

FrancoAngeli

Edoardo Catelani

**HOME LOANS,
SECURITIZATION,
SUBPRIME MORTGAGE
CRISIS**

**A critical essay
in retrospection**

*Università degli Studi di Firenze
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PREFACE

From 2000 to 2007 the home loan sector experienced vigorous growth in terms of numbers. Italian banks, in particular , were able to grant a considerable volume of mortgages owing to the very unsaturated market and – though modest – to economic growth. This increase in mortgages granted had a marked effect on the organisation of the banks, which modified – partly at least – their strategies in order to adapt their products to the newly created demand. Home loan products on offer therefore increased and their market broadened, as new client sectors were acquired. In addition, this growth affected other aspects of banking strategy . There were changes, albeit partial, to the traditional instruments of raising deposits, risk management, treasury and cash management and also to client acquisition and retention strategies. So it occurred that one of the most traditional banking products, the home loan, became the centre of fresh interest on the part of credit intermediaries. In the five years between 2002 and 2007, they often used home loans as a means of gaining market quota and, in general, as a way of beating the competition.

The expansion of the home loan market, which had been growing slowly and steadily for several years, would probably have slowed down gradually over time. Instead, it halted suddenly and unexpectedly , owing to the financial crisis that broke out from August 2007 onwards, following the US subprime mortgage fiasco. The home loan sector did not make a strong recovery thereafter because of the serious economic recession that followed the financial crisis, hitting, in particular , Europe and the United States. It therefore seemed interesting to explore the causes and consequences of this crisis, which is certainly the most serious one for the markets since 1929.

The present work analyses in depth, though inevitably in part, some aspects of the above-mentioned questions. After examining a series of quantitative data concerning the growth in home loans granted, a detailed analysis is made of the elements of a home loan in relation to the various types

of product offered by the banks. A succession of some possibilities and variations that can occur during the mortgage repayment period follows. The US credit crisis of August 2007 is then considered, with its consequences for financial intermediation and for a possible *credit crunch* in Europe. Finally, some closing general considerations are made on the basis of previous conclusions.

The subject of this study is in constant evolution – in this sense, data and information contained herein should be held to refer to, at the latest, December 2010.

My sincere thanks go to Professor Lorenzo Gai for the stimulating input given during the writing of this work and his constant encouragement, generously offered. He is, naturally, not to be held responsible for any of the opinions expressed or results achieved.

My gratitude is also extended to Julia Campbell Hamilton who helped me in the difficult task of editing this monograph in the English language.

University of Florence, December 2010

Edoardo Catelani

1. SOME INFORMATION ON HOME LOANS IN ITALY

1. The Expansion of Mid- to Long-Term Credit Markets in Recent Years in Italy, with Particular Reference to the Home Loan Sector

In recent years there has been a considerable increase in debts incurred by Italians within the credit system, mostly due to the increase in family spending for the purchase of a home.

Over a period of fourteen years¹, from 1996 to 2010, family debt in proportion to available income has gone from 25 to 61 percent, while the cost of interest in relation to available income (the so-called *debt service*) has grown from 5 to 9 percent². Owing to the crisis sparked off by *subprime* mortgages and the consequent reduction in interest rates, this latter figure has gone down between 2008 and 2010 because market rates have diminished, while family debt in proportion to available income has slightly increased.

In 2001 the average mortgage granted amounted to 68,000 Euro, in 2003 it was about 90,000 Euro, in 2006 more than 120,000 and in 2010 almost 140,000 Euro. This trend reflects an increased propensity of Italian families towards indebtedness, also confirmed by the growth in consumer credit granted³, while prices on the property market are more or less unchanged.

But this is not all. According to figures from January 2007⁴, mortgages

¹ All information in the present paragraph, unless otherwise stated, derives from Banca d'Italia, *Relazione annuale, Relazione economica*, Sezione D, "La politica monetaria, gli intermediari e i mercati monetari e finanziari," for the years up to 2005, then from *Relazione annuale* for 2006-2010. Documents available on the Banca d'Italia website, www.bancaditalia.it.

² See Banca d'Italia, *Bollettino economico*, various years.

