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QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

The year 2018 was characterised by a moderately positive evolution of the main macroeconomic indicators. Despite the loss of momentum that was especially relevant during the first half of the year, the eurozone is growing. The real GDP of the Eurozone moderately rose by almost 2% and the forecasts of the European Commission indicate that this is going to be the trend in the upcoming years. In the same way, the unemployment rate experienced a slight decrease, being the average of the Euro area 8.4% in 2018, a figure that is expected to be even lower in 2019 and 2020.

In this context, the European housing and mortgage markets ended 2018 on the positive and stable path they depicted since the beginning of the year. In a context of low interest rates, demand moderately rose as the increase of 4.6% in gross residential mortgage lending reflects (compared to the same quarter of 2017). Marginal changes were observed in house prices as well as in the most representative interest rates. Finally, most of the countries of the sample reported an important shift of the market from variable to fixed interest rate loans, reflecting the market expectations that will be further analysed in our review.

MORTGAGE MARKET

MARKET DEVELOPMENTS

Mortgage markets across Europe during the last quarter of 2018 depicted a heterogeneous development. However, the aggregate figures showed a

positive evolution in the outstanding as well as in the gross lending mortgage volumes. The former increased by 3.4% and the latter by 5.3% on yearly basis. Both figures also grew with respect to the previous quarter.

We start our exercise with those countries that experienced a positive evolution on their mortgage markets to continue with those few that experienced a slight shrink of the market.

France is one of the countries that continues on the growth path and where new lending is still at historical high levels. The outstanding amount increased by 6% during 2018, but only 1.7% during the last quarter, showing a small deceleration with respect to the beginning of the year. Despite the positive trends, re-mortgaging has gone down by 15% only in December. Furthermore, observers expect a new slowdown of mortgages in 2019 whose importance will depend on the evolution of interest rates.

Belgium also depicted a relevant positive evolution of the mortgage market. The number of new mortgage loans went up by almost 11% as compared to the fourth quarter of 2017. In the same way, the gross residential mortgage lending also went up by more than 15% on yearly basis.

In **Denmark** the total outstanding residential mortgage loans increased to DKK 1.863 billion in the fourth quarter of 2018, but at a moderate quarterly pace of 0.3%. During the past year, the total outstanding stock of residential loans



was up by 1.5%. Furthermore, the number of loans granted rose at all levels, those for renovation of houses went up by 7%, the ones for construction by 8.9% and those for refinancing by 19% compared to the same period of 2017. The main reason behind the growth experienced by the market remains being the low interest rate environment.

Germany followed its ongoing growing path marking a 6.8% increase in gross lending and a 5.1% increase in mortgage outstanding with respect to the same quarter of previous year.

In **Italy** a positive trend was observed during the last quarter, the stock of residential mortgages continued to grow by 1% compared to the same period of 2017, reaching EUR 379.3 billion. Following the same trend, new loans for housing purchase increased by 4.8% on yearly basis, reaching EUR 17.9 billion. The overall positive performance was mainly driven by favourable conditions of mortgage loans for housing purchase and low house prices.

In **Hungary** the volume of newly issued mortgage loans grew too by almost 21% y-o-y. However, compared to the previous quarter there was a deceleration of almost 15% what have been may caused by a restriction in the PTI (payment-to-income) introduced during the last quarter. A positive evolution of the mortgage market in a context of positive GDP growth at a remarkable pace of 5.1% y-o-y. All main economic sectors contributed to the positive evolution. Agriculture contributed with a 8.3% increase of its added value, the industry added value increased by 4.1%, construction rose by 20%, and household consumption increased by 4.3%, every value on yearly bases.

In **Poland** mortgage credit volume continued to grow in the fourth quarter of 2018, but at a slower pace increasing by 2.5% q-o-q and by 11% on yearly basis. The gross residential lending also experienced a slight increase during the last months of the year with a 1.5% increase compared to the previous quarter. New mortgage loans were almost entirely granted on local currency. The level of Non-Performing Loans keeps decreasing and the ratio reached 2.65%. The effect of the new regulation is clear since at the beginning of the quarter in October where the regulation was still not into force the number of mortgages issued increased while during the two last months of the year with the new rules in place mortgages sharply decreased.

Spain is also in the growth path. Gross residential lending grew by 13.7% compared to the same quarter of 2017 and by 18.2% compared to the previous quarter. However, the outstanding market has not yet completely recovered showing a marginal decrease of -0.4% q-o-q and -1.7% on yearly basis. Finally, re-mortgaging activity continued in a downward trend accounting for only 2.7% in Q4 2018, due to the favourable economic context which makes the use of remortgaging roughly unnecessary.

However, in **Ireland** mortgage approval volumes rose during the year by 8.2%, mainly driven by remortgaging activity. Despite the growth of on approval volumes, mortgage approvals for property purchase fell by 0.6% compared to the previous year. But the gross lending amount has experienced a notably increased in the third quarter compared to 2017.

In the **UK** after three quarters of decline, house purchase lending bounced rising by 2.9% year-on-year. Re-mortgaging activity remains strong, in the residential as in the BTL sector, which grew 14% and 12% y-o-y respectively.

This strength in the refinancing activity is due to significant tranches of fixed rate mortgages coming to the end of their deal rates and borrowers then refinancing onto attractive fixed rate deals. A positive development in a less favourable environment in which GDP only grew by 0.2% in the last quarter, a third compared to the previous one. Private consumption grew while business investment figures decreased. Finally, inflation dropped sharply and at 2.1% is now only barely above target and the lowest since the end of 2017.

Finally, in the **Czech Republic** the mortgage market has experienced a decrease in the last quarter of the year. The gross lending for housing purchase has decreased by 9.8% y-o-y. The shrinking of the market has been caused by two factors, the new regulation introduced by the National Bank (explanation on the Regulation section) and the rose of interest rates.

REGULATION & GOVERNMENT INTERVENTION

On the context of regulation & government intervention in the housing and mortgage markets, the last quarter of the year was quite important, since five of the countries in our sample introduced new regulation or other types of government programmes and measures.

In **Romania** the National Central Bank adopted in October 2018 the Regulation amending and supplementing NBR Regulation 17/2012 on certain lending conditions. According to the new provisions, the maximum level of indebtedness shall be 40% of the net income for leu-denominated loans and 20% for foreign currency loans. Therefore, the total level of indebtedness is measured as a ratio of monthly debt service to the monthly net income. The maximum level of over-indebtedness should be raised by 5 pp for first-time buyers loans for house purchasing. The facilities for the sustainable growth of lending to households are represented by: (i) softer rules on first-time home buyer loans for borrower-occupied dwellings. The facilities for the sustainable growth of lending to households is represented by: (i) softer rules on first-time buyers; (ii) non-applicability of the limit on the level of indebtedness for maximum 15% of each creditor's portfolio of new loans to households and (iii) reduction in banking bureaucracy when loans are granted. The Regulation amendments became effective on 1st January 2019. Those loans which were granted before the entry into force of the new regulation are exempt from the new requirements, however, due to the important change the new regulation is expected to have some short of impact in the national market. On another note, the Ministry of Public Finance has also approved in February 2019 the total guarantee limit for the "First home" program, being the allocated amount LEU 2 billion as in 2017.

In the **Czech Republic**, as announced in the last quarterly review, new Recommendations on management risks associated with provision of retail loans secured by residential real estate property became effective. The new guidelines define new credit indicators that have to be fulfilled when granting mortgage loans (the DTI ratio maximum value is set at 9% and the DSTI ratios at a maximum value of 45%). The new regulation introduced aims to avoid higher levels of consumers indebtedness in order to increase the resilience of the national banking sector in front of the possibility of future unfavourable macroeconomic conditions.

In **Poland** the government referred to the Parliament work on the project for the bill on joint-stock companies investing in property rental (F.I.N.N.) which aims to increase engagement of national capital on the housing rental market. It introduces a special status to companies investing in the market so they will

benefit from a preferential treatment in corporate income tax (CIT) as well as in personal income tax (PIT tax). This favourable treatment will apply to companies and investors. Finally, the adoption of the act is scheduled for early 2019.

Spain is also one of the countries that implemented new regulation during the last months of 2018, the Law regulating Real Estate Credit Contracts transposing Directive 2014/17/EU was approved by the Congress. However, it was not until February 2019 when it was finally adopted with an implementation period of 3 months. The new law introduces significant changes on the mortgage market regulation including measures that go beyond the European text in order to improve the Spanish legal framework. Therefore, the possible consequences of the new regulation will be seen during the upcoming months of 2019.

Finally, in **Hungary** during the last quarter a new bond purchase program was introduced by the National Bank as the main government intervention. This purchase program has allowed banks to issue more fixed rate mortgage loans at better rates. Therefore, given more opportunities to consumers.

On the other hand, no new regulation has been implemented in **France**, but the changes done to the incentives programme have had some effects in the housing market. The reduction of State incentives to First Time Buyers and rentals dampened demand. Furthermore, a bigger reduction of these incentives is expected during 2019 and 2020 so the impact in the market could be even bigger.

However, in **Ireland** we observe the opposite situation. As in France no new regulation has been put in place. However, the Help to Buy plan introduced by the government in 2017 that aims to help first-time buyers with the deposit requirements for residential house purchase is still in place and no cuts have been made. The above-mentioned incentive provides for a refund of Income Tax and DIRT paid over the previous four tax years with a higher cap of 5% of the purchase value up to EUR 400,000 (capped at EUR 20,000).

In **Belgium** there has not been any new measure introduced during Q4 2018, however as indicated in previous editions the concerns of the National Bank of Belgium regarding specific pockets of risk, specially loans with an LTV higher than 80% in combination with an increasing DSTI and longer maturities, so new rules might come.

Finally, in the **UK** no new measure has been introduced, however, it might be the case in a close future as a consequence of the studies that area being carried out. The Financial Conduct Authority Study continues, with a particular focus on how the industry could help “mortgage prisoners” term referring to those who may find themselves trapped on reversion rates because mortgage regulation (both domestic and European) inadvertently prevent them refinancing through stricter underwriting requirements now than when the borrowers took out their current loan. Two other active consultations, FCA discussion paper on Fair Pricing and a “super-complaint” form consumer advocate bodies, also look directly at whether borrowers on reversion rates are being treated, and so the level of scrutiny may be material. Currently awaiting the FCA’s final report on the Mortgages Market Study, due later this spring.

HOUSING MARKET

HOUSING SUPPLY

Looking at the housing supply we can understand better some of the trends in the housing as well as in the mortgage market that we will see through this quarterly review.

Starting in the north, more concretely in **Denmark** we observe that during the last years the housing market has been characterized by increasing number of house sales hand in hand with rising house prices. The supply grew and the amount of apartments for sale increased compared to previous year figures. However, the purchase activity decreased by 1.5% compared to the same period of 2017. During the last quarter 9,617 single family houses were sold, a historically high level and 0.55% higher than a year ago, but only 3,535 owner-occupied apartments were sold in the same period, which means 6.8% less than the previous year.

