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Introduction: Milestones in European Housing Finance since 1989

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Why analyse developments in housing finance?

In 2008 many commentators blamed housing finance for the depth of the Global Financial Crisis (GFC). They also saw the dysfunctionality of that market as one of the core reasons why the crisis was not resolved relatively quickly but instead in many countries turned into recession and stagnation. At its simplest, the case against housing finance was that deregulation and expansion of housing finance markets had enabled consumers to become over-indebted; had allowed house prices to grow unsustainably; had introduced riskier mortgage instruments with low debt servicing requirements to help new buyers to afford these higher prices and existing owners to realise some of their housing wealth; had led to excess competition in the mortgage market with resultant mis-selling and poor treasury management; and, from the point of view of financial markets most importantly, had left financial institutions across the world over-exposed to risky mortgage and construction debt even in countries where finance systems remained quite heavily regulated.

Often the details behind this case for the prosecution against housing finance have been very much concentrated on United States experience (Reinhart and Rogoff 2009; Green and Wachter 2010). But there also appeared to be an important contagion story, especially with respect to institutional fragility and over-indebtedness not only in Europe but in markets across the globe. There were also many national and Europe-wide issues that helped destabilise both finance and housing markets. Indeed, growing problems of

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affordability and over-exposure to risky debt finance saw many European housing markets turn down from 2006/7 before the decisive outbreak of the GFC in September 2008.

The actual story has clearly been far more complex. Prior to the crisis – and certainly before the turn of the century – housing finance systems and markets appeared to be working quite well, not only in support of owner-occupation but also for the development and ownership of rented housing. Financial markets in much of Europe had been deregulated and liberalised for more than two decades before the signs of crisis emerged. Indeed, housing was seen to be a particularly successful part of the deregulation and privatisation story – with lower interest rates, higher owner-occupation rates and greater choice for many households.

Experiences across Europe both in the long period of relative economic stability and growth before the crisis and of the impact of the crisis cannot be presented as a simple, coherent story. There were vast differences between countries with different housing histories, different regulatory frameworks and different market pressures. Even so, there were growing similarities within groups of countries that in the run up to the crisis saw higher indebtedness and higher house prices as linked and a matter of increasing concern (OECD 2006). Experience after the crisis was similar – with some fairly general trends within particular groupings but very different national experiences across Europe as a whole. Some indeed saw little more than a hiccup in the housing finance market itself (whatever the effect of the crisis on macro-economies and real housing investment) while others experienced major problems from which recovery has been very slow.

Looking at the longer term picture, the period extending from 1989 to 2014 is simply unique in housing and financial market cycles (except to the extent that in a number of countries change started a little earlier). House prices and mortgage debt started to move more closely in parallel and both showed unprecedentedly strong growth from the middle of the 1990s onward. Especially after the turn of the century, the rate of increase in house prices grew so far out of line with incomes that it was perceived of by commentators as a 'housing bubble' in many countries. These prices could not have been realised unless they were funded through easier and cheaper access to (mortgage) credit. Equally the large scale growth in outstanding loans could not have occurred had demand for larger loans not existed. Thus the expansion in housing credit is seen to have formed a commensurate 'credit bubble'.

The objective of this book is to take a longer term view of housing finance markets across Europe – examining the major changes that have taken place since the 1980s and how these have impacted on national markets, including at one end extreme highly developed systems that have been in place for decades and at the other newly emerging markets that are still in the early stages of development. It is also to ask whether there are clear patterns across these countries that can help explain developments and give some indication of what might happen over the next few years.

The initial impetus for the book came from the fact that the European Network of Housing Research (ENHR) working group on housing finance was set up in 1989, just at the time when deregulation had taken hold in many Western European countries and the borders with Eastern Europe were being broken down. The group started working together in that year to monitor changes and to examine the causes and consequences of these changes for housing finance and for housing markets and policy more generally (Turner and Whitehead 1993). The impetus for monitoring and analysis has been maintained over the years, involving more experts and more countries (Scanlon *et al.* 2008; 2011). The group was among those best qualified to conduct an overview of developments across Europe and comparable countries, looking at the similarities and complexities of housing finance and its relationship to housing markets at both national and European levels. The authors come from many different disciplines – not just finance and economics but also public administration, sociology and other social sciences. Most work in universities but also engage with governments, regulatory authorities and the industry. Some work directly with their national governments, although here they write in a personal capacity. As a result we have been able to bring together some 42 of the most knowledgeable specialists in the field to contribute to the text.

