QR QUARTERLY REVIEW
OF EUROPEAN MORTGAGE AND HOUSING MARKETS

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European Mortgage Federation

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Interest rates... To fix or not to fix?

Q1 | 2026 – REVIEW OF EUROPEAN MORTGAGE AND HOUSING MARKETS

DISCLAIMER

This review looks at developments in the mortgage and housing markets in Q1 2026 and is based on a country sample including Belgium, Bulgaria, Cyprus, Czechia, Germany, Denmark, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, The Netherlands, Malta, Norway, Poland, Portugal, Romania, Slovenia, Sweden, and the United Kingdom. This sample covers around 95% of total mortgage lending in the EU27 and UK. Where data for Q1 2026 is not yet available, the review reports figures from the most recently available quarter.

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INTRODUCTION*

It's the oldest debate in mortgage finance: to fix or not to fix? It varies by country and not along the traditional cultural fault lines of Europe: Spain, Lithuania and the UK have all had long traditions of floating rates, whilst in between – France, Holland and Germany have long favoured fixed. It might be the only cultural dividing line in Europe that goes straight down the middle of the Oresund: on the east side of Europe's longest bridge, houses are financed with floating rates, on the west, Europe's most vociferous proponents of the 30-year fixed. And it varies over time. Incredible as it sounds, the world's most vociferous proponent of 30-year fixed rates – the USA – was a floating rate market until the 1930s.

Of course, nothing in housing finance is truly binary. Fixed rate can mean the very different concepts of fixed for life, or just for a couple of years. Then there is the matter of prepayment costs: repay your mortgage early and you can do it for free, do it for a fixed fee or do it for a fee that reflects current interest rates, depending on your country, your lender or the small print of your contract.

Even within floating rate there are differences, is the rate reset based on an observable market rate? (who else remembers having to explain the LIBOR scandal to friends not in the finance industry?) Or is it set by the central bank based on monetary policy? Or by the lender based on their commercial situation? Is there a cap on rate rises? Or – for one brief, crazy, moment in mortgage market history – a floor at 0%?

The arguments on each side of the debate are well known. Proponents of fixed rates argue that they protect borrowers from the sort of rate shock that has become all too prevalent in recent years. Those favouring floating rates argue that the cost of money changes for a reason, floating rates make monetary policy transmission more effective and more fairly spread across society.

Fixed rate advocates say that reducing the risk of rate shocks reduces default risks. Floating rate fans argue that their preferred mortgages are always 'on market' so neither the borrower or the bank has to bear the break costs – if the borrower pays the break fee it can be a barrier to mobility, if the bank pays it can be a source of financial instability.

Fixed rates allow long term fixed rate bonds (so, for example, matching the needs of pension investors), floating rates closely align with deposits, repos and the money markets.

For the record: there is probably no right answer.

But in the spirit of transparency, to understand the status quo in Europe's mortgage markets, in this edition of QR we asked our national contributors to tell us about the state of play in their countries and asked Leyre Lopez, Research Analyst at the Asociación Hipotecaria Española (AHE), to do a deep dive on the situation in Spain. No answer to the debate, maybe. But at least a better basis to understand it.

And finally, no review of Q1 2026 would be complete without marking Bulgaria's adoption of the euro. We're delighted to feature insights from Petar Ivanov of Eversheds Sutherland, who explores what this milestone means for Bulgarian housing and mortgage markets.

* The views expressed in this introduction are those of the author, Richard Kemmish, and do not necessarily reflect the views of the European Mortgage Federation.

Interest Rate Variability in the EU: One Monetary Policy, Many Outcomes

by: Sage Douglas, Research & Data Adviser, EMF-ECBC

The increase in European Central Bank (ECB) interest rates between 2022 and 2024, followed by the beginning of the easing cycle, highlighted an important feature of European housing finance: while monetary policy is largely common across the euro area, mortgage-market structures differ between countries. Changes in interest rates can have very different effects on households, housing markets and economic activity, depending on the balance between fixed- and variable-rate lending.

Two Mortgage Systems in Europe

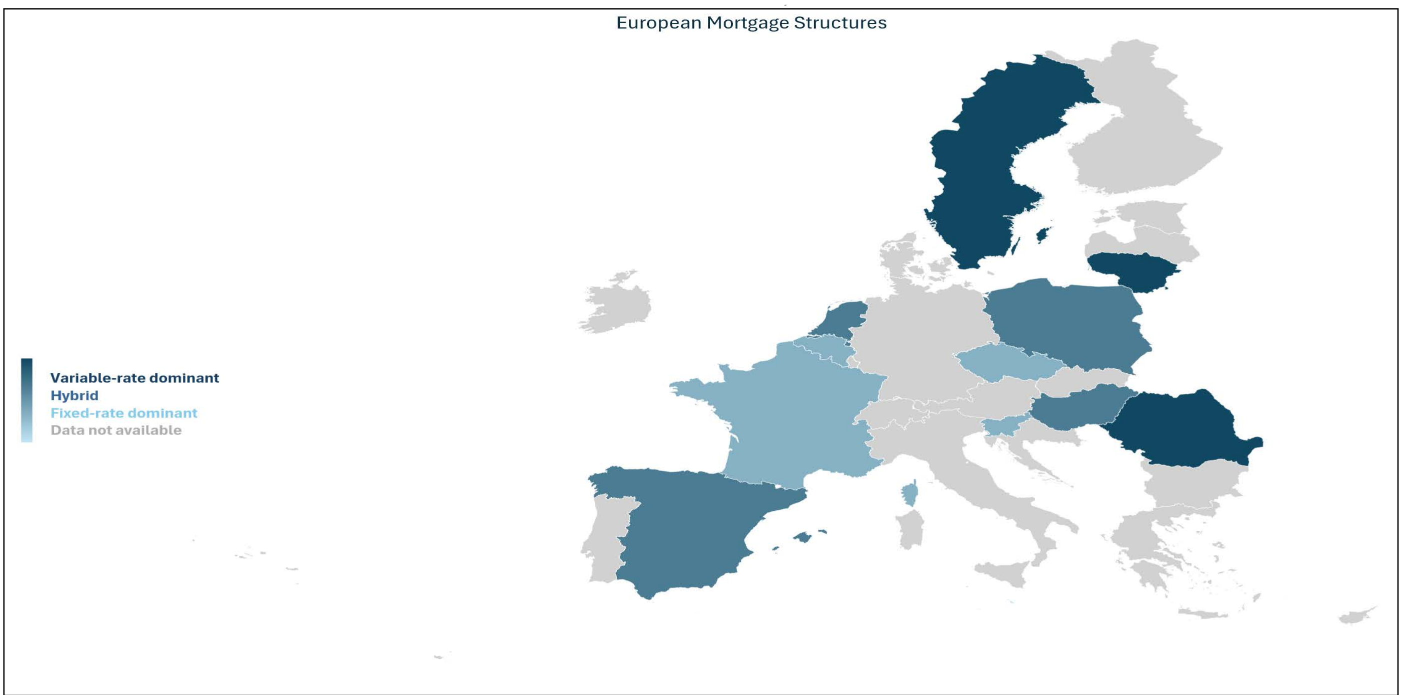
Although European mortgage markets operate within an increasingly integrated financial system, the structure of mortgage lending remains remarkably diverse. Broadly speaking, European countries can be divided into two groups: those where fixed-rate mortgages dominate and those where variable-rate mortgages remain the norm.

In countries such as France, Belgium and the Netherlands, borrowers typically fix their mortgage rates for long periods, often for the entire duration of the loan. France represents perhaps the clearest example of this model, with more than 99% of new mortgage lending now taking place at fixed rates.

By contrast, variable-rate mortgages continue to dominate in countries such as Finland, Lithuania and, to a lesser extent, Portugal. In Finland, approximately 95% of the outstanding mortgage stock is linked to EURIBOR reference rates, while in Lithuania around 97% of mortgages remain floating-rate.

These differences reflect decades of national market development, regulatory choices and borrower preferences. As a result, Europe enters each interest-rate cycle with markedly different channels through which monetary policy is transmitted to households and housing markets.

Chart 1 European Mortgage Structures



One ECB, Different Effects

The ECB's tightening cycle between 2022 and 2024 provided a real-world test of how different mortgage structures transmit monetary policy. While interest rates increased across the euro area, the impact on households and housing markets varied from country to country.

In markets dominated by variable-rate mortgages, higher policy rates were transmitted rapidly to borrowers through higher monthly repayments. This reduced disposable income, weakened housing demand and, in some cases, contributed to broader economic slowdowns. By contrast, in countries where fixed-rate mortgages predominate, existing borrowers were largely insulated from immediate payment shocks. Instead, the effects of higher interest rates were concentrated among new borrowers and those refinancing existing loans.

Recent ECB and IMF research highlights that mortgage-market structure is an important determinant of monetary-policy transmission. The balance between fixed- and variable-rate lending influences not only the strength of policy transmission, but also the speed with which changes in interest rates affect households and economic activity.

Borrowers Are Reassessing Interest-Rate Risk

One of the most significant consequences of the recent interest-rate cycle has been a reassessment of interest-rate risk by borrowers. In several European countries where variable-rate mortgages have historically dominated, the increase in borrowing costs between 2022 and 2024 encouraged households to seek greater certainty over future repayments.

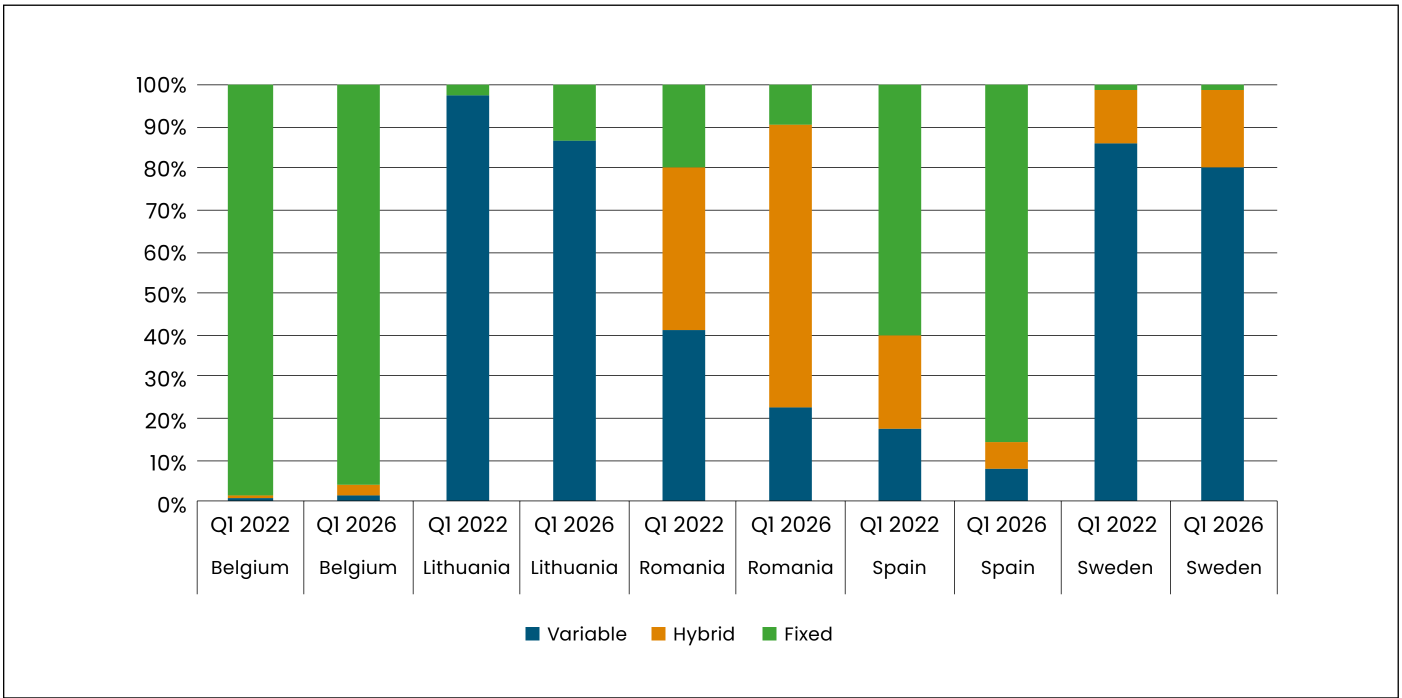
This shift has been particularly visible in countries where fixed-rate and mixed-rate mortgage products gained market share as borrowers sought protection from further rate increases. In Portugal, for example, variable-rate mortgages have steadily lost ground since 2022, while mixed-rate products have become increasingly popular. Similar trends can be observed elsewhere, reflecting a broader preference for payment stability following a period of unusually rapid monetary tightening.

Whether this represents a lasting structural change remains uncertain. Mortgage preferences continue to be influenced by pricing, expectations of future interest rates and national market practices.

Regulators Are Reshaping Mortgage Markets

The recent interest-rate cycle has highlighted the extent to which mortgage markets are shaped by regulation. Across much of Europe, mortgage pricing remains closely linked to benchmark rates such as EURIBOR, ensuring that changes in ECB monetary policy influence borrowing costs. EU legislation, such as the Mortgage Credit Directive, has also strengthened borrower protections by establishing common principles governing early repayment rights, transparency and consumer information.

Chart 2 Changes in Mortgage-Rate Structures in Selected European Countries (2024–2026)



Alongside these European frameworks, several national authorities have introduced measures aimed at reducing households' exposure to interest-rate volatility. In Hungary, debt-service-to-income (DSTI) limits are linked to the length of a mortgage's interest-rate fixation period, creating incentives for longer-term fixed-rate borrowing. In Poland, Recommendation S requires banks to offer mortgage loans with either a fixed or periodically fixed interest rate. Lithuania introduced rules in 2025 requiring larger lenders to offer fixed-rate alternatives alongside traditional floating-rate products. These measures reflect growing recognition that mortgage-market structures influence both financial stability and the transmission of monetary policy.

Country	Official Policy / Legal Instrument	Objective
Poland	Recommendation S on Good Practices in the Management of Mortgage-Secured Credit Exposures (Komisja Nadzoru Finansowego – KNF, Polish Financial Supervision Authority)	Promote prudent mortgage lending and require banks to offer fixed or periodically fixed-rate mortgages (typically at least 5 years).
Hungary	Borrower-Based Measures Regulation (DSTI/JTM -Magyar Nemzeti Bank (MNB))	Encourage longer interest-rate fixation periods by allowing higher DSTI limits for loans fixed for at least 10 years.
Hungary	Act XXXVIII of 2014 on the Settlement of Issues Related to Consumer Loan Agreements	Eliminate household foreign-exchange mortgage risk through mandatory conversion into forint loans.
Hungary	Certified Consumer-Friendly Housing Loan (Minősített Fogyasztóbarát Lakáshitel – MFL)	Promote transparent, long-term fixed-rate mortgage products and consumer protection.
Lithuania	Amendments to the Law on Real Estate Credit	Increase borrower choice and encourage longer fixation periods.
Lithuania	Responsible Lending Regulations (Bank of Lithuania)	Strengthen borrower resilience and facilitate refinancing.
Ireland	Consumer Protection Code (Central Bank of Ireland)	Reduce switching barriers and improve competition in mortgage markets.
Belgium	Book VII of the Belgian Code of Economic Law	Regulates mortgage lending, borrower rights and limits compensation for early repayment.
France	Code de la Consommation (French Consumer Code)	Caps early-repayment fees and strengthens consumer protection.
Czechia	Act No. 257/2016 Coll. on Consumer Credit	Improve transparency and limit lender compensation for early repayment.
European Union	Mortgage Credit Directive	Harmonise mortgage consumer-protection rules across the EU, including information disclosure and early repayment rights.

Czechia — A Hybrid Model

While fixed-rate and variable-rate mortgages are often presented as two distinct models, many mortgage markets contain elements of both systems. One such example comes from Czechia.

In Czechia, although variable-rate mortgages account for a small share of lending, borrowers have increasingly favoured shorter fixation periods in recent years. In fact, the average fixation period has fallen significantly since the beginning of the decade, with mortgages fixed for three years or less now accounting for the majority of new lending. This shift captures changing borrower expectations. Since the 2022-2024 period of elevated central bank policy rates, many households have been anticipating future interest-rate declines and are seeking to benefit from lower rates when their fixation period expires.

The Czech experience highlights that mortgage risk is determined not only by whether a loan is fixed or variable, but also by how frequently interest rates are reset.

Fixed and Variable-Rate Mortgages in Europe: Trends, Drivers, and Impacts

Belgium

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	According to the 2025 Financial Stability Report of the National Bank of Belgium (NBB), around three quarters of outstanding mortgages in Belgium have a fixed interest rate over the entire loan maturity. Compared to many other European countries, Belgium thus stands out for its relatively high share of fixed-rate loans, whereas variable-rate loans remain more common elsewhere. Looking at data from the NBB, the amount of new business for household mortgage loans recently points to a gradual shift in borrower preferences. The share of newly granted mortgages with a fixed rate of at least 10 years declined throughout 2025 and continued to fall in Q1 2026. In January 2025, around 80% of new mortgage loans had a fixed rate of at least 10 years. This share decreased steadily over the year to 68% in December. This trend continued into 2026. In Q1 2026, the share of long-term fixed-rate mortgages declined further from 68% in January to 61% in March, indicating a growing interest in shorter fixation periods for new contracts. At the same time, shorter term fixed rate loans gained importance. Mortgages with an initial fixed rate between 1 and 5 years increased from around 9% of new lending in January 2025 to 17% in December. This upward trend continued in early 2026, with the share rising from 17% in January to 24% in March.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	These rules are mainly set out in Book VII of the Belgian Code of Economic Law, which defines borrowers' rights, constrains the compensation lenders may charge by requiring it to be fair and objectively justified and establishes strict requirements on transparency and consumer protection. As a result, the overall framework is largely determined by law, leaving lenders with only limited discretion regarding the exact calculation of compensation within the legal boundaries. Early repayment of a mortgage loan in Belgium is generally allowed at any time, whether in full or in part. In the case of full repayment, the borrower is entitled to a reduction in the total cost of the loan, including both interest and other charges, for the remaining duration of the contract. When repayment is partial, a proportional reduction in total costs also applies, although lenders may restrict such repayments to once per year and impose a minimum amount, often up to 10% of the outstanding capital. Lenders may charge compensation for early repayment, but this must be fair and objectively justified in line with the provisions of Book VII of the Belgian Code of Economic Law. Lenders must provide clear and transparent information on the financial consequences of early repayment, including the assumptions used in the calculation, which must be reasonable and properly justified, and this information must be provided on a durable medium.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	If a mortgage loan in Belgium is concluded with a variable interest rate, that rate evolves in line with the reference index specified in the credit agreement. The frequency with which the interest rate may be revised determines which reference index applies. (Art. VII.143 of the Code of Economic Law). These reference indices are calculated by the Federal Debt Agency and are made publicly available both on its website and through their monthly publication in the Belgian Official Gazette (the OLO interest rates).
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Between 2003 and 2005, and during several periods between 2009 and 2014, mortgages with shorter initial fixed-rate periods (up to ten years) gained in popularity. Since 2014, however, loans with an initial fixed-rate period of at least ten years have consistently dominated new lending. This reflects both the level of interest rates and the spread between short- and long-term mortgage rates, which influence borrowers' incentives to fix rates for longer periods.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The prevalence of long-term fixed-rate mortgages in Belgium reduces the sensitivity of households to changes in monetary policy. This contributes to lower default risks. In addition, the system of automatic wage indexation helps to cushion the impact of rising interest rates on households, particularly for variable-rate mortgages when higher rates coincide with higher inflation. Together, these factors limit the extent of forced selling in the housing market, which helps explain why Belgium has historically experienced only limited downward corrections in house prices.

Bulgaria

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed rate mortgages are extremely rare in Bulgaria (approximately 0,5% of all new mortgages) with a typical fixing period up to 5 years.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Pursuant to Bulgaria's Consumer Credit Related to Immovable Property Act, banks are entitled to an early repayment charge, only if the money is repaid within the first 12 months of utilisation. In this case, the fee is legally limited to a maximum of 1% of the early repayment amount, although the lender is entitled to claim a higher amount, if it may prove a loss exceeding this amount. After 12 monthly instalments have been paid, the bank cannot demand any fees or compensation for early repayment.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Prior to the entry in the Eurozone, there was no single market rate or benchmark for borrowing in BGN, which was the overwhelmingly used currency in new mortgage lending until 31 December 2025. Accordingly, banks were generally using their own reference rate, based on a certain form of the general deposit rate. Following euro adoption, banks overwhelmingly tend to follow the same approach in setting interest rates on new mortgage loans.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	For well over 20 years variable rate mortgages have been the overwhelmingly dominant product on the Bulgarian loan market. This is due to local market specifics, notably the use of some variation of the average deposit rate as reference rate for credit products, instead of, for example, a widely used international benchmark, such as EURIBOR, or a locally administered benchmark (the last such benchmark – SOFIBOR ceased to be administered in light of the EU Benchmark Regulation). This has provided a stable and foreseeable basis for borrowers, while in effect tying lenders interest income to their main funding source – retail deposits.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	Given the excess liquidity of the Bulgarian banking system and the (near) zero rates on deposits for some 10 years, the use of variable rates in Bulgaria has so far not posed any challenges for borrowers and have contributed to a high degree of confidence in this product. Mortgage interest rates in Bulgaria are at an all-time low and have been steadily decreasing for over a decade, the same applies to non-performing loans (NPLs). This rising affordability of credit has partly contributed to the rise of housing prices and have negatively impacted housing affordability. The reference rates used in Bulgaria have shown remarkable stability against the various monetary policy interventions since 2020, which have resulted in an increase of interest rates across the Eurozone and the wider EU. This limited degree of monetary policy transmission has - in the case of Bulgaria - benefitted borrowers, as it has largely capsulated the development of mortgage interest rates and has contributed to their continued decrease even at a time, when rates across Europe were rising. Without appropriate control over lending standards and policies, however, this could contribute to the formation of a credit bubble. So far, this risk has been largely mitigated by targeted measures of the Bulgarian National Bank and self-restraint from Bulgarian banks.

Cyprus

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Banks typically offer loan products with 2-5 years of fixed rates after which they automatically turn into floating rate loans unless the client requests different terms. Banks also offer fixed rates for up to 20 years.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment fees are set by regulation.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable-rate mortgages are typically linked to either the Euribor rates or the banks' base rate.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Data suggest that over the high interest rate period of 2022-2023 many borrowers sought to replace their variable interest rate loans with fixed rate interest rate loans. This trend has eased as interest rates have declined, with Euribor-based and bank base rate-based loans remaining high in popularity.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	Given the prevalence of variable-rate mortgages up until 2022, having one of the highest shares in the euro area, borrowers experienced increases in their payments as a result of the rate hikes. Many borrowers sought to replace their variable interest rate loans with fixed rate interest rate loans in 2022-2023, but this trend has eased as interest rates have declined.

Czechia

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	The Czech mortgage market is historically overwhelmingly dominated by fixed-rate mortgages. The average interest-rate fixation period on newly originated mortgages is currently close to three years, which is also the most common fixation period. This has been the case since 2024. In contrast, the average fixation period reached almost six years between 2018 and 2023. The share of mortgages fixed for up to and including three years accounted for only around 6% of new mortgage volumes during 2017–2022. However, this share increased rapidly to more than 80% in 2024 and reached 93% in the final quarter of 2025. This shift reflects the substantial change in the monetary policy environment following the energy crisis of 2022. Although there has been discussion about a higher neutral interest rate (r*) of around 3,5% rather than 3%, borrowers have continued to prefer three-year fixations over longer periods in anticipation of further policy-rate cuts. These expectations have not, however, materialised as the Czech National Bank (CNB) ended its easing cycle in May 2025 with the policy rate at 3,5%.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	The rules governing early repayment of residential mortgage loans are largely set by law rather than by individual banks. Czech legislation defines several situations in which borrowers may repay part or all of their mortgage free of charge. These include repayment at the end of an interest-rate fixation period, certain life events, and the sale of a property financed by the mortgage under specified conditions. In addition, borrowers may repay up to 25% of the outstanding principal balance free of charge once per year, typically within one month before the anniversary of the mortgage agreement. For full early repayment outside these statutory situations, the compensation payable to the lender depends on when the mortgage was originated. For mortgages concluded from September 2024 onwards, lenders may charge compensation of up to 0.25% of the prepaid amount for each commenced year remaining until the end of the fixation period, subject to an overall cap of 1%. Mortgages concluded before September 2024 remain subject to the previous legal regime until the start of the next fixation period after that date. Under this regime, compensation for early repayment was generally more limited and did not necessarily reflect the lender's economic loss arising from changes in market interest rates.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable-rate mortgages account for only a marginal share of the Czech mortgage market. They are linked to market rates, such as the 1M PRIBOR. Instead, borrowers typically choose mortgages with short fixation periods, most commonly one year. The combined share of variable-rate mortgages and mortgages fixed for up to one year amounted to 5.8% of new mortgage production in the first quarter of 2026.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	In CNB statistics, variable-rate mortgages and mortgages fixed for up to one year are reported together. In practice, however, short-term fixations dominate this category. Short-term fixations are typically preferred during periods of elevated interest rates, when borrowers expect rates to decline in the future. This was particularly evident during the post-financial-crisis period of 2009–2013 and again in 2024. By contrast, longer fixation periods became more attractive during periods of exceptionally low interest rates, notably between 2012 and 2017 and again during the COVID-19 period in 2020–2021, when mortgage rates approached or even fell below 2%. The average spread between new mortgage rates and corresponding interest-rate swaps has been approximately 1,05 percentage points since 2014.
What effects does the mix of fixed and variable-rate mortgages have on: ► Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ► The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ► If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The preference for short-term fixations is closely linked to the current level of interest rates and borrowers' expectations regarding their future development. Such preferences tend to be temporary and often reflect expectations of future rate declines rather than long-term financing strategies. Variable-rate mortgages have traditionally played only a minor role in the Czech retail mortgage market. Both lenders and borrowers generally prefer fixed-rate mortgages because they provide predictable monthly repayments over the fixation period and reduce households' exposure to interest-rate volatility. From a macroeconomic perspective, shorter fixation periods increase the speed of monetary-policy transmission, as a larger share of borrowers is exposed to refinancing and repricing within a relatively short period. Compared with countries dominated by floating-rate mortgages, monetary-policy transmission in Czechia is slower and occurs mainly through refinancing and refixing waves rather than through immediate repricing of outstanding mortgage portfolios. During the recent tightening cycle, concerns emerged that higher mortgage repayments following refixation could negatively affect household consumption and increase non-performing loans (NPLs). Despite the sharp increase in interest rates between 2021 and 2023, the mortgage NPL ratio remained low and broadly stable by international standards. Higher debt-servicing costs have, on average, been offset by strong wage growth and a declining outstanding principal balance over the life of the mortgage.

