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Q3 | 2019

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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In the third quarter of 2019 GDP rose by 1.4% in the EU 28 on a yearly basis (y-o-y) and by 1.2% quarter on quarter (q-o-q). Domestic demand remained resilient against international headwinds stemming from political and economic tensions. Aggregate unemployment remained stable at around 6.3% at EU level in Q3, similar to Q2, after nearly six years of continuous decrease.

In contrast to the slowing economic environment, strong performance was seen in the mortgage market and in terms of house price evolution throughout the EU, fuelled by increased housing demand, which is not matched by the existing supply in most countries and supported by continued low interest rates.

MORTGAGE MARKETS

MARKET DEVELOPMENTS

Q3 2019 provided the elements for the overall mortgage market expansion in Europe, which in aggregate terms accounted for nearly EUR 320 bn of gross lending, the highest amount since Q4 2007, representing a year-on-year increase of over 10%. Also, outstanding mortgages increased by 3.3% y-o-y and by 1.14% q-o-q to stand at over EUR 7.16 tn.

In continental Europe, in **Belgium**, **France**, the **Netherlands** and **Germany**, gross mortgage lending increased substantially with respect to the same quarter of the previous year. In Belgium, the increase was widespread throughout the various sectors of the market, such as loans for house purchase or renovation. Refinancing of mortgages also experienced a strong increase, but operations

other than refinancing reached an all-time high. In France, new loans experienced a y-o-y increase of over 13%, while in the Netherlands new lending showed a growing trend over the last three quarters, despite not yet having reached the gross lending figures of the previous year. In Germany, according to preliminary figures, gross residential lending increased by 7.1% y-o-y in Q3 2019 to over EUR 65 bn with outstanding mortgagees surpassing the EUR 1.5 tn mark for the first time.

In Central and Eastern Europe, the picture is more divergent. On the one hand, in **Hungary** and **Czechia**, mortgage market dynamics show that new mortgage loans contracted in Q3 2019 both at y-o-y and at q-o-q levels, while in **Romania** the opposite trend was observed. In Czechia this trend can be explained by a combination of regulatory restrictions and the ongoing trend of growing real estate prices, which decreases the affordability of housing financing. This creates a perception of mortgages, as the way to home ownership, being "luxury goods". However, this is the perception of the market and media, since the current level of sales is comparable to that 4 or 5 years ago, despite the extraordinary levels of the 3 previous years. In **Poland**, mortgage market dynamics reached a new record high in Q3 2019, with the number of new loans granted during the period amounting to 59,707 loans (growth of 0.65% in comparison to Q2 2019). The total number of residential mortgage loans granted by Polish banks amounted to over 2.35 mn loans. The average value of a mortgage loan increased to over PLN 282,000 (EUR 64,400), an increase of nearly 2% in comparison to the previous quarter. The reasons for this increase are both growing property prices and also growing creditworthiness of Polish households. The quality of



mortgage loans remains good, with the level of Non-Performing Loan (NPLs) at the end of Q3 2019 being 2.42% (down from 2.45% in Q2).

In Southern Europe, **Portugal** confirmed the growing trend of gross mortgage lending started in Q2 2013 and is now approaching its pre-crisis (2008) level. In **Italy**, the picture shows, on the one hand, an ongoing increase in outstanding mortgage figures, which started in 2015, while gross lending experienced a contraction due to a strong decrease in demand, despite interest rates decreased at historically low levels. In **Spain**, Q3 presented a loss of momentum in the mortgage market portfolio because of political uncertainty together with an overall economic slowdown, which weakened demand expectations of housing and therefore also of new mortgages. The latest figures (from October 2019) show some positive evolution but also signs of exhaustion in growth rates when compared to previous years.

Moving north, in **Finland** in Q3 2019 the new mortgage figures confirmed their two-year average. In **Sweden**, new lending continued to decelerate with a net growth of 5% compared to 5.2% in the previous quarter. This evolution can be explained by higher house prices, stricter amortisation requirements and a slowdown of new construction. In **Denmark**, the mortgage market registered a slight increase in outstanding lending and a significant increase in terms of gross residential lending, the latter due to high re-mortgaging activity, which tried to capture the further drop in interest rates in the reference quarter.

REGULATION & GOVERNMENT INTERVENTION

In Q3 2019, several jurisdictions have tweaked their regulations and dispositions in order to ensure the financial stability of the mortgage market, to help certain categories of citizen to climb onto the housing ladder, as well as to provide some guidance in the funding mix of banks.

New macroprudential measures have been introduced in **Belgium**, where the National Bank of Belgium (NBB) has decided to establish new, explicit expectations for banks and insurance companies active in the residential real estate market, following the review of the ESRB on the renewed vulnerabilities of this market. Moreover, the NBB also introduced new capital buffers and announced that due to the ongoing deterioration of credit standards it will work on additional measures. These measures are entering into force in 2020 and therefore an impact on credit volumes is expected. Although no new measures were seen in **Czechia** during the reference period and, in part fueled by the ESRB warnings, the Czech Central Bank is continuing to work on the transposition of their recommendations into national law, which would improve the enforceability of compliance with regulations on mortgage providers.

In **Finland**, households' levels of debt continues to be an issue. This led the Ministry of Finance to establish a working group to propose options to tackle the issue of household over-indebtedness. The working group published its report and proposals on 1 October 2019 focusing, among other issues, on a maximum DTI ratio, a maximum mortgage length and restrictions on housing company loans for new constructions. Based on this report, legislative proposals will be drafted during spring 2020, which may enter into force either during 2021 or 2022. Similarly, in **France**, **Portugal** and **Belgium** new macroprudential instruments have been put in place or are under discussion, with a view to act against the credit standard deterioration of lenders. Specifically, in France, the NCA asked banks not to propose mortgages with a maturity beyond 25 years or with an LTI of over 33%, with some limited waivers to this last ratio. Non-compliant

banks may be required to hold additional capital buffers. In Portugal, new macroprudential measures have been put in place to counteract the decreasing credit standards resulting from an increased appetite for housing loans. Here, LTV, DTSI and maturity length limits have been introduced. In Belgium, against the backdrop of renewed build-up of vulnerabilities in the real estate sector in recent years, the NBB has decided to establish new, explicit expectations for banks and insurance companies active in the residential real estate market after having already imposed macroprudential measures with regard to capital buffers (see above). New measures are expected to apply as from 2020, which may have an impact on the volume of credit granted.

In **Spain**, the slow-down of gross lending figures may be in part explained by the implementation of the new mortgage Law 5/2019 regulation Real Estate Credit Contracts, which entered into force in June 2019 and which forced banks to delay the signature of their mortgage operations caused by time constraints in the adaptation of the IT systems required by the new legal framework.

Another line of government intervention focussed on supporting specific categories of people to start climbing the housing ladder. In **Hungary**, a new subsidy scheme aimed at young couples was introduced during the summer of 2019. Families with already one child are entitled to a HUF 10 mn (ca. EUR 30,000) interest free loan for the purchase of a property. Families with two children are entitled to 30% reduction of their repayable loan, while families with three children have their mortgage loans waived entirely. This new scheme led to a contraction in gross residential loans in Q3 2019. Moreover, in Hungary the mortgage adequacy ratio, i.e. the minimum proportion of mortgage loans financed by mortgage bonds, increased from 20% to 25%. In **Ireland**, the government announced an extension of the Help to Buy tax incentive until the end of 2021. This incentive provides an income and deposit interest tax refund to first-time buyers purchasing or building new houses or apartments for owner occupation. By the end of September 2019, more than 15,000 refund claims had been made since the incentive had been launched in July 2016. In the last four months of 2019, the government also designated an additional six areas as rent pressure zones where rent increases would be capped at 4% per annum. In **Belgium**, in Flanders, from 1 January 2020 fiscal support on new loans for the purchase, construction or renovation of an owner-occupied only dwelling has come to an end. As a compensation, the registration duty for purchases in 2020 will decrease from 7% to 6%. This decision has led some borrowers to rush to conclude their mortgages before the end of 2019, thus a spike in gross lending will be expected in Q4 2019 data.

In **Sweden**, the government has reintroduced the cap on capital gains tax postponement when buying new housing, but with an increased cap from SEK 1.45 million to SEK 3 million (ca. EUR 280,000), which is therefore expected to have a marginal effect on mortgage market turnover. Moreover, the government, supported by two external parties, agreed to abolish the interest on postponed capital gains after buying new housing also known as "moving tax". It remains still to be agreed upon when and how this tax will be abolished, thus creating some uncertainty.

In **Poland**, the domestic FSA (PFSA) adopted an amendment to "Recommendation S regarding the management of mortgage-secured credit exposures". The supervisory authority expects banks to introduce loans with a fixed rate or with a periodically fixed rate (i.e. fixed for minimum five years). The PFSA did not specify what part of the new portfolio should be made of fixed-rate loans;

banks are allowed to set these limits themselves. Under the new provision, borrowers should be given the right to change the variable interest rate of an existing loan to a fixed rate as well. The banks are also encouraged to offer loans with a "key for debt" option where the borrower would be relieved from the debt towards the bank after transferring ownership of the property to the bank. This possibility remains optional for banks and this kind of mortgage loan would be a separate market segment, functioning in parallel to "traditional" mortgage loans, where the borrower is liable to the creditor for the value of the debt, and not for the value of the collateral. For commercial banks, the implementation deadline will be 31 December 2020, while for cooperative banks it will be 31 December 2022.

HOUSING MARKETS

HOUSING SUPPLY

Supply in the housing market shows a heterogeneous picture across the continent according to the different stages of the housing cycle.

In the Nordic countries, the supply of housing showed decreasing or stable figures in the reference period. In **Finland**, the number of housing permits issued decreased, which reflects the cooling down of the construction market. Nonetheless, levels of completions will remain high for the near future due to the numerous starts made in recent years, thus keeping house prices under control. In **Denmark**, the number of houses for sale at the end of Q3 2019 dropped by 4.6% with respect to the previous quarter and, similarly, 4.4% fewer owner-occupied apartments were on sale in the same period. This contraction was also seen with respect to the same period of 2018. Even with less available dwellings, Danish trading activity was high and registered a y-o-y increase for houses and owner-occupied apartments of 14.2% and 8.4% respectively. In **Sweden**, construction figures have continued to decrease since 2017 when the former record high of 1990 was reached. Newly constructed dwellings are often not affordable to many groups in Sweden and, therefore, are hard to sell in several Swedish cities. This trend has led constructors to slow down future planning and construction.

