

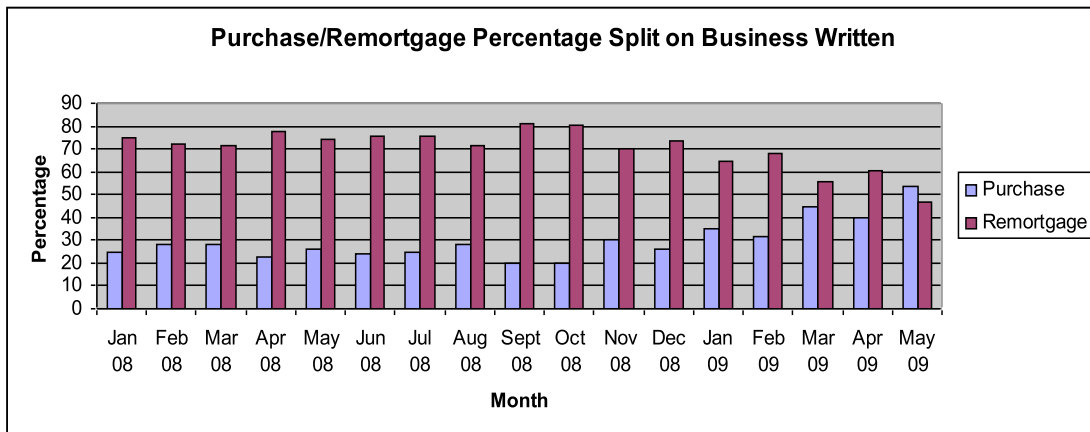
17<sup>th</sup> June 2009

## MARKET SHOWS CONTINUED SIGNS OF RECOVERY AS PURCHASES OVERTAKE REMORTGAGES FOR THE FIRST TIME SINCE 2007

- Latest John Charcol Monthly Mortgage Index shows purchases now represent over half of all new mortgage applications

Things are moving in the housing market again, according to the **John Charcol Index**, the monthly mortgage activity monitor from John Charcol, the UK's leading independent mortgage adviser, which shows a sharp increase in purchase activity this year.

"In 2008 purchases made up an average of 25% of our business, however 2009 is a very different story. Purchases have taken an increasing share over the course of the year to date, hitting 53.4% in May. Furthermore enquiries for new business have risen sharply over the last few months, particularly for purchases, and in May the proportion of mortgage enquiries for a purchase was up to 59.7%, compared to 49.0% in April. This suggests that as these enquiries translate into actual business the proportion of purchases in our business written will continue to rise over the next few months. It seems that the market is continuing to show positive signs of recovery." **comments Ray Boulger of John Charcol.**



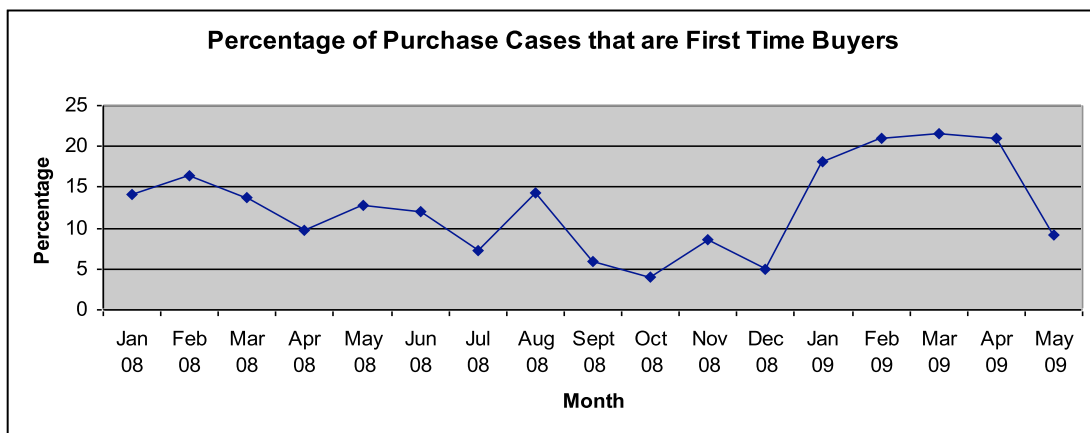
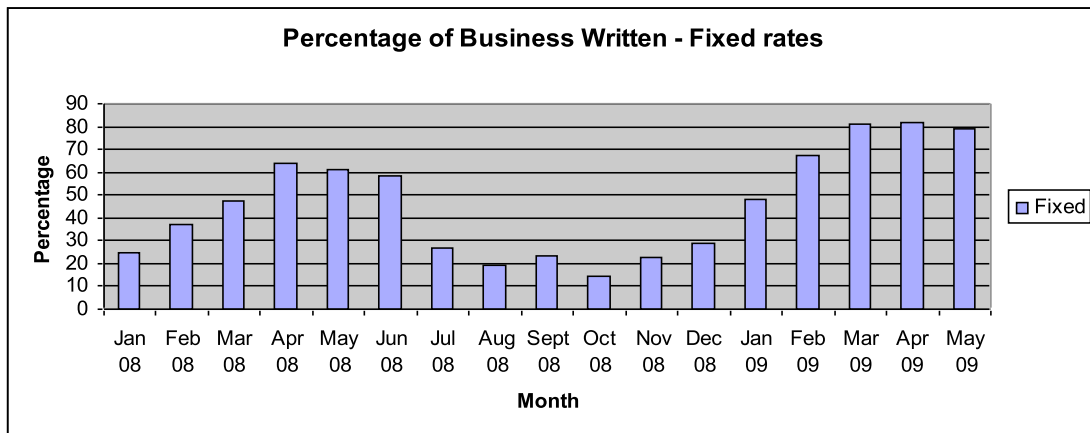
### Fixed rates still the product of choice

Boulger continues, "Although the take up of fixed rates is very slightly down from last month, they still account for some 79% of all mortgages arranged through John Charcol in May. This highlights that people are keen to seek refuge from the stormy economy and ensure they know exactly what they are paying each month for the foreseeable future. However, with the recent dramatic move north in fixed rates, next month's figures will be particularly interesting."

