

QUARTERLY REVIEW OF EUROPEAN MORTGAGE MARKETS

European Mortgage Federation

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The latest developments in mortgage markets in the EU largely reflect broader economic trends. Countries showing the first signs of economic recovery are also experiencing an improvement in their mortgage market indicators.

As with the general economic situation and outlook, the developments in EU mortgage and housing markets are reflecting a highly fragmented picture, with different countries displaying different paces of recovery, both between each other and within themselves.

MORTGAGE LENDING

Overall, the mortgage market in the EU has not performed exceptionally well in Q1 2014. Total outstanding mortgage loans have risen y-o-y by 0.5% and q-o-q by 0.15%, and now stand at almost EUR 6.3tr for our sample representative of the EU28¹. The performances in terms of gross lending have been significantly weaker than Q4 2013 (-14%), though still an improvement y-o-y (+13%). Nonetheless, it has been the largest contraction in gross mortgage lending since Q1 2009, with every country in the sample² experiencing a reduction.

In some areas of Europe, the housing and mortgage markets have recovered, or are giving strong positive signs. For instance, in Q1 2014 in the **Czech Republic**, improving economic outlook and good financing conditions offered by banks have contributed to a substantial recovery of the real estate market. Market confidence has also grown, thereby strengthening demand and stimulating activity. In **Germany**, demand for housing has remained high, confirming the patterns observed during previous quarters. This high demand is partly the consequence of on-going demographic changes in the country. In **Ireland**, the mortgage market is continuing to improve: mortgage approvals increased in Q1 2014 by 29.5% y-o-y. A sharp rise in gross lending (over 70% y-o-y) partly reflects the slump in Q1 2013 that followed the expiry of tax relief on mortgage interest in 2012. Slow but steady economic recovery is also contributing positively to developments observed in Ireland. Similarly, in **Hungary**, economic growth (y-o-y GDP growth was 3.5%) is having positive impacts on the demand for housing, and thereby stimulating the mortgage market. This was reflected in a y-o-y growth in gross residential lending of over 40% for Q1 2014. However, pre-crisis levels have not yet been reached in terms of outstanding mortgage loans, which have continued to contract slightly in Q1 2014 (in euros). Moreover, the high proportion of non-performing FX mortgage loans in the outstanding mortgage portfolio still represents an obstacle to the improvement of

¹ In Q1 2014, the sample of the proxy approaching the amount of total outstanding mortgage lending in the EU28 included Belgium, Czech Republic, Denmark, Germany, Spain, France, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Sweden and UK (i.e. 95% of total outstanding mortgages in the EU27 in 2012).

² In Q1 2014, the sample of the proxy approaching the amount of gross mortgage lending in the EU28 included Belgium, Czech Republic, Denmark, Germany, France, Hungary, Ireland, Italy, Netherlands, Portugal, Sweden and UK (i.e. 85% of total outstanding mortgages in the EU27 in 2012). Please note that gross lending includes new mortgage loans and external remortgaging (i.e. with another bank) in all of these countries, except in Spain.

the mortgage market in Hungary. Despite a much weaker overall economic recovery, **Italy** has also, in Q1 2014, showed distinct signs of recovery in terms of its mortgage market; in March 2014, gross residential lending for house purchase was 6.5% higher than Q1 2013, despite a slight contraction in outstanding loans. The situation in Spain is also looking brighter, with three consecutive quarters of GDP growth (albeit low), improving sentiment and falling unemployment stimulating the mortgage lending market. Housing transactions have almost doubled in Q1 2014 y-o-y, up 48%. However, part of this increase is explained by the negative impact in housing sales observed in Q1 2013, the VAT increase and the elimination of tax deduction for home purchases starting on the 1st of January.

Mortgage lending in **Belgium** is still weak, with gross lending being 8.4% lower than for Q1 2013. This trend may be partly explained by the uncertainty surrounding the expected housing-bonus tax reform in Belgium, which exacerbates the slow economic recovery perspective. A gradual return of consumer confidence is likely to stimulate mortgage loan demand in the coming months. **Poland**, too, is experiencing a downward trend in terms of mortgage lending, with q-o-q new mortgage lending having contracted by almost 9%. The majority of banks (around 60%) tightened their lending policy in Q1 2014, with a growing number of banks that shortened the maximum maturity of offered mortgage loans. According to some lenders, the demand for mortgage loans was to some extent constrained by the changes in lending policy. On the positive side, a new state-subsidised scheme ("Flat for youth") was introduced in January 2014, and is expected to help revive the mortgage market in Poland. Around 10% of new loans granted in Q1 2014 were issued through this programme. In **Sweden**, outstanding mortgage loans are plateauing and starting to contract slightly. Gross mortgage lending has remained largely stable y-o-y, but fallen significantly q-o-q. Political elections in the autumn have caused several political parties to suggest a limit to household debts, and mortgage debts in particular. There is talk of increasing amortisations or even making amortisations compulsory for mortgage loans. Already this year, banks have increased their demand for amortisations, and for Q1 2014, the recommendation of the Swedish Bankers' Association is to demand amortisation on mortgage loans with LTVs above 70%. The increasing political pressure on amortisations and other measures to limit the household debts might have further effects on lending in the coming months.

