



# Statistical release

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## Mortgage Lenders and Administrators Statistics: 2020 Q3

### Key findings

- The outstanding value of all residential mortgage loans was £1,527.3 billion at the end of 2020 Q3, 2.9% higher than a year earlier (**Table A**)<sup>1</sup>.
- The value of gross mortgage advances in 2020 Q3 was £62.5 billion, 14.7% lower than in 2019 Q3 (**Table A and Chart 1**).
- The value of new mortgage commitments (lending agreed to be advanced in the coming months) was 6.8% higher than a year earlier, at £78.9 billion and the highest level since 2007 Q3 (**Table A and Chart 1**).
- The share of gross advances with interest rates less than 2% above Bank Rate was 74.2% in 2020 Q3, 10.0 percentage points (pp) lower than a year ago (**Chart 2**).
- The share of mortgages advanced in 2020 Q3 with loan to value (LTV) ratios exceeding 90% was 3.5%, 2.4pp lower than a year earlier (**Chart 3**).
- The share of gross advances for remortgages for owner occupation was 25%, a decrease of 3pp since 2019 Q3. The share for house purchase for owner occupation was 55.8%, up 2.6pp from 2019 Q3 (**Chart 5**).
- The value of outstanding balances with some arrears fell by 1.2% over the quarter to £13.8 billion, and now accounts for 0.90% of outstanding mortgage balances (**Chart 6**).

**Table A: Residential loans to individuals, flows and balances**

*Regulated and non-regulated mortgages\**

*£ billions*

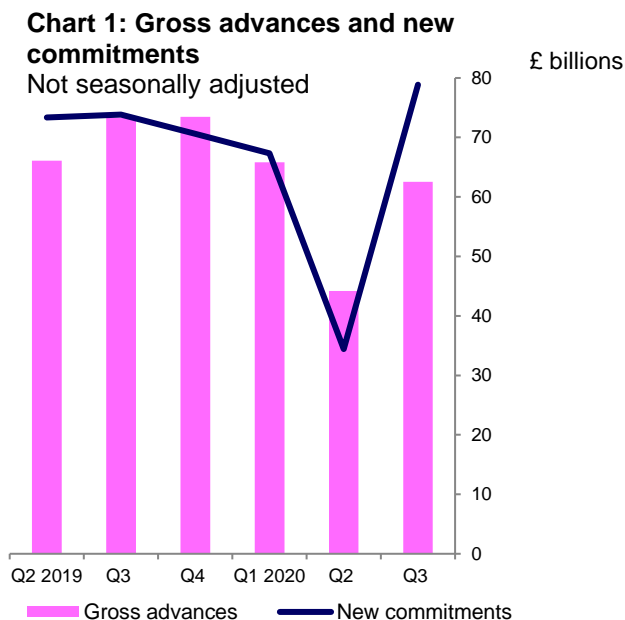
*Not seasonally adjusted*

	Q2 2019	Q3	Q4	Q1 2020	Q2	Q3
<b>Flows</b>						
Gross advances	66.1	73.3	73.5	65.8	44.2	62.5
New commitments	73.4	73.8	70.6	67.3	34.4	78.9
<b>Amounts outstanding</b>	1,465.6	1,484.6	1,498.0	1,508.8	1,515.8	1,527.3

