

## QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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### INTRODUCTION

The promising trend in EU mortgage and housing markets seen since 2014 also continued in spring 2015 with an increase in gross lending in nearly all countries. More favourable economic fundamentals, decreasing interest rates and a shortage of housing supply, especially in the most dynamic urban areas in Europe, pushed house prices upwards. However, there are large heterogeneities both across and within countries. Notwithstanding the dynamism of this last period, the amount of overall gross lending in the EU is still around 62% of the pre-crisis level peak in 2006. Besides the increasing demand for mortgages, the persistent low interest rate environment also started to shift the preference for mortgage contracts from a variable to a fixed rate in a number of countries.

### MORTGAGE LENDING

Q2 2015 continues on the path traced by the previous quarter showing a recovering market with a geographically heterogeneous pattern. Total outstanding mortgage loans continued to rise by 4.6% year-on-year (y-o-y), while the quarter-on-quarter (q-o-q) figure showed a slight slowdown to 1.3% growth with respect to Q1 2015, reverting to the general pattern in which the gross lending growth is higher in Q2 than in Q1. The total outstanding lending analysed

comprised about EUR 6.6 tn. in our representative sample of the EU28<sup>1</sup>. With a figure larger than EUR 237 bn. y-o-y gross lending grew by an impressive 56%. There was also a 12% increase with respect to Q1 2015, which was principally due to a strong increase in France, Italy and the UK. The increase of the latter, however, is mainly due to the appreciation of the GBP to the Euro.

The relatively positive economic trend coupled with the persistent low interest environment due to the on-going quantitative easing put in place by the European Central Bank (ECB), triggered the continuous growth of gross lending.

As in the last quarter, **Denmark** saw the largest y-o-y growth in gross lending in our sample. However, despite its current 150% growth y-o-y, in Denmark this figure decreased by more than 27% with respect to the previous quarter. This slowdown in the gross lending is explained by an increased proportion of fixed rate mortgages originated in this quarter. The latter jumped from 50.3% of Q1 2015 to more than 78% this quarter. Another reason to explain the surge in gross lending is the increase of mortgage rates on loans with a fixed rate mortgage. The floating mortgage rate remained the same. Moreover, the decrease in outstanding loans is not due to an apparent slowdown of the market but is merely a technical matter. As general interest rate levels have been rising in Q2 2015, the prices on outstanding covered bonds funding Danish mortgage loans have been declining, even though outstanding borrowing has in fact increased. It is one of the virtues of the Danish mortgage

<sup>1</sup> In Q2 2015 the sample of the proxy approaching the amount of total outstanding mortgage lending in the EU28 included BE, CZ, DE, DK, ES, 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 2014). Please, note that at the date of publishing, Q2 2015 data for BE, CZ, NL and PT was not yet available and the most recent observation has been used as a proxy for these countries.

system that borrowers with fixed rate loans automatically get a lower market value of their debt when interest rates are rising. This is why – it is mainly the market value – of fixed rate mortgages that has been declining in Q2 2015. Otherwise, net lending for housing is up by more than DKK 16 bn. in Q2 2015. Hence, the decrease should not be interpreted as a slowdown in activity.

After Denmark, **Italy** is the country where the gross lending grew<sup>2</sup> the most, increasing by an impressive 83.2% y-o-y and by more than 46% q-o-q. At the same time, the value of outstanding residential mortgages remained stable q-o-q at EUR 358.8 bn. This positive trend is supported by the increase in demand for mortgages and the growth of consumer confidence. Moreover, the guarantee fund for the first home, launched at the end of 2014 made an important contribution to the real estate market's recovery. This State-backed fund guarantees up to 50% of the mortgage loan's nominal (capped at EUR 250,000) in case of the first house purchase, a renovation or an increase of the house's energy efficiency. **France** is also experiencing a positive trend in gross lending which started at the end of 2014 and kept accelerating throughout the first half of 2015. In **Belgium** as well there has been a considerable growth in mortgage lending, which is principally due to a surge of the refinancing activity triggered by the historically low mortgage rates. The latest data from July, however, show that the number of applications for refinancing operations has not increased too much with respect to Q1 2015. There has been also a considerable increase in credits granted for house renovations due to an announcement of a rebate for the VAT on renovation work (6% instead of 21%). The current rebate is applicable to houses older than five years, but in the near future this lower VAT will be applied to houses older than 10 years. Also in Q2 2015, the market share of new fixed interest rate loans and loans with an initial fixed rate for more than 10 years increased to around 90% of the newly provided loans. The share taken up by new loans granted with an initial fixed rate for one year, fell to about 0.5% of the credits provided. Overdue contracts remain stable at around 1.1-1.2% of outstanding mortgages. **Ireland** also witnessed a healthy increase in lending, which, however, was at a slower pace than in the previous quarter, which may be due to the introduction in February 2015 of loan-to-value and loan-to-income ratios by the Central Bank of Ireland for new mortgage lending. The positive growth of **Swedish** gross lending increased by more than 30% (in Swedish Krona) based upon a number of factors: low interest rates, high demand for housing, insufficient construction, favourable economic growth and increasing household income. For **Spain** the latest figures show that gross lending figures started to recover while the mortgage outstanding volume declined at a more moderate pace. Moreover, the loan figures show that the market share of fixed mortgage loans continue to increase, both for fixed interest rate loans and for loans with an initial fixed rate.

In **Hungary** thanks to favourable macroeconomic figures the construction and housing market continued to pick up with nearly a 36% increase y-o-y. Mortgage lending in foreign currency has been prohibited since 2010 and in the first quarter of 2015 also the existing foreign currency mortgage loans have been converted into HUF. As a consequence, at the end of the second quarter of 2015 more than 99% of the mortgage loans were denominated in HUF. A further incentive in lending will come from the new regulation called CSOK (Home Financing Subsidy for Families), which will provide a lump sum subsidy for families who would like to buy a used or a new flat.

As mentioned above, nearly everywhere the gross lending increased by a double digit growth rate, except for **Poland**, the **UK** and **Romania**. **Poland** recovered after a very weak previous quarter and was able to reach roughly the same level as Q2 2014, in part thanks to the impact of a housing support scheme addressed to young people called "Flat for Youth", which started in January 2014. These good mortgage lending results prove the seasonality

of banks' lending activity on this market, together with very low interest rates and generally low transaction prices. Moreover, banks considerably eased the standards of granting housing loans, which also helped to revive demand in the market. For the **UK**, despite positive macroeconomic results, the housing and mortgage market was only slightly stronger with respect to the previous quarter. This was caused by a continued tight supply in the secondary housing market. This is causing supply/demand imbalances which, in turn, continue to limit activity and lending. Mortgage lending showed signs of a pickup after the slowdown towards the end of 2014 and beginning of 2015. Demand has strengthened as a result of improved macroeconomic conditions, low inflation, higher earnings growth, coupled with record low mortgage rates, which all look to set to help increasing gross and outstanding lending. **Romania** is the only country in our sample which decreased its gross lending figures with respect to the previous year and to the previous quarter by nearly 30% and 29% respectively. The volume of outstanding mortgage loans, however, increased by nearly 11% with respect to the same quarter last year. The amount of local currency denominated mortgage loans increased by 22.1% while the foreign currency denominated mortgage loans decreased by a marginal 1.1%. The Non-Performing Loan (NPL) ratio for mortgage loans decreased to 4.25% in Q2 2015, mainly due to the removal of non-performing loans from the banks' balance sheets, but also due to banks' loan sales.

## HOUSE PRICES

In Q2 2015 house prices increased slightly in nearly all our sample. The main driver of this upward trend is the constant imbalance of supply and demand of dwellings in the most dynamic urban areas throughout the continent. Moreover, improving macroeconomic sentiment and the low interest rates for mortgages are two additional factors that have also contributed.

