



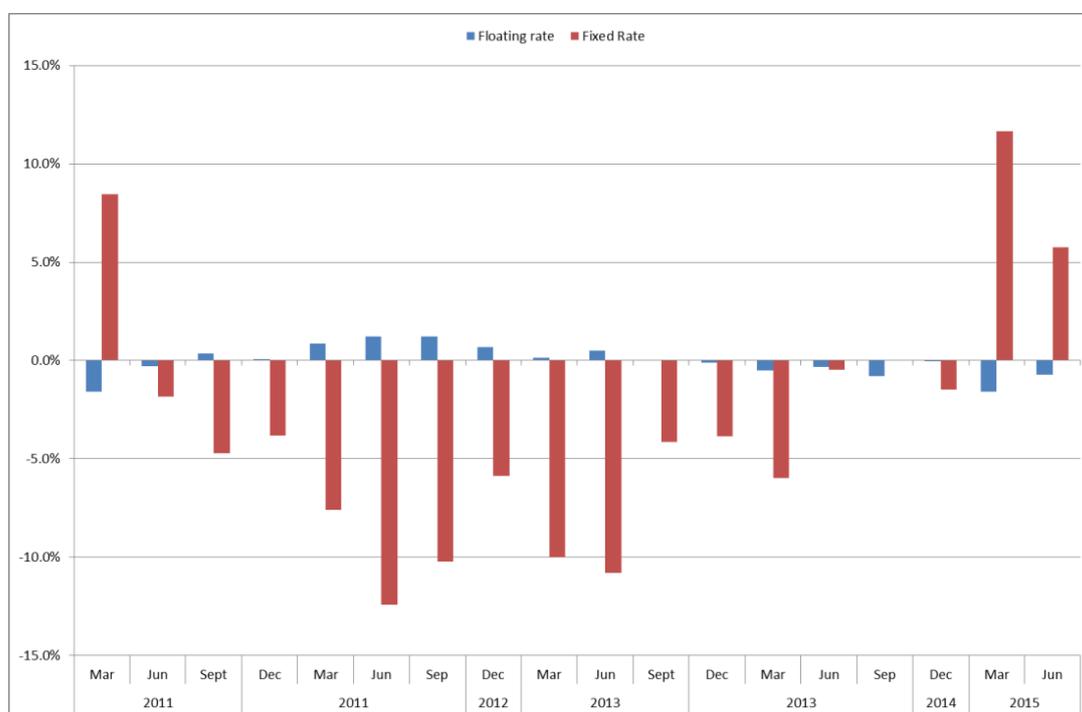
Trends in Personal Credit: Q2 2015¹

Irish households continue to switch to fixed rate mortgage products. Although still accounting for a small share of the total market, fixed rate mortgages secured on principal dwelling houses grew by 16.4 per cent in the year to June 2015. The trend was primarily driven by shorter fixation periods of between 1 and 3 years.

- The total amount of loans outstanding for **principal dwelling houses** (PDH) fell by €96 million to stand at €60.4 billion at end-June 2015. Loans for PDH declined on an annual basis by 1.5 per cent during Q2 2015 following a decrease of 1.7 per cent in Q1.
- **Within the PDH category**, floating rate loans showed an annual decline of 3.1 per cent while fixed rate loans showed an increase of 16.4 per cent; the largest annual increase since the series began in December 2011.
- The total amount of loans outstanding for **buy-to-lets** (BTL) fell by €449 million in Q2 2015 to stand at €16.0 billion. BTL loans declined by 6.4 per cent on an annual basis as at end-Q2 2015. This follows a decrease of 5.4 per cent in Q1.

¹ The extensive set of Personal Credit Statistics tables, along with a detailed set of explanatory notes are available [here](#). Recent data are often provisional and may be subject to revision. A list of credit institutions resident in the Republic of Ireland (i.e. the population covered by these statistics) is available [here](#).

Chart 1: Quarterly rate of change in Floating & Fixed Rate PDH Mortgages²



Credit Advanced to Private Households – Loans for House Purchase

The analysis below relates to on-balance sheet lending, unless otherwise indicated.

