

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

Daniele Westig | Economic Adviser | dwestig@hypo.org | Tel: +32 2 285 40 40



INTRODUCTION

After the British decision to leave the EU, the election of Mr Trump as the 45th President of the United States was a further element of an unpredictable 2016. Nevertheless, the housing and mortgage market in the (for the time being) EU28 shows a remarkable resilience, fostered by an ongoing expansive monetary policy, together with a macro-economic upswing and a general widespread improvement of the economic conditions. In 2016, for the first time since 2007, all EU Member States depicted a positive GDP growth. Moreover, notwithstanding the growth of the construction industry in several countries, the well-known excessive demand for housing, especially in the most thriving regions of the European continent, pushed up house prices.

MORTGAGE LENDING

Gross mortgage lending in aggregated terms for our EU sample¹ continued to grow for the fourth quarter in a row, nearly reaching the peak of Q2 2015 and increased by 1.6% y-o-y reaching around EUR 280 bn. The strong performance can be explained by a widespread improved economic environment with decreasing unemployment, rising GDP growth, improved consumer confidence and low interest rates. Some countries, to prevent an overheating market, have also introduced macro-prudential measures.

The outstanding figures show that the decrease started in Q4 2015, bottomed out in Q3 2016 and registered a timid increase of 0.8% over the last quarter of 2016. The evolution with respect to the same period of the previous year shows a 1.5% contraction. National peculiarities together with both market and non-market factors show different pictures across the continent.

The Iberic peninsula resembles the same pattern of increasing gross lending while decreasing outstanding loans. In **Spain** gross residential lending increased by 21.4% over the last quarter, of which 10.7% was due to re-mortgaging. Also, the aggregate lending of 2016 compared to that of 2015 showed a healthy increase of 5% and it can be considered the best figure since 2010. The growth in gross lending was not enough to compensate amortisations and cancellations of loans, which decreased by more than 3% with respect to Q4 2015, but due to the positive gross figures the turning point is expected to arrive soon. Equally, in **Portugal** the increased real estate demand both by international investors and households showed a nearly 30% increase y-o-y in terms of gross lending. Nevertheless, in Q4 2016 outstanding residential loans continued their downward path observed since Q1 2011 with a 3% y-o-y decrease.

In **France** as well as in **Italy** the housing market showed a positive trend throughout 2016, with gross lending increasing by 9.1% and 1.0% y-o-y

¹ In Q4 2016 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 2015).

respectively. In France, in line with the momentum of the credit market, sales of existing homes grew by 6% reaching 848,000 units for 2016. New houses also had a particularly active year with 125,000 developer-built and 133,600 privately built units, which show an increase of around 20% with respect to 2015. In Italy growing confidence, coupled with favourable housing prices, resulted in a strong increase of 21.3% in terms of the number of mortgage applications according to a study elaborated by CRIF.

Moving north to **Belgium**, in Q4 2016 new mortgages increased by 5% y-o-y, 6.5% if refinancing loans are also considered. Looking only at new mortgages, except for Q4 2014, when a specific government measure concerning taxes was in place, the most recent quarter has reached an all-time high with almost 67,000 mortgage credit contracts amounting to around EUR 8.3 bn. More than 93% of new loans have been stipulated with an initial fixed interest rate period of 10 or more years, while only 0.3% of new loans have an initial fixed period of one year. Overdue contracts, apart from the upturn during the recession, have stabilised around the long-term trend of 1.1% of outstanding mortgage loans. In the **Netherlands**, gross lending continued to increase in the last quarter of the year by nearly 24% y-o-y, thus closing a 2016 with an overall strong increase. Structural reforms in 2017 are going to be launched to decrease maximum possible LTV from 102% to 101%.

In **Ireland** and the **UK** mortgage and housing markets showed overall a positive trend in 2016. In Ireland in Q4 2016 the volume of mortgages drawn-down rose by 14.0% y-o-y, while the value of drawdowns grew by 26.1%. Accounting for the overall 2016 drawdown volumes and values grew by 9.7% and 16.2% respectively. In the UK mortgage lending showed a 12% increase in 2016 with respect to 2015. This rate masks the somewhat bumpy ride parts of the housing and mortgage market have been on in 2016. Mortgage lending was distorted in the first half of 2016, as a tax change on second homes led to a big jump in activity before March, offset by weak activity in the months thereafter. This made it difficult to say what the impact of the EU referendum in June 2016 had on the market. The fact is that during the summer there was a dip, likely to have been caused by the sharp weakening of consumer sentiment and increased uncertainty immediately after the referendum. Part of this dissipated soon after, as some of the political uncertainty was resolved, and the Bank of England announced a significant monetary stimulus package in August, to support the domestic economy. This led to a recovery in approval numbers, and an increase in mortgage lending, in the last quarter of the year. On re-mortgage activity, momentum has built up slowly over the past two years, as competition amongst lenders has helped push mortgage rates to historic lows. This is encouraging more and more people to refinance and switch to better deals. As a result, the mix of lending has moved towards re-mortgage activity, away from house purchase activity.

In **Denmark** the number of homes sold in Q4 2016 was slightly higher than in Q4 2015. In general the number of transactions experienced a steep increase in the previous years and had a more stable evolution in 2016. Gross residential mortgage lending decreased by DKK 4.8 bn over the last quarter, but it increased by DKK 24.7 bn over the same quarter last year. Over the last year floating interest rate mortgages having nearly halved their presence over the first nine months of the year from 22% to 11.2% gained again momentum over the last three months and stood at 18.1% at year end to the detriment of long-term fixed loans in particular. Outstanding figures of Q4 2016 show a 2.5% y-o-y increase. In **Sweden** net mortgage lending is still comparably high, but it seems to have peaked and is slowly sinking to 7.2%, compared to 7.8% in the previous quarter and to 8.1% in Q4 2015. The increases in household indebtedness and house prices are currently hot topics and amortisation rules have been introduced to take the heat out of the market. These measures

seem to have shown some effect at the end of the year, when house prices increased at a slower pace, but the well-known undersupply compared to demand continues to provide tension in the market. Likewise, in **Finland** mortgage lending accelerated due to the improved economic conditions and the Finnish Supervisory Authority imposed LTV caps starting from July 2016, namely first time buyers must put up at least 5% from their own funds, while for the others it is at least 10%. For the time being this measure has not shown significant effects. Re-mortgaging has also become a popular instrument due to a campaign by banks in which 'payment-holidays' were offered to borrowers.

Moving to **Poland** nearly 42,000 residential loans were granted in Q4 2016 showing a small decrease of 1.7% with respect to the previous quarter. The easing of credit conditions and the forthcoming entry into force of the new provisions of Recommendation S, which requires an increase in the owner's own contribution to up to 20%, lead to rising levels of gross lending. In the **Czech Republic** both the volume and the average loan amount of new mortgages increased by 18.6% and 9.2% respectively. Here too changes in the law were put in place to curb the market. In October 2016, a new rule was introduced to decrease the maximum allowed LTV from 100% to 95% and by the end of the year new legislative changes entered into force regarding stricter conditions for providing mortgage and consumer loans. The impact has still to be assessed but in November 2016 the historically highest level of new mortgages was reached. In **Romania**, while credit standards were kept unchanged, according to the BLS of the Romanian Central Bank the mortgage market was on an upward trajectory and continued to grow at 3% q-o-q as in the preceding quarter. NPLs decreased by 1 pp to 4.5% compared to Q3 2016.

HOUSE PRICES

In line with recent quarters the general trend throughout the EU shows rising house prices because of the imbalance between available space and dwellings, especially in the economically most active areas, and the rising demand pushed by the improved well-being of households and of very favourable financing conditions. In aggregate terms, with the data at hand², the median growth rate q-o-q shows a deceleration to nearly 0.7% from 1.9% in Q4 2016, which is around half of the figure of the same period in 2015.

Starting in Central and Eastern Europe, house prices in the **Czech Republic** increased at a double-digit pace. As an example, the price of a two-bedroom room flat increased by 14% over the year. Moreover, it is not uncommon to spot accommodations in the top market segments also outside of the most important cities of Prague or Brno. This dynamic is principally due to the lack of new dwellings, which decreased by 57% in 2016, principally because of tight legal requirements, which may balloon the length of the implementation of residential projects. Therefore, supply will continue to remain low. Moving to **Hungary** a new upwards trend in construction can be spotted. In fact, the number of building permits granted in 2016 nearly tripled compared to the previous year, reaching almost 32,000. In parallel, housing completions doubled in Q4 2016 with respect to Q3 2016 and more growth is expected in 2017. However, this dynamic is mostly concentrated in the most important centres, while in smaller villages construction contracted. The house price evolution showed that in Q3 2016 (the latest available data) prices rose by 3.2% q-o-q after 8% in Q1 2016 and 1.3% in Q2 2016. Since the beginning of the market's recovery in April 2014, house prices increased by roughly 50%. In **Romania**, although no official data for Q4 2016 is yet available, credit institutions are reported to have witnessed a substantial price increase with respect to the previous quarter. As a countertendency to the other Central and Eastern European jurisdictions, in **Poland** prices remained stable in Q4 2016, especially in the secondary market, while in the primary market some minor increases were noticed. The construction

² House Price index data on Q4 2016 is available for 10 out of 16 countries of the sample.

sector was subdued with 14.5% less housing starts and 16% less permits obtained. These numbers need to be read as a complement to the rising supply of unsold homes in the six largest markets in the country, showing that developers' investment decisions follow the cyclical demands of the market.

