

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

The first quarter of 2016 showed that in the EU¹ outstanding mortgage lending increased while interest rates continued to decrease. These two dynamics, however, show a decelerating pace with respect to the previous quarters. Furthermore, considering house prices, the overall trend was increasing, though heterogeneous among the different countries. The recent vote in the UK to leave the EU will certainly have a major impact on the figures for the next quarterly review, both for the UK itself and for the continent as a whole.

MORTGAGE LENDING

At the beginning of 2016, in aggregate terms, in the EU the outstanding mortgage lending decreased by 0.6% y-o-y for the first time since the end of 2013. Likewise, aggregate gross lending figures show a 5.6% decrease, the worst figure since Q1 2013. While for various countries the outstanding mortgage figures show a slight decrease, in terms of gross lending there are more extreme positive and negative dynamics. Equally, in this quarter the dynamics across the continent are very heterogeneous and are influenced by both the economic conditions and legislative developments, which are described in more detail below.

In Central and Eastern Europe, gross residential lending developed positively on a year-on-year (y-o-y) basis. In **Romania**, there was over a 13% increase, which was driven by an increase in local currency loans, while foreign currency lending registered a slight fall of 4.4% q-o-q. Also, non-performing loans (NPLs) decreased further to 5% in Q1 2016. In the bank lending survey of the Romanian National Bank, the beginning of the year was also characterised by a significant increase of credit demand for mortgage loans coupled with a tightening of credit standards, principally through lowering loan to value (LTV) limits. The latter can be explained by the fact that in April 2016 the *Datio in Solutum* Law was enforced, giving mortgage debtors the right to close their loans by renouncing the dwellings given as collateral. Similarly, **Poland** increased its gross lending by nearly 4% y-o-y and at the end of Q1 2016, for the first time, the total number of residential mortgage loans exceeded 2 million contracts. Here, in Q1 2016, standards and conditions of mortgage lending were tightened due to regulatory factors, such as new provisions on the client's own contribution, which shall now amount to at least 15%, and new guidelines from the Polish Financial Supervision Authority regarding the calculation of the borrower's creditworthiness. Mortgage demand increased mainly due to borrowers' concerns regarding the near-depletion of funds earmarked for loan subsidies under the government-subsidised housing scheme "Flat for Youth", which by March 2016 had already disbursed 95%

¹ In Q1 2016 the sample of the proxy for the amount of total outstanding mortgage lending in the EU28 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 mort-

gage lending in the EU28 in 2015). Please, note that at the date of publishing, Q1 2016 data for FI, NL and PT were not yet available and the most recent observations (all from Q4 2015) have been used.

of the overall amount budgeted for the entirety of 2016; applications for this subsidy can now only be made for funding in 2017-18. Banks are also expected to tighten for the subsequent quarter. In the **Czech Republic**, considering the results of the first quarter of 2016, it is highly probable that the volume of loans provided this year will reach a new record high. Notwithstanding the surprisingly weak economic growth, in **Hungary** the gross lending in this quarter – though less than the second half of 2015 – increased by 50% with respect to the same period in the previous year. In 2016 the government has announced important changes which will affect mortgage lending activity and housing market activity more generally for at least the rest of this year. For example, the VAT for new dwellings was reduced from 27% to 5% from January 2016 and housing subsidies, especially for large families, will be more generous when buying a newly-built dwelling.

In **France**, the credit market was driven by the real estate market take-off in the new homes market, by first-time buyers and rental housing sales, which enjoy fiscal incentives. Further interest rate cuts spurred this dynamic, which saw a 7.4% y-o-y increase in gross residential lending; however, this represents a sharp decrease with respect to the 28.7% increase in Q4 2015. In **Belgium**, the first quarter of 2016 showed a decrease in the number of new mortgage loans, which went down by 7.5%, while the volume decreased by 3.6% as compared to the same period of last year. This decrease in new mortgages can mainly be explained by the exceptionally high and unprecedented number of (external) re-mortgaging transactions witnessed in the first quarter of 2015, and the much lower number of refinancing actions in the third quarter of 2015. Regarding the purpose of new mortgage loans, there has been a 33% increase in loans for house purchase, a 50% increase for construction and a 6% increase in purchase and renovation compared to Q1 2015. New loans for renovation, and particularly for re-mortgaging, fell by 15.7% and 56% respectively. If refinancing operations are not considered, Q1 2016 had the highest volume of mortgage contracts signed in the first quarter since 2008, for a total of about EUR 6 billion.

Moving to the south of Europe, in **Italy** residential lending ballooned in Q1 2016 to EUR 17,840 million, which is more than a 66% increase y-o-y. This positive trend reflects a combination of certain factors such as the improved conditions on the supply side, the increase in demand for mortgages encouraged by the strong decline in interest rates and the growth of consumer confidence. Also in **Portugal**, thanks to a gradual recovery of the economy the conditions for households improved and the unemployment rate decreased, leading to an increase of 70.3% y-o-y of the gross residential lending, which reached EUR 1,218 million. Total outstanding amounted to EUR 97,820 million, which decreased by 3.7% y-o-y. In **Spain**, gross residential lending continues to show positive momentum in Q1 2016, which is in line with the previous quarters. The y-o-y increase was 11.4%, amounting to EUR 8,172 million, out of which 15.5% corresponds to loan renegotiations. The quarter-on-quarter (q-o-q) figures show a decrease of 18.5%, which can be attributed to the political uncertainty derived from establishing a stable government and to the lower than expected macroeconomic fundamentals.

In the **UK**, positive economic fundamentals and higher earnings growth helped to underpin a recovery in the housing and mortgage market, where gross residential lending for Q1 2016 depicted a healthy 28.9% increase y-o-y. Lending in March was boosted as buy-to-let activity was brought forward to avoid the additional stamp duty land tax (transaction tax), which would have meant those buying a second property would be subject to an extra 3% tax on top of the standard stamp duty that is payable when purchasing a property. The second quarter of the year is set to be quieter as the distortion from the stamp duty change affects levels of activity, coupled with increased uncertainty in the lead-up to the UK's EU referendum vote in June. As a result, only limited potential for stronger activity and lending figures is expected. Other factors restricting activity are the already elevated levels of house prices relative to earnings, regulation in the home-owner

space as well as the tight supply in the secondary housing market, which continues to cause supply/demand imbalances. In **Ireland**, gross residential lending grew by 2.5% y-o-y to EUR 1,008 million compared to 8.2% during the previous quarter. The volume of mortgage drawdowns fell by 3.1% to 5,446, the first y-o-y decline since Q4 2013, according to BPF data. In addition, the number of mortgage approvals fell more sharply, by 11.3% y-o-y, to 6,028 based on the three-month moving average. Reasons for this slowdown are to be found, among others, in the introduction by the Central Bank of Ireland (CBI) of new limits on LTV and loan to income (LTI) for new mortgage lending in February 2015. Moreover, adding to the direct impact of the limits on lending, the CBI has indicated that these measures may have led to an initial surge in mortgage market activity, which may have inflated the y-o-y drop in approvals.

Moving to Scandinavia, in **Sweden** gross mortgage lending grew by 4.5% y-o-y in Q1 2016, which decelerated much from the 17.1% of previous quarter. The growth trend is due to favourable economic fundamentals, together with increasing household earnings and increases in house prices caused by the well-known imbalances between supply and demand in the housing market. In **Denmark**, gross lending plummeted by 66% with respect to Q1 2015 to DKK 47.3 billion and the outstanding figure slightly decreased by 0.5% to DKK 1,765 billion.

HOUSE PRICES

Nearly all countries of our Q1 2016 survey depict an increasing house price index, which shows an active market based on improving economic fundamentals throughout the EU coupled to tight supply and high demand.

