

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

Lorenzo Isgrò | Economic Adviser | lisgro@hypo.org | Tel: +32 2 285 40 42



An easing in the intensity of the crisis is pointing to a possible recovery of many European economies, with potentially positive consequences for EU mortgage and housing markets.

Nonetheless, economic fundamentals are still weak and jurisdictions are experiencing different paces of recovery, which is reflected in differing performance across the EU.

MORTGAGE LENDING

Total outstanding residential mortgage loans remained quite stable over Q4 2013 across the countries in the sample (representative of the EU28¹), both quarter-on-quarter (q-o-q) and year-on-year (y-o-y). On the other hand, gross mortgage lending² performed very strongly, with a y-o-y rise of almost 10% and a q-o-q increase of 4.5% (down from 8.6% in the previous quarter). This trend was mainly driven by strong y-o-y UK and French data (+23.5%).

The **UK** has been the strongest performer in terms of y-o-y growth in gross residential loans. This is partly due to historically low rates, coupled with rising demand for housing (especially in the south and London), as the population

grew at a much faster rate than housing supply, pushing prices up. The Help-to-Buy scheme further contributed to the upward pressure in lending. This has started to raise some questions as to whether or not the housing market may be overheating, in which case the UK government and the Bank of England have claimed they will be ready to take measures (such as rate increases).

Germany experienced another substantial rise in outstanding loans, driven by strong demand for housing and residential investment, partly the consequences of ongoing demographic changes. **Hungary** has experienced a solid 2.7% y-o-y GDP growth that was accompanied by a 13% y-o-y rise in new mortgage loans, despite a q-o-q contraction of 6.6%. **Denmark** recorded its highest quarterly gross residential lending, though 2013 saw a general decrease probably due to a surge in demand for mortgages in 2012, as borrowers sought to benefit from a sharp fall in interest rates compared to 2011. The subdued new lending activity stems from few sales in the property market despite price stabilisation in recent years. In **Romania**, one of the best y-o-y performers in terms of outstanding mortgage loans, the observed increase was mainly driven by the Prima Casă programme (estimated to have contributed to this increase by around 58%).

In **Belgium**, Q4 2013 marked the return of the volume of new loans granted to pre-crisis levels (those observed in 2005-2009), down from a peak reached

¹ In Q4 2013, the sample of the proxy approaching the amount of total outstanding mortgage lending in the EU28 included Belgium, Czech Republic, Denmark, Germany, Spain, France, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Sweden and the UK (i.e. 95% of total outstanding mortgages in the EU27 in 2012).

² In Q4 2013, the sample of the proxy approaching the amount of gross mortgage lending in the EU28 included Belgium, Czech Republic, Denmark, Germany, Spain, France, Hungary, Ireland, Italy, Netherlands, Portugal, Sweden and the UK (i.e. 94% of total outstanding mortgages in the EU27 in 2012). Please note that gross lending includes new mortgage loans and external remortgaging (i.e. with another bank) in all of these countries, except in Spain.

in 2011. In **Ireland**, the value of mortgage drawdowns fell by 10.3% y-o-y, mainly reflecting the surge in mortgage activity at the end of 2012 owing to the expiry of tax relief on mortgage interest.

In **Portugal** and **Spain**, the continued decrease in outstanding mortgage lending is partly due to the deleveraging process undergone by the financial sector, coupled with the fall in credit demand by households. In **Portugal**, the necessary adjustment of banks' credit-to-deposits ratio, as recommended in the economic and financial assistance programme, restricted the conditions of financing by Portuguese banks. However, Q4 2013 marked an improvement in the outlook for the Portuguese financial sector, allowing for new issuances of covered bonds. In **Spain**, the end of the subsidies for housing purchase and the rise of VAT from January 2013 resulted in housing transactions being brought forward to the end of 2012, pushing up gross lending figures in that period.

HOUSE PRICES

Overall, house prices have contracted slightly, though changes are contained in almost all countries. Though many countries are showing signs of an upward turn in house prices in recent quarters (see Chart 2), these changes are often very small and price drops elsewhere are more substantial. Larger y-o-y increases were seen in **Ireland**, **the UK**, **Sweden** and **Germany**. At the other extreme, **Italy**, **the Netherlands**, **Spain** and **Portugal** experienced the largest price contractions, probably linked to the subdued economic fundamentals in these countries.

In **Ireland** and **Spain**, where the housing markets experienced a profound shock during the crisis, house prices are slowly recovering. Though prices continue to fall in **Spain**, Q4 2013 confirmed a progressive deceleration in the pace of deflation in this market.

The evolution of house prices in different countries was characterised by continued and increasing **internal cross-regional and cross-sector heterogeneities**.

In **Denmark**, the average price of owner-occupied flats remains unchanged whilst the price of holiday homes dropped by 1.3%. Single family houses experienced a similar price decrease reaching 0.5%. Compared to Q4 2012, the price of owner-occupied flats increased by 6.0%. The average price increase is mainly driven by price developments in and around Copenhagen.

