

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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INTRODUCTION

The second quarter of 2016 ended with the decision of the UK to sever its ties with the rest of the EU, thus opening a period of potentially high political and economic uncertainty throughout the continent, which will manifest its effects on mortgage and housing markets in the months and years to come. For the time being, house prices in the EU¹ continue their upwards trend, on an aggregate level, while the outstanding mortgage lending figure in our sample, after having reached the peak end of 2015, has slightly contracted by 1.8% since then.

MORTGAGE LENDING

As seen during the previous quarter in the spring of 2016, at an aggregate level mortgage lending continues to increase, nuanced by national specificities with some countries also seeing their amount of outstanding mortgages slightly decrease.

In Central and Eastern Europe, several countries saw a pickup in their mortgage lending figures. In the **Czech Republic** gross lending increased by 20% in the first half of 2016 year-on-year (y-o-y), which, along with record levels of volume of mortgages provided, triggered a discussion around the possible

beginning of a real estate bubble. Against this background, the Czech National Bank has introduced a recommendation that tightens mortgages with higher LTVs. Countries like **Hungary** and **Romania** also saw their gross lending increase substantially with respect to the same period of the previous year, by 60% and 113% respectively. In Romania especially the outstanding figures increased by 5% quarter-on-quarter (q-o-q) mostly due to the increase of new mortgages in local currency. The Non-Performing Loan (NPL) ratio for mortgage loans increased to 5.9% from 5.1% in the previous quarter due to the increase in the exposure of debtors deemed unlikely to pay while the volume of loans more than 90 days overdue continued to decrease. Local bank lending indicated an increase in credit standards, which curbed demand for mortgage loans. In Hungary a new decree requires commercial banks to fund at least 15% of their mortgage loan portfolios by mortgage bonds and will enter into force on the 1st of April 2017. Banks will therefore enter into refinancing agreements with mortgage banks. In **Poland** the Central Bank has tightened credit standards for housing loans for the fourth quarter in a row. Banks mainly tightened the collateral requirements by increasing the borrower's own contribution, raising margins and non-interest loan costs and due to a new Act of the 14th of April 2016, which restricts the trade in agricultural properties larger or equal to 0.3 hectares. Notwithstanding this tightening, in Q2 2016 a slight increase in mortgage lending was observed.

¹ In Q1 2016 the sample of the proxy for the amount of total outstanding mortgage lending in the EU28 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 2015). Please, note that at the date of publishing, Q2 2016 data for FI and NL were not yet available and the most recent observations (all from Q4 2015) have been used.

The main reason was the approaching end of the government-subsidised “Flat for youth” housing scheme, which has already assigned all available funds for 2016 with funds for 2017 also already being fully reserved. In the analysed period this equated to 49,118 new housing loans being granted, an increase of 9.8% q-o-q. The aforementioned tightening is expected to continue into the next quarter with a consequent significant decrease in loan demand.

Moving to Scandinavia, **Sweden**, thanks to favourable macroeconomic conditions, improving household incomes, low interest rates and increases in population and urbanisation, depicts the well-known increase in mortgage lending; however, this seems to have levelled at around 8% y-o-y of net mortgage lending, representing an increase since the beginning of 2016, up from 7% during the same period of the previous year. Increasing household debts and house prices are heavily debated topics, and amortisation rules were imposed in June 2016 following different measures to cool down mortgage lending and house prices. In **Denmark** gross mortgage lending saw a small increase of DKK 16.7 billion in the second quarter of 2016 with respect to previous quarter, but the current DKK 99.8 billion is still DKK 66.6 billion short with respect to Q2 2015. Total outstanding residential loans were DKK 1,781 billion, which marked the highest value seen since Q2 2013.

In **France** the same dynamics as those seen since 2015 are in place, such as a dramatic drop in interest rates and an increased demand for housing. Moreover, the efficiency of government incentives for first-time buyers and investors encouraged the take-off of house building. As a result gross lending increased by 0.64% to EUR 36.1 billion in Q2 2016. In **Belgium** the decrease in credit production in Q2 2016 with respect to the same period in 2015 is mainly due to the exceptionally high and unprecedented number of external re-mortgaging actions taking place in Q2 2015. Indeed, considering only new mortgage loans without refinancing, the figures show a significant increase of 16.29% y-o-y reaching an all-time high of EUR 7.7 billion. Regarding the purpose of the credits granted, housing purchases, construction and purchase with renovation of houses increased by respectively, 12%, 47% and 7% and renovation and refinancing deals decreased by respectively 5% and 37%. As a rule of thumb, the ratio between the number of overdue contracts and the number of outstanding mortgage loans stays stable at around 1.1%, and follows the evolution of the increase of the total number of current mortgage credits.

On the Iberian Peninsula the increase of gross lending in this quarter did not translate into an increase of the outstanding residential mortgage figures. In **Portugal** the stock of residential loans decreased by 3.5% y-o-y, which followed a descending path starting at the end of 2011, flattening since the end of 2014. Gross lending stood at the highest value since Q2 2011 due to the positive perspective on the real estate market and improved macroeconomic and labour market conditions. Equally, in **Spain** gross residential lending has witnessed the best performance since Q4 2010 for the same reasons and despite the ongoing political uncertainty since December 2015. Re-mortgaging also increased notably by 12.7 percentage points, reaching 28.2% of gross residential lending in Q2 2016 with a weighted interest rate of 2.09%. The total outstanding residential loans in Q2 2016 was EUR 555,049 million, representing the same trend as in recent quarters with a decreasing, though flattening dynamic, as increased gross lending is still outpaced by amortised and cancelled loans.

In **Ireland** during Q2 2016 the volume for mortgages drawn down rose by 11.2% y-o-y to 6,803 and the value of mortgage drawdowns grew by 17.9% over the same period reaching EUR 1,286 million. In parallel, the number of mortgage approvals rose by 10% y-o-y. The second quarter marked a significant improvement with respect to the beginning of the year in terms of mortgage drawdowns and volume terms for property purchase, but in year-to-date terms 2016 was similar to 2015 with mortgage drawdowns for property purchase decreasing by 1.4% in volume terms and increasing

by 4.9% in value terms. The Central Bank of Ireland has indicated that the limits on LTV and LTI ratios for new mortgages lending (introduced in February 2015), may have led to an initial surge in mortgage market activity, which, in turn, may have inflated the y-o-y drop in approvals in Q1 2016. In the **UK** the referendum held on the 23rd of June which favoured exiting the EU caused the prospects for the UK economy and the housing market to look very uncertain, as businesses and households adopt a wait-and-see approach for the next few months. Though this decision risks materially affecting prospects for the UK, the starting point is relatively favourable as macroeconomic fundamentals are sound. Gross mortgage lending fell with respect to the previous quarter but was higher than the same period of last year. A reason for the decrease with respect to the beginning of the year was the aftermath of an increase in stamp duty land tax for second homes. This meant that transactions were brought forward into the first quarter of the year to avoid paying a higher rate of tax. For the upcoming six months a slower pace in mortgage activity is foreseen. Lending will be driven more by re-mortgaging than by house purchases. Other factors restricting activity are the already elevated house prices relative to earnings, regulation in the home-owner space as well as the tight supply in the secondary housing market, which continues to cause supply/demand imbalances.

HOUSE PRICES

None of the countries of the sample depict a decreasing trend in the house price. The low interest rate environment together with the well-known demand and supply imbalances continue to support this trend with the usual national peculiarities.

In Central and Eastern Europe countries like the Czech Republic and Hungary depict increased property prices reaching new highs. Specifically, in the **Czech Republic** prices of apartments and housing parcels increased in Q2 2016 at the fastest rate since 2010. Overall the growth in demand for real estate remains bullish with some regional differences. In **Hungary** the number of housing permits grew by 77% q-o-q and by 164% y-o-y with Budapest having tripled this figure y-o-y. Despite the growth in building permit numbers, the number of dwellings handed over in Q2 2016 was still relatively low. However, this figure is expected to change in the near future due to the new dynamics in the number of housing permits issued. House prices continued to grow in Q1 2016, the latest available data, and surpassed the peak observed at the beginning of 2008. The growth rate was 7.6% q-o-q in nominal and 8.8% in real terms, showing the most significant quarterly growth observed since the onset of the Global Financial Crisis. The price development evolved heterogeneously throughout the country with Central Hungary and Western Transdanubia increasing by around 16% in Q1 2016 with respect to the average prices in 2015. Poland on the other hand depicts quite stable house prices in Q2 2016.

Moving north, in **Sweden** house prices are still growing buoyantly, though at a slower pace with respect to 2015, with one-family homes and apartments increasing by “only” 8.9% on a yearly basis. Prices for tenant owned apartments saw a 14% increase y-o-y, a decrease of 5 percentage points with respect to the previous year, and this lower growth rate is expected to continue into the next quarters. Though construction continued to increase both in 2015 and in 2016 up to Q2, the figures are still not enough to curb price increases and the quite strict building permits and building standards lead few to expect a construction boom in the country. In **Denmark** house price increases slowed down in Q2 2016 to 4% y-o-y with respect to 5.8% in the same period of 2015. This increase was principally due to the increase in both prices of one-family houses and owner-occupied flats, which grew by 3.7% and 4.4% respectively. Along with house prices, transactions increased during 2016, which rose by 22.5% for one-family and 12.9% for owner-occupied flats in Q1 2016, compared to the 4.3% and 4.9% increases respectively in 2015.

