



## Mortgage Monitor

Under embargo until 00:01 29<sup>th</sup> March 2017

Data: February 2017

### Strong performance continues for small deposit buyers

- Small deposit buyers continue to grow market share

- These buyers now represent more than a fifth of all new mortgage approvals

- North West is small deposit hot spot in February

Home buyers with small deposits made up more than a fifth of the mortgage market in February – substantially higher than both the previous month and the same point last year.

Borrowers with a deposit of 15% or smaller made up 20.5% of the market during the month of February according to the latest Mortgage Monitor from e.surv, one of the UK's largest residential chartered surveyors.

Last month, these borrowers took 18.7% of the mortgage market and in February 2016, they represented 15.7% of all house purchase loans granted.

This growth came despite the overall number of house purchase approvals dropping slightly between January and February. There were 66,911 loans (seasonally adjusted) approved this month versus 67,430 in January. This figure is down 7.4% compared to the same point in 2016.

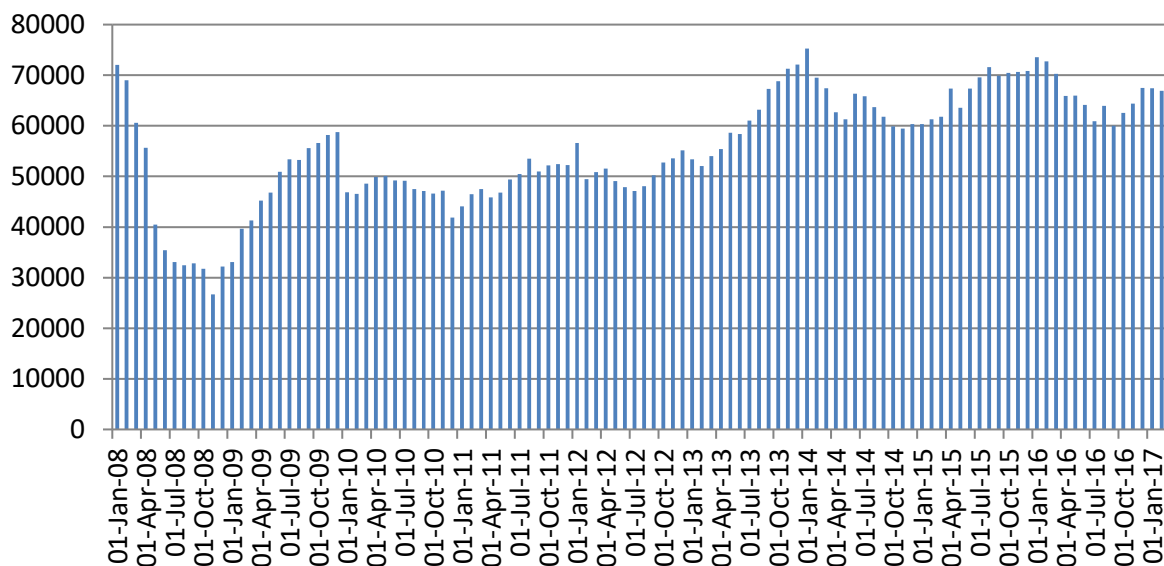
**Richard Sexton, Director, e.surv chartered surveyors, comments:** “Buyers with smaller deposits are growing in number as more people get themselves onto the property ladder. The new year started in a positive fashion and this trend has continued into February.

“This may be because mortgage lenders are now more receptive to first-time buyers, but also could be the number of government housing schemes helping people save for their deposit to buy a home.

“Despite this positive performance, the market for first-time buyers and those with small deposits still needs support. These buyers are the key to housing chains, allowing others to sell on and move up the ladder. It will be interesting to see what trends develop as the year progresses.”

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



## Large deposit buyers continue to dominate

The proportion of loans made to home buyers with large deposits dipped below 35% this month, but these borrowers continue to outstrip their small deposit counterparts. Larger deposit borrowers – defined as those with a deposit of 60% or more – made up 34.7% of the market in February.