Denmark

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	In Denmark, fixed-rate mortgages are typically long-term loans with a fixed interest rate over the entire maturity of the loan. The most common structure is a fixed rate for the full loan term, which is usually 30 years. Shorter maturities (e.g. 20 or 10 years) also exist but are less common.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	In Denmark, early repayment of mortgage loans follows the bond-based structure of the mortgage system and not a fee model. Danish mortgage loans can be prepaid on market-based terms, which means that borrowers can exit their loan by purchasing the underlying bonds in the market under the same conditions as other investors. This option is a direct consequence of the one-to-one link between loans and bonds. Market-based prepayment is beneficial for borrowers, as it depends solely on market pricing and does not require negotiation with the mortgage bank. When a borrower repays a loan early, bondholders receive their funds when the loan is redeemed. There is no fee payment to the bank. Fixed-rate mortgage loan has a prepayment option, which can be exercised in two ways. Borrowers can either prepay their debt outstanding at a price of 100 (par) or prepay their debt outstanding at the market value of the bonds. The latter is the cheapest method if the price of the bonds is below 100. Adjustable-rate mortgages (ARMs) can be redeemed at par (100) at each refinancing date when the interest rate is reset. Alternatively – as for all Danish mortgage loans – they can always be repaid by purchasing the underlying bonds in the market. Variable-rate mortgages can be redeemed by purchasing the underlying bonds at market price or when certain conditions are met at a price of 100. The framework is embedded in the legislative and institutional design of the Danish mortgage system, ensuring a high degree of transparency and standardisation across lenders. This provides borrowers with a high degree of flexibility in managing their debt and financial risk. Loans can be refinanced if interest rates have changed or if borrowers expect them to change in the future. Refinancings – or conversions – are a widespread feature of the Danish mortgage system.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In Denmark, variable-rate mortgages can broadly be divided into two main types, both reflecting the bond-based funding structure of the mortgage system. The first type consists of adjustable-rate mortgages (ARMs), which are market-based. For these loans, the interest rate is determined at refinancing auctions of the underlying mortgage bonds, typically every 1, 3, 5 or 10 years. As a result, the interest rate is directly linked to market conditions at the time of refinancing. The second type consists of variable-rate loans linked to a short-term market reference rate. For these loans, the interest rate adjusts more frequently in line with developments in the underlying market rate, with an added spread. In both cases, interest rates are driven by market conditions rather than set unilaterally by lenders. While rates are indirectly influenced by monetary policy, they are not mechanically tied to central bank policy rates but instead reflect developments in financial markets.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	In Denmark, the balance between fixed-rate and variable-rate mortgages has fluctuated significantly since 2000, mainly in response to interest rate developments. Fixed-rate mortgages have traditionally played a central role in the Danish system due to their long-term interest rate certainty and embedded prepayment options. The relative popularity of fixed versus variable-rate mortgages is primarily driven by cost differences and expectations about future interest rates. When yield curves are steep and short-term rates are low, variable-rate products tend to be more attractive. Conversely, when interest rates are rising or volatile, borrowers tend to shift towards fixed-rate loans. The development has not primarily been driven by regulatory or underwriting differences, as Denmark has a stable and well-established mortgage framework with broadly similar rules across products. Instead, both fixed and variable-rate loans have long coexisted within the same bond-based system. Product innovation - such as adjustable-rate mortgages with different refinancing intervals—has supported the use of variable-rate loans, but market conditions remain the key driver of borrower choice.
What effects does the mix of fixed and variable-rate mortgages have on: ► Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ► The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ► If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	In Denmark, fixed-rate mortgages protect households against immediate payment shocks when interest rates rise, while variable-rate mortgages offer lower initial borrowing costs but expose borrowers more directly to higher debt service when loans are refinanced. For the wider economy, a higher share of variable-rate mortgages strengthens monetary policy transmission, whereas a larger stock of fixed-rate mortgages dampens and delays the pass-through to household cash flows and consumption. At the same time, Denmark's callable fixed-rate system supports refinancing and debt reduction when rates rise, which can strengthen household resilience.

Finland

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	In Finland, over 90% of household mortgages are variable-rate loans, making fixed-rate loans very uncommon. Variable rates are usually tied to 12-month or shorter Euribor rates, causing loan interest rates to update frequently and reflect rapid changes in ECB key interest rates. As of January 2026, roughly 95% of the total loan stock used Euribor reference rates.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	The lender may claim compensation for early repayment of a home loan if the loan amount is over EUR 20.000 and the loan has a fixed interest rate, or if the determination period of the reference interest rate is at least three years. The maximum compensation that the lender may claim is the loss resulting from a lower interest rate received during the remaining fixed-term loan period or determination period of the reference rate. More detailed regulations on how such losses are calculated are issued by the Financial Supervisory Authority. Source: Early repayment of a loan - KKV
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In Finland, over 90% of household mortgages are variable-rate loans, making fixed-rate loans very uncommon. Variable rates are usually tied to 12-month or shorter Euribor rates, causing loan interest rates to update frequently and reflect rapid changes in ECB key interest rates. As of January 2026, roughly 95% of the total loan stock used Euribor reference rates.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	The balance between fixed and variable-rate mortgages in Finland has remained heavily skewed toward variable-rate loans since 2000, typically accounting for over 90% of new housing loans. While the popularity of fixed rates saw a minor increase between 2006 and 2008, and again briefly during the 2022–2024 rate hikes, variable rates—predominantly tied to 12-month or shorter Euribor rates—remain the dominant standard. The reasons are related to both the historical level of interest rates, the operating methods of banks.
What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	A higher proportion of variable-rate mortgages directly links household disposable income to central bank rate changes Short reference rates mean that changes in the interest rate level (monetary policy) are quickly transmitted to loan rates in Finland and, consequently, to the disposable income of households. This, in turn, is reflected in household consumption and investments, as well as in the volume of new construction. It has been estimated that one reason for Finland's weaker economic development in recent years compared to the rest of the euro area is precisely the reference rate practice: the tightening of ECB monetary policy in 2022-2023 was quickly transmitted to the Finnish economy and particularly to the housing market and construction, which have been in recession ever since.

France

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	In France, home loans for individuals are fixed-rate for the entire duration of the loan. This means that the interest rate remains unchanged from the beginning to the end of the credit period.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment fees are regulated. A ceiling is set by the Consumer Code, and in certain cases, there is no fees at all: for example, if the early repayment is due to the death of the borrower or their spouse, or in the event of professional relocation.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable-rate home loans are based on market indices, with an additional fixed component added to the rate.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Based on data from the Banque de France, the European Central Bank, and internal documents, the following overview summarises the share of fixed-rate and variable-rate home loans in France over the years: • In the early 2000s, fixed-rate home loans were already predominant, estimated at over 80–85%, while variable-rate loans accounted for only a minority share of the market. This indicates that the French model was already well established. • Between 2005 and 2008, fixed rates accounted for around 85–90% of the market, with variable rates making up roughly 10–15%. Variable-rate home loans had a slight presence before the financial crisis. • From 2009 to 2014, the share of fixed-rate home loans rose to approximately 90–95%, with variable rates dropping to 5–10%. This reflects the retreat of variable rates after the financial crisis. • Between 2015 and 2021, fixed rates dominated almost entirely, representing about 94–97% of new loans, while variable rates remained at 3–6%. • For the period 2022 to 2026, the market appears to have stabilised at a very high level, with fixed rates at around 95–97% and variable rates at just 3–5%. • By 2026, observed data show more than 99% fixed-rate and less than 1% variable-rate home loans.

	The economic overview covering the long period from 2000 to 2026 is the following: 1. Phase 2000–2008 • A more pronounced coexistence of fixed and variable rates • Variable rates were used slightly more often (in the context of declining interest rates) 2. After the Financial Crisis • A general mistrust toward variable rates emerged • The French model of long-term fixed rates was reinforced • Regulation and banking practices became more uniform, leading to a more homogeneous market offering 3. Years 2015–2021 (very low rates) • Long-term fixed rates (over 20 years) became dominant • Variable rates almost disappeared 4. 2022–2024 (rising rates) • Unlike other countries, there was no return of variable rates • The fixed-rate model was maintained • The rise in rates was absorbed exclusively through new lending Regarding the changes in home loan lending, it's important to highlight that the French home loan model, which is based on fixed rates for the entire duration of the loan, has proven to be highly effective. This approach offers strong protection for borrowers while also keeping risks low for lenders. This helps explain why variable-rate home loans remained only marginally developed during the period under review. However, the main factor that could potentially shift the strong preference for fixed-rate home loans in the retail market would be a significant change in the yield curve—specifically, an inversion of the yield curve could challenge the current model. Alternatively, a major regulatory change that specifically targets fixed-rate lending could also drive adjustments in this area. At present, though, the fixed-rate structure remains a cornerstone of the French home-loan landscape, both for its stability and its benefits to all parties involved.

Germany

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed-rate mortgages range from 1 year to over 10 years and accounted for around 88% of the total in Q1 2026.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	In Germany, the rules regarding early repayment depend on the interest-rate structure of the mortgage. Variable-rate mortgages can be repaid at any time with three months' notice and without compensation. Fixed-rate mortgages can be repaid at the end of the fixed-rate period and, in any event, after ten years without compensation. During the fixed-rate period, early repayment is generally linked to a legitimate interest on the part of the borrower, for example when selling the property or as part of a divorce (Art. 25(5) MCD). In such cases, the lender has the right to charge early repayment compensation. If there is no legitimate interest, lenders may nevertheless agree to early repayment on a contractual basis. The associated fee is usually calculated in a similar way, but differs from mandatory early repayment compensation in legal terms. There are two methods for calculating the early repayment fee (at the lender's discretion; see also Section 492(2) of the German Civil Code (BGB) in conjunction with Article 247, Section 7(2), No. 1 of the Introductory Act to the German Civil Code (EGBGB)): • Interest rate comparison (the so-called 'asset-to-asset' method) • Comparison of interest rates and financing costs (the so-called 'asset-liability' method). Both methods have been recognised by the Federal Court of Justice (BGH). In 2024, the European Court of Justice (ECJ) declared the German statutory regulation and calculation method (asset-liability) to be compatible with the Mortgage Credit Directive 2014/17/EU (MCD), provided that the compensation is fair and objective, no fees are imposed on the consumer and the compensation does not exceed the financial loss of the creditor (ECJ ruling of 14.03.2024 - C-536/22). Under the asset-to-asset method, the interest rate of the prepaid mortgage loan is compared with the interest rate that could be achieved on a new mortgage loan. The lender's lost margin may also be taken into account. Under the asset-liability method, the prepaid amount is assumed to be reinvested in secure capital-market instruments, namely Mortgage Pfandbriefe, with a maturity corresponding to the remaining fixed-interest period. The loss is calculated based on the difference between the interest rate of the prepaid loan and the yield on Mortgage Pfandbriefe. The amount therefore depends mainly on the outstanding loan amount, the remaining fixed-interest period and the interest rate level at the time of repayment. It cannot be determined in advance as a fixed percentage. Under EU and German law, the compensation must be objective and justified and must not exceed the lender's actual financial loss.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable rates are typically tied to EURIBOR, usually 3M or 6M EURIBOR, plus a bank margin. The ECB policy rate influences EURIBOR indirectly, but the contractual reference rate is normally EURIBOR and not the ECB rate itself.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	

Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Fixed-rate mortgages have consistently dominated. Variable-rate or very short fixed-rate loans have usually been a minority. During the low-interest-rate years, borrowers increasingly chose longer fixed-rate periods, especially 10 years or more. Since the rate increase from mid-2022, some borrowers moved temporarily toward shorter fixed periods or variable rates, but fixed-rate mortgages remain the norm, due to their payment and planning certainty.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	In Germany, most mortgages are fixed-rate, so the recent rate increases mainly affected new borrowers and households needing refinancing. However, many borrowers used the low-interest-rate period to agree on relatively high repayment rates, so their remaining debt is often lower and refinancing should not be critical. For the wider economy, a high share of fixed-rate mortgages makes monetary policy transmission slower, because households do not immediately feel higher interest rates through mortgage payments. However, higher rates could still reduce new mortgage lending, housing affordability, and construction activity, especially in combination with high transaction costs.

Greece

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed rate mortgages in Greece are typically fixed for up to 5 years and up to 10 years and over 10 years, with the split being approximately 50%-50%.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	According to the provisions of the current legislative framework, during a period of validity of a floating interest rate, no compensation is required due to early repayment, while during any fixed interest rate period, compensation is provided equal to the cost incurred by the Bank in re-positioning the early repaid capital in the interbank market. The amount of this compensation depends on the difference in interest rates in the interbank market, between the time of commencement of the fixed interest rate and that of the reinvestment of the early repayment principal, the early repayment amount and the remaining period until the end of the fixed interest rate period. Exceptionally and in accordance with a relevant business decision of each Bank, mortgage loans granted at a fixed interest rate for the entire repayment period are not subject to compensation due to early repayment, as well as loans with an initial fixed and then floating interest rate period for the period of validity of the fixed interest rate.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Yes, they are linked to Euribor 1m or 3m + spread.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Over time, the key factor in changing the balance between fixed and variable-rate mortgages has been the European Central Bank's interest rates. During periods of rising interest rates (1999-2000, 2003-2008, 2022-2024) borrowers choose to lock in fixed interest rates for a reasonable part or the entire repayment period of their mortgage loans.

Hungary

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed-rate mortgages are dominant and standard in Hungary's current housing market. Nearly all of the newly issued residential mortgages feature a fixed interest rate, new mortgages are typically locked in for either a 5-year or 10-year period or also for the entire duration of the loan (up to 20 or 25 year). The most popular mortgages are the ones where the interest rate is fixed for 5 to 10 years. The subsidised mortgages (e.g. Home Start) program has a fixed rate toward the borrower for the lifetime of the loan. The National Bank and mortgage lending banks were promoting the fixed rate mortgages over the past 5 to 6 years, in order to reduce the risk of rate increases for the borrowers.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	In Hungary, early repayment fees for mortgage loans are strictly regulated by law to protect consumers. In the case of the so-called Certified Consumer-Friendly Mortgages (MFL) the fees is 1,0% of the early prepaid amount. For the standard market priced mortgages maximum 1,5% to 2,0% of the prepaid amount is to be paid in case of early repayment. For the subsidized mortgage loans (e.g., CSOK Plusz, Home Start) the fees is a maximum of 1%.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In Hungary, variable-rate mortgages are strictly linked to an independent money market rate. The overwhelming majority of Hungarian variable-rate mortgages are tied to the BUBOR. BUBOR is the official benchmark money market rate representing the average interest rate at which commercial banks in Budapest offer to lend unsecured funds to one another.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	

Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Not only fixed and variable rate mortgages were available during the first decade after 2000, but also FX mortgages (CHF and EUR) were quite popular among mortgage borrowers, especially when HUF interest rates increased due to inflation. FX loans were typically available with variable rates. Following the Global Financial Crisis many borrowers faced increased monthly payments in HUF, because their loans were originally denominated in foreign currency, while the exchange rate was not fixed. New foreign-currency (FX) lending to households and unhedged borrowers was practically banned in Hungary in the summer of 2010, followed by a complete legal prohibition on issuing retail foreign currency loans for consumers. In 2011 and 2014 early repayment schemes and forced conversion of FX loans to HUF were implemented. The Hungarian Parliament passed Act XXXVIII of 2014 (often referred to as the FX Loan Act), which mandated the comprehensive conversion of all outstanding retail foreign currency loans (mostly Swiss Franc and Euro) into forint-denominated instruments, permanently eliminating foreign currency exposure for households.
What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The Hungarian mortgage market is now heavily dominated by fixed-rate mortgages due to central bank consumer-protection regulations. Debt-to-income regulations (Debt-Service-to-Income (DSTI) ratio), are directly and strictly linked to the length of your mortgage's interest-rate fixation period. The core principle is simple: the longer your interest rate is safely fixed, the higher the percentage of your monthly net income is legally allowed to spend on mortgage repayments. In the case of interest rate fixation to or over 10 years and in case of monthly income over 800 HUF/month, the total monthly debt repayment can be a maximum of 60 % of the income. In case of a shorter interest rate fixation period the max DSTI ratio is lower (e.g. only max 30 % in case of variable rate). The mortgage debt to GDP is quite low in Hungary, lending in FX is prohibited, fixing the interest rate for longer periods is promoted by the regulator, so mortgage lending is relatively safe in Hungary. This statement is also reflected in the low NPL ratio of the mortgage loans, so we may say, that the default risk is low for the mortgage portfolio of the households. Housing affordability at the same time is a problem in Hungary, like in many other countries in the EU. The strong increase in house prices in Hungary resulted in housing market overvaluation according to the National Bank of Hungary. The deviation of house prices from the estimated level justified by fundamentals rose to 22,5 per cent in the fourth quarter of 2025, representing an 8,8-percentage point increase in overvaluation over the course of one year.

Italy

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	In 2025, fixed-rates mortgages continued to be preferred: the share of variable rate mortgages on new loans (with an initial rate fixation period up to one year) decreased from about 33,7% at the end of 2023 to about 16,5% at the end of 2025, although this represents an increase compared to 2024 (6,5%). In the early months of 2026, the share of newly issued variable-rate mortgages rose, reflecting the widening cost differential between fixed-rate and variable-rate mortgages (amounting to approximately 40 basis points in March). For fixed-rate mortgages, they typically fixed for the entire loan term.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	The current Italian law prohibits early repayment fees with the Article 120 ter of the Consolidated Banking Act (Testo Unico Bancario), which establishes that consumers can repay mortgage loans early without fees or additional charges. Mortgages must be granted for the purchase or renovation of residential real estate units, or for the purpose of carrying out an economic or professional activity by natural persons.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In Italy, variable-rate mortgages, are typically linked to EURIBOR or the official rate set by the European Central Bank.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	See first answer.

Ireland

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed rate periods for as long as 30 years are, in theory available but the mainstream banks typically only offer fixed rates up to 7 or 10 years. Longer dated fixed peroids tend to be offered by non-bank lenders. Most fixed rate periods tend to be for 3 to 5 years currently, reflecting the fact that these are currently the lowest rates available in the market.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Variable rate mortgages can be prepaid without charge. Fixed rate mortgages can incur a 'break cost' if repaid early but these must be "fair and objective" and must not exceed the lender's economic loss and, according to the consumer protection code, there must be disclosure of the calculation. Some lenders add additional repayment rights under contractual terms.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	All new mortgages are on the lender's own rate (known as variable rate) now. Historically, and for a lot of the legacy book, mortgages were originated also on EB tracker rates.

Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Nearly 90% of new mortgages are now on fixed rates, 70% of these being for 3 years or more. Historically this has been very volatile. As recently as 2016, 56% of new mortgages were floating (or fixed for 12 months or less) and only 12% were fixed for 3 or more years. According to the Central Bank of Ireland the popularity of fixed rate mortgages increased as eurozone rates fell and, initially when they started to rise in 2022 as protection against expected rate increases. Much of the motivation for any particular product was the lowest current interest rate, for much of this period medium term rates were below the current rate on floating rate mortgages. The Central Bank has facilitated changes in the rates profile by introducing rules making mortgage switching easier.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The difference between the on the one hand, 'ECB rate tracking' and other variable rates in the existing mortgage stock, and the on the other, the preponderance of fixed rate mortgages in more recently originated mortgages means that monetary policy transmission has uneven effects on different parts of society. The introduction of rules to better facilitate product switching partially addresses this concern. Ultimately the lowest current charging rate is invariably the most popular type of mortgage product, and the fixed/float product mix can be expected to continue to be variable based on the yield curve.

Lithuania

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed rate mortgages are typically offered for a 5-year maturity but occasionally other maturities (up to 10 years) are available. Published pricing is rarely available as rates are set on an individual basis.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	There are no repayment fees on floating rate mortgages. For the few fixed rate mortgages a break fee may be payable based on a compensation methodology determined by the Bank of Lithuania.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	The vast majority of mortgages are based on 6-month Euribor plus a margin.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Almost all mortgages (approximately 97%) continue to be floating rate. Since May 2025 most lenders (those with more than €50mn outstanding) have had to offer a fixed rate of at least 5 years alongside their floating rate offer. Also in 2025, rules were introduced to allow easier product switching. These developments do not appear to have had any discernible effect on consumer behaviour.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	According to the Bank of Lithuania Financial Stability Report 2025, the predominantly floating-rate mortgage structure meant that ECB rate changes have a more immediate effect on Lithuanian borrowers than on the euro-area average, this has knock-on effects on DSTI calculations and the origination of new mortgage credit in a rising rate environment. On the other hand, in a falling rate environment such as in 2024 the average Lithuanian interest rate fell by 121 basis points, compared with a euro area average of 38 basis points.

Malta

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed rate mortgages typically have a 2 year duration.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment charges on Maltese mortgage loans are contractually determined by individual credit institutions, within the framework of the EU Mortgage Credit Directive and its local transposition. While borrowers have a statutory right to repay early and must benefit from a reduction in total borrowing costs, lenders may levy fair and objectively justified compensation, which may not exceed the financial loss incurred. In practice, early repayment charges are primarily associated with fixed-rate periods and are typically calculated by reference to the lender's loss arising from the difference between the contracted rate and prevailing market rates over the remaining fixation period.

For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Please see above reply.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Since 2000, the Maltese mortgage market has remained predominantly variable-rate in nature. While there has been some evolution toward hybrid products with short initial fixation periods following the adoption of the euro, long-term fixed-rate mortgages have not developed into a significant segment, and the underlying exposure of households to variable rates remains structurally
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	It is also a fact that the pass-through of ECB policy rate changes to mortgage lending rates in Malta is structurally limited compared to the euro area. This reflects the domestic banking system's reliance on stable deposit funding, the predominance of administratively-set variable rates rather than market-indexed instruments, and relatively muted competitive pressures. As a result, mortgage rates in Malta adjust more gradually and to a lesser extent, dampening the transmission of monetary policy to household borrowing costs. In Malta mortgage pricing is essentially bank administered, not market driven with the result that ECB rate changes do not fully or quickly translate into mortgage rates. A recent media article highlighted, "intense competition among Maltese banks, abundant domestic deposits and a relatively stable property market as factors helping to keep mortgage rates low." It also noted that Malta has a much lower share of variable-rate lending than the Baltic states, insulating borrowers from rapid changes in ECB policy rates. The article can be found here: https://www.euronews.com/business/2026/06/18/where-are-the-eurozones-cheapest-and-highest-mortgage-rates

Netherlands

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Borrowers have a clear preference for fixing rates for medium and longer periods (≥5 years).
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment fees are bank-calculated but regulated, with a principle-based cap linked to actual financial loss.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable-rate mortgages are market-linked, typically indexed to Euribor rather than directly to a central bank or purely internal bank rate.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	The Dutch mortgage market is characterised by a strong structural preference for long-term fixed-rate lending. While fixed-rate mortgages have traditionally dominated the market, borrowers have increasingly shifted towards longer fixation periods (typically 10–30 years), particularly during the prolonged low interest rate environment. This trend is supported by strict affordability regulation, standardised product structures, relatively limited cost differentials between short- and long-term fixation, and a pronounced borrower preference for payment stability. Variable-rate mortgages account for a relatively small share of the market, primarily due to their direct exposure to interest rate fluctuations and the associated uncertainty in debt servicing costs.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The predominance of long-term fixed-rate mortgages in the Netherlands reduces short-term volatility for households by providing stable and predictable payment profiles. This shields borrowers from immediate increases in interest rates, thereby limiting abrupt changes in debt servicing costs. As a result, households are less exposed to interest rate shocks, contributing to lower short-term default risk and greater financial resilience. In addition, the stability of mortgage payments supports smoother consumption patterns, as disposable income is not directly affected by fluctuations in market interest rates. However, this also implies that the impact of interest rate changes is transmitted more gradually, typically occurring only when fixed-rate periods expire or upon refinancing, rather than through immediate adjustments in monthly payments. At the macroeconomic level, mortgage structure plays an important role in how monetary policy affects the economy. In the Netherlands, the prevalence of long-term fixed-rate mortgages means that the impact of interest rate changes is gradual. Since rates are locked in for extended periods, households are initially shielded from changes in policy rates. As a result, the effects on consumption and overall demand emerge more slowly over time, mainly through new lending, refinancing, or when fixed-rate periods expire. This leads to a smoother but more delayed adjustment of the economy to changing interest rate conditions.

