



# National Mortgage Index

Under embargo until 00:01hrs on 29.11.18

Brian Murphy | Head of Lending Mortgage Advice Bureau

November 2018

Reporting on

October 2018

data

## Busy Autumn for buyers as confidence remains robust in many regions

October saw a continuation of the diverging market that's been in evidence for most of this year, with significant regional differences which have been becoming apparent for some time. For the most part, outside of London and some areas in the South East, activity was consistent on previous months, and we saw some conurbations experience upwards movement in terms of values due to low stock levels not supporting buyer demand.

This has led to some interesting outcomes, as for example average property purchase prices in Wales, the North East and East of England increased last month, but the average purchase loan size decreased. This leads us to conclude that those existing home movers who are moving up the ladder in these areas are perhaps seeing a net gain in terms of the value of the property they are selling, meaning that they are benefitting from more equity to take into their next purchase, and therefore borrowing slightly less to fund the transaction.

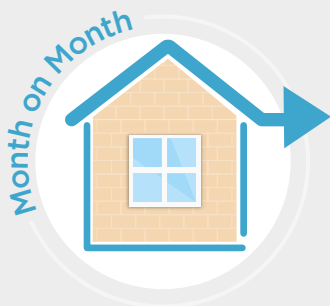
Consumer confidence in bricks and mortar appeared to remain positive for the most part last month, as headline transaction levels remained at a healthy level in October with some of our regions reporting near-record months in terms of the number of clients both seeking purchase mortgages and completing

their transactions. Data from HMRC in terms of residential transactions in October supports our findings, with the overall volume of properties sold increasing month on month and year on year. This in spite of ongoing political and economic uncertainty during the month, leaving us to conclude that those who are currently moving home have adopted the mindset that the time is right for their individual circumstances, therefore they will continue with their plans regardless of what's being reported in the news.

Elsewhere, whilst there was a slight amount of movement on key metrics across other borrowing sectors - Residential Remortgage, First Time Buyers and Buy to Let - we didn't see any significant changes to indicate the start of any particular trends at headline level. Unsurprisingly, fixed rate mortgages continued in their popularity with all client groups, supported by the fact that many lenders have taken a pragmatic view and held, or even reduced in some cases, their rates over the last few weeks in a bid to secure new business. Indeed, the currently benign lending climate is possibly assisting with the overall support of the market, given current political and economic headwinds.

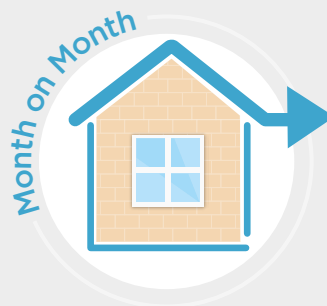


# Residential Purchase



## Average purchase loan

**£170,799** in Oct 18, hardly changed from Sept 18 (**£170,996**) but slightly lower than Oct 17 (**£171,114**).



## Amount of purchase applicants who opted for fixed rate products

In Oct 18, **97.5%** of borrowers fixed their mortgage, similar to Sept 18 (**97.7%**) and also Oct 17 (**97.4%**).



## Typical LTVs

Remained mostly unchanged in Oct 18 at **70.6%**, compared with Sept 18 (**70.4%**) but slightly higher than Oct 17 (**69.3%**).



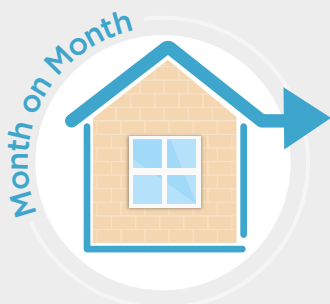
## Average applicant age

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

**45 yrs** - Buy-To-Let Purchase in Oct 18

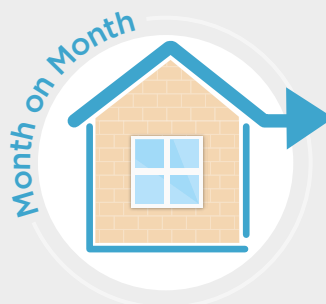
**42 yrs** - Residential Remortgage in Oct 18

