

Are The Spanish Banks Starting To Lend Again?

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Spanish News



The number of new Spanish mortgage loans signed in the past four months has risen by between 19% and 34% year-on-year, the first sustained period of growth of this magnitude since the market turned down seven years ago.

This is the most significant growth in Spanish mortgage lending since the end of the Spanish housing boom in 2007.

Experts have warned that we need to see at least six months of growth to be confident about calling the recovery of mortgage lending, but it is certainly a good start.

Mortgage lending is crucial as it is both the lifeblood of the housing market, and the acid test of confidence in house prices.

Banks increase lending when they believe homes make good collateral, implying they don't expect prices to fall much more, if at all. Spanish banks should know better than anyone what's happening to house prices as they are the biggest property companies in Spain, with data to match.

Banks willing to lend are just one side of the story of course. You also need willing borrowers and people without jobs, or fearful of losing their jobs, are unlikely to borrow even if the banks are willing to lend. If mortgage lending is growing, that means there are more willing borrowers, and banks ready to lend. That is good news on both fronts.

A sustained increase in mortgage lending is the first step towards a sustained recovery in the housing market. Hopefully these figures mark the beginning of a sustained increase in mortgage lending.

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