

EMF

FUNDING THE REAL ECONOMY

Q1 | 2019

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

Daniele Westig | Economic Adviser | dwestig@hypo.org | Tel: +32 2 285 40 40

INTRODUCTION

In the first quarter of 2019, economic growth stabilised but it remains weak and continued with the loss of momentum that started the previous year. Nevertheless, the main macroeconomic indicators at an aggregate level still remained positive. The GDP for the Eurozone slightly grew on quarterly basis as well as on yearly basis and unemployment has further decreased following expectations.

In this macroeconomic context, European housing and mortgage markets have also, in general, performed relatively well following the positive trend initiated during 2018. This has been reflected in the increase of the outstanding amount of loans granted for housing purchase purposes which has been favoured by a moderate increase in prices in most of the jurisdictions, and a low interest rate environment. In this sense, two trends that already started in the previous year can be highlighted. In first place, the dispersion on the average interest rate that has been increasing among countries since the second quarter of 2017, reflecting the differences in market trends followed by the jurisdictions across Europe, and, secondly, the common shifting trend from variable to fixed interest rates when it comes to the issuing of mortgage loans.

MORTGAGE MARKET

MARKET DEVELOPMENTS

In our EU sample¹ the outstanding mortgage market continued to increase, both with respect to the previous quarter and with respect to the same quarter of

the previous year, by 0.92% and 3.3% respectively. However, new lending has grown on yearly basis by 3.3%, but the aggregate amount of the first quarter in 2019 is smaller than the one recorded at the end of 2018. The national particularities are further described in this section going through the different geographical regions.

In Central and Eastern Europe, the evolution of lending is quite heterogeneous among jurisdictions. In **Germany**, according to preliminary data, the gross residential lending grew by 8.2% y-o-y, reaching EUR 56.6 bn. Likewise the volume of outstanding residential loans increased by 5.1% y-o-y and summed up to EUR 1,462 bn. This increase in residential property financing reflects a high demand for houses and apartments boosted by favourable home-buying conditions result of a consistently positive macroeconomic momentum and favourable interest rates.

On the other hand, in the **Czech Republic** during the first three months of the year the mortgage issuance dropped by 21% y-o-y. A decreasing trend that was rather expected on the market and partly a consequence of the regulation of income indicators, DTI and DSTI, introduced by the Czech National Bank as of October 2018. The still growing prices due to low real estate offer also influenced the slowdown of the mortgage market, therefore, growing prices of housing on one hand and the restrictive policies introduced by the regulator on the other made financing necessary for housing purchase less affordable thus reducing the lending figures. Moreover, the lower demand and affordability of financing also made competition stronger, creating a visible

¹ In Q1 2019 the sample for the Quarterly Review included BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, NL, PL, PT, RO, SE and UK. (i.e. around 95% of the total outstanding mortgage lending in the EU28 in 2017).



trend of strengthening positions of smaller markets players at the expense of traditional mortgage providers. As an example, we can observe that market share of the three biggest providers on new production decreased from 72% in Q1 2018 to 65% in Q1 2019.

On the contrary, in **Poland**, despite a small decrease of 0.7% q-o-q in the number of new mortgage loans, which amounted to 51,703 loans, market dynamics remained high during the last quarter. The amount of total outstanding residential lending grew by 4.8% on yearly basis amounting for EUR 97,896, the average amount of the mortgage granted also increased and reached around PLN 263,000 in Q4 2018. It is also important to note that the quality of the mortgage lending remains good, which is reflected in an NPL level of 2.48% in the last quarter of the year.

In **Romania** the stock of mortgage credit continued growing during the first quarter of 2019, experiencing a 2.4% growth quarter on quarter and 11% on yearly basis. However, in this same period of the year, the new gross residential lending decreased by 20% (in national currency) compared to the same quarter of the previous year and by almost 5% on quarterly basis. This deceleration is due to the significant tightening of credit standards on loans for house and land purchase that took place during the first quarter. It is also relevant to note that new mortgage loans were almost entirely granted in local currency. In this context, the NPL ratio for mortgage loans reached 2.55% in March 2019 decreasing by 0.1 pps compared to the previous quarter and by 0.63 pps compared to the previous year.

Moving North, the general trend shows a positive evolution on quarterly basis but a decrease of the outstanding amounts when compared to the same period of the previous year.

In **Denmark** total outstanding mortgage loans increased in the first quarter by a moderate 1.2%. However, on a yearly basis the total outstanding amount decreased by 0.1%. In this context, the gross residential lending also experienced a slight decrease compared to the last quarter of 2018.

Similarly, in **Finland** the mortgage market is still cooling down. In this context, household demand for mortgages was slightly lower than in the previous year and the same trend was observed in investors' demand. The amount of outstanding loans for housing purchase has slightly increased with respect to last year by a modest 1.9%, however, the amount of gross residential lending decreased by almost 3% on yearly basis. Finally, also in **Sweden** the mortgage market continued during the first quarter of 2019 the slowdown in lending for housing purchase that started last year, and at the end of March the net growth was 5.4% compared to 5.8% from end 2018. This slowdown is mainly due to the fall in housing prices that started in autumn 2017, period in which an important shift in the housing market took place, as well as of the stricter amortisation requirements that entered into force from March 2018.

In Western Europe in aggregate terms there has been a positive evolution. During the first quarter, **Belgium** recorded a higher number of new mortgage loans with respect to the same period last year. The amount of new mortgages in the country grew by 4% and the gross lending volume for house purchase purposes rose by 7%. In the same context, when excluding remortgaging the outstanding amount remained practically unchanged. If we take a closer look at this increase we can observe that the number of loans for house purchase increased by 4.4%, those for house construction rose by 2.3%, loans for renovation grew 1.7%,

but the biggest increase was experienced in those for a combined house purchase and house renovation by 26.1%. This overall positive evolution of the Belgian mortgage market continues being fostered by the low interest rate environment, and this also allowed the number of overdue loans to reach the lowest ratio ever standing at 0.93%. In **France** the outstanding lending amount is growing at a fast pace, and it increased by 6% during the first quarter of 2019. New lending for house purchase purposes also grew and reached a historically high level. In this context, the refinancing of house loans slightly increased but still far from the highest level reached in 2017. **The Netherlands** also experienced an increase of the outstanding amount of loans for house purchase purposes, it increased by 1.1% on yearly basis. Similarly, in **Italy** a 0.9% q-o-q of the outstanding amount was observed. In the **UK** the mortgage market was supported by a relatively strong macroeconomic environment where the UK GDP grew 0.5% from a weak 0.2% experienced during Q4 2018. Meanwhile inflation dropped to 1.9%, putting it below the target for the first time since the end of 2016. In this context, residential house purchase lending grew modestly during the first quarter of the year, rising by 1.5% y-o-y (by volume). However, this was materially down on Q4, which saw annual growth of 4.4%, continuing the trends started over a year ago the strength of the market has been concentrated among first-time buyers, who enjoyed different supporting measures from the government. First time buyers grew by 2.8% y-o-y. However, the activity in the buy-to-let sector decreased 7% on yearly basis, following the sixth straight quarter suffering losses. As a consequence, buy-to-let market has reached levels that were not seen since 2011, when the sector was suffering the consequences of a severe financial crisis and housing market downturn. Further declines beyond this look quite possible, as regulatory and tax changes continue to progressively reduce return on these types of investments dampening demand in the sector. On the other hand, remortgaging activity remained strong, growing by 4.6% y-o-y. A significant growth but lower than the one experienced through 2018. However, remortgaging in the buy-to-let sector remained flat. The continued strength in the refinancing sector 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.

Finally, moving to the South of Europe and in particular to the Iberian Peninsula we observe that both mortgage markets experienced a small shrink. In **Spain**, households and firms continued making a sizeable deleveraging effort over the course of the year, therefore, the amount of residential outstanding loans decreased by 1.4% y-o-y. The volume of newly issued loans for housing purchase purposes rose by 7.4% y-o-y but decreased by 5.5% q-o-q, the later figure influenced by seasonal fluctuations. Nevertheless, the quality of the Spanish loan portfolio has continued improving, at the end of Q4 2018 (last data available) the NPL ratio for the resident private sector outstanding stock was 5.3% as compared to 7.8% a year before. The improving trend is expected to continue as regulatory and supervisory pressure will keep pushing Spanish banks on the need of increasing their profitability at the same time they strengthen their levels of leverage. In **Portugal** total outstanding residential loans remained stable y-o-y at around EUR 93.9 bn, thus decreasing by 0.1% q-o-q interrupting two expanding quarters. Nevertheless, new loans volume continues its growing path started in Q2 2013, reaching EUR 2,351 mn in Q1 2019, a 7.5% increase y-o-y and a 7.5% contraction q-o-q, keeping closer to the values observed before the financial crisis.

REGULATION & GOVERNMENT INTERVENTION

The first quarter of the year has not been characterised by the introduction of new regulation or measures in the housing and mortgage markets in many jurisdictions.

However, there are two countries in which the new regulation implemented is especially relevant and could have a big impact in the above-mentioned markets. This is the case in **Spain** where in the first quarter of 2019 the new Law 5/2019 regulating Real Estate Credit Agreement transposing MCD 2014/17/EU was approved, a law characterised by the enhancement of consumer protection. Despite the approval, the law will not enter into force until the second quarter, as of 16 June 2019. This new rule will introduce some important changes in the Spanish market such as the obligation for Credit Institutions to provide loan agreement information to the notaries at least 10 days in advance the signature of the loan takes place or the obligation for Credit Institutions to share all detailed data by means of a secure telematic network. With the approval and introduction of the above-mentioned law the transposition of the MCD will be completed at European level.

Another important change in the regulatory field took place in **Romania** where the new provisions regarding the DSTI limit adopted by the NBR, presented in the Q4 2018 Review (more details can be found), entered into force as of 1 January 2019. New provisions that clearly affected the mortgage market dynamics. On top of the new regulation, another legislative proposal was introduced, the creation of a Benchmark index for loans granted to consumers (IRCC), following the adoption of the Emergency Ordinance no. 19/2019. This new index, the IRCC replaces ROBOR as the reference index used to calculate the interest on loans with variable interest rate. And although the first published value of the IRCC is lower than that of ROBOR, prudent behaviour in contracting floating rate loans is mandatory, since the risk stemming from the variability of the index over the contractual period should be also taken into account. This new legislative change it is expected to have important effects in the mortgage market too in the near future.

In **Poland** no new regulation has been introduced yet, but there is an ongoing work at parliamentary level on the project of a bill on joint-stock companies investing in property rental (F.I.N.N), which aims to increase engagement of the domestic capital on the housing rental market. The essence of the introduction of a special status for F.I.N.N companies constitutes the provision of preferential treatment in corporate income tax (CIT) as well as in personal income tax (PIT tax). The preferential treatment is provided for both, companies investing in housing for rental as well as for investors of the above-mentioned companies. The adoption of the act is scheduled for the first half of 2019 so the results will also be evaluated in upcoming reviews of the market.

