



National Mortgage Index

Under embargo until 00:01 hrs on 29.06.18

Brian Murphy | Head of Lending Mortgage Advice Bureau

June 2018

Reporting on

May 2018

data

Buyers back in the market in May

“May appeared to be one of the best months so far this year for some regions, with members of the network reporting a marked increase in activity levels in Yorkshire, Scotland and the East and West Midlands, and even some conurbations in London began to see a little bit of life filter back to the market. However, other areas, such as the South East and South West, saw activity remain relatively lethargic in terms of buyer demand with some sellers struggling to get their homes under offer. Whilst the two bank holidays in the month, as well as school half-term, could well have been a contributing factor, it does seem as though this is a continuation of the malaise that we’ve seen in the Capital and its commuter belt for some time, but that has only just begun to become apparent in the previously buoyant South West.

Those regions which did see a boost in buyer activity reported that the decision to hold interest rates at the beginning of the month did assist with consumer confidence levels. Anecdotally many advisers believe, having spoken to clients who were keen to arrange a mortgage in order to purchase, that there had been a degree of ‘wait and see’ at play since the beginning of the year, yet with rates holding, many decided that now was as good a time as any, having delayed making a decision for so long.

As a result, house price growth in May remained in positive territory, although the overall figure masks regional variations, with Greater London and East Anglia seeing significant year on year decreases. However, in terms of a headline figure our data

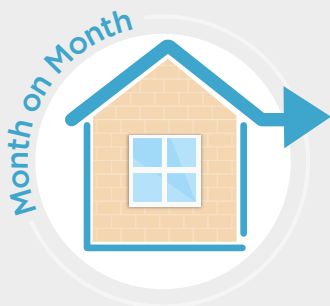
concur with that of the Nationwide and Halifax House Price Indices, which both indicated modest annual average price increases last month, all of which are absolutely within market expectations for 2018. Transaction volumes, as reported by HMRC, also remained steady last month, which although unremarkable are also as predicted at the beginning of the year, therefore not raising any cause for concern at this stage.

However, when we look on a more regionalised basis, the differential in pricing does become more apparent. In the Midlands, Yorkshire and Scotland for example, realistically priced properties are, in some conurbations, still selling within days. However, there is also a degree of market stagnation elsewhere. This is because vendors in some areas are pricing ambitiously, due to the low levels of properties on the market, yet because of affordability factors buyers aren’t able – or prepared – to pay the full amount, leading to some homes sticking on the market for some time, even in an environment where normally one would expect properties to sell in a reasonable timeframe given the reduced level of competition.

In summary, we would suggest that buyers are still very much in evidence in many parts of the UK, and as per the old adage, “everything sells at the right price”. Therefore, the key in the current environment for those who are hoping to sell, even where sentiment is positive and consumer confidence is strong, is to keep expectations realistic.”

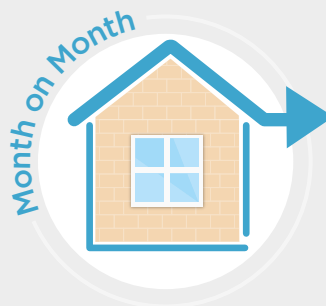


Residential Purchase



Average purchase loan

£175,487 in May 18, broadly unchanged on April 18 (**£174,993**) and May 17 (**£174,852**).



Amount of purchase applicants who opted for fixed rate products

In May 18, **97.2%** of borrowers fixed their mortgage, relatively unchanged on April 18 (**97.1%**) & **1.6%** higher than May 17 (**96.8%**).



Typical LTVs

Remained broadly similar in May 18 at **70.2%** to **70.5%** in April 18, and **70.1%** in May 17.



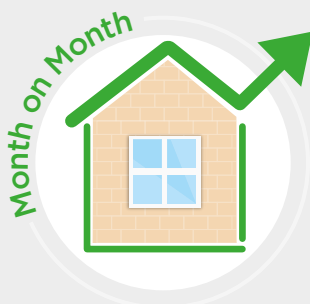
Average applicant age

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

46 yrs - Buy-To-Let Purchase in May 18

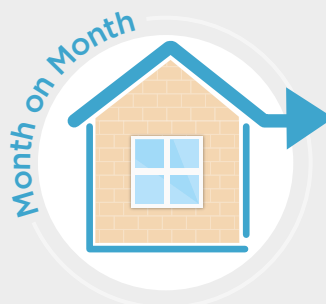
43 yrs - Residential Remortgage in May 18

32 yrs - First Time Buyer in May 18



Change in the average purchase price

£249,862 in May 18, a slight increase on April 18 (**£248,106**) and broadly similar to May 17 (**£249,317**).



