



National Mortgage Index

Under embargo until 00:01hrs on 29.11.19

Brian Murphy | Head of Lending Mortgage Advice Bureau

November 2019

Reporting on

October 2019

data

Delayed Brexit doesn't deter buyers in October

With news mid-month that Brexit was going to be delayed and a December general election rumoured but at the time not yet confirmed, one would be forgiven for thinking that the UK property market would have stalled in October as a result. However, reviewing the available data for the month, the forward momentum we've seen for most of this year in many parts of the country was still very much in evidence.

Whilst property values may have softened slightly in a few regions - apart from London and the South East, where conditions have been markedly different to the rest of the country for the last 24 months or so - transaction levels remained at very respectable levels for purchases. First Time Buyer activity was particularly evident, and we would suggest that in many cases, this group were taking advantage of slightly more subdued conditions together with favourable borrowing conditions, including the choice of a number of innovative 'family' mortgage products available from several lenders. These particular products enable a parent or family member to lodge their savings in an interest-bearing linked account for a certain period, rather than having to gift the funds required for the deposit. Together with buyers continuing to utilise the Help to Buy Equity Loan scheme, this supports the narrative from other industry data sources,

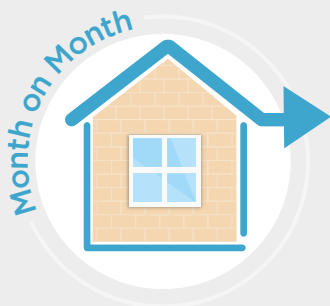
such as UK Finance, which suggests that overall mortgage application numbers from First Time Buyers have continued to increase throughout 2019.

There was also a significant demand for remortgages in October, which came as no surprise due to the volumes of previously arranged fixed rate products due for expiry. With mortgage rates so low at the moment, many borrowers are finding that they are able to swap to a new deal which enables them to either reduce their monthly payments, or slightly overpay each month and in doing so, reduce their outstanding balance within a shorter timescale, either of which is of course a great result. Consumers are also benefitting from a highly competitive lending market, with rates at or close to all time low levels.

Looking at the key indicators for the main borrowing groups, these mostly remained relatively stable in October with nothing other than marginal changes, as has been the case since the start of this year. We would suggest that this points to consumer appetite for property remaining relatively consistent, regardless of political and economic headlines, which moving into the final months of 2019 will probably be seen by many as a positive.

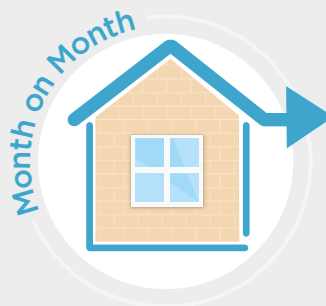


Residential Purchase



Average purchase loan

£174,544 in Oct 19, broadly unchanged from Sept 19 (**£175,454**) but increased by **2.2%** on Oct 18 (**£170,799**)



Amount of purchase applicants who opted for fixed rate products

In Oct 19, **98.2%** of borrowers fixed their mortgage, mostly unchanged from Sept 19 (**98%**) and slightly increased on Oct 18 (**97.5%**)



Typical LTVs

Mostly unchanged in Oct 19 at **70.7%** from Sept 19 (**70.6%**) and also similar to Oct 18 (**70.6%**)



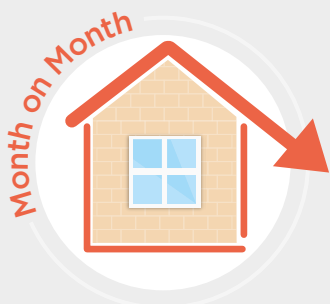
Average applicant age

36 years old in Oct 19, unchanged month on month and year on year.

