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Q3 | 2017

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

In Q3 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, notwithstanding the overall challenging geopolitical international and domestic tensions. 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, while in others there are clear signs of a shift towards a deceleration in house prices. 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, either by introducing more stringent LTV caps or by imposing amortisation schemes for certain types of mortgage contracts. 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 must be analysed more in depth.

To provide to the reader with a clearer overview, from the current Quarterly Review onwards the “*Mortgage Market*” section has been divided in two sub-sections: “*Market Development*” looks at the mortgage market evolution in the various

countries whereas the “*Regulation & Government Intervention*” sub-section looks at interventions which were announced or occurred in the analysed quarter from public bodies to influence the mortgage and housing markets.

MORTGAGE MARKET

MARKET DEVELOPMENTS

In our EU sample¹ the outstanding market continued to increase both with respect to the previous quarter (quarter-on-quarter, q-o-q) and with respect to the same quarter last year (y-o-y), by respectively 0.8% and 2.3%. Regarding new lending, the figures remained virtually unchanged at around EUR 278 mn. with respect to the previous quarter and to the same quarter of the previous year. In general, this positive evolution can be explained by the above-mentioned factors which encourage borrowers to climb up or to take the first step onto the housing ladder. The national particularities are described in more detail in this section following the geographic macro-areas of the continent.

In Central and Eastern Europe, the picture shows a generally positive economic evolution, however this is not translated everywhere into an increasing mortgage market. In the **Czech Republic**, the outstanding mortgage market reached a new all-time high increasing by over 14% y-o-y. On the contrary, in Q3 gross lending

¹ In Q3 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).



showed a decrease of 8% with the lowest level since the beginning of 2016. In **Hungary**, the summer and autumn of 2017 marked a turning-point with increasing outstanding mortgage figures for the first time since 2011. Gross mortgages also continued to grow by 30% y-o-y and by 5% q-o-q. Among the new mortgage loans disbursed there has been a doubling of the share of loans for construction and for purchase of new dwellings from 2015 to Q3 2017, now standing at 17% of the overall market. Parallel to the increase in mortgages the housing market also showed a positive development, with 32% more housing permits issued in Q3 2017 than in the same period last year. Similarly in the first nine months of 2017 the construction sector completed around 8,000 new dwellings, marking a 50% increase with respect to the same period in 2016 and this trend is expected to continue. In **Poland**, mortgage activity slightly decreased in terms of numbers of mortgages by around 8% q-o-q, but the amount of an average loan slightly increased over the same period, with the most popular loan ranging from around PLN 300,000-400,000 (EUR 70,000 – 93,000). It should be noted that especially in the largest Polish cities over 60% of homebuyers rely only marginally or not at all on mortgages. In **Romania**, outstanding and gross mortgage figures continue to grow and the share of NPLs decreased by 27 bps to 3.5%. Almost all mortgages have been granted in Romanian Leu. In **Germany**, the mortgage market continued a positive trend with increasing gross and outstanding figures.

In the north, the general trend shows a positive evolution in the housing and mortgage market, but the steep increases of the previous quarters continue to decelerate and to cool off. In **Sweden**, net mortgage lending seemed to have floored at around 7% in Q3 2017, from double-digit figures seen in the last year. Construction figures also continue their growth and are about to reach the record levels of 1990. There is still a lack of housing, especially in the larger cities, however this trend is clearly shifting as newly constructed houses are too expensive for a significant share of the population. This is clear from the increasing time-horizon these newly built dwellings remain unsold on the market. In **Ireland** too the mortgage and housing market is growing. Housing completions increased by nearly 30% and housing starts increased by 35% in the first nine months of 2017 with respect to the same period in 2016. It is expected that around 18,000 dwellings will be started in 2017, but this is still less than half of the 40,000 new dwellings needed to meet the current demand. Non-household buyers are growing more important, accounting for the purchase of 25% of new and 13% of existing dwellings in the twelve months up to September 2017. Mortgage figures follow a similar path with a 30% year-on-year increase in the value of drawdowns in the first nine months of the year. In **Finland**, mortgages are in high demand with a nearly 8% increase of gross lending y-o-y and outstanding loan increase of 2.2% y-o-y. The generally low interest rate environment also leads to an increased amortisation of outstanding loans. In the **UK**, the mixed economic performance nationally is reflected in the housing and mortgage market with some components holding up better than others. Total property transactions have averaged just over 100,000 per month over the course of 2017, helped by a recovery in house purchase approval numbers. The mix of activity has shifted though, away from cash and buy-to-let, towards first-time buyers. Re-mortgaging continues to recover taking advantage of the low interest rates, which are expected to continue as mortgage holders are willing to lock-in to the still favourable mortgage deals. Similarly, in **Denmark** outstanding and gross residential mortgage increased over the last quarter, however the gross figure slightly decreased over the year while the outstanding figure increased by 1.7%.

In Western Europe, the mortgage market also increased, especially after some more cautious quarters earlier in 2017. In **France**, after the uncertain

electoral period, the mortgage and housing market resumed its growing path. In the twelve months before September 2017, 950,000 existing dwellings have been sold, which is a greater than 3.1% increase with respect to the rolling 12 months aggregate at the end of June 2017. The average maturity of home loans tends to stabilise at around 18 years. In **Belgium**, the mortgage market figures of Q3 2017 significantly consolidated with respect to Q3 2016, but still grew with respect to Q3 2015. This can be explained by the record-levels in mortgage credit reached in autumn 2016. Overdue contracts continued their downward path in Q3 2017 standing at around 1.03%. In the **Netherlands**, gross lending continued to increase reaching its all-time high since the crisis. Likewise, in **Italy** in the first nine months of 2017 the residential market has shown a positive performance with a 2.1% y-o-y increase in the outstanding figures. According to Bank of Italy demand seems to have stabilised and short-term perspectives have also been improved.

On the Iberic peninsula mortgage markets continue their positive trend in gross lending while outstanding figures contracted. In **Portugal**, transactions increased in line with the previous quarters. Outstanding mortgage loans continue to decrease following the downwards path which started at the end of 2011, while gross lending increased to its highest level since 2011, although still far below before the crisis. In **Spain** as well the deleveraging process is still ongoing despite the increase in new loans, which grew by nearly 20% y-o-y.

REGULATION & GOVERNMENT INTERVENTION

As a new section in the Quarterly Review, here the reader will find more detailed information regarding the actions of the relevant public authorities to cool-down markets or to support some specific market categories. Recognising the wealth of ongoing measures, this section focuses exclusively on actions which have either been **announced or introduced in Q3 2017** to provide a sense of the **current action** in this regard.

The public authorities in Central and Eastern Europe have been relatively active in the reference quarter. In the **Czech Republic**, considering the first signals of heating in the economy, the Czech National Bank (CNB) became the first European central bank to increase its reference interest rates since the crisis, raising them by 25 bps in August 2017 and by another 25 bps in November 2017. Moreover, regarding the LTV, since 2016 the CNB has issued several recommendations and has currently set the LTV limit at 90% in order to counteract rising house prices and potential signs of a bubble in the real estate market. At the beginning of 2017, the CNB introduced a legislative proposal which should make this recommendation legally binding, but the political elections have postponed the parliamentary passage of the law. For the time being, the second reading is scheduled for January 2018. In July 2017, the CNB has increased the rate of the countercyclical capital buffers from 0.5% to 1.0% and in December it announced that the rate will be increased further in the future. In **Hungary**, during the summer banks started to offer so-called “Certified Customer Friendly Mortgage Loans” with which consumers could borrow with shorter administrative deadlines and lower costs. The National Bank of Hungary (NBH) was also discussing two new instruments which will be introduced starting from 2018, namely a mortgage bond purchase programme and the conclusion of long-term interest rate swap transactions with partner commercial banks for five and 10 year maturities at regular tenders. With these new monetary instruments, the NBH expects to curb the mortgage market and to incentivise the proportion of fixed-rate loans. Moreover, it hopes that the risk of changes

in the yield curve might be better managed with these new instruments. In **Poland**, on the 22 July 2017, the Mortgage Credit Directive was implemented and, in August, the President signed the Act on the National Property Resource, which will collect and manage State Treasury real estate, allocating it for the construction of cheap apartments for rent.