In the **UK** the market has been characterised by a weak purchase activity which has been largely concentrated amongst movers whilst first-time buyers, which have enjoyed a range of government supporting measures. Therefore, the growth in Q4 was concentrated amongst FTB activity, whilst home mover numbers saw only a modest growth. Despite, this activity the number of transactions has decreased year-on-year for the fifth consecutive quarter, and the trend shows little sign of abating, falling by 8%. This reflect the raft of regulatory and tax changes adversely impacting the sector, which are progressively reducing the attraction of BLS as an asset class bearing down activity.

In **Finland** the number housing permits issued decreased, reflecting the cooling down of the constructions market and reducing future supply. Therefore, a boost to the supply in the coming months would be desirable to keep prices under control. However, the number of completed houses remained at high levels due to the high number of buildings started during past years.

The **Hungarian** housing market has also experienced a decreased on the number of building permit issued in 2018 compared to 2017 (from 37,997 to 36,719). This fall can be explained by a regulatory change, since by the end of 2019 the preferential 5% VAT on new dwellings will expire and it will increase until 27% starting from January 2020. However, the number of new dwellings finished in 2018 have also increased by 23% compared to the previous year (from 14,389 to 17,681). Finally, if we have a look at the capital, Budapest, we notice that more dwellings were put in the market during 2018 than the year before, they increased by 9.6%.

In **Romania** there has been a decrease in the total supply of housing as well as on the demand. In 2018 compared to the previous year, the volume of construction works for residential buildings decreased by 24%. In the same way, the number of building permits for residential building registered a 3% decreased y-o-y. The total number of residential properties available for sale in the largest cities of Romania decreased by almost 16% q-o-q.

On the other hand, in **Spain**, the housing supply grew during 2018. The number of permits issued for housing construction increased by 24,6% y-o-y. If we take into account, the whole year, housing approvals rose considerably by 24.6% compared to 2017, by 57.3% compared to 2016 and near to 200% if we compared Q4 2018 figures to the minimum level reached in 2013. In the same context the number of transactions experienced an important increase of 9.3%, a figure slightly lower than the one in the previous year due to the stabilization of the market. Overall, the housing market in Spain during the fourth quarter grew driven by the positive evolution of the supply and demand.

Finally, in **Poland** the housing market grew too during the last quarter of the year at an even faster pace recording historical high levels. During 2018, 221,907 dwellings were under construction, 187,783 dwellings were completed and 257,072 permits for new dwellings were issued. On quarterly basis, the number



of dwellings completed increased by 17% compared to the third quarter of the year and the number of dwellings started by 20%. Despite, this high and growing levels future changes on the act on protection of the rights of the purchaser of a flat or a single-family home may also raise the cost of developers' activity and might reduce supply.

HOUSE PRICES

Following the specification shown on the graphs we can divide countries on three big groups depending on the yearly evolution of the respective house price index. Therefore, we can distinguish among those countries in which house prices have increased by less than 2%, those in which the growth rate has been between 2 and 5% and, finally, countries in which house prices have increased by more than 5% compared to the last quarter of 2017¹.

In the first group we have three countries, namely, **Italy**, **Sweden** and **Finland**, which have experienced small house price increases or even slight decreases.

In **Italy** the dynamics of house prices entered into a decreasing path on the second half of the year (last data available Q3 2018). The price index decreased by 0.8% compared to the previous quarter. More in detail, the prices of new dwellings decreased by 0.2% q-o-q and prices for existing dwellings decreased by 1% too. In **Finland**, the overall house index slightly decreased y-o-y, however the evolution of prices is very heterogenous depending on the region which we look at. Big cities keep growing and putting pressure on house prices while other areas are losing population and therefore house prices are cooling down. Finally, in **Sweden** house prices slightly decreased too by 0.09 bps.

The second group of countries, those with a moderate increase in house prices, include **Belgium**, **France**, **Spain**, **Denmark** and **UK**.

In **France** prices experienced a slight increase compared to the previous quarter. However, important differences on prices and dynamics can be observed among the different regions and cities. In **Spain** house prices increased during the last quarter specially driven by the raise of demand. According to the statistics published by the Ministry of Development in the 4th quarter the average square meter in the country raised to EUR 1,619 recording a y-o-y increase of 3.9%, on new built dwellings the increase of prices was on average 2.3%, while on second hand dwellings it was of 3.9%. If we have a closer look, we can observe some heterogeneity among cities, for example, in Barcelona and Madrid house prices rose by 28.5% and 26% respectively since 2013 while other cities still haven't recovered 2013 prices. In **Denmark** during the last year, house prices increased by 4.3% while prices on owner-occupied apartments increased by 3.5%. In more detail, prices for single family houses increased by 0.2%, but owner-occupied apartments prices decreased by 0.79%. In the **UK** house prices rose by 2.7% in Q4 which is in line with the decelerated rate of growth seen since the second half of 2017. At a regional level, London is the only region where prices fall. In the surroundings of the capital house prices experienced marginal increases while in the Northern regions of England are still experiencing robust growth rates.

The third category is the one that gathers a biggest number of countries, those with an increase on the house price index higher than 5%.

Hungary is one of the countries that experienced a relatively high house price growth, according to the Takarek House Price Index prices were about 4% higher on quarterly basis and about 20% higher than a year ago. In the **Czech Republic**, house prices increased by more than 5% and the increasing trend is expected to continue since the decrease of financing opportunities due to regulation and the higher interest rates did not cool off housing prices. In **Poland** house prices posted a relatively steady evolution as on previous quarters rising by 10.3% y-o-y. However, banks expect house prices to suffer a significant drop during the last quarter of the year. In the **Netherlands** and **Portugal** house prices grew too. Finally, we observe the same outlook in **Ireland**, where prices for residential properties increased by 6.4% y-o-y. However, the growth rate recorded is the lowest since April 2018. In more detail, prices in Dublin rose by 4.2% with respect to Q4 2017, the lowest rate since July 2016. Prices outside the capital rose by 8.9%, being the 15th consecutive quarter in which prices outside Dublin rose faster than those in the capital.

Finally, in **Belgium** the figure on the house price index is still not available for the fourth quarter of the year. However, some figures can give a sense of the direction in which the market moved during the last months of the year. Looking at the figures from the notary barometer, we observe that the average price of a house in Belgium went down by 1.4% compared to the previous quarter. Furthermore, various trends can be observed among the three different regions. Only in Brussels regions house prices went up by 1.1% q-o-q. In Flanders the average house price decreased by 0.5% and in Wallonia the drop was even bigger, since the average house price decreased by 1.3%.

MORTGAGE INTEREST RATES

Mortgage interest rates followed the trend of past quarters. Therefore, they are still characterised by stability and low historical levels. And as it was the case in the previous quarter, most countries have experienced only marginal changes in their most representative mortgage interest rates. Despite it, the dispersion of the sample has slightly increased with respect to the previous quarter, reflecting some divergent trends among countries.

In this context and since the last quarter of 2017, **Romania** continues being the country of our sample with a highest average interest rate, which stands at 5.81%, slightly higher than the previous quarter. On the other hand, **Denmark** stands one more quarter as the country with lower interest rates with an average interest rate of 0.76%.

Looking closer at the Danish and Romanian markets we observe that in the former mortgage loans with interest rate fixation of more than 5 years constituted 40.18% of the outstanding mortgage lending, a share 2.48% higher than a year ago, and 10.5% higher compared to the figure of 2013. As a consequence, the share of interest only loans fall to the lowest level in ten years. At the end of 2018, the share of this type of loans was only 36.3%, which means an 8.4% decrease with respect to its highest level in 2013. On the other hand, in **Romania** the most significant change was also the increase on the share of loans granted with fixed interest rates. They increased by 0.23% for long term new loans, by 5.02% for medium term loans and by 3.3% for short-term new

¹ If the data for Q4 2018 is still not available the last yearly change is taken into account i.e, Q3 2018 with respect to Q3 2017

loans reflecting consumers taste for new loans granted with fixed interest rate. Therefore, the share of loans granted with variable interest rates decreased significantly reaching a level of less than 70% which means a drop of 8.6 pps.

Continuing with the Nordic countries we observe that trends are similar among all of them. In the last quarter of the year, **Finland** reached its all time lower representative interest rate on mortgages an average of 0.85%. In **Sweden** equal low rates characterised Q4 2018 with an average interest rate of 1.47%.

Following with **France** we observe that the weighted average interest rate has slightly decreased during the last quarter, reaching a stable and low level at 1.41%. The lending in the country is almost exclusively at fixed rate and the maturity of the loans keep increasing and it is expected to reach the peak soon. In the **Netherlands** the average weighted interest rate remained at 4.4% as in the last three quarters of 2018.

Moving to the southern countries and starting with **Spain**, interest rates in the country are still characterized by low stable figures. However, in this last quarter of the year a slightly increase was seen since the weighted interest rate reached 1.99% increasing by 0,04 pps compared to the previous one. In the same context, long-term interest rates during the last quarter rose too by 2.2%. Regarding variable rates, these have experienced a remarkable increase of 4.5% compared to the same quarter of 2017. Finally, regarding the market share of variable interest rate loans and fixed-rate loans, the former keep losing momentum while the market share of fixed-rate loans reached 65%. In **Italy** mortgage interest rates were characterized by stability. Interest rates on short term loans and with maturity up to 1 year remained essentially stable at 1.52% while those with higher maturity experienced a slight increase. The average rate on new transactions for house purchase increased to 1.89%.

In the west, **UK's** mortgage interest rates remained flat during the last quarter

of the year. Even though the lowest level of interest rates was reached in 2017, they have moved upwards only very slowly and modestly since then and remained attractively priced being the weighted average interest rate 2.1%. In **Ireland** the weighted average interest rate slightly decreased for second consecutive quarter reaching 2.95%. Regarding the type of interest rate, as it is the case in the majority of the countries, fixed rate loans for housing purchase dominated the market accounting for 69% of total new mortgages issued during the last quarter. And those mortgages with fixed rate for more than a year rose to 21.4%.

Belgium is other of the countries where the weighted average interest rate remained flat at 1.95%. Regarding the share of the market with variable and fixed interest rates, the market has experienced only small changes. Those new loans issued with fixed-interest rate loans and loans with an initial fixed rate for more than 10 years amounted for 71.5%. While those with an initial fixed rate for 1 year amounted for 6.5%.

Moving now to the east, in the **Czech Republic** mortgage interest rates increased by 23 bps during the last quarter. Therefore, the average interest rate on mortgages has been 2,81% in the last quarter. This was mainly due to the increase on interest rates of 25 bps. to 1.75% (three times higher than a year ago) done by the National Bank. On the contrary, in **Hungary** the Central Bank kept the interest rate at a low 0.9%, but the average mortgage interest rate increased to 5.45%. In this case it was a result of the new regulation implemented by the National Bank. In this context, the proportion of newly issued variable interest rate mortgage loans in Q4 fell to 6,5% whereas the proportion of mortgages with fixed interest rate for a period between 5 and 10 years grew to 51.28% (compared to the 38% they represented in the third quarter). In this sense, the mortgage bond purchase programme of the Central Banks also helped to reduce the number of loans with variable interest rate. Finally, in **Poland** interest rates remained unchanged at 4.4% and no changes on the National Banks interest rate took place.