Change in average purchase salaries

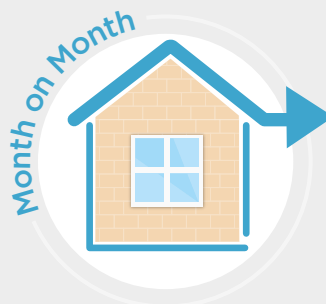
£36,812 in May 18, hardly changed from April 18 (**£36,156**) and also broadly similar to May 17 (**£36,447**).

Residential Remortgage



Average remortgage loan

£179,079 in May 18, a slight increase on April 18 (**£177,688**) and a **2.9%** rise on May 17 (**£173,955**).



Amount of remortgage applicants who opted for fixed rate products

In May 18, **95.3%** of borrowers fixed their mortgage, broadly similar to April 18 (**95.5%**) and a **0.7%** increase on May 17 (**94.7%**).



Typical LTVs

Broadly similar in May 18 at **56%** to April 18 (**55%**) and slightly increased on May 17 (**54.3%**).



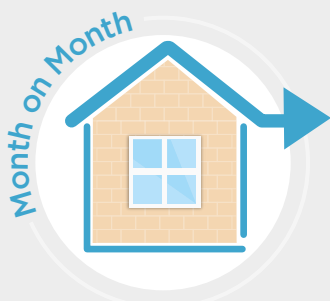
Average applicant age

43 years old in May 18, unchanged month on month and year on year.

46 yrs - Buy-To-Let Purchase in May 18

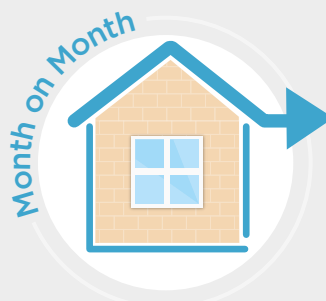
36 yrs - Residential Purchase in May 18

32 yrs - First Time Buyer in May 18



Change in the average remortgage property value

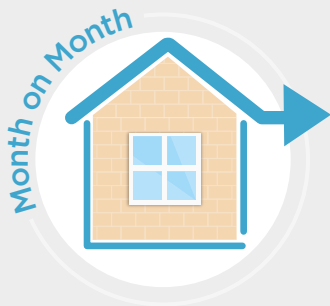
£321,580 in May 18, broadly similar to April 18 (**£322,107**) and increased slightly on May 17 (**£320,574**).



Change in average remortgage salaries

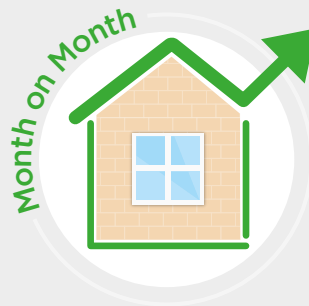
Broadly unchanged in May 18 at **£43,812** against **£43,939** in April 18, and increased by **2.7%** on May 17 (**£42,653**).

Buy-To-Let Purchase



Average BTL purchase loan

£126,428 in May 18, broadly similar to April 18 (**£127,162**) but decreased by **2.6%** on May 17 (**£129,815**).



Amount of BTL purchase applicants who opted for fixed rate products

In May 18, **97.2%** of BTL borrowers fixed their mortgage, slightly increased on April 18 (**96.5%**) and May 17 (**95.2%**).



Typical LTVs

In May 18, the average BTL purchase LTV was **67%**, mostly unchanged from April 18 (**67.1%**) and only slightly lower than May 17 (**68%**).



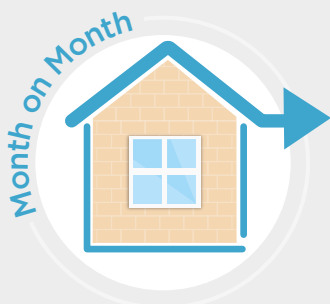
Average applicant age

46 years old in May 18, unchanged month on month and also year on year.

43 yrs - Residential Remortgage in May 18

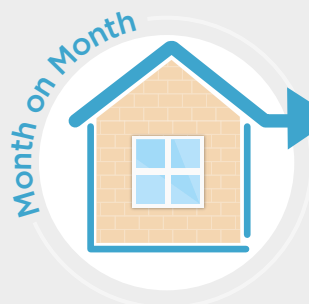
36 yrs - Residential Purchase in May 18

32 yrs - First Time Buyer in May 18



Change in the average BTL purchase price

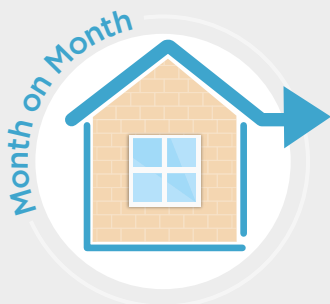
£188,909 in May 18, broadly similar to April 18 (**£189,819**) and slightly decreased by **1.06%** on May 17 (**£190,950**).



