



National Mortgage Index

Under embargo until 00:01hrs on 21.12.18

Brian Murphy | Head of Lending Mortgage Advice Bureau

December 2018

Reporting on

November 2018

data

Lender competition supports market in November

Overall activity in November was very much in line with expectations for the time of year, in spite of ongoing political and economic uncertainty due to Brexit negotiations, with a steady number of purchase transactions, together with significant levels of remortgage and product transfer business. Many of our key indicators across the four main sectors – First Time Buyer, Residential Purchase, Remortgage and Buy To Let – remained consistent on October and indeed, the months prior to that, highlighting that the market has enjoyed a degree of stability for much of this year.

However, in terms of regional market conditions, the picture for November was far more complex, with a series of 'micro markets' highlighting the ongoing divergence between the better performing areas and those which continued to experience less buoyant circumstances. As we saw last month, a picture is emerging in areas such as Yorkshire and the Humber, the East Midlands and Scotland where average purchase prices are increasing, yet the average purchase loan size doesn't appear to be rising at the same rate or, conversely, has dropped. This leads us to conclude in these conurbations where vendors are perhaps seeing an increase in the value of their property, they are able to take more capital into their next purchase meaning that they possibly don't need to borrow as much to move home. Certainly, on the ground in these areas our brokers are reporting that business in November was brisk, again supporting

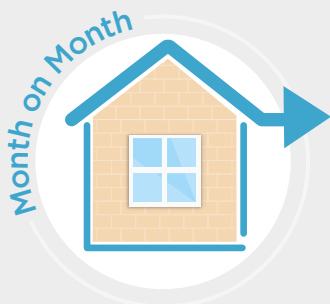
the picture from last month that certain regions are operating in very different gears to others.

It was interesting to observe that a number of lenders over the last month have been releasing ever-more competitive rates, with products which were very keenly priced. This shift has provided borrowers with a far wider range of good value options than we've seen for some time, particularly for those who have been looking for a five-year fixed rate deal, where the current crop of products are now nearly as low as two-year fixed rates, which had previously been considered market-leading. In particular, some lenders have recently released highly competitive Buy to Let fixed rate products, which have proven popular with investors who have either been refinancing or adding to their portfolios.

Another area that has benefited from increased market competition is the 95% LTV space, where additional entrants to the sector have created downwards pressure on prices as they seek to gain ground on mainstream lending brands. This has led to more First Time Buyers being able to access borrowing as rates have fallen significantly since the first few months of 2018, and therefore have aided affordability. As more lenders have recently launched products targeted at low deposit customers, with further also set to follow suit in the coming months, one might suggest this can only mean a positive result for the consumer.

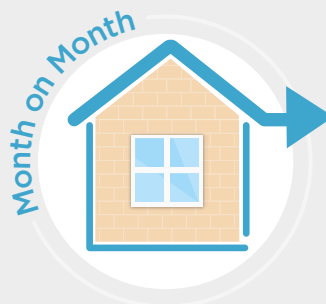


Residential Purchase



Average purchase loan

£171,185 in Nov 18, broadly similar to October 18 (**£170,799**) and also mostly unchanged on Nov 17 (**£172,919**).



Amount of purchase applicants who opted for fixed rate products

In Nov 18, **97.8%** of borrowers fixed their mortgage, similar on Oct 18 (**97.5%**) but a slight increase on Nov 17 (**93.7%**).



Typical LTVs

Remained mostly unchanged in Nov 18 at **70.7%**, compared with Oct 18 (**70.6%**) but a modest increase on Nov 17 (**69.7%**).



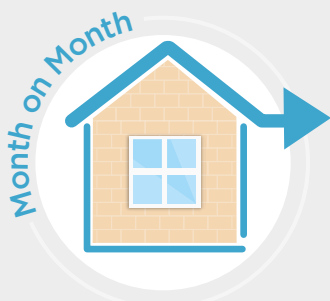
Average applicant age

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

44 yrs - Buy-To-Let Purchase in Nov 18

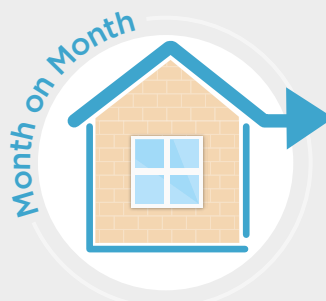
42 yrs - Residential Remortgage in Nov 18

31 yrs - First Time Buyer in Nov 18



Change in the average purchase price

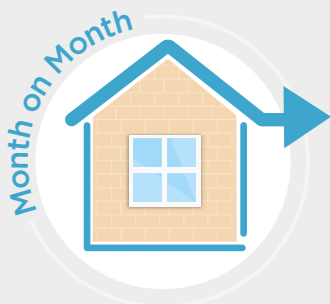
£242,127 in Nov 18, mostly unchanged on Oct 18 (**£242,035**) but a decrease of **2.4%** on Nov 17 (**£248,202**).



