



National Mortgage Index

Under embargo until 00:01 hrs on 28.03.18

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March 2018

Reporting on

February 2018

data

Diverging regional trends continue in February

February saw the market continue on its steady trajectory from January, with many key factors remaining broadly similar to the previous month.

Indices such as the Halifax and Nationwide both observed average annual house price growth that was still in positive territory, although at a more subdued level than we've seen over the course of the past few months. Correspondingly, transaction volumes in February, as measured by HMRC, also remained almost unchanged on January, indicating that the market was operating on a consistent basis overall.

Mark Carney's comments in February with regards to probable interest rate rises in 2018 perhaps galvanised some homeowners who have been considering remortgages but not yet taken action to start to researching the market, following on from the nine-year high in January of remortgaging activity as reported by UK Finance. Our data indicates that 93.2% of those who did remortgage in February took a fixed rate product of some kind, only slightly lower than February 2017 when 94% of those remortgaging opted for a fixed rate deal.

First Time Buyer borrowing also appears to be on the increase after a strong January in this particular sector, with high LTV mortgages and other niche products, such as Family Assistance mortgages and Joint Borrower, Sole Proprietor mortgages helping those who otherwise would need to find large deposits to get into their first property. Our analysis suggests that the average cost of a First Time Buyer home fell very slightly in February on the previous month, however there was an average annual increase in real terms of £8,202.

Key market indicators in February include:

- Average purchase price was £245,605, which was hardly changed from £245,742 in January and only a slight increase of 1.7% on February 2017. That said, this masks a degree of regional variation in average purchase prices with some areas, such as the North West, West Midlands and South West, seeing far higher annual price increases in February 2018.
- The average First Time Buyer mortgage remained broadly similar in February at £155,691, only slightly increased on January (£155,465) but 5.46% higher than in February 2017.
- The average residential remortgage amount saw a slight increase in February to £172,133 from £170,102 in January, and remained broadly similar to the average in February 2017, which was £170,706.

The Royal Institution of Chartered Surveyors cited in their latest report that stock levels in the UK are now at record lows in many areas, which they believe is providing a certain amount of support for prices. However, as with the UK average purchase price, this does mask varying shades of regional variations, with some areas of the country anecdotally reporting busier listings in February than others.

In summary, February's data points to the market settling into a consistent pattern rather than gearing up for a 'Spring spike', although clearly, as we continue to see regional divergence in terms of annualised growth, it's possible that there will be pockets of the country that may experience a balmier outlook over the next few months than others.

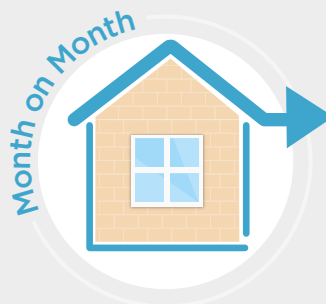


Residential Purchase



Average purchase loan

£173,799 in Feb 18, **0.5%** higher than in Jan 18 (**£172,990**) and increased by **3.5%** on Feb 17 (**£167,992**).



Amount of purchase applicants who opted for fixed rate products

In Feb 18, **97.7%** of borrowers fixed their mortgage, broadly similar to Jan 18 (**97.4%**) and increased by **1.6%** on Feb 17 (**96%**).



Typical LTVs

Remained broadly similar in **Feb 18** at **70.8%** to Jan 18 (**70.4%**) and up **1.7%** on Feb 17 (**69.6%**).



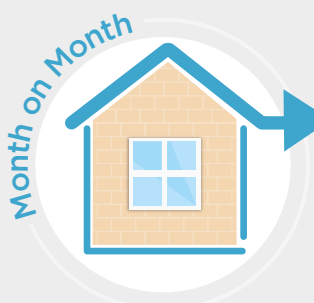
Average applicant age

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

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

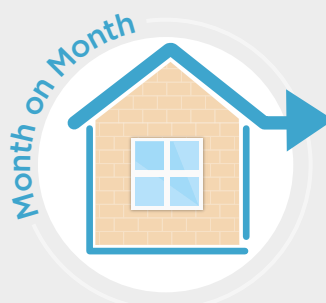
43 yrs - Residential Remortgage in Feb 18

32 yrs - First Time Buyer in Feb 18



Change in the average purchase price

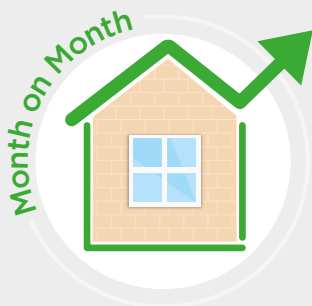
£245,605 in Feb 18, broadly similar to Jan 18 (**£245,742**) but increased by **1.7%** on Feb 17 (**£241,430**).



