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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

In Q2 2017 the economic momentum in the European Union continued with positive GDP growth, falling unemployment rates and expanding private consumption. In an environment of improving economic fundamentals, coupled with generally very low interest rates, the overall mortgage market in the EU is expanding. Almost across the board house prices are stable/increasing year-on-year (y-o-y) and, in some jurisdictions, they are increasing by double-digits. In this generally positive market outlook a growing number of countries are considering the introduction of or have already introduced macroprudential recommendations to cool-off the more heated market segments. The widespread imbalance between demand and supply, especially in the high-growth areas of the continent, is likely to persist over the coming quarters, although construction figures are picking up. Of course, national heterogeneities are still present and these have to be analysed more in depth.

MORTGAGE LENDING

In Q2 2017 at an aggregate level the mortgage market in our EU sample¹ continued to increase both with respect to the previous quarter and with respect to the same quarter last year. In particular, gross lending in this quarter increased by 3.1%

quarter-on-quarter (q-o-q) and by 5.5% y-o-y, reaching over EUR 278 bn. Principal factors for the ongoing increase in loans for housing purposes can be explained by overall favourable market conditions, such as a widespread improvement of the economic fundamentals which have a positive impact on consumer confidence, coupled with an expansive monetary policy and increasing house prices.

In order to curb the mortgage market, several countries introduced or were planning to introduce new macroprudential measures. In the **Czech Republic**, due to the rapid increase in mortgage lending, the Czech National Bank (CNB) started to implement several recommendations for lending. These include a loan-to-value (LTV) limit of 90%, which will be decreased to 85% later in 2017. Although the banks are not legally obliged to follow this rule, the CNB can request a higher level of the Mandatory Minimum Reserve, which means higher costs for lending. Another recommendation relates to the proportion of loans with a LTV of 80% - 90%, which should be not more than 15% of the total volume of loans provided by a bank. Notwithstanding these measures, the volume of new mortgages increased by 11.1% in the first half of 2017 with respect to the same period in 2016 and the average mortgage amount increased by nearly 7.5% in the same period.

Moving north, in **Finland** and in **Sweden** the topic of increasing household debt is heatedly debated. In Finland, drawdowns decreased by 7% and gross

¹ In Q2 2017 the sample for the Quarterly Review included BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. (i.e. around 95% of the total outstanding mortgage lending in the EU28 in 2016).



lending decreased by 4.5% y-o-y. A decision was taken on the average risk weight floor of 15% for IRB mortgage banks' portfolios. This decision will take effect on 1 January 2018. In Sweden the Finansinspektionen, the national FSA, has published a draft of sharpened amortisation rules for mortgage borrowers with a loan-to-income (LTI) ratio of over 4.5, which should also enter into force in the beginning of 2018. Gross mortgage lending is still comparably high but continues to drop slowly, growing by 6.9% in Q2 2017 compared to 8.2% in Q2 2016. Besides the improving economic conditions, rapid urbanisation and insufficient supply, difficulties of the renting market also contribute to increasing lending due to a general rent control, which have led to a limited supply of available rental apartments. In **Denmark**, notwithstanding the increased demand for homeownership, gross mortgage lending decreased by more than 6% q-o-q in Q2 2017, reaching roughly the levels of the same period previous year. The lower level of gross lending was mostly due to a fall in loans with floating interest rates.

In the **Netherlands**, a record of more than 58,000 sales was registered by the Dutch Land Registry, a 19% increase with respect to the previous quarter. However, this trend seems to have cooled off in Amsterdam in Q2 2017. Also, first-time-buyers (FTBs) plan their first step on the housing ladder later in time as they need to accumulate more equity, which, in turn, is reflected in the transaction trends by house type. While transactions for cheaper apartments increased by 36% since 2015, transactions for more expensive types of houses, particularly detached ones, increased by 50%. In accordance to this housing development also gross mortgage lending increased by more than 27% y-o-y to EUR 23.7 bn in Q2 2017. The absolute peak is still far ahead as mortgage conditions have become stricter. A more mixed picture is provided by **Belgium** where, on the one hand, the amount and volume of new mortgage loans contracted by 15% and 3.5% y-o-y respectively, while on the other hand, taking into account also remortgaging transactions, the amount contracted by 8.2% and the respective volume increased by 5.5%. Credits for renovation and for 'other purposes', such as garage, notary costs etc., decreased the most, while loans for construction, renovation and purchase increased in Q2 2017. Moving south to **France**, mortgage activity lost momentum after the beginning of the year, which may be explained by the presidential and legislative elections. In **Italy** gross lending in Q2 2017 was roughly at the same level compared to the same period previous year, while the outstanding figures reached EUR 372 bn, a 2.2% increase y-o-y.

On the Iberic peninsula outstanding mortgage loans continue their decreasing path, although at a decelerated rate in the light of new mortgage loans picking up. Moreover, in **Spain** this decrease is due to the deleveraging process which started in 2009. Gross lending increased by 15.8% q-o-q but decreased by 16.5% y-o-y. The contraction with respect to the previous year is mainly explained by the decrease of remortgaging loans, which accounted for more than 28% in Q2 2016, while accounting for less than 5% one year later. In **Portugal** outstanding residential loans decreased by 2.9% y-o-y, an ongoing trend since Q4 2011. Nevertheless, new loans continued to increase, reaching more than EUR 2 bn in Q2 2017. In any case, the pre-crisis levels are still far from being reached. The greater competition among banks and the general increased demand for housing loans may in the future lead to looser credit standards.

In **Poland** the mortgage market kept on growing in Q2 2017 as in the previous quarter. Nearly 50,000 new loans were granted and more than 2 million loans were active in this period. On the other hand, an increasing share of homebuyers funded their property purchases without recurring to a mortgage, reaching peaks

of 65%-70% in the largest Polish cities. These dynamics prove that in a low-yield, low-interest rate environment many Poles see real-estate purchases as a good investment alternative. Besides looking for investment alternatives, people who bought their homes in the property boom of 2005-2008 are now looking for new dwellings to improve their housing conditions, thus increasing the demand in the market. Concerning legal changes, the implementation of the Mortgage Credit Directive of the European Commission has been finalised on 22 July with "The Act on Mortgage Loan and Supervision over Mortgage Brokers and Agents". Also in **Romania** the mortgage market grew steadily in Q2 2017 with more than 60% of new loans y-o-y, which were almost entirely granted in local currency. NPLs decreased in this period by nearly 1 pp reaching 3.8%. The bank-lending survey of the Romanian Central Bank showed a marginal tightening of credit standards and a small increase in credit demand. In **Hungary** the outstanding volume continued to decrease while gross lending followed the upwards path from the previous quarters. In Q2 2017 the volume surpassed the gross lending of the same period in 2016 by 23% and the volume of the previous quarter by 17%. A new definition called "Certified Customer-Friendly Mortgage Loan" was launched during the summer by the Hungarian Central Bank. Banks offering these mortgage loan products must adhere to stricter (more customer-friendly) lending conditions. The National bank expects a further reduction of mortgage rates and growing competition among the lender banks.

In **Ireland** and the **UK**, the number of first-time buyers continues to grow. In Ireland the government's Help-to-Buy scheme, which provides income and deposit interest tax rebates for FTBs of new residential property, was one of the reasons of a boosted mortgage activity, which depicted a more than 28% y-o-y increase in value and more than 17% increase in volumes. Out of the 8,000 mortgage drawdowns, 3,000 were due to FTBs. In the UK over the last 12-months FTBs nearly equalled the number of movers (353,000 vs 358,000). The subdued number of home movers continues to impact the wider housing market, as fewer properties are on the market for sale. The principal reason is the recent weakness in income growth, coupled with uncertainty around future income levels, which will inevitably delay the moving timing. Also buy-to-let purchases remain significantly weaker than a year ago, as a tax change on second properties introduced in March 2016 continues to dampen activity. Nevertheless, gross mortgage lending increased q-o-q thanks to remortgaging activity, as attractive mortgage rates continue to encourage borrowers to refinance.

HOUSE PRICES

Throughout the analysed sample house prices continued their upwards path in Q2 2017, increasing on average by 1.5% q-o-q and by 5.0% y-o-y. However, significant differences remain both among and within countries, which have to be analysed more in depth. At first glance, house prices continue to increase throughout the EU principally due to improved economic fundamentals but also due to lack of available housing and due to an insufficient construction rate, which, however, is showing signs of picking up.

The most impressive growth in our sample has been registered in **Ireland**, where house prices grew by more than 11% y-o-y. In Dublin the acceleration was around 11.1%, while in the rest of the country prices rose slightly faster, around 11.7%. According to the Banking & Payments Federation Ireland the principal reasons for this development are to be found in the lack of available housing, especially when it comes to suitable family accommodation. Building

activity increased in recent years with 27% more housing completions in April and May 2017 y-o-y and 61% more building starts. However, building levels are still well below the annual estimated demand of 25,000 homes. In the **UK** house prices are rising but at a markedly slower pace, which is a result, amongst other factors, of the elevated price of housing compared to income.

