

## QUARTERLY STATISTICS

### European Mortgage Federation

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- ▶ The general slowdown in outstanding residential mortgage lending continued in Q2 2009, resulting in negative growth rates on a year-on-year basis in some EU markets.
- ▶ Some signs of vitality were observed as regards new lending which performed positively in Q2 2009 in Sweden and Denmark and which recorded lower year-on-year decreases than in the previous quarters in many other EU markets.
- ▶ House prices continued to decrease on the previous year in all markets surveyed, although some of them decreased at lower rates than in previous quarters. In Q2 2009, some increases on a quarter-on-quarter basis were also reported.
- ▶ Mortgage interest rates generally continued to fall due to the prolonged expansionary stance of the ECB and other Central Banks.

## The general slowdown in mortgage lending continues, but some markets show signs of vitality

Following on from several quarters of slower growth in outstanding residential lending across the EU, in Q2 2009 most EU mortgage markets for which information is available recorded lower year-on-year increases than in Q1 2009. In Germany the slowdown resulted in a negligible decrease (by 0.7%) while other markets recorded negative growth rates in Euro values. The negative growth rate in Sweden and the UK was solely due to the exchange rate effect. In general, despite the very favourable interest rate environment, this subdued performance of the mortgage markets in the EU continued to be contextualised by declining consumer sentiment and confidence, and by a weak performance of the economy.

However, new lending showed signs of vitality in some countries, although data generally shows that the continued falls in house prices – which

should increase affordability for borrowers – and the prolonged decline in interest rates have nevertheless resulted in negative growth rates in new lending activity for Q2 on a year-on-year basis. The only exceptions were Sweden and Denmark. New mortgage lending in Sweden recorded a 11.9% year-on-year increase, after the 5.1% fall of Q1 2009, and net lending also increased on Q2 2008 by 24.7%. Positive developments were also recorded in Denmark, where new lending performed a higher increase than that recorded in Q1 09 (53.1% vs. 17.5%). In all other markets, new lending still recorded negative growth rates, which were however lower than in the previous quarter: France (-29.2%, vs. -43.5% in Q1 09), Spain (-19.2% vs. -38.0%), Italy (-13.0% after 22.0%), Portugal (-36.1% vs. 53.1%), UK (-59.3% vs. -63.6%). The only market which recorded a larger year-on-year fall in Q2 2009 than in Q1 2009 was Ireland (-71.3% vs. -68.1%).

As regards net lending, in Q2 2009 the general downswing which has been recorded since H1 2008 continued, as very marked decreases in values over the previous year were observed in all the markets surveyed (Sweden being the only exception). Also, in many markets these falls were even more severe than in Q1 2009. In the UK net lending, having reached its historical low on record in Q1 2009, recovered on the previous quarter but the year-on-year fall was still severe, i.e. of 81.8% (99.8% in Q1 2009). In absolute terms, Ireland and Poland recorded negative net lending values in Q2 2009 (of 193 million and 529 million Euros respectively), while in Germany net lending – after being negative in Q1 2009 – in Q2 2009 turned positive (651 million Euros), although this represented a 41% decrease on the previous year.

In the UK, the performance of new lending in Q2 2009 is the result of a prolonged tightening in lending criteria, which has made it difficult for consumers to find mortgage credit at high Loan-to-Values (LTV), and this has also prevented many potential borrowers, particularly first-time buyers, from entering the market. Yet, for those able to access significant funds for a deposit, the substantial house price falls since the summer of 2007 have made housing relatively more affordable. This has in recent months provided a welcome, if modest, boost to house purchase activity.

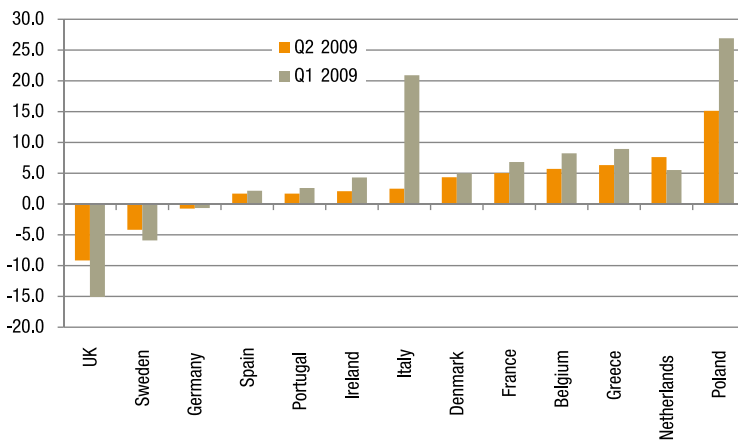
In Ireland, new mortgage lending experienced an increase in activity (15.4% in terms of number of new loans issued) in Q2 2009 compared to the low

levels of the previous quarter, with 12,686 new loans drawn down in the period. The seasonal pattern of gross lending usually sees an increase in activity from the first quarter. However, gross lending was still significantly less in year-on-year terms (-71.3%). Provisional data for the third quarter suggest, however, that the easing of the rate of decline in gross lending was mirrored by some tentative indicators that the worst of the economic downturn may have passed. There were initial signs of an easing in the rate of economic decline with upticks in some consumer confidence and economic activity indexes, as stimulus packages in Ireland's major trading partners took effect.

In Spain, gross lending continued to decrease on a year-on-year basis, but the fall halved in comparison with Q1 2009 (19.2% vs. 38.0%), and – moreover – Q2 data represented a considerable increase on the previous quarter (25.8%), representing the first increase on a quarter-on-quarter basis for the first time since Q4 2006. Positive quarter-on-quarter growth in gross lending should continue also in Q3 as a consequence of the improvement of housing affordability due to falls in house prices and mortgage interest rates.

