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# Q1 | 2017

## QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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### INTRODUCTION

The first quarter of 2017 continued on the same path seen in 2016, namely increasing mortgage markets coupled with a general increase in house prices over the year and with persistent low, though in the majority of jurisdictions timidly increasing interest rates. These dynamics are underpinned by a widespread improvement of the economic performance of the EU whose GDP in Q1 2017 increased by 2.4% with respect to Q1 2016, coupled with an ongoing diminishing unemployment rate and a general increase in consumer confidence.

### MORTGAGE LENDING

Gross mortgage lending in aggregated terms for our EU sample<sup>1</sup> grew by 9.6% with respect to the same quarter in 2016, but contracted by nearly 4% with respect to the previous quarter reaching EUR 269 bn. 2017 depicted the strongest first quarter in gross lending since 2007. Also, the outstanding mortgage lending figures increased in Q1 2017 both year-on-year (y-o-y) and quarter-on-quarter (q-o-q), and nearly reached the peak of Q4 2015, notwithstanding the depreciation of the British Pound with respect to the Euro, which decreased in Euro terms the British outstanding mortgage lending by around EUR 200 bn since the last quarter of 2015. Besides well-known economic pull factors, government-led

programmes and macroprudential tools were also important factors which impacted on the mortgage lending activity throughout the continent.

In countries like **Belgium, Czech Republic, Finland** and **Sweden** the strong mortgage market performance led to discussions, recommendations or rumours to plan new macroprudential tools. In Belgium, the general increase was due both to credits for purchase but also due to mortgage refinancing, which accounted respectively for a 14.5% and 34% increase y-o-y. In Q1 2017 new mortgage lending reached an all-time high with 62,000 mortgage credit contracts totalling almost EUR 7.7 bn. This evolution is explained by the current low interest rate, but also by the perception of future increases in interest rates as well as by the rumours that the regulator, to curb mortgage lending, might try to discourage the granting of loans with a too high LTV. Non-regularised defaults are stable at around 1.1% of the loans outstanding and therefore follow the increase of the total number of current mortgage credit. In the Czech Republic, new mortgages increased by 27.5% y-o-y and at the end of 2016 the Czech National Bank issued several recommendations not to exceed a maximum of 90% LTV, which will be further reduced to 85% later in 2017. Although this is not legally binding the Czech National Bank can request a higher volume of the Mandatory Minimum Reserve, which implies an increased cost for lending. A further recommendation relates to capping the proportion of loans with an LTV between 80% and 90% to not more than 15% of the total volume of loans provided by a bank. These

<sup>1</sup> In Q1 2017 the sample for the Quarterly Review included BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. (i.e. around 95% of the total outstanding mortgage lending in the EU28 in 2015).



recommendations, together with the expectation of an increase in interest rates are expected to decelerate the growth in the mortgage market. In Finland strong economic growth coupled with a new peak of consumer confidence is reflected in a buoyant mortgage market, which increased by 11% y-o-y. Outstanding loans increased by a more modest 2% because loans have been amortised at a faster rate than in previous years as low interest rates have enabled a larger proportion of principal in the instalments of constant payment loans. The Finnish Financial Supervisory Authority (FIN-FSA) decided that credit institutions which use their own internal ratings-based models would be set a minimum level for the average risk weight on their mortgage portfolios. The risk weight floor was initially set at 10% but raised to 15% in the March 2017 decision of the FIN-FSA. Moreover, a potential loan cap to income is also present in the debate, but no decisions have been taken yet. Moving west to Sweden, amortisation rules were imposed in June 2016 following different measures to cool down mortgage lending and house prices over recent years. The national supervisory authority has presented plans to sharpen the amortisation rules for mortgage borrowers with higher loan to gross income than 450%. Here, net mortgage lending is still high, but continues to decelerate from 8.0% in Q1 2016 to 7.1% one year later. Besides strong economic fundamentals and the well-known housing under-supply with respect to demand, another factor of continuously increasing lending and house prices is the fact that the rental market is not functioning well in the growth regions due to a general rent control. This results in many years of queuing for a rental apartment, which pushes the home seeker to buy an apartment or rent a second-hand apartment at inflated costs with respect to the first-hand market.

In **Hungary**, where gross mortgage lending increased by 59% y-o-y and by 15% q-o-q, the National Bank has introduced a new regulation concerning the funding of mortgage loans. Here, starting from 1 April 2017, commercial banks must fund at least 15% of their mortgage loan portfolio by mortgage bonds. Therefore, commercial banks offering mortgage loans entered into refinancing agreements with mortgage banks.

In countries like **Ireland** and **Poland** the governments have set up schemes to facilitate to set the first foot on the property ladder. In Ireland, the Help-to-Buy scheme, which provides income and deposit interest tax rebates to first-time buyers (FTB) of new residential property, may also have boosted mortgage activity. FTB and mover purchase volumes reached their highest Q1 levels since 2008. Gross lending grew by 39.4% y-o-y. The strong growth rates partly reflect the relative weakness of Q1 2016. In Poland, the market remained under strong influence of the 'Flat for youth' housing scheme. As new tranches of the programme are activated every year – the customers are eager to file for loans in January-February, as the funds get disbursed very quickly. On the other hand, an increase in the required down-payment (up to 20%) was introduced from 1<sup>st</sup> January 2017 (according to the provisions of Recommendation 5 on good practices in the management of mortgage credit exposures) – but this did not significantly affect the credit market. In Q1 2017 banks did not change the standards and terms on housing loans, and a rise in demand for housing loans was experienced. In fact, nearly 51,000 new mortgage loans were granted, which amounted to a 20% increase with respect to the previous quarter. In any case, a modest fall in housing loan demand is expected in Q2 2017.

In **Spain**, mortgage lending increased by 9% y-o-y with a smaller share of refinancing of 4.3% in Q1 2017 with respect to 15.5% in Q1 2016. At the end of

2016 the ECJ ruled against the so-called "floor-clauses" used in Spain, which imposed mortgage holders to pay a minimum amount of interest rate even if the benchmark Euribor-driven rate drops below this, thus imposing the lenders to refund EUR 3 bn. In order to prevent further litigations of this kind the government is working on the mortgage reform to implement into the national legislation the European Mortgage Credit Directive. In **Portugal**, strong demand increased both prices and sales volumes, which is especially evident in metropolitan areas and which is expected to continue for the rest of 2017. It should be noted that in Lisbon nearly one property out of five has been sold to international investors. Outstanding loans continued their descending path since Q4 2011 closing the first quarter of 2017 at around EUR 95 bn. New lending, on the other hand, continued to grow approaching the levels of 2011, but is still far from the level observed before the financial crisis. The positive development seen in the Portuguese mortgage market may create incentives for the adoption of less restrictive credit criteria.

In absolute terms the largest increase in outstanding and gross loans was in **France**, which increased over the last 12 months by respectively by EUR 43 bn and by EUR 18 bn. This dynamic is mainly due to the existing housing market take-off of 67.9%, while the new housing market increased by 'only' 45%. **Romania**, on the other hand, had the largest percentage increase in terms of outstanding mortgage market at nearly 11% y-o-y, while gross lending registered nearly a 25% decrease over the same period. New mortgage loans were almost entirely granted in local currency and non-performing loans reached 4.7%, a 0.2 pps increase with respect to the end of 2016. The Romanian banks indicated that credit standards for housing loans have been tightened in Q1 2017 to curb this dynamic.

In **Denmark**, gross lending continued to decrease slightly since the beginning of 2015 reaching DKK 114 bn, i.e. DKK 49 bn less than in the previous quarter. On the other hand, total outstanding residential lending increased by 2% y-o-y and reached DKK 1,800 bn.

Moving south, in **Italy** the mortgage market confirmed the positive trend of the past quarters with a 2.5% and 3.2% increase of respectively the outstanding and the gross lending figures, which can be explained by the positive demand driven by low interest rates and favourable housing prices. Similarly, in **Germany** the mortgage market continues on its growing path with an increase in outstanding and gross lending of 3.8% and 1.0% respectively.

A slower than expected economic growth and high inflation coupled with a nevertheless strong labour market saw the **UK** set a mixed economic picture, where the housing market has been flat with a steady lending activity. Mortgage lending has been buoyed by re-mortgaging activity, as attractive mortgage rates continue to encourage borrowers to refinance. Buy-to-let house purchases remain significantly weaker than a year ago, as a tax change on second properties introduced in March 2016 continued to dampen activity.

## HOUSE PRICES

With the available data at hand<sup>2</sup> all the countries in the sample saw their house prices increase over the course of the last 12 months. However, significant differences remain both among and within countries, which have to be analysed

<sup>2</sup> Out of the sample 10 countries (DE, DK, ES, FI, IE, NL, PL, PT, SE and UK) provided HPI data for Q1 2017, while for the other 6 countries data from Q4 2016 has been used.

more in depth. At first glance house prices continue to increase throughout the EU principally due to improved economic fundamentals, but also due to the lack of available housing and due to the insufficient construction rate.

