



Residential mortgage lending in 'worrying' slump to €331m in Q1

by Conall Ó Fátharta

Mortgage lending slumped to €331m for the first quarter of this year, well down on the €450m lent in the same period in 2012.

The Irish Banking Federation/PwC Mortgage figures show that 2,068 new mortgages were issued in the first three months of the year.

This compared with 6,043 issued in the final quarter of 2012, valued at €999m and 2,630 mortgages with a value of €450m in the first three months of last year.

The study found that the key home purchaser segments of the market — first-time buyers and

mover purchasers — continue to dominate the market accounting for over 80% of new mortgages issued. In effect, almost 90% of all mortgage credit now goes to the home purchasing sectors of the market.

The IBF's director of public affairs Felix O'Regan said: "The lower level of new mortgage lending recorded in the first quarter comes as no surprise and has been well flagged in the monthly approvals figures published by IBF during the quarter. It reflects a front-loading of activity into Q4 2012, ahead of the ending of mortgage interest relief, as well as the traditional seasonal weakness generally seen at this time of year."

Chairman of Expert Mortgage Advisors Trevor Grant described the figures as "worrying" and stressed that "urgent" action was needed from the Government to tackle the mortgage crisis.

Meanwhile, Bank of Ireland has confirmed it will allow mortgage customers to move to a new home and have a tracker rate on the new mortgage for a period of five years.

The new tracker is their existing margin over the ECB rate, plus 1%.

At the end of a five-year period, it will revert to the prevailing variable rate, or the customer can choose an existing fixed rate.

The additional balance

of the new mortgage will be offered at new customer rates, fixed or variable. This solution is for positive or negative equity customers and also applies to trade-downs.

Ulster Bank already allows its customers who are moving home to keep their tracker and transfer it to the mortgage on the new property.

Permanent TSB is examining the issue of allowing existing customers to move home while hanging on to their tracker mortgage but a decision is not expected until the second half of the year.

AIB has said it currently has no plans to introduce such as a scheme.