



Statistical release

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Mortgage Lenders and Administrators Statistics: 2018 Q3

Key Stories

- The outstanding value of all residential mortgage loans continued to increase in 2018 Q3 to £1,430 billion, 3.2% higher than a year ago (2017 Q3) (**Table A**).
- The value of gross mortgage advances grew 3.7% in the year to 2018 Q3, to £73.5 billion. This was the highest level since 2007 Q4 (**Table A and Chart 1**).
- New mortgage commitments (new lending that lenders have agreed to advance in coming months) were 4.7% higher than a year ago (**Table A and Chart 1**).
- The share of new lending for buy-to-let (BtL) purposes declined to 12% in Q3, its lowest since 2012 Q4. The share of new lending to first-time buyers remained steady at 21% (**Chart 5**).
- Remortgaging, as a proportion of new lending, is 2 percentage points higher than a year ago. However, it decreased marginally on the quarter to 30% (**Chart 5**).
- The proportion of high loan-to-income (LTI) lending (loans above four times the value of annual income for a single buyer or above three times the annual income for joint buyers) has increased 1.7 percentage points this quarter to 47% (**Chart 4**). The share of loans with a loan-to-value (LTV) ratio exceeding 90% also increased, to 4.3% (**Chart 3**).
- The value of outstanding mortgage balances with some arrears increased for the first time since 2016 Q2 to £14.5 billion, compared to £14.3 billion in 2018 Q2. These balances still account for only 1% of the total (**Chart 6**).

Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

£ billions

Not seasonally adjusted

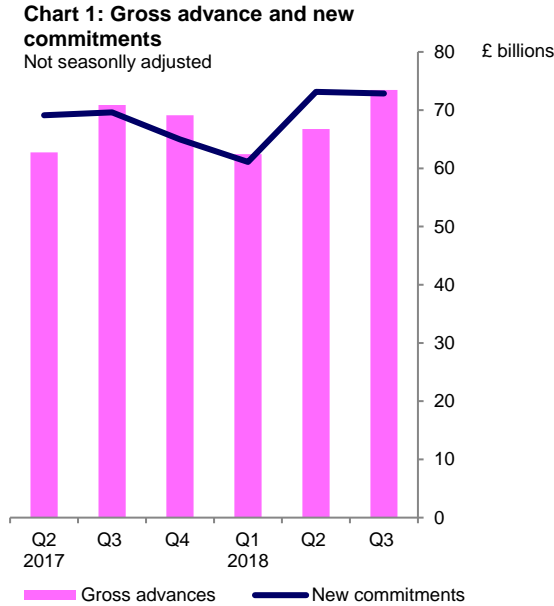
	Q2 2017	Q3	Q4	Q1 2018	Q2	Q3
Business flows						
Gross advances	62.7	70.9	69.1	62.4	66.7	73.5
New commitments	69.1	69.6	65.0	61.1	73.1	72.9
Residential loan amounts outstanding						
Total Regulated and Non-regulated	1,366.0	1,385.5	1,395.9	1,403.1	1,417.3	1,429.6

Next release – 12 Mar 2019. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2018/2018-q3 and www.fca.org.uk/firms/mortgage-lending-statistics.

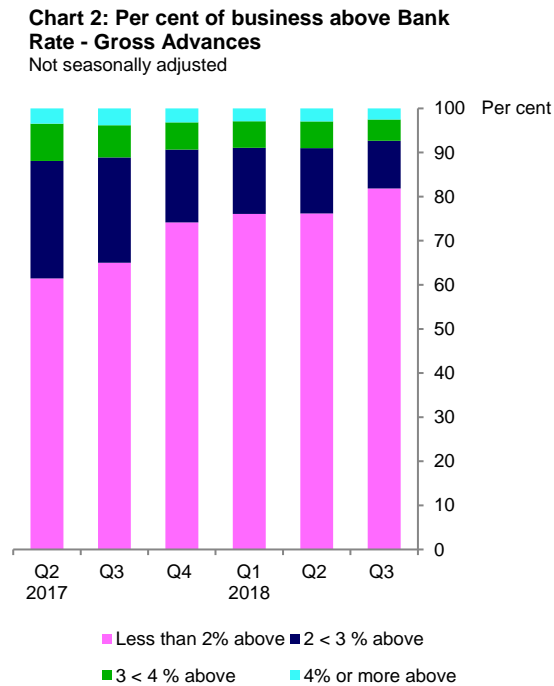
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Graphical Analysis

