

## Mortgage trap, euro trap

As soon as we identified in [June 2018](#) that then-CNB Gov. Jiří Rusnok was implementing an unannounced policy of revaluing the crown through the use of interest rates, we started warning readers about what this could mean for crown borrowers. This type of monetary tightening, after more than three years of monetary easing, would drive up mortgage rates and eventually lead to a large number of [foreclosures](#). As property prices fell, some borrowers would go [underwater](#). Their property would be worth less than what they owed on it. This isn't yet the case, but it soon could be.

Czechs were led into an interest-rate trap. We explained in [Feb. of this year](#) that the low interest rates and weak crown during the devaluation period of 2013-2017 taught Czechs to borrow and spend. The CNB's key interest rate at the time of the devaluation was [0.05%](#), and the average mortgage rate was around 3%. By the time the official devaluation ended in April 2017, the average mortgage rate had fallen to below 2%. During those 41 months, Czechs increased their borrowing by 25%, to Kč 1.6 trillion. The splurge has continued, and household borrowing is now [Kč 2.2 trillion](#). That's an increase of 70% since the devaluation began in Nov. 2013.

Interest rates have been rising since June of last year, and the average mortgage rate is currently 6.28%. [Blesk tabloid](#) concluded at the end of July that Czechs are now in a state of mortgage poverty. Every one-point increase in the mortgage rate adds Kč 1,500-2,000 per month to the average mortgage payment, Blesk said.

Interest rates have now stabilized, at least temporarily, but potential borrowers remain hesitant because of the demands of higher price inflation on their budgets. The same CNB that was telling people in 2013-2017 to spend, spend, spend, is now telling them to cut back.

Corporate borrowers with euro revenue have the option of taking out loans in euros and are increasingly doing so. They and their bank are basically betting

As we wrote last week, the CNB is downplaying the impact of a complete disruption in the supply of Russian natural gas. Yet the [EU Council](#) stated this

BYDLENÍ VE VLASTNÍM JAKO NEDOSTUPNÝ LUXUS • ČECHY KVŮLI KRIZI SVÍRÁJÍ: HYPOTEČNÍ CHUDOBA

**PRAHA – Jsme národem »hypotékáři« a za nejlepší investici považujeme vlastní bydlení. Jenže... inflace dohnala Českou národní banku (CNB) ke zvyšování základní úrokové sazby a úvěry na byt či dům jsou rekordně drahé. Podle materiálů, které má k dispozici Blesk, jsme nyní v situaci, již lze nazvat hypoteční chudobou.**

**Snad napřesrok**  
Kdy se to změní? „Inflaci v tuto chvíli ovlivní

**Trh se ochlazuje**  
Zatímco před rokem se nabízená nemovitost prodala do týdne, maximálně do 30 dnů, nyní více než polovina nemovitostí hledá kupce i dva měsíce. Úvodí to průzkum trhu realit a hypoték webu Hypoanalis.cz. Na druhou stranu mají zájemci lepší vyjednávací pozici. Zatímco dříve si na jednu nemovitost brousily zuby i desítky lidí, nyní jsou to jednotlivci. Prodávající je tedy spíše ochotni jít s cenou dolů.

**Nutný vyšší příjem**  
„Ještě začátkem roku stačil domácími celkový čistý příjem kolem 32 300 korun, aby při čtyřprocentním úroku dosáhla na úvěr o výši 3 mil.

la 22 013 Kč, což je o 7 709 Kč více, než kdyby si domácí hypotéku vzala na počátku roku,“ vysvětluje Daniel Gorol, hypoteční analytik ze společnosti Úšetřeno.cz.

je mnoho položek, které extrémně zdražují. Bavíme se například o vysoké ceně energií, které bude přetrvávat delší dobu. K výraznějšímu poklesu inflace by mohlo dojít v příštím roce a v roce 2024 bychom se měli vrátit na úroveň inflace 2 procenta,“ tvrdí hlavní ekonom BH Securities Štěpán Křeček. Dodává, že vše záleží na geopolitické situaci a také na tom, jak silně opět udeří pandemie. „Na úroveň, jakou jsme znali před dvěma lety, se už ale ceny nevrátí,“ dodal.

