



National Mortgage Index

Under embargo until 00:01hrs on 30.08.18



Brian Murphy | Head of Lending Mortgage Advice Bureau

August 2018

Reporting on

July 2018

data

Sunshine sells houses as market remains resilient over summer

“Despite one of the best summers we’ve had for over forty years – which in itself has been a pleasant distraction for many – coupled with the start of the school holidays, activity in the UK housing market continued to tick over nicely in July. Transaction levels, as reported by HMRC, although slightly lower than last year, maintained their momentum from June, and buyers were still out in force in many regions, as was evidenced by recorded house price growth from both the Halifax and Nationwide House Price Indices.

What’s reassuring to note from this month’s data is that, as we start the second half of 2018, the majority of key metrics remain broadly unchanged on the previous month, and indeed mainly unchanged on the same period last year. The only sector which has seen a softening in borrowing metrics is Buy To Let, with the impact of Section 24 being widely reported by the media and, in particular, noted in the most recent report from the Royal Institution of Chartered Surveyors.

Elsewhere however, our data points to a settled market with key indicators in the First Time Buyer, Residential Purchase and Remortgage sectors all stable.

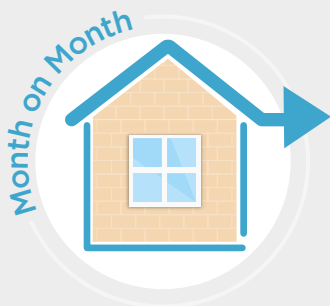
The only slight upwards movement is on the numbers of those who chose a fixed mortgage product in July, which given the media sentiment around the potential of an increase in the interest rate from the Bank of England in August, was to be expected.

That said, there is still regional variance in house price growth at play, and as has been the story for some time now, there is a perceptible softening of London and the South East, which was still apparent in July. Other regions, such as Scotland, Wales, the North and Midlands continue to see growth in key conurbations, which as previously reported has been the market dynamic for the past few months.

Overall then, one would suggest that there are still motivated buyers and sellers in the current environment, although asking prices need to remain realistic both in order to secure an offer, but also to avoid issues with any mortgage valuation. That aside, given the time of year and the current economic and political climate, one would suggest that the UK housing market is currently continuing to perform to expectations.”

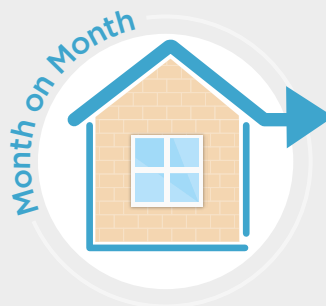


Residential Purchase



Average purchase loan

£175,233 in July 18, broadly unchanged on June 18 (**£175,929**) and July 17 (**£174,787**).



Amount of purchase applicants who opted for fixed rate products

In July 18, **96.9%** of borrowers fixed their mortgage, mostly unchanged on June 18 (**97.1%**) and July 17 (**96.7%**).



Typical LTVs

Remained broadly similar at **70%** in July 18, compared with **69.9%** in June 18 and **69.8%** in July 17.



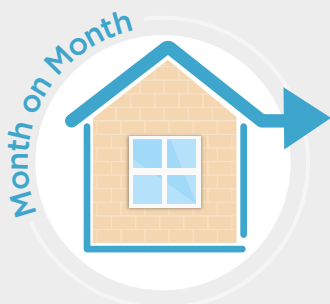
Average applicant age

36 years old in July 18, unchanged month on month and year on year.

45 yrs - Buy-To-Let Purchase in July 18

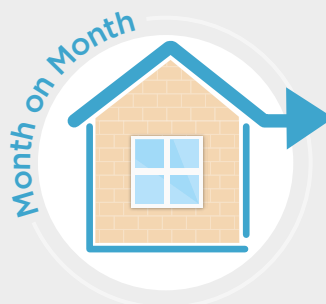
42 yrs - Residential Remortgage in July 18

31 yrs - First Time Buyer in July 18



Change in the average purchase price

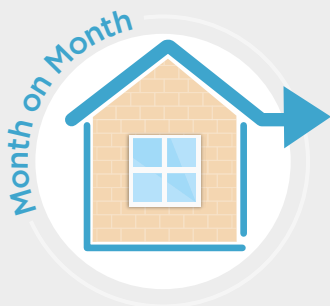
£250,462 in July 18, broadly similar to June 18 (**£251,573**) and also July 17 (**£250,289**).



