



Statistical release

Published on 11 September 2018 at 09:30

Mortgage Lenders and Administrators Statistics: 2018 Q2

2018 Q2 has seen an increase in mortgage lending activity when compared with the previous quarter. New commitments (new lending that lenders have agreed to advance in coming months) are at their highest level since 2008 Q1 and there has been an increase in the amount of lending to first time buyers. The overall shares of buy-to-let and re-mortgaged loans have decreased since last quarter.

The proportion of high loan-to-income (LTI) lending – for loans above four times the value of annual income for single buyer or above three times the value of annual income for joint buyers - has increased this quarter, and the highest loan-to-value (LTV) (Above 90% LTV) categories have also seen an increase in new lending. The proportion of total loans in arrears has continued to fall with the outstanding balance in arrears now £14.3 billion, compared to £14.8 billion in Q1 2018.

Key Stories

- The outstanding value of all residential loans continued to increase in 2018 Q2 to £1,417.2 billion, 3.8% higher than a year ago (Q2 2017). (**Table A**).
- Compared to the second quarter of last year, there has been an increase in total gross advances increased by 6.4% to £66.7 billion. There was also a growth of 6.9% in gross advances from the first quarter of 2018.
- Re-mortgaging, as a proportion of new lending, has declined by 2.0 percentage points, compared to the previous quarter, and accounts for 30.8% of new lending, the total value of re-mortgaging lending was £20.5 billion in 2018 Q2.
- The value of new commitments was £73.2 billion, an increase of 19.8% from Q1 2018. (**Table A and Chart 1**).
- The share of buy-to-let (BTL) lending has declined since 2018 Q1, accounting for 13.1% of new lending. (**Chart 5**).

Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

£ billions

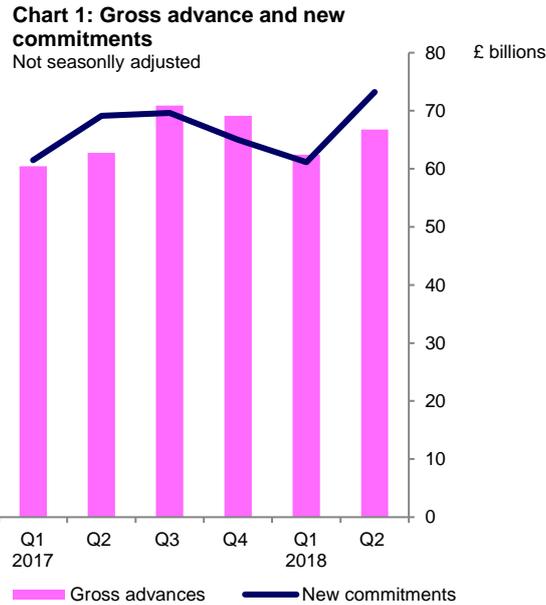
Not seasonally adjusted

	Q1	Q2	Q3	Q4	Q1	Q2
	2017				2018	
Business flows						
Gross advances	60.4	62.7	70.9	69.1	62.4	66.7
New commitments	61.5	69.1	69.6	65.0	61.1	73.2
Residential loan amounts outstanding						
Total Regulated and Non-regulated	1,352.8	1,366.0	1,385.5	1,395.8	1,403.0	1,417.2

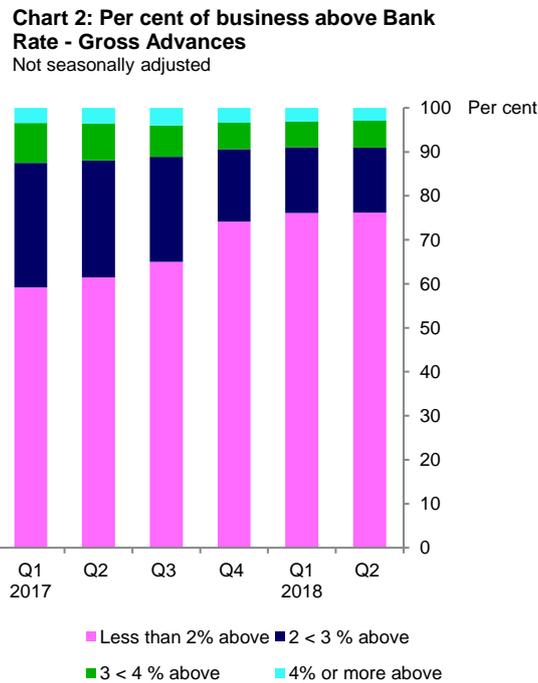
Next release – 11 Dec 2018. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2018/2018-q2 and www.fca.org.uk/firms/mortgage-lending-statistics.

© Bank of England and FCA. For requests on copyright please email dsd_editor@bankofengland.co.uk and MLARStatistics@fca.org.uk (020 7066 1000).

