration of 10,614 people in 2025) and lower unemployment.

### House Prices:

House prices continued to rise, by 1.3% q-o-q or 6.1% y-o-y. Apartment and maisonette prices were both higher than a year earlier, rising by 6.2% and 5.3% respectively.

Most new mortgage lending in Malta continues to be floating-rate linked to short-term EURIBOR benchmarks plus a bank margin as such they have eased slightly over the quarter. New mortgages had an average rate of 2.01% in the quarter (2.38% for floating, 1.85% for 1 year or longer fixed). Over the past two years, major lenders have expanded their fixed-rate offerings—now commonly available for initial terms of 5 or 10 years.

## MORTGAGE INTEREST RATES

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	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	7,689	7,889	8,048	8,227	8,402	8,610	8,786	8,984	9,253
Gross Residential Mortgage Lending (million EUR)	91	112	114	140	107	141	132	139	n/a
Mortgage Interest Rates (% , weighted average)	1,94	1,99	2,05	1,95	1,83	1,87	1,86	1,88	2,01
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	2,59	2,57	2,62	2,58	2,50	2,61	2,54	2,60	2,38
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	1,74	1,54	1,47	1,40	1,45	1,38	1,44	1,63	1,85
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	42,3	50,4	44,3	38,3	41,9	40,3	37,7	31,9	n/a
Short-term fixed (1Y-5Y initial rate fixation)	55,0	48,5	53,1	60,4	57,1	57,4	60,1	60,3	n/a

1. <https://nso.gov.mt/land-valuation-underlying-dwellings-for-malta>

2. Central Bank of Malta, Quarterly Review 2026:1, Chapter 3 (“Prices, Costs and Competitiveness”)

**MORTGAGE MARKETS****Market Developments:**

Momentum in the mortgage market remained strong in the fourth quarter of 2025, with total new production growing by 12.9% q-o-q (approximately 18% y-o-y). Activity continued to be underpinned by consistently rising transaction volumes and increasing house prices. House sales reached a record high (12.2% y-o-y), yet the pace of growth has begun to ease.

Disposals of rental properties by private and semi-professional landlords remained a defining market driver. The trend, which started earlier in 2025, continued as investors responded to regulatory and fiscal tightening. Full implementation of the Affordable Rent Act, reduced deductibility of interest on investment properties, and a higher transfer tax on buy to let transactions have structurally lowered expected returns in the rental sector.

Importantly, the continued release of former rental properties created a notable opportunity for first time buyers, who increasingly capitalised on these newly available—and often relatively affordable—homes. This shift supported owner occupied market activity and helped accommodate demand at the lower end of the price spectrum.

**HOUSING MARKETS****Housing Supply:**

The Netherlands' housing stock expanded modestly in Q4 2025. Total dwellings reached approximately **8.34 mn**,

representing a **0.8% increase y-o-y** (around **70,000** additional homes). The pace of new construction remained constrained by persistent challenges: scarcity of skilled labour, elevated construction input costs, and lack of capacity on the energy grid.

**Housing Prices:**

House prices continued their upward trajectory. In Q4, prices rose 0.5% q o q and 6.2% y-o-y. Despite a slight moderation compared with earlier quarters, the market remains characterised by structurally tight supply and resilient demand across most regions. Investor sell offs contributed to a temporary increase in available stock, but did not significantly alleviate housing shortages, particularly in urban areas. Affordability ceilings remain the primary counterweight to price acceleration, yet the broader trend continues to point toward gradual but steady price growth.

**MORTGAGE INTEREST RATES**

Mortgage interest rates remained broadly stable throughout Q4, fluctuating only marginally around 3.6–3.7% for the most common fixed-rate periods. Borrower preference continued to lean strongly toward longer fixed rate terms: approximately 74% of new mortgages were closed with a fixed period of more than five years, reflecting continued desire for long term payment certainty.

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	851.917	858.752	868.001	878.169	887.833	898.929	911.508	924.212	935.946
Gross Residential Mortgage Lending (million EUR)	31.753	27.361	32.012	36.711	42.670	37.104	41.370	44.701	50.473
House Price Indices (2015 = 100)	185,0	189,4	194,8	201,9	206,11	210	214	218	219
Mortgage Interest Rates (% , weighted average)	3,84	3,72	3,62	3,66	3,48	3,50	3,58	3,59	3,60
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	5,07	5,12	5,12	5,22	4,95	4,65	4,30	4,05	3,98
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,58	4,28	4,11	4,12	3,93	3,81	3,75	3,66	3,68
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,84	3,72	3,62	3,66	3,48	3,50	3,58	3,59	3,58
Long-term initial fixed period rate, 10-year or more maturity (%)	3,20	3,07	3,02	3,11	2,99	3,29	3,30	3,24	3,21
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	19,98	18,10	15,89	15,56	15,80	15,56	15,58	16,26	17,07
Short-term fixed (1Y-5Y initial rate fixation)	11,61	15,21	15,86	15,65	15,00	11,65	9,72	8,75	8,66
Medium-Term fixed (5Y-10Y initial rate fixation)	45,43	44,05	47,65	47,88	47,60	52,97	56,08	58,25	59,39
Long-Term fixed (over 10Y initial rate fixation)	22,98	22,63	20,60	20,91	21,50	19,82	18,62	16,73	14,88
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	0,17	0,16	0,17	0,16	0,20	0,20	0,21	0,23	0,24
Short-term fixed (1Y-5Y initial rate fixation)	0,98	0,97	1,03	1,01	1,00	1,12	1,16	1,20	1,28
Medium-Term fixed (more than 5Y initial rate fixation)	98,85	98,87	98,80	98,82	98,80	98,68	98,62	98,56	98,47

## MORTGAGE MARKETS

### Market developments:

The mortgage market in Norway has been stable over the fourth quarter. The total outstanding residential loans at market value is approximately 316 bn EUR in the fourth quarter of 2025, an increase of 1% q-o-q.

