

Overseas Mortgage Finder

Monthly Overseas Mortgage Report



April 2011

Highlights

- **Interest rate rises start to take effect**
- **New 80% mortgage deals now available in Italy**
- **Uncertainty surrounds Irish mortgage lending.**

Commentary

As predicted we have seen a dramatic rise in interest rates over the last month with mortgage providers across the globe repricing products in response to the mounting issues surrounding sovereign debt, inflationary pressures and recent interbank rate rises. On average we have seen a 12.8% increase in interest rates over the last month, based on the cheapest mortgage products on offer within our top 5 most popular countries. Spain has seen the biggest rise with mortgage rates now being offered from 3.29%, which is a whopping 42% increase from what was on offer last month. France has seen the second biggest rise (16.76%) with mortgages now available from 2.09%. With mounting pressure on both the Bank of England (BOE) and the European Central Bank (ECB) to raise interest rates we believe further rises will follow, but when and by how much are unfortunately key questions that nobody can answer with much certainty. However we continue to recommend to our clients who are thinking about buying or remortgaging a property abroad to consider acting now in order to secure these still relatively low mortgage rates while they are still available.

The Italian property market along with France is regarded by many as the most stable in Europe right now, as unlike many other markets it has not been greatly affected by the global downturn. According to recent statistics, British property buyers now account for around 30% of the 12,000 North Europeans who decide to buy a property in Italy every year. To date mortgage providers have been slow to enter this potentially lucrative market, despite its firm foundations. This has meant a lack of product choice and slower processing of mortgage applications, due to a lack of competition. This month however we hope to start shaking up the Italian mortgage market through a new range of semi exclusive mortgage deals offered by a new yet experienced mortgage provider. Key benefits of these products will include interest rates that start from a very competitive 3.1% variable, 3.95% fixed and 4.5% capped. Lending is available for property purchases up to up to 80% loan to value with mortgages available from 250,000 Euros over terms up to 25 years. Some of the products available have an option to switch to a fixed rate mortgage at a later stage, with payment holidays available to borrowers after the first year of the loan. For more details on these exciting new mortgages please either contact a member of our team, or visit the Overseas Mortgage Finder website.

Although mortgages are still available for foreign property buyers in Ireland we are unsure how long they will continue to be available due to the continuing banking crisis. Since the failed bail out from the International Monetary Fund last year, Ireland has still not resolved its banking problems, following an outflow of deposits and other banks being unwilling to lend to them. Currently many Irish mortgage providers remain dependent on the central bank for their day-to-day operations and until Ireland's new government has managed to conclude its talks with the ECB to secure medium-term funding for its banks, the decision on whether Irish banks will continue to lend to foreign property buyers remains unclear.

Statistics

Top 10 Countries By Enquiries

Chart Position	Country	Mortgage Enquiries	Monthly Chart Change
1	Spain	12.68%	-
2	USA	10.82%	-
3	France	10.48%	-
4	Caribbean	6.34%	Up 1
5	Turkey	5.97%	Down 1
6	South Africa	5.60%	Up 1
7	Italy	4.85%	Down 1
8	Portugal	3.36%	Up 4
9	Bulgaria	2.99%	Up 4
10	Poland	2.61%	Down 1

Top 10 Countries By Highest Loan To Value (LTV)

Chart Position	Country	LTV Available	Monthly Chart Change
1	Poland	100%	-
-	Portugal	100%	-
2	Ireland	90%	-
3	France	85%	-
4	Spain	80%	-
-	India	80%	-
-	Italy	80%	Up 2
5	Romania	75%	-
-	USA	75%	-
-	Turkey	75%	-

Top 10 Countries By Lowest Interest Rate

Chart Position	Country	Initial Interest Rate	Monthly Chart Change
1	Australia	2.09%	-
-	Singapore	2.09%	-
2	New Zealand	2.09%	-
3	Canada	2.09%	-
-	France	2.09%	-
4	Hong Kong	2.09%	-
5	Italy	3.10%	Up 1
6	Spain	3.29%	Down 1
7	Caribbean	3.80%	Up 3
8	Portugal	3.87%	Up 2