



National Mortgage Index

Under embargo until 00:01hrs on 29.10.18

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October 2018

Reporting on

September 2018

data

Buyers and Sellers 'keep calm and carry on' in September

Although the headline rate of growth in asking prices slowed slightly in September, as reported by Rightmove in their most recent House Price Index, overall purchase activity varied greatly between regions last month, meaning that there was no 'one size fits all' picture. Yorkshire and the Humber, Northern Ireland, Wales, Scotland and the West Midlands were all observed by RICS as seeing more positive markets than other areas of the country. Therefore, whilst average asking prices saw their slowest rate of increase for eight years last month, the more pragmatic might suggest that this still indicates growth – albeit perhaps unexceptional – and could be partly due to some motivated vendors pricing realistically in order to secure a buyer to enable a move before Christmas.

In terms of house price growth, both the Halifax and Nationwide reported last month that figures were still in positive territory on an annualised basis, quoting year on year increases of 2.5% and 2% respectively, although again the top-level rate of growth again masks regional variations.

However, whilst demand may vary from county to county, what still appears to be evident is consumer confidence, as transaction volumes remained at steady levels, regardless of the current economic and political uncertainties.

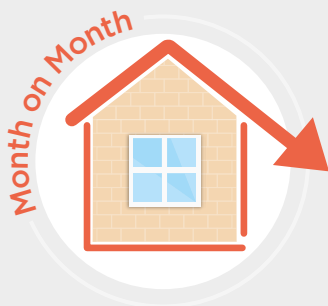
Lenders are still holding their rates at competitive levels; in fact, some products are now lower than they were pre-interest rate increase in August, indicating that they are very much 'open for business', be it for clients who wish to purchase or remortgage.

Certainly, metrics from our lending data point to borrowing activity remaining steady over the four main groups – Residential Purchase, Residential Remortgage, Buy to Let and First Time Buyers – with only a few very modest month-on-month changes whilst the majority of key indicators remained mostly unchanged.

Therefore, whilst the news headlines may mean that some potential discretionary buyers and sellers are perhaps adopting a more cautious 'wait and see' approach, as we enter into the Autumn market, which is normally one of the busiest seasons of the year, there is still a healthy degree of optimism in many areas. Indeed, outside of London and the South East, in many pockets the 'keep calm and carry on' rhetoric appears to be prevailing, which is very encouraging.

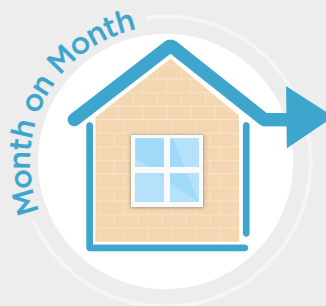


Residential Purchase



Average purchase loan

£170,996 in Sept 18, a slight decrease of **0.8%** on Aug 18 (**£172,365**) but broadly similar to Sept 17 (**£170,406**).



Amount of purchase applicants who opted for fixed rate products

In Sept 18, **97.7%** of borrowers fixed their mortgage, broadly similar to Aug 18 (**97.6%**) and a slight increase on Sept 17 (**96.5%**).



Typical LTVs

Remained mainly unchanged in Sept 18 at **70.4%**, compared with Aug 18 (**69.8%**) and Sept 17 (**69.3%**).



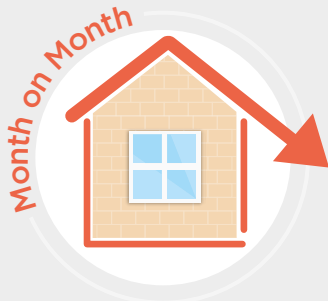
Average applicant age

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

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

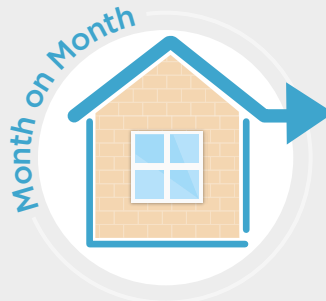
42 yrs - Residential Remortgage in Sept 18

31 yrs - First Time Buyer in Sept 18



Change in the average purchase price

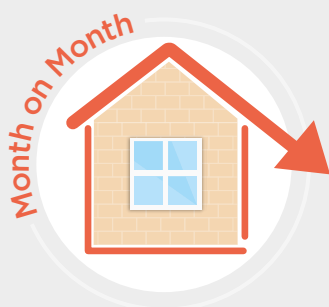
£243,009 in Sept 18, a decrease of **1.4%** on Aug 18 (**£246,841**) and also a slight drop on Sept 17 (**£245,887**).