Moving north, the second highest house price increase in Q2 2017 was in **Sweden**, where one-family homes increased by 9.4% and apartments by 8.9% y-o-y. Construction tries to keep up with this price evolution and is expected to reach the former record level of 1990, but there is still a lack of housing in many regions in Sweden, especially in the larger cities. According to the National Board of Housing, this imbalance will be present for several years to come. However, the high prices, coupled with the new amortisation rules, which exclude some groups from entering the housing market, are going to have a dampening effect in the coming years. In **Finland**, construction activity continues its expansion and house prices are relatively stable, increasing by 1.2% y-o-y. Higher price increases are seen in the greater area around Helsinki. House prices increased also in **Denmark**, where single-family houses and owner-occupied apartments appreciated by respectively 4.1% and 3.7% q-o-q and by 5.2% and 7.5% y-o-y. The appreciation of house prices last year has been driven by movements in the long-term interest rates, which decreased well under 3%, thus leading to a greater demand of owner-occupied homes.

Also in Central Europe house prices are increasing remarkably due to the demand outstripping supply particularly in large cities and high growth regions. In **Germany** prices for owner-occupied housing recorded an increase of 5.2% y-o-y. Condominiums are in high demand, especially in large cities. For this type of dwelling a 6.4% y-o-y increase was registered in Q2 2017. Owner-occupied houses increased at a slightly slower pace of 4.8% y-o-y. Moving east, in the **Czech Republic** housing prices increased at double-digit levels in 2016 and are following the same path also in 2017. The most expensive areas are besides Prague and Brno also smaller cities such as Hradec Kralove. Prices also increased the most in these areas, around 20% y-o-y, while in other towns the increase was of around 10%. The supply of newly developed flats is decreasing mainly due to legislative bottlenecks and high requirements, which led to a drop of 60% of new flats in Prague in the last two years. The principal reason is the long timespan, which has to be taken into account in the preparation and implementation of new residential projects. This will cause a lack of supply and an ongoing increase of house prices also in the future. Also in **Poland** House Prices increased by nearly 4% y-o-y. The construction sector tries to keep up with the demand by expanding both housing starts and building permits. The former increased q-o-q by 40%, reaching nearly 62,000 units, while the latter increased by 20% to nearly 70,500 units, thus easing price tensions on the market. In **Hungary**, housing construction is increasing impressively especially in Budapest and in the principal cities of the country, with a more than 44% increase of new dwellings built in the first half of 2017 with respect to the same period in 2016. This upwards trend is expected to continue also for the rest of the year, as several new housing projects are expected to be completed. Also building permits saw a similar increase over the same period. House prices increased by 4% q-o-q in Q1 2017, the last available data. The steepest increases were observed in Central Hungary and in the South Great Plain Region, and in the capital city the prices are already 80% higher than in 2014 when they reached a post-crisis low.

In Western Europe house price increases follow similar patterns. In the **Netherlands** house prices increased by 7.7% y-o-y, closing up to the pre-crisis level of 2008. In

the large cities, the current prices are already well above this level due to housing shortages. This picture is expected to remain unchanged also for the next quarters, meaning that the pre-crisis level should be reached by the second half of 2018. In **Belgium**, the prices increased by nearly 5% y-o-y in Q1 2017, the last available figure. Newly-built homes increased by 2.5% q-o-q while existing flats increased by 1.6% q-o-q. All house categories increased, but detached houses and villas increased substantially more than apartments. In **France** in the existing housing market prices increased especially in the tightest markets. Countrywide in Q2 2017 there was a 4.2% y-o-y increase for collective housing and a 2.9% increase for individual housing, while in the new housing market prices increased by 0.7% for collective housing and slightly decreased by 1% for individual housing. On the supply side, the construction industry is expanding. On a rolling 12-month time span 12.5% more existing homes have been sold, 13.8% more permits have been granted and 15.6% more housing starts have been observed.

On the Iberic peninsula the housing market saw a clear increase in prices, though still far from pre-crisis levels. In **Spain** Q2 2017 marked a 1.6% y-o-y increase and a 5.1% increase with respect to the lowest price level reached in Q3 2014. Madrid and Barcelona experienced the steepest increases. Similarly, in **Portugal** house prices marked a healthy increase in Q2 2017 registering a +3.2% q-o-q and a +8.0% y-o-y rise, thus totalling nine consecutive positive quarters - a first since the beginning of this series. This development has improved the confidence of banks to provide more new loans at lower spreads. Here too positive house price developments will continue in the future due to lack of available houses, both to sell and to rent.

In **Italy** house prices remained stable compared to the previous quarter, while they decreased by 0.1% y-o-y. New dwellings decreased by 0.4% y-o-y while they remained stable for existing dwellings over the same period. In **Romania** house prices increased by 2.2% y-o-y.

MORTGAGE INTEREST RATES

In aggregate terms interest rates are practically unchanged in the analysed sample. The unweighted average of the sample is 2.42%, 1.9 bps less than in Q1 2017. In six countries, the weighted average of the applied interest rates increased while in the remaining ten it either decreased or remained unchanged.

In the countries of Western Europe interest rates increased slightly. In the **Netherlands** rates went up from 2.39% to 2.42%, though the rates in contracts with longer fixed rates went up more slowly than those of shorter fixed rates. In Q2 2017 a countertendency with respect to the previous quarter towards shorter initial fixed rates is perceptible for the first time since Q3 2013 and this evolution is expected to hold steady in the next quarters. In **Belgium**, the weighted average increased by 4 bps to 2.13 and in Q2 2017 the market share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years was equal to c. 90% of all new loans provided. Overdue contracts continued to decrease in this period. In **France** the weighted average of interest rates increased by 10 bps to 1.56% in Q2 2017. Nevertheless, this figure, taking into account inflation, amounted to an actual rate of 0.87% in June.

In Central Europe in most countries the picture shows increasing or stable figures. In **Germany** and the **Czech Republic** the weighted averages of the interest rates increased respectively by 3 bps to 1.83% and by 5 bps to 2.22%. In the latter, this trend is expected to increase mainly due to legislative changes and

recommendations with regards to maximum LTVs for new loans and consumer loans. In **Poland**, on the other hand, interest rates remained stable at around 4.4%, the highest value in our sample. In **Hungary**, the typical mortgage is variable and linked to the 3-month BUBOR rate. It is currently around 3.4%, following a decreasing path since Q1 2012.

In the north of the continent interest rates decreased overall. In **Denmark**, the representative interest rate on new loans with a fixed period of one year fell by 0.02 bps to 1.09%. Short and medium-term fixed interest rates fell and maintained low levels in Q2 2017. In **Finland**, the interest rates reached a new record low of 1.07% due to harsh competition among lenders and the low Euribor values. This interest rate level is also the lowest throughout the analysed sample. In **Sweden** as well the representative interest rate decreased, by 0.01 pps to 1.74%. Longer initial fixed rates of more than five years have been relatively stable at around 2.5% in the last two years and fell to a record low of 1.9% in Q2 2017. Variable mortgage rates decreased slightly to 1.5%.

In Southern Europe interest rates showed an overall decrease. In **Portugal**, the representative interest rate decreased to 1.61% in Q2 2017 from 1.70% in the previous quarter. The decrease is mainly due to low Euribor values. These low interest rates induced more households to switch to more fixed-interest

rate contracts to avoid interest rate rises. In **Spain**, the representative interest rate also decreased, by 5 bps, to 1.92%. However, there are different dynamics according to the length of the initial fixed period. The variable and the shorter fixed-term interest rate agreements saw a q-o-q decrease while the longer initial fixed interest rate periods saw a slight increase. In **Italy**, the representative interest rate decreased slightly, by 1bps, to 2.10%. Here too the rates of the variable interest rate agreements decreased, while the rates of fixed-rate contracts increased slightly. In **Romania** the representative rate decreased by 37 bps to 3.34%.

In the **UK and Ireland**, interest rates showed a mixed picture. In the UK, the representative interest rate decreased by 4 bps to 2.05% in Q2 2017, and average mortgage rates on lower LTVs remain close to historic lows at two, three and five-year lengths. On the other hand, in Ireland the representative interest rate increased slightly, by 3 bps, to 2.42%. In Q2 2017, almost 47% of the value of new mortgage loan agreements, including renegotiations, was at fixed rates, namely with a fixed period of more than one year, the highest share of loan agreements since the beginning of the series in 2013. Mortgage rates on outstanding loans are also heavily influenced by the ECB base rate, as about 48% of mortgages outstanding were on tracker rates, which averaged 1.04% for private dwelling home mortgages and 1.09% for buy-to-let mortgages.