In central Europe, in the **Czech Republic**, large cities as Prague and Brno accounted for a significant increase in house prices. Other regions of the country had positive and even larger dynamics in percentage terms, which was principally due to the lower baseline with respect to the larger cities. In **Hungary**, the house prices based on the HPI of FHB Bank continue the upwards trend and reached the value of the last peak in Q1 2008. Though the q-o-q increase was a mere 0.5%, considering the period since the beginning of the market upturn (April 2014 through end 2015) house prices grew by more than 28% in both nominal and real terms. This upturn can be seen throughout Hungary, but with a heterogeneous picture. The largest price increase is seen in Budapest and in central Hungary, while the most limited growth, which was still 11.5% in 2015, can be seen in western Transdanubia. The price dynamics can be also found in the housing market which saw a growth in building permits. The number of dwellings handed over in Q1 2016 was, however, lower than in the previous year. Moreover, in the first quarter of 2016, residential property prices remained stable in **Poland** while they increased in **Romania**. Likewise, in **Germany**, owner occupied housing advanced by 4.7% y-o-y according to the vdp index. This development is also mainly caused by the persistent increase in demand in large cities and increasingly in their surrounding boroughs. The buoyant labour market together with low interest rates pushed prices for condominiums, single-family and semi-detached houses up.

Moving south, in **Italy**, house prices slightly decreased by 0.2% q-o-q and by 0.9% y-o-y. New dwellings decreased by 0.5% both y-y and q-o-q, while existing dwellings decreased by 0.1% q-o-q and by 1% y-o-y. On the contrary in **Portugal** house prices continued the growth trend started in Q1 2015 increasing by 6.9% y-o-y. This growth is due to a higher demand for new loans, promoted by a slight easing of credit conditions caused by a higher competitiveness among banks and a reduction of interest rates. In **France**, during Q1 2016 sales increased by 11.5% q-o-q, while generally the real estate market waits until April to awake from its winter slumber. House prices went up 0.5% q-o-q in the existing housing market, but fell by 1.3% in the new housing market. Compared to the same periods of last year the trend was positive in both markets, with respectively growth of 1.3% and 2.4%.

On the other side of the Channel, in the **UK**, even as house prices are elevated relative to earnings, house price growth continues to be strong given the tight supply of houses for sale. There is also evidence to suggest that would-be movers are being put off marketing their property as they cannot see properties they want to buy themselves, which is creating a sort of vicious cycle in the housing market. In **Ireland**, in the framework of positive economic fundamentals, with decreasing unemployment and upward trends in retail, construction and tourism, according to the Central Statistics Office (CSO) house prices experienced a 7.4% y-o-y increase in Q1 2016. Contrary to other countries, Dublin's house price increase was relatively low with growth of 3.9%, while the rest of the country rose by 10.5%. Similarly, rents grew faster outside the capital, particularly for apartments. One of the major issues in the Irish economy lies in the lack of available housing, especially suitable family accommodation. Building activity has increased in recent years with completions up 20% y-o-y in Q1 2016 according to the Department of the Environment, Community and Local Government, and building starts are up 57%. However, building levels are well below the annual estimated demand of 25,000 homes.

In **Sweden**, house prices and increasing household debts are heavily debated. House prices for one-family homes increased by an impressive 13.1% y-o-y in Q1 2016, which accelerated from 9% of previous year. With 14% y-o-y growth, the price increases of apartments have slowed down and are almost in line with that of one-family homes. In the fourth quarter of 2015, the prices on tenant owned apartments increased by around 18% y-o-y. Although construction figures show an increasing trend during 2015, the strict building standards and building permits prevent a construction boom in Sweden, and house prices are expected to grow. It is also important to mention that in spring 2016, the latest statistics showed that this trend is flattening and the increases are expected to be smaller.

MORTGAGE INTEREST RATES

In aggregate terms, the interest rates for a mortgage in our sample decreased in Q1 2016 by 17bp y-o-y to 2.6%². The vast majority of countries continued to see their interest rates dropping, although here too the picture is heterogeneous.

For Q1 2016, though it slightly increased from the last quarters, the lowest interest rate was found in **Denmark** where households were able to find a mortgage loan at a variable rate of 1.17%. The more long-term interest rates (over 10 years) which households were able to secure stood at 3.67%, an 11 basis point decrease with respect to the previous quarter. In neighbouring Sweden, overall mortgage interest rates were stable in Q1 2016, with variable rates slightly increasing to 1.4%, medium initial fixed rates remaining unchanged at 1.6% and longer initial fixed rates decreasing to 2.4%.

In the **UK**, mortgage interest rates continued to fall in Q1 2016 on a number of measures, as lenders competed on mortgage rates to attract new customers. Funding conditions were favourable for lenders, which has also helped push down mortgage rates, which remained at or close to record lows in Q1 2016. In **Ireland**, interest rates on outstanding mortgages are also very low as they are heavily influenced by the European Central Bank (ECB) base

rate, as about half of all mortgages outstanding are on tracker rates, which are just over 1%. About 33% of the value of new mortgage loan agreements, including renegotiations, was on fixed rates (those with an initial fixation period of more than one year) in Q1 2016, an 11 percentage point (pp) drop y-o-y, but a 3 pp rise q-o-q. The CBI introduced a new quarterly interest rate data series for Q4 2014, which is based on new mortgage drawdowns rather than new agreements. The standard variable rate for private dwelling house mortgage fell by 49 bp to 3.64% over the year ending Q1 2016.

In **Hungary**, the reference rate of the Central Bank stood at 1.35% at the end of 2015 and was reduced three times since reaching 0.9% in May 2016. Most typical mortgage loans carry variable rates linked to the three month Budapest interbank rate, which was 4.89% at the end of Q1 2016, continuing its slight upwards trend started in mid-2015. In **Romania** and **Poland**, interest rates remained fairly unchanged at around 3.73% and 4.40% respectively. The **Czech Republic** continued its trend of decreasing interest rates in Q1 2016; however it is expected that they have now bottomed-out and may start to pick up in the coming quarters. Mortgage markets in the Czech Republic will be affected by the European Union's Mortgage Credit Directive (MCD), the implementation of which was scheduled for March 2016, but the country's parliament has not yet adopted the MCD standards, which could happen in the coming months.

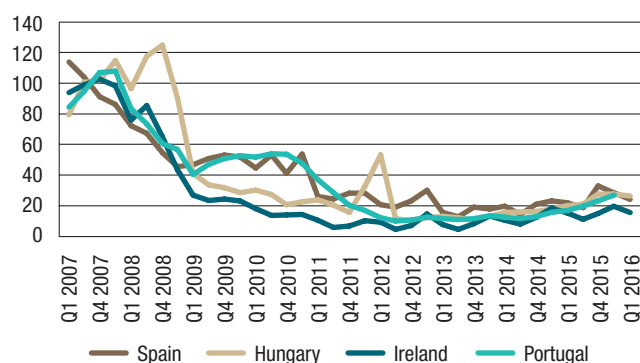
In **Spain**, interest rates for new residential loans continued to decrease in parallel to the trend observed on the main benchmark index of the Spanish mortgage market (Euribor), supported by the expansive monetary policies of the ECB. The weighted average interest rate on new residential loans was 2.02% in Q1 2016, a decrease of 48 bp with respect to the previous quarter. Also, the variable, short and long fixed term interest rates all decreased q-o-q setting the rates at 1.72%, 2.06% and 2.65% respectively, with the first two reaching their lowest values since 2007. The medium fixed term, on the other hand, increased by 21 bp to 5.23%. New loans are increasingly issued with a fixed interest rate thanks to its benefits for households and financial institutions. This explains why residential loans with an initial rate fixation period of over 10 years account for 10.7% of new loans, a 56.2% increase q-o-q and a nearly fourfold increase y-o-y. As a consequence, though the majority of new loans are still issued with a variable rate, the market share in Q1 2016 decreased in one quarter by 4.8 pp to 57.8%. As previously mentioned, in Italy as well interest rates decreased with variable loans bearing a 1.92% interest rate, while the 10 year fixed term rate decreased by 19 bp to 2.65%. Also in Portugal mortgage interest rate fell by 14 bp q-o-q and 75 bp y-o-y reaching 1.99% in Q1 2016. This evolution continues to reflect the reduction of Euribor indices, which remain in negative territory.

