



Press release

Statistics Netherlands

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Mortgage market slowing down

The number of registered mortgages for private homes in the second quarter of 2000 fell substantially. This was partly caused by a drop in the number of transactions involving dwellings, but mostly because the number of renegotiated mortgages was nearly half that of the second quarter in 1999. The average mortgage interest rate went up from 5.0 to 5.7% in a year.

Fewer mortgages for private homes

Financial institutions were again confronted by a drop in the number of newly registered mortgages for private homes in the second quarter of 2000. The turn in this market came in the last quarter of 1999, followed by a 16% drop in new mortgages in the first quarter of 2000 on the first quarter of 1999. In the second quarter of 2000 some 50 000 fewer new mortgages were entered at the land register than in the second quarter of 1999, which constituted a 29% drop. Such a drop in newly registered mortgages was last seen in the second quarter of 1995.

Number of reregistered mortgages nearly halved

The rapidly falling number of mortgages is partly because far fewer homeowners have renegotiated their mortgages. In the second quarter of 2000 the number was down 44% on the second quarter of 1999. The low mortgage rates in recent years had stimulated renegotiations. The increasing house prices and the low mortgage rates made the change from an existing mortgage into a new loan, either with the same or with a different financial institution, very advantageous. The so-called 'surplus value' of the dwelling was often converted into a higher mortgage, and the extra credit that became available in the process could then be used for home improvements or other purposes.

Fewer transactions involving dwellings

The number of mortgages taken out for the purchase of a home, either newly built or existing, in the first and second quarters of 2000 were down 8% and 6% on their respective quarters in 1999. This may be due to the huge increase in house prices: up 22% in a year and now averaging 369 thousand guilders. This development was made possible by the relatively low mortgage rate and the willingness on the part of financial institutions to provide high mortgages. However, the mortgage rate

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has increased by 0.7% since the second quarter of 1999 and stands at 5.7%. This may have slowed the demand for dwellings somewhat.

Higher mortgage debt

The total mortgage amount entered at the land register was also lower than in the same period of 1999. In the second quarter the value of registered mortgages was 38.0 billion guilders whereas in the second quarter of 1999 the amount was 43.2 billion.

The debt on mortgaged homes averaged 205 thousand guilders. Total mortgage debt for dwellings at financial institutions stood at 587 billion guilders at the end of the second quarter.

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