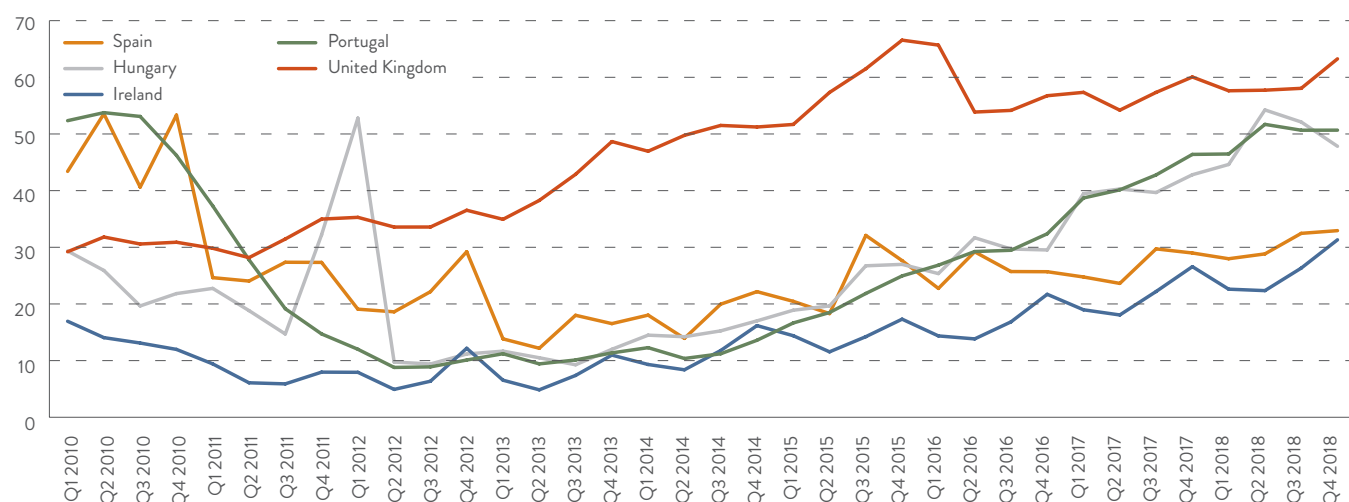
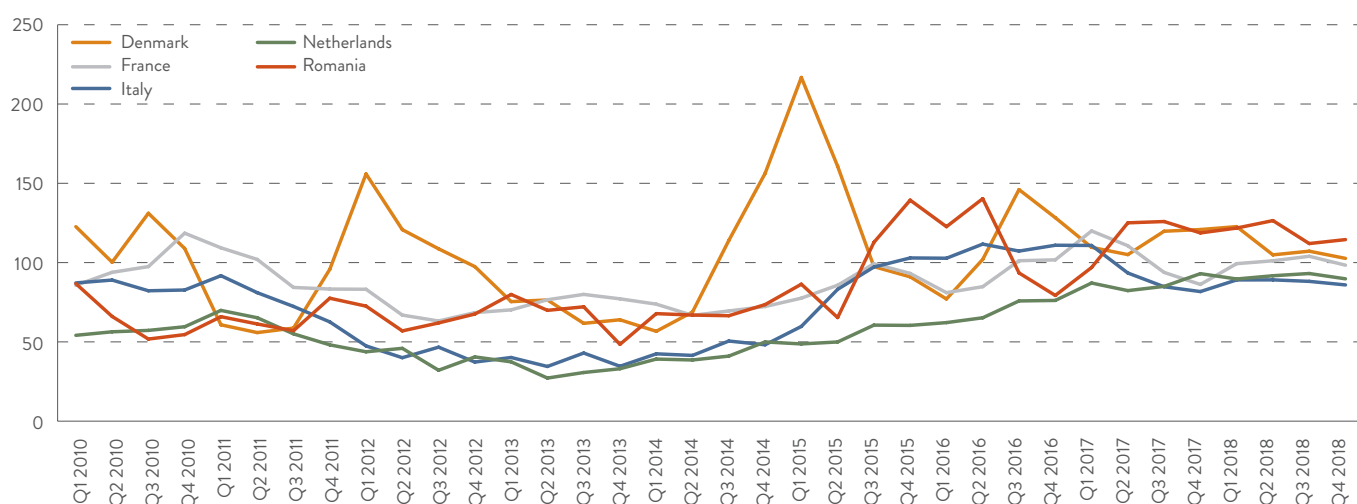
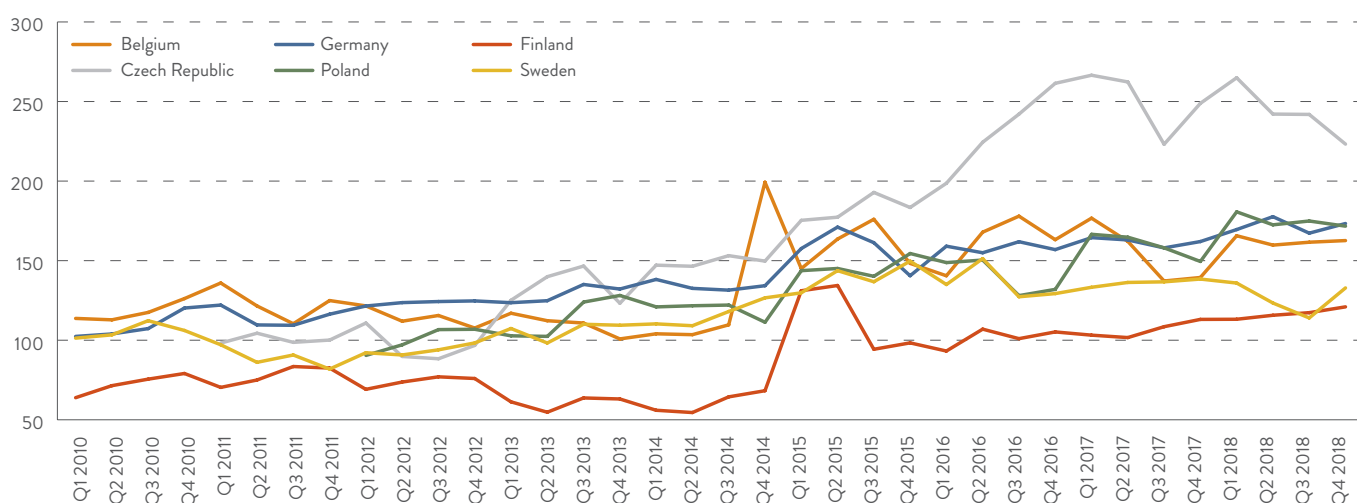
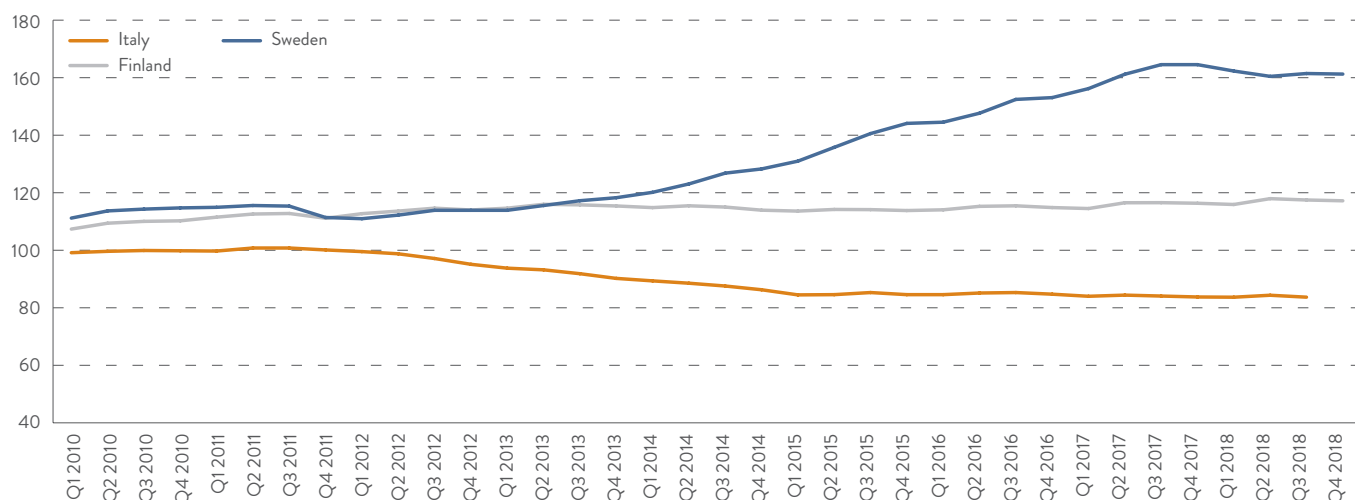
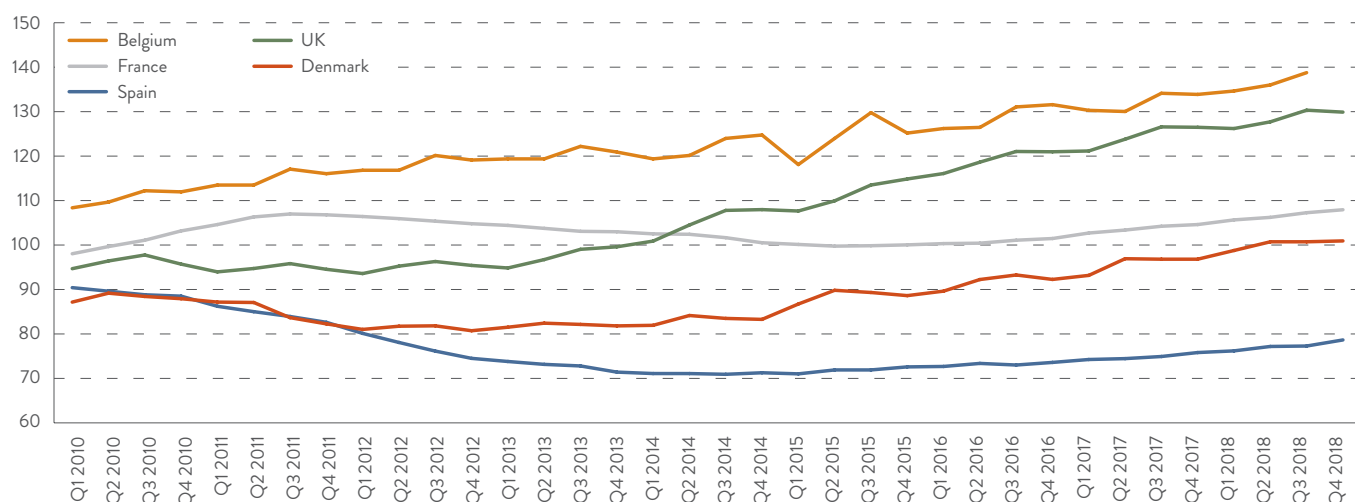
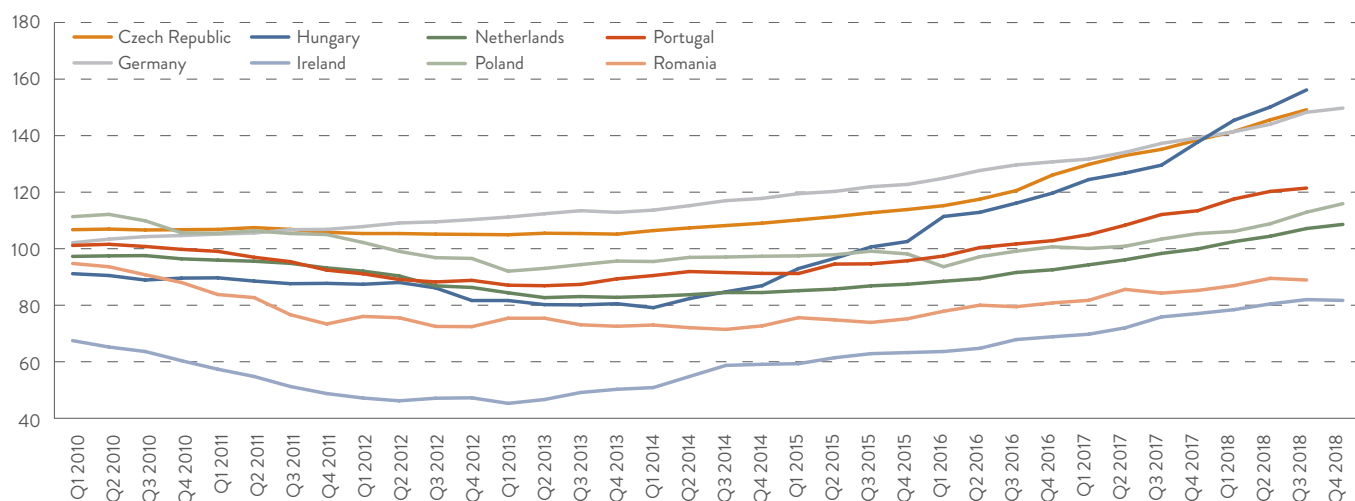
CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2007 LEVELS**CHART 1B** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS**CHART 1C** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