In France, new mortgage lending in Q2 2009 decreased by 29% on the same period of the previous year, despite a fall in house prices and a continued decreases of mortgage rates.

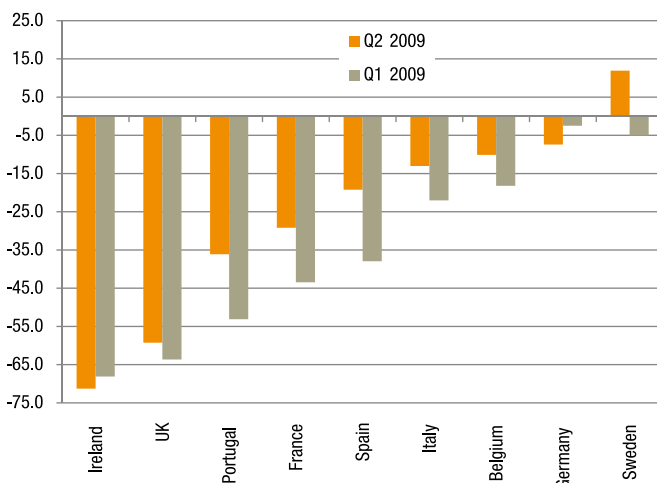
**Chart 1** ► Total Outstanding Residential Lending, year-on-year growth rates (%)



Note: non-seasonally adjusted data

Source: European Mortgage Federation

**Chart 2** ► Gross Residential Lending, year-on-year growth rates (%)



Note: non-seasonally adjusted data

Source: European Mortgage Federation

## House prices continue to drop, but the picture is mixed

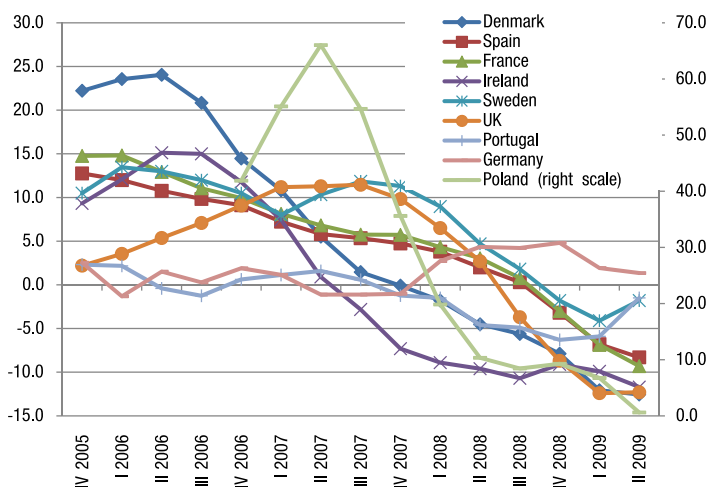
As in the previous quarters, negative developments in housing markets were observed, fueled both by structural factors, such as the ongoing corrections in housing cycles after reaching historical highs in prices (around Q3 2006) and the unfavourable macroeconomic conditions (particularly unemployment rates), and also by continuing low volumes of transactions. In some countries affordability has improved for property purchasers with the ECB rate cuts but a lack of confidence continues to dampen housing markets. This, in tandem with the poor economic situation and the significant amount of housing stock available for sale due to the excess supply of recent years, are factors in maintaining the trend of price decreases. As a result, house price indices in Q2 2009 in the countries surveyed returned to the levels observed three years ago, i.e. Q2 2006, except for Germany and Sweden (Chart 4).

In Germany, house prices revealed stable developments, where the house price index increased on the previous year by 1.4%. This represented the sixth consecutive year-on-year increase since Q2 2007. In Sweden, the year-on-year decrease in house prices slowed down from 4.1% in Q1 2009 to 1.8% in Q2 2009, and Q2 data also showed the highest increase on a quarter-on-quarter basis since Q3 2007 (3.6%). The mild downturn which has been observed in the Swedish housing market may also be seen as the result of a persisting "housing shortage" which softened the correction in house prices (Charts 3 and 4).

In addition, other country-specific situations can be pointed out, highlighting that in some of the housing markets surveyed some short-term improvements were recorded. In the UK, house prices stabilised in Q2, after the six consecutive quarter-on-quarter falls observed since Q4 2007. The DCLG house price index fell by just 0.7% on a quarter-on-quarter basis in Q2, following a 4.2% fall in Q1. The year-on-year change was substantially the same as that recorded in Q1 2009 (12.3%). This stabilisation in house prices has been driven by a modest pick-up in homebuyers' activity.

