



National Mortgage Index

Under embargo until 00:01 hrs on 28.02.18



Brian Murphy | Head of Lending Mortgage Advice Bureau

February 2018

Reporting on
January
2018
data

Market 'ticks over nicely' in January

January saw a slow but steady start to 2018, which was both in line with normal seasonal expectations, but also many industry predictions in terms of how the UK property market will perform this year.

Looking back over previous years, January generally lags slightly due to the 'Christmas Hangover' and this year was no exception, with many advisers reporting that it took a couple of weeks for the market to find its feet again after the New Year.

That said, once market momentum had returned, we saw a solid month overall with annual house price growth still evident, albeit at a modest level, which correlates with reports from other indices, such as Halifax and Rightmove, also pointing to subdued but discernible annual increase in house prices. Transaction volumes were also encouraging, with HMRC reporting that the level of properties sold in January 2018 was broadly similar to those in January 2017, underscoring again that it was very much 'business as usual'.

First Time Buyer activity across the board did appear to be more evident in January, continuing the trend observed in 2017 and reported by UK Finance, pointing to 2017 being the busiest year for First Time Buyers in over a decade. It's highly likely that the change in SDLT in November last year has stimulated those who were considering getting on the ladder over the next year to perhaps start their search in earnest, and of course as part of that process to start applying for a mortgage in order to ascertain how much they are able to borrow.

Key market indicators in January include:

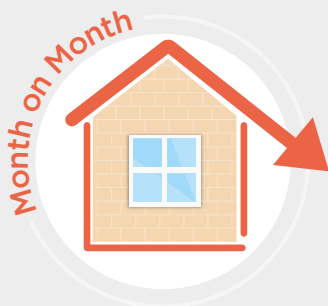
- The average purchase price dropped by 1.12% last month to £245,742 from £248,637 in December 2017, but saw year on year growth of 0.8% against the average purchase price of £243,816 in January 2017.
- The average First Time Buyer mortgage increased in January by 2.3% on the previous month, up from £126,826 in December 2017 to £129,917 in January 2018.
- The UK average remortgage loan dropped slightly last month, from £172,795 in December 2017 to £170,102 in January 2018.

A slight month on month decrease in purchase price between December and January is absolutely within seasonal expectations, and reflects the fact that those who are actively buying and selling at the beginning of the year are likely to be in 'negotiation mode' to get the deal done. Usually, those moving home in January are doing so due to lifestyle factors, rather than as discretionary movers, so there is normally a significant reason why those selling are incentivised to perhaps take a slight reduction in their asking price in order to secure a quick sale.

Overall then, the data would point towards a healthy start to 2018, with the market appearing to tick over nicely and maintaining the same steady momentum as 2017.

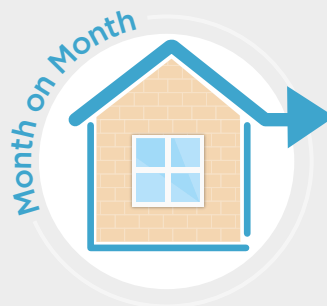


Residential Purchase



Average purchase loan

£172,990 in Jan 18, **0.5%** lower than in Dec 17 (**£173,796**) and increased by **2.4%** on Jan 17 (**£168,908**).



Amount of purchase applicants who opted for fixed rate products

In Jan 18, **97.4%** of borrowers fixed their mortgage, unchanged from Dec 17 and increased by **1.6%** on Jan 17 (**95.5%**).



Typical LTVs

Increased slightly in **Jan 17** to **70.4%** up from **69%** in Dec 17, and up **1.6%** on Jan 17 (**69.3%**).



