

Czech mortgage banks expect another record year

BY ČTK / PUBLISHED 12 OCTOBER 2007

Prague, Oct 11 (CTK) - Czech mortgage banks told CTK in a poll today they expected 2007 to become another record year.

Pavel Kuehn, deputy director for mortgage banking at high-street bank Ceska sporitelna, said the market should grow by up to 45 percent this year.

Jan Kloucek, Hypotecni banka manager for housing and loans, said the growth could reach up to 50 percent.

Experts said the increase was due to a planned growth in VAT on construction work as of January 2008 and an expected moderate growth in lending rates.

Besides, living standard in the Czech Republic is growing and people born during the baby boom of the 1970s are buying new homes now.

Next year should bring a retreat, experts said.

"Considering the slightly growing interest rates and a high comparative base, we expect the pace of the growth in the volume of new mortgage loans to slow down to 10 percent in 2008," said Hypotecni banka chief executive Jan Sadil.

In full-year 2006, Czech banks granted mortgage loans worth over Kc100 billion, a growth of 40 percent year-on-year.

New mortgage loans in January-September 2007:

Bank	Volume in Kc billions	Yr/yr change in volume in pct	No. of loans	Yr/yr change in number of loans in pct
Ceska sporitelna	33.4	35 %	19,500	20 %
Hypotecni banka, CSOB, Citibank	31	55 %	18,363	29 %
Raiffeisenbank	13.6	103 %	8,443	64 %
GE Money Bank	6.7	84 %	4,178	70 %

Source: banks