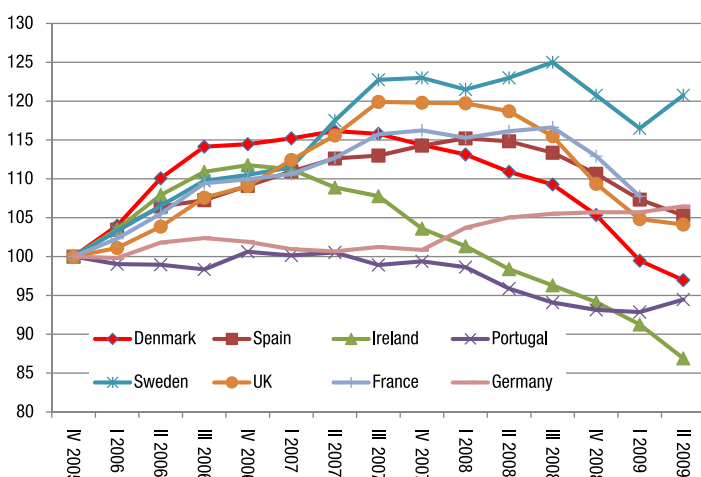
During the first half of 2009, house prices (for all dwellings) in Spain continued to decline on the previous year as a result of the adjustment in housing activity, i.e. by 8.3% in Q2 2009 after 6.8% in Q1 2009. On a quarter-on-quarter basis, the decrease was less pronounced than in Q1 2009 (1.9% vs. 3.0%), but this was the fifth consecutive decrease on the previous quarter (i.e. since Q2 2008). The average house price in the new housing market decreased by 7.9%, while the fall in the second-hand housing market was by 8.6%.

In Q2 2009 a more moderate fall on the previous year than in Q1 2009 was also recorded in Portugal, where house prices increased on a quarter-on-quarter basis (by 1.7%) for the first time since Q4 2007.



**Chart 3** ►  
**Nominal house prices  
year-on-year growth rates (%)  
(Q4 2005-Q2 2009)**

Source: European Mortgage Federation



**Chart 4** ►  
**Nominal House Price Index  
(Q4 2005=100)**

Note: standardised nominal house price indices on national values

Source: European Mortgage Federation

## Mortgage interest rates still on the fall

Due to the prolonged expansionary stance of the ECB – up to June 2009, central interest rates were kept at a historical low of 1.00%, in order to sustain the recovery of the euro area economies - mortgage interest rates continued to decrease in Q2 2009 in most EU markets. This provided remarkable support to mortgage demand from borrowers, thereby partly offsetting the general tightening in lending criteria due to persisting difficulties in the inter-bank lending markets. When comparing the levels in representative mortgage rates across the EU in Q2 2009 with the corresponding period of 2008, data shows that there were marked

falls on the previous year, i.e. by 382 basis points (bps) in Italy, 340 bps in Sweden, 305 bps in Denmark, 255 bps in Ireland, 225 bps in Spain. Equally, quarter-on-quarter decreases in representative mortgage rates were recorded in many markets, such as Italy (by 215 bps), Spain (by 108 bps), Denmark (by 86 bps), Portugal (by 81 bps), Ireland (55 bps). The current low interest rate environment will continue to benefit mortgage markets across Europe and this should be sustained as Central Banks focus on restoring macroeconomic growth.

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## Country Insight : UK / By Paul Samter, Council of Mortgage Lenders

The UK housing and mortgage markets have been hit hard by the fall-out from the financial crisis and subsequent recession in the past 18 months.

Following the closure of the wholesale funding markets in 2007 in the wake of the US sub-prime crisis and the shock-waves across the financial system, the UK housing market went into steep decline. Lenders solely reliant on the wholesale markets stopped lending and all institutions have found funding lines squeezed. The decline worsened following Lehman's bankruptcy in September 2008 and the knock-on impact across the financial community led to various government support schemes. From their peak at the end of the summer of 2007, UK-wide average house prices fell by just over 20% and transaction volumes dropped to record lows.

As the banking crisis took hold, monthly mortgage lending volumes fell to decade low levels. Net lending - growth in the outstanding value of UK mortgages, now around £1.2 trillion (1.4 trillion Euros)- was £40 billion (50 billion Euros) in 2008 and will be around £8 billion (9 billion Euros) in 2009. This compares to over £100 billion (ca. 147 billion Euros) in 2006 and 2007. Gross lending volumes, which include refinancing activity, came in at £253 billion (316 billion Euros) in 2008 and will be around £140 billion (ca. 160 billion Euros) in 2009, compared to £345 billion (507 billion Euros) in 2006.

As house prices fell and mortgage funding became scarce, criteria tightened with lenders requiring larger deposits as higher loan-to-value products were withdrawn from the market. This means that, despite low interest rates and lower house prices, it has actually become harder for first-time buyers to enter the market. Most that do achieve home ownership in the current environment are reliant on outside assistance – largely gifts or loans from family members.

Having held up rather better than house buying activity over the first part of 2008, the remortgage market has also fallen away sharply. In recent years remortgaging had accounted for over 40% of gross lending, but fell to nearer 30% in the latter part of 2009. Low equity positions and borrowers finding themselves on low reversion rates have reduced the ability and incentive to refinance. With interest rates expected to remain low for some time and lending criteria and equity constraints unlikely to ease rapidly, remortgaging is likely to remain subdued for some time.

On a more positive note, a large share of existing borrowers have benefitted from the extraordinary measures taken by the authorities to support the financial system. The Bank of England's official interest rate was cut sharply in late 2008 and early 2009 to a historical low of 0.5%. Over 50% of UK mortgage borrowers are currently on variable rates – some contractually tied to official rates. These borrowers have seen

their monthly mortgage bills fall sharply. This has meant that, following an increase over 2008 and early 2009, mortgage arrears have remained at relatively low levels considering the significant rise in unemployment. Recent data suggests that the situation is now stabilising, and at lower rates of default than seen in the early 1990s recession.

In recent months we have seen some signs of improvement in the housing market and some increase in the availability of mortgage credit. Monthly house purchase mortgage approvals have increased by around 80% from record lows at the end of 2008, while recorded house prices have risen by around 5% from their low point in early 2009. However, market turnover remains weak on a historic basis. Several commentators have attributed the rebound in prices as being driven by a lack of supply and there is anecdotal evidence of some areas seeing an influx of foreign cash buyers taking advantage of sterling weakness.