This latter factor has been highlighted in several countries such as the **Czech Republic, Germany, Ireland and Portugal**. In the central European countries the rate at which new flats are being built is decreasing due to legislative obstructions and requirements. In 2016 house prices increased by a double-digit pace and expensive dwellings are not only found in large cities such as Prague or Brno, but also in smaller ones like Hradec Kralove. This trend is expected to continue, especially due to the relatively long realisation time of residential projects. A similar picture is seen in Germany where long production times and high utilisation capacity will provide the required dwellings with a time lag. House prices for owner-occupied dwellings rose in Q1 2017 by 5.6% y-o-y and this trend, especially in the high demand areas of the metropolitan regions and attractive university towns, is expected to persist. In Ireland, the Banking & Payments Federation Ireland (BPFI) together with other commentators pointed to a lack of available housing, especially suitable family accommodation, as a major issue in the Irish economy. Building activity has increased in recent years, however the levels are still well below the annual estimated demand of 25,000 homes. As a result, the HPI increase was 9.6% y-o-y in the first quarter of 2017, with an increase of 8.3% in Dublin and 11.6% in the rest of the country. In Portugal, according to the latest available statistics, house prices grew by 7.1% in 2016, compared to 3.1% in 2015. The principal factor for this evolution is again a lack of available houses, notwithstanding the doubling of new residential projects in the pipeline over the past year.

In **Finland**, thanks to the increased construction activity and the 5% growth of housing completion rates with respect to the past year, there is no sign of overheating in house prices, which only increased moderately. Likewise in **Sweden**, one-family home and apartment prices, though still increasing by 8.2% on an annual basis in Q1 2017, are continuing to show signs of deceleration with respect to the past year when they both grew at a double-digit pace. Among others, this evolution can be partly ascribed to a continuous increase in the construction activity which in the next year is expected to reach the former record level of 1990. Notwithstanding these steps of closing the gap between demand and supply, the National Board of Housing believes that it will take several years of construction to fill the lack of housing. However, high prices and new amortisation rules are dampening the possibility for some sectors of the population to enter the housing market, which will lead to a gradual dampening in the coming years. In the **UK**, house prices show signs of deceleration as well due to, among others, the elevated price of housing compared to income. Moreover, growth in the number of FTBs has offset slightly weaker home mover numbers, which have been subdued for some time now as they benefit less from government housing schemes and have been left to largely fend for themselves. Over the last 12 months, for the first time since 1996, there were more FTBs (355,000) than movers (345,000). The low number of home movers has a wider housing market impact, which is fewer properties coming on the market for sale. On average, nine out of 10 properties on the market are existing properties, not new ones. Thus, this supply/demand imbalance has underpinned house price values and will continue to do so going forward. In **Hungary**, in the current year a steep increase in new housing construction is expected, following a near tripling of building permits in 2016 with respect to 2015. Residential property prices rose by 3.5% in Q4 2016 y-o-y and from April 2014 to December 2016 the FHB House Price index grew by 50% in real terms.

In **Belgium**, the price of existing houses increased by 2.9% while new-builds grew by 1.5% in 2016. An ordinary house could be bought with little more than EUR 216,000, a y-o-y increase of 5.7%, and on average a villa cost around EUR 347,000, a y-o-y increase of 2.1%, while apartments were around EUR 222,000, a marginal increase of 0.7% y-o-y. In **France**, since 2015 house prices are on the rise and have shown some degree of acceleration lately, with the existing housing market growing more than the new housing market. In **Spain** house prices have been growing since Q1 2015, now reaching the levels seen in Q4 2012. In **Romania**, the positive house price dynamic has been in place since Q3 2015 and registered an 8.0% growth in 2016. In **Denmark** house prices grew in Q1 2017 by 6.0% y-o-y, mostly due to an increase in one-family houses and owner-occupied flats. Along with increasing house prices, sales activity has also risen throughout the past year by 11.2% for one-family houses and by 8.2% for owner-occupied flats respectively.

In **Italy** as well as in **Poland**, house prices remained stable in Q1 2017. In Italy, the price of new dwellings decreased y-o-y by 0.1% while the price of existing dwellings marginally increased by the same amount. For the time being in Poland there is no argument allowing to predict an increase in prices in the near future.

## INTEREST RATES

Interest rates in Europe interrupted their downwards trend for the first time since 2012. From our sample, most countries reported that their most indicative interest rates have slightly increased which is reflected by the unweighted average of all interest rates, which increased by 0.04 pps to 2.44. This trend is seen both in an outside the Euro area. Notwithstanding the aggregate change of dynamics, the general level of interest rates in Europe is still exceptionally low.

Countries like **Belgium, the Czech Republic, Denmark, France, Italy, Romania and Spain** have experienced a bottoming-out of their interest rates and registered some sort of increase during Q1 2017. Belgium registered a slight increase to 2.09% (0.09 pps more with respect to previous quarter). Here, new fixed-interest rate loans and loans with a fixed rate period of more than 10 years accounted for 92.2% of all new loans provided, while a marginal 0.5% of loans have an initial fixed period of up to 1 year. The remaining share is taken by loans with a medium-term initial fixed period. In the Czech Republic, the average interest rate climbed by 0.18 pps to 1.95%. This trend is expected to further continue also due to legislative changes and recommendations on maximum LTV, as well as due to the termination of currency intervention by the Czech National Bank. In Denmark, the interest rates increased marginally but still remained at very low levels. In Q1 2017, households were able to borrow at a rate of 1.1% with an initial rate fixation of one year, while more fixed interest rates climbed by 0.1pp in a quarter to 2.96%. Similarly, in France, the average interest rate increased by 0.14 pps to 1.46% end of Q1 2017. However, the interest rate corrected by inflation has registered a new all-time low of 1.2%. In Italy, the interest rate remained virtually stable with a marginal increase of 0.02 pps to 1.72% of variable rate loans while the more fixed ones increased more substantially by 0.07 pps to 2.25% over the last quarter. In Romania, the representative mortgage rate stood at 3.71%, registering a 0.20 pps increase q-o-q. In Spain, on the one hand variable interest rates continued their downwards trend, whilst on the other more fixed arrangements saw their rates increase, which offset the financial margin loss resulting from the low rate environment. In aggregate terms the average interest rate on new loans was around 1.97%, increasing by less than 0.01 pps with respect to previous quarter.

Fixed-term loans continued to grow reaching more than 58% of all newly issued loans. Financial entities have focused on fixed-term rates not only to obtain higher margins but also to mitigate credit risk, considering future interest rate rises. This, coupled to the security of not having to face surprises in the interest rates, has convinced a growing number of borrowers to opt for this solution.

In **Portugal** too loans with fixed interest rates are increasing for the above-mentioned reasons. As far as variable rate loans are concerned, the external component which is linked to the Euribor reached historical low levels and contributed both to the increase of gross residential lending and to reducing household debt. On average, considering the spread index, a component assigned by the banks to each borrower considering the risk of the client and the LTV, the variable interest rate in Q1 2017 decreased by 0.07pps q-o-q to 1.70%. In **Ireland**, fixed rate mortgages continue to increase their market share reaching

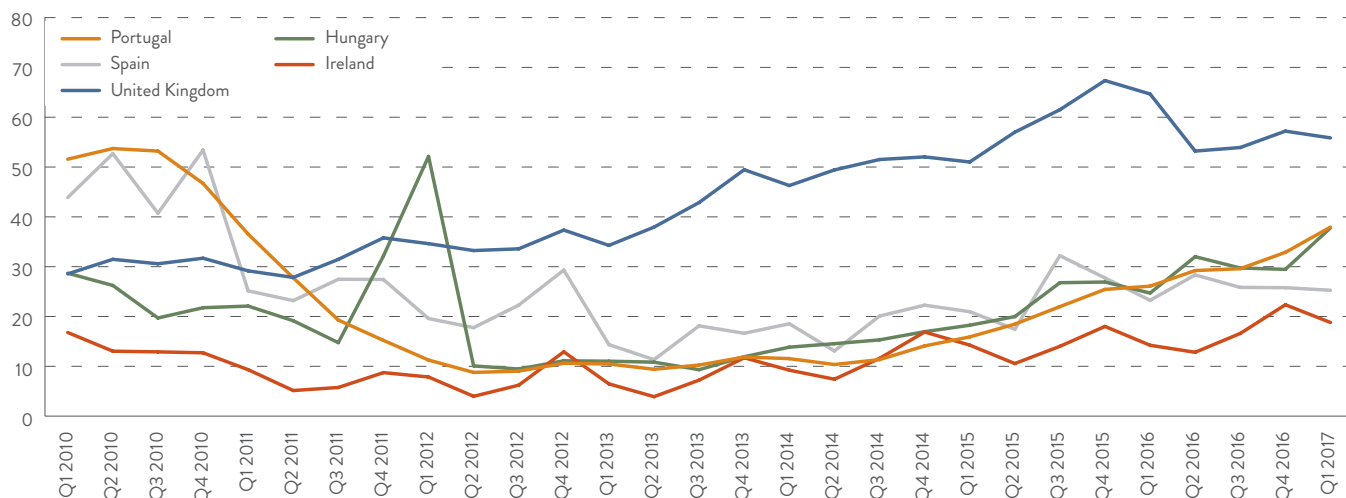
currently 40% of new loans compared to a long-term average of 20%. The interest rates on outstanding loans are also heavily influenced by the ECB base rate because about 48% of mortgages outstanding were on tracker rates, which averaged 1.03% for private dwelling home mortgages and 1.06% for buy-to-let.

