



Highlights

- **IMF proposes global mortgage restrictions**
- **Romanian mortgages are back**
- **Turkey reveals strong growth statistics**

Commentary

Despite the ongoing economic recovery and improvements in global financial stability, the most recent report put forward by the International Monetary Fund (IMF) in April this year suggests there are still some structural weaknesses and vulnerabilities in many of the world's most important financial systems. A key area of interest within the report was the proposed introduction of limits on mortgage loan to values and debt service income ratios, in an attempt to help control and restrict the dramatic swings of the property boom bust cycle. Britain and other countries are believed to be considering these proposed measures as part of a "macro prudential toolkit", which the regulator could use to help deflate a housing bubble before it bursts. Should such policies be introduced it will surely be first time buyers who would be hurt the most, not just because of their inability to find a suitable deposit to finance a property, but also because higher lending charges may be more commonly introduced on a global scale in order to provide lenders with adequate mortgage insurance. Within the report the financial structure of the USA was notably criticised as currently state backed mortgage companies underwrite loans to make them more affordable, a model which was deemed as "dysfunctional" by the IMF.

While some of the more developed EU property markets continue to struggle it is interesting to note that Romania over recent years has managed to continue to develop its infrastructure despite the global economic downturn and offer good potential for medium term property investors. After accession to the EU in 2007, the real estate market in Romania has been supported strongly by EU funding which has enabled it to develop more roads, hospitals and schools. These funds have also helped to create more jobs which in turn have brought more property buyers and renters to Romania. In the past few years property prices have risen by 25%, however Romanian property is still at levels 20-30% lower than other Eastern European countries. Mortgages for foreign property buyers in Romania only returned to the market place at the beginning of this year and are currently only available on limited terms. Interest rates start from 5.75% (variable) and mortgage lending is available from 25,000 Euros up to a maximum of 75% of the property's value or purchase price.

Turkey like Romania also has a positive outlook as it continues to go from strength to strength with one of the most stable economies in Europe. Last year GDP grew by 8.6% and property sales to foreigners grew by 40% according to a report released by GYODER. Data provided by the Central Bank of Turkey last month also goes on to support these positive growth signals by revealing that the Turkish mortgage market is currently growing at a rate of 20% per annum. Mortgages are currently available to foreign investors in Turkey up to 75% of the property's purchase price with interest rates starting from 4.30% Variable and 7.2% Fixed. Mortgage lending starts from 23,000 Euros and is currently available for investment and holiday home purchases, like for like remortgages and equity release.

Top 10 Countries By Enquiries			
Chart Position	Country	Mortgage Enquiries	Monthly Chart Change
1	USA	15.74%	Up 1
2	Spain	12.96%	Down 1
3	Turkey	10.48%	Up 2
4	Italy	6.34%	Up 3
5	France	6.02%	Down 2
6	Portugal	4.62%	Up 2
7	Ireland	3.70%	Up 5
8	South Africa	3.24%	Down 2
9	Caribbean	2.78%	Down 5
10	Poland	2.31%	-

Top 10 Countries By Highest Loan To Value (LTV)			
Chart Position	Country	LTV Available	Monthly Chart Change
1	Poland	100%	-
-	Portugal	100%	-
2	France	85%	Up 1
3	Spain	80%	Up 1
-	India	80%	Up 1
-	Italy	80%	Up 1
4	Romania	75%	Up 1
-	USA	75%	Up 1
-	Turkey	75%	Up 1
-	Ireland	75%	Down 3

Top 10 Countries By Lowest Interest Rate			
Chart Position	Country	Initial Interest Rate	Monthly Chart Change
1	Australia	2.09%	-
-	Singapore	2.09%	-
-	Canada	2.09%	-
-	France	2.09%	-
-	Hong Kong	2.09%	-
2	Spain	2.30%	Up 1
3	Italy	3.29%	Down 1
4	Caribbean	3.77%	-
5	Malta	3.80%	Up 4
6	Portugal	3.87%	Down 1

Graph