³ See Banca d'Italia, *Bollettino economico*, n. 60, page 28.

⁴ See an article in *Il Sole 24 Ore* of 23rd January 2007, page 11, quoting a survey by *Tecnoborsa*, company specialising in real estate analysis and training for the sector and the *24° rapporto sul risparmio e sui risparmiatori*.

were used to buy a first home by 63 percent of purchasers, while at the same date it was found that 21.3 percent of Italians had a mortgage. This means that the majority of those who decide to buy a house do so by incurring a debt, often assisted by close relations.

The statistics published, which include all types of family credit – both short- and mid-to-long term – do lead to some, albeit partial, conclusions. In the space of a few years, household debt in proportion to available income has more than doubled. Though it is still lower than in other countries⁵, this empirical evidence is a very important phenomenon for Italy that, traditionally, has been a nation where savings have continued to grow over time. This has no longer been the case for some time now. In 2004-2009, family financial balances, that is to say, the amount saved over time by Italian families, have diminished by over 40 percent, albeit in very varying degrees, from 83,646 to 49,670 million Euro. In terms of percentage of GDP, in that period we have gone from 6 to 3.3 percent⁶. Increasing household debt, therefore, is accompanied by a decrease in saving, two kinds of trend whose most obvious explanation – but not the only one – can be found in a drop in real disposable income. The percentage of families in debt, however, has remained more or less constant over time. This suggests another explanation: the increase has been in already-existing debt and (relatively) little is attributable to credit granted to new borrowers.

Table 1.1 – Mid-to-long term household debt in Italy for the month of December in the period 1999-2009 (in millions of Euro)*

| Year | Dec. 99 | Dec. 00 | Dec. 01 | Dec. 02 | Dec. 03 | Dec. 04 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Mid-to-long term household debt with banks | 148,840 | 190,066 | 202,821 | 228,016 | 257,549 | 299,545 |
| Year | Dec. 05 | Dec. 06 | Dec. 07 | Dec. 08 | Dec. 09 | |
| Mid-to-long term household debt with banks | 340,932 | 378,943 | 410,779 | 415,944 | 440,380 | |

* Note on methodology: the data presented in this chapter have been taken from various sources, always using the most recent. Sometimes, as in this case, statistics were gathered once a year. On other occasions it has been possible to use data that has been collected more frequently.

Source: Author's analysis of Banca d'Italia, *Annual Report*, various years

⁵ In 2003 the country that was most indebted in proportion to available income was Holland with 208 percent, followed by Denmark (118 percent) and Australia (120 percent). Italy was in last place with only 20 percent (see RICS European Housing Review 2006, page 7); in 2009 the debt-to-income ratio in Italy has risen to beyond 60 percent, as against an average of 95 percent in the Eurozone and over 100 percent in UK/USA (see Banca d'Italia, *Yearly report 2009*, page 170).

⁶ See Banca d'Italia, *Yearly report 2009*, table 14.1, page 166.

If we now limit our analysis to mid-to-long term bank debts incurred by families, we note that these went from around 150 billion Euro in 1999, to over 440 in 2009. Thus, in the space of ten years, these debts have more than doubled. Let us examine the trend for this period as in Table 1.1 (*above*).

The table shows that the quantity of mid-to-long term credit granted by banks to Italian families has had a continuous, though not constant, increase over time. To better understand this claim, let us provide another table, showing the percentage increase every year of credit granted over the previous year:

Table 1.2 – Per centage increase every year over the previous year of mid-to-long term credit granted by banks to Italian families

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Percentages from Table 1 | Base year | 27% | 6% | 12% | 13% | 16% |
| Year | 2005 | 2006 | 2007 | 2008 | 2009 | |
| Percentages from Table 1 | 14% | 11% | 8,40% | 1,20% | 5% | |

Source: Author's reinterpretation of Banca d'Italia, *Annual Report*, various years

Percentages vary considerably from year to year. Let us exclude 2001, which had an increase of the previous year of 6 percent, and also 2008 and 2009, influenced by the international credit crunch following the *subprime* crisis. Other years show a growth rate of over 10 percent, demonstrating that the mortgage market pre-2000 could probably not be described as either mature or saturated. It follows that the prospects for growth in that sector were, at that time, good. This is confirmed by the fact that the growth rate of 2009 over 1999 (not shown in the table) is approximately 105 percent.