In **Finland**, interest rates for new housing are at an all-time low of 1.13%, while in the UK average mortgage rates on lower loan-to-value mortgages continue to fall and fixed range mortgages on offer at 75% LTV are currently at their all-time lows as well in all fixed period lengths. In Hungary, for the first time ever the average typical mortgage undercut the 4% line, reaching 3.9% in Q1 2017.

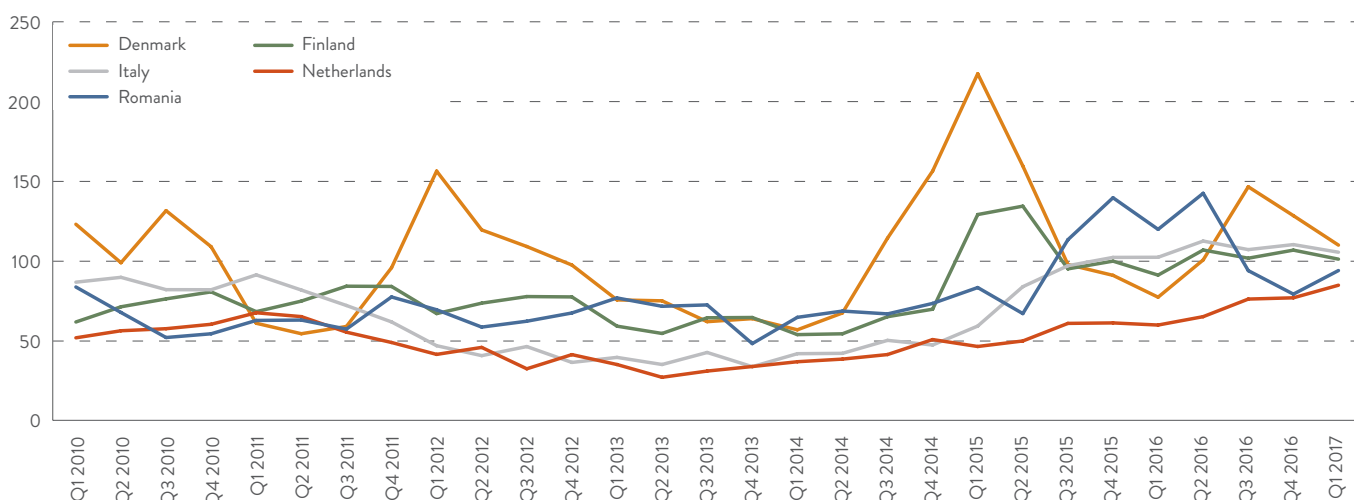
In **Sweden** mortgage interest rates were stable during Q1 2017, with variable and medium-term fixed rates staying around 1.6% and 1.7% respectively, while the more fixed interest rates increased slightly to 2.6%.



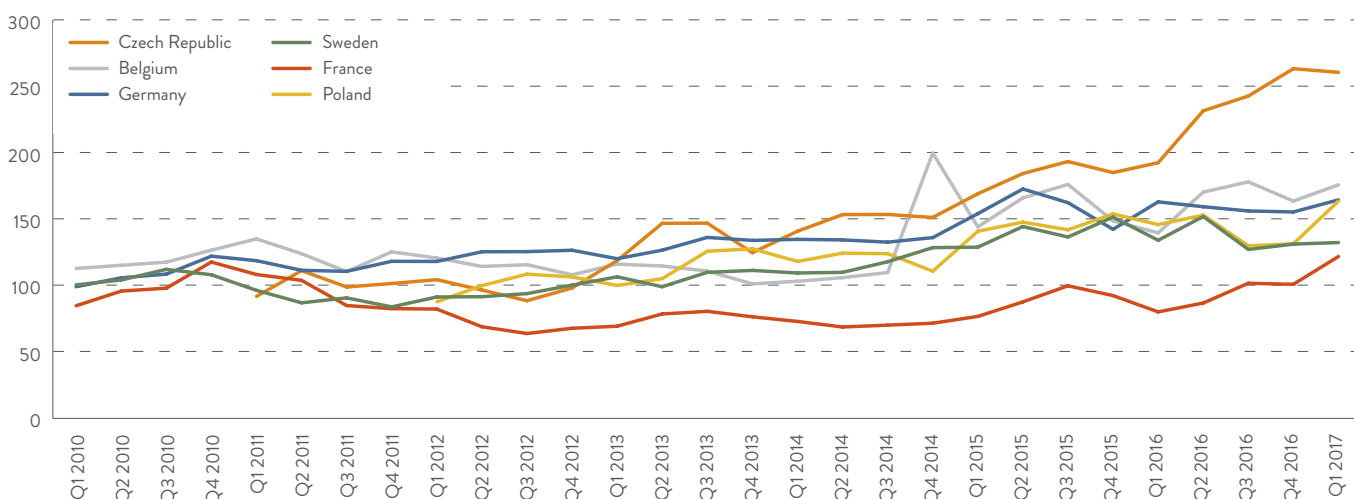
**CHART 1A** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2007 LEVELS



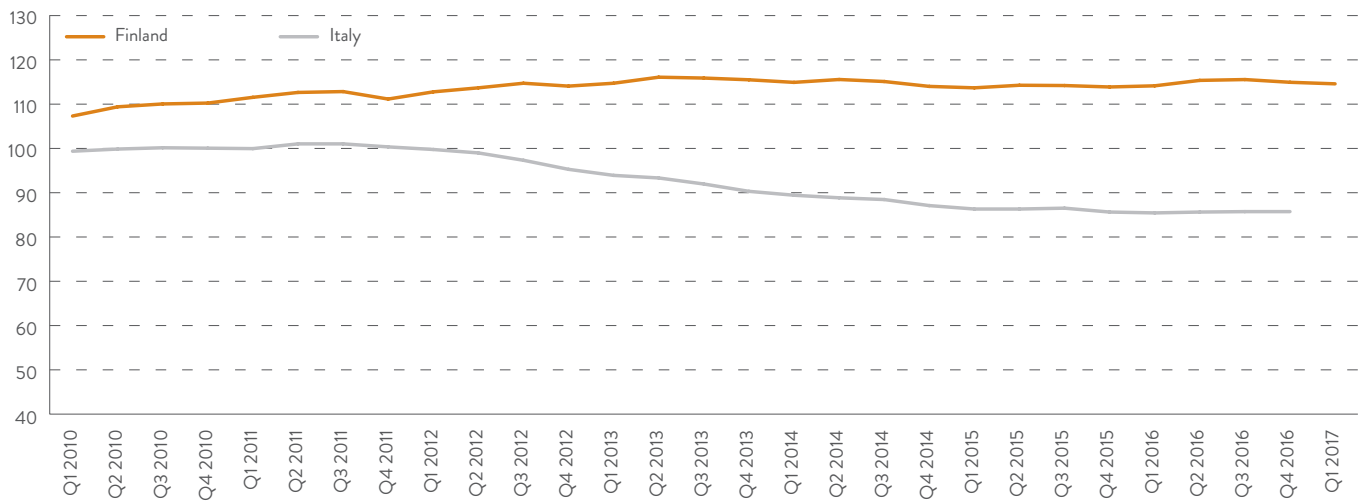
**CHART 1B** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS



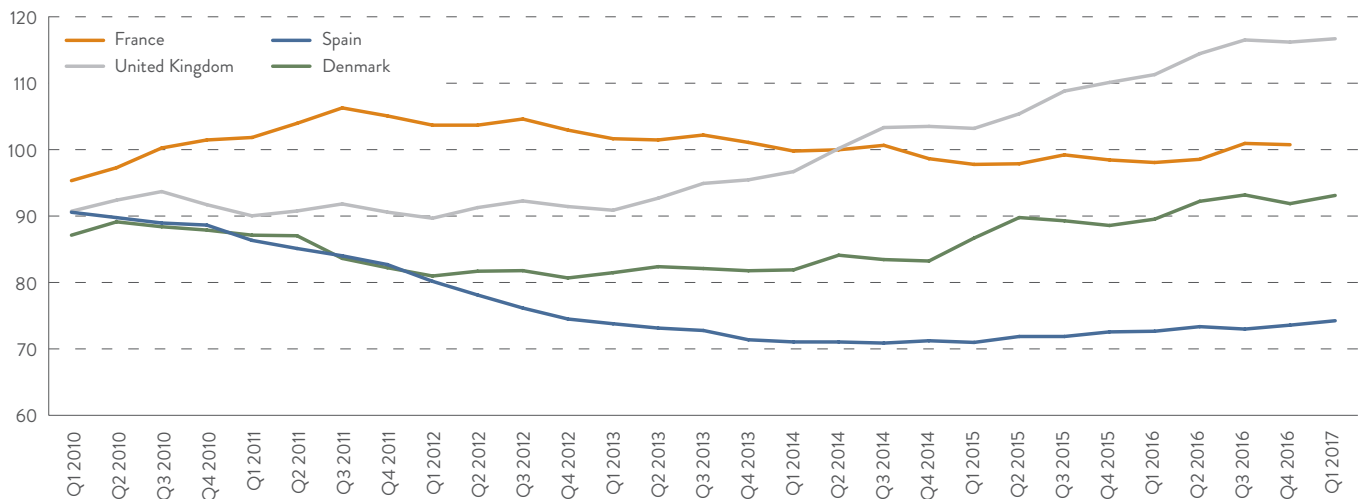
**CHART 1C** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS



