



Statistical release

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Mortgage Lenders and Administrators Statistics: 2020 Q2

Key findings

- The outstanding value of all residential mortgages loans was £1,513.3 billion at the end of 2020 Q2, 3.2% higher than a year earlier (**Table A**)¹.
- The value of gross mortgage advances in 2020 Q2 was £44.1 billion, 33.3% lower than in 2019 Q2 (**Table A and Chart 1**).
- The value of new mortgage commitments (lending agreed to be advanced in the coming months) was 53.2% lower than a year earlier, at £34.3 billion (**Table A and Chart 1**).
- The share of gross advances with interest rates less than 2% above Bank Rate was 73.3% in 2020 Q2, 10.5 percentage points (pp) lower than a year ago. The decrease was driven by the 65 basis point (bp) cut in Bank Rate in March rather than any significant change in mortgage interest rates (**Chart 2**).^a
- The share of mortgages advanced in 2020 Q2 with loan to value (LTV) ratios exceeding 90% was 4.9%, 0.6pp lower than a year earlier (**Chart 3**).
- The share of gross mortgage lending for buy-to-let purposes (covering house purchase, remortgage and further advance) was 14.4%, an increase of 1.2pp from 2019 Q2 (**Chart 5**).
- The value of outstanding balances with some arrears increased by 2.8% over the quarter to £14.1 billion, and now accounts for 0.93% of outstanding mortgage balances (**Chart 6**).

Table A: Residential loans to individuals, flows and balances

*Regulated and non-regulated mortgages**

£ billions

Not seasonally adjusted

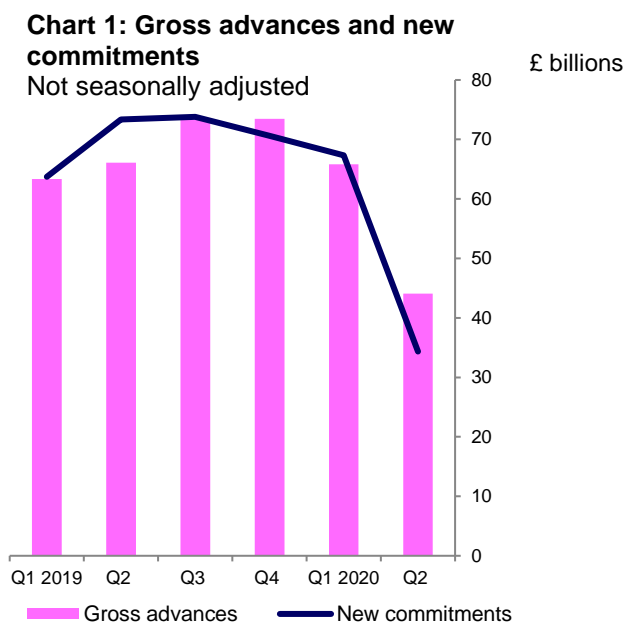
	Q1	Q2	Q3	Q4	Q1	Q2
	2019				2020	
Flows						
Gross advances	63.4	66.1	73.3	73.5	65.8	44.1
New commitments	63.7	73.4	73.8	70.6	67.3	34.3
Amounts outstanding	1,451.8	1,466.3	1,485.4	1,498.8	1,509.7	1,513.3

*This data covers regulated mortgage lending, and non-regulated mortgage lending by firms which undertake regulated mortgage lending or administration of regulated mortgages.

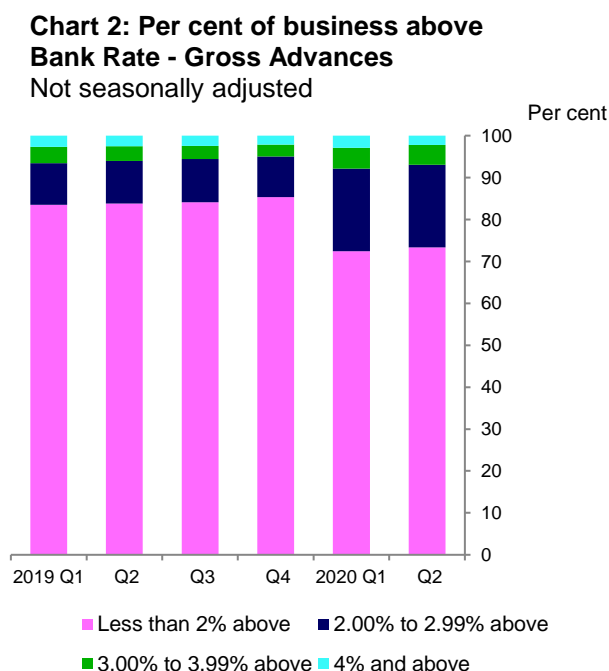
^a See [here](#) for the Bank's data on Effective Interest Rates.