- The value of gross mortgage advances grew 3.7% in the year to 2018 Q3, to £73.5 billion. This was the highest level since 2007 Q4 (**Table A and Chart 1**).
- New mortgage commitments (new lending that lenders have agreed to advance in coming months) were 4.7% higher than a year ago.



- The share of mortgage loans advanced with interest rates less than 2% above Bank Rate has continued to increase in Q3, reaching 82% (**Chart 2**).
- The percentage of loans advanced with interest rates 3% or more above Bank Rate has decreased to 7%.

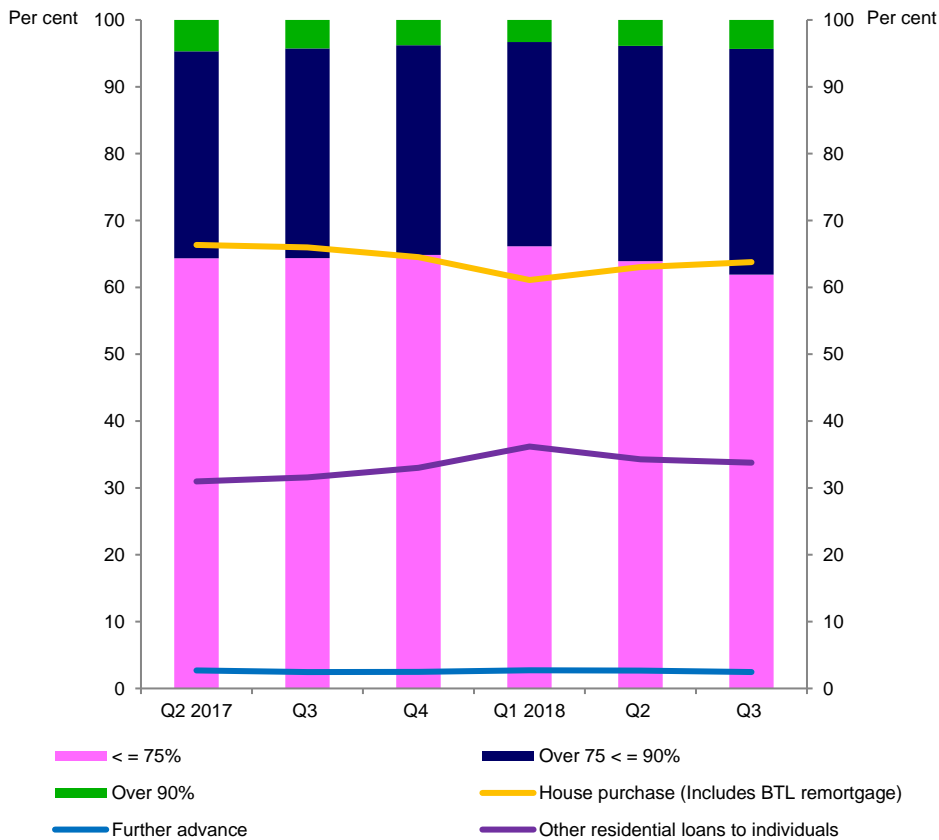


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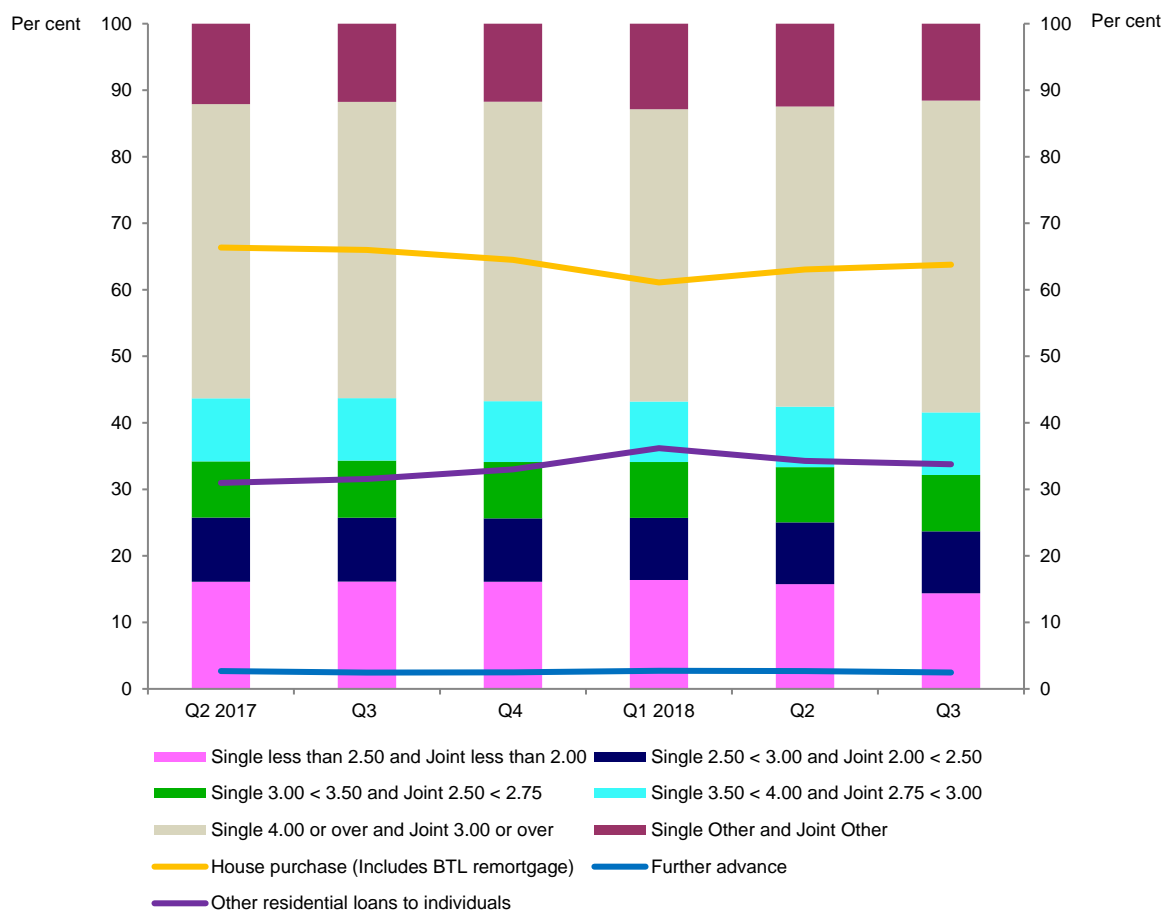
- 4.3% of mortgages advanced in Q3 had LTV ratios exceeding 90%. This was higher than the previous quarter and in line with a year ago (**Chart 3**).
- The share of lending with LTV ratios at or below 75% fell a further 2 percentage points to 62%.

