



Help to Buy: mortgage guarantee scheme Quarterly Statistics

30 March 2017

Data from 8 October 2013 to 31 December 2016

Key points:

- Since the launch of the Help to Buy: mortgage guarantee, 101,960 mortgages have been completed with the support of the scheme.
- Of these, 80% were purchases by first-time buyers.
- The total value of mortgages supported by the scheme is £15.2 billion.
- Compared to total mortgage completions in each region, the scheme has supported a higher proportion of mortgages in the East of England and Scotland, and a lower proportion in the South East and London.
- The mean value of a property purchased or remortgaged through the scheme was £158,248, compared to a national average house price of £220,000.

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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 quarterly release of the Official Statistics for the Help to Buy: ISA scheme can be found at:

www.gov.uk/government/collections/official-statistics-on-the-help-to-buy-isa-scheme

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 Lenders (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 was available across the United Kingdom. Under the scheme the government offered lenders the option to purchase a guarantee on mortgage loans where the borrower had a deposit of between 5% and 20%. The scheme could 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, an eligibility criteria had to be met which is set out in the scheme rules.¹ For example, the scheme was not available on buy-to-let mortgages or second homes, and the property value had to be £600,000 or less. From 1 October 2014, no new loans with a loan-to-income ratio of 4.5 and above could be included in the scheme.

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 retained a 5% risk in the portion of losses covered by the guarantee. This ensured that the lender retained some risk in every mortgage originated.

Over the life of the scheme the government made available up to £12 billion of guarantees, which was 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

The Help to Buy: mortgage guarantee scheme closed to new loans on the 31 December 2016 as planned. Participating mortgage lenders can continue to complete loans into the scheme until 30 June 2017, where they have an application date on or before 31 December 2016.

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 101,960 mortgage completions through the scheme to the end of December 2016, which represents 3.1% of all residential mortgage completions in the UK over the same period.² The corresponding value of the guarantees was £2.2 billion while the overall value of loans supported by the scheme was £15.2 billion. These mortgages were used to finance properties worth £16.1 billion in total. Two claims have been made on the government guarantee to the total value of £17,411.

Table 1: Number of mortgage completions and value of guarantees, loans and properties from October 2013 to December 2016³

	Completions	Value of Help to Buy guarantee (£m)	Value of mortgage loans (£m)	Value of properties (£m)
2013				
October	3	0	1	1
November	133	3	17	18
December	674	13	90	95
2014				
January	1,456	31	207	218
February	1,991	42	290	306
March	2,573	54	370	392
April	3,280	68	471	499
May	3,985	83	577	612
June	3,830	81	560	594
July	4,307	94	649	688
August	3,848	84	578	612
September	3,371	73	507	538
October	3,766	79	553	587
November	3,114	63	453	483
December	2,823	59	420	447
2015				
January	2,255	47	329	350

² Source: The Council of Mortgage Lenders data for regulated mortgage lending.

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

February	2,094	43	303	323
March	2,469	50	349	370
April	2,970	61	426	452
May	3,212	67	460	487
June	3,373	73	505	535
July	3,587	81	530	557
August	3,116	72	469	492
September	2,936	64	436	460
October	3,241	71	481	508
November	2,769	62	418	442
December	2,275	51	347	367
2016				
January	1,605	36	246	260
February	1,507	34	233	246
March	1,997	45	307	325
April	2,235	50	339	359
May	2,474	57	385	407
June	3,120	71	486	514
July	3,014	70	478	505
August	3,073	72	490	518
September	2,768	63	427	451
October	2,419	54	371	392
November	2,431	56	381	402
December	1,866	45	307	324
Total to end of December	101,960	2,220	15,245	16,135

Property value

Table 2 overleaf 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 the Help to Buy: mortgage guarantee scheme to the end of December 2016 was £158,248, compared to an average UK house price of £220,000.⁴ The median property value was lower at £139,000, reflecting a distribution where most properties are in the lower value bands. 58% of all mortgage completions through the scheme were on properties worth £150,000 or less. 10% of mortgage completions were made on properties valued at £250,000 and above. This reflects the fact that

