



Statistical release

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Mortgage Lenders and Administrators Statistics: 2017 Q1

- There has been a fall in new residential mortgage lending activity in Q1 2017 from the previous quarter. £60.4 billion of new residential loans was advanced to individuals during Q1 2017. This was a 3.8% decrease compared to the previous quarter and a decrease of 5.6% from the same quarter last year (**Table A and Chart 1**).
- The total value of all outstanding residential loans stood at £1,347.3 billion in Q1 2017, a 0.7% increase from the previous quarter and a 3.3% increase from the same quarter last year. However this year on year increase in the stock value of outstanding residential loans is 0.3 percentage points lower than it was in the previous quarter. (**Table A**).
- At least some of the decline in new residential mortgage lending activity was due to a fall in new commitments which fell by 0.7% from £61.8 billion in Q4 2016 to £61.4 billion in Q1 2017 (**Table A and Chart 1**).

Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

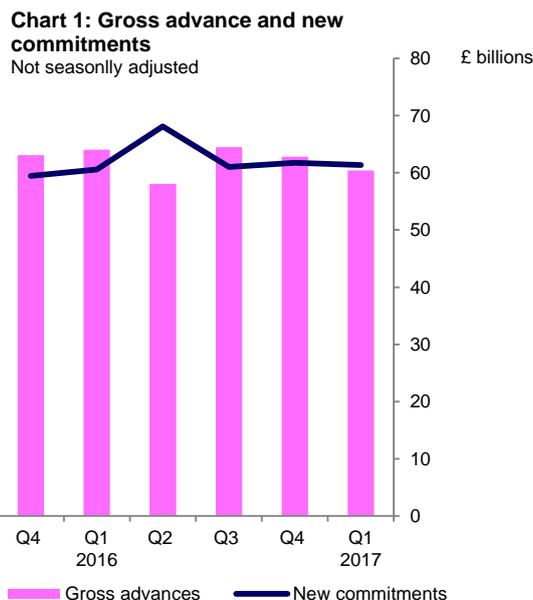
£ billions

Not seasonally adjusted

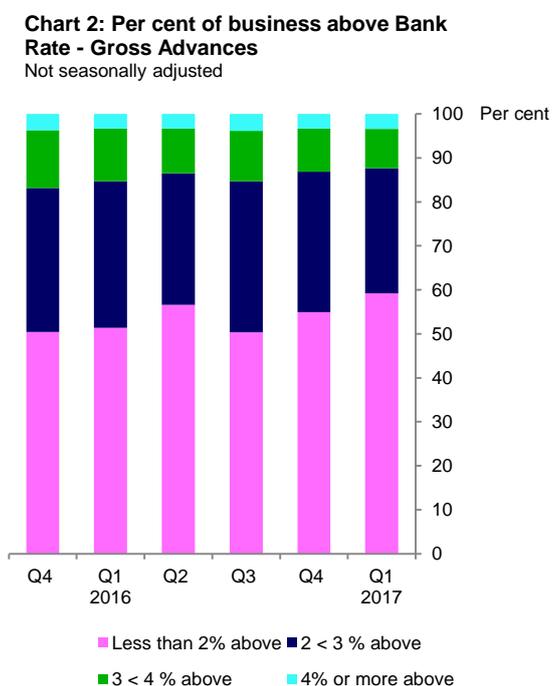
	Q4	Q1	Q2	Q3	Q4	Q1
	2016					2017
Business flows						
Gross advances	63.1	64.0	58.0	64.5	62.8	60.4
New commitments	59.5	60.6	68.1	61.0	61.8	61.4
Residential loan amounts outstanding						
Total Regulated and Non-regulated	1,291.4	1,304.6	1,316.2	1,330.8	1,337.8	1,347.3

Next release – 12 Sept 2017. Release available online at www.bankofengland.co.uk/pr/Pages/regulatorydata/mlar/2017/mar.aspx and www.fca.org.uk/firms/mortgage-lending-statistics.

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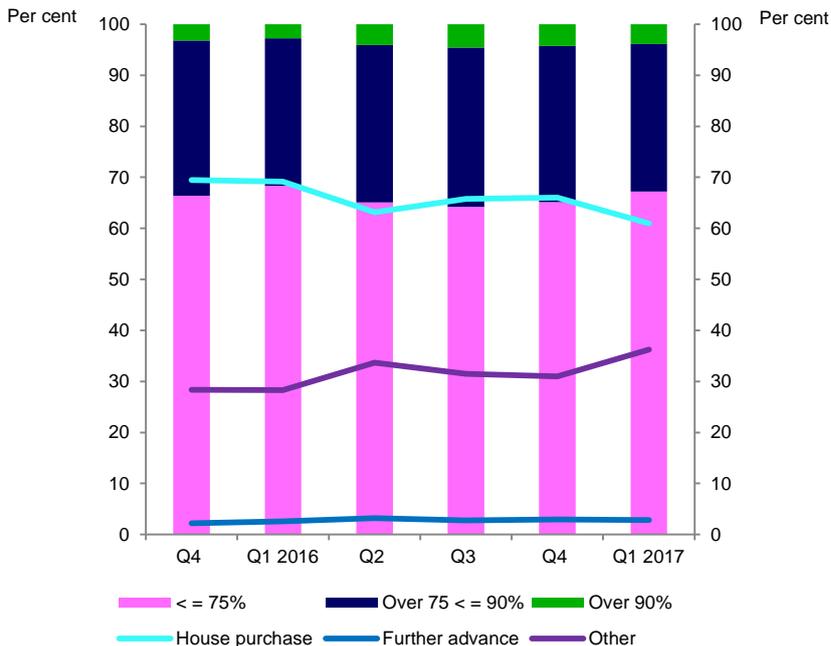
- Customer margins continued to narrow in Q1 2017 when compared to previous quarters. In particular there has been a continual increase since Q3 2016 in the proportion of new loans extended at the lowest rates, BBR +2%, which now account for 59.2% of new advances. At the other end of the spectrum the proportion of new loans extended at BBR + 3% or higher rates continued its decline since Q3 2016 and accounted for 12.4% of new advances in Q1 2017(**Chart 2**).



