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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

At the end of 2017, the economic momentum in the European Union (EU) continued with positive GDP growth, falling unemployment rates and expanding private consumption. In an environment of improving economic fundamentals, coupled with generally very low interest rates, the overall mortgage market in the EU is expanding, notwithstanding the overall challenging geopolitical international and domestic tensions. Almost across the board house prices are stable/increasing year-on-year (y-o-y) and, in some jurisdictions, they are increasing by double-digits, while in others there are clear signs of a shift towards a deceleration in house prices. In this generally positive market outlook, a growing number of countries are considering the introduction of or have already introduced macroprudential recommendations to cool-off the more heated market segments, either by introducing more stringent LTV caps or by imposing amortisation schemes for certain types of mortgage contracts. The widespread imbalance between demand and supply, especially in the high-growth areas of the continent, is likely to persist over the coming quarters, although construction figures are picking up. Of course, national heterogeneities are still present and these must be analysed in more depth.

MORTGAGE MARKET

MARKET DEVELOPMENTS

In our EU sample¹ the outstanding market continued its positive path concluding 2017 with a 2.0% increase with respect to the same period of last year (year-on-year,

y-o-y) and with a 0.44% increase with respect to the previous quarter (quarter-on-quarter, q-o-q). Regarding new lending, the figures showed, on aggregate, a slight inflection to EUR 276 bn, marking respectively 0.3% q-o-q and 1.4% y-o-y decrease. In general, this stable evolution can be explained by the above-mentioned factors which encourage borrowers to climb up or take the first step onto the housing ladder. The national particularities are described in more detail in this section following the geographic macro-areas of the continent.

The country with the most important increase in outstanding mortgage market is **France**, with a more than 6% y-o-y expansion. Notwithstanding this fact, demand has shown signs of weakness and the gross lending volume contracted by over 15% over the same period, and by 13% in terms of number of loans. A similar picture can also be seen in **Belgium**, where outstanding mortgages increased, while gross lending figures showed noticeable variations in all mortgage categories. Moreover, refinancing deals also decreased significantly by 60% y-o-y. However, despite a weak fourth quarter, 2017 overall saw an all-time record in terms of credits granted.

In Central and Eastern Europe, the picture is mixed. In countries like **Germany** both outstanding and gross lending show a stable y-o-y expansion of both gross and outstanding lending, and also in the **Czech Republic** the improving macroeconomic fundamentals support an expanding mortgage market, although gross lending in the last quarter of 2017 contracted by 4.6% with respect to the same period in 2016. In **Poland**, at the end of 2017 fewer but larger mortgages

¹ In Q4 2017 the sample for the Quarterly Review included BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. (i.e. around 95% of the total outstanding mortgage lending in the EU28 in 2016).



were granted. Here the number of new loans decreased by 2% but the average amount increased by 2% q-o-q. This inflection in the numbers for the second quarter in a row can be explained by the increase of alternative funds used by home-buyers, as currently more than 60% of the apartments bought in the largest cities are acquired by own funds. In **Hungary**, the increase in housing mortgage loans offset by the decreasing home equity loans resulted in a constant volume of outstanding residential mortgage loans over the second half of 2017. Looking at the number of mortgages disbursed the last quarter of 2017, this was roughly in line with the previous quarter, but it grew by 45% y-o-y. **Romania** continued a positive evolution of both gross and outstanding mortgage loan figures with very low NPL figures of 3.2% in the reference quarter.

Moving south, in **Italy** the market confirmed its positive trend with outstanding mortgage loans increasing by 2.0% y-o-y and gross figures by 15% q-o-q. New loans, however, marked a 25% decrease y-o-y. The positive evolution over the last quarter was demand-driven and sustained by improved consumer confidence. Similarly, on the Iberic peninsula, new loans continue to depict a positive trend. In Q4 2017 in **Spain** gross figures marked a 13% y-o-y increase with re-mortgaging accounting for 5.0%, less than half the amount seen in the last quarter in 2016. In aggregate terms, 2017 depicted the largest amount of new lending for the last seven years, thus consolidating a recovery supported by both improving economic figures and accommodative monetary policy. In **Portugal** the mortgage market continues the positive of new loans which started in spring 2013 and depicts a 42.7% y-o-y growth in Q4 2017, approaching 2011 levels but still far away from the pre-crisis levels. The increase in new loans shows a decelerating trend, mostly due to the lack of new listings; however, it is expected that the upswing in the real estate market, coupled with a greater competition among banks, may decrease credit standards for new loans.

Moving north, in **Denmark**, gross mortgage lending contracted by 5.4% y-o-y while it increased by 10% q-o-q, due to the increase in both floating and fixed rate loans. Outstanding mortgages increased as well by 2.1% y-o-y. In **Finland**, the improved economic conditions saw an increase of housing loan drawdowns of 1.0% and of outstanding mortgages of 2.2% compared to Q4 2016. In **Sweden**, net mortgages are still relatively high with a 7% increase in 2017, but it has marked a significant deceleration with respect to the previous years. Here too this significant increase can be explained by positive market fundamentals coupled with good access to credit and rapid urbanisation. Rent control makes the market dysfunctional and exacerbates house price growth, especially in the larger cities.

In the **UK**, the economy is providing mixed signals with high inflation, mediocre GDP growth and low, though increasing, unemployment figures. The housing market shows some resilience with first-time-buyers (FTBs) showing the greatest numbers since before the crisis 11 years ago, also due to the range of government support. Other home-owners who do not benefit from any support remain at depressed levels, barely half the numbers seen in the mid-2000s. Buy-to-let (BTL) loans fell sharply over the early part of 2016 and now appear to have stabilised at a much lower level than in previous years due to a different regulatory and fiscal environment. Re-mortgaging, an area of strength beginning 2017, fell away in terms of both home-owners and BTL over the last quarter in 2017. It is expected that there may be an upswing in the near future whilst interest rates are still low and borrowers find it attractive to lock into more fixed-rate deals. In **Ireland**, the housing market showed a great dynamism in 2017 with an increase in housing completions of 29%, housing starts of 33%, housing

sales of 9.4% and transactions by 8% on a y-o-y basis. Non-household buyers play an important role in the market, accounting for 26% of the purchase of new properties and 13.4% of second hand residential properties. Mortgages as well showed an 18% increase in volume terms and 29% increase in value terms. Mortgage approval activity also significantly increased by around 23% in volume and 34% in value terms in 2017.

REGULATION & GOVERNMENT INTERVENTION

As a new section in the Quarterly Review, here the reader will find more detailed information regarding the actions of the relevant public authorities to cool-down markets or to support some specific market categories. Recognising the wealth of ongoing measures, this section focuses exclusively on actions which have either been **announced or introduced in Q4 2017** to provide a sense of the **current action** in this regard.

On the Regulation side, the activities registered in the reference quarter are split between support schemes for certain categories and macroprudential intervention to cool-off the market.

In countries like **Spain, Ireland and France**, the demand of the new housing market was supported by public incentives. In order to promote the home rental market in **Spain** the government has approved a new State Housing Plan for 2018-2021 which seeks to facilitate access to housing for vulnerable groups and tries to boost the regeneration of urban and rural areas affected by depopulation. These aids will be retroactive starting from 1 January 2018. Similarly, in **Ireland** in 2017 the government's Help-to-Buy scheme which offers tax refunds for four years to FTB on purchasing and building new homes has supported 52% of total purchases of new property, while in **France** there are supporting schemes targeted at FTBs and investors.

In **Poland** there have been changes in personal and corporate tax law covering property rental taxation or the introduction of a new tax on commercial real estate. Moreover, less restriction on minimal usable floor space and a reduction of the minimum size of an individual room has been abolished, thus providing more flexibility to the market.

On the other side, **France** announced its new "housing strategy" for 2018, with drastic cuts to some incentives such as zero-rate loans and housing grants, which should be voted into law in early 2018. In the **Czech Republic** the central bank has increased the base interest rates to 0.5% in Q4 2017 and is expected to provide further hikes in 2018. The central bank has also decided to increase the countercyclical capital buffer to 1.25% in 2019. Moreover, in **Poland** the Minister of Development and Finance decided to raise the risk weight for exposures secured by mortgages on real estate for FX housing loans to 150%. In addition, the Minister also introduced a decree on the waiver of income tax on certain incomes related to a mortgage loan granted for housing purposes. In **Sweden** the topic is also heavily debated and stricter amortisation requirements for high Loan-to-Income borrowers are going to enter into force in March 2018. In the **UK**, the Prudential Regulation Authority's requirements on BTL mortgages came into full effect at the start of Q4 2017, requiring lenders to operate additional, stronger affordability tests for "portfolio landlords" with four or more BTL properties, to mitigate against perceived higher default risk amongst this cohort of investors. Likewise, in **Belgium**, in the light of increasing household indebtedness in November 2017 the central bank announced the introduction

of additional macroprudential measures to limit these risks. The new measure consists of two components: the first is a measure that already came into effect in 2013 and expired in May 2017 (but was continued voluntarily by the banks), and is applied equally to all loans. This linear component consists of an increase of five percentage points of the risk weight calculated on the basis of internal models. The second, more focused component, would be applied on the basis of the average risk of each bank's portfolio, using a coefficient (multiplier). In that case, the (micro-prudential) initial risk weight would be multiplied by 1.33. That way, a relatively higher capital requirement would be imposed on banks with a riskier portfolio of mortgage loans, thus contributing more to systemic risk. The new measure will enter into force by the end of April 2018.

In the other countries, no specific actions were reported for Q4 2017, but in several countries there are discussions on introducing or improving measures such as the loan-to-income cap and maximum maturity for housing loans.

HOUSE PRICES

In various countries, the latest data available on house prices show a generally ongoing increasing trend due to the well-known supply and demand imbalances, but in some cases the dynamics shifts to a slower or stagnating pace. 10 out of 16 of countries of our sample depict an increase of more than 5% y-o-y with four more greater than 10% y-o-y, while only two were below 2% y-o-y. At a q-o-q level, a cyclicity in the index can be detected over the year with generally a slight decrease in house price growth in the last quarter. In 2017, the last quarter slowed to a 1.0% q-o-q increase compared to a 1.5% q-o-q increase in Q3 2017, but was slightly higher with respect to Q4 2016.

