

# FSA "short-sighted" over commercial property lending problems, says Hatfield Philips

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**Problems facing commercial property lending have been "underestimated" by the Financial Services Authority, Hatfield Philips has said.**

The primary and special servicer said the FSA had been short-sighted in its Financial Risk Outlook 2010, published earlier this month.

Hatfield Philips said the document does not "*stress the real severity of the issues faced by the banks*".

It also said the government's strategy of committing Lloyds and RBS to increase lending to £94bn presents further problems.

"*The government's desire to force banks to lend more could be fundamentally unrealizable until the market itself recovers,*" it said.

Stewart Hotston, director of compliance and reporting, Hatfield Philips, said: "*The problems facing the commercial property market are severe.*"

"*The questions facing lenders are not simply about lending more debt but whether they can afford to lend, whether the market can sustain more debt and just how quickly the economy will recover.*"

"*Successfully emerging from this recession will need a more considered approach and should demonstrate that both balance sheet lenders and the CMBS market are managing their way through the problem.*"

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