



Statistical release

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Mortgage Lenders and Administrators Statistics: 2018 Q1

2018 Q1 has seen a decrease 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 lowest level since 2016 Q3 and there has been a decrease in the amount of lending to first time buyers. The shares of buy-to-let and re-mortgaged loans have increased since last quarter.

The proportion of high loan-to-income (LTI) (Single income above 4.00 and Joint income above 3.00) lending has decreased this quarter, and the highest loan-to-value (LTV) (Above 90% LTV) brackets have also seen a decrease in new lending. The proportion of total loans in arrears has continued to fall with the outstanding balance in arrears now £14.8 billion.

Key Stories

- The outstanding value of all residential loans continued to increase in 2018 Q1 to £1,403.0 billion, 3.7% higher than a year ago (Q1 2017). (**Table A**).
- Compared to last year, there has been an increase in total gross advances by 3.3% to £62.4 billion. Comparing gross advances to Q4 2017 however, there has been a decrease of 9.6%.
- Re-mortgaging, as a proportion of new lending, has increased by 3.2 percentage points, compared to the previous quarter, and accounts for 32.9% of new lending, the total value of re-mortgaging lending was £20.5 billion in 2018 Q1.
- The value of new commitments was £61.1 billion, a 5.9% decrease from Q4 2017. (**Table A and Chart 1**).
- The share of buy-to-let (BTL) lending has increased for the first time since 2017 Q1, accounting for 14.1% of new lending. (**Chart 5**).

Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

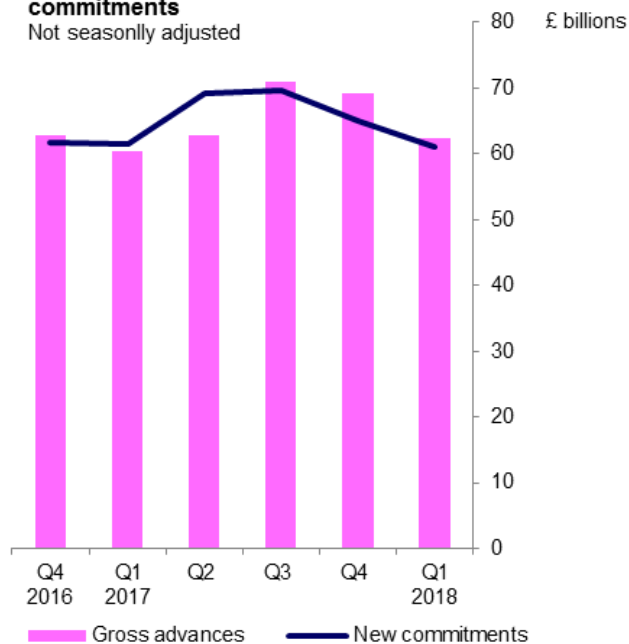
£ billions

Not seasonally adjusted

	Q4 2016	Q1 2017	Q2	Q3	Q4	Q1 2018
Business flows						
Gross advances	62.8	60.4	62.7	70.9	69.1	62.4
New commitments	61.7	61.5	69.1	69.6	65.0	61.1
Residential loan amounts outstanding						
Total Regulated and Non-regulated	1,337.8	1,352.7	1,366.5	1,385.6	1,395.5	1,403.0

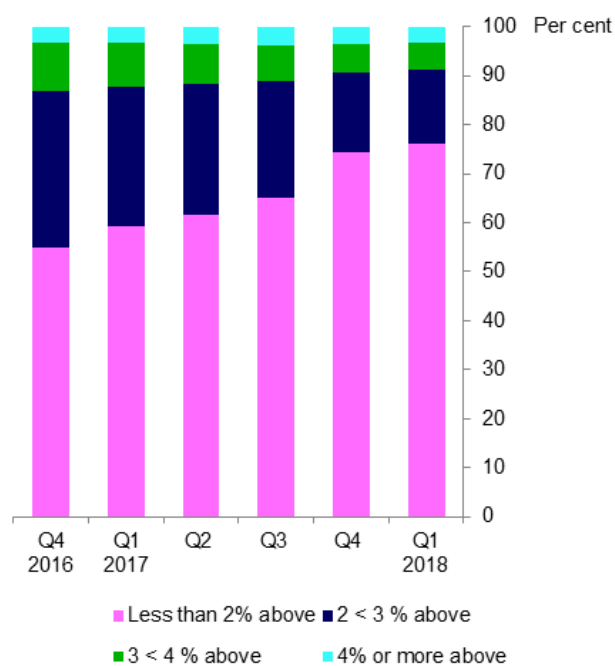
Graphical Analysis

Chart 1: Gross advance and new commitments
Not seasonally adjusted



- In Q1 2018, the proportion of mortgage loans at less than 2% above Bank base rate (BBR) has continued to increase to 76.1% of the market. On the other hand, the percentage of loans extended 4% or more above BBR has decreased to 3.3%. The 2<3% above BBR bracket shrunk by 1.5 percentage points since last quarter. (Chart 2).