In **Denmark** house prices grew by 3.0% Q2 2015 q-o-q and by 6.0% y-o-y, driven by the housing market in Copenhagen. The sales activity for one-family houses rose by 9.6% y-o-y and the sales activity of owner occupied flats was 27.1% higher y-o-y. Also in **Ireland** the 10.7% increase with respect to the same period in 2014 is driven by an 11.1% increase of the house prices in Dublin, compared to the 9.7% increase of the other parts of the country. This difference is due to lack of available housing in the capital, while a significant oversupply is maintaining downward pressure on prices outside Dublin and other cities. Notwithstanding an increase in building activity up to 9% in Q2 2015 y-o-y, the supply volumes continue to remain low relative to demand. In **Sweden** the pace of prices of single family houses continued to increase moving from 6.6% growth last year to 9.0% growth in Q1 2015 y-o-y, to 10.3% in Q2 2015 y-o-y. With 19% this year and 12% during the same period last year, price increases on apartments are even higher than for one-family homes. The strong price increases in the second quarter are partially explained by the plan of the Swedish FSA to introduce amortisation rules on new mortgages this autumn. The amortisation rule was a catalyst to heat up the housing market on the margin during the spring. Later the amortisation rule was postponed due to legal implications and the market cooled down somewhat. Even if the construction figures continued to increase during 2015 reaching comparably high levels, the quite strict building permits and building standards deflate expectations of a potential housing boom in Sweden. The majority of construction sites in Sweden can be found around the large urban areas of Stockholm, Gothenburg and Malmö, while in the 1990 they accounted for a quarter of new constructions. A similar picture is seen also in **Germany** where, even though construction activity is on the rise, the persistent scarcity of housing in many large German towns and cities, and the stable values of residential properties are making them an increasingly attractive proposition. Prices for owner-occupied residential

<sup>2</sup> The latest figure is based on estimation.

properties again rose appreciably by +4.4%. Demand for owner-occupied houses and apartments are unabated. Prices for single-family and semi-detached houses were up by 4.8%, again exceeding the growth rate of prices for condominiums, which were 3.4% higher. Nevertheless, the rise in prices in the owner-occupied housing sector appears to be slowing down somewhat.

In the **UK** house price growth has continued to be strong on an annual basis, as the supply of housing remains tight and has been reported to have tightened even further. Some commentators put this down to uncertainty around the General Election, which took place in May, while others cited that would-be movers are being put off marketing their property as they cannot see properties they want to buy themselves, which is creating something of a vicious cycle in the housing market. House price growth continues to outpace income growth, which is expected to put more pressure on affordability going forwards.

In 2014 in **Hungary** the housing market hit rock bottom after which prices started to grow again in nominal and real terms showing an increase from April 2014 to March 2015 of 14% in nominal and 15% in real terms. There has been a continuous price increase for more than a year on the Hungarian domestic housing market. To recap, the rate of increase rose to 4% Q1 2015. Despite the dynamism in the market, nominal prices are still 10% lower than the pre-crisis level of 2007. The housing market turnaround, however, seems to reach the greater part of the country as in most regions a price increase was seen on the housing markets at the beginning of 2015. In the most dynamic Hungarian regions pre-crisis levels have been reached and surpassed. With the steady growth of the economy, the construction industry also started to pick up. According to real estate agents the expected number of housing transactions is expected to reach 150,000 in 2015, 50% more than in 2014. The housing market outlook is favourable when looking at the numbers of building permits, which rose by 44% in Q1 2015 y-o-y and by 36% in Q2 2015 y-o-y. Also here, even if the number shows some dynamics, the levels are less than 20% of those of the pre-crisis peak in 2003. Regarding completed residential housing, the figure in the first six months exceeded the low point of 2013 but not the figures for the same period in 2014. Nevertheless, when looking at the nationwide increase in the number of building permits it is safe to assume that this statistic will also be exceeded in the near future.

A calmer picture is depicted in **Poland** where house prices remain stable and where no argument suggests an increase in the near future, while in **France**

prices decreased slightly in a large majority of regions. Also in **Romania** banks reported a decrease of house prices for the second consecutive quarter.

### MORTGAGE INTEREST RATES

In line with the previous quarter, Q2 2015 shows a continued overall decrease in mortgage rates to which the quantitative easing of the ECB has contributed. The average decrease in the euro area was around 15 basis points and also in the EU countries outside the euro area the mortgage rates are at record lows. Except for **Italy** and **Denmark**, whose mortgage interest rate basket grew respectively by 9 and 24 basis points, the rest of our sample continues to decrease. In absolute values the highest drop of 80 basis points was in **Hungary**, reaching little more than 5%. In **France** the decrease continued until last June, reaching the lowest levels since the end of World War 2. Also in the **UK**, due to high competition to attract new customers, rates fell to new lows on fixed-term products of all lengths in Q2 2015. In **Sweden** variable and 1-5 years fixed mortgage rates continued to sink to their lowest levels in decades, while fixed interest rates over five years seem to have reached a historic low at around 2.3% in the first quarter, as the interest rate increased to 2.6% in the second quarter. Besides the low inflationary pressure and funding costs, the Swedish Central Bank continued to lower the repo rate for all 2015 (to -0.35 in July).

The persistent low interest rates exert pressure to stipulate more fixed rate contracts in order to reap the benefits of this low cost of money. On the other hand, the expectation that rates will remain low for a long period of time is dampening this effect, as many borrowers are attracted by the extremely low interest rates on variable rate or short-term initial fixed rate mortgages.

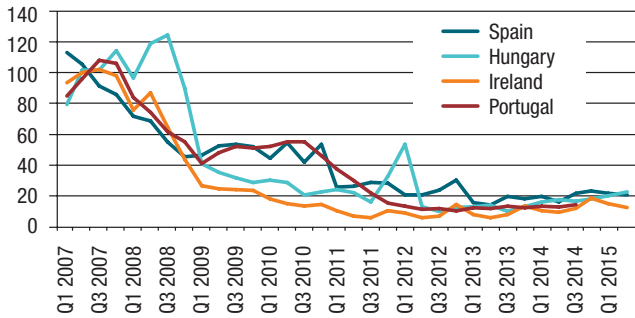
Finally, notwithstanding these dynamics, in the sample there are large heterogeneities among the various countries. Some are traditionally more prone to variable rates, such as **Hungary, Poland, Portugal, Romania, Spain** and **Sweden**, while others such as **Belgium, Denmark, Germany** and the **UK** prefer mortgage loans that have some initial rate fixation of more than one year. Exceptions to this are **Ireland**<sup>3</sup> and **Italy**, which continue to shift from a variable to a more fixed rate environment. In the former, the 1-5 year fixed rate mortgages account for 44.8% in Q2 2015 up from 9.2% a year ago. In **Italy** the share of long-term fixed mortgage loans nearly doubled reaching 49% and thus surpassing the number of mortgages with a variable rate loan.

<sup>3</sup> The Central Bank of Ireland (CBI) introduced a new quarterly interest rate data series for Q4 2014, which is based on new mortgage drawdowns and, unlike the ECB data, does not include renegotiations, which has a significant impact on Irish data. Variable new housing loans (excluding renegotiations) for primary dwelling mortgages

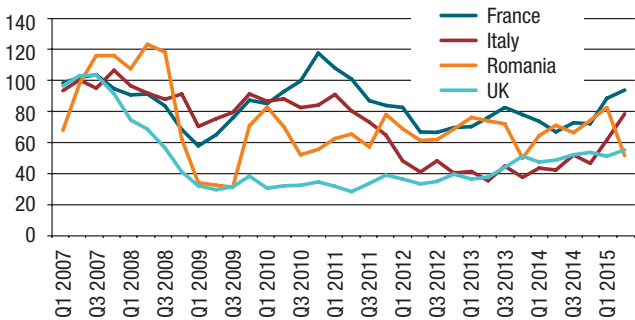
averaged 4.13% in June 2015. For primary dwelling mortgages, fixed rates were below standard variable rates across all fixation categories ranging from 3.7% to 3.87% depending on the initial period of fixation.