Another country in which measures have not yet been agreed but the works are in progress is **Sweden**. The Swedish government coalition has signalled some areas of action within the housing market and is evaluating the introduction of different measures. Firstly, the introduction of market rents for newly built rental apartments is planned, which are currently controlled by several different regulations, the reducing the intervention in the market. The second reform announced by the government was the change or removal of the capital gain-tax on housing to increase mobility of the housing stock since “the move-tax” is said to counteract that housing owners change housing, i.e. old citizen who would like to move from a big house to a small flat. Finally, a third planned reform is to simplify and speed up the planning process for housing construction in order to make construction process quicker and cheaper increasing supply.

Regulatory bodies in the **UK** also plan the introduction of new measures focusing on the so-called “mortgage prisoners”, i.e. how customers who may be trapped in a more expensive mortgage by stricter regulatory underwriting rules could be helped to move to a better deal, either with their own lender or in the open market.

A similar situation is observed in **Finland** where the discussion is focused on household indebtedness and new macroprudential tools are being considered. In this sense, the Ministry of Finance has established a working group to consider different options to tackle the issue of households’ over-indebtedness extending their mandate until end-August 2019 with the vision of introducing new legislative proposals as of early 2020.

Finally, we analyse those countries in which the legislative work has been done and the measures have been introduced in past quarters but the consequences are still visible in the market, such as is the case in the **Czech Republic**, where the consequences of the regulation that entered into force in the last quarter of 2018 have specially affected the market during the first months of the year. The regulation of income indicators DTI and DSTI given by recommendation of management of risks associated with the provision of retail loans secured by residential real estate hit the market harder than expected. Therefore, during this quarter the National Bank has revived the intention to replace the above mentioned recommendations by a law and intensified activities which lead to the approval of Czech National Bank Act Amendment, which would make compliance of loan providers with required maximum credit indicators defined by supervisors more enforceable. Also, in order to moderate the effects of stricter rules in the market and protect sensitive populations, in this case young people, a proposal was tabled to make restrictions weaker incorporating the draft of the law in form of relaxed credit indicators values (LTV, DTI and DSTI) just for people younger than 36 years. It is expected, that this relaxation will gain enough political support.

In **Portugal** the market is still affected by the macroprudential measures that were introduced by Banco de Portugal and which apply to agreements concluded as of 1 July 2018. These macroprudential measures affect to all credit institutions and financial companies that have their head offices or branch in Portuguese territory and are authorised to grant this type of credits in the country. The measures imply the adoption of three types of limits: a limit to the LTV ratio, a 50% DSTI ratio, and a cap to the original maturity of the loan. Limits that aim to counterbalance the recovery of economic activity, the dynamics in the real estate market and the greater competition between banks that may create incentives for the adoption of less restrictive criteria for credit granting.

Finally, the impact of the reduction of incentives from the State for first-time buyers that was enforced few months ago in **France** could further increase in 2020 as new reductions of these incentives have already been decided.

Belgium decided to increase the countercyclical buffer rate for credit risk exposures to the Belgian private non-financial sector from 0% to 0.5% from Q3 2019 onwards after analysing the economic figures of Q1 2019. As several of these macroeconomic indicators appointed to an acceleration of the credit cycle the measure has been adopted as a precaution. Estimations are that the measure will entail the creation of an additional buffer of approx. EUR 1 bn and it will apply to all EU banks operating in Belgium.

HOUSING MARKET

HOUSING SUPPLY

In order to depict the different trends followed by housing supply across the different countries we will follow a geographical path in which we will move from South to North and East.



As regards housing supply in **Portugal** it is worth noting that in March the Portuguese Housing Market Survey² suggested that sales were struggling, with the number of transactions falling while demand remained stagnant. Sales reportedly declined in Lisbon and Porto, however, in the Algarve they depicted a positive trend. Furthermore, there has been a clear lack of supply in the market, which together with the lack of stock have put pressure on prices. In this context Oporto continues experiencing the biggest price inflation on a regional comparison. Not only buying prices but also rents continued growing at a solid pace while the offer moved in the other direction. Furthermore, expectations are that rents will continue in the upward path since the demand is rising and fewer new listings are hitting the market.

Following with **Spain** we observe that during the first quarter of the year the number of building permits issued increased by 19% y-o-y and by almost 10% q-o-q, reaching a figure of 27,886 dwellings. However, the number of housing transactions experienced a more moderate positive evolution in annual terms, recording an increase of 2% from the beginning of last year, and a negative evolution on a quarterly basis, which led to a downturn of 10%, in line with the slowdown observed in new lending activity.

In **France** the housing market, specially for existing property, was dynamic in terms of transaction volumes and prices, however, important differences were observed among the different regions. Furthermore, construction of new buildings has slightly slowed down especially in social housing which has been affected by the cut in public budget and the mergers in HLM structures pushed by the government.

Moving North we observe that the housing supply in **Germany** increased, 76,000 new dwellings were constructed between January and March 2019, an increase slightly smaller than the one experienced the year before, but still important.

In **Denmark** the housing market is still active, but the overall trading activity it is only 0.3% higher than a year ago. During the first quarter, 9,608 single family houses were sold, an historically high which represents an increase of 2.7% compared to last year. In the same period, the sales of owner-occupied apartments amount 3,515 a 5.6% less than a year ago. At the end of the quarter there were 34,783 houses and 7,424 apartments for sale at real-estate brokers, which shows an increase of 163 houses and a decrease of the number of apartments by 28 units.

However, in **Sweden**, if we take a look at the figures of the whole year 2018 these were lower than in 2017, and they will most probably be even lower during 2019. Nevertheless, it is important to note that in 2017 figures were comparably high respect to other years and reached the former record level of construction since the 90s. Having a more detailed view, we can observe that the newly constructed housing is on average highly priced and consequently less affordable. Therefore, newly built apartments have become hard to sell in many cities and this is why the number of houses under construction as well as the number of housing starts and permits issued has decreased, reflecting the slowdown on construction projects.

In **Finland**, house supply is decreasing, the number of new housing permits recorded has been lower than in the previous quarter reflecting the cool down of the construction market. Nevertheless, the number of completed houses will

remain on a high level for a while, due to the numerous constructions started in recent years. Increase that will help to keep prices under control.

Finally, we move to the East and we observe that the construction supply continues to meet the demand in **Poland**, however, growing prices and increasing costs of construction are creating some tensions. The number of dwellings completed during the first quarter of 2019 was of 47,425 which represents a decrease of 16% compared to the previous quarter. On the other hand, the number of dwellings started increased by 12% on quarterly basis amounting for 53,878 dwellings. In this context the planned amendment of the act on the protection of the rights of the purchaser of a flat or a single-family house (the so-called developers act) may also raise the cost of developers' activities affecting supply.

Last but not least, the housing supply in **Romania** depicted a negative evolution during the first quarter of the year since the volume of residential construction in aggregate terms decreased by 13% between April 2018 and March 2019 relative to the same period the previous year. Furthermore, the number of residential real estate transactions declined during the first quarter by 26% on yearly basis. Finally, the number of newly issued building permits experienced different trends in the capital and the rest of the country, in Bucharest the number of permits decreased by 6% while in the rest of the countries the number increased by 4%.

HOUSE PRICES

House prices follow different paths around Europe and the countries of our sample reflect this reality. Depending on the jurisdiction demand and supply dynamics and also the regulatory landscape are affecting prices in several manners.

Following our criteria, we start with those jurisdictions in which prices have experienced an increase of less than 2% or even negative movements year-on-year during the first quarter of 2019. The five jurisdictions within this group are **Italy, Sweden, Denmark, Finland** and the **UK**.

The evolution of house prices in **Finland** is still very different depending on the area since big cities keep growing putting pressure on prices, while the rest of the country keeps losing population which is reflected in lower house price levels. A similar situation is observed in **Denmark** where house prices slowed down during the past year with a house price increase of 1.2% on average and a modest price increase of 0.7% on owner-occupied apartments. On quarterly basis, the slowdown has been even more important, since owner-occupied apartment prices increased by only 0.9% and the price of single-family houses decreased by 0.6%. The **Swedish** market also has suffered a remarkable shift that took place firstly in Stockholm. Prices have been decreasing during most part of 2018, however, they seemed to stabilise by the end of the year. The prices on one-family houses fall slightly by -0.3% on a yearly basis (-1.7% in Q4 2018) while prices on apartments increased slightly by around 0.6% compared to -0.65% in the last quarter of the past year. Overall, we observe a stabilisation of housing prices compared to 2018. The last country of this group is the **UK** since the house price inflation was 1.4% y-o-y, although still positive this is the lowest growth rate seen in the country since the start of 2013. However, the differences among regions are still important, most regions have still seen slightly growing prices, but London has seen house prices falling for four consecutive quarters, negative price movements that are spreading to the other southern regions of the UK.

² The Portuguese Housing Market Survey (PHMS) is a monthly sentiment survey - developed in partnership between Confidencial Imobiliário (Ci) and the Royal Institution of Chartered Surveyors (RICS) - of estate agents and developers who operate in the Portuguese residential sales market. The PHMS is directly comparable with RICS UK Housing Market Survey.

The second group of countries are those who experienced an increase on house prices between 2 and 5%. **Spain** is one of these jurisdictions in which house prices, as it was the case in previous quarters, followed an upward trend, recording in aggregates terms an increase of 4.4% y-o-y and 1.1% q-o-q. In this context, new housing prices experienced a 4.1% increase, showing clear signs of improvement compared to previous quarters. A similar trend was observed in **France**, where house prices increased by 3% y-o-y.

In the last group we present those countries in which the increase of house prices has been higher than 5%, as **Germany**, where house prices increased once again on yearly basis by 7.2% on owner-occupied housing. A price growth that was due to the fact that despite supply keeps growing, it continues to lag behind demand. On single-family properties prices went up by 7.4% y-o-y, on condominiums the price increase was not that strong with a 6% growth. By areas, prices in the largest 7 cities were 4.7% higher than in the first quarter of 2018. Nevertheless, the market is experiencing a slowing price growth momentum due to the already high prices which make difficult to keep the growing pace. In this context, both buyers and renters are turning to the more affordable surrounding areas. In **Poland** as well the high demand for dwellings, not only for housing but also for investment purposes, and rising costs of construction have led to higher transaction prices. The increase in prices was recorded in both, primary and secondary markets, however, to some extent this was also consequence of the growing number of transactions of dwellings of better quality in a better location. On the primary market the biggest transactional price increased on quarterly basis was observed in Katowice (+11.8%), followed by Bdydgoszcz (+8.8%) and Zielona Gora (+6%). On the other hand, in the secondary market the biggest increased was experienced in Rzeszow (+8.6%), followed by Katowice (+5.6%) and Zielona Gora (+6%). Meanwhile, in the capital of the country Warsaw, the increase on prices was moderated on the primary (+2.2%) and secondary (0%) markets. In **Romania** this quarter has been particularly remarkable since the residential property price index has reached the lowest growth rate since September 2015 to date (0.88% average growth in real terms at the end of the past year). In this context, according to credit institutions in Q1 2019 residential property prices increased only marginally, in contrast with the big drop experienced the previous quarter. For the second quarter of the year banks expect relatively steady developments in housing prices. Finally, the house price index for the first quarter of the year for the **Czech Republic** has not yet been released at the time of writing, nevertheless a slowdown on the growth of housing prices is expected, but a complete reverse of the trend is not expected. Also, divergences on price growth can be observed across regions, being big cities and their surroundings, the ones depicting the biggest figures. Similarly, in **Belgium** final official figures are not yet published but looking at the numbers published by the notary barometer, during the first quarter of the year house prices have decreased 0.5% on quarterly basis, despite they still continue growing on yearly basis with a rose of 5.3%. Furthermore, regional differences are observed among the three Belgian regions: housing prices have remained stable in Brussels region with an increase of 0.1% q-o-q, but they have decreased by 1% in Wallonia and Flanders.