Change in average BTL purchase salaries

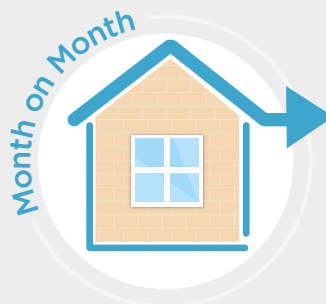
£37,715 in May 18, mostly unchanged on April 18 (**£37,367**) but decreased by **13.96%** on May 17 (**£43,835**).

First Time Buyers



Average FTB purchase loan

£157,533 in May 18, broadly similar to April 18 (**£156,648**) and a slight increase of **1.57%** on May 17 (**£155,057**).



Amount of FTB purchase applicants who opted for fixed rate products

98.8% in May 18, mostly unchanged on April 18 (**99%**) and also May 17 (**98.3%**).



Typical LTVs

74.1% in May 18, mostly unchanged on April 18 (**74.5%**) and also May 17 (**73.9%**).



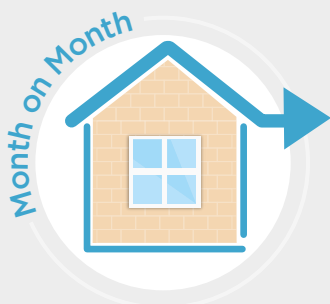
Average applicant age

32 years old in May 18, unchanged month on month and also year on year.

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

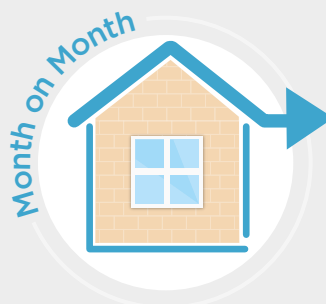
43 yrs - Residential Remortgage in May 18

36 yrs - Residential Purchase in May 18



Change in the average FTB purchase price

£212,499 in May 18, broadly unchanged on April 18 (**£212,937**) and slightly increased by **1.22%** on May 17 (**£209,893**).



Change in average FTB purchase salaries

£31,875 in May 18, mostly unchanged on April 18 (**£31,412**) and also similar to May 17 (**£31,543**).

Regional Mortgage Analysis

June 2018 reporting on
May 2018 data

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

▼ SCOTLAND

Av. Purchase Loan **May 18** **£149,763**
 Av. Purchase Loan **Apr 18** **£153,447**
Monthly Change..... **-2.4%**
 Av. Purchase Loan **May 17** **£146,941**
Annual Change..... **1.9%**

▼ NORTH WEST

Av. Purchase Loan **May 18** **£144,130**
 Av. Purchase Loan **Apr 18** **£147,217**
Monthly Change..... **-2.1%**
 Av. Purchase Loan **May 17** **£129,217**
Annual Change..... **11.5%**

▼ WEST MIDLANDS

Av. Purchase Loan **May 18** **£174,888**
 Av. Purchase Loan **Apr 18** **£177,162**
Monthly Change..... **-1.3%**
 Av. Purchase Loan **May 17** **£170,777**
Annual Change..... **2.4%**

▲ WALES

Av. Purchase Loan **May 18** **£130,187**
 Av. Purchase Loan **Apr 18** **£124,754**
Monthly Change..... **4.4%**
 Av. Purchase Loan **May 17** **£125,113**
Annual Change..... **4.1%**

▼ SOUTH WEST

Av. Purchase Loan **May 18** **£169,100**
 Av. Purchase Loan **Apr 18** **£170,456**
Monthly Change..... **-0.8%**
 Av. Purchase Loan **May 17** **£166,108**
Annual Change..... **1.8%**

▲ SOUTH EAST

Av. Purchase Loan **May 18** **£228,038**
 Av. Purchase Loan **Apr 18** **£224,328**
Monthly Change..... **1.7%**
 Av. Purchase Loan **May 17** **£227,438**
Annual Change..... **0.3%**

▲ NORTH EAST

Av. Purchase Loan **May 18** **£132,511**
 Av. Purchase Loan **Apr 18** **£131,714**
Monthly Change..... **0.6%**
 Av. Purchase Loan **May 17** **£128,907**
Annual Change..... **2.8%**

