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HYPOSTAT 2024

HYPOSTAT **2024** | A REVIEW OF EUROPE'S MORTGAGE AND HOUSING MARKETS

European Mortgage Federation

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DISCLAIMER

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Foreword

By the end of 2024, globally, more voters than ever in history will have headed to the polls, as elections will have been held in at least 97 countries, including the 27 countries of the European Union, representing nearly half of the global population.

In this context and following on from months financial turmoils and geopolitical crisis, housing and housing finance are issues which are taking central stage in a completely new way in global political debates, alongside financial stability, competitiveness and long-term access to capital markets.

In such a dynamic landscape and in particular in the context of supporting the transition to a more sustainable economy, the financial sector can play a critical role in strengthening the capability of societies and political decisionmakers to respond efficiently and effectively to the real needs of citizens and businesses. Indeed, worldwide, an 'efficient, sustainable and sound' housing ecosystem and access to capital market resources are seen as drivers of for long term sustainable economic growth and social integration.

Building the hope for a better future has been the *leitmotiv* for many political initiatives where themes such as housing affordability and sustainability are knocking at the doors of all parliaments around the world. The complexity and depth of those challenges are requiring a systemic response addressing fundamental economic, financial, environmental and social issues. This systemic response should focus on rapidly mobilising both public and private sector resources in coordinated and complementary ways.

For the first time in history, political action plans are being drawn up in which housing and housing finance are being given a new perspective. As very recently stated in Strasbourg by the European Commission's President, Ursula von der Leyen:*" But, Honourable Members, for us to choose the Europe of tomorrow, we must acknowledge how people feel today. We are in a period of deep anxiety and uncertainty for Europeans. Families are feeling the pain from the cost of living and housing."* ....

"Europe faces a housing crisis, with people of all ages and families of all sizes affected. Prices and rents are soaring. People are struggling to find affordable homes. This is why, for the first time, I will appoint a commissioner with direct responsibility for housing. We will develop a European Affordable Housing Plan, to look at all the drivers of the crisis and to help unlock the private and public investment needed. Typically, housing is not seen as a European issue" [1].

Not only Europe but the entire world faces a severe housing shortage, with the root of this crisis lying in a simple economic principle: demand is exceeding supply. This imbalance has led to skyrocketing housing prices, making it increasingly difficult for many people to afford a place to live. As urban populations swell and economic pressures mount, the urgency to find viable solutions grows more pressing especially in the light of the transition to a greener economy where more than 40% of the pollution comes from the building sector.

The housing crisis manifests in various ways across the globe. In major cities, the cost of living has outpaced wage growth, resulting in a significant portion of the population being unable to afford adequate housing. Addressing the global housing crisis requires innovative solutions and a collaborative global approach, and increasingly housing finance is being seen as a global private sector solution to address local, regional and national challenges.

Today's market environment is shaped by new digital technologies, dynamic consumer preferences, increasing competition and changing regulations. Supervisors therefore regularly assess and adjust supervisory practices to ensure effective stimulus and monitoring of the banking sector. In doing so, they have to strike the difficult balance of strengthening the institutions' resilience without undermining their business sustainability. Maintaining an efficient and reliable banking system is fundamental to achieving sustainable economic growth, securing competition for the broader economy.

The financial sector has been under considerable pressure in the past decade. Businesses, citizens and national authorities have been affected by the financial crisis. Challenges relating to the development of new technologies, the fragmentation of the EU markets and climate change persist. More recently, new emerging risks and transitions risks for the financial sector will need to be addressed as part of the EU's economic recovery efforts.

To address the current challenges and to seize new opportunities, the EU has adopted various initiatives. These initiatives have resulted in new and complex legal frameworks requiring implementation at national level. In recent years and further to extensive research, analysis and outreach, the EMF-ECBC has designed a new, integrated, European and global housing finance ecosystem. This ecosystem is designed to act as a catalyst for families' renovation decisions and financial market opportunities. A housing finance ecosystem is the smart solution to implement new sustainable best practices which respond to social and

[1] Statement by the President following the vote (europa.eu)

sustainable policy targets and allow the entire financial value chain, including lenders, issuers and investors, to adapt quickly to a changing market, and deliver a broad range of financing options for consumers and the real economy.

Against this backdrop, the EMF-ECBC has taken a proactive role in leading more than 2000 global market participants towards a new market mentality via a series of market initiatives offering enhanced transparency in disclosure, access to data, market governance and market transformation capacity.

The EMF-ECBC is fully engaged in the creation and consolidation of such a global housing finance ecosystem focused on affordability and sustainability with the support of the International Secondary Mortgage Market Association (ISMMA) which gathers mortgage refinancing companies from around the globe. The International Secondary Mortgage Market Association (ISMMA) joined the EMF-ECBC community in 2022 having been established in 2018 under the sponsorship of the World Bank. The association provides a platform for member countries to exchange ideas on how to improve access to housing finance for their citizens and ultimately reach the goal of adequate, safe and affordable housing for all. As an extension of these global activities, the EMF-ECBC and the Housing Finance Information Network (HOFINET) have joined forces to consolidate the collection and dissemination of standardised housing finance data at global level. HOFINET is the quality-assured portal that consolidates regularly updated international housing finance knowledge in one central, easily accessible place. The provision of financial support to the real economy, particularly in areas such as housing, is essential for achieving Sustainable Development Goals and objectives related to climate. Investors engaged in the housing sector seek access to internationally comparable market data, insights into regulatory frameworks, and information regarding successful products and practices within both primary and capital markets for housing finance. This need is especially pronounced in emerging markets and developing economies, where the expansion of housing finance systems is imperative, but data is often insufficient.

With the creation and consolidation of a global housing ecosystem in mind, for several years the EMF-ECBC has furthermore been leading on a series of market initiatives, focused on retail and funding activities, intended to strengthen market governance, enhance data availability, promote common definitions, increase transparency, stimulate digitalisation and drive affordability and sustainability in the housing sector. These initiatives recognised at global level are significantly reshaping market practices, enlarging and diversifying the institutional investor base and facilitating issuer and investor due diligence and full compliance with the regulatory landscape.

The Covered Bond Label provides for enhanced quality in data disclosure and comparability of legal information on cover assets, reinforcing significantly the strategic relevance of the covered bond asset class for investors at global level. On a daily basis, capital market participants need complete and accurate information to support regulatory compliance with the Covered Bond Directive, LCR eligibility and ESG-related diligence matters, to name but a few priorities, and this need is growing all the time. This is where the ECBC comes into its own. The ECBC-led Covered Bond Label has become a qualitative benchmark as an informative gateway into the covered bond space. Most recently, the ECBC has completely refreshed its Comparative Database on global covered bond legislative frameworks, which is embedded in the Covered Bond Label website. Covered bonds are anti-cyclical, long-term financing instruments that help fund around two-thirds of all mortgage lending in Europe. Thus, the changes taking place on the mortgage retail side will surely have an impact on the covered bond side, and vice-versa.

The real estate sector plays a key role in decarbonising the economy and achieving the Paris Agreement goals established in 2015. In the EU, activities related to buildings (heating, cooling, lighting, and so on) are responsible for 40 per cent of energy consumption and 36 per cent of CO2 emissions. Between 75 and 90 per cent of the EU building stock is expected to still be standing in 2050, making energy efficiency refurbishment and financing a priority. Meeting the EU's energy efficiency targets, indeed, requires very high investments. Consequently, the role of private finance has become paramount in the shift towards a more sustainable economy and future. According to the European Commission, the EU's financial sector can significantly foster sustainable finance, positioning itself as a global leader in this domain. Such a transformation is expected to yield positive repercussions for economic growth and employment opportunities[2].

The Energy Efficient Mortgages Initiative (EEMI) and the Energy Efficient Mortgage Label (EEML) (see below) are at the heart of the EMF-ECBC's efforts to promote sustainable housing and lay the foundations from which to fund a socially desirable housing future. Through these initiatives, mortgage lending institutions are at the forefront of efforts to finance the transition towards a zero-carbon economy. Actions to curtail energy consumption and CO_2 emissions are becoming increasingly urgent, more so if we consider the dramatic increases in energy prices. Mortgage lenders can help drive the green transformation of the European housing stock by supporting the implementation of energy efficient financial products and stimulating new renovation initiatives, whether national or regional.

The Energy Efficient Mortgage Label, launched in February 2021 with the support of the European Commission, is a quality instrument that allows for the transparent identification of energy efficient mortgages

2 https://www.bancaditalia.it/pubblicazioni/qef/2024-0868/QEF_868_24.pdf

in banks' mortgage portfolios by market stakeholders and its delivery is a key component of the broader Energy Efficient Mortgages Initiative (EEMI). Moreover, the Label is a catalyst for consumer demand and a driver of the qualitative upgrade of the energy profile of lending institutions' portfolios, which translates into enhanced asset quality. Through the Harmonised Disclosure Template (HDT), the Label provides information on the portfolios of energy efficient loans as assets to be included in green (covered) bonds, allows for enhanced evaluation and tracking of their financial performance relative to alternatives, and provides greater transparency regarding climate risks and resilience.

Against this backdrop, the EMF-ECBC is delighted to announce the successful application for a new round of EU funding for a European Project entitled "Delivering the Energy Efficient Mortgage Ecosystem" (DeliverEEM) which will take forward the extensive work already delivered under the umbrella of the EEMI. All in all, the EMF-ECBC's expertise and think-tank approach to market questions helps to deliver solid insights into the housing and housing finance markets, while setting standards and developing solutions that improve the market. The EMF-ECBC looks forward to presenting the results of this EU funded Project in the near future. The new European project is presented in one of the Hypostat standalone articles.

Hypostat is the EMF's flagship report and is part of a combined effort by the EMF-ECBC to deliver a comprehensive analysis of the state of play of mortgage and housing markets, encompassing key socioeconomic and macroeconomic aspects, building on and complementing the ECBC Fact Book. In this latter publication, covered bond experts seeks to identify and assess the key drivers of developments in the covered bond space over the past 12 months, providing market perspectives, analysis and data from 36 countries, covering over 95% of outstanding covered bonds. These experts share their views on the key market and legislative developments that have occurred over the past year, the best practices that have emerged, and address issues which have come to the fore such as digitalisation and sustainability, including both the social and green dimensions. Covered bond market developments are by no means disconnected from the broader mortgage space. As the market environment is changing rapidly, it is becoming ever more important to combine and enlarge the view to both sides of the market. Both reports, the ECBC Fact Book and the EMF Hypostat, are seeking to meet this challenge and are complemented by the publication four times per year of the EMF Quarterly Reviews, which provide a more regularly updated picture. By examining market data as broadly as possible and incorporating relevant influences, patterns are contextualised and linked to microeconomic trends, even at the country level. This approach is rooted in robust and expert contributions from our national experts, who speak on behalf of their communities and guide the readership through housing and mortgage market developments which are influencing social patterns in Europe and beyond.

Specifically, Hypostat 2024 brings together the efforts of over 30 contributors, commenting on an annual data series of 30 indicators, covering the 27 Member States of the European Union plus an additional 12 jurisdictions beyond the EU's borders. Besides the country chapters of the EU27 Member States, which make up the bulk of the publication, Hypostat includes specific articles on the UK, Iceland, Norway and Switzerland. These chapters offer the most comprehensive and accurate source of data available on the markets covered and outline developments observed over the past year. To contextualise the single country developments, Hypostat 2024 also presents an analytical article covering the most recent macroeconomic patterns and key changes in mortgage and housing markets at a condensed level.

Finally, the 2024 edition of Hypostat includes four standalone articles focusing on key market developments:

- **European DataWarehouse** examines the role of energy efficiency certification on credit relevance;
- **Fitch Ratings** outlines 2024's most recent developments in the biggest European housing markets;
- **Moody's** analyses the Commercial Real Estate risks in banks' and non-banks lenders' balance sheets and covered pools;
- **S&P Global** presents covered bonds and capital markets development in emerging markets;
- The **EMF-ECBC Secretariat** provides an update on the Energy Efficient Mortgages Initiative (EEMI) and the latest steps it is taking in efforts to operationalise a new integrated EEM ecosystem to supporting the climate transition;
- In addition, the **EMF-ECBC Secretariat** presents an overview of the latest development in the European housing and mortgage markets in 2023.

On behalf of the EMF Research & Data Committee and its Chairman, Mr Gyula Nagy, who coordinate the preparation of each year's report, we would like to sincerely thank all contributors for making the publication of Hypostat 2024 possible.

We look forward to engaging with our audience and we remain at your disposal to enable the industry towards a new and stable ecosystem.

Luca Bertalot, EMF-ECBC Secretary General

MACROECONOMIC SITUATION

- In 2023, EU27 GDP grew by 0.4%, marking a significant slowdown compared to 2022 (3.5% GDP growth). In the third quarter of 2023, GDP had decreased by 0.1% in the Euro area but remained stable in the EU. Most EU27 Member States (40%) saw their GDP levels decrease compared to 2022.
- The growth was supported by expenditures on household and government final consumption and gross fixed capital formation.
- Unemployment levels have progressed at different paces across Europe. However, it has ended with a rate of 6.1% in the EU27 and 6.6% in the Euro area. The number of employed people increased by 1.2% in the Euro area and by 1% in the EU27 y-o-y.
- EU27 government expenditures remained quite stable with respect to the previous year, passing from 49.7% to 49.4% of the GDP. A similar situation exists for the Euro Area, where there has been a decrease of 0.6 pps. Euro government expenditure has steadily increased over the last ten years, from approximately EUR 5.1 trillion in 2014 to around EUR 7.2 trillion in 2023. For EU governments outside the Euro area, expenditure remains relatively small (EUR 1.2 trillion) compared to the Euro area, but has also increased gradually over the period (+16%).
- Inflation stood at 5.4% in the Euro area and at 6.4% by the end of 2023. There has been a relevant decrease from the previous year (-2.8% for EU27 and -3.0% for EA20). Despite the decrease, inflation remains high due to the war in Ukraine, which is driving up energy costs. However, inflationary developments varied across the jurisdictions, although the increase in consumer prices was widespread. The ECB started to increase the policy rate from January 2023 (2.5%) to December 2023, when the rate reached 4.5%.

HOUSING MARKET

- The European housing market still suffers from the aftermath of the pandemic of 2020, with lower construction, supply constraints and economic uncertainty. In fact, new investment in buildings, measured in terms of gross fixed capital formation in the dwellings sector, decreased on an aggregate level in the EU27 by 3.1% y-o-y.
- Residential construction activity presented a huge decrease in countries like Denmark (-30%), France (-25%) and Sweden (-53%). This decrease started in 2022 and continued to slow down significantly. Business confidence in the construction sector moved in line with residential construction activity, which is a positive sign for the construction industry and has beneficial effects on the housing market if managed properly.
- On average, the total number of building permits issued continues to decrease by 21% in the EU27, up from 6.5% in 2022. Considering that from 2013 to 2022, the number of building permits issued in the EU overall grew by almost 40%.
- In 2023, residential transactions continue to decrease by over 17% in the EU27 and by almost 19% in the UK, which marks a clear change with respect to 2021, when the figures increased by 17% and 41% for, respectively, the EU and UK.
- The European mortgage and housing finance sectors face key challenges. Firstly, from an environmental standpoint, European residential dwellings must adapt to rapidly changing climate conditions and comply with new building energy performance requirements to contribute towards meeting the EU's climate goals. The environmental standpoint is elaborated further in two articles in Hypostat 2023. Between 2013 and 2023, the Eurozone population grew by around 3%, while the number of households grew by 7%, with many evident consequences: the average household in the Eurozone consists of 2.2 people, compared to 2.3 people in 2013. Lastly, rising financing costs, driven by central banks' efforts to counter rising inflationary pressure, put pressure on the affordability of housing and impact transactions.
- The average, unweighted EU27 house price index grew by 3% in 2023, after an 11.6% increase in 2022, slowing down a trend that began in 2013.
- Between 2013 and 2023, house prices increased and decreased at very different rates. Eight house prices fell during 2023, and eighteen increased. The largest falls were in Luxembourg (-14.4%), Germany (-7.1%) and Finland (-4.4%); while the biggest increases were in Poland (+13.0%), Bulgaria (+10.1%) and Croatia (+9.5%).
- Regarding price developments in European capitals, different paths were presented with respect to the general trend of the countries. House prices in Madrid and Helsinki increased more than prices in the rest of their respective countries; while the opposite is true for Rome, where prices have been slower to recover post-2018. Prices in Paris increased rapidly for several years; their recent decline may be due to factors such as affordability constraints or changing demand. Overall house prices in the capitals decreased by 1.2%, 9.4 pps less than the HPI of their respective countries as a whole. However, there are exceptions like Athens which presented an increase of 14% and Kraków of 7%.
- Sweden's housing market was one of the worst: property prices fell by 9.9% considering the HPI, followed by Luxembourg (-9.1%), Finland (-6.5%) and Germany (-4.1%).

MORTGAGE MARKETS

- The share of Europeans owning their home increased by 0.1 pps to 69.2% in 2023, 1.8 pps lower than the 71% peak in 2012. The percentage of households with mortgage loans increased by 0.2 pps to 24.9% y-o-y, while the percentage of owners with no outstanding mortgage loan decreased slightly by 10.2 pps to 44.2%.
- Overall, the share of mortgage holders remained relatively stable at around 25%, although there are significant variations across the European Member States. The highest level of home ownership is in Romania (94.4%), followed by other countries in Central and Eastern Europe. The lowest levels are in Sweden, Norway, the Netherlands and Denmark, all below 20%.
- The total EU mortgage market remained quite stable, passing from 6.7 trillion in 2022 to 6.8 trillion in 2023 (+0.8%). In non-Euro areas, there has been the same increment of 0.8%. Adding the UK, Norway and Iceland, the figure reached EUR 9 trillion outstanding.
- Compared to 2022, there has been no change in the ranking of the largest mortgage markets. Germany, France, the Netherlands, Spain, Sweden and the UK combined represent 76% of outstanding mortgages in the EU27 plus the UK aggregate.
- Average unweighted EU27 interest rates on mortgages stood at 4.72%, compared to 3.11% in 2022. The UK interest rate reached 4.81%, compared to 2.56% in 2022.
- The preference for fixed or floating mortgages varies across the EU27 in the absence of a common tradition in terms of lending or borrowing and as a result of differences in national credit frameworks.
- Fixed-rate mortgages are more common in France, Belgium, Croatia and the Netherlands, together with Czechia, Denmark and Spain. Lenders in Bulgaria, Finland, Cyprus, Lithuania, Estonia, or Norway almost exclusively offer variable interest rates.

NOTE

Hypostat, published by the European Mortgage Federation – European Covered Bond Council (EMF-ECBC), presents annual statistics on EU mortgage and housing markets, as well as data and information on a number of non-EU countries. The present edition, "Hypostat 2024", focuses on developments that took place in 2023, a year marked by economic constraints as a result of increasing energy and consumer prices and a significant degree of political uncertainty. At the same time, however, the trend of recovery from the COVID-19 pandemic was still discernible in economic developments.

In the Statistical Tables, data is presented in EUR. This may, however, introduce exchange rate distortions for countries outside the Euro area. Please see the exchange rates used in this edition in Table 30 of the Statistical Tables section.

Finally, although Hypostat aims to publish consistent data across countries and over time, not all data can be fully compared between countries, owing to some methodological differences present at the source. The EMF-ECBC strives, through Hypostat, to provide a comprehensive and comparable source of data and information on the mortgage and housing markets of the EU (and beyond). For further information on the definitions and sources used, please refer to the Annex: "Explanatory Note on Data".

Below, please find a list of the abbreviations and stylistic conventions used throughout the publication:

bn	billion
bps	basis points
mn	million
pps	percentage points
q-o-q	quarter on quarter
td	thousand
tn	trillion
y-o-y	year on year
BGN	Bulgarian Lev
BTL	Buy to let
CHF	Swiss Franc
CZK	Czech Koruna
DKK	Danish Krone
DTI	Debt to Income
EC	European Commission
ECB	European Central Bank
EU	European Union
EUR	Euro
FTB	First time buyer
GBP	British Pound
GDP	Gross domestic product
HICP	Harmonised Consumer Price Index
HRK	Croatian Kuna
HUF	Hungarian Forint
LGD	Loss Given Default
LTI	Loan to income
LTD	Loan to deposit
LTV	Loan to Value
MFI	Monetary and Financial Institution
NPL	Non-Performing Loan
PD	Probability of Default
PLN	Polish Zloty
RMBS	Residential Mortgage-Backed Security
RON	Romanian Leu
SEK	Swedish Krone
USD	United States Dollar
VAT	Value-added Tax

Is Energy Efficiency Credit Relevant?

By Ludovic Thebault, PhD and Usman Jamil, European DataWarehouse

In this article, using a sample of securitised mortgages from France and the Netherlands, we find evidence that the energy efficiency rating of properties is credit relevant to some extent, particularly for borrowers in the lower income categories. We believe that the implementation of the European Parliament's new Energy Performance of Buildings Directive will make it even more so.

The Energy Performance of Buildings Directive (EPBD) aims to decarbonise the European building stock. Considering that *"Buildings account for 40% of final energy consumption in the Union and 36% of its energy-related greenhouse gas emissions while 75% of Union buildings are still energy-inefficient"*,[1] the new EBPD aims to pave the way for a wave of renovations and includes stringent environmental criteria for future new buildings. The most striking goal stated in the EBPD is that *"all new buildings should be zero-emission buildings by 2030, and existing buildings should be transformed into zero-emission buildings by 2050"*. This ultimate drive for energy efficiency follows from a long history starting with the oil shocks in the 1970s, when the main goal was to reduce reliance on energy imports from countries that could become hostile. Social considerations also justify improving energy efficiency, as the poorest households are set to benefit the most from energy savings.[2] One way or another, a substantial and increasing portion of European lending will have to fund these renovations, and the EBPD includes provisions to facilitate this.

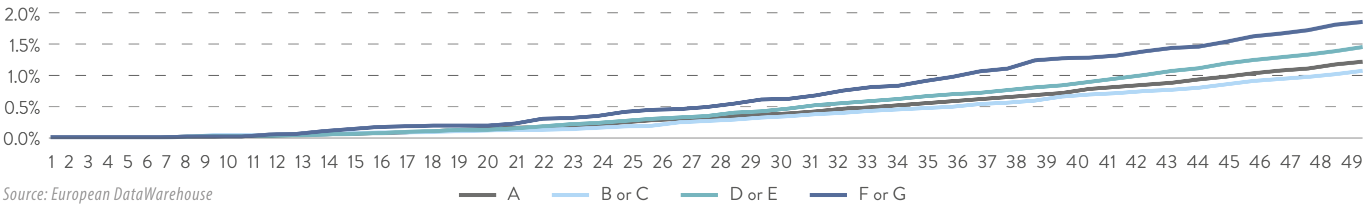
We can expect EU countries to resort to incentives and disincentives that will ultimately force real estate lenders to pay attention. Regarding the incentives, subsidies and guarantees should make renovations more affordable for the poorest property owners.[3] As for the disincentives, increasing constraints will apply to the worst-rated buildings, including letting bans for the most inefficient properties.[4] Letting bans interrupt the stream of income for 'buy to let' properties and force borrowers to borrow an extra lump amount to upgrade the property (a credit negative). Properties' Energy Performance Certificate (EPC)[5] ratings will thus become more relevant when originating new mortgages. In this article however, we argue that EPCs may already have been relevant so far, particularly for the most vulnerable households.

EDW hosts data for European securitised mortgages and recently started to collect EPC ratings.[6] We focus this study on the Netherlands and France, which are the countries where this data is the most available. We did not want to mix EPCs across countries, because the EPC mix can be radically different from one country[7] to the next and because EPCs can have very different meanings across countries; in France, a property with an EPC-A rating can use up to 70 kWh/m2/year vs. up to 160 kWh/m2/year in the Netherlands.[8]

Mortgages with the lowest EPC ratings (F and G in particular) tend to have noticeably worse performance than those financing more efficient properties (A, B and C rated). In Exhibits 1a and 1b below, we show the cumulative percentage of loans originated between 2016 and 2019 in France and the Netherlands that have at some point become delinquent or have defaulted (i.e. payment incidents), up to 48 months after origination. We do not limit the sample to defaults, because for some vintages, this period also covers the COVID years, when measures (payment holidays, moratoria, handouts etc.)[9] were enacted to limit COVID-related defaults.

EXHIBIT 1a | MORTGAGES FINANCING THE LEAST EFFICIENT PROPERTIES PERFORM WORST IN FRANCE

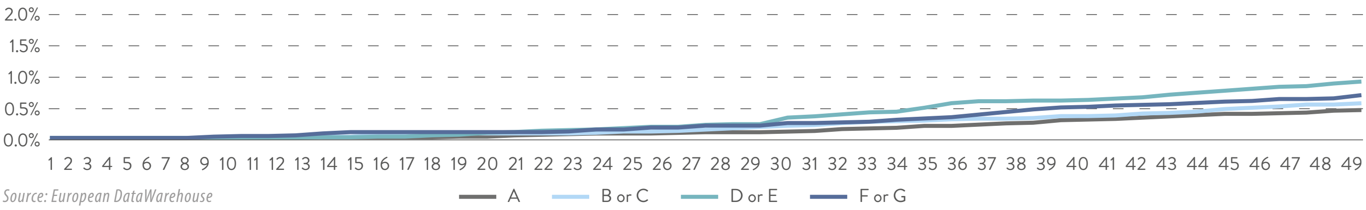
Cumulative delinquencies by EPC (France - Mortgages) — As % of Original Balance, Months after Origination



Source: European DataWarehouse

EXHIBIT 1b | PAYMENT INCIDENTS IN THE NETHERLANDS ARE ALSO MORE COMMON FOR EPC D-G

Cumulative delinquencies by EPC (Nederlands - Mortgages) — As % of Original Balance, Months after Origination



Source: European DataWarehouse

1 See Energy Performance of Buildings Directive

2 The EBPD further states *"Buildings are responsible for about half of primary fine particulate matter (PM 2,5) emissions in the Union that cause premature death and illness"* and further *"Inefficient buildings are often linked to energy poverty and social problems."*

3 See https://france-renov.gouv.fr/

4 See ADEME in France:
-Since Jan. 2023: letting ban for G rated properties with energy need exceeding 450kWh/m2/year
-From Jan. 2025: ban on the letting of G rated properties
-From Jan. 2028: ban on the letting of F rated properties
-From Jan. 2034: ban on the letting of E rated properties

5 EPCs were initially introduced in the Directive 2002/91/EC of the European Parliament; the ratings are letters from A to G, whose definitions typically refer to energy consumption in kwh per square meter per year

6 See ESMA technical standards – residential real estate; EPC ratings (letters from A to G) are to be reported if available. In practice, EPCs are available for only about 20% of the mortgages in our database. EPC ratings are especially relevant for so-called "green securitisations".

7 Please note that 1) securitisations are not necessarily representative of the mortgage market they come from and that 2) those for which EPCs are provided are not necessarily representative for the remaining securitisations

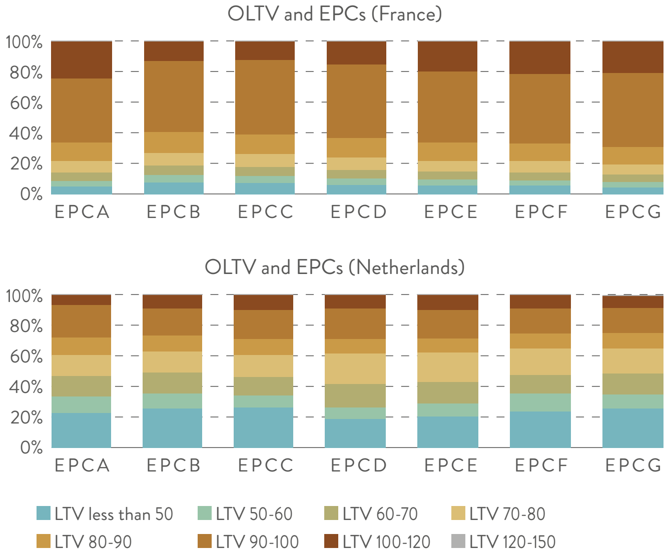
8 See Revisiting The Babel Tower of EPC Ratings; in the Netherlands, EPC-A ratings are further divided in A+ to A++++ property ratings; this differentiation is not visible in our data

9 On this topic see also Monitoring Moratoria Through COVID-19

Other studies using retail mortgage data also mention this relationship. Billio et al.,[10] as well as Guin et al.[11] assessed mortgage risk using actual or estimated EPC ratings along with the more common measures of credit risk and concluded that a property's energy efficiency is useful extra information to assess credit risk. Other publications acknowledge the relationship between EPC ratings and loan performance, but point out that this may be because some risk characteristics are correlated with EPC ratings.[12] The following charts compare key performance metrics for mortgages in France and the Netherlands by EPC rating category.

The Original Loan-to-Value (OLTV) is a key predictor of mortgage defaults, often used for mortgage pricing.[13] In Exhibit 2, we show the proportion of the loans of the various EPC rating classes by OLTV. In the case of France, there are some more loans in the "riskier" 100% - 120% OLTV bucket for categories E, F and G than for the categories B, C, and D, but otherwise, the proportions of loans look remarkably even across EPC rating categories. In any case, in France, mortgages with EPC-A have better performance than EPCs E, F and G even though there are more high LTVs for mortgages with an EPC rating of A (EPC-A). In the Netherlands, the proportions are almost identical in all the OLTV buckets.

EXHIBIT 2 | LOAN-TO-VALUE VS EPC RATING IN FRANCE AND THE NETHERLANDS

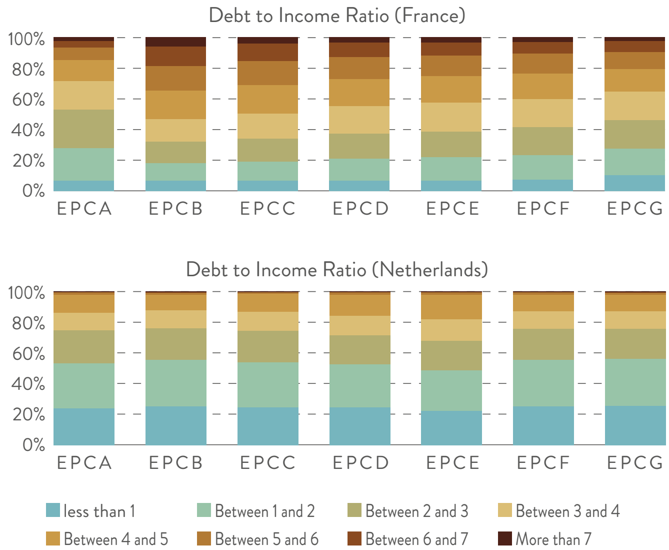


Source: European DataWarehouse

The Debt-to-Income multiple (DTI) values in Exhibit 3 also suggest that the mortgages used to finance the EPC-F/G properties are not riskier. The DTI, defined as the loan amount divided by the yearly income, is another key measure of risk for mortgages. In the case of France, EPC-A mortgages indeed have less risky DTIs than EPC-B mortgages, but the DTIs for the other EPC rating categories appear less risky than those for the EPC-B mortgages. In the Netherlands, the values appear relatively even.

Installment to Income (ITI) is yet another key risk measure that does not seem worse for the least efficient EPC categories. It is also a key performance metric, calculated as the monthly amount of the due instalment as a proportion of the monthly income.

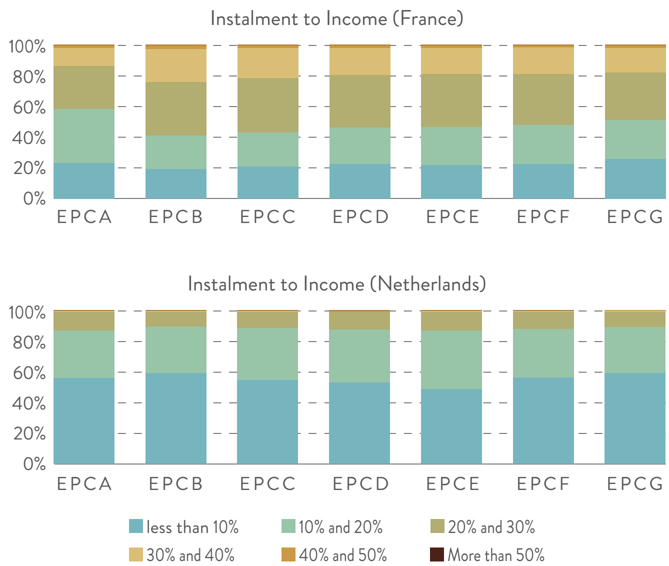
EXHIBIT 3 | DEBT-TO-INCOME MULTIPLES DO NOT INDICATE THAT EPC-F/G PROPERTIES ARE RISKIER



Source: European DataWarehouse

Again, there is no clear evidence in Exhibit 4 to say that the mortgages used to finance the worst-rated properties are riskier on this account. The values in the Netherlands are lower than those observed in France. We understand that this is partially because mortgages in the Netherlands are typically financed with several loan parts, including an interest-only loan part on which only interest is to be paid.

EXHIBIT 4 | INSTALMENT TO INCOME SUGGESTS EPC-F/G PROPERTIES ARE NOT RISKIER



Source: European DataWarehouse

[10] See Building's Energy Efficiency and the Probability of Mortgage Default: The Dutch Case

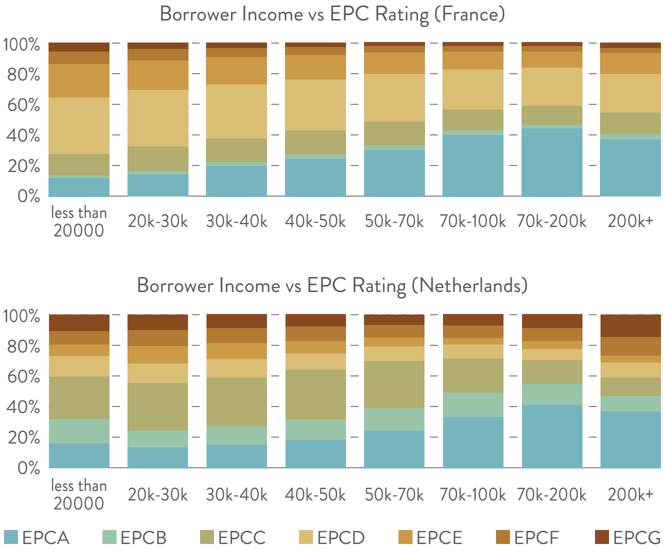
[11] See Risk Differentials Between Green and Brown Assets

[12] See DBRS: Residential EPCs Versus Credit Relevance

[13] Defined as amount of the loan or loan parts as a proportion of the value of the financed property

Borrowers with the highest incomes are more likely to buy energy-efficient properties (Exhibit 5); this is the case both in France and the Netherlands. A difference is that wealthier borrowers in France buy rather less of the EPC-G properties, whereas this is not the case in the Netherlands (Exhibit 5a). The income in absolute terms is not a measure of mortgage risk in itself, but it is known to have some correlation with mortgage risk. This relation is most likely because new or energy efficient properties are typically more expensive (keeping other characteristics equal) and therefore more likely to be bought by the wealthiest borrowers.

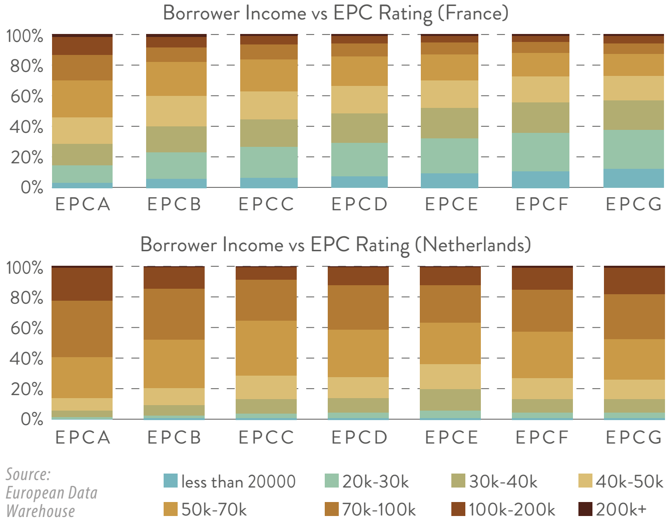
EXHIBIT 5a | HIGH EARNERS ARE MORE LIKELY TO BUY EPC-A PROPERTIES THAN LOWER EARNERS



Source: European DataWarehouse

In France, higher earners are more likely to buy energy-efficient properties, and conversely, as we see in Exhibit 5b, a substantial proportion of the most energy-efficient properties are bought by the wealthiest individuals. This trend is less clear in the Netherlands.

EXHIBIT 5b | THE MOST EFFICIENT PROPERTIES ARE MOST OFTEN BOUGHT BY THE HIGHEST EARNERS



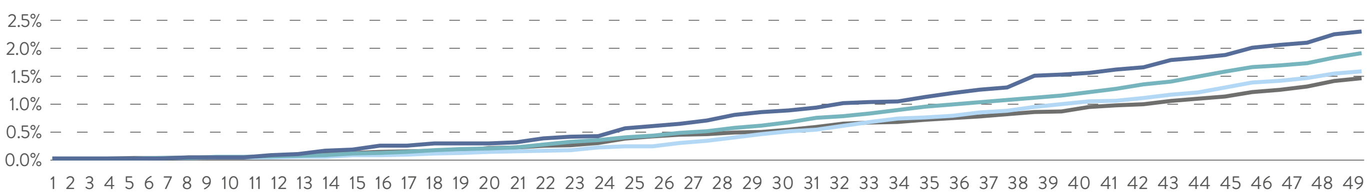
The wealthiest borrowers who can afford to buy the most efficient and typically more expensive properties also typically have a better credit standing. To find out the role played by the income in explaining the relatively better performance of mortgages financing energy-efficient properties, we redo Exhibit 1, using the same subset of mortgages, but grouped by income category. Thus in France:

- For the lowest earners, mortgages associated with inefficient EPCs perform worse and the rank ordering is very clear (Exhibit 6a).
- In the intermediate income category (Exhibit 6b), cumulative delinquencies are lower in all EPC categories than in Exhibit 6a, and the rank ordering is generally the same, although this time, EPC B-C perform better than EPC-A properties.
- In Exhibit 6c, for the highest earners, the picture is different. Delinquency levels are even lower but this time, the EPC-A subset performs somewhat worse than the rest, and the rank ordering for the other categories is less clear.

In the case of France, the EPC seems indeed to be a factor, particularly for the lowest earners.

EXHIBIT 6a | LOWER INCOMES IN FRANCE – EPC-A PERFORM BEST AND EPC-F/G PERFORM WORST

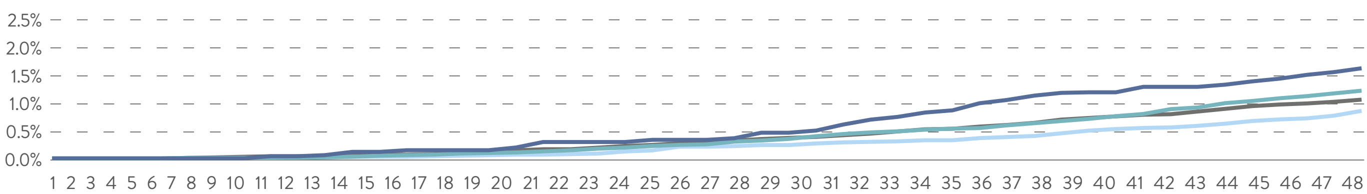
Cumulative delinquencies by EPC (France - Mortgages) — As % of Original Balance, Months after Origination, Borrowers with Annual Income Less than €40,000



Source: European DataWarehouse

EXHIBIT 6b | MIDDLE INCOMES IN FRANCE – STILL A CLEAR RANK ORDERING

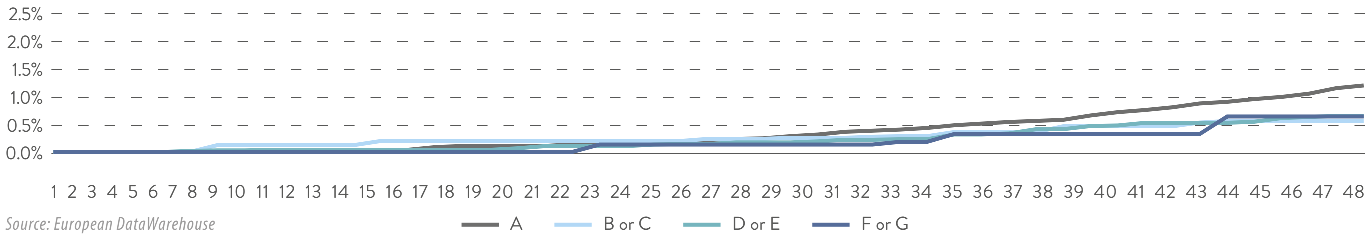
Cumulative delinquencies by EPC (France - Mortgages) — As % of Original Balance, Months after Origination, Borrowers with Annual Income €40,000 - €80,000



Source: European DataWarehouse

EXHIBIT 6c | HIGHER INCOMES IN FRANCE – EPC-A ACTUALLY PERFORM WORST

Cumulative delinquencies by EPC (France - Mortgages) — As % of Original Balance, Months after Origination, Borrowers with Annual Income €80,000+

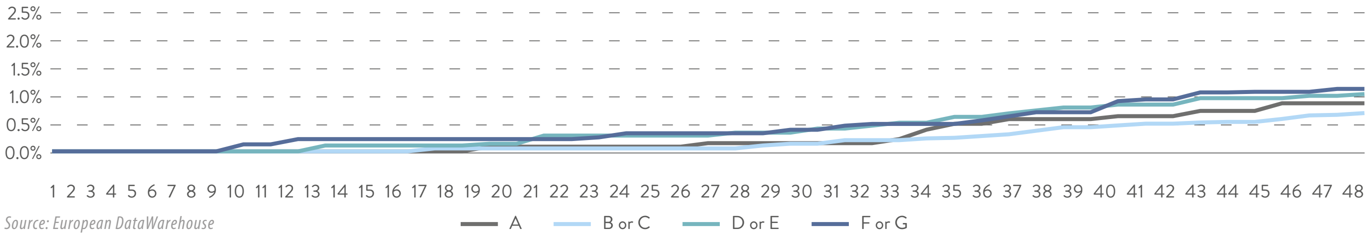


Source: European DataWarehouse

In the Netherlands (Exhibit 7 series) the picture is quite similar, with categories EPC-D/G performing generally worse than EPC categories A-C at all income levels. In the case of the highest income category, the differentiation is not always so clear, reinforcing our impression that the EPC rating is a more meaningful predictor of performance in the lower income categories.

EXHIBIT 7a | LOWER INCOMES IN THE NETHERLANDS – EPC-A/B/C PERFORM BETTER

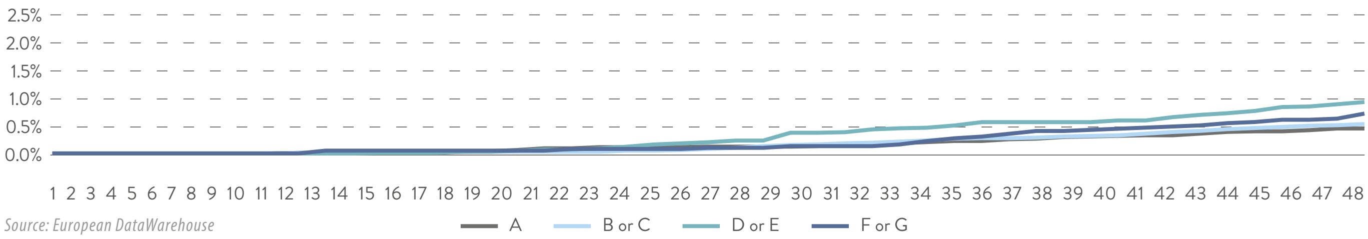
Cumulative delinquencies by EPC (Nederlands - Mortgages) — As % of Original Balance, Months after Origination, Borrowers with Annual Income Less than €40,000



Source: European DataWarehouse

EXHIBIT 7b | MIDDLE INCOMES IN THE NETHERLANDS – EPC-A/B/C ALSO PERFORM BETTER

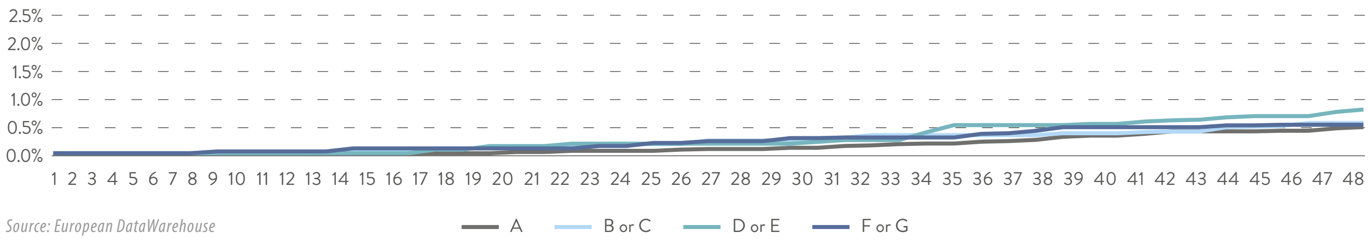
Cumulative delinquencies by EPC (Nederlands - Mortgages) — As % of Original Balance, Months after Origination, Borrowers with Annual Income €40,000 - €80,000



Source: European DataWarehouse

EXHIBIT 7c | HIGHER INCOMES IN THE NETHERLANDS – THE RANK ORDERING IS WEAKER

Cumulative delinquencies by EPC (Nederlands - Mortgages) — As % of Original Balance, Months after Origination, Borrowers with Annual Income €80,000+



Source: European DataWarehouse

The correlation between income and energy efficiency could explain the observations in Exhibit 1. One could think that EPC-A properties perform better because they are purchased by the highest earners, and income would be the main driver explaining these observations. Indeed, higher incomes show a better performance for our data sample.

Nevertheless, as shown in Exhibit 6a and 7a, within an income category, mortgages for the most energy efficient properties perform best and this matters most for the lowest income categories. Exhibit 8 summarises the findings of Exhibits 6 and 7 series. In France, the highest earners generally have lower delinquencies than the lowest earners and only for EPC-A do they perform worse than the intermediate earners. This observation holds as well in the case of the Netherlands. Generally, income appears to matter within an EPC category. Within the lower and middle income categories, the mortgages financing the most efficient properties perform best.

EXHIBIT 8 | COMPARISON OF CUMULATIVE DELINQUENCIES, 48 MONTHS AFTER ORIGINATION

FRANCE	EPC-A	EPC-B/C	EPC-D/E	EPC-F/G
10k to 40k	1.47%	1.59%	1.92%	2.30%
40k to 80k	1.10%	0.90%	1.27%	1.67%
80k or more	1.24%	0.60%	0.69%	0.68%
All Income Categories	1.21%	1.07%	1.44%	1.84%

NETHERLANDS	EPC-A	EPC-B/C	EPC-D/E	EPC-F/G
10k to 40k	0.87%	0.69%	1.05%	1.15%
40k to 80k	0.47%	0.55%	0.98%	0.76%
80k or more	0.46%	0.54%	0.77%	0.50%
All Income Categories	0.48%	0.59%	0.95%	0.72%

Source: European DataWarehouse; summary of the results of Exhibits 6 and 7 series

Higher earners spend relatively less on energy and are therefore proportionally less affected when energy prices increase. In this respect, there is a channel for higher energy costs to have an impact on loan repayments, depending on borrower income and property efficiency; public policies helping the poorest households to shoulder higher energy costs probably also influence our results.[14]

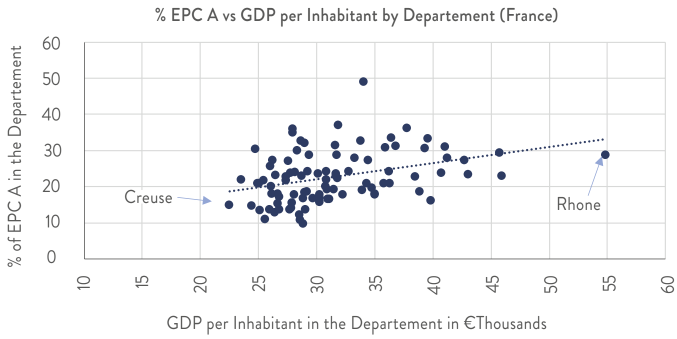
In France in particular, energy poverty also has a regional bias. Exhibit 9 shows that there are somewhat more A and B-rated properties in the wealthier parts of France[15] (as measured by GDP per inhabitant), and more of the F and G in the poorest areas. According to our sample:

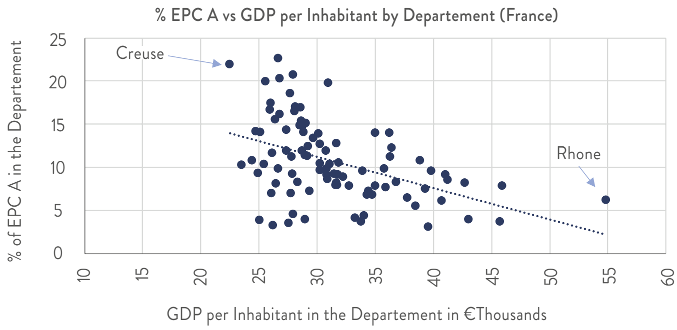
- In the rather prosperous Rhone départment (the small region whose capital is Lyon), 32% of the properties are rated A or B vs. 6% F and G rated.
- In contrast, in the comparatively poor Creuse area (whose capital is Guéret), 16% of the properties are rated A or B vs. 22% F and G rated.

The notable exception is Paris (an outlier - not represented on the charts). EPC-A in Paris, France's richest area, represent 19% and EPC F/G 14%. The fact that A and B-rated properties are rather more common in the more dynamic regions can be because this is where more new properties are both needed and built. Loans originated in more dynamic regions also tend to default less.

Until recently, energy performance ratings were not considered credit-relevant by lenders. We understand that this is changing, as constraints are increasing on the owners of inefficient properties. For instance, Woonnu, a Dutch mortgage provider, uses the energy efficiency of the financed property along with the LTV to determine the interest rate of the loans it offers to its clients.[16] The implementation of constraints on energy-inefficient properties as mentioned for France earlier is particularly relevant for buy-to-let properties. Being unable to let the property deprives the owner of rental income and forces the financing of a renovation of the property (or the sale of the property). The recently observed volatility of energy prices and the foreseeable increases in energy prices[17] will further hit the poorest households most, particularly if they live in energy inefficient buildings.

EXHIBIT 9 | THE PROPORTION OF ENERGY-EFFICIENT PROPERTIES TENDS TO CORRELATE WITH GDP





Source: European DataWarehouse

Beyond vulnerability to transition risk, EPC ratings convey other credit relevant information. For instance, EPC-A properties were all either recently built or renovated and thus have characteristics of the "newly built" market. They are in good condition and have higher resale values (a credit positive). Crucially, such properties are less likely to need unexpected expensive repairs, because the property is in better condition or still under warranty (a credit positive). In contrast, EPC-F/G properties were built before the enactment of energy-efficiency regulations. This category includes prestigious Parisian flats (a credit-positive characteristic) as well as derelict houses in scarcely populated areas (credit-negative). These older buildings were not designed to withstand the physical effects of climate change such as *drought-induced subsidence*[18] and were sometimes built in places where building permission would no longer be granted. The EPC rating thus not only reflects transition risk but also to some extent the physical risk from climate change. Over time, this will be even more credit negative. These properties are therefore more likely to need unexpected and expensive repairs, typically financed by consumer loans. These extra repayments, on top of the debt servicing, can instantly and significantly deteriorate a borrower's debt servicing ratio (a credit negative). Last, an ever-increasing supply of energy-efficient properties will make the others relatively less appealing, and ultimately worthless unless they can be renovated (another credit negative).

In theory, a renovation can be credit-positive for a property; in practice, not every property is worth renovating. If the property is poorly located and in bad condition, it is conceivable that the cost of the renovation may exceed the added value to the property. Adding the cost of a renovation to a property immediately deteriorates the LTV (a credit negative). This effect is even more acute if the increase in property

14 See for instance Energy Allowance in the Netherlands

15 We mean "département".

16 See https://adviseurs.woonnu.nl/over-ons/actuele-rentestanden/ ; Woonnu is a bank operating in the Netherlands and is a subsidiary of Nationale-Nederlanden Bank N.V.

17 Which includes a substantial tax or" carbon price "component

18 See for instance "A crack in the wall of your home [..]" (SwissRe – an Insurer) and also "Most buildings were designed for an earlier climate" (World Economic Forum)

value is less than the cost of the renovation. For instance, if a borrower borrows EUR 80,000 to purchase a property worth EUR 100,000, the OLTV is 80%. If the borrower borrows an extra EUR 30,000 to renovate the property, the new LTV can be 85%, assuming the property value increases by the amount of the renovation (if it is worth EUR 130,000). For the LTV to remain stable at 80%, the upgrade should increase the property value by more than the cost of the renovation. In this case, to EUR137,500 instead.

The overall effect on the debt servicing ratio depends on whether the lower energy costs exceed the renovation loan instalments. This is more likely to be the case if a renovation can be financed as a mortgage "top up" (i.e. a new loan part) characterised by a low interest rate and to be repaid over a long period (as in the Netherlands); conversely, this is less likely if the renovation must be financed with a consumer loan with a higher interest rate and to be repaid over a shorter period with higher instalments.[19]

The EBPD is aware of the difficulties of *vulnerable households* (mentioned 24 times in the EBPD),[20] which are the ones for which financing and implementing a renovation is the most difficult, but which stand to benefit the most from such renovations. Renovation mortgages and "pay as you save" schemes could be the answer and be more palatable than more constraining policies such as letting bans, which France's Rassemblement National has promised to abolish should it come to power.

REMARKS ON DATA AND METHODOLOGY:

This study is based on a sample of French and Dutch securitised mortgages for which EPC ratings are available, which may not be fully representative of the broader mortgage universes of these two countries. The French sample includes ca. 140,000 loans worth EUR 20 billion at origination whereas the Dutch sample includes ca. 120,000 loans and loan parts worth EUR 15 billion at origination.

Exhibits 1, 6 and 7 series show cumulative delinquency or default amounts as % of the original loan amounts, up to 48 months after loan origination. We flag the loans the first time they become one month in arrears or when they become defaulted, considering their outstanding amount at that point.

We selected a sample of loans originated from 2016 to 2019 for which sufficient data was available. Each index line is therefore made of loans originated within this period and for which there is historical data for 48 months. A loan originated in December 2019 will therefore be at point 48 in December 2023, where our data sample stops; it will therefore reflect the impact of COVID and the energy price increases following the invasion of Ukraine. In contrast, a loan originated in January 2016 will have the last data point as of January 2020, before these events occurred. The indices are therefore a weighted average of loans from several vintages that have endured various stresses at various times.

Please note also that these results may be affected by the specific characteristics of the securitisations the data was sourced from; origination criteria, loan management and reporting may also play a role in explaining the actual performance and credit metrics observed.

[19] For the sake of comparison, a 25-year EUR 100,000 mortgage at 3.5% costs a monthly EUR 500, less than a consumer loan at 7.5% over 7 years to finance a EUR35,000 renovation. If these EUR 35,000 were financed as a loan part at 3.5% over 25 years also, the cost of the renovation drops to a monthly EUR175; it is not unrealistic to think that it could be paid for with the energy savings, particularly if energy prices are set to increase.

[20] Defined as "[...] households in energy poverty or households, including lower middle-income households, which are particularly exposed to high energy costs and that lack the means to renovate the building that they occupy;" (EBPD p17)

2024 European Housing and Mortgage Outlook Update: Modest Home Price Growth in Most Countries Amid Supply Constraints and Economic Resilience

by Alla Sirotic, Sarah Repucci and Davide Dessi, Fitch Ratings

Modest home price growth and mild increases in arrears will continue through 2024 for almost all of the seven European countries covered in Fitch Rating's 2024 Global Housing and Mortgage Outlook. Housing supply that is insufficient to meet demand continues to be the defining feature of housing markets in these countries, particularly in urban centers and tourist areas, driving price growth. France is an outlier in this group, as we forecast home price decreases to last until 2025. Our home price forecasts remain unchanged from the publication of our Global Housing and Mortgage Outlook at YE23, with the exception of Spain and the Netherlands, where we have revised our price forecasts up.

Resilient labor markets, wage growth and stabilizing mortgage rates in the Eurozone and UK have supported housing demand and loan performance, keeping arrears low despite mortgage payments that have grown as a percentage of household income. For the eurozone, we anticipate that the overall economic environment will continue to support mortgage performance. We raised our eurozone growth forecast in June for 2024 by 0.2 pp to 0.8%, and unemployment has continued to fall. We expect further ECB rate cuts, with policy rates ending the year at 3.25% and headline inflation down to 2.4% from 2.9% at the end of 2023.

We are forecasting a modest rise in mortgage arrears in most countries in 2024, with stability or a slight decline in 2025. However, in the UK, we anticipate a peak in arrears in 2025. While arrears may slightly rise in countries where floating-rate or short-term fixed-rate mortgages are prevalent, generally disciplined underwriting practices, a supportive macroeconomic environment and home price appreciation will prevent significant spikes. Stretched real incomes and greater indebtedness due to inflation and higher borrowing rates will put pressure on weaker borrowers and lead to worse loan performance in this segment. Borrower equity that has been building and lenders' willingness to offer modifications or forbearance will keep defaults low in all countries.

EXHIBIT 1 | CURRENT FORECAST RANGES: HOUSE PRICES, MORTGAGE RATES AND ARREARS

	HOUSE PRICES			ARREARS [a]			MORTGAGE RATES [b]		
	ACTUALS	FORECASTS		ACTUALS	FORECASTS		ACTUALS	FORECASTS	
COUNTRY	2023-12	2024-12	2025-12	2023-12	2024-12	2025-12	2023-12	2024-12	2025-12
Denmark	3.5%	1% to 3%	2% to 4%	0.15%	0.2%	0.15%	5.0%	4.5% to 5.5%	3.5% to 4%
France	-3.6%	-4% to -2%	-2% to 0%	1%	1.0% to 1.2%	1.0% to 1.3%	4.2%	3.5% to 4%	3.5% to 4%
Germany	-1.7%	1% to 3%	2% to 4%	0.42%	0.5%	0.4%	3.65%	3.75%	3.5%
Italy	1.8%	0% to 2%	0.5% to 2.5%	0.22%	0% to 0.5%	0% to 0.5%	4.5%	4%	3.5%
Netherlands	2%	8% to 10%	6% to 8%	0.05%	0.1% to 0.15%	0.1% to 0.15%	4.13%	3.75% to 4.25%	3.5% to 4%
Spain	3%	3% to 5%	3% to 5%	2.6%	3% to 3.5%	3% to 3.5%	3.8%	3.75% to 4.25%	3.5% to 4%
United Kingdom	-2%	-1% to 1%	2% to 4%	0.9%	1.25%	1.4%	4.7%	4.5%	4.25%

Legend

a. France, Spain, UK: Market-wide 90+d. Germany, Netherlands: Fitch-rated RMBS 3+m in arrears excluding default. Italy: NPL/exposures plus bad debts. Denmark: 3.5m+ arrears.

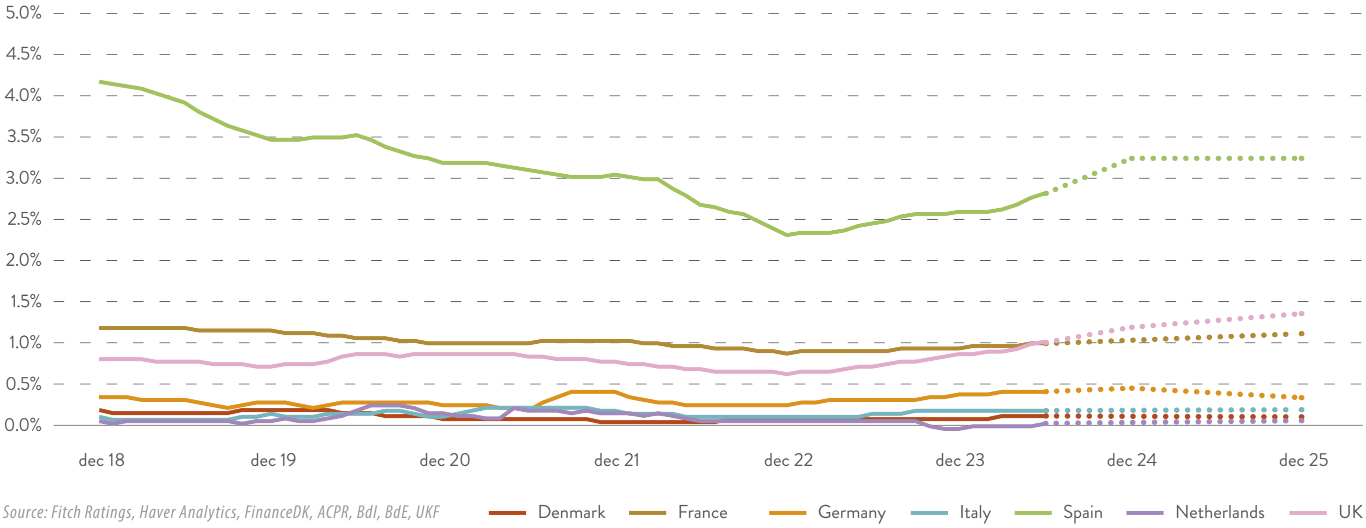
b. Reference rates: UK: Five-year & 75% LTV. Germany: 10-year fixed term. Netherlands: 10-year & 90% LTV. Denmark: Long mortgage bonds rate.

Spain: Mortgages linked to 12M Euribor. Other countries' rates on new mortgages: weighted average of all tenors, rates and LTVs.

Note: Grey shading indicates change in the forecasts from December 2023.

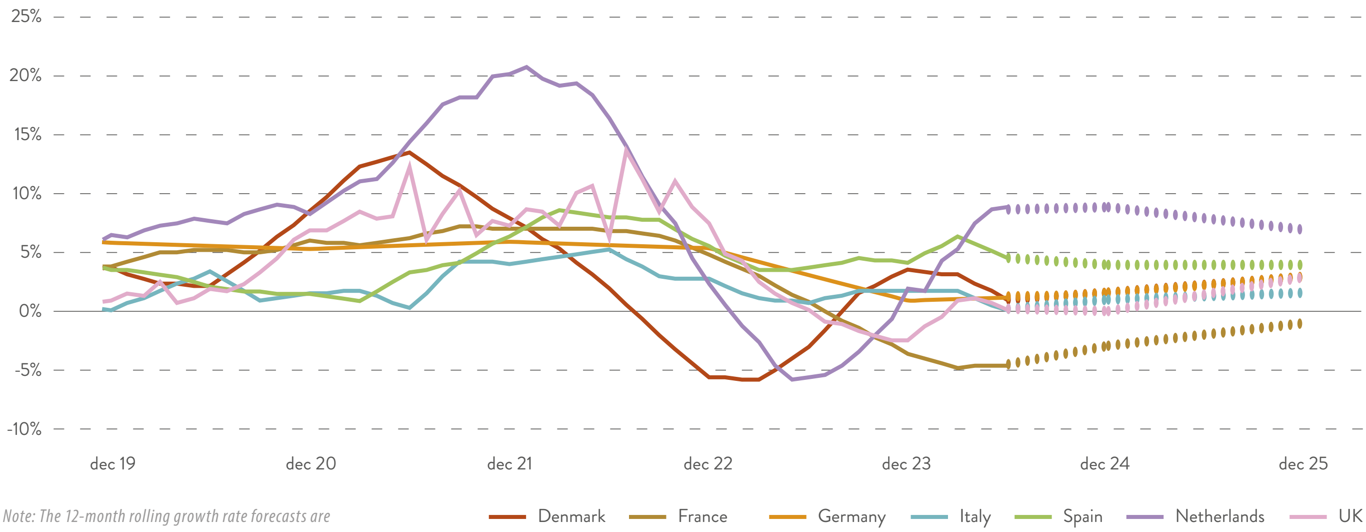
Source: Fitch Ratings

EXHIBIT 2 | LATE-STAGE MORTGAGE ARREARS



Source: Fitch Ratings, Haver Analytics, FinanceDK, ACPR, BdI, BdE, UKF

EXHIBIT 3 | NOMINAL HOME PRICES: 12-MONTH ROLLING GROWTH RATE



Note: The 12-month rolling growth rate forecasts are derived from the mid-point of the forecasts

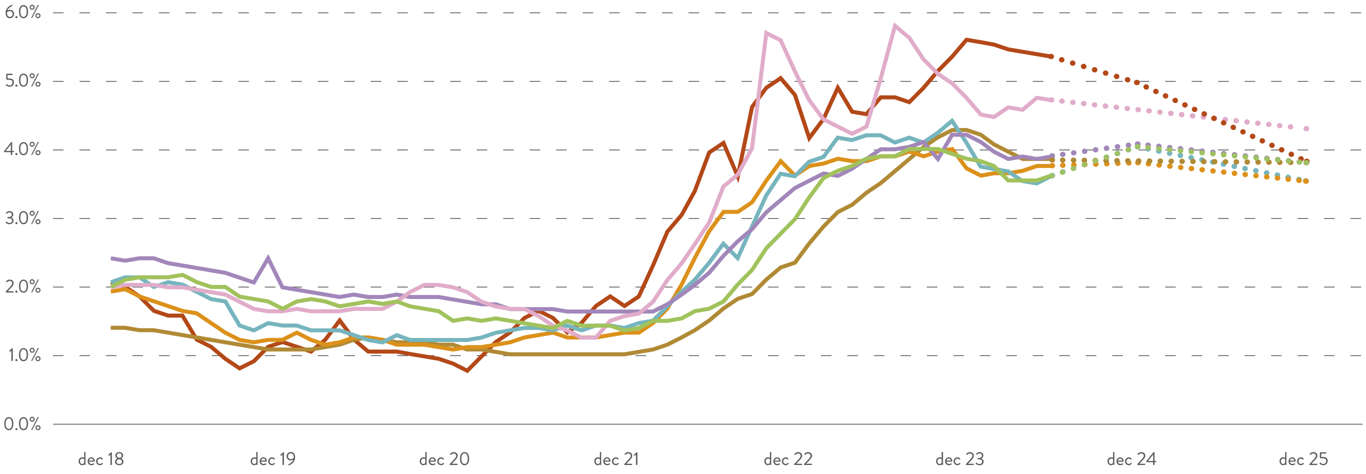
Source: Fitch Ratings, Haver Analytics, DKstat, INSEE, Bulwien, ScenImm/ISTAT, INE, HMLR

Our arrears forecasts apply to all mortgage loans, although non-prime loans only comprise a small portion of the market. The exceptions are Germany and the Netherlands, where forecasts only address the performance of prime mortgage loans. Higher than anticipated unemployment, more conservative monetary policies, and government policy risks due to regime changes present downside risks to demand and our arrears forecasts.

We have increased our home price growth forecast for Spain to 3%-5% in both 2024 and 2025 from our December projections of 0%-2% in 2024 and 2%-4% in 2025, driven by demand outweighing limited housing supply and household formation that outpaces new construction. We have also revised Spain's mortgage rate forecast down slightly to 3.75%-4.25% in 2024 and 3.5%-4.0% in 2025 due to the ECB's recent 25bps rate cut and expected further rate cuts through 2026. We have slightly increased our arrears forecast for Spain to 3.0%-3.5%, reflecting the strain on a considerable segment of vulnerable borrowers from increased monthly payments and depleted savings.

We also revised up our 2024 home price growth forecast for the Netherlands to 8%-10% from 3%-5%, following growth of nearly 5% over the first five months of 2024, spurred by wage growth outpacing inflation, mortgage rates stabilizing below recent highs, and a persistent housing supply shortage. In April 2024, the house price index number surpassed the previous peak in July 2022. Our mortgage rate projections have risen to 3.75%-4.25% for 2024 and 3.5%-4.0% for 2025 as rate reductions for longer term fixed-rate mortgages have been slower than anticipated. We expect arrears to remain close to the currently low levels as the labor market remains strong. The origination of floating-rate loans has been well below 10% in recent years, and interest rate resets will be gradual for the majority of mortgage holders, who have long-fixed rate periods of at least 10 years.

EXHIBIT 4 | MORTGAGE RATES AND MID-POINTS OF FORECAST RANGES



Source: Fitch Ratings, Haver Analytics, FinanceDK, LCL, BBK, ECB, BDE, BoE

We are forecasting German home price increases of 1%-3% in 2024 and 2%-4% in 2025 given tight supply. We expect mortgage delinquency rates to increase slightly to 0.5% in 2024 from 0.4% in 2023 before reverting to slightly lower levels in 2025. Low unemployment and positive real wage growth support mortgage performance.

Italy home prices will see modest growth of up to 2% in 2024 and 0.5%-2.5% in 2025 amid scarce supply, tapering inflation and decreasing mortgage rates driving increased housing demand. Italy's housing market has seen controlled and sustainable growth in house prices, which has meant that prospective home buyers have not faced the same affordability pressures relative to other European countries. Arrears are contained by stringent lending criteria, the prevalence of fixed rate loans, and the availability of forbearance measures for distressed borrowers. We expect mortgage arrears to remain low with further ECB rate reductions.

We are forecasting nominal home price growth of 1-3% in 2024 and 2-4% in 2025 for Denmark as housing supply continues to lag demand. Higher nominal disposable income and lower inflation will help affordability and housing demand. Long-term fixed mortgage rates will remain high at 4.5%-5.5% in 2024 and decline by roughly 1pp in 2025. About a quarter of borrowers will see their mortgage rates reset in 2024 and 2025, and we expect mortgage arrears to increase marginally to 0.2% in 2024 from 0.17% in 2023, held in check by the country's very strong aggregate household balance sheet and high domestic savings.

France is the exception to positive eurozone home price trends and our forecasts, with home prices down 2.1% through Q1 2024. We are forecasting home price declines in 2024 of -4% to -2% in 2024 and -2% to 0% in 2025, due to a drop in sales and low demand caused by poor affordability and strict underwriting limits. The recent ECB rate cut and slowing inflation could improve demand and curb house price declines. Arrears levels are within the historical range, and we expect a mild increase to 1%-1.2% in 2024, with loan performance supported by tight underwriting and stable unemployment dynamics.

We are projecting home prices to be flat in the UK in 2024 relative to 2023, influenced by sharp mortgage rate increases in 2022-2023 and supply shortages.

The UK market, dominated by short-term fixed rates, will see a significant number of borrowers experiencing an interest rate shock in the next two years, potentially leading to some growth in arrears as households transition to higher costs. We expect arrears to increase to 1.25% in 2024 and again to 1.4% in 2025, versus 1.0% at end 2023. Proactive forbearance activities by servicers have kept some borrowers current who might have otherwise fallen behind on payments.

Affordability remains a challenge for prospective homebuyers. Rents, which are high across most of Europe, especially in larger cities, limit the ability to save for a down payment. Government policies, such as purchaser subsidies or programs to support first-time buyers, help improve affordability and demand. Variable-rate and short-term fixed-rate products have increased in popularity in some European countries in the high-rate environment.

For more information on our housing research, please visit the following:

https://www.fitchratings.com/research/structured-finance/2024-global-housing-mortgage-outlook-mid-year-update-25-06-2024

https://www.fitchratings.com/research/structured-finance/global-housing-mortgage-outlook-2024-11-12-2023

www.fitchratings.com/structured-finance/covered-bonds

www.fitchratings.com/structured-finance/rmbs

Moody's Considers that CRE Refinancing Risks will Crystalize over the Next Two Years as Peak-Cycle Loans Mature

By Alexander Zeidler, Moody's Ratings

Commercial real estate (CRE) debt refinancing risks in Europe will be high over the next two years as loans originated at the peak of the property cycle mature. The exposure to elevated CRE refinancing risks will vary across different sectors.

SUMMARY

→ **CRE refinancing risks will be high for the next two years.** The CRE debt market in Europe is anticipated to increasingly bifurcate over the next two years, in the sense that borrowers with strong-credit-quality loans will likely be able to refinance debt and avoid losses, while those with weak-credit-quality loans will likely fail to roll over debt and crystallize losses. Loans originated in 2021 and 2022 at the peak in the CRE property cycle present the most risk.

→ **Non-bank lenders are more likely to incur CRE losses than banks.** Non-bank lenders have been highly active in the CRE market in Europe over the last five years, particularly in 2021 and 2022. Moreover, non-bank lenders have provided a much larger share of mezzanine financing for CRE than banks. Moody's therefore expects that a larger share of CRE losses will crystallize in the lending books of non-bank lenders than banks.

→ **Covered bonds are well placed to face CRE refinancing risks.** The credit quality of European covered bonds with exposure to CRE loans is expected to prove robust as refinancing risks materialise over the next two years. Covered bonds do not have a very high overall exposure to CRE loans originated at the peak of the property cycle, though there are a few covered bonds that do. Also, when loans backing covered bonds default, issuing banks typically replace them with performing assets. Another risk for covered bonds is the potential for problems in the CRE sector to weaken issuers' credit strength.

CRE REFINANCING RISKS WILL BE HIGH FOR THE NEXT TWO YEARS

CRE debt refinancing risks in Europe will be high over the next two years as loans originated at the peak of the property cycle mature, crystallizing losses for borrowers who cannot roll over debt. We expect the CRE debt market will increasingly bifurcate between now and 2026, in the sense that borrowers with strong-credit-quality loans will likely be able to refinance debt (through banks or alternative lenders or both) and avoid losses, while those with weak-credit-quality loans will likely fail to roll over debt and subsequently crystallize losses over the loan workout period.

Loans originated in 2021 and 2022 at the peak in the CRE property cycle in most Western-European markets present the most risk. At the cycle peak, CRE market yields were very compressed compared with long-term averages and risk premiums declined compared with government bond yields (Exhibit 1), reflecting elevated prices and high risk-taking by lenders.

The debt funding gap for CRE loans originated from 2019 to 2022 and likely to mature from 2024 to 2027 is 28% according to CBRE, with the largest gap

EXHIBIT 1 | CRE MARKET YIELDS AND RISK PREMIUMS WERE TIGHT IN 2021 AND 2022

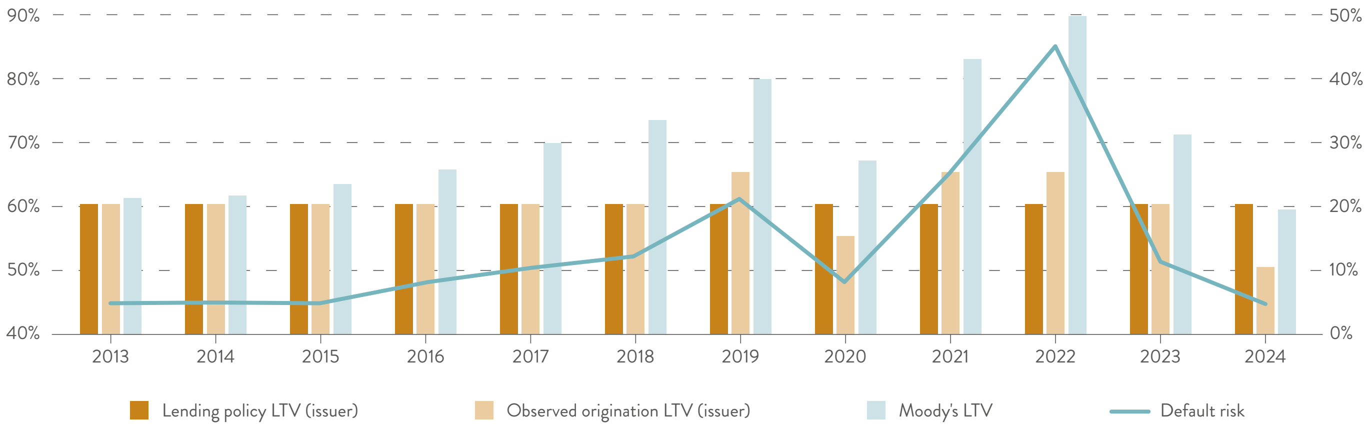
European CRE and government bond yields

Simple average for twelve Western-European markets (Austria, Denmark, France, Germany, Greece, Italy, Netherlands, Norway, Portugal, Spain, Sweden, UK). Calculations as of the first quarter of 2024.

Sources: Cushman & Wakefield yield data, FactSet and Moody's Ratings

EXHIBIT 2 | DEFAULT RISK IS HIGHEST FOR CRE LOANS ORIGINATED DURING PROPERTY CYCLE PEAK IN 2021 AND 2022

LTV ratios and default risk assumptions for CRE loans



The lending policy LTV reflects issuer's general lending standards, while the observed origination LTV reflects issuer's typical actual lending based on market pressures and risk appetite. Moody's LTV is the LTV ratio we use to determine the risk of default. The default risk is our typical default assumption at loan origination for senior loans secured over average-quality properties in Western-European CRE markets. We use the default risk assumption as a starting point in our analysis of CRE covered bonds.

Sources: Moody's Ratings

in 2026 if values and interest rates remain at current levels. The debt funding gap estimates the amount of CRE loans that would fail to refinance on current capital values and borrowing rates given banks' LTV and interest coverage ratio underwriting constraints.[1]

As Exhibit 2 shows, the risk of default is significantly higher for loans originated at the property cycle peak than at other times. For example, we think the risk of default is 30%-40% for senior CRE loans originated by banks at the peak of the cycle. In contrast, the default risk is assessed at around 5%-10% for loans originated in 2024 now that banks have tightened their underwriting policies and property values have corrected. The typical LTV ratio for senior loans originated in 2021 and 2022 was 65%. But given inflated property values, we view these loans as 80%-90% LTV loans, which is why we assume a high default risk.

NON-BANK LENDERS ARE MORE LIKELY TO INCUR CRE LOSSES THAN BANKS

Non-bank lenders in Europe are more likely to incur losses as a result of failed CRE refinancings than banks. Non-bank lenders have been highly active in the CRE market in Europe over the last five years, particularly at the peak of the property cycle in 2021 and 2022. Moreover, non-bank lenders have provided a much larger share of total mezzanine financing for CRE than banks. We therefore expect that a larger share of CRE losses will crystallize in the lending books of non-bank lenders than banks.

At the peak of the property cycle, non-bank lenders provided CRE financing at LTV ratios up to 80%. CRE property values in Europe have declined about 20%-30% since the peak, which means non-bank lenders will likely incur losses if borrowers fail to refinance CRE loans at maturity.

In contrast, banks were typically most competitive in the senior financing space up to 50% LTV during the CRE property cycle peak. This means that despite property value

EXHIBIT 3 | BANK LTV RATIOS FOR CRE LOANS REMAIN LOW DESPITE SIGNIFICANT PROPERTY VALUE DECLINES

CRE exposure and reported average LTV ratios for selected German banks

	DATA AS OF	CRE EXPOSURES (€ BN)	SHARE GERMANY	SHARE EUROPE (EXCL. GERMANY)	SHARE NORTH AMERICA	SHARE OTHERS	AVERAGE LTV	SHARE OF EXPOSURES WITH LTV < 60%	CRE NPE %
DZ HYP	Dec-23	46.6	96%	4%	0%	0%			1.1%
Deutsche Pfandbriefbank	Mar-24	32.9	43%	33%	16%	8%	54%		5.0%
Berlin Hyp	Dec-23	28.7	69%	31%	0%	0%	56%		1.7%
Landesbk Hessen-Thüringen	Dec-23	43.0	40%	34%	26%	0%		59%	6.7%
Aareal Bank	Mar-24	31.8	7%	61%	27%	5%	56%		3.5%

Exhibit shows German banks with large CRE exposures that use CRE covered bonds for market funding. LTV ratios are based on the latest CRE market values and only reflect performing loans in the case of Aareal Bank and Deutsche Pfandbriefbank. Exposure shares < 60% are on a whole loan basis and are not layered. Empty cells means data is not publicly available.

Sources: Companies and Moody's Ratings calculations

[1] The debt funding gap estimate is based on €640 billion of loans originated between 2019 and 2022 in six Western-European markets (France, Germany, Netherlands, Spain, Sweden and the UK).

declines, average LTV ratios in banks' CRE loan books remain moderate. Moderate LTV ratios should shield banks from severe CRE credit losses, unlike what occurred during the 2008 financial crisis. Exhibit 3 shows the average reported LTV ratio (on a market value basis) and the share of nonperforming CRE loans for German banks with large CRE lending businesses, including in international markets for some banks.

COVERED BONDS ARE WELL PLACED TO FACE CRE REFINANCING RISKS

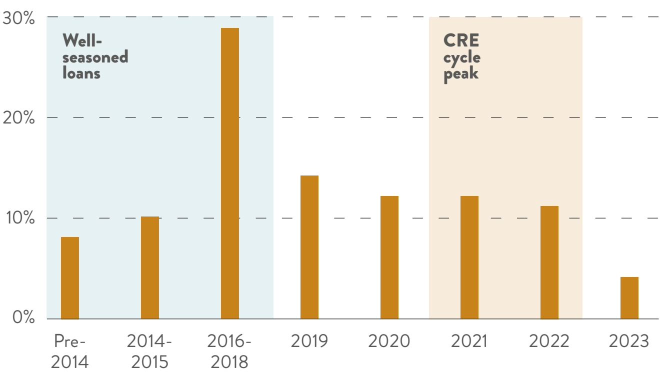
We expect the credit quality of European covered bonds with exposure to CRE loans will prove robust as refinancing risks materialise over the next two years. Covered bonds do not have a very high overall exposure to CRE loans originated at the peak of the property cycle, which will mitigate risks for the sector. Around 73% of the pool of loans backing covered bonds (cover pool loans) were originated well before the CRE cycle peak. This means that a large share of cover pool loans has benefited from the buildup of equity prior to the current market downturn (Exhibit 4). Banks that issue covered bonds were not as active as other lenders like private credit providers at the peak of the CRE property cycle. However, there are a few outliers that do have a large exposure to CRE loans originated at the cycle peak. As Exhibit 5 shows, one covered bond programme has 27% exposure to CRE loans originated in 2021, much higher than the 12% average across all CRE covered bond programmes. Additionally, cover pool CRE loans are typically to borrowers that have the ability to inject cash to achieve refinancing. Borrowers with sufficient equity in the property, as well as those with personal recourse loans and those who occupy the property for their own business purposes, are more likely to continue to support their CRE loans and avoid default.

Furthermore, when cover pool loans default, issuing banks typically replace them with performing assets to the extent it is necessary to maintain asset coverage tests and over-collateralisation (OC) requirements. This, plus the maximum 60% LTV ratio limit for loan parts securing covered bonds, supports the quality of assets backing covered bonds.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

EXHIBIT 4 | COVERED BONDS DO NOT HAVE HIGH OVERALL EXPOSURE TO THE CRE CYCLE PEAK

% of total cover pool loans by origination year (volume basis)

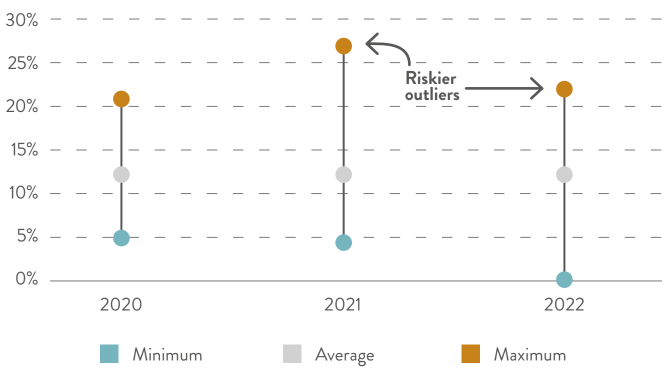


Simple average of annual loan origination volume as % of total CRE cover pool outstanding across the 16 largest CRE CB programmes.

Sources: Moody's Ratings

EXHIBIT 5 | A FEW OUTLIERS HAVE ELEVATED EXPOSURES TO THE CRE CYCLE PEAK

% of total cover pool loans by origination year (volume basis)



Annual loan origination volume as % of total CRE cover pool outstanding. Minimum and maximum across the 16 largest CRE covered bond programmes.

Sources: Moody's Ratings

Covered Bonds and Capital Markets Development

by Antonio Farina and Marta Escutia, S&P Global Ratings

Capital markets remain underdeveloped in most emerging economies. Excluding China, only 5% of global fixed income securities outstanding are issued in emerging markets. This lack of development deprives these countries from a powerful economic growth engine and a source of financial stabilization. Moreover, deeper financial markets could help mobilize private capital towards key sectors facing huge funding gaps, such as infrastructure, climate action financing, and housing.

Covered bonds are a very important housing finance funding source in Europe and are playing an increasingly relevant role in several advanced non-European economies. This report analyzes the role that covered bonds can play in the development of capital markets in emerging economies.

DETERMINANTS OF CAPITAL MARKETS DEVELOPMENT

Reviewing the theoretical and empirical research, the World Bank (2019) finds three preconditions for capital markets to develop: a stable macroeconomic environment, a certain level of development of the financial sector, and a robust legal and institutional environment.

The macroeconomic context strongly influences capital market size and structure. The level and change of gross domestic product matter because they determine the supply of funds (private savings) and the demand for funds (private investment). Macroeconomic stability provides the foundations for investors to invest long term. And fiscal policies, in particular budget imbalances, are relevant because they create a sovereign debt market and a yield curve against which to value corporate bonds. At the same time, excessive government bond issuance may crowd out private sector issuance, and unmanageable fiscal borrowing may cause more macroeconomic instability.

Capital markets development is also connected with overall deeper financial markets. A deep and solid banking industry supports capital markets because financial intermediation usually starts through deposits and loan contracts, and because investors tend to consider a long and good banking system track record a prerequisite to purchasing issuer securities. Institutional investors create the necessary demand for private and public sector securities – the presence and size of a private pension system for example is strongly correlated with capital markets development. And financial openness, including securities market liberalization, can help market development, especially if foreign capital is pulled into domestic markets, a process that might also lower capital and transaction costs.

Finally, legal protection against fraudulent borrowers is required for investor participation in financial markets, and the country's overall institutional foundations – as measured by indicators of rule of law, control of corruption, and political risk – are also relevant.

HOW CAPITAL MARKETS DEVELOP

While each country is different and the pace of capital markets development varies considerably, it seems in most cases to follow a general pattern with distinct stages. IFC (2020) identifies an embryonic phase, in which the government is predominant, a mature phase, in which the capital market starts to serve the private sector, and a set of additional factors that help the market deepen further and broaden its reach.

In the early phase, the government is usually the predominant – and in some cases the only – issuer of debt in the market. The issuance is typically in domestic currency, with minimal secondary trading and other financial instruments. The investor basis is predominantly domestic and dominated by banks.

In a more mature phase domestic companies start tapping the capital markets more frequently, issuing equity and/or fixed income instruments. During this phase domestic non-bank institutional investors emerge, such as insurance companies and pension funds, and retail investors start to participate, either directly or indirectly through mutual funds. Overall, a capital market in this development phase may not yet play an important role in savings allocation, but it has started serving the private sector and has acquired a degree of breadth and sophistication that distinguishes it from markets in the early phase.

