



# Statistical release

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## Mortgage Lenders and Administrators Statistics: 2017 Q4

While mortgage lending activity decreased in Q4 2017 when compared with Q3, it is still higher than levels seen prior to Q3. The Bank base rate (BBR) rise part way through the quarter has seen an increase in the proportion of lending at just above the base rate. New commitments have also decreased when compared with Q3 2017 but are above the level seen a year earlier. The proportion of loans in arrears have continued to decrease, and are at the lowest levels since the series began.

- New residential mortgage lending activity decreased in Q4 2017 from the previous quarter. In total £69.1 billion of new residential loans were advanced to individuals during the quarter. This was a 2.5% decrease compared to the previous quarter however a 10.1% increase from the same quarter last year (**Table A and Chart 1**)
- New commitments increased by 5.2% from £61.7 billion in Q4 2016 to £64.9 billion in Q4 2017. (**Table A and Chart 1**).
- The share of buy-to-let (BTL) lending decreased to 12.7% in Q4 2017; this is the lowest percentage since Q3 2013 (**Chart 5**).
- The total value of outstanding residential lending stood at £1,395.5 billion in Q4 2017, a 0.7% increase from the previous quarter and a 4.3% increase from the same quarter last year. (**Table A**).

**Table A: Residential loans to individuals flows and balances**

Regulated and non-regulated mortgages

£ billions

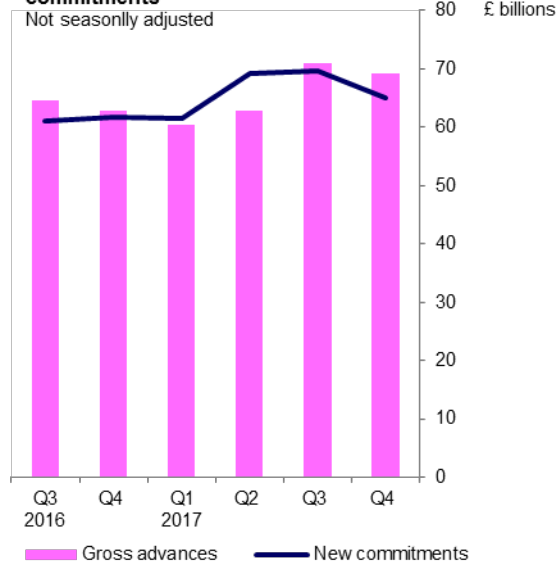
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	Q3 2016	Q4	Q1 2017	Q2	Q3	Q4
<b>Business flows</b>						
Gross advances	64.4	62.8	60.4	62.7	70.9	69.1
New commitments	61.0	61.7	61.5	69.1	69.6	64.9
<b>Residential loan amounts outstanding</b>						
Total Regulated and Non-regulated	1,330.9	1,337.8	1,352.7	1,366.5	1,385.6	1,395.5

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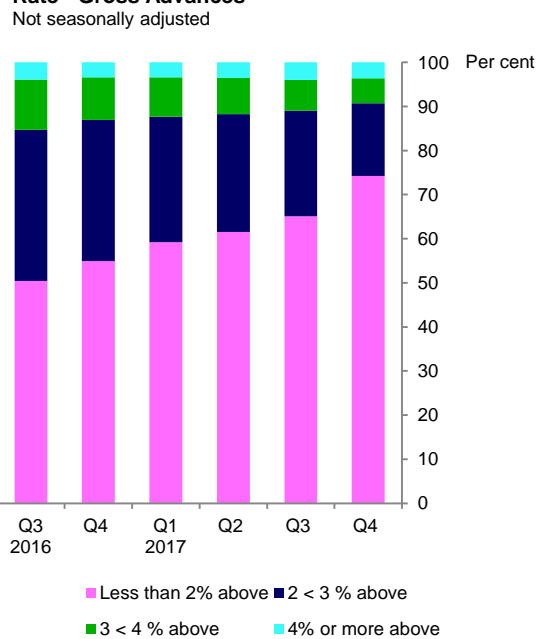
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**Chart 1: Gross advance and new commitments**



