



## **SURVEY OF HOUSEHOLDS WITH A HOUSING LOAN**

### **2007**

*The questionnaire survey was performed on behalf of the Bank of Lithuania and conducted by the Lithuanian-British market research and public opinion company Baltic Surveys in February-March 2007. 293 Lithuanian households with housing loans from banks participated in the survey.*

The 2007 Household Survey results showed that 8.7 per cent of Lithuania's households have a housing loan from banks.

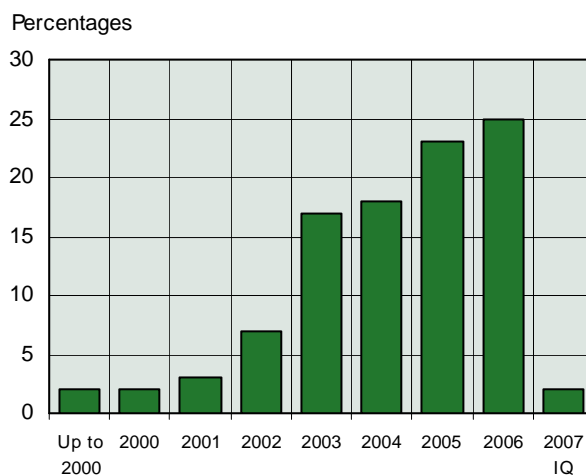
The largest share of households with a housing loan are located in Vilnius (45%), 13 per cent of such households are in Kaunas, 17 per cent – in Klaipėda, 18 per cent – in other towns, and only 7 per cent – in the rural area.

According to the survey results, households' income with housing loans is substantially higher than the average income level of the Lithuanian households. The average income of households with a housing loan amounts to LTL 4 100, while the average income of a family in Lithuania is less than LTL 2 000, and the average income per family (with a housing loan) member makes up LTL 1 500 (the average income per family member at the country level is LTL 775, respectively).

In the households with housing loans, the main breadwinner (the one whose income is the largest) usually is a specialist or an officer (42%). A sizeable share of households (31%) is made up by households in which the family breadwinner is a manager (head) or businessman. Such households account more than 1/10<sup>th</sup> (12%) of all households in Lithuania.

As Fig. 1 shows, the majority of housing loans were issued in 2003-2006.

**Fig. 1. Issuance of housing loans**  
(compared to total number of issued loans)



Source: Household Survey ordered by the Bank of Lithuania.



An average housing loan maturity was 22 years. The housing loans with the biggest maturities (26 years) were issued in Vilnius. In Kaunas the average housing loan maturity were 18 years, in Klaipėda – 22 years, and in other locations – 19 years. The households with the higher income (more than LTL 4000) had housing loans with longer maturities (24 years on average). The households with monthly income LTL 3000-3999 and lower than LTL 3000 on average had housing loans with maturities of 21 and 19 years, respectively.

### **MAIN REASONS OF BORROWING**

The majority of households (88%), which took housing loans, indicated the need for own housing as the main reason of borrowing. Favourable borrowing conditions, expectations for a future rise of housing prices, increased income per family, and optimistic family income perspectives were among the other reasons encouraging household borrowing for house purchase. Less than one-fifth of households indicated a possibility to use the income tax concession as an important cause for borrowing.

### **AMOUNT OF A HOUSING LOAN**

An average amount of a housing loan in Lithuania made up around LTL 130 000. The amount of the housing loan of the households that participated in the survey varied from LTL 10 000 to LTL 900 000. The largest housing loans were taken by households in Vilnius – LTL 177 000 on average, in Kaunas and Klaipėda – more than LTL 90 000, and in other locations – about LTL 71 000.

The general tendency was that the more a family (household) earns per month, the larger housing loan it has. If the household monthly income is more than LTL 4 000, the average amount of the loan is about LTL 160 000. In case the family monthly income is less than LTL 3 000, the average loan amount is twice smaller (about LTL 80 000).