Graphical Analysis:

- The value of gross mortgage advances was £44.1 billion in 2020 Q2, 33.3% lower than in 2019 Q2, and the lowest level since 2013 Q2. (**Table A and Chart 1**).²
- The value of new mortgage commitments (lending agreed to be advanced in the coming months) was 53.2% lower than a year earlier, at £34.3 billion and the lowest level since 2010 Q1.³



- The distribution of interest rates relative to Bank Rate for gross mortgage advances remained broadly unchanged during Q2 following the significant changes in the distribution in Q1 due to the 65bp reduction in Bank Rate in March (**Chart 2**).
- The share of advances with interest rates less than 2% above Bank Rate was 73.3%.⁴
- The share of advances with interest rates 2% or more, but less than 3%, above Bank Rate was broadly unchanged at 19.8%, and the share of advances with interest rates 3% or more above Bank Rate fell by 1pp to 6.9%.^{5,6}



Next release – 8 December 2020. Release available online at www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2020/2020-q2 and www.fca.org.uk/firms/mortgage-lending-statistics.

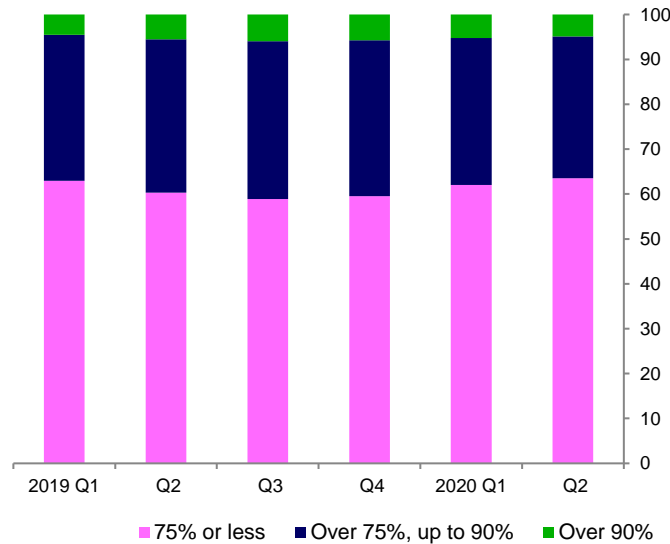
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- The share of mortgages advanced in Q2 with loan to value (LTV) ratios exceeding 75% fell on the quarter to 36.5%, which is 3.2pp lower than a year earlier (**Chart 3**).⁷
- The share of advances with LTV ratios exceeding 90% also decreased on the quarter, by 0.4pp, to 4.9%.⁸
- The share of mortgages advanced with LTVs over 95% was 0.3%, broadly unchanged over recent quarters.⁹

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

Not seasonally adjusted

Per cent



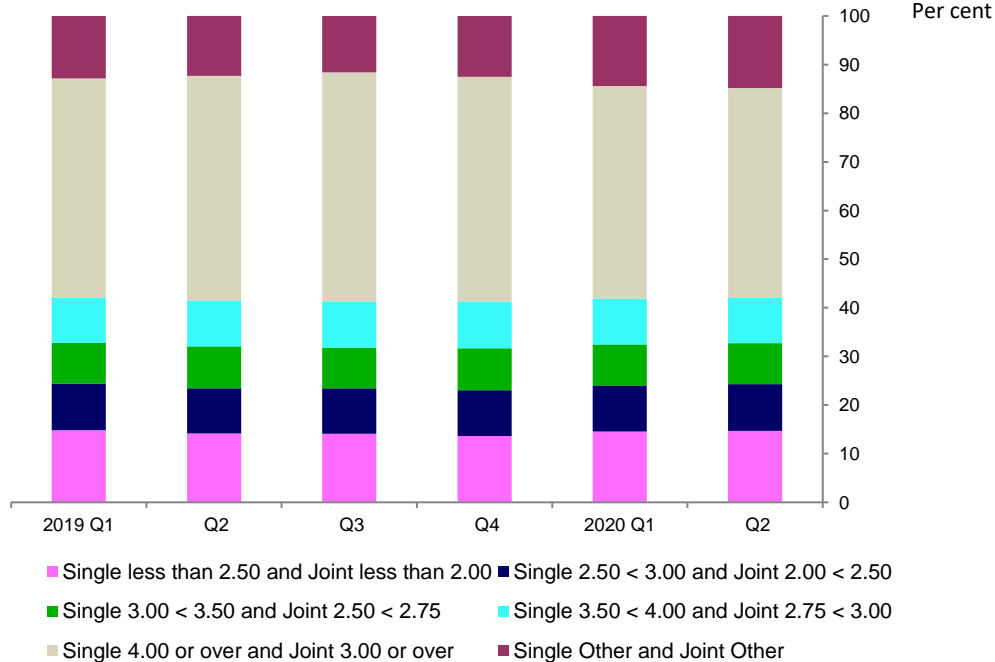
The proportion of lending to borrowers with a high loan to income (LTI) ratio fell by 0.6pp on the quarter to 43.1% (**Chart 4**).¹⁰ Borrowers with high LTI are defined here as:

- Borrowers with single income who had a LTI ratio of 4 or above. These loans accounted for 10.3% of gross mortgage lending in Q2 2020, 0.3pp less than in the previous quarter.¹¹
- Borrowers with a joint income who had a LTI of 3 or above. These loans accounted for 32.8% of gross mortgage lending in Q2 2020, a 0.3pp decrease compared to the previous quarter.¹²

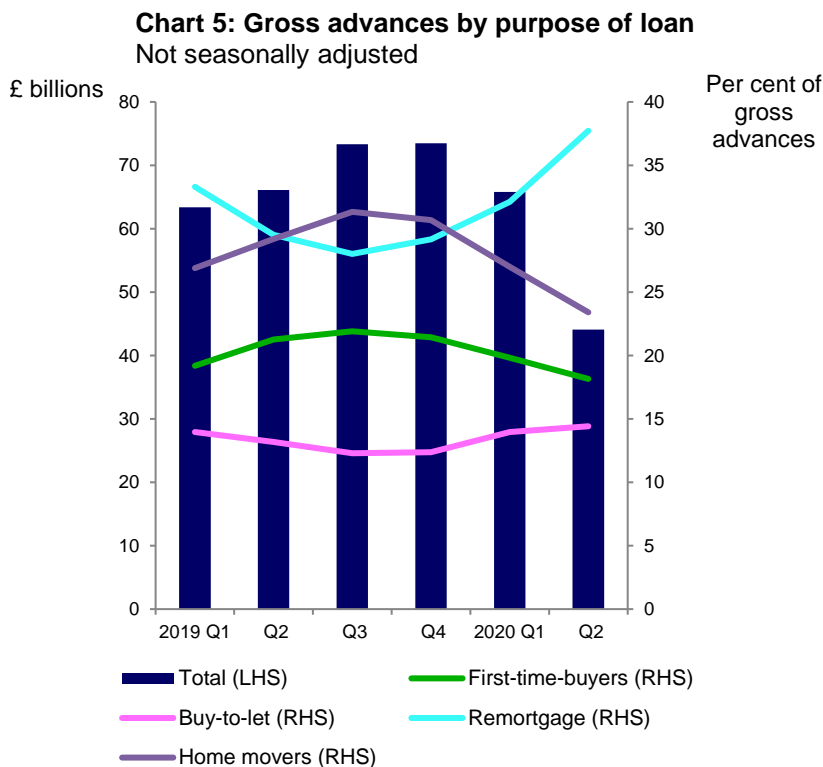
Chart 4: Gross advances by income multiple