Moving West to **Germany** prices continued their upward trajectory with a tense situation, especially in the centres where living space is scarce. Despite the rise in construction activity, demand still exceeds supply. Rental and owner-occupied housing saw increased prices by 3.5% and 6.6% y-o-y respectively. These trends are explained both by the necessity of finding accommodation and for investment opportunities in the current low-yield environment. Contrary to its southern neighbour, in **Denmark** house prices dropped marginally in the last quarter of 2016 by 1.4% for single family houses and by 0.8% for owner-occupied apartments. On a yearly basis, they increased by 3.8% and 8.1% respectively. This trend can be explained, among others, by the drop in long-term interest rates, as currently a 30-year mortgage rate is around 3%, which is an historic low. In **Sweden** one-family homes increased by 6.1% over the last year. What may seem a large increase is, for the Swedish standards of the past years, quite modest as in 2015 prices increased by 12%. Similarly, apartment prices slowed down, reaching 'only' 7.2% in 2016 compared to 18.1% in 2015. Construction figures continued to increase in 2016 and the National Board of Housing expects that construction figures in 2017/18 will top the current record level reached in 1990. However, Swedish building permits and standards are quite strict and as construction workforces become more and more scarce, and notwithstanding the current pace, few expect to close the housing gap soon.

In the **UK** house price growth has continued to be strong despite the Brexit inspired uncertainty, and has persistently grown faster than earnings. In **Ireland** residential property prices increased by 6.4% y-o-y with Dublin increasing by 1.9% and the rest of the country by 10.1%. According to the Banking & Payments Federation Ireland (BPF), the principal reason is the lack of available housing, especially that suitable for a family. Building activity has increased in recent years with completions up 17.9% y-o-y and building starts up by 66.3%. But here too, notwithstanding the important construction increase, building levels do not reach the annual estimated demand of 25,000 units.

Crossing the Channel, in **Belgium** the latest estimation shows that nationwide house prices grew by 2.1% y-o-y, with 2.3% in Flanders and 3.8% in Wallonia. However, in Brussels house prices contracted by 0.6%. Apartments depicted a steeper price increase, with a 5.2% national average, 6.5% in Flanders, 5.9% in Wallonia and 2.9% in Brussels. Also in the **Netherlands** house prices are increasing. In **France** the growing trend in house prices has continued since Q2 2015. On average the y-o-y growth in Q4 2016 was 1.8% for the whole country, with individual and collective housing in the regions around Paris growing by 3.5% and 2.6% respectively, while in the other regions they grew in aggregate terms by 0.6% and 1.6% respectively. New home prices grew by 4.4% for collective housings and by 2.1% for the individual ones. This positive trend is ascribed principally to the first-time buying incentives as well as to tax measures for lenders. Moving across the Pyrenes to **Spain**, house prices continued their upward trend since 2014 which contributes to the consolidation and recovery of a battered market and reached the highest value seen since Q1 2013. In Q4 2016 house prices grew by 1.5% y-o-y and now the average square meter cost is a little more than EUR 1,500. Real estate in general is growing due to international funds looking for profitable investments. In **Italy** for the first time since Q1 2011 the house price index shows a positive, albeit marginal, 0.1% increase with respect to the previous quarter, with new houses remaining stable and existing dwellings increasing by 0.1%. Though on a yearly basis houses prices continued to lose nearly 1% the larger loss was ascribed to new houses with 2.1%, while existing ones lost 0.6%.

INTEREST RATES

Notwithstanding the increased political stability risk, EU mortgage interest rates continue to generally move down or have stabilised around all-time lows. In the analysed sample the aggregate representative interest rate reached 2.4%, decreasing by 0.22 pps with respect to the end of 2015. In this environment, several countries noticed how longer fixed-terms on mortgages are becoming more and more popular to lock into the current favourable conditions.

In **Ireland** in Q4 2016 nearly 40% of the value of new mortgage loan agreements, including renegotiations, was on those with an initial fixation period of more than one year, while the long run average reached only 20%. Mortgage rates on outstanding loans are also heavily influenced by the ECB base rate because about 48% of mortgages outstanding were on tracker rates, which average 1.03% for private dwelling home mortgages and 1.06% for buy-to-let. In **Denmark** all mortgage types with varying fixation agreements experienced a drop in their interest rate. Interest rates on variable loans with a fixation period of up to one year decreased by 0.1 pp while the 30-year fixed rate loans decreased by 0.14 pps. In **Sweden** the situation was stable during the last quarter of 2016, with variable and medium-term fixed interest rates standing at around 1.6%, while the longer-term fixed rates of above five years increased slightly to 2.4%. In **Poland** rates remained virtually unchanged, but the increase of inflation may push the Central Bank to increase the interest rates in 2017. In **Romania** the representative interest rate continued to decrease slightly to 3.52%. In **Italy** interest rates on long-term fixed rates remained around 2.16% while the interest rates on the more variable agreements decreased to 1.70% from 1.74% in Q3 2016.

In the **Czech Republic, France, Hungary, the Netherlands and Spain** interest rates at the end of Q4 2016 all reached historical lows. In the Czech Republic interest rates reached 1.77% at year end. This trend is expected to bottom out and eventually to reverse in 2017 due to legislative changes affecting loans to clients, as a consequence of which banks already started to increase rates during the first months of 2017. In France the quarterly average rate fell to 1.32% from 1.69 in the previous quarter. In Hungary most mortgage loans have a variable interest rate coupled to the three-month Budapest interbank rate, which continues its downwards path reaching little more than 4% at the end of 2016. Spain saw, for the first time, its average interest rate drop below 2% in Q4 2016. Moreover, following the EURIBOR variable rate loans also continued their decreasing trend registering 1.62% in Q4 2016. Agreements with longer initial fixed periods showed decreases in interest rate, standing at 2.19% in Q4 2016, a 0.49 pps decrease with respect to the same period last year. The security and attractiveness of long-term fixed loans was also seen in the exponential growth of this type of agreement reaching 30.5% of market share over new loans in Q4 2016, compared to 6.9% of just one year ago. This evolution came at the detriment of the variable rate agreements, which lost their absolute majority of 62.4% in Q4 2015 and stood at 42.2% in Q4 2016. The share of medium fixed-term mortgage agreements roughly remained unchanged. In **Finland** interest rates follow the EURIBOR path, which is currently at an historical low.

On the contrary, in **Portugal**, for the first time since Q2 2014 the variable rates for new loans registered a small increase to 1.77%. The interest rate on new loans has two components, namely an external index and a spread. The former is given by the EURIBOR and the latter considers the riskiness of the client and is based on the LTV ratio. The persistent low rate of the EURIBOR has been at historical lows for a long period of time and it contributed to an increase in gross lending and to reduced household debt.

Contrastingly, in **Romania** the representative interest rate increased by 0.24 pps over the previous quarter to 3.56%.

Chart 1a ► Countries where gross residential lending has remained below 80% of 2007 levels

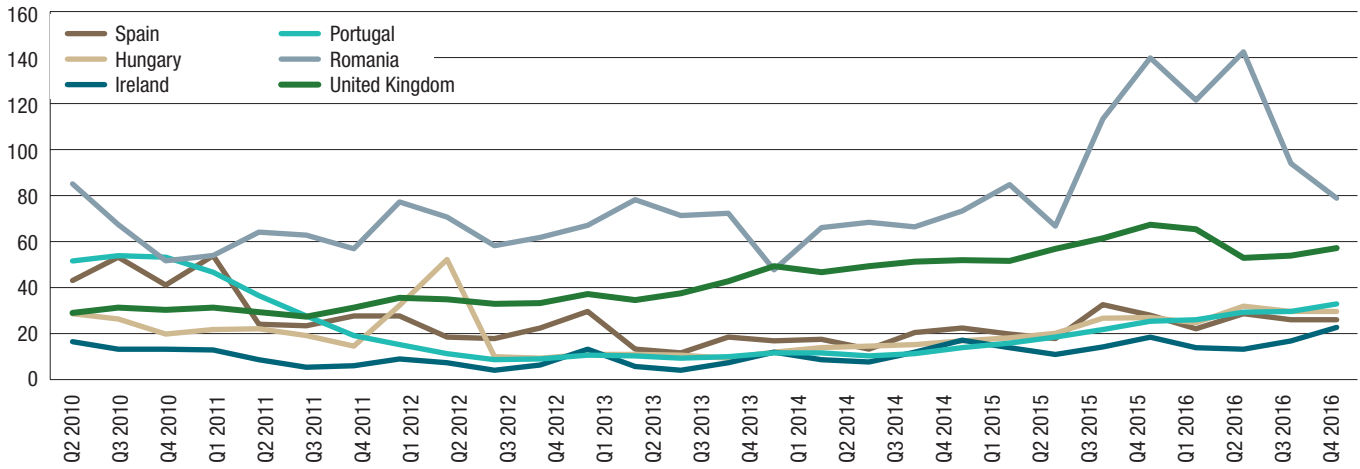


Chart 1b ► Countries where gross residential lending has remained between 80% and 120% of 2007 levels