**31 yrs** - First Time Buyer in Oct 18



## Change in the average purchase price

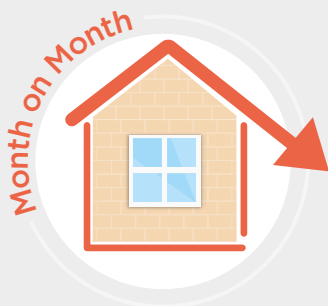
**£242,035** in Oct 18, broadly similar to Sept 18 (**£243,009**) but a slight drop of **1.9%** on Oct 17 (**£246,782**).



## Change in average purchase salaries

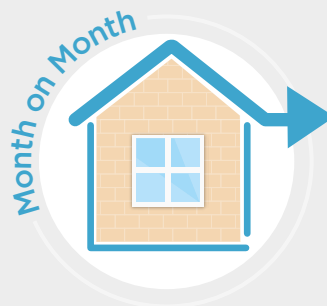
**£36,120** in Oct 18, almost unchanged on Sept 18 (**£36,129**) and also broadly similar to Oct 17 (**£36,254**).

# Residential Remortgage



## Average remortgage loan

**£172,616** in Oct 18, a decrease of **1.4%** on Sept 18 (**£175,120**) and also a drop of **2.0%** on Oct 17.



## Amount of remortgage applicants who opted for fixed rate products

In Oct 18, **95.1%** fixed their mortgage, unchanged on Sept 18 but a slight decrease on Oct 17 (**96%**).



## Typical LTVs

Unchanged month on month at **56.5%** but a slight increase on Oct 17 (**55.4%**).



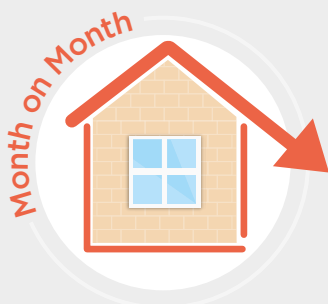
## Average applicant age

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

**45 yrs** - Buy-To-Let Purchase in Oct 18

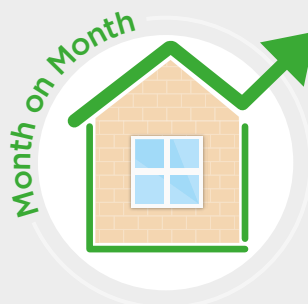
**36 yrs** - Residential Purchase in Oct 18

**31 yrs** - First Time Buyer in Oct 18



## Change in the average remortgage property value

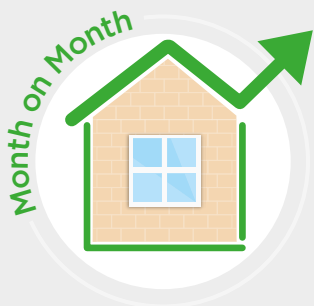
**£305,551** in Oct 18, a drop of **1.5%** on Sept 18 (**£310,152**) and a decrease of **3.9%** on Oct 17.



## Change in average remortgage salaries

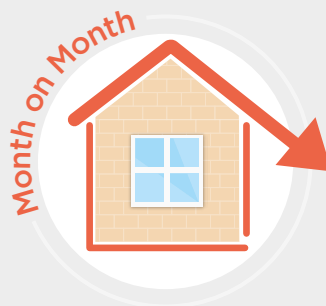
**£46,876** in Oct 18, an increase of **4.8%** on Sept 18 (**£44,722**) and also increased on Oct 17 by **7.4%** (**£43,666**).

# Buy-To-Let Purchase



## Average BTL purchase loan

**£128,770** in Oct 18, an increase of **1.27%** on Sept 18 (**£127,123**) but decreased by **1.93%** on Oct 17 (**£131,309**).



