



National Mortgage Index

Under embargo until 00:01hrs on 28.09.18



Brian Murphy | Head of Lending Mortgage Advice Bureau

September 2018

Reporting on

August 2018

data

Consistent August market but regional differences remain

The Bank of England's decision to raise the bank rate at the start of the month was well signposted, meaning that many lenders had already priced in a 25 basis point rise some months previous and as a result, the cost of borrowing following the announcement was mostly unaffected, leaving rates at still exceptionally competitive levels for many borrowers. Whilst this did stimulate enquiries regarding remortgages and product transfers, consumers didn't appear to be unduly concerned and indeed, as rates are still at close to historic lows, many borrowers have, in most cases, been pleased by the opportunity to revisit their mortgage with a view to securing a new deal.

Activity in the purchase market continued to remain steady at a headline level in August; although in terms of prices, as in previous months this somewhat masks the 'two tier' market where London and the South East activity and pricing remained subdued, whilst the East and West Midlands, North West, Scotland and Wales all saw average property values increase on average, as well as healthy transaction levels, due to ongoing consumer confidence. At a headline level, both the Halifax and Nationwide indices reported modest increases in house price growth in August,

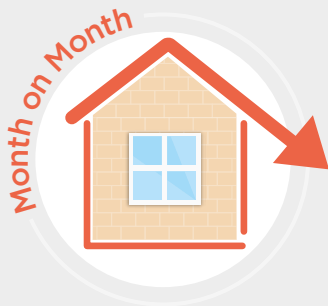
suggesting annualised rises of 3.7 per cent and 2 per cent respectively. Also, the Royal Institution of Chartered Surveyors (RICS) noted in its latest Residential Market Survey that its members had observed "some parts of the UK posting stronger trends" and also that "robust price growth" was reported across Scotland and Northern Ireland in August.

In terms of borrowing metrics, there has been very little movement over the past month as far as key indicators are concerned, with LTVs, purchase loan amounts and income levels all remaining reasonably static for the First Time Buyer, Home Mover, Buy To Let and Remortgage sectors alike. As such, we would suggest that the market held a stable course over August.

In summary, although last month was peak holiday season, it seems that many buyers and sellers who were transacting were still very focused on taking advantage of the current borrowing climate. Therefore, despite the current economic and political headwinds, it's very much been 'business as usual' with a steady and forward-moving momentum.

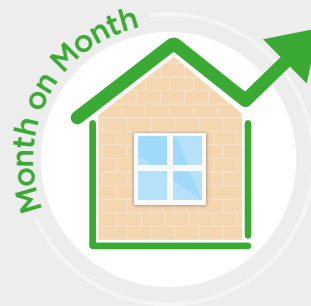


Residential Purchase



Average purchase loan

£172,365 in August 18, a slight decrease of **1.6%** on July 18 (**£175,233**) although broadly similar to August 17 (**£171,846**).



Amount of purchase applicants who opted for fixed rate products

In August 18, **97.6%** of borrowers fixed their mortgage, a slight increase on July 18 (**96.9%**) and August 17 (**96.8%**).



Typical LTVs

Remained broadly similar at **69.8%** in August 18, compared with **70%** in July 18 and **69.5%** in August 17.



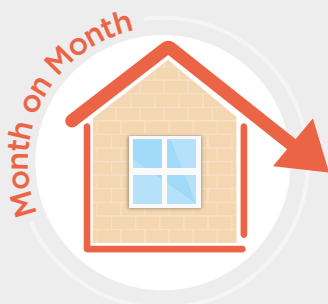
Average applicant age

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

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

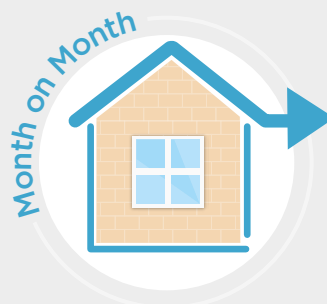
42 yrs - Residential Remortgage in Aug 18

31 yrs - First Time Buyer in Aug 18



Change in the average purchase price

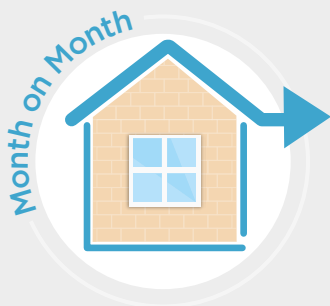
£246,841 in August 18, a decrease of **1.4%** on July 18 (**£250,462**) and mostly unchanged on August 17 (**£247,129**).