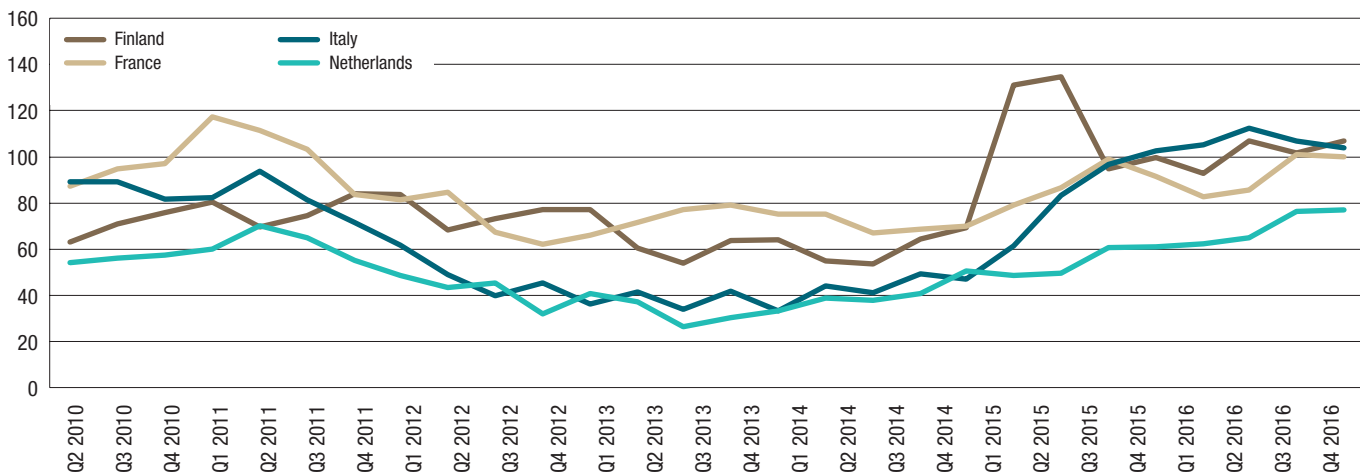


Chart 1c ► Countries where gross residential lending has risen above 120% of 2007 levels

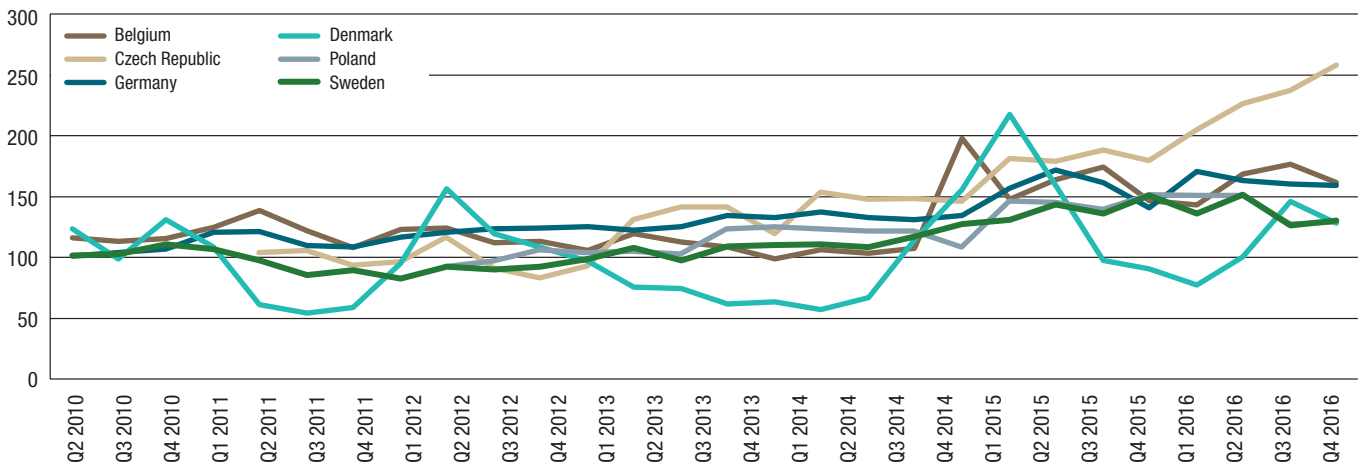


Chart 2a ► Countries where house prices have increased at most 2% y-o-y (base year 2007)

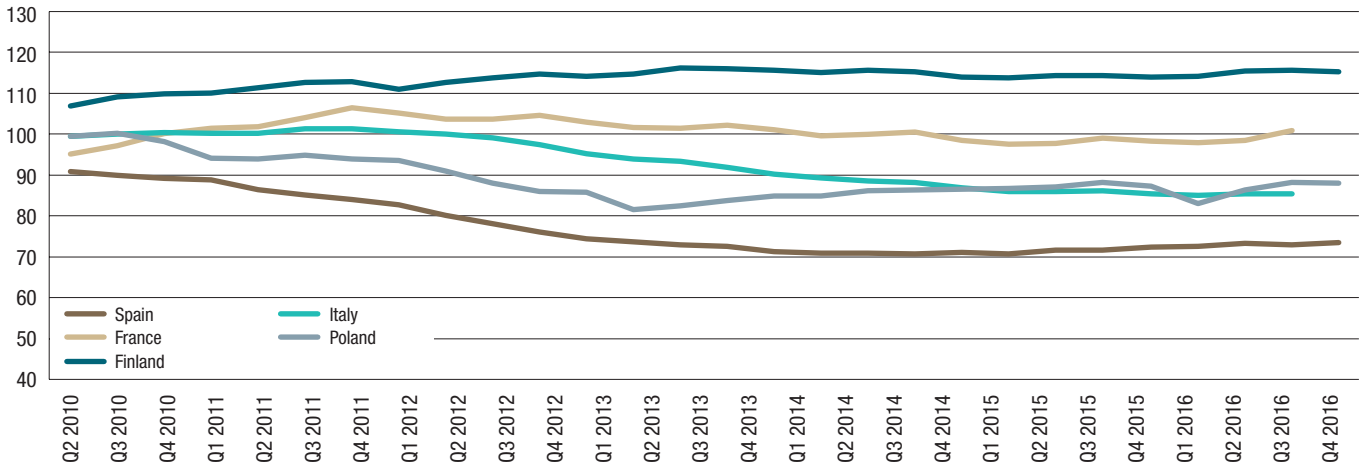


Chart 2b ► Countries where house prices have increased between 2% and 5% y-o-y (base year 2007)

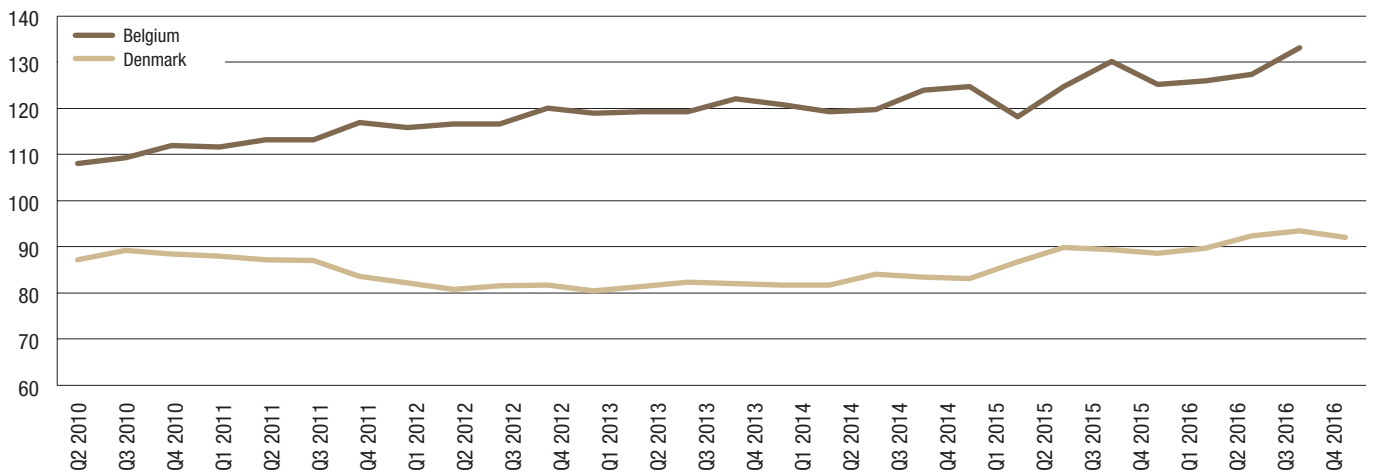


Chart 2c ► Countries where house prices have risen by at least 5% y-o-y (base year 2007)