In some jurisdictions, there have been mixed signals in terms of housing and mortgage market developments in Q1 2014. For instance in **Romania**, despite a y-o-y rise in outstanding residential loans (+4%), gross lending contracted significantly (-20%). The overall situation is however somewhat improving, with the Prima Casa programme for first-time buyers continuing to drive demand. In **Portugal**, the real estate market has seen signs of a recovery, with continued improvement in the buying and selling of houses, mainly due to the entry of new players such as international investors, and the increased demand by foreigners for summer and retirement homes. Nevertheless, mortgage lending continued on a downward path, with a y-o-y contraction of 3.7%, though gross lending grew 12% y-o-y. This evolution reflects the tight lending conditions by financial institutions, despite the stabilisation (at relatively low levels) of leverage ratios. Available credit by Portuguese banks has been gradually redirected to corporations regarded as more dynamic, regardless of their size or sector, specifically towards corporations that produce tradable goods. In **Denmark**, on the other hand, the mixed signals come from a high level of heterogeneity within the country itself. Improvements in the housing market have no doubt been a consequence of improved expectations for the economy and the very low interest rates on housing finance. However, outside urban areas, a combination of an overhang of unsold houses and negative demographics are weighing down on activity and prices. The outlook for the Danish economy is a modest improvement: unemployment has been decreasing for the past two years and consumer

confidence is at its highest level in the consolidation period after the crises, creating improved expectations for the housing market.

HOUSE PRICES

House prices in the EU overall have been relatively stable, continuing on a slow upwards trend that began in Q1 2013. Nonetheless, this general picture hides large differences in house price developments both between and within countries.

In a similar fashion to what had been observed for Q4 2013, house price developments confirm the presence, in some jurisdictions, of large differences within countries themselves. In **Hungary** for example, though prices have bottomed out overall, a pick-up is observed in specific areas such as Budapest, holiday destinations and areas that have been connected to urban centres through newly-built transport networks. In **Ireland**, house prices have been rising sharply (7.8% y-o-y). The capital city continues to drive the increase, with Dublin house and apartment prices up 14.3% and 16.6% respectively. Prices in the rest of the country were 2.6% higher than in March 2013. Commentators have pointed to a lack of available housing, suitable family accommodation in particular, as the driving force behind the rise in house prices in Dublin. On the other hand, significant oversupply is maintaining downward pressure on prices outside Dublin and other cities. House prices in **Portugal** have been observed to be overall stable in the past five quarters. This hides a deep internal divide between prices in Lisbon rising to record highs and prices of luxury housing (mainly demanded by foreign investors) that rose over 50% since 2012, and house prices in the rest of the country.

Other regions such as **Spain** and **Italy** are still experiencing a contraction in house prices, which is, however, slowing down somewhat. The process of adjustment following the crisis (particularly in Spain) is still under way. House prices in some other countries, such as **Poland**, have stabilised, with little fluctuations.

Some markets such as **Germany**, **Sweden** and the **UK** are experiencing a continued rise in house prices. Developments in the latter are driven mainly by prices in London. Price rises in Germany are linked to a general rise in demand throughout the country (a more even spread). Sweden's increasing prices are mainly due to a lack of construction and to housing shortages. Political actions are being taken to facilitate more construction and to alleviate the housing shortages. Nonetheless, building permits and building standards are still quite strict, and few expect a housing construction boom in Sweden.

MORTGAGE INTEREST RATES

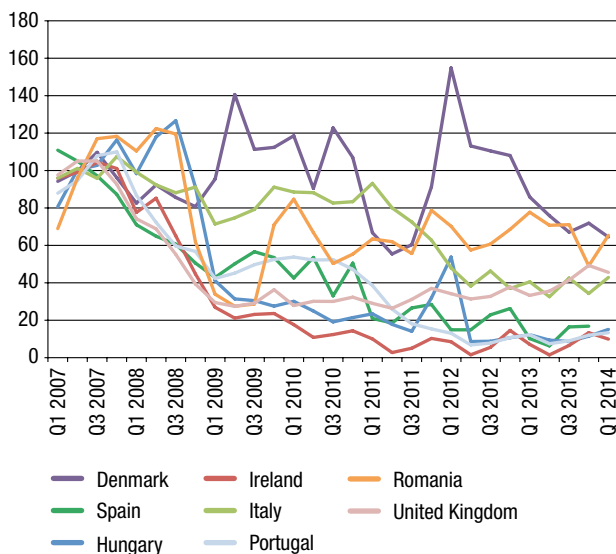
Patterns observed in Q1 2014 in terms of interest rates on mortgages confirm the trend observed in previous quarters. Interest rates are still contracting, though this fall has slowed down. Rates have bottomed out in many countries at historically low levels, also mirroring the historically low policy rates of the ECB and other central banks in the EU. In Q1 2014, the Hungarian central bank cut its base rate a number of times, contributing to a sharp decline in representative mortgage interest rates in **Hungary**, of over 100 bps q-o-q. Other developments have all been more modest. A slight rise in rates was observed in **Spain**, **Portugal** and **Romania**. Comparatively, **Denmark** and **Germany** display the lowest representative interest rates in the sample, while CEE countries still display the highest rates (with Hungarian rates being by far the highest, despite the substantial fall). Overall, this environment of low rates has been a main driver in the relative pick-up of activity observed in many jurisdictions in terms of mortgage lending and house prices in Q1 2014.

For a number of countries, such as **Ireland**, a large proportion of outstanding mortgages are linked to the central bank base rate, causing them to remain low. In other jurisdictions, such as **Portugal**, variable rate mortgages are linked to EURIBOR (or another national equivalent), causing them to reflect changes in interbank lending rates. The recent stability of these rates has been reflected in these mortgage rates. In **Poland**, stable central bank rates and growing mortgage lending margins caused by changes in mortgage lending policies, and new rules on bank commission revenue from insurance companies, have significantly slowed down the fall in mortgage rates that had been observed until mid-2013. Low rates in other countries such as **Sweden** have been mainly driven by low inflationary pressures, coupled with low financing costs for banks (which is the case for almost all EU banks at the moment).