Norway

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	In the Norwegian market 95 % of all outstanding loans have a variable rate. The remaining 5 % of the market short term fixed for 1-3 years is the most common, making up 1,5-2,5 % percent of the market. The 3-5 year fixed is usually in third, but it varies somewhat over time. For example, during the low interest rate regime in 2020 and 2021 the over 5 year fixed was more popular than 3-5 year fixed.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	The repayment fees are regulated by the Financial Contracts Act in Norway. The first paragraph establishes that the creditor, if such a right follows from the agreement with the debtor, may claim compensation for losses ("overcompensation") during the fixed-rate period in the event of early repayment of fixed-rate credit. In relation to consumers, three conditions must be met for the lender to claim compensation for such losses: • The credit must exceed NOK 50,000 (based on agreed credit, not utilized credit). • The right to compensation must be stated in the agreement, cf. Section 3-25 letter (g). • The debtor must have been informed of the lender's right to compensation before the agreement was entered into, cf. Section 46a(1)(s). The early repayment fees ("overcompensation") are calculated towards the the current floating rate new loans in the bank are granted.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	The variable-rate mortgages are based on the banks funding costs, and not directly linked to a rate. But the banks funding costs are closely linked to the NIBOR market rate.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Since 2000, the share of variable-rate mortgages in Norway has remained very high, with most households consistently choosing floating rates, and only a small minority opting for fixed rates. A study conducted by the Norwegian Central Bank concludes that the strong preference for variable rates is influenced by several factors: expectations about which option will give the lowest total interest costs over time, the greater flexibility of floating-rate loans (e.g. easier repayment or refinancing), and tradition in the Norwegian market. Fixed-rate mortgages are more often chosen by households seeking predictability or those more vulnerable to interest rate increases. Differences in expected costs are largely driven by the term premium and banks' lending margins.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	**Households and borrowers** The high share of variable-rate mortgages in Norway, makes household finances very sensitive to interest rate changes. When rates rise, mortgage payments increase quickly, reducing disposable income and consumption. This will affect housing affordability and default risk, especially for highly indebted households or those with limited financial buffers. At the same time, falling rates can quickly reduce debt servicing costs and stimulate refinancing and spending, which in turn lowers default risk. **The wider economy** The mortgage mix strongly affects monetary policy transmission. A higher share of floating-rate mortgages strengthens and speeds up the impact of policy rate changes on consumption and demand, while fixed-rate mortgages dampen and delay this effect. In Norway, where most mortgages are floating rate, this leads to fast pass-through of interest rate changes to the real economy. This makes monetary policy more effective but can also increase volatility in consumption and amplify downturns.

Poland

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	In Poland, the dominant "fixed-rate" product is usually not a lifetime fixed-rate mortgage, but a periodically fixed-rate mortgage. Under the Polish supervisory framework, such a loan has a fixed interest rate for a defined period, after which the rate is either reset for another fixed period or replaced by a variable rate. Recommendation S of the Polish Financial Supervision Authority (KNF) indicates that this fixed-rate period should be at least five years, which is the most commonly used fixation period in Poland.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment is regulated by Polish mortgage credit law, but the exact compensation mechanism is reflected in the loan contract within statutory limits. A borrower may repay a mortgage loan early, either in full or in part, at any time. The contract may require the borrower to pay compensation to the bank in two cases: for fixed-rate loans during the fixed-rate period, and for variable-rate loans if the early repayment takes place within the first 36 months of the loan. For variable-rate mortgage loans, the compensation may not exceed the interest that would have been charged on the repaid amount over one year, and it may not exceed 3% of the amount repaid early. If less than one year remains until the end of the loan term, the relevant period is shorter. In both fixed-rate and variable-rate loans, the compensation may not exceed the lender's direct costs connected with early repayment. It is worth noting that many banks do not charge an early repayment fee, even within the first 36 months after origination.

For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Market rates are mostly based on the Warsaw Interbank Offered Rate (WIBOR), particularly the three-month WIBOR (WIBOR 3M) and six-month WIBOR (WIBOR 6M).Notably, Poland is undergoing a benchmark reform. POLSTR has been selected as the target replacement benchmark for WIBOR and WIBID, so the benchmark architecture for future variable-rate products will change over time.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Until 2020 almost all housing loans in Poland had variable interest rates, but their share later declined strongly in favour of periodically fixed-rate loans. Two factors contributed to the introduction of loans with a periodically fixed interest rate. First, in December 2019, Recommendation S was amended, with the Polish Financial Supervision Authority (KNF) requiring banks to offer mortgage loans with either a fixed or periodically fixed interest rate. The requirement took effect on June 30, 2021. The original deadline was December 31, 2020, but the KNF postponed it due to the COVID-19 pandemic. Second, as a result of the pandemic, Poland experienced a period of exceptionally high inflation, leading to an increase in the central bank's interest rates, which in turn caused a rise in the WIBOR rate and a sharp increase in interest rates for variable-rate loans (especially in 2022). This led to a sharp rise in the popularity of fixed-rate loans among households. In this context, it is also worth mentioning that, in the second half of 2023, Poland introduced a highly popular subsidised mortgage programme, the Safe Loan 2%The loan interest rate was set for two five-year periods, during which a fixed interest rate applied. After 10 years, the subsidies expired, and the loan continued to be repaid under the terms of the agreement, without a government subsidy. This also contributed significantly to the growth of the fixed-rate portfolio in Poland.
What effects does the mix of fixed and variable-rate mortgages have on: ▸ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▸ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▸ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	A high share of periodically fixed-rate mortgages reduces short-term payment volatility for borrowers, but it can also create refinancing waves when fixation periods end. This was visible in Q1 2026, when the refinancing share rose to 28% of new lending. Variable-rate loans transmit interest-rate changes more quickly to household budgets. This can support demand when rates fall, but it increases payment risk when rates rise. In the wider economy, a larger share of variable-rate loans strengthens monetary policy transmission, because changes in interest rates affect borrowers' instalments more quickly. A higher share of periodically fixed-rate loans weakens immediate transmission but may concentrate adjustment around repricing dates, creating waves of refinancing activity. From a financial-stability perspective, the growing use of periodically fixed-rate mortgages can reduce short-term borrower vulnerability to rate increases. However, if many loans reset at similar times, refinancing and repricing risk may become more concentrated. As Poland is not in the euro area, the last question does not apply.

Portugal

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Mortgage loans with a mixed interest rate typically have an initial rate-fixing period up to 5 years, with a variable-rate afterwards, while fixed interest rate loans charge the same rate until the maturity date.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Repayment fees depend on banks' policies, notwithstanding Government decisions taken during the current decade to suspend these fees to alleviate households' financial burden in more challenging periods (e.g. the pandemic and the ECB interest rate hike cycle).
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In March 2026, 96% of the variable-rate mortgages were indexed to a Euribor rate, out of which 53% to the six-month Euribor, 37% to the 12-month Euribor, and 10% to the three-month Euribor. In mortgage loans with a mixed rate, after the initial fixed-rate period, the subsequent variable rate is also usually indexed to an Euribor rate.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Contracts at variable-rates have been losing ground in the outstanding stock of housing loans, representing 50,2% of the total in March 2026, decreasing from 59,2% in March 2025, and maintaining the downward trend observed since 2022 (above 90% of the total until then). Conversely, the combined weight of fixed and mixed-rate housing loans continued the upward trajectory initiated in 2022, reaching 49,8% in March 2026 (40,8% in the same month of 2025), with each of these regimes representing approximately 5,2% and 44,6% of the total, respectively. A few years before the euro, mortgage loans charging rates indexed to money market reference rates were introduced, allowing borrowers to benefit from the convergence to lower short-term interest rates observed in larger European economies. With the adoption of the euro, mortgage loans became broadly indexed to Euribor rates and only during the monetary policy tightening cycle started in 2022 fixed and mixed rate loans gained traction, namely offering an initial rate-fixing period up to 5 years.

What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The significant weight of indexed rates increases the exposure of housing affordability to short-term interest rates, which may bring an increase in borrower's credit risk within an inflationary environment. The relevance of indexed mortgage loans increases the effectiveness of monetary policy transmission and the adverse impact of interest rate hikes in borrowers' credit risk. In an economy where variable-rate mortgage contracts are prevalent, such as Portugal (despite the growing weight of mixed-rate contracts), changes in monetary policy tend to be more easily transmitted, as they will affect, in the very short term, the disposable income of families, thus altering consumption patterns, credit risk and, to some extent, the dynamics of the residential real estate market.

Romania

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	New mortgage lending remains concentrated in products with an initial fixed-rate period of one to five years, which account for 68,4% of newly originated loans. By comparison, mortgages with fixation periods of five to ten years and more than ten years each represent roughly one-tenth of new lending.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	According to Law No. 52/2016, consumers have the right to make early repayments, benefiting from a proportional reduction in the total cost of the credit, without any fee payable to the lender.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In Romania, variable interest rates on mortgage loans are linked to a market reference rate. The most commonly used benchmark is the IRCC (Consumer Credit Reference Index), introduced in 2019 and applied to most newly originated mortgages, while older mortgage contracts are generally linked to the ROBOR (Romanian Interbank Offer Rate).
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	The Romanian mortgage lending market has undergone a significant structural transformation in recent years, reflected in the changing composition of newly originated mortgage loans. Historically, mortgage lending was associated with a higher interest rate risk, as a substantial share of loans carried variable interest rates throughout their entire maturity (87,8% in Q1 2014). Recent developments, however, indicate a marked shift towards mortgage products featuring an initial fixed-rate period, particularly those with interest rates fixed for 1 to 5 years, which have become the dominant segment of new lending (68,4% in March 2026). This trend has been driven by borrowers' increasing preference for greater predictability of debt servicing costs, as well as by adjustments in credit supply conditions. At the same time, the share of variable-rate loans within the outstanding mortgage portfolio has declined substantially, accounting for approximately one-third of the stock. Within the mortgage loan portfolio, exposures remain concentrated in the segment linked to the IRCC benchmark, which continues to exhibit adequate asset quality, whereas loans indexed to ROBOR display a comparatively higher risk profile.
What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	Variable-rate mortgages are generally associated with higher interest rate risk, as increases in borrowing costs can weaken borrowers' repayment capacity, particularly during periods of monetary tightening. Nevertheless, despite variable-rate mortgages accounting for the majority of banks' housing loan exposures at the time, the increase in interest rates following 2022 did not lead to a significant rise in the non-performing loan ratio for mortgage lending. This suggests that the housing sector remained resilient, supported in part by borrower-based macroprudential measures, including debt service-to-income limits, which have helped contain excessive indebtedness and strengthen households' capacity to absorb adverse shocks.

Slovenia

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	Fixed-rate housing loans are generally offered for medium- to long-term maturities and, depending on the bank, may be available for up to 20 or even 30 years. While some banks cap fixed-rate maturities at 20 years and offer longer terms mainly for variable-rate loans, several large banks also provide fixed-rate housing loans with maturities of up to 30 years.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment conditions for housing loans in Slovenia are primarily determined by legislation, which sets the general framework, while the exact calculation is performed individually by each bank in accordance with contractual terms.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable-rate housing loans in Slovenia are predominantly linked to a market-based reference rate, most commonly the Euribor, rather than to a central bank rate or a lender-specific rate. Across major banks, variable-rate mortgages are typically structured as the Euribor plus a fixed bank margin, with the reference rate periodically updated.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	

Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Over the past decade, Slovenia has experienced a pronounced structural shift from predominantly variable-rate to overwhelmingly fixed-rate housing loans. In 2010, the vast majority of new lending was still at variable rates (around 95% of new loans), while long-term fixed-rate loans accounted for only a marginal share. By Q1 2026, this structure had effectively reversed, with fixed-rate loans accounting for the vast majority of new lending (around 95% of new loans), and variable-rate loans playing only a residual role. This transformation has primarily been driven by borrowers' preference to mitigate interest rate risk in a context of changing interest rate expectations. Evidence from Banka Slovenije shows that fixed-rate housing loans increasingly dominate lending to households, reflecting a strong preference for predictable debt servicing costs. The shift is therefore mainly explained by changes in borrower behaviour and risk awareness, rather than by regulatory changes, new bank products, or underwriting adjustments.
What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The predominance of fixed-rate mortgages in Slovenia has significantly reduced households' exposure to interest rate risk, ensuring stable and predictable debt servicing and limiting the immediate impact of rising interest rates on repayment capacity. At the same time, it also reduces households' ability to benefit from declining interest rates, as adjustments occur mainly through new lending rather than through the repricing of existing loans. From a macroeconomic perspective, the high share of fixed-rate mortgages weakens the immediate transmission of monetary policy, as changes in policy rates affect households more gradually through new lending. At the same time, it increases interest rate risk on banks' balance sheets by extending asset repricing horizons, requiring more active risk management. As a result, recent interest rate increases have had a more limited and gradual impact on households in Slovenia compared to countries with predominantly variable-rate lending, with effects primarily reflected in new borrowing conditions rather than in existing loans.

Spain

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	On new lending, fixed-rate loans account for 93% while variable-rate loans represent the remaining 7%. In terms of mortgage portfolio, variable-rate loans remain significant, accounting for 43% of outstanding balances, although moderating progressively. For short-term fixed-rate loans, mortgages are usually fixed from 3 to 5; for medium-term fixed-rate loans can be seen up to 10 years. Long-term fixed-rate loans are usually fixed for a lifetime.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Borrowers may agree to compensate the bank for the financial loss it may incur, with the following limits established by the Law 5/2019: For variable-rate loans a cap of 0,25% if repayment occurs within the first three years, and 0,15% if it occurs from the third to the fifth year. After this period, no early repayment fee applies. For fixed-rate loans, the limit is set at 2% if early repayment occurs within the first 10 years and 1,5% thereafter. Conversion from variable to fixed rate through subrogation or amending novation: 0,15% during the first three years. This limit will apply regardless of when the contract was entered into.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Variable rate mortgages are usually linked to a market rate, usually EURIBOR 12 months, updated every six or twelve months.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Until 2015 variable-rate loans dominated the Spanish market. However, from that period on, fixed-rate loans began to gain momentum and are now predominant. Banks started offering fixed-rate mortgages during a period of exceptionally low interest rates, allowing borrowers to lock in historically low borrowing cost for the entire life of the loan. Currently, interest rates are no longer at record-low levels, but demand for fixed-rate products remains strong as they continue to offer long-term payment certainty and the possibility of securing financing at competitive rates. Historically variable-rate loans have dominated the market, accounting for more than 90% of new loan originations.
What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The increasing share of fixed-rate mortgage loans has strengthened the resilience of households' balance sheets by reducing borrowers' exposure to interest rates risk and this has contributed to greater predictability of debt servicing costs, limiting the impact to changes in the monetary policy. The impact was financial stability as it enhances the predictability of borrowers' payment obligations.

Sweden

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	For new lending the share was 78,5% for variable-rate mortgages and 21,5% for fixed-rate mortgages. Fixed rate mortgages are typically fixed for 1-5 years.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	The repayment fees are set by regulation; however, the regulations have changed over time. Thus, depending on when the mortgage was taken out, different calculation methods apply.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	In Sweden, variable-rate mortgages are linked to a lender's own rate.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Different factors, but especially cost differences and expectations about future interest rates. The share of variable-rate mortgages in new lending increased from around 72% in 2000 to almost 79% in 2025. The most important drivers of this trend have been cost differences and expectations regarding future interest rates.
What effects does the mix of fixed and variable-rate mortgages have on: ▶ Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ▶ The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ▶ If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	Monetary policy transmission is rapid in Sweden as the share of variable interest rate is high.

United Kingdom

Share of fixed-rate versus variable-rate mortgages	
For fixed-rate mortgages, how long are they typically fixed for (e.g., 2 years, 5 years, lifetime)?	The UK mortgage market is dominated by fixed-rate lending. Most fixed rate products on the market are fixed for, 2, 3 or 5 years with a limited number of 10-year fixed products available. Over 88% of all outstanding loans are on fixed rates. Only 8% of new lending was on variable rates in Q1 2026.
How are early repayment fees calculated? Is this decided by individual banks or set by regulation?	Early repayment charges are set by individual lenders and disclosed in the mortgage offer. They are most common on fixed-rate mortgages and usually apply if the borrower repays, remortgages or switches product before the end of the fixed period. The charge is normally calculated as a percentage of the outstanding mortgage balance. Many products also allow borrowers to overpay a limited amount each year, commonly around 10% of the outstanding balance, without incurring a charge. Regulation requires charges and conditions to be made clear to consumers, but the detailed structure is a commercial decision for lenders. Tracker and standard variable-rate mortgages often have no early repayment charge, although this varies by product.
For variable-rate mortgages, are they linked to a market rate, a central bank rate, or a lender's own rate?	Tracker mortgages typically follow the Bank of England Bank Rate plus a fixed margin. Discount mortgages are usually linked to a lender's standard variable rate, with a discount applied for a set period. Standard variable rates are set by each lender and can change at the lender's discretion, although they are influenced by Bank Rate and wholesale funding costs.
Change of the fixed and variable-rate mortgages since the 2000 – most common factors that influenced fixed or variable-rate mortgages	
Have changes come from new bank products, regulatory or policy preferences, differences in underwriting rules, cost differences, or expectations about future interest rates?	Since 2000, the UK market has shifted towards fixed-rate mortgage lending. Before the global financial crisis, variable and tracker products were more common, partly because Bank Rate was relatively stable, with a peak of 44% of outstanding loans on variable rates. After the financial crisis, and especially during the ultra-low interest-rate period from 2009 to 2021, fixed rates became increasingly attractive. The trend intensified during the Covid era as mortgage rates reached all-time lows. 8% of new lending was on variable rates in Q1 2026. Whilst this remains historically low, it was higher than in previous periods which is likely to reflect some borrowers opting for tracker rates in expectation of falling rates.

What effects does the mix of fixed and variable-rate mortgages have on: ► Households and borrowers (microeconomic) — e.g., borrowing trends, default risk, refinancing activity, housing affordability. ► The wider economy (macroeconomic) — e.g., monetary policy transmission, systemic risk, financial stability. ► If your country is in the euro area and has more floating-rate mortgages than average, did the recent interest rate increases have an outsized impact? What political or regulatory responses followed?	The UK's high share of fixed-rate mortgages cushions households from immediate interest-rate changes, but it also delays the impact. Borrowers are protected while their fixed deal lasts, then face a payment shock when refinancing. This has shaped recent refinancing activity, with many households moving from very low 2020–22 rates onto much higher rates in 2024–26. At a household level, fixed rates support budgeting certainty but can create payment cliffs at maturity and may reduce mobility if early repayment charges apply. Variable-rate borrowers experience monetary policy changes more quickly, benefiting sooner from cuts but facing immediate increases when rates rise. At the macroeconomic level, the dominance of short fixed-rate periods means monetary policy transmission is faster than in countries dominated by long-term fixed mortgages.

Transformation of the spanish mortgage market driven by fixed-rate loans

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1. Introduction

The importance of the mortgage market has historically been notable in Spain, especially in an environment characterized by a strong structural preference for homeownership and low residential mobility compared with other European countries. *Law 2/1981, of March 25*, regulating the mortgage market, marked a milestone in the configuration of the Spanish mortgage system. Its implementation strengthened the regulatory framework governing mortgage activity by defining the financial institutions authorized to operate in this field, promoting the mobilization of mortgage loans through their transformation into security instruments, and regulating the activities of appraisal companies and services regarding mortgages collaterals.

During these years, the predominant financing model revolved around variable-rate loans linked to reference indices, which were usually endogenous ones. Since there was no regulatory framework governing the frequency of interest rate updates, the calculation methodology, or the corresponding review and supervisory mechanisms, market behaviour became more individualistic and random.

2. Historical evolution of the mortgage market structure

2.1. Predominance of variable-rate lending (from 1990s to post real estate crisis period)

In order to promote greater standardisation and transparency in the mortgage market, the *Order of the Ministry of the Presidency of 5 May 1994*, assigned the Bank of Spain the task of defining and publishing the official reference rates applicable to variable-rate mortgage lending. The operational framework for this mandate was implemented through Bank of Spain *Circular 5/1994, of 22 July*.[1]

Regarding the definition of indices, the following reference rates were established as official:

- Average rate on mortgage loans with maturities longer than three years, granted by banks for the purchase of unsubsidized housing (commonly known as IRPH Banks).
- Average rate on mortgage loans with maturities longer than three years, granted by savings banks for the purchase of unsubsidized housing (IRPH Savings Banks).
- Average rate on mortgage loans with maturities longer than three years, granted by all credit institutions for the purchase of unsubsidized housing (IRPH Aggregate).
- Active reference rate of savings banks.
- Internal rate of return in the secondary market for public debt with maturities between 2 and 6 years.
- One-year interbank rate (Mibor).

Under this regulation, the Bank of Spain assumed responsibility for calculating, reporting, and publishing the monthly evolution of these benchmarks. The objectivity of the calculation methodology and the regular publication made unnecessary to individually notify borrowers of interest rate changes, a requirement that had previously applied. As a result, the mortgage review process became more streamlined, while enhancing both transparency and operational efficiency. As well, this framework contributed to the development of a more standardised and robust variable-rate mortgage market, supported by the regulatory and technical oversight of the Bank of Spain.

In practice, this development facilitated the consolidation of variable-rate loans, whose indexation system was based on periodic revisions -typically on an annual or semi-annual basis- linked to the last published value of the reference index specified in the loan agreement. In all cases, the applicable interest rate was determined by adding a fixed contractual spread to the value of the chosen index. This adjustment mechanism remains in place today. However, as discussed later, the structure of the mortgage market has undergone

1 amending Circular 8/1990 of 7 September on the transparency and protection of banking customers.

significant changes both in terms of the composition of new lending and the reference indices used[2].

Among the reference indices established under this regulation, two were particularly relevant: Mibor, which was primarily used by banks, and IRPH Savings Banks, which was closely linked to savings banks and widely used both in the financing of non-subsidised housing and in mortgage loans granted in State Housing Plans under agreements adopted by the Council of Ministers.

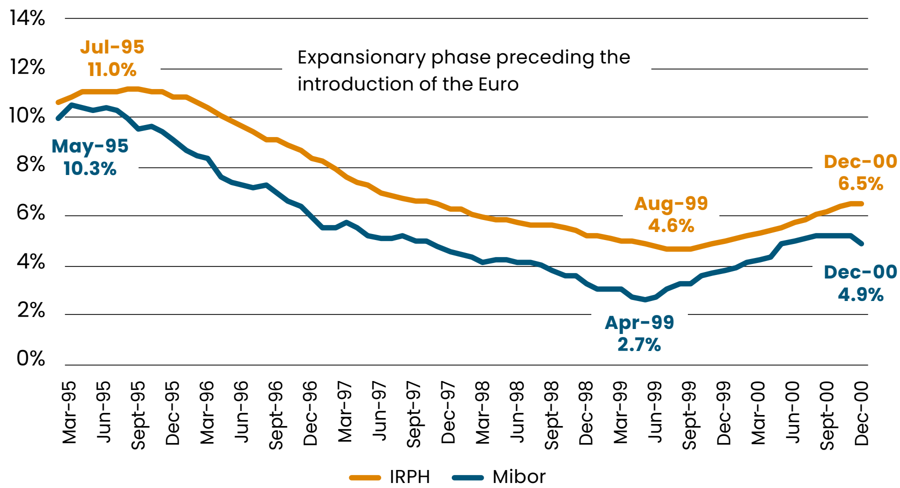
During the mid-1990s, against a backdrop of robust economic growth, strong employment creation, and rising household incomes, both banks and savings banks played a key role in the expansion of mortgage lending and in the developing of the real estate market. This fostered a highly competitive environment in the provision of housing finance. With this context, the substitution between Mibor and IRPH in mortgage contracts was a common practice, typically accompanied by an appropriate spread adjustment to maintain the economic neutrality of the transaction. In an environment characterized by declining interest rates, both indices also contributed to more efficient asset-liability and treasury management within lending institutions.

Years later, following Spain's incorporation into European monetary Union, which culminated in the adoption of the euro in the early 2000s, *Circular 7/1999 of 29 June*[3] led to the replacement of Mibor by Euribor[4], establishing it as the main benchmark index in the Spanish mortgage market from that point onwards. Administered by the European Money Markets Institute (EMMI)[5], this indicator reflects the interest rates at which European financial institutions lend funds to each other for one year on an unsecured basis. Its introduction coincided with a key phase of strong market expansion, during which variable-rate loans represented more than 90% of newly originated mortgage lending operations.

The convergence towards a prolonged period of relatively stable interest rates following the introduction of the euro supported the expansion of mortgage loans indexed to Euribor, although savings banks continued to play a significant role in the market, offering variable-rate loans mainly linked to IRPH.

This mortgage model, largely based on variable-rate loans, enabled credit institutions to operate in an environment in which interest rate risk management was more manageable, as the remuneration of credit assets was more closely aligned with the cost of funding. In this way, the maturity and interest rate mismatch between long-term assets and short-term liabilities was mitigated, particularly for liabilities whose remuneration was largely bound to market conditions. This framework facilitated a more effective transmission of interest rate movements to loan portfolios, thereby supporting more efficient balance sheet management. At the same time, variable-rate mortgages were particularly attractive to borrowers, as they typically offered lower initial instalments and interest rates compared to fixed-rate products.

Chart 1 Monthly quotation of the most widely used reference indices.



Source: Bando de España

2 currently governed by *Circular 1/2021 of 28 January.*

3 amending Circular 8/1990, of September 7, on transparency and consumer protection.

4 Euro Interbank Offered Rate.

5 an international non-for-profit association working for the public good by facilitating the smooth functioning of euro money markets and fostering their further integration. They develop and administer key benchmarks such as the Euribor or, more recently, the Efterm.

In the mid-2000s, in a context where inflationary pressures across major euro area economies were progressively intensifying, while economic and credit growth threatened to overheat activity, the European Central Bank (ECB) began a gradual tightening of monetary policy through successive increases in official interest rates. As a result, key market reference indices rose, leading to an increase in debt-service costs for a significant share of borrowers.

With the global financial crisis of 2008, a particularly pronounced impact was observed on the real estate sector and, by extension, on the Spanish financial system due to its elevated credit exposure to this activity. This situation affected savings banks most severely, many of which were either absorbed by commercial banks or converted into banking institutions under Royal Decree-Laws 11/2010 and 2/2011. This restructuring process contributed to a marked decline in the volume of new mortgage arrangements indexed to IRPH[6].

In parallel, the transparency framework was updated through the adoption of *Order EHA/2899/2011 on transparency and protection of banking services customers*, replacing the previous 1994 regulation. This reform responded to the significant transformation of banking services since the early 1990s, driven by the relevant expansion of credit -especially mortgage lending. It established the obligation for lending institutions to provide customers, in the formats later defined by the Bank of Spain through *Circular 5/2012*, information on the interest rates usually applied and the fees commonly charged in banking services. This circular also updated reference indices in line with prevailing market conditions, establishing the following as official benchmarks:

- Average rate on mortgage loans with maturities longer than three years, granted by credit institutions in Spain for the purchase of non-subsidised housing (IRPH).
- Average rate on mortgage loans with maturities between one and five years, granted by credit institutions in the euro area for the purchase of non-subsidised housing.
- Internal rate of return in the secondary market for public debt with maturities between two and six years.
- One-year interbank reference rate (Euribor).
- Five-year Interest Rate Swap (IRS).
- Mibor, exclusively for mortgage loans formalised before 1 January 2000, in accordance with Article 32 of Law 46/1998 of 17 December on the introduction of the euro.