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

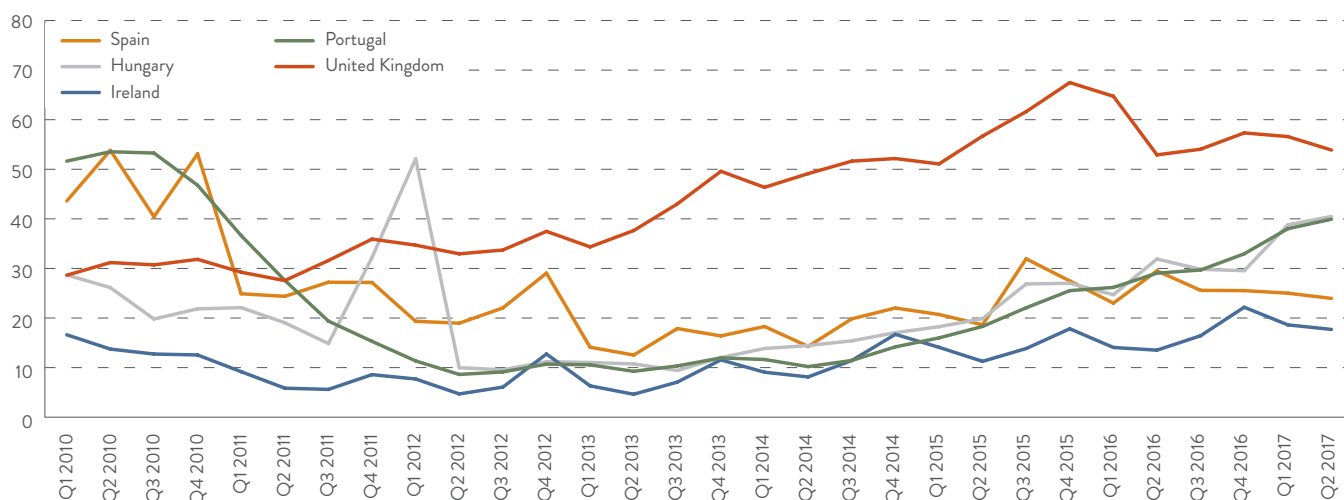


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

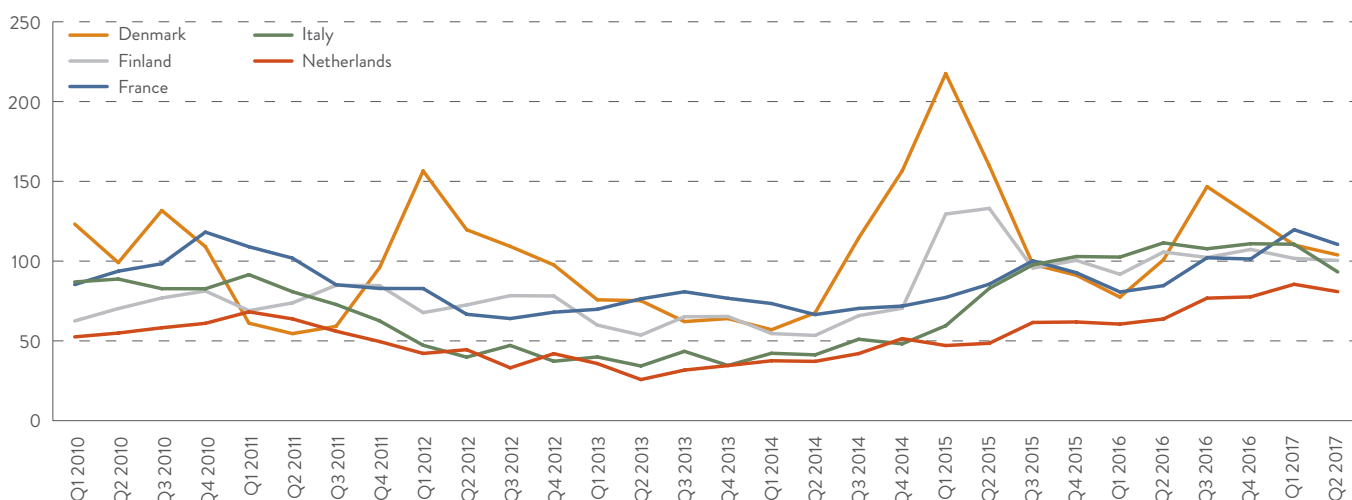


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

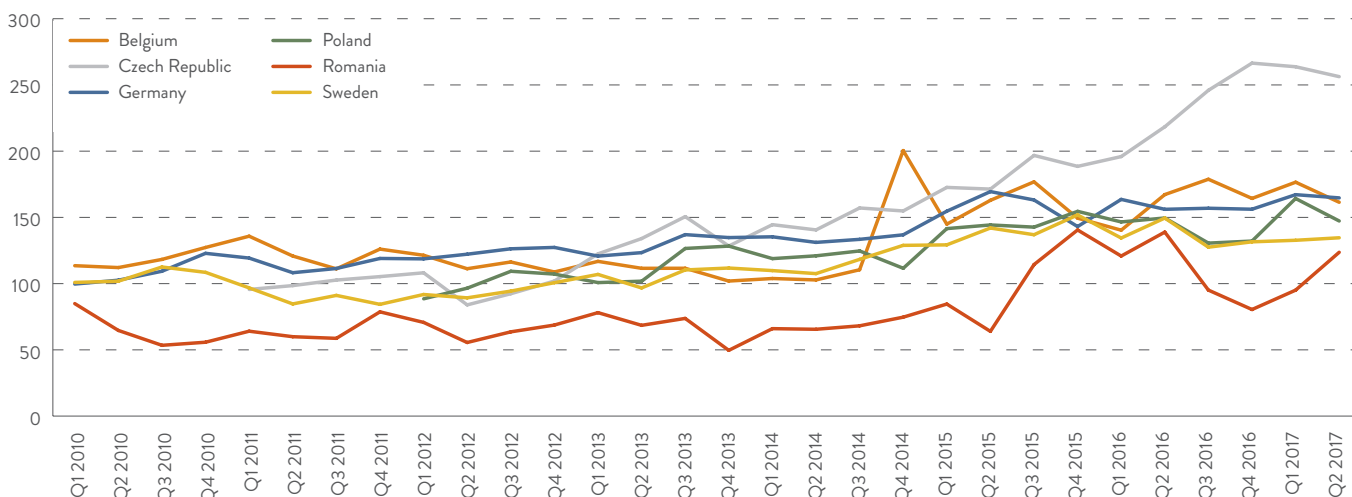


CHART 2A | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED AT MOST 2% Y-O-Y (BASE YEAR 2007)

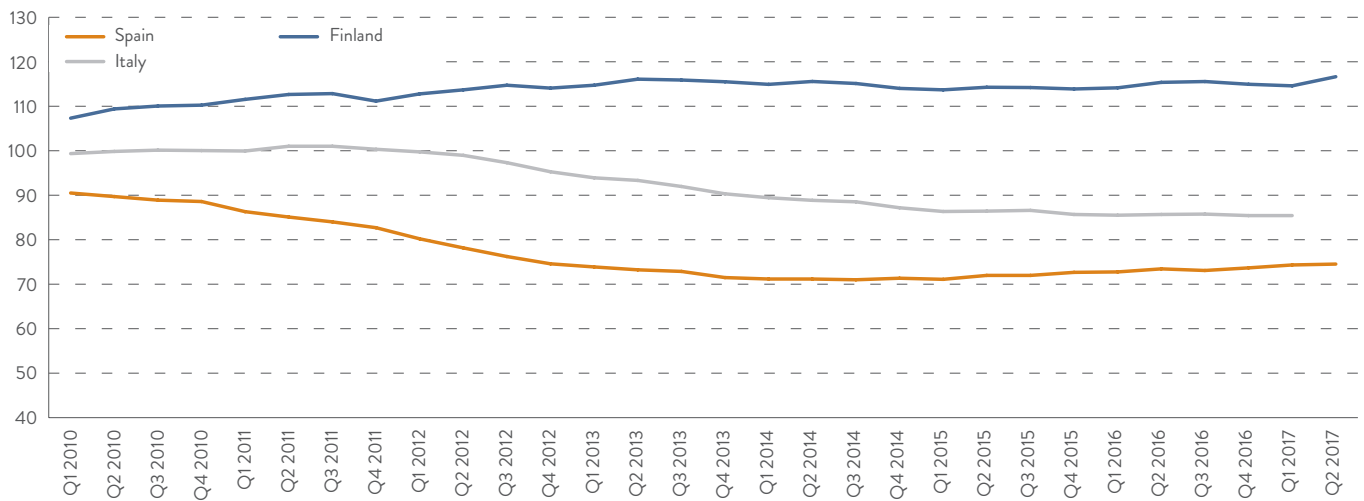


CHART 2B | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BETWEEN 2% AND 5% Y-O-Y (BASE YEAR 2007)