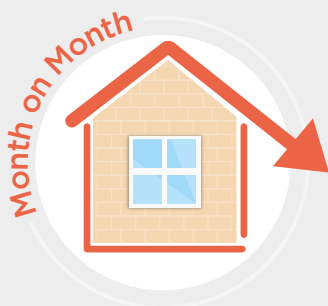
Average applicant age

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

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

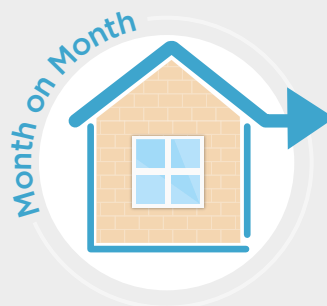
42 yrs - Residential Remortgage in Jan 18

31 yrs - First Time Buyer in Jan 18



Change in the average purchase price

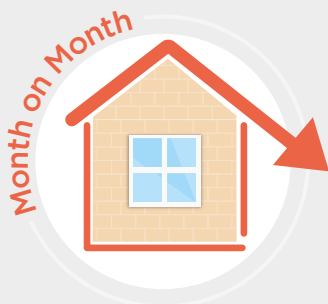
Dropped by **1.12%** in Jan 18 to **£245,742** from Dec 17 (**£248,637**) and has increased by **0.8%** from Jan 17 (**£243,816**).



Change in average purchase salaries

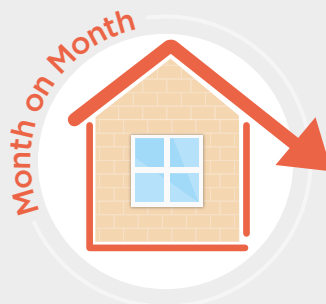
£36,207 in Jan 18, broadly unchanged on Dec 17 (**£36,839**) but increased by **1.71%** on Jan 17 (**£35,600**).

Residential Remortgage



Average remortgage loan

£170,102 in Jan 18, **1.6%** lower than in Dec 17 (**£172,795**) and **0.9%** lower than Jan 17 (**£171,703**).



Amount of remortgage applicants who opted for fixed rate products

In Jan 18, **95.1%** of borrowers fixed their mortgage, **0.7%** lower than in Dec 17 (**96%**) and **2%** higher than in Jan 17 (**93.2%**).



Typical LTVs

Remain unchanged month on month at **55%** in Jan 18 and also unchanged year on year.



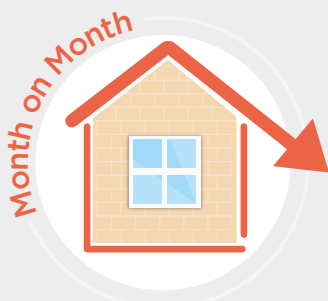
Average applicant age

42 years old in Jan 18, unchanged month on month and down slightly from Jan 17 (**43**).

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

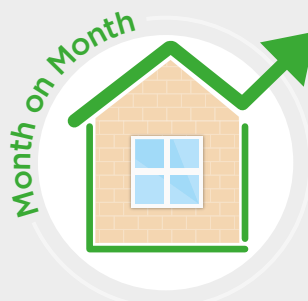
36 yrs - Residential Purchase in Jan 18

31 yrs - First Time Buyer in Jan 18



Change in the average remortgage property value

£308,257 in Jan 18, a drop of **2.7%** on Dec 17, and a decrease of **2.4%** on Jan 17 (**£315,843**).



Change in average remortgage salaries

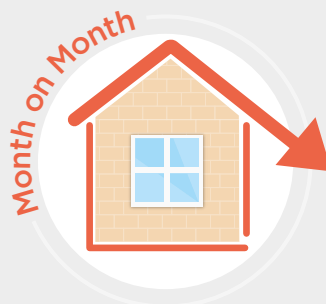
An increase of **1.4%** in Jan 18 to **£42,292** from Dec 17 (**£41,712**) and also increased by **2.3%** on Jan 17 (**£41,349**).

Buy-To-Let Purchase



Average BTL purchase loan

£129,917 in Jan 18, an increase of **2.3%** on Dec 17 (**£126,826**) but decreased slightly by **0.15%** on Jan 17 (**£130,113**).



