

## **Lending Remains Stifled In March Says CML**

*Mortgage lending figures remained subdued in March, according to new figures from the Council of Mortgage Lenders...*

May 14, 2008 (FPRC) -- The Council of Mortgage Lenders (CML) has announced that monthly mortgage lending figures for March remained subdued throughout the UK.

According to the group - which represents firms responsible for 98 per cent of mortgage lending in Britain - the number of approved loans for house purchasing fell from 47,200 in February to stand at 46,500 at the end of March. Compared with last year's results, this amounts to a 48 per cent drop in the number of mortgage loan approvals, of which there were 89,000 in March 2007. The group attributes the fall in part to a shortage of available mortgage funding and a wider lack of availability of credit in the global market.

The CML predicts that the number of loan approvals will continue to fall in the coming months in line with recent approval statistics released by the Bank of England. In quarterly results, the council reports that overall gross mortgage lending in the UK stood at 75 billion pounds in the first three months of the year, down from 83.9 billion pounds during the same period in 2007. The number of loan approvals for first-time buyers also fell one per cent from last year over the quarter, with 17,800 new mortgages issued. Meanwhile, lending for those moving home also fell by nearly half, with 28,700 approved during the month, down from 56,300 in March 2007.

However, there was an increase in the number of other loan approvals such as buy-to-let and further advances, while the remortgaging market as a whole was said to have been fairly resilient to the restrictions imposed by a constrictive economic environment. The group asserts that 33.3 billion pounds worth of remortgaging deals were struck during the first quarter, accounting for 44 per cent of total gross lending during the period.

First-time buyers were said to have borrowed an average of 89 per cent of their property's value, while those moving home were found to have taken out a loan equivalent to 72 per cent of the value of their new property.

CML director general Michael Coogan said: "House purchase transaction volumes will continue to deteriorate in the coming months as recent approvals data from the Bank of England has shown. Since the introduction of the Special Liquidity Scheme, there has been a slight improvement in credit market conditions with the London Inter-bank Offered Rate (libor) moving in a more helpful direction. But libor still remains high relative to the Bank rate and any improvement in credit market conditions will take time to feed through into the mortgage market."

The Special Liquidity Scheme allows lenders to swap their high-quality mortgage-backed securities for UK Treasury bills, which is seen as a more stable asset. It was introduced to improve the liquidity position of the UK banking system.

CML's March mortgage lending figures follows a recent warning from price comparison service MoneyExpert, in which it was suggested that those who have large credit card debts may find themselves in trouble in the coming months as creditors look to minimise their exposure to debt. For

those who are having difficulty keeping up with repayments, a debt consolidation loan may be of assistance in allowing people to reorganise their monthly outgoings.

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