Housing finance in Norway

Governor Svein Gjedrem

Norwegian Covered Bond Forum
27 January 2010
Lending by lender sector. Norway
As a percentage of total lending. 1976 – 2009


Housing finance in selected countries in the 1990s
By lender sector. Per cent

Residential mortgage loans from state lending institutions are not specified for Denmark and Sweden.

Source: NOU (Official Norwegian Report) 1995: 11
Housing finance in selected countries. 2009
By lender sector. Percent¹)

1) Residential mortgage loans from state lending institutions are not specified for Sweden

Source: Danmarks Nationalbank, Sveriges Riksbank, Statistics Norway and Norges Bank
Fixed-rate loans as a percentage of total household lending¹)
2004 Q1–2009 Q2

Sources: Danmarks Nationalbank, Sveriges Riksbank, Statistics Norway and Norges Bank

1) Figures for Denmark refer to residential mortgages only
Five-year government bond yield and three-month money market rate
January 1979 – January 2010

Source: Thomson Reuters
Banks’ assets and funding
2009 Q2. Per cent

Sources: Statistics Norway and Norges Bank
Sources of bank funding in Norway\(^1\)

As a percentage of total assets. 1975 – 2008 and 2009 Q3

Sources: Klovland (2007), Matre (1992), Statistics Norway and Norges Bank
Banks’ market funding by residual maturity
Per cent. 2005 Q1 – 2009 Q3

Source: Norges Bank
Banks’ foreign currency funding
As a percentage of total assets. 1998 Q1 – 2009 Q3

Source: Norges Bank
An efficient bond market is characterised by:

- instruments that are easy to understand
- clear regulation
- transparency in trading
- multiple independent bidders and askers
- high trading volumes in primary and secondary markets
Proposed changes in the collateral requirements for loans from Norges Bank

- No new securities under the temporary rules are approved as collateral as from 22 October 2009

- Securities already approved under the temporary rules may be pledged as collateral until maturity, at the latest until 15 February 2012

- Debt instruments issued by foreign banks will be included in the bank quota as from 1 December 2010

- Securities issued by banks will no longer be eligible as collateral for loans from 15 February 2012

- Norges Bank will continue to accept covered bonds (OMF) as collateral for loans
House prices in selected countries
Index. 1995 Q1 =100. 1995 Q1 - 2009 Q4

Sources: Thomson Reuters, Standard & Poor’s, Case-Shiller, Association of Norwegian Real Estate Agents, ECON Pöyry, Finn.no, Association of Real Estate Agency Firms and Norges Bank
Periods of rise in real house prices in Norway
Number of years and total rise in per cent. 1819-2008

1993-2007: 15 years
1977-1987: 11 years
1955-1972: 18 years
1922-1933: 12 years
1890-1898: 9 years
1865-1878: 14 years

Sources: Statistics Norway and Norges Bank
Residential mortgages by loan-to-value ratio. Norway
As a percentage of total residential mortgages\(^1\). 1997-2009

1) Total residential mortgage loans in the survey. The figures for 2009 are based on the spring 2009 residential mortgage loan survey, which contains fewer observations than previous surveys.

Source: Finanstilsyn's (Financial Supervisory Authority of Norway) residential mortgage loan survey.
Periods of decline in real house prices in Norway
Number of years and total decline in per cent. 1819-2008

Sources: Statistics Norway and Norges Bank
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