42 yrs - Buy-To-Let Purchase in Oct 19

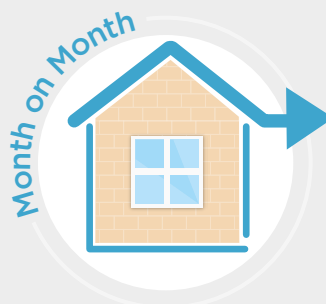
43 yrs - Residential Remortgage in Oct 19

31 yrs - First Time Buyer in Oct 19



Change in the average purchase price

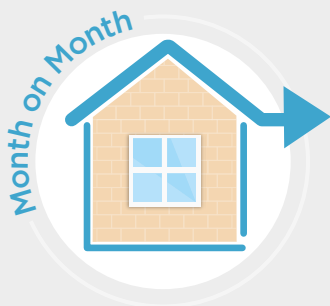
£246,758 in Oct 19, a slight reduction of **0.7%** from Sept 19 (**£248,560**) but increased year on year by **2%** since Oct 18 (**£242,035**)



Change in average purchase salaries

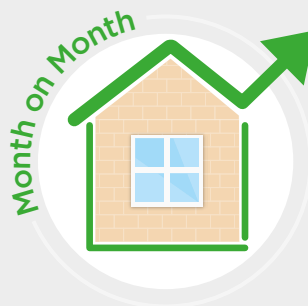
£36,888 in Oct 19, almost unchanged on Sept 19 (**£36,817**) and increased by 2.13% on Oct 18 (**£36,120**)

Residential Remortgage



Average remortgage loan

£176,674 in Oct 19, broadly similar to Sept 19 (**£176,008**) but increased by **2.4%** on Oct 18 (**£172,616**)



Amount of remortgage applicants who opted for fixed rate products

In Oct 19, **98.3%** of borrowers fixed their mortgage, increased on Sept 19 (**94.6%**) and also on Oct 18 (**95.1%**)



Typical LTVs

57.2% in Oct 19, hardly changed on Sept 19 (**57.7%**) but increased slightly on Oct 18 (**56.5%**)



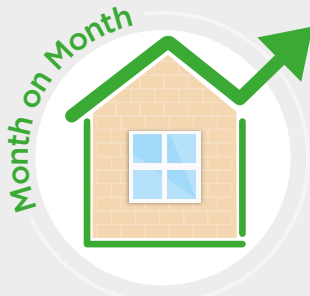
Average applicant age

42 years old in Oct 19, unchanged month on month and year on year

42 yrs - Buy-To-Let Purchase in Oct 19

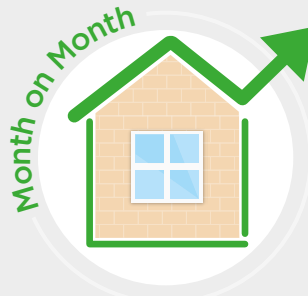
36 yrs - Residential Purchase in Oct 19

31 yrs - First Time Buyer in Oct 19



Change in the average remortgage property value

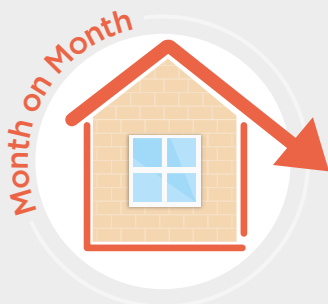
£309,062 in Oct 19, increased by **1.3%** from Sept 19 (**£305,226**) and also increased by **1.1%** on Oct 18 (**£305,551**)



Change in average remortgage salaries

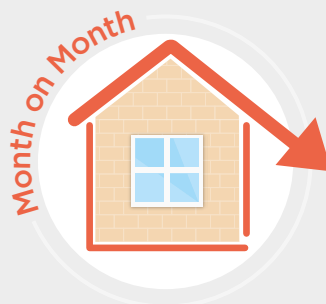
£43,649 in Oct 19, increased by **1.4%** from Sept 19 (**£43,066**) but decreased by **2.3%** from Oct 18 (**£44,694**)

Buy-To-Let Purchase



Average BTL purchase loan

£123,899 in Oct 19, slightly decreased by **0.80%** on Sept 19 (**£124,901**) and also decreased by **3.78%** on Oct 18 (**£128,770**)



Amount of BTL purchase applicants who opted for fixed rate products

In Oct 19, **98.6%** of borrowers fixed their mortgage, unchanged on Sept 19 (**98.6%**) but increased by **1.9%** on Oct 18