Several additional drivers can help the market deepen further and broaden its reach. The role of domestic banks, crucial in the early phase, becomes more ambiguous as the market develops. Domestic companies for example may have limited appetite to issue debt when credit needs are covered by banks, and it is consequently important for regulators to clearly define the rules and functions of different financial sector players, reinforcing them through adequate regulation. Corporate attitudes toward transparency, governance, and control also heavily influence the further development of the capital market, as well as efficient market functioning. Liquidity helps markets become a significant source of capital or funding for the private sector and is also a major consideration for foreign investor entry. Finally, efficient market functioning seems necessary for the emergence of more sophisticated financial products such as hedging instruments and derivatives – particularly important for foreign investors.

WHEN BANKS ISSUE COVERED BONDS

Banks find covered bonds attractive when their mortgage book is growing, and alternative funding options are limited. Housing finance usually emerges as a retail activity. In the primary mortgage market, deposit-taking institutions, such as banks, can fund mortgages through deposits. Factors such as demographics, the rate of household formation, income levels, affordability, and the ease of purchasing and registering property drive owner-occupied home demand, which in turn determines housing finance demand. Supply requires that certain fundamental building blocks be in place. These include a trusted property rights and property registration system, a legal and regulatory framework to facilitate the functioning of housing finance systems and the enforcement of mortgage laws, availability of credit and housing market information, and willingness by lenders to serve creditworthy low-income households or make small loans. Many factors associated with well-functioning housing finance systems are those that stimulate long-term finance.

In countries with a well-functioning primary market, an important additional funding source for the housing finance system can be the secondary mortgage market. Accessing capital markets to mobilize funds can lower funding costs and improve lenders' ability to manage financial risks imbedded in long-term mortgage lending. Covered bonds, mortgage securitization, or mortgage liquidity facilities are examples of the use of capital markets for mortgage funding. The adoption of one or more of them depends on primary market lenders' needs, the current development of the local accounting and legal systems, the characteristics of local housing and bond markets, as well as investor appetite.

WHEN INVESTORS BUY COVERED BONDS

According to the European Covered Bond Council, outstanding covered bonds reached €3.3 trillion at the end of 2023. Issuers and regulators in emerging markets are keen to attract part of this capital, still largely deployed by European investors. But they also need to hold realistic expectations. Two main factors could limit access to these foreign investors: the size of the potential market and investors' risk appetite.

World Bank (2020) shows that the size of the economy is a key determinant of capital market potential, because capital markets require a certain number of issuers, investors and transactions to achieve the economy of scale that not only permits their efficient function but also sustains the capital markets' infrastructure. Similarly, covered bonds tend to be more developed where mortgage financing demand and potential for sustained issuance is higher.

Also, investors like the level of protection that comes from having dual recourse to both a supervised credit institution and a cover pool of safe financial assets, usually prime mortgage loans. Covered bonds generally have higher and more stable ratings than the issuing banks, with no known examples of defaulting over their long history. Most covered bonds outside Europe still come from financial institutions located in countries with high sovereign ratings, such as Canada, Australia, or Singapore. Issuers in lower rated countries may find it more challenging to attract traditional investors. Moreover, a significant part of mortgage origination in certain emerging markets is from non-banks (mortgage companies, cooperatives, provident funds), which are subject to a different level of supervision and often lack a rating. Finally, their underwriting criteria may differ from those in more advanced markets, for example they may grant loans to borrowers working in the informal sector.

Does this mean that covered bonds can be successful only in more advanced markets, able to attract foreign investors looking for higher ratings and more standard issuers and assets? Not necessarily.

THE CASE FOR DOMESTIC COVERED BONDS

While still small compared to the overall size of the market, domestic local currency covered bond issuance is growing. In Central and Eastern Europe for example issuance is predominantly domestic, and Brazilian covered bonds have so far targeted only local investors. We believe that domestic covered bonds can further expand in emerging economies, supporting local capital markets development.

Successful countries will need to meet both the general preconditions for developing capital markets (macroeconomic stability, a certain financial sector depth, and a robust legal and institutional environment) and the specific preconditions for covered bond issuance (a well-functioning primary market and originators that need to expand and diversify their funding sources).

The overall size of the economy necessary to establish a domestic covered bond market is probably smaller than the size necessary for issuance in international capital markets. The existence of a sufficiently large domestic institutional investor base, such as pension funds but also insurance companies and mutual funds, will be key for developing a local market.

While domestic markets may not immediately attract the interest of traditional foreign covered bond investors, they are probably better at meeting the funding needs of emerging economies, especially where there is a material presence of non-bank originators and non-standard assets, such as mortgages granted to the informal sector or subsidized loans. And they may be used to fund assets outside the housing sector, such as SME loans. Moreover, the introduction of covered bonds may further develop the local capital market.

HOW COVERED BONDS CAN SPUR FURTHER CAPITAL MARKET DEVELOPMENT

IFC (2020) shows that the process of capital market deepening is not necessarily continuous and self-sustaining. Even after the market appears well-established, continued deepening is not guaranteed, and markets can reach a stable, but suboptimal, equilibrium. Successful covered bond issuance can facilitate the conditions to deepen further domestic capital markets.

A strong track record of local covered bonds can help attract the foreign investor interest. Covered bonds' additional level of protection and higher ratings make them an attractive option to pull foreign capital into domestic markets. The participation of foreign investors can deepen and diversify the capital available to finance domestic investment, as well as lengthen maturities and increase competition. Moreover, it can spur improvements in transparency, governance and supervision, as local issuers and regulators adopt international best practices, such as using the European Covered Bond Council's Harmonized Transparency Template for their information reporting.

Finally, covered bond issuance can also support the emergence of more sophisticated financial products such as hedging instruments and derivatives--particularly important for foreign investors.

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For further information on our covered bond research, please visit
www.spglobal.com/ratings/en/sector/structured-finance/covered-bonds

A Sustainable Housing Market: Towards a New Ecosystem supporting the Transition Economy

By EMF-ECBC Secretariat

Ongoing current geopolitical challenges, resulting energy security concerns and climate change are making it increasingly necessary to radically rethink the regulatory framework and market best practices of the European housing finance sector. The pressure to accelerate the pace and scale of coordination of national and European policies is real and ever-increasing and has had – and continues to have – a profound impact on political and legislative debates around key files, including the EU Taxonomy, the Energy Performance of Buildings Directive (EPBD), the implementation of the final Basel III reforms and, more generally, all issues related to digitalisation and sustainability.

The housing and housing finance sectors are key to the development of a clear market roadmap that will enable the European Union (EU) to achieve its goal of reducing greenhouse gas emissions. Indeed, housing is a strategic sector not only because homes are the main place where people spend their lives and, increasingly, work, but also because buildings account for 40% of CO_2 emissions in continental Europe.

The scale of the investment needed to improve the energy performance of more than 220 million homes to meet the EU's energy saving targets is immense and cannot be achieved by the public sector alone. The private finance sector in the EU has a central role to play in the transition to a more sustainable economy, reducing energy poverty for households, especially those that struggle to meet the transition challenges, safeguarding consumers' wealth in terms of disposable income and asset value, and supporting economic growth and job creation. In this context, it is of strategic importance to align the interests of lenders, investors, SMEs, utilities and, above all, consumers in multi-service platforms at European level. If we are to reach our 2030 targets, almost 500,000 homes in Europe must be renovated each week.

The real breakthrough of a net-zero Europe will come from the large-scale use of green mortgages. Today, the mortgage market is equivalent to around 46% of the EU's GDP. Stimulating the development and offering of green mortgages is crucial to achieving a climate neutral economy, as highlighted by the Energy Efficient Mortgages Initiative (EEMI)[1], which seeks to introduce an integrated greener, sustainability-focused approach to purchasing, renovating and living in homes.

At the heart of the EEMI are efforts to boost and support consumer demand for building energy renovation by way of an energy efficient mortgage "ecosystem". Bringing together a wide range of relevant market players, including lenders, investors, SMEs and utilities, the EEMI is aligning strategies and actions through a new, innovative market mechanism focused on a green "fulcrum" of products, services and data.

Based on consumer research, market research and value chain analysis conducted over a number of years, the EEMI has boiled the findings down into core elements which are being brought together in an EEMI "ecosystem". The EEMI Ecosystem is intended to guide consumers towards financial and technical solutions which support them in the energy renovation of their homes. In essence, by combining market innovation, digitalisation and green financing instruments across the whole value chain and seamlessly integrating all market participants into a new value chain, the EEMI Ecosystem will optimise the end-to-end customer journey and experience, deploy market interventions and partnerships that support delivery and maximise benefits for consumers.

Concretely, the EEMI Ecosystem platform is focused on the delivery of a seamless customer renovation journey by way of a three-pillar structure, comprising:

1. A **simulator** to support consumers in understanding their energy efficiency renovation needs and guide them through the most cost-efficient renovation solutions. The simulator also provides an indication of the potential value increase of the property, energy savings and CO_2 footprint reduction after the renovation project, as well potentially eligible public support mechanisms.

2. Access to **financing options** by way of the Energy Efficient Mortgage Label (EEML), which is also intended as a quality and transparency benchmark targeted at market participants, including consumers, lending institutions, investors and public authorities. On the Label platform, labelled lending institutions have the possibility to be directly contacted by potential customers who can request an indicative financing offer for their renovation project by submitting the output of the simulation delivered under pillar 1 or other project quotes. Moreover, on a product feature grid consumers have the possibility to succinctly assess the key characteristics of each labelled product and guide themselves towards the most efficient and cost-effective financial products. All these efforts seek to scale-up the EEMI's work, demonstrating the end-to-end customer journey and the EEM life cycle.

3. A **directory of accredited suppliers**, including both a popular and an ESG rating system, currently under construction via a partner EU-funded Project, and a "marketplace" where not only consumers and SMEs can interact, but also all other relevant market participants providing and requiring a service or product in support of the improvement and financing of the EU's building stock. In order to access the marketplace, the SME needs to be able to satisfy three conditions: (1) provide an ex-ante and ex-post EPC free of charge; (2) present an ESG score – if a score is not available, our Partner Crif (Synesgy) is able to provide one to SMEs on their website free of charge; and (3) guarantee that the works undertaken deliver the projected energy savings.

[1] https://energyefficientmortgages.eu/

With a view to delivering this "ecosystem", from October 2024, the EEMI will embark on a new EU-funded Project alongside a consortium of expert partners with a view to accelerating the operationalisation of the "ecosystem" with a focus on the following:

1. De-risking EE investments for financial institutions;
2. Enhancing the articulation of ESG factors in property valuation;
3. Optimising financial operating models with a focus on ESG;
4. Coordinating an integrated renovation supply chain; and
5. Putting consumers at the heart of the transition.

THE ENERGY EFFICIENT MORTGAGE LABEL (EEML)

As indicated above, at the heart of the EEMI Ecosystem lies the Energy Efficient Mortgage Label (EEML)[2], launched in 2021 as a quality benchmark for consumers, lenders and investors to support recognition of and confidence in energy efficient mortgages. This is achieved through access to relevant, quality and transparent information for potential borrowers, regulators and other market participants. In addition, the Label aims to facilitate a process of standardisation to secure and enhance overall regulatory recognition of the asset class.

The Label is built around the EEML Convention[3] and a process of self-certification, both of which are overseen by the label governance[4] structure consisting of: the Label Committee, the Label Secretariat and the Label Advisory Council.

The EEML has been developed using the Covered Bond Label[5] as a blue-print, which is managed by the EMF-ECBC and can look back on a 10-year success story, a period during which it has established itself as the global reference point and data collection benchmark for the over EUR 3 tn outstanding covered bond asset class. The intention is that the EEML emulates this goal in relation to energy efficient mortgages and in the wider field of financing of energy efficient renovation, scaling-up volumes and best practices in respect of both ESG-related retail activities and funding policies.

The initiative comes at a pivotal point in time, where efforts are underway at EU level to redesign the regulatory and monetary policy framework to address climate change and transition risks. As of August 2024, 27 pioneering lending institutions from 11 countries[6] have adopted the EEML, covering the four corners of the Old Continent, large and small lending institutions, traditional banks and FinTech platforms.

EXHIBIT 1 | GEOGRAPHICAL BREAKDOWN OF EEM LABEL LENDING INSTITUTIONS

Sources: EEM Label Data

KEY ELEMENTS OF THE EEM LABEL

To be part of the EEML, interested parties need to self-certify that they are a lending institution with products aligned with the EEML Convention, for which they need to disclose relevant information using the Harmonised Disclosure Template (HDT)[7], at least on a quarterly basis. A dedicated Harmonised Reporting Template[8] has been developed for Retrofitting Loans with which to provide the relevant disclosure on leases, targeted and non-targeted loans.

The EEM Definition and the Label Convention

The EEM definition was launched in December 2018 and consists of high-level, principles-based guidelines for the technical assessment and valuation of eligible properties. The definition provides clear eligibility criteria for assets and projects that can be financed by energy efficient loans, and for the tagging of existing assets in banks' portfolios. The EEM definition provides the protocols to ensure appropriate lending secured against properties that are likely to have both lower credit risk and support climate change mitigation and adaptation.

In the context of the EEM Label, this definition currently forms the basis of the Convention and serves as the technical benchmark of the Label:

> *Energy Efficient Mortgages (EEMs)[9] are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings where there is evidence of: (1) energy performance which meets or exceeds relevant market best practice standards in line with current EU legislative requirements and/or (2) an improvement in energy performance of at least 30%.*

> *This evidence should be provided by way of a recent EPC rating or score, complemented by an estimation of the value of the property according to the standards required under existing EU legislation. It should specifically detail the existing energy efficiency measures in line with the EEM Valuation & Energy Efficiency Checklist.*

> *Lending institutions are committed to providing regular information enabling investors to analyse the Energy Efficient Mortgage products, following the Harmonised Disclosure Template or the Harmonised Reporting Template, depending on the type of labelled loan.*

2 https://www.energy-efficient-mortgage-label.org/
3 https://www.energy-efficient-mortgage-label.org/about-us/convention
4 https://www.energy-efficient-mortgage-label.org/governance/structure
5 https://www.coveredbondlabel.com/
6 https://www.energy-efficient-mortgage-label.org/issuers/directory
7 https://www.energy-efficient-mortgage-label.org/hdt
8 https://www.energy-efficient-mortgage-label.org/hrt
9 Footnote to definition: In the context of the EEM Label the term "mortgage" refers to residential and commercial property loans which fall within the scope of the Capital Requirements Regulation (Regulation 2013/575/EU) and/or Mortgage Credit Directive (Directive 2014/17/EU) or under equivalent legislation outside of the EEA

Importantly, the EEM Label Committee is working on the revision of the Definition/Convention to ensure alignment, as appropriate, with the EU Taxonomy.

Finally, it is worth noting here that in recognition of the availability of different types of energy efficient/green financing products, the EEM Label website also provides the possibility to label unsecured consumer loans for energy efficient renovation purposes.

Closing the data gap by providing the housing sector with global ESG data disclosures best practices: The Harmonised Disclosure Template and Harmonised Reporting Template

THE HARMONISED DISCLOSURE TEMPLATE

With a growing focus on sustainable finance – from regulators, market participants and investors alike – transparency and disclosure are becoming crucial drivers in harmonising best practices and in mitigating the "green-washing" risk in the financial sector, securing investors' confidence and financial stability. Considering this, the Harmonised Disclosure Template (HDT) allows for improved comparability of energy efficiency mortgages. The key is to establish centralised and up-to-date qualitative and quantitative information, which will be available for investors, regulators and other market participants.

The objective is to stimulate the creation of a positive incentive sequence across the mortgage value chain for more consistent and standardised data collection and management, as well as to better link loan information, property and energy efficiency characteristics in a single common template. Standardisation will support investor due diligence, facilitate regulatory reporting requirements in this area and enhance overall transparency in the EEM and (covered) bond markets. To strike the balance between the standardised structure valid for all labelled EEM products and the national peculiarities in reporting specific data points such as the breakdown of loan size, the HDT provides for the introduction of nation-specific breakdowns managed by national coordinators.

The HDT is based on the Master Template delivered under the Energy efficient Data Protocol & Portal (EeDaPP[10]) Project, which organises EEM "input" data and is also inspired by the successful Harmonised Transparency Template (HTT) of the Covered Bond Label. Indeed, efforts have also been undertaken to align the HTT and the HDT as much as possible to facilitate completion and due diligence by banks which have both an EEM Label and the Covered Bond Label. The HDT is furthermore fully compliant with existing regulatory and market disclosure requirements.

The HDT must be completed for each labelled EEM product at least every quarter and has the following structure:

> **A1. EEM General Mortgage Assets:** Tab where information on the general mortgage portfolio is requested (e.g. location, size, ESG, repayment type, LTV, NPL, type of building). The information is also subdivided for type of real estate (residential or commercial).

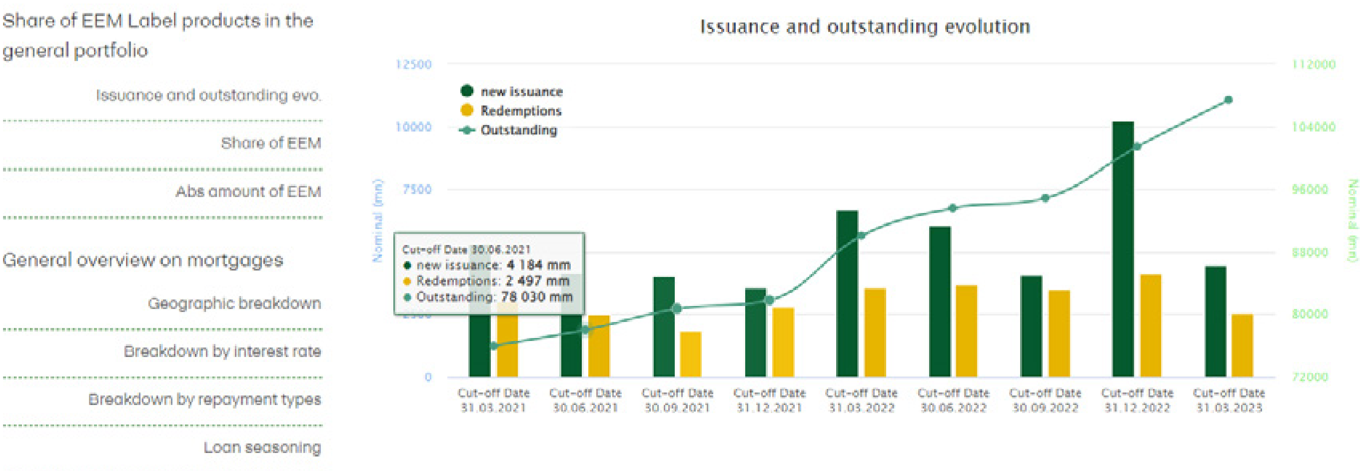
> **B1. EEM Sustainable Mortgage Assets:** Tab which requests the same set of information as tab A1, but focused only on the subset of mortgages which are EEM compliant.

> **EEM Harmonised Glossary:** Tab where definitions and further comments on the sections of the HDT can be introduced.

EXHIBIT 2 | HDT DATA PRESENTATION ON THE EEML WEBSITE

Loan for Green Buildings

Outstanding	75,988 DKK	Issuance	5,354 DKK
Redemptions	3,039 DKK	Number of loans	14,804
EEM total ref	23%		



Sources: EEM Label website: https://www.energy-efficient-mortgage-label.org/products

[10] The **Energy Efficiency Data Protocol and Portal (EeDaPP) Initiative** – led by European Mortgage Federation-European Covered Bond Council (EMF-ECBC), Ca' Foscari University of Venice, CRIF, European DataWarehouse, Hypoport, SAFE Goethe University Frankfurt and TXS – aims to design and deliver a market-led protocol, which will enable the large-scale recording of data relating to energy efficient mortgage assets, via a standardised reporting template. The data will be accessed by way of a common, centralised portal, allowing for continuous tracking of the performance of the energy efficient mortgage assets, thereby also facilitating the earmarking of such assets for the purposes of energy efficient bond issuance.

[11] https://energyefficientmortgages.eu/national-hubs/

> **Optional Taxonomy Tab:** Tab where lending institutions can provide some high-level indication on the EU Taxonomy of their mortgages.

In order to be aligned with market best practices and regulatory requirements, the HDT undergoes an annual revision process which culminates with the approval of the updated HDT in September/October. This effort is supported by both the lending institution community and by the Disclosure Working Group comprising national coordinators[11], EEML Committee members and interested representatives of the lending institutions, to support the Secretariat in gathering potential amendments to the HDT based on suggestions related to overarching and national-specific reporting and disclosure issues.

Currently, 27 lending institutions have disclosed HDTs on 27 products that are available on the EEM Label website. As with the Covered Bond Label, for the EEML the HDTs are exclusively publicly available via the lending institutions' own websites. A reporting tool using direct links to these HDTs creates a graphical representation of the data contained therein on the EEML website, as shown in Exhibit 2.

THE HARMONISED REPORTING TEMPLATE

In the same fashion as the HDT reports data on EEM Labelled mortgage products, the Harmonised Reporting Template (HRT) focuses on retrofitting loans intended to support consumers in improving the energy performance and/or reducing environmental risk vulnerability of their dwelling. The HRT is inspired by the work already done in the HTT and HDT, as well as by reporting templates from the ECB and reporting templates used for private finance loans by various market participants.

The HRT must be completed by all lending institutions which present a labelled retrofitting loan **starting from cut-off date Q2 2023. It is structured as follows:**

> **A1**. EEM Loans: Tab where information on retrofitting loans is reported. Contrary to the HDT there is only one loan-specific tab including all EEM labelled loans as collecting information on the general loan portfolio to be used as a reference with respect to the EEM labelled loans would not provide a useful datapoint. Against this background the information is reported by dividing the retrofitting loans into three categories: leases, targeted loans and non-targeted loans. The information to be provided, besides the size and location, repayment type and interest rates, focuses on the division of the dedicated use of the loans, namely whether it is used for financing housing energy efficiency or renewable energy.

> **EEM Harmonised Glossary:** Tab where definitions and further comments on the sections of the HRT can be introduced.

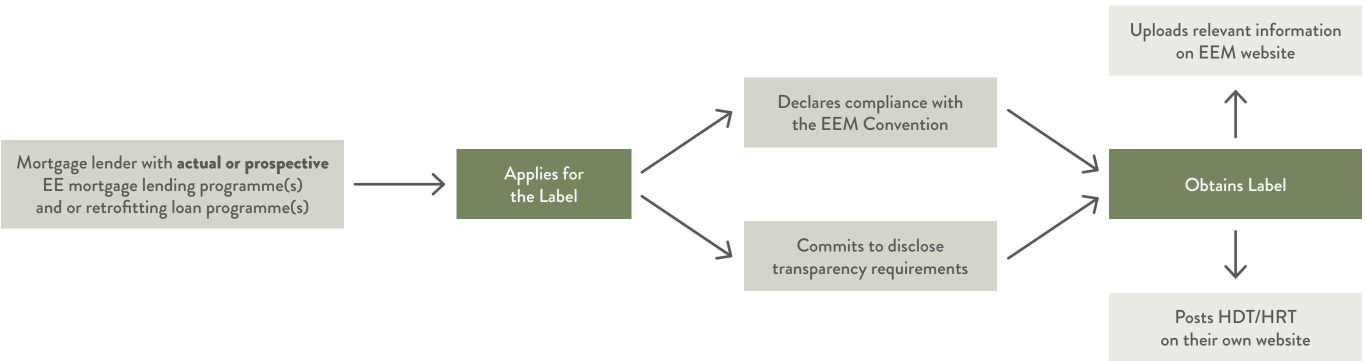
> **Optional Taxonomy Tab:** Tab where lending institutions can provide some high-level indication on the EU Taxonomy of their mortgages.

SELF-CERTIFICATION

As indicated above and once again drawing on the experience of the Covered Bond Label, the EEML is based on a process of self-certification, according to which lending institutions signal their compliance with the Convention. The process of self-certification is detailed in Exhibit 3.

The self-certification process highlights and is testament to a real ESG engagement and strategy for EEM labelled lenders. This process of self-certification has proven to work very efficiently in relation to covered bonds, as a result of subsequent scrutiny by other market participants, including investors and rating agencies, of the publicly disclosed HTT, representing a form of "third-party verification". This has given rise to a market-led mechanism which effectively polices itself with the result being that the cost of not accurately disclosing data or falsely declaring compliance with the Convention is high in terms of reputation and potential impact on the underlying product or ratings. This helps to mitigate any risk of "greenwashing".

EXHIBIT 3 | EEM LABEL SELF-CERTIFICATION PROCESS



Source: Energy Efficient Mortgage Label

CONCLUSION

The Energy Efficient Mortgages Initiative (EEMI) continues to lead the market towards a fundamental, cultural change in the housing sector by proposing coordinated and integrated solutions at global level for retail, funding, marketing and risk analysis strategies in the banking sector. The EEMI is accompanying lenders in building common best practices and delivering new green products and solutions for consumers, whilst supporting the appetite for ESG assets in capital markets and mitigating "greenwashing", thereby facilitating investors' due diligence and reinforcing the overall financial stability perspective in the ESG space.

The Initiative is actively seeking to scale-up volumes, solutions and opportunities for the entire value chain with the end goal of delivering into the hands of consumers a real and affordable microeconomic advantage when renovating their homes.

Against this backdrop, we must remember that the real decision-makers in the housing transition economy are the owners of properties who need to be encouraged to make informed decisions for the future benefit of their family and society, looking at the world from a new perspective. This revolutionary change in behaviour should be supported by the appropriate toolbox of incentives, regulation and subsidies. The banking sector is ready to provide the necessary support along the customer journey by supplying new green financing products and renovation opportunities.

Such an exercise should not be seen as "just" a philanthropic decision taken by already environmentally conscious people who also tend to be more affluent. This needs to be a win-win solution, especially for those families for whom it is more difficult to make ends meet and who are more likely to live in less energy-efficient homes and for whom running and living costs represent a larger share of their budget. Indeed, our homes, the place where we raise our children, are at the heart of our lives and interests: exactly like the word "Home", οϊκος (oikos) at the heart of the ancient Greek word "oikonomia". A sustainable economy must be built around the concept of "home", the cornerstone of citizens' interest, centred on an ESG "ecosystem" that promotes green values and raises environmental awareness.

Through the EEMI and its Ecosystem, the mortgage and covered bond industries are proactively laying the foundations for a market paradigm that secures both economic growth and financial stability. This, it is hoped, will support a green "Renaissance" rooted in a new perspective of sustainability, digitalisation and social inclusion, to fund the hope for a better, greener future.

European Housing and Mortgage Markets in 2023: A Comprehensive Analysis Amidst Macroeconomic Challenges

By Giorgia D'Alessandro, Jennifer Johnson and Luca Bertalot,
European Mortgage Federation – European Covered Bond Council

The housing and mortgage markets across Europe present a complex and varied landscape, reflecting the diverse economic, cultural and social structure of the continent. In this article, we have attempted to capture this diversity by examining the markets from multiple perspectives, across different variables and timeframes. While the markets are as varied as Europe itself, the ongoing integration towards a common financial architecture and the free flow of resources is helping to allocate capital in ways that best meet the needs of individual consumers. Recent trends, such as shifts in mortgage fixing periods, demonstrate the market's ability to evolve beyond traditional national practices and adopt solutions that better serve consumers across Europe. The industry's capacity to critically analyse these trends and harness the benefits of a unified market is crucial for ensuring Europe's continued success, while still honouring the unique characteristics of each country, city and consumer. The housing and mortgage sectors in Europe are not just significant in terms of economic impact, but they also play a vital strategic role in the broader goals of market integration, economic transition towards a greener future, and financial inclusion. As major drivers of private capital within the real economy, these sectors are effective mechanisms for implementing ESG policies in the everyday lives of citizens, influencing consumer behaviour and fostering social inclusion. The strategic importance of housing and mortgage markets in Europe cannot be overstated, as they are essential to realizing a sustainable and inclusive future for all Europeans.

EDITORIAL NOTE

This review looks at the European housing and mortgage markets to the end of 2023. The data in this report covers the impact of recent macroeconomic disruptions, increasing prices, trade and energy supply uncertainty, and the political crisis in Ukraine. It should be noted that all data referring to the Euro zone refers to the Euro area 20 (EA-20) countries, as Croatia joined on January 1, 2023. Readers will find further information on the current state of the housing and mortgage markets, as well as forward-looking highlights, in the individual country chapters. For more up-to-date information, please see the EMF Quarterly Review.

MACROECONOMIC OVERVIEW

Housing affordability and sustainability are of growing importance to the economic and political landscape of Europe. A universal, systematic response is needed from both the public and private sectors. Families are feeling the pressure of increasing interest rates and young people are realising that they will not be able to buy their own houses in the near future if trends do not change. In 2023, 2.863 million people under the age of 25 are unemployed in the EU (2.325 million in the Euro Area). In 2023, the real estate market has seen a decline: demand for housing loans has decreased as people are not able to afford the long-term commitment. Since they are not able to commit, the only option is to spend their wages on rent. Mortgage rates in the Eurozone have reached levels that few expected, forcing many people to postpone their homeownership dreams. Since the beginning of the conflict in Ukraine in February 2022, Europe's economic fundamentals have been strained by increasing energy and consumer prices and political uncertainty. This situation, following the pandemic so closely, has led to a higher focus on families and their struggle to pay both their bills and their rent. The economy is still facing various challenges, but there are some signs of improvement. For the year 2023, GDP increased by 0.4% in both the Euro Area and the EU, after +3.4% in both zones in 2022. The Euro Area had inflation of 2.9% at the end of 2023, compared to 9.2% in the previous year. EU27 inflation reached 3.4% in December 2023, compared to 10.4% a year earlier.

GROWTH

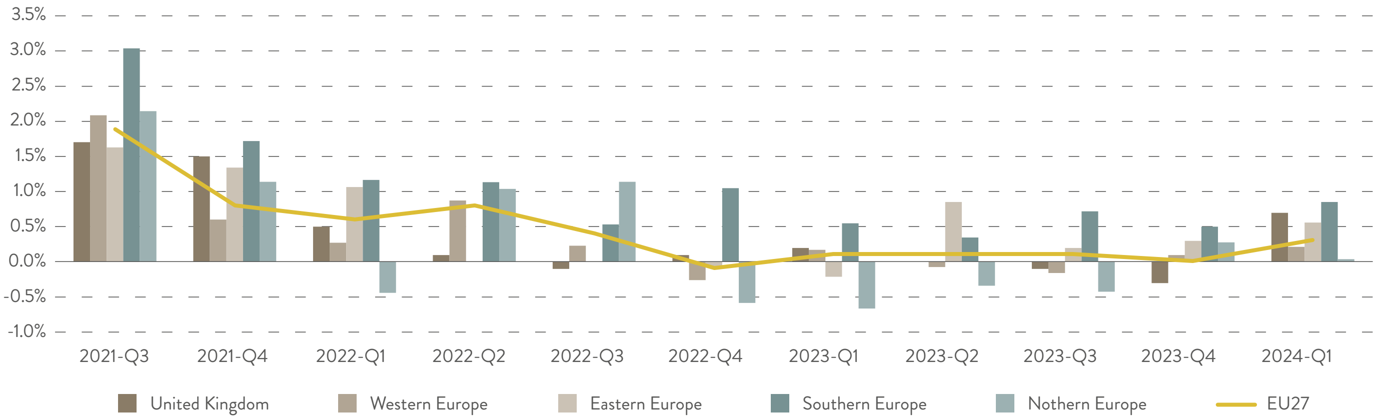
Growth in the EU27's economies broadly declined from Q3 2021 until early 2023 then barely grew (+0.4%) for the rest of the year. What is reassuring is that most regions show signs of recovery in the first months of 2024. Focusing on the quarterly trend of the GDP, Chart 1 shows the change in EEA countries, divided by regions (the United Kingdom, Western Europe, Eastern Europe, Southern Europe and Northern Europe). Even though the UK is no longer part of the EU, it still has a large economy to be considered in the analysis.

The UK experienced significant growth in 2021-Q3, followed by fluctuations and a dip in 2022-Q1 and Q4. Post-2022, the growth rate oscillates, sometimes positive, others negative, but with a noticeable recovery in 2024-Q1. Northern Europe initially presents positive but moderate growth, with a notable dip in 2022–Q4 (-0.58%), which continued until Q3 2023. This region started to recover from 2023–Q2 but growth was positive only in Q1 2024 (0.04%). Southern Europe displays the highest volatility in GDP growth rates, but it is always positive. Western and Eastern Europe are quite volatile too, especially Western Europe which presents different negative rates.

EMPLOYMENT

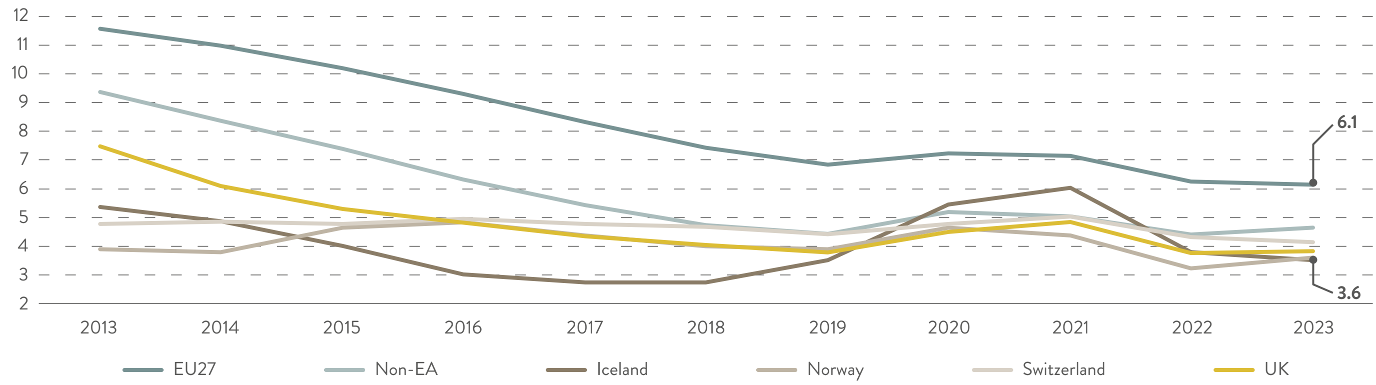
At the end of 2023, the first signs of improvement can be seen in the labour market: Euro Area unemployment rate is 6.4%, down from 6.7% in 2022. The EU unemployment rate is 5.9% (6.1% in December 2022), estimated by Eurostat at 12.936 million people. Spain and Greece have registered the highest unemployment rates, 11.1% and 12.2%, respectively. However, Malta and Germany have registered 3.1% and Poland has been the one with the lowest value, equal to 2.8%.

CHART 1 | QUARTERLY GDP CHANGE BY REGION, IN PERCENT



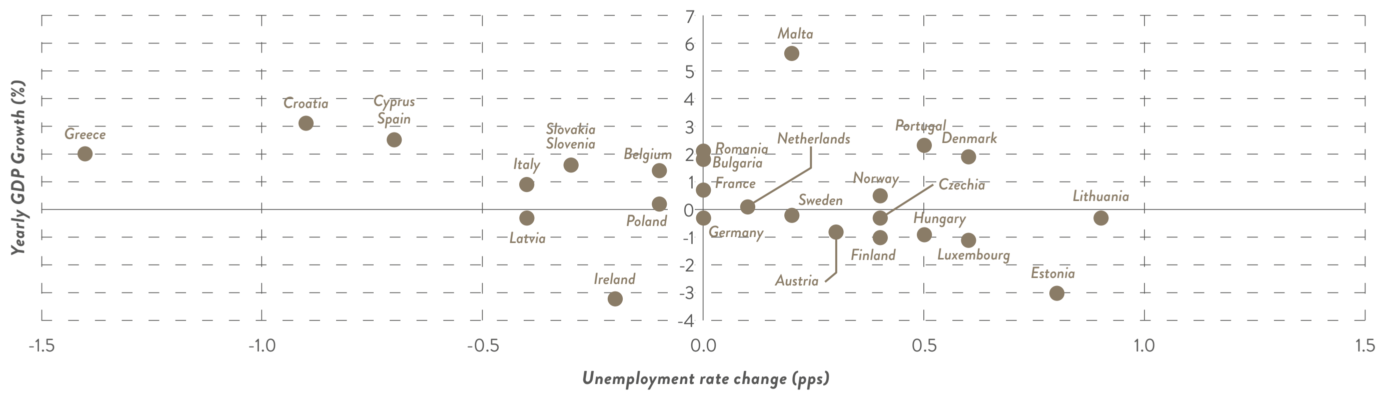
Source: Eurostat

CHART 2 | UNEMPLOYMENT RATE IN EUROPE, IN PERCENT



Source: Eurostat

CHART 3 | UNEMPLOYMENT CHANGE AND GDP GROWTH IN 2023, IN PERCENT



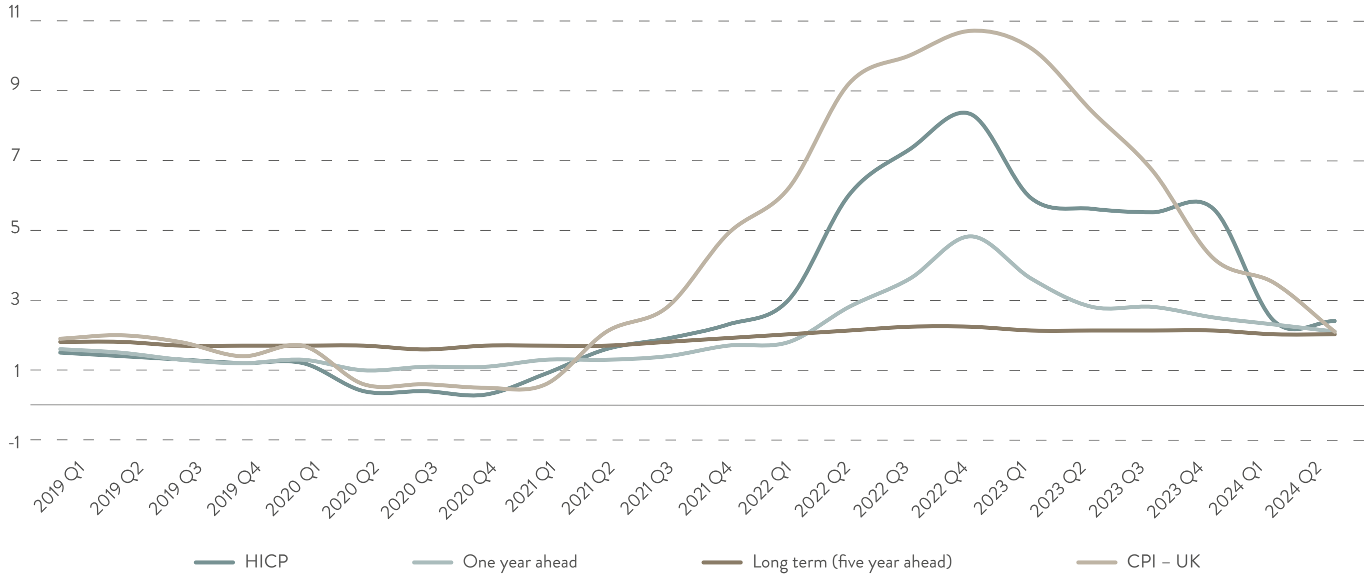
Source: Eurostat

Chart 3 presents the relationship between yearly GDP growth and the change in unemployment rates for various European countries. Most of them have experienced modest economic growth with small changes in unemployment. Southern and some Eastern European countries generally have modest GDP growth, with slowly falling or stable unemployment rates. No major economies have experienced both declining GDP and increasing unemployment simultaneously.

INFLATION

In 2022, inflation (HICP – Harmonised Index of Consumer Prices) in the Euro area reached the highest rate for over 20 years, above the target rate of the ECB. EU27 annual inflation has been 3.4% in December 2023. A year earlier, the rate was 10.4%. Despite fluctuations in actual inflation and short-term expectations, based on ECB forecasts, long-term inflation expectations show little variation, maintaining around the 1-2% range.

CHART 4 | HICP INFLATION EXPECTATIONS ONE AND FIVE YEARS AHEAD (EURO AREA) AND UK CPI, IN PERCENT



Source: ECB and ONS

GOVERNMENT FINANCES

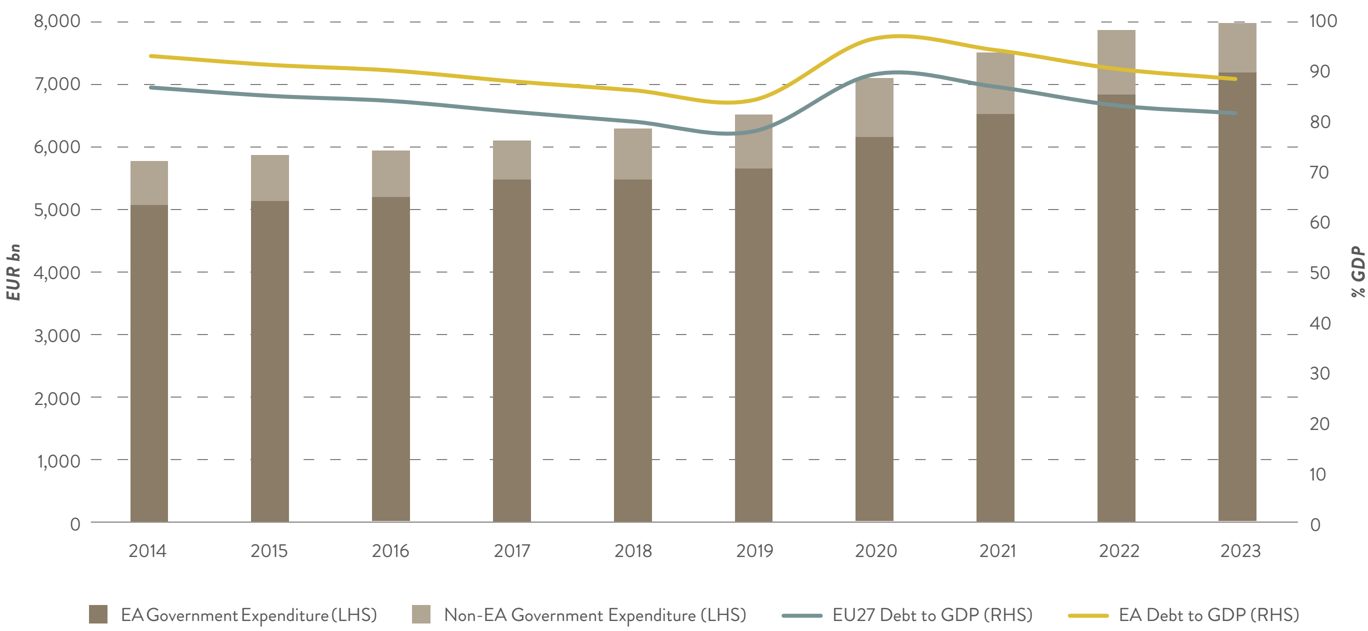
EA government expenditure has steadily increased over the last ten years, from approximately EUR 5.1 trillion in 2014 to around EUR 7.2 trillion in 2023. For EU governments outside the euro area expenditure remains relatively small (EUR 1.2 trillion) compared to the euro area, but also increased gradually over the period (+16%).

The government surplus, considered as a percentage of GDP has been registered in all the countries, with the exception of Bulgaria (-11.2%), Greece (-2.1%), Latvia (-0.7%), Lithuania (-2.8%), Romania (-3.2%), and Sweden (-1.8%). On the other hand, Slovakia is the country with the highest increment, equal to 25% y-o-y.

Chart 5 displays government expenditure and debt-to-GDP ratios from 2014 to 2023. Government expenditure in the EU is EUR 8.40 trillion and EUR 7.12 trillion in the Euro area, a growth of 6.6% and 5.3%, respectively, compared to the previous year.

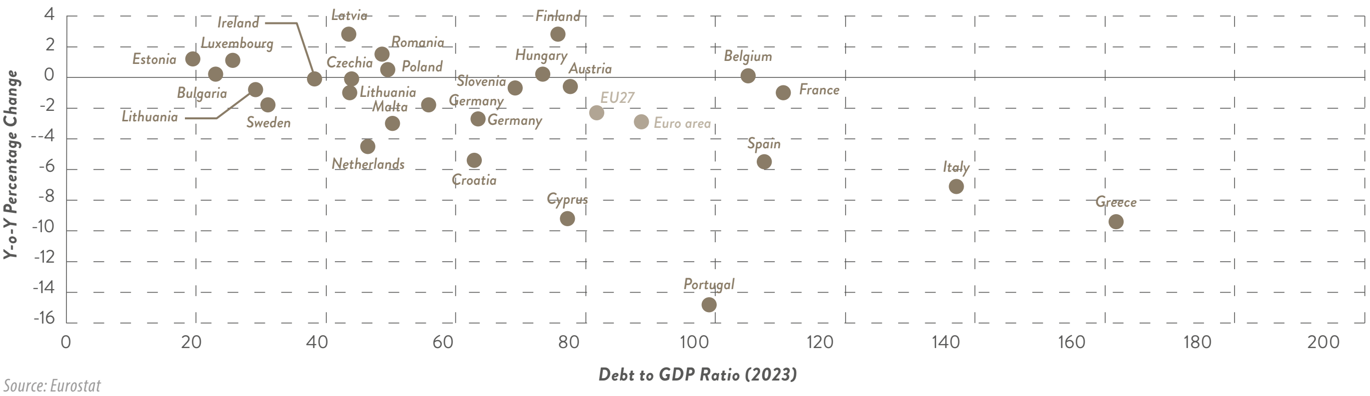
The overall debt-to-GDP ratio for both the EU27 and the Euro area show a slight downward trend from 2014 to 2019, a significant spike around 2020, due to pandemic-related spending and has been falling since – by 2.4% (EU27) in 2023 – but has still not reached pre-pandemic levels.

CHART 5 | GOVERNMENT EXPENDITURES AND DEBT-TO-GDP RATIO



Source: Eurostat

CHART 6 | PUBLIC DEBT TO GDP RATIO AND YEARLY PERCENTAGE CHANGE



Source: Eurostat

The overall EU27 and Euro Area averages suggest a stable but slightly increasing debt trend, reflecting the broader economic conditions and policy responses within the region.

HOUSING MARKET

The housing market still suffers from the aftermath of the pandemic of 2020 with lower construction, supply constraints and economic uncertainty. Construction activity has been held back by input supply chain constraints and property prices have remained high. Between 2013 and 2023, the Eurozone population[1] grew by around 3%, while the number of households grew by 7% with many evident consequences: the average household in the Eurozone consists of 2.2 people, compared to 2.3 people in 2013. A well-known example is the critical situation in the Netherlands, where the number of households has risen from 8.1 million to 8.3 million from 2022 to 2023, significantly faster than the housing stock. Monitoring social developments allows Europe's housing markets to respond to upcoming demand and adjust housing supply.

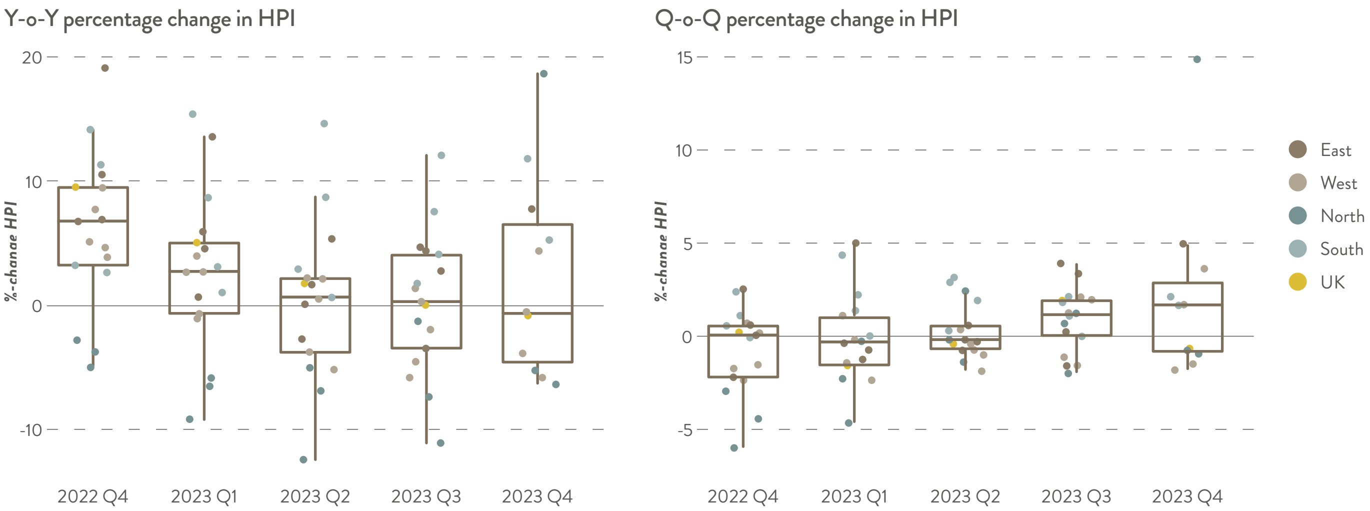
Most of Europe lacks the supply of student housing to meet demand. In Italy, Poland, Portugal and Spain, the issue is particularly serious. For example, in Milan in early 2023, there have been student protests against the unreachable rental prices students faced in the city. According to 2022 data from the National Council of University Students, universities accommodate less than 5% of the 764,146 out-of-town students. Since these rental prices are expected to remain high, Europe is intervening in rental controls, putting caps on residential rental prices.

However, international investors see European real estate as a secure and profitable investment, particularly in politically stable countries with robust economies. The EU is introducing green certifications for buildings utilising renewable materials and green technologies which generate potential long-term cost savings and lead to higher sales premiums.

HOUSE PRICES

Among the EU member states for which data is available, in eight house prices (HPI) fell during 2023, and eighteen increased. The largest falls were in Luxembourg (-14.4%), Germany (-7.1%) and Finland (-4.4%), while the biggest increases were in Poland (+13.0%), Bulgaria (+10.1%) and Croatia (+9.5%). The HPIs have been falling in most European regions but in more recent quarters have started to increase, particularly in the East and UK as shown in Chart 7 (graph based on HPI data for Belgium, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Romania, Sweden, and the United Kingdom).

CHART 7 | YEARLY AND QUARTERLY PERCENTAGE CHANGE IN HPI ON A EU27 SUB-SAMPLE



Source: EMF

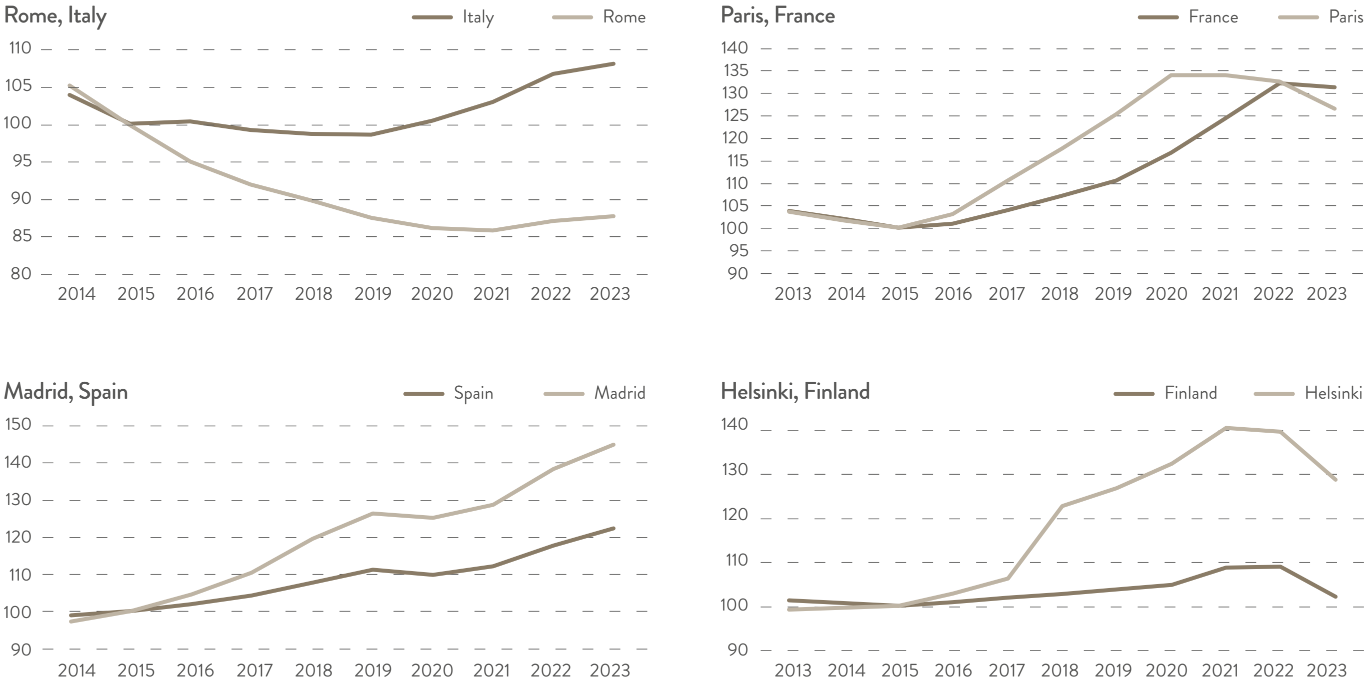
[1] The annual demography data collections are carried out by Eurostat from the National Statistical Institutes in order to collect detailed updated data. Latvia, Lithuania and Croatia all joined the euro in this period.

Prices in the East and South regions vary more with significant differences in different countries within these regions. The North and West are generally more stable with more uniform changes in their constituent countries.

Increased interest rates have delayed purchases by first-time buyer, reduced their average house size and increased the percentage of purchases outside the metropolitan areas. Looking at housing markets, over the past decade average rents increased by 19%. Record-high rental costs in European cities like Paris, London, and Berlin have increased pressure for policy measures to reduce rents.

Chart 8 illustrates some countries with a divergence between house price trends in the capital and the nation as a whole.

CHART 8 | HPI TREND COUNTRY VS CAPITAL



Source: EMF

House prices in Madrid and Helsinki increased more than prices in the rest of their respective countries, whilst the opposite is true for Rome where prices have been lowered from 2018. Prices in Paris increased rapidly for several years, their recent decline may be due to factors such as affordability constraints or changing demand. Madrid's housing market appears robust for reasons including urban migration, economic opportunities and investment interest.

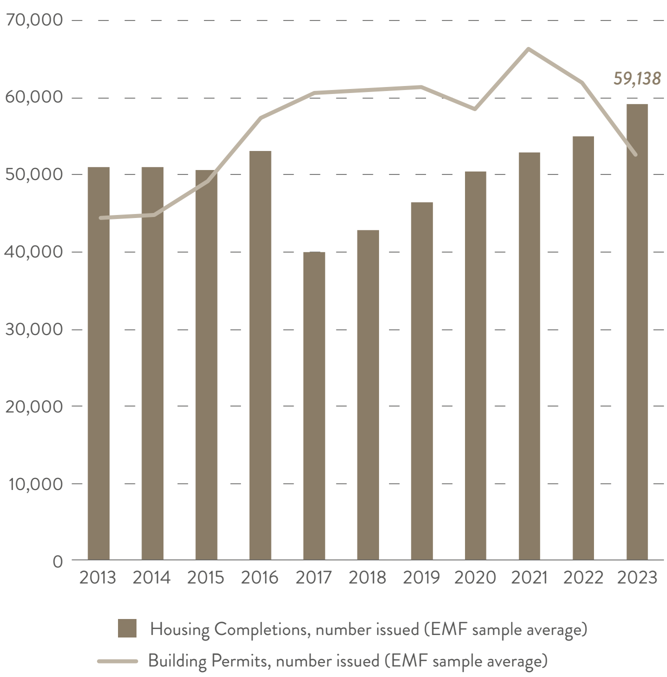
HOUSING CONSTRUCTION

A healthy housing construction sector is both a key part of the economy and vital to meet housing demand and stabilise prices given the structural deficit in supply relative to demand. Government policy is a key driver in the construction industry, affecting both the supply side, through building permits and the demand side, through incentives and economic conditions.

Housing completions have been rising steadily across Europe since 2017, whilst the issuance of permits was adversely affected by the pandemic and more recently by rate rises, supply constraints and economic uncertainty.

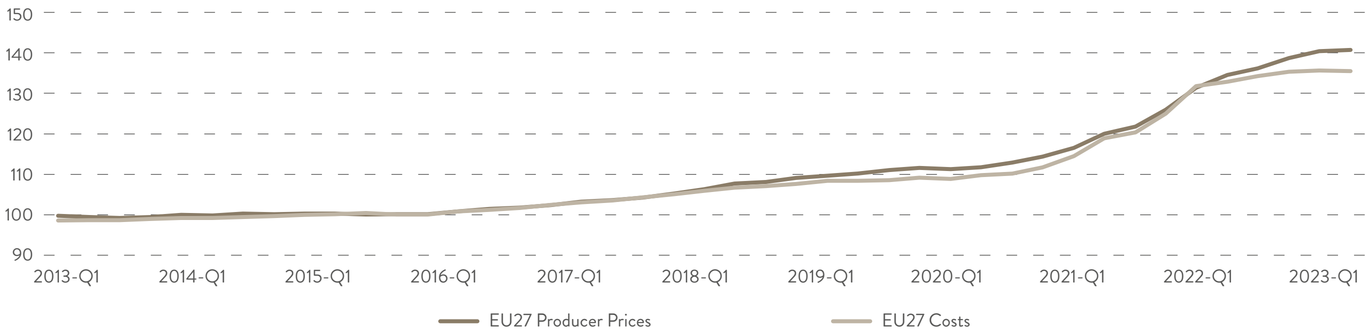
The construction producer price index (CPPI) is a European Union business cycle indicator showing the trend in the prices of construction for new residential buildings. The construction cost indicator (CCI) measures changes in cost for production factors in housing construction. The construction cost index covers influences of materials, labour, plant and equipment, transport, energy and other costs (excluding architect's fees). The objective of the index is that it

CHART 9 | BUILDING PERMITS AND HOUSING COMPLETIONS (2013-2023)



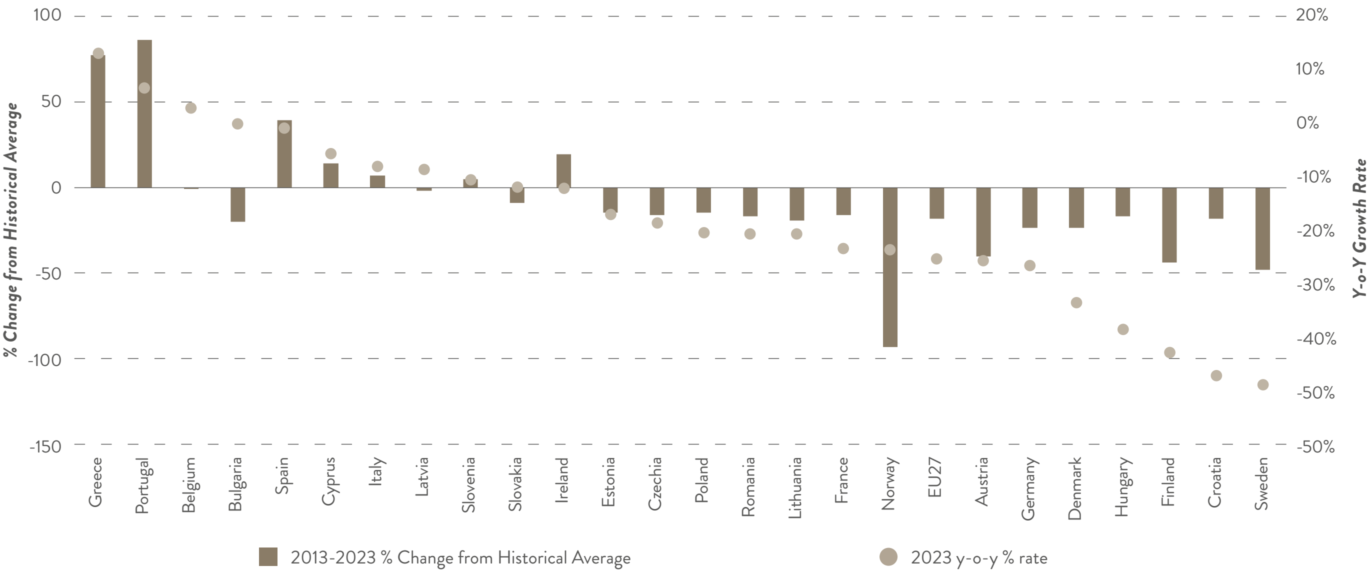
Source: EMF

CHART 10 | CONSTRUCTION PRODUCER PRICE INDEX (CPPI) AND THE CONSTRUCTION COST INDICATOR (CCI) FOR NEW RESIDENTIAL BUILDINGS IN THE EU, 2015=100



Source: Eurostat

CHART 11 | EU27 VOLATILITY OF THE NUMBER OF BUILDING PERMITS ISSUED AND 2023, Y-O-Y CHANGE



Source: EMF

is used to determine the cost change of a new construction production over a certain period of time.

Around 2019, both indices increased sharply due to various factors including increased demand higher material costs, labour shortages, and regulatory changes. The price of production has decreased by 29% in the last decade and the costs of 27%, in EU27.

The construction industry is inherently cyclical (Chart 10). Developers are more likely to seek permits when they anticipate that the demand for new buildings will be strong. Changes in government policies, such as incentives for new construction or changes in zoning laws, can have a direct impact on the number of building permits issued.

While production levels can change rapidly in response to economic forces, business sentiment may remain relatively steady, possibly due to long-term contracts or the inherent lag in the industry's response to market conditions. Understanding the relationship between these two indicators is crucial for policymakers and businesses.

For instance, if business sentiment remains positive despite a downturn in production, it may signal that the industry is optimistic about future recovery, which could influence investment decisions and policy support measures. Overall, the data presented in Chart 12 is a positive sign for the construction industry and could have beneficial effects on the housing market if managed properly.

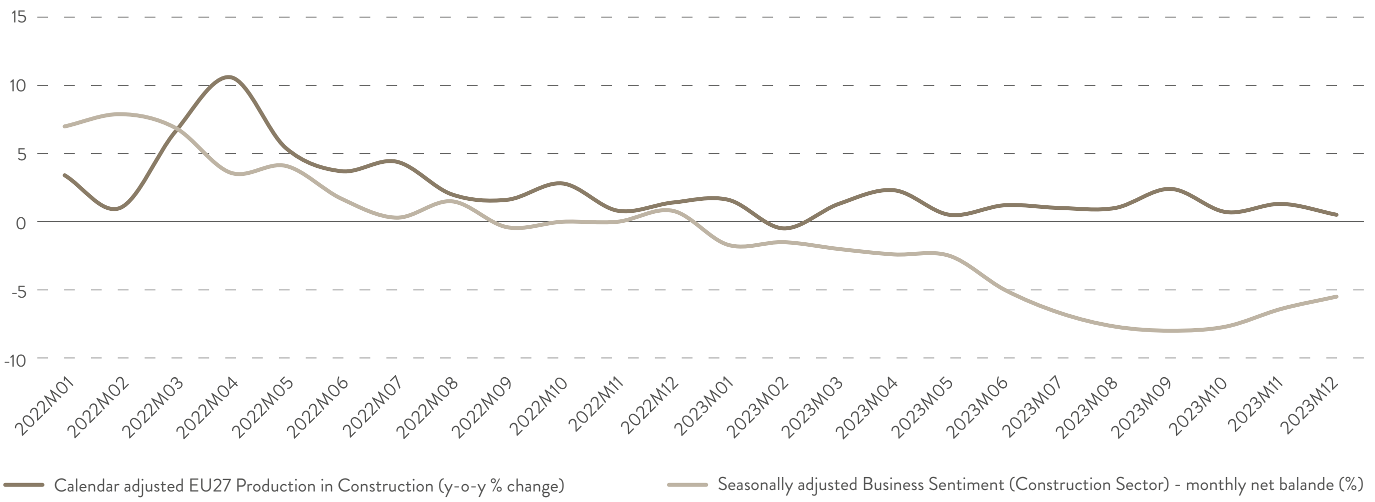
TRANSACTIONS

In Europe, demand for new construction has significantly decreased due to high mortgage rates and building prices. So far, continuing initiatives and an increased emphasis on sustainability have kept building volumes from declining.

In 2023, the number of housing transactions decreased in 13 out of the 16 EU countries for which data are available, compared with 2022. For the second year running, sales declines have been reported in most reporting countries.

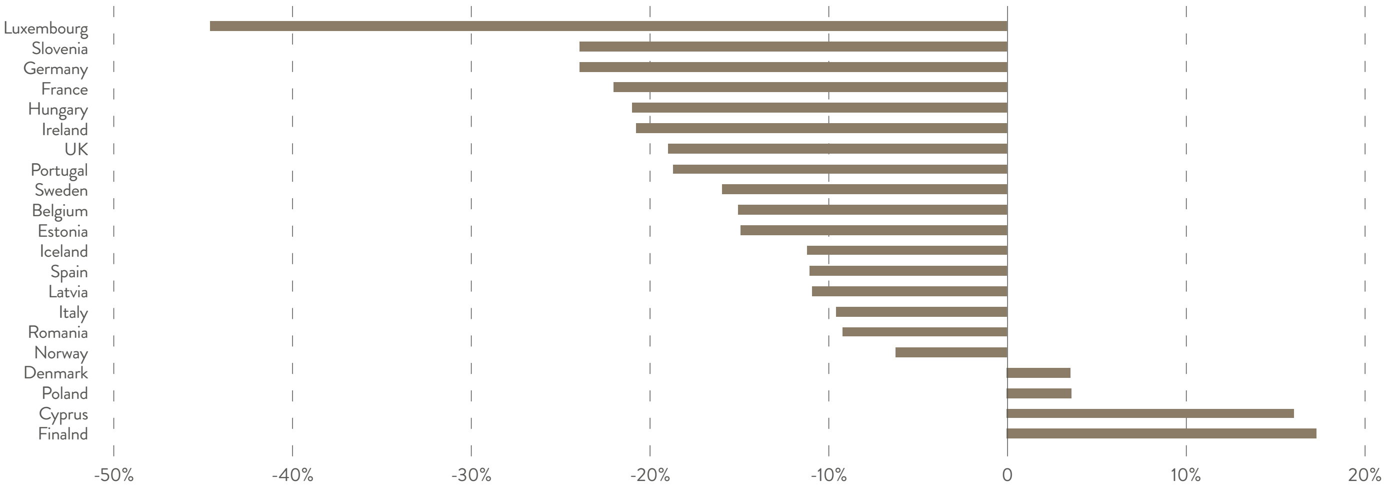
As shown in Chart 13, the largest decrease in the number of transactions in 2023 were recorded in Luxembourg (-43.3%), while the highest increase has been in Finland (+17.3%).

CHART 12 | EU27 BUSINESS SENTIMENT IN CONSTRUCTION AND PRODUCTION IN CONSTRUCTION



Source: Eurostat

CHART 13 | EU 27 BUSINESS SENTIMENT IN CONSTRUCTION AND PRODUCTION IN CONSTRUCTION (Y-O-Y % CHANGE)



Source: EMF

MORTGAGE MARKET

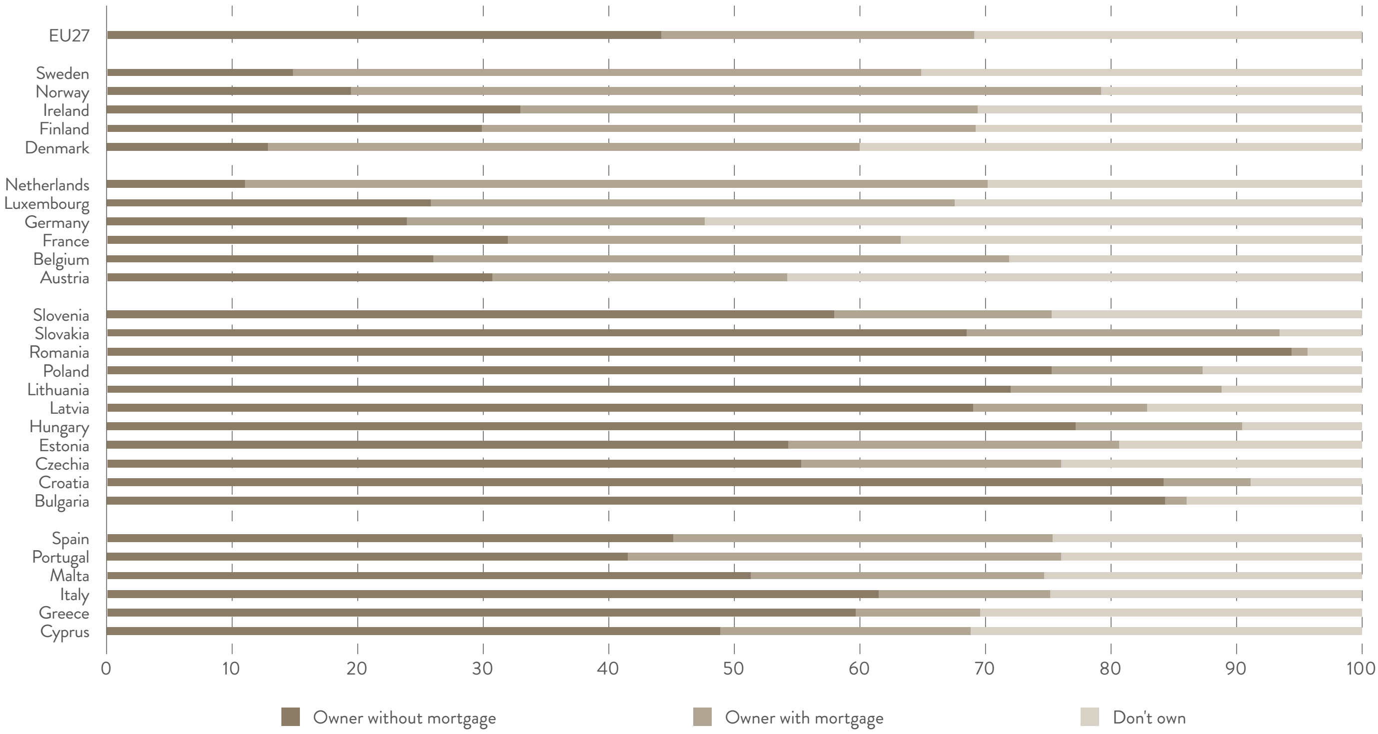
The availability of housing finance plays a crucial role in shaping the housing market and, by extension, the broader economy. Access to housing finance influences wealth distribution in society, easier access allows more people, especially those with lower incomes, to build equity through homeownership, contributing to a more equitable distribution of wealth.

The European mortgage market is characterised by a challenging economic environment, with high interest rates making homeownership less affordable. The commitment to high mortgage payments and potential financial instability has a strong influence on decision-making. People who remember the challenges of the 2008 crisis may be especially hesitant to take on new mortgages or buy homes under current conditions. Even if young adults are less psychologically influenced by past crises, they still face practical barriers to homeownership, such as unstable employment and uncertain income. Fear and caution dominate the market, leading to slower housing activity and increased concerns about the future.

Many individuals consider home ownership to be a significant aspect of their life because it offers security, stability, and a sense of community. In Europe, there is a significant variation in the percentage of homeowners compared to renters. Certain countries have a higher percentage of homeowners than others.

The share of Europeans owning their home increased by 0.1 pps, to 69.2% in 2023, 1.8 pps lower than the 71% peak in 2012. The highest level of home ownership is in Romania (94.4%), followed by other countries in Central and Eastern Europe. The lowest levels are in Austria, Germany and Denmark where it is below 60%. The mortgage market remains less developed in Central and Eastern Europe, whereas especially in the Nordics and in Continental Europe the number of mortgage holders is larger. This is because housing is much more affordable, and homeownership is therefore more accessible to a greater number of people.

CHART 14 | OWNERSHIP AND FINANCING OF HOMES IN EU27, IN 2023



Source: Eurostat

In EU27, the percentage of homeowners with a mortgage or loan increased slightly by 0.2 pps to 24.9%. This suggests a marginal rise in the number of homeowners who are either purchasing new homes with financing or refinancing their existing homes. On the other hand, there has been a more significant decrease of 10.2 pps in the percentage of homeowners who own their homes outright, meaning they have no outstanding mortgage or housing loan. This decline brought the percentage of such homeowners down to 44.2%. This shift could indicate that more people are either taking on new loans, possibly for renovations, refinancing to access equity, or that fewer homeowners are reaching the milestone of fully paying off their mortgages.

The slight increase in homeowners with mortgages suggests that the need for financing is becoming more prevalent, while the drop in outright homeowners could indicate changing dynamics in how people manage or accrue debt related to their homes.

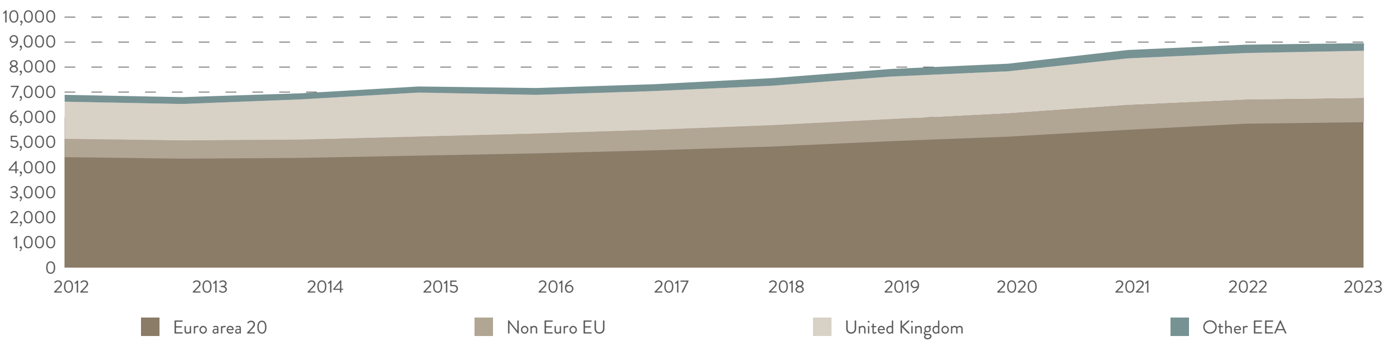
RESIDENTIAL MORTGAGE LENDING

The total EU mortgage market remained quite stable growing from EUR 6.7 trillion in 2022 to EUR 6.8 trillion (+0.8%). In the non-Euro area, the growth was also 0.8% (from EUR 970.882 to EUR 978.545). Adding the UK, Norway and Iceland[2], the market reached EUR 9 trillion outstanding (+1% y-o-y).

It should be noted that the effect of exchange rates should be take into consideration. Switzerland and UK saw a depreciation of 6%, and 2% respectively relative to EUR values.

Chart 15 illustrates the growth in all regions considered. Over the past 10 years, the volume of outstanding mortgages in the EU27 grew by 34%, but only 0.65% in 2023.

CHART 15 | OUTSTANDING RESIDENTIAL LOANS, IN EUR BILLION



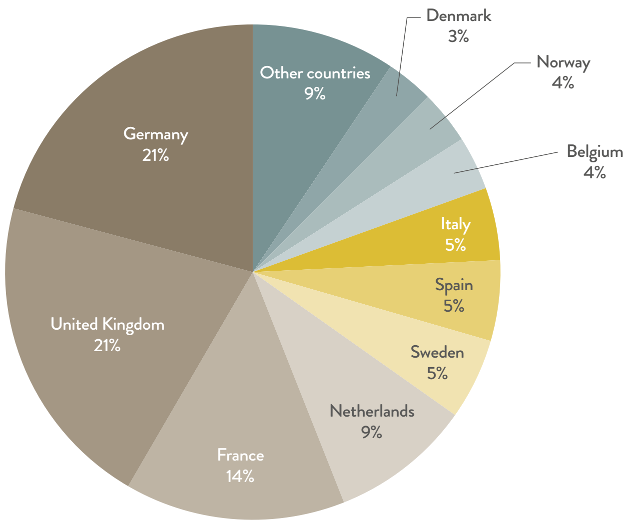
Source: EMF

[2] Switzerland outstanding has not been available for the last 4 years.

Germany, France, the Netherlands, Spain, Sweden and the UK combined represent 76% of outstanding mortgages in the EU27 plus UK aggregate. The Dutch mortgage market, for instance, is almost the same size as of the 20 smallest EU markets, 9% of the total. The German and UK markets in 2023, corresponding to the 42% of the EU market, are equal to EUR 1.871 trillion and EUR 1.862 trillion respectively. Spain remains the largest in Southern Europe, closely followed by Italy, both approximately 5% of the total. Sweden is the largest Northern European market and Poland the largest in the CEE area.

In the UK the market grew by 1.95%, compared to 1% in the EU27. The market growing fastest is Bulgaria (+19.95%); while the Slovakian market shrank by 6.17% (after cumulative growth of 172% in the preceding decade). The markets shrank in Southern Europe. Steady growth has occurred throughout most of Europe over the past decade, with mortgage markets nearly doubling in Luxembourg and increasing by over 50% for most of the other countries, except for the Netherlands where the increase was only 19%. In Northern Europe, the market grew overall by 71% in the last decade, with growth in Estonia, Sweden and Lithuania but shrinkage in Latvia (-7%).

CHART 16 | OUTSTANDING MORTGAGE MARKET IN EUROPE IN 2023, IN PERCENT

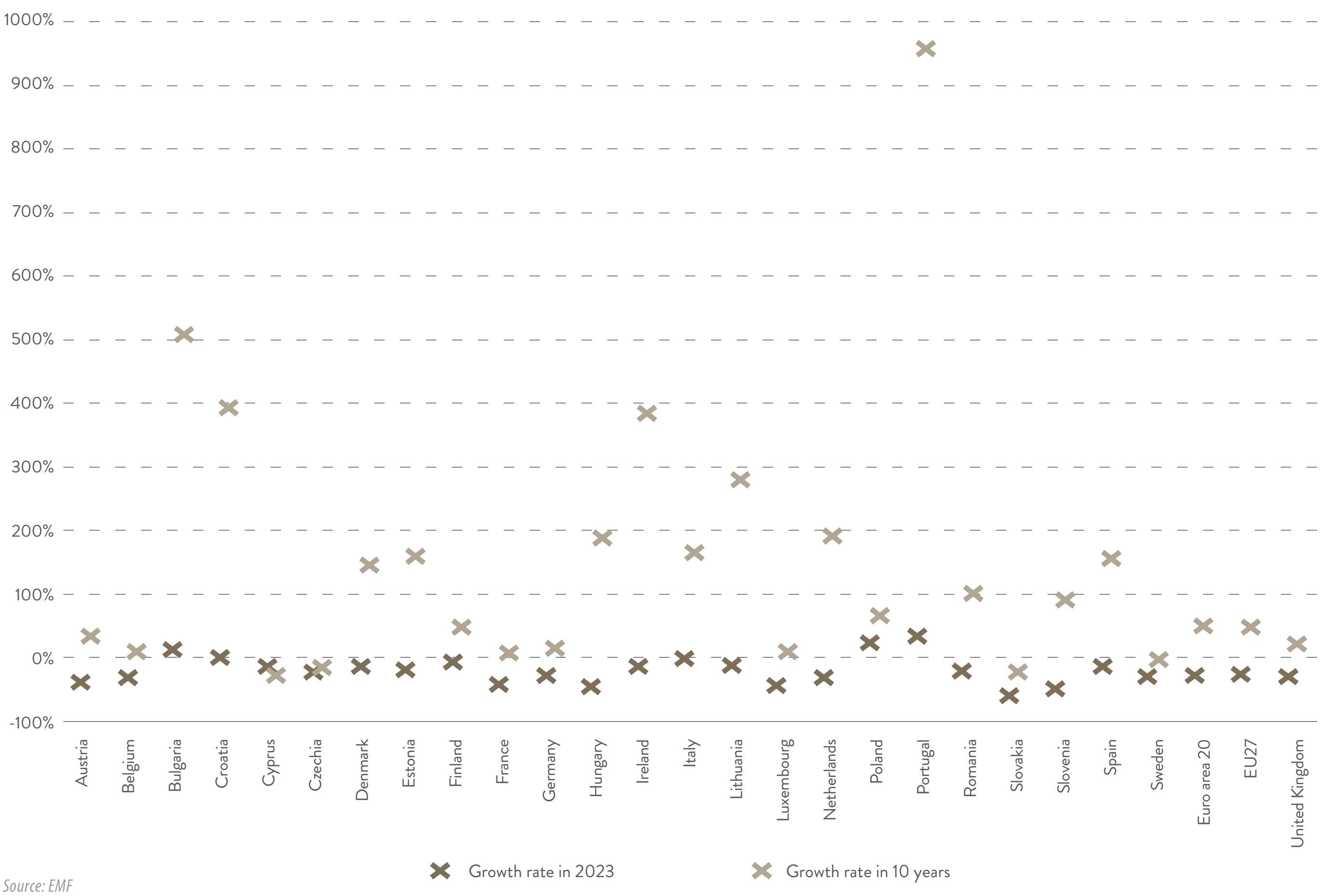


Source: EMF

GROSS MORTGAGE LENDING

As illustrated in Chart 17, the volume of gross lending across Europe in 2023 exhibited significant variability. A notable trend is the predominantly negative percentage change in gross lending, with the exceptions of Bulgaria, Croatia, Poland and Portugal, where growth was observed. Negative gross residential loan growth may reflect underlying issues such as a recession or economic stagnation, where both consumers and businesses demonstrate reluctance to borrow and invest. However, what is interesting to observe, is the growth that it has had during the last decade.

CHART 17 | GROSS LENDING GROWTH IN 2023 VS IN THE LAST DECADE, IN PERCENT



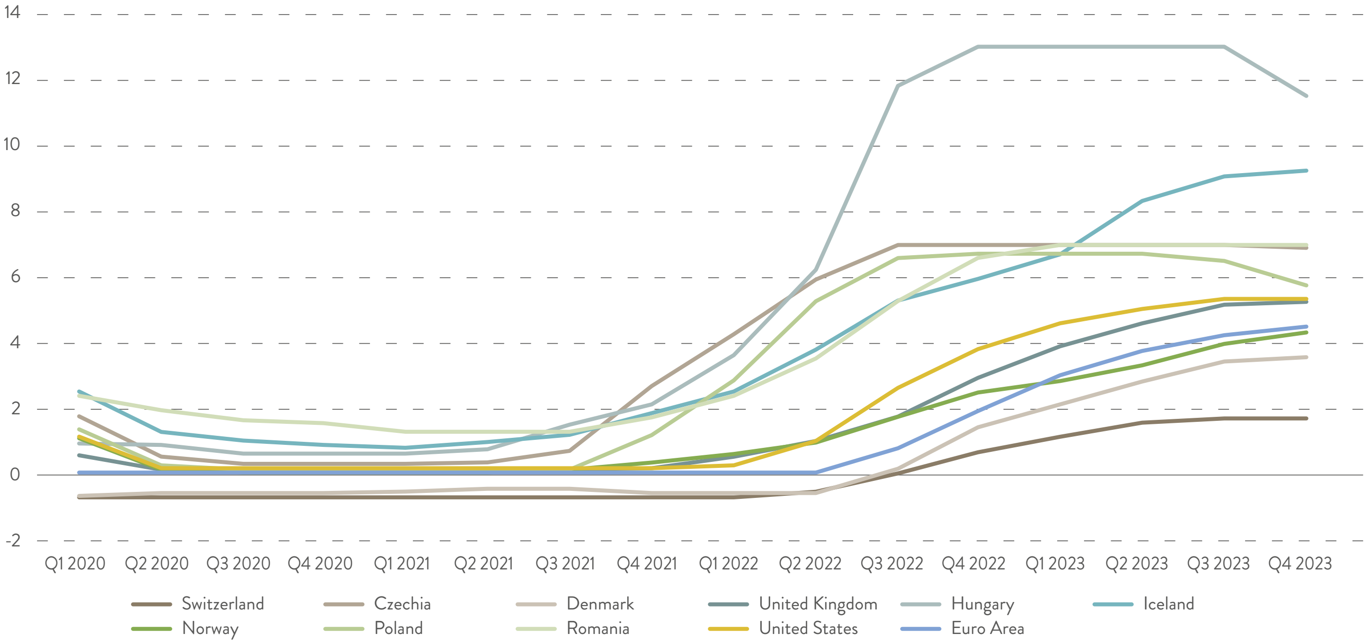
Source: EMF

MORTGAGE MARKET INTEREST RATES

The ECB increased its policy rates from mid-2022 to a peak of 4.5% (bank refinancing rate) in September 2023. Similarly, other central banks, in both Europe and elsewhere have generally been increasing their policy rates in response to global inflation although at different rates and with different timings. In several countries the rate cycle has reached its peak and the most recent changes have been negative. Rates in central and eastern Europe generally started to increase before those in the Eurozone, by a higher amount and started to decline more rapidly as inflation fell.

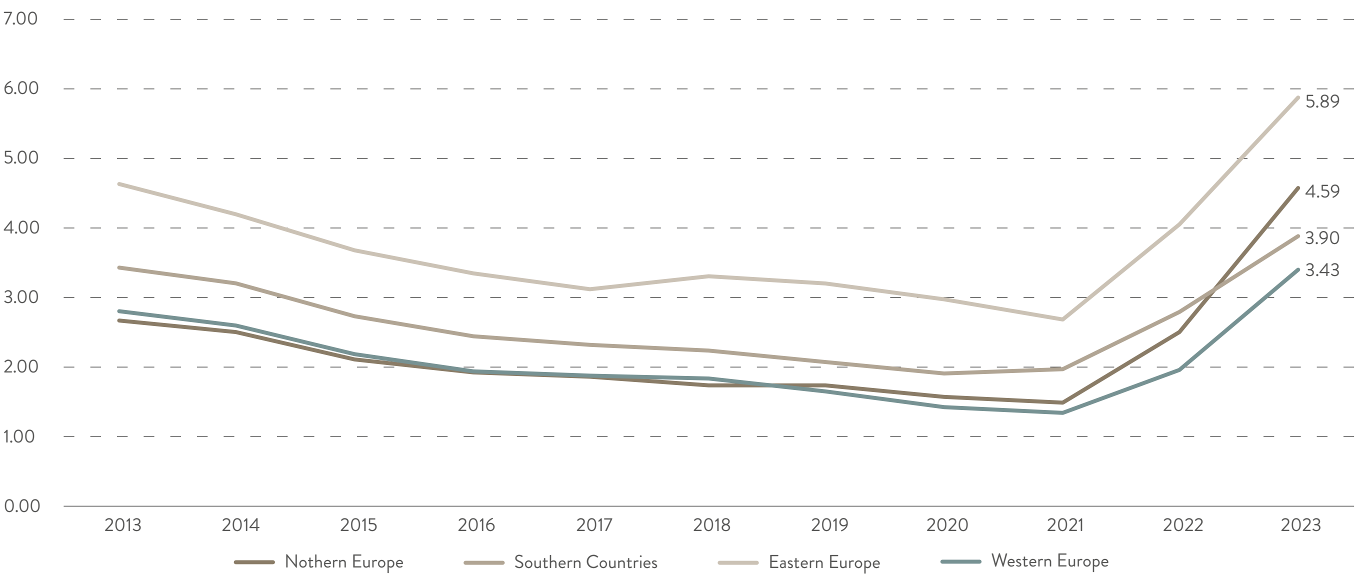
Despite the overall increase in rates from the end of 2021, there is still heterogeneity, as can be seen in Chart 18, which shows that rate changes follow a similar pattern but differ in magnitude. Although central banks have raised their rates by varying amounts, and the transmission of these increases to homeowners differs considerably across Europe due to cultural preferences for different rate-fixing arrangements, it is clear that the average interest rate for borrowers has risen significantly. In particular, the rates on new mortgages have increased sharply, often with serious implications for affordability and household budgets.

