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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation
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INTRODUCTION

In this second quarter of the year, the economic momentum in the European Union continued with positive GDP growth, falling unemployment rates – which are now at pre-crisis levels or just slightly above them, and expanding private consumption. Following the same path, consumer inflation accelerated in the three months of Q2 2018 and a further increase is expected until the end of the year according to the European Commission's forecast. Overall, the positive environment has favoured the housing and mortgage evolution. Nonetheless, different trends among countries are still observed.

In a nutshell, three main features characterised the evolution of the market in this second quarter. First of all, we observed the positive growth of gross lending in aggregate terms for the EU countries of our sample. Secondly, a slight increase in the average interest rate for the EU has been perceived along with a remarkable increase of its variance, a sign of the increasing differences amongst countries. And finally, house prices have started to cool-off or decelerate their growth.

MORTGAGE MARKET

MARKET DEVELOPMENTS

The overview of the mortgage market in aggregate terms is the same as in the previous quarter. The value of outstanding mortgage loans in our EU sample[1] is over EUR 6.8 tn. and it has increased 2.4% year-on-year. Despite the continuing positive trend overall, a few countries have started to show downward trends in their mortgage markets.

Whilst in the first quarter of 2018 there were four countries in which gross lending deviated from the general positive trend and saw their y-o-y figures declining, in the second quarter there were five, namely Belgium, Italy, Denmark, the Czech Republic and Sweden.

Among the countries in South Europe, we can observe different trends. In **Italy**, the evolution of gross lending with respect to the same period last year continues to contract, but when looking at the figures from the second quarter compared with those from the first quarter a positive evolution is observed. Outstanding residential mortgages continued to grow to around EUR 376.6 bn. On the other hand, Spain has experienced an important increase in residential gross lending, which has grown by 18.4% y-o-y. Nevertheless, the outstanding residential loan amount has decreased in this last quarter by 2.5% y-o-y. For **Spain**, the main depressors of the market have been the deleveraging process and the suspension of foreclosure processes for vulnerable groups addressed in the Code of Good Practice. Despite this, credit performance continued to show clear signs of recovery. In **Portugal**, total outstanding residential loans decreased by 0.9% y-o-y, following a descending path since Q4 2011. Nevertheless, new loans continue to show a growing trend with an exceptional 18.4% increase in the Q2 reaching EUR 2.6 bn. The results of the June 2018 Portuguese

[1] In Q2 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. over 95% of the total outstanding mortgage lending in the EU28 in 2017).

Housing Market Survey showed growth in demand and sales, although at a slower pace, while forward looking activity indicators have eased in recent months.

Heading North and into Central Europe, we observe that **Belgium** continues to be an exception to the positive trend followed by most of the European countries. As in the previous quarter, a contraction continues with a decrease in the number of credits granted compared to the last year, which was noticeable on almost all levels. The number of refinancing loans also went down by about 22% y-o-y. If refinancing deals are excluded, mortgage credit contracts were granted for a total amount of almost EUR 8.3 bn. Despite this downward move in the number of contracts granted, refinancing operations excluded, in the second quarter of the year, the amount of mortgage credit granted reached an all-time high level.

In the **Netherlands** the house market has continued with the positive evolution of past quarters. The total outstanding residential mortgage lending has increased by almost 5% compared to the second quarter of 2017. The evolution of gross lending has been even more significant with a 11.6% increase y-o-y. However, compared to the first quarter the growing pace has slowdown.

In the East, the **Czech Republic** and **Hungary** differ in terms of the evolution of the gross lending figures. The former left the path of growth and experienced an important mortgage market decrease of 7.4% y-o-y, which was in many ways expected considering growing interest rates, the tightening of rules for granting loans for housing and the low real estate offer. In Hungary, the total outstanding loans for residential mortgage lending was diminished by 3.8% y-o-y and by 0.6% with respect to the previous quarter; however, gross lending increased on quarterly terms, it grew by 35% compared to the same quarter in the previous year and by 36% compared to the previous quarter of 2018. The positive trend is expected to continue since an important development of the housing market has been observed in the second quarter. In this sense, the number of issued building permits grew more than 80% compared to the previous quarter and the number of new dwellings built doubled in the same period.

Up in the north, the mortgage market in **Poland** continued with its characteristic strong growth over the second quarter. The total number of new residential loans granted amounted to 53,686, however, banks expect this trend to reverse and mortgage loan demand is supposed to decline in the next quarter. The average amount of residential loans also increased in this period to PLN 255.405 (ca. EUR 59,922), a 9% increase in comparison to the first quarter. This increase is caused by good macroeconomic conditions, growing prices and also an increase of the average size of the properties. On the supply side Poland is suffering and increase on land prices as well as constructions costs. As a result, a small decline in developer activity was observed in Q2 2018, probably caused by difficulties in buying new plots for investment and shrinking margins.

Romania was another of the countries with an increase in its mortgage market. Mortgage credit grew at a faster pace compared to the previous quarter with 3% growth q-o-q. New mortgage loans were almost entirely granted in local currency.

In the Scandinavian countries a mixed picture is noticed with regards to the pace of mortgage market dynamics. In **Denmark**, total outstanding residential mortgage loans increased at a moderate quarterly pace of 0.7%. **Sweden** follows the same path with a modest increase of 0.9% compared to Q1 2018. In Sweden, net mortgage lending growth is stable at around 7% for two years now, but it has started to slow down. This can be explained in part by the fall in housing prices which started in autumn 2017. The expectation is that construction figures in 2018 will be lower than in 2017, which almost reached the record level of 1990. There is still a relative lack of supply of dwellings, especially in larger cities. However, the high selling prices leave newly built dwellings hard to sell, thus slowing down the construction pace in the next quarters. In Finland, the growth in gross residential mortgage lending was more significant, growing by 12.4%, thereby becoming one of the countries with highest growth in our sample. The economic boom and improved employment environment, together with low interest rates, fuelled demand here.

In **Ireland**, mortgage approval volumes rose by 7.7% y-o-y in Q2 2018. This increase was mainly driven by mortgage switching, but purchase mortgage drawdowns rose by 9.2% y-o-y as well. New dwelling completions rose by 34.1% y-o-y in Q2 2018 to more than 4,400 units, with almost half of them in Dublin. Multi-unit housing schemes, rather than apartments or one-off houses, accounted for 62.5% in Q2 2018, up from 17.4% in Q2 2012. Despite these figures, supply is still far from meeting for the estimated demand.

In the **UK**, residential house purchase lending fell by 1.3% in Q2 compared to the same quarter of 2017. This is the second consecutive quarter of decline, which is driven by weak home mover numbers. House purchase activity in the buy-to-let (BTL) sector continues to fall y-o-y, with tax and regulatory measures reducing the returns on investment and raising the bar for mortgage affordability. However, re-mortgage activity continues to grow in both the residential and BTL sectors. The number of residential re-mortgages rose by 16% year-on-year in Q2 2018.

REGULATION & GOVERNMENT INTERVENTION

During the second quarter of 2018, there were no significant changes relating to regulation concerning the mortgage market in European countries. This being said, three countries proceeded to implement new measures domestically.

As announced in the previous Quarterly Review, the macroprudential measures adopted by Banco de Portugal have entered into force during this last quarter. These measures affect all credit institutions and financial companies which have their head office or a branch in **Portugal**. They establish three types of limits: a cap on the ratio between the loan amount and the value of the property pledged as collateral; a cap of 50% on the ratio between the monthly instalment amount calculated with all the borrower's loans and his/her income with some exceptions; and finally, a cap on the original maturity of the loans. The limits applying to the LTV and DSTI ratios, and to the maturity must all be observed simultaneously. Also, it is important to highlight that the measure is adopted as a Recommendation.

The **Czech Republic** is the other country introducing important changes to its regulation. Here, the Recommendation on the management of risks associated with the provision of retail loans secured by residential real estate was updated. The new Recommendation is focused mainly on confirming existing rules of LTV limits and newly defined maximum values of income indicators that have to be fulfilled by customers. The limits must be applied when granting all housing loans secured by real estate and non-purpose consumer loans granted to customers already having mortgage loans as of 1 October 2018. This modification is expected to have a significant impact on production, with a 10-20% drop in sales expected across the market. On the other hand, there is not expected to be any impact on the Real Estate market, where the demand for housing will still exceed the offer of real estate. In addition to these three new announcements, some effects from previously announced measures are also worthy of mention. In 2018 in **Hungary** two new monetary instruments were introduced by the National Bank of Hungary (NBH). The first was to conclude long term interest rate swap transactions with partner commercial banks for 5 and 10 year maturities at regular tenders. The second was to start buying fixed rate mortgage bonds at preferential rates, which incentivises banks to issue more fixed rate mortgage loans at better rates. In June the NBH announced a new regulatory instrument according to which the maximum debt to income ratio (calculated on a monthly basis) is capped to 25% for loans with a variable rate, while it can reach up to 35% for mortgages with five to ten year initial fixation period. The maximum ratio of 50% will remain unchanged for mortgages with fixed interest rate periods of above 10 years. This regulation will enter into force on the 1 October 2018.