MORTGAGE INTEREST RATES

For the first three months of the year, the weighted average interest rate for the countries of our sample was slightly higher than the one recorded at the end of 2018. Nevertheless, the trends followed by interest rates in the different jurisdictions of the sample were significantly heterogeneous.

In this context, a minority of our country sample the average interest rate for the first quarter of the year was lower than the one recorded in the last quarter of 2018. This was the case in **Belgium, Italy, Finland, Germany and Portugal**. In the latest the average interest rate reached the level of 1.79%. In **Belgium** the weighted average interest rate has decreased by 0.04 bps. More importantly is to have a closer look at the evolution of the different type of interest loans in the market. For the first time since Q3 2016 the share of new fixed-interest rate loans and loans with an initial fixed rate for more than 10 years grew and reached 66.14% from 62.9% in Q4 2018. In **Portugal** interest rates on mortgage loans also followed a decreasing path and the external index used to establish the interest rates reached historically low levels. The Portuguese average interest rate stood at 1.31%, level that has contributed not only to increase new gross residential lending but also to reduce households' debt.

In the rest of the countries of the sample interest rates marginally increased. For example, in **Spain** the weighted average interest rate rose by a marginal 0.11 pps compared to the previous quarter and by 0.15 pps compared to Q1 2018, however, they remained at relatively low levels which allowed fixed term loans to gain momentum. In **Sweden** the Central Bank increased the steering interest rate from -0,5 to -0,25 in the beginning of January, which reflected on the interest rates. Therefore, the weighted average interest rate increased by 0.09 pps, and the share of the market with loans under fixed interest rates slightly increased by 2 pps, reaching circa 34% of the market. Interest rates in **Romania** followed an upward path too, the representative mortgage interest rate reached a value of 5.85% in the first quarter of 2019, 0.15 pps higher than the level registered in Q4 2018 and 1.08 pps higher compared to the same period of the preceding year. In this context, the share of loans granted with variable interest rate lightly rose reaching a level of 74.3%, representing an increase of 4.4 pps compared to the previous quarter and 1.1 pps on yearly basis. Inside those loans granted with fixed interest rates, the preference for loans granted with fixed interest rate dropped for short and medium-term loans, by 0.45 pps and 4.7 pps respectively, while slightly rose by 0.7 pps for long-term new loans. In the **Czech Republic** in January average interest rates on loans for house purchase increased to 3%, but in the following months a slow decrease was started. Although the interest rate fixed by the Czech Republic National Bank did not change the cost of funds started to decrease and this was immediately reflected into clients' interest rates due to the tight competition among providers. Finally, at the end of the quarter interest rates went back to the level of end of 2018.

Meanwhile in **France and Poland** interest rates on mortgage loans remained practically unchanged and at low levels. In the latter, the maturity of loans kept increasing and reached an historical high level. A similar situation was observed in the **UK** where the Bank of England did not change the interest rates since the last rise to 0.75% last November and markets are anticipating only gradual and modest increases. Reflecting this, mortgage pricing was broadly unchanged during the first months of 2019 and rates remained low at historic standards. Finally, **the Netherlands** is the other jurisdiction in which the average interest rate has been stable during the last quarters standing at 2.40% since the last quarter of 2016.

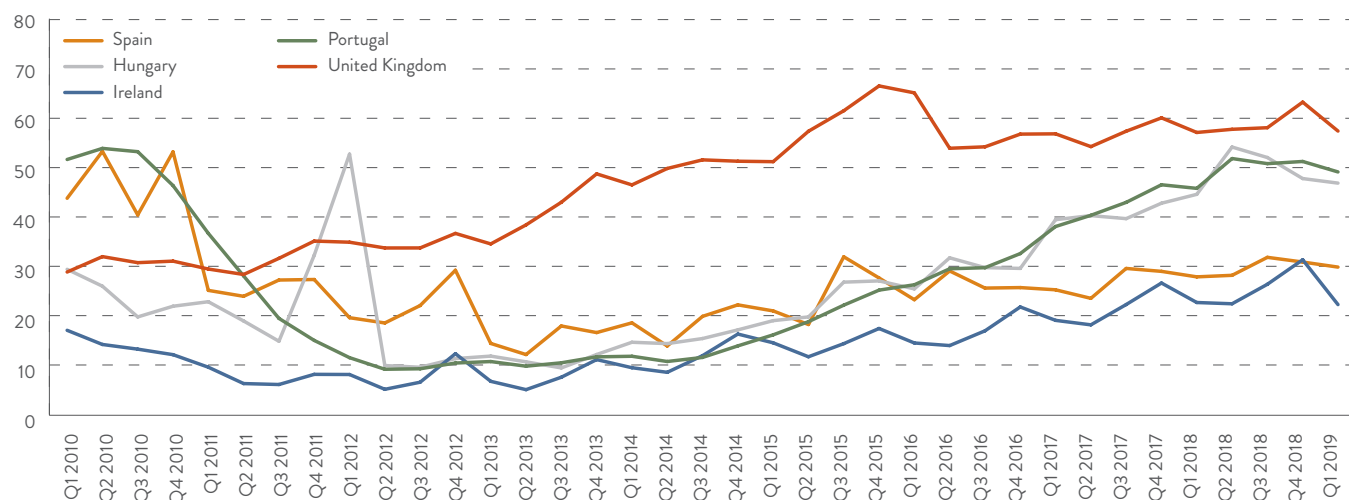
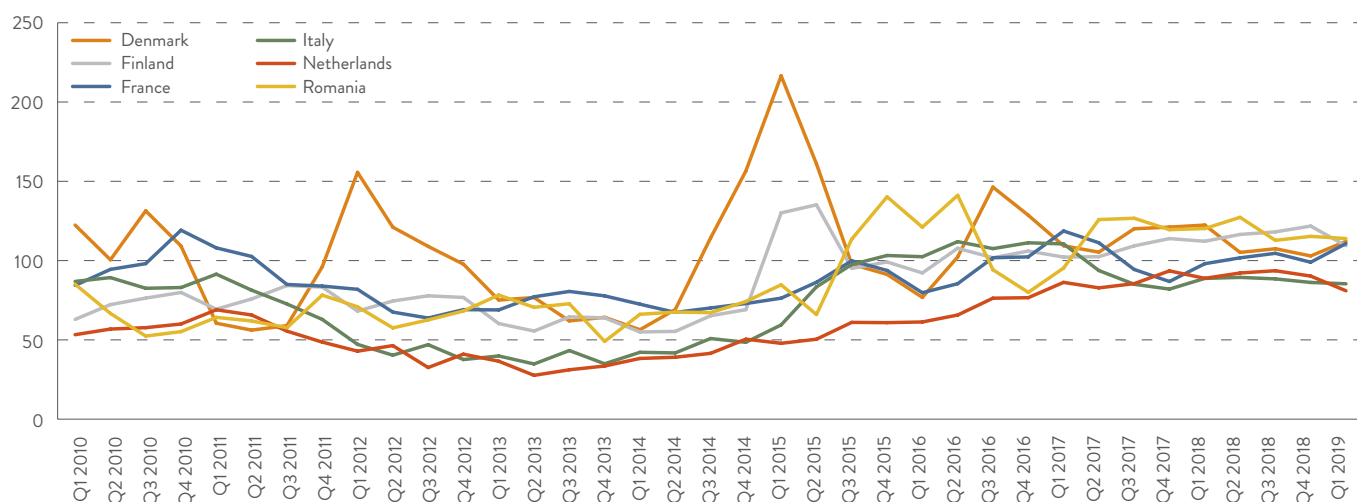
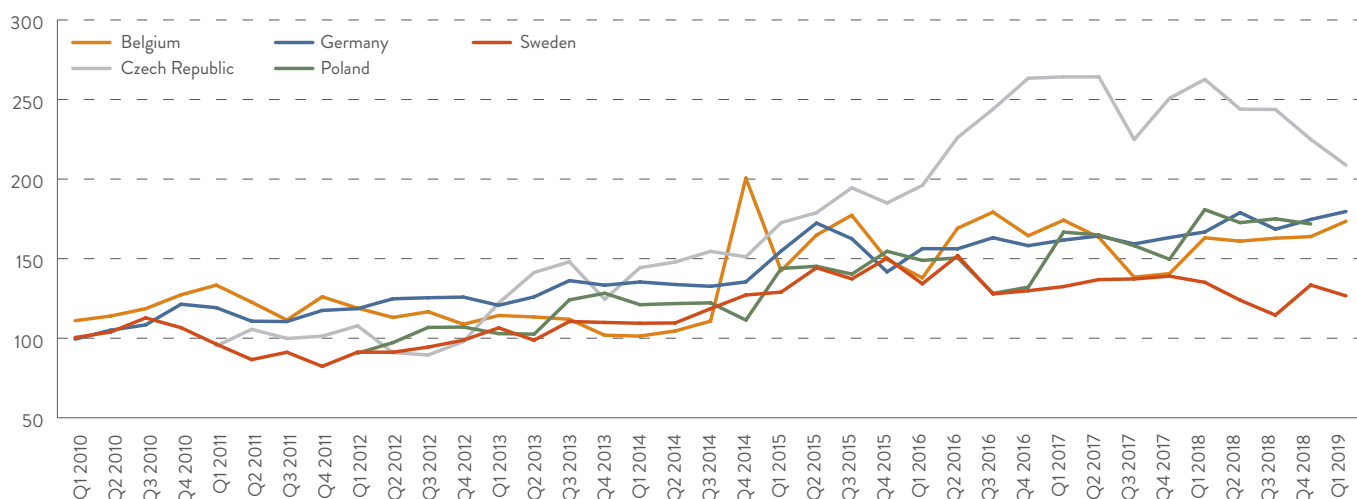
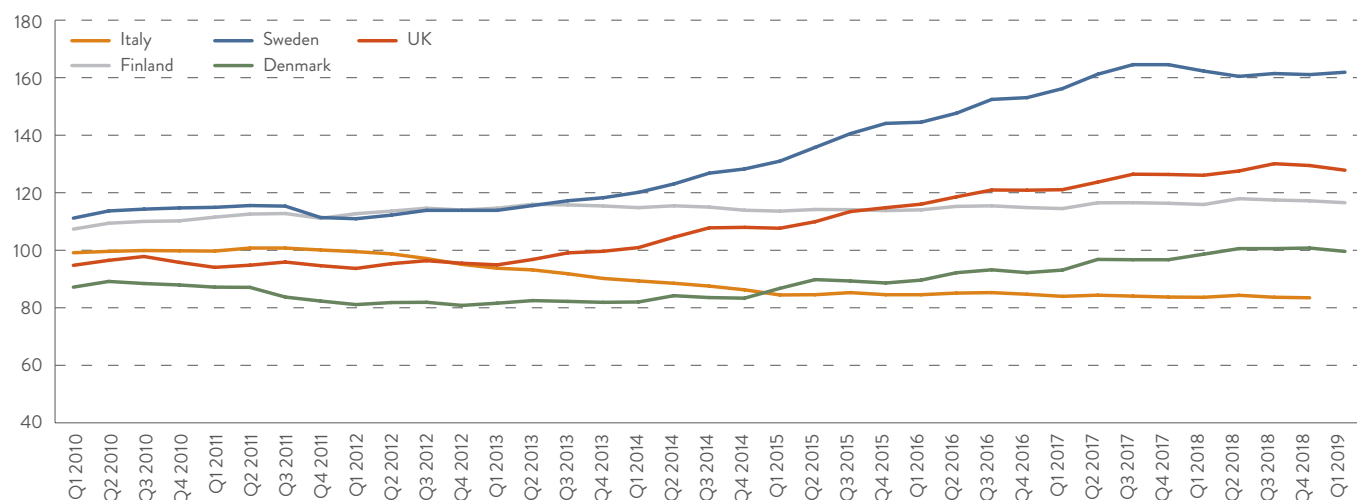
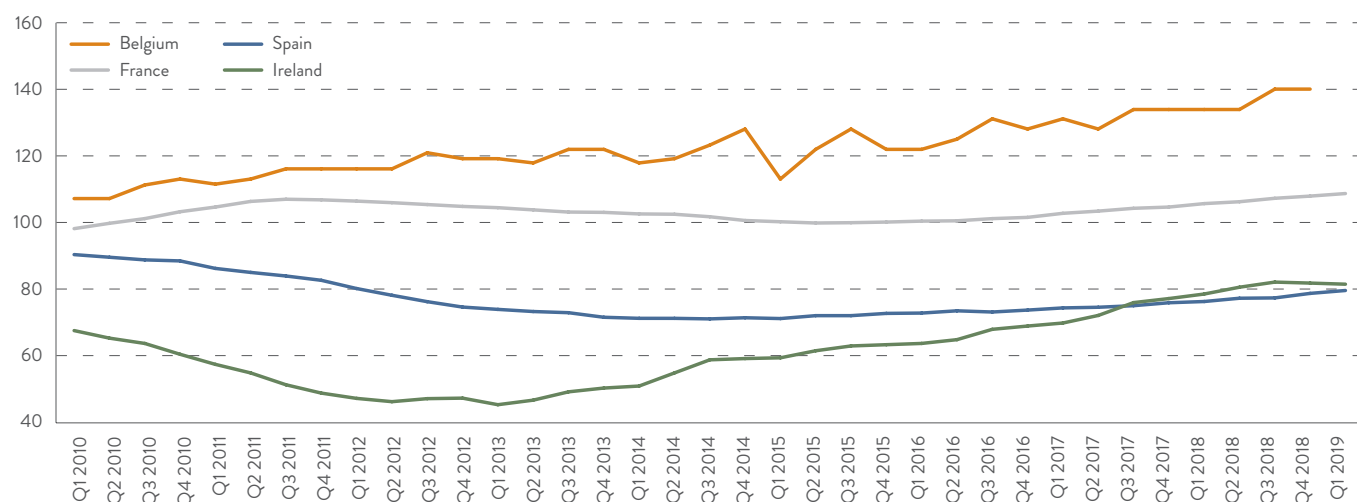
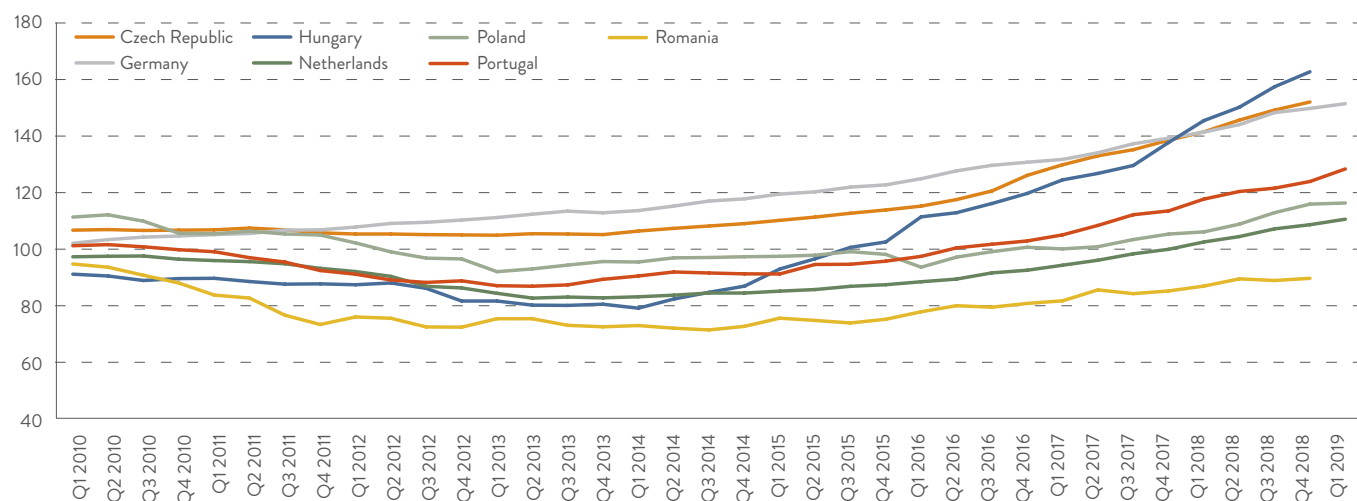
CHART 1A | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BELOW 80% OF 2007 LEVELS**CHART 1B** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS**CHART 1C** | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