Amount of BTL purchase applicants who opted for fixed rate products

In Jan 18, **96%** of BTL borrowers fixed their mortgage, slightly decreased on Dec 17 (**97%**) but increased on Jan 17 (**91.5%**).



Typical LTVs

In Jan 18, the average BTL purchase LTV was **68%**, slightly decreased from Dec 17 (**69%**) and a slight increase on Jan 17 (**67.5%**).



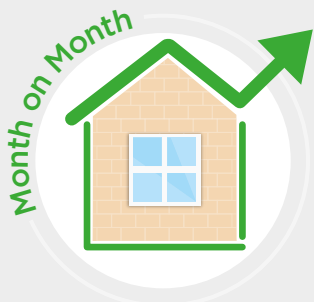
Average applicant age

45 years old in Jan 18, unchanged month on month and unchanged year on year.

42 yrs - Residential Remortgage in Jan 18

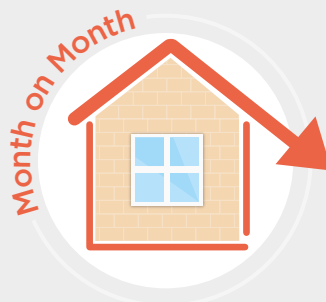
36 yrs - Residential Purchase in Jan 18

31 yrs - First Time Buyer in Jan 18



Change in the average BTL purchase price

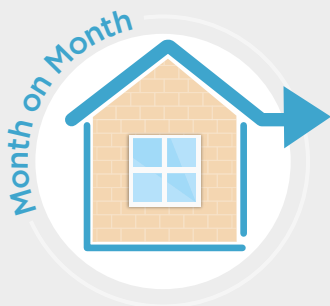
Increased in Jan 18 to **£191,559** by **3.2%** on Dec 17 (**£185,273**) but dropped slightly by **0.5%** on Jan 17 (**£192,656**).



Change in average BTL purchase salaries

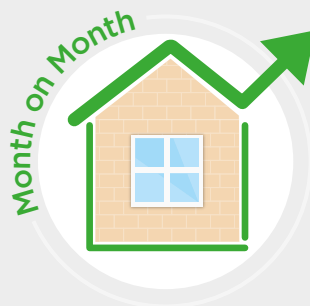
£37,427 in Jan 18, a drop of **2.08%** on Dec 17 (**£38,225**), and a decrease of **15.7%** on Jan 17 (**£44,407**).

First Time Buyers



Average FTB purchase loan

Broadly similar in Jan 18 at **£155,465** from **£155,561** in Dec 17, and also increased by **2.49%** from Jan 17 (**£151,583**).



Amount of FTB purchase applicants who opted for fixed rate products

Up slightly in Jan 18 to **99%** of borrowers fixing their mortgage, from **98%** in Dec 17 and also Jan 17.



Typical LTVs

Up slightly in Jan 18 to **74%** from **73%** in Dec 17 and Jan 17.



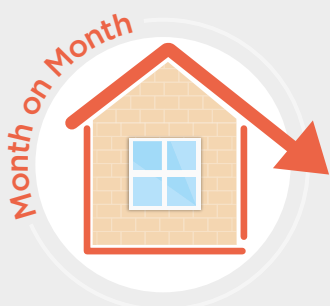
Average applicant age

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

45 yrs - Buy-To-let Purchase in Jan 18

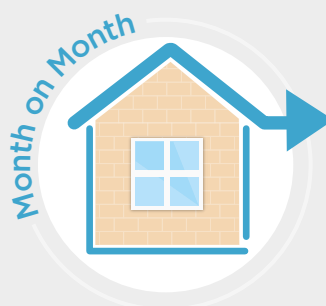
42 yrs - Residential Remortgage in Jan 18

36 yrs - Residential Purchase in Jan 18



Change in the average FTB purchase price

Decreased slightly in Jan 18 to **£210,774** from **£212,904** in Dec 17, a drop of **1%** but increased by **1.69%** from Jan 17 (**£207,195**).