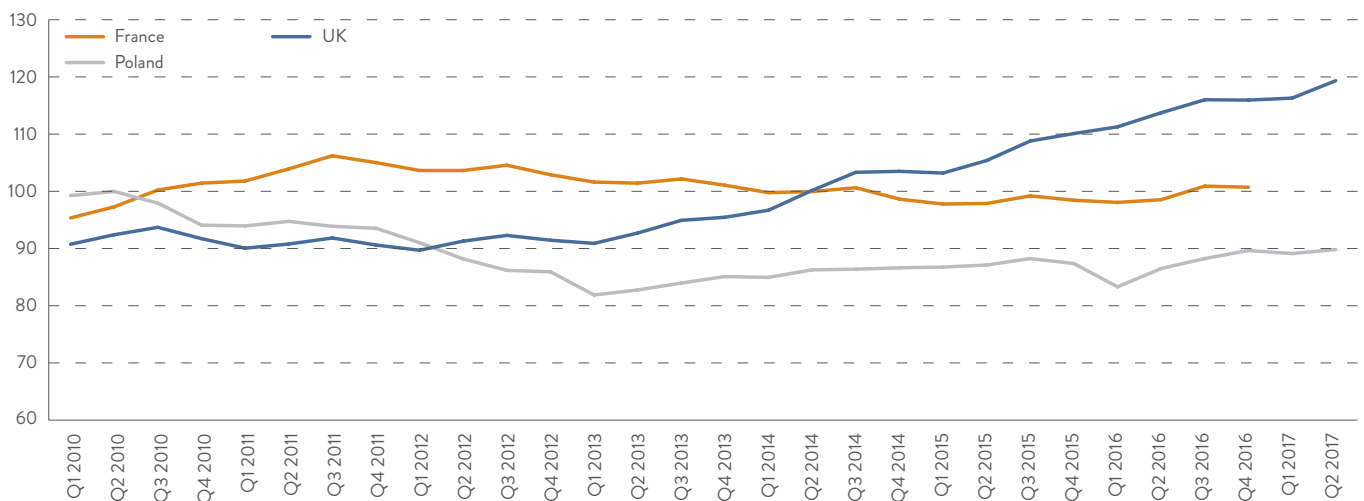


CHART 2C | COUNTRIES WHERE HOUSE PRICES HAVE RISEN BY AT LEAST 5% Y-O-Y (BASE YEAR 2007)

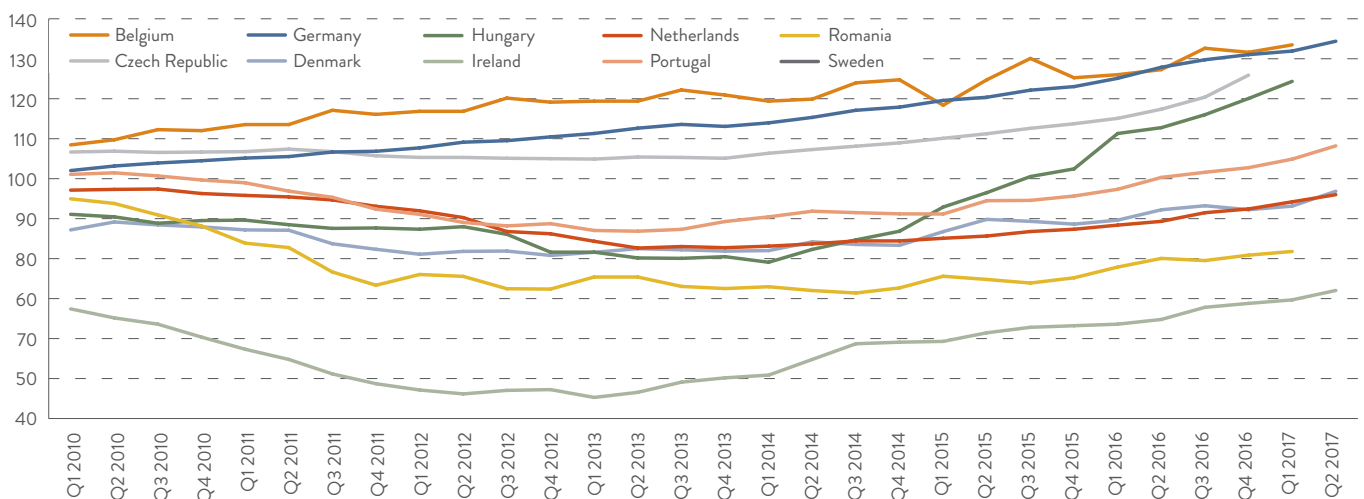
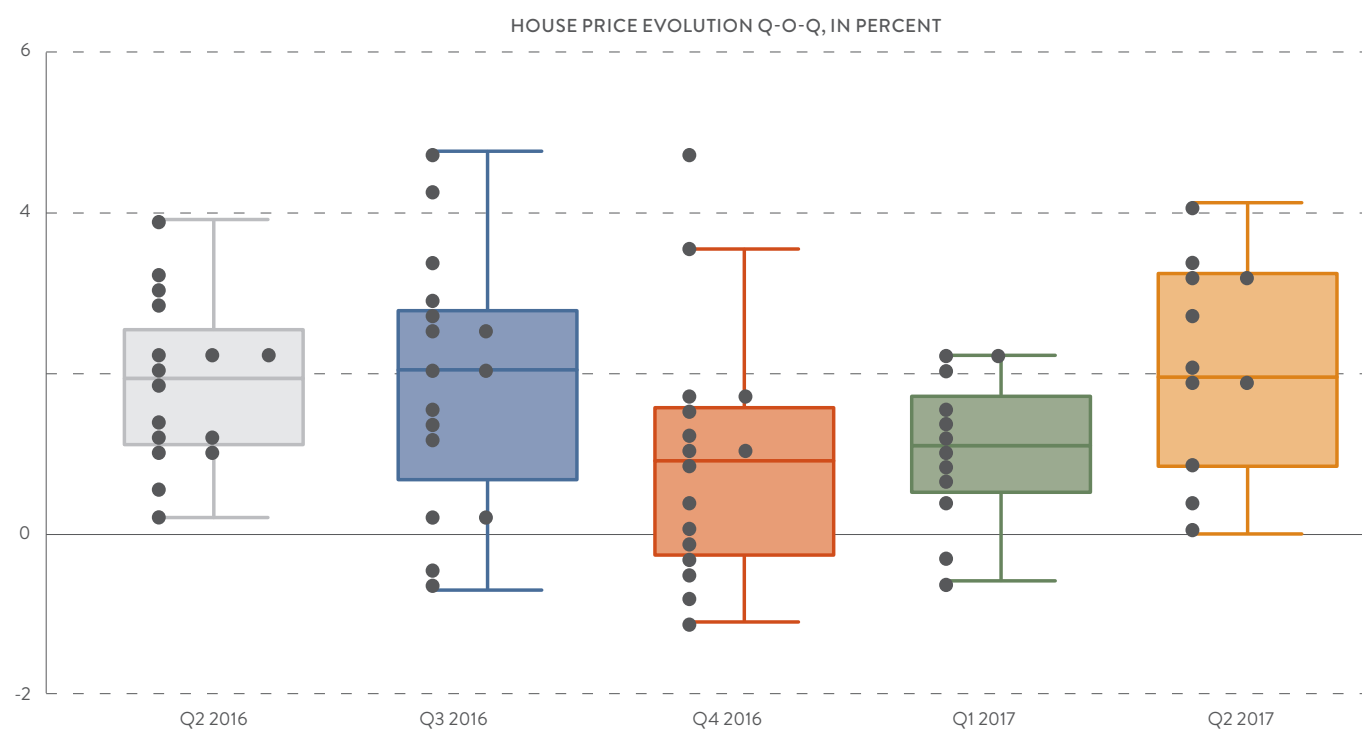


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER

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 Q4 2016.

The data set shows the q-o-q growth figures of the country sample until Q2 2017 the data points are 11 instead of 16 as in 5 countries the latest House Price Index available was that of Q1 2017.


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

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	LATEST Y-O-Y CHANGE (%), Q2 17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 17, LOCAL CURRENCY
BE	207,590	209,664	211,822	213,805	217,126	219,126	225,306	6.4	4.5	6.4	5.6
CZ	32,085	32,347	33,038	34,007	34,940	35,629	37,999	15.0	10.1	11.1	10.1
DE	1,279,456	1,285,032	1,297,871	1,314,315	1,326,901	1,333,562	1,348,088	3.9	3.8	3.9	3.8
DK*	235,365	236,897	239,464	241,145	241,819	242,332	243,362	1.6	2.3	1.6	2.1
ES	562,828	557,044	554,096	549,855	544,499	539,903	n/a	n/a	-3.1	n/a	-3.1
FI	91,955	92,162	93,087	93,647	94,056	94,279	94,985	2.0	2.3	2.0	2.3
FR	866,401	871,009	880,280	884,304	899,358	913,132	927,481	5.4	4.8	5.4	4.8
HU	14,771	14,676	14,394	14,593	14,024	13,925	13,688	-4.9	-5.1	-7.3	-7.1
IE	110,666	109,522	108,899	108,104	106,810	105,912	104,978	-3.6	-3.3	-3.6	-3.3
IT	362,332	362,184	364,287	365,774	368,169	371,090	372,381	2.2	2.5	2.2	2.5
NL	655,613	657,581	661,343	664,832	664,014	665,490	665,490	0.6	1.2	0.6	1.2
PL**	88,390	88,759	87,488	89,665	89,592	92,536	92,817	6.1	4.3	1.1	3.5
PT	98,516	97,820	97,229	96,593	95,377	94,944	94,563	-2.7	-2.9	-2.9	-2.9
RO	11,501	11,806	12,296	12,709	12,893	13,093	13,522	10.0	10.9	10.7	12.9
SE	374,754	379,052	379,606	377,176	386,504	393,047	396,671	4.5	3.7	6.9	3.7
UK	1,755,387	1,643,470	1,580,258	1,529,311	1,544,729	1,556,836	1,528,009	-3.3	-5.3	0.9	2.3