Hungary recorded a substantial -2.5% y-o-y contraction in house prices, accompanied by historically low construction rates (mirroring a probable excess in supply), though around half of that was probably due to a country-wide purchase by the Hungarian National Asset Management company³ at discounted prices; overall, strong downward trends in the northern regions have driven this fall in the country-wide average. The regional divide is par-

ticularly sharp in Ireland, where a national y-o-y rise in house prices of 6.3% (highest in the sample) was mainly driven by Dublin (+15.7% y-o-y), where a lack of available housing and suitable family accommodation in particular is a driving factor, while the rest of the country experiences over-supply and a fall in prices of 0.4%. In **Spain**, although most regions recorded annual price decreases, some areas of the north, Madrid, and some regions with high demand for second-homes (mainly on the east coast of Spain) recorded decreases below the national average or even small increases. In **France**, the trend was quite different, with prices in Paris and the Ile-de-France falling for both existing and new dwellings. Overall, however, due to a planned rise in VAT from 7% to 10%, prices for new dwellings rose further; the already high level of prices for new dwellings can be explained by the accumulation of new technical norms over the past 10 years and the elevated price of land in town areas, where the demand lies.

The stabilisation of house prices in **Portugal** in Q4 2013 was partly driven by higher demand driven by a number of government programmes aimed at attracting new investors, especially foreigners through the issuance of special residence permits, and other tax benefits aimed at boosting the residential sector. These new investments mainly affected the prices of new buildings in and around Lisbon.

In **Germany**, Q4 2013 represented the first decrease in owner-occupied house prices since Q1 2010. This was due to the decline in prices for single-family houses, which were down by 0.7% q-o-q. By contrast, prices for apartments increased by 0.3% in the same period. Similarly, in **Sweden**, prices on tenant-owned apartments increased by over twice the amount of single-family homes.

MORTGAGE INTEREST RATES

Representative mortgage interest rates have remained largely stable over the last quarter of 2013, despite the ECB MRO rate cut to 0.25%, to which mortgage rates did not seem as responsive as to previous recent cuts. The spread of average euro area mortgage interest rates compared to the ECB MRO rate rose from around 200 bps to around 225 bps. Similarly, in **Poland**, the percentage of banks that raised spreads on housing loans rose again in Q4 2013.

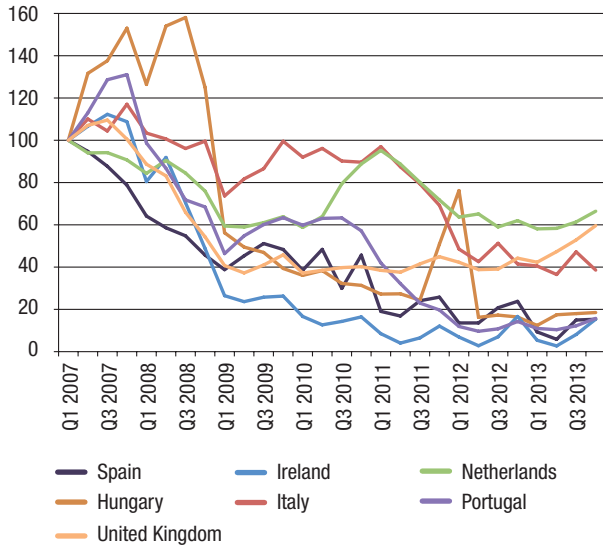
Low inflation and decreasing mortgage rates will most probably further stimulate the mortgage market in the coming months. Some effects of the historically low rates are already being reflected in house prices, which are beginning to recover (in many countries) from the sharp fall experienced during the crisis.

In **Sweden**, the Central Bank repo rate was lowered in Q4 2013 to 0.75%, which was the first repo rate cut since December 2012. This probably contributed to the observed q-o-q fall in mortgage interest rates for Q4 2013, despite the q-o-q rise in Q3 2013.

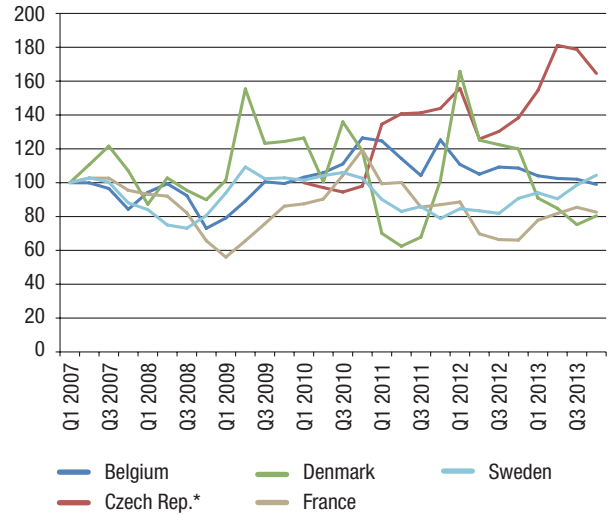
³ National Asset Management Company (until 2014 for the acquisition of 25,000 units of real estate); the aim of the National Asset Management Company is to help those mortgage and loan borrowers who are in arrears and need the most help. Borrowers who participate in the programme give up property rights to their dwelling. In exchange, the state buys up the property and the lender forgives the rest of the debt. Residents are allowed to stay in their homes as tenants.