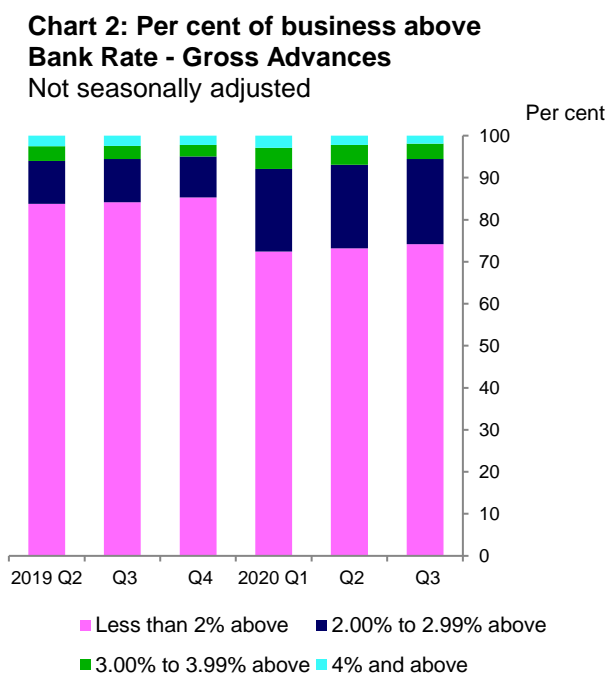
\*This data covers regulated mortgage lending, and non-regulated mortgage lending by firms which undertake regulated mortgage lending or administration of regulated mortgages.

## Graphical Analysis:

- The value of gross mortgage advances was £62.5 billion in 2020 Q3, 14.7% lower than in 2019 Q3 (**Table A and Chart 1**).<sup>2</sup>
- The value of new mortgage commitments (lending agreed to be advanced in the coming months) was 6.8% higher than a year earlier, at £78.9 billion and the highest level since 2007 Q3.<sup>3</sup>



- The distribution of interest rates relative to Bank Rate remained broadly unchanged over the quarter for gross mortgage advances with rates below 3% in Q3 (**Chart 2**).
- The share of advances with interest rates less than 2% above Bank Rate was 74.2%, 10.0pp lower than a year ago.<sup>4</sup>
- The share of advances with interest rates between 2% and 3% above Bank Rate was broadly unchanged over the quarter at 20.3%, and the share of advances with interest rates 3% or more above Bank Rate fell by 1.4pp to 5.6% from 2020 Q2.<sup>5,6</sup>



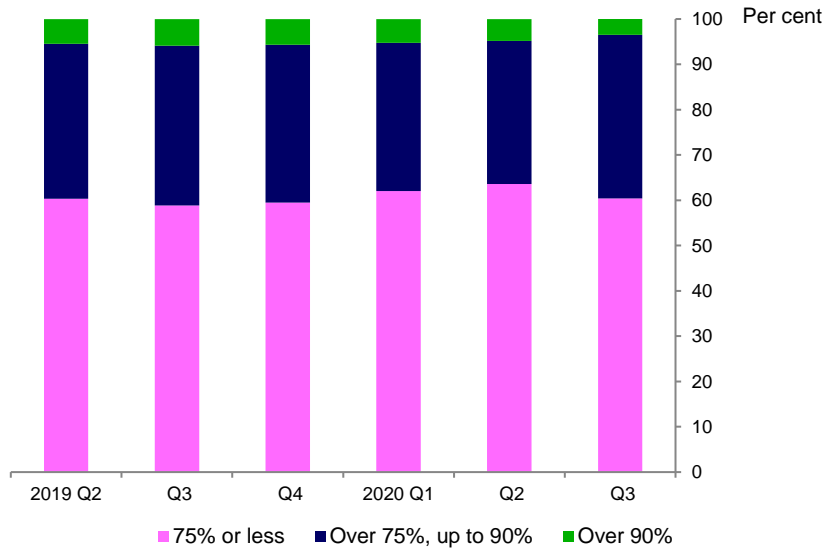
Next release – 9 March 2021. Release available online at [www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2020/2020-q3](http://www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2020/2020-q3) and [www.fca.org.uk/firms/mortgage-lending-statistics](http://www.fca.org.uk/firms/mortgage-lending-statistics).