**Chart 1 ► Gross Residential Lending (2007=100; in euro; seasonally adjusted data)**

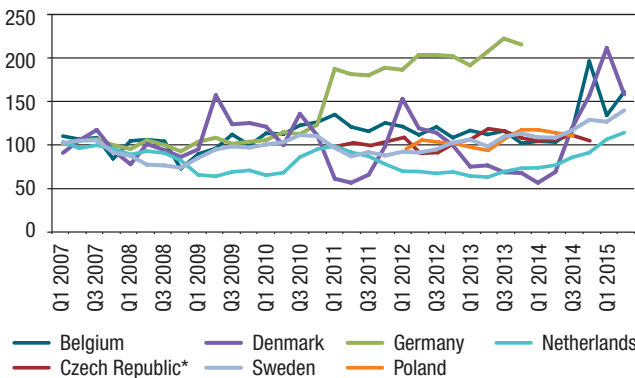
a) Countries where gross residential lending has remained below 20% of 2007 levels



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



c) Countries where gross residential lending has risen above 2007 levels

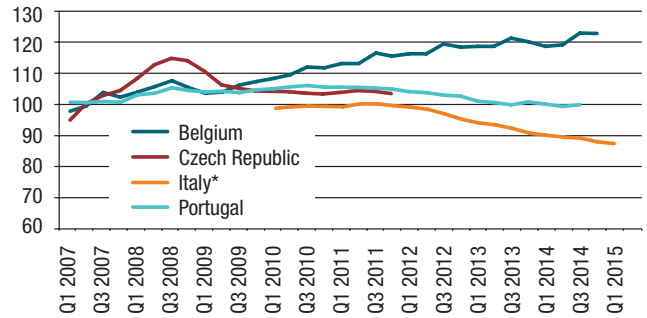


Source: EMF-ECBC

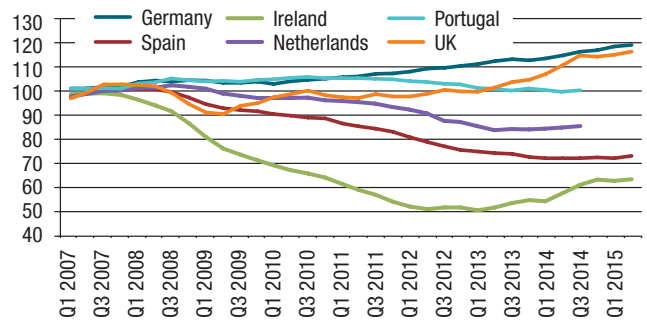
Note:  
\*Q1 2010 = 100  
The time series have been seasonally adjusted by regressing the gross domestic lending of each country on quarter dummies and a constant, and adding the residuals to the sample means. STATA econometric software has been used.

**Chart 2 ► Nominal House Price Indices, 2007=100**

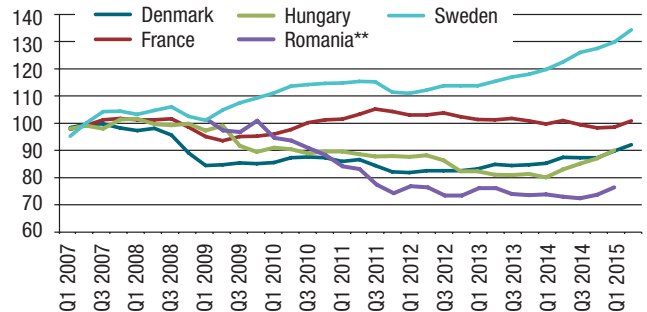
a) Countries where house prices have fallen in the available latest quarter



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



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



Source: EMF-ECBC

Note:  
\*2010 = 100  
\*\*2009 = 100

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

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	latest y-o-y change (%) (Q2 15), EUR values	previous y-o-y change (%) (Q1 15), EUR values	latest y-o-y change (%) (Q2 15), local currency	previous y-o-y change (%) (Q1 15), local currency
<b>BE</b>	187,595	189,484	190,183	191,506	192,966	197,327	199,255	201,814	5.4	4.8	5.4	4.8
<b>CZ</b>	22,492	21,694	21,886	22,332	22,798	23,161	n/a	n/a	n/a	n/a	n/a	n/a
<b>DE</b>	1,202,466	1,208,822	1,209,931	1,216,024	1,226,333	1,237,410	1,240,548	1,253,938	3.1	2.5	3.1	2.5
<b>DK</b>	234,257	234,750	235,724	237,379	238,088	238,066	237,399	234,820	-1.1	0.7	-1.0	0.8
<b>ES</b>	619,168	612,817	607,259	603,760	593,209	586,609	580,564	554,119	-8.2	-4.4	-8.2	-4.4
<b>FR</b>	805,998	814,627	821,995	821,995	828,000	833,120	841,940	845,778	2.9	2.4	2.9	2.4
<b>HU</b>	18,856	18,499	18,033	17,774	17,393	17,146	16,532	15,464	-13.0	-8.3	-11.4	-10.6
<b>IE</b>	123,708	122,585	121,417	118,923	116,960	115,730	114,139	113,063	-4.9	-6.0	-4.9	-6.0
<b>IT</b>	362,363	361,390	360,045	359,404	359,269	359,137	358,649	358,882	-0.1	-0.4	-0.1	-0.4
<b>NL</b>	643,996	632,092	630,736	631,032	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>PL</b>	79,229	80,812	81,451	82,713	83,538	82,555	89,797	89,451	8.1	10.2	9.0	8.0
<b>PT</b>	107,544	106,585	105,562	104,636	103,671	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>RO</b>	9,057	9,243	9,352	9,695	9,793	10,095	10,436	10,748	10.9	11.6	13.1	10.4
<b>SE</b>	344,782	340,379	340,001	337,040	342,542	339,152	348,597	358,951	6.5	2.5	7.0	6.4
<b>UK</b>	1,472,498	1,483,422	1,498,457	1,556,215	1,612,880	1,612,823	1,733,949	1,781,993	14.5	15.7	1.6	1.4

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.

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

- France
- Spain
- United Kingdom

**Table 2 ► Gross Residential Mortgage Lending (Million EUR)**

	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015	latest y-o-y change (%) (Q2 15), EUR values	previous y-o-y change (%) (Q1 15), EUR values	latest y-o-y change (%) (Q2 15), local currency	previous y-o-y change (%) (Q1 15), local currency
<b>BE</b>	6,390	6,534	4,977	5,924	6,325	12,215	7,342	9,390	58.5	47.5	58.5	47.5
<b>CZ</b>	1,377	1,389	1,005	1,423	1,310	1,346	n/a	n/a	n/a	n/a	n/a	n/a
<b>DE</b>	47,200	46,200	39,300	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>DK</b>	5,538	6,716	4,581	5,499	10,238	15,016	18,983	13,766	150.3	314.4	150.5	314.6
<b>ES</b>	4,836	5,962	6,450	6,774	5,552	8,024	7,339	8,372	23.6	13.8	23.6	13.8
<b>FR</b>	37,125	33,737	27,764	27,619	32,589	31,631	33,227	39,780	44.0	-6.2	44.0	-6.2
<b>HU</b>	182	170	148	218	269	243	212	296	35.8	42.9	38.3	39.1
<b>IE</b>	750	896	568	820	1,126	1,341	983	1,084	32.2	73.1	32.2	73.1
<b>IT</b>	6,673	7,902	7,337	8,804	8,116	10,566	11,032	16,129	83.2	50.4	83.2	50.4
<b>NL</b>	13,493	14,492	14,007	16,692	17,360	18,768	21,676	25,510	52.8	54.8	52.8	54.8
<b>PL</b>	2,058	2,141	1,790	2,118	2,127	1,797	1823.8	2152.7	1.6	1.9	1.4	-1.6
<b>PT</b>	519	580	500	550	573	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>RO</b>	457	316	276	386	425	459	382	272	-29.6	38.4	-28.1	36.9
<b>SE</b>	11,107	13,093	10,791	12,899	11,996	15,001	12,955	16,737	29.8	20.1	30.3	24.6
<b>UK</b>	59,584	61,760	55,862	64,019	70,758	65,105	61,332	73,414	14.7	9.8	1.8	-3.9

