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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

2018 started in the same manner that 2017 ended. According to the European Commission's forecast, growth rates for the EU and the Euro area beat expectations in 2017 to reach a 10-year high at 2.4% with unemployment rates continuing to fall, now even below pre-crisis levels. Consumer price inflation weakened in Q1 2018, but it is expected to pick-up slightly in the upcoming quarters. In this overall favourable environment, the mortgage and housing markets in the EU continued, on average, to grow, but different dynamics in the various EU Member States need to be considered. Macroprudential tools and government-led decisions in general tend to counterbalance the growing lending dynamics through new recommendations on LTV and DTI, and to stimulate appetites for more fixed rate mortgage loans. House prices are generally increasing, although in some countries clear shifts towards a deceleration or even contraction can be seen. Mortgage rates seem to have reached their floor and, in several countries, the overall trend is of a timid increase coupled with more interest for longer initial fixation periods in new lending deals.

MORTGAGE MARKET

MARKET DEVELOPMENTS

In the first quarter of 2018, the outstanding mortgage loans in our EU sample¹ reached EUR 6.8 tn. and increased by 1.9% year-on-year (y-o-y). On the other hand, gross lending figures decreased by 2.1% y-o-y to EUR 263 bn. These dynamics

build on the heterogeneous developments experienced by the various countries. The overall positive trend of new mortgages is principally due to the ongoing improvement in economic fundamentals, low interest rates and an increase in consumer confidence.

Gross lending overall increased y-o-y in all but three countries, namely in Belgium, France and Italy. In **Belgium**, the contraction can principally be explained by the 47% contraction of re-mortgaging with respect to Q1 2017. Moreover, once re-mortgaging is excluded there has been a slight increase, principally due to the 2.3% increase in loans for house purchase and, considering the volume of mortgages granted, the Q1 2018 figures reached with EUR 7.8 bn., an all-time high for the first quarter. In **France**, there has been a contraction of 16% with respect to the same quarter in the previous year due to a contraction in new lending for both the existing and the new housing markets, the latter of which is expected to face a further contraction in the upcoming months due to the phasing-out of an individualised housing assistance for new housing purchases. In **Italy**, a contraction of around 20% y-o-y has been registered in Q1 2018, which is principally due to the very high number of new lending granted during the beginning of 2017.

On the Iberian Peninsula, gross lending is increasing by double-digits, but the figures for the outstanding mortgage market are slightly contracting. In **Portugal**, new bank loans for house purchase increased by over 20% y-o-y to levels approaching those of 2011, although they are still only around 40% of the pre-crisis peak reached

¹ In Q1 2018 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).



in Q3 2007. Even if there has been a 5.3% contraction with respect to the previous quarter, mainly due to lack of new listings, in y-o-y terms new loans continue to show a growing trend since Q2 2013. In **Spain**, both transactions and gross residential lending volumes increased by 8% and 13.2% y-o-y respectively, which have almost stopped the ongoing contraction of the mortgage outstanding figures.

Ireland, with over a 22% increase in y-o-y gross lending, has expanded its volumes the most in the Euro area. Data also shows that mortgage drawdown volumes grew by 13.5% y-o-y to 7,900 and that purchase mortgage drawdowns rose to 6,402, the highest Q1 level in the last 10 years. Mortgage approval volumes rose by 1.9% y-o-y to almost 9,600. Mortgage-holders are free to switch lenders and they account for 12.3% of approvals, almost four times their share in Q1 2015, while mover purchasers dropped to 27.1% from 33.2% over the same period.

Both in **Germany** and in the **Netherlands** steady gross lending and outstanding mortgage lending increases y-o-y were registered in Q1 2018. A similar picture is seen in **Finland**, where housing loan demand has increased by 1.2% y-o-y. Likewise, construction activity is still strong due to high demand from investors. Foreign investors in particular have recently purchased large residential portfolios both in Helsinki and in other large cities.

Outside the Euro area, the mortgage market picture shows an overall expansion which has been slightly dampened in EUR terms by the depreciation of domestic currencies.

In **Sweden**, in Q1 2018 the outstanding mortgage growth was 7.1% in SEK terms on a y-o-y basis (0.7% contraction in EUR terms), due to the well-known improving economic fundamentals but also due to a dysfunctional rental market which is subject to a general rent control in the growth regions. In the **UK**, overall outstanding and gross lending increased by respectively 3% in Pound terms and by around 0.7% in EUR terms with respect to Q1 2017. However, the different sections of the housing market are currently following rather different paths. First time buyer numbers (FTB) continue to hold up well, supported by a continuing range of government schemes to boost affordability. But the number of home movers, in the absence of any such assistance schemes, remains at depressed levels and buy-to-let (BTL) purchases, already at much lower levels than in recent years following a number of tax and regulatory changes designed to dampen activity, are still on a downward trend as the full effect of the removal of mortgage interest tax relief has yet to feed through fully. Re-mortgaging, however, is very strong, both in the residential and BTL spaces. This is a product of large volumes of fixed rate mortgages becoming available for refinancing, coupled with the continuing prospect of a Bank rate rise this year. In **Denmark**, while long-term mortgage rates scaled up in the early part of Q1 2018, subdued re-mortgaging activity dampened the overall new lending figures. Transaction activity in the housing market remained solid keeping overall demand steady.

In Central and Eastern Europe, the mortgage market shows expanding y-o-y figures. In **Romania**, mortgage credit grew by 14% y-o-y and by 2.2% quarter-on-quarter (q-o-q). NPLs reached 3.2% in Q1 2018, decreasing by 0.05 pps compared to end 2017 and by 1.5 pps with respect to Q1 2017. In the first months of 2018, local credit institutions marginally tightened their credit standards on loans for house and land purchase, and left unchanged those for consumer credit. In **Poland**, 2018 began with a large increase in mortgage lending. The total number of new loans exceeded 55,000, a 23% increase with respect to end 2017, marking the largest figure since 2011. The average amount of mortgage credit in Q1 2018 was around PLN 235,000 (nearly EUR 56,000), which marked a 4% increase with respect to

end 2017. It has to be remembered that in larger cities around 70% of residential property purchases was financed by cash. The surge in mortgage lending can be explained by the phasing-out of the government backed "Flat for Youth" plan in January 2018, which encouraged potential buyers to take out mortgage loans. Similarly, in **Hungary**, the volume of newly issued mortgage loans grew by 40% in HUF terms (28% in EUR terms) in 2017 with respect to the previous year and in Q1 2018 the growth was of 17% in HUF terms (15% in EUR terms) y-o-y. In the **Czech Republic** the mortgage market confirmed sizeable cooling that started in mid-2017 after the Czech national Bank's tighter limits on LTV started to bite and, at the same time, frontloading to escape these limits ended.

REGULATION & GOVERNMENT INTERVENTION

general, the interventions aim to counterbalance the pace of mortgage lending expansion by using either LTV or DTI caps, or by steering prospective mortgage holders to more fixed rate mortgage loans. In parallel, they try to support certain categories of prospective buyers to set their first foot on the housing ladder.

In **Portugal**, in order to counterbalance less restrictive lending criteria of issuers due to fiercer market competition fuelled by increasing demand for mortgage financing, the Central Bank has issued macroprudential measures which will enter into force on 1 July 2018 and which introduce caps in LTV, DTI and the original maturity of the loans, which have to be observed simultaneously. The measure is adopted as a Recommendation based on the "comply or explain" principle.

In the Scandinavian countries, stricter lending and amortising rules are being discussed or have been implemented in Q1 2018. In **Sweden**, a new regulation which suggests stricter amortisation requirements on housing loans for households with a high loan-to-income (LTI) ratio entered into force on 1 March 2018. The new requirements imply that new borrowers whose LTI exceeds 450% must amortise an additional 1% to prior amortisation requirements, which required an amortisation for loans with an LTV above 50%, a minimum 1% annual amortisation for loans with an LTV between 50% and 70%, and a minimum of 2% annual amortisation for loans with an LTV above 70%. In **Finland**, there are ongoing discussions to address household indebtedness. At its meeting on 19 March 2018, the Finnish FSA decided to lower the housing loan cap to 85% (from 90%), leaving the one of FTBs untouched at 95%. This decision will enter into force on 1 July 2018 and is expected to have a mild overall effect. In **Denmark**, on 1 January 2018 a tightening of existing consumer protection legislation entered into force. The stricter requirements are a direct consequence of recommendations from the Danish Financial Stability Board stating that households with large loan exposures should be limited to loans with longer rate fixation, combined with an amortisation requirement. Households having a DTI of more than 400% will be limited to safer mortgage products including an amortisation requirement and a fixed or longer-term rate fixation. It is expected that the new legislation will dampen the overall demand for mortgage loans and that the existing market will move towards fixed rates, and amortisation will be consolidated by the new rules.

A similar approach to Denmark has been chosen by **Hungary**, where the National Bank (NBH) has introduced two new monetary instruments. Firstly, it concludes long-term interest rate swap transactions with partner commercial banks for 5 and 10 year maturities at regular tenders, and secondly, it also started to buy fixed rate mortgage bonds at preferential rates. In this way, with the participation in the bond purchase programme, the NBH helps banks to issue

more fixed rate mortgage loans at better rates. A third regulatory instrument was announced by the NBH in June which addresses the monthly maximum DTI figures. The new rule sets a maximum of 25% DTI for variable rate mortgages, 35% for mortgages with a 5-10 year initial fixation period and an unchanged maximum 50% DTI for mortgages with a fixed interest rate or with a fixation period of more than 10 years. This new standard will be applied only to mortgages with maturities of more than five years and is expected to enter into force next October. In **Poland**, the end of the government-backed programme “Flat for Youth” was phased out in Q1 2018 and a new, upcoming support schemes will focus more on rental market.

