

QUARTERLY STATISTICS

European Mortgage Federation

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- ▶ In the first quarter of 2009, in most Member States year-on-year growth rates in outstanding mortgage lending were still positive albeit slowing down.
- ▶ Year-on-year declines in new lending continued to be observed in almost all EU markets (with the exception of Denmark) bringing values to early 2000s levels.
- ▶ House prices fell further in year-on-year terms in all EU markets surveyed, with the exception of Poland.
- ▶ Mortgage rates continued to decrease as a response to the record cuts in central banks interest rates in the first months of 2009.

New lending continues albeit at a much reduced level

In Q1 2009, the general slowdown in outstanding residential lending continued. Most EU markets still recorded positive increases on the same quarter of the previous year, albeit lower than those observed in Q4 2008 (only Italy recorded a higher year-on-year increase in Q1 2009 than in Q4 2008). The only exceptions were Germany, where the same slight decrease as in Q4 2008 was reported (0.7%) and the UK, where mortgage lending expressed in Sterling increased by 2.2% year-on-year, but expressed in euro values fell by 15.1% (after the fall of 16.4% in Q4 2008). In Poland, year-on-year growth in mortgage lending (26.9%) almost halved in comparison with Q4 2008 (58.5%), but largely outpaced that of EU15 markets.

As regards new lending, the trend of previous quarters continued and most markets recorded more pronounced falls on the previous year than in Q4 2008, except for Denmark (where new lending increased by 17.5%). In

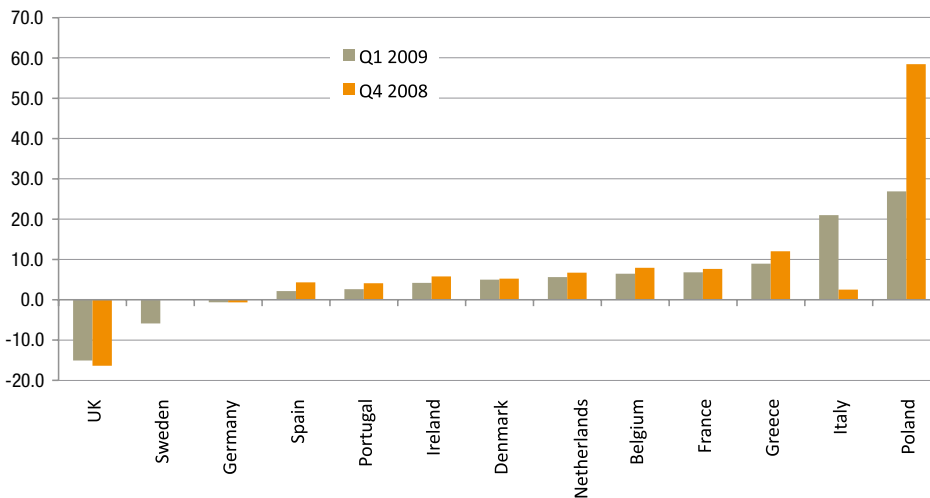
Ireland, the previous trend continued with a decrease of 43.5% on the previous quarter, consistent with a traditionally subdued performance in the first quarter, and of 68.1% on the previous year. In Spain there was a positive development in new lending which increased on the previous quarter (by 2.5%), although it continued to decrease on a year-on-year basis (by 34.1%), but less than in Q4 2008 (by 43.6%). In France, new mortgage lending weakened in Q1 2009 (fall of 43.5%, after a fall of 29.9% in Q4 2008), but borrowers benefited from decreasing interest rates and from new public measures such as the doubling of the Prêts à Taux Zero ("zero rate loans")¹. In the UK, gross mortgage lending in Q1 2009, expressed in euros, was at its lowest since Q1 1999 (expressed in Pound Sterling, it was at its lowest since Q1 2001). This represented a 63.7% fall on Q1 2008 and a 34.8% fall on Q4 2008 (in Pound Sterling, the year-on-year fall was 56.3%, i.e. the largest decline in gross lending on record).