In **France**, interest rates resumed falling in Q1 2016 after a short-lived increase in mid-2015. The average for fixed rate loans was a little higher than 2%. This being an average at the beginning of 2016, loans with 1.4% and 1.5% were also offered for low-risk loan files. The variable rate average was 1.43%, but it is used only marginally as it is seen as uncompetitive with respect to fixed rate loans. In **Belgium**, interest rates continued to decrease in Q1 2016 and the 10 year fixed period interest rate, which with 76% of the market share is the most popular, decreased by 21 bps to 2.27%.

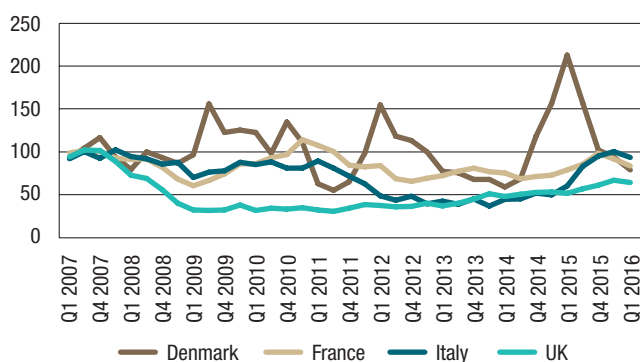
² The calculation is a simple average of the mortgage interest rates submitted by the countries to this review (Table 5A of the Quarterly Review). If the figure for Q1 2016 was not available the latest available one was taken.

Chart 1 ► Gross Residential Lending (2007=100; in euro; seasonally adjusted data)

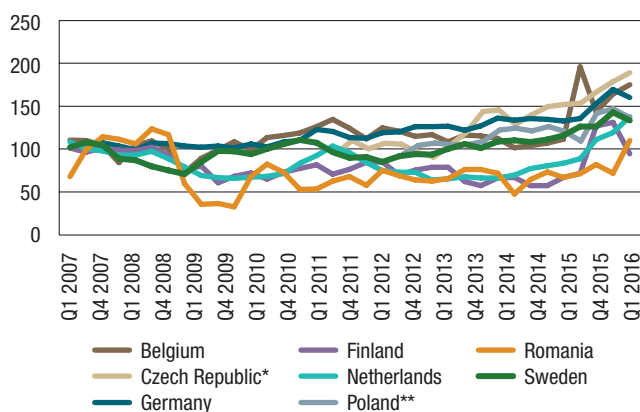
a) Countries where gross residential lending has remained below 20% of 2007 levels



b) Countries where gross residential lending has remained below, but above 50% of, 2007 levels



c) Countries where gross residential lending has risen above 2007 levels



Source: EMF-ECBC

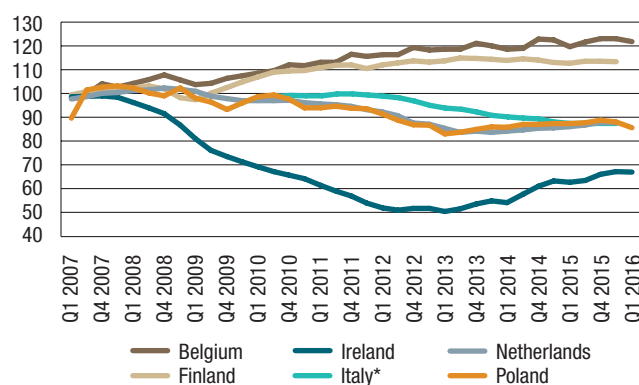
Note:

*2011 = 100 / **2012 = 100

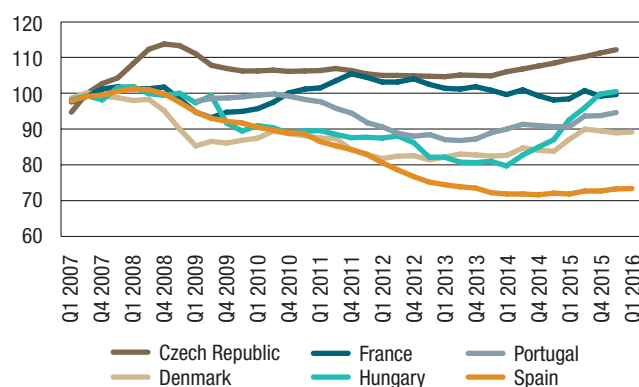
The time series have been seasonally adjusted by regressing the gross domestic lending of each country on quarter dummies and a constant, and adding the residuals to the sample means. STATA econometric software has been used.

Chart 2 ► Nominal House Price Indices, 2007=100

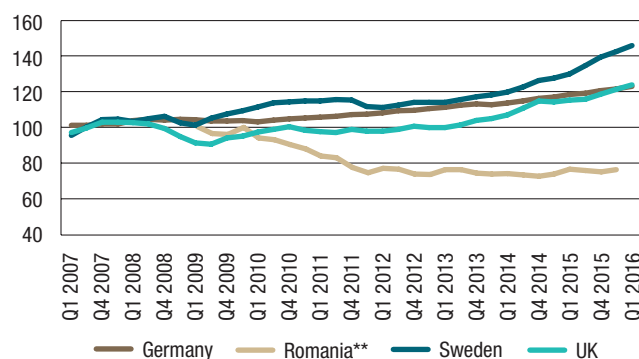
a) Countries where house prices have fallen in the available latest quarter



b) Countries where house prices have risen slightly over the latest quarter



c) Countries where house prices have risen by at least 1.5% over the latest quarter



Source: EMF-ECBC

Note:

*2009 = 100

**2010 = 100

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	latest y-o-y change (%) (Q1 16), EUR values	previous y-o-y change (%) (Q4 15), EUR values	latest y-o-y change (%) (Q1 16), local currency	previous y-o-y change (%) (Q4 15), local currency
BE	191,506	192,966	197,327	199,255	201,814	204,810	207,872	209,664	5.2	5.3	5.2	5.3
CZ	27,988	28,457	28,732	29,296	30,313	31,120	32,085	32,347	10.4	11.7	8.5	8.8
DE	1,216,024	1,226,333	1,237,410	1,241,891	1,253,938	1,267,608	1,278,909	1,284,485	3.4	3.4	3.4	3.4
DK*	237,425	238,084	238,134	237,399	234,731	235,257	235,303	236,838	-0.2	-1.2	-0.5	-1.0
ES	603,760	593,209	586,609	580,564	575,693	569,005	562,828	557,044	-4.1	-4.1	-4.1	-4.1
FI	88,991	89,389	89,762	89,919	90,717	91,363	91,955	n/a	n/a	2.4	n/a	2.4
FR	821,995	828,000	833,120	841,940	845,778	857,481	866,401	871,009	3.5	4.0	3.5	4.0
HU	17,774	17,393	17,146	16,557	15,511	15,319	14,771	14,600	-11.8	-13.9	-7.5	-13.7
IE	118,902	116,937	115,696	114,305	113,030	111,725	110,629	109,513	-4.2	-4.4	-4.2	-4.4
IT	359,404	359,269	359,137	358,649	358,882	359,139	361,835	361,806	0.9	0.8	0.9	0.8
NL	631,032	628,470	631,101	635,515	635,116	637,625	n/a	n/a	n/a	n/a	n/a	n/a
PL**	82,713	83,538	82,555	89,797	89,451	87,635	88,121	88,290	-1.7	6.7	2.5	6.7
PT	104,636	103,671	102,469	101,544	100,786	100,387	98,516	97,820	-3.7	-3.9	-3.7	-3.9
RO	9,695	9,793	10,095	10,436	10,748	11,086	11,501	11,806	13.1	13.9	14.7	15.0
SE	337,040	342,542	339,152	348,597	358,951	357,899	374,754	379,052	8.7	10.5	8.0	8.1
UK	1,557,349	1,611,738	1,611,207	1,734,704	1,782,173	1,726,100	1,739,465	1,631,846	-5.9	8.0	2.4	1.7

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:

- Denmark
- United Kingdom

Table 2 ► Gross Residential Mortgage Lending (Million EUR)

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	latest y-o-y change (%) (Q1 16), EUR values	previous y-o-y change (%) (Q4 15), EUR values	latest y-o-y change (%) (Q1 16), local currency	previous y-o-y change (%) (Q4 15), local currency
BE	5,924	6,325	12,215	7,342	9,390	10,152	9,272	7,081	-3.6	-24.1	-3.6	-24.1
CZ*	1,864	1,783	1,929	1,840	2,232	2,257	2,331	2,118	15.1	20.8	13.1	17.7
DE**	43,300	45,500	46,500	48,300	56,200	55,500	48,600	49,500	2.5	4.5	2.5	4.5
DK	5,499	10,238	15,016	18,983	13,766	8,754	9,152	6,415	-66.2	-39.1	-66.3	-38.9
ES	6,774	5,552	8,024	7,339	8,372	9,986	10,024	8,172	11.4	24.9	11.4	24.9
FI	4,848	4,452	4,398	9,352	10,705	6,646	6,604	n/a	n/a	50.2	n/a	50.2
FR	27,619	32,589	31,631	29,408	35,875	45,527	40,702	31,584	7.4	28.7	7.4	28.7
HU	218	269	243	212	297	436	388	307	45.0	59.6	52.1	59.8
IE	820	1,126	1,341	983	1,084	1,330	1,451	1,008	2.5	8.2	2.5	8.2
IT**	8,831	8,146	10,556	10,707	16,976	17,343	21,364	17,840	66.6	102.4	66.6	102.4
NL	16,692	17,360	18,768	21,676	25,510	29,790	30,623	n/a	n/a	63.2	n/a	63.2
PL	2,141	2,129	1,901	2202.0	2538.7	2436.2	2635.4	2288.1	3.9	38.7	8.3	38.4
PT	550	573	690	715	950	1,098	1,250	1,218	70.3	81.2	70.3	81.2
RO	386	425	459	382	377	689	835	589	54.3	82.0	56.4	82.0
SE	12,899	11,996	15,001	12,955	16,737	14,070	17,560	13,532	4.5	17.1	3.7	14.5
UK	64,251	70,733	65,085	61,298	73,145	82,894	84,217	78,993	28.9	29.4	40.3	21.9

* 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
- Portugal
- United Kingdom

Table 3 ► Change in Outstanding Residential Loans (Million EUR)

	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	1,251	1,671	1,889	699	1,323	1,461	4,361	1,928	2,559	2,996	3,062	1,792
CZ	185	748	-1,188	266	500	469	275	564	1,017	807	965	263
DE	6,548	9,304	6,356	1,109	6,093	10,309	11,077	4,481	12,047	13,670	11,301	5,576
DK*	495	-10,303	492	982	1,694	659	50	-735	-2,668	526	47	1,535
ES	-5,774	-8,629	-6,351	-5,558	-3,499	-10,551	-6,600	-6,045	-4,871	-6,688	-6,177	n/a
FI	735	498	372	90	588	398	373	157	798	645	592	n/a
FR	6,943	8,634	8,629	7,368	0	6,005	5,120	8,820	3,838	11,703	8,920	4,608
HU	-204	-286	-357	-466	-259	-382	-247	-589	-1,046	-192	-548	-171
IE	-1,134	-845	-1,123	-714	-2,956	-1,965	-1,241	-1,391	-1,275	-1,305	-1,096	-1,116
IT	-716	-1,545	-973	-1,345	-642	-135	-132	-488	233	257	2,697	-29
NL	-2,816	-1,868	-11,904	-1,356	296	-2,562	2,631	4,414	-399	2,509	n/a	n/a
PL	-1,251	2,141	1,583	639	1,262	825	-983	7,242	-346	-1,816	486	169
PT	-1,042	-1,029	-959	-1,023	-926	-965	-1,202	-925	-758	-399	-1,871	-696
RO	225	-130	186	108	343	98	302	342	311	338	415	305
SE	-12,382	8,432	-4,403	-378	-2,961	5,502	-3,389	9,444	10,354	-1,052	16,855	4,298
UK	-17,078	39,433	10,868	17,201	57,647	54,389	-531	123,497	47,469	-56,073	13,364	-107,618

* 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

	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	119.0	119.2	119.2	122.1	120.8	119.2	119.8	123.9	123.7	120.5	122.6	124.3	124.3	122.8
CZ	104.7	104.6	105.1	105.0	104.8	106.1	107.0	107.9	108.7	109.9	110.7	111.8	112.8	n/a
DE	110.2	111.1	112.4	113.4	112.9	113.8	115.2	117.0	117.8	119.5	120.3	122.1	123.0	124.9
DK	80.6	81.4	82.3	82.0	81.7	81.8	84.1	83.4	83.2	86.7	89.9	89.4	88.7	89.0
ES	74.5	73.7	73.1	72.7	71.3	71.0	71.0	70.8	71.2	70.9	71.8	71.8	72.5	72.6
FI	114.1	114.8	116.2	116.0	115.6	115.0	115.6	115.2	114.0	113.6	114.6	114.6	114.3	n/a
FR	102.9	101.6	101.4	102.2	101.0	99.7	101.1	99.3	97.9	98.3	101.0	99.1	99.7	n/a
HU	81.4	81.4	79.9	79.8	80.3	78.9	82.1	84.5	86.7	92.8	96.4	100.5	101.2	n/a
IE	50.6	49.3	50.5	52.5	53.8	53.1	56.8	60.3	62.6	62.1	62.8	65.7	66.8	66.7
IT*	95.3	93.9	93.3	91.9	90.2	89.3	88.7	88.3	86.9	86.1	86.1	86.3	86.1	n/a
NL	86.1	84.1	82.4	82.8	82.5	82.9	83.4	84.2	84.3	85.0	85.8	87.0	87.0	n/a
PL	85.9	81.7	82.6	83.9	85.0	84.9	86.2	86.3	86.6	86.7	87.1	88.2	87.3	84.6
PT	87.9	86.1	85.9	86.4	88.4	89.6	91.0	90.6	90.3	90.3	93.7	93.8	94.9	96.6
RO**	72.2	75.3	75.3	72.9	72.3	72.8	71.8	71.2	72.5	75.5	74.7	73.7	75.1	n/a
SE	113.5	113.5	115.2	116.9	118.0	119.9	122.8	126.6	128.1	130.6	135.7	140.7	143.9	147.7
UK	99.3	99.2	101.0	103.5	104.7	107.1	111.3	115.7	115.2	116.1	116.8	119.9	122.8	125.7

*: 2010=100

Source: European Mortgage Federation

**: 2009=100

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” (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.

Poland: Weighted average price for the seven largest Polish cities.

Portugal: *Confidencial Imobiliário* 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
- Denmark
- Hungary
- Poland
- United Kingdom

Table 5A ► Mortgage Interest Rates (% , weighted average)													
	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	3.41	3.37	3.41	3.56	3.50	3.32	3.04	2.79	2.54	2.43	2.46	2.48	2.27
CZ*	3.06	3.24	3.24	3.26	3.33	3.12	2.99	2.56	2.68	2.48	2.48	2.42	2.37
DE	2.77	2.70	2.74	2.84	2.79	2.63	2.39	2.18	1.93	1.83	2.03	2.00	1.91
DK**	1.23	1.14	1.22	1.22	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17
ES	3.09	3.08	3.00	3.01	3.13	3.05	2.94	2.72	2.47	2.25	2.17	2.08	2.02
FI	1.98	1.99	1.99	1.97	1.94	1.83	1.66	1.63	1.38	1.36	1.34	1.27	n/a
FR***	3.28	3.13	3.11	3.18	3.01	2.83	2.63	2.40	2.17	2.01	2.14	2.19	2.04
HU	11.15	9.82	8.91	8.69	7.50	7.06	6.80	6.32	5.84	5.04	4.57	4.85	4.89
IE	3.37	3.40	3.52	3.41	3.36	3.27	3.58	3.83	3.62	3.47	3.41	3.42	3.31
IT	3.68	3.64	3.68	3.50	3.44	3.26	2.99	2.84	2.68	2.77	2.67	2.50	2.33
NL	4.04	3.80	3.65	3.62	3.55	3.44	3.31	3.18	3.09	2.88	2.89	2.83	n/a
PL	6.00	5.20	5.20	5.30	5.30	5.30	5.20	4.70	4.40	4.30	4.40	4.40	4.40
PT	3.30	3.19	3.19	3.27	3.37	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99
RO****	4.50	4.50	4.85	5.36	5.19	5.19	5.04	4.66	3.99	3.95	3.94	3.79	3.73
SE	2.83	2.70	2.73	2.58	2.39	2.32	2.11	1.85	1.68	1.54	1.53	1.48	1.50
UK	3.49	3.27	3.14	3.05	3.04	3.12	3.21	3.09	2.76	2.60	2.57	2.54	2.50

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

Source: European Mortgage Federation

** 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.

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.