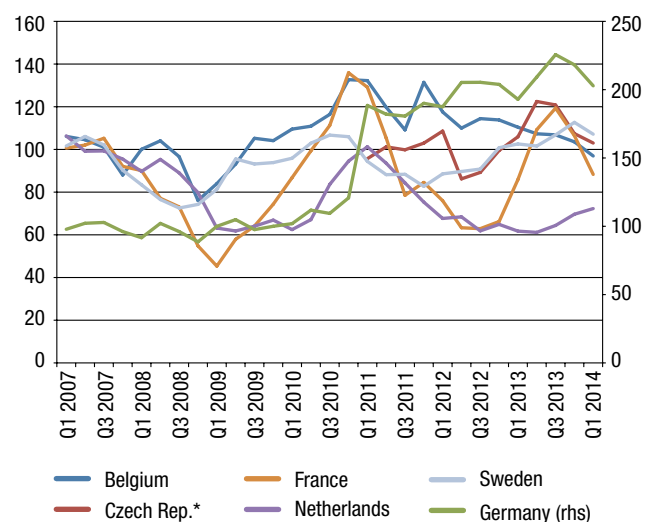
Finally, we continue to observe large differences between countries' mortgage markets in terms of interest rates on new mortgage loans. Countries such as Belgium, Germany, the UK and the Netherlands display a preference for mortgage loans that have some initial rate fixation of more than one year, though the structure of their markets remains largely stable over time (with the exception of the UK, where the fixed loans are becoming more popular). Other countries such as Portugal, Spain, Sweden, Romania, Poland and Italy have a clearly larger variable interest rate market, with some of these markets (e.g. Poland and Portugal) having over 90% of their new mortgage rates as variable.

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

a) Countries where gross residential lending has remained at least 30% below 2007 level



b) Countries where gross residential lending has remained/returned (or is returning) to 2007 levels, or has increased



Source: European Mortgage Federation / ECBC

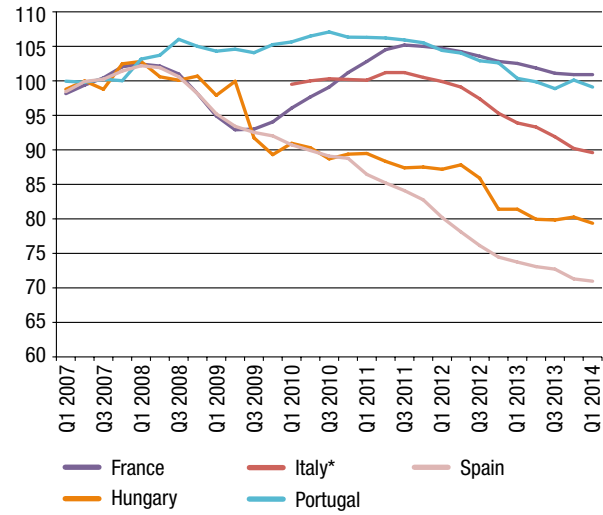
Note:

*Q1 2010 = 100

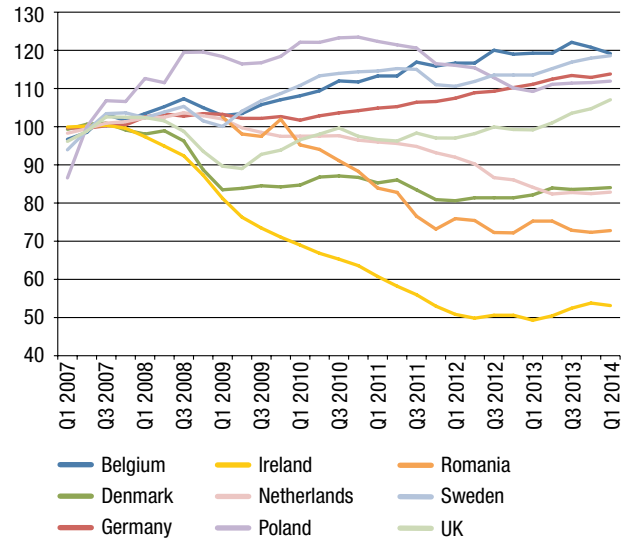
The time series have been seasonally adjusted by regressing the gross domestic lending of each country on quarter dummies and a constant, and adding the residuals to the sample means. STATA econometric software has been used.

Chart 2 ► Nominal House Prices, 2007 = 100

a) Countries where house prices have continued falling in recent quarters



b) Countries where house prices have stabilised or increased in recent quarters



Source: European Mortgage Federation / ECBC

Note:

*2010 = 100

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

	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	latest y-o-y change (%) (Q1 14). EUR values	previous y-o-y change (%) (Q4 13). EUR values	latest y-o-y change (%) (Q1 14). local currency	previous y-o-y change (%) (Q4 13). local currency
BE	179,294	181,449	183,615	184,673	185,924	187,595	189,484	190,183	3.0	3.2	3.0	3.2
CZ	20,575	21,290	21,750	21,495	21,737	22,492	21,694	21,886	1.8	-0.3	8.6	8.8
DE	1,167,711	1,176,349	1,184,853	1,186,614	1,193,162	1,202,466	1,208,822	1,209,931	2.0	2.0	2.0	2.0
DK*	241,373	241,761	242,856	244,066	244,561	234,261	234,530	235,504	n/a*	n/a*	n/a*	n/a*
ES	654,417	647,992	641,510	633,572	627,797	619,168	612,819	607,265	-4.2	-4.5	-4.2	-4.5
FR	770,077	776,188	784,109	790,421	797,364	805,998	814,627	817,789	3.5	3.9	3.5	3.9
HU**	20,890	20,509	19,985	19,346	19,142	18,856	18,499	18,033	-6.8	-7.4	-5.9	-5.9
IE	128,696	127,538	126,744	125,688	124,553	123,708	122,585	121,417	-3.4	-3.3	-3.4	-3.3
IT	367,089	366,235	365,588	364,624	363,908	362,363	361,390	360,045	-1.3	-1.1	-1.3	-1.1
NL	650,814	653,018	652,725	648,960	646,155	643,942	632,223	629,966	-2.9	-3.1	-2.9	-3.1
PL	76,334	78,277	79,434	78,339	77,088	79,229	80,812	81,451	4.0	1.7	3.8	3.7
PT	112,655	111,606	110,520	109,615	108,573	107,544	106,585	105,562	-3.7	-3.6	-3.7	-3.6
RO	8,248	8,510	8,766	8,962	9,187	9,057	9,243	9,352	4.4	5.5	5.3	6.1
SE	320,461	336,142	334,922	348,732	336,349	344,782	340,379	340,001	-2.5	1.6	4.4	4.9
UK	1,565,940	1,587,307	1,553,837	1,498,424	1,480,111	1,521,524	1,531,585	1,546,779	3.2	-1.4	1.1	0.7

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).

* Due to the review and implementation of the new MFI statistics in Denmark in the fall of 2013, there is a structural break in Q3 2013 for this time series. The break is due to a revision of the definition of the household sector.

** Please note that the positive Hungarian y-o-y change in Q4 2011 is explained by the devaluation of the Forint versus the Swiss franc and the euro.

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

- Belgium
- Denmark
- France
- Netherlands
- UK

Table 2 ► Gross Residential Mortgage Lending (Million EUR)

	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	latest y-o-y change (%) (Q1 14), EUR values	previous y-o-y change (%) (Q4 13), EUR values	latest y-o-y change (%) (Q1 14), local currency	previous y-o-y change (%) (Q4 13), local currency
BE	6,412	6,664	6,929	5,585	6,262	6,234	6,350	4,824	-13.6	-8.4	-13.6	-8.4
CZ	1,188	1,010	1,297	1,039	1,609	1,377	1,389	1,005	-3.3	7.1	3.8	16.7
DE	40,300	43,100	43,300	37,300	41,100	47,200	46,200	39,300	5.4	6.7	5.4	6.7
DK	12,010	11,789	13,124	8,247	8,008	7,122	9,237	5,947	-27.9	-29.6	-27.7	-29.6
ES	7,271	5,738	7,876	4,450	4,366	3,559	4,694	n/a*	n/a	-40.4	n/a	-40.4
FR	20,800	21,100	22,400	28,800	36,100	39,900	35,800	29,600	2.8	59.8	2.8	59.8
HU	153	184	158	107	164	182	170	148	38.3	8.0	43.3	13.2
IE	524	663	999	331	518	750	896	568	71.6	-10.3	71.6	-10.3
IT	8,552	7,392	8,419	6,898	7,474	6,673	7,902	7,346	6.5	-6.1	6.5	-6.1
NL	14,960	12,979	13,532	11,839	13,469	13,498	14,504	14,007	18.3	7.2	18.3	7.2
PT	472	459	518	447	503	519	580	500	11.9	12.0	11.9	12.0
RO	329	399	425	345	403	457	316	276	-19.9	-25.5	-19.2	-25.0
SE	10,691	9,341	11,802	10,295	11,984	11,079	13,093	10,791	4.8	10.9	10.4	14.0
UK	43,501	47,585	46,461	39,978	48,943	58,896	61,359	55,965	40.0	32.1	37.1	35.0

* Data not available due to a change in the official statements sent by lenders to the Bank of Spain.

Source: European Mortgage Federation

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

- UK

Table 3 ► Net Residential Mortgage Lending (Million EUR)

	IV 2011	I 2012	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
BE	3,804	2,526	10,888	4,869	2,376	2,155	2,166	1,058	1,251	1,671	1,889	699
CZ	612	203	-88	1,200	-386	715	460	-255	243	755	-798	192
DE	3,890	5,595	4,843	844	3,084	8,638	8,504	1,761	6,548	9,304	6,356	1,109
DK*	753	1,289	2,310	727	1,817	388	1,095	1,210	495	-10,299	268	975
ES	-48	-3,713	-4,094	-7,005	-5,523	-6,424	-6,483	-7,938	-5,774	-8,629	-6,349	-5,554
FR	16,729	7,339	7,922	7,639	5,303	6,111	7,921	6,312	6,943	8,634	8,629	3,162
HU	1,012	-887	-2,369	-1,045	-15	-382	-523	-639	-204	-286	-357	-466
IE	-931	-767	-1,734	-975	-897	-1,158	-794	-1,056	-1,135	-845	-1,123	-1,168
IT	4,676	2,911	3,362	-844	288	-855	-647	-964	-716	-1,545	-973	-1,345
NL	7,296	1,424	416	-1,788	6,098	2,204	-293	-3,765	-2,806	-2,213	-11,719	-2,257
PL	4,868	-1,311	750	3,780	670	1,943	1,157	-1,094	-1,251	2,141	1,583	639
PT	-228	-537	-745	-213	-1,048	-1,049	-1,086	-905	-1,042	-1,029	-959	-1,023
RO	236	246	342	505	182	262	256	196	225	-130	186	108
SE	-3,758	371	15,027	5,350	6,613	15,681	-1,220	13,809	-12,382	8,432	-4,403	-378
UK	-27,720	60,594	57,168	7,288	66,681	21,367	-33,470	-55,413	-18,313	41,413	10,061	15,194

Please note that all the time series have been revised since Q2 2012 and, at present, are the result of the variation between the two consecutive amounts of outstanding mortgage.