On the Iberic peninsula there was a widespread decrease in demand. In **Spain**, due to the introduction of the above-mentioned law, house purchases decreased by 6.5% on a yearly and by 18.2% on a quarterly basis. This slowdown was experienced throughout the country, but mostly fuelled by the local population, as purchases from foreign investors as well as expats decreased only marginally (by 0.9%). Looking at building permits the figures of Q3 2019 resemble the same as Q3 2018, but they are still far from the pre-crisis levels. In **Portugal**, buyer demand continued to decrease in all regions. However, on the sales market, agreed sales held steady, ending a consecutive six-month period of negative figures. New construction continued a decreasing trend which started three years ago and deteriorated significantly; this will have some impact over the price trend of the next twelve months. In the rental market an acceleration was registered, driven by a strong pick-up in tenant demand with prices expected to move up due to supply-demand imbalances.

In Central and Eastern Europe housing supply saw mixed pictures. In **Romania**, building permits issued for residential buildings fell by 3.5% with respect to Q3 2018, while the volume of construction works started on residential buildings grew by 13.9%. In **Hungary**, newly issued permits grew by 6% in the country overall and nearly doubled in Budapest alone, where 75% more

dwellings were completed with respect to Q3 2018. A similar picture was seen in **Poland**, where in Q3 2019, 8% more dwellings were completed and 14% more dwellings were started with respect to Q2, while the number of new permits remained roughly the same. The results of the construction sector are still promising, but growing land prices, increasing costs of construction and shortages in workforce create price tensions on the market. In **Czechia**, the real estate market did not witness major changes, but house prices continued to rise due to the ongoing strong demand.

In **France**, the number of transactions on existing properties increased again and remains at more than 1 mn. on an annual basis. Therefore, pressure on prices is noticed in large cities. By contrast, construction of new dwellings is slowing down. Cuts in public spending in different areas like social housing or restrictions on 0% loans, are directly affecting the market. However, growing construction costs, difficulties in finding affordable land and upcoming local elections also have negative impacts.

In **Ireland**, almost 5,700 new dwellings were completed in Q3 2019 according to the Central Statistics Office (CSO), 22% more than in Q3 2018. There were almost 7,600 housing commencements in Q3 2019, a jump of 32.9% on the same period of 2018. In the year to October 2019, there were almost 19,900 commencements, up 22% year-on-year. The number of residential properties sold in Ireland rose by 4.2% year-on-year to almost 12,400 in Q3 2019. The sale of new properties increased by 0.6% year-on-year to 2,243, following two quarters of year-on-year decline.

HOUSE PRICES

In aggregate terms, the house price index increased by over 4.6% in Q3 2019, while each jurisdiction showed different trends according to the different stages of the housing cycle. In more general terms, a stronger dynamic is seen in cities with respect to the rest of the country, where the supply-demand gap has curbed prices.

In Central and Eastern Europe some of the regions' highest growth rates have been registered. **Hungary** continues the buoyant trend started in 2014 with an impressive 17% y-o-y increase, but with respect to the previous quarter there has been a small contraction of 0.3%. This change in trend was seen especially visible in smaller towns, while in Budapest house prices continued to increase with respect to the previous quarter. In **Poland**, high demand at both city and at provincial levels caused prices to grow in aggregate terms by over 9.5% y-o-y, and growth was registered on both primary and secondary markets. In Warsaw, both markets grew moderately by respectively 2.8% and 3.2% q-o-q, which was outpaced by smaller cities like Rzeszów, where the primary market transactional price growth showed a more than 10% increase q-o-q. In **Czechia**, house prices in aggregate terms increased by over 8.5% y-o-y and the underlying fundamentals do not show a sign of growth reduction. A different trend was seen in **Romania**, where prices decreased for the first time since Q1 2015, by 0.28% in real terms y-o-y.

The second highest house price index increase in yearly terms in our sample was registered in **Portugal** with over 10.5% y-o-y. Meanwhile, in **Spain**, the y-o-y growth was around 3.1% (0.1% q-o-q), which seems to point to a major concentration of the annual growth during Q4 2018 and Q1 2019. In general, large cities and coastal regions continue to show positive growth rates, albeit at a slower pace than in previous quarters. In aggregate terms, house prices have showed clear signs of a pick-up during the last few years but are still 22% below the historic



peak reached during the real estate boom. In **Italy**, according to the preliminary estimates by ISTAT, in Q3 2019 house prices decreased by 0.3% compared with the previous quarter and increased by 0.4% compared with the same quarter of the previous year. The increase (on an annual basis) of the HPI is the first since the fourth quarter of 2016 and was mainly due to the prices of new dwellings growing at a quicker rate, up from +0.5% in the second quarter to +1.3% in the third quarter. In parallel, the prices of existing dwellings, after ten consecutive quarters of decline, recorded a slight positive change on annual basis (+0.1%).

Moving north, in **Germany**, residential property prices increased once again, but at a slower pace. Compared with the third quarter of 2018, prices for owner-occupied housing went up by 6.1% y-o-y. Demand for residential property remains stable thanks to a still healthy labour market coupled with tax incentives and the further decline in borrowing rates. Similar growth figures can also be seen in the **Netherlands**, while in **Belgium** the average price of a house rose by 3.2% y-o-y. Regional differences are registered as in the Brussels Region the increase was 4.5%, in Flanders it was 2.8% and in Wallonia it was 3.9%. Regarding apartments, in aggregate terms, the price increased by 3.7%, with Brussels registering the highest increase of 5.5%, followed by Flanders with 3.7% and Wallonia with 1.1%.

In the Nordics, house prices overall increased. In **Denmark**, prices for single family houses have increased by 3.2%, whereas prices for owner-occupied apartments have increased by 0.5%. In the third quarter of 2019, house prices increased by 0.9% and prices for apartments increased by 0.3%. In **Finland**, it was mainly the large cities that saw house price increases, while the rest of the country faced depopulation and, as a consequence, house price contraction. In **Sweden**, house prices seem to have recovered somewhat during 2019 after the decreases experienced during 2017 and 2018. The prices of single family homes increased by 3.6% on a yearly basis in Q3 2019 (2.0% Q2 2019). The prices of apartments increased slightly in the third quarter of 2019 by around 1.7% compared to 1.0% in Q2 2019. The house price recovery in the Stockholm area has been slower than in the rest of the country, however from a higher price level. The prices of single family homes in the Stockholm area increased by 0.6% on a yearly basis in the third quarter 2019 (-0.8% Q2 2019). The prices of apartments in the Stockholm area is more in line with the rest of the country and increased in the third quarter of 2019 by around 1.6% compared to 0.9% Q2 2019.

In **Ireland**, residential property prices increased by 1.1% y-o-y in September 2019. The national index was 16.9% lower than its highest level in 2007. Prices in Dublin fell by 1.3% y-o-y in September 2019, following a 0.4% drop in August. This marked the fifth consecutive month in which Dublin's residential property prices had fallen or increased by no more than 0.1% y-o-y. In the **UK**, house price inflation continued to show weak growth in Q3 2019, rising by 1.2% y-o-y. This is broadly unchanged compared to Q2 and remains at the lowest level since late 2012. There were, as always, significant regional variations. Price falls in London, which have now been seen for six consecutive quarters, are starting to ripple out to the southern regions of England. However, all other areas of the UK, which have more forgiving affordability metrics than the south, are continuing to show price growth, although the rate of growth is moderating in most regions.

MORTGAGE INTEREST RATES

In aggregate terms, mortgage interest rates continued the decreasing trend started at the beginning of 2019, thus they are now approaching the all-time

low of the sample of 2.23%. In the reference period only four jurisdictions showed a q-o-q increase of their representative interest rate. The variance of the sample registered an increase in Q3 with respect to Q2 2019, hinting to a growing divergence in the evolution of the jurisdictions' interest rates.

Generally speaking, in Central and Eastern Europe, the interest rates paid on a mortgage are relatively higher compared to the rest of the sample. In **Romania**, the representative mortgage interest rate stood at 5.38%, an increase of 0.21 percentage points in the third quarter of 2019 compared to the previous quarter, although 0.10 percentage points smaller than the level registered in the same period of the preceding year. The share of loans granted with a variable interest rate in total mortgage loans continued to rise in Q3 2019, reaching a level of 79.4%, after an increase of 3.2 percentage points compared to Q2 2019 and 9.5 percentage points compared to 2018 Q4. The preference for new loans granted with a fixed interest rate dropped for short and long-term fixed new loans, by 0.8 percentage points and 2.4 percentage points respectively, while remaining relatively constant (-0.03 percentage points) for medium-term fixed new loans. In **Hungary**, the representative interest rate fell by 18 basis points to 4.86%. As a result of the marketing campaign and of the different regulatory measures of the Central Bank (i.e. the Fixed rate Covered Bond Purchase Program in 2018 and PTI regulation in force), the proportion of newly issued variable rate mortgages sunk below 3% in Q3 of 2019. The most popular mortgage interest rate type was a medium-term fixed (5Y-10Y initial rate fixation) with 60% of all newly issued mortgages. Similarly, in **Czechia**, tough pricing competition accelerated in September 2019. Despite overall expectations that mortgage interest rates will grow in 2019, Q3 2019 was affected by a decrease in the cost of funds and its immediate reflection in customer interest rates. At the end of the summer, the low cost of funding provided banks with the space to sell mortgages with attractive interest rates similar to those on offer at the beginning of 2018 and in the same time to generate reasonable margins. But this change in the pricing did not lead to the desired market recovery in Q3. In **Poland**, interest rates remain unchanged with the National Bank's reference rate fixed at 1.5%, even though the inflationary pressure has grown. Even if the level of the reference rate is quite constant, banks are slowly raising their credit margins and the costs on non-interest loans.

In the south, interest rates overall decreased. In **Portugal**, the reference rate decreased by 30 basis points to 1.02%. Though decreasing since the beginning of 2019, over 70% of all new mortgages in Portugal present a variable interest rate, whose external index reached historical low levels, thus contributing to produce new mortgages and to reduce household debt. Nevertheless, more fixed interest rates are gaining in appeal in order to avoid the risk of an interest rate increase during the duration of the mortgage. In **Spain**, during the reference period the weighted interest rate experienced a contraction of nearly 20 basis points, reaching 2.21%, the lowest level since late 2016. The trends on consumer preferences characterising the last few years remain relatively stable. Loans with an initial rate fixation of over one year account for about 64% of the new mortgage loans (compared to less than 10% a decade ago) in response to borrowers' risk aversion. **Italy** registered a 33 basis-point decrease of the aggregate interest rate to 1.44%, with variable and the more fixed mortgage rates reaching 1.37% and 1.46% respectively.

