

National Mortgage Index

Under embargo until 00:01hrs on 20.12.17



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Head of Lending
Mortgage Advice Bureau

Market steady despite interest rate rise and Autumn Budget

In a month bookended by the first interest rate rise in nine years, and a windfall for First Time Buyers with an exemption on Stamp Duty and Land Tax (SDLT) introduced in Chancellor Hammond's maiden Autumn Budget, the UK housing market proved reasonably resilient.

Overall, the data for November saw prices hold firm in many areas in terms of purchase prices, and although growth was limited, given that we would expect to see a slight cool-down in prices as we head towards the holidays as is seasonally the norm, the fact that most areas saw a small increase in prices suggests that consumer confidence remained undimmed by the 25 bps rise. With this in mind, we observed slight movements on key indicators, including:

- Average purchase price in November 17 rose slightly to £248,202 from £246,782, a 0.6% month on month increase.
- Average remortgage loan size decreased in November 17 to £174,402 from £176,186 in October 17, a 1% fall on the previous month.
- Average First Time Buyer purchase price dropped very slightly in November 17 to £192,464 a fall of 0.4% on the previous month (£192,464).

Mortgage Advice Bureau data is based upon mortgage applications, therefore this provides a reliable indicator in terms of consumer activity.

The story of 2017 has been a lack of available properties for sale in many areas, which has created upwards pressure on prices that has been evident in most regions. Of course, this is a double edged sword; great news for the homeowner who is sat on

an appreciating asset, but very difficult for those who want to get on or move up the property ladder, particularly given that wage growth hasn't kept in line with property values. In contrast we've seen that prices and activity in areas such as London and the South East have cooled in the last few months, which hopefully will assist those who wish to purchase around the capital. However, where property affordability and perhaps a better lifestyle conjuncts with improved transport links, such as the West Midlands and East of England, and buyers can get more for their money yet still reasonably commute into the City, we're seeing a pattern of these areas still experiencing price increases, a picture which is quite likely to continue for some time to come. According to HMRC's figures, we've seen a steady number of transactions over 100,000 every month this year, which does underscore continued demand.

In terms of the market going forward, it's still too early to tell if the recent introduction of the SDLT exemption for First Time Buyers will make as much of an impact as the Government hopes, or if any saving will be mitigated by the price of properties coming to market that would fall within the exemption amounts being marketed at a premium due to a rise in demand, which has also been predicted by some in the industry.

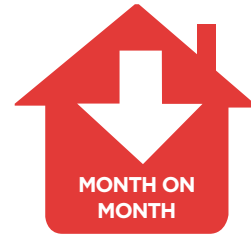
What is safe to say is that, in a year where we saw many potentially disruptive factors such as Article 50 being triggered, coupled with an ongoing economic backdrop which at best could have been described as cautious, instead of bringing the UK property market to its knees, it's remained consistent and reasonably steady in real terms, which will provide us with a stable start to 2018.

Residential Purchase



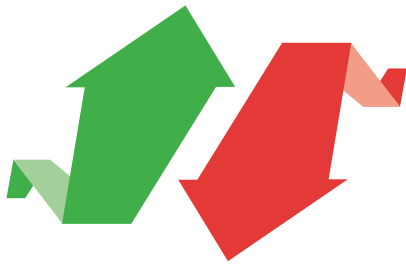
Average purchase loan

£172,919 in Nov 17, **1.1%** higher than in Oct 17, (**£171,114**) and increased by **0.6%** on Nov 16 (**£171,834**).



Amount of purchase applicants who opted for fixed rate products

In Nov 17, **93.7%** of borrowers fixed their mortgage, a slight decrease from Oct 17 (**97.4%**) and broadly similar to Nov 16 (**94%**).



Typical LTVs

Unchanged month on month at **69%** in Nov 17 and also unchanged year on year from **69%** in Nov 16.



Average applicant age

36 years old, unchanged month on month and unchanged year on year.