CHART 18 | BENCHMARK POLICY RATES FOR SOME EU CENTRAL BANKS AND THE FEDERAL RESERVE, IN PERCENT



Source: BIS

CHART 19 | INTEREST RATES PER REGION IN TEN YEARS TREND, IN PERCENT



Source: BIS

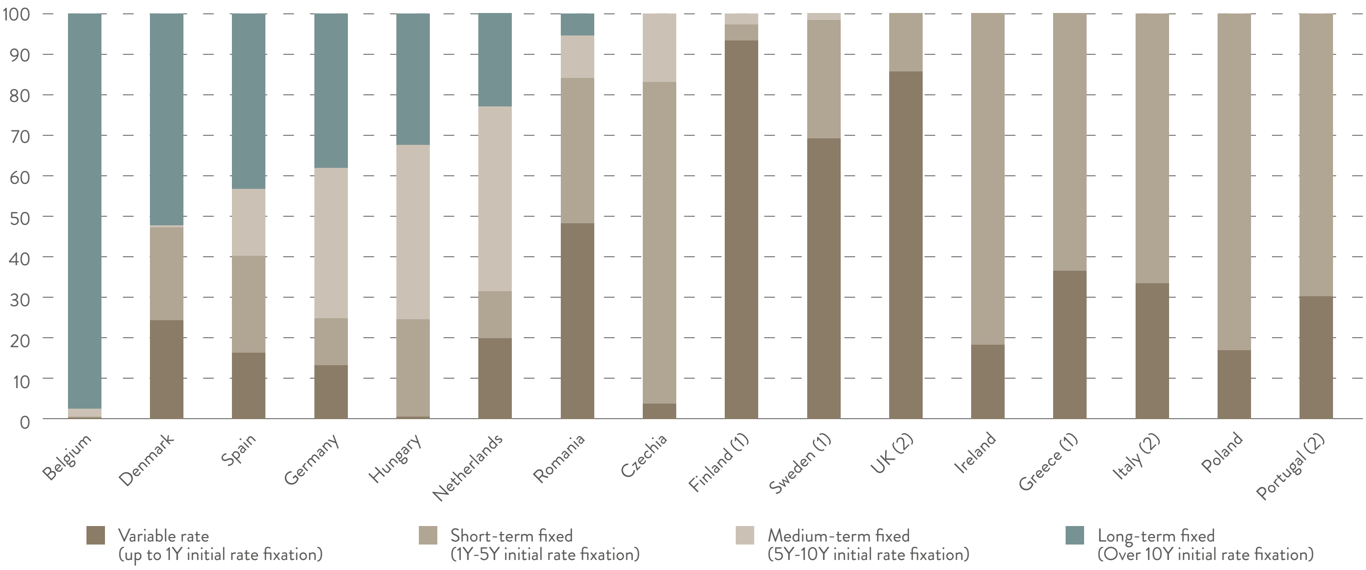
DIFFERENT TYPES OF INTEREST RATES

The preference for fixed or floating mortgages varies across Europe, in the absence, inter alia, of a common tradition, as a result of differences in national credit and regulatory frameworks, different inflationary and interest rate experiences and the gradient of national yield curves. For example, In the UK and in Ireland there has long been a preference for floating rate mortgages which are increasingly being replaced by short to medium term fixed rates. Variable rates continue to dominate several countries including Finland, and much of the CEE region, whilst longer term fixed rate mortgages continue to be preferred in, for example, Germany, Belgium and Denmark. Some countries have changed their preferred rate product significantly in response to the changing interest rate environment, in Sweden for example the number of borrowers taking variable rate mortgages has increased rapidly whilst the reverse is true in Poland.

The development of this interest rate (on new mortgages) analysis will be on a sample which covers around 95% of total mortgage lending in the EU27 and UK. This country sample includes Belgium, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Sweden and the United Kingdom (Same sample used in the EMF Quarterly Review).

The average, unweighted EMF mortgage interest for Q4 and Q3 2023 was 4.95%, 10 bps higher than Q2 (4.85%). It is the highest average rate since the start of the data in Q1 2009. Moreover, Q3 2023 marks the eighth consecutive increase. The average rate for Euro area countries was 4.13% and 6.12% for non-Euro area countries. Excluding Denmark, Sweden and the UK from the sample of the non-Euro area countries, the average interest rate was 6.94%. For the non-Euro Area eastern European countries (CZ, HU, PL, RO), the average interest rate already started to decrease since the second quarter of the year from its high of 8.07% in Q1.

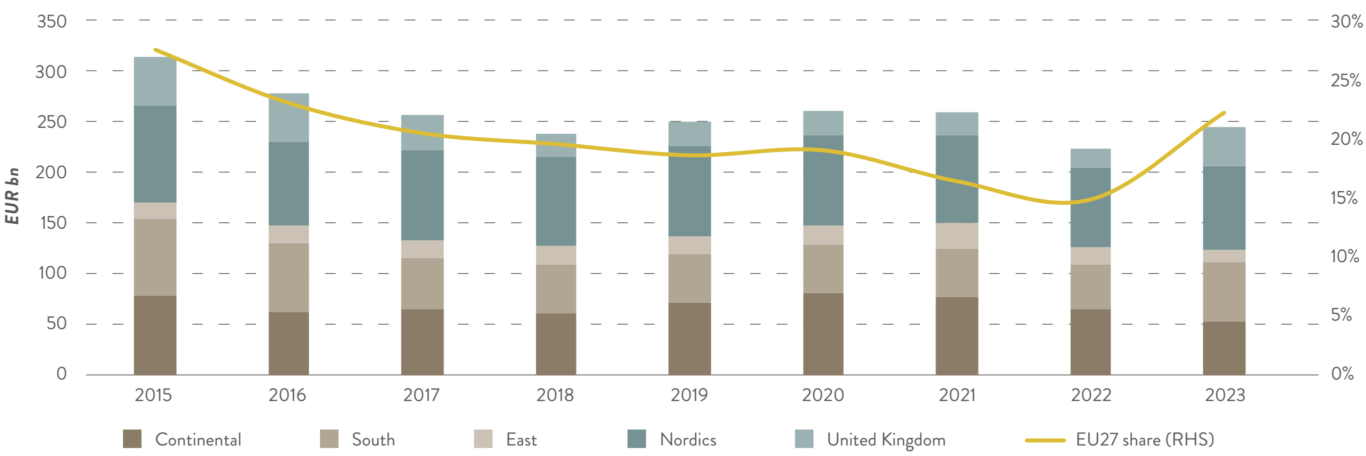
CHART 20 | MORTGAGE MARKET BREAKDOWN BY INTEREST RATE TYPES , NEW LOANS (Q4 2023), IN PERCENT



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

Source: EMF, Quarterly Review

CHART 21 | EVOLUTION OF GROSS LENDING MORTGAGES WITH VARIABLE INTEREST RATES



Source: EMF

Austria

By Dr. Karin Wagner, OeNB and Dr. Wolfgang Amann, Associate Professor, IIBW

IN A NUTSHELL

→ Real GDP shrank by 0.8% (seasonally and working day adjusted).

→ After 8 quarters of more than 10% y-o-y growth in house prices stabilised.

→ Construction deteriorated significantly from the 2022 peak of 77,300 completions.

→ Residential construction investment declined by 8.8% in real terms.

→ State expenditure on housing remains around 0.5% of GDP, one of the lowest in Europe.

MACROECONOMIC OVERVIEW

With a decline in real GDP of 0.7%, the economy was one of the worst performers in the Euro area. Several factors were responsible: a significant reduction in corporate inventories, falling investment (particularly in residential construction), stagnating private consumption and a cooling export economy. At sector level, this development was reflected in declining value added in agriculture, industry, construction and most service sectors.

HICP inflation was 7.7%, slightly lower than in 2022 (8.6%). However, it fell significantly over the course of the year from 11.6% y-o-y in January to 5.7% by December. This was largely driven by energy prices but also by food and non-energy industrial goods. The decline in energy inflation is also due to fiscal measures such as the electricity price cap and the subsidy for the charge for system losses. Only service inflation remained high and was even slightly higher in December than in January. This is primarily due to prices for hotels and restaurants and package holidays. Core inflation without energy and food was 7.3% in 2023 (2022: 5.1%). After reaching 8.3% in April, the highest level since the start of the monetary union, it fell to 5.9% by December.

HOUSING MARKETS

After 8 quarters of growth in house prices of more than 10% y-o-y, at the end of 2022, there were four quarters of sharply falling prices. At the end of the year prices have stabilised. Data for residential real estate sold in Q4 prices decreased by 2.3% year-on-year for Austria as a whole, after a decrease of –2.9%% in the fourth quarter. In Vienna, after falling 4.0% in Q3 prices fell 3.0% in Q4. In the rest of Austria, prices decreased by 1.9% (after 2.1% in Q3). In terms of short-term dynamics – measured by the growth compared to the previous quarter – the decline in Austria as a whole came to –1.4% (after –0.4% in 3Q2023).

MORTGAGE MARKET

Unlike elsewhere in the euro area, mortgage loans have been growing faster than total household loans (including consumer loans). There was a sharp decline in new loans in August 2022 due to rising interest rates, new lending regulations, rising property prices (which have stabilized more recently) and persistently high inflation restricting real estate affordability. In 2023 there was a decrease in the number and volume of new loans – both for housing and in total.

Interest rate product choice is more variable than is normal in the euro area: variable rate loans, were 86% in 2014, fell to 32% in Q1 22 and then rose to 47% by 3Q 2023. The proportion of loans with a 10 year or more fixed period were as low as 2% in 2014, rose to 53% in 2Q 2022 then fell to 33% at 3Q 2023.

According to the euro area bank lending survey demand for housing loans has stopped declining, it rose slightly in Q1 24 after having fallen sharply for a year and a half. Banks expect demand to increase further in Q2 due to expected falling rates.

The share of foreign currency housing loans decreased further to 5.1% of outstanding in January 2024, 0.8 pps lower than one year earlier.

HOUSING POLICY

Policy continues to focus on regulated rental housing and its financing. The Limited-Profit Housing sector continues to flourish, with 15,600 completed apartments in 2022 (1.7 units per 1,000 inhabitants), slightly below the 10-year average. There has been a return to municipal housing, with Vienna reviving its own construction after more than 20 years. Social housing supply follows a generalist eligibility approach with high income limits. Hence Austrian housing policy still promotes integrated rental markets.

Financing of affordable housing mainly relies on the subsidy schemes of Länder ("Wohnbauförderung"), which spent approx. EUR 1.9 bn in new construction, refurbishment, and housing allowances in 2022. In addition, the Federal State has increased its activities for decarbonization of the housing stock substantially, with expenditures of EUR 460 mn in 2022. Other tools, such as tax subsidies or subsidies on financing products, play a subsidiary role.

In view of the slump in new construction, the federal government adopted a 'housing package' in April 2024 with a wide range of measures to stimulate construction. Among other things, it includes subsidies totalling EUR 1 bn for new rental and owner-occupied flats and renovations in the LPHA sector, interest rate support for loans for house builders, the temporary abolition of property fees, a bonus for tradesmen's services, an expansion of the effective social policy instrument 'Wohnschirm' ('housing umbrella') and tax measures for the commercial housing industry. Most recently, the federal constitution was also amended to give the Länder more scope to introduce a vacancy tax. The programme is currently being implemented and is not expected to take full effect until the end of the year 2024.

The financing of "Wohnbauförderung" benefits from the close interaction with limited profit housing construction and tailor-made capital market instruments. Altogether, public expenditure on housing is around 0.5% of GDP, one of the lowest in the EU. Nevertheless, outputs are quite remarkable in the quantity and quality of housing, affordability, aspects of social integration and progress in housing decarbonization.

The existing focus on housing decarbonization with financing tools of the "Länder" and the Federal State has accelerated because of the war in Ukraine. Oil heating in new construction has been prohibited since 2020, gas heating since 2024. However, the challenge of decarbonizing heating systems in existing buildings remains. A law to enforce the replacement of heating systems for residents did not materialize. High subsidies are available to compensate for this.

After a long boom, the construction sector, and housing in particular, has entered a crisis with many dimensions: sharply increased construction prices as a consequence of the Covid pandemia and the Ukraine war, general inflation, which poses great challenges for the low-income and the middle class, energy cost (which is now subsiding), rising interest rates. The additional restrictions on the loan-to-value rules for mortgages with higher rates has shattered the dream of many young households of owning their own home. The resulting slump in the home ownership market, public sector budget restrictions (due to the costs of Covid), the slump in building permits, and finally the demand crisis in the construction industry all have unforeseeable further negative effects.

Like the Global Economic Crisis of 2008/09, subsidized and limited-profit housing is expected to function as a shock absorber during the current crisis.

Housing is well positioned in the political agenda. The main pillars of housing policy are supported by basically all political parties.

	AUSTRIA 2022	AUSTRIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	4.8	-0.8	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.8	5.1	6.1
HICP inflation (%) (1)	8.6	7.7	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	51.4	54.3	69.2
Gross Fixed Investment in Housing (annual change) (1)	2.4	-8.7	-3.1
Building Permits (2015=100) (2)	89.8	66.7	94.0
House Price Index - country (2015=100) (2)	168.5	163.7	170.2*
House Price Index - capital (2015=100) (2)	150.9	148.1	165.1*
Nominal house price growth (%) (2)	10.3	-2.8	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	142,173	138,662	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	15,834	15,230	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	53.1	48.2	71.3
Gross residential lending, annual growth (%) (2)	-7.0	-38.0	-26.6
Typical mortgage rate, annual average (%) (2)	1.9	3.9	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

AUSTRIA FACT TABLE

Which entities can issue mortgage loans in your country?	Mortgage lending is mainly financed via banks and Bausparkassen.
What is the market share of new mortgage issuances between these entities?	Not available
Which entities hold what proportion of outstanding mortgage loans in your country?	Bausparkassen hold the biggest proportion of residential mortgages in Austria. In combination with the Saving Banks Group, Bausparkassen represent the largest market share of the mortgage market.
What is the typical LTV ratio on residential mortgage loans in your country?	According to Oesterreichische Nationalbank's 2014 Financial Stability Report, the average LTV of private households is around 60% (based on survey data).
How is the distinction made between loans for residential and non-residential purposes in your country?	Not available
What is/are the most common mortgage product(s) in your country?	Both variable rate loans and foreign currency loans are common mortgage products in Austria, but variable rate loans remain the most popular choose. However, there is a falling trend in their share in total loans over many years (in 1Q2019 around 11% of mortgage loans were foreign currency loans and around 45% of new issued mortgage loans were variable rated loans).
What is the typical/average maturity for a mortgage in your country?	Mortgages typically have a maturity rate of 25-30 years.
What is/are the most common ways to fund mortgage lending in your country?	Mortgage funding in Austria is mainly deposit-based. According to the IMF covered bonds only made up 7.1% of the outstanding mortgages in 2008, meanwhile securitisation as a way of funding is even less popular making up only 3.1%.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	In addition to the cost of borrowing, one should add a mortgage fee, VAT, notary fees and taxes. In total, around 10% of the purchase price are to be added as costs at the house purchase.
What is the level (if any) of government subsidies for house purchases in your country?	Government housing subsidies accounted for 0.6% of the GDP in 2018. The subsidy scheme of the "Länder" predominantly supports supply side. i.e. low interest loans, grants and guarantees to housing developers, mostly Limited Profit Housing Associations. They provide rental, rent to buy and a small share of affordable owner-occupied apartments. Additionally, refurbishment is subsidized, and housing allowances are granted.

Belgium

By Frans Meel and Daniel Kryszkiewiez, Union Professionelle du Crédit (Febelfin)

IN A NUTSHELL

→ Average inflation rate: 2.3% (End 2023: -0.6%).

→ Decrease in new loan origination by 30%.

→ More than 180.000 new mortgages originated (excluding refinancing) for an approximative amount of EUR 30 bn.

→ House prices rose slightly in nominal terms, but at less than the rate of general inflation.

MACROECONOMIC OVERVIEW

The rise in interest rates, which began at the end of 2022, continued, impacting the borrowing capacity of potential buyers and adding to the pressure on the property market.

Total employment increased by 1.1%. The harmonised unemployment rate also rose slightly, by 0.2%, to 5.8%. GDP grew by 1.4%.

Consumer confidence has returned positive trend after 2 negative years.

Inflation is contained by a principle that is unique in Europe, the automatic indexation of salaries if inflation exceeds the pivot index (fixed at 2%). This has a significant impact on companies' wage costs.

Rising interest rates have impacted consumer borrowing capacity, reduced credit applications (-24%) and credit production, refinancing excluded (-30%), in comparison with the previous year.

HOUSING MARKET

The number of transactions in the private real estate market declined by 1.1% according to the barometer of the federation of notaries. It's interesting to note that number of transactions on the Belgian real estate market remains positive with + 8%, higher than pre-Covid (end of 2019) .

The market in the Flemish region is more constrained than in the other two regions for properties with a bad EPC certificate - worse than EPC D Label (with a consumption of more than 400 KwH/M^2/year). Buyers of these properties are obliged to get at least a D label within 5 years. This does not yet apply to the Walloon and Brussels regions.

The average house price was EUR 322,780, an increase of +1.1%. As inflation was +2.1%, the real change in house prices was -1%, approximately -EUR 3,000. Compared to pre-covid (2019), house price growth is +22.8% on average. After inflation, this is +6% (EUR 16,000). The average price of a house rose by 3% (to EUR 358,677) in Flanders, by 2% in Wallonia (EUR 240,649) and decreased in Brussels by -2.4% (EUR 562,489).

The importance of EPC labels has been confirmed in 2023 and has an impact on real estate transactions. Recent studies confirm that houses with a bad EPC are for sale for a longer period and that prices of that kind of homes are significantly lower than comparable houses with a good EPC. Indeed, properties with a "bad" label are less attractive in contrast to 2022.

MORTGAGE MARKET

According to the Belgian Federation of the Financial S ector (Febelfin), almost 180,000 new loans were provided (excluding external refinancing) for an amount of EUR 29.9 bn. This reflects a decrease, in number, of 29.4% and in amount, by 30%.

The overall number of new loans granted for all purposes decreased: loans for construction purposes fell by 41.7% due to higher prices for construction materials, loans for purchases fell by 24.3%.

There were approximately 264,000 applications (excluding refinancing) for EUR 48.4 bn, a decrease of 24.4% in number and 23.8% in amount, mainly the result of the rise of interest rates.

The average amount of a construction loan decreased to around EUR 207,000 in the fourth quarter, this is still higher than pre-COVID by EUR 30,000 (+16,9%) since the beginning of 2019.

The average loan for house purchase stabilised in the fourth quarter to around EUR 194,000. Again, this is an increase of EUR 34,000 (+21.5%) from the beginning of 2019.
The average renovation loans have increased from around EUR 54,500 at the beginning of 2019 to almost EUR 63,000 (+15.6%) at the end of 2023.

In the fourth quarter, the average loan for purchase and renovation fell relatively significantly to around EUR 186,500. This also represents a slight decrease from the beginning of 2019 (a decrease of around EUR 8,500, or -4.4%).

External refinancing fell by -57.2% (in number, -54.7% in amount) largely due to the rise in interest rates.

More than 92% of the borrowers opted for a fixed interest rate and nearly 5% for a variable interest rate with an initial 10-year fixed rate. This means that around 97% of borrowers have opted for a fixed or semi-fixed interest rate for the entire term of their loan.

The importance of the energy performance of the assets as guarantees for the credit portfolios of banks is more than ever in the focus of their attention and becomes more and more an important element in the decision to grant mortgage loans.

	BELGIUM 2022	BELGIUM 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	3.0	1.4	0.4
Unemployment Rate (LSF), annual average (%) (1)	5.6	5.5	6.1
HICP inflation (%) (1)	10.3	2.3	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	72.5	71.9	69.2
Gross Fixed Investment in Housing (annual change) (1)	-3.0	-3.4	-3.1
Building Permits (2015=100) (2)	111.7	114.9	94.0
House Price Index - country (2015=100) (2)	142.7	145.8	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	8.5	2.2	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	308,579	315,607	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	26,561	26,877	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	96.5	90.3	71.3
Gross residential lending, annual growth (%) (2)	-13.1	-30.3	-26.6
Typical mortgage rate, annual average (%) (2)	2.1	3.6	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

BELGIUM FACT TABLE

Which entities can issue mortgage loans in your country?	Banks, insurance companies and other types of lenders that have been authorised (licence) or registered by the supervising authority FSMA to grant mortgage credit according to the Belgian law on mortgage credit.
What is the market share of new mortgage issuances between these entities?	Based on the membership of our Association (UPC), representing ca 90% of the total Belgian market, the following market shares can be approximatively given in amount: • Banks: ca 96,4% • Insurance companies: 0.5% • Other types of lenders: 3.2% N.B.: These figures do not take into account the social credit lenders. However, their market share is rather low.
Which entities hold what proportion of outstanding mortgage loans in your country?	The list of mortgage credit lenders and the end-of-year outstanding amount of mortgage loans was published until 2013 on an annual basis by the supervising authority FSMA. This publication has been stopped since then. On the basis of UPC membership, the following market shares can be approximatively given in amount: • Banks: ca 95.9% • Insurance companies: 1.2% • Other types of lenders: 2.9%
What is the typical LTV ratio on residential mortgage loans in your country?	According to the Financial Stability Review issued by the National Bank of Belgium (NBB), the average loan-to-value ratio was about 80% in the period 1996-2006. It dropped to about 65% (and even below that) in the years 2007-2014. However, this average loan-to-value ratio has to be interpreted with caution, as the data are the result of a very wide distribution of loan-to-value ratios at origination. For the first half of 2020 vintage, about 53% of the volume of new mortgage loans was made up of loans with an LTV ratio above 80%. As a consequence of recommendations imposed by the NBB, the share of new mortgage loans with an LTV ratio above 80% has decreased to about 40% in 2022. In 2023, the share of new mortgage loans with an LTV higher than 80% again increased. Average LTV-O was at 71%, compared to 72% in 2022.
How is the distinction made between loans for residential and non-residential purposes in your country?	Residential purposes means that it is for private housing (consumers). The Belgian mortgage credit law applies to mortgage credit as funding for acquiring or safeguarding immovable real rights granted to a natural person chiefly acting for a purpose deemed to lie mainly outside the scope of his commercial, professional or crafting activities and having his normal place of residence in Belgium, at the moment when the agreement is being signed: a) either by a lender having his principal place of business or chief residence in Belgium b) or by a lender having his principal place of business or chief residence outside Belgium, provided a special offer or publicity had been made in Belgium before the agreement was signed and the actions needed for signing the agreement have been undertaken by the borrower in Belgium.
What is/are the most common mortgage product(s) in your country?	The most common mortgage credit product is a loan with a term of 20 - 25 years, a fixed interest rate throughout the full loan term and a fixed amount of monthly instalments.

What is the typical/ average maturity for a mortgage in your country?	The median maturity of a mortgage loan at origination is about at 20 years. Since 2007, lenders have continued to tighten customers' access to mortgage loans with long maturities. The percentage of loans granted with a maturity of more than 25 years has plummeted from 23% in 2007 production volumes to only 2% in 2015 and 2016. At the same time, the share of loans with a maturity between 20 and 25 years in mortgage loan vintages remained relatively stable until 2016 while the share of loans with a maturity between 15 and 20 years clearly increased. These trends seem to have influenced the average maturity level of total outstanding stock as from 2013; by the end of 2015, 11% was associated with initial maturities above 25 years, down from 20% in 2012. Whereas in 2016 only 29.0% of mortgage loans was granted with a maturity of over 20 years, this number rose to almost 40% in 2019. Since then, the market share of new mortgage loans with a maturity of over 20 years remained almost stable at about 40%. For last year, the proportion of new loans with a maturity of more than 20 years rose to 49% in 2022 and to 54% in 2023, from around 40% in the period 2018-2021. The part of loans with a maturity of >25 years, however, remained stable. In 2023, the market share of loans with a maturity of 20 to 25 years further increased to more than 55%.
What is/are the most common ways to fund mortgage lending in your country?	Most funding still comes from deposits. A few major lenders issue covered bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	The registration duty in **Flanders** changed at the start of 2022. It increased to 12% (coming from 10%) of the purchase price of a dwelling that is not the own and only home as the main residence. For the own and only home as the main residence, this duty is lowered to 3% (coming from 6%) of the purchase price. It only amounts to 1% in case of a deep energetic renovation in the first 5 years after the purchase. Application of an additional reduction of EUR 2,800 in case the purchase price does not exceed EUR 220,000 (EUR 240,000 in the main cities and some cities around Brussels). Moreover, the principle of "portability of registration duties" existed in Flanders: upon the purchase of a new housing property intended to replace the previous principal residence, registration duties up to EUR 13,000 could be "transferred", meaning these duties did not have to be paid a second time. This "portability of registration duties", that applied in Flanders until 2022, was reformed: until 01.01.2024, consumers could choose to apply the new lowered registration duty or still to pay the former (higher) level of registration duty in combination with the portability of registration duties. From 01.01.2024 on, the portability of registration duties no longer exists. In **Wallonia**, the registration duty amounts to 12.5% of the purchase price. However, in case of a main residence, the first EUR 20,000 of the purchase price is exempt from registration tax. In 2023, the registration tax amounts to only 6% on the first slice of EUR +/- 178,000 in case of small properties in some cities and on the first slice of EUR +/- 167,000 in more rural areas. The tax on those slices is even lowered to 5% in case of social mortgage credit. In the **Brussels region**, the normal registration duty amounts to 12.5% of the purchase price. However, buyers can benefit from an "abattement" (= exemption on which the buyer is not required to pay registration duties) on the first slice of **EUR 200,000**. This exemption is only applicable to properties of under **EUR 600.000** and provided that it concerns the buyer's own and only home as his main residence. An additional "abattement" of EUR 25.000 per energy label category is possible if the energy class of the purchased home improves by at least 2 energy label categories in the first 5 years after the purchase. There is also a registration duty on the amount of the mortgage loan covered by a mortgage registration.
What is the level (if any) of government subsidies for house purchases in your country?	Across the regions (Flanders, Wallonia and Brussels) the schemes differ, with each region pursuing its own policy: **Flanders** no longer provides a tax reduction. The "housing bonus" system, which allowed the owner of a single house to obtain deductions (40% tax relief) for construction/ purchase/ renovation up to the total amount of EUR 1,520 (and even EUR 2,280 during the first 10 years of the mortgage) has been replaced since 01.01.2020 by a reduction of the registration duty. In **Wallonia**, the so-called "Chèque habitat", applies from 2016 on. More information is available on: https://logement.wallonie.be/fr/aide/le-cheque-habitat The **Brussels region** also no longer provides a tax reduction. It was replaced by a higher tax relief on registration duties (first slice of **EUR 200,000**) to buyers purchasing their own and only home as their main residence. The **federal state** provided until end 2023 a tax reduction if one buys a second house: a deduction of up to EUR 1,520 (tax relief of 40%) for capital repayments and debt balance insurance premium in case of a loan for the purchase/ construction/renovation of a second house in 2023. As from 01.01.2024, this measure has ended.

Bulgaria

By Petar Ivanov, Tsvetkova Bebov & Partners, member of Eversheds Sutherland

IN A NUTSHELL

- → The economy slowly recovered with growth of 1.8% and inflation fell to 8.6%.
- → Despite house prices and inflation, low interest rates and increasing income fuelled mortgage market growth.
- → Growth continued in early 2024, as rates declined slowly.
- → Two new acts of legislation aim at improving conditions for the issuance of securitisations and covered bonds.
- → The Recovery and Resilience Plan facilitates energy efficiency improvements.

MACROECONOMIC OVERVIEW

The economy stabilised after a period of uncertainty due to factors such as to the war in Ukraine and an ongoing political impasse, which has left the country without a stable government since 2021. GDP growth is projected to be 1.8% (to EUR 94 bn) over the year compared to the EU and Eurozone average 0.5%. Inflation began to decrease with the HICP down to 8.6% y-o-y from 13% in 2022. Despite this, inflation is still above the EU average of 6.4% (5.4% in the Eurozone). Unemployment remained historically low at 4.3% (EU average of 5.9%, 6.4% in the Eurozone). Inflation and a shortage of qualified labour contributed to further growth of average wages, which increased 13.7%.

LOOKING AHEAD

The economy is expected to continue to recover gradually despite the ongoing political instability and wider geopolitical risks.

According to its spring economic forecast, the European Commission expects real GDP growth in 2024 of 1.9% (1.0% in the EU and 0.8% in the Eurozone) and projects a decrease of inflation to 3.1% from 8.6% in 2023 (2.7% in the EU and 2.5% in the Eurozone). As of May 2024, inflation is stable at 5.1%, y-o-y. Wage growth is expected to slow in line with the decreasing inflation, while the labour market will remain tight with a low rate of unemployment.

Expectations for a cooling of the housing market in 2023 did not materialise and in the first five months of 2024 mortgage lending is at record levels with an increase of 24.45% y-o-y. In the first months of the year rates slightly decreased compared to the 2023 average.

HOUSING MARKETS

The housing market has continued to grow. The number of issued building permits remained practically unchanged– 8,165 (8,169 in 2022), the second largest since 2008 (10,157). Housing starts increased to 5,860 (5,468 in the previous year), and housing completions increased to 5,419 (5,390 in 2022). This contributed to a 13.2% increase in the volume of new residential lending from BGN 6.7 bn (ca. EUR 3.4 bn) in 2022 to BGN 7.6 bn (ca. EUR 3.9 bn).

Inflation and increased demand further accelerated house prices, which at the end of 2023 averaged at 186.7% of the index's base value in 2015 compared to 170% in 2022.

The housing market varies regionally: prices in the two largest cities – Sofia and Plovdiv - outperform the average and reached 210% (194.2% in 2022) and 195.7% (177% in 2021), respectively. At the opposite end is the fourth largest city – Burgas and its South-east region of Bulgaria with HPIs of 173% and 159.9%, respectively. There were higher average wages and more diverse job opportunities in the largest cities – for instance, the average wage in Sofia was 37% higher than the average contributing to the asymmetric price increases.

Similarly, the rental market continues to have discrepancies with a steady increase of prices and demand in Sofia compared to the other regions, for the same reasons.

MORTGAGE MARKET

MARKET DYNAMICS

There has been sustained growth in mortgage lending and lowering interest rates for over a decade, since 2010 with a slow recovery following the crash of 2008/2009 after the global financial crisis.

In 2023 the mortgage market grew by 20% to a total outstanding residential loans of BGN 22 bn (ca. EUR 11.3 bn). Interest rates remained stable at an average of 2.59% for BGN denominated loans (2.54% in 2022) and 3.53% for loans in EUR (3.11% in 2022), which is near the all-time lows in 2022. This contrasts to the sharp increase in interest rates in most EU countries and is due to the excess liquidity in the Bulgarian banking sector, which keeps bank funding costs low. In the first months of 2024 interest rates started to slowly decrease (2.56% in March and 2.51% in May for loans in BGN), which indicates that a long-awaited cooling off of the market is not yet in sight.

Most new loans are floating rate (97%) and BGN denominated (95% of all outstanding and 97% of new loans) due to the more favourable interest rate terms on BGN loans and despite the declared goal of joining the Eurozone by 2025. The maximum maturity for new mortgages is 35 years with an average of 20 – 25 years. Due to the rise in inflation and housing prices the average borrowed amount on new loans has increased to around BGN 198,000 (ca. EUR 100,000) with an LTV of 70-80%.

Housing NPLs continued to decrease to 1.5% (BGN 332 mn) of all outstanding mortgage loans (2.33% in 2022).

On the supply side, credit standards for house purchases remained largely unchanged. In a recent review of the risks facing the banking system, the Bulgarian National Bank observed that the increased credit growth in 2022 and 2023 has generally not been accompanied with credit standards loosening and that banks have been taking a balanced approach to assuming risks related to the housing market.

In 2023 the main drivers of demand on the Bulgarian market were the fear from the rising inflation and borrower's desire to convert savings into a housing investment, which is perceived as a "safe haven" in an environment of regional and domestic crises and regional and domestic political instability.

MORTGAGE FUNDING

Bank funding is dominated by deposits. As at the end of 2023, the banking sector had BGN 147 bn (ca. EUR 73 bn) in deposits (2022 – BGN 134 bn), equal to 80% of GDP and 86% of banking assets. Household deposits account for BGN 82.6 bn (EUR 42 bn) or 56% of the total, followed by deposits of non-financial entities – BGN 46 bn (EUR 23.7 bn) or 31%, and deposits of financial entities – BGN 14.6 bn (EUR 7.5 bn) or 10%. This is mainly due to the well-established preference of households and non-financial entities to keep their free funds in bank deposits, which has arguably supressed the development of the country's capital market. The growth in deposits is also a result of the strengthening of consumer confidence in the banking system in recent years.

Typical wholesale funding tools such as securitisations and covered bonds are practically non-existent. The same applies to central bank funding, which may be provided only in strictly limited cases due to the pegging of the Bulgarian Lev to the Euro. Whereas the lack of appropriate legal infrastructure has hindered securitisations, mortgage bonds – a type of covered bonds – did not manage to establish themselves as successful and marketable products despite the issuance of several mortgage bond programmes and stand-alone issues in the late 00s and early 10s. The last mortgage-backed bonds issue by a Bulgarian bank matured in September 2019.

In March 2022, the Bulgarian Parliament adopted the new Covered Bonds Act, which replaced the existing mortgage-backed bonds legislation and transposes the EU's Covered Bonds Directive (EU) 2019/2162. The Covered Bonds Act is the result of an EBRD (European Bank for Reconstruction and Development) funded project aimed at creating a modern covered bonds market in Bulgaria and encouraging cross-border investment into and from Bulgaria. In addition, in March 2021 a new law on special purpose and securitisation companies entered into force, which established a legal framework for securitisations in Bulgaria.

It is yet to be seen what the impact of these modernisation efforts on the wholesale funding of Bulgarian banks will be.

GREEN FUNDING

The National Recovery and Resilience Plan, part of Next Generation EU, establishes a National Program for Energy Renovation of Residential and Non-residential Buildings (the Program) under the auspices of the Ministry of Regional Development and Public Works. The total funds dedicated to the Program are BGN 2.47 bn (EUR 1.26 bn) for the renovation of multifamily residential buildings, public and commercial buildings in the period 2022 – 2026. The main goal of the Program is to achieve a 30% increase in energy efficiency in participating buildings through the funding of projects, such as the thermal insulation, renovation of common heating, cooling and ventilation systems, and the construction of renewable energy installations. The application period for a first stage of the Program started in December 2022.

The National Recovery and Resilience Plan also envisages the co-funding of individual investments to increase the energy efficiency of single family and multifamily buildings, such as the construction of solar energy installations, in a total amount of BGN 240 mn (EUR 123 mn) in the period 2022-2025..

	BULGARIA 2022	BULGARIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	3.9	1.8	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.3	4.3	6.1
HICP inflation (%) (1)	13.0	8.6	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	85.0	86.1	69.2
Gross Fixed Investment in Housing (annual change) (1)	-1.4	-0.2	-3.1
Building Permits (2015=100) (2)	47.3	47.3	94.0
House Price Index - country (2015=100) (2)	156.2	186.7	170.2*
House Price Index - capital (2015=100) (2)	163.5	210.0	165.1*
Nominal house price growth (%) (2)	15.2	19.6	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	9,390	11,263	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	1,373	1,747	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	n/a	n/a	71.3
Gross residential lending, annual growth (%) (2)	23.5	13.2	-26.6
Typical mortgage rate, annual average (%) (2)	3.1	3.5	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

BULGARIA FACT TABLE

Which entities can issue mortgage loans in your country?	In Bulgaria there are no specialised mortgage banks. Therefore, all licensed commercial banks (credit institutions) can provide mortgage loans. The largest and most active lenders of residential mortgage loans are 'tier 1' banks DSK Bank (DSK), UniCredit Bulbank (UCB), Eurobank Bulgaria (Eurobank), United Bulgarian Bank (UBB), First Investment Bank (FIB), as well as 'tier 2' banks KBC Bank Bulgaria (ex Raiffeisenbank Bulgaria) (KBC BG)*, Central Cooperative Bank (CCB) and Allianz Bank Bulgaria (Allianz). *In March 2023 KBC BG has merged into UBB following an acquisition of KBC BG by UBB in the course of 2022..
What is the market share of new mortgage issuances between these entities?	From 31.12.2021 to 31.12.2022 the total nominal (principal) value of residential mortgage loans issued by Bulgarian banks has increased by ca. BGN* 2.6 bn from BGN 15.82 bn to BGN 18.37 bn. The 8 most active banks on the Bulgarian residential mortgage loan market account for around 95.4% of this increase – UBB and KBC BG (21.3%), UCB (21.2%), Eurobank (20.2%), DSK (18.4%), FIB (5.4%), CCB (4.7%), Allianz (4.2%). * EUR 1 = BGN 1.95583
Which entities hold what proportion of outstanding mortgage loans in your country?	As of 31.12.2021 the total nominal (principal) value of residential mortgage loans issued by Bulgarian banks is BGN* 18,37bn. The 8 banks mentioned above form BGN 17.57 bn (ca. 96%) of this amount, of which DSK holds BGN 4.25 bn (ca. 23.2%); UBB and KBC BG – BGN 4.13 bn (ca. 22.5%); UCB – BGN 3.30 bn (ca. 18%), Eurobank – BGN 3.06 bn (ca. 16.6%), FIB – BGN 1.14 bn (ca. 6.2%), CCB – BGN 959 mn (ca. 5.2%), Allianz – BGN 725 mn (ca. 4%). * EUR 1 = BGN 1.95583
What is the typical LTV ratio on residential mortgage loans in your country?	The average LTV ratio is 80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The official statistics of the Bulgarian National Bank (BNB) provides information only on residential mortgage loans extended by Bulgarian banks (and Bulgarian branches of foreign banks) – reported at nominal (principal) value before deduction of provisions, without fees and currently accrued interest. BNB defines "residential" or "housing" loans as loans granted to households for the purpose of investing in dwellings for their own use or for letting out, including for the construction and improvement of dwellings, which can be secured by various types of assets.
What is/are the most common mortgage product(s) in your country?	The most widely used mortgage products in Bulgaria are BGN denominated housing loans with variable rates, which are generally defined in the banks own lending policies. The average size of loans is being cited as BGN 150,000. Interest rates have been decreasing over the last years. In 2022 the average interest rates on BGN denominated housing loans is 2.54%.
What is the typical/average maturity for a mortgage in your country?	The average maturity of mortgage loans in Bulgaria is around 20 – 25 years with maximum term of any mortgage being 35 years.
What is/are the most common ways to fund mortgage lending in your country?	Funding of mortgage loans is based largely on deposits. Alternative funding sources are uncommon in Bulgaria. There is practically no mortgage bond market in Bulgaria, with last mortgage bond issuance dating back to 2014 and all issues being redeemed since, the latest in September 2019. In March 2022 a new Covered Bonds Act transposing the Covered Bonds Directive (EU) 2162/2019 was adopted by the Bulgarian Parliament. There is yet no market for covered bonds in Bulgaria.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	A variety of taxes and fees are associated with purchasing properties in Bulgaria, most of which vary according to the property's price, but which may also depend on whether the property has land attached, whether it is being bought through an agent (as opposed to directly from the vendor), or whether there are other consultants involved (e.g. lawyer, surveyor or translator). In particular, a purchaser should be aware of the following related costs: municipal tax (up to 3% of the purchase price depending on municipality involved, no cap); notary expenses for the purchase and for the establishment of a mortgage (each notarisation costs between BGN 500 and BGN 6000 depending on the price of the property); state fee for registration of the purchase and the mortgage in the Bulgarian Property Register (each registration costs 0.1% of the property price, no cap); potential VAT implications of the purchase must also be considered.
What is the level (if any) of government subsidies for house purchases in your country?	Not available, other than limited tax benefits for young families (spouse not elder than 35 years), which can deduct from their taxable income interest payments on loans (or the part of loans) up to BGN 100,000.

Croatia

By Richard Kemmish, External Consultant

IN A NUTSHELL

- → Croatia joined the Euro and the Schengen area on 1st January 2023.
- → Economic growth slowed to 3.1%, is expected to remain broadly similar in the medium term.
- → Inflation slowed but is still above the Eurozone average due in particular to wage increases.
- → House prices continue to rise, as does the rate of construction of new housing.

MACROECONOMIC OVERVIEW

Croatia became the 20th country in the Eurozone on 1st January.

Economic growth slowed to 3.1% from 7% in the previous year (and 13% in 2021), still substantially above the rate of growth in the Eurozone economy as a whole (0.4%) and continuing an 8-year run of growth in excess of 2.5% (with the exception of the pandemic year). The main drivers of this growth were exports, household and government consumption and investment, which was underpinned by drawdowns under EU funds, specifically the Multiannual Financial Framework (MFF) and the Recovery and Resilience Facility (RRF).

Given this growth, the labour market remains tight with employment growing by 2.7% leaving unemployment constant at 6.2% – the discrepancy being due to an enlarged workforce, mainly due to an influx of workers from non-EU countries – and income in real terms grew by 2.0% (+5.7% in 2022), substantially above the eurozone (which shrank by 2.2% in 2023, after 0.6% growth in 2022). Reflecting this growth, inflation (HCIP) was 8.5% (from 10.7% in 2022), still significantly above that in the rest of the Eurozone (5.4%). Prices of services were the largest component of this growth, partly offset by reduced energy price inflation, which in turn was partly due to government subsidy measures.

The government fiscal deficit was 0.7% of GDP which, combined with the economic growth reduced the debt: GDP ratio to 63%, it is expected to fall to below the Growth and Stability pact target of 60% during 2024. The three main rating agencies all revised their outlook for the country's rating to 'positive' from 'stable', it is now BBB+ from S&P and Fitch and Baa2 from Moody's.

LOOKING AHEAD

According to European Commission forecasts, growth is expected to continue at a similar level although the main drivers will increasingly be household consumption, exports of goods and tourism. Investment activity is expected to slow with the completion of the MFF and the expiry of the EU Solidarity Fund (for reconstruction after the 2020 earthquake) before increasing again from 2025, although Commission has highlighted a risk that the uptake of funds could be limited by capacity constraints. Lower Eurozone interest rates and increased credit availability should also contribute to growth.

The labour market is expected to remain tight with a decrease in unemployment to 5.6% by the end of 2025 and increasing pressure on wages. Wage rises in particular in the service sector will moderate the fall in inflation – prices for services are predicted to continue to increase – but overall inflation is expected to continue to decline, to 3.5% in 2023 and 2.2% in 2025.

The government deficit is expected to increase as a result of public sector wage inflation, social assistance measures and reduced tax rates reaching 2.6% of GDP in both 2024 and 2025. This increase should be mitigated by wage increases, economic growth and increased tourism. Measures to mitigate the effect of energy price shocks will cost the government 0.6% of GDP, down from 1.9% in 2023. Overall, the debt: GDP ratio will continue to improve to a forecast 59.5% in 2024 and 59.1% in 2025.

HOUSING MARKETS

House prices continued to rise albeit at a slower rate of 9.4%, from 17% in 2022, significantly exceeding price increases in the EU as a whole (which rose by 0.1%) and the Eurozone where they fell by 1.2%. In Q4 prices actually fell slightly, before returning to growth in the first quarter of 2024.

Reflecting house price increases and lower price increases in building costs (which only increased by 4.7%), construction of residential property has increased, permits were issued for 3.6mn m^2 of new builds, and the construction sector now represents 3.5% of national GDP – both the highest values since this data was collected.

Regionally, the Adriatic coast region had the largest price increases, largely as a result of foreign purchases and favourable tax treatment for rental activity in the tourism sector. Prices in Zagreb city also rose significantly.

The percentage of Croatian's owning their own home, already the third highest in Europe (behind Romania and Slovakia) increased further to 91.2% (from 91.1%). According to Eurostat, Croatia is also characterized by the highest average age of leaving the parental home in Europe.

MORTGAGE MARKETS

Commercial banks dominate the mortgage market with nearly 95% of total outstanding loans. Housing savings banks having the residual 5%. At origination mortgages are typically for 70 to 80% of the value of the property and are for between 20 and 30 years.

Non-performing loans in the sector continued to decrease from 5.0% at the start of the year to 4.2% by year end (all loans to households).

Affordability and debt to income ratios have not deteriorated as much as in many other EU countries as the adoption of the Euro resulted in lower interest rates (which mitigated some of the increase in Euro interest rates).

MORTGAGE FUNDING

The banking market continues to be dominated by foreign owned banks which account for 90% of total banking assets and is characterised by very low loan to deposit ratios, negligible use of wholesale funding and relatively small mortgage exposure (approximately 20% of total balance sheets).

Although a covered bond law has been in place since 2022 it is as yet unused.

The healthy liquidity of banks may be threatened by further issues of retail bonds by the Ministry of Finance, in 2023 EUR 3 bn of such bonds were issued to retail investors.

GREEN FUNDING

Although several banks offer loans to their customers to enhance the energy efficiency of their homes there has not yet been a green bond issued by any banks in Croatia.

	CROATIA 2022	CROATIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	7.0	3.1	0.4
Unemployment Rate (LSF), annual average (%) (1)	7.0	6.1	6.1
HICP inflation (%) (1)	10.7	8.4	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	91.1	91.2	69.2
Gross Fixed Investment in Housing (annual change) (1)	n/a	n/a	-3.1
Building Permits (2015=100) (2)	269.1	142.0	94.0
House Price Index - country (2015=100) (2)	170.1	186.2	170.2*
House Price Index - capital (2015=100) (2)	193.9	0.0	165.1*
Nominal house price growth (%) (2)	17.3	9.5	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	9,932	10,840	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	2,572	2,815	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	24.3	n/a	71.3
Gross residential lending, annual growth (%) (2)	67.0	1.5	-26.6
Typical mortgage rate, annual average (%) (2)	2.5	n/a	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

CROATIA FACT TABLE

Which entities can issue mortgage loans in your country?	Commercial banks and housing saving banks.
What is the market share of new mortgage issuances between these entities?	Commercial banks dominate the market.
Which entities hold what proportion of outstanding mortgage loans in your country?	Commercial banks hold approximately 94.5%, and housing saving banks hold the rest 5.5%.
What is the typical LTV ratio on residential mortgage loans in your country?	Between 70 and 80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The 'Consumer Housing Loans Act' defines "housing loan" as a loan: a) collateralised by a security on residential immovable property or a transfer of ownership of residential immovable property for the purpose of securing the loan; or b) the loan the purpose of which is for the consumer to acquire or retain the ownership of residential immovable property. Loans not falling within this description would not be residential.
What is/are the most common mortgage product(s) in your country?	Housing and mortgage loans.
What is the typical/ average maturity for a mortgage in your country?	Between 20 and 30 years.
What is/are the most common ways to fund mortgage lending in your country?	Deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Real estate transfer tax (3% of market value, application from January 2019); transaction costs (fees and commissions): up to 2% of market value; and other costs (agency intermediation, public notary, etc.): 2-4% of market value.
What is the level (if any) of government subsidies for house purchases in your country?	Low (in the part of government supported "Publicly Subsidized Residential Construction Program", through the governmental incentives for housing savings and through the limited government financial support for first housing property purchase).

Cyprus

By Ioannis Tirkides, Bank of Cyprus

IN A NUTSHELL

- → GDP growth moderated to 2.5%.
- → House prices have continued to rise from the low post recession levels.
- → Housing demand and residential construction remained strong.
- → Bank liquidity remains good.

MACROECONOMIC OVERVIEW

Growth moderated with real GDP rising by 2.5% following 5.1% in the previous year. Growth was supported by a continued recovery in tourism, financial services, professional services and expanding IT activity, and strong investments. The outlook is positive but in the near-term there are downside risks the uncertain geopolitical environment. Growth is expected to remain strong in 2024, and to average 2.8% according to the European Commission's Spring forecasts, supported by rising real incomes and EU RRP inflows.

The unemployment rate, after rising in 2020 and the first half of 2021, has been declining since dropping to 6.0% in the fourth quarter of 2023 and 5.7% in the first quarter of 2024, seasonally adjusted.

HCIP was 3.9% and core inflation 2.8%. In January-June 2024, harmonised inflation was 2.3% and core was 2.5%. The decline in the headline inflation was driven by the non-core components of energy and food, while core inflation, remained more persistent.

The strong fiscal performance continued as the budget surplus rose to 3.1% of GDP from 2.7%, this was driven by robust revenue growth, contributing to a large decline in public debt to 77.3% of GDP. Debt affordability metrics are favourable and are expected to remain solid in the medium term.

Banks are well capitalized and remain resilient under stress tests. Despite higher interest rates, asset quality has not deteriorated. Non-performing exposures are by now, largely outside of bank balance sheets, but their resolution is critical for private sector balance sheets.

Short-term risks are mostly external, to the downside, including a downturn in major tourism markets, and an escalation of regional conflicts. In the medium-term risks are from climate change and from possible further deterioration in the global geopolitical outlook.

HOUSING MARKET

Home ownership has been declining since the financial crisis of 2012-14 reflecting the deep recession, high non-performing loans and tighter credit conditions. Home ownership peaked in 2013 at 74% and dropped to a low of 67.9% in 2019. Since then, it increased to 69.6% in 2022 and 68.8% in 2023 (EA average 65.3%).

New construction, fell from EUR 3.0 bn in 2008 to EUR 0.92 bn in 2014 and recovered gradually to EUR 2.9 bn in 2021, and EUR 3.4 bn in 2022, the latest available data. New construction of residential buildings rose from a low of EUR 0.4 bn in 2014 to EUR 1.8 bn in 2021 and EUR 2.2 bn (8,820 buildings) in 2022.

The total stock of dwellings at the end of 2022 was 482,000, 22.3% more than in 2008.

The long-term performance of the construction sector lags the total economy. Average annual growth in construction in the period 1996-2023, was 2.0% compared with 3.0% in the total economy, the growth rate is also more volatile. Construction activity dropped sharply in 2007-15 by a cumulative 62%, then recovered strongly in 2016-19, dropping in 2020 in the Covid pandemic and recovering subsequently. Real gross value added is still almost 30% lower than at the peak in 2007. The share of the sector's value-added in real terms dropped from 10% in 2007, to 4% in 2015 and then recovered to 5.2% in 2023.

Property sales fell by 82.3% in the period 2007-2013, then rose sharply in the period to 2023 at an average annual pace of 16.6%.

Prices, as measured by the Central Bank's residential property index, rose by a cumulative 27.3% in 2016-23, on an end-period basis, following a cumulative decline of 30% between 2008 and 2016. This increase was driven by apartments, up 49.5%, as opposed to houses which rose by 17.5%. Price increases in this period were greater in Limassol (42.3%) followed by Larnaca (26.8%), Famagusta (26.2%), Paphos (25.3%), and Nicosia (14.5%). Residential property prices increased by 8.3% (6.6% in 2022).

Regional differences reflect differences in the composition of demand. In Limassol there is higher demand from non-residents due to the city's international business orientation. There is a high proportion of vacation and second homes in the Larnaca, Paphos and Famagusta regions where prices have been more volatile in both the contraction and the recovery. Nicosia is the largest region by population and the country's capital and features demand from locals, diplomats, and students.

MORTGAGE MARKET

MARKET DYNAMICS

The mortgage market has been shrinking in absolute terms and relative to GDP since the financial crisis of 2012-14, as the banking sector restructures and deleverages. Total outstanding loans for house purchase at the end of 2023 were EUR 8.3 bn, 28% of GDP, compared to EUR 12.7 bn, 65% of GDP in 2012.

Loans for house purchase increased as a share of loans to residents (excluding the government) in 2023, to 41.2% (from 24% in 2012) and as a share of all household loans to 78.2% (53.1% in2012). This indicates a higher degree of deleveraging in non-mortgage loans.

Excluding loan renegotiations, new mortgage loans have been rising since 2015, reaching EUR 1.2 bn in 2022 of 36% of total loans and EUR 1.0 bn in 2023 (31%), from EUR 0.3 bn or 16% of total in 2015.

Mortgage rates for new loans started to rise since the second quarter of 2022, in anticipation of a tightening cycle by the ECB. The variable interest rate (up to one-year initial fixed rate) fell from 6.5% at the end of 2008 to 2.1% at the end of 2019 then rose to 3.3% by the end of 2022 and 5.2% at the end of 2023. It has since fallen to 4.5% (May 2024). The mortgage rate for outstanding amounts of housing loans over five years was 4.6% (May 2024)

Non-performing loans to the household sector have been declining steadily, to EUR 1.1 bn, 10.2% of the total at year end (EUR 1.3 bn, or 12.1% 1 year previously). At their peak in early 2015, they were EUR 13.1 bn, 52.3% of the total. The average provisioning ratio is 39.3% and the percentage of NPLs restructured is 36.4% (35.4% and 38.9%, respectively, from a year earlier).

NON-MARKET LED INITIATIVES

The property market has been affected by tax and legislative changes. Property tax was abolished in 2017. A 19% VAT applies to the first sale of a new property but is reduced to 5% for the first 200 square meters.

The Central Bank of Cyprus has implemented Loan to Value limits, typically around 80% and Debt-To-Income limits, generally around 30-40%.

The Cyprus Asset Management Company (KEDIPES) was established to manage and dispose of non-performing loans, helping to clean up the banking sector and stabilize the financial system.

The "Estia" scheme also includes provisions for restructuring non-performing loans, offering borrowers reduced payment plans and other concessions to make their debt more manageable.

The government provides financial assistance to first-time homebuyers to help them afford down payments and closing costs. For example, the Housing Finance Corporation (HFC) offers favorable loan conditions to young families and newlyweds.

MORTGAGE FUNDING

Bank funding is primarily from customer deposits. Funding conditions are comfortable as reflected in the gross loans (not including provisions), to deposit ratio of 47.5% (from 50.1% at the end of 2022). The loan to deposit ratio was higher than 100% in 2017. At the same time Cypriot banks have access to ECB funding. The securitisation legislation which has been enacted in July 2018 provides an additional funding tool.

GREEN FUNDING

Cyprus will receive in total, EUR 1.0 bn in grants and EUR 227 mn in loans, from the Next Generation EU funds in the period 2020-26. The Recovery and Resilience Plan submitted to the European Commission consists of 134 measures structured around 13 components and grouped in five policy areas. Policies and projects to green the economy will comprise 41% of the recovery funds, and digital transition 23%. Key investments include improving the energy efficiency of buildings and incentives to use renewables. So far, Cyprus has received EUR 263 mn from the RRF, which includes the prefinancing payment and the first disbursement. The combined amount of the second and third tranches is expected to total EUR 152 mn. The fifth tranche request, amounting to EUR 120 mn, is planned to be submitted by the end of 2024, which will cover 28 additional milestones.

	CYPRUS 2022	CYPRUS 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	5.1	2.5	0.4
Unemployment Rate (LSF), annual average (%) (1)	6.8	6.1	6.1
HICP inflation (%) (1)	8.1	3.9	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	69.6	68.8	69.2
Gross Fixed Investment in Housing (annual change) (1)	5.7	5.8	-3.1
Building Permits (2015=100) (2)	151.7	143.0	94.0
House Price Index - country (2015=100) (2)	106.7	112.7	170.2*
House Price Index - capital (2015=100) (2)	105.2	109.9	165.1*
Nominal house price growth (%) (2)	3.9	5.7	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	8,386	8,339	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	9,269	9,057	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	47.4	45.3	71.3
Gross residential lending, annual growth (%) (2)	5.1	-13.8	-26.6
Typical mortgage rate, annual average (%) (2)	2.6	4.1	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

CYPRUS FACT TABLE

Which entities can issue mortgage loans in your country?	Financial institutions (banks and the Housing Finance Corporation HFC).
What is the market share of new mortgage issuances between these entities?	100%
Which entities hold what proportion of outstanding mortgage loans in your country?	Banks: 97% and HFC: 3%
What is the typical LTV ratio on residential mortgage loans in your country?	70%-80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Depending on the use of the house, then the loan is classified as residential or not i.e. residential is for primary home or holiday use.
What is/are the most common mortgage product(s) in your country?	Euro-denominated loans. Most of the loans are floating rates i.e. ECB base rate + spread. Fixed rate housing loans are also offered.
What is the typical/average maturity for a mortgage in your country?	The average maturity is 22 years.
What is/are the most common ways to fund mortgage lending in your country?	Customer deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	The costs associated with house purchase include VAT or a transfer fee (for property sales for which VAT has to be paid, no transfer fees will be applied); a mortgage fee and stamp duty (in case of mortgage loan)- and, lastly, the costs of title deeds.
What is the level (if any) of government subsidies for house purchases in your country?	Due to the pandemic, the government subsidised mortgage loans for 4 years if the purpose of the house is for own use. This program has ceased as of 31/12/2021. The Cypriot parliament has approved a government proposal for a programme of reduced VAT to 5%, for the acquisition of a primary home subject to conditions.

Czechia

By Martin Kotek, Jakub Seidler, Czech Banking Association

IN A NUTSHELL

- → The Czech economy stagnated in 2023, inflation reached 10.7% but inflationary pressures gradually diminished during the year.
- → The Central Bank began easing monetary policy in December, cutting rates by 25 bps from 7%.
- → House prices fell slightly, although trends varied across regions and property types.
- → New mortgage origination dropped by 25%, but gradually recovered through the year from the decade-lows in 2022 caused mainly by high interest rates.
- → The average mortgage rate reached 5.9% but stopped rising at the turn of 2022 and 2023.

MACROECONOMIC OVERVIEW

The economy just stagnated in terms of GDP development in 2023, although this was slightly better than expected at the start of the year. Inflation remained in double digits, with an average rate of 10.7%, (from 15.1% in 2022). This was driven by strong price growth in January 2023, but price rises were relatively muted afterwards.

Despite weaker economic activity, the labour market remained resilient, unemployment stayed among the lowest in the EU in 2023 (2.6%). Average wage growth was 8% y-o-y, a decline of 2.4% in real terms after an 8.5% fall the previous year. This partly explains weak household consumption, which decreased by 3% y-o-y. Since the end of 2019, household consumption has fallen by almost 9%, a record decline in the EU.

The Czech National Bank began easing monetary policy in December with a 25-bps reduction from 7% base rate, which had remained stable since mid-2022.

The economy is expected to grow modestly in 2024, by around 1%, driven by improvements in household consumption, investment activity, and foreign demand. Inflation significantly fell at the beginning of the year, reaching the 2% target in June. The annual average inflation rate is projected to be around 2.2%.

The Czech National Bank (CNB) continued its easing cycle during 2024, reducing the main rate to 4.5% in August. Further easing is expected in the second half, albeit at a slower pace. By the end of the year, the CNB's two-week repo rate could get slightly below 4%, according to projections by the Czech Banking Association.

Average mortgage interest rates fell to 5.05% by June 2024.

New mortgage origination increased by 75% y-o-y in the first quarter of 2024, partly due to a low base effect. Gradual recovery is expected this year, with new mortgage volumes projected to grow by 40-50% y-o-y. This would bring the nominal volume of new mortgages close to the levels seen in the pre-pandemic year of 2019.

HOUSING MARKETS

Property prices decreased by 1.7%. But the price trend changed in the middle of the year, after many years of growth (since the end of 2013 when the economy faced a mild recession), prices declined for three quarters, from Q4 2022 to Q2 2023, a cumulative 3.7%. From the third quarter, real estate prices began to rise very slowly again (0.2% q-o-q) and by the end of year reached the level of the beginning of 2022.

Weaker demand for housing transactions was driven by high interest rates, stricter macroprudential measures by the CNB (which were relaxed in the second half of the year) and a high price-to-income ratio for real estate. The decline was expressed by several indicators – housing starts, housing completions and building permits all declined y-o-y.

Given the fall in the number of house sales and financing, the fall in house prices was relatively unimportant. A return to price growth is expected with adverse effects on house affordability despite anticipated lower inflation and improved financing conditions.

MORTGAGE MARKETS

Banks and building societies arranged mortgages of CZK 13 0bn (EUR 5 bn), out of which new mortgages were CZK 112 bn and remortgaging CZK 18.4 bn, a drop in production of 24% y-o-y (new loans 25%, remortgaging 21%).

Although in 2022 there was already a significant drop in sales (by 63% y-o-y), a further decline then stabilization of volumes in 2023 was in line with expectations. Volumes were at a ten-year low, broadly 70% lower than 2021. But a slight recovery was evident by the end of the year – in the first quarter sales fell by 69% y-o-y, in the fourth quarter they increased by 111% y-o-y. Of course, this includes a base effect – the lowest volumes were in Q4 2022; but showed recovery during the year.

The development of the mortgage market was mainly influenced by the economic situation Inflation was 10.7%, but prices were relatively muted after a big price shock in January driven mainly by price of energies. The CNB maintained strict monetary policy during the year with the first easing of rates only at the end of the year.

Increasing prices for consumer goods and other housing expenditures, particularly electricity and gas payments, significantly reduced household repayment capacity, but in the second half of the year this growth in expenditure slowed.

An expectation of easing monetary policy caused a partial decrease in market long-term rates, starting a revival in the housing market. Consumer confidence improved and demand for housing financing started growing. Initially remortgaging activity improved, followed by new loans.

The average interest rate on mortgages was significantly higher than last year (5.88% in 2023 vs. 4.61% in 2022), it started at 6% in Q1 and ended at 5.75% in Q4.

In the first months of 2024 interest rates have continued to decrease and new mortgage loan origination has increased.

In April 2022, the CNB tightened income indicators DTI (Debt to Income, max. 8.5) and DSTI (Debt Service to Income, max. 45%) and maximum LTV (Loan to Value, max 80%), one of the reasons for the market slowdown in 2022 and to some extent 2023.

In 2023, the CNB reconsidered its macroprudential regulations and gradually relaxed its restrictions – the DSTI limit was cancelled in Q3 and the DTI from the beginning of 2024. This was driven by an effort to revive mortgage financing. The first effect was noticeable in Q4, and the full effect will appear the numbers for H1 2024. LTV limit remained valid without any changes and no relaxation is expected in 2024.

GREEN FUNDING

Financing of energy saving investments by households is supported by the New Green Savings program. This program is focused on energy savings in family and apartment buildings. The main goal is to increase the energy efficiency of buildings and reduce emissions of greenhouse gases and other pollutants in the air. Support is aimed at building insulation, construction or purchase of houses with very low energy consumption, ecological methods of heating buildings, including replacement of inadequate heat sources or the use of renewable energy sources. The New Green Savings program is financed from a portion of the proceeds of emission allowance auctions.

Cooperation started between the state (the Ministries of Environment and Finance) and the Association of Building Saving Companies to help households decrease the energy consumption of residential building in June 2023. The two main pillars are: 1) possibility to provide subsidy consultancy via distribution channels of building saving companies to retail clients (subsidy programs dedicated to support green technologies (solar panels, heat pumps, etc.) and complex isolation) and 2) launch of co-financed loan by state dedicated to clients who aim to do complex isolation of their buildings. Both of the activities have been implemented in 2024.

	CZECHIA 2022	CZECHIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.4	-0.3	0.4
Unemployment Rate (LSF), annual average (%) (1)	2.2	2.6	6.1
HICP inflation (%) (1)	14.8	12.0	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	77.1	76.0	69.2
Gross Fixed Investment in Housing (annual change) (1)	-13.0	-6.0	-3.1
Building Permits (2015=100) (2)	110.7	90.1	94.0
House Price Index - country (2015=100) (2)	211.0	208.7	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	6.9	-1.1	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	65,497	66,410	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	6,228	6,133	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	42.8	39.2	71.3
Gross residential lending, annual growth (%) (2)	-61.0	-22.6	-26.6
Typical mortgage rate, annual average (%) (2)	4.6	5.9	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

CZECHIA FACT TABLE

Which entities can issue mortgage loans in your country?	In the Czech Republic, housing finance is raised by banks.
What is the market share of new mortgage issuances between these entities?	Banks represent 100% of the mortgage market.
Which entities hold what proportion of outstanding mortgage loans in your country?	There are 3 big retail banks, which together hold 75% of the mortgage loans outstanding volume in the Czech Republic.
What is the typical LTV ratio on residential mortgage loans in your country?	The Recommendations of the Czech National Bank set the maximum LTV at 80%, or 90% for customers younger than 36 years. Typical mortgage loan have an LTV close to 80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	More than ¾ of the housing loans were provided for residential purposes.
What is/are the most common mortgage product(s) in your country?	The most common mortgage loan in 2022 was the loan for house/flat purchases secured by financed property with an interest rate fixation period of 3 to 5 years and a maturity of 25–30 years.
What is the typical/ average maturity for a mortgage in your country?	The Recommendation of Czech National Bank sets the maximum mortgage loan maturity at 30 years. Typical mortgage loans have a maturity that ranges from 25 to 30 years.
What is/are the most common ways to fund mortgage lending in your country?	Through a combination of deposits and covered bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	1) Fee for record of the ownership change and fee for mortgage lien establishment to Real Estate Cadastre (state database); 2) Real estate agency fee (only for purchase intermediated by RE agency).
What is the level (if any) of government subsidies for house purchases in your country?	In a low interest rate environment and considering the generally positive macroeconomic development in throughout most of the year, a limited amount of subsidies was available: - Tax-deductible paid interests: The amount paid in interest on a mortgage loan to finance housing needs can be deducted from the tax base of physical entities' income, up to CZK 300,000 per year if the housing was acquired by the end of 2020 and up to CZK 150,000 per year for housing acquired in 2021 and later. - Support for establishing social housing for disadvantaged people due to their age or health. - Relaxed credit ratios applied for housing loans – LTV, DTI, DSTI - for loan applicants younger 36 years.

Denmark

By Nicholas Gudmund Hansen, Finance Denmark

IN A NUTSHELL

- → The economy grew 1.9%.
- → Mortgage interest rates have been rising.
- → Housing market activity is lower compared to previous years.
- → House prices increased reversing the decrease in 2022.

MACROECONOMIC OVERVIEW

The economy grew by 1.9% in real terms, 0.8 pps less than 2022. The drop was mainly driven by decreasing gross investments which fell 12.2%. Also, consumer prices increased by 3.3%.

The employment rate has been stable throughout 2023. Starting at 77% in Q1and ending at 77.2% in Q4. Unemployment decreased by 0.1%-point from 4.9% in Q1 to 4.8% Q4. The government budget surplus was 6.3% and gross government debt was 29.3% of GDP, which is low in a European context. The deposit rate at the Danish central bank, Danmarks National bank, rose throughout the year from 1.75% in January to 3.6% by year end. This was due high euro area inflation and the Danish central bank following the ECB's deposit rate hikes due to the fixed exchange rate policy.

HOUSING MARKETS

Nominal house prices increased by 3.6% over the year, reversing the decrease of 5% in 2022. Prices increased more in the capital region, by year end house prices in Copenhagen were 4.7% higher, and owner-occupied apartments 11.7% higher.

In total, 62,950 houses and owner-occupied flats were sold in 2023, which is slightly more than the 60,740 in 2022. Higher mortgage rates and other developments in the real economy have contributed to lower housing market activity in 2023.

House completions fell by 8.9% in 2023. New house construction decreased by 29.7% and number of building permits issued dropped 23.4 pps compared with 2022.

MORTGAGE MARKETS

By year end, outstanding mortgage loans from mortgage banks were DKK 3.2 bn of which approximately DKK 1.8 bn was for owner occupied housing. In addition, housing loans from commercial retail banks were DKK 283 bn. In total, mortgage credit shrank by 2.1%. Mortgage credit growth in recent years has been much lower than in the mid-2000's when growth rates were between 10% and 17%.

Residential mortgage lending activity in 2023 is more or less unchanged to 2022, as adjustable-rate mortgages remain a higher market share compared to 2021. Outstanding mortgage loans issued by mortgage banks are split between fixed rate mortgages (46% by year end 2023), mortgages with an interest reset under 1 year (24.3%) and mortgages with an interest reset above 1 year (29.7%). In 2022 the numbers were 46.8% (fixed rate mortgages), 23.4% (mortgages with an interest reset under 1 year) and 29.9% (mortgages with an interest reset above 1 year).

Gross lending activity by mortgage banks was lower. At DKK 425.5 bn, Residential mortgages were 63% of gross lending, 5.7% pps less than in 2022. Gross lending activity is down by 43.8% compared to 2022 (DKK 757.3 bn) which can be explained by lesser remortgaging and a lower housing market activity due to higher rates.

Fixed rate mortgages (typically fixed for 30 years) were 52.4% of gross lending in 2023, an increase of 2.7 pps. Adjustable-rate mortgages (loan with an interest rate based on a specific reference rate) and interest reset mortgages (loan with reset of interest rate at a frequency of 1, 3, 5 or 10 years depending on the loan terms) were 47.6%. The interest rates on fixed mortgage loans stabilized during 2023 after rising from a historically low level in 2021. The short-term interest rate was on average 4.55% in 2023. The average interest rate on loans with interest rate fixation of more than 10 years for households were 5.75 in 2023.

Interest rates have been low for several years but have risen to higher levels for several reasons including central banks trying to control inflation. A possible reason for borrowers preferring adjustable-rate mortgages could be their expectations of future interest rates decreases. Also, the possibility to lower the monthly cost of the adjustable-rate loan compared to fixed rate loans (at least on short term) may incentivize borrowers to choose adjustable-rate mortgages.

MORTGAGE FUNDING

Mortgage loans issued by mortgage banks are solely funded through the issue of covered bonds. Mortgage banks continuously supply extra collateral on a loan-by-loan basis if the value of cover assets (properties) deteriorates.

The funding mix – for the main part bullet bonds or callable long-term bonds – adjusts continuously according to borrower demand. Bonds are tapped and bullet bonds funding interest reset loans are refinanced at month end in March, June, September and December. December remains traditionally the largest refinancing date, however new bullet bonds have not been issued with December maturities recently spreading refinancing activity and hence the point risk more evenly across the year.

	DENMARK 2022	DENMARK 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.7	1.9	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.5	5.1	6.1
HICP inflation (%) (1)	8.5	3.4	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	59.6	60.0	69.2
Gross Fixed Investment in Housing (annual change) (1)	-8.5	-10.2	-3.1
Building Permits (2015=100) (2)	142.3	94.6	94.0
House Price Index - country (2015=100) (2)	136.7	133.6	170.2*
House Price Index - capital (2015=100) (2)	163.6	156.3	165.1*
Nominal house price growth (%) (2)	1.0	-2.3	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	284,146	277,743	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	48,378	46,816	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	164.3	155.3	71.3
Gross residential lending, annual growth (%) (2)	22.8	-12.9	-26.6
Typical mortgage rate, annual average (%) (2)	1.3	4.6	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

DENMARK FACT TABLE

Which entities can issue mortgage loans in your country?	Retail banks and mortgage banks.
What is the market share of new mortgage issuances between these entities?	Not available – data for residential reflect mortgage banks issuance only (not available for retail banks).
Which entities hold what proportion of outstanding mortgage loans in your country?	Over the past twelve months, the proportion (for owner-occupied housing) has been the following: Retail banks 15% Mortgage banks 85%
What is the typical LTV ratio on residential mortgage loans in your country?	For new loans for owner-occupied housing the LTV will normally be up to 80%. For other new residential loans the LTV will normally be 60%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The difference is whether you live in the house or not.
What is/are the most common mortgage product(s) in your country?	We have three typical types of loans: Loans with Fixed rate; Interest reset loans; Loans with variable rate with and without cap.
What is the typical/ average maturity for a mortgage in your country?	For new housing loans, the maturity is normally 30 years. For business loan, the maturity is typically 20 years.
What is/are the most common ways to fund mortgage lending in your country?	Covered bonds
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	For new loans at DKK 1 million (EUR 134,000) with fixed rate the following apply: Taxes going to state: Approximately DKK 17,000 (EUR 2,280); Costs going to the Mortgage bank: Approximately DKK 10,000 (EUR 1,340).
What is the level (if any) of government subsidies for house purchases in your country?	The government doesn't have any role in house purchases.

Estonia

By Irina Markitanova, Luminor Group

IN A NUTSHELL

→ GDP fell by 3.1%.

→ Mortgage market turnover stabilised after two years of very high activity.

→ Housing prices increased moderately.

MACROECONOMIC OVERVIEW

GDP decreased by 3.1%. This was the second year of fall after previous strong post-pandemic growth. Private consumption has been falling and private investments remain at a low level. The government budget is in deficit, offering some support to the economy.

The almost two-year period of high inflation finished in 2023. Consumer prices were 9.2% higher than in 2022 mainly because of base effects. Price changes related to food and non-alcoholic beverages and housing expenditures had the biggest impact on consumer prices. Inflation during 2023 remained at 4-5%, out of which almost half was related to the end of the energy subsidies in April.

Two years of high inflation decreased the purchasing power of households as wages increased less than prices. This changed in 2023. Nominal wages increased by 11.4%, exceeding inflation and restoring purchasing power. As some of the savings were spent and there is need to restore them to previous levels and as interest rates support savings, consumption decreased, and deposits increased.

Hopes of economic recovery, low real wages and fewer younger people entering the labour market has kept unemployment under control. Unemployment increased by 0.8 pps to 6.4%, mainly due to the inclusion of Ukrainian refugees in the official statistics. Unemployment of permanent residents increased marginally. Employment levels remained close to historic peak levels.

The government budget is in deficit with 3.4%. Government debt is the lowest in Europe at 19.6% of GDP and is has been stable because of strong nominal GDP growth.

HOUSING MARKET

Demand in the housing market boomed in early 2022. According to Statistics Estonia, residential real estate prices increased by 22.2% in 2022 and the speed slowed down to 5.9% in 2023 with the slowdown in market activity and a decreased number of transactions. Such a small increase in prices was last seen in 2018. The ability of households to buy real estate decreased substantially because the real estate market is sensitive to money market interest rates as a large majority of mortgages are linked to 6 months Euribor. Therefore, the fast increase in interest rates has reduced demand which can be seen in price dynamics and turnover.

On the supply side, construction volume decreased by 12.3%. The number of completed dwellings was 8,424, an increase of 29.2% y-o-y, reflecting the previous boom. The number of building permits fell by 17% to 5,612, reflecting the slowdown in the building activity. The number of transactions decreased by 15% to 32,923.

MORTGAGE MARKETS

Despite the lower demand for mortgages (the number of new mortgages issued decreased by 17% according to Bank of Estonia), due to increased interest rates and the economic slowdown the volume outstanding continued to grow, by 6% to EUR 11,106 mn, an historic high equal to 30% of GDP. The average loan grew by 6.2% to EUR 57,915. The housing loan portfolio grew faster than GDP and household real incomes, so the debt burden of households increased.

Their average interest rate increased to 5.36% at year end.

The share of borrowers with high loan service costs relative to their incomes has increased remarkably according to Bank of Estonia. The DSTI requirement states that the ratio of the payments due on the borrower's total liabilities to their net income may not exceed 50% at the time of the loan decision. The share of loans where the DSTI of the borrower is 45-50% or higher is increasing.

Mortgages are granted mainly by commercial banks. Housing loans account for approximately 41% of the aggregate loan and lease portfolio of banks according to the Bank of Estonia. The banking sector is well capitalised, and the quality of the housing loans remained good. Only 0.3% of housing loans are overdue by more than 60 days at year-end as reported by the Bank of Estonia. The importance and volume of this type of loans reflect the preference of households for homeownership over renting.

NON-MARKET LED INITIATIVES

The Bank of Estonia´s macroprudential policies remained broadly unchanged. Macroprudential measures are applied when necessary to prevent risks to the functioning of the financial sector and to increase its resilience. The Bank of Estonia kept the requirements for issuing housing loans unchanged, setting the maximum LTV of 85% (and up to 90% if they qualify for the housing guarantee programme supported by the government), DSTI of 50% and a maximum maturity of 30 years which have been in place since 2015. The housing loan requirements of the Bank of Estonia need the borrowing capacity of the household to be assessed assuming an interest rate of at least 6%.

Credit institutions must comply with the following macroprudential requirements of the Central Bank: (1) systemically important banks must maintain an additional capital buffer of 2% of risk-weighted assets; (2) banks using the internal ratings-based method for risk weighting must apply the minimum risk weight floor for mortgages in their capital calculations; (3) all banks must comply with borrower-specific requirements for issuing housing loans; and (4) a countercyclical capital buffer requirement of 1.5%. The Bank of Estonia raised the countercyclical capital buffer rate to 1.5% because of the risks following the rapid growth in credit in 2021-2022. The new rate applied from 1 December 2023. Although borrowing has now eased, it is still necessary to maintain the buffers to protect against the risks that accumulated earlier.

The systemic risk buffer rate remains at 0%. But if banks registered in Estonia have granted mortgage loans to residents of Lithuania, then a 2% systemic risk buffer is applied from 1st July 2022 to those exposures.

MORTGAGE FUNDING

The lending policy of banks for housing loans did not change particularly in 2023. The most important source of funds continues to be deposits. As deposits have grown strongly in recent years, they have been sufficient to finance the demand for credits. The ratio of loans to deposits was around 90% at yearend.

The share of market-based funding increased during 2023. At year-end Estonian banks had EUR 2,250 bn covered bonds outstanding of which EUR 1,000 bn were retained by the issuer and EUR 1,250 bn sold to the public. There were no new public issuances in 2023.

	ESTONIA 2022	ESTONIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	-0.5	-3.0	0.4
Unemployment Rate (LSF), annual average (%) (1)	5.6	6.4	6.1
HICP inflation (%) (1)	19.4	9.1	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	82.0	80.7	69.2
Gross Fixed Investment in Housing (annual change) (1)	4.8	14.1	-3.1
Building Permits (2015=100) (2)	121.0	100.4	94.0
House Price Index - country (2015=100) (2)	186.6	197.7	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	22.2	5.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	10,492	11,106	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	7,878	8,131	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	56.4	53.7	71.3
Gross residential lending, annual growth (%) (2)	16.2	-19.2	-26.6
Typical mortgage rate, annual average (%) (2)	2.7	5.4	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

ESTONIA FACT TABLE

Which entities can issue mortgage loans in your country?	No limitation to issuers, financial and non-financial entities can offer loans, however, the small market in Estonia means that there have always been few suppliers of housing loans.
What is the market share of new mortgage issuances between these entities?	Mortgage market consists mainly of commercial banks. The five banks that issued most of the housing loans in 2022 were Swedbank, SEB Pank, LHV Pank, Luminor and Coop Pank. LHV increased its market share from 9% to 11%. Luminor and Coop Pank market shares remained the same (11% and 4% respectively). The market shares of Swedbank and SEB Pank decreased slightly (43% and 28% respectively). Swedbank and SEB Pank remained the leaders in the market for housing loans.
Which entities hold what proportion of outstanding mortgage loans in your country?	Commercial banks hold the majority of outstanding mortgage loans.
What is the typical LTV ratio on residential mortgage loans in your country?	Eesti Pank has set a LTV limit of 85%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Not available.
What is/are the most common mortgage product(s) in your country?	30 year mortgage loan with floating interest rate.
What is the typical/average maturity for a mortgage in your country?	Eesti Pank has set maximum mortgage maturity of 30 years.
What is/are the most common ways to fund mortgage lending in your country?	Commercial banks lending activities are covered mainly with domestic deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Not available.
What is the level (if any) of government subsidies for house purchases in your country?	KredEx offers loan guarantees with state guarantee for purchasing and renovating homes. Additionally, loan payments can be partly subtracted from income tax payment.

Finland

By Eric Hüellen, European Mortgage Federation – European Covered Bond Council

IN A NUTSHELL

- → The economy fell into a recession in 2023, as real GDP contracted by 1%.
- → The construction industry had more bankruptcies than during the global financial crisis in 2009 and was a contributory to the recession.
- → Outstanding mortgages decreased by 1.7% from an all-time high in 2022.
- → House prices decreased by 6% y-o-y.

MACROECONOMIC OVERVIEW

The economy contracted by 1% in real terms, as increases in prices and interest rates weighed on consumption and, particularly, on investment, amid weakening sentiment. Changes in inventories also reduced growth. The drop in investment was mainly driven by the construction sector, which has been affected for some time now by slowing housing demand and higher input costs. Government consumption supported domestic demand, given a significant rise in social and healthcare-related spending and wages. In addition, exports fell due to softening demand. As imports dropped even more sharply, net exports made a positive contribution to growth.

As the economy contracted, employment declined and the unemployment rate increased to 7.2% (compared to 6.8% in 2022), however, this was mitigated by a shrinking working-age population.

HICP inflation averaged 4.3% but declined considerably at the end of the year due to falling energy prices. It is expected to increase in the second half of 2024, due to the planned increase in the standard VAT rate in September 2024.

The general government deficit rose to 2.7% of GDP. Amid a contracting economy, tax revenues declined, while government expenditure increased by 8% driven by a rise in public wages, interest expenditure and social spending, notably in relation to the newly set-up wellbeing services counties[1]. Net costs of measures to mitigate high energy prices were approximately 0.2% of GDP and were fully phased out during the year.

The general government debt-to-GDP ratio increased to 75.8% and is expected to increase to 80.5% in 2024 and 82.4% in 2025 due to persistent deficits and substantial stock-flow adjustments. This increase is, however, expected to be softened by announced consolidation measures.

HOUSING AND MORTGAGE MARKET

Considerably fewer building permits were issued (-43% y-o-y), as housing-related costs have escalated due to higher interest rates. The construction of new homes was substantially lower, and housing starts decreased by almost 40% y-o-y.

With fewer buyers able or willing to purchase homes, residential property prices fell by 10% (existing dwellings with the largest falls in Helsinki. This is the largest decline since the early 1990s, when the Finnish economy went through a severe recession.

The construction industry experienced more bankruptcies than during the global financial crisis in 2009. This downturn was a significant contributory factor to the economy entering into recession in the latter part of 2023.

Average house prices decreased by 6% y-o-y from a record high in 2022. The decrease was most in Helsinki (-8% y-o-y) and Tampere (-15% y-o-y).

At the end of December, the stock of housing loans was EUR 107.5 bn, an annual decline of 1.7%. But the value of non-residential mortgage loans increased by 32%. Nonperforming loans at year-end were 1.1% of the total (Q4 2022: 0.9%). Gross lending decreased by 6.5% y-o-y, while it already started to decrease in previous years from its high in 2020.

The average interest rate on housing loans was 4.42%, up from 3.30% in 2023 and 0.77% in 2022.

In Finland most mortgages are issued with a variable rate (defined as a fixed period of less than or equal to one year) but this percentage decreased in 2023 from 96% to 93%.

MORTGAGE FUNDING

Mortgages are generally funded via deposits and covered bonds. All outstanding covered bonds in Finland are backed by mortgages and the ratio of outstanding covered bonds to residential loans was approximately 45%. Therefore, covered bonds are an essential source of funding for the mortgage sector.

[1] A wellbeing services county is a body governed by public law that is separate from municipalities and the state and has autonomy in its area. There are 21 wellbeing services counties.

	FINLAND 2022	FINLAND 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	1.3	-1.0	0.4
Unemployment Rate (LSF), annual average (%) (1)	6.8	7.2	6.1
HICP inflation (%) (1)	7.2	4.3	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	69.5	69.2	69.2
Gross Fixed Investment in Housing (annual change) (1)	5.0	-12.5	-3.1
Building Permits (2015=100) (2)	115.8	66.1	94.0
House Price Index - country (2015=100) (2)	109.4	102.3	170.2*
House Price Index - capital (2015=100) (2)	139.9	128.8	165.1*
Nominal house price growth (%) (2)	0.3	-6.5	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	109,315	107,490	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	19,703	19,319	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	72.6	68.1	71.3
Gross residential lending, annual growth (%) (2)	-13.9	-6.5	-26.6
Typical mortgage rate, annual average (%) (2)	3.3	4.4	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

FINLAND FACT TABLE

Which entities can issue mortgage loans in your country?	Credit institutions.
What is the market share of new mortgage issuances between these entities?	Credit institutions 100%.
Which entities hold what proportion of outstanding mortgage loans in your country?	Banking groups hold 100% of the housing loan stock (Banking groups include mortgage banks as subsidiaries).
What is the typical LTV ratio on residential mortgage loans in your country?	Loan-to-Collateral (LTC): First time buyers 80% (median, new loans) others 60% (median, new loans).
How is the distinction made between loans for residential and non-residential purposes in your country?	Not available.
What is/are the most common mortgage product(s) in your country?	Housing loan.
What is the typical/average maturity for a mortgage in your country?	Eesti Pank has set maximum mortgage maturity of 30 years.
What is/are the most common ways to fund mortgage lending in your country?	Deposits and covered bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	2% transaction tax for apartments, 4% transaction tax for real estates (first time buyers are exempted from both).
What is the level (if any) of government subsidies for house purchases in your country?	First time buyers are exempted from transaction tax. Interest expenses on housing loans are tax deductible up to 5% (in 2022).

France

By Bertrand Cartier, Groupe BPCE (Banques Populaires-Caisses d'Epargne)

IN A NUTSHELL

→ Average mortgage rates increased from 2% to 4%, the fastest rise since the 1980s.

→ Sales fell by 24%, largest falls were for developers and single-family detached houses.

→ Prices of existing dwellings fell by 4%, the most since 2009, particularly in Paris and Lyon.

→ New loan origination fell by 40% to the lowest since 2014.

→ Despite a reorientation of the housing policy to the existing homes to the detriment of newly built homes, policy targeting renovations had a disappointing uptake.

MACROECONOMIC OVERVIEW

GDP increased by 1.1% after +2.6% in 2022. The labour market was resilient with unemployment remaining at 7.5% in Q4 (+0.4 pps y-o-y which was the lowest since 1982). The employment rate (of 15-64 years old) reached 74%, its highest level since 1975. The 10-year government bond yield averaged 3.0% over the year (vs. 1.7% in 2022) and was 2.7% at year end.

Business failures increased to 56,956 (up 36%), after 3 years with few failures (between 28,000 and 42,000 per year). Failures in the building sector increased by 40% to 11,878 and in real estate activities by 43% to 2,098.

Economic behaviour was impacted by inflation. The average HICP increased by 5.7% (after 5.9% in 2022). The net purchasing power of households grew by 0.8% which partially supported household consumption (+0.9%). The household saving rate remained stable at 16.9%, well above its pre-pandemic level (under 15%). In this weakly supportive context, household investment dropped by 8.2%, exacerbating the negative shock on new-built homes.

LOOKING AHEAD

According to forecasts from Banque de France in June 2024, GDP is expected to grow 0.8% in 2024, with an average inflation of 2.5%, converging to 2.1% y-o-y in Q4 2024. Lower inflation and a higher household purchasing power is expected to support an increase in household consumption (+1.2% vs. 2023). But the saving rate is expected to remain close to 17%, staying above its pre-pandemic level due to political and economic uncertainty.

As the ECB is expected to cut interest rates in September and December after the first cut in June 2024, the decrease in mortgage rates should slowly continue but is unlikely to reach its pre-2023 levels, producing only a small increase in house purchasing power. Moreover, political uncertainty and the high level of public debt and deficit tend to raise the spread between French OAT and German Bund, maintaining long-term interest rates close to 3% and slowing down the decrease of mortgage rates.