In **Ireland**, the Central Bank revised its macroprudential mortgage measures at the beginning of 2018. The proportion of loans permitted to exceed the LTI threshold was changed for FTBs and second and subsequent home buyers. The Central Bank of Ireland also prescribed how lenders should assess the value of collateral for purchase-to-renovate mortgages. In the **UK**, there have been no new interventions in the first quarter of 2018. However, the effect of phased removal of tax relief for BTL mortgage interest has yet to fully work through. This contributed to very weak BTL purchase numbers. As a result, BTL, which has been a key driver of growth in the mortgage book in recent years, is currently making only a negligible contribution to net lending.

In **Belgium**, additional macroprudential measures entered into force from 30 April 2018 to limit the risks of residential real estate as identified by the National Bank of Belgium. It applies to loans granted to retail clients of banks using an internal model based (IRB) approach to calculate their capital requirements. This measure is applied at portfolio level and consists of two components: the first is a linear increase of 5 pps of the risk weight on the IRB model outcome, while the second is applied on the average risk of each bank's portfolio. Moreover, from 1 June 2018, the registration duty in Flanders decreased from 10% to 7%, and even 6% below a certain threshold of housing price (EUR 220,000 in the larger cities and in some cities around Brussels, EUR 200,000 elsewhere). This latter rule might have skewed the acquisition of real estate for the upcoming months.

HOUSE PRICES

As a general trend, house prices continued to increase with some notable exceptions. The main underlying supply and demand imbalances are still in place, although shifts can be spotted here and there. The majority of the countries of our sample in Q1 2018 saw house price growth of more than 5% y-o-y, with three greater than 10% y-o-y, while only two were below 2% y-o-y. Looking at the price evolution with respect to the previous quarter, countries well-known for their significant price increases have shown a trend inversion.

The country with the highest y-o-y house price increase in Q1 2018 was **Ireland** at 12.7%. The Residential Property Price Index level reached is the highest since March 2009. The national annual rate of increase has accelerated in each of the past seven quarters. In Dublin, residential property prices increased by 12.1% in the year to December, whereas prices in the rest of the country rose by 13.4%. This was the twelfth consecutive quarter in which prices outside Dublin rose faster than prices in the city. The housing market statistics on completions and commencement increased by 26.7% and by 13.3% respectively, but both are still well below the levels needed to meet demand. The number of residential properties sold increased by 2% y-o-y to about 9,800 in Q1 2018, according to the Central Statistics Office (CSO). Some 16% of residential property bought at

market prices was sold to non-household buyers. About 19% of properties sold in the quarter were new properties. **Portugal** closely follows with growth of 12.2% y-o-y, which can be explained by a shortage of supply of both units for sale and for rent. This remains a challenge throughout the regions and goes hand in hand with an increase in the number of sales. In the rental and sales market, the scarcity of new listings continues to push prices up and no relevant changes are expected. **Hungary** closes the podium with growth of 11.5% y-o-y and 1.2% q-o-q. Construction statistics also show an expanding market, with a 3% increase in building permits issued and 60% more buildings completed in Q1 2018 with respect to Q1 2017.

In Central Europe, house prices continued their increasing path. In **Germany**, house prices increased by 7.4% y-o-y in Q1 2018, mostly due to the excess in demand for owner-occupied houses and condominiums, especially fuelled by the low interest rate environment. Although purchase prices are quite high, many market participants still consider home ownership to be a sound investment. Broken down by property type, prices for condominiums are 6.3% higher than in the first quarter one year ago, while those for single family houses are 7.8% more expensive. In the **Netherlands**, house prices increased at a national level by 8.9% y-o-y in Q1 2018. An increased regionalisation can also be detected. The number of sales in cities is stabilising and in more rural areas the number of sales is growing, whereas house prices increase mostly in the larger cities. In **Belgium**, house prices on average contracted slightly in Q1 2018 with respect to the previous quarter. Regional differences can be spotted with Flanders and Wallonia contracting by 2% and 1.6% respectively, while the region around Brussels saw house prices increase by 2.9%. A different picture can be seen for apartments where, in Flanders, prices increased by 0.6%, while in Wallonia and Brussels, they contracted by 2% and 2.1% respectively.

In Scandinavia, house prices do not follow the same path in the various countries. In **Denmark**, prices are increasing across the country and market conditions are accommodative of further increases. In **Finland**, prices remained relatively stable with a 1.3% y-o-y increase in Q1 2018, with the region around Helsinki increasing by 2.1% while elsewhere there has been a 1.9% contraction. In **Sweden**, there has been a shift in the housing market since end 2017, which was already anticipated in Stockholm. Price increases have cooled-off considerably with apartment prices contracting by 7% y-o-y in April 2018, while prices for one-family homes increased by 4.6% y-o-y in Q1 2018 with respect to a 7.6% increase in the previous quarter. Since October 2017, there has been a quick shift in the price development and the expectation of future price increases. Lending figures have still not reacted to this change in dynamic. Construction figures increased in 2017 and are expected to follow the same path in 2018, thus reaching the former record level from the 1990s. However, a shortage of supply is still felt in every city of the country. It is noteworthy to point out that several newly-built apartment blocks are proving hard to sell due to their too steep price tag, which is simply not affordable to many people in Sweden. Several reports have highlighted this problem and housing constructors plan to reduce the pace of new construction.

In the **UK**, while overall price inflation remains in positive though decelerating territory, the housing market in London, which is often a lead indicator of wider UK housing trends, has hovered just above zero price growth since Q1 and dipped briefly into negative territory in February. The central scenario remains one of low single figure growth, but there is a material risk that house prices could see a modest decline, especially if there are further negative shocks to the housing market or wider economy.



In **Romania**, house prices continue to follow an upwards trend of around 5.6% y-o-y in Q1 2018 and in **Poland** too prices continue to grow at a national level by on average 6.2% y-o-y. Both primary and secondary markets depict an increase with smaller figures in Warsaw than with respect to other large cities such as Gdansk, Bydgoszcz, Katowice and Lodz. **Spain** also saw an overall house price increase of 2.7% y-o-y, but contrary to the case in Poland, in the capital city, Madrid, prices grew by 8% – more than most other regions and cities, such as the Balearic Islands with 7% or Barcelona with 5.3%.

In **France**, house price increases were at around 3.5% y-o-y in Q1 2018, with the existing home market depicting a slightly larger price increase with respect to new homes, where the market contracted by 8.3% y-o-y in Q1 2018. This dynamic is expected to continue in the upcoming months due to the phasing-out of a housing assistance programme in favour of new-build homes. After the peak observed in sales figures in 2017, in Q1 2018 sales of existing homes fell slightly. Both building permits and housing starts increased by 3% and 9.3% y-o-y respectively. Developers' sales figures decreased by 1.2% y-o-y in Q1 2018, while individual house builders saw an 8% increase over the same period, but the curve could be reversed in 2018. In **Italy**, at end 2017, the last available figures, house prices showed the first marginal q-o-q increase since Q3 2016 with new dwelling prices growing by 0.7% q-o-q, while y-o-y there was a slight contraction of 0.5%.

MORTGAGE INTEREST RATES

Overall, in Europe the decline in mortgage interest rates seems to have reached a halt and nearly half of jurisdictions in our sample have seen increases in the average mortgage interest rate, thus slightly increasing the average interest rate in our sample by 0.1 pps to 2.3% with respect to end 2017. It is also interesting to note that the dispersion of the various interest rates continued its upward path started in Q2 2016 and reached the levels of Q1 2015. Bearing in mind the different structure of mortgage market breakdown in the various countries, another overall trend noticed in half of the sample is an increase of the initial fixation period in new mortgage lending deals, primarily in order to benefit from the still extremely low interest rate environment.

In Scandinavia, mortgages depict some of the most accommodative interest rates, with both **Denmark** and **Finland** offering mortgages for less than 1%, with the latter reaching an historic low at 0.92%. Moreover, in Denmark long-term mortgage rates scaled up in the early part of Q1 2018, but since then have returned to the level observed during the latter part of 2017. Similarly in **Sweden**, longer initial fixed interest rates increased to slightly less than 30% of new mortgages in Q1 2018.

In the **UK**, interest rates remain at attractive levels, despite the rate rise of the Bank of England in November 2017 and the prospect of a further hike in the

coming months. This has supported the strong re-mortgage numbers and will continue to provide further incentive for re-mortgage activity in the coming months. Furthermore, over the past year longer-term fixed rates (fixed for 5 years or more) became more popular among mortgage holders, which was helped by the widespread availability of longer-term fixed rate deals at historically attractive rates. In **Ireland**, variable rate mortgages accounted for 46% of new mortgages issued in Q1 2018 and 46% of outstanding mortgages, excluding securitised loans, were on ECB base rate-linked tracker mortgage rates in Q1 2018.

In Southern Europe, for Portugal and Italy interest rates continued their downwards path with more mortgages having a longer initial fixation period. In **Portugal**, variable rates benefitted from a historic low Euribor and reached 1.51% in Q1 2018. For **Italy**, short-term interest rate loans are available at 1.54%, while those with an initial fixation period of 1 year or more decreased by 0.05 pps to 2.07%. There is a slightly different picture in **Spain**, where the weighted average interest rate slightly increased by 0.03 pps to 1.60%, but here too the shift to a more fixed rate environment continues, reaching 62.6% of new lending in Q1 2018.

