First-Time Buyer Lending Up 37% Year-On-Year In December 2013

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New CML data released today on the profile of UK lending in December 2013, including first-time buyer, home mover, remortgagor and buy-to-let lending, shows:

- The total number of home-owner loans for house purchase in December 2013 was down 1% compared to November but up 27% on December 2012.
- The number of first-time buyers and home movers taking out loans continued to grow in December increasing year-on-year by 37% and 19% respectively in volume compared to December 2012.
- Remortgage lending in December was down 10% in volume compared to November, but up 16% year-on-year.Buy-to-let loans for house purchase decreased 10% in December 2013 in volume compared to November.
- Buy-to-let remortgage lending also decreased 10% compared to November.

The CML has also created profiles of UK lending in the fourth quarter of 2013 and for the year as a whole. CML data shows:

- Strong home-owner house purchase numbers through 2013 continued into the closing months resulting in a 19% year-on-year increase in volume in the fourth quarter 2013 and overall 2013 was up 11% on 2012.
- As seen throughout 2013, lending to first-time buyers continued to be a key driver in the closing quarter of 2013 with a year-on-year increase in volume of 30% on the fourth quarter of 2012. This resulted in lending to first-time buyers for 2013 being up in volume by 23% on 2012.
- Home mover lending continued to pick up with a 13% rise in the volume of lending for house purchase in the fourth quarter compared to the same period in 2012. This meant a 3% rise overall in 2013 compared to 2012.
- Although not as strong as house purchase, remortgage lending showed growth in the last quarter of 2013, up 8% year-on-year for that quarter, resulting in a 2% yearly increase in 2013 compared to 2012.
- Buy-to-let lending also finished strongly in the last quarter of 2013, up 20% compared to the last quarter of 2012, in addition, buy-to-let loans for house purchase increased 18.6% in 2013 compared to 2012.

The Bank of England reported earlier this month that UK gross mortgage lending was £16.8 billion in December, which due to the expected seasonal dip was down slightly by 1% but up 49% compared to December 2012. In the fourth quarter of 2013, gross UK mortgage lending totalled £51.4bn which was an increase of 36% compared to the fourth quarter of 2012. Overall for 2013 gross lending totalled £176.4bn, up 21% on 2012.

Commenting on the data, CML director general Paul Smee said:

"In 2013, there has been a resurgence in the mortgage market with year-on-year growth for all types of borrower. First-time buyers were an especially important factor in driving the market forward in 2013 as improved economic conditions, as well as the introduction of government schemes like Help to Buy, have given the opportunity for them to enter the market and become home-owners."

"The consistent upward lending trend seen throughout 2013 would suggest relative optimism going forward. But there are challenges ahead, not least in implementing the Mortgage Market Review regulation in April and in ensuring that there is no suggestion of a property bubble; and all this will be key to determining how the market will perform in 2014."

Lending for home-owner house purchase:

The total number of loans advanced to home-owners for house purchase decreased slightly in December 2013, down 1% compared to November but up 27% on December 2012. Overall, 58,200 loans were advanced in December with a total in value of £9.3bn, which was an increase of 1% by value on November but a 35% year-on-year monthly increase.

In the fourth quarter of 2013, the total number of loans to home-owners for house purchase was 176,500, up 5% compared to the third quarter 2013 and up 20% compared to the fourth quarter 2012.

Overall in 2013, the total number of loans advanced to home-owners for house purchase 605,100 loans,

up 11% compared to 2012 overall. The value of these loans totalled £93.7bn, up 15% compared to 2012 overall.

Lending to first-time buyers in December:

Following a year of strong growth, the total number of loans advanced to first-time buyers in December totalled 26,700, up 1% on November 2013 and an increase of 37% compared to December 2012. The total value of these loans was £3.7bn, up 3% on November 2013 and an increase of 48% on December 2012.

The typical first-time buyer income multiple increased, with first-time buyers typically borrowing 3.43 times their gross income in December 2013, compared to 3.38 in November 2013. The continued downward trend in mortgage interest rates has kept borrowers' payment burden low. First-time buyers in December spent 19% of gross income to cover capital and interest payments, slightly higher than the 19.1% in November 2013 but down from 20% in December 2012. In addition, over 95% of first-time buyers opted for fixed rate mortgages in December.

Lending to first-time buyers in the fourth quarter 2013:

In the fourth quarter of 2013, the total number of loans advanced to first-time buyers was 79,400, up 8% on the third quarter of 2013 and an increase of 30% on the fourth quarter of 2012. The value of these loans totalled £10.9bn, up 7.9% on the third quarter of 2013 and up 42% compared to the fourth quarter of 2012.

Lending to first-time buyers in 2013:

Overall for 2013, first-time buyers were advanced 268,800 loans for house purchase, an increase of 23% compared to 2012. The total value of these loans came to £36.1bn, up 31% compared to 2012.