**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)

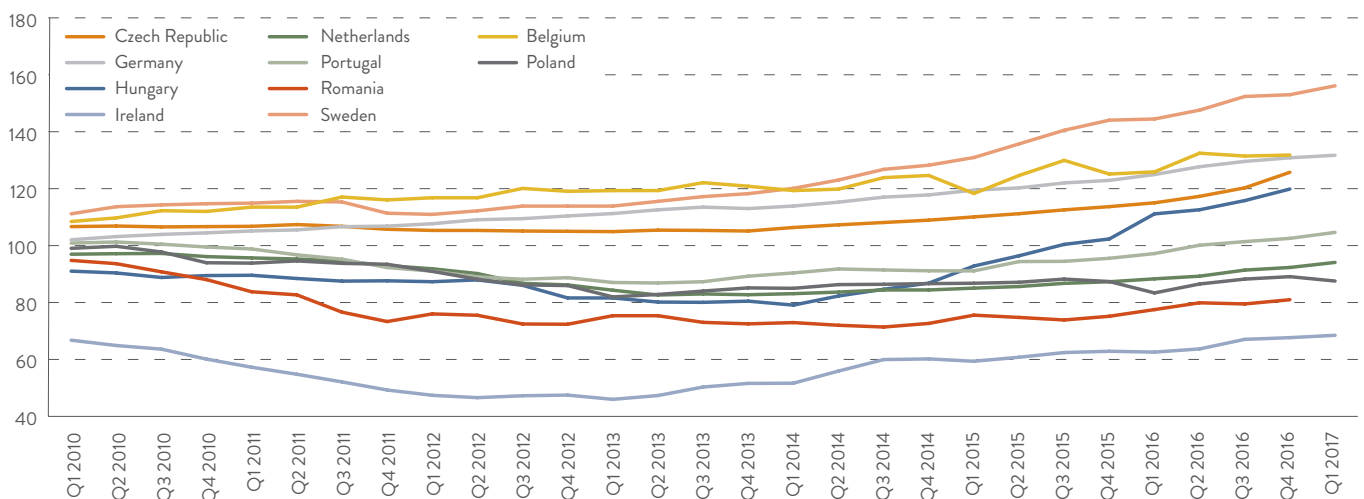
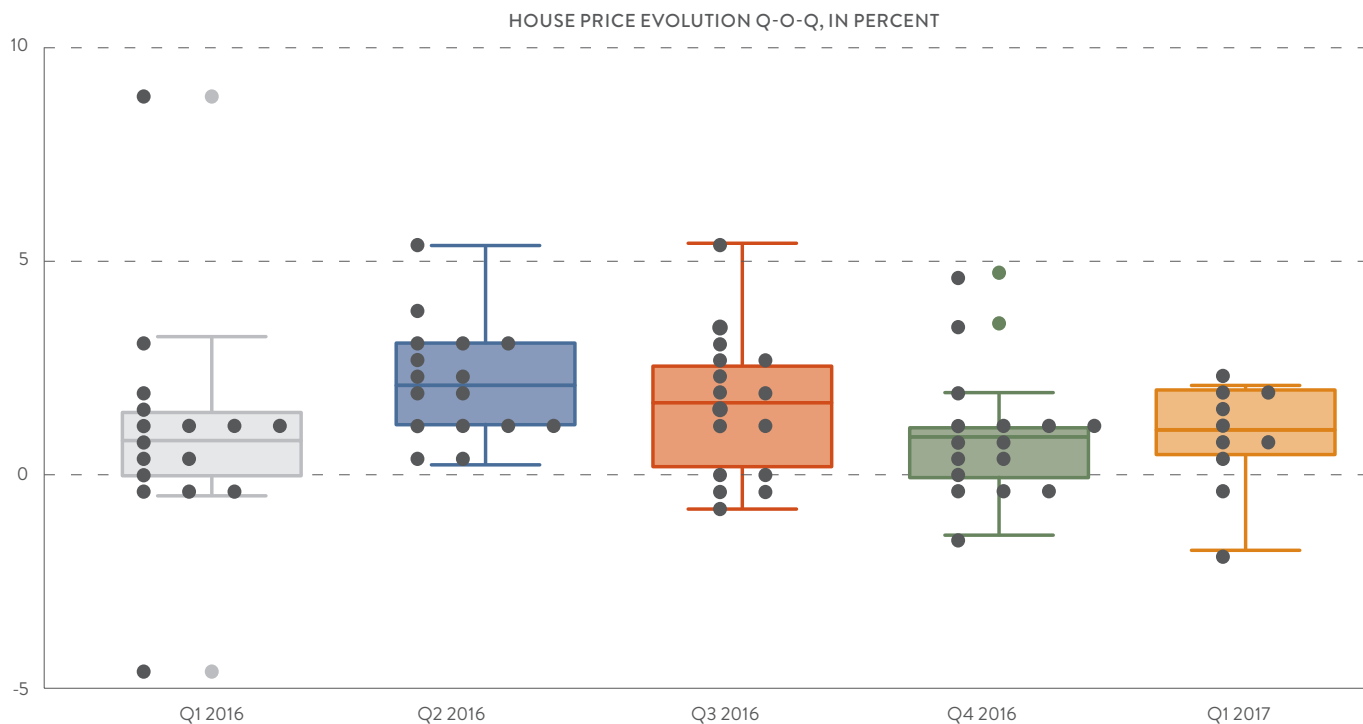


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER



## 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)

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	LATEST Y-O-Y CHANGE(%), Q17, EUR VALUES	PREVIOUS Y-O-Y CHANGE(%), Q4 16, EUR VALUES	LATEST Y-O-Y CHANGE(%), Q17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE(%), Q4 16, LOCAL CURRENCY
BE	204,810	207,590	209,664	211,822	213,805	217,126	221,427	5.6	4.6	5.6	4.6
CZ	31,120	32,085	32,347	33,038	34,007	34,940	35,629	10.1	8.9	10.1	8.9
DE	1,267,608	1,279,456	1,285,032	1,297,871	1,314,315	1,326,901	1,333,562	3.8	3.7	3.8	3.7
DK*	235,320	235,365	236,897	239,464	241,145	241,819	242,089	2.2	2.7	2.0	2.5
ES	569,005	562,828	557,044	554,096	549,855	544,499	539,903	-3.1	-3.3	-3.1	-3.3
FI	91,363	91,955	92,162	93,087	93,647	94,056	94,279	2.3	2.3	2.3	2.3
FR	857,481	866,401	871,009	880,280	884,304	899,335	913,874	4.9	3.8	4.9	3.1
HU	15,319	14,771	14,676	14,394	14,593	14,024	13,922	-5.1	-5.1	-7.1	-6.9
IE	111,763	110,666	109,522	108,899	108,104	106,810	105,912	-3.3	-3.5	-3.3	-3.3
IT	361,028	362,332	362,184	364,287	365,774	368,169	371,090	2.5	1.6	2.5	1.6
NL	653,874	655,613	657,581	661,343	664,832	664,014	665,490	1.2	1.3	1.2	1.3
PL**	90,285	90,901	91,242	89,902	92,149	92,015	95,045	4.2	1.2	3.4	4.7
PT	100,387	98,516	97,820	97,229	96,593	95,377	94,945	-2.9	-3.2	-2.9	-3.8
RO	11,086	11,501	11,806	12,296	12,709	12,893	13,093	10.9	12.1	12.9	12.5
SE	357,899	374,754	379,052	379,606	377,176	386,504	393,047	3.7	3.1	3.7	7.2
UK	1,729,649	1,755,387	1,643,470	1,580,258	1,529,311	1,544,729	1,556,010	-5.3	-12.0	2.3	2.7

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
- Spain
- United Kingdom



TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	LATEST Y-O-Y CHANGE (%), Q17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 16, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 16, LOCAL CURRENCY
BE	7,342	9,390	10,152	9,272	7,081	9,640	10,265	10,131	9,169	29.5	9.3	29.5	9.3
CZ*	1,840	2,232	2,257	2,331	2,118	2,794	2,844	3,262	2,928	38.2	40.0	38.1	40.0
DE	48,300	56,200	55,500	48,600	51,300	51,700	53,400	53,000	51,800	1.0	9.1	1.0	9.1
DK	18,983	13,766	8,754	9,152	6,415	8,482	13,125	12,509	9,344	45.7	36.7	45.4	36.2
ES	7,339	8,372	9,986	10,024	8,171	12,356	7,656	9,309	8,909	9.0	-7.1	9.0	-7.1
FI	9,352	10,705	6,646	6,604	6,573	8,693	7,136	7,109	7,305	11.1	7.6	11.1	7.4
FR	29,408	35,875	45,527	40,702	30,908	35,483	46,359	44,419	49,113	58.9	9.1	58.9	9.1
HU	212	297	436	388	306	472	479	425	496	62.3	9.6	59.0	7.5
IE	1,002	1,091	1,335	1,438	999	1,286	1,558	1,813	1,393	39.4	26.1	39.4	26.1
IT**	10,708	16,937	17,224	21,190	19,074	22,486	19,180	22,748	19,687	3.2	7.4	3.2	7.4
NL	11,945	14,200	17,896	19,433	15,889	18,671	22,368	24,049	23,212	46.1	23.8	46.1	23.8
PL	2202,0	2538,7	2436,2	2635,4	2288,1	2628,6	2230,0	2252,2	2589,6	13.2	-14.5	12.3	-11.6
PT	715	950	1,098	1,250	1,218	1,481	1,474	1,617	1,803	48.0	29.4	48.0	29.4
RO	382	377	689	835	589	805	579	492	442	-24.9	-41.0	-23.6	-40.8
SE	12,955	16,737	14,070	17,560	13,532	17,575	13,023	15,298	13,341	-1.4	-12.9	1.9	-9.4
UK	61,904	74,039	83,653	84,891	79,543	69,141	73,849	71,771	68,153	-14.3	-15.5	-7.4	-1.4