In Central Europe, in the **Czech Republic** house prices increased by over 13% y-o-y and vacancy rates are at their historical low. In **Germany** too, prices continue their upwards path, especially in the light of the low interest environment. Although the purchase prices seem to be very high, many market participants still consider home ownership to be a sound investment. In **Poland** the major cities, especially on the secondary market, show a sustained growth of between 4.4% and 5.3%, while in the capital city prices were more stable. In **Hungary** house prices showed a positive trend as well in Q3 2017, the last available figure, but it is expected that in the upcoming months the rate will decrease.

Italy is the sole major country in which at a national level and on average house prices slightly contracted. This trend was directly related to the reduction of existing dwellings by 0.7% compared to the previous quarter and by 1.3% with respect to the same quarter of the previous year. In the reference quarter a Bank of Italy survey showed that the share of real estate agents that reported downward pressures on house prices increased again. Moving to the Iberic Peninsula, in **Portugal** 2017 concluded with a quarter of 10.5% y-o-y growth, while in the Historical Centre of Lisbon the price increase more than doubled since 2013 and registered an impressive rate of 21.1% year-on-year. This trend is expected to be maintained considering the lack of supply. Similarly, in **Spain** new housing increased by 2.3% y-o-y while existing ones by 3.1% y-o-y.

Moving to **France**, house prices of all categories kept on growing throughout 2017 with the country growing at 5%, while Paris grew at 8.6% and the average price for an apartment over the year in the country increased by nearly 6% to c. EUR 270,000. In **Belgium**, house prices are also generally increasing although the levels among different regions vary greatly. In Wallonia an average

apartment costs c. EUR 172,000, in Flanders and in Brussels they are respectively over EUR 220,000 or EUR 234,000. In the **Netherlands** house prices increased by a healthy 8.1% y-o-y in Q4 2017.

Moving north, in **Denmark** prices increased at different paces. Single family houses increased by a marginal 0.2% q-o-q, while owner occupied apartments saw a 0.3% drop, the first since Q1 2014. Single family houses on the other hand appreciated by 5.3% over the past year and owner-occupied apartments increased by 8.5%. This rise is primarily driven by the increase in price of these house categories, especially in the first half of the year. The calmer Q4 2017 can be explained by the seasonal patterns. In **Finland**, prices continued to remain stable due to the supply matching the demand. However, there are spatial differentiations due to urbanisation and immigration. In **Sweden** single family homes increased by 8.0% y-o-y while apartment fell by 3.0% over the same period after a 7.0% increase in Q3 2017. From October 2017 onwards there has been a quick shift in price developments and the expectation of future price increases. Prices on single family homes decreased by 1.0% in February 2018 y-o-y and apartments decreased by nearly 8.0%. In Stockholm prices contracted by 10% during the same period of time.

In **Ireland**, residential property prices increased by 12.3% y-o-y in December 2017 marking an ongoing acceleration over the last six quarters. Dublin increased by 11.6% and the rest of the country by 13.3%. While transaction volumes are relatively low, apartment prices rose significantly faster than house prices, 14.3% compared to 11.9%. In the **UK**, overall house prices continued to increase in Q4 2017, though at a decelerating pace and there are also some decreasing monthly figures. Whilst a sustained negative period is not anticipated, further negative shocks, to employment or elsewhere in the economy, may increase this probability of further negative numbers.

MORTGAGE INTEREST RATES

In our sample, in aggregate terms, the average interest rate virtually did not change with respect to the previous quarter. In Q4 2017 it remained around 2.23%, marking an imperceptible increase with respect to previous quarter. Interest rates across the continent remained low following the overall low reference rates of the central banks and fixed interest rate types are increasing their overall market share as borrowers seek to be locked-in to the more favourable low interest rate environment. However, the dispersion of interest rates of the various jurisdictions has been picking up for the last two quarters, reaching the same levels as Q1 2016.

In Central Europe in the **Czech Republic** the average interest rate increased to 2.2% in Q4 2017 following the increase of the interest rate of the national bank and future hikes are expected, thus triggering also future increases in the mortgage rates. In **Hungary** the most popular mortgage instrument is the variable rate following the Budapest interbank rate (BUBOR). This is, however, decreasing due to the lower spread of the more fixed rate, which customers find more appealing for the decreased volatility attached to it. In **Poland** interest rates remained unchanged, though inflationary pressures are growing. However, no interest rate increases are planned for the near future. In **Romania** in Q4 2017 the average interest rate increased to 4.42%, thus decreasing the drawdowns of mortgages with a variable interest rate at the expense of more fixed rates.

In **Italy** variable interest rate loans continued to decrease to 1.53% while those with a fixed period of more than one year remained around 2.12%. In **Portugal**



variable mortgage rates have a component linked to the EURIBOR which has reached historically low levels contributing to increasing gross lending and reducing household debt. Here, as in **Spain**, the low interest rate environment convinced more and more mortgage holders to opt for a more fixed interest rate solution. In **Belgium** the interest rate marked extremely low average levels of 2.03% in Q4 2017.

In **Denmark** all mortgage classes except the variable loan with rate fixation from five to 10 years had an interest rate decrease. For a short period of time at the end of Q4 2017, households could lock in mortgage rates of 1.5% for 30 years. The trend of moving into a more fixed interest rate terrain has been decreasing as the low interest rates have been persistent for a while now and those changes have already been made. There may be, however, a further push in this direction in the coming years as new and tighter lending standards come into force in 2018. In **Finland** interest rates reached a record

low of 0.95%, while in **Sweden** the situation in Q4 2017 remained relatively stable with interest rates with a fixation period of over five years around 2%, variable mortgage rates increased slightly to 1.5% while the medium fixed rates remained around 1.7%.

In **Ireland** variable rates, accounting for 43% of new mortgages issued in Q4 2017, marked the absolute low of this data series, which started in Q1 2003. According to the Central Bank of Ireland, the share of fixed-rate mortgages (57%) was still lower than the Euro area average of 80%. Some 42% of outstanding mortgages, excluding securitised loans, were on ECB base rate-linked tracker mortgage rates in Q4 2017. The average interest rate on these mortgages was 1.04% for owner-occupier mortgages and 1.05% for buy-to-let mortgages. Despite the start of the upswing in the interest rate cycle, mortgage interest rates remain at attractive levels, and this will continue to provide plenty of incentive for re-mortgaging activity in the coming months.

CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2007 LEVELS

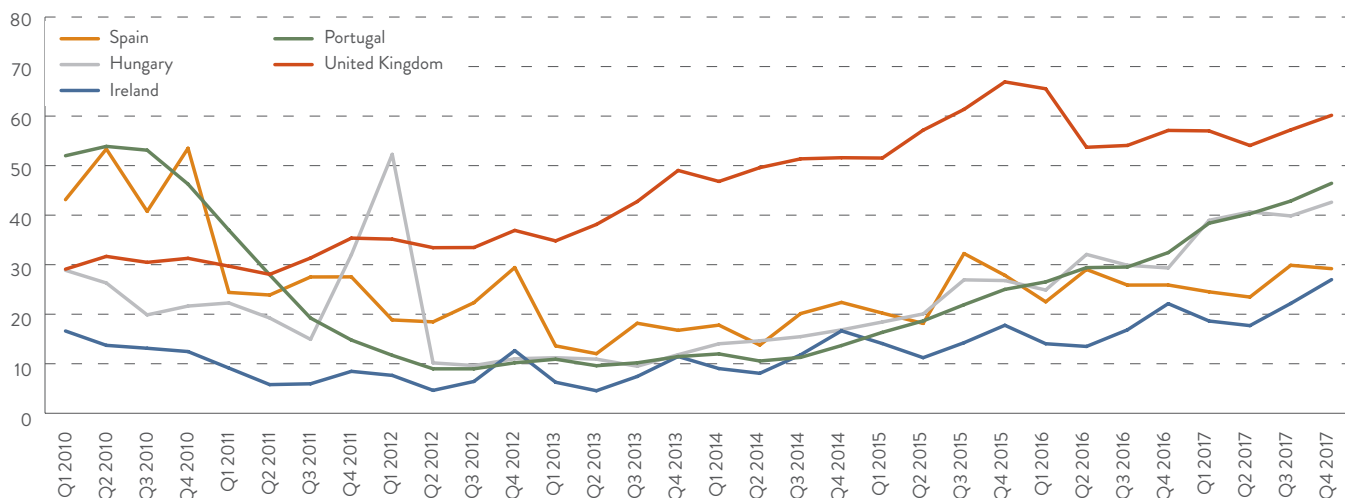


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

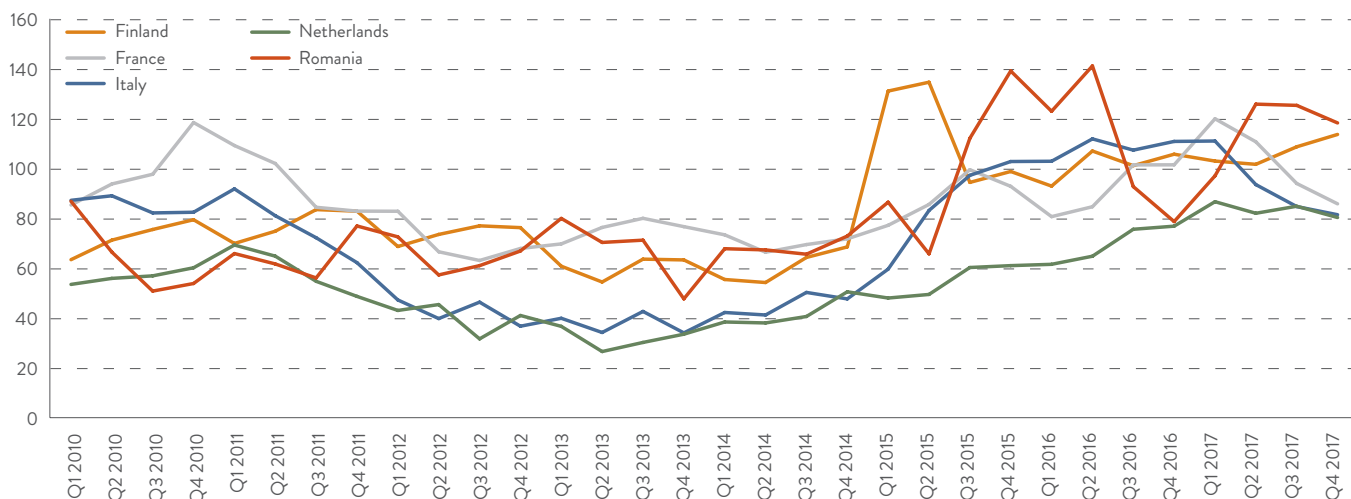


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

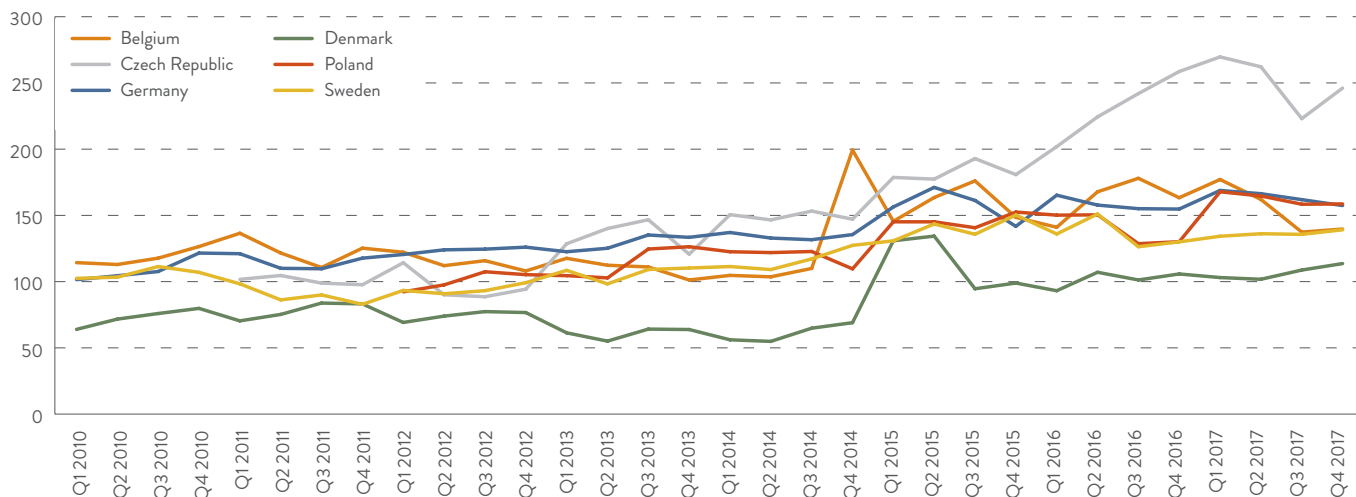
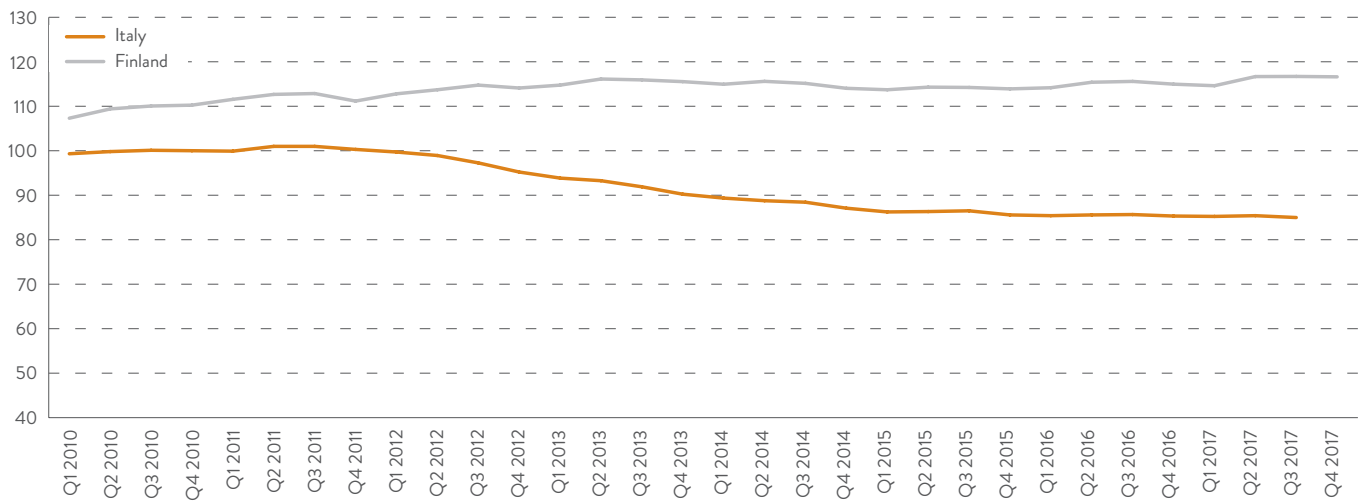
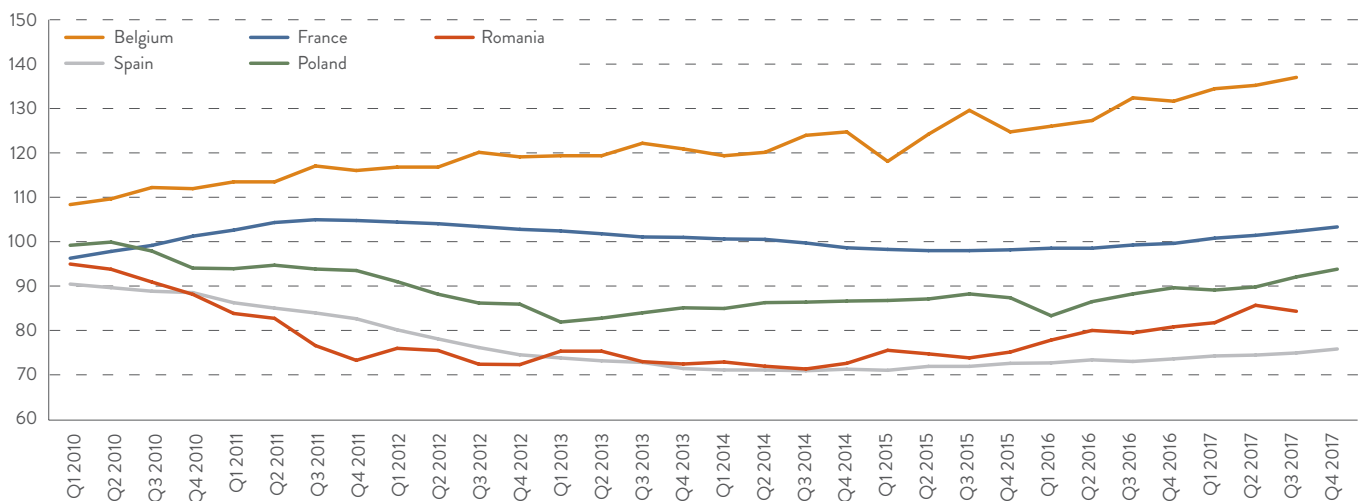


CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



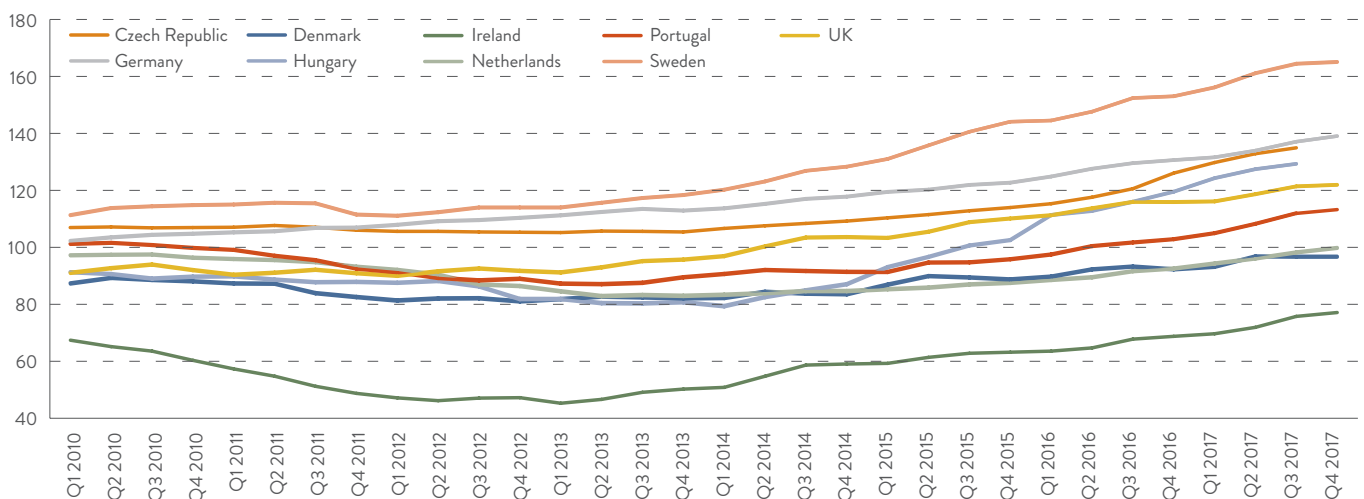
* Average Q1-Q4 2007=100

CHART 2B | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED BETWEEN 2% AND 5% Y-O-Y