In **France** the progressive take-off of the housing market caused the existing house prices not to decline further in Q1 2016, the latest data available. For existing houses by the end of June 2016 a price increase of 2.6% was seen with respect to the same period of last year. The latest data available shows a 0.3% y-o-y drop in collective housing along with a 0.8% y-o-y increase in the country excluding Paris, while new house prices rose slightly for both types of houses during the same period. In **Belgium** prices for both existing and newly-built houses increased by 2.1% and 3.1% respectively y-o-y. In Q2 2016 the average price of an ordinary house was around EUR 208,000, which marked a 2% increase y-o-y, similar for villas which, on average, cost a little more than EUR 347,000. As for apartments, they increased by 1.9% y-o-y reaching an average of EUR 222,000. In **Germany** the ongoing supply and demand imbalance, especially in city centres, together with improving macroeconomic factors and the lack of investment alternatives continues to push house prices upwards. New construction growth currently provides little relief due to the time lag, which is a result of long planning and investment periods. More specifically, the vdp price index for owner-occupied housing, condominiums and semi-detached houses rose by 6.3%, 7.3% and 5.9% y-o-y respectively. In the medium-term rents and prices are expected to continue their upward trends.

In **Spain** the improved fundamentals improved the house price index by 2% y-o-y setting a price of EUR 1,506 per square metre. **Portugal** also shows a positive trend, which has lasted for the last four quarters, registering a 6.3% y-o-y increase due to the limited construction of buildings against a growing demand of housing purchases and loan requests.

Moving to **Ireland**, a new index has been developed which takes into account the transaction of all properties and not only those based on mortgage transactions. With this new index property prices increased by 4.9% y-o-y and by 3.8% in Dublin, while the rest of the country increased by 11.3%. Rents also continued to increase more outside of Dublin than in the capital and, in general, they increased faster than house prices. As in other countries the reason for this upward trend is to be found in the improved macroeconomic fundamentals and insufficient building activity. In the **UK** house prices continued to grow, notwithstanding the already elevated house prices relative to earnings. Would-be movers are being put off marketing their property as a result of the heightened uncertainty due to Brexit concerns and perhaps not being able to find properties suitable for them to move to.

MORTGAGE INTEREST RATES

Against the background of the very accommodative monetary policy of the European Central Bank (ECB) and its peers, mortgage interest rates continue to stay very low, but more and more jurisdictions are aware that the bottom floor has been reached and some timid signs of increases have been spotted. The continued low interest rate environment shifted countries to more fixed rate contracts since customers would like to lock-in the benefits of the low price of money for buying their homes.

In the **Czech Republic**, notwithstanding the slight decrease in Q2 2016, subsequent reductions will be unlikely. Moreover, with the approaching of the new Consumer Credit Act, which transposes the EU Directive 2014/17/EU, banks are trying to convince customers to take out mortgages with longer maturities (up to 10 years) to lock-in clients as much as is possible before a renegotiation. In **Hungary** the further cut of the interest rate of the Central Bank from 1.05% to 0.9% led to a subsequent drop in the typical mortgage loan's variable rate to 4.56% at the end of the period. The most typical interest rate is the variable one linked to the three-month BUBOR (Budapest Interbank Rate), but fixed rates are also offered. In **Romania**, with mortgage rates at 3.32%, these were slightly below the level of Q1 2016.

In **Sweden** mortgage interest rates were stable in the last quarter. Variable and medium-term initial fixed rates increased slightly to 1.4% and 1.6% respectively, while the longer initial fixed rates decreased slightly to 2.4%. In **Denmark** interest rates with different initial fixed periods moved in opposite directions with short fixed term loans increasing slightly and long fixed term loans decreasing by 0.32 percentage points to 3.35%. The representative interest rate on new loans rose marginally to 1.26%.

In **France** interest rates continued their downward path reaching an average of 1.69% and in the UK mortgage rates continued to fall in Q2 2016 on a number of measures reaching or setting new record lows.

In **Portugal** the variable interest rate applied by banks is made up of two components, the external index such as the three- or six-month Euribor and a spread. With the former at minimum levels, average mortgage interest rates have also been decreasing since Q2 2014, reaching 1.86% in Q2 2016. From the available indicators it can be said that **Spain** concluded the adjustment process and started the consolidation of a stable recovery of the housing market, but the path is still long. Interest rates in Spain remained low together with the Euribor, the benchmark for 91% of Spanish mortgages, which reached its historic low of -0.056%. The average interest rate for residential loans was 2.04% in Q2 2016, 21 basis points less than the interest rate asked a year ago. On quarterly terms all rates dropped and all except the medium-term fixed registered a historic low in Q2 2016. The ongoing low interest rates, coupled with the benefits in terms of financial stability and planning, increased the attractiveness and therefore the market share of long-term fixed rate loans, which represented more than a third of new loans in Q2 2016, compared to 10.7% in Q1 and to the marginal 1% in Q4 2014. The foreseen lack of change in market conditions will continue to favour long-term fixed loans in the upcoming quarters. In **Ireland** 34% of new mortgage loan agreements, including renegotiations, were based on fixed rates, namely those with an initial fixation period of more than one year. This figure confirms the share of fixed rates since Q1 2015, compared with the long-run average of only 20%. Mortgage rates on outstanding loans are also heavily influenced by the ECB base rate because about half of all mortgages outstanding are on tracker rates, which average 1.01%. In **Belgium** around 91% of loans have a fixed period of more than 10 years while those with an initial fixed period of between three and 10 years count for around 8%, leaving only a marginal amount of loans with an initial fixed period of up to one year.

Chart 1a ► Countries where gross residential lending has remained below 50% of 2007 levels

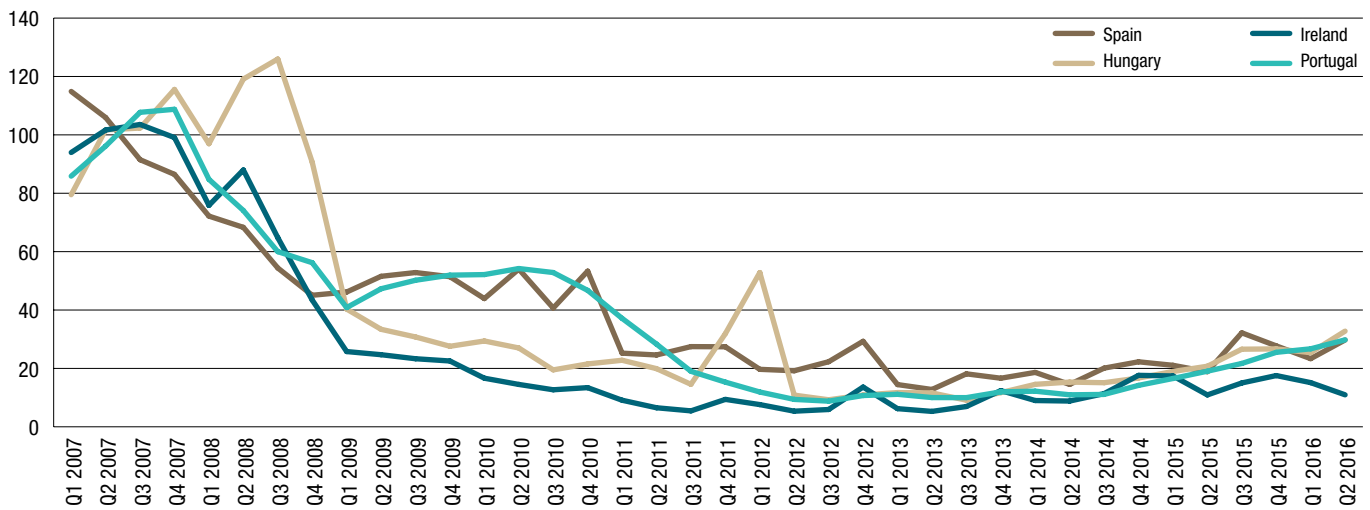


Chart 1b ► Countries where gross residential lending has remained below, but above 50% of, 2007 levels