Change in average purchase salaries

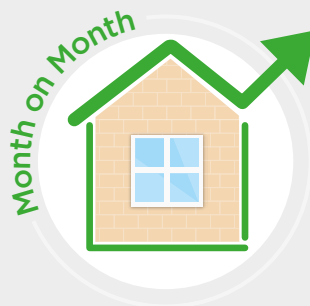
£36,986 in July 18, broadly unchanged from June 18 (**£36,973**) and also July 17 (**£36,251**).

Residential Remortgage



Average remortgage loan

£177,802 in July 18, broadly similar to June 18 (**£178,934**) but increased slightly by **1.3%** on July 17 (**£175,489**).



Amount of remortgage applicants who opted for fixed rate products

In July 18, **94.3%** of borrowers fixed their mortgage, a slight increase on June 18 (**93.5%**) but similar to July 17 (**94.6%**).



Typical LTVs

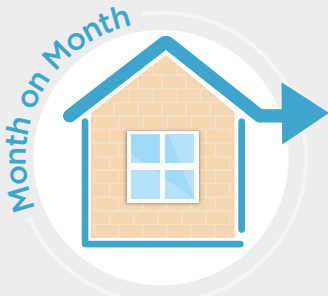
Mostly unchanged in July 18 at **56.7%**, from **56.5%** in June 18, and slightly increased on July 17 (**54%**).



Average applicant age

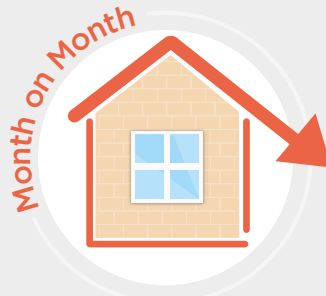
42 years old in July 18, unchanged month on month but lower than July 17 (**43**).

45 yrs - Buy-To-Let Purchase in July 18
36 yrs - Residential Purchase in July 18
31 yrs - First Time Buyer in July 18



Change in the average remortgage property value

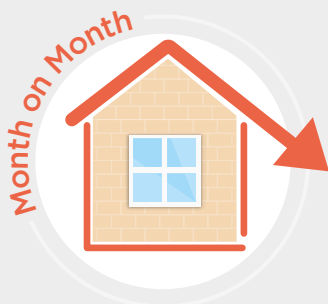
£313,769 in July 18, hardly changed on June 18 (**£316,530**) but decreased on July 17 by **2.06%** (**£322,009**).



Change in average remortgage salaries

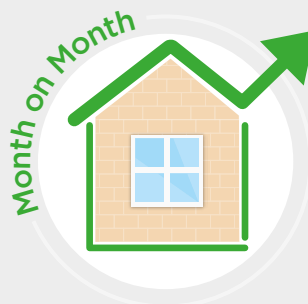
£42,325 in July 18, a decrease of **2%** on June 18 (**£43,172**) but broadly similar to July 17 (**£42,807**).

Buy-To-Let Purchase



Average BTL purchase loan

£129,285 in July 18, a decrease of **1.33%** on June 18 (**£131,033**) and decrease of **5.41%** on July 17 (**136,692**).



Amount of BTL purchase applicants who opted for fixed rate products

In July 18, **97%** of BTL borrowers fixed their mortgage, up slightly on June 18 (**95.9%**) and also July 17 (**94.6%**).



Typical LTVs

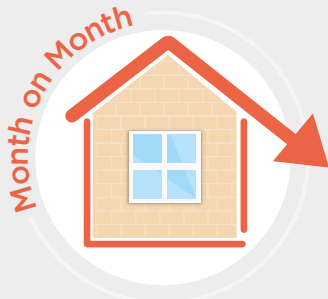
In July 18, the average BTL purchase LTV was **68.5%**, mostly unchanged from June 18 (**67.8%**) and also July 17 (**68%**).



Average applicant age

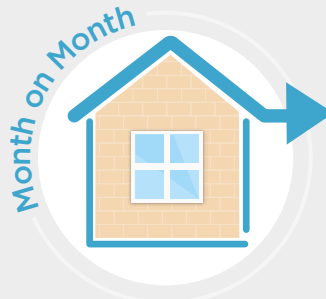
45 in July 18, slightly lower than June 18 (**46**) but unchanged on July 17 (**45**).

42 yrs - Residential Remortgage in July 18
36 yrs - Residential Purchase in July 18
31 yrs - First Time Buyer in July 18



Change in the average BTL purchase price

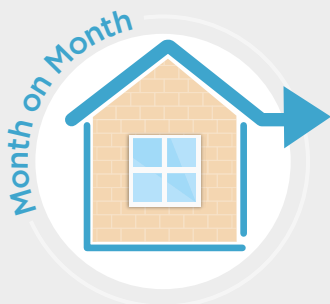
£192,479 in July 18, decreased by **2.33%** on June 18 (**£197,074**) and also decreased by **4.81%** on July 17 (**£202,220**).