France saw a slight increase in its average interest rate by 0.09 pps to 1.55% in Q1 2018, an increase which in real terms is carved out by the relative inflation increase. In the **Netherlands**, notwithstanding the ongoing interest rate decrease, researchers are looking for the impact of a future interest rate increase. They conclude that the expected economic growth and income increase will compensate for the negative effect of rising interest rates. In **Belgium**, interest rates are continuing their downward path. It is interesting to note that the share of new loans with initial fixed rate periods for 1 year amounted to almost 5%, double the share of Q1 2017. Since 2015, the number of overdue contracts shows a positive evolution with non-regularised defaults reaching 1% from the long-term share of 1.1%. In **Germany**, the average interest rate has slightly increased by 0.02 pps to 1.85%. Nevertheless, here too more new mortgages have a longer initial fixation period.

In **Hungary**, variable rates linked to the three month BUBOR (Budapest Interbank rate) are no longer the most popular instrument among borrowers. As elsewhere, loans with longer fixed interest periods are becoming more popular. A similar picture is visible in **Romania**, where the increase in the representative mortgage interest rate to 4.78% has decreased the appetite for more variable mortgage rates and increased the share of fixed rates, especially the 10y plus fixation period, which jumped from 0.5% to 5.3% of new loans in just one year. Finally, in **Poland**, where all mortgages are granted at a variable rate, no particular changes are seen on the horizon, even though the inflationary pressure continues to grow. In the **Czech Republic** interest rates grew slower than the relevant reference market rates.

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

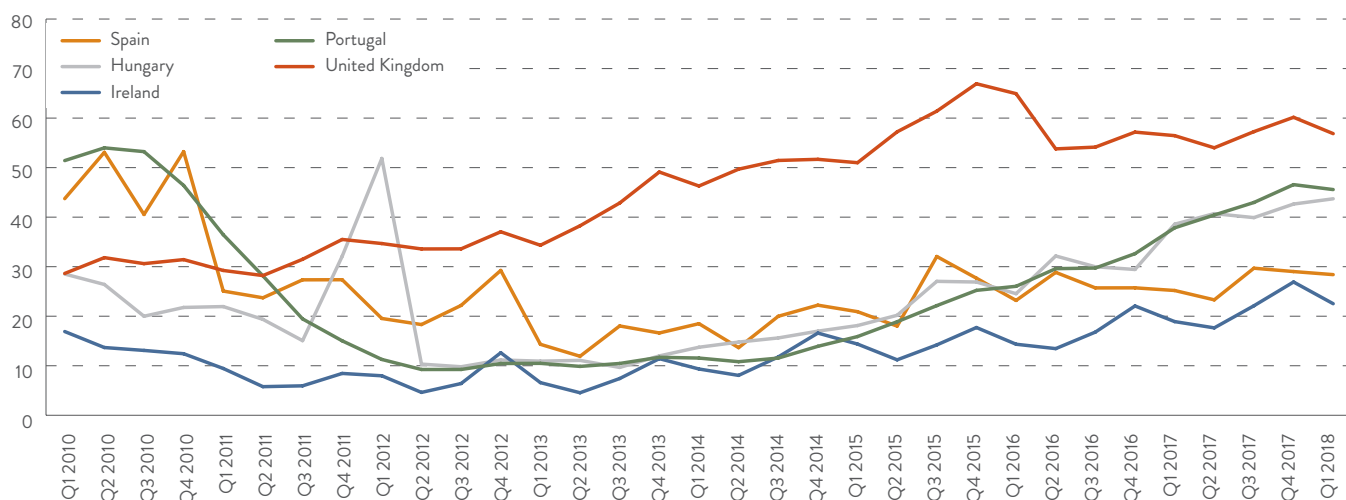


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

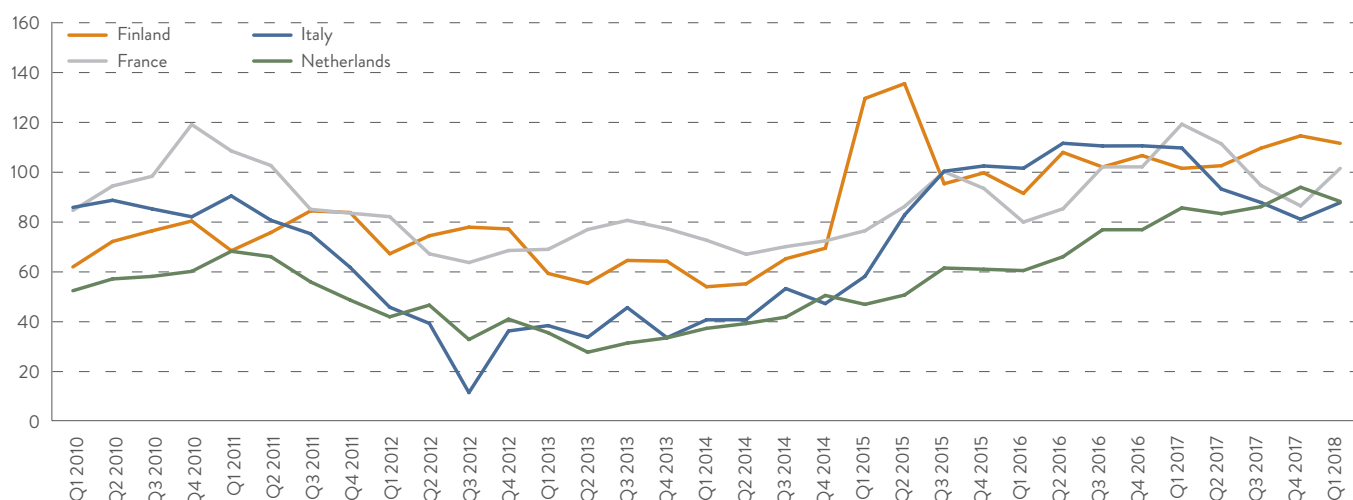


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

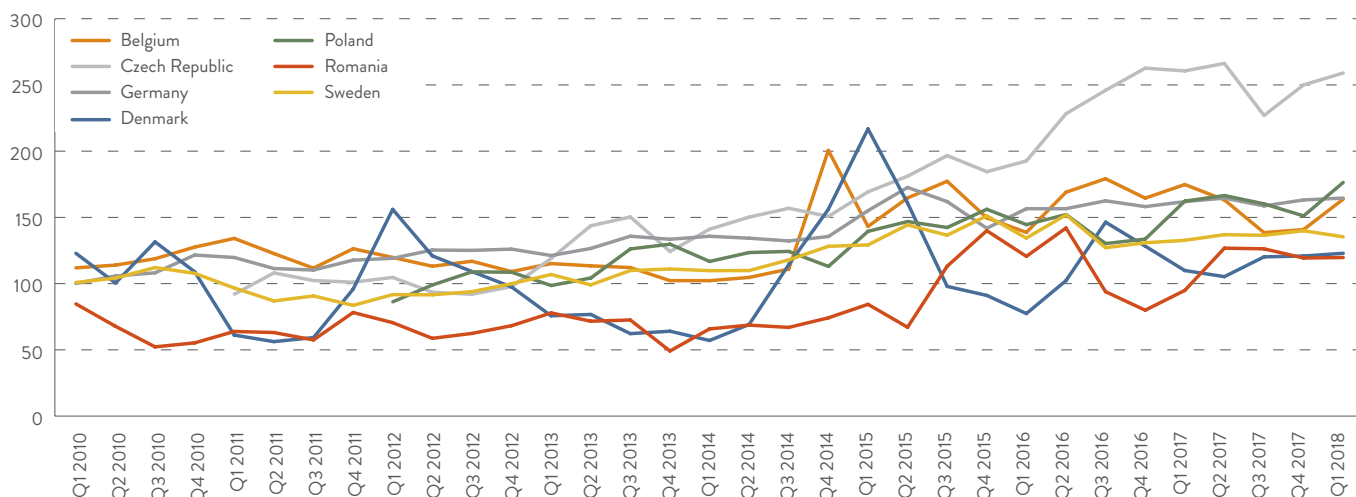
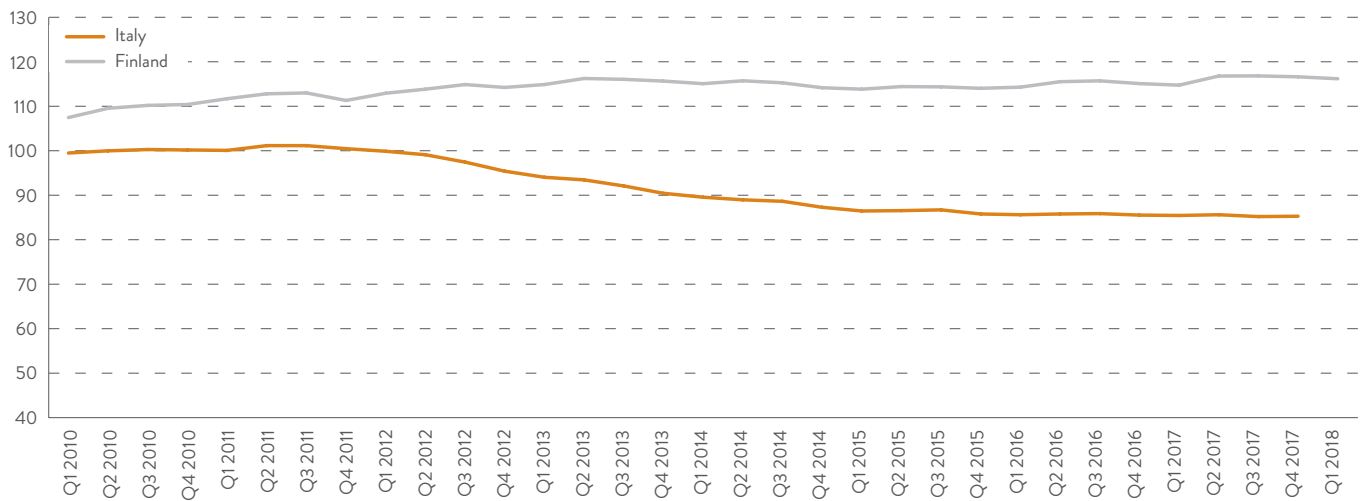
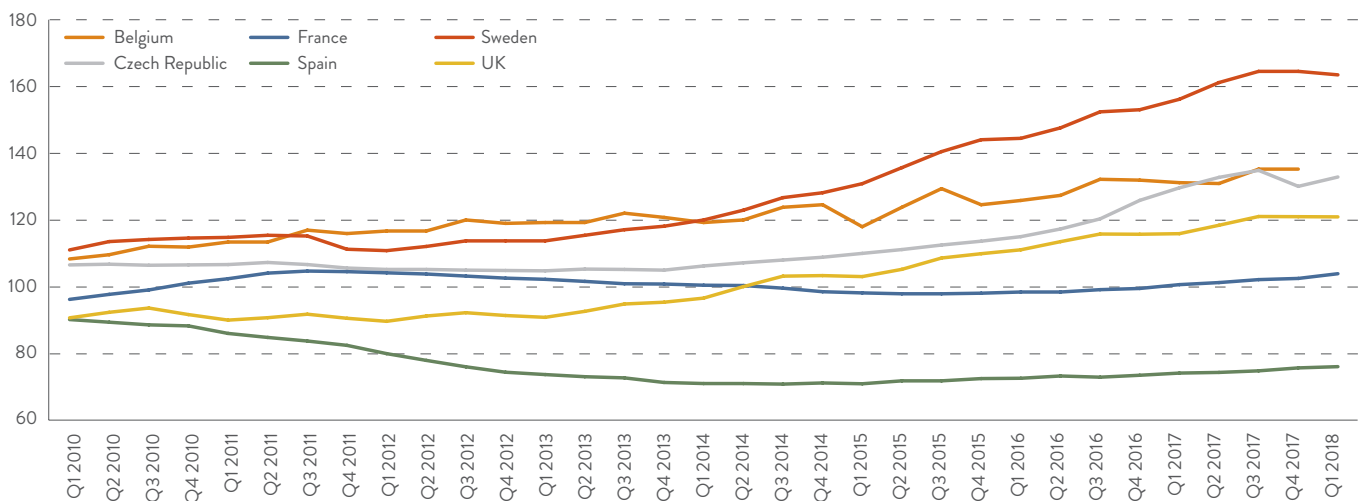


CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



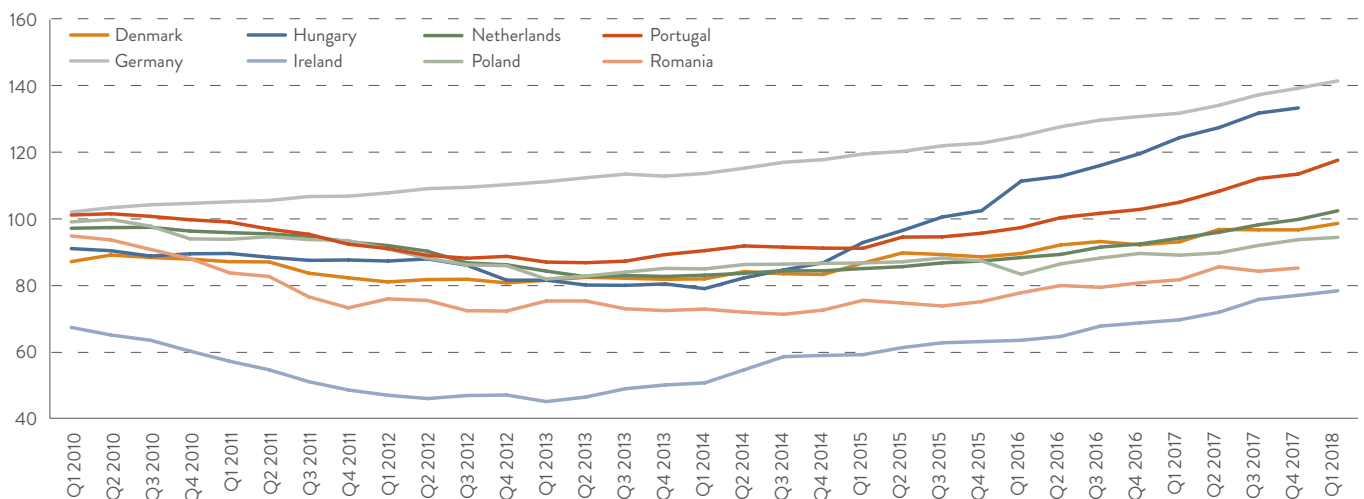
* Average Q1-Q4 2007=100

CHART 2B | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED BETWEEN 2% AND 5% Y-O-Y



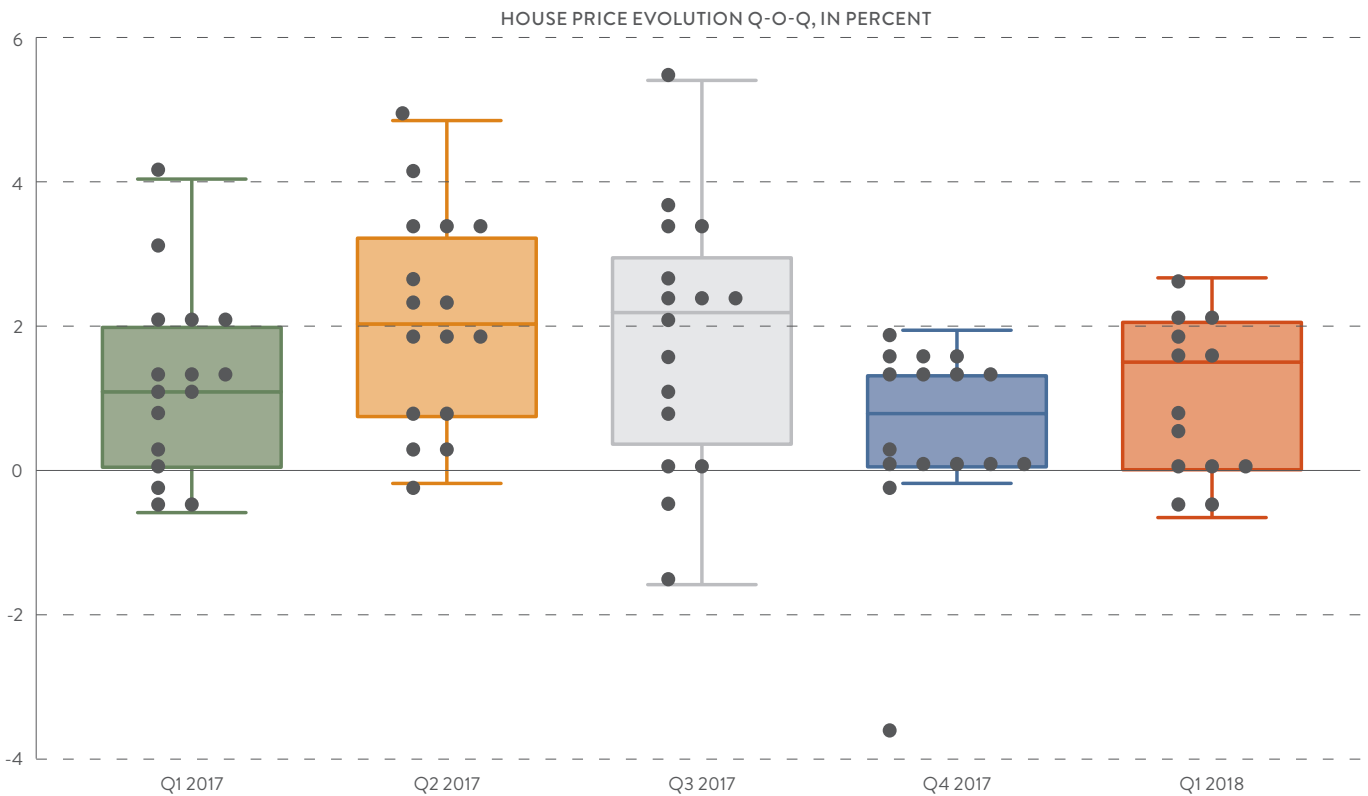
* Average Q1-Q4 2007=100

CHART 2C | COUNTRIES WHERE HOUSE PRICES* HAVE RISEN BY AT LEAST 5% Y-O-Y



* Average Q1-Q4 2007=100

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 2017.

The dataset shows q-o-q growth figures of the country sample until Q1 2018 for which there are 12 data-points instead of 16, as in 4 countries the latest House Price Index available was that of Q4 2017.