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



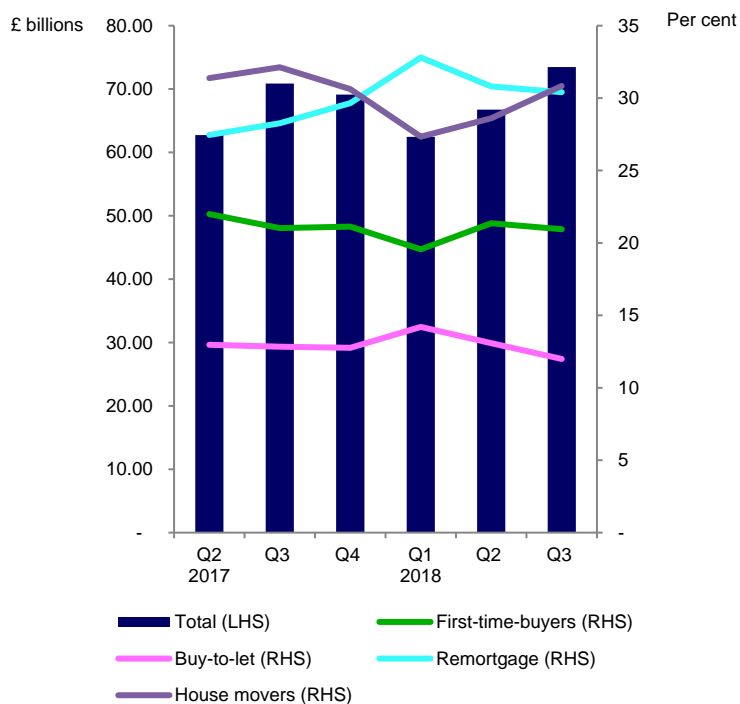
- The share of new lending in the highest loan-to-income (LTI) brackets continued its upward trend in Q3 and is at its highest since the series began in 2007 Q1, reaching 47% (**Chart 4**). In 2018 Q3:
 - 11% of new lending was to borrowers with a single income who had an LTI of 4 or above, 0.1 percentage points higher than a year ago.
 - 36% of new lending was to borrowers with a joint income who had an LTI of 3 or above, 2.2 percentage points higher than a year ago.

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



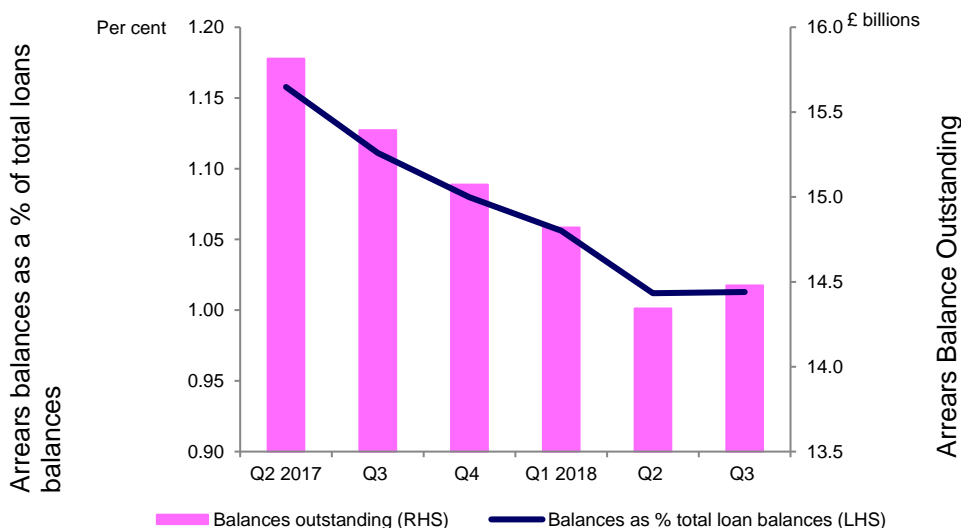
- The proportion of lending for house purchase increased by 0.7 percentage points on the quarter to 64%, driven by an increase in lending to house movers (**Chart 5**).
- The percentage of lending for buy-to-let purchases has continued its downward trend, reaching 12%. This is its lowest share since 2012 Q4.
- The share of lending to first-time buyers remained steady at 21%. The proportion of lending to existing borrowers in the form of remortgaging is 2 percentage points higher than a year ago, but decreased marginally on the quarter to 30%.

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



- The value of outstanding balances with some arrears has increased for the first time since 2016 Q2, to £14.5 billion (**Chart 6**).
- However, the proportion of total loan balances in arrears remained at 1%, the lowest since the series began.

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



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