The definition of mid-to-long term household debt is broader than that of home loans⁷. So in order to reach further conclusions regarding the subject of this present study, home loans, let us consider credit granted beyond the short term, divided according to use and geographical area⁸, in particu-

⁷ The definition of mid-to-long term credit, of course, as well as home loans also includes leasing and other minor categories. For a complete overview of these, see G. Dell'Amore, *I prestiti bancari*, Giuffrè, Milano, 1965, S. De Angeli, *Elementi di tecnica dei prestiti bancari*, Vita e Pensiero, Milano, 1978, G. Lombardo, *I prestiti bancari: rapporti attivi, aperture e di credito in conto corrente, mutui bancari: corso di tecnica bancaria e professionale: dispense*, Bozzi, Genova, 1977, P. Mottura, *Le operazioni bancarie*, Egea, Milano, 1991, L. Anderloni, *Le operazioni bancarie*, Egea, Milano, 1997, P. L. Fabrizi, G. Forestieri, P. Mottura (a cura di), *Strumenti e servizi finanziari*, II ed., Egea, Milano, 2003, R. Ruozi, *Economia e gestione della banca*, IV ed., Egea, Milano, 2006.

⁸ Information in the table is taken from Banca d'Italia, *Bollettino statistico*, various years, see www.bancaditalia.it, where amounts are divided under various headings *Investment in build-*

lar non-subsidised credit for the purpose of house purchase by consumer households.

Table 1.3 – Loans, excluding short-term, granted by banks for property purchase by household consumers (millions of Euro) in December of every year from 1999 to 2009

| Year | Dec. 99 | Dec. 00 | Dec. 01 | Dec. 02 | Dec. 03 | Dec. 04 |
|---|---------|---------|---------|---------|---------|---------|
| Loans for purchase of property by household consumers | 60,871 | 75,241 | 82,594 | 99,894 | 124,261 | 152,469 |
| Year | Dec. 05 | Dec. 06 | Dec. 07 | Dec. 08 | Dec. 09 | |
| Loans for purchase of property by household consumers | 181,587 | 206,110 | 224,130 | 229,689 | 244,533 | |

Source: Author's reinterpretation of Banca d'Italia, *Bollettino statistico*, various years

Aggregate growth in the amount of long-term loans for house purchase is constant and continuous for the years under consideration, despite the economic crisis that has affected Italy since 2008.

The Banca d'Italia has recently begun publishing a table, which we give below in a re-elaborated version. It shows the percentage variation over the preceding year of credit granted for house purchase only to household consumers⁹.

Table 1.4 – Percentage variation of loans granted to household consumers, over previous years, in period from 2003 to 2009, for sole use of house purchase

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|--------|--------|------|--------|--------|-------|-------|
| Percentage variation of total loans granted | 15.90% | 20.70% | 15% | 12.30% | 11.80% | 5.40% | 1.80% |

Source: Reinterpretation of Banca d'Italia, *Annual Report*, various years

Statistics presented in the table are the first available, so it is not possible to make comparisons with years pre-2003. Despite this, a distinct trend is visible showing an increase in mid-to-long term loans, although this weakens over time.

An additional point worth noting is the increase in recent years of the

ing, subdivided into *Residential property*, *Other* and *Investments in machinery, equipment, means of transport, various*. *Purchase of property* subdivided into *Principal family residences* and *Other properties* and finally, *Other uses*. These subdivisions allow us to carry out more detailed analysis into credit trends in Italy, particularly including trends in mortgages.

⁹ The Banca d'Italia's Annual Report distinguishes between household consumers and family firms, the latter being "sole traders or partnerships employing up to 5 people, that produce non-financial goods and services destined for sale" (see Banca d'Italia, *Annual Report for 2005, Glossary*, Roma, 2006, page 370).

number of banks operating in the home loan market. This points clearly to the dynamism of the credit sector, its growing internal competition and the satisfactory profits – though some qualification of this will follow – offered by mortgage products to banks acting in this market.