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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	LATEST Y-O-Y CHANGE (%), Q18, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q18, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 17, LOCAL CURRENCY
BE	216,270	220,114	223,050	226,971	229,876	233,224	235,971	5.8	6.0	5.8	6.0
CZ	34,007	34,940	35,629	37,743	38,998	40,542	41,417	16.2	16.0	9.3	9.7
DE	1,314,315	1,326,901	1,333,562	1,348,088	1,365,975	1,378,810	1,390,002	4.2	3.9	4.2	3.8
DK*	241,280	241,816	242,093	243,364	245,580	246,616	245,431	1.4	2.0	1.6	2.1
ES	516,083	511,253	507,400	504,489	501,769	497,711	494,582	-2.5	-2.6	-2.5	-2.6
FI	93,647	94,056	94,279	94,985	95,672	96,129	96,237	2.1	2.2	2.1	2.2
FR	884,304	899,358	913,132	927,481	939,592	954,226	963,366	5.5	6.1	5.5	6.1
HU	14,593	14,024	13,925	13,688	13,634	13,611	13,454	-3.4	-2.9	-2.0	-2.8
IE	108,104	106,810	105,912	104,978	104,750	102,085	101,577	-4.1	-4.4	-4.1	-4.4
IT	365,774	368,169	371,090	372,381	373,390	375,398	376,577	1.5	2.0	1.5	2.0
NL	664,832	664,014	665,490	669,148	670,785	672,232	n/a	n/a	1.2	n/a	1.2
PL**	89,665	89,592	92,536	92,843	91,338	93,111	93,420	1.0	3.9	0.6	-1.6
PT	96,593	95,377	94,944	94,563	94,353	94,093	93,831	-1.2	-1.3	-1.2	-1.3
RO	12,709	12,893	13,093	13,522	13,948	14,262	14,586	11.4	10.6	13.9	13.5
SE	377,648	386,999	393,859	397,468	403,357	402,250	390,996	-0.7	3.9	7.1	7.1
UK	1,530,618	1,546,503	1,558,338	1,528,880	1,538,951	1,539,979	1,570,918	0.8	-0.4	3.1	3.2

NOTE: Non seasonally-adjusted data.

Source: European Mortgage Federation

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

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

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

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

- Belgium
- United Kingdom

TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	LATEST Y-O-Y CHANGE (%), Q118, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 17, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q118, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 17, LOCAL CURRENCY
BE	7,081	9,640	10,265	10,131	9,169	9,306	7,914	8,761	8,532	-6.9	-13.5	-6.9	-13.5
CZ*	2,118	2,794	2,844	3,262	2,928	3,246	2,618	3,112	2,909	-0.6	-4.6	-6.5	-9.8
DE	48,800	50,800	55,700	54,100	50,600	53,500	54,400	55,800	51,500	1.8	3.1	1.8	1.7
DK	6,415	8,482	13,125	12,509	9,344	8,754	10,763	11,834	10,519	12.6	-5.4	12.8	-5.3
ES	8,171	12,356	7,656	9,309	8,909	10,319	9,117	10,516	10,085	13.2	13.0	13.2	13.0
FI	6,573	8,693	7,136	7,109	7,305	8,304	7,687	7,687	8,038	10.0	8.1	10.0	8.1
FR	30,908	35,483	46,359	44,419	47,822	46,704	43,147	37,678	40,193	-16.0	-15.2	-16.0	-15.2
HU	306	472	479	425	511	597	624	618	586	14.9	45.4	16.6	45.6
IE	999	1,286	1,558	1,813	1,393	1,647	2,016	2,230	1,704	22.3	23.0	22.3	23.0
IT**	19,074	22,486	19,180	22,748	20,643	18,941	14,805	17,065	16,414	-20.5	-25.0	-20.5	-25.0
NL	15,889	18,671	22,368	24,049	23,212	23,695	25,060	29,005	23,958	3.2	20.6	3.2	20.6
PL	2288,1	2,629	2,230	2,252	2,590	2,873	2,740	2,550	2,830	9.3	13.2	8.9	7.2
PT	1,218	1,481	1,474	1,617	1,803	2,018	2,130	2,308	2,186	21.2	42.7	21.2	42.7
RO	589	805	579	492	442	718	764	717	584	32.0	45.6	35.1	49.4
SE	13,532	17,575	13,023	15,298	13,341	15,915	14,064	16,312	13,636	2.2	6.6	10.3	9.9
UK	80,001	69,566	74,232	72,216	68,997	69,852	78,286	76,098	69,521	0.8	5.4	3.0	9.2

* 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:

- Germany


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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	2,559	2,996	2,780	2,144	3,152	3,384	3,844	2,936	3,921	2,905	3,348	2,747
CZ	1,017	807	965	263	691	969	932	689	2,114	1,255	1,544	875
DE	12,047	13,670	11,848	5,576	12,839	16,444	12,586	6,661	14,526	17,887	12,835	11,192
DK*	-2,470	495	45	1,577	2,612	1,726	536	277	1,270	2,216	1,036	-1,185
ES	-4,871	-6,688	-6,177	-5,784	-2,948	-4,241	-5,355	-4,596	-11,299	-2,705	-4,010	n/a
FI	798	645	592	207	925	560	409	223	706	687	457	109
FR	3,838	11,703	8,920	4,608	9,271	4,024	15,054	13,774	14,349	12,111	14,634	9,140
HU	-1,046	-192	-548	-95	-282	199	-569	-99	-237	-54	-23	-157
IE	-1,274	-1,307	-1,097	-1,144	-623	-795	-1,294	-898	-934	-228	-2,665	-508
IT	1,962	417	1,304	-149	2,103	1,487	2,396	2,921	1,291	1,010	2,007	1,179
NL	709	3,312	1,739	1,968	3,762	3,489	-818	1,476	3,658	1,637	1,447	n/a
PL	-301	-1,784	581	369	-1,271	2,177	-73	2,945	307	-1,505	1,773	309
PT	-758	-399	-1,871	-696	-591	-636	-1,216	-433	-381	-210	-260	-262
RO	311	338	415	305	491	413	184	200	429	426	314	324
SE	10,354	-517	16,843	4,276	544	-2,449	9,351	6,860	3,609	5,888	-1,107	-11,254
UK	48,567	-52,371	25,737	-111,436	-62,784	-50,548	15,885	11,835	-29,458	10,071	1,029	30,938

Please note this variable is the result of the variation between the two consecutive amounts of outstanding residential mortgage lending (Table 1).

Source: European Mortgage Federation

Refer to Table 1 for eventual revisions.

TABLE 4 | HOUSE PRICE INDICES, 2007 = 100

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	124.7	118.0	123.9	129.6	124.7	126.0	127.5	132.5	132.2	131.4	131.2	135.6	135.6	n/a
CZ	108.7	109.9	111.1	112.4	113.6	115.0	117.3	120.4	126.1	129.9	133.1	135.2	130.3	133.2
DE	117.6	119.3	120.1	121.8	122.6	124.8	127.6	129.6	130.7	131.7	134.1	137.3	139.3	141.5
DK	83.2	86.7	89.9	89.3	88.6	89.7	92.3	93.4	92.3	93.3	97.1	97.0	97.0	99.0
ES	71.2	70.9	71.8	71.8	72.5	72.6	73.3	72.9	73.5	74.2	74.4	74.9	75.8	76.2
FI	114.0	113.7	114.3	114.2	113.9	114.1	115.4	115.6	115.0	114.6	116.8	116.8	116.6	116.1
FR	98.5	98.1	97.9	97.9	98.0	98.4	98.4	99.2	99.6	100.8	101.5	102.4	102.8	104.3
HU	86.7	92.8	96.4	100.5	102.4	111.3	112.8	116.1	119.7	124.5	127.5	131.9	133.5	n/a
IE	59.2	59.4	61.6	63.0	63.4	63.8	65.0	68.1	69.1	70.0	72.3	76.2	77.5	78.9
IT*	87.0	86.1	86.2	86.4	85.4	85.3	85.4	85.5	85.2	85.1	85.3	84.8	84.9	n/a
NL	84.2	84.9	85.5	86.7	87.3	88.3	89.3	91.5	92.5	94.3	96.1	98.5	100.1	102.8
PL	86.6	86.7	87.1	88.2	87.3	83.2	86.4	88.2	89.6	89.1	89.8	92.1	93.9	94.6
PT	91.0	91.0	94.4	94.5	95.6	97.3	100.3	101.7	102.8	105.0	108.4	112.3	113.6	117.9
RO**	72.5	75.5	74.7	73.7	75.1	77.8	80.0	79.5	80.9	81.8	85.8	84.4	85.4	n/a
SE	128.1	130.8	135.7	140.5	144.1	144.5	147.7	152.5	153.1	156.3	161.3	164.7	164.7	163.7
UK	103.4	103.1	105.4	108.8	110.1	111.3	113.8	116.1	116.0	116.2	118.8	121.5	121.4	121.3

* 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:

- Hungary
- Netherlands
- United Kingdom



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

	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	2.79	2.54	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.11	2.16	2.13	2.03	2.01
CZ*	2.56	2.68	2.48	2.48	2.42	2.37	2.25	2.17	2.01	2.17	2.22	2.17	2.25	2.41
DE	2.18	1.93	1.83	2.03	2.00	1.91	1.81	1.68	1.63	1.80	1.83	1.85	1.83	1.85
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	0.87	0.90
ES	2.72	2.47	2.25	2.17	2.08	2.02	2.04	2.02	1.97	1.97	1.92	1.99	1.91	1.95
FI	1.69	1.56	1.51	1.43	1.32	1.23	1.20	1.16	1.16	1.13	1.07	1.02	0.95	0.92
FR***	2.40	2.17	2.01	2.14	2.18	2.02	1.69	1.46	1.32	1.45	1.54	1.55	1.52	1.48
HU	6.32	5.84	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.01	4.31
IE	3.75	3.60	3.46	3.40	3.42	3.30	3.34	3.26	3.22	3.16	3.22	3.20	3.07	3.02
IT	2.84	2.68	2.77	2.67	2.50	2.33	2.20	2.02	2.02	2.11	2.10	2.02	1.90	1.88
NL	3.18	3.09	2.92	2.90	2.83	2.75	2.64	2.54	2.39	2.38	2.41	2.42	2.41	2.34
PL	4.70	4.40	4.30	4.40	4.40	4.40	4.50	4.40	4.40	4.40	4.40	4.40	4.40	4.30
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	1.52	1.51
RO****	4.66	3.99	3.95	3.94	3.79	3.49	3.32	3.56	3.52	3.71	3.34	3.60	4.42	4.78
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	1.56	1.52
UK	3.09	2.76	2.60	2.57	2.54	2.50	2.41	2.30	2.16	2.09	2.05	1.98	1.98	2.03

* 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.