- Loans for **principal dwelling houses** (PDH) which accounted for 78 per cent of outstanding loans for house purchase fell by €96 million over the quarter to stand at €60.4 billion at end-June 2015. The annual rate of decline in loans for principal dwellings was 1.5 per cent in Q2 2015, following a 1.7 per cent decline in the previous quarter. A further €29.2 billion of securitised PDH mortgages, which continue to be serviced by resident credit institutions, was outstanding.

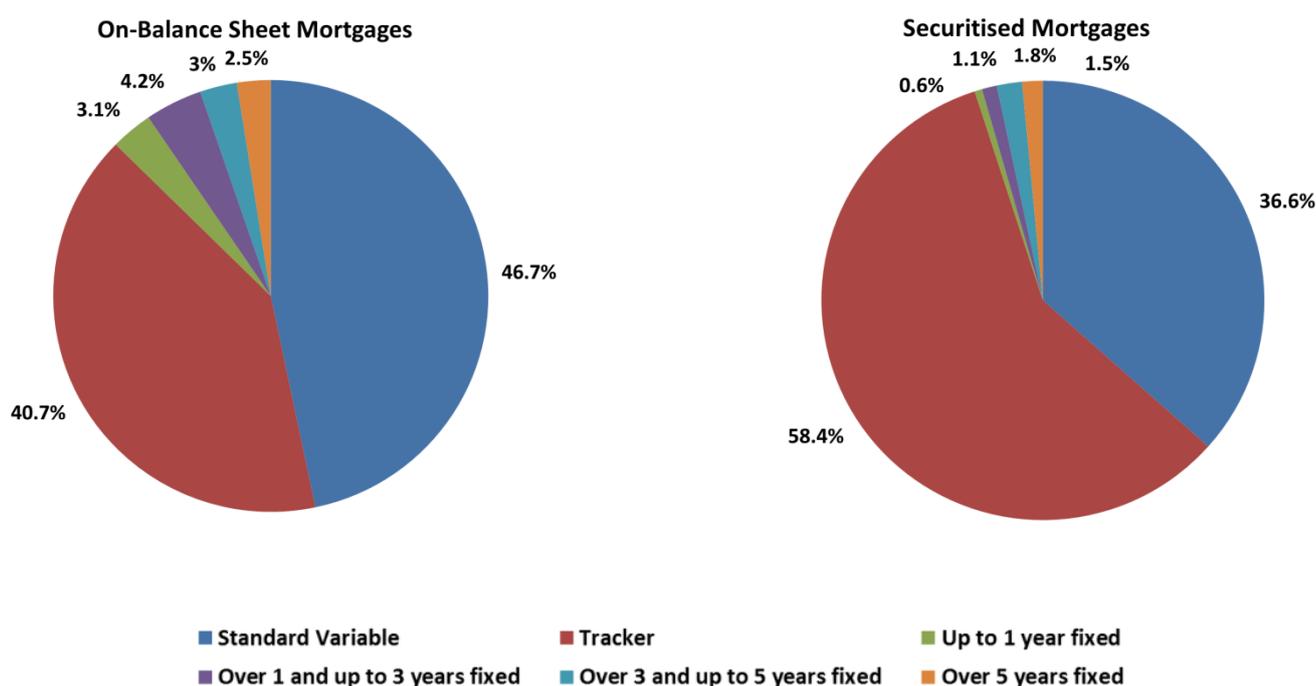
PDH floating rate mortgages declined by €408 million (0.7 per cent) during the quarter to stand at €54.7 billion at end-June 2015. Tracker mortgages which recorded a €382 million (1.5 per cent) decrease in Q2 accounted for 41 per cent of outstanding PDH loans at the end of the quarter. Similarly, standard variable rate which accounted for 47 per cent of PDH loans at end-June 2015 declined by €44 million over the same period. The sharper decline in

² Chart relates to on-balance sheet lending.

tracker mortgages is due to the withdrawal of these products from new business. Conversely, mortgages fixed for up to one year, which account for just 3 per cent of total PDH loans showed an increase of €18 million (1.0 per cent) during Q2 2015. The floating rate category (which includes mortgages fixed for up to one year) recorded a decrease of €1.7 billion (3.1 per cent) in the four quarters to end-June 2015, following a decrease of 2.7 per cent in Q1. In total, floating rate mortgage categories accounted for 90 per cent of the outstanding amount of loans for principal dwellings at end-June. For securitised mortgage pools, the share of floating rate mortgages for principal dwellings was slightly higher at 96 per cent (Chart 3).