In the country chapters the authors clarify milestones in the development of national housing finance markets over the last quarter century, examine how finance has impacted on the operation of housing markets and identify the factors that have affected the benefits and risks faced by institutions, providers and consumers alike. Thus each country chapter has a similar structure but takes account of the specific attributes of the national market and particularly the role played by government and regulation. The authors trace the changes that they see as of particular importance over the 25 year period and identify stages in the development of the market. They then look at the outcomes of these changes and end by giving their views on possible future trends in national housing and housing finance markets.

The editors have, in addition to the introduction, contributed two chapters, one based on a questionnaire, the other on a careful reading of the material presented in the text and elsewhere in the literature to draw out common themes. Overall, therefore, the aim is to provide both a source document identifying what has happened and an evaluative document that looks at trends and outcomes from a comparative viewpoint.

Defining housing finance

The term 'housing finance' is often believed to apply simply to the operation of mortgage markets in the form of housing loans or mortgage loans that enable consumers – owner-occupiers and sometimes landlords – to borrow against the value of their housing asset. As such it allows those who wish to

own their own home to spread required payments over the period of the loan, enabling them to afford to own that asset. Equally it enables landlords to lever in debt finance to allow them to purchase against the future rental stream.

However, housing finance is actually a much broader concept, including financing through the owners' own resources (i.e. their equity) and – where relevant – financing by subsidies. The initial equity (down payment) is often seen as ensuring that the purchaser has a stake in the value of the property, thus reducing the risks faced by the mortgagee. Over time as the mortgage is paid down, as is a common family life-cycle pattern and, especially if house prices rise, the owners' equity increases and becomes the predominant source of housing finance for the property.

Many European housing systems historically were dominated by governments in terms of both housing provision and subsidy to improve affordability. In these circumstances the sources of housing finance include public borrowing – normally on the sovereign debt market rather than specifically through housing institutions – taxation (both national and local) and subsidies in kind, notably in the form of public land. Over the last 25 years, government involvement in production and provision has fallen and been replaced by private sources of finance. The only offset especially in most North Western European countries has been in the growth of income related housing allowances.

Another complication is that debt financing may be used for other purposes than purchasing the housing asset – for housing purposes such as renovation, helping children to buy their own home or the purchase of white goods, but also for releasing equity to spend on other things, for instance acting as a pension, buying a car or going on holiday. Over the 25-year period many countries have come to allow equity withdrawal at the time of raising a new mortgage. Moreover, remortgaging has become important to many borrowers looking to take advantage of falling interest rates and new types of mortgage loans, creating potential to increase liquidity. These and other innovative mortgage instruments became an important source of business for the lenders in many countries.

Finally housing finance is provided not just to owners and investors but also to developers, helping them to fund the purchase of land and the process of construction up to the point when it moves into the asset ownership phase. In some European countries – especially those with high rates of investment – this became one of the most important factors affecting bank solvency at the time of the crisis.

The countries

The 21 countries examined in the book can be fairly readily categorised in traditional geographic and legal/institutional terms. The first 18 are fully located within Europe. We have in addition included two, Russia and Turkey,

which are partially European (and have systems that look to the West) and one, Australia, which is Anglo-Saxon in legal/institutional terms but located on the other side of the globe. These help to exemplify how deregulation and liberalisation have been reflected in the globalisation of finance markets.

Secondly, within Europe there are five or six generally recognised groupings not specific to housing but based on governance, level of regulation and economic approach as well as geography, within which our sample might be identified. These include:

- Anglo–Saxon – perhaps the most market oriented countries in Europe, here represented by the UK, Ireland and outside Europe by Australia;
- Scandinavia – including Denmark, Finland, Iceland, Norway and Sweden linked geo-politically and in terms of their general approach to welfare. This group is often seen to incorporate the Netherlands and indeed France – and to a much lesser degree Belgium;
- Central European corporatist systems – exemplified here by Germany and Austria;
- Ex-communist countries, here including the Czech Republic, Hungary, Poland, Russia and Slovenia;
- Southern European countries – here Portugal, Spain and Turkey.