For Hungary the representative interest rate on new loans in Q1 2018 is not any more the variable rate, but the short-term fixed one (1y-5y).

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

- Ireland

TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	2.73	2.67	2.48	2.16	2.37	2.47	2.48	2.46	2.25	2.06	1.95	1.58
CZ	2.65	2.76	2.59	2.61	2.32	2.55	2.04	2.40	2.51	2.25	2.28	2.57
DE	2.14	2.20	2.17	2.26	2.12	2.07	1.95	2.10	2.10	2.04	2.05	2.05
DK*	1.06	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09	0.94	0.87	0.90
ES	2.01	2.04	1.85	1.72	1.66	1.66	1.62	1.57	1.51	1.68	1.57	1.60
FI	1.30	1.35	1.27	1.18	1.14	1.11	1.09	1.06	1.02	1.00	0.94	0.90
FR	1.42	1.68	1.76	1.43	n/a	n/a	1.12	n/a	n/a	n/a	n/a	n/a
HU	5.04	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.01	3.05
IE	3.30	3.23	3.30	3.14	3.22	3.18	3.14	3.03	3.18	3.17	3.03	2.96
IT	2.20	2.09	1.97	1.92	1.80	1.74	1.70	1.72	1.66	1.63	1.53	1.54
NL	2.53	2.45	2.38	2.30	2.20	2.08	1.95	1.95	1.97	1.98	1.96	1.95
PT	2.28	2.19	2.13	1.99	1.86	1.76	1.77	1.70	1.61	1.48	1.52	1.51
RO**	3.91	3.83	3.71	3.40	3.25	3.51	3.42	3.62	3.29	3.56	4.47	4.79
SE	1.55	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52	1.53	1.56	1.52
UK***	2.02	2.04	2.04	2.13	2.05	1.93	1.87	1.92	1.90	1.78	1.86	n/a

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	2.33	2.40	2.21	2.05	2.01	2.08	2.09	2.12	2.09	1.96	1.86	1.94
CZ	2.37	2.35	2.32	2.26	2.25	2.13	2.06	2.16	2.12	2.14	2.24	2.38
DE	1.83	1.94	1.94	1.85	1.83	1.77	1.65	1.67	1.73	1.77	1.70	1.72
DK*	1.33	1.39	1.33	1.27	1.24	1.15	1.26	1.24	1.22	1.16	1.12	1.12
ES	2.44	2.23	2.17	2.06	2.02	1.99	1.95	1.85	1.71	1.74	1.67	1.69
FI	1.39	1.45	1.51	1.30	1.27	1.27	1.27	1.16	1.12	1.13	1.15	1.18
HU	6.91	6.79	6.60	6.68	6.32	6.11	5.80	5.79	5.40	5.14	4.63	4.31
IE	3.82	3.72	3.66	3.59	3.57	3.40	3.34	3.32	3.27	3.22	3.10	3.07
NL	2.74	2.69	2.64	2.55	2.39	2.16	2.11	2.15	2.20	2.23	2.21	2.15
RO**	5.34	4.24	4.03	4.46	4.95	4.91	4.93	4.96	5.01	4.84	4.37	4.49
SE	1.76	1.67	1.73	1.71	1.72	1.72	1.56	1.61	1.65	1.65	1.65	1.67
UK	2.71	2.64	2.59	2.53	2.45	2.35	2.20	2.09	2.05	1.99	1.97	n/a

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	2.36	2.40	2.35	2.15	1.90	1.97	1.86	1.93	2.10	2.19	2.16	2.13
CZ	2.36	2.36	2.29	2.19	2.10	1.95	1.86	1.98	2.19	2.13	2.21	2.36
DE	1.68	1.90	1.89	1.77	1.63	1.52	1.46	1.63	1.68	1.68	1.67	1.69
DK*	1.83	2.30	2.30	1.84	1.76	1.35	1.57	1.64	1.56	1.53	1.58	1.54
ES	5.36	3.43	5.01	5.23	3.87	4.52	3.99	4.15	4.13	4.26	4.07	4.45
FI	2.34	2.02	1.88	1.90	1.67	1.71	1.82	1.94	1.89	1.92	1.80	1.90
HU	6.47	6.37	6.22	6.22	6.69	6.89	6.88	7.04	6.51	6.27	5.76	5.39
NL	2.94	2.90	2.83	2.78	2.67	2.54	2.34	2.30	2.36	2.34	2.34	2.34
RO**	5.70	5.61	5.40	5.62	5.64	5.66	5.56	5.62	5.57	4.75	5.09	5.40
SE	2.62	2.60	2.75	2.54	2.52	2.24	2.39	2.58	1.94	1.91	2.17	2.20
UK	3.12	3.10	3.15	3.34	3.22	3.08	2.63	2.59	2.69	2.71	2.66	n/a



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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BE	2.43	2.46	2.48	2.27	2.05	2.00	2.00	2.11	2.16	2.13	2.03	2.01
CZ	3.73	3.30	3.21	3.22	2.86	2.43	2.39	2.44	2.67	2.44	2.57	2.48
DE	1.89	2.12	2.08	1.95	1.86	1.70	1.69	1.88	1.90	1.95	1.92	1.94
DK*	3.14	3.86	3.78	3.67	3.23	2.90	2.89	3.04	2.89	2.82	2.78	2.76
ES	2.80	2.41	2.68	2.66	2.36	2.37	2.19	2.32	2.42	2.44	2.39	2.33
HU	6.70	6.30	6.66	5.75	6.46	5.93	5.98	5.71	5.93	5.67	5.52	5.51
IT****	3.14	3.02	2.82	2.63	2.48	2.16	2.17	2.25	2.30	2.22	2.12	2.07
NL	3.35	3.25	3.28	3.19	3.07	3.03	2.90	2.85	2.90	3.00	3.00	2.90
RO**	5.93	5.86	5.65	4.91	5.96	5.94	5.70	5.86	5.76	3.34	3.69	4.85
UK	4.11	4.25	4.06	3.98	4.95	n	n	n	n	n	n	n/a

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

** 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

UK - from Q1 2018 onwards Bank of England discontinued these data series

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

- Ireland

Source: European Mortgage Federation

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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	24.3	24.1	24.0	22.2	20.9	21.6	20.9	20.1	20.0	19.1	18.6
Short-term fixed (1Y-5Y initial rate fixation)	57.3	57.0	58.8	59.8	59.9	57.8	57.5	57.5	56.7	56.3	54.6
Medium-Term fixed (5Y-10Y initial rate fixation)	8.8	9.4	11.9	13.0	14.4	15.8	17.0	17.9	18.9	20.3	22.5
Long-Term fixed (over 10Y initial rate fixation)	9.6	9.5	5.2	5.1	4.9	4.8	4.6	4.5	4.4	4.3	4.4
DENMARK											
Variable rate (up to 1Y initial rate fixation)	40.4	39.2	37.9	38.3	37.4	37.8	38.6	38.8	37.9	36.7	36.3
Short-term fixed (1Y-5Y initial rate fixation)	26.5	27.1	27.7	27.1	27.3	26.4	25.0	24.6	24.9	25.6	25.9
Medium-Term fixed (5Y-10Y initial rate fixation)	33.1	33.7	34.4	34.7	35.4	35.8	36.4	36.6	37.2	37.7	37.8
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	87.1	87.8	88.4	88.9	89.5	90.2	90.6	91.1	91.6	92.2	92.7
Short-term fixed (1Y-5Y initial rate fixation)	8.2	7.8	7.4	7.0	6.7	6.3	6.0	5.7	5.3	5.0	4.7
Medium-Term fixed (5Y-10Y initial rate fixation)	4.7	4.4	4.2	4.0	3.8	3.6	3.4	3.2	3.0	2.8	2.6
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	92.6	92.0	91.8	91.5	90.3	89.6	88.9	88.0	86.9	85.8	84.3
Short-term fixed (1Y-5Y initial rate fixation)	5.6	6.1	6.2	6.5	7.8	8.5	9.2	10.1	11.2	12.6	13.9
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.9	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.6	1.7
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n

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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	65.7	66.2	67.1	68.3	69.1	69.1	68.1	67.9	68.3	68.3	68.4
Short-term fixed (1Y-5Y initial rate fixation)	31.7	31.3	30.5	29.4	28.7	28.9	30.0	30.3	30.1	30.1	30.2
Medium-Term fixed (5Y-10Y initial rate fixation)	2.6	2.5	2.4	2.3	2.2	2.1	1.9	1.7	1.6	1.5	1.5
Long-Term fixed (over 10Y initial rate fixation)											

UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	52.5	50.9	49.9	48.2	47.0	45.8	44.2	42.4	40.6	40.6	n/a
Short-term fixed (1Y-5Y initial rate fixation)	45.8	47.4	48.4	50.2	51.5	52.7	54.3	56.2	58.0	58.0	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.4	1.4	1.4	n/a
Long-Term fixed (over 10Y initial rate fixation)	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	n/a