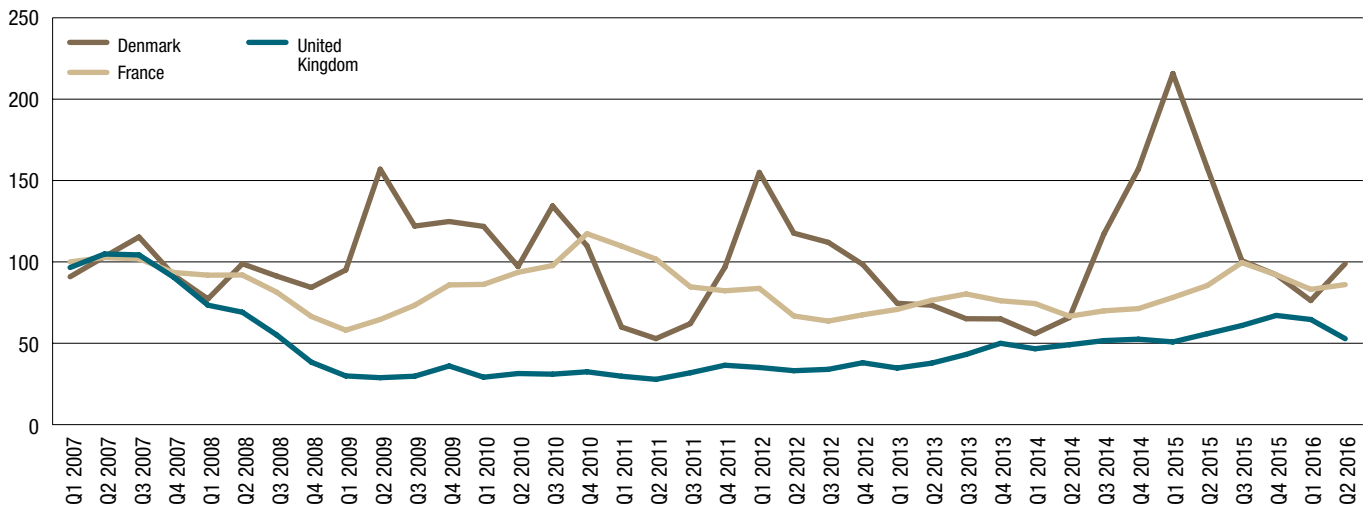


Chart 1c ► Countries where gross residential lending has risen above 2007 levels

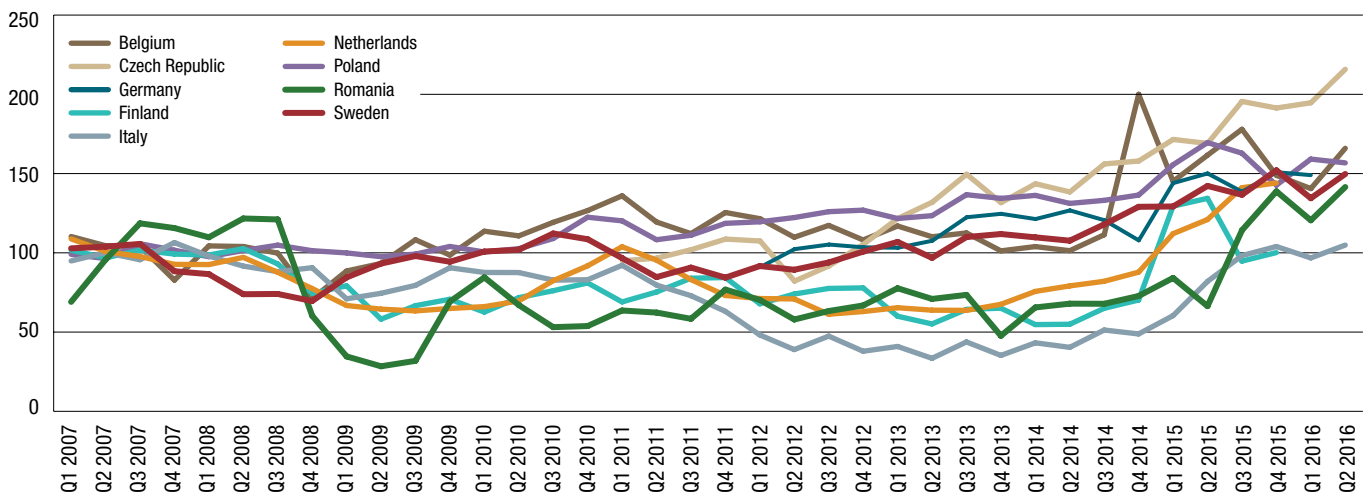
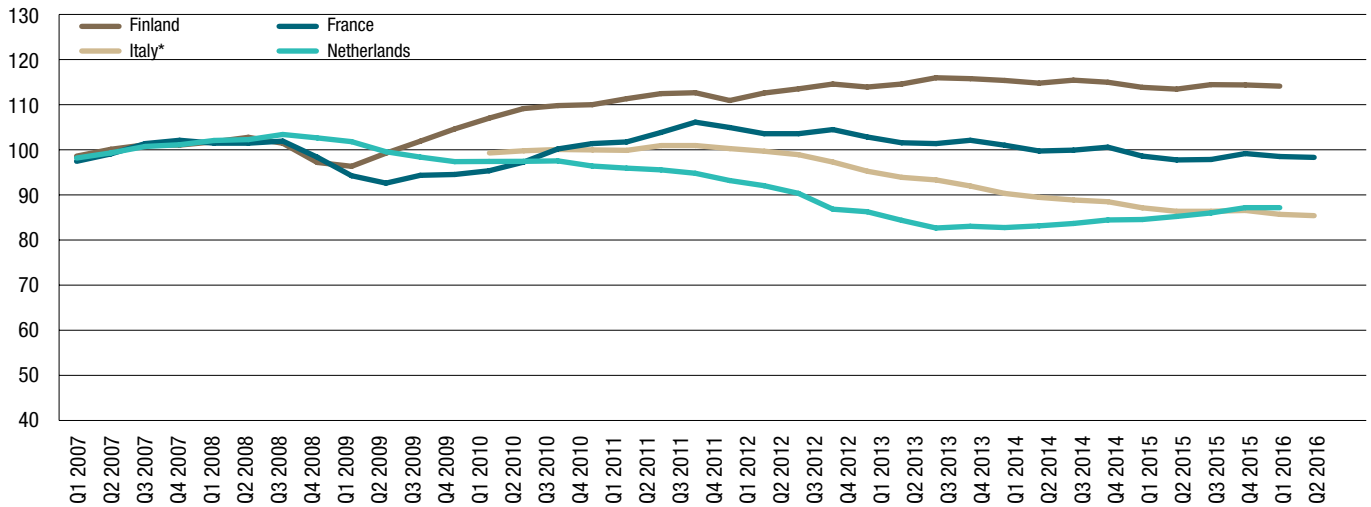


Chart 2a Countries where house prices have fallen in the available latest quarter



* 2009 = 100

Chart 2b Countries where house prices have risen slightly over the latest quarter

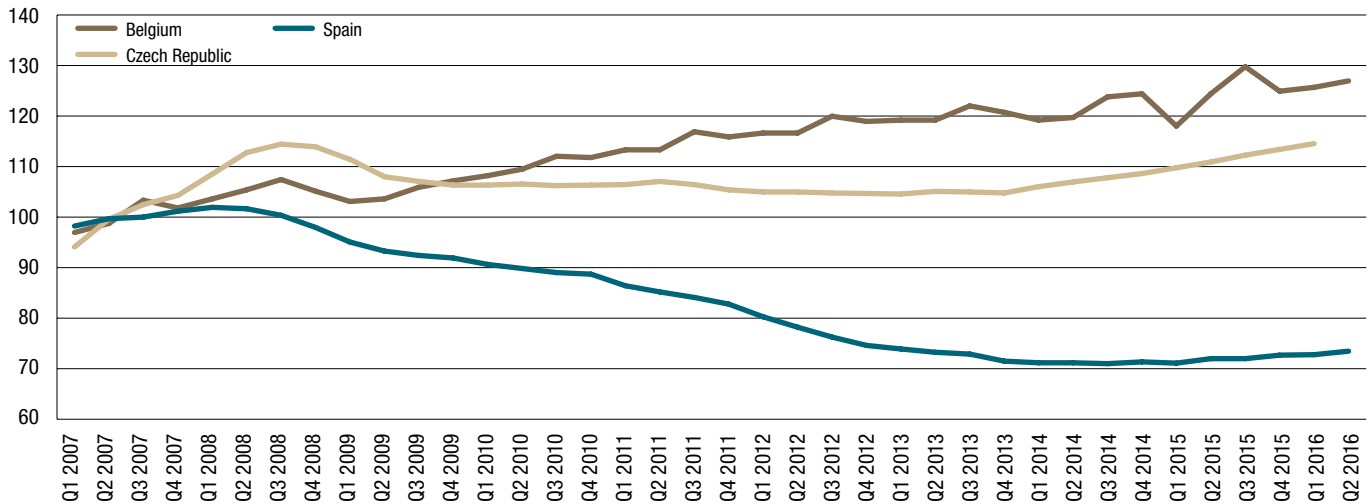
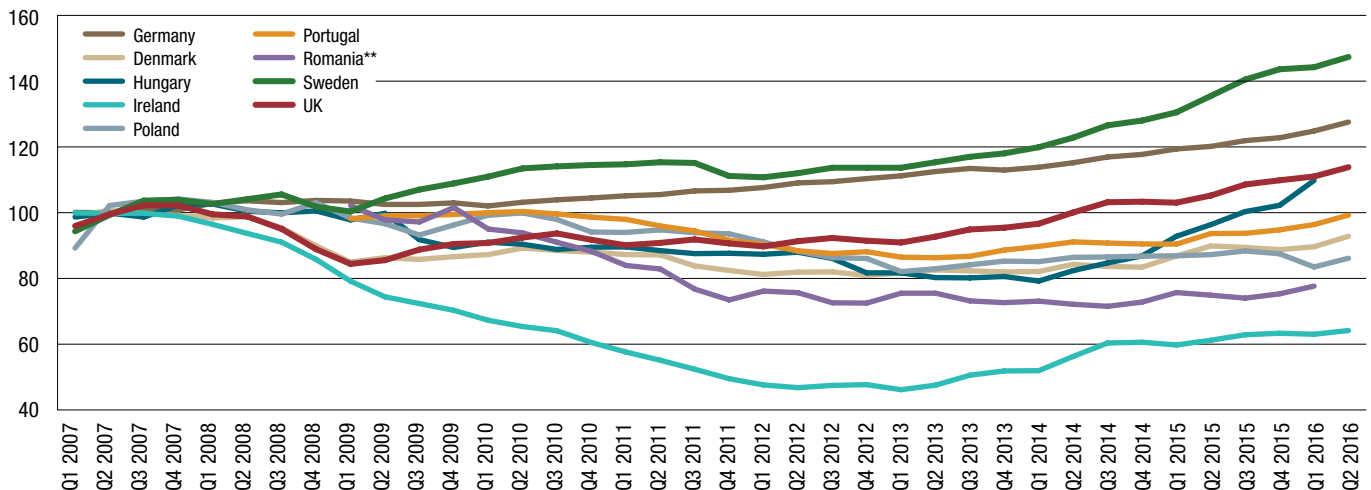