2. A Comparison between Mid-to-Short Term Household Debt and Other Forms of Credit

Mid-to-short term household debt accounts for a large quantity of credit but is not the only type of loan offered by the banking system to similar borrowers. Families also have short-term debt, though to a much lesser degree, particular from the consumer credit sector. So let us examine, from 2000 onwards, the development of short-term loans to families, comparing the resulting value with that of longer-term loans discussed above. Our study of short-term loans starts with consumer credit, as this is the form of credit most used by households.

This phenomenon has been present in Italy from the early Nineties – the first law regulating consumer credit dates from 1992. Nonetheless, it has seen significant development only in recent years. In fact the Banca d'Italia has only considered it as a separate heading under other types of credit since 2003. So historic data on consumer credit is only available for five years, from 2003 to 2008:

Table 1.5 – Annual household debt for consumer credit December 2003-December 2009 (in millions of Euro)

| Year | Dec. 03 | Dec. 04 | Dec. 05 | Dec. 06 | Dec. 07 | Mar. 08 | Dec. 08 | Dec. 09 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Consumer credit | 51,387 | 60,980 | 72,659 | 85,646 | 97,836 | 97,091 | 101,825 | 112,928 |

Source: Reinterpretation of Banca d'Italia, *Bollettino statistico*, various years

From these few statistics it can be seen that consumer credit experienced strong growth in Italy during these years. Here too, our conclusion regarding the mortgage market is equally applicable – the consumer credit market cannot be considered as mature and therefore growth rate has been fairly rapid.

From the early months of 2008 the consumer credit sector has slowed down, although the volume of loans granted continues to grow.

Further conclusions may be drawn from an analysis of Italian families' short-term debt in the period December 1999-December 2009.

Table 1.6 – Short-term household debt in Italy from December 1999 to December 2009 (millions of Euro)

| Year | Dec. 99 | Dec. 00 | Dec. 01 | Dec. 02 | Dec. 03 | Dec. 04 |
|---------------------------|---------|---------|---------|---------|---------|---------|
| Short-term household debt | 14,365 | 17,164 | 17,919 | 17,193 | 16,157 | 16,414 |
| Year | Dec. 05 | Dec. 06 | Dec. 07 | Dec. 08 | Dec. 09 | |
| Short-term household debt | 17,298 | 18,125 | 19,390 | 18,132 | 19,273 | |

Source: Author's reinterpretation of Banca d'Italia, *Bollettino statistico*, various years

This type of debt has not shown constant growth over recent years. From 2001 to 2003, there was a reduction in demand of short-term credit of almost 10 percent (9.8 percent to be exact). Demand picked up in the following years and in 2005 the amount of debt was back to 2002 levels. By 2006 it had overtaken the maximum limit reached in 2001. It is, however, improbable that this kind of credit will grow significantly in the next five years (2010-2015).

Short-term credit is a type of loan that satisfies requirements that are naturally different from those of a mortgage. The amounts are smaller per family unit, so the total amount of loans is consequently less, as is clear when comparing the volumes of short-term and consumer credit with those of mortgages. Nonetheless, both short- and long-term credit are indicative of the same problem – the lack of liquidity available to satisfy the needs of Italian families. In the years under examination, these needs have increased considerably, given that the amount of consumer credit has increased by over 100 percent, in just the few years between 2003 and 2009. This may be due to two factors:

- The purchasing power of household income has diminished over recent years. Various elements would appear to have affected this factor and the real purchasing power of salaries has fallen;
- The standard of living in Italy has changed since the Nineties and families spend more, regardless of how much they earn. This factor should not be undervalued, as during these years in Italy an economic model prevailed, and was reflected in lifestyle, that was more extravagant compared with only a few years previously. The financial crisis of 2007-2008 seems to have reduced these expectations considerably.