Because the issues around how housing finance has developed have been perceived as affected by underlying political objectives as well as legal, regulatory and particularly market pressures, commentators have tended also to categorise not only housing finance systems but also their impact on mortgage debt and house prices in a somewhat similar fashion (Girouard *et al.* 2007; Scanlon *et al.* 2011; Priemus and Whitehead 2014; Tutin and Vorms 2014). Once the details of individual country experiences are set out, it may well prove to be that groupings of this type do not apply consistently across different aspects of either housing finance market development or indeed in terms of outcomes. This is a core issue addressed in Chapter 2.

Trends in mortgage systems

Over the last 25 years across the world more countries introduced housing finance systems with mortgages secured against property. Other countries improved and expanded already existing housing finance systems. Financial institutions created new loan types, often with low initial payments and utilised a wide range of new approaches to increasing their lending in particular through capital markets and mortgage securitisation. In this context Green and Wachter, looking from a US perspective, presented the institutional changes in housing finance across the globe over the three

decades before the crisis under the very expressive title: 'The Housing Finance Revolution' (Federal Reserve Bank of Kansas City 2007; Green and Wachter 2010).

As result of a wide range of initiatives, notably with respect to deregulation and liberalisation, housing finance systems became more efficient in their own terms and access to housing was increased. Some important reasons for the changes throughout these years have included: making entry into owner-occupation easier (although arguably house price increases have offset much of this benefit); reducing interest rates and improving lifetime affordability by access to debt; removing the 'dead hand' of government from housing; improving efficiency in housing finance and mortgage systems; and increasing competition through further liberalisation of institutional arrangements. In many countries these changes were seen as part of the deregulation of financial markets more generally; in others they were concentrated on housing finance. In all cases much of the efforts were directed towards developing structures to make mortgage loans more accessible by securing the loan against the value of the property; that is, using the house as collateral for the loan. Once this was possible, the borrower could get access to long term loans with lower interest rates, while the lender could receive a better credit quality in exchange. These changes enabled lower mortgage interest rates and market based terms and conditions, but they also occurred during a period where interest rates in most countries were deceasing often to unprecedented levels, in part because of declining general inflation. Importantly reducing interest rates became an important part of international monetary policy after the September 11th attack in 2001 and again after 2008 as a means of alleviating the GFC and the following recessions. In Europe this movement was further stimulated by the preparation for and creation of the Euro in January 1999.

These changes need to be seen against an economic backdrop. In particular the 25 year period has not been one of continued and consistent economic growth suddenly brought to a halt by the GFC. Nor has it been one of continuous house price increases, at least in real terms. In Europe and in many other countries across the globe there was a major property boom in the late 1980s that was suddenly and disastrously reversed at the end of the decade, resulting in major mortgage market problems – notably changing the tenure behaviour of younger households in more open-economy countries that were most affected – as well is in massive cutbacks in property investment of all types. In the 1990s, while in the main European housing markets were recovering and economies were entering a period of consistent growth that lasted until the mid-2000s, individual countries had their own crises – notably Finland and Portugal. From around 2006 downturns could be observed in many, although not all, national housing markets. The GFC did indeed initially hit almost everyone, although for varying lengths of time. The impact of the subsequent recession has affected growth rates and

consumer spending across Europe but again to very different degrees – some have seen one downturn followed by an upturn; others have experienced two cycles; while still others have as yet hardly turned up. We can therefore reasonably argue that the 25 year period examined in this text has in many countries seen at least two economic cycles, with considerable uncertainty almost everywhere about what will happen in the next few years.

Mortgage debt and house price increases – enabling each other?

The expansion in mortgage debt

As we have already noted the period under discussion is unique in the long history of housing finance. A recent study by Jordá, Schularick and Taylor (2014) includes a long-run dataset covering disaggregated bank credit for 17 advanced economies since 1870. These countries, covering over 90 percent of advanced economy output, include 12 of the countries discussed in this book. Their data,

> …dramatically underscore the size of the credit boom prior to the global financial crisis of 2008. A substantial part of that boom occurred in a very short time span of little more than 10 years between the mid-1990s and 2008/9. For our 17 country sample, the average bank credit to GDP ratio rose from 79 percent of GDP in 1995 to 112 percent of GDP in 2007… (Jordá *et al.* 2014: 8).