Source: European Mortgage Federation

Table 4 ► House Price Indices, 2007 = 100

	IV 2010	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
BE	111.7	113.3	113.3	116.9	115.9	116.7	116.7	120.0	119.0	119.2	119.2	122.1	120.8	119.2
CZ	103.0	103.5	104.3	103.9	103.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DE	104.2	104.9	105.3	106.4	106.6	107.5	108.9	109.3	110.2	111.1	112.4	113.4	112.9	113.8
DK	86.7	85.3	86.0	83.5	80.9	80.6	81.4	81.4	81.4	82.1	83.9	83.6	83.8	84.0
ES	88.8	86.4	85.2	84.1	82.8	80.2	78.1	76.1	74.5	73.7	73.1	72.7	71.3	71.0
FR	101.2	102.8	104.5	105.2	105.0	104.7	104.2	103.6	102.8	102.5	101.9	101.1	100.9	100.9
HU	89.4	89.5	88.3	87.4	87.5	87.2	87.8	85.9	81.4	81.4	79.9	79.8	80.3	79.4
IE	63.6	60.8	58.2	56.0	53.0	50.8	49.8	50.6	50.6	49.3	50.5	52.5	53.8	53.1
IT*	100.2	100.1	101.2	101.2	100.5	99.9	99.1	97.4	95.3	93.9	93.3	91.9	90.2	89.6
NL	96.5	96.0	95.6	94.8	93.2	92.0	90.3	86.7	86.1	84.1	82.4	82.8	82.5	82.9
PL	123.5	122.3	121.4	120.6	116.5	116.1	115.4	112.8	110.1	109.2	111.1	111.4	111.6	111.9
PT	106.3	106.3	106.2	105.9	105.5	104.4	104.0	102.9	102.6	100.4	99.9	98.9	100.1	99.1
RO**	88.3	83.9	82.8	76.6	73.2	75.9	75.4	72.3	72.2	75.3	75.3	72.9	72.3	72.8
SE	114.4	114.6	115.2	115.0	111.0	110.6	111.8	113.5	113.5	113.5	115.2	116.9	118.0	118.6
UK	97.5	96.6	96.3	98.3	97.0	97.0	98.2	99.9	99.3	99.2	101.0	103.5	104.7	107.1

Note:

*: 2010=100

**: 2009=100

Source: European Mortgage Federation

Please note that house prices are calculated according to different methodologies at the national level.

Further information below:

Belgium: Stadim average price of existing dwellings

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

France: INSEE «Indice des prix du logement» (includes existing and new dwellings).

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

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.

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-dwelling and two-dwelling buildings

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

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

- France
- Hungary
- Italy
- Portugal
- Poland
- Romania
- Sweden

Table 5A ► Representative Mortgage Rates (%)													
	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014	Type
BE	4.12	3.93	3.69	3.90	3.67	3.59	3.69	3.64	3.50	3.62	3.84	3.66	d
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.06	3.24	3.24	3.26	3.33	e
DE	4.19	3.80	3.54	3.29	3.04	2.85	2.78	2.77	2.57	2.82	2.85	2.73	c
DK*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.49	2.27	e
ES	3.20	3.41	3.48	3.52	3.25	3.05	2.79	2.93	2.91	2.81	2.80	2.97	a
FR	3.86	3.94	3.95	4.09	3.83	3.64	3.42	3.28	3.13	3.11	3.18	3.16	e
HU	10.37	10.48	12.54	13.05	12.82	12.80	11.95	11.15	9.82	8.91	8.69	7.52	a
IE	3.37	3.65	3.12	3.23	3.10	3.23	3.59	3.36	3.40	3.52	3.41	3.35	e
IT	3.16	3.42	4.03	4.27	3.96	3.86	3.69	3.68	3.64	3.68	3.50	3.44	e
NL	4.62	4.63	4.53	4.48	4.34	4.19	4.07	4.04	3.80	3.65	3.62	3.55	e
PL	6.60	6.80	7.00	7.00	7.10	7.10	6.60	6.00	5.20	4.75	4.62	4.59	e
PT	3.74	4.16	4.25	4.15	3.91	3.69	3.45	3.31	3.18	3.15	3.28	3.42	a
RO	6.25	5.81	5.78	5.45	5.00	4.81	4.50	4.50	4.50	4.85	5.36	5.41	e
SE	3.65	3.90	4.19	3.98	3.76	3.37	2.90	2.70	2.59	2.65	2.38	2.22	a
UK	3.75	3.51	3.41	3.40	3.70	3.82	3.74	3.56	3.37	3.22	3.14	3.12	e

*Due to the review and implementation of the new MFI statistics in Denmark in the fall of 2013, the data is only available on a weighted average basis from Q4 2013.