In **Spain**, the active policy of divestment of Non-Performing Loans (NPLs) and Real Estate Owned (REOs) properties implemented by financial entities to foreign investors continued its acceleration. Moreover, Spanish financial institutions have improved their profitability fuelled by both lower loan loss provisions and reduced expenses' based on the branch network reduction strategy. For future quarters, the Bill regulating real estate credit contracts is expected to be approved by the Spanish parliament.

The **UK** has continued to suffer the negative impact on new business due to the removal of tax relief for BTL mortgage interest. The **Irish** market has continued with the adaptation to the macroprudential mortgage measures introduced by the Central Bank of Ireland from 1 January 2018.

HOUSE PRICES

As was the case in the previous quarter, house prices continued to increase in almost all European countries of our sample in Q2 2018. However, we can identify some significant exceptions since supply and demand are still not completely balanced.

Ireland remains the country witnessing the highest growth in house price increase. The country has experienced a 11.9% increase on house prices in Q2, which is slightly less than the quarter before and the first slowdown in price rises since June 2016. Prices in Dublin rose by 9% y-o-y, the lowest rate of increase since March 2017. Prices outside the capital rose by 15.2%, the joint-fastest growth rate since the series begin in 2005. This was the 13th consecutive quarter in which prices outside Dublin have risen faster than prices in Dublin. Ireland was closely followed by **Portugal** which experienced a 11.24% y-o-y rise. In Portugal too this growth rate is lower than the previous quarter. In Central Europe house prices continued to follow the positive trend of past quarters. In **Germany**, once again residential properties were in very high demand and, as a consequence, prices increased by 7.5% compared with the second quarter of 2017. In **Belgium**, the average price of a house went up by 4.1% compared to the average price in the first quarter, reaching EUR 250,735. In the first quarter of 2018 price differences among the three regions of the country were observed; however, in this quarter house prices went up in all of them. In Flanders, average house prices went up by 3.7% (to EUR 276,393), followed by Wallonia with a 4.1% increase (to EUR 189,484) and finally, by Brussels, with a rise of 1.6% (to EUR 450,906).

Moving to the East, in the **Czech Republic**, the trend for house prices has not changed compared to the first quarter of the year. Prices grew for both new housing projects and for existing real estate, exceeding the dynamics of income growth. This trend is also expected to remain in the following months of the year. In **Romania**, house prices continued to follow an upwards trend in line with the assessments made in the previous quarter, despite the fact that final figures are not available at this stage. In Hungary according to the Takarek (former FHB) House Price Index, house prices were 5.6% higher in Q1 2018 compared to the previous quarter, and the trend is expected to remain similar (data for the second quarter is not available yet). Also the number of issued building permits in the second quarter grew more than 80% compared to the previous quarter.

Poland is one of the countries in which prices grew on both primary and secondary markets. On the primary market the biggest price growth was observed in the city of Opole (+7.2% q-o-q), it was followed by Rzeszów (+4.8%) and Katowice (+4.7%). On the secondary market, Bialystok (+5.6% q-o-q), Szecin (+5.6%) and Olsztyn (+5.5%) were the cities where prices grew faster. In Warsaw prices increased as well, but at a more moderate pace by 2.7% and 3.8% respectively. The positive trend of prices in the largest Polish cities was mainly due to the high demand and the rising costs of construction labour and materials.

In the **Netherlands** house prices have increased too. We observe an 8% increase respect to Q2 2018 and a 2% from the precedent quarter. This significant increase is mainly due to pick up on the price of existing owner-occupied dwellings whose index reached in May the highest level since August 2008.

In Scandinavia, countries followed different paths. **Denmark** experienced stable development throughout the country. House prices rose by 4% compared to the previous year, an increase mainly due to the accommodative conditions that have characterised the country over recent years. In **Finland**, house prices rose moderately by 1.3% compared to Q2 2017. This moderate growth was due to the strong supply in the national housing market that keeps prices under control. Finally, **Sweden** followed an opposite trend. House prices have cooled off considerably, especially in Stockholm. Apartment prices in Sweden have fallen by 6.7% on an annual basis.

In the South of Europe, **Spanish** house prices increased by 5% compared to Q2 2017. On the other hand, in **Italy**, house price inflation continued on a downward, though decelerating trend. Prices of new dwellings decreased by 1.3% compared to the previous quarter.

Finally, the **UK's** house price inflation continues to decrease, but remains positive at a national level. In London, prices have been falling faster than elsewhere in the UK and dipped into modestly negative territory in Q2, when they went down by 0.2% y-o-y. The London housing market often leads the rest of the country and it is therefore possible that we could see price falls spread across the country during the next few quarters if the current trend continues.

MORTGAGE INTEREST RATES

Overall, mortgage interest rates remain at historically low levels due to the competitive supply that characterises the market along with the ECB's monetary policy. However, as started a few quarters ago, the weighted average interest rates of some European countries continue experiencing moderate rises in Q2 2018.

This is the case of **Spain** where, despite interest rates remaining at low levels, the weighted average interest rate this quarter has shown the first marginal increase in a y-o-y basis since Q1 2014 having risen by 1 percentage point y-o-y.

The still low interest rate environment confirmed the observed preference for fixed rates as a solution for consumers' risk aversion.

Continuing with the South of Europe, **Portugal** and **Italy** have kept the same trend as at the beginning of the year with an ongoing decline. In Italy, the interest rate on short-term loans fell to 1.4%, from 1.5% in the end of the previous quarter, and interest rates with maturity over one year also decreased from the previous quarter. Overall, the average rate on new transactions for house purchases reached a new record low of 1.79%. Portugal is also experiencing historically low interest rates and ended the second quarter with an average interest rate of 1.41% for new loans. These low rates have contributed to the increase of new gross residential lending and to the reduction of household debt. Furthermore, an increase in loans with a fixed interest rate to avoid an interest rate rise has been noticed.

Scandinavian countries continue to have mortgage loans with some of the most accommodative interest rates. In both **Denmark** and **Finland** the interest rates remain very low. Indeed, the average interest rate decreased for both countries during the second quarter of the year reaching record low levels. The average interest rate for Finland in Q2 2018 was 0.87% and for **Denmark** it was 0.88%, positioning them as the countries with the cheapest mortgage loans in Europe. In **Sweden**, interest rates are a little higher than in the rest of the Nordic countries, but they also have slightly diminished during the quarter, reaching an average of 1.51%.

In **Ireland** the more significant trend on interest rates is the continued shift to fixed rather than variable mortgage rates. Across the Irish Sea the **UK** experienced an increase in interest rates, with short-term fixed rates showing the largest increase. The weighted average interest rate for the UK reached 2.09%. The interest rate for short-term loans increased by 3.5% with respect to the last quarter, while that for medium-term loans remained unchanged at 2.63%.

Germany is another of the countries experiencing increasing mortgage interest rates. The average interest rate grew from 1.85% in Q1 2018 to 1.90% in Q2 2018. This increase was common to short-term, medium-term and long-term loans.

Moving to Central and Eastern Europe, the **Czech Republic** has experienced an increase in its average interest rate rising to 2.5%, which is almost 50 percentage points higher than a year ago, when the average interest rate was slightly above 2.0%. For long-term loans this trend is driven by the increase of the basic interest rates offered by the Czech National Bank at the very end of the quarter. A fuller picture of the effect of the monetary policy change is expected to be visible in Q3 2018. In **Hungary** the average interest rate did not change in the second quarter, however mortgages with variable rates are not anymore the most popular among borrowers, among the newly issued mortgage loans their proportion sunk to below 20%, while the mortgage loans with a fixed period of up to 5 years represented more than 46% at the end of Q2 2018. This may be also due to the significant decrease in spreads for fixed rate loans in the first half of 2018. In **Poland** interest rates remained unchanged as well. The reference rate of the National Bank of Poland still amounts to 1.5% even though the inflationary pressure grows. Furthermore, according to the communication of the Monetary Policy Council no interest rate increases are planned in the near future.

The **Romanian** representative mortgage interest rate stood at 5%, increasing by 0.23 percentage points compared to the level from the previous quarter and by 1.7 percentage points compared to Q2 2017. Following the trend of the other European countries, in Romania the share of loans granted with a variable interest rate in total mortgage loans decreased significantly compared to the same period of the year before. On the other hand, the share of new mortgage loans granted with a fixed interest rate followed an upwards trend.