Moving north, in **Belgium**, **France**, **Germany** and the **Netherlands**, interest rates decreased by between 10 and 30 basis points. In Belgium, the share of new mortgages with a fixed interest rate increased, covering over three

quarters of gross lending in Q3 2019, while variable mortgage rates accounted for a marginal 1.1% of new loans provided. Since 2015, the number of overdue contracts shows a positive evolution. In the third quarter of 2019 the number of overdue contracts continued to decline. In November 2019, the ratio was only 0.9%, the lowest ratio ever recorded.

In the Nordics, mortgage interest rates provided were the lowest in Europe with **Denmark** registering the lowest rate of our sample at 0.56%. The average interest rate was reduced by 0.3 percentage points for mortgages with an interest rate fixation between one and five years. Mortgages with an interest rate fixation of more than 10 years had the largest interest rate drop, as the average interest rate was reduced by 0.43 percentage points. Mortgagors took advantage of the large drop in interest rates for long-term mortgages, as 85.4% of all new mortgages issued in the third quarter of 2019 had an interest rate fixation of over 10 years. Finland closely followed with its all-time low of 0.72% on new housing loans. In **Sweden**, the rates in Q3 2019 remained stable

at around 1.52%. The shorter and variable interest rates are decreasing slightly, and the longer interest rates are sinking to near parity with the shorter interest rates. The stricter amortisation requirements are still an important factor as regards to the development for housing loans.

In **Ireland**, fixed-rate (including loans fixed for over one year) mortgages accounted for almost 74% of new mortgages issued in Q3 2019. Some 40% of the value of outstanding mortgages, excluding securitised loans, was on ECB base rate-linked tracker mortgage rates in Q3 2019, while the share of mortgages outstanding which had interest rates fixed for more than one year increased to 28.1%. In the **UK**, with the ongoing uncertainty around the path of the UK's exit from the EU, bank reference rates remained unchanged at 0.75% in Q3 2019. This stability has fed through to short-term mortgage interest rates, which remained broadly unchanged at very low levels by historic standards. However, market expectations for rates to remain lower for longer have allowed lenders to offer lower rates for longer-term fixed rate mortgages, with five-year fixed rates now priced at around 2%.

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

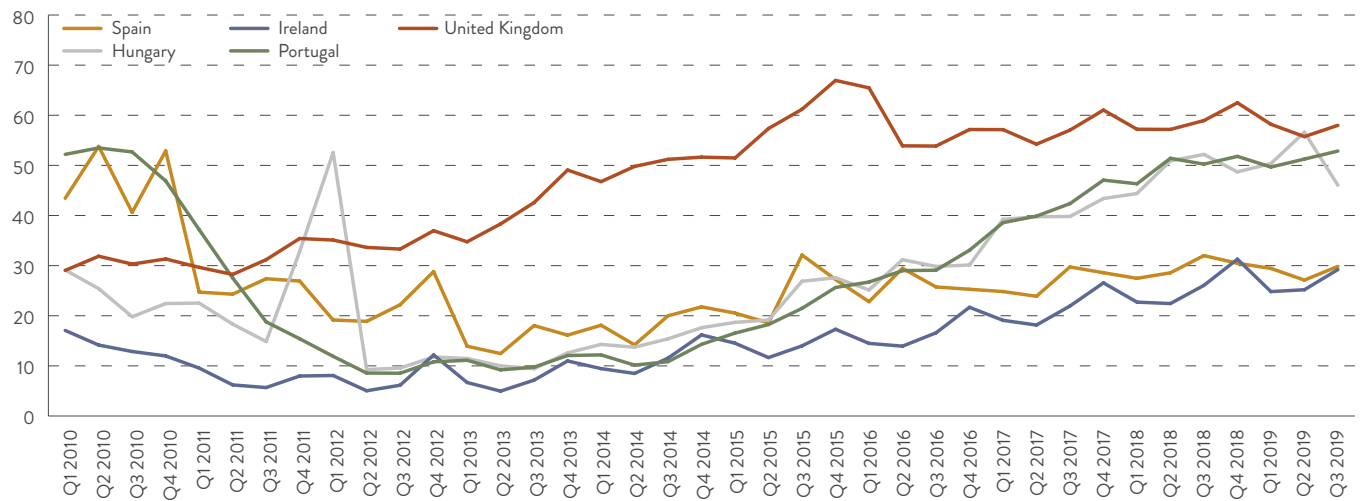


CHART 1B | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS REMAINED BETWEEN 80% AND 120% OF 2007 LEVELS

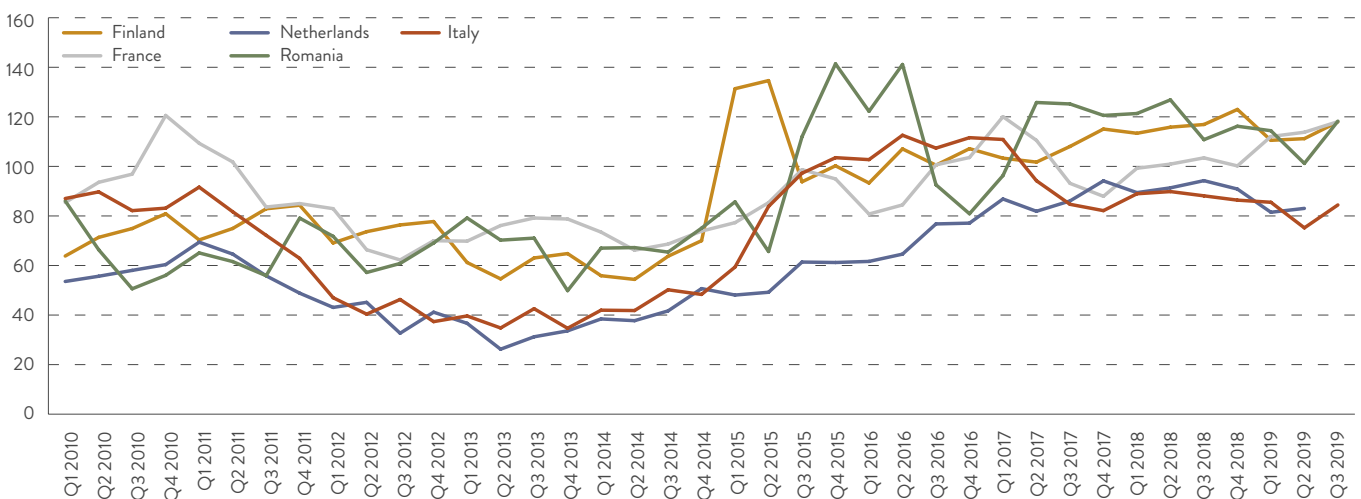


CHART 1C | COUNTRIES WHERE GROSS RESIDENTIAL LENDING HAS RISEN ABOVE 120% OF 2007 LEVELS

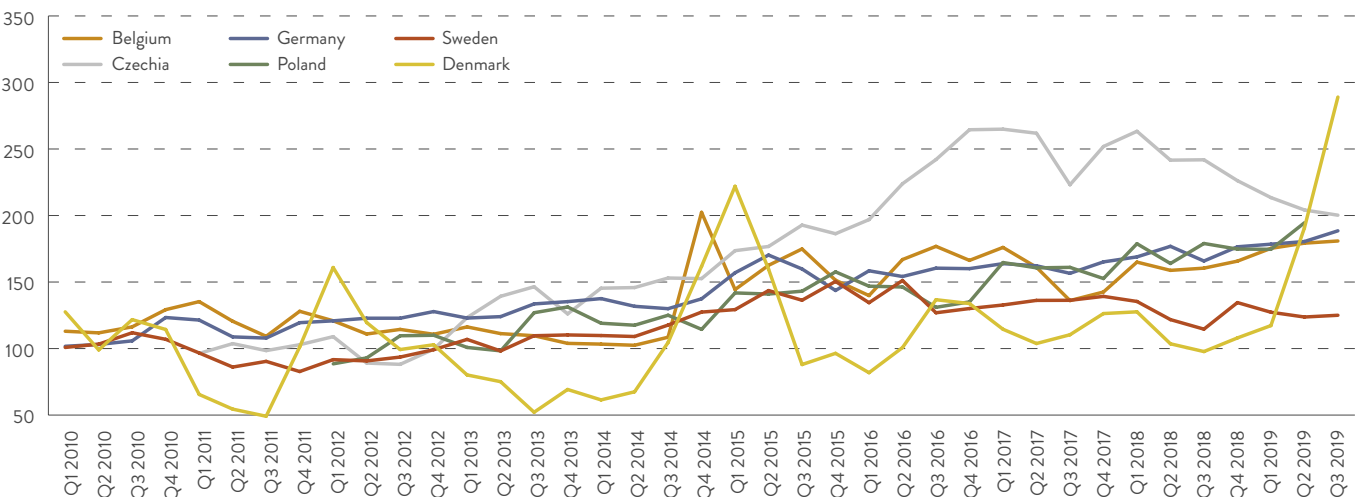
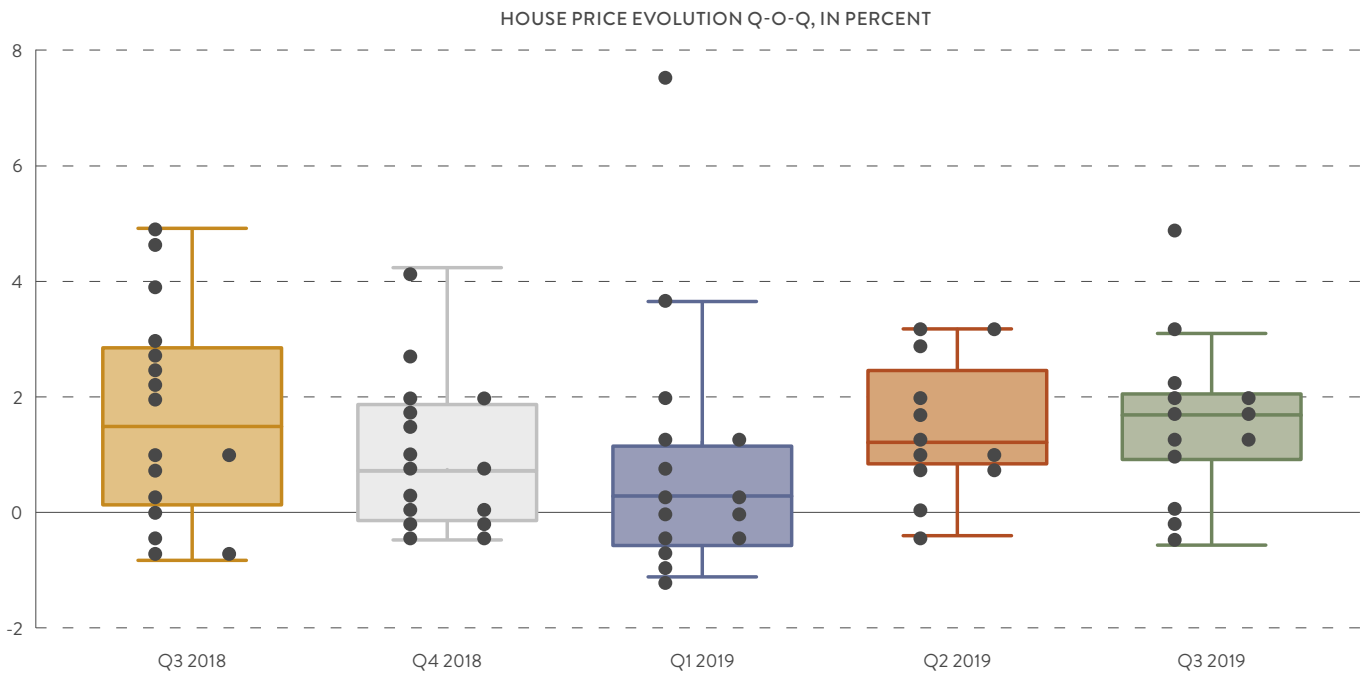