Change in average purchase salaries

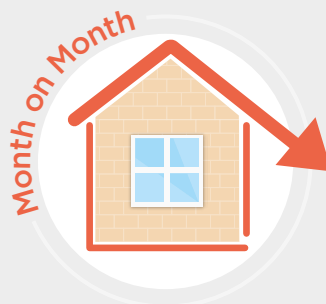
£35,989 in Nov 18, broadly similar to Oct 18 (**£36,120**) and only slightly decreased from Nov 17 (**£36,329**).

Residential Remortgage



Average remortgage loan

£172,775 in Nov 18, hardly changed on Oct 18 (**£172,616**) but a slight decrease of **0.9%** on Nov 17 (**£174,402**).



Amount of remortgage applicants who opted for fixed rate products

In Nov 18, **94.6%** fixed their mortgage, a slight decrease on Oct 18 (**95.1%**) and also a drop on Nov 17 (**96%**).



Typical LTVs

Broadly similar in Nov 18 at **56.8%**, from **56.5%** in Oct 18, and slightly increased on Nov 17 (**55.2%**).



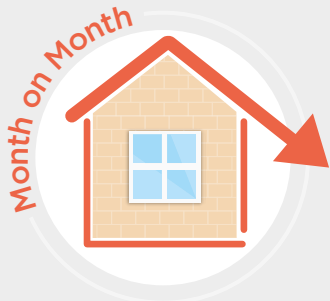
Average applicant age

42 years old in Nov 18, unchanged month on month and year on year.

44 yrs - Buy-To-Let Purchase in Nov 18

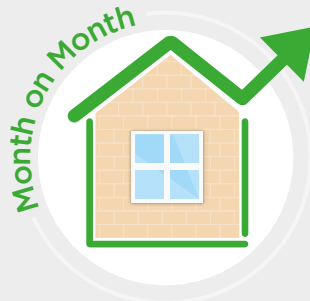
36 yrs - Residential Purchase in Nov 18

31 yrs - First Time Buyer in Nov 18



Change in the average remortgage property value

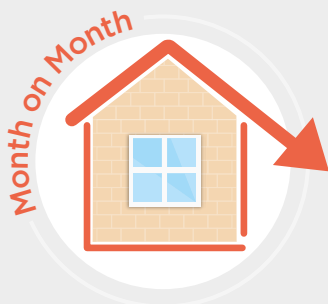
£303,995 in Nov 18, a very slight decrease of **0.5%** on Oct 18 (**£305,551**) and a drop of **3.9%** on Nov 17.



Change in average remortgage salaries

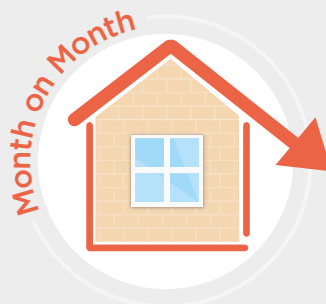
£45,548 in Nov 18, an increase of **1.9%** on Oct 18 (**£44,694**) and also increased on Nov 17 by **7.9%** (**£42,231**).

Buy-To-Let Purchase



Average BTL purchase loan

£126,657 in Nov 18, a drop of **1.64%** on Oct 18 (**£128,770**) and also decreased by **2.90%** on Nov 17 (**£130,449**).



Amount of BTL purchase applicants who opted for fixed rate products

In Nov 18, **96.7%** of BTL borrowers fixed their mortgage, a decrease on Oct of **95.3%**, and also decreased on Nov 17 (**98%**).



Typical LTVs

In Nov 18, the average BTL purchase LTV was **68.2%**, a slight decrease on Oct 18 (**67.2%**) but broadly similar to Nov 17 (**67.8%**).



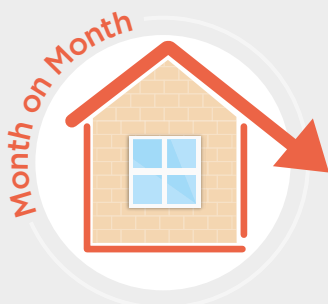
Average applicant age

44 in Nov 18, decreased on Oct 18 (45) and also Nov 17 (45).

