



Mortgage Monitor

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November 2015

Autumn Statement sees home lending boost but first-time buyers yet to benefit

- Autumn Statement accompanied by house purchase lending rise as November 2015 sees 70,511 house purchase approvals, up 1.3% from 69,630 in October
- On an annual basis, house purchase lending is up 19% from 59,262 in November 2014
- Yet first-time buyers and other small-deposit borrowers not as well serviced as small deposit lending continues to stall – accounting for just 16.3% of total house purchase approvals
- Northern Ireland and the North West challenge Yorkshire as the best areas for first-time buyers

The Autumn Statement accompanied a house purchase lending jump this November, but first-time buyers are still finding themselves left out in the cold, according to the latest Mortgage Monitor from e.surv, the UK's largest chartered surveyor.

November saw overall house purchase approvals climb to 70,511, up 1.3% from 69,630 in October to reach the highest monthly total seen since August this year.

However, while the Autumn Statement focused on helping more Brits get on the housing ladder, first-time buyers are yet to see the same benefits as other areas of the market. Despite the rise, lending to small-deposit borrowers (buyers with a deposit worth 15% or less of their property's total value) totalled just 11,493 this November, showing no improvement on 11,489 in October. Small-deposit borrowers are falling as a proportion of overall house purchase lending, accounting for just 16.3% of approvals granted, down from 16.5% in October.

The latest First Time Buyer Tracker from Your Move and Reeds Rains reveals a similar picture. First-time buyer sales have dipped by 1.7% month-on-month from 28,600 in September 2015 to 28,100 in October 2015.

Richard Sexton, director of e.surv chartered surveyors, comments: *"The Chancellor's proposals coincided with a climb in November's mortgage market. More prospective homebuyers are finding their applications successful as we near winter.*

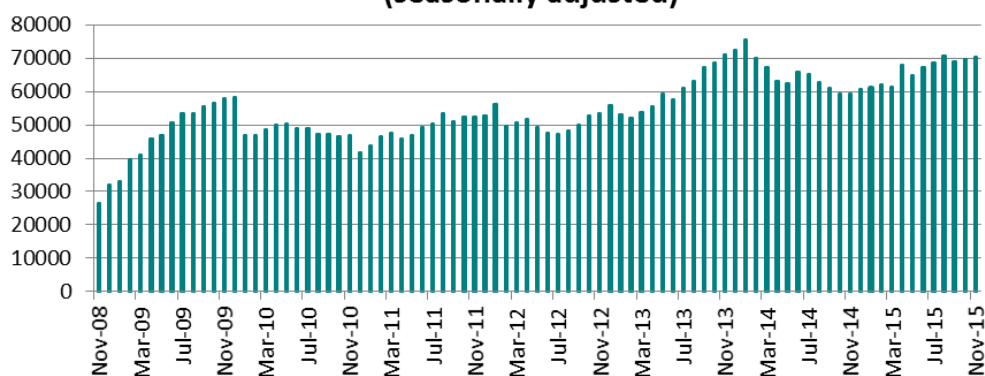
"However, for first-time buyers it's a different story. For those struggling to get their foot in the front door, promises of starter homes are of little consolation. Theoretically, first-time buyers should be benefitting from measures such as

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the extended Help to Buy Scheme and the Help to Buy ISA which has finally come into force – but homeownership still remains a distant dream to many.

“Mortgages may be available, inflation low and wages rising – but whether there are enough homes is another question. Supply must be addressed if aspirational homeowners are to see a real difference and only time will tell if words can translate into real benefits for first-time buyers.”

