



Press release

Statistics Netherlands

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Number of mortgages down by almost a quarter in the year 2000

Last year there were 510 newly registered thousand mortgages for dwellings. According to the latest figures by Statistics Netherlands this is down 23% on 1999. This cut is mainly due to the fact that fewer homeowners renegotiated their mortgages. One reason for this is that the mortgage rate started to go up.

Fewer mortgages for dwellings

In the year 2000, some 510 thousand mortgages for dwellings were registered with the Land Registry. This was down 23% on the year 1999, which had the all-time record. Each quarter in 2000 showed fewer registered mortgages than the same quarter in 1999. In the fourth quarter the number was down by 14%.

Mortgage rate on the increase

A cut in the number of mortgages is usually related to higher mortgage rates. For the first time since 1991 the mortgage rate for newly registered mortgages for dwellings started to rise again. The average mortgage rate in 2000 was 5.9% against 5.1% in 1999. The mortgage rate increased gradually during the course of the year, from 5.6% in January to 6.2% in December. The increase is a direct result of higher interest rates on the capital market.

Fewer renegotiated mortgages

The cut in the number of mortgages for dwellings is mainly due to the fact that there were far fewer renegotiated mortgages, a third less than in 1999. In the years prior to this, house prices increased and the low mortgage rate made it very attractive to change existing mortgages into new loans, which could be done either with the existing or with another company. The value increase of the dwellings was often used to raise the mortgage amount. The extra financial means that became available in doing so could either be used for home improvement or for other purposes. The rising mortgage rate slowed down the number of renegotiated mortgages. However, despite the recent increases, the

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mortgage rate is still very low when we look at it from a historical perspective.

Average mortgage amount going up

The soaring house prices and the higher mortgage rates led to an 8% cut in real-estate transactions. The average selling price for dwellings went up 20% to 379 thousand guilders for the year. In the last quarter of 2000 house prices increased by 16% on the same period in 1999. The 397 thousand guilder average reached in the fourth quarter of 2000 made that house prices reached a record level. This in turn led to a 16% increase in the average amounts for newly registered mortgages.

More debt per dwelling

The outstanding debt per dwelling increased by 60 billion guilders within one year, reaching 614 billion guilders by the end of 2000. The average mortgage amount payable is 208 thousand guilders per dwelling.

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