42 yrs - Residential Remortgage in Nov 18

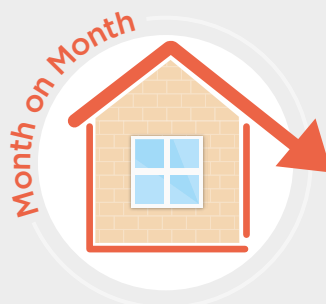
36 yrs - Residential Purchase in Nov 18

31 yrs - First Time Buyer in Nov 18



Change in the average BTL purchase price

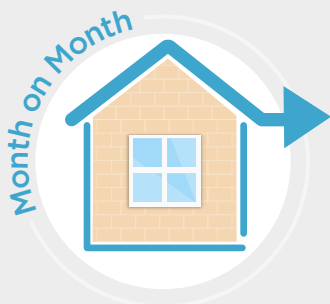
£185,857 in Nov 18, a decrease of **3.06%** on Oct 18, and a drop of **3.43%** on Nov 17 (**£192,464**).



Change in average BTL purchase salaries

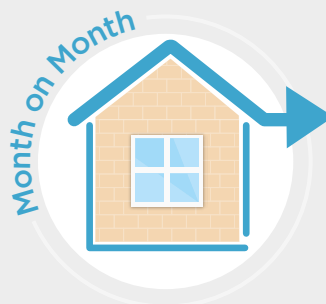
£39,505 in Nov 18, a decrease of **1.47%** on Oct 19 (**£40,098**) and a drop of **5.62%** on Nov 17 (**£37,283**).

First Time Buyers



Average FTB purchase loan

£152,887 in Nov 18, broadly similar to Oct 18 (**£153,390**) but a slight decrease of **0.79%** on Nov 17 (**£154,111**).



Amount of FTB purchase applicants who opted for fixed rate products

99.2% in Nov 18, mostly unchanged on Oct 18 (**99.1%**) and also similar to Nov 17 (**99.2%**).



Typical LTVs

74.6% in Nov 18, mostly unchanged on Oct 18 (**74.2%**) but slightly increased on Nov 17 (**72.9%**).



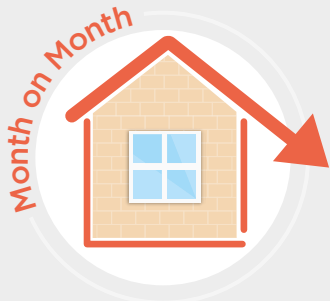
Average applicant age

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

44 yrs - Buy-To-let Purchase in Nov 18

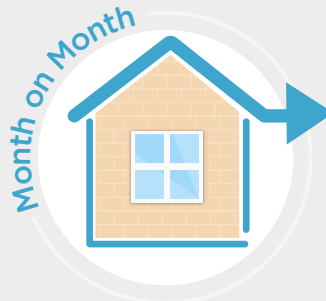
42 yrs - Residential Remortgage in Nov 18

36 yrs - Residential Purchase in Nov 18



Change in the average FTB purchase price

£204,927 in Nov 18, a slight decrease of **0.82%** on Oct 18 (**£206,625**) and a drop of **3.06%** on Nov 17 (**£211,402**).



Change in average FTB purchase salaries

£31,179 in Nov 18, broadly similar to Oct 18 (**£31,425**) and also Nov 17 (**£31,006**).

Regional Mortgage Analysis

December 2018 reporting on
November 2018 data

▲ Increase from previous month
▼ Decrease from previous month

▲ SCOTLAND

Av. Purchase Loan Nov 18 £154,401
 Av. Purchase Loan Oct 18 £147,326
Monthly Change 4.8%
 Av. Purchase Loan Nov 17 £154,315
Annual Change 0.1%

▼ NORTH WEST

Av. Purchase Loan Nov 18 £143,020
 Av. Purchase Loan Oct 18 £145,737
Monthly Change -1.9%
 Av. Purchase Loan Nov 17 £134,570
Annual Change 6.3%

▲ WEST MIDLANDS

Av. Purchase Loan Nov 18 £178,758
 Av. Purchase Loan Oct 18 £177,713
Monthly Change 0.6%
 Av. Purchase Loan Nov 17 £178,544
Annual Change 0.1%

▼ WALES

Av. Purchase Loan Nov 18 £126,836
 Av. Purchase Loan Oct 18 £128,948
Monthly Change -1.6%
 Av. Purchase Loan Nov 17 £130,891
Annual Change -3.1%

