



Help to Buy: mortgage guarantee scheme Quarterly Statistics

2 September 2014

Data from 8 October 2013 to 30 June 2014

Key points:

- In the first 9 months of the Help to Buy: mortgage guarantee 18,564 mortgages were completed with the support of the scheme.
- Of these, 79% were purchases by first time buyers.
- The total value of mortgages supported by the scheme is £2.7 billion.
- Compared to total mortgage completions in each region, the scheme is supporting a higher proportion of mortgages in the North West and the East, and a lower proportion in London and the South East.
- The mean value of a property purchased or remortgaged through the scheme is £153,148, compared to a national average house price of £265,000.

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28 November 2014

Introduction

This statistical release contains Official Statistics on the government's Help to Buy: mortgage guarantee scheme, covering the number of mortgage completions, types and values of properties, borrower incomes and breakdowns by geographical area. Excel tables with all the data set out in this release are available at:

www.gov.uk/government/collections/help-to-buy-mortgage-guarantee-scheme-quarterly-statistics

The release is compatible with the Help to Buy: Equity Loan statistics released by the Department for Communities and Local Government:

www.gov.uk/government/collections/help-to-buy-equity-loan-and-newbuy-statistics

In order to provide context for users of the Help to Buy: mortgage guarantee scheme statistics comparisons are made to various Council of Mortgage Lending (CML) statistics, which cover the UK mortgage lending market as a whole. More information about CML statistics is available at:

www.cml.org.uk/cml/statistics

Help to Buy: mortgage guarantee

The Help to Buy: mortgage guarantee scheme opened on 8 October 2013 and is available across the United Kingdom. Under the scheme the government offers lenders the option to purchase a guarantee on mortgage loans where the borrower has a deposit of between 5% and 20%. The scheme can be used for mortgages on both new build and existing homes, by first time buyers, home movers and those remortgaging.

In order to qualify for a loan supported by the Help to Buy: mortgage guarantee, there are a number of eligibility criteria which are set out in the scheme rules.¹ For example, the scheme is not available on buy-to-let mortgages or second homes, and the property value must be £600,000 or less.

The guarantee compensates participating mortgage lenders for a portion of net losses suffered in the event of repossession. The guarantee applies down to 80% of the purchase value of the guaranteed property covering 95% of these net losses. The lender therefore retains a 5% risk in the portion of losses covered by the guarantee. This ensures that the lender retains some risk in every mortgage originated.

Over the life of the scheme the government will make available up to £12 billion of guarantees, which is sufficient to support up to £130 billion of high loan-to-value (LTV) mortgages.

¹ www.gov.uk/government/publications/help-to-buy-mortgage-guarantee-scheme-rules

Monthly figures

Table 1 below shows the number of mortgage completions through the scheme alongside the total value of these loans, the value of the associated government guarantee and the total value of the properties. There were 18,564 mortgage completions through the scheme to the end of June, which represents 2.5% of all residential mortgage completions in the UK over the same period.² The corresponding value of the guarantees was £388 million while the overall value of loans supported by the scheme was £2,683 million. These mortgages were used to finance properties worth £2,843 million in total.

No claims on the government guarantee have yet been made.

Table 1: Number of mortgage completions and value of guarantees, loans and properties from October 2013 to June 2014³

	Completions	Value of Help to Buy Guarantee (£m)	Value of mortgage loans (£m)	Value of properties (£m)
2013				
October	4	0	1	1
November	164	3	21	22
December	818	17	112	119
2014				
January	1,581	33	226	239
February	2,096	45	307	324
March	2,658	56	384	407
April	3,325	69	479	508
May	4,026	84	584	619
June	3,892	82	569	604
Total to end June	18,564	388	2,683	2,843

Property value

Table 2 below shows the number of completed mortgages supported by the scheme broken down by property value.

The mean value of a property purchased or remortgaged through Help to Buy: mortgage guarantee scheme up until the end of June 2014 was £153,148 compared to an average UK house price of £265,000.⁴ The median property value was lower at £136,000, reflecting a

² Source: The Council of Mortgage Lenders data for regulated mortgage lending www.cml.org.uk/cml/statistics

³ Minor changes in previously published data are due to lenders updating their total recorded completions.