Chart 2c Countries where house prices have risen by at least 1.5% over the latest quarter



** 2010=100

Table 1 ▶ Total Outstanding Residential Mortgage Lending (Million EUR)

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	latest y-o-y change (%), Q2 16, EUR values	previous y-o-y change (%), Q1 16, EUR values	latest y-o-y change (%), Q2 16, local currency	previous y-o-y change (%), Q1 16, local currency
BE	192,966	197,327	199,255	201,814	204,810	207,590	209,664	211,274	4.7	5.2	4.7	5.2
CZ	28,457	28,732	29,296	30,313	31,120	32,085	32,347	33,038	9.0	10.4	8.5	8.5
DE	1,226,333	1,237,410	1,241,891	1,253,938	1,267,608	1,278,909	1,284,485	1,297,324	3.5	3.4	3.5	3.4
DK*	238,084	238,134	237,399	234,731	235,257	235,303	236,838	239,414	2.0	-0.2	1.7	-0.5
ES	593,209	586,609	580,564	575,693	569,005	562,828	557,044	555,049	-3.6	-4.1	-3.6	-4.1
FI	89,389	89,762	89,919	90,717	91,363	91,955	n/a	n/a	n/a	n/a	n/a	n/a
FR	828,000	833,120	841,940	845,778	857,481	866,401	871,009	880,280	4.1	3.5	4.1	3.5
HU	17,393	17,146	16,557	15,511	15,319	14,845	14,671	14,410	-7.1	-11.4	-6.5	-7.0
IE	116,937	115,696	114,305	113,030	111,725	110,629	109,513	108,890	-3.7	-4.2	-3.7	-4.2
IT	359,269	359,137	358,649	358,882	359,139	361,835	361,806	363,915	1.4	0.9	1.4	0.9
NL	628,470	631,101	635,515	635,116	637,625	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PL**	83,538	82,555	89,797	89,451	87,635	88,121	88,290	86,553	-3.2	-1.7	2.4	2.5
PT	103,671	102,469	101,544	100,786	100,387	98,516	97,820	97,229	-3.5	-3.7	-3.5	-3.7
RO	9,793	10,095	10,436	10,748	11,086	11,501	11,806	12,296	14.4	13.1	14.4	14.7
SE	342,542	339,152	348,597	358,951	357,899	374,754	379,052	379,606	5.8	8.7	8.2	8.0
UK	1,612,637	1,612,453	1,732,805	1,780,441	1,727,335	1,741,204	1,630,938	1,581,269	-11.2	-5.9	3.2	2.4

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:

- United Kingdom

Table 2 ► Gross Residential Mortgage Lending (million EUR)

	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	latest y-o-y change (%), Q2 16, EUR values	previous y-o-y change (%), Q1 16, EUR values	latest y-o-y change (%), Q2 16, local currency	previous y-o-y change (%), Q1 16, local currency
BE	6,325	12,215	7,342	9,390	10,152	9,272	7,081	9,640	2.7	-3.6	2.7	-3.6
CZ*	1,783	1,929	1,840	2,232	2,257	2,331	2,118	2,794	25.2	15.1	24.6	13.1
DE	45,500	46,500	48,300	56,200	55,500	48,600	49,500	51,900	-7.7	2.5	-7.7	2.5
DK	10,238	15,016	18,983	13,766	8,754	9,152	6,415	8,482	-38.4	-66.2	-38.6	-66.3
ES	5,552	8,024	7,339	8,372	9,986	10,024	8,172	12,356	47.6	11.4	47.6	11.4
FI	4,452	4,398	9,352	10,705	6,646	6,604	n/a	n/a	n/a	n/a	n/a	n/a
FR	32,589	31,631	29,408	35,875	45,527	40,702	31,580	36,106	0.6	7.4	0.6	7.4
HU	269	243	212	297	436	388	306	472	59.1	44.5	60.1	51.6
IE	1,126	1,341	1,286	999	1,438	1,335	1,091	1,002	0.3	-15.2	0.3	-15.2
IT**	8,146	10,556	10,707	16,976	17,343	21,364	17,840	21,471	26.5	66.6	26.5	66.6
NL	17,360	18,768	21,676	25,510	29,790	30,623	n/a	n/a	n/a	n/a	n/a	n/a
PL	2,129	1,901	2202,0	2538,7	2436,2	2635,4	2288,1	2628,6	3.5	3.9	9.6	8.3
PT	573	690	715	950	1,098	1,250	1,218	1,481	55.9	70.3	55.9	70.3
RO	425	459	382	377	689	835	589	805	113.7	54.3	113.7	56.4
SE	11,996	15,001	12,955	16,737	14,070	17,560	13,532	17,575	5.0	4.5	7.4	3.7
UK	70,735	65,085	61,298	73,145	82,894	84,217	79,376	69,134	-5.5	29.5	9.8	40.9

* Data break on Q1 2013 due to change in sources.

Source: European Mortgage Federation

** Latest data is an estimation.

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

- France
- Germany
- Poland
- Portugal
- United Kingdom

Table 3 ► Change in Outstanding Residential Loans (Million EUR)

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	1,671	1,889	699	1,323	1,461	4,361	1,928	2,559	2,996	2,780	2,074	1,610
CZ	748	-1,188	266	500	469	275	564	1,017	807	965	263	691
DE	9,304	6,356	1,109	6,093	10,309	11,077	4,481	12,047	13,670	11,301	5,576	12,839
DK*	-10,303	492	982	1,694	659	50	-735	-2,668	526	47	1,535	2,576
ES	-8,629	-6,351	-5,558	-3,499	-10,551	-6,600	-6,045	-4,871	-6,688	-6,177	-5,784	-1,995
FI	498	372	90	588	398	373	157	798	645	592	n/a	n/a
FR	8,634	8,629	7,368	0	6,005	5,120	8,820	3,838	11,703	8,920	4,608	9,271
HU	-286	-357	-466	-259	-382	-247	-589	-1,046	-192	-474	-174	-261
IE	-845	-1,123	-714	-2,956	-1,965	-1,241	-1,391	-1,275	-1,305	-1,096	-1,116	-623
IT	-1,545	-973	-1,345	-642	-135	-132	-488	233	257	2,697	-29	2,109
NL	-1,868	-11,904	-1,356	296	-2,562	2,631	4,414	-399	2,509	n/a	n/a	n/a
PL	2,141	1,583	639	1,262	825	-983	7,242	-346	-1,816	486	169	-1,738
PT	-1,029	-959	-1,023	-926	-965	-1,202	-925	-758	-399	-1,871	-696	-591
RO	-130	186	108	343	98	302	342	311	338	415	305	491
SE	8,432	-4,403	-378	-2,961	5,502	-3,389	9,444	10,354	-1,052	16,855	4,298	554
UK	41,167	10,924	14,895	57,787	56,534	-184	120,351	47,636	-53,106	13,869	-110,266	-49,669

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

Source: European Mortgage Federation

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

Refer to Table 1 for eventual revisions.

Table 4 ► House Price Indices, 2007 = 100														
	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	119.2	119.2	122.1	120.8	119.2	119.8	123.9	124.5	118.1	124.5	130.0	125.0	125.8	127.117
CZ	104.6	105.1	105.0	104.8	106.1	107.0	107.9	108.7	109.9	111.1	112.4	113.6	114.8	n/a
DE	111.1	112.4	113.4	112.9	113.8	115.2	117.0	117.8	119.5	120.3	122.1	123.0	125.1	127.9
DK	81.4	82.3	82.0	81.7	81.8	84.1	83.4	83.2	86.7	89.9	89.4	88.7	89.6	92.9
ES	73.7	73.1	72.7	71.3	71.0	71.0	70.8	71.2	70.9	71.8	71.8	72.5	72.6	73.3
FI	114.8	116.2	116.0	115.6	115.0	115.6	115.2	114.0	113.6	114.6	114.6	114.3	n/a	n/a
FR	101.6	101.4	102.2	101.0	99.7	99.9	100.6	98.5	97.7	97.8	99.1	98.4	98.2	n/a
HU	81.4	79.9	79.8	80.3	78.9	82.1	84.5	86.7	92.8	96.4	100.5	102.4	110.2	n/a
IE	45.9	47.3	50.3	51.7	51.7	56.1	60.3	60.5	59.6	61.1	62.8	63.3	63.0	64.1
IT*	93.9	93.3	91.9	90.2	89.3	88.7	88.3	86.9	86.1	86.1	86.3	85.4	85.1	n/a
NL	84.1	82.4	82.8	82.5	82.9	83.4	84.2	84.3	85.0	85.8	87.0	87.0	n/a	n/a
PL	81.7	82.6	83.9	85.0	84.9	86.2	86.3	86.6	86.7	87.1	88.2	87.3	83.2	85.9322
PT	86.1	85.9	86.4	88.4	89.6	91.0	90.6	90.3	90.3	93.7	93.8	94.9	96.6	99.58
RO**	75.3	75.3	72.9	72.3	72.8	71.8	71.2	72.5	75.5	74.7	73.7	75.1	77.5	n/a
SE	113.5	115.2	116.9	118.0	119.9	122.8	126.6	128.1	130.6	135.7	140.7	143.9	144.5	147.657
UK	90.7	92.6	94.8	95.3	96.6	100.1	103.3	103.4	103.1	105.4	108.8	110.1	111.3	114.2

* 2010=100

Source: European Mortgage Federation

** 2009=100

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" (includes existing and new dwellings).