PDH fixed rate mortgages increased by €312 million (5.8 per cent) during Q2 2015 to stand at €5.7 billion. Although accounting for a relatively small proportion of total mortgages, PDH fixed rate mortgages recorded the largest annual increase of 16.4 per cent (€810 million) since the series began in December 2011. This contrasts sharply to the same period last year when a decrease of 13.8 per cent (€736 million) was recorded. Developments in Q2 2015 were driven by increases in the over one and up to three year category and the over five year category of €251 million (10.8 per cent) and €115 million (8.3 per cent), respectively. Meanwhile, mortgages in the over three and up to five year category decreased by €54 million (3.2 per cent).

Chart 3: Distribution of Principal Dwelling Mortgages: End-June 2015



- Loans for **buy-to-let** (BTL), representing 21 per cent of loans for house purchase, stood at €16.0 billion at end-June 2015. The annual rate of decline in loans for BTL loans was 6.4 per cent in Q2 2015, following a 5.4 per cent decline in Q1 2015. Total BTL loans outstanding stood at €22.5 billion at end Q2 2015, when securitised fixed rate mortgages are included.

The outstanding amount of loans for **buy-to-let** residential properties fell by €449 million (2.7 per cent) over the quarter, following a decline of €415 million (2.4 per cent) in Q1. This quarterly development mainly reflected a €432 million decrease in floating rate mortgages; of this, €380 million (3.4 per cent) related to tracker mortgages. Standard variable mortgages and mortgages fixed for up to one year also declined by €38 million and €15 million, respectively. Floating rate mortgages accounted for 99 per cent of the outstanding amount of loans for buy-to-let properties at end-Q2. These floating rate loans were composed of 68 per cent tracker mortgages and 31 per cent standard variable mortgages.

- Loans for **holiday homes/second homes** accounted for 1 per cent of loans for house purchase at end-June 2015. Floating rate mortgages accounted for 97 per cent of the outstanding amount of loans for this category. Of these floating rate loans, 60 per cent were tracker mortgages and 40 per cent were standard variable mortgages. The annual decline in loans for holiday homes/second homes was 6.4 per cent at end-Q2.

Table A.18.1 Credit Advanced to Irish Resident Private Households for House Purchase