Source: European Mortgage Federation

Note:

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

- a - most common - variable rate, fixed up to 1 year
- b - most common - short-term initial fixed period rate, from 1 to 5 years initial rate fixation
- c - most common - medium-term initial fixed period rate, from 5 to 10 years initial rate fixation
- d - most common - long-term initial fixed period rate, 10 years or longer
- e - weighted average

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

- Czech Republic
- France
- Hungary
- Ireland
- Italy
- Netherlands
- Romania
- Denmark
- Spain

Table 5B ► Mortgage Interest Rates

Variable rate and initial fixed period rate up to 1 year (%)												
	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
BE	3.64	3.77	3.82	3.84	3.48	3.20	2.99	3.05	3.10	3.14	3.06	3.06
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.99	3.10	3.16	3.15	3.40
DE	3.78	3.77	3.67	3.29	3.08	2.85	2.88	2.75	2.79	2.86	2.75	2.75
DK	2.71	2.30	2.11	1.70	1.53	1.28	1.13	1.23	1.14	1.22	1.22	1.27
ES	3.20	3.41	3.48	3.52	3.25	3.05	2.79	2.93	2.91	2.81	2.80	2.97
FR	3.58	3.68	3.73	3.75	3.40	3.21	3.04	2.95	2.73	2.68	2.74	2.78
HU	10.37	10.48	12.54	13.05	12.82	12.80	11.95	11.15	9.82	8.91	8.69	7.52
IE	3.18	3.50	2.98	3.13	3.00	3.12	3.43	3.16	3.21	3.31	3.25	3.22
IT	2.85	3.14	3.64	3.90	3.72	3.54	3.43	3.47	3.44	3.37	3.19	3.18
NL	3.88	4.04	4.05	3.98	3.77	3.68	3.44	3.28	3.12	3.02	2.91	2.88
RO	5.97	5.96	5.60	5.15	4.83	4.51	4.31	4.42	4.41	4.66	5.21	5.18
SE	3.65	3.90	4.19	3.98	3.76	3.37	2.90	2.70	2.59	2.65	2.38	2.22
UK*	n/a	n/a	n/a	n/a	n/a	n/a	3.09	3.10	3.10	3.12	3.12	3.12
Short-term initial fixed period rate, from 1 to 5 years initial rate fixation (%)												
	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
BE	4.04	3.97	3.76	3.82	3.45	3.15	3.10	3.16	2.94	3.04	3.11	3.10
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.99	3.22	3.22	3.25	3.21
DE	3.82	3.52	3.24	2.92	2.80	2.63	2.55	2.54	2.31	2.46	2.45	2.36
DK	3.42	2.67	2.43	2.16	2.02	1.75	1.83	1.91	1.86	2.08	1.83	1.65
ES	3.67	3.99	4.03	4.12	3.67	3.43	3.16	3.15	3.06	3.13	3.20	3.28
FR	3.41	3.58	3.56	3.66	3.77	3.57	3.43	3.26	3.03	2.94	2.95	2.96
HU	12.00	10.45	9.85	11.79	11.66	11.41	10.64	10.72	10.06	9.78	9.47	8.31
IE	4.49	4.86	4.22	4.37	4.21	4.06	4.35	4.45	4.40	4.60	4.53	4.44
IT	3.95	3.58	4.25	4.78	4.32	4.18	4.03	4.05	3.67	3.89	3.45	3.49
NL	4.56	4.53	4.38	4.33	4.14	3.95	3.84	3.84	3.65	3.52	3.44	3.34
RO	9.04	7.28	8.76	8.25	8.12	7.13	8.25	5.64	7.12	10.42	5.03	n/a
SE	4.30	3.66	3.85	3.62	3.49	3.29	2.95	3.01	2.90	3.09	2.86	2.68
UK*	n/a	n/a	n/a	n/a	n/a	n/a	4.49	4.37	4.20	4.03	3.85	3.74
Medium-term initial fixed period rate, from 5 to 10 years initial rate fixation (%)												
	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
BE	4.09	3.96	3.64	3.77	3.53	3.53	3.49	3.38	3.39	3.48	3.74	3.62
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.85	3.72	3.48	3.51	3.75
DE	4.19	3.80	3.54	3.29	3.04	2.85	2.78	2.77	2.57	2.82	2.85	2.73
DK	4.47	3.55	3.17	2.90	3.01	2.85	2.77	2.72	2.69	3.01	3.13	2.67
ES	7.22	8.06	8.70	8.81	7.77	7.21	6.37	6.49	6.33	6.45	6.06	6.16
FR	3.38	3.51	3.55	3.65	3.60	3.36	3.14	2.94	2.83	2.75	2.83	2.86
HU	9.89	n/a	n/a	n/a	n/a	n/a	n/a	8.35	8.21	7.76	7.79	7.63
IT	4.36	4.08	4.70	5.14	4.68	4.64	4.52	4.46	4.38	4.56	4.31	4.38
NL	5.07	5.09	4.82	4.85	4.78	4.69	4.62	4.65	4.45	4.25	4.15	3.99
RO	6.18	7.92	6.00	5.90	6.34	5.56	n/a	3.92	n/a	6.06	6.52	6.04
SE	5.01	4.42	4.39	4.45	4.06	3.80	3.57	3.75	3.75	4.46	3.99	3.72
UK*	n/a	n/a	n/a	n/a	n/a	n/a	4.49	4.37	4.20	4.03	3.85	3.74

* 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.

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

	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
BE	4.12	3.93	3.69	3.90	3.67	3.59	3.69	3.64	3.50	3.62	3.84	3.66
CZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.60	3.72	3.88	4.28	4.10
DE	4.32	3.80	3.54	3.45	3.17	3.03	2.94	2.99	2.78	3.07	3.04	2.94
DK	5.59	5.21	4.76	4.46	4.33	4.08	4.06	3.95	3.71	4.16	4.27	4.07
FR	3.93	4.08	4.08	4.15	4.03	3.80	3.58	3.41	3.30	3.20	3.25	3.29
HU	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.21	7.18	n/a	7.96	6.83
IT	4.82	4.64	4.99	5.21	4.63	4.81	4.64	4.55	4.47	4.83	4.73	4.62
NL	5.17	5.18	5.09	5.10	5.05	5.04	5.05	5.00	4.92	4.86	4.78	4.69
RO	5.74	5.81	6.19	5.99	5.23	5.14	4.95	6.52	6.39	6.08	6.04	6.28
SE	4.09	4.72	4.86	4.61	4.46	4.89	5.16	5.18	5.40	5.72	4.92	4.79
UK*	n/a	n/a	n/a	n/a	n/a	n/a	4.49	4.37	4.20	4.03	3.85	3.74

* 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.