2.2. Emergence and consolidation of fixed-term loans

In a context of growing risk perception, variable-rate mortgage loans remained clearly predominant. However, a gradual shift towards fixed-rate products began to emerge, particularly through loans incorporating short initial fixed-rate period, a product that had previously been virtually absent from the market.

Nevertheless, it was not until around 2015 that a structural turning point occurred, ultimately reshaping the interest rate composition of the Spanish mortgage portfolio as observed today. This transition coincided with an unusual and prolonged period in money markets of exceptionally low interest rates, as part of the set of unconventional and conventional monetary policy measures deployed by the European monetary authority to support the recovery of euro area economies following the sovereign debt crisis.

Since then, fixed-rate mortgage lending – particularly long-term fixed-rate loans[7] – have steadily gained market share and currently represent the dominant product in gross lending.

The increasing importance of this market segment has enabled credit institutions to reduce commercial uncertainty. At the same time, borrowers have benefited from insulation against interest rate volatility in highly competitive pricing environment with historically low fixed rate offers. Likewise, it has enhanced the predictability into household payment behaviour and reduced the sensitivity of mortgage portfolios to monetary policy cycles. This effect became particularly evident in the recent tightening cycle initiated in 2022, when the ECB responded to the inflationary shock triggered by the war in Ukraine with a rapid increase in policy rates. Within approximately a year and a half, the 12-month Euribor rate moved from negative territory (around -0.5% at end-2021) to above 4% by mid-2023, without translating into a significant deterioration in mortgage asset quality indicators. The residential mortgage non-performing loan ratio increased only marginally, from 2.3% at the beginning of 2023 to 2.6% one year later. This evolution reflected not only relatively solid macroeconomic fundamentals and the support measures available under the existing regulatory framework, but also the structural shift towards fixed-rate lending over the previous decade, which acted as a key mitigating mechanism against the transmission of higher interest rates to households' debt servicing capacity.

6 According to Circular 1/2021 of Banco de España, this rate continues to be an official benchmark and currently constitutes a reference for €6.5 billion of mortgage loans (1% of outstanding mortgage lending)

7 Loans with an initial fixed-rate period exceeding 10 years. In the Spanish market, such loans are typically structured with a fixed interest rate that remains unchanged throughout the entire contractual life of the loan.

During this period of monetary tightening, although long-term fixed-rate mortgages remained the predominant product, accounting for around half of new originations, there was a temporary resurgence in short and medium-term fixed-rate mortgage lending. These products emerged as an alternative for households seeking an initial period of payment stability while anticipating that interest rates hikes would be transitory and that financial conditions would subsequently ease. This trend, however, proved to be temporary.

Since 2024, supported by a context of more accommodative financial conditions, this segment has lost momentum, declining from 35% of new lending in 2023 to around 15% at present. By contrast, long-term fixed-rate mortgages currently account for close to 80% of new production, while variable-rate loans have reduced their share significantly to approximately 7% of new originations.

With regard to the latter segment, it should be noted that *Circular 1/2021 of 28 January* incorporated the Euro short-term rate (€STR)[8] as a new official reference index in the Spanish market and extended the range of permissible maturities beyond the one-year horizon[9] for Euribor. It also introduced the possibility of using alternative general interest rate indices, subject to determination by the competent authority. In any case, these changes have had a negligible impact on new lending as the 12-months Euribor has remained the main benchmark for variable-rate mortgage loans.

3. Summary conclusions and outlook

As evidenced throughout this publication, the current composition of the mortgage market is the result of the profound transformation experienced over recent decades, shaped by the interaction between monetary policy developments, regulatory changes, household preferences for payment stability, and the strategic responses of lending institutions in managing balance sheets risk across economic cycles.

As shown in **Table 1**, and by way of summary, for more than two decades the Spanish mortgage market was clearly dominated by variable-rate mortgages. In these products interest rate adjustments were determined by the evolution of the relevant reference index -whether upward or downward- according to the review frequency established in the contract, typically on an annual or semi-annual basis.

Since the development of the *Ministry of the Presidency Order of 5 May 1994* aimed at enhancing transparency and harmonising the conditions of variable-rate mortgage loans, the market acquired greater robustness and consistency. Under this framework, variable-rate loans rely on reference indices defined and published monthly by the Bank of Spain, in accordance with the transparency and consumer protection provisions applicable at each point in time.

During the 1990s and 2000s, Mibor and, subsequently, Euribor played a pivotal role as market benchmarks indices, while IRPH maintained a significant presence, particularly within savings banks segment.

However, the prolonged period of ultra-accommodative financial conditions promoted by the ECB since 2015, characterised by exceptionally low interest rates, triggered a structural shift in mortgage financing. Credit institutions strengthened their fixed-rate loan offerings as part of their commercial strategies, while households increasingly favoured the financial stability associated with fixed-rate borrowing.

As a result, Spain has transitioned within a relatively short period from a mortgage market predominantly based on variable-rate lending to one in which fixed-rate mortgages, especially long-term fixed-rate loans, prevail. This transformation has strengthened households' debt-servicing capacity during periods of heightened interest rate volatility, such as that experienced in 2022, thereby contributing to the preservation of credit quality within the mortgage system.

While future developments will depend on monetary, macroeconomic, and bank's strategic decisions, available evidence suggest that fixed-rate mortgages will continue to play a prominent role in the Spanish mortgage system, consolidating one of the most significant structural shifts observed in recent decades and supporting financial stability.

8 This rate is determined and published on a daily basis by the European Central Bank (ECB), pursuant to the methodology set out by Guideline ECB/2019/19 of 10 July 2019. This reference is not commonly used in mortgage contracts.

9 One week, one month, three months and six months.

Table 1 Summary of milestones in gross mortgage lending composition

Period	Economic Context	Monetary Policy / Interest Rates	Mortgage market		
			Variable rate	Short and medium term fixed rate	Long term rate
1990-2002	Disinflation, convergence towards Monetary Union and adoption of the euro	Gradual decline in interest rates	Almost complete dominance of variable-rate mortgages		
2003-2008	Economic expansion and housing boom	Gradual monetary tightening by the ECB from 2005 onwards	89%	9%	1%
2009-2014	Global financial crisis and European sovereign debt crisis	Monetary easing and interest rate cuts	78%	21%	1%
2015-2019	Economic recovery and low inflation	Highly accommodative monetary policy (near-zero or negative interest rates)	45%	31%	24%
2020-2022	COVID-19 pandemic	Ultra-accommodative monetary policy	28%	19%	53%
2022-2024	High inflation and energy crisis	Rapid monetary tightening	15%	33%	52%
2025-early 2026	Moderating inflation and economic growth	Beginning of a gradual interest rate cutting cycle	8%	17%	76%

Bulgaria's Euro Adoption and Its Impact on the Mortgage and Housing Markets

by: Petar Ivanov, Principal Associate | Financial Services (Bulgaria) | Eversheds Sutherland

Introduction - Bulgaria's Path to the Euro

On 1 January 2026, Bulgaria officially adopted the euro as its national currency, becoming the 21st member of the euro area. The irrevocably fixed conversion rate was set at EUR 1 = BGN 1.95583, a rate that had already anchored Bulgarian monetary policy for over 25 years through the country's currency board arrangement introduced in 1997 and initially tying the rate of the Bulgarian lev to the Deutsche Mark. In practical terms, the changeover involved the automatic statutory conversion of all BGN-denominated claims and instruments - including the country's overwhelmingly BGN-denominated mortgage stock and deposit base - into euro at the fixed rate.

The significance of this step extends well beyond the mechanics of currency conversion. Bulgaria entered the euro area with one of the EU's most dynamic housing and mortgage markets: house prices had risen by roughly 157% between 2015 and the end of 2025, new residential lending had expanded from just over EUR 1 billion in 2016 to EUR 7.1 billion in 2025, and mortgage interest rates had fallen to their all-time lows. At the same time, the country faced structural challenges- a widening fiscal deficit after decades of championing fiscal discipline, which prompted the European Commission to recommend an excessive deficit procedure in the spring of 2026, and an economy navigating the transition from a domestically driven credit cycle to an interconnectedness with the Eurosystem monetary policy.

Impact on Mortgage Interest Rates

Bulgaria entered the euro area with mortgage interest rates that were among the lowest in the European Union. As of Q4 2025, the average interest rate on new BGN-denominated housing loans stood at 2.47%, near its all-time low. By April 2026, the average rate on new housing loans was 2.45% showing only marginal downward movement compared with a year earlier.

The persistently low-rate environment in Bulgaria has been a product of the country's distinctive monetary and banking structure. Under the currency board mechanism, the Bulgarian National Bank (BNB) had no conventional monetary policy tools: it could not set policy rates or conduct open market operations. Instead, rates were driven primarily by excess liquidity within the Bulgarian banking sector, where deposit funding – equivalent to approximately 84% of GDP and 84% of banking assets at end-2025 – kept banks' cost of funds exceptionally low. The overwhelming majority of mortgage loans (typically around 99% of new loans in any given year) carried floating rates, typically referenced to the average interest rate on consumer deposits in the Bulgarian banking system – a benchmark that, in the absence of an official BGN money-market rate, served as a de facto pricing anchor.

This contributed to the stable decrease of mortgage rates in Bulgaria even in the wake of the economic shock caused by the COVID 19 pandemic and later on during ECB's aggressive tightening cycle in 2022–2023.

Euro adoption could potentially result in a structural shift in this framework. The BNB is now a full participant in the Eurosystem's monetary policy, and Bulgarian bank counterparties can access ECB open market operations. Over the medium term, it is not unlikely that Bulgarian banks could begin to migrate towards Eurozone-standard reference rates – notably EURIBOR – for the pricing of new and refinanced mortgage loans, replacing the domestically calculated deposit-rate. Such a transition would have the potential to make Bulgarian mortgage rates more responsive to ECB policy rate changes, a transmission mechanism that has historically been very weak.

In the near term, however, a sharp increase in mortgage rates appears unlikely. The Act on the Implementation of the Euro in the Republic of Bulgaria included transitional consumer-protection provisions stipulating that interest rates on converted BGN loans may not increase as of the date of euro adoption, and that interest rates on BGN deposits – which served as the pricing reference – may not decrease. These provisions serve as a statutory floor against abrupt repricing. Moreover, the structural excess liquidity in the Bulgarian banking system – which, if anything, was augmented by the significant reduction in mandatory minimum reserves from 12% to the Eurosystem's 1%, releasing an estimated EUR 7–8 billion in freed-up capital - means that competitive dynamics among banks may continue to support low rates in the short to medium term. This corresponds to the public positions of major banks, which have not signaled an intention to switch to any of the more sensitive Eurozone reference rates.

Nevertheless, market participants should be attentive to the prospect of gradual convergence. Interest rates in the broader euro area have been materially higher than Bulgarian domestic rates, and a progressive alignment would imply upward pressure on Bulgarian borrowing costs, particularly should the market transitions to EURIBOR-linked products.

Housing Market Dynamics

The Bulgarian housing market entered 2026 on the back of an exceptionally strong 2025. New residential lending grew by more than 30% to EUR 7.1 billion, building permits reached a record high of 8,850 – the highest since 2007/2008 – and the national house price index (HPI) averaged 249.2% of its 2015 base, up from 217.5% in 2024. Sofia registered its highest number of real estate transactions since 2008.

Much of the demand in 2024–2025 was driven by a combination of favourable mortgage conditions, strong wage growth (average wages increased 11% year-on-year in Q4 2025), and a powerful behavioural driver: the anticipation of euro adoption itself. Fear of post-changeover inflation and a long-standing cultural preference for housing as a "safe haven" asset accelerated purchasing decision, leading to "buying frenzy" in the quarters immediately preceding the switch.

The first quarter of 2026 has brought early signs of normalisation. Real estate transactions in Q1 2026 declined by 15.5% compared with Q1 2025 and buyer decision horizons have lengthened considerably, with the compressed transaction timelines observed during the pre-adoption peak – when properties were routinely absorbed within weeks or even days of listing – giving way to a more deliberate purchasing process spanning several months.

This post-adoption demand pause is consistent with patterns observed in other CEE economies following euro accession, where front-loaded pre-adoption purchasing is subsequently followed by a period of normalisation.

Credit Availability and Lending Standards

Despite the moderation in housing market activity, mortgage lending volumes have continued to grow in absolute terms. In Q1 2026, the amount of new mortgage loans increased 17.6% compared with Q1 2025 to EUR 1.6 billion, and by April 2026 the total value of outstanding housing loans reached EUR 19.6 billion. The mortgage market's loan-to-GDP ratio has risen from 6.8% in 2016 to an estimated 15.8% in 2025, although this remains very low by European standards.

On the supply side, the BNB had already taken macroprudential action ahead of euro adoption. In October 2024, the BNB introduced borrower-based measures consisting of a maximum loan maturity of 30 years, an LTV ceiling of 85%, and a debt-service-to-income ratio at origination (DSTI-O) of 50%. These measures appear to have contributed to a moderation of lending growth in early 2025, although the market subsequently regained momentum through the remainder of the year.

Credit standards for loans to households for house purchase remain largely unchanged. This stability reflects the overall robustness of the Bulgarian banking system, i.e. its very high liquidity, well-capitalised balance sheets, and a housing NPL ratio that had fallen to 0.73% (EUR 133.6 million) of all outstanding mortgage loans in 2025, down from 1.0% in 2024. This benign credit quality picture provides comfort, although the rapid pace of credit growth in preceding years and the dynamic geopolitical and economic environments warrant ongoing vigilance.

Foreign Investment and Cross-Border Capital Flows

Euro membership is expected to serve as a catalyst for increased foreign investor activity in the Bulgarian real estate market over time, even if the immediate effects in the first months of 2026 remain modest.

Euro adoption removes one of the principal barriers to cross-border real estate investment in Bulgaria – currency risk. Although the Bulgarian lev had been pegged to the euro at a fixed rate since the introduction of the single currency, a currency board is not the same as monetary union, and the residual convertibility risk – however theoretical – had deterred some institutional and retail investors. Full eurozone membership eliminates this friction entirely, simplifies banking flows, and places Bulgarian real estate on an equivalent footing with euro denominated assets across the Eurozone.

Several structural factors underpin the investment case. Bulgaria's flat 10% personal and corporate income tax rate is one of the lowest in the EU, whilst Sofia's average residential prices of approx. EUR 2,500 per square metre remain attractive compared to most other euro-area capitals. Around 70% of government debt and a significant share of corporate debt were already denominated in euro prior to adoption, and more than 90% of property listings in Bulgaria were already denominated in euros by convention. For institutional investors, for whom euro denomination is frequently a prerequisite for portfolio allocation, the elimination of any residual convertibility risk makes Bulgarian real estate a more straightforward component of a euro-denominated asset strategy.

Risks and Vulnerabilities

Several risks merit attention. Fiscal sustainability has emerged as a near-term concern. The European Commission's Spring 2026 Economic Forecast projects Bulgaria's general government deficit at 4.1% of GDP in 2026 and 4.3% in 2027, well above the EU's 3% threshold. The Commission has accordingly recommended the opening of an excessive deficit procedure – an awkward development for a country barely six months into euro-area membership. Controlling the deficit has been declared a priority by the new Bulgarian government, which took office following parliamentary elections in April 2026. The fiscal consolidation required could dampen domestic demand and, by extension, housing market activity.

Further, the release of mandatory reserves – from 12% to the Eurosystem's 1% – has freed a substantial pool of liquidity (estimated at EUR 7–8 billion) that could, in principle, be channelled into credit expansion, including mortgage lending. Whilst accelerated credit expansion is generally considered unlikely – arguing that banks already had excess liquidity – the risk that some liquidity may eventually flow into lending and further propel household credit remains, thus adding to housing market pressures. The BNB's macroprudential toolkit, including borrower-based measures, will be critical in managing this risk.

Affordability constraints are also becoming more pronounced. House prices have risen substantially faster than incomes in recent years: the national HPI increased by 157% between 2015 and end-2025, and affordability pressures are most acute in Sofia, where the average wage is approximately 40% above the national average but prices have risen commensurately. The BNB has noted that, notwithstanding these increases, higher household incomes and low real interest rates have thus far sustained housing affordability in aggregate terms. However, should interest rates converge upward towards euro-area averages or wage growth decelerate – as expected – the affordability equation could shift.

Finally, there is an emerging inflation risk. Bulgaria was recorded as having the highest inflation in the Eurozone in May 2026 (6.3%) and second highest in the EU (after Romania – 9.7%). Should these high levels persist, they could undermine the real returns on housing investment and squeeze household budgets, while simultaneously making it more difficult for the ECB to accommodate the rate environment that has sustained Bulgarian mortgage affordability.

Conclusion - Outlook and Key Takeaways

Bulgaria's entry into the euro area represents a structural transformation for its mortgage and housing markets. In the near term, the transition has been orderly: mortgage rates remain near historic lows, the statutory consumer-protection framework has prevented abrupt repricing, and the housing market appears to be entering a welcome phase of normalisation after the euphoria-driven peak of 2025.

Over the medium term, however, euro adoption introduces new dynamics that market participants must navigate. A possible migration from deposit-rate-based floating mortgages to EURIBOR or other ECB standard rates referenced products will strengthen the transmission of ECB monetary policy to Bulgarian borrowing costs – an alignment that could mean higher rates during periods of Eurozone tightening. The release of substantial bank reserves creates both opportunities (deeper capital markets, greater lending capacity) and risks (credit-fuelled overheating). Cross-border capital flows are likely to increase, supported by the elimination of currency risk and Bulgaria's relative affordability within the euro area, but this could exacerbate price pressures in an already heated market.

The macroprudential measures introduced by the BNB in late 2024, the fiscal consolidation required under the excessive deficit procedure, and the continued monitoring of credit standards will be central to ensuring that euro adoption delivers its long-term benefits – greater financial stability, deeper market integration, and enhanced investor confidence – without sowing the seeds of a future correction.

For mortgage lenders, investors, and policymakers alike, the key message is one of cautious optimism: Bulgaria's housing market fundamentals are sound, but the post-adoption period will test whether the country's institutional framework is sufficiently robust to manage the pressures that full monetary integration inevitably brings.

Overview of the European mortgage and housing markets Q1 2026

by: Sage Douglas, Research & Data Adviser, EMF-ECBC

The first quarter of 2026 highlighted both the resilience and diversity of Europe's mortgage and housing markets. While the easing of monetary policy supported lending activity in many countries, the effects of changing interest rates continued to differ across markets depending on their mortgage structures. In this edition, alongside the usual national market updates, we examine the balance between fixed- and variable-rate mortgages and the implications this has for borrowers, lenders, housing markets and monetary policy transmission. Drawing on contributions from national experts across Europe, this review explores how different mortgage systems responded to the recent interest-rate cycle and how borrower preferences continue to evolve.

Mortgage lending across the EMF sample continued to recover in Q1 2026, although the pace of expansion differed between markets. The largest volumes of new lending were recorded in France and the Netherlands, both exceeding EUR 40 bn during the quarter, while Poland remained one of Europe's most active mortgage markets with lending above EUR 24 bn. In Belgium, gross residential mortgage lending increased from EUR 9.1 bn in Q1 2025 to EUR 10.1 bn in Q1 2026, despite some moderation noted in the national chapter. Cyprus recorded one of the stronger annual increases in the sample, with lending rising from EUR 473 mn to EUR 478 mn following an exceptionally active 2025.

Refinancing activity also featured prominently in several markets. Poland reported refinancing equivalent to around 28% of new lending, illustrating how lower interest rates and changing borrower expectations continue to influence mortgage demand. Overall, the quarter suggests that lending activity has broadly adjusted to the post-tightening environment, although housing affordability and supply constraints continue to influence national developments.

House prices continued to increase across most European markets during Q1 2026, although growth rates remained uneven. Ireland recorded annual house-price growth of 6,5%,

Chart 1 Gross Residential Mortgage Lending (million EUR)

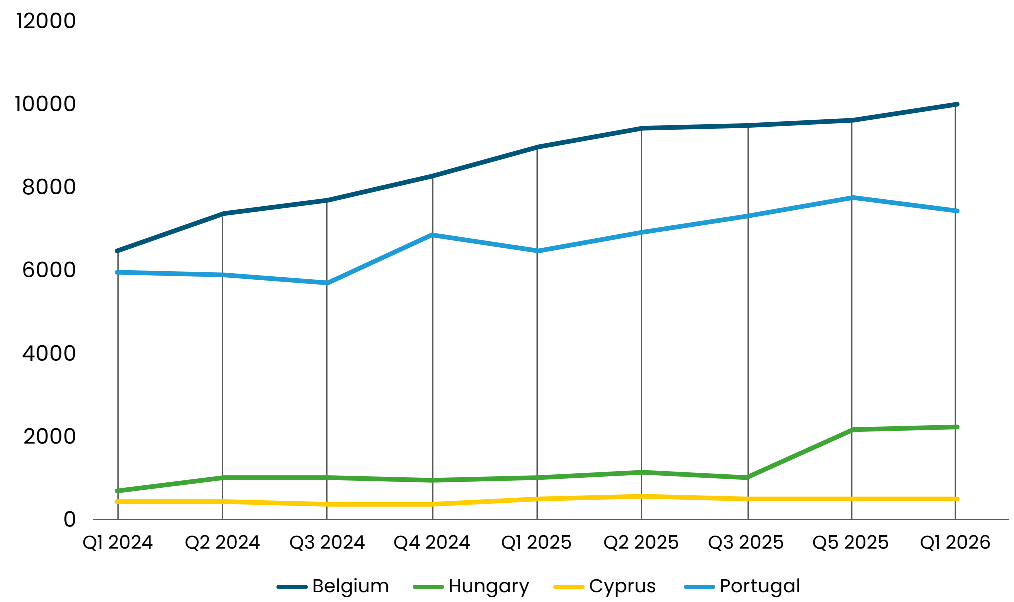
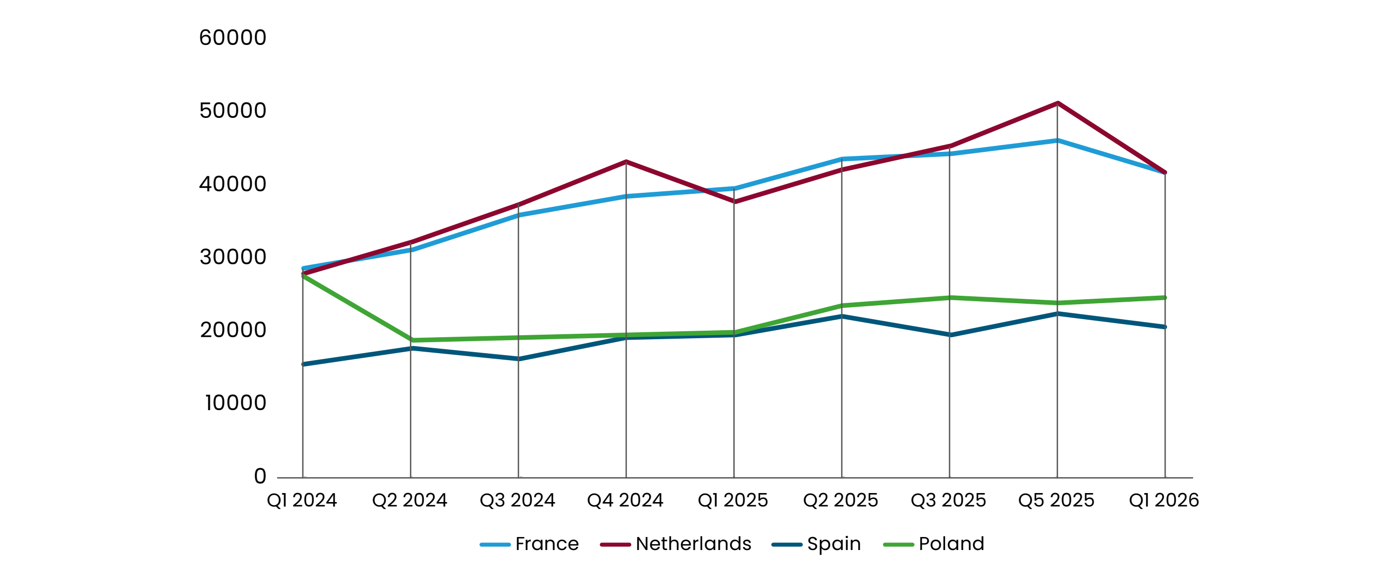


Chart 2 Gross Residential Mortgage Lending (million EUR)

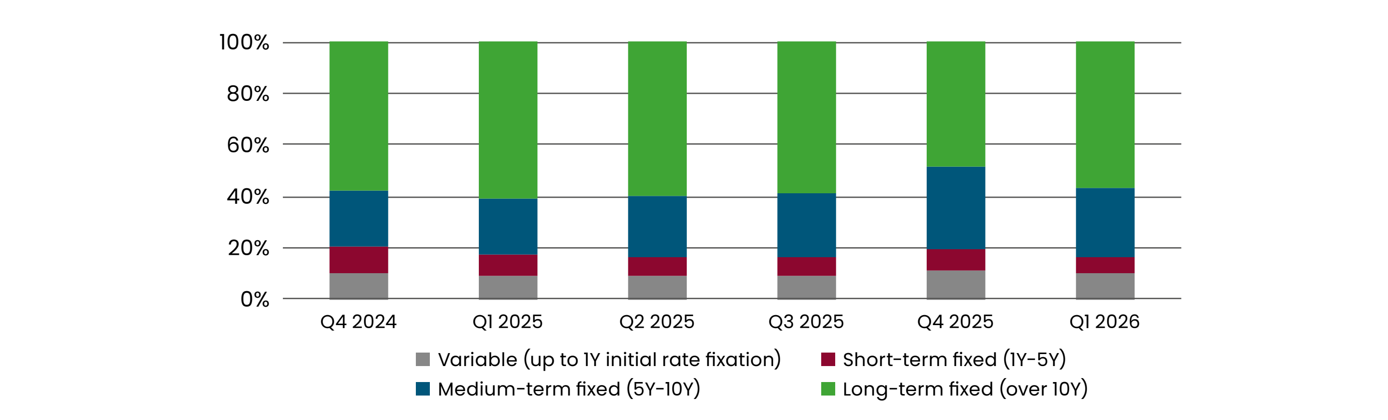


while Belgium reported growth of 7,6%, broadly in line with the elevated levels observed throughout 2025. Several Central and Southern European markets continued to record stronger rates of appreciation. Hungary, Portugal and Spain remained among the markets experiencing the greatest upward pressure on prices, reflecting a combination of resilient demand and limited housing supply. A recurring theme across the country reports is the persistence of supply constraints. Falling building permits, subdued construction activity and planning bottlenecks were reported in several markets.