## Amount of BTL purchase applicants who opted for fixed rate products

In Oct 18, **95.3%** of BTL borrowers fixed their mortgage, a decrease on Sept 18 (**98.1%**) but a slight increase on Oct 17 (**94.6%**).



## Typical LTVs

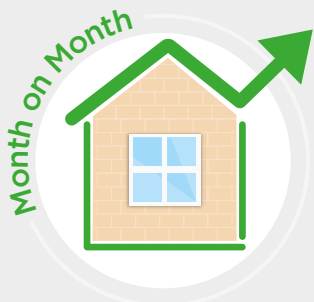
In Oct 18, the average BTL purchase LTV was **67.2%**, hardly changed on Sept 18 (**67.1%**) but slightly lower than Oct 17 (**68%**).



## Average applicant age

**45** in Oct 18, unchanged month on month and also year on year.

**42 yrs** - Residential Remortgage in Oct 18  
**36 yrs** - Residential Purchase in Oct 18  
**31 yrs** - First Time Buyer in Oct 18



## Change in the average BTL purchase price

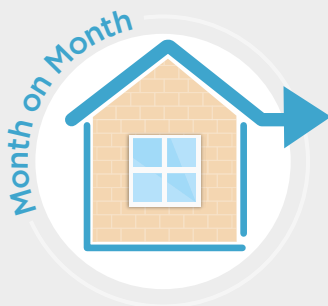
**£191,726** in Oct 18, an increase of **1.12%** on Sept 18 (**£189,577**) but decreased by **0.79%** on Oct 17 (**£193,260**).



## Change in average BTL purchase salaries

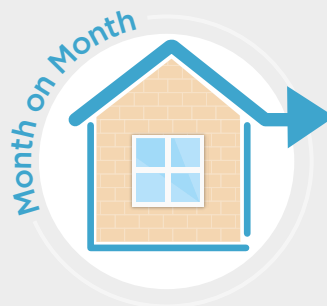
**£40,098** in Oct 18, an increase of **2.06%** on Sept 18 (**£39,270**) and also increased by **4.80%** on Oct 17 (**£38,171**).

# First Time Buyers



## Average FTB purchase loan

**£153,390** in Oct 18, hardly changed on Sept 18 (**£153,533**) and also mostly similar to Oct 17 (**£153,311**).



## Amount of FTB purchase applicants who opted for fixed rate products

**99.1%** in Oct 18, broadly similar to Sept 18 (**98.8%**) and also mostly unchanged from Oct 17 (**99%**).



## Typical LTVs

**74.2%** in Oct 18, broadly similar to Sept 18 (**73.5%**) but slightly increased on Oct 17 (**72.8%**).



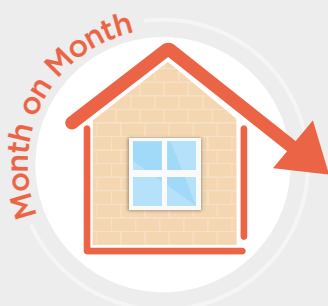
## Average applicant age

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

**45 yrs** - Buy-To-let Purchase in Oct 18

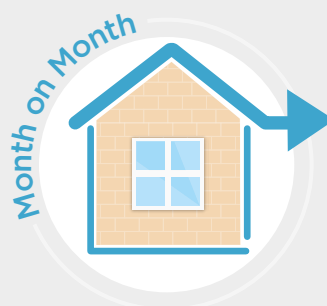
**42 yrs** - Residential Remortgage in Oct 18

**36 yrs** - Residential Purchase in Oct 18



## Change in the average FTB purchase price

**£206,625** in Oct 18, a decrease of **1.13%** on Sept 18 (**£209,003**) and also a fall of **1.83%** on Oct 17 (**£210,497**).



