



Sudden change in tack has been a long time coming

Comment:

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IT has been a long time coming, but at last we seem to be on the cusp of a recovery in mortgage lending.

Crooked banks have not been financing house and apartment purchases in any serious way for the past few years.

Sure, they have promised the Government and their

taxpayer owners that they will keep the taps running on lending for property purchases. Figures, amounting to a billion euro here and a billion euro there, have been bandied about.

Despite these promises, mortgage lending has been insipid for the past few years.

But suddenly there has been a change in tack. Mortgage brokers and market observers report more lending activity than they have seen in any of the last five years. Nine out of 10 mortgage applications are now being approved, according to the broker body, the **Expert Mortgage Advisers**.

And the Professional Insurance Brokers'

Association (PIBA) has reported a strong demand for mortgages.

Close to 1,500 mortgages were approved by the banks in February. This is a third higher than the same month last year.

What has changed is a recovery in property prices that has spread beyond Dublin.

Figures released this week showed prices rose last month at the fastest pace in almost seven years.

And economists said a broad-based recovery across the country was now in place.

The figures from the Central Statistics Office show that prices jumped by 8.1pc in the year to February. And separate figures show four out of 10

young adults are living with their parents, which shows there is pent-up demand for homes to buy.

But we are a long way from where we should be in terms of mortgage lending, and property prices. Values of homes are still around half of what they were during the boom, leaving thousands in negative equity.

The lack of supply of the types of homes that people want to live in, in the places where they want to settle down, has created a bottleneck that will take at least two years to clear.

By then mortgage lending could be back to normal. And not before time.