

Secured lending plummets by almost half in three years

The number of businesses being granted mortgages and secured loans has fallen by 46pc since 2007, an analysis of Companies House data has revealed.



By **James Hurley** 9:26AM GMT 31 Dec 2010

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Research conducted by credit referencing agency Graydon UK, which looked at the number of successful finance deals recorded by limited companies over the last ten years, revealed that there were 88,000 fewer mortgages and secured loans registered in 2010 than in 2007.

Since all limited companies have to inform Companies House after providing collateral security to support a loan, Graydon said the figures provide further evidence that it has become harder for businesses to access finance from traditional sources in the wake of the credit crisis.

Commercial property advisers Leaseholders United said the fall could partly be attributed to banks undervaluing companies' property when considering them as security for a loan because of inadequate market data in the UK commercial property market, making businesses more likely to rely on expensive unsecured debt or forgo loans completely.

The Investment Property Databank (IPD) Index, the standard benchmark for investors analysing the UK property market, reported a fall in capital values of 44pc from a peak in June 2007 to a trough in July last year.

However, Nick Brown, head of marketing at Leaseholders United, said there was "real uncertainty" as to the value of commercial property, and banks and valuers' subsequent caution made it harder for companies to secure fairly-priced lending. "The 44pc drop in value is totally in line with the 46pc drop in lending. However, the IPD Index only deals with the top 10pc of UK commercial property. There is real uncertainty as to the value, for security purposes, of UK commercial property."

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