Change in average purchase salaries

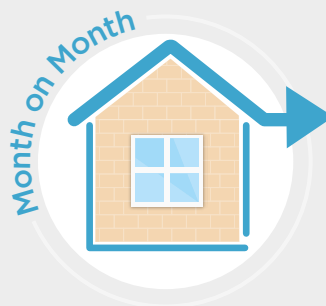
£36,294 in August 18, mostly unchanged on July 18 (**£36,986**) and August 17 (**£36,103**).

Residential Remortgage



Average remortgage loan

£176,759 in August 18, broadly similar to July 18 (**£177,802**) and August 17 (**£176,566**).



Amount of remortgage applicants who opted for fixed rate products

In August 18, **95%** of borrowers fixed their mortgage, mostly similar to July 18 (**94.3%**) and a slight increase on August 17 (**94%**).



Typical LTVs

Mostly unchanged in August 18 at **56.4%** from **56.7%** in July 18, and slightly increased on August 17 (**55%**).



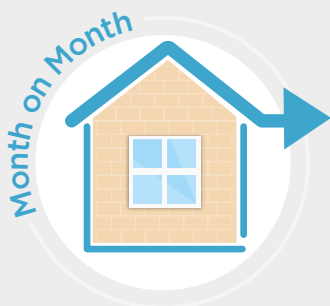
Average applicant age

42 years old in Aug 18, unchanged month on month but lower than Aug 17 (**43**).

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

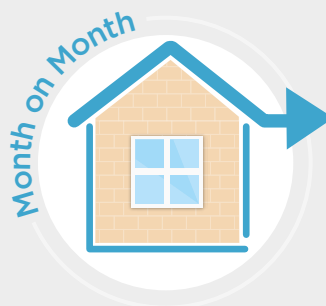
36 yrs - Residential Purchase in Aug 18

31 yrs - First Time Buyer in Aug 18



Change in the average remortgage property value

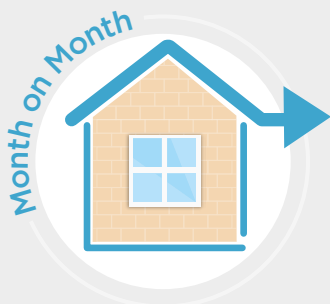
£313,220 in August 18, hardly changed on July 18 (**£313,769**) but a decrease of **2.4%** on August 17 (**£320,952**).



Change in average remortgage salaries

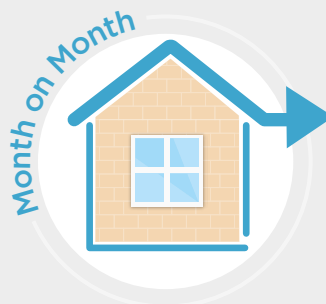
£42,201 in August 18, hardly changed on July 18 (**£42,325**) but decreased slightly on August 17 (**£43,928**).

Buy-To-Let Purchase



Average BTL purchase loan

£130,937 in August 18, mostly unchanged on July 18 (**£129,285**) but a decrease of **3.12%** on August 17 (**£135,160**).



Amount of BTL purchase applicants who opted for fixed rate products

In August 18, **97.9%** of BTL borrowers fixed their mortgage, broadly similar to July 18 (**97%**) but increased on August 17 (**92.4%**).



Typical LTVs

In August 18, the average BTL purchase LTV was **67%**, down slightly from July 18 (**68.5%**) but broadly similar to August 17 (**67.8%**).