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

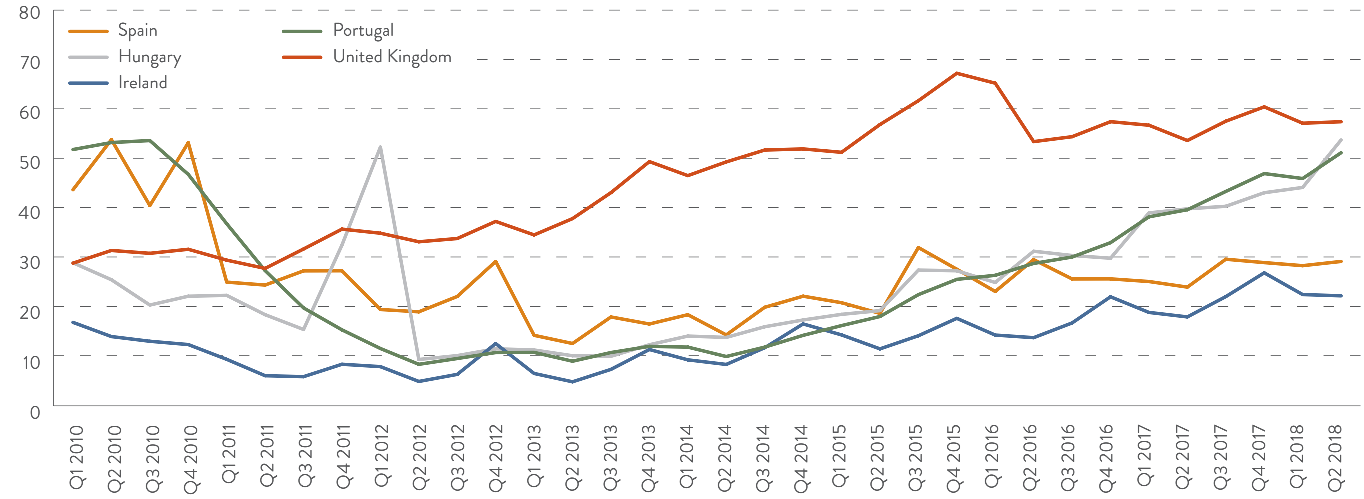


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

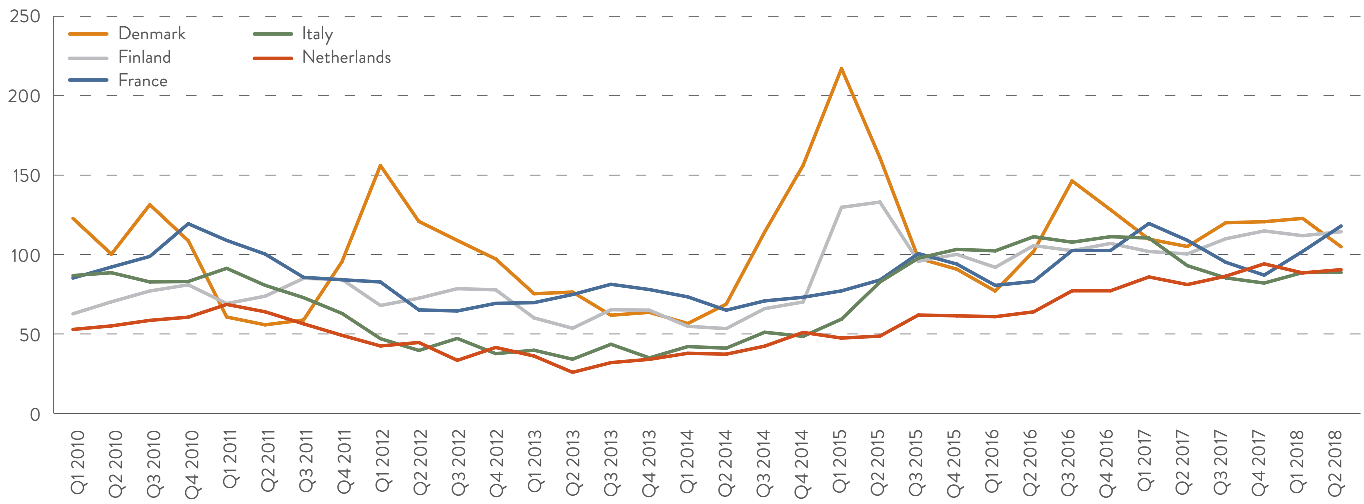


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

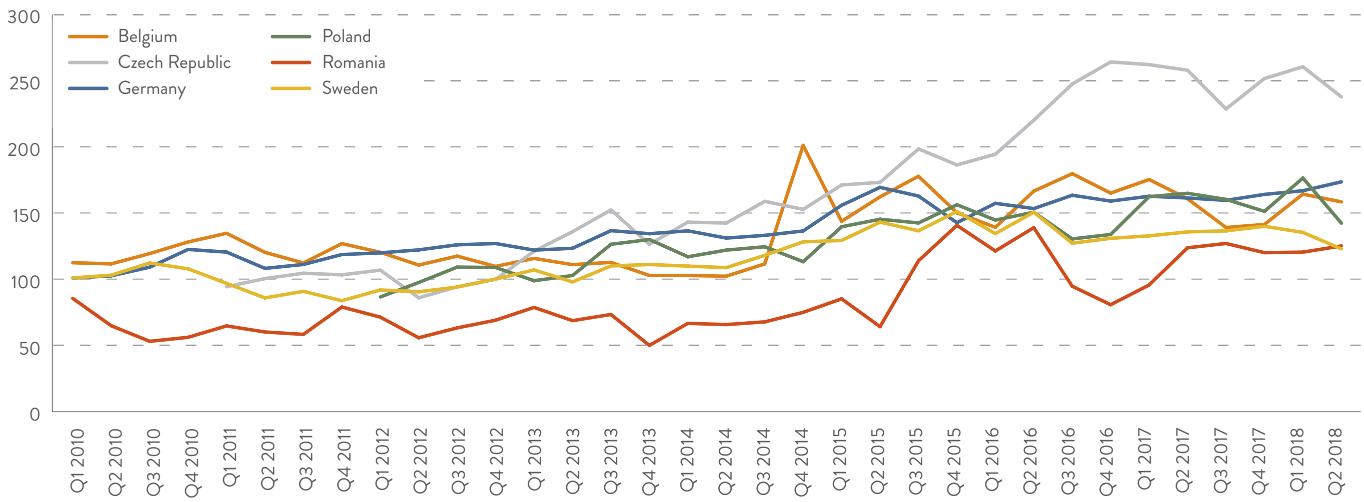
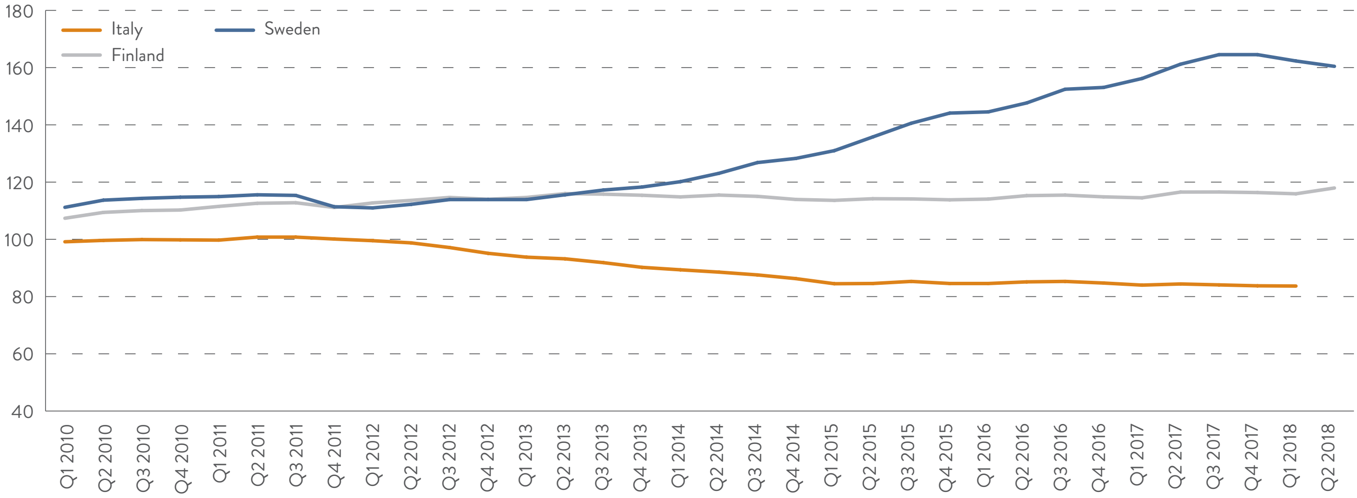
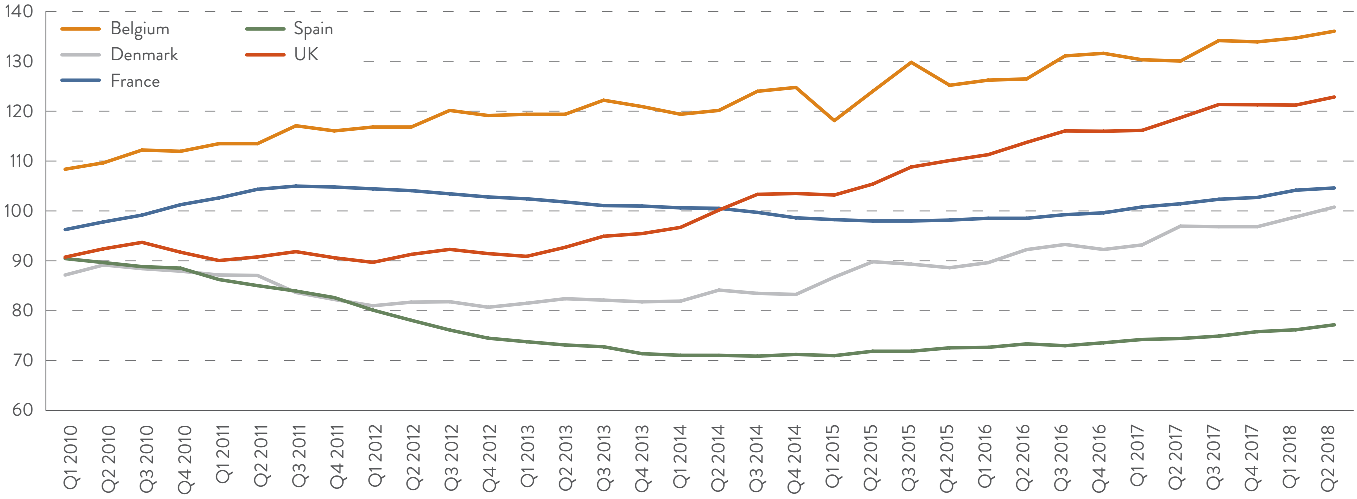