Chart 1 ► Gross Residential Lending (Q1 2007 = 100; in domestic currency; deseasonalised data)

a) Countries where gross residential lending has remained at least 30% below pre-crisis (Q1 2007) level



b) Countries where gross residential lending has returned/ remained close to pre-crisis (Q1 2007) levels, or has increased

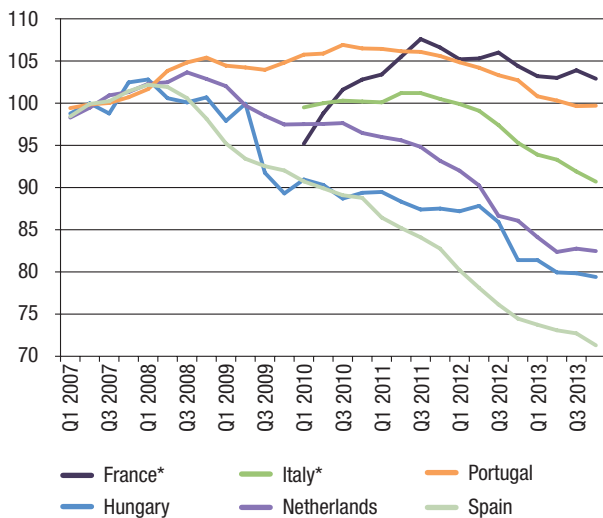


Source: European Mortgage Federation

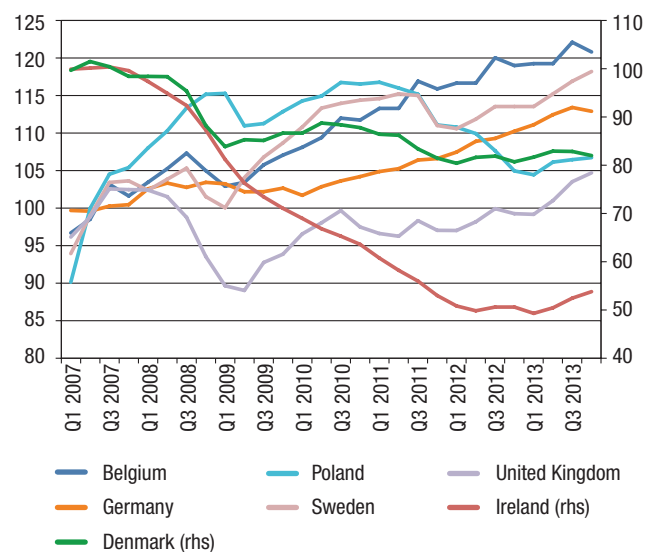
Note:
 *Q1 2010 = 100
 The time series have been seasonally adjusted by regressing the gross domestic lending of each country on quarter dummies and a constant, and adding the residuals to the sample means. STATA econometric software has been used.

Chart 2 ► Nominal House Prices, 2007 = 100

a) Countries where house prices have continued falling in recent quarters



b) Countries where house prices have somewhat picked up/increased in recent quarters



Source: European Mortgage Federation

Note:
 *Q1 2010 = 100

Table 1 ► Total Outstanding Residential Mortgage Lending (Million EUR)

	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	latest y-o-y change (%) (Q4 13). EUR values	previous y-o-y change (%) (Q3 13). EUR values	latest y-o-y change (%) (Q4 13). local currency	previous y-o-y change (%) (Q3 13). local currency
BE	166,870	169,657	171,322	173,401	174,193	176,152	177,823	179,645	3.6	3.8	3.6	3.8
CZ	20,961	20,575	21,290	21,750	21,495	21,737	22,492	21,694	-0.3	5.6	8.8	8.1
DK	239,556	241,373	241,761	242,856	244,066	244,561	245,078	240,508	-1.0	1.4	-1.0	1.4
FR	852,000	857,600	863,900	874,200	880,800	888,500	897,500	902,600	3.2	3.9	3.2	3.9
GE	1,164,627	1,167,711	1,176,349	1,184,853	1,186,614	1,193,162	1,202,466	1,208,822	2.0	2.2	2.0	2.2
HU	20,906	20,890	20,509	19,985	19,346	19,142	18,856	18,499	-7.4	-8.1	-5.9	-3.8
IE	129,593	128,696	127,538	126,744	125,688	124,553	123,708	122,585	-3.3	-3.0	-3.3	-3.0
IT	366,801	367,089	366,235	365,588	364,624	363,908	362,363	361,390	-1.1	-1.1	-1.1	-1.1
NL	644,716	650,815	653,019	652,725	651,316	648,486	646,668	637,135	-2.4	-1.0	-2.4	-1.0
PL	75,663	76,334	78,277	79,434	78,339	77,088	79,229	80,812	1.7	1.2	3.7	4.3
PT	113,703	112,655	111,606	110,520	109,615	108,573	107,544	106,585	-3.6	-3.6	-3.6	-3.6
RO	8,066	8,248	8,510	8,766	8,962	9,187	9,057	9,243	5.5	6.4	6.1	4.6
SE	313,848	320,461	336,142	334,922	348,732	336,349	344,782	340,379	1.6	2.6	4.9	5.1
SP	659,940	654,417	647,992	641,510	633,572	627,797	619,168	612,819	-4.5	-4.4	-4.5	-4.4
UK	1,499,259	1,565,940	1,587,307	1,553,837	1,498,424	1,480,111	1,521,524	1,531,643	-1.4	-4.1	0.7	0.4

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)

Please note that the positive Hungarian y-o-y change in Q4 2011 is explained by the devaluation of the forint versus the Swiss franc and the euro.