¹ French mortgage banks can offer borrowers zero-interest mortgage loans (Prêt à Taux Zero, PTZ), which can be used either for house purchase or for the construction of a dwelling. In the framework of the Government's Stimulus Plan for the Economy (Plan de relance de l'économie), new rules have been applied to all new PTZ since January the 1st, 2009, according to which the amount of the zero-interest mortgage loan can be doubled. For more information, see the EMF Country Factsheet on France at: <http://www.hypo.org/DocShareNoFrame/docs/5/NPGFGBCDLIMMGAHDJCCGANCPDB39DBD7YTE4Q/EMF/Docs/DLS/2007-00092.pdf>

This general weak performance was contextualised by continued fallout from both the broader global and the national economic environments. On the mortgage demand side, despite historic low official interest rates, uncertainty over incomes and employment was prevalent, with unemployment rate increasing notably in some EU countries. On the supply side, lack of

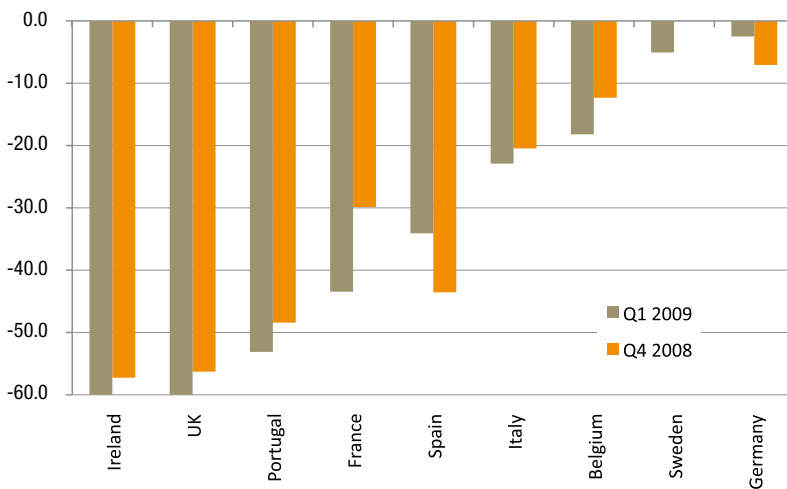
funding and tightened lending criteria dominated the picture. In addition, some seasonal factors probably also impacted lending activity, as the first quarter of the year in many EU mortgage markets is traditionally a period of slower performance.

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



Source: European Mortgage Federation

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



Source: European Mortgage Federation

Evidence of further correction from record levels in house prices

The correction in housing markets continued in Q1 2009 with prices continuing their decline from the peaks that were reached around Q3 2006 (Chart 4). From Q1 2008 to Q1 2009, cumulated decreases in house prices were of 11.9% in Ireland, 13.1% in Denmark, 12.5% in the UK, 7.3% in France, 6.6% in Portugal, 6.2% in Spain and 5.3% in Sweden, while the only increase was recorded in Poland (9.4%). However, these falls in house prices should be viewed in the context of the high compound annual growth rates in house prices recorded in the above countries between 2002 and 2007.

These negative developments in housing markets continued to be fueled by increasing unemployment rates and continuing low volumes of transactions. Despite the improvement in both purchasing affordability from declining prices and repayment affordability due to the ECB rate cuts, potential buyers are still lacking the confidence to enter the market, given the macroeconomic context and uncertainty around employment and income.

In the UK, the decline in house prices moderated somewhat on a quarter-on-quarter basis (4.2% in Q1, following a 5.7% fall in Q4 08). On a year-on-year basis, the fall was steeper than in Q4 2008 (12.4% vs. 8.7%). In Denmark, house prices decreased by 5.5% on Q4 2008, and by 12.1% on Q1 2009. This was the most severe year-on-year fall in house prices since Q2 2006 (Chart 3). In Ireland, house prices fell back to levels

of Q4 2004, which corresponded to a 9.9% year-on-year decrease (after a year-on-year decrease of 9.1% in Q4 2008). In Greece, where the housing market proved to be more resilient than in other EU countries, the first fall in house prices was recorded, both on a year-on-year (-2.5%) and on a quarterly basis (-4.3%).

In Sweden house prices, after reaching their peak in Q3 2008 (Chart 4), fell for the second quarter in a row both on a quarter-on-quarter and on a year-on-year basis. The fall on the previous quarter was substantially the same as in Q4 2008 (3.5% vs. 3.4%), but the fall on the previous year was of 4.1% (after 1.8% in Q4 2008). However, the Swedish housing market experienced a less dramatic correction in house prices than other EU markets to date, also due to some "housing shortage" which helped to soften the downturn in prices.

As regards Spain, housing market conditions worsened, since the year-on-year decline in house prices in Q1 2009 (6.8%) was more severe than that in Q4 2008 (3.2%). However, in absolute terms prices returned to Q3 2006 levels. In Poland, the housing market showed clear signs of cooling off, as the quarter-on-quarter increase in house prices was flat (0.1%), after slowing down in the last few quarters (1.6% in Q4 2008). Also on a year-on-year basis the increase in house prices slowed down (from 9.3% to 6.7%).