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

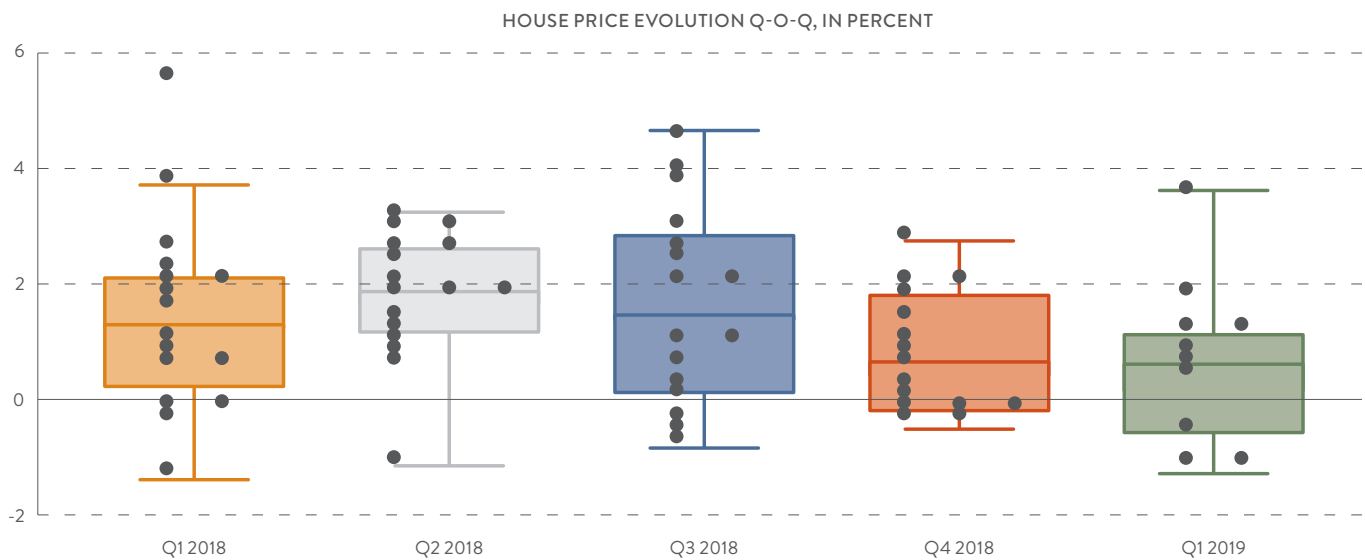
* Average Q1-Q4 2007=100

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 2018.

The dataset shows q-o-q growth figures of the country sample until Q1 2019 for which there are 10 datapoints instead of 16, as in 5 countries the latest House Price Index available was that of Q4 2018.

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

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	LATEST Y-O-Y CHANGE (%), Q1 19, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 18, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 19, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 18, LOCAL CURRENCY
BE	229,876	233,224	235,971	239,470	242,665	246,528	248,997	5.5	5.7	5.5	5.7
CZ	38,998	40,542	41,417	42,091	42,901	43,745	45,467	9.8	7.9	10.9	9.3
DE	1,365,975	1,378,810	1,390,462	1,410,391	1,431,091	1,445,987	1,461,510	5.1	4.9	5.1	4.9
DK*	245,580	246,616	245,431	248,776	249,034	249,659	252,659	2.9	1.2	2.5	1.5
ES	501,769	497,711	494,582	495,141	493,176	490,806	n/a	n/a	-1.7	n/a	-1.7
FI	95,672	96,129	96,237	96,970	97,444	97,781	98,067	1.9	1.7	1.9	1.7
FR	939,592	954,226	963,366	977,524	994,000	1,010,000	1,022,000	6.1	5.8	6.1	5.8
HU	13,634	13,611	13,338	13,351	13,398	13,519	13,782	3.3	-0.7	5.2	3.5
IE	104,750	102,085	101,577	100,940	100,713	97,684	94,919	-6.6	-4.3	-6.6	-4.3
IT	373,390	375,397	376,603	376,636	378,126	379,054	379,966	0.9	1.0	0.9	1.0
NL	703,664	704,792	707,396	710,343	712,224	714,367	715,191	1.1	1.4	1.1	1.4
PL**	91,338	93,111	93,420	94,838	95,053	96,775	97,896	4.0	3.9	7.1	7.0
PT	94,353	94,093	93,823	93,740	93,794	93,952	93,857	0.0	-0.1	0.0	-0.1
RO	13,948	14,262	14,586	15,047	15,457	15,795	15,919	9.1	10.7	11.0	10.8
SE	403,357	402,250	390,996	395,454	397,633	406,041	404,034	3.3	0.9	5.4	5.8
UK	1,539,221	1,540,668	1,571,522	1,575,260	1,558,924	1,590,834	1,621,486	3.2	3.3	2.7	2.9

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:

- Germany
- Italy
- Netherlands



TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	LATEST Y-O-Y CHANGE (%), Q1 19, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q4 18, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q1 19, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q4 18, LOCAL CURRENCY
BE	9,169	9,306	7,914	8,761	8,532	9,171	9,320	10,099	9,129	7.0	15.3	7.0	15.3
CZ*	2,928	3,246	2,618	3,112	2,909	3,005	2,842	2,806	2,269	-22.0	-9.8	-21.2	-8.7
DE	50,600	53,500	54,400	55,800	52,300	58,400	57,500	59,600	56,600	8.2	6.8	8.2	6.8
DK	9,344	8,754	10,763	11,834	10,519	8,740	9,631	10,198	9,593	-8.8	-13.8	-8.7	-13.6
ES	8,909	10,319	9,117	10,516	9,872	12,032	9,943	11,210	10,598	7.4	6.6	7.4	6.6
FI	7,305	8,304	7,687	7,687	8,038	9,333	8,334	8,265	7,831	-2.6	7.5	-2.6	7.5
FR	47,822	46,704	43,147	37,678	38,859	42,577	47,574	42,960	44,379	14.2	14.0	14.2	14.0
HU	511	597	624	618	586	800	805	691	680	15.9	11.8	18.1	16.3
IE	1,393	1,647	2,016	2,230	1,704	2,014	2,369	2,635	1,884	10.6	18.2	10.6	18.2
IT**	20,643	18,941	14,805	17,065	16,414	18,099	15,464	17,882	15,752	-4.0	4.8	-4.0	4.8
NL	23,212	23,695	25,060	29,005	23,958	26,447	27,444	28,046	21,654	-9.6	-3.3	-9.6	-3.3
PL	2,590	2,873	2,740	2,550	2,830	3,005	3,027	2,927	n/a	n/a	14.8	n/a	14.8
PT	1,803	2,018	2,130	2,308	2,186	2,588	2,519	2,542	2,351	7.5	10.1	7.5	10.1
RO	442	718	764	717	584	726	685	693	548	-6.2	-3.3	-4.69	-3.30
SE	13,341	15,915	14,064	16,312	13,636	14,481	11,548	15,694	12,695	-6.9	-3.8	-5.1	0.9
UK	69,225	69,995	78,266	76,490	69,586	74,553	79,192	80,628	69,954	0.5	5.4	0.6	3.3

* 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:

- Spain

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

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
BE	3,152	3,384	3,844	2,936	3,921	2,905	3,348	2,747	3,499	3,195	3,863	2,469
CZ	691	969	932	689	2,114	1,255	1,544	875	675	810	844	1,722
DE	12,839	16,444	12,586	6,661	14,526	17,887	12,835	11,652	19,929	20,700	14,896	15,523
DK*	2,612	1,726	536	277	1,270	2,216	1,036	-1,185	3,345	258	625	3,000
ES	-3,003	-2,471	-4,830	-3,854	-2,910	-2,720	-4,057	-3,129	2,137	-1,965	-2,370	n/a
FI	925	560	409	223	706	687	457	109	843	474	337	286
FR	9,271	4,024	15,054	13,774	14,349	12,111	14,634	9,140	14,158	16,476	16,000	12,000
HU	-282	199	-569	-99	-237	-54	-23	-273	214	47	122	263
IE	-623	-795	-1,294	-898	-934	-228	-2,665	-508	-637	-227	-3,029	-2,765
IT	2,103	1,487	2,396	2,921	1,291	1,010	2,007	1,206	33	1,490	928	912
NL	3,401	4,141	-28	2,132	3,677	2,415	1,128	25,890	2,955	1,881	4,024	2,967
PL	-1,271	2,177	-73	2,945	307	-1,505	1,773	309	1,418	215	1,722	1,121
PT	-591	-636	-1,216	-433	-381	-210	-260	-270	-83	54	158	-95
RO	491	413	184	200	429	426	314	324	461	410	338	124
SE	544	-2,449	9,351	6,860	3,609	5,888	-1,107	-11,254	4,458	2,179	8,408	-2,007
UK	-62,784	-50,548	15,885	11,835	-29,167	10,050	1,447	30,854	2,493	-16,336	31,910	30,652

* 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

	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	I 2019
BE	121.8	121.8	125.0	131.2	128.1	131.2	128.1	134.0	134.0	134.0	134.0	140.3	140.3	n/a
CZ	113.6	115.0	117.3	120.4	126.0	129.8	133.0	135.2	138.6	141.6	145.8	149.4	152.3	n/a
DE	122.6	124.8	127.6	129.6	130.7	131.7	134.1	137.3	139.3	141.5	144.2	148.5	150.0	151.7
DK	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	100.0
ES	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	79.6
FI	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	116.8
FR	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	109.0
HU	102.4	111.3	112.8	116.1	119.7	124.5	126.8	129.6	137.8	145.6	150.3	157.6	162.9	n/a
IE	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	81.9
IT*	84.3	84.3	84.9	85.1	84.5	83.7	84.1	83.8	83.5	83.4	84.1	83.4	83.2	n/a
NL	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	111
PL	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	116.7
PT	95.6	97.3	100.3	101.7	102.8	105.0	108.4	112.3	113.6	117.9	120.6	121.8	124.2	128.7
RO**	75.1	77.8	80.0	79.5	80.9	81.8	85.8	84.4	85.4	87.2	89.8	89.2	90.0	n/a
SE	144.1	144.5	147.7	152.5	153.1	156.3	161.3	164.7	164.7	162.5	160.6	161.6	161.2	162.1
UK	114.9	116.1	118.7	121.1	121.0	121.2	123.9	126.7	126.6	126.3	127.8	130.4	129.8	128.1

* 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
- Sweden
- United Kingdom

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

	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	I 2019
BE	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	1.91
CZ*	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	2.97
DE	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	1.79
DK**	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	0.78
ES	2.08	2.02	2.04	2.02	1.97	1.97	1.92	1.99	1.91	1.96	1.94	1.96	2.01	2.11
FI	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	0.81
FR***	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	1.42
HU	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	5.17
IE	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	2.96
IT	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	1.85
NL**	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	2.40
PL	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	6.00
PT	2.13	1.99	1.86	1.76	1.77	1.70	1.61	1.48	1.52	1.51	1.41	1.33	1.63	1.31
RO****	3.79	3.49	3.32	3.56	3.52	3.72	3.34	3.61	4.42	4.77	4.99	5.48	5.70	5.85
SE	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	1.56
UK	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	2.11

* 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:

- Romania
- Spain



TABLE 5B | MORTGAGE INTEREST RATES

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

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
BE	2.37	2.47	2.48	2.46	2.25	2.06	1.95	1.58	1.51	1.57	1.58	1.64
CZ	2.32	2.55	2.04	2.40	2.51	2.25	2.28	2.57	2.53	2.88	3.12	3.38
DE	2.12	2.07	1.95	2.10	2.10	2.04	2.05	2.05	2.08	2.14	2.04	2.06
DK*	1.29	1.20	1.09	1.11	1.09	0.94	0.87	0.87	0.84	0.79	0.76	0.78
ES	1.66	1.66	1.62	1.57	1.51	1.68	1.57	1.60	1.56	1.57	1.64	1.70
FI	1.14	1.11	1.09	1.06	1.02	1.00	0.94	0.90	0.84	0.85	0.86	0.82
FR	n/a	n/a	1.12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	4.58	4.34	4.06	3.91	3.59	3.43	3.01	3.18	3.18	3.41	2.78	3.53
IE	3.22	3.18	3.14	3.03	3.18	3.17	3.03	2.96	3.11	3.04	3.03	3.11
IT	1.80	1.74	1.70	1.72	1.66	1.63	1.53	1.54	1.47	1.51	1.52	1.47
NL	2.20	2.08	1.95	1.95	1.97	1.98	1.96	1.95	1.91	1.89	1.87	1.88
PT	1.86	1.76	1.77	1.70	1.61	1.48	1.52	1.51	1.41	1.33	1.36	1.31
RO**	3.25	3.51	3.42	3.62	3.29	3.56	4.46	4.78	4.48	5.41	5.55	5.75
SE	1.60	1.59	1.57	1.65	1.52	1.53	1.56	1.52	1.45	1.46	1.42	1.47
UK***	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 (%)

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
BE	2.01	2.08	2.09	2.12	2.09	1.96	1.86	1.94	1.82	1.54	1.73	1.73
CZ	2.25	2.13	2.06	2.16	2.12	2.14	2.24	2.38	2.50	2.53	2.71	2.86
DE	1.83	1.77	1.65	1.67	1.73	1.77	1.70	1.72	1.74	1.72	1.71	1.66
DK*	1.24	1.15	1.26	1.24	1.22	1.16	1.12	1.12	1.17	1.24	1.17	1.01
ES	2.02	1.99	1.95	1.85	1.71	1.74	1.67	1.69	1.67	1.74	1.76	1.85
FI	1.27	1.27	1.27	1.16	1.12	1.13	1.15	1.18	1.02	1.06	1.04	1.05
HU	6.32	6.11	5.80	5.79	5.40	5.14	4.63	4.31	4.31	4.87	4.80	4.51
IE	3.57	3.40	3.34	3.32	3.27	3.22	3.10	3.07	3.03	2.94	2.92	2.90
NL	2.39	2.16	2.11	2.15	2.20	2.23	2.21	2.15	2.15	2.10	2.11	2.12
RO**	4.95	4.91	4.93	4.96	5.01	4.84	4.37	4.49	5.11	5.49	5.96	6.04
SE	1.72	1.72	1.56	1.61	1.65	1.65	1.65	1.67	1.61	1.60	1.57	1.57
UK	2.45	2.35	2.20	2.09	2.05	1.99	1.97	2.03	2.09	2.11	2.13	2.09

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

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
BE	1.90	1.97	1.86	1.93	2.10	2.19	2.16	2.13	1.94	1.84	1.90	1.67
CZ	2.10	1.95	1.86	1.98	2.19	2.13	2.21	2.36	2.43	2.51	2.69	2.83
DE	1.63	1.52	1.46	1.63	1.68	1.68	1.67	1.69	1.76	1.71	1.71	1.64
DK*	1.76	1.35	1.57	1.64	1.56	1.53	1.58	1.61	1.72	1.67	1.57	1.25
ES	3.87	4.52	3.99	4.15	4.13	4.26	4.07	4.48	4.45	4.21	3.98	3.97
FI	1.67	1.71	1.82	1.94	1.89	1.92	1.80	1.90	1.70	1.90	2.00	1.80
HU	6.69	6.89	6.88	7.04	6.51	6.27	5.76	5.39	5.27	5.39	5.45	n/a
NL	2.67	2.54	2.34	2.30	2.36	2.34	2.34	2.34	2.39	2.39	2.38	2.39
RO**	5.64	5.66	5.56	5.62	5.57	4.75	5.09	5.40	5.51	6.12	6.40	6.63
SE	2.52	2.24	2.39	2.58	1.94	1.91	2.17	2.20	2.03	2.04	1.86	1.79
UK	3.22	3.08	2.63	2.59	2.69	2.71	2.66	2.63	2.63	2.67	2.67	2.64