Mortgage interest rates continued to decline across Europe during Q1 2026, although differences remain between markets. Borrowing costs were generally highest in Central and Eastern Europe. In Poland, average mortgage rates fell from around 7,9% in Q1 2025 to 5,9% in Q1 2026, while Romania recorded rates close to 5,7%. In contrast, rates in several Western and Northern European markets were lower. Belgium's average mortgage rate declined from around 3,7% to 3,3% over the year, while France remained close to 3,2%. Sweden and Finland continued to report some of the lowest borrowing costs in the sample, reflecting both declining benchmark rates and the rapid transmission associated with their mortgage-market structures.

The country chapters indicate that borrower expectations are increasingly influencing mortgage choices. In Czechia, borrowers have moved towards shorter fixation periods in anticipation of further rate reductions, while Poland has seen increased refinancing activity following monetary-policy easing. Meanwhile, fixed-rate markets such as Belgium, France and the Netherlands continue to experience a slower transmission of interest-rate changes, with most of the impact concentrated among new borrowers rather than existing households.

Chart 3 Mortgage Markets Breakdown by Interest Rate Type (%) - New Loans



*Aggregated using selected European countries

One of the most enduring debates in mortgage finance concerns the role of fixed or variable interest rates. Across Europe, there is no single model. Fixation periods vary from one country to another, prepayment rules differ between countries, and variable rates may be linked to market benchmarks, central-bank rates or lender-specific reference rates. In this edition, we explore how European mortgage markets have approached the question of whether to fix or not to fix, and how these choices continue to shape housing finance across the continent.

The recent interest-rate cycle has also prompted borrowers across Europe to reassess interest-rate risk. In several countries, demand has shifted towards fixed-rate or mixed-rate products, while in others borrowers have increasingly favoured shorter fixation periods in anticipation of further rate reductions. Approaches to early repayment likewise vary between national markets, influencing refinancing activity and borrower mobility. Drawing on responses from national experts, this edition also explores how households, lenders and policymakers have responded to changing interest-rate expectations and what these developments may imply for the future evolution of European mortgage markets.

The first quarter of 2026 demonstrated both the resilience of European mortgage markets and the importance of mortgage-market structure in shaping economic outcomes. Lower interest rates have supported a recovery in lending activity across much of Europe, while house prices have continued to rise.

At the same time, the recent interest-rate cycle has reinforced the significance of how interest-rate risk is distributed between borrowers and lenders. Fixed-rate markets have generally insulated households from immediate payment shocks, while variable-rate systems have transmitted monetary-policy changes more rapidly through household budgets and housing demand.

The diversity of mortgage market structures across Europe reflects differing national preferences, institutional frameworks and historical developments. At the same time, discussions across the continent increasingly focus on the balance between payment stability, affordability and financial flexibility. As monetary conditions continue to normalise, the structure of Europe's mortgage markets are likely to continue to influence both housing-market performance and the effectiveness of monetary policy across the continent.

Country fact Sheet

by: Alissa Lefebre, ING Belgium

BELGIUM

MORTGAGE MARKETS

Market Developments:

The first quarter of 2026 was characterised by a weaker Belgian mortgage market compared to the same period in 2025. Following a strong recovery in residential real estate activity throughout 2025, mortgage volumes declined by 12% year-on-year in Q1 2026.

This moderation follows a year of particularly strong market dynamics. In 2025, activity in the residential real estate market surged, supported by several regulatory measures that improved affordability for homebuyers. Registration duties were reduced in both Flanders (from 3% to 2%) and Wallonia (from 12,5% to 3%), lowering upfront acquisition costs. At the same time, the easing of the renovation obligation in Flanders increased the attractiveness of less energy efficient properties. In addition, the extension and broadening of the reduced VAT rate of 6% for demolition and reconstruction stimulated new construction activity by reducing building costs. Despite a gradual increase in long-term interest rates during the year, demand for home purchases and renovations remained strong, and transaction volumes stayed elevated.

For 2026, mortgage data points to a softening of momentum. Given that mortgage approvals typically take place between the signing of the purchase agreement and the notarial deed, mortgage production tends to act as a leading indicator for future transaction volumes and price dynamics. In this respect, the recent decline suggests that the strong market conditions observed in 2025 may not fully carry over into 2026.

HOUSING MARKETS

Housing Supply:

In 2025, the number of building permits continued to decline, in line with the downward trend observed in recent years. The total number of permits was 3% lower than in 2024, following earlier drops of 9% y-o-y in 2023 and 8% y-o-y in 2024. This decline was also visible in residential construction, where housing permits decreased by a further 4% y-o-y in 2025. There are, however, notable differences between housing types. For single family homes, permits declined sharply in 2023 (12% y-o-y) and 2024 (16% y-o-y), but stabilized in 2025 with a slight increase of 1% y-o-y. For apartments, the decline became more pronounced over the years. After a limited decrease in 2023 (3% y-o-y), permits dropped more strongly in 2024 (11% y-o-y) and declined again by 7% y-o-y in 2025. As a result, the share of apartments in total housing permits fell to 55% in 2025, compared to 56% in 2023 and 57% in 2024.

These developments stand in contrast with demographic trends. According to projections by the Federal Planning Bureau, the number of households is expected to increase by around 422.500 by 2040. Around 71% of this increase will consist of single person households, implying a rise of roughly 16% compared to 2025. At the same time, 69% of the current housing stock still consists of houses. This suggests that additional, smaller and more affordable housing units, typically apartments, will be needed to better align supply with evolving demand and to limit growing imbalances in the housing market.

After several years, the decline in building permits appear to have bottomed out in 2025, a trend that is confirmed by early data for 2026. In the first two months of 2026, the number of residential construction permits increased by 4% y-o-y. This increase was, however, entirely driven by single family homes (+17% y-o-y), while permits for apartments continued to decline (8% y-o-y).

House Prices:

Each quarter, STATBEL, the Belgian statistical office, publishes the house price index in line with European methodology. In Q4 2025, annual house price inflation stood at 3,5% y-o-y, slightly down from 3,7% y-o-y in the previous quarter. On a q-o-q basis, prices increased by 0,5% compared to Q3 2025. Over the full year, average house price inflation amounted to 3,2%. Data for 2026 have yet to be published.

Price dynamics differ across segments of the housing market. In Q4 2025, annual inflation reached 3,9% y-o-y for existing dwellings, compared to 2,5% y-o-y for new dwellings. Given their larger weight in the index (70,4% for existing dwellings versus 29,6% for new dwellings), developments in the existing housing market continue to drive overall price trends to a significant extent. The relatively stronger price growth for existing housing may partly reflect the regulatory changes that were implemented in 2025.

Over the past decade, the house price index has shown that prices in Belgium have risen steadily, with little to no downward corrections. Between 1990 and 2024, Belgian house prices declined in only two years, far less frequently than in most other European countries.

Country fact Sheet

by: Alissa Lefebre, ING Belgium

BELGIUM

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	335.404,79	337.845,30	340.245,76	342.780,13	345.530,16	349.500,72	352.300,91	355.647,24	357.780*
Gross Residential Mortgage Lending (million EUR)	6.544	7.450	7.757	8.365	9.083	9.521	9.567	9.711	10,096
House Price Indices (2015 = 100)	139,36	138,96	141,16	142,18	143,08	142,94	146,32	147,10	n/a
Mortgage Interest Rates (%, weighted average)	3,4	3,44	3,39	3,21	3,07	3,19	3,30	3,40	3,45
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,23	5,24	4,92	4,61	4,38	4,19	4,10	4,18	4.13
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,70	4,53	4,31	4,00	3,86	3,88	3,78	3,72	3.67
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,40	3,23	3,30	3,08	2,99	3,06	3,19	3,17	3.25
Long-term initial fixed period rate, 10-year or more maturity (%)	3,23	3,15	3,09	2,89	2,88	3,08	3,22	3,33	3.34
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	0,4	0,66	1,14	1,35	2,01	2,04	1,87	2,23	1.30
Short-term fixed (1Y-5Y initial rate fixation)	0,6	0,51	0,60	0,60	0,72	1,38	2,12	3,59	2.50
Medium-Term fixed (5Y-10Y initial rate fixation)	2,9	3,20	3,42	3,37	2,99	3,84	5,44	8,08	11.70
Long-Term fixed (over 10Y initial rate fixation)	96,2	95,63	94,84	94,68	94,28	92,74	90,57	86,10	84.50

Country fact Sheet

by: Petar Ivanov, Eversheds Sutherland

BULGARIA

MORTGAGE MARKETS

Market developments:

In Q1 2026 gross residential lending amounts increased to EUR 1.620 mn, which is an approximately 25% decrease q-o-q and an approximately an 18% increase y-o-y. The decrease in activity compared to Q4 2025 is expected due to the end of the year rush to close deals before Bulgaria's entry in the Eurozone on 1 January 2026. The share of refinanced loans remained largely unchanged compared to previous quarters (at 22%).

Thus, by the end of Q1, the total amount of outstanding mortgages stood at approximately EUR 19.3 bn (a 30% increase y-o-y). After adopting the euro on January 1, 2026, Bulgaria's banking sector will gradually align with the monetary policy of the European Central Bank, which – over the medium term – could make interest rates on bank loans more dependent on developments in the Eurozone. In this context, it is expected that interest rates will converge with interest rates in the Eurozone over the medium and long term. Combined with ongoing inflationary pressures and wider geopolitical uncertainty, this could reduce housing affordability and lead to a moderation in mortgage demand, potentially slowing the growth of the mortgage loan market.

HOUSING MARKETS

Housing Supply:

In Q1 of 2026 housing starts have decreased from 1.783 in Q4 2025 to 1.649, as did the number of housing completions, which fell to 1.241 (from 1.809 in Q4 2025 and 1.314 in Q1 2025). The number of issued housing construction permits has also slightly decreased to 2.302 (from 2.425 in Q4 2025 and 2.084 in Q1 2025).

Overall, these results, although somewhat weaker compared to the end of 2025, remain stable and correspond to the robust performance of the mortgage market in Q1 2026.

House Prices:

House prices at the national level have increased by approximately 6% compared to Q4 2025, with an annual growth of approximately 14% compared to Q1 2025. While the overall growth corresponds to the overall trend of increasing house prices over the past decade, the comparatively modest change q-o-q may signal a peak in housing prices.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	11.808,30	12.495,23	13.211,64	14.099,75	14.833,88	16.044,88	17.157,41	18.303,85	19.268,21
Gross Residential Mortgage Lending (million EUR)	1.177	1.371	1.381	1.459	1.377	1.754	1.835	2.154	1.620
House Price Indices (2015 = 100)	206	214	222	228	237.55	246.65	256.01	256.71	259.86
Mortgage Interest Rates (%, weighted average)	3,06	3,02	3,09	2,80	2,89	2,85	2,55	2,47	2,46
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,05	3,02	3,06	2,78	2,89	2,85	2,54	2,47	2,45
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,25	n/a	3,71	3,87	2,87	3,56	2,94	3,03	2,97
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	n/a	n/a	4,07	n/a	n/a	n/a	n/a	3,03	2,53
Long-term initial fixed period rate, 10-year or more maturity (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,24	2,51
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	98,90	99,40	99,20	98,60	99,60	99,70	99,60	99,45	99,41
Short-term fixed (1Y-5Y initial rate fixation)	1,00	0,60	0,70	1,40	0,40	0,30	0,40	0,52	0,57
Medium-Term fixed (5Y-10Y initial rate fixation)	0,10	n/a	0,10	0,00	n/a	n/a	0,01	0,01	0,01
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0,02	0,01
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	98,9	99,4	99,2	98,6	99,6	99,7	99,6	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	1	0,6	0,7	1,4	0,4	0,3	0,4	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	0,1	n/a	0,1	0	n/a	n/a	0,01	n/a	n/a

Country fact Sheet

by: Dr. Nektarios Michail, Bank of Cyprus

CYPRUS

MORTGAGE MARKETS

Market developments:

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

HOUSING MARKETS

Housing Supply:

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

House Prices:

House prices continued to increase over the past year and quarter, reflecting the significant GDP growth rates in Cyprus, which was aming the highest in Europe in 2024 and 2025, as well as the previously-mentioned population increase mostly due to net migration. At the same time, this also reflects the continuous inflow of foreign funds in the economy, and in particular for real estate developments, even though to a smaller extent than in the previous years, as housing yields have declined.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	8.652	8.669	8.672	8.795	8.674	8.774	8.813	8.693	8.626
Gross Residential Mortgage Lending (million EUR)	386	373	352	366	473	554	495	471	478
House Price Indices (2015 = 100)	95,0	96,6	97,4	97,8	99,6	101,1	102,3	104,7	n/a
Mortgage Interest Rates (%, weighted average)	5,02	4,58	4,59	4,62	4,38	3,85	3,8	3,79	3,67
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,20	3,44	3,37	3,14	3,12	3,42	3,32	3,13	3,16
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,95	4,02	4,07	4,08	4,20	4,07	3,76	3,56	3,44
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,53	4,64	4,65	4,46	4,16	3,83	3,64	3,53	3,49

Country fact Sheet

CZECHIA

by: Jaromír Šindel and Martin Kotek, Czech Banking Association

MORTGAGE MARKETS

Market developments:

In Q1 2026, mortgage loan sales in Czechia grew by 59% year-on-year (+14% quarter-on-quarter), while remortgaging increased by 121% (+18% quarter-on-quarter). The share of remortgaging in total mortgage sales reached 18%.

New and extended mortgages increased by 14% quarter-on-quarter and by 50% year-on-year, driven by several factors: (i) front-loading ahead of tighter macroprudential measures for so-called investment mortgages which became effective on 1 April 2026, (ii) falling interest rates in January and February, and (iii) continued strong wage growth and economic performance. Demand was also supported by borrowers seeking to avoid a potentially higher interest-rate environment in March following the Middle East conflict, which pushed interest-rate swap curves higher.

The larger share of refinancing reflects the maturing fixed-rate periods of the large mortgage wave originating during the low-interest-rate environment of 2021, as well of mortgages originated in 2023 and 2024, when fixation periods became substantially shorter. This second factor is expected to strengthen further in 2027–2028.

REGULATION & GOVERNMENT INTERVENTION

The negative impact of the Middle East conflict is already visible in interest-rate developments. After three years of a gradual decline from the peak reached at the end of 2022, mortgage rates have started to increase moderately. This development is likely to partially cool demand for housing finance in the coming months.

The government continued preparations for a revised subsidy scheme under its green renovation programme during the first quarter. The final version was unveiled in May. Under the new design, direct grants will be available only to lower-income households, while interest-rate subsidies will cover the full interest cost instead of only half, as was the case under the previous scheme.

This programme may lower demand for renovation-related mortgages in the second half of the year.

The government is also considering mortgage interest subsidies. However, implementation is not expected before 2027, as additional housing supply measures are considered necessary to mitigate potential upward pressure on house prices.

HOUSING MARKETS

Housing Supply:

Construction activity surprised on the upside in the first quarter, mainly due to stronger housing starts despite the continued weakness in building permits.

However, the Middle East conflict has increased price expectations within the construction sector, which could eventually lead to volume extension of already provided mortgages later this year if construction prices rise significantly.

The relatively low number of building permits, although slightly higher than in 2025, together with labour shortages in the construction sector and higher energy prices, remain the main downside risks to housing supply this year.

House Prices:

In the first quarter of 2026, asking prices of apartments increased by 2,7% quarter-on-quarter.

Although the housing market has cooled somewhat compared with the sharp price increases observed last year, price growth remains above average and is insufficient to significantly improve housing affordability as measured by the ratio of house prices to household income.

Regional markets continue to outperform Prague, where a gradual moderation in annual price growth remains visible. Overall year-on-year growth in apartment asking prices slowed to 12,9%, compared with 16–18% during 2025.

Realised apartment prices increased by approximately 15–16% over the past year, exceeding the 10,4% increase recorded by the overall house price index.

The continued rise in average mortgage loan amounts represents an upside risk to housing prices.

Country fact Sheet

by: Jaromír Šindel and Martin Kotek, Czech Banking Association

CZECHIA

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	65.322	66.807	67.218	68.359	69.855	71.736	74.558	76.377	77.86
Gross Residential Mortgage Lending (million EUR)	1.605	2.494	5.722	5.180	5.599	7.161	7.487	7.926	9.35
House Price Indices (2015 = 100)	214,2	219,9	224,1	230,2	235,6	242,9	248.9	254,0	n/a
Mortgage Interest Rates (%, weighted average)	5,51	5,19	5,12	4,96	4,81	4,68	4,59	4,54	4,52
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,94	5,45	5,39	5,20	4,95	4,86	4,80	4,74	4,73
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	5,44	5,13	5,07	4,91	4,78	4,65	4,57	4,52	4,50
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	5,56	5,39	5,23	5,04	4,86	4,76	n/a	n/a	n/a
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	9,0	12,4	11,1	11,9	13,4	11,4	8,17	7,52	5,82
Short-term fixed (1Y-5Y initial rate fixation)	77,3	79,0	82,0	79,0	79,3	83,4	91,8	92,48	94,18
Medium-Term fixed (5Y-10Y initial rate fixation)	13,7	8,6	6,9	9,1	7,4	5,2	n/a*	n/a*	n/a*

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

Country fact Sheet

by: Theis Scheuer Jansen, Finance Denmark

DENMARK

MORTGAGE MARKETS

Market developments:

The total outstanding residential loans amount to 2.040 billion in the first quarter of 2026.
This is an increase of 0,32% compared to the fourth quarter of 2025. The total outstanding residential loans has increased by 3,91% since the first quarter of 2025.

HOUSING MARKETS

Housing Supply:

The housing market activity remained relatively high during the first quarter of 2026 with a total of 10,459 houses being sold. This is 5,5% fewer transactions than in the first quarter of 2025.

In the same period, 3.564 owner-occupied apartments were sold, a decrease of 11,5% compared to the first quarter of 2025.

A total of 26.672 houses and 4.636 owner-occupied apartments were on the market at the end of the first quarter of 2026. The supply of houses decreased by 14,6% compared to the same quarter in 2025, while the supply of owner-occupied apartments decreased by 23,4%.

House Prices:

House prices increased by 6,8% over the past year, while owner-occupied apartment prices increased by 18,1%. Compared to the previous quarter, house prices increased by 1,1% and apartment prices by 6,0%.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	253.488,72	253.551,85	260.143,25	262.241,53	263.117,72	266.412,09	270.135,82	272.244,09	273.022,29
Gross Residential Mortgage Lending (million EUR)	7.214	7.400	8.377	11.411	11.032	10.869	11.456	14.206	12.395
House Price Indices (2015 = 100)	137	140	141	143	145	149	150	153	155
Mortgage Interest Rates (%, weighted average)	4,88	4,81	4,69	4,53	3,46	3,38	3,15	3,14	3,32
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,88	4,81	4,69	4,53	3,53	3,45	3,02	2,99	3,11
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,98	4,12	3,70	3,32	3,41	3,28	3,28	3,28	3,48
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,99	4,08	3,97	3,47	3,57	3,65	3,69	3,46	3,63
Long-term initial fixed period rate, 10-year or more maturity (%)	5,12	5,01	4,92	4,76	4,74	4,78	4,79	4,54	4,70
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	29,17	25,46	20,36	14,00	30,1	39,0	35,6	33,7	25,6
Short-term fixed (1Y-5Y initial rate fixation)	26,79	27,28	28,96	45,38	34,6	28,7	35,6	35,4	37,5
Medium-Term fixed (5Y-10Y initial rate fixation)	0,61	0,31	0,26	0,10	0,9	0,1	0,1	0,1	6,6
Long-Term fixed (over 10Y initial rate fixation)	43,43	46,95	50,42	40,52	34,4	32,2	28,7	30,7	30,2
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	38,78	39,29	38,60	37,77	38,38	39,35	39,92	39,98	41,07
Short-term fixed (1Y-5Y initial rate fixation)	21,97	22,46	22,55	23,52	23,70	23,52	23,62	24,10	23,85
Medium-Term fixed (5Y-10Y initial rate fixation) Long-Term fixed (over 10Y initial rate fixation)	39,25	38,25	38,85	38,71	37,91	37,13	36,45	35,92	35,08

Country fact Sheet

by: Jussi Kettunen, Finance Finland

FINLAND

MORTGAGE MARKETS

Market developments:

Household demand for new mortgages was lower than a year before. Demand remains lower than the historical average. Drawdowns of new housing loans by Finnish households in January-March 2026 amounted to EUR 3.2 billion, which was EUR 200 million less than in the same period a year earlier.
However, investor demand for new mortgages was roughly at the same level asa year before. The total amount of investor loans was at the same level asa year before (2026 Q1: EUR 9 billion, 2025 Q1 EUR 9 billion).
To boost demand for housing loans the government has set new rules as of the 1st of June 2026:

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

In general, the state supports the production of affordable and social rental housing by paying interest subsidies on loans taken out for this purpose and issuing a state guarantee for them.

The government has made decisions to decrease the amount paid fin interest subsidies. In 2024, the amount was 2.250 billion euros; in 2025 1.750 billion euros; in 2026 1.135 billion euros; and the estimate for 2027 is 500 million euros. As a result, the state-supported housing construction is expected to decline in the coming years.

HOUSING MARKETS

Housing Supply:

In 2025, housing starts fell below 17.000 units, which is the lowest figure in the recorded statistical series dating back to the late 1960s. New housing starts are expected to start growing this year, with the number estimated at 20.000 units. The recovery in new housing construction is slow, as it is being held back by an oversupply of housing in the market and weak consumer confidence. Last year, housing construction consisted mainly of subsidized construction, which is starting to decline. Population growth and migration are increasing the demand for housing, and construction is expected to fall significantly below long-term construction needs in the coming years.

House Prices:

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

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	106.651	106.520	106.327	106.234	105.544	105.689	105.720	105.788	105.414
Gross Residential Mortgage Lending (million EUR)	5.091	5.336	5.231	6.249	5.597	5.933	5.175	5.266	4.815
House Price Indices (2015 = 100)	99,0	100,1	99,6	99,0	97,7	98,4	98,4	95,2	93,7
Mortgage Interest Rates (%, weighted average)	4,38	4,31	3,71	3,17	3,06	2,73	2,82	2,83	2,90

Country fact Sheet

FRANCE

by: Nicole Chavrier and Bertrand Cartier, BPCE

MORTGAGE MARKETS

Market developments:

At the end of March 2026, the total outstanding amount of home loans increased over a year (by 0,1%, the same annual pace as in the previous quarter), standing at €1.283 bn. However, the amount was slightly lower compared to the previous quarter (-0,1%), corresponding to the third quarterly decline in a row.

Despite the recovery of new home loans since Q3-2024, the growth in amounts of home loan stock remains very limited by the volume of reimbursements and by the relatively low volumes of new home loans compared to the last 9 years. New housing loans (excluding renegotiations and loan transfers) amounted to €35.1 bn in Q1-2026, declining by 5% over a year and by 10% over a quarter.

According to the Banque de France, demand from first-time buyers remained important during the quarter (53% of new loans for a main residence) and the total amount of new home loans dedicated to the purchase of a main residence constituted 83% of the total new home loans.

The average initial maturity for new home loans was stable over a quarter at 22,6 years in Q1-2026 (vs. 22,4 years in Q1-2025). Concerning specifically the purchase of a main residence, the average maturity at origination was also stable compared to previous quarters (23,8 years for first-time buyers and 22,5 years for repeat homebuyers). Moreover, new home loans with an initial maturity of more than 20 years accounted for 81% of the total quarterly production.

Volumes of renegotiated loans remained modest against a backdrop of falling interest rates recorded between the beginning of 2024 and the end of 2025. Despite a quarterly rise in the interest rate for new home loans (3,21% in Q1-2026 vs. 3,09% in Q4-2025), renegotiated loans were broadly stable at €6.1 bn over a quarter (-6% YoY) and the largest share of these loans was still linked to the change in the borrower insurance attached to the home loan.

REGULATION & GOVERNMENT INTERVENTION

A housing recovery plan was announced on January 23, 2026 by the Prime Minister, with thegoal of building 2 million homes by 2030, representing an average of 400.000 new homes per year.

In this regard, a new fiscal scheme for private landlords (known as the "Jeanbrun scheme") was created in the Finance Law for 2026 to revive private rental investment with a goal of 50.000 new private rental units per year, and some measures have been taken for social housing with the aim of providing more resources to build additional housing units (125.000 new social rental units for 2026, then 100.000 new rental units per year).

Furthermore, a bill on "Housing Recovery and Decentralization" was reviewed at the National Housing Council on May 21, 2026. It aims to boost construction by simplifying certain planning documents, support renovation through a new urban renewal plan, and stimulate the rental market through an initial positive adjustment to the "Jeanbrun scheme" for private rentals concerning existing homes undergoing renovations. It will be presented to the Council of Ministers by the end of June.

HOUSING MARKETS

Housing Supply:

The construction sector showed some new improvements this quarter regarding seasonally-adjusted data. Housing starts increased by 9,5% q-o-q to 81.138 units, but remainedlow, while housing permits rebounded over the quarter by 17% to 108.296 units (representing the highest Q1 figure since 2022). However, the context is not favourable for a sustained recovery in the construction sector and the war in the Middle East is causing some additional limitations.