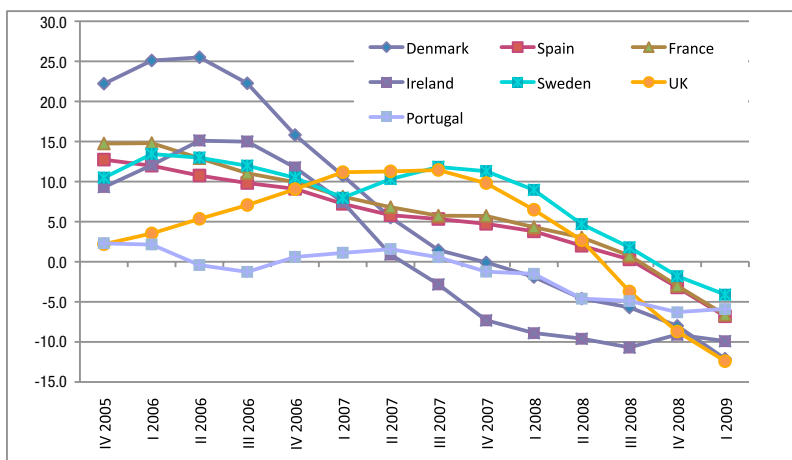


Chart 3 ►
Nominal House Prices
year-on-year growth rates,
% (Q4 2005-Q1 2009)

Source: European Mortgage Federation

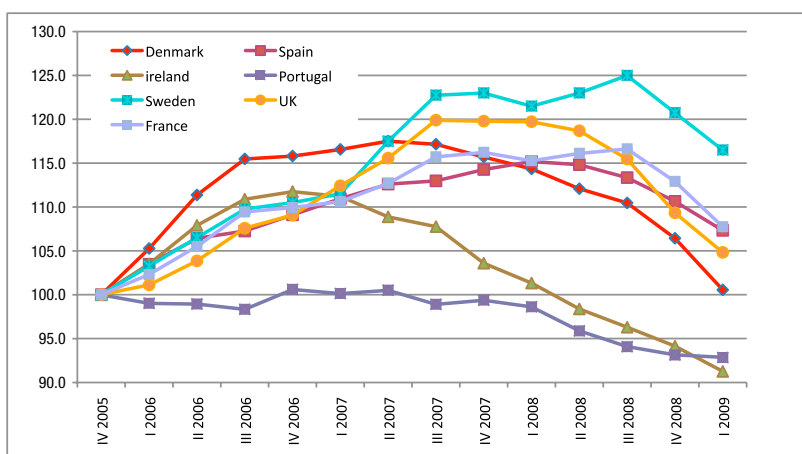


Chart 4 ►
Nominal House Price Index
(Q4 2005=100)

Note: standardised nominal house price indices on national values

Source: European Mortgage Federation

Continued decreases in mortgage interest rates

The monetary policy scenario remained substantially unchanged in Europe after the robust cuts in their central rates by ECB and BOE (up to March 2009) down to historical lows, i.e. 1.50% in the euro area and 0.50% in the UK. In Sweden and Denmark, central banks also cut their rates to record lows (to 0.50% in Sweden, 1.55% in Denmark).

According to data available for Q1 2009, this continued expansionary stance in monetary policy passed through to mortgage interest rates. In all EU markets for which information is available representative mortgage rates declined on the previous quarter (Table 1A), and in many EU countries this fall was remarkably sharp. Rates fell over the quarter in Italy by 240 basis points, bps, by 199 bps in Portugal, by 167 bps in Spain, 147 bps in Denmark, 145 bps in Sweden, and by 140 bps in Poland. When considering developments in mortgage rates on a year-on-year basis, the biggest

decrease in mortgage rates on the previous year was observed in Sweden (295 bps), followed by Ireland (177 bps), Portugal (159 bps), UK (150 bps) and Denmark (139 bps), but also Spain (96 bps) Greece (94 bps) and Poland (79 bps) recorded significant decreases on the previous year.

Contributing National Experts

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Country Insight : Spain / By Irene Peña Cuenca, Spanish Mortgage Association

During the last 15 years, housing affordability for Spanish households have progressively decreased, mainly as a result of the increase in house prices, which has contributed to drive out a significant part of housing demand. Nevertheless, the recent evolution of some indicators suggests a favourable change in this trend. Although the Spanish economy, and especially residential construction activity, is experiencing a downturn resulting from the internal imbalances and the global financial crisis, there are some factors such as the decrease in house prices, the historical lows in mortgage interest rates and a huge housing supply that will determine throughout 2009 and 2010 a new scenario in terms of housing affordability. Growth in house prices was driven by strong and increasing housing demand for 14 years, recording double-digit rates for more than 5 out of these years.