Graphical Analysis

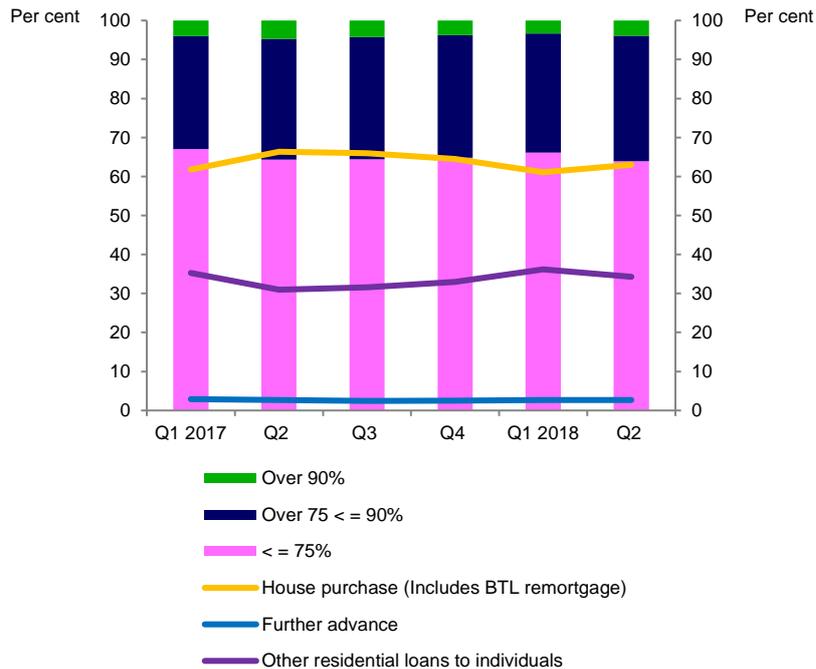


- In Q2 2018, the proportion of mortgage loans at less than 2% above Bank base rate (BBR) has continued to increase to 76.2% of the market. In addition, the percentage of loans extended 4% or more above BBR has decreased to 2.9 %. The percentage of loans between 2<3% above BBR bracket decreased by 0.19 percentage points since last quarter. (**Chart 2**).



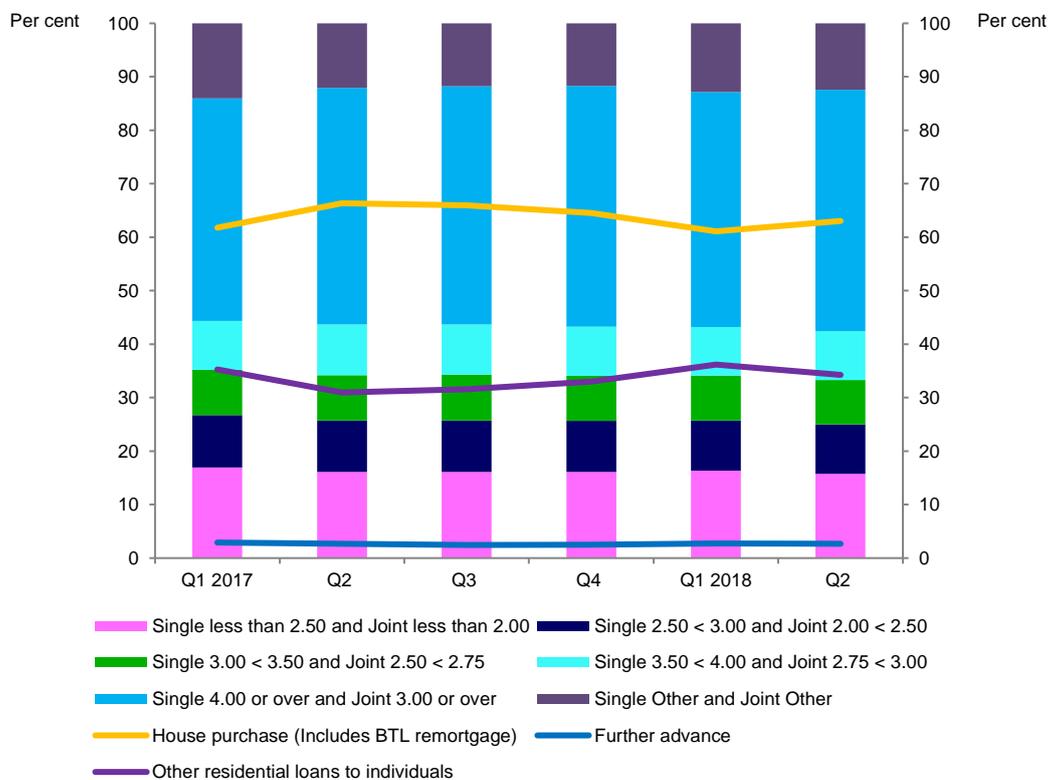
- There has been an increase in the proportion of higher loan-to-value (LTV) loans when comparing Q2 2018 to Q1 2018 but a decrease when comparing total annual figures. This can be linked to the rise in the new house purchases, with a lower proportion of re-mortgages. New lending in the lowest bracket <= 75% has decreased to 63.9% of the total figure. (**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 in Q2 2018 increased overall compared to last quarter from 43.9% in Q1 2018 to 45.1% in Q2 2018 (**Chart 4**). There was also a similar increase when comparing Q2 2018 with Q2 2017. In Q2 2018, compared to the previous quarter:
 - New lending in the single income, and at least 4.0 LTI category, increased by 0.1 percentage points to 10.7%;
 - New lending in the joint income, and at least 3.0 LTI category, increased by 1.1 percentage points to 34.4%;

