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***European mortgage markets continue to boom in 2004***

In the latest release of its annual publication on mortgage markets due out later this month, the European Mortgage Federation will confirm the remarkable progress of Europe's housing and mortgage markets over the past few years. Speaking yesterday at the annual meeting between the European Central Bank and the European Mortgage Federation, Annik Lambert, Secretary General Designate of the European Mortgage Federation commented:

*"The prolonged upsurge in mortgage lending throughout Europe continues to show the importance of mortgage credit as a means to achieving home ownership. Especially in the EU's new member States borrowers are discovering the benefits that secured lending can bring in terms of lower rates, longer maturities and the ability to release capital from their homes."*

*Key points to note:*

- Mortgage loans outstanding at the end of 2004 amount to €4.7 trillion for the EU 25.
- This constitutes 45% of the EU's GDP or the equivalent of approx. €10 000 for every citizen of the EU.
- Net lending in 2004 amounted to € 412 billion which represents around 4% of the EU's GDP.
- In a recovering EU economy, where GDP grew by 2.3%, the EU mortgage market grew by 9.7% which is above the increase of 7.4% last year and of the average rate of 8.5% over the last 5 years.
- The UK has overtaken Germany to become Europe's largest mortgage market, with € 1.2 trillion of loans outstanding or almost a quarter of all EU mortgage balances.
- The smallest national mortgage market in the EU 25 is in Lithuania. At the end of 2004 mortgage lending outstanding was € 387 million. However, Lithuania was also the fastest growing mortgage market.
- House prices grew particularly strongly during 2004 in Malta (18.8%), France (17.6%) and Spain (17.5%). Belgium, Denmark, Ireland and the UK also experienced significant house price growth of around 11%.
- Conversely Portugal experienced house price growth close to zero, while Germany and Austria have seen negative house price growth.
- According to the EMF data which looks at interest rates on new mortgage lending in the EU, interest rates have halved in most EU countries between 1994 and 2004.
- The Swiss have the lowest level of home ownership in Europe at 35 % compared to the highest which is in 98% in Lithuania
- In the EU 25 the number of dwellings per 1000 inhabitants is 434, in the EU 15 it is 457 and in the new central and eastern European member States it is 399. Spain followed by Austria and Greece has the highest number of dwellings per 1000 inhabitants while Slovakia and Lithuania have the lowest number of dwellings per 1000 inhabitants.

- Retail deposits are still the main funding source in the EU. However, housing loans as a percentage of deposits by households in the Euro zone grew from 43% in 1997 to 64% in 2004. Other funding sources such as MBS or covered bonds are therefore growing in importance.

*Annex I - Overview of European residential Mortgage Market, 2004*

	Value of mortgage debt, € million	Growth in mortgage debt	Residential Debt to GDP Ratio	Per capita mortgage debt, €
<b>Belgium</b>	88,434	8.2%	31.2%	8,506
<b>Czech Republic</b>	6,576	34.9%	7.6%	644
<b>Denmark</b>	174,300	6.0%	89.7%	32,292
<b>Germany</b>	1,157,026	0.1%	52.4%	14,019
<b>Estonia</b>	1,500	57.3%	16.6%	1,110
<b>Greece</b>	34,052	28.3%	20.6%	3,084
<b>Spain</b>	384,631	22.9%	45.9%	9,083
<b>France</b>	432,300	12.2%	26.2%	7,217
<b>Ireland</b>	77,029	29.8%	52.7%	19,125
<b>Italy</b>	196,504	13.4%	14.5%	3,395
<b>Cyprus</b>	2,182	4.6%	17.6%	2,988
<b>Latvia</b>	1,273	67.5%	11.5%	549
<b>Lithuania</b>	1,258	88.3%	7.0%	365
<b>Luxembourg</b>	8,797	12.3%	34.3%	19,480
<b>Hungary</b>	7,767	35.1%	9.6%	768
<b>Malta</b>	1,236	20.6%	28.6%	3,090
<b>Netherlands</b>	518,115	14.3%	111.1%	31,868
<b>Austria</b>	48,064	20.9%	20.3%	5,905
<b>Poland</b>	10,686	22.9%	5.5%	280
<b>Portugal</b>	70,834	6.9%	52.5%	6,762
<b>Slovenia</b>	387	30.3%	1.5%	194
<b>Slovakia</b>	839	82.3%	2.5%	156
<b>Finland</b>	56,522	10.8%	37.8%	10,829
<b>Sweden</b>	147,163	10.0%	52.7%	16,396
<b>UK</b>	1,243,261	11.1%	72.5%	20,835
<b>EU15</b>	4,566,198	9.6%	46.4%	11,931
<b>EU 25</b>	4,670,736	9.7%	45.3%	10,223
<b>US</b>	7,568,200	13.8%	64.5%	25,772

Notes to the editor:

- *The European Mortgage Federation is a European trade association active in the credit sector. It groups together financial institutions whose main business consists of granting mortgage loans in the Member States of the European Union and Norway. The Federation was founded in 1967 and its secretariat is based in Brussels. The Federation brings together private and public mortgage lenders, including universal/commercial banks, mortgage banks, savings banks, mutual & co-operative banks, building societies, umbrella companies and insurance companies. Together they grant around 70% of residential and commercial mortgage loans in Europe.*
  
- *Hypostat 2004 is the EMF's annual statistical publication. It will be released at the end of October 2005. The new version of Hypostat is structured as follows and includes:*
  1. *For the first time 32 countries are covered: The EU 25, the 2 accession countries (Bulgaria and Romania), as well Switzerland, Iceland, Norway, Croatia and Turkey. In advance some of the 2004 Key Facts.*
  2. *Two articles from external authors. Reverse Mortgages, by Claude Taffin and Housing markets and Housing Finance in the Nordic countries, by Martti Lujanen*
  3. *An extensively revised and updated statistical section*
  4. *Updated 10 year data series*

Hypostat can be ordered from the European Mortgage Federation via its website or by contacting [emfinfo@hypo.org](mailto:emfinfo@hypo.org)

Contact Persons:

Simon Walley  
Deputy Secretary General

Tel: +32 2 285 40 46  
e-mail: [swalley@hypo.org](mailto:swalley@hypo.org)

Livia Figà-Talamanca  
Head of Statistics

Tel: +32 2 285 40 42  
e-mail: [lfiga-talamanca@hypo.org](mailto:lfiga-talamanca@hypo.org)

**For further information on the activities of the Federation please contact:**

**Avenue de la Joyeuse Entrée 14/2, B-1040 Brussels, Belgium**

**Tel. +32 2 285 40 30 - Fax +32 2 285 40 31**

**E-Mail: [emfinfo@hypo.org](mailto:emfinfo@hypo.org) - website: [www.hypo.org](http://www.hypo.org)**