**The John Charcol Mortgage Index** is published monthly, tracking three important statistics, based on mortgage business written by John Charcol. The index is a leading indicator of trends being based on mortgage applications submitted to lenders, whereas figures reported by the Council of Mortgage Lenders (CML) and the Bank of England (BoE) are based on completions, which typically take place 2-3 months after the mortgage application is submitted.

The three statistics tracked each month are the percentage split:

- Between Fixed rates, Capped rates and Tracker/Discount rates\*.
- Between Purchases and Remortgages.
- Of First Time Buyers compared to all Purchasers.



**ENDS**

**Borrowers should contact John Charcol on 0800 71 81 91 or visit [www.charcol.co.uk](http://www.charcol.co.uk)**

**For further information, please contact:**

Ray Boulger  
07977 277 431

**Notes to editors:**

The fixed/capped/tracker split is heavily influenced by the advice given by John Charcol and it is to be expected that the swings between fixed and variable rates will be much greater than the figures from sources such as CML and BofE. Their statistics are made up of a mixture of advised and non advised sales and the advice offered by different brokers and lenders will vary.

**Definition of First Time Buyers**

The percentage of the purchase market taken by FTBs varies depending on definition. The Council of Mortgage Lenders treats any purchaser who is not simultaneously selling a property as being a FTB. This means that, for example, anyone who is returning to the property market after renting for a period or after a spell working as an expat will be treated as a FTB, as will someone acquiring a second property. As a result the CML estimates that it overstates the number of FTBs by about 25%, although their method of calculation is consistent and so its figures still provide a good indication of trends.

At one time many lenders offered some additional, and usually cheaper, mortgages for FTBs to choose from and lenders' definition of a FTB varied. A few lenders still offer special FTB mortgages but most don't and so there is now less reason for borrowers to want to be classified as FTBs in marginal cases

in order to qualify for a particular mortgage deal. At John Charcol only genuine FTBs are classified as such but there are situations where it is possible to argue as to whether or not a purchaser is a FTB. The most obvious is where a couple are buying and one is a genuine FTB, but the other either currently or previously owned a property. In this situation John Charcol would not normally classify the purchasers as FTBs, with the possible exception being where the actual FTB is the sole or principal earner.

<b>Purchase/Remortgage Percentage Split on Business Written</b>		
<b>2008</b>	<b>Purchase</b>	<b>Remortgage</b>
Jan	24.9	75.1
Feb	27.9	72.1
Mar	28.5	71.5
Apr	22.4	77.5
May	26.0	74.0
Jun	24.2	75.8
Jul	24.5	75.5
Aug	28.4	71.6
Sept	19.7	81.3
Oct	19.7	80.3
Nov	30.1	69.9
Dec	26.2	73.4
<b>2009</b>		
Jan	35.3	64.7
Feb	31.9	68.1
Mar	44.5	55.5
Apr	39.8	60.2
May	53.4	46.6

<b>Percentage of Purchase Cases that are First Time Buyers</b>	
<b>2008</b>	
Jan	14.1
Feb	16.5
Mar	13.7
Apr	9.8
May	12.7
Jun	12.0
Jul	7.3
Aug	14.4
Sept	5.9
Oct	4.1
Nov	8.6
Dec	5.0
<b>2009</b>	
Jan	18.1
Feb	21.0
Mar	21.6
Apr	20.9
May	9.2

<b>Percentage split of Fixed rates, Capped rates and Tracker/Discount rates</b>			
<b>2008</b>	<b>Fixed</b>	<b>Capped Tracker</b>	<b>Tracker/Discount</b>
Jan	25.0	-	75.0
Feb	36.8	-	63.2
Mar	47.6	-	52.4
Apr	63.7	-	36.3
May	61.2	-	38.8
Jun	58.2	-	41.8
Jul	26.5	-	73.5
Aug	19.2	-	80.8
Sept	23.4	0.2	76.4
Oct	14.2	-	85.8
Nov	22.9	-	77.1
Dec	29.1	-	70.9
<b>2009</b>			
Jan	47.8	-	52.2
Feb	67.4	0.3	32.3
Mar	80.9	5.1	14.0
Apr	82.0	4.6	13.4
May	78.7	1.8	19.5

#### **About John Charcol**

Your initial consultation is obligation free. There will be a minimum fee for our service of £250, of which £100 is payable when you apply, and we will retain the commission from the lender. Alternatively, you can choose the fee only option which is typically 0.63% of the amount borrowed. The precise amount will depend on your circumstances and loan amount, and will be discussed and agreed before you make an application.

#### **YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE**

**John Charcol is a trading name of Charcol Limited. Registered office: 2nd Floor Chancery House, 53-64 Chancery Lane, London WC2A 1QU. Registered in England No: 3397767. Charcol Limited is authorised and regulated by the Financial Services Authority (FSA reg. 427339). Calls to John Charcol may be recorded for training and monitoring purposes**