



# Mortgage Monitor

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November 2016

## Mortgage approvals rebound in November

- **Number of mortgage approvals grows between October and November**
  - Large deposit buyers continue to dominate market
  - Northern Ireland best location for small deposit buyers

The mortgage market has started to grow again this month, the first significant growth in the market since the EU referendum in June.

Mortgage approvals grew 1.3% between October and November, according to the latest Mortgage Monitor from [e.surv](http://e.surv), the UK's largest residential chartered surveyor. Following the vote to leave the European Union, mortgage approvals dropped dramatically but now, after a period of stability, growth has resumed.

In total 64,407 house purchase mortgages (seasonally adjusted) were approved in the month of November. This is above the 62,522 recorded for October but remains below the 70,511 approvals in November 2015.

This month's figure also remains below the 2016 peak of 72,512. This figure was recorded in February and may have been artificially boosted by buyers making house purchases before April's stamp duty tax changes. Spring months traditionally also have higher levels of activity than those in the winter.

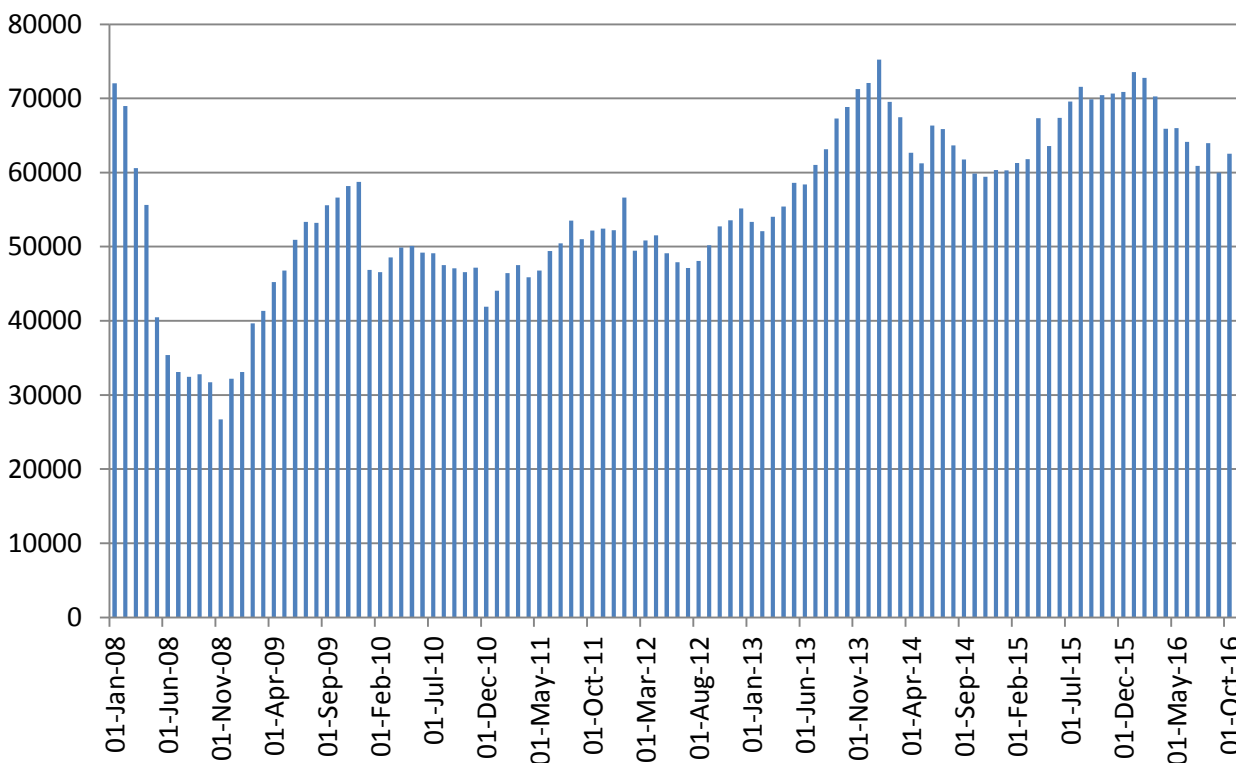
While the number of approvals has increased, these loans appear to have gone to borrowers with larger deposits. The number of approvals made to borrowers with less than a 15% deposit shrunk compared to the previous month while loans to those with a large deposit increased. Small deposit mortgages represented 16.3% of the market this month versus 16.7% in October.