CHART 2A | COUNTRIES WHERE HOUSE PRICES* HAVE INCREASED AT MOST 2% Y-O-Y



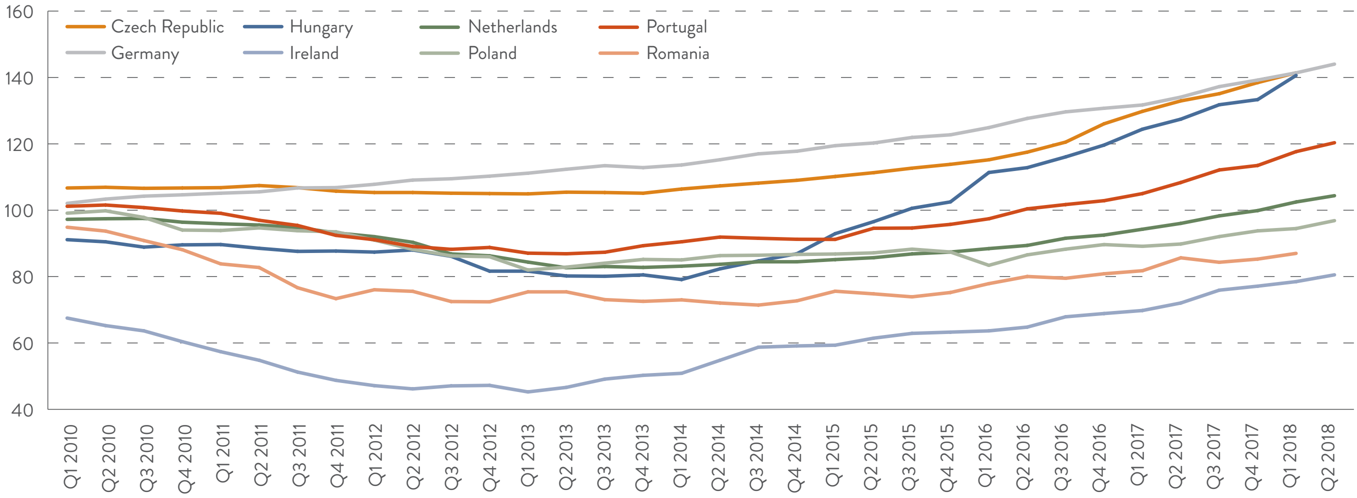
Average Q1-Q4 2007=100

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



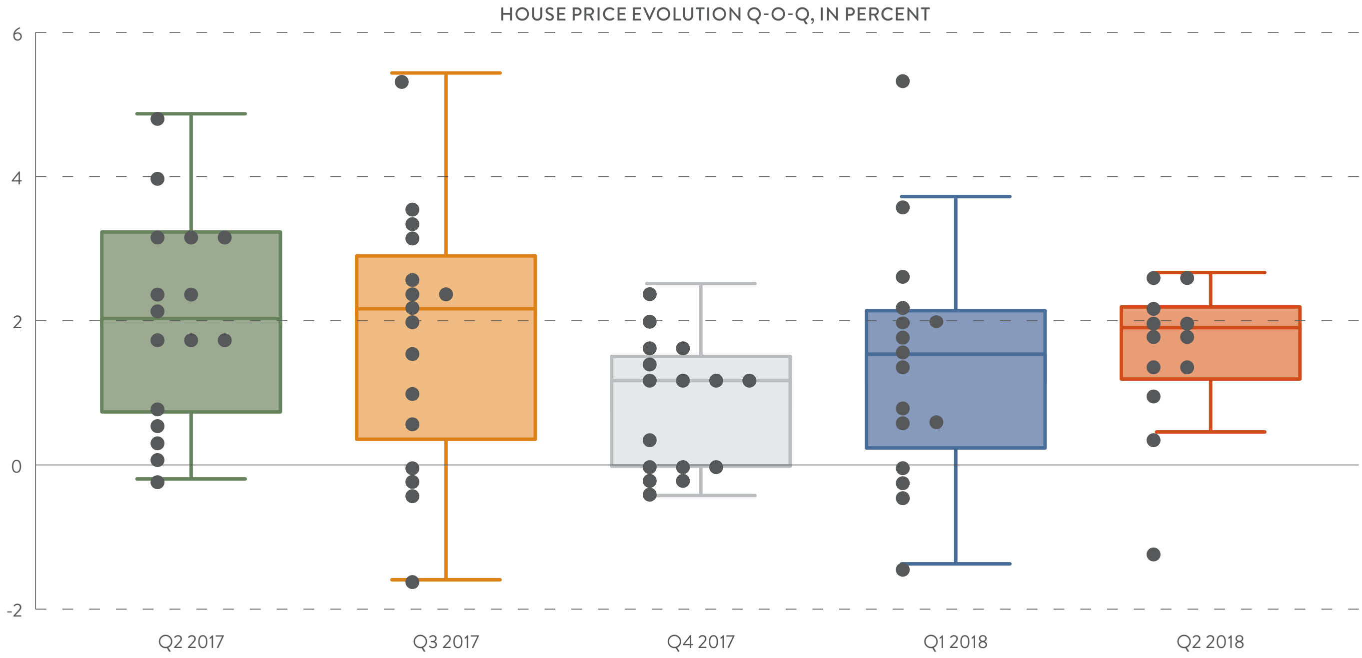
Average Q1-Q4 2007=100

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 depicts as points if they are more than 1.5 times the interquartile distance – the height of the box – away from respectively Q1 or Q3. This is the case for Q1 and Q2 2018.

The dataset shows q-o-q growth figures of the country sample until Q2 2018 for which there are 12 datapoints instead of 16, as in 4 countries the latest House Price Index available was that of Q1 2018.

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	LATEST Y-O-Y CHANGE (%), Q2 18, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 18, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 18, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 18, LOCAL CURRENCY
BE	220,114	223,050	226,971	229,876	233,224	235,971	238,891	5.3	5.8	5.3	5.8
CZ	34,940	35,629	37,743	38,998	40,542	41,417	42,091	11.5	16.2	9.0	9.0
DE	1,326,901	1,333,562	1,348,088	1,365,975	1,378,810	1,390,462	1,410,391	4.6	4.3	4.6	4.3
DK*	241,816	242,093	243,364	245,580	246,616	245,431	248,776	2.2	1.4	2.4	2.2
ES	511,253	507,400	504,489	501,769	497,711	494,582	495,141	-1.9	-2.5	-1.9	-2.5
FI	94,056	94,279	94,985	95,672	96,129	96,237	97,080	2.2	2.1	2.2	2.1
FR	899,358	913,132	927,481	939,592	954,226	963,366	977,524	5.4	5.5	5.4	5.5
HU	14,024	13,925	13,688	13,634	13,611	13,338	13,351	-2.5	-4.2	0.1	-2.8
IE	106,810	105,912	104,978	104,750	102,085	101,577	100,940	-3.8	-4.1	-3.8	-4.1
IT	368,169	371,090	372,381	373,390	375,397	376,603	376,636	1.1	1.5	1.1	1.5
NL	664,014	665,490	669,148	670,785	672,232	698,122	701,077	4.8	4.9	4.8	4.9
PL**	89,592	92,536	92,843	91,338	93,111	93,420	94,838	2.1	1.0	3.1	0.6
PT	95,377	94,944	94,563	94,353	94,093	93,823	94,934	0.4	-1.2	0.4	-1.2
RO	12,893	13,093	13,522	13,948	14,262	14,586	15,047	11.3	11.4	13.8	14.0
SE	386,999	393,859	397,468	403,357	402,250	390,996	395,454	-0.5	-0.7	6.6	7.1
UK	1,546,503	1,558,338	1,528,880	1,538,951	1,539,979	1,570,918	1,573,411	2.9	0.8	3.0	2.5

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)