The latter part of 2009 has also provided some more encouraging signs from the wholesale markets, with some of the larger lenders issuing mortgage-backed securities and covered bonds - the first new issuance in over a year. But the volume of funds raised is still small in comparison to the scale of assets currently placed with the Bank of England in various liquidity schemes, and currently due for refinancing by early 2011. While improving, funding markets remain difficult and only the largest and highest rated lenders are able to access wholesale markets.

Other factors are also expected to constrain the pace of recovery in the housing market. Consumer demand is likely to remain subdued. The labour market is weak, although unemployment has not risen as quickly

as had been feared, and the UK faces the prospect of public spending cuts or tax increases. In addition, the Bank of England has said that the need for financial institutions to repair balance sheets will likely limit the availability of credit.

There are a number of developments on the policy front that have, or are expected to, influence the market. The government temporarily raised the stamp duty exemption on residential property sales from £125,000 (142,370 Euros) to £175,000 (199,316 Euros) in late 2008. This is due to be reversed at the end of 2009 and will add to transaction costs for these properties.

Lenders face the prospect of tighter regulation and will be required to hold more expensive capital in future. While the Financial Services Authority has ruled out specific limits on loan-to-value or loan-to-income ratios, future regulation is expected to take a more prescriptive approach to what lenders can and cannot do.

The policy outlook is complicated by a general election due by the middle of 2010 and a potential change of government. The current opposition Conservative party have said they will eliminate home information packs (a compulsory report that potential sellers must buy before marketing their property), which could slightly reduce housing transaction costs.

Finally, the UK faces the largest government deficit of any developed nation in this financial year. The need to rebalance the nation's finances, which has been generally accepted across the political divide, looms large over the housing market and wider economy.

**Table 1A ► Representative Mortgage Rates**

	I 2006	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
<b>BE</b>	3.94	4.04	4.37	4.36	4.41	4.46	4.88	4.93	4.88	4.85	5.26	4.99	4.52	4.49
<b>DK</b>	3.26	3.46	3.63	4.18	4.18	4.41	4.50	4.53	4.56	5.36	5.03	4.64	3.17	2.31
<b>DE</b>	4.39	4.66	4.71	4.60	4.78	5.01	5.12	5.03	4.89	5.06	5.17	4.83	4.40	4.39
<b>EE</b>	3.80	4.10	4.50	4.80	5.10	5.30	5.70	5.80	5.40	5.80	n/a	n/a	n/a	n/a
<b>GR</b>	3.92	4.22	4.50	4.36	4.00	4.90	4.93	4.75	5.36	5.40	4.18	3.54	3.83	3.54
<b>FR</b>	3.60	3.70	3.90	3.90	4.00	4.10	4.40	4.60	4.70	4.70	5.00	5.20	4.80	4.40
<b>ES</b>	3.55	3.86	4.20	4.49	4.76	4.93	5.20	5.37	5.34	5.39	5.93	5.89	4.22	3.14
<b>IE</b>	3.85	3.99	4.40	4.57	4.78	4.98	4.99	5.07	5.00	5.23	5.58	4.33	3.23	2.68
<b>IT</b>	4.30	4.90	5.05	4.56	4.79	4.90	4.94	5.20	5.22	5.56	5.28	6.29	3.89	1.74
<b>LV</b>	4.10	4.40	4.84	5.28	5.53	5.81	6.05	6.29	6.12	6.61	n/a	n/a	n/a	n/a
<b>LT</b>	3.40	3.87	4.28	4.58	4.84	5.12	5.53	5.71	5.56	5.86	n/a	n/a	n/a	n/a
<b>HU</b>	5.85	5.88	5.57	5.83	5.60	5.75	6.32	6.48	n/a	n/a	n/a	n/a	n/a	n/a
<b>PL</b>	5.60	5.80	5.80	5.70	5.70	5.70	6.00	6.20	6.51	7.80	8.40	8.70	7.30	7.20
<b>PT</b>	4.30	4.60	4.70	5.00	5.10	5.30	5.50	5.70	5.10	5.42	5.69	5.50	3.51	2.70
<b>SE</b>	2.83	3.00	3.31	3.63	3.92	4.11	4.43	4.75	5.10	5.33	6.06	3.60	2.15	1.93
<b>UK</b>	5.01	5.01	5.13	5.25	5.43	5.62	5.90	6.08	5.90	5.81	6.05	5.56	4.45	4.38
<b>Short-term initial fixed period rate, from 1 to 5 years maturity</b>														
	I 2006	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
<b>BE</b>	3.89	4.00	4.34	4.44	4.69	4.86	5.07	5.18	4.87	4.91	5.45	4.99	n/a	n/a
<b>DE</b>	4.37	4.61	4.80	4.86	4.99	5.22	5.34	5.33	5.01	5.24	5.50	4.84	4.12	3.88
<b>GR</b>	5.37	5.22	5.16	4.81	4.56	4.92	5.11	4.97	4.74	4.95	4.66	5.27	5.44	5.03
<b>ES</b>	3.86	4.17	4.46	4.74	4.97	5.21	5.63	5.76	5.67	5.74	6.18	6.06	4.71	3.94
<b>IE</b>	4.09	4.51	4.62	4.76	4.99	5.18	5.23	5.39	5.13	5.34	5.72	4.80	4.14	3.65
<b>LV</b>	5.41	5.60	5.86	6.16	6.02	6.17	6.52	6.46	6.16	6.48	n/a	n/a	n/a	n/a
<b>LT</b>	3.77	4.69	4.90	4.89	5.11	5.48	5.68	5.55	5.22	5.81	n/a	n/a	n/a	n/a
<b>SE</b>	3.76	4.00	4.32	4.30	4.50	4.88	4.99	5.16	5.00	5.94	5.97	4.20	3.40	3.49
<b>UK</b>	5.00	5.19	5.42	5.45	5.79	6.06	6.40	6.48	6.51	6.51	n/a	n/a	n/a	n/a
<b>Variable rate and initial fixed period rate up to 1 year</b>														
	I 2006	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
<b>BE</b>	3.61	3.88	4.20	4.47	4.69	4.87	5.13	5.26	5.16	5.58	5.98	4.87	3.74	3.21
<b>DE</b>	4.71	4.91	5.10	5.23	5.46	5.64	5.86	5.97	5.73	6.05	6.24	5.38	4.19	3.73
<b>GR</b>	3.92	4.22	4.50	4.36	4.00	4.90	4.93	4.75	5.36	5.40	4.18	3.54	3.83	3.54
<b>ES</b>	3.55	3.86	4.20	4.49	4.76	4.93	5.20	5.37	5.34	5.39	5.93	5.89	4.22	3.14
<b>IE</b>	3.85	3.99	4.40	4.57	4.78	4.98	4.99	5.07	5.00	5.23	5.58	4.33	3.23	2.68
<b>LV</b>	4.42	4.40	4.84	5.28	5.53	5.81	6.05	6.29	6.12	6.61	n/a	n/a	n/a	n/a
<b>LT</b>	3.40	3.87	4.28	4.58	4.84	5.12	5.53	5.71	5.56	5.86	n/a	n/a	n/a	n/a
<b>SE</b>	2.83	3.00	3.31	3.63	3.92	4.11	4.43	4.75	5.10	5.33	6.06	3.60	2.15	1.93