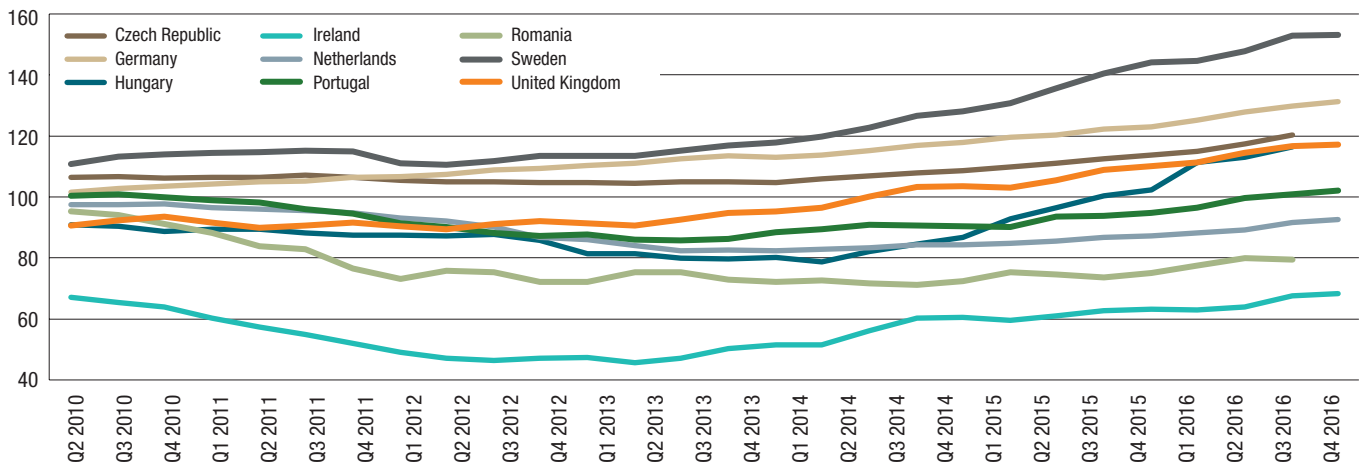
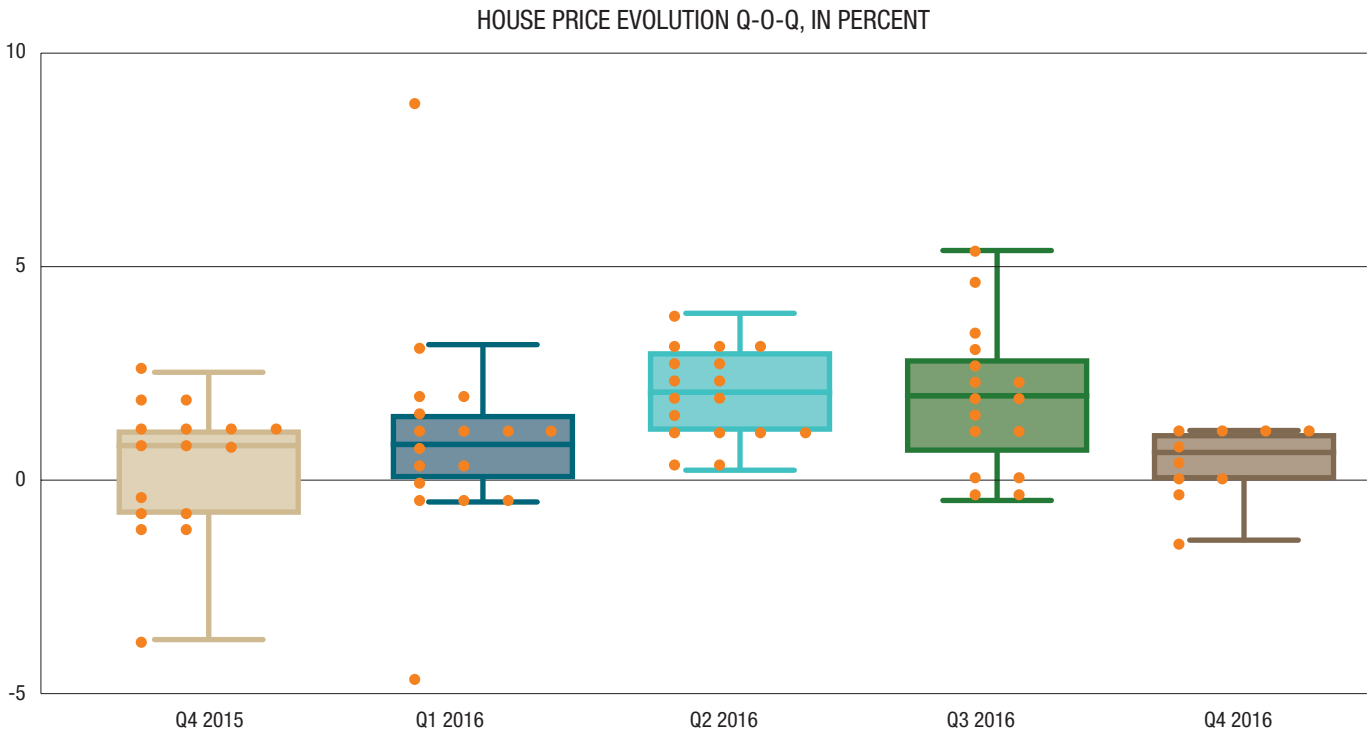


Chart 3 ► Box Plot of the House Price Evolution in the EU with respect to the previous quarter



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 Q1 2016.

The data set shows the q-o-q growth figures of the country sample. In Q4 2016 the data points are 10 instead of 16 as in 6 countries the latest House Price Index available was that of Q3 2016.

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	latest y-o-y change (%), Q4 16, EUR values	previous y-o-y change (%), Q3 16, EUR values	latest y-o-y change (%), Q4 16, local currency	previous y-o-y change (%), Q3 16, local currency
BE	201,814	204,810	207,590	209,664	211,822	213,805	218,550	5.3	4.4	5.3	4.4
CZ	30,313	31,120	32,085	32,347	33,038	34,007	34,940	8.9	9.3	8.9	8.6
DE	1,253,938	1,267,608	1,279,456	1,285,032	1,297,871	1,314,315	1,326,901	3.7	3.7	3.7	3.7
DK*	234,731	235,257	235,303	236,838	239,414	241,129	242,204	2.9	2.5	2.5	2.4
ES	575,693	569,005	562,828	557,044	553,821	549,552	544,220	-3.3	-3.4	-3.3	-3.4
FI	90,717	91,363	91,955	92,162	93,087	93,647	94,056	2.3	2.5	2.3	2.5
FR	845,778	857,481	866,401	871,009	880,280	884,304	899,335	3.8	3.1	3.8	3.1
HU	15,511	15,319	14,771	14,676	14,394	14,593	14,024	-5.1	-4.7	-6.9	-5.8
IE	113,070	111,763	110,666	109,522	108,899	108,104	106,810	-3.5	-3.3	-3.5	-3.3
IT	360,611	361,028	362,332	362,184	364,287	365,774	368,169	1.6	1.3	1.6	1.3
NL	635,116	637,625	656,015	657,982	661,746	665,239	664,416	1.3	4.3	1.3	4.3
PL**	89,592	87,808	88,390	88,759	87,488	89,665	89,592	1.4	2.1	4.8	3.9
PT	100,786	100,387	98,516	97,820	97,229	96,593	95,580	-3.0	-3.8	-3.0	-3.8
RO	10,748	11,086	11,501	11,806	12,296	12,709	12,892,75	12.1	14.6	12.5	15.6
SE	358,951	357,899	374,754	379,052	379,606	377,176	386,504	3.1	5.4	7.2	7.8
UK	1,782,020	1,729,649	1,755,387	1,643,469	1,581,721	1,531,022	1,546,952	-11.9	-11.5	2.8	3.2

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
- Ireland
- Spain
- Italy

Table 2 ► Gross Residential Mortgage Lending (million EUR)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	latest y-o-y change (%), Q4 16, EUR values	previous y-o-y change (%), Q3 16, EUR values	latest y-o-y change (%), Q4 16, local currency	previous y-o-y change (%), Q3 16, local currency
BE	12,215	7,342	9,390	10,152	9,272	7,081	9,640	10,265	10,131	9.3	1.1	9.3	1.1
CZ*	1,929	1,840	2,232	2,257	2,331	2,118	2,794	2,844	3,262	40.0	26.0	40.0	25.2
DE	46,500	48,300	56,200	55,500	48,600	51,300	51,700	53,400	53,000	9.1	-3.8	9.1	-3.8
DK	15,016	18,983	13,766	8,754	9,152	6,415	8,482	13,125	12,509	36.7	49.9	36.2	49.8
ES	8,024	7,339	8,372	9,986	10,024	8,172	12,356	7,666	9,309	-7.1	-23.2	-7.1	-23.2
FI	4,398	9,352	10,705	6,646	6,604	6,573	8,693	7,136	7,109	7.6	7.4	7.6	7.4
FR	31,631	29,408	35,875	45,527	40,702	30,908	35,483	46,359	44,419	9.1	1.8	9.1	1.8
HU	243	212	297	436	388	306	472	479	425	9.6	9.8	7.5	8.5
IE	1,341	1,002	1,091	1,335	1,438	999	1,286	1,558	1,813	26.1	16.7	26.1	16.7
IT**	10,537	10,708	16,937	17,224	21,190	19,074	22,484	19,178	21,393	1.0	11.3	1.0	11.3
NL	16,373	11,945	14,200	17,896	19,433	15,889	18,671	22,368	24,049	23.8	25.0	23.8	25.0
PL	1,901	2,202.0	2,538.7	2,436.2	2,635.4	2,288.1	2,628.6	2,230.0	2,252.2	-14.5	-8.5	-11.6	-6.9
PT	690	715	950	1,098	1,250	1,218	1,481	1,474	1,617	29.4	34.2	29.4	34.2
RO	459	382	377	689	835	589	805	579	492	-41.0	-15.9	-40.8	-15.2
SE	15,001	12,955	16,737	14,070	17,560	13,532	17,575	13,023	15,298	-12.9	-7.4	-9.4	-5.4
UK	65,085	61,904	74,039	83,653	84,891	79,543	69,149	73,869	72,044	-15.1	-11.7	-1.0	4.0

* Data break on Q1 2013 due to change in sources.