Change in average BTL purchase salaries

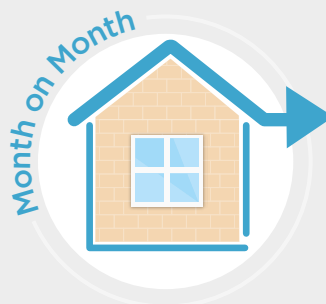
£37,506 in July 18, hardly changed from June 18 (**£37,751**) but **5.06%** lower than July 17 (**£39,506**).

First Time Buyers



Average FTB purchase loan

£156,647 in July 18, broadly similar to June 18 (**£157,104**) but slightly increased by **1.62%** on July 17 (**£154,104**).



Amount of FTB purchase applicants who opted for fixed rate products

98.6% in July, hardly changed on June 18 (**98.7%**) and on July 17 (**98.3%**).



Typical LTVs

73.7% in July 18, broadly similar to June 18 (**74.1%**) and hardly changed on July 17 (**73.6%**).



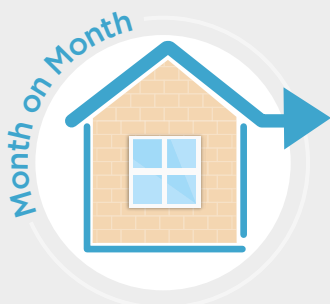
Average applicant age

31 years old in July 18, unchanged month on month and also year on year.

46 yrs - Buy-To-let Purchase in July 18

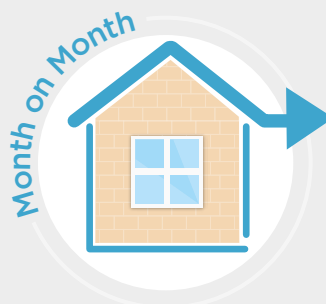
42 yrs - Residential Remortgage in July 18

36 yrs - Residential Purchase in July 18



Change in the average FTB purchase price

£212,558 in July 18, broadly similar to **£211,920** in June 18, but increased slightly by **1.26%** on July 17.



Change in average FTB purchase salaries

£32,281 in July 18, hardly changed on June 18 (**£32,124**) and slightly increased on July 17 by **3.64%** (**£31,104**).

Regional Mortgage Analysis

August 2018 reporting on
July 2018 data

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

▼ SCOTLAND

Av. Purchase Loan **July 18** £151,824
 Av. Purchase Loan **June 18** £152,457
Monthly Change -0.4%
 Av. Purchase Loan **July 17** £143,981
Annual Change 5.4%

▼ NORTH WEST

Av. Purchase Loan **July 18** £144,696
 Av. Purchase Loan **June 18** £144,999
Monthly Change -0.2%
 Av. Purchase Loan **July 17** £127,333
Annual Change 13.6%

▲ WEST MIDLANDS

Av. Purchase Loan **July 18** £177,705
 Av. Purchase Loan **June 18** £176,041
Monthly Change 0.9%
 Av. Purchase Loan **July 17** £177,475
Annual Change 0.1%

▲ WALES

Av. Purchase Loan **July 18** £141,293
 Av. Purchase Loan **June 18** £137,433
Monthly Change 2.8%
 Av. Purchase Loan **July 17** £124,438
Annual Change 13.5%

▲ SOUTH WEST

Av. Purchase Loan **July 18** £170,809
 Av. Purchase Loan **June 18** £169,977
Monthly Change 0.5%
 Av. Purchase Loan **July 17** £165,977
Annual Change 2.9%

▼ SOUTH EAST

Av. Purchase Loan **July 18** £224,934
 Av. Purchase Loan **June 18** £227,880
Monthly Change -1.3%
 Av. Purchase Loan **July 17** £223,608
Annual Change 0.6%

▼ NORTH EAST

Av. Purchase Loan **July 18** £127,821
 Av. Purchase Loan **June 18** £130,745
Monthly Change -2.2%
 Av. Purchase Loan **July 17** £123,590
Annual Change 3.4%

▼ YORKS & HUMBER

Av. Purchase Loan **July 18** £145,261
 Av. Purchase Loan **June 18** £145,984
Monthly Change -0.5%
 Av. Purchase Loan **July 17** £149,906
Annual Change -3.1%