The NPL ratio on residential loans has been stable the last two years and came in at 0.68% in the fourth quarter, the same as in the third quarter. [The quarterly survey of bank lending](#) from the Norwegian central bank shows that residential mortgage demand in the fourth quarter is broadly unchanged from the third quarter. The banks report slightly stronger competition and slightly tighter lending spreads.

The Norwegian central bank followed up the policy rate cut in June with a new reduction in the policy rate by 0.25 %age points in September. This has led to lower representative interest rates on residential mortgages during the fourth quarter, continuing the downward trend from the third quarter. The representative interest rate for new home purchase loans in the fourth quarter was 5.09%, marking the lowest level since 2023. This is a q-o-q reduction of 18 basis points, and a y-o-y reduction of 54 basis points. The previous interest rate projection from the Norwegian central bank published in December 2025 suggested one rate cut in 2026. After the turmoil in the Middle East, combined with higher-than-expected inflation in January and February the expectations of a policy rate cut in 2026 in the market have vanished.

## HOUSING MARKETS

### Housing Supply:

Construction starts for new housing have doubled since the third quarter and increased 19% y-o-y. It's especially the increased construction starts of apartments which has increased 32% y-o-y that drives this increase. While these figures suggest an increase in market activity, it is important to note that this improvement comes from historically low levels recorded in 2024. The sector continues to face challenges, including rising defaults, staff reductions, and bankruptcies

within Norway's construction industry.

Sales of new housing have also increased, rising by 22% q-o-q and 5% y-o-y in the fourth quarter.

### House Prices:

The house prices in Norway have increased in the fourth quarter by 5.9% y-o-y. Adjusted for seasonal variations the prices have increased 2.2% q-o-q.

The western region of Norway, mainly the cities of Bergen and Stavanger, recorded the highest growth in house prices during the fourth quarter. This is continuing a pronounced trend throughout 2025. In Stavanger, prices increased by 3.8% q-o-q and 18.1% y-o-y. This robust price growth is primarily fueled by strong demand for housing and high levels of employment, which have fueled a strong wage growth. The economy in this part of Norway is closely linked to the oil and energy sectors, both of which have experienced solid performance.

In contrast Oslo traditionally has been characterized by robust price growth. In the last years Oslo has demonstrated a flatter trend, with a 1.9% price growth q-o-q and a 4.5% y-o-y increase. This moderation is partly explained by a significant increase in the number of real estate investors selling their properties, leading to an increased supply side in the market. Recent tax reforms have rendered property rentals less attractive and more expensive, while elevated interest rates have reduced profitability. The price per square meter in Oslo remains considerably higher than elsewhere in the country, and therefore the high interest rate in the last years has been more binding in Oslo.

## MORTGAGE INTEREST RATES

Historically the large majority of the Norwegian mortgage has a variable interest rate, and this is still the case in the fourth quarter with 95.6% of outstanding loans having a variable rate. 2.6% of outstanding loans have a short-term fixed rate (1Y-3Y), a slight change from the third quarter where 2.7% of outstanding loans had a short-term fixed rate. This corresponds to [the survey of bank lending](#) from the Norwegian central bank in the fourth quarter where banks report that demand fell slightly for fixed-rate loans, but was broadly unchanged for first-home mortgages.





	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	309.017	297.870	308.843	301.498	303.167	316.027	309.665	316.733	316.806
House Price Indices (2015 = 100)	141,0	142,0	144,0	145,0	147,0	151,0	150,0	152,5	156
Mortgage Interest Rates (% , weighted average)	5,34	5,56	5,71	5,72	5,58	5,63	5,62	5,27	5,09
<b>MORTGAGE INTEREST RATES</b>									
Variable rate	5,78	5,93	5,91	5,89	5,86	5,83	5,79	5,50	5,23
Short term fixed (3M-12M initial rate fixation)	3,12	3,29	3,45	3,7	3,84	3,93	4,06	4,10	4,11
Short-term fixed (1Y-3Y initial rate fixation)	3,07	3,25	3,47	3,9	4,16	4,24	4,3	4,11	3,87
Medium-Term fixed (3Y-5Y initial rate fixation)	3,78	3,96	4,04	4,06	4,01	4,02	3,94	4,35	4,43
Long-Term fixed (over 5Y initial rate fixation)	2,96	2,96	2,97	3,08	3,04	3,09	3,23	3,79	3,67
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate	95,9	95,9	96,0	95,3	94,9	95,0	95,2	95,32	95,60
Short term fixed (3M-12M initial rate fixation)	0,6	0,7	0,8	0,8	0,6	0,5	0,7	0,72	0,60
Short-term fixed (1Y-3Y initial rate fixation)	1,7	1,8	1,7	2,2	2,8	2,9	2,8	2,66	2,57
Medium-Term fixed (3Y-5Y initial rate fixation)	0,8	0,7	0,7	0,8	0,9	0,8	0,8	0,76	0,75
Long-Term fixed (over 5Y initial rate fixation)	0,9	0,9	0,9	0,9	0,8	0,7	0,6	0,54	0,47

## MORTGAGE MARKETS

### Market developments:

In Q4 2025 alone, banks granted over 64,000 loans for a total amount of over PLN 23 billion. This was almost identical to the previous quarter, but 21% higher than in the same period a year earlier.

The total value of the active mortgage loan portfolio increased to over PLN 513 billion, despite a continued decline in the number of these loans. The number of active mortgage loan agreements in Poland at the end of 2025 amounted to 2,149,000, which was as much as 4% lower than a year earlier. Compared to the record level of the mortgage loan portfolio at the end of 2021, the number of active loan agreements fell by almost 400,000. The average loan amount granted in Q4 2026 was slightly over PLN 455,000, representing an increase of nearly 7% y-o-y (+1% q-o-q).

However, taking into account the credit market data for the whole year, we can talk about stabilization in the real estate market.

In Q4 2025, the main factors that could change the outlook for the Polish mortgage market in the near future were monetary policy and household affordability. The market was already rebounding at that point: the value of mortgage credit enquiries was up 50.3% year on year in November 2025 and 41.3% in December 2025, which shows households' confidence and credit demand.

