



Spanish Home Prices Fall for Seventh Quarter as Slump Deepens

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By Emma Ross-Thomas

Sept. 30 (Bloomberg) -- Spanish [home prices](#) fell for a seventh quarter in the three months through June as mortgage lending contracted and the worst recession in 60 years pushed up unemployment.

The average price of new and used houses and apartments declined 0.4 percent from the previous quarter, when they fell 2.7 percent, the [National Statistics Institute](#) said today in an e-mailed statement. From a year earlier, prices dropped 7.7 percent, with the price of new homes falling 3.9 percent and existing houses declining 11.2 percent.

House prices more than doubled in the decade through 2007 amid falling interest rates and [economic growth](#) averaging almost 4 percent a year. The market had already started slowing when the global credit crisis hit, [slashing lending](#), pushing real-estate companies into bankruptcy and leaving more than a million new homes unsold.

Spain, home to 11 percent of the European Union's population, built more than 29 percent of all new homes in the EU from 2001 through 2007. That increased the number of unsold homes to as much as 1.6 million and outstripped annual demand of 218,482 units, according to [R.R. de Acuna & Asociados](#), a property-research company. The excess supply will take six or seven years to be absorbed, the company's president Fernando Rodriguez de Acuna said on Sept. 15.

The [economy](#) has been contracting since the second quarter of 2008, pushing the unemployment rate to 18.5 percent in [July](#), and the Organization for Economic Cooperation and Development expects Spain to take longer than other European countries to recover from the recession. The number of mortgages issued for houses fell 19 percent in July from a year earlier and housing sales declined 20 percent, according to separate data from INE.

Standard & Poor's forecasts Spanish house prices may fall 20 percent this year, followed by declines of 10 percent and 5 percent in the next two years, it said June 24.

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