In the north of the continent, some countries have introduced new measures. In **Sweden**, Finansinspektionen (the Swedish FSA) published in June 2017 a regulation which suggests stricter amortisation requirements on housing loans for households with a high Loan-to-Income (LTI) ratios. These requirements state that new borrowers who have a loan that exceeds 4.5 times their gross income must amortise an extra 1% to prior amortisation requirements. These requirements have been approved and will enter into force on 1 March 2018. The current amortisation requirements state that new loans issued from 2016 with more than 50% LTV should amortise and for mortgages with an LTV exceeding 70%, the amortisation has to amount to at least 2% of the original amount every year, while for mortgages with an LTV between 50% and 70% the amount is 1%. In the **UK**, the Bank of England's Financial Policy Committee (FPC) said in its Financial Stability Report that its macro-prudential recommendations are likely to remain in place for the foreseeable future and clarified its affordability tests. It now expects lenders to stress affordability at three percentage points higher than the reversion rate specified in the mortgage contract at origination. Moreover, in August 2017 the FPC voted unanimously to close the drawdown period for the Term Funding Scheme on 28 February 2018 as originally planned. This scheme aimed to support new lending and offset some of the financial pressures that lenders were facing because of low interest rates. In addition, starting from 30 September 2017 landlords with four or more buy-to-let properties, so-called "portfolio landlords", will be subject to a more specialist underwriting approach when applying for a new buy-to-let mortgages, which includes scrutiny of the landlord's experience in the buy-to-let market, the cashflow associated with all their existing properties and inspection of their business plan.

In Western Europe, **France** announced a new "housing strategy" for 2018, including stimulus measures to release lands and to encourage home construction, but also significant cuts to some incentives such as zero rate loans and housing grants. In **Spain**, the central bank has approved new accounting rules for the financial entities (IFRS 9) whose implementation requires credit institutions to make provisions based on Expected Credit Losses, instead of the former Incurred Credit Losses, thus raising the credit coverage level.

In the other countries of our sample not specifically mentioned in this section, no new measures have been introduced or announced in Q3 2017. This was either because the legislator did not deem it necessary or because, as in the **Netherlands**, the parties were still negotiating a coalition agreement, which in the case of the Netherlands was reached in October.

HOUSE PRICES

In various countries, the latest data available on house prices show a generally ongoing increasing trend due to the well-known supply and demand imbalances, but in some cases the dynamics shifts to a slower or stagnating pace. This is also reflected in our sample in which the unweighted average of the house price indices slowed to a 0.6% q-o-q increase in Q3 2017 from an over 2% q-o-q increase in Q2 2017.

In Central and Eastern Europe, house prices show an overall increase. In the **Czech Republic**, the strong increase at a double-digit pace with respect to Q3 2016 for all kinds of houses/flats was actually one of the reasons for the CNB to consider a further rise in the Countercyclical Capital Buffer rate (see above). Prices in cities like Prague reached such levels that even above average income households struggle to find affordable places to live. Newly built houses are decreasing and legislative requirements create bottlenecks to an already tight real estate market. The fact that nearly a third of purchased flats are actually for investment and not for living in further pushed prices up and there are considerations taking place nationally as to the potential existence of a bubble. Similarly, in **Hungary** house prices continue their upward trend with 2.9% growth q-o-q and, especially in Budapest, houses cost 80% more than in mid-2017 (the latest available data) than three years ago when the lowest level was reached. In the rest of the country, the dynamics showed less stark developments. In **Poland**, transaction prices for both new and existing dwellings increased in Q3 2017 with on average more marked increases in the former. New dwellings saw the steepest q-o-q cost increase in Gdynia (6.5%) and in Szczecin (3.8%), while existing dwellings' prices increased most in Szczecin (4.5%) and in Krakow (3%). In Warsaw, prices increased at a slower pace at less than 2% q-o-q for both markets. In **Romania**, house prices showed a steep increase of 7.2% y-o-y in Q2 2017, the last available data-point. In **Germany**, owner-occupied dwellings increased by 6.1% y-o-y, which exceeds by far the growth in consumer prices. Although purchase prices are in some cases very high, many market participants still consider home ownership to be a sound investment. Broken down by property type, prices for condominiums are 7.4% higher than in the third quarter a year ago, while those for owner-occupied houses are 5.6% more expensive.

Moving north it seems that the major push for house price increase has lost most of its steam. In countries like **Sweden**, prices in the analysed quarter increased y-o-y by 8.1% for one-family homes and by 7.2% for apartments, showing an ongoing decelerating trend with respect to the previous quarters. In the subsequent quarter, major shifts are expected as the data for October already shows that overall house price growth halved and, in Stockholm, prices actually fell by 2.5% y-o-y. In **Finland**, house prices remain stable on average with increases in Helsinki due to urbanisation and immigration trends. In **Denmark**, over Q3 2017 the price dynamics of both single homes and owner-occupied apartments were respectively stable or slightly increasing. Figures over the year show a nearly 10% increase of owner-occupied apartments while single family houses appreciated by 3.4% over the same period. The principal factor driving prices is the movement of long-term interest rates, which considering also tax deductions, have reached a historic low. In the **UK**, undersupply of new and existing dwellings and high transaction costs and weak house price inflation are set to continue. As a result, though house prices slowed down during 2017, it is unlikely to fall into negative territory as demand remains strong. In **Ireland**, house prices continue to increase in double-digits in the rolling year to September 2017 with a 12.2% increase year-on-year. However, according to the Central Statistics Office, the national property price index is still 23.7% lower than its highest level in 2007, notwithstanding the almost 70% increase since the trough in early 2013.

In Western Europe, house prices reflect the recovery of the general economic factors. In the **Netherlands**, in Q3 2017 house price dynamics marked a new record with 7.5% y-o-y increase and in the analysed quarter an all-time high of 61,000 houses have been sold. In **Belgium**, house prices increased at a national



level by around 1% in the first nine months of 2017, with regional differences. In Wallonia and Flanders, the increase was of 2.9% and 1.4% respectively, while in Brussels house prices decreased by 6.3%. Concerning apartments, at a national level, prices increased by around 1.5% and the regional breakdown was 1.4% for Flanders, 4.6% for Wallonia and 1.3% for Brussels. It also has to be highlighted that the price levels differ substantially across regions. For example, if on average an apartment in Brussels costs around EUR 235,000, in Wallonia it is a little over EUR 171,000. Likewise, in **France**, house prices are increasing. Existing dwellings had a 5.1% increase y-o-y nationally and a 7.8% y-o-y increase in Paris. The new housing market showed a more contained growth rate of around 1% y-o-y. Moving south, in **Italy**, house prices in Q2 2017, the last available data, remain virtually at a standstill both q-o-q and y-o-y. New dwellings slightly increased in price while existing dwellings increased by 0.1% q-o-q and decreased by 0.3% y-o-y. In **Spain**, house prices marked the steepest increase since the bursting of the housing bubble in 2008 with 2.7% y-o-y. Q3 2017 is thus the 10th consecutive quarter of rising prices, though there are large differences across the countries. House prices grew the most in Madrid, Catalonia, the Canary and the Balearic Islands. Large unused housing stock and demographic evolution are two elements to be taken into account for future evolution of house prices in Spain.

MORTGAGE INTEREST RATES

In our sample, in aggregate terms, the average interest rate virtually did not change with respect to the previous quarter. In Q3 2017 it remained around 2.25%, the lowest average of our sample so far. Interest rates across the continent remained low following the overall low reference rate of the central banks and fixed interest rate types are increasing their overall market share as borrowers seek to be locked-in to the more favourable low interest rate environment.

In Central and Eastern Europe, the Central Bank of the **Czech Republic** was the first on the continent to raise reference rates. Nevertheless, the average interest rate on new loans for house purchase went slightly down by 5 bps to 2.17% in Q3 2017. Following the tightening of monetary policy, it is expected that in the upcoming quarters this will eventually rise. In **Hungary**, the reference rate of the Central Bank remained unchanged but the average mortgage interest rate continues its downwards trend to 3.55%. For the time being, the most typical mortgage interest rate is variable and is linked to the Budapest Interbank Rate. The new policy instruments explained above, which will kick-in at the beginning of 2018, will further increase the appeal of more fixed-rate loans. In **Poland**, interest rates remained virtually unchanged as did the reference rate of the Central Bank, although inflationary pressures are becoming more evident. The average mortgage loan's interest rate has slightly declined by 1 bps to 2.17%, while the interest rate on new mortgage loans slightly increased to 4.5%,

the highest level in the analysed sample. In **Romania**, the average interest rate increased by 26 bps to 3.6% with respect to Q2 2017. In the breakdown of interest rates, those with a fixed period of more than a year have now reached a market share of nearly 12% of all new loans, a remarkable increase from less than 3% in Q2 2017. In **Germany**, after an all-time low reached at the end of 2016, the average mortgage interest rate slowly climbed to 1.85%.

In the north, interest rates remained mostly stable or decreased even further reaching all-time lows. In **Finland**, the mortgage interest rate reached 1.02% and in **Denmark** it went under the 1% mark reaching 94 bps for a variable interest rate. All other interest rate types also saw a general reduction. In **Sweden**, longer initial fixed interest rates (five years and above) were around 2.5%, but over the last two quarters they reached a record low of 1.9%. More variable mortgage rates reached 1.5% in Q3 2017 after remaining stable for a couple of years at around 1.6%. In the **UK**, interest rates remained very attractive due to fierce competition among lenders and, especially in the lower LTV range, the fixed-term mortgages remain at or close to historic lows at the two, three, five and even 10-year lengths. In **Ireland**, the average interest rate has reached the lowest level since Q3 2012 and, for the first time, variable mortgage rates, including those with a fixed period of up to one year, accounted for less than half (47%) of the newly issued mortgages, proving the growing appeal of more fixed mortgage arrangements.