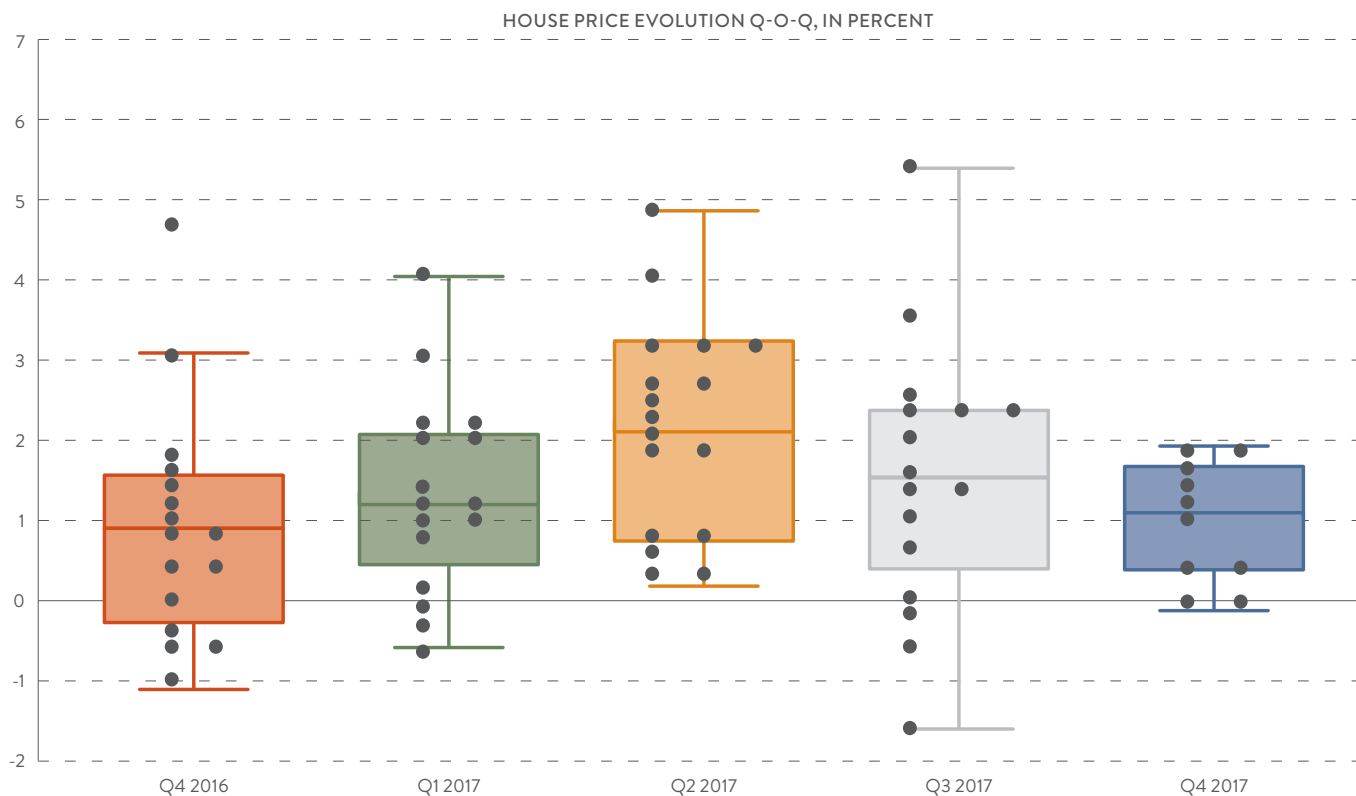
* Average Q1-Q4 2007=100

CHART 2C | COUNTRIES WHERE HOUSE PRICES* HAVE RISEN BY AT LEAST 5% Y-O-Y



* Average Q1-Q4 2007=100

CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER



NOTES:

Boxplots depict intuitively the distributional characteristics of a dataset, in this case the q-o-q House Price Index evolution of the country sample. The rectangle represents the second and third quartile of the data and the central horizontal line indicates the median value, i.e. the value that splits the sample in two equal halves. The horizontal lines below and above the box indicate respectively the lower and the upper quartiles. Eventual 'outliers' are depicted as points if they are more than 1.5 times the interquartile distance – the height of the box – away from respectively Q1 or Q3. This is the case for Q4 2016.

The data set shows the q-o-q growth figures of the country sample until Q4 2017 the data points are 11 instead of 16 as in 5 countries the latest House Price Index available was that of Q3 2017.



TABLE 1 | TOTAL OUTSTANDING RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	LATEST Y-O-Y CHANGE (%), Q4 17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q3 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q3 17, LOCAL CURRENCY
BE	212,886	216,270	220,114	223,050	226,971	229,876	233,224	6.0	6.3	6.0	6.3
CZ	33,038	34,007	34,940	35,629	37,743	38,998	40,542	16.0	14.7	9.7	10.3
DE	1,297,871	1,314,315	1,326,901	1,333,562	1,348,088	1,365,975	1,376,884	3.8	3.9	3.8	3.9
DK*	239,554	241,280	241,816	242,093	243,364	245,580	246,616	2.0	1.8	2.1	1.7
ES	554,096	549,855	544,499	539,903	528,604	525,899	521,889	-4.2	-4.4	-4.2	-4.4
FI	93,087	93,647	94,056	94,279	94,985	95,672	96,129	2.2	2.2	2.2	2.2
FR	880,280	884,304	899,358	913,132	927,481	939,592	954,612	6.1	6.3	6.1	6.1
HU	14,394	14,593	14,024	13,925	13,688	13,634	13,592	-3.1	-6.6	-2.9	-6.7
IE	108,899	108,104	106,810	105,912	104,978	104,750	102,085	-4.4	-3.1	-4.4	-3.1
IT	364,287	365,774	368,169	371,090	372,381	373,390	375,398	2.0	2.1	2.0	2.1
NL	661,343	664,832	664,014	665,490	669,148	670,785	n/a	n/a	0.9	1.0	0.9
PL**	87,488	89,665	89,592	92,536	92,843	91,338	93,111	3.9	1.9	-1.6	1.5
PT	97,229	96,593	95,377	94,944	94,563	94,353	94,093	-1.3	-2.3	-1.3	-2.3
RO	12,296	12,709	12,893	13,093	13,522	13,948	14,262	10.6	9.7	13.5	13.3
SE	380,098	377,648	386,999	393,859	397,468	403,357	402,250	3.9	6.8	7.1	7.1
UK	1,581,166	1,530,618	1,546,503	1,558,338	1,529,064	1,539,327	1,540,652	-0.4	0.6	3.2	3.0

NOTE: Non seasonally-adjusted data.

Source: European Mortgage Federation

Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period (provided by the ECB).

* Only owner occupation, only mortgage banks - gross lending for house purposes not available for commercial banks starting Q3 2013.

** Adjusted for loan amortization and flows between the foreign currency loan portfolio and the zloty loan portfolio; the entire banking system was taken into account, including credit unions.

The series has been revised for at least two figures in:

- Belgium
- Czech Republic
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	LATEST Y-O-Y CHANGE (%), Q4 17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q3 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q3 17, LOCAL CURRENCY
BE	9,272	7,081	9,640	10,265	10,131	9,169	9,306	7,914	8,761	-13.5	-22.9	-13.5	-22.9
CZ*	2,331	2,118	2,794	2,844	3,262	2,928	3,246	2,618	3,112	-4.6	-8.0	-9.8	-11.5
DE	48,600	51,300	51,700	53,400	53,000	52,500	54,600	55,700	53,900	1.7	4.3	1.7	4.3
DK	9,152	6,415	8,482	13,125	12,509	9,344	8,754	10,763	11,834	-5.4	-18.0	-5.3	-18.1
ES	10,024	8,171	12,356	7,656	9,309	8,909	10,319	9,117	10,516	13.0	19.1	13.0	19.1
FI	6,604	6,573	8,693	7,136	7,109	7,305	8,304	7,687	7,687	8.1	7.7	8.1	7.7
FR	40,702	30,908	35,483	46,359	44,419	47,822	46,704	43,147	37,678	-15.2	-6.9	-15.2	-6.9
HU	388	306	472	479	425	511	597	624	618	45.4	30.3	45.6	30.6
IE	1,438	999	1,286	1,558	1,813	1,393	1,647	2,016	2,230	23.0	29.4	23.0	29.4
IT**	21,190	19,074	22,486	19,180	22,748	20,643	18,941	14,805	17,065	-25.0	-22.8	-25.0	-22.8
NL	19,433	15,889	18,671	22,368	24,049	23,212	23,695	25,060	25,060	4.2	12.0	4.2	12.0
PL	2635,4	2288,1	2628,6	2230,0	2252,2	2589,6	2872,5	2740,1	n/a	n/a	22.9	21.7	22.4
PT	1,250	1,218	1,481	1,474	1,617	1,803	2,018	2,130	2,308	42.7	44.5	42.7	44.5
RO	835	589	805	579	492	442	718	764	717	45.6	31.9	49.4	36.2
SE	17,560	13,532	17,575	13,023	15,298	13,341	15,915	14,064	16,312	6.6	8.0	9.9	8.3
UK	84,891	80,001	69,566	74,232	72,216	68,997	70,033	78,296	76,165	5.5	5.5	9.3	8.0

* Data break on Q1 2013 due to change in sources

** Latest data is an estimation

Source: European Mortgage Federation

The series has been revised for at least two figures in:

- France
- Italy
- United Kingdom


TABLE 3 | CHANGE IN OUTSTANDING RESIDENTIAL LOANS (MILLION EUR)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	1,928	2,559	2,996	2,780	2,144	3,152	3,384	3,844	2,936	3,921	2,905	3,348
CZ	564	1,017	807	965	263	691	969	932	689	2,114	1,255	1,544
DE	4,481	12,047	13,670	11,848	5,576	12,839	16,444	12,586	6,661	14,526	17,887	10,909
DK*	-844	-2,470	495	45	1,577	2,612	1,726	536	277	1,270	2,216	1,036
ES	-6,045	-4,871	-6,688	-6,177	-5,784	-2,948	-4,241	-5,355	-4,596	-11,299	-2,705	-4,010
FI	157	798	645	592	207	925	560	409	223	706	687	457
FR	8,820	3,838	11,703	8,920	4,608	9,271	4,024	15,054	13,774	14,349	12,111	15,020
HU	-589	-1,046	-192	-548	-95	-282	199	-569	-99	-237	-54	-42
IE	-1,391	-1,274	-1,307	-1,097	-1,144	-623	-795	-1,294	-898	-934	-228	-2,665
IT	-488	1,962	417	1,304	-149	2,103	1,487	2,396	2,921	1,291	1,010	2,007
NL	-78	709	3,312	1,739	1,968	3,762	3,489	-818	1,476	3,658	1,637	n/a
PL	7,270	-301	-1,784	581	369	-1,271	2,177	-73	2,945	307	-1,505	1,773
PT	-925	-758	-399	-1,871	-696	-591	-636	-1,216	-433	-381	-210	-260
RO	342	311	338	415	305	491	413	184	200	429	426	314
SE	9,444	10,354	-517	16,843	4,276	544	-2,449	9,351	6,860	3,609	5,888	-1,107
UK	120,999	48,567	-52,371	25,737	-111,436	-62,784	-50,548	15,885	11,835	-29,274	10,263	1,325

* Due to the review of the official registers in Denmark, there is a slight change in the exact composition of the household sector. As such, there is a data break starting Q3 2013.