## Change in average FTB purchase salaries

**£31,425** in Oct 18, hardly changed from Sept 18 (**£31,388**) and also broadly similar to Oct 17 (**£31,135**).

# Regional Mortgage Analysis

November 2018 reporting on  
October 2018 data

- Increase from previous month
- Decrease from previous month

## ▼ SCOTLAND

Av. Purchase Loan **Oct 18** ..... £147,326  
 Av. Purchase Loan **Sept 18** ..... £149,464  
**Monthly Change** ..... -1.4%  
 Av. Purchase Loan **Oct 17** ..... £145,253  
**Annual Change** ..... 1.4%

## ▲ NORTH WEST

Av. Purchase Loan **Oct 18** ..... £145,737  
 Av. Purchase Loan **Sept 18** ..... £144,170  
**Monthly Change** ..... 1.1%  
 Av. Purchase Loan **Oct 17** ..... £134,063  
**Annual Change** ..... 8.7%

## ▲ WEST MIDLANDS

Av. Purchase Loan **Oct 18** ..... £177,713  
 Av. Purchase Loan **Sept 18** ..... £176,307  
**Monthly Change** ..... 0.8%  
 Av. Purchase Loan **Oct 17** ..... £176,262  
**Annual Change** ..... 0.8%

## ▼ WALES

Av. Purchase Loan **Oct 18** ..... £128,948  
 Av. Purchase Loan **Sept 18** ..... £132,674  
**Monthly Change** ..... -2.8%  
 Av. Purchase Loan **Oct 17** ..... £127,685  
**Annual Change** ..... 1.0%

## ▲ SOUTH WEST

Av. Purchase Loan **Oct 18** ..... £171,317  
 Av. Purchase Loan **Sept 18** ..... £169,511  
**Monthly Change** ..... 0.9%  
 Av. Purchase Loan **Oct 17** ..... £163,316  
**Annual Change** ..... 4.9%

## ▲ SOUTH EAST

Av. Purchase Loan **Oct 18** ..... £220,122  
 Av. Purchase Loan **Sept 18** ..... £218,231  
**Monthly Change** ..... 0.9%  
 Av. Purchase Loan **Oct 17** ..... £215,103  
**Annual Change** ..... 2.3%

## ▼ NORTH EAST

Av. Purchase Loan **Oct 18** ..... £120,887  
 Av. Purchase Loan **Sept 18** ..... £122,838  
**Monthly Change** ..... -1.6%  
 Av. Purchase Loan **Oct 17** ..... £121,503  
**Annual Change** ..... 0.5%

## ▲ YORKSHIRE & THE HUMBER

Av. Purchase Loan **Oct 18** ..... £144,913  
 Av. Purchase Loan **Sept 18** ..... £142,389  
**Monthly Change** ..... 1.8%  
 Av. Purchase Loan **Oct 17** ..... £146,832  
**Annual Change** ..... -1.3%

