



Retail Interest Rates – December 2019

14 February 2020

Key Developments in Loans

- The volume of new mortgage agreements* amounted to €830 million in December 2019, bringing new agreements to €8.6 billion over the course of 2019, an increase of 10 per cent on the previous year.
- The weighted average interest rate on all new mortgages agreed in Ireland stood at 2.88 per cent in December, down 13 basis points on the same month the previous year (Table 1). The average for the euro area stood at 1.37 per cent in December, although the rate varied considerably across countries.
- Fixed rate mortgages (including renegotiations) accounted for 75 per cent of all new agreements in the three months to December, compared with 84 per cent of new agreements for the same period in the euro area (Chart 1).
- The weighted average interest rate on new fixed rate mortgage agreements stood at 2.81 per cent in December 2019, a decrease of 12 basis points on December 2018 (Chart 2). New fixed rate agreements averaged 2.88 per cent over the twelve months to December 2019.
- With fixed rate mortgage agreements accounting for an increasing share of the market, the volume of new variable rate mortgage agreements amounted to €163 million in December 2019, down almost 25 per cent on the same month the previous year. The weighted average interest rate on new variable rate mortgage agreements stood at 3.19 per cent.
- Renegotiated mortgages amounted to €221 million in December (Chart 3), with fixed rate products accounting for 67 per cent of renegotiations. The weighted average interest rate for all renegotiated mortgages was 2.81 per cent in December.

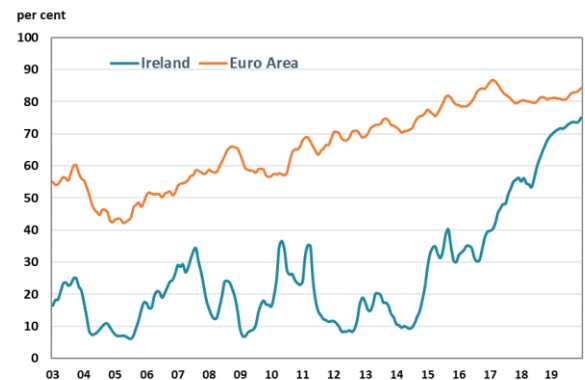
Table 1: Weighted average interest rates for house purchase (excluding renegotiations)

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€mn)
New mortgage agreements	2.88	-2	-13	830
of which				
- fixed rate agreements	2.81	0	-12	667
- variable rate agreements	3.19	-3	-1	163
New mortgage agreements - Euro area average	1.37	1	-39	67,590*

*Euro area volume figure equates to total new mortgage agreements

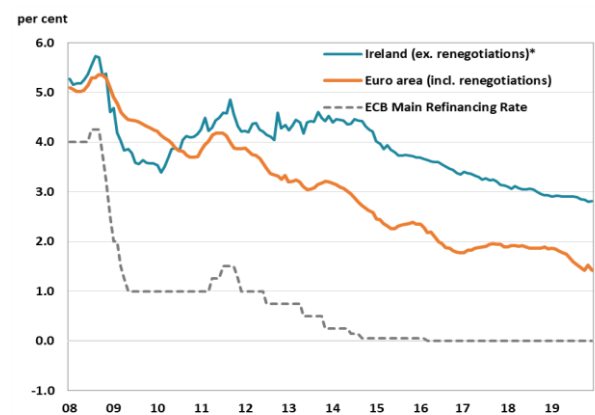
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Chart 1: New mortgage agreements: Share of fixed mortgages (3-month rolling average)



Source: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Chart 2: Average interest rates on new fixed rate mortgage agreements



Note: * Prior to Dec 2014, the Irish rate includes renegotiations
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

*Rates and volumes quoted on this page exclude renegotiations unless otherwise stated

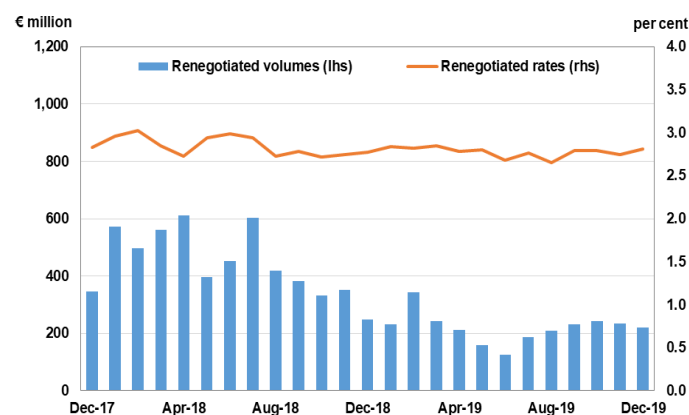
- Quarterly data¹ shows that fixed rate mortgages accounted for 81 per cent of **new PDH mortgage drawdowns** in Q4 2019, with a majority of these mortgages fixed for over 3 years. The fixed rates for new PDH mortgage drawdowns stood at 2.79 per cent in Q4, down 9 basis points on the same quarter the previous year. The standard variable rates for new PDH mortgage drawdowns remained relatively stable over the past year, and stood at 3.12 per cent in Q4.
- Variable rate mortgage accounted for 80 per cent of **new BTL mortgage drawdowns** in Q4 2019. Variable mortgage rates for new BTL mortgage drawdowns stood at 4.65 per cent in Q4, down 1 basis points from the same period in the previous year. Fixed rate for BTL mortgages decreased by 62 basis points over the past year, and stood at 4.11 per cent in Q4.
- Consumer lending** in December decreased by €42 million on the previous month, with €143 million recorded in new loan agreements. The average interest rate was 8.34 per cent, while the equivalent euro area rate stood at 5.30 per cent.