Looking ahead, the strongest positive driver would be further interest-rate cuts, because lower policy rates reduce monthly instalments and improve affordability. NBP cut its reference rate to 4.00% in December 2025 (and again to 3.75% in March 2026).

## REGULATION & GOVERNMENT INTERVENTION

As of September 11, 2025, a mandatory requirement for full price transparency in the primary market, an amendment to the Act on Transparency of Apartment and House Prices, came into effect. Developers are required to publish on their website the price per square meter of each flat in offer, as well as the cost of associated facilities (storage units, bicycle storage units, underground garages), parking space prices (both above-ground and underground), and all additional fees associated with the purchase of the flat, including administrative, marketing, and operating costs. This information on the website will remain valid throughout the entire investment period – until each unit finds an owner. This information must be public, legible, and easily discoverable. While the new requirement has not yet impacted prices in the housing market, it will undoubtedly lead to greater market transparency and increased customer confidence.

## HOUSING MARKETS

### Housing Supply:

Since 2019, over 200,000 apartments have been completed annually in Poland. In 2025, a total of 208,792 apartments were completed, which is 4.3% more than the previous year.

In Q4 2025 alone, 64,411 apartments were completed (representing an increase of nearly 22% q-o-q). Throughout the entire previous year, building permits were issued for 265,500 apartments, of which 74,522 were issued in Q4 (an increase of 7.5% q-o-q). In 2025, construction began on nearly 212,500 apartments. In Q4, construction began on just under 44,500 apartments - 16% fewer than in Q3 2025 - with exceptionally unfavourable weather conditions responsible for the slowdown in construction activity.

### House Prices:

On the primary market the biggest increases q-o-q were recorded in: Białystok (+5.2%) and Kielce (+3.7%). The biggest decreases were observed in Zielona Góra (-4.2%), and in Rzeszów (-5.2%).

On a y-o-y basis, price dynamics were even more pronounced. The biggest increases amounted to 11.9% in Gdynia and 9.4% in Gdańsk; the biggest decreases were recorded in Rzeszów (-6.8%) and Łódź (-2.9%).

On the secondary market the biggest increases q-o-q were recorded in: Bydgoszcz (+5.2%), and Zielona Góra (+2.7%). The biggest decreases q-o-q were observed in Rzeszów (-2.7%), and in Poznań (-1.4%).

During the year, prices increased the most on the secondary market in: Bydgoszcz (11.2%) and in Zielona Góra (9.4%), and decreased the most in: Gdynia (-5.9%) and in Wrocław (-3.1%). In Warsaw prices increased by 1.8% q-o-q on both markets.

All the above data relate to changes in transaction prices.

## MORTGAGE INTEREST RATES

In the Q4 2025, there was a further decline in the share of fixed-rate mortgage loans within the structure of new lending. This decline was evident both in terms of the number of contracts concluded and their total value.

In terms of volume, fixed-rate loans accounted for 64.82% of newly granted loans, which represents a significant decline in their share compared to previous periods. In terms of value, their share stood at 74.94%. Although this segment continues to dominate the value structure of new lending, a gradual decline in its share is also evident here. Compared to the same period in 2024, there has been a significant decline in the popularity of fixed-rate loans, particularly in numerical terms. This trend indicates an evolution in the structure of new lending and the growing importance of variable-rate financing-primarily driven by a decline in market interest rates.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	110.595	112.440	113.555	115.385	116.045	118.405	118.108	118.914	121.584,4
Gross Residential Mortgage Lending (million EUR)	5.766	6.291	4.277	4.419	4.539	4.664	5.485	6.414	5.572,1
House Price Indices (2015 = 100)	194,0	205,0	213,0	218,1	220,4	222,0	223,0	221,0	222,0
	7,70	7,60	7,90	7,60	7,50	7,60	6,80	6,60	6,20
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	7,80	8,00	7,90	7,80	7,90	7,90	7,30	7,00	6,3
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	7,60	7,50	7,90	7,50	7,40	7,50	6,60	6,50	6,2
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	81,0	77,4	75,4	73,3	70,9	68,6	66,8	64,4	62,5
Short-term fixed (1Y-5Y initial rate fixation)	19,0	22,6	24,6	26,7	29,1	31,4	33,2	35,6	37,5
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	17,2	17,4	32,2	24,9	13,1	21,1	25,6	24,6	25,1
Short-term fixed (1Y-5Y initial rate fixation)	82,8	82,6	67,8	75,2	86,9	78,9	74,4	75,4	74,9

## MORTGAGE MARKETS

### Market developments:

In the fourth quarter of 2025, the stock of housing loans increased by EUR2.8bn — the same amount as in the previous quarter and 89% above that recorded in the fourth quarter of 2024 — reaching EUR111bn, the highest level since 2012. This growth accounted for 83% of the quarterly variation in the stock of loans to households and was supported by the net production of new contracts (EUR3.9bn, net of renegotiations and early redemptions), mostly involving borrowers aged up to 35. Between October and December, loans for the purchase of primary and permanent residences granted to borrowers aged up to 35 represented 61% of the total, with around half of these benefiting from a public guarantee.

Credit demand increased in a context of declining interest rates, with the average interest rate on residential mortgage loan contracts falling by 1.5 percentage points (p.p.) since January 2024 and standing below 3%, on average, over the final three months of the year. The share of variable-rate loans in the outstanding stock maintained in the third quarter the downward trend that began in 2019, standing at 52% (-2 p.p. compared with the previous quarter and -11 p.p. compared with the same period of 2024), while the share of mixed-rate loans stood at 42% (+2 p.p. compared with the previous quarter and -11 p.p. compared with the fourth quarter of 2024), and fixed-rate loans remained residual, at around 5%.