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:

- France
- Poland

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	LATEST Y-O-Y CHANGE (%). Q2 17. EUR VALUES	PREVIOUS Y-O-Y CHANGE (%). Q1 17. EUR VALUES	LATEST Y-O-Y CHANGE (%). Q2 17. LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%). Q1 17. LOCAL CURRENCY
BE	9.390	10.152	9.272	7.081	9.640	10.265	10.131	9.169	9.305	-3.5	29.5	-3.5	29.5
CZ*	2.232	2.257	2.331	2.118	2.794	2.844	3.262	2.928	3.246	16.2	38.2	12.2	38.1
DE	56.200	55.500	48.600	51.300	51.700	53.400	53.000	52.500	54.600	5.6	2.3	5.6	1.0
DK	13.766	8.754	9.152	6.415	8.482	13.125	12.509	9.344	8.754	3.2	45.7	3.2	45.4
ES	8.372	9.986	10.024	8.171	12.356	7.656	9.309	8.909	10.319	-16.5	9.0	-16.5	9.0
FI	10.705	6.646	6.604	6.573	8.693	7.136	7.109	7.305	8.304	-4.5	11.1	-4.5	11.1
FR	35.875	45.527	40.702	30.908	35.483	46.359	44.419	47.822	46.687	31.6	54.7	31.6	54.7
HU	297	436	388	306	472	479	425	511	597	26.5	67.1	23.2	59.0
IE	1.091	1.335	1.438	999	1.286	1.558	1.813	1.393	1.647	28.1	39.4	28.1	39.4
IT**	16.937	17.224	21.190	19.074	22.486	19.180	22.748	20.643	18.941	-15.8	8.2	-15.8	3.2
NL	14.200	17.896	19.433	15.889	18.671	22.368	24.049	23.212	23.695	26.9	46.1	26.9	46.1
PL	2538.7	2436.2	2635.4	2288.1	2628.6	2230.0	2252.2	2589.6	n/a	n/a	13.2	n/a	12.3
PT	950	1.098	1.250	1.218	1.481	1.474	1.617	1.803	2.018	36.3	48.0	36.3	48.0
RO	377	689	835	589	805	579	492	442	718	-10.8	-24.9	-10.3	-23.6
SE	16.737	14.070	17.560	13.532	17.575	13.023	15.298	13.341	15.915	-9.4	-1.4	-7.4	1.9
UK	74.039	83.653	84.891	79.543	69.141	73.849	71.771	69.033	70.402	1.8	-13.2	8.3	-6.2

* Data break on Q1 2013 due to change in sources

** Latest data is an estimation

Source: European Mortgage Federation

The series has been revised for at least two figures in:
none


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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
BE	1,461	4,361	1,928	2,559	2,996	2,780	2,074	2,158	1,983	3,320	2,000	6,180
CZ	469	275	564	1,017	807	965	263	691	969	932	689	2,370
DE	10,309	11,077	4,481	12,047	13,670	11,848	5,576	12,839	16,444	12,586	6,661	14,526
DK*	654	62	-844	-2,470	495	45	1,532	2,567	1,682	674	513	1,029
ES	-10,551	-6,600	-6,045	-4,871	-6,688	-6,177	-5,784	-2,948	-4,241	-5,355	-4,596	n/a
FI	398	373	157	798	645	592	207	925	560	409	223	706
FR	6,005	5,120	8,820	3,838	11,703	8,920	4,608	9,271	4,024	15,054	13,774	14,349
HU	-382	-247	-589	-1,046	-192	-548	-95	-282	199	-569	-99	-237
IE	-1,964	-1,224	-1,391	-1,274	-1,307	-1,097	-1,144	-623	-795	-1,294	-898	-934
IT	-135	-132	-488	1,962	417	1,304	-149	2,103	1,487	2,396	2,921	1,291
NL	-840	723	-78	709	3,312	1,739	1,968	3,762	3,489	-818	1,476	0
PL	826	-915	7,270	-301	-1,784	581	369	-1,271	2,177	-73	2,945	281
PT	-965	-1,202	-925	-758	-399	-1,871	-696	-591	-636	-1,216	-433	-381
RO	98	302	342	311	338	415	305	491	413	184	200	429
SE	5,502	-3,389	9,444	10,354	-1,052	16,855	4,298	554	-2,430	9,328	6,543	3,623
UK	56,534	-184	120,999	48,567	-52,371	25,737	-111,916	-63,213	-50,946	15,418	12,107	-28,827

* 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

	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	II 2017
BE	119.2	119.8	123.9	124.7	118.2	124.7	130.1	125.2	126.0	127.3	132.7	131.7	133.6	n/a
CZ	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	n/a
DE	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	134.5
DK	81.8	84.1	83.4	83.2	86.7	89.9	89.3	88.6	89.7	92.3	93.4	92.3	93.3	97.1
ES	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	74.4
FI	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	116.8
FR	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	n/a
HU	78.9	82.1	84.5	86.7	92.8	96.4	100.5	102.4	111.3	112.8	116.1	120.2	124.5	n/a
IE	50.8	54.8	58.8	59.2	59.4	61.6	63.0	63.4	63.8	65.0	68.1	69.1	70.0	72.4
IT*	89.3	88.7	88.4	87.0	86.1	86.2	86.4	85.4	85.3	85.4	85.5	85.2	85.1	85.3
NL	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	96.2
PL	84.9	86.2	86.3	86.6	86.7	87.1	88.2	87.3	83.2	86.4	88.2	89.6	89.1	89.8
PT	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	108.4
RO**	72.8	71.8	71.2	72.5	75.5	74.7	73.7	75.1	77.8	80.0	79.5	80.9	81.8	n/a
SE	119.9	122.8	126.6	128.1	130.8	135.7	140.5	144.1	144.5	147.7	152.5	153.1	156.5	161.6
UK	96.6	100.1	103.3	103.4	103.1	105.4	108.8	110.1	111.3	113.8	116.1	116.0	116.4	119.4

* 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:

- Denmark
- Ireland
- Poland
- Romania
- United Kingdom



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

	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	II 2017
BE	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	2.13
CZ*	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	2.22
DE	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	1.83
DK**	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09
ES	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	1.92
FI	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	1.07
FR***	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	1.56
HU	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	3.44
IE	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	3.21
IT	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	2.10
NL	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	2.42
PL	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	4.40
PT	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	1.61
RO****	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	3.34
SE	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	1.74
UK	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	2.05

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

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

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

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

Source: European Mortgage Federation

NOTE:

Data refers to quarter averages.

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

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

- Denmark
- Ireland

TABLE 5B | MORTGAGE INTEREST RATES

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
BE	3.01	2.63	2.74	2.73	2.67	2.48	2.16	2.37	2.47	2.48	2.46	2.23
CZ	3.02	2.37	2.81	2.65	2.76	2.59	2.61	2.32	2.55	2.04	2.40	2.51
DE	2.45	2.29	2.23	2.14	2.20	2.17	2.26	2.12	2.07	1.95	2.10	2.10
DK*	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09
ES	2.71	2.51	2.24	2.01	2.04	1.85	1.72	1.66	1.66	1.62	1.57	1.51
FR	1.89	1.63	1.44	1.42	1.68	1.76	1.43	n/a	n/a	1.12	n/a	n/a
HU	6.36	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.44
IE	3.22	3.54	3.34	3.22	3.13	3.39	3.23	3.12	2.99	3.18	3.09	3.15
IT	2.70	2.56	2.35	2.20	2.09	1.97	1.92	1.80	1.74	1.70	1.72	1.66
NL	2.80	2.68	2.66	2.53	2.45	2.38	2.30	2.20	2.08	1.97	1.96	1.99
RO**	4.98	4.54	3.92	3.91	3.83	3.71	3.40	3.25	3.51	3.42	3.62	3.29
PT	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77	1.70	1.61
SE	2.01	1.78	1.64	1.55	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52
UK***	2.46	2.27	2.05	2.02	2.04	2.04	2.13	2.05	1.93	1.87	1.92	1.90

