

Mortgage Lending Reaches May Record

Mortgage lending reaches new heights, latest figures reveal...

June 21, 2007 (FPRC) -- The proportion of money issued via mortgage lending reached a record height last month, new figures indicate.

According to research conducted by the Council of Mortgage Lenders (CML), about Â£30.6 billion was lent out in secured loans and home loans over the course of May - the highest number noted for the month.

Overall, last month's lending was up on April figures by some 12 per cent.

However, the rate of borrowing growth in comparison to last year is reported to have curbed.

Despite secured and home loan lending in May being up by five per cent from the same period in 2006, the CML indicated that year-on-year growth so far this year has typically been around the 12 to 15 per cent range.

Director general Michael Coogan said: "While today's lending figure is a new record for the month of May, it does indicate that the market is slowing down following the rapid and sustained growth we saw last year."

He added that lending is expected "to ease" over the course of this year, with the housing market set to "remain in good shape".

Mr Coogan also pointed out that the figures indicate that 2007 is still "on course" to witness a record Â£360 billion to be lent out via secured loans and home loans.

However, he suggested that increases by the Bank of England to the base rate forecasted to take place over the course of this year are set to "dampen demand" for housing, as potential first-time buyers struggle to meet property deposits and make repayments on Secured Loans.

Commenting on the CML figures, Oliver Gilmartin, senior economist for the Royal Institution of Chartered Surveyors (Rics), claimed that as disposable incomes are set to face further pressure over coming months affordability levels will "deteriorate even further".

Mr Gilmartin also warned that homebuyers need to be "cautious" when considering whether to take out a secured loan or home loan, as he suggested that borrowing costs for both fixed-rate and variable mortgages are set to rise further.

The Rics economist also reported that early summer months tend to see a rise in property - and consequently mortgage lending - uptake.

As a result he warned that the housing sector is set to cool down over the remainder of 2007, with the autumn and winter months "likely to see more sluggish levels of activity, leading to an easing in price gains".

Earlier this month, a study by the CML indicated that consumers are spending a record proportion of their income on making home and secured loans repayments.

The figures revealed first-time buyers spent some 18.7 per cent of their monthly wages on mortgage payments during April - the highest level recorded for 15 years.

Meanwhile, home buyers were reported to be paying 16.3 per cent on mortgage interest - once again a record level noted since 1992.

With the rise attributed to recent Bank of England increases to the base rate, Mr Coogan claimed that: "Month-on-month we see affordability constraints for first-time buyers worsening."

Contact Information

For more information contact Abbi Rouse of All About Loans (<http://www.allaboutloans.co.uk>)
01481 701350

Keywords

[home loans](#)
[secured loans](#)
[loans](#)

You can read this press release online [here](#)