



NAMA National Housing Supply Conference

Project and Mortgage Finance:
Future Trends

11th September 2014

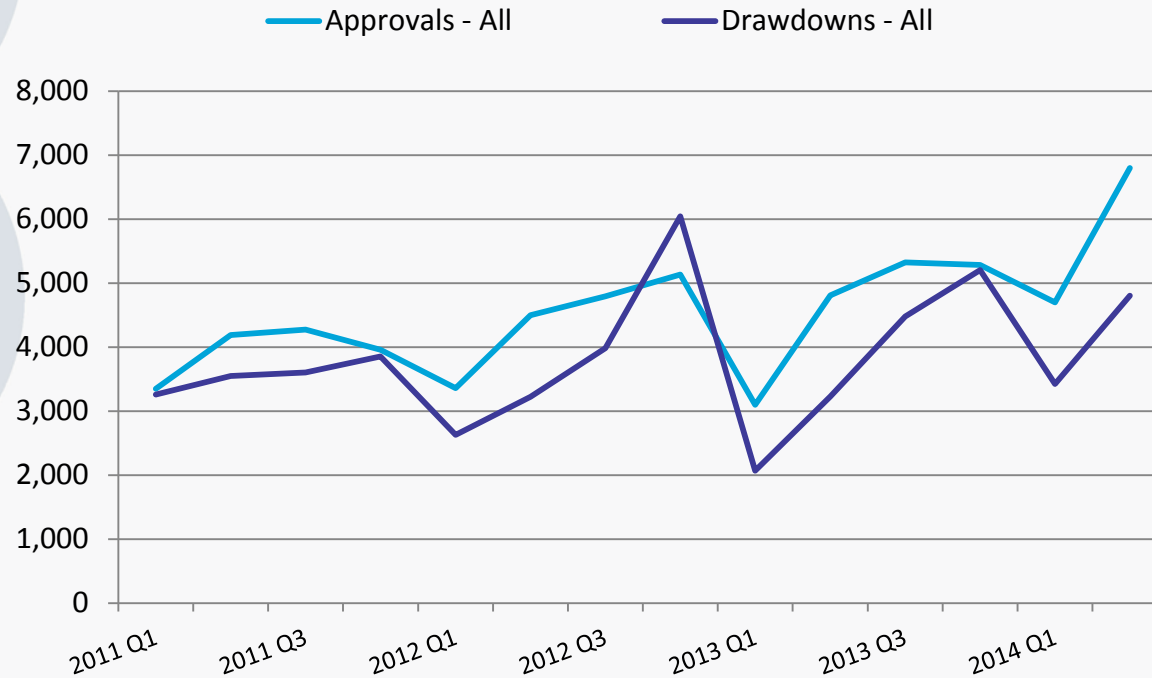
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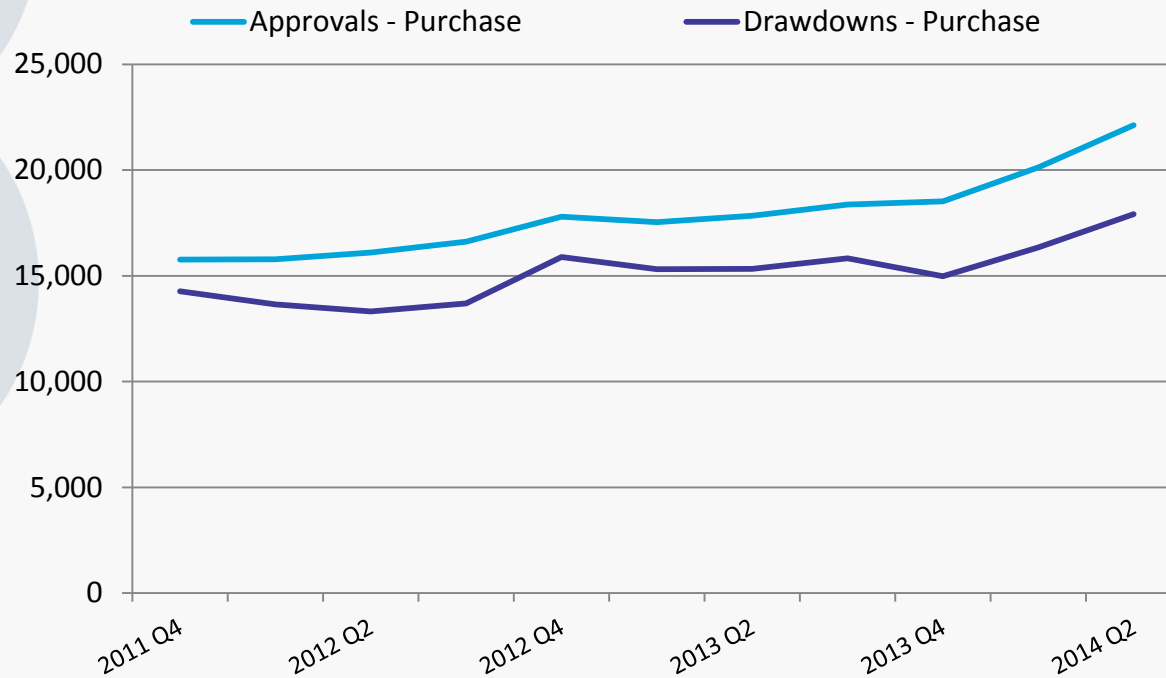
Mortgages Volumes – Approvals/drawdowns