Similarly, in the west, interest rates continued to stay at very low levels. In **Belgium**, the average interest rate was around 2.11% and long-term fixed interest rates continue to represent the vast majority of newly issued loans. In **France**, interest rates remained very low at around 1.5%, as they have over the last six quarters. A similar picture can be seen in the **Netherlands** where over the last four quarters the interest rates remained stable at around 2.3%. Here too the breakdown of interest rate types remained virtually unchanged, with the majority of new mortgages presenting an initial fixation rate of 5-10 years. In **Italy**, interest rates continued to decrease with the average figure reaching 2.02% and the variable rate decreasing to 1.63%, while the more fixed interest rate types remained at around 2.2%. A different trend is spotted in **Spain**, where all interest rate types showed a marginal increase compared to the previous quarter. Nevertheless, the levels stay low following the monetary policy of the ECB. After the peak of long-term fixed interest rates reached at the end of 2016 with nearly 35% of new loans having an initial fixed interest rate period of at least five years, in Q3 their share shrank to 28.9%. In **Portugal**, around 60% are borrowing with a variable interest rate while the rest is split among the various fixed-term lengths. The variable interest rate is based on an exogenous component, the Euribor, and an endogenous component based on the creditworthiness of the borrower and on the LTV of the mortgage contract. The very low Euribor has helped reduce household indebtedness and increased gross lending. The average interest rate continues to decrease and is currently 1.48%.

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

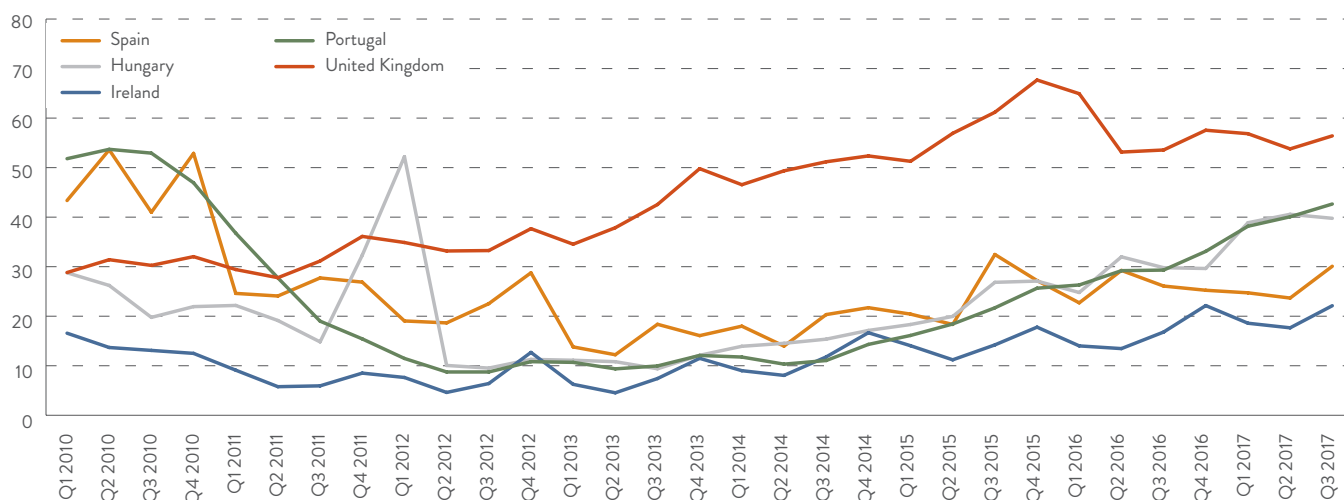


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

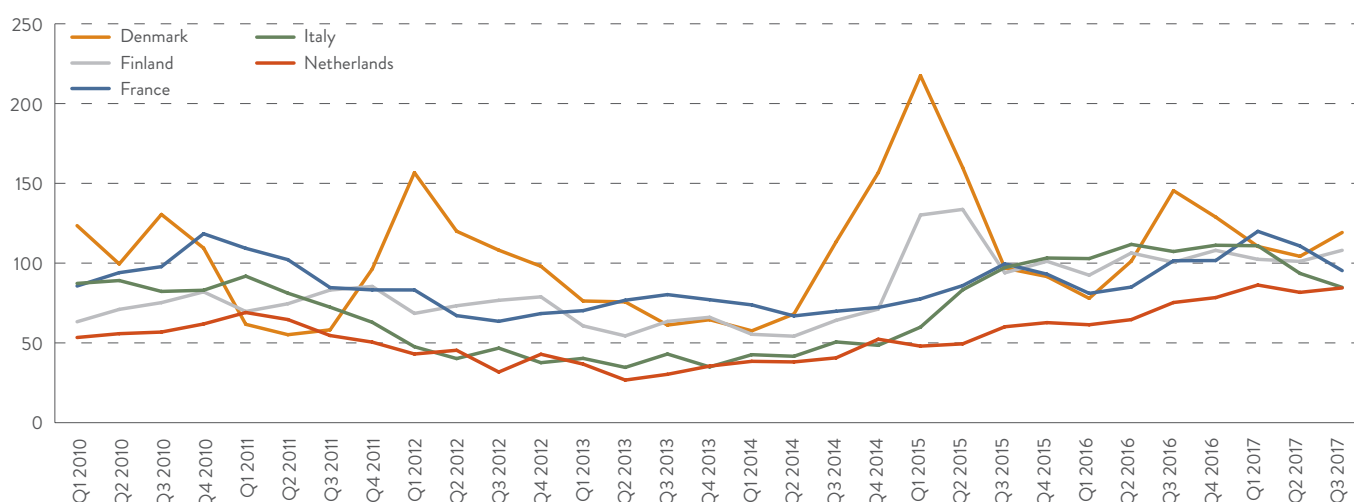


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

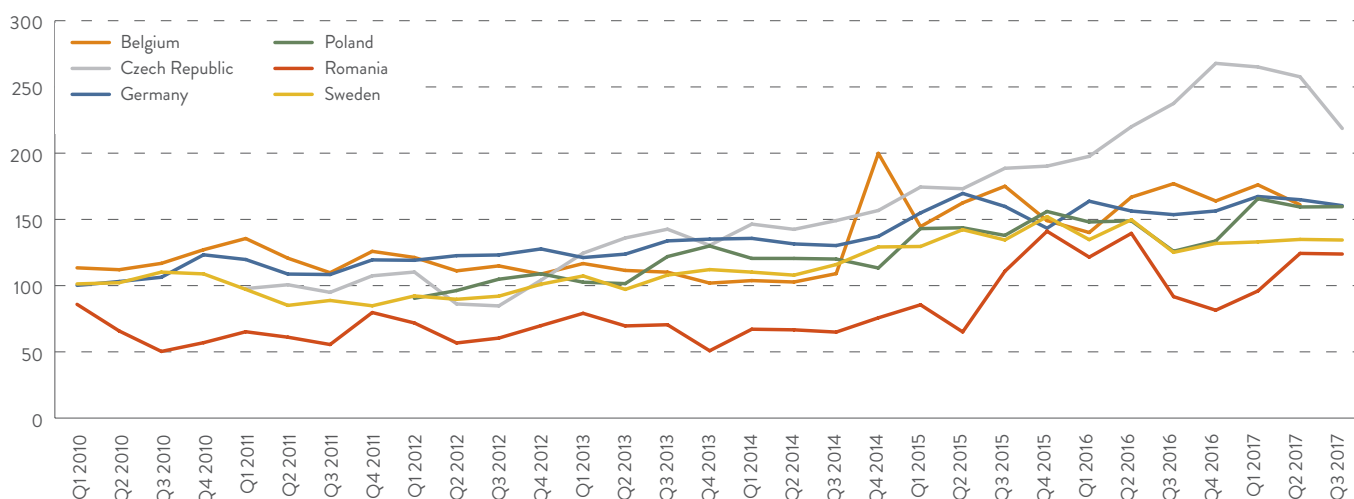


CHART 2A | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED AT MOST 2% Y-O-Y (BASE YEAR 2007)