Not seasonally adjusted

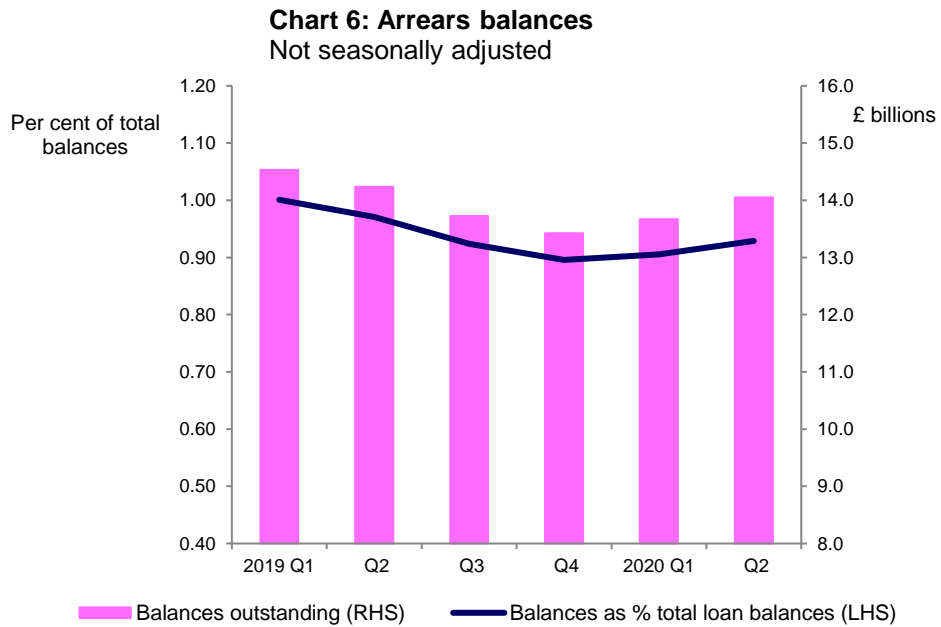
Per cent



- The share of gross mortgage advances for buy-to-let purposes (covering house purchase, remortgage and further advance) was 14.4% in 2020 Q2 (**Chart 5**), an increase of 1.2pp from 2019 Q2. The share of advances to owner occupiers was 85.6%.^{13,14}
- Of the 85.6% of advances for owner occupiers, the share for remortgages was 37.7%, an increase of 8.2pp since 2019 Q2. The share for house purchase was 41.6%, a decline of 8.9pp from 2019 Q2. Further advances and other mortgages (including lifetime mortgages) accounted for 6.3% of gross advances combined.^{15,16,17}
- Of the 41.6% of advances for house purchases by owner occupiers, lending to first-time buyers was 3.1pp lower than in 2019 Q2, at 18.2% of gross advances. The share advanced to home movers was at its lowest share since 2009 Q1 with a 5.8pp decrease from a year earlier, to 23.4%.^{18,19}



- Covid related mortgage payment deferrals^b are not considered formal arrears.
- The value of outstanding balances with arrears (defined as the borrower failing to make contractual payments equivalent to at least 1.5% of the outstanding mortgage balance or where the property is in possession) increased by 2.8% on the quarter, to £14.1 billion (**Chart 6**).²⁰
- The proportion of total loan balances with arrears increased to 0.93%.²¹



^b <https://www.fca.org.uk/publications/finalised-guidance/mortgages-and-coronavirus-updated-guidance-firms>

Appendix

Below is a list detailing where the information in the statistics release can be found in the document named "[MLAR statistics: detailed tables \(XLSX\)](#)".

- ¹ Table 1.11 sub table A row 9
- ² Table 1.21 sub table C row 1
- ³ Table 1.21 sub table C row 3
- ⁴ Table 1.22 sub table C row 3 (less than 2% above)
- ⁵ Table 1.22 sub table C row 4 (2.00% to 2.99% above)
- ⁶ Table 1.22 sub table C row 5 + row 6 (3% or more above)
- ⁷ 100% - Table 1.31 sub table C row 17
- ⁸ Table 1.31 sub table C row 19 + row 20
- ⁹ Table 1.31 sub table C row 20
- ¹⁰ Table 1.31 sub table C row 5 + row 13
- ¹¹ Table 1.31 sub table C row 5
- ¹² Table 1.31 sub table C row 13
- ¹³ Table 1.33 sub table C row 4 (buy-to-let)
- ¹⁴ 100% - Table 1.33 sub table C row 4 (owner-occupation)
- ¹⁵ Table 1.33 sub table C row 6 (remortgage)
- ¹⁶ Table 1.33 sub table C row 2 + row 3 (house purchase owner occupation)
- ¹⁷ Table 1.33 sub table C row 5 + row 9 (further advance and other)
- ¹⁸ Table 1.33 sub table C row 2 (first-time buyers)
- ¹⁹ Table 1.33 sub table C row 3 (home movers)
- ²⁰ Table 1.7 sub table C row 10
- ²¹ Table 1.7 sub table C row 11