The recent increases in energy prices and future regulations reinforce the attractiveness of energy-efficient homes and support demand for renovation. This is changing demand and curbing increases in prices for existing dwellings, especially for the less efficient homes.

HOUSING MARKETS

Sales of existing houses- 85% of all transactions - reached 869,000 in 2023 (the lowest since 2016 and an annual decrease of 22%). The annual average of prices fell annually for the first time since 2016 (-0.7% versus 2022), and in the last quarter by 3.9% compared to Q4 2022, the sharpest drop over a year since Q4 2009. In annual average, the fall in prices was greatest in flats in Paris (-4.6% vs. 2022, the third year of decline) and Paris' region (-3.7%, breaking down into -4.0% for flats and -3.4% for single family detached homes). The annual average of prices in the provinces rose for single-family detached houses by +0.1% and for flats in small/medium cities by +1.4% in 2023 versus 2022. But in Q4 2023 compared to Q4 2022, prices dropped even in provinces, recording a fall of 3.3% for single-family detached homes and -2% for flats.

The building industry was affected by the deterioration of the economic and financial environment and regulations. The number of housings starts for multifamily residential (172,600 units) decreased by 21% to its lowest level since 2002 and by 22% for collective residences (in particular for students and seniors), with 30,280 units, While the number of housings starts for single-family detached homes remained constant in 2022, it declined by 31% in 2023 to 91,820, the lowest since 1993. As the whole, the housing starts declined by 25% in 2023 (with 294,710 units) and this deterioration is expected to persist in 2024 given the fall of 24% in permits (372,000 units in 2023).

Newly built home sales by real estate developers shrunk by 36% to 71,630, the lowest since 1996. The stock of available homes for sale increased by 8% to an historic high of 129,600 units, around 23 months of average sales. Despite the interest rate hikes, falling demand and the rise of sale cancellations, average annual prices increased by with 2.7% for new flats (average sale price of EUR 4,789 per square meter) and +2.3% for new houses (average sale price of EUR 348,998 per house); but the increase slowed during the year. To help real estate developers, the "Caisse des Dépôts et Consignations" and "Action Logement" purchased more than 47,000 new homes in 2023 and Q1 2024 to develop social housing (including properties not yet in construction).

Sales of new single-family detached homes fell by 39% to 58,500 units, after -31% in 2022. Sales in 2023 were 50% below the average since 2007, mainly due to increased interest rates and builder's costs passed on to buyers (the traditional client base is first-time buyers and below average wage households who rely heavily on mortgage finance). The goal of zero net new land use by 2050 imposed by the government (and 50% reduction by 2031) has limited the development of new construction sites.

MORTGAGE MARKETS

MARKET DYNAMICS

New loan origination for households declined by 41% to EUR 152.8 bn compared to 2022. Excluding bridge loans and renegotiations, new loans were EUR 128.7 bn, down by 41%. Annual growth of outstanding loans slowed down to +0.9% at EUR 1,292 bn at the end of 2023 (vs. +5.5% a year before). Finally, renegotiated loans were EUR 24.1 bn, decreasing by 42% (at 16% of the total new home loans, stable over one year). 79% of loans were for main residence purchases and 43% of the total was for first-time buyers (+3.5 pps versus 2022).

Average rates nearly doubled from 2.31% in January to 4.04% in December (for the Narrowly Defined Effective Rate excluding renegotiations) to reach the level last seen in 2012, reducing the borrowing capacity of households.

Meanwhile, the average maturity was 22.3 years (vs. 22.1 years in 2022). Specifically for the purchase of a main residence, it was 23.7 years for first-time buyers (stable vs. 2022) and 22.4 years for others (vs. 22.3 years in the previous year). The average LTV at origination fell to 78.8% (-4.3 pps vs. 2022) and the share of new loans with LTV higher than 100% declined by 6.3 pps to 16.6%. Furthermore, the average DSTI ratio at origination was at 30.7% (+0.7 pps showing the increased debt burden). The share of new loans with a DSTI ratio between 33% and 35% grew from 23.8% of the total in Q1 2023 to 25.5% in Q4 2023.

Lending criteria for new home loans continued to tighten in 2023, respecting the HCSF recommendations on the DSTI ratio (maximum of 35%) and the maturity (maximum of 25/27 years) for new loans. The recommendations have a 20% flexibility margin, around 14% of new home loans granted in 2023 did not meet the criteria: loans with a non-compliant DSTI ratio were under 15% of the total and a non-compliant maturity under 1%.

With 99% of new home loans originated in 2023 at a fixed rate (as recent years) and with 97% of the outstanding backed by some form of security, risks stayed restrained. The NPL ratio was 0.97% at the end of 2023 (vs. 0.95% at the end of 2022, close to its lowest level since 2009) and the cost of risk for home loans remained very limited at 1 bps in 2023.

NON-MARKET LED INITIATIVES

The sharp rise in interest rates led to fewer homeowners selling and buying new main residences with a loan at the higher rate. Their share in the total number of new home loans felt from 37% in 2021 to 32%. Similarly, the number of home loans for the purchase of a rental investment (20% of home loans) or a secondary home (5% of loans) declined respectively by 41% and 34%. Conversely, loans to first-time buyers have exceeded those to existing homeowners since 2022, representing in 2023 43% of the total (versus less than 35% before 2021).

Volumes of renegotiated loans remained large despite the rise of interest rates. This volume is falsely important because when the borrower insurance is modified, the full amount of the loan is considered as renegotiated. Finally, with less transactions overall, the share of bridge loans reached 7.3% of the total (+0.7 pps vs. 2022) despite their value falling 34%.

Another impact of higher interest rates was a slight decrease in the initial duration of loans for the purchase of a main residence (from 23.8 to 23.6 years for first-time buyers between the beginning and the end of 2023). In parallel, households used more savings which contributed to a decrease in the size of loans (-6% in average amount vs. 2022). The estimated share of housing transactions financed by a loan contracted to 70% of the total (versus ~85% in 2021-22). All of which explained why new home loans dropped sharply by 41% versus 2022, whereas total sales "only" declined annually by 25% and housing prices by -1% in 2023.

ANY FURTHER IMPORTANT EVOLUTION

From February to December 2023, the usury rate (which limited the rise in interest rates in 2022) was calculated on a monthly rather than a quarterly basis, resulting in interest rates charged on home loans better reflecting rates in the Eurozone.

The decrease of financial subsidies for investors associated with Pinel scheme had a large impact on the sales of real estate developers, bringing about an annual reduce of 49% for sales, representing 36% of the total sales at 22,735 units (compared to an average of 50% since 2015 excluding 2020), their lowest volume and share since 1995. Also, regulatory pressures (capping of rent increases at 3.5%, more cities introducing rent controls, and increasing rules on energy-intensity) discourage exposure to the rental segment, whose profitability is particularly impacted by inflation and high interest rates.

To limit the fall in new loans, HCSF made very limited adjustments in June and December within the overall structure and the scope of existing measures, including raising to the share of the flexibility margin that can be used for buy-to-let loans from 20% to 30% and excluding interest payments on bridge loans from the calculation of DSTI when the LTV is under 80%.

MORTGAGE FUNDING

As home loans are mainly distributed by retail banks, they are mostly funded by deposits. Domestic, private customer deposits reached EUR 2,727 bn at year end (+0.5% vs. 2022), 70% came from households and 30% from non-financial corporations. There were more interest-bearing accounts and less overnight deposits, leading to an increase in the cost of financing for banks since H2 2022. Specifically, household overnight deposits dropped by EUR 57.9 bn to EUR 57.8 bn between December 2022 and December 2023, whereas their accounts with agreed maturity increased by EUR 86.7 bn to EUR 147 bn on the same period.

The total amount of outstanding mortgage covered bonds reached EUR 347.1 bn (Fact Book 2024, European Covered Bond Council) at the end of 2023, equal to 16% of the outstanding home loans in EU27.

Outstanding RMBS was EUR 140.6 bn as of Q4 2023, compared to EUR 87.18 bn on year prior, marking a yearly increase of 61%. Total RMBS issuance, in turn, was EUR 64.2 bn, following an increase of 151% compared to 2022's EUR 25.6 bn end year value.

GREEN FUNDING

Since August 2022, it has not been possible to increase the rent of a home with an Energy Performance Certificate (EPC) "F" or "G" (which is 18.5% of the private rental stock, representing 1.5 million of homes). Since January 2023, it is not possible to rent the most energy consuming homes (1.7% of the private rental stock). From January 2025, the ban will be extended to EPC "G" (8% of the private rental stock, i.e. 646.000 units), from 2028 to EPC "F" (10.5%) and from 2034 to EPC "E" (22.4%). Since April 2023, an additional energy audit is required for sales of single-family detached home (indicating the kind and the cost of renovation works needed to improve the EPC).

To promote widescale renovation, housing policy is increasingly focused on the rehabilitation of existing dwellings. In 2023, 623,790 homes were renovated (of which 71,613 had global renovations) under the most important public scheme, the energy housing renovation bonuses "MaPrimRenov'", representing EUR 2.5 bn of financial aid for homeowners on their main residence and EUR 89.2 bn for landlords. Moreover, several kinds of energy efficiency works are eligible for reduced VAT at 5.5% (vs. 10% for other kind of renovation works), effecting in 2021 EUR 14.6 bn of works.

More than 105,000 Eco-PTZ loans (with zero interest for works to improve energy performance up to 30,000 euros regardless of homeowners' income) have been disbursed in 2023. Also, banks offer loans for renovation projects through mortgages or consumer loans. In 2023, home loans for renovations amounted to around EUR 2.5 bn. Finally, HCSF lowered in 2023 the threshold for renovation work above which buyers are allowed to defer their mortgage repayments for up to 2 years from 25% to 10% of the total cost of the renovation.

	FRANCE 2022	FRANCE 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.5	0.7	0.4
Unemployment Rate (LSF), annual average (%) (1)	7.3	7.3	6.1
HICP inflation (%) (1)	5.9	5.7	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	63.4	63.1	69.2
Gross Fixed Investment in Housing (annual change) (1)	-0.8	-5.0	-3.1
Building Permits (2015=100) (2)	120.8	91.6	94.0
House Price Index - country (2015=100) (2)	132.4	131.5	170.2*
House Price Index - capital (2015=100) (2)	132.8	126.7	165.1*
Nominal house price growth (%) (2)	6.3	-0.7	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	1,280,950	1,292,144	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	18,849	18,954	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	75.3	70.8	71.3
Gross residential lending, annual growth (%) (2)	-5.7	-41.1	-26.6
Typical mortgage rate, annual average (%) (2)	1.5	3.0	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

FRANCE FACT TABLE

Which entities can issue mortgage loans in your country?	About 340 credit institutions (including banks, mutual banks, municipal credit banks and special credit institutions) are approved by the French supervisory authority (ACPR) and listed in the register of financial officers (REGAFI).
What is the market share of new mortgage issuances between these entities?	The three main categories of credit institutions involved in property lending are in France: - Mutual and cooperative banks, still with the largest market share for many years and at its highest historical level for its market share of new lending in 2020-2022 (78.1% as of June 30, 2022, for the total outstanding home loans, according to ACPR) - Private banks (20.1% as of June 30, 2022, for the total outstanding home loans). - Specialised institutions are characterized by a market share near zero in 2022.
Which entities hold what proportion of outstanding mortgage loans in your country?	Six groups and their subsidiaries (3 Mutual, 2 Private and 1 Public) represent most of new lendings and of the total amount of home loans. Digital credit (Tel and Internet) is emerging with new players and developing with the offers of traditional banks, but still with a limited market share.
What is the typical LTV ratio on residential mortgage loans in your country?	In 2022, the average LTV ratio was 83.1%, down by 0.2 pps versus 2021.
How is the distinction made between loans for residential and non-residential purposes in your country?	French banking regulation require a distinction depending on the purpose of the loan (residential or non-residential). Thus, applicable conditions differ for every kind of financed asset and the ACPR publishes statistics identifying the residential financing of households.
What is/are the most common mortgage product(s) in your country?	The most common product is a fixed rate over the total duration of the loan. In 2022, more than 99% of the new credits were fixed-rate loans. More than 60% of new loans are guaranteed by an insurance or a collateral provided by a specialized financial institution (and not with a registered mortgage). 70% of new lending are a fully amortized loan (versus 4% of interest only loans).
What is the typical/average maturity for a mortgage in your country?	In 2022, the average maturity of home loans was 22 years, slightly increasing from the year before (21.5 years).
What is/are the most common ways to fund mortgage lending in your country?	Traditionally, the main sources of funding real estate lending in France are the households' and companies' deposits (even term deposits or passbook savings accounts) and bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	In France, the purchase costs depend on the new or existing nature of the purchased house: - Existing properties: 7-8% for transfer duties and 4-5% for real estate agencies - New properties: 2% for a new house (transfer duties only), plus VAT (20%, except for social sales which have a 5.5%, and 10% for some intermediate sales).

As regards new housing, the VAT may be affected by standard abatement.

Furthermore, first-time buyers may benefit from a zero-percent loan (supplemented by the government) for the purchase of a main residence, which can cover up to 40% of the global cost of the operation with a maturity between 20 and 25 years, notably depending on:

- the area (four areas are defined by law, according to the local real estate market situation: more or less densely populated areas).

- the household composition and income.

What is the level (if any) of government subsidies for house purchases in your country?

Several other schemes exist to support low-income buyers (PSLA: renting with option to buy or a new form of community land and trust) and the rental investment (Pinel scheme: granting a tax reduction for private landlords balanced by a limited level of rental tariff).

Several incentives have been shortened, for example the zero-percent loans. But other incentives are in place in order to support the purchases of existing homes to renovate (Denormandie scheme, "Eco-PTZ", "Prêt Avance Renovation" which is a mortgage loan for low-income households wishing to finance energy renovation.

Germany

By Vincent Tran and Thomas Hofer, Association of German Pfandbrief Banks (vdp)

IN A NUTSHELL

- → Gross domestic product fell by 0.3%.
- → High mortgage rates made housing less affordable; gross lending fell to EUR 196.3 bn (-28.2% y-o-y).
- → Price decline of 4.1% for owner-occupied residential property.
- → Continuous increase in new contract rents due to restrained construction activity.

MACROECONOMIC OVERVIEW

The economy contracted by 0.3%. Despite the recovery of the global economy, demand for German exports declined, particularly for energy-intensive goods, which are experiencing pressure from international price competition. Major setbacks in the construction sector, which accounts for about 12% of GDP, have had a negative impact on GDP, as the financial environment is significantly slowing investment and construction activity.

The labour market remained stable with an unemployment rate of 3.1%. The number of people in employment rose to around 45.9 mn in 2023 (+0.4% y-o-y). Germany additionally has the lowest youth unemployment rate in the EU (5.9%). In Q1 inflation gradually declined from the peak in Q4 2022 (8.8%). Average annual inflation fell to 5.9% (6.9% in the previous year). The inflation rate fell particularly towards the end of 2023 and is likely to decrease further at the beginning of 2024, as energy prices and food prices are also falling. The ECB's exit from its low interest rate policy had already a significant impact on financing conditions in 2022. In view of the high inflation the ECB continued its more restrictive monetary policy for 2023. The key interest rates were raised to 4.5% in September.

HOUSING MARKET

The combination of considerably higher mortgage interest rates and uncertain conditions has drained all momentum out of the Real estate market. This is reflected not only in a significant decline in the number of transactions and new construction, but also in a moderate fall in prices. Compared to 2022, there was a price decline of 4.1% for owner-occupied residential property. Despite the correction in house prices, high interest rates and relatively high construction prices have reduced the affordability of owner-occupied residential properties and rental properties. Even though construction costs have now stabilised, they remain high, which will not necessarily change regarding more stringent energy requirements. The shortage of skilled workers, inflation, high construction costs and difficult financing conditions are hitting the construction sector particularly hard. This is reflected in construction activity, particularly in new construction, which fell by 5.8% compared to the previous year. Construction activity on existing buildings in the other hand fell less sharply at just -0.7%. Although the increased financing costs have the same negative impact on larger modernisation measures as on new construction, many smaller modernisation and maintenance measures are generally carried out without the usual market debt financing. 354,000 dwelling units were approved for 2022 and 260,000 for 2023. Building completions decreased slightly from 295,000 to 294,000. The number of transactions of existing homes fell sharply in 2023. A total of 400,000 detached and semi-detached houses, apartments and condominiums changed owners in 2023, 24% less than in 2022. The population has increased further to 84.6 mn by year-end. The low level of construction and excess demand for housing is causing new contract rents to rise significantly. With rising real incomes, more stable interest rate expectations over the course of 2023, and the latest subsidies and tax measures, this could revive the willingness to invest.

In addition to the current KFW programs: "Climate-friendly new construction", "Home ownership promotion for families" and social housing promotion, an additional funding program "Climate-friendly new construction in the low-price segment (KNN)" was presented in 2024 to increase willingness to invest in climate-friendly housing. In addition, with the Growth Opportunities Act, the German government has introduced a degressive tax depreciation (5% of the investment costs in the first year, then 5% of the residual value) for newly constructed residential rental properties with retroactive effect from October 1, 2023 for properties whose construction begins between October 1, 2023 and September 30, 2029. The degressive tax depreciation can also be combined with the special depreciation for the construction of new rental apartments (energy-efficient building standard EH40/QNG).

MORTGAGE MARKET

The average interest rate for residential mortgage loans rose from 3.78% in the first quarter to 4.15% in the last quarter of 2023. The second half of 2022 was already challenging for the real estate investment market, but in 2023 the situation worsened, making it more financially challenging to buy a home or invest in rental properties. Demand for new loans is also likely to remain low. However, expected stabilisation of interest rates and growth in real incomes gives some hope for the mortgage market. The development of lending in 2023 differs from that in 2022, as a record volume of loans was granted until mid-2022, resulting in a pull-forward effect in expectation of rising interest rates. Therefore, the gross lending in 2023 for housing fell to EUR 196.3 bn (-28.2% y-o-y). Outstanding loans increased by 1.5%. to EUR 1.87 tn. While the affordability of credit-financed home purchases has decreased, the impact of new interest rates on existing loans is limited due to long-term fixed interest rates and high repayments.

MORTGAGE FUNDING

In Germany, banks' main funding instruments for housing loans are savings deposits and covered bonds (Pfandbriefe). Germany has a significant share of the total covered bond market. Volume outstanding in Pfandbriefe increased in 2023 as bonds worth nearly EUR 66 bn were issued (2022: EUR 82 bn). The decline compared to the previous year is mainly due to issues that were retained in previous years. This has reduced as reliance on the ECB became less and central bank funding programs were scaled back in 2023. For the first time since 2014 the total outstanding volume of Pfandbriefe exceeded EUR 400 bn (EUR 393.6

bn in 2022). In 2023 Mortgage Pfandbrief issuance was EUR 51.5 bn (EUR 67.3 bn in 2022), Public Sector Pfandbrief issuance was EUR 13.8 bn (2022: EUR 14.2 bn) and Ship Pfandbriefe accounted for EUR 0.4 bn. Outstanding Mortgage Pfandbriefe increased from EUR 282 bn to EUR 295 bn and Public Pfandbriefe decreased from EUR 110 bn to EUR 104 bn. The remainder accounted for Ship Pfandbriefe (EUR 1.4 bn).

GREEN FUNDING

The first ESG (Environmental, Social and Governance) Pfandbrief issued in September 2014 (EUR 300 mn) pioneered a new sustainable covered bond market segment. Since then, German Pfandbrief banks have been very active in both green and social lending and issuing Green and Social Pfandbriefe.

Several Pfandbrief banks offer a discount on mortgage loans provided the building is energy efficient and fulfils certain requirements. In 2019, Pfandbrief issuers under the umbrella of the vdp published minimum standards for Green Pfandbriefe. They include requirements for the energy efficiency of financed buildings as evidenced by energy performance certificates. The minimum standards for Green Pfandbriefe were complemented in March 2021 by minimum standards for Social Pfandbriefe. Lastly, minimum standards for the issuance of Green Public Pfandbriefe were published in June 2022. All minimum standards take account of the initiatives under way at the EU regarding the taxonomy for sustainable economic activities and the introduction of the EU Green Bond Standard in a gradual manner. Moreover, the minimum standards oblige Pfandbrief banks to provide a high degree of transparency. Issuers are required to establish their own Green or Social Bond Framework which must be based on the ICMA Green or Social Bond Principles. At the End of 2023 the amount of outstanding Green and Social Pfandbriefe was EUR 24 bn by 13 issuers. Issuance in 2023 was EUR 8.4 bn.

	GERMANY 2022	GERMANY 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	1.8	-0.3	0.4
Unemployment Rate (LSF), annual average (%) (1)	3.1	3.1	6.1
HICP inflation (%) (1)	8.7	6.0	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	46.7	47.6	69.2
Gross Fixed Investment in Housing (annual change) (1)	-2.2	-3.4	-3.1
Building Permits (2015=100) (2)	113.0	83.0	94.0
House Price Index - country (2015=100) (2)	168.0	161.1	170.2*
House Price Index - capital (2015=100) (2)	170.7	161.1	165.1*
Nominal house price growth (%) (2)	9.0	-4.1	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	1,842,773	1,871,314	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	22,139	22,183	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	76.5	73.1	71.3
Gross residential lending, annual growth (%) (2)	-8.7	-28.2	-26.6
Typical mortgage rate, annual average (%) (2)	2.4	4.0	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

GERMANY FACT TABLE

Which entities can issue mortgage loans in your country?	MFI's and Life Insurers
What is the market share of new mortgage issuances between these entities?	MFI's: 96%, Life Insurers: 4%
Which entities hold what proportion of outstanding mortgage loans in your country?	MFI's: 96%, Life Insurers: 4%
What is the typical LTV ratio on residential mortgage loans in your country?	70-80% (average for purchase of owner occupied residential properties)
How is the distinction made between loans for residential and non-residential purposes in your country?	Type of use (buildings with different types of use: predominant use)
What is/are the most common mortgage product(s) in your country?	Mortgage loans with fixed interest rates for about 10-15 years
What is the typical/ average maturity for a mortgage in your country?	About 25 years
What is/are the most common ways to fund mortgage lending in your country?	Deposits, mortgage covered bonds, other bank bonds
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Transaction costs vary by federal state because of different land transfer tax rates and if a real estate agent is involved or not. Overall, transaction costs can vary between 5% and 15% of the house price.
What is the level (if any) of government subsidies for house purchases in your country?	The acquisition of owner-occupied housing is promoted through various programmes of KfW, Germany's leading promotional bank. Currently, subsidised loans are granted for the following measures in connection with the acquisition of residential property by private households: • KfW Home Ownership Programme (For the purchase or construction of a home) • Promotion of cooperative housing (For the purchase of cooperative shares) • Climate-friendly new construction - residential buildings (For building energy-efficient and sustainable houses and flats) • Home ownership for families (For families with children who build in a climate-friendly way) Besides that, the German states (Bundesländer) support home ownership within the scope of publicly assisted housing. Depending on the policy and cash balance of each State, several programmes are offered.

Greece

By Calliope Akantziliotou and Evangelia Papapetrou, Bank of Greece

IN A NUTSHELL

- → Real GDP[2] grew by 2.0%, against 5.6% in 2022.
- → House prices continued to rise rapidly; apartments rose by 13.8% (11.9% in 2022).
- → Total outstanding housing loans declined by 3.5%, almost unchanged against 2022 (-3.6%).

MACROECONOMIC OVERVIEW

Following very robust growth in 2022 (5.6%), economic activity continued to grow more slowly, by 2.0% in 2023, above the Euro area average (0.6%).

The main drivers of economic growth were private consumption, investment and exports as well as other factors, such as the strong performance of the tourist sector.[3] In particular, growth rates in real terms were 1.8% in private consumption, 4.0% in gross fixed capital formation and 3.7% in exports of goods and services. In contrast, the increase in imports (2.1%) weighed on GDP growth. In Q1 2024, GDP (seasonally adjusted) continued growing by 2.1%, y-o-y, mainly driven by gross fixed capital formation (up 2.9%, y-o-y in real terms), and private consumption (2.2%, y-o-y). On the contrary, the decline in government consumption (-4.0%), in exports of goods and services (-5.7%) and the increase in imports of goods and services (3.1%) contributed negatively to GDP growth in Q1 2024.

The economic outlook remains positive, despite continued uncertainties surrounding the domestic and the global economy. Looking ahead, according to the latest ECB staff macroeconomic projections (June 2024), growth is expected to accelerate marginally in 2024 and 2025 mainly driven by investment, supported by available European resources, and private consumption, the growth rate of the Greek economy in 2024 is expected to stand at 2.2%, to accelerate in 2025 to 2.5% and to decelerate slightly to 2.3% in 2026.[4] Investment, private consumption and exports will continue to be the key drivers of the economy in the coming years. The contribution of public consumption is expected to be marginally negative, while the external sector will be marginally negative due to the high degree of dependence of the Greek economy on imports.

Residential investment (ELSTAT, non-seasonally adjusted data at constant prices) increased further by 20.7% in 2023 (2022: 33.7% and 27.3% in 2021), whereas investment in total construction increased for a third consecutive year but at a slower pace compared to residential (2023: 13.6%, 2022: 16.6%, 2021: 16.7%). The difference was mainly due to investment in “other” construction (non-residential construction and civil engineering) which grew by 10.0% in 2023, 9.5% in 2022 and 12.8% in 2021.

In 2023, the labour market improved further, and unemployment declined, due to the economic growth. According to ELSTAT - Labour Force Survey (non-seasonally adjusted data), employment increased, at a moderate pace, by 1.3% in 2023, against 5.4% in 2022. Employment growth in 2023 was greater for women than for men (2.7% and 0.2% respectively). The unemployment rate, although declining steadily and significantly in recent years (11.1% in 2023, 12.4% in 2022 against 14.7% in 2021, 16.3% in 2020 and 17.3% in 2019), remains high compared to the European average (6.5%). By gender distinction, the unemployment rate declined for both men and women while the rate of women (14.3%) remained significantly higher than that of men (8.5%). According to the Bank of Greece Governor's Annual Report 2023,[5] labour market developments will further improve, reflecting the continued recovery in economic activity, with the employment rate expected to increase in 2024 at similar rate, i.e. by 1.3%, on annual basis, and the unemployment rate to decline to 10.4%.

HICP inflation (according to ELSTAT data) eased significantly to 4.2%, following the steep rise in 2022 to 9.3% a rate not seen since 1995. On the other hand, core inflation (inflation excluding unprocessed food and energy prices) increased further and stood at 6.2% in 2023 against 5.7% in 2022. In 2024, HICP inflation is expected to stand at 3.0% in 2024,[6] down from 4.2% in 2023, reflecting the sharp decline in energy commodity prices and the de-escalation of food inflation. By the end of the projection horizon inflation will converge towards the European Central Bank’s target but will remain above it.

According to the Bank of Greece data, in 2023 the amount in foreign direct investment (FDI) reduced to EUR 5.0 bn (from EUR 8.0 bn in 2022 and EUR 5.4 bn in 2021), however the real estate contribution[7] remained strong (42.5%). In Q1 2024, FDI was EUR 1.4 bn, mainly in real estate.

In 2023, the general government had a primary surplus of 1.9% of GDP, improving from a balanced primary outcome in 2022 and the general government debt decreased to 161.9% of GDP from 172.7% in 2022. According to the 2024 Stability Programme, the general balance is projected to improve further in 2024 at a surplus of 2.1% of GDP and general government debt is expected to drop to 152.7% of GDP, i.e. reduced by 9.2 pps compared to 2023.

HOUSING MARKETS

The real estate market maintained high levels of demand, both foreign and domestic, especially in the prime segment. The uncertainties that emerged over the past two years from heightened geopolitical instability and the effects of high inflation have not halted the upward trend in prices and do not appear to have a significant impact on construction and investment activity for the

1 The views expressed are solely those of the author and should not be interpreted as reflecting the views of the Bank of Greece.

2 Hellenic Statistical Authority (ELSTAT): non-seasonally adjusted data at constant prices.

3 Bank of Greece: Border Survey. In 2022, tourism activity almost rebounded compared to 2019 (revenues amounted to EUR 18 bn) at approximately by 97%. In 2023, revenues from tourism activity outpaced the 2019 revenues by 113.3% and amounted approximately EUR 21 bn.

4 Press release of Bank of Greece: Monetary Policy Report 2023-2024/26.06.2024.

5 Press Release of Bank of Greece: Governor's Annual Report 2023/08.04.2024.

6 Press release of Bank of Greece: Monetary Policy Report 2023-2024/26.06.2024.

7 Net inflows of funds for real estate purchases by foreign investors.

time being. The housing market, especially investment properties, attracted the greatest interest, with the price increases being particularly high. However, international price developments, inflation specifically in energy and high interest rates, could, if sustained, lead to lower growth rates or even reduction in prices for the domestic market, especially residential properties with characteristics and locations that attract lower demand.

According to the Bank of Greece apartment price index, prices continued to grow for a sixth consecutive year, overall, faster compared to previous years but in decelerating pace in the last three quarters of 2023 (from 14.8% y-o-y in Q2 to 12.4% y-o-y in Q4). Based on valuation data collected by credit institutions, nominal apartment prices increased by 13.8%, (11.9% in 2022). The prices of old apartments, i.e. over 5 years old, rose 14.5%, slightly higher than new apartments (12.7%). Higher annual growth in apartment prices occurred in the major urban areas, for example in Thessaloniki (16.5%) and other big cities (15.0%), whilst in the Athens area the rate of increase was slightly lower than the country average (13.8%). The increase in the rest of the country areas was 11.4%.

The housing market strengthened significantly mainly due to foreign investor demand, tourism, the Golden Visa Programme,[8] and the subsidized housing loan programme ("My Home") for young first-time buyers. Net receipts for real estate purchases from abroad are still a high proportion of total investment in the country (42.5%), exceeding EUR 2 bn, up by 8.0% relative to 2022, (EUR 2,133 mn in 2023 compared with EUR 1,975 mn in 2022). Residential investment (non-seasonally adjusted ELSTAT data at constant prices), increased by 20.7%, (33.7% in 2022), although low as a percentage of GDP (1.9%).

Moreover, construction activity for dwellings (ELSTAT data) increased significantly in both the number and building volume (in cubic meters) of new building permits, by 22.2% and 14.7%, respectively. In Athens area growth was slightly higher (24.6% and 26.0%, respectively). Positive business expectations for residential construction (IOBE[9] data) strengthened further by 18.1% in annual terms (4.0% in 2022). However, the total cost of new residential building construction (ELSTAT data) continued to increase, by 6.2% for the year (from 8.8% in 2022), while the annual growth in the cost of construction materials was higher (7.6% in 2023 from 11.0% in 2022). Despite the significant growth of the residential real estate market, the total amount of new housing loans[10] after six years of continuous increases continued to remain subdued, while it declined by 1.9% in 2023, against an increase of 20.7% in 2022.

Positive developments in the housing market continued in the first months of 2024. In Q1 2024 the annual rate of change in apartment prices for the entire country stood at 10.4% y-o-y. The apartment price index in the Athens area registered a significantly lower annual growth rate than the average annual rate nationwide (9.4%), but its level surpassed its historical peak recorded in Q2 2008. In Q1 2024, net foreign direct investment in Greek real estate was EUR 520 mn, (EUR 497 mn in Q1 2023, a 4.6% y-o-y increase). Residential construction activity (ELSTAT data) continued to increase significantly in Q1 2024, recording an annual increase of 61.2% in terms of building volume (in cubic meters) and 82.1% in terms of the number of permits. However, residential investment (seasonally adjusted ELSTAT data at constant prices) decreased, on an annual basis, by 14.0% in Q1 2024. The total cost of construction of new residential buildings (ELSTAT data) during Q1 2024 continues to increase (4.0%, y-o-y), however, decelerating significantly compared to the corresponding period of 2023 (8.1%). Business expectations in the house construction sector (Foundation for Economic & Industrial Research data), during the first five months of 2024, declined slightly by 0.2% y-o-y.

According to the latest available data, real estate transactions[11] increased by 7.2% in 2022 (112,283 transactions), after a strong rebound in 2021 (104,746 transactions) by 40.1% against 2020, during which a decrease on average by 22.6% was recorded, mainly due to the pandemic (74,769 transactions). Due to the strong dynamics in Greek real estate market a further enhancement on the number of real estate transactions is expected for the year 2023.

The outlook remains positive, despite the uncertainties surrounding the domestic and the global economy; the main impediments include, inter alia, the geopolitical uncertainty, increased energy and material costs, high interest rates and financing, increased prices, worsening housing affordability and other housing costs as well as continues changes in legislation and taxation.

MORTGAGE MARKETS

The total stock of housing loans outstanding continued to decline in 2023, by 3.5% almost unchanged compared to 2022 (-3.6%). In April 2024 the amount of outstanding housing loans declined, at decelerate rate, by 2.9%, y-o-y. The total amount of new housing loans[12], although still low, decreased in 2023 decreased by 1.9%, a fall for the first time after six years of continuous growth (20.7% in 2022). During the period January-April 2024, total new housing loans increased by 38.9%, y-o-y, marking a significant growth compared to a decrease by 7.2% in the corresponding period of 2023. According to the Bank of Greece Financial Stability Review,[13] in 2023, the average residential real estate-backed loan disbursement amount, including renovation loans, was EUR 68,682 significantly lower compared to the previous years (EUR 78,812 in 2022 and EUR 73,157 in 2021). Also, the average loan-to-value ratio for new mortgage loans decreased further by 85 bps to 62.0% from 62.9% in 2022 (63.7% in 2021).

Bank interest rates on new and outstanding housing loans increased further in 2023: average interest rates on new housing loans by 96 bps to 4.10% and on outstanding housing loans with an initial maturity of over 5 years by 193 bps to 4.33%. In Q1 2024, the average interest rate on new housing increased compared to Q4 2023 (by 2 bps to 4.45%), whilst compared to Q1 2023 it increased by 69 bps. The average interest rate on outstanding housing loans with an initial maturity of over 5 years compared to Q4 2023 decreased (by 2 bps to 4.40%)

[8] Golden Visa Programme: Permanent residence permits for non-European residents by investing EUR 250 td and above in real estate in Greece. In 2023, new adjustments in the Programme took place such as the increase of the investment threshold to EUR 500 td for specific areas in Greece as well as any new investment will concern a single property purchase. The decision was issued under the authorization of article 92 of Law 5007/2022 and with effective May 1st, 2023. The effective date postponed to August 1st, 2023, under Law 5038/2023. However, in 2024, new changes were introduced - under the authorization of article 64 of Law 5100/2024 - with effective date as of August 31st, 2024. Under this decision, two different investment tiers, depending on geographical zones, were introduced: Tier 1 with an increase in investment threshold to EUR 800 td and covers the areas of Athens, Thessaloniki, Mykonos, Santorini, and the islands, which have a population of more than 3,100 people (acc. to census 2021) and Tier 2 with an increase in investment threshold to EUR 400 td and covers all other regions of Greece. The requirement for both tiers is that the investment will concern a single property purchase of at least 120 square meters.

[9] IOBE: Foundation for Economic & Industrial Research.

[10] Data are based on the Bank of Greece interest rate database on new housing loan contracts.

[11] Source: ELSTAT. Annual data collected by notaries throughout the country, including all real estate categories of residential and commercial properties (dwellings, retail, offices, building plots, etc). Latest available data: 2022.

[12] Data are based on the Bank of Greece interest rate database on new housing loan contracts.

[13] Bank of Greece: Financial Stability Review – April 2024.

although compared to Q1 2023 rose by 26 bps. Mortgages with floating rate used to be the most common, but since 2020, mortgages with a fixed rate have become increasingly popular and in 2023 were 65.8% of new housing loans (55.6% in 2022 and 43.5% in 2021).

The increase in interest rates has led to lower demand for housing loans for almost two years, according to Bank Lending Survey data. However, the demand for housing loans in Q1 2024 did not change q-o-q and is expected – according to the same survey – to remain unchanged in the next quarter as well. Also, according to the latest available data of the Bank Lending Survey for Greece (Q1 2024), credit standards for housing loans to households eased compared to Q4 2023. Terms and conditions for mortgages to households tightened somewhat. Finally, banks reported that the proportion of rejected loan applications to housing loans marginally increased.

MORTGAGE FUNDING

From May 2023 to April 2024 private sector deposits increased by EUR 5.2 bn, slower than in the corresponding period of the previous two years (EUR 7.1 bn in the period May 2022 to April 2023 and EUR 9.7 bn in May 2021 up to April 2022). Households' deposits grew annually by 2.3% in April 2024. It is worth mentioning that since October 2021 - and as pandemic-related support measures has been withdrawn - households and private non-profit institutions deposit growth has been slowing, under the negative impact of inflation as well as substitution of deposits by other saving options.

The total nominal value outstanding of covered bonds issued by Greek banks declined form EUR 10.1 bn to EUR 9.8 bn over the year. The total nominal value of outstanding senior and subordinated securities issued by Greek banking groups stood at around EUR 12.9 bn at the end of 2023, (EUR 9.4 bn at the end of 2022).

At the end of 2023 the funding of Greek Banks from the Euro system amounted to EUR 14.3 bn, representing a decline of EUR 21.1 bn compared with the end of 2022. This decline was due to the repayments of funds borrowed under the third series of targeted longer-term refinancing operations (TLTRO-III).

	GREECE 2022	GREECE 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	5.6	2.0	0.4
Unemployment Rate (LSF), annual average (%) (1)	12.5	11.1	6.1
HICP inflation (%) (1)	9.3	4.2	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	72.8	69.6	69.2
Gross Fixed Investment in Housing (annual change) (1)	33.7	20.7	-3.1
Building Permits (2015=100) (2)	212.1	239.9	94.0
House Price Index - country (2015=100) (2)	132.7	150.9	170.2*
House Price Index - capital (2015=100) (2)	148.7	169.2	165.1*
Nominal house price growth (%) (2)	11.7	13.8	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	29,753	28,456	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	2,845	2,733	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	21.6	19.5	71.3
Gross residential lending, annual growth (%) (2)	23.0	-4.8	-26.6
Typical mortgage rate, annual average (%) (2)	3.1	4.1	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

GREECE FACT TABLE

Which entities can issue mortgage loans in your country?	All credit institutions authorised in Greece under the Law 4261/2014, Directive 2013/36/EU.
What is the market share of new mortgage issuances between these entities?	Confidential information
Which entities hold what proportion of outstanding mortgage loans in your country?	Confidential information
What is the typical LTV ratio on residential mortgage loans in your country?	According to the Financial Stability Review (April 2024) the LTV ratio for new mortgage loans in 2023 decreased further by 85 bps to 62.0% from 62.9% in 2022.
How is the distinction made between loans for residential and non-residential purposes in your country?	The distinction is made by the reporting agents themselves.
What is/are the most common mortgage product(s) in your country?	Mortgages with floating rate used to be the most common product. But as of 2020-2023 mortgages with a fixed rate are becoming increasingly popular and in 2023 accounted for 65.8% of new loans, significantly up from 55.6% in 2022.
What is the typical/ average maturity for a mortgage in your country?	Not available
What is/are the most common ways to fund mortgage lending in your country?	Deposits
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	• **VAT 24%** From 2006 until today, the legislation provides for the imposition of the standard VAT rate (24%) on newly built properties. An exemption on first residence was also set. From 2019, when the suspension of VAT collection on new buildings was first announced, a new suspension was imposed on 09.12.2022 (L.5000/2022). The suspension of VAT will be applicable until the end of 2024. • **Real Estate Transfer Tax 3%** Any transfer of real estate - not subject to VAT- is subject to a Transfer Tax (3%), which is applied on the higher value between market and zonal value (property price used for tax purposes) of the real estate property. Such cost is further increased by fees such as municipal tax, notarial, land registration and legal fees. The competent bodies of the Ministry of Finance announced on 07.06.2021 (via Government Gazette 2375 Issue B) the new property zone rates for the entire country (i.e. new zonal values) with effect on 01 January 2022, therefore, in 2022, all transfer costs should be estimated based on the new taxable rates. • **Capital gains tax 15%** Capital gains tax is levied on property-selling owners (equal to 15% of the difference between the acquisition price and the selling price, progressively depreciated depending on the holding of the property. From the imposition (in 2013) until today, there has been a continuous suspension, which (via L.5000/2022) will be applicable until the end of 2024.
What is the level (if any) of government subsidies for house purchases in your country?	According to Law 5006/2022, the government supports the Youth Housing Program "My Home", a EUR 500 mn project, implemented as part of the housing policy of the Ministry of Labor and Social Affairs, and provides low-interest rate housing loans to young people/couples aged 25-39 years old, with a total annual income EUR 10 td up to the amount corresponding, depending on their marital status and to the income criterion defined for receiving a heating allowance by the decision issued under the authorization of paragraph 1 of article 79 of Law 4756/2020. The beneficiaries should not own a residence that can meet their housing needs. The project allowed young people/couples to acquire a residence not exceeding 150 square meters at least 15 years old at the time of its acquisition (as shown by the building permit) and worth up to EUR 200 td The house purchase would be financed with a loan that covers up to 90% of the purchase price and not exceeding EUR 150 td. 75% of the loan would be provided by public funds and have a zero-interest rate. The loan will have a maturity up to 30 years. The deadline for applications regarding the government co-funded loan program 'My Home' expired on 29 September of 2023. Total public funds of the program amounted to EUR 375 mn and contributed to a temporary increase in the demand for housing loans mostly during the second quarter of 2023.

Hungary

By Nagy Gyula László, MBH Mortgage Bank Plc

IN A NUTSHELL

- → The economy shrank by 0.9% versus 4.6% growth in the previous year.
- → Inflation was 17.6% compared to 14.5% in 2022.
- → Gross residential mortgage lending dropped 47% compared to the previous year.
- → The number of transactions (123 td) was the lowest for 10 years.
- → Typical long term mortgage interest rates at year end were in the range of 7.3 - 8%.

MACROECONOMIC OVERVIEW

The economy entered a recession with GDP 0.9% lower according to raw data and 0.7% lower according to seasonally and calendar-adjusted data. For the agriculture sector, value added grew by 68.5%, increasing the GDP volume by 2.2%. However, value added was 5.2% lower in industry (reducing GDP by 1%), 5.6% lower in construction (reducing GDP by 0.3%), and 1.6% lower in services (0.9%).

Exports decreased by 0.1% and imports by 5.1%.
Unemployment at year end was 4.1% (203 td). Year on year inflation grew from 14.5% in 2022 to 17.6% for the full year. Calculated on monthly basis, inflation decreased during the year, from 25.7% in January to 5.5% in December 2023. Food and energy prices contributed most to inflation, with food prices growing by 25.9% (contributing 7.5% to overall inflation). Household energy prices grew by 22.1%.

The deficit of the general government sector in Hungary in 2023 was HUF 5,018 bn, 6.7% of GDP based on preliminary data of national accounts. The debt of the general government sector at the end of 2023 was HUF 55,134 bn, 73.5% of GDP.

The amount of mortgage loans granted started to rise in the 4th quarter, by 12.4% y-o-y.

The voluntary interest rate cap for new mortgage loans introduced in October and falling inflation toward year-end helped mortgage market sentiment. According to the Lending Survey made in Q4 by the National Bank of Hungary, respondent financial institutions expect further strengthening of mortgage lending in H1 2024. After Government recommendation to stimulate the mortgage market, commercial banks implemented a so-called "voluntary interest rate ceiling" for mortgage loans toward the end of the year. As a result, banks lowered their mortgage rates. The recommendation in October was 8.5% APR as the ceiling, reduced to 7.3% from January 2024.

As the rapid rise in house prices in recent years has particularly hit first-time buyers, who are typically young, with small savings and low incomes, the National Bank of Hungary proposed lowering the down payment for first-time buyers to 10% from 2024.

HOUSING MARKETS

Hungary had a population of 9,599 td and a stock of about presumably 4,600 td housing units at yearend. The homeownership ratio of 90.1% (Eurostat 2022) is among the highest in the EU. In 2023 the economy shrank by 0,9%. Inflation accelerated , disposable real income for households declined and mortgage rates also increased. This reduced housing demand and a negative turnaround occurred in 2023 on the Hungarian housing market . The number of building permits granted was 21,501, 38.6% lower than the 35,002 in 2022. Completions were 18,647, down 9.1% (20,540 units). Completions have been falling since 2020 when there were 28,208. In Budapest, the fall in permits was greater, from 13,399 to 7,956 and the number of completions from 6,610 to 5,891 (6,610 in 2022. According to the MBH House Price Index, house prices were 8% higher than in 2022. However, as inflation was 17.6% house prices decreased in real terms. House price growth was more moderate in Budapest at 4.8%, while in Debrecen and Szeged, it was above 9%, slightly above the country average. According to the figures in the House Market Report of the National Bank of Hungary, the number of housing transactions was 123,300, the lowest since 2013.

MORTGAGE MARKETS

Mortgage loan disbursement peaked in Q2 2022, then dropped significantly until Q1 and Q2 of 2023. Average gross lending in 2023 was less than 50% of that in H1 2022. A slight recovery occurred toward the end of 2023 when the significant decrease in inflation and the gradual reduction in of mortgage rates helped the market recover. The outstanding residential loan portfolio to households expanded only by 0.7%. Mortgage debt/GDP fell from 7.5% at end-2022 to 6.7% in 2023, this figure is among the lowest in the region. The NPL ratio from 3.2% at the end of 2022 to 2.5% by mid-2023 and then to 2.1% by year-end. The number of non-performing loans decreased from 21 td at the end of the previous year to 14 td. Despite the persistent rise in house prices in recent years, the median LTV ratio of newly disbursed mortgage loans has not increased. In the case of housing loans contracted in 2023, the median loan-to-value ratio was around 50%. Only about 22% of new mortgages were issued with an LTV above 70% in 2023.

To mitigate the effects of increasing rates, the government introduced "interest rate caps" on certain types of already existing mortgage contracts (variable and 1 to 5 years fixed rate mortgages), where the rates were frozen at their earlier rate. Despite decreasing inflation and the constant decrease of the Central Bank base rate, the end of these caps has not been, although it was only intended to temporary in the high inflation period. Similarly to market-priced housing loans, housing subsidies and the related subsidized loans have also dropped. The termination of CSOK (Home Purchase Subsidy Scheme for Families or HPS) in cities and the restriction of eligibility conditions for the Prenatal Baby Support Loan will reduce housing loan demand from 2024 and brought forward some of these demands to 2023. At the same time, the termination of certain subsidies may be offset by the new HPS Plus program, announced in October 2023, which will allow couples committing to have children to access preferential-rate loans from 2024 onwards. For the rest of 2023, eligible buyers may delay their purchases due to the introduction of HPS Plus in 2024 and the increase in rural HPS subsidy amounts next year. In Budapest, households with two children have seen improvements in their chances to buy a new home with a mortgage over the course of 2023, while in rural areas, although at a more favorable level, the ability to buy new homes with a loan has deteriorated. For households not committing to have children, the affordability of new homes has remained low in both Budapest and the countryside.

The main obstacle to the production of new dwellings in the domestic construction industry is the high price for new dwelling, especially in bigger cities. Labor and raw material shortages were less of a problem than in previous years. Market experts warned, however, that if skilled construction workers go abroad or switch careers due to low demand, it will be difficult to bring them back once the housing construction market picks up again.

MORTGAGE FUNDING

Most mortgage funding is from deposits, but covered bonds are also commonly used. By year end more than 30% of residential loans were funded through covered bonds. Act XXX. on Mortgage Banks and Mortgage Bonds, approved by Parliament in 1997, contributed significantly to the establishment of the covered bond market. In April 2017, the Mortgage Funding Adequacy Ratio (MFAR) was introduced by the National Bank of Hungary requiring commercial banks to finance at first 15% of their mortgage loans with long-term securities. This was to 20% in October 2018 and 25% on October 1, 2019. A further increase to 30% was planned for 2022, but indefinitely delayed. The Hungarian covered bonds comply with the European Covered Bond and the European Covered Bond Premium criteria. The outstanding amount of covered bonds was HUF 2,029 bn at year-end, the equivalent of HUF 193 bn issued in EUR, the rest denominated in HUF.

GREEN FUNDING

In July 2021, the preferential treatment of green funds in the MFAR (Mortgage Funding Adequacy Ratio) came into force, contributing to the issue of the first domestic green mortgage bonds. With the start of the MNB's Green Mortgage Bond Purchase Programme, green mortgage bond issuance started in the summer of 2021, and by June 2022, all five mortgage banks were already present in the market. At the end of 2023, the volume of green covered bonds currently outstanding was HUF 238 bn, representing 12% of all Hungarian covered bonds. In the future, as green loan portfolios build up, the share of green funds is expected to increase. Another program of the National Bank of Hungary, called the Green Home Programme (GHP), was targeted at households and individuals buying or building energy-efficient new homes. The program was launched in October 2021, and the homes subject to the program had to have an energy efficiency rating of at least BB and a maximum primary energy consumption of 90 kWh/m^2/year. Later in 2022, the energy consumption of eligible dwellings was restricted to 80 kWh/m^2/year. With interest rates rising rapidly, the central bank's funding for financing institutions at 0% interest proved to be a great motivating factor for buyers to apply for this loan facility. The program was a great success, but the allocated funds were running out in 2022. In 2021, to encourage green lending in Hungary, the National Bank of Hungary published the Green Preferential Capital Requirement Programme for Housing (also available for Corporates and Municipalities). In the Programme, capital relief is available for mortgage loans and personal loans qualifying as energy-efficient, concluded by Hungarian credit institutions with consumers for the purpose of purchasing, building, or modernizing residential buildings.

	HUNGARY 2022	HUNGARY 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	4.6	-0.9	0.4
Unemployment Rate (LSF), annual average (%) (1)	3.6	4.1	6.1
HICP inflation (%) (1)	15.3	17.0	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	90.1	90.5	69.2
Gross Fixed Investment in Housing (annual change) (1)	14.6	-12.3	-3.1
Building Permits (2015=100) (2)	279.7	171.8	94.0
House Price Index - country (2015=100) (2)	292.9	316.3	170.2*
House Price Index - capital (2015=100) (2)	319.0	304.8	165.1*
Nominal house price growth (%) (2)	21.5	8.0	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	14,204	14,993	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	1,466	1,562	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	14.4	12.4	71.3
Gross residential lending, annual growth (%) (2)	-7.1	-45.1	-26.6
Typical mortgage rate, annual average (%) (2)	7.4	9.2	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

HUNGARY FACT TABLE

Which entities can issue mortgage loans in your country?	Banks, specialised mortgage banks, savings cooperatives, home savings banks, financial companies (mortgage houses) can issue mortgage loans in Hungary.
What is the market share of new mortgage issuances between these entities?	In proportion to the total volume issued in 2023 commercial banks issued 58.9%, mortgage banks 34.9%, home savings cooperatives, 6.1% of the new mortgage issuances.
Which entities hold what proportion of outstanding mortgage loans in your country?	Commercial banks hold 59%, mortgage banks 31% and housing saving banks hold the rest 10%.
What is the typical LTV ratio on residential mortgage loans in your country?	Between 50 to 60% is the typical LTV on new residential mortgages. Banks can grant mortgages generally up to max 80% LTV without additional collateral.
How is the distinction made between loans for residential and non-residential purposes in your country?	In the residential loan portfolio, by "housing loans" it is understood that the purpose of said loan is to finance the acquisition or purchase of a house or flat. On the other hand, in the residential mortgage loan portfolio, the so called "home equity loans" are also included, when the purpose is to get a loan with a mortgage on the already existing home property. "BTL mortgages" at present are included also in the residential loan portfolio, and statistically are not registered separately.
What is/are the most common mortgage product(s) in your country?	The most typical mortgage product is the housing loan granted by commercial banks and mortgage banks (when the purpose is the purchase of a flat or house).
What is the typical/ average maturity for a mortgage in your country?	Average maturity for a mortgage loan for new dwelling was 21 years, for used homes 19 in 2023.
What is/are the most common ways to fund mortgage lending in your country?	The most common way to fund mortgage lending is funding from deposits, but covered bonds are also used for mortgage loan funding. Since April 2017, commercial banks must adhere to a new regulation introduced by the National Bank of Hungary. The regulation prescribed, that certain proportion of all outstanding residential mortgage loans must be funded or refinanced by mortgage bonds. The ratio is called Mortgage Funding Adequacy Ratio (MFAR), and it was initially set at 15%. From October 2019 the ratio increased to 25% and remained at this level also in 2023.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	A transfer (stamp duty) tax of 2-4% is to be paid by the buyer to the National Tax and Customs Administration. (The rate of duty is 2% until 4 Mio HUF than 4% up to HUF 1 bn (EUR 2.9 mn) per property. Buyers may be entitled to certain reliefs. Legal fees may range from 0.5–1% of the property price, usually paid by the buyer. When the property is sold through a real estate agency, a further 3-5% is generally paid by the seller. Buying a newly built flat is subject to a preferential VAT payment of 5% (instead of the 27% VAT applied on most consumer prices and services). The easing of the preferential VAT payment was extended in 2024 until end 2028 provided that the Building Permit was granted until the end of 2024.
What is the level (if any) of government subsidies for house purchases in your country?	In 2023 from the total outstanding mortgage portfolio 81% consisted of non-subsidized mortgage loans. Due to high interest rate environment the volume of subsidized loans has grown more dynamically in 2023 (7.1%) than the volume of market priced mortgages (0.3%). In 2023-ban 71% of the government subsidies were used for purchasing used dwellings, 19% was used for building or buying new dwellings. Similarly to the previous year a significant part of the new housing subsidies is connected to the Home Purchase Subsidy (CSOK in Hungarian) for Families. The affordability of house purchase on credit is significantly improved by the programmes aimed at first-time homebuyers, primarily for families with children purchasing a new home. For families with three or more children, a lump sum subsidy of HUF 10 mn and a further HUF 10 mn subsidised loan with a max 3% interest rate was available, when they purchased a new home. The purchase of used homes in certain small settlements (about 2,500 countrywide) can also be a subject of this subsidy, up to 50% of the purchase price. Apart from the CSOK programs the "Prenatal Baby Support" program (unsecured interest free loan facility up to HUF 10 Mio) also helped to stimulate the house purchase possibilities for families and first-time buyers.

Ireland

By Niall Faherty, Banking & Payments Federation Ireland

IN A NUTSHELL

- → Economic activity slowed albeit with high employment and strong consumer demand.
- → Housing demand remained strong for first-time buyers despite elevated house prices.
- → Housing supply grew with increased commencements and completions.
- → Mortgage lending growth was driven by lending to first-time buyers (FTBs).

MACROECONOMIC OVERVIEW

Economic activity slowed albeit with high levels of employment, strong consumer demand and record tax receipts. The decline in economic activity was mainly driven by the industry and service sectors.

Gross domestic product fell by 3.2% in volume terms (according to preliminary figures from the Central Statistics Office), driven most notably by a decline in industry (excl. construction) and professional, admin and support services. When compared to pre-covid (2019), GDP has increased by 30% and by 28.1% in GNP terms.

Modified final domestic demand, which excludes globalisation effects such as trade in intellectual property and aircraft leasing, rose by 0.5%, compared with 2022. Consumption rose by 10% y-o-y in nominal terms and by 3% in real terms.

Consumer price inflation, as measured by the harmonised indices of consumer prices (HICP) according to Eurostat, was 5.2%. The largest increases were in recreation and culture activities, up 10.3% y-o-y followed by restaurants and hotels, up 6.6% y-o-y. Despite increases in business costs, the number of people employed increased by 3.4% to over 2.7 mn.

To alleviate inflationary pressure on businesses, particularly SME's, the government launched numerous support schemes such as the 'Increased Cost of Business grant' and the 'Growth and Sustainability Loan Scheme', a long-term low-cost scheme to support businesses in their growth and resilience.

Following the budget in October 2023, it was announced that two funds would be established, the 'Future Ireland Fund' and the 'Infrastructure, Climate and Nature Fund'. An annual contribution of 0.8% of GDP will be allocated to the Future Ireland Fund to protect public services in the long-term. The Infrastructure, Climate and Nature Fund will provide resources for spending in a future downturn to support expenditure through the economic and fiscal cycle and to support designated environmental projects.

HOUSING MARKET

The housing and mortgage markets performed well in 2023; demand for housing remained strong particularly with first-time buyers, evident through continued increases in residential property prices.

With housing demand continuing to outstrip supply, CSO annual data shows that residential property prices rose for the eleventh successive year, rising by 4.4% in the twelve months to December 2023. In Dublin property prices rose by 2.7% while prices outside rose by 5.6%. The CSO's national index rose to over 176, which is the highest level since the historical data series began in 2005.

The pipeline of supply of new homes improved as housing starts grew to the highest level since 2007, a y-o-y increase of 21.7% to 32,801.

New housing completions grew strongly to 32,695, an increase of 10% from 2022, according to the Central Statistics Office (CSO). More than 10,200 new dwellings were completed in Q4, 13% more than in Q4 2022 and the highest quarterly volume since the CSO started reporting quarterly completions in 2011.

Nationwide, the number of apartments completed increased by 28% to 11,642 as apartments accounted for 35.6% of total completions - the highest level based on data available from 1994. Dublin accounted for about 38.6% of completions in 2023 and 78.1% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 18.4.3% and 20.8% of completions, respectively.

Household market purchases of residential property fell by 0.9% y-o-y to 14,285 in Q4. On an annual basis, there were 50,234 purchases, the highest level since the data series began in 2010. Dublin was the largest housing market in 2023 with more than 15,200 household market purchases, 4.2% more than in 2022 and giving it a 30.1% share of the national market.
Purchases were up by 4.2% and 1.7% y-o-y in Cork and Dublin Commuter region respectively. For new homes, the Dublin commuter region accounted for 38% of purchases while Dublin and Cork accounted for 19.5% and 15% respectively.

Rents also increased significantly in 2023. The national standardised rent level (based on new tenancies) rose by 9.81% y-o-y as of Q4 2023 to EUR 1,595, according to the Residential Tenancies Board (RTB). Rent on new tenancies outside Dublin are considerably lower at EUR 1,280 per month on average, comparing favourably to Dublin which is EUR 2,098.

MORTGAGE MARKET

MARKET DYNAMICS

Overall mortgage drawdown activity was subdued in 2023, falling by 17.2% in volume terms to 43,587 and in value terms by 14% to EUR 12.1 bn. However, the fall in drawdowns can be mostly attributed to a decline in switching activity. When excluding switching activity, drawdown volume fell by just 1.4% y-o-y.

There was a significant decrease in switching activity in 2023, down 63.5% y-o-y following a surge of switching activity in 2022, driven mainly by interest rate increases by the European Central Bank, which started in the second half of 2022.

There were 49,898 mortgage approvals with a total value of EUR 14.2 bn, down 14.4% and 10.5% in volume and value terms, respectively. FTB drawdowns grew by 1.6% in volume terms to 25,592 and by 8.3% in value terms to EUR 7.2 bn, their highest level since 2007.

Total residential and commercial mortgage debt outstanding to banks, including those that have been securitised, increased to about EUR 83.6 bn at year end from about EUR 83.1 bn a year earlier, according to the Central Bank of Ireland (CBI). Buy-to-let mortgages accounted for 4% of the value of mortgages outstanding.

Some 20% of the value of credit institution housing loans was on tracker rates linked to the ECB base rate by year end. This is 5.9% lower on the year. The share of outstanding mortgages on rates fixed for over one year increased from 58.6% at the end of 2022 to 64%. Some 88% of the value of new mortgage loan agreements were on fixed rates of greater than one year.

Only 2.6% of mortgages for private dwelling homes (PDH) were in arrears of more than 90 days by the end of 2023, but 11.5% of buy-to-let (BTL) mortgage were. Mortgage lenders actively assist borrowers who experience repayment difficulties, which is demonstrated by the fact that 8.2% of all PDH accounts and 8.6% of all BTL accounts had an active restructure by the end of 2023 and about 80% of restructured accounts for private dwelling homes (PDH) were not in arrears.

NON-MARKET INTERVENTIONS

Retail banks in Ireland through the Banking and Payments Federation Ireland agreed criteria for guidelines for customers of credit servicing firms who are seeking to switch their mortgage. Credit servicing firms committed to work with these criteria to support customers switching and to ensure they are aware that they may have options to switch their mortgage.

The CBI permits lenders to provide some borrowers with loans that have LTIs and LTVs higher than the limits in their own credit policies. CBI research indicates that the average LTV for FTBs fell from 80.2% in 2022 to 80.3% in 2023, while the average LTI increased from 3.2 to 3.3. For second and subsequent buyers (SSB), who are mostly home movers and exclude buy-to-lets, the average LTV increased to 66% from 65.6%, while the average LTI remained at 2.7.

The government Help to Buy (HTB) tax rebate scheme allows FTBs to use refunded deposit interest and income tax to help finance new home purchase or building, with claimants accessing the lower of EUR 30,000 and 10% of the purchase value. The scheme was further extended to the end of 2024. By the end of 2023, 44,281 claims had been approved and the total value of approved claims (since July 2016) reached EUR 927.3 mn.

In 2021, the CBI confirmed that retail banks would be able to participate in the government's planned shared equity scheme, which launched in 2022. The First Home Scheme is a shared equity scheme, where the State and participating banks pay up to 30% of the cost of new homes in return for a stake in the home. Homeowners can buy back the stake at any time, but it is not mandatory. In 2023, this scheme eligibility was extended to include self-builds. As of Q4 2023, 3,196 buyers had been approved by the scheme and had received eligibility certificates to purchase their homes.

MORTGAGE FUNDING

Banks in Ireland rely mainly on retail funding sources (household and corporate deposits) for mortgage lending. The surge in deposits during the Covid-19 pandemic resulted in a sharp drop in the average loan-to-deposit ratio, which fell from 111.9 in Q4 2019 to 89.8 in Q4 2021. As the economy re-opened, the average loan-to-deposit ratio increased to 97.0 in Q3 2022 according to the European Central Bank's ESRB Risk Dashboard.

Domestic private sector deposits (mainly from households and non-financial corporations) fell by 0.8% year on year to EUR 304 bn at the end of 2023, some 48% of which were household deposits. Private sector deposits represented over 50% of total liabilities for credit institutions with a domestic market focus.

Mortgage covered bonds outstanding in Ireland was EUR 11.2 bn as of June 2023.

CBI LTV AND LTI LIMITS

Mortgage Limits	Borrower Type	From 01/01/23	Allowance
LTV Limits	**Primary dwelling homes**	FTBs: 90%	15% of new lending to FTBs allowed above 90%
	Primary dwelling homes	Non-FTBs: 80%	15% of non-FTB new lending allowed above 80%
	Buy-to-lets (BTLs)/ Investors	70%	10% of BTL lending
LTI Limits	**Primary dwelling homes**	FTBs: 4 times income SSB: 3.5 times income	15% of new lending above the LTI limit is allowed
Exemptions	**From LTV limit:** Borrowers in negative equity	**From LTI limit:** Borrowers for investment properties	**From both limits:** Switcher mortgages Restructuring of mortgages in arrears

GREEN FUNDING

Some banks in Ireland provide discounted fixed interest rates on mortgages secured on residential properties with higher energy efficiency ratings, based on the National Building Energy Rating. The availability of the discounted rates vary depending on the bank.

	IRELAND 2022	IRELAND 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	9.4	-3.2	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.5	4.3	6.1
HICP inflation (%) (1)	8.1	5.2	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	70.4	69.4	69.2
Gross Fixed Investment in Housing (annual change) (1)	21.8	3.7	-3.1
Building Permits (2015=100) (2)	262.0	230.3	94.0
House Price Index - country (2015=100) (2)	164.0	176.2	170.2*
House Price Index - capital (2015=100) (2)	147.0	154.0	165.1*
Nominal house price growth (%) (2)	12.3	7.4	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	78,130	80,213	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	15,441	15,217	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	57.8	54.8	71.3
Gross residential lending, annual growth (%) (2)	34.3	-14.0	-26.6
Typical mortgage rate, annual average (%) (2)	2.7	4.8	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

IRELAND FACT TABLE

Which entities can issue mortgage loans in your country?	Credit institutions (mainly banks) as well as non-bank retail credit firms/home reversion firms.
What is the market share of new mortgage issuances between these entities?	The market shares of different entity types are not published for competition reasons.
Which entities hold what proportion of outstanding mortgage loans in your country?	Non-banks accounted for 16.5% of the total mortgage accounts outstanding for principal dwelling homes (PDH) at the end of 2023 and 39.3% of buy-to-lets (BTL), according to the Central Bank of Ireland. Non-banks include retail credit firms, which are non-deposit taking regulated lenders, and credit servicing firms.
What is the typical LTV ratio on residential mortgage loans in your country?	Central Bank of Ireland research indicates that the average LTV for FTBs fell from 80.2% in 2022 to 80.3% in 2023, while the average LTI increased from 3.2 to 3.3. For second and subsequent buyers (SSB), who are mostly home movers and exclude buy-to-lets, the average LTV increased to 66% from 65.6%, while the average LTI increased from 2.6 to 3.8. Note: These figures exclude the 15% of loans that were exempt from the Central Bank of Ireland's macroprudential regulations in H1 2023, including switcher loans (with no additional lending) and loans in negative equity.
How is the distinction made between loans for residential and non-residential purposes in your country?	Residential mortgage loans include loans for residential property purchase (both for owner-occupation and buy-to-let), as well as re-mortgage or switching between lenders and top-up or equity withdrawal. Non-residential mortgages include commercial mortgages, where finance is provided for the purchase of a business premises. Where legal entities manage a number of buy-to-let properties, these may be treated as commercial entities rather than residential buy-to-let but this categorisation is at the discretion of the lender.
What is/are the most common mortgage product(s) in your country?	The standard variable rate mortgage for home purchase, based on the French amortisation profile, has traditionally been the most popular product among new customers, but the value of new mortgage agreements with fixed rates has exceeded those on floating or up to 1 year fixed rates in each of the past five years. In 2023, some 88.1% of the value of new mortgage agreements were on initial fixed rates over one year. Some 20% of the value of credit institution housing loans was on tracker rates linked to the ECB base rate by year end. The value of those outstanding has dropped by 5.9 % since Q4 2022.
What is the typical/average maturity for a mortgage in your country?	For first-time buyers the mean term for a mortgage is about 29 years. For second-time home buyers it is about 24 years.
What is/are the most common ways to fund mortgage lending in your country?	Retail deposits are the main source of funding for mortgage lending, but covered bonds and residential mortgage-backed securities are also important.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Legal fees related to the purchase of the property are estimated at EUR 1,000-2,000. Buyer surveyor fees range from EUR 250 to EUR 1,000. Estate agent fees vary between 1% and 2% of the purchase price. VAT is charged on the sale of new residential properties. Stamp duty is charged on the VAT-exclusive price and is levied at 1% on the first EUR 1 mn (1% of the total if the VAT-exclusive price is up to EUR 1 mn) and 2% any amounts above EUR 1 mn.

What is the level (if any) of government subsidies for house purchases in your country?

Eligible FTBs can receive tax refunds for purchases of new properties under the Help to Buy scheme. In 2021, the Central Bank of Ireland confirmed that retail banks would be able to participate in the government's planned shared equity scheme, which launched in 2022. The First Home Scheme is a shared equity scheme, where the State and participating banks pay up to 30% of the cost of new homes in return for a stake in the home. Homeowners can buy back the stake at any time, but it is not mandatory. In 2023, this scheme eligibility was extended to include self-builds. As of Q4 2023, 3,196 buyers had been approved by the scheme and had received eligibility certificates to purchase their homes.

Italy

By Marco Marino, Italian Banking Association – ABI

IN A NUTSHELL

- → The economy grew by 0.9%, a deceleration compared with the previous year.
- → Housing market activity slowed for the first non-Covid year since 2014.
- → Mortgages outstanding remained essentially stable, with a slight slowdown y-o-y.
- → An ABI Memorandum discussed options mitigate floating rate payment shocks.
- → NPLs of residential loans continues to decrease.

MACROECONOMIC OVERVIEW

The economy grew by 0.9%, after a 4.0% rise in 2022 due to lower recoveries in the pandemic affected sectors, weak global demand and tighter monetary conditions.

Growth came mainly from national demand (excluding changes in inventories) and gross fixed capital formation. Household consumption grew, although lesser than in 2022, notably, for services, such as accommodation and food, hardest hit during the pandemic and for durable goods. Export was unchanged, due to the weakness in global trade (the rise of exports of services was eroded by the fell of exports of goods).

Inflation eroded the purchasing power of households significantly, especially for the least well-off. Inflation fell to 5.9% from 8.7% of 2022, mainly due to lower energy price growth, from the beginning of the year and increasing in October, when it was below 2.0%.

Household disposable income increased by less than in 2022, helped by continued employment growth and the moderate growth of wages. However, purchasing power in real terms declined.

According to the Bank of Italy estimated, household wealth in real assets (mainly houses) increased by 1.1% in nominal terms (2.1% in 2022). Unemployment declined again, to one of the lowest levels in the last twenty years. The savings rate, reaching 6.3%, the lowest level since at least the 1960s.

General government net borrowing to GDP decreased to 7.4% (from 8.6% of the previous year) and the public debt-to-GDP ratio fell by 3.2% to 137.3%.

HOUSING MARKETS

The housing market slowed due to lower demand, negatively affected by high interest rates. According to the annual report of Real Estate Market Observatory of the Revenue Agency, just over 710,000 homes were sold, a decrease of -10%, reversing the growth trend since 2014 (interrupted only by the pandemic induced7.7% slowdown in 2020).

The decrease was greatest in the Centre (-13.1%) and North-East (-11.7%) but occurred in all regions, Friuli Venezia Giulia recorded the greatest decrease y-o-y (-16.9%) with over 9,600 transactions, followed by Valle d'Aosta (-14.3%) and Toscana (-13.9%). Lombardia and Lazio are the Regions with the highest number of transactions (more than 150,000 in Lombardia and about 68,000 in Lazio).

The eight largest cities similarly declined, Bologna, Rome and Milan had the largest falls (respectively -16.1%, -14.4% and -13.2%). Rome and Milan have together more than 55% of the national total (Rome over 34,000, 32, and Milan over 24,800, 23.1%).

According to preliminary estimates of the Italian National Institute of Statistics (ISTAT), the Housing Price Index increased by 1.3%, due to both new dwellings (5.6%) and existing ones (0.4%).

The price per square metre of properties in Milan increased most (+8.3% y-o-y, growing since 2017), followed by Palermo (+3.9%) and Turin (+2.7%). In Genoa, it decreased by 0.5% y-o-y.

According to the latest (2022) report of ENEA, around 1,3 mn EPC were issued,[1] in line with 2021.

For residential buildings (948,000 certificates), the share of the most energy-efficient ratings (from A4 to B) increased by 5.1% y-o-y but most EPCs regard F or G (54.2%), followed by C and D classes (25.8%).

According to recent research of the Bank of Italy based on data of *Immobiliare.it*, on average, the most energy-efficient houses sell at a 25% premium over the least efficient ones nationally, (although varying regionally).

MORTGAGE MARKETS

The mortgage market remained essentially stable with a slight slowdown in outstanding loans (EUR 424.6 bn at year-end, -0.5% y-o-y) and gross lending decreasing by 1.3% (-12% in 2022), reflecting higher interest rates, declining consumer confidence and the weak outlook of the real estate market.

Housing transactions with a mortgage decreased significantly to about 270,000 units (-26% y-o-y), affected by interest rates. The decrease was greatest in central (-30%), and in provincial capital cities (-28.2%) compared to smaller cities (-24.9%).

House purchases with mortgages by individuals continued to slow to about 40% of the total (48.4% in 2022 and 51,1% in 2021).

The average mortgage was about EUR 130,000 (EUR 138,000 in 2022): the largest were in the Central area, (EUR 140,000 and almost EUR 160,000 in the major

[1] The data is acquired from the Regions, Autonomous Provinces and from SIAPE (Sistema Informativo sugli Attestati di Prestazione Energetica).

cities). The average maturity increased slightly to 25.5 years (from 24,8 years) and is similar in all areas of Italy, exception for the Centre (26.3 years).

Fixed-rates mortgages returned to dominance: the share of variable rate mortgages has decreased from about 66% of new loans in the second half of 2022 to about 33% at the end of 2023.
The increase in interest rates from 2022 continues to impact the cost of new loans. In particular, at year end, interest rates on short term fixings averaged approximately 5% (from 2.7% at the end of 2022) and those with a fixing over 1 year at 4.03% (from 3.54% on annual basis).

"Green mortgages" are a growing part of the total mortgage market: according to the Italian association of consumer credit and mortgage lending – ASSOFIN, Crif and Prometeia, in 2023, "green mortgages loans" represent 12% of total mortgages for house purchase (9% in 2021) and 16% of the total for the renovation and/or construction of a residential property (13% in 2021).

The growth of "green mortgages" is also favoured by their conditions which, in general, are more favourable than traditional forms of credit.

Analysis by the Bank of Italy ofdata collected by MutuiOnline shows that between September 2022 and June 2023 interest rates on "green mortgages" were on average, 7 bps lower than other mortgages, with the same characteristics in terms of contract and borrower.

Finally, the NPL ratio of residential loans continued to decrease.

NON-MARKET LED INITIATIVES

Due to higher interest rates, in July the Italian Banking Association (ABI) published a memorandum pointing out possibilities for borrowers with variable rate loans to mitigate the higher rates.

This promoted measures such as: (i) the extension repayments ; (ii) the reduction of requirements to allow beneficiaries to access to public renegotiation of mortgage loan contracts, introduced by the Italian Budget Law 2023; (iii) awareness of the "Solidarity Fund for mortgages for the first home purchase" (the Gasparrini whichallows borrowers to request a payment moratorium on their first home for up to 18 months, if specific events occurred (e.g., suspension/reduction/termination of employment). According to year end data, the Fund has allowed the suspension of over 188,000 mortgages for a total of EUR 18.5 bn.

Also to support first time buyers, the "First Home Loan Guarantee Fund" continues. It issues public guarantees of 50% of the total loan, up to EUR 250,000 (regardless of the family composition or the age).

The application must be submitted directly to the banks which are always independent in their decision to finance, relying on creditworthiness assessment.

The Budget Law of 2024 extended to year end 2024 the increase of the guarantee to 80% for specific categories -including for example people under the age of 36 - if specific conditions are met (e.g. if LTV > 80%) and 90% of mortgages for "large families" (borrowers with more than three children under the age of 21). According to data as of 31 December 2023, the Fund guaranteed more than 476,000 mortgages for a total financed amount of EUR 55.8 bn.

Rate rises influenced the affordability index, which estimates the ability of a family to purchase an average priced house with a mortgage. The index is based on interest rates, house prices and disposable income: a positive affordability index means that the average family was able to purchase a house at the market average price.

Despite the growth in disposable income, in 2023 the index worsened, especially during the first half of the year, at the end of 2023 it was 11.6%, a decrease of about -2% over the year.

Despite this, conditions for home purchase access continue to be positive in historical comparison (for example, at the end of 2023 the index was approximately 7.5 pps higher than the minimum level recorded in 2008).

In the first three months of 2024, falling interest rates, has reversed the decline in affordability.

MORTGAGE FUNDING

Deposits (current accounts, certificates of deposit, repurchase agreements) decreased by -3.8%, while funding by bonds increased by 19.1%.

Covered bonds represent an important source of funding; in 2023, Italy has completed the transposition of the new European covered bond legislation, effective from 31 March and banks started the first issuances under the new regulation. According to preliminary estimates, a total of approximately EUR 16.8 bn were issued, and total outstandings were approximately EUR 159.6 bn.

Regarding the securitisations, according to the AFME report of 2023, approximately EUR 6.6 bn were issued in Italy.

GREEN FUNDING

In recent years, several fiscal bonus measures have been introduced to support home renovation, which allow an income tax deduction as a percentage of the expenses and subject to a cap which can change based on specific characteristics of the works/ beneficiaries.

Measures concerning energy efficiency are, mainly:

- the "Ecobonus", for energy efficiency works (e.g., redevelopment of the building, solar collectors, windows), extended until the end of 2024.
- the "Superbonus", for works improving energy efficiency and seismic security of the houses (including installing photovoltaic cells and electric vehicle charging columns), introduced in 2020 during the pandemic and extended to 2024 and 2025 with some changes, in particular providing a different value of the tax deduction.

Other important fiscal measures to encourage renovation and improvement are:

- the "Restructuring Bonus", for expenses carried out on private properties and commonly owned parts of condominiums in relation to extraordinary maintenance, renovation, restoration, conservative rehabilitation of the buildings, in force until 2024.
- the "Seismic bonus", for properties in seismic zones, for the expenses incurred until 2024 for seismic risk reduction, improving the seismic class of the property.
- the "Furniture bonus", on purchases of furniture and large household appliances in the context of the renovation of the house, in force until 2024.

According to the initial rules, the tax deduction was allowed to be converted into an invoice discount or a tax credit, which could be transferred to banks or financial intermediaries. According to the new rules in force from the 17 February 2023, in general terms, this is not allowed the works started from then but continues to be allowed as an annual deduction.

	ITALY 2022	ITALY 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	4.0	0.9	0.4
Unemployment Rate (LSF), annual average (%) (1)	8.1	7.7	6.1
HICP inflation (%) (1)	8.7	5.9	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	74.3	75.2	69.2
Gross Fixed Investment in Housing (annual change) (1)	13.9	3.7	-3.1
Building Permits (2015=100) (2)	140.7	129.3	94.0
House Price Index - country (2015=100) (2)	106.9	108.3	170.2*
House Price Index - capital (2015=100) (2)	87.0	87.7	165.1*
Nominal house price growth (%) (2)	3.8	1.3	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	426,953	424,651	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	7,233	7,198	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	33.3	31.6	71.3
Gross residential lending, annual growth (%) (2)	-12.1	-1.3	-26.6
Typical mortgage rate, annual average (%) (2)	3.0	4.4	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

ITALY FACT TABLE

Which entities can issue mortgage loans in your country?	Banks and financial intermediaries.
What is the market share of new mortgage issuances between these entities?	More than 95% of new mortgage loans are issued by banks.
Which entities hold what proportion of outstanding mortgage loans in your country?	Data no available.
What is the typical LTV ratio on residential mortgage loans in your country?	Data no available.
How is the distinction made between loans for residential and non-residential purposes in your country?	Residential loans are loans granted for house purchase and renovation.
What is/are the most common mortgage product(s) in your country?	Fixed interest rate mortgage loans to purchase residential real estate.
What is the typical/average maturity for a mortgage in your country?	20-25 years.
What is/are the most common ways to fund mortgage lending in your country?	Given Italy's universal banking model, there is not a specific funding source for mortgage lending. That said, the most common funding technique is represented by unsecured bank bonds which, in turn, represents also the most common way for funding mortgage lending. For major Italian banking groups, covered bonds recently started to play an increasing role as a funding source for mortgage lending.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Data not available. In addition to costs relating to taxation on transfer, the main costs are related to real estate brokerage agency (if existing), and notary costs. The real estate taxation in Italy affects both direct (on income and capital) and indirect (on transfers and contracts) taxes and depend on the players involved (individuals or companies) and on the nature of the properties (land, buildings, commercial or residential).
What is the level (if any) of government subsidies for house purchases in your country?	Regarding tax benefits, homeowners can benefit some fiscal advantages for the "first home" purchase, which consist of smaller indirect taxes than the ordinary value. With reference to public guarantees on residential loans for house purchase, in 2014 the First Home Loan Guarantee Fund and the Solidary Fund for mortgages are in force; they support credit access for the first house purchase.

Latvia

By Andrejs Semjonovs, Bank of Latvia

IN A NUTSHELL

- → The economy stagnated due to subdued private consumption and exports with investment increasing from low levels.
- → The housing market remained relatively weak, but recovering purchasing power and improving affordability will support gradual recovery.
- → Following substantial rate hikes, lending decelerated but outstanding mortgages grew slightly.
- → Domestic deposits continue to dominate the funding of banks.

MACROECONOMIC OVERVIEW

Due to the ongoing war in Ukraine, other geopolitical uncertainties and tight monetary policy, both foreign and domestic demand were weak. Real GDP remained constant with private consumption and exports fell and investment increased from low levels.

Private consumption decreased by 1.3% y-o-y due to the weak purchasing power in the first half of the year and high interest rates encouraging saving. Tight monetary policies in major trading partners held back foreign demand, which, complemented by the housing crisis in Sweden resulted in overall exports dropping by 5.8%. Gross fixed capital formation grew by 7.1% primarily due to government investment in large-scale projects and defence and overall investment in dwellings.

The labour market remained relatively tight. Unemployment dropped to 6.5% despite the absence of economic growth. The number of job vacancies declined at year end, slightly lagging GDP. Real wage growth turned positive and HICP inflation falling from 21.4% in January to 0.9% at year-end (9.1% in 2023 on average) strengthening household purchasing power.

The general government deficit dropped to 2.2% of GDP, with tax revenues increasing on the back of elevated price levels and expenditure on support measures (such as energy support) decreasing. The debt-to-GDP ratio increased due to additional borrowing resulting from the cash-flow deficit from 41.8% in 2022 to 43.6% .

HOUSING MARKETS

Hampered by diminished household purchasing power, elevated interest rates and worse affordability of new dwellings, real estate activity remained relatively weak in 2023 and the first quarter of 2024. In January-March 2024, the number of transactions was 5.8% lower y-o-y. The number of purchases of newly build apartments in Riga fell particularly sharply - by 20.7% y-o-y. The decline in market activity over the last two years has been rather moderate. The number of transactions in 2023 was 8.1% lower than seen the 2017-2019 average.

Gradually recovering household purchasing power, an end to increasing (and expected decreasing from H224) rates and slowly improving affordability will support a gradual recovery in market activity. Activity in regions outside and counties adjacent to Riga will be supported by an increase in the state guarantees for families with children[1].

Supply of housing remained weak - according to Central Statistical Bureau's data, the total area of new dwellings commissioned decreased by 13.2% y-o-y. As the housing market recovers, limited new supply is likely to upward pressure on prices.

As the housing market has slowed, price growth has slowed significantly. In Q423, the Central Statistical Bureau house price index was 1.0% higher than a year ago, but 2.5% less than the previous quarter. The growth in house prices continued to vary considerably by segment. Due to continued supply of Soviet-era standard series apartments in the secondary market, existing dwelling prices have been slightly decreasing (-2.1% y-o-y in Q423), yet the growth of newly built dwelling prices remained swift (11.6% y-o-y in Q423).

Affordability for existing properties is largely unchanged but for new properties is worse is worse given the sharp increase in prices and interest rates over the last two years, was still rather weak. However, as the growth in construction costs has moderated and the activity in the newly built housing segment has declined considerably, the selling prices (from selling advertisements) of newly built housing stabilized at the end of the year.

MORTGAGE MARKETS

The outstanding amount of residential and commercial mortgage loans held by banks grew by 2.6%. Residential mortgages increased by 1.6% still facilitated by the state support programme[2] for house purchase. Following substantial interest rate hikes, new household lending decelerated.

LTVs of new residential mortgage loans remained stable. LTVs exceeded 90% for 24% of new loans, mainly related to the state guarantee program.

Total residential mortgages are still only 12% of GDP (the lowest of all Euro area countries) and overall household indebtedness remains low. Interest rates on mortgages have increased rapidly – from an average of 2.9% in 2022 to 5.6% in 2023 (or from 4.3% at year-end 22 to 5.8% at year-end 2023). As of end of 2023, 94% of mortgage loans outstanding were with a floating rate.

The quality of the loan portfolio has not changed significantly, NPLs were 1.4% of total domestic loans and 1.2% of residential mortgage loans at year end.

[1] The amount of the state guarantee has been increased up to 50% of the loan amount, encouraging lending of houses outside Riga and Pieriga, which has been slow until now. The guarantee amounts of up to 50% of the loan amount, but not more than 50,000 euros, can be granted to families with at least three children. See footnote 2 for more detail on the guarantee programme and more detail (in Latvian language) on the programme extension: Palielinās valsts garantiju mājokļa būvniecībai vai iegādei ģimenēm Latvijas reģionos | Ekonomikas ministrija (em.gov.lv)

[2] Within the programme, a guarantee for a bank loan for purchase or construction of the housing for the families with children, young specialists or the National armed forces soldiers with regular income but not enough savings to make the downpayment is provided. The LTV requirement for these state-guaranteed loans is set at a maximum of 95% (the general maximum LTV requirement is 90%. More details on the programme available here:
https://www.altum.lv/en/services/individuals/housing-guarantees-for-families/
https://www.altum.lv/en/services/individuals/housing-guarantees-for-young-professionals/
https://www.altum.lv/en/services/individuals/for-the-armed-forces-soldiers/

MORTGAGE FUNDING

Credit institutions obtain funding mostly from domestic retail and non-financial corporations' deposits.

Some banks participated in TLTRO III operations, but most of this has been repaid. Some banks replaced TLTRO III operations with EU online platform deposits (at year 2023 EU this was 3.1% of total non-bank deposits, compared 2.0% in 2022). Credit institutions are not active in the financial markets for funding.

Domestic deposits remained stable and were 67.2% at year-end (68.2% the year before) of banks' total liabilities, while the share of liabilities to foreign parent MFIs (mostly Nordic parent banks) was 4.7% (4.3% in 2022), as only small foreign branches used their parent bank funding and the banking sector domestic loan to deposit ratio was still low – 72.5% (72.0% in 2021). In 2023, there were no mortgage covered bonds issued by Latvian banks. However, an Estonian bank's Latvian branch mortgages were included in an Estonian covered bond programme.