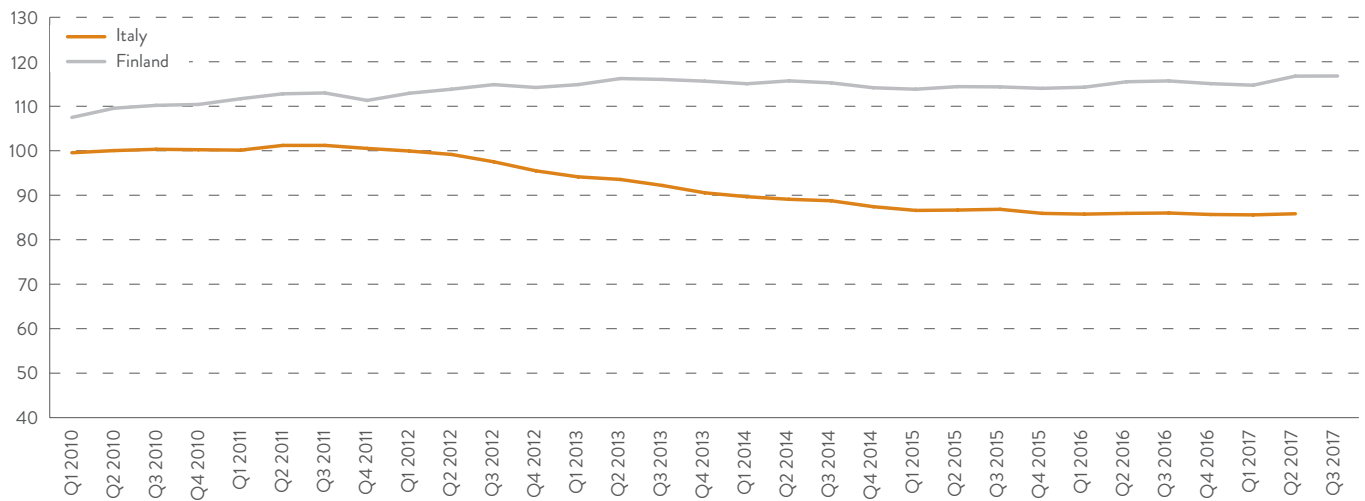


CHART 2B | COUNTRIES WHERE HOUSE PRICES HAVE INCREASED BETWEEN 2% AND 5% Y-O-Y (BASE YEAR 2007)

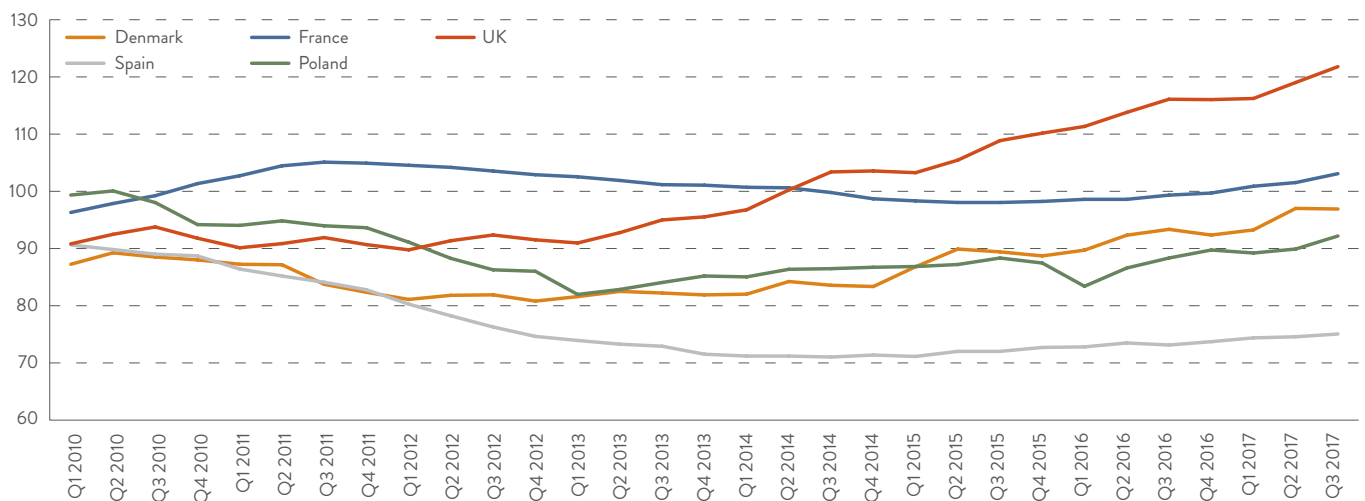


CHART 2C | COUNTRIES WHERE HOUSE PRICES HAVE RISEN BY AT LEAST 5% Y-O-Y (BASE YEAR 2007)

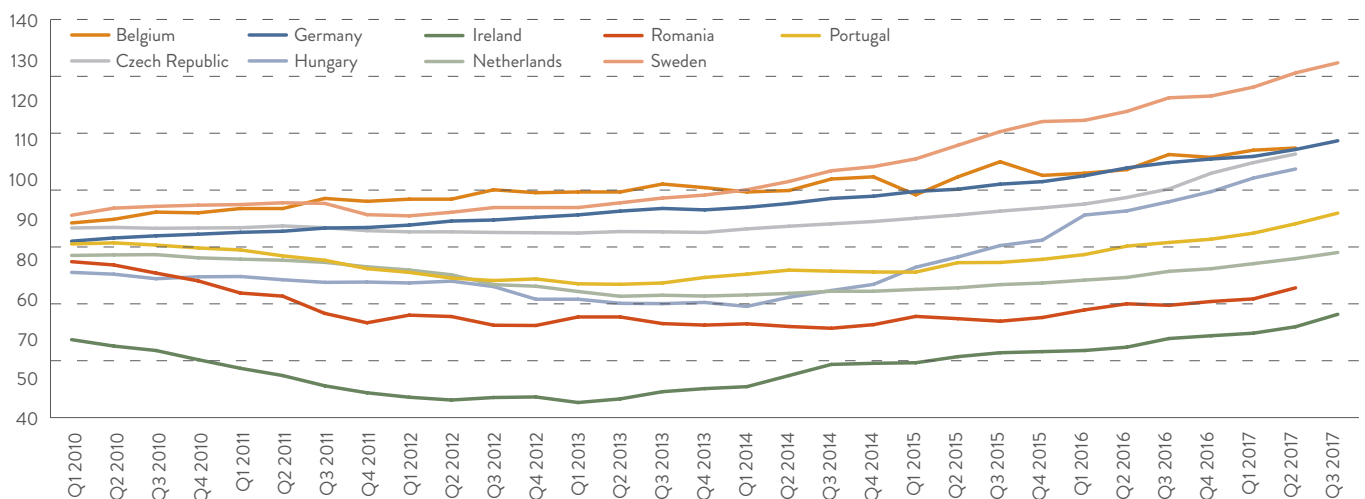
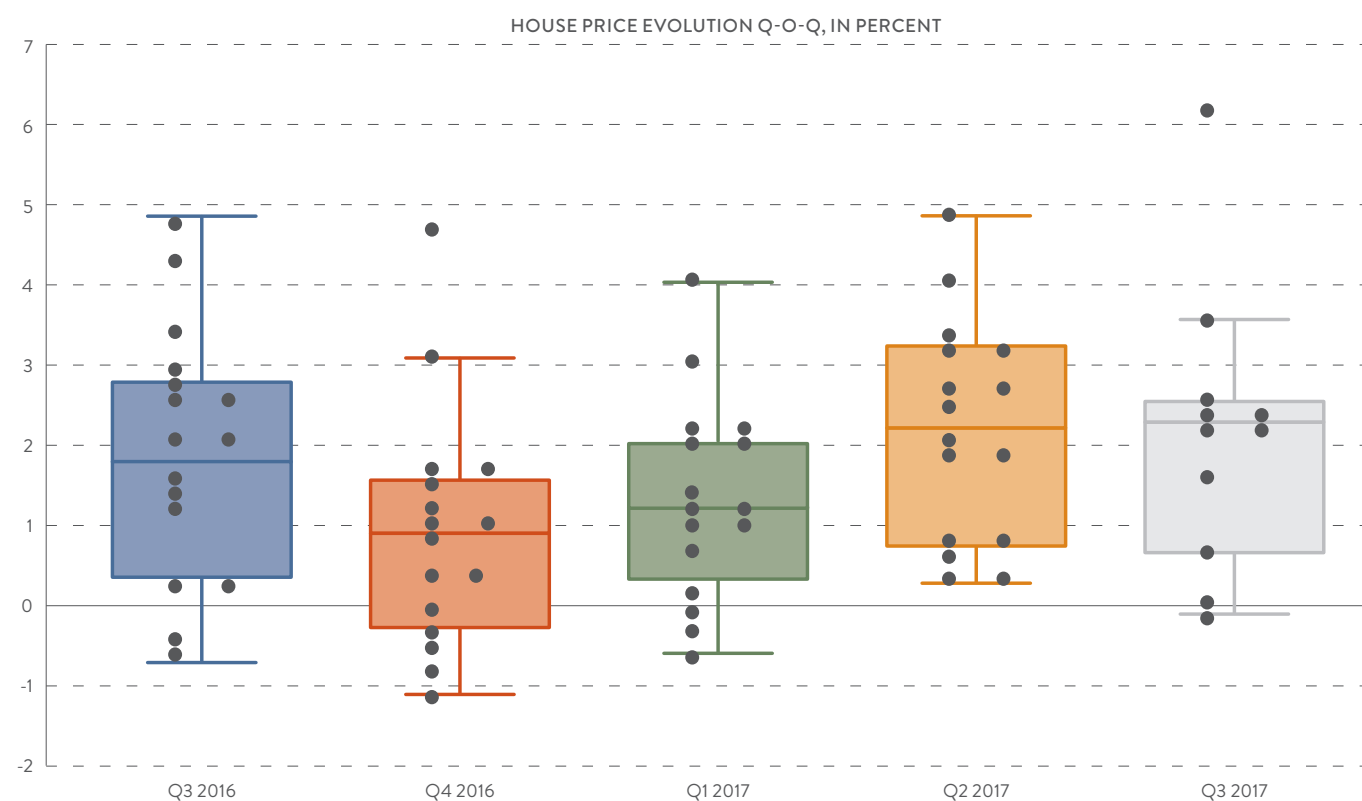