▼ SOUTH WEST

Av. Purchase Loan Nov 18 £166,591
 Av. Purchase Loan Oct 18 £171,317
Monthly Change -2.8%
 Av. Purchase Loan Nov 17 £164,187
Annual Change 1.5%

▲ SOUTH EAST

Av. Purchase Loan Nov 18 £223,031
 Av. Purchase Loan Oct 18 £220,122
Monthly Change 1.3%
 Av. Purchase Loan Nov 17 £219,788
Annual Change 1.5%

▼ NORTH EAST

Av. Purchase Loan Nov 18 £120,569
 Av. Purchase Loan Oct 18 £120,887
Monthly Change -0.3%
 Av. Purchase Loan Nov 17 £120,162
Annual Change 0.3%

▲ YORKSHIRE & THE HUMBER

Av. Purchase Loan Nov 18 £145,864
 Av. Purchase Loan Oct 18 £144,913
Monthly Change 0.7%
 Av. Purchase Loan Nov 17 £145,665
Annual Change 0.1%

▼ EAST MIDLANDS

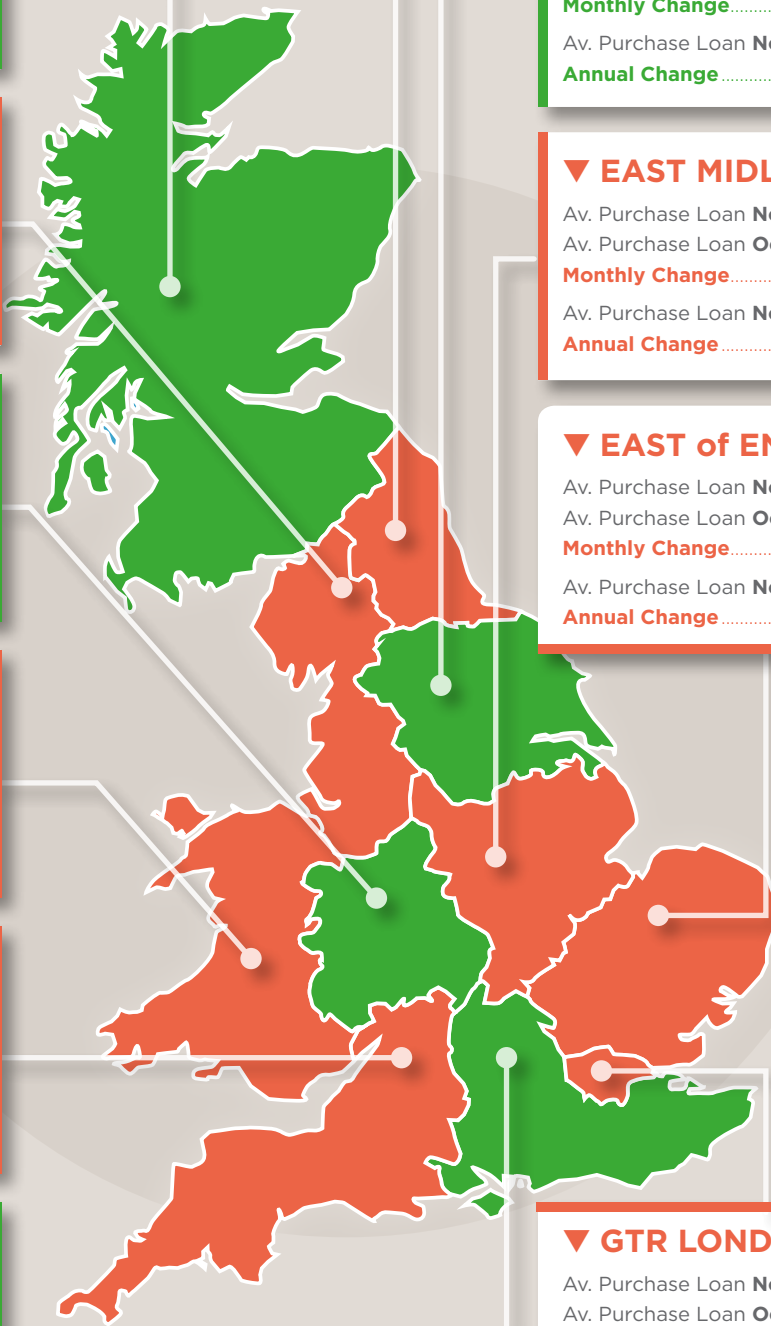
Av. Purchase Loan Nov 18 £141,228
 Av. Purchase Loan Oct 18 £142,030
Monthly Change -0.6%
 Av. Purchase Loan Nov 17 £140,888
Annual Change 0.2%

