

Mortgage Lending Starts to Recover

By [Natalya Samarina](#)

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Russians are once again turning to mortgages to purchase homes, borrowing an impressive 155.3 billion rubles (\$5.04 billion) in the first half of 2010 — the vast majority of it in the national currency.

According to data from the Central Bank, 142,848 mortgages were given out in the first six months of the year, of which 140,848 were in rubles. Just 1,724 mortgages in foreign currencies were taken out over the period, the regulator said.

Much of the lending took place in the last few months, however. According to Central Bank figures, as of Feb. 1, banks had offered just 9,566 mortgages worth a combined 9.85 billion rubles.

Mortgage lending volumes are doubling every month, said Anatoly Aksakov, head of the Russian Regional Banks Association, Prime-Tass reported. He said the effect was a result of the low base level after mortgage lending collapsed in 2009.

The positive trends for banks have allowed the state-run Mortgage Lending Agency, or AIZhK, to increase its forecast for the amount of property-secured loans this year to between 320 billion rubles and 360 billion rubles. That would be more than double the level for 2009, according to the state-run agency.

Russians' incomes were 1 percent higher than their expenses in the first six months of the year, or 14.5 trillion rubles compared with 14.4 trillion rubles, according to the State Statistics Service.

Economists have already noticed a rise in savings, with Russians setting aside 10.3 trillion rubles in the first half of the year. Much of that money is eventually intended for housing, with about 23 percent of savers saying they want to buy property and about 17 percent planning to improve their living conditions.

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