Chart 2: Per cent of business above Bank Rate - Gross Advances
Not seasonally adjusted

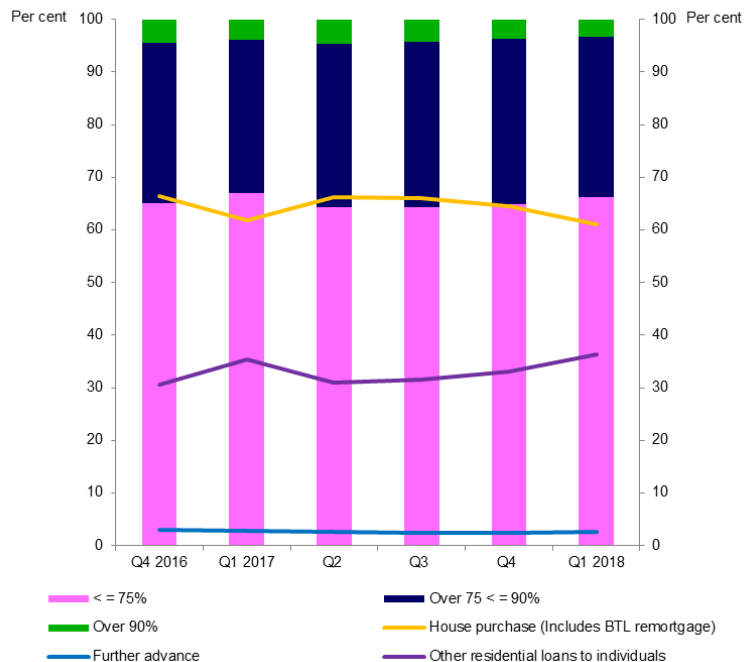


Next release – 11 Sep 2018. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2018/2018-q1 and www.fca.org.uk/firms/mortgage-lending-statistics.

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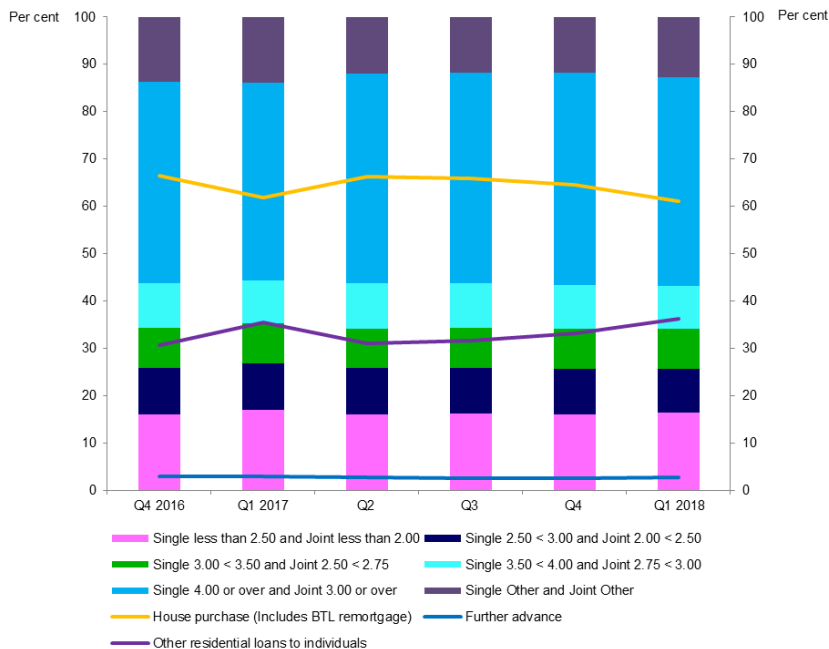
- There has been a decrease in the proportion of higher loan-to-value (LTV) loans when comparing Q1 2018 to Q4 2017 and when comparing annual figures. This can be linked to the fall in the house purchases share, with a greater proportion of re-mortgages. New lending in the lowest bracket $\leq 75\%$ has increased to 66.1% of the total figure. (Chart 3).

