

UNDER EMBARGO UNTIL 00:01 HRS FRIDAY 9TH DECEMBER 2011

MORTGAGE APPROVALS HIT HIGHEST LEVEL SINCE DECEMBER '09

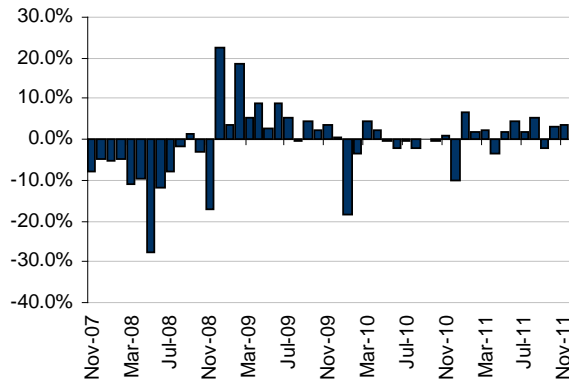
- **Sparked by the loosest lending conditions seen since the Lehman Brothers collapse**
- **More loans to borrowers with small deposits**
- **Average deposit falls to 38% - the lowest since October 2007**
- **Uptick driven by more loans to first time buyers and buy-to-let investors**

Loans for home purchases reached their highest number since December 2009 in November thanks to the loosest mortgage lending conditions seen since the Lehman collapse, according to the latest Mortgage Monitor from e.surv chartered surveyors. Purchase approvals rose from 52,743 in October to 54,658 in November on a seasonally-adjusted basis, an increase of 4%, and 15% higher than November 2010.

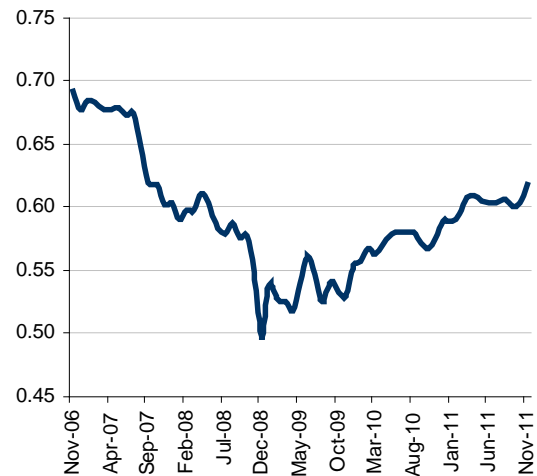
The increase was triggered by the loosest lending conditions since October 2007, as the average deposit fell back to 38% in November, down from 40% in October. By way of contrast, it was 42% in November 2010. Furthermore, there were more loans to borrowers with small deposits. Loans to borrowers with a deposit of 15% or under accounted for 13% of all lending in November, up from 10% in October, and the highest since October 2008. The average deposit on typical first time buyer property fell to 31%, the lowest since August 2008, and down from 33% in October.

The rise in purchase approvals was driven by an increase in the number of first-time and low income buyers, who were the beneficiaries of the looser lending conditions. They were also supplemented by buy-to-let investors who are taking advantage of increased lender appetite to support the professional BTL landlord in particular. Purchase approvals for homes below £125,000 – typical first time buyer and buy-to-let property - rose to 12,791 in November, up from 11,904 in October. Loans for purchases below £250,000 accounted for almost three-quarters of all loans, suggesting wealthier buyers are starting to represent a less disproportionate share of the market.

MORTGAGE APPROVALS (for home purchases) -
MONTHLY CHANGE



LTV RATIO (for home purchases)



LONDON

Loans for home purchases in the capital rose 18% on a non-seasonally adjusted basis, reversing a 13% decrease in October, despite a sharp fall in loans for first time buyers. Activity within the M25 area continues to outperform the rest of the UK

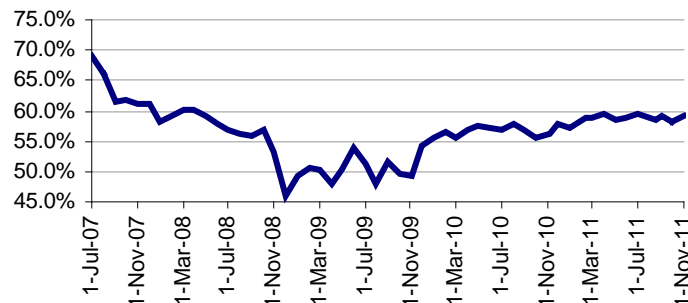
The increase was driven primarily by purchase approvals for wealthier buyers, which increased at a quicker pace than in the cheaper price brackets. Loans for purchases above £500,000 accounted for 32% of all lending, compared to 11% in October. More buyers in the higher price brackets are being seduced by the spate of cheap rate fixed deals offered by lenders over the autumn.

Despite the increase in approvals, loans for first time buyers fell markedly from October. Loans in the £250,000 bracket and below – typical first time buyer homes – accounted for just 43% of all purchase approvals, down from 64% in October. The higher cost of renting in the capital, and stronger house price growth, make it more difficult for would-be buyers in London to piece together strong enough deposits to access mortgage finance.

Higher house prices in the capital mean even a small percentage deposit represents a very large sum, making it more difficult for low income buyers to get high loan-to-value (LTV) mortgages.

The average deposit in London was 41% in November - the highest of any region in the country - compared to 38% nationally. This reflects the dominance of wealthier buyers in the capital. They have a greater supply of equity so are less dependent on access to high LTV mortgages.

London LTV ratio (for home purchases)



Richard Sexton, director of e.surv, said, "The market is thus far showing resilience in the face of the chaos emanating from the eurozone. For the last few months, the banks have been focusing their lending on specific groups, particularly buy-to-let investors, but this is the first time they appear to have increased lending to first time buyers in any notable sort of volume.

The banks are under intense political pressure to lend more to first time buyers, despite being under scrutiny on the amount of capital they hold. They pushed out more high-loan-value mortgages over the summer to try and increase their market share, and we're beginning to see a greater uptake of these mortgages after an initial lag. More first time buyers are rolling up their sleeves and piecing together the bigger deposits required to access high loan-to-value mortgages. No doubt they are sick of paying astronomically high rents and having their monthly budgets ransacked by the increasing cost of living."

- 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 are 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.lsps.co.uk