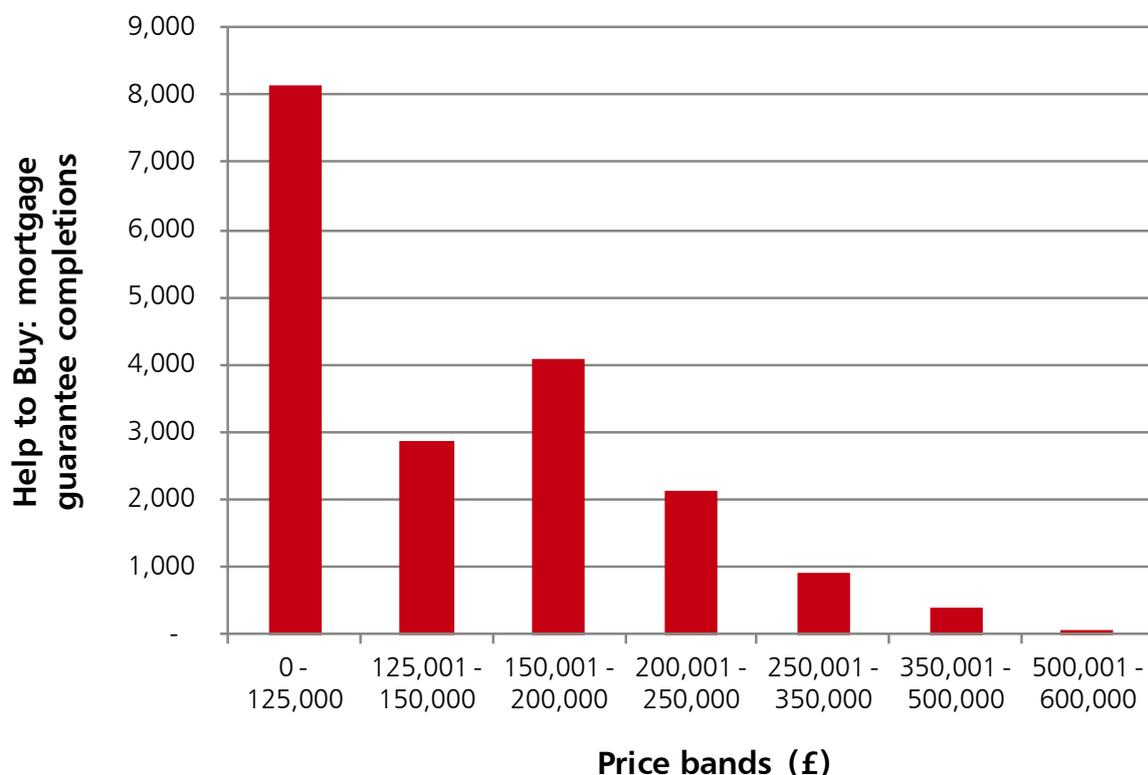
⁴ Source: <http://ons.gov.uk/ons/rel/hpi/house-price-index/june-2014/stb-june-2014.html>

distribution where most properties are in the lower value bands. Over half of all mortgage completions through the scheme were on properties worth £150,000 or less. Just over 7% of mortgage completions were made on properties valued at £250,000 and above. This reflects the fact that most mortgage completions through the scheme have been on properties outside London and the South East, in regions where prices are lower.

Table 2: Mortgage completions from October 2013 to June 2014, by property value⁵

Price band (£)	Total completions	Percentage of total completions (%)
0 – 125,000	8,124	44
125,001 – 150,000	2,881	16
150,001 – 200,000	4,091	22
200,001 – 250,000	2,118	11
250,001 – 350,000	899	5
350,001 – 500,000	394	2
500,001 – 600,000	57	negligible
All Properties	18,564	100

Chart 1: Completions by property value from October 2013 to June 2014



⁵ The property value bands match those published by DCLG for the Help to Buy: Equity Loan scheme, to allow comparability between the two schemes.

Property type

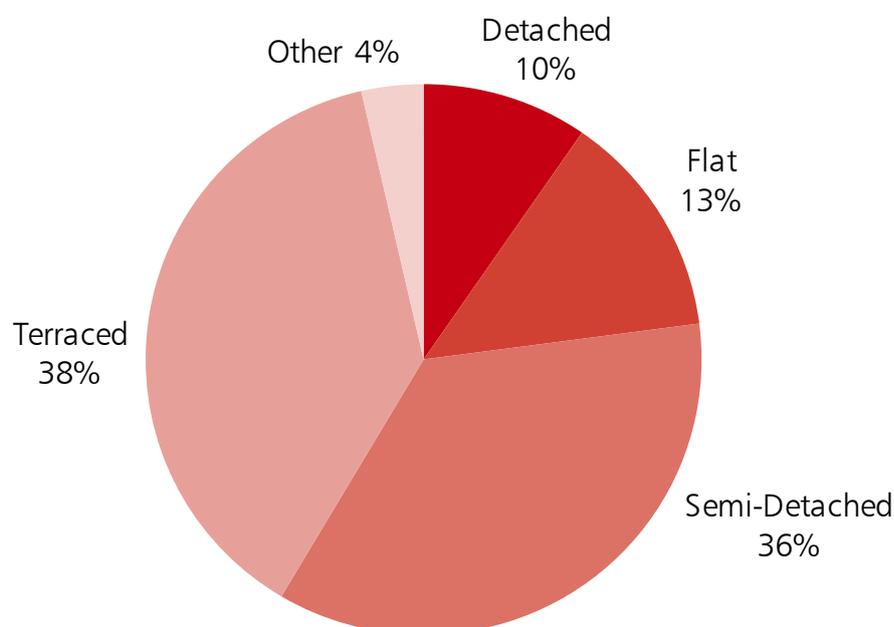
Table 3 and Chart 2 show the number of mortgage completions broken down by property type.