Household debt between 2000 and 2008 increased by an average of 11.5 percent per year for credit as a whole and 15 percent for house purchase loans¹⁰. Consumer and mortgage credit, therefore, grew in parallel,

¹⁰ Source: Banca d'Italia, *Bollettino economico*, n. 52, April 2008, page 23.

although the former at higher percentages than the latter . Short-term credit did not follow the same trend and, of the three types of household credit, was the one that experienced less growth.

The banks, conscious of the demand for mortgages, have diversified their offer considerably in this field, endeavouring to attract as many clients as possible. This has resulted in advertising campaigns aimed at very precise customer targets. It is worth noting that identifying a target client base and promoting specific advertising campaigns is only possible for mortgage products and consumer credit. Similar strategies are much more difficult to carry out for business and short-term loans. It is probable that no small part of the increase in household debt and the related success of mortgage and consumer lending may be attributed precisely to the credit institutions' media campaigns.

3. Bank Funding and Granting of Mortgages

Mortgages are financed both by short-term and by mid-to-long term funds. The concept of synchrony would demand that short-term sources be used to finance short-term credit, and long-term ones, long-term credit. In actual fact it is very common for short-term funds to finance mid-to-long term credit. This has not indifferent repercussions for the bank facing the problem – not an easy one – of altering maturities. This apart, we shall go on to consider what we might call the 'regular' source of finance for mortgages, that is to say, the banks' mid-to-long term funding which is essentially made up of bonds¹¹

Banks greatly increased their bond emissions during 1999-2007, then in 2008 and 2009 these were reduced. This statistic reflects the trend of the Italian economy during the same period and the growth of the mortgage market up till today.

At this point we might surmise a certain degree of correlation between the emission of bonds by the banks and the growth of the mortgage market. Or rather, it is possible that some of these bonds were emitted to cover the

¹¹ Further information on bank bonds in, among others, A. Banfi (a cura di), *I mercati e gli strumenti finanziari*, Isedi, Torino, 2001, L. Anderloni, I. Basile, P. Schwizer (a cura di), *Nuove frontiere dei mercati finanziari e della securities industry: modelli di organizzazione dei mercati e nuovi strumenti finanziari*, Bancaria, Roma, 2001, P. L. Fabrizi, G. Forestieri, P. Mottura (a cura di), *Strumenti e servizi finanziari*, II ed., Egea, Milano, 2003, S. Cenni, R. Ferretti, *Economia dei mercati e degli strumenti finanziari*, Giappichelli, Torino, 2004, L. Fiore, *Economia delle aziende di credito*, Liguori, Naples, 2004, R. Ruozi, *Economia e gestione della banca*, cit.

growing need for home loans on the market, although certainly not all debt deriving from bonds was used to finance home loans.

The fact that banks' emissions of bonds grew constantly over this period is a sign of their growing long-term needs, for which bonds were a fairly safe mode of finance. In fact, until the credit crunch following on the subprime mortgage crisis, banks were generally held to be solvent institutions, unlikely to be left to fend for themselves in case of crisis, as indeed the 2008 bailouts in the USA and Europe amply proved. The bonds' strong increase in value also demonstrates that Italy is joining those countries that have a mature and modern financial market.

Bank bonds emitted in Italy in the past have had a maximum duration of thirty years, although for a long time those with shorter durations have been more popular. The majority of these have a residual life of less than 5 years, while only some kinds of bond last for ten years.