Source: European Mortgage Federation

Please note this variable is the result of the variation between the two consecutive amounts of outstanding residential mortgage lending (Table 1).

Refer to Table 1 for eventual revisions.

TABLE 4 | HOUSE PRICE INDICES, 2007 = 100

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	123.9	124.7	118.0	124.2	129.6	124.7	126.0	127.3	132.5	131.7	134.5	135.3	137.1	n/a
CZ	107.9	108.7	109.9	111.1	112.4	113.6	115.0	117.3	120.4	126.1	129.9	133.1	135.2	n.a
DE	116.8	117.6	119.3	120.1	121.8	122.6	124.8	127.6	129.6	130.7	131.7	134.1	137.3	139.3
DK	83.4	83.2	86.7	89.9	89.3	88.6	89.7	92.3	93.4	92.3	93.3	97.1	97.0	97.0
ES	70.8	71.2	70.9	71.8	71.8	72.5	72.6	73.3	72.9	73.5	74.2	74.4	74.9	75.8
FI	115.2	114.0	113.7	114.3	114.2	113.9	114.1	115.4	115.6	115.0	114.6	116.8	116.8	116.7
FR	99.7	98.5	98.1	97.9	97.9	98.0	98.4	98.4	99.2	99.6	100.8	101.5	102.4	103.5
HU	84.5	86.7	92.8	96.4	100.5	102.4	111.3	112.8	116.1	119.7	124.5	127.7	129.6	n/a
IE	58.8	59.2	59.4	61.6	63.0	63.4	63.8	65.0	68.1	69.1	70.0	72.3	76.2	77.6
IT*	88.4	87.0	86.1	86.2	86.4	85.4	85.3	85.4	85.5	85.2	85.1	85.3	84.8	n/a
NL	84.2	84.2	84.9	85.5	86.7	87.3	88.3	89.3	91.5	92.5	94.4	96.2	98.4	100.1
PL	86.3	86.6	86.7	87.1	88.2	87.3	83.2	86.4	88.2	89.6	89.1	89.8	92.1	93.9
PT	91.3	91.0	91.0	94.4	94.5	95.6	97.3	100.3	101.7	102.8	105.0	108.4	112.3	113.6
RO**	71.2	72.5	75.5	74.7	73.7	75.1	77.8	80.0	79.5	80.9	81.8	85.8	84.4	n/a
SE	126.6	128.1	130.8	135.7	140.5	144.1	144.5	147.7	152.5	153.1	156.3	161.3	164.7	165.4
UK	103.3	103.4	103.1	105.4	108.8	110.1	111.3	113.8	116.1	116.0	116.3	118.9	121.7	122.2

* 2010=100

** 2009=100

Source: European Mortgage Federation

It is worth mentioning that house prices are calculated according to different methodologies at the national level.

Further information below:

- Belgium: Stadim average price of existing dwellings
- Czech Republic: Data break in Q1 2008
- Germany: all owner-occupied dwellings, weighted average, VdP index
- Denmark: one-family houses - total index unavailable from source
- France: INSEE "Indice des prix du logement" (only existing dwellings).
- Greece: urban areas house price index (other than Athens); the time series has been updated
- Hungary: FHB house price index (residential properties)
- Ireland: new series of House Price Index of the Central Statistics Office
- Netherlands: Source: ECB. Data on existing dwellings.
- Poland: Weighted average price for the seven largest Polish cities
- Portugal: Statistics Portugal house price index
- Spain: new house price index, first released by the Ministry of Housing on Q1 2005
- Sweden: index of prices of one-family homes.
- UK: Department of Communities and Local Government Index (all dwellings)

The series has been revised for at least two figures in:

- Belgium
- Czech Republic
- Germany
- United Kingdom



TABLE 5A | MORTGAGE INTEREST RATES (% , WEIGHTED AVERAGE)

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	3.04	2.79	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.11	2.16	2.13	2.03
CZ*	2.99	2.56	2.68	2.48	2.48	2.42	2.37	2.25	2.17	2.01	2.17	2.22	2.17	2.25
DE	2.39	2.18	1.93	1.83	2.03	2.00	1.91	1.81	1.68	1.63	1.80	1.83	1.85	1.83
DK**	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09	0.94	0.87
ES	2.94	2.72	2.47	2.25	2.17	2.08	2.02	2.04	2.02	1.97	1.97	1.92	1.99	1.91
FI	1.77	1.69	1.56	1.51	1.43	1.32	1.23	1.20	1.16	1.16	1.13	1.07	1.02	0.95
FR***	2.63	2.40	2.17	2.01	2.14	2.18	2.02	1.69	1.46	1.32	1.45	1.54	1.55	1.53
HU	6.80	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.03
IE	3.38	3.71	3.59	3.42	3.39	3.49	3.38	3.27	3.14	3.25	3.18	3.22	3.21	3.14
IT	2.99	2.84	2.68	2.77	2.67	2.50	2.33	2.20	2.02	2.02	2.11	2.10	2.02	1.90
NL	3.31	3.18	3.09	2.92	2.90	2.83	2.75	2.64	2.54	2.39	2.38	2.41	2.42	2.41
PL	5.20	4.70	4.40	4.30	4.40	4.40	4.40	4.50	4.40	4.40	4.40	4.40	4.40	4.40
PT	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77	1.70	1.61	1.48	1.52
RO****	5.04	4.66	3.99	3.95	3.94	3.79	3.49	3.32	3.56	3.52	3.71	3.34	3.60	4.42
SE	2.01	1.78	1.64	1.55	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52	1.53	1.56
UK	3.21	3.09	2.76	2.60	2.57	2.54	2.50	2.41	2.30	2.16	2.09	2.05	1.98	1.98

* For Czech Republic from Q1 2015 the data source is the Czech national Bank

** This data series has been revised and it depicts the variable interest rate, which is the most common one.

*** Data from Q2 2012 has been revised for France due to a new source. Further data break in Q1 2014

**** Recalculation of the interest rate as a weighted average of interest rates in local currency and euro (previously weighted average only of euro denominated mortgages). Data break from Q1 2014.

Source: European Mortgage Federation

NOTE:

Data refers to quarter averages.

For Czech Republic the weighted average for the whole market is likely biased towards the short-term loans. This is due to the available weighting scheme: the loan volumes include prolongations, but prolongations tend to have shorter interest rate periods.

The series has been revised for at least two figures in:

- Ireland

TABLE 5B | MORTGAGE INTEREST RATES

VARIABLE RATE AND INITIAL FIXED PERIOD RATE UP TO 1 YEAR (%)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	2.74	2.73	2.67	2.48	2.16	2.37	2.47	2.48	2.46	2.25	2.06	1.95
CZ	2.81	2.65	2.76	2.59	2.61	2.32	2.55	2.04	2.40	2.51	2.25	2.28
DE	2.23	2.14	2.20	2.17	2.26	2.12	2.07	1.95	2.10	2.10	2.04	2.05
DK*	1.15	1.06	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09	0.94	0.87
ES	2.24	2.01	2.04	1.85	1.72	1.66	1.66	1.62	1.57	1.51	1.68	1.57
FI	1.37	1.30	1.35	1.27	1.18	1.14	1.11	1.09	1.06	1.02	1.00	0.94
FR	1.44	1.42	1.68	1.76	1.43	n/a	n/a	1.12	n/a	n/a	n/a	n/a
HU	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.03
IE	3.33	3.31	3.23	3.39	3.18	3.14	3.09	3.13	3.07	3.17	3.19	3.12
IT	2.35	2.20	2.09	1.97	1.92	1.80	1.74	1.70	1.72	1.66	1.63	1.53
NL	2.66	2.53	2.45	2.38	2.30	2.20	2.08	1.95	1.95	1.97	1.98	1.96
PT	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77	1.70	1.61	1.48	1.52
RO**	3.92	3.91	3.83	3.71	3.40	3.25	3.51	3.42	3.62	3.29	3.56	4.47
SE	1.64	1.55	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52	1.53	1.56
UK***	2.05	2.02	2.04	2.04	2.13	2.05	1.93	1.87	1.92	1.90	1.78	1.86

SHORT-TERM INITIAL FIXED PERIOD RATE, FROM 1 TO 5 YEARS MATURITY (%)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	2.38	2.33	2.40	2.21	2.05	2.01	2.08	2.09	2.12	2.09	1.96	1.86
CZ	2.57	2.37	2.35	2.32	2.26	2.25	2.13	2.06	2.16	2.12	2.14	2.24
DE	1.90	1.83	1.94	1.94	1.85	1.83	1.77	1.65	1.67	1.73	1.77	1.70
DK*	1.21	1.33	1.39	1.33	1.27	1.24	1.15	1.26	1.24	1.22	1.16	1.12
ES	2.68	2.44	2.23	2.17	2.06	2.02	1.99	1.95	1.85	1.71	1.74	1.67
FI	1.70	1.39	1.45	1.51	1.30	1.27	1.27	1.27	1.16	1.12	1.13	1.15
HU	6.97	6.91	6.79	6.60	6.68	6.32	6.11	5.80	5.79	5.40	5.14	4.63
IE	4.03	3.89	3.74	3.71	3.66	3.55	3.47	3.37	3.33	3.28	3.22	3.16
NL	2.91	2.74	2.69	2.64	2.55	2.39	2.16	2.11	2.15	2.20	2.23	2.21
RO**	5.53	5.34	4.24	4.03	4.46	4.95	4.91	4.93	4.96	5.01	4.84	4.37
SE	1.81	1.76	1.67	1.73	1.71	1.72	1.72	1.56	1.61	1.65	1.65	1.65
UK	2.89	2.71	2.64	2.59	2.53	2.45	2.35	2.20	2.09	2.05	1.99	1.97