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- The share of mortgages advanced in Q3 with loan to value (LTV) ratios exceeding 75% increased on the quarter to 39.6%, but is still 1.5pp lower than a year earlier (**Chart 3**).<sup>7</sup>
- The share of advances with LTV ratios exceeding 90% decreased on the quarter, by 1.3pp, to 3.5%. This is 2.4pp lower than a year earlier.<sup>8</sup>
- The share of mortgages advanced with LTVs over 95% was 0.3%, broadly unchanged over recent quarters.<sup>9</sup>

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

Not seasonally adjusted

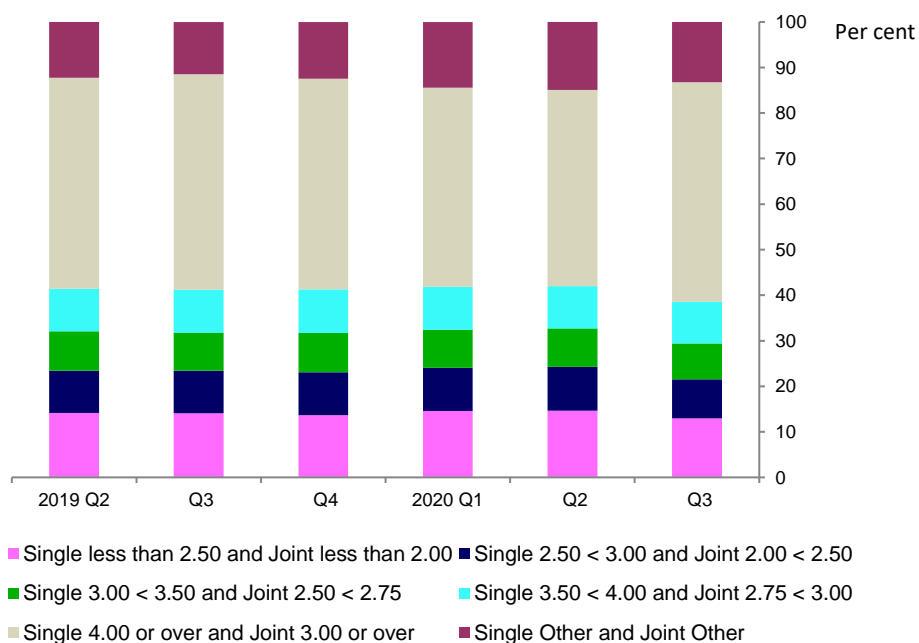


The proportion of lending to borrowers with a high loan to income (LTI) ratio increased by 5.1pp on the quarter to 48.2%, the highest since 2007 Q1 when the series began (**Chart 4**).<sup>10</sup> Borrowers with high LTI are defined here as:

- Borrowers with single income who had a LTI ratio of 4 or above. These loans accounted for 11.3% of gross mortgage lending in Q3 2020, 1.0pp more than in the previous quarter.<sup>11</sup>
- Borrowers with a joint income who had a LTI of 3 or above. These loans accounted for 36.9% of gross mortgage lending in Q3 2020, a 4.2pp increase compared to the previous quarter.<sup>12</sup>