	LATVIA 2022	LATVIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	3.0	-0.3	0.4
Unemployment Rate (LSF), annual average (%) (1)	6.9	6.5	6.1
HICP inflation (%) (1)	17.2	9.1	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	83.1	82.8	69.2
Gross Fixed Investment in Housing (annual change) (1)	-11.4	11.1	-3.1
Building Permits (2015=100) (2)	126.1	115.3	94.0
House Price Index - country (2015=100) (2)	184.3	191.3	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	13.9	3.8	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	4,713	4,790	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	2,513	2,544	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	18.8	18.8	71.3
Gross residential lending, annual growth (%) (2)	n/a	n/a	-26.6
Typical mortgage rate, annual average (%) (2)	2.9	5.6	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

LATVIA FACT TABLE

Which entities can issue mortgage loans in your country?	Credit institutions, credit unions and non-bank financial institutions can issue mortgage loans in Latvia.
What is the market share of new mortgage issuances between these entities?	Not available
Which entities hold what proportion of outstanding mortgage loans in your country?	The mortgage market is significantly dominated by mortgage loans issued by banks.
What is the typical LTV ratio on residential mortgage loans in your country?	According to the Latvian legislation LTV cannot exceed 90%. For the participants of the state support programme for house purchase and construction, the upper LTV limit is 95%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The distinction is based on the loan issuing purpose (defined by Latvijas Banka's Regulation Compiling the Monthly Financial Position Report of Monetary Financial Institutions and Regulation for the Credit Register).
What is/are the most common mortgage product(s) in your country?	Housing loans
What is the typical/average maturity for a mortgage in your country?	The typical maturity of a new issued mortgage is 20 years.
What is/are the most common ways to fund mortgage lending in your country?	See section on Mortgage funding.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	A stamp duty of 0.5-1.5% of the home price applies when registering the purchase. Regularly, the 1.5% fee applies, and the stamp duty is reduced to 0.5% under the support programme for house purchase. The reduced cost is applied only to families with children, and not for young specialists (please see question 10 on the overview of the support programmes). In addition to the stamp duty, 0.1% of the mortgage loan amount should be paid for the registration of the mortgage. These are the main fees associated with house purchase, there are also some additional registration fees, but they are usually small, and their amount is fixed (does not depend on the loan amount or real estate price). For home purchases under the state guarantee programme buyers face additional costs: • for families with children, the one-time fee is applied - 2.5% of the outstanding amount of the guarantee. • for young specialists, the guaranteed fee of 2.4% per annum (of outstanding amount of the guarantee) applies. • for national armed forces soldiers, the guaranteed fee of 2.5% per annum (of outstanding amount of the guarantee) applies
What is the level (if any) of government subsidies for house purchases in your country?	It is possible to obtain a state guarantee up to 30% of the loan amount, but not exceeding EUR 30,000 for families with children (the exact amount of the guarantee depending on the number of children). In addition, an extra 5% increase in the guarantee (but not exceeding the amount of EUR 30,000) is possible if the dwelling corresponds to the "A" energy efficiency class of buildings or is nearly zero energy building. Moreover, families with at least three children that have applied for a mortgage in the largest commercial banks in Latvia starting from July 1st 2020 are eligible as of second half of November 2020 to receive a state subsidy in the amount of 8 to 12 thousand euro (the exact amount depending on the number of children in the family and energy efficiency of the housing to be purchased/built). Although approved 17th of November, it applies retroactively to mortgages granted since 1 July 2020, and was announced already before 1 July 2020. The state guarantee has been in March 2024 additionally increased for families with children obtaining property in regions outside Riga and the counties adjacent to Riga. The amount of the state guarantee has been increased up to 50% of the loan amount in these regions. The guarantee amounts of up to 50% of the loan amount, but not more than 50,000 euros, can be granted to families with at least three children. For young specialists (individuals up to 35 years old who have acquired the vocational secondary or higher education) it is possible to obtain a guarantee up to EUR 50,000 or 20% of the loan amount. For national armed forces soldiers it is possible to obtain a guarantee up to EUR 20,000 or 25% of the loan amount.

Lithuania

Giorgia D'Alessandro, European Mortgage Federation – European Covered Bond Council

IN A NUTSHELL

- → GDP decreased by 0.3%, unemployment increased by 0.9% to 6.9%.
- → The annual growth of apartment prices was 8.2% y-o-y.
- → Loans for house purchase granted by credit institutions to Lithuanian households increased by EUR 48.7 mn 0.4%), month on month.
- → Interest rates on new housing loans went up from 4.42% to 5.6%.

MACROECONOMIC OVERVIEW

The economy faced a challenging year. Real GDP shrank by 0.3% due to inflation, a decline in real goods exports and a decline in private spending for two quarters as a result of low real wage growth. The decline was limited by service exports and investment growth.

The general government deficit grew slightly to 0.8% of GDP as a result of rising public pay, growing public investments and increases in social spending. A total of 0.9 pps of GDP was saved by partially eliminating the energy price mitigation measures (which reduced GDP by 1.2% and 0.3% in 2023). Despite a notable increase in total expenditure (1.9 pps of GDP) compared to 2022, this was offset by rising revenue from improved labour tax collection and a temporary bank solidarity contribution.

Following the conflict in Ukraine, tens of thousands of people emigrated to Lithuania. The war increased business uncertainty, growing labour costs hurt competitiveness, and the shock of energy prices, record inflation, and rising interest rates negatively impacted consumer sentiment. Growing household savings, a robust employment market, and rising earnings were the main drivers of domestic consumption's resistance in the first half of the year.

Rigidities in the labour market result in slow changes in response to an economic downturn. In the last quarter of 2023, the unemployment rate was 6.4%, of which only 2.4% were long-term (over 1 year) unemployed.

HOUSING MARKETS

The housing market, once a scene of rapid growth, is slowing as a result of rising interest rates, inflation and a weak economy. The OHBI (Ober-Haus Apartment Price Index) of apartment prices in five major Lithuanian cities (Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys), increased by 0.5% in December and by 1.7% over the entire year.

Preliminary data from the State Data Agency indicates that in the first half of 2023, there was an increase of almost 0.4% inhabitants in Lithuania. The impact of this growth on the real estate market varies and is not uniformly dispersed between Lithuanian cities.

MORTGAGE MARKETS

Volumes of transactions have been steady since 2017, never falling below 44,000 per year with only a 5% fall in 2020 pandemic. There were 24,000 real estate transactions in the first seven months of 2023, a 15% decrease from the same time in 2022.

The government introduced the "First Home" program ("Pirma Būstas") for young families entering the housing market. This program provides subsidies of mortgage interest rates. In 2021, it received a significant boost with an increase in subsidy amounts and expanded eligibility. This expansion significantly stimulated demand for homes in Lithuania.

While the impact of the "First Home" program in 2024 remains to be seen, the residential real estate market in Lithuania is projected to reach a value of EUR 370 mn, showcasing the overall strength of the sector.

MORTGAGE FUNDING

As in previous years, deposits remained the primary source of mortgage funding. In 2023, deposits of Lithuanian residents with credit institutions increased by 4.4% y-o-y. According to the Bank of Lithuania, three banks held 68% of Lithuania's banking market in 2023. The three banks are Scandinavian: Swedbank, SEB Group and Luminor.

GREEN FUNDING

The government provides aid for houses that needed energy-efficient upgrades to allow homeowners to lower their energy consumption and enhance the appeal of their properties to potential purchasers.

Even though new construction has had to meet the A++ energy efficiency class since January 1, 2021, in order to receive a building permit, Vilnius saw a comparatively low number of these apartment complexes constructed in 2023.

According to data gathered by Ober-Haus, just 22.4% of all flats built in Vilnius in 2023 had an A++ rating (5.3% in 2022), 56.9% had an A+ (70.4% in 2022) 12.3% an A (17.4% in 2022) and 8.4% B or lower (6.9% in 2022).

	LITHUANIA 2022	LITHUANIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.4	-0.3	0.4
Unemployment Rate (LSF), annual average (%) (1)	6.0	6.9	6.1
HICP inflation (%) (1)	18.9	8.7	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	88.6	88.8	69.2
Gross Fixed Investment in Housing (annual change) (1)	19.3	1.2	-3.1
Building Permits (2015=100) (2)	119.9	95.0	94.0
House Price Index - country (2015=100) (2)	195.0	214.2	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	19.0	9.8	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	11,471	12,174	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	4,088	4,261	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	28.1	27.3	71.3
Gross residential lending, annual growth (%) (2)	11.2	-11.0	-26.6
Typical mortgage rate, annual average (%) (2)	2.8	5.5	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

LITHUANIA FACT TABLE

Which entities can issue mortgage loans in your country?	Banks and bank' branches.
What is the market share of new mortgage issuances between these entities?	100% banks
Which entities hold what proportion of outstanding mortgage loans in your country?	100% banks
What is the typical LTV ratio on residential mortgage loans in your country?	No statistical data on average LTV is available. New buyers tend to max out with their LTVs, getting close to 80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Based on type of property and whether this is the first or second mortgage. Second mortgage tends to be treated as an investment with rental purpose.
What is/are the most common mortgage product(s) in your country?	30-year, 6 month EURIBOR mortgages.
What is the typical/ average maturity for a mortgage in your country?	30 years
What is/are the most common ways to fund mortgage lending in your country?	Deposits
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Low to medium level associated
What is the level (if any) of government subsidies for house purchases in your country?	Not available

Luxembourg

By Giorgia D'Alessandro, European Mortgage Federation – European Covered Bond Council

IN A NUTSHELL

- → GDP fell by 1.1%, unemployment increased by 0.6% and inflation decreased to 2.9%.
- → The average house price fell 14.4% continuing the trend for the fifth consecutive quarter.
- → Mortgage transactions increased by 25.4% by number and 20.7% by value.
- → Variable rates reached 4.71% and fixed rates 4.10%, increasing substantially in September.

MACROECONOMIC OVERVIEW

Since the beginning of 2023, the economy has stagnated partially due to the banking sector's poor volume performance, but non-financial services also appear to be weakening.

Prior to the pandemic, real GDP was expanding at an annual average rate of 2.4% in the five years to 2019. After a decline of 0.8% in 2020 growth returned to 5.1% in 2021 as the pandemic restrictions ended. Following the pandemic the pace of recovery was slowed by a less favourable international climate that included inflation, monetary policy and uncertainty about the financial effects of Russia's war in Ukraine, particularly for food and energy.

Energy price controls implemented in 2022 and 2023 have prevented inflation from exceeding the average of the Eurozone. Luxembourg has implemented multiple initiatives aimed at mitigating the adverse effects of energy price rises on both individuals and businesses, the entire financial burden of which came to 0.9% of GDP.

The employment market in Luxembourg lands harder than it is in Europe. Employment has slowed down significantly since the beginning of the year and was essentially flat in the third quarter after holding up rather well the previous year. In parallel, Luxembourg has seen a workforce shortage.

While consumer price inflation has outpaced wage growth in the Euro region in recent years, Luxembourg has seen a large increase in real compensation per employee since 2019.

HOUSING MARKETS

Residential real estate prices rose, adding to household debt levels and raising concerns about possible problems in the future. While household debt as a percentage of GDP is still moderate (69.2% in 2023, aggregate debt levels are high relative to income. A major contributing factor to the amount of household debt is the rapid increase in loans for residential real estate.

The substantial drop in housing market transactions across all categories is the cause of the price downturn. In comparison to the same period in 2022, just 749 apartments – new or existing – were sold in the final quarter of 2023, a 42% decrease.

In the fourth quarter of last year, real estate sales totalled about EUR 435 mn, a 48.8% decrease from the same period of the previous year.

Even though there was an increase in house sales activity in the fourth quarter of 2023 compared to the previous quarter (+25.4% in number and 20.7% in value), it was still 21.2% lower than in the same period in 2022. The sales were mostly of existing properties.

In the final quarter of 2023, there was a notable decline in the sales of building land (-64.2% with respect to 2022). Advertised rentals increased 3.9% y-o-y. The average rent in Luxembourg City, Strassen, and Bertrange was about 40% higher than the national average.

Exports should rise once more in 2024 due to stabilising factors including the Euro area's modest growth (+0.8%) and the projected decline in interest rates.

MORTGAGE MARKETS

In Q4 2023, the number of new mortgages granted decreased (-14% y-o-y). For the sixth straight quarter, origination of single-family home loans— the majority of new mortgages—was lower. This may be partially attributed to a fall in demand and sales prices (the quantity of new loans decreased by 37% y-o-y in Q4 2023) . However, loans for residential real estate and improvements to already-owned residences increased in Q4 by +25% and +40%, respectively, q-o-q, to reach their previous year's level. Additionally, loans to real estate developers increased by +27% for the quarter and +24% for the year. After improving in the first half of 2023, lending to the non-residential sector has since declined.

The total amount of home mortgages granted in the year was just under EUR 4 bn in 2023; a 44% decrease from EUR 7.18 bn in the previous year and the lowest in over ten years.

In conclusion, there were -43% fewer transactions in 2022 and -52% less in 2021. The financial volume fell by 53% compared to 2021 and -48% compared to 2022. The severe deficiency in the transaction market, which decreased by -3,796 in just a single year, resulted in a financial volume impact of EUR 3.4 bn. This led to a substantial reduction in the commission pool for real estate agencies, which decreased by EUR -103 mn, endangering the continued existence of numerous agencies.

MORTGAGE FUNDING

Luxembourg's mortgage market is primarily funded by deposits from individuals and businesses.

GREEN FUNDING

Luxembourg was the first nation to enact laws permitting the issue of green covered bonds. Covered bonds for renewable energy have been added to the list of current covered bond classes by the Law of 22 June 2018, which modernised the Law of 5

April 1993 on the Luxembourg financial sector. Also, the first stock exchange to run a platform exclusively for green, social and sustainable assets was the Luxembourg Stock Exchange. There were 1,317 green bonds listed on the exchange as of April 2022, with more than 200 issuers having issued green bonds exchange.

	LUXEMBOURG 2022	LUXEMBOURG 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	1.4	-1.1	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.6	5.2	6.1
HICP inflation (%) (1)	8.2	2.9	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	72.4	n/a	69.2
Gross Fixed Investment in Housing (annual change) (1)	-14.3	-9.4	-3.1
Building Permits (2015=100) (2)	103.3	n/a	94.0
House Price Index - country (2015=100) (2)	188.6	171.5	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	9.6	-9.1	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	44,596	43,942	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	69,099	66,497	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	155.9	140.4	71.3
Gross residential lending, annual growth (%) (2)	-17.0	-43.2	-26.6
Typical mortgage rate, annual average (%) (2)	2.0	4.1	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

LUXEMBOURG FACT TABLE

Which entities can issue mortgage loans in your country?	Banks and bank' branches from German Bausparkassen and the "Caisse Nationale d'Assurance Pension", which lends only to private sector employees who contribute to the pension fund.
What is the market share of new mortgage issuances between these entities?	100%
Which entities hold what proportion of outstanding mortgage loans in your country?	Six domestically-oriented banks, hold 90% of mortgage loans.
What is the typical LTV ratio on residential mortgage loans in your country?	The usual maximal LTV ratio amounts to 80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Not available
What is/are the most common mortgage product(s) in your country?	The most common mortgage contract is at a fixed rate. (62% of loans issued in 2021 = fixed, and so 38% variable)
What is the typical/average maturity for a mortgage in your country?	The standard maturity for mortgage loans is 25 to 30 years, while some banks grant credits for up to 35 years.
What is/are the most common ways to fund mortgage lending in your country?	Mostly deposits
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Roundtrip transaction cost (registration tax, notary fees, real estate agent's fee, transcript tax) are between 12%-16.5%.
What is the level (if any) of government subsidies for house purchases in your country?	In the case of affordable housing for sale, public support- 50% of study and infrastructure costs- is available under the condition that at least 60% of the homebuyers are people who qualify to obtain a construction subsidy from the state based on the household income.

Malta

By Karol Gabarretta, Malta Bankers' Association

IN A NUTSHELL

- → Real GDP grew 5.6% (8.1% a year earlier) due to net exports.
- → Inflation moderated due to lower non-energy prices as government policy kept energy prices fixed.
- → Residential property prices rose at an average annual rate of 5.2% (for Q3 2023, following 6.7% in 2022).
- → Mortgage lending grew by 7.8% to EUR 7.7 bn.

MACROECONOMIC OVERVIEW

Following the strong growth in 2022 and despite continued geopolitical risks due to the war in Ukraine and rising inflation, economic activity moderated but still exceeded that in the euro area. Real GDP grew by 5.6% (8.1% a year earlier), with a large positive contribution from net exports offsetting a negative contribution from domestic demand. The latter's increase, which was over and above its 2021 and pre-pandemic levels, was the main factor in GDP growth for 2022 adding 10.9 pps over the previous year.

Imports grew by 4.6% and exports by 8.7%. Net exports added 7.3 pps to annual real GDP growth. This reflected a smaller trade deficit in goods (in volume terms), which in part reflected a reduction in aircraft imports, and a higher surplus from trade in services.

In 2023, government consumption grew by 3.3% (1.9% in 2022) due to higher spending on intermediate consumption and compensation of employees. Overall, government consumption added 0.6 pps to growth.

The labour force expanded by 5.1% in the first nine months of 2023, faster than the 4.3% in the same period of 2022. Employment grew by 5.4%, (5.0% in the corresponding period in 2022), exceeding the average increase of 3.4% since 2003. According to the Labour Force Survey (LFS), the unemployment rate averaged 2.6% during the first three quarters (compared to 2.9% in the same period of 2022). Nevertheless, the rate remained well below the Euro area average of 6.5%.

As of September 2023, 111,030 there were foreign workers, up from 89,549 in September 2022, rising in all types of occupation, the largest increases in absolute terms – amounting to just over half the total level increase – were in elementary occupations and in services and sales jobs. These were also the two most prevalent jobs held by foreign employees.

Labour productivity declined by 0.8% in 2023, following a 2.0% rise in the previous year. Productivity growth turned negative as employment rose at a faster pace compared to 2022, while GDP growth slowed.

In the first three quarters of 2023, the general government deficit declined significantly compared to the corresponding period of 2022 to EUR 295.9 mn, EUR 337.2 mn lower than the corresponding period of 2022. When measured on a four-quarter moving sum basis, the deficit-to-GDP ratio narrowed from 5.6% as at end-2022 to 3.4% in the third quarter of 2023. Meanwhile, the government debt-to-GDP ratio fell by 2.0 pps compared to December 2022, to 49.6% of GDP. The general government net financial worth also improved as the share of financial assets in GDP rose by 0.8 pps to 28.9%, as at end September 2023.

The average rate of Harmonised Index of Consumer Prices (HICP) inflation was 5.6%, down from 6.1% in 2022. Though still high by historical standards, HICP inflation fell since the second quarter of the year. Consequently, inflation eased from 6.8% in January 2023 to 3.7% by December 2023.

HOUSING AND MORTGAGE MARKETS

The home-ownership rate rose to almost 75%. The number of constructions permits declined to 8,112 after increasing significantly in 2022 (9,599). Apartments were again by far the largest residential category, almost 87% of new building permits.

At 12,179 (14,331 in 2022) the number of house sales fell significantly although the relative value remained virtually unchanged at EUR 3.2 bn (EUR 3.3 bn in 2022).

Residential property prices continued to increase during the first three quarters of 2023. The NSO's Property Price Index (PPI) – based on actual sales of apartments, maisonettes and terraced houses – increased at an average annual rate of 5.2% during the first three quarters of the year, following a 6.7% increase in 2022 as a whole.

Mortgages to residents for house purchases totalled around EUR 7.7 bn at year end, from around EUR 7.1 bn in 2022. The core domestic banks extended well over 90% of credit to households and individuals (which includes mortgage loans). The median loan-to-value ratio fell slightly to 76.5%. Average interest rates on new residential loans increased slightly in 2023 to 2.69% (2.67% in 2022). This is so because Maltese commercial banks have only passed on to a limited extent interest rate increases via mortgage rates and lending rates for non-financial corporations, when compared to the other Euro area countries.

In recent years, various factors contributed to the attractiveness of property investment such as: an increase in disposable income; the influx of foreign workers which increased demand for property and a growth in tourism which led to a strong demand for private accommodation.

The Malta Citizenship by Investment scheme, which allows foreigners to acquire Maltese citizenship, subject to certain conditions, also played a role in generating demand for local properties.

MORTGAGE FUNDING

Mortgage loans are mainly provided by the core domestic banks, predominantly Bank of Valletta plc and HSBC Bank Malta plc, with 66% of the domestic retail market (based on percentage of deposits). These latter banks rely mainly on resident deposits for funding, which in 2023 increased to almost EUR 28 bn. Local retail deposits provide ample liquidity to the core domestic banks and with a loan-to-deposit ratio as low as 58% (as of June 2023), such banks do not need to resort to issuing covered bonds nor to securitising assets on a material basis.

GREEN FUNDING

During the last few years, various domestic banks, launched a wide array of green loan products to finance the acquisition of equipment and fixtures for example to generate renewable energy or increase energy efficiency. This which include PV panels; green roof gardens; solar water collectors; space heating and hot water or cooling generation; insulation; interior and exterior apertures – double glazing and insulation; ventilation, heating or cooling and lighting systems; energy generation household storage and EV household charging stations.

Sources: inter alia CBM Annual Report 2023, CBM Interim Financial Stability Report 2023, NSO website and CBM website Monetary and Banking Statistics

	MALTA 2022	MALTA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	8.1	5.6	0.4
Unemployment Rate (LSF), annual average (%) (1)	2.9	3.1	6.1
HICP inflation (%) (1)	6.1	5.6	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	82.6	n/a	69.2
Gross Fixed Investment in Housing (annual change) (1)	-2.9	-7.3	-3.1
Building Permits (2015=100) (2)	241.3	n/a	94.0
House Price Index - country (2015=100) (2)	142.2	155.3	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	6.7	9.2	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	7,910	8,353	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	15,183	15,410	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	n/a	n/a	71.3
Gross residential lending, annual growth (%) (2)	n/a	n/a	-26.6
Typical mortgage rate, annual average (%) (2)	2.9	2.9	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

MALTA FACT TABLE

Which entities can issue mortgage loans in your country?	Main issuers of mortgage loans within the local banking sector are the 6 core domestic banks namely: APS Bank Ltd; Bank of Valletta plc; BNF plc; HSBC Bank Malta plc; Lombard Bank Malta plc, MeDirect Bank (Malta) plc; plus 3 other banks, FCM Bank Ltd, FIMBank plc and Izola Bank p.l.c. *Implementation of a Sectoral Systemic Risk Buffer (sSyRB) locally* - As per the Statement of Decision on the Implementation of a sSyRB for Malta, the Central Bank of Malta (CBM) together with the MFSA, following the recommendation of the Maltese Joint Financial Stability Board, decided to set a sSyRB of 1.5% with effective date being that of 28 March 2023. The aim of the sSyrB is to address the prevailing cyclical and concentration risk related to domestic banks' exposures to the RRE sector risk via mortgage loans to households. The buffer is applicable on the amount of RWAs held against domestic mortgages to natural persons and secured by domestic RRE collateral. Buy-to-let residential loans to natural persons secured by RRE collateral are also in scope of the buffer. The buffer is applicable to all domestic credit institutions which are engaged in mortgage lending, with the sSyRB's first phase of implementation being end September 2023 (1% rate), and fully phased-in (1.5% rate), as of end March 2024.
What is the market share of new mortgage issuances between these entities?	Not available By way of academic research on issues driving mortgage lending locally, in 2023 the CBM published an interesting Working Paper - WP/06/2023 Financialisation of the Maltese household? Household debt dynamics, the mortgage market, and housing in Malta authored by Dylan Cassar – which provides a comprehensive assessment of household debt dynamics in Malta between 2010 and 2020. Drawing on the Household Finance and Consumption Survey, the author argues that a process of financialisaton of the household is underway on the Maltese islands, primarily via the mortgage market. This process is characterised by (I) financial extension, in which more households partake in mortgage finance in their entry to homeownership, and (II) financial intensity, in which households accumulate more debt in accessing the property market. In explaining this process, the author claims, firstly, that mortgage finance represents an 'alternative' channel to older dominant institutional entryways to homeownership. Secondly, Maltese households are engaging in financial intensification in order to stretch their purchasing power in the property market, and possibly to maintain a standard of living comparable to older generations'. While this is the case for the average Maltese household, results point to some heterogeneity across different households, as younger and lower-income households are relatively more indebted, though the latter are also being driven out of the property market in the context of rising property prices. The paper sets out a novel agenda for scholarship in the Maltese context, namely, to put under scrutiny the increasingly central place of finance in Maltese society. https://www.centralbankmalta.org/site/Reports-Articles/2023/WP-06-2023.pdf?revcount=8250
Which entities hold what proportion of outstanding mortgage loans in your country?	As an approximation, HSBC Bank and Bank of Valletta (BOV) account for 73.4% of the total assets (December 2023) held by the core domestic banks. The latter's mortgage and consumer credit loans to household and individuals totalled around EUR 8.3 bn as at end 2023, with most of this figure comprising mortgages. Despite growing at a slower pace from that registered in 2022, mortgages still expanded by 7.6%. As a result, loan concentration risks remained present, with resident mortgages accounting for just above 55% of resident customer loans.
What is the typical LTV ratio on residential mortgage loans in your country?	It appears that the median loan-to-value (LTV) ratio for RRE lending has remained contained at around 76.5%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The banks in Malta clearly differentiate between mortgages for residents and commercial/business loans involving property development. Moreover, with the implementation by the Central Bank of Malta in 2019 of CBM Directive No. 16 – Regulation on Borrower Based Measures (BBMs), a minimum standard was set by means of which the resilience of lenders and borrowers could be strengthened against the potential build-up of vulnerabilities which could result in financial losses to both parties stemming from potential unfavourable economic developments. The Directive includes borrower based macroprudential measures such as caps to loan-to-value (LTV) ratios at origin, stressed debt service-to-income (DSTI) limits, and amortization requirements. These measures distinguish between Category I borrowers who comprise purchasing their primary residential property and Category II borrowers who comprise purchasing their second or additional residential property or buy-to-let properties. Paragraph 19 of the said Directive on BBMs, states that domestic banks' compliance with the Directive is to be verified annually by the internal auditor of the reporting lender, and by an external auditor at the end of the financial year of the third year of application of the Directive, and every third year thereafter. In line with Article 19 of Directive No. 16 on borrower-based measures, lenders are required to submit internal audit reports on an annual basis, as a verification of compliance with the Directive. During the first quarter of 2023, the CBM communicated a set of Guidelines for Directive No.16 Internal Audit reports to domestic credit institutions. The aim of these Guidelines is to ensure that checks applied by the respective banks' auditors in their internal assessments are consistent, and to standardise the processes across the reporting banks, thus ensuring better adherence to Directive No. 16. In 2023, the CBM analysed the reports for the financial year 2022 where all banks were deemed compliant with the requirements of the Directive.
What is/are the most common mortgage product(s) in your country?	In Malta borrowers can choose both fixed and variable rate mortgages, with capital and interest payable over the term of the loan. A moratorium on capital repay¬ments can normally be agreed for an initial number of years, during which interest only is repaid.
What is the typical/ average maturity for a mortgage in your country?	The maximum maturity granted in Malta is linked to the retirement age. 40-year mortgages to Category I borrowers are only issued on condition that the mortgage is repaid before the borrower reaches the age of 65.
What is/are the most common ways to fund mortgage lending in your country?	Mortgage funding in Malta remains predominantly deposit based. Core domestic banks, with assets of about 1.51 times (December 2023) GDP, provide over 95% of bank lending to residents in Malta and collect around 97% of total resident customer deposits.

What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?

In Malta, there is a 5% Duty on Documents (Stamp Duty) on purchases and one final withholding tax of 8% on the value of the property when sold.

5% Duty on Documents calculated on the purchase price of the immovable property. If the Buyer is a European Union Citizen declaring on deed that he shall reside in the property being purchased as his sole ordinary residence, then the preferential rate of 3.5% is applied on the first EUR 150,000 of the price. In respect of transfers of immovable property, made on or after the 5th November 2013 but before the 1st July 2015, no duty shall be chargeable on the first EUR 150,000 of the aggregate value of the consideration paid for the acquisition of such property, provided that this is the first immovable property acquired inter-vivos by such person. More information is found on http:// www.notariesofmalta.org/taxinfo.php

With effect from 1 January 2015 the current sys¬tem consisting of both a 12% final withholding tax on the sales value or 35% tax on the profit or gain, was replaced by one final withholding tax of 8% on the value of the property sold subject to the following exceptions:

- transfers of immovable property acquired prior to 2004 are subject to a final withholding tax of 10% of the sales value (down from 12%);
- transfers of immovable property by non-property traders within the first five years of acquisition are subject to a final withholding tax of 5% of the Sales Value;

What is the level (if any) of government subsidies for house purchases in your country?

The Maltese Housing Authority currently provides the following schemes: (a) Grant to Assist Owners in the Construction and/or Completion or Rehabilitation of their First Home; (b) Installation of lifts in Government owned residential blocks/entrances; (c) Rent Subsidy in Private Rented Residences; (d) Scheme for Persons with Disability; (e) A Scheme to encourage residents of apartments/terraced houses and maisonettes owned by the Housing Authority and the Government Property Department to become owner occupiers and continue using the property as their ordinary residence; (f) Subsidy on Adaptation Works in Residences occupied by Owners or Tenants; (g) Subsidy on Adaptation Works related to dangerous structures in Private Dwellings Held on Lease or Emphyteusis; (h) Redemption of Ground Rent, (i) Equity Sharing Scheme which applies for persons over the age of 40, who intend to buy their residence by purchasing at least 50% of the property whilst the rest will have to be purchased by them at later stage (j) a scheme which includes an allocation of funds specifically for the restoration of streetscapes that are located within Urban Conservation Areas (UCAs). As in previous years, the scheme is also open to owners of privately owned residential properties situated within Urban Conservation Areas (UCAs) and Grade 1 and Grade 2 scheduled buildings (k) a Scheme to entertain proposals from owners of vacant residential property who wish to lease their property to the Housing Authority for the purpose of social housing.

The Maltese Housing Authority embarked on a EUR 50 mn project which involved a EUR 25 mn financ¬ing from the European Investment Bank. The project concerned the financing of investments in social housing in the years 2016-2020 foreseen by the country's social housing programme that will be implemented by the national housing authority. EIB funding will concern retrofitting and new construction of social housing and associated infrastructure facilities. The housing investments will need to satisfy the EIB's eligibility criteria for urban renewal and sustainable cities and communities.

The project will contribute to the alleviation of the current shortages in social housing supply in Malta. The project is expected to contribute to (I) the reduc¬tion of the shortage in social housing supply in Malta; (II) improving the quality of existing social housing stock; (III) potentially reducing energy consumption of the existing building stock; (IV) promoting social inclusion of low-income households; (V) the implemen¬tation of the housing strategy developed by Maltese municipalities. Housing construction typically gener¬ates significant employment both directly through construction and indirectly through consumables purchased by residents. The project therefore has potential to contribute significantly to sustainable growth and employment. Source: EIB web site:

https://www.eib.org/en/projects/pipelines/all/20150802

The Netherlands

By Marcel Klok and Nico de Vries, ING and Paul de Vries, Land Registry
and Jan-Willem Pijper, De Nederlandse Vereniging van Banken (NVB)

IN A NUTSHELL

→ The economy stagnated with a 0.1% GDP growth y-o-y (after 4.3% in 2022).
→ House prices decreased by 1.9% y-o-y but increased by 1.7% q-o-q in Q4.
→ Inflation remained evaluated at 4.1%, wages also increased.
→ The maximum mortgage is now linked to the energy label.

MACROECONOMIC OVERVIEW

The economy went into recession in the first three quarters but returned to growth in Q4. Overall annual growth was positive (0.1%). The contraction was driven by household consumption, inventory reductions, and especially exports. Global rebalancing from goods to services after the pandemic goods boom caused a decline in world trade in goods. Dutch exports suffered from this, and from an imposed reduction in gas production and weak demand from the Eurozone due to high energy prices.

Consumers purchased less due to high inflation, primarily in energy and food prices. As income growth, which was supported by accelerating contractual wages, low unemployment and government assistance for low-income households caught up with inflation, consumption increased in H2.

Although inflation remained high at 4.1%, it decreased significantly during the year due to lower energy prices.

The travel industry, machinery industry, oil industry, culture and recreation, and hospitality sectors all expanded whilst mining and quarrying, manufacturers of building materials, plastics, chemicals, textiles, and temporary job agencies experienced the largest contraction. The number of bankruptcies increased but remained below historic averages. Business investment initially expanded due to long lead times, but the recession and global outlook caused investment contraction in H2.

In July, the government resigned due to disagreements over migration restrictions. Despite this some policies continued to be implemented generating growth in sectors such as public administration, education, and health care. Public investment expanded, and public consumption ended up as the main contributor to GDP growth.

LOOKING AHEAD

Given that no new government has been formed yet, policies remain uncertain. Despite this, it is reasonable to assume that fiscal policy will remain expansionary supporting growth of GDP and wages and supporting employment. Economic growth is expected to remain below normal in 2024 at with 0.7%. High labour cost increases will lead to some (but limited) cooling of the labour market. With increasing reluctancy to hire, bankruptcies, deferred tax repayment by inviable businesses , unemployment is expected to rise from the current very low levels. Wage increases are expected to slow but will still be considerable due to continued labour market tightness. Wage increases which averaged just below 6% provide further upward pressure to house prices.

HOUSING MARKETS

In May, existing owner-occupied homes were 6.2% cheaper than the market peak in 2022 but by October the difference had shrunk to minus 3.6%. In Q4 prices rose in almost all regions, recouping most of the 6.2% price decline between the summer of 2022 and the spring of 2023.

The return of price rises is due to improved affordability, in particular for owner-occupied houses. There are few houses for sale, an increased number of viewings per property and less new construction.

Despite the significant impact of rising interest rates on affordability and on confidence and expectations about the owner-occupied housing market, fears in 2022 for a major market correction did not materialize.

In addition to wage growth, the borrowing capacity of single people (with an annual income of at least EUR 28,000) will increase due to the expanded borrowing options. They will be able to borrow an additional EUR 16,000 from next year.

The maximum permitted mortgage for a home will become more dependent on the energy label in 2024. Anyone who buys an energy-efficient home will be able to borrow more money in 2024, amounting up to EUR 50,000.

Because of the above factors it is anticipated that home prices will average 6.2% higher in 2024 than in 2023.

Fewer existing homes were sold, the number of transactions declined 5.5%. Just over 182,000 existing homes were sold in 2023, significantly less than in the previous five years when the average was 218,000.

MORTGAGE MARKETS

Total Outstanding Residential Mortgage Lending at the end of 2023 was EUR 826,157 mn, up by 1.5% y-o-y. Gross residential lending decreased by 30% to EUR 107,240 mn. The average mortgage interest rate (weighted) at the end of 2023 was 3.84%, up from 3.29% in Q4 2022. Variable interest rates (fixed for up to 1 year) averaged 5.07%, while long-term fixed (10 years or more) were 3.3%. 68% of new mortgages had an initial fixed rate for over 5 years, while 22% had a variable rate.

MORTGAGE FUNDING

The mortgage lending landscape is diverse. New originations came from banks, third-party originators, insurers, foreign parties and others. Banks use various sources of funding but depend heavily on customer deposits (over 60% on average) followed by wholesale funding such as secured and unsecured debt. Wholesale funding was slightly higher due to some (early) TLTRO replacement despite continued strong growth in deposits, tightening credit conditions and a slowing housing market reducing funding needs. Covered bonds remain the preferred wholesale funding tool for mortgage portfolios due to favourable funding costs and the good asset-liability match whilst securitisation is generally not used. At the end of 2023, Dutch banks' total amount of outstanding mortgage-backed covered bonds equalled EUR 212,057 mn, but issuance declined from EUR 37,956 mn in 2022 to 20,125 mn in 2023.

For non-banks, mortgage funding is diverse. Insurers invest for their own book whilst third-party originators are typically funded by institutional investors. Meanwhile, a number of small, non-bank lenders are funded by a combination of bank warehouse facilities, whole loan funding and Prime RMBS, though the latter saw a substantial increase in 2023 by 275% from 2022, which was marked by market disruptions and widespread levels in 2022.

	THE NETHERLANDS 2022	THE NETHERLANDS 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	4.3	0.1	0.4
Unemployment Rate (LSF), annual average (%) (1)	3.5	3.6	6.1
HICP inflation (%) (1)	11.6	4.1	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	70.6	70.2	69.2
Gross Fixed Investment in Housing (annual change) (1)	1.0	-1.3	-3.1
Building Permits (2015=100) (2)	116.0	0.0	94.0
House Price Index - country (2015=100) (2)	186.8	183.3	170.2*
House Price Index - capital (2015=100) (2)	200.2	190.2	165.1*
Nominal house price growth (%) (2)	13.6	-1.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	813,300	826,157	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	46,235	46,384	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	167.3	154.7	71.3
Gross residential lending, annual growth (%) (2)	-5.6	-30.4	-26.6
Typical mortgage rate, annual average (%) (2)	2.4	3.7	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

THE NETHERLANDS FACT TABLE

Explanation: Answers to the following questions will be used to construct information charts and a small table to be included in every country report in Hypostat. The idea is that these aspects do not vary on a continuous basis and will (probably) remain mostly true for a long period of time. Their accuracy should be checked every year, but there will be no need to update them with new data every year as is the case for the statistical tables. Please provide answers to the following questions in the boxes below, trying to be as concise and to the point as possible:

Which entities can issue mortgage loans in your country?	Mortgages are mostly being issued by banks and insurance companies. But also, the government, municipalities, companies in general and private persons may issue mortgages. However, for professional issuing of mortgages a company needs a license from the Netherlands Authority for Financial Markets. There are strict regulations for license holders to protect the consumer.
What is the market share of new mortgage issuances between these entities?	Not available.
Which entities hold what proportion of outstanding mortgage loans in your country?	Not available.
What is the typical LTV ratio on residential mortgage loans in your country?	Maximum LTV in 2022 is 100% (106% when financing energy saving measures). The average LTV for all new mortgage applications at HDN in 2022 was 55.4%, and 75.9% for house purchase mortgage loans.
How is the distinction made between loans for residential and non-residential purposes in your country?	A mortgage is registered at the Kadaster (Land Registry and Mapping Agency). At the time of registration of the mortgage, it must be specified whether a piece of land or object is meant for residential purposes.
What is/are the most common mortgage product(s) in your country?	Annuity and interest-only.
What is the typical/ average maturity for a mortgage in your country?	30 years.
What is/are the most common ways to fund mortgage lending in your country?	Deposits and wholesale funding.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	2% taxes; 4% other transaction costs (i.e. notary; real estate agent; taxation).
What is the level (if any) of government subsidies for house purchases in your country?	There is a guarantee fund, the Nationale Hypotheek Garantie (NHG). For mortgages lower than EUR 355,000 and meeting certain conditions, the NHG guarantees the repayment of the remaining mortgage debt in case of foreclosure (again subject to certain conditions).

Poland

By Agnieszka Nierodka, Polish Bank Association

IN A NUTSHELL

- → In economy struggled with record-high inflation of 10.9%.
- → The strong labour market and record wage increases stimulated real estate demand.
- → The main driver of mortgage market growth in H2 was an exceptionally favourable subsidy scheme.
- → With limited supply, the surge in demand led to high property prices - even double-digit increases.

MACROECONOMIC OVERVIEW

The economy slowed considerably with GDP growth reaching only 0.2% compared to 5.6% in 2022, the worst growth since 1995, (not counting the pandemic). Growth was were severely undermined by 10.9% inflation, leading to a collapse in consumption as consumers rebuilt savings and as the number of consumers fell due to the departure of Ukrainian refugees, whose spending the Central Statistical Office (GUS) does not distinguish from that of domestic consumers.

Also, a sharp rise in interest rates hit household incomes and made it harder for companies to access financing. This was compounded by a decline in foreign demand for domestically produced goods. On the other hand, fixed asset spending increased 8.0% y-o-y. This increase was mainly caused by the acceleration of public investment, due to the end of the EU's 2014-2020 financial perspective, which meant that all projects had to be completed and accounted for by the end of 2023. Despite the economic slowdown, the labour market remained pretty much unaffected. Unemployment rate was broadly unchanged at 2.8%, one of the lowest in the EU. The unemployment rate will probably remain at a historical low in upcoming years due to negative demographic trends.

Persistent inflationary tensions resulted in a decline in GDP growth and a series of interest rate hikes. GDP is being driven by domestic demand – despite a significant influx of refugees – the pace of retail sales began to decline strongly in the second half of 2022. As a result, despite good economic growth in 2021 and early 2022 – GDP growth dropped to just 0.6% y-o-y in the last quarter of 2022. In response to the rapid increase in inflation, the National Bank of Poland (NBP) continued the series of increases in the benchmark interest rate started in 2021. The base rate was raised by 5 pps to 6.75%. Although this is the highest level of the reference rate since 2002, it remains below the inflation rate.

LOOKING AHEAD

Forecasts for 2024 assume GDP growth of 3.0-3.5%. The recovery in private consumption is a matter of time, given the strong real wage growth expected in 2024. Most likely, investment will continue to increase – the financing gap associated with the end of the EU's 2014-2020 financial perspective is likely to be filled by National Reconstruction and Recovery Plan, and companies' needs for energy efficiency improvements and automation remain high. After reaching its peak in 2023, CPI inflation is forecast to fall to around 4,5% y-o-y (still above the inflation target of the central bank).

The growth property prices are likely to slow in 2024, but we do not expect a significant decline in prices. Demand will be sustained by the projected increase in creditworthiness, supported by rising wages and declining interest rates. The issue of the government's new housing support programme (to replace the 2% Secure Credit programme, which will expire in 2023) remains uncertain. Although the government started consultations on the new programme at the end of 2023, current announcements indicate that the new support programme may not be launched until 2025 at the earliest.

HOUSING MARKETS

The number and area of dwellings completed in 2023 fell along with construction starts and permits issues. In 2023, 221.3 td dwellings with a total floor area of 19.9 mn m^2 were completed, a decline of 7.2% and 9.6% y-o-y, respectively. It was the first year in the last 5 with a decrease in the number and floor area of dwellings completed. The average floor area of a dwelling completed in 2023 was 89.9 m^2, 2.4 m^2 less than in 2022.

Construction of 189.1 td dwellings was started in 2023, 11.2 td (5.6%) less than a year earlier.
The average duration of construction of a new residential building in 2023 increased by 0.5 months to 43 months.
In 2023, building permits were issued for 241,700 dwellings - 56,700 fewer (19.0%) than a year earlier. Around 67% of those dwellings will be constructed by developers. Individual investors will build 30% and the remainder (3%) will be built social housing.

The double-digit increase in prices continued in 2023 in both the primary and secondary markets.
The largest increases in average price of residential properties were recorded in major cities in Poland, with the exception of Warsaw (although prices have also risen significantly in the capital, both on the primary and secondary markets). On the primary market the biggest price increases were recorded in Opole: 19.3%, Rzeszów: 15.2%, and Wrocław: 13%, ahead of Warsaw where the rise was 9.2%. For existing properties prices rose less, for example in, Rzeszów by 8.3%, Kraków: 8.1% and Opole: 8%, compared to Warsaw where prices rose by 5.5%.

MORTGAGE MARKETS

MARKET DYNAMICS

The market size increased significantly, mainly due to the 2% Safe Credit programme and the first interest rate cuts in 3 years.

Despite still high rates, customers were more willing to buy residential properties – also as a way of protecting their savings against inflation. As a result, banks granted over 162.3 td housing loans, an increase of 29% y-o-y. Nearly 40% of those new loans were granted under the 2% Safe Credit programme.
The number of outstanding mortgages was 2.292 mn, 11% less than the peak in

2021. Their total value was nearly PLN 480 bn (4% less y-o-y). The average loan value was around PLN 375,000 – a record high and an increase of over 10% y-o-y. Loans with an LTV over 80% were nearly 25% of all new loans granted. The credit quality remained stable – NPLs were 2.22% (an increase of 0.10 pps y-o-y).
An interesting development in the Polish mortgage market in 2023 was the surge in popularity of loans with periodically fixed interest rates. While as recently as in 2021, nearly 97% of new loans were based on a variable rate – in 2023 it was only about 30%. Fixed-interest loans granted on market terms typically have a 5-year fixed interest, while loans granted under the 2% Safe Loan - have a 10-year fixed rate.

NON-MARKET LED INITIATIVES

The increase in the share of periodically fixed-rate loans is also a result of the '2% Safe Loan' prevailing in 2023. In order to benefit from this, the client had to take a fixed rate for the first 10 years of the loan. Nearly 93 td people (nearly 40%) benefited from the programme and took out mortgage loans totalling PLN 27.2 bn. In total, nearly 67 td preferential loans were granted. It was assumed that 50 td loans would be granted over two years, with the budget for 2023-24 closing at PLN 941 mn. The programme offering preferential credit ended quickly (although it was planned for two years) due to the exhaustion of its budget.

MORTGAGE FUNDING

The main funding instrument for mortgages are deposits, followed by covered bonds. According to the covered bond law, only specialised mortgage banks are eligible to issue covered bonds in Poland. In 2023 there were 5 mortgage banks registered in Poland: mBank Hipoteczny S.A., PKO Bank Hipoteczny S.A., Pekao Bank Hipoteczny S.A, ING Bank Hipoteczny S.A., and Millennium Bank Hipoteczny S.A.

To stimulate the mortgage covered bond market in Poland and change the structure of mortgage funding, in mid-2023 the Financial Supervision Authority (KNF) began work on introducing a new long-term financing ratio. A draft of this new ratio has gone out for consultation, work on calibrating the indicator should be completed in the summer of 2024.

	POLAND 2022	POLAND 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	5.6	0.2	0.4
Unemployment Rate (LSF), annual average (%) (1)	2.9	2.8	6.1
HICP inflation (%) (1)	13.2	10.9	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	87.2	87.3	69.2
Gross Fixed Investment in Housing (annual change) (1)	-0.3	-1.4	-3.1
Building Permits (2015=100) (2)	135.6	107.8	94.0
House Price Index - country (2015=100) (2)	177.5	188.3	170.2*
House Price Index - capital (2015=100) (2)	170.8	182.7	165.1*
Nominal house price growth (%) (2)	10.4	6.1	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	106,166	110,595	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	2,819	3,009	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	28.5	25.3	71.3
Gross residential lending, annual growth (%) (2)	-45.0	24.0	-26.6
Typical mortgage rate, annual average (%) (2)	7.7	8.3	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

POLAND FACT TABLE

Which entities can issue mortgage loans in your country?	Banks and credit unions
What is the market share of new mortgage issuances between these entities?	No detailed data available, rough estimates: less than 1% of new lending is granted by credit unions, over 99% – by banks.
Which entities hold what proportion of outstanding mortgage loans in your country?	Around 99.9% - banks; 0.1% - credit unions.
What is the typical LTV ratio on residential mortgage loans in your country?	19.55% of new loans granted in 2022 had LTVs over 80%; 52.87% - LTVs between 50-80%; 11.58% - LTVs between 30-50%; 16.01% - LTVs below 30%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Borrower's statement – the client must declare (in loan's application) for what purpose the credit will be used; bank is allowed to check whether the loan was used according to that declaration.
What is/are the most common mortgage product(s) in your country?	In 2022, there was a significant change in the type of mortgages in terms of their interest rate type. While in earlier years the typical mortgage in Poland was a variable-rate mortgage, in 2022 loans with a periodically fixed interest rate began to prevail among new loans.
What is the typical/ average maturity for a mortgage in your country?	Between 25 and 35 years (according to yearly data, around 64.5% of new lending belongs to that range in 2022).
What is/are the most common ways to fund mortgage lending in your country?	Banking deposits and interbank lending.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	• establishment of a mortgage – 0.1% of the secured amount; • notary fee (depends on the value of property) – usually: PLN 1,010 + 0.4% over the value of PLN 60,000 (+ VAT 23%); • additional notary documents – PLN 6 per page; • entry to the mortgage register – PLN 200; if there's no mortgage register for the property - establishment of mortgage register costs additionally PLN 60; • tax on civil law transactions (paid only if the property is purchased on secondary market) – 2% of the value of property; • property valuation (sometimes covered by the bank) – usually PLN 300-600; • commission for the broker (if needed) – around 3% + VAT.
What is the level (if any) of government subsidies for house purchases in your country?	There are currently no government subsidies for house purchases in Poland.

Portugal

By Bruno Silva, DPEC - Departamento de Estratégia e Plano

IN A NUTSHELL

- GDP growth slowed to 2.3% (6.8% in 2022), inflation fell to 5.3% (8.1%) and unemployment rose to 6.5% (6.0%).
- The number of residential property transactions fell by 18.7% to 136,499 homes, after increasing 1.3% in 2022.
- Non-resident participation continued to increase only 45% of purchases were financed by domestic lending.
- Housing supply remains unable to match demand, with 22.8 td buildings licensed and 15.3 td completed (-7.7% and -1.8% y-o-y respectively).
- Drivers of the 1.4% fall in mortgages were rates, repayments, and lower demand.
- The Government approved additional measures to ease the burden on vulnerable borrowers' affordability.

MACROECONOMIC OVERVIEW

GDP grew by 2.3%, after 6.8% in 2022, the highest pace since 1987 and after the expansion of 5.7% in 2021 and the historic decline of 8.3% in 2020 – following the pandemic. Domestic demand was a positive contribution to growth, although less than previously, with a slowdown in private consumption and in investment. Net external demand also made a positive but lower contribution, with strong decelerations in volume of both exports and imports of goods and services.

This growth was accompanied by an increase in unemployment, from 6.0% in 2022 to 6.5% in 2023, and by a decrease in inflation – measured by the harmonised consumer prices index (HCPI) –, from 8.1% in 2022 to 5.3% in 2023. As in the Eurozone and elsewhere, after significantly higher inflation in 2022, it started to fall from the end of 2022. It also fell due to the VAT rate cut to 0% on several essential food items.

The budget balance had a surplus of 1.2% of GDP (0.3% deficit in 2022), with the public debt ratio decreasing of 13.3pps from 112.4% of GDP in 2022, to 99.1%.

The current account improved, from a deficit of 1.1% of GDP (as a result of the rise in prices of imported commodities, specifically energy) to a surplus of 1.4%.

The private savings rate dropped from 10.6% in 2021 to 6.3% in 2022 and then rose slightly in 2023 to 6.6%, partly exacerbated by rising inflation.

LOOKING AHEAD

For 2024, a further slowdown is expected, with GDP growing at around 1.8% (Banco Montepio projections; other forecasters range from +1.6% (OECD in May 2024) to +2.0% (Bank of Portugal in June 2024 and IMF in July 2024). The unemployment rate is expected to stabilize in 2024, in 6.5% (Banco Montepio projections; others range from 6.3% (OECD) to 6.5% (IMF and European Commission, in May 2024). Inflation is expected to decline in 2024, to 2.6% (Banco Montepio projections; with downside risks, another forecast from 2.2% (IMF) to 2.5% (Bank of Portugal).

As disclosed by BoP in March 2024, there are downside risks to economic activity – due to geopolitics, slowing external demand, financial tightening, uncertainty in economic policy and delays in the implementation of European funds – and balanced risks to inflation, where the risk associated with the energy markets will be mitigated by monetary policy.

Still highly restrictive monetary policy, inflationary pressures, the phasing out of public support for families and companies and the end of moratorium programs, will be challenges in 2024, with a potential negative impact on the mortgage and real estate market.

HOUSING MARKETS

According to the BoP's analysis, residential real estate prices continued to grow above the inflation rate in 2023, with signs of overvaluation of persisting. According to Statistics Portugal, the House Price Index (HPI) increased 8.2% in 2023, a slowdown compared to 2022 (+12.6%, the highest in the available series), having continued to grow since Q2 2015. The BoP considers that this growth is above the historical trend, and that signs of overvaluation have persisted since 2019, although these signs began to decrease in the 4th quarter of 2022.

According to Statistics Portugal, the number of residential property transactions fell to 136,499, for a total amount of EUR 28 bn. These were falls of 18.7% and 11.9% compared to 2022 (in number and value, respectively).

Participation of non-residents in the real estate market continued to increase. According to the BoP, non-resident buyers increased in the 1st half of 2023 (+2 pps) compared to the same period in 2022, to 12.7% (by value of transactions). However, the BoP recognizes that information tends to underestimate the relevance of foreigners, as many now have resident status (tax residence in the case of individuals). The European Commission estimated, in April 2024, that only 45% of residential real estate purchases in 2023 were financed by domestic lending.

Over the last 10 years, there has been an increase in non-resident buyers which, given the restricted supply, has had an impact on the resident population.

Supply has remained unable to meet demand. According to Statistics Portugal, 22.8 td buildings were licensed, and 15.3 td buildings were completed, decreases of 7.7% and 1.8%, respectively (-4.4% and -3.5%, in the same order, in 2022). In addition to licensing difficulties, disruptions to material supply chains, lack of labour and the increase in the cost of production were factors. In addition, higher interest rates tend to limit the construction of new buildings and the rehabilitation of used ones, and slightly more restrictive criteria for construction credit may exacerbate this.

According to the BoP, the limited supply of new housing and the lack of stock of homes mitigates the impact on prices of lower demand. The economy is now less dependent on the construction sector [construction fell from 9.2% of the economy's gross added value in Q3 2001 to 4.3% in Q4 2023 (at constant prices and without taxes) and the exposure of the banking sector to the construction sector is lower]. Construction costs have remained high, although slowing in recent months. Reflecting the construction/rehabilitation time of properties, the impact of increased construction costs on prices tends to be lagged, so they may continue to impact prices in particular for new buildings.

MORTGAGE MARKETS

Mortgage loans outstanding fell by 1.4% (EUR 1.4 bn) to EUR 99 bn (77% of total loans to households). This was mainly due to lower demand, with a decrease of 13% (EUR 1.9 bn) to EUR 12.6 bn in new loans (excluding restructuring decisions but including contract transfers between banks) to EUR 12.6 bn and increased early repayments (by 67% to EUR 10.7 bn, equivalent to 85% of the annual volume of new mortgage loans), due to higher interest rates, slow transmission of policy rates to deposit rates, as well as to the Government decisions to suspend fees on redemptions and allow the early reimbursement of Retirement and Education Savings Plans (PPR and PPR/E, article 6 of Law no. 19/2022, of 21 October), whose average monthly rate increased from EUR 70 mn, between Sep-19 and Sep-22, to EUR 100 mn since then.

As average interest rates charged on residential mortgage loans more than doubled, from 2.3% to 4.75%, debt service levels rose sharply, by an average of around EUR 400/month (a 33% increase vis-à-vis the previous year), leading to an increase in the weight of interest in instalments from 33% to 61%. Most new borrowers opted for mixed interest rates (a fixed rate period, usually 2 to 3 years, followed by a variable rate), whose weight in total new loans increased almost 4 times, from 16% in Dec-22 to 71% in Dec-23, leading to a decrease in floating rate loans outstanding by 10pp, from 90% to 80%, while the weight of mixed interest rate loans rose by almost 10 pps, from 6.4% to 16% in the same period.

The 2023 annual report of BoP macro-prudential measures stated that the recommendations regarding Loan-to-Value (LTV) ratios, Debt Service-to-Income (DSTI) ratios, and mortgage maturities are being followed. It also stated that borrowers' risk profile in new loans has improved significantly, with loans granted to low-risk customers (LTV ratio of 80% or less and a DSTI of 50% or less) increasing from 49% to 61%, between 2022 and 2023.The BoP underlined that "the better risk profile is a result of the increase since 2019 in the percentage of loans granted with LTV ratio equal to or less than 80% (from 48% in 2019 to 68% in 2023), while the distribution relative to DSTI ratio remained unchanged from 2022". Additionally, as in 2021 and 2022, 97% of new credit for housing and consumption had a DSTI ratio below or equal to 60%, with approximately 91% being below 50%, representing a decrease of 3 pps from the previous year (due to higher rates, BoP reduced interest rate shock used for the DSTI ratio from 3% to 1.5%, for contracts with a maturity above ten years, as of October 2023). The average maturity of new housing loans was 30.6 years in Dec-23, close to the 30.7 years in Dec-22, converging to the macroprudential recommendation of 30 years, although younger borrowers tend to opt for longer maturities.

The Government's set of measures to improve the access to affordable housing "Mais Habitação" ("More housing") and mitigate the impact of rising rates on households include (I) setting fixed monthly instalments for loans with variable rates, for a maximum of two years[1] (II) providing a temporary interest rate subsidy[2] and (III) extending the suspension of early repayment fees, only applied to variable rate mortgage loans, until December 31, 2024.

In November 2023, the BoP introduced a new requirement for banks that use internal ratings-based approaches to compute capital requirements for credit risk, corresponding to a systemic risk capital buffer of 4% over residential mortgages on Portuguese properties to be met by October 2024. This macroprudential tool aims to make institutions more resilient to systemic risk in the residential market, as Portuguese banks remain well capitalized (with an average CET1 ratio of 17% at the end of 2023, vs 14.8% in the previous year).

MORTGAGE FUNDING

Bank deposits continue to be the main source of funding accounting for more than 50% of banks' liabilities, higher than the average in the European Economic Area (EEA), which have been stable at around 30%. Moreover, debt securities issued represent only 6% of total liabilities, compared to an average of 20% among EEA banks.

Despite the reduction in total deposits by EUR 5.7 bn, to EUR 244 bn, the banking system's liquidity position remained robust, with the liquidity coverage ratio (LCR) at 243% (+19 pps compared to 2022 levels) and net stable coved ratio (NSFR) at 152%, both well above average EEA Banks (167% and 127%, respectively), while the loan-to-deposit ratio remained at 78%.

GREEN FUNDING

Under the Next Generation EU, Portugal has in place the Recovery and Resilience Plan (PRR) with a special focus on climate and environmental policies. Portugal's plan to support the green transition includes a public aid scheme for investment in the energy efficiency of residential buildings (up to EUR 300 mn) to (I) support a major wave of energy retrofits in residential buildings, (II) encourage resource and energy efficiency, (III) bolster energy production from renewable sources in the self-consumption regime, and (IV) combat energy poverty. Examples of such improvements include (a) installing heat-blocking insulation in walls, roofs, and windows; (b) installing climate control systems for home water heating and/or cooling (such as heat pumps); (c) installing renewable electrical energy generation systems under a community or self-consumption system for renewable energy; (d) water efficiency interventions, such as replacing outdated equipment with more energy-efficient models; (e) Interventions that promote the use of biomaterials, recycled materials and natural-based solutions.

ESG financing continues to improve in Portugal. As of December 23, total outstanding ESG bonds issued by resident entities amounted to EUR 10.7 bn (+47% y-o-y), of which 68% as green bonds. Non-financial corporations have the largest volume of debt securities classified as ESG, at EUR 8 bn. The financial sector issued the remaining EUR 2.7 bn.

Although the market is still improving, some banks offer mortgage loans with a discount on the interest rate or other benefits if the collateral has a higher Energy Efficiency Certificate grade.

[1] EBA Thematic note on moratoria and public guarantees, November 2020

[2] Growth expressed in domestic currency terms

	PORTUGAL 2022	PORTUGAL 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	6.8	2.3	0.4
Unemployment Rate (LSF), annual average (%) (1)	6.0	6.5	6.1
HICP inflation (%) (1)	8.1	5.3	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	77.8	76.0	69.2
Gross Fixed Investment in Housing (annual change) (1)	3.1	-1.1	-3.1
Building Permits (2015=100) (2)	366.8	391.1	94.0
House Price Index - country (2015=100) (2)	192.4	207.5	170.2*
House Price Index - capital (2015=100) (2)	n/a	n/a	165.1*
Nominal house price growth (%) (2)	11.3	7.8	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	101,700	100,370	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	9,824	9,589	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	61.1	56.6	71.3
Gross residential lending, annual growth (%) (2)	5.8	34.0	-26.6
Typical mortgage rate, annual average (%) (2)	3.2	4.1	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

PORTUGAL FACT TABLE

Which entities can issue mortgage loans in your country?	Credit institutions (according to Decree-Law No. 349/98 of Nov/11 and within the limits established in articles 3 and 4 of DL No. 34/86, of Mar/3 for commercial and investment banks). The types of credit institutions and respective activities are defined by the Legal Framework of Credit Institutions and Financial Companies (articles 3 and 4).
What is the market share of new mortgage issuances between these entities?	In 2022, the largest credit institutions are expected to have continued representing the bulk of new mortgage production, with market shares generally reflecting the current market structure of the Portuguese banking sector (as per question three).
Which entities hold what proportion of outstanding mortgage loans in your country?	The seven largest institutions in Portugal are CGD, Santander Totta, Millennium BCP, BPI, Novo Banco, Banco Montepio and Crédito Agricola, which hold market shares ranging from c.4% of Crédito Agrícola to c.25% of CGD as of December 2022. *Source: Annual Reports; Banco de Portugal (Monetary and Financial Statistics).*
What is the typical LTV ratio on residential mortgage loans in your country?	Since 1 July 2018, new residential credit agreements should observe the following LTV limits: 90% for credit for own and permanent residence; 80% for other purposes than the latter; 100% for purchasing immovable property held by the credit institutions themselves and for property financial leasing agreements. In 2022, the bulk of new credit operations (99.7%) had an LTV ratio equal or below 90% (53,5% with LTV ≤80% and 46,2% with 80%<LTV≤90%). *Source: Banco de Portugal (Macroprudential measure within the legal framework of credit for consumers).*
How is the distinction made between loans for residential and non-residential purposes in your country?	Loans for residential purpose comprise (i) mortgage loans, which include credit agreements for the acquisition or construction of permanent, secondary or for-rental housing, and (ii) other related-mortgage loans, which comprise loans celebrated with individuals that are subject to the mortgage loans rules. *Source: Banco de Portugal (Bank Customer Website).*
What is/are the most common mortgage product(s) in your country?	The most common mortgage products are written with variable interest rate indexed to Euribor rate. As of December 2022, 89.6% of the mortgage contracts portfolio were written with variable interest rate, 6.4% with mixed rate and 4% with flat rate. Of the contracts written with variable interest rate, 43% were indexed to Euribor 12m, 32.4% to Euribor 6m, 22.2% to Euribor 3m and only 2.5% were indexed to other reference rates.
What is the typical/ average maturity for a mortgage in your country?	Mortgage loans granted in 2022 had an average maturity of 30.7 years (32.5 years in 2021), 2.8 years lower comparing to the portfolio's (33.5 years as of December 2021, latest available data). *Source: Banco de Portugal (Retail Banking Markets Monitoring Report 2021; Recommendation on new credit agreements for consumers – progress report 1st quarter 2023).*
What is/are the most common ways to fund mortgage lending in your country?	From the banks perspective, retail and wholesale funding are the main sources of funding of the national banking system, with deposits becoming the main source (LTD ratio of 78.2% as of December 2022). From the point of view of customers, commercial banks are the most common providers of mortgage. *Source: Banco de Portugal, Portuguese Banking System: latest developments, 4th quarter 2022.*

What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	There are bureaucratic charges related with the necessary procedures (at the Land Registry, Municipality Council and Notarial Office), and specific taxes related with house transaction, as the municipal taxes on real estate (IMI) and on onerous transfer of property (IMT). In purchases through loans, banks usually charge commissions related to the credit process (study and opening), which often include asset-evaluation costs.
What is the level (if any) of government subsidies for house purchases in your country?	Since September 2012 it is not possible to hire mortgages loans with a subsidised system scheme. Currently there are special conditions for disabled people with a disability grade greater than 60% and for family households in very difficult economic situation (Law 58/2012 of Nov/9). Following the increase of reference interest rates, a new decree law (Decree Law 20-B/2023 of Mar/23) entered into force in March 2023 that aims to concede temporary support to households with mortgage loans contracted before 15 March 2023. Borrowers eligible to benefit from this support may have temporary interest subsidy when the index of their credit contract is equal or greater than a threshold of 3%. This subsidy will be 75 or 50% (depending on the applicant household's income level) of the value of the interest corresponding to the difference between the index value determined contractually and the index threshold (3% or higher). Are eligible for this subsidy the households and contracts that meet the following conditions: (I) loans contracted before 15 March 2023; (II) have an initial contracted amount equal to or less than 250,000€; (III) are written with a variable interest rate regime or, in the case of mixed interest rate contracts, are in a variable interest rate period; (IV) have no overdue payments; (V) have a debt-service-to-income rate equal to or greater than 35% of their annual income (considering only the respective mortgage loan payments); (VI) have an annual income equal to or below 38,632€ (by reference to the last annual tax return) or, if above, that demonstrate that they have suffered a drop in income of more than 20% that places them below the limit of 38,632€; (VII) have no financial assets (which include deposits, financial instruments, capitalization insurance or savings or treasury certificates) with a total value greater than 29,786€ (by reference to the social support index). This support will be granted until December 2023.

Romania

By Cristian Dragoș (Alpha Bank Romania), Ella Kallai (Alpha Bank Romania), Ștefan Dina (Romanian Association of Banks)

IN A NUTSHELL

- → GDP growth slowed to 2.1% but unemployment remained constant.
- → House prices continued to increase, but at a lower rate than general inflation.
- → The mortgage market shrank for the first time since 2008, with the largest fall in foreign currency denominated loans.

MACROECONOMIC OVERVIEW

The economy grew in 2023 despite the slowdown in its main trading partners, in particular in the EU. In real terms it grew by 2.1%, half the growth of 2022 to EUR 323.2 bn or, 45.1% of the EU27 average GDP per capita (42.1% in 2022), indicating continued real convergence. The drivers of growth were services and construction on the supply-side, and consumption on the demand-side. Although investments (gross fixed capital formation) grew compared to 2022 (by 12.6% from 5.7%), the effect on economic growth was offset by the reduction of inventories. The effect of foreign trade on economic growth was 0.1 pps, as imports dropped faster than exports compared to 2022.

The slowdown did not affect the unemployment rate which remained 5.6%. Nevertheless, the labour market eased. The number of unemployed per vacant job increased from 10 in the first quarter to 13 in the last quarter of the year.

HICP declined from 11.98% in 2022 to 9.8% in 2023. Despite this it is still high, impeding the start of monetary policy easing.

HOUSING MARKETS

Housing completions declined by 2.6% y-o-y in 2023, with sizeable regional disparities. In two regions it increased (South East +10.3% y-o-y and North East +3.2% y-o-y), in one region it was similar (South-West +0.4%) and in five it contracted of which two stood out by the abruptness (West -13.1% and North-West -12.1% y-o-y). For the West, 2023 is the second year of contraction, while for the Northwest the contraction from 2023 almost cancelled the growth from 2022. In 2023, the number of permits issued for residential constructions declined for the second consecutive year (-20.6% y-o-y), indicating a forthcoming decline in housing completion. All regions posted declines, with above average contractions in Bucharest-Ilfov (-31.2% y-o-y) and West (-25.2% y-o-y), both regions having the largest fall for the second year in a row.

Residential property prices increased by 3.3% y-o-y (7.2% in 2022). Prices of existing dwellings quasi stagnated (0.6% y-o-y), while those of new dwellings slowed to 8.7% y-o-y (11.4% in 2022). The only category where prices fell were apartments in Bucharest (-1.6%y-o-y). As in 2022, the prices of residential properties increased slower in urban areas (0.6% y-o-y) than rural areas (2.8% y-o-y) and the prices of apartments increased slower than the prices of houses (0.3% y-o-y vs. 1.9% y-o-y). It is possible that the extended work from home changed individuals' preferences for living conditions focusing now on larger dwellings outside urban clusters. Higher interest rates and the threshold change for application of reduced VAT (5%) on purchases of dwellings (an increase of the acquisition price ceiling for the application of a 5% VAT rate from ~EUR 91,000 to ~EUR 140,000 from 2022) led to a decline in the number of transactions for the second consecutive year in 2023 (-9.2% y-o-y, after -1.3% y-o-y in 2022).

MORTGAGE MARKET

Outstanding housing loans (in domestic currency equivalent) reached 6.6% of GDP after an annual decline of 0.4% in 2023, the first annual decline since 2008. The contraction was entirely in the abrupt fall of foreign currency denominated loans (-12.5% y-o-y). Domestic currency stock increased by 2% y-o-y. Hence, the currency of outstanding volumes was increasingly local currency (86% vs. 84% in 2022). This was because foreign currency loans became more expensive than domestic loans. The average rate on new local currency loans increased from 7.4% in Dec 2022 to 7.9% in Dec 2023, while the average rate charged for new euro-denominated loans was 8% p.a. in Dec 2023 vs. 5.5% in Dec 2022. However, access to foreign currency housing loans has been restricted since January 2019, when a new regulatory provision sets the maximum ratio of-to-income ratio at 20% for foreign currency loans against 40% for domestic currency loans.

According to the Central Bank's Financial Stability Report in Dec 2023 (FSR, Dec 2023), the portion of loans under the "First Home"/"New Home" programme continued to decline to 30% of total housing loans in September 2023 from approximately 47% five years ago. The flow of new "First Home"/"New Home" loans has recently declined substantially (-52% in September 2023 y-o-y to just 7% of the total. Loans granted under the "First Home"/"New Home" programme were higher quality than standard loans (their NPL ratio was 1.3% versus 1.8%, September 2023).

Since April 1, 2022, a new regulation applied reducing the LTV cap by 10 pps (10 pps increase in the down payment) for loans households buying non-primary properties. Following this, the share of new loans with an LTV between 65% and 75% widened from 28% in March 2022 to 37% in September 2023 and those between 75% and 85%, close to the regulatory limit, shrank from 48% in March 2022 to 25% in September 2023. Under the circumstances, the median loan-to-value ratio for new loans ("First Home"/"New Home" loans excluded) was 72%, whereas the LTV ratio for the entire housing loan stock stood at 69% (September 2023).

According to the Bank Lending Survey in Q4 2023, the average indebtedness of households (debt service to income) dropped slightly in 2023 Q4, shedding 1 pps for both new loans and outstanding loans, to 35% and 41% respectively.

MORTGAGE FUNDING

Deposits are the primary funding source for mortgages. During 2023, customer deposit growth outpaced the growth of non-government loans, reversing the two previous years. Thus, the loan-to-deposit ratio declined to 0.67x from 0.71x in 2022. Residents' deposits (in RON equivalent) increased at 11.8% annually, from 7.1% in 2022, reflecting higher for both households (58% of 2023 deposit growth) and legal entities, following the increased deposit's interest rates. Banks' external financing continued to widen as banks' share of foreign liabilities relative to total liabilities rose from 6.9% in Dec 2022 from 7.4% in Dec 2023.

GREEN FUNDING

Households have started to become interested in green housing loans. According to National Bank of Romania's Financial Stability Report, green loans were approximately 29% of total new housing loans in the first nine months of 2023. Most of these were for purchasing green homes (66% of the flow in September), ahead of loans for increasing energy efficiency. The small share of green loans in the total stock (6.3% in September 2023) indicates significant growth potential.

Green lending is a market in the making, where credit institutions in Romania assume their role of major contributors to raising the public's awareness of the importance of sustainability, offering banking products and services compliant with the new environmental, social and governance (ESG) policies. For the first time, in February 2024, sovereign green bonds worth EUR 2 bn were issued.

	ROMANIA 2022	ROMANIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	4.1	2.1	0.4
Unemployment Rate (LSF), annual average (%) (1)	5.6	5.6	6.1
HICP inflation (%) (1)	12.0	9.7	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	94.8	95.6	69.2
Gross Fixed Investment in Housing (annual change) (1)	3.1	3.1	-3.1
Building Permits (2015=100) (2)	111.6	88.6	94.0
House Price Index - country (2015=100) (2)	146.8	152.3	170.2*
House Price Index - capital (2015=100) (2)	142.4	137.1	165.1*
Nominal house price growth (%) (2)	7.2	3.7	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	21,432	21,218	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	1,125	1,114	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	15.4	12.9	71.3
Gross residential lending, annual growth (%) (2)	-2.9	-20.1	-26.6
Typical mortgage rate, annual average (%) (2)	5.2	7.3	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

[3] EBA Thematic note on moratoria and public guarantees, November 2020

[4] Growth expressed in domestic currency terms

ROMANIA FACT TABLE

Which entities can issue mortgage loans in your country?	In Romania, generally credit institutions can issue mortgage loans, with marginal input from non-bank financial institutions. Currently, there are 34 credit institutions of which are 9 foreign banks' branches. Additionally, other 65 non-bank financial institutions carry out multiple lending activities.
What is the market share of new mortgage issuances between these entities?	Banks are the main mortgage lenders, with marginal input from non-bank financial institutions.
Which entities hold what proportion of outstanding mortgage loans in your country?	Although official data is not available, top 10 banks originate most mortgage loans.
What is the typical LTV ratio on residential mortgage loans in your country?	The average LTV ratio for new loans was 68% in 2022.
How is the distinction made between loans for residential and non-residential purposes in your country?	Credit institutions grant: • mortgage loans (including loans within the "First House" Programme, renamed in 2020 in "New House" Programme), which are dedicated to residential purposes, more specifically to the acquisition or construction of houses. • consumer loans meant to address consumers' financing needs, with some of the most common product being the loan for personal needs.
What is/are the most common mortgage product(s) in your country?	Starting in 2009, loans granted under "First House" Programme have represented the main driver for mortgage lending in Romania. However, beginning with 2018, the penetration of "First House" loans in the new mortgage sales volumes dropped below 50%. In 2020, the "First House" Programme became the "New House" Programme. One of the main adjustments regards the increase of the maximum loan size for mortgages used to purchase new dwellings (not older than 5 years comparing reception date vs credit request date) to EUR 140,000. Moreover, maximum LTV ratio is set at 85% and the state guarantee increased to 60% as compared with maximum LTV of 95% and state guarantee of 50% for old residential buildings or new residential buildings with prices below EUR 70,000.
What is the typical/average maturity for a mortgage in your country?	The maximum lending period for loans granted under the "New House" Programme is 30 years. As for standard mortgage loans, other than the ones mentioned above, the maximum lending period stands at 35 years.
What is/are the most common ways to fund mortgage lending in your country?	The loan-to-deposit ratio stands at approximately 70% (Source: NBR, Dec. 2021). Thus, credit institutions mainly use funds attracted from clients to grant loans. Credit institutions have gradually reduced their dependence on 'parent' banks by increasing customer deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	A series of costs are applicable to mortgage loans. The most important ones include: • analysis fee, • valuation fees of the property to be mortgaged, either by internal evaluators of credit institutions or external evaluators. The average cost range for evaluating a residential property is about EUR 80-150 plus VAT. • costs related to obtaining the land book extract necessary for signing the mortgage real estate: RON 40 (approximately EUR 9). • notary/legal costs related to signing the mortgage contract, varying based on several factors: transaction value, property age, etc. E. g: The land book registration fee amounts to 0.15% of the sale price, the state tax owed by the seller amounts to 2% if the property is owned for less than 3 years and the value exceeds RON 200,000, etc. • also, for secured mortgage loans, credit institutions require home insurance, which depends on the value of the home, the maturity, the types of insured risks, etc..
What is the level (if any) of government subsidies for house purchases in your country?	There are no government subsidies for house purchasing, but there are specific programmes designed to assist customers who wish either to purchase a house or to build one. The "New House" Programme supports young people who want to purchase their first home via Romanian Government guarantees, the main benefits for the clients being a lower interest rate and down payment. Also, certain credit institutions have concluded agreements with the National Housing Agency to offer loans for the acquisition or construction of homes. The rental housing units for young people may be bought by the leaseholders (tenants) at the end of at least one-year continuous lease.

Slovakia

By Matej Bašták, Slovenská sporiteľňa

IN A NUTSHELL

→ Real estate prices stabilised by year end after a fall of about 10%.

→ Mortgage rates stabilised in Q4 at roughly 4.5%.

→ New production of mortgages suffered significantly due to increased rates and cooled real estate market.

→ Loan-to-deposit ratio above 100% mitigated by covered bonds.

MACROECONOMIC OVERVIEW

Despite the challenges, the economy has continued to grow, at 1.6% for 2023. While household consumption declined, investment revived after a weak 2022. Increased foreign trade also contributed to growth.

The labour market remained in good shape with the average unemployment rate falling to 5.8%, below 6% for the first time in history. Nominal wage growth accelerated to almost 10%.

Inflation peaked at 15.4% in Q1 and has since fallen. The base effect eased gradually during the year, while pressures from food prices also faded Inflation reached 6.6% as of December 2023 while the average rate during the year was 11%. Energy prices for households were capped at favourable levels with virtually no increase also for 2024, pushing the inflation below 3% in Q1 2024.

The public debt ratio, consistently well below the Euro area average and the Maastricht criteria, declined further by almost 2 pps due to inflation to 56%.

Household indebtedness finally stopped growing after years of steep increases. The growth of retail loans slowed significantly while nominal GDP increased at high pace. The ratio of retail loans to GDP thus decreased from 46% in 2022 to 43% as of year-end 2023. Although it is still well above peer CEE countries, stabilisation or further decline is expected in coming years.

HOUSING MARKET

Slovakia has the second highest homeownership rate in Europe (behind Romania) with 93.6% of the population owning houses, exceeding by far the EU long-term average of around 70%.

In the Bratislava region, which has the country's most expensive housing, residential property prices fell by 7.9% to EUR 3,077 per m2, after rising by more than 50% over the previous three years. Prices stabilised in Q1 2024. In general, regions with higher price increases in 2019-2022 had a more significant correction:

- The largest drop was in Presov region with 17% y-o-y decline (to EUR 1,786 per m^2)
- Banska Bystrica and Kosice, where prices more than doubled in the previous three years, experienced similar price decreases of about 12%.
- Zilina with -9% y-o-y change became the third most expensive region in Slovakia with EUR 1,874 per m2, overtaking Presov.
- Prices in the three remaining regions (Nitra, Trencin and Trnava) experienced prices falls of 6-7% y-o-y.

Price growth prior to the correction was fuelled by low interest rates, robust development in the labour market and low supply of new flats/houses. Increased mortgage rates, lower demand for investment by private individuals and general uncertainty caused the prices to drop by a tenth from the peak in Q3 2022. Prices of newly build projects fell less than those of older dwellings. Developers preferred to freeze the official advertised prices as their liquidity position was sound due to a more cautious approach compared to the market crash after the financial crisis of 2008. Although there have been certain special offers in terms of subsidised mortgages by the developer or "furnishing for free" discounts, number of sold flats in new projects was extremely low in 2023.

As a result, the number of new building permits and housing starts as well as completions declined further and have reached the lowest levels since 2014. Housing starts fell by 12% and a slightly lesser drop was seen in new permits, suggesting lagging supply in years to come. The number of completions increased by 3%, due to strong building activity seen several years ago.

Affordability fell substantially after years of favourable conditions. Financing is now much more costly as interest rates on new mortgages went up significantly and real estate prices declined relatively mildly. Some improvement in affordability was seen in Q4, as real wages started to grow again, and interest rates stabilised. Real estate will become even more affordable with expected mortgage rates decreases and continuing improvement of households' financial situation.

MORTGAGE MARKET

Note that the volume of mortgages outstanding was heavily affected by methodological changes in reporting to the Central Bank. While the quality of reported data increased substantially, comparison with the previous periods is difficult and sometimes it is not possible to calculate correct adjusted y-o-y changes.
The underlying annual growth of mortgages outstanding decelerated gradually to its lowest ever level of about 3% y-o-y (adjusted for one-offs). For comparison, the long-term average was above 10% p.a. in the past decade. The volume of new mortgages declined sharply to roughly 40% of exceptional ly high years 2021 and 2022, and about 50% down compared to years 2017-2020. However, the comparison might be affected negatively by the change in reporting.

Higher rates caused significantly lower refinancing which was common both internally (renegotiation) and externally (switching banks). This makes less sense given higher interest rates.

Mortgage interest rates largely stabilised at the end of 2023, with only a small increase in Q4. The average rate was just below 1% in January 2022, above 3.5% in December 2022 and continued to rise, although at lower pace, to 4.6% as of year-end 2023. The increase was among the largest in the Eurozone – while Slovaks enjoyed the third lowest rates in the Eurozone in 2021, they were the fourth most expensive by end of 2023, behind the three Baltics countries.

The market was dominated by fixed rate periods (3 to 5 years) for several years, usually for approximately 90% of new mortgages. But for several months, due to anticipated rates hikes, the share of longer fixings (above 5 years) increased to 40% at the beginning of 2022. In 2024 there was a mild increase in 1-year fixed periods approaching 10% of new production in April, from a typical 2-3%. Variable rate mortgages are virtually non-existent.

The average maturity of new mortgage contracts was around 26 years, almost the same as a year ago. More than half of new housing loans (volume wise) had the maximum possible maturity of 30 years and less than 17% chose a maturity of 20 years or less. The trend of stretching the maturity has been present already for several years but it seems that it has gradually reached its limits.

Although the volume of NPLs experienced a mid-single-digit increase y-o-y, it matched reported annual growth of mortgages outstanding. The NPL ratio thus remained at 1.1% throughout the year. The asset quality deterioration has not materialized despite the economic outlook.

A prominent feature of the market is a high share of new loans intermediated by financial advisors. In 2023, 64% of total lending volume was via such external sales network. The share was only slightly lower than a year ago. The National Bank of Slovakia (NBS) considers intermediated loans as somewhat riskier and sees intermediaries as too aggressive, pushing clients to the maximum level of indebtedness allowed.

Due to the NBS's limits on the maximum LTV ratio, the average has stabilised in recent years at around 70%. The share of new loans that can have an LTV ratio between 80% and 90% is 20% of new production and new loans with an LTV greater than 90% are not allowed. Other measures to fight increases in household indebtedness, which are currently in place, are limits on DTI, set at 8 times in mid-2018 and DSTI, defined as a minimum reserve which must be left aside out of monthly net income after deduction of debt repayments and minimum living costs. The reserve has to be at least 40% since mid-2020. The limits were not changed during the pandemic nor amid the increasing rates as NBS considers the development of declining indebtedness measures favourable for the sector (at least temporarily).

LOOKING AHEAD

The mortgage market did not live up to general expectations in the first half of 2024. The real estate market failed to gain momentum as interest rates remained elevated. While rates declined in other Eurozone countries in line with expectations of ECB's easing, Slovak commercial banks kept rates mostly unchanged. The first reason was newly introduced higher tax rate for banks which pushed the effective income tax rate of banks from around 22% to above 40%. The tax rate (on top of the regular income tax, paid from pre-tax profit) is set to decrease gradually from 30% in 2024 to 15% in 2027, when banks should pay "regular tax for companies operating in regulated industries" which is currently set at 4.4%. The second negative effect was uncertainty about the state budget deficit as the government could not for some time present credible consolidation measures for coming years. As a result, spreads on Slovak government bonds remained high compared to other Eurozone countries. This had also a negative effect on the cost of financing for commercial banks. Strong revival of housing loans is therefore not expected until at least Q3 2024.

MORTGAGE FUNDING

Deposits are, for banks, one main source and for the building societies, the only source of funding for mortgages. Short-term deposits and current accounts have offered stable, low-cost funding for banks and building societies for a long time. Retail deposits had borne virtually 0% interest rates for some time, they rose to around 0.5% in 2023. Current accounts continued to pay 0% while average interest rate on term deposits was already at 1.8% at the end of 2023. Higher rates, together with improving real wage growth, pulled annual growth of retail deposits to more normal levels of 5% as of Q1 2024. More noticeable growth was seen in corporate deposits at 10%.

Loan-to-deposit ratio therefore declined slightly from 109% to 107% in 2023. Such high loan-to-deposit ratio is still seen as acceptable since banks can fund their lending by issuing covered bonds. Covered bonds are an attractive funding tool for Slovak banks as they are typically cheaper than senior unsecured bonds, as they are asset-backed, highly rated (triple A or slightly lower, depending on the actual over-collateralisation), therefore are perceived as lower risk by investors. TLTRO funding was successfully used by the largest banks, mostly due to its positive effect on profitability rather than as a necessary source of funding. As of year-end 2023, almost the entire volume had been repaid.

	SLOVAKIA 2022	SLOVAKIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	1.9	1.6	0.4
Unemployment Rate (LSF), annual average (%) (1)	6.1	5.8	6.1
HICP inflation (%) (1)	12.1	11.0	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	93.0	93.6	69.2
Gross Fixed Investment in Housing (annual change) (1)	7.2	-14.5	-3.1
Building Permits (2015=100) (2)	108.8	95.9	94.0
House Price Index - country (2015=100) (2)	212.9	200.1	170.2*
House Price Index - capital (2015=100) (2)	198.2	184.9	165.1*
Nominal house price growth (%) (2)	21.3	-6.0	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	41,602	39,035	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	7,655	7,190	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	59.6	51.4	71.3
Gross residential lending, annual growth (%) (2)	-14.6	-59.7	-26.6
Typical mortgage rate, annual average (%) (2)	1.9	4.3	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

SLOVAKIA FACT TABLE

Which entities can issue mortgage loans in your country?	Housing finance is raised from banks, building societies and State funds with only minimum volume provided.
What is the market share of new mortgage issuances between these entities?	Majority of new mortgages is issued by commercial banks (over 95%), followed by building societies (~3-4%) and state funds contributed with just marginal volumes.
Which entities hold what proportion of outstanding mortgage loans in your country?	Banks had a market share of 94%, building societies of 6% and the state funds just 0.1%.
What is the typical LTV ratio on residential mortgage loans in your country?	In 2023, the average LTV for newly provided mortgages was about 70%. Maximum LTV ratio of 90% is possible although only up to 20% of all newly provided mortgage can have an LTV between 80% and 90%. However, the share of mortgages with LTV between 80% and 90% is just 10% of the total new production.
How is the distinction made between loans for residential and non-residential purposes in your country?	NBS regulations define the purpose and eligible cover (i.e. residential property – flat, house, apartment house or land designed for housing construction) for residential loans. Non-residential loans cannot be included in the cover pools of the covered bonds.
What is/are the most common mortgage product(s) in your country?	Most mortgage loans taken out are loans with rates fixed for period of 3 or 5 years which typically constitute up to 90% of the newly provided housing loans. Loans with floating rate are virtually non-existent.
What is the typical/ average maturity for a mortgage in your country?	Average maturity of a new mortgage loan was about 26 years in 2023. Mortgage loans can have maturity of at least 4 years and maximum of 30 years. There are certain exceptions (e.g. for some Building societies' products the maximum maturity can be extended to 40 years) to these rules, but these are applied only to a fraction of volumes provided.
What is/are the most common ways to fund mortgage lending in your country?	For banks, deposits are one main source and for the building societies the only source of funding for their mortgage market activities. Banks also fund their lending activities through issuance of covered bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Relatively low. Legal, notarial and registration costs are in the order of hundreds to thousands of euros (depending on property value and specifics of the transaction). No special taxes are payable. Real estate agents' fees are typically 3% - 6%.
What is the level (if any) of government subsidies for house purchases in your country?	Subsidies are provided in two main forms: • Mortgage loan for young – tax bonus of 50% of interest costs, up to EUR 400 per annum, eligibility limited by income and age of debtor. • State Housing Development Fund - providing loans with lower interest rates. But the volume of state loans is low, and conditions apply. New measures by the government were introduced for 2024 as a compensation for increased debt service due to higher interest rates: • Tax return for 2023: tax bonus of 75% of an instalment increase due to higher interest rate, up to EUR 150 per month (EUR 1,800 per annum) • For 2024: - Direct payment of 75% of an instalment increase, up to EUR 150 per month (EUR 1,800 per annum) - Mortgage loan for young – maximum tax bonus increased to EUR 1,200 per annum; debtor's income limit was increased; maximum loan volume was abandoned.

Slovenia

By Jelena Ćirjaković, Banka Slovenije

IN A NUTSHELL

→ GDP growth slowed to 1.6%, inflation decelerated to 7.2%.
→ House prices continued to grow, but at a slower pace.
→ Along with rising interest rates, the growth in outstanding residential loans slowed sharply.
→ Shortages in supply of housing persist, while construction activity remained high.
→ The government aims to put further investments into new housing.

MACROECONOMIC OVERVIEW

GDP growth slowed down to 1.6%, after a strong recovery after the pandemic (2.5% in 2022[1]). The largest contribution to growth was net external trade, as the decline in imports outpaced that in exports, and by gross fixed capital formation. Government investment was a major factor in gross fixed capital formation, which increased by 9.5%. Growth in construction activity was particularly high at 18%. Private consumption and government consumption also raised GDP growth. At year end, the sentiment indicator was lower than a year earlier, while consumer confidence remained weak.

Along with easing pressures on the wholesale markets and in production chains, inflation gradually decelerated during the year. Consumer price inflation (HICP) averaged 7.2% over the year, 2.1 pps lower that in 2022, mostly due to slower growth in energy and food prices. Energy inflation was 2.7%, down by 22 pps compared to 2022. Food price inflation nevertheless remained high at 5.6% at year end. High growth of labour costs prevented a faster slowdown in prices.

The labour market remains tight, both in terms of a continuing rise in employment and fall in unemployment. Unemployment fell to 3.7%, a historic low. Average wage growth remains high, mostly due to past high inflation and the tightness of the labour market. With inflation easing, real wage growth was 4.7% at year-end, (-5.5% a year earlier). Labour shortages continued to be addressed by employing foreign workers.