Lending to home movers in December:

The number of loans advanced to home movers for house purchase totalled 31,500 in December, down 2% in volume compared to November but up by 19% compared to December 2012. Home mover loans totalled £5.6bn in value in December, which was unchanged from November but up 27.3% compared to December 2012.

Lending to home movers in the fourth quarter 2013:

In the fourth quarter of 2013, home movers took out 97,100 loans for house purchase, an increase of 3% on the third quarter 2013 and up 13% on the fourth quarter 2012. The loans totalled in value £17bn, an increase of 2% on the third quarter of 2013 and up 21% compared to the fourth quarter 2012.

Lending to home movers in 2013:

Overall for 2013, loans to home movers for house purchase totalled 336,200, an increase of 3% on 2012. The total value of these loans was £57.6bn, up 7% compared to 2012.

Lending for remortgage:

Home-owner remortgage activity decreased in December with a total of 25,300 remortgage loans advanced, down 10% in volume compared to November but up 16% compared to December 2012. These loans totalled £3.8bn in value, a decrease of 10% on November but up 31% compared to December 2012.

In the fourth quarter of 2013, home-owner remortgage activity followed a similar trend to December totalling 83,200 loans advanced which was a decrease of 7% compared to the third quarter of 2013 but up 8% compared to the fourth quarter 2012. The total value of these loans totalled £12.3bn which was a decrease of 2% compared to the third quarter of 2013 but up 23% compared to the fourth quarter 2012.

Overall for 2013, first-time buyers were advanced 268,800 loans for house purchase, an increase of 23% compared to 2012. The total value of these loans came to £36.1bn, up 31% compared to 2012.

Buy-to-let in December:

Gross buy-to-let advances in December totalled 14,500 loans, which was down 10% compared to

November 2013. The value of these loans totalled £1.9bn, which was a decrease of 10% compared to November.
Similarly, Buy-to-let loans for house purchase followed the same trend down 10% in December to 7,280 loans in total compared to November. The loans totalled £840m in value, which again was down 10% compared to November.

In parallel to this, buy-to-let remortgage lending decreased in December to 7,060 loans, which was down 10% compared to November. These buy-to-let remortgages had a total value of £1.0bn, a decrease of 9% compared to November 2013.

Buy-to-let in the fourth quarter 2013:

Despite the seasonal dip, gross buy-to-let lending in the fourth quarter of 2013 was up 6% on the third quarter 2013 and an increase of 33% compared to the fourth quarter of 2012, totalling 46,700 loans. The total value of these loans was £6.1bn, again up 7% compared to the third quarter of 2013 and up 39% compared to the fourth quarter of 2012.

Buy-to-let loans for house purchase also showed growth with an increase of 4% compared to the third quarter 2013 and up 26% compared to the fourth quarter of 2012 resulting in a total of 23,640 loans. The total value of these loans was £2.7bn, up 5% compared to the third quarter of 2013 and up 34% compared to the fourth quarter last year.

Buy-to-let remortgage lending also increased in the fourth quarter 2013 to 22,680 loans, up 9% compared to the third quarter 2013 and up 42% compared to the fourth quarter last year. The total value of these loans was £3.2bn, up 9% compared to the third quarter 2013 and up 53% compared to the fourth quarter of 2012.

Buy-to-let in 2013:

Following on from the strong year-on-year growth in December and the fourth quarter, overall for 2013 buy-to-let gross lending totalled 160,900 loans, which was up 23% compared to 2012. These loans totalled in value £20.7bn, which was an increase of 32% compared to 2012.

Similar to gross lending, total buy-to-let lending for house purchase was 82,930 loans, an increase of 19% compared to 2012. The total value of these loans was £9.3bn, a 26% increase compared to 2012.

Buy-to-let remortgage lending showed the highest proportional buy-to-let growth, an increase of 29% compared to 2012 bringing the total to 76,260 loans. The loans valued at £10.6bn in total, an increase of 39% compared to 2012.

-Ends-

Notes to Editors

1. The Council of Mortgage Lenders' members are banks, building societies and other lenders who together undertake around 95% of all residential mortgage lending in the UK. There are 11.2 million mortgages in the UK, with loans worth over £1.2 trillion.

2. Source: CML Regulated Mortgage Survey for all home-owner mortgage data. Buy-to-let data is sourced from a sample of CML members and has been grossed to estimate the industry total. The CML began collecting monthly data in January 2013 and will from now on report monthly buy-to-let data in this press releases, alongside our home owner house purchase data.

3. The Council of Mortgage Lenders does not publish statistics for mortgage approvals. The data in our monthly Regulated Mortgage Survey and gross lending press releases relate to mortgage advances only. A mortgage approval is the firm offer to a customer of a specific amount of credit secured against a particular property. A mortgage advance is the total amount of loan actually provided to the buyer, by the lender. Please see the mortgage statistics timeline on our website for further information.

4. The January 2014 data will be released on Thursday 13 March 2014.

5. For full figures, click here.

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