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
BE	2.52	2.21	2.38	2.33	2.40	2.21	2.05	2.01	2.08	2.09	2.13	2.06
CZ	2.95	2.75	2.57	2.37	2.35	2.32	2.26	2.25	2.13	2.06	2.16	2.12
DE	2.12	1.94	1.90	1.83	1.94	1.94	1.85	1.83	1.77	1.65	1.67	1.73
DK*	1.50	1.36	1.21	1.33	1.39	1.33	1.27	1.24	1.15	1.26	1.24	1.22
ES	3.09	2.84	2.68	2.44	2.23	2.17	2.06	2.02	1.99	1.95	1.85	1.71
HU	7.25	7.18	6.97	6.91	6.79	6.60	6.68	6.32	6.11	5.80	5.79	5.28
IE	4.44	4.26	4.03	3.90	3.74	3.73	3.68	3.58	3.51	3.35	3.31	3.27
NL	3.10	2.98	2.91	2.74	2.69	2.64	2.55	2.39	2.16	2.12	2.17	2.20
RO**	5.56	5.59	5.53	5.34	4.24	4.03	4.46	4.95	4.91	4.93	4.96	5.01
SE	2.32	2.04	1.81	1.76	1.67	1.73	1.71	1.72	1.72	1.56	1.61	1.65
UK	3.31	3.21	2.89	2.71	2.64	2.59	2.53	2.45	2.35	2.20	2.09	2.05

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
BE	2.82	2.70	2.54	2.36	2.40	2.35	2.15	1.90	1.97	1.86	1.92	2.08
CZ	2.96	2.69	2.55	2.36	2.36	2.29	2.19	2.10	1.95	1.86	1.98	2.19
DE	2.37	2.13	1.88	1.68	1.90	1.89	1.77	1.63	1.52	1.46	1.63	1.68
DK*	2.12	1.82	1.47	1.83	2.30	2.30	1.84	1.76	1.35	1.57	1.63	1.53
ES	7.01	7.11	6.04	5.36	3.43	5.01	5.23	3.87	4.52	3.99	4.15	4.13
HU	6.69	6.61	6.49	6.47	6.37	6.22	6.22	6.69	6.89	6.88	7.04	6.51
NL	3.60	3.39	3.22	2.94	2.90	2.83	2.78	2.67	2.54	2.34	2.31	2.36
RO**	5.65	5.80	5.94	5.70	5.61	5.40	5.62	5.64	5.66	5.56	5.62	5.57
SE	3.39	2.71	2.37	2.62	2.60	2.75	2.54	2.52	2.24	2.39	2.58	1.94
UK	3.92	3.88	3.50	3.12	3.10	3.15	3.34	3.22	3.08	2.63	2.59	2.69



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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
BE	3.04	2.80	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.09	2.13
CZ	3.93	3.62	3.53	3.73	3.30	3.21	3.22	2.86	2.43	2.39	2.44	2.67
DE	2.50	2.27	1.89	1.89	2.12	2.08	1.95	1.86	1.70	1.69	1.88	1.90
DK*	3.56	3.30	2.93	3.14	3.86	3.78	3.67	3.23	2.90	2.89	2.96	2.80
ES	4.85	4.41	3.29	2.80	2.41	2.68	2.66	2.36	2.37	2.19	2.32	2.42
HU	6.53	6.75	6.75	6.70	6.30	6.66	5.75	6.46	5.93	5.98	5.71	5.88
IT****	3.95	3.58	3.29	3.14	3.02	2.82	2.63	2.48	2.16	2.17	2.25	2.30
NL	4.00	3.89	3.78	3.35	3.25	3.28	3.19	3.07	3.03	2.90	2.84	2.90
RO**	6.91	8.21	7.54	5.93	5.86	5.65	4.91	5.96	5.94	5.70	5.86	5.86
UK	4.14	4.15	4.10	4.11	4.25	4.06	3.98	4.95	n	n	n	n

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

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

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

**** IT: This interest rate takes into account 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
- Portugal

Source: European Mortgage Federation

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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	26.2	25.7	25.9	24.3	24.1	24.0	22.2	20.9	21.6	20.9	20.1
Short-term fixed (1Y-5Y initial rate fixation)	51.4	52.0	53.6	57.3	57.0	58.8	59.8	59.9	57.8	57.5	57.5
Medium-Term fixed (5Y-10Y initial rate fixation)	10.5	10.6	10.0	8.8	9.4	11.9	13.0	14.4	15.8	17.0	17.9
Long-Term fixed (over 10Y initial rate fixation)	11.9	11.7	10.5	9.6	9.5	5.2	5.1	4.9	4.8	4.6	4.5
DENMARK											
Variable rate (up to 1Y initial rate fixation)	45.7	43.3	41.6	40.4	39.2	37.9	38.3	37.4	37.8	38.6	38.8
Short-term fixed (1Y-5Y initial rate fixation)	23.7	25.0	25.8	26.5	27.1	27.7	27.1	27.3	26.4	25.0	24.6
Medium-Term fixed (5Y-10Y initial rate fixation)	30.6	31.7	32.6	33.1	33.7	34.4	34.7	35.4	35.8	36.4	36.6
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	94.5	93.9	93.6	92.6	92.0	91.8	91.5	90.3	89.6	88.9	88.0
Short-term fixed (1Y-5Y initial rate fixation)	4.0	4.5	4.6	5.6	6.1	6.2	6.5	7.8	8.5	9.2	10.1
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	1.6	1.8	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.9
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	60.7	62.7	64.5	65.7	66.2	67.1	68.3	69.1	69.1	68.1	67.9
Short-term fixed (1Y-5Y initial rate fixation)	36.3	34.4	32.7	31.7	31.3	30.5	29.4	28.7	28.9	30.0	30.3
Medium-Term fixed (5Y-10Y initial rate fixation)	3.0	2.9	2.8	2.6	2.5	2.4	2.3	2.2	2.1	1.9	1.7
Long-Term fixed (over 10Y initial rate fixation)											

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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	58.0	56.3	54.6	52.5	50.9	49.9	48.2	47.0	45.8	44.2	42.4
Short-term fixed (1Y-5Y initial rate fixation)	40.4	42.1	43.8	45.8	47.4	48.4	50.2	51.5	52.7	54.3	56.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.4
Long-Term fixed (over 10Y initial rate fixation)	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1

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

BREAKDOWN BY LOAN ORIGINAL MATURITY	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
ITALY											
Maturity less than 5 years	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Maturity over 5 years	99.6	99.5	99.5	99.5	99.4	99.4	99.4	99.4	99.3	99.3	99.3

NOTES:

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

n – no lending outstanding in this maturity bracket

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

- Czech Republic
- Sweden

Source: European Mortgage Federation

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	5.1	2.6	1.6	0.9	0.5	0.4	0.7	1.6	1.3	0.5	0.3	0.5	1.2
Short-term fixed (1Y-5Y initial rate fixation)	10.4	7.6	6.8	5.6	2.7	2.8	3.9	4.7	2.6	2.1	1.8	2.2	2.5
Medium-Term fixed (5Y-10Y initial rate fixation)	16.5	16.4	15.7	13.9	11.7	12.0	18.3	17.5	14.3	13.9	15.6	16.3	17.2
Long-Term fixed (over 10Y initial rate fixation)	68.1	73.4	75.9	79.6	85.1	84.8	77.2	76.2	81.8	83.6	82.3	81.1	79.1
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	28.0	34.3	52.4	38.3	31.4	25.2	27.5	27.6	23.6	17.1	33.4	19.1	16.7
Short-term fixed (1Y-5Y initial rate fixation)	61.3	55.0	37.6	49.0	50.6	57.3	56.1	54.2	52.7	53.0	37.2	50.9	56.6
Medium-Term fixed (5Y-10Y initial rate fixation)	8.6	9.1	8.3	10.2	15.6	15.2	13.6	15.6	20.7	26.8	26.2	26.9	23.7
Long-Term fixed (over 10Y initial rate fixation)	2.1	1.7	1.8	2.4	2.3	2.3	2.8	2.6	3.1	3.1	3.2	3.1	3.0
DENMARK													
Variable rate (up to 1Y initial rate fixation)	20.6	17.3	19.5	8.0	6.8	16.6	25.1	22.4	19.2	11.3	18.4	17.8	17.4
Short-term fixed (1Y-5Y initial rate fixation)	25.3	18.5	27.3	20.1	19.9	33.4	42.6	45.4	39.4	28.1	28.8	35.2	33.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	1.5	1.8	2.8	1.6	1.2	1.0	4.3	1.4	1.8	1.3	1.5	1.0
Long-Term fixed (over 10Y initial rate fixation)	52.3	62.8	51.5	69.1	71.8	48.9	31.3	27.8	40.0	58.8	51.5	45.4	48.7
GERMANY													
Variable rate (up to 1Y initial rate fixation)	15.8	14.9	14.6	13.1	12.1	11.8	12.9	12.8	12.1	11.4	11.8	10.9	11.3
Short-term fixed (1Y-5Y initial rate fixation)	13.4	12.3	11.6	10.1	9.2	9.8	10.5	10.6	9.5	9.0	8.4	8.8	8.5
Medium-Term fixed (5Y-10Y initial rate fixation)	39.8	40.0	39.7	36.4	37.1	38.8	37.9	36.7	35.1	35.7	35.9	36.1	35.2
Long-Term fixed (over 10Y initial rate fixation)	30.9	32.7	34.1	40.4	41.6	39.6	38.7	40.0	43.3	44.0	43.9	44.2	45.0