This figure is below the 35.4% of all mortgage approvals recorded in January and continues a general trend away from large deposit borrowers in recent months.

Small deposit borrowers occupied 20.5% of the mortgage market during February. On an absolute basis there were 13,717 applications approved for small deposit buyers this month. This is more than 1,000 over the 12,609 recorded last month and even further above the 10,868 recorded in December 2016.

**Richard Sexton, director of e.surv chartered surveyors, comments:** “These figures show that while the number of small deposit buyers obtaining mortgage finance has increased, this segment of the market remains in the shadow of those borrowers with larger sums.

“However, with many big banks fighting over this segment of the market, some challenger lenders have refocused their attention towards first-time buyers. The range of products available for borrowers with a small deposit has increased significantly in recent years, allowing more and more people to achieve their housing aspirations.”

## Proportion of large deposit loans by region

Region	Proportion of large deposit lending (February 2017)	Proportion of large deposit lending (January 2017)	Proportion of large deposit lending (December 2016)
Northern Ireland	32.1%	32.7%	36.4%
Yorkshire	25.2%	24.1%	26.7%
North West	24.0%	24.2%	25.2%
Midlands	27.7%	28.0%	28.6%
Scotland	37.2%	38.4%	41.3%
Eastern England	37.6%	37.0%	37.1%
South/South Wales	39.9%	36.8%	38.0%
South East	37.5%	35.3%	38.3%
London	43.0%	36.7%	39.4%

### North West takes top spot for small deposit buyers

The North West reclaimed its position as the best place to purchase a home if you have a small deposit this month. It leapfrogged Yorkshire and took back the top spot, which it last held in December 2016.

Small deposit buyers represented 30.8% of the North West mortgage market in February – higher than the 27.2% seen in this region in January.

Yorkshire slipped back to second place with the proportion of small deposit loans reaching 30.1% this month, lower than January's 31.6%.

These were the only two regions where the level of small deposit borrowers outnumbered large deposit ones. In the North West 24% of loans went to those with big deposits and in Yorkshire it was 25.2%.

Northern Ireland was the other area which saw more than 30% of the market taken by small deposit borrowers. In February they made up 30.8% of all approvals – the same rate seen in the North West.

At the other end of the scale, London was the area most dominated by buyers with big deposits. Some 43% of borrowers in the capital this month had deposits of more than 60% - more than anywhere else in the UK.

By contrast, just 12.8% of approvals in London went to small deposit borrowers – less than all other areas surveyed.

The South and South Wales (39.9%), Eastern England (37.6%), South East (37.5%) and Scotland (37.2%) were the other areas to see more than a third of loans go to buyers with large deposits.

## Proportion of small deposit loans by region

Region	Proportion of small-deposit loans (February 2017)	Proportion of small-deposit loans (January 2017)	Proportion of small-deposit loans (December 2016)
Northern Ireland	30.1%	23.7%	18.9%
Yorkshire	30.1%	31.6%	24.0%
North West	30.8%	27.2%	24.9%
Midlands	26.0%	23.9%	20.8%
Scotland	15.8%	17.2%	14.8%
Eastern England	18.5%	18.8%	17.2%
South/ South Wales	17.3%	20.2%	15.5%
South East	19.4%	21.5%	16.8%
London	12.8%	21.8%	12.8%

**Richard Sexton, a director of e.surv chartered surveyors, concludes:** “The North West and Yorkshire continue to tussle for the top spot in the battle to be the best area for first-time buyers. The reality is that both these areas are great places to take your first steps onto the housing ladder, or if you already have a property but are struggling to build your deposit”.

– ENDS –

### 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 over 400 residential surveyors across the UK, supported by a network of consultant valuers. The business is one the largest distributors and managers of valuation

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instructions in the UK and is appointed as Panel Manager for more than 20 mortgage lenders and other entities with interests in residential property. e.surv also provides a number of private survey products direct to the home-buying public and 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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