CHART 3 | BOX PLOT OF THE HOUSE PRICE EVOLUTION IN THE EU WITH RESPECT TO THE PREVIOUS QUARTER



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 2019.

The dataset shows q-o-q growth figures of the country sample until Q3 2019 for which there are 12 datapoints instead of 16, as in 4 countries the latest House Price Index available was that of Q2 2019.

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

	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	LATEST Y-O-Y CHANGE (%), Q3 19, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q2 19, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 19, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q2 19, LOCAL CURRENCY
BE	235,971	239,470	242,665	246,528	249,002	252,718	256,433	5.7	5.5	5.7	5.5
CZ	41,417	42,091	42,901	43,745	45,467	46,696	46,953	9.4	10.9	9.9	10.3
DE	1,390,462	1,410,391	1,431,091	1,445,987	1,459,965	1,483,518	1,506,834	5.3	5.2	5.3	5.2
DK	246,910	248,643	248,956	249,458	252,608	254,924	256,900	3.2	2.5	3.3	2.7
ES	494,582	495,141	493,176	490,806	489,859	489,192	485,646	-1.5	-1.2	-1.5	-1.2
FI	96,237	96,970	97,444	97,781	98,067	98,921	99,631	2.2	2.0	2.2	2.0
FR	963,366	977,524	994,000	1,010,000	1,022,000	1,040,000	1,060,000	6.6	6.4	6.6	6.4
HU	13,338	12,881	13,387	13,605	13,647	13,758	13,387	0.0	6.8	3.2	5.1
IE	101,577	100,940	100,713	97,684	94,919	93,274	93,117	-7.5	-7.6	-7.5	-7.6
IT	376,660	376,688	378,126	379,054	380,006	382,222	383,732	1.5	1.5	1.5	1.5
NL	707,396	710,343	712,224	714,367	715,191	719,707	n/a	n/a	1.3	n/a	1.3
PL	93,420	92,527	95,627	96,728	97,918	100,520	100,604	5.2	8.6	7.7	5.6
PT	93,823	93,740	93,794	93,952	93,857	93,965	93,992	0.2	0.2	0.2	0.2
RO	14,586	15,015	15,402	15,785	15,835	16,185	16,568	7.6	7.8	9.6	9.4
SE	390,992	390,808	401,352	408,639	407,419	406,951	406,185	1.2	4.1	5.0	5.2
UK	1,574,021	1,560,042	1,571,055	1,574,880	1,646,396	1,588,073	1,621,993	3.2	1.8	3.0	3.0

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).

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

PL – adjusted for loan amortisation and flows between the foreign currency loan portfolio and the zloty loan portfolio; the entire banking system was taken into account, including credit unions.

CZ – the series has been distorted at 2018A4 due to the change of definition of the statistics and the splitting according to fixation

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

- Sweden



TABLE 2 | GROSS RESIDENTIAL MORTGAGE LENDING (MILLION EUR)

	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	LATEST Y-O-Y CHANGE (%), Q3 19, EUR VALUES	PREVIOUS Y-O-Y CHANGE (%), Q2 19, EUR VALUES	LATEST Y-O-Y CHANGE (%), Q3 19, LOCAL CURRENCY	PREVIOUS Y-O-Y CHANGE (%), Q2 19, LOCAL CURRENCY
BE	7,914	8,761	8,532	9,171	9,320	10,099	9,129	10,350	10,497	12.6	12.9	12.6	12.9
CZ	2,618	3,112	2,909	3,005	2,842	2,806	2,315	2,559	2,346	-17.5	-14.8	-17.1	-15.4
DE	54,400	55,800	52,300	58,400	57,500	59,600	55,500	59,600	65,100	13.2	2.1	13.2	2.1
DK	10,763	11,834	10,519	8,735	9,629	10,191	9,591	16,547	26,787	178.2	89.4	178.6	89.7
ES	9,117	10,516	9,872	12,032	9,943	11,210	10,596	11,498	9,155	-7.9	-4.4	-7.9	-4.4
FI	7,687	7,687	8,038	9,333	8,334	8,265	7,831	8,995	8,411	0.9	-3.6	0.9	-3.6
FR	43,147	37,678	38,859	42,577	47,574	42,960	44,379	48,111	53,860	13.2	13.0	13.2	13.0
HU	624	618	586	759	804	695	673	842	715	-11.1	10.9	-8.3	9.1
IE	2,016	2,230	1,704	2,014	2,369	2,635	1,884	2,250	2,639	11.4	11.7	11.4	11.7
IT	14,805	17,065	16,414	18,099	15,464	17,882	15,752	15,272	14,754	-4.6	-15.6	-4.6	-15.6
NL	25,060	29,005	23,958	26,447	27,444	28,046	21,654	24,037	26,674	-2.8	-9.1	-2.8	-9.1
PL	2,740	2,550	2,830	2,929	3,045	2,926	2,759	3,448	n/a	n/a	17.7	n/a	14.4
PT	2,130	2,308	2,186	2,588	2,519	2,542	2,351	2,580	2,648	5.1	-0.3	5.1	-0.3
RO	764	717	584	724	682	692	545	579	725	6.2	-20.1	8.17	-18.92
SE	14,064	16,312	13,636	14,311	11,656	15,794	12,737	14,528	12,815	9.9	1.5	14.1	2.6
UK	78,266	77,237	69,319	73,802	80,737	79,116	70,599	71,949	79,512	-1.5	-2.5	-1.6	-1.4

CZ – Data break on Q1 2013 due to change in sources

IT – Latest data is an estimation

Source: European Mortgage Federation

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

- Poland

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BE	3,844	2,936	3,921	2,905	3,348	2,747	3,499	3,195	3,863	2,474	3,716	3,715
CZ	932	689	2,114	1,255	1,544	875	675	810	844	1,722	1,229	257
DE	12,586	6,661	14,526	17,887	12,835	11,652	19,929	20,700	14,896	13,978	23,553	23,316
DK*	536	277	1,200	2,199	1,019	399	3,345	313	502	3,150	2,316	1,977
ES	-4,830	-3,854	-2,910	-2,720	-4,057	-3,129	2,137	-1,965	-2,370	-947	-667	-3,545
FI	409	223	706	687	457	109	843	474	337	286	854	710
FR	15,054	13,774	14,349	12,111	14,634	9,140	14,158	16,476	16,000	12,000	18,000	20,000
HU	-569	-99	-237	-54	-42	-254	214	506	218	43	111	-371
IE	-1,294	-898	-934	-228	-2,665	-508	-637	-227	-3,029	-2,765	-1,645	-157
IT	2,396	2,921	1,291	1,010	2,007	1,263	33	1,438	928	952	2,216	1,510
NL	-28	2,132	3,677	2,415	1,128	25,890	2,955	1,881	4,024	2,967	5,340	n/a
PL	-73	2,945	307	-1,505	1,773	309	1,418	3,100	1,101	1,191	2,601	84
PT	-1,216	-433	-381	-210	-260	-270	-83	54	158	-95	108	27
RO	184	200	429	426	314	324	461	386	383	50	350	384
SE	9,351	6,861	3,610	5,886	-1,107	-11,257	4,458	10,544	7,287	-1,220	-469	-766
UK	15,885	12,886	-28,578	10,710	2,095	30,406	2,493	11,013	3,825	71,517	-58,323	33,920

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

Source: European Mortgage Federation

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

Refer to Table 1 for eventual revisions.