Mortgages - Volume



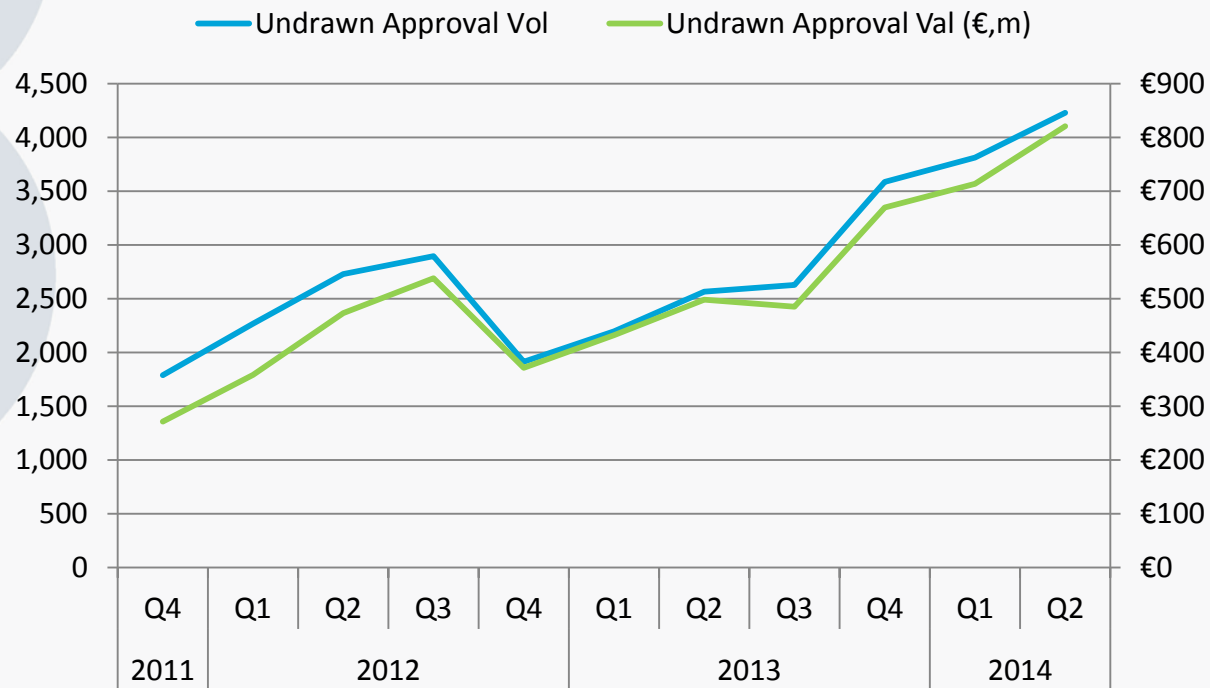
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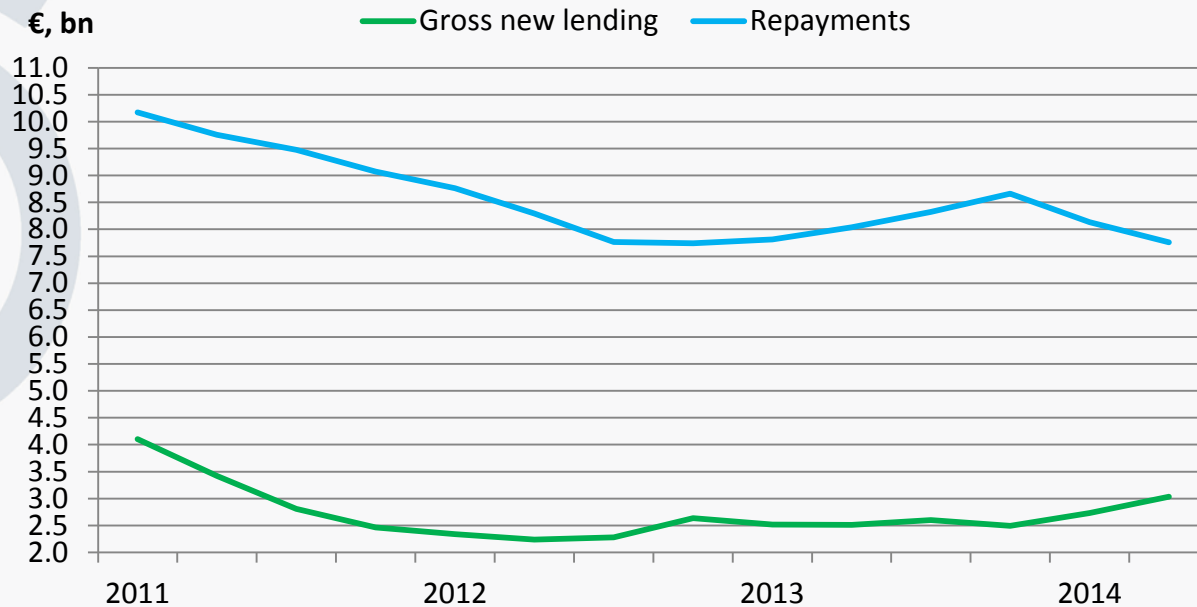