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

- Spain
- France
- United Kingdom

Source: European Mortgage Federation

Q2 2015 figures for Italy are estimates

Table 3 ► Change in Outstanding Residential Loans (Million EUR)												
	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
BE	2,155	2,166	1,058	1,251	1,671	1,889	699	1,323	1,461	4,361	1,928	2,559
CZ	715	460	-255	243	755	-798	192	445	466	363	n/a	n/a
DE	8,638	8,504	1,761	6,548	9,304	6,356	1,109	6,093	10,309	11,077	3,138	13,390
DK*	388	1,095	1,210	495	-10,303	492	975	1,655	709	-22	-667	-2,580
ES	-6,424	-6,483	-7,938	-5,774	-8,629	-6,351	-5,558	-3,499	-10,551	n/a	n/a	-26,445
FR	6,111	7,921	6,312	6,943	8,634	8,629	7,368	0	6,005	5,120	8,820	3,838
HU	-382	-523	-639	-204	-286	-357	-466	-259	-382	-247	-614	-1,068
IE	-1,158	-794	-1,056	-1,135	-845	-1,123	-1,168	-2,494	-1,963	-1,230	-1,591	-1,076
IT	-855	-647	-964	-716	-1,545	-973	-1,345	-642	-135	-132	-488	233
NL	2,235	-492	-2,088	-2,816	-1,868	-11,904	-1,356	296	n/a	n/a	n/a	n/a
PL	1,943	1,157	-1,094	-1,251	2,141	1,583	639	1,262	825	-983	7,242	-346
PT	-1,049	-1,086	-905	-1,042	-1,029	-959	-1,023	-926	-965	n/a	n/a	n/a
RO	262	256	196	225	-130	186	108	343	98	302	342	311
SE	15,681	-1,220	13,809	-12,382	8,432	-4,403	-378	-2,961	5,502	-3,389	9,444	10,354
UK	21,113	-31,756	-52,956	-16,978	41,167	10,924	15,035	57,758	56,666	-57	121,126	48,044

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

Source: European Mortgage Federation

\* 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.

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

- United Kingdom

**Table 4 ► House Price Indices, 2007 = 100**

	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>BE</b>	116.7	116.7	120.0	119.0	119.2	119.2	122.1	120.8	119.2	119.8	123.9	123.7	n/a	n/a
<b>CZ</b>	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	n/a
<b>DE</b>	107.5	108.9	109.3	110.2	111.1	112.4	113.4	112.9	113.8	115.2	117.0	117.8	119.5	120.3
<b>DK**</b>	80.6	81.4	81.4	81.4	82.1	83.9	83.6	83.8	84.4	86.9	86.7	86.7	89.5	92.2
<b>ES</b>	80.2	78.1	76.1	74.5	73.7	73.1	72.7	71.3	71.0	71.0	70.8	71.2	70.9	71.8
<b>FR</b>	103.7	103.7	104.7	102.9	101.6	101.4	102.2	101.0	99.7	101.1	99.3	97.9	98.3	101.0
<b>HU</b>	87.2	87.8	85.9	81.4	81.4	79.9	79.8	80.3	78.9	82.1	84.5	86.7	89.9	n/a
<b>IE</b>	50.8	49.8	50.6	50.6	49.3	50.5	52.5	53.8	53.1	56.8	60.3	62.6	62.1	62.8
<b>IT*</b>	99.9	99.1	97.4	95.3	93.9	93.3	91.9	90.2	89.3	88.7	88.3	86.9	86.3	n/a
<b>NL</b>	92.0	90.3	86.7	86.1	84.1	82.4	82.8	82.5	82.9	83.4	84.2	n/a	n/a	n/a
<b>PL</b>	91.0	88.1	86.1	85.9	81.7	82.6	83.9	85.0	84.7	86.1	86.4	86.5	86.7	85.8
<b>PT</b>	104.4	104.0	102.9	102.6	100.4	99.9	98.9	100.1	99.1	98.2	98.9	n/a	n/a	n/a
<b>RO**</b>	75.9	75.4	72.3	72.2	75.3	75.3	72.9	72.3	72.8	71.8	71.2	72.5	75.5	n/a
<b>SE</b>	110.6	111.8	113.5	113.5	113.5	115.2	116.9	118.0	119.9	122.8	126.6	128.1	130.6	135.4
<b>UK</b>	97.0	98.2	99.9	99.3	99.2	101.0	103.5	104.7	107.1	111.3	115.7	115.2	116.1	117.6

Note:

\*: 2010=100

\*\*: 2009=100

\*\*\*: one-family houses – total index unavailable from source

Source: European Mortgage Federation

It is worth mentioning that house prices are calculated according to different methodologies at the national level.

Further information below:

Belgium: Stadim average price of existing dwellings.

Germany: all owner-occupied dwellings, weighted average, VdP index.

Denmark: all dwellings; please note that the series has been revised.

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:

- France
- Spain



Table 5A ► Mortgage Interest Rates (% , weighted average)													
	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
BE	3.72	3.51	3.45	3.41	3.37	3.41	3.56	3.50	3.32	3.04	2.79	2.56	2.43
CZ*	n/a	n/a	n/a	3.06	3.24	3.24	3.26	3.33	3.12	2.99	2.56	2.51	2.31
DE	3.17	2.93	2.81	2.77	2.70	2.74	2.84	2.79	2.63	2.39	2.18	1.93	1.83
DK**	3.11	3.13	2.60	2.97	2.92	3.01	2.49	2.27	2.62	2.79	2.47	2.40	2.64
ES	3.37	3.19	2.95	3.09	3.08	3.00	3.01	3.13	3.05	2.94	2.72	2.47	2.25
FR	3.83	3.64	3.42	3.28	3.13	3.11	3.18	3.00	2.80	2.59	2.38	2.12	2.02
HU	12.82	12.80	11.95	11.15	9.82	8.91	8.69	7.50	7.06	6.80	6.32	5.84	5.04
IE	3.10	3.22	3.59	3.37	3.40	3.52	3.41	3.36	3.27	3.58	3.83	3.62	3.47
IT	3.96	3.86	3.69	3.68	3.64	3.68	3.50	3.44	3.26	2.99	2.84	2.68	2.77
NL	4.34	4.19	4.07	4.04	3.80	3.66	3.62	3.55	3.46	3.32	3.19	3.07	2.87
PL	7.10	7.10	6.60	6.00	5.20	5.20	5.30	5.30	5.30	5.20	4.70	4.40	4.30
PT	3.98	3.69	3.41	3.30	3.19	3.19	3.27	3.37	3.28	3.10	3.01	2.77	2.39
RO	5.00	4.81	4.50	4.50	4.50	4.85	5.36	5.41	5.28	5.28	5.04	4.90	4.82
SE	3.61	3.47	3.00	2.83	2.70	2.73	2.58	2.39	2.32	2.11	1.85	1.68	1.54
UK	3.82	3.76	3.66	3.43	3.23	3.09	3.06	3.07	3.15	3.22	3.00	2.68	2.56

\* Please note that 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.

Source: European Mortgage Federation

\*\* 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.

Note:

Data refers to quarter averages.

Data from Q2 2012 has been revised for France due to a new source.

For Czech Republic Quarter 1 2015 the data source is the Czech national Bank.