▼ EAST of ENGLAND

Av. Purchase Loan Nov 18 £161,073
 Av. Purchase Loan Oct 18 £165,594
Monthly Change -2.73%
 Av. Purchase Loan Nov 17 £143,656
Annual Change 12.1%

▼ GTR LONDON

Av. Purchase Loan Nov 18 £284,915
 Av. Purchase Loan Oct 18 £306,431
Monthly Change -7.02%
 Av. Purchase Loan Nov 17 £334,475
Annual Change -14.8%



Regional Market Commentary

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

Rachel Geddes - London

"November exceeded our expectations in terms of First Time Buyer activity, particularly at entry level. It seems that between the various incentive schemes offered by new developments around the capital, together with motivated vendors of existing properties who were keen to secure an offer, there were plenty of opportunities for those purchasing their first home to negotiate on price. Elsewhere in the market, we observed clients who are looking to move at the mid and upper price brackets were taking the time last month to do their research and apply for their mortgage so that all is ready to go for them when they start their search in the new year.

Another unexpectedly positive development was the number of landlords who were transacting in November and adding to or re-financing their portfolios. Whilst the last few months have seen a modest upturn in the private rental sector in some areas around London, we were genuinely surprised at the level of investors that we assisted last month.

With regards values in and around the capital, it's no surprise that those vendors who secured an offer on their properties last month were pragmatic about their pricing, particularly if they were making an onwards purchase."

Richard Hullin - Swansea

"Last month was markedly busier than the same time last year for us; our team assisted a substantial number of clients with their remortgages in November, amongst which were a significant number of Buy To Let investors, for whom restructuring was a key factor. Significantly, some of the products available last month were so competitive that certain rates for Buy To Let borrowing matched those available for residential mortgages, meaning that landlords who took advantage of these were able to increase their yields by quite some way.

On the purchase side, again we saw a year on year increase in the number of clients transacting last month, a continuation of the trend we've seen develop in recent months where buyers in the local market are confident in their decision to buy, with motivated movers at all levels. Property values in the local area remained steady too, partly assisted by low stock levels but also underpinned by realistic pricing from vendors, so all very much in line with how we'd expect the market to look in November."



Continued overleaf

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**Mortgage
Advice Bureau**

Regional Market Commentary

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

Lisa Berrido - Manchester

“November saw a lot of our clients laying the groundwork for next year, with some applying for a mortgage now as they are planning on starting the process of moving home in January, or for those who have decided to stay put, arranging their remortgage in order to get their ducks in a row early and raise finance for a major home improvement project that they will be embarking on in the new year.

There was also a flurry of activity from investors last month, many of whom were re-gearing their portfolios to accommodate redeveloping and changing the use of their existing properties to accommodate students or switching them to multiple-occupancy units, and others who were purchasing additional properties. Given that this sector has been slightly subdued of late – mostly due to the changes in taxation on investors – we would suggest that this recent activity is an encouraging sign.

In terms of property values locally, we would suggest that the market was where we would expect it to be for the time of year. That said, the environment is generally price sensitive and many buyers appear to be in ‘negotiating mode’ when it comes to making an offer although we’ve not seen any significant changes in price from where we’ve been for most of the year.”

Dylan Kelly - Edinburgh

“We would suggest that overall market performance in and around Edinburgh was absolutely within expectations for November. There’s been a consistent level of demand and activity for most of this year, and last month was a continuation of that. As a result, property prices increased modestly month on month, which is a reflection of ongoing buyer confidence.

For us, November was the busiest month of the year, with the numbers of mortgages we provided across the residential purchase, residential remortgage and Buy To sectors all increased on October. On the purchase side of the business, we saw the usual mix of First Time Buyers, second steppers and established family movers, all of whom were transacting with a focus on being into their new home before Christmas.

On the remortgage side, many clients we spoke to last month took a pragmatic approach to longer term financial planning, leading to many opting for the ultra-competitive five-year fixed rates which are available.

From a local perspective, we would suggest that we’re continuing to operate in a very steady environment, regardless of news headlines around the political and economic climate. Indeed, in terms of Edinburgh and surrounding areas, the response seems to have been one largely of getting on with life and business as usual, which we believe will also be very much the case over the next few months.”



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:

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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 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.