Specifically, new single-family detached homes saw a fourth consecutive quarterly rise (based on seasonally adjusted date): permits increased by 10% q-o-q to 25.941 units and starts grew by 3% q-o-q to 18.498 units. Despite the support from the "PTZ" loan program since April 2025, volumes remain critically low, at levels unseen in seventy years.

Quarterly sales of new developer-built homes fell by 2% q-o-q to 16.115 units in Q1-2026 (SA data) and were stable over a year at a very historically low level. Since the Pinel Scheme ended in late 2024, the share of new owner-occupied sales to households has increased sharply, reaching 80% of total sales in Q4 2025. The launched of the "Jeanbrun scheme" at the end of Q1 2026 partially contributed to support an estimated quarterly rebound of 28% in sales for rental investments (around 3.000 quarterly units), which remained extremely weak over the last decades.

Existing dwelling transactions totalled an estimated 213.642 units in Q1-2026 (raw data), down by 16% q-o-q and stable compared to Q1 2025. They comprised 86% of total quarterly sales in France: 184.500 housing transactions in provincial regions (-18% q-o-q) and 29.100 units in the Île-de-France region including Paris (-3,4% q-o-q).

House Prices:

In Q1 2026, prices for existing homes in France saw a quarterly increase of 0,2%, after rising 0,3% q-o-q in the previous quarter (seasonally adjusted data). This quarterly rise was driven by a 0,3% increase for single-family detached houses and a 0,2% increase for flats. Over a year, the growth rate of housing prices in France slowed sharply to +0,1% compared to the previous quarter (+1,0% YoY in Q4 2025). Despite a slight year-on-year increase of 0,6% in Q1 2026, flat prices showed greater resilience than single-family detached houses, which saw a 0,2% decline over the same period. This situation highlights certain pressures that could hinder the gradual recovery of second-hand transactions in the subsequent months.

In Q1 2026, new flats in France saw their average price per square metre rise to €4.990 (SA-WDA data), an increase of 0,8% over the quarter and 2,2% year-on-year. In contrast, the average price of a house built by real estate developers (representing 5% of their total sales) experienced a quarterly dip of 3,8%, settling at €343.576 (and declining by 4,6% over a year).

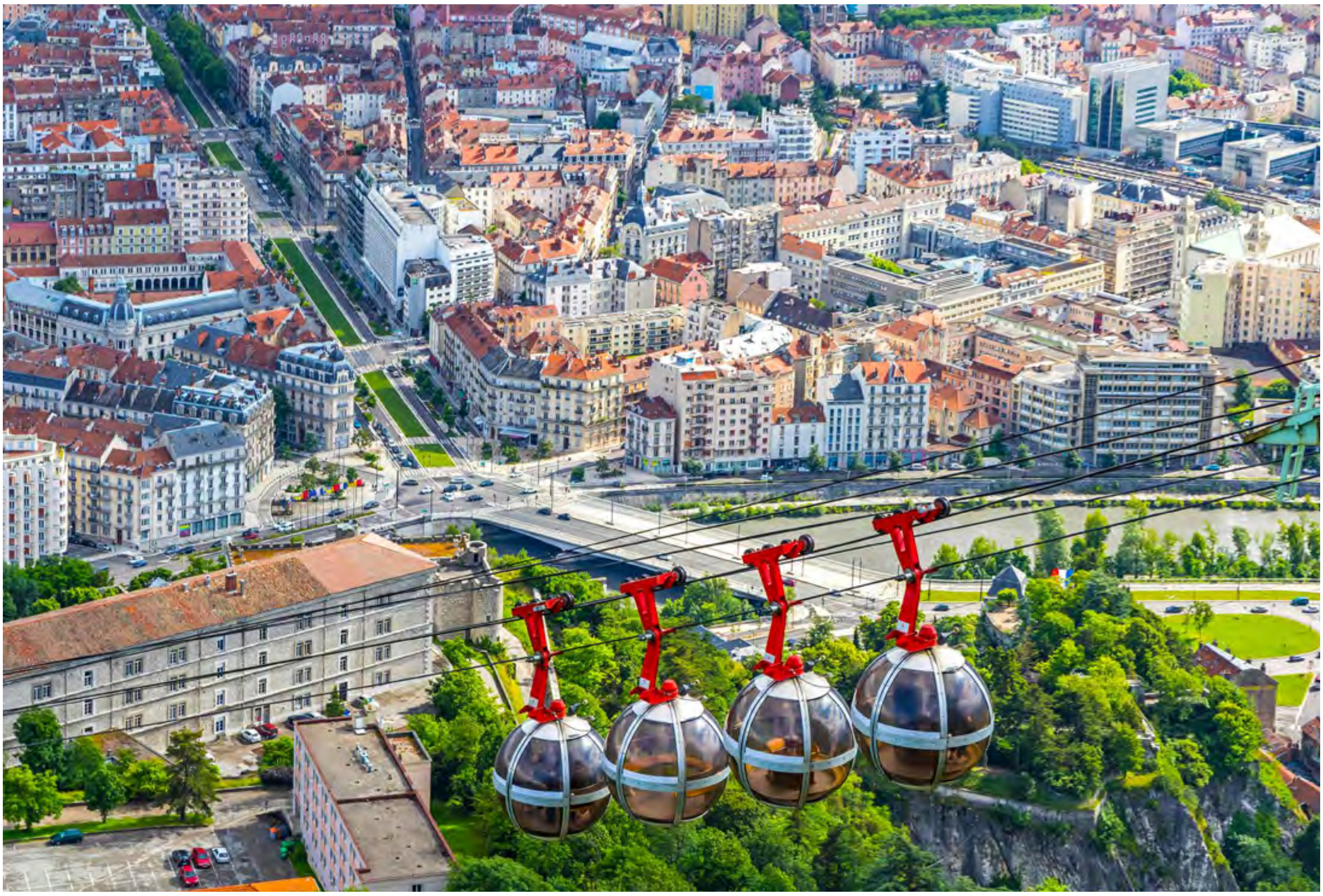
Country fact Sheet

by: Nicole Chavrier and Bertrand Cartier, BPCE

FRANCE

Quarterly price movements for existing homes in the Île-de-France region were predominantly positive in Q1-2026. Flats outside of Paris recorded a 1,0% increase, regional single-family detached houses saw a rise of 1,1%, and flats within Paris experienced a 0,6% growth.

Conversely, existing home prices in provincial regions experienced stability compared to the previous quarter, breaking down into +0,2% for single-family detached houses (of which +0,7% for Lille) and -0,2% for flats (with notably -1,3% for Lyon and -0,5% for Marseille).



	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.286.634	1.283.558	1.282.756	1.283.174	1.281.645	1.283.486	1,286,576	1.284.701	1.283.320
Gross Residential Mortgage Lending (million EUR)	28.300	30.700	35.300	38.100	39.100	43.000	43.700	45.500	41.200
House Price Indices (2015 = 100)	126,8	126,1	127,5	126,0	126,3	125,8	128,4	127,4	126,3
Mortgage Interest Rates (%, weighted average)	4,07	3,81	3,60	3,40	3,26	3,11	3,1	3,09	3,21
MORTGAGE INTEREST RATES									
Variable rate (up to 1Y initial rate fixation)	3,99	3,97	3,98	3,91	3,83	3,74	3,70	3,62	3,71
Short-term fixed (1Y-5Y initial rate fixation)	3,75	3,71	3,60	3,44	3,36	3,28	3,27	3,24	3,31
Medium-Term fixed (5Y-10Y initial rate fixation)	2,88	3,03	2,91	2,73	2,64	2,54	2,29	2,29	2,33
Long-Term fixed (over 10Y initial rate fixation)	3,54	3,46	3,35	3,18	3,03	3,00	3,00	3,00	3,09
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	3,64	4,17	4,42	3,71	3,44	3,50	3,20	3,0	2,8
Short-term fixed (1Y-5Y initial rate fixation)	3,83	3,81	3,58	3,22	3,59	3,60	3,48	3,2	3,6
Medium-Term fixed (5Y-10Y initial rate fixation)	4,89	4,76	4,07	4,21	4,15	4,80	4,26	4,6	4,4
Long-Term fixed (over 10Y initial rate fixation)	87,65	87,26	87,93	88,86	88,81	88,10	89,06	89,2	89,2

Country fact Sheet

by: Vincent Tran, vdp

GERMANY

MORTGAGE MARKETS

Market developments:

The total outstanding residential loans and gross residential lending have increased compared to the same quarter of the previous year (see the fact table for specific figures).

HOUSING MARKETS

Housing Supply:

The cumulative number of building permits for residential buildings rose significantly by 14,6% in Q1 2026 (y-o-y), indicating a stronger recovery in potential construction activity, however from a low level.

House Prices:

Prices for owner-occupied property rose by 2,5% y-o-y in Q1 2026, supported by a 0,2% increase compared with the Q4 2025. This marks the eigth consecutive increase and reflects a continuing upward trend.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.872.400	1.877.900	1.885.800	1.892.300	1.898.100	1.908.700	1.920.600	1.930.600	1.934.600
Gross Residential Mortgage Lending (million EUR)	46.700	51.700	54.300	53.200	56.200	59.600	62.300	61.000	58.500
House Price Indices (2015 = 100)	157,3	158,0	159,3	159,8	160,8	162,2	163,2	164,5	164,9
Mortgage Interest Rates (%, weighted average)	3?85	3,90	3,84	3,60	3,57	3,67	3,71	3,71	3,75
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,38	5,47	5,35	4,93	4,52	4,34	4,15	4,15	4,13
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,07	4,12	4,02	3,73	3,57	3,54	3,54	3,59	3,61
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,57	3,61	3,58	3,37	3,35	3,50	3,57	3,57	3,60
Long-term initial fixed period rate, 10-year or more maturity (%)	3,59	3,67	3,61	3,39	3,48	3,65	3,73	3,76	3,79
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	12,14	11,82	11,44	11,53	11,54	12,12	11,55	12,01	11,84
Short-term fixed (1Y-5Y initial rate fixation)	11,16	9,95	9,59	10,26	9,67	10,65	11,00	10,92	10,72
Medium-Term fixed (5Y-10Y initial rate fixation)	36,00	38,05	37,13	30,91	30,01	31,94	32,62	33,62	33,59
Long-Term fixed (over 10Y initial rate fixation)	40,70	40,18	41,84	47,30	48,78	45,29	44,83	43,45	43,85

Country fact Sheet

GREECE

by: Vasilis Panagiotidis, Hellenic Bank Association

MORTGAGE MARKETS

Market Developments:

In the first quarter of 2026, there was a marginal increase (1,1%) in credit expansion compared to the first quarter of 2025.
The amounts of actual disbursements for new mortgage loans increased by 65% y-o-y, following the upward trend of 2025 compared to 2024 (+46%).
Since January 2010, only in Q4 2025 has Greece recorded a marginal positive credit expansion, on average of 0,5% compared to the last quarter of 2024. Therefore, in the last six months, new mortgage lending has marginally exceeded repayment amounts on old mortgage loans.
The continuous increase in raw material and real estate prices, the aging stock of vacant urban houses that need renovation, the tightening of regulations governing short-term rental purposes (e.g. Airbnb), and the completion of the MY HOUSE II national programme on 31 May 2026 are expected to put considerable pressure on the real estate lending market in the coming months.

HOUSING MARKETS

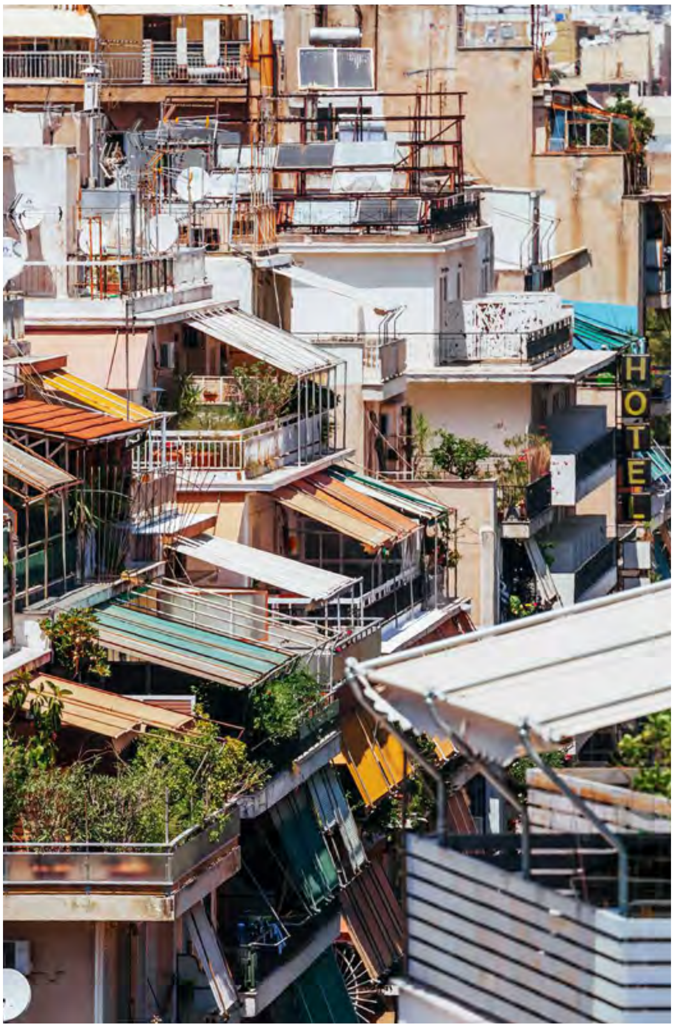
Housing Supply:

The demand for housing remains strong, but the supply of new properties is not sufficient to meet it. According to a survey by REMAX Hellas, 75,6% of houses sold in 2025 were over 20 years old. In contrast, newly built properties up to five years old accounted for only 12,3% of total sales. Properties aged 16 to 20 years accounted for 9,8%, those aged 11 to 15 years for 2%, while homes aged 6 to 10 years accounted for just 0,3%.

Housing Prices:

The Bank of Greece's apartment price index shows that apartment prices continued to increase overall, although developments differed by property age. Prices of new apartments (up to five years old) rose by 1,9% quarter-on-quarter and 7,4% year-on-year, while prices of older apartments (over five years old) declined by 0,5% compared with the previous quarter but remained 7,8% higher than a year earlier. Overall, apartment prices increased by 0,5% quarter-on-quarter and 7,6% year-on-year.

Broken down by region, in the fourth quarter of 2025 apartment prices increased year-on-year by 5,9% in Athens, 8,0% in Thessaloniki, 10,5% in other cities and 8,6% in other areas of Greece. For 2025, prices increased on average by 6,2%, 9,6%, 9,8% and 8,8% respectively in the above-mentioned areas. Finally, as regards all urban areas of the country, in the fourth quarter of 2025 apartment prices are estimated to have increased on average by 7,3% year-on-year, while for 2025 they increased at an average annual rate of 7,5%.



	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	27.597	27.429	27.060	26.495	26.307	25.425	25.475	25.654	25.529
House Price Indices (2015 = 100)	98.4	100.0	101.1	102.7	105.8	108.2	110.3	111.2	111.9
Mortgage Interest Rates (%, weighted average)	4,45	4,20	3,86	3,71	3,69	3,63	3,55	3,43	3,50
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,32	4,92	4,39	3,82	3,70	3,58	3,48	3,44	3,50
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	3,43	3,28	3,12	2,98	3,19
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,20	4,12	3,97	3,95	4,15	4,36	4,18	3,84	4,05
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	3,74	3,66	3,81	3,81	3,07(*)

(*) April 2026

Country fact Sheet

HUNGARY

by: Gyula Nagy László, MBH Mortgage bank

MORTGAGE MARKETS

Market developments:

With the Home Start Program - that was officially launched in September 2025 - mortgage lending activity has more than doubled in Q4 compared to the previous quarter. This trend continued in Q1 of 2026, although the total new volume was slightly lower at 799 bn HUF than in Q4 (822 bn HUF). The total outstanding residential loan portfolio stood at 7.931.877 bn HUF in Q1 2026. This outstanding volume at the end of the quarter represents robust year-on-year growth of 22%.

Although the subsidized Home Start program was aimed at supporting first time buyers, the conditions were more relaxed compared to previous mortgage programmes. As a result, the mortgage market has "exploded" during the six months of Q4 2025 and Q1 2026, and the increased demand has also led to the acceleration of home price growth, because the supply could not keep pace with the increased demand, especially in the case of newly built dwellings.

90% of the new mortgages were for existingdwellings, not only because there were not enough new flats on the market, but also because new dwellings were eligible for the programme only if the price per square metre did not exceed HUF 1.5 million. In the inner districts of Budapest, prices per square metre were typically above this limit already at the beginning of the program.

There were parliamentary elections in April in Hungary. The opposition party (Tisza) won with a large majority and has already announced that housing policy might change in the near future. Housing affordability and energy efficiency in the housing stock are expected to receive greater attention in Hungary in the future. Market-based mortgage interest rates are more than double of the subsidized 3% rate in the Home Start programme, but it is not very likely that the Home Start programme will be terminated. Rather, changes to the programme's conditions or eligibility criteria may be introduced.

REGULATION & GOVERNMENT INTERVENTION

House price growth was very high in Budapest in 2025 (over 20 % on y-o-y basis). In the inner districts of Budapest, Airbnb has also contributed to the strong price growth, so local municipalities started to regulate short-term renting. The 6th District (Terézváros), following a local referendum, enacted a total ban on short-term rentals, allowing them to operate for "zero days". The Hungarian government recently enacted a strict two-year moratorium on registering any new Airbnb apartments in Budapest, effectively freezing the market for new entrants.

Due to the parliamentary elections in April and the transition of the new government, no major macroprudential interventions or financial regulations were introduced in the first quarter of 2026. However, one of the first results of the new government was to come to an agreement with the EU Commission President about unfreezing EU funds (RRF and Cohesion Funds). Part of the funds may be used for the green transition, energy efficiency improvements in housing, and affordable housing programs.

HOUSING MARKETS

Housing Supply:

Housing supply with 12,062 new dwellings was at a historic low in 2025. In Q1 of 2026 the number of newly built flats exhibited a 4% rise on an annual basis. At the same time, however, the number of building permits issued was 64% higher than a year earlier, which is the highest figure since Q2 2022. This will eventually be reflected in the number of newly built flats in the coming years, but even considering this, we expect at most only 14.000 newly built flats this year, compared to last year's 12.062.

Whereas the Home Start scheme was a strong contributor to housing market activity, it reduced the scope for regular market transactions. Hence, only 28.000 deals were struck in Q1, which suggests that the number of housing transactions in 2026 is unlikely to return to its pre-2022 average volumes. At best, it will fall in the range of 130-140 thousand transactions on a yearly basis.

Building permits in Budapest surged in Q1 2026, with the number of authorized dwellings jumping by 36% year-on-year to reach 3.634 permitted units.

House Prices:

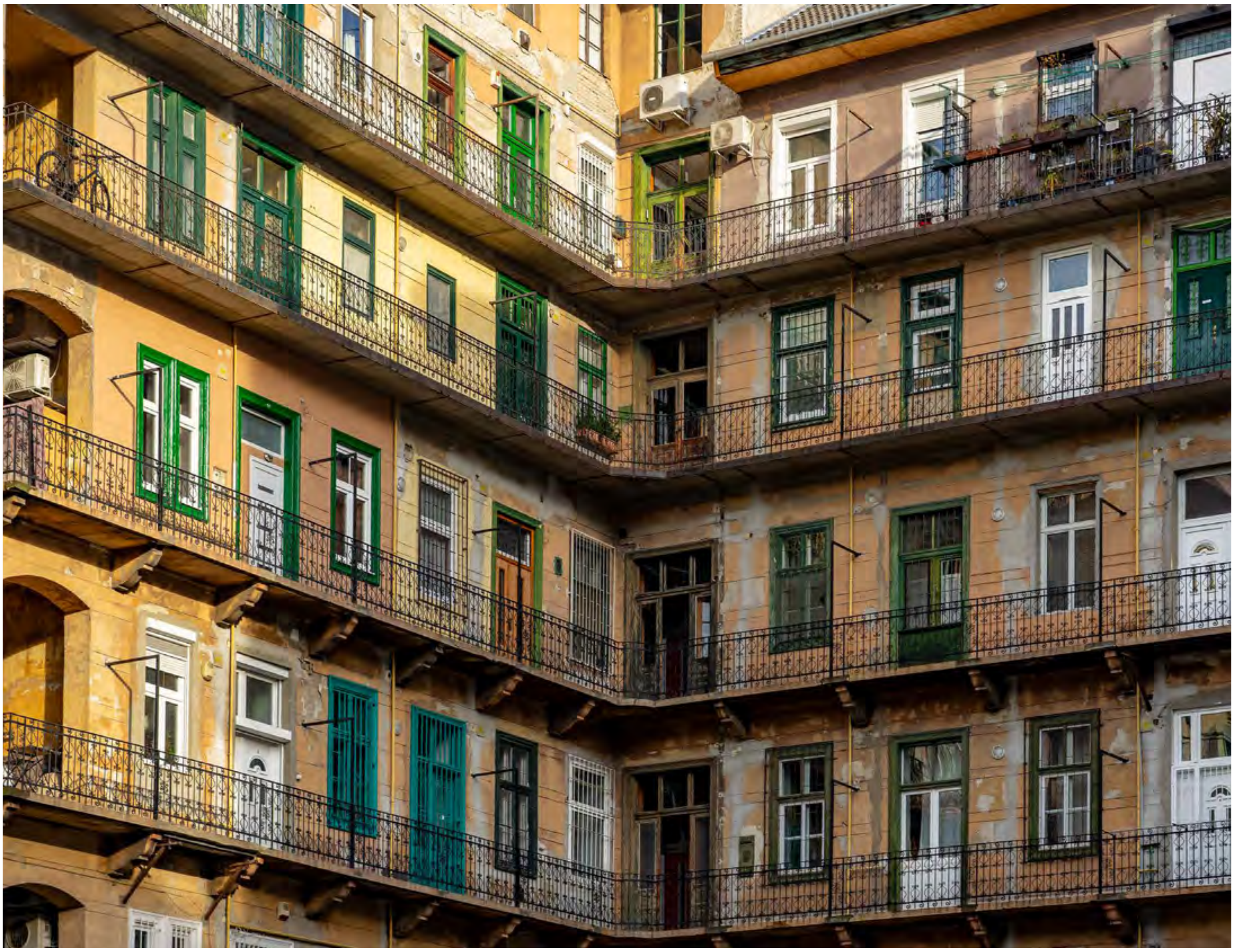
According to the National Bank of Hungary House Price Index, the annual nominal growth rate of house prices reached 23,5%nationwide in 2025. At the same time, house prices have grown by 19,0% in real terms, marking the highest real house price appreciation in the past 25 years and also showing record growth in the EU. Due to the dynamic increase in prices, house prices nationwide exceeded the level justified by fundamentals by 22,5% in Q4 2025 according to NBH, representing an increase of 8,8 percentage points compared to the same period of the previous year.

According to National Statistical Office calculations the quarterly price increase in Q4 of 2025 was 23% higher for existing dwellings but only 7,4% higher for new dwellings.

Country fact Sheet

by: Gyula Nagy László, MBH Mortgage bank

HUNGARY



	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	14.707	15.224	15.599	15.450	16.183	16.838	17.653	19.289	20.940
Gross Residential Mortgage Lending (million EUR)	683	1.021	973	908	1.007	1.091	985	2.134	2.250
House Price Indices (2015 = 100)	300,99	306,51	309,83	322,11	352,26	349,03	374,69	390,47	n/a
Mortgage Interest Rates (%, weighted average)	6,54	6,47	6,60	6,56	6,61	6,69	6,6	6,46	6,58
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	8,64	8,21	8,73	7,95	8,30	8,56	8,48	8,54	8,34
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	13,17	9,42	7,40	7,29	6,93	6,67	6,73	8,27	8,41
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	6,54	6,47	6,60	6,56	6,61	6,69	6,64	6,46	6,58
Long-term initial fixed period rate, 10-year or more maturity (%)	6,90	6,90	7,02	6,86	7,01	7,07	7,08	7,01	7,07
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	15,2	27,3	25,3	23,6	20,3	24,8	24,1	23,82	23,88
Short-term fixed (1Y-5Y initial rate fixation)	13,4	2,5	2,1	2,2	2,1	3,0	3,1	3,34	3,62
Medium-Term fixed (5Y-10Y initial rate fixation)	40,1	41,3	44,4	44,4	4,4	43,2	43,6	43,42	43,19
Long-Term fixed (over 10Y initial rate fixation)	31,3	28,9	28,1	29,9	33,8	29,1	29,2	29,42	29,31

Country fact Sheet

by: Richard Kemmish, EMF consultant

IRELAND

MORTGAGE MARKETS

Market Developments:

The market remained active despite the usual seasonal fall from Q4. In Q1 2026, 9,437 mortgages with a value of €3.034bn were drawn down, 2.4% higher by volume and 7.8% higher by value than in Q1 2025, although 30.6% lower by volume and 29.8% lower by value than in Q4 2025. First-time buyers remained the dominant segment, accounting for 59.6% of drawdown volume and 60.6% of value, with 5,626 loans worth more than €1.8bn.

REGULATION & GOVERNMENT INTERVENTION

The rental-market reforms announced in late 2025 took effect from 1 March 2026. From that date, rent-control rules apply nationally for new tenancies, with increases generally limited to the lower of CPI and 2%. The reforms also introduced rolling six-year tenancies. Newly built apartments and student-specific accommodation built from June 2025 is capped only at CPI.

In February the government announced an expansion to the eligibility for the Local Authority Home Loan scheme and for the Purchase and Renovation Loan, increasing the eligible income and house price caps for borrowers to benefit from this scheme. The Local Authority Home Loan provides subsidized, long dated fixed rate mortgages for borrowers who would not be able to access normal bank lending, the Purchase and Renovation Loan finances the renovation of derelict properties.

Also, the Consumer Protection Code 2025 came into force in March. This strengthens requirements around switching, cheaper-rate notifications, savings estimates, incentive disclosures, switching application timelines and title-deed provision. This is directly relevant to mortgage competition and refinancing friction.