42 yrs
(average Nov 2017)
Residential Remortgage



45 yrs
(average Nov 2017)
Buy-To-Let Purchase



31 yrs
(average Nov 2017)
First Time Buyer



Change in the average purchase price

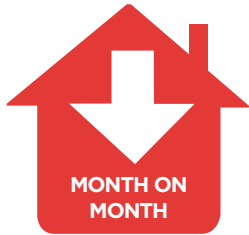
Increased in Nov 17 by **0.6%** to **£248,202**, from **£246,782** and increased **0.6%** year on year from **£246,807** in Nov 16.



Change in average purchase salaries

£36,329 in Nov 17, broadly unchanged on Oct 17 (**£36,254**) and also similar to Nov 16 (**£36,093**).

Residential Remortgage



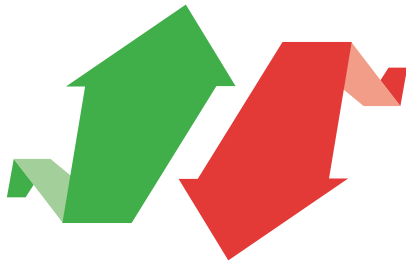
Average remortgage loan

£174,402 in Nov 17, a month on month decrease of **1%** on Oct 17 (**£176,186**) and a year on year increase of **1.5%** on Nov 16 (**£171,794**).



Amount of remortgage applicants who opted for fixed rate products

In Nov 17, **96%** of borrowers fixed their mortgage, unchanged month on month and up **6.2%** on Nov 16 (**90.4%**).



Typical LTVs

Remain unchanged month on month at **55%** in Nov 17 and also unchanged year on year.



Average applicant age

42 years in Nov 17, decreased on Oct 17 (**43**) and Nov 16 (**43**).



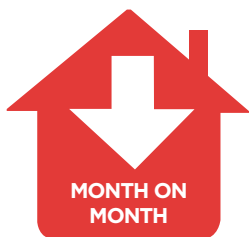
45 yrs
(average Nov 2017)
Buy-To-Let Purchase



36 yrs
(average Nov 2017)
Residential Purchase

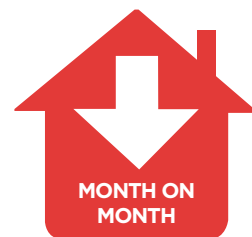


31 yrs
(average Nov 2017)
First Time Buyer



Change in the average remortgage property value

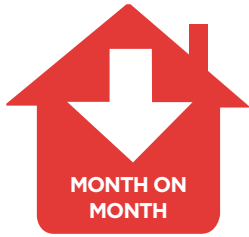
A decrease of **0.5%** to **£316,215** in Nov 17 from **£317,946** in Oct 17, and increased by **1.8%** on Nov 16 (**£310,660**).



Change in average remortgage salaries

A decrease of **3.3%** to **£42,231** in Nov 17 from **£43,666** in Oct 17, and increased by **1.5%** on Nov 16 (**£41,615**).

Buy-To-Let Purchase



Average BTL purchase loan

£130,449 in Nov 17, a decrease of **(0.65%)** on Oct 17 (**£131,309**) and also **4.45%** lower than Nov 16 (**£136,535**).



Amount of BTL purchase applicants who opted for fixed rate products

In Nov 17, **98%** of BTL borrowers fixed their mortgage, up on Oct 17 (**94.6%**) and also increased on Nov 16 when **89.4%** of BTL borrowers fixed their mortgage.



Typical LTVs

In Nov 17, the average BTL purchase LTV was **68%**, unchanged month on month and year on year.



Average applicant age

45 in Nov 17, unchanged month on month and year on year.



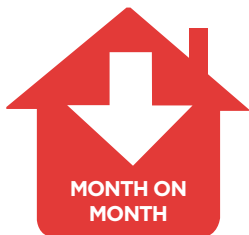
42 yrs
(average Nov 2017)
Residential Remortgage



36 yrs
(average Nov 2017)
Residential Purchase



31 yrs
(average Nov 2017)
First Time Buyer



Change in average BTL purchase price

Decreased in Nov 17 to **£192,464** from Oct 17 (**£193,260**), and decreased on Nov 16 (**£200,540**), an annual drop of **4.02%**.