Source: European Mortgage Federation

**Table 1B ► Mortgage Interest Rates****Long-term initial fixed period rate, 10-year or more maturity**

	I 2006	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
BE	3.94	4.04	4.37	4.36	4.41	4.46	4.88	4.93	4.88	4.85	5.26	4.99	4.52	n/a
DE	4.39	4.63	4.69	4.56	4.76	5.03	5.08	5.01	4.88	5.09	5.21	4.73	4.49	4.53
IE	4.58	4.66	5.10	5.12	5.35	5.73	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LV	4.92	5.37	5.29	5.09	5.39	5.68	6.02	6.33	6.31	6.82	n/a	n/a	n/a	n/a
UK	5.05	5.42	5.45	5.41	5.65	5.85	6.15	5.95	5.81	6.14	6.24	5.92	5.55	5.84

**Medium-term initial fixed period rate, from 5 to 10 years maturity**

BE	3.90	4.01	4.35	4.44	4.54	4.69	5.01	5.23	5.02	4.97	5.36	5.37	n/a	n/a
DE	4.39	4.66	4.71	4.60	4.78	5.01	5.12	5.03	4.89	5.06	5.17	4.83	4.40	4.39
GR	5.37	5.22	5.16	4.81	4.56	4.92	5.11	4.97	4.74	4.95	5.16	5.79	5.61	4.75
ES	6.83	6.72	7.23	7.02	6.52	6.46	6.88	7.24	7.51	7.69	8.09	7.93	7.62	7.53
LV	5.41	5.60	5.86	6.16	6.02	6.17	6.52	6.46	6.16	6.48	n/a	n/a	n/a	n/a
SE	4.19	4.70	4.69	4.53	4.63	5.08	5.15	5.23	5.19	5.91	5.83	4.87	4.84	5.26
UK	5.05	5.42	5.45	5.41	5.65	5.85	6.15	5.95	5.81	6.14	6.24	5.92	5.55	5.84

Source: European Mortgage Federation

**Table 1C ► Mortgage Markets' Breakdown by Interest Rate Type (%) - Outstanding Loans**

	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
<b>Denmark</b>													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.0	50.0	n/a
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.0	50.0	n/a
<b>Ireland</b>													
fixed 1-3 years	11.6	11.7	11.6	13.6	17.1	16.6	16.9	16.4	14.9	13.9	11.6	9.0	7.9
fixed 3-5 years	3.2	3.8	4.8	5.6	4.3	5.8	5.7	5.7	5.8	6.1	6.0	5.6	5.3
fixed >5 years	1.7	1.8	2.0	2.1	2.2	2.2	2.1	2.1	2.2	2.3	2.4	2.9	2.7
variable and initial fixed up to 1 year	83.5	82.7	81.7	78.8	76.5	75.4	75.3	75.8	77.2	77.8	80.0	82.5	84.1
<b>Poland</b>													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100.0	n/a	n/a
<b>Sweden</b>													
initial fixed >5 years	21.8	21.9	22.2	22.8	23.7	24.2	24.6	23.7	23.1	21.1	20.5	19.6	18.4
initial fixed 1-5 years	38.5	38.2	38.4	38.5	38.3	38.2	38.6	38.4	37.9	36.0	36.5	36.7	36.6
variable and initial fixed up to 1 year	39.6	39.9	39.3	38.7	38.0	37.7	36.7	37.9	39.0	43.0	43.0	43.7	45.0
<b>UK</b>													
fixed	n/a	n/a	n/a	n/a	n/a	67.1	57.0	45.9	56.4	52.7	52.7	52.7	n/a
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: European Mortgage Federation

