



Market bounces back as mortgage approvals up 33pc

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A NEW surge in the numbers of mortgages being approved has prompted hopes that a recovery in the lending market is under way.

It comes as a rise in property prices across the country has been confirmed by official statistics.

Experts said banks had now stepped up lending to new buyers.

New figures from the Irish Banking Federation show a rise of 33pc in the numbers granted a mortgage when compared with the same month last year. Close to 1,500 mortgages were approved by the banks in February. This is a third higher than the same month last year.

Nine out of every 10 mortgage applications are now being approved, according to a survey seen by the *Irish Independent*.

The **Expert Mortgage Advisers** body, which is made up of brokers, also says it expects a 50pc rise in applications this year.

Economist with Goodbody Stockbrokers, Dermot O'Leary, said banks were now lending more to home buyers. He warned that mortgage lending was still at low levels and there was a shortage of properties in

urban areas, but he predicted higher lending by banks this year.

"While the Irish housing recovery has been in train for some time now, there are signs that the recovery continues to broaden beyond the capital and is now being supplemented by an increase in mortgage transactions," he said.

Not all of the mortgage lending approved by banks will end up being drawn down by home buyers, but the rise in approvals is a sign of increased confidence in the housing market, Mr O'Leary said.

Trend

The economist said lending was likely to reach €3.2bn this year, up a third from €2.5bn last year. The figures from the Irish Banking Federation (IBF) show that €250m a month was being approved in mortgage lending.

Head of the IBF, Noel Brett, said: "The all-important year-on-year trend is a positive indication that mortgage activity is strengthening and the market is growing – a trend we hope to see sustained in the months ahead."

But he warned continued recovery and growth in the mortgage market will crucially depend on the acute

shortage of suitable properties in key locations being addressed.

"While the Government has flagged its concern about this and its intention to address it, the publication of detailed measures is awaited," he said.

Trevor Grant of Expert Mortgage Advisers said banks were now lending more than at any stage in the last half decade.

"There are more banks actually lending than at any stage over the past five years. If applicants are in secure employment, are able to demonstrate repayment capacity and have a strong credit history, there's now a far better chance that the mortgage application will be approved," he said.

Mr Grant also said applicants now are much better prepared than they were two to three years ago.

"On the advice of their adviser they have generally eliminated the 'red flags' that lenders look at when assessing a mortgage application – such as an online gambling reference on bank or credit card statements, cash advances on credit cards, referrals or unpaid items on current account statements or not having a clear pattern of paying rent and making savings."