MEDIUM-TERM INITIAL FIXED PERIOD RATE, FROM 5 TO 10 YEARS MATURITY (%)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	2.54	2.36	2.40	2.35	2.15	1.90	1.97	1.86	1.93	2.10	2.19	2.16
CZ	2.55	2.36	2.36	2.29	2.19	2.10	1.95	1.86	1.98	2.19	2.13	2.21
DE	1.88	1.68	1.90	1.89	1.77	1.63	1.52	1.46	1.63	1.68	1.68	1.67
DK*	1.47	1.83	2.30	2.30	1.84	1.76	1.35	1.57	1.64	1.56	1.53	1.58
ES	6.04	5.36	3.43	5.01	5.23	3.87	4.52	3.99	4.15	4.13	4.26	4.07
FI	2.41	2.34	2.02	1.88	1.90	1.67	1.71	1.82	1.94	1.89	1.92	1.80
HU	6.49	6.47	6.37	6.22	6.22	6.69	6.89	6.88	7.04	6.51	6.27	5.76
NL	3.22	2.94	2.90	2.83	2.78	2.67	2.54	2.34	2.30	2.36	2.34	2.34
RO**	5.94	5.70	5.61	5.40	5.62	5.64	5.66	5.56	5.62	5.57	4.75	5.09
SE	2.37	2.62	2.60	2.75	2.54	2.52	2.24	2.39	2.58	1.94	1.91	2.17
UK	3.50	3.12	3.10	3.15	3.34	3.22	3.08	2.63	2.59	2.69	2.71	2.66



LONG-TERM INITIAL FIXED PERIOD RATE, 10-YEAR OR MORE MATURITY (%)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BE	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.11	2.16	2.13	2.03
CZ	3.53	3.73	3.30	3.21	3.22	2.86	2.43	2.39	2.44	2.67	2.44	2.57
DE	1.89	1.89	2.12	2.08	1.95	1.86	1.70	1.69	1.88	1.90	1.95	1.92
DK*	2.93	3.14	3.86	3.78	3.67	3.23	2.90	2.89	3.04	2.89	2.82	2.78
ES	3.29	2.80	2.41	2.68	2.66	2.36	2.37	2.19	2.32	2.42	2.44	2.39
HU	6.75	6.70	6.30	6.66	5.75	6.46	5.93	5.98	5.71	5.93	5.67	5.52
IT****	3.29	3.14	3.02	2.82	2.63	2.48	2.16	2.17	2.25	2.30	2.22	2.12
NL	3.78	3.35	3.25	3.28	3.19	3.07	3.03	2.90	2.85	2.90	3.00	3.00
RO**	7.54	5.93	5.86	5.65	4.91	5.96	5.94	5.70	5.86	5.76	3.34	3.69
UK	4.10	4.11	4.25	4.06	3.98	4.95	n	n	n	n	n	n

* Due to the review of the official registers in Denmark, there is a slight change in the exact composition of the household sector. As such, there is a data break starting Q3 2013.

** Recalculation of the interest rate as a weighted average of interest rates in local currency and euro (previously weighted average only of euro denominated mortgages). Data break from Q1 2014.

*** Bank of England discontinued the series Variable rate (up to 1 year). In this chart it has been replaced by Variable Rate without initial fixed period.

**** IT: Data-series accounts for interest rates for all maturities beyond 1 year of initial fixed period

NOTE:

n – no lending made in this maturity bracket

Data refers to quarter averages

The series has been revised for at least two figures in:

- Belgium
- Finland
- Ireland

Source: European Mortgage Federation

TABLE 5C | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - OUTSTANDING LOANS

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	25.9	24.3	24.1	24.0	22.2	20.9	21.6	20.9	20.1	20.0	19.1
Short-term fixed (1Y-5Y initial rate fixation)	53.6	57.3	57.0	58.8	59.8	59.9	57.8	57.5	57.5	56.7	56.3
Medium-Term fixed (5Y-10Y initial rate fixation)	10.0	8.8	9.4	11.9	13.0	14.4	15.8	17.0	17.9	18.9	20.3
Long-Term fixed (over 10Y initial rate fixation)	10.5	9.6	9.5	5.2	5.1	4.9	4.8	4.6	4.5	4.4	4.3
DENMARK											
Variable rate (up to 1Y initial rate fixation)	41.6	40.4	39.2	37.9	38.3	37.4	37.8	38.6	38.8	37.9	36.7
Short-term fixed (1Y-5Y initial rate fixation)	25.8	26.5	27.1	27.7	27.1	27.3	26.4	25.0	24.6	24.9	25.6
Medium-Term fixed (5Y-10Y initial rate fixation)	32.6	33.1	33.7	34.4	34.7	35.4	35.8	36.4	36.6	37.2	37.7
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	86.4	87.1	87.8	88.4	88.9	89.5	90.2	90.6	91.1	91.6	92.2
Short-term fixed (1Y-5Y initial rate fixation)	8.6	8.2	7.8	7.4	7.0	6.7	6.3	6.0	5.7	5.3	5.0
Medium-Term fixed (5Y-10Y initial rate fixation)	5.0	4.7	4.4	4.2	4.0	3.8	3.6	3.4	3.2	3.0	2.8
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	93.6	92.6	92.0	91.8	91.5	90.3	89.6	88.9	88.0	86.9	n/a
Short-term fixed (1Y-5Y initial rate fixation)	4.6	5.6	6.1	6.2	6.5	7.8	8.5	9.2	10.1	11.2	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.9	1.9	n/a
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n/a

TABLE 5C | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – OUTSTANDING LOANS (CONTINUED)

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	64.5	65.7	66.2	67.1	68.3	69.1	69.1	68.1	67.9	68.3	68.3
Short-term fixed (1Y-5Y initial rate fixation)	32.7	31.7	31.3	30.5	29.4	28.7	28.9	30.0	30.3	30.1	30.1
Medium-Term fixed (5Y-10Y initial rate fixation)	2.8	2.6	2.5	2.4	2.3	2.2	2.1	1.9	1.7	1.6	1.5
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	54.6	52.5	50.9	49.9	48.2	47.0	45.8	44.2	42.4	40.6	40.6
Short-term fixed (1Y-5Y initial rate fixation)	43.8	45.8	47.4	48.4	50.2	51.5	52.7	54.3	56.2	58.0	58.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.4	1.4	1.4
Long-Term fixed (over 10Y initial rate fixation)	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1

CURRENCY DENOMINATION	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.6	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.9	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	
CHF denominated	44.6	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	
Other FX denominated	1.9	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	

BREAKDOWN BY LOAN ORIGINAL MATURITY	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
ITALY											
Maturity less than 5 years	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Maturity over 5 years	99.5	99.5	99.4	99.4	99.4	99.4	99.3	99.3	99.3	99.3	99.3

NOTES:

* From Q4 2015 in Hungary lending in foreign currency is not allowed any more.

n – no lending outstanding in this maturity bracket

Source: European Mortgage Federation

The series has been revised for at least two figures in:

- Czech Republic
- Sweden

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) - NEW LOANS

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	1.6	0.9	0.5	0.4	0.7	1.6	1.3	0.5	0.3	0.5	1.2	1.6	2.5
Short-term fixed (1Y-5Y initial rate fixation)	6.8	5.6	2.7	2.8	3.9	4.7	2.6	2.1	1.8	2.2	2.5	3.1	4.8
Medium-Term fixed (5Y-10Y initial rate fixation)	15.7	13.9	11.7	12.0	18.3	17.5	14.3	13.9	15.6	16.3	17.2	17.2	18.2
Long-Term fixed (over 10Y initial rate fixation)	75.9	79.6	85.1	84.8	77.2	76.2	81.8	83.6	82.3	81.1	79.1	78.1	74.6
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	52.4	38.3	31.4	25.2	27.5	27.6	23.6	17.1	33.4	19.1	16.7	21.1	25.0
Short-term fixed (1Y-5Y initial rate fixation)	37.6	49.0	50.6	57.3	56.1	54.2	52.7	53.0	37.2	50.9	56.6	53.4	46.0
Medium-Term fixed (5Y-10Y initial rate fixation)	8.3	10.2	15.6	15.2	13.6	15.6	20.7	26.8	26.2	26.9	23.7	22.4	27.0
Long-Term fixed (over 10Y initial rate fixation)	1.8	2.4	2.3	2.3	2.8	2.6	3.1	3.1	3.2	3.1	3.0	3.0	3.0
DENMARK													
Variable rate (up to 1Y initial rate fixation)	19.5	8.0	6.8	16.6	25.1	22.4	19.2	11.3	18.4	17.8	17.4	18.6	22.9
Short-term fixed (1Y-5Y initial rate fixation)	27.3	20.1	19.9	33.4	42.6	45.4	39.4	28.1	28.8	35.2	33.0	28.3	39.4
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	2.8	1.6	1.2	1.0	4.3	1.4	1.8	1.3	1.5	1.0	2.3	0.9
Long-Term fixed (over 10Y initial rate fixation)	51.5	69.1	71.8	48.9	31.3	27.8	40.0	58.8	51.5	45.4	48.7	50.8	36.8
FINLAND													
Variable rate (up to 1Y initial rate fixation)	94.3	91.1	90.2	92.4	93.2	92.8	93.4	93.6	93.3	93.2	94.3	95.6	96.0
Short-term fixed (1Y-5Y initial rate fixation)	2.1	5.3	6.0	4.2	3.9	4.2	3.6	3.5	3.4	3.1	2.8	2.2	1.9
Medium-Term fixed (5Y-10Y initial rate fixation)	3.6	3.7	3.8	3.4	3.0	3.0	2.9	2.9	3.3	3.6	2.9	2.2	2.1
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	14.6	13.1	12.1	11.8	12.9	12.8	12.1	11.4	11.8	10.9	11.3	11.6	11.9
Short-term fixed (1Y-5Y initial rate fixation)	11.6	10.1	9.2	9.8	10.5	10.6	9.5	9.0	8.4	8.8	8.5	8.9	8.9
Medium-Term fixed (5Y-10Y initial rate fixation)	39.7	36.4	37.1	38.8	37.9	36.7	35.1	35.7	35.9	36.1	35.2	35.5	35.4
Long-Term fixed (over 10Y initial rate fixation)	34.1	40.4	41.6	39.6	38.7	40.0	43.3	44.0	43.9	44.2	45.0	43.9	43.9



TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS (CONTINUED)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	45.8	41.6	45.3	48.8	44.1	42.4	43.6	40.8	40.6	43.5	45.9	41.4	38.7
Short-term fixed (1Y-5Y initial rate fixation)	33.6	32.4	32.7	29.6	32.5	31.4	31.1	30.0	31.2	27.2	27.0	32.6	34.2
Medium-Term fixed (5Y-10Y initial rate fixation)	15.1	18.7	16.8	16.3	16.2	18.6	20.1	23.2	21.9	22.5	20.6	19.5	21.2
Long-Term fixed (over 10Y initial rate fixation)	5.5	7.3	5.1	5.3	7.2	7.6	5.2	6.0	6.3	6.8	6.4	6.5	5.9
IRELAND													
Variable rate (up to 1Y initial rate fixation)	81.9	67.8	67.7	60.8	69.7	67.1	65.0	70.0	62.5	59.8	53.4	47.2	43.8
Short-term fixed (1Y-5Y initial rate fixation)	18.1	32.2	32.3	39.2	30.3	32.9	35.0	30.0	37.5	40.2	46.6	52.8	56.2
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
ITALY													
Variable rate (up to 1Y initial rate fixation)	73.4	68.2	46.4	38.4	38.4	40.8	41.7	36.3	31.2	29.0	31.3	35.5	37.5
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	26.6	31.8	53.6	61.6	61.6	59.2	58.3	63.7	68.8	71.0	68.7	64.5	62.5
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	17.8	18.8	16.5	10.5	12.1	14.2	14.9	13.4	11.8	10.7	13.8	14.7	15.3
Short-term fixed (1Y-5Y initial rate fixation)	29.3	25.7	19.4	13.6	14.3	13.1	12.5	12.5	9.9	8.3	10.0	8.7	8.9
Medium-Term fixed (5Y-10Y initial rate fixation)	43.5	46.4	49.0	55.2	56.2	54.7	53.4	51.4	56.5	57.9	54.3	55.5	55.3
Long-Term fixed (over 10Y initial rate fixation)	9.4	9.1	15.2	20.6	17.5	18.0	19.1	22.7	21.8	23.0	21.9	21.2	20.5

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS (CONTINUED)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	100	100	100	100	100	100	100	100	100	100	100	100
Short-term fixed (1Y-5Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate (up to 1Y initial rate fixation)	92.3	94.4	93.5	90.3	90.2	79.7	62.5	62.6	61.0	63.3	58.9	60.1	59.1
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	7.7	5.6	6.5	9.7	9.8	20.3	37.5	37.4	39.0	36.7	41.1	39.9	40.9
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	87.7	94.0	95.6	68.2	76.9	90.6	95.1	94.9	93.9	93.6	97.5	88.8	78.5
Short-term fixed (1Y-5Y initial rate fixation)	11.9	5.0	3.2	30.5	21.4	7.8	4.0	4.0	5.0	4.8	1.7	2.5	10.3
Medium-Term fixed (5Y-10Y initial rate fixation)	0.4	0.9	0.7	0.7	0.8	0.4	0.6	0.6	0.9	1.1	0.5	1.9	3.5
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.1	0.5	0.5	0.8	1.1	0.3	0.4	0.2	0.5	0.3	6.7	7.8
SPAIN													
Variable rate (up to 1Y initial rate fixation)	60.1	65.4	62.2	61.8	62.6	57.8	41.6	46.8	42.2	41.7	42.0	43.9	42.3
Short-term fixed (1Y-5Y initial rate fixation)	37.6	30.4	30.8	26.3	28.0	28.6	20.5	25.1	23.4	24.8	26.2	27.2	28.5
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	2.0	2.2	4.1	2.5	2.9	3.8	3.5	4.0	4.7	4.4	3.9	3.9
Long-Term fixed (over 10Y initial rate fixation)	0.8	2.2	4.7	7.9	6.9	10.7	34.2	24.6	30.5	28.9	27.4	25.0	25.3

TABLE 5D | MORTGAGE MARKETS BREAKDOWN BY INTEREST RATE TYPE (%) – NEW LOANS (CONTINUED)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	72.6	75.3	72.3	72.8	72.3	74.3	76.2	76.3	77.1	72.7	72.9	72.5	69.0
Short-term fixed (1Y-5Y initial rate fixation)	19.6	15.9	18.1	19.3	20.1	19.1	17.6	16.6	15.8	19.6	19.8	18.9	20.4
Medium-Term fixed (5Y-10Y initial rate fixation)	7.8	8.8	9.6	7.9	7.6	6.6	6.1	7.1	7.2	7.7	7.3	8.6	10.7
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	13.4	17.7	17.9	15.6	12.4	15.5	15.7	16.1	16.6	15.8	11.6	11.0	11.0
Short-term fixed (1Y-5Y initial rate fixation)	85.1	80.3	78.9	81.0	84.6	83.4	83.2	82.8	81.6	82.0	86.7	87.6	87.6
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.9	3.1	3.4	2.9	1.1	1.1	1.1	1.8	2.2	1.7	1.4	1.4
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.1	0.1	0.1	n	n	n	n	n	n	n	n

NOTE:

* Please note that for the UK, this refers to more than 99% to Variable rate without any fixed period.

n – no lending made in this maturity bracket

Source: European Mortgage Federation

The series has been revised for at least two figures in:

- Hungary

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEYS

The Bank Lending Survey (BLS) is carried out by the European Central Bank (ECB), is addressed to senior loan officers of a representative sample of euro area banks and is conducted four times a year. The sample group participating in the survey comprises around 130 banks from all euro area countries and takes into account the characteristics of their respective national banking structures^{1,2}.

The survey addresses issues such as credit standards for approving loans as well as credit terms and conditions applied to enterprises and households. It also asks for an assessment of the conditions affecting credit demand. The results and information displayed here are taken from the quarterly results of the “The Euro area bank lending survey – Fourth quarter of 2017” of the ECB.

For the UK and Denmark, the BLS is carried out by the respective Central Banks. In this context, it is important to point out that some statistical techniques and the underlying factors are slightly different from those used by the ECB. In order to provide a consistent comparison with the data of the ECB, the figures of the change in credit standards for Denmark and the United Kingdom have been inverted, as in these cases a positive value is equivalent to a standard easing, which is opposite to the interpretation of the figures of the BLS of the ECB.

¹ The Finnish BLS data is not published because of confidentiality reasons. As the Finnish BLS sample consists of only four banks, there is a risk that answers of individual banks could be extracted from the aggregate results.

² It should be noted that the term “Net Percentage” is used (see ECB website or contact authors for more information) in this publication. For the data for Denmark and the UK, net weighted average figures are used. Figures for France, Malta, Slovakia and the Netherlands are weighted based on the amounts outstanding of loans of the individual banks in the respective national samples, while figures for the other countries are unweighted. For Estonia and Ireland Diffusion Index Data is used as they lack net percentage data.

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

TABLE 6A | SUPPLY HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
AT	0	-29	0	14	0	29	-14	0	0	14	-14	14
BE	25	25	-50	0	0	25	0	25	0	25	0	0
CY	0	0	0	0	0	0	0	0	0	0	0	0
DE	3	3	7	0	21	28	10	0	-14	0	-7	-7
EE	25	50	13	13	13	0	0	0	0	0	0	13
EL	0	0	50	25	0	0	25	0	0	25	0	0
ES	0	0	-11	0	-11	-11	-11	0	0	0	-11	-11
FR	7	-15	2	-15	0	-15	-24	0	0	0	-2	-2
IE	30	-10	20	-10	10	0	-10	0	0	0	0	0
IT	-25	-38	-13	-25	-13	-38	0	0	-14	-20	-20	0
LT	0	25	50	75	0	0	0	25	0	25	75	0
LU	-17	-17	-17	0	-17	-17	-17	-17	0	-33	-17	0
LV	-100	-25	-25	0	0	0	0	-25	-25	0	0	0
MT	0	0	0	-11	34	-41	0	0	0	0	-45	0
NL	24	0	59	-8	14	0	0	0	-2	-30	-48	-36
PT	-20	-20	0	0	0	0	0	0	0	0	0	0
SI	0	-20	-20	0	20	0	0	-20	40	0	0	0
SK	78	36	0	0	11	17	-9	0	93	65	51	32
EA	2	-9	5	-7	4	-2	-4	1	-5	-4	-11	-6
DK	0	-1	33	23	14	14	18	14	-32	22	13.7	40
UK	-9	-16	-5	3	5	2	4	-4	-10	-7	-1.5	-4

In the fourth quarter of 2017, the overall credit standards continued to ease in the euro area by 6% continuing the easing path started since the beginning of the year. Banks in the five largest economies of the euro area showed easing in all countries except in Italy where the credit standards did not change. Austria, Estonia and Slovakia where the Euro area countries which saw a tightening of their credit standards. The principal factor for easing the standards in this quarter was

especially a increased pressure from competition reinforced by a lower perception of risk and by a higher risk tolerance.

Outside the Euro area, Denmark experienced a tightening of credit standards due to a higher perception of risk and a lower risk tolerance, while in the UK, the credit standards slightly eased with respect to the previous quarter.