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

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
BE	2.05	2.00	2.00	2.11	2.16	2.13	2.03	2.01	2.01	1.95	1.95	1.91
CZ	2.86	2.43	2.39	2.44	2.67	2.44	2.57	2.48	2.54	2.48	2.94	2.97
DE	1.86	1.70	1.69	1.88	1.90	1.95	1.92	1.94	1.98	1.95	1.96	1.86
DK*	3.23	2.90	2.89	3.04	2.89	2.82	2.78	2.87	2.85	2.79	2.79	2.53
ES	2.36	2.37	2.19	2.32	2.42	2.44	2.39	2.33	2.29	2.26	2.31	2.44
HU	6.46	5.93	5.98	5.71	5.93	5.67	5.52	5.51	5.76	5.74	5.79	n/a
IT****	2.48	2.16	2.17	2.25	2.30	2.22	2.12	2.07	1.96	1.93	2.06	2.00
NL	3.07	3.03	2.90	2.85	2.90	3.00	3.00	2.90	2.86	2.80	2.82	2.84
RO**	5.96	5.94	5.70	5.86	5.76	3.34	3.69	4.85	4.56	5.56	5.91	6.12
UK	4.95	n	n	n	n	n	n	n/a	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:

- Spain
- Romania

Source: European Mortgage Federation



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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	20.9	21.6	20.9	20.1	20.0	19.1	18.6	18.7	18.6	18.4	n/a
Short-term fixed (1Y-5Y initial rate fixation)	59.9	57.8	57.5	57.5	56.7	56.3	54.6	53.2	52.4	51.7	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	14.4	15.8	17.0	17.9	18.9	20.3	22.5	23.7	24.5	25.5	n/a
Long-Term fixed (over 10Y initial rate fixation)	4.9	4.8	4.6	4.5	4.4	4.3	4.4	4.4	4.4	4.5	n/a
DENMARK											
Variable rate (up to 1Y initial rate fixation)	37.4	37.8	38.6	38.8	37.9	36.7	36.3	36.4	35.4	33.4	32.7
Short-term fixed (1Y-5Y initial rate fixation)	27.3	26.4	25.0	24.6	24.9	25.6	25.9	25.9	25.5	26.3	25.9
Medium-Term fixed (5Y-10Y initial rate fixation)	35.4	35.8	36.4	36.6	37.2	37.7	37.8	37.5	39.2	40.2	41.4
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	89.5	90.2	90.6	91.1	91.6	92.2	92.7	92.8	93.1	93.3	93.6
Short-term fixed (1Y-5Y initial rate fixation)	6.7	6.3	6.0	5.7	5.3	5.0	4.7	4.4	4.5	4.2	4.1
Medium-Term fixed (5Y-10Y initial rate fixation)	3.8	3.6	3.4	3.2	3.0	2.8	2.6	2.8	2.3	2.5	2.4
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	90.3	89.6	88.9	88.0	86.9	85.8	84.3	82.5	80.9	78.6	76.1
Short-term fixed (1Y-5Y initial rate fixation)	7.8	8.5	9.2	10.1	11.2	12.6	13.9	15.6	17.2	19.4	21.6
Medium-Term fixed (5Y-10Y initial rate fixation)	2.0	1.9	1.9	1.9	1.9	1.6	1.7	2.0	1.9	2.0	2.4
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n	n	n

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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	69.1	69.1	68.1	67.9	68.3	68.3	68.4	68.9	69.01	67.0	64.9
Short-term fixed (1Y-5Y initial rate fixation)	28.7	28.9	30.0	30.3	30.1	30.1	30.2	29.7	20.9	31.6	33.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.2	2.1	1.9	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.3
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	47.0	45.8	44.2	42.4	40.6	38.6	36.6	35.0	33.4	31.6	29.9
Short-term fixed (1Y-5Y initial rate fixation)	51.5	52.7	54.3	56.2	58.0	60.0	61.9	63.4	65.0	66.7	68.4
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.8
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0
CURRENCY DENOMINATION											
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015
HUNGARY*											
HUF denominated	46.6	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.9	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	
CHF denominated	44.6	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	
Other FX denominated	1.9	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	
BREAKDOWN BY LOAN ORIGINAL MATURITY											
	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
ITALY											
Maturity less than 5 years	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.5	0.6	0.5	0.5
Maturity over 5 years	99.4	99.3	99.3	99.3	99.3	99.3	99.3	99.5	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
- Finland

Source: European Mortgage Federation



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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	1.6	1.3	0.5	0.3	0.5	1.2	1.6	2.5	4.9	7.4	7.9	6.6	6.0
Short-term fixed (1Y-5Y initial rate fixation)	4.7	2.6	2.1	1.8	2.2	2.5	3.1	4.8	4.2	3.9	5.8	5.9	3.4
Medium-Term fixed (5Y-10Y initial rate fixation)	17.5	14.3	13.9	15.6	16.3	17.2	17.2	18.2	18.1	17.1	20.8	24.6	24.4
Long-Term fixed (over 10Y initial rate fixation)	76.2	81.8	83.6	82.3	81.1	79.1	78.1	74.6	72.9	71.6	65.5	62.9	66.1
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	27.6	23.6	17.1	33.4	19.1	16.7	21.1	24.9	16.9	18.5	17.3	23.2	21.1
Short-term fixed (1Y-5Y initial rate fixation)	54.2	52.7	53.0	37.2	50.9	56.6	53.4	45.6	47.8	47.9	47.7	42.4	43.7
Medium-Term fixed (5Y-10Y initial rate fixation)	15.6	20.7	26.8	26.2	26.9	23.7	22.4	26.6	30.9	28.6	29.0	30.0	28.2
Long-Term fixed (over 10Y initial rate fixation)	2.6	3.1	3.1	3.2	3.1	3.0	3.0	3.0	4.3	5.0	6.1	4.3	7.0
DENMARK													
Variable rate (up to 1Y initial rate fixation)	22.4	19.2	11.3	18.4	17.8	17.4	18.6	22.9	13.7	15.5	14.8	18.2	16.6
Short-term fixed (1Y-5Y initial rate fixation)	45.4	39.4	28.1	28.8	35.2	33.0	28.3	39.4	36.7	29.6	25.4	31.2	26.8
Medium-Term fixed (5Y-10Y initial rate fixation)	4.3	1.4	1.8	1.3	1.5	1.0	2.3	0.9	2.1	0.6	1.5	0.9	1.6
Long-Term fixed (over 10Y initial rate fixation)	27.8	40.0	58.8	51.5	45.4	48.7	50.8	36.8	47.6	54.3	58.3	49.8	55.1
FINLAND													
Variable rate (up to 1Y initial rate fixation)	92.8	93.4	93.6	93.3	93.2	94.3	95.6	96.0	96.2	96.4	96.6	96.3	96.1
Short-term fixed (1Y-5Y initial rate fixation)	4.2	3.6	3.5	3.4	3.1	2.8	2.2	1.9	1.8	1.8	1.4	1.7	1.8
Medium-Term fixed (5Y-10Y initial rate fixation)	3.0	2.9	2.9	3.3	3.6	2.9	2.2	2.1	2.0	1.8	2.0	2.0	2.1
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	12.8	12.1	11.4	11.8	10.9	11.3	11.6	11.9	11.3	12.5	11.5	11.6	11.5
Short-term fixed (1Y-5Y initial rate fixation)	10.6	9.5	9.0	8.4	8.8	8.5	8.9	8.9	8.8	8.8	8.7	8.7	8.9
Medium-Term fixed (5Y-10Y initial rate fixation)	36.7	35.1	35.7	35.9	36.1	35.2	35.5	35.4	34.4	33.8	34.0	34.6	33.0
Long-Term fixed (over 10Y initial rate fixation)	40.0	43.3	44.0	43.9	44.2	45.0	43.9	43.9	45.5	44.9	45.8	45.1	46.7

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	42.4	43.6	40.8	40.6	43.5	45.9	41.4	38.7	28.1	18.3	11.5	6.5	4.9
Short-term fixed (1Y-5Y initial rate fixation)	31.4	31.1	30.0	31.2	27.2	27.0	32.6	34.2	42.7	46.6	42.4	31.3	26.5
Medium-Term fixed (5Y-10Y initial rate fixation)	18.6	20.1	23.2	21.9	22.5	20.6	19.5	21.2	23.8	29.2	38.4	51.3	57.6
Long-Term fixed (over 10Y initial rate fixation)	7.6	5.2	6.0	6.3	6.8	6.4	6.5	5.9	5.4	5.9	7.8	11.0	11.0
IRELAND													
Variable rate (up to 1Y initial rate fixation)	67.1	65.0	70.0	62.5	59.8	53.4	47.2	43.8	45.6	41.5	36.1	30.9	28.7
Short-term fixed (1Y-5Y initial rate fixation)	32.9	35.0	30.0	37.5	40.2	46.6	52.8	56.2	54.4	58.5	63.9	69.1	71.3
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)	40.8	41.7	36.3	31.2	29.0	31.3	35.5	37.5	36.3	33.4	32.8	30.5	30.8
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	59.2	58.3	63.7	68.8	71.0	68.7	64.5	62.5	63.7	66.6	67.2	69.5	69.2
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	14.2	14.9	13.4	11.8	10.7	13.8	14.7	15.3	15.4	16.2	16.3	16.9	n/a
Short-term fixed (1Y-5Y initial rate fixation)	13.1	12.5	12.5	9.9	8.3	10.0	8.7	8.9	9.3	10.2	10.0	9.2	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	54.7	53.4	51.4	56.5	57.9	54.3	55.5	55.3	53.4	48.2	43.8	43.1	n/a
Long-Term fixed (over 10Y initial rate fixation)	18.0	19.1	22.7	21.8	23.0	21.9	21.2	20.5	21.8	25.4	29.9	30.8	n/a



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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
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)	79.7	62.5	62.6	61.0	63.3	58.9	60.1	59.1	61.3	68.2	64.0	66.3	82.9
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	20.3	37.5	37.4	39.0	36.7	41.1	39.9	40.9	38.7	31.8	36.0	33.7	17.1
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	90.6	95.1	94.9	93.9	93.6	97.5	88.8	78.5	73.2	77.7	75.0	69.9	74.3
Short-term fixed (1Y-5Y initial rate fixation)	7.8	4.0	4.0	5.0	4.8	1.7	2.5	10.3	15.5	8.5	11.3	13.6	13.2
Medium-Term fixed (5Y-10Y initial rate fixation)	0.4	0.6	0.6	0.9	1.1	0.5	1.9	3.5	5.6	6.0	6.7	8.5	3.8
Long-Term fixed (over 10Y initial rate fixation)	1.1	0.3	0.4	0.2	0.5	0.3	6.7	7.8	5.7	7.9	7.0	8.0	8.7
SPAIN													
Variable rate (up to 1Y initial rate fixation)	57.8	41.6	46.8	42.2	41.7	42.0	43.9	42.3	36.3	36.8	36.2	35.7	34.4
Short-term fixed (1Y-5Y initial rate fixation)	28.6	20.5	25.1	23.4	24.8	26.2	27.2	28.5	29.7	28.39	28.2	26.6	26.8
Medium-Term fixed (5Y-10Y initial rate fixation)	2.9	3.8	3.5	4.0	4.7	4.4	3.9	3.9	4.1	4.24	4.7	4.8	5.6
Long-Term fixed (over 10Y initial rate fixation)	10.7	34.2	24.6	30.5	28.9	27.4	25.0	25.3	29.9	30.58	30.8	32.8	33.3

