

Lenders Report Increase in Mortgages to House Buyers

A survey has revealed that UK mortgage lenders are increasing their availability to house buyers with smaller deposits.

April 17, 2013 (FPRC) -- The Credit Conditions Survey issued by The Bank of England showed that mortgage lending has increased slightly during the first quarter in 2013.

Lenders expected demand for house buying loans to increase during quarter 2 through buy-to-let mortgages and prime mortgages.

The report showed that lenders were making more mortgages available to house buyers with less than a 25 per cent deposit to put down on a property than previously seen. The survey asked lenders for their views on the availability of mortgage finance. Lenders reported a positive net balance of 8.9 borrowers with a deposit greater than 25 per cent. The net balance of house buyers with a lower deposit than 25 per cent was 18.7.

The cost of borrowing has also decreased according to the survey with secured loans spreads being tightened significantly during the first quarter. Spreads are the percentage difference between the interest rate charged on a bank loan and lenders' fund costs. Lenders indicated that increased competition and market share gain was the main driver for increasing mortgage access and tighter spreads. Improved wholesale finance conditions and greater openness to risk were also cited as key factors.

As well as a greater availability of mortgage finance, the cost of borrowing is also falling according to the Bank of England survey. Lenders reported that 'spreads' on secured loans - the difference between the rate charged and the base rate or cost of borrowing to the lender - tightened 'significantly' in the first three months of 2013. They attribute this to cheaper funding costs and increased competition among lenders.

The Bank of England Credit Conditions Survey is conducted quarterly and surveys bank and non-bank lenders. The survey includes secured and unsecured lending to households as well as lending to businesses.

Notes to Editors:

What House? is a leading property website that features thousands of new homes in the UK as well as new homes in Scotland. It also provides the latest property news, valuation of homes and property and mortgage advice. Over the last 31 years, What House? has held their annual What House? Awards, which are the longest established New Homes awards in the UK recognising UK house builders and developers across 21 categories.

Contact Information

For more information contact Sonya Bruce of What House? (<http://www.whathouse.co.uk>)
02089160888

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