Greece: urban areas house price index (other than Athens); the time series has been updated

Hungary: FHB house price index (residential properties)

Ireland: new series of House Price Index of the Central Statistics Office

Netherlands: Source: ECB. Data on existing dwellings.

Poland: Weighted average price for the seven largest Polish cities

Portugal: Confidencial Imobiliário 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
- Czech Republic
- Ireland
- United Kingdom

Table 5A ► Mortgage Interest Rates (% , weighted average)

	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	3.37	3.41	3.56	3.50	3.32	3.04	2.79	2.54	2.43	2.46	2.48	2.27	2.05
CZ*	3.24	3.24	3.26	3.33	3.12	2.99	2.56	2.68	2.48	2.48	2.42	2.37	2.25
DE	2.70	2.74	2.84	2.79	2.63	2.39	2.18	1.93	1.83	2.03	2.00	1.91	1.81
DK**	1.14	1.22	1.22	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.26
ES	3.08	3.00	3.01	3.13	3.05	2.94	2.72	2.47	2.25	2.17	2.08	2.02	2.04
FI	1.99	1.99	1.97	1.94	1.83	1.66	1.63	1.38	1.36	1.34	1.27	—	—
FR***	3.13	3.11	3.18	3.01	2.83	2.63	2.40	2.17	2.01	2.14	2.18	2.02	1.69
HU	9.82	8.91	8.69	7.50	7.06	6.80	6.32	5.84	5.04	4.57	4.85	4.89	4.56
IE	3.40	3.52	3.41	3.36	3.27	3.58	3.83	3.62	3.47	3.41	3.42	3.31	3.34
IT	3.64	3.68	3.50	3.44	3.26	2.99	2.84	2.68	2.77	2.67	2.50	2.33	2.20
NL	3.80	3.65	3.62	3.55	3.44	3.31	3.18	3.09	2.88	2.89	2.83	—	—
PL	5.20	5.20	5.30	5.30	5.30	5.20	4.70	4.40	4.30	4.40	4.40	4.40	4.50
PT	3.19	3.19	3.27	3.37	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86
RO****	4.50	4.85	5.36	5.19	5.19	5.04	4.66	3.99	3.95	3.94	3.79	3.49	3.32
SE	2.70	2.73	2.58	2.39	2.32	2.11	1.85	1.68	1.54	1.53	1.48	1.50	1.50
UK	3.27	3.14	3.05	3.04	3.12	3.21	3.09	2.76	2.60	2.57	2.54	2.50	2.41

* 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.

Data for Finland has been newly added.

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

- France

Table 5B ► Mortgage Interest Rates**Variable rate and initial fixed period rate up to 1 year (%)**

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	3.14	3.06	3.06	3.11	3.01	2.63	2.74	2.73	2.67	2.48	2.16	2.37
CZ	3.16	3.15	3.40	3.09	3.02	2.37	2.81	2.65	2.76	2.59	2.61	2.32
DE	2.71	2.64	2.73	2.55	2.45	2.29	2.23	2.14	2.20	2.17	2.26	2.12
DK*	1.23	1.22	1.27	1.27	1.27	1.34	1.15	1.06	1.03	1.12	1.17	1.26
ES	2.81	2.80	2.97	2.88	2.71	2.51	2.24	2.01	2.04	1.85	1.72	1.66
FR	2.68	2.74	2.38	2.11	1.89	1.63	1.44	1.42	1.68	1.76	1.43	n/a
HU	8.91	8.69	7.50	7.06	6.36	6.32	5.84	5.04	4.57	4.85	4.89	4.56
IE	3.31	3.25	3.23	3.16	3.43	3.64	3.42	3.38	3.24	3.30	3.16	3.22
IT	3.37	3.19	3.18	3.00	2.70	2.56	2.35	2.20	2.09	1.97	1.92	1.80
NL	2.90	2.90	2.90	2.80	2.80	2.68	2.66	2.53	2.45	2.38	n/a	n/a
RO**	4.66	5.21	5.12	5.15	4.98	4.54	3.92	3.91	3.83	3.71	3.40	3.25
PT	3.15	3.28	3.42	3.28	3.15	3.01	2.74	2.28	2.19	2.13	1.99	1.86
SE	2.65	2.38	2.22	2.16	1.93	1.64	1.42	1.12	1.27	1.27	1.38	1.41
UK***	2.77	2.64	2.52	2.50	2.46	2.27	2.05	2.02	2.04	2.04	2.13	2.05

Short-term initial fixed period rate, from 1 to 5 years maturity (%)

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	3.04	3.11	3.10	2.90	2.52	2.21	2.38	2.33	2.40	2.21	2.05	2.01
CZ	3.22	3.25	3.21	3.06	2.95	2.75	2.57	2.37	2.35	2.32	2.26	2.25
DE	2.42	2.49	2.43	2.31	2.12	1.94	1.90	1.83	1.94	1.94	1.85	1.83
DK*	2.06	1.83	1.65	1.64	1.50	1.36	1.21	1.33	1.39	1.33	1.27	1.34
ES	3.13	3.20	3.29	3.16	3.09	2.84	2.68	2.44	2.23	2.17	2.06	2.02
FR	2.94	2.95	2.96	2.95	2.59	2.37	n/a	n/a	n/a	n/a	n/a	n/a
HU	9.78	9.47	8.36	8.14	7.25	7.18	6.97	6.91	6.79	6.60	6.66	6.30
IE	4.60	4.53	4.44	4.37	4.41	4.11	3.88	3.58	3.73	3.66	3.59	3.57
IT	3.89	3.45	3.49	3.35	3.13	2.94	2.78	2.73	2.65	2.22	2.04	1.73
NL	3.50	3.40	3.30	3.10	3.10	2.98	2.91	2.74	2.69	2.64	n/a	n/a
RO**	10.42	5.03	5.95	5.54	5.56	5.59	5.53	5.34	4.24	4.03	4.46	4.95
SE	3.09	2.86	2.68	2.52	2.24	1.95	1.70	1.69	1.56	1.63	1.59	1.61
UK***	3.21	3.10	3.11	3.19	3.31	3.21	2.89	2.71	2.64	2.59	2.53	2.45

Medium-term initial fixed period rate, from 5 to 10 years maturity (%)

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	3.48	3.74	3.62	3.39	2.82	2.70	2.54	2.36	2.40	2.35	2.15	1.90
CZ	3.48	3.51	3.75	3.34	2.96	2.69	2.55	2.36	2.36	2.29	2.19	2.10
DE	2.73	2.88	2.79	2.61	2.37	2.13	1.88	1.68	1.90	1.89	1.77	1.63
DK*	3.14	3.13	2.67	2.53	2.12	1.82	1.47	1.83	2.30	2.30	1.84	2.01
ES	6.45	6.06	6.22	6.48	7.01	7.11	6.04	5.36	3.43	5.01	5.23	3.87
FR	2.75	2.83	2.86	2.73	2.39	2.18	n/a	n/a	n/a	n/a	n/a	n/a
HU	7.76	7.79	7.51	7.13	6.69	6.61	6.49	6.47	6.37	6.22	6.10	6.60
IT	4.56	4.31	4.36	4.09	3.70	3.11	2.95	2.99	2.89	2.72	2.48	2.26
NL	4.20	4.10	3.90	3.80	3.60	3.39	3.22	2.94	2.90	2.83	n/a	n/a
RO**	6.06	6.52	6.22	5.64	5.65	5.80	5.94	5.70	5.61	5.40	5.62	5.64
SE	4.46	3.99	3.72	3.60	3.19	2.67	2.24	2.62	2.64	2.72	2.42	2.40
UK***	3.89	3.92	4.02	3.92	3.92	3.88	3.50	3.12	3.10	3.15	3.34	3.22

Table 5B ► Mortgage Interest Rates (continued)

Long-term initial fixed period rate, 10-year or more maturity (%)												
	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
BE	3.62	3.84	3.66	3.35	3.04	2.80	2.54	2.43	2.46	2.48	2.27	2.05
CZ	3.88	4.28	4.10	4.28	3.93	3.62	3.53	3.73	3.30	3.21	3.22	2.86
DE	2.92	3.06	2.97	2.83	2.50	2.27	1.89	1.89	2.12	2.08	1.95	1.86
DK*	4.20	4.27	4.07	3.71	3.56	3.30	2.93	3.14	3.86	3.78	3.67	3.35
ES	5.72	4.92	4.79	4.79	4.85	4.41	3.29	2.80	2.41	2.68	2.66	2.36
FR	3.20	3.25	3.29	3.17	2.78	2.54	n/a	n/a	n/a	n/a	n/a	n/a
HU	n/a	7.96	6.68	6.60	6.53	6.75	6.75	6.70	6.30	6.66	5.75	5.59
IT	4.83	4.73	4.62	4.44	4.09	3.68	3.35	3.16	3.03	2.84	2.65	2.51
NL	4.80	4.70	4.60	4.50	4.00	3.89	3.78	3.35	3.25	3.28	n/a	n/a
RO**	6.08	6.04	6.99	6.31	6.91	8.21	7.54	5.93	5.86	5.65	4.91	5.96
UK***	3.88	4.14	4.04	4.14	4.14	4.15	4.10	4.11	4.25	4.06	3.97	4.97

