



Statistical release

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Mortgage Lenders and Administrators Statistics: 2016 Q4

- £62.8 billion of new residential loans was advanced to individuals during October-December 2016. This was a 2.6% decrease compared to the previous quarter and a decrease of 0.4% over the past four quarters (Table A and Chart 1).
At the end of 2016, the value of all outstanding residential loans was £1,337.8 billion, an increase of 0.5% compared with Q3 2016 (Table A).
New commitments increased by 1.2% quarter-on-quarter from £61.0 billion in Q3 2016 to £61.8 billion in Q4 2016 (Table A and Chart 1).

Table A: Residential loans to individuals flows and balances

Regulated and non-regulated mortgages

£ billions

Not seasonally adjusted

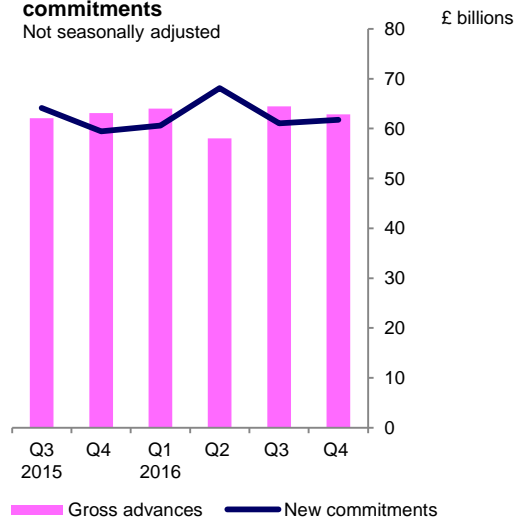
Table with 7 columns (Q3 2015, Q4, Q1 2016, Q2, Q3, Q4) and 2 rows (Business flows: Gross advances, New commitments)

Residential loan amounts outstanding

Table with 7 columns (Q3 2015, Q4, Q1 2016, Q2, Q3, Q4) and 1 row (Total Regulated and Non-regulated)

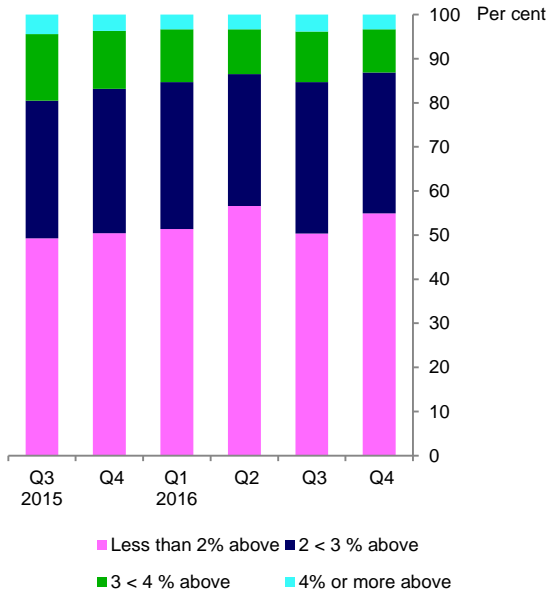
Chart 1: Gross advances and new commitments

Not seasonally adjusted

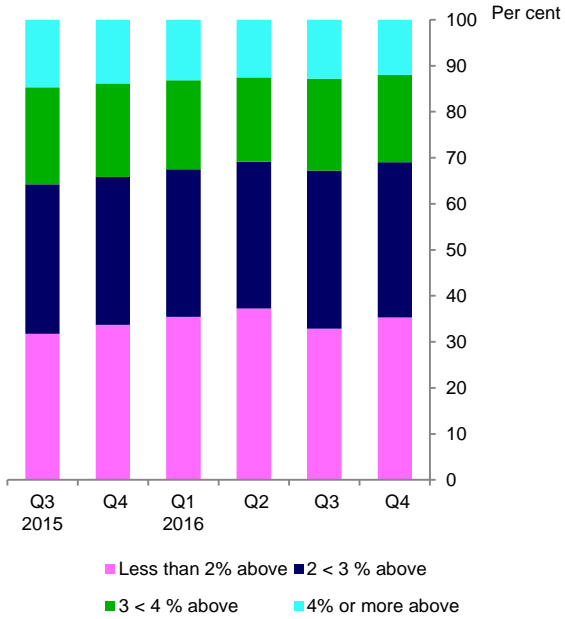


- The distribution of margins paid by customers over Bank Base Rate (BBR) on new borrowing returned near to the pattern of Q1. In general, customer margins continued to narrow with around 55% of new advances at less than BBR +2%, and around 13% of new loans at BBR + 3% or higher rates (**Chart 2**).
- In comparison, changes are observed more slowly in the balances, and around 31% outstanding mortgages still pay interest at rates of BBR + 3% or higher (**Chart 3**).