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

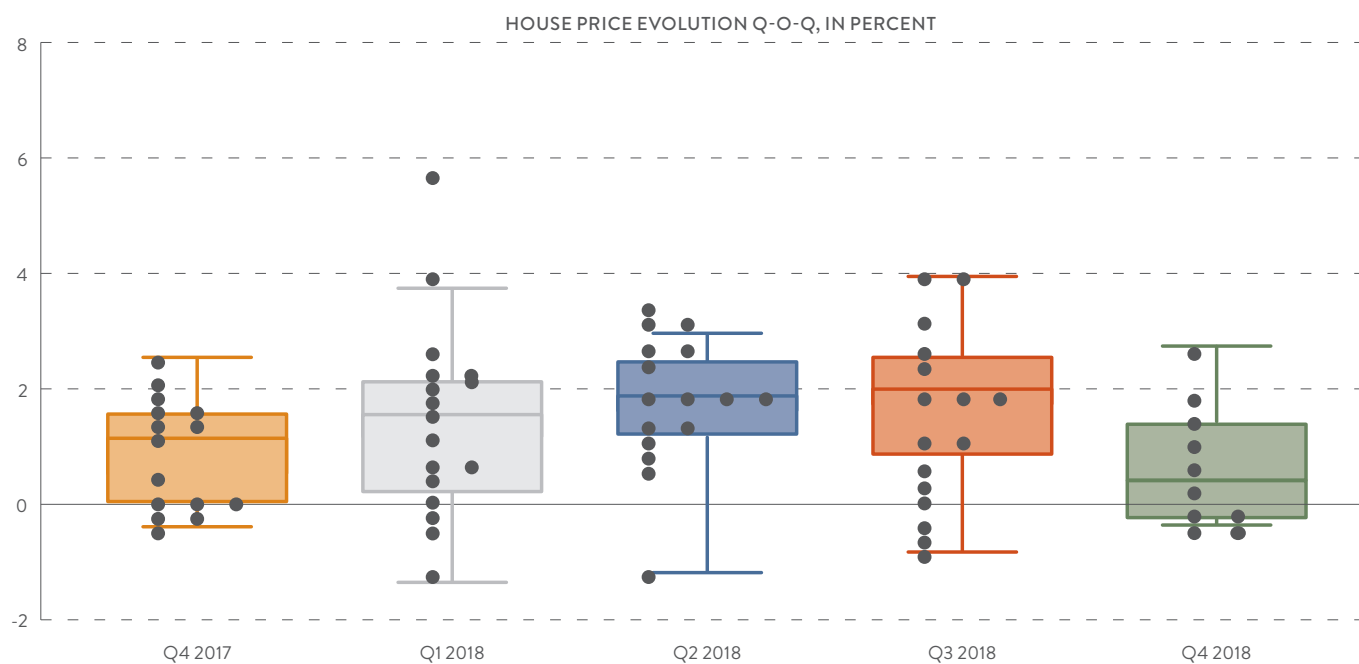
* Average Q1-Q4 2007=100

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 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 Q3 2018.

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

	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	LATEST Y-O-Y CHANGE (%), Q4 18, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q3 18, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 18, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q3 18, LOCAL CURRENCY
BE	226,971	229,876	233,224	235,971	239,470	242,665	246,528	5.7	5.6	5.7	5.6
CZ	37,743	38,998	40,542	41,417	42,091	42,901	43,745	7.9	10.0	9.3	8.9
DE	1,348,088	1,365,975	1,378,810	1,390,462	1,410,391	1,430,568	1,448,964	5.1	4.7	3.8	4.7
DK*	243,364	245,580	246,616	245,431	248,776	249,034	249,659	1.2	1.4	0.0	0.0
ES	504,489	501,769	497,711	494,582	495,141	493,176	n/a	n/a	-1.7	n/a	-1.7
FI	94,985	95,672	96,129	96,237	96,970	97,444	97,781	1.7	1.9	1.7	1.9
FR	927,481	939,592	954,226	963,366	977,524	994,000	1,010,000	5.8	5.8	5.8	5.8
HU	13,688	13,634	13,611	13,338	13,351	13,398	13,519	-0.7	-1.7	3.5	2.5
IE	104,978	104,750	102,085	101,577	100,940	100,713	97,684	-4.3	-3.9	-4.3	-3.9
IT	372,381	373,390	375,397	376,603	376,636	378,126	379,296	1.0	1.3	1.0	1.3
NL	669,148	670,785	672,232	698,122	701,069	702,288	n/a	n/a	4.7	n/a	4.7
PL**	92,843	91,338	93,111	93,420	94,838	95,053	96,775	3.9	4.1	7.0	4.0
PT	94,563	94,353	94,093	93,823	93,740	93,794	n/a	n/a	-0.6	n/a	-0.6
RO	13,522	13,948	14,262	14,586	15,047	15,457	15,795	10.7	10.8	10.8	12.0
SE	397,468	403,357	402,250	390,996	395,454	397,633	406,041	0.9	-1.4	5.8	6.3
UK	1,529,171	1,539,221	1,540,668	1,571,522	1,575,260	1,558,924	1,590,834	3.3	1.3	3.0	2.6

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:

- Ireland
- Poland
- United Kingdom



TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	LATEST Y-O-Y CHANGE (%), Q4 18, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q3 18, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q4 18, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q3 18, LOCAL CURRENCY
BE	10,131	9,169	9,306	7,914	8,761	8,532	9,171	9,320	10,099	15.3	17.8	15.3	17.8
CZ*	3,262	2,928	3,246	2,618	3,112	2,909	3,005	2,842	2,806	-9.8	8.6	-8.7	7.5
DE	54,100	50,600	53,500	54,400	55,800	52,300	58,400	57,500	59,600	6.8	5.7	4.7	7.4
DK	12,509	9,344	8,754	10,763	11,834	10,519	8,740	9,631	10,198	-13.8	-10.5	-0.1	-1.0
ES	9,309	8,909	10,319	9,117	10,516	10,085	12,222	10,118	11,957	13.7	11.0	13.7	11.0
FI	7,109	7,305	8,304	7,687	7,687	8,038	9,333	8,334	8,265	7.5	8.4	7.5	8.4
FR	44,419	47,822	46,704	43,147	37,678	38,859	42,577	47,574	42,960	14.0	10.3	14.0	10.3
HU	425	511	597	624	618	586	800	805	691	11.8	29.1	16.3	34.6
IE	1,813	1,393	1,647	2,016	2,230	1,704	2,014	2,369	2,635	18.2	17.5	18.2	17.5
IT**	22,748	20,643	18,941	14,805	17,065	16,414	18,099	15,464	17,882	4.8	4.4	4.8	4.4
NL	24,049	23,212	23,695	25,060	29,005	23,958	26,447	27,444	28,046	-3.3	9.5	-3.3	9.5
PL	2,252	2,590	2,873	2,740	2,550	2,830	3,005	3,027	2,927	14.8	10.5	18.1	10.4
PT	1,617	1,803	2,018	2,130	2,308	2,186	2,588	2,519	n/a	n/a	18.3	n/a	n/a
RO	492	442	718	764	717	584	726	685	693	-3.3	-10.4	-3.30	-9.5
SE	15,298	13,341	15,915	14,064	16,312	13,636	14,481	11,548	15,694	-3.8	-17.9	0.9	-11.5
UK	72,216	69,225	69,995	78,266	76,490	69,586	74,553	79,192	80,628	5.4	1.2	4.3	2.9

* 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:

- France
- Ireland
- Italy
- United Kingdom

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BE	2,144	3,152	3,384	3,844	2,936	3,921	2,905	3,348	2,747	3,499	3,195	3,863
CZ	263	691	969	932	689	2,114	1,255	1,544	875	675	810	844
DE	5,576	12,839	16,444	12,586	6,661	14,526	17,887	12,835	11,652	19,929	20,177	18,396
DK*	1,577	2,612	1,726	536	277	1,270	2,216	1,036	-1,185	3,345	258	625
ES	-4,548	-3,003	-2,471	-4,830	-3,854	-2,910	-2,720	-4,057	-3,129	2,137	-1,965	n/a
FI	207	925	560	409	223	706	687	457	109	843	474	337
FR	4,608	9,271	4,024	15,054	13,774	14,349	12,111	14,634	9,140	14,158	16,476	16,000
HU	-95	-282	199	-569	-99	-237	-54	-23	-273	214	47	122
IE	-1,144	-623	-795	-1,294	-898	-934	-228	-2,665	-508	-637	-227	-3,029
IT	-149	2,103	1,487	2,396	2,921	1,291	1,010	2,007	1,206	33	1,490	1,170
NL	1,968	3,762	3,489	-818	1,476	3,658	1,637	1,447	25,890	2,955	1,219	n/a
PL	369	-1,271	2,177	-73	2,945	307	-1,505	1,773	309	1,418	215	1,722
PT	-696	-591	-636	-1,216	-433	-381	-210	-260	-270	-83	54	n/a
RO	305	491	413	184	200	429	426	314	324	461	410	338
SE	4,276	544	-2,449	9,351	6,860	3,609	5,888	-1,107	-11,254	4,458	2,179	8,408
UK	-111,436	-62,784	-50,548	15,885	11,835	-29,167	10,050	1,447	30,854	2,493	-16,336	31,910

* 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

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BE	129.8	125.1	126.2	126.4	131.1	131.6	130.3	130.1	134.2	133.9	134.7	136.1	138.9	n/a
CZ	112.4	113.6	115.0	117.3	120.4	126.0	129.8	133.0	135.2	138.6	141.6	145.8	149.4	n/a
DE	121.8	122.6	124.8	127.6	129.6	130.7	131.7	134.1	137.3	139.3	141.5	144.2	148.5	150
DK	89.3	88.6	89.7	92.3	93.4	92.3	93.3	97.1	97.0	97.0	99.0	101.0	101.0	101.2
ES	71.8	72.5	72.6	73.3	72.9	73.5	74.2	74.4	74.9	75.8	76.2	77.2	77.3	78.7
FI	114.2	113.9	114.1	115.4	115.6	115.0	114.6	116.8	116.8	116.6	116.1	118.3	117.8	117.5
FR	99.7	99.9	100.2	100.3	101.0	101.4	102.7	103.4	104.3	104.7	105.8	106.4	107.5	108.2
HU	100.5	102.4	111.3	112.8	116.1	119.7	124.5	126.8	129.6	137.8	145.6	150.3	156.4	n/a
IE	63.0	63.4	63.8	65.0	68.1	69.1	70.0	72.3	76.2	77.5	78.9	80.9	82.5	82.2
IT*	85.1	84.3	84.3	84.9	85.1	84.5	83.7	84.1	83.8	83.5	83.4	84.1	83.4	n/a
NL	86.7	87.3	88.3	89.3	91.5	92.5	94.3	96.1	98.5	100.1	102.8	104.7	107.5	109
PL	99.0	98.0	93.4	97.0	99.0	100.6	100.0	100.8	103.4	105.4	106.2	109.0	113.2	116.3
PT	94.5	95.6	97.3	100.3	101.7	102.8	105.0	108.4	112.3	113.6	117.9	120.6	121.8	n/a
RO**	73.7	75.1	77.8	80.0	79.5	80.9	81.8	85.8	84.4	85.4	87.2	89.8	89.2	n/a
SE	140.5	144.1	144.5	147.7	152.5	153.1	156.3	161.3	164.7	164.7	162.5	160.6	161.6	161.4
UK	113.5	114.9	116.1	118.7	121.1	121.0	121.2	123.9	126.7	126.6	126.3	127.8	130.5	130.0

* 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» (Second-hand dwellings - metropolitan France - all items).
- 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)

	III 2015	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 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	1.95	1.95
CZ*	2.48	2.42	2.37	2.25	2.17	2.01	2.17	2.22	2.17	2.25	2.41	2.49	2.58	2.81
DE	2.03	2.00	1.91	1.81	1.68	1.63	1.80	1.83	1.85	1.83	1.85	1.90	1.87	1.86
DK**	1.03	1.12	1.17	1.29	1.20	1.09	1.11	1.09	0.94	0.87	0.87	0.84	0.79	0.76
ES	2.17	2.08	2.02	2.04	2.02	1.97	1.97	1.92	1.99	1.91	1.95	1.93	1.95	1.99
FI	1.43	1.32	1.23	1.20	1.16	1.16	1.13	1.07	1.02	0.95	0.92	0.87	0.88	0.86
FR***	2.14	2.18	2.02	1.69	1.46	1.32	1.45	1.54	1.55	1.52	1.48	1.45	1.43	1.41
HU	4.57	4.85	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.01	4.31	4.31	4.87	5.45
IE	3.40	3.42	3.30	3.34	3.26	3.22	3.16	3.22	3.20	3.07	3.02	3.06	2.97	2.95
IT	2.67	2.50	2.33	2.20	2.02	2.02	2.11	2.10	2.02	1.90	1.88	1.80	1.80	1.89
NL**	2.90	2.83	2.75	2.64	2.60	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
PL	4.40	4.40	4.40	4.50	4.40	4.40	4.40	4.40	4.40	4.40	4.30	4.30	4.40	4.40
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	1.33	n/a
RO****	3.94	3.79	3.49	3.32	3.56	3.52	3.71	3.34	3.60	4.42	4.78	5.01	5.67	5.81
SE	1.52	1.56	1.62	1.60	1.59	1.57	1.65	1.52	1.53	1.56	1.52	1.51	1.48	1.47
UK	2.57	2.54	2.50	2.41	2.30	2.16	2.09	2.05	1.98	1.98	2.03	2.09	2.10	2.10

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

Source: European Mortgage Federation

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

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

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

NOTE:

Data refers to quarter averages.

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

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:

- Denmark
- Ireland



TABLE 5B | MORTGAGE INTEREST RATES

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BE	2.16	2.37	2.47	2.48	2.46	2.25	2.06	1.95	1.58	1.51	1.57	1.58
CZ	2.61	2.32	2.55	2.04	2.40	2.51	2.25	2.28	2.57	2.53	2.88	3.12
DE	2.26	2.12	2.07	1.95	2.10	2.10	2.04	2.05	2.05	2.08	2.14	2.04
DK*	1.17	1.29	1.20	1.09	1.11	1.09	0.94	0.87	0.87	0.84	0.79	0.76
ES	1.72	1.66	1.66	1.62	1.57	1.51	1.68	1.57	1.60	1.56	1.57	1.64
FI	1.18	1.14	1.11	1.09	1.06	1.02	1.00	0.94	0.90	0.84	0.85	0.86
FR	1.43	n/a	n/a	1.12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	4.88	4.58	4.34	4.06	3.91	3.59	3.43	3.01	3.18	3.18	3.41	2.78
IE	3.14	3.22	3.18	3.14	3.03	3.18	3.17	3.03	2.96	3.11	3.04	3.03
IT	1.92	1.80	1.74	1.70	1.72	1.66	1.63	1.53	1.54	1.47	1.51	1.52
NL	2.30	2.20	2.08	1.95	1.95	1.97	1.98	1.96	1.95	1.91	1.89	1.87
PT	1.99	1.86	1.76	1.77	1.70	1.61	1.48	1.52	1.51	1.41	1.33	n/a
RO**	3.40	3.25	3.51	3.42	3.62	3.29	3.56	4.47	4.79	5.00	5.66	5.67
SE	1.62	1.60	1.59	1.57	1.65	1.52	1.53	1.56	1.52	1.45	1.46	1.42
UK***	2.13	2.05	1.93	1.87	1.92	1.90	1.78	1.84	—	—	—	—

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BE	2.05	2.01	2.08	2.09	2.12	2.09	1.96	1.86	1.94	1.82	1.54	1.73
CZ	2.26	2.25	2.13	2.06	2.16	2.12	2.14	2.24	2.38	2.50	2.53	2.71
DE	1.85	1.83	1.77	1.65	1.67	1.73	1.77	1.70	1.72	1.74	1.72	1.71
DK*	1.27	1.24	1.15	1.26	1.24	1.22	1.16	1.12	1.12	1.17	1.24	1.17
ES	2.06	2.02	1.99	1.95	1.85	1.71	1.74	1.67	1.69	1.67	1.74	1.76
FI	1.30	1.27	1.27	1.27	1.16	1.12	1.13	1.15	1.18	1.02	1.06	1.04
HU	6.68	6.32	6.11	5.80	5.79	5.40	5.14	4.63	4.31	4.31	4.87	4.80
IE	3.59	3.57	3.40	3.34	3.32	3.27	3.22	3.10	3.07	3.03	2.94	2.92
NL	2.55	2.39	2.16	2.11	2.15	2.20	2.23	2.21	2.15	2.15	2.10	2.11
RO**	4.46	4.95	4.91	4.93	4.96	5.01	4.84	4.37	4.49	5.11	5.49	5.97
SE	1.71	1.72	1.72	1.56	1.61	1.65	1.65	1.65	1.67	1.61	1.60	1.57
UK	2.53	2.45	2.35	2.20	2.09	2.05	1.99	1.97	2.03	2.09	2.11	2.13

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BE	2.15	1.90	1.97	1.86	1.93	2.10	2.19	2.16	2.13	1.94	1.84	1.90
CZ	2.19	2.10	1.95	1.86	1.98	2.19	2.13	2.21	2.36	2.43	2.51	2.69
DE	1.77	1.63	1.52	1.46	1.63	1.68	1.68	1.67	1.69	1.76	1.71	1.71
DK*	1.84	1.76	1.35	1.57	1.64	1.56	1.53	1.58	1.61	1.72	1.67	1.57
ES	5.23	3.87	4.52	3.99	4.15	4.13	4.26	4.07	4.45	4.43	4.19	3.97
FI	1.90	1.67	1.71	1.82	1.94	1.89	1.92	1.80	1.90	1.70	1.90	2.00
HU	6.22	6.69	6.89	6.88	7.04	6.51	6.27	5.76	5.39	5.27	5.39	5.45
NL	2.78	2.67	2.54	2.34	2.30	2.36	2.34	2.34	2.34	2.39	2.39	2.38
RO**	5.62	5.64	5.66	5.56	5.62	5.57	4.75	5.09	5.40	5.51	6.12	6.42
SE	2.54	2.52	2.24	2.39	2.58	1.94	1.91	2.17	2.20	2.03	2.04	1.86
UK	3.34	3.22	3.08	2.63	2.59	2.69	2.71	2.66	2.63	2.63	2.67	2.67