**Richard Sexton, director of e.surv chartered surveyors, comments:** "The post-Brexit doom and gloom in the mortgage market has passed and we are now starting to see growth in the number of loans being approved.

"While activity is still down on previous years, the market is in a stable place, with record low mortgage rates continuing to lure buyers into the market.

"A shrinking first-time buyer market is a cause for concern, but after a period with lower-than-normal approvals, this could merely be a lagging effect. People at the top of the ladder must move first to free up properties for everyone else to move into. It is hoped that first-time buyer growth will resume as we head into 2017."

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



## Large deposit borrowers continue to drive market

Mortgage borrowers who have large deposits – defined as those with a deposit of 60% or more – continue to dominate the UK market. This month 36.2% of loans were to buyers in this part of the market, up on the 34.5% recorded in October.

It was a mixed picture for first-time buyers and those with smaller deposits as these buyers made up 16.3% of the overall market this month. This is down compared to the 16.7% last month, but higher than the 16% recorded a year ago.

Additionally, this figure was down on the 2016 peak of 18.6% that was recorded in August. Small deposit borrowers are defined as buyers with a deposit worth 15% or less of their properties’ total value.

In absolute terms, 10,498 small deposit borrowers had their mortgage applications approved this month. This figure is slightly up compared to October due to the increased size of the overall mortgage market in November.

**Richard Sexton, a director of e.surv chartered surveyors, comments:** “Despite the proportion of small deposit buyers shrinking month-on-month, the number of new buyers getting onto the ladder is actually higher than last month thanks to the growing overall market”.

## Northern Ireland best spot for first-time buyers

### Proportion of small deposit loans by region

Region	Proportion of small-deposit loans (November 2016)	Proportion of small-deposit loans (October 2016)	Proportion of small-deposit loans (September 2016)
Northern Ireland	31.6%	29.5%	28.5%
Yorkshire	26.0%	25.2%	25.6%
North West	25.7%	25.9%	30.2%
Midlands	20.7%	18.6%	22.5%
Scotland	11.8%	13.4%	15.6%
Eastern England	16.4%	15.1%	19.6%
South/ South Wales	15.3%	14.4%	20.3%
South East	17.0%	13.9%	23.2%
London	13.6%	8.4%	20.9%

Northern Ireland was the location most receptive to small deposit borrowers for the second consecutive month. During November, 31.6% of all loans in Northern Ireland went to these borrowers, higher than the 29.5% found in October.

Yorkshire and the North West were the next best regions for new buyers. This month 26% of all loans in Yorkshire went to small deposit borrowers, with the North West registering 25.7%.

This reverses the situation found a month ago when the North West was in second place. At the other end of the scale, buyers in Scotland found it most difficult to get a small deposit mortgage – just 11.8% of mortgages went to this sector in November.

Scotland was also the area of the UK which saw most large deposit borrowers in the market. Some 43.7% of all loans went to borrowers with a deposit of 60% or more. This figure is considerably up on the 38.3% recorded last month.

This meant Scotland leapfrogged London, where 39% of approvals were for large deposit buyers. The South and South Wales (39.1%) and South East (38.6%) regions were also home to large numbers of approvals to this segment of the market.

### Proportion of large deposit loans by region

Region	Proportion of large deposit lending (November 2016)	Proportion of large deposit lending (October 2016)	Proportion of large deposit lending (September 2016)
Northern Ireland	30.1%	29.0%	30.2%
Yorkshire	24.4%	25.5%	26.1%
North West	26.1%	24.9%	24.7%
Midlands	28.5%	29.5%	27.5%
Scotland	43.7%	38.3%	37.9%

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Eastern England	36.6%	36.4%	33.7%
South/South Wales	39.1%	37.8%	32.9%
South East	38.6%	41.4%	34.8%
London	39.0%	41.2%	40.9%

**Richard Sexton, a director of e.surv chartered surveyors, concludes:** “Northern Ireland has topped the charts for small deposit buyers again this month and buyers in this region have the best conditions for borrowing.

“The North West and Yorkshire are also great markets for young buyers to get onto the housing ladder. Those in Scotland and southern regions of England face a bigger challenge, as these markets are being dominated by those with more cash to splash.”

– 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 500 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](http://www.lslps.co.uk).

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