

January 5th 2023

Loans to individuals – France • November 2022

The housing loan's growth continues its normalization in a rising interest rate environment

- In November the seasonally adjusted flow of new mortgages reaches €18.3 billion (after €18.6 billion in October), while interest rates continue their rise, with a narrowly defined effective rate -NDER-, i.e. excluding fees and insurance, of 1.91% on average (after 1.77% in October).
- The annual growth rate of outstanding housing loans is down slightly to +5.7%, after +5.9% in October.
- The growth rate of consumer credit stands at +4.0%, after +4.3% in October.
- The early estimate for December indicates a continued rise in the average interest rate on new loans, which should reach 2.04%, with a monthly seasonally adjusted production of housing loans of €15.0 billion. The outstanding loans is projected to grow at an annual rate of +5.5% for the year 2022.
- When evaluated excluding renegotiations, adding the early estimate for December, the cumulated production of new loans for the year would amount € 218.4 billion, being an all-time high apart from the exceptional year of 2021, at which year 2022 is only 3% below.

Outstanding amounts and annual growth rates (without seasonal adjustment)

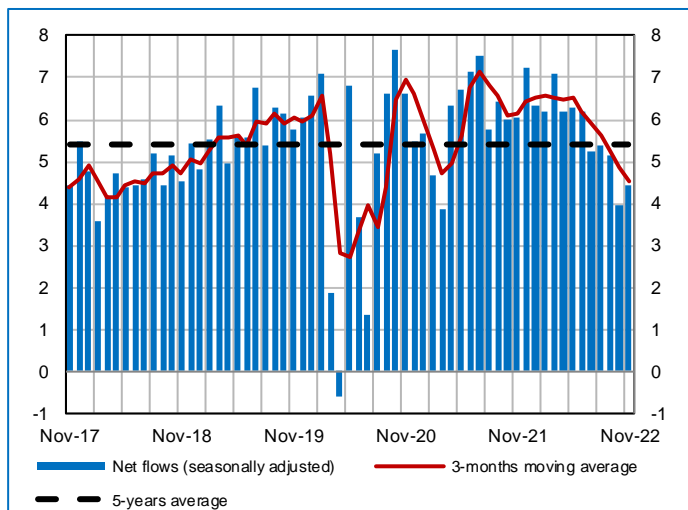
(Outstanding amounts in € Bn, annual growth rate in %)

	End-of-month level	Annual growth rate			
	Nov-22	Sept-22	Oct-22	Nov-22	Dec-22 *
Total	1 508	5.8	5.6	5.5	-
<i>Lending for house purchase</i>	<i>1 276</i>	<i>6.2</i>	<i>5.9</i>	<i>5.7</i>	<i>5.5</i>
<i>Credit for consumption</i>	<i>202</i>	<i>4.2</i>	<i>4.3</i>	<i>4.0</i>	<i>-</i>
<i>Other lending</i>	<i>30</i>	<i>3.0</i>	<i>3.4</i>	<i>5.0</i>	<i>-</i>

(*) Nowcasting

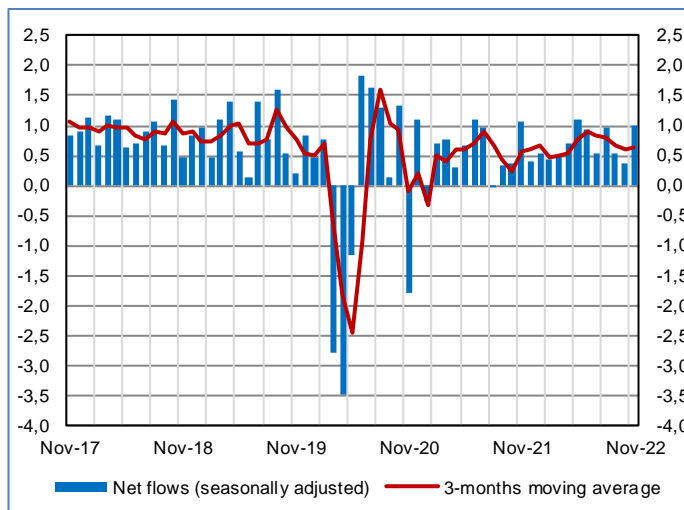
Housing loans to individuals (seasonally adjusted)

(In billion euros)



Credit for consumption (seasonally adjusted)

(In billion euros)



Production of new loans

(excluding overdrafts, monthly flows seasonally adjusted (a))