- There has been an increase in the proportion of low loan-to-value (LTV) loans. New lending in the lowest LTV bracket, $\leq 75\%$, increased by 2.1 percentage points from the previous quarter to 67.2% in Q1 2017 (**Chart 3**).

Chart 3: Gross advances by loan-to-value (LTV) ratios and purpose by loan

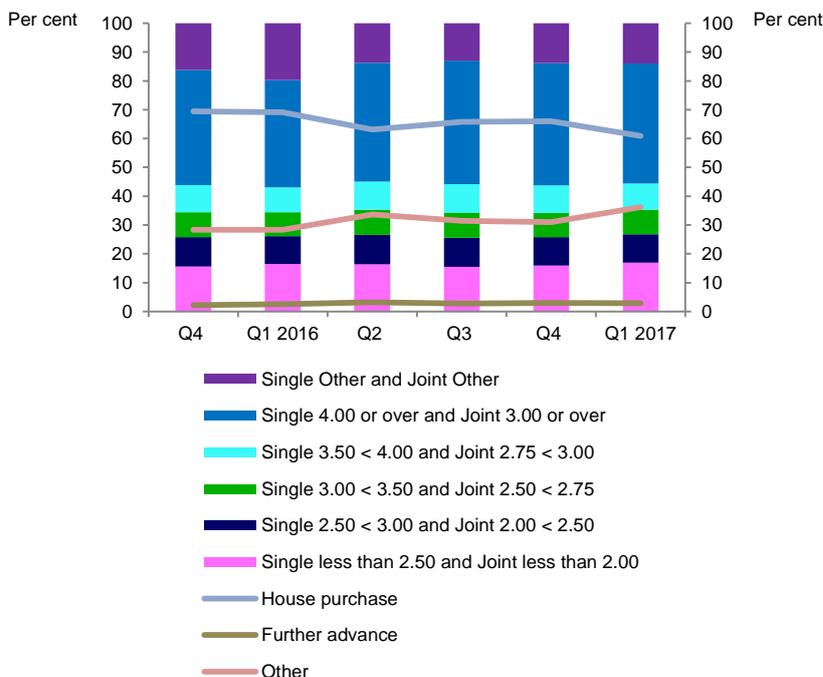
Not seasonally adjusted



- The share of new lending in the lowest loan-to-income (LTI) brackets, for both single and joint incomes also increased (**Chart 4**).
- In Q1 2017 compared to the previous quarter:
 - New lending in the single income, and less than 2.5 LTI category, increased by 0.4 percentage points to 7.9%;
 - New lending in the joint income, and less than 2.0 LTI category, increased by 0.6 percentage points to 9.1%;
 - However, the higher LTI brackets still continue to dominate the market, with single income, and 4.0 or above LTI representing 10.3% of the market and joint income, and 3.0 or above LTI representing 31.3% of the market.

Chart 4: Gross advances by income multiples and purpose by loan

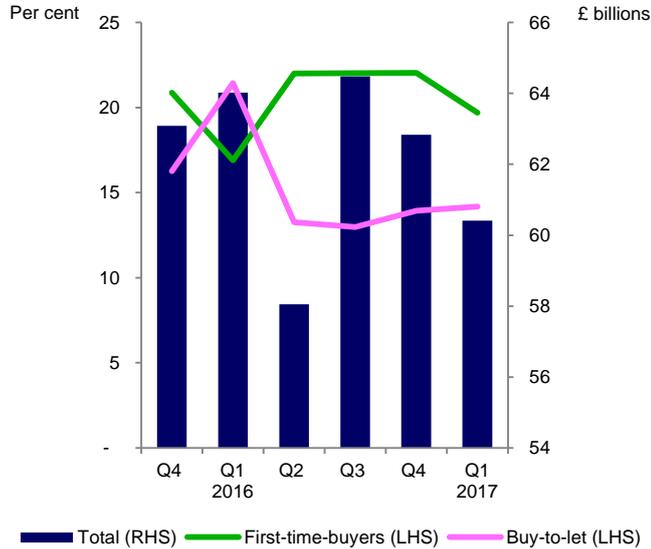
Not seasonally adjusted



- From the previous quarter there has been a 5.1 percentage point fall in the value of new loans for house purchases from 66.0% to 60.9%, driven by a decrease in the first-time-buyer (FTB) category. This is the lowest figure for house purchase since Q1 2012. On the other hand lending to existing borrowers in the form of remortgages increased by 3.7 percentage points from 27.7% to 31.4% (Chart 3, 4 and 5).

Chart 5: Breakdown of gross advances by purpose of loan

Not seasonally adjusted



- The trend of increased new lending at lower LTV's and LTI's is consistent with the trend of increased share of lending for remortgage purposes (Chart 3 and 4).
- Since the first quarter of 2016, the share of buy-to-let (BTL) lending has stabilised at a lower level and accounted for 14.2% of residential home loans transactions in Q1 2017 (Chart 5).
- The proportion of total loan balances in arrears decreased to 1.26% at the end of Q1 2017, the lowest level since the series began (Chart 6). The outstanding balance in arrears is now £17.0 billion.

Chart 6: Arrear balances as % total loan balances

Not seasonally adjusted