▼ EAST MIDLANDS

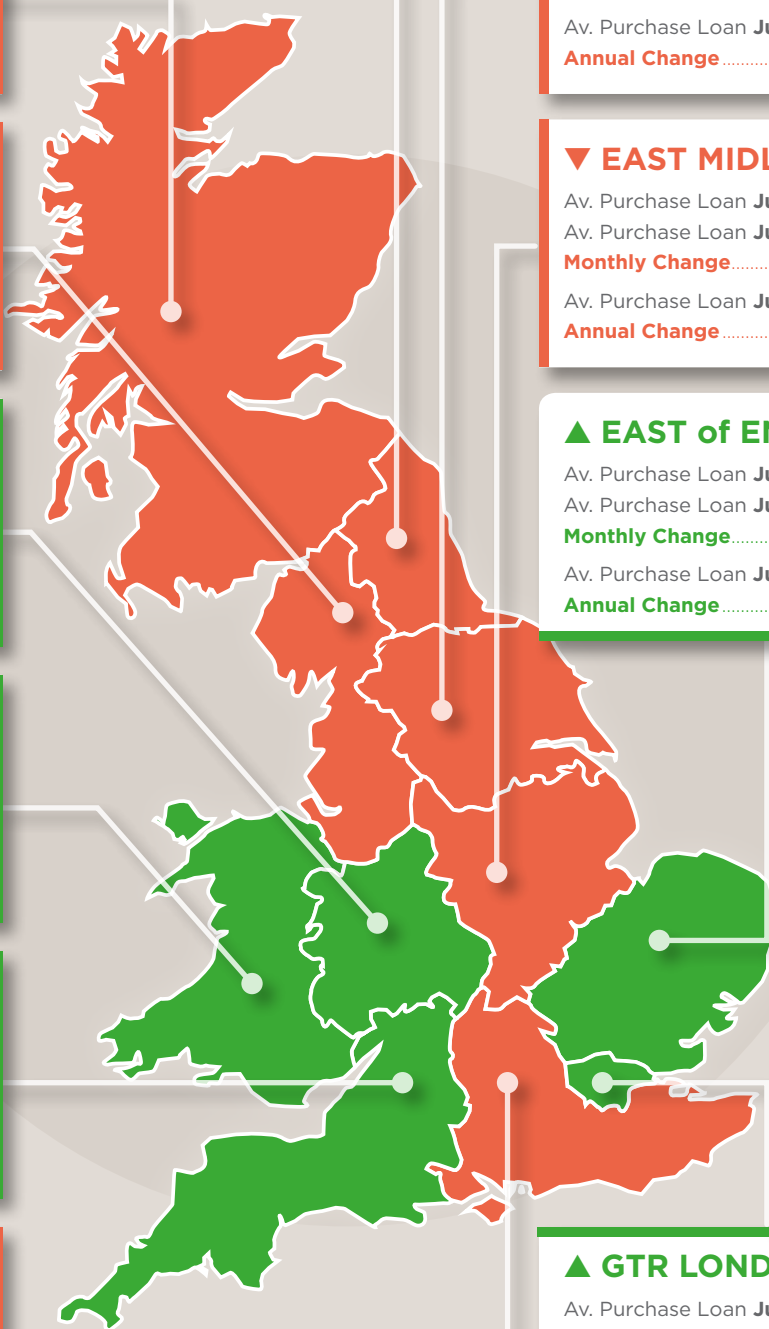
Av. Purchase Loan **July 18** £143,114
 Av. Purchase Loan **June 18** £145,757
Monthly Change -1.8%
 Av. Purchase Loan **July 17** £139,275
Annual Change 2.8%

▲ EAST of ENGLAND

Av. Purchase Loan **July 18** £156,714
 Av. Purchase Loan **June 18** £152,702
Monthly Change 2.63%
 Av. Purchase Loan **July 17** £162,311
Annual Change -3.4%

▲ GTR LONDON

Av. Purchase Loan **July 18** £325,747
 Av. Purchase Loan **June 18** £325,736
Monthly Change 0%
 Av. Purchase Loan **July 17** £348,524
Annual Change -6.5%



Regional Market Commentary

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

Rachel Geddes - London

“Consistent with June, we saw a similar level of enquiries in July – if not slightly more – with many purchasers spending time applying for mortgages in order to start their property search over the summer in a bid to get their deal in motion before the September rush. Our observation would be that the London market, whilst patchy, is still ticking away with motivated buyers absolutely still out there, albeit that they are very well researched and prepared, and wanting to negotiate on price whilst the environment enables them to do so.