* 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

** 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.

Note:

n - no lending made in this maturity bracket

Data refers to quarter averages

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

- none

Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) – Outstanding Loans											
	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
Czech Republic											
Variable rate (up to 1Y initial rate fixation)	25.4	26.6	26.6	26.0	26.2	25.7	25.9	24.3	24.1	24.0	22.2
Short-term fixed (1Y-5Y initial rate fixation)	50.6	49.6	50.3	51.2	51.4	52.0	53.6	57.3	57.0	58.8	59.8
Medium-Term fixed (5Y-10Y initial rate fixation)	10.8	10.5	10.3	10.3	10.5	10.6	10.0	8.8	9.4	11.9	13.0
Long-Term fixed (over 10Y initial rate fixation)	13.2	13.3	12.9	12.6	11.9	11.7	10.5	9.6	9.5	5.2	5.1
Denmark											
Variable rate (up to 1Y initial rate fixation)	47.1	46.8	47.4	47.0	45.7	43.3	41.6	40.4	39.2	37.9	38.3
Short-term fixed (1Y-5Y initial rate fixation)	23.2	23.4	22.6	22.8	23.7	25.0	25.8	26.5	27.1	27.7	27.1
Medium-Term fixed (5Y-10Y initial rate fixation)	29.6	29.8	30.0	30.2	30.6	31.7	32.6	33.1	33.7	34.4	34.7
Long-Term fixed (over 10Y initial rate fixation)											
Ireland											
Variable rate (up to 1Y initial rate fixation)	94.4	94.7	94.4	94.5	94.5	93.9	93.6	92.6	92.0	91.8	91.5
Short-term fixed (1Y-5Y initial rate fixation)	4.2	3.9	4.1	4.0	4.0	4.5	4.6	5.6	6.1	6.2	6.5
Medium-Term fixed (5Y-10Y initial rate fixation)	1.4	1.4	1.5	1.5	1.5	1.6	1.8	1.9	1.9	2.0	2.0
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sweden											
Variable rate (up to 1Y initial rate fixation)	51.5	53.6	56.3	57.7	58.2	59.8	61.2	62.2	62.4	63.2	64.1
Short-term fixed (1Y-5Y initial rate fixation)	43.7	41.7	39.3	38.1	37.7	36.2	34.9	34.1	33.9	33.2	32.5
Medium-Term fixed (5Y-10Y initial rate fixation)	4.8	4.6	4.3	4.2	4.0	4.0	3.9	3.8	3.7	3.6	3.4
Long-Term fixed (over 10Y initial rate fixation)											

Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) – Outstanding Loans (continued)

	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
UK											
Variable rate (up to 1Y initial rate fixation) [*]	66.7	64.4	61.9	60.1	58.0	56.3	54.6	52.5	50.9	49.9	48.2
Short-term fixed (1Y-5Y initial rate fixation)	31.5	33.8	36.4	38.2	40.4	42.1	43.8	45.8	47.4	48.4	50.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.5	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.3
Long-Term fixed (over 10Y initial rate fixation)	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2

Currency denomination	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
Hungary**											
HUF denominated	47.3	46.6	46.9	47.6	47.5	98.4	99.2	99.3	99.3	Outstanding FX mortgage loans have been converted to variable rate HUF mortgages in 2015 (with minor exceptions). FX mortgage lending is not allowed.	
EUR denominated	6.7	6.8	6.7	6.5	6.4	0.4	0.3	0.3	0.3		
CHF denominated	43.7	44.2	44.0	43.4	43.6	1.0	0.4	0.4	0.4		
Other FX denominated	2.3	2.4	2.5	2.5	2.6	0.2	0.1	0.0	0.0		

Breakdown by loan original maturity	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016	II 2016
Italy											
maturity less than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
maturity between 1 and 5 years	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6
maturity more than 5 years	99.8	99.8	99.7	99.6	99.5	99.5	99.5	99.4	99.4	99.4	99.4

* Please note that for the UK, this refers only to Variable rate. Anything that is fixed for any duration is used in the calculation of a 'Fixed Rate', which is therefore the same for the other three fields.

** From Q4 2015 in Hungary lending in foreign currency is not allowed any more.

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

- Denmark
- United Kingdom

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans													
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
Belgium													
Variable rate (up to 1Y initial rate fixation)	4.8	4.2	6.8	7.5	5.1	2.6	1.6	0.9	0.5	0.4	0.7	1.55	1.3
Short-term fixed (1Y-5Y initial rate fixation)	12.6	12.3	12.7	13.9	10.4	7.6	6.8	5.6	2.7	2.8	3.9	4.72	2.6
Medium-Term fixed (5Y-10Y initial rate fixation)	19.1	13.2	14.6	13.4	16.5	16.4	15.7	13.9	11.7	12.0	18.3	17.51	14.3
Long-Term fixed (over 10Y initial rate fixation)	63.4	70.3	65.9	65.2	68.1	73.4	75.9	79.6	85.1	84.8	77.2	76.22	81.7
Czech Republic													
Variable rate (up to 1Y initial rate fixation)	29.9	33.6	37.9	34.7	28.0	34.3	52.4	38.3	31.4	25.2	27.5	27.6	23.6
Short-term fixed (1Y-5Y initial rate fixation)	59.0	57.3	54.9	57.1	61.3	55.0	37.6	49.0	50.6	57.3	56.1	54.2	52.7
Medium-Term fixed (5Y-10Y initial rate fixation)	3.8	5.3	4.1	6.0	8.6	9.1	8.3	10.2	15.6	15.2	13.6	15.6	20.7
Long-Term fixed (over 10Y initial rate fixation)	7.3	3.8	3.1	2.1	2.1	1.7	1.8	2.4	2.3	2.3	2.8	2.6	3.1
Denmark													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	40.0	34.5	20.6	17.3	19.5	8.0	6.8	16.6	25.1	22.0	19.0
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	26.1	33.4	25.3	18.5	27.3	20.1	19.9	33.4	42.6	44.5	38.9
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	2.6	4.3	1.8	1.5	1.8	2.8	1.6	1.2	1.0	4.2	1.4
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	31.3	27.8	52.3	62.8	51.5	69.1	71.8	48.9	31.3	29.2	40.8
Germany													
Variable rate (up to 1Y initial rate fixation)	15.6	15.6	17.3	18.1	15.8	14.9	14.6	13.1	12.1	11.8	12.9	12.8	12.1
Short-term fixed (1Y-5Y initial rate fixation)	12.4	12.5	13.4	13.8	13.4	12.3	11.6	10.1	9.2	9.8	10.5	10.6	9.5
Medium-Term fixed (5Y-10Y initial rate fixation)	40.2	41.7	40.0	38.4	39.8	40.0	39.7	36.4	37.1	38.8	37.9	36.7	35.1
Long-Term fixed (over 10Y initial rate fixation)	31.8	30.2	29.2	29.6	30.9	32.7	34.1	40.4	41.6	39.6	38.7	40.0	43.3

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)

