



Mortgage Monitor

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Data: March 2017

Small deposit buyers continue to grow market share

- Proportion of small deposit buyers rises for third successive month, making up one-fifth of the market
- Trends at start of 2017 bode well for first-time buyers
- The North West and Yorkshire are best places to get on the ladder

The proportion of small deposit borrowers across the UK continued to grow, increasing for the third successive month. Buyers with a small deposit made up 21.4% of the mortgage market in March 2017, according to the latest Mortgage Monitor from e.surv, one of the UK's largest residential chartered surveyors.

This follows a recent pattern of increases as more buyers with small deposits get loans. This segment of the market was 16.1% in December, rising to 18.7% in January and then 20.5% in February.

This trend has continued into March with these loans now making up 21.4% of the total market.

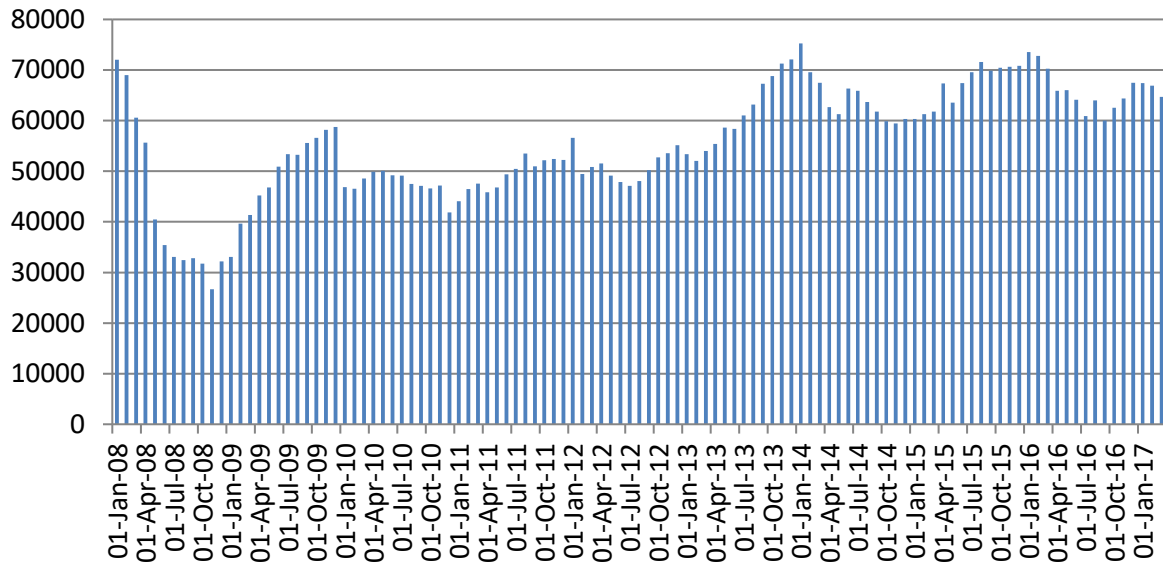
However, the overall size of the market has shrunk both compared with last month and the same stage in 2016. There were 64,695 loans (seasonally adjusted) approved in March 2017 versus 66,911 in February, a 5.3% fall. This figure is also 7.7% lower than the same point a year ago.

Richard Sexton, director of e.surv chartered surveyors, comments: "Small deposit buyers, who are often first-time buyers, have seen their share of the market grow – despite the overall market shrinking between February and March.

"This is a trend which started at the end of last year and has continued into 2017. Likely buoyed by the number of government schemes and low mortgage rates across the board, small deposit buyers are growing in strength in today's mortgage market.

"A more first-time buyer oriented market is good news for all as new buyers help start chains and allow others to move up the housing ladder – vital for a properly functioning property market."

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



Market trends away from large deposit buyers

The proportion of loans made to home buyers with large deposits remained below 35% for a second successive month, but these borrowers still outstrip their small deposit counterparts by a considerable margin.

Defined as those buyers with a deposit of 60% or more – these larger deposit borrowers made up 34.4% of the market in March. This is fractionally down on the 34.7% ratio found in February, but the underlying trend is away from this segment of the market.

Small deposit buyers continued to grow both as a proportion of the market and in total number.

On an absolute basis, there were 13,845 small deposit buyers who were granted loans in March. This compares to 13,717 one month ago.

Richard Sexton, director of e.surv chartered surveyors, comments: “Buyers with the biggest deposits are always likely to dominate the mortgage market. Lenders see them as lower risk and will typically readily lend to these customers above all others.

“But with rates so low and competition so fierce, many lenders are choosing to target other parts of the market. This is helping borrowers with smaller deposits get finance. Even in a smaller overall market, there are more small deposit buyers than last month.”

Proportion of large deposit loans by region

Region	Proportion of large deposit lending (March 2017)	Proportion of large deposit lending (February 2017)	Proportion of large deposit lending (January 2017)
Northern Ireland	36.1%	32.1%	32.7%
Yorkshire	23.8%	25.2%	24.1%
North West	23.1%	24.0%	24.2%
Midlands	29.4%	27.7%	28.0%
Scotland	38.8%	37.2%	38.4%
Eastern England	35.1%	37.6%	37.0%
South/South Wales	38.0%	39.9%	36.8%
South East	37.8%	37.5%	35.3%
London	41.9%	43.0%	36.7%

North West and Yorkshire top locations for small deposits

The North West and Yorkshire are the only regions in this survey where more loans were approved for small deposit buyers than larger ones.

In the North West the proportion of small deposit buyers was 31.7%, versus 23.1% for those with larger sized pots of cash. It was a similar story in Yorkshire where 30.9% of the market was for small deposits compared to 23.8% for larger ones.

One month ago the North West saw 30.8% of loans go to first-time buyers and others with small deposits, while Yorkshire saw a ratio of 30.1%.

The Midlands (27.3%) and Northern Ireland (26.1%) were the two other areas where first-timers and other small deposit buyers made up more than a quarter of the market in March.

It was the opposite situation in London, where transactions continued to be dominated by buyers with large cash piles. In the capital city just 13.6% of buyers had a small deposit – the smallest percentage figure recorded – although this is better than last month when it was just 12.8%.

In London 41.9% of buyers had a big deposit, this is smaller than a month ago when 43% of loans went to this part of the market.

Scotland (38.8% of all loans), the South and South Wales (38%), South East (37.8%), Northern Ireland (36.1%) and Eastern England (35.1%) were the other areas dominated by consumers with large deposits.

Proportion of small deposit loans by region

Region	Proportion of small-deposit loans (March 2017)	Proportion of small-deposit loans (February 2017)	Proportion of small-deposit loans (January 2017)
Northern Ireland	26.1%	30.1%	23.7%
Yorkshire	30.9%	30.1%	31.6%
North West	31.7%	30.8%	27.2%
Midlands	27.3%	26.0%	23.9%
Scotland	18.3%	15.8%	17.2%
Eastern England	21.3%	18.5%	18.8%
South/ South Wales	19.5%	17.3%	20.2%
South East	19.4%	19.4%	21.5%
London	13.6%	12.8%	21.8%

Richard Sexton, a director of e.surv chartered surveyors, concludes: “With more loans going to small deposit borrowers than anywhere else, the North West and Yorkshire have proven once more that they are ideal places for people to get onto the ladder. It’s a different picture in southern regions, with London a particularly tough place for first-time buyers.”

– 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

Mortgage Monitor

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 of the largest distributors and managers 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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