\* 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:

- France
- United Kingdom


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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
BE	1,323	1,461	4,361	1,928	2,559	2,996	2,780	2,074	2,158	1,983	3,320	4,302
CZ	500	469	275	564	1,017	807	965	263	691	969	932	689
DE	6,093	10,309	11,077	4,481	12,047	13,670	11,848	5,576	12,839	16,444	12,586	6,661
DK*	1,694	654	62	-844	-2,470	495	45	1,532	2,567	1,682	674	270
ES	-3,499	-10,551	-6,600	-6,045	-4,871	-6,688	-6,177	-5,784	-2,948	-4,241	-5,355	-4,596
FI	588	398	373	157	798	645	592	207	925	560	409	223
FR	0	6,005	5,120	8,820	3,838	11,703	8,920	4,608	9,271	4,024	15,031	14,539
HU	-259	-382	-247	-589	-1,046	-192	-548	-95	-282	199	-569	-103
IE	-2,949	-1,964	-1,224	-1,391	-1,274	-1,307	-1,097	-1,144	-623	-795	-1,294	-898
IT	-642	-135	-132	-488	1,962	417	1,304	-149	2,103	1,487	2,396	2,921
NL	-788	-840	723	-78	709	3,312	1,739	1,968	3,762	3,489	-818	1,476
PL	1,331	858	-968	7,411	-356	-1,765	616	341	-1,340	2,246	-133	3,030
PT	-926	-965	-1,202	-925	-758	-399	-1,871	-696	-591	-636	-1,216	-432
RO	343	98	302	342	311	338	415	305	491	413	184	200
SE	-2,961	5,502	-3,389	9,444	10,354	-1,052	16,855	4,298	554	-2,430	9,328	6,543
UK	57,787	56,534	-184	120,999	48,567	-52,371	25,737	-111,916	-63,213	-50,946	15,418	11,281

\* 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 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	I 2017
BE	120.8	119.2	119.8	123.9	124.7	118.2	124.7	130.1	125.2	126.0	127.3	132.7	131.7	n/a
CZ	104.8	106.1	107.0	107.9	108.7	109.9	111.1	112.4	113.6	115.0	117.3	120.4	126.1	n/a
DE	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	132.0
DK	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	93.2
ES	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	74.2
FI	115.6	115.0	115.6	115.2	114.0	113.7	114.3	114.2	113.9	114.1	115.4	115.6	115.0	114.6
FR	101.0	99.7	99.9	100.6	98.5	97.7	97.8	99.1	98.3	97.9	98.4	100.9	100.7	n/a
HU	80.3	78.9	82.1	84.5	86.7	92.8	96.4	100.5	102.4	111.3	112.8	116.1	120.2	n/a
IE	51.7	51.7	56.1	60.3	60.5	59.6	61.1	62.8	63.3	63.0	64.1	67.6	68.2	69.0
IT*	90.2	89.3	88.7	88.3	86.9	86.1	86.1	86.3	85.4	85.2	85.4	85.5	85.5	n/a
NL	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	94.4
PL	85.0	84.9	86.2	86.3	86.6	86.7	87.1	88.2	87.3	83.2	86.4	88.2	89.1	87.5
PT**	89.1	90.3	91.7	91.3	91.0	91.0	94.4	94.5	95.6	97.3	100.3	101.7	102.8	105.0
RO**	72.3	72.8	71.8	71.2	72.5	75.5	74.7	73.7	75.1	77.5	79.9	79.5	81.0	n/a
SE	118.0	119.9	122.8	126.6	128.1	130.8	135.7	140.5	144.1	144.5	147.7	152.5	153.1	156.3
UK	95.3	96.6	100.1	103.3	103.4	103.1	105.4	108.8	110.1	111.3	114.5	116.6	116.2	116.7

\* 2010=100

\*\* 2009=100

Source: European Mortgage Federation

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

Further information below:

- Belgium: Stadim average price of existing dwellings
- Czech Republic: Data break in Q1 2008
- Germany: all owner-occupied dwellings, weighted average, VdP index
- Denmark: one-family houses - total index unavailable from source
- France: INSEE «Indice des prix du logement» (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: Statistics Portugal house price index
- Spain: new house price index, first released by the Ministry of Housing on Q1 2005
- Sweden: index of prices of one-family homes.
- UK: Department of Communities and Local Government Index (all dwellings)

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

- Hungary
- Portugal
- Sweden



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

	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	I 2017
BE	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	2.09
CZ*	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	2.17
DE	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	1.80
DK**	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	1.11
ES	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	1.97
FI	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	1.13
FR***	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	1.46
HU	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	3.91
IE	3.36	3.28	3.29	3.38	3.71	3.59	3.42	3.39	3.49	3.38	3.27	3.14	3.25	3.18
IT	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	2.11
NL	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	2.39
PL	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	4.40
PT	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	1.70
RO****	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	3.71
SE	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	1.75
UK	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	2.09

\* 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:

- Ireland

TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
BE	3.11	3.01	2.63	2.74	2.73	2.67	2.48	2.16	2.37	2.47	2.48	2.46
CZ	3.09	3.02	2.37	2.81	2.65	2.76	2.59	2.61	2.32	2.55	2.04	2.40
DE	2.55	2.45	2.29	2.23	2.14	2.20	2.17	2.26	2.12	2.07	1.95	2.10
DK*	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.26	1.20	1.09	1.11
ES	2.88	2.71	2.51	2.24	2.01	2.04	1.85	1.72	1.66	1.66	1.62	1.57
FR	2.11	1.89	1.63	1.44	1.42	1.68	1.76	1.43	n/a	n/a	1.12	n/a
HU	7.06	6.36	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91
IE	3.19	3.22	3.54	3.34	3.22	3.13	3.39	3.23	3.12	2.99	3.18	3.09
IT	3.00	2.70	2.56	2.35	2.20	2.09	1.97	1.92	1.80	1.74	1.70	1.72
NL	2.80	2.80	2.68	2.66	2.53	2.45	2.38	2.30	2.20	2.08	1.97	1.96
RO**	5.15	4.98	4.54	3.92	3.91	3.83	3.71	3.40	3.25	3.51	3.42	3.62
PT	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77	1.70
SE	2.21	2.01	1.78	1.64	1.55	1.52	1.56	1.62	1.60	1.59	1.57	1.65
UK***	2.50	2.46	2.27	2.05	2.02	2.04	2.04	2.13	2.05	1.93	1.87	1.92

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
BE	2.90	2.52	2.21	2.38	2.33	2.40	2.21	2.05	2.01	2.08	2.09	2.13
CZ	3.06	2.95	2.75	2.57	2.37	2.35	2.32	2.26	2.25	2.13	2.06	2.16
DE	2.31	2.12	1.94	1.90	1.83	1.94	1.94	1.85	1.83	1.77	1.65	1.67
DK*	1.64	1.50	1.36	1.21	1.33	1.39	1.33	1.27	1.34	1.39	1.26	1.24
ES	3.16	3.09	2.84	2.68	2.44	2.23	2.17	2.06	2.02	1.99	1.95	1.85
FR	2.95	2.59	2.37	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	8.14	7.25	7.18	6.97	6.91	6.79	6.60	6.68	6.32	6.11	5.80	5.79
IE	4.35	4.44	4.26	4.03	3.90	3.74	3.73	3.68	3.58	3.51	3.35	3.31
IT	3.35	3.13	2.94	2.78	2.73	2.65	2.22	2.04	1.73	1.66	n/a	n/a
NL	3.10	3.10	2.98	2.91	2.74	2.69	2.64	2.55	2.39	2.16	2.12	2.17
RO**	5.54	5.56	5.59	5.53	5.34	4.24	4.03	4.46	4.95	4.91	4.93	4.96
SE	2.56	2.32	2.04	1.81	1.76	1.67	1.73	1.71	1.72	1.72	1.56	1.61
UK**	3.19	3.31	3.21	2.89	2.71	2.64	2.59	2.53	2.45	2.35	2.20	2.09