Data for Finland has been newly added.

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

- Denmark
- France

Table 5B ► Mortgage Interest Rates

Variable rate and initial fixed period rate up to 1 year (%)												
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	3.10	3.14	3.06	3.06	3.11	3.01	2.63	2.74	2.73	2.67	2.48	2.16
CZ	3.10	3.16	3.15	3.40	3.09	3.02	2.37	2.81	2.65	2.76	2.59	2.61
DE	2.76	2.71	2.64	2.73	2.55	2.45	2.29	2.23	2.14	2.20	2.17	2.26
DK*	1.16	1.23	1.22	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17
ES	2.91	2.81	2.80	2.97	2.88	2.71	2.51	2.24	2.01	2.04	1.85	1.72
FR	2.73	2.68	2.74	2.38	2.11	1.89	1.63	1.44	1.42	1.68	1.76	1.43
HU	9.82	8.91	8.69	7.50	7.06	6.36	6.32	5.84	5.04	4.57	4.85	4.89
IE	3.21	3.31	3.25	3.23	3.16	3.43	3.64	3.42	3.38	3.24	3.30	3.16
IT	3.44	3.37	3.19	3.18	3.00	2.70	2.56	2.35	2.20	2.09	1.97	1.92
NL	3.10	2.90	2.90	2.90	2.80	2.80	2.68	2.66	2.53	2.45	2.38	n/a
PT	4.41	4.66	5.21	5.12	5.15	4.98	4.54	3.92	3.91	3.83	3.71	3.40
RO**	3.18	3.15	3.28	3.42	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99
SE	2.59	2.65	2.38	2.22	2.16	1.93	1.64	1.42	1.12	1.27	1.27	1.38
UK***	2.90	2.77	2.64	2.52	2.50	2.46	2.27	2.05	2.02	2.04	2.04	2.13
Short-term initial fixed period rate, from 1 to 5 years maturity (%)												
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	2.94	3.04	3.11	3.10	2.90	2.52	2.21	2.38	2.33	2.40	2.21	2.05
CZ	3.22	3.22	3.25	3.21	3.06	2.95	2.75	2.57	2.37	2.35	2.32	2.26
DE	2.39	2.42	2.49	2.43	2.31	2.12	1.94	1.90	1.83	1.94	1.94	1.85
DK*	2.06	2.06	1.83	1.65	1.64	1.50	1.36	1.21	1.33	1.39	1.33	1.27
ES	3.06	3.13	3.20	3.29	3.16	3.09	2.84	2.68	2.44	2.23	2.17	2.06
FR	3.03	2.94	2.95	2.96	2.95	2.59	2.37	n/a	n/a	n/a	n/a	n/a
HU	10.06	9.78	9.47	8.36	8.14	7.25	7.18	6.97	6.91	6.79	6.60	6.66
IE	4.39	4.60	4.53	4.44	4.37	4.41	4.11	3.88	3.58	3.73	3.66	3.59
IT	3.67	3.89	3.45	3.49	3.35	3.13	2.94	2.78	2.73	2.65	2.22	2.04
NL	3.60	3.50	3.40	3.30	3.10	3.10	2.98	2.91	2.74	2.69	2.64	n/a
RO**	7.12	10.42	5.03	5.95	5.54	5.56	5.59	5.53	5.34	4.24	4.03	4.46
SE	2.90	3.09	2.86	2.68	2.52	2.24	1.95	1.70	1.69	1.56	1.63	1.59
UK***	3.35	3.21	3.10	3.11	3.19	3.31	3.21	2.89	2.71	2.64	2.59	2.53
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)												
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	3.39	3.48	3.74	3.62	3.39	2.82	2.70	2.54	2.36	2.40	2.35	2.15
CZ	3.72	3.48	3.51	3.75	3.34	2.96	2.69	2.55	2.36	2.36	2.29	2.19
DE	2.64	2.73	2.88	2.79	2.61	2.37	2.13	1.88	1.68	1.90	1.89	1.77
DK*	2.84	3.14	3.13	2.67	2.53	2.12	1.82	1.47	1.83	2.30	2.30	1.84
ES	6.33	6.45	6.06	6.22	6.48	7.01	7.11	6.04	5.36	3.43	5.01	5.23
FR	2.83	2.75	2.83	2.86	2.73	2.39	2.18	n/a	n/a	n/a	n/a	n/a
HU	8.21	7.76	7.79	7.51	7.13	6.69	6.61	6.49	6.47	6.37	6.22	6.10
IT	4.38	4.56	4.31	4.36	4.09	3.70	3.11	2.95	2.99	2.89	2.72	2.48
NL	4.40	4.20	4.10	3.90	3.80	3.60	3.39	3.22	2.94	2.90	2.83	n/a
RO**	n/a	6.06	6.52	6.22	5.64	5.65	5.80	5.94	5.70	5.61	5.40	5.62
SE	3.75	4.46	3.99	3.72	3.60	3.19	2.67	2.24	2.62	2.64	2.72	2.42
UK***	4.18	3.89	3.92	4.02	3.92	3.92	3.88	3.50	3.12	3.10	3.15	3.34

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

	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
BE	3.50	3.62	3.84	3.66	3.35	3.04	2.80	2.54	2.43	2.46	2.48	2.27
CZ	3.72	3.88	4.28	4.10	4.28	3.93	3.62	3.53	3.73	3.30	3.21	3.22
DE	2.85	2.92	3.06	2.97	2.83	2.50	2.27	1.89	1.89	2.12	2.08	1.95
DK*	3.73	4.20	4.27	4.07	3.71	3.56	3.30	2.93	3.14	3.86	3.78	3.67
ES	5.40	5.72	4.92	4.79	4.79	4.85	4.41	3.29	2.80	2.41	2.68	2.66
FR	3.30	3.20	3.25	3.29	3.17	2.78	2.54	n/a	n/a	n/a	n/a	n/a
HU	7.18	n/a	7.96	6.68	6.60	6.53	6.75	6.75	6.70	6.30	6.66	5.75
IT	4.47	4.83	4.73	4.62	4.44	4.09	3.68	3.35	3.16	3.03	2.84	2.65
NL	4.90	4.80	4.70	4.60	4.50	4.00	3.89	3.78	3.35	3.25	3.28	n/a
RO**	6.39	6.08	6.04	6.99	6.31	6.91	8.21	7.54	5.93	5.86	5.65	4.91
UK***	4.52	3.88	4.14	4.04	4.14	4.14	4.15	4.10	4.11	4.25	4.06	3.98