**Table 1D ► Mortgage Markets' Breakdown by Interest Rate Type (%) - New Loans**

	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
<b>Belgium</b>													
variable (fixed up to 1 year)	n/a	n/a	n/a	1.5	n/a	1.2	1.2	1.8	2.2	2.4	3.7	13.6	26.4
initial fixed	n/a	n/a	n/a	16.9	n/a	13.4	13.7	13.3	15.1	15.0	13.6	16.1	21.3
fixed to maturity	n/a	n/a	n/a	81.6	n/a	85.4	85.1	85.0	82.7	82.5	82.7	70.3	52.3
<b>Denmark*</b>													
fixed	44.0	42.0	43.0	47.0	54.0	55.0	38.6	38.0	38.2	43.9	27.0	17.0	8.0
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	56.0	58.0	57.0	53.0	46.0	45.0	61.4	62.0	61.8	56.1	73.0	83.0	92.0
<b>Germany</b>													
Initial fix >1 <=5 years	15.0	16.0	16.0	16.0	14.0	15.0	15.0	17.0	17.0	15.0	17.0	20.0	19.0
Initial fix >5 <=10 years	40.0	38.0	38.0	38.0	39.0	38.0	38.0	37.0	38.0	39.0	38.0	38.0	41.0
Initial fix >10 years	30.0	30.0	30.0	31.0	33.0	31.0	32.0	31.0	30.0	31.0	29.0	25.0	24.0
Variable and initial fix for <= 1 year	15.0	16.0	16.0	15.0	14.0	16.0	15.0	15.0	15.0	15.0	16.0	17.0	16.0
<b>Spain</b>													
fixed	0.7	0.6	0.9	4.7	3.0	3.5	2.9	2.5	2.3	1.5	1.3	1.0	0.8
initial fixed	5.2	6.4	5.7	7.1	8.1	7.4	5.8	5.4	6.1	8.2	8.1	11.7	9.4
variable	94.1	93.0	93.3	88.1	89.0	89.1	91.3	92.0	91.5	90.3	90.6	87.4	89.8
<b>Italy</b>													
fixed	53.4	n/a	48.6	n/a	27.7	n/a	25.4	n/a	21.0	n/a	21.9	23.4	57.0
fixed to maturity	37.5	n/a	46.3	n/a	70.1	n/a	73.3	n/a	76.6	n/a	75.4	75.0	41.0
<b>Ireland</b>													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.8	9.4	11.6	28.4
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	77.6	70.5	62.9	58.5	51.0	70.5	94.5	88.3	76.4	78.2	90.6	88.4	71.6
<b>Poland</b>													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100.0	n/a	n/a
<b>Portugal</b>													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.7
initial fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	98.0	96.0	95.0	93.6	95.3	98.4
<b>Sweden</b>													
fixed	14.5	17.9	20.8	23.6	27.0	26.3	22.0	15.4	12.6	8.1	3.8	3.5	3.5
initial fixed 1-5 years	25.6	27.4	28.7	29.6	27.5	28.7	29.6	27.4	28.3	26.9	29.2	26.0	26.9
variable and fixed up to 1 year	59.9	54.6	50.5	46.8	45.5	45.0	48.4	57.2	59.1	65.0	67.0	70.6	69.6
<b>UK</b>													
initial fixed	68.6	60.0	62.7	73.5	76.3	75.3	66.2	54.2	64.4	59.9	53.4	57.2	74.2
variable	31.4	40.0	37.3	26.4	23.7	24.7	33.8	45.8	35.6	40.1	46.6	42.9	25.7

\*It should be noted that in Denmark the majority of loans are initial fixed with maturities between 1 and 5 years, and are defined as «variable rate loans». However in this context «initial fixed rate» is more appropriate.

Source: European Mortgage Federation



<b>Table 1E ► Description of Rates</b>	
The representative mortgage interest rates are an average or specific mortgage rates for 1 <sup>st</sup> ranking mortgages, involving no prior savings, with no discounts included, gross of tax relief, net of other bank costs. Other specifications are given below:	
<b>BE</b>	Long term initial fixed period rate, 10 years or more maturity.
<b>DK<sup>i</sup></b>	Adjustable mortgage rate.
<b>DK<sup>ii</sup></b>	Fixed interest rate based on 30 -year callable bonds.
<b>DE</b>	Renegotiable rate with a fixed period of 5 to 10 years.
<b>EE</b>	It is the weighted average of the annual interest rate on new EUR denominated housing loans granted to individuals.
<b>GR</b>	Reviewable rate after a fixed term of 1 year.
<b>ES</b>	Variable rate - Effective average interest rate not including costs. The interest rate usually floats every 6 or 12 months, according to an official reference rate for mortgage loans secured on residential property (non-subsidized housing). This should be the same rate as used in the Hypostat and should relate to broadly the same product over time.
<b>FR</b>	Fixed rate - The rate is fixed for the total maturity of the loan. The rate communicated is the fixed average rate of secured loans "PAS" with a maturity between 12 and 15 years.
<b>IE</b>	Variable rate ( $\leq 1$ ).
<b>IT</b>	Until the 3 <sup>rd</sup> quarter of 2006, the fixed rate was used. From the 4 <sup>th</sup> quarter of 2006 onwards, the variable interest rate on a loan of EUR 100.000 with a maturity of 20 years has been used.
<b>LV</b>	Variable rate ( $\leq 1$ ). The average interest rate on new EUR denominated loans.
<b>LT</b>	Variable rate ( $\leq 1$ ). The average interest rate on new EUR denominated loans.
<b>HU</b>	The APRC of the most typical loan in Hungary (currently the most typical loan for residential purposes at a variable interest rate and denominated in CHF).
<b>PL</b>	The indicator is a weighted average of variable mortgage rates denominated in PLN for all residential credits on outstanding amounts.
<b>PT</b>	Variable interest rate up to 1 year indexed to Euribor ( $\leq 1$ ).
<b>FI</b>	Variable interest rate ( $\leq 1$ ).
<b>SE</b>	Variable interest rate up to 1 year ( $\leq 1$ ).
<b>UK</b>	The average mortgage rate charged on all regulated mortgage contracts except lifetime mortgages newly advanced in the period (Source: Council of Mortgage Lenders, Regulated Mortgage Survey).