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	LATEST Y-O-Y CHANGE (%), Q2 17, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q1 18, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q2 17, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q1 18, LOCAL CURRENCY
BE	9,640	10,265	10,131	9,169	9,306	7,914	8,761	8,532	9,171	-1.4	-6.9	-1.4	-6.9
CZ*	2,794	2,844	3,262	2,928	3,246	2,618	3,112	2,909	3,005	-7.4	-0.6	-9.5	-6.5
DE	50,800	55,700	54,100	50,600	53,500	54,400	55,800	52,000	57,600	7.7	2.8	7.7	2.8
DK	8,482	13,125	12,509	9,344	8,754	10,763	11,834	10,519	8,740	-0.2	12.6	0.0	12.8
ES	12,356	7,656	9,309	8,909	10,319	9,117	10,516	10,085	12,222	18.4	13.2	18.4	13.2
FI	8,693	7,136	7,109	7,305	8,304	7,687	7,687	8,038	9,333	12.4	10.0	12.4	10.0
FR	35,483	46,359	44,419	47,822	46,704	43,147	37,678	40,193	50,627	8.4	-16.0	8.4	-16.0
HU	472	479	425	511	597	624	618	586	800	33.9	14.9	35.3	16.6
IE	1,286	1,558	1,813	1,393	1,647	2,016	2,230	1,704	2,014	22.3	22.3	22.3	22.3
IT**	22,486	19,180	22,748	20,643	18,941	14,805	17,065	16,414	18,099	-4.4	-20.5	-4.4	-20.5
NL	18,671	22,368	24,049	23,212	23,695	25,060	29,005	23,958	26,447	11.6	3.2	11.6	3.2
PL	2,629	2,230	2,252	2,590	2,873	2,740	2,550	2,830	2,489	-13.4	9.3	n/a	8.9
PT	1,481	1,474	1,617	1,803	2,018	2,130	2,308	2,186	2,588	28.2	21.2	28.2	21.2
RO	805	579	492	442	718	764	717	584	726	1.1	32.0	3.37	35.1
SE	17,575	13,023	15,298	13,341	15,915	14,064	16,312	13,636	14,481	-9.0	2.2	-2.5	10.3
UK	69,566	74,232	72,216	68,997	69,852	78,286	76,098	69,521	74,776	7.0	0.8	6.7	2.8

* 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)

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
BE	2,996	2,780	2,144	3,152	3,384	3,844	2,936	3,921	2,905	3,348	2,747	2,920
CZ	807	965	263	691	969	932	689	2,114	1,255	1,544	875	674
DE	13,670	11,848	5,576	12,839	16,444	12,586	6,661	14,526	17,887	12,835	11,652	19,929
DK*	495	45	1,577	2,612	1,726	536	277	1,270	2,216	1,036	-1,185	3,345
ES	-5,881	-5,141	-4,548	-3,003	-2,471	-4,830	-3,854	-2,910	-2,720	-4,057	-3,129	559
FI	645	592	207	925	560	409	223	706	687	457	109	843
FR	11,703	8,920	4,608	9,271	4,024	15,054	13,774	14,349	12,111	14,634	9,140	14,158
HU	-192	-548	-95	-282	199	-569	-99	-237	-54	-23	-273	214
IE	-1,307	-1,097	-1,144	-623	-795	-1,294	-898	-934	-228	-2,665	-508	-637
IT	417	1,304	-149	2,103	1,487	2,396	2,921	1,291	1,010	2,007	1,206	33
NL	3,312	1,739	1,968	3,762	3,489	-818	1,476	3,658	1,637	1,447	25,890	2,955
PL	-1,784	581	369	-1,271	2,177	-73	2,945	307	-1,505	1,773	309	1,418
PT	-399	-1,871	-696	-591	-636	-1,216	-433	-381	-210	-260	-270	-83
RO	338	415	305	491	413	184	200	429	426	314	324	461
SE	-517	16,843	4,276	544	-2,449	9,351	6,860	3,609	5,888	-1,107	-11,254	4,458
UK	-52,371	25,737	-111,436	-62,784	-50,548	15,885	11,835	-29,458	10,071	1,029	30,938	2,493

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

Source: European Mortgage Federation

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

Refer to Table 1 for eventual revisions.

TABLE 4 | HOUSE PRICE INDICES, 2007 = 100

	I 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	II 2018
BE	118.0	123.9	129.8	125.1	126.2	126.4	131.1	131.6	130.3	130.1	134.2	133.9	134.7	136.1
CZ	109.9	111.1	112.4	113.6	115.0	117.3	120.4	126.0	129.8	133.0	135.2	138.6	141.6	n/a
DE	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	144.2
DK	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	101.0
ES	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	77.2
FI	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	118.3
FR	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	104.8
HU	92.8	96.4	100.5	102.4	111.3	112.8	116.1	119.7	124.5	127.5	131.9	133.5	140.8	n/a
IE	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	80.9
IT*	84.2	84.3	85.1	84.3	84.3	84.9	85.1	84.5	83.7	84.1	83.8	83.5	83.4	n/a
NL	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	104.7
PL	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	97.1
PT	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	120.6
RO**	75.5	74.7	73.7	75.1	77.8	80.0	79.5	80.9	81.8	85.8	84.4	85.4	87.2	n/a
SE	130.8	135.7	140.5	144.1	144.5	147.7	152.5	153.1	156.3	161.3	164.7	164.7	162.5	160.6
UK	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	123.0

* 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
- Hungary
- Italy
- Netherlands
- United Kingdom

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

	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	II 2018
BE	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	2.01
CZ*	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	2.49
DE	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	1.90
DK**	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	0.88
ES	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	1.93
FI	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	0.87
FR***	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	1.55
HU	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	4.31
IE	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	3.15
IT	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	1.80
NL	3.09	2.92	2.90	2.83	2.75	2.64	2.54	2.39	2.40	2.40	2.40	2.40	2.30	n/a
PL	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	4.30
PT	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	1.41
RO****	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	5.01
SE	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	1.51
UK	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	2.09

Source: European Mortgage Federation

* 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.

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 represenative 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:
- Denmark
- Ireland

TABLE 5B | MORTGAGE INTEREST RATES

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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
BE	2.67	2.48	2.16	2.37	2.47	2.48	2.46	2.25	2.06	1.95	1.58	1.51
CZ	2.76	2.59	2.61	2.32	2.55	2.04	2.40	2.51	2.25	2.28	2.57	2.53
DE	2.20	2.17	2.26	2.12	2.07	1.95	2.10	2.10	2.04	2.05	2.05	2.08
DK*	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09	0.94	0.87	0.90	0.88
ES	2.04	1.85	1.72	1.66	1.66	1.62	1.57	1.51	1.68	1.57	1.60	1.56
FI	1.35	1.27	1.18	1.14	1.11	1.09	1.06	1.02	1.00	0.94	0.90	0.84
FR	1.68	1.76	1.43	n/a	n/a	1.12	n/a	n/a	n/a	n/a	n/a	n/a
HU	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.01	3.18	3.18
IE	3.23	3.30	3.14	3.22	3.18	3.14	3.03	3.18	3.17	3.03	2.96	3.12
IT	2.09	1.97	1.92	1.80	1.74	1.70	1.72	1.66	1.63	1.53	1.54	1.47
NL	2.45	2.38	2.30	2.20	2.08	1.95	1.95	1.97	1.98	1.96	1.95	n/a
PT	2.19	2.13	1.99	1.86	1.76	1.77	1.70	1.61	1.48	1.52	1.51	1.41
RO**	3.83	3.71	3.40	3.25	3.51	3.42	3.62	3.29	3.56	4.47	4.79	5.00
SE	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52	1.53	1.56	1.52	1.45
UK***	2.04	2.04	2.13	2.05	1.93	1.87	1.92	1.90	1.78	1.84	2.06	2.09

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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
BE	2.40	2.21	2.05	2.01	2.08	2.09	2.12	2.09	1.96	1.86	1.94	1.82
CZ	2.35	2.32	2.26	2.25	2.13	2.06	2.16	2.12	2.14	2.24	2.38	2.50
DE	1.94	1.94	1.85	1.83	1.77	1.65	1.67	1.73	1.77	1.70	1.72	1.74
DK*	1.39	1.33	1.27	1.24	1.15	1.26	1.24	1.22	1.16	1.12	1.12	1.20
ES	2.23	2.17	2.06	2.02	1.99	1.95	1.85	1.71	1.74	1.67	1.69	1.67
FI	1.45	1.51	1.30	1.27	1.27	1.27	1.16	1.12	1.13	1.15	1.18	1.02
HU	6.79	6.60	6.68	6.32	6.11	5.80	5.79	5.40	5.14	4.63	4.31	4.31
IE	3.72	3.66	3.59	3.57	3.40	3.34	3.32	3.27	3.22	3.10	3.07	3.16
NL	2.69	2.64	2.55	2.39	2.16	2.11	2.15	2.20	2.23	2.21	2.15	n/a
RO**	4.24	4.03	4.46	4.95	4.91	4.93	4.96	5.01	4.84	4.37	4.49	5.11
SE	1.67	1.73	1.71	1.72	1.72	1.56	1.61	1.65	1.65	1.65	1.67	1.61
UK	2.64	2.59	2.53	2.45	2.35	2.20	2.09	2.05	1.99	1.97	2.00	2.07