The data also show how the composition of bank loan books changed. From 1870 until the mid-1980s the overall share of real estate loans remained around 40%,

> …whereupon we see the start of a global real estate lending boom for the past 30 years leading to a large jump in the ratio. As a result, the shares of mortgage and non-mortgage lending are now approximately the inverse of what they were at the beginning of the 20th century. (Jordá *et al.* 2014: 12).

Over the 25 year period, housing markets, house prices and not least housing finance became an increasingly important part of modern macro-economic analysis, especially with respect to business cycle dynamics and financial stability risks, as real estate lending booms were perceived to be followed by deeper recessions and slower recoveries. The rapid increase in household debt over the last four decades became a matter of international concern in the early 2000s and led to several large scale analyses notably from the Organisation for Economic Co-operation and Development (OECD), the

Bank of International Settlements and the International Monetary Fund (IMF), addressing the extent of the debt problem and its macro-economic implications (Bank of International Settlements 2006; IMF 2006; OECD 2006; Girouard *et al.* 2007). In 2012 the IMF used the OECD data on household debt to demonstrate that the more household debt increased before the outbreak of the GFC (and before earlier recessions), the stronger and the longer lasting were the negative effects on housing consumption, housing prices, private consumption, investments, GDP and unemployment (IMF 2012). The OECD also stressed that high debt levels make economies more vulnerable to financial instability (OECD 2013).

Finally therefore we look at the basic data on how mortgage debt and house prices have moved across the countries included in this text to provide a baseline for the analysis in later chapters. Table 1.1 (taken mainly from the annual *Hypostat* publication from the European Mortgage Federation) shows the ratio of residential mortgage debt (the majority of all consumer debt) to GDP for most of the countries included in this book. Mortgage debt includes mortgages secured against housing assets and in some cases also loans to households for residential and non-commercial purposes where personal guarantees are used, issued by private banks and lenders.

Table 1.1 Residential mortgage debt to GDP ratio, 1990–2013; selected years (%).

	1990	2000	2008	2010	2013
Australia	19	46	82	87	85
Austria			25.5	28.1	28.0
Belgium	20.3	27.7	39.6	45.4	49.5
Czech Republic			9.8	12.2	14.5
Denmark	70.1[1]	67.7	87.9	94.6	93.8
Finland			36.4	42.9	45.7
France	19.7	21.2	36.2	41.1	43.8
Germany	42.5	53.2	46.3	46.2	44.2
Hungary		1.4	21.2	25.6	18.9
Iceland[2]		88.4[3]	111.3	118.0	100.8
Ireland		31.0	82.6	65.2	57.8
Netherlands		68.2	99.6	107.8	104.9
Norway	49.4	39.1	50.5	66.8	64.1
Poland		2.1	14.2	19.0	20.7
Portugal		41.5	61.2	66.2	64.3
Russia			2.2	2.4	3.8
Slovenia		0.3	9.1	13.7	15.0
Spain	10.6	29.9	62.0	65.1	59.9
Sweden	47.3	44.6	61.9	83.5	80.9
Turkey			3.6	5.3	6.0
UK	54.5	55.8	70.1	83.2	80.6

[1] Figure from 1992.
[2] Household debt to GDP.
[3] Figure from 2003.
Sources: EMF (2014); for Australia data, RBA Table E02; for Iceland, Central Bank of Iceland.

Over the period of our analysis the Netherlands has generally had the highest residential mortgage debt to GDP ratio. These have been fostered by public guarantees, by maximum loan-to-value ratios (LTVs) as high as 120 percent (now lowered to 104 percent and planned to fall to 80 percent), unconstrained tax reliefs for mortgage interest (now increasingly limited especially for new buyers) and a shift from public to private financing particularly for social housing. Among those at the other extreme are Austria and Germany with much more limited growth in debt in relation to national income. Many other countries have seen increases in their debt-to-GDP ratios – at times by over 50 percent – with some of the strongest increases to be found among the countries that already had high debt ratios. Since the crisis the pattern has been more diverse with further rises in some countries and falls in others. These differences appear to be related as much to changes in GDP as to debt levels.