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER

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)

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	LATEST Y-O-Y CHANGE (%), Q3 17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q2 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q2 17, LOCAL CURRENCY
BE	209,302	212,413	215,712	219,542	222,432	226,329	229,205	6.3	6.6	6.3	6.6
CZ	32,347	33,038	34,007	34,940	35,629	37,743	39,012	14.7	14.2	10.3	10.3
DE	1,285,032	1,297,871	1,314,315	1,326,901	1,333,562	1,348,088	1,365,975	3.9	3.9	3.9	3.9
DK*	236,942	239,554	241,280	241,816	242,093	243,364	245,580	1.8	1.6	1.7	1.6
ES	557,044	554,096	549,855	544,499	539,903	528,604	525,899	-4.4	-4.6	-4.4	-4.6
FI	92,162	93,087	93,647	94,056	94,279	94,985	95,672	2.2	2.0	2.2	2.0
FR	871,009	880,280	884,304	899,358	913,132	927,481	938,340	6.1	5.4	6.1	5.4
HU	14,676	14,394	14,593	14,024	13,925	13,688	13,662	-6.4	-4.9	-6.5	-7.3
IE	109,522	108,899	108,104	106,810	105,912	104,978	104,750	-3.1	-3.6	-3.1	-3.6
IT	362,184	364,287	365,774	368,169	371,090	372,381	373,390	2.1	2.2	2.1	2.2
NL	657,581	661,343	664,832	664,014	665,490	669,148	670,785	0.9	1.2	0.9	0.6
PL**	88,759	87,488	89,665	89,592	92,536	92,843	91,338	1.9	6.1	1.5	1.1
PT	97,820	97,229	96,593	95,377	94,944	94,563	94,378	-2.3	-2.7	-2.3	-2.7
RO	11,806	12,296	12,709	12,893	13,093	13,522	13,948	9.7	10.0	13.3	10.7
SE	379,553	380,098	377,648	386,999	393,859	397,468	403,357	6.8	4.6	7.1	7.0
UK	1,643,470	1,580,258	1,529,317	1,544,758	1,556,867	1,527,481	1,536,954	0.5	-3.3	2.9	2.8

NOTE: Non seasonally-adjusted data.

Source: European Mortgage Federation

Please note that the conversion to euros is based on the bilateral exchange rate at the end of the period (provided by the ECB).

* Only owner occupation, only mortgage banks - gross lending for house purposes not available for commercial banks starting Q3 2013.

** Adjusted for loan amortization and flows between the foreign currency loan portfolio and the zloty loan portfolio; the entire banking system was taken into account, including credit unions.

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

- Belgium
- France
- Sweden
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	LATEST Y-O-Y CHANGE (%), Q3 17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q2 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q2 17, LOCAL CURRENCY
BE	10,152	9,272	7,081	9,640	10,265	10,131	9,169	9,306	7,914	-22.9	-3.5	-22.9	-3.5
CZ*	2,257	2,331	2,118	2,794	2,844	3,262	2,928	3,246	2,618	-8.0	16.2	-8.0	16.2
DE	55,500	48,600	51,300	51,700	53,400	53,000	52,500	54,600	55,700	4.3	5.6	4.3	5.6
DK	8,754	9,152	6,415	8,482	13,125	12,509	9,344	8,754	10,763	-18.0	3.2	-18.1	3.2
ES	9,986	10,024	8,171	12,356	7,656	9,309	8,909	10,319	9,117	19.1	-16.5	19.1	-16.5
FI	6,646	6,604	6,573	8,693	7,136	7,109	7,305	8,304	7,687	7.7	-4.5	7.7	-4.5
FR	45,527	40,702	30,908	35,483	46,359	44,419	47,822	46,687	43,663	-5.8	31.6	-5.8	31.6
HU	436	388	306	472	479	425	511	597	624	30.3	26.5	30.6	23.2
IE	1,335	1,438	999	1,286	1,558	1,813	1,393	1,647	2,016	29.4	28.1	29.4	28.1
IT**	17,224	21,190	19,074	22,486	19,180	22,748	20,643	18,941	14,805	-22.8	-15.8	-22.8	-15.8
NL	17,896	19,433	15,889	18,671	22,368	24,049	23,212	23,695	25,060	12.0	26.9	12.0	26.9
PL	2,436	2,635	2,288	2,628	2,230	2,252	2,589	2,809	n/a	—	6.9	n/a	1.8
PT	1,098	1,250	1,218	1,481	1,474	1,617	1,803	2,018	2,132	44.6	36.3	44.6	36.3
RO	689	835	589	805	579	492	442	718	764	31.9	-10.8	36.2	-10.3
SE	14,070	17,560	13,532	17,575	13,023	15,298	13,341	15,915	14,064	8.0	-9.4	8.3	-7.4
UK	83,653	84,891	79,546	69,145	73,810	71,789	69,109	69,975	77,491	5.0	1.2	7.5	7.7

* 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:

- United Kingdom


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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
BE	4,361	1,928	2,559	2,996	2,780	1,712	3,111	3,299	3,830	2,890	3,897	2,876
CZ	275	564	1,017	807	965	263	691	969	932	689	2,114	1,270
DE	11,077	4,481	12,047	13,670	11,848	5,576	12,839	16,444	12,586	6,661	14,526	17,887
DK*	62	-844	-2,470	495	45	1,577	2,612	1,726	536	277	1,270	2,216
ES	-6,600	-6,045	-4,871	-6,688	-6,177	-5,784	-2,948	-4,241	-5,355	-4,596	-11,299	-2,705
FI	373	157	798	645	592	207	925	560	409	223	706	687
FR	5,120	8,820	3,838	11,703	8,920	4,608	9,271	4,024	15,054	13,774	14,349	10,859
HU	-247	-589	-1,046	-192	-548	-95	-282	199	-569	-99	-237	-26
IE	-1,224	-1,391	-1,274	-1,307	-1,097	-1,144	-623	-795	-1,294	-898	-934	-228
IT	-132	-488	1,962	417	1,304	-149	2,103	1,487	2,396	2,921	1,291	1,010
NL	723	-78	709	3,312	1,739	1,968	3,762	3,489	-818	1,476	3,658	1,637
PL	-915	7,270	-301	-1,784	581	369	-1,271	2,177	-73	2,945	307	-1,505
PT	-1,202	-925	-758	-399	-1,871	-696	-591	-636	-1,216	-433	-381	-185
RO	302	342	311	338	415	305	491	413	184	200	429	426
SE	-3,389	9,444	10,354	-517	16,843	4,276	544	-2,449	9,351	6,860	3,609	5,888
UK	-184	120,999	48,567	-52,371	25,737	-111,916	-63,213	-50,941	15,441	12,108	-29,385	9,473

* 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

	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	III 2017
BE	119.8	123.9	124.7	118.2	124.7	130.1	125.2	126.0	127.3	132.7	131.7	134.3	135.1	n/a
CZ	107.0	107.9	108.7	109.9	111.1	112.4	113.6	115.0	117.3	120.4	126.1	129.9	133.0	n/a
DE	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	137.6
DK	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	97.0
ES	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	74.9
FI	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	116.8
FR	100.5	99.7	98.5	98.1	97.9	97.9	98.0	98.4	98.4	99.2	99.6	100.8	101.5	103.1
HU	82.1	84.5	86.7	92.8	96.4	100.5	102.4	111.3	112.8	116.1	119.7	124.5	127.7	n/a
IE	54.8	58.8	59.2	59.4	61.6	63.0	63.4	63.8	65.0	68.1	69.1	70.0	72.3	76.8
IT*	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	n/a
NL	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	98.4
PL	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	92.1
PT	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	112.3
RO**	71.8	71.2	72.5	75.5	74.7	73.7	75.1	77.8	80.0	79.5	80.9	81.8	85.8	n/a
SE	122.8	126.6	128.1	130.8	135.7	140.5	144.1	144.5	147.7	152.5	153.1	156.3	161.3	164.9
UK	100.1	103.3	103.4	103.1	105.4	108.8	110.1	111.3	113.8	116.1	116.0	116.2	119.1	121.9