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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
BE	2.40	2.35	2.15	1.90	1.97	1.86	1.93	2.10	2.19	2.16	2.13	1.94
CZ	2.36	2.29	2.19	2.10	1.95	1.86	1.98	2.19	2.13	2.21	2.36	2.43
DE	1.90	1.89	1.77	1.63	1.52	1.46	1.63	1.68	1.68	1.67	1.69	1.76
DK*	2.30	2.30	1.84	1.76	1.35	1.57	1.64	1.56	1.53	1.58	1.54	1.60
ES	3.43	5.01	5.23	3.87	4.52	3.99	4.15	4.13	4.26	4.07	4.45	4.43
FI	2.02	1.88	1.90	1.67	1.71	1.82	1.94	1.89	1.92	1.80	1.90	1.80
HU	6.37	6.22	6.22	6.69	6.89	6.88	7.04	6.51	6.27	5.76	5.39	5.27
NL	2.90	2.83	2.78	2.67	2.54	2.34	2.30	2.36	2.34	2.34	2.34	n/a
RO**	5.61	5.40	5.62	5.64	5.66	5.56	5.62	5.57	4.75	5.09	5.40	5.51
SE	2.60	2.75	2.54	2.52	2.24	2.39	2.58	1.94	1.91	2.17	2.20	2.03
UK	3.10	3.15	3.34	3.22	3.08	2.63	2.59	2.69	2.71	2.66	2.63	2.63

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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
BE	2.46	2.48	2.27	2.05	2.00	2.00	2.11	2.16	2.13	2.03	2.01	2.01
CZ	3.30	3.21	3.22	2.86	2.43	2.39	2.44	2.67	2.44	2.57	2.48	2.54
DE	2.12	2.08	1.95	1.86	1.70	1.69	1.88	1.90	1.95	1.92	1.94	1.98
DK*	3.86	3.78	3.67	3.23	2.90	2.89	3.04	2.89	2.82	2.78	2.76	2.82
ES	2.41	2.68	2.66	2.36	2.37	2.19	2.32	2.42	2.44	2.39	2.33	2.29
HU	6.30	6.66	5.75	6.46	5.93	5.98	5.71	5.93	5.67	5.52	5.51	5.76
IT****	3.02	2.82	2.63	2.48	2.16	2.17	2.25	2.30	2.22	2.12	2.07	1.96
NL	3.25	3.28	3.19	3.07	3.03	2.90	2.85	2.90	3.00	3.00	2.90	n/a
RO**	5.86	5.65	4.91	5.96	5.94	5.70	5.86	5.76	3.34	3.69	4.85	4.56
UK	4.25	4.06	3.98	4.95	n	n	n	n	n	n	n/a	n/a

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

Source: European Mortgage Federation

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
- UK

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

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
CZECH REPUBLIC											
Variable rate *(up to 1Y initial rate fixation)*	24.1	24.0	22.2	20.9	21.6	20.9	20.1	20.0	19.1	18.6	18.7
Short-term fixed *(1Y-5Y initial rate fixation)*	57.0	58.8	59.8	59.9	57.8	57.5	57.5	56.7	56.3	54.6	53.2
Medium-Term fixed *(5Y-10Y initial rate fixation)*	9.4	11.9	13.0	14.4	15.8	17.0	17.9	18.9	20.3	22.5	23.7
Long-Term fixed *(over 10Y initial rate fixation)*	9.5	5.2	5.1	4.9	4.8	4.6	4.5	4.4	4.3	4.4	4.4
DENMARK											
Variable rate *(up to 1Y initial rate fixation)*	39.2	37.9	38.3	37.4	37.8	38.6	38.8	37.9	36.7	36.3	36.4
Short-term fixed *(1Y-5Y initial rate fixation)*	27.1	27.7	27.1	27.3	26.4	25.0	24.6	24.9	25.6	25.9	25.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	33.7	34.4	34.7	35.4	35.8	36.4	36.6	37.2	37.7	37.8	37.5
Long-Term fixed *(over 10Y initial rate fixation)*											
FINLAND											
Variable rate *(up to 1Y initial rate fixation)*	87.8	88.4	88.9	89.5	90.2	90.6	91.1	91.6	92.2	92.7	92.8
Short-term fixed *(1Y-5Y initial rate fixation)*	7.8	7.4	7.0	6.7	6.3	6.0	5.7	5.3	5.0	4.7	4.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	4.4	4.2	4.0	3.8	3.6	3.4	3.2	3.0	2.8	2.6	2.8
Long-Term fixed *(over 10Y initial rate fixation)*											
IRELAND											
Variable rate *(up to 1Y initial rate fixation)*	92.0	91.8	91.5	90.3	89.6	88.9	88.0	86.9	85.8	84.3	82.5
Short-term fixed *(1Y-5Y initial rate fixation)*	6.1	6.2	6.5	7.8	8.5	9.2	10.1	11.2	12.6	13.9	15.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.9	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.6	1.7	2.0
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)*

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
SWEDEN											
Variable rate *(up to 1Y initial rate fixation)*	66.2	67.1	68.3	69.1	69.1	68.1	67.9	68.3	68.3	68.4	68.9
Short-term fixed *(1Y-5Y initial rate fixation)*	31.3	30.5	29.4	28.7	28.9	30.0	30.3	30.1	30.1	30.2	29.7
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	2.5	2.4	2.3	2.2	2.1	1.9	1.7	1.6	1.5	1.5	1.4
UNITED KINGDOM											
Variable rate *(up to 1Y initial rate fixation)**	50.9	49.9	48.2	47.0	45.8	44.2	42.4	40.6	38.6	36.6	35.0
Short-term fixed *(1Y-5Y initial rate fixation)*	47.4	48.4	50.2	51.5	52.7	54.3	56.2	58.0	60.0	61.9	63.4
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.4	1.4	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5
Long-Term fixed *(over 10Y initial rate fixation)*	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	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	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
ITALY											
Maturity less than 5 years	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.5
Maturity over 5 years	99.4	99.4	99.4	99.4	99.3	99.3	99.3	99.3	99.3	99.3	99.5

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:
- United Kingdom

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
BELGIUM													
Variable rate *(up to 1Y initial rate fixation)*	0.5	0.4	0.7	1.6	1.3	0.5	0.3	0.5	1.2	1.6	2.5	4.9	7.4
Short-term fixed *(1Y-5Y initial rate fixation)*	2.7	2.8	3.9	4.7	2.6	2.1	1.8	2.2	2.5	3.1	4.8	4.2	3.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	11.7	12.0	18.3	17.5	14.3	13.9	15.6	16.3	17.2	17.2	18.2	18.1	17.1
Long-Term fixed *(over 10Y initial rate fixation)*	85.1	84.8	77.2	76.2	81.8	83.6	82.3	81.1	79.1	78.1	74.6	72.9	71.6
CZECH REPUBLIC													
Variable rate *(up to 1Y initial rate fixation)*	31.4	25.2	27.5	27.6	23.6	17.1	33.4	19.1	16.7	21.1	24.9	16.9	18.5
Short-term fixed *(1Y-5Y initial rate fixation)*	50.6	57.3	56.1	54.2	52.7	53.0	37.2	50.9	56.6	53.4	45.6	47.8	47.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	15.6	15.2	13.6	15.6	20.7	26.8	26.2	26.9	23.7	22.4	26.6	30.9	28.6
Long-Term fixed *(over 10Y initial rate fixation)*	2.3	2.3	2.8	2.6	3.1	3.1	3.2	3.1	3.0	3.0	3.0	4.3	5.0
DENMARK													
Variable rate *(up to 1Y initial rate fixation)*	6.8	16.6	25.1	22.4	19.2	11.3	18.4	17.8	17.4	18.6	22.9	22.6	22.0
Short-term fixed *(1Y-5Y initial rate fixation)*	19.9	33.4	42.6	45.4	39.4	28.1	28.8	35.2	33.0	28.3	39.4	37.8	37.9
Medium-Term fixed *(5Y-10Y initial rate fixation)*	1.6	1.2	1.0	4.3	1.4	1.8	1.3	1.5	1.0	2.3	0.9	0.9	1.1
Long-Term fixed *(over 10Y initial rate fixation)*	71.8	48.9	31.3	27.8	40.0	58.8	51.5	45.4	48.7	50.8	36.8	38.7	2.8
FINLAND													
Variable rate *(up to 1Y initial rate fixation)*	90.2	92.4	93.2	92.8	93.4	93.6	93.3	93.2	94.3	95.6	96.0	96.2	96.4
Short-term fixed *(1Y-5Y initial rate fixation)*	6.0	4.2	3.9	4.2	3.6	3.5	3.4	3.1	2.8	2.2	1.9	1.8	1.8
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	3.8	3.4	3.0	3.0	2.9	2.9	3.3	3.6	2.9	2.2	2.1	2.0	1.8
GERMANY													
Variable rate *(up to 1Y initial rate fixation)*	12.1	11.8	12.9	12.8	12.1	11.4	11.8	10.9	11.3	11.6	11.9	11.3	12.5
Short-term fixed *(1Y-5Y initial rate fixation)*	9.2	9.8	10.5	10.6	9.5	9.0	8.4	8.8	8.5	8.9	8.9	8.8	8.8
Medium-Term fixed *(5Y-10Y initial rate fixation)*	37.1	38.8	37.9	36.7	35.1	35.7	35.9	36.1	35.2	35.5	35.4	34.4	33.8
Long-Term fixed *(over 10Y initial rate fixation)*	41.6	39.6	38.7	40.0	43.3	44.0	43.9	44.2	45.0	43.9	43.9	45.5	44.9