4. Effects of the Total of Mortgages on the Property Market

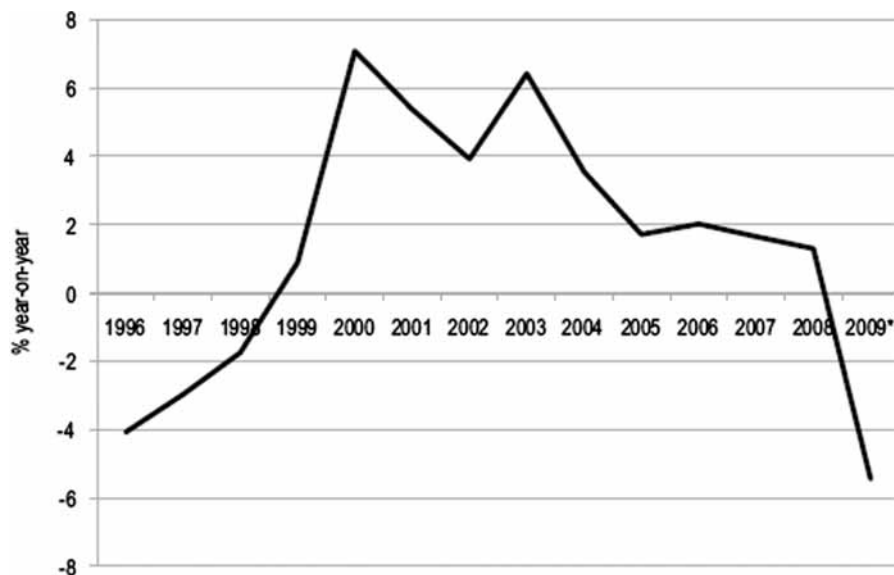
In the years between 2000 and 2007 the Italian mortgage market underwent considerable growth and, even though the home loan sector has since slowed, it is still one of the most active business areas for Italian banks. The question now arises whether lending such large amounts for home purchase might have had any repercussion on the property market itself. In other words, is there a correlation between liquidity supplied by banks for house purchase and the number of sales and the price of houses? It is not easy to answer this. The empirical analysis below does not give a precise answer. It is, however, possible to make some comments and draw some – albeit partial – conclusions.

Italian property prices in real terms have, during the last fifteen years, experienced highs and lows in an almost cyclical manner: negative until 1999 and negative again in 2008. In recent years, house prices have fallen slightly. The figure below shows the variations in real terms of property prices from 1996 to 2009:

The historical series in the graph is not a reflection of property prices over the years and includes all types of property, without distinction of use. It does however allow us to state for certain that Italian property prices, from 1999 onwards and up until a certain time, have grown constantly in real terms, over and above the rate of inflation.

This surge was clearly due to an expanding market, with exchanges on the increase up until 2006.

Figure 1.1 – Variations in real terms of Italian property prices from 1996 to 2009



* Forecast.

Source: *Scenari immobiliari*, RICS European Housing Review 2010, page 55, available on www.rics.org/ehp

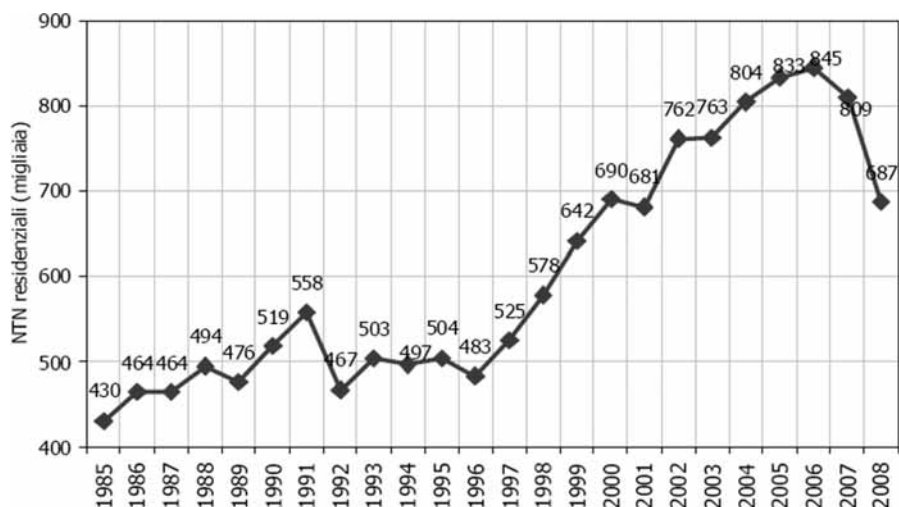
From 2000 to 2007 the volume of house sales increased by 20 percent, while the property market saw increased sales during the years between 1996 and 2000, and 2002 and 2007. In 2001 and 2007, by contrast, exchanges declined. If we consider, instead of the past ten years, the historical series for 1985-2007, some more considerations may be made. There were several years showing a negative trend: 1989 (-3.7 percent), 1992 (-16.3 percent!), 1994 (-1.3 percent), 2001 (-1.3 percent) and 2007 (-4.3 percent). In some years the number of exchanges grew strongly (in 2002 by 11.8 percent), while in others, it grew less (in 2003 by only 0.1 percent). In one year, 1997, results were exactly the same as the preceding year.

