

Mortgage market starts new decade

- Market down slightly in January following bumper December
- Small deposit borrowers grow their market share
- Stellar performance from Yorkshire borrowers

Mortgage approvals dipped slightly in January, when compared with a bumper December.

The latest Mortgage Monitor from e.surv, the UK's largest residential chartered surveyors, found that there were 66,002 residential mortgages approved during the first month of the decade (seasonally adjusted).

This was down a modest 1.8% compared with December's figure, perhaps reflecting the fact that January is typically a slow month for the mortgage market.

Remortgage activity was strong, with borrowers taking the opportunity to switch to a new lender and seal a low rate at the start of the year.

This caused a spike in the proportion of loans being taken out by mid-market customers during January.

Small deposit borrowers, a group which encompasses many first-time buyers, also increased their market share from 25.5% to 26.7%.

First-time buyers have often been reliant on a range of government-backed schemes. With the government's Spring Budget looming, would-be homeowners will be alert

to any potential new measures which could help them onto the property ladder.

Richard Sexton, Director at e.surv, comments:

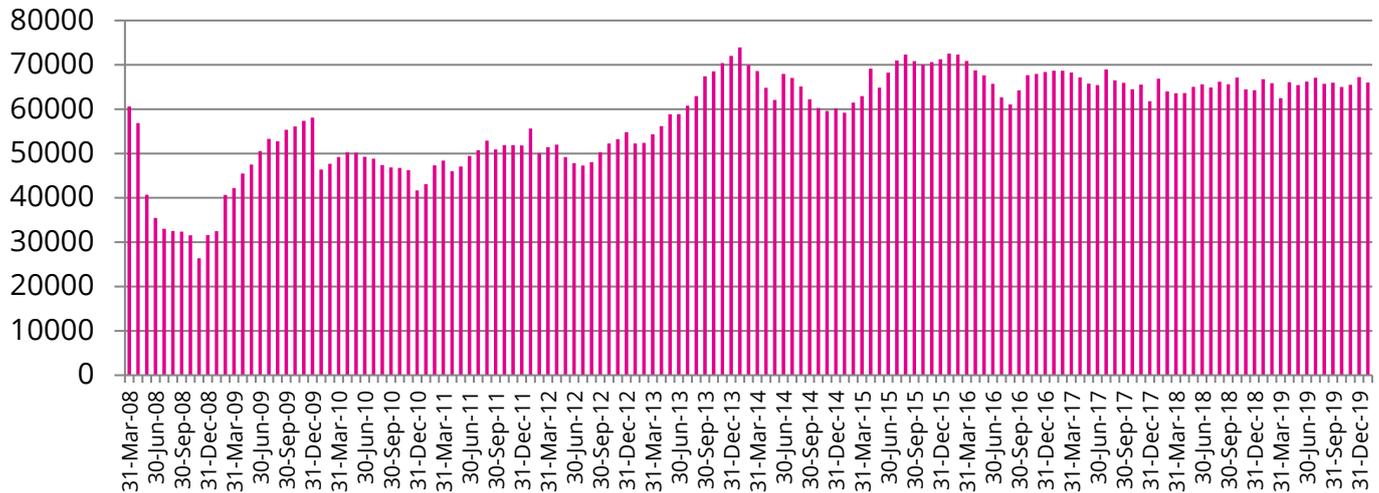
"While the market fell slightly following the December bump, rumours of a Bank of England base rate cut appear to have had little appreciable impact on the mortgage market, with a strong performance among several key buyer groups in January.

"Existing homeowners benefited from low remortgage rates and were persuaded to switch to a new deal, while new buyers also swooped to seal low interest rates for their first purchase.

"The new Chancellor is due to present the government's Spring Budget in March – the first opportunity for the Johnson government to lay out its spending plans.

"Homeowners, lenders, housebuilders, and anyone else with a stake in the UK housing market, will be watching with interest."

Monthly number of total sterling approvals for house purchases (seasonally adjusted)



Strong start to 2020 for mid-market borrowers

There was a rise in the percentage of loans taken out by borrowers with a small deposit in January.