Typical LTVs

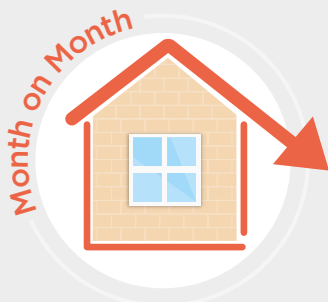
In Oct 19, the average BTL purchase LTV was **69.9%**, broadly similar to Sept 19 (**70.01%**) and increased slightly on Oct 18 (**67.2%**)



Average applicant age

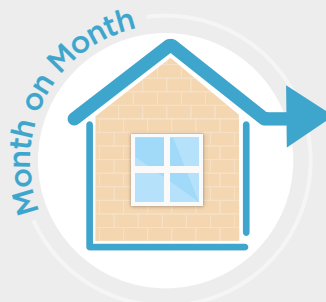
42 in Oct 19, unchanged month on month but decreased on Oct 18 (**45**).

43 yrs - Residential Remortgage in Oct 19
36 yrs - Residential Purchase in Oct 19
31 yrs - First Time Buyer in Oct 19



Change in the average BTL purchase price

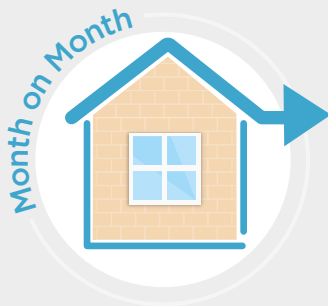
£177,148 in Oct 19, a slight decrease of **0.5%** on Sept 19 (**£178,049**) but a significant reduction of **7.60%** on Oct 18 (**£191,726**)



Change in average BTL purchase salaries

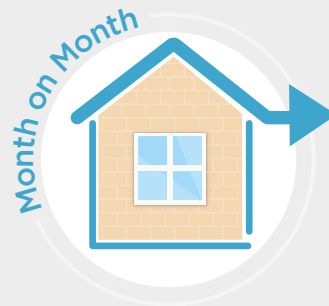
£39,698 in Oct 19, broadly similar to Sept 19 (**£39,917**) but slightly decreased by **0.99%** on Oct 18 (**£40,098**)

First Time Buyers



Average FTB purchase loan

£161,379 in Oct 19, broadly similar to Sept 19 (**£161,859**) but increased by **4.95%** on Oct 18 (**£153,390**)



Amount of FTB purchase applicants who opted for fixed rate products

99.4% in Oct 19, slightly increased from Sept 19 (**97.4%**) but broadly similar to Oct 18 (**99.1%**)



Typical LTVs

73.3% in Oct 19, modestly increased when compared to Sept 19 (**72.5%**) but slightly lower than Oct 18 (**74.2%**)



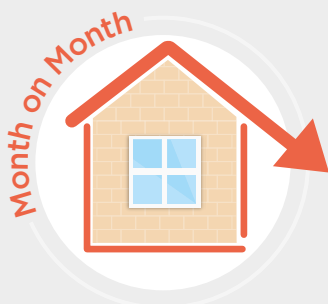
Average applicant age

31 years old in Oct 19, unchanged month on month and year on year

42 yrs - Buy-To-let Purchase in July 19

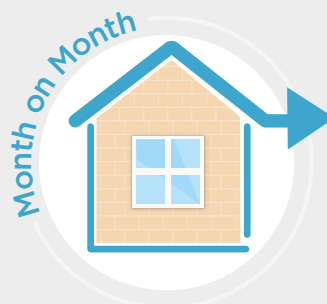
43 yrs - Residential Remortgage in July 19

36 yrs - Residential Purchase in July 19



Change in the average FTB purchase price

£220,674 in Oct 19, a slight decrease of **1.3%** on Sept 19 (**£223,674**) but increased by **6.3%** on Oct 18 (**£206,625**)



Change in average FTB purchase salaries

£33,634 in Oct 19, hardly changed on Sept 19 (**£33,617**) but increased by **6.5%** since Oct 18 (**£31,425**)

Regional Mortgage Analysis

November 2019 reporting on
October 2019 data

- ▲ Increase from previous month
- ▼ Decrease from previous month

▲ SCOTLAND

Av. Purchase Loan **Oct 19** £154,599
 Av. Purchase Loan **Sept 19** £151,811
Monthly Change +1.8%
 Av. Purchase Loan **July 18** £147,326
Annual Change +4.9%