The main factors behind this performance can be summarised as follows:

- the low level of interest rates during the period 2002-2006, which allowed to extend loan maturities with the consequent decrease in the annual mortgage instalments;
- the healthy developments in the economy and in employment;
- the increase in the number of new households;
- the rise in the number of immigrants, who also contributed to increase household formation and housing demand.

However, the high levels in house prices that were reached in the housing market started to have repercussions on housing affordability, especially for the first-time buyers' segment (which is mainly made up by young people, immigrants, and other low-income groups). Consequently, after 2005, and also due to the increase in mortgage interest rates, all the available indicators started to provide evidence of a slowdown in the demand for housing. Meanwhile, the credit demand for housing construction, coupled with the number of new building permits, continued to record very strong increases, resulting in the current excess in housing supply. According to a recent study by the Spanish Ministry of Housing, the new housing stock which was unsold amounted to 613,512 dwellings at the end of 2008.

In 2006, there were expectations for a "soft landing" of the housing sector, characterised by:

- an annual growth rate in house prices as high as the inflation rate;
- a correction in the real estate market from the excesses of the last years in terms of housing supply;

Yet, the correction process in the housing sector has to date resulted in a severe adjustment, both in supply and demand, as a consequence of the burst of the "subprime crisis" and its transformation into the current "global financial crisis".

One of the most dramatic consequences that have arisen in Spain from the current global crisis has been the increase of unemployment, which is also contributing to the cooling-off in housing demand. From a housing market perspective, the risk of “being unemployed” clearly divides *potential buyers* into two different categories:

- On the one hand, there are those households with a high exposure to the risk of unemployment (affecting one or more of their members). In this case, if they are planning to purchase a dwelling, they will find themselves in a weaker financial situation and with a higher psychological inhibition to undertake the house purchase.
- On the other hand, there are households without this threat in their time horizon (for instance: employees in the public sector or workers in wealthy firms). Unlike the former group, if they are planning to purchase a dwelling, they will find at their disposal the widest housing supply at the lowest interest rates in the market ever.

There is no doubt that the current evolution of both interest rates and house prices is determining a new scenario that increases housing affordability in the market. Given that there is no room for further relevant decreases on interest rates, as long as house prices continue to decrease housing affordability will improve and probably will reach, at the end of the year 2009, similar levels to those recorded in 2005 when the housing market still performed buoyantly.

However, there are two key elements that will be essential for the complete recovery of the market: the perception of house price stability in the medium term by potential homebuyers and the improvement of the economic environment, especially as regards employment.

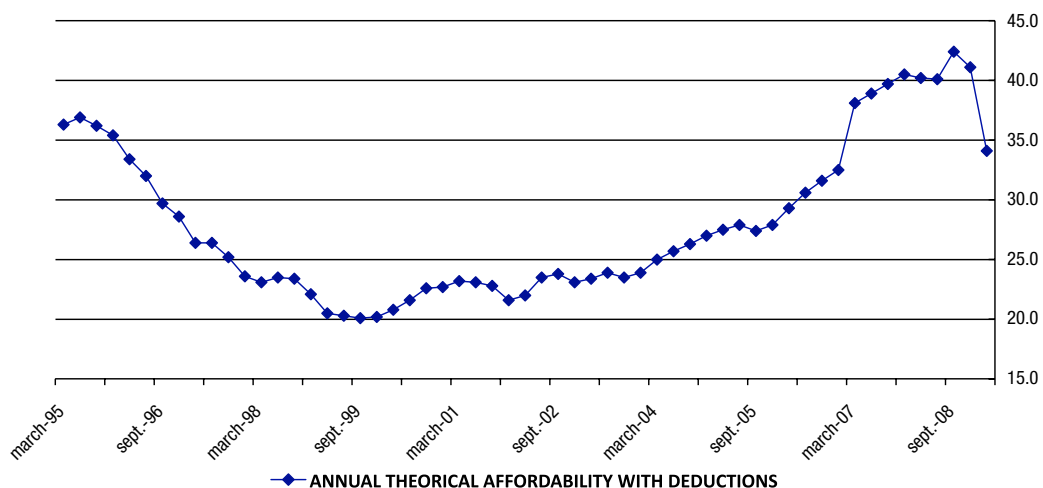
The market segment of first-home demand can be divided into a first time buyers' market sub-segment and also in a next-time buyers sub-segment.