Change in average purchase salaries

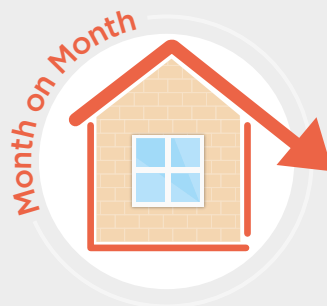
£36,154 in Feb 18, broadly similar to Jan 18 (**£36,207**) and increased by **0.46%** on Feb 17 (**£36,322**).

Residential Remortgage



Average remortgage loan

£172,133 in Feb 18, increased by **1.2%** on Jan 18 (**£170,102**) and also increased on Feb 17 by **0.8%** (**£170,706**).



Amount of remortgage applicants who opted for fixed rate products

In Feb 18, **93.2%** of borrowers fixed their mortgage, **2%** lower than in Jan 18 (**95.1%**) and **0.9%** lower than in Feb 17 (**94%**).



Typical LTVs

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



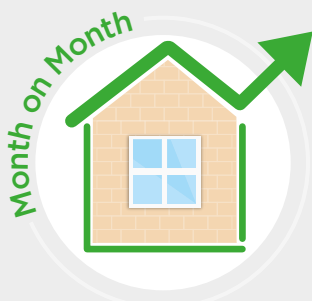
Average applicant age

43 years old in Feb 18, up from **42** in Jan 18, but unchanged on Feb 17.

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

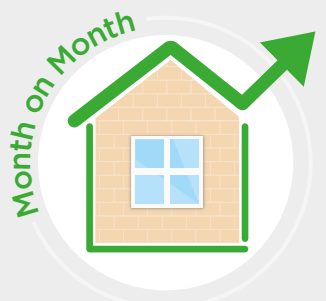
36 yrs - Residential Purchase in Feb 18

32 yrs - First Time Buyer in Feb 18



Change in the average remortgage property value

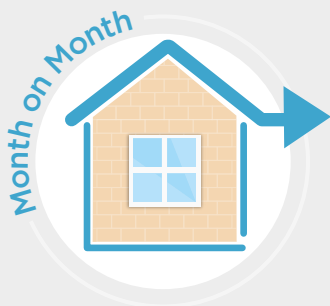
£312,313 in Feb 18, an increase of **1.3%** on Jan 18 (**£308,257**) and a decrease of **2.5%** on Feb 17 (**£320,466**).



Change in average remortgage salaries

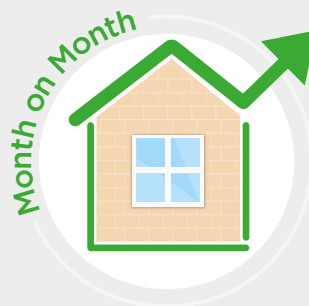
An increase of **1.2%** in Feb 18 to **£42,802** from Jan 18 (**£42,292**) and also increased by **2.9%** on Feb 17 (**£41,601**).

Buy-To-Let Purchase



Average BTL purchase loan

£129,370 in Feb 18, broadly similar to Jan 18 (**£129,917**) but increased by **3.02%** on Feb 17 (**£125,452**).



Amount of BTL purchase applicants who opted for fixed rate products

In Feb 18, **97.6%** of BTL borrowers fixed their mortgage, slightly increased on Jan 18 (**96%**) and also up on Feb 17 (**93.5%**).



Typical LTVs

In Feb 18, the average BTL purchase LTV was **68%**, unchanged month on month and increased from **66%** in Feb 17.



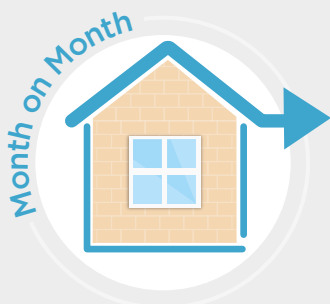
Average applicant age

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

43 yrs - Residential Remortgage in Feb 18

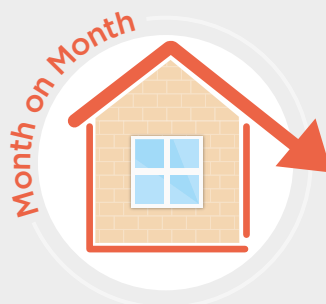
36 yrs - Residential Purchase in Feb 18

32 yrs - First Time Buyer in Feb 18



Change in the average BTL purchase price

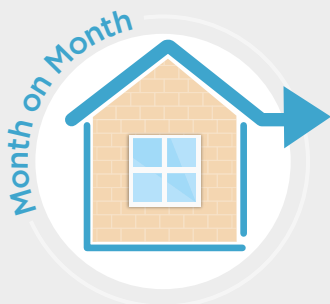
£191,407 in Feb 18, broadly similar to Jan 18 (**£191,559**) and increased by **1.08%** on Feb 17 (**£189,338**).