Source: European Mortgage Federation

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

- Czech Republic
- Hungary
- Italy
- Netherlands
- Romania
- Spain

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

	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Czech Republic											
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	25.8	25.3	25.2	25.4	26.6
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	47.9	48.9	50.0	50.6	49.6
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	11.8	11.5	11.2	10.8	10.5
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	14.4	14.3	13.6	13.2	13.3
Denmark											
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	47.1	46.6
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23.2	23.4
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	29.7	30.0
Long-Term fixed (over 10Y initial rate fixation)											
Ireland											
Variable rate (up to 1Y initial rate fixation)	86.6	87.7	88.8	90.3	91.4	92.0	92.8	93.7	94.2	94.4	94.7
Short-Term fixed (1Y-5Y initial rate fixation)	12.2	11.1	10.0	8.5	7.4	6.8	6.0	5.1	4.4	4.2	3.9
Medium-Term fixed (5Y-10Y initial rate fixation)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.4	1.4	1.4
Long-Term fixed (over 10Y initial rate fixation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands											
Variable rate (up to 1Y initial rate fixation)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Short-Term fixed (1Y-5Y initial rate fixation)	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Medium-Term fixed (5Y-10Y initial rate fixation)	99.5	99.5	99.4	99.5	99.5	99.5	99.5	99.5	99.6	99.6	99.6
Long-Term fixed (over 10Y initial rate fixation)											

Table 5C ► Mortgage Markets Breakdown by Interest rate Type (%) - Outstanding Loans (continued)											
	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Sweden											
Variable rate (up to 1Y initial rate fixation)	49.2	48.4	48.2	47.4	46.2	45.9	45.3	45.7	47.0	49.1	51.1
Short-Term fixed (1Y-5Y initial rate fixation)	50.8	51.6	51.8	52.6	53.8	54.1	54.7	54.3	53.0	50.9	48.9
Medium-Term fixed (5Y-10Y initial rate fixation)											
Long-Term fixed (over 10Y initial rate fixation)											
UK											
Variable rate (up to 1Y initial rate fixation)*	n/a	n/a	n/a	n/a	n/a	72.1	71.6	70.7	69.3	67.1	64.8
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	27.9	28.4	29.3	30.7	32.9	35.2
Medium-Term fixed (5Y-10Y initial rate fixation)											
Long-Term fixed (over 10Y initial rate fixation)											
Currency denomination											
Currency denomination	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Hungary											
HUF denominated	34.5	37.4	44.6	45.2	46.6	46.0	45.2	46.6	46.7	47.3	46.6
EUR denominated	6.0	6.5	6.8	6.7	6.6	6.7	6.9	6.9	6.8	6.7	6.8
CHF denominated	56.5	53.3	46.0	45.4	44.3	44.9	45.4	44.6	44.5	43.7	44.2
Other FX denominated	3.1	2.8	2.5	2.7	2.6	2.5	2.5	1.9	2.1	2.3	2.4

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

Source: European Mortgage Federation

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

	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Belgium*													
Variable rate (up to 1Y initial rate fixation)	12.7	14.3	9.5	3.0	1.8	1.6	1.8	3.5	7.3	4.8	4.2	6.8	7.6
Short-Term fixed (1Y-5Y initial rate fixation)	1.9	1.4	1.4	1.6	4.3	4.7	4.1	6.7	12.6	12.6	12.3	12.7	14.3
Medium-Term fixed (5Y-10Y initial rate fixation)	9.8	9.2	9.3	7.3	8.5	7.4	8.9	17.8	22.9	19.1	13.2	14.6	13.6
Long-Term fixed (over 10Y initial rate fixation)	75.5	75.1	79.8	88.0	85.4	86.4	85.2	72.0	57.1	63.4	70.3	65.9	64.5
Czech Republic													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.4	29.9	33.6	37.9	34.7
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.2	59.0	57.3	54.9	57.1
Medium-Term fixed (5Y-10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.5	3.8	5.3	4.1	6.0
Long-Term fixed (over 10Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.9	7.3	3.8	3.1	2.1
Denmark													
Variable rate (up to 1Y 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	40.0	34.5
Short-Term fixed (1Y-5Y 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	26.1	33.4
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	2.6	4.3
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	31.3	27.8
Germany													
Variable rate (up to 1Y initial rate fixation)	17.0	16.0	16.0	14.0	15.0	14.0	14.0	15.0	16.0	15.0	15.0	16.0	17.0
Short-Term fixed (1Y-5Y initial rate fixation)	16.0	15.0	15.0	15.0	15.0	14.0	13.0	13.0	13.0	13.0	13.0	14.0	14.0
Medium-Term fixed (5Y-10Y initial rate fixation)	39.0	39.0	38.0	39.0	40.0	40.0	40.0	40.0	41.0	41.0	42.0	41.0	39.0
Long-Term fixed (over 10Y initial rate fixation)	28.0	30.0	31.0	32.0	30.0	32.0	33.0	32.0	30.0	31.0	30.0	29.0	30.0

* Please see page 17 for an explanation of the market breakdown criteria for the case of Belgium.