Source: European Mortgage Federation

** Latest data is an estimation.

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

- Italy
- Netherlands

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

	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	699	1,323	1,461	4,361	1,928	2,559	2,996	2,780	2,074	2,158	1,983	4,745
CZ	266	500	469	275	564	1,017	807	965	263	691	969	932
DE	1,109	6,093	10,309	11,077	4,481	12,047	13,670	11,848	5,576	12,839	16,444	12,586
DK*	982	1,694	659	50	-735	-2,668	526	47	1,535	2,576	1,715	1,074
ES	-5,558	-3,499	-10,551	-6,600	-6,045	-4,871	-6,688	-6,177	-5,784	-3,223	-4,270	-5,332
FI	90	588	398	373	157	798	645	592	207	925	560	409
FR	7,368	0	6,005	5,120	8,820	3,838	11,703	8,920	4,608	9,271	4,024	15,031
HU	-466	-259	-382	-247	-589	-1,046	-192	-548	-95	-282	199	-569
IE	-713	-2,949	-1,964	-1,224	-1,391	-1,274	-1,307	-1,097	-1,144	-623	-795	-1,294
IT	-1,345	-642	-135	-132	-488	1,962	417	1,304	-149	2,103	1,487	2,396
NL	-1,356	296	-2,562	2,631	4,414	-399	2,509	18,390	1,967	3,764	3,493	-823
PL	639	1,262	825	-913	7,269	-301	-1,784	581	369	-1,271	2,177	-73
PT	-1,023	-926	-965	-1,202	-925	-758	-399	-1,871	-696	-591	-636	-1,013
RO	108	343	98	302	342	311	338	415	305	491	413	184
SE	-378	-2,961	5,502	-3,389	9,444	10,354	-1,052	16,855	4,298	554	-2,430	9,328
UK	14,895	57,787	56,534	-184	120,999	48,567	-52,371	25,737	-111,917	-61,749	-50,698	15,929

* 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 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	122.1	120.8	119.2	119.8	123.9	124.7	118.2	124.7	130.1	125.2	126.0	127.3	133.1	n/a
CZ	105.0	104.8	106.1	107.0	107.9	108.7	109.9	111.1	112.4	113.6	115.0	117.3	120.2	n/a
DE	113.4	112.9	113.8	115.2	117.0	117.8	119.5	120.3	122.1	123.0	125.1	127.9	129.8	131.1
DK	82.0	81.7	81.8	84.1	83.4	83.2	86.7	89.9	89.3	88.6	89.6	92.3	93.3	92.0
ES	72.7	71.3	71.0	71.0	70.8	71.2	70.9	71.8	71.8	72.5	72.6	73.3	72.9	73.5
FI	116.0	115.6	115.0	115.6	115.2	114.0	113.7	114.3	114.2	113.9	114.1	115.4	115.6	115.2
FR	102.2	101.0	99.7	99.9	100.6	98.5	97.7	97.8	99.1	98.3	97.9	98.4	100.9	n/a
HU	79.8	80.3	78.9	82.1	84.5	86.7	92.8	96.4	100.5	102.4	111.3	112.9	116.4	n/a
IE	50.3	51.7	51.7	56.1	60.3	60.5	59.6	61.1	62.8	63.3	63.0	64.1	67.6	68.3
IT*	91.9	90.2	89.3	88.7	88.3	86.9	86.1	86.1	86.3	85.4	85.2	85.4	85.5	n/a
NL	82.8	82.5	82.9	83.5	84.2	84.2	84.9	85.5	86.7	87.3	88.3	89.3	91.5	92.5
PL	83.9	85.0	84.9	86.2	86.3	86.6	86.7	87.1	88.2	87.3	83.2	86.4	88.2	88.1
PT	86.4	88.4	89.6	91.0	90.6	90.3	90.3	93.7	93.8	94.9	96.6	99.6	100.9	102.1
RO**	72.9	72.3	72.8	71.8	71.2	72.5	75.5	74.7	73.7	75.1	77.5	79.9	79.5	n/a
SE	116.9	118.0	119.9	122.8	126.6	128.1	130.8	135.7	140.5	144.1	144.5	147.7	152.7	152.9
UK	94.8	95.3	96.6	100.1	103.3	103.4	103.1	105.4	108.8	110.1	111.3	114.5	116.6	117.2

* 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:

- Czech Republic
- Finland
- Netherlands

Table 5A ► Mortgage Interest Rates (% , weighted average)														
	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	3.41	3.56	3.50	3.32	3.04	2.79	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00
CZ*	3.24	3.26	3.33	3.12	2.99	2.56	2.68	2.48	2.48	2.42	2.37	2.25	2.17	2.01
DE	2.74	2.84	2.79	2.63	2.39	2.18	1.93	1.83	2.03	2.00	1.91	1.81	1.68	1.63
DK**	1.22	1.22	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.26	1.20	1.08
ES	3.00	3.01	3.13	3.05	2.94	2.72	2.47	2.25	2.17	2.08	2.02	2.04	2.02	1.97
FI	2.06	2.03	2.03	1.92	1.77	1.69	1.56	1.51	1.43	1.32	1.23	1.20	1.16	1.16
FR***	3.11	3.18	3.01	2.83	2.63	2.40	2.17	2.01	2.14	2.18	2.02	1.69	1.46	1.32
HU	8.91	8.69	7.50	7.06	6.80	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06
IE	3.52	3.41	3.36	3.27	3.58	3.75	3.60	3.46	3.40	3.42	3.30	3.34	3.26	3.22
IT	3.68	3.50	3.44	3.26	2.99	2.84	2.68	2.77	2.67	2.50	2.33	2.20	2.02	2.02
NL	3.65	3.62	3.55	3.44	3.31	3.18	3.09	2.92	2.90	2.83	2.75	2.64	2.54	2.41
PL	5.20	5.30	5.30	5.30	5.20	4.70	4.40	4.30	4.40	4.40	4.40	4.50	4.40	4.40
PT	3.19	3.27	3.37	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77
RO****	4.85	5.36	5.19	5.19	5.04	4.66	3.99	3.95	3.94	3.79	3.49	3.32	3.56	3.52
SE	2.95	2.86	2.69	2.62	2.39	2.18	2.02	1.83	1.76	1.77	1.79	1.75	1.76	1.74
UK	3.14	3.05	3.04	3.12	3.21	3.09	2.76	2.60	2.57	2.54	2.50	2.41	2.30	2.16

* 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.

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

- Finland
- France
- Netherlands
- Sweden

Table 5B ► Mortgage Interest Rates

Variable rate and initial fixed period rate up to 1 year (%)												
	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	3.06	3.11	3.01	2.63	2.74	2.73	2.67	2.48	2.16	2.37	2.47	2.48
CZ	3.40	3.09	3.02	2.37	2.81	2.65	2.76	2.59	2.61	2.32	2.55	2.04
DE	2.73	2.55	2.45	2.29	2.23	2.14	2.20	2.17	2.26	2.12	2.07	1.95
DK*	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.26	1.20	1.08
ES	2.97	2.88	2.71	2.51	2.24	2.01	2.04	1.85	1.72	1.66	1.66	1.62
FR	2.38	2.11	1.89	1.63	1.44	1.42	1.68	1.76	1.43	n/a	n/a	1.12
HU	7.50	7.06	6.36	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06
IE	3.23	3.16	3.43	3.64	3.42	3.38	3.24	3.30	3.16	3.22	3.18	3.14
IT	3.18	3.00	2.70	2.56	2.35	2.20	2.09	1.97	1.92	1.80	1.74	1.70
NL	2.90	2.80	2.80	2.68	2.66	2.53	2.45	2.38	2.30	2.20	2.08	1.97
RO**	5.12	5.15	4.98	4.54	3.92	3.91	3.83	3.71	3.40	3.25	3.51	3.42
PT	3.42	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77
SE	2.27	2.21	2.01	1.78	1.64	1.55	1.52	1.56	1.62	1.60	1.59	1.57
UK***	2.52	2.50	2.46	2.27	2.05	2.02	2.04	2.04	2.13	2.05	1.93	1.87
Short-term initial fixed period rate, from 1 to 5 years maturity (%)												
	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	3.10	2.90	2.52	2.21	2.38	2.33	2.40	2.21	2.05	2.01	2.08	2.09
CZ	3.21	3.06	2.95	2.75	2.57	2.37	2.35	2.32	2.26	2.25	2.13	2.06
DE	2.43	2.31	2.12	1.94	1.90	1.83	1.94	1.94	1.85	1.83	1.77	1.65
DK*	1.65	1.64	1.50	1.36	1.21	1.33	1.39	1.33	1.27	1.34	1.39	1.26
ES	3.29	3.16	3.09	2.84	2.68	2.44	2.23	2.17	2.06	2.02	1.99	1.95
FR	2.96	2.95	2.59	2.37	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	8.36	8.14	7.25	7.18	6.97	6.91	6.79	6.60	6.68	6.32	6.11	5.80
IE	4.44	4.37	4.41	4.11	3.88	3.58	3.73	3.66	3.59	3.57	3.40	3.34
IT	3.49	3.35	3.13	2.94	2.78	2.73	2.65	2.22	2.04	1.73	1.66	n/a
NL	3.30	3.10	3.10	2.98	2.91	2.74	2.69	2.64	2.55	2.39	2.16	2.12
RO**	5.95	5.54	5.56	5.59	5.53	5.34	4.24	4.03	4.46	4.95	4.91	4.93
SE	2.70	2.56	2.32	2.04	1.81	1.76	1.67	1.73	1.71	1.72	1.72	1.56
UK**	3.11	3.19	3.31	3.21	2.89	2.71	2.64	2.59	2.53	2.45	2.35	2.20
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)												
	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	3.62	3.39	2.82	2.70	2.54	2.36	2.40	2.35	2.15	1.90	1.97	1.86
CZ	3.75	3.34	2.96	2.69	2.55	2.36	2.36	2.29	2.19	2.10	1.95	1.86
DE	2.79	2.61	2.37	2.13	1.88	1.68	1.90	1.89	1.77	1.63	1.52	1.46
DK*	2.67	2.53	2.12	1.82	1.47	1.83	2.30	2.30	1.84	2.01	1.94	1.33
ES	6.22	6.48	7.01	7.11	6.04	5.36	3.43	5.01	5.23	3.87	4.52	3.99
FR	2.86	2.73	2.39	2.18	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	7.51	7.13	6.69	6.61	6.49	6.47	6.37	6.22	6.22	6.69	6.89	6.88
IT	4.36	4.09	3.70	3.11	2.95	2.99	2.89	2.72	2.48	2.26	2.03	n/a
NL	3.90	3.80	3.60	3.39	3.22	2.94	2.90	2.83	2.78	2.67	2.54	2.34
RO**	6.22	5.64	5.65	5.80	5.94	5.70	5.61	5.40	5.62	5.64	5.66	5.56
SE	3.97	3.71	3.39	2.71	2.37	2.62	2.60	2.75	2.54	2.52	2.24	2.39
UK***	4.02	3.92	3.92	3.88	3.50	3.12	3.10	3.15	3.34	3.22	3.08	2.63