* 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» (only existing 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:

- Belgium
- France
- Ireland
- Sweden
- United Kingdom



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

	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	III 2017
BE	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	2.11
CZ*	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	2.17
DE	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	1.85
DK**	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	0.94
ES	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	1.99
FI	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	1.02
FR***	2.83	2.63	2.40	2.17	2.01	2.14	2.18	2.02	1.69	1.46	1.32	1.45	1.54	1.56
HU	7.06	6.80	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.55
IE	3.29	3.38	3.71	3.59	3.42	3.39	3.49	3.38	3.27	3.14	3.25	3.18	3.22	3.20
IT	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	2.02
NL	3.44	3.31	3.18	3.09	2.92	2.90	2.83	2.75	2.64	2.54	2.39	2.38	2.41	2.42
PL	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	4.50
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	1.61	1.48
RO****	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	3.60
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	1.52	1.53
UK	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	1.98

*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 (%)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
BE	2.63	2.74	2.73	2.67	2.48	2.16	2.37	2.47	2.48	2.46	2.23	2.02
CZ	2.37	2.81	2.65	2.76	2.59	2.61	2.32	2.55	2.04	2.40	2.51	2.25
DE	2.29	2.23	2.14	2.20	2.17	2.26	2.12	2.07	1.95	2.10	2.10	2.04
DK*	1.34	1.15	1.06	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09	0.94
ES	2.51	2.24	2.01	2.04	1.85	1.72	1.66	1.66	1.62	1.57	1.51	1.68
FR	1.63	1.44	1.42	1.68	1.76	1.43	n/a	n/a	1.12	n/a	n/a	n/a
HU	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.55
IE	3.54	3.34	3.22	3.13	3.39	3.23	3.12	2.99	3.18	3.09	3.18	3.17
IT	2.56	2.35	2.20	2.09	1.97	1.92	1.80	1.74	1.70	1.72	1.66	1.63
NL	2.68	2.66	2.53	2.45	2.38	2.30	2.20	2.08	1.95	1.95	1.97	1.98
PT	3.01	2.74	2.28	2.19	2.13	1.99	1.86	1.76	1.77	1.70	1.61	1.48
RO**	4.54	3.92	3.91	3.83	3.71	3.40	3.25	3.51	3.42	3.62	3.29	3.56
SE	1.78	1.64	1.55	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52	1.53
UK***	2.27	2.05	2.02	2.04	2.04	2.13	2.05	1.93	1.87	1.92	1.90	1.78

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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
BE	2.21	2.38	2.33	2.40	2.21	2.05	2.01	2.08	2.09	2.13	2.06	1.96
CZ	2.75	2.57	2.37	2.35	2.32	2.26	2.25	2.13	2.06	2.16	2.12	2.14
DE	1.94	1.90	1.83	1.94	1.94	1.85	1.83	1.77	1.65	1.67	1.73	1.77
DK*	1.36	1.21	1.33	1.39	1.33	1.27	1.24	1.15	1.26	1.24	1.22	1.16
ES	2.84	2.68	2.44	2.23	2.17	2.06	2.02	1.99	1.95	1.85	1.71	1.74
HU	7.18	6.97	6.91	6.79	6.60	6.68	6.32	6.11	5.80	5.79	5.40	5.14
IE	4.26	4.03	3.90	3.74	3.73	3.68	3.58	3.51	3.35	3.31	3.27	3.22
NL	2.98	2.91	2.74	2.69	2.64	2.55	2.39	2.16	2.11	2.15	2.20	2.23
RO**	5.59	5.53	5.34	4.24	4.03	4.46	4.95	4.91	4.93	4.96	5.01	4.84
SE	2.04	1.81	1.76	1.67	1.73	1.71	1.72	1.72	1.56	1.61	1.65	1.65
UK	3.21	2.89	2.71	2.64	2.59	2.53	2.45	2.35	2.20	2.09	2.05	1.99

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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
BE	2.70	2.54	2.36	2.40	2.35	2.15	1.90	1.97	1.86	1.92	2.08	2.17
CZ	2.69	2.55	2.36	2.36	2.29	2.19	2.10	1.95	1.86	1.98	2.19	2.13
DE	2.13	1.88	1.68	1.90	1.89	1.77	1.63	1.52	1.46	1.63	1.68	1.68
DK*	1.82	1.47	1.83	2.30	2.30	1.84	1.76	1.35	1.57	1.64	1.56	1.53
ES	7.11	6.04	5.36	3.43	5.01	5.23	3.87	4.52	3.99	4.15	4.13	4.26
HU	6.61	6.49	6.47	6.37	6.22	6.22	6.69	6.89	6.88	7.04	6.51	6.27
NL	3.39	3.22	2.94	2.90	2.83	2.78	2.67	2.54	2.34	2.30	2.36	2.34
RO**	5.80	5.94	5.70	5.61	5.40	5.62	5.64	5.66	5.56	5.62	5.57	4.75
SE	2.71	2.37	2.62	2.60	2.75	2.54	2.52	2.24	2.39	2.58	1.94	1.91
UK	3.88	3.50	3.12	3.10	3.15	3.34	3.22	3.08	2.63	2.59	2.69	2.71



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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
BE	2.80	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.09	2.13	2.11
CZ	3.62	3.53	3.73	3.30	3.21	3.22	2.86	2.43	2.39	2.44	2.67	2.44
DE	2.27	1.89	1.89	2.12	2.08	1.95	1.86	1.70	1.69	1.88	1.90	1.95
DK*	3.30	2.93	3.14	3.86	3.78	3.67	3.23	2.90	2.89	3.04	2.89	2.82
ES	4.41	3.29	2.80	2.41	2.68	2.66	2.36	2.37	2.19	2.32	2.42	2.44
HU	6.75	6.75	6.70	6.30	6.66	5.75	6.46	5.93	5.98	5.71	5.93	5.67
IT****	3.58	3.29	3.14	3.02	2.82	2.63	2.48	2.16	2.17	2.25	2.30	2.22
NL	3.89	3.78	3.35	3.25	3.28	3.19	3.07	3.03	2.90	2.85	2.90	3.00
RO**	8.21	7.54	5.93	5.86	5.65	4.91	5.96	5.94	5.70	5.86	5.76	3.34
UK	4.15	4.10	4.11	4.25	4.06	3.98	4.95	n	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: Data-series 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
- Netherlands

Source: European Mortgage Federation

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

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	25.7	25.9	24.3	24.1	24.0	22.2	20.9	21.6	20.9	20.1	20.0
Short-term fixed (1Y-5Y initial rate fixation)	52.0	53.6	57.3	57.0	58.8	59.8	59.9	57.8	57.5	57.5	56.7
Medium-Term fixed (5Y-10Y initial rate fixation)	10.6	10.0	8.8	9.4	11.9	13.0	14.4	15.8	17.0	17.9	18.9
Long-Term fixed (over 10Y initial rate fixation)	11.7	10.5	9.6	9.5	5.2	5.1	4.9	4.8	4.6	4.5	4.4
DENMARK											
Variable rate (up to 1Y initial rate fixation)	43.3	41.6	40.4	39.2	37.9	38.3	37.4	37.8	38.6	38.8	37.9
Short-term fixed (1Y-5Y initial rate fixation)	25.0	25.8	26.5	27.1	27.7	27.1	27.3	26.4	25.0	24.6	24.9
Medium-Term fixed (5Y-10Y initial rate fixation)	31.7	32.6	33.1	33.7	34.4	34.7	35.4	35.8	36.4	36.6	37.2
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	93.9	93.6	92.6	92.0	91.8	91.5	90.3	89.6	88.9	88.0	86.9
Short-term fixed (1Y-5Y initial rate fixation)	4.5	4.6	5.6	6.1	6.2	6.5	7.8	8.5	9.2	10.1	11.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.6	1.8	1.9	1.9	2.0	2.0	2.0	1.9	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)	62.7	64.5	65.7	66.2	67.1	68.3	69.1	69.1	68.1	67.9	68.3
Short-term fixed (1Y-5Y initial rate fixation)	34.4	32.7	31.7	31.3	30.5	29.4	28.7	28.9	30.0	30.3	30.1
Medium-Term fixed (5Y-10Y initial rate fixation)	2.9	2.8	2.6	2.5	2.4	2.3	2.2	2.1	1.9	1.7	1.6
Long-Term fixed (over 10Y initial rate fixation)											