▼ NORTH WEST

Av. Purchase Loan **Oct 19** £149,650
 Av. Purchase Loan **Sept 19** £150,296
Monthly Change -0.4%
 Av. Purchase Loan **Oct 18** £145,737
Annual Change +2.7%

▼ WEST MIDLANDS

Av. Purchase Loan **Oct 19** £188,677
 Av. Purchase Loan **Sept 19** £189,563
Monthly Change -0.5%
 Av. Purchase Loan **Oct 18** £177,713
Annual Change +6.2%

▲ WALES

Av. Purchase Loan **Oct 19** £138,234
 Av. Purchase Loan **Sept 19** £135,983
Monthly Change +1.7%
 Av. Purchase Loan **Oct 18** £128,948
Annual Change +7.2%

▲ SOUTH WEST

Av. Purchase Loan **Oct 19** £185,051
 Av. Purchase Loan **Sept 19** £181,016
Monthly Change +2.2%
 Av. Purchase Loan **Oct 18** £171,317
Annual Change +8.0%

▼ SOUTH EAST

Av. Purchase Loan **Oct 19** £211,993
 Av. Purchase Loan **Sept 19** £213,056
Monthly Change -0.5%
 Av. Purchase Loan **Oct 18** £220,122
Annual Change -3.7%

▼ NORTH EAST

Av. Purchase Loan **Oct 19** £125,554
 Av. Purchase Loan **Sept 19** £126,298
Monthly Change -0.6%
 Av. Purchase Loan **Oct 18** £120,887
Annual Change +3.9%

▼ YORKSHIRE & THE HUMBER

Av. Purchase Loan **Oct 19** £143,952
 Av. Purchase Loan **Sept 19** £143,908
Monthly Change 0%
 Av. Purchase Loan **Oct 18** £144,913
Annual Change -0.7%

▲ EAST MIDLANDS

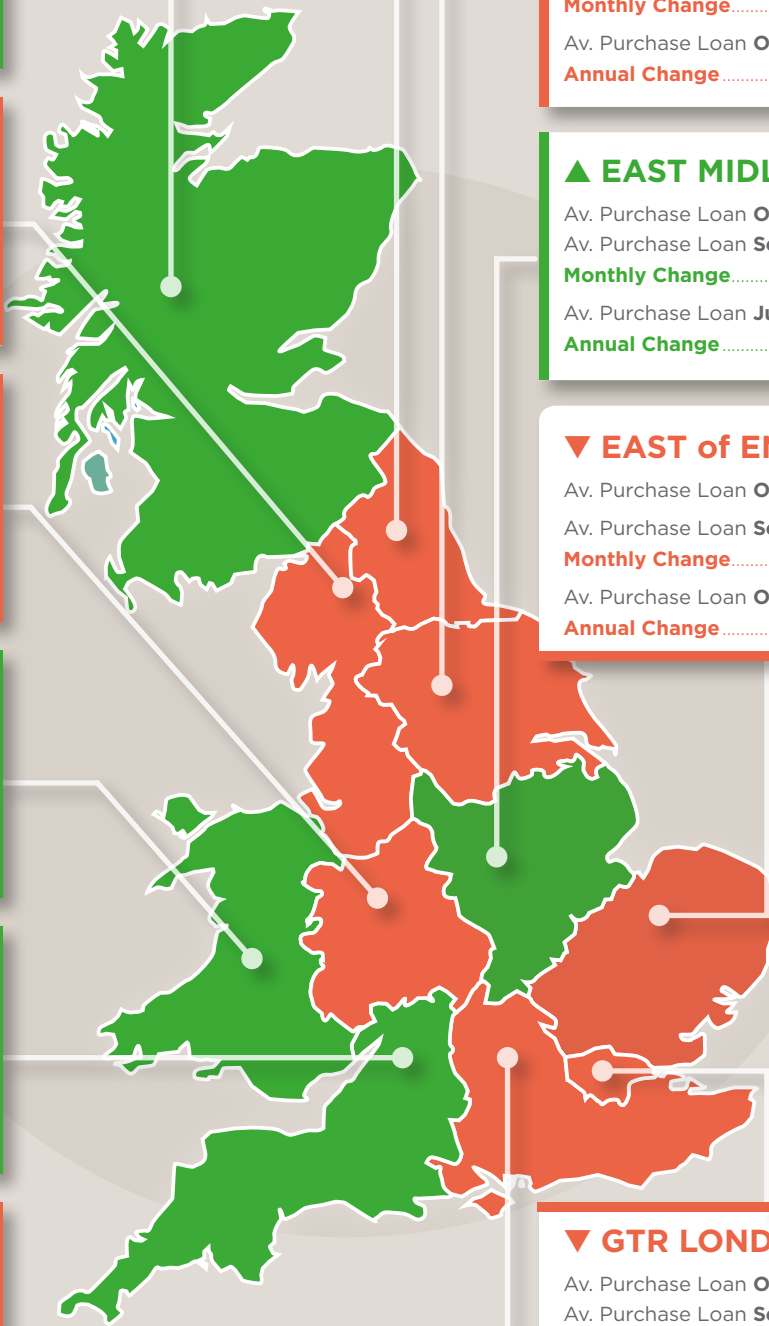
Av. Purchase Loan **Oct 19** £152,363
 Av. Purchase Loan **Sept 19** £152,163
Monthly Change +0.1%
 Av. Purchase Loan **July 18** £142,030
Annual Change +7.3%