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
BE	3.39	2.82	2.70	2.54	2.36	2.40	2.35	2.15	1.90	1.97	1.86	1.92
CZ	3.34	2.96	2.69	2.55	2.36	2.36	2.29	2.19	2.10	1.95	1.86	1.98
DE	2.61	2.37	2.13	1.88	1.68	1.90	1.89	1.77	1.63	1.52	1.46	1.63
DK*	2.53	2.12	1.82	1.47	1.83	2.30	2.30	1.84	1.76	1.35	1.57	1.63
ES	6.48	7.01	7.11	6.04	5.36	3.43	5.01	5.23	3.87	4.52	3.99	4.15
FR	2.73	2.39	2.18	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	7.13	6.69	6.61	6.49	6.47	6.37	6.22	6.22	6.69	6.89	6.88	7.04
IT	4.09	3.70	3.11	2.95	2.99	2.89	2.72	2.48	2.26	2.03	n/a	n/a
NL	3.80	3.60	3.39	3.22	2.94	2.90	2.83	2.78	2.67	2.54	2.34	2.31
RO**	5.64	5.65	5.80	5.94	5.70	5.61	5.40	5.62	5.64	5.66	5.56	5.62
SE	3.71	3.39	2.71	2.37	2.62	2.60	2.75	2.54	2.52	2.24	2.39	2.58
UK***	3.92	3.92	3.88	3.50	3.12	3.10	3.15	3.34	3.22	3.08	2.63	2.59



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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
BE	3.35	3.04	2.80	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.09
CZ	4.28	3.93	3.62	3.53	3.73	3.30	3.21	3.22	2.86	2.43	2.39	2.44
DE	2.83	2.50	2.27	1.89	1.89	2.12	2.08	1.95	1.86	1.70	1.69	1.88
DK*	3.71	3.56	3.30	2.93	3.14	3.86	3.78	3.67	3.23	2.90	2.89	2.96
ES	4.79	4.85	4.41	3.29	2.80	2.41	2.68	2.66	2.36	2.37	2.19	2.32
FR	3.17	2.78	2.54	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	6.60	6.53	6.75	6.75	6.70	6.30	6.66	5.75	6.46	5.93	5.98	5.71
IT****	4.26	3.95	3.58	3.29	3.14	3.02	2.82	2.63	2.48	2.16	2.17	2.25
NL	4.50	4.00	3.89	3.78	3.35	3.25	3.28	3.19	3.07	3.03	2.90	2.84
RO**	6.31	6.91	8.21	7.54	5.93	5.86	5.65	4.91	5.96	5.94	5.70	5.86
UK***	4.14	4.14	4.15	4.10	4.11	4.25	4.06	3.98	4.95	n/a	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:

- Denmark
- Hungary

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>CZECH REPUBLIC</b>											
Variable rate (up to 1Y initial rate fixation)	26.0	26.2	25.7	25.9	24.3	24.1	24.0	22.2	20.9	21.6	20.9
Short-term fixed (1Y-5Y initial rate fixation)	51.2	51.4	52.0	53.6	57.3	57.0	58.8	59.8	59.9	57.8	57.5
Medium-Term fixed (5Y-10Y initial rate fixation)	10.3	10.5	10.6	10.0	8.8	9.4	11.9	13.0	14.4	15.8	17.0
Long-Term fixed (over 10Y initial rate fixation)	12.6	11.9	11.7	10.5	9.6	9.5	5.2	5.1	4.9	4.8	4.6
<b>DENMARK***</b>											
Variable rate (up to 1Y initial rate fixation)	47.0	45.7	43.3	41.6	40.4	39.2	37.9	38.3	37.4	37.8	n/a
Short-term fixed (1Y-5Y initial rate fixation)	22.8	23.7	25.0	25.8	26.5	27.1	27.7	27.1	27.3	26.4	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	30.2	30.6	31.7	32.6	33.1	33.7	34.4	34.7	35.4	35.8	n/a
Long-Term fixed (over 10Y initial rate fixation)											
<b>IRELAND</b>											
Variable rate (up to 1Y initial rate fixation)	94.5	94.5	93.9	93.6	92.6	92.0	91.8	91.5	90.3	89.6	88.9
Short-term fixed (1Y-5Y initial rate fixation)	4.0	4.0	4.5	4.6	5.6	6.1	6.2	6.5	7.8	8.5	9.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	1.5	1.6	1.8	1.9	1.9	2.0	2.0	2.0	1.9	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
<b>SWEDEN</b>											
Variable rate (up to 1Y initial rate fixation)	59.7	60.7	62.7	64.5	65.7	66.2	67.1	68.3	69.1	69.1	68.1
Short-term fixed (1Y-5Y initial rate fixation)	37.1	36.3	34.4	32.7	31.7	31.3	30.5	29.4	28.7	28.9	30.0
Medium-Term fixed (5Y-10Y initial rate fixation)	3.2	3.0	2.9	2.8	2.6	2.5	2.4	2.3	2.2	2.1	1.9
Long-Term fixed (over 10Y initial rate fixation)											

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>UNITED KINGDOM</b>											
Variable rate (up to 1Y initial rate fixation)*	60.1	58.0	56.3	54.6	52.5	50.9	49.9	48.2	47.0	45.8	44.2
Short-term fixed (1Y-5Y initial rate fixation)	38.2	40.4	42.1	43.8	45.8	47.4	48.4	50.2	51.5	52.7	54.3
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3
Long-Term fixed (over 10Y initial rate fixation)	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2

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

BREAKDOWN BY LOAN ORIGINAL MATURITY	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>ITALY</b>											
Maturity less than 5 years	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7
Maturity over 5 years	99.6	99.6	99.5	99.5	99.5	99.4	99.4	99.4	99.4	99.3	99.3
<b>NETHERLANDS</b>											
Original maturity ≤ 1 year	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Original maturity >1 year and ≤ 5 years	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	
Original maturity > 5 years	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.

\*\*\* From Q1 2017 in Denmark this statistics has been discontinued

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

- Czech Republic
- Sweden



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

	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>BELGIUM</b>													
Variable rate (up to 1Y initial rate fixation)	7.5	5.1	2.6	1.6	0.9	0.5	0.4	0.7	1.6	1.3	0.5	0.3	0.5
Short-term fixed (1Y-5Y initial rate fixation)	13.9	10.4	7.6	6.8	5.6	2.7	2.8	3.9	4.7	2.6	2.1	1.8	2.2
Medium-Term fixed (5Y-10Y initial rate fixation)	13.4	16.5	16.4	15.7	13.9	11.7	12.0	18.3	17.5	14.3	13.9	15.6	16.3
Long-Term fixed (over 10Y initial rate fixation)	65.2	68.1	73.4	75.9	79.6	85.1	84.8	77.2	76.2	81.8	83.6	82.3	81.1
<b>CZECH REPUBLIC</b>													
Variable rate (up to 1Y initial rate fixation)	34.7	28.0	34.3	52.4	38.3	31.4	25.2	27.5	27.6	23.6	17.1	33.4	19.1
Short-term fixed (1Y-5Y initial rate fixation)	57.1	61.3	55.0	37.6	49.0	50.6	57.3	56.1	54.2	52.7	53.0	37.2	50.9
Medium-Term fixed (5Y-10Y initial rate fixation)	6.0	8.6	9.1	8.3	10.2	15.6	15.2	13.6	15.6	20.7	26.8	26.2	26.9
Long-Term fixed (over 10Y initial rate fixation)	2.1	2.1	1.7	1.8	2.4	2.3	2.3	2.8	2.6	3.1	3.1	3.2	3.1
<b>DENMARK</b>													
Variable rate (up to 1Y initial rate fixation)	34.5	20.6	17.3	19.5	8.0	6.8	16.6	25.1	22.0	19.0	11.2	18.1	17.8
Short-term fixed (1Y-5Y initial rate fixation)	33.4	25.3	18.5	27.3	20.1	19.9	33.4	42.6	44.5	38.9	27.9	29.1	35.2
Medium-Term fixed (5Y-10Y initial rate fixation)	4.3	1.8	1.5	1.8	2.8	1.6	1.2	1.0	4.2	1.4	1.8	1.9	1.5
Long-Term fixed (over 10Y initial rate fixation)	27.8	52.3	62.8	51.5	69.1	71.8	48.9	31.3	29.2	40.8	59.2	50.9	45.4
<b>GERMANY</b>													
Variable rate (up to 1Y initial rate fixation)	18.1	15.8	14.9	14.6	13.1	12.1	11.8	12.9	12.8	12.1	11.4	11.8	10.9
Short-term fixed (1Y-5Y initial rate fixation)	13.8	13.4	12.3	11.6	10.1	9.2	9.8	10.5	10.6	9.5	9.0	8.4	8.8
Medium-Term fixed (5Y-10Y initial rate fixation)	38.4	39.8	40.0	39.7	36.4	37.1	38.8	37.9	36.7	35.1	35.7	35.9	36.1
Long-Term fixed (over 10Y initial rate fixation)	29.6	30.9	32.7	34.1	40.4	41.6	39.6	38.7	40.0	43.3	44.0	43.9	44.2

