



Statistical release

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Mortgage Lenders and Administrators Statistics: 2017 Q3

This quarter has continued to see an increase in mortgage lending activity compared to the previous quarter. New commitments are at the highest level since 2008, and the proportion of loans to the highest loan-to-income borrowers continues to increase. The proportion of lending to first time buyers has decreased when compared with Q2 2017.

- The total value of all outstanding residential loans stood at £1,385.6 billion in Q3 2017, a 1.4% increase from the previous quarter and a 4.1% increase from the same quarter last year. (**Table A**).
- There has been an increase in new residential mortgage lending activity in Q3 2017 from the previous quarter. £70.9 billion of new residential loans was advanced to individuals during Q3 2017. This was a 13.0% increase compared to the previous quarter and a 10.0% increase from the same quarter last year (**Table A and Chart 1**)
- New Commitments increased annually by 14.0% from £61.0 billion in Q3 2016 to £69.6 billion in Q3 2017, new commitments are now at the highest level since Q1 2008 (**Table A and Chart 1**).
- New Lending grew across all customer types from the previous quarter, but proportionally less to First Time Buyers (FTBs) as opposed to house movers and remortgagers. FTB purchasers' share decreased by 1.0 percentage points to 21.0%. (**Chart 5**)

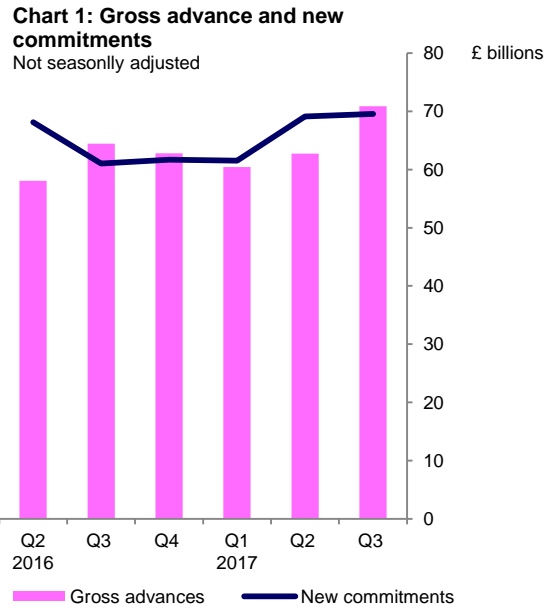
Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

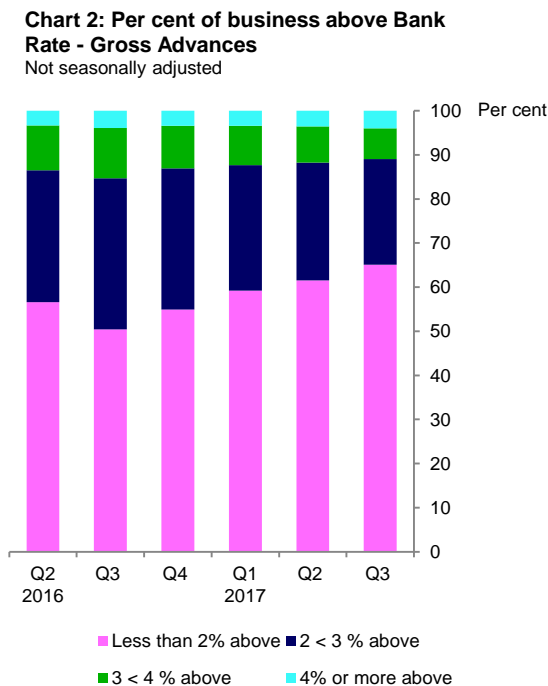
£ billions

Not seasonally adjusted

	Q2 2016	Q3	Q4	Q1 2017	Q2	Q3
Business flows						
Gross advances	58.0	64.4	62.8	60.4	62.7	70.9
New commitments	68.1	61.0	61.7	61.5	69.1	69.6
Residential loan amounts outstanding						
Total Regulated and Non-regulated	1,316.2	1,330.9	1,337.8	1,352.7	1,366.5	1,385.6