HYPOTÉKA zamítnuta

| Meziměsíční rozdíl: CENY (spíše) KLESAJÍ |   |   |                      |
|--|---|---|----------------------|
| krajské město                            | cena červenec 2022 (byť 60 m <sup>2</sup> ) | cena červenec 2021 (byť 60 m <sup>2</sup> ) | rozdíl               |
| Brno                                     | 6 915 221 Kč                                | 6 584 693 Kč                                | -330 528 Kč (-4,8 %) |
| České Budějovice                         | 4 514 841 Kč                                | 4 581 059 Kč                                | +66 218 Kč (+1,5 %)  |
| Hradec Králové                           | 4 855 917 Kč                                | 4 833 278 Kč                                | -22 639 Kč (-0,5 %)  |
| Jihlava                                  | 3 824 812 Kč                                | 3 814 054 Kč                                | -10 758 Kč (-0,3 %)  |
| Karlovy Vary                             | 3 382 475 Kč                                | 3 220 723 Kč                                | -161 752 Kč (-4,8 %) |
| Liberec                                  | 3 563 848 Kč                                | 3 598 730 Kč                                | +34 882 Kč (+1 %)    |
| Olomouc                                  | 3 649 500 Kč                                | 3 812 085 Kč                                | +162 585 Kč (+4,5 %) |
| Ostrava                                  | 2 885 783 Kč                                | 2 764 535 Kč                                | -121 248 Kč (-4,2 %) |
| Pardubice                                | 4 351 856 Kč                                | 4 505 755 Kč                                | +153 899 Kč (+3,5 %) |
| Plzeň                                    | 4 398 723 Kč                                | 4 344 317 Kč                                | -54 406 Kč (-1,2 %)  |
| Praha                                    | 7 356 264 Kč                                | 7 267 711 Kč                                | -88 553 Kč (-1,2 %)  |
| Ústí nad Labem                           | 2 359 700 Kč                                | 2 378 613 Kč                                | +18 913 Kč (+0,8 %)  |
| Zlín                                     | 4 313 095 Kč                                | 4 512 968 Kč                                | +199 873 Kč (+4,6 %) |

Zdroj: Realtymix.cz

| Meziroční rozdíl: CENY VZROSTLY! |   |   |                       |
|----------------------------------|---|---|-----------------------|
| krajské město                    | cena červenec 2021 (byť 60 m <sup>2</sup> ) | cena červenec 2022 (byť 60 m <sup>2</sup> ) | rozdíl                |
| Brno                             | 5 746 894 Kč                                | 6 584 693 Kč                                | +837 799 Kč (+14,6 %) |
| České Budějovice                 | 3 344 554 Kč                                | 4 581 059 Kč                                | +1 236 505 Kč (+37 %) |
| Hradec Králové                   | 3 890 445 Kč                                | 4 833 278 Kč                                | +942 833 Kč (+24,2 %) |
| Jihlava                          | 2 705 222 Kč                                | 3 814 054 Kč                                | +1 108 832 Kč (+41 %) |
| Karlovy Vary                     | 2 510 986 Kč                                | 3 220 723 Kč                                | +709 737 Kč (+28,3 %) |
| Liberec                          | 3 247 554 Kč                                | 3 598 730 Kč                                | +351 176 Kč (+10,8 %) |
| Olomouc                          | 3 414 251 Kč                                | 3 812 085 Kč                                | +397 834 Kč (+11,7 %) |

**Exchange Rate CZK/EUR**

Legend: 90%, 70%, 50%, 30% conf. interval

- The forecast expects the **koruna** to average CZK 24.7 to the euro in 2022 Q3.
- In the coming quarters, the koruna will depreciate slightly, reaching just below CZK 26 to the euro in mid-2023.
- This will be due mainly to a worsening trade balance and negative sentiment in the region, factors caused primarily by the current geopolitical situation and high energy prices. A gradually narrowing interest rate differential will act in the same direction over the entire outlook.
- The impacts of disrupted global supply chains and the direct impacts of the war in Ukraine will gradually fade next year.
- A renewed trade surplus and improved global sentiment will be reflected in appreciation pressure on the koruna, which will prevail in 2024.

that euro interest rates will continue to lag behind Czech rates and that the crown will remain strong. New CNB Gov. Aleš Michl has stated that interest rates will remain high - even if they did not rise last week - and that currency intervention in favor of the crown will continue. This stated policy serves to encourage companies to continue to borrow in euros.

The [CNB's new forecast](#), which was presented by analysts last Fri., assumes a weakening of the crown next year to close to Kč 26/euro, although Board Member Jan Frait said ([at the 56:25 mark](#)) that this is more a "technical projection" than a forecast. This seemed to us to mean that it does not take into account the full effect of possible currency intervention.

week in its gas-reduction regulation that, "The Union should ... anticipate such a risk and prepare, in a spirit of solidarity, for the possibility of a full disruption of gas supply from Russia at any moment."

Likewise, euro borrowers should prepare for the possibility of a sharp depreciation of the crown and the inability or unwillingness of the CNB to continue to prop it up. Euro borrowers, like mortgage borrowers before them, could be getting themselves into a trap of the CNB's making. A euro loan at Kč 24/euro isn't the same as one at [Kč 30/euro](#), esp. if the matching euro revenue starts drying up.

Mortgage poverty doesn't need to be followed by euro poverty. Fool me once...