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

	I 2016	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	74.3	76.2	76.3	77.1	72.7	72.9	72.5	69.0	70.3	72.9	72.2	62.1	54.9
Short-term fixed (1Y-5Y initial rate fixation)	19.1	17.6	16.6	15.8	19.6	19.8	18.9	20.4	20.8	20.2	20.9	29.8	36.2
Medium-Term fixed (5Y-10Y initial rate fixation)	6.6	6.1	7.1	7.2	7.7	7.3	8.6	10.7	8.9	6.9	6.8	8.1	8.9
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	15.5	15.7	16.1	16.6	15.8	11.6	11.0	7.4	6.7	6.7	8.3	6.8	7.9
Short-term fixed (1Y-5Y initial rate fixation)	83.4	83.2	82.8	81.6	82.0	86.7	87.6	90.9	91.6	91.7	90.0	91.7	90.5
Medium-Term fixed (5Y-10Y initial rate fixation)	1.1	1.1	1.1	1.8	2.2	1.7	1.4	1.7	1.7	1.6	1.7	1.5	1.6
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n	n	n/a	n/a	n/a	0	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:

- Denmark
- Spain
- 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 – First quarter of 2019*” of the ECB.

For the UK and Denmark, the BLS is carried out by their 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)

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
AT	29	-14	0	0	14	-14	14	0	29	14	0	29
BE	25	0	25	0	25	0	0	25	0	0	25	0
CY	0	0	0	0	0	0	0	0	0	0	0	0
DE	28	10	0	-14	0	-7	-7	-7	-7	-3	0	7
EE	0	0	0	0	0	0	13	30	10	0	0	0
EL	0	25	0	0	25	0	0	0	-25	0	0	0
ES	-11	-11	0	0	0	-11	-11	-11	-11	0	0	11
FR	-15	-24	0	0	0	-2	-2	-14	-2	-2	-2	-2
IE	0	-10	0	0	0	0	0	0	0	0	0	0
IT	-38	0	0	-14	-20	-20	0	-10	0	0	10	10
LT	0	0	25	0	25	75	0	0	0	25	25	0
LU	-17	-17	-17	0	-33	-17	0	-33	-17	0	0	0
LV	0	0	-25	-25	0	0	0	-25	0	50	25	50
MT	-41	0	0	0	0	-45	0	40	0	0	0	0
NL	0	0	0	-2	-30	-48	-36	-51	-50	-34	-35	-32
PT	0	0	0	0	0	0	0	0	0	60	20	0
SI	0	0	-20	40	0	0	0	0	0	20	20	0
SK	17	-9	0	93	65	51	32	59	32	78	50	66
EA	-2	-4	1	-5	-4	-11	-6	-11	-8	-2	-1	3
CZ	3	-1	89	87	57	40	42	41	29	40	92	-6
DK	14	14	18	14	-32	22	14	40	13	-6	19	0
HU	-100	-63	-78	-76	-96	-77	-62	-88	-100	-81	-66	-75
PL	27	47	-9	1	13	11	21	-4	7	58	61	1
RO	88	-42	2	12	47	-16	3	7	0	18	16	50
UK	5	2	4	-4	-10	-7	-2	-4	-4	11	12	-7

During the first quarter of 2019, for the first time since the last quarter of 2016, the overall credit standards have slightly tightened in the Euro area, they have tightened by 3%. Therefore, starting the year entering in a trend that has not been seen in the Euro area since the end of 2016 and which is expected to continue in the upcoming months.

The tightening experienced has been mainly due to the effect of banks' cost of funds and balance sheet constraints. However, competition continued easing credit standards to households for house purchase purposes. Finally, risk perceptions and bank's risk tolerance have had a neutral impact on aggregate terms.

During this quarter, among the five largest economies of the Euro Area only France and the Netherlands eased their credit standards, as it was the case during the previous quarter. In Spain, Germany and Italy they slightly tightened. Having a general look, we observe more heterogeneity than in previous quarters, since some countries such as Austria or Latvia have experienced important changes in their credit conditions.

Also in the supply side, if we look at the number of rejected applications for loans to households for housing purchase we can observe that this continues in a growing trend and that the figure of rejected applications has gone up by 9% during the first quarter of the year.

Outside the Euro area, the UK showed a change of tendency going back to the easing of credit conditions experienced during the first half of 2018. The same trend was followed by the Czech Republic were for the first time since last quarter of 2016, credit conditions slightly eased. In Denmark credit standards neither eased nor tightened, they remained unchanged during the first three months of the year. Poland was also characterized by stability with a minimal tightened of the credit conditions. While in Romania the tightening of the credit conditions was much more remarkable than in the rest of the eastern countries. Finally, Hungary moved in the other direction since the easing trend of the credit standards continued for another quarter.

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

I 2019	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	29	0	0	7	0	0	11	-2	0	10	0	0	50	0	-32	0	0	66	3	-6	0	-75	1	50	-7
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	20	0	10	0	-17	25	0	0	0	0	0	6	-24		-35	36	0	3
Perception of risk	14	0	0	3	13	0	0	-2	0	0	0	17	50	0	-2	0	0	15	1	—	1	0	—	—	—
Pressure from competition	0	0	0	-2	0	0	-6	0	0	0	0	0	0	0	-34	0	-10	0	-4	-6	0	-2	12	0	-4
Risk Tolerance	10	0	0	0	0	0	7	0	0	7	3	6	25	0	-32	0	0	5	0	0	5	-13	-30	16	-13

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

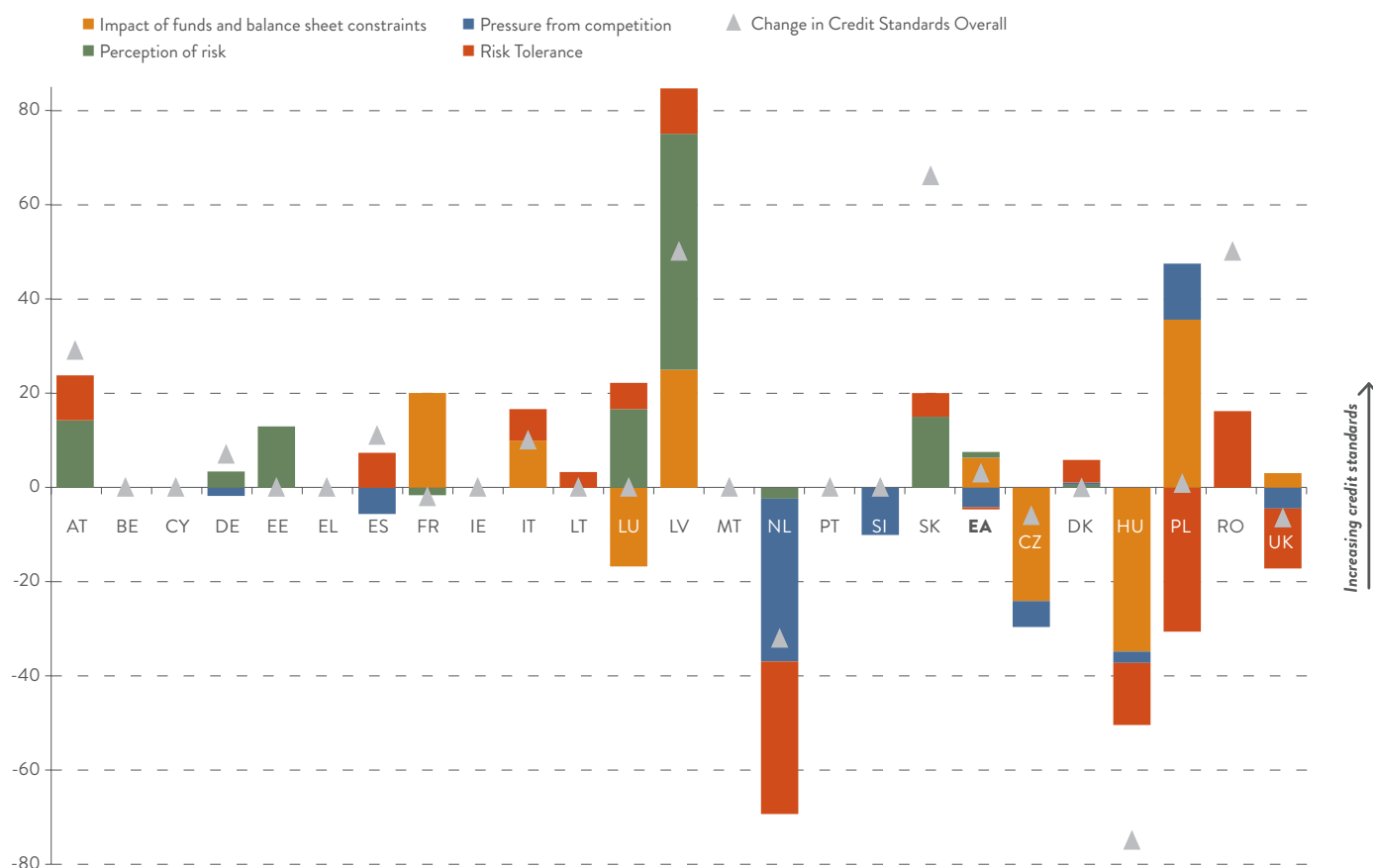
For CZ there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balance sheet constraints; pressure from other banks and non-banks > pressure from competition.