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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	48.5	48.7	45.8	41.6	45.3	48.8	44.1	42.4	43.6	40.8	40.6	43.5	41.7
Short-term fixed (1Y-5Y initial rate fixation)	34.8	34.5	33.6	32.4	32.7	29.6	32.5	31.4	31.1	30.0	31.2	27.2	31.2
Medium-Term fixed (5Y-10Y initial rate fixation)	15.3	15.1	15.1	18.7	16.8	16.3	16.2	18.6	20.1	23.2	21.9	22.5	20.6
Long-Term fixed (over 10Y initial rate fixation)	1.4	1.8	5.5	7.3	5.1	5.3	7.2	7.6	5.2	6.0	6.3	6.8	6.4
IRELAND													
Variable rate (up to 1Y initial rate fixation)	90.4	89.3	81.9	67.8	67.7	60.8	69.7	67.1	65.0	70.0	62.5	59.8	53.4
Short-term fixed (1Y-5Y initial rate fixation)	9.6	10.7	18.1	32.2	32.3	39.2	30.3	32.9	35.0	30.0	37.5	40.2	46.6
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
ITALY													
Variable rate (up to 1Y initial rate fixation)	79.6	78.2	73.4	68.2	46.4	38.4	38.4	40.8	41.7	36.3	31.2	29.0	31.3
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	20.4	21.8	26.6	31.8	53.6	61.6	61.6	59.2	58.3	63.7	68.8	71.0	68.7
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	19.1	19.3	17.8	18.8	16.5	10.5	12.1	14.2	14.9	13.4	11.9	10.7	13.9
Short-term fixed (1Y-5Y initial rate fixation)	36.9	35.7	29.3	25.7	19.4	13.6	14.3	13.1	12.5	12.5	9.8	8.3	10.1
Medium-Term fixed (5Y-10Y initial rate fixation)	39.0	38.5	43.5	46.4	49.0	55.2	56.2	54.7	53.4	51.4	54.8	56.6	53.1
Long-Term fixed (over 10Y initial rate fixation)	5.0	6.6	9.4	9.1	15.2	20.6	17.5	18.0	19.1	22.7	23.5	24.4	22.9

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
POLAND													
Variable rate (up to 1Y initial rate fixation)	100	100	100	100	100	100	100	100	100	100	100	100	100
Short-term fixed (1Y-5Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Medium-Term fixed (5Y-10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n	n	n
PORTUGAL													
Variable rate (up to 1Y initial rate fixation)	92.2	93.2	92.3	94.4	93.5	90.3	90.2	79.7	62.5	62.6	61.0	63.3	58.9
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	7.8	6.8	7.7	5.6	6.5	9.7	9.8	20.3	37.5	37.4	39.0	36.7	41.1
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	87.5	86.8	87.7	94.0	95.6	68.2	76.9	90.6	95.1	94.9	93.9	93.6	97.5
Short-term fixed (1Y-5Y initial rate fixation)	11.6	12.9	11.9	5.0	3.2	30.5	21.4	7.8	4.0	4.0	5.0	4.8	1.7
Medium-Term fixed (5Y-10Y initial rate fixation)	0.3	0.2	0.4	0.9	0.7	0.7	0.8	0.4	0.6	0.6	0.9	1.1	0.5
Long-Term fixed (over 10Y initial rate fixation)	0.6	0.1	0.0	0.1	0.5	0.5	0.8	1.1	0.3	0.4	0.2	0.5	0.3
SPAIN													
Variable rate (up to 1Y initial rate fixation)	66.1	61.6	60.1	65.4	62.2	61.8	62.6	57.8	41.6	46.8	42.2	41.7	42.0
Short-term fixed (1Y-5Y initial rate fixation)	31.2	35.7	37.6	30.4	30.8	26.3	28.0	28.6	20.5	25.1	23.4	24.8	26.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	1.9	1.5	2.0	2.2	4.1	2.5	2.9	3.8	3.5	4.0	4.7	4.4
Long-Term fixed (over 10Y initial rate fixation)	0.8	0.8	0.8	2.2	4.7	7.9	6.9	10.7	34.2	24.6	30.5	28.9	27.4

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

	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	79.0	76.1	72.6	75.3	72.3	72.8	72.3	74.3	76.2	76.3	77.1	72.7	72.9
Short-term fixed (1Y-5Y initial rate fixation)	17.2	18.5	19.6	15.9	18.1	19.3	20.1	19.1	17.6	16.6	15.8	19.6	19.8
Medium-Term fixed (5Y-10Y initial rate fixation)	3.7	5.5	7.8	8.8	9.6	7.9	7.6	6.6	6.1	7.1	7.2	7.7	7.3
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	12.6	13.1	13.4	17.7	17.9	15.6	12.4	15.5	15.7	16.1	16.6	15.8	11.6
Short-term fixed (1Y-5Y initial rate fixation)	86.1	85.4	85.1	80.3	78.9	81.0	84.6	83.4	83.2	82.8	81.6	82.0	86.72
Medium-Term fixed (5Y-10Y initial rate fixation)	1.1	1.3	1.3	1.9	3.1	3.4	2.9	1.1	1.1	1.1	1.8	2.2	1.68
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.2	0.2	0.1	0.1	0.1	n	n	n	n	n	n

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

Source: European Mortgage Federation

NOTE:

n – no lending made in this maturity bracket

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^{1,2}.

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

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

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

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

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. CREDIT STANDARD:

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
AT	-14	0	0	-29	0	14	0	29	-14	0	0	14
BE	0	25	25	25	-50	0	0	25	0	25	0	25
CY	25	25	0	0	0	0	0	0	0	0	0	0
DE	7	0	3	3	7	0	21	28	10	0	-14	0
EE	-13	13	25	50	13	13	13	0	0	0	0	0
EL	0	0	0	0	50	25	0	0	25	0	0	25
ES	0	0	0	0	-11	0	-11	-11	-11	0	0	0
FR	-14	-14	7	-15	2	-15	0	-15	-24	0	0	0
IE	-10	0	30	-10	20	-10	10	0	-10	0	0	0
IT	0	-12	-25	-37	-12	-25	-12	-37	0	0	-14	-20
LT	—	—	0	25	50	75	0	0	0	25	0	25
LU	-17	-33	-17	-17	-17	0	-17	-17	-17	-17	0	-33
LV	0	100	-100	-25	-25	0	0	0	0	-25	-25	0
MT	0	0	0	0	0	-11	34	-41	0	0	0	0
NL	0	0	24	0	59	-8	14	0	0	0	-2	-30
PT	0	0	-20	-20	0	0	0	0	0	0	0	0
SI	0	0	0	-20	-20	0	20	0	0	-20	40	0
SK	-26	27	78	36	0	0	11	17	-9	0	93	65
EA	-2	-4	2	-9	5	-7	4	-2	-4	1	-5	-4
DK	0	1	1	0	0	33	23	14	14	18	14	-32
UK	28	-8	4	-9	-15	-5	3	5	2	4	-4	-10

In the second quarter of 2017, the overall credit standards continued to ease in the euro area by 4% after 5% in the previous quarter. Banks in the five largest economies of the euro area showed no changes for Germany, France and Spain, while credit standards eased in Italy and the Netherlands. On the other hand, Slovakia, together with Austria, Belgium, Greece and Lithuania tightened their credit standards. The principal factor for easing the standards was a higher risk

tolerance coupled with competition pressure, while the countries witnessing a tightening of standards explained this through a higher perception of risk.

Outside the Euro area, Denmark experienced a significant easing of credit standards. In the UK, the credit standards continued to ease 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)