(volumes in billion euros, proportion in percentage)	Jul-22	Aug-22	Sept-22	Oct-22 (e)	Nov-22 (f)	Dec-22 (g)
- loans for consumption purposes (b)	5.7	6.0	6.0	5.8	5.6	
- housing loans	21.7	21.0	18.7	18.6	18.3	15.0
of which housing loans excluding renegotiations	18.7	18.8	16.4	16.1	16.0	
- proportion of renegotiation (not seasonally adjusted) in % (c)	13.9	10.6	12.3	13.4	12.8	

Interest rates on new loans (narrow defined effective rate, monthly average)

(in percentage)	Jul-22	Aug-22	Sept-22	Oct-22 (e)	Nov-22 (f)	Dec-22 (g)
- housing loans	1.45	1.58	1.68	1.77	1.91	2.04
of which housing loans long term and fixed rates	1.45	1.58	1.69	1.78	1.92	
of which housing loans short term and floating rates	1.42	1.53	1.62	1.67	1.81	
of which housing loans excluding renegotiations	1.45	1.59	1.70	1.81	1.96	
- loans for consumption purposes (b)	3.85	3.89	3.87	4.31	4.64	
- overdrafts for individuals (d)	4.86	4.91	5.15	5.23	5.47	

(a) Parameters for seasonal adjustment are updated each month, taking into account monthly data under review.

(b) Excluding revolving loans. Loans for splitted-cost payments (mainly "loans granted on market place" and "extended credit-card credits" are included into consumption loans.

(c) Ratio of renegotiated loans on housing loans, both not seasonally adjusted

(d) Overdrafts: negative balance of ordinary accounts + commercial credits + factoring + cash credits without fixed repayment schedule (including mobilization of revolving loans).

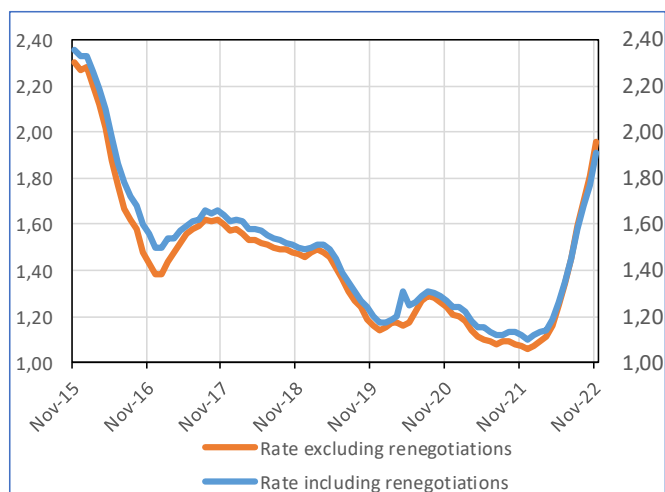
(e) Revised data

(f) Provisional data

(g) Nowcasting

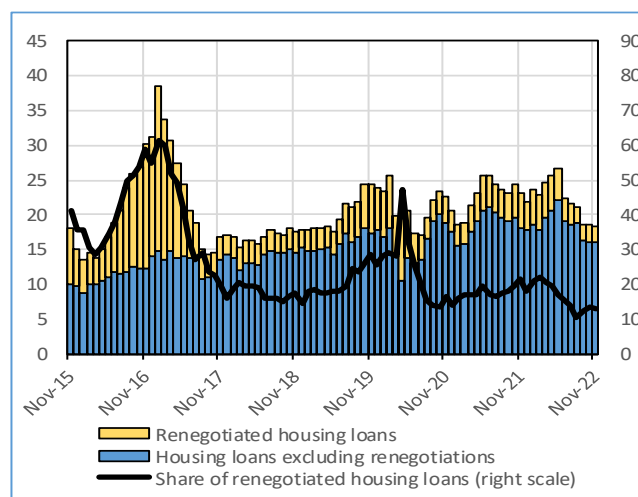
Interest rates on housing loans, all maturities

(Narrowly defined effective rate, average weighted by long and short term flows, in %)



Share of renegotiated loans in new housing loans

(Monthly seasonally adjusted new loans in € Bn, share in %)





