



## Mortgage Monitor

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September 2015

# House purchase lending hits 18-month high in August

- August sees 69,220 house purchase approvals, up 9.3% year-on-year from 63,340 in August 2014
- On a monthly basis house purchase approvals rise 0.7% - the third consecutive month of growth
- Post-recession record for small-deposit lending in August, as 12,000 of these mortgages approved

The number of mortgage approvals for house purchase has risen to an 18-month high, as the end of summer saw a surge in mortgage lending, according to the latest Mortgage Monitor from e.surv, the UK's largest chartered surveyor.

There were 69,220 house purchase mortgage approvals in August. This is 9.3% higher than the 63,340 approved in August last year, and the highest monthly number since 70,239 in February 2014 – 18 months ago.

Compared with July, the number of house purchase approvals has risen 0.7%, from 68,764 approvals. It marks the third consecutive monthly rise in approvals, with mortgage lending steadily improving every month since the General Election in May.

This improvement also comes despite growing certainty over the likely course of interest rates in the UK, with the Governor of the Bank of England, Mark Carney, reporting that global economic uncertainty – in particular the slowdown in China's economy – is likely to have little impact on when the MPC chooses to raise the base rate from 0.5%.

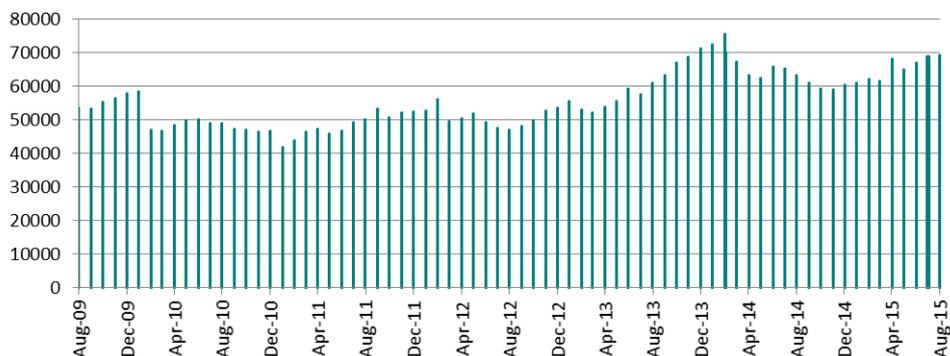
Richard Sexton, a director of e.surv chartered surveyors, comments: "While the global economy has been walking on eggshells as China's economy stalls, the UK housing market has been striding forward on much firmer ground. Weak inflation and recovering wages mean that more British workers are able to meet the stringent affordability requirements demanded by MMR and obtain the mortgage they want. This latest resurgence of demand is pushing up prices. What's more, banks are supporting those borrowers that need finance, and many record-low rates remain. It's a good time for many potential new buyers to get a mortgage and think about taking a first step on the ladder.

"Concerns over an interest-rate rise may have helped push some borrowers into acting quickly. However, this is now the third consecutive month of growth, and home lending has been strong since May, now that the uncertainty that

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surrounded the election has evaporated. Healthier mortgage lending reflects a stronger UK economy and an upturn in fortunes for British buyers.”