Change in average BTL purchase salaries

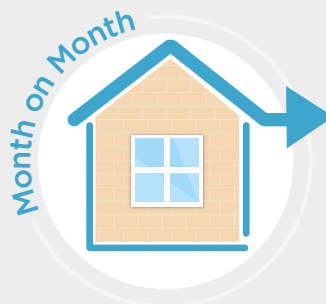
£36,543 in Feb 18, a decrease of **2.36%** on Jan 18 (**£37,427**) and a drop of **15.8%** on Feb 17 (**£43,410**).

First Time Buyers



Average FTB purchase loan

£155,691 in Feb 18, broadly unchanged on Jan 18 (**£155,465**) and increased by **5.46%** on Feb 17 (**£147,175**).



Amount of FTB purchase applicants who opted for fixed rate products

99% of FTB borrowers fixed their mortgage in Feb 18, unchanged month on month, and increased from **98%** in Feb 17.



Typical LTVs

74% in Feb 18, unchanged month on month and increased from **73%** in Feb 17.



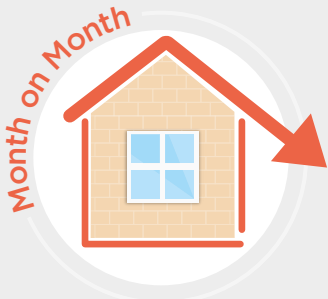
Average applicant age

32 years old in Feb 18, up from **31** in Jan 18 and also Feb 17.

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

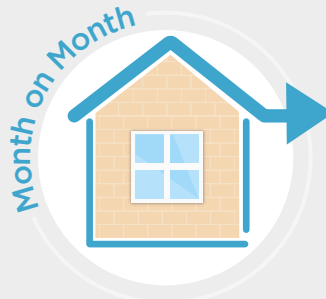
43 yrs - Residential Remortgage in Feb 18

36 yrs - Residential Purchase in Feb 18



Change in the average FTB purchase price

Dropped by **0.79%** in Feb 18 to **£209,103** from **£210,774** in Jan 18, and increased by **3.9%** on Feb 17 (**£200,901**).



Change in average FTB purchase salaries

£31,350 in Feb 18, mainly unchanged on Jan 18 (**£31,318**) and also Feb 17 (**£31,492**).

Regional Mortgage Analysis

March 2018 reporting on
February 2018 data

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

▼ SCOTLAND

Av. Purchase Loan **Feb 18** £156,881
 Av. Purchase Loan **Jan 18** £159,120
Monthly Change -1.4%
 Av. Purchase Loan **Feb 17** £155,541
Annual Change 0.9%

▲ NORTH WEST

Av. Purchase Loan **Feb 18** £144,424
 Av. Purchase Loan **Jan 18** £138,562
Monthly Change 4.2%
 Av. Purchase Loan **Feb 17** £130,521
Annual Change 10.7%

▲ WEST MIDLANDS

Av. Purchase Loan **Feb 18** £178,326
 Av. Purchase Loan **Jan 18** £176,515
Monthly Change 1.0%
 Av. Purchase Loan **Feb 17** £167,306
Annual Change 6.6%

▼ WALES

Av. Purchase Loan **Feb 18** £124,489
 Av. Purchase Loan **Jan 18** £128,704
Monthly Change -3.3%
 Av. Purchase Loan **Feb 17** £123,580
Annual Change 0.7%

▲ SOUTH WEST

Av. Purchase Loan **Feb 18** £168,500
 Av. Purchase Loan **Jan 18** £166,448
Monthly Change 1.2%
 Av. Purchase Loan **Feb 17** £153,504
Annual Change 9.8%

▼ SOUTH EAST

Av. Purchase Loan **Feb 18** £222,395
 Av. Purchase Loan **Jan 18** £223,090
Monthly Change -0.3%
 Av. Purchase Loan **Feb 17** £210,859
Annual Change 5.5%