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

- The Netherlands
- Spain
- The UK

Table 2 ► Gross Residential Mortgage Lending (Million EUR)												
	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	latest y-o-y change (%) (Q4 13), EUR values	previous y-o-y change (%) (Q3 13), EUR values	latest y-o-y change (%) (Q4 13), local currency	previous y-o-y change (%) (Q3 13), local currency
BE	5,989	6,412	6,664	6,929	5,585	6,262	6,234	6,350	-8.4	-6.5	-8.4	-6.5
CZ	1,070	1,188	1,010	1,297	1,039	1,609	1,377	1,389	7.1	36.4	16.7	39.9
DK	15,663	12,010	11,789	13,124	8,247	8,008	7,122	9,237	-29.6	-39.6	-29.6	-39.5
FR	29,632	24,946	26,215	25,729	25,673	29,363	33,199	31,767	23.5	26.6	23.5	26.6
GE	36,200	40,300	43,100	43,300	37,300	41,100	47,200	46,200	6.7	9.5	6.7	11.6
HU	705	153	184	158	107	164	182	170	8.0	-1.4	13.2	3.8
IE	450	524	663	999	331	518	750	896	-10.3	13.1	-10.3	13.1
IT	8,319	8,552	7,392	8,419	6,898	7,474	6,673	7,902	-6.1	-9.7	-6.1	-9.8
NL	13,058	14,960	12,979	13,532	11,839	13,469	13,498	14,505	7.2	4.0	7.2	4.0
PT	486	472	459	518	447	503	519	580	12.0	13.1	12.0	13.1
SE	8,773	10,691	9,341	11,802	10,295	11,984	11,079	13,093	10.9	18.6	14.0	22.0
SP	6,040	7,271	5,738	7,876	4,450	4,366	3,559	4,694	-40.4	-38.0	-40.4	-37.6
UK	40,481	42,579	47,143	46,281	39,701	49,276	57,700	60,892	31.6	22.4	35.0	32.1

Note: Non-seasonally-adjusted data.

Source: European Mortgage Federation

Please note that the conversion to euros is based on the average bilateral exchange rate (provided by the ECB)

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

- Hungary
- Italy
- Spain
- The UK

Table 3 ► Net Residential Mortgage Lending (Million EUR)

	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
BE	2,526	3,387	2,322	2,787	1,665	2,079	792	1,959	1,671	1,822
CZ	203	-88	1,200	-386	715	460	-255	243	755	-798
DK	1,289	2,310	727	1,817	388	1,095	1,210	495	518	-4,570
FR	10,900	11,100	5,000	5,600	6,300	10,300	6,600	7,700	9,000	5,100
GE	5,595	4,843	844	3,084	8,638	8,504	1,761	6,548	9,304	6,356
HU	-887	-2,369	-1,045	-15	-382	-523	-639	-204	-286	-357
IE	-767	-1,734	-975	-897	-1,158	-794	-1,056	-1,135	-845	-1,123
IT	2,911	3,362	-844	288	-855	-647	-964	-716	-1,545	-973
NL	1,438	1,653	-1,788	6,099	2,204	-294	-1,409	-2,830	-1,819	-9,533
PL	-1,311	750	3,780	670	1,943	1,157	-1,094	-1,251	2,141	1,583
PT	-537	-745	-213	-1,048	-1,049	-1,086	-905	-1,042	-1,029	-959
RO	246	342	505	182	262	256	196	225	-130	186
SE	371	15,027	5,350	6,613	15,681	-1,220	13,809	-12,382	8,432	-4,403
SP	-3,713	-4,094	-7,005	-5,523	-6,424	-6,483	-7,938	-5,774	-8,629	-6,349
UK	60,594	57,168	7,288	66,681	21,367	-33,470	-55,413	-18,313	41,413	10,119

Please note that all the time series have been revised since Q2 2012 and, at present, are the result of the variation between the two consecutive amounts of outstanding mortgage.