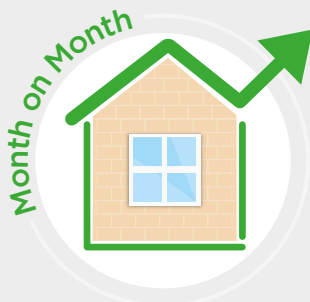
Average applicant age

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

42 yrs - Residential Remortgage in Aug 18

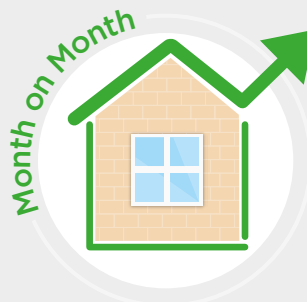
36 yrs - Residential Purchase in Aug 18

31 yrs - First Time Buyer in Aug 18



Change in the average BTL purchase price

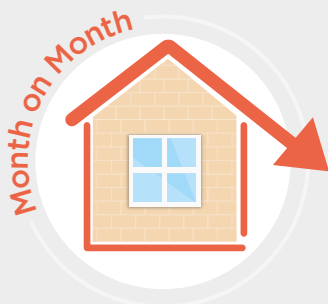
£195,343 in August 18, an increase of **1.46%** on July 18 (**£192,479**) but a decrease of **2.07%** on August 17 (**£199,483**).



Change in average BTL purchase salaries

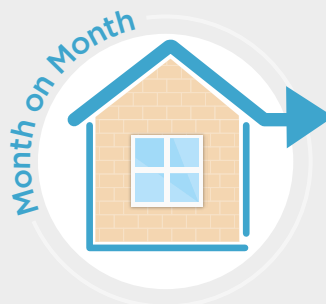
£38,076 in August 18, a slight increase of **1.49%** in July 18 (**£37,506**) but **3.68%** lower than August 17 (**£39,532**).

First Time Buyers



Average FTB purchase loan

£154,157 in August 18, a slight decrease of **1.58%** on July 18 (**£156,647**) and marginally higher than August 17 (**£153,335**).



Amount of FTB purchase applicants who opted for fixed rate products

98% in August 18, broadly similar to July 18 (**98.6%**) and also August 17 (**98.3%**).



Typical LTVs

73.3% in August 18, mostly unchanged from July 18 (**73.7%**) and August 17 (**73.4%**).



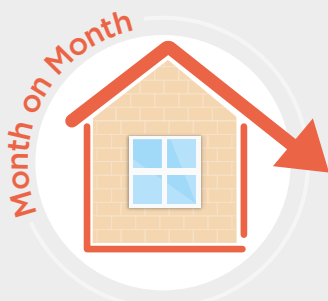
Average applicant age

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

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

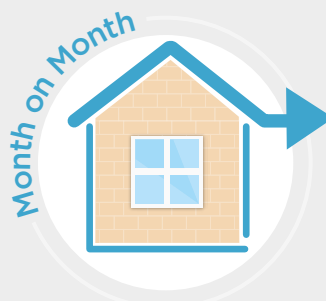
42 yrs - Residential Remortgage in Aug 18

36 yrs - Residential Purchase in Aug 18



Change in the average FTB purchase price

£210,216 in August 18, a small decrease of **1.10%** on July 18 (**£212,558**) but a slight increase on August 17 (**£208,994**).



Change in average FTB purchase salaries

£32,018 in August 18, hardly changed from July 18 (**£32,281**) but increased by **2.85%** on August 17 (**£31,103**).

Regional Mortgage Analysis

September 2018 reporting on
August 2018 data

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

▼ SCOTLAND

Av. Purchase Loan **Aug 18** £148,755
 Av. Purchase Loan **July 18** £151,824
Monthly Change -2.0%
 Av. Purchase Loan **Aug 17** £142,722
Annual Change 4.2%

▲ NORTH WEST

Av. Purchase Loan **Aug 18** £146,151
 Av. Purchase Loan **July 18** £144,696
Monthly Change 1.0%
 Av. Purchase Loan **Aug 17** £126,996
Annual Change 15.1%

▲ WEST MIDLANDS

Av. Purchase Loan **Aug 18** £178,229
 Av. Purchase Loan **July 18** £177,705
Monthly Change 0.3%
 Av. Purchase Loan **Aug 17** £175,654
Annual Change 1.5%

▼ WALES

Av. Purchase Loan **Aug 18** £139,230
 Av. Purchase Loan **July 18** £141,293
Monthly Change -1.5%
 Av. Purchase Loan **Aug 17** £127,520
Annual Change 9.2%

▼ SOUTH WEST

Av. Purchase Loan **Aug 18** £170,676
 Av. Purchase Loan **July 18** £170,809
Monthly Change -0.1%
 Av. Purchase Loan **Aug 17** £165,307
Annual Change 3.2%