Interestingly, we’ve seen quite a few ‘Let to Buy’ cases in recent weeks, which we would suggest is a direct result of those who are selling to fund an onward purchase deciding that they would rather hang on to their existing property and let it out, accepting the taxation consequences of doing so, rather than selling it at below what they feel they may be able to achieve for it in a couple of years’ time. Similarly, we assisted a significant number of investors in July, both in terms of purchase and re-gearing existing portfolios, all of whom felt confident about the potential for their Buy To Let properties, given that demand seems to be stabilising, if not increasing again in some parts of the capital.

The remortgage side of the business was also exceptionally busy last month, with clients who wanted to get their paperwork in hand before they go off on their summer holidays. Five-year fixes were still the most popular, although we did see a few clients take advantage of the ultra-low two-year fix deals available.

Overall, the capital and commuter-belt is still a mixed market in terms of values – it’s not just locations which vary in terms of performance, it’s price brackets within conurbations which are also reacting differently due to the ongoing political and economic uncertainties.”

Richard Hullin - Swansea

“July was busy but steady; many clients were either away on holiday or enjoying the heatwave, so we were a little less hectic than usual, although we were busier than the same time last year which is a pretty accurate reflection of how buoyant the market is locally at the moment. Of the clients we assisted with purchase mortgages, it was a fairly even mix of buyers at all levels, from those purchasing their first home all the way to the top end of the market, which is again indicative of activity and buyer confidence in this part of the country.

We also observed that Buy To Let activity was consistent in July, with a decent number of landlords both purchasing and remortgaging their portfolios last month, proving that investors are still very much in the game, as yields remain attractive due to continuing tenant demand, particularly over the summer months as students prepare to start new terms at university in a few weeks’ time.

On the remortgage side things were a little quieter last month. Whilst we had plenty of enquiries about new rates, the distractions of school holidays and hot weather meant that paperwork took a little longer to get through in many cases, although clients were still keen to take advantage of the low rates whilst they were still available.

Overall, values locally continue to perform well, and realistically priced stock is definitely selling. However, the market is a little fizzy in some areas where vendors are looking for slightly more aspirational asking prices, particularly at the top end of the market, and it’s these homes which are seeing some offers coming in at slightly under the asking price. However, there are plenty of buyers around, and we would suggest that if well-presented properties are coming on to the market at a reasonable price, then they are still selling quickly.”

Continued overleaf

mortgageadvicebureau.com



**Mortgage
Advice Bureau**

Regional Market Commentary

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

Lisa Berrido - Manchester

“July was steady for us, and actually busier this year than the same time last year, with plenty of buyers around and motivated to get moving over the school summer holidays. Due to the number of new build homes in our area, we saw quite a few clients who took advantage of Help To Buy last month, and other clients who just wanted the convenience of buying a new home as it meant a much smoother transaction.

We also assisted a significant number of clients with their remortgages last month, although we don't believe that this was driven by worries around an increase in the interest rate per se, more that a lot of our clients were coming to the end of their current rates in July but just didn't want to move to their lender's Standard Variable Rate, and instead wanted to take advantage of the products available and move seamlessly from one fix to the other. This is supported by the fact that two-year deals were very popular with our remortgaging clients last month, as many said that they wanted the flexibility to be able to go back to the market in a couple of years' time in order to secure another competitive rate, rather than go for a longer-term five-year product now.

Overall, the local market remained on an even keel last month, and as far as we observed, those who were selling mostly achieved their asking price or at least very close to it. This is possibly due to the ongoing lack of homes for sale, but equally there seems to be a reasonable degree of consumer confidence around, with the 'Northern Powerhouse' headlines spreading a real feel-good factor.”

Aaron Frizzel - Edinburgh

“Despite the unexpected - and somewhat unseasonal! - Scottish summer, it was business as usual for us in July, as buyers were out in force and estate agents were busy locally. As with June, those purchasing were at all levels so we saw activity from First Time Buyers, family movers and those at the upper end of the market. We also saw a slight increase in enquiries from landlords as well, which wasn't entirely surprising due to some of the longer-term fixed rate Buy To Let products which have recently been released.

We also handled a significant number of remortgage enquiries last month, with some clients contacting us to arrange their next product in anticipation of an interest rate rise in August, which of course proved a prudent course of action.

Local property values have remained in the ascendant, which is reflective of the current positive environment in and around Edinburgh currently. We're still seeing an 'offers over' culture with significant interest particularly in family homes, and we anticipate this to be the trend for the foreseeable future.”



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:

Kate Hall at Mortgage Advice Bureau

M 07399 464640 **T** 01332 200020 Extn 2123

E kate.hall@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 1,100 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 1,100 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.

¹ Based on Opinium Research, Summer 2018.