



Press release

Statistics Netherlands

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Mortgage market slowing down

The number of newly registered mortgages in the third quarter of 2000 was about the same as in the second quarter. However, this meant a substantial drop on the third quarter of 1999. According to the latest figures by Statistics Netherlands, the number of renegotiated mortgages was effected most. In the last twelve months the mortgage rate increased from 5.1 to 6.0%, the highest level since the third quarter of 1996.

Far fewer mortgages for homes

In the third quarter of this year the number of mortgages for homes that were newly registered at the Land Registrar was down by 58 thousand on the third quarter last year. This constitutes a 32% drop, the largest since 1992. However, the number of newly registered mortgages stayed the same as in the second quarter of 2000.

Nearly half the renegotiated mortgages

The drop in the number of mortgages for dwellings is mainly due to the fact that fewer owners renegotiated their mortgages. In the third quarter of 2000 the number was down 44% on the level of the third quarter in 1999.

In recent years prices on the housing market were increasing while the mortgage rate was falling. This made it very attractive to renegotiate existing mortgages. And perhaps change mortgage bank. The increase in the value of the home was often used for getting a higher mortgage amount. This gave people the extra financial means to improve their homes or do other things.

Fewer transactions

The number of mortgages for newly purchased dwellings in the third quarter of 2000, either for existing or newly constructed dwellings, was down 13% on the third quarter of 1999. This may be due to the extreme increase in prices and the higher mortgage rates. The average selling price for dwellings went up by 21% in one year and has now reached 392 thousand guilders. This may be due to the low mortgage rate and the willingness of the financial world to grant large credits for dwellings. Historically speaking the mortgage rates are still very low even after the recent increases.

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Increase in debts

The total amount of newly registered mortgages is lower than a year ago. In the third quarter of this year the amount for newly registered mortgages for dwellings amounted to 39.3 billion guilders, against 48.6 billion in the third quarter of 1999. The average mortgage debt per home is now 205 thousand guilders. The outstanding debt concerning mortgages at financial institutions reached 600 billion guilders by the end of the third quarter.

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