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

- Germany
- Spain
- France
- United Kingdom

**Table 5B ► Mortgage Interest Rates**

Variable rate and initial fixed period rate up to 1 year (%)												
	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
BE	3.20	2.99	3.05	3.10	3.14	3.06	3.06	3.11	3.01	2.63	2.72	2.71
CZ	n/a	n/a	2.99	3.10	3.16	3.15	3.40	3.09	3.02	2.37	n/a	n/a
DE	3.02	2.80	2.69	2.76	2.71	2.64	2.73	2.55	2.45	2.29	2.23	2.14
DK*	1.23	1.12	1.22	1.16	1.23	1.22	1.27	1.27	1.27	1.34	1.15	1.06
ES	3.05	2.79	2.93	2.91	2.81	2.80	2.97	2.88	2.71	2.51	2.24	2.01
FR	3.21	3.04	2.95	2.73	2.68	2.74	2.38	2.11	1.89	1.63	1.44	1.42
HU	12.80	11.95	11.15	9.82	8.91	8.69	7.50	7.06	6.36	6.32	5.84	5.04
IE	3.12	3.43	3.16	3.21	3.31	3.25	3.23	3.16	3.43	3.64	3.42	3.38
IT	3.54	3.43	3.47	3.44	3.37	3.19	3.18	3.00	2.70	2.56	2.35	2.20
NL	3.55	3.33	3.16	3.06	2.92	2.90	2.83	2.72	2.70	n/a	n/a	n/a
RO	4.51	4.31	4.42	4.41	4.66	5.21	5.18	5.10	5.17	4.99	4.80	4.61
SE	3.37	2.90	2.70	2.59	2.65	2.38	2.22	2.16	1.93	1.64	1.42	1.12
UK**	3.93	3.81	4.11	4.45	4.23	4.22	4.21	4.24	4.02	3.68	3.55	3.31
Short-term initial fixed period rate, from 1 to 5 years maturity (%)												
	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
BE	3.15	3.10	3.16	2.94	3.04	3.11	3.10	2.90	2.52	2.21	2.38	2.33
CZ	n/a	n/a	2.99	3.22	3.22	3.25	3.21	3.06	2.95	2.75	n/a	n/a
DE	2.67	2.51	2.48	2.39	2.42	2.49	2.43	2.31	2.12	1.94	1.90	1.83
DK*	1.82	1.67	1.85	2.06	2.06	1.83	1.65	1.64	1.50	1.36	1.21	1.33
ES	3.43	3.16	3.15	3.06	3.13	3.20	3.29	3.16	3.09	2.84	2.68	2.44
FR	3.57	3.43	3.26	3.03	2.94	2.95	2.96	2.95	2.59	2.37	n/a	n/a
HU	11.41	10.64	10.72	10.06	9.78	9.47	8.36	8.14	7.25	7.18	6.97	6.91
IE	4.04	4.35	4.45	4.39	4.60	4.53	4.44	4.37	4.41	4.11	3.88	3.58
IT	4.18	4.03	4.05	3.67	3.89	3.45	3.49	3.35	3.13	2.94	2.78	2.73
NL	3.88	3.85	3.72	3.54	3.46	3.39	3.26	3.09	3.06	n/a	n/a	n/a
RO	7.13	8.25	5.64	7.12	10.42	5.03	n	n	6.01	n	6.77	5.03
SE	3.29	2.95	3.01	2.90	3.09	2.86	2.68	2.52	2.24	1.95	1.70	1.69
UK**	4.18	3.91	3.57	3.35	3.21	3.10	3.11	3.19	3.31	3.21	2.89	2.71
Medium-term initial fixed period rate, from 5 to 10 years maturity (%)												
	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
BE	3.53	3.49	3.38	3.39	3.48	3.74	3.62	3.39	2.82	2.70	2.54	2.35
CZ	n/a	n/a	3.85	3.72	3.48	3.51	3.75	3.34	2.96	2.69	n/a	n/a
DE	2.89	2.80	2.74	2.64	2.73	2.88	2.79	2.61	2.37	2.13	1.88	1.68
DK*	2.83	2.60	2.73	2.84	3.14	3.13	2.67	2.53	2.12	1.82	1.47	1.83
ES	7.21	6.37	6.49	6.33	6.45	6.06	6.22	6.48	7.01	7.11	6.04	5.36
FR	3.36	3.14	2.94	2.83	2.75	2.83	2.86	2.73	2.39	2.18	n/a	n/a
HU	n/a	n/a	8.35	8.21	7.76	7.79	7.51	7.13	6.69	6.61	6.49	6.47
IT	4.64	4.52	4.46	4.38	4.56	4.31	4.36	4.09	3.70	3.11	2.95	2.99
NL	4.66	4.62	4.55	4.29	4.19	4.04	3.90	3.76	3.55	n/a	n/a	n/a
RO	5.56	n/a	3.92	n/a	6.06	6.52	6.04	6.06	n	5.20	4.73	n
SE	3.80	3.57	3.75	3.75	4.46	3.99	3.72	3.60	3.19	2.67	2.24	2.62
UK**	4.65	4.24	4.13	4.18	3.89	3.92	4.02	3.92	3.92	3.88	3.50	3.12

**Table 5B ► Mortgage Interest Rates (continued)****Long-term initial fixed period rate, 10-year or more maturity (%)**

	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>BE</b>	3.59	3.69	3.64	3.50	3.62	3.84	3.66	3.35	3.04	2.80	2.56	2.43
<b>CZ</b>	n/a	n/a	3.60	3.72	3.88	4.28	4.10	4.28	3.93	3.62	n/a	n/a
<b>DE</b>	3.02	2.95	2.95	2.85	2.92	3.06	2.97	2.83	2.50	2.27	1.89	1.89
<b>DK*</b>	4.05	3.98	3.93	3.73	4.20	4.27	4.07	3.71	3.56	3.30	2.93	3.14
<b>FR</b>	4.89	5.16	5.18	5.40	5.72	4.92	4.79	4.79	4.85	4.41	3.29	2.80
<b>HU</b>	3.80	3.58	3.41	3.30	3.20	3.25	3.29	3.17	2.78	2.54	n/a	n/a
<b>IT</b>	n/a	n/a	8.21	7.18	n/a	7.96	6.68	6.60	6.53	6.75	6.75	6.70
<b>NL</b>	4.81	4.64	4.55	4.47	4.83	4.73	4.62	4.44	4.09	3.68	3.35	3.16
<b>RO</b>	5.06	5.03	4.92	4.90	4.81	4.73	4.64	4.33	3.99	n/a	n/a	n/a
<b>SE</b>	5.14	4.95	6.52	6.39	6.08	6.04	6.28	5.46	6.07	n	5.98	5.28
<b>UK**</b>	5.48	5.43	5.29	4.52	3.88	4.14	4.04	4.14	4.14	4.15	4.10	4.11

\* 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 that for the UK, the “Variable rate and initial fixed period rate up to 1 year (%)” actually 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.