The increase in housing prices contributed to the rise in the average outstanding capital of contracts concluded in the last quarter of 2025, which was 3% higher than in the previous quarter and 10% above the same period of the previous year. Despite this increase, the average instalment of the outstanding stock remained stable between the third and fourth quarters, benefiting from the continued decline in reference rates. In macroeconomic terms, the US and Israeli military offensive against Iran, initiated on February 28<sup>th</sup>, is a relevant factor that might impact the mortgage market in the near future. This offensive has brought new risks to the global geopolitical context, with impacts mainly on financial markets, international trade, and energy prices. This situation in the Middle East is prompting downward revisions in economic growth prospects and upward revisions in inflation forecasts on a global scale, and naturally also for Portugal, although the total impact is highly dependent on the duration of the conflict and disruptions in energy supply and transport, particularly in the Strait of Hormuz, with a direct impact on energy prices, especially oil and natural gas. In reaction to these developments and prospects of impact on inflation, interest rates (Euribor) have risen sharply, with markets now expecting further monetary tightening by the ECB by the end of the year (between two or three 25 basis point increases in the ECB's benchmark interest rates), a significant change from previous expectations of interest rate cuts that will directly impact the performance of the housing market, causing an increase in mortgage payments and a higher cost for new housing loans.

On the other hand, it should be noted that 31 December 2026 marks the end of the period during which housing loan contracts may be concluded with borrowers aged up to 35, with the benefit of the personal guarantee granted by the State, and it

is not yet defined whether this measure will be extended over time. Extending this regime would tend to reinforce the benefits for which it was created, such as addressing the worsening difficulties in accessing housing resulting from the persistent rise in property prices, which has limited young people's ability to assemble sufficient own funds to meet the financing ratios required by credit institutions. However, while supply side measures (such as the construction of public housing) are not yet implemented and available, controversy may continue regarding the contribution of a demand side support measure to further increases in house prices.

## REGULATION & GOVERNMENT INTERVENTION

There were some institutional and regulatory changes in Portugal that occurred in the last quarter and are relevant for the near future, most notably the following:

**A. The New 2026 Housing Authorization Law – Lei n.º 9-A/2026** (approved February 20, 2026; entered into force March 2, 2026) – this is the most significant institutional change in the last quarter, with the following key elements: i) rental income tax reduced from 25% to 10% for rents up to €2 300/month (valid until 2029); ii) construction VAT cut from 23% to 6% on owner-occupied and affordable rental housing (projects starting Sept 2025–Dec 2029); iii) flat 7.5% property transfer tax for non-residents, aiming to cool foreign speculative buying; iv) higher tenant deductions: €900 in 2026 and €1 000 in 2027.

This law reshapes the fiscal environment for construction, rental investment, and foreign purchasing. Its implementation through summer 2026 will directly influence mortgage demand, rental yields, and development incentives.

**B. Late-2025 Housing Reform Package – Implemented Into 2026** (approved December 2025; these reforms were legislated at year-end 2025 and began shaping the regime entering 2026) – these measures structurally affect development timelines, permitting processes, and supply-side expansion across 2026, and have the following key elements: i) VAT reduction to 6% on construction and rehabilitation for housing meeting moderate pricing criteria; ii) licensing simplification under a strengthened *Simplex Urbanístico* framework; iii) expansion of the *Construir Portugal* program to deliver 59 000 new homes; iv) alignment with EU Commission housing strategy (Dec 16, 2025) bringing new financing instruments.

**C. Updated Real Estate & Housing Law Changes for 2026** (published January 30, 2026) – this is a regulatory package that further adjusts the tax and rental market rules and that have the following key newly elements: i) IMT thresholds updated (2% uplift across brackets); ii) flat 7.5% IMT for non-residents (reinforcing late-2025 measures); iii) IMT exemptions for younger buyers (under 36) on homes up to ~€330 500; iv) new rent update coefficient: +2.24% for 2026; v) IRS on moderate rents reduced to 10%.

There were no new macroprudential measures introduced in the last quarter.

However, while not macroprudential measures, significant regulatory and fiscal reforms impacting financial conditions,

the housing market and the credit market have recently been approved, with the main examples being the regulatory changes previously mentioned.

Furthermore, it is important to highlight the Storm Kristin and the persistent bad weather that affected Portugal between the end of January and mid-February, which led to the implementation of a series of public support measures for families and businesses most affected. The Portuguese Government declared a state of emergency in 68 municipalities, extended until February 15<sup>th</sup>, and approved an exceptional support package with a potential of up to €2.5bn for direct aid, moratoria, credit lines, and administrative simplification. More recently, the Government presented the general outlines of the Portugal Transformation, Recovery and Resilience (PTRR) program. The Bank of Portugal has also been monitoring the impacts of the storm and severe weather. In December 2025, there were €32bn in bank loans to businesses and individuals (€10.5bn to businesses and €21.5bn to individuals, including €12.1bn in mortgages). To support those affected, an exceptional 90-day moratorium came into effect, applicable retroactively from January 28, 2026, allowing the postponement of principal, interest, rent, and commission payments on credit agreements. This measure was created by Decree-Law No. 31-B/2026 and is supervised by the Bank of Portugal, not implying an automatic reclassification of credit risk.

## HOUSING MARKETS

### Housing Supply:

According to publicly data made available by INE (National Institute of Statistics) completed dwellings in new constructions for family housing reached a q-o-q decrease of 3.9% in Q4 (+3.6% y-o-y), which compares to a 4.7% q-o-q increase in Q3. In what regards licensed dwellings in new constructions for family housing (start of constructions), Q4 showed a 11.5% increase when compared to Q3 (+16.0% y-o-y).

As relevant factors to this evolution, one might highlight the declining market interest rates coupled with the implementation of a public policy named “Building Portugal” (Construir Portugal) mainly oriented towards the offer side of the market, that established, among other initiatives, a new exceptional and temporary regime that accelerates private

and cooperative projects or the thorough review of urban licensing, with simplified and more effective procedures.