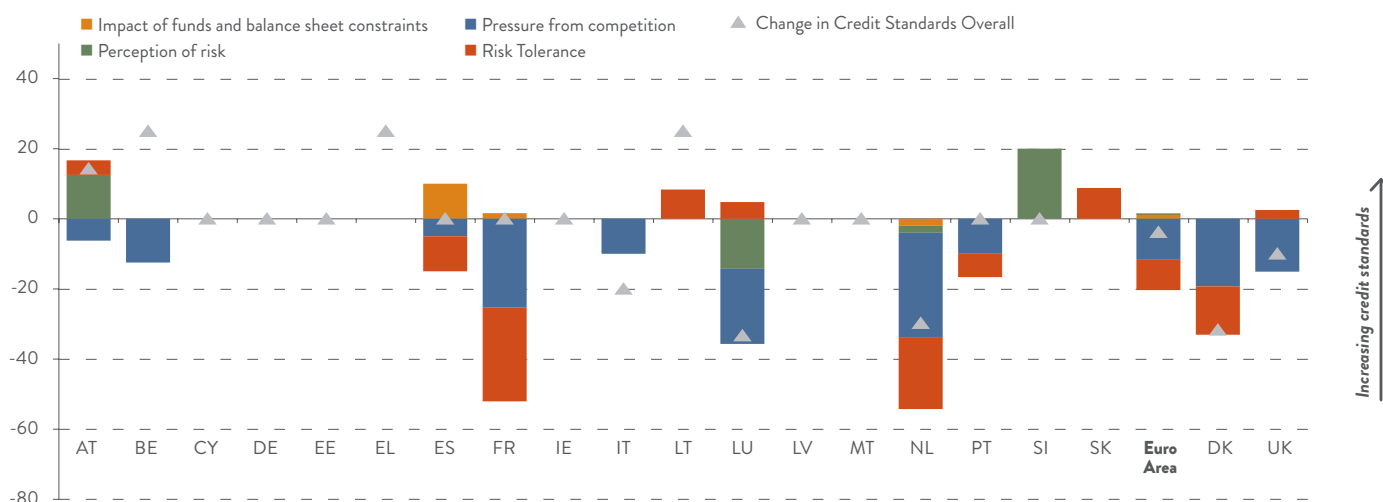
IV 2016	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Credit Standards Overall	14	25	0	0	0	25	0	0	0	-20	25	-33	0	0	-30	0	0	65	-4	-32	-10
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of funds and balance sheet constraints	0	0	0	0	0	0	10	2	0	0	0	0	0	0	-2	0	0	0	1	—	0
Perception of risk	13	0	0	0	0	0	0	0	0	0	0	-14	0	0	-2	0	20	0	0	0	—
Pressure from competition	-6	-13	0	0	0	0	-5	-25	0	-10	0	-21	0	0	-30	-10	0	0	-12	-19	-15
Risk Tolerance	4	0	0	0	0	0	-10	-27	0	0	8	5	0	0	-21	-7	0	9	-9	-14	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 4 | CREDIT STANDARDS OVERVIEW AND FACTORS



2. CREDIT DEMAND:

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017
AT	0	14	14	29	43	0	14	14	0	0	29	29
BE	75	100	50	25	0	-50	25	50	-25	50	-50	0
CY	0	-25	0	50	0	25	50	25	25	75	25	25
DE	3	21	45	45	41	7	21	7	-10	3	4	-7
EE	25	13	0	25	0	-13	13	25	25	25	0	38
EL	25	25	-25	0	-75	75	50	25	25	25	11	0
ES	0	11	11	0	22	33	-11	-11	-11	0	68	11
FR	36	0	-6	53	-9	9	26	40	52	52	-25	29
IE	80	50	40	-10	0	0	0	20	10	10	30	20
IT	50	38	63	88	75	63	75	50	63	75	29	10
LT	—	—	-50	50	100	0	0	75	50	0	25	0
LU	-50	50	-50	0	17	0	17	0	0	17	-17	33
LV	0	0	-50	75	50	25	0	75	50	0	0	25
MT	0	45	54	88	-46	-34	53	42	0	0	-45	14
NL	78	78	53	100	99	99	91	75	58	78	-10	72
PT	0	0	60	80	100	100	0	60	60	60	80	60
SI	-40	-40	0	40	20	40	40	60	40	20	20	40
SK	35	61	61	35	0	25	25	83	-9	34	50	12
EA	26	24	30	49	33	29	32	30	23	36	24	19
DK*	18	21	15	31	2	-9	1	2	32	-20	2	-11
UK**	-27	-46	-41	32	23	8	12	22	-44	6	-15	2

* 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"

Spring 2017 continues to show an increase in credit demand, although this tendency is widely decelerating. The aggregate figures of the euro area increased at the lowest level since Q2 2014. In the large euro area countries, net demand for loans for house purchase increased except for Germany. Principal factors behind this development were 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 decreased over the period covered by the last survey, while in the UK demand remained virtually unchanged.

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	29	0	25	-7	38	0	11	29	20	10	0	33	25	14	72	60	40	12	19	-11	2
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of housing market prospects	13	0	25	6	25	0	30	0	10	20	25	14	25	14	73	20	40	0	17	—	—
Other financing needs	0	-13	0	2	0	0	0	-3	10	0	13	7	0	0	29	0	0	0	2	—	—
Consumer confidence	25	0	25	3	25	0	30	2	10	0	25	14	25	14	30	60	20	7	12	—	—
Use of alternative finance	4	0	0	-6	0	0	-10	0	-3	0	0	0	0	-4	0	0	-13	-2	-3	—	—
General level of interest	0	0	25	15	25	0	20	40	10	20	0	29	0	14	73	60	20	83	27	—	—

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

CHART 5 | DEMAND OVERVIEW AND FACTORS

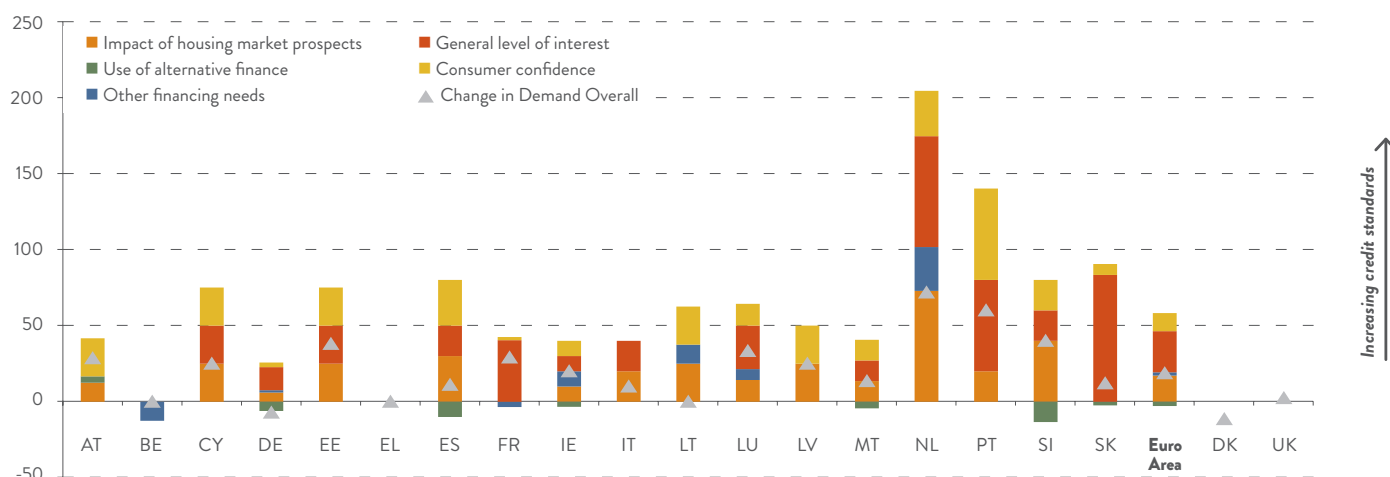
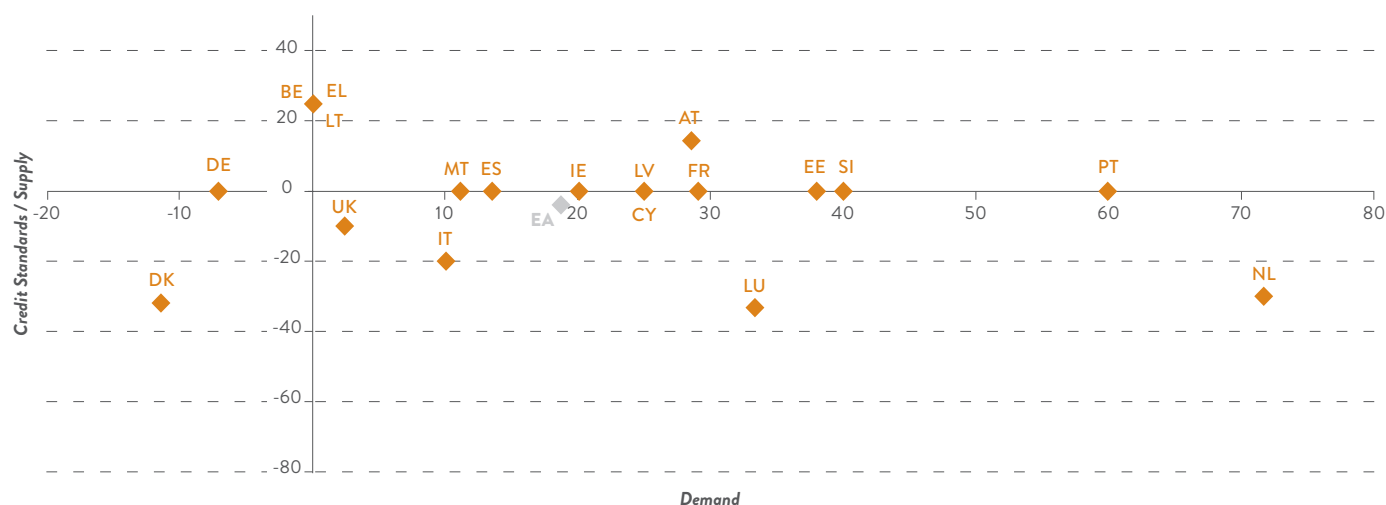


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q2 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. Denmark is the only country with both looser credit standards and a decreased demand for housing finance.



Q2|2017

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



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