In the years between 2000 and 2006, house sales increased constantly, according to statistics based on notary's contracts registered each year. In 2007, the NTN index variation with respect to 2006 was 7.1 percent on a national basis. The residential sector dropped by 4.6 percent.

The statistics hitherto considered would suggest a probable correlation between mortgages granted and property market trends in Italy, the latter being on the whole positive for the years under consideration. It is therefore the author's opinion that Italy has seen what occurred some time ago in

USA/UK markets, albeit with some differences – that the mortgage sector has in part substituted the property market. By contrast, one might suppose that decreasing volumes of mortgages granted would also cause the property market to slow down.

Figure 1.2 – NTN (number of transactions) trends* in residential sector, 1985 to 2008



* The NTN gives the geographical distribution and numbers of transactions, as defined by the Registry Office.

Source: Agenzia del Territorio, Rapporto immobiliare 2008, Riepilogo nazionale, page 4, available on www.agenziaterritorio.it

5. Savings, Investments in Movable Goods and in Property

The savings of Italian families have been decreasing over time, though not in a regular fashion. In 2009 they amounted to around 50 billion Euro, equal to 3.3 percent of GDP.

Table 1.7: Italian families' savings in the years between 2004 and 2009, in absolute terms (million Euro) and as percentage of GDP

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Savings (absolute value) | 83,646 | 71,179 | 68,004 | 51,874 | 55,170 | 49,670 |
| Savings (ratio to GDP) | 6 | 5 | 4.6 | 3.4 | 3.5 | 3.3 |

Source: Banca d'Italia, *Annual Report*

The above-mentioned table shows that in 2009 Italian savings were at the lowest level of recent years. It can be said that families' diminished habit of saving is presumably an element of the economy.

Let us proceed to analyse the correlation, if existing, between stock market trends and property investment. It is commonly said that there is an inverse relationship between these two aggregates. The explanation is easy to infer: in a developed financial market, as the Italian one may now be described, the small saver is looking for the best investment. There are two possible kinds of investment that are alternatives and complementary to each other at the same time: the stock exchange and the property market. They are alternatives, because normally whoever invests in one does not do so in the other, and vice versa. Yet they are also complementary, as it is perfectly possible – in fact, wealthier clients often do so – to invest in both at the same time.

One might consider investing in real estate trusts as a surrogate for investing in property, but this is not the case for a number of reasons. The first is that real estate trusts have very high minimum opening deposits. The second is that they are obliged by law to be closed-end, consequently it is not possible to subscribe or withdraw the investment whenever wished. The third is that real estate trusts on no account make available the property invested in. In the end, this is a one-of-a-kind of investment that is not a suitable alternative to investing in property. It might be added that few people take out a mortgage for house purchase purely as an investment. It is obviously not worthwhile, as it is highly unlikely that the returns for a private investor would be more than the interest on the mortgage. So normally whoever takes out a mortgage intends the property to be his principal residence.

A more detailed look at the historical series of the Milano stock market indices between 2000 and 2008 reveals that between 2000 and 2003 the market fell, owing to the bursting of the speculative bubble that had pushed the index up at the end of the Nineties. From 2003 onwards the stock exchange began rising again, to re-conquer in April-May 2007 the maximum levels of 2002. It afterwards dropped again to pre-2003 levels¹². During this same period, credit granted to families for house purchase grew constantly¹³. From mid-2007 the movables markets declined. At the same time, property markets also fell, more markedly in the United States, less so in Italy.

¹² Source: www.yahoo.it, Finance section.

¹³ See also, as well as the preceding paragraphs, the *Final Comments* from the Governor of the Banca d'Italia in the years between 2000 and 2005. Apart from the year 2000, there is always mention of the increase in credit granted to families over the preceding year.