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

	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
BE	3.66	3.35	3.04	2.80	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00
CZ	4.10	4.28	3.93	3.62	3.53	3.73	3.30	3.21	3.22	2.86	2.43	2.39
DE	2.97	2.83	2.50	2.27	1.89	1.89	2.12	2.08	1.95	1.86	1.70	1.69
DK*	4.07	3.71	3.56	3.30	2.93	3.14	3.86	3.78	3.67	3.35	3.15	2.87
ES	4.79	4.79	4.85	4.41	3.29	2.80	2.41	2.68	2.66	2.36	2.37	2.19
FR	3.29	3.17	2.78	2.54	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	6.68	6.60	6.53	6.75	6.75	6.70	6.30	6.66	5.75	6.46	5.93	5.98
IT****	4.44	4.26	3.95	3.58	3.29	3.14	3.02	2.82	2.63	2.48	2.16	2.17
NL	4.60	4.50	4.00	3.89	3.78	3.35	3.25	3.28	3.19	3.07	3.03	2.90
RO**	6.99	6.31	6.91	8.21	7.54	5.93	5.86	5.65	4.91	5.96	5.94	5.70
UK***	4.04	4.14	4.14	4.15	4.10	4.11	4.25	4.06	3.98	4.95	n/a	n/a

* 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.

**** IT: From Q1 2014 timeline 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:

- Netherlands
- Sweden

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Czech Republic											
Variable rate (up to 1Y initial rate fixation)	26.6	26.0	26.2	25.7	25.9	24.3	24.1	24.0	22.2	20.9	21.6
Short-term fixed (1Y – 5Y initial rate fixation)	50.3	51.2	51.4	52.0	53.6	57.3	57.0	58.8	59.8	59.9	57.8
Medium-Term fixed (5Y – 10Y initial rate fixation)	10.3	10.3	10.5	10.6	10.0	8.8	9.4	11.9	13.0	14.4	15.8
Long-Term fixed (over 10Y initial rate fixation)	12.9	12.6	11.9	11.7	10.5	9.6	9.5	5.2	5.1	4.9	4.8
Denmark											
Variable rate (up to 1Y initial rate fixation)	47.4	47.0	45.7	43.3	41.6	40.4	39.2	37.9	38.3	37.4	37.8
Short-term fixed (1Y – 5Y initial rate fixation)	22.6	22.8	23.7	25.0	25.8	26.5	27.1	27.7	27.1	27.3	26.4
Medium-Term fixed (5Y – 10Y initial rate fixation)	30.0	30.2	30.6	31.7	32.6	33.1	33.7	34.4	34.7	35.4	35.8
Long-Term fixed (over 10Y initial rate fixation)											
Ireland											
Variable rate (up to 1Y initial rate fixation)	94.4	94.5	94.5	93.9	93.6	92.6	92.0	91.8	91.5	90.3	89.6
Short-term fixed (1Y – 5Y initial rate fixation)	4.1	4.0	4.0	4.5	4.6	5.6	6.1	6.2	6.5	7.8	8.5
Medium-Term fixed (5Y – 10Y initial rate fixation)	1.5	1.5	1.5	1.6	1.8	1.9	1.9	2.0	2.0	2.0	1.9
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sweden											
Variable rate (up to 1Y initial rate fixation)	58.1	59.7	60.7	62.7	64.5	65.7	66.2	67.1	68.3	69.1	69.1
Short-term fixed (1Y – 5Y initial rate fixation)	38.5	37.1	36.3	34.4	32.7	31.7	31.3	30.5	29.4	28.7	28.9
Medium-Term fixed (5Y – 10Y initial rate fixation)	3.3	3.2	3.0	2.9	2.8	2.6	2.5	2.4	2.3	2.2	2.1
Long-Term fixed (over 10Y initial rate fixation)											

Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) – Outstanding Loans (continued)											
	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
United Kingdom											
Variable rate (up to 1Y initial rate fixation)*	61.9	60.1	58.0	56.3	54.6	52.5	50.9	49.9	48.2	47.0	45.8
Short-term fixed (1Y – 5Y initial rate fixation)	36.4	38.2	40.4	42.1	43.8	45.8	47.4	48.4	50.2	51.5	52.7
Medium-Term fixed (5Y – 10Y initial rate fixation)	1.4	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3
Long-Term fixed (over 10Y initial rate fixation)	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2

Currency denomination	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
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	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Italy											
maturity less than 5 years	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7
maturity over 5 years	99.6	99.6	99.6	99.5	99.5	99.5	99.4	99.4	99.4	99.4	99.3
Netherlands											
original maturity less than 1 year	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
original maturity between 1 and 5 years	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
original maturity over 5 years	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.5	99.4	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.

Source: European Mortgage Federation

** 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:

- Sweden

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

	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Belgium													
Variable rate (up to 1Y initial rate fixation)	6.8	7.5	5.1	2.6	1.6	0.9	0.5	0.4	0.7	1.6	1.3	0.5	0.3
Short-term fixed (1Y – 5Y initial rate fixation)	12.7	13.9	10.4	7.6	6.8	5.6	2.7	2.8	3.9	4.7	2.6	2.1	1.8
Medium-Term fixed (5Y – 10Y initial rate fixation)	14.6	13.4	16.5	16.4	15.7	13.9	11.7	12.0	18.3	17.5	14.3	13.9	15.6
Long-Term fixed (over 10Y initial rate fixation)	65.9	65.2	68.1	73.4	75.9	79.6	85.1	84.8	77.2	76.2	81.8	83.6	82.3
Czech Republic													
Variable rate (up to 1Y initial rate fixation)	37.9	34.7	28.0	34.3	52.4	38.3	31.4	25.2	27.5	27.6	23.6	17.1	33.4
Short-term fixed (1Y – 5Y initial rate fixation)	54.9	57.1	61.3	55.0	37.6	49.0	50.6	57.3	56.1	54.2	52.7	53.0	37.2
Medium-Term fixed (5Y – 10Y initial rate fixation)	4.1	6.0	8.6	9.1	8.3	10.2	15.6	15.2	13.6	15.6	20.7	26.8	26.2
Long-Term fixed (over 10Y initial rate fixation)	3.1	2.1	2.1	1.7	1.8	2.4	2.3	2.3	2.8	2.6	3.1	3.1	3.2
Denmark													
Variable rate (up to 1Y initial rate fixation)	40.0	34.5	20.6	17.3	19.5	8.0	6.8	16.6	25.1	22.0	19.0	11.2	18.1
Short-term fixed (1Y – 5Y initial rate fixation)	26.1	33.4	25.3	18.5	27.3	20.1	19.9	33.4	42.6	44.5	38.9	27.9	29.1
Medium-Term fixed (5Y – 10Y initial rate fixation)	2.6	4.3	1.8	1.5	1.8	2.8	1.6	1.2	1.0	4.2	1.4	1.8	1.9
Long-Term fixed (over 10Y initial rate fixation)	31.3	27.8	52.3	62.8	51.5	69.1	71.8	48.9	31.3	29.2	40.8	59.2	50.9
Germany													
Variable rate (up to 1Y initial rate fixation)	17.3	18.1	15.8	14.9	14.6	13.1	12.1	11.8	12.9	12.8	12.1	11.4	11.8
Short-term fixed (1Y – 5Y initial rate fixation)	13.4	13.8	13.4	12.3	11.6	10.1	9.2	9.8	10.5	10.6	9.5	9.0	8.4
Medium-Term fixed (5Y – 10Y initial rate fixation)	40.0	38.4	39.8	40.0	39.7	36.4	37.1	38.8	37.9	36.7	35.1	35.7	35.9
Long-Term fixed (over 10Y initial rate fixation)	29.2	29.6	30.9	32.7	34.1	40.4	41.6	39.6	38.7	40.0	43.3	44.0	43.9