The majority of mortgage completions through the scheme were on terraced houses, making up 38% of total completions. The next most popular property type was semi-detached properties (36%), while completions for detached houses and flats were much lower, making up 10% and 13% respectively.

Table 3: Mortgage completions from October 2013 to June 2014, by property type

Property types	Cumulative completions	Percentage of cumulative completions (%)
Terraced	7,030	38
Semi Detached	6,611	36
Flat	2,464	13
Detached	1,789	10
Other	670	4
All Properties	18,564	100

Chart 2: Completions by property type from October 2013 to June 2014



Borrowers

Table 4 shows the number of Help to Buy: mortgage guarantee scheme completions, broken down by borrowers' household income.⁶

Most households who completed a mortgage with the support of the scheme had a household income of £20,001 – £50,000. Take-up is lower for those on higher incomes: households with an income over £80,000 made up 9% of all completions.

The median household income for borrowers using the scheme was £42,482 which is in line with the median household income across the market for those buying a house with a mortgage (£43,000).⁷ The mean income for borrowers using the Help to Buy: mortgage guarantee was £48,573.

Table 4: Mortgage completions from October 2013 to June 2014, by total applicant household income

Total applicant household income (£)	Total completions	Percentage of total completions (%)
0 – 20,000	650	4
20,001 – 30,000	3,033	16
30,001 – 40,000	4,630	25
40,001 – 50,000	3,691	20
50,001 – 60,000	2,443	13
60,001 – 80,000	2,362	13
80,001 – 100,000	922	5
Greater than 100,000	833	4
All	18,564	100

Table 5 shows the number of Help to Buy: mortgage guarantee scheme completions, split between first time buyers and others (i.e. home movers or those remortgaging).

It shows that 79% of completions through the scheme to date have been for purchases by first time buyers.

Table 5: Mortgage completions from October 2013 to June 2014, by type of borrower

	Completions (non first time buyer)	Completions (first time buyer)	Total completions
All properties	3,910	14,654	18,564

⁶ "Household Income" refers to the total income for all individuals who are party to the mortgage.

⁷ Source: The Council of Mortgage Lenders data for median total borrower income for house purchases from Q4 2013 to Q2 2014

Country and regional breakdowns

Table 6 shows the regional distribution of the number of mortgage completions through the scheme in each region of England⁸ as well as in the devolved administrations. It also shows a regional breakdown of mean property values, number of first time buyers and borrower incomes.

Mortgage completions in Scotland, Wales and Northern Ireland account for 19% of the total. In Scotland and Wales the number of mortgage completions with the support of the scheme was proportionally higher than in the UK as whole, when compared to total mortgage completions. 9% of all UK mortgage completions took place in Scotland in the last three quarters, compared to 12% of Help to Buy: mortgage guarantee completions. Mortgage completions in Wales made up 4% of the UK total, compared to a 5% share of Help to Buy: mortgage guarantee.⁹

Completions with the support of the mortgage guarantee scheme in Northern Ireland made up 1% of total UK completions supported by the scheme. This is broadly in line with Northern Ireland's share of overall UK mortgage lending. In the last three quarters there were 12,300 mortgage completions in Northern Ireland, compared to 731,500 in the UK as a whole.

Help to Buy: mortgage guarantee completions in England are proportionally lower, with 81% of completions compared to an 86% share of overall UK residential mortgage completions.⁹ At a regional level a higher proportion of mortgages are supported by the scheme in the East and North West. In the previous three quarters the East and North West made up 4% and 9%, respectively, of total UK mortgage completions, compared to 10% and 14% of mortgage completions supported by the scheme in the same regions.