▼ SOUTH EAST

Av. Purchase Loan **Aug 18** £219,109
 Av. Purchase Loan **July 18** £224,934
Monthly Change -2.6%
 Av. Purchase Loan **Aug 17** £217,108
Annual Change 0.9%

▼ NORTH EAST

Av. Purchase Loan **Aug 18** £124,513
 Av. Purchase Loan **July 18** £127,821
Monthly Change -2.6%
 Av. Purchase Loan **Aug 17** £121,470
Annual Change 2.5%

▼ YORKSHIRE & THE HUMBER

Av. Purchase Loan **Aug 18** £143,321
 Av. Purchase Loan **July 18** £145,261
Monthly Change -1.3%
 Av. Purchase Loan **Aug 17** £148,636
Annual Change -3.6%

▲ EAST MIDLANDS

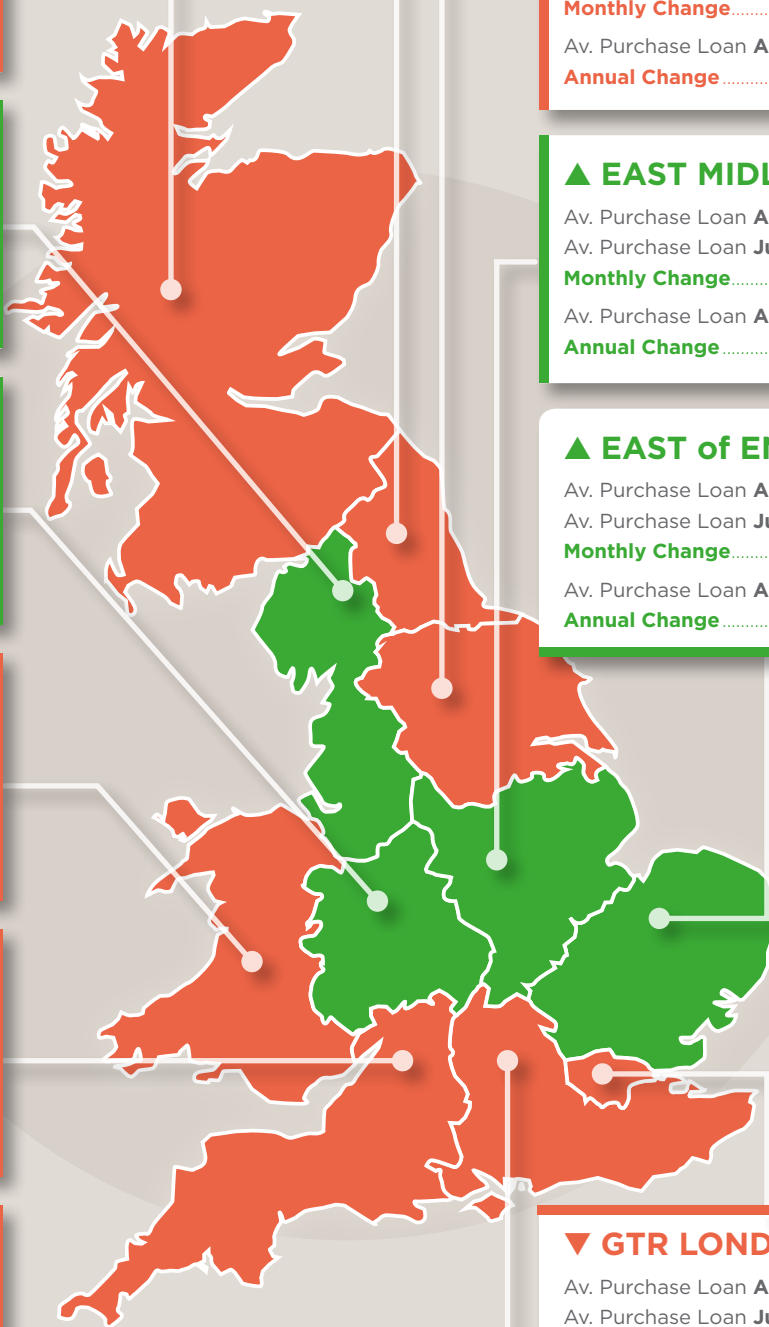
Av. Purchase Loan **Aug 18** £144,370
 Av. Purchase Loan **July 18** £143,114
Monthly Change 0.9%
 Av. Purchase Loan **Aug 17** £140,298
Annual Change 2.9%