### House Prices:

Prices in the Portuguese residential real estate market continued to grow above the inflation rate in 2025, with signs of overvaluation persisting since 2019, which have been reiterated in analyses by the Bank of Portugal and international organizations (such as, more recently, the OECD and the European Commission). According to data from the INE, the Housing Price Index (IPHab) accelerated in the fourth quarter of 2025, with year-on-year growth rising to 18.9% (+17.7% in the third quarter of 2025), with a quarter-on-quarter growth of 4.0% (+4.8%, +4.7% and +4.1% in the first, second and third quarters of 2025), reaching new historical highs and exceeding (203.8% above) the local lows observed in the second quarter of 2013, during the Troika intervention period.

Estimates point to further price growth in the beginning of 2026, particularly based on data from the median bank appraisal value of residential properties, which rose 0.8% in February 2026 compared to January 2026 (to €2 122/m<sup>2</sup>), marking the 27<sup>th</sup> consecutive increase and renewing historical highs, showing a year-on-year growth of 17.2% (+18.7% in January 2026) and staying 188.3% above the historical low observed in April 2014. It is worth noting that this new growth in property prices in the beginning of 2026 follows an average annual variation of 17.6% in 2025, 9.1% in 2024, 8.2% in 2023 and 12.6% in 2022, extending the growth trajectory initiated in the second quarter of 2015 (with the sole exception of a slight drop of 0.5% in the third quarter of 2020, the year in which the pandemic crisis began).

## MORTGAGE INTEREST RATES

The share of new loans with variable rates (defined as up to one year of initial rate fixation) decreased to 25.5% in Q4 2025, up from 21.9% in Q4 2024 – indicating a growing borrower preference for floating-rate products.

No new mortgage types have been introduced, and the three existing categories – Floating, Fixed-to-Floating, and Fixed – remain unchanged.

Following market interest rates trend, the variable rates have been declining since Q4 2023, from 4.9%, to 2.9% in Q4 2025.

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	99.442	99.542	100.250	101.410	102.939	104.960	107.284	110.116	112.947
Gross Residential Mortgage Lending (million EUR)	6.743	5.991	5.944	5.732	6.888	6.553	6.973	7.386	7.818
House Price Indices (2015 = 100)	211,27	212,45	220,74	228,89	235,68	247,05	258,78	269,35	280,21
Mortgage Interest Rates (% , weighted average)	4,73	4,68	4,56	4,35	4,00	3,67	3,39	3,19	3,13
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	37,3	32,7	27,9	20,3	21,9	25,9	24,0	28,4	25,5
Short-term fixed (1Y-5Y initial rate fixation)	62,7	67,3	72,1	79,7	78,1	74,1	76,0	71,6	74,5
Medium-Term fixed (5Y-10Y initial rate fixation)									
Long-Term fixed (over 10Y initial rate fixation)									

**MORTGAGE MARKETS****Market developments:**

In Q4 2025, gross new residential lending declined by 6.6% compared with the same period in 2024. This contraction reflects several factors. On the demand side, fiscal measures and the overall increase in the cost of living, including a higher tax burden affecting households, have weighed on borrowing capacity. In addition, uncertainty regarding future economic developments, as well as expectations around housing market trends, has likely made households more cautious in taking on new mortgage debt. Moreover, the increase in VAT on new home purchases in August prompted many households to accelerate their transactions, resulting in a temporary surge in mid-year activity and a subsequent slowdown in both house purchases and mortgage demand in the later months.

Refinancing activity rose sharply, increasing by 62% year-on-year. In Q4 2025, refinancing accounted for 13.3% of total gross residential lending. The mortgage loans' quality showed further improvement in Q3 2025, with the non-performing loans ratio (NPL) standing at 1.54%, lower than the value recorded for same period of the previous year (1.58%).

An important part of fiscal consolidation measures will be implemented in 2026. Consequently, further reductions in households' purchasing power are to be expected.

**REGULATION & GOVERNMENT INTERVENTION**

In Q4 2025, Romania introduced Law No. 207/2025, commonly referred to as the "Nordis Law", which strengthened the regulatory framework governing the sale of residential units under construction. The legislation aims to enhance consumer protection and transparency in the housing market. Key provisions include caps on advance payments required from buyers for off-plan properties, the requirement that buyer funds be held in segregated bank accounts dedicated to the respective project, and stricter registration and notarial requirements for preliminary sale contracts. Although the law does not directly

regulate mortgage lending, it has important implications for the housing finance ecosystem by reducing buyer risk, improving the legal certainty of property transactions, and shifting part of developers' financing needs from household prepayments towards bank or capital-based funding sources.

**HOUSING MARKETS****Housing Supply:**

In Q4 2025, the number of building permits issued declined by 1.3% year-on-year, marking the only quarterly decrease recorded during the year. In contrast, for 2025 as a whole, the total number of building permits increased by 9.47% compared to 2024.

**House Prices:**

In Q3 2025, house prices in Romania increased by 6.6% compared with Q3 2024 and by 2.31% relative to Q2 2025. However, in real terms, house prices declined on an annual basis, as overall consumer price inflation exceeded 9% during the same period.

**MORTGAGE INTEREST RATES**

In Romania, the mortgage market has undergone a notable structural transformation in the last couple of years. Historically dominated by variable-rate mortgages, lending has increasingly shifted toward short-term fixed-rate products, reflecting borrowers' preference for greater payment stability. Long- and medium-term fixed-rate loans continue to account for only a small share of new lending, and no fundamentally new mortgage products have emerged. Overall, this evolution appears to have been driven primarily by changes in borrower risk preferences and the relative attractiveness of available mortgage options, rather than by the overall level of interest rates alone. Moreover, banks have adjusted their mortgage offerings to better support borrowers, contributing to a rise in refinancing activity.