Change in average FTB purchase salaries

Broadly similar in Jan 18 at **£31,318** to Dec 17 (**£31,645**) and increased by **2.4%** on Jan 17 (**£30,566**).

Regional Mortgage Analysis

February 2018 reporting on
January 2018 data

▲ SCOTLAND

Av. Purchase Loan Jan 18 £159,120
Av. Purchase Loan Dec 17 £156,141
Monthly Change 1.9%
Av. Purchase Loan Jan 17 £160,745
Annual Change -1.0%

▲ NORTH WEST

Av. Purchase Loan Jan 18 £138,562
Av. Purchase Loan Dec 17 £138,024
Monthly Change 0.4%
Av. Purchase Loan Jan 17 £131,800
Annual Change 5.1%

▼ WEST MIDLANDS

Av. Purchase Loan Jan 18 £176,515
Av. Purchase Loan Dec 17 £176,899
Monthly Change -0.2%
Av. Purchase Loan Jan 17 £165,541
Annual Change 6.6%

▲ WALES

Av. Purchase Loan Jan 18 £128,704
Av. Purchase Loan Dec 17 £127,848
Monthly Change 0.7%
Av. Purchase Loan Jan 17 £121,378
Annual Change 6.0%

▲ SOUTH WEST

Av. Purchase Loan Jan 18 £166,448
Av. Purchase Loan Dec 17 £164,797
Monthly Change 1.0%
Av. Purchase Loan Jan 17 £152,419
Annual Change 9.2%

▼ SOUTH EAST

Av. Purchase Loan Jan 18 £223,090
Av. Purchase Loan Dec 17 £223,845
Monthly Change -0.3%
Av. Purchase Loan Jan 17 £211,790
Annual Change 5.3%

▲ NORTH EAST

Av. Purchase Loan Jan 18 £122,188
Av. Purchase Loan Dec 17 £120,691
Monthly Change 1.2%
Av. Purchase Loan Jan 17 £124,527
Annual Change -1.9%

▼ YORKS & HUMBER

Av. Purchase Loan Jan 18 £142,801
Av. Purchase Loan Dec 17 £145,161
Monthly Change -1.6%
Av. Purchase Loan Jan 17 £139,398
Annual Change 2.4%