Change in average BTL purchase salaries

A slight decrease in Nov 17 to **£37,283** from **£38,171** in Oct 17, and a decrease of **9.33%** on Nov 16 (**£41,120**).

First Time Buyers



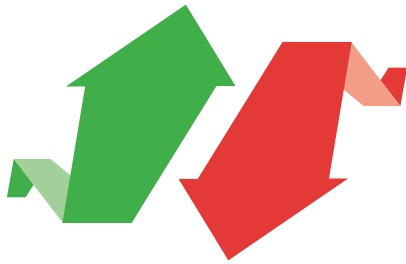
Average FTB purchase loan

Increased in Nov 17 at **£154,111**, from **£153,311** in Oct 17.



Amount of FTB purchase applicants who opted for fixed rate products

Unchanged month on month in Nov 17 at **98%**.



Typical LTVs

73% in Nov 17, unchanged from Oct 17.



Average applicant age

31 in Nov 17, unchanged month on month.



45 yrs
(average Nov 2017)
Buy-To-Let
Purchase



42 yrs
(average Nov 2017)
Residential
Remortgage



36 yrs
(average Nov 2017)
Residential
Purchase



Change in the average FTB purchase price

Increased in Nov 17 to **£211,402** from **£210,497** in Oct 17, an increase of **0.42%**.