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
HUNGARY													
Variable rate *(up to 1Y initial rate fixation)*	45.3	48.8	44.1	42.4	43.6	40.8	40.6	43.5	45.9	41.4	38.7	28.1	18.3
Short-term fixed *(1Y-5Y initial rate fixation)*	32.7	29.6	32.5	31.4	31.1	30.0	31.2	27.2	27.0	32.6	34.2	42.7	46.6
Medium-Term fixed *(5Y-10Y initial rate fixation)*	16.8	16.3	16.2	18.6	20.1	23.2	21.9	22.5	20.6	19.5	21.2	23.8	29.2
Long-Term fixed *(over 10Y initial rate fixation)*	5.1	5.3	7.2	7.6	5.2	6.0	6.3	6.8	6.4	6.5	5.9	5.4	5.9
IRELAND													
Variable rate *(up to 1Y initial rate fixation)*	67.7	60.8	69.7	67.1	65.0	70.0	62.5	59.8	53.4	47.2	43.8	45.6	41.5
Short-term fixed *(1Y-5Y initial rate fixation)*	32.3	39.2	30.3	32.9	35.0	30.0	37.5	40.2	46.6	52.8	56.2	54.4	59.5
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)*	46.4	38.4	38.4	40.8	41.7	36.3	31.2	29.0	31.3	35.5	37.5	36.3	33.4
Short-term fixed *(1Y-5Y initial rate fixation)* / Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	53.6	61.6	61.6	59.2	58.3	63.7	68.8	71.0	68.7	64.5	62.5	63.7	66.6
NETHERLANDS													
Variable rate *(up to 1Y initial rate fixation)*	16.5	10.5	12.1	14.2	14.9	13.4	11.8	10.7	13.8	14.7	15.3	15.4	n/a
Short-term fixed *(1Y-5Y initial rate fixation)*	19.4	13.6	14.3	13.1	12.5	12.5	9.9	8.3	10.0	8.7	8.9	9.3	n/a
Medium-Term fixed *(5Y-10Y initial rate fixation)*	49.0	55.2	56.2	54.7	53.4	51.4	56.5	57.9	54.3	55.5	55.3	53.4	n/a
Long-Term fixed *(over 10Y initial rate fixation)*	15.2	20.6	17.5	18.0	19.1	22.7	21.8	23.0	21.9	21.2	20.5	21.8	n/a

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 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)*	93.5	90.3	90.2	79.7	62.5	62.6	61.0	63.3	58.9	60.1	59.1	61.3	68.2
Short-term fixed *(1Y-5Y initial rate fixation)*; Medium-Term fixed *(5Y-10Y initial rate fixation)*; Long-Term fixed *(over 10Y initial rate fixation)*	6.5	9.7	9.8	20.3	37.5	37.4	39.0	36.7	41.1	39.9	40.9	38.7	31.8
ROMANIA													
Variable rate *(up to 1Y initial rate fixation)*	95.6	68.2	76.9	90.6	95.1	94.9	93.9	93.6	97.5	88.8	78.5	73.2	77.7
Short-term fixed *(1Y-5Y initial rate fixation)*	3.2	30.5	21.4	7.8	4.0	4.0	5.0	4.8	1.7	2.5	10.3	15.5	8.5
Medium-Term fixed *(5Y-10Y initial rate fixation)*	0.7	0.7	0.8	0.4	0.6	0.6	0.9	1.1	0.5	1.9	3.5	5.6	6.0
Long-Term fixed *(over 10Y initial rate fixation)*	0.5	0.5	0.8	1.1	0.3	0.4	0.2	0.5	0.3	6.7	7.8	5.7	7.9
SPAIN													
Variable rate *(up to 1Y initial rate fixation)*	62.2	61.8	62.6	57.8	41.6	46.8	42.2	41.7	42.0	43.9	42.3	37.4	37.7
Short-term fixed *(1Y-5Y initial rate fixation)*	30.8	26.3	28.0	28.6	20.5	25.1	23.4	24.8	26.2	27.2	28.5	29.1	27.95
Medium-Term fixed *(5Y-10Y initial rate fixation)*	2.2	4.1	2.5	2.9	3.8	3.5	4.0	4.7	4.4	3.9	3.9	4.0	4.21
Long-Term fixed *(over 10Y initial rate fixation)*	4.7	7.9	6.9	10.7	34.2	24.6	30.5	28.9	27.4	25.0	25.3	29.4	30.13

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

	II 2015	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
SWEDEN													
Variable rate *(up to 1Y initial rate fixation)*	72.3	72.8	72.3	74.3	76.2	76.3	77.1	72.7	72.9	72.5	69.0	70.3	72.9
Short-term fixed *(1Y-5Y initial rate fixation)*	18.1	19.3	20.1	19.1	17.6	16.6	15.8	19.6	19.8	18.9	20.4	20.8	20.2
Medium-Term fixed *(5Y-10Y initial rate fixation)* / Long-Term fixed *(over 10Y initial rate fixation)*	9.6	7.9	7.6	6.6	6.1	7.1	7.2	7.7	7.3	8.6	10.7	8.9	6.9
UNITED KINGDOM													
Variable rate *(up to 1Y initial rate fixation)**	17.9	15.6	12.4	15.5	15.7	16.1	16.6	15.8	11.6	11.0	7.4	6.9	7.0
Short-term fixed *(1Y-5Y initial rate fixation)*	78.9	81.0	84.6	83.4	83.2	82.8	81.6	82.0	86.7	87.6	90.9	91.2	91.2
Medium-Term fixed *(5Y-10Y initial rate fixation)*	3.1	3.4	2.9	1.1	1.1	1.1	1.8	2.2	1.7	1.4	1.4	1.5	1.5
Long-Term fixed *(over 10Y initial rate fixation)*	0.1	0.1	0.1	n	n	n	n	n	n	n	n	n/a	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:
- United Kingdom

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEYS

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

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

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

In the second quarter of 2018, the overall credit standards continued to ease in the euro area by 8%, following the easing path seen throughout 2017 but at slower pace than the previous quarter (11%). Banks in the five largest economies of the Euro area eased their credit standards in housing loans except from Italy in which no changes were reported. In this second quarter only three countries saw how their credit standards tightened, namely Austria, Estonia and Slovenia. 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 Q2 2018 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

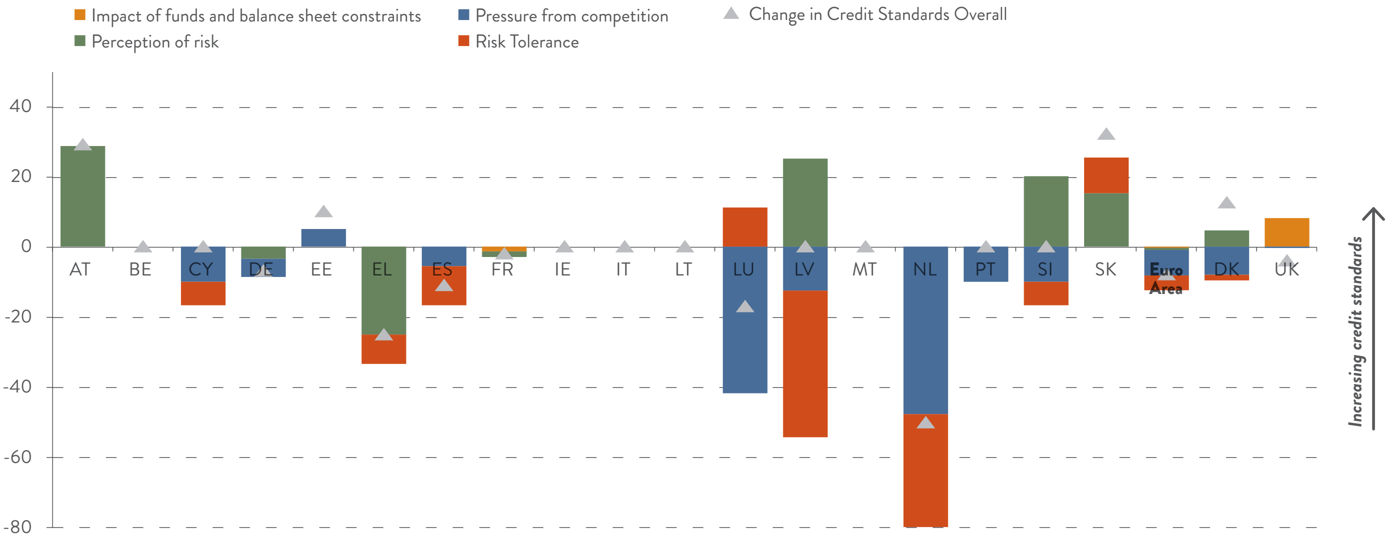
II 2018	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	DK	UK
Change in Credit Standards Overall	29	0	0	-7	10	-25	-11	-2	0	0	0	-17	0	0	-50	0	0	32	**-8**	13	-4
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	-1	0	0	0	0	0	0	0	0	0	0	**0**	—	8
Perception of risk	29	0	0	-3	0	-25	0	-2	0	0	0	0	25	0	0	0	20	15	**-1**	5	—
Pressure from competition	0	0	-10	-5	5	0	-6	0	0	0	0	-42	-13	0	-48	-10	-10	0	**-7**	-8	0
Risk Tolerance	0	0	-7	0	0	-8	-11	0	0	0	0	11	-42	0	-32	0	-7	10	**-4**	-2	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)