Some part of the rise in debt has 'natural' causes, although these are not generally enough to explain its rapid growth. Some countries eliminated or significantly constrained public housing finance systems so that debt financing was transferred to the private sector. Many countries supported owner-occupation based on increasingly available debt finance. In 1989 many Eastern European countries had no private commercial and mortgage banking sectors. They slowly started to put in place the legal and institutional arrangements necessary for the introduction of mortgage financing and once in place, usually experienced rapid growth rates in outstanding mortgage debt – although from very low levels.

Strong economic forces were also behind the growth in household and mortgage debt. The fact that interest rates continued to fall at least in money terms meant that the payments on loans were reduced significantly. Deregulation and liberalisation of finance systems in general and housing finance in particular over the last 25 years – and in the decade before for several countries – generally made it easier for those with lower incomes and wealth to enter the market and improved mortgage market efficiency. Rapid rises in house prices meant that more collateral was available against which to borrow. However, it also worsened housing affordability, which in turn meant people had to borrow more. Increasingly it also excluded people further down the market, at the same time as excluding those with limited resources.

Trends in house prices

A particular concern over the 25 year period has been the rapid rise in house prices across much of the globe, which has been mirrored in many European countries. These trends are seen to be related to growing incomes, easier access to credit, and especially after the turn of the century, to the interrelationship between house price rises and the capacity to borrow.

Table 1.2 Average annual increases in real house prices, 1990–2014; selected periods (%).

	1990:1–1995:1	1995:1–2000:1	2000:1–2005:1	2005:1–2007:1	2007:1–2010:1	2010:1–2012:1	2012:1–2014:3
Australia	0.0	3.2	8.5	3.3	5.2	–3.8	4.7
Austria			–1.1	2.1	2.1	4.9	2.4
Belgium	2.5	3.4	5.1	8.2	2.0	0.6	0.3
Czech Republic						–3.1	0.2
Denmark	0.1	7.3	4.9	15.4	–7.2	–5.0	1.5
Finland	–9.7	6.3	3.0	5.7	0.5	0.2	–1.6
France	–1.6	1.3	9.3	9.0	–1.7	2.6	–2.3
Germany	2.1	–1.4	–2.8	–1.2	–0.2	4.1	3.6
Hungary					–4.6	–7.0	–2.8
Iceland				9.5	–8.8	1.9	3.0
Ireland	0.7	14.3	7.2	10.9	–9.4	–15.5	4.9
Netherlands	4.4	10.5	4.2	1.7	–0.9	–4.5	–5.1
Norway	–1.8	9.2	4.8	11.1	0.0	6.4	1.8
Portugal	0.0	1.9	–1.3	–0.8	1.0	–2.4	–3.2
Russia					34.4	4.1	–2.8
Slovenia					–2.5	–3.4	–6.1
Spain	–2.1	2.6	11.4	5.9	–4.6	–8.5	–4.9
Sweden	–6.6	5.2	6.5	9.4	3.0	–0.9	4.1
Turkey						2.3	6.6
UK	–5.4	6.8	10.7	4.4	–3.1	–2.5	4.7

Source: OECD House price statistics of 30th January 2015.

Table 1.2 shows the average annual rate of increase in real house price for especially relevant periods from 1990 to 2014 for all but one of the countries included in the text. Six countries only have data for some years in the OECD house price statistics used here while Poland is not included at all. In the years after 1995 and up to 2007 there are several examples of double-digit increases in real house prices, signalling overheated markets. After 2007 the picture is more blurred with several countries experiencing strong falls in real house prices, while a few countries experienced a weak upturn in real house prices. The change in real house prices that occurred during each country's period of increasing house prices and the following downturn after the peak year can be seen in Table 1.3 for the countries with house price indices for all the 25 years in the OECD statistics.

Bringing the two together

Figure 1.1 shows the trend in mortgage debt-to-GDP ratios for five of the countries with the highest ratios over the period. In the main it shows some declines in the early 1990s when countries were recovering from the sharp downswing in many economies from 1989 and the Scandinavian banking crisis (1988–1993) was unwinding. Thereafter, from around 1994, mortgage debt and therefore the ratio rose quite consistently and particularly rapidly after the turn of the century until the crisis. Thereafter trends in different

Table 1.3 National house price cycles (changes in real house prices since the first quarter of 1990*).