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)

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019
AT	14	0	0	29	29	43	14	14	0	-14	-14	14
BE	50	-25	50	-50	0	-25	0	0	0	0	25	0
CY	25	25	75	25	25	75	100	80	100	50	25	25
DE	7	-10	3	4	-7	0	0	14	21	3	10	14
EE	25	25	25	0	38	25	13	20	30	0	0	0
EL	25	25	25	-25	0	25	0	25	25	25	100	50
ES	-11	-11	0	11	11	11	11	22	22	22	-11	11
FR	40	52	52	68	29	-21	-21	-40	17	-22	-20	20
IE	20	10	10	30	20	20	20	10	30	-10	10	50
IT	50	63	75	29	10	30	10	10	20	10	10	0
LT	75	50	0	25	0	-25	0	0	25	0	25	0
LU	0	0	17	-17	33	67	17	17	17	-17	17	17
LV	75	50	0	0	25	33	50	75	50	25	25	25
MT	42	0	0	-45	14	14	13	55	55	56	-25	43
NL	75	58	78	-10	72	53	47	33	51	49	52	49
PT	60	60	60	80	60	40	80	40	40	60	20	-20
SI	60	40	20	20	40	20	40	0	20	-20	0	-20
SK	83	-9	34	50	12	10	34	-26	93	-2	-15	-20
EA	30	23	36	24	19	12	8	5	23	5	12	14
CZ	67	20	90	3	1	-32	39	-25	-2	45	-28	-72
DK*	2	32	-20	2	-11	14	2	-11	0	11	28	11
HU	100	59	78	77	96	42	51	72	85	51	65	75
PL	-14	-74	19	22	29	-14	-13	76	40	11	13	26
RO	-31	-72	45	45	9	19	-31	50	-15	-39	-33	8
UK**	22	-44	6	-15	2	-6	8	-29	5	3	24	-2

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"

Demand for housing loans continues growing with a 14% increase in the first quarter of the year. A growth rate that stands above the historical average. Credit demand increased in all five largest countries of the Euro area, except for Italy where demand neither grew neither decrease, it remained unchanged. Demand is still boosted by the low interest rate environment. However, even if consumer confidence and market prospects still contributed positively to demand, they did it with less strength than in previous quarters. Finally, the regulatory and fiscal regimes also contributed in a positive way in some of the jurisdictions of the sample. 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, but the general picture depicts more homogeneous than in the previous quarter.

In the UK, the demand slightly decreased compared to the end of the year. In Denmark and Poland demand for mortgage loans grew. This considerable growth was also observed in Hungary and Romania, where for the first time since 2017 the demand for housing loans experienced an important increase. On the other hand, in the Czech Republic demand for housing loans experienced a significant decrease.

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

I 2019	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	0	25	14	0	50	11	20	50	0	0	17	25	43	49	-20	-20	-20	12	-72	11	75	26	8	-2
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	0	-25	25	14	0	-11	7	25	20	-10	0	33	0	17	49	0	-20	0	6	-36	—	—	36	—	—
Other financing needs	29	25	50	24	13	11	20	0	10	0	-25	17	0	0	49	0	0	0	19	-66	—	—	0	—	—
Consumer confidence	0	0	25	3	13	0	0	25	0	0	25	0	0	17	32	0	0	0	4	3	—	—	0	—	—
Use of alternative finance	0	0	25	0	0	0	6	-6	0	0	0	0	0	0	32	-10	-10	-17	2	—	—	—	—	—	—
General level of interest	-5	0	25	-5	4	0	-11	4	0	0	0	0	0	9	0	-13	-30	-2	-2	-3	—	—	18	—	—

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

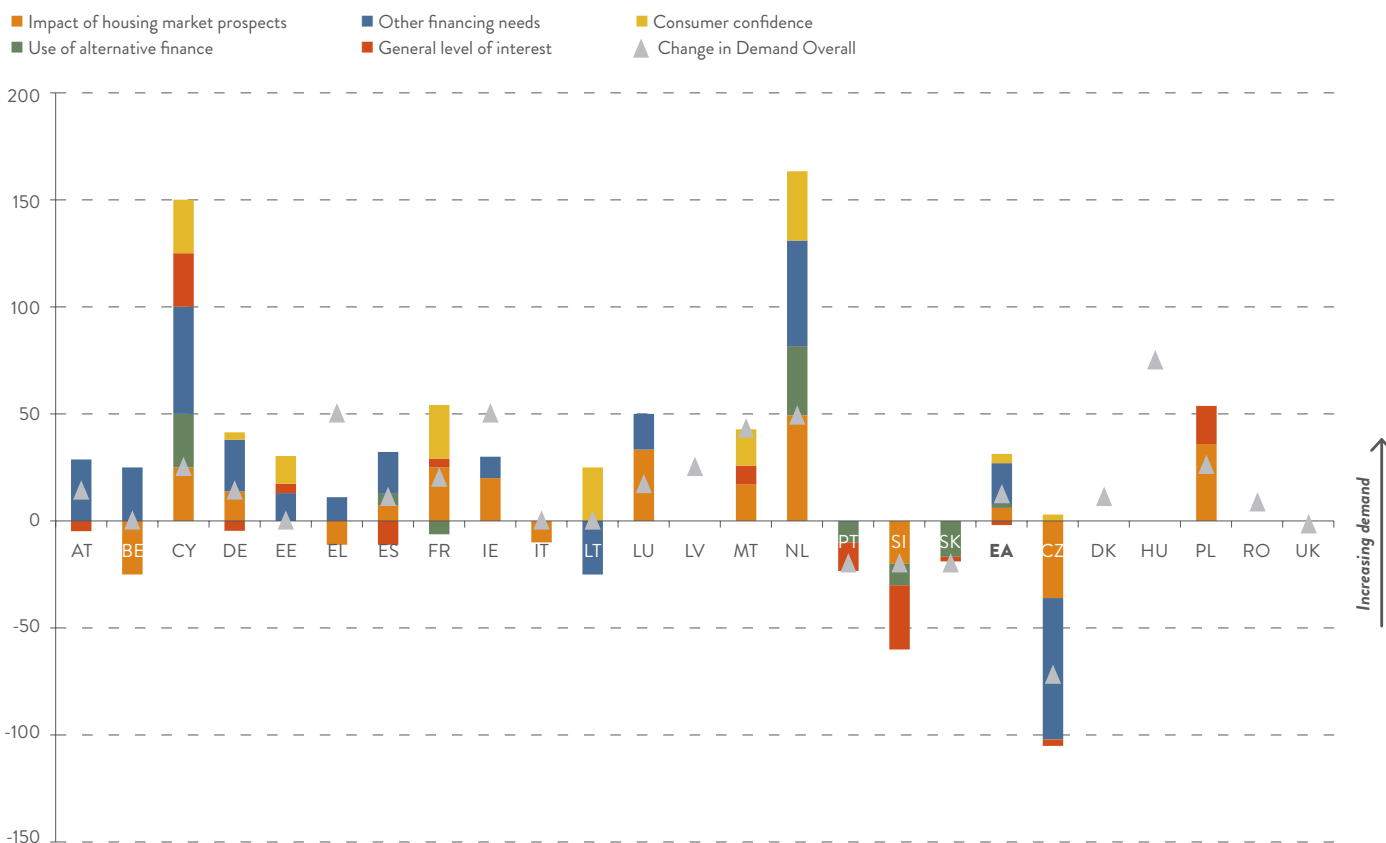
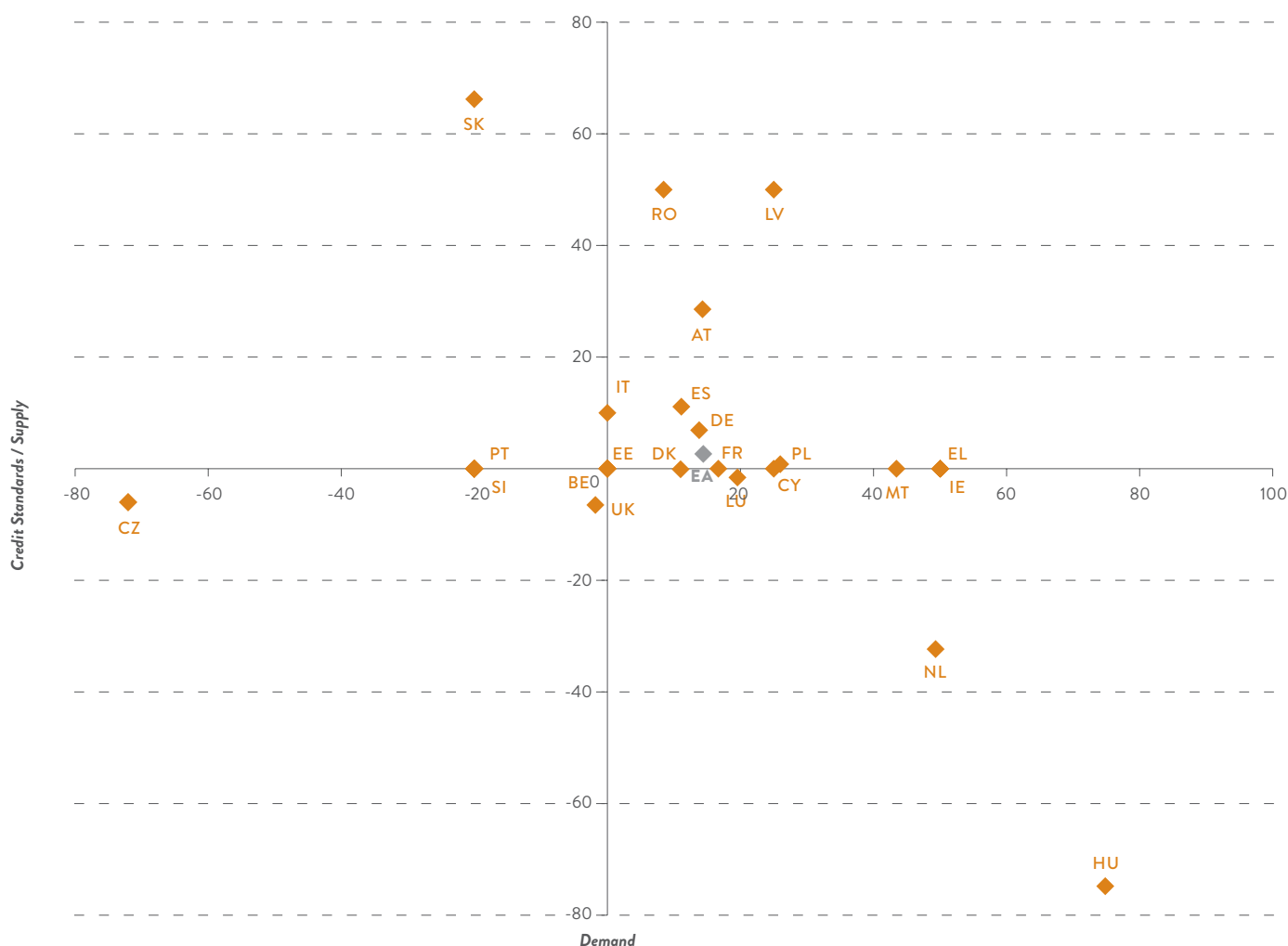


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In Q1 2019, looking at the cloud of countries we can observe a significant reduction in the number of outliers. At the same time, dispersion among countries has further decreased compared to the previous quarter.

Looking at the x-axis, representing the evolution of demand for housing loans, we observe that most of the countries are on the right of the Y-axis, therefore, experiencing an increase of housing demand during the last quarter. If we look at

the supply side, we observe a similar picture as the one depicted in the previous quarter in which the majority of the countries have suffered variations close to zero. However, there are few countries which have experienced a tightened of the conditions.

Finally, looking at the general picture we can conclude that there has been a shift to the right of the majority of the countries with respect to the previous quarter.



Q1|2019

**QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS**



The entire contents of this publication are protected by copyright.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any other form or by any means: electronic, mechanical, photocopying, recording or otherwise without the prior permission of the European Mortgage Federation.