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

	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>HUNGARY</b>													
Variable rate (up to 1Y initial rate fixation)	45.6	48.5	48.7	45.8	41.6	45.3	48.8	44.1	42.4	43.6	40.8	40.6	43.5
Short-term fixed (1Y-5Y initial rate fixation)	34.4	34.8	34.5	33.6	32.4	32.7	29.6	32.5	31.4	31.1	30.0	31.2	27.2
Medium-Term fixed (5Y-10Y initial rate fixation)	17.1	15.3	15.1	15.1	18.7	16.8	16.3	16.2	18.6	20.1	23.2	21.9	22.5
Long-Term fixed (over 10Y initial rate fixation)	2.9	1.4	1.8	5.5	7.3	5.1	5.3	7.2	7.6	5.2	6.0	6.3	6.8
<b>IRELAND</b>													
Variable rate (up to 1Y initial rate fixation)	89.8	90.4	89.3	81.9	67.8	67.7	60.8	69.7	67.1	65.0	70.0	62.5	59.8
Short-term fixed (1Y-5Y initial rate fixation)	10.2	9.6	10.7	18.1	32.2	32.3	39.2	30.3	32.9	35.0	30.0	37.5	40.2
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
<b>ITALY</b>													
Variable rate (up to 1Y initial rate fixation)	79.8	79.6	78.2	73.4	68.2	46.4	38.4	38.4	40.8	41.7	36.3	31.2	29.0
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	20.2	20.4	21.8	26.6	31.8	53.6	61.6	61.6	59.2	58.3	63.7	68.8	71.0
Long-Term fixed (over 10Y initial rate fixation)													
<b>NETHERLANDS</b>													
Variable rate (up to 1Y initial rate fixation)	21.3	19.1	19.3	17.8	18.8	16.5	10.5	12.1	14.2	14.9	13.4	11.9	10.9
Short-term fixed (1Y-5Y initial rate fixation)	35.5	36.9	35.7	29.3	25.7	19.4	13.6	14.3	13.1	12.5	12.5	9.8	8.3
Medium-Term fixed (5Y-10Y initial rate fixation)	39.3	39.0	38.5	43.5	46.4	49.0	55.2	56.2	54.7	53.4	51.4	54.8	56.6
Long-Term fixed (over 10Y initial rate fixation)	3.9	5.0	6.6	9.4	9.1	15.2	20.6	17.5	18.0	19.1	22.7	23.5	24.2

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

	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>POLAND</b>													
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
<b>PORTUGAL</b>													
Variable rate (up to 1Y initial rate fixation)	91.6	92.2	93.2	92.3	94.4	93.5	90.3	90.2	79.7	62.5	62.6	61.0	63.3
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	8.4	7.8	6.8	7.7	5.6	6.5	9.7	9.8	20.3	37.5	37.4	39.0	36.7
Long-Term fixed (over 10Y initial rate fixation)													
<b>ROMANIA</b>													
Variable rate (up to 1Y initial rate fixation)	87.9	87.5	86.8	87.7	94.0	95.6	68.2	76.9	90.6	95.1	94.9	93.9	93.6
Short-term fixed (1Y-5Y initial rate fixation)	10.9	11.6	12.9	11.9	5.0	3.2	30.5	21.4	7.8	4.0	4.0	5.0	4.8
Medium-Term fixed (5Y-10Y initial rate fixation)	0.3	0.3	0.2	0.4	0.9	0.7	0.7	0.8	0.4	0.6	0.6	0.9	1.1
Long-Term fixed (over 10Y initial rate fixation)	0.9	0.6	0.1	0.0	0.1	0.5	0.5	0.8	1.1	0.3	0.4	0.2	0.5
<b>SPAIN</b>													
Variable rate (up to 1Y initial rate fixation)	70.8	66.1	61.6	60.1	65.4	62.2	61.8	62.6	57.8	41.6	46.8	42.2	41.7
Short-term fixed (1Y-5Y initial rate fixation)	26.3	31.2	35.7	37.6	30.4	30.8	26.3	28.0	28.6	20.5	25.1	23.4	24.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	1.8	1.9	1.5	2.0	2.2	4.1	2.5	2.9	3.8	3.5	4.0	4.7
Long-Term fixed (over 10Y initial rate fixation)	0.9	0.8	0.8	0.8	2.2	4.7	7.9	6.9	10.7	34.2	24.6	30.5	28.9

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

	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
<b>SWEDEN</b>													
Variable rate (up to 1Y initial rate fixation)	75.5	79.0	76.1	72.6	75.3	72.3	72.8	72.3	74.3	76.2	76.3	77.1	72.7
Short-term fixed (1Y-5Y initial rate fixation)	20.7	17.2	18.5	19.6	15.9	18.1	19.3	20.1	19.1	17.6	16.6	15.8	19.6
Medium-Term fixed (5Y-10Y initial rate fixation)	3.8	3.7	5.5	7.8	8.8	9.6	7.9	7.6	6.6	6.1	7.1	7.2	7.7
Long-Term fixed (over 10Y initial rate fixation)													
<b>UNITED KINGDOM</b>													
Variable rate (up to 1Y initial rate fixation)*	14.1	12.6	13.1	13.4	17.7	17.9	15.6	12.4	15.5	15.7	16.1	16.6	15.8
Short-term fixed (1Y-5Y initial rate fixation)	84.7	86.1	85.4	85.1	80.3	78.9	81.0	84.6	83.4	83.2	82.8	81.6	82.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.0	1.1	1.3	1.3	1.9	3.1	3.4	2.9	1.1	1.1	1.1	1.8	2.2
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	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:  
none

## THE BANK LENDING SURVEYS

### NOTES ON THE BANK LENDING SURVEYS

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

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 2017" of the ECB.

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

From this edition onwards, the statistics used for the BLS are the net percentage figures<sup>3</sup> (instead of the diffusion index) which is also used by the BLS of the ECB. The main difference between these two statistics is the weight of outliers in the data-points.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> For Estonia and Ireland Diffusion Index Data is used as they lack of net percentage data.

## RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

## 1. CREDIT STANDARD:

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
AT	0	0	-14	0	0	-29	0	14	0	29	-14	0
BE	0	25	0	25	25	25	-50	0	0	25	0	25
CY	25	50	25	25	0	0	0	0	0	0	0	0
DE	7	0	7	0	3	3	7	0	21	28	10	0
EE	25	-13	-13	13	25	50	13	13	13	0	0	0
EL	0	0	0	0	0	0	50	25	0	0	25	0
ES	0	0	0	0	0	0	-11	0	-11	-11	-11	0
FR	0	0	-14	-14	7	-15	2	-15	0	-15	-24	0
IE	0	0	-10	0	30	-10	20	-10	10	0	-10	0
IT	-50	-25	0	-13	-25	-38	-13	-25	-13	-38	0	0
LT					0	25	50	75	0	0	0	25
LU	-17	17	-17	-33	-17	-17	-17	0	-17	-17	-17	-17
LV	-25	25	0	100	-100	-25	-25	0	0	0	0	-25
MT	0	0	0	0	0	0	0	-11	34	-41	0	0
NL	24	0	0	0	24	0	59	-8	14	0	0	0
PT	0	0	0	0	-20	-20	0	0	0	0	0	0
SI	0	-20	0	0	0	-20	-20	0	20	0	0	-20
SK	18	52	-26	27	78	36	0	0	11	17	-9	0
EA	-4	-4	-2	-4	2	-9	5	-7	4	-2	-4	1
DK	0	-1	1	1	0	-1	33	23	14	14	18	14
UK	-8	29	-8	4	-9	-16	-5	3	5	2	4	-4

The overall credit standards in the Euro area in the first quarter of 2017 showed no great change with respect to the previous quarter. Banks in the five largest economies of the Euro area did not change their credit standards. Belgium and Lithuania tightened their standards while Luxembourg, Latvia and Slovenia loosened their standards. The principal factor for tightening in the aforementioned countries was a lower risk tolerance while the countries witnessing an

easing of standards explained this through lower competition pressure and also lower perception of risk.

Outside the Euro area, Denmark experienced a further significant tightening of credit standards. In the UK, the credit standard slightly eased with respect to the previous quarter.

**TABLE 6B** | FACTORS THAT HAVE AFFECTED SUPPLY IN 2017-Q1 (BACKWARD-LOOKING 3 MONTHS)  
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

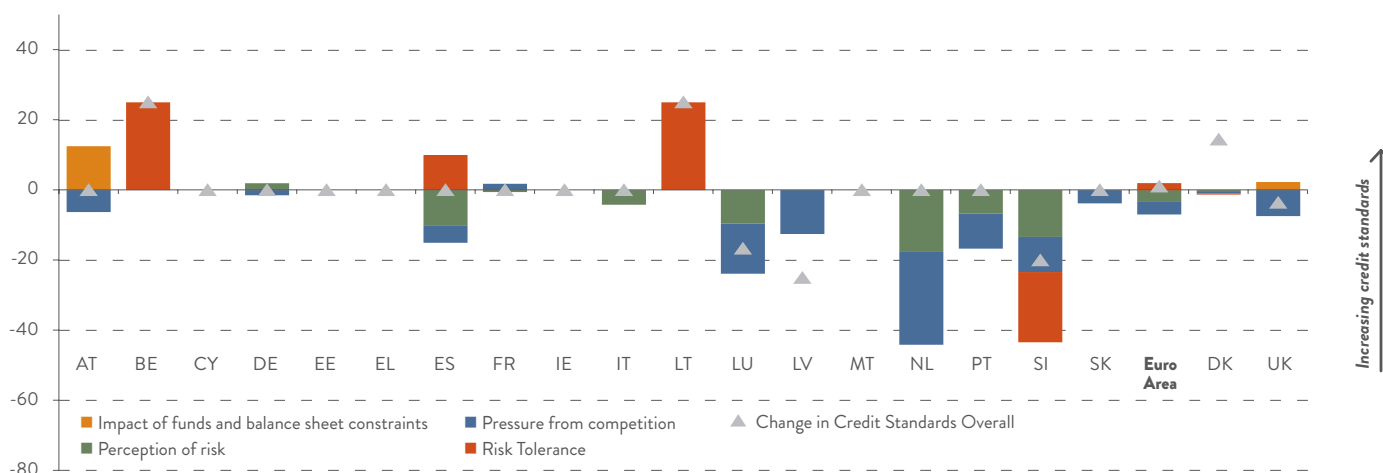
IV 2016	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Credit Standards Overall	0	0	0	0	25	-17	-25	0	0	0	-20	0	1	14	-4
<b>FACTORS AFFECTING CREDIT STANDARDS:</b>															
Impact of funds and balance sheet constraints	25	50	25	25	0	0	0	0	0	0	0	0	50	25	0
Perception of risk	7	0	7	0	3	3	7	0	21	28	10	0	0	7	0
Pressure from competition	25	-13	-13	13	25	50	13	13	13	0	0	0	-13	-13	0
Risk Tolerance	0	0	0	0	0	0	50	25	0	0	25	0	0	0	0

