



Mortgage Monitor

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Data: January 2017

New year boost for small deposit buyers

- Proportion of small deposit buyers jumps in January

- Yorkshire top location for these buyers

- Overall house purchase approvals steady between December and January

First-time buyers and other borrowers with small deposits saw their share of the mortgage market rise in January 2017.

These borrowers – defined as having a 15% deposit or smaller – represented 18.7% of the mortgage market this month, according to the latest Mortgage Monitor from e.surv, one of the UK's largest residential chartered surveyors.

This is higher than last month – when these borrowers held 16.1% of the total market – and even further ahead of January 2016, when this figure was 14.5%.

The overall size of the mortgage market remained steady between December and January. A total of 67,430 house purchase loans (seasonally adjusted) were approved by lenders this month. This is fractionally down on the 67,505 approvals recorded in December but 7.7% lower than a year ago.

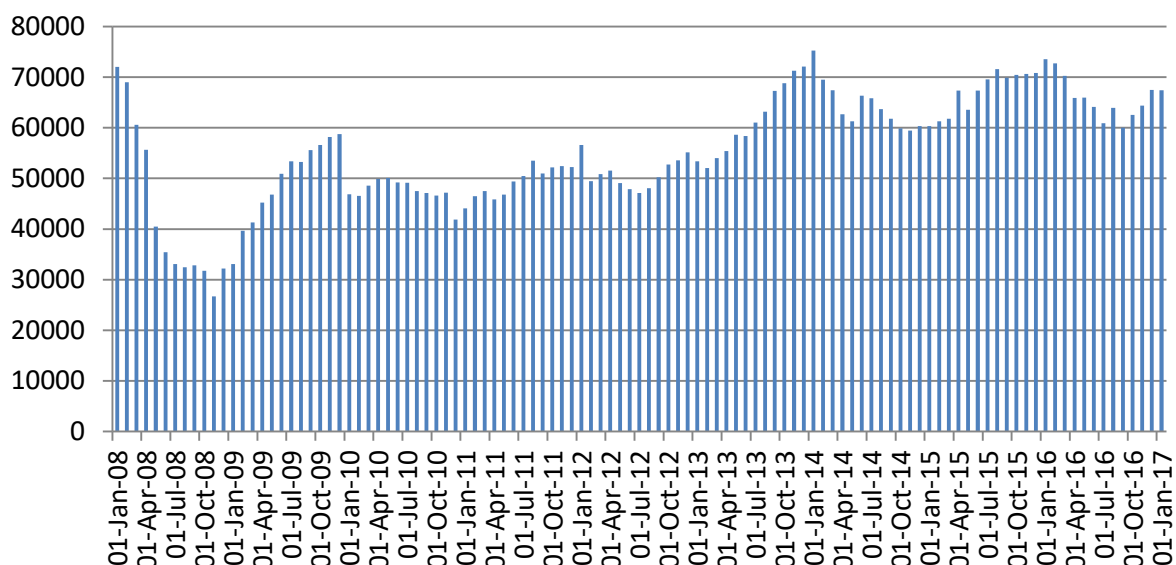
Richard Sexton, Director of e.surv chartered surveyors, comments: “Typically, the new year heralds a fresh start for those considering taking out a mortgage, and small deposit buyers are now taking more share of the market than both last month and the same point a year ago.

“First-time buyers are benefiting from historically low mortgage rates and this is helping more people onto the property ladder for the first time. Government schemes such as the Help to Buy ISA are also providing support for those still saving for their deposit.

“Areas in London and the South East that have seen dramatic price rises in recent years, are starting to see this price growth slow. This is also helping more people in those regions to achieve their housing aspirations.”

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



Over a third of loans go to large deposit buyers

Despite the strong growth in the small deposit buyer market, those with larger deposits continue to dominate the UK mortgage market.

These borrowers – defined as those with a deposit of 60% or more – represented 35.4% of all mortgage approvals in January. This was marginally down on the 35.7% recorded in December and further back from the 36.2% seen in November.

However, the dramatic rise in small deposit buyers means that it is the mid-market section of the market which took the biggest hit this month.

In absolute terms, 12,609 small deposit buyers saw their mortgage applications approved in the first month of 2017. This is substantially above the 10,868 recorded in the previous month.

Richard Sexton, Director of e.surv chartered surveyors, comments: “The government is making all the right noises in terms of increasing housing supply, but words need to turn into action if the housing market is to work for all. A boost to the number of first-time buyer homes will contribute to getting the whole market moving.”

Proportion of large deposit loans by region

Region	Proportion of large deposit lending (January 2017)	Proportion of large deposit lending (December 2016)	Proportion of large deposit lending (November 2016)
Northern Ireland	32.7%	36.4%	30.1%
Yorkshire	24.1%	26.7%	24.4%
North West	24.2%	25.2%	26.1%
Midlands	28.0%	28.6%	28.5%
Scotland	38.4%	41.3%	43.7%
Eastern England	37.0%	37.1%	36.6%

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South/South Wales	36.8%	38.0%	39.1%
South East	35.3%	38.3%	38.6%
London	36.7%	39.4%	39.0%

Yorkshire is small deposit hotspot

Yorkshire was the region with the highest proportion of small deposit buyers in January, replacing the North West at the top of the chart.

Small deposit buyers made up 31.6% of the total market in Yorkshire this month, compared to just 24% in December.

The North West was the next most fertile ground for these buyers – with 27.2% of all loans going to those with small deposits. The Midlands completed the top three, with 23.7% of loans going to first-time buyers and similar borrowers.

Yorkshire and the North West were the only two areas of the UK which saw more loans going to small deposit borrowers than large ones.

At the other end of the scale, just 17.2% of loans in Scotland went to buyers with deposits of 15% or less. This was ahead of Eastern England (18.8% of all loans) and the South and South Wales (20.2%).

There were five regions where large deposit buyers took more than a third of the total market in January 2017. Scotland was the most dominated by these borrowers (38.4%) followed by Eastern England (37.0%) and South and South Wales (36.8%).

London – with 36.7% of all loans - and the South East (35.3%) were the other areas with more than a third of buyers having a 60% deposit or bigger.

Proportion of small deposit loans by region

Region	Proportion of small-deposit loans (January 2016)	Proportion of small-deposit loans (December 2016)	Proportion of small-deposit loans (November 2016)
Northern Ireland	23.7%	18.9%	31.6%
Yorkshire	31.6%	24.0%	26.0%
North West	27.2%	24.9%	25.7%
Midlands	23.9%	20.8%	20.7%
Scotland	17.2%	14.8%	11.8%
Eastern England	18.8%	17.2%	16.4%
South/ South Wales	20.2%	15.5%	15.3%
South East	21.5%	16.8%	17.0%
London	21.8%	12.8%	13.6%

Richard Sexton, Director of e.surv chartered surveyors, concludes: “Yorkshire is the best location to buy a house if you’ve got a small deposit. This was one of only two areas (the North West being the other) to have more small deposit buyers than big ones. Both of these areas are great places to make your first step onto the property ladder.”

– 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 410 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.lslps.co.uk.

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