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

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	56.3	54.6	52.5	50.9	49.9	48.2	47.0	45.8	44.2	42.4	40.6
Short-term fixed (1Y-5Y initial rate fixation)	42.1	43.8	45.8	47.4	48.4	50.2	51.5	52.7	54.3	56.2	58.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.4	1.4
Long-Term fixed (over 10Y initial rate fixation)	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	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	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
ITALY											
Maturity less than 5 years	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Maturity over 5 years	99.5	99.5	99.5	99.4	99.4	99.4	99.4	99.3	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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	2.6	1.6	0.9	0.5	0.4	0.7	1.6	1.3	0.5	0.3	0.5	1.2	1.6
Short-term fixed (1Y-5Y initial rate fixation)	7.6	6.8	5.6	2.7	2.8	3.9	4.7	2.6	2.1	1.8	2.2	2.5	3.1
Medium-Term fixed (5Y-10Y initial rate fixation)	16.4	15.7	13.9	11.7	12.0	18.3	17.5	14.3	13.9	15.6	16.3	17.2	17.2
Long-Term fixed (over 10Y initial rate fixation)	73.4	75.9	79.6	85.1	84.8	77.2	76.2	81.8	83.6	82.3	81.1	79.1	78.1
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	34.3	52.4	38.3	31.4	25.2	27.5	27.6	23.6	17.1	33.4	19.1	16.7	21.1
Short-term fixed (1Y-5Y initial rate fixation)	55.0	37.6	49.0	50.6	57.3	56.1	54.2	52.7	53.0	37.2	50.9	56.6	53.4
Medium-Term fixed (5Y-10Y initial rate fixation)	9.1	8.3	10.2	15.6	15.2	13.6	15.6	20.7	26.8	26.2	26.9	23.7	22.4
Long-Term fixed (over 10Y initial rate fixation)	1.7	1.8	2.4	2.3	2.3	2.8	2.6	3.1	3.1	3.2	3.1	3.0	3.0
DENMARK													
Variable rate (up to 1Y initial rate fixation)	17.3	19.5	8.0	6.8	16.6	25.1	22.4	19.2	11.3	18.4	17.8	17.4	18.6
Short-term fixed (1Y-5Y initial rate fixation)	18.5	27.3	20.1	19.9	33.4	42.6	45.4	39.4	28.1	28.8	35.2	33.0	28.3
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	1.8	2.8	1.6	1.2	1.0	4.3	1.4	1.8	1.3	1.5	1.0	2.3
Long-Term fixed (over 10Y initial rate fixation)	62.8	51.5	69.1	71.8	48.9	31.3	27.8	40.0	58.8	51.5	45.4	48.7	50.8
GERMANY													
Variable rate (up to 1Y initial rate fixation)	14.9	14.6	13.1	12.1	11.8	12.9	12.8	12.1	11.4	11.8	10.9	11.3	11.6
Short-term fixed (1Y-5Y initial rate fixation)	12.3	11.6	10.1	9.2	9.8	10.5	10.6	9.5	9.0	8.4	8.8	8.5	8.9
Medium-Term fixed (5Y-10Y initial rate fixation)	40.0	39.7	36.4	37.1	38.8	37.9	36.7	35.1	35.7	35.9	36.1	35.2	35.5
Long-Term fixed (over 10Y initial rate fixation)	32.7	34.1	40.4	41.6	39.6	38.7	40.0	43.3	44.0	43.9	44.2	45.0	43.9



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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	48.7	45.8	41.6	45.3	48.8	44.1	42.4	43.6	40.8	40.6	43.5	45.9	48.4
Short-term fixed (1Y-5Y initial rate fixation)	34.5	33.6	32.4	32.7	29.6	32.5	31.4	31.1	30.0	31.2	27.2	27.0	25.6
Medium-Term fixed (5Y-10Y initial rate fixation)	15.1	15.1	18.7	16.8	16.3	16.2	18.6	20.1	23.2	21.9	22.5	20.6	19.4
Long-Term fixed (over 10Y initial rate fixation)	1.8	5.5	7.3	5.1	5.3	7.2	7.6	5.2	6.0	6.3	6.8	6.4	6.5
IRELAND													
Variable rate (up to 1Y initial rate fixation)	89.3	81.9	67.8	67.7	60.8	69.7	67.1	65.0	70.0	62.5	59.8	53.4	47.2
Short-term fixed (1Y-5Y initial rate fixation)	10.7	18.1	32.2	32.3	39.2	30.3	32.9	35.0	30.0	37.5	40.2	46.6	52.8
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)	78,2	73,4	68,2	46,4	38,4	38,4	40,8	41,7	36,3	31,2	29,0	31,3	35,5
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	21,8	26,6	31,8	53,6	61,6	61,6	59,2	58,3	63,7	68,8	71,0	68,7	64,5
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	19.3	17.8	18.8	16.5	10.5	12.1	14.2	14.9	13.4	11.8	10.7	13.8	14.7
Short-term fixed (1Y-5Y initial rate fixation)	35.7	29.3	25.7	19.4	13.6	14.3	13.1	12.5	12.5	9.9	8.3	10.0	8.7
Medium-Term fixed (5Y-10Y initial rate fixation)	38.5	43.5	46.4	49.0	55.2	56.2	54.7	53.4	51.4	56.5	57.9	54.3	55.5
Long-Term fixed (over 10Y initial rate fixation)	6.6	9.4	9.1	15.2	20.6	17.5	18.0	19.1	22.7	21.8	23.0	21.9	21.2

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 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)	93.2	92.3	94.4	93.5	90.3	90.2	79.7	62.5	62.6	61.0	63.3	58.9	60.1
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	6.8	7.7	5.6	6.5	9.7	9.8	20.3	37.5	37.4	39.0	36.7	41.1	39.9
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	86.8	87.7	94.0	95.6	68.2	76.9	90.6	95.1	94.9	93.9	93.6	97.5	88.8
Short-term fixed (1Y-5Y initial rate fixation)	12.9	11.9	5.0	3.2	30.5	21.4	7.8	4.0	4.0	5.0	4.8	1.7	2.5
Medium-Term fixed (5Y-10Y initial rate fixation)	0.2	0.4	0.9	0.7	0.7	0.8	0.4	0.6	0.6	0.9	1.1	0.5	1.9
Long-Term fixed (over 10Y initial rate fixation)	0.1	0.0	0.1	0.5	0.5	0.8	1.1	0.3	0.4	0.2	0.5	0.3	6.7
SPAIN													
Variable rate (up to 1Y initial rate fixation)	61.6	60.1	65.4	62.2	61.8	62.6	57.8	41.6	46.8	42.2	41.7	42.0	43.9
Short-term fixed (1Y-5Y initial rate fixation)	35.7	37.6	30.4	30.8	26.3	28.0	28.6	20.5	25.1	23.4	24.8	26.2	27.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.5	2.0	2.2	4.1	2.5	2.9	3.8	3.5	4.0	4.7	4.4	3.9
Long-Term fixed (over 10Y initial rate fixation)	0.8	0.8	2.2	4.7	7.9	6.9	10.7	34.2	24.6	30.5	28.9	27.4	25.0

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

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	76.1	72.6	75.3	72.3	72.8	72.3	74.3	76.2	76.3	77.1	72.7	72.9	72.5
Short-term fixed (1Y-5Y initial rate fixation)	18.5	19.6	15.9	18.1	19.3	20.1	19.1	17.6	16.6	15.8	19.6	19.8	18.9
Medium-Term fixed (5Y-10Y initial rate fixation)	5.5	7.8	8.8	9.6	7.9	7.6	6.6	6.1	7.1	7.2	7.7	7.3	8.6
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	13.1	13.4	17.7	17.9	15.6	12.4	15.5	15.7	16.1	16.6	15.8	11.6	11.0
Short-term fixed (1Y-5Y initial rate fixation)	85.4	85.1	80.3	78.9	81.0	84.6	83.4	83.2	82.8	81.6	82.0	86.7	87.6
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.9	3.1	3.4	2.9	1.1	1.1	1.1	1.8	2.2	1.7	1.4
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.2	0.1	0.1	0.1	n	n	n	n	n	n	n

Source: European Mortgage Federation

NOTE:

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

n – no lending made in this maturity bracket

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

- Netherlands

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 – Third 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)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
AT	0	0	-29	0	14	0	29	-14	0	0	14	-14
BE	25	25	25	-50	0	0	25	0	25	0	25	0
CY	25	0	0	0	0	0	0	0	0	0	0	0
DE	0	3	3	7	0	21	28	10	0	-14	0	-7
EE	13	25	50	13	13	13	0	0	0	0	0	0
EL	0	0	0	50	25	0	0	25	0	0	25	-11
ES	0	0	0	-11	0	-11	-11	-11	0	0	0	-2
FR	-14	7	-15	2	-15	0	-15	-24	0	0	0	0
IE	0	30	-10	20	-10	10	0	-10	0	0	0	0
IT	-13	-25	-38	-13	-25	-13	-38	0	0	-14	-20	-20
LT	—	0	25	50	75	0	0	0	25	0	25	75
LU	-33	-17	-17	-17	0	-17	-17	-17	-17	0	-33	-17
LV	100	-100	-25	-25	0	0	0	0	-25	-25	0	0
MT	0	0	0	0	-11	34	-41	0	0	0	0	-45
NL	0	24	0	59	-8	14	0	0	0	-2	-30	-48
PT	0	-20	-20	0	0	0	0	0	0	0	0	0
SI	0	0	-20	-20	0	20	0	0	-20	40	0	0
SK	27	78	36	0	0	11	17	-9	0	93	65	51
EA	-4	2	-9	5	-7	4	-2	-4	1	-5	-4	-11
DK	1	1	0	-1	33	23	14	14	18	14	-32	22
UK	-8	4	-9	-16	-5	3	5	2	4	-4	-10	-7

In the third quarter of 2017, the overall credit standards continued to ease in the euro area by 4% as was the case also in the previous quarter. Banks in the five largest economies of the euro area showed no changes for France, while credit standards eased slightly in Spain and Germany and more markedly in Italy and the Netherlands. On the other hand, Slovakia and Lithuania tightened their credit standards. Out of the Euro area nine countries showed no change. The principal factor for easing the

standards in this quarter was especially a decreased pressure from competition reinforced by a lower perception of risk and by a higher risk tolerance.