* 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

** 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.

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

Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) – Outstanding Loans

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Czech Republic											
Variable rate (up to 1Y initial rate fixation)	25.2	25.4	26.6	26.6	26.0	26.2	25.7	25.9	24.3	24.1	24.0
Short-Term fixed (1Y-5Y initial rate fixation)	50.0	50.6	49.6	50.3	51.2	51.4	52.0	53.6	57.3	57.0	58.8
Medium-Term fixed (5Y-10Y initial rate fixation)	11.2	10.8	10.5	10.3	10.3	10.5	10.6	10.0	8.8	9.4	11.9
Long-Term fixed (over 10Y initial rate fixation)	13.6	13.2	13.3	12.9	12.6	11.9	11.7	10.5	9.6	9.5	5.2
Denmark											
Variable rate (up to 1Y initial rate fixation)	n/a	47.1	46.8	47.4	47.0	45.7	43.3	41.6	40.5	39.2	37.9
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	23.2	23.4	22.6	22.8	23.7	25.0	25.8	26.5	27.1	27.7
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	29.6	29.8	30.0	30.2	30.6	31.7	32.6	33.1	33.7	34.4
Long-Term fixed (over 10Y initial rate fixation)											
Ireland											
Variable rate (up to 1Y initial rate fixation)	94.2	94.4	94.7	94.4	94.5	94.5	93.9	93.6	92.6	92.0	91.8
Short-Term fixed (1Y-5Y initial rate fixation)	4.4	4.2	3.9	4.1	4.0	4.0	4.5	4.6	5.6	6.1	6.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.8	1.9	1.9	2.0
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.0	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Sweden											
Variable rate (up to 1Y initial rate fixation)	49.2	51.5	53.6	56.3	57.7	58.2	59.8	61.2	62.2	62.4	63.2
Short-Term fixed (1Y-5Y initial rate fixation)	45.7	43.7	41.7	39.3	38.1	37.7	36.2	34.9	34.1	33.9	33.2
Medium-Term fixed (5Y-10Y initial rate fixation)	5.1	4.8	4.6	4.3	4.2	4.0	4.0	3.9	3.8	3.7	3.6
Long-Term fixed (over 10Y initial rate fixation)											

Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) – Outstanding Loans (continued)

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
UK											
Variable rate (up to 1Y initial rate fixation)*	68.6	66.6	64.3	61.8	60.0	57.9	56.2	54.5	52.4	50.8	49.9
Short-Term fixed (1Y-5Y initial rate fixation)	31.4	33.4	35.7	38.2	40.0	42.1	43.8	45.5	47.6	49.2	50.1
Medium-Term fixed (5Y-10Y initial rate fixation)											
Long-Term fixed (over 10Y initial rate fixation)											

Currency denomination	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Hungary**											
HUF denominated	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	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3		
CHF denominated	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4		
Other FX denominated	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0		

Breakdown by loan original maturity	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Italy											
maturity less than 1 year	n/a	n/a	0.0	0.0	0.0	0.0	0.0	0.01	0.0	0.0	0.0
maturity between 1 and 5 years	n/a	n/a	0.2	0.2	0.3	0.4	0.5	0.48	0.5	0.6	0.6
maturity more than 5 years	n/a	n/a	99.8	99.8	99.7	99.6	99.5	99.5	99.5	99.4	99.4

* Please note that for the UK, this refers only to Variable rate. Anything that is fixed for any duration is used in the calculation of a 'Fixed Rate', which is therefore the same for the other three fields.

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

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

- Denmark
- Sweden

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans

	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Belgium													
Variable rate (up to 1Y initial rate fixation)	7.3	4.8	4.2	6.8	7.5	5.1	2.6	1.6	0.9	0.5	0.4	0.7	1.6
Short-Term fixed (1Y-5Y initial rate fixation)	12.6	12.6	12.3	12.7	13.9	10.4	7.6	6.8	5.6	2.7	2.8	3.9	4.7
Medium-Term fixed (5Y-10Y initial rate fixation)	22.9	19.1	13.2	14.6	13.4	16.5	16.4	15.7	13.9	11.7	12.0	18.3	17.5
Long-Term fixed (over 10Y initial rate fixation)	57.1	63.4	70.3	65.9	65.2	68.1	73.4	75.9	79.6	85.1	84.8	77.2	76.2
Czech Republic													
Variable rate (up to 1Y initial rate fixation)	35.4	29.9	33.6	37.9	34.7	28.0	34.3	52.4	38.3	31.4	25.2	27.5	27.6
Short-Term fixed (1Y-5Y initial rate fixation)	54.2	59.0	57.3	54.9	57.1	61.3	55.0	37.6	49.0	50.6	57.3	56.1	54.2
Medium-Term fixed (5Y-10Y initial rate fixation)	4.5	3.8	5.3	4.1	6.0	8.6	9.1	8.3	10.2	15.6	15.2	13.6	15.6
Long-Term fixed (over 10Y initial rate fixation)	5.9	7.3	3.8	3.1	2.1	2.1	1.7	1.8	2.4	2.3	2.3	2.8	2.6
Denmark													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	40.0	34.5	20.6	17.3	19.5	8.0	6.8	16.6	25.1	22.0
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	26.1	33.4	25.3	18.5	27.3	20.1	19.9	33.4	42.6	44.5
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	2.6	4.3	1.8	1.5	1.8	2.8	1.6	1.2	1.0	4.2
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	31.3	27.8	52.3	62.8	51.5	69.1	71.8	48.9	31.3	29.2
Germany													
Variable rate (up to 1Y initial rate fixation)	16.7	15.6	15.6	17.3	18.1	15.8	14.9	14.6	13.1	12.1	11.8	12.9	12.8
Short-Term fixed (1Y-5Y initial rate fixation)	12.6	12.4	12.5	13.4	13.8	13.4	12.3	11.6	10.1	9.2	9.8	10.5	10.6
Medium-Term fixed (5Y-10Y initial rate fixation)	40.5	40.2	41.7	40.0	38.4	39.8	40.0	39.7	36.4	37.1	38.8	37.9	36.7
Long-Term fixed (over 10Y initial rate fixation)	30.2	31.8	30.2	29.2	29.6	30.9	32.7	34.1	40.4	41.6	39.6	38.7	40.0

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)

	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Hungary													
Variable rate (up to 1Y initial rate fixation)	50.9	45.2	40.2	40.1	45.6	48.5	48.7	45.8	41.6	45.3	48.8	44.1	42.4
Short-Term fixed (1Y-5Y initial rate fixation)	27.4	36.9	43.3	40.7	34.4	34.8	34.5	33.6	32.4	32.7	29.6	32.5	31.4
Medium-Term fixed (5Y-10Y initial rate fixation)	19.8	15.8	15.3	17.6	17.1	15.3	15.1	15.1	18.7	16.8	16.3	16.2	18.6
Long-Term fixed (over 10Y initial rate fixation)	1.7	2.1	1.3	1.6	2.9	1.4	1.8	5.5	7.3	5.1	5.3	7.2	7.6
Ireland													
Variable rate (up to 1Y initial rate fixation)	85.3	79.5	82.6	87.3	90.5	90.8	87.4	71.6	56.1	55.2	56.4	70.3	67.3
Short-Term fixed (1Y-5Y initial rate fixation)	14.7	20.5	17.4	12.7	9.5	9.2	12.6	28.4	43.9	44.8	43.6	29.7	32.7
Medium-Term fixed (5Y-10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	79.8	79.6	78.2	73.4	68.3	46.5	38.5	38.5	40.7
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	3.2	3.1	2.6	2.3	1.8	1.2	1.1	0.9	1.3
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	1.6	1.6	1.9	2.2	2.8	3.2	3.2	3.2	3.5
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	15.5	15.7	17.2	22.1	27.1	49.2	57.2	57.4	54.6
Netherlands													
Variable rate (up to 1Y initial rate fixation)	22.8	25.0	26.1	23.2	21.3	19.1	19.3	n/a	n/a	n/a	n/a	n/a	n/a
Short-Term fixed (1Y-5Y initial rate fixation)	39.9	41.9	40.6	37.3	35.5	36.9	35.7	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	29.9	28.0	29.9	35.1	39.3	39.0	38.5	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	7.4	5.1	3.5	4.4	3.9	5.0	6.6	n/a	n/a	n/a	n/a	n/a	n/a

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)