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BE	2.27	2.05	2.00	2.00	2.11	2.16	2.13	2.03	2.01	2.01	1.95	1.95
CZ	3.22	2.86	2.43	2.39	2.44	2.67	2.44	2.57	2.48	2.54	2.48	2.94
DE	1.95	1.86	1.70	1.69	1.88	1.90	1.95	1.92	1.94	1.98	1.95	1.96
DK*	3.67	3.23	2.90	2.89	3.04	2.89	2.82	2.78	2.87	2.85	2.79	2.79
ES	2.66	2.36	2.37	2.19	2.32	2.42	2.44	2.39	2.33	2.29	2.26	2.31
HU	5.75	6.46	5.93	5.98	5.71	5.93	5.67	5.52	5.51	5.76	5.74	5.79
IT****	2.63	2.48	2.16	2.17	2.25	2.30	2.22	2.12	2.07	1.96	1.93	2.06
NL	3.19	3.07	3.03	2.90	2.85	2.90	3.00	3.00	2.90	2.86	2.80	2.82
RO**	4.91	5.96	5.94	5.70	5.86	5.76	3.34	3.69	4.85	4.56	5.56	6.03
UK	3.98	4.95	n	n	n	n	n	n	n/a	n/a	n/a	n/a

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

** 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:

- Denmark
- Ireland
- UK

Source: European Mortgage Federation



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

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	22.2	20.9	21.6	20.9	20.1	20.0	19.1	18.6	18.7	18.6	18.4
Short-term fixed (1Y-5Y initial rate fixation)	59.8	59.9	57.8	57.5	57.5	56.7	56.3	54.6	53.2	52.4	51.7
Medium-Term fixed (5Y-10Y initial rate fixation)	13.0	14.4	15.8	17.0	17.9	18.9	20.3	22.5	23.7	24.5	25.5
Long-Term fixed (over 10Y initial rate fixation)	5.1	4.9	4.8	4.6	4.5	4.4	4.3	4.4	4.4	4.4	4.5
DENMARK											
Variable rate (up to 1Y initial rate fixation)	38.3	37.4	37.8	38.6	38.8	37.9	36.7	36.3	36.4	35.4	33.4
Short-term fixed (1Y-5Y initial rate fixation)	27.1	27.3	26.4	25.0	24.6	24.9	25.6	25.9	25.9	25.5	26.3
Medium-Term fixed (5Y-10Y initial rate fixation)	34.7	35.4	35.8	36.4	36.6	37.2	37.7	37.8	37.5	39.2	40.2
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	88.9	89.5	90.2	90.6	91.1	91.6	92.2	92.7	92.8	93.1	93.3
Short-term fixed (1Y-5Y initial rate fixation)	7.0	6.7	6.3	6.0	5.7	5.3	5.0	4.7	4.4	4.2	4.2
Medium-Term fixed (5Y-10Y initial rate fixation)	4.0	3.8	3.6	3.4	3.2	3.0	2.8	2.6	2.8	2.3	2.5
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	91.5	90.3	89.6	88.9	88.0	86.9	85.8	84.3	82.5	80.9	78.6
Short-term fixed (1Y-5Y initial rate fixation)	6.5	7.8	8.5	9.2	10.1	11.2	12.6	13.9	15.6	17.2	19.4
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	2.0	1.9	1.9	1.9	1.9	1.6	1.7	2.0	1.9	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)

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	68.3	69.1	69.1	68.1	67.9	68.3	68.3	68.4	68.9	69.01	67.0
Short-term fixed (1Y-5Y initial rate fixation)	29.4	28.7	28.9	30.0	30.3	30.1	30.1	30.2	29.7	20.9	31.6
Medium-Term fixed (5Y-10Y initial rate fixation)	2.3	2.2	2.1	1.9	1.7	1.6	1.5	1.5	1.4	1.4	1.4
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	48.2	47.0	45.8	44.2	42.4	40.6	38.6	36.6	35.0	33.4	31.6
Short-term fixed (1Y-5Y initial rate fixation)	50.2	51.5	52.7	54.3	56.2	58.0	60.0	61.9	63.4	65.0	66.7
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.2	0.1	0.1	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											
	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
ITALY											
Maturity less than 5 years	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.5	0.6	0.5
Maturity over 5 years	99.4	99.4	99.3	99.3	99.3	99.3	99.3	99.3	99.5	99.5	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

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

- United Kingdom

Source: European Mortgage Federation



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

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	0.7	1.6	1.3	0.5	0.3	0.5	1.2	1.6	2.5	4.9	7.4	7.9	6.6
Short-term fixed (1Y-5Y initial rate fixation)	3.9	4.7	2.6	2.1	1.8	2.2	2.5	3.1	4.8	4.2	3.9	5.8	5.9
Medium-Term fixed (5Y-10Y initial rate fixation)	18.3	17.5	14.3	13.9	15.6	16.3	17.2	17.2	18.2	18.1	17.1	20.8	24.6
Long-Term fixed (over 10Y initial rate fixation)	77.2	76.2	81.8	83.6	82.3	81.1	79.1	78.1	74.6	72.9	71.6	65.5	62.9
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	27.5	27.6	23.6	17.1	33.4	19.1	16.7	21.1	24.9	16.9	18.5	17.3	23.2
Short-term fixed (1Y-5Y initial rate fixation)	56.1	54.2	52.7	53.0	37.2	50.9	56.6	53.4	45.6	47.8	47.9	47.7	42.4
Medium-Term fixed (5Y-10Y initial rate fixation)	13.6	15.6	20.7	26.8	26.2	26.9	23.7	22.4	26.6	30.9	28.6	29.0	30.0
Long-Term fixed (over 10Y initial rate fixation)	2.8	2.6	3.1	3.1	3.2	3.1	3.0	3.0	3.0	4.3	5.0	6.1	4.3
DENMARK													
Variable rate (up to 1Y initial rate fixation)	25.1	22.4	19.2	11.3	18.4	17.8	17.4	18.6	22.9	13.7	15.5	14.8	18.2
Short-term fixed (1Y-5Y initial rate fixation)	42.6	45.4	39.4	28.1	28.8	35.2	33.0	28.3	39.4	36.7	29.6	25.4	31.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.0	4.3	1.4	1.8	1.3	1.5	1.0	2.3	0.9	2.1	0.6	1.5	0.9
Long-Term fixed (over 10Y initial rate fixation)	31.3	27.8	40.0	58.8	51.5	45.4	48.7	50.8	36.8	47.6	54.3	58.3	49.8
FINLAND													
Variable rate (up to 1Y initial rate fixation)	93.2	92.8	93.4	93.6	93.3	93.2	94.3	95.6	96.0	96.2	96.4	96.6	96.3
Short-term fixed (1Y-5Y initial rate fixation)	3.9	4.2	3.6	3.5	3.4	3.1	2.8	2.2	1.9	1.8	1.8	1.4	1.7
Medium-Term fixed (5Y-10Y initial rate fixation)	3.0	3.0	2.9	2.9	3.3	3.6	2.9	2.2	2.1	2.0	1.8	2.0	2.0
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	12.9	12.8	12.1	11.4	11.8	10.9	11.3	11.6	11.9	11.3	12.5	11.5	11.6
Short-term fixed (1Y-5Y initial rate fixation)	10.5	10.6	9.5	9.0	8.4	8.8	8.5	8.9	8.9	8.8	8.8	8.7	8.7
Medium-Term fixed (5Y-10Y initial rate fixation)	37.9	36.7	35.1	35.7	35.9	36.1	35.2	35.5	35.4	34.4	33.8	34.0	34.6
Long-Term fixed (over 10Y initial rate fixation)	38.7	40.0	43.3	44.0	43.9	44.2	45.0	43.9	43.9	45.5	44.9	45.8	45.1

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

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	44.1	42.4	43.6	40.8	40.6	43.5	45.9	41.4	38.7	28.1	18.3	11.5	6.5
Short-term fixed (1Y-5Y initial rate fixation)	32.5	31.4	31.1	30.0	31.2	27.2	27.0	32.6	34.2	42.7	46.6	42.4	31.3
Medium-Term fixed (5Y-10Y initial rate fixation)	16.2	18.6	20.1	23.2	21.9	22.5	20.6	19.5	21.2	23.8	29.2	38.4	51.3
Long-Term fixed (over 10Y initial rate fixation)	7.2	7.6	5.2	6.0	6.3	6.8	6.4	6.5	5.9	5.4	5.9	7.8	11.0
IRELAND													
Variable rate (up to 1Y initial rate fixation)	69.7	67.1	65.0	70.0	62.5	59.8	53.4	47.2	43.8	45.6	41.5	36.1	30.9
Short-term fixed (1Y-5Y initial rate fixation)	30.3	32.9	35.0	30.0	37.5	40.2	46.6	52.8	56.2	54.4	58.5	63.9	69.1
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)	38.4	40.8	41.7	36.3	31.2	29.0	31.3	35.5	37.5	36.3	33.4	32.8	30.5
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	61.6	59.2	58.3	63.7	68.8	71.0	68.7	64.5	62.5	63.7	66.6	67.2	69.5
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	12.1	14.2	14.9	13.4	11.8	10.7	13.8	14.7	15.3	15.4	16.2	16.3	16.9
Short-term fixed (1Y-5Y initial rate fixation)	14.3	13.1	12.5	12.5	9.9	8.3	10.0	8.7	8.9	9.3	10.2	10.0	9.2
Medium-Term fixed (5Y-10Y initial rate fixation)	56.2	54.7	53.4	51.4	56.5	57.9	54.3	55.5	55.3	53.4	48.2	43.8	43.1
Long-Term fixed (over 10Y initial rate fixation)	17.5	18.0	19.1	22.7	21.8	23.0	21.9	21.2	20.5	21.8	25.4	29.9	30.8



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

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 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)	90.2	79.7	62.5	62.6	61.0	63.3	58.9	60.1	59.1	61.3	68.2	64.0	—
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	9.8	20.3	37.5	37.4	39.0	36.7	41.1	39.9	40.9	38.7	31.8	36.0	—
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	76.9	90.6	95.1	94.9	93.9	93.6	97.5	88.8	78.5	73.2	77.7	75.0	69.9
Short-term fixed (1Y-5Y initial rate fixation)	21.4	7.8	4.0	4.0	5.0	4.8	1.7	2.5	10.3	15.5	8.5	11.3	13.6
Medium-Term fixed (5Y-10Y initial rate fixation)	0.8	0.4	0.6	0.6	0.9	1.1	0.5	1.9	3.5	5.6	6.0	6.7	8.5
Long-Term fixed (over 10Y initial rate fixation)	0.8	1.1	0.3	0.4	0.2	0.5	0.3	6.7	7.8	5.7	7.9	7.0	8.0
SPAIN													
Variable rate (up to 1Y initial rate fixation)	62.6	57.8	41.6	46.8	42.2	41.7	42.0	43.9	42.3	37.4	37.7	37.3	35.0
Short-term fixed (1Y-5Y initial rate fixation)	28.0	28.6	20.5	25.1	23.4	24.8	26.2	27.2	28.5	29.1	27.95	27.7	29.6
Medium-Term fixed (5Y-10Y initial rate fixation)	2.5	2.9	3.8	3.5	4.0	4.7	4.4	3.9	3.9	4.0	4.21	4.7	4.5
Long-Term fixed (over 10Y initial rate fixation)	6.9	10.7	34.2	24.6	30.5	28.9	27.4	25.0	25.3	29.4	30.13	30.3	30.9

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

	IV 2015	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	72.3	74.3	76.2	76.3	77.1	72.7	72.9	72.5	69.0	70.3	72.9	72.2	62.1
Short-term fixed (1Y-5Y initial rate fixation)	20.1	19.1	17.6	16.6	15.8	19.6	19.8	18.9	20.4	20.8	20.2	20.9	29.8
Medium-Term fixed (5Y-10Y initial rate fixation)	7.6	6.6	6.1	7.1	7.2	7.7	7.3	8.6	10.7	8.9	6.9	6.8	8.1
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	12.4	15.5	15.7	16.1	16.6	15.8	11.6	11.0	7.4	6.9	7.0	8.7	7.2
Short-term fixed (1Y-5Y initial rate fixation)	84.6	83.4	83.2	82.8	81.6	82.0	86.7	87.6	90.9	91.2	91.2	4.0	5.0
Medium-Term fixed (5Y-10Y initial rate fixation)	2.9	1.1	1.1	1.1	1.8	2.2	1.7	1.4	1.7	1.8	1.7	1.7	1.6
Long-Term fixed (over 10Y initial rate fixation)	0.1	n	n	n	n	n	n	n	n	n/a	n/a	n/a	0

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 – Fourth 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.