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018
AT	43	0	14	14	0	0	29	29	43	14	14	0
BE	0	-50	25	50	-25	50	-50	0	-25	0	0	0
CY	0	25	50	25	25	75	25	25	75	100	80	100
DE	41	7	21	7	-10	3	4	-7	0	0	14	21
EE	0	-13	13	25	25	25	0	38	25	13	20	30
EL	-75	75	50	25	25	25	-25	0	25	0	25	25
ES	22	33	-11	-11	-11	0	11	11	11	11	22	22
FR	-9	9	26	40	52	52	68	29	-21	-21	-40	17
IE	0	0	0	20	10	10	30	20	20	20	10	30
IT	75	63	75	50	63	75	29	10	30	10	10	20
LT	100	0	0	75	50	0	25	0	-25	0	0	25
LU	17	0	17	0	0	17	-17	33	67	17	17	17
LV	50	25	0	75	50	0	0	25	33	50	75	50
MT	-46	-34	53	42	0	0	-45	14	14	13	55	55
NL	99	99	91	75	58	78	-10	72	53	47	33	51
PT	100	100	0	60	60	60	80	60	40	80	40	40
SI	20	40	40	60	40	20	20	40	20	40	0	20
SK	0	25	25	83	-9	34	50	12	10	34	-26	93
EA	**33**	**29**	**32**	**30**	**23**	**36**	**24**	**19**	**12**	**8**	**5**	**23**
DK*	2	-9	1	2	32	-20	2	-11	14	2	-11	0
UK**	23	8	12	22	-44	6	-15	2	-6	8	-29	5

* 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, with a 23% increase on the quarter, a rise higher than expected by banks in the previous quarter. It is also an increase above the historical average. In the large Euro area countries, net demand for loans for house purchase increased in in all countries except for Austria and Belgium, where it remained unchanged. Principal factors behind this development were favourable, improved consumer confidence and optimistic housing market prospects. These dynamics are seen in nearly all other countries as well. In some countries, alternative sources of financing house purchases have slightly dampened the demand for housing loans from banks. Also, oppositely to the first quarter the general level of interest played a negative or neutral role on the demand on almost all the countries. In Denmark the demand remained unchanged during this second quarter while in the UK it slightly increased.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN Q2 2018 (BACKWARD-LOOKING 3 MONTHS)

(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

II 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	0	0	100	21	30	25	22	17	30	20	25	17	50	55	51	40	20	93	**23**	0	5
FACTORS AFFECTING CREDIT STANDARDS:																					
Impact of housing market prospects	14	0	60	31	10	25	33	0	20	20	0	17	50	55	50	20	20	42	**23**	—	—
Other financing needs	0	0	80	34	10	0	56	29	20	20	0	17	25	0	51	20	20	59	**31**	—	—
Consumer confidence	14	0	80	7	40	0	22	7	20	0	25	33	75	55	48	20	40	27	**13**	—	—
Use of alternative finance	0	0	10	2	0	0	-6	-8	-5	-5	0	8	0	0	31	0	0	27	**1**	—	—
General level of interest	0	-17	13	-9	0	0	-11	2	0	3	0	0	0	-5	0	0	-13	7	**-3**	—	—

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

CHART 5 | DEMAND OVERVIEW AND FACTORS

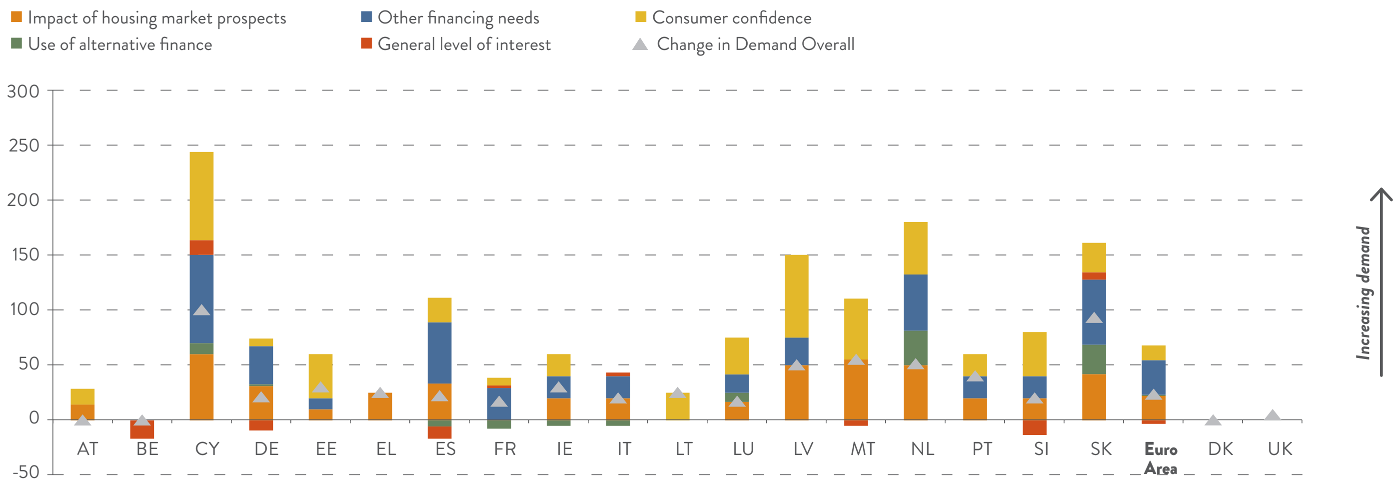
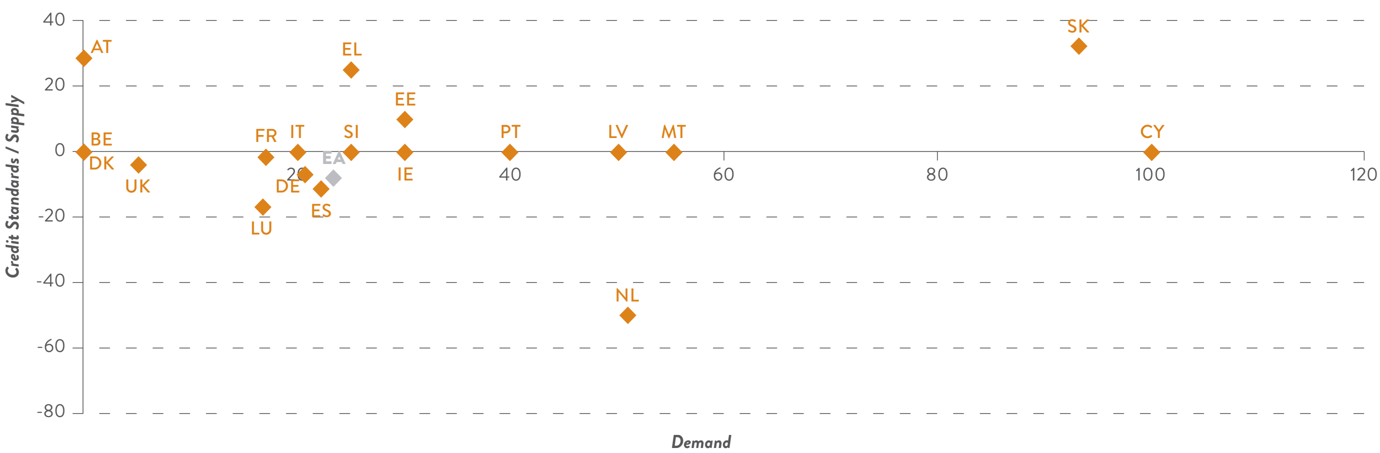


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q2 2018 the cloud of countries has moved further to the right. All the countries showed a positive development of their credit demand.

On the credit standards evolution we can observe different patterns, but the vast majority of the countries are around the x-axis line and therefore showing an unchanged or slightly positive development of the credit standards. With the Netherlands as the main outlier.

Q2 | 2018

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS

EMF
FUNDING THE REAL ECONOMY