	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
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)	0	0	0	0	0	0	0	0	0	0	0	0	0
Medium-Term fixed (5Y-10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Portugal													
Variable rate (up to 1Y initial rate fixation)	91.3	90.5	91.5	91.6	91.6	92.2	93.2	92.3	94.4	93.5	90.3	90.2	79.7
Short-Term fixed (1Y-5Y initial rate fixation)	8.7	9.5	8.5	8.4	8.4	7.8	6.8	7.7	5.6	6.5	9.7	9.8	20.3
Medium-Term fixed (5Y-10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)													
Romania													
Variable rate (up to 1Y initial rate fixation)	97.6	98.0	88.2	86.5	87.9	87.5	86.8	87.7	94.0	95.6	68.2	76.9	90.6
Short-Term fixed (1Y-5Y initial rate fixation)	1.5	1.8	10.8	12.4	10.9	11.6	12.9	11.9	5.0	3.2	30.5	21.4	7.8
Medium-Term fixed (5Y-10Y initial rate fixation)	0.1	0.1	0.2	0.2	0.3	0.3	0.2	0.4	0.9	0.7	0.7	0.8	0.4
Long-Term fixed (over 10Y initial rate fixation)	0.7	0.2	0.8	0.8	0.9	0.6	0.1	0.0	0.1	0.5	0.5	0.8	1.1
Spain													
Variable rate (up to 1Y initial rate fixation)	67.6	66.6	69.0	67.9	70.8	66.1	61.6	60.1	65.4	62.2	61.8	62.6	57.8
Short-Term fixed (1Y-5Y initial rate fixation)	29.0	29.6	27.8	28.9	26.3	31.2	35.7	37.6	30.4	30.8	26.3	28.0	28.6
Medium-Term fixed (5Y-10Y initial rate fixation)	2.1	2.6	2.2	2.1	2.0	1.8	1.9	1.5	2.0	2.2	4.1	2.5	2.9
Long-Term fixed (over 10Y initial rate fixation)	1.3	1.3	1.0	1.0	0.9	0.8	0.8	0.8	2.2	4.7	7.9	6.9	10.7

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)													
	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Sweden													
Variable rate (up to 1Y initial rate fixation)	57.5	63.0	63.7	69.4	71.1	75.7	70.5	68.0	72.8	68.3	67.9	66.7	66.7
Short-Term fixed (1Y-5Y initial rate fixation)	29.2	26.7	28.6	26.0	24.2	19.9	23.1	23.5	18.5	21.6	23.6	25.2	26.3
Medium-Term fixed (5Y-10Y initial rate fixation)	13.3	10.3	7.8	4.6	4.7	4.4	6.4	8.5	8.7	10.1	8.5	8.1	7.0
Long-Term fixed (over 10Y initial rate fixation)													
United Kingdom													
Variable rate (up to 1Y initial rate fixation)*	22.4	20.1	18.0	15.4	14.0	12.5	13.0	13.3	17.6	17.8	15.5	12.3	15.5
Short-Term fixed (1Y-5Y initial rate fixation)	77.6	79.9	82.0	84.6	86.0	87.5	87.0	86.7	82.4	82.2	84.5	87.7	84.5
Medium-Term fixed (5Y-10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)													

* Please note that for the UK, this refers only to Variable rate.

Source: European Mortgage Federation

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

- United Kingdom

► Explanation of the market breakdown criteria for the case of Belgium	
Stated Category in Table 5D	Actual content
Variable rate (up to 1Y initial rate fixation)	Variable rates from 1Y to less than 3Y (mostly 1Y variable rate loans). N.B.: Belgian law forbids variable rates under 1Y variability.
Short-term fixed (1Y-5Y initial rate fixation)	Variable rates from 3Y to less than 5Y initial rate fixation
Medium-Term fixed (5Y-10Y initial rate fixation)	Total of the categories related to : ▪ variable rates from 5Y to less than 10Y initial rate fixation ▪ variable rates from 10Y and more (in practice, 10Y variability is generally the longest variability period offered, otherwise customer opt for fixed interest rate loans)
Long-Term fixed (over 10Y initial rate fixation)	Fixed interest rate loans (no variability)

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEYS

The Bank Lending Survey (BLS) is carried out by the European Central Bank (ECB) and is addressed to senior loan officers of a representative sample of euro area banks and 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 is taken from the quarterly results of the *"The euro area bank lending survey – First quarter of 2016"* of the ECB.

For the UK and Denmark the BLS is carried out by the respective Central Banks. It is important to point out that some statistical techniques and the underlying factor are slightly different from the one 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 Diffusion Index is used (see ECB website or contact authors for more information) in this publication. For the data of 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.

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. Credit Standards (Supply)

Table 6A ► Credit standards as applied to the approval of loans to households for house purchase, backward-looking 3 months (Question 8a of BLS)*(as a netted and weighted percentage of all respondent banks)*

	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
AT	0	-7	0	0	0	0	-7	0	0	-14	0	7
BE	-13	0	0	0	0	13	0	13	13	13	-25	0
CY	40	38	25	25	13	25	13	13	0	0	0	0
DE	2	5	0	-2	3	0	3	0	2	2	3	0
EE	0	0	0	0	25	-13	-13	13	25	50	13	13
EL	38	0	0	0	0	0	0	0	0	0	25	13
ES	11	0	0	0	0	0	0	0	0	0	-6	0
FR	4	9	5	7	0	0	-7	-7	4	-7	1	-15
IE	-10	-10	20	0	0	0	-10	0	30	-10	20	-10
IT	6	0	-6	-13	-25	-13	0	-6	-13	-19	-6	-13
LT									0	13	25	38
LU	0	8	-8	8	-8	8	-8	-17	-8	-8	-8	0
LV					-13	13	0	100	-75	-13	-13	0
MT	0	0	0	0	0	0	0	0	0	0	0	-5
NL	33	8	0	8	8	0	0	0	8	0	8	-8
PT	0	0	0	0	0	0	0	0	-10	-10	0	0
SI	10	0	0	0	0	-10	0	0	0	-10	-10	0
SK	6	9	0	0	9	26	-13	13	39	18	0	0
Euro area	8	4	1	0	-2	-2	-1	-2	1	-4	2	3
DK	0	0	1	0	0	-1	1	1	0	-1	33	23
UK	-17	-22	-14	-6	-8	29	-8	4	-9	-16	-5	3

Interpreting the data: A negative value reflects a perceived easing of credit standards, and vice versa (the number can range from -100 to 100). The Diffusion Index is used – please see ECB website or contact authors for more information. For Denmark data a net percentage approach, rather than the diffusion index, is used.

Table 6B ► Factors affecting banks' credit standards as applied to the approval of loans to households for house purchase, backward-looking 3 months (Question 9 of BLS)*(as a netted and weighted percentage of all respondent banks)*

I 2016		AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	Euro area	DK	UK
	Change in Credit Standards Overall	7	0	0	0	13	13	0	-15	-10	-13	38	0	0	-5	-8	0	0	0	3	24	3
Factors affecting credit standards:	Impact of funds and balance sheet constraints	0	0	0	-1	0	0	9.2	0	0	-6	0	0	0	0	7.14	10	0	0	1.85		0
	Perception of risk	0	0	0	1	-4	2	3	0	-3	4	0	0	0	-2	10	7	7	0	3	3	
	Pressure from competition	0	0	0	0	0	0	-3	0	0	-10	0	-4	0	-3	-7	-15	0	0	-3	-1	-3
	Risk Tolerance	6	0	0	-1	0	0	0.93	0	-10	0	0	0	0	0	0	0	0	0	-0.13	0	2

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.

“Perception of risk” is calculated as an unweighted average of “general economic situation and outlook”, “housing market prospects including expected house price developments” and “borrower’s creditworthiness” (the latter from Q1 2015 onwards).

“Pressure from competition” is calculated as the unweighted average of “competition from other banks” and “competition from “non-banks”.