In addition to Denmark and the UK, and following the new structure introduced during the third quarter of 2018, we compile the bank lending surveys from Czech Republic, Hungary, Romania and Poland. For these countries similar criteria as the one used in the BLS carried out by the ECB applies, as is the case for the Eurozone countries positive values stand for net tightening and negative values stand for net easing. In the case of Hungary and Poland the effect of the different factors on demand have been inverted to match the interpretation of the figures of the ECB's BLS.

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)

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
AT	0	29	-14	0	0	14	-14	14	0	29	14	0
BE	0	25	0	25	0	25	0	0	25	0	0	25
CY	0	0	0	0	0	0	0	0	0	0	0	0
DE	21	28	10	0	-14	0	-7	-7	-7	-7	-3	0
EE	13	0	0	0	0	0	0	13	30	10	0	0
EL	0	0	25	0	0	25	0	0	0	-25	0	0
ES	-11	-11	-11	0	0	0	-11	-11	-11	-11	0	0
FR	0	-15	-24	0	0	0	-2	-2	-14	-2	-2	-2
IE	10	0	-10	0	0	0	0	0	0	0	0	0
IT	-13	-38	0	0	-14	-20	-20	0	-10	0	0	10
LT	0	0	0	25	0	25	75	0	0	0	25	25
LU	-17	-17	-17	-17	0	-33	-17	0	-33	-17	0	0
LV	0	0	0	-25	-25	0	0	0	-25	0	50	25
MT	34	-41	0	0	0	0	-45	0	40	0	0	0
NL	14	0	0	0	-2	-30	-48	-36	-51	-50	-34	-35
PT	0	0	0	0	0	0	0	0	0	0	60	20
SI	20	0	0	-20	40	0	0	0	0	0	20	20
SK	11	17	-9	0	93	65	51	32	59	32	78	50
EA	4	-2	-4	1	-5	-4	-11	-6	-11	-8	-2	-1
CZ	-5	3	-1	89	87	57	40	42	41	29	40	92
DK	23	14	14	18	14	-32	22	14	40	13	-6	19
HU	-56	-100	-63	-78	-76	-96	-77	-62	-88	-100	-81	-66
PL	86	27	47	-9	1	13	11	21	-4	7	58	61
RO	43	88	-42	2	12	47	-16	3	7	0	18	16
UK	3	5	2	4	-4	-10	-7	-2	-4	-4	11	12

In the last quarter of 2018, the overall credit standards remained broadly stable, they slightly eased by 1% in the Euro area, a figure slightly smaller than the ones observed during the first three quarters of the year. However, the net percentage still remains under 2003 average. During this quarter among the five largest economies of the Euro Area only France and the Netherlands eased their credit standards. In Spain and Germany these standards remained unchanged, and in Italy they slightly tightened. Having a general look, we can say that stability has been the trend during the quarter, since for nearly 53% of the countries of the sample credit conditions have remained unchanged.

From an aggregate point of view, the main factors that have contributed to an easing of the credit standards have been pressure from competition (from banks and non-banks) and a lower perception of risk of the borrowers. 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 due to the improvement on the general economic situation and the housing market prospects.

Outside the Euro area, Denmark and the UK showed how their credit standards tightened during the last three months. Credit standards tightened even in Poland as well as in the Czech Republic and Romania. However, in Hungary they significantly eased.

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN Q3 2018 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

IV 2018	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Credit Standards Overall	0	25	0	0	0	0	0	-2	0	10	25	0	25	0	-35	20	20	50	-1	92	19	-66	61	16	12
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	0	0	0	-11	0	0	0	0	17	25	0	0	0	0	0	-1	25	—	-35	0	0	1
Perception of risk	0	25	0	0	0	0	0	-2	0	0	25	0	25	0	-3	0	0	15	0	—	19	0	—	—	—
Pressure from competition	-7	0	0	0	0	0	0	0	0	0	0	0	0	0	-34	-10	0	0	-3	2	0	-5	-5	0	-6
Risk Tolerance	0	0	0	0	0	0	0	0	0	3	8	0	25	0	-34	-7	-7	5	-2	17	5	-13	23	0	5

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

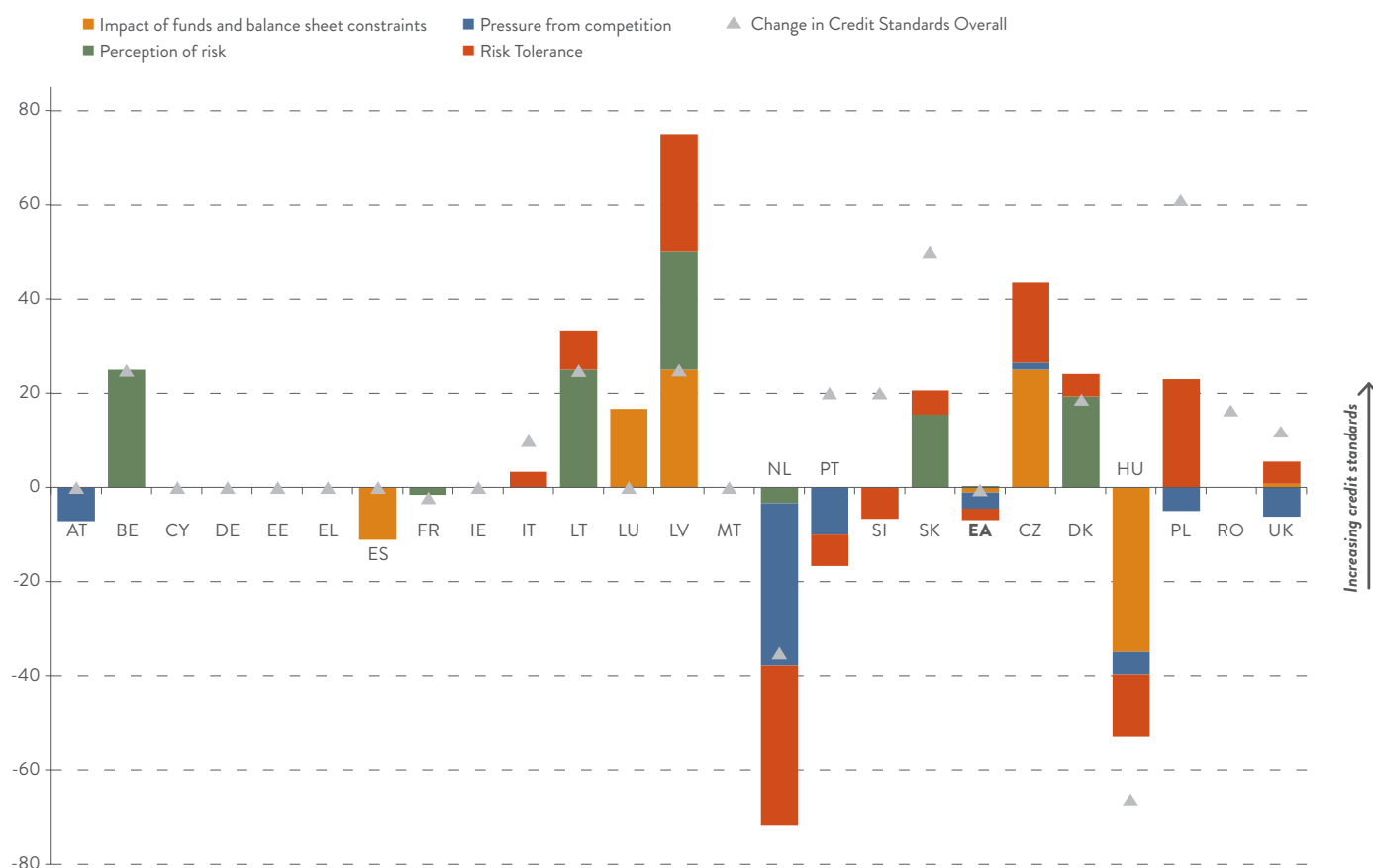
For CZ there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balance sheet constraints; pressure from other banks and non-banks > pressure from competition.

For HU the factors have suffered a change in the sign (positive net change indicator = contributed to tightening); also there are different factors so the following assumptions were made: changes in bank's current or expected capital position + changes in bank's current or expected liquidity > impact of funds and balance sheet constraints; competition from other banks and non-banks > pressure from competition.

For PL there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet constraints;

For RO there are different factors and following assumptions were made: current or expected costs related to your bank's capital position > impact of funds and balance sheet; competition from other banks and non-banks > pressure from competition.

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)

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018
AT	14	14	0	0	29	29	43	14	14	0	-14	-14
BE	25	50	-25	50	-50	0	-25	0	0	0	0	25
CY	50	25	25	75	25	25	75	100	80	100	50	25
DE	21	7	-10	3	4	-7	0	0	14	21	3	10
EE	13	25	25	25	0	38	25	13	20	30	0	0
EL	50	25	25	25	-25	0	25	0	25	25	25	100
ES	-11	-11	-11	0	11	11	11	11	22	22	22	-11
FR	26	40	52	52	68	29	-21	-21	-40	17	-22	-20
IE	0	20	10	10	30	20	20	20	10	30	-10	10
IT	75	50	63	75	29	10	30	10	10	20	10	10
LT	0	75	50	0	25	0	-25	0	0	25	0	25
LU	17	0	0	17	-17	33	67	17	17	17	-17	17
LV	0	75	50	0	0	25	33	50	75	50	25	25
MT	53	42	0	0	-45	14	14	13	55	55	56	-25
NL	91	75	58	78	-10	72	53	47	33	51	49	52
PT	0	60	60	60	80	60	40	80	40	40	60	20
SI	40	60	40	20	20	40	20	40	0	20	-20	0
SK	25	83	-9	34	50	12	10	34	-26	93	-2	-15
EA	32	30	23	36	24	19	12	8	5	23	5	12
CZ	61	67	20	90	3	1	-32	39	-25	-2	45	-28
DK*	1	2	32	-20	2	-11	14	2	-11	0	11	28
HU	44	100	59	78	77	96	42	51	72	85	51	65
PL	34	-14	-74	19	22	29	-14	-13	76	40	11	13
RO	76	-31	-72	45	45	9	19	-31	50	-15	-39	-33
UK**	12	22	-44	6	-15	2	-6	8	-29	5	3	24

NOTE:

* 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 growth accelerates during the last quarter continues increasing by over 12%. A growth rate that stands above the historical average. Credit demand for housing loans increased in four of the five largest countries, being Spain the exception. Demand was mainly fuelled by low interest rates, favourable housing market prospects and consumer confidence. The only factor that had a negative impact for the Euro area was the so-called use of alternative finance. If we look closely at each of the countries of our sample, we observe

different situations, for example in Greece credit demand increased by 100% while in Malta it decreased by 25%.