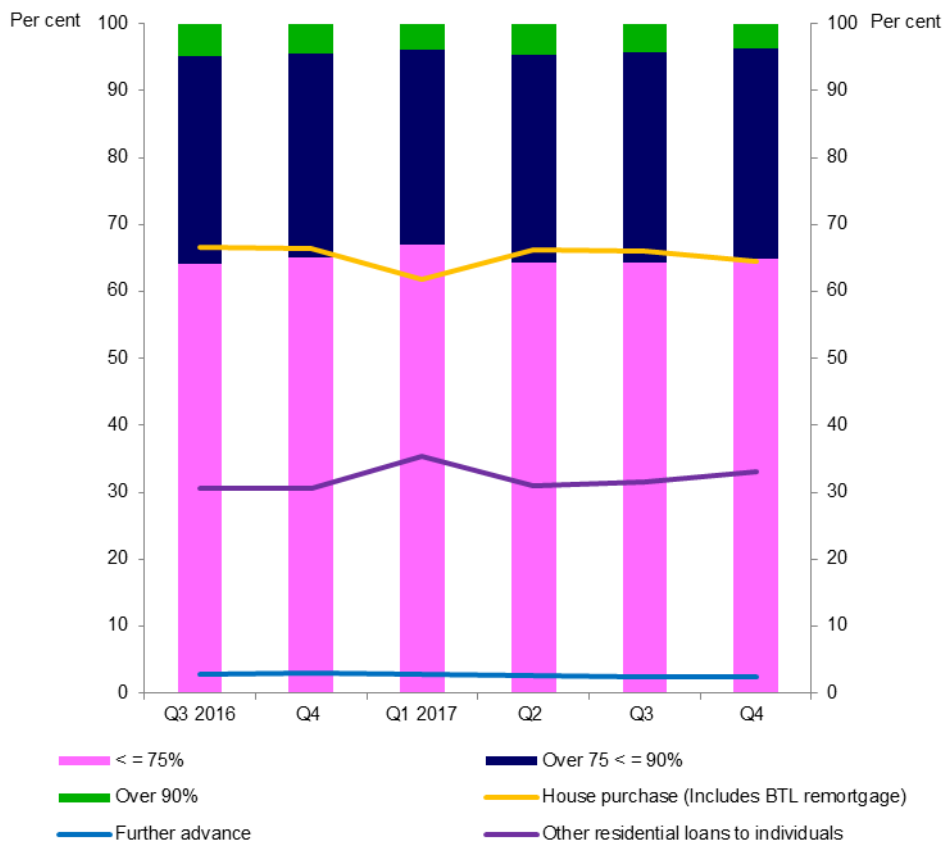
- The proportion of loans extended at maximum 2% above BBR, accounted for 74.2% of new advances in the quarter compared to 65.1% in Q3, which is partly due to the rise in BBR midway through the quarter. On the other hand, the proportion of new loans extended at 3% or more above BBR only accounted for 9.3% of new advances in Q4 2017 (**Chart 2**).

**Chart 2: Per cent of business above Bank Rate - Gross Advances**



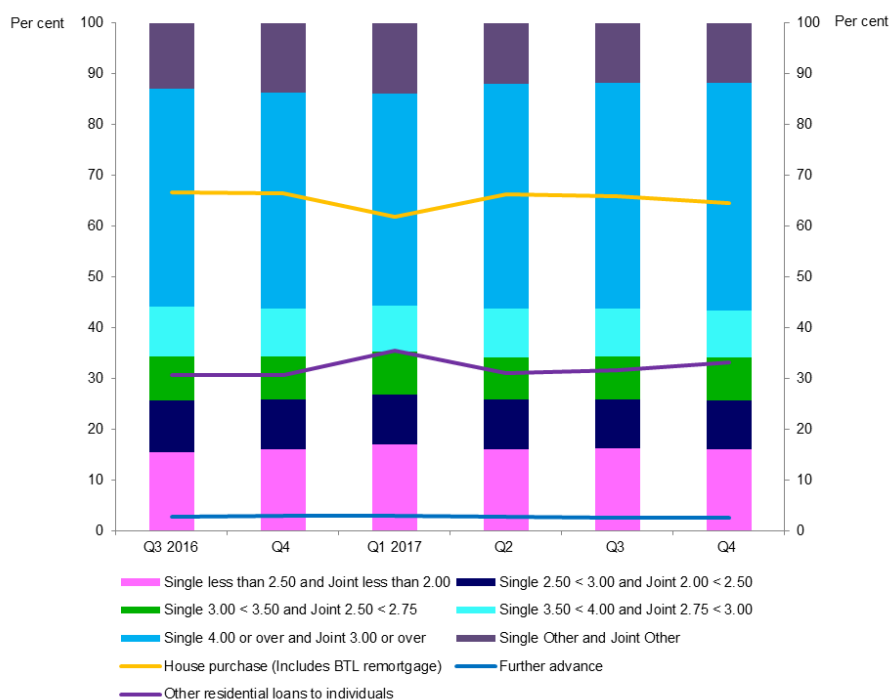
- There has been a decrease in the proportion of higher loan-to-value (LTV) loans. New lending in the two highest brackets,  $\geq 90\%$ , decreased by 0.5 percentage points from the previous quarter to 3.8% in Q4 2017 (**Chart 3**).

