

Residential mortgage loans in negative equity: End of December 2023

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority announced today (January 31) the results of its survey on residential mortgage loans (RMLs) in negative equity at end-December 2023.

The estimated number of RMLs in negative equity increased to 25 163 cases at end-December 2023 from 11 123 cases at end-September 2023. These cases were mainly related to bank staff housing loans or RMLs under mortgage insurance programme, which generally have a higher loan-to-value ratio.

The aggregate value of RMLs in negative equity increased to HK\$131.3 billion at end-December 2023 compared with HK\$59.3 billion at end-September 2023.

The unsecured portion of these loans increased to HK\$7.3 billion at end-December 2023 from HK\$2 billion at end-September 2023.

The three-month delinquency ratio of RMLs in negative equity increased slightly to 0.03% per cent at end-December 2023 from 0.02 per cent at end-September 2023.

It is important to note that the figures derived from this survey relate only to RMLs provided by authorized institutions on the basis of first mortgages and which the reporting institution knows to be in negative equity (i.e. the outstanding loan amount with the reporting institution exceeds the current market value of the mortgaged property). Not included in these figures are RMLs associated with co-financing schemes which would be in negative equity if the second mortgages were taken into account. The extent to which such RMLs are in negative equity is not known because authorized institutions do not maintain records on the outstanding balances of the second mortgages.

The mortgage portfolios of the surveyed authorized institutions represent about 99 per cent of the industry total. The survey results have been extrapolated to estimate the position of the banking sector as a whole.