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	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
ITALY											
Maturity less than 5 years	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Maturity over 5 years	99.5	99.4	99.4	99.4	99.4	99.3	99.3	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

Source: European Mortgage Federation

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

- Czech Republic
- Sweden

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

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	0.9	0.5	0.4	0.7	1.6	1.3	0.5	0.3	0.5	1.2	1.6	2.5	4.9
Short-term fixed (1Y-5Y initial rate fixation)	5.6	2.7	2.8	3.9	4.7	2.6	2.1	1.8	2.2	2.5	3.1	4.8	4.2
Medium-Term fixed (5Y-10Y initial rate fixation)	13.9	11.7	12.0	18.3	17.5	14.3	13.9	15.6	16.3	17.2	17.2	18.2	18.1
Long-Term fixed (over 10Y initial rate fixation)	79.6	85.1	84.8	77.2	76.2	81.8	83.6	82.3	81.1	79.1	78.1	74.6	72.9
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	38.3	31.4	25.2	27.5	27.6	23.6	17.1	33.4	19.1	16.7	21.1	25.0	16.9
Short-term fixed (1Y-5Y initial rate fixation)	49.0	50.6	57.3	56.1	54.2	52.7	53.0	37.2	50.9	56.6	53.4	46.0	47.8
Medium-Term fixed (5Y-10Y initial rate fixation)	10.2	15.6	15.2	13.6	15.6	20.7	26.8	26.2	26.9	23.7	22.4	27.0	30.9
Long-Term fixed (over 10Y initial rate fixation)	2.4	2.3	2.3	2.8	2.6	3.1	3.1	3.2	3.1	3.0	3.0	3.0	4.3
DENMARK													
Variable rate (up to 1Y initial rate fixation)	8.0	6.8	16.6	25.1	22.4	19.2	11.3	18.4	17.8	17.4	18.6	22.9	22.6
Short-term fixed (1Y-5Y initial rate fixation)	20.1	19.9	33.4	42.6	45.4	39.4	28.1	28.8	35.2	33.0	28.3	39.4	37.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.8	1.6	1.2	1.0	4.3	1.4	1.8	1.3	1.5	1.0	2.3	0.9	0.9
Long-Term fixed (over 10Y initial rate fixation)	69.1	71.8	48.9	31.3	27.8	40.0	58.8	51.5	45.4	48.7	50.8	36.8	38.7
FINLAND													
Variable rate (up to 1Y initial rate fixation)	91.1	90.2	92.4	93.2	92.8	93.4	93.6	93.3	93.2	94.3	95.6	96.0	96.2
Short-term fixed (1Y-5Y initial rate fixation)	5.3	6.0	4.2	3.9	4.2	3.6	3.5	3.4	3.1	2.8	2.2	1.9	1.8
Medium-Term fixed (5Y-10Y initial rate fixation)	3.7	3.8	3.4	3.0	3.0	2.9	2.9	3.3	3.6	2.9	2.2	2.1	2.0
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	13.1	12.1	11.8	12.9	12.8	12.1	11.4	11.8	10.9	11.3	11.6	11.9	11.3
Short-term fixed (1Y-5Y initial rate fixation)	10.1	9.2	9.8	10.5	10.6	9.5	9.0	8.4	8.8	8.5	8.9	8.9	8.8
Medium-Term fixed (5Y-10Y initial rate fixation)	36.4	37.1	38.8	37.9	36.7	35.1	35.7	35.9	36.1	35.2	35.5	35.4	34.4
Long-Term fixed (over 10Y initial rate fixation)	40.4	41.6	39.6	38.7	40.0	43.3	44.0	43.9	44.2	45.0	43.9	43.9	45.5



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

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	41.6	45.3	48.8	44.1	42.4	43.6	40.8	40.6	43.5	45.9	41.4	38.7	28.1
Short-term fixed (1Y-5Y initial rate fixation)	32.4	32.7	29.6	32.5	31.4	31.1	30.0	31.2	27.2	27.0	32.6	34.2	42.7
Medium-Term fixed (5Y-10Y initial rate fixation)	18.7	16.8	16.3	16.2	18.6	20.1	23.2	21.9	22.5	20.6	19.5	21.2	23.8
Long-Term fixed (over 10Y initial rate fixation)	7.3	5.1	5.3	7.2	7.6	5.2	6.0	6.3	6.8	6.4	6.5	5.9	5.4
IRELAND													
Variable rate (up to 1Y initial rate fixation)	67.8	67.7	60.8	69.7	67.1	65.0	70.0	62.5	59.8	53.4	47.2	43.8	45.6
Short-term fixed (1Y-5Y initial rate fixation)	32.2	32.3	39.2	30.3	32.9	35.0	30.0	37.5	40.2	46.6	52.8	56.2	54.4
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)	68.2	46.4	38.4	38.4	40.8	41.7	36.3	31.2	29.0	31.3	35.5	37.5	36.3
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	31.8	53.6	61.6	61.6	59.2	58.3	63.7	68.8	71.0	68.7	64.5	62.5	63.7
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	18.8	16.5	10.5	12.1	14.2	14.9	13.4	11.8	10.7	13.8	14.7	15.3	15.4
Short-term fixed (1Y-5Y initial rate fixation)	25.7	19.4	13.6	14.3	13.1	12.5	12.5	9.9	8.3	10.0	8.7	8.9	9.3
Medium-Term fixed (5Y-10Y initial rate fixation)	46.4	49.0	55.2	56.2	54.7	53.4	51.4	56.5	57.9	54.3	55.5	55.3	53.4
Long-Term fixed (over 10Y initial rate fixation)	9.1	15.2	20.6	17.5	18.0	19.1	22.7	21.8	23.0	21.9	21.2	20.5	21.8

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

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
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)	94.4	93.5	90.3	90.2	79.7	62.5	62.6	61.0	63.3	58.9	60.1	59.1	61.3
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	5.6	6.5	9.7	9.8	20.3	37.5	37.4	39.0	36.7	41.1	39.9	40.9	38.7
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	94.0	95.6	68.2	76.9	90.6	95.1	94.9	93.9	93.6	97.5	88.8	78.5	73.2
Short-term fixed (1Y-5Y initial rate fixation)	5.0	3.2	30.5	21.4	7.8	4.0	4.0	5.0	4.8	1.7	2.5	10.3	15.5
Medium-Term fixed (5Y-10Y initial rate fixation)	0.9	0.7	0.7	0.8	0.4	0.6	0.6	0.9	1.1	0.5	1.9	3.5	5.6
Long-Term fixed (over 10Y initial rate fixation)	0.1	0.5	0.5	0.8	1.1	0.3	0.4	0.2	0.5	0.3	6.7	7.8	5.7
SPAIN													
Variable rate (up to 1Y initial rate fixation)	65.4	62.2	61.8	62.6	57.8	41.6	46.8	42.2	41.7	42.0	43.9	42.3	37.4
Short-term fixed (1Y-5Y initial rate fixation)	30.4	30.8	26.3	28.0	28.6	20.5	25.1	23.4	24.8	26.2	27.2	28.5	29.1
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	2.2	4.1	2.5	2.9	3.8	3.5	4.0	4.7	4.4	3.9	3.9	4.0
Long-Term fixed (over 10Y initial rate fixation)	2.2	4.7	7.9	6.9	10.7	34.2	24.6	30.5	28.9	27.4	25.0	25.3	29.4

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

	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	75.3	72.3	72.8	72.3	74.3	76.2	76.3	77.1	72.7	72.9	72.5	69.0	70.3
Short-term fixed (1Y-5Y initial rate fixation)	15.9	18.1	19.3	20.1	19.1	17.6	16.6	15.8	19.6	19.8	18.9	20.4	20.8
Medium-Term fixed (5Y-10Y initial rate fixation)	8.8	9.6	7.9	7.6	6.6	6.1	7.1	7.2	7.7	7.3	8.6	10.7	8.9
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	17.7	17.9	15.6	12.4	15.5	15.7	16.1	16.6	15.8	11.6	11.0	11.0	n/a
Short-term fixed (1Y-5Y initial rate fixation)	80.3	78.9	81.0	84.6	83.4	83.2	82.8	81.6	82.0	86.7	87.6	87.6	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	3.1	3.4	2.9	1.1	1.1	1.1	1.8	2.2	1.7	1.4	1.4	n/a
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.1	0.1	0.1	n	n	n	n	n	n	n	n	n/a

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

Source: European Mortgage Federation

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

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEYS

The Bank Lending Survey (BLS) is carried out by the European Central Bank (ECB), is addressed to senior loan officers of a representative sample of euro area banks and is conducted four times a year. The sample group participating in the survey comprises around 130 banks from all euro area countries and takes into account the characteristics of their respective national banking structures^{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 – First quarter of 2018" 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)

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
AT	-29	0	14	0	29	-14	0	0	14	-14	14	0
BE	25	-50	0	0	25	0	25	0	25	0	0	25
CY	0	0	0	0	0	0	0	0	0	0	0	0
DE	3	7	0	21	28	10	0	-14	0	-7	-7	-7
EE	50	13	13	13	0	0	0	0	0	0	13	30
EL	0	50	25	0	0	25	0	0	25	0	0	0
ES	0	-11	0	-11	-11	-11	0	0	0	-11	-11	-11
FR	-15	2	-15	0	-15	-24	0	0	0	-2	-2	-14
IE	-10	20	-10	10	0	-10	0	0	0	0	0	0
IT	-38	-13	-25	-13	-38	0	0	-14	-20	-20	0	-10
LT	25	50	75	0	0	0	25	0	25	75	0	0
LU	-17	-17	0	-17	-17	-17	-17	0	-33	-17	0	-33
LV	-25	-25	0	0	0	0	-25	-25	0	0	0	-25
MT	0	0	-11	34	-41	0	0	0	0	-45	0	40
NL	0	59	-8	14	0	0	0	-2	-30	-48	-36	-51
PT	-20	0	0	0	0	0	0	0	0	0	0	0
SI	-20	-20	0	20	0	0	-20	40	0	0	0	0
SK	36	0	0	11	17	-9	0	93	65	51	32	59
EA	-9	5	-7	4	-2	-4	1	-5	-4	-11	-6	-11
DK	0	-1	33	23	14	14	18	14	-32	22	14	40
UK	-9	-16	-5	3	5	2	4	-4	-10	-7	-2	-4

In the first quarter of 2018, the overall credit standards continued to ease in the euro area by 11% continuing the easing path seen throughout 2017. Banks in the five largest economies of the Euro area eased their credit standards in housing loans. Belgium, Estonia, Malta and Slovakia were the Euro area countries which saw a tightening of their credit standards. The principal factor for easing the standards continued to be competitive pressure from other banks and non-banks 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 slightly eased with respect to the previous quarter.