Source: European Mortgage Federation

**Table 2 ► Total Outstanding Residential Mortgage Lending (Million EUR)**

	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009	latest y-o-y change (%) (Q2 09)	previous y-o-y change (%) (Q1 09)
BE	114,105	113,278	116,288	119,133	123,055	125,677	128,068	130,548	134,454	136,016	137,985	7.7	8.2
DK	194,970	199,075	203,746	208,165	211,381	214,833	217,899	220,522	222,403	225,503	227,352	4.3	5.0
DE	1,183,834	1,179,992	1,161,101	1,160,187	1,155,742	1,149,512	1,150,485	1,151,578	1,147,869	1,141,930	1,141,853	-0.8	-0.7
EE	4,278	4,654	5,068	5,375	5,625	5,817	6,038	n/a	n/a	n/a	n/a	n/a	n/a
GR	57,145	60,255	63,274	66,116	69,363	71,661	74,064	76,055	77,700	78,066	78,734	6.3	8.9
FR	578,600	594,600	614,700	633,600	651,900	667,400	679,600	698,300	710,000	712,900	713,600	5.0	6.8
ES	571,803	594,534	618,792	634,393	646,676	659,195	666,664	672,242	674,434	673,321	677,850	1.7	2.1
IE	123,288	127,555	131,845	135,963	139,842	142,403	145,341	147,550	147,904	148,542	148,349	2.1	4.3
IT	276,102	282,658	289,861	299,798	304,223	259,928	297,760	305,498	311,788	314,248	321,312	2.5	20.9
LV	4,675	5,449	6,069	6,427	6,726	6,964	7,068	n/a	n/a	n/a	n/a	n/a	n/a
LT	2,997	3,371	3,870	4,412	4,849	5,156	5,538	n/a	n/a	n/a	n/a	n/a	n/a
HU	10,373	10,912	11,463	11,902	12,407	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NL	509,831	525,120	528,149	541,194	552,079	560,170	566,028	571,176	588,270	591,098	609,142	7.6	5.5
PL	22,795	24,927	28,211	31,987	35,966	40,834	44,959	51,949	57,014	51,820	51,756	15.1	26.9
PT	91,895	94,394	97,239	99,391	101,094	103,308	105,521	105,167	105,210	105,989	107,299	1.7	2.6
RO	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,471	5,072	5,306	n/a	n/a
SE	175,767	178,185	181,459	185,040	189,426	201,892	207,906	208,859	198,471	189,935	199,178	-4.2	-5.9
UK	1,602,576	1,642,459	1,665,245	1,714,212	1,745,904	1,585,340	1,534,085	1,537,234	1,458,895	1,346,026	1,393,306	-9.2	-15.1

Note: non seasonally-adjusted data.

Quarterly figures for non Euro area countries are converted using 3-m average of EUR exchange rate as published in the ECB Monthly Bulletin.

Please note that the Q1 2008 to Q4 2008 figures for Sweden should not be compared with the corresponding figures of the previous year due to a change in the statistical source.

Source: European Mortgage Federation

**Table 3 ► Gross Residential Mortgage Lending (Million EUR)**

	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009	latest y-o-y change (%) (Q2 09)	previous y-o-y change (%) (Q1 09)
BE	5,609	5,342	6,105	5,907	5,471	5,001	6,076	5,657	4,797	4,091	5,461	-10.1	-18.2
DK	14,388	9,147	10,559	11,707	11,852	7,894	9,773	9,116	10,188	9,275	14,965	53.1	17.5
DE	20,903	18,069	19,457	22,360	21,519	16,818	19,442	21,012	20,000	16,400	18,000	-7.4	-2.5
EE	700	576	616	499	445	439	461	n/a	n/a	n/a	n/a	n/a	n/a
GR	4,278	3,858	3,942	3,474	3,833	3,677	3,752	n/a	n/a	n/a	n/a	n/a	n/a
FR	36,300	33,800	37,000	39,500	36,500	31,300	33,106	32,000	25,600	17,700	23,440	-29.2	-43.5
ES	39,092	38,479	37,737	30,853	28,508	25,016	24,166	18,510	16,089	15,521	19,522	-19.2	-38.0
IE	10,343	7,809	8,733	8,984	8,282	6,266	7,566	5,678	3,539	1,998	2,173	-71.3	-68.1
IT	25,053	21,171	24,552	21,025	26,994	21,045	22,825	19,687	21,407	16,411	19,851	-13.0	-22.0
LT	868	976	1,122	1,278	1,404	1,493	1,604	n/a	n/a	n/a	n/a	n/a	n/a
HU	810	584	782	822	842	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PT	4,550	4,144	4,765	5,354	5,369	4,090	3,673	2,993	2,769	1,917	2,347	-36.1	-53.1
SE	11,510	10,191	12,474	10,567	12,409	10,469	12,105	9,439	10,620	9,940	13,547	11.9	-5.1
UK	137,273	125,025	138,253	145,043	126,932	98,094	92,120	76,197	54,281	35,659	37,534	-59.3	-63.6

Note: non seasonally-adjusted data.