	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
Hungary													
Variable rate (up to 1Y initial rate fixation)	45.2	40.2	40.1	45.6	48.5	48.7	45.8	41.6	45.3	48.8	44.1	42.4	43.6
Short-term fixed (1Y-5Y initial rate fixation)	36.9	43.3	40.7	34.4	34.8	34.5	33.6	32.4	32.7	29.6	32.5	31.4	31.1
Medium-Term fixed (5Y-10Y initial rate fixation)	15.8	15.3	17.6	17.1	15.3	15.1	15.1	18.7	16.8	16.3	16.2	18.6	20.1
Long-Term fixed (over 10Y initial rate fixation)	2.1	1.3	1.6	2.9	1.4	1.8	5.5	7.3	5.1	5.3	7.2	7.6	5.2
Ireland													
Variable rate (up to 1Y initial rate fixation)	79.5	82.6	87.3	90.5	90.8	87.4	71.6	56.1	55.2	56.4	70.3	67.3	65.7
Short-term fixed (1Y-5Y initial rate fixation)	20.5	17.4	12.7	9.5	9.2	12.6	28.4	43.9	44.8	43.6	29.7	32.7	34.3
Medium-Term fixed (5Y-10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	79.8	79.6	78.2	73.4	68.3	46.5	38.5	38.5	40.7	41.8
Short-term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	3.2	3.1	2.6	2.3	1.8	1.2	1.1	0.9	1.3	1.4
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	1.6	1.6	1.9	2.2	2.8	3.2	3.2	3.2	3.5	3.6
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	15.5	15.7	17.2	22.1	27.1	49.2	57.2	57.4	54.6	53.3
Netherlands													
Variable rate (up to 1Y initial rate fixation)	25.0	26.1	23.2	21.3	19.1	19.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Short-term fixed (1Y-5Y initial rate fixation)	41.9	40.6	37.3	35.5	36.9	35.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	28.0	29.9	35.1	39.3	39.0	38.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	5.1	3.5	4.4	3.9	5.0	6.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)													
	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
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)	0	0	0	0	0	0	0	0	0	0	0	0	0
Medium-Term fixed (5Y-10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Portugal													
Variable rate (up to 1Y initial rate fixation)	90.5	91.5	91.6	91.6	92.2	93.2	92.3	94.4	93.5	90.3	90.2	79.7	62.5
Short-term fixed (1Y-5Y initial rate fixation)	9.5	8.5	8.4	8.4	7.8	6.8	7.7	5.6	6.5	9.7	9.8	20.3	37.5
Medium-Term fixed (5Y-10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)													
Romania													
Variable rate (up to 1Y initial rate fixation)	98.0	88.2	86.5	87.9	87.5	86.8	87.7	94.0	95.6	68.2	76.9	90.6	95.14
Short-term fixed (1Y-5Y initial rate fixation)	1.8	10.8	12.4	10.9	11.6	12.9	11.9	5.0	3.2	30.5	21.4	7.8	4.01
Medium-Term fixed (5Y-10Y initial rate fixation)	0.1	0.2	0.2	0.3	0.3	0.2	0.4	0.9	0.7	0.7	0.8	0.4	0.55
Long-Term fixed (over 10Y initial rate fixation)	0.2	0.8	0.8	0.9	0.6	0.1	0.0	0.1	0.5	0.5	0.8	1.1	0.30
Spain													
Variable rate (up to 1Y initial rate fixation)	66.6	69.0	67.9	70.8	66.1	61.6	60.1	65.4	62.2	61.8	62.6	57.8	41.6
Short-term fixed (1Y-5Y initial rate fixation)	29.6	27.8	28.9	26.3	31.2	35.7	37.6	30.4	30.8	26.3	28.0	28.6	20.5
Medium-Term fixed (5Y-10Y initial rate fixation)	2.6	2.2	2.1	2.0	1.8	1.9	1.5	2.0	2.2	4.1	2.5	2.9	3.8
Long-Term fixed (over 10Y initial rate fixation)	1.3	1.0	1.0	0.9	0.8	0.8	0.8	2.2	4.7	7.9	6.9	10.7	34.2

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)

	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016
Sweden													
Variable rate (up to 1Y initial rate fixation)	63.0	63.7	69.4	71.1	75.7	70.5	68.0	72.8	68.3	67.9	66.7	66.7	69.9
Short-Term fixed (1Y-5Y initial rate fixation)	26.7	28.6	26.0	24.2	19.9	23.1	23.5	18.5	21.6	23.6	25.2	26.3	23.1
Medium-Term fixed (5Y-10Y initial rate fixation)	10.3	7.8	4.6	4.7	4.4	6.4	8.5	8.7	10.1	8.5	8.1	7.0	7.0
Long-Term fixed (over 10Y initial rate fixation)													
United Kingdom													
Variable rate (up to 1Y initial rate fixation)*	20.2	18.1	15.5	14.1	12.6	13.1	13.4	17.7	17.9	15.6	12.4	15.5	15.7
Short-Term fixed (1Y-5Y initial rate fixation)	78.5	80.3	83.1	84.7	86.1	85.4	85.1	80.3	78.9	81.0	84.6	83.4	83.2
Medium-Term fixed (5Y-10Y initial rate fixation)	1.3	1.3	1.3	1.0	1.1	1.3	1.3	1.9	3.1	3.4	2.9	1.1	1.1
Long-Term fixed (over 10Y initial rate fixation)	0.1	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0

*Please note that for the UK, this refers to more than 99% to Variable rate without any fixed period.

Source: European Mortgage Federation

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

- United Kingdom

THE BANK LENDING SURVEYS

NOTES ON THE BANK LENDING SURVEYS

The Bank Lending Survey (BLS) is carried out by the European Central Bank (ECB) and is addressed to senior loan officers of a representative sample of euro area banks and 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 is taken from the quarterly

results of the “*The euro area bank lending survey – First quarter of 2016*” of the ECB.

For the UK and Denmark the BLS is carried out by the respective Central Banks. It is important to point out that some statistical techniques and the underlying factor are slightly different from the one 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.

RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

1. Credit Standard:

Table 6A ► Supply Historic Evolution (Backward-looking 3 months)												
<i>(as a netted and weighted percentage of all respondent banks)</i>												
	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
AT	-7	0	0	0	0	-7	0	0	-14	0	7	0
BE	0	0	0	0	13	0	13	13	13	-25	0	0
CY	38	25	25	13	25	13	13	0	0	0	0	0
DE	5	0	-2	3	0	3	0	2	2	3	0	16
EE	0	0	0	25	-13	-13	13	25	50	13	13	13
EL	0	0	0	0	0	0	0	0	0	25	13	0
ES	0	0	0	0	0	0	0	0	0	-6	0	-6
FR	9	5	7	0	0	-7	-7	4	-7	1	-15	0
IE	-10	20	0	0	0	-10	0	30	-10	20	-10	10
IT	0	-6	-13	-25	-13	0	-6	-13	-19	-6	-13	-6
LT	—	—	—	—	—	—	—	0	13	25	38	0
LU	8	-8	8	-8	8	-8	-17	-8	-8	-8	0	-8
LV	—	—	—	-13	13	0	100	-75	-13	-13	0	0
MT	0	0	0	0	0	0	0	0	0	0	-5	17.01
NL	8	0	8	8	0	0	0	8	0	8	-8	8.33
PT	0	0	0	0	0	0	0	-10	-10	0	0	0
SI	0	0	0	0	-10	0	0	0	-10	-10	0	10
SK	9	0	0	9	26	-13	13	39	18	0	0	5.52
Euro area	4	1	0	-2	-2	-1	-2	1	-4	2	3	2.9
DK	0	1	0	0	-1	1	1	0	-1	33	23	14
UK	-22	-14	-6	-8	29	-8	4	-9	-16	-5	3	5

The overall credit standards in the second quarter of 2016 slightly tightened within the Euro Area, due principally to countries like Germany, Ireland and the Netherlands. Spain and Italy together with Luxembourg were the only countries in the sample to have depicted a slight easing in credit standards. One of the major factors of tightening was the perception of risk while the principal easing factor was the pressure for competition.

Outside the Euro Area Denmark experienced a further important credit standard tightening. In the UK the credit standard slightly tightened with respect to the previous quarter for the diminished risk tolerance.

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 Diffusion Index is used (see ECB website or contact authors for more information) in this publication. For the data of 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.

Table 6B ► Factors that have affected Supply in 2016-Q1 (Backward-looking 3 months)

(as a netted and weighted percentage of all respondent banks)

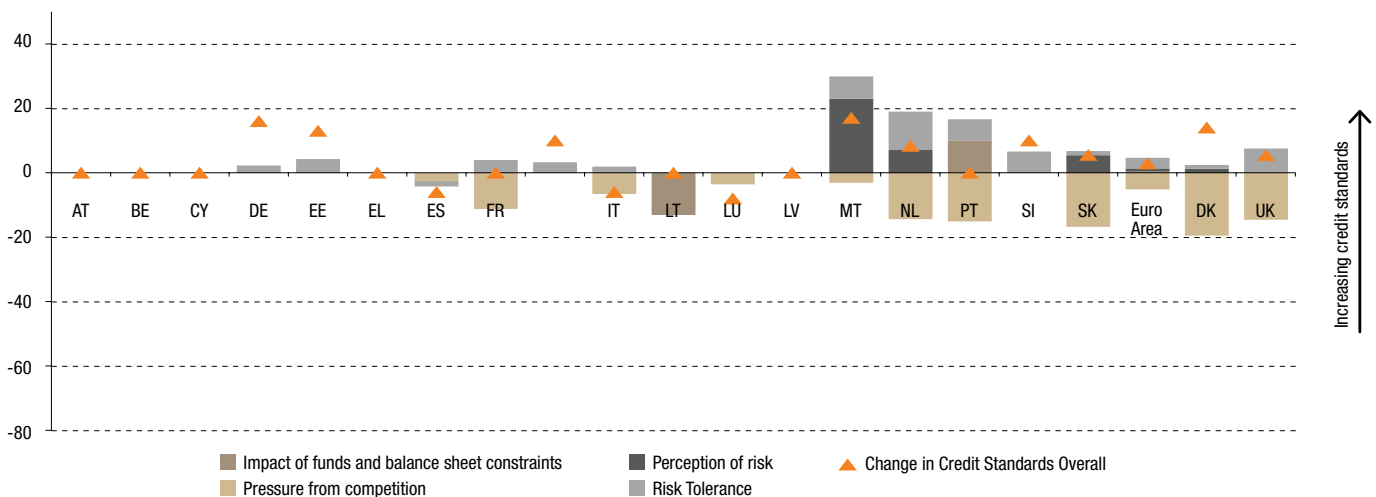
I 2016	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	Euro Area	DK	UK
Change in Credit Standards Overall	0	0	0	16	13	0	-6	0	10	-6	0	-8	0	17	8	0	10	6	3	14	5
Factors affecting credit standards:																					
Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	0.03	0	0	-13	0	0	0	0	10	0	0	0.46		0
Perception of risk	0	0	0	0	0	0	0	0	0	0	0	0	0	23	7	0	0	6	1	1	
Pressure from competition	0	0	0	0	0	0	-3	-11	0	-7	0	-4	0	-3	-14	-15	0	-17	-5	-19	-15
Risk Tolerance	0	0	0	2	4	0	-2	4	3	2	0	0	0	7	12	7	7	1	3	1	8