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2017-Q4 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

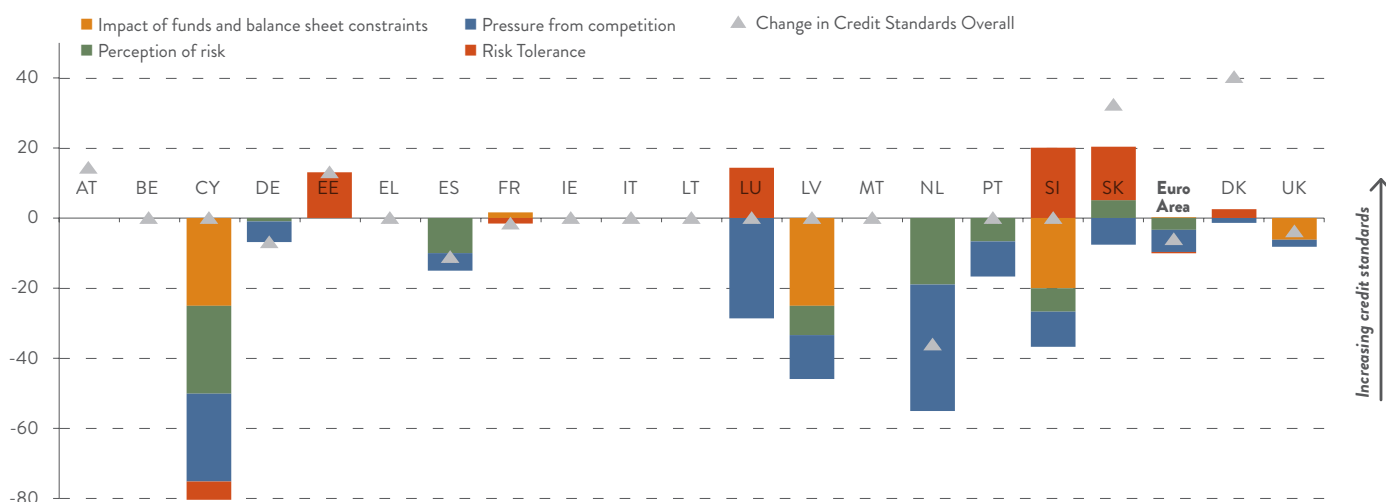
IV 2017	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Credit Standards Overall	14	0	0	-7	13	0	-11	-2	0	0	0	0	0	0	-36	0	0	32	-6	40	-4
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of funds and balance sheet constraints	0	0	-25	0	0	0	0	2	0	0	0	0	-25	0	0	0	-20	0	0		-6
Perception of risk	0	0	-25	-1	0	0	-10	0	0	0	0	0	-8	0	-19	-7	-7	5	-3	0	
Pressure from competition	0	0	-25	-6	0	0	-5	0	0	0	0	-29	-13	0	-36	-10	-10	-8	-6	-1	-2
Risk Tolerance	0	0	-25	0	13	0	0	-2	0	0	0	14	0	0	0	0	20	15	0	3	0

NOTE:

For UK there are different factors and following assumptions were made: tight wholesale funding conditions > impact of funds and balance sheet constraints; market share objectives > pressure from competition; changing appetite for risk > Risk Tolerance

For DK following assumption: Credit standards - competition > Pressure from competition; credit standards - perception of risk > perception of risk; credit standards appetite for risk > Risk Tolerance

CHART 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

TABLE 7A | DEMAND HISTORIC EVOLUTION (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017
AT	14	29	43	0	14	14	0	0	29	29	43	14
BE	50	25	0	-50	25	50	-25	50	-50	0	-25	0
CY	0	50	0	25	50	25	25	75	25	25	75	100
DE	45	45	41	7	21	7	-10	3	4	-7	0	0
EE	0	25	0	-13	13	25	25	25	0	38	25	13
EL	-25	0	-75	75	50	25	25	25	-25	0	25	0
ES	11	0	22	33	-11	-11	-11	0	11	11	11	11
FR	-6	53	-9	9	26	40	52	52	68	29	-21	-21
IE	40	-10	0	0	0	20	10	10	30	20	20	20
IT	63	88	75	63	75	50	63	75	29	10	30	10
LT	-50	50	100	0	0	75	50	0	25	0	-25	0
LU	-50	0	17	0	17	0	0	17	-17	33	67	17
LV	-50	75	50	25	0	75	50	0	0	25	33	50
MT	54	88	-46	-34	53	42	0	0	-45	14	14	13
NL	53	100	99	99	91	75	58	78	-10	72	53	47
PT	60	80	100	100	0	60	60	60	80	60	40	80
SI	0	40	20	40	40	60	40	20	20	40	20	40
SK	61	35	0	25	25	83	-9	34	50	12	10	34
EA	30	49	33	29	32	30	23	36	24	19	12	8
DK*	31	2	-9	1	2	32	-20	2	-11	14	1.6	-11
UK**	32	23	8	12	22	-44	6	-15	2	-6	8.2	-29

* Data taken is "demand for loans - existing customer" as DK does not provide an aggregate figure for demand (we left aside the «demand for loans - new customers»)

** Data taken is "change from secured lending for house purchase from households"

The credit demand in the last quarter of 2017 continued to increase as a whole but at the slowest pace since the beginning of 2014. In the large euro area countries, net demand for loans for house purchase increased in Italy, the Netherlands and Spain, in Germany the demand remained constant while in Spain it contracted. Principal factors behind this development were optimistic housing market prospects, favourable interest rates and improved consumer

confidence. These dynamics are seen in nearly all other countries as well. In some countries, alternative sources of financing house purchases and other financing needs have slightly dampened the demand for housing loans from banks.

In Denmark and the UK, demand decreased over the period covered by the last survey.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2017-Q4 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

IV 2017	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Demand Overall	14	0	100	0	13	0	11	-21	20	10	0	17	50	13	47	80	40	34	8	-11	-29
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of housing market prospects	13	0	100	18	0	0	30	-15	20	20	0	14	50	0	90	20	40	7	18	—	—
Other financing needs	0	0	13	-4	0	0	0	-4	0	5	0	0	0	0	28	0	-20	0	1	—	—
Consumer confidence	25	0	100	6	13	0	10	0	20	10	0	14	50	13	50	60	40	7	13	—	—
Use of alternative finance	0	-8	17	-4	0	0	-13	-3	0	3	0	-5	0	0	-14	0	-13	-2	-4	—	—
General level of interest	13	-25	50	18	13	0	10	12	20	30	0	29	0	0	88	60	40	34	23	—	—

NOTE:
DK and UK do not provide factors affecting the Demand, but a breakdown of the different types of lending.

CHART 5 | DEMAND OVERVIEW AND FACTORS

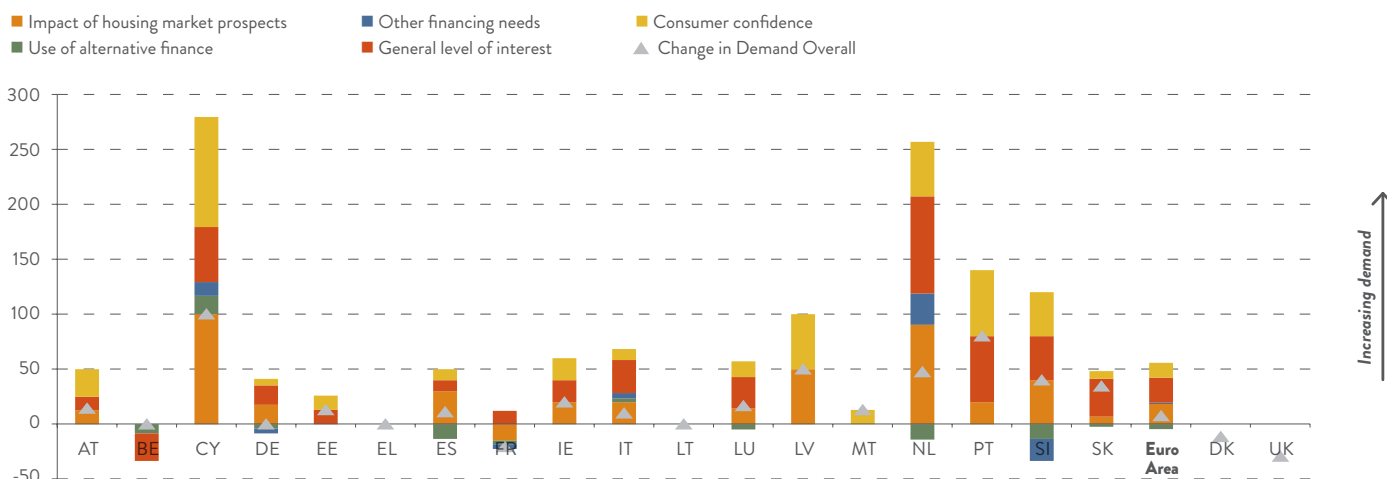
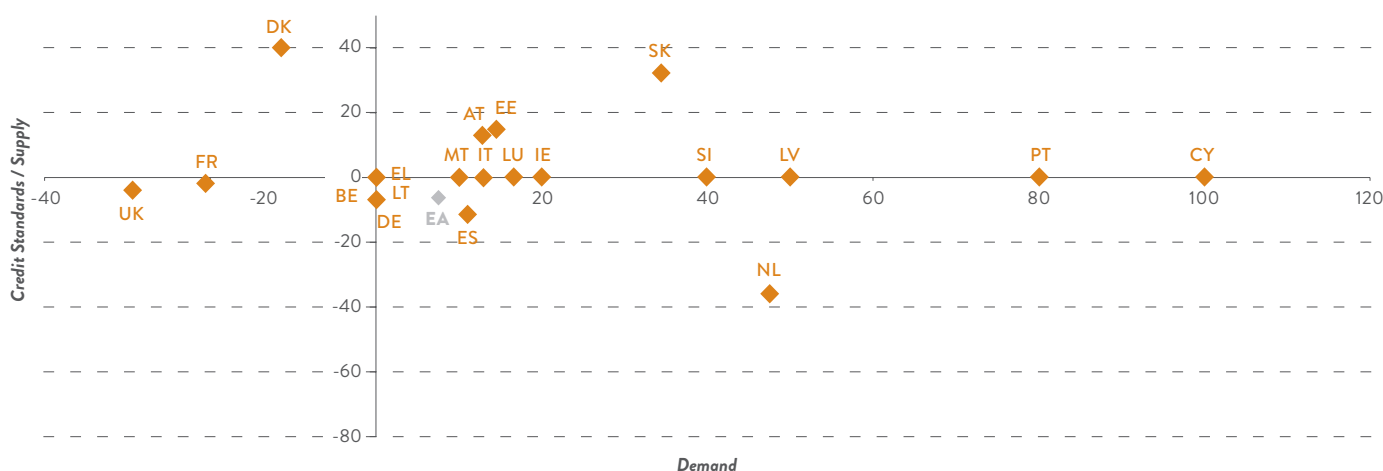


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q4 2017 the cloud of countries continues to be positioned around a moderately positive demand, with the credit standard figures scattered equally around easing and

tightening, and all depicting marginal changes. France and the UK are the only countries with both looser credit standards and a decreased demand for housing finance.



Q4|2017

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



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