▼ EAST of ENGLAND

Av. Purchase Loan **Oct 19** £168,382
 Av. Purchase Loan **Sept 19** £179,704
Monthly Change -6.30%
 Av. Purchase Loan **Oct 18** £165,594
Annual Change +1.7%

▼ GTR LONDON

Av. Purchase Loan **Oct 19** £268,370
 Av. Purchase Loan **Sept 19** £279,225
Monthly Change -3.53%
 Av. Purchase Loan **Oct 18** £306,431
Annual Change -12.1%



Regional Market Commentary

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

Dylan Kelly - Edinburgh

“October was a solid month north of the border; we’ve been largely insulated from most of the political and economic uncertainty that other parts of the UK have perhaps experienced recently, with buyer and seller confidence in and around Edinburgh remaining consistent since the start of 2019. As a consequence, the number of clients that we’ve assisted, both those who are seeking mortgages to purchase and those who wish to remortgage, we were definitely on an upwards trajectory in October when compared to September and the same period last year.

In terms of the clients who were purchasing in October, we observed a significant upturn in the numbers of First Time Buyers across the month, both on a month on month and year on year basis. Interestingly, there was a good mix of those taking up the opportunity to purchase a new build property via Help To Buy or a Shared Ownership scheme, and those who preferred to purchase an existing property, either by utilising gifted deposits from ‘the Bank of Mum and Dad’ or one of the innovative ‘Family Springboard’ products, with a deposit loaned to them by a parent or relative. Families and those at the upper end of the market seeking larger properties were still active, with levels of transactions from these groups also appearing consistent since the start of this year, a trend which continued into October.

The central belt of Scotland, for example Edinburgh and Fife in particular have seen buoyant markets of late, as well as significant investment by homebuilders and developers, in response to consumer demand for new build properties in these areas. Market confidence is further underlined by the number of landlords who asked us for assistance last month in arranging Buy To Let mortgages for purchase, to enable them to add to their existing portfolios, as well as new investors entering the market.

These positive conditions have all contributed towards average property values in and around Edinburgh being maintained at constant level with very little change since the beginning of this year, with a ‘feel good’ factor evident in many of our conversations with both clients and the estate agents that we support.”

Andrew Milnes - Harrogate

“Up until the last few weeks, we’ve not really observed any market difficulties and have been consistently busy since the beginning of this year assisting home movers with their mortgages. However, we’ve noticed that, since the general election was confirmed and the new Brexit date was announced, this has finally begun to impact on market activity in the local area, albeit still only marginally. The ‘golden triangle’ of York, Ikley and Harrogate are ever-popular, with properties priced correctly still going under offer within days, rather than weeks, due to ongoing buyer demand for homes in such aspirational areas. Elsewhere, we’d suggest it’s probably more of a case of buyers proceeding with a little more caution than previously, rather than a lack of confidence.

