

Mortgage grants fall sharply in Spain year-on-year

MADRID, May 28 (Xinhua) -- The number of mortgages granted to prospective homebuyers in Spain plummeted by 34.1 percent in March on year-on-year basis, the Spanish National Institute of Statistics (INE) reported on Tuesday. The number of mortgages fell to 16,270 in March, showing the effects of the new fiscal measures implemented by the government at the beginning of the year. These measures canceled many fiscal benefits for people buying a new house, with sales tax rising from 4 percent to 10 percent at the start of January while the deduction for acquisition of a primary residence ended. This measure temporarily boosted housing sales at the end of last year as purchasers tried to rush purchases through to avoid paying higher taxes, but the rise in sales tax was really seen between February and March this year when purchases fell by 37.8 percent. The amount of capital loaned by the banks dropped by 38.5 percent in annual terms to almost 1.572 billion euros (2.032 billion U.S. dollars), said the INE, while the average amount of a typical mortgage was 96,676 euros, 6.7 percent down on March 2012. On a monthly basis the number of mortgages was reduced by 32.8 percent, which is the largest fall in the past five years, while loaned capital decreased by 37.2 percent, the lowest figure since 2009. According to the INE the total number of home mortgages granted by banks was the lowest since 2003 which shows the weakness of the mortgage market in which home mortgages have been declining for the past 35 months. This seems to show that there is still a lack of confidence in Spain's economic recovery and that it will be a long time before the construction sector again becomes a motor for economic growth in Spain. (1 euro = 1.29 U.S. dollars)