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) - New Loans (continued)													
	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Hungary													
Variable rate (up to 1Y initial rate fixation)	40.1	45.6	48.5	48.7	45.8	41.6	45.3	48.8	44.1	42.4	43.6	40.8	40.6
Short-term fixed (1Y – 5Y initial rate fixation)	40.7	34.4	34.8	34.5	33.6	32.4	32.7	29.6	32.5	31.4	31.1	30.0	31.2
Medium-Term fixed (5Y – 10Y initial rate fixation)	17.6	17.1	15.3	15.1	15.1	18.7	16.8	16.3	16.2	18.6	20.1	23.2	21.9
Long-Term fixed (over 10Y initial rate fixation)	1.6	2.9	1.4	1.8	5.5	7.3	5.1	5.3	7.2	7.6	5.2	6.0	6.3
Ireland													
Variable rate (up to 1Y initial rate fixation)	87.3	90.5	90.8	87.4	71.6	56.1	55.2	56.4	70.3	67.3	65.7	69.2	60.6
Short-term fixed (1Y – 5Y initial rate fixation)	12.7	9.5	9.2	12.6	28.4	43.9	44.8	43.6	29.7	32.7	34.3	30.8	39.4
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	79.8	79.6	78.2	73.4	68.2	46.4	38.4	38.4	40.8	41.7	36.3	31.2
Short-term fixed (1Y – 5Y initial rate fixation)	n/a	20.2	20.4	21.8	26.6	31.8	53.6	61.6	61.6	59.2	58.3	63.7	68.8
Medium-Term fixed (5Y – 10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)													
Netherlands													
Variable rate (up to 1Y initial rate fixation)	23.2	21.3	19.1	19.3	17.8	18.8	16.5	10.5	12.1	14.2	14.9	13.4	11.9
Short-term fixed (1Y – 5Y initial rate fixation)	37.3	35.5	36.9	35.7	29.3	25.7	19.4	13.6	14.3	13.1	12.5	12.5	9.8
Medium-Term fixed (5Y – 10Y initial rate fixation)	35.1	39.3	39.0	38.5	43.5	46.4	49.0	55.2	56.2	54.7	53.4	51.4	54.8
Long-Term fixed (over 10Y initial rate fixation)	4.4	3.9	5.0	6.6	9.4	9.1	15.2	20.6	17.5	18.0	19.1	22.7	23.5

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

	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 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)	91.6	91.6	92.2	93.2	92.3	94.4	93.5	90.3	90.2	79.7	62.5	62.6	61.0
Short-term fixed (1Y – 5Y initial rate fixation)	8.4	8.4	7.8	6.8	7.7	5.6	6.5	9.7	9.8	20.3	37.5	37.4	39.0
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)	86.5	87.9	87.5	86.8	87.7	94.0	95.6	68.2	76.9	90.6	95.1	94.9	93.9
Short-term fixed (1Y – 5Y initial rate fixation)	12.4	10.9	11.6	12.9	11.9	5.0	3.2	30.5	21.4	7.8	4.0	4.0	5.0
Medium-Term fixed (5Y – 10Y initial rate fixation)	0.2	0.3	0.3	0.2	0.4	0.9	0.7	0.7	0.8	0.4	0.6	0.6	0.9
Long-Term fixed (over 10Y initial rate fixation)	0.8	0.9	0.6	0.1	0.0	0.1	0.5	0.5	0.8	1.1	0.3	0.4	0.2
Spain													
Variable rate (up to 1Y initial rate fixation)	67.9	70.8	66.1	61.6	60.1	65.4	62.2	61.8	62.6	57.8	41.6	46.9	42.2
Short-term fixed (1Y-5Y initial rate fixation)	28.9	26.3	31.2	35.7	37.6	30.4	30.8	26.3	28.0	28.6	20.5	25.0	23.4
Medium-Term fixed (5Y-10Y initial rate fixation)	2.1	2.0	1.8	1.9	1.5	2.0	2.2	4.1	2.5	2.9	3.8	3.5	4.0
Long-Term fixed (over 10Y initial rate fixation)	1.0	0.9	0.8	0.8	0.8	2.2	4.7	7.9	6.9	10.7	34.2	24.6	30.5

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) - New Loans (continued)													
	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Sweden													
Variable rate (up to 1Y initial rate fixation)	71.8	75.5	79.0	76.1	72.6	75.3	72.3	72.8	72.3	74.3	76.2	76.3	77.1
Short-term fixed (1Y – 5Y initial rate fixation)	23.4	20.7	17.2	18.5	19.6	15.9	18.1	19.3	20.1	19.1	17.6	16.6	15.8
Medium-Term fixed (5Y – 10Y initial rate fixation)	4.8	3.8	3.7	5.5	7.8	8.8	9.6	7.9	7.6	6.6	6.1	7.1	7.2
Long-Term fixed (over 10Y initial rate fixation)													
United Kingdom													
Variable rate (up to 1Y initial rate fixation)*	15.5	14.1	12.6	13.1	13.4	17.7	17.9	15.6	12.4	15.5	15.7	16.1	16.6
Short-term fixed (1Y – 5Y initial rate fixation)	83.1	84.7	86.1	85.4	85.1	80.3	78.9	81.0	84.6	83.4	83.2	82.8	81.6
Medium-Term fixed (5Y – 10Y initial rate fixation)	1.3	1.0	1.1	1.3	1.3	1.9	3.1	3.4	2.9	1.1	1.1	1.1	1.8
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0

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

Source: European Mortgage Federation

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

- Sweden

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 – Third 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.

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. Credit Standard:

Table 6A ► Supply Historic Evolution (Backward-looking 3 months)												
<i>(as a netted and weighted percentage of all respondent banks)</i>												
	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Austria	0	0	0	-7	0	0	-14	0	7	0	14	-7
Belgium	0	0	13	0	13	13	13	-25	0	0	13	0
Cyprus	25	13	25	13	13	0	0	0	0	0	0	0
Germany	-2	3	0	3	0	2	2	3	0	16	14	5
Estonia	0	25	-13	-13	13	25	50	13	13	13	0	0
Greece	0	0	0	0	0	0	0	25	13	0	0	13
Spain	0	0	0	0	0	0	0	-6	0	-6	-6	-6
France	7	0	0	-7	-7	4	-7	1	-15	0	-7	-12
Ireland	0	0	0	-10	0	30	-10	20	-10	10	0	-10
Italy	-13	-25	-13	0	-6	-13	-19	-6	-13	-6	-19	0
Lithuania	—	—	—	—	—	0	13	25	38	0	0	0
Luxembourg	8	-8	8	-8	-17	-8	-8	-8	0	-8	-8	-8
Latvia		-13	13	0	100	-75	-13	-13	0	0	0	0
Malta	0	0	0	0	0	0	0	0	-5	17	-21	0
Netherlands	8	8	0	0	0	8	0	8	-8	17	0	0
Portugal	0	0	0	0	0	-10	-10	0	0	0	0	0
Slovenia	0	0	-10	0	0	0	-10	-10	0	10	0	0
Slovakia	0	9	26	-13	13	39	18	0	0	6	9	-4
Euro area	0	-2	-2	-1	-2	1	-4	2	-5	4	-1	3
Denmark	0	0	-1	1	1	0	-1	33	23	14	14	18
United Kingdom	-6	-8	29	-8	4	-9	-16	-5	3	5	2	4

The overall credit standards in the Euro area in the fourth quarter of 2016 showed no great change with respect to the previous quarter. Banks in France and Spain lowered their credit standards, while in Germany there has been a minor tightening. Looking at the principal factors contributing to changes in the credit standards especially the perception of risk was a tightening factor, while competitive pressures were a predominant factor

of easing and banks' cost of funds and balance sheet constraints and risk perceptions also had a marginal impact.

Outside the Euro Area Denmark experienced a further important credit standard tightening. In the UK the credit standard remained virtually unchanged with respect to the previous quarter.

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.

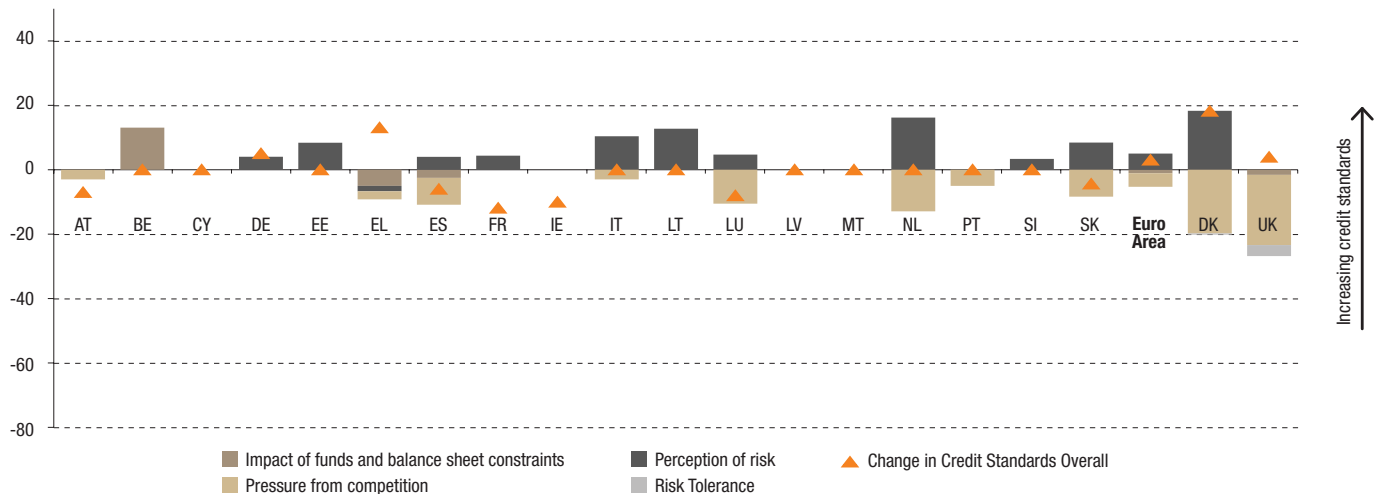
Table 6B ► Factors that have affected Supply in 2016-Q4 (Backward-looking 3 months)														
<i>(as a netted and weighted percentage of all respondent banks)</i>														
IV 2016	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	Euro Area	DK	UK
Change in Credit Standards Overall	-12	-10	0	0	-8	0	0	0	0	0	-4	3	18	4
Factors affecting credit standards:														
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	0	0	0	0	-1	—	-2
Perception of risk	4	0	10	13	5	0	0	16	0	3	8	5	18	—
Pressure from competition	0	0	-3	0	-11	0	0	-13	-5	0	-8	-4	-20	-22
Risk Tolerance	0	0	0	0	0	0	0	0	0	0	0	0	0	-3