## ▲ EAST MIDLANDS

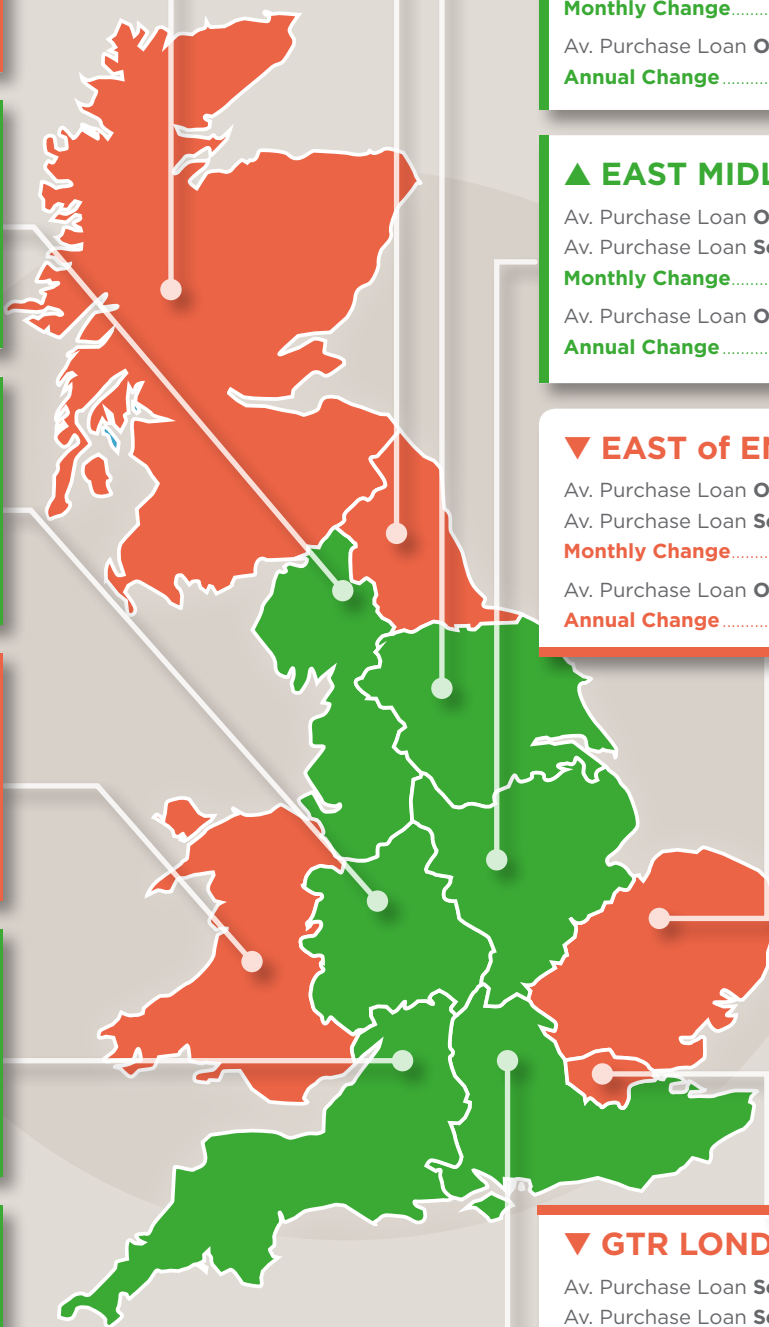
Av. Purchase Loan **Oct 18** ..... £142,030  
 Av. Purchase Loan **Sept 18** ..... £141,967  
**Monthly Change** ..... 0%  
 Av. Purchase Loan **Oct 17** ..... £140,822  
**Annual Change** ..... 0.9%

## ▼ EAST of ENGLAND

Av. Purchase Loan **Oct 18** ..... £165,594  
 Av. Purchase Loan **Sept 18** ..... £165,791  
**Monthly Change** ..... -0.12%  
 Av. Purchase Loan **Oct 17** ..... £142,314  
**Annual Change** ..... 16.4%

## ▼ GTR LONDON

Av. Purchase Loan **Sept 18** ..... £306,431  
 Av. Purchase Loan **Sept 18** ..... £320,786  
**Monthly Change** ..... -4.48%  
 Av. Purchase Loan **Oct 17** ..... £337,365  
**Annual Change** ..... -9.2%



# Regional Market Commentary

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

## Rachel Geddes - London

“With October being the last realistic month for a sale to be agreed in order to enable completion before Christmas, understandably we saw a significant number of clients who wanted to arrange borrowing for purchase. Of these, some were First Time Buyers, keen to take advantage of slightly softer pricing conditions, whilst others were home movers motivated to negotiate on their ‘trade up’. In fact, the downwards pressure on values has, we would suggest, re-stimulated the market as some of our clients were so confident that they were securing a good deal on their onwards purchase that they decided to keep their existing home and move it onto a Let To Buy mortgage - with the additional benefit of being able to move chain-free. This is something we’ve not seen for some time, although it was a trend which appeared to start a couple of months ago.

