



Statistical release

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Mortgage Lenders and Administrators Statistics: 2017 Q2

This quarter has seen an increase in mortgage lending activity compared to the previous quarter. Also mortgage commitments increased by approximately £7 billion. While buy-to-let lending has decreased as a share of all mortgage lending, loans to the highest loan-to-income borrowers has reached its highest level, as a proportion of all lending, since June 2014.

- There has been an increase in new residential mortgage lending activity in Q2 2017 from the previous quarter. £62.7 billion of new residential loans was advanced to individuals during Q2 2017. This was a 3.8% increase compared to the previous quarter and an 8.1% increase from the same quarter last year (**Table A and Chart 1**)
- The share of buy-to-let (BTL) lending has decreased to 12.5% in Q2 2017; this is the lowest percentage since Q3 2013 (**Chart 5**).
- The share of new lending in the highest loan-to-income (LTI) brackets, for both single and joint incomes increased to its highest level (10.8% and 33.4%, respectively) since the Bank of England's Financial Policy Committee (FPC) made its LTI flow limit recommendation in June 2014 (**Chart 4**).
- The total value of all outstanding residential loans stood at £1,365.9 billion in Q2 2017, a 1.0% increase from the previous quarter and a 3.4% increase from the same quarter last year. (**Table A**).
- As a further sign of regained activity, new commitments increased by 12.5% from £61.4 billion in Q1 2017 to £69.1 billion in Q2 2017 (**Table A and Chart 1**).

Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

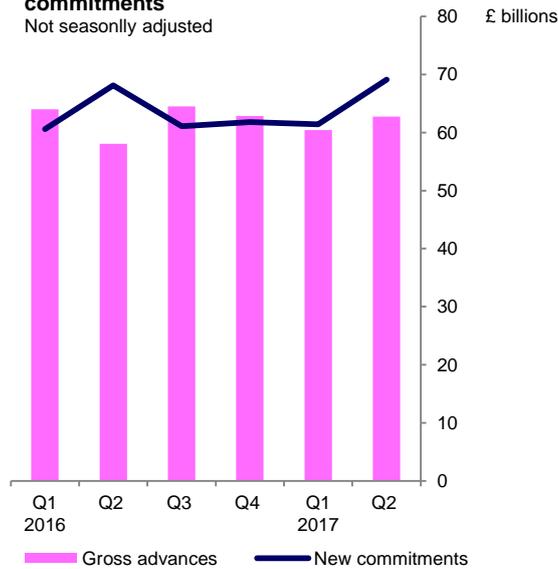
£ billions

Not seasonally adjusted

	Q1 2016	Q2	Q3	Q4	Q1 2017	Q2
Business flows						
Gross advances	64.0	58.0	64.5	62.8	60.4	62.7
New commitments	60.6	68.1	61.1	61.8	61.4	69.1
Residential loan amounts outstanding						
Total Regulated and Non-regulated	1,304.6	1,316.2	1,330.9	1,338.0	1,352.7	1,365.9

Chart 1: Gross advance and new commitments

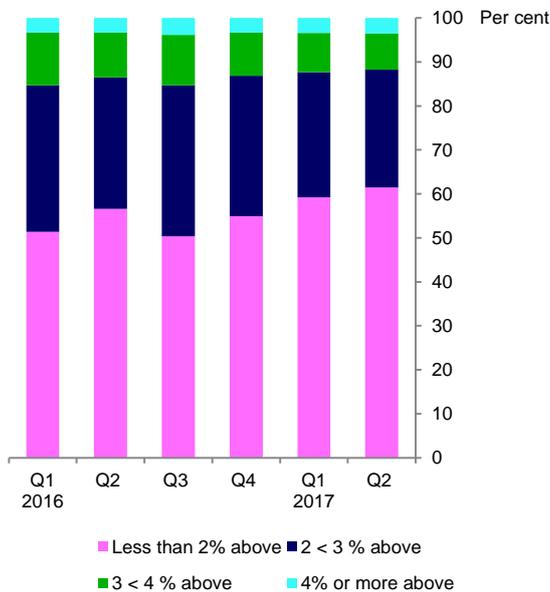
Not seasonally adjusted



- The interest rate on new loans continued to narrow in Q2 2017 in relation to the Bank Base Rate (BBR). In particular there has been a continual increase since Q3 2016 in the proportion of new loans extended at a maximum 2% above the BBR, which now account for 61.5% of new advances. New loans extended at BBR + 3% or higher continued its decline since Q3 2016. These accounted for 11.8% of new advances in Q2 2017 (**Chart 2**) compared with 12.4% in Q1 2017.

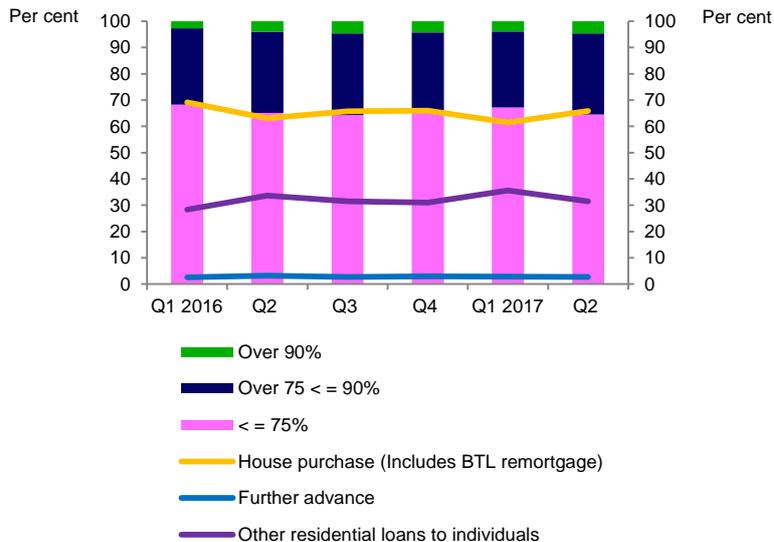
Chart 2: Per cent of business above Bank Rate - Gross Advances

