

UNDER EMBARGO UNTIL 00:01 HRS FRIDAY 10TH JUNE 2011

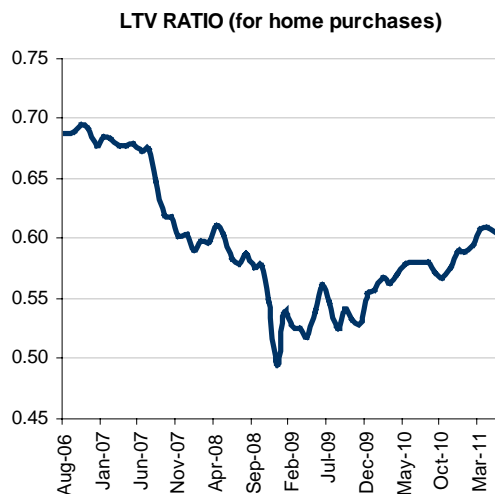
FIRST TIME BUYERS STRUGGLE IN MAY AS LENDING CRITERIA TIGHTENS

- **First time buyers hit as mortgage approvals for cheaper property fall**
- **Lending conditions tighten most at bottom of the market**
- **Less than one third of all purchase approvals with LTV of over 75%**
- **Overall mortgage volumes recover slightly in May but are still down year on year**

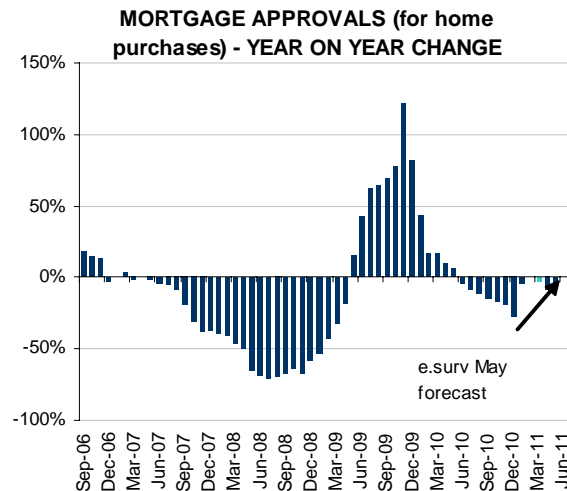
A tightening of lending criteria meant fewer first time buyers got onto the property ladder in May. Purchase approvals for homes under £125,000 – typical first time buyer property – accounted for only 23% of all purchase approvals in May, compared to 27% in April, and below the average for the last year (24%).

Purchase approvals rose steadily in the highest price brackets because wealthier buyers are less affected by tightening lending criteria. Indeed they require the lowest LTVs. As a result these buyers continue to secure a disproportionate share of mortgages.

The overall average LTV for mortgages approved in May fell slightly from 61.0% in April to 60.4%, reversing a seven month trend of improvement. The tightening of lending conditions was most pronounced at the bottom end of the market where LTVs decreased or remained flat on all house price bands up to £376,000. The average LTV for first-time buyer properties under £125,000 fell more sharply from 67.8% in April to 67.1%, meaning fewer low income buyers were able to secure a mortgage. Purchase volumes in the 90% to 100% LTV bracket, typically needed by first-time buyers, grew at less than half the pace of the overall market.



Overall purchase approvals rose 1.1% in May driven by higher value homes, up from 45,166 in April to 45,675. Nevertheless, they are still down 7.9% on May 2010 during the mini-boom in the housing market before the election.



Richard Sexton, business development director of e.surv said: *"With base rate hikes seemingly off the agenda for at least another six months, it's great timing for homeowners and buyers to benefit from falling mortgage rates. Those with the least equity in their homes need cheaper rates most, so it's important lenders don't make it too difficult to qualify for the best mortgages. Tightening criteria in May are going against this grain. Some lenders are ahead of the pack and are offering good deals, but for others it's not enough just to advertise a good headline rate."*

- Ends -

Notes to Editors

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About e.surv

e.surv are 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.lslps.co.uk

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 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.