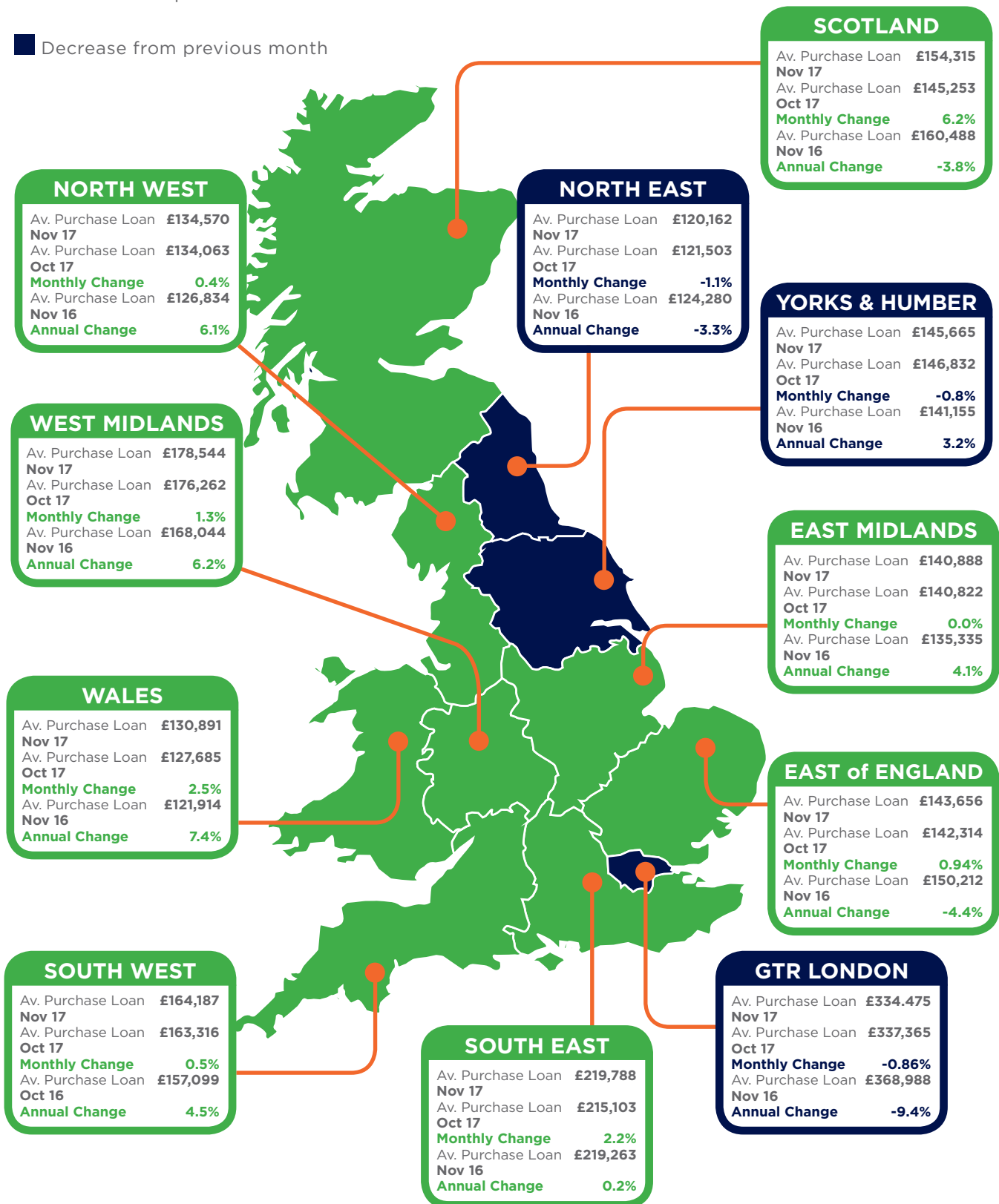
Change in average FTB purchase salaries

Marginally unchanged in Nov 17 to **£31,006** from **£31,953** in Oct 17.

Regional Purchase Loan Analysis

■ Increase from previous month

■ Decrease from previous month



Regional Market Commentary

Mortgage Advice Bureau advisers from around the UK give their views...

Rachel Geddes - London

"November proved to be really busy for us, with the interest rate rise at the beginning of the month and the changes to SLDT towards the latter end of the month both stimulating activity, just for slightly different reasons.

The interest rate decision had an almost immediate impact on the number of clients we spoke to about remortgaging; indeed, the majority of our business last month was arranging remortgage deals for both new and existing clients. Even though the increase had been well-signposted by the Bank of England in the lead up to the announcement, it would appear that a lot of homeowners took the 'we'll deal with it when it happens' approach. Therefore, when the increase came, those who were still on their lender's Standard Variable Rate were spurred into action, both in terms of owner occupiers looking for longer term fixed rates to ensure stability of monthly payments, but also Buy To Let investors who took the opportunity to lock into the cheap fixed deals available to re-gear their portfolios to ensure maximum profitability.

We then saw another burst of activity after November 22nd, when the changes to SDLT were announced as part of the Autumn Budget, with First Time Buyers actively aiming to negotiate on deals to benefit from the exemption. We've already seen a trend whereby First Time Buyers in London are offering at or below £500,000 on properties currently marketed at £525,000 and £550,000 with many deals being accepted, and expect this to continue for the foreseeable future due to the new legislation.

In other areas of the market, we saw family movers continue with their plans and this area of the market remain steady, and some seasoned investors adding to their portfolios in November, with numbers at or around what we would consider to be normal for the time of year. However, First Time Buyer activity was by far the busiest sector in terms of purchase business.

Overall, as far as we can observe, the interest rate decision has made no difference to consumer confidence in London and surrounding areas, it's just encouraged clients to think ahead and actively plan their finances, which is a positive move, and one that we believe will continue in the coming months, particularly given that another rate rise is likely at some point in 2018."

Richard Hullin - Swansea

"The changes to Stamp Duty last month were big news, with the specific Stamp Duty scheme for Wales as of 2018 being welcomed locally, as this will provide an exemption on tax for all buyers from April 2018 on properties up to £180,000. Up until then, First Time Buyers will benefit from the rules applying to the rest of the country in terms of the new exemption scheme that was announced as part of the Autumn Budget, which did stimulate enquiries as a result.

The interest rate rise at the beginning of the month was mentioned in most conversations, both with buyers and those remortgaging, and led to the majority of mortgages we arranged being of a fixed rate, with the popularity of three and five year deals increasing.