2. Demand

Table 7A ► Demand for loans to households for house purchase, backward-looking 3 months (Question 13a of BLS)*(as a netted and weighted percentage of all respondent banks)*

	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
AT	14	14	0	-21	7	21	0	7	7	14	21	0
BE	-25	25	-13	0	-13	25	50	75	50	25	0	-25
CY	-20	-63	-25	-25	-13	0	0	-13	0	25	0	13
DE	16	7	7	0	16	5	2	10	24	26	22	3
EE	38	25	0	13	13	0	25	13	0	25	0	-13
EL	-20	-13	-13	-25	-13	13	13	13	-13	0	-50	17
ES	-39	-11	-11	6	0	6	0	6	0	0	11	5
FR	-2	24	15	-6	-1	-9	18	0	-3	26	-4	38
IE	20	20	30	30	40	50	80	50	40	-10	0	0
IT	-38	-25	0	0	19	31	25	19	31	50	56	44
LT									-25	25	50	13
LU	17	17	-8	-8	0	8	-25	42	-25	0	8	0
LV					0	0	0	-13	-50	38	25	13
MT	23	0	27	4	23	50	0	23	27	44	-23	-17
NL	-58	-50	-17	-17	0	8	17	33	25	50	33	33
PT	-40	-30	0	0	10	10	0	0	30	40	70	60
SI	-30	0	-10	0	-30	-10	-20	-20	0	20	10	20
SK	0	-22	0	17	-9	25	18	30	30	18	0	13
Euro area	-15	-3	1	-3	7	9	12	13	15	26	20	16
DK*	23	7	-1	2	23	18	21	15	31	2	-9	1
UK**	44	30	62	11	27	-27	-46	-41	32	23	8	12

* 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”

Interpreting the data: A negative value reflects a perceived decline in demand, and vice versa (the number can range from -100 to 100). The Diffusion Index is used – please see ECB website or contact authors for more information.

Table 7B ► Factors affecting demand for loans to households for house purchase, backward-looking 3 months (Question 14 of BLS)*(as a netted and weighted percentage of all respondent banks)*

I 2016		AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	Euro area	DK	UK
	Change in Credit Standards Overall	0	-25	13	3	-13	17	5	38	0	44	13	0	13	-17	33	60	20	13	16	1	12
Factors affecting credit standards:	Impact of housing market prospects	0	0	0	4	-13	0	5	8	10	19	0	0	0	0	36	40	20	0	12		
	Other financing needs	0	0	7	2	0	0	0	0	-15	3	7	0	0	0	7	0	0	-6	2		
	Use of alternative finance	-6	0	0	-3	0	-4	-3	0	3	0	0	-2	0	-2	2	0	0	-8	-2		
	General level of interest	6	13	13	6	0	0	15	5	10	38	25	7	0	5	29	30	20	50	16		

Note:

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

“Other financing needs” are calculated as an unweighted average of “debt refinancing/restructuring and renegotiation” and “regulatory and fiscal regime of housing markets” (both from Q1 2015).

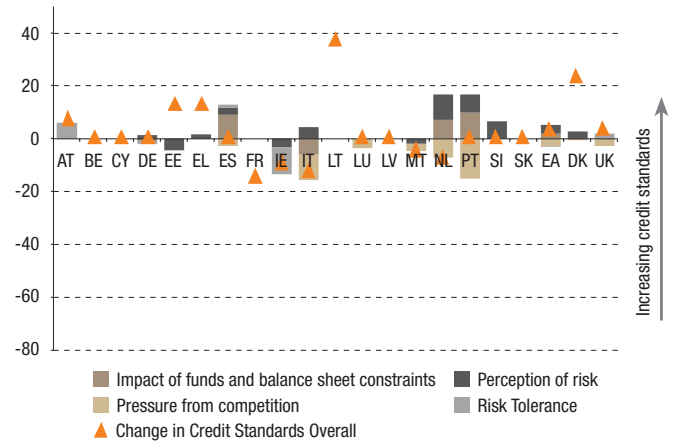
“Use of alternative finance” is calculated as an unweighted average of “internal financing out of savings/down payment” (from Q1 2015), “loans from other banks” and “other sources of external finance”.

COMMENTS ON THE LATEST BLS DATA

The overall credit standards in the first quarter of 2016 slightly eased within the Euro Area, due principally to countries like France, Italy and the Netherlands. Austria, Estonia and Greece saw their credit standards increase to a varying degree. One of the major factors of easing standards was the pressure for competition, while the principal tightening factor was the perception of risk.

Outside the Euro Area Denmark experienced a further important credit standard tightening pushed by perception of risk. In the UK the credit standard slightly tightened with respect to the previous quarter for the diminished risk tolerance.

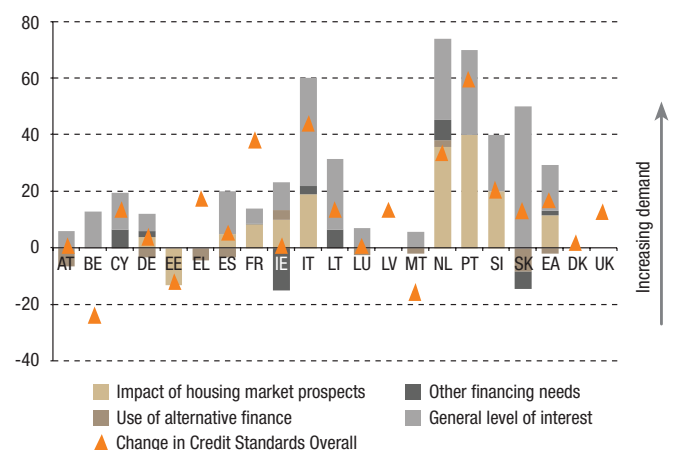
Chart 3 ► Credit Standards Overview and Factors



Also 2016 started with overall demand for credit increasing nearly everywhere in the Euro area driven mainly by the low general level of interest rates, but also continued favourable housing market prospects. Especially France, Italy, the Netherlands and Portugal increased the demand considerably, but also Greece and Spain saw more people asking for a loan for their house purchase. The principal factors for this trend were the impact of housing market prospects and the general favourable level of interest.

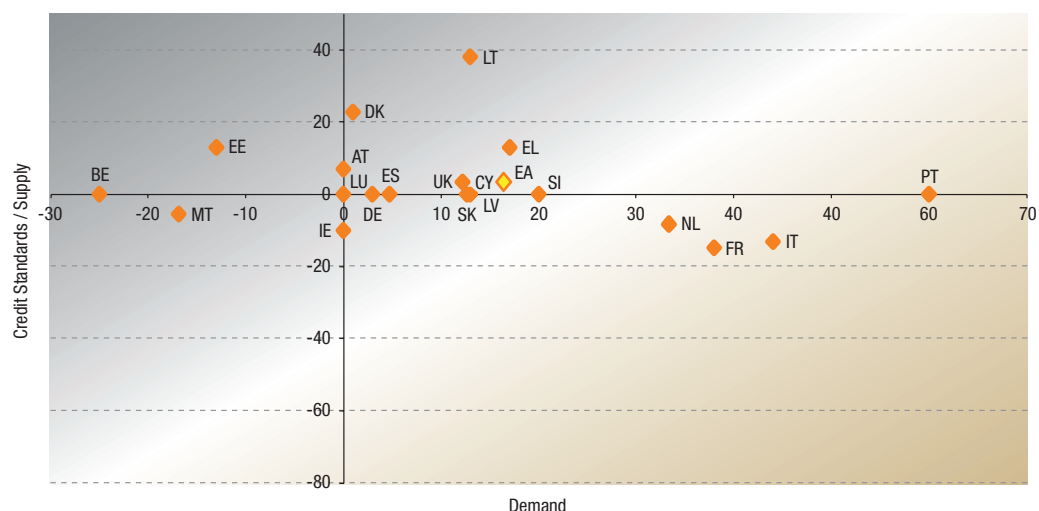
In Denmark the demand staid virtually unchanged while it increased in the UK principally due to remortgaging and buy-to-let lending, while the demand for prime lending fell slightly.

Chart 4 ► Demand Overview and Factors



As in the previous quarter also in Q1 2016 the diagram shows the majority of countries with constant credit standards and overall positive demand changes.

Chart 5 ► Demand and Supply Overview





2016 EMF
Quarterly Review



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