▲ NORTH EAST

Av. Purchase Loan **Feb 18** £124,876
 Av. Purchase Loan **Jan 18** £122,188
Monthly Change 2.2%
 Av. Purchase Loan **Feb 17** £123,880
Annual Change 0.8%

▲ YORKS & HUMBER

Av. Purchase Loan **Feb 18** £145,584
 Av. Purchase Loan **Jan 18** £142,801
Monthly Change 1.9%
 Av. Purchase Loan **Feb 17** £140,848
Annual Change 3.4%

▼ EAST MIDLANDS

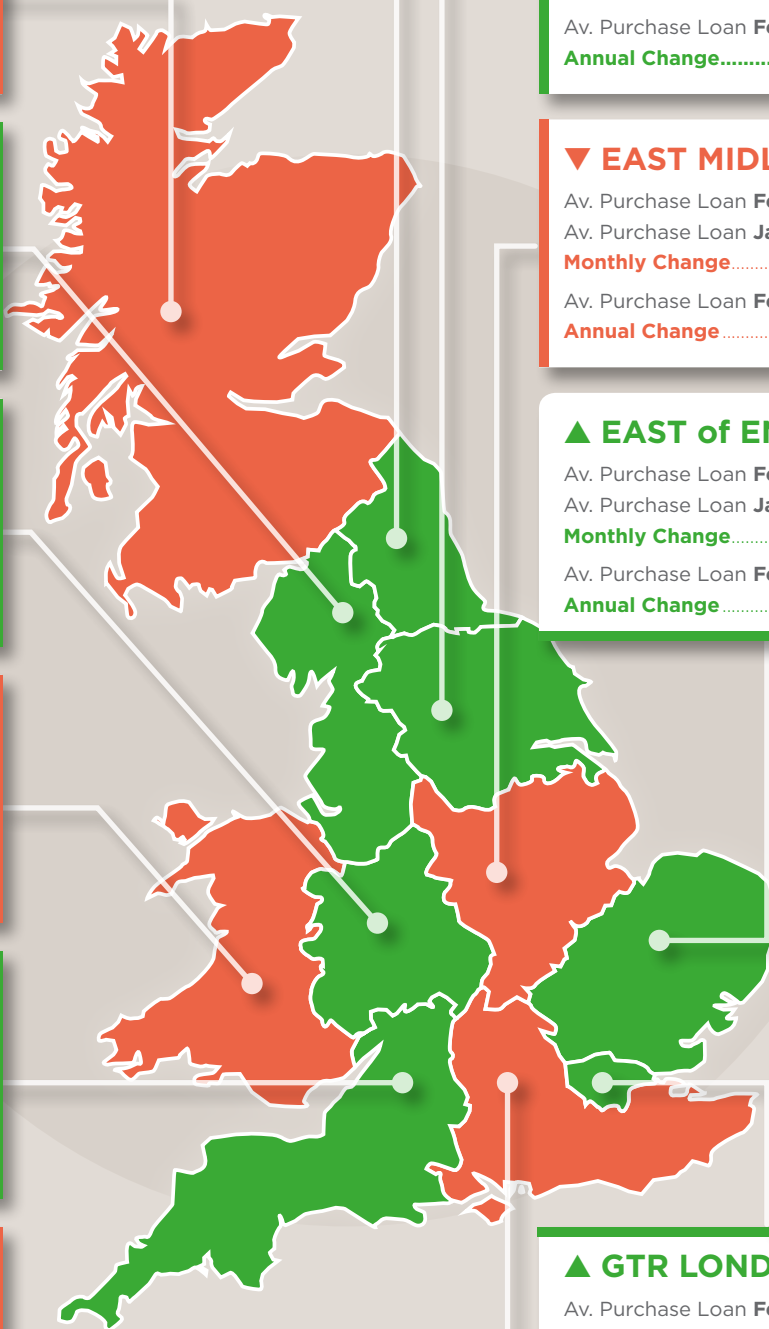
Av. Purchase Loan **Feb 18** £137,456
 Av. Purchase Loan **Jan 18** £139,254
Monthly Change -1.3%
 Av. Purchase Loan **Feb 17** £138,394
Annual Change -0.7%

▲ EAST of ENGLAND

Av. Purchase Loan **Feb 18** £143,445
 Av. Purchase Loan **Jan 18** £138,819
Monthly Change 3.3%
 Av. Purchase Loan **Feb 17** £148,858
Annual Change -3.6%

▲ GTR LONDON

Av. Purchase Loan **Feb 18** £340,025
 Av. Purchase Loan **Jan 18** £317,595
Monthly Change 7.0%
 Av. Purchase Loan **Feb 17** £356,129
Annual Change -4.5%



Regional Market Commentary

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

Rachel Geddes - London

"February was a solid month for us; the majority of our clients were purchasers, but we also saw a significant number who were remortgaging.