TABLE 4 | HOUSE PRICE INDICES, 2007 = 100

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BE	125.0	131.2	128.1	131.2	128.1	134.0	134.0	134.0	134.0	140.3	140.3	140.3	139.7	146.5
CZ	117.3	120.4	126.1	129.9	133.1	135.4	136.7	139.7	143.7	147.2	150.1	153.3	157.0	160.1
DE	127.6	129.6	130.7	131.7	134.1	137.3	139.3	141.5	144.2	148.5	150.0	151.7	154.8	157.4
DK	92.3	93.4	92.3	93.3	97.1	97.0	97.0	99.0	101.0	101.0	101.2	100.3	103.2	104.1
ES	73.3	72.9	73.5	74.2	74.4	74.9	75.8	76.2	77.2	77.3	78.7	79.6	79.6	79.7
FI	115.4	115.6	115.0	114.6	116.8	116.8	116.6	116.1	118.3	117.8	117.5	116.8	118.7	118.0
FR	100.3	101.0	101.4	102.7	103.4	104.3	104.7	105.8	106.4	107.5	108.2	109.0	109.8	109.8
HU	112.8	116.1	119.7	124.5	126.8	129.6	137.8	145.6	150.3	157.6	164.3	176.5	175.9	175.9
IE	65.0	68.1	69.1	70.0	72.3	76.2	77.5	78.9	80.9	82.7	82.3	81.9	82.6	83.6
IT*	84.9	85.1	84.5	83.7	84.1	83.8	83.5	83.3	83.8	83.1	83.0	82.5	83.7	83.5
NL	89.3	91.5	92.5	94.3	96.1	98.5	100.1	102.8	104.7	107.5	109.0	111.0	112.2	114.2
PL	97.0	99.0	100.6	100.0	100.8	103.4	105.4	106.2	109.0	113.2	116.3	116.7	120.3	124.0
PT	100.3	101.7	102.8	105.0	108.4	112.3	113.6	117.9	120.6	121.8	124.2	128.7	132.8	134.3
RO**	80.0	79.5	80.9	81.8	85.8	84.4	85.4	87.2	89.8	89.2	90.0	90.0	91.4	91.4
SE	147.7	152.5	153.1	156.3	161.3	164.7	164.7	162.5	160.6	161.6	161.2	161.6	163.7	167.3
UK	113.8	116.1	116.0	116.3	118.9	121.6	121.5	121.2	122.6	125.0	124.4	123.0	124.3	126.8

* 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:

- Czechia
- Ireland

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

	II 2016	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 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	1.79	1.68
CZ*	2.25	2.17	2.01	2.17	2.22	2.17	2.25	2.41	2.49	2.58	2.81	2.89	2.91	2.71
DE	1.81	1.68	1.63	1.80	1.83	1.85	1.83	1.85	1.90	1.87	1.86	1.79	1.63	1.39
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	0.73	0.56
ES	2.04	2.02	1.97	1.97	1.92	1.99	1.91	1.96	1.94	1.96	2.01	2.11	2.12	1.95
FI	1.20	1.16	1.16	1.13	1.07	1.02	0.95	0.92	0.87	0.88	0.86	0.81	0.76	0.72
FR***	1.69	1.46	1.32	1.45	1.54	1.55	1.52	1.48	1.45	1.43	1.41	1.42	1.29	1.19
HU	4.58	4.34	4.06	3.91	3.59	3.43	3.01	4.31	4.31	4.87	5.45	5.17	5.04	4.86
IE	3.34	3.26	3.22	3.16	3.22	3.20	3.07	3.02	3.06	2.97	2.95	2.96	2.95	2.93
IT	2.20	2.02	2.02	2.11	2.10	2.02	1.90	1.88	1.80	1.80	1.89	1.85	1.77	1.44
NL**	2.64	2.60	2.41	2.39	2.42	2.42	2.41	2.39	2.41	2.40	2.40	2.41	2.31	2.16
PL	4.50	4.40	4.40	4.40	4.40	4.40	4.40	4.30	4.30	4.40	4.40	4.30	4.30	4.40
PT	1.86	1.76	1.77	1.70	1.61	1.48	1.52	1.51	1.41	1.33	1.63	1.31	1.32	1.02
RO****	3.32	3.56	3.52	3.72	3.34	3.61	4.42	4.77	4.99	5.48	5.70	5.85	5.17	5.38
SE	1.60	1.59	1.57	1.65	1.52	1.53	1.56	1.52	1.51	1.48	1.47	1.57	1.53	1.52
UK	2.41	2.30	2.16	2.09	2.05	1.98	1.98	2.03	2.09	2.10	2.10	2.11	2.08	2.05

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

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

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

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

NOTE:

Data refers to quarter averages.

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

For Hungary the 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

Source: European Mortgage Federation



TABLE 5B | MORTGAGE INTEREST RATES

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BE	2.48	2.46	2.25	2.06	1.95	1.58	1.51	1.57	1.58	1.64	1.60	1.53
CZ	2.04	2.40	2.51	2.25	2.28	2.57	2.53	2.88	3.12	2.97	3.15	2.8
DE	1.95	2.10	2.10	2.04	2.05	2.05	2.08	2.14	2.04	2.06	2.01	1.91
DK*	1.09	1.11	1.09	0.94	0.87	0.87	0.84	0.79	0.76	0.78	0.73	0.56
ES	1.62	1.57	1.51	1.68	1.57	1.60	1.56	1.57	1.64	1.70	1.75	1.60
FI	1.09	1.06	1.02	1.00	0.94	0.90	0.84	0.85	0.86	0.82	0.77	0.73
FR	1.12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HU	4.06	3.91	3.59	3.43	3.01	3.18	3.18	3.41	2.78	3.53	3.23	3.62
IE	3.14	3.03	3.18	3.17	3.03	2.96	3.11	3.04	3.03	3.11	3.08	3.14
IT	1.70	1.72	1.66	1.63	1.53	1.54	1.47	1.51	1.52	1.47	1.48	1.37
NL	1.95	1.95	1.97	1.98	1.96	1.95	1.91	1.89	1.87	1.88	1.87	1.85
PT	1.77	1.70	1.61	1.48	1.52	1.51	1.41	1.33	1.36	1.31	1.32	1.02
RO**	3.42	3.62	3.29	3.56	4.46	4.78	4.48	5.41	5.55	5.75	5.01	5.27
SE	1.57	1.65	1.52	1.53	1.56	1.52	1.45	1.46	1.42	1.47	1.45	1.41
UK***	1.87	1.92	1.90	1.78	1.84	—	—	—	—	—	—	—

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BE	2.09	2.12	2.09	1.96	1.86	1.94	1.82	1.54	1.73	1.73	1.68	1.73
CZ	2.06	2.16	2.12	2.14	2.24	2.38	2.50	2.53	2.71	2.86	2.83	2.72
DE	1.65	1.67	1.73	1.77	1.70	1.72	1.74	1.72	1.71	1.66	1.48	1.4
DK*	1.26	1.24	1.22	1.16	1.12	1.12	1.17	1.24	1.17	1.01	0.80	0.50
ES	1.95	1.85	1.71	1.74	1.67	1.69	1.67	1.74	1.76	1.85	2.00	1.80
FI	1.27	1.16	1.12	1.13	1.15	1.18	1.02	1.06	1.04	1.05	1.07	1.16
HU	5.80	5.79	5.40	5.14	4.63	4.31	4.31	4.87	4.80	4.51	4.87	4.87
IE	3.34	3.32	3.27	3.22	3.10	3.07	3.03	2.94	2.92	2.90	2.90	2.85
NL	2.11	2.15	2.20	2.23	2.21	2.15	2.15	2.10	2.11	2.12	2.11	2.03
RO**	4.93	4.96	5.01	4.84	4.37	4.49	5.11	5.49	5.96	6.04	5.93	5.94
SE	1.56	1.61	1.65	1.65	1.65	1.67	1.61	1.60	1.57	1.57	1.49	1.46
UK	2.20	2.09	2.05	1.99	1.97	2.03	2.09	2.11	2.13	2.09	2.06	2.03

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BE	1.86	1.93	2.10	2.19	2.16	2.13	1.94	1.84	1.90	1.67	1.61	1.51
CZ	1.86	1.98	2.19	2.13	2.21	2.36	2.43	2.51	2.69	2.83	2.78	2.55
DE	1.46	1.63	1.68	1.68	1.67	1.69	1.76	1.71	1.71	1.64	1.47	1.24
DK*	1.57	1.64	1.56	1.53	1.58	1.61	1.72	1.67	1.57	1.25	1.00	0.73
ES	3.99	4.15	4.13	4.26	4.07	4.48	4.45	4.21	3.98	3.97	4.18	4.49
FI	1.82	1.94	1.89	1.92	1.80	1.90	1.70	1.90	2.00	1.84	1.46	1.33
HU	6.88	7.04	6.51	6.27	5.76	5.39	5.27	5.39	5.45	5.17	5.03	4.86
NL	2.34	2.30	2.36	2.34	2.34	2.34	2.39	2.39	2.38	2.39	2.27	2.11
RO**	5.56	5.62	5.57	4.75	5.09	5.40	5.51	6.12	6.40	6.63	6.47	6.44
SE	2.39	2.58	1.94	1.91	2.17	2.20	2.03	2.04	1.86	1.79	1.81	1.54
UK	2.63	2.59	2.69	2.71	2.66	2.63	2.63	2.67	2.67	2.64	2.50	2.33

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

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BE	2.00	2.11	2.16	2.13	2.03	2.01	2.01	1.95	1.95	1.91	1.79	1.68
CZ	2.39	2.44	2.67	2.44	2.57	2.48	2.54	2.48	2.94	2.97	2.80	2.87
DE	1.69	1.88	1.90	1.95	1.92	1.94	1.98	1.95	1.96	1.86	1.67	1.37
DK*	2.89	3.04	2.89	2.82	2.78	2.87	2.85	2.79	2.79	2.53	2.16	1.72
ES	2.19	2.32	2.42	2.44	2.39	2.33	2.29	2.26	2.31	2.44	2.41	2.21
HU	5.98	5.71	5.93	5.67	5.52	5.51	5.76	5.74	5.79	5.61	5.72	5.49
IT****	2.17	2.26	2.30	2.22	2.12	2.07	1.96	1.93	2.06	2.00	1.92	1.46
NL	2.90	2.85	2.90	3.00	3.00	2.90	2.86	2.80	2.82	2.84	2.78	2.63
RO**	5.70	5.86	5.76	3.34	3.69	4.85	4.56	5.56	5.91	6.12	5.26	5.46
UK	n	n	n	n	n	n/a	n/a	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:

- Finland

Source: European Mortgage Federation

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

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
CZECH REPUBLIC											
Variable rate (up to 1Y initial rate fixation)	20.9	20.1	20.0	19.1	18.6	18.7	18.6	18.4	24.1	23.1	23.6
Short-term fixed (1Y-5Y initial rate fixation)	57.5	57.5	56.7	56.3	54.6	53.2	52.4	51.7	46.9	46.4	45.1
Medium-Term fixed (5Y-10Y initial rate fixation)	17.0	17.9	18.9	20.3	22.5	23.7	24.5	25.5	24.4	25.8	26.6
Long-Term fixed (over 10Y initial rate fixation)	4.6	4.5	4.4	4.3	4.4	4.4	4.4	4.5	4.6	4.7	4.8
DENMARK											
Variable rate (up to 1Y initial rate fixation)	38.6	38.8	37.9	36.7	36.3	36.4	35.4	33.4	32.7	32.5	31.5
Short-term fixed (1Y-5Y initial rate fixation)	25.0	24.6	24.9	25.6	25.9	25.9	25.5	26.3	25.9	24.8	24.8
Medium-Term fixed (5Y-10Y initial rate fixation)	36.4	36.6	37.2	37.7	37.8	37.5	39.2	40.2	41.4	42.7	43.7
Long-Term fixed (over 10Y initial rate fixation)											
FINLAND											
Variable rate (up to 1Y initial rate fixation)	90.6	91.1	91.6	92.2	92.7	92.8	93.1	93.3	93.6	93.9	94.1
Short-term fixed (1Y-5Y initial rate fixation)	6.0	5.7	5.3	5.0	4.7	4.4	4.5	4.2	4.1	3.7	3.6
Medium-Term fixed (5Y-10Y initial rate fixation)	3.4	3.2	3.0	2.8	2.6	2.8	2.3	2.5	2.4	2.4	2.3
Long-Term fixed (over 10Y initial rate fixation)											
IRELAND											
Variable rate (up to 1Y initial rate fixation)	88.9	88.0	86.9	85.8	84.3	82.5	80.9	78.6	76.1	73.9	71.9
Short-term fixed (1Y-5Y initial rate fixation)	9.2	10.1	11.2	12.6	13.9	15.6	17.2	19.4	21.6	23.6	25.4
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.9	1.9	1.6	1.7	2.0	1.9	2.0	2.4	2.5	2.8
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)

	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
SWEDEN											
Variable rate (up to 1Y initial rate fixation)	68.1	67.9	68.3	68.3	68.4	68.9	69.01	67.0	64.9	63.8	63.0
Short-term fixed (1Y-5Y initial rate fixation)	30.0	30.3	30.1	30.1	30.2	29.7	20.9	31.6	33.8	34.9	36.0
Medium-Term fixed (5Y-10Y initial rate fixation)	1.9	1.7	1.6	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.0
Long-Term fixed (over 10Y initial rate fixation)											
UNITED KINGDOM											
Variable rate (up to 1Y initial rate fixation)*	44.2	42.4	40.6	38.6	36.6	35.0	33.4	31.6	29.9	28.7	27.5
Short-term fixed (1Y-5Y initial rate fixation)	54.3	56.2	58.0	60.0	61.9	63.4	65.0	66.7	68.4	69.5	70.6
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.8	1.8	1.9
Long-Term fixed (over 10Y initial rate fixation)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
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	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	99.3	Since Q4 2015 FX lending is not allowed any more
EUR denominated	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	0.3	
CHF denominated	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	0.4	
Other FX denominated	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	0.0	
BREAKDOWN BY LOAN ORIGINAL MATURITY											
	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
ITALY											
Maturity less than 5 years	0.7	0.7	0.7	0.7	0.7	0.5	0.6	0.5	0.5	0.5	0.5
Maturity over 5 years	99.3	99.3	99.3	99.3	99.3	99.5	99.5	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

Source: European Mortgage Federation

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



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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
BELGIUM													
Variable rate (up to 1Y initial rate fixation)	0.5	0.3	0.5	1.2	1.6	2.5	4.9	7.4	7.9	6.6	6.0	2.6	1.1
Short-term fixed (1Y-5Y initial rate fixation)	2.1	1.8	2.2	2.5	3.1	4.8	4.2	3.9	5.8	5.9	3.4	2.9	2.0
Medium-Term fixed (5Y-10Y initial rate fixation)	13.9	15.6	16.3	17.2	17.2	18.2	18.1	17.1	20.8	24.6	24.4	25.5	20.4
Long-Term fixed (over 10Y initial rate fixation)	83.6	82.3	81.1	79.1	78.1	74.6	72.9	71.6	65.5	62.9	66.1	69.1	76.6
CZECH REPUBLIC													
Variable rate (up to 1Y initial rate fixation)	17.1	33.4	19.1	16.7	21.1	24.9	16.9	18.5	17.3	23.2	28.7	31.2	32.2
Short-term fixed (1Y-5Y initial rate fixation)	53.0	37.2	50.9	56.6	53.4	45.6	47.8	47.9	47.7	42.4	39.9	35.8	34.3
Medium-Term fixed (5Y-10Y initial rate fixation)	26.8	26.2	26.9	23.7	22.4	26.6	30.9	28.6	29.0	30.0	25.1	27.7	27.3
Long-Term fixed (over 10Y initial rate fixation)	3.1	3.2	3.1	3.0	3.0	3.0	4.3	5.0	6.1	4.3	6.3	5.4	6.2
DENMARK													
Variable rate (up to 1Y initial rate fixation)	11.3	18.4	17.8	17.4	18.6	22.9	13.7	15.5	14.8	18.2	16.6	10.7	5.2
Short-term fixed (1Y-5Y initial rate fixation)	28.1	28.8	35.2	33.0	28.3	39.4	36.7	29.6	25.4	31.2	26.8	14.5	8.6
Medium-Term fixed (5Y-10Y initial rate fixation)	1.8	1.3	1.5	1.0	2.3	0.9	2.1	0.6	1.5	0.9	1.6	0.8	0.7
Long-Term fixed (over 10Y initial rate fixation)	58.8	51.5	45.4	48.7	50.8	36.8	47.6	54.3	58.3	49.8	55.1	74.0	85.4
FINLAND													
Variable rate (up to 1Y initial rate fixation)	93.6	93.3	93.2	94.3	95.6	96.0	96.2	96.4	96.6	96.3	96.1	96.4	96.5
Short-term fixed (1Y-5Y initial rate fixation)	3.5	3.4	3.1	2.8	2.2	1.9	1.8	1.8	1.4	1.7	1.8	1.5	1.3
Medium-Term fixed (5Y-10Y initial rate fixation)	2.9	3.3	3.6	2.9	2.2	2.1	2.0	1.8	2.0	2.0	2.1	2.1	2.2
Long-Term fixed (over 10Y initial rate fixation)													
GERMANY													
Variable rate (up to 1Y initial rate fixation)	11.4	11.8	10.9	11.3	11.6	11.9	11.3	12.5	11.5	11.6	11.4	11.2	10.6
Short-term fixed (1Y-5Y initial rate fixation)	9.0	8.4	8.8	8.5	8.9	8.9	8.8	8.8	8.7	8.7	8.9	8.8	7.7
Medium-Term fixed (5Y-10Y initial rate fixation)	35.7	35.9	36.1	35.2	35.5	35.4	34.4	33.8	34.0	34.6	33.0	32.6	31.5
Long-Term fixed (over 10Y initial rate fixation)	44.0	43.9	44.2	45.0	43.9	43.9	45.5	44.9	45.8	45.1	46.7	47.3	50.1

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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
HUNGARY													
Variable rate (up to 1Y initial rate fixation)	40.8	40.6	43.5	45.9	41.4	38.7	28.1	18.3	11.5	6.5	4.9	3.2	2.6
Short-term fixed (1Y-5Y initial rate fixation)	30.0	31.2	27.2	27.0	32.6	34.2	42.7	46.6	42.4	31.3	26.5	24.7	28.3
Medium-Term fixed (5Y-10Y initial rate fixation)	23.2	21.9	22.5	20.6	19.5	21.2	23.8	29.2	38.4	51.3	57.6	61.4	59.2
Long-Term fixed (over 10Y initial rate fixation)	6.0	6.3	6.8	6.4	6.5	5.9	5.4	5.9	7.8	11.0	11.0	10.7	9.8
IRELAND													
Variable rate (up to 1Y initial rate fixation)	70.0	62.5	59.8	53.4	47.2	43.8	45.6	41.5	36.1	30.9	28.7	27.9	26.4
Short-term fixed (1Y-5Y initial rate fixation)	30.0	37.5	40.2	46.6	52.8	56.2	54.4	58.5	63.9	69.1	71.3	72.1	73.7
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)	36.3	31.2	29.0	31.3	35.5	37.5	36.3	33.4	32.8	30.5	30.8	34.2	31.5
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	63.7	68.8	71.0	68.7	64.5	62.5	63.7	66.6	67.2	69.5	69.2	65.8	68.5
Long-Term fixed (over 10Y initial rate fixation)													
NETHERLANDS													
Variable rate (up to 1Y initial rate fixation)	13.4	11.8	10.7	13.8	14.7	15.3	15.4	16.2	16.3	16.9	18.2	19.7	19.4
Short-term fixed (1Y-5Y initial rate fixation)	12.5	9.9	8.3	10.0	8.7	8.9	9.3	10.2	10.0	9.2	9.3	10.0	8.7
Medium-Term fixed (5Y-10Y initial rate fixation)	51.4	56.5	57.9	54.3	55.5	55.3	53.4	48.2	43.8	43.1	42.5	42.7	44.1
Long-Term fixed (over 10Y initial rate fixation)	22.7	21.8	23.0	21.9	21.2	20.5	21.8	25.4	29.9	30.8	30.0	27.5	27.8



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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 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)	62.6	61.0	63.3	58.9	60.1	59.1	61.3	68.2	64.0	66.3	82.9	76.9	70.81
Short-term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	37.4	39.0	36.7	41.1	39.9	40.9	38.7	31.8	36.0	33.7	17.1	23.1	29.2
Long-Term fixed (over 10Y initial rate fixation)													
ROMANIA													
Variable rate (up to 1Y initial rate fixation)	94.9	93.9	93.6	97.5	88.8	78.5	73.2	77.7	75.0	69.9	74.3	76.2	79.4
Short-term fixed (1Y-5Y initial rate fixation)	4.0	5.0	4.8	1.7	2.5	10.3	15.5	8.5	11.3	13.6	13.2	10.8	10.0
Medium-Term fixed (5Y-10Y initial rate fixation)	0.6	0.9	1.1	0.5	1.9	3.5	5.6	6.0	6.7	8.5	3.8	2.6	2.5
Long-Term fixed (over 10Y initial rate fixation)	0.4	0.2	0.5	0.3	6.7	7.8	5.7	7.9	7.0	8.0	8.7	10.5	8.1
SPAIN													
Variable rate (up to 1Y initial rate fixation)	46.8	42.2	41.7	42.0	43.9	42.3	36.3	36.8	36.2	35.7	34.4	38.1	36.3
Short-term fixed (1Y-5Y initial rate fixation)	25.1	23.4	24.8	26.2	27.2	28.5	29.7	28.39	28.2	26.6	26.8	27.0	28.8
Medium-Term fixed (5Y-10Y initial rate fixation)	3.5	4.0	4.7	4.4	3.9	3.9	4.1	4.24	4.7	4.8	5.6	4.5	3.5
Long-Term fixed (over 10Y initial rate fixation)	24.6	30.5	28.9	27.4	25.0	25.3	29.9	30.58	30.8	32.8	33.3	30.4	31.4