	Latest upturn period and peak quarter	Increase in real house prices through the upturn (percent)	Change in real house prices after the last peak quarter (percent)
Australia	1996:1–2010:2	129.6%	2.7%
Belgium	1990:1–2014:3	117.9%	[no price peak]
Denmark	1993:2–2007:1	175.8%	–25.1%
Finland	1993:2–2007:3	87.1%	–3.8%
France	1997:1–2007:4	116.6%	–7.2%
Germany	Peak 1995:1 Trough 2008:3	2008:3–2014:3 19.6%	–7.0%
Ireland	1987:2–2007:1	331.1%	–41.6%
Netherlands	1991:1–2008:4	177.0%	–24.3%
Norway	1993:1–2007:3	197.2%	16.3%
Portugal	1996:3–2001:2	15.9%	–18.8%
Spain	1996:3–2007:3	121.0%	–37.9%
Sweden	1993:3–2010:4	139.2%	5.8%
UK	1996:2–2007:4	169.6%	–6.8%

* Only countries with real house price indices for all 25 years.
Source: OECD House price statistics of 30th January 2015.

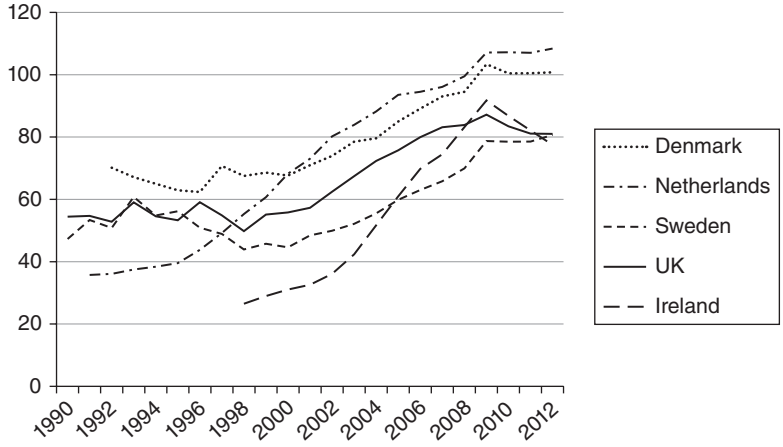

Figure 1.1 Residential mortgage debt to GDP ratio for five countries with among the highest ratios, 1990–2013 (%).
Source: EMF (2014).

countries went in different directions, reflecting variations in the depth of the crisis and the subsequent recession. Spain, perhaps to many people's surprise, is not part of this particularly high ratio group. However, it experienced the most rapidly growing ratio from a particularly low base in 1990.

It is worth remarking that in the residential mortgage debt-to-GDP ratio, the denominator – the Gross Domestic Product – is influenced not only by economic growth but also by developments in general prices. Therefore, an increase of similar size in both the debt to GDP ratio and in real house prices

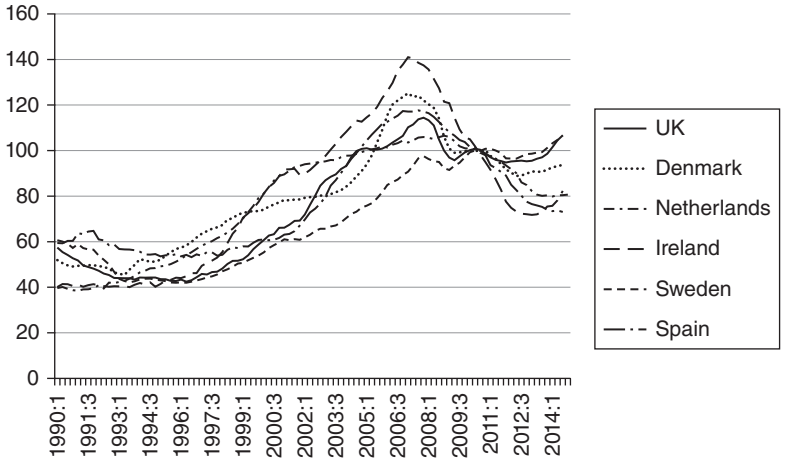

Figure 1.2 Developments in real house prices for the five countries plus Spain, 1990:1 to 2014:4 (2010 average = 100).
Source: OECD House price statistics of 30th January 2015.

means that nominal mortgage debt has increased more than nominal house prices. This has been the case throughout most of the long period of upturn.