Source: European Mortgage Federation

Table 4 ► House Price Indices, 2007 = 100

	III 2010	IV 2010	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
BE	112.0	111.7	113.3	113.3	116.9	115.9	116.7	116.7	120.0	119.0	119.2	119.2	122.1	120.8
CZ	103.3	103.0	103.5	104.3	103.9	103.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DK	88.4	87.8	86.4	86.2	83.4	81.5	80.4	81.6	81.9	80.7	81.7	82.9	82.9	82.0
FR	101.6	102.8	103.4	105.5	107.6	106.6	105.2	105.3	106.0	104.4	103.2	103.0	103.9	102.9
GE	103.6	104.2	104.9	105.3	106.4	106.6	107.5	108.9	109.3	110.2	111.1	112.4	113.4	112.9
GR	92.0	90.9	91.1	89.4	87.6	84.9	81.5	79.8	76.6	73.7	n/a	n/a	n/a	n/a
HU	88.7	89.4	89.5	88.3	87.4	87.5	87.2	87.8	85.9	81.4	81.4	79.9	79.8	79.4
IE	65.3	63.6	60.8	58.2	56.0	53.0	50.8	49.8	50.6	50.6	49.3	50.5	52.5	53.8
IT*	100.3	100.2	100.1	101.2	101.2	100.5	99.9	99.1	97.4	95.3	93.9	93.3	91.9	90.7
NL	97.6	96.5	96.0	95.6	94.8	93.2	92.0	90.3	86.7	86.1	84.1	82.4	82.8	82.5
PL	116.7	116.5	116.8	116.0	115.2	111.1	110.8	109.9	107.7	105.0	104.4	106.1	106.5	106.7
PT	106.9	106.5	106.4	106.2	106.1	105.6	104.8	104.2	103.3	102.7	100.8	100.3	99.7	99.7
SE	114.0	114.4	114.6	115.2	115.0	111.0	110.6	111.8	113.5	113.5	113.5	115.2	116.9	118.2
SP	89.1	88.8	86.4	85.2	84.1	82.8	80.2	78.1	76.1	74.5	73.7	73.1	72.7	71.3
UK	99.7	97.5	96.6	96.3	98.3	97.0	97.0	98.2	99.9	99.3	99.2	101.0	103.5	104.7

Note: *: 2010 = 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

Germany: owner-occupied single family houses, VdP index

Denmark: all dwellings; please note that the series has been revised

France: INSEE "Indice des prix du logement" (includes existing and new 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.

Portugal: Confidencial Imobiliário house price index (2007=103.442446947258)

Spain: new house price index, first released by the Ministry of Housing on Q1 2005

Sweden: index of prices of one-dwelling and two-dwelling buildings

UK: Department of Communities and Local Government Index (all dwellings)

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

- Denmark
- France
- Hungary
- The Netherlands
- Poland

Table 5A ► Representative Mortgage Rates (%)

	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
BE	3.98	4.12	3.93	3.69	3.90	3.67	3.59	3.69	3.64	3.50	3.62	3.84
DK	5.37	5.59	5.21	4.76	4.46	4.33	4.08	4.06	3.95	3.71	4.16	4.27
FR	3.55	3.79	3.92	3.94	4.02	3.70	3.50	3.20	3.00	2.90	3.10	3.00
GE	4.10	4.19	3.80	3.54	3.29	3.04	2.85	2.78	2.77	2.57	2.82	2.85
GR	3.96	4.25	4.49	4.44	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	10.10	10.37	10.48	12.54	13.05	12.82	12.80	11.95	11.15	9.82	8.91	8.69
IE	3.09	3.18	3.50	2.98	3.13	3.00	3.12	3.43	3.16	3.21	3.31	3.25
IT	2.61	2.85	3.14	3.64	3.90	3.72	3.54	3.43	3.47	3.44	3.37	3.19
NL	4.44	4.62	4.63	4.53	4.48	4.34	4.19	4.07	4.04	3.80	3.65	3.64
PL	6.40	6.60	6.80	7.00	7.00	7.10	7.10	6.60	6.00	5.20	5.2	5.2
PT	3.18	3.74	4.16	4.25	4.15	3.91	3.69	3.45	3.31	3.18	3.15	3.28
RO	5.35	5.96	5.66	5.61	5.16	4.83	4.51	4.29	4.41	4.40	4.63	5.02
SE	3.48	3.65	3.90	4.19	3.98	3.76	3.37	2.90	2.70	2.59	2.65	2.38
SP	2.92	3.30	3.42	3.47	3.47	3.22	2.94	2.66	2.90	2.91	2.78	2.84
UK*	3.57	3.75	3.51	3.41	3.40	3.70	3.82	3.74	3.56	3.37	3.22	3.14

Short-term initial fixed period rate, from 1 to 5 years maturity (%)												
	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
DK	3.23	3.42	2.67	2.43	2.16	2.02	1.75	1.83	1.91	1.86	2.08	1.83
GE	3.70	3.82	3.52	3.24	2.92	2.80	2.63	2.55	2.54	2.31	2.46	2.45
GR	3.69	3.99	4.28	3.49	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	11.33	12.00	10.45	9.85	11.79	11.66	11.41	10.64	10.72	10.06	9.78	9.47
IE	4.23	4.49	4.86	4.22	4.37	4.21	4.06	4.35	4.45	4.40	4.60	4.53
IT	3.81	3.95	3.58	4.25	4.78	4.32	n/a	n/a	n/a	n/a	n/a	n/a
NL	4.29	4.56	4.53	4.38	4.33	4.14	3.95	3.84	3.84	3.65	3.52	3.43
SE	4.35	4.30	3.66	3.85	3.62	3.49	3.29	2.95	3.01	2.90	3.09	2.86
SP	3.33	3.81	4.11	3.97	4.06	3.44	3.32	3.05	3.19	2.97	3.15	3.13