**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:

- Germany
- Spain
- France
- United Kingdom

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

	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Czech Republic</b>											
Variable rate (up to 1Y initial rate fixation)	n/a	25.8	25.3	25.2	25.4	26.6	26.6	26.0	26.2	n/a	n/a
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	47.9	48.9	50.0	50.6	49.6	50.3	51.2	51.4	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	11.8	11.5	11.2	10.8	10.5	10.3	10.3	10.5	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	n/a	14.4	14.3	13.6	13.2	13.3	12.9	12.6	11.9	n/a	n/a
<b>Denmark</b>											
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	47.1	46.6	47.2	46.5	45.2	42.8	41.0
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	23.2	23.4	22.7	23.0	24.0	25.3	26.2
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Ireland</b>											
Variable rate (up to 1Y initial rate fixation)	92.0	92.8	93.7	94.2	94.4	94.7	94.4	94.5	94.5	93.9	n/a
Short-Term fixed (1Y-5Y initial rate fixation)	6.8	6.0	5.1	4.4	4.2	3.9	4.1	4.0	4.0	4.5	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	1.2	1.2	1.2	1.4	1.4	1.4	1.5	1.5	1.5	1.6	n/a
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	n/a	n/a
<b>Italy</b>											
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	0.2	0.2	0.3	0.4	0.5	0.5
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	99.8	99.8	99.7	99.6	99.5	99.5
Long-Term fixed (over 10Y initial rate fixation)											

<b>Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) – Outstanding Loans (continued)</b>											
	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Sweden</b>											
Variable rate (up to 1Y initial rate fixation)	45.9	45.3	45.7	47.0	49.1	51.1	53.7	55.0	55.6	57.3	58.8
Short-Term fixed (1Y-5Y initial rate fixation)	54.1	54.7	54.3	53.0	50.9	48.9	46.3	45.0	44.4	42.7	41.2
Medium-Term fixed (5Y-10Y initial rate fixation)											
Long-Term fixed (over 10Y initial rate fixation)											
<b>UK</b>											
Variable rate (up to 1Y initial rate fixation)*	72.1	71.6	70.7	69.3	67.1	64.8	62.9	60.7	58.7	57.4	55.9
Short-Term fixed (1Y-5Y initial rate fixation)	27.9	28.4	29.3	30.7	32.9	35.2	37.1	39.3	41.3	42.6	44.1
Medium-Term fixed (5Y-10Y initial rate fixation)											
Long-Term fixed (over 10Y initial rate fixation)											
<b>Currency denomination</b>											
	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Hungary</b>											
HUF denominated	46.0	45.2	46.6	46.7	47.3	46.6	46.9	47.6	47.5	98.4	99.2
EUR denominated	6.7	6.9	6.9	6.8	6.7	6.8	6.7	6.5	6.4	0.4	0.3
CHF denominated	44.9	45.4	44.6	44.5	43.7	44.2	44.0	43.4	43.6	1.0	0.4
Other FX denominated	2.5	2.5	1.9	2.1	2.3	2.4	2.5	2.5	2.6	0.2	0.1
<b>Breakdown by loan original maturity</b>											
	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Italy</b>											
maturity less than 1 year	n/a	n/a	n/a	n/a	n/a	0.0	0.0	0.0	0.0	0.0	0.0
maturity between 1 and 5 years	n/a	n/a	n/a	n/a	n/a	0.2	0.2	0.3	0.4	0.5	0.5
maturity more than 5 years	n/a	n/a	n/a	n/a	n/a	99.8	99.8	99.7	99.6	99.5	99.5

\* Please note that for the UK, this refers only to Variable rate.

Source: European Mortgage Federation

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

- Hungary

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

	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Belgium</b>													
Variable rate (up to 1Y initial rate fixation)	1.6	1.8	3.5	7.3	4.8	4.2	6.8	7.5	5.1	2.6	1.6	0.9	0.5
Short-Term fixed (1Y-5Y initial rate fixation)	4.7	4.1	6.7	12.6	12.6	12.3	12.7	13.9	10.4	7.6	6.8	5.6	2.7
Medium-Term fixed (5Y-10Y initial rate fixation)	7.4	8.9	17.8	22.9	19.1	13.2	14.6	13.4	16.5	16.4	15.7	13.9	11.7
Long-Term fixed (over 10Y initial rate fixation)	86.4	85.2	72.0	57.1	63.4	70.3	65.9	65.2	68.1	73.4	75.9	79.6	85.1
<b>Czech Republic</b>													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	35.4	29.9	33.6	37.9	34.7	28.0	34.3	52.4	n/a	n/a
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	54.2	59.0	57.3	54.9	57.1	61.3	55.0	37.6	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	4.5	3.8	5.3	4.1	6.0	8.6	9.1	8.3	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	5.9	7.3	3.8	3.1	2.1	2.1	1.7	1.8	n/a	n/a
<b>Denmark</b>													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	40.0	34.5	20.6	17.3	19.5	8.0	6.8
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	26.1	33.4	25.3	18.5	27.3	20.1	19.9
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	2.6	4.3	1.8	1.5	1.8	2.8	1.6
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	31.3	27.8	52.3	62.8	51.5	69.1	71.8
<b>Germany</b>													
Variable rate (up to 1Y initial rate fixation)	15.1	14.3	15.0	16.7	15.6	15.6	17.3	18.1	15.8	14.9	14.6	13.1	12.1
Short-Term fixed (1Y-5Y initial rate fixation)	13.5	12.4	12.9	12.6	12.4	12.5	13.4	13.8	13.4	12.3	11.6	10.1	9.2
Medium-Term fixed (5Y-10Y initial rate fixation)	39.2	39.4	39.2	40.5	40.2	41.7	40.0	38.4	39.8	40.0	39.7	36.4	37.1
Long-Term fixed (over 10Y initial rate fixation)	32.1	33.9	32.9	30.2	31.8	30.2	29.2	29.6	30.9	32.7	34.1	40.4	41.6

<b>Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)</b>													
	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Hungary</b>													
Variable rate (up to 1Y initial rate fixation)	60.7	59.5	58.6	50.9	45.2	40.2	40.1	45.6	48.5	48.7	45.8	41.6	45.3
Short-Term fixed (1Y-5Y initial rate fixation)	17.8	18.4	19.8	27.4	36.9	43.3	40.7	34.4	34.8	34.5	33.6	32.4	32.7
Medium-Term fixed (5Y-10Y initial rate fixation)	19.4	19.6	18.4	19.8	15.8	15.3	17.6	17.1	15.3	15.1	15.1	18.7	16.8
Long-Term fixed (over 10Y initial rate fixation)	2.0	1.9	1.8	1.7	2.1	1.3	1.6	2.9	1.4	1.8	5.5	7.3	5.1
<b>Ireland</b>													
Variable rate (up to 1Y initial rate fixation)	91.6	90.8	81.0	85.3	79.5	82.6	87.3	90.5	90.8	87.4	71.6	56.1	55.2
Short-Term fixed (1Y-5Y initial rate fixation)	8.4	9.2	19.0	14.7	20.5	17.4	12.7	9.5	9.2	12.6	28.4	43.9	44.8
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
<b>Italy</b>													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	79.8	79.6	78.2	73.4	68.3	46.0
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.2	3.1	2.6	2.3	1.8	1.0
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.6	1.6	1.9	2.2	2.8	3.0
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15.5	15.7	17.2	22.1	27.1	49.0
<b>Netherlands</b>													
Variable rate (up to 1Y initial rate fixation)	22.5	23.2	24.1	22.8	25.0	26.1	23.2	21.3	19.1	19.3	n/a	n/a	n/a
Short-Term fixed (1Y-5Y initial rate fixation)	36.3	38.4	36.6	39.9	41.9	40.6	37.3	35.5	36.9	35.7	n/a	n/a	n/a
Medium-Term fixed (5Y-10Y initial rate fixation)	32.0	31.2	31.7	29.9	28.0	29.9	35.1	39.3	39.0	38.5	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)	9.2	7.2	7.7	7.4	5.1	3.5	4.4	3.9	5.0	6.6	n/a	n/a	n/a