Not seasonally adjusted



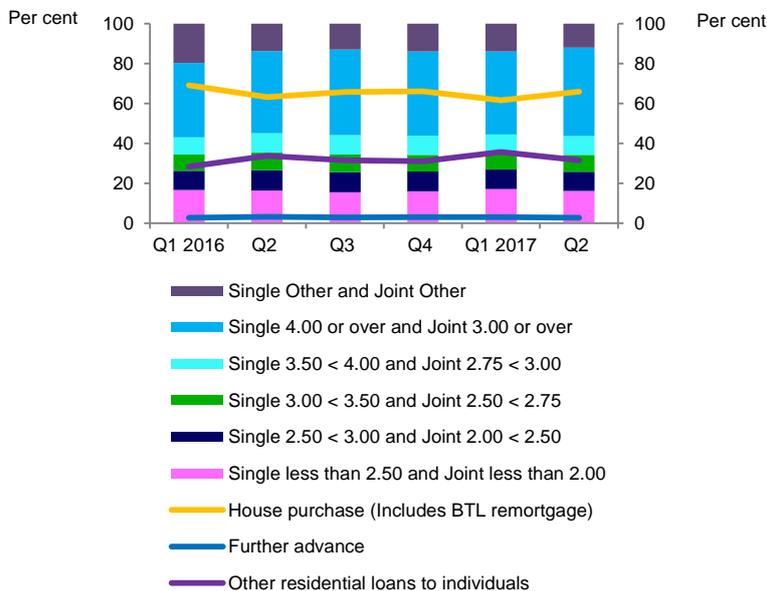
- There has been an increase in the proportion of higher loan-to-value (LTV) loans. New lending at $\geq 90\%$, increased by 0.7 percentage points from the previous quarter to 4.6% in Q2 2017 (**Chart 3**).

Chart 3: Gross advances by loan-to-value (LTV) ratios and purpose by loan
Not seasonally adjusted



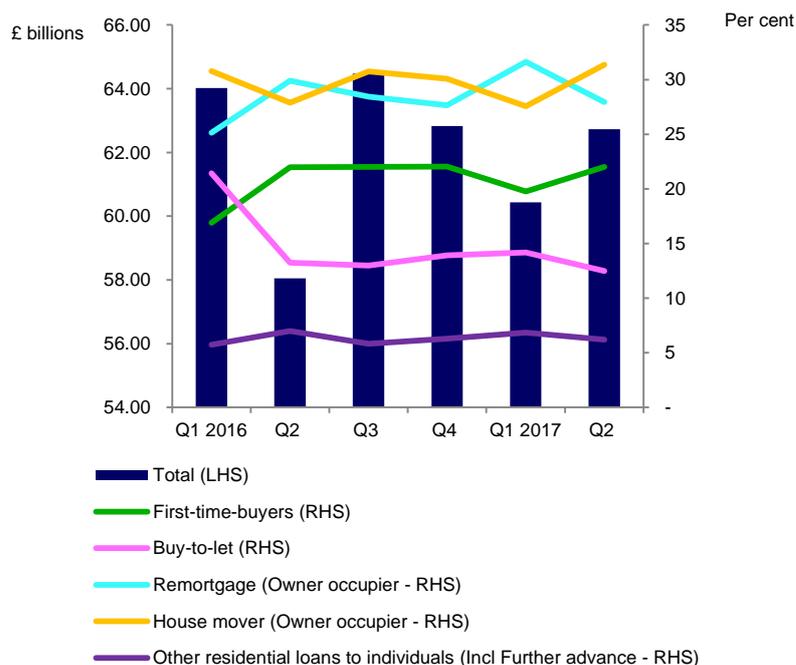
- The share of new lending in the highest loan-to-income (LTI) brackets for both single and joint incomes also increased (**Chart 4**) in Q2 2017 compared to the previous quarter:
 - New lending in the single income and at least 4.0 LTI category, increased by 0.5 percentage points to 10.8%, which is the highest since 2014 Q2;
 - New lending in the joint income, and at least 3.0 LTI category, increased by 2.2 percentage points to 33.4%, which is the highest percentage recorded in the MLAR statistics;

Chart 4: Gross advances by income multiples and purpose by loan
Not seasonally adjusted



- From the previous quarter, in Q1 2017, there has been a 4.3 percentage point increase in the value of new loans for house purchases from 61.5% to 65.9%, as a proportion of the value of all loans advanced in the period. This was driven by an increase in the house movers and first-time-buyer (FTB) categories. On the other hand, lending to existing borrowers in the form of remortgages decreased by 3.7 percentage points from 31.6% to 27.9% (**Chart 3, 4 and 5**).

Chart 5: Breakdown of gross advances by purpose of loan
Not seasonally adjusted



- The increase in the share of new lending at higher LTV's and LTI's in Q2 2017 is consistent with the increase in the share of new lending for house purchases and the fall in the share of activity relating to remortgages. (Chart 3 and 4).
- The share of first time buyers (FTBs) has rebounded to 22.0% in Q2 2017 after the dip in Q1 which coincided with the end of mortgage guarantee part of the Help to Buy scheme (Chart 5).
- The proportion of total loan balances in arrears decreased to 1.18% at the end of Q2 2017, the lowest level since the series began (Chart 6). The outstanding balance in arrears is now £16.2 billion.

Chart 6: Arrear balances as % total loan balances
Not seasonally adjusted