**Chart 2: Per cent of business above Bank Rate - Gross Advances**  
Not seasonally adjusted



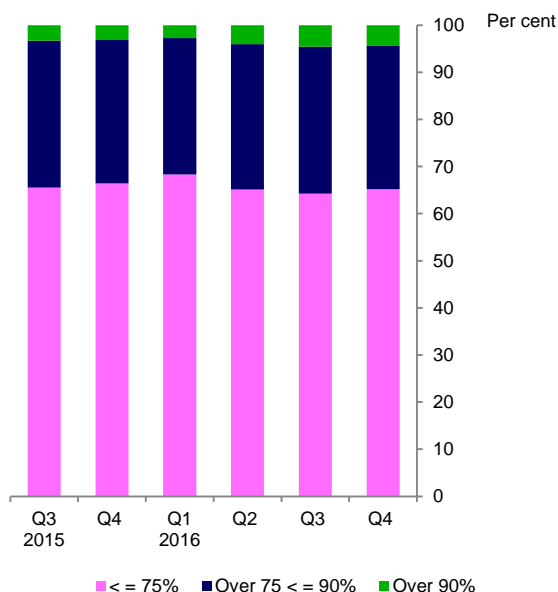
**Chart 3: Per cent of business above Bank Rate - Balance outstanding**  
Not seasonally adjusted



- There has been little movement in the distribution of gross advances across the MLAR's loan to value (LTV) brackets (**Chart 4**).

**Chart 4: Gross advances by loan-to-value (LTV) ratios**

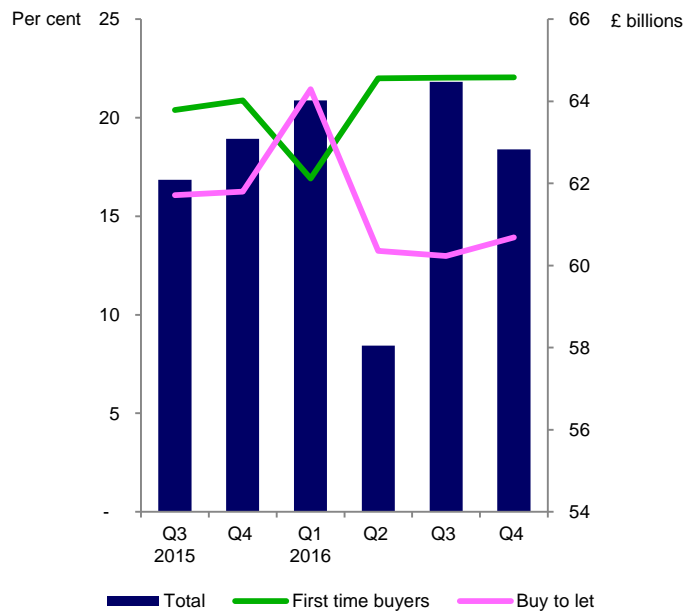
Not seasonally adjusted



- The product split of gross advances has seen little movement since Q2 2016. The first quarter of the year saw a temporary increase in Buy-to-Let (BTL) lending ahead of the 1<sup>st</sup> April introduction of additional stamp duty on completed BTL transactions (**Chart 5**).
- At 22.0%, the share of First Time Buyers in new mortgage advances reached its highest level since the time series began in 2007 (**Chart 5**). This coincides with the increase in high LTV lending, although this is significantly lower than the pre-crisis level.
- Since the first quarter, the share of BTL lending has stabilised at a lower level and accounted for 13.9% of residential home loans transactions in Q4 (**Chart 5**).
- The share of BTL in the total balance remained at 15.6% (**Chart 6**).

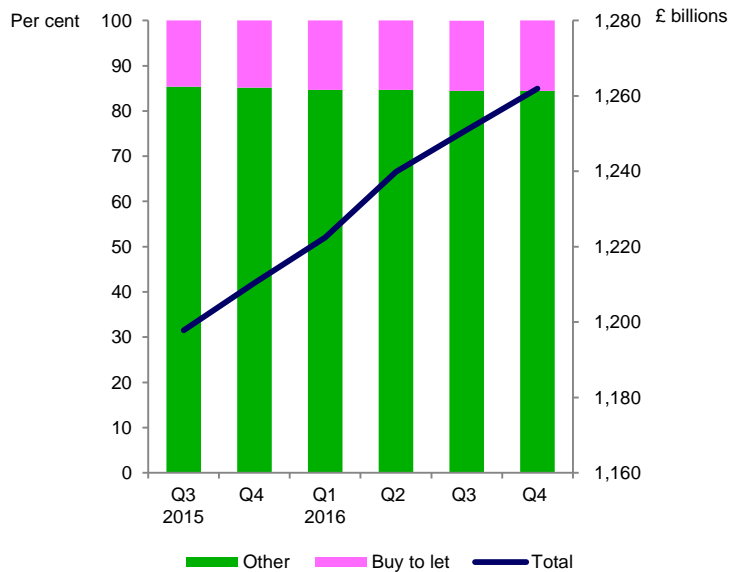
**Chart 5: Breakdown of gross advances by purpose of loan**

Not seasonally adjusted



**Chart 6: Breakdown of balances by purpose of loan**

Not seasonally adjusted



- The proportion of total loan balances in arrears has decreased to 1.3% at the end of Q4 2016, the lowest level since the series began (**Chart 7**). The outstanding balance in arrears is now £17.2 billion.

**Chart 7: Arrear balances as % total loan balances**  
Not seasonally adjusted