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	21.218	21.258	21.424	21.691	22.127	22.349	22.411	22.752	23.017
Gross Residential Mortgage Lending (million EUR)	1.014	891	1.063	1.175	1.464	1.255	1.317	1.386	1.336
House Price Indices (2015 = 100)	152,3	154,3	155,1	155,9	158,4	161,8	162,38	166,14	n/a
Mortgage Interest Rates (% , weighted average)	6,82	6,69	6,44	6,23	6,00	5,88	5,81	5,84	5,82
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	7,56	7,65	7,61	7,43	6,84	6,45	6,43	6,52	6,27
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	6,33	6,23	6,02	5,83	5,71	5,69	5,64	5,67	5,69
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	5,01	5,29	4,99	5,03	5,02	4,97	4,96	4,97	4,98
Long-term initial fixed period rate, 10-year or more maturity (%)	6,95	6,51	6,24	6,30	6,20	6,11	5,85	5,85	6,53
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	48,5	40,7	31,2	27,41	27,96	28,7	25,5	24,5	24,02
Short-term fixed (1Y-5Y initial rate fixation)	35,5	39,1	51,4	56,11	58,63	60,5	63,3	68,1	66,89
Medium-Term fixed (5Y-10Y initial rate fixation)	10,4	13,7	8,8	7,66	6,57	6,1	5,6	5,3	4,63
Long-Term fixed (over 10Y initial rate fixation)	5,6	6,5	8,6	8,83	6,84	4,8	5,5	2,1	4,46

## MORTGAGE MARKETS

### Market developments:

Housing loan activity increased notably in 2025, supported by low interest rates, strong labour-market conditions and intensified bank competition. The stock of outstanding housing loans expanded by 7.26% year-on-year and 1.13% quarter-on-quarter, reaching EUR 9.222 billion. New housing loan issuance surged by more than 50% relative to 2024, totalling EUR 2.16 billion, reflecting both improved credit conditions and renewed activity in the housing market.

Despite this acceleration, housing credit penetration remained structurally low compared with the euro-area average, indicating a still-moderate level of household indebtedness. Credit quality remained exceptionally strong, with the non-performing exposure (NPE) ratio stable at 0.8% at year-end, signalling continued resilience of borrowers and prudent risk management across the banking sector.

## REGULATION & GOVERNMENT INTERVENTION

The Republic of Slovenia is implementing a comprehensive reform of its housing policy aimed at increasing the availability, affordability and long term stability of public rental housing. The reform is centred on a long term financing framework that allocates EUR 100 million annually for the construction and renovation of public rental dwellings, recapitalisation of the national housing fund and the provision of favourable financing conditions for public housing projects.

The national housing fund is carrying out the largest investment cycle to date, with nearly 2,000 new public rental units planned or under construction across the country. These investments strengthen cooperation with municipalities, support land acquisition and ensure predictable long term project development.

Legislative amendments introduce a modernised public rental system, streamline allocation procedures, broaden eligibility criteria and shift the financing of housing subsidies for vulnerable groups to the state. Further measures include expanding the stock of public rental and assisted living dwellings, providing structural support to municipalities and improving the efficiency of spatial planning and construction processes.

An additional policy instrument, the Housing Guarantee Scheme for Young People, offers state guarantees for housing loans, although its implementation is currently paused due to limited participation by commercial banks.

## HOUSING MARKETS

### Housing Supply:

In the fourth quarter of 2025, the supply of new housing in Slovenia remained constrained despite stable permitting activity. Market demand continued to exceed available supply, which is reflected in the persistent upward pressure on prices of existing residential real estate.

The number of building permits issued for new residential buildings and extensions totalled 638, a level consistent with the quarterly average of 639 permits recorded throughout 2025. This indicates that construction starts did not expand meaningfully during the period. The total planned floor area, however, increased significantly, rising by 37.5% to 284,345 m<sup>2</sup>, suggesting the initiation of larger-scale developments.

Several structural factors continue to constrain the effective expansion of housing supply. Lengthy permitting procedures, elevated construction costs, labour shortages, and limited availability of suitable land remain key obstacles to accelerating new housing delivery. In the last quarter of 2025, labour costs increased by 31%, material costs by 1%, and overall construction costs by 15%, further affecting the feasibility and timing of new residential projects.

### House Prices:

In the fourth quarter of 2025, residential property prices in Slovenia increased by 5.1% compared with the previous quarter. Price growth was driven primarily by movements in the segment of new dwellings, where new apartments recorded a 12.1% quarterly increase, and new houses a 9.1% increase. This notable rise reflects a correction following the price decline observed in the third quarter. On a year-on-year basis, prices of new residential properties recorded a slight increase of 0.1%. Prices of existing dwellings also continued to rise. In the fourth quarter, existing apartments increased between 3.6% (rest of Slovenia excluding Ljubljana and Maribor) and 4.2% (Maribor), while existing houses recorded a 3.9% quarterly increase at the national level. Overall, prices of existing residential properties rose by 3.9% quarter-on-quarter and by 6.9% year-on-year, confirming that this segment remains the key driver of market-wide price growth.

Given the continued shortage of new housing supply, existing residential properties remain the primary source of market activity and the main contributor to overall price increases.

## MORTGAGE INTEREST RATES

Fixed interest rates for newly approved housing loans greatly dominate over variable rates. The share of variable rate loans in total loans for house purchase decreased from 2.45% in December 2024 to 1.07% in June 2025, when it started again to increase and in September 2025 the share stood at 2.07%. Fixed interest rates for newly approved housing loans decreased from 3.1% in December 2024 to 2.8% by September 2025.

# Country fact Sheet

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# SLOVENIA



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	8.272	8.303	8.392	8.488	8.598	8.710	8.914	9.119	9.222
Gross Residential Mortgage Lending (million EUR)	320	310	353	360	390	429	559	578	587
House Price Indices (2015 = 100)	191,2	195,4	198,3	201,5	205,7	201,7	209,3	207,0	217,6
Mortgage Interest Rates (% , weighted average)	3,96	3,81	3,68	3,44	3,18	2,99	2,86	2,83	2,86
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	5,8	5,3	5,42	4,88	4,97	3,98	3,51	3,63	3,23
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,3	3,99	3,37	3,52	3,6	3,28	2,93	3,04	3,43
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,88	3,72	3,56	3,39	3,01	2,91	2,85	2,72	2,79
Long-term initial fixed period rate, 10-year or more maturity (%)	3,95	3,79	3,67	3,4	3,15	2,98	2,85	2,83	2,86
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	2,6	2,8	1,8	2,0	2,0	1,9	1,2	1,56	1,2
Short-term fixed (1Y-5Y initial rate fixation)	1,7	1,6	2,3	2,3	1,7	1,6	1,2	0,96	0,9
Medium-Term fixed (5Y-10Y initial rate fixation)	12,9	14,4	15,1	13,9	15,1	17,7	17,0	14,41	13,7
Long-Term fixed (over 10Y initial rate fixation)	82,8	81,1	80,7	81,7	81,1	78,8	80,5	83,07	84,2

