

Mortgage market shrunk by a quarter

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This year's first quarter, domestic mortgage banks provided credits worth CZK 17.7 billion, i.e. a decline of over 31% year-on-year. This development is in line with a lower demand for flats, which property developers themselves estimate at 30 - 50%. According to them, the lower interest in flats reflects the public expectations of lower prices - so far, many property developers have adjusted their prices indirectly, by means of various bonuses. In addition, it is generally assumed that the banks have started applying stricter criteria on the financial standing of mortgage recipients, and according to some brokers, the transparency of these processes is now lower. The average interest rates are currently also rather high, between 5 - 60%; the banks have not virtually responded to the decline of basic rates and the interbanking market and long-term money credits are not cheaper at all.

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