		Total																											
		Principal Dwellings					Buy-to-let					Holiday homes/second homes																	
		Floating Rate			Fixed Rate		Floating Rate			Fixed Rate		Floating Rate			Fixed Rate														
		Standard Variable	Tracker	Up to 1 year fixed	Over 1 (and up to 3 years)	Over 3 (and up to 5 years)	Over 5	Standard Variable	Tracker	Up to 1 year fixed	Over 1 (and up to 3 years)	Over 3 (and up to 5 years)	Over 5	Standard Variable	Tracker	Up to 1 year fixed	Over 1 (and up to 3 years)	Over 3 (and up to 5 years)	Over 5										
Series Code		777	756	747	748	749	750	1,255	752	753	1,256	766	757	758	759	760	1,257	762	763	1,258	776	767	768	769	770	1,259	772	773	1,260
Outstanding amounts - € million																													
2014	Jun	80,874	61,366	56,781	27,385	27,637	1,758	4,585	1,737	1,542	1,307	18,642	17,991	6,031	11,836	124	651	319	196	136	866	822	353	469	1	43	17	15	11
	Sep	80,842	61,111	56,544	27,686	27,288	1,570	4,567	1,728	1,498	1,340	18,879	18,251	5,905	12,265	80	628	319	175	134	852	810	347	461	2	41	17	14	11
	Dec	78,286	60,231	55,401	28,335	25,246	1,821	4,830	1,933	1,638	1,259	17,232	17,038	5,161	11,859	19	194	46	88	60	822	799	323	474	2	23	5	12	7
2015	Mar	77,562	60,392	54,971	28,158	24,945	1,869	5,421	2,319	1,713	1,389	16,373	16,193	5,035	11,140	18	180	48	73	59	797	774	313	459	2	24	6	12	6
	Jun	77,192	60,418	54,675	28,221	24,568	1,887	5,743	2,567	1,664	1,513	15,969	15,806	4,968	10,820	18	162	47	56	59	806	782	314	466	2	23	7	11	6
Transactions - € million																													
2014	Jun	-584	-220	-199	-1	-537	339	-21	-52	17	14	-342	-307	-36	-265	-5	-35	-9	-21	-5	-22	-21	-7	-14	0	0	-1	0	0
	Sep	-424	-451	-452	115	-381	-186	1	29	-37	10	36	52	1	96	-44	-16	3	-18	0	-12	-11	-4	-7	1	-2	0	-1	-1
	Dec	-393	-68	-1	586	-700	113	-67	-96	80	-51	-295	-175	7	-21	-162	-120	-77	-50	6	-29	-12	-48	36	0	-18	-12	-2	-4
2015	Mar	-752	-314	-878	-437	-487	47	564	385	62	116	-415	-403	-70	-333	-1	-12	2	-14	0	-23	-24	-9	-14	0	0	2	0	-1
	Jun	-536	-96	-408	-44	-382	18	312	251	-54	115	-449	-432	-38	-380	-15	-17	-1	-16	1	10	10	1	8	1	0	1	-1	0
Growth rates - per cent																													
2014	Jun	-3.1	-2.0	-0.9	5.1	-7.7	26.9	-13.8	-19.8	-27.9	30.0	-5.9	-5.5	-1.1	-8.0	-12.0	-15.1	-18.4	-19.1	2.0	-12.2	-12.1	-5.0	-16.7	-40.2	-15.0	-21.6	-17.1	1.3
	Sep	-3.0	-2.4	-1.8	3.8	-7.7	15.8	-10.0	-12.0	-15.3	0.4	-4.3	-4.0	-0.6	-5.6	-34.9	-11.6	-12.6	-18.6	3.0	-11.7	-11.7	-5.9	-15.7	31.7	-12.1	-15.1	-13.8	-4.0
	Dec	-2.6	-2.1	-1.6	3.9	-8.3	22.6	-7.8	-14.7	-3.7	-2.6	-3.9	-3.1	0.6	-3.5	-166.5	-26.8	-32.1	-40.0	9.7	-9.2	-7.0	-17.9	0.8	80.6	-49.0	-73.5	-25.8	-39.7
2015	Mar	-2.6	-1.7	-2.7	1.0	-7.6	17.6	9.6	11.8	7.8	7.0	-5.4	-4.6	-1.7	-4.3	-160.8	-29.8	-22.2	-50.7	0.3	-9.8	-8.0	-18.8	0.0	10.2	-44.9	-60.6	-21.2	-49.6
	Jun	-2.6	-1.5	-3.1	0.8	-7.2	-4.1	16.4	27.6	3.3	14.7	-6.4	-5.6	-2.0	-5.5	-110.0	-32.9	-22.1	-57.5	4.9	-6.4	-4.4	-16.9	4.8	107.4	-44.7	-55.1	-25.8	-50.9

Note: Changes in outstanding amounts need to be interpreted with caution, as they are increasingly influenced by reclassifications, including loan sales and changes in reporting population. Quarterly transactions and annual growth rates are better measures of activity over any given period.

Further information

The extensive set of Private Credit Statistics tables, along with a detailed set of explanatory notes are available at: <http://www.centralbank.ie/polstats/stats/cmab/Pages/HouseholdCredit.aspx>.

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