

**UNDER EMBARGO UNTIL 00:01 HRS FRIDAY 10<sup>TH</sup> FEBRUARY 2012**

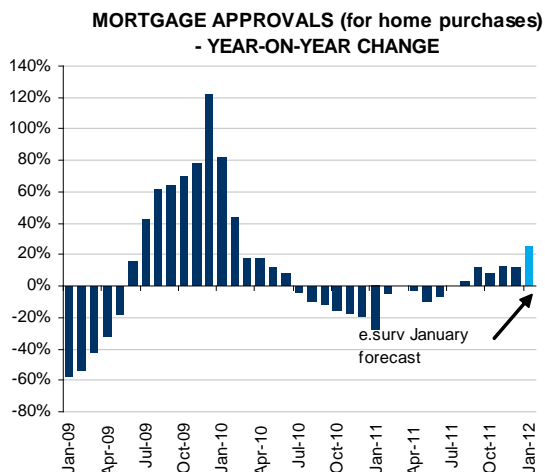
**MORTGAGE APPROVALS SURGE TO HIGHEST SINCE DECEMBER 2009**

- **58,610 loans for house purchase in January, a 29% year-on-year increase**
- **Increase driven by more loans for low deposit borrowers and first time buyers**
- **High LTV lending has doubled in the last 12 months**
- **First time buyers rushing to beat the end of stamp duty holiday in March**

Loans for house purchase surged to 58,610 in January, according to the latest Mortgage Monitor from e.surv chartered surveyors. This is the highest level since December 2009, and came thanks to an increase in lending to borrowers with small deposits. The figure represents an 11% increase on the 52,939 purchase approvals in December, and a 29% year-on-year increase from January 2011.

The sharp increase has been driven by more loans to borrowers with small deposits, with more first-time buyers being given access to high-loan-to-value (LTV) mortgages by lenders. Since January 2011, high-loan-to-value lending has almost doubled. Loans to borrowers with a deposit of under 15% accounted for only 7% of all loans for house purchase back in January last year, but have risen to account for almost 13%.

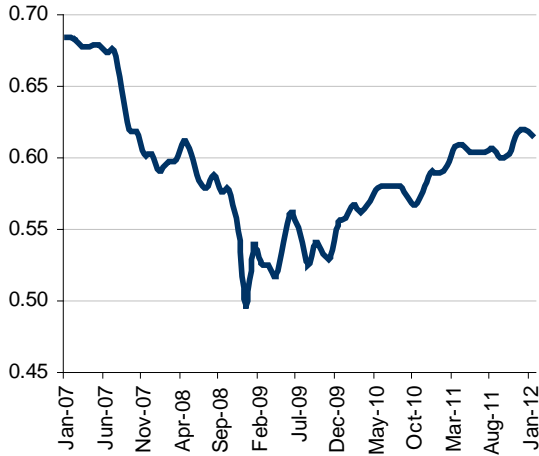
This has helped more low income and first time buyers get onto the property ladder, with the number of loans to these borrowers increasing at a faster pace than loans to wealthier borrowers. There were 15,329 loans for purchase of homes costing below £125,000 – typical first time buyers property. This was the highest number since March 2008, and a 31% increase from January last year.



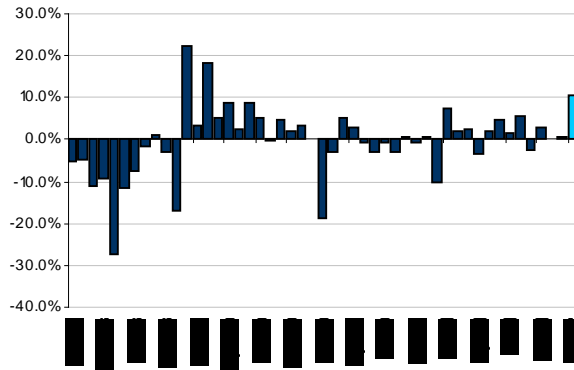
Additionally, there were fewer loans on expensive property in January than in December, as the number of loans for purchase of expensive property fell in all price brackets over £376,000, suggesting wealthier buyers are beginning to represent a less disproportionately large share of the market.

Despite the improvement, deposit requirements are still high by historic standards, which mean first-time buyer numbers remain suppressed compared to their pre-2008 levels. In January 2007, the average deposit for house purchase loans was 31%, compared to 38% in January 2012.

**LTV RATIO (for home purchases)**



**MORTGAGE APPROVALS (for home purchases) - MONTHLY CHANGE**



Richard Sexton, director of e.surv, said, "The mortgage market has so far done a reasonable job in repelling the onslaught from the eurozone. LTVs have trended steadily upwards over the past six months, and approvals volumes are holding up well. Lenders pushed out a spate of high loan-to-value mortgages in the summer to cater for the backlogged first time buyer market, and, although they have taken time to feed through, we now are beginning to see borrowers take them up in notable numbers."

But it won't last forever. Despite all the encouraging news surrounding the market at the moment, danger lurks just around the corner. The rate at which banks lend to each other – LIBOR – has been creeping upwards. The banks are yet to pass these extra costs onto the consumer, but this is sure to happen, and will come in the guise of higher mortgage rates. If the situation in the eurozone becomes more tumultuous, which looks possible, lenders will batten down the hatches and scale back the amount they lend to first time buyers."

"The early months of 2011 were so weak that the year-on-year growth in January is more an indictment on how suppressed lending was a year ago than it is a sign of a vibrant market. First time buyer numbers are still low by historic standards and buy-to-let lending is forming an increasing share of overall lending."

**LOANS FOR HOUSE PURCHASE – seasonally adjusted**

Month	Number	Monthly change	Annual change
August	52,341	5%	12%
Sept	51,086	-2%	8%
Oct	52,603	3%	12%
Nov	52,628	0%	11%
Dec	52,939	1%	25%
Jan (e.surv forecast)	58,610	11%	28%

- Ends -

## Methodology

e.surv analysed detailed data on over one million mortgage valuations the firm carried out between August 2006 and today. Each month, the researchers analyse tens of thousands of valuations and use these trends to extrapolate from the Bank of England's mortgage data to publish mortgage approval numbers for the whole of the UK, weeks before the BBA, CML and Bank of England. The typical margin of error on a monthly basis is 1% compared to the Bank of England final approvals data.

## Notes to Editors

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## About e.surv

e.surv is a firm of Chartered Surveyors, directly employing over 350 chartered surveyors and a similar number of consultants. The business is the largest distributor and manager of valuation instructions in the UK and is appointed as Panel Manager for more than 25 mortgage lenders and other entities with interests in Residential Property. The business also provides a number of Private Survey products direct to the Homebuying public. e.surv is owned by LSL Property Services plc. For further information, see [www.lspls.co.uk](http://www.lspls.co.uk)