## NOTE:

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

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

CHART 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)

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017
AT	14	43	0	14	14	29	43	0	14	14	0	0
BE	-25	50	75	100	50	25	0	-50	25	50	-25	50
CY	-25	0	0	-25	0	50	0	25	50	25	25	75
DE	24	10	3	21	45	45	41	7	21	7	-10	3
EE	13	0	25	13	0	25	0	-13	13	25	25	25
EL	-25	25	25	25	-25	0	-75	75	50	25	25	25
ES	0	11	0	11	11	0	22	33	-11	-11	-11	0
FR	-1	-17	36	0	-6	53	-9	9	26	40	52	52
IE	40	50	80	50	40	-10	0	0	0	20	10	10
IT	38	63	50	38	63	88	75	63	75	50	63	75
LT					-50	50	100	0	0	75	50	0
LU	0	17	-50	50	-50	0	17	0	17	0	0	17
LV	0	0	0	0	-50	75	50	25	0	75	50	0
MT	45	100	0	45	54	88	-46	-34	53	42	0	0
NL	55	56	78	78	53	100	99	99	91	75	58	78
PT	20	20	0	0	60	80	100	100	0	60	60	60
SI	-60	-20	-40	-40	0	40	20	40	40	60	40	20
SK	-17	49	35	61	61	35	0	25	25	83	-9	34
<b>EA</b>	<b>16</b>	<b>21</b>	<b>26</b>	<b>24</b>	<b>30</b>	<b>49</b>	<b>33</b>	<b>29</b>	<b>32</b>	<b>30</b>	<b>23</b>	<b>36</b>
DK*	23	18	21	15	31	2	-9	1	2	32	-20	2
UK**	27	-27	-46	-41	32	23	8	12	22	-44	6	-15

\* 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"

2017 started as 2016 ended: widespread increase in credit demand throughout the Euro area. Especially in countries such as France, Italy and the Netherlands, banks saw demand growing particularly due to optimistic housing market prospects and favourable interest rates. These dynamics are seen in nearly all other countries as well. In some countries, alternative sources of financing

house purchases and other funding needs have slightly dampened the demand for housing loans from banks.

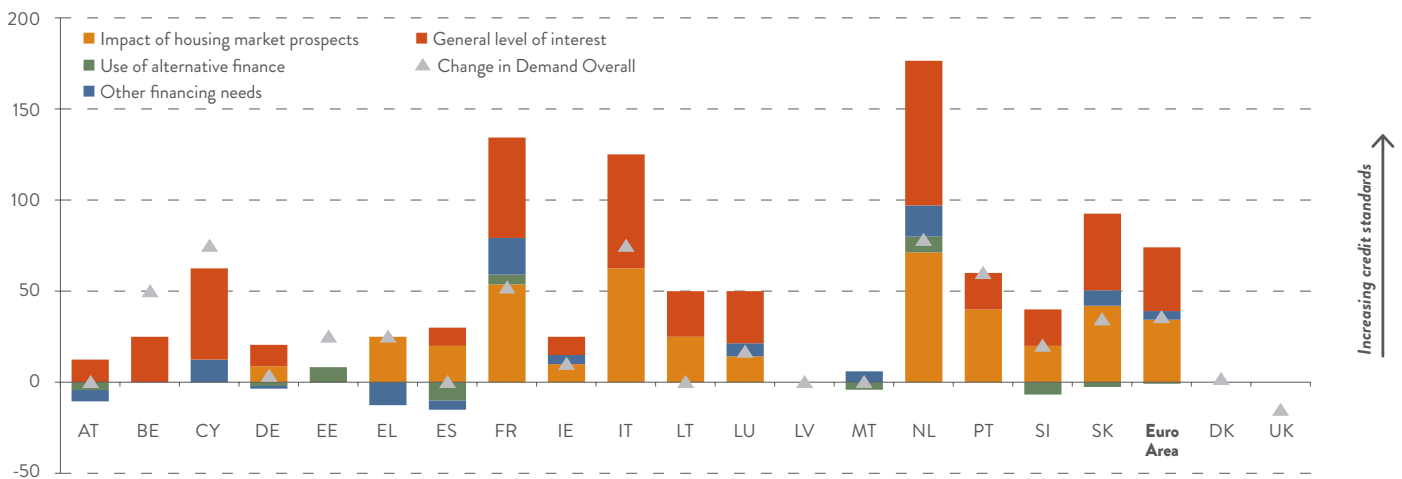
In Denmark, demand did not change over the period covered by the last survey while in the UK demand decreased substantially.

**TABLE 7B** | FACTORS THAT HAVE AFFECTED DEMAND IN 2016-Q4 (BACKWARD-LOOKING 3 MONTHS)  
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

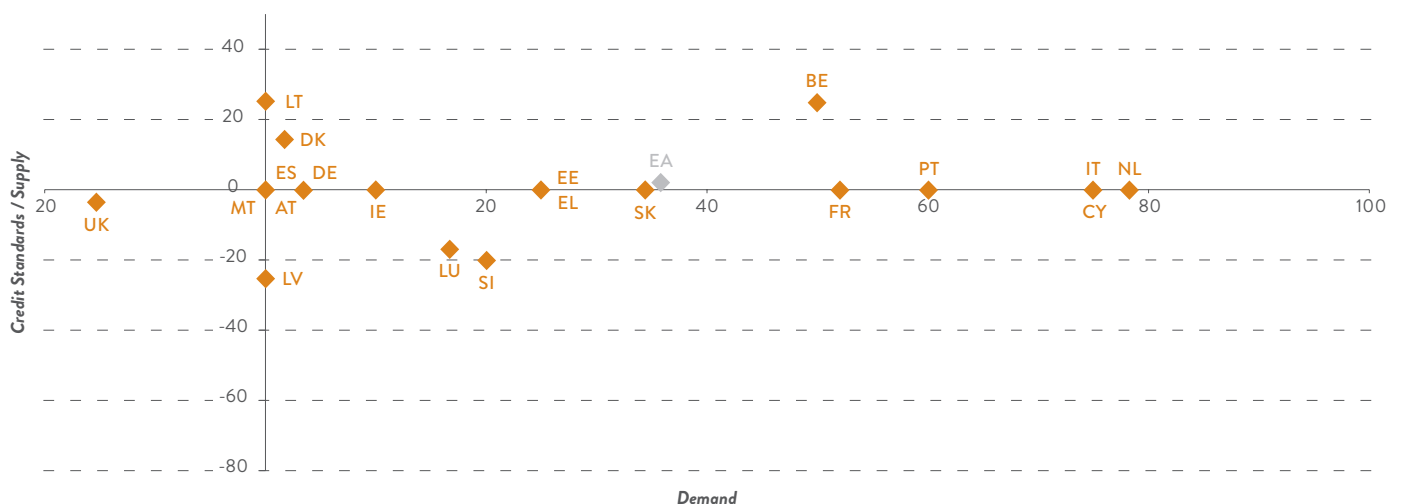
IV 2016	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Demand Overall	0	50	75	3	25	25	0	52	10	75	0	17	0	0	78	60	20	34	<b>36</b>	2	-15
<b>FACTORS AFFECTING CREDIT STANDARDS:</b>																					
Impact of housing market prospects	0	0	0	9	0	25	20	54	10	63	25	14	0	0	71	40	20	42	<b>34</b>	—	—
Other financing need	-6	0	13	-1	0	-13	-5	20	5	0	0	7	0	6	17	0	0	8	<b>5</b>	—	—
Use of alternative finance	-4	0	0	-2	8	0	-10	5	0	0	0	0	0	-4	9	0	-7	-3	<b>0</b>	—	—
General level of interest	13	25	50	12	0	0	10	55	10	63	25	29	0	0	79	20	20	42	<b>35</b>	—	—

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 Q1 2017 the cloud of countries continues to be positioned around a moderately positive demand, with the credit standard figures scattered equally around easing

and tightening, and all depicting marginal changes. The UK is the only country with both a looser credit standard and a decreased demand for housing finance.



Q1|2017

QUARTERLY REVIEW  
OF EUROPEAN  
MORTGAGE MARKETS



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