Change in average purchase salaries

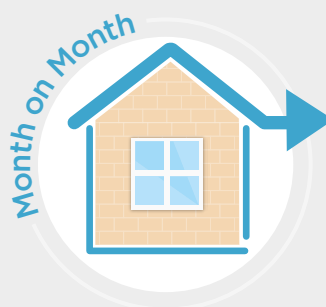
£36,129 in Sept 18, mostly unchanged on Aug 18 (**£36,294**) and a slight increase on Sept 17 (**£35,815**).

Residential Remortgage



Average remortgage loan

£175,120 in Sept 18, slightly lower than Aug 18 (**£176,759**) but broadly similar to Sept 17 (**£175,968**).



Amount of remortgage applicants who opted for fixed rate products

In Sept 18 **95%** of borrowers fixed their mortgage, unchanged on Aug 18 (**95%**) and mostly similar to Sept 17 (**95.2%**).



Typical LTVs

Mostly unchanged in Sept 18 at **56.5%**, from **56.4%** in Aug 18, and increased on Sept 17 (**55.6%**).



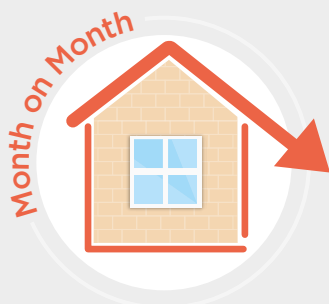
Average applicant age

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

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

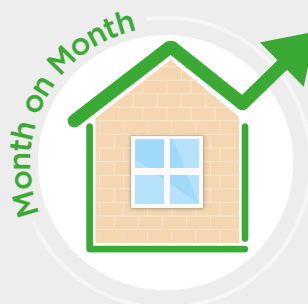
36 yrs - Residential Purchase in Sept 18

31 yrs - First Time Buyer in Sept 18



Change in the average remortgage property value

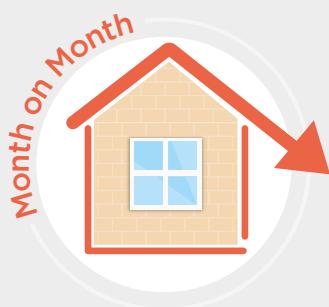
£310,152 in Sept 18, **1%** lower than Aug 18 (**£313,220**) and **2.0%** lower than Sept 17 (**£316,352**).



Change in average remortgage salaries

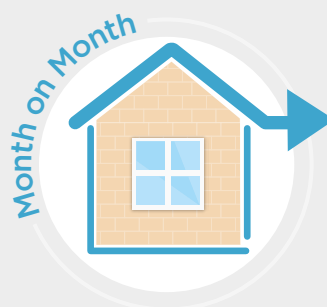
£44,722 in Sept 18, a rise of **6.0%** on Aug 18 (**£42,201**) and **2.4%** on Sept 17 (**£43,684**).

Buy-To-Let Purchase



Average BTL purchase loan

£127,123 in Sept 18, a decrease of **2.91%** on Aug 18 (**£130,937**) and a drop of **6.07%** on Sept 17 (**£135,339**).



Amount of BTL purchase applicants who opted for fixed rate products

In Sept 18, **98.1%** of BTL borrowers fixed their mortgage, mostly unchanged on Aug 18 (**97.9%**) but increased on Sept 18 (**91.2%**).



Typical LTVs

In Sept 18, the average BTL purchase LTV was **67.1%**, broadly unchanged from Aug 18 (**67%**) and also Sept 18 (**67.5%**).



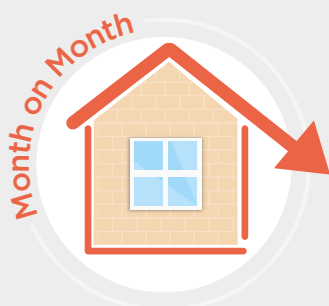
Average applicant age

45 in Sept 18, unchanged month on month and also year on year.

42 yrs - Residential Remortgage in Sept 18

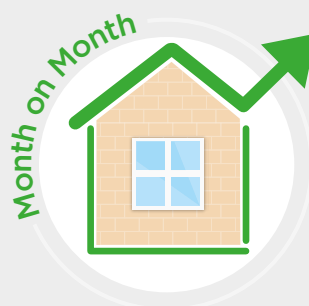
36 yrs - Residential Purchase in Sept 18

31 yrs - First Time Buyer in Sept 18



Change in the average BTL purchase price

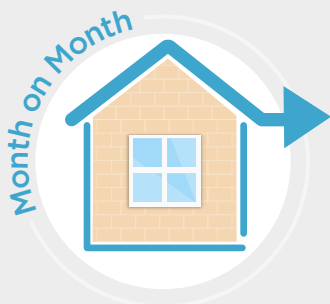
£189,577 in Sept 18, a decrease of **2.95%** on Aug 18 (**£195,343**) and a drop of **5.46%** on September 17 (**£200,536**).