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



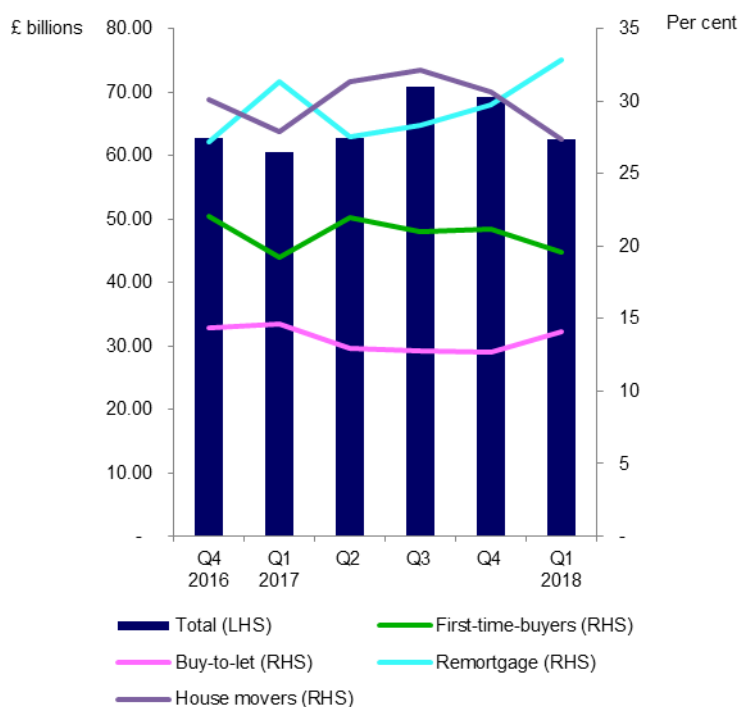
- The share of new lending in the highest loan-to-income (LTI) brackets in Q1 2018 decreased overall compared to last quarter, however increased since last 2017 Q1 (Chart 4). In Q1 2018, compared to the previous quarter:
 - New lending in the single income, and at least 4.0 LTI category, decreased by 0.4 percentage points to 10.6%;
 - New lending in the joint income, and at least 3.0 LTI category, decreased by 0.7 percentage points to 33.3%;

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



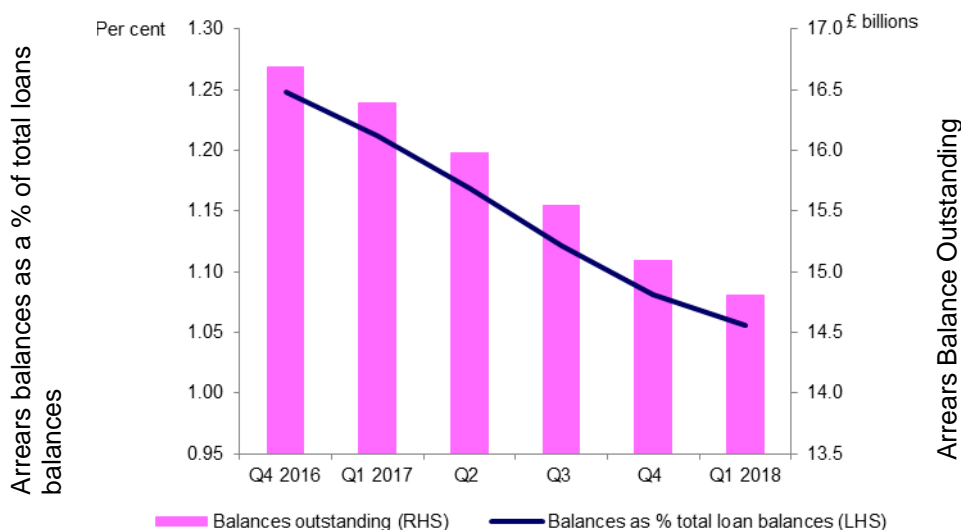
- When compared with the previous quarter (Q4 2017) there has been a 3.4 percentage point decrease in the proportion of new loans for house purchases from 64.4% to 61.0%, driven by a further decrease in home movers. On the other hand lending to existing borrowers in the form of re-mortgages increased by 3.2 percentage points from 29.7% to 32.9% (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 decreased to 19.6% in Q1 2018; this is a 1.6 percentage point decrease on last quarter (**Chart 5**).
- The share of Buy to Let has increased for the first time since Q1 2017 to take 14.1% of new loans.
- The proportion of total loan balances in arrears decreased further to 1.06% at the end of Q1 2018, the lowest level since the series began (**Chart 6**). The outstanding balance in arrears is now £14.8 billion.

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



Next release – 11 Sep 2018. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2018/2018-q1 and www.fca.org.uk/firms/mortgage-lending-statistics.

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