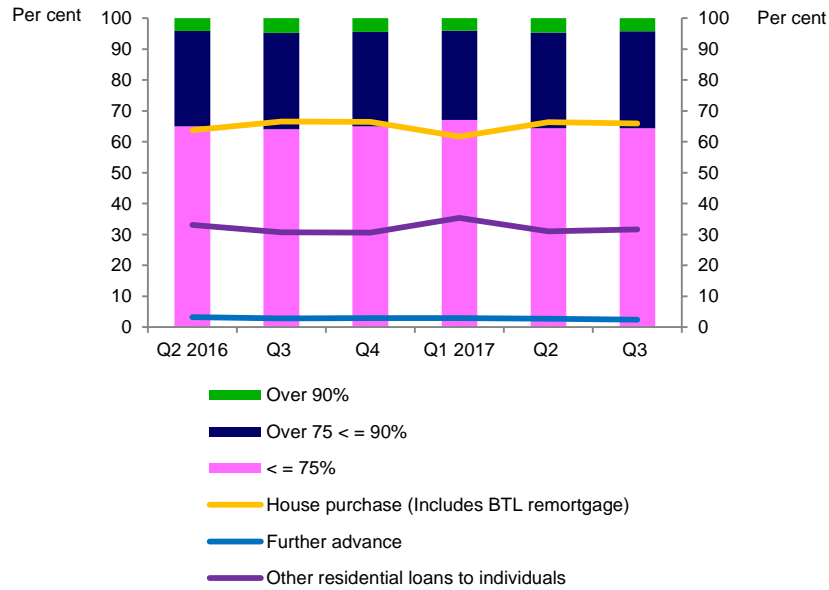


- Customer margins in relation to the Bank Rate continued to narrow in Q3 2017. In particular there has been a continual increase since Q3 2016 in the proportion of new loans extended at a maximum of 2% above the Bank Base Rate (BBR), which now account for 65.1% of new advances. At the other end of the spectrum the proportion of new loans extended at 3% and above the BBR continued its decline since Q3 2016 and accounted for 11.0% of new advances in Q3 2017 (Chart 2).



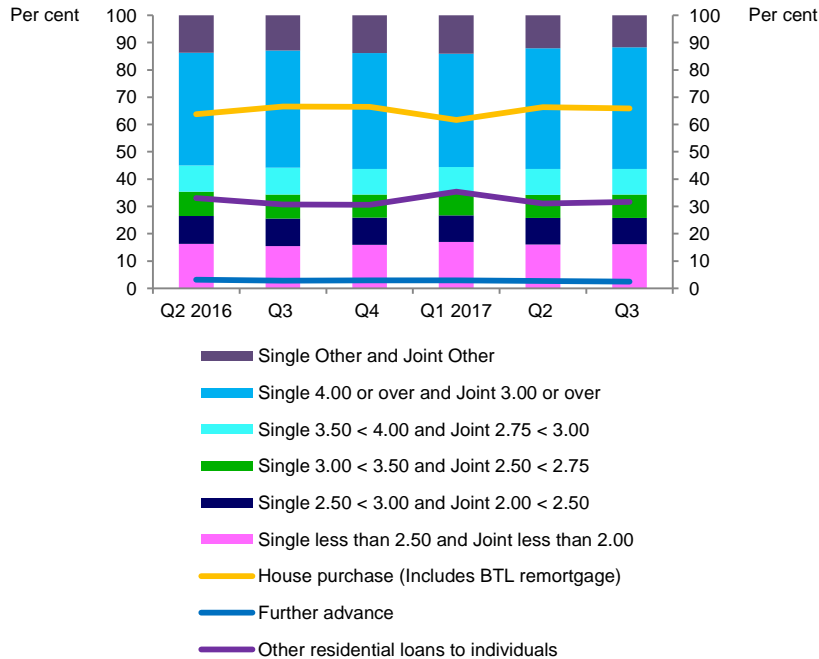
- There has been a decrease in the proportion of higher loan-to-value (LTV) loans. New lending at LTVs at and above 90% decreased by 0.4 percentage points from the previous quarter to 4.2% (**Chart 3**).