Variable rate and initial fixed period rate up to 1 year (%)												
	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
BE	3.34	3.64	3.77	3.82	3.84	3.48	3.20	2.99	3.05	3.10	3.14	3.06
DK	2.52	2.71	2.30	2.11	1.70	1.53	1.28	1.13	1.23	1.14	1.22	1.22
GE	3.49	3.78	3.77	3.67	3.29	3.08	2.85	2.88	2.75	2.79	2.86	2.75
GR	3.96	4.25	4.49	4.44	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	10.10	10.37	10.48	12.54	13.05	12.82	12.80	11.95	11.15	9.82	8.91	8.69
IE	3.09	3.18	3.50	2.98	3.13	3.00	3.12	3.43	3.16	3.21	3.31	3.25
IT	2.61	2.85	3.14	3.64	3.90	3.72	3.54	3.43	3.47	3.44	3.37	3.19
NL	3.67	3.88	4.04	4.05	3.98	3.77	3.68	3.44	3.28	3.12	3.02	2.93
RO	5.35	5.96	5.66	5.61	5.16	4.83	4.51	4.29	4.41	4.40	4.63	5.02
SE	3.48	3.65	3.90	4.19	3.98	3.76	3.37	2.90	2.70	2.59	2.65	2.38
SP	2.92	3.30	3.42	3.47	3.47	3.22	2.94	2.66	2.90	2.91	2.78	2.84

Note:

*: The source has changed from the previous issue of the Quarterly Review, and past values have also been adapted.

Data from Q2 2012 has been revised for France due to a new source.

Source: European Mortgage Federation

Table 5B ► Mortgage Interest Rates**Long-term initial fixed period rate, 10-year or more maturity (%)**

	III 2010	IV 2010	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
BE	3.90	3.82	3.98	4.12	3.93	3.69	3.90	3.67	3.59	3.69	3.64	3.50	3.62	3.84
DK	4.78	4.79	5.37	5.59	5.21	4.76	4.46	4.33	4.08	4.06	3.95	3.71	4.16	4.27
GE	3.64	3.77	4.26	4.32	3.80	3.54	3.45	3.17	3.03	2.94	2.99	2.78	3.07	3.04
GR	4.61	1.56	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT	4.09	4.30	4.74	4.82	4.64	4.99	5.21	4.63	4.81	4.64	4.55	4.47	4.83	4.73
NL	5.01	4.88	4.93	5.17	5.18	5.09	5.10	5.05	5.04	5.05	5.00	4.92	4.86	4.73
RO	4.89	5.06	5.06	5.74	5.81	6.19	5.99	5.23	5.14	4.95	6.52	6.39	6.08	6.13

Medium-term initial fixed period rate, from 5 to 10 years maturity (%)

DK	3.43	3.68	4.11	4.47	3.55	3.17	2.90	3.01	2.85	2.77	2.72	2.69	3.01	3.13
GE	3.65	3.70	4.10	4.19	3.80	3.54	3.29	3.04	2.85	2.78	2.77	2.57	2.82	2.85
GR	4.88	5.39	5.51	5.55	5.54	5.11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	17.66	15.64	12.65	9.89	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT	3.66	4.01	4.34	4.36	4.08	4.70	5.14	4.68	n/a	n/a	n/a	n/a	n/a	n/a
NL	4.73	4.57	4.71	5.07	5.09	4.82	4.85	4.78	4.69	4.62	4.65	4.45	4.25	4.10
SE	4.05	4.83	5.20	5.01	4.42	4.39	4.45	4.06	3.80	3.57	3.75	3.75	4.46	3.99
SP	8.33	7.07	6.26	7.73	7.98	8.99	7.98	6.28	7.07	5.82	6.35	6.36	6.67	5.85

Source: European Mortgage Federation

Table 5C ► Mortgage Markets' Breakdown by Interest Rate Type (%) - Outstanding Loans

	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
Denmark											
fixed	28.6	28.3	27.0	25.9	25.7	25.8	26.0	26.3	26.3	26.6	26.9
variable rate with interest rate cap	11.1	11.0	10.9	10.6	10.1	9.8	9.6	9.5	9.3	9.2	9.5
Initial fixed rate	51.2	51.9	53.3	54.6	55.3	55.6	55.4	55.2	55.4	55.1	53.7
variable	9.1	8.8	8.9	8.9	8.8	8.8	8.9	8.9	9.0	9.0	9.9
Hungary											
HUF denominated	35.9	34.5	37.4	44.6	45.2	46.6	46.0	45.2	46.6	46.7	47.27
EUR denominated	5.7	6.0	6.5	6.8	6.7	6.6	6.7	6.9	6.9	6.8	6.73
CHF denominated	55.6	56.5	53.3	46.1	45.4	44.3	44.9	45.4	44.6	44.5	43.73
Other FX denominated	2.8	3.1	2.8	2.5	2.7	2.6	2.5	2.5	1.9	2.1	2.28
Ireland											
fixed 1-3 years	7.8	7.5	6.7	6.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
fixed 3-5 years	5.0	4.7	4.3	4.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
fixed >5 years	1.3	1.2	1.2	1.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable and initial fixed up to 1 year	85.8	86.6	87.7	88.8	90.3	91.6	92.0	92.8	93.7	94.2	94.4
fixed					9.7	8.4	8.0	7.2	6.3	5.8	5.6
Sweden											
initial fixed >1 year	49.6	50.8	51.6	51.8	52.6	53.8	54.1	54.7	54.3	53.0	51.0
variable and fixed up to 1 year	50.4	49.2	48.4	48.2	47.4	46.2	45.9	45.3	45.7	47.0	49.0
UK											
initial fixed	29.6	28.6	28.1	27.9	27.9	27.5	27.9	28.4	29.3	30.7	32.9
variable	70.4	71.4	71.9	72.1	72.1	72.5	72.1	71.6	70.7	69.3	67.1