Outside the Euro area, Denmark experienced a tightening of credit standards due to a higher perception of risk and a lower risk tolerance, while in the UK, the credit standards did not change 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)

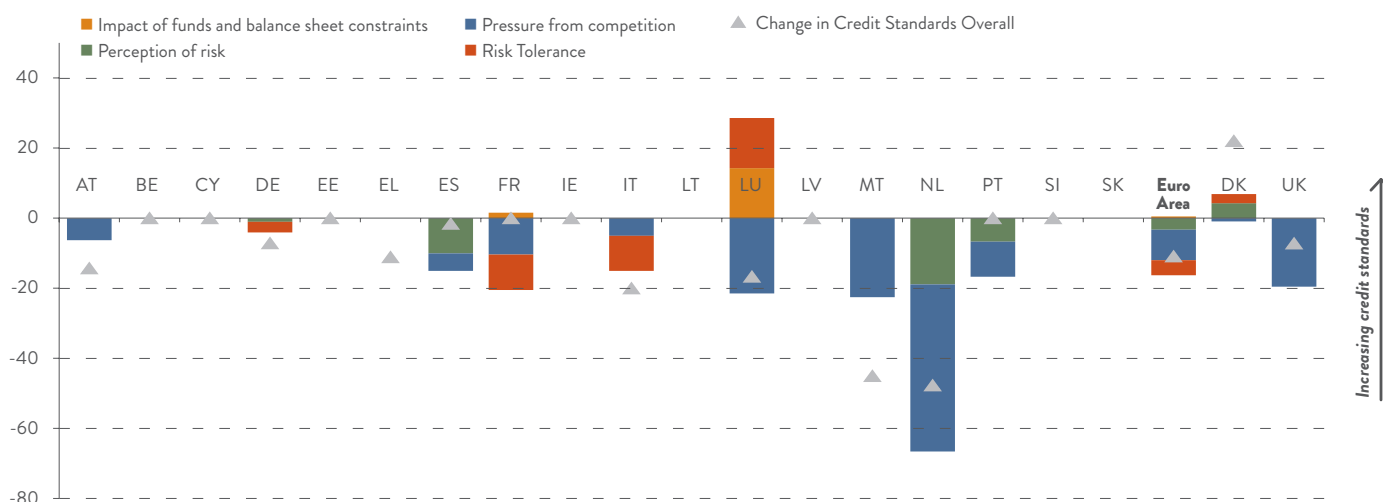
IV 2016	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Credit Standards Overall	-14	0	0	-7	0	-11	-2	0	0	-20	75	-17	0	-45	-48	0	0	51	-11	22	-7
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	1,59	0	0	0	14,29	0	0	0	0	0	0	0,52	—	0
Perception of risk	0	0	0	-1	0	0	-10	0	0	0	0	0	0	0	-19	-7	0	0	-3	4	—
Pressure from competition	-6	0	0	0	0	0	-5	-10	0	-5	0	-21	0	-22	-48	-10	0	0	-9	-1	-20
Risk Tolerance	0	0	0	-3	0	0	0	-10	0	-10	0	14	0	0	0	0	0	0	-4	3	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 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)

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017
AT	14	14	29	43	0	14	14	0	0	29	29	43
BE	100	50	25	0	-50	25	50	-25	50	-50	0	-25
CY	-25	0	50	0	25	50	25	25	75	25	25	75
DE	21	45	45	41	7	21	7	-10	3	4	-7	0
EE	13	0	25	0	-13	13	25	25	25	0	38	25
EL	25	-25	0	-75	75	50	25	25	25	11	0	11
ES	11	11	0	22	33	-11	-11	-11	0	68	11	-21
FR	0	-6	53	-9	9	26	40	52	52	-25	29	25
IE	50	40	-10	0	0	0	20	10	10	30	20	20
IT	38	63	88	75	63	75	50	63	75	29	10	30
LT	—	-50	50	100	0	0	75	50	0	25	0	-25
LU	50	-50	0	17	0	17	0	0	17	-17	33	67
LV	0	-50	75	50	25	0	75	50	0	0	25	33
MT	45	54	88	-46	-34	53	42	0	0	-45	14	14
NL	78	53	100	99	99	91	75	58	78	-10	72	53
PT	0	60	80	100	100	0	60	60	60	80	60	40
SI	-40	0	40	20	40	40	60	40	20	20	40	20
SK	61	61	35	0	25	25	83	-9	34	50	12	10
EA	24	30	49	33	29	32	30	23	36	24	19	12
DK*	21	15	31	2	-9	1	2	32	-20	2	-11	14
UK**	-46	-41	32	23	8	12	22	-44	6	-15	2	-6

* Data taken is "demand for loans - existing customer" as DK does not provide an aggregate figure for demand (we left aside the «demand for loans - new customers»)

** Data taken is "change from secured lending for house purchase from households"

In summer 2017 credit demand in the Euro area continued to increase as a whole but it continued its decelerating trend of the previous quarters reaching the lowest demand increase since beginning of 2014. In the large euro area countries, net demand for loans for house purchase increased except for Spain. 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 financing needs have slightly dampened the demand for housing loans from banks.

In Denmark, demand increased over the period covered by the last survey, while in the UK demand slightly decreased.

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	43	-25	75	0	25	11	-21	25	20	30	-25	67	33	14	53	40	20	10	12	14	-6
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

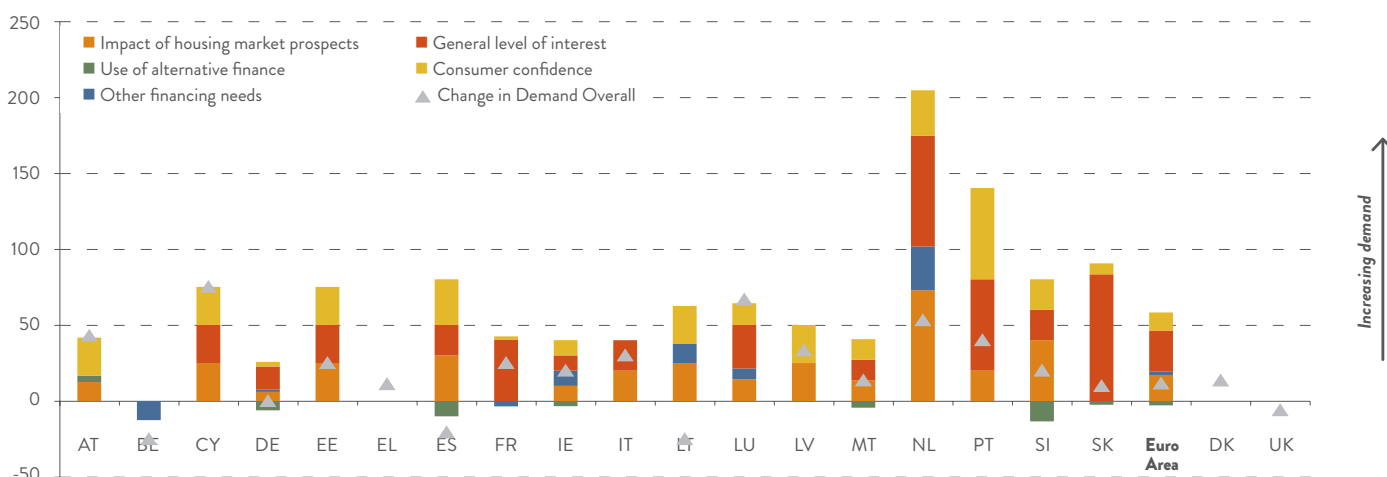


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q3 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.



Q3|2017

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



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