General government debt decreased from 72.3% in 2022 to 69.2%, while the deficit decreased to 2.5% of GDP from 3.0%, despite government measures to mitigate high food and energy prices and for flood relief. Government debt as a share in GDP declined due to nominal economic growth.

GDP growth is forecast pick up in 2024 to 2.4% according to IMAD[2]. Investments are expected to continue to grow, driven by strong government investment activity, the recovery from the floods of August 2023, implementation of the Recovery and Resilience Plan and strong growth in housing investment. Inflation is expected to gradually moderate. Private consumption is expected to rise as real income and employment increase. Employment growth will continue to be hampered by labour shortages.

The recovery measures for the floods in August 2023 are planned for the next years. According to IMAD, under the Act on Reconstruction, Development and the Provision of Financial Resources (ZORZFS, 2023), new financial resources are expected to amount to around 2.5% of GDP (estimate for 2024) in the period 2024–2028, and reconstruction will be co-funded by the EU Solidarity Fund (around 0.6% of GDP). In addition, the recovery from the floods will also be hampered by the limited administrative capacity for project preparation (most of the damage was to watercourses and civil engineering structures) and the availability of construction workers.

HOUSING MARKETS

House prices continued to grow, but at a slower pace, especially in the capital. The growth in house prices slowed to 7.1% y-o-y, after 14.8% in 2022 and 11.5% in 2021. The growth in prices of existing flats slowed sharply in Ljubljana, to 2.2%, while it slowed less in Maribor, to 9.4% and in the rest of Slovenia, to 6.0% y-o-y. Price growth of newly-built flats and family houses increased by 5.4%, while price growth of existing family houses saw the largest increases at 10.1% y-o-y.

The house price ratio between regions, where prices are highest (Ljubljana, coastal and Gorenjska regions) and where they are lowest (mostly rural regions), slightly decreased compared to the year earlier. Nominal house prices were higher by 45.2% since 2008, while real house prices increased by 6.6% due to high inflation.

Shortages in supply of housing continued to cushion the downward price pressures. New investment in housing, increased by 24.1% y-o-y to 3.2% of GDP, still less than the Euro area average (5.9%). After high growth in residential construction work at the beginning of the year, activity declined gradually and was down 16.6% y-o-y by year end. Construction activity nevertheless remained high but continued to be faced with labour shortages and higher construction and financing costs. Reconstructions after the floods could push construction prices up further.

The number of new building permits for flats increased by 6.7% to 5,441, the largest number in the last decade, indicating strong housing investment in coming years. It was however still lower by a third compared to 2008. Contrary, the number of new permits for residential buildings decreased by 10.5% to 2,798. In 2022, construction starts were made on 5,410 new flats, while 4,296 new flats were completed, up 22.3% and 6.3% respectively on the previous year. Confidence in construction remained positive but slightly lower than a year earlier.

[1] GDP data for 2022 has been revised by the Statistical Office of the Republic of Slovenia.
[2] The Institute of Macroeconomic Analysis and Development of the Republic of Slovenia (IMAD)

Sales of flats and family houses fell by 24% to 9,786 units, the lowest in the last ten years. Sales of existing flats decreased by 20.6% in Ljubljana, 28.9% in Maribor and 21.1% in the rest of Slovenia. Sales of newly built dwellings fell most, by 43.1%. The share of sales in newly built dwellings in all dwellings decreased to 3.3%, compared to 4.4% in 2022 and 5.9% in 2021. The value of sales of flats and family houses fell by 18.9% to EUR 1.389 bn.

Homeownership was 75.2%, down by 0.2 pps from 2022 and 9.3 pps from the peak in 2006. Furthermore, 17.4% of owners had a mortgage or a loan. With shortages in supply and decreased affordability of housing, rents, measured as a part of HICP, increased by 12.4%, but slowing down from 18.9% a year earlier.

MORTGAGE MARKET

MARKET DYNAMICS

With increased house prices and rising interest rates, demand for residential loans decreased. New residential loans fell by almost half to EUR 1.1 bn. This is also due to strong growth in 2022, when borrowers were increasingly switching from a variable to a fixed rate due to monetary policy tightening. At the end of 2023, the amount of new residential loans was close that in the period 2018-2020. At year end, the average maturity of new residential loans decreased to 17.9 years from 18.6 a year earlier.

The growth in outstanding residential loans slowed sharply to 0.7% y-o-y, compared to 9.8% in 2022 and 9.0% in 2021. By year end, the stock of outstanding residential loans stood at EUR 8.3 bn, equivalent to 13% of GDP, much lower than the Euro area average (36%).

The share of fixed rate residential loans outstanding increased sharply to 70% by year end from 34% at the end of 2020. In new residential loans, 98% of were on fixed rates at year end, compared to less than a half at the end of 2020. The average interest rate on new residential loans stood at 3.96% at year end, compared to 3.65% at the end of 2022 and 1.71% at the end of 2021.

The average LTV for new residential loans was 59.2% at year end, up from 58.5% at the end of 2022. Along with increased interest rates, average DSTI increased to 34.2% by year end from 33.2% at the end of 2022. The ratio of NPLs has continued its decrease to 1.1% for residential loans (1.2% at the end of 2022), the lowest proportion in over a decade. The share of new residential loans above the recommended LTV value (80% or 70%, see below) increased from 9.1% in Q4 2022 to 11.5% in Q4 2023 and the share of loans with a non-compliant cap on DSTI (50%) decreased from 3.2% to 2.5% over the same period.

The BLS (Bank Lending Survey) confirmed that demand for housing loans decreased due to lower consumer confidence and weakening housing market prospects, while the impact from higher interest rates eased during the year. Credit standards for new residential lending tightened, with the exception of 3Q 2023 when they eased somewhat, mostly due to changes in macroprudential measures.

NON-MARKET LED INITIATIVES

In 2023, Banka Slovenije made several changes to their macroprudential restrictions on consumer lending. A lower limit on creditworthiness based on the minimum cost of living[3] (plus an amount for family dependants), adjusted for inflation and other factors, was introduced. Furthermore, the cap on debt-servicing-to-income ratio (DSTI) was changed to not exceed 50%[4] and allowable deviations were reduced from 10% to 3%. Banka Slovenije maintained its recommended LTV of 80% for primary property and 70% for other loans secured by residential real estate. The regulations entered into force on 1 July 2023.

At the end of 2023, the systemic risk buffer for all retail exposures to natural persons secured by residential real estate decreased from 1.0% to 0.5% due to decreasing risks on the housing market. Banks must comply with the requirement from January 1, 2025, onwards.

In Q4 2023, Banka Slovenije maintained the countercyclical capital buffer (CCyB) rate for exposures to Slovenia at 1.0% of the total risk exposure amount. This is considered a positive neutral[5] CCyB rate. Banks must comply with the countercyclical buffer requirement of 1% from January 1, 2025, onwards. The Slovene banking sector remained well capitalized.

In the next years, the government aims to put further investments in new housing, increase construction of non-profit rental housing and regulate short-term real estate rentals. Amendments to the Housing Act have entered into force that foresee a more balanced approach to housing provision by adjusting the amount of not-for-profit rental properties. Selection procedures were completed for projects related to tourist accommodation investments.

MORTGAGE FUNDING

Deposits remained the main source of bank funding. Non-banking sector deposits increased by 3.3% to EUR 41.1 bn. Deposits of households and corporates were 90.8% of all non-banking sector deposits. Household deposits increased by 2.8%, the lowest increase since 2015, to EUR 26.5 bn, while corporate deposits increased by 12.7% to EUR 10.8 bn. The loan-to-deposit ratio (LTD) decreased by 3.7% to 65.6%. Banks' wholesale funding increased to EUR 4.5 bn, 8.5% of banks' balance sheet, less than a quarter of the share at the peak in 2008.

Banking sector liquidity remained strong in 2023. The average liquidity coverage ratio (LCR) improved by 45 pps to 335% by year-end. The liquidity surplus increased by 30% to EUR 12.8 bn, the highest figure since the introduction of the LCR in 2018. The average net stable funding ratio (NSFR) rose by 9 pps to 174%. Slovenia continues to be ranked among the top in the Euro area in terms of these two indicators.

Almost all banks repaid their liabilities under the TLTRO-III, therefore the banking system's pool of unencumbered eligible collateral for Euro system operations increased by 19 pps to reach 98%. Debt to the ECB amounted to only 0.1% of total liabilities. Debt securities issued increased to EUR 3.2 bn, from EUR 2 bn a year earlier.

3 Banka Slovenije took account of the calculation of the minimum cost of living by the Institute for Economic Research in the amount of EUR 669.8 from November 2022, which it adjusted for the inflation forecasts for 2023 and 2024. The minimum creditworthiness amount is EUR 745 as of 1 July 2023. The next estimate is scheduled in the second half of 2024.

4 Irrespective of the level of consumers' income, while the consumer must be left with the minimum creditworthiness amount each month after paying all instalments under credit agreements.

5 The calibration of the level of the positive neutral rate is based on the historical average of the signalled value of the CCyB, based on the results of stress tests and expert judgment. The decision on the level of the positive neutral rate also took account of the effectiveness of the potential release of CCyB. The buffer rate must be sufficiently high to also allow for an effective partial release.

GREEN FUNDING

Slovenia is committed to the green transformation with reforms and investments for transition towards a greener economy. The Recovery and Resilience Plan[6] aims to promote renovation of buildings, with a focus on the national building stock, in order to achieve at least a 30% reduction in energy consumption compared to the baseline[7]. The renovation of public buildings and publicly owned residential buildings aims to include thermal insulation, energy-efficient equipment, cooling and ventilation systems, and energy efficient lighting and control systems.

The government prepared a new Energy Act (EZ-2), that defines the country's energy policy and measures for the transition to non-fossil energy sources, including incentives for the use of renewable resources and more efficient use of energy. It also prohibits the installation of a boiler running on natural gas or liquefied petroleum gas in residential buildings with permit applications after 1 January 2025. In one- and two-dwelling buildings and in parts of two-dwelling buildings, the installation of heat generators using solid and liquid fuels will still be allowed. The new Energy Act (EZ-2) entered into force in the first half of 2024.

	SLOVENIA 2022	SLOVENIA 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.5	1.6	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.0	3.7	6.1
HICP inflation (%) (1)	9.3	7.2	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	75.4	75.2	69.2
Gross Fixed Investment in Housing (annual change) (1)	8.1	18.1	-3.1
Building Permits (2015=100) (2)	128.1	114.6	94.0
House Price Index - country (2015=100) (2)	173.7	186.1	170.2*
House Price Index - capital (2015=100) (2)	183.8	187.8	165.1*
Nominal house price growth (%) (2)	14.8	7.2	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	8,215	8,272	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	3,899	3,907	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	23.6	21.7	71.3
Gross residential lending, annual growth (%) (2)	9.4	-48.0	-26.6
Typical mortgage rate, annual average (%) (2)	3.7	4.0	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

SLOVENIA FACT TABLE

Which entities can issue mortgage loans in your country?	Credit institutions, which includes banks, savings banks and banks' branches as well as the National Housing Fund (NHF).
What is the market share of new mortgage issuances between these entities?	Commercial banks dominate the market. Banks held a market share in the balance sheet total of 91.7%, while savings banks held a share of 5.2% and branches of foreign banks a share of 3.1%.
Which entities hold what proportion of outstanding mortgage loans in your country?	The outstanding amount hold by commercial banks, savings banks and banks' braches is close to 100%, since share of the NHF is negligible.
What is the typical LTV ratio on residential mortgage loans in your country?	The average LTV ratio on new residential mortgages at origination was of 59.2%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Residential loans are loans, granted to households for the purchase or renovation of housing, while commercial loans are loans, granted for the purchase or renovation of commercial real estate.
What is/are the most common mortgage product(s) in your country?	Around 98% of the value of new residential loans were on fixed rates. The value of outstanding residential loans on fixed rates stood at 70% at year end.
What is the typical/ average maturity for a mortgage in your country?	Average maturity of new residential loans was 17.9 years.
What is/are the most common ways to fund mortgage lending in your country?	Banks fund their mortgage lending mainly through domestic deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Real estate transfer tax of 2% of the purchase price (except if subject to VAT, then 22% or 9.5%), capital gains tax (from 0% to 25%, depending on the holding period), real estate agency's fee of up to 4% of the purchase price, notary and court fees.
What is the level (if any) of government subsidies for house purchases in your country?	There are no government subsidies for house purchase.

[6] Source : https://www.gov.si/en/registries/projects/the-recovery-and-resilience-plan/about-the-recovery-and-resilience-plan/green-transition/sustainable-renovation-of-buildings/

[7] The baseline for renovation of public buildings in the period 2020-2050 is 3.0-3.4 per cent. Source : sl_ltrs_2020_en_0.pdf (europa.eu)

Spain

By Leyre López, Spanish Mortgage Association

IN A NUTSHELL

- → New government guarantees for young people and families with children, up to 100% of the cost of the home.
- → Remortgaging increased due to rising rates and Royal Decree-Law 19/2022.
- → Outstanding mortgage loans fell.
- → 1 to 10 years fixed mortgages increased.
- → On average, prices rose by 4%, more in certain major cities and tourist regions.

MACROECONOMIC OVERVIEW

The economy performed better than expected despite geopolitical uncertainty, rising interest rates and inflation. The economy grew by 2.5% (compared to the Eurozone average of 0.5%).

This was mainly due to domestic consumption as energy costs fell (1.8% of annual contribution), external demand (0.8%) and public consumption (0.8%). Investments fell (-0.1% of annual contribution).
The return of European fiscal rules in 2024, which were suspended in 2020, may reduce public spending as the government will cut the deficit below 3%, (from 3.6% in 2023). Additionally, efforts should be made to gradually reduce total debt to 60% from 108% at the end of 2023.

Despite the positive trends in the labour market in recent years, particularly in 2023, when over 500,000 jobs were created and nearly 21 mn workers (a historical high), ongoing aging of the population remains a challenge for public expenditure.

The economy is expected to be supported by planned deployment of Next Generation EU (NGEU) funds and the expected rebound in private consumption as households regain their purchasing power. In early 2024 the economy has shown encouraging signs, and business confidence has improved. This will be supported by the ECB's planned monetary policy easing.

Given these fundamentals, a softening of credit standards and demand increasing as interest rates stabilise, the demand for real estate appears favourable. However, supply is insufficient for to meet the increased demand. This will predominantly impact first-time buyers and lower-income households with limited borrowing capacity and often encountering difficulties renting. Consequently, prices are expected to continue to increase in both purchasing and rental sectors.

HOUSING MARKETS

Due to a sharp increase in interest rates demand fell by 11%, to 638,500 transactions. This remains robust, above pre-pandemic levels. As credit conditions tightened cash transactions have increased, indicating a shift towards financially stable individuals seeking secondary residences or investment assets, partially foreign buyers, who since 2022, have represented approximately one-fifth of all transactions. Their influence is particularly pronounced in major provincial capitals and tourist areas along the Mediterranean coast and the archipelagos, where they sometimes comprise up to half of all transactions.

As has been the trend in recent years, with limited supply, existing properties account for 90% of sales. The production of new housing, at 108,000 units (based on building permits), remains similar to the previous two years and continues to be insufficient mainly due to the scarcity of developable land, low availability of qualified labour force, and the lengthy duration of land development and transformation. Regions with larger populations and higher economic activity are where a significant portion of demand is concentrated, such as Madrid, Catalonia, or Valencia, among others. Over the next five years, net creation of 220,000 households per year is estimated, with a significant portion from immigrants.

The imbalance between supply and demand has caused a widespread increase in prices since 2015, nominal prices have increased by 23%, 4% in the last year. In some tourist areas, such as Málaga or the Balearic Islands, and urban areas like Madrid, the rise has been as high as 45%. However, in the case of Madrid, this has moderated in the past year.

MORTGAGE MARKETS

Following the historically high levels of 2022, the mortgage market slowed down, with significant declines gradually moderating towards year end in line with developments in the real estate market. Loans totalling nearly EUR 56.24 bn were granted a 14% annual decrease but still 30% above pre-pandemic levels. Amid this period of market stagnation, it is important to emphasise the activity seen in remortgaging volumes: EUR 4.7 bn in 2023 compared to EUR 1.9 bn the previous year, of which 8% of gross lending activity.

Particularly against the backdrop of the significant rise in the Euribor, Commission for switching from variable to fixed rates was temporarily removed under Royal Decree-Law 19/2022 of November 22, boosting such transactions.

Financial institutions continued to maintain prudent credit standards in loan granting. Despite the rise in property prices, average debt did not increase, leading to a progressive reduction in the LTV ratio, which averaged 62% annually. Moreover, there was a noticeable decrease in the percentage of loans exceeding 80% financing, suggesting that the market has leaned towards higher-income segments that require less financing.

Reduced new credit, and increased early repayments resulted in a fall 3.2% in outstanding debt, the largest decline since 2015, although expectations for 2024 are less negative. Since late 2021, average interest rates have increased by 250 bps, to 3.71% by year end. Loans fixed from 1 to 10 years have gained market share since 2015, more significantly last year, but 70% of the outstanding loas are still floating rate, primarily linked to 12-month Euribor. Despite this, delinquency rates remained reasonably steady. Households have demonstrated greater resilience to rate increases than expected with NPLs increased by just 0.3% to 2.6%. Overall, financial institutions face 2024 with favourable prospects in terms of solvency, profitability, and activity levels in response to the anticipated easing in monetary policy and contained risk costs.

Royal Decree-Law 19/2022, enacted at the end of 2022, remained in effect. This decree established a new Code of Good Practices (CBP) to mitigate higher rates for borrowers at risk of vulnerability. Moreover, the eligibility criteria for vulnerability were broadened to encompass some excluded from the former CBP in effect since 2012. Additionally, supplementary measures were introduced to facilitate conversion from variable to fixed-rate loans. The initiatives implemented under both CBPs primarily involved extending loan durations and offering grace periods for capital repayment. The adoption of these measures has been limited, demonstrating the robust resilience of loan portfolios and the firm commitment of borrowers to their payment obligations, resulting in low delinquency rates. According to data from the Bank of Spain, around 7,900 operations were authorized under these two CBPs in 2023.

In mid-2023, the government approved Royal Decree-Law 5/2023 which provided guarantees covering loans exceeding 75% or 80% of the collateral value, subject to energy efficiency criteria. Its objective is to facilitate the acquisition of primary residences by young individuals or families with dependent children without sufficient savings. With a budget allocation of EUR 2.5 bn, this scheme sets income thresholds and property values limits depending on the autonomous region. It is expected that financial institutions will adhere to this guarantee program along 2024.

The controversial Housing Law was approved in 2023, introducing regulations that impose restrictions on rental prices and protection measures against evictions.

MORTGAGE FUNDING

According to Bank of Spain, debt issuance in the financial sector grew across all sectors in 2023 due to reduced reliance on TLTRO. Total covered bonds outstanding (EUR 190 bn) grew by just 0.1%, with more than a half still retained by the issuer for ECB repo operations. Meanwhile, outstanding mortgage-backed securitisations increased by 15% to EUR 84 bn, consolidating the growth in 2022 after several years of shrinkage.

The cost of funding increased mainly due to banks deposits. The loan-to-deposit (LTD) ratio is at an all-time low, below 85%, as a result of the deleveraging of the private economy. Over the year, there has been significant changes, with term deposits and temporary asset transfers growing substantially. However, demand deposits are still 84% of the total.

GREEN FUNDING

Following the recent approval of the Energy Performance of Buildings Directive (EPBD), the financial sector will be awaiting its subsequent transposition into our legal system, to consider sustainability standards, regulatory treatment, and practical application.

	SPAIN 2022	SPAIN 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	5.8	2.5	0.4
Unemployment Rate (LSF), annual average (%) (1)	12.9	12.2	6.1
HICP inflation (%) (1)	8.3	3.4	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	76.0	75.3	69.2
Gross Fixed Investment in Housing (annual change) (1)	1.4	0.6	-3.1
Building Permits (2015=100) (2)	219.2	217.2	94.0
House Price Index - country (2015=100) (2)	118.0	122.6	170.2*
House Price Index - capital (2015=100) (2)	138.7	145.1	165.1*
Nominal house price growth (%) (2)	5.0	3.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	486,890	471,915	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	10,265	9,814	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	58.5	51.1	71.3
Gross residential lending, annual growth (%) (2)	9.8	-13.8	-26.6
Typical mortgage rate, annual average (%) (2)	2.0	3.8	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

SPAIN FACT TABLE

Which entities can issue mortgage loans in your country?	In Spain, mortgage lending is always provided by financial institutions. Banks, savings banks, credit cooperatives, and financial credit establishments are the institutions allowed by law to grant mortgage loans and issue securities. It is worth mentioning that saving banks were especially affected by the financial crisis due to the high exposure to the real estate sector. Several saving banks disappeared through liquidation or acquisition, and most of the remaining were transformed into banks after Law 26/2013 of 27 December was passed. Since then, only small and regional saving banks operate in the market.
What is the market share of new mortgage issuances between these entities?	More than 85% of the total volume of new mortgage loans was granted by banks. Other financial institutions, like credit cooperatives and financial credit establishments, represented the remaining 15%.
Which entities hold what proportion of outstanding mortgage loans in your country?	Banks and former saving banks stand for a major part of the market, representing around 90% of total outstanding mortgage lending. The remaining 10% is covered by credit cooperatives and financial credit establishments.
What is the typical LTV ratio on residential mortgage loans in your country?	On average, in 2023, the LTV ratio on new residential mortgage loans stood at 62% (according to Bank of Spain statistics). However, the most common LTV for FTB is 80%, while for second houses the maximum level is normally 70%.
How is the distinction made between loans for residential and non-residential purposes in your country?	Residential loans include loans granted to households for housing purchase.
What is/are the most common mortgage product(s) in your country?	The most common mortgage loan product in Spain was the variable rate mortgage loan reviewable every 6 or 12 months with a French amortisation system. In variable-rate mortgage loans, the interest rate is linked to an official reference index (the most common the Euribor 12m). Since 2015, initial-fixed interest rate mortgage loans have gained momentum, representing more than 80% of gross residential lending in 2023.
What is the typical/average maturity for a mortgage in your country?	According to Bank of Spain statistics, the average maturity for new mortgage loans in Spain stood at around 24 years and a half, with the most typical term for FTB being 30 years. As usual, the real amortisation period is usually lower, around 15 years on average.
What is/are the most common ways to fund mortgage lending in your country?	Covered bonds, RMBS/CMBS, and deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	The main transactions cost associated with house purchase are VAT for new housing, which represents 10% of the value of the house, and the Tax on property transfer for second-hand dwellings (with a rate normally between 6-10%, depending on the geographical area). As of 2019, after the *Law 5/2019 regulating Real Estate Credit Contracts* was passed, all costs linked with the constitution of the mortgage must be covered by the bank (Mortgage Stamp Duty – "AJD" Tax; notary, registry, and agency fees), except the cost of the valuation of the property and the notarial copies requested by the client, which are responsibility of the borrower. Another cost that is compulsory for the borrower when taking out a mortgage is the cost of fire insurance.
What is the level (if any) of government subsidies for house purchases in your country?	In 2013, the tax deduction that had been in force for years aimed at aiding homebuyers came to an end, remaining exclusively for those homebuyers who had purchased a property before that date. In 2018, a new State Housing Plan for the 2018-2021 period (recently extended until 2025) came into force, which seeks to facilitate access to housing property for vulnerable young people under 35 years old, whilst trying at the same time to boost the regeneration of urban and rural areas affected by depopulation. Eligible beneficiaries must buy a home in a municipality with less than 10,000 inhabitants and the amount granted under this scheme shall not exceed EUR 10,800 per dwelling, limited to 20% of the purchase price. In 2023, a public line of guarantees was approved through Royal Decree-Law 5/2023 to partially cover the loan for the acquisition of a primary residence for young people or families with dependent children. The guarantee has a duration of 10 years and covers up to 20% of the principal, although it can be extended to 25% if the property has a minimum energy rating of D.

Sweden

By Christian Nilsson, Swedish Bankers' Association

IN A NUTSHELL

- → Growth in residential mortgage lending slowed to 1.1%.
- → Construction decreased due to rising costs and lower demand.
- → Single family home prices decreased in 2023 by -9.9%.
- → The share of new loans with variable interest rates increased to 76.5%.
- → The average LTV for new mortgage loans decreased slightly to 64% in 2023.

MACROECONOMIC OVERVIEW

GDP decreased by -0.2% compared to an increase by 2.7% in 2022, according to Eurostat. High inflation and interest rates have particularly impacted rate-sensitive households. Housing construction and investment have in turn been affected by high financing costs and weak housing prices. Consequently, housing starts dropped by 53%.

Labour market conditions deteriorated although not as severely as in previous recessions. In the first half of the year employment grew but by year end the labour market weakened. Unemployment increased to 7.7% in 2023 compared to 7.5% the previous year.

Inflation, measured as CPI, came down from 11.7% at the beginning of the year to 4.4% at year end. Also, core inflation (without the effect of changes in the interest rates) decreased from 9.3% to 2.3%.

In contrast to the household consumption decrease, government consumption grew among other reasons due to defence and police and justice spending. However, the government have pursued a balanced fiscal policy to drive down inflation. Government debt[1] as a percentage of GDP decreased from 33.2% to 31.2%, a decrease of EUR -0.8 bn[2] .

HOUSING MARKETS

There was a mixed development between housing completion and housing starts. Housing completion grew to 62,000 dwellings, the most in over 30 years, following several years of high demand and high numbers of housing starts and building permits. However, in the same period housing starts dropped by -53% to 27,000 dwellings due to increasing housing costs and decreasing demand.

The cost of housing began to increase in 2022 and continued to do so in 2023, which has affected demand. Prices of one-family homes decreased by -9.9% compared to an increase of 4.5% in 2022. One-family homes are most expensive in Stockholm region where prices decreased by 11.0%. Single-family house prices in the Gothenburg and Malmö regions decreased by -3.6% and by -11.4% respectively. In the beginning of 2024, the prices on one-family homes have started to level out.

The price decrease for tenant-owned apartments was in general less than for one-family homes. The prices for tenant-owned apartments recovered during the year and by year end had increased by 0.7% on an annual basis.

The share of tenant-owned apartments among new construction of apartments had been relatively stable around 50%. However, in the last years the share of rental apartments has increased, in 2023 it was 63%. Overall, 38% of all apartments are tenant owned and the rest are rented. For all dwellings (single family homes and apartments), the share is reversed: 61% owner occupied and 39% rental in 2023.

MORTGAGE MARKETS

Variable mortgage interest rates continued to increase; the 3-month rate increased to 4.4% compared to 3.6% in 2022. Initial fixed rates, for 1 to 5 years, increased to 4.2% from 3.8% in 2022. However, Initial fixed rates over 5 years decreased slightly to 3.0% from 3.1% in 2022.

Even though the variable interest rate is higher than initial fixed rates, the share of variable interest rate in new lending increased during 2023. The share of variable interest rate in new lending was 76.5% compared to 63.7% in 2022. One explanation is that mortgage borrowers are expecting interest rates to decrease in the near future.

The average LTV for new mortgage loans is 64%, which is slightly lower compared to the previous year.

The credit loss ratio on mortgage loans remained close to zero, due to high credit standards, the social welfare system, and house prices that have been increasing for many years.

The growth rate in outstanding mortgage loans slowed further in March 2024 to 0.9% on an annual basis compared to 3.8% in March 2023.

Housing prices started to stabilise by the end of 2023 and in the first quarter 2024 prices on one-family homes decreased by -2.5% on an annual basis, compared with a decrease by -9.9 for the full year 2023.

MORTGAGE FUNDING

Covered bonds are the most common form of mortgage funding. During 2023 the nominal value of outstanding covered bonds increased by 4.4% (in SEK) to EUR 235 bn. Total outstanding residential mortgages was in comparison EUR 476 bn and new issuance was EUR 57 bn.

1 Government consolidated Gross Debt, Maastricht definition.

2 Eurostat.

GREEN FUNDING

Most Swedish mortgage institutions and banks offering mortgages also offer different kinds of green mortgages. Green mortgages typically have a 0.1% interest rate discount if the residential property fulfils certain energy standards. During recent years some institutions have issued green covered bonds to fund the green assets in the covered pool.

	SWEDEN 2022	SWEDEN 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.7	-0.2	0.4
Unemployment Rate (LSF), annual average (%) (1)	7.5	7.7	6.1
HICP inflation (%) (1)	8.1	5.9	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	64.2	64.9	69.2
Gross Fixed Investment in Housing (annual change) (1)	4.8	-22.2	-3.1
Building Permits (2015=100) (2)	104.4	53.4	94.0
House Price Index - country (2015=100) (2)	156.8	141.3	170.2*
House Price Index - capital (2015=100) (2)	142.7	127.0	165.1*
Nominal house price growth (%) (2)	4.3	-9.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	470,048	476,323	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	44,971	45,271	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	173.9	181.6	71.3
Gross residential lending, annual growth (%) (2)	-5.7	-29.9	-26.6
Typical mortgage rate, annual average (%) (2)	2.3	4.3	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

SWEDEN FACT TABLE

Which entities can issue mortgage loans in your country?	There are no specific limitations as regards issuing mortgages. 99% of all mortgage lending in Sweden is issued by banks and credit market institutions. New non-bank actors like mortgage credit companies and AIF (Alternative Investment Funds) have entered the market since a couple of years and made up 1% of the mortgage market in 2023.
What is the market share of new mortgage issuances between these entities?	There is an approximate share of 75% for credit market institutions (mortgage credit institutions) and 25% for banks. Due to the increasing market interest rates, actors like mortgage credit companies and AIF (Alternative Investment Funds) had a shrinking new lending and a market share close to 0% of new mortgages in 2023.
Which entities hold what proportion of outstanding mortgage loans in your country?	Mortgage institutions have 76% of outstanding mortgages and banks 23%. Mortgage credit companies and AIF (Alternative Investment Funds) have 1% of outstanding mortgages.
What is the typical LTV ratio on residential mortgage loans in your country?	According to Finansinspektionen the average LTV for new mortgage loans in 2023 was 64%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The distinction is made based on how the loan is secured. Residential loans are secured on residential property.
What is/are the most common mortgage product(s) in your country?	Ordinary mortgage loans. Variable interest is the most common interest rate on new mortgages (76.5%) in 2023.
What is the typical/average maturity for a mortgage in your country?	The expected average length of a mortgage loan is 7.5 years. Contractual lengths of mortgage loans vary normally between 30 to 50 years. However, for many different reasons, mortgage borrowers either terminate their mortgage permanently or terminate and get a new one before the contractual length is reached.
What is/are the most common ways to fund mortgage lending in your country?	Covered bonds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Different studies seem to indicate that the level of cost associated with a house purchase is very low in Sweden. Transaction costs in Sweden consist mainly of stamp tax (1.5%) and, if you need a loan, of a mortgage fee (2% of the new or increased mortgage). Normally, borrowers do not pay any fee to the mortgage lender. Notary is not needed in Sweden, thus there is no notary fee.
What is the level (if any) of government subsidies for house purchases in your country?	There are no direct subsidies in Sweden. However, borrowers are allowed to deduct the interest payments from their tax payments. Interest payments up to SEK 100,000 (around EUR 8,700) yearly can be deducted by 30% from borrowers' tax payments. Interest payments above SEK 100,000 can only be deducted by 21% from tax payments.

Iceland

By Lúðvík Elíasson, Central Bank of Iceland and Magnús Árni Skúlason, Reykjavik Economics ehf

This country report does not represent the view of the bank.

IN A NUTSHELL

- → Economic growth slowed to 4.1% from 8.9%. Unemployment remained stable at 4%.
- → Inflation remained persistent at 7.9% despite monetary tightening.
- → House prices fell in real terms by 3% but rose in nominal terms by 4.5%.

MACROECONOMIC OVERVIEW

The economy fared better post COVID than most policy makers anticipated. GDP numbers have been revised substantially upwards due to a new census at the beginning of 2024. Growth in 2023 was 4.1% (from 8.9% in 2022) driven by the rebound of tourism, favourable terms of trade in 2022 and productivity was substantially higher than previously anticipated. The economy has rebounded and surpassed GDP per capita for 2019. This has brought new challenges for monetary and fiscal policies.

The labour market has been strong post COVID, unemployment has been stable around 4%. Participation in the Icelandic labour market is among the highest in European countries at 80.5% (75.1% on average in the EU).

Inflation in 2023 was 7.7%, y-o-y according to the CPI in December, i.e. higher and more persistent than anticipated. The tight monetary policy that the Central Bank of Iceland has maintained has put a strain on the economy in the last quarter, when the economy grew only by 0.6%. Latest unrevised numbers for the Q124 suggest a contraction of 4%, although this is principally due to inventory change.

LOOKING AHEAD

According to the economic forecast of the Central Bank of Iceland, the principal export growth factors will be the innovation sector, which includes pharmaceutical produce, IT, gaming etc. In addition, major investments are taking place in the aquaculture industry, mainly outside the capital region, and are expected to continue to revive the housing markets in deprived areas. This is a fundamental change, the economy has historically been driven by three export sectors: fisheries, energy intensive industries and tourism. The power sector is expected to install more green energy mainly due to Iceland's international climate obligations. Investment in housing is expected to continue due to population growth and demographic change.

The consensus among forecasters (CBI & IMF) is that the economy will grow around 1.1 to 1.7% in 2024. The economy is expected to rebound towards a sustainable growth of 2.4% in 2025.

Volcanic activity on the Reykjanes peninsula led to the evacuation of the town of Grindavík, with around 1200 housing units and close to 1% of the population of Iceland. The Grindavík population will relocate either to housing in the nearby municipalities or to the Reykjavík Capital Region (see box). This will put a substantial strain on public finances and pressure on housing markets, particularly in the neighbouring municipalities.

HOUSING MARKETS

The housing market was close to overheating in 2022. Sharp policy measures by the Central Bank of Iceland - lowering maximum loan-to-value ratios and raising further the capital ratios of the banks - contributed to a real decrease in house prices in 2023. In addition, the bank raised its policy rate to 9.25% in September 2023 in several steps from 6% in December 2022. Other factors countered these actions, including high number of first-time buyers, immigration and supply constraints in the construction of new housing. High household saving rates also contributed to activity in the market despite rising mortgage rates. Debt ratios of Icelandic households remained relatively low compared to other Nordic countries.

According to preliminary numbers from Statistics Iceland, housing investment increased by 15.7% in Q1 2024 (y-o-y). This is expected to ease supply constraints by 2025. Total investment in residential housing was ISK 195 bn in 2023 a decrease by 2% from 2022 in real terms.

The numbers of housing starts have been revised and the data is now benchmarked with March each year. According to HMS – The Housing & Construction Authority – housing starts from 2022 to 2023 were 4,158 units, but between 2023 to 2024 were only 1,887.

Housing completions in 2023 were 3,977 units compared to 2,869 in 2022.

Lack of housing supply is putting strain on first-time buyers, migrants and quasi-first-time buyers from Grindavík. Housing supply is likely to increase when financial conditions ease. The government's help-to-buy programme contributed to increased demand towards end of year 2023.

Owner occupancy has been historically high in Iceland. It is estimated to be around 75% according to the 2021 census.

Housing prices decreased by 3% in real terms in 2023. The increase was 4.5% in nominal terms. Rental prices in the capital region increased by 8.2% in nominal terms.

The Government's current estimate is that the cost to the Treasury because of the evacuation of Grindavík Municipality will be around ISK 100 bn or around EUR 660 mn. The funds will be used to acquire residential property in the area, as stated above, as well as to support small and medium sized businesses affected by the volcanic activity.

MORTGAGE MARKETS

OA large number of mortgages which have rates fixed for 5 years, will have their rates reset in 2024/H1 2025. This would increase debt service burden for the affected households as mortgages rates have risen considerably since the rates were fixed. This might induce switching to indexed linked mortgages that have lower debt burden in the beginning in comparison to variable rate mortgages. The Central Bank of Iceland estimates that around ISK 245 bn of non-indexed fixed-rate loans will be subject to interest rate reviews in 2024 and ISK 175 bn in the first half of 2025. It is expected that households will either partially or fully

HOW VOLCANIC ERUPTION HAS AFFECTED THE HOUSING MARKET – THE CASE OF GRINDAVÍK

Earthquakes in part of the Reykjanes Peninsula in 2023 formed fissures in the landscape. The town of Grindavík a small town about 60 km from Reykjavík and 30 km from the Keflavík International Airport, was one of the casualties of those earthquakes. In November 2023 a state of emergency was declared, and the town was evacuated. This was due to cracks and a newly formed subsidence valley. A series of volcanic eruptions in the area have been ongoing since. On January 24, 2024, a lava stream from a volcanic eruption entered part of the town. The town accounted for around 1% of the national population at the beginning of 2024 according to official data. The town was one of the largest fishing towns in Iceland with relatively high income per capita. Subsequently, after a period of consideration, the government, in cooperation with the inhabitants and local authorities, decided to offer residential homeowners to buy their houses at 95% of official insurance valuation. This was done through government owned real estate company Þórkatla which was founded for this purpose by special legislation. This has a precedent in Icelandic history when similar, although not the same, measures were implemented following a volcanic eruption in Vestmannaeyjar islands in 1973. Under the current program the homeowners in Grindavík hold an option to buy their property back within the next three years. The total number of housing units in Grindavík were about 1200. The Grindavík residents are categorized as quasi-first-time buyers. This adds to the pressure on the housing market in neighbouring areas, including Reykjavík and other towns on the Reykjanes peninsula. The market is already constrained due to demand from first-time buyers as well as migrant workers, either buying or renting. This will support a further rise in house prices in the area in the medium term, despite tight monetary policy.

The last known volcanic eruption in the area, previously to the episode which started at the end of 2023, was between 1210-1240.

refinance with indexed-linked mortgages. The variety of mortgage products has increased substantially over the past few years. The type of mortgage chosen by the public changes due to sentiments, e.g. inflation expectations.

Outstanding residential mortgages were ISK 2,576 bn by year-end an increase of 7% from 2022. As a percentage of GDP, outstanding mortgages for households were 60.2%, a decrease of 1.8 pps from 2022. In general, the demand for credit has decreased due to high interest rates and borrower-based measures.

Lack of housing supply is putting strain on first-time buyers, migrants and quasi-first-time buyers from Grindavík. Housing supply is likely to increase when financial conditions ease. The government’s help-to-buy programme contributed to increased demand towards end of year 2023.

The Central Bank of Iceland has in place borrower-based measures rules. Among them are loan-to-value (LTV) ratios and debt service-to-income (DSTI) ratios at the time when the loan is issued i.e. rules no. 217/2024. Other financial stability rules apply to capital requirements of financial institutions. Most changes took effect in 2022.
The objective of this strategy was to cool the housing market that contributed to inflation.

Nominal mortgage rates increased further in 2023 after a steep rise in 2022. Average variable mortgage rates were 3.7% on average in 2021 to 5.8% in 2022 and soared to 9.5% on average in 2023. Indexed mortgage rates increased on average from 2.27% in 2022 to 3.3%.

The average loan to value ratio for new mortgages in 2022 was 53.4%, a decrease of 5.7 pps. Numbers for 2023 were not available by mid-year 2024.

At year-end 52% of mortgages were indexed linked of these 24.8% was subject to variable rates. The share of non-indexed mortgages was at the same time 48%. Around 21.7% was subject to variable rates. In the beginning of 2024 household demand for indexed linked mortgages increased. Indexed linked mortgage rates are usually annuities and therefore have payments fixed in real terms throughout.

Households in arrears on mortgage payments is historically low or around 1%, increasing slightly in 2023 from 2022.

The state and the local authorities continued to provide financial support (i. stofnstyrkir) for the construction and purchase of affordable rental apartments, with the objective of lowing rental prices in the general market.

According to the European Banking Authority, the exposure of banks to real estate activities was 23.5% and construction 15.4% respectively as percentage of total of exposures to non-financial corporations in December 2023.

MORTGAGE FUNDING

Covered bond issuance has returned and is developing in Iceland. In 2024 the three systemically important banks became full members of the European Mortgage Federation-European Covered Bond Council. This might point to further increase in covered bond issuance.

In 2023 the Domestic systemically important banks issued 90 bn in króna denominated covered bonds. According to the Financial Stability report of the Central Bank of Iceland the stock of outstanding covered bonds denominated in ISK totalled 554 bn at year-end 2023. Around ISK 83 bn of covered bonds matured in 2023.

Other funding sources come mostly from deposits and from direct lending from pension funds. The principal buyers of covered bonds are pension funds and insurance companies.

GREEN FUNDING

The financial sector has continued to develop green funding products and giving customers better terms for green defined investment projects. The most common financing has been for green vehicles like cars fuelled by electricity, hydrogen and methane.

Icelandic housing is heated nearly entirely with geothermal energy or electricity generated in a sustainable way, e.g. hydro dams. Nearly all housing is well insulated and with double glazed windows.

The Icelandic banks have actively been seeking green financing, e.g. by issuing green bonds denominated in euros and ISK. The Nordic Investment Bank has especially been active in green financing of the Icelandic banks.

Construction companies and HMS are more aware of the carbon footprint of the industry and have already taken steps to reduce emission. In addition, it is more common that new housing units are certified as green, e.g. by the Nordic Swan Ecolabel, which is one of the world's toughest environmental certifications.

	ICELAND 2022	ICELAND 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	8.9	4.1	0.4
Unemployment Rate (LSF), annual average (%) (1)	3.8	3.5	6.1
HICP inflation (%) (1)	5.7	8.0	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	n/a	n/a	69.2
Gross Fixed Investment in Housing (annual change) (1)	-6.2	-0.3	-3.1
Building Permits (2015=100) (2)	n/a	n/a	94.0
House Price Index - country (2015=100) (2)	214.8	231.6	170.2*
House Price Index - capital (2015=100) (2)	212.5	224.8	165.1*
Nominal house price growth (%) (2)	21.0	7.8	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	15,889	17,114	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	42,231	44,136	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	n/a	n/a	71.3
Gross residential lending, annual growth (%) (2)	n/a	n/a	-26.6
Typical mortgage rate, annual average (%) (2)	2.3	3.3	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

ICELAND FACT TABLE

Which entities can issue mortgage loans in your country?	Deposit taking corporations (banks) and Pension Funds, the Housing and Construction Authority.
What is the market share of new mortgage issuances between these entities?	In the year 2022 the market share of deposit taking banks was 95% and the pensions fund's share was 4% the remaining 1% was lent by the government's housing authority and building authority (HMS).
Which entities hold what proportion of outstanding mortgage loans in your country?	At year-end 2022 the deposit taking banks held 67% of the total outstanding mortgages to households, the pension funds 18% and IL – Fund (in winding-up, precursor to the HMS) 15%.
What is the typical LTV ratio on residential mortgage loans in your country?	About 55% on new mortgages and about 65% for first time buyers. The maximum LTV at year-end 2022 was 80%, but up to 85% for first time buyers (limit to price). This limit was lowered on 15 June 2022 from 85% to 80% and 90% to 85% respectively.
How is the distinction made between loans for residential and non-residential purposes in your country?	A residential mortgage is a loan to an individual which is backed by real estate or is made for the purpose of buying a residential asset. The Central Bank currently makes a distinction between those loans in its accounts. Banks and pension funds require a pledge in the underlying property for a new mortgage.
What is/are the most common mortgage product(s) in your country?	Mortgage for 25 to 40 years with 3 to 5 year reset period on interest rates (29.4% of outstanding mortgages at end of 2022, about 45% of new mortgages in 2021). Mortgages with fixed payments are more common than with fixed installments. The relative popularity of indexed vs. non-indexed mortgages varies depending on the level of interest and inflation. Most mortgages have flexible rates with reset periods up to five years.
What is the typical/ average maturity for a mortgage in your country?	25 to 40 years.
What is/are the most common ways to fund mortgage lending in your country?	Covered bonds and deposits in the case of banks. Members funding in terms of pension funds.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Stamp duty – 0.8% of the official property valuation (fasteignamat) for individuals and 1.6% for rental companies/legal entities.
What is the level (if any) of government subsidies for house purchases in your country?	The government has introduced a help to buy programme and pays interest expense benefits to low income households. First time buyers pay half of the stamp duty.

Norway

By Michael Hurum Cook, Finance Norway

IN A NUTSHELL

- → Economic activity slowed, but unemployment remains low.
- → The Central Bank increased the key policy rate from 2.75% to 4.5%.
- → Inflation markedly above target.
- → Stable prices in the housing market.

MACROECONOMIC OVERVIEW

Economic activity slowed in 2023 and GDP-growth ended at 0.7%. The weakening was influenced by high inflation, increased interest rates and lower household demand. Unemployment, however, remained stable throughout the year at 3.5% (Eurostat).

Inflation decreased due to higher interest rates but continued to be well above the Central Bank's target at 2%. CPI was 5.9% in December and the underlying inflation CPI-ATE, adjusted for tax changes and excluding energy products, was 5.5%. Wages fell in real terms which, combined with higher mortgage costs, led to a reduction in household purchasing power. The export sector was supported by the weak Norwegian krone, whereas the construction activity dropped reflecting weak new home sales.

The Central Bank started to raise its key policy rate in September 2021 from a record low of 0% and after several hikes the key policy rate is at 4.5% (June 2024).

So far in 2024, the housing market has performed stronger than most have expected. Besides low unemployment, the decrease in newbuilding and expectations of lower mortgage rates not too far ahead in time has probably been important explanatory factors. For the mortgage and housing markets, the main drivers will be the key policy rate, economic activity and unemployment. The economy is expected to experience marginal growth while unemployment may increase from a very low level. Almost all mortgages have floating rates, which implies that policy rates have a strong, direct effect on disposable income.

HOUSING MARKETS

The housing market is characterised by a high ownership rate. According to Statistics Norway, 76.3% of all households own their dwelling. The housing market consists of 47.4% detached houses, 26.4% multi-dwelling buildings, 12.3% row house, 9% house with 2 dwellings and other buildings 4.9%.

Up to 2017, there was an extended period of house price growth due to low interest rates, high income growth and low construction activity. In 2017 the trend turned, particularly in Oslo, due to increased construction activity and amendments to the mortgage regulation by the Ministry of Finance. A new requirement of a maximum loan-to-income of 5 dampened house price growth. Afterwards, house price growth was stable until it started to increase as the key policy rate was reduced due to the pandemic.

During the pandemic, house prices increased particularly in urban areas. Interest rate cuts in early 2020 reduced the mortgage burden for households, with more than 90% of mortgages being variable-rate. According to the Central Bank, there has been a net migration from Oslo for the first time in 20 years, as the pandemic changed housing preferences, increasing demand for larger dwellings outside the larger cities. Nevertheless, Oslo has experienced the largest increase in prices in recent years and the price level is well above that of other major cities.

As interest rates have increased since the pandemic, house price growth has slowed. However, the housing market has been robust with no material change in house prices in 2023 as a whole.

Uncertainty about the housing market has led to a decrease in demand for new buildings which in turn has reduced construction. According to the research company "Prognosesenteret"[1] the sales of new residential real estate was 21% lower y-o-y and housing starts have declined by 32%. Given the fairly slow reaction of new construction to increased demand, the reduction of housing starts may support prices in future.

MORTGAGE MARKETS

Household borrowing costs have risen substantially as the key policy rate has been raised on several occasions since its lowest level at 0% in 2021. The Central Bank forecast the average residential mortgage rate to peak at about 5.7% in 2024, from an average 2% in 2021-2022. A lending survey carried out by the Central Bank in the Q1 2024 shows that banks have experienced decreased credit demand from households in recent quarters. The demand for credit is however expected to increase slightly in Q2 2024.

The mortgage market is dominated by variable-rate loans. According to Statistics Norway, there was a reduction in total credit demand growth throughout 2023, whereas credit to households has been on a declining (but still positive) trend since 2021. Loans to households increased by 3.4% in December 2023.

An annual mortgage lending survey carried out by the Norwegian Financial Supervisory Authority (FSA) shows that the average loan-to-value ratio for new loans remained stable in 2023 at 64%.

New mortgages are typically written with a 25-year maturity, and it is convenient to move a mortgage to another institution. Almost all loans to households secured on dwellings are granted by banks and mortgage credit institutions.

To mitigate the build-up of debt in vulnerable households, the government has set requirements for banks and other financial institutions. Residential mortgage loans have been subject to regulation since 2015, building on guidelines which had been in effect since 2011. In December 2020, the Ministry of Finance consolidated the requirements in a new regulation covering both residential mortgages

[1] Source (Norwegian only): https://blogg.prognosesenteret.no/status-paa-salg-og-igangsetting-av-nye-boliger---mars-2024

and consumer loans. The regulation was reviewed in 2022 which resulted in a loosening of some of the requirements. The current regulation will be in force until the end of 2024 and entails the following requirements for mortgages:

- Loan-to-value (LTV) requirement of maximum 85%.
- Stress test: Households must be able to service their debt in the event of a 3 pps increase in mortgage rates. The minimum stress test level is a 7% interest rate.
- Maximum debt-to-income (DTI) ratio requirement of five times gross annual income
- Mandatory principal payments (i.e. interest-only loans are not allowed) when the LTV ratio exceeds 60%.
- Flexibility quota: Up to 10% of the value of new loans can deviate from one or more of the requirements in each quarter (the limit is 8% for Oslo).

According to the quarterly FSA survey on the use of flexibility quota (i.e. deviations from the mortgage requirements) it has been rather stable since the pandemic. In 2023, banks' use of flexibility quota increased slightly for new loans outside of Oslo, to 7.4% in Q4 (compared to 7% in Q4 2022). For Oslo it was 5.4% in the same period (compared to 4.2% in Q4 2022). The figures reflect that banks tend to operate with a significant buffer to the limits set in the regulation, although the use of flexibility quota may not be evenly distributed among banks.

Defaults on mortgages have been very low for a long time. According to the Central Bank, non-performing loans as a share of lending to the retail market increased slightly in 2023. The level was approximately 0.6% in Q4 2023.

MORTGAGE FUNDING

Norwegian banks and covered bond companies (separate legal entities whose main purpose is to fund typically mortgages with covered bonds) are on aggregate funded by approximately 8% equity, 41% deposits (only banks) and 51% wholesale funding. Covered bonds are approximately half of all wholesale funding. The remainder is senior, unsecured bonds and short term-funding. Covered bonds are hence a very important source of funding of residential mortgages. To date, there are 23 issuers of covered bonds. In 2023 more than EUR 27 bn. worth of covered bonds were issued. The total level of outstanding bonds was approximately EUR 132.5 bn, down by almost EUR 2.5 bn from 2022. 57% of the outstanding bonds are denominated in NOK, 40% in EUR, and the remaining 3% in other foreign currencies.

According to figures from the FSA, the development in banks' funding has been quite stable for some time. Since the introduction of covered bonds in 2007 senior, unsecured bonds have gradually been replaced by covered bonds. This has also contributed to longer maturities within wholesale funding.

GREEN FUNDING

Sustainable finance has been a key priority for several years. In 2015, the Oslo Stock Exchange became the first stock exchange in the world to introduce a separate list for green bonds. Since then, numerous initiatives in the financial industry have been taken and several green bonds issued. The Norwegian financial industry fully supports the work on sustainable finance in the EU and is currently working on interpreting and adapting for instance taxonomy standards on residential real estate (top 15%, NZEB etc.), together with the authorities.

Several banks offer green mortgages to their customers, some with a discount in the interest rate. Green mortgages are most commonly linked to Energy Performance Certificate (EPC) or to specific energy efficiency initiatives on houses.

The first green covered bonds were issued in 2018. Today, 17 Norwegian issuers have issued green covered bonds based on residential mortgages. Outstanding volume was almost EUR 16 bn at year-end 2023, up from EUR 13 bn in 2022.

	NORWAY 2022	NORWAY 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	3.0	0.5	0.4
Unemployment Rate (LSF), annual average (%) (1)	3.2	3.6	6.1
HICP inflation (%) (1)	6.2	5.8	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	n/a	n/a	69.2
Gross Fixed Investment in Housing (annual change) (1)	-1.4	-15.6	-3.1
Building Permits (2015=100) (2)	96.6	73.7	94.0
House Price Index - country (2015=100) (2)	137.0	138.2	170.2*
House Price Index - capital (2015=100) (2)	145.0	149.3	165.1*
Nominal house price growth (%) (2)	1.8	0.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	324,846	312,510	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	59,876	56,934	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	178.1	201.9	71.3
Gross residential lending, annual growth (%) (2)	n/a	n/a	-26.6
Typical mortgage rate, annual average (%) (2)	2.8	4.9	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

NORWAY FACT TABLE

Which entities can issue mortgage loans in your country?	Banks, credit institutions (such as covered bond companies) and state lending institutions.
What is the market share of new mortgage issuances between these entities?	Not available for new mortgage issuance.
Which entities hold what proportion of outstanding mortgage loans in your country?	Banks and (partly or fully owned) covered bond companies have granted almost all mortgage loans. State lending institutions have a marginal share.
What is the typical LTV ratio on residential mortgage loans in your country?	64% for new mortgages according to a survey conducted by the FSA.
How is the distinction made between loans for residential and non-residential purposes in your country?	Not available.
What is/are the most common mortgage product(s) in your country?	Floating rate mortgage.
What is the typical/ average maturity for a mortgage in your country?	The standard maturity for mortgage loans is about 25 years.
What is/are the most common ways to fund mortgage lending in your country?	Covered bonds and deposits.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	Roundtrip transaction cost (registration fee, real estate agent's fee, transfer stamp duty) are between 3.75%-5.6%.
What is the level (if any) of government subsidies for house purchases in your country?	Vulnerable households may receive loans with a favourable interest rate or direct support from the government bank "Husbanken". The amount under the latter option is calculated based on income and housing expenses.

Switzerland

By Michel Fleury, Alexander Koch (Raiffeisen Switzerland),
Remo Kübler, Manuel Kummer (Swiss Bankers Association, SBA)

IN A NUTSHELL

- → GDP only grew by 0.7%, but unemployment remained low at 4.1% thanks to robust employment growth.
- → Rising finance costs and decreased demand ended years of record price growth. However, prices for single-family homes still rose by 2.2% and for condominiums by 5.9%.
- → On the rental housing market, net immigration and low new construction led to historically low vacancies and significant rent increases.
- → Mortgages outstanding grew by 2.5%, slightly less than previously. With a 95% market share banks continue to dominate.
- → The Basel III banking package is expected to come into force In January 2025 and will lead to more risk-sensitive capital requirements for mortgages.

MACROECONOMIC OVERVIEW

The war in Ukraine and the energy crisis led to a deceleration of the economy's recovery from the pandemic. Swiss industry, which is less energy-intensive, was not hit as hard by the rise in energy costs. However, the slower global economy and falling demand from key trading partners in Europe had a noticeable negative impact on exports. In addition, the large pharmaceutical sector was also unable to grow as strongly following the boom in demand during the pandemic. As a result, GDP growth slowed from 2.6% to 0.7%.

The labour market was resilient, employment in industry continued to rise slightly and in services more strongly. The general shortage of labour was offset better than elsewhere by increased immigration. Thanks to robust employment growth, the unemployment rate remained low at 4.1%.

Consumption was also resilient. In addition to rising aggregate incomes, the comparatively much lower inflation rate of 2.3% helped to keep purchasing power high. The strong Swiss franc massively mitigated the surge in import inflation. This helped to keep wage pressure and second-round effects moderate. As a result, the Swiss National Bank (SNB) did not have to raise interest rates any further than 1.75%. Furthermore, inflation worries have dissipated more quickly in Switzerland, providing scope for rate cuts.

Stabilization of the EU economy and a return to lower interest rates should gradually support the economy. However, in contrast to higher wage increases in the eurozone, moderate wage adjustments of Swiss companies may imply a more modest upward potential for GDP growth.

HOUSING MARKETS

Property prices have risen continuously and sharply since the turn of the millennium. Between 2000 and 2023, prices for condominiums and single-family homes more than doubled . Very high annual price growth occurred particularly during the pandemic (in 2021 condominium prices increased by +10.3%; single-family homes by +7.2%). The combination of extremely low interest rates and more time spent at home boosted demand for residential property, which was met by extremely tight supply. However, with the end of the negative interest rate era and the rise in mortgage rates across all maturities from 2022, the home ownership market has entered a new phase.

With the rise in financing costs, the cost advantage of owning rather than renting, considered a main argument for the decision to buy, has disappeared. Even with the most favorable financing purchasing residential property was significantly more expensive than renting a comparable property in 2023. The rise in interest rates has also significantly reduced the attractiveness of buy-to-let investments. As a result, demand for single-family homes and condominiums has fallen noticeably. Compared to pre-pandemic levels search subscriptions for properties on online platforms fell by around a third by the end of 2023. At the same time, the supply shortage has eased slightly. Due to high prices and financing costs, a few more existing properties have recently come up for sale. In addition, the noticeable decline in transaction activity means that properties are generally on the market for slightly longer.

However, this easing only slowed the upward trend in prices to a certain extent. Prices for single-family homes kept rising by 2.2% and for condominiums by 5.9%. In view of the expected further rate cuts and the sharp rise in rents, the cost advantage of buying is likely to return boosting demand. The current shortage of rental apartments should also have a positive effect on demand for owner-occupied homes. Prices can therefore be expected to continue to rise. However, persistently higher mortgage interest rates, very high prices and strict regulatory equity and affordability requirements are increasingly restricting the pool of buyers, weakening demand in the future.

There is a large and growing shortage of rental houses. Vacancy rates have fallen sharply in recent years (2023: 1.15%, 2022: 1.31% and 2021: 1.54%). At the same time, new rents have recently risen significantly (2023: +4.7%). This is the result of strong net immigration and relatively low new construction activity. The market for residential investment properties therefore faced opposing trends: lower vacancy risks and rising rents suggest rising prices, while higher interest rates are putting pressure on valuations. Due to recent extremely low market liquidity, price trends are difficult to estimate, which is reflected in the different index trends depending on the issuer (IAZI +3.7%, Fahrländer -7%). However, with the prospect of interest rates falling again, the risks of a continuing fall in prices on this market are low.

MORTGAGE MARKETS

MARKET DYNAMICS

With an outstanding volume of CHF 1.19 tn, the Swiss mortgage market is one of the largest in the world. In addition to relatively high real estate prices, full amortization rarely takes place for tax reasons. In 2023, mortgage volume grew by 2.5%, slightly less than in previous years (2022: 3.5%, 2021: 3.1%) due to the significantly fewer transactions as a result of the rise in interest rates. At the end of 2023, the average Loan-to-Value (LTV) for new mortgages granted was 66% for owner-occupied properties and 65% for investment properties, relatively stable compared to the previous year. Loan-to-value ratios have been falling in recent years as the Swiss Bankers Association (SBA) has increased financial hurdles for buyers due to high and rising prices.

The Swiss Bankers Association's self-regulation limits LTV for new mortgages. For new mortgages, the 90th percentile LTV was just over 80% for owner-occupied and just over 75% for investment properties. The amortization requirements are also leading to a rapid reduction in high LTVs. Against this backdrop and in view of the favorable market conditions, Switzerland has a very low non-performing loan (NPL) ratio of 0.63% for all loan types (2022), including unsecured financing.

The SNB's abandonment of the negative interest rate policy in mid-2022 represents a turning point in the mortgage market. After a long period of stable and very low mortgage rates, volatility has returned (rates for 10-year fixed mortgages at the end of 2021 were 1.39%, rising to 3.19% in 2022 then falling to 2.30% in 2023). In anticipation of lower rates, money market mortgages were priced noticeably higher in terms of interest rates than fixed-rate mortgages across all maturities at the end of 2023, which has led to strong demand for fixed-rate financing with shorter maturities. The proportion of mortgages with a remaining term of more than 5 years fell from around 27.5% (2022) to 25% (2023). Despite the higher interest rate level, the conditions for mortgage loans remain very attractive. With a 95% share of outstanding financing, banks continue to dominate this market. The largest market share is held by the cantonal banks, followed by UBS, which merged with Credit Suisse, and the Raiffeisen Switzerland Group.

NON-MARKET LED INITIATIVES

In November 2023, the Federal Council published the revised Capital Adequacy Ordinance (CAO) implementing the final elements of the Basel III reforms. The revision will come into force on January 1st, 2025. A major implication for the mortgage market is that risk weights now differentiate between various types of properties, such as owner-occupied housing versus investment properties, and their construction status (completed versus unfinished). In general, risk-weighted assets will increase for owner-occupied properties and decrease for rented properties. Overall, the revision of the standardised approach for risk weighting is capital/RWA neutral in the aggregate. Another major change involves the introduction of a so-called value at origination, requiring banks to maintain the lending value at the value determined at the time of the initial financing for the first 5 years, with certain permissible exceptions such as property renovations. Additionally, the revision leads to adjusted property valuation requirements. In this regard, the Swiss Bankers Association (SBA) has updated its "Guidelines on assessing, valuing and processing loans secured against property". These guidelines, like previous versions, have been recognized by the Swiss Financial Market Supervisory Authority (FINMA) as minimum standards under supervisory law. The amendments cover various topics, including refinements regarding prudent and independent valuations and the use of valuation models.

MORTGAGE FUNDING

Traditionally, Swiss banks finance their mortgage lending largely by customer deposits, albeit the specific share varies from bank to bank. According to SNB data, mortgage loans account for 55% of domestic assets, while customer deposits amount to 62% of domestic liabilities (as of 2023). Covered Bonds collateralized by mortgage loans are another important source of funding, accounting for about 16% of total outstanding funding of mortgage loans in 2023. Historically, the Swiss covered bond market has been mainly driven by two specialized institutions: The Pfandbriefzentrale der Schweizerischen Kantonalbanken AG and the Pfandbriefbank Schweizerischer Hypothekarinstitute AG, both with the exclusive right to issue Swiss Pfandbriefe for their member banks under the Federal Pfandbrief Act. The outstanding Swiss Pfandbrief bonds amount to 36.4% of CHF denominated loan debentures held by Swiss borrowers and fund 15% of Swiss mortgage loans.

In 2023, four institutions – Crédit Agricole Next Bank (Suisse) SA, Credit Suisse, UBS, and Valiant Bank AG – had their own covered bond programs under contractual private law totaling CHF 18 bn, CHF 17.2 bn of which were issued by Swiss entities of these banks, thus diversifying their funding sources. However, these are structured programs that are not subject to Pfandbrief legislation.

In addition to customer deposits and covered bonds, banks use interbank loans, other bonds, and equity to finance its mortgage lending business. This includes green and sustainable bonds, the proceeds of which are used to refinance mortgages that meet specific environmental and social criteria. As of the end of 2023, green and sustainable bonds emitted by commercial banks active in Switzerland amounted to approximately CHF 1.9 bn.

GREEN FUNDING

In line with government policy to establish Switzerland as a leading sustainable finance hub, the SBA set out new self-regulatory minimum standards on mortgage lending, from January 1st, 2023, with a one-year transition period. These "Guidelines for Mortgage Providers on the Promotion of Energy Efficiency" encourage sustainable property financing by requiring banks to advise clients on energy efficiency and long-term value retention of the building. Furthermore, mortgage providers are also expected to provide information on available public and private funds for renovations and independent experts or specialist bodies for technical advice on the energy impact and financial effects of any optimization measures.

This development emphasizes the importance of data-availability on the energy efficiency of real estate. Since March 2023, the Federal Statistical Office (FSO) has been publishing the CO2 emissions under standard conditions for all Swiss residential properties. The FSO data is currently based on emissions from burning fossil fuels (scope 1), with emissions linked to electricity and district heating consumption (scope 2) expected to be included in the future. Banks as well as other industries can access this information and use it, for instance, for reporting, risk management and client advisory purposes.

	SWITZER-LAND 2022	SWITZER-LAND 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	2.6	0.7	0.4
Unemployment Rate (LSF), annual average (%) (1)	4.3	4.1	6.1
HICP inflation (%) (1)	2.7	2.3	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	n/a	n/a	69.2
Gross Fixed Investment in Housing (annual change) (1)	-5.4	n/a	-3.1
Building Permits (2015=100) (2)	n/a	n/a	94.0
House Price Index - country (2015=100) (2)	119.3	124.0	170.2*
House Price Index - capital (2015=100) (2)	131.7	136.9	165.1*
Nominal house price growth (%) (2)	5.9	3.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	n/a	n/a	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	n/a	n/a	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	n/a	n/a	71.3
Gross residential lending, annual growth (%) (2)	n/a	n/a	-26.6
Typical mortgage rate, annual average (%) (2)	1.3	1.7	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

SWITZERLAND FACT TABLE

Which entities can issue mortgage loans in your country?	Banks, insurers, and pension funds issue mortgage loans. However, from a legal perspective, private individuals can grant mortgages too.
What is the market share of new mortgage issuances between these entities?	According to MoneyPark, 70% of their conveyed new mortgages were issued by banks, 19% by insurers and roughly 11% by pension funds in 2023.
Which entities hold what proportion of outstanding mortgage loans in your country?	Banks account for about 95% of the total outstanding mortgage loans. The rest of the market is shared by insurers (~3%) and pension funds (~2%).
What is the typical LTV ratio on residential mortgage loans in your country?	The median LTV for new mortgage loans granted in 2023 stood at 66%, which is roughly the equivalent to the LTV of a first mortgage. A second mortgage can cover the missing loan amount up to typically an LTV of 80%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The Capital Adequacy Ordinance (CAO) differentiates between loans for residential properties and loans for other properties. Residential properties are defined as properties that are self-occupied and/or rented out by the borrower.
What is/are the most common mortgage product(s) in your country?	Fixed-rate mortgages are the most common mortgages in Switzerland and their maturity can range between 2 and 15 years.
What is the typical/average maturity for a mortgage in your country?	Most of the (fixed rate) mortgages offered on the market have a maturity between 3 and 10 years.
What is/are the most common ways to fund mortgage lending in your country?	Customer deposits and Swiss Pfandbriefe.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	The additional costs (i.e. property transfer tax, registration fee and notary fees) vary from canton to canton and can range from 2 to 5% of the purchase price.
What is the level (if any) of government subsidies for house purchases in your country?	There are no specific subsidies for purchasing residential real estate. However, the government scheme to promote home ownership allows for the early withdrawal and the pledging of pension assets for the purchase, the construction, and the modification of owner-occupied residential property as well as the repayment of mortgage loans and the purchase of shares in a housing association, or similar participations.

United Kingdom

By Joseph Thompson, Building Societies Association

IN A NUTSHELL

→ The economy grew by 0.1%.
→ House prices grow only 0.4% due to increased mortgage rates.
→ House prices in London were 84% higher than the national average.
→ The average rate on new residential loans was 4.81% in 2023, up significantly from 2.56% in 2022.

MACROECONOMIC OVERVIEW

Economic growth was relatively flat (0.1%), following growth of 4.3% in 2022 as the country recovered from the pandemic. In the final two quarters of 2023 the UK entered a technical recession with two quarters of negative growth. However, this was short lived as the economy grew again in the first quarter of 2024.

The weak performance of the economy in 2023 was predominately a result of high inflation and interest rates which both weakened demand. CPI inflation peaked at 11.1% in October 2022, and fell consistently throughout 2023, but remained above the Bank of England's 2.0% target - ending the year at 4.0%. Whilst higher prices were driven by higher energy costs due to the war in Ukraine, domestically driven inflation was also present. Labour market conditions were tight, with a relatively high number of job vacancies and a weakening participation rate due to prolonged ill health and early retirement. To tackle inflation the Bank of England increased the Bank Rate from 3.50% in January, to 5.25% in August, where it has since remained.

Wages were growing at a slower pace than inflation throughout the first half, meaning real wages continued to fall as they have been falling since mid-2022. However, in the second half of 2023 year wages remained relatively high as inflation continued to fall, and real wages began to grow again.

LOOKING AHEAD

Stronger wage growth and consumer confidence has supported modest growth in the first quarter of 2024. The economy is expected to continue growing this year as inflation continues to fall and real wages continue to grow. It is also widely expected that the Bank of England will ease monetary policy by cutting the Bank Rate by 25 bps this year, or more if there is evidence of lower inflation. A general election will take place on 4 July which may be weighing on businesses and consumer confidence, but this is likely to pass once the election has concluded.

HOUSING MARKETS

After growing by 9.4% in 2022, house price growth stalled in 2023 with prices growing by just 0.4%. This is likely a result of the increase in mortgage interest rates over the year, which followed the increase in Bank Rate and increased affordability pressure on both first-time buyers and home movers. House prices in London were 84% higher than the national average in 2023, and over the year prices fell by 1.3% in the capital. According to the Building Society Association's Property Tracker survey, at the end of 2023 68% of people said affordability of mortgage repayments was a barrier to property purchase. This is the biggest barrier, which has been the case since mortgage interest rates began to increase.

Owing to low interest rates in recent years, more first-time buyers have been able to purchase a property leading to an increase in the owner occupancy rate. In 2022/23 64.8% owned their own home in England, up from 64.3% in 2021/22.

In England there were 149,000 housing starts (down 16% on 176,000 in 2022) and 158,000 completions (down 11% on the 178,000 in 2022). The majority (76%) of new building activity was in the first half of the year, as builders brought forward many projects before the introduction of the Future Homes and Building Standard in 2025. These standards require lower carbon emissions and come at some additional cost to builders. With house prices not expected to grow materially, it is likely that house builders have limited the number of new starts.

The government set a target to create 300,000 net additional dwellings per year by the mid-2020s. This includes converted properties and changing the use of buildings from commercial to residential use. In the financial year of 2022/23 there were 234,000 net additions, which falls short of the target and is the same as the net additions in 2021/22.

MORTGAGE MARKETS

Gross mortgage lending totalled GBP 224 bn, down 29% on the GBP 313 bn in 2022. Due to repayments being higher than new lending, total balances fell slightly from GBP 1,621 bn at the end of 2022 to GBP 1,619 bn at the end of 2023.

The mean LTV ratio on new loans was 69.9% in 2023, down from 71.7% in 2022, which corresponds with the smaller average loan advanced, which was down 5% from GBP 237,000 in 2022 to GBP 225,000 in 2023. The average term on new mortgages continued to rise reaching 29 years in 2023, up from 28 years in 2022 and 25 years 2013, the increase being due to deteriorating affordability.

The average rate on new residential loans was 4.81%, up significantly from the 2.56% in 2022. This reflects the Bank Rate, which increased from 3.50% to 5.25% over the year. With the expectation that the Bank Rate and mortgage rates may have peaked towards the end of the year, there was as increase in new lending on variable rather than fixed rates. In 2023 15% of new lending was at variable rates, up from 5.08% in 2022. Average rates on shorter terms (i.e. 2 year) fixed rates were lower than longer term fixed rates (3 and 5 year) due to markets pricing lower rates.

Arrears increased as higher inflation and interest rates put additional financial strain on households, after record low in 2022 due to low rates and efforts from lenders to offer forbearance for struggling borrowers. At the end of 2022, 0.91% of loans were in arrears (greater than 2.5% in arrears, including those in possession) which increased to 1.17% by the end of 2023. This was the highest level since the end of 2016. The stock of possessions also increased from 3,595 at the end of 2022 to 5,236 by the end of the year. At the end of 2023 around 5 mn mortgages had refinanced onto higher rates since they began to rise at the end of 2021. It is estimated that a further 5 mn households due to reprice by 2026. Consequently, mortgage arrears and possessions are expected to rise in coming years.

In order to help ease the pressure of rising mortgage rates, the Government launched the 'Mortgage Charter' in June. Most UK banks and building societies representing 90% of the market signed up to this. It commits lenders not to force a borrower to leave their home without their consent, unless in exceptional circumstances, in less than a year from their first missed payment. It also allows struggling borrowers to lower their repayments by switching to interest only repayments for six months or extending their term and allowed borrowers to lock in a new deal up to six months ahead of the end of a fixed rate deal. Around 760,000 accounts benefited from one or more of these options, the vast majority took a fixed rate up to six months before their current deal matured, an option which was already offered by many lenders prior to the introduction of the Charter.

MORTGAGE FUNDING

At the end of 2023 outstanding borrowings from lenders via the Bank of England's TFSME (Term Funding Scheme with additional incentives for Small and Medium sized enterprises) was GBP 153 bn, down from GBP 182 bn at the end of 2022 and a peak of GBP 193 bn at the end of 2021. Repayments continue to be made, however in May 2024 the Bank of England announced that some eligible TFSME participants will be able further their TFSME funding from 6 to 10 years.

Lenders raised GBP 37 bn from retail sources, down 50% from the GBP 74 bn in 2022 as households reduced savings due to the increased cost of living, including higher mortgage repayments. Savings interest rates increased over the year as the Bank Rate increased. Instant access rates increased to 2.03% by year end of 2023, from 0.83% in December 2022. Fixed rates increased to 4.79% in December 2023, from 3.33% in December 2022.

There was an increased supply of UK covered bonds. Total issuance during the year was over GBP 20 bn, of which GBP 5 bn was retained by the issuer. The total value of public issues was 20% higher than the previous year and met with good investor demand. Aggregate maturities were approximately GBP 13 bn meaning that the balance of covered bonds outstanding grew for the first time in three years, and at the end of 2023 stood at GBP 87 bn.

GREEN FUNDING

In September 2023, the Government weakened several Net Zero policies related to home energy efficiency and emissions. These include: delaying the ban on installing fossil fuel home heating systems to 2035, instead of phasing them out from 2026; creating an exemption to the phase out of fossil fuel boilers for about one fifth of homes; and abandoning the proposed requirement that landlords upgrade all residential rental properties to EPC 'C' by 2028.

At the same time, the Government increased the grant available under the Boiler Upgrade Scheme (BUS) to GBP 7,500, which helps homeowners installing heat pumps to meet the upfront installation costs. This scheme is part of GBP 6.6 bn committed to improving energy efficiency and install low carbon heating for 2021-25. An additional GBP 6 bn has been committed for 2025 to 2028. However, this and other schemes have fallen short of predicted targets. The BUS expected to provide funding for the installation 50,000 heat pumps through 2023, but the actual figure was less than 19,000.

The Great British Insulation Scheme has similarly underachieved. The scheme has been open since March 2023 and provides GBP 1 bn in funding for home insulation. It was projected to help around 300,000 households install insulation through March 2026. Through March 2024, however, measures had been installed in just 7,720 homes.

The Green Home Finance Accelerator has progressed from the discovery phase to the pilot phase. That scheme is intended to support organisations to develop, and pilot innovate finance propositions that will encourage improvements in domestic energy efficiency, low carbon heating and micro-generation retrofit. Of the 26 projects funded through the discovery phase, 13 have received over GBP 15 mn in funding to further develop and pilot their propositions.

	UNITED KINGDOM 2022	UNITED KINGDOM 2023	EU 27 2023
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)	3.0	0.5	0.4
Unemployment Rate (LSF), annual average (%) (1)	3.2	3.6	6.1
HICP inflation (%) (1)	6.2	5.8	6.4
HOUSING MARKET			
Owner occupation rate (%) (1)	n/a	n/a	69.2
Gross Fixed Investment in Housing (annual change) (1)	-1.4	-15.6	-3.1
Building Permits (2015=100) (2)	96.6	73.7	94.0
House Price Index - country (2015=100) (2)	137.0	138.2	170.2*
House Price Index - capital (2015=100) (2)	145.0	149.3	165.1*
Nominal house price growth (%) (2)	1.8	0.9	3*
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (2)	324,846	312,510	6,782,375
Outstanding Residential Loans per capita over Total Population (EUR) (2)	59,876	56,934	15,114
Outstanding Residential Loans to disposable income ratio (%) (1) (2)	178.1	201.9	71.3
Gross residential lending, annual growth (%) (2)	n/a	n/a	-26.6
Typical mortgage rate, annual average (%) (2)	2.8	4.9	4.7

* Please note that this value is a simple average of the available values in 2023.

Sources:
(1) Eurostat.
(2) European Mortgage Federation - Hypostat 2024, Statistical Tables.

UNITED KINGDOM FACT TABLE

Which entities can issue mortgage loans in your country?	Monetary and Financial Institutions (MFIs), which includes banks and building societies. Other specialist lenders (non-bank, non-building society UK credit grantors, specialist mortgage lenders, retailers, central and local government, public corporations, insurance companies and pension funds). Other (anything not covered elsewhere).
What is the market share of new mortgage issuances between these entities?	MFIs – 93% Other specialist lenders – 6% Other – 1%
Which entities hold what proportion of outstanding mortgage loans in your country?	MFIs – 90% Other specialist lenders – 7% Other – 3%
What is the typical LTV ratio on residential mortgage loans in your country?	69.9% for loans advances in 2023.
How is the distinction made between loans for residential and non-residential purposes in your country?	The distinction is based on the property being purchased and the purpose it will be used for. A residential loan is used to purchase a property that a person will live in. A commercial loan is one that is used to purchase commercial land or buildings. [We have taken non-residential loans to mean commercial in this context]
What is/are the most common mortgage product(s) in your country?	Initial fixed rate products.
What is the typical/ average maturity for a mortgage in your country?	28.7 years for loans advances in 2023.
What is/are the most common ways to fund mortgage lending in your country?	Retail deposits and wholesale funding.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	**Stamp Duty Land Tax** – ranges from 0% to 12%, depending on property value **Valuation fee** – ranges from GBP 150 to GBP 1,500, depending on property value **Surveyor's fee** – ranges from GBP 250 to GBP 600 **Legal fees** – ranges from GBP 500 to GBP 1,500 **Electronic transfer fee** – around GBP 40 to GBP 50
What is the level (if any) of government subsidies for house purchases in your country?	There are no subsidies which apply to house purchase on the whole, there are however some subsidies for specific parts of the market, such as those who live in social housing.

A — THE MORTGAGE MARKET

1. Total Outstanding Residential Loans

Total Amount, End of the Year, EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	86,281	87,622	90,710	96,925	101,169	107,354	112,666	119,774	125,528	135,896	142,173	138,662
BELGIUM	183,615	189,484	196,877	207,117	220,114	233,224	246,528	263,419	275,378	291,948	308,579	315,607
BULGARIA	3,573	3,507	3,499	3,522	3,700	4,190	4,715	6,384	7,031	8,086	9,390	11,263
CROATIA	8,321	8,161	7,998	7,845	6,975	7,017	7,178	7,632	8,260	9,004	9,932	10,840
CYPRUS	12,679	11,854	11,655	11,661	11,515	11,123	8,670	8,605	8,649	8,385	8,386	8,339
CZECHIA	27,851	27,222	28,732	32,085	34,940	40,555	43,984	48,658	51,174	60,632	65,497	66,410
DENMARK	230,741	231,850	239,403	238,848	243,751	250,708	255,215	262,611	270,820	281,740	284,146	277,743
ESTONIA	5,846	5,896	6,064	6,323	6,661	7,107	7,603	8,119	8,656	9,449	10,492	11,106
FINLAND	86,346	88,313	89,762	91,955	94,056	96,129	97,781	100,354	103,610	107,759	109,315	107,490
FRANCE	870,040	814,627	833,120	866,401	899,358	954,226	1,009,562	1,078,645	1,136,990	1,214,582	1,280,950	1,292,144
GERMANY	1,184,853	1,208,822	1,237,410	1,279,456	1,326,901	1,378,810	1,445,987	1,530,434	1,629,423	1,744,433	1,842,773	1,871,314
GREECE	74,634	71,055	69,408	67,593	61,397	58,812	56,766	52,707	46,133	30,891	29,753	28,456
HUNGARY	19,985	18,499	17,146	14,943	14,024	13,602	13,604	13,715	13,321	14,660	14,204	14,993
IRELAND	97,462	94,862	90,593	87,898	86,195	84,045	83,301	81,637	80,891	79,634	78,130	80,213
ITALY	365,588	361,390	359,137	362,332	369,520	375,425	378,966	383,515	391,515	409,868	426,953	424,651
LATVIA	5,334	5,062	4,703	4,503	4,412	4,362	4,102	4,177	4,178	4,505	4,713	4,790
LITHUANIA	5,884	5,901	6,006	6,179	6,597	7,194	7,786	8,457	9,176	10,237	11,471	12,174
LUXEMBOURG	21,715	23,389	25,038	26,599	28,314	30,656	33,062	35,651	38,957	42,464	44,596	43,942
MALTA	3,088	3,278	3,592	3,905	4,204	4,548	4,949	5,459	5,824	6,459	7,910	8,353
NETHERLANDS	693,716	685,024	687,229	693,883	704,238	713,806	726,392	736,279	751,949	785,477	813,300	826,157
POLAND	79,434	80,812	82,555	88,390	89,592	93,111	96,728	104,146	104,607	111,423	106,166	110,595
PORTUGAL	110,520	106,585	102,469	98,516	95,377	94,093	93,952	93,846	96,176	98,149	101,700	100,370
ROMANIA	8,767	9,257	10,105	11,522	12,893	14,262	15,785	16,999	18,354	20,347	21,432	21,218
SLOVAKIA	13,701	15,304	17,364	19,714	22,508	25,383	28,271	31,001	33,787	37,677	41,602	39,035
SLOVENIA	5,259	5,307	5,348	5,525	5,717	5,976	6,239	6,587	6,862	7,479	8,215	8,272
SPAIN	594,405	569,692	552,613	526,105	511,253	497,711	494,459	487,561	481,913	487,146	486,890	471,915
SWEDEN	334,922	340,379	339,152	375,277	387,000	401,977	409,876	423,397	469,091	485,635	470,048	476,323
EURO AREA 20	4,420,966	4,353,468	4,389,099	4,462,590	4,559,506	4,689,983	4,847,042	5,036,226	5,235,596	5,512,438	5,757,901	5,803,830
EU 27	5,134,560	5,073,155	5,117,689	5,235,022	5,352,379	5,515,406	5,694,126	5,919,770	6,178,254	6,503,965	6,738,716	6,782,375
ICELAND	8,061	8,941	9,167	9,688	11,851	12,091	12,351	13,104	12,711	14,952	15,889	17,114
NORWAY	260,725	245,449	241,128	242,633	274,257	270,151	280,500	298,318	299,365	328,387	324,846	312,510
SWITZERLAND	702,335	720,066	763,933	853,457	884,018	832,915	896,413	960,608	n/a	n/a	n/a	n/a
UNITED KINGDOM	1,501,265	1,483,422	1,612,453	1,755,378	1,546,503	1,542,945	1,574,861	1,709,024	1,669,740	1,861,750	1,827,277	1,862,971
AUSTRALIA	999,257	862,191	956,789	1,018,576	1,106,598	1,124,025	1,115,281	1,134,377	1,183,189	1,296,938	1,373,512	1,359,241
BRAZIL	95,089	104,595	135,687	117,305	157,747	143,958	134,780	141,340	111,840	129,174	164,836	193,730
CANADA	867,566	817,605	896,116	887,681	1,004,421	996,750	991,832	1,123,183	1,100,173	1,200,281	1,233,482	1,242,207
JAPAN	1,593,818	1,268,756	1,275,745	1,431,968	1,550,537	1,451,780	1,601,853	1,702,550	1,689,996	1,689,435	n/a	n/a
RUSSIA	57,739	67,238	56,579	56,366	78,449	83,379	88,621	120,740	111,767	151,272	191,161	196,567
SINGAPORE	68,439	69,869	81,663	88,973	94,261	94,862	100,555	102,563	96,339	109,271	122,148	152,035
SOUTH KOREA	282,893	282,700	341,207	383,224	430,012	451,945	473,021	488,895	508,714	545,521	561,593	542,465
TURKEY	36,146	37,048	44,270	45,096	44,167	42,105	31,208	29,982	30,637	19,621	18,035	13,527
USA	10,606,644	10,147,492	11,526,568	12,854,235	13,276,165	11,668,812	12,222,189	12,457,189	11,404,454	12,356,000	13,120,576	12,664,621

Sources: *European Mortgage Federation National Experts, European Central Bank, National Central Banks, Federal Reserve*

1) Time series breaks:
- Cyprus: 2004 (reclassification of loans)
- Ireland: 2010 (different definition used from 2010 - see point (1) Notes).
*Italy: 2010 (due to a change of methodology)
- Luxembourg: 2003 (due to a change in the statistical source)
- Netherlands: 2006 (due to a change of methodology)
- Norway: 2009 (due to a change in methodology)
- Malta: 2005 (due to a change in the statistical source), before 1999 aggregate data residential and commercial
- Poland: 2007 (due to a change of methodology)
- Romania: 2007 (due to a change of methodology)
- Slovakia: 2006 (due to a change of methodology)
- Spain: 1999 (due to a change in methodology)
- Sweden: 2004 (due to a change in the statistical source)

2) The series has been revised for at least two years in:
- Canada
- USA

3) Notes:
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a: figure not available
- Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period (provided by the ECB and Bloomberg)
- Please note that due to the conversion to euros, changes observed for countries not belonging to the euro area may be due to exchange rate fluctuations. To obtain values in national currency, please refer to the exchange rates used, on Table 30 of this publication.
- For Turkey the entire series has been updated
- For Ireland, this series includes all housing loans until 2009. From 2010, this series represents only housing loans for owner-occupied dwellings.
- For Malta, this series does not include non-resident lending
- For Japan, the reference year is the Japanese Fiscal year, from April to March
- For Spain the series from 1999 has been updated and refers total residential mortgage loans (only backed up by a mortgage)

2. Change in Outstanding Residential Loans

End of period, EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	2,321	1,341	3,088	6,215	4,244	6,185	5,312	7,108	5,754	10,368	6,277	-3,511
BELGIUM	11,566	5,869	7,393	10,240	12,997	13,110	13,304	16,891	11,959	16,570	16,631	7,028
BULGARIA	-16	-66	-8	23	178	491	525	1,669	647	1,055	1,304	1,873
CROATIA	-70	-234	-194	-130	-787	153	190	430	512	744	928	908
CYPRUS	134	-825	-199	6	-146	-392	-2,453	-65	44	-264	1	-47
CZECHIA	2,296	-630	1,510	3,353	2,855	5,616	3,428	4,675	2,516	9,457	4,865	913
DENMARK	1,998	1,110	7,553	-555	4,903	6,957	4,507	7,396	8,208	10,920	2,406	-6,402
ESTONIA	-36	51	168	259	338	446	496	516	537	794	1,042	615
FINLAND	4,565	1,967	1,449	2,193	2,101	2,073	1,652	2,573	3,256	4,149	1,556	-1,825
FRANCE	26,840	-55,413	18,493	33,281	32,957	54,868	55,336	69,083	58,345	77,592	66,368	11,194
GERMANY	21,070	23,969	28,588	42,046	47,445	51,909	67,177	84,447	98,989	115,010	98,340	28,541
GREECE	-3,759	-3,579	-1,646	-1,815	-6,196	-2,585	-2,046	-4,059	-6,574	-15,242	-1,138	-1,297
HUNGARY	-1,965	-1,486	-1,353	-2,203	-919	-423	3	111	-395	1,339	-456	789
IRELAND*	-3,126	-2,600	-4,269	-2,695	-1,703	-2,150	-744	-1,664	-746	-1,257	-1,504	2,083
ITALY	-2,057	-4,198	-2,253	3,195	7,188	5,905	3,541	4,549	8,001	18,353	17,085	-2,303
LATVIA	-657	-272	-359	-200	-91	-50	-260	75	1	327	208	77
LITHUANIA	-55	25	160	172	416	589	585	669	717	1,061	1,234	703
LUXEMBOURG	1,460	1,674	1,649	1,561	1,715	2,342	2,408	2,569	3,325	3,507	2,132	-654
MALTA	195	190	314	313	299	344	401	510	365	635	1,451	443
NETHERLANDS	6,639	-8,692	2,205	6,654	10,355	9,568	12,586	9,887	15,670	33,528	27,823	12,857
POLAND	7,551	1,378	1,743	5,835	1,202	3,520	3,616	7,419	460	6,817	-5,257	4,429
PORTUGAL	-3,396	-3,935	-4,116	-3,953	-3,139	-1,284	-141	-106	2,330	1,973	3,551	-1,330
ROMANIA	1,171	490	848	1,417	1,371	1,369	1,523	1,214	1,355	1,993	1,085	-214
SLOVAKIA	1,381	1,603	2,060	2,350	2,794	2,875	2,888	2,730	2,786	3,890	3,925	-2,567
SLOVENIA	95	48	41	177	192	259	263	348	173	617	736	57
SPAIN	-18,252	-24,713	-17,079	-26,508	-14,852	-13,542	-3,252	-6,899	-5,647	5,233	-256	-14,975
SWEDEN	26,424	5,457	-1,227	36,125	11,722	14,977	7,883	13,538	45,568	16,544	-15,587	6,275
EURO AREA 20	44,929	-67,490	35,686	73,490	96,913	130,470	157,053	189,162	199,285	276,842	245,463	45,929
EU 27	82,317	-61,471	44,557	117,355	117,438	163,130	178,728	225,615	258,158	325,711	234,751	43,660
ICELAND	-227	880	225	522	2,162	240	260	753	1,500	2,241	937	1,225
NORWAY	33,453	-15,275	-4,322	1,506	31,624	-4,107	10,350	17,817	1,047	29,022	-3,541	-12,336
SWITZERLAND	36,408	17,731	43,867	89,524	30,561	-51,103	63,498	64,195	n/a	n/a	n/a	n/a
UNITED KINGDOM	61,450	-17,842	129,031	142,925	-208,875	-3,558	31,916	134,164	-39,285	192,010	-34,472	35,694
AUSTRALIA	25,205	-87,411	29,249	456,449	87,968	17,107	-9,087	18,807	48,889	113,749	76,574	-14,271
BRAZIL	16,060	9,065	30,503	-16,717	40,441	-13,789	-9,177	6,561	-29,501	17,334	35,662	28,894
CANADA	52,570	-49,960	78,511	-8,435	116,739	-7,670	-4,918	131,351	n/a	100,109	n/a	8,725
JAPAN	-202,902	-326,386	7,033	157,063	119,254	-99,135	151,099	102,339	-20,120	-561	n/a	n/a
RUSSIA	15,898	9,499	-10,659	-213	22,083	4,930	5,242	32,120	-8,970	39,504	39,889	5,406
SINGAPORE	12,173	1,430	11,794	7,310	5,288	601	5,693	2,008	-6,224	12,932	12,878	29,887
SOUTH KOREA	23,723	-193	58,508	42,017	46,787	21,933	21,076	15,874	19,818	36,807	16,072	-19,128
TURKEY	6,157	902	7,222	827	-930	-2,062	-10,896	-1,226	655	-11,016	-1,586	-4,509
USA	-209,034	-459,152	1,379,076	1,327,667	421,930	-1,607,354	553,377	235,000	-1,052,734	951,546	764,575	-455,955

Sources: *European Mortgage Federation National Experts, European Central Bank, National Central Banks, Federal Reserve*

1) Time series breaks:

- See Table 1

2) The series has been revised for at least two years in:

- See Table 1

3) Notes:

- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the time series are the result of the variation between two consecutive amounts of outstanding mortgage loans.
- Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period (provided by the ECB and Bloomberg)
- Please note that due to the conversion to euros, changes observed for countries not belonging to the euro area may be due to exchange rate fluctuations. To obtain values in national currency, please refer to the exchange rates used, on Table 27 of this publication.

