



SURVEY OF HOUSEHOLDS WITH HOUSING LOANS 2008

The survey was conducted on behalf of the Bank of Lithuania by the Lithuanian-British market research and public opinion company Baltijos tyrimai in March-April 2008. 463 Lithuanian households with housing loans from banks participated in the survey.

According to the data of the Bank of Lithuania, 10.3 per cent of Lithuania's households have a housing loan from banks.

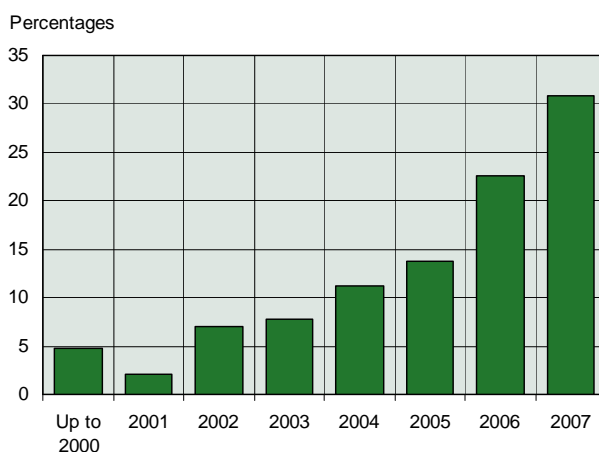
The 2008 Household Survey results showed that the largest share of households with a housing loan are located in Vilnius (50%), 11 per cent of such households are in Kaunas, 11 per cent – in Klaipėda, 23 per cent – in other towns, and only 4 per cent – in the rural areas.

The income of households with housing loans is twice higher than the average income level of the Lithuanian households. The average income of households with a housing loan amounts to LTL 4,650, while the average income of a family in Lithuania is LTL 2,304 and the average income per family (with a housing loan) member makes up LTL 1,905 (the average income per family member at the country level is LTL 970, respectively).

In the households with housing loans, the main breadwinner (the one whose income is the largest) usually is a specialist or an officer (53%). In 20% of households with housing loans the main breadwinner is a manager (head) or a businessman, while such households in Lithuania make up only 5%.

As Fig. 1 shows, more than a half of housing loans were issued in 2006-2007.

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



Source: Household Survey ordered by the Bank of Lithuania.

The average housing loan maturity was 26 years. The housing loans with the longest maturities (28 years) were issued in Vilnius. In Kaunas, the average housing loan maturity was 25 years,



in Klaipėda – 27 years, and in other locations – 21 year. The households with the highest income (more than LTL 3,000) had housing loans with longest maturities (27 years on average). The households with the monthly income of LTL 1,200-3,000 and lower than LTL 1,200 had housing loans with average maturities of 24 and 20 years, respectively.

MAIN REASONS OF BORROWING

The majority of households (84%), which took housing loans, indicated the need for own housing as the main reason of borrowing. The second main reason of borrowing was favorable borrowing conditions, and third – optimistic family income perspectives. A possibility to use the income tax concession was insignificant when taking a housing loan.

AMOUNT OF A HOUSING LOAN

An average amount of a housing loan in Lithuania was almost LTL 175,000. The largest housing loans were taken by households in Vilnius – LTL 218,000 on average, in Kaunas and Klaipėda – respectively LTL 190,000 and LTL 177,000. In other locations, the average housing loan amount was around LTL 83,000.

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 3,000, the average amount of the loan is more than LTL 211,000. If the family monthly income is less than LTL 3,000, the average loan amount is twice smaller (about LTL 104,000).

