



Factbox - Spain banks' land problem

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MADRID (Reuters) - Spain's stalled land market is one of the most problematic consequences of the abrupt end of a decade-long property boom in 2007.

Here is some information about land assets and how they could prolong Spanish lenders' woes:

PRICE

In the first quarter of 2013, the average price of urban land fell by 11.5 percent year-on-year to 157.2 euros per square metre, according to public works ministry data.

Since their 2007 peak, when the average price reached 280 euros per square metre, prices have gone down 43 percent.

However, experts believe this price does not really reflect reality.

Tinsa, a real estate valuation firm, estimates the fall to be between 60 and 70 percent while RR de Acuna y Asociados, another property consultant, considers that in more than 60 percent of Spanish towns and villages the land has no value or, in some cases, a negative price.

RR de Acuna forecasts that by 2017 land will have no or close to no value in 90 percent of Spanish towns.

DEALS

In the first quarter of 2013, 2,801 deals involving urban land were signed, 22.2 percent fewer than in the first quarter of 2012. This compares to more than 20,000 deals signed in some quarters of 2004 and 2005.

The data for 2013 includes the transfer of land assets from bankrupt real estate companies to banks, meaning that the number of deals actually signed is much lower.

According to real estate consultants the only land that still gets any interest from buyers is located in the heart of Spain's biggest cities or on its coastline, where foreigners have continued to show interest.

BANKS' BALANCE SHEETS

According to data provided by RR de Acuna, Spanish banks were exposed to 97.1 billion euros of land assets at end-December 2012.

From this total, 43.6 billion euros were plots and 53.5 billion euros were loans to developers which had land as a collateral.

About 7 billion of the assets linked to land is on the books of Spain's government-backed "bad bank", known as Sareb.

PROVISIONING REQUIREMENTS

Spanish banks were forced last year by the government to book provisions of 80 percent on average to cover potential losses on land assets, though this was later lowered down to 60 percent.

(Reporting by Tomas Cobos and Jose Elias Rodriguez; Writing by Julien Toyer; Editing by Sarah White and Peter Graff)

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