▼ YORKS & HUMBER

Av. Purchase Loan **May 18** **£145,092**
 Av. Purchase Loan **Apr 18** **£147,288**
Monthly Change..... **-1.5%**
 Av. Purchase Loan **May 17** **£144,552**
Annual Change..... **0.4%**

▲ EAST MIDLANDS

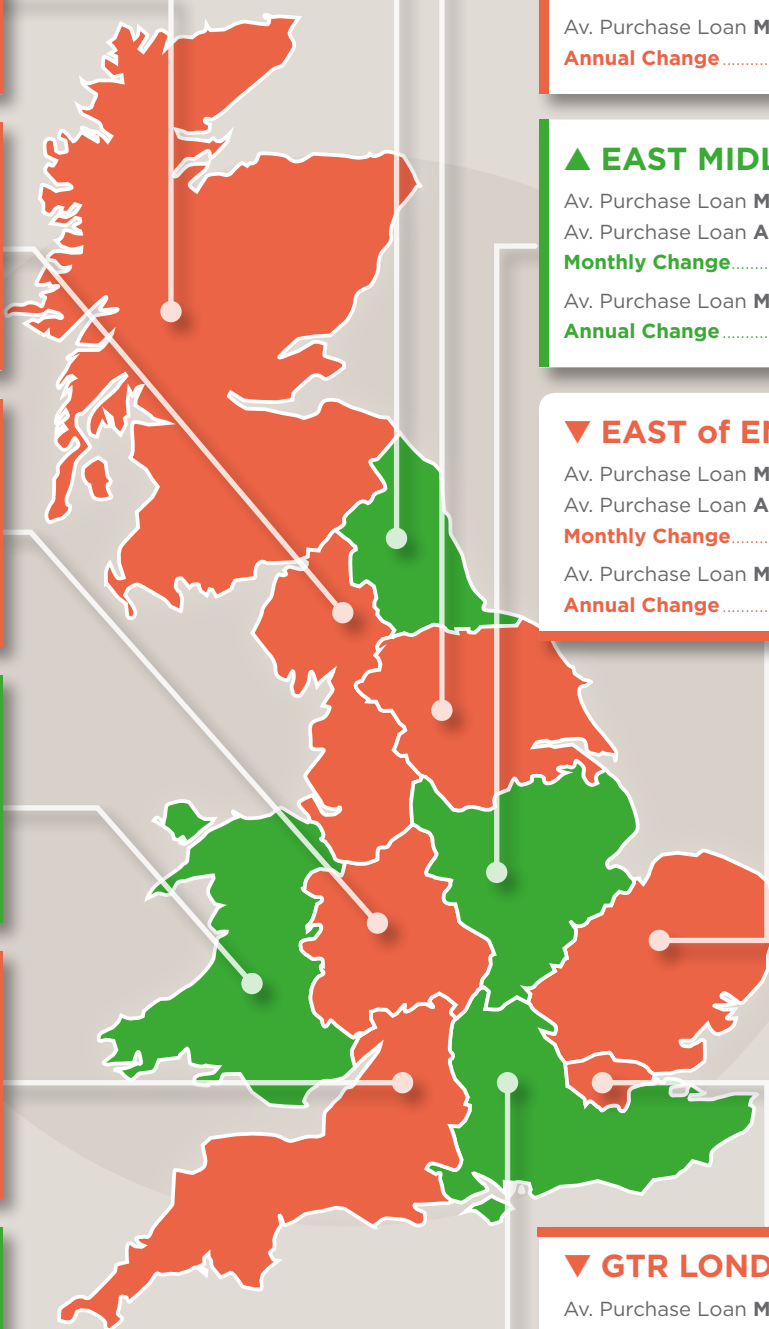
Av. Purchase Loan **May 18** **£143,928**
 Av. Purchase Loan **Apr 18** **£141,498**
Monthly Change..... **1.7%**
 Av. Purchase Loan **May 17** **£140,061**
Annual Change..... **2.8%**

▼ EAST of ENGLAND

Av. Purchase Loan **May 18** **£145,172**
 Av. Purchase Loan **Apr 18** **£145,756**
Monthly Change..... **-0.4%**
 Av. Purchase Loan **May 17** **£157,852**
Annual Change..... **-8.0%**

▼ GTR LONDON

Av. Purchase Loan **May 18** **£334,720**
 Av. Purchase Loan **Apr 18** **£348,036**
Monthly Change..... **-3.83%**
 Av. Purchase Loan **May 17** **£364,969**
Annual Change..... **-8.3%**



Regional Market Commentary

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

Rachel Geddes - London

“May was our best month to date this year, which we believe was a reflection of the decision to hold the current Bank of England base interest rate early in the month, providing consumers with an increased level of confidence.