**PAYMENTS OF A LOAN**

**Table 1. Payments of the housing loan principle amount and interest (by location)**  
(in litas per month)

	Vilnius	Kaunas	Klaipėda	Other locations	Whole of Lithuania
Payments of principle amount	541	651	392	302	480
Payments of interests	537	109	477	343	426

**Table 2. Payments of housing loan principle amount (by income)**  
(in litas per month)

	Household monthly income				Total
	Up to LTL 3 000	LTL 3 000 – 3 999	Above LTL 4 000	Did not respond	
Minimum	50	60	71	40	40
Maximum	900	1 500	4 000	2 000	4 000
Average	308	480	633	409	480

**Table 3. Payments of housing loan interest (by income)**  
(in litas per month)

	Household monthly income				Total
	Up to LTL 3 000	LTL 3 000 – 3 999	Up to LTL 3 000	Did not respond	
Minimum	40	30	12	12	12
Maximum	2000	1300	1600	1300	2000
Average	346	458	457	422	426

**ASSESSMENT OF THE HOUSING LOAN PAYMENTS BURDEN<sup>1</sup>****Assessment of the current burden****Table 4. Assessment of the housing loans burden (by location)**  
(percentages)

	Vilnius	Kaunas	Klaipėda	Other locations	Whole of Lithuania
A heavy burden	26	21	21	36	27
A slight burden	60	61	65	47	58
Not a burden	13	18	14	17	15

**Table 5. Assessment of the housing loans burden (by income)**  
(percentages)

	Household monthly income				Total
	Up to LTL 3 000	LTL 3 000 – 3 999	Up to LTL 3 000	Did not respond	
A heavy burden	38	23	21	29	27
A slight burden	55	67	58	56	58
Not a burden	7	10	21	15	15

**Change of the burden in the future****Table 6. Assessment of the housing loans burden within the coming 12 months (by location)**  
(percentages)

	Vilnius	Kaunas	Klaipėda	Other locations	Whole of Lithuania
Of a very big concern	19	18	18	33	22
Of a slight concern	57	74	61	43	57
No concern	22	8	21	24	21
<i>Did not respond</i>	2	–	–	–	1

**Table 7. Assessment of the housing loans burden within the coming 12 months (by income)**  
(percentages)

	Household monthly income				Total
	Up to LTL 3 000	LTL 3 000 – 3 999	Up to LTL 3 000	LTL 3 000 – 3 999	
Of a very big concern	33	12	15	27	22
Of a slight concern	51	71	59	50	57
No concern	16	17	24	23	21
<i>Did not respond</i>	–	–	2	–	1

<sup>1</sup> The payment burden comprises payments of the principle amount and interest.

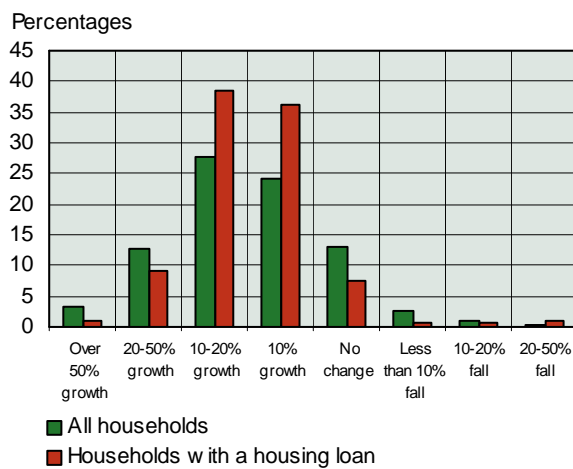


### FORECASTS OF THE HOUSING PRICE CHANGES

Two thirds (68%) of Lithuania’s population aged 18-74 expect that within the coming 12 months housing prices will rise in Lithuania, slightly more than one tenth (13%) of the population responded that prices for house purchase will not change over the nearest year, and only 4 per cent of them are of the opinion that these prices will drop. 15 per cent of respondents did not have their opinion on this issue.

Four fifths (83%) of households with a housing loan were of the opinion that within the coming 12 months housing prices in Lithuania will increase. Only 2 per cent of households having housing loans indicated a reduction of prices. The majority of the respondents with a housing loan indicating the price growth are from Kaunas (even 97% of them expect that housing prices will increase within the coming 12 months).

**Fig. 2. Distribution of expectations of housing price changes within the coming 12 months (March 2007)**



Source: Household Survey ordered by the Bank of Lithuania.