Please note that only housing loans are included (not home equity loans) in Hungarian data.

Source: European Mortgage Federation

Please note that, in Ireland, from Q4 2010, the data source has changed from quarterly bulletin data to trends in personal lending data. The base has also changed from total household lending for house purchase to private household lending for house purchase.

Table 5D ► Mortgage Markets' Breakdown by Interest Rate Type (%) - New Loans													
	IV 2010	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
Belgium													
Fixed interest rate	71.7	75.5	75.1	70.8	88.0	85.4	86.4	85.0	72.0	56.6	63.0	69.9	65.4
Initial fixed rate	15.8	11.8	10.7	17.4	9.0	12.8	12.0	13.2	24.5	36.0	32.2	25.9	27.7
Variable rate (= initial fix <= 1 year)	12.5	12.7	14.3	11.9	3.0	1.8	1.6	1.8	3.5	7.4	4.9	4.2	6.9
Denmark*													
fixed	38.1	25.9	31.2	31.0	17.2	39.6	46.9	60.1	43.9	54.7	55.4	51.1	28.2
Variable rate with interest rate cap			6.8	5.6	5.2	2.8	2.2	1.2	0.8	0.9	1.3	1.7	1.0
variable	61.9	74.1	62.1	63.4	77.7	57.5	50.9	38.7	55.4	44.4	43.3	47.2	70.8
Germany													
initial fixed 1-5 years	15.0	16.0	15.0	15.0	15.0	15.0	14.0	13.0	13.0	13.0	13.0	13.0	14.0
initial fixed 5-10 years	39.0	39.0	39.0	38.0	39.0	40.0	40.0	40.0	40.0	41.0	41.0	42.0	41.0
initial fixed > 10 years	32.0	28.0	30.0	31.0	32.0	30.0	32.0	33.0	32.0	30.0	31.0	30.0	29.0
variable and initial fixed up to 1 year	14.0	17.0	16.0	16.0	14.0	15.0	14.0	14.0	15.0	16.0	15.0	15.0	16.0
Spain													
fixed	1.2	1.8	0.5	0.5	0.4	0.5	1.0	0.5	1.2	1.2	1.0	0.9	0.9
initial fixed	14.2	20.6	18.2	15.5	14.8	17.7	21.6	25.5	25.6	34.2	30.8	31.8	30
variable	84.5	77.6	81.3	84.1	84.8	81.8	77.4	74.0	73.1	64.6	68.2	67.4	69.2
Italy													
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
fixed to maturity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ireland													
variable and initial fixed up to 1 year	76.8	67.7	85.8	87.8	88.7	90.2	91.8	90.9	81.1	85.5	79.7	82.8	87.5
fixed >1 year	23.2	32.3	14.2	12.2	11.3	9.8	8.2	9.1	18.9	14.5	20.3	17.2	12.5
Hungary													
Variable or Initial fix up to 1 year (HUF denom)	84.6	81.0	75.2	70.0	69.0	65.7	60.7	59.5	58.6	50.9	45.2	40.2	40.1
Initial fix >1 = 5 years (HUF denom)	8.8	9.2	11.6	11.4	14.5	16.6	17.8	18.4	19.8	27.4	36.9	43.3	40.7
Initial fix > 5 = 10 years (HUF denom)	3.3	5.3	9.1	13.2	12.1	14.9	19.4	19.6	18.4	19.8	15.8	15.3	17.6
Initial fix > 10 years (HUF denom)	0.4	0.5	1.3	4.0	3.3	2.7	2.0	1.9	1.8	1.7	2.1	1.3	1.6
Variable or Initial fix up to 1 year (EUR denom)	1.2	1.5	0.5	0.2	0.8	0.1	0.2	0.2	0.8	0.1	0.0	0.0	0.0
Variable or Initial fix 1 year (CHF denom)	1.6	2.5	2.2	1.1	0.3	0.0	0.0	0.3	0.6	0.0	0.0	0.0	0.0