## MORTGAGE MARKETS

### Market developments:

Since the ECB eased its monetary tightening cycle gross lending has been growing at double digit rates and, Q4 2025 was no exception, growing by 19% y-o-y. By contrast, remortgaging has followed a downward trend since the beginning of 2024, accounting for only 5% of new mortgage loans in Q4 2024. Demand is expected to remain resilient, albeit at a slower pace given that mortgage activity closed 2025 at a 15-year high.

## REGULATION & GOVERNMENT INTERVENTION

The government has launched a State Fund known as “España Crece” aimed at promoting investment in affordable housing, energy, digitalisation and reindustrialisation. This mechanism is intended to replace NGEU funds, which are expected to expire by the end of this year.

## HOUSING MARKETS

### Housing Supply:

By the end of 2025, housing permits had experimented a noticeable rebound, closing the year with a volume of 140,000 dwellings. Nevertheless, this dynamism continued to lag behind structural demand.

### House Prices:

Housing price continued to gain momentum after rising by 3.6% q-o-q and by 13.1% y-o-y. At the regional level, the upward trend was led by coastal towns along the Eastern Mediterranean coast, as well as some municipalities in the metropolitan area of Madrid. These areas saw increases exceeding 20%.

## MORTGAGE INTEREST RATES

Loans with a initial fixed-rate period of over 10 years stand out, representing 8 out of 10 mortgage arrangements. This segment is particularly relevant as it provides greater certainty in a context of global uncertainty.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	471.915	470.137	471.396	472.491	474.501	477.535	483.067	487.079	n/a
Gross Residential Mortgage Lending (million EUR)	14.942	15.507	17.674	15.949	18.822	19.444	21.794	19.197	22.313
House Price Indices (2015 = 100)	124,9	126,5	128,5	130,2	133,7	137,8	141,9	146,0	151,2
Mortgage Interest Rates (% , weighted average)	3,86	3,57	3,45	3,32	3,05	2,85	2,72	2,66	2,63
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	4,52	3,95	4,32	4,10	3,61	3,24	3,04	2,85	2,89
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,53	4,10	4,02	3,97	3,50	3,31	3,16	3,07	3,18
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,91	3,87	3,91	4,06	3,63	3,69	3,62	3,48	3,65
Long-term initial fixed period rate, 10-year or more maturity (%)	3,23	3,09	2,93	2,87	2,75	2,62	2,52	2,49	2,46
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	15,4	16,8	12,5	10,3	10,1	9,2	8,1	7,1	6,9
Short-term fixed (1Y-5Y initial rate fixation)	24,8	23,0	20,9	17,3	14,1	10,4	8,8	8,6	7,3
Medium-Term fixed (5Y-10Y initial rate fixation)	15,8	14,4	11,8	11,4	11,4	9,8	8,5	9,5	7,9
Long-Term fixed (over 10Y initial rate fixation)	44,0	45,8	54,8	61,0	64,4	70,6	74,6	74,9	77,9

## MORTGAGE MARKETS

### Market developments:

Net mortgage lending grew by 2.3% on an annual basis in the fourth quarter 2025 compared to 2.2% the previous quarter. Mortgage lending secured on one-family homes increased by 3.1% on an annual basis (2.8% Q3 2025). The increase in lending secured on tenant-owned apartments increased by 2.2% (1.9% Q3 2025). The net mortgage lending to multi-family homes increased by 0.6% in Q4 compared to 1.2% on an annual basis in the previous quarter.

In April 2026 a new law on mortgages will enter into force. The new law increases the maximum LTV for new mortgage loans from 85% to 90%. However, if the borrower would like to take out extra mortgages on an existing mortgage loan, the maximum LTV will be lowered to 80% from 85%.

In addition, the amortisation regulations are also changed by the new law. The amortisation regulations consist of two parts: a LTV-limit and a LTI-limit. The extra amortisation by 1% if you have a LTI over 450% is abolished.

The expected total effect on the mortgage market is that the prices on housing will increase and the demand on mortgages will increase.

## HOUSING MARKETS

### Housing Supply:

The construction is expected to recover in 2026. Increasing costs for housing and rents, and decreasing birth rates and immigration, have lowered demand for new housing in general.

### House Prices:

The prices on one-family homes in the Stockholm area decreased by 0.7% on a yearly basis in the fourth quarter 2025 (1.3% previous quarter). In the Malmö-area the prices increased by 1% on an annual basis (7.9% previous quarter) and in Gothenburg the prices decreased by 0.5% (0.7% previous quarter).

## MORTGAGE INTEREST RATES

The share of variable interest rates was 78% of outstanding household mortgage loans at the end of Q4 2025. The share of new loans with variable interest rates was 81% in Q4 compared to 80% the previous quarter. The share of variable interest rate among new mortgage loans is comparably high in Sweden compared to other European countries.