Change in average BTL purchase salaries

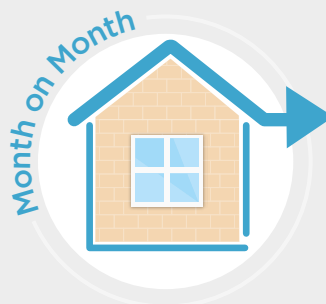
£39,270 in Sept 18, an increase of **3.04%** on Aug 18 (**£38,076**) and **1.34%** on Sept 17 (**£38,740**).

First Time Buyers



Average FTB purchase loan

£153,533 in Sept 18, mostly unchanged from Aug 18 (**£154,157**) but a **0.94%** increase on Sept 17 (**£152,082**).



Amount of FTB purchase applicants who opted for fixed rate products

98.8% in Sept 18, broadly similar to Aug 18 (**98%**) and also Sept 17 (**98.5%**).



Typical LTVs

73.5% in Sept 18, almost unchanged on Aug 18 (**73.3%**) and also Sept 17 (**73%**).



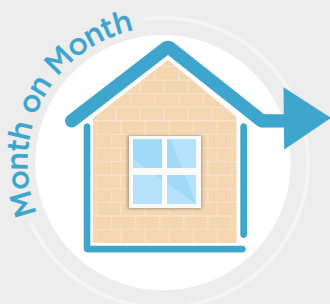
Average applicant age

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

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

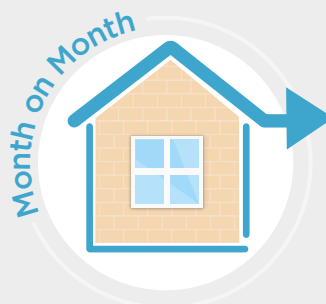
42 yrs - Residential Remortgage in Sept 18

36 yrs - Residential Purchase in Sept 18



Change in the average FTB purchase price

£210,216 in Sept 18, mostly unchanged on Aug 18 (**£209,003**) but slightly increased by **0.57%** on Sept 17 (**£208,333**).



Change in average FTB purchase salaries

£31,388 in Sept 18, mostly unchanged on Aug 18 (**£32,018**) but slightly increased by **1.61%** from Sept 17 (**£30,881**).

Regional Mortgage Analysis

October 2018 reporting on
September 2018 data

▲ Increase from previous month
▼ Decrease from previous month

▲ SCOTLAND

Av. Purchase Loan **Sept 18** £149,464
 Av. Purchase Loan **Aug 18** £148,755
Monthly Change 0.5%
 Av. Purchase Loan **Sept 17** £141,371
Annual Change 5.7%

▼ NORTH WEST

Av. Purchase Loan **Sept 18** £144,170
 Av. Purchase Loan **Aug 18** £146,151
Monthly Change -1.4%
 Av. Purchase Loan **Sept 17** £130,312
Annual Change 10.6%

▼ WEST MIDLANDS

Av. Purchase Loan **Sept 18** £176,307
 Av. Purchase Loan **Aug 18** £178,229
Monthly Change -1.1%
 Av. Purchase Loan **Sept 17** £175,786
Annual Change 0.3%

▼ WALES

Av. Purchase Loan **Sept 18** £132,674
 Av. Purchase Loan **Aug 18** £139,230
Monthly Change -4.7%
 Av. Purchase Loan **Sept 17** £129,739
Annual Change 2.3%

▼ SOUTH WEST

Av. Purchase Loan **Sept 18** £169,811
 Av. Purchase Loan **Aug 18** £170,676
Monthly Change -0.5%
 Av. Purchase Loan **Sept 17** £165,042
Annual Change 2.9%

▼ SOUTH EAST

Av. Purchase Loan **Sept 18** £218,231
 Av. Purchase Loan **Aug 18** £219,109
Monthly Change -0.4%
 Av. Purchase Loan **Sept 17** £213,684
Annual Change 2.1%

▼ NORTH EAST

Av. Purchase Loan **Sept 18** £122,838
 Av. Purchase Loan **Aug 18** £124,513
Monthly Change -1.3%
 Av. Purchase Loan **Sept 17** £121,851
Annual Change 0.8%