Quarterly figures for non Euro area countries are converted using 3-m average of EUR exchange rate as published in the ECB Monthly Bulletin.

Please note that the Q1 2008 to Q4 2008 figures for Sweden should not be compared with the corresponding figures of the previous year due to a change in the statistical source.

Source: European Mortgage Federation

**Table 4 ► Net Residential Mortgage Lending (Million EUR)**

	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009	latest y-o-y change (%) (Q2 09)	previous y-o-y change (%) (Q1 09)
BE	3,004	2,172	3,010	2,845	3,922	2,542	2,852	2,480	3,907	1,562	1,969	-31.0	-38.6
DK	3,691	4,084	4,260	4,201	3,243	3,080	3,309	2,870	2,228	2,866	2,229	-32.6	-6.9
DE	63	-3,822	-2,971	-94	-2,867	-6,245	1,103	1,100	-3,519	-5,939	651	-41.0	-4.9
EE	495	376	414	308	250	193	221	n/a	n/a	n/a	n/a	n/a	n/a
GR	3,485	3,110	3,019	2,812	3,248	2,297	2,404	1,991	n/a	n/a	n/a	n/a	n/a
FR	18,600	16,000	20,100	18,900	17,500	14,500	12,200	18,700	11,700	2,900	700	-94.3	-80.0
ES	25,813	22,731	24,258	15,601	12,283	12,519	7,469	5,578	2,191	-1,113	4,529	-39.4	-108.9
IE	6,145	4,267	4,290	4,118	3,879	2,561	2,946	2,209	565	427	-193	-106.6	-83.3
IT	6,452	6,556	7,203	9,937	4,425	-4,421	-2,042	7,738	2,334	6,416	7,064	-445.9	-245.1
LV	699	810	591	359	310	209	134	n/a	n/a	n/a	n/a	n/a	n/a
LT	291	374	496	544	438	307	381	n/a	n/a	n/a	n/a	n/a	n/a
HU	281	213	375	599	556	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PL	1,993	2,358	2,721	3,698	2,843	3,961	2,209	5,632	11,404	3,948	-529	-124.0	-0.3
PT	1,511	2,499	2,845	2,152	1,703	2,214	2,213	-354	43	779	1,310	-40.8	-64.8
RO	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	177	150	n/a	n/a
SE	4,070	3,458	4,582	3,711	4,905	n/a	5,150	3,588	5,128	4,345	6,424	24.7	n/a
UK	43,648	38,132	41,808	45,538	34,165	22,573	16,223	9,365	3,568	41	2,953	-81.8	-99.8

Note: non seasonally-adjusted data.

Quarterly figures for non Euro area countries are converted using 3-m average of EUR exchange rate as published in the ECB Monthly Bulletin.

Please note that the Q1 2008 to Q4 2008 figures for Sweden should not be compared with the corresponding figures of the previous year due to a change in the statistical source.

Source: European Mortgage Federation

**Table 5 ► House Price Indices (nominal year-on-year growth rates, %)**

	I 2006	II 2006	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	II 2009
DE	-1.3	1.5	0.3	1.9	1.1	-1.1	-1.1	-1.0	2.7	4.3	4.2	4.8	1.9	1.4
DK	23.6	24.0	20.8	14.5	10.8	5.5	1.5	-0.1	-1.8	-4.5	-5.6	-7.9	-12.1	-12.6
EE	82.0	65.5	73.2	21.2	9.1	15.4	7.4	7.1	-12.5	-17.6	n/a	n/a	n/a	n/a
GR	15.7	14.2	12.0	10.5	7.4	4.2	2.3	1.5	1.7	3.0	2.9	2.7	-2.5	-1.9
ES	12.0	10.8	9.8	9.1	7.2	5.8	5.3	4.7	3.8	2.0	0.3	-3.2	-6.8	-8.3
FR	14.8	12.9	11.1	9.9	8.1	6.8	5.7	5.7	4.3	3.0	0.8	-3.0	-6.9	-9.3
IE	12.1	15.1	15.0	11.8	7.4	0.9	-2.8	-7.3	-8.9	-9.6	-10.7	-9.1	-9.9	-11.7
PL	n/a	n/a	n/a	41.9	55.1	66.0	54.7	35.6	19.8	10.3	8.4	9.3	6.7	0.6
PT	2.2	-0.4	-1.3	0.6	1.1	1.6	0.6	-1.2	-1.5	-4.6	-4.9	-6.3	-5.9	-1.5
SE	13.5	13.0	12.0	10.5	8.0	10.3	11.8	11.3	9.0	4.7	1.8	-1.8	-4.1	-1.8
UK	3.5	5.4	7.1	9.1	11.2	11.3	11.5	9.8	6.5	2.7	-3.7	-8.7	-12.4	-12.3

Note: it is worth mentioning that house prices are calculated according to different methodologies at the national level. Further information below:

Germany: single family house price index

Denmark: all dwellings

France: INSEE index (second-hand dwellings only)

Greece: urban areas house price index (other than Athens)

Ireland: new series of ESRI residential property prices index

Portugal: all dwellings

Spain: new house price index, first released by the Ministry of Housing on Q1 2005

Sweden: index of prices of one-dwelling and two-dwelling buildings

UK: Department of Communities and Local Government Index (all dwellings)

Source: European Mortgage Federation



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