3. Gross Residential Loans

Total Amount, EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	15,441	15,874	16,877	21,166	20,363	28,130	28,106	30,568	38,069	37,204	34,606	21,471
BELGIUM	25,994	25,077	29,441	36,155	36,554	33,568	34,895	43,805	36,115	45,549	39,584	27,589
BULGARIA	599	635	697	973	1,157	1,620	1,709	1,793	2,013	2,767	3,417	3,869
CROATIA	753	549	530	669	1,721	663	974	1,159	1,592	1,595	2,662	2,703
CYPRUS	1,518	1,399	480	268	543	720	869	874	783	1,121	1,178	1,016
CZECHIA	4,566	6,404	6,446	7,984	10,384	11,207	11,871	10,694	10,062	17,915	6,995	5,417
DENMARK	43,199	24,700	35,303	50,700	40,526	40,661	39,100	74,476	55,830	56,922	69,878	60,833
ESTONIA	566	686	819	942	1,038	1,206	1,315	1,399	1,368	1,899	2,207	1,783
FINLAND	21,400	17,514	17,540	33,307	29,511	30,982	33,970	33,705	38,088	32,461	27,933	26,125
FRANCE	119,337	140,600	112,900	213,700	252,500	268,500	203,600	247,500	250,600	275,200	259,600	152,800
GERMANY	162,900	170,100	177,100	208,600	209,400	214,300	227,800	245,000	269,700	299,600	273,500	196,300
GREECE	n/a	n/a	n/a	447	471	518	553	587	640	973	1,197	1,140
HUNGARY	1,214	623	885	1,343	1,688	2,352	2,875	3,012	2,844	3,524	3,273	1,796
IRELAND	2,636	2,495	3,855	4,848	5,656	7,286	8,722	9,540	8,365	10,467	14,057	12,088
ITALY	28,578	25,910	31,848	61,850	79,092	70,499	67,860	71,616	76,338	79,049	69,450	68,544
LATVIA	176	221	247	271	363	419	n/a	n/a	n/a	n/a	n/a	n/a
LITHUANIA	578	573	541	1,051	1,219	1,341	1,460	1,479	1,581	2,196	2,443	2,175
LUXEMBOURG	5,523	4,817	5,694	6,347	7,134	7,250	8,680	9,407	10,685	11,243	9,337	5,299
MALTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NETHERLANDS	46,664	36,700	48,550	63,474	80,977	100,972	107,080	122,626	138,957	163,181	154,114	107,240
POLAND	6,646	7,716	8,003	9,850	9,389	10,695	11,810	12,270	13,037	18,908	10,394	12,893
PORTUGAL	1,935	2,049	2,313	4,013	5,790	8,259	9,835	10,619	11,389	15,270	16,158	21,656
ROMANIA	1,455	1,521	1,542	2,516	2,470	2,656	2,688	2,696	2,504	3,953	3,840	3,069
SLOVAKIA	3,803	4,873	5,840	6,362	9,865	8,019	7,972	7,277	8,402	11,117	9,492	3,821
SLOVENIA	705	597	633	886	1,059	1,118	1,068	1,130	1,512	2,008	2,196	1,143
SPAIN	32,279	21,857	26,800	35,721	37,492	38,861	43,056	43,591	43,970	59,425	65,220	56,242
SWEDEN	40,616	46,498	51,168	60,761	59,341	59,871	55,755	55,165	61,206	68,059	64,146	44,986
EURO AREA 20	470,311	470,825	481,513	698,207	778,025	826,045	786,140	879,722	938,264	1,046,662	982,355	709,133
EU 27	574,595	563,425	587,996	833,317	904,836	956,180	913,855	1,041,896	1,092,851	1,226,643	1,146,878	841,995
ICELAND	n/a	858	994	1,769	11,562	13,978	16,558	n/a	n/a	n/a	n/a	3,487
UNITED KINGDOM	178,217	209,257	252,301	305,534	300,855	296,364	303,739	306,465	276,178	358,374	367,250	257,201
AUSTRALIA	191,521	205,474	224,757	242,678	239,637	250,892	218,192	197,826	234,556	352,165	367,151	326,233
BRAZIL	47,032	52,063	49,698	33,554	25,618	26,821	25,988	29,352	29,579	39,932	44,264	46,355
CANADA	195,557	182,258	172,343	218,526	228,136	223,819	189,081	216,977	n/a	n/a	n/a	n/a
JAPAN	196,531	158,455	136,253	148,309	202,497	166,748	157,653	171,814	172,041	166,558	n/a	n/a
RUSSIA	25,847	31,980	34,623	17,065	19,873	30,664	40,695	40,506	53,729	65,397	64,934	84,142
TURKEY	12,305	19,893	12,566	15,464	17,078	16,611	6,872	8,808	15,680	7,437	7,139	5,535
USA	1,624,631	1,545,913	1,524,778	1,854,523	1,921,236	1,914,869	1,869,924	2,010,612	1,992,965	1,886,369	2,275,160	2,353,662

***Source:** European Mortgage Federation National Experts, European Central Bank, Japan Housing Finance Agency, National Central Banks, Federal Reserve, Inside Mortgage Finance*

1) Time series breaks:

- France (2007)
- The Netherlands (2003: change of source; 2004-2007: change of methodology)
- USA (2006)
- Luxembourg (2023): change of source

2) The series has been revised for at least two years in:

- France
- Japan
- USA

3) Notes:

- For further details on the methodologies, please see "Annex: Explanatory Note on data"
- n/a : figure not available
- Please note that the conversion to euros is based on the yearly average bilateral exchange rate (provided by the ECB)
- Please note that due to the conversion to euros, changes observed for countries not belonging to the euro area may be due to exchange rate fluctuations. To obtain values in national currency, please refer to the exchange rates used, on Table 29 of this publication.
- Data includes internal remortgaging for the following countries: Slovakia and Italy
- For Austria and Turkey the figure includes only new loans
- For Belgium the figure also includes external remortgaging
- For Spain the figure also includes credits to households.
- For Sweden only residential lending from mortgage credit institutions is included. Lending by banks is not included in the above. However, mortgage credit institutions are estimated to constitute around 75% of the total residential mortgage credit market.
- For Denmark the figure does not include second homes
- For Japan, the reference year is the Japanese Fiscal year, from April to March
- For US, the credit mortgage lending series has been discontinued by the source as of 2019

4. Representative Interest Rates on New Residential Loans

Annual average based on monthly figures, %

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TYPE
AUSTRIA	2.71	2.39	2.29	2.02	1.92	1.89	1.84	1.63	1.34	1.20	1.87	3.87	1
BELGIUM	3.63	3.45	3.17	2.49	2.11	2.09	1.91	1.78	1.57	1.46	2.14	3.59	1
BULGARIA	7.59	7.05	6.69	5.89	4.99	4.00	4.64	3.51	3.52	3.27	3.11	3.53	1
CROATIA	5.46	5.04	5.05	5.07	4.78	3.80	3.52	3.07	2.93	2.65	2.55	n/a	1
CYPRUS	5.33	5.03	4.43	3.59	3.06	2.77	2.41	2.12	2.10	2.17	2.55	4.13	2
CZECHIA	3.52	3.26	2.56	2.33	2.07	2.11	2.49	2.62	2.22	2.27	4.61	5.88	1
DENMARK	1.41	1.20	1.29	1.09	1.15	1.00	0.81	0.66	0.69	0.69	1.29	4.55	1
ESTONIA	2.86	2.54	2.43	2.25	2.28	2.34	2.59	2.54	2.48	2.15	2.68	5.36	1
FINLAND	1.97	1.98	1.80	1.35	1.16	0.95	0.86	0.73	0.69	0.77	3.30	4.42	1
FRANCE	3.56	3.19	2.96	2.32	1.88	1.60	1.55	1.36	1.26	1.15	1.47	3.03	1
GERMANY	3.06	2.76	2.49	1.95	1.76	1.83	1.87	1.52	1.25	1.26	2.44	4.00	1
GREECE	3.26	2.82	2.94	2.62	2.74	2.78	3.01	3.11	2.85	2.78	3.14	4.10	2
HUNGARY	10.51	9.85	8.48	6.21	5.32	4.70	4.43	4.86	4.56	4.43	7.35	9.20	2
IRELAND	3.28	3.44	3.42	3.49	3.26	3.19	3.01	2.93	2.81	2.73	2.71	4.79	1
ITALY	3.69	3.50	2.83	2.50	2.02	1.90	1.89	1.44	1.25	1.40	3.01	4.42	1
LATVIA	3.65	3.53	3.38	3.18	3.21	2.82	2.82	2.67	2.62	2.38	2.94	5.57	1
LITHUANIA	2.97	2.39	2.15	1.88	1.95	2.01	2.22	2.37	2.33	2.16	2.78	5.45	1
LUXEMBOURG	2.23	2.13	2.02	1.86	1.68	1.74	1.75	1.53	1.34	1.32	2.01	4.07	2
MALTA	3.40	3.03	2.85	2.99	2.84	2.83	2.71	2.58	2.60	3.01	2.87	2.85	1
NETHERLANDS	4.27	3.78	3.37	2.93	2.59	2.41	2.40	2.27	1.89	1.70	2.39	3.72	1
POLAND	6.95	5.14	4.10	4.40	4.40	4.40	4.40	4.32	3.47	3.06	7.70	8.32	1
PORTUGAL	3.89	3.26	3.21	2.38	1.90	1.59	1.38	1.10	0.80	0.83	3.24	4.12	2
ROMANIA	5.03	4.73	5.06	3.99	3.46	3.70	5.16	5.45	5.12	4.12	5.15	7.29	2
SLOVAKIA	4.69	4.07	3.39	2.72	1.97	1.82	1.58	1.41	1.17	1.02	1.93	4.30	1
SLOVENIA	2.98	3.30	2.92	2.55	2.29	2.46	2.45	2.21	2.01	1.71	3.65	3.96	1
SPAIN	3.30	3.04	2.96	2.24	2.01	1.95	1.97	1.99	1.73	1.49	1.97	3.75	2
SWEDEN	3.48	2.75	2.24	1.66	1.60	1.58	1.50	1.52	1.48	1.35	2.34	4.34	2
ICELAND	4.24	3.92	3.86	4.19	4.10	4.06	3.98	3.62	2.75	2.43	2.27	3.30	6
NORWAY	n/a	3.98	3.78	2.86	2.43	2.50	2.45	2.75	2.12	1.79	2.82	4.86	6
SWITZERLAND	2.18	2.02	1.89	1.77	1.63	1.53	1.45	1.37	1.27	1.19	1.33	1.72	6
UNITED KINGDOM	3.69	3.24	3.12	2.62	2.34	2.03	2.11	2.25	2.00	2.11	2.56	4.81	1
AUSTRALIA	5.68	5.10	5.08	4.83	4.51	5.51	4.65	4.15	3.65	3.45	5.97	5.75	2
BRAZIL	8.50	8.10	9.30	10.10	10.80	9.10	8.00	7.70	7.20	7.20	10.00	10.40	6
CANADA	n/a	3.14	3.05	2.70	2.70	2.89	3.44	3.30	2.55	n/a	n/a	n/a	1
JAPAN	1.95	1.87	1.62	1.52	1.06	1.23	1.36	1.21	1.31	1.33	1.60	n/a	6
RUSSIA	12.29	12.44	12.45	13.35	12.48	10.64	9.56	9.87	7.68	7.47	7.12	8.18	1
SOUTH KOREA	4.63	3.86	3.55	3.03	2.91	3.27	3.39	2.74	2.50	2.94	4.24	4.37	6
TURKEY	12.37	9.69	11.86	12.31	13.25	12.14	19.30	17.75	12.47	17.83	19.11	29.32	1
USA	3.66	3.98	4.17	3.85	3.65	3.99	4.54	3.94	3.11	2.96	5.34	6.81	5

Source: *European Mortgage Federation National Experts, European Central Bank, Japan Housing Finance Agency, National Central Banks, Federal Reserve*

1) Time series breaks:

- Czech Republic: 2013 (source was changed from 2013 to the Central Bank data)
- Croatia: 2012 (new series from 2012 onwards due to revised methodology)
- Iceland: 2005 (in 2004, the average is based on data between September and December)
- Romania: 2014 (change in the methodology of the NBR to reflect the changes in granting mortgages by currency)
- Slovakia: 2009 (before 2009, the reference currency for the interest rate was SKK)
- Slovenia: 2007 (before 2007, the reference currency for the interest rate was SIT)
- Sweden: 2005 (before 2005, the average was calculated with quarterly data)
- Japan: 2003 (the underlying mortgage products were changed due to a succession in Japan of government agencies dealing with housing finance)

2) The series has been revised for at least two years in:

- Russia

3) Notes:

- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- For national definitions of representative interest rates on new residential loans, please see the methodological Annex ("Explanatory Note on data")
- Type: The type of new residential loan related to the published representative interest rate is provided in the column "type". There are 6 main types:
  (1) Weighted average interest rate on loans to households for house purchase
  (2) Initial fixed period interest rate up to 1 year on loans for house purchase
  (3) Initial fixed period interest rate over 1 and up to 5 years on loans for house purchase
  (4) Initial fixed period interest rate over 5 and up to 10 years on loans for house purchase
  (5) Initial fixed period interest rate of over 10 years on loans for house purchase
  (6) Other
- For Iceland the number represents real interest rate

5. Amount of Gross Lending with a Variable Interest Rate

Fixation period of up to 1 year, %

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	78.3	81.4	84.0	76.1	63.6	51.8	43.5	43.6	37.6	38.0	39.6	51.0
BELGIUM	2.2	5.8	4.2	0.6	0.9	1.4	6.7	6.4	5.1	5.1	7.8	n/a
BULGARIA	94.7	96.8	96.1	93.4	97.2	98.5	98.6	99.0	98.1	98.2	95.0	99.8
CROATIA	60.4	70.5	72.2	77.5	50.7	30.7	15.7	13.3	20.3	14.9	9.0	8.6
CYPRUS	80.3	85.7	91.7	95.1	96.1	97.9	94.8	93.2	92.7	97.9	n/a	n/a
CZECHIA	n/a	34.2	8.5	5.8	4.1	2.7	3.0	3.1	2.4	2.5	5.0	6.8
DENMARK	n/a	n/a	23.0	14.1	17.8	19.2	15.5	18.9	25.7	24.1	38.7	n/a
ESTONIA	77.2	86.3	88.2	89.3	89.4	88.9	88.6	89.9	86.8	90.7	93.0	n/a
FINLAND	n/a	95.8	93.7	92.9	92.5	95.2	96.3	96.6	96.9	95.6	95.5	93.3
FRANCE	8.8	6.8	4.2	2.0	1.1	0.6	0.6	0.6	0.5	0.5	0.8	1.0
GERMANY	15.0	16.3	15.8	12.4	12.0	11.4	11.7	11.0	10.5	9.7	11.0	15.6
GREECE	88.6	87.8	90.3	92.4	85.6	82.0	85.7	83.9	61.6	56.5	44.4	34.2
HUNGARY	61.5	44.1	47.1	45.0	41.9	41.0	16.0	7.0	1.2	0.7	0.8	0.1
IRELAND	87.7	83.6	86.6	66.0	65.4	49.5	39.0	26.9	22.8	19.8	10.8	11.9
ITALY	n/a	n/a	77.7	47.9	37.5	33.3	33.3	29.4	18.5	17.1	40.0	n/a
LATVIA	91.7	96.4	96.3	95.3	92.7	93.8	95.7	95.8	94.1	95.7	93.9	n/a
LITHUANIA	78.4	83.6	89.2	88.1	85.8	91.1	97.3	98.4	97.2	97.6	96.0	97.1
LUXEMBOURG	72.4	68.8	74.8	52.1	45.0	42.3	46.9	39.0	33.9	35.0	46.2	42.6
MALTA	89.9	93.4	72.8	72.4	72.2	74.2	62.7	44.4	57.7	65.5	65.4	n/a
NETHERLANDS	23.1	24.3	19.6	14.5	13.7	13.7	16.2	18.6	14.8	11.8	14.3	21.1
POLAND	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	97.0	93.7	47.7	30.7
PORTUGAL	94.6	91.2	92.3	92.1	66.4	60.3	65.0	71.7	67.9	85.5	76.5	24.1
ROMANIA	n/a	n/a	88.0	85.0	93.0	93.0	75.0	77.0	71.0	73.0	60.0	55.0
SLOVAKIA	14.8	9.6	4.0	2.7	3.0	1.4	1.2	1.4	2.1	1.9	2.5	3.4
SLOVENIA	98.0	98.8	97.8	66.0	53.0	46.2	45.7	54.3	41.0	13.2	7.7	1.5
SPAIN	77.8	67.7	64.5	62.9	46.3	42.4	36.3	35.5	34.0	25.1	23.6	18.3
SWEDEN	56.3	64.3	75.7	73.0	76.0	71.7	68.8	59.3	48.4	43.5	63.7	76.5
NORWAY	n/a	n/a	93.0	90.0	92.0	94.0	94.0	95.0	94.0	95.0	96.0	96.0
UNITED KINGDOM	35.9	19.0	13.2	15.8	16.0	11.5	7.5	7.9	8.6	6.4	5.1	14.8
ICELAND				38.5	52.8	55.5	49.3	60.2	64.9	52.3	45.5	45.6
CANADA	n/a	16.6	26.9	33.7	18.3	18.4	27.6	10.9	n/a	n/a	n/a	n/a
JAPAN	58.0	49.7	52.5	56.5	50.2	50.7	60.5	63.1	70.0	76.2	n/a	n/a
SOUTH KOREA	n/a	n/a	n/a	n/a	61.0	71.1	64.8	53.0	63.8	76.8	75.3	n/a

Sources: *European Mortgage Federation National Experts, National Central Banks, Statistical Data Warehouse - ECB https://data.ecb.europa.eu/data/datasets/RAI/RAI.M.LU.SVLHPHH.EUR.MIR.Z*

1) The series has been revised for at least two years in:
- Czechia
- France
- Portugal
- Slovenia
- United Kingdom

2) Note:
When available this dataset has been constructed on figures provided in the Quarterly Review

6. Average Amount of a Mortgage Granted

EUR

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BELGIUM	136,062	134,975	138,084	144,159	149,126	154,717	158,649	162,494	176,622	184,317	195,849	192,355
CZECHIA	n/a	41,833	40,703	47,913	59,036	69,054	71,745	n/a	n/a	n/a	n/a	n/a
DENMARK	131,649	130,288	132,820	138,767	142,238	145,861	149,845	154,635	164,356	174,231	178,463	177,459
ESTONIA	37,088	36,755	37,079	37,894	39,081	40,521	42,195	43,719	45,802	49,902	54,535	57,915
FINLAND	94,502	94,416	94,171	95,735	97,215	98,735	100,030	104,792	108,449	110,553	113,793	114,800
FRANCE	137,241	142,563	145,313	149,018	153,857	161,350	170,187	179,050	180,036	190,170	210,000	196,800
GERMANY	185,000	n/a	n/a	212,000	n/a	236,000	n/a	277,000	n/a	338,000	n/a	344,000
GREECE	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	73,157	78,812	68,682
HUNGARY	15,108	13,945	15,322	15,484	17,339	18,759	23,833	24,285	25,053	33,192	29,390	33,783
IRELAND	166,056	166,450	174,269	180,963	191,719	209,373	216,941	222,965	234,869	240,654	267,072	277,342
LATVIA	25,445	27,438	30,315	31,390	25,206	285,931	37,407	n/a	n/a	n/a	n/a	n/a
NETHERLANDS	260,801	243,811	247,394	254,266	224,392	243,455	261,502	277,879	291,919	316,755	339,115	364,640
POLAND	47,493	47,604	49,364	50,633	50,562	57,369	59,493	64,658	66,523	73,188	72,479	82,644
ROMANIA	29,153	24,209	33,306	34,418	35,632	39,299	41,899	43,472	40,308	50,380	53,391	53,718
SLOVAKIA	53,692	59,267	62,091	59,035	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SPAIN	103,438	100,011	102,253	106,736	109,785	117,199	124,265	125,615	134,738	137,920	144,914	142,021
ICELAND	n/a	72,842	72,003	52,278	96,354	120,664	121,582	n/a	n/a	216,241	212,288	205,726
NORWAY	190,050	182,523	188,612	173,123	173,276	190,913	184,280	186,558	186,597	199,227	211,194	189,665
UNITED KINGDOM	184,480	182,461	206,027	241,876	222,875	214,301	216,765	225,184	239,492	260,780	278,403	258,506
AUSTRALIA	240,677	220,343	220,594	239,968	244,373	245,927	243,527	n/a	n/a	n/a	n/a	n/a
BRAZIL	51,017	52,235	50,102	37,528	32,628	41,056	33,786	38,502	35,108	31,788	38,292	40,615
CANADA	130,525	126,283	122,825	132,199	133,549	138,835	137,028	145,357	n/a	n/a	n/a	n/a
JAPAN	312,713	244,794	231,274	253,220	290,624	283,245	281,104	312,573	324,727	311,303	n/a	n/a
RUSSIA	37,367	38,761	34,185	24,396	23,201	28,211	31,047	30,874	30,176	34,265	48,923	41,326
TURKEY	23,932	23,782	21,509	22,530	22,476	19,247	13,818	13,121	13,642	11,635	8,816	6,306

Source: *European Mortgage Federation National Experts, National Central Banks, Japan Housing Finance Agency*

1) The series has been revised for at least two years in:
- Estonia
- Greece
- Hungary
- Norway
- United Kingdom

2) Notes:
- Please note that the conversion to euros is based on the yearly average bilateral exchange rate (provided by the ECB)
- Please note that due to the conversion to euros, changes observed for countries not belonging to the euro area may be due to exchange rate fluctuations. To obtain values in national currency, please refer to the exchange rates used, on Table 29 of this publication.
- For Belgium it represents the average of the year for the purchase of a dwelling
- For Denmark the statistics includes only owner occupation from mortgage banks
- For Germany the statistics contain average amount of a mortgage for the purchase of a second hand single family house
- For the UK the figure represents the median advance mate to home-owner for house purchase activity

7. Total Outstanding Non-Residential Mortgage Loans

Total Amount, End of the Year, EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CZECHIA	12,023	12,035	13,544	14,435	16,446	19,358	19,997	29,510	31,965	35,516	38,569	42,717
DENMARK	138,160	145,158	151,264	143,427	148,532	148,608	149,845	154,635	164,356	160,316	131,138	155,963
ESTONIA	3,371	3,223	3,250	3,339	3,509	3,382	2,393	3,501	3,716	3,941	4,406	4,719
FINLAND	16,854	18,174	19,501	20,713	22,117	24,129	26,493	28,406	29,850	30,762	44,405	58,538
GERMANY	254,014	250,631	247,345	250,310	249,295	261,102	265,796	299,137	316,469	218,358	228,524	228,498
GREECE	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HUNGARY	6,805	6,112	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IRELAND	29,269	27,710	25,108	22,737	20,493	17,890	14,211	10,966	9,428	7,289	4,943	3,469
ITALY	93,216	87,260	79,915	87,372	81,591	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LATVIA	2,582	2,298	2,034	1,898	2,255	2,025	1,664	n/a	n/a	n/a	n/a	n/a
MALTA	1,447	1,350	1,391	1,228	1,252	1,286	1,399	1,533	1,646	5,952	5,508	6,170
NETHERLANDS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
POLAND	13,693	13,116	13,055	13,952	13,616	18,532	16,187	16,230	19,606	18,632	18,686	18,938
ROMANIA	19,966	19,244	17,763	16,887	15,409	14,189	14,427	15,000	14,986	15,410	17,605	18,942
SPAIN	235,151	159,599	134,581	129,690	115,889	185,105	166,228	156,024	150,562	139,701	131,310	127,571
ICELAND	11,430	11,332	11,092	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NORWAY	14,195	13,626	13,550	13,027	13,752	13,399	19,556	19,215	19,012	20,523	20,644	23,199
AUSTRALIA	398,830	482,944	524,797	558,371	599,575	589,029	588,282	610,387	620,659	683,702	n/a	n/a
BRAZIL	15,885	16,508	20,555	16,862	20,783	15,034	10,439	7,490	4,498	4,531	6,568	9,570
CANADA	249,441	242,341	280,904	291,451	339,483	345,150	379,414	439,130	n/a	n/a	n/a	n/a
JAPAN	237,219	188,247	190,401	232,126	257,421	247,373	268,369	277,828	264,773	255,036	n/a	n/a
RUSSIA	3,327	3,080	2,573	1,711	1,693	1,081	1,773	2,765	2,190	2,833	2,665	80
SINGAPORE	25,999	27,000	27,522	31,144	31,753	30,950	30,481	30,284	27,817	31,309	33,470	n/a
USA	2,496,135	2,445,870	2,916,811	3,478,185	3,831,895	3,462,965	3,988,682	n/a	n/a	n/a	n/a	n/a

Source: *European Mortgage Federation National Experts, National Central Banks, Federal Reserve*

1) Time series breaks:

- Latvia: 2003 (due to a change in the statistical source)

2) Notes:

- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period (provided by the ECB and Bloomberg)
- Please note that due to the conversion to euros, changes observed for countries not belonging to the euro area may be due to exchange rate fluctuations. To obtain values in national currency, please refer to the exchange rates used, on Table 30 of this publication.
- For US, the credit mortgage lending series has been discontinued by the source as of 2019.

8. Total Outstanding Residential Loans to GDP Ratio

%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	27.1	27.1	27.2	28.2	28.3	29.1	29.2	30.2	33.0	33.5	31.8	29.1
BELGIUM	47.5	48.2	48.9	49.7	51.2	52.4	53.6	55.0	59.8	57.5	55.7	54.0
BULGARIA	8.5	8.3	8.1	7.7	7.6	8.0	8.4	10.4	11.4	11.4	10.9	12.0
CROATIA	18.6	18.2	17.9	17.1	14.7	14.2	13.8	13.6	16.2	15.3	14.5	14.2
CYPRUS	65.2	65.9	67.0	65.2	60.8	54.9	40.1	37.1	39.2	33.6	30.2	28.0
CZECHIA	17.1	17.1	18.2	18.9	19.7	20.9	20.8	21.6	23.7	25.4	23.7	21.7
DENMARK	90.6	89.6	90.1	87.5	86.1	85.0	84.4	84.8	87.0	82.1	74.7	74.3
ESTONIA	32.6	31.2	30.2	30.6	30.6	29.8	29.4	29.0	31.6	30.3	29.1	29.5
FINLAND	43.0	43.2	43.4	43.5	43.2	42.5	41.9	41.8	43.5	43.0	40.8	38.7
FRANCE	41.7	38.5	38.8	39.4	40.3	41.5	42.7	44.2	49.1	48.5	48.5	46.1
GERMANY	43.2	43.0	42.3	42.3	42.3	42.2	42.9	44.1	47.9	48.2	47.5	45.4
GREECE	39.6	39.5	39.2	38.3	35.2	33.2	31.6	28.7	28.0	17.0	14.4	12.9
HUNGARY	19.9	18.1	16.1	13.2	12.1	10.7	10.0	9.4	9.7	9.5	8.4	7.6
IRELAND	55.5	52.9	46.5	33.4	31.9	28.3	25.5	22.9	21.6	18.3	15.4	15.9
ITALY	22.5	22.4	22.1	21.9	21.8	21.6	21.4	21.3	23.6	22.5	21.8	20.4
LATVIA	24.1	22.2	19.9	18.3	17.4	16.2	14.1	13.7	13.9	13.5	12.3	11.9
LITHUANIA	17.4	16.7	16.4	16.5	16.9	17.0	17.0	17.3	18.4	18.1	17.0	16.9
LUXEMBOURG	46.7	47.6	48.3	49.1	50.4	52.7	54.8	57.1	60.4	58.7	57.5	55.4
MALTA	41.9	41.3	41.0	39.1	39.9	38.1	38.2	38.2	43.6	42.2	45.4	43.1
NETHERLANDS	106.2	103.7	102.3	100.6	99.4	96.7	93.9	90.6	94.4	90.2	84.8	79.9
POLAND	20.5	20.6	20.2	20.5	21.0	19.9	19.4	19.6	19.9	19.3	16.2	14.7
PORTUGAL	65.7	62.5	59.2	54.8	51.1	48.0	45.8	43.8	48.0	45.4	42.0	37.8
ROMANIA	6.6	6.4	6.7	7.2	7.6	7.6	7.7	7.6	8.3	8.4	7.5	6.5
SLOVAKIA	18.7	20.6	22.8	24.7	27.8	30.1	31.6	32.8	36.2	37.6	37.9	31.8
SLOVENIA	22.6	21.3	20.4	20.0	19.6	19.0	17.8	13.6	14.6	14.3	14.4	13.1
SPAIN	84.8	76.0	68.9	61.2	55.1	49.6	46.0	39.1	43.1	39.9	36.2	32.3
SWEDEN	77.9	77.0	77.3	82.4	83.0	83.7	87.1	88.8	97.6	89.8	83.7	86.9
EURO AREA 20	46.6	45.1	44.2	43.4	42.9	42.4	42.3	42.0	45.7	44.4	42.8	40.6
EU 27	46.5	45.1	44.3	43.7	43.3	42.7	42.5	42.2	45.9	44.4	42.3	40.0
ICELAND	70.2	73.7	68.0	61.3	63.0	55.2	55.5	59.4	67.1	68.5	58.2	59.6
NORWAY	65.8	62.4	64.1	69.8	82.2	76.5	75.8	81.7	92.7	77.2	57.5	69.6
SWITZERLAND	128.0	130.4	134.2	137.9	134.9	140.6	133.5	149.1	n/a	n/a	n/a	n/a
UNITED KINGDOM	70.9	70.3	69.4	65.9	62.9	64.6	64.1	67.6	70.4	70.5	62.5	81.9
AUSTRALIA	84.0	78.2	79.7	89.8	92.3	97.5	90.0	91.8	106.4	88.6	84.9	86.2
BRAZIL	5.1	5.8	6.7	7.1	9.3	8.4	8.1	8.5	9.3	8.8	9.0	9.8
CANADA	62.6	61.1	60.3	62.1	69.3	72.5	65.8	72.4	n/a	n/a	n/a	64.1
JAPAN	33.5	33.6	31.6	35.1	32.7	35.3	36.4	37.4	41.0	38.0	n/a	n/a
RUSSIA	3.5	4.1	3.4	4.5	6.5	6.3	6.1	8.0	9.2	9.3	9.0	10.9
SINGAPORE	30.6	31.3	31.5	31.4	31.1	33.1	30.5	30.6	33.8	28.5	26.1	33.5
SOUTH KOREA	29.2	28.4	27.9	28.5	30.2	33.4	31.4	33.3	38.0	34.0	35.8	35.0
TURKEY	5.4	5.3	5.7	5.7	5.4	5.9	4.6	4.4	5.2	2.7	2.1	1.3
USA	86.1	82.9	79.5	76.5	74.4	71.4	67.7	n/a	n/a	n/a	n/a	51.2

Source: *European Mortgage Federation National Experts, European Central Bank, National Central Banks, Eurostat, Bureau of Economic Analysis, Federal Reserve, IMF*

1) Time series breaks:
- See Table 1

2) The series has been revised for at least two years in:
- Australia
- Brazil
- Canada
- Japan
- Russia
- Singapore
- South Korea
- Turkey
- USA

3) Notes:
All the data from Eurostat have been updated from 2019.

9. Total Outstanding Residential Loans to Disposable Income of Households Ratio

%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	43.8	44.4	44.7	47.1	47.3	48.5	49.3	50.6	53.3	57.5	53.1	48.2
BELGIUM	79.3	80.7	82.9	85.9	88.6	90.4	92.6	94.8	97.9	100.3	96.5	90.3
BULGARIA	13.8	13.4	13.3	12.9	12.9	13.6	n/a	n/a	n/a	n/a	n/a	n/a
CROATIA	30.0	29.2	29.2	27.7	24.1	23.4	22.7	23.0	25.7	25.8	24.3	n/a
CYPRUS	95.3	94.1	98.8	98.8	92.1	84.3	61.5	56.2	58.4	55.2	47.4	45.3
CZECHIA	30.7	31.0	33.5	35.8	37.3	39.4	39.0	40.5	41.7	44.5	42.8	39.2
DENMARK	186.8	184.6	188.1	180.0	175.5	174.7	173.0	172.7	177.2	175.4	164.3	155.3
ESTONIA	61.5	57.2	55.6	55.0	55.0	53.8	52.8	52.7	55.5	57.3	56.4	53.7
FINLAND	73.4	73.2	73.6	74.2	74.4	74.2	73.1	72.7	74.3	76.4	72.6	68.1
FRANCE	64.5	60.6	61.2	62.9	64.1	66.3	68.1	70.4	73.4	75.5	75.3	70.8
GERMANY	67.4	67.6	67.5	67.9	68.1	68.4	68.9	71.3	75.1	78.7	76.5	73.1
GREECE	59.0	60.2	58.7	57.3	52.8	50.7	48.4	43.2	38.9	24.3	21.6	19.5
HUNGARY	33.4	30.7	28.3	23.8	21.3	18.8	17.3	16.2	16.6	16.3	14.4	12.4
IRELAND	111.6	108.9	102.0	94.8	88.7	80.9	76.8	71.3	65.4	61.6	57.8	54.8
ITALY	33.4	32.9	32.4	32.3	32.6	32.4	32.1	32.3	33.9	34.2	33.3	31.6
LATVIA	41.0	37.5	32.9	29.8	27.7	26.0	22.8	22.1	21.5	21.8	18.8	18.8
LITHUANIA	27.4	26.3	26.6	26.6	26.4	27.6	28.1	28.0	28.0	29.3	28.1	27.3
LUXEMBOURG	120.0	121.8	125.8	131.7	136.1	138.1	143.1	146.6	151.6	163.2	155.9	140.4
NETHERLANDS	209.5	204.7	200.5	198.9	196.3	194.3	188.4	182.9	180.8	178.6	167.3	154.7
POLAND	33.3	33.4	33.0	34.3	34.5	33.3	32.9	33.2	32.3	33.2	28.5	25.3
PORTUGAL	89.3	86.9	83.7	77.8	72.6	69.4	66.4	63.5	65.6	64.4	61.1	56.6
ROMANIA	12.5	12.0	13.0	13.8	14.1	13.7	14.0	13.8	14.3	14.9	15.4	12.9
SLOVAKIA	31.7	35.3	39.1	42.2	46.7	50.2	51.0	53.3	56.9	62.2	59.6	51.4
SLOVENIA	22.9	23.1	23.0	23.3	23.1	23.1	22.7	22.6	22.3	22.9	23.6	21.7
SPAIN	90.3	86.9	84.2	77.1	73.0	68.8	66.5	62.4	64.9	64.2	58.5	51.1
SWEDEN	150.6	148.4	150.6	165.0	164.9	167.8	173.8	177.5	192.7	184.5	173.9	181.6
EURO AREA 20	71.1	69.7	69.3	69.0	68.7	68.7	68.7	69.3	72.1	73.4	70.6	66.3
EU 27	72.4	71.1	70.9	71.0	70.6	70.5	70.3	70.8	73.7	74.2	71.3	71.3
NORWAY	153.8	142.5	143.0	143.2	165.2	156.9	162.0	169.2	178.0	174.4	178.1	201.9
SWITZERLAND	209.8	214.6	222.0	217.9	227.7	218.2	240.0	243.3	n/a	n/a	n/a	n/a
UNITED KINGDOM	104.7	104.3	104.2	96.3	94.2	97.9	96.2	100.9	99.1	102.9	96.8	n/a
USA	75.8	74.5	80.3	72.7	74.4	64.8	70.0	n/a	n/a	n/a	n/a	n/a

Source: *European Mortgage Federation National Experts, European Central Bank, National Central Banks, National Statistics Offices, Eurostat, Federal Reserve, US Bureau of Census*

1) Time series breaks:
- See Table 1

2) The series has been revised for at least two years in:
- See Table 1

3) Notes:
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the disposable income of households at current prices has been taken in euros directly from AMECO.

10. Total Outstanding Residential Loans per Capita

Total Population, EUR

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	10,262	10,367	10,662	11,290	11,628	12,237	12,771	13,520	14,103	15,213	15,834	15,230
BELGIUM	16,578	17,012	17,608	18,431	19,460	20,545	21,628	22,995	23,899	25,266	26,561	26,877
BULGARIA	488	481	483	489	517	590	669	912	1,011	1,169	1,373	1,747
CROATIA	1,946	1,915	1,883	1,857	1,664	1,689	1,748	1,872	2,035	2,231	2,572	2,815
CYPRUS	14,709	13,691	13,584	13,767	13,574	13,012	10,032	9,824	9,740	9,358	9,269	9,057
CZECHIA	2,651	2,589	2,733	3,045	3,311	3,834	4,145	4,569	4,785	5,777	6,228	6,133
DENMARK	41,348	41,382	42,544	42,202	42,709	43,611	44,146	45,230	46,510	48,243	48,378	46,816
ESTONIA	4,411	4,466	4,609	4,809	5,062	5,402	5,763	6,128	6,513	7,104	7,878	8,131
FINLAND	15,986	16,274	16,466	16,805	17,141	17,467	17,736	18,187	18,752	19,473	19,703	19,319
FRANCE	13,328	12,418	12,591	13,037	13,496	14,283	15,062	16,030	16,848	17,952	18,849	18,954
GERMANY	14,750	15,012	15,321	15,757	16,147	16,708	17,465	18,435	19,592	20,978	22,139	22,183
GREECE	6,732	6,457	6,352	6,225	5,693	5,462	5,285	4,915	4,304	2,893	2,845	2,733
HUNGARY	2,012	1,867	1,736	1,516	1,427	1,388	1,391	1,403	1,364	1,507	1,466	1,562
IRELAND	21,237	20,578	19,533	18,791	18,237	17,567	17,245	16,646	16,294	15,907	15,441	15,217
ITALY	6,155	6,055	5,909	5,960	6,091	6,196	6,266	6,412	6,564	6,919	7,233	7,198
LATVIA	2,609	2,501	2,350	2,267	2,241	2,237	2,121	2,176	2,190	2,380	2,513	2,544
LITHUANIA	1,959	1,986	2,040	2,115	2,284	2,526	2,772	3,027	3,284	3,662	4,088	4,261
LUXEMBOURG	41,373	43,552	45,550	47,249	49,135	51,901	54,920	58,074	62,221	66,901	69,099	66,497
MALTA	7,396	7,759	8,365	8,881	9,334	9,881	10,404	11,060	11,318	12,515	15,183	15,410
NETHERLANDS	41,465	40,825	40,835	41,056	41,477	41,788	42,279	42,603	43,197	44,948	46,235	46,384
POLAND	2,087	2,123	2,171	2,326	2,360	2,452	2,547	2,743	2,756	2,945	2,819	3,009
PORTUGAL	10,483	10,163	9,827	9,496	9,223	9,127	9,130	9,132	9,341	9,531	9,824	9,589
ROMANIA	436	462	507	580	652	726	808	876	950	1,060	1,125	1,114
SLOVAKIA	2,535	2,828	3,206	3,636	4,148	4,670	5,194	5,688	6,191	6,901	7,655	7,190
SLOVENIA	2,559	2,578	2,595	2,678	2,770	2,893	3,019	3,165	3,274	3,546	3,899	3,907
SPAIN	12,696	12,192	11,881	11,326	11,009	10,697	10,597	10,388	10,181	10,278	10,265	9,814
SWEDEN	35,319	35,620	35,164	38,500	39,285	40,217	40,501	41,387	45,421	46,789	44,971	45,271
EURO AREA 20	13,020	12,793	12,833	13,019	13,255	13,606	14,035	14,568	15,104	15,901	16,605	16,601
EU 27	11,655	11,497	11,555	11,799	12,033	12,379	12,761	13,256	13,807	14,550	15,081	15,114
ICELAND	25,226	27,780	28,147	29,439	35,638	35,735	35,444	36,707	34,907	40,543	42,231	44,136
NORWAY	52,293	48,592	47,206	46,963	52,633	51,376	52,968	55,988	55,773	60,910	59,876	56,934
SWITZERLAND	88,292	89,571	93,853	103,604	106,161	98,926	105,658	112,424	n/a	n/a	n/a	n/a
UNITED KINGDOM	23,644	23,213	25,057	27,067	23,654	23,433	23,763	25,643	24,912	27,776	27,284	27,503
AUSTRALIA	43,955	37,279	40,757	42,769	45,744	45,706	44,677	44,775	46,130	50,493	52,816	51,410
BRAZIL	475	519	667	572	763	690	641	667	525	603	766	895
CANADA	24,992	23,305	25,287	24,863	27,816	27,274	26,759	29,871	28,946	31,399	31,685	30,469
JAPAN	12,488	9,955	10,023	11,263	12,202	11,434	12,632	13,445	13,385	13,442	n/a	n/a
RUSSIA	403	469	393	391	543	577	613	836	776	1,050	1,325	1,361
SINGAPORE	12,883	12,941	14,930	16,075	16,810	16,903	17,833	17,982	16,944	20,037	21,669	24,136
SOUTH KOREA	5,635	5,606	6,724	7,512	8,396	8,799	9,170	9,445	9,814	10,543	10,878	10,476
TURKEY	484	490	577	580	561	528	386	366	368	235	213	159
USA	33,792	32,106	36,203	40,077	41,094	35,891	37,395	37,941	34,401	37,213	39,367	37,891

Source: *European Mortgage Federation National Experts, European Central Bank, National Central Banks, National Statistics Offices, Eurostat, Federal Reserve, US Bureau of Census*

Notes:

- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the population concerns residents who are more than 18 years old
- The whole series has been revised utilising Total Population
- Canada has been added

B — THE HOUSING MARKET

11. Owner Occupation Rate

%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	57.5	57.3	57.2	55.7	55.0	55.0	55.4	55.2	55.3	54.2	51.4	54.3
BELGIUM	72.4	72.3	72.0	71.4	70.9	72.4	72.3	71.3	71.1	71.3	72.5	71.9
BULGARIA	87.4	85.7	84.3	82.3	82.3	82.9	83.6	84.1	84.3	84.9	85.0	86.1
CROATIA	89.6	88.5	89.7	90.3	90.0	90.5	90.1	89.7	91.3	90.5	91.1	91.2
CYPRUS	73.2	74.0	72.9	73.0	72.5	70.7	70.1	67.9	68.6	69.8	69.6	68.8
CZECHIA	80.4	80.1	78.9	78.0	78.2	78.5	78.7	78.6	78.9	78.3	77.1	76.0
DENMARK	66.0	64.5	63.3	62.7	61.7	62.2	60.5	60.8	59.3	59.2	59.6	60.0
ESTONIA	82.2	81.1	81.5	81.5	81.4	81.8	82.4	81.7	81.4	81.6	82.0	80.7
FINLAND	73.9	73.6	73.2	72.7	71.6	71.4	71.6	71.1	70.7	70.3	69.5	69.2
FRANCE	63.7	64.3	65.0	64.1	64.9	64.4	65.1	64.1	63.6	64.7	63.4	63.1
GERMANY	53.3	52.6	52.5	51.9	51.7	51.4	51.5	51.1	50.5	49.5	46.7	47.6
GREECE	75.9	75.8	74.0	75.1	73.9	73.3	73.5	75.4	73.9	73.3	72.8	69.6
HUNGARY	89.8	88.7	88.2	86.3	86.3	85.2	86.0	91.7	91.3	91.7	90.1	90.5
IRELAND	69.6	69.9	68.6	70.0	69.8	69.5	70.3	68.7	69.3	70.0	70.4	69.4
ITALY	74.2	73.3	73.1	72.9	72.3	72.4	72.4	72.4	75.1	73.7	74.3	75.2
LATVIA	81.5	81.2	80.9	80.2	80.9	81.5	81.6	80.2	81.2	83.2	83.1	82.8
LITHUANIA	91.9	92.2	89.9	89.4	90.3	89.7	89.9	90.3	88.6	89.0	88.6	88.8
LUXEMBOURG	70.8	73.0	72.5	73.2	73.9	74.7	71.2	70.9	68.4	71.1	72.4	n/a
MALTA	81.8	80.3	80.0	80.8	81.4	81.3	81.6	79.8	81.9	81.9	82.6	n/a
NETHERLANDS	67.5	67.1	67.0	67.8	69.0	69.4	68.9	68.9	69.1	70.1	70.6	70.2
POLAND	82.4	83.8	83.5	83.7	83.4	84.2	84.0	84.2	85.6	86.8	87.2	87.3
PORTUGAL	74.5	74.2	74.9	74.8	75.2	74.7	74.5	73.9	77.3	78.3	77.8	76.0
ROMANIA	96.6	95.6	96.2	96.4	96.0	96.8	96.4	95.8	96.1	95.3	94.8	95.6
SLOVAKIA	90.4	90.5	90.3	89.3	89.5	90.1	91.3	90.9	92.3	92.9	93.0	93.6
SLOVENIA	76.2	76.6	76.7	76.2	75.1	75.6	75.1	74.8	74.6	76.1	75.4	75.2
SPAIN	78.9	77.7	78.8	78.2	77.8	77.1	76.3	76.2	75.1	75.8	76.0	75.3
SWEDEN	70.1	69.6	69.3	66.2	65.2	65.2	64.1	63.6	64.5	64.9	64.2	64.9
EURO AREA 20	67.2	66.9	66.9	66.4	66.3	66.1	66.2	65.8	66.0	65.8	n/a	n/a
EU 27	71.0	70.7	70.7	70.2	70.1	70.0	69.9	69.8	70.0	69.9	69.1	69.2
ICELAND	77.3	77.5	78.2	77.8	78.7	74.1	73.6	73.6	73.6	73.6	n/a	n/a
NORWAY	84.8	83.5	84.4	82.8	82.9	81.5	81.3	80.3	80.8	n/a	n/a	n/a
SWITZERLAND	43.8	44.0	44.5	43.4	42.5	41.3	42.5	41.6	42.3	42.2	n/a	n/a
UNITED KINGDOM	66.7	64.6	64.4	63.5	63.4	65.0	65.2	65.2	65.2	65.2	64.3	64.8
AUSTRALIA	67.5	67.2	67.2	67.5	67.5	66.2	66.2	66.3	66.3	n/a	n/a	n/a
TURKEY	60.7	60.7	61.1	60.4	59.7	59.1	59.0	58.8	57.9	57.5	n/a	n/a

Source: *Eurostat, National Statistics Offices*

2) The series has been revised for at least two years in:
- France
- Greece

Notes
- For further details on the methodologies, please see "Annex Explanatory Note on data"
- n/a: figure not available

12. Building Permits

Number issued

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	41,249	47,144	50,011	52,275	61,380	71,805	59,718	69,642	63,581	60,146	46,922	34,881
BELGIUM	46,811	49,141	54,903	46,181	50,977	50,388	62,656	55,851	55,299	57,633	51,584	53,062
BULGARIA	10,616	12,278	15,848	17,264	18,157	5,562	5,956	5,980	5,860	7,074	8,169	8,165
CROATIA	9,742	7,744	7,743	6,950	9,398	12,509	11,719	15,370	14,083	16,654	18,700	9,870
CYPRUS	7,172	5,341	4,933	5,014	5,354	5,728	6,408	7,218	7,023	8,164	7,604	7,170
CZECHIA	34,006	29,475	28,127	28,886	31,002	32,069	30,702	31,606	31,747	33,995	31,969	26,014
DENMARK	13,910	12,406	17,404	24,371	32,366	31,165	41,886	39,924	38,871	38,549	34,670	23,054
ESTONIA	3,035	3,049	3,941	5,588	6,021	7,877	6,990	8,025	8,833	8,773	6,763	5,612
FINLAND	31,825	26,680	29,370	32,014	40,208	48,353	41,137	37,754	39,986	45,045	37,072	21,176
FRANCE	480,800	423,135	380,248	405,911	465,734	495,009	465,629	453,847	396,650	470,846	490,393	372,006
GERMANY	241,090	272,433	285,079	313,296	375,388	347,882	346,810	360,493	368,589	380,736	354,162	260,071
GREECE	9,066	5,675	4,620	4,618	4,305	4,930	5,685	6,044	6,915	9,888	9,793	11,079
HUNGARY	10,600	7,536	9,633	12,515	31,559	37,997	36,719	35,123	22,556	29,941	35,002	21,501
IRELAND	6,741	7,199	7,411	13,044	15,950	20,776	28,939	38,461	42,371	42,991	34,177	30,044
ITALY	82,058	53,408	46,796	42,920	44,583	51,859	54,664	55,104	49,100	59,839	60,381	55,500
LATVIA	2,262	2,369	2,295	2,193	1,998	2,766	2,750	2,973	2,670	2,780	2,765	2,528
LITHUANIA	5,768	7,118	6,868	7,028	8,397	7,682	8,082	7,651	9,021	12,297	8,426	6,680
LUXEMBOURG	4,305	3,761	6,360	4,558	4,846	5,048	5,468	5,619	5,112	6,105	4,709	n/a
MALTA	3,064	2,705	2,937	3,947	7,508	9,822	12,885	12,485	7,837	7,578	9,523	n/a
NETHERLANDS	39,354	27,233	41,320	55,599	53,567	69,741	70,034	58,108	67,151	75,833	64,508	n/a
POLAND	75,923	67,175	65,449	72,293	80,796	89,888	95,463	101,595	107,590	133,270	98,040	77,956
PORTUGAL	11,430	7,416	6,858	8,169	8,219	14,044	20,046	23,835	24,791	28,060	29,963	31,949
ROMANIA	37,852	37,776	37,672	39,112	38,653	41,603	42,694	42,541	41,311	51,287	43,660	34,646
SLOVAKIA	11,614	13,180	14,310	17,642	20,224	18,472	20,574	20,385	19,050	22,915	19,201	16,914
SLOVENIA	2,700	2,549	2,359	2,441	2,617	2,713	2,834	2,572	2,583	2,914	3,128	2,798
SPAIN	44,162	34,288	34,873	49,695	64,038	80,786	100,733	106,266	85,535	108,318	108,923	107,934
SWEDEN	26,006	34,476	43,140	57,146	66,583	73,103	63,443	54,877	63,409	79,260	59,678	30,500
NORWAY	30,142	30,252	27,130	30,927	36,530	35,294	31,527	31,774	29,931	30,126	29,864	22,807
SWITZERLAND	n/a	n/a	n/a	51,126	51,653	49,985	48,305	43,953	44,378	n/a	n/a	n/a
AUSTRALIA	157,676	183,275	210,007	239,735	234,869	224,609	211,539	176,611	186,961	227,856	190,903	165,170
SINGAPORE	18,441	18,034	8,454	5,438	7,452	5,103	20,227	16,282	n/a	n/a	n/a	n/a
SOUTH KOREA	586,884	440,116	515,251	765,328	726,048	653,441	554,136	487,975	457,514	545,412	521,791	n/a
TURKEY	771,878	839,630	1,031,754	897,230	1,006,650	1,405,447	669,165	319,720	555,132	726,649	697,596	843,077
USA	828,500	988,000	1,052,083	1,177,417	1,205,667	1,286,250	1,327,833	1,387,000	1,478,417	1,737,583	1,681,833	1,518,083

Source: *European Mortgage Federation National Experts, National Statistics Offices, US Bureau of Census*

1) Time series breaks:
- Austria: 2005 (source was changed from 2005 onwards)
- Denmark: 2012 (source was changed from 2012 onwards)

2) The series has been revised for at least two years in:
- Denmark
- France
- Turkey

Notes:
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a: figure not available
- For Ireland: new data series taking into account the number of dwelling units
- For Italy: 2017 figure takes into accout the first 9 months

13. Housing Starts

Number of projects started per year

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BELGIUM	44,818	44,696	52,826	43,520	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BULGARIA	6,789	7,669	8,355	12,308	12,495	3,681	3,824	4,223	4,116	5,084	5,468	5,850
CZECHIA	23,853	22,108	24,351	26,378	27,224	31,521	33,121	38,677	35,254	44,992	42,242	35,704
DENMARK	15,316	11,576	17,250	20,814	29,619	29,331	36,920	40,906	37,907	42,691	35,095	24,671
ESTONIA	1,577	2,343	3,841	3,882	2,706	3,611	n/a	n/a	6,833	10,433	4,716	4,281
FINLAND	30,040	27,841	25,109	31,893	36,490	44,251	45,676	39,110	40,662	47,894	37,752	23,089
FRANCE	382,800	357,988	336,455	340,667	369,585	433,002	401,732	384,647	370,276	411,776	392,160	294,713
GREECE	18,817	11,748	9,619	9,264	9,286	10,336	13,337	17,432	19,731	29,124	29,124	35,596
HUNGARY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IRELAND	4,042	4,708	7,717	8,747	13,234	17,572	22,467	26,237	21,686	30,724	26,957	32,801
ITALY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MALTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
POLAND	141,798	127,392	148,122	168,403	173,932	205,990	221,907	237,281	223,842	277,400	200,300	189,100
ROMANIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SLOVAKIA	13,090	14,758	15,836	19,640	21,441	19,930	22,055	21,516	19,744	24,497	20,608	18,038
SLOVENIA	3,066	3,142	2,762	2,749	2,975	3,231	3,765	3,438	3,819	4,423	5,410	n/a
SPAIN	51,735	35,721	38,018	50,565	66,906	68,905	103,380	108,608	87,475	113,675	110,018	110,022
SWEDEN	21,314	30,472	36,717	48,152	61,365	63,681	53,127	49,358	55,448	68,420	57,033	27,000
ICELAND	466	769	582	1,612	1,133	2,836	2,525	3,792	2,406	4,338	n/a	n/a
NORWAY	29,202	27,634	25,404	30,150	31,278	30,719	29,496	25,037	23,695	25,425	23,199	13,963
UNITED KINGDOM	101,030	124,790	140,760	148,160	155,150	164,110	168,610	153,000	129,970	177,950	176,390	148,940
AUSTRALIA	154,104	171,934	203,799	227,495	234,113	216,550	223,888	175,356	182,523	230,730	182,908	163,836
BRAZIL	371,284	342,283	295,914	263,157	217,437	226,208	277,295	282,718	266,664	505,847	n/a	n/a
CANADA	214,827	187,923	189,329	195,535	197,916	219,763	212,843	208,685	217,880	271,198	261,849	240,267
JAPAN	893,002	987,254	880,470	920,537	974,137	946,396	952,936	883,687	812,164	865,909	859,529	819,623
SINGAPORE	21,395	20,357	11,571	8,082	6,918	5,397	13,121	19,467	n/a	n/a	n/a	n/a
SOUTH KOREA	480,995	425,944	507,666	716,759	657,956	544,274	470,706	478,949	526,311	583,737	383,404	n/a
USA	780,000	925,000	1,003,000	1,112,000	1,174,000	1,203,000	1,249,900	1,290,000	1,379,600	1,601,000	1,552,600	1,421,000

Source : *European Mortgage Federation National Experts, European Central Bank, National Central Banks, National Statistics Offices, Eurostat, US Bureau of Census*

1) Time series breaks
- Denmark: 2012 (source was changed from 2012 onwards)

2) The series has been revised for at least two years in:
- Denmark
- France
- Sweden
- United Kingdom

3) Notes:
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available

14. Housing Completions

Number of projects completed per year

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	40,600	40,300	60,400	47,700	47,700	52,100	52,100	56,200	55,200	63,600	64,798	n/a
BULGARIA	9,970	9,250	9,993	7,806	9,342	2,205	2,324	3,052	3,376	3,898	5,390	5,419
CROATIA	11,792	10,090	7,805	8,059	7,809	8,496	10,141	11,726	11,957	n/a	n/a	n/a
CYPRUS	6,565	3,833	2,718	2,390	2,570	2,993	3,866	4,420	6,351	7,357	8,820	n/a
CZECHIA	29,467	25,238	23,954	25,095	27,322	28,575	33,868	36,406	34,412	34,581	39,398	38,069
DENMARK	17,828	16,728	15,806	15,195	21,185	25,744	28,963	34,398	38,797	36,607	40,981	37,324
ESTONIA	1,990	2,079	2,756	3,969	4,732	5,890	6,472	7,014	7,579	6,735	6,521	8,424
FINLAND	32,597	29,071	28,907	27,448	29,593	34,934	42,010	42,892	38,536	37,148	41,460	40,888
FRANCE	399,056	404,355	404,355	413,627	399,564	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GERMANY	200,466	214,817	245,325	247,722	277,691	284,816	287,352	293,002	306,376	293,393	295,275	294,399
GREECE	32,999	19,773	11,680	7,739	6,425	6,342	7,016	8,062	10,842	14,011	17,460	19,783
HUNGARY	10,560	7,293	8,382	7,612	10,032	14,389	17,681	21,127	28,158	19,898	20,540	18,647
IRELAND	4,911	4,575	5,518	7,219	9,842	14,321	17,899	21,047	20,514	20,473	29,851	32,626
ITALY	133,900	118,600	103,600	86,200	81,600	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LATVIA	2,087	2,201	2,630	2,240	2,197	2,271	2,966	3,315	3,101	2,853	3,140	2,932
LITHUANIA	3,198	3,467	4,456	5,707	7,051	6,420	6,434	6,510	6,814	6,492	8,694	8,681
LUXEMBOURG	2,304	2,642	3,357	3,091	3,856	4,319	3,987	3,663	n/a	n/a	n/a	n/a
NETHERLANDS	48,668	49,311	44,041	48,381	54,849	62,982	66,585	71,548	69,985	71,221	74,560	n/a
POLAND	152,904	145,388	143,235	147,821	163,394	178,342	185,170	207,224	221,401	234,916	238,621	221,282
PORTUGAL	19,671	12,713	8,297	7,126	7,867	8,156	10,627	12,591	16,914	19,081	19,742	21,534
ROMANIA	44,016	43,587	44,984	47,017	52,206	53,301	59,725	67,488	67,816	71,420	73,332	71,454
SLOVAKIA	15,255	15,100	14,985	15,471	15,672	16,946	19,071	20,171	21,490	20,649	20,220	20,891
SLOVENIA	4,307	3,484	3,163	2,776	2,975	3,044	3,037	3,415	3,540	4,032	4,286	n/a
SPAIN	114,991	64,817	46,822	45,152	40,119	54,610	64,354	78,789	85,945	91,390	89,107	85,566
SWEDEN	25,993	29,225	29,164	34,603	42,441	48,227	54,876	55,659	50,479	50,089	54,018	62,000
ICELAND	473	782	1,212	1,086	1,802	1,883	2,453	3,284	3,298	2,898	2,869	3,946
NORWAY	26,275	28,456	28,072	28,265	29,286	31,470	32,830	30,397	29,164	28,398	28,010	27,974
SWITZERLAND	43,134	50,166	49,162	53,126	52,034	50,209	53,199	48,040	49,577	45,908	46,505	n/a
UNITED KINGDOM	115,590	109,450	117,820	142,480	141,880	162,470	165,490	177,880	146,660	174,940	178,010	158,200
AUSTRALIA	146,227	153,827	177,814	197,253	213,644	213,181	219,588	202,308	181,501	178,774	172,388	172,268
CANADA	180,093	185,494	181,428	194,461	187,605	190,923	200,262	187,177	198,761	222,670	219,942	n/a
RUSSIA	838,000	929,000	1,124,000	1,195,000	1,167,000	1,139,000	1,075,741	1,120,333	1,121,601	1,204,647	1,290,006	1,449,404
SINGAPORE	10,329	13,150	19,941	18,971	20,803	16,449	9,112	7,527	4,061	6,388	9,526	n/a
SOUTH KOREA	365,053	395,519	431,339	460,153	514,775	569,209	636,494	518,084	471,079	431,394	413,798	n/a
TURKEY	556,331	726,339	777,596	732,948	754,174	833,517	894,240	738,816	599,999	626,910	642,269	n/a
USA	649,000	764,000	884,000	968,000	1,059,000	1,153,000	1,184,900	1,255,100	1,286,900	1,341,000	1,390,500	1,557,000

Source: *European Mortgage Federation National Experts, National Statistics Offices, US Bureau of Census*

1) Time series breaks
- Denmark: 2012 (source was changed from 2012 onwards)
- Netherlands: 2012 (due to a change in methodology)

2) The series has been revised for at least two years in:
- Denmark
- Greece
- Iceland
- United Kingdom

3) Notes
- For further details on the methodologies, please see "Annex: Explanatory Note on data"
- n/a: figure not available

4) For Archive:
- Austria - data break in 1995

15. Real Gross Fixed Investment in Housing

Annual % change

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	-1.4	-0.2	-0.4	1.0	2.3	6.3	2.0	3.9	-1.2	7.6	2.4	-8.7
BELGIUM	0.2	-2.8	5.7	1.0	2.9	0.8	2.6	4.7	-7.0	6.6	-3.0	-3.4
BULGARIA	-26.7	-4.0	-3.3	-10.3	102.1	19.2	-2.2	6.6	0.7	0.6	-1.4	-0.2
CYPRUS	-19.0	-25.6	-7.9	-4.5	29.8	16.0	37.5	21.3	1.1	12.6	5.7	5.8
CZECHIA	2.7	-7.7	10.2	15.6	5.3	10.6	5.2	2.0	3.8	-0.9	-13.0	-6.0
DENMARK	-5.5	-7.8	6.8	5.3	4.7	11.1	4.8	6.3	9.1	10.0	-8.5	-10.2
ESTONIA	10.5	15.4	19.6	7.5	16.5	11.1	-1.5	11.7	14.0	-3.5	4.8	14.1
FINLAND	-1.6	-5.5	-5.4	1.7	10.6	4.1	4.7	-4.2	-3.2	1.9	5.0	-12.5
FRANCE	-2.2	-0.4	-1.9	-1.1	2.8	6.1	3.2	2.5	-8.5	13.7	-0.8	-5.0
GERMANY	3.3	-0.8	2.9	-0.7	5.0	0.9	3.0	1.5	4.6	-2.3	-2.2	-3.4
GREECE	-37.9	-31.1	-53.3	-25.8	-11.5	-7.0	22.5	16.9	19.0	27.3	33.7	20.7
HUNGARY	-9.9	-6.0	11.0	16.8	9.7	16.0	11.3	7.0	21.5	-4.3	14.6	-12.3
IRELAND	-24.3	5.8	15.1	6.5	21.1	21.7	20.4	-0.3	-7.6	4.5	21.8	3.7
ITALY	-9.0	-5.4	-7.9	-2.4	0.1	1.1	1.1	-0.8	-7.7	50.1	13.9	3.7
LATVIA	25.8	-6.6	10.9	5.3	-17.7	-0.2	26.3	3.8	-3.7	10.4	-11.4	11.1
LITHUANIA	2.3	11.5	16.9	14.9	6.8	-4.6	5.9	14.7	5.8	0.8	19.3	1.2
LUXEMBOURG	4.5	21.1	11.2	8.9	9.4	-8.8	3.3	8.3	-0.7	8.4	-14.3	-9.4
MALTA	-23.9	-2.8	-0.2	33.7	26.6	36.4	20.3	0.1	-7.1	12.8	-2.9	-7.3
NETHERLANDS	-12.9	-12.2	6.1	20.1	21.7	12.3	9.3	3.4	-0.6	5.7	1.0	-1.3
POLAND	5.1	0.9	8.4	-11.5	-2.9	-2.6	-10.1	4.3	5.7	15.3	-0.3	-1.4
PORTUGAL	-7.3	-14.2	-0.8	1.0	6.3	8.7	6.6	1.4	-6.9	14.8	3.1	-1.1
ROMANIA	5.1	-11.2	4.5	5.2	12.1	10.0	-24.9	23.7	3.8	28.0	3.1	3.1
SLOVAKIA	4.8	12.0	-15.1	-1.6	24.3	0.0	9.4	2.9	9.9	7.6	7.2	-14.5
SLOVENIA	-12.5	-7.6	-6.7	0.7	-0.8	5.3	1.9	8.4	-0.2	9.1	8.1	18.1
SPAIN	-5.3	-7.6	9.9	-3.2	8.9	13.4	13.0	6.6	-9.7	0.9	1.4	0.6
SWEDEN	-13.9	4.0	18.2	15.8	9.8	7.1	-6.4	-6.5	1.6	11.5	4.8	-22.2
EU 27	-3.5	-3.1	1.0	0.5	5.3	4.7	3.6	2.3	-2.0	9.0	1.5	-3.1
EURO AREA 20	-3.3	-3.1	0.0	-0.2	5.1	4.4	4.5	2.3	-2.9	8.9	1.7	-2.3
ICELAND	7.2	10.5	15.1	-2.2	25.9	21.1	15.7	31.1	0.1	-3.4	-6.2	-0.3
NORWAY	10.9	5.3	-1.4	3.2	6.6	7.3	-6.5	-1.1	-1.6	3.5	-1.4	-15.6
SWITZERLAND	2.1	3.3	1.7	1.7	1.8	1.2	-1.9	-3.4	-1.4	-1.0	-5.4	n/a
UNITED KINGDOM	-2.4	5.7	5.0	5.3	3.9	9.2	5.1	0.1	n/a	n/a	n/a	n/a
TURKEY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
USA	12.3	11.9	3.6	10.1	6.5	4.0	-0.5	-1.0	7.2	10.6	-9.1	-10.9

Sources: *Eurostat, OECD, ONS*

1) The series has been revised for at least two years in:
EU 27

2) Notes:
- For further details on the methodologies, please see "Annex: Explanatory Note on data"
- n/a: figure not available

16. Total Dwelling Stock

Thousands units

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	4,474	4,519	4,562	4,608	4,656	4,707	4,758	4,821	4,875	4,938	n/a	n/a
BELGIUM	5,180	5,229	5,273	5,315	5,357	5,404	5,454	5,513	5,576	5,628	5,681	n/a
BULGARIA	3,909	3,918	3,928	3,935	3,944	3,951	3,959	3,971	3,985	4,002	4,283	n/a
CROATIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CYPRUS	437	441	444	446	449	452	455	460	466	473	482	n/a
CZECHIA	4,729	4,754	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DENMARK	2,797	2,812	2,827	2,844	2,861	2,878	2,901	2,919	2,941	2,749	2,780	2,806
ESTONIA	658	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
FINLAND	2,580	2,600	2,618	2,634	2,655	2,680	2,705	n/a	2,770	2,794	2,816	2,845
FRANCE	33,212	34,378	34,750	35,182	35,425	35,720	36,330	36,609	36,997	37,196	37,553	37,818
GERMANY	40,806	40,995	41,221	41,446	41,703	41,968	42,235	42,513	42,804	43,082	43,367	43,648
GREECE	6,458	6,478	6,489	6,497	6,504	6,510	6,517	6,525	6,536	6,550	6,567	6,587
HUNGARY	4,394	4,402	4,408	4,415	4,420	4,427	4,439	4,455	4,474	4,501	4,519	4,538
IRELAND	1,997	1,998	1,999	2,002	2,008	2,018	2,032	2,049	2,065	2,081	2,100	n/a
ITALY	31,576	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LATVIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LITHUANIA	1,289	1,298	1,403	1,413	1,428	1,445	1,451	1,501	1,517	1,534	1,556	n/a
LUXEMBOURG	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MALTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NETHERLANDS	7,386	7,449	7,535	7,588	7,641	7,741	7,815	7,892	7,966	8,046	8,125	n/a
POLAND	13,723	13,853	13,983	14,119	14,272	14,440	14,615	14,813	15,191	15,359	15,575	n/a
PORTUGAL	5,898	5,910	5,920	5,926	5,933	5,942	5,955	5,968	n/a	n/a	n/a	n/a
ROMANIA	8,761	8,800	8,841	8,882	8,929	8,977	9,031	9,093	9,156	9,587	9,656	n/a
SLOVAKIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SLOVENIA	n/a	n/a	845	n/a	n/a	n/a	852	n/a	n/a	845	n/a	n/a
SPAIN	25,271	25,245	25,209	25,171	25,129	25,097	25,075	25,067	25,068	25,076	25,082	n/a
SWEDEN	4,551	4,634	4,669	4,717	4,796	4,859	4,925	4,978	5,037	5,096	5,159	5,212
ICELAND	131	132	132	134	135	138	140	144	146	151	159	162
NORWAY	2,399	2,427	2,456	2,485	2,516	2,548	2,582	2,610	2,638	2,667	2,694	2,721
SWITZERLAND	4,178	4,235	4,289	4,352	4,421	4,469	4,529	4,582	4,637	4,688	4,694	n/a
UNITED KINGDOM	27,016	27,168	27,331	27,532	27,754	28,005	28,262	28,539	28,815	29,059	29,322	25,396
AUSTRALIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BRAZIL	61,468	63,197	64,593	65,965	67,213	68,018	69,419	70,646	7,157	72,273	74,145	n/a
JAPAN	n/a	60,629	n/a	n/a	n/a	n/a	62,407	n/a	n/a	n/a	n/a	n/a
RUSSIA	61,500	61,300	62,900	64,000	64,900	65,900	66,900	67,500	69,000	70,200	71,200	72,300
SINGAPORE	278	289	309	327	348	364	370	374	376	382	391	n/a
SOUTH KOREA	18,082	18,414	18,742	16,367	16,692	17,123	17,633	18,127	18,526	18,812	n/a	n/a
TURKEY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
USA	132,830	133,509	134,321	135,201	136,169	137,223	138,347	139,511	140,758	142,125	143,719	145,354

Source: *European Mortgage Federation National Experts, National Statistics Offices, Japanese Ministry of Internal Affairs and Communication, US Bureau of Census*

1) Time series breaks

- Denmark: 2007 (due to a change in methodology)
- Netherlands: 2012 (due to a change in methodology)
- Norway: 2006 (due to a change in methodology)

2) The series has been revised for at least two years in:

- Brazil
- Greece
- Poland
- United Kingdom
- USA

3) Notes

- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available

17. Number of Transactions

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BELGIUM	124,358	124,356	135,180	103,514	119,064	123,851	130,326	149,667	122,501	143,327	150,625	127,880
CROATIA	2,357	1,997	2,410	1,672	2,791	2,429	2,880	3,458	3,458	n/a	n/a	n/a
CYPRUS	6,269	3,767	4,527	4,952	7,063	8,734	9,242	10,366	7,968	10,347	13,409	15,567
DENMARK	45,506	46,566	52,490	63,186	63,679	69,818	68,602	70,851	82,263	88,448	60,740	62,886
ESTONIA	26,760	30,141	31,093	33,090	33,407	35,891	34,947	35,902	34,412	42,243	38,710	32,923
FINLAND	71,645	63,440	58,520	61,954	61,334	62,654	60,800	63,298	70,794	76,281	70,630	82,865
FRANCE	938,900	716,000	689,000	795,000	843,000	964,000	975,000	1,077,000	1,024,000	1,174,000	1,115,000	869,000
GERMANY	576,000	565,000	562,000	577,000	575,000	567,000	575,000	608,000	599,000	599,000	526,000	400,000
GREECE	57,650	49,774	43,443	54,631	60,540	69,826	79,532	96,662	74,769	104,746	112,283	n/a
HUNGARY	105,700	104,129	127,592	154,212	160,975	165,782	172,846	154,940	145,300	168,000	156,100	123,300
IRELAND	22,101	26,305	38,955	47,330	46,416	52,119	53,644	57,654	49,711	58,168	63,544	50,324
ITALY	444,018	403,124	417,524	444,636	516,574	542,700	578,647	603,541	557,926	748,523	784,486	709,591
LATVIA	43,941	49,141	49,973	48,397	52,152	52,640	49,093	49,890	50,839	56,502	52,752	46,997
LUXEMBOURG	5,474	5,471	6,477	6,269	6,333	7,404	7,545	7,295	6,835	6,836	5,872	3,251
MALTA	n/a	n/a	n/a	n/a	6,502	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NETHERLANDS	117,261	110,094	153,511	178,293	214,793	241,860	221,603	221,012	236,841	226,087	193,103	n/a
POLAND	116,555	124,685	130,656	160,789	173,467	188,596	211,597	213,763	204,709	248,694	245,755	254,761
PORTUGAL	62,585	66,058	69,839	90,509	107,490	129,834	151,209	154,865	137,513	165,682	167,900	136,499
ROMANIA	434,954	473,319	454,001	483,699	521,805	587,017	603,592	622,260	589,748	712,313	702,731	637,833
SLOVENIA	10,571	9,239	10,364	12,030	14,018	15,246	13,902	14,071	11,612	13,927	12,869	9,786
SPAIN	363,623	300,568	365,621	401,713	457,738	532,261	582,888	569,993	487,354	674,249	717,734	638,522
SWEDEN	143,675	151,582	159,536	168,298	160,200	164,735	158,233	163,784	173,602	187,624	164,406	138,190
ICELAND	6,749	7,459	8,314	10,247	11,164	10,546	11,169	10,904	12,749	14,259	10,363	9,201
NORWAY	113,276	109,437	112,147	119,681	121,578	114,382	118,196	119,950	125,302	128,113	110,788	103,912
UNITED KINGDOM	1,189,010	1,376,080	1,208,310	999,460	1,235,020	1,220,060	1,191,510	1,176,860	1,045,130	1,476,040	1,258,220	1,019,220
AUSTRALIA	403,675	469,584	511,653	521,214	471,267	478,410	432,340	434,412	470,264	636,884	514,971	670,000
BRAZIL	921,879	996,719	991,933	894,125	785,160	653,291	769,200	762,332	840,365	1,222,656	1,097,710	992,924
JAPAN	154,900	169,467	155,900	154,200	158,100	147,500	159,867	n/a	n/a	n/a	n/a	n/a
RUSSIA	3,063,489	3,032,834	3,448,283	2,806,901	2,861,989	2,863,164	3,122,824	3,025,069	3,130,095	3,575,093	2,815,558	3,800,000
SINGAPORE	37,873	22,728	12,848	14,117	16,378	25,010	22,139	19,150	20,909	33,557	21,890	n/a
TURKEY	701,621	1,157,190	1,165,381	1,289,320	1,341,453	1,409,314	1,375,398	1,348,729	1,499,316	1,491,856	1,485,622	n/a
USA	5,090,000	5,519,000	5,377,000	5,751,000	6,011,000	6,123,000	5,957,000	6,830,000	6,462,000	6,891,000	5,670,000	4,760,000

Source: *European Mortgage Federation National Experts, National Statistics Offices, US Bureau of Census*

1) Time series breaks
- Estonia: 2006 (data from the Estonian Landboard)
- Ireland: 2011 (the source was changed from 2011 onwards)
- Germany: 2007 (the source was changed from 2007 onwards)
- Portugal: 2000

2) The series has been revised for at least two years in:
- Estonia
- Finland
- France
- Germany
- Iceland
- United Kingdom

3) Notes
- For Ireland, please note that data prior to 2011 is an estimation based on mortgage approvals, and must thus be used with caution.
- In Poland, the data for 2012 concerns only the dwellings of the secondary market and excludes single family houses.
- In Croatia, the number refers to new dwellings only.
- In Cyprus, the number refers to properties sold and transferred
- In Denmark, the number excludes self-build dwellings but covers second homes.
- In Belgium, the number includes only transaction on second hand houses.
- In the Netherlands, the number includes commercial transactions also.
- In Romania, the number includes commercial transactions also.
- In Portugal, the number covers only urban areas including commercial transactions.
- In Japan, the number of second hand dwellings purchased between January and December of the indicated years.
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- For Finland 2000-2007 are estimates by the Federation of Finnish Financial Service.
- For Denmark 2000-2003 is an estimation.