▼ YORKSHIRE & THE HUMBER

Av. Purchase Loan **Sept 18** £142,389
 Av. Purchase Loan **Aug 18** £143,321
Monthly Change -0.7%
 Av. Purchase Loan **Sept 17** £146,137
Annual Change -2.6%

▼ EAST MIDLANDS

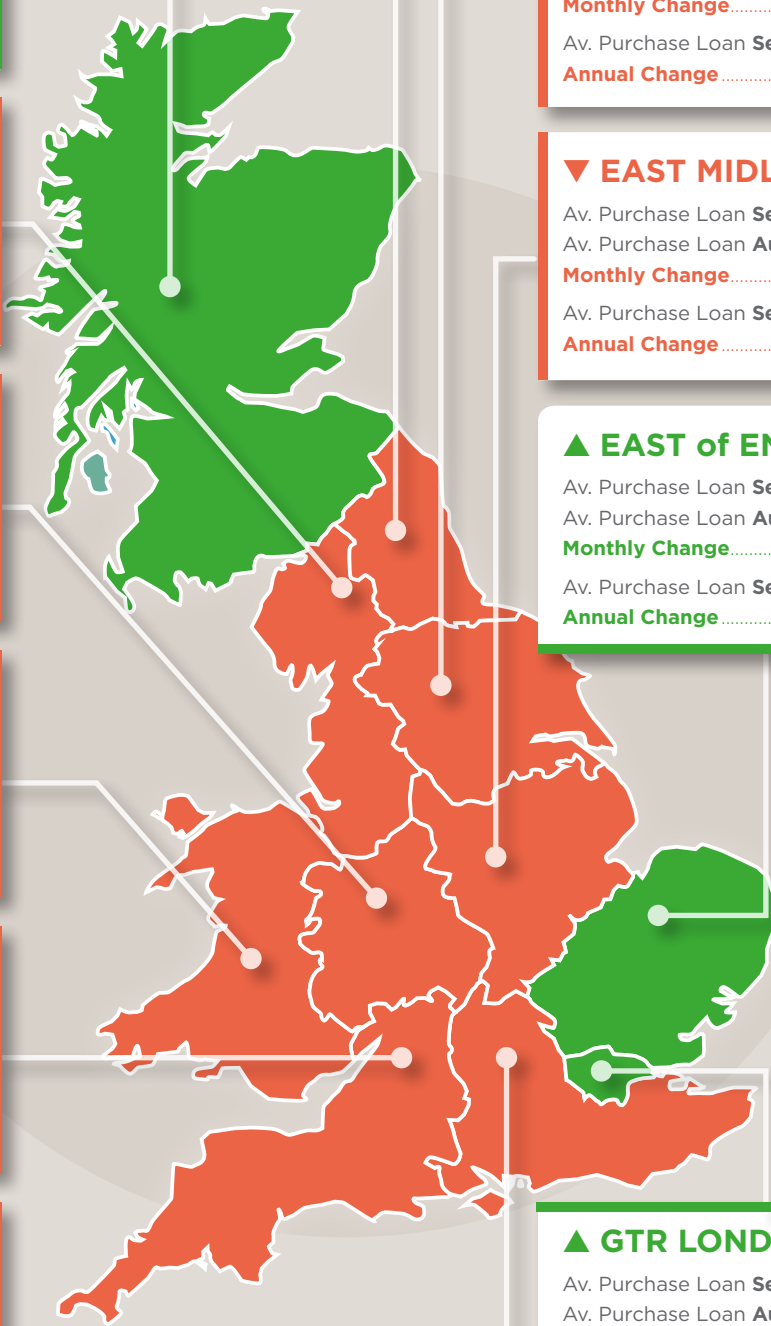
Av. Purchase Loan **Sept 18** £141,967
 Av. Purchase Loan **Aug 18** £144,370
Monthly Change -1.7%
 Av. Purchase Loan **Sept 17** £139,827
Annual Change 1.5%

▲ EAST of ENGLAND

Av. Purchase Loan **Sept 18** £165,791
 Av. Purchase Loan **Aug 18** £162,829
Monthly Change 1.82%
 Av. Purchase Loan **Sept 17** £146,881
Annual Change 12.9%

▲ GTR LONDON

Av. Purchase Loan **Sept 18** £320,786
 Av. Purchase Loan **Aug 18** £316,022
Monthly Change 1.51%
 Av. Purchase Loan **Sept 17** £337,658
Annual Change -5.0%



Regional Market Commentary

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

Rachel Geddes - London

"We had a slower start to September than we would have ideally liked, but we concluded that the first week or so was a little quieter due to the fact that many people were still away on holiday. However, by the second week of the month, the phones were buzzing which more than made up for it!