This month some 26.7% of all loans were to this section of the market, higher than the 25.5% recorded during December.

Conversely, the proportion of loans approved to customers with large deposits fell from 27.3% of the market in December, to 25.5% the following month.

This means that there was a small increase in mid-market borrowers at the start of 2020.

In total, 47.8% of mortgages went to mid-market customers, higher than the 47.2% rate found in December.

On an absolute basis, the number of small deposit borrowers was 17,623. This figure is higher than the 16,895 recorded a month ago.

Richard Sexton, Director at e.surv, comments:

"January saw an increase in approvals for small deposit buyers – typically an indication that more first-time buyers have made their first step onto the property ladder.

"We have also seen a shift towards the mid-market as those able to pull together sizeable deposits, often existing homeowners, secure cheap mortgage deals at the start of the year."

Proportion of large deposit loans by region

| Region | Proportion of large deposit lending (January 2020) | Proportion of large deposit lending (December 2019) | Proportion of large deposit lending (November 2019) |
|-------------------|--|---|---|
| Northern Ireland | 21.5% | 22.8% | 24.7% |
| Yorkshire | 19.3% | 21.3% | 21.5% |
| North West | 20.2% | 22.8% | 22.9% |
| Midlands | 21.9% | 22.8% | 25.5% |
| Scotland | 25.1% | 26.8% | 26.0% |
| Eastern England | 27.0% | 29.3% | 31.0% |
| South/South Wales | 28.4% | 29.6% | 31.7% |
| South East | 28.8% | 31.7% | 34.6% |
| London | 32.4% | 33.4% | 36.2% |

Stellar performance for Yorkshire borrowers

The Yorkshire region consistently proved itself to be the best place for first-time buyers to get onto the ladder in 2019, and this excellent form continued into the new year.

In the region, some 33.6% of all loans went to borrowers with smaller deposits. This is higher than any other region.

The closest challenger was the North West, where 30.9% of loans went to this group, and the Midlands, which recorded 29.8% during January.

By contrast, fewer than one in five mortgage approvals in London were to those with little cash to spare.

London had a larger percentage of buyers with larger deposits than anywhere else.

This month almost a third (32.4%) of loans in the capital were to customers with large amounts of cash.

This put London ahead of the South East (28.8%) and the South and South Wales (28.4%) regions.

Proportion of small deposit loans by region

| Region | Proportion of small deposit lending (January 2020) | Proportion of small deposit lending (December 2019) | Proportion of small deposit lending (November 2019) |
|-------------------|--|---|---|
| Northern Ireland | 25.6% | 24.1% | 28.3% |
| Yorkshire | 33.6% | 32.3% | 35.0% |
| North West | 30.9% | 30.0% | 33.7% |
| Midlands | 29.8% | 29.2% | 30.6% |
| Scotland | 22.3% | 22.2% | 26.4% |
| Eastern England | 26.4% | 23.8% | 26.6% |
| South/South Wales | 28.4% | 23.8% | 26.2% |
| South East | 24.9% | 23.5% | 23.4% |
| London | 19.9% | 18.5% | 19.6% |

Richard Sexton, Director at e.surv, concludes:

“Yorkshire has started 2020 much like it ended 2019, with the region once again proving to be a great place for first-time buyers to get onto the housing ladder.

“Those trying to buy in other areas of the country will look on with envy at how the region consistently proves itself as one of the best places to purchase.”

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Notes to Editors

Methodology

e.surv analyses detailed data on over one million mortgage valuations the firm carried out between August 2006 and today. Each month, the researchers analyse tens of thousands of valuations and use these trends to extrapolate from the Bank of England's mortgage data to publish mortgage approval numbers for the whole of the UK, before the Bank of England.

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About e.surv

e.surv is the UK's largest valuation provider, directly employing over 600 residential surveyors across the UK, supported by a network of consultant valuers. The business is the largest distributor and manager of valuation instructions in the UK and is appointed as Panel Manager for more than 20 mortgage lenders and other entities with interests in residential property. The business also provides a number of private survey products direct to the home-buying public. e.surv is a subsidiary of LSL Property Services plc. For further information, see www.esurv.co.uk.

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