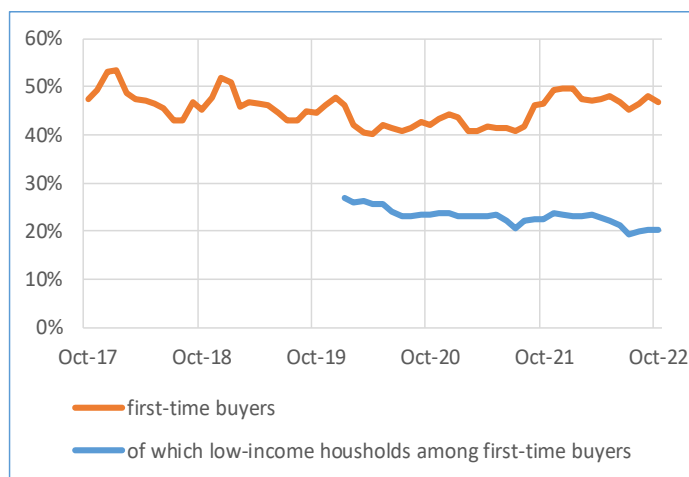
Additional information on access to real estate credit for first-time buyers

The Banque de France collects additional information from resident banks on housing loans, which makes it possible to break down loans according to their characteristics as well as those of the borrowers (loan amount, number of loans, average term, first-time buyer or not, etc.). This more granular information is based on a sample of 12 banks representing 90% of total outstanding loans, and is available with a small time lag. Analysis of the data shows that:

- The share of first-time borrowers of home loans for the acquisition of a principal residence is 47% in October 2022, a proportion identical to the average observed since 2015.
- The average term of housing loans for the purchase of a principal residence reaches 23 years for all borrowers and 23 years and 8 months for first-time buyers.

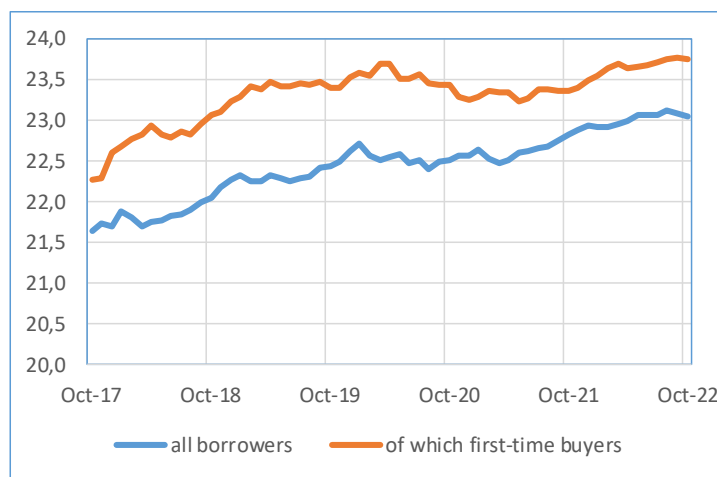
Share of first-time buyers in the production of housing loans for the acquisition of a principal residence

(in %)



Average maturity of housing loans for the purchase of a principal residence

(in years)



Additional information

Only loans granted to individuals (households excluding sole proprietors and unincorporated partnerships) by resident monetary financial institutions are presented here. The outstanding growth rates are calculated from monthly changes in stocks (including sales and securitization) by correcting from modifications that do not reflect economic changes, especially, the accounting derecognition of loans from the MFI's statistical balance sheet due to write-offs/write-downs. Conversely, exchange rate effects are taken into account without any change for technical reasons. Monthly growth rates are those of new loans agreed, i.e. disbursed. Nevertheless, new loan production represents new loans granted, even when they are not actually disbursed to the borrower, in accordance with the Eurosystem harmonised methodology, which aims to provide the public with an indicator that rapidly reflects changes in loan production. For this reason, the production of new loans differs from monthly changes in outstanding loans. Indeed, on the one hand, outstanding loans are recorded after the effective disbursement of funds and, on the other hand, they are reduced by the amortization of old loans. The weighted average rates and new business volumes are calculated according to the harmonized definitions of the Eurosystem. Published rates are the narrowly defined effective rate (NDER). They correspond to the interest component of the Annual Percentage Rate of Charge (APRC). Renegotiated loans also include external mortgage repurchases. As of October 1st, 2021, the Banque de France start offering a nowcasting on new business loans and interest rates based on a model which takes into account market conditions (reference interest rate, property transfer duties...) and the past values of the estimated variables. The absolute nowcasting deviation is on average 0.3 billion euros over the long term, i.e. 1.5% of the average gross flow. For interest rates, the absolute deviation is 1 basis point on average.