▲ EAST of ENGLAND

Av. Purchase Loan **Aug 18** £162,829
 Av. Purchase Loan **July 18** £156,714
Monthly Change 3.90%
 Av. Purchase Loan **Aug 17** £157,076
Annual Change 3.7%

▼ GTR LONDON

Av. Purchase Loan **Aug 18** £316,022
 Av. Purchase Loan **July 18** £325,747
Monthly Change -2.99%
 Av. Purchase Loan **Aug 17** £339,712
Annual Change -7.0%



Regional Market Commentary

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

Rachel Geddes - London

"August was an interesting month, as although many of our clients were away on holiday they had put the wheels in motion on their mortgage before jetting off, so that we were able to progress things for them whilst they were away, meaning that they were able to move forward swiftly on their return.

On the purchase side, we've noticed an increasing trend in the numbers of clients who are requesting Let to Buy mortgages. We would suggest that this is due to many would-be sellers perhaps not being able to reach the asking price they would ideally like - or need - on their existing property, therefore are deciding to hold onto it for a year or so in the hope that the market will improve. Of course, this then enables them to better negotiate on their purchase, as they are chain-free, so with careful financial planning, can be a viable option.

We assisted a significant number of clients with remortgages last month, with some spurred on by the interest rate increase to investigate the market and move off their current lender's Standard Variable Rate.

For now, values in and around the capital remain subdued, although the market is still moving, and there are deals to be done for both sellers who are prepared to price realistically, and buyers who are willing to negotiate."

Richard Hullin - Swansea

"As we anticipated, August was slightly more subdued than the preceding months, although it has to be said it was only marginally lower in terms of overall activity levels. Buyers were still active, with the family mover market noticeably busy as those with children wanted to make the most of the school holidays to get settled in their new home ready for the start of term in September.

We also assisted a number of clients with remortgages last month, with the interest rate increase coming up in conversation with many clients. As a result, we observed that longer-term fixes, such as five-year products, were the most requested.

The previous shortage of properties for sale locally had caused an inflation in prices, but now more homes have come onto the market, pricing in August retracted to more realistic levels. However, demand is still strong, particularly with First Time Buyers, therefore we expect that unless there is another significant increase in sellers coming to market, prices will probably remain at their current levels in the coming weeks."

Continued overleaf



Regional Market Commentary

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

Lisa Berrido - Manchester

“We observed the usual slight summer slow-down in August, but overall the number of buyers and those seeking remortgages remained relatively consistent against June and July, and transactions continued at a steady rate.

Although many people were off on their travels last month, buyers were still active locally at all levels, with an even mix across all price points. Confidence is still strong and there still aren't enough homes available for sale to keep up with demand.

We also assisted a significant number of clients with their remortgage last month, although we noticed that a number of cases involved a capital raise in addition to moving onto a longer-term fix. We would suggest that this is perhaps symptomatic of people not being able to find what they want to buy, so therefore improving rather than moving.

Consistent with the overall picture, prices locally remained pretty steady in August, although it's possible that the froth has perhaps come off the top with fewer sellers pricing ambitiously. As a result, it may be that the market is starting to settle at slightly more realistic levels as we move into the autumn market.”

Aaron Frizzel - Edinburgh

“Although many people were away on holiday in August, we were still very busy assisting clients who required mortgages for purchase, particularly First Time Buyers who were taking advantage of Help To Buy available at the various new build developments around Edinburgh.

The Bank of England's decision to raise the bank rate at the beginning of the month stimulated a lot of enquiries from new clients, leading to our second busiest month of the year in terms of remortgage business. We observed that two-year products were still the most requested, with some clients also taking the opportunity to raise capital to fund significant projects which will hopefully add value to their properties where they have decided to improve not move.

In terms of values, we are still seeing competitive bids and offers over asking price which has meant that property prices have maintained their positive direction of travel. There is also a lot of ongoing developer activity rejuvenating areas around the city, with demand for apartments around Edinburgh particularly strong, leading to an overall 'feel-good factor' as we head into the autumn market.”



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.