HOUSING MARKET

Housing Supply:

New supply also continued to grow. There were 7.856 completions in the quarter, up 32,9% year-on-year and the highest first-quarter total since the CSO series began in 2011. The increase was broad-based: apartments rose by 33,3% to 2,355, scheme dwellings by 34,5% to 4.082 and single dwellings by 27,8% to 1.419. Dublin accounted for 32,3% of completions and the Middle East region of the country (Kildare, Louth, Meath and Wicklow) for 18,7%, while all regions recorded year-on-year growth.

Q1 2026 planning-permission statistics had not yet been published by the CSO at the time of this update. The most recent CSO Housing Hub data available for Q1 therefore point to completions rather than permissions: completions rose strongly, while construction employment increased to 195.600 in Q1 2026 from 177.800 in Q1 2025.

Housing Prices:

Price growth moderated slightly but remained well above general inflation. In the year to March 2026, the national Residential Property Price Index increased by 6,5%, down from 6,7% in February. Dublin prices rose by 5,7% and prices outside Dublin by 7,2%. Nationally, house prices rose by 6,1% and apartment prices by 9,1%. The median price of a dwelling purchased in the 12 months to March 2026 was €390.461.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	2.358	2.854	3.407	3.949	2.814	3.371	3.974	4.324	3.304
Mortgage Drawdown Volume (number)	8.419	10.110	11.774	13.009	9.217	10.978	12.570	13.593	9.437
New Dwelling Completions (number)	5.841	6.884	8.939	8.732	5.911	9.214	9.235	11.994	7.856
House Price / RPPI Annual Growth (% y/y)	7.30	8.60	10.00	8.70	7.50	7.80	7.60	7.00	6.50
Fixed-rate Share of New Mortgage Agreements (%)	71.00	70.00	70.00	75.00	77.00	85.00	87.00	92.00	92.00
MORTGAGE INTEREST RATES									
Average Fixed Mortgage Rate (%)	4.19	3.95	3.93	3.62	3.58	3.52	3.51	3.44	3.45
Average Variable Mortgage Rate (%)	4.59	4.48	4.41	4.33	4.42	4.08	4.08	4.17	4.13
New Mortgage Agreements Weighted Av Rate (%)	4.31	4.11	4.08	3.80	3.77	3.60	3.59	3.50	3.50

Country fact Sheet

ITALY

by: Serena Razzi, Italian Banking Association (ABI)

MORTGAGE MARKETS

Market developments:

The Italian mortgage market continues to register a positive performance in Q1 2026: the volume of outstanding mortgage loans amounted to about EUR 443.5 bn, registering a growth of 3,5% y-o-y and of 0,7% q-o-q.
This trend mainly reflected the reduction in interest rates which boosted demand for loans for house purchase.
According to the annual report of the Bank of Italy, in the coming months, credit developments could be affected by the heightened uncertainty surrounding the global macroeconomic outlook.

REGULATION & GOVERNMENT INTERVENTION

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

HOUSING MARKETS

Housing Supply:

The growth in sales volumes that began in the second quarter of 2024 continued into Q1 2026; they recorded almost 180.000 (+4,4% y-o-y).
This increase was confirmed in both provincial capital cities (+4,1%) and smaller cities (+4,6%).
"First home" purchases, benefiting from tax relief, accounted for almost 72% of purchases.

House Prices:

According to preliminary estimates of ISTAT, in Q1 2026 the House Price Index (HPI) increased by 1,0% q-o-q and by 5,2% y-o-y.
The annual increase in the HPI was due to increases in both to the prices of new dwellings, which rose by 6,7% (in sharp acceleration compared to the -1,1% recorded in the previous quarter), and to the prices of existing dwellings, which rose by 4,8%.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	423.414	421.655	422.937	426.224	428.632	432.762	435.762	440.523	443.535
Gross Residential Mortgage Lending (million EUR)	12.311	15.247	14.637	18.184	18.422	19.429	16.549	18.925	16.239
House Price Indices (2015 = 100)	108,5	112,0	112,8	113,5	113,3	116,4	117,1	118,1	102,6
Mortgage Interest Rates (%, weighted average)	3,79	3,55	3,31	3,11	3,14	3,19	3,28	3,38	3,37
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,88	4,54	4,51	4,21	3,73	3,32	3,10	3,21	3,05
Long-term initial fixed period rate, 10-year or more maturity (%)	3,62	3,44	3,22	3,03	3,09	3,18	3,31	3,42	3,43
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	17,1	11,1	9,3	6,5	8,6	8,4	12,02	16,52	18,29
Short-term fixed (1Y-5Y initial rate fixation)									
Medium-Term fixed (5Y-10Y initial rate fixation)	82,9	88,9	90,7	93,5	91,4	91,6	87,98	83,48	81,71
Long-Term fixed (over 10Y initial rate fixation)									

Country fact Sheet

by: Richard Kemmish, EMF consultant

LITHUANIA

MORTGAGE MARKETS

Market developments:

Rapid mortgage-market growth continued in Q1 2026. Housing loans to households increased to €15.6bn by the end of March 2026, (€15.1bn at year end 2025). The Bank of Lithuania reported annual growth of 14,9% in the year to March (compared to 14,6% in February.

According to the Bank of Lithuania's review, this was a normalization of lending relative to the country's overall economic growth, partly prompted by low rates. Housing market activity was the highest since 2021.

REGULATION & GOVERNMENT INTERVENTION

The Bank of Lithuania's mortgage regulations are due to be amended in August 2026. The 85% maximum LTV for first housing loans will be increased to 90% for first time buyers, but will remain 85% for other borrowers. The 70% cap for second and subsequent loans and DSTI limit of 40% will remain unchanged. The countercyclical capital buffer remained at 1%, and the 2% sectoral systemic risk buffer for larger residential mortgage lenders also remained in place.

Changes to pension regulations from the beginning of the year allow citizens to remove money from pillar 2 pensions. According to the Bank of Lithuania Economic Review this could stimulate housing demand further.

HOUSING MARKETS

House Prices:

House-price growth remained strong in Q1. The Ober-Haus Lithuanian Apartment Price Index recorded a 12,5% y-o-y increase across the five largest cities in the year to the end of March. The average apartment price in Vilnius reached €2.995 per square metre in March.

Transaction activity also remained active into 2026. Apartment sales grew by 1,3% y-o-y and house sales by 2,7%.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	12.29	12.54	12.86	13.20	13.56	14.04	14.57	15.12	15.60
Gross Residential Mortgage Lending (million EUR)	567.00	771.00	1002.00	1002.00	1670.00	1711.00	1438.00	1248.00	1231.00
House Price Indices (2015 = 100)	9.9	10.4	8.9	9.8	8.8	8.8	10.8	10.8	n/a
MORTGAGE INTEREST RATES									
Mortgage interest rate on new housing loans (%)	5.67	5.44	5.02	4.36	4.20	3.76	3.66	3.69	3.79
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable-rate share of new mortgages (%)	97.00	97.30	97.20	98.20	98.30	95.50	93.00	92.80	86.20

Country fact Sheet

MALTA

by: Karol Gabarretta, Malta Bankers' Association

MORTGAGE MARKETS

Market developments:

The stock of mortgage lending in Malta continued to expand in the latest quarter, supported by sustained demand for housing credit and ongoing property market activity. High frequency indicators suggest that household debt – largely driven by mortgage borrowing – increased further in early 2026, maintaining a solid growth trajectory broadly in line with the strong annual expansion recorded in 2025.

The increase reflects continued growth in new lending, underpinned by robust housing demand, rising property prices, and a strong pipeline of residential development. At the same time, tightening affordability conditions and the continued application of borrower based macroprudential measures appear to be containing the pace of expansion.

There is no clear evidence of a significant pickup in refinancing activity. Given the structure of the Maltese mortgage market and the relatively gradual adjustment in interest rates, mortgage growth continues to be driven primarily by new house-purchase lending rather than refinancing flows.

REGULATION & GOVERNMENT INTERVENTION

There have been a few key structural shifts in regulation and government since the last quarter and over the last year, including: A. Gradual tightening of credit risk management, leading to more conservative mortgage issuance.

- CBM borrower based measures (refined in 2026)
- CRR3/CRD6 capital framework

B. Stronger consumer protection framework promoting greater transparency and stricter conduct obligations.

- 2023–2024 amendments (NPL Directive)
- CCD II (2026)

C. Increasing regulatory complexity and compliance burden, leading to higher operational costs for banks.

- Multiple overlapping frameworks (macroprudential + conduct + prudential)

D. Continued macroprudential vigilance despite a resilient market.

- No material loosening of LTV/DSTI caps
- Focus on interest rate risk and household leverage

Looking at the near term (2026–2028), there are many relevant upcoming developments. These include a major conduct shift through full implementation of CCD II coming in November of 2026, and prudential adjustments through CRD6 transposition. There is also possible further fine tuning of Directive 16 depending on property price dynamics, the interest rate environment, and household indebtedness trends.

In sum, the Maltese mortgage market seems to be moving toward a more tightly regulated, consumer centric, and prudentially conservative framework, driven by ongoing CBM macroprudential calibration, EU level harmonisation (CCD II, Basel III package), and the strengthening of consumer protection and loan management rules. This combination is likely to contain systemic risk in housing, modestly tighten access for higher risk borrowers, as well as increase compliance costs and reshape lending practices.

HOUSING MARKETS

Housing Supply:

Residential construction activity in Malta remains exceptionally strong. Building permits—a forward-looking indicator of new housing supply—increased by around 40% year-on-year in Q1 2026, following similarly elevated levels throughout 2025. This points to a sustained expansion in housing supply in the pipeline, although the impact on completed housing stock is likely to materialise with a lag. The increase continues to be driven primarily by high-density apartment developments, reflecting land constraints, strong demand, and developer incentives.

House Prices:

Residential property prices in Malta continued to increase at a steady pace. In the fourth quarter of 2025, prices rose by 6,1% on a year earlier basis, marking a slight acceleration from earlier quarters. On a quarter-on-quarter basis, prices increased by 1,3%, pointing to continued, albeit moderating, short term momentum. These are the latest confirmed official figures— the Q1 2026 RPPI has not yet been released.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	7889	8048	8227	8402	8610	8786	8984	9149	9396
Mortgage Interest Rates (%, weighted average)	2,67	2,66	2,60	2,60	2,57	2,54	2,51	2,48	2,45
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	2,57	2,62	2,58	2,50	2,61	2,54	2,60	2,61	2,69
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	1,54	1,47	1,40	1,45	1,38	1,44	1,63	1,80	1,70
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	50,4	44,3	38,3	41,9	40,3	37,7	31,9	34,4	37,0
Short-term fixed (1Y-5Y initial rate fixation)	48,5	53,1	60,4	57,1	57,4	60,1	60,3	57,8	54,0

Country fact Sheet

by: Nico de Vries, ING

NETHERLANDS

MORTGAGE MARKETS

Market Developments:

In the first quarter of 2026, developments in the Dutch mortgage market reflected a normalisation following the strong growth observed in 2025. Gross mortgage lending volumes declined quarter-on-quarter in line with seasonal patterns, while remaining above year-earlier levels, supported by resilient underlying demand and a late-quarter increase in applications as borrowers anticipated further interest rate rises.

Mortgage interest rates increased moderately during the quarter, driven by higher capital market rates, which negatively affected borrowing capacity and contributed to softer housing market activity. Competitive pressures continued to result in relatively tight mortgage spreads.

Overall, despite higher financing costs and increased macroeconomic uncertainty, the mortgage market remained supported by stable labour market conditions and continued demand for owner-occupied housing.

HOUSING MARKETS

Housing Supply:

Housing supply increased compared with the previous year, driven primarily by the continued sell-off of rental properties by private landlords, which added to the stock of homes available for owner-occupation. Transaction volumes declined q-o-q in line with seasonal patterns, but remained elevated y-o-y, supported by this additional supply. While recent data indicate some increase in building permits compared to a year earlier, overall construction activity remains constrained and below long-term housing targets, reflecting persistent challenges such as high construction costs, regulatory constraints and capacity limitations in the construction sector. As a result, the structural housing shortage in the Netherlands remains largely unchanged despite the temporary increase in supply.

Housing Prices:

House prices continued to increase in the first quarter of 2026, but at a more moderate pace compared to previous quarters. On a y-o-y basis, prices rose by approximately 5%, while q-o-q developments point to a slight softening, partly reflecting seasonal effects and reduced affordability following higher mortgage rates. Differences across regions remained visible, with stronger price growth in less urbanised areas and more limited increases in major cities. Despite the recent moderation, house prices remain at historically high levels, underpinned by the persistent imbalance between supply and demand.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	858.752	868.001	878.169	887.833	898.929	911.508	924.212	935.946	947.156
Gross Residential Mortgage Lending (million EUR)	27.361	32.012	36.711	42.670	37.104	41.370	44.701	50.473	41.261
House Price Indices (2015 = 100)	189,4	194,8	201,9	206,11	210	214	218	219	220,9
Mortgage Interest Rates (%, weighted average)	3,72	3,62	3,66	3,48	3,50	3,58	3,59	3,60	3,67
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,12	5,12	5,22	4,95	4,65	4,30	4,05	3,98	4,01
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,28	4,11	4,12	3,93	3,81	3,75	3,66	3,68	3,76
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,72	3,62	3,66	3,48	3,50	3,58	3,59	3,58	3,67
Long-term initial fixed period rate, 10-year or more maturity (%)	3,07	3,02	3,11	2,99	3,29	3,30	3,24	3,21	3,25
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	18,10	15,89	15,56	15,80	15,56	15,58	16,26	17,07	16,56
Short-term fixed (1Y-5Y initial rate fixation)	15,21	15,86	15,65	15,00	11,65	9,72	8,75	8,66	7,86
Medium-Term fixed (5Y-10Y initial rate fixation)	44,05	47,65	47,88	47,60	52,97	56,08	58,25	59,39	59,23
Long-Term fixed (over 10Y initial rate fixation)	22,63	20,60	20,91	21,50	19,82	18,62	16,73	14,88	16,37
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	0,16	0,17	0,16	0,20	0,20	0,21	0,23	0,24	0,26
Short-term fixed (1Y-5Y initial rate fixation)	0,97	1,03	1,01	1,00	1,12	1,16	1,20	1,28	1,32
Medium-Term fixed (more than 5Y initial rate fixation)	98,87	98,80	98,82	98,80	98,68	98,62	98,56	98,47	98,42

Country fact Sheet

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

NORWAY

MORTGAGE MARKETS

Market developments:

The mortgage market in Norway has been stable over the first quarter. The total outstanding residential loans at market value is approximately 337 bn EUR in the first quarter of 2026.

The NPL ratio on residential loans has been stable the last two years and came in at 0,69% in the first quarter of 2026. The quarterly survey of bank lending from the Norwegian central bank shows that residential mortgage demand in the first quarter fell slightly, but he banks expect slightly higher demand from households in the second quarter. The banks report slightly stronger competition and slightly tighter lending spreads, continuing a trend over the last few quarters.
From the previous interest rate projection from the Norwegian central bank published in December 2025 it was suggested one rate cut in 2026. After the turmoil in the Middle East, combined with higher-than-expected inflation in January and February the expectations of a policy rate cut in 2026 vanished. The Norwegian central bank increased the policy rate by 0,25 percentage points in May, and the new interest rate projection from the central bank published in June suggest one more rate hike in 2026.
The representative interest rate for new home purchase loans in the first quarter was 5,06%, marking the lowest level since 2023. Due to the policy rate hike in May and the new interest rate projections the representative interest rate is expected to increase going forward.

HOUSING MARKETS

Housing Supply:

Construction starts for new housing in the first quarter decreased 20% q-o-q, but has increased 2% y-o-y. At the end of last year there was an increase in market activity, after two cuts in the policy rate. After the changing signals from the central bank in 2026 with expectation of 1-2 policy rate hikes, the sector continues to face challenges. This includes rising defaults, staff reductions, and bankruptcies within Norway's construction industry.

Sales of new housing have also decreased in the first quarter with 17% q-o-q and 7% y-o-y.

House Prices:

The house prices in Norway have increased in the fourth quarter by 3,8% y-o-y. Adjusted for seasonal variations the prices have increased 0,6% q-o-q.
The western region of Norway, mainly the cities of Bergen and Stavanger, recorded the highest growth in house prices during the first quarter. This is continuing a pronounced trend continuing from 2025, but a slightly lower growth in the first quarter. In Stavanger, prices increased by 2,0 % q-o-q and 11,1% y-o-y. This robust price growth is primarily fueled by strong demand for housing and high levels of employment, which have fueled a strong wage growth. The economy in this part of Norway is closely linked to the oil and energy sectors, both of which have experienced solid performance.

In contrast Oslo traditionally has been characterized by robust price growth. In the last years Oslo has demonstrated a flatter trend, with a 0,6 % price growth q-o-q and a 1,2 % y-o-y increase in the first quarter. This moderation is partly explained by a significant increase in the number of real estate investors selling their properties, leading to an increased supply side in the market. Recent tax reforms have rendered property rentals less attractive and more expensive, while elevated interest rates have reduced profitability. The price per square meter in Oslo remains considerably higher than elsewhere in the country, and therefore the high interest rate in the last years has been more binding in Oslo.

Country fact Sheet

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

NORWAY

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	297.870	308.843	301.498	303.167	316.027	309.665	316.733	316.806	337.251
House Price Indices (2015 = 100)	142	144	145	147	151	150	152,5	156	156,9
Mortgage Interest Rates (%, weighted average)	5,71	5,72	5,58	5,63	5,62	5,55	5,27	5,09	5,06
MORTGAGE INTEREST RATES									
Variable rate	5,93	5,91	5,89	5,86	5,83	5,79	5,50	5,23	5,21
Short term fixed (3M-12M initial rate fixation)	3,29	3,45	3,7	3,84	3,93	4,06	4,10	4,11	4,15
Short-term fixed (1Y-3Y initial rate fixation)	3,25	3,47	3,9	4,16	4,24	4,3	4,11	3,87	4,07
Medium-Term fixed (3Y-5Y initial rate fixation)	3,96	4,04	4,06	4,01	4,02	3,94	4,35	4,43	4,48
Long-Term fixed (over 5Y initial rate fixation)	2,96	2,97	3,08	3,04	3,09	3,23	3,79	3,67	3,57
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate	95,85	95,98	95,33	94,93	95,03	95,15	95,32	95,60	95,80
Short term fixed (3M-12M initial rate fixation)	0,74	0,80	0,79	0,58	0,54	0,65	0,72	0,60	0,72
Short-term fixed (1Y-3Y initial rate fixation)	1,77	1,69	2,20	2,84	2,88	2,80	2,66	2,57	2,33
Medium-Term fixed (3Y-5Y initial rate fixation)	0,73	0,66	0,83	0,91	0,84	0,79	0,76	0,75	0,78
Long-Term fixed (over 5Y initial rate fixation)	0,92	0,87	0,85	0,75	0,71	0,62	0,54	0,47	0,42
CREDIT QUALITY									
NPL ratio: Residential loans	0,63	0,64	0,67	0,67	0,66	0,66	0,6	0,68	0,69

Country fact Sheet

POLAND

by: Agnieszka Nierodka, Polish Bank Association

MORTGAGE MARKETS

Market developments:

In Q1 2026, the Polish mortgage market recorded a strong increase in new lending. Banks granted 73.126 new housing loans, which represented growth of 13,85% quarter-on-quarter (52% y-o-y) in the number of new loans. At the same time, the number of active housing loan contracts continued to decline slightly (2.140 million contracts), while total outstanding mortgage debt increased to PLN 520bn, up by 5% y-o-y.

The rebound was driven by improved creditworthiness, wage growth, lower bank margins, and expectations of lower interest rates. Refinancing became a major market driver – the share of refinancing loans increased from around 8% in Q1 2025 to 28% in Q1 2026, including 6,5% of refinancing within the same bank. This reflected the behaviour of borrowers seeking to replace older variable-rate or periodically fixed-rate loans with cheaper fixed-rate products after earlier interest-rate reductions.

In the near term, the market may be affected by the future path of NBP interest rates, inflation expectations, geopolitical uncertainty, banks' pricing policies and the availability of attractive fixed-rate offers. By the end of the quarter, market uncertainty had already translated into less favourable conditions for new fixed-rate mortgage offers.

REGULATION & GOVERNMENT INTERVENTION

In Q1 2026, there were no major regulatory changes regarding subsidy schemes. However, the Ministry of Development and Technology is finalising work on a draft law intended to support the supply of affordable rental housing. This means that the government's current housing-policy focus appears to be shifting more toward increasing access to lower-cost rental dwellings, rather than directly subsidising mortgage borrowing or intervening in private developer sales. The proposed solutions should not interfere directly with the commercial developer market or the banking sector, which remain the main channels of market-based housing provision in Poland.

HOUSING MARKETS

Housing Supply:

In Q1, developers obtained 45.862 building permits, which was about 10,66% more than a year earlier, but still below the previous quarter. At the same time, construction starts amounted to 30.886 dwellings, up by 4,34% q-o-q but down by 15,45% y-o-y. Completions declined more visibly: developers completed 26.064 dwellings, down by 39,45% q-o-q and 5,87% y-o-y. The sector appears to be entering a phase of cautious expansion, with developers adjusting new supply to actual market absorption rather than aggressively increasing new starts.

House Prices:

In the primary market, Q1 2026 confirms the trend of stable average transaction prices in the largest cities, though with significant local volatility. Across the aggregate of the seven largest cities, transaction prices were virtually flat: -0,04% q-o-q and -0,3% y-o-y, while in the group of 6 cities excluding Warsaw, they fell by 0,19% q-o-q and 0,34% y-o-y.

In contrast, the aggregate of the remaining ten provincial capitals showed a more pronounced positive trend: +2,0% q-o-q and +3,3% y-o-y, indicating that price pressure was relatively stronger outside the largest markets. When looking at provincial capitals, the range of variation was significant: quarterly changes ranged from -4,1% in Gdynia to +9,4% in Bydgoszcz, and annually from -4,0% in Szczecin to +21,5% in Bydgoszcz. This means that the average picture of the primary market is currently heavily distorted by the effects of transaction structure- i.e. by which units, and in which projects, were actually sold in a given quarter- and not necessarily by a uniform increase or decrease in developers' price lists.

In the secondary market, transaction price volatility in Q1 2026 was more balanced, but a downward trend is already visible in the largest cities. Across the seven largest cities, prices fell by 0,75% q-o-q and 0,68% y-o-y, which is a significant sign of a slowdown following a previous period of strong growth.

In the group of ten cities, the quarterly change was also negative (-0,34% q-o-q), but prices remained positive on an annual basis (+1,56% y-o-y), while in the group of six cities excluding Warsaw, the market was nearly flat: +0,06% q-o-q and +0,33% y-o-y. Locally, the range of changes was smaller than in the primary market on an annual basis, but still significant: quarterly changes from -3,9% in Zielona Góra to +5,8% in Gdynia, and annual changes from -2,7% in Białystok to +8,2% in Bydgoszcz.

Country fact Sheet

by: Agnieszka Nierodka, Polish Bank Association

POLAND

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	484.874,2	489.306,9	493.711,1	496.092,1	495.405,4	501.050,4	507.741,1	513.207,7	520.088,4
Gross Residential Mortgage Lending (million EUR)	27.128	18.430	18.906	19.406	19.513	23.268	24.245	23.520	24.330
House Price Indices	205	213	218	220	225	223	221	222	222
(2015 = 100)	7,6	7,9	7,6	7,5	7,6	6,8	6,6	6,2	5,9
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	8	7,9	7,8	7,9	7,9	7,3	7	6,3	5,7
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	7,5	7,9	7,5	7,4	7,5	6,6	6,5	6,2	5,9
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	17,42	32,16	24,85	13,12	21,13	25,62	24,64	35,4	36,9
Short-term fixed (1Y-5Y initial rate fixation)	82,58	67,84	75,15	86,88	78,87	74,38	75,36	64,6	63,1
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	77,41	75,4	73,3	70,9	68,6	66,8	64,43	62,51	61,2
Short-term fixed (1Y-5Y initial rate fixation)	22,59	24,6	26,7	29,1	31,4	33,2	35,57	37,49	38,8

Country fact Sheet

by: Fernanda Veiga, Banco Montepio

PORTUGAL

MORTGAGE MARKETS

Market developments:

The outstanding stock of household credit in Portugal increased by €3.6 bn (+2,5%) between December 2025 and March 2026, reaching €148.2 bn, with housing loans accounting for 75,8% of total household credit net flows in 2026. On a y-o-y basis, outstanding household credit expanded by 9,7% (€13.1 bn), the highest annual growth rate since May 2008.
The outstanding stock of housing loans reached €114 bn in March 2026, reflecting a net positive flow of €2.7 bn (+2,4%) in the first quarter of 2026 and an increase by 10,0% (€10.4 bn) on a y-o-y basis, the highest growth rate since February 2007. Loans granted for the purchase of owner-occupied primary residences to borrowers aged 35 or under accounted for 62,0% of gross new housing lending in March 2026, marginally above the 2025 average of 59,6% (since mid-2024, borrowers aged 35 or under benefit from a government-supported scheme aimed at facilitating access to owner-occupied primary residences).
Net housing loan flows (gross new lending excluding refinancing minus early repayments over the reference period) amounted to €3.8 bn in the first quarter of 2026, which compares to 2.8 bn in the first quarter of 2025.
The cumulative volume of refinanced and renegotiated housing loans up to March 2026 (€1.8 bn) was 27% higher than in the corresponding period of 2025 (€1.4 bn). Accordingly, the share of refinancing and renegotiations in total gross new housing lending increased to 24% in the first quarter of 2026, from 21% in the first quarter of 2025, but stayed well below the levels reached at the end of 2024 (29%) and 2023 (47%).
In macroeconomic terms, the ongoing conflict in the Middle East stands out, having brought new risks to the global geopolitical context, primarily impacting financial markets, international trade, and energy prices. This situation in the Middle East has led to downward revisions in economic growth prospects and upward revisions in inflation forecasts globally, and naturally also for Portugal.Our forecast for Portuguese GDP growth in 2026 has been revised downwards by 0,2 pp, to +1,9%, while the forecast for inflation in 2026 was revised upwards by 0,8 pp, to +2,8%. The total impact depends heavily on the duration of the conflict and disruptions in energy supply and transport, particularly in the Strait of Hormuz, with a direct impact on energy prices, especially oil and natural gas. In reaction to these developments and the prospects of an impact on inflation, interest rates (Euribor) have risen sharply, with markets now anticipating ECB interest rate hikes (between two and three 25-basis-point increases), a significant shift from previous expectations, causing an increase in mortgage payments and a higher cost for new home loans.