Key Developments in Deposits

- Interest rates on new household term deposits** remained low at 0.02 per cent in December, down two basis point from the previous month. Equivalent euro area rates stood at 0.28 per cent in December (Chart 5).
- New business NFC term deposits** in Ireland remained largely unchanged over the last twelve months, and stood at -0.03 per cent in December. Corresponding NFC term deposit rates for the euro area stood at 0.03 per cent (Chart 5).

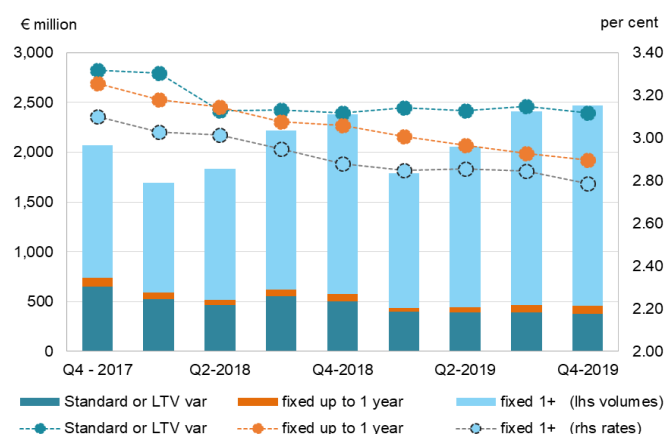
¹ Quarterly data provide a breakdown by mortgage product and property type. See note 1 for further information.

Chart 3: Renegotiated loans for house purchase



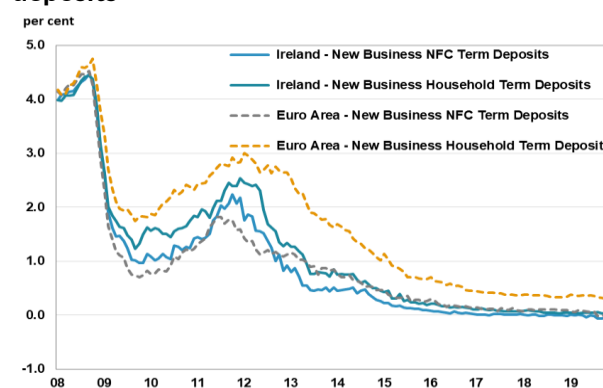
Source: Retail Interest Rates [Table B.2.2](#)

Chart 4: PDH mortgage interest rates and volumes²



Source: Retail Interest Rates [Table B.3.1](#)

Chart 5: Interest rates on household & NFC term deposits



Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

² Refers to the volume of new business mortgages drawn down over the respective quarter. See Note 1.

Note 1:

Interest rates and new business volumes are collected from credit institutions with a significant level of lending or deposit business with households or non-financial corporations (NFCs). The sample is monitored to ensure compliance with ECB Regulation.

Monthly *Retail Interest Rate Statistics* in Tables B.1.1 to B.2.2 cover all euro-denominated lending to, and deposits from, households and NFCs in the euro area. New business is defined as any new agreement during the month between the customer and the credit institution. This agreement covers all financial contracts that specify the interest rate for the first time, including any renegotiation of existing business (excluding automatic renewals). These statistics are compiled under ECB Regulation and are comparable across the euro area.

Quarterly *Retail Interest Rate Statistics* in Table B.3.1 cover all euro and non-euro denominated mortgage lending in the Republic of Ireland only. New business refers to new mortgage lending drawdowns during the quarter, broken down by type of interest rate (i.e. fixed, tracker and SVR). These statistics are not compiled under ECB MFI interest rate Regulation.

Note 2:

There are a number of factors that can lead to differences between *Retail Interest Rate* statistics and interest rates advertised by resident credit institutions. These include renegotiated loans, the inclusion of home improvement loans, and the underlying statistical compilation methodology.

Note 3:

In January 2015, a number of enhancements to the calculation of the national weighted average interest rates and national total business volumes were introduced under ECB Guideline (ECB/2014/15). As a result of these

enhancements, data have been recalculated for previous reference periods in order to ensure a consistent compilation of data across time.

Recent data are often provisional and may be subject to revision.

For further detail please see the [Retail Interest Rates](#) webpage for:

- An extensive set of [Retail Interest Rate Tables](#);
- [Retail Interest Rate Statistics Explanatory Note](#);

Previous Interest Rate Statistical Releases can be found [here](#).