

Austrian Bausparkassen in 1987

THE four Austrian Bausparkassen, each of which is linked with one of the banking groups, dominate the Austrian housing finance market. They operate a contractual scheme similar to that used in Germany. The annual report of the Association of Austrian Bausparkassen for 1987 records the recent progress of the Bausparkassen.

Contracts

In 1987, 653,025 new savings contracts were concluded with a total contracted value of AS120.6 billion (\$8.8 billion). These figures represent a slight increase on those for the previous year. A greater volume of new business had been anticipated,

but did not materialise as a result of a reduction in the government bonus on Bausparkasse contracts. At the end of 1987 there were 3,823,645 outstanding Bausparkasse contracts.

Deposits

Bausparkasse deposits (including interest credited) totalled AS107 billion (\$7.8 billion) at the end of 1987. This represented a substantial rise of AS12.4 billion (\$904 million) compared with the previous year, but this is considered to be a temporary phenomenon caused by the large number of outstanding contracts, largely reflecting a huge increase in the number of new contracts at the beginning of the 1980s. At the end of 1987 the Bausparkassen had an 11% share of savings deposits in Austria. A reduction in the market share of Bausparkassen is anticipated as their savings deposits rise less rapidly.

Lending

Loans outstanding for construction, renovation and conservation of residential property totalled AS114 billion (\$8.3 billion) at the end of 1987, a 7% increase on the figure for the end of 1986. Loans on Bausparkasse contracts during 1987 totalled AS20.2 billion (\$1.5 billion), almost exactly the same as in 1986. The highest level of lending was in 1980 when loans were AS21.6 billion (\$1.6 billion), fol-

lowing which there was a sharp decline to a low point of AS11.5 billion (\$840 million) in 1983.

Given that an increasing number of Bausparkasse contracts taken out between 1982 and 1985 will be maturing over the next few years, it will be difficult to maintain a high level of financing. However, the demand for Bausparkasse loans continues to run at a high level, largely reflecting the fixed interest rate of 6%.

In 1987 the Bausparkassen provided funds at favourable rates of interest for 28,199 housing units. 612,000 units were being financed at the end of the year.

The Bausparkassen account for half of all outstanding loans from financial institutions for housing construction and renovation. Total outstanding credit for housing construction at the end of 1987 was AS239 billion (\$17.4 billion) with the Bausparkassen accounting for AS114 billion (\$8.4 billion).■

This article summarises the Annual Report of the Association of Austrian Bausparkassen "Bausparen in Österreich 1987", published by Arbeitsgemeinschaft Österreichischer Bausparkassen, Liechtensteinstrasse 111-115, 1091 Vienna, Austria.

Note: Figures have been converted into US dollars at the end-1987 exchange rate of 13.71 schillings to the dollar.

Number of Bausparkasse Contracts

Year	New contracts '000	Contracts outstanding at end-year '000
1978	582	1,925
1979	593	2,393
1980	308	2,466
1981	424	2,556
1982	547	2,682
1983	619	2,913
1984	738	3,183
1985	779	3,417
1986	641	3,638
1987	653	3,824