**PAYMENTS OF A HOUSING LOAN****Table 1. Payments of the housing loan principle amount and interest (by location)**
(LTL per month)

	Vilnius	Kaunas	Klaipėda	Other locations	Whole Lithuania
Payments of the principle amount	826	598	683	475	694
Interest payments	791	568	595	299	463

Table 2. Payments of the housing loan principle amount (by income)
(LTL per month)

	Household monthly income				Total
	Up to LTL 1,200	LTL 1,201 – 2,000	LTL 2,001 – 3,000	Over LTL 3,001	
Minimum	250	30	36	23	23
Maximum	1,125	1,200	2,200	4,000	4,000
Average	473	393	502	816	694

Table 3. Housing loan interest payments (by income)
(LTL per month)

	Household monthly income				Total
	Up to LTL 1,200	LTL 1,201 – 2,000	LTL 2,001 – 3,000	Over LTL 3,001	
Minimum	50	30	20	24	20
Maximum	875	1,314	2,000	5,000	5,000
Average	271	407	509	703	463

**ASSESSMENT OF THE BURDEN OF HOUSING LOAN PAYMENTS¹****Assessment of the current burden****Table 4. Assessment of the housing loan burden (by location)**
(percentages)

	Vilnius	Kaunas	Klaipėda	Other locations	Whole Lithuania
A heavy burden	28	25	29	24	27
A slight burden	51	57	50	56	53
Not a burden	21	18	21	20	20

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

	Household monthly income				Total
	Up to LTL 1,200	LTL 1,201 – 2,000	LTL 2,001 – 3,000	Over LTL 3,001	
A heavy burden	50	42	39	19	27
A slight burden	33	46	49	56	53
Not a burden	17	42	12	25	20

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

	Vilnius	Kaunas	Klaipėda	Other locations	Whole Lithuania
Causes a very big concern	24	12	15	17	20
Causes a slight concern	47	55	58	44	48
Does not cause concern	29	33	27	39	32

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

	Household monthly income				Total
	Up to LTL 1,200	LTL 1,201 – 2,000	LTL 2,001 – 3,000	Over LTL 3,001	
Causes a very big concern	33	35	27	14	20
Causes a slight concern	33	39	51	49	48
Does not cause concern	34	26	22	37	32

¹ The payment burden comprises payments of the principle amount and interest.

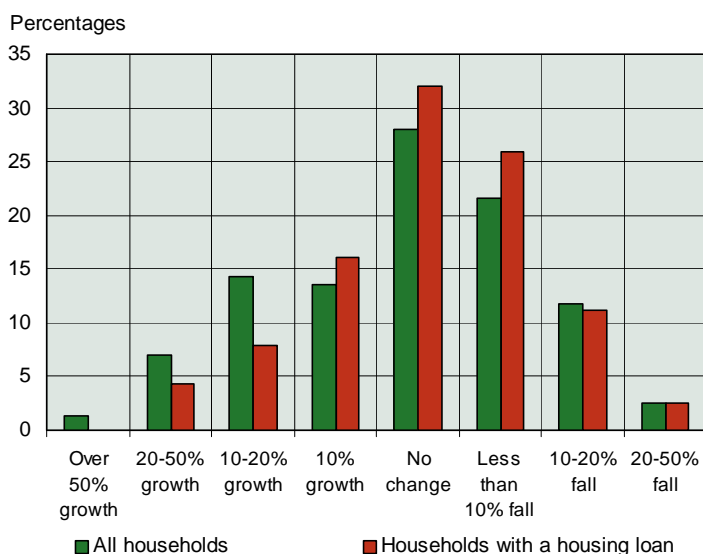


FORECASTS OF THE HOUSING PRICE CHANGES

36% of Lithuania's population aged 18-74 expect that within the coming 12 months the housing prices will rise in Lithuania. The same portion of the population expects that within the coming 12 months the housing prices will drop in Lithuania. More than a quarter of respondents have an opinion that the housing prices will not fluctuate in the mentioned period.

The Household Survey results showed that 40% of households with a housing loan were of the opinion that within the coming 12 months the housing prices in Lithuania will drop, 32% of households indicated that the prices will not fluctuate and 28% expected (compared to 88% in the Survey of households with housing loans in 2007) that the prices will rise. The majority of respondents with a housing loan expecting the price growth are from Vilnius, while in Klaipėda the majority expects that the housing prices will drop.

Fig.2. Distribution of expectations of housing price changes within the coming 12 months



Source: Household Survey ordered by the Bank of Lithuania

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