In general, the next-time buyers' segment will not enter the housing market until the first-time buyers do. However, this latter segment is mainly made up by groups of population who are most likely to be affected by the deterioration in the economic situation and its consequences in risk assessments (i.e. households who are more vulnerable to unemployment, or households with an initial weaker economic position). For the groups of population who are more affected by developments in the economic environment, although house prices are likely to continue to decrease in the short-term (thus allowing an improvement in affordability), it is unlikely that they will enter the housing market until a full recovery in the economy and in employment will occur.

Besides, there may be another portion of the first-time buyers' market segment which is less exposed to these risks, so that these potential homebuyers will not probably decide to buy a house until the adjustment in house prices is perceived as sufficient and stable in the medium to long term.

This latter group (first-time buyers less affected by the economic problems and the unemployment) together with a significant part of the next-time buyers' market segment, will gradually re-enter the market, regardless of any decision of first-time buyers to do so, since they will probably rent the dwelling where they live (in the light of the new significant measures that the Spanish Government is adopting in order to support the rental market) and buy another one.

To sum up, despite housing affordability is currently improving in the market, which may lead to an increase of the number of housing transactions, especially during the next year, the real recovery of the Spanish housing market is not likely to be fast. On the contrary, this will be a slow process, depending on the recovery of the national economy and especially on the positive evolution of employment.



NOTE:

Annual theoretical effort with deductions (METHODOLOGICAL NOTE):

Amount of instalments payable by an average household, net of tax deductions, during the first year following the purchase of a standard dwelling financed with a standard loan amounting to 80% of the value of the dwelling, as a percentage of the household's annual disposable income (see May 2005 edition of the BE Boletín Económico, pp. 65-71 and 2005 Spanish Survey of Household Finances). The latest data include estimates of information that is not yet available and are, therefore, subject to possible future revisions.

Source: Bank of Spain

Table 1A ► Representative Mortgage Rates

	IV 2005	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
BE	3.89	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
DK	2.95	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
DE	4.19	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
EE	3.50	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
GR	3.86	3.92	4.22	4.50	4.36	4.00	4.90	4.93	4.75	4.77	5.05	5.45	4.92	3.83
FR	3.50	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
ES	3.20	3.55	3.86	4.2	4.49	4.76	4.93	5.2	5.37	5.34	5.39	5.93	5.89	4.22
IE	3.68	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
IT	4.10	4.30	4.90	5.05	4.56	4.79	4.90	4.94	5.20	5.22	5.56	5.28	n/a	n/a
LV	4.10	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
LT	3.36	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
HU	5.89	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
PL	6.00	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
PT	4.10	4.30	4.60	4.70	5.00	5.10	5.30	5.50	5.70	5.10	5.42	5.69	5.92	3.51
SE	2.36	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
UK	4.99	5.01	5.01	5.13	5.25	5.42	5.61	5.90	6.08	5.89	5.80	6.04	5.49	4.39
Short-term initial fixed period rate, from 1 to 5 years maturity														
	IV 2005	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
BE	3.80	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
DE	4.25	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
GR	5.80	5.37	5.22	5.16	4.81	4.56	4.92	5.11	4.97	4.74	4.95	5.39	6.00	5.36
ES	3.53	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
IE	3.95	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
LV	5.26	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
LT	3.68	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
SE	3.68	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
UK	4.93	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
Variable rate and initial fixed period rate up to 1 year														
	IV 2005	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
BE	3.18	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
DE	4.44	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
GR	4.92	4.60	4.37	4.42	4.37	4.33	4.32	4.46	4.21	4.19	4.39	4.75	5.53	5.26
ES	3.20	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
IE	3.68	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
LV	4.09	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
LT	3.36	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
SE	2.36	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

Source: European Mortgage Federation

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

	IV 2005	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
BE	3.89	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
DE	4.32	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
GR	4.26	4.56	4.58	4.79	4.52	4.65	4.53	4.57	4.48	4.66	4.77	4.86	4.71	4.75
IE	4.40	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
LV	4.69	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

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

	IV 2005	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
BE	3.86	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
DE	4.19	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
GR	5.80	5.37	5.22	5.16	4.81	4.56	4.92	5.11	4.97	4.74	4.95	5.39	6.00	5.36
ES	6.66	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
LV	5.26	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
UK	5.21	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