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

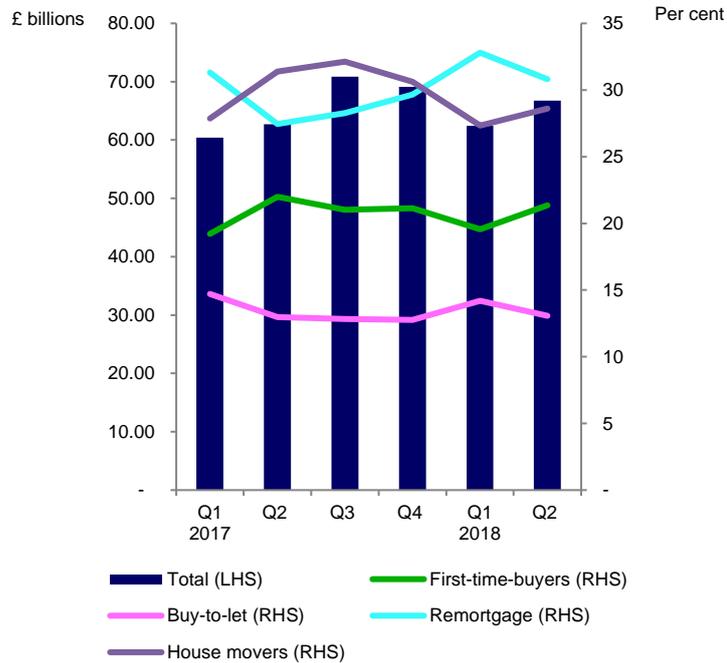


Next release – 11 Dec 2018. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2018/2018-q2 and www.fca.org.uk/firms/mortgage-lending-statistics.

© Bank of England and FCA. For requests on copyright please email dsd_editor@bankofengland.co.uk and MLARStatistics@fca.org.uk (020 7066 1000).

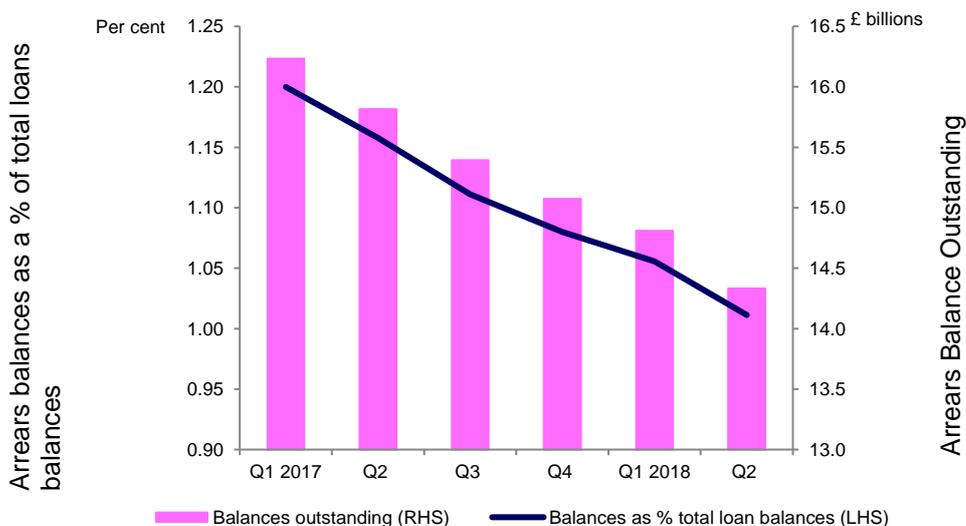
- When compared with the previous quarter (Q1 2018) there has been a 1.9 percentage point increase in the proportion of new loans for house purchases from 61.1% to 63.0%, driven by an increase in home movers. On the other hand lending to existing borrowers in the form of re-mortgages decreased by 2.0 percentage points from 32.8% to 30.8% (**Chart 3, 4 and 5**).

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



- The share of first time buyers (FTBs) has increased to 21.4% in Q2 2018; this is a 1.8 percentage point increase on last quarter (**Chart 5**).
- The share of Buy to Let has declined to 13.1% of new loans.
- The proportion of total loan balances in arrears decreased further to 1.01% at the end of Q2 2018, the lowest level since the series began (**Chart 6**). The outstanding balance in arrears is now £14.3 billion.

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



Next release – 11 Dec 2018. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2018/2018-q2 and www.fca.org.uk/firms/mortgage-lending-statistics.

© Bank of England and FCA. For requests on copyright please email dsd_editor@bankofengland.co.uk and MLARStatistics@fca.org.uk (020 7066 1000).