Elsewhere, as some landlords are exiting the market due to tax legislation, others are adding to their portfolios and picking up some of the units which investors are offloading, in many cases with tenants in situ, meaning that it’s a turn-key investment. Again, this is a relatively new development, but one that seems to be gathering pace.

With the Autumn Budget at the end of the month, a number of existing clients were focused on their remortgage arrangements in October. Five-year fixed rate products are still by far the favourite option for many, such is the long-term security they offer together with still-competitive pricing which seems to be welcome, given the current political and economic climate.”

## Richard Hullin - Swansea

“October was significantly busier with September, mainly due to a lot of our clients who were transacting over the course of the month were aiming to move into their new home by Christmas, or if not at least have exchanged before the holidays start.

In particular, there has been a significant uptick in activity around Newport and East Wales of late, which we would suggest is due to some Bristol workers deciding to move over the border. This has the benefit of buyers being able to purchase a lot more ‘brick for their buck’ but also, in January 2019 when it becomes free to cross the Severn Bridge, the commute becomes far more cost effective.

Elsewhere, we assisted a significant number of clients with their remortgage in October, and found that the clients we spoke to were well informed and researched about the potential for movements in the market, and therefore wanted to put some longer-term financial planning in place.

Overall, two-year mortgages were still very popular last months as rates from many lenders are still exceptionally competitive, although remortgage clients seemed to lean towards five-year products.”

Continued overleaf



# Regional Market Commentary

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

## Lisa Berrido - Manchester

“We observed that client activity levels were high in October, which led to a lot of initial appointments. It seems as though a lot of people wanted to get their mortgage in place now so that they are able to spend some time over the next few months looking for the right property, probably due to the fact that as there are fewer homes available to purchase at the moment, it’s taking buyers longer to find something suitable.

As a consequence, property prices locally were stable last month, and in many cases asking prices were being achieved. We also saw the new build sector in particular pick up, with several new developments launching in the area proving especially popular. We would suggest that new build homes hold particular appeal for First Time Buyers and second-steppers who are taking advantage of the Help to Buy schemes available.

Although we were busier with mortgages for those moving last month, we also assisted a significant number of clients with remortgages in October. As with the purchase side of the business, five-year fixed rates were the most popular although we’re starting to see more clients ask about ten-year fixed rate deals of late, and it’s been interesting to see these gaining more popularity. Our clients are now more focused on longer-term financial planning than perhaps they have been previously, and many are deciding that a fixed rate mortgage for the medium term feels like the right choice for them at the moment.”

## Dylan Kelly - Edinburgh

“We’ve noticed that the local market has reached a steady footing over the last month, and October certainly ticked over nicely in terms of the number of clients we assisted, both in terms of borrowing for purchase and remortgaging.

Our advisers were slightly busier on the purchase side of the business, testament to the fact that buyers in and around Edinburgh are still confident. However, we have also noticed that prices have slightly come off the boil over the last month, and are a little more realistic than they were earlier this year, although as there are so many motivated buyers who are currently active this isn’t an issue providing that vendors are realistic in their expectations. We also advised a number of investor clients on borrowing to fund buy to let purchases in October, which again rather underscores the ‘feel good factor’ of the local market.

On the remortgage side of the business, clients seemed to be more focused on like for like borrowing last month, rather than raising capital. Indeed, we had quite a few clients saying that they wanted to take the opportunity to review their mortgage with the aim of securing a good deal now, rather than leaving it later in the year as Christmas isn’t too far away. Certainly, as many have either held their pricing of late or, in some cases, repriced product rates downwards, it’s proven to be a good time to do so, and we anticipate a similar pattern over the next few weeks.”





# 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.

<sup>1</sup> Based on Opinium Research, Summer 2018.