In particular, we saw a significant rise in investor activity last month, with a lot of our Buy To Let clients coming back to the market. We would suggest that this is as a result of savvy landlords reviewing their portfolios over the last few months and spending time taking tax advice to restructure their finances, potentially even offloading properties where the numbers were no longer stacking up, and then coming back to the market. However, we noticed that those who were purchasing a Buy To Let property last month were very particular in terms of the areas they were investing in, and had undertaken significant amounts of research with regards to potential yields and future capital growth.

Owner-occupier buyers were also busy in May, with many who had perhaps put plans on hold in previous months now deciding that they wanted to move during the summer and taking advantage of competitive mortgage rates while they are still available.

As a consequence, we would suggest that the London market is perhaps less stagnant than we've seen since the start of the year. Realistic pricing is still key of course, and there is the inevitable negotiation from those buyers who are proceedable and aren't in a chain, but overall we would say there are signs in the Capital for a cautious amount of optimism going into the early summer market.”

Richard Hullin - Swansea

“Coming off the back of a very busy April, we saw even higher numbers of clients in May who were seeking assistance with their mortgages, either for purchase or remortgage.

There is definitely a pent-up demand for homes locally at all levels, with movers actively looking but taking longer to find the right property to suit them due to the low levels of properties available. Buy To Let investors are also steadily returning to the market after a few months' hiatus, although their purchase decisions are perhaps more considered now, given that there is various tax and lending legislation to navigate. That said, the investors we assisted last month were undeterred by these factors, mainly due to the ongoing demand for quality rental stock in the area.

In terms of remortgages, it felt as though a lot of clients were coming out of hibernation last month. Many we spoke to admitted that, whilst they had been considering getting a new deal in place previously, the news of the interest rate hold spurred them on to get their next mortgage arranged whilst rates were still low.

As a result of the decreased levels of homes currently for sale, property prices locally saw further increases in May. It may be the case that, now we're heading towards the summer, more homes become available as vendors decide to take advantage of the better weather, but even if that's the case, all this will do is satisfy current levels of demand. Given the current number of buyers who are active, we'd suggest that a significant number of properties would need to hit the market in order to create a discernible downwards pressure on prices.”

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

“Business ticked over steadily in May, with lots of enquiries from people who want to move home. However, whilst there was a lot of activity, we would suggest that buyers are taking longer to put in offers once their mortgage is agreed, due to the restricted stock leading to lack of choice. We also saw a lot of people get their mortgage in place prior to going on holiday, as the schools were on half-term last month, so that everything was in place for them to start looking seriously once they got home.

May was also one of the busiest months so far this year for remortgages. We assisted a lot of existing clients who had two-year fixed rate products which had come to an end and due to the Bank of England interest rate hold at the beginning of the month, were keen to fix again whilst rates were still low. As has become the norm in recent months, the majority of our remortgage clients opted for a longer term fix this time around, with five years the most popular. However, we did see some of our clients take ten-year fixed rates, but these are really for people who are in their ‘forever home’ and not planning on moving within the next decade.

With demand still evident, property values were mostly unchanged in May on previous months, although we are seeing some buyers attempt offers below asking price, particularly where they are able to proceed quickly or where the sellers have perhaps been ambitious in their expectations. Overall though, there are plenty of people locally who want to move at the moment, from First Time Buyers to the upper end of the market, which underscores the fact that there is still plenty of optimism and confidence locally.”

Aaron Frizzel - Edinburgh

“There definitely was a ‘feel good’ factor in the air last month, with local consumer sentiment very upbeat and high levels of activity in Edinburgh and the nearby conurbations.

Following on from the momentum we saw in April, buyer numbers were again significant last month at all levels, from First Time Buyers to landlords. We would suggest that the positive employment figures for Scotland that were released last month, which highlighted a growth in employment in Edinburgh and other areas, added to market confidence. This has also been underscored by the level of residential investment around the city recently, with a number of new build developments currently in progress, particularly to the South of Edinburgh. Whilst these homes are a way off completion, they will offer more buyers more choice in the spring of 2019 when they are due to be released.

In terms of property prices, recent data from the Royal Institution of Chartered Surveyors as well as our anecdotal observations both suggest that prices are still on the increase locally. Certainly, we would suggest that as buyers ramp up their activity in order to complete before the summer holidays, it may be a similar picture for the next couple of 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.