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

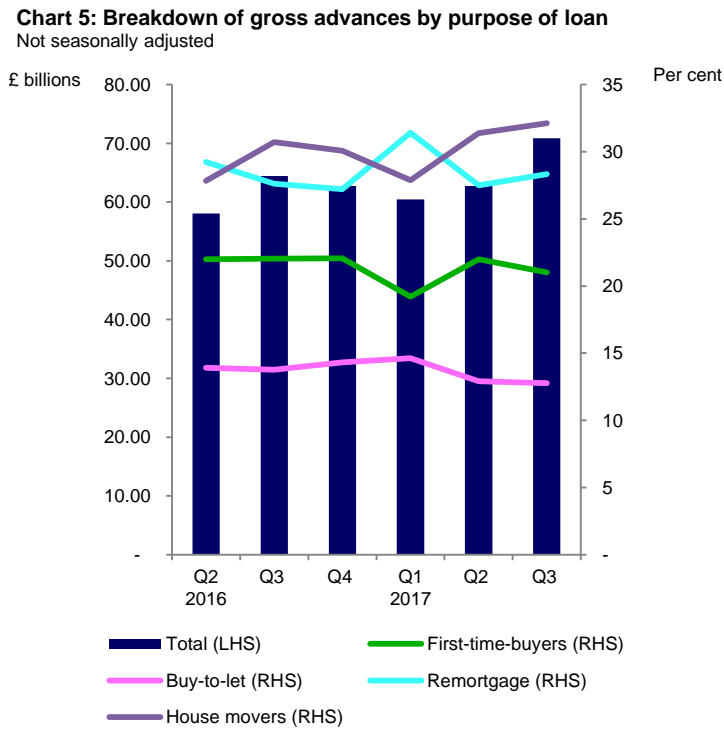


- The share of new lending in the highest loan-to-income (LTI) brackets increased compared to the previous quarter (**Chart 4**):
 - New lending in the single income, and at least 4.0 LTI category, decreased by 0.1 percentage points to 10.7%;
 - New lending in the joint income, and at least 3.0 LTI category, increased by 0.4 percentage points to 33.8%;

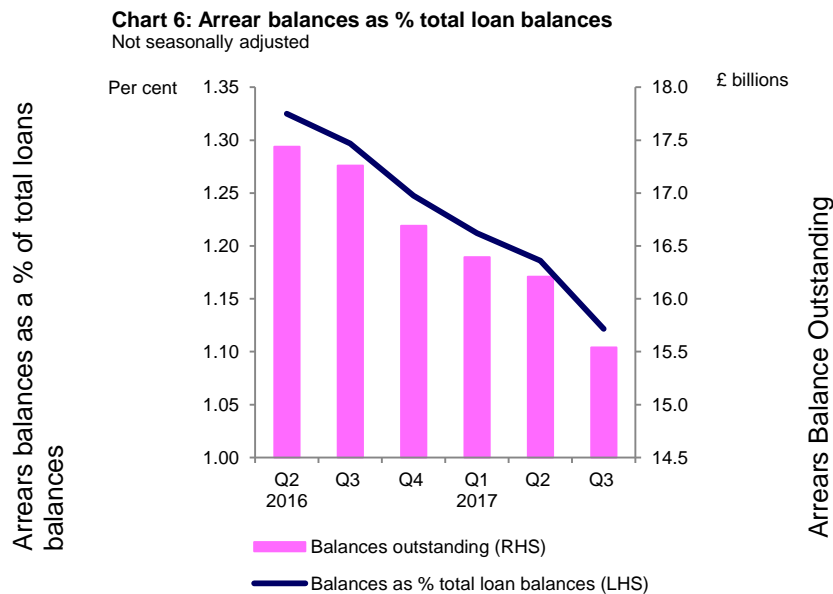
Chart 4: Gross advances by income multiples and purpose by loan
Not seasonally adjusted



- From the previous quarter there has been a 0.4 percentage point decrease in the value of new loans for house purchases from 66.3% to 65.9%, driven by a decrease in the first-time-buyer (FTB) category. On the other hand lending to existing borrowers in the form of remortgages increased by 0.8 percentage points from 27.5% to 28.3% (Chart 3, 4 and 5.)



- The trend of decreased new lending at higher LTVs is consistent with the trend of increased share of lending for remortgaging as opposed to house purchase purposes. (Chart 3 and 4).
- The share of buy-to-let (BTL) lending has decreased to 12.8% in Q3 2017; this is the lowest percentage since Q3 2013 (Chart 5).
- The proportion of total loan balances in arrears decreased to 1.1% at the end of Q3 2017, the lowest level since the series began (Chart 6). The outstanding balance in arrears is now £15.5 billion.



Next release – 13 Mar 2018. Release available online at <https://www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2017/2017-q3> and www.fca.org.uk/firms/mortgage-lending-statistics.

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