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

	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Poland</b>													
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
<b>Portugal</b>													
Variable rate (up to 1Y initial rate fixation)	96.6	93.0	90.7	91.3	90.5	91.5	91.6	91.6	92.2	93.2	n/a	n/a	n/a
Short-Term fixed (1Y-5Y initial rate fixation)													
Medium-Term fixed (5Y-10Y initial rate fixation)	3.4	7.0	9.3	8.7	9.5	8.5	8.4	8.4	7.8	6.8	n/a	n/a	n/a
Long-Term fixed (over 10Y initial rate fixation)													
<b>Romania</b>													
Variable rate (up to 1Y initial rate fixation)	96.2	95.8	97.6	97.6	98.0	88.2	86.5	87.9	87.5	86.8	87.7	94.0	90.6
Short-Term fixed (1Y-5Y initial rate fixation)	1.0	1.4	2.1	1.5	1.8	10.8	12.4	10.9	11.6	12.9	11.9	5.0	5.4
Medium-Term fixed (5Y-10Y initial rate fixation)	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.2	0.4	0.9	0.0
Long-Term fixed (over 10Y initial rate fixation)	2.7	2.5	0.3	0.7	0.2	0.8	0.8	0.9	0.6	0.1	0.0	0.1	4.0
<b>Spain</b>													
Variable rate (up to 1Y initial rate fixation)	80.4	77.1	73.5	67.6	66.6	69.0	67.9	70.8	66.1	61.6	60.1	65.4	61.1
Short-Term fixed (1Y-5Y initial rate fixation)	17.9	21.1	24.1	29.0	29.6	27.8	28.9	26.3	31.2	35.7	37.6	30.4	30.8
Medium-Term fixed (5Y-10Y initial rate fixation)	1.0	1.2	1.1	2.1	2.6	2.2	2.1	2.0	1.8	1.9	1.5	2.0	2.3
Long-Term fixed (over 10Y initial rate fixation)	0.7	0.6	1.3	1.3	1.3	1.0	1.0	0.9	0.8	0.8	0.8	2.2	5.8



<b>Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) – New Loans (continued)</b>													
	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
<b>Sweden</b>													
Variable rate (up to 1Y initial rate fixation)	57.8	54.1	61.0	57.5	63.0	63.7	69.4	71.1	75.7	70.5	68.0	72.8	68.3
Short-Term fixed (1Y-5Y initial rate fixation)	36.1	35.7	28.1	29.2	26.7	28.6	26.0	24.2	19.9	23.1	23.5	18.5	21.6
Medium-Term fixed (5Y-10Y initial rate fixation)	6.1	10.2	10.9	13.3	10.3	7.8	4.6	4.7	4.4	6.4	8.5	8.7	10.1
Long-Term fixed (over 10Y initial rate fixation)													
<b>United Kingdom</b>													
Variable rate (up to 1Y initial rate fixation)*	n/a	n/a	36.5	29.3	24.7	22.7	19.7	19.0	18.1	17.5	17.8	22.4	21.0
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	63.6	70.7	75.3	77.3	80.3	81.0	82.0	82.6	82.2	77.6	79.0
Medium-Term fixed (5Y-10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)													

\* Please note that for the UK, this refers only to Variable rate.

Source: European Mortgage Federation

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

- Spain
- Germany

<b>► Explanation of the market breakdown criteria for the case of Belgium</b>	
<b>Stated Category in Table 5D</b>	<b>Actual content</b>
Variable rate (up to 1Y initial rate fixation)	Variable rates from 1Y to less than 3Y (mostly 1Y variable rate loans). N.B.: Belgian law forbids variable rates under 1Y variability.
Short-term fixed (1Y-5Y initial rate fixation)	Variable rates from 3Y to less than 5Y initial rate fixation
Medium-Term fixed (5Y-10Y initial rate fixation)	Total of the categories related to : <ul style="list-style-type: none"> <li>▪ variable rates from 5Y to less than 10Y initial rate fixation</li> <li>▪ variable rates from 10Y and more (in practice, 10Y variability is generally the longest variability period offered, otherwise customer opt for fixed interest rate loans)</li> </ul>
Long-Term fixed (over 10Y initial rate fixation)	Fixed interest rate loans (no variability)

## 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.<sup>1</sup>

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 this exercise.

From last quarter some changes were introduced by the ECB regarding the underlying factors of both supply and demand related to lending to household for house purchases and which are now presented for the first

time in this Quarterly Review. On the supply side the “Risk tolerance” factor has been introduced. It captures the risk tolerance of the bank in its lending policy, which may alter due to changes in the bank’s underlying business strategy. Moreover, also the “Perception of Risk” factor was enriched by the “Borrower’s creditworthiness”. On the demand side the underlying for “other financial needs” has been changed. They are now considering “debt refinancing/restructuring and renegotiation” and “regulatory and fiscal regime of housing markets”. Regarding the factor “Use of alternative finance” the previous “household savings” has been substituted by “internal financing out of savings/down payment”. In addition, also the general level of interest has been added as a factor.

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.

<sup>1</sup> It should be noted that the Diffusion Index is used (see ECB website or contact authors for more information) in this publication. 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.

## RESULTS RELATED TO LENDING TO HOUSEHOLDS FOR HOUSE PURCHASE

## 1. Credit Standards (Supply)

**Table 6A ► Credit standards as applied to the approval of loans to households for house purchase, backward-looking 3 months (Question 8a of BLS)**  
(as a netted and weighted percentage of all respondent banks)

	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
AT	10	10	10	0	-7	0	0	0	0	-7	0	0
BE	25	38	25	-13	0	0	0	0	13	0	13	13
CY	10	30	30	40	38	25	25	13	25	13	13	0
DE	4	9	3	2	5	0	-2	3	0	3	0	3
EE	0	0	0	0	0	0	0	25	-13	-13	13	25
EL	0	10	0	38	0	0	0	0	0	0	0	0
ES	6	0	6	11	0	0	0	0	0	0	0	0
FR	15	0	9	4	9	5	7	0	0	-7	-7	4
IE	10	25	-8	-10	-10	20	0	0	0	-10	0	30
IT	0	0	13	6	0	-6	-13	-25	-13	0	-6	-13
LT												0
LU	17	8	8	0	8	-8	8	-8	8	-8	-17	-8
LV								-13	13	0	100	-75
MT	0	0	0	0	0	0	0	0	0	0	0	0
NL	0	17	25	33	8	0	8	8	0	0	0	-8
PT	30	0	0	0	0	0	0	0	0	0	0	-10
SI	20	20	10	10	0	0	0	0	-10	0	0	0
SK	32	11	-11	6	9	0	0	9	26	-13	13	39
Euro area	7	6	9	8	4	1	0	-2	-2	-1	-2	1
DK	-29	-9	-8	0	0	-1	0	0	1	-1	-1	0
UK	22	26	17	17	22	14	6	8	-29	8	-4	9

Interpreting the data: A negative value reflects a perceived easing of credit standards, and vice versa (the number can range from -100 to 100). The Diffusion Index is used – please see ECB website or contact authors for more information. For Denmark data a net percentage approach, rather than the diffusion index, is used.

**Table 6B ► Factors affecting banks' credit standards as applied to the approval of loans to households for house purchase, backward-looking 3 months (Question 9 of BLS)**  
(as a netted and weighted percentage of all respondent banks)

II 2015		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	13	0	3	25	0	0	4	30	-13	0	-8	-75	0	-8	-10	0	39	1	0	9
Factors affecting credit standards:	Impact of funds and balance sheet constraints	0	0	0	0	0	0	0	1	0	-6	0	0	0	0	0	-10	0	0	-1		2
	Perception of risk	0	4	0	0	9	0	0	0	3	0	0	0	-13	0	0	-17	0	0	0	0	
	Pressure from competition	0	0	0	0	0	0	0	-4	0	-10	0	-4	0	-3	0	-5	0	0	-3	5	7
	Risk Tolerance	0	13	0	-2	0	0	0	1	20	0	0	0	0	5	0	0	0	0	0	0	

“Perception of risk” is calculated as an unweighted average of “general economic situation and outlook”, “housing market prospects including expected house price developments” and “borrower’s creditworthiness” (the latter from Q1 2015 onwards).

“Pressure from competition” is calculated as the unweighted average of “competition from other banks” and “competition from “non-banks””.