Many of the buyers we assisted were either buying their first home or second steppers moving up the ladder, but in all cases were leveraging the competitive mortgage rates available in order to make their move early in 2018. We noted an increase in Help To Buy cases last month, which is encouraging, as together with the recently introduced SDLT exemption for First Time Buyers this sector of the market is now really starting to gain some traction.

As with January, last month we saw clients opt for an even mix of two and five year fixed rates, depending on the level of flexibility they need versus the security of a longer term deal.

In terms of property prices in London, we have seen more properties come to the market since the beginning of the year, which is great as it provides better choice for buyers and is stimulating the market which was stagnating in many areas up until recently. In addition, a number of new build developments are now coming to fruition that are offering launch incentives, making it an attractive market for buyers who are able to proceed."

David Lewis - Swansea

"We wrote almost double the amount of business last month as we did in February 2017, and attribute this to the fact that Swansea is currently experiencing a number of positive changes economically, leading to increased buyer demand. This, coupled with an ongoing lack of stock means that properties coming to market are selling quickly and at asking price, with some going to sealed bids, leading to property values increasing significantly year on year in the local area. As a consequence, this has brought forward a lot of consumers' decisions to move this year as they are keen to either get on or trade up the ladder now before prices escalate too much further.

The majority of our clients last month were therefore those moving home, and we saw a range of cases at all levels, from first time buyers to those purchasing substantial family homes. We also saw investors adding to their portfolios, with serious investors still very much in evidence locally.

Nearly all of our clients opting for a fixed rate mortgage of some sort in February, with the longer term deals of three, five and even ten years now replacing two year fixes in terms of popularity, both due to the long term financial security they provide, but also the competitive rates which are available that clients are keen to take advantage of for as long as possible, given that we know rate rises are on the way in the not too distant future."

Continued overleaf

Regional Market Commentary

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

Lisa Berrido - Manchester

“February was exceptionally busy for us, with the majority of the clients we assisted moving home. We observed that not only did the number of clients we arranged mortgages for increase significantly last month, the average size of the mortgage we arranged for those buying increased as well, both month on month and year on year. This is consistent with the fact that property prices locally have increased in recent months, and also potentially reflects the fact that more lenders are offering competitively priced 90% and 95% mortgages, leading to more buyers taking advantage of the fact that they are able to purchase with a lower deposit.

We’ve also noticed that First Time Buyers locally are purchasing properties with a longer-term view. For example, whereas previously a typical First Time Buyer property might have been a two bedroom terraced house that they would stay in for a couple of years before moving to something a little larger, now we’re seeing that locally, First Time Buyers are saving for longer and then borrowing a higher amount in order to afford perhaps a three bedroom semi-detached house, with a plan to stay there for five years or more. This is underscored by the rise of five year fixed rate mortgages we’ve arranged for First Time Buyers, who are seeking the long term security of a competitive fixed rate.

On the remortgage side, February was a similar story to January with clients taking the opportunity to remortgage and raise capital from their property whilst rates are still low. Again, five year fixes continued to be the most popular choice, particularly with those who are living in their ‘forever home’ and who are taking advantage of the low rates to make overpayments in order to pay off their mortgage early.

Overall, the local property market felt buoyant in February, with estate agents reporting an increase in sellers listing their homes for sale. This new injection of stock on the market led to a renewed cycle of buyer activity, clearly because there was increased choice available, although given current levels of demand there’s been no negative impact on price, as buyer appetite at all levels is still very much in evidence.”

Aaron Frizzel - Edinburgh

“February was busier than January for us, with the majority of clients we assisted purchasing a property, rather than remortgaging. Our purchase clients were an even mix of First Time Buyers and home movers, with the market active although still finding its feet from the lull at the start of the year. As a result, prices for Edinburgh remained broadly consistent on the previous month but we would suggest that the froth has come off the top of the market just slightly, and homes are now selling at a more realistic level than we’ve seen in previous months, albeit that annually prices are still showing growth.

On the remortgage side, last month we noticed that many clients were taking the opportunity to raise capital as well as lock into a competitive fixed rate. Given the competition for larger family homes in the local area, we would suggest that if some would-be buyers can’t find what they are looking for, they are now taking the approach of ‘improving not moving’ and remortgaging to fund extension projects to create the extra room that they need.

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 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.