

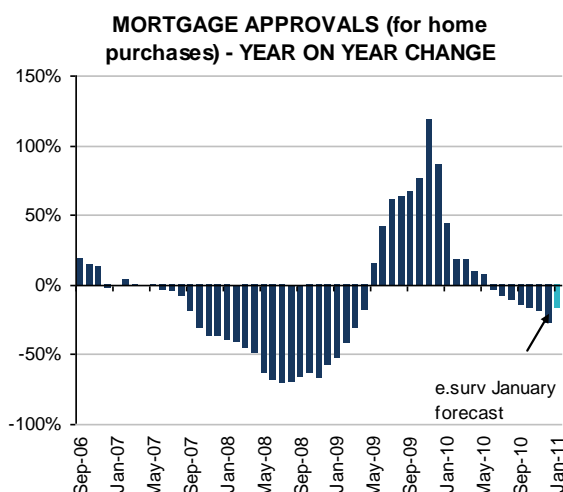
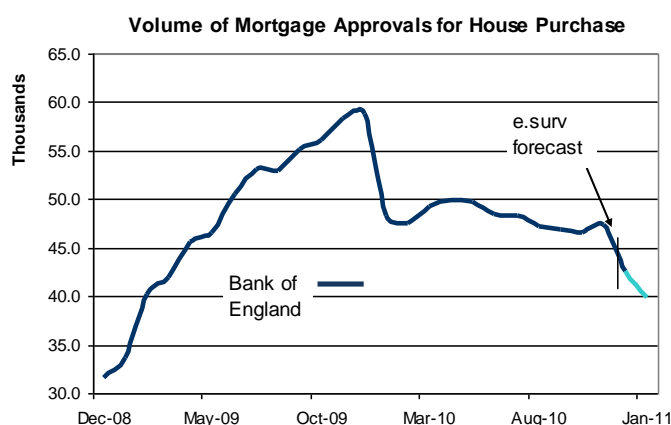
Mortgage approvals stumble again in January

- Purchase approvals fell 6.2% in January after a weak December
- Drop in demand to blame as housing market stalls
- Remortgage approvals extend December declines, but are likely to pick up as interest rate rises loom

Mortgage approvals shrank again in January to the lowest level since February 2009, when the market was just emerging from the worst depths of the mortgage crunch. 39,905 mortgages were approved in January, 6.2% fewer than in December, and 17.4% fewer than in January 2010.

The remortgage market also declined. After suffering its first month on month fall in December since June, volumes fell 5.2% month on month in January. 29,000 remortgages were approved during the month, slightly below the average of the previous six months, but still well ahead of the extremely low levels a year ago (up 17.9%).

Purchase volumes fell by a similar amount across all price bands up to £750,000. Above this level, volumes fell somewhat faster in January. Nevertheless volumes in the most expensive price brackets have held up much better than the overall market since the crunch began.



Richard Sexton, business development director of e.surv said: "The weather has been shouldering the blame for everything lately, but even mortgage approvals have suffered. Far fewer people were able to get out and about

house-hunting in December with snow disrupting travel or simply offering something more fun to do at the weekend. As a result, fewer applications for mortgages were made and that has led to a sharp dip in approvals. But this has merely exacerbated the underlying weakening trend in the housing market. As the economy has slowed, so too has the appetite to move home. House prices are flat or falling slightly so prospective buyers feel less inclined to rush ahead with buying a new home. A similar fall across all price brackets supports this view. At the same time, lenders pulled back from the market in December and January after a very strong November when there had been a bit of a competitive flurry to meet annual lending targets.

The initial signs are the February will show some improvement – the month has got off to a much stronger start.

The remortgage market also paused for breath as people began to feel interest rate increases were less likely in the light of the sharp slowdown in the economy. We think this is most likely a temporary phenomenon and that remortgage volumes will start to pick up again as we move towards the summer and people seek to lock in their mortgages at low rates.”

Despite the drop in volumes, the average loan-to-value ratio in January remained at the highest level since May 2008 – 58.9% on mortgages for home purchase. Remortgages rose slightly to 51.8% LTV, broadly in line with the average for the last year.

Richard Sexton, added: *“Mortgage volumes may be disappointing, but LTVs are holding up well. This suggests lending criteria are not getting any tighter, even if demand has begun to ebb away again.”*

- 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.