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

	III 2016	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
SWEDEN													
Variable rate (up to 1Y initial rate fixation)	76.3	77.1	72.7	72.9	72.5	69.0	70.3	72.9	72.2	62.1	54.9	60.8	63.0
Short-term fixed (1Y-5Y initial rate fixation)	16.6	15.8	19.6	19.8	18.9	20.4	20.8	20.2	20.9	29.8	36.2	31.6	27.0
Medium-Term fixed (5Y-10Y initial rate fixation)	7.1	7.2	7.7	7.3	8.6	10.7	8.9	6.9	6.8	8.1	8.9	7.6	10.0
Long-Term fixed (over 10Y initial rate fixation)													
UNITED KINGDOM													
Variable rate (up to 1Y initial rate fixation)*	16.1	16.6	15.8	11.6	11.0	7.4	6.7	6.7	8.3	6.8	7.9	6.6	7.4
Short-term fixed (1Y-5Y initial rate fixation)	82.8	81.6	82.0	86.7	87.6	90.9	91.6	91.7	90.0	91.7	90.5	91.8	90.7
Medium-Term fixed (5Y-10Y initial rate fixation)	1.1	1.8	2.2	1.7	1.4	1.7	1.7	1.6	1.7	1.5	1.6	1.6	1.9
Long-Term fixed (over 10Y initial rate fixation)	n	n	n	n	n	n	n/a	n/a	n/a	0	0	0	0.1

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:

- Spain
- United Kingdom
- Czech Republic

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEY

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

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

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

During the third quarter of 2019, the trend reverted presenting negative values as it was the case at the end of 2018. The overall credit standards to households for house purchase eased in the Euro Area by 2% on average, despite the expectations signalled unchanged credit standards. And still below the historical average since 2003.

The main factors contributing to the easing of the credit standards were the pressure from competition and lower risk perceptions. However, banks' risk tolerance continued pushing in the other direction for the tightening of the credit conditions.

Focusing on the biggest countries in the Euro Area we observe that credit standards eased in two countries, namely Italy and the Netherlands, while they remained unchanged for Spain, Germany and France. The reasons behind these different trends are heterogenous. In Italy credit conditions eased thanks to the pressure of competition, meanwhile in the Netherlands the main drivers of

the easing were bank's risk perception and competition with some tightening pressure due to banks' risk tolerance. In France credit standards experienced a slightly eased because of the pressure coming from risk perceptions. Finally, in Germany and Spain components didn't experience any change, therefore, credit conditions remained unchanged.

Moving now to the rest of the countries of our sample we observe that credit conditions remained unchanged in the majority of countries. Nevertheless, some of the jurisdictions of the sample experienced significant changes in their credit standards. This is the case for Malta and Slovakia where credit conditions tightened by 60 and 78% respectively, or for Luxembourg or the Netherlands where they eased by 33 and 30% respectively.

Moreover, credit standards are expected to remain unchanged for the last quarter of the year.

Looking at the rejection rate, the share of rejected applications increased as in the previous quarter by 3%. The increase was especially important in Germany and Spain while it remained practically unchanged in the Netherlands and Italy if we look at the five biggest countries.

tightened by a small 1%. In Denmark credit conditions remained practically unchanged with a small 0.4% ease. In Poland there was a change towards the tightening of credit conditions for housing purchase loans, the tightening was of almost 33%. In the Czech Republic the trend changed in the third quarter of the year and credit conditions tightened by 18%. However, in Hungary and Romania credit conditions remained unchanged during the last quarter.

Outside the Euro area, in the UK for third consecutive quarter credit conditions

TABLE 6B | FACTORS THAT HAVE AFFECTED SUPPLY IN 2019-Q2 (BACKWARD-LOOKING 3 MONTHS) (AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

III 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	14	25	0	0	0	0	0	0	0	-10	0	-33	0	60	-30	0	0	78	-2	18	0	0	32	0	1	
FACTORS AFFECTING CREDIT STANDARDS:																										
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	0	0	0	0	-17	0	0	0	0	0	0	0	-32	—	-30	3	0	0	0
Perception of risk	0	25	0	0	0	0	0	0	0	0	0	-17	0	0	2	0	0	60	2	—	14	0	—	—	—	—
Pressure from competition	-14	0	0	0	7	0	0	0	0	-5	0	-33	0	0	-32	0	0	-14	-5	-6	-6	-12	0	0	0	-1
Risk Tolerance	10	17	0	0	4	0	0	-3	0	0	0	-11	0	0	-32	0	0	-9	-2	4	14	-12	-1	0	4	

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

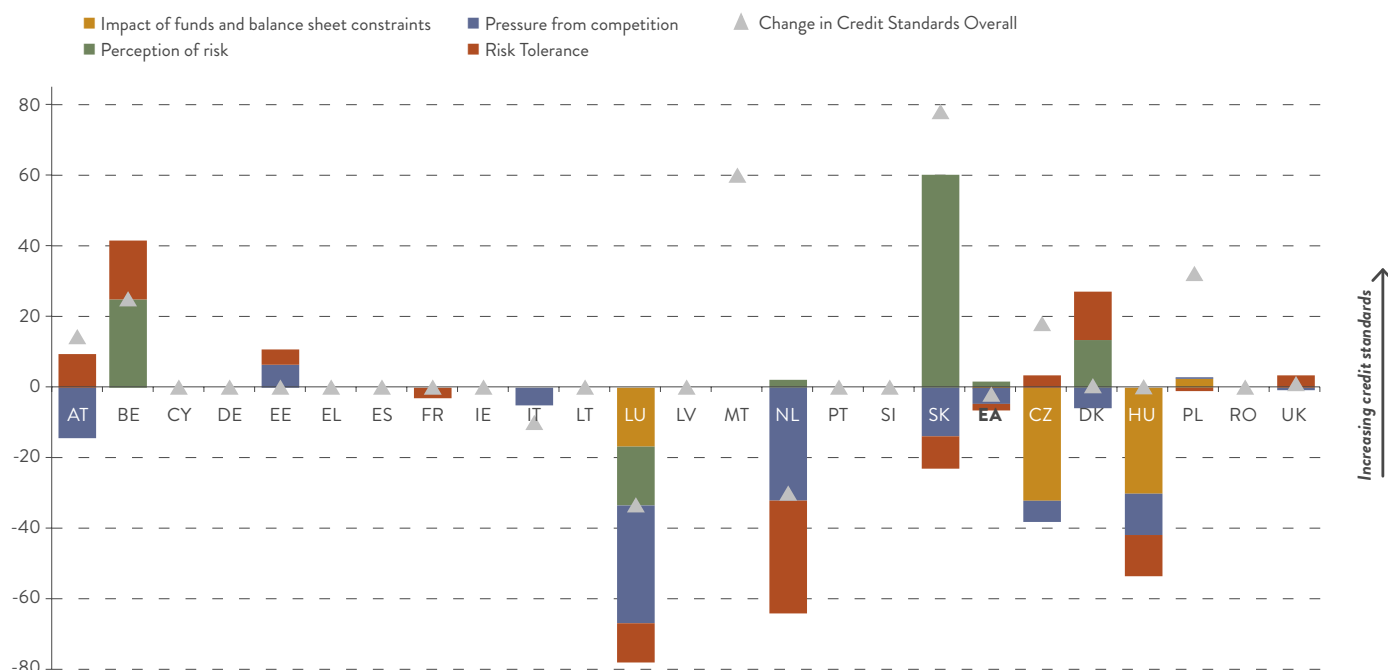
For CZ there are different factors and following assumptions were made: cost of funds and balance sheet constraints > impact of funds and balance sheet constraints; pressure from other banks and non-banks > pressure from competition.

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 you 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)

	IV 2016	I 2017	II 2017	III 2017	IV 2017	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019
AT	0	29	29	43	14	14	0	-14	-14	14	14	29
BE	50	-50	0	-25	0	0	0	0	25	0	0	0
CY	75	25	25	75	100	80	100	50	25	25	50	0
DE	3	4	-7	0	0	14	21	3	10	14	38	28
EE	25	0	38	25	13	20	30	0	0	13	13	0
EL	25	-25	0	25	0	25	25	25	100	50	0	75
ES	0	11	11	11	11	22	22	22	-11	11	0	-33
FR	52	68	29	-21	-21	-40	17	-22	-20	20	28	28
IE	10	30	20	20	20	10	30	-10	10	50	20	0
IT	75	29	10	30	10	10	20	10	10	0	20	10
LT	0	25	0	-25	0	0	25	0	25	0	0	0
LU	17	-17	33	67	17	17	17	-17	17	17	0	-17
LV	0	0	25	33	50	75	50	25	25	25	25	25
MT	0	-45	14	14	13	55	55	56	-25	43	0	-82
NL	78	-10	72	53	47	33	51	49	52	49	50	14
PT	60	80	60	40	80	40	40	60	20	-20	40	40
SI	20	20	40	20	40	0	20	-20	0	-20	-20	-20
SK	34	50	12	10	34	-26	93	-2	-15	-20	-25	-1
EA	36	24	19	12	8	5	23	5	12	14	26	15
CZ	90	3	1	-32	39	-25	-2	45	-28	-72	29	18
DK*	-20	2	-11	14	2	-11	0	11	28	11	-14	-30
HU	78	77	96	42	51	72	85	51	65	75	60	-44
PL	19	22	29	-14	-13	76	40	11	13	26	54	38
RO	45	45	9	19	-31	50	-15	-39	-33	8	-17	2
UK**	6	-15	2	-6	8	-29	5	3	24	-2	-29	-13

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"

Net credit demand for housing loans during the third quarter of 2019 increased substantially by 15%, however, it represents a smaller rise than the one experienced in the previous quarter when credit demand increased by 26%. The increased experienced this year still remains above the historical average and it is higher than expectations predicted. The change was mainly driven by the low general level of interest rates together with favourable market prospects. Also, important to note that consumer confidence contributed less than in the previous quarter. The only component with a slightly negative effect on demand was the use of alternative sources of finance.