Note:

For UK there are different factors and following assumptions were made: tight wholesale funding conditions > impact of funds and balance sheet constraints; market share objectives > pressure from competition; changing appetite for risk > Risk Tolerance

For DK following assumption: Credit standards - competition > Pressure from competition; credit standards - perception of risk > perception of risk; credit standards appetite for risk > Risk Tolerance

Chart 3 ► Credit Standards Overview and Factors



2. Credit Demand

Table 7A ► Demand Historic Evolution (Backward-looking 3 months)												
<i>(as a netted and weighted percentage of all respondent banks)</i>												
	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	III 2015	IV 2015	I 2016	II 2016
AT	14	0	-21	7	21	0	7	7	14	21	0	7
BE	25	-13	0	-13	25	50	75	50	25	0	-25	13
CY	-63	-25	-25	-13	0	0	-13	0	25	0	13	25
DE	7	7	0	16	5	2	10	24	26	22	3	9
EE	25	0	13	13	0	25	13	0	25	0	-13	13
EL	-13	-13	-25	-13	13	13	13	-13	0	-50	17	13
ES	-11	-11	6	0	6	0	6	0	0	11	5	25
FR	24	15	-6	-1	-9	18	0	-3	26	-4	38	-6
IE	20	30	30	40	50	80	50	40	-10	0	0	0
IT	-25	0	0	19	31	25	19	31	50	56	44	38
LT	—	—	—	—	—	—	—	-25	25	50	13	0
LU	17	-8	-8	0	8	-25	42	-25	0	8	0	8
LV	—	—	—	0	0	0	-13	-50	38	25	13	0
MT	0	27	4	23	50	0	23	27	44	-23	-17	27
NL	-50	-17	-17	0	8	17	33	25	50	33	33	25
PT	-30	0	0	10	10	0	0	30	40	70	60	10
SI	0	-10	0	-30	-10	-20	-20	0	20	10	20	20
SK	-22	0	17	-9	25	18	30	30	18	0	13	12
Euro area	-3	1	-3	7	9	12	13	15	26	20	16	16
DK*	7	-1	2	23	18	21	15	31	2	-9	1	2
UK**	30	62	11	27	-27	-46	-41	32	23	8	12	22

* 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"

Spring 2016 continued with overall demand for credit increasing nearly everywhere in the Euro area driven mainly by the low general level of interest rates, but also continued favourable housing market prospects. Especially France, Italy, the Netherlands and Portugal increased the demand considerably, but also Greece and Slovenia and Slovakia saw more people asking for a loan for

their house purchase. The principal factors for this trend were the impact of housing market prospects and the general favourable level of interest.

In Denmark the demand staid virtually unchanged while it increased in the UK.

Table 7B ► Factors that have affected Demand in 2016-Q2 (Backward-looking 3 months)																					
<i>(as a netted and weighted percentage of all respondent banks)</i>																					
II 2016	AT	BE	CY	DE	EE	EL	ES	FR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK	Euro Area	DK	UK
Change in Demand Overall	0	-25	13	3	-13	17	5	38	0	44	13	0	13	-17	33	60	20	13	16	2	22
Factors affecting credit standards:																					
Impact of housing market prospects	0	0	0	4	-13	0	5	8	10	19	0	0	0	0	36	40	20	0	12	—	—
Other financing needs	0	0	7	2	0	0	0	0	-15	3	7	0	0	0	7	0	0	-6	2	—	—
Use of alternative finance	-6	0	0	-3	0	-4	-3	0	3	0	0	-2	0	-2	2	0	0	-8	-2	—	—
general level of interest	6	13	13	6	0	0	15	5	10	38	25	7	0	5	29	30	20	50	16	—	—

Note:

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

Chart 4 ► Demand Overview and Factors

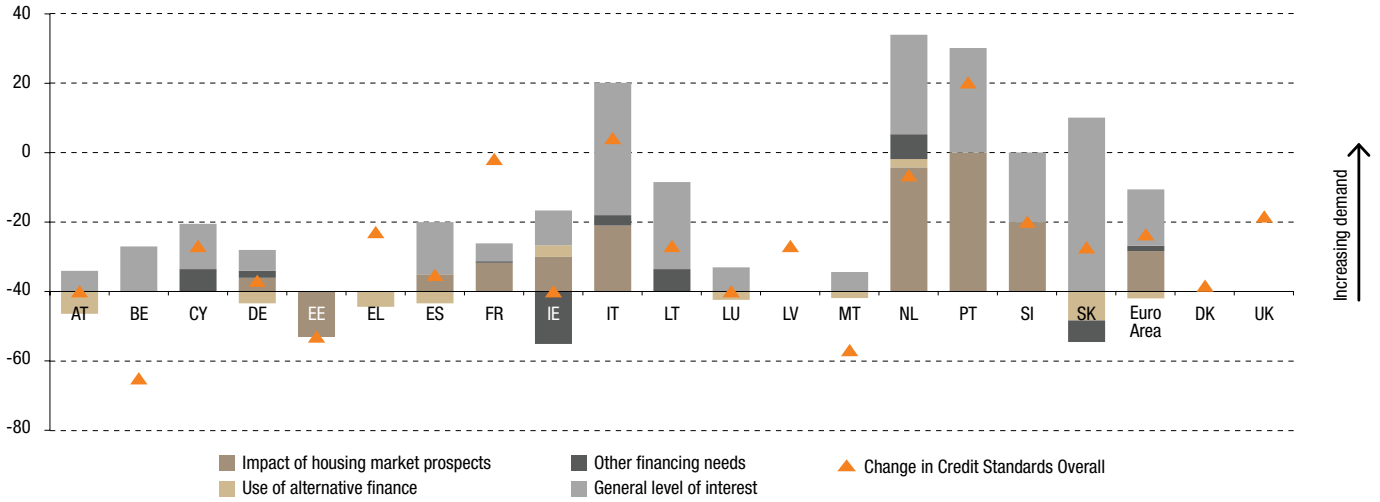
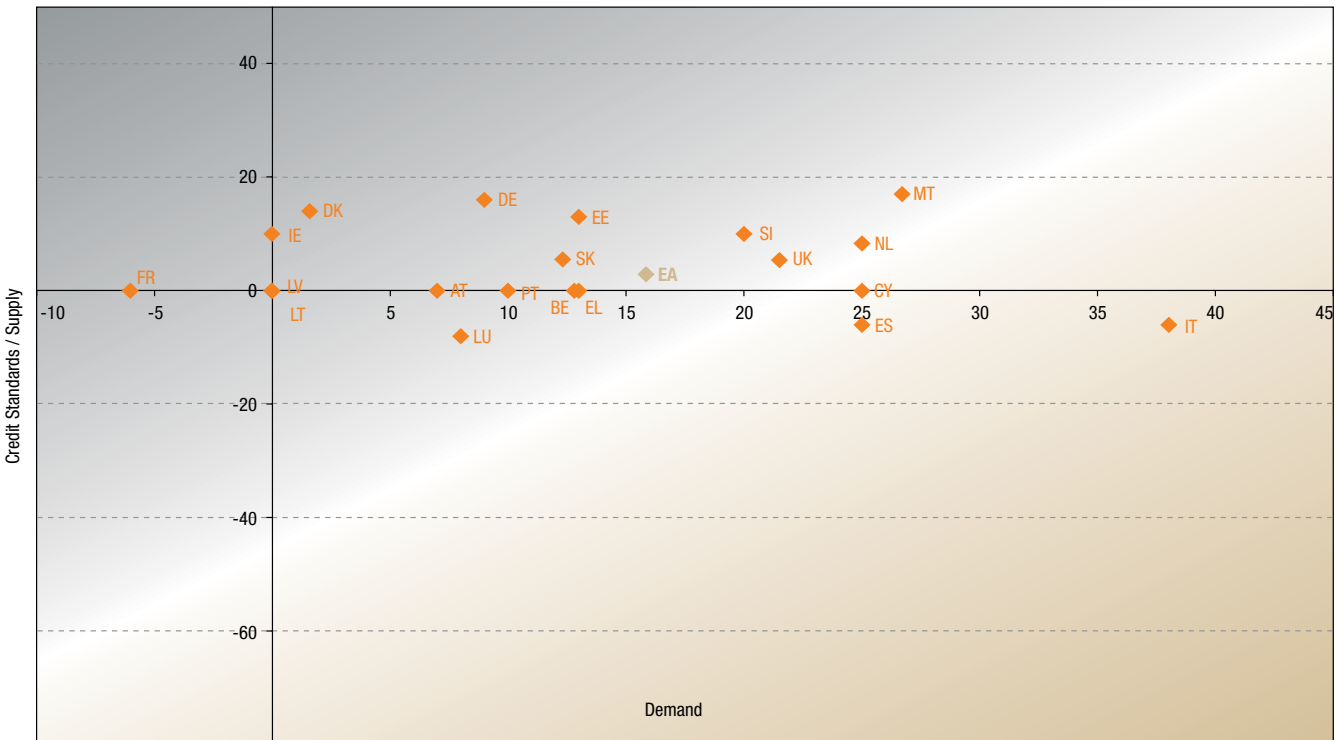


Chart 5 ► Demand and Supply Overview



3. Scatter Plot

As in the previous quarter also in Q2 2016 the diagram shows the majority of countries with constant credit standards and overall positive demand changes.



2016 EMF
Quarterly Review



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