On the remortgage side of the business, things ticked over nicely in October with high numbers of clients returning to us for help with navigating the market where their existing products are coming to an end; lenders are being proactive in terms of releasing competitive rates and innovative products, as well as assisting us to place complex cases with a more pragmatic approach to underwriting than we’ve seen for a while. These are all factors which are helping us to source some great deals for clients as we work with them to plan their finances over the next few years.”

Regional Market Commentary

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

Richard Hullin - Swansea

“We were still very busy in October, albeit that the local market has seen some changes over the past couple of months. Whereas earlier in the year we were seeing a lot of mid-market ‘family movers’, these second and third-steppers appear to be staying put in the short term, particularly in and around the cities of Cardiff and Swansea. Instead, First Time Buyers have been more prevalent, both those purchasing existing properties and also a significant number taking advantage of the Help To Buy Equity Loan schemes offered by new home builders around the area. Newport continues to benefit from the movement of buyers from Bristol who are taking advantage of a cheaper commute across the border, although this has slowed down slightly from where we were at the start of the year, it’s still an option that offers those taking their first steps on the ladder more home for their money.

The trend we observed that started in the summer months with regards to an increase in demand for properties in the West of Wales has been sustained; towns including Temby, Saundersfoot, Pembroke and Carmarthen have all seen a consistent influx of buyers in October. We would suggest that this is potentially due to the desirable nature of these areas for those who are downsizing or retiring, as well as for those who are buying second homes or holiday homes. When compared with Devon and Cornwall, for example, West Wales offers similarly impressive scenery yet, given current prices in the area, perhaps offers better value. This is of course very appealing for any buyer, but particularly for those investors who are perhaps seeking to maximise yields, yet would prefer to keep their money within the country, rather than purchasing further afield.

We’ve also seen a substantial number of existing clients returning to us over the past month to discuss their remortgage. When we’re reviewing the market on their behalf, we’re seeing that in a lot of cases, lenders have closed the gap considerably between two year and five year pricing, which is helpful, and provides us with an opportunity to encourage the client to view their financial strategy holistically in terms of their aims and objectives for the next few years, rather than being fixated on a headline rate.”

Annette Billard - London

“Overall, October was slightly more subdued than September on the purchase side of the business, although still a busy month for us as there were plenty of First Time Buyers who were ‘late to the party’, but motivated to take advantage of softer market conditions in the capital in order to agree a deal and complete before Christmas. As a result, we’d suggest that there is still real momentum in areas of London where sellers are pricing realistically and working with agents who are pragmatic about what’s achievable at this point in time, particularly at the entry level of the market.

One thing that we have noticed, however, is that transaction times on new build apartments have tended to become slightly lengthier in recent weeks, as the necessary evidence required from lenders with regards to new fire door legislation and cladding can take time to procure. This does of course vary depending on the developer or house builder, however, as with most things, once these new procedures are more embedded into the sales processes, we’re confident that this will improve.

We assisted a significant number of clients who’ve returned to us for help with their remortgage in October and would suggest that last month was perhaps one of the busiest for us in this regard. With lenders pricing so competitively at the moment, we’ve been able to source some fantastic rates for our clients, enabling us in many cases to re-plan their finances in order for them to pay off their mortgage earlier, which is always very satisfying for us as advisers, and of course, a great outcome for the client!”



Contact Details

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

For more information contact:

Ash Dhindsa at Mortgage Advice Bureau

T 01332 200020 Extn 2123

E press@mab.org.uk **W** www.mortgageadvicebureau.com

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 1,200 advisers across the UK. All figures quoted are three month averages unless otherwise specified.

Mortgage Advice Bureau is the UK's most recognised mortgage intermediary brand*, winning over 70 national awards for the quality of its advice and service during the last five years.

It has over 1,400 advisers offering expert mortgage advice on a local, regional and national level to consumers, both face to face and over the phone. Mortgage Advice Bureau handles over £14bn of loans annually, and 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.

¹ Based on Opinium Research, Summer 2019.