**Chart 3: Gross advances by loan-to-value (LTV) ratios and purpose by loan**  
Not seasonally adjusted



- The share of new lending in the highest loan-to-income (LTI) brackets increased overall (**Chart 4**) in Q4 2017 compared to the previous quarter:
  - New lending in the single income, and at least 4.0 LTI category, increased by 0.3 percentage points to 11.0%;
  - New lending in the joint income, and at least 3.0 LTI category, increased by 0.2 percentage points to 34.0%;

**Chart 4: Gross advances by income multiples and purpose by loan**  
Not seasonally adjusted



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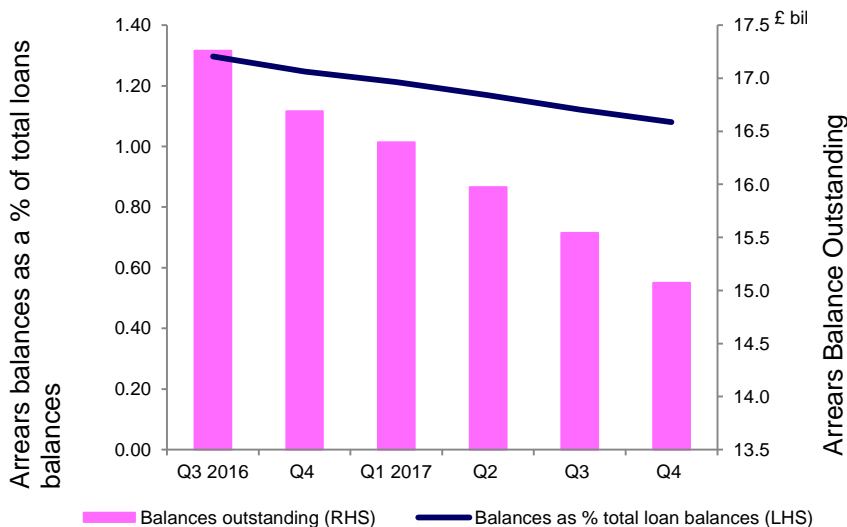
- From the previous quarter there has been a 1.5 percentage point decrease in the proportion of new loans for house purchases from 65.9% to 64.5%, driven by a decrease in home movers. On the other hand the proportion of lending to borrowers in the form of re-mortgages increased by 1.4 percentage points from 28.3% to 29.7% (**Chart 3, 4 and 5**).

**Chart 5: Breakdown of gross advances by purpose of loan**  
Not seasonally adjusted



- The trend of decreased new lending at higher LTV's is consistent with the trend of increased share of lending for re-mortgaging as opposed to house purchase purposes. (**Chart 3 and 4**).
- The share of first time buyers (FTBs) has increase to 21.1% in Q4 2017; this is a 0.5% increase on last quarter (**Chart 5**).
- The proportion of total loan balances in arrears continued to decrease and was at 1.08% at the end of Q4 2017, the lowest level since the series began (**Chart 6**). The outstanding balance in arrears is now £15.1 billion.

**Chart 6: Arrear balances as % total loan balances**  
Not seasonally adjusted



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