Following the same trend as in the previous quarter, credit demand increased in all five biggest countries of the Euro Area except for Spain where the decrease in demand was significant. Among these countries the main factor driving the

increase in demand was as well the low level of interest rates except for Spain. In France and the Netherlands, demand was supported by consumer confidence as well. Furthermore, debt refinancing, restructuring and renegotiation contributed positively to the development of credit demand in Germany and the Netherlands. On the other hand, the regulatory and fiscal regimes contributed positively in the Netherlands while it had a negative impact in France and Spain. Finally, the use of alternative sources of funding negatively impacted demand in Italy and Spain.

Looking at the whole sample of countries the picture was quite heterogenous, in some jurisdictions such as Austria, Greece and Portugal demand experienced an important positive growth while in Spain, Slovenia and Luxembourg demand on loans for house purchase decreased considerably.

In the UK, demand also dumped for third consecutive quarter by a remarkable 13% compared to the previous months. Likewise, in Denmark demand dropped by 30% compared to the previous quarter of the year. In Hungary demand dropped even more with a fall of 44%. In Poland demand increased by around

38%. Similarly, the demand in the Czech Republic grew by 18% in the third quarter. In Romania on the demand side it went back to the growth path with a small increase of 2%.

TABLE 7B | FACTORS THAT HAVE AFFECTED DEMAND IN 2018-Q4 (BACKWARD-LOOKING 3 MONTHS)
(AS A NETTED AND WEIGHTED PERCENTAGE OF ALL RESPONDENT BANKS)

III 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	29	0	0	28	0	75	-33	28	0	10	0	-17	25	-82	14	-40	-20	-1	15	18	-30	-44	38	2	-13
FACTORS AFFECTING CREDIT STANDARDS:																									
Impact of housing market prospects	-14	0	0	17	0	-11	9	50	0	20	0	17	0	-38	32	20	-20	-28	11	-7	—	—	53	—	—
Other financing needs	43	0	75	34	0	11	37	0	0	20	0	33	0	0	50	40	0	41	29	27	—	—	0	—	—
Consumer confidence	0	0	0	0	25	-22	7	75	0	0	0	0	0	0	32	0	0	-7	3	0	—	—	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	6	—	—	0	—	—

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

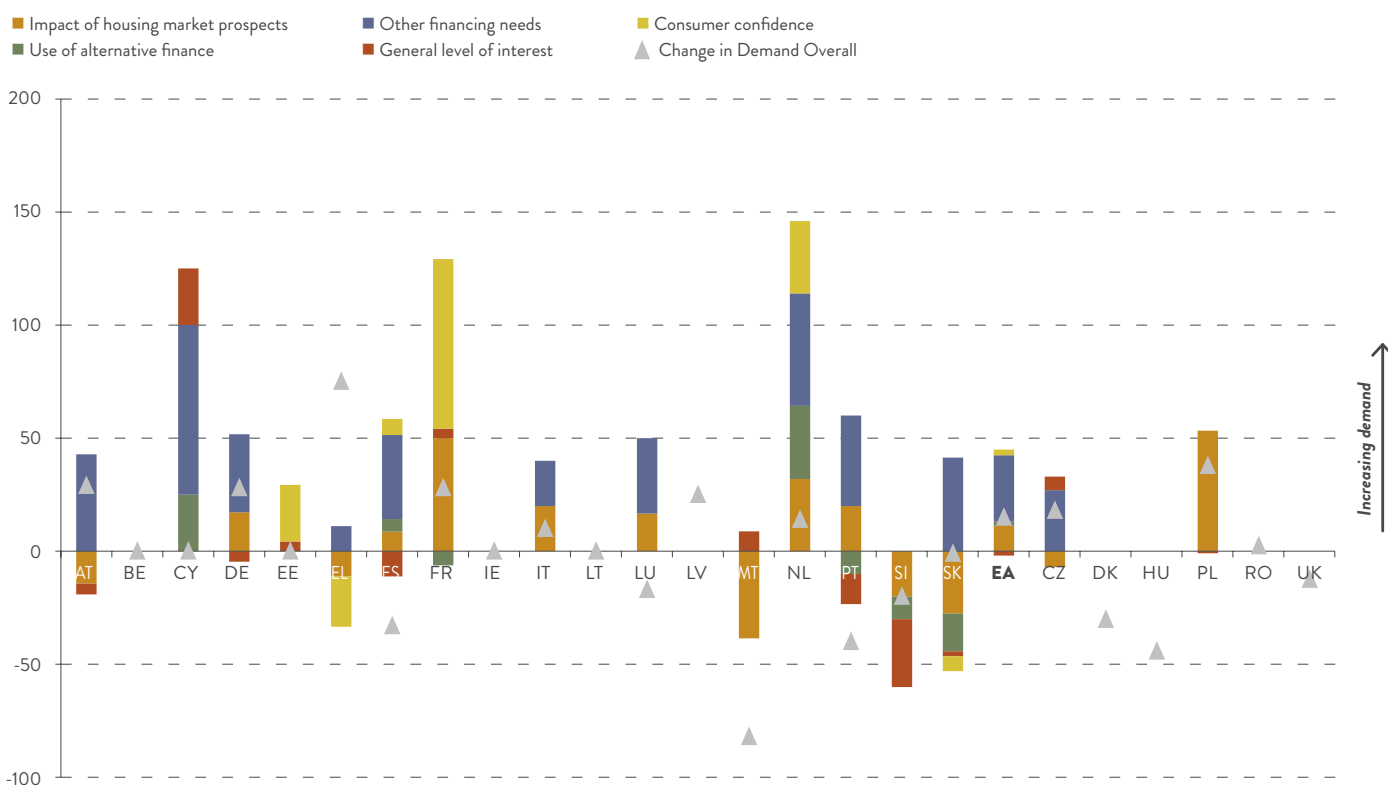
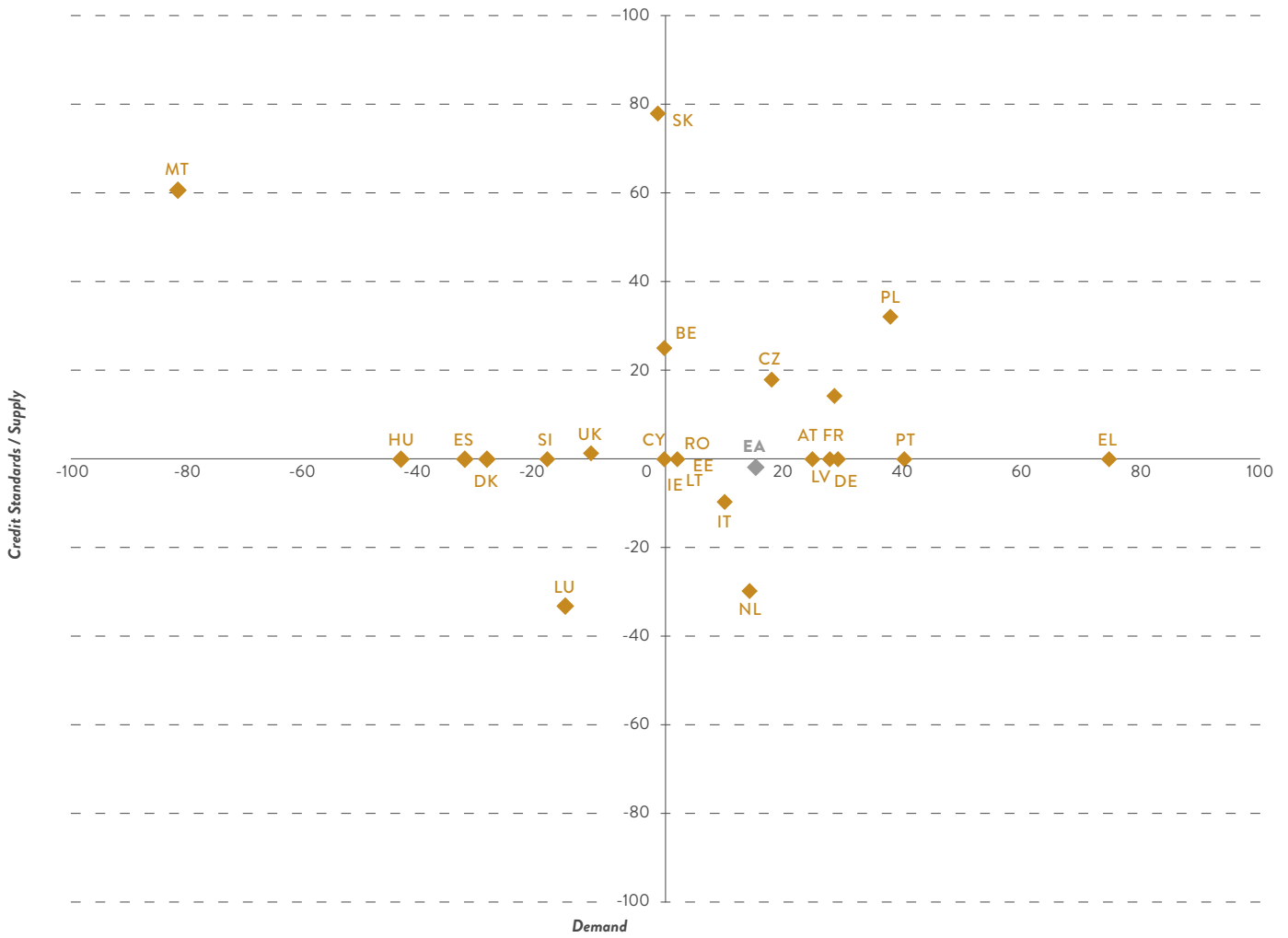


CHART 6 | DEMAND AND SUPPLY OVERVIEW



3. SCATTER PLOT:

In the third quarter of the year the situation depicted by supply and demand experienced some important changes. Overall, we observe that the number of countries which have maintained the demand for housing loans unchanged. Similarly, in supply there has been a slight movement towards the right of the chart.

The number of outliers is still small, nevertheless, some countries like Malta or Greece have experienced important shifts.



Q3 | 2019

QUARTERLY REVIEW
OF EUROPEAN
MORTGAGE MARKETS



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