18. Nominal House Price Indices

2015 = 100

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	87.6	92.1	95.3	100.0	106.7	112.1	118.8	126.0	135.5	151.0	168.5	163.7
BELGIUM	97.4	99.2	100.7	100.0	104.4	108.8	113.1	119.4	121.1	131.5	142.7	145.8
BULGARIA	98.1	95.9	97.3	100.0	107.0	116.3	122.7	128.5	129.7	135.6	156.2	186.7
CROATIA	108.9	104.6	103.0	100.0	100.9	104.8	111.1	121.1	130.4	145.0	170.1	186.2
CYPRUS	121.4	113.9	104.2	100.0	98.2	98.7	99.9	101.9	102.6	102.7	106.7	112.7
CZECHIA	92.4	92.5	96.1	100.0	111.0	120.3	132.1	143.9	156.8	197.3	211.0	208.7
DENMARK	91.6	92.3	93.8	100.0	103.7	108.4	112.8	116.0	121.2	135.6	136.7	133.6
ESTONIA	74.4	82.3	93.6	100.0	104.8	110.5	117.4	125.3	132.8	152.8	186.6	197.7
FINLAND	99.8	101.4	100.8	100.0	100.9	101.9	103.0	103.9	105.1	109.1	109.4	102.3
FRANCE	105.0	103.8	101.9	100.0	100.9	104.0	107.1	110.6	116.8	124.6	132.4	131.5
GERMANY	90.0	92.7	95.6	100.0	106.0	112.1	120.7	128.9	138.5	154.1	168.0	161.1
GREECE	127.6	113.7	105.3	100.0	97.5	96.6	98.3	105.4	110.1	118.5	132.7	150.9
HUNGARY	88.3	81.8	84.9	100.0	117.7	134.3	160.1	192.2	205.5	240.8	292.9	316.3
IRELAND	75.9	77.0	89.7	100.0	107.5	119.1	131.3	134.4	134.8	146.0	164.0	176.2
ITALY	116.7	109.1	104.0	100.0	100.3	99.2	98.6	98.5	100.4	103.0	106.9	108.3
LATVIA	90.8	98.2	93.8	100.0	107.8	116.2	129.2	139.9	146.0	161.9	184.3	191.3
LITHUANIA	89.6	90.7	96.5	100.0	105.4	114.8	123.2	131.6	141.2	163.8	195.0	214.2
LUXEMBOURG	86.6	90.9	94.9	100.0	106.0	112.0	119.9	132.0	151.1	172.2	188.6	171.5
MALTA	92.4	92.2	94.5	100.0	105.5	111.0	117.4	124.7	128.9	135.4	142.2	155.3
NETHERLANDS	103.1	96.3	97.2	100.0	105.0	112.9	123.1	131.6	141.9	163.4	186.8	183.3
POLAND	98.6	96.0	98.1	100.0	101.5	106.4	115.5	127.5	140.9	156.0	177.5	188.3
PORTUGAL	94.9	93.1	97.0	100.0	107.6	118.9	129.9	143.4	154.8	172.8	192.4	207.5
ROMANIA	99.5	99.3	97.2	100.0	106.0	112.4	118.6	122.7	128.4	134.1	146.8	152.3
SLOVAKIA	99.6	99.0	98.3	100.0	104.9	111.9	118.1	126.9	142.1	175.5	212.9	200.1
SLOVENIA	112.1	106.2	99.2	100.0	103.3	111.8	121.6	129.7	135.7	151.3	173.7	186.1
SPAIN	107.7	101.4	98.9	100.0	101.9	104.3	107.8	111.3	110.0	112.4	118.0	122.6
SWEDEN	81.7	84.5	90.4	100.0	108.4	117.4	117.4	120.5	128.6	150.3	156.8	141.3
EU 27 (simple average)	97.5	96.3	97.1	100.0	104.8	111.0	118.1	125.8	133.0	148.0	165.2	170.2
EURO AREA 19 (simple average)	98.7	97.6	98.0	100.0	104.0	109.4	115.7	119.9	126.0	138.8	158.5	163.4
ICELAND	80.6	85.2	92.4	100.0	109.8	131.2	142.0	148.3	157.8	177.6	214.8	231.6
NORWAY	88.8	87.8	94.8	100.0	111.9	110.3	114.1	116.3	126.4	134.4	137.0	138.2
SWITZERLAND	92.1	94.9	97.5	100.0	100.1	96.6	97.1	101.7	106..4	112.7	119.3	124.0
UNITED KINGDOM	85.2	87.4	94.4	100.0	107.0	111.9	115.4	116.5	119.9	129.6	141.8	142.3
AUSTRALIA	81.2	87.1	93.0	100.0	104.2	110.7	107.1	101.1	105.7	120.6	122.6	115.6
BRAZIL	84.4	92.3	99.0	100.0	97.3	95.4	95.9	99.3	106.9	115.4	118.7	119.1
JAPAN	98.3	99.9	99.5	100.0	102.2	104.8	106.8	108.6	108.6	115.1	124.8	128.6
RUSSIA	87.7	94.1	99.6	100.0	97.3	96.4	99.2	105.0	112.7	135.0	165.8	178.8
SINGAPORE	103.8	107.1	104.0	100.0	96.9	95.8	104.3	107.1	109.5	121.1	131.5	140.5
SOUTH KOREA	94.7	95.0	96.6	100.0	100.7	102.2	103.3	103.0	108.5	119.2	113.7	109.6
TURKEY	66.8	75.3	86.6	100.0	112.2	122.4	127.8	140.6	183.3	292.8	784.3	1 376.7
UNITED STATES	85.0	90.7	94.9	100.0	105.9	112.4	118.7	125.2	139.2	163.8	177.4	189.0

Sources: *European Mortgage Federation, National Statistics Offices, OECD, ECB (for the euro area (19)), EUROSTAT (for the EU), Central Statistical Bureau of Latvia (LV), Federal Housing Finance Agency (US), Ministry of Land Infrastructure Transport and Tourism (JP), Federal Reserve Bank of St. Louis*

1) Time series breaks

- Croatia: 2022 (change of source)
- Czech Republic: 2008 (change in source)
- Iceland: 2005 (change of source)
- Portugal: 2005
- Australia: 2010

2) The series has been revised for at least two years in:

- Australia
- Austria
- Brazil
- Japan
- Poland
- United Kingdom
- USA
- Hungary

3) Notes:

- For Hypostat 2020 the base year has been postponed to 2015 to be in line with the dispositions followed by Eurostat in compliance with Regulation (EC) No 2015/2010)
- For further details on the methodologies, please see "Annex: Explanatory Note on Data"
- n/a : figure not available
- For Austria, the index covers new and used condominiums and for single-family houses.
- For Bulgaria, the index excludes new flats.
- For Croatia, the index covers the average price of new dwellings sold.
- For Cyprus, the index covers houses and flats and is calculated on year averages of valuation data
- For Czechia, the index covers second-hand flat prices in CZ and also new flat prices Prague.
- For Denmark, second homes and flats are included.
- For Estonia, both new and existing dwellings are included.
- For Finland, the index covers the change in the prices of single-family houses and single-family house plots.
- For France, the index covers the weighted average of existing homes and the price index for new housing.
- For Greece, the index covers only urban areas.
- For Poland, the index includes only transactions in the secondary market, covering the 7 biggest cities in Poland.
- For Sweden, the index covers one- and two-dwellings buildings.
- For the UK, the index covers only market prices, self-built dwellings are excluded
- For Australia, the index is a weighted average of the seven largest cities
- For Japan, the index covers monthly price indices for detached houses.
- For Brazil: Prices grew fast due to pent-up demand unleashed after 2006, when inflation and interest rates where controled.
- For USA: the index includes purchase-only

19. Nominal House Price Index - cities

2015 = 100

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA												
Vienna	86.4	93.8	97.8	100.0	103.8	105.4	110.9	116.3	124.1	137.5	150.9	148.1
Rest of the country	89.9	92.3	95.1	100.0	109.0	114.4	124.1	127.4	137.0	154.5	171.3	169.9
BELGIUM												
Brussels	97.5	101.5	97.2	100.0	103.0	104.3	106.9	112.7	121.9	126.4	n/a	n/a
BULGARIA												
Sofia	91.1	90.3	92.9	100.0	111.0	123.1	131.3	141.8	133.6	140.3	163.5	210.0
Varna	90.3	89.5	91.9	100.0	107.6	119.0	124.2	133.1	120.0	126.3	142.7	182.1
Plovdiv	94.3	91.7	90.8	100.0	105.6	115.9	123.2	135.0	132.0	136.9	153.6	195.7
CROATIA												
Zagreb	109.9	103.5	102.2	100.0	100.7	105.1	116.4	131.8	142.5	158.3	193.9	n/a
Adriatic Coast	108.7	105.5	103.4	100.0	101.3	105.7	111.4	119.1	126.6	142.5	160.9	n/a
Rest of the country	108.0	103.6	102.8	100.0	99.2	99.7	100.3	104.1	114.5	124.4	146.2	n/a
CYPRUS												
Nicosia	124.1	115.4	105.6	100.0	97.6	98.5	99.9	101.5	102.7	102.2	105.2	109.9
Limassol	118.9	113.2	104.1	100.0	99.1	101.3	104.8	109.8	111.7	115.5	123.2	136.0
Larnaca	126.9	115.7	104.9	100.0	98.8	98.0	99.6	102.4	104.7	106.3	109.7	120.2
CZECHIA												
Prague	93.3	95.2	96.0	100.0	110.7	119.6	131.6	n/a	n/a	n/a	n/a	n/a
DENMARK												
Copenhagen	77.9	83.6	90.4	100.0	106.0	113.1	122.8	125.5	134.3	160.2	163.6	156.3
Aarhus	90.1	91.6	92.7	100.0	102.9	105.5	110.7	113.6	119.8	133.8	135.8	135.0
Odense	90.8	92.9	95.0	100.0	104.6	107.0	113.4	118.6	121.0	133.4	133.6	132.9
FINLAND												
Helsinki	95.4	99.2	99.7	100.0	102.8	106.3	122.8	126.9	132.5	140.7	139.9	128.8
Tampere	96.7	98.1	99.1	100.0	101.1	103.0	120.5	122.9	126.7	133.5	136.0	115.3
Turku	94.2	96.1	99.2	100.0	100.9	104.3	104.4	109.5	112.3	118.9	120.7	128.9
FRANCE												
Paris	103.4	103.5	101.6	100.0	103.1	110.5	117.8	125.4	134.3	134.3	132.8	126.7
Marseille	111.6	107.7	103.7	100.0	97.7	101.5	103.8	108.1	113.2	121.2	132.9	135.3
Lyon	100.6	100.4	100.4	100.0	102.8	110.0	119.7	132.4	146.2	153.1	153.8	145.0
GERMANY												
Aggregate seven largest Germany cities	81.9	86.7	92.1	100.0	109.8	122.4	132.2	137.4	144.1	158.2	170.7	161.1
GREECE												
Athens	132.9	116.5	105.6	100.0	98.1	97.1	99.8	110.4	119.0	130.5	148.7	169.2
Thessaloniki	124.5	113.2	105.7	100.0	96.6	95.2	96.3	103.0	108.1	116.2	131.0	152.5

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
HUNGARY												
Budapest	81.3	77.8	82.8	100.0	124.0	143.9	175.7	214.5	221.8	236.3	319.0	304.8
Debrecen	85.3	82.2	87.0	100.0	116.1	132.5	156.8	197.2	204.5	242.9	309.0	337.2
Szeged	90.7	87.5	90.4	100.0	114.7	135.7	160.9	206.0	215.2	269.5	353.5	378.6
ITALY												
Rome	113.5	109.3	105.4	100.0	95.1	92.0	89.8	87.5	86.1	85.7	87.0	87.7
Milan	100.8	99.1	100.5	100.0	99.2	99.3	100.2	101.9	103.5	106.1	114.9	124.5
Naples	106.2	100.8	101.5	100.0	97.6	96.9	96.8	96.5	92.2	93.4	92.3	94.2
IRELAND												
Dublin	66.7	73.2	91.0	100.0	105.1	115.0	124.9	124.9	124.2	133.3	147.0	154.0
NETHERLANDS												
Amsterdam	91.5	86.7	91.1	100.0	113.6	129.5	146.0	154.3	162.1	180.3	200.2	190.2
The Hague	100.8	93.9	96.2	100.0	108.3	120.3	135.4	146.1	157.1	179.8	199.6	192.3
Rotterdam	99.8	94.3	95.8	100.0	107.1	121.0	138.6	149.9	162.6	185.5	208.3	202.5
POLAND												
Cracovia	96.6	94.6	98.8	100.0	101.2	104.9	113.2	124.9	137.3	151.4	170.8	182.7
Lodz	104.0	96.5	96.7	100.0	99.0	104.1	110.7	123.1	140.6	156.2	180.7	194.9
Warsaw	101.0	98.9	100.0	100.0	100.2	107.4	119.1	132.6	147.7	162.9	184.7	193.5
PORTUGAL												
Lisbon	99.2	95.7	96.4	100.0	103.3	114.8	126.6	132.8	144.7	n/a	n/a	n/a
ROMANIA												
Bucarest	106.8	96.9	96.7	100.0	107.5	116.4	121.6	125.6	126.6	138.0	142.4	137.1
SLOVAKIA												
Madrid	98.1	98.0	97.4	100.0	105.7	112.0	116.5	124.1	137.8	166.9	198.2	184.9
Barcelona	102.7	98.1	97.2	100.0	98.5	107.3	113.3	109.3	140.1	190.1	246.8	222.2
Valencia	107.8	105.5	102.7	100.0	105.2	111.7	117.3	139.0	154.1	211.3	276.8	251.1
SLOVENIA												
Ljubljana	116.2	102.8	95.0	100.0	106.0	120.0	134.5	137.9	142.8	161.1	183.8	187.8
SPAIN												
Barcelona	100.2	97.5	97.1	100.0	104.5	110.3	119.7	126.6	125.4	129.0	138.7	145.1
Madrid	110.3	100.3	98.7	100.0	106.2	113.0	120.5	126.1	124.3	126.3	132.1	135.0
Valencia	108.8	102.0	99.5	100.0	102.6	101.7	105.2	110.3	109.9	114.7	121.3	128.8
SWEDEN												
Stockholm	76.3	79.4	87.7	100.0	108.7	114.9	108.7	109.3	116.2	137.8	142.7	127.0
Malmö	88.4	90.1	93.7	100.0	111.3	121.8	126.0	131.6	142.1	167.8	174.9	157.6
Göteborg	82.4	85.6	90.6	100.0	106.6	117.6	118.5	122.3	129.2	147.6	154.5	140.1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ICELAND												
Reykjavik	77.2	83.1	91.7	100.0	110.5	131.8	139.7	144.8	152.8	171.4	212.5	224.8
NORWAY												
Oslo	83.7	79.2	89.5	100.0	125.9	112.4	119.9	124.3	139.6	145.5	145.0	149.3
Bergen	88.6	89.2	98.0	100.0	102.8	101.5	103.1	105.5	113.4	119.3	122.7	123.5
Trondheim	90.0	89.9	96.4	100.0	106.9	106.9	107.4	107.8	115.3	123.9	127.8	125.8
UNITED KINGDOM												
London	71.5	77.4	90.8	100.0	110.0	113.0	112.4	110.8	113.8	117.6	124.2	122.6
AUSTRALIA												
Canberra	92.2	93.7	95.2	100.0	104.9	109.5	110.9	115.6	124.9	163.4	157.2	157.6
Sydney	71.9	79.4	88.7	100.0	109.8	116.0	108.1	113.0	121.8	154.6	144.1	155.3
Melbourne	80.6	86.4	91.0	100.0	108.3	119.9	113.8	120.3	127.2	151.2	144.1	145.4
BRAZIL												
São Paulo	n/a	n/a	97.6	100.0	98.9	97.8	98.9	102.3	117.0	137.2	161.0	173.9
Rio de Janeiro	n/a	n/a	100.5	100.0	97.5	93.7	91.2	90.8	93.9	102.6	119.7	128.8
Belo Horizonte	n/a	n/a	101.5	100.0	97.0	94.8	94.1	95.2	99.3	104.3	115.2	123.9
JAPAN												
Tokyo	94.5	96.8	96.0	100.0	103.6	106.8	108.8	110.2	110.0	118.7	130.5	136.5
Osaka	100.4	100.4	99.1	100.0	102.5	106.5	110.8	113.4	113.7	119.3	130.2	134.7
Aichi	97.7	98.2	97.6	100.0	101.9	105.8	107.2	111.2	109.4	114.9	118.6	121.9
RUSSIA												
Moscow	84.7	89.8	94.6	100.0	101.1	99.5	100.9	107.5	114.0	142.7	167.8	177.5
St. Petersburg	92.5	97.0	99.7	100.0	102.3	103.3	110.5	116.3	125.9	157.4	193.3	198.4
SOUTH KOREA												
Seul	95.9	94.5	95.6	100.0	101.3	103.7	107.1	107.6	114.6	129.3	120.9	116.6
Busan	95.8	95.6	96.7	100.0	103.2	105.6	104.0	102.7	108.7	120.5	115.0	107.3
TURKEY												
Ankara	72.8	80.9	88.7	100.0	109.1	116.7	118.5	130.5	169.9	264.7	721.8	1 387.7
Istanbul	55.0	66.1	81.2	100.0	112.8	117.8	118.9	123.2	157.6	257.1	704.9	1 139.9
Izmir	67.6	77.0	87.0	100.0	116.1	137.7	145.8	160.9	208.2	330.1	885.7	1 554.4
USA												
Washington - DC	87.8	95.0	97.9	100.0	103.8	107.8	112.0	117.5	129.0	143.0	151.7	160.1
New York	88.8	92.2	95.5	100.0	104.6	110.1	115.2	121.1	131.4	145.0	155.6	167.3
Los Angeles	72.7	85.0	92.8	100.0	108.5	117.3	123.9	130.0	143.3	166.1	177.1	186.7
SWITZERLAND												
Zurich region	n/a	n/a	n/a	100.0	100.8	99.1	101.4	107.1	114.0	122.3	131.7	136.9
Espace Mittelland	n/a	n/a	n/a	100.0	101.3	98.2	99.7	104.1	109.4	115.1	120.6	124.8
Lake Geneva region	n/a	n/a	n/a	100.0	98.1	94.3	95.1	99.9	105.2	111.4	117.8	122.3

Sources: *European Mortgage Federation National Experts, National Central Banks, National Statistics Offices, Federal Housing Finance Agency (US), Ministry of Land Infrastructure Transport and Tourism (JP), FPRE - Residential Property Price Index, OECD*

1) Time series breaks:
- Croatia: 2022 (change of source))

2) The series has been revised for at least two years in:
- Denmark
- Netherlands
- Japan
- Poland
- Russia
- Switzerland
- United Kingdom
- USA

3) Notes:
- For Hypostat 2020 the base year has been postponed to 2015 to be in line with the dispositions followed by Eurostat in compliance with Regulation (EC) No 2015/2010)
- Belgium: Data refers to apartments in Brussels which constitute 70% of the market.
- Bulgaria: Data referred to flats in the district centres only (newly built flats are excluded)
- Spain: the indexes refer to the regions around these cities
- Slovakia: the indexes refer to the regions around these cities, price per square metre
- Slovenia: the index comprises only apartments

20. Change in Nominal House Price

Annual % change

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	7.3	5.2	3.5	4.9	8.5	5.3	4.7	3.4	7.0	11.8	10.3	-2.8
BELGIUM	4.1	1.9	1.5	-0.7	4.4	4.2	3.9	5.6	1.4	8.6	8.5	2.2
BULGARIA	-1.9	-2.2	1.4	2.8	7.0	8.7	5.5	4.8	0.9	4.5	15.2	19.6
CROATIA	-1.6	-3.9	-1.6	-2.9	0.9	3.8	6.1	9.0	7.7	7.3	17.3	9.5
CYPRUS	-5.3	-6.5	-8.8	-4.3	-1.8	0.5	1.2	2.0	0.7	0.0	3.9	5.7
CZECHIA	-0.8	0.1	3.8	4.1	11.0	8.4	9.8	8.9	9.0	25.8	6.9	-1.1
DENMARK	-4.5	0.8	1.5	6.7	3.7	4.5	4.1	2.8	4.3	11.7	1.0	-2.3
ESTONIA	7.3	10.7	13.7	6.9	4.8	5.4	6.2	-31.8	6.0	15.1	22.2	5.9
FINLAND	1.6	1.6	-0.6	-0.8	0.9	1.1	1.0	0.9	1.2	3.8	0.3	-6.5
FRANCE	-2.1	-1.2	-1.8	-1.9	0.9	3.0	3.0	3.2	5.6	6.7	6.3	-0.7
GERMANY	3.0	3.0	3.1	4.6	6.0	5.8	7.7	6.8	7.4	11.3	9.0	-4.1
GREECE	-11.7	-10.9	-7.5	-5.0	-2.5	-1.0	1.8	7.2	4.3	7.3	11.7	13.8
HUNGARY	-3.0	-6.1	3.3	18.1	17.3	13.4	18.5	18.4	9.1	11.9	21.5	8.0
IRELAND	-13.5	1.3	16.5	11.6	7.3	10.9	10.2	2.4	0.4	8.2	12.3	7.4
ITALY	-2.5	-6.5	-4.7	-3.8	0.3	-1.1	-0.6	-0.1	1.9	2.6	3.8	1.3
LATVIA	6.1	8.2	-4.5	6.6	7.8	7.9	11.2	8.2	4.2	11.2	13.9	3.8
LITHUANIA	-0.2	1.2	6.4	3.7	5.4	8.9	7.3	6.8	7.3	16.1	19.0	9.8
LUXEMBOURG	4.2	5.0	4.4	5.4	6.0	5.6	7.1	10.1	14.5	13.9	9.6	-9.1
MALTA	3.1	-0.4	2.6	5.8	5.5	5.3	5.8	6.1	0.4	3.7	6.7	9.2
NETHERLANDS	-6.5	-6.6	0.9	2.9	5.0	7.5	9.0	6.9	7.9	15.2	13.6	-1.9
POLAND	-8.3	-1.0	1.8	1.1	0.7	6.6	8.9	10.6	11.7	9.6	10.4	6.1
PORTUGAL	-7.1	-1.9	4.2	3.1	7.6	10.5	9.3	10.4	8.0	11.6	11.3	7.8
ROMANIA	-5.1	-0.3	-2.1	2.9	6.0	6.0	5.6	3.4	4.3	7.5	7.2	3.7
SLOVAKIA	-1.2	-0.9	-0.8	0.9	4.9	6.7	5.5	7.5	11.9	23.7	21.3	-6.0
SLOVENIA	-6.9	-5.2	-6.6	0.8	3.3	8.3	8.7	6.7	4.6	11.5	14.8	7.2
SPAIN	-8.7	-5.8	-2.4	1.1	1.9	2.4	3.4	3.2	-1.1	2.1	5.0	3.9
SWEDEN	-1.1	3.4	7.0	10.7	8.4	8.3	0.0	2.6	6.7	16.9	4.3	-9.9
EU 27 (simple average)	-2.0	-0.6	1.3	3.1	4.9	5.8	6.1	4.7	5.5	10.3	10.6	3.0
EURO AREA 20 (simple average)	-1.5	-0.4	1.0	2.2	4.0	5.1	5.6	3.5	4.9	9.7	10.7	2.8
ICELAND	6.9	5.8	8.4	8.2	9.8	19.5	8.2	4.4	6.4	12.5	21.0	7.8
NORWAY	7.6	-0.7	8.7	4.6	12.5	-1.1	2.8	2.6	5.7	5.1	1.8	0.9
SWITZERLAND	4.8	3.0	2.7	2.6	-1.5	3.6	2.5	2.2	5.3	9.1	6.4	3.9
UNITED KINGDOM	0.4	2.6	8.0	6.0	7.0	4.6	3.1	1.0	5.1	10.2	10.1	0.4
AUSTRALIA	1.5	8.1	6.6	8.8	5.1	4.5	-4.8	2.3	3.0	22.1	-3.2	-5.7
BRAZIL	10.1	8.7	5.0	-1.6	-2.6	-2.1	0.2	2.9	7.1	9.0	2.4	0.3
JAPAN	-1.2	1.6	-0.3	0.5	1.1	0.6	0.9	-0.3	-0.5	5.2	6.3	3.1
RUSSIA	12.9	7.3	5.9	0.4	-2.7	-1.0	3.0	5.9	7.3	21.6	22.8	7.8
SINGAPORE	2.3	3.2	-2.9	-3.9	-3.1	-1.1	8.9	2.7	n/a	10.6	8.6	6.8
SOUTH KOREA	-1.4	0.3	1.7	3.5	0.7	1.5	1.1	-0.4	n/a	9.9	-4.7	-3.6
TURKEY	10.1	12.7	15.0	15.5	12.2	9.1	4.5	10.0	30.4	59.7	167.9	75.5
USA	3.0	7.2	5.2	5.5	5.6	6.2	6.2	5.1	7.9	16.8	13.9	6.1

Sources: *European Mortgage Federation, National Statistics Offices, OECD, ECB (for the euro area)*

1) Time series breaks
- See Table18

2) The series has been revised for at least two years in:
- See Table18
- See Table 18 for further notes.

21. Nominal House Price to Disposable Income of Households Ratio

2015 = 100

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	91.4	95.9	96.6	100.0	102.5	104.1	110.3	110.3	120.3	128.7	129.3	117.0
BELGIUM	101.4	101.9	102.2	100.0	101.4	101.7	103.9	103.9	103.3	106.9	107.6	100.7
BULGARIA	104.2	100.3	101.0	100.0	102.2	103.8	n/a	n/a	n/a	n/a	n/a	n/a
CROATIA	110.1	105.8	106.8	100.0	97.7	97.1	102.7	102.7	113.0	115.9	116.3	n/a
CYPRUS	108.7	107.3	104.5	100.0	92.7	87.5	78.6	78.6	79.7	73.4	71.1	72.3
CZECHIA	91.5	94.4	100.4	100.0	106.2	104.8	107.5	107.5	117.6	133.8	123.8	110.5
DENMARK	98.4	97.6	97.7	100.0	99.1	100.3	101.1	101.1	105.0	114.7	104.9	99.1
ESTONIA	90.0	91.9	98.7	100.0	99.6	97.0	92.9	92.9	98.5	104.6	115.4	109.8
FINLAND	105.2	104.2	102.5	100.0	99.0	97.6	93.3	93.3	93.4	93.7	90.1	80.4
FRANCE	107.3	106.4	103.1	100.0	99.1	99.6	99.4	99.4	103.7	106.2	107.3	99.2
GERMANY	96.5	97.8	98.3	100.0	1 024.6	104.8	113.1	113.1	119.7	129.3	131.5	118.6
GREECE	118.9	113.6	105.0	100.0	98.9	98.1	100.5	100.5	109.7	109.1	113.6	121.6
HUNGARY	91.5	85.2	87.8	100.0	112.3	116.2	142.6	142.6	160.1	168.1	186.8	163.9
IRELAND	80.6	81.9	93.5	100.0	102.5	106.9	108.4	108.4	101.7	103.0	112.5	111.6
ITALY	119.4	111.1	105.3	100.0	99.0	96.0	93.0	93.0	96.9	95.0	93.4	90.2
LATVIA	105.4	109.9	99.1	100.0	102.3	104.5	111.1	111.1	113.1	112.7	110.9	113.3
LITHUANIA	98.0	94.7	99.5	100.0	98.2	102.4	100.1	100.1	98.7	105.6	110.9	111.4
LUXEMBOURG	96.6	95.6	96.3	100.0	103.0	101.9	108.8	108.8	117.0	129.8	133.2	110.7
NETHERLANDS	108.6	100.5	99.0	100.0	102.1	107.3	113.2	113.2	117.5	128.0	134.1	119.8
POLAND	105.9	103.4	102.0	100.0	100.7	95.5	102.6	102.6	108.9	120.2	122.8	110.9
PORTUGAL	97.0	96.0	100.4	100.0	103.7	111.1	122.8	122.8	134.1	142.2	146.4	148.1
ROMANIA	118.7	107.2	104.3	100.0	96.6	90.1	82.1	82.1	84.0	83.0	88.0	77.2
SLOVAKIA	109.0	107.5	104.2	100.0	101.7	103.1	102.0	102.0	111.0	130.3	142.4	122.9
SLOVENIA	115.5	109.4	100.9	100.0	99.1	102.3	105.3	105.3	106.1	110.0	118.3	115.8
SPAIN	111.6	105.4	102.8	100.0	99.2	98.4	97.1	97.1	98.1	95.9	96.7	90.6
SWEDEN	83.5	83.7	91.3	100.0	105.0	111.2	115.1	115.1	120.8	128.9	131.9	122.5
NORWAY	88.6	86.5	96.1	100.0	114.2	108.5	111.8	111.8	128.4	120.3	127.2	151.3
SWITZERLAND	107.8	110.8	110.9	100.0	101.0	99.1	100.9	100.9	99.0	104.5	100.1	n/a
UNITED KINGDOM	112.8	112.8	112.7	100.0	118.9	132.2	127.6	127.6	133.4	134.3	137.0	n/a
JAPAN	76.2	97.9	105.3	100.0	90.7	97.1	94.5	94.5	90.7	105.0	115.7	n/a
UNITED STATES	84.0	90.1	94.8	100.0	102.6	106.3	105.9	105.9	111.5	127.8	120.0	n/a

1) Time series breaks
For all countries from 2015

2) The series has been revised for at least two years in:
For all countries from 2015

3) Notes
- For Hypostat 2020 the base year has been postponed to 2015
- For further details on the methodologies, please see "Annex: Explanatory Note on data"
- n/a: figure not available
- See Tables 18 and 28 for further notes.

C — FUNDING OF THE MORTGAGE MARKET

22. Total Covered Bonds Outstanding

Backed by Mortgages, EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	17,010	18,854	22,450	27,345	30,894	31,915	42,001	49,124	59,601	71,142	74,522	94,274
BELGIUM	2,590	8,188	10,575	15,105	16,700	15,250	20,092	23,637	41,062	41,462	46,162	54,707
CYPRUS	4,550	1,000	1,000	650	650	650	650	650	650	650	650	650
CZECHIA	9,056	10,355	11,106	11,656	13,060	15,522	13,757	14,168	18,185	22,548	17,908	13,213
DENMARK	359,560	359,646	369,978	377,903	389,200	393,447	396,246	402,432	419,031	433,812	440,428	441,008
ESTONIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	850	850	2,100	2,250
FINLAND	26,684	29,783	32,031	33,974	33,822	34,625	37,257	37,774	43,855	47,119	51,817	48,551
FRANCE	208,297	202,822	188,925	188,669	177,813	185,820	194,227	209,294	221,821	226,893	244,263	347,122
GERMANY	215,999	199,900	189,936	197,726	207,338	215,199	233,372	239,570	246,311	264,016	281,505	294,810
GREECE	18,046	16,546	14,546	4,961	4,485	10,100	13,840	13,190	10,890	10,840	10,140	9,840
HUNGARY	4,958	4,016	3,272	3,022	2,189	2,641	3,762	3,868	4,526	4,483	4,840	5,473
IRELAND	25,099	20,827	18,473	16,916	17,062	16,416	20,788	19,337	16,816	14,433	12,229	13,220
ITALY	116,405	122,099	122,464	122,135	138,977	139,937	163,311	172,728	171,102	168,099	162,848	157,793
LATVIA	0	0	0	0	0	0	0	0	0	0	0	0
LUXEMBOURG	0	0	0	0	0	0	0	0	0	0	0	0
NETHERLANDS	59,822	61,015	58,850	61,101	67,604	72,880	94,797	118,969	154,505	172,181	197,002	212,057
POLAND	657	707	882	1,230	2,216	3,959	4,925	6,111	5,776	5,000	4,467	4,248
PORTUGAL	34,321	36,016	33,711	34,461	32,970	35,530	35,795	36,600	38,350	38,150	35,900	39,020
ROMANIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	200	200	200	200
SLOVAKIA	3,835	4,067	3,939	4,198	4,197	5,118	4,858	6,658	7,337	8,851	11,382	15,027
SPAIN	406,736	334,572	282,568	252,383	232,456	216,498	213,253	220,767	231,143	216,808	188,958	191,825
SWEDEN	220,374	217,854	209,842	221,990	222,444	219,212	217,979	235,111	247,713	242,018	225,212	235,228
ICELAND	893	803	927	1,205	1,902	2,506	3,123	3,071	3,330	4,270	5,725	6,358
NORWAY	107,242	105,202	102,704	107,694	113,051	113,359	119,398	123,023	131,713	130,030	133,012	130,621
SWITZERLAND	85,707	89,064	100,436	111,542	117,564	111,632	119,422	128,248	140,617	152,825	174,458	201,085
UNITED KINGDOM (regulated)	147,425	114,395	114,654	106,674	97,127	89,509	93,530	108,857	96,012	88,710	85,801	95,376
UNITED KINGDOM (non regulated)	37,818	18,077	16,143	8,236	0	0	0	0	1,112	2,380	4,510	4,603
AUSTRALIA	35,962	51,831	64,741	69,312	70,796	64,001	65,855	64,630	62,592	57,864	70,180	79,777
BRAZIL	n/a	n/a	n/a	n/a	n/a	n/a	454	2,487	3,199	7,609	16,133	20,787
CANADA	49,121	50,459	64,836	85,759	100,830	93,095	107,496	113,016	168,195	138,436	168,393	192,353
JAPAN	n/a	n/a	n/a	n/a	n/a	n/a	1,000	3,585	5,322	6,174	5,788	6,505
SINGAPORE	n/a	n/a	n/a	919	1,963	5,576	8,466	8,990	8,815	11,087	12,423	13,683
SOUTH KOREA	2,407	2,536	1,349	1,954	2,490	2,619	2,771	6,183	7,928	9,966	11,622	14,591
TURKEY	n/a	n/a	n/a	128	628	1,923	2,334	1,967	1,755	895	280	6
USA	6,000	6,000	4,000	4,000	2,000	0	0	0	0	0	0	0

Source: *European Covered Bond Council*

Notes :
n/a : figure not available
Austrian and Icelandic figures are estimates
Czech series has been revised
French series has been revised
Hungarian series has been revised
Norvegian series has been updated
Portuguese series has been revised
Spanish series has been revised
Covered bonds include only bonds secured on property by mortgage lending insittutions
Even though mortgage bonds legislation exists in Greece and Portugal, no mortgage bonds have been issued there. There is no mortgage bond legislation in Belgium. Italy just adopted legislation. It is expected to issue covered bonds in 2006.

Bonds were not issued in the UK and Ireland before 2003. In other countries were data is missing, bonds may have been issued but the quality of the data is uncertain.
In Sweden, the first covered bonds were issued in 2006, even though the Swedish covered bonds act applies from 2004. Prior to 2006 only mortgage bonds were issued in Sweden (outstanding volume at the end of 2005: 92,8 bn Euro) and as they are not directly comparable to covered bonds they are not included in the figures. A large part of the mortgage bond stock have also been converted into covered bonds in 2006. The figures include both the converted bonds and the new bonds issued during the year.

Private Note
French series: Outstanding CBs+50% of Mixed Assets

1) The series has been revised for at least two years in:United Kingdom

Notes
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the conversion to euros was performed by the ECBC

23. Total Covered Bonds Issuances

Backed by Mortgages, EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	3,805	6,093	7,111	5,457	7,181	3,165	11,007	11,228	20,587	15,553	21,646	21,675
BELGIUM	2,590	5,598	2,387	4,530	2,345	1,050	5,842	5,000	19,250	2,500	7,700	11,295
CYPRUS	0	0	0	0	0	0	—	—	—	—	0	0
CZECHIA	1,309	1,791	2,188	2,729	1,693	4,074	2,573	1,516	6,412	10,415	4,435	1,000
DENMARK	185,845	149,989	154,310	163,050	130,329	123,205	113,441	165,208	124,013	121,724	149,201	117,638
ESTONIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	850	0	1,250	250
FINLAND	9,368	3,771	6,469	7,425	4,679	5,550	5,650	6,650	11,199	8,587	11,420	10,400
FRANCE	53,310	21,386	17,558	33,903	19,482	28,347	27,108	37,050	39,770	29,865	45,890	134,899
GERMANY	38,540	33,583	29,145	40,369	35,070	36,841	43,142	41,973	40,248	45,812	67,317	51,509
GREECE	0	0	750	0	3,675	7,375	6,650	200	0	600	0	400
HUNGARY	1,140	559	91	888	625	1,166	2,004	487	1,555	541	911	1,185
IRELAND	5,500	3,235	2,535	5,225	3,542	3,250	5,575	0	2,000	0	0	3,000
ITALY	70,768	24,520	39,475	27,650	41,780	19,180	45,200	27,000	26,100	22,500	20,760	17,300
LATVIA	0	0	0	0	0	—	0	0	0	0	0	0
LUXEMBOURG	0	0	0	0	0	—	0	0	0	0	0	0
NETHERLANDS	10,738	4,478	3,910	7,908	9,908	11,925	28,714	28,388	44,013	36,705	37,956	20,125
POLAND	228	116	269	416	1,099	2,048	1,244	1,284	22	454	650	634
PORTUGAL	4,850	4,500	3,825	8,675	5,950	8,200	2,350	4,800	1,500	0	3,550	5,420
ROMANIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	200	0	0	0	0
SLOVAKIA	785	841	654	1,159	751	1,316	800	2,250	1,500	2,000	3,250	4,125
SPAIN	98,846	22,919	23,038	31,375	31,393	30,000	19,935	19,435	14,560	12,720	22,350	22,550
SWEDEN	48,936	51,633	48,424	60,729	52,187	48,525	54,199	53,258	53,222	57,240	48,238	56,677
ICELAND	113	51	91	414	560	850	755	788	646	988	1,832	1,414
NORWAY	22,946	18,339	14,474	17,750	23,058	21,256	24,331	20,766	29,686	20,466	34,217	26,872
SWITZERLAND	19,723	13,583	19,193	15,840	16,106	12,922	13,725	15,360	20,508	19,297	25,490	27,136
UNITED KINGDOM (regulated)	37,109	1,480	12,529	15,015	9,599	11,563	14,916	22,959	9,089	9,783	15,977	23,799
UNITED KINGDOM (non regulated)	0	0	0	0	0	—	—	—	1,112	1,190	2,255	0
AUSTRALIA	33,484	15,868	13,253	10,004	11,382	7,351	11,075	9,511	4,594	6,825	24,509	19,442
BRAZIL	n/a	n/a	n/a	n/a	n/a	n/a	454	2,040	2,473	4,366	8,309	2,514
CANADA	12,937	9,354	19,275	29,287	28,148	12,441	24,384	23,647	79,834	31,820	70,170	61,479
JAPAN	n/a	n/a	n/a	n/a	n/a	n/a	1,000	2,585	1,850	750	0	1,750
SINGAPORE	n/a	n/a	n/a	919	1,014	3,753	3,762	914	1,000	3,702	3,910	2,927
SOUTH KOREA	178	466	—	919	949	417	587	3,369	2,921	2,847	2,092	3,704
TURKEY	n/a	n/a	n/a	128	500	1,334	766	256	0	16	0	0
USA	0	0	0	0	0	—	—	0	0	0	0	0

Source: *European Covered Bond Council*

1) The series has been revised for at least two years in:
United Kingdom

2) Notes
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the conversion to euros was performed by the ECBC

24. Total Covered Bonds Outstanding

As % of GDP, Backed by Mortgages, %

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	5.3	5.8	6.7	7.9	8.6	8.6	10.9	12.4	15.7	17.7	16.7	19.8
BELGIUM	0.7	2.1	2.6	3.6	3.9	3.4	4.4	4.9	9.0	8.2	8.3	9.4
CYPRUS	23.4	5.6	5.7	3.6	3.4	3.2	3.0	2.8	3.0	2.8	2.3	2.2
CZECHIA	5.6	6.5	7.0	6.9	7.4	8.0	6.5	6.3	8.4	9.5	6.5	4.3
DENMARK	141.2	139.0	139.2	138.4	137.5	133.5	131.1	130.0	134.4	128.8	115.7	118.0
FINLAND	13.3	14.6	15.5	16.1	15.5	15.3	16.0	15.7	18.4	18.7	19.4	17.5
FRANCE	10.0	9.6	8.8	8.6	8.0	8.1	8.2	8.6	9.6	9.1	9.3	12.4
GERMANY	7.9	7.1	6.5	6.5	6.6	6.6	6.9	6.9	7.3	7.4	7.3	7.2
GREECE	9.6	9.2	8.2	2.8	2.6	5.7	7.7	7.2	6.6	5.9	4.9	4.5
HUNGARY	4.9	3.9	3.1	2.7	1.9	2.1	2.8	2.6	3.3	2.9	2.9	2.8
IRELAND	14.3	11.6	9.5	6.4	6.3	5.5	6.4	5.4	4.5	3.4	2.4	2.6
ITALY	7.2	7.6	7.5	7.4	8.2	8.1	9.2	9.6	10.3	9.5	8.3	7.6
LATVIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LUXEMBOURG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NETHERLANDS	9.2	9.2	8.8	8.9	9.5	9.9	12.2	14.6	19.4	20.1	20.6	20.5
POLAND	0.2	0.2	0.2	0.3	0.5	0.8	1.0	1.1	1.1	0.9	0.7	0.6
PORTUGAL	20.4	21.1	19.5	19.2	17.7	18.1	17.4	17.1	19.2	18.1	14.8	14.7
ROMANIA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0	0.0	0.1	0.1
SLOVAKIA	5.2	5.5	5.2	5.3	5.2	6.1	5.4	7.1	8.0	9.1	10.4	12.2
SPAIN	58.0	44.6	35.2	29.4	25.1	21.6	19.8	17.7	20.6	18.0	14.0	13.1
SWEDEN	51.2	49.3	47.8	48.7	47.7	45.7	46.3	49.3	51.5	45.0	40.1	42.9
ICELAND	7.8	6.6	6.9	7.6	10.1	11.4	14.0	13.9	17.6	19.8	21.0	22.2
NORWAY	27.0	26.7	27.3	31.0	33.9	32.1	32.2	34.0	41.4	31.9	23.5	29.1
SWITZERLAND	15.9	16.6	18.1	17.6	18.7	17.9	19.2	19.6	21.3	22.2	22.4	24.6
UNITED KINGDOM (regulated)	7.0	5.4	4.9	4.0	3.9	3.7	3.8	4.2	4.0	3.3	0.0	0.0
UNITED KINGDOM (non regulated)	1.8	0.9	0.7	0.3	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
AUSTRALIA	3.0	4.4	5.9	5.7	6.5	5.4	5.4	5.2	5.4	4.4	4.3	5.1
BRAZIL	n/a	n/a	n/a	n/a	n/a	n/a	0.0	0.1	0.3	0.6	0.9	1.1
CANADA	3.5	3.6	4.8	6.1	7.3	6.4	7.4	7.3	11.7	8.2	8.3	9.9
JAPAN	n/a	n/a	n/a	n/a	n/a	n/a	0.0	0.1	0.1	0.1	0.1	0.2
SINGAPORE	n/a	n/a	n/a	0.3	0.7	1.8	2.7	2.7	2.9	3.3	2.7	3.0
SOUTH KOREA	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.4	0.6	0.7	0.0	0.0
TURKEY	n/a	n/a	n/a	n/a	0.1	0.3	0.4	0.3	0.3	0.1	0.0	0.0
USA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: *European Covered Bond Council, Eurostat*

1) The series has been revised for at least two years in:
- all countries

2) Notes
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- - : no active covered bond market
- For a detailed defintion of covered bonds, please see the glossary
- Please note that the conversion to euros was performed by the ECBC
- See Tables 22 and 27 for further notes

25. Total Residential Mortgage-Backed Securities (RMBS) Outstanding

EUR million

	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	1,438	1,292	1,142	1,142	n/a	n/a	n/a	n/a
BELGIUM	44,817	45,070	38,575	30,743	25,014	23,221	19,847	25,200
FINLAND	0	0	0	0	0	0	0	0
FRANCE	63,008	78,996	83,279	97,215	81,311	86,167	87,178	140,600
GERMANY	26,016	28,141	29,296	5,075	2,815	11,768	24,791	31,334
GREECE	1,315	1,208	1,093	385	321	284	247	211
IRELAND	30,282	27,895	26,961	21,987	23,181	28,813	27,357	19,500
ITALY	60,816	60,435	60,094	59,645	47,987	42,857	39,106	33,600
NETHERLANDS	192,470	164,846	167,214	159,005	150,368	132,188	95,364	82,100
PORTUGAL	19,237	17,369	16,755	12,168	12,634	11,481	6,702	5,500
SPAIN	126,112	126,644	112,336	104,652	113,477	108,858	92,480	81,100
SWEDEN	611	0	0	0	0	0	0	0
UNITED KINGDOM	160,668	146,197	142,546	152,819	175,973	144,370	139,783	132,962
RUSSIA	380	1,004	1,868	3,083	2,842	n/a	n/a	n/a

Source: *Association for Financial Markets in Europe (AFME)*

1) Notes
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the conversion to euros was performed by AFME

26. Total RMBS Issuances

EUR million

	2016	2017	2018	2019	2020	2021	2022	2023
BELGIUM	3,636	6,680	0	6,960	59	0	0	1,015
FRANCE	10,360	28,212	13,640	21,810	12,150	12,352	25,583	64,200
GERMANY	0	2,500	0	0	0	9,000	13,059	6,560
GREECE	0	0	0	0	0	0	0	0
IRELAND	4,377	4,215	13,568	5,010	5,485	15,314	6,130	1,813
ITALY	6,760	12,880	11,940	13,586	578	8,277	853	8,159
NETHERLANDS	32,380	14,850	30,415	10,328	7,997	7,499	3,603	13,500
PORTUGAL	0	0	2,266	0	1,647	125	331	n/a
SPAIN	20,337	15,347	683	2,884	20,336	9,033	15,194	14,930
SWEDEN	214	313	0	0	0	0	0	n/a
UNITED KINGDOM	41,820	33,131	39,277	39,816	0	36,751	39,650	33,498

Source: *Association for Financial Markets in Europe (AFME)*

1) Time series breaks
***All countries: 2007**

Notes
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the conversion to euros was performed by AFME

D — MACROECONOMIC INDICATORS

27. GDP at Current Market Prices

EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	318,653	323,910	333,146	344,269	357,608	369,362	385,274	397,147	380,889	405,241	447,218	477,249
BELGIUM	386,175	392,880	403,003	416,701	430,085	445,050	460,051	478,676	460,535	508,061	554,214	584,699
BULGARIA	42,257	42,050	43,026	45,812	48,773	52,531	56,225	61,531	61,608	71,060	85,801	93,948
CROATIA	44,621	44,437	43,989	45,258	47,339	49,986	52,747	56,131	50,947	58,898	68,370	76,472
CYPRUS	19,495	18,040	17,483	17,944	19,014	20,312	21,674	23,178	22,087	24,928	27,777	29,807
CZECHIA	162,588	159,462	157,821	169,558	177,439	194,133	210,971	225,614	215,805	238,250	276,266	305,967
DENMARK	254,578	258,743	265,757	273,018	283,110	294,808	302,329	309,526	311,356	342,962	380,618	373,755
ESTONIA	17,917	18,911	20,048	20,631	21,748	23,834	25,932	27,951	27,430	31,169	36,011	37,682
FINLAND	201,037	204,321	206,897	211,385	217,518	226,301	233,462	239,858	238,038	250,664	267,687	277,625
FRANCE	2,088,804	2,117,189	2,149,765	2,198,432	2,234,129	2,297,242	2,363,306	2,437,635	2,317,832	2,502,118	2,639,092	2,803,100
GERMANY	2,745,310	2,811,350	2,927,430	3,026,180	3,134,740	3,267,160	3,365,450	3,474,110	3,403,730	3,617,450	3,876,810	4,121,160
GREECE	188,381	179,884	177,236	176,369	174,494	176,903	179,558	183,347	165,016	181,500	206,620	220,303
HUNGARY	100,248	102,240	106,264	112,791	116,256	127,025	136,055	146,555	137,920	153,980	168,550	196,391
IRELAND	175,615	179,458	195,085	262,976	270,205	297,763	326,631	356,357	375,250	434,070	506,282	504,620
ITALY	1,624,359	1,612,751	1,627,406	1,655,355	1,695,787	1,736,593	1,771,391	1,796,649	1,661,240	1,821,935	1,962,846	2,085,376
LATVIA	22,098	22,791	23,626	24,572	25,371	26,984	29,154	30,573	30,110	33,349	38,386	40,348
LITHUANIA	33,410	35,040	36,581	37,346	38,890	42,276	45,515	48,959	49,873	56,478	67,437	71,986
LUXEMBOURG	46,526	49,095	51,791	54,142	56,208	58,169	60,121	62,432	64,524	72,361	77,529	79,310
MALTA	7,365	7,944	8,751	9,997	10,541	11,937	12,977	14,297	13,352	15,324	17,432	19,382
NETHERLANDS	652,966	660,463	671,560	690,008	708,337	738,146	773,987	813,055	796,530	870,587	958,549	1,034,086
POLAND	385,389	388,356	406,413	429,835	424,735	465,773	499,004	532,505	526,147	576,383	656,153	750,801
PORTUGAL	168,296	170,492	173,054	179,713	186,490	195,947	205,184	214,375	200,519	216,053	242,341	265,503
ROMANIA	139,320	142,929	150,522	160,288	167,494	186,399	206,072	224,179	220,487	241,611	284,174	324,578
SLOVAKIA	73,649	74,493	76,355	80,126	81,265	84,670	89,875	94,430	93,450	100,245	109,762	122,813
SLOVENIA	36,253	36,454	37,634	38,853	40,443	43,011	45,876	48,582	47,045	52,279	57,038	63,090
SPAIN	1,031,104	1,020,677	1,032,608	1,078,092	1,114,420	1,162,492	1,203,859	1,245,513	1,119,010	1,222,290	1,346,377	1,461,889
SWEDEN	430,037	441,851	438,834	455,495	466,267	480,026	470,673	476,870	480,556	540,734	561,785	548,373
EURO AREA 19	9,837,412	9,936,144	10,169,459	10,523,092	10,817,294	11,224,153	11,599,278	11,987,123	11,466,457	12,416,101	13,439,408	14,300,026
EU 27	11,396,450	11,516,211	11,782,085	12,215,146	12,548,706	13,074,833	13,533,353	14,019,674	13,470,880	14,639,535	15,920,742	16,969,695
ICELAND	11,480	12,133	13,473	15,795	18,804	21,918	22,238	22,043	18,948	21,819	27,297	28,693
NORWAY	399,069	395,857	378,456	349,757	335,397	356,289	372,658	365,131	322,824	425,446	565,022	448,904
SWITZERLAND	534,013	531,729	548,015	625,533	621,765	615,776	614,304	644,443	650,743	687,568	777,805	818,183
UNITED KINGDOM	2,111,029	2,096,338	2,311,080	2,644,717	2,434,119	2,359,790	2,420,897	2,526,615	2,371,130	2,641,049	2,921,382	2,274,050
AUSTRALIA	1,190,116	1,102,309	1,200,586	1,133,945	1,199,008	1,152,849	1,239,387	1,235,717	1,112,298	1,463,711	1,617,217	1,576,364
BRAZIL	1,867,556	1,792,269	2,022,943	1,653,390	1,704,413	1,720,603	1,674,178	1,667,515	1,202,911	1,475,057	1,829,973	1,967,123
CANADA	1,385,753	1,338,986	1,487,317	1,429,694	1,449,574	1,375,191	1,506,812	1,552,185	1,349,267	1,772,446	2,026,517	1,936,729
JAPAN	4,753,950	3,779,514	4,033,436	4,082,788	4,746,872	4,111,429	4,402,516	4,555,808	4,119,947	4,445,189	3,990,634	3,812,619
RUSSIAN FEDERATION	1,660,970	1,659,363	1,687,535	1,246,169	1,214,921	1,313,383	1,443,673	1,509,457	1,212,710	1,627,345	2,130,379	1,807,267
SINGAPORE	223,657	223,027	259,339	282,905	302,679	286,214	329,164	335,501	284,808	383,287	467,350	453,781
KOREA, REPUBLIC OF	968,657	993,860	1,222,707	1,346,596	1,422,410	1,353,351	1,506,876	1,470,022	1,340,295	1,605,538	1,569,395	1,550,039
TÜRKIYE, REPUBLIC OF	667,077	694,296	773,010	793,672	824,666	716,194	681,389	676,981	586,879	722,530	849,279	1,003,125
UNITED STATES	12,319,198	12,240,356	14,503,027	16,804,446	17,839,769	16,352,956	18,040,633	19,157,379	17,376,681	20,831,759	24,136,602	24,758,213

Sources: *Eurostat, World Bank, ONS (UK)*

1) Time series breaks:
- For all counties: 2003 and onwards

2) The series has been revised for at least two years in:
all countries excluding Europe

3) Notes:
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the GDP at current prices has been taken in euros directly from Eurostat.
- Please note that for the non European countries GDP figures have been downloaded from the World Bank and the year-average USD/EUR exchange rate (Table 30) has been applied.

28. Gross Disposable Income of Households

EUR million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	196,900	197,400	202,900	205,600	214,000	221,400	228,700	234,800	231,700	241,300	267,900	287,600
BELGIUM	231,600	234,800	237,600	241,200	248,300	257,900	266,100	277,100	282,900	296,700	319,800	349,400
BULGARIA	25,800	26,200	26,400	27,400	28,700	30,700	n/a	n/a	n/a	n/a	n/a	n/a
CROATIA	27,600	27,600	26,900	27,900	28,800	30,100	31,800	32,900	32,200	34,900	40,800	n/a
CYPRUS	13,300	12,600	11,800	11,800	12,500	13,300	14,200	15,300	15,200	16,500	17,700	18,400
CZECHIA	90,600	87,900	85,800	89,700	93,700	103,000	112,800	120,100	119,600	132,300	152,900	169,400
DENMARK	123,500	125,600	127,300	132,700	138,900	143,500	147,500	152,300	153,100	156,900	172,900	178,900
ESTONIA	9,500	10,300	10,900	11,500	12,100	13,100	14,400	15,500	15,500	16,800	18,600	20,700
FINLAND	117,700	120,700	122,000	124,000	126,400	129,500	133,800	138,000	139,600	144,300	150,600	157,800
FRANCE	1,349,100	1,343,500	1,361,600	1,377,400	1,402,400	1,438,600	1,482,300	1,532,000	1,551,000	1,616,600	1,700,100	1,824,400
GERMANY	1,758,500	1,787,400	1,834,100	1,884,800	194,900	2,014,700	2,098,400	2,148,600	2,180,200	2,246,300	2,408,400	2,560,900
GREECE	126,500	118,100	118,200	117,900	116,300	116,100	117,200	123,700	118,400	128,100	137,700	146,300
HUNGARY	59,800	60,300	60,500	62,700	65,700	72,500	78,600	84,500	80,500	89,800	98,300	121,000
IRELAND	87,300	87,100	88,800	92,700	97,200	103,300	108,000	114,900	122,900	131,400	135,100	146,300
ITALY	1,094,800	1,100,000	1,106,900	1,120,400	1,134,800	1,158,100	1,178,800	1,187,000	1,160,800	1,215,100	1,281,900	1,345,200
LATVIA	13,000	13,500	14,300	15,100	15,900	16,800	18,000	19,000	19,500	21,700	25,100	25,500
LITHUANIA	21,200	22,200	22,500	23,200	24,900	26,000	27,600	30,500	33,200	36,000	40,800	44,600
LUXEMBOURG	18,100	19,200	19,900	20,200	20,800	22,200	23,200	24,500	26,100	26,800	28,600	31,300
NETHERLANDS	331,200	334,600	342,700	348,900	358,700	367,300	385,600	405,500	421,500	445,300	486,000	533,900
POLAND	238,600	242,000	249,800	257,500	259,600	286,900	302,400	320,000	333,100	334,100	372,300	437,400
PORTUGAL	123,800	122,700	122,400	126,600	131,400	135,500	141,400	147,900	146,200	153,800	166,400	177,300
ROMANIA	70,100	77,400	77,900	83,600	91,700	104,200	112,400	125,000	127,900	135,000	139,500	164,900
SLOVAKIA	43,200	43,400	44,400	46,700	48,200	50,700	55,400	58,100	59,800	62,900	69,800	76,000
SLOVENIA	23,000	23,000	23,300	23,700	24,700	25,900	27,500	29,200	30,300	32,600	34,800	38,100
SPAIN	658,200	655,900	656,200	682,200	700,600	723,000	743,600	781,400	764,800	799,300	832,200	922,700
SWEDEN	222,400	229,400	225,200	227,400	234,700	240,100	235,800	238,100	242,100	265,100	270,300	262,300
EURO AREA 19	6,237,900	6,270,200	6,362,400	6,500,300	6,664,900	6,856,100	7,088,700	73,130,000	7,345,900	7,661,500	815,600	875,880
EU 27	7,091,600	7,137,400	7,227,500	7,383,800	7,582,300	7,834,900	8,101,800	838,040,000	8,437,500	8,833,500	945,300	1,017,840
ICELAND	5,100	5,300	6,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NORWAY	169,500	172,300	168,600	169,400	166,000	172,200	173,200	176,300	166,700	189,200	182,400	154,792
SWITZERLAND	334,800	335,500	344,100	391,700	388,300	381,800	373,700	394,800	420,900	422,600	466,800	n/a
UNITED KINGDOM	1,433,300	1,422,300	1,547,800	1,823,600	1,641,200	1,542,900	1,592,500	1,665,900	1,638,800	1,759,800	1,888,100	n/a
JAPAN	3,143,800	2,488,300	2,306,400	2,439,400	2,748,700	2,632,700	2,584,700	2,803,100	2,923,300	2,673,700	2,630,500	n/a
TURKEY	463,300	496,000	488,600	535,800	538,700	519,100	n/a	n/a	n/a	n/a	n/a	n/a
UNITED STATES	9,970,800	9,679,800	10,199,200	12,707,100	13,111,900	13,439,800	13,559,600	15,014,300	15,865,800	16,290,800	18,789,500	n/a

Source: *European Commission (AMECO Database), Eurostat, National Statistical Offices*

1) The series has been revised for at least two years in:
- EA20
- EU27
- United Kingdom

2) Notes
- For further details on the methodologies, please see "Annex : Explanatory Note on data"
- n/a : figure not available
- Please note that the disposable income of households at current prices has been taken in euros directly from AMECO, except for Greece which was taken from ELSTAT
- Figures from Malta not available.

29. Total Population

Millions

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AUSTRIA	8,408,121	8,451,860	8,507,786	8,584,926	8,700,471	8,772,865	8,822,267	8,858,775	8,901,064	8,932,664	8,978,929	9,104,772
BELGIUM	11,075,889	11,137,974	11,180,840	11,237,274	11,311,117	11,351,727	11,398,589	11,455,519	11,522,440	11,554,767	11,617,623	11,742,796
BULGARIA	7,327,224	7,284,552	7,245,677	7,202,198	7,153,784	7,101,859	7,050,034	7,000,039	6,951,482	6,916,548	6,838,937	6,447,710
CROATIA	4,275,984	4,262,140	4,246,809	4,225,316	4,190,669	4,154,213	4,105,493	4,076,246	4,058,165	4,036,355	3,862,305	3,850,894
CYPRUS	862,011	865,878	858,000	847,008	848,319	854,802	864,236	875,899	888,005	896,007	904,705	920,701
CZECHIA	10,505,445	10,516,125	10,512,419	10,538,275	10,553,843	10,578,820	10,610,055	10,649,800	10,693,939	10,494,836	10,516,707	10,827,529
DENMARK	5,580,516	5,602,628	5,627,235	5,659,715	5,707,251	5,748,769	5,781,190	5,806,081	5,822,763	5,840,045	5,873,420	5,932,654
ESTONIA	1,325,217	1,320,174	1,315,819	1,314,870	1,315,944	1,315,635	1,319,133	1,324,820	1,328,976	1,330,068	1,331,796	1,365,884
FINLAND	5,401,267	5,426,674	5,451,270	5,471,753	5,487,308	5,503,297	5,513,130	5,517,919	5,525,292	5,533,793	5,548,241	5,563,970
FRANCE	65,276,983	65,600,350	66,165,980	66,458,153	66,638,391	66,809,816	67,026,224	67,290,471	67,485,531	67,656,682	67,957,053	68,172,977
GERMANY	80,327,900	80,523,746	80,767,463	81,197,537	82,175,684	82,521,653	82,792,351	83,019,213	83,166,711	83,155,031	83,237,124	84,358,845
GREECE	11,086,406	11,003,615	10,926,807	10,858,018	10,783,748	10,768,193	10,741,165	10,724,599	10,718,565	10,678,632	10,459,782	10,413,982
HUNGARY	9,931,925	9,908,798	9,877,365	9,855,571	9,830,485	9,797,561	9,778,371	9,772,756	9,769,526	9,730,772	9,689,010	9,599,744
IRELAND	4,589,287	4,609,779	4,637,852	4,677,627	4,726,286	4,784,383	4,830,392	4,904,240	4,964,440	5,006,324	5,060,004	5,271,395
ITALY	59,394,207	59,685,227	60,782,668	60,795,612	60,665,551	60,589,445	60,483,973	59,816,673	59,641,488	59,236,213	59,030,133	58,997,201
LATVIA	2,044,813	2,023,825	2,001,468	1,986,096	1,968,957	1,950,116	1,934,379	1,919,968	1,907,675	1,893,223	1,875,757	1,883,008
LITHUANIA	3,003,641	2,971,905	2,943,472	2,921,262	2,888,558	2,847,904	2,808,901	2,794,184	2,794,090	2,795,680	2,805,998	2,857,279
LUXEMBOURG	524,853	537,039	549,680	562,958	576,249	590,667	602,005	613,894	626,108	634,730	645,397	660,809
MALTA	417,546	422,509	429,424	439,691	450,415	460,297	475,701	493,559	514,564	516,100	520,971	542,051
NETHERLANDS	16,730,348	16,779,575	16,829,289	16,900,726	16,979,120	17,081,507	17,181,084	17,282,163	17,407,585	17,475,415	17,590,672	17,811,291
POLAND	38,063,792	38,062,535	38,017,856	38,005,614	37,967,209	37,972,964	37,976,687	37,972,812	37,958,138	37,840,001	37,654,247	36,753,736
PORTUGAL	10,542,398	10,487,289	10,427,301	10,374,822	10,341,330	10,309,573	10,291,027	10,276,617	10,295,909	10,298,252	10,352,042	10,467,366
ROMANIA	20,095,996	20,020,074	19,947,311	19,870,647	19,760,585	19,643,949	19,533,481	19,414,458	19,328,838	19,201,662	19,042,455	19,054,548
SLOVAKIA	5,404,322	5,410,836	5,415,949	5,421,349	5,426,252	5,435,343	5,443,120	5,450,421	5,457,873	5,459,781	5,434,712	5,428,792
SLOVENIA	2,055,496	2,058,821	2,061,085	2,062,874	2,064,188	2,065,895	2,066,880	2,080,908	2,095,861	2,108,977	2,107,180	2,116,972
SPAIN	46,818,219	46,727,890	46,512,199	46,449,565	46,440,099	46,528,024	46,658,447	46,937,060	47,332,614	47,398,695	47,432,893	48,085,361
SWEDEN	9,482,855	9,555,893	9,644,864	9,747,355	9,851,017	9,995,153	10,120,242	10,230,185	10,327,589	10,379,295	10,452,326	10,521,556
EURO AREA 19	339,564,908	340,307,106	342,011,161	342,787,437	343,978,656	344,695,355	345,358,497	345,713,148	346,632,956	346,670,757	346,753,317	349,616,346
EU 27	440,552,661	441,257,711	442,883,888	443,666,812	444,802,830	445,534,430	446,208,557	446,559,279	447,485,231	447,000,548	446,820,419	448,753,823
ICELAND	319,575	321,857	325,671	329,100	332,529	338,349	348,450	356,991	364,134	368,792	376,248	387,758
NORWAY	4,985,870	5,051,275	5,107,970	5,166,493	5,210,721	5,258,317	5,295,619	5,328,212	5,367,580	5,391,369	5,425,270	5,488,984
SWITZERLAND	7,954,662	8,039,060	8,139,631	8,237,666	8,327,126	8,419,550	8,484,130	8,544,527	8,606,033	8,670,300	8,738,791	8,815,385
UNITED KINGDOM	63,495,088	63,905,342	64,351,203	64,853,393	65,379,044	65,844,142	66,273,576	66,647,112	67,025,542	67,026,292	66,971,395	67,736,802
AUSTRALIA	22,733,465	23,128,129	23,475,686	23,815,995	24,190,907	24,592,588	24,963,258	25,334,826	25,649,248	25,685,412	26,005,540	26,439,111
BRAZIL	199,977,707	201,721,767	203,459,650	205,188,205	206,859,578	208,504,960	210,166,592	211,782,878	213,196,304	214,326,223	215,313,498	216,422,446
CANADA	34,714,222	35,082,954	35,437,435	35,702,908	36,109,487	36,545,236	37,065,084	37,601,230	38,007,166	38,226,498	38,929,902	40,769,890
JAPAN	127,629,000	127,445,000	127,276,000	127,141,000	127,076,000	126,972,000	126,811,000	126,633,000	126,261,000	125,681,593	125,124,989	126,070,518
RUSSIA	143,201,721	143,506,995	143,819,667	144,096,870	144,342,397	144,496,739	144,477,859	144,406,261	144,073,139	144,130,482	144,236,933	144,444,359
SINGAPORE	5,312,437	5,399,162	5,469,724	5,535,002	5,607,283	5,612,253	5,638,676	5,703,569	5,685,807	5,453,566	5,637,022	6,299,187
SOUTH KOREA	50,199,853	50,428,893	50,746,659	51,014,947	51,217,803	51,361,911	51,585,058	51,764,822	51,836,239	51,744,876	51,628,117	51,784,059
TÜRKIYE	74,724,269	75,627,384	76,667,864	77,695,904	78,741,053	79,814,871	80,810,525	82,003,882	83,154,997	83,614,362	84,680,273	85,279,553
USA	313,877,662	316,059,947	318,386,329	320,738,994	323,071,755	325,122,128	326,838,199	328,329,953	331,511,512	332,031,554	333,287,557	334,233,854

Sources : *Eurostat, US Bureau of Census, World Bank*

30. Bilateral Nominal Exchange Rate with the Euro

END-OF-YEAR	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EU 27												
Bulgarian lev	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
Croatian kuna***	7.558	7.627	7.658	7.638	7.560	7.440	7.413	7.440	7.552	7.516	7.537	***
Czech koruna	25.151	27.427	27.735	27.023	27.021	25.535	25.724	25.408	26.242	24.858	24.116	24.724
Danish krone	7.461	7.459	7.445	7.463	7.434	7.445	7.467	7.472	7.441	7.436	7.437	7.453
Hungarian forint	292.300	297.040	315.540	315.980	309.830	310.330	320.980	330.530	363.890	369.190	400.870	382.800
Polish zloty	4.074	4.154	4.273	4.264	4.410	4.177	4.301	4.257	4.560	4.597	4.681	4.340
Romanian leu	4.445	4.471	4.483	4.524	4.539	4.659	4.653	4.783	4.868	4.949	4.950	4.976
Swedish krona	8.582	8.859	9.393	9.190	9.553	9.844	10.255	10.447	10.034	10.250	11.122	11.096
NON-EU												
Australian dollar	1.271	1.542	1.483	1.490	1.460	1.535	1.622	1.600	1.590	1.562	1.569	1.626
Brazilian real	2.704	3.258	3.221	4.312	3.431	3.973	4.444	4.516	6.374	6.310	5.639	5.362
Canadian dollar	1.314	1.467	1.406	1.512	1.419	1.504	1.561	1.460	1.563	1.439	1.444	1.464
Icelandic krona	168.890	158.290	154.310	141.380	119.150	124.209	133.206	135.850	156.100	147.600	151.500	150.500
Japanese yen	113.610	144.720	145.230	131.070	123.400	135.010	125.850	121.940	126.490	130.380	140.660	156.330
Norwegian krone	7.348	8.363	9.042	9.603	9.086	9.840	9.948	9.864	10.470	9.989	10.514	11.241
Russian rouble**	40.330	45.325	72.337	80.674	64.300	69.392	79.715	69.956	91.467	85.300	79.226	100.22
Singapore dollar	1.606	1.662	1.682	1.526	1.528	1.559	1.559	1.511	1.622	1.528	1.430	1.459
South Korean won	1,406.230	1,450.930	1,324.800	1,280.780	1,269.340	1,279.610	1,277.930	1,296.280	1,336.000	1,346.380	1,344.090	1,433.660
Swiss franc	1.207	1.228	1.202	1.084	1.074	1.170	1.127	1.085	1.080	1.033	0.985	0.926
Turkish lira	2.355	2.961	2.832	3.177	3.707	4.546	6.059	6.684	9.113	15.234	19.965	32.653
UK pound sterling	0.816	0.834	0.779	0.734	0.856	0.887	0.895	0.851	0.899	0.840	0.887	0.869
"US dollar	1.319	1.379	1.214	1.089	1.054	1.199	1.145	1.123	1.227	1.133	1.067	1.105

YEARLY AVERAGE	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EU 27												
Bulgarian lev	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956
Croatian kuna***	7.522	7.579	7.634	7.614	7.533	7.4637	7.418	7.418	7.538	7.528	7.535	***
Czech koruna	25.149	25.980	27.536	27.279	27.034	26.326	25.647	25.670	26.455	25.640	24.566	24.004
Danish krone	7.444	7.458	7.455	7.459	7.445	7.445	7.453	7.466	7.454	7.437	7.440	7.451
Hungarian forint	289.250	296.870	308.710	310.000	311.440	309.190	318.890	325.300	351.250	358.520	391.290	381.850
Polish zloty	4.185	4.198	4.184	4.184	4.363	4.257	4.262	4.298	4.443	4.565	4.686	4.542
Romanian leu	4.459	4.419	4.444	4.445	4.490	4.569	4.654	4.745	4.838	4.922	4.931	4.947
Swedish krona	8.704	8.652	9.099	9.354	9.469	9.635	10.258	10.589	10.485	10.147	10.630	11.479
NON-EU												
Australian dollar	1.241	1.378	1.472	1.478	1.488	1.473	1.580	1.611	1.655	1.575	1.517	1.629
Brazilian real	2.508	2.869	3.121	3.700	3.856	3.605	4.309	4.413	5.894	6.378	5.440	5.401
Canadian dollar	1.284	1.368	1.466	1.419	1.466	1.465	1.529	1.486	1.530	1.483	1.370	1.460
Icelandic krona	160.930	162.200	154.850	144.390	131.010	120.540	127.890	137.280	154.590	150.150	142.240	149.130
Japanese yen	102.490	129.660	140.310	134.310	120.200	126.710	130.400	122.010	121.850	129.880	138.030	151.990
Norwegian krone	7.475	7.807	8.354	8.950	9.291	9.327	9.598	9.851	10.723	10.163	10.103	11.425
Russian rouble**	39.926	42.337	50.952	68.072	74.145	65.938	74.042	72.455	82.725	87.153	74.125	92.45
Singapore dollar	1.606	1.662	1.682	1.526	1.528	1.559	1.593	1.527	1.574	1.589	1.451	1.452
South Korean won	1,447.690	1,453.910	1,398.140	1,256.540	1,284.180	1,276.740	1,299.070	1,305.320	1,345.580	1,354.060	1,358.070	1,412.880
Swiss franc	1.205	1.231	1.215	1.068	1.090	1.112	1.155	1.112	1.071	1.081	1.005	0.972
Turkish lira	2.314	2.534	2.907	3.026	3.343	4.121	5.708	6.358	8.055	10.512	17.409	25.760
UK pound sterling	0.811	0.849	0.806	0.726	0.819	0.877	0.885	0.878	0.890	0.860	0.853	0.870
US dollar	1.285	1.328	1.329	1.110	1.107	1.130	1.181	1.120	1.142	1.183	1.053	1.081

***Source:** European Central Bank*

Notes

- For further details on the methodologies, please see "Annex: Explanatory Note on data"
- n/a: figure not available

** Data for 2022 is retreived via Bloomberg

***Croatia joined Eurozone 01/01/2023

A. THE MORTGAGE MARKET

1. TOTAL OUTSTANDING RESIDENTIAL LOANS TOTAL AMOUNT, END OF THE YEAR, EUR MILLION

Total residential loans on lender's books at the end of the period. The definition of residential loans can vary somewhat across EU27 countries, depending on the collateral system and the purpose of the loans. Some countries only integrate secured residential loans, while some others include both secured and non-secured loans. In some countries, this collateral is generally the property, whilst some others favour a system of personal guarantees.

Regarding the purpose, a few countries exclude residential loans whose purpose is above all commercial (such as purchasing a building to let). In addition, there are some methodological differences across EU27 countries regarding the statistical treatment of loans made for renovations of existing dwellings: under some assumptions, some of these loans can be considered as consumption loans.

The conversion to EUR is based on the bilateral exchange rate at the end of the period (provided by the European Central Bank).

Japan: The outstanding balance of commercial loans is of major and regional banks and credit unions, which covers only rental houses that are constructed by individuals. The data are available only from FY2009. No other statistics are available for this category. The Japanese Fiscal Year starts from April to March.

2. CHANGE IN OUTSTANDING RESIDENTIAL LOANS END OF PERIOD, EUR MILLION

Year-on-year changes in Table 2. It also corresponds to new residential loans advanced during the period minus repayments.

3. GROSS RESIDENTIAL LOANS TOTAL AMOUNT, EUR MILLION

Total amount of residential loans advanced during the period. Gross lending includes new mortgage loans and external remortgaging (i.e. remortgaging with another bank) in most countries. Internal remortgaging (i.e. remortgaging with the same bank) is not included, unless it is otherwise stated.

The conversion to EUR is based on the average bilateral exchange rate over the given year (provided by the European Central Bank).

Denmark: Denmark the figure does not include second homes.

Italy: Includes the total value of residential loans during the period, including new lending and remortgaging/refinancing of existing loan on same property.

Poland: The estimated value of newly granted loans was based on increases in the volume of loans to households adjusted for loan amortization and flows between the foreign currency loan portfolio and the zloty loan portfolio; the entire banking system was taken into account, including credit unions.

Spain: Total amount of loans and credits to households.

Sweden: The figures covers only gross lending by mortgage institutions. New mortgage lending from banks are not included.

4. REPRESENTATIVE INTEREST RATES ON NEW MORTGAGE LOANS, PERCENT

This series aims at providing the most representative figures on interest rates on mortgage loans in the EU 27 countries and beyond. For most of these countries, the source of the data is the European Central Bank (ECB), which in turn collects data from the respective national central bank. The ECB's definition of the interest rate reported is the following:

"Dataset name: MFI Interest Rate Statistics ; BS reference sector breakdown: Credit and other institutions (MFI except MMFs and central banks) ; Balance sheet item: Lending for house purchase excluding revolving loans and overdrafts, convenience and extended credit card debt ; MFI interest rate data type: Annualised agreed rate (AAR) / Narrowly defined effective rate (NDER) ; BS counterpart sector: Households and non-profit institutions serving households ; Currency of transaction: Euro ; IR business coverage: New business"

The data provided normally refers to weighted averages.

Below is a list of countries for which the above does not apply (at least in part):

Bulgaria: Weighted average of interest rates on loans for house purchase, excluding revolving loans and overdrafts, convenience and extended credit card debt, BGN (the monthly data is based on the average of observations through the period); Source: Bulgarian National Bank (BNB).

Croatia: Weighted average interest rate on HRK housing credits indexed to foreign currency (to households); Source: Croatian National Bank.

Czechia: Weighted average mortgage rate on loans to households for house purchase; Source: Hypoindex until 2012; Czech National Bank from 2013.

Denmark: Data reflects interest rates fixed up to 12 months on mortgage loans from mortgage banks

Germany: Initial fixed period interest rate between 5 and 10 years on loans for house purchase, excluding revolving loans and overdrafts, convenience and extended credit card debt, EUR (the monthly data is based on the average of observations through the period); Source: Deutsche Bundesbank.

Greece: Initial fixed period interest rate up to 1 year on loans for house purchase, excluding revolving loans and overdrafts, convenience and extended credit card debt, EUR (the monthly data is based on the average of observations through the period); Source: National Bank of Greece.

Hungary: Weighted average rate of housing purpose residential loans with different interest rate periods. The data is the average rate over the year. Source: National Bank of Hungary.

Lithuania: Total initial rate fixation on loans for house purchase; Source: Bank of Lithuania.

Luxembourg: Initial fixed period interest rate up to 1 year on loans for house purchase; Source: Central Bank of Luxembourg.

Malta: Weighted average of interest rates on loans for house purchase to households and NPISH; Source: Central Bank of Malta.

Poland: Weighted average interest rate on housing loans; Source: National Bank of Poland.

Romania: Mortgage loans granted in EUR with a maturity of 10 years or more with a charged rate fixed for 1 year; Source: National Bank of Romania.

Spain: Initial fixed period interest rate up to 1 year on loans for house purchase, excluding revolving loans and overdrafts, convenience and extended credit card debt, EUR, (the monthly data is based on the average of observations through the period); Source: European Central Bank.

Sweden: Housing credit institutions' lending rates on new agreements with variable interest rates, to Swedish households (incl. NPISH) and non-financial corporations. Variable interest rates are defined as interest rates up to 3 months fixed interest rates.

United Kingdom: Weighted average interest rate on loans secured on dwellings, GBP; Source: Bank of England.

Iceland: Average of the lowest mortgage interest rates provided by lending institutions for indexed housing loans; these mortgage interest rates are real mortgage interest rates (nominal mortgage interest rates adjusted for CPI inflation).

Japan: Since the Japanese Fiscal Year 2003 the statistics depicted is the average rates of monthly lowest interest rates of Flat 35 of which the maturity is 21-35 years. Flat35 is a long term fixed rate mortgage which is provided by the securitization business of Japan Housing Finance Agency.

Russia: Weighted average interest rates of total new housing mortgage lending in RUB; Source: Central Bank of Russia.

Turkey: Weighted average interest rates for banks' loans in TYR; Source: Central Bank of the Republic of Turkey.

United States: Contract interest rate on 30-year, fixed-rate conventional home mortgage commitments. Source: Federal Reserve.

5. AMOUNT OF GROSS LENDING WITH A VARIABLE INTEREST RATE (FIXATION PERIOD OF UP TO 1 YEAR), PERCENT

This series, based on a dataset already collected for the EMF Quarterly Review, aims at looking at the size of gross lending with a variable interest rate.

6. AVERAGE AMOUNT OF MORTGAGE LOAN, IN EUR

This series aims at providing an average figure of the amount of mortgage loans a prospective homeowner is granted in the various countries.

Denmark: The statistics captures values of owner occupation from mortgage banks.

Germany: The statistics captures the average amount of a mortgage for the purchase of a second hand single family house.

Slovakia: The statistics has been constructed by dividing the total volume of gross residential loans of a given year by the total number of concluded contracts and is based on data of the Central Bank.

United Kingdom: This figure represents the median advance made to home-owners for house purchase activity. It excludes loans made for the purpose of buy-to-let, although the figures are not that different from one another.

Iceland: The downsize of 2015 figures can be explained by the partial remortgaging due to government financed prepayment on selected loans, which spurred a large number of small mortgages in the beginning of that year.

Japan: Flat35 data for detached houses. Flat35 is a long term fixed rate mortgage which is provided by the securitisation business of Japan Housing Finance Agency. The data is available only from Japanese Fiscal Year 2004. Entire market data are not available.

7. TOTAL OUTSTANDING NON-RESIDENTIAL MORTGAGE LOANS TOTAL AMOUNT, END OF THE YEAR, EUR MILLION

Total non-residential loans on lender's books at the end of the period. Typically, these loans are the mortgage loans whose main purpose is not residential. The sum of "Total Outstanding Residential Loans" and "Total Outstanding Non-Residential Mortgage Loans" gives the total outstanding housing loans.

8. TOTAL OUTSTANDING RESIDENTIAL LOANS TO GDP RATIO, PERCENT

Total Outstanding Residential Loans is provided by the European Mortgage Federation (Table 1). GDP at current prices is provided by Eurostat and the World Bank (Table 27).

9. TOTAL OUTSTANDING RESIDENTIAL LOANS TO DISPOSABLE INCOME OF HOUSEHOLDS RATIO, PERCENT

Total Outstanding Residential Loans is provided by the European Mortgage Federation (Table 1). Data on Disposable Income of Households at current prices is provided by the European Commission (AMECO Database) and National Statistical Offices (Table 28).

10. TOTAL OUTSTANDING RESIDENTIAL LOANS PER CAPITA - POPULATION OVER 18, EUR

Total Outstanding Residential Loans is provided by the European Mortgage Federation (Table 1). Data on population is provided by Eurostat and the US Bureau of Census, and concerns the population whose age is 18 years or more (Table 29).

B. HOUSING MARKET

11. OWNER OCCUPATION RATE, PERCENT

Distribution of population by tenure status – owner. Source: Eurostat [ilc_lvho02].

12. BUILDING PERMITS, NUMBER ISSUED

A building permit is an authorisation to start work on a building project. As such, a permit is the final stage of planning and building authorisations from public authorities, prior to the start of work. In Hypostat, the building permit concerns only dwellings.

13. HOUSING STARTS, NUMBER OF PROJECTS STARTED PER YEAR

Number of new residential construction projects that have begun during a given period. Housing Starts is usually considered to be a critical indicator of economic strength (since it has an effect on related industries, such as banking, the mortgage sector, raw materials, employment, construction, manufacturing and real estate).

14. HOUSING COMPLETIONS, NUMBER OF PROJECTS COMPLETED PER YEAR

Number of new residential construction projects that have been completed during a given period. Housing Completions is directly integrated into the dwelling stocks and, as such, is a determinant of the housing supply.

15. REAL GROSS FIXED INVESTMENT IN HOUSING, ANNUAL % CHANGE

Real Gross fixed capital investment in housing is measured by the total value of producers' acquisitions, less disposals, of new dwellings during the accounting period; Source: Eurostat, OECD..

16. TOTAL DWELLING STOCK, THOUSAND UNITS

According to the "1993 SNA" (System of National Account), dwellings are buildings that are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences; movable structures, such as caravans, used as principal residences of households are included.

For many countries, the yearly change in total dwelling stock is above the number of yearly completions because these two variables have been created with different methodologies.

17. NUMBER OF TRANSACTIONS

Total number of new or second hand dwellings purchased or transferred in the period, including those occupied for the first time.

The national methodologies used to calculate this index are the following:

EU27

Belgium: transactions on second hand houses only.

Croatia: number of new dwellings purchased.

Denmark: excludes self-build.

Finland: 2000-2007 are estimates of Federation of Finnish Financial Services (FFI), calculated by utilising the average housing completions of the years 2008-2014.

France: new apartments as principal and secondary residence or rental.

Ireland: estimate based on mortgage approvals until 2011.

Latvia: new or second hand real estate purchased or transferred, including those occupied for the first time.

Netherlands: includes commercial transactions.

Romania: includes commercial transactions.

Sweden: from year 2000, not only one-family homes are included in the transaction figures but also apartment transactions.

NON EU27

USA: number of existing home sales.

18. NOMINAL HOUSE PRICES INDICES, 2015=100

Indices computed to reflect the changes in house prices observed over the period. For Hypostat 2020 the base year has been postponed to 2015 to be in line with the dispositions followed by Eurostat in compliance with Regulation (EC) No 2015/2010). Eurostat data is used for a number of countries.

The data description is as follows:
Eurostat: House Price Indices (HPIs) measure inflation in the residential property market. The HPI captures price changes of all kinds of residential property purchased by households (flats, detached houses, terraced houses, etc.), both new and existing. Only market prices are considered, self-build dwellings are therefore excluded. The land component of the residential property is included. These indices are the result of the work that National Statistical Institutes (NSIs) have been doing mostly within the framework of the Owner-Occupied Housing (OOH) pilot project coordinated by Eurostat.

For the countries for which Eurostat data is not employed, the following national methodologies are used to calculate the published indices:

EU27

Austria: The RPPI for Vienna and for Austria excluding Vienna (regional breakdown) is a so-called "dummy index." It is calculated on the basis of the euro price per square meter for new and used condominiums and for single-family houses. The dummy index is calculated by Vienna University of Technology on the basis of data provided by the Internet platform Ametanet of the Austrian real estate software company EDI-Real. The calculation uses a hedonic regression model with a fixed structure over time. This approach may produce biased estimates if the effects of the variables change over time. Source: OeNB.

Bulgaria: annual average market price index of dwellings, flats in the district centres (new flats are excluded); Source: National Statistical Institute.

Croatia: the average prices per m2 of new dwellings sold.

Cyprus: The indices are based on property valuation data collected since 2006 by the contracted banks, which receive the relevant information from independent property surveyors in connection with mortgage transactions, such as housing loans, mortgage refinancing and mortgage collateral. The data, which are representative of the Cyprus property market, cover all the areas under the effective control of the Republic of Cyprus (Nicosia, Limassol, Larnaca, Paphos and Famagusta) and refer to residential properties (houses and apartments). Source: Central Bank of Cyprus.

Czechia: Index of realised new and second-hand flat prices. New flats published for Prague only. Source: Czech Statistical Office.

Denmark: The House Price Statistics are based on statements of properties offered for sale on the internet and registered as sold in the public Sales and Valuation Register, SVUR, or the joint municipal property register, ESR.

Estonia: New and existing dwellings, whole country; Source: Estonian Statistics Database.

Finland: The statistics on prices of dwellings in housing companies are compiled from the Finnish Tax Administration's asset transfer tax data. The preliminary data on monthly statistics include around two-fifths of all housing transactions and quarterly statistics around two-thirds, though coverage varies by area. For transactions of old dwellings in housing companies the coverage of the annual statistics is almost complete. These statistics describe the levels of the prices and changes in the prices of single-family houses and single-family house plots quarterly and annually. Source: Statistics Finland.

France: The index of housing prices (IPL) is a quarterly index, average annual base 100 in 2010. The IPL is a transaction price index measuring, between two consecutive quarters, the pure evolution of prices of homes sold. For a given quarter, the index is obtained as the weighted average of two indices: (1) the Notaries - INSEE index of existing homes; and (2) the price index for new housing. Source: National Institute of Statistics and Economic Studies (INSEE).

Germany: VDP Price Index for Owner Occupied Housing, calculated by vdpResearch.

Greece: Urban areas only.

Hungary: The house price changes observed over the period are based on the data of the FHB house price index. The index is based on real transactions and comprises newbuilt and existing (used) residential properties (flats, detached houses, terraced houses). The methodology for the calculations is the hedonic regression model ,that is also used by European institution (Eurostat, ECB). The index shows the annual avg. change compared to the base year of 2006. All dwellings, FHB house price Index.

Italy: Source: Bank of Italy, Istat, Revenue Agency Property Market Observatory (Osservatorio del mercato immobiliare), Consulente Immobiliare and Tecnoborsa.

Poland: The data contains average transaction prices on secondary market - 7 biggest cities in Poland, weighted with the market housing stock of the city. Analysed cities: Gdańsk, Gdynia, Kraków, Łódź, Poznań, Warszawa, Wrocław.

Portugal: Annual average based on bank evaluation data. Source: Statistics Portugal.

Romania: Source: National Institute of Statistics.

Slovenia: existing dwellings; y-o-y variation in the last quarter of each year; Source: Statistical Office of the Republic of Slovenia.

Spain: all dwellings; Source: Ministerio de Fomento.

Sweden: one- and two-dwellings buildings annual average.

NON EU27

Australia: Residential Property Price index, average of the eight largest cities. Source: Australian Bureau of Statistics

Japan: The indices are based on monthly prices for detached houses. Source: Ministry of Land Infrastructure, Transport and Tourism.

Russia: y-o-y variation in the last quarter of each year.

Turkey: Data on house prices, in percentage change over previous period. Source: OECD.

United Kingdom: All dwellings. Source: Office for National Statistics

United States: Data on house prices, in percentage change over previous period. Source: OECD.

19. NOMINAL HOUSE PRICE INDEX – CITIES (2015=100)

Indices computed to reflect the changes in house prices observed over the period in the capital cities and in the largest cities of a given country. The provided statistics are based on heterogeneous data sources, methodologies and also areas (considering either the city as such or also the surrounding region). The indexes provided in this section have to be compared with caution. The following national methodologies (if explanation available) have been applied for the calculation:

EU 27

Austria: Residential Property price index for overall dwellings in Vienna.

Belgium: Index for Brussels has been calculated on the basis of the Notary Barometer and refers to apartments in Brussels, which constitute 70% of the market.

Bulgaria: annual average market price index of dwellings, flats in the district centres (new flats are excluded); Source: National Statistical Institute.

Croatia: the average prices per m2 of new dwellings sold. Source: Croatian Bureau of Statistics

Cyprus: The indices are based on property valuation data collected since 2006 by the contracted banks, which receive the relevant information from independent property surveyors in connection with mortgage transactions, such as housing loans, mortgage refinancing and mortgage collateral. The data is available at district level for Nicosia, Limassol, Larnaca, Paphos and Famagusta and refer to residential properties (houses and apartments). Source: Central Bank of Cyprus.

Denmark: The House Price Statistics are based on statements of properties offered for sale on the internet and registered as sold in the public Sales and Valuation Register, SVUR, or the joint municipal property register, ESR. Data is available until postal code level. Source: Association of Danish Mortgage Banks

Finland: The statistics on prices of dwellings in housing companies are compiled from the Finnish Tax Administration's asset transfer tax data. The preliminary data on monthly statistics include around two-fifths of all housing transactions and quarterly statistics around two-thirds, though coverage varies by area. For transactions of old dwellings in housing companies the coverage of the annual statistics is almost complete. These statistics describe the levels of the prices and changes in the prices of single-family houses and single-family house plots quarterly and annually. Source: Statistics Finland.

France: the statistics considers only apartments. Source: National Institute of Statistics and Economic Studies

Germany: VDP Price Index for Owner Occupied Housing, calculated by vdpResearch.

Hungary: The house price changes observed over the period are based on the data of the FHB house price index. The index is based on real transactions and comprises newbuilt and existing (used) residential properties (flats, detached houses, terraced houses). The methodology for the calculations is the hedonic regression model ,that is also used by European institution (Eurostat, ECB). The index shows the annual average change compared to the base year of 2006. All dwellings, FHB house price Index.

Ireland: All residential properties. Source: Central Statistical Office

Poland: average transaction prices on secondary market

Portugal: yearly average on the Banking sector's valuations monthly data, Statistics Portugal

Slovakia: prices Euro per square metre. Source: Central Bank of Slovakia

Slovenia: captures only existing flats in Ljubljana. Source: Statistical Office of the Republic of Slovenia.

Spain: the indexes refer to the regions around these cities calculated with valuation prices. Source: Ministerio de Fomento.

Sweden: One- or two-dwelling buildings for permanent living. Source: Statistics Sweden

NON EU 27

Australia: Residential Property Price index. Source: Australian Bureau of Statistics

Brazil: The Financed Housing Collateral Value Index – IVG-R measures the long term trend of the household's houses in Brazil. The index is calculated using the evaluation data of housing loans that are granted to natural persons and collateralized by financed real estate. The IVG-R is constructed using information from eleven Brazilian metropolitan regions : Belém, Belo Horizonte, Brasília, Curitiba, Fortaleza, Goiânia, Porto Alegre, Recife, Rio de Janeiro, Salvador e São Paulo.

Iceland: total residential property. Source: Statistics Iceland

Japan: The indices are based on monthly prices for detached houses. The sources are the Associations of Real Estate Appraisers of respectively Tokyo, Osaka and Aichi

Norway: Source: Real Estate Norway

Turkey: Source: Central Bank of the Republic of Turkey

United Kingdom: All dwellings. Source: Office for National Statistics

United States: Source: Federal Housing Finance Agency

20.CHANGE IN NOMINAL HOUSE PRICES, ANNUAL % CHANGE

The annual percentage change computed using the house price indices found in Table 17.

21. NOMINAL HOUSE PRICE TO DISPOSABLE INCOME OF HOUSEHOLDS RATIO, 2015=100

This indicator is a measure of housing affordability. The nominal house price to disposable income ratio is also used by the OECD to provide a measure of housing affordability. However, this index is partially biased since it does not integrate financing costs: mortgage interest rate, taxes, notary costs, etc.

C. FUNDING OF THE MORTGAGE MARKETB HOUSING MARKET

22. TOTAL COVERED BONDS OUTSTANDING, BACKED BY MORTGAGES, EUR MILLION

Covered bonds are a dual recourse debt instruments issued by credit institutions and secured by a cover pool of financial assets, typically composed of mortgage loans, public-sector debt or ship mortgage. Three different models of covered bonds co-exist in Europe:

- Direct/on-balance issuance (German model): the originator issues the covered bonds and the assets are ring-fenced on the balance sheet of the originator.
- Specialist issuer (French model): an originator establishes a credit institution subsidiary which issues the covered bonds and holds the collateral.
- Direct issuance with guarantee (UK model): the originator issues the covered bonds, which are guaranteed by a special purpose entity of the originator, which holds the cover pool assets.

23. TOTAL COVERED BONDS ISSUANCE, BACKED BY MORTGAGES, EUR MILLION

See point 22.

24. TOTAL COVERED BONDS OUTSTANDING, BACKED BY MORTGAGES, TO GDP RATIO

Total Covered Bonds Outstanding (backed by mortgages) is provided by the European Covered Bond Council (Table 22). GDP at current prices is provided by Eurostat and the World Bank (Table 27).

25. TOTAL RESIDENTIAL MORTGAGE-BACKED SECURITIES (RMBS) OUTSTANDING, EUR MILLION

A RMBS is a derivative whose value is derived from home equity loans and residential mortgages. In line with the other mortgage-backed securities, the owner is entitled to a claim on the principal and interest payments on the residential loans underpinning the security.

26. TOTAL RESIDENTIAL MORTGAGE-BACKED SECURITIES (RMBS) ISSUANCE, EUR MILLION

See point 25.

D. MACROECONOMIC INDICATORS

27. GDP AT CURRENT MARKET PRICES, EUR MILLION

Within the approach of GDP at current prices, the fundamental principle is that output and intermediate consumption is valued at the prices current at the time the production takes place. This implies that goods withdrawn from inventories by producers must be valued at the prices prevailing at the times the goods are withdrawn, and consumption of fixed capital in the system is calculated on the basis of the estimated opportunity costs of using the assets at the time they are used, as distinct from the prices at which the assets were acquired.

28. GROSS DISPOSABLE INCOME OF HOUSEHOLDS, EUR MILLION

According to the "1993 SNA", Gross Disposable Income of Households is the sum of household final consumption expenditures and savings (minus the change in net equity of households in pension funds). It also corresponds to the sum of wages and salaries, mixed income, net property income, net current transfers and social benefits other than social transfers in kind, less taxes on income and wealth and social security contributions paid by employees, the self-employed and the unemployed.
The indicator for the household sector includes the disposable income of non-profit institutions serving households (NPISH).

29. POPULATION OVER 18 YEARS OLD

This statistic takes into account the residents older than 18 years of a given country. The minors of age have been excluded in order not to underestimate the actual per capita outstanding mortgage lending presented in table 9.
The sources used are Eurostat and the US Bureau of Census.

30. BILATERAL NOMINAL EXCHANGE RATE WITH THE EURO

For the outstanding residential and non-residential loans the End-of-Year Exchange rate has been taken into account while for the gross lending figures and for the average amount of mortgage the average Exchange rate was used.
The source is the Statistics Data Warehouse of the European Central Bank. For the Exchange Rate with the Icelandic krona Bloomberg has been used.

NOTES

NOTES

HYPOSTAT
2024

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September 2024

EMF
FUNDING THE REAL ECONOMY