**Loans for house purchase since November 2008
(seasonally adjusted)**



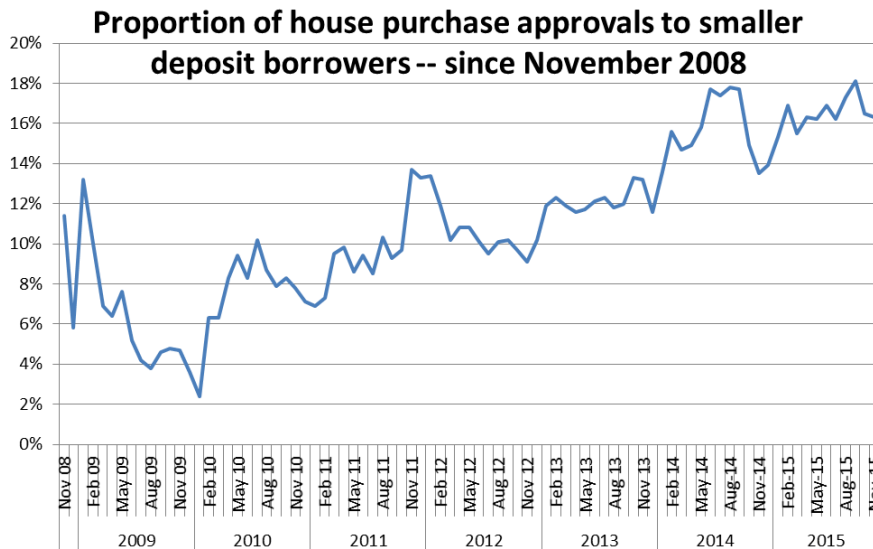
A healthier lending climate helps homeowners

This November saw over 10,000 more mortgages approved to homebuyers than a year ago, with 70,511 loans, jumping a fifth since 59,262 in November 2014. This was the highest year-on-year rise seen since March 2014, as the lending market goes from strength-to-strength amid rising confidence.

On an annual basis, this jump in overall home purchase lending has allowed an improvement in small-deposit lending. Home purchase lending to borrowers with smaller deposits grew 44% year-on-year from November 2014 (8,000 approvals). However, the current total for small-deposit loans, which stands at 11,493 this November, is crucially much smaller compared to the unsustainable pre-recession heights of November 2007, when 16,227 were granted.

Richard Sexton, director of e.surv chartered surveyors, comments: *“When compared to last year, mortgage lending is in a much healthier place. Twelve months ago, home buyers were still suffering from the impact of MMR changes, which had caused delays for lenders and deterred borrowers at the same time. However, we have emerged out of the other side into a much stabler lending climate as a result of these measures – with ‘adventurous’ pre-recession mortgage approvals largely a thing of the past.*

“Some small-deposit borrowers are still struggling and with house prices predicted to keep on rising there’s a real risk many may be permanently priced out of homeownership. In order to stop this, more needs to be done to remove obstacles facing homebuyers – particularly large deposit costs. For many, saving for hefty deposits can be financially crippling and so low deposit options are needed to give first-timers a lift onto the property ladder. Of course, the most effective way to reduce deposit costs would be a slowing of house price growth giving buyers’ savings a chance to catch-up.”



Regional snapshot: North West sees largest improvement in small-deposit lending levels

November saw the proportion of small-deposit lending to those with deposits worth 15% or less of their property's total value remain static or dip slightly in most UK regions. However, the North West and Northern Ireland both defied this trend.

Region	Proportion of small-deposit loans (November 2015)	Proportion of small-deposit loans (October 2015)
Yorkshire	27%	26%
Northwest	26%	24%
Northern Ireland	25%	23%
Midlands	20%	21%
UK Average	16%	17%
Eastern England	15%	15%
South/South Wales	14%	14%
Scotland	12%	12%
South East	11%	12%
London	7%	7%

The North of England continues to remain a hotspot for small-deposit borrowing. The North West saw the proportion of small-deposit loans rise to 26% in November, up from 24% in October as the region catches up to Yorkshire's lead with 27% of all lending to small-deposit borrowers. In Northern Ireland the proportion of small-deposit lending increased to 25%. Yorkshire also saw a monthly increase – although this was a smaller 1% rise.

The majority of regions saw no change between October and November but the Midlands and the South East saw proportional falls of 1% to reach 20% and 11% respectively.

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LOANS FOR HOUSE PURCHASE - seasonally adjusted

Month	Number	Monthly change	Annual change
June	67,193	+3.5%	+1.9%
July	68,804	+2.4%	+5.4%
August	70,748	+2.8%	+12.4%
September	69,012	-2.5%	+13.0%
October	69,630	+0.9%	+17.2%
November	70,511	+1.3%	+19.0%

– 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 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.

Press contacts

Tora Turton, Instinctif Partners, tora.turton@instinctif.com, 020 7427 1445

Olivia Redmond, Instinctif Partners, olivia.redmond@instinctif.com, 020 7427 1407