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN Q1 2018 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

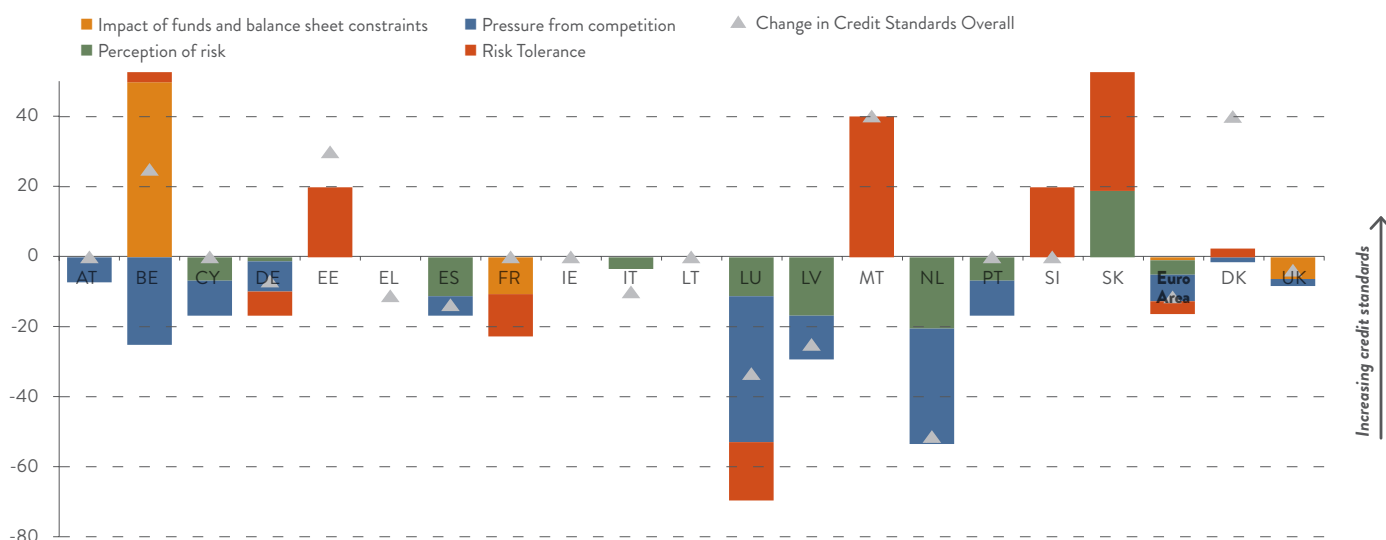
I 2018	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Credit Standards Overall	0	25	0	-7	30	-11	-14	0	0	-10	0	-33	-25	40	-51	0	0	59	-11	40	-4
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of funds and balance sheet constraints	0	50	0	0	0	0	0	-11	0	0	0	0	0	0	0	0	0	0	-1		-6
Perception of risk	0	0	-7	-1	0	0	-11	0	0	-3	0	-11	-17	0	-20	-7	0	19	-4	0	
Pressure from competition	-7	-25	-10	-9	0	0	-6	0	0	0	0	-42	-13	0	-33	-10	0	0	-8	-1	-2
Risk Tolerance	0	25	0	-7	20	0	0	-12	0	0	0	-17	0	40	0	0	20	42	-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)

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018
AT	29	43	0	14	14	0	0	29	29	43	14	14
BE	25	0	-50	25	50	-25	50	-50	0	-25	0	0
CY	50	0	25	50	25	25	75	25	25	75	100	80
DE	45	41	7	21	7	-10	3	4	-7	0	0	14
EE	25	0	-13	13	25	25	25	0	38	25	13	20
EL	0	-75	75	50	25	25	25	-25	0	25	0	25
ES	0	22	33	-11	-11	-11	0	11	11	11	11	22
FR	53	-9	9	26	40	52	52	68	29	-21	-21	-40
IE	-10	0	0	0	20	10	10	30	20	20	20	10
IT	88	75	63	75	50	63	75	29	10	30	10	10
LT	50	100	0	0	75	50	0	25	0	-25	0	0
LU	0	17	0	17	0	0	17	-17	33	67	17	17
LV	75	50	25	0	75	50	0	0	25	33	50	75
MT	88	-46	-34	53	42	0	0	-45	14	14	13	55
NL	100	99	99	91	75	58	78	-10	72	53	47	33
PT	80	100	100	0	60	60	60	80	60	40	80	40
SI	40	20	40	40	60	40	20	20	40	20	40	0
SK	35	0	25	25	83	-9	34	50	12	10	34	-26
EA	49	33	29	32	30	23	36	24	19	12	8	5
DK*	31	2	-9	1	2	32	-20	2	-11	14	2	-11
UK**	32	23	8	12	22	-44	6	-15	2	-6	8	-29

* 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"

Credit demand continues to increase but lower than expected by banks in the previous quarter and registered the slowest pace since the beginning of 2014. In the large Euro area countries, net demand for loans for house purchase increased in all countries except for France where it contracted. Principal factors behind this development were favourable interest rates, improved consumer confidence and optimistic housing market prospects, though the latter factor declined in

Q1 2018. 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 and the UK, demand decreased over the period covered by the last survey.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN Q1 2018 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

I 2018	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	14	0	80	14	20	25	22	-40	10	10	0	17	75	55	33	40	0	-26	5	-11	-29
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of housing market prospects	0	0	60	24	20	25	33	-38	20	10	0	33	50	0	50	20	20	15	10	—	—
Other financing needs	0	-13	10	0	0	0	0	-2	0	5	0	0	0	0	21	0	0	-13	2	—	—
Consumer confidence	0	0	60	10	40	25	44	-7	20	0	0	17	75	15	49	40	20	0	15	—	—
Use of alternative finance	0	-8	13	-5	-3	0	-15	0	0	3	0	-6	0	0	-6	0	-20	-2	-3	—	—
General level of interest	0	-25	60	21	10	0	33	12	20	30	0	33	0	0	52	20	0	42	22	—	—

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

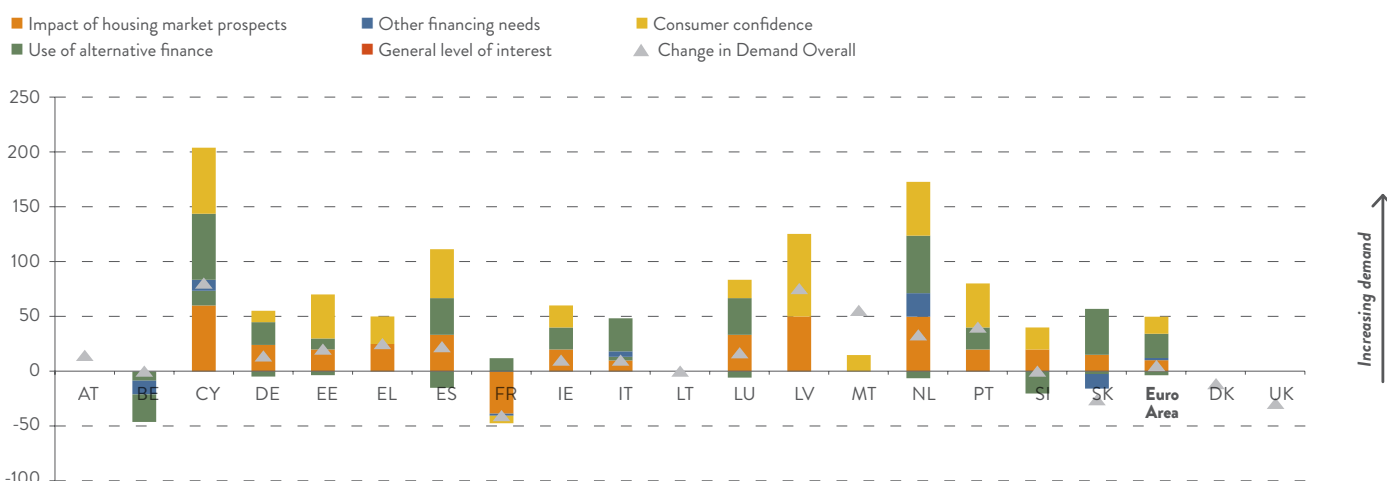


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q1 2018 the cloud of countries continues to be positioned around a moderately positive demand, with the credit standard figures scattered slightly more around

easing than tightening. Spain and the UK are the only countries with both looser credit standards and a decreased demand for housing finance.



Q1|2018

QUARTERLY REVIEW
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