Source: European Mortgage Federation

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

	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
Denmark													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.0	50.0
variable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.0	50.0
Ireland													
fixed 1-3 years	11.7	11.6	11.7	11.6	13.6	17.1	16.6	16.9	16.4	14.9	13.9	11.6	n/a
fixed 3-5 years	2.7	3.2	3.8	4.8	5.6	4.3	5.8	5.7	5.7	5.8	6.1	6.0	n/a
fixed >5 years	1.6	1.7	1.8	2.0	2.1	2.2	2.2	2.1	2.1	2.2	2.3	2.4	n/a
variable and initial fixed up to 1 year	84.0	83.5	82.7	81.7	78.8	76.5	75.4	75.3	75.8	77.2	77.8	80.0	n/a
Poland													
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	n/a	100.0	n/a
Sweden													
initial fixed >5 years	22.3	21.8	21.9	22.2	22.8	23.7	24.2	24.6	23.7	23.1	21.1	20.5	19.6
initial fixed 1-5 years	39.5	38.5	38.2	38.4	38.5	38.3	38.2	38.6	38.4	37.9	36.0	36.5	36.7
variable and initial fixed up to 1 year	38.2	39.6	39.9	39.3	38.7	38.0	37.7	36.7	37.9	39.0	43.0	43.0	43.7
UK													
fixed	n/a	n/a	n/a	n/a	n/a	n/a	67.1	57.0	45.9	56.4	52.7	52.7	52.7
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	n/a	n/a	n/a	n/a	n/a	n/a

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

	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
Belgium													
variable (fixed up to 1 year)	n/a	n/a	n/a	n/a	1.5	n/a	1.2	1.2	1.8	2.2	2.4	3.7	13.6
initial fixed	n/a	n/a	n/a	n/a	16.9	n/a	13.4	13.7	13.3	15.1	15.0	13.6	16.1
fixed to maturity	n/a	n/a	n/a	n/a	81.6	n/a	85.5	85.1	85.0	82.7	82.5	82.7	70.3
Denmark*													
fixed	40.0	44.0	42.0	43.0	47.0	54.0	55.0	38.6	38.0	38.2	43.9	27.0	17.0
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	60.0	56.0	58.0	57.0	53.0	46.0	45.0	61.4	62.0	61.8	56.1	73.0	83.0
Germany													
Initial fix >1<=5 years	15.0	15.0	16.0	16.0	16.0	14.0	15.0	15.0	17.0	17.0	15.0	17.0	20.0
Initial fix >5<=10 years	40.0	40.0	38.0	38.0	38.0	39.0	38.0	38.0	37.0	38.0	39.0	38.0	38.0
Initial fix >10 years	31.0	30.0	30.0	30.0	31.0	33.0	31.0	32.0	31.0	30.0	31.0	29.0	25.0
Variable and initial fix for <= 1 year	14.0	15.0	16.0	16.0	15.0	14.0	16.0	15.0	15.0	15.0	15.0	16.0	17.0
Spain													
fixed	0.5	0.7	0.6	0.9	4.7	3.0	3.5	2.9	2.5	2.3	1.5	1.3	1.0
initial fixed	5.5	5.2	6.4	5.7	7.1	8.1	7.4	5.8	5.4	6.1	8.2	8.1	11.7
variable	94.0	94.1	93.0	93.3	88.1	89.0	89.1	91.3	92.0	91.5	90.3	90.6	87.4
Ireland													
Initial fix >1 year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.8	9.4	11.6
variable and initial fixed up to 1 year	71.4	77.6	70.5	62.9	58.5	51.0	70.5	94.5	88.3	76.4	78.2	90.6	88.4
Poland													
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	n/a	100.0	n/a
Portugal													
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	n/a	98.0	96.0	95.0	93.6	95.3
Sweden													
fixed	21.0	14.5	17.9	20.8	23.6	27.0	26.3	22.0	15.4	12.6	8.1	3.8	3.5
initial fixed 1-5 years	27.4	25.6	27.4	28.7	29.6	27.5	28.7	29.6	27.4	28.3	26.9	29.2	26.0
variable and fixed up to 1 year	51.5	59.9	54.6	50.5	46.8	45.5	45.0	48.4	57.2	59.1	65.0	67.0	70.6
UK													
initial fixed	68.5	68.4	59.8	62.9	73.5	76.0	75.2	66.0	54.1	64.2	59.8	53.3	56.9
variable	31.2	31.4	39.9	36.9	26.4	23.8	24.6	33.7	45.7	35.5	40.1	46.5	42.9

*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

Table 1E ► Description of Rates

The representative mortgage interest rates are an average or specific mortgage rates for 1st ranking mortgages, involving no prior savings, with no discounts included, gross of tax relief, net of other bank costs. Other specifications are given below:

BE	Long term initial fixed period rate, 10 years or more maturity. Market share approx. 95% in 2007.
DKⁱ	Adjustable mortgage rate - Market share = 45% in 2007.
DKⁱⁱ	Fixed interest rate based on 30 year callable bonds. Market share = 55% in 2007.
DE	Renegotiable rate with a fixed period of 5 to 10 years. Market share = 38% in 2007.
EE	It is the weighted average of the annual interest rate on new EUR denominated housing loans granted to individuals.
GR	Reviewable rate after a fixed term of 1 year. Market share for 2007=26.9%.
ES	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 Hyostat and should relate to broadly the same product over time.
FR	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. Market share= varies between 70% and 80% depending on the yield curve.
IE	Variable rate (≤ 1).
IT	Until the 3 rd quarter of 2006, the fixed rate was used - Market share 2005 = between 20% and 30%. From the 4 th quarter of 2006 onwards, the variable interest rate on a loan of EUR 100.000 with a maturity of 20 years has been used.
LV	Variable rate (≤ 1). The average interest rate on new EUR denominated loans.
LT	Variable rate (≤ 1). The average interest rate on new EUR denominated loans.- Market share 4 th quarter 2005=95%
HU	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).
AT	Variable rate (≤ 1).
PL	The indicator is a weighted average of variable mortgage rates denominated in PLN for all residential credits on outstanding amounts.
PT	Variable interest rate up to 1 year indexed to Euribor (≤ 1)- Market share 2007=98.0%
SE	Variable interest rate up to 1 year (≤ 1) – Market share for new mortgages with variable interest rate 2008=62%
UK	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).

ⁱ 2 year discounted rate;

ⁱⁱ 2 year fixed rate

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

	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	latest y-o-y change (%) (Q1 09)	previous y-o-y change (%) (Q4 08)
BE	111,004	114,105	113,278	116,288	119,133	123,055	125,677	128,068	130,548	132,842	134,404	6.9	8.0
DK	190,743	194,970	199,075	203,746	208,165	211,381	214,833	217,899	220,522	222,403	222,503	5.0	5.2
DE	1,183,752	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	-0.7	-0.7
EE	3,783	4,278	4,654	5,068	5,375	5,625	5,817	6,038	n/a	n/a	n/a	n/a	n/a
GR	53,660	57,145	60,255	63,274	66,116	69,363	71,661	74,064	76,055	77,700	78,066	8.9	12.0
FR	560,000	578,600	594,600	614,700	633,600	651,100	667,600	679,600	698,300	700,800	712,900	6.8	7.6
ES	545,990	571,803	594,534	618,792	634,393	646,676	659,195	666,664	672,242	674,434	673,197	2.1	4.3
IE	117,143	123,288	127,555	131,845	135,963	139,842	142,403	145,341	147,550	147,904	148,332	4.2	5.8
IT	269,646	276,102	282,658	289,861	299,798	304,223	259,928	297,760	305,498	311,788	314,395	21.0	2.5
LV	3,982	4,675	5,449	6,069	6,427	6,726	6,964	7,068	n/a	n/a	n/a	n/a	n/a
LT	2,706	2,997	3,371	3,870	4,412	4,849	5,156	5,538	n/a	n/a	n/a	n/a	n/a
HU	9,536	10,373	10,912	11,463	11,902	12,407	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NL	497,125	509,831	525,123	528,151	541,154	551,530	560,395	566,083	672,242	588,565	591,611	5.6	6.7
PL	20,245	22,795	24,927	28,211	31,987	35,966	40,834	44,959	51,949	57,014	51,820	26.9	58.5
PT	90,384	91,895	94,394	97,239	99,391	101,094	103,308	105,521	105,167	105,210	105,989	2.6	4.1
SE	169,922	175,767	178,185	181,459	185,040	189,426	201,892	207,906	208,859	198,471	198,935	-5.9	n.a.
UK	1,543,510	1,602,576	1,642,079	1,664,892	1,714,139	1,745,744	1,584,679	1,533,404	1,536,528	1,458,894	1,345,476	-15.1	-16.4

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 to Q4 figures for Sweden should not be compared to the 2007 figures due to changes in the statistical sources.