London and the South East account for 19% of all completions supported by the scheme. This is below the proportion of UK mortgage completions in these regions, which was 36% in the previous three quarters.

⁸ The regions used in this publication are based on regions as defined by the ONS. ONS data regions can be found here: www.ons.gov.uk/guide-method/geography/ons-geography/index.html

⁹ Comparison data for all figures on this page is Q4 2013 and Q1 & Q2 2014 of CML data. Source: The Council of Mortgage Lenders data for regulated mortgage lending. www.cml.org.uk

Table 6: Mortgage completions, mean property value, first time buyers and mean borrower income, by region¹⁰ from October 2013 to June 2014

Region	Completions	Percentage of total completions (%)	Mean property value (£)	Number of first time buyers	Mean borrower income (£)
Scotland	2,298	12	116,767	1,771	42,956
Wales	899	5	116,268	752	39,140
Northern Ireland	276	1	100,519	241	37,443
England	15,091	81	161,847	11,890	50,193
South East	2,505	13	206,889	1,927	59,242
London	965	5	284,151	863	78,680
North West	2,513	14	125,784	1,983	43,195
South West	1,486	8	168,521	1,155	50,037
Yorkshire and Humber	1,712	9	124,073	1,348	43,072
West Midlands	1,603	9	140,407	1,253	45,795
East Midlands	1,586	9	132,252	1,231	42,965
North East	851	5	114,230	671	40,998
East	1,865	10	181,434	1,456	53,541
Other ¹¹	5	0	126,200	3	40,158
Total	18,564	100	153,148	14,654	48,573

Local authority breakdown

Map 1 below shows the location of mortgage completions (shown by dots) through the Help to Buy: mortgage guarantee scheme from 8 October 2013 to 30 June 2014. It also displays the total value of the associated mortgage loans by local authority area (dark shaded areas denote higher value of loans in a local authority).

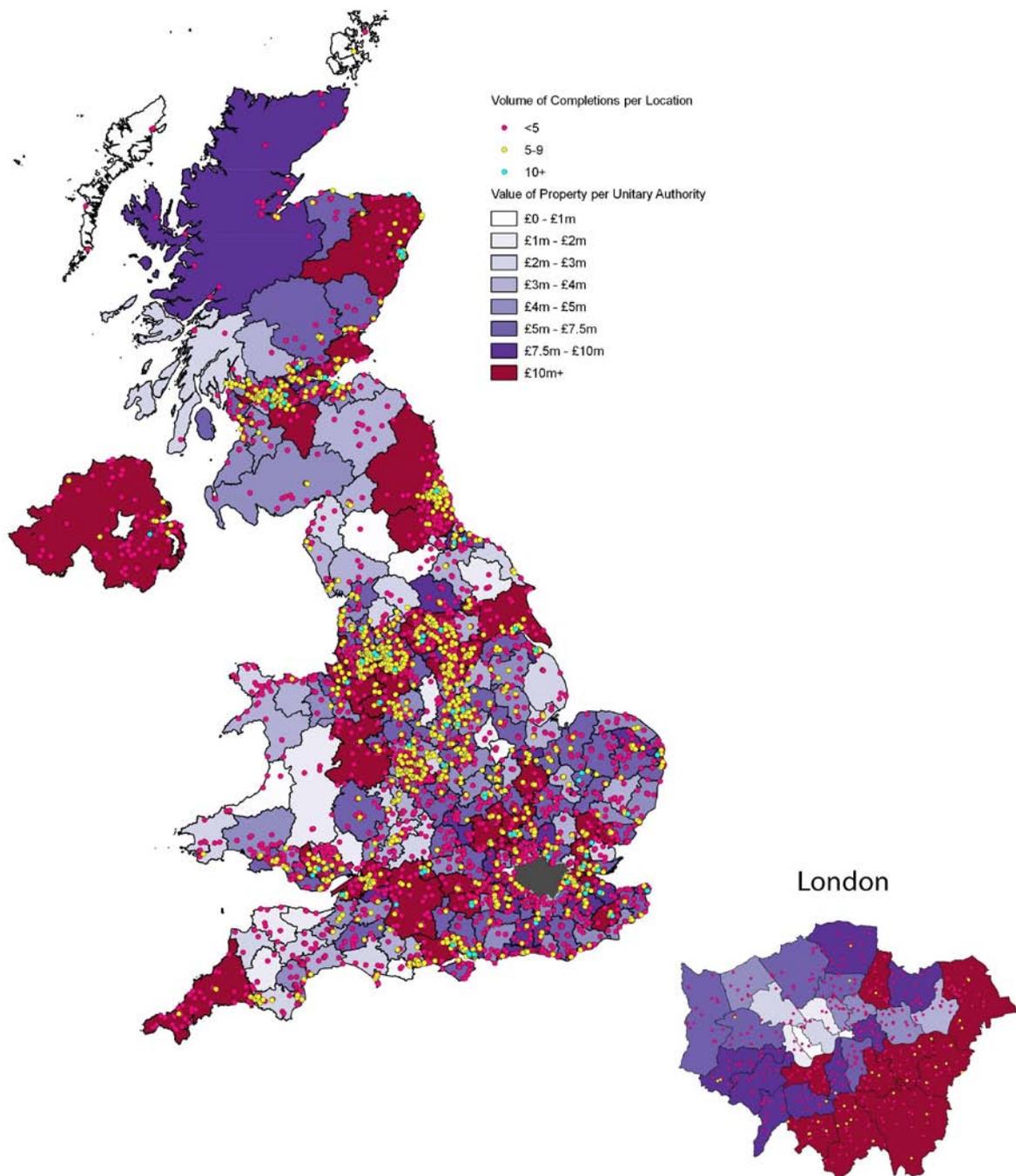
An accompanying table is available to download alongside this release, which includes total property values:

Table 7: Mortgage completions and value of loans and properties supported by Help to Buy: mortgage guarantee completions, by local authority, England, Scotland, Wales and Northern Ireland.

¹⁰ Median property value and percentage of first time buyers can be found in the accompanying tables. Due to rounding numbers may not add up to 100%.

¹¹ 'Other' refers to those completions where the mortgage cannot be allocated to a region, either because of an unrecognised postcode or because they fall in the Channel Islands or Isle of Man.

Map 1: Location and value of completed mortgages supported by the Help to Buy: mortgage guarantee by Local Authority, UK



*NB: Contains Ordnance Survey data © Crown Copyright and database right 2014
Contains Royal Mail data © Royal Mail copyright and database right 2014
Contains National Statistics data © Crown copyright and database right 2014*

Background notes

Data collection

UK Asset Resolution corporate services (UKARcs), who administer the scheme on behalf of HM Treasury, collect data from lenders participating in the scheme in accordance with monitoring and reporting requirements set by HM Treasury.

Data quality

Both UKARcs and HM Treasury quality assure the data, using IT solutions and manual processes.

Audit and financial reporting

The scheme requires a rigorous audit regime to monitor and enforce compliance with the eligibility criteria and scheme rules. Lenders are required to conduct internal audits, in addition to administrator audits carried out by UKARcs to seek assurance as to the lender's compliance with the scheme rules.

Financial information relating to Help to Buy: mortgage guarantee is included in the HM Treasury resource accounts and the accounts for the Help to Buy: mortgage guarantee scheme.

Mean and median

The following explanation uses property value as an example, but the median and mean are used in the same way throughout the publication. The median property value is the midway point of all the properties values included in the analysis. That is, if there were 101 mortgage completions during a time period and they were ranked by value, the median property value would be the value in the middle i.e. that has 50 house prices above it and 50 house prices below it.

This differs to the arithmetic mean value, which equates to the average price – adding the property values together and then dividing this by the number of completions included in the analysis.

It can be useful to look at both the mean and median with property values. Extreme values at either end of the scale can skew the mean. Therefore the median can give users an additional way of interpreting the data.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Treasury revisions policy:

https://www.gov.uk/Government/uploads/system/uploads/attachment_data/file/191042/statistics_revisions_policy.pdf

There are two types of revision covered by the policy above, unscheduled revisions and scheduled revisions.

In line with the policy above, if a significant unscheduled revision is needed (for example from an error in the result of the compilation, imputation or dissemination process), the statistical release and accompanying tables would be updated with a correction notice as soon as is practical.

There should be relatively few scheduled revisions as the data is compiled from established administrative systems. Where there are scheduled revisions these will be indicated in the time series and highlighted in the release.

Users of the data

The data is used for monitoring the delivery of the Help to Buy: mortgage guarantee scheme by users including the public, Parliament, financial and housing companies and markets. They are also used to inform wider government policy on housing.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the “public enquiries” contact given in the “enquiries” section below.

The department’s engagement strategy to meet the needs of statistics users is published here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191041/statistics_user_engagement.pdf

Further information

Further information about the Help to Buy: mortgage guarantee scheme can be found at:

<https://www.gov.uk/affordable-home-ownership-schemes/help-to-buy-mortgage-guarantees>

<http://www.helptobuy.org.uk/>

Enquiries

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