**Chart 4: Gross advances by income multiple**

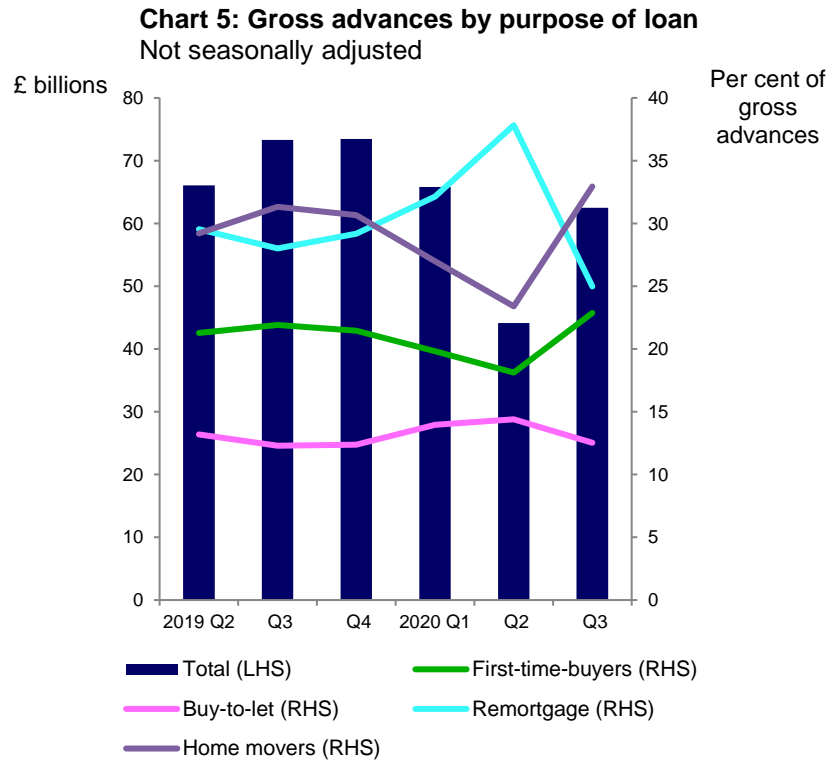
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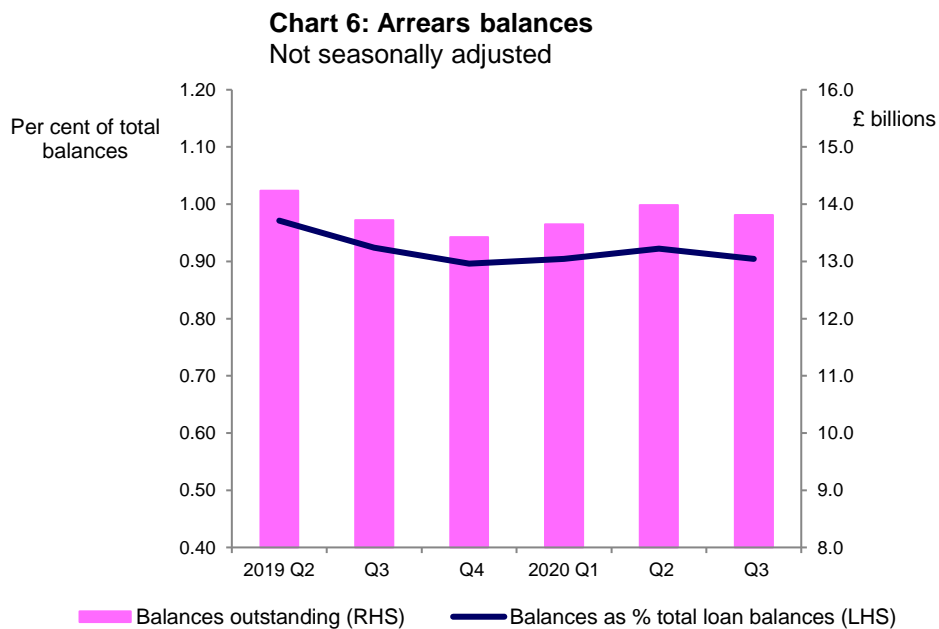
- The share of gross mortgage advances for buy-to-let purposes (covering house purchase, remortgage and further advance) was 12.5% in 2020 Q3, an increase of 0.2pp from 2019 Q3 (**Chart 5**). The share of advances to owner occupiers was 87.5%.<sup>13,14</sup>
- Of the 87.5% of advances for owner occupiers, the share for remortgages was 25%, a decrease of 3pp since 2019 Q3. The share for house purchase was 55.8%, up 2.6pp from 2019 Q3. Further advances and other mortgages (including lifetime mortgages) accounted for 6.7% of gross advances combined.<sup>15,16,17</sup>
- Of the 55.8% of advances for house purchases by owner occupiers, lending to first-time buyers was 1.0pp higher than in 2019 Q3, at 22.9% of gross advances. The share advanced to home movers increased by 1.6pp on a year earlier, to 32.9%.<sup>18,19</sup>



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- 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) decreased by 1.2% on the quarter, to £13.8 billion (**Chart 6**). <sup>20</sup>
- The proportion of total loan balances with arrears was broadly unchanged at 0.90%. <sup>21</sup>



## Appendix

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

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