Source: European Mortgage Federation

Table 3 ► Gross Residential Mortgage Lending (Million EUR)

	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	latest y-o-y change (%) (Q1 09)	previous y-o-y change (%) (Q4 08)
BE	5,911	5,609	5,342	6,105	5,907	5,471	5,001	6,076	5,657	4,797	4,091	-18.2	-12.3
DK	11,395	14,388	9,147	10,559	11,707	11,852	7,894	9,773	9,116	10,188	9,275	17.5	-14.0
DE	18,315	20,903	18,069	19,457	22,360	21,519	16,818	19,442	21,012	20,000	16,400	-2.5	-7.1
EE	617	700	576	616	499	445	439	461	n/a	n/a	n/a	n/a	n/a
GR	3,880	4,278	3,858	3,942	3,474	3,833	3,677	3,752	n/a	n/a	n/a	n/a	n/a
FR	39,200	36,300	33,800	37,000	39,500	36,500	31,300	33,106	32,000	25,600	17,700	-43.5	-29.9
ES	34,761	39,092	38,479	37,737	30,853	28,508	25,016	24,166	18,510	16,089	16,489	-34.1	-43.6
IE	10,962	10,343	7,809	8,733	8,984	8,282	6,266	7,566	5,678	3,539	1,998	-68.1	-57.3
IT	20,060	25,053	21,171	24,552	21,025	26,994	21,045	22,825	19,687	21,472	16,225	-22.9	-20.5
LT	784	868	976	1,122	1,278	1,404	1,493	1,604	n/a	n/a	n/a	n/a	n/a
HU	704	810	584	782	822	842	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PT	4,506	4,550	4,144	4,765	5,354	5,369	4,090	3,673	2,993	2,769	1,917	-53.1	-48.4
SE	9,241	11,510	10,191	12,474	10,567	12,409	10,469	12,105	9,439	10,620	9,940	-5.1	n/a
UK	136,743	137,264	125,172	138,164	144,823	123,069	99,373	93,943	77,803	55,398	36,545	-63.7	-56.3

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 to Q4 figures for Sweden should not be compared to the 2007 figures due to changes in the statistical sources.

Source: European Mortgage Federation

Table 4 ► Net Residential Mortgage Lending (Million EUR)

	III 2006	IV 2006	I 2007	II 2007	III 2007	IV 2007	I 2008	II 2008	III 2008	IV 2008	I 2009	latest y-o-y change (%) (Q1 09)	previous y-o-y change (%) (Q4 08)
BE	2,523	3,004	2,172	3,010	2,845	3,922	2,542	2,852	2,480	2,294	1,562	-38.6	-41.5
DK	4,806	3,691	4,084	4,260	4,201	3,243	3,080	3,309	2,870	2,228	2,226	-27.7	-31.3
DE	4,361	63	-3,822	-2,971	-94	-2,867	-6,245	1,103	1,100	-3,519	-5,939	-4.9	n/a
EE	444	495	376	414	308	250	193	221	n/a	n/a	n/a	n/a	n/a
GR	2,809	3,485	3,110	3,019	2,812	3,248	2,297	2,404	1,991	n/a	n/a	n/a	n/a
FR	20,000	18,600	16,000	20,100	18,900	17,500	16,300	12,200	18,700	11,700	2,900	-80.0	-33.1
ES	19,934	25,813	22,731	24,258	15,601	12,283	12,519	7,469	5,578	2,191	-1,236	-109.9	-82.2
IE	6,343	6,145	4,267	4,290	4,118	3,879	2,561	2,946	2,209	354	428	-83.3	-90.9
IT	8,143	6,452	6,556	7,203	9,937	4,425	-4,421	-2,042	7,738	6,290	n/a	n/a	42.1
LV	615	699	810	591	359	310	209	134	n/a	n/a	n/a	n/a	n/a
LT	310	291	374	496	544	438	307	381	n/a	n/a	n/a	n/a	n/a
HU	364	281	213	375	599	556	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PL	1,892	1,993	2,358	2,721	3,698	2,843	3,961	2,209	5,632	11,404	3,948	-0.3	301.1
PT	1,314	1,511	2,499	2,845	2,152	1,703	2,214	2,213	-354	43	779	-64.8	-97.5
SE	3,251	4,070	3,458	4,582	3,711	4,905	n.a.	5,150	3,588	5,128	4,345	n/a	n/a
UK	44,880	43,648	38,132	41,808	45,538	34,165	22,573	16,223	9,365	3,565	-151	-100.7	-89.6

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 to Q4 figures for Sweden should not be compared to the 2007 figures due to changes in the statistical sources.

Source: European Mortgage Federation

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

	IV 2005	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
DK	22.2	25.1	25.5	22.3	15.8	10.7	5.5	1.5	-0.1	-1.9	-4.6	-5.7	-8.0	-12.1
EE	41.7	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
GR	17.8	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
ES	12.8	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
FR	14.8	14.8	12.9	11.1	9.9	8.1	6.8	5.7	5.7	4.3	3.0	0.8	-3.0	-6.6
IE	9.3	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
PL	n/a	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
PT	2.3	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
SE	10.5	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
UK	2.2	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

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

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

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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