## 2. Demand

**Table 7A ► Demand for loans to households for house purchase, backward-looking 3 months (Question 13a of BLS)***(as a netted and weighted percentage of all respondent banks)*

	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	II 2014	III 2014	IV 2014	I 2015	II 2015
AT	0	20	20	14	14	0	-21	7	21	0	7	7
BE	-13	-25	-13	-25	25	-13	0	-13	25	50	75	50
CY	-30	-20	-40	-20	-63	-25	-25	-13	0	0	-13	0
DE	18	14	14	16	7	7	0	16	5	2	10	24
EE	25	-13	13	38	25	0	13	13	0	25	13	0
EL	-38	-40	-40	-20	-13	-13	-25	-13	13	13	13	-13
ES	-11	-11	11	-39	-11	-11	6	0	6	0	6	0
FR	-36	-23	-17	-2	24	15	-6	-1	-9	18	0	-3
IE	10	25	17	20	20	30	30	40	50	80	50	40
IT	-38	-31	-50	-38	-25	0	0	19	31	25	19	31
LT												-25
LU	8	8	-8	17	17	-8	-8	0	8	-25	42	-25
LV								0	0	0	-13	-50
MT	-4	0	23	23	0	27	4	23	50	0	23	27
NL	-25	-58	-42	-58	-50	-17	-17	0	8	17	33	25
PT	-40	-70	-60	-40	-30	0	0	10	10	0	0	30
SI	-40	-30	-40	-30	0	-10	0	-30	-10	-20	-20	0
SK	39	-29	4	0	-22	0	17	-9	25	18	30	30
Euro area	-14	-15	-11	-15	-3	1	-3	7	9	12	13	15
DK	19	37	6	23	7	-1	2	23	18	21	15	31
UK	8	20	6	44	30	62	11	27	-27	-46	-41	32

Interpreting the data: A *negative value reflects a perceived decline in demand*, and vice versa (the number can range from -100 to 100). The Diffusion Index is used – please see ECB website or contact authors for more information.

**Table 7B ► Factors affecting demand for loans to households for house purchase, backward-looking 3 months (Question 14 of BLS)***(as a netted and weighted percentage of all respondent banks)*

II 2015		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	7	50	0	24	0	-13	0	-3	40	31	-25	-25	-50	27	25	30	0	30	15	32	31
Factors affecting credit standards:	Impact of housing market prospects	7	0	0	10	13	-13	6	5	40	25	0	0	-13	0	25	20	0	30	13		
	Other financing needs	-4	32	0	7	-7	7	-6	1	15	0	0	4	-9	11	-13	0	5	6	0		
	Use of alternative finance	2	9	0	-8	0	0	-6	0	0	2	-9	0	4	-2	-6	0	-10	11	-3		
	General level of interest	14	63	0	21	0	0	6	16	0	38	0	0	0	5	19	40	10	34	21		

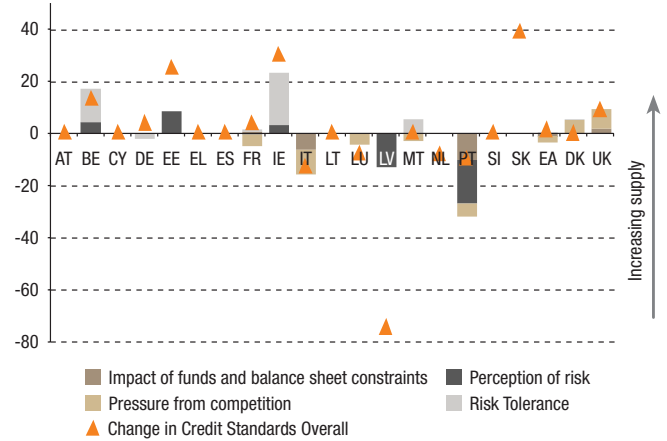
“Other financing needs” are calculated as an unweighted average of “debt refinancing/restructuring and renegotiation” and “regulatory and fiscal regime of housing markets” (both from Q1 2015).

“Use of alternative finance” is calculated as an unweighted average of “internal financing out of savings/down payment” (from Q1 2015), “loans from other banks” and “other sources of external finance”.

COMMENTS ON THE LATEST BLS DATA

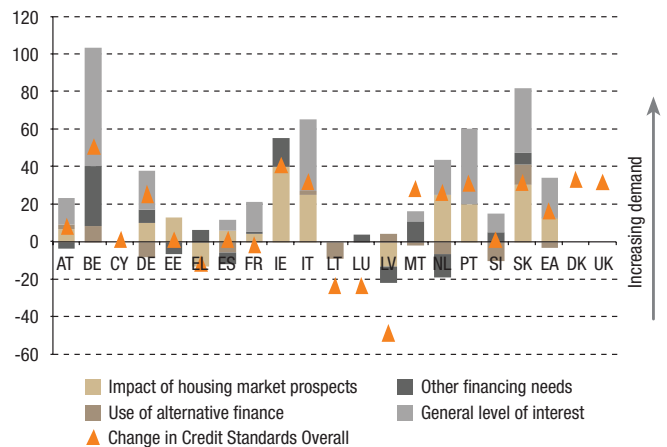
Credit standards remain overall stable except for some outliers. Italy is the only large economy which shows an easing of credit standards and is in company medium economies such as Luxembourg, the Netherlands and Portugal. It seems that the largest credit easing was registered in Latvia, which also depicted the largest restriction in the previous quarter. The principal factors for easing in the aforementioned countries were less pressure from competition and, for Latvia and Portugal, a reduced perception of risk. In other economies such as Belgium, Germany, Estonia, France, Ireland, Slovakia and the UK there has been a slight up to a moderate increase in standard supply. The principal underlying factor was a change towards risk tolerance and a move to more conservative positions. Also the perception of risk in the economy and balance sheet constraints tilted towards closer purses in some countries.

Chart 3 ► Credit Standards Overview and Factors



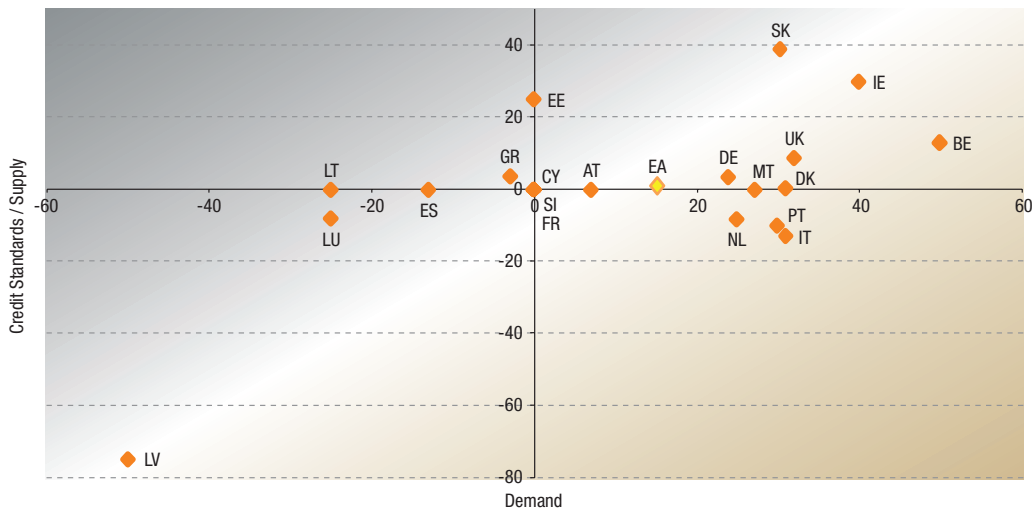
Throughout the EU a general increase in credit demand was registered, mainly due to the low interest rates which make an investment in housing market particularly attractive. Moreover there has been also an increased demand in some economies to restructure the mortgages in order to capture the benefits of lower interest rates. In France there has been a slight decrease in credit demand while in Greece, Lithuania, Luxembourg and Latvia the decrease has been more substantial. In Spain easing and restricting effects offset each other leaving the demand for credit unchanged, as also in Cyprus and Slovenia.

Chart 4 ► Demand Overview and Factors



As seen in the scatter chart there is a general tendency to an increased demand and the supply provides shows signs of increased heterogeneity with respect to the previous quarter.

Chart 5 ► Demand and Supply Overview





**2015 EMF**  
Quarterly Review



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