Mortgage Finance – Undrawn Approvals

Undrawn Approvals - Annualised



Mortgage Finance – New lending/flowback Estimated PDH mortgage repayments - annualised



Mortgage Finance

- Availability of mortgage finance is not an issue
- Banks underwriting criteria focus on affordability
 - Loan to value
 - Loan to income
 - Borrower deposits – track record
- Tracker portability and negative equity products available

Mortgage finance

- Significant pipeline of mortgage approved customers
 - Volume of cash buyers expected to diminish
- House Price inflation driven by housing demand/supply issues
 - Peak-to-trough price trends

Development Finance- future trends

- Housing provision is growing
...but more is needed
- Development Finance Available
 - Loan to value 60/70%
 - Some level of equity funding available
 - Minimal development finance demand outside Greater Dublin
 - Greater Dublin finance demand well below capacity
 - Lending capacity

Key Challenges – Development Finance

- Equity Funding
 - Developer balance sheets/cash resources
 - Significant (equity) funding requirement to support development finance
 - Reluctance to engage with private equity providers (cost/return/control)
- Role of banks to engage developers/ private equity providers

Key Challenges – Development Finance

- Availability of “ready to go” sites
 - Appropriate planning permissions?
 - Planning time frames/consistency of approach
 - Infrastructure deficiencies
- Impacts volume delivery and timelines
- NAMA/Banks/Developers working together

Key Challenges – Development Finance

- Sponsor/contractor strength and experience
 - Balance sheet strength
 - Strong sponsor (covenant) support
 - Large scale housing/apartment schemes
- Financial viability
 - Development/construction costs stubbornly high
- Affordability/suitability
 - Suitable product/suitable locations
 - Availability at difference price points
 - Site prices

Project & Mortgage Finance – future trends

- Mortgage finance
 - Trending appropriately
 - Mortgage market intervention?
- Development finance
 - Capacity/opportunity
 - Equity funding solutions
 - Non bank issues/solutions
 - NAMA/Banks/Developers



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