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	476.094	468.846	467.605	471.577	467.853	496.096	485.608	492.722	506.936
Gross Residential Mortgage Lending (million EUR)	12.826	11.671	13.351	12.170	15.834	14.204	15.230	12.840	16.388
House Price Indices (2015 = 100)	138,1	136,9	138,4	141,9	141,0	140,6	142,2	143,7	142,2
Mortgage Interest Rates (% , weighted average)	4,77	4,68	4,53	4,09	3,46	3,13	3,06	2,83	2,70
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	4,40	4,36	4,04	3,36	2,94	3,01	2,82	2,70	2,66
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,18	3,74	3,64	2,91	2,85	3,10	2,97	2,88	2,93
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,02	3,09	3,11	2,78	2,75	3,24	3,22	3,11	3,23
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	61,12	65,06	69,18	71,31	72,79	73,80	75,27	76,68	81,20
Short-term fixed (1Y-5Y initial rate fixation)	37,57	33,66	29,57	27,48	26,04	25,05	23,61	22,24	16,87
Medium-Term fixed (5Y-10Y initial rate fixation)	1,30	1,28	1,24	1,21	1,16	1,16	1,12	1,09	1,93
Long-Term fixed (over 10Y initial rate fixation)									
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	69,16	86,00	91,58	86,91	77,13	77,70	74,71	80,07	77,89
Short-term fixed (1Y-5Y initial rate fixation)	28,97	12,73	7,37	11,50	20,98	19,73	23,43	18,53	21,05
Medium-Term fixed (5Y-10Y initial rate fixation)	1,87	1,26	1,05	1,58	1,89	2,56	1,86	1,40	1,06
Long-Term fixed (over 10Y initial rate fixation)									

## MORTGAGE MARKETS

### Market developments:

UK mortgage lending grew strongly in Q4 2025, with gross lending of £77.8 billion in the quarter, up 16% on the £67.2 billion in Q4 2024. Net lending was £13.9 billion in Q4 2025, up 42% on the same period in 2024. Remortgaging was also up 24%.

Lending activity was weaker in the middle of the year as many buyers brought purchases forward to avoid higher property taxes introduced at the end of Q1. However activity recovered and this was supported by lower average mortgage interest rates which fell to 4.18% in Q4, down from 4.54% a year earlier. This follows the reduction in the Bank Rate which fell 100 basis points over the year.

The market was also supported by regulatory changes. In July 2025 the Financial Conduct Authority's rule change around LTI flow limits enabled more lenders to offer higher loan to income mortgages, increasing the supply of credit and supporting approvals. First time buyer activity remained robust, with lending to this group rising notably.

The biggest macro economic risk in the near term is geopolitical instability, particularly the ongoing conflict in the Middle East. The conflict is already pushing up energy prices and creating volatility in financial markets. This could feed through into higher inflation expectations. Prior to the conflict it was widely expected that the Bank Rate would be cut in 2026, but this is now uncertain and will depend on the duration and outcome of the conflict and its impact on energy distribution and prices. Many mortgage deals have already been removed from the market as lenders repriced their products following changes in market rates.

## REGULATION & GOVERNMENT INTERVENTION

In June 2025 The Financial Conduct Authority (FCA) launched a wide ranging discussion paper exploring structural reforms to mortgage affordability and risk management, including:

- Potential new affordability tests, such as using rental payment history instead of traditional income verification.
- A possible rebalancing of collective risk appetite, given concerns that current rules may be overly cautious.
- Recognition of trade offs, including the risk of house price inflation, higher arrears, and higher repossession if lending is loosened too far.

These proposals have not yet become final rules, but they will strongly influence regulatory direction.

## HOUSING MARKETS

### Housing Supply:

There were 31,420 house building starts in Q3 2025, up 2% on the same period in 2024. 30,890 house builds were completed in Q3 2025, down 9% on the same period in 2024.

### House Prices:

House prices remained relatively unchanged in the final quarter of 2025. Over the year house prices grew modestly, by around 2.4%, which is in line with wider measures of consumer price inflation, and weaker than average wage growth. Moreover, house prices in Northern Ireland grew by around 10% in 2025.

## MORTGAGE INTEREST RATES

Mortgage interest rates reduced in the quarter, reflecting the fall in Bank Rate. Variable rate mortgages have reduced by around 100 basis points over the year, in line with the reduction in Bank Rate. Fixed rate mortgage products continue to dominate the market with 91% of outstanding loans on a fixed rates at the end of Q4 2025. There has however been a more-date increase in the proportion of new loans taken out on variable rates, as many borrowers expected rates to continue falling in 2025 and 2026.





	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
<b>MACROECONOMIC INDICATORS</b>									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.865.260	1.896.400	1.923.480	1.960.795	1.983.696	1.991.805	1.949.972	1.927.284	1.942.096
Gross Residential Mortgage Lending (million EUR)	87.147	96.419	101.731	85.437	82.166	88.585	89.511	95.301	90.945
House Price Indices (2015 = 100)	145,1	146,8	150,5	151,3	150,4	151,2	150,4	154,0	154,0
Mortgage Interest Rates (% , weighted average)	5,31	4,96	4,80	4,83	4,54	4,52	4,43	4,25	4,18
<b>MORTGAGE INTEREST RATES</b>									
Variable rate and initial fixed period rate up to 1 year (%)	5,74	5,86	5,94	5,78	5,56	5,27	4,86	4,72	4,57
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	5,22	4,83	4,71	4,73	4,46	4,46	4,32	4,21	4,14
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,65	4,18	4,10	4,01	3,97	3,92	4,05	4,01	4,01
Long-term initial fixed period rate, 10-year or more maturity (%)	4,16	4,22	3,02	3,90	5,05	5,19	N/A	N/A	N/A
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	12,40	12,40	11,90	11,50	10,90	10,10	9,50	9,30	9,00
Short-term fixed (1Y-5Y initial rate fixation)	84,01	84,10	84,58	85,05	85,71	86,57	87,33	87,62	88,00
Medium-Term fixed (5Y-10Y initial rate fixation)	3,50	3,50	3,44	3,36	3,30	3,24	3,17	3,08	3,00
<b>MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS</b>									
Variable rate (up to 1Y initial rate fixation)	14,3	11,9	6,4	7,4	6,0	7,2	7,6	7,00	7,20
Short-term fixed (1Y-5Y initial rate fixation)	84,7	87,5	93,0	92,0	93,5	92,8	91,9	92,63	92,43
Medium-Term fixed (5Y-10Y initial rate fixation)	1,0	0,6	0,6	0,6	0,5	0,5	0,5	0,37	0,37



**QUARTERLY  
REVIEW**  
OF EUROPEAN  
MORTGAGE AND  
HOUSING MARKETS  
**Q4 | 2025**



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