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) - New Loans (continued)													
	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Hungary													
Variable rate (up to 1Y initial rate fixation)	81.0	75.2	70.0	69.0	65.7	60.7	59.5	58.6	50.9	45.2	40.2	40.1	45.6
Short-Term fixed (1Y-5Y initial rate fixation)	9.2	11.6	11.5	14.5	16.6	17.8	18.4	19.8	27.4	36.9	43.3	40.7	34.4
Medium-Term fixed (5Y-10Y initial rate fixation)	5.3	9.1	13.2	12.1	14.9	19.4	19.6	18.4	19.8	15.8	15.3	17.6	17.1
Long-Term fixed (over 10Y initial rate fixation)	0.5	1.3	4.0	3.3	2.7	2.0	1.9	1.8	1.7	2.1	1.3	1.6	2.9
Ireland													
Variable rate (up to 1Y initial rate fixation)	64.3	81.9	87.8	88.7	90.2	91.8	90.9	81.1	85.5	79.7	82.7	87.5	90.5
Short-Term fixed (1Y-5Y initial rate fixation)	35.7	18.1	12.2	11.3	9.8	8.2	9.1	18.9	14.5	20.3	17.3	12.5	9.5
Medium-Term fixed (5Y-10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Italy													
Variable rate (up to 1Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	79.8
Short-Term fixed (1Y-5Y 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	n/a	3.2
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	n/a	1.6
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	n/a	15.5
Netherlands													
Variable rate (up to 1Y initial rate fixation)	15.6	22.3	27.1	22.7	22.7	22.5	23.2	24.1	22.8	25.0	26.1	23.2	21.3
Short-Term fixed (1Y-5Y initial rate fixation)	33.1	36.7	33.1	32.2	36.2	36.3	38.4	36.6	39.9	41.9	40.6	37.3	35.5
Medium-Term fixed (5Y-10Y initial rate fixation)	37.6	31.9	31.9	36.1	32.9	32.0	31.2	31.7	29.9	28.0	29.9	35.1	39.3
Long-Term fixed (over 10Y initial rate fixation)	13.6	9.1	7.9	9.1	8.2	9.2	7.2	7.7	7.4	5.1	3.5	4.4	3.9

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

	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Poland													
Variable rate (up to 1Y initial rate fixation)	100	100	100	100	100	100	100	100	100	100	100	100	100
Short-Term fixed (1Y-5Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Medium-Term fixed (5Y-10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term fixed (over 10Y initial rate fixation)	0	0	0	0	0	0	0	0	0	0	0	0	0
Portugal													
Variable rate (up to 1Y initial rate fixation)	99.2	99.1	98.5	98.5	97.9	96.6	93.0	90.7	91.3	90.5	91.5	91.6	91.6
Short-Term fixed (1Y-5Y initial rate fixation)	0.8	0.9	1.5	1.5	2.1	3.4	7.0	9.3	8.7	9.5	8.5	8.4	8.4
Medium-Term fixed (5Y-10Y initial rate fixation)													
Long-Term fixed (over 10Y initial rate fixation)													
Romania													
Variable rate (up to 1Y initial rate fixation)	96.4	96.8	97.5	90.9	97.3	96.2	95.8	97.6	97.6	98.0	88.2	86.5	87.9
Short-Term fixed (1Y-5Y initial rate fixation)	1.9	1.4	0.4	0.7	0.3	1.0	1.4	2.1	1.5	1.8	10.8	12.4	10.9
Medium-Term fixed (5Y-10Y initial rate fixation)	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.3
Long-Term fixed (over 10Y initial rate fixation)	1.6	1.7	1.9	8.3	2.3	2.7	2.5	0.3	0.7	0.2	0.8	0.8	0.9
Spain													
Variable rate (up to 1Y initial rate fixation)	79.6	80.7	83.2	83.6	81.9	80.4	77.1	73.5	67.6	66.6	69.0	67.9	70.8
Short-Term fixed (1Y-5Y initial rate fixation)	17.0	17.5	15.2	15.0	16.0	17.9	21.1	24.1	29.0	29.6	27.8	28.9	26.3
Medium-Term fixed (5Y-10Y initial rate fixation)	1.6	1.2	1.0	0.9	1.1	1.0	1.2	1.1	2.1	2.6	2.2	2.1	2.0
Long-Term fixed (over 10Y initial rate fixation)	1.8	0.6	0.5	0.5	1.0	0.7	0.6	1.3	1.3	1.3	1.0	1.0	0.9

Table 5D ► Mortgage Markets Breakdown by Interest rate Type (%) - New Loans (continued)													
	I 2011	II 2011	III 2011	IV 2011	I 2012	II 2012	III 2012	IV 2012	I 2013	II 2013	III 2013	IV 2013	I 2014
Sweden													
Variable rate (up to 1Y initial rate fixation)	52.6	55.0	54.4	54.2	59.0	57.8	54.1	61.0	57.5	63.0	63.7	69.4	71.1
Short-Term fixed (1Y-5Y initial rate fixation)	42.6	40.6	39.5	40.4	36.5	36.1	35.7	28.1	29.2	26.7	28.6	26.0	24.2
Medium-Term fixed (5Y-10Y initial rate fixation)	4.7	4.4	6.1	5.3	4.5	6.1	10.2	10.9	13.3	10.3	7.8	4.6	4.7
Long-Term fixed (over 10Y initial rate fixation)													
United Kingdom													
Variable rate (up to 1Y initial rate fixation)*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	36.5	29.3	24.7	22.7	19.7	19.0
Short-Term fixed (1Y-5Y initial rate fixation)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	63.6	70.7	75.3	77.3	80.3	81.0
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

► Explanation of the market breakdown criteria for the case of Belgium	
Stated Category in Table 5D	Actual content
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"> ■ variable rates from 5Y to less than 10Y initial rate fixation ■ 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)
Long-Term fixed (over 10Y initial rate fixation)	Fixed interest rate loans (no variability)



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