In the UK, the demand slightly increased compared to the second quarter of the year. In Denmark, Hungary and Poland demand for mortgage loans experienced a more significant growth. In the other hand, credit demand in Czech Republic and Romania fall considerably compared to the previous quarter.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN Q3 2018 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

IV 2018	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	EA	CZ	DK	HU	PL	RO	UK
Change in Demand Overall	-14	25	25	10	0	100	-11	-20	10	10	25	17	25	-25	52	20	0	-15	12	-28	28	65	13	-33	3
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	0	0	25	14	0	0	6	75	0	20	0	17	25	-25	34	60	20	0	13	-36	—	—	58	—	—
Other financing needs	0	25	50	24	0	22	35	0	0	10	25	0	0	0	69	40	20	-15	26	-21	—	—	0	—	—
Consumer confidence	0	0	50	7	0	0	-1	50	0	0	25	0	0	15	32	60	40	0	6	29	—	—	3	—	—
Use of alternative finance	0	0	13	2	0	0	-6	0	-15	0	0	17	0	0	32	-10	-10	0	2	—	—	—	—	—	—
General level of interest	-5	0	0	-5	0	0	-11	4	-3	3	0	0	0	-5	0	-13	-13	-7	-2	-12	—	—	28	—	—

NOTE:

DK, HU, RO and UK do not provide factors affecting the Demand, but a breakdown of the different types of lending

For CZ there are different factors and the following assumptions were made: non-housing related expenditure > other financial needs; household savings > internal financing out of savings/down payment; level of interest rates > general level of interest.

For PL there are different factors and the following assumptions were made: changes in consumption expenditure > changes in consumer confidence; use of alternative financing sources > impact of other sources of finance; changes in terms on housing loans > impact from loans of other banks.

CHART 5 | DEMAND OVERVIEW AND FACTORS

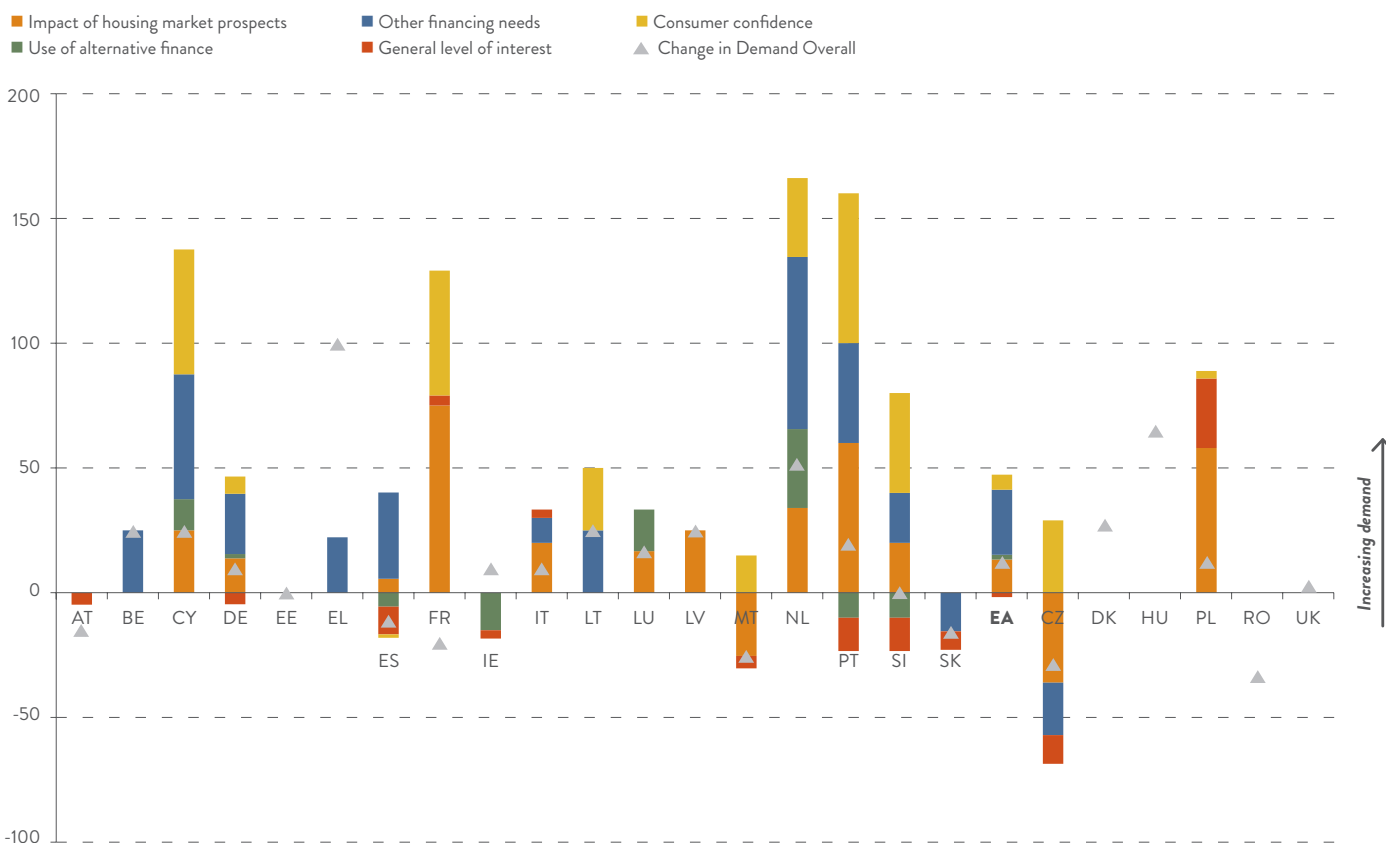
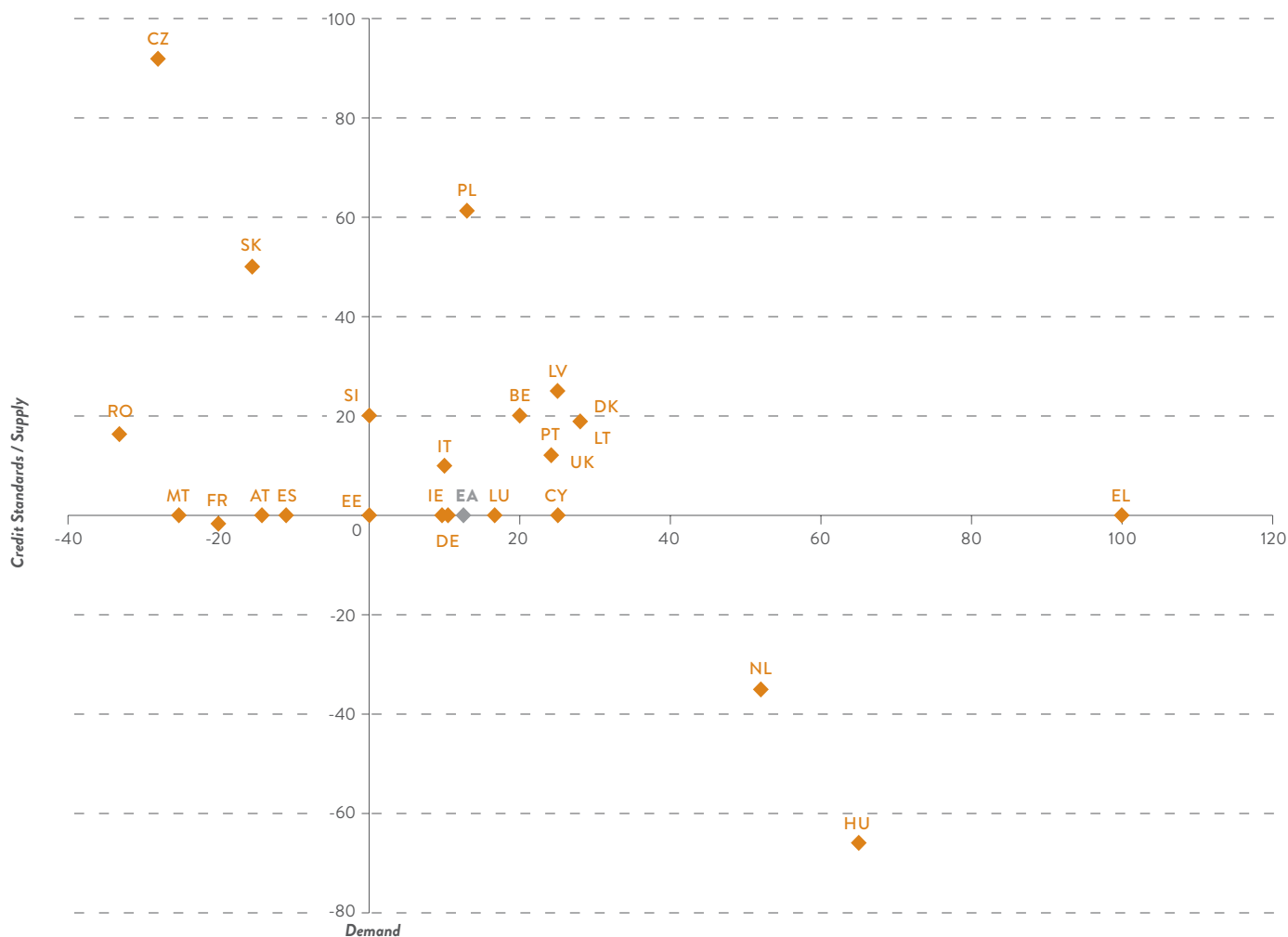


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q4 2018 the cloud of countries has reduced its dispersion compared to Q3 2018. Despite the number of outliers is smaller, these present bigger differences with respect to the vast majority of the countries.

Looking at the x-axis, the demand evolution, we observe that most of the countries are in between a 20% increase or decrease. While on the credit standards, or supply side, a clearer tendency to tightening can be noticed.



Q4|2018

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