REGULATION & GOVERNMENT INTERVENTION

Banco de Portugal announced recently the intent to discuss with the Government alternative measures to those currently in place, to support housing affordability to younger borrowers, in order to mitigate the side effects occurring over residential real estate prices.
Within the scope of macroprudential measures, Banco de Portugal announced in May 2026 that it is consulting economic agents in order to promote changes to its recommendation on the limits to the DSTI ratio (reduction from 50% to 45%) in mortgage loans, a decrease in the total allowed DSTI exceptions (from ~15% to 10%) and a change in loan maximum maturities.

HOUSING MARKETS

Housing Supply:

The scarcity of housing supply has contributed to the increase in residential real estate prices, with the number of houses built between 2015 and 2024 having reached just half of the figure in the previous eight years, along with a high number of secondary and vacant properties.
Housing supply has therefore remained unable to meet demand, despite recent easier licensing.
According to the latest data published by INE (National Institute of Statistics), 26.100 buildings were licensed and 15.900 buildings were completed in 2025 (+2,3% and -8,8%, respectively).
A recent OECD study (published in January 2026) on the housing market situation in Portugal identifies a set of challenges related to housing affordability in the country. These challenges reflect long-standing weaknesses and have limited the housing market's ability to respond to rising house prices. High construction costs and the slow and complex licensing processes are hindering investment in new housing.
According to the latest data published by INE, construction costs for new residential buildings are estimated to have increased by 5,8% in March 2026, on a y-o-y basis, 1,0 percentage points more than the previous month. The price of materials presented an increase by 3,7%, while labour costs rose 8,2%.

House Prices:

Prices in the Portuguese residential real estate market kept growing above the inflation rate in 2025, with signs of overvaluation persisting since 2019, which have been reiterated in analyses by the Bank of Portugal and international organizations (such as, more recently, the OECD and the European Commission). According to data from INE, the Housing Price Index (IPHab) accelerated in the fourth quarter of 2025, with y-o-y growth rising to 18,9% (from 17,7% in the previous quarter), with a q-o-q growth of 4,0% (+4,8%, +4,7% and +4,1% in the first, second and third quarters of 2025), reaching new historical highs and having increased by 203,8% since the second quarter of 2013, during the Troika intervention period.
The median bank appraisal value of residential properties, increased by 16,5% in April 2026 on a y-o-y basis, having risen 1,1% since March 2026 (to €2.174/m2), marking the 29th consecutive monthly increase and renewing historical highs and staying 195,4% above the historical low observed in April 2014, after average annual variations of 17,6% in 2025, 9,1% in 2024, 8,2% in 2023 and 12,6% in 2022.
According to the latest data published by INE, in the 4th quarter of 2025, house prices accelerated (i.e., registered increases in annual variation rates) in 13 of the 24 municipalities with more than 100.000 inhabitants (compared to 12 in the 3rd

quarter of 2025), with the municipalities of Barcelos (+14,5 p.p.) and Maia (+14,1 p.p.) showing the largest increases. The largest decreases in the annual variation rate occurred in the municipalities of Matosinhos (-27,6 p.p.) and Coimbra (-25,7 p.p.). The municipalities of Lisbon and Porto registered increases in the annual variation rates from the 3rd to the 4th quarter of 2025 of 2,2 p.p. and 3,8 p.p., respectively. The municipalities of Lisbon (€5.198/m²), Cascais (€4.654/m²) and Oeiras (€4.225/m²) presented the highest housing prices per squared meter.

In 2025, the median price of family housing in Portugal was €2.076/m², with the sub-regions Greater Lisbon (€3.439/m²), Algarve (€3.139/m²), Setúbal Peninsula (€2.596/m²), Madeira Autonomous Region (€2.500/m²) and Porto Metropolitan Area (€2.305/m²) registering values higher than the national average.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	99.542	100.250	101.410	102.939	104.960	107.284	110.116	112.947	115.714
Gross Residential Mortgage Lending (million EUR)	5.991	5.944	5.732	6.888	6.553	6.973	7.386	7.818	7.513
House Price Indices (2015 = 100)	212,45	220,74	228,89	235,68	247,05	258,78	269,35	n/a	n/a
Mortgage Interest Rates (%, weighted average)	4,68	4,56	4,35	4,00	3,67	3,39	3,19	3,13	3,09
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	32,7	27,9	20,3	21,9	25,9	24,0	28,4	25,5	23,6
Short-term fixed (1Y-5Y initial rate fixation) Medium-Term fixed (5Y-10Y initial rate fixation) Long-Term fixed (over 10Y initial rate fixation)	67,3	72,1	79,7	78,1	74,1	76,0	71,6	74,5	76,4

Country fact Sheet

by: Stefan Dina, Romania Association of Banks

ROMANIA

MORTGAGE MARKETS

Market developments:

Gross new residential lending contracted by 8,2%year-on-year in Q1 2026, indicating a further weakening of mortgage demand. The decline was accompanied by a moderation in residential property transactions and occurred against a backdrop of reduced household purchasing power and heightened uncertainty regarding future economic developments.

Refinancing activity rose sharply, by 91%, accounting for 11%of gross residential lending. The rise in remortgaging reflects borrowers' efforts to reduce interest rate risk and benefit from more favourable lending conditions, supported by competitive refinancing offers and a shift towards fixed-rate mortgage products.

Asset quality in the mortgage portfolio continued to improve in Q1 2026, with the non-performing loan (NPL) ratio declining to 1,53%from 1,57%in the corresponding period of the previous year.

Key factors that may affect the Romanian mortgage market in the near future include the fiscal consolidation measures implemented in 2026, which are expected to reduce households' purchasing power and weigh on mortgage demand, developments in financing conditions, persistent supply-demand imbalances in the housing market, housing-related tax changes, and broader macroeconomic conditions, including inflation, economic growth and labour market developments.

HOUSING MARKETS

Housing Supply:

On the supply side, the delivery of new dwellings declined by 3,1%in 2025 compared with the previous year, while the composition of new housing continued to shift towards rural areas, supported by greater land availability and relatively lower construction costs. Looking ahead, supply conditions are expected to improve, as residential construction activity increased significantly over the past year and the number of building permits issued for residential properties rose by 2,8%, pointing to a gradual expansion of housing supply.

House Prices:

In Q4 2025, residential property prices in Romania rose by 1,7% quartely, and 6,7% year-on-year in nominal terms. The annual change is above the EU average (5,5%), but below the rates observed in several regional peer countries, such as Hungary, Bulgaria and the Czech Republic. Persistent imbalances between housing demand and supply continued to support price growth. In real terms, however, residential property prices fell by 2,6% year-on-year, amid elevated inflation. The increase in VAT applicable to residential real estate transactions from August 2025, including the removal of the reduced VAT rate for first-home purchases, contributed to a stronger divergence between the new and existing housing segments. Higher taxation on new homes redirected part of demand towards existing properties, where relatively constrained supply intensified price pressures. As a result, prices of existing dwellings increased by 7,1% year-on-year in Q4 2025, compared with 6% for new dwellings. At the same time, elevated construction costs continued to support price growth in the new housing segment.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	21.258	21.424	21.691	22.127	22.349	22.411	22.752	23.017	23.220
Gross Residential Mortgage Lending (million EUR)	891	1.063	1.175	1.464	1.255	1.317	1.386	1.336	1.125
House Price Indices (2015 = 100)	154,3	155,1	155,9	158,4	161,8	162,38	166,14	168,99	n/a
Mortgage Interest Rates (%, weighted average)	6,69	6,44	6,23	6,00	5,88	5,81	5,84	5,82	5,7
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	7,65	7,61	7,43	6,84	6,45	6,43	6,52	6,27	6,19
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	6,23	6,02	5,83	5,71	5,69	5,64	5,67	5,69	5,60
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	5,29	4,99	5,03	5,02	4,97	4,96	4,97	4,98	5,01
Long-term initial fixed period rate, 10-year or more maturity (%)	6,51	6,24	6,30	6,20	6,11	5,85	5,85	6,53	6,21
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	40,7	31,2	27,41	27,96	28,7	25,5	24,5	24,02	22,06
Short-term fixed (1Y-5Y initial rate fixation)	39,1	51,4	56,11	58,63	60,5	63,3	68,1	66,89	68,39
Medium-Term fixed (5Y-10Y initial rate fixation)	13,7	8,8	7,66	6,57	6,1	5,6	5,3	4,63	5,00
Long-Term fixed (over 10Y initial rate fixation)	6,5	8,6	8,83	6,84	4,8	5,5	2,1	4,5	4,55

Country fact Sheet

SLOVENIA

by: Tanja Tomat and Gašper Krklec, OTP Banka Slovenia

MORTGAGE MARKETS

Market developments:

The Slovenian mortgage market continued to expand in Q1 2026, with the ongoing growth in outstanding loan volumes pointing to a gradual normalization of market conditions following a period of increased interest rates during 2023–2024.
Expectations of interest rate stabilisation, and potentially easing in the medium term, appear to be supporting a cautious recovery in borrower demand, particularly among households that postponed borrowing decisions during the peak tightening phase.
The stock of outstanding housing loans increased to €9.421 bn, up by around 2,2% q-o-q and around 8% y-o-y. At the same time, lending activity moderated slightly, with gross residential lending declining to approximately €557 mn in Q1 2026, down from around €587 mn in the previous quarter (around -5% q-o-q), while remaining substantially higher than in the same period last year (around +30% y-o-y).
Borrowing costs remained elevated relative to pre-2022 levels, with the representative interest rate on new housing loans stabilising at around 2,9% in Q1 2026 (slightly higher than in the previous quarter), which continues to weigh on affordability, although its impact is gradually diminishing as lending volumes recover towards levels observed prior to the tightening cycle.
Credit quality remained exceptionally strong, with the non-performing exposure (NPE) ratio stable at around 0,8%, indicating continued borrower resilience and prudent risk management across the banking sector.

REGULATION & GOVERNMENT INTERVENTION

The Republic of Slovenia is implementing a comprehensive reform of its housing policy aimed at increasing the availability, affordability and long-term stability of public rental housing. The reform is centred on a long-term financing framework that allocates €100 million annually for the construction and renovation of public rental dwellings, recapitalisation of the national housing fund and the provision of favourable financing conditions for public housing projects.
The national housing fund is carrying out the largest investment cycle to date, with nearly 2.000 new public rental units planned or under construction across the country. These investments strengthen cooperation with municipalities, support land acquisition and ensure predictable long term project development.
Legislative amendments introduce a modernised public rental system, streamline allocation procedures, broaden eligibility criteria and shift the financing of housing subsidies for vulnerable groups to the state. Further measures include expanding the stock of public rental and assisted living dwellings, providing structural support to municipalities and improving the efficiency of spatial planning and construction processes.

HOUSING MARKETS

Housing Supply:

Housing supply remains constrained, with volatile construction activity, stable but insufficient permitting activity, and persistently high cost pressures limiting a sustained expansion in residential development.
Construction activity declined towards the end of 2025 but showed a partial recovery in Q1 2026, based on an index (2021=100; data for Q4 2025 and Q1 2026 are preliminary). In Q1 2026, the index gradually recovered, although it remained below peak levels observed in Q4 2025. On a y-o-y basis, construction activity remained broadly stable. The average index for Q1 2025 stood at 127,1, compared to 127,8 in Q1 2026, indicating no material change.
Building permits indicate a broadly stable but slightly weakening outlook for residential construction in Q1 2026. A total of 579 permits were issued for new residential buildings and extensions (preliminary data), down by approximately 1% q-o-q and 6,5% y-o-y. The corresponding total planned floor area in Q1 2026 stood at 208.390 m², slightly lower than in both Q4 2025 and Q1 2025.
Construction cost pressures remained elevated in Q1 2026, as reflected in producer price indices for residential buildings. Prices increased by 3,8% q-o-q and 9,5% y-o-y, indicating a continued rise in construction costs, albeit at a moderate pace compared to previous periods.
Survey-based indicators confirm that residential construction remains constrained. Order book indicators remained weak at the beginning of the year, while firms continued to report insufficient demand, high material costs and shortages of skilled labour among the main limiting factors. Cost expectations also remained elevated.
Overall, the data suggest that housing supply remains constrained, with no clear evidence of a sustained upward trend. The combination of uneven construction activity, slightly weakening permitting activity, elevated cost pressures and unfavourable survey signals indicates that the expansion in residential construction remains limited.

House Prices:

As data for Q1 2026 are not yet available, house price developments are assessed based on trends observed between Q1 2024 and Q4 2025. Over this period, residential property prices continued to increase, albeit at a more moderate pace than in earlier phases, with some short-term volatility. Based on index developments (2015=100), prices increased by approximately 11% over the observed period.
At the same time, market activity remained robust. The number of transactions increased by approximately 26,6% in 2025 compared to 2024, while the total value of transactions rose by 32,4%, indicating sustained demand alongside rising prices.
Looking ahead, no major shift in price dynamics is expected, as constrained housing supply and elevated construction costs are likely to continue supporting price levels.

Country fact Sheet

by: Tanja Tomat and Gašper Krklec, OTP Banka Slovenia

SLOVENIA

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	8.303	8.392	8.488	8.598	8.710	8.914	9.119	9.222	9.421
Gross Residential Mortgage Lending (million EUR)	310	353	360	390	429	559	578	587	557
House Price Indices (2015 = 100)	195,4	198,3	201,5	205,7	201,7	209,3	207,0	217,6	n/a
Mortgage Interest Rates (%, weighted average)	3,81	3,68	3,44	3,18	2,99	2,86	2,83	2,86	2,93
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,3	5,42	4,88	4,97	3,98	3,51	3,63	3,23	3,74
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,99	3,37	3,52	3,6	3,28	2,93	3,04	3,43	3,55
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,72	3,56	3,39	3,01	2,91	2,85	2,72	2,79	3,01
Long-term initial fixed period rate, 10-year or more maturity (%)	3,79	3,67	3,4	3,15	2,98	2,85	2,83	2,86	2,91
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	2,8	1,8	2,0	2,0	1,9	1,2	1,56	1,2	1,3
Short-term fixed (1Y-5Y initial rate fixation)	1,6	2,3	2,3	1,7	1,6	1,2	0,96	0,9	1,2
Medium-Term fixed (5Y-10Y initial rate fixation)	14,4	15,1	13,9	15,1	17,7	17,0	14,41	13,7	10,4
Long-Term fixed (over 10Y initial rate fixation)	81,1	80,7	81,7	81,1	78,8	80,5	83,07	84,2	87,2

Country fact Sheet

by: Leyre Lopez, Asociación Hipotecaria Española

SPAIN

MORTGAGE MARKETS

Market developments:

Gross lending continued to increase although moderating (5%), reaching €20.4 bn. Remortgaging remained at similar levels, accounting for less than 6% of new lending.
The recent rise in Euribor, in the context of heightened geopolitical uncertainty, has not yet been transmitted to credit aggregates. However, a tightening of financial conditions is anticipated in the near term, likely leading to a slowdown in demand. The magnitude of this effect will depend on the persistence of inflationary pressures and the subsequent monetary policy stance.

REGULATION & GOVERNMENT INTERVENTION

In a context marked by persistent housing affordability pressures, the State Housing Plan *(Plan Estatal de la Vivienda 2026-2030)* has been approved, including a set of targeted measures aimed at supporting young individuals in rental accommodation, facilitating access to homeownership through rent-to-buy schemes in social housing, and providing purchase support for young households living in rural areas. The plan also includes support measures for developers involved in the promotion of affordable housing.
At the local level, the Madrid City Council is developing a Municipal Strategic Plan *(Plan Estratégico Municipal)* focused on the transformation of the land development model, with the aim of boosting densification in both existing urban areas and new neighbourhoods.
Within the framework of macroprudential policy, the Bank of Spain has continued to assess the appropriateness of introducing limits on mortgage lending origination. However, available evidence suggests a heterogeneous impact across borrower segments, with younger cohorts being more affected in terms of housing affordability constraints.
In order to maintain financial stability, the Bank of Spain has confirmed that the countercyclical capital buffer requirement applicable to domestic exposures will be raised by 1,0%, effective as of 1 October 2026. The buffer is currently established at 0,5%.

HOUSING MARKETS

Housing Supply:

Housing building permits increased moderately, although they remain subdued in view of structural demand and the existing housing stock deficit.

House Prices:

Price pressures were particularly pronounced in heated markets, notably in capital cities and municipalities within metropolitan areas.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	470.137	471.396	472.491	474.501	477.535	483.067	487.079	491.548	n/a
Gross Residential Mortgage Lending (million EUR)	15.507	17.674	15.949	18.822	19.444	21.794	19.197	22.313	20.390
House Price Indices (2015 = 100)	126,5	128,5	130,2	133,7	137,8	141,9	146,0	151,2	157,0
Mortgage Interest Rates (%, weighted average)	3,57	3,45	3,32	3,05	2,85	2,72	2,66	2,63	2,72
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	3,95	4,32	4,10	3,61	3,24	3,04	2,85	2,89	2,87
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,10	4,02	3,97	3,50	3,31	3,16	3,07	3,18	3,28
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,87	3,91	4,06	3,63	3,69	3,62	3,48	3,65	3,79
Long-term initial fixed period rate, 10-year or more maturity (%)	3,09	2,93	2,87	2,75	2,62	2,52	2,49	2,46	2,54
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	16,8	12,5	10,3	10,1	9,2	8,1	7,1	6,85	7,3
Short-term fixed (1Y-5Y initial rate fixation)	23,0	20,9	17,3	14,1	10,4	8,8	8,6	7,29	6,8
Medium-Term fixed (5Y-10Y initial rate fixation)	14,4	11,8	11,4	11,4	9,8	8,5	9,5	7,93	8,8
Long-Term fixed (over 10Y initial rate fixation)	45,8	54,8	61,0	64,4	70,6	74,6	74,9	77,93	77,1

Country fact Sheet

by: Christian Nilsson, Finance Sweden

SWEDEN

MORTGAGE MARKETS

Market developments:

Net mortgage lending grew by 2,5% on an annual basis in the first quarter 2026 compared to 2,3% the previous quarter. Mortgage lending secured on one-family homes increased by 3,3% on an annual basis (3,1% Q4 2025). The increase in lending secured on tenant-owned apartments increased by 2,3% (2,2% Q4 2025). The net mortgage lending to multi-family homes increased by 1,1% in Q1 compared to 1,0% on an annual basis in the previous quarter.

REGULATION & GOVERNMENT INTERVENTION

In April 2026 a new law on mortgages will enter into force. The new law increases the maximum LTV for new mortgage loans from 85% to 90%. However, if the borrower would like to take out extra mortgages on an existing mortage loan, the maximum LTV is reduced to 80% from 85%.
In addition, the amortisation regulations have been ammended by the new law. The amortisation regulations consist of two parts: an LTV-limit and an LTI-limit. The additional amortisation of 1% if you have an LTI over 450% has been abolished.
The expected total effect on the mortgage market is that the prices on housing will increase and the demand for mortgages will increase.

HOUSING MARKETS

Housing Supply:

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

House Prices:

Prices of single-family homes increased by 1,5% on a yearly basis Q1 2026 compared to an increase by 0,5% Q4 2025 according to Statistics Sweden. One year ago, Q1 2025, the house prices increased by 3,2% on an annual basis. The price statistic is partly based on transactions where the prices are negotiated in earlier quarters and the figure is to some extent delayed.
The prices of single-amily homes in the Stockholm area decreased by 0,4% on a yearly basis in the first quarter 2026 (-0,6% previous quarter). In the Malmö area the prices increased by 6,0% on an annual basis (0,0% previous quarter) and in Gothenburg the prices decreased by 2,2% (5,2% previous quarter).

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	468.846	467.605	471.577	467.853	496.096	485.608	492.722	506.936	504.133
Gross Residential Mortgage Lending (million EUR)	11.671	13.351	12.170	15.834	14.204	15.230	12.840	16.388	12.608
House Price Indices (2015 = 100)	136,9	138,4	141,9	141,0	140,6	142,2	143,7	142,2	n/a
Mortgage Interest Rates (%, weighted average)	4,68	4,53	4,09	3,46	3,13	3,06	2,83	2,70	2,70
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	4,36	4,04	3,36	2,94	3,01	2,82	2,70	2,66	2,78
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	3,74	3,64	2,91	2,85	3,10	2,97	2,88	2,93	3,01
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	3,09	3,11	2,78	2,75	3,24	3,22	3,11	3,23	3,36
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS									
Variable rate (up to 1Y initial rate fixation)	65,06	69,18	71,31	72,79	73,80	75,27	76,68	81,20	79,4
Short-term fixed (1Y-5Y initial rate fixation)	33,66	29,57	27,48	26,04	25,05	23,61	22,24	16,87	19,1
Medium-Term fixed (5Y-10Y initial rate fixation)	1,28	1,24	1,21	1,16	1,16	1,12	1,09	1,93	1,6
Long-Term fixed (over 10Y initial rate fixation)									
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	86,00	91,58	86,91	77,13	77,70	74,71	80,07	77,89	74,74
Short-term fixed (1Y-5Y initial rate fixation)	12,73	7,37	11,50	20,98	19,73	23,43	18,53	21,05	20,2
Medium-Term fixed (5Y-10Y initial rate fixation)	1,26	1,05	1,58	1,89	2,56	1,86	1,40	1,06	1,03
Long-Term fixed (over 10Y initial rate fixation)									

Country fact Sheet

UNITED KINGDOM

by: Joseph Thompson, Building Societies Association (BSA)

MORTGAGE MARKETS

Market developments:

There was a mixed picture in UK mortgage market during Q1 2026. New lending activity was weaker than at the end of 2025. Gross mortgage lending fell by 12% from £77.3 billion in Q1 2025 to £69.6 billion in Q1 2026. This reflected elevated mortgage rates, stretched affordability and weaker consumer confidence in the housing market. New mortgage approvals were more positive, rising 12% in the quarter compared to the same period in 2025. Remortgaging activity has become a larger part of the lending mix, with the number remortgage loans up 34% on Q1 2025 and now accounting for 38% of total mortgage approvals in the quarter. This reflects the large number of fixed-rate deals maturing in 2026 and borrowers looking for new deals.

The short-term outlook for the mortgage market will mainly depend on the path of interest rates, household income growth and lender risk appetite. Mortgage rates reduced throughout 2025 as the Bank rate was cut following disinflationary progress, however they have increased since the outbreak of the conflict in the Middle East. This will constrain affordability, especially for first-time buyers and higher loan-to-income borrowers.

HOUSING MARKETS

Housing Supply:

Housing supply showed an improvement to housing starts in Q1 2026 with 34,470 in the quarter, up 18% on Q1 2025. However, the higher figures partly reflect operational changes and reporting reforms intended to accelerate housebuilding. There were 33.630 completions in Q1 2026, up 3% on Q1 2025. Regardless of the data issues, house building activity remained far below the level required to meet government housing targets.

House Prices:

UK house prices were broadly stable in Q1 2026, with modest annual growth of 0,9%, but were down 0,8% on the previous quarter. The housing market had begun to pick up and house prices were being supported by positive real income growth and some easing in mortgage rates. Whilst housing market confidence was weak, many were anticipating an easing in affordability as markets were pricing in further cuts to the Bank Rate. However, mortgage availability has reduced and mortgage rates have increased up since the outbreak of war in the Middle East. Housing market confidence has dipped further, however the housing market has so far shown resilience. There continues to be some material regional differences in house price growth, with prices in Norther Ireland up around 10% year or year whereas in the South East prices are down 0,7% compared with Q1 2025. House prices in London have shown no growth at all. This reflects affordability differences between regions where they are most acute in London and parts of the South East with high price-to-income ratios. By contrast, lower prices in Northern Ireland, Scotland and parts of northern England provided more scope for transactions and price growth.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
MACROECONOMIC INDICATORS									
Total Outstanding Residential Mortgage Lending (Million EUR)	1.621.612	1.627.995	1.638.107	1.644.841	1.663.954	1.668.201	1.683.290	1.694.555	1.707.541
Gross Residential Mortgage Lending (million EUR)	50.668	59.797	64.256	67.214	77.251	57.065	78.732	77.746	68.217
House Price Indices (2015 = 100)	145,1	146,7	150,1	150,4	151,1	149,8	153,6	153,7	152,5
Mortgage Interest Rates (%, weighted average)	4,96%	4,80%	4,83%	4,54%	4,52%	4,43%	4,25%	4,18%	4,10%
MORTGAGE INTEREST RATES									
Variable rate and initial fixed period rate up to 1 year (%)	5,87	5,94	5,78	5,56	5,27	4,86	4,72	4,57	4,36
Short-term initial fixed period rate, from 1 to 5 years maturity (%)	4,83	4,71	4,73	4,46	4,46	4,32	4,21	4,14	4,05
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)	4,18	4,10	4,01	3,97	3,92	4,05	4,01	4,01	4,11
Long-term initial fixed period rate, 10-year or more maturity (%)	4,22	3,02	3,90	5,05	5,19	N/A	N/A	N/A	N/A
MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS									
Variable rate (up to 1Y initial rate fixation)	11,80	6,30	7,40	6,00	6,70	7,60	7,00	7,20	8,00
Short-term fixed (1Y-5Y initial rate fixation)	87,58	93,14	91,95	93,53	92,83	91,94	92,63	92,43	91,63
Medium-Term fixed (5Y-10Y initial rate fixation)	0,62	0,56	0,65	0,47	0,47	0,46	0,37	0,37	0,37
Long-Term fixed (over 10Y initial rate fixation)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

QUARTERLY REVIEW

OF EUROPEAN MORTGAGE AND HOUSING MARKETS

Q1 | 2026

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FUNDING THE REAL ECONOMY