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 3 ► 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 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016
Austria	-21	7	21	0	7	7	14	21	0	7	7	0
Belgium	0	-13	25	50	75	50	25	0	-25	13	25	-13
Cyprus	-25	-13	0	0	-13	0	25	0	13	25	13	13
Germany	0	16	5	2	10	24	26	22	3	9	3	-7
Estonia	13	13	0	25	13	0	25	0	-13	13	25	25
Greece	-25	-13	13	13	13	-13	0	-50	17	13	13	13
Spain	6	0	6	0	6	0	0	11	5	25	-6	10
France	-6	-1	-9	18	0	-3	26	-4	38	-6	20	26
Ireland	30	40	50	80	50	40	-10	0	0	0	20	10
Italy	0	19	31	25	19	31	50	56	44	38	25	31
Lithuania	—	—	—	—	—	-25	25	50	13	0	38	25
Luxembourg	-8	0	8	-25	42	-25	0	8	0	8	8	0
Latvia		0	0	0	-13	-50	38	25	13	0	38	25
Malta	4	23	50	0	23	27	44	-23	-17	27	21	0
Netherlands	-17	0	8	17	33	25	50	33	33	45	41	32
Portugal	0	10	10	0	0	30	40	70	60	10	40	30
Slovenia	0	-30	-10	-20	-20	0	20	10	20	20	30	20
Slovakia	17	-9	25	18	30	30	18	0	13	12	61	-4
Euro area	-3	7	9	12	13	15	26	20	16	16	16	11
Denmark*	2	23	18	21	15	31	2	-9	1	2	32	-20
United Kingdom**	11	27	-27	-46	-41	32	23	8	12	22	-44	6

* 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 end of 2016 was in line with the previous part of the year 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, while in Belgium, Germany and Slovakia the demand slightly decreased. The principal factors for this trend were the impact of housing market prospects and the general favourable level of interest.

In Denmark the demand showed a decrease while in the UK the demand increased substantially.

Table 7B ► Factors that have affected Demand in 2016-Q4 (Backward-looking 3 months)*(as a netted and weighted percentage of all respondent banks)*

IV 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 Demand Overall	0	-13	13	-7	25	13	10	26	10	31	25	0	25	0	32	30	20	-4	11	-20	6
Factors affecting credit standards:																					
Impact of housing market prospects	0	0	0	12	25	5	12	13	10	31	38	7	0	0	48	0	10	17	16	—	—
Other financing needs	-3	0	0	-2	0	-3	0	-7	-5	3	0	0	0	3	6	0	0	8	0	—	—
Use of alternative finance	-4	0	0	-2	4	-5	0	0	0	-2	0	-5	0	-2	1	0	-3	0	-2	—	—
General level of interest	6	0	25	16	13	5	11	0	0	31	38	14	0	0	38	10	10	17	16	—	—

Note:

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

Chart 4 ▶ Demand Overview and Factors

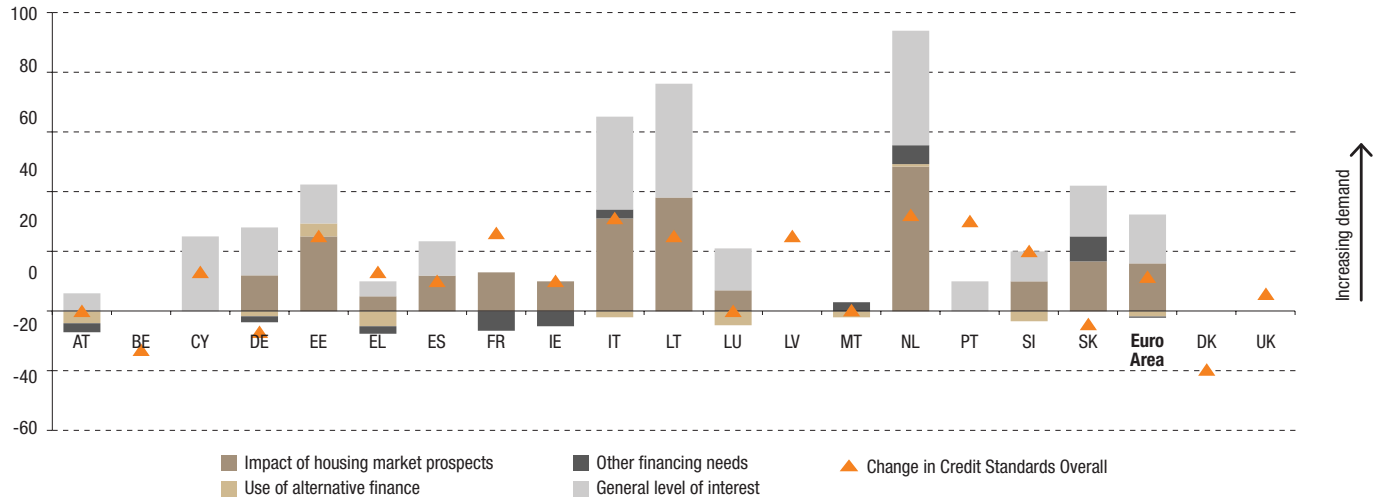
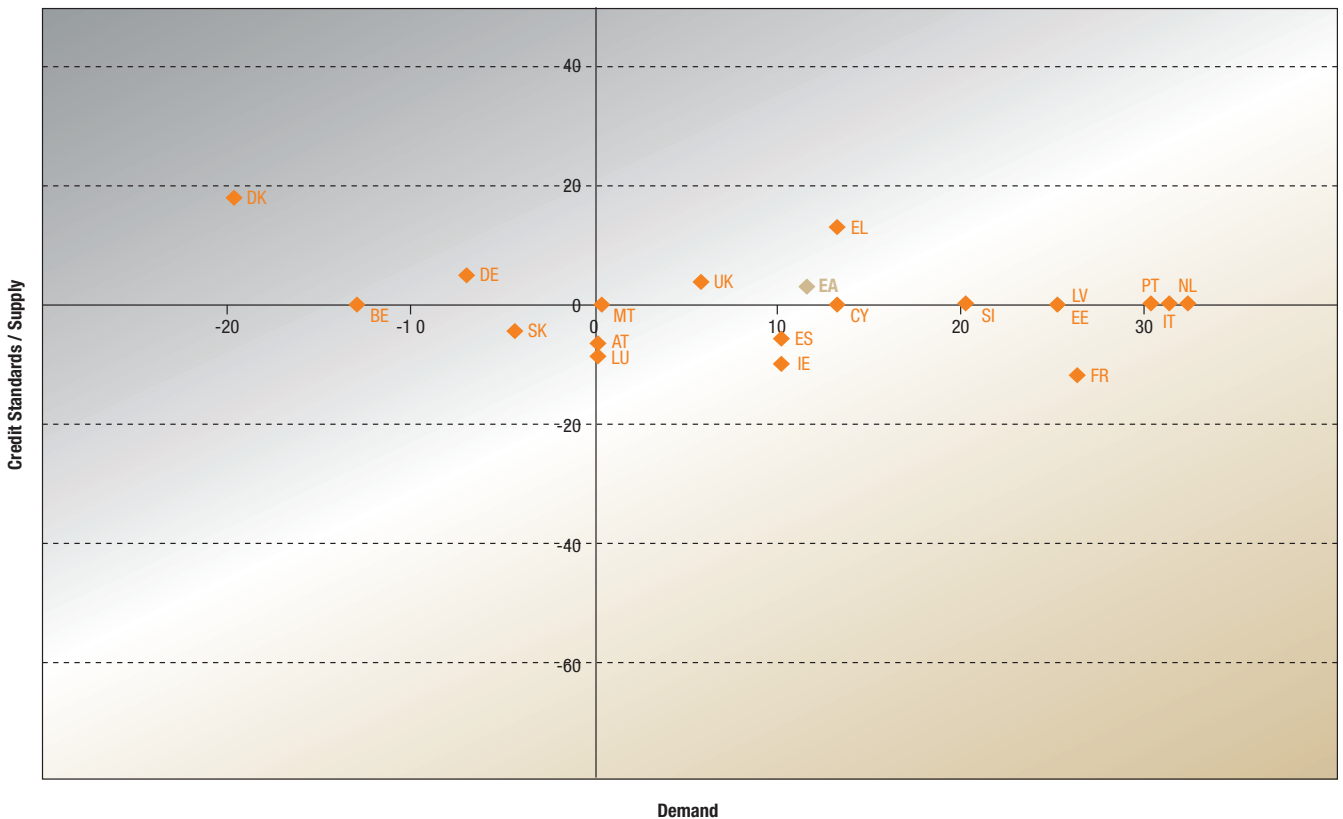


Chart 5 ▶ Demand and Supply Overview



3. Scatter Plot

In Q4 the cloud of countries continues to be positioned around a moderately positive demand with the credit standard figures scattered equally around easing and tightening figures and all depicting marginal changes. Germany

and Denmark were the only countries with both a tighter credit standard and a decreased demand for housing finance.



2016 EMF
Quarterly Review



The entire contents of this publication are protected by copyright.
All rights reserved. No part of this publication may be reproduced, stored in a retrieval system,
or transmitted in any other form or by any means: electronic, mechanical, photocopying,
recording or otherwise without the prior permission of the European Mortgage Federation.