▼ EAST MIDLANDS

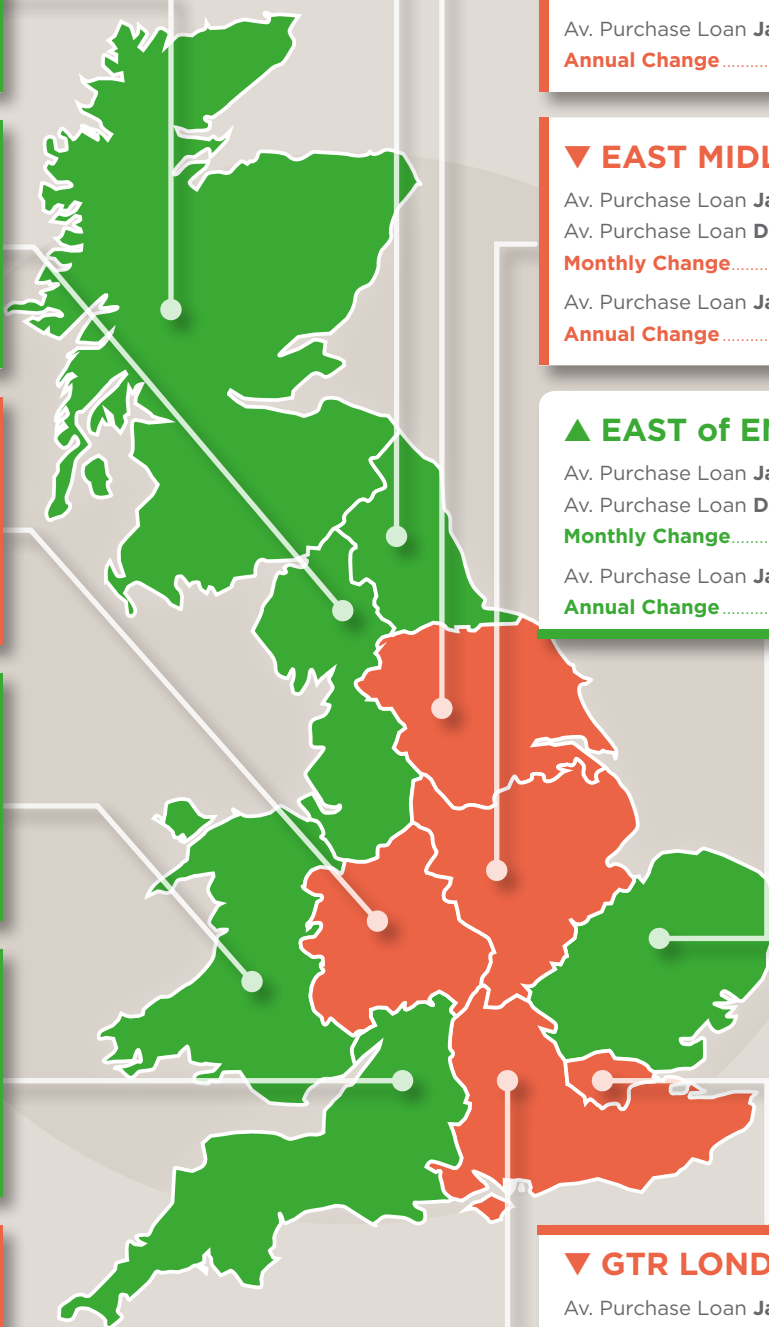
Av. Purchase Loan Jan 18 £139,254
Av. Purchase Loan Dec 17 £140,460
Monthly Change -0.9%
Av. Purchase Loan Jan 17 £139,285
Annual Change 0.0%

▲ EAST of ENGLAND

Av. Purchase Loan Jan 18 £138,819
Av. Purchase Loan Dec 17 £137,549
Monthly Change 0.92%
Av. Purchase Loan Jan 17 £155,515
Annual Change -10.7%

▼ GTR LONDON

Av. Purchase Loan Jan 18 £317,595
Av. Purchase Loan Dec 17 £323,427
Monthly Change -1.8%
Av. Purchase Loan Jan 17 £358,961
Annual Change -11.5%



Regional Market Commentary

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

Rachel Geddes - London

“As we predicted in December, we assisted a lot of buyers in January as well as our clients who wanted to arrange remortgages on their properties as part of their overall 2018 financial strategy.

First Time Buyers were particularly active in the Capital last month, and appeared to negotiate hard on prices to ensure that they were able to take the best advantage of their proceedable position, as well as the reduced levels of Stamp Duty payable on properties up to £500,000. This of course has created downwards pressure on selling prices of properties originally marketed at £550,000 or £575,000.

We would also suggest that those purchasing their first home in London and the surrounding areas last month viewed it as very much a ‘buyer’s market’, and we would anticipate this is likely to continue for some time, with the current oversupply of apartments – both new build and existing stock – being a significant contributing factor.

Alongside entry level buyers, family home movers were still active, with some deciding to hold on to their existing home and refinancing it on a Let to Buy basis in order to facilitate a more straightforward transaction.

We also assisted a considerable amount of clients with their remortgages in January, with many clients telling us of their concern that rates will rise over the next eighteen months or so. As a result, five year fixed rates were by far and away the most popular choice, with most remortgage customers deciding that they just wanted to ‘fix and forget’ about their mortgage for the next few years.