	IV 2010	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013
Poland													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Portugal													
fixed	0,9	0,8	0,9	1,5	1,5	2,1	3,4	7,0	9,3	8,7	9,5	8,5	8,4
variable	99.1	99.2	99.1	98.5	98.5	97.9	96.6	93.0	90.7	91.3	90.5	91.5	91.6
Romania													
fixed	2.7	4.3	2.0	2.2	10.6	7.5	3.1	2.9	2.7	1.9	1.4	2.1	2.9
initial fixed	14.8	17.6	14.9	21.0	18.1	24.8	25.6	37.2	36.9	36.1	30.4	31.7	31.0
variable	82.5	78.1	83.1	76.9	71.3	67.8	71.3	59.9	60.5	62.1	68.2	66.2	66.1
Sweden													
variable and initial fix for <= 1 year	60.1	52.6	55.0	54.4	54.2	59.0	57.8	54.1	61.0	57.5	63.0	63.7	69.4
initial fixed >1<=5 years	32.4	42.6	40.6	39.5	40.4	36.5	36.1	35.7	28.1	29.2	26.7	28.6	26
initial fixed >5 years	7.5	0.0	4.4	6.1	5.3	4.5	6.1	10.2	10.9	13.3	10.3	7.8	4.6
UK													
initial fixed	53.0	60.6	63.1	60.2	64.7	64.7	66.9	67.6	75.6	82.6	85.4	n/a	n/a
variable	46.9	39.4	36.8	39.5	35.2	35.2	32.9	32.1	24.2	16.8	14.1	n/a	n/a

Notes: Source: European Mortgage Federation

In Denmark the majority of loans are initial fixed with maturities between 1 and 5 years, and are defined as "variable rate loans". However in this context "initial fixed rate" is more appropriate.

According to the definition from the Central Bank of Portugal, new loans with initial fixed rate include floating rate loans.

Please note that in Hungary foreign-denominated mortgage lending was suspended in 2010. The values above 0 in EUR and CHF lending are the result of restructuring and remortgaging.

Table 5E ► Description of Rates	
The representative mortgage interest rates are an average or specific mortgage rates for 1 st ranking mortgages, involving no prior savings, with no discounts included, gross of tax relief, net of other bank costs. Other specifications are given below:	
BE	Long term initial fixed period rate, 10 years or more maturity.
DK	Adjustable mortgage rate (variable and initial fixed up to 2 years)
DE	Renegotiable rate with a fixed period of 5 to 10 years.
EE	It is the weighted average of the annual interest rate on new EUR denominated housing loans granted to individuals.
GR	Reviewable rate after a fixed term of 1 year.
ES	Variable rate - Effective average interest rate not including costs. The interest rate usually floats every 6 or 12 months, according to an official reference rate for mortgage loans secured on residential property (non-subsidized housing). This should be the same rate as used in the Hypostat and should relate to broadly the same product over time.
FR	Fixed rate - The rate is fixed for the total maturity of the loan. The rate communicated is the fixed average rate of secured loans "PAS" with a maturity between 12 and 15 years.
IE	This is based on the weighted average of the annual interest rate on all new EUR-denominated housing loans granted to households in the period.variable and up to 1 year initial fixation, more than one year initial fixation.
IT	Until the 3 rd quarter of 2006, the fixed rate was used. From the 4 th quarter of 2006 onwards, the variable interest rate on a loan of EUR 100.000 with a maturity of 20 years has been used.
LV	Variable rate (≤ 1).The average interest rate on new EUR denominated loans.
LT	Variable rate (≤ 1). The average interest rate on new EUR denominated loans.
HU	Variable interest rate on HUF housing loans. All interest rates are average APR for housing loans at the end of the period (home equity interest rates are not included). Since spring 2010, foreign-denominated mortgage lending has been suspended by the government .
PL	The indicator is a weighted average of variable mortgage rates denominated in PLN for all residential credits on outstanding amounts.
PT	Variable interest rate up to 1 year indexed to Euribor (≤ 1).
SE	Variable interest rate up to 1 year (≤ 1).
UK	The average mortgage rate charged on all regulated mortgage contracts except lifetime mortgages newly advanced in the period (Source: Council of Mortgage Lenders, Regulated Mortgage Survey).

Table 6 ► Data on the Russian mortgage market

		House prices (2009 = 100)	Total Outstanding Residential Mortgage Lending (Million EUR)	Gross residential lending (Million EUR)	Interest rates (fixed interest rates)
2009	Q1	104	23,502	560	14.6
	Q2	101	23,219	710	14.8
	Q3	98	22,829	800	14.4
	Q4	97	23,425	1,395	13.9
2010	Q1	98	25,368	1,186	13.4
	Q2	98	27,008	2,192	13.3
	Q3	98	25,658	2,548	13.2
	Q4	99	27,667	3,499	12.5
2011	Q1	100	28,767	2,632	12.4
	Q2	101	30,779	4,176	12.1
	Q3	103	31,270	4,725	11.6
	Q4	105	35,412	5,917	11.6
2012	Q1	108	39,188	4,584	12.1
	Q2	111	40,762	6,248	12.2
	Q3	114	45,352	6,755	12.3
	Q4	117	49,522	8,225	12.7
2013	Q1	119	52,675	5,653	12.6
	Q2	120	53,089	7,631	12.6
	Q3	121	54,738	8,366	12.4
	Q4	122	58,442	10,111	12.1

Notes:

Source: AHML

*Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period for outstanding residential loans (provided by the ECB)

*Please note that the conversion to euros is based on the average bilateral exchange rate for gross residential loans (provided by the ECB)



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