We were very busy with clients who required mortgages for purchase, with First Time Buyers particularly prevalent; we would suggest that this is due to them having done their research prior to going away on holiday over the summer to ensure that their mortgage was approved, so that when they then got back and were ready to start looking in earnest, they were able to make an offer once they had found a suitable property.

Home movers at higher price points were also active last month, with those we assisted citing their children having gone back to school as the main reason that they had more time, coupled with the fact that they were focussed on finding a property in September, with the aim of moving for Christmas if at all possible.

Probably the surprise of the month was around Buy To Let, which unexpectedly appeared to pick up in September with many professional investor clients working with us to raise funds to purchase. Of those we spoke to, it seemed that they were taking the opportunity to purchase existing Buy To Let properties which were being sold off by smaller landlords. Another area that we're seeing grow is the Let To Buy market, as vendors in the middle and upper tiers of the market who may have perhaps been struggling to sell at the desired level, have instead made the decision to let the property for a period, but need to release funds in order to cover their onwards move.

Price wise it's still a buyer's market in many areas and vendors do need to be realistic and not ambitious around their asking price in order to secure a deal. However, that's been the case for much of this year so no surprises there, and we would suggest that prices are now perhaps plateauing in many parts of the capital, rather than continuing to cool."

Richard Hullin - Swansea

"Somewhat unsurprisingly, September was busier than August and we noticed that the phones were ringing more and there were higher levels of clients were booking appointments from the first week of the month onwards.

Another unexpected trend we observed last month was that we saw a discernible upturn in the numbers of portfolio landlords we assisted. It would seem that many investors, having taken a few months out of the market, have now taken professional taxation advice and, armed with the right information, are keen to restructure and add to their portfolios in order to take advantage of the significant yields still available locally. In fact, we saw several investors raising capital from other properties in their portfolio in order to purchase more properties, which is something we've not seen in a while, but would rather underscore the current confidence locally in this particular sector.

Aside from landlords, home movers were busy with plenty of buyers back in market, having returned from their holidays and ready to start their search with the aim of finding their next home and moving in by Christmas. As a result of this increased activity, property prices have stabilised, but we would suggest that's a good thing. With the froth coming off the top of the market, vendors are now a little more realistic about their asking prices, which has meant that we're seeing deals tying up a little quicker than we have done over the past few months as in most cases, both sides are highly motivated to proceed."

Continued overleaf



Regional Market Commentary

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

Lisa Berrido - Manchester

"We saw a definite increase in the level of activity locally from the second week in September, with an uplift in the number of appointments with clients we arranged, but also the local estate agents that we work with advised us that they were very busy on viewings and on valuations, which is great news. However, the number of properties available for sale is still very low, which means that due to the increased level of demand last month, homes were selling quickly and, most of the time, at asking price. This has meant that prices have remained at similar levels if not risen slightly on August.

On the remortgage side, our advisers were consistently busy in September, with clients coming back from their holidays and the children back in school meaning that they had the time to focus on reviewing their finances. Five-year fixed rates still remain the most popular option, and we did discuss ten-year products with a few clients who felt that, as they were in their 'forever home' with no intention of moving for the mid-term, such a long deal could be right for them.

Overall, confidence in the property market locally is still very strong, and we're seeing new build developments popping up around the city very frequently, as well as a very healthy market for existing properties. As we move towards October and November, which traditionally are two of the busiest months of the year for us, hopefully the positive momentum we've seen over the last few months will continue."

Dylan Kelly - Edinburgh

"Business was consistent in September with steady numbers of clients requiring assistance with both mortgages for purchase and remortgages. With regards to mortgage for purchase, buyers were very motivated and we particularly observed a high degree of First Time Buyer activity, both within the city but also around the outskirts of Edinburgh where properties are still available at affordable prices.

We also noticed that, on the remortgage side, a significant number of clients were raising capital from their existing home in order to buy another property that would replace their main residence. We would suggest that this is potentially a sign of a very positive market, as if homeowners feel comfortable enough to leverage finance from an existing property to purchase another, this may indicate that clients feel the market will hold steady for the foreseeable future.

Overall, property prices in and around Edinburgh rose last month, again evidence of a very buoyant market, and indeed values are higher than the same time last year with Scotland recently noted by RICS and lenders the Nationwide to be one of the better performing regions of the UK currently."



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.