**Loans for house purchase since August 2009  
(seasonally adjusted)**



## Small-deposit lending hits post-recession high in August

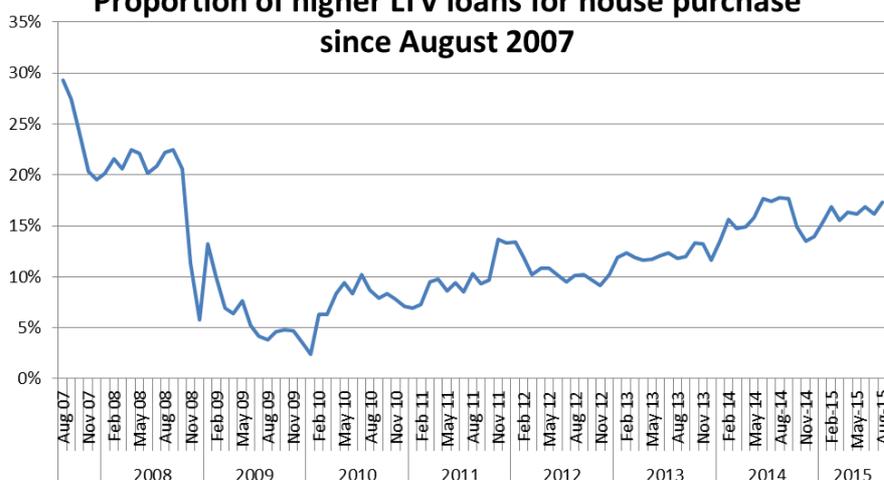
August saw the number of small-deposit borrowers (with a deposit worth 15% or less of their properties' total value) rise in absolute terms to reach a post-recession high.

There were 11,975 small-deposit house purchase loans approved in August, up 7.5% compared with 11,140 in July and 6.2% up on August 2014. It was the best month for small-deposit house purchase lending since April 2008.

Small-deposit borrowers now represent 17.3% of all house purchase mortgage approvals, the highest proportion since September 2014 and significantly higher than in July 2015 (up 16.2% month-on-month).

The latest First Time Buyer Tracker from Your Move and Reeds Rains reported that July saw 29,700 first-time buyer sales – the highest number since August 2007.

**Proportion of higher LTV loans for house purchase  
since August 2007**



Richard Sexton, a director of e.surv chartered surveyors, comments: “First-time buyers have seen a revival over the last few months, buoyed by an increase in lending to small-deposit borrowers. This first-time buyer boost is largely

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the result of pent up demand, with many buyers finally able to afford their first foot onto the ladder after years of scrimping and saving. Further financial help schemes are being lined up for release, and the Help to Buy ISA may spark further interest from first-time buyers when it comes into play at the end of the year.

“But the Government could do much more to earmark sites for the development of affordable housing, as it is first-timers who are paying the steepest price to get on the ladder, as house price inflation pushes prices upwards. Encouraging the older generation to downsize could be one answer. This would free up larger family homes, increasing activity across the market and in turn, release more first-timer properties for new buyers.”

## Regional snapshot: Yorkshire and Northwest the heartlands of small-deposit borrowing

Lending to borrowers with deposits worth 15% or less of their property's total value has increased in most UK regions in August, in line with the overall recovery in low-deposit lending.

Region	Proportion of small-deposit loans (August 2015)	Proportion of small-deposit loans (July 2015)
Yorkshire	27%	25%
Northwest	26%	25%
Midlands	22%	20%
Northern Ireland	17%	18%
UK Average	17%	16%
Scotland	17%	9%
South/South Wales	15%	15%
Eastern	14%	14%
South East	12%	11%
London	8%	7%

Yorkshire and the Northwest are the heartland for small-deposit borrowers, and both of these regions saw pick-ups in the proportion of total house purchase lending to these borrowers.

In Yorkshire, small-deposit borrowers now represent 27% of all house purchase borrowers, up from 25% in July. Similarly, in the Northwest, small-deposit borrowers represent 26% of all approvals, up from 25% in July.

## LOANS FOR HOUSE PURCHASE - seasonally adjusted

Month	Number	Monthly change	Annual change
March	61,767	-0.5%	-8.2%
April	68,233	+10.5%	+7.9%
May	64,971	-4.8%	+4.0%
June	67,069	+3.2%	+1.7%
July	68,764	+2.5%	+5.3%
August	69,220	+0.7%	+9.3%

– ENDS –

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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, weeks before the BBA, CML and Bank of England.

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### About e.surv

e.surv is one of the UK's largest valuation providers, directly employing 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.lslps.co.uk](http://www.lslps.co.uk).

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