In terms of Buy To Let, November saw a number of existing portfolio landlords re-gearing their properties, although this is now a more complex process than it was previously. Therefore, savvy investors are now approaching this as a business planning exercise for next year, which many started last month with us to

ensure that they were able to fix onto new, competitively priced deals in good time.

Overall, the confidence that we've observed in the local market over the past few months continued in November, with prices still strong. There is still very much a demand from buyers at all levels, and as has been the case for most of the last year, there still aren't enough properties on the market which is helping to keep values at their current levels."

Lisa Berrido - Manchester

"The news of the interest rate rise and updated Stamp Duty rules for first time buyers stimulated a lot of conversations with our clients last month, who wanted to understand what the changes meant with regards their personal circumstances. As a result, we saw a significant increase in business in November, particularly on arranging remortgages for clients. The changes in Stamp Duty have promoted the First Time Buyers that we've already spoken with to start applying for a mortgage so that they are ready to go in January. Elsewhere in the market, home mover activity remains steady, with the interest rate decision not really affecting those who were already committed to moving.

The one change we have observed is that both those remortgaging and buying, regardless of where they are on the ladder, are now mostly opting for five year fixed rates, and we've seen a big swing away from the two year fixed rate deals that previously were so popular.

In terms of property values locally, there continues to be a less properties available to buy than demand requires, which is leading to asking prices being achieved in the majority of transactions, and in some cases deals are being concluded on an 'offers over asking price' basis. This has led to prices maintaining their current momentum, and means that we're continuing to see a sellers' market, with little, if any, negotiating room for buyers."

Aaron Frizzel - Edinburgh

"Last month was steadily busy, with the main driver being purchasers who wanted to get the keys to their new home for Christmas. As a consequence, we saw purchase business increase month on month at all levels, from First Time Buyers to the top end of the market.

Of course, the interest rate increase drove remortgage enquiries, with consumer awareness of the availability of low rate fixed mortgages meaning that a number of clients approached us who had decided to seek a competitive new deal.

One other trend we observed last month was that Buy To Let remortgage business increased significantly, which we'd suggest was due to savvy landlords re-gearing their portfolios to extract the maximum yields possible. That said, we also saw an uptick in investors seeing opportunities and adding to their portfolios, underscoring continued market confidence.

Property values locally remain solid, as buyer demand is still in evidence at all levels but price growth seem to stabilise last month. That said, offers over asking price aren't as prevalent as they were back in the Summer, although for significant or exceptional properties, there is still significant competition."

Contact Details

The National Mortgage Index

The monthly National Mortgage Index has been created by mortgage broker Mortgage Advice Bureau to provide the most comprehensive overview of the UK mortgage market by an mortgage broker.

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Breakdown of regions

North East: Northumberland | Cumbria | Tyne & Wear | Cleveland

Yorkshire & Humber: North, West and South Yorkshire | Humberside

North West: Lancashire | Greater Manchester | Merseyside and Cheshire

East Midlands: Derbyshire | Nottingham | Lincolnshire | Leicestershire

West Midlands: Shropshire | Stafford | West Midlands | Warwickshire | Hereford & Worcester

East of England: Norfolk | Suffolk | Cambs

South East: Essex | Herts | Beds | Bucks | Oxon | Berks | Surrey | Hants | West & East Sussex | Kent

South West: Glos | Avon | Wilts | Somerset | Devon | Dorset | Cornwall

Wales: All

Greater London: All

Scotland: All

About Mortgage Advice Bureau

The National Mortgage Index is based on monthly applications data compiled from over 1000 advisers across the UK. All figures quoted are three month averages unless otherwise specified.

Mortgage Advice Bureau is a mortgage network and the UK's best-known broker brand, winning over 70 national awards for the quality of its advice and service in each of the last five years.

It has over 1000 advisers offering expert mortgage advice on a local, regional and national level to UK consumers. Mortgage Advice Bureau handles over £12bn of loans annually. It was the first - and is currently the only - mortgage intermediary to have floated on the London Stock Exchange, having joined the Alternative Investment Market (AIM) in November 2014.

¹Based on Opinium Research, Summer 2017.