Some buyers, however, were less circumspect, as we saw a fairly even mix of fixed rate two and five year products taken out by purchase clients. First Time Buyers in particular were more focused on achieving the most competitive rate, and therefore were less concerned with the longer term and instead opting for one of the many low two year deals available.

In terms of pricing overall, last month we observed that realistically priced properties are normally selling within 5% of their asking price in London, however those which have been marketed at more ambitious values are seeing a bigger disparity between expectation and achieved sold prices.”

Nigel Bull - Bristol

“Following a quiet start, January really took off mid-month and ended up being exceptionally busy for us. We were just as engaged with assisting clients with their mortgages to purchase as we were arranging remortgages, with many people viewing the start of the year as the best time to get their financial planning strategy in place.

On the purchase side, we assisted a mix of First Time Buyers, home movers and also a significant number of landlords last month, proving that investors are still active locally, with rental demand meaning that decent rental yields are available for those who have geared their portfolios well. In terms of both those buying and remortgaging, five year fixed rates maintained their popularity, with the majority of clients looking to the medium term view and deciding that they would prefer the security of knowing what their monthly payments will be for the next few years.

The local market as a whole was still very buoyant last month, with many estate agents seeing an uptick in new sales instructions, which is great news as it means more choice for buyers. We would suggest that this probably contributed to the rise in clients we assisted with purchase mortgages last month. Correspondingly, prices perhaps had to become slightly more realistic as sellers are now competing with more properties on the market, but this isn’t a cause for concern, and is absolutely to be expected in such circumstances. Overall, we’d say it was a very promising beginning to 2018.”

Continued overleaf

Regional Market Commentary

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

Lisa Berrido - Manchester

“January was an excellent start to the year for us, certainly busier than January 2017, with the majority of purchase clients we assisted buying their first home. We also saw a lot of people who were planning for big life changes in 2018, such as moving up the ladder, relocating or divorcing, who were aiming to get their financial strategy in order so that they were ready to proceed as soon as possible.

The First Time Buyers we’ve seen of late are now exceptionally switched on, with most having done their research before they come in to see us, and many using a Help To Buy ISA to save for their deposits, which is really encouraging to see.

On the other side of the business, remortgaging was still busy last month with many of our clients raising capital to fund home improvements to extend or remodel their existing home this year rather than moving, as well as taking the opportunity to lock into a competitively priced five year fix rate.

Locally, we’re still seeing a lack of homes coming onto the market, which has led to a lot of competition amongst estate agents as well as pushing property prices upwards with two to three buyers competing for each property. Homes that are marketed at a realistic asking price are frequently selling for more, due to buyer competition all levels of the market. Hopefully though, this will ease slightly as we head towards Spring and more sellers decide to take the plunge and get their home on the market.”

Aaron Frizzel - Edinburgh

“We saw a significantly higher level of remortgages in January than we’ve seen in previous months, which accounted for the majority of our business last month. Whilst clients who were buying property were still active in January, with First Time Buyer appetite particularly apparent, the emphasis was on assisting clients who were seeking to refinance their current home with perhaps a view to locking into one of competitive fixed rates available in order to set up their finances for success early in the new year as possible.

As part of this, we saw in particular a number of clients who were taking the opportunity whilst remortgaging to raise capital for home improvements, suggesting that many were aiming to extend or renovate their existing home rather than move. However, what we also noticed was that some were leveraging the current raft of competitively priced mortgages rates in order to fund a second purchase, either as Buy To Let investors or to assist First Time Buyers in the family get on the ladder.

House prices overall have increased locally in January, as Edinburgh continues to perform well, which is an indicator of ongoing consumer confidence in property in the city, with activity levels still correspondingly strong. We’d suggest that overall, the local market has seen a solid start to the new year, and feel relatively optimistic on the near-term outlook in terms of both market demand and values.”



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 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.

¹ Based on Opinium Research, Summer 2017.