Figure 1.2 shows the pattern of house price increases for the same countries together with Spain. It shows that in all six countries real house prices rose from the early 1990s, in all cases more than doubling – as seen in Table 1.3. Thereafter, Ireland experienced the greatest decline in real house prices, which were halved from the peak value in 2007:1 to the trough in 2013:1 when they started to rise again. Spain, Denmark and the Netherlands also experienced particularly strong downturns in real house prices after 2007.

Figure 1.3 on the other hand gives three examples of countries where house prices behaved in ways very different to those in countries with the highest debt ratios. Germany and Austria have experienced relatively little volatility, with prices in Germany actually declining for much of the period. In both countries, however, real house prices have risen quite significantly since the crisis. Belgium, like many of the other countries in our analysis, experienced continuing growth in real house prices until the mid-2000s with prices more than doubling but then, unlike the group in Figure 1.2, has since seen relative stability. All three countries have well-functioning housing finance systems and markets but also moderate residential mortgage debt-to-GDP ratios – although in Belgium the ratio has more than doubled since 1990 and has continued to rise since the crisis (Table 1.1).

Finally as is also seen in Table 1.1, mortgage debt (measured in terms of the debt-to-GDP ratio) has remained at similar levels in most countries after real house prices started to weaken. Debt levels have only been reduced in a few countries – with Ireland being the most remarkable example, followed by Iceland, Spain and Hungary, all of which have seen massive declines in new investment. This continued level of over-indebtedness is clearly a

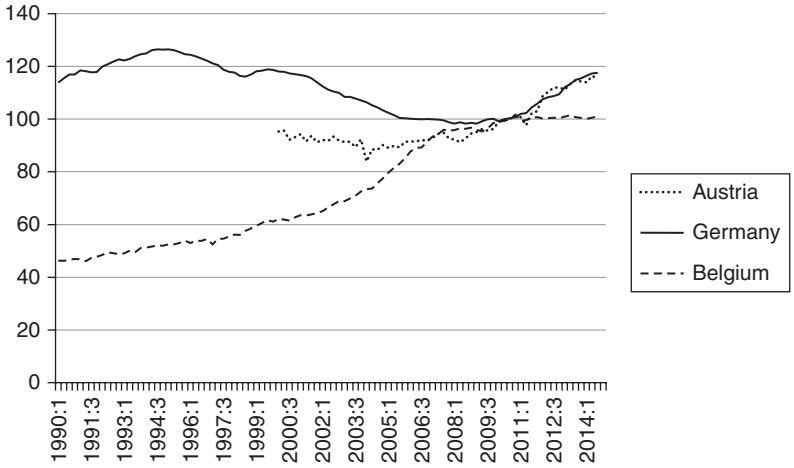

Figure 1.3 Developments in real house prices in Austria, Belgium and Germany, 1990:1 to 2014:4 (2010 average = 100).
Source: OECD House price statistics of 30th January 2015.

matter of concern especially in countries with large falls in nominal house prices and therefore significant issues around negative equity.

Conclusions

This introductory chapter has aimed to provide the rationale for the text, examining how housing finance systems have developed as deregulation and liberalisation have taken root in many European countries, others have started to develop these markets and still others have continued a more traditional path. It also points to some quite fundamental trends in mortgage debt and house prices that are part of the explanation for the financial crisis and points to reasons why many housing finance markets have not recovered – and indeed may not do so perhaps for decades.

The country chapters provide evidence that each national finance system has developed with specific national characteristics, even though the fundamentals of mortgage financing and markets are universal. The authors are able to look in detail at the changing role played by mortgage markets over the period and the varying reliance on other forms of finance. In some countries markets are still framed by central government policies; in others market pressures have dominated for three decades. At a general level it is clear that, in most countries, risks for both consumers and institutions have increased, although some types of risk are being modified by new regulations and other policy responses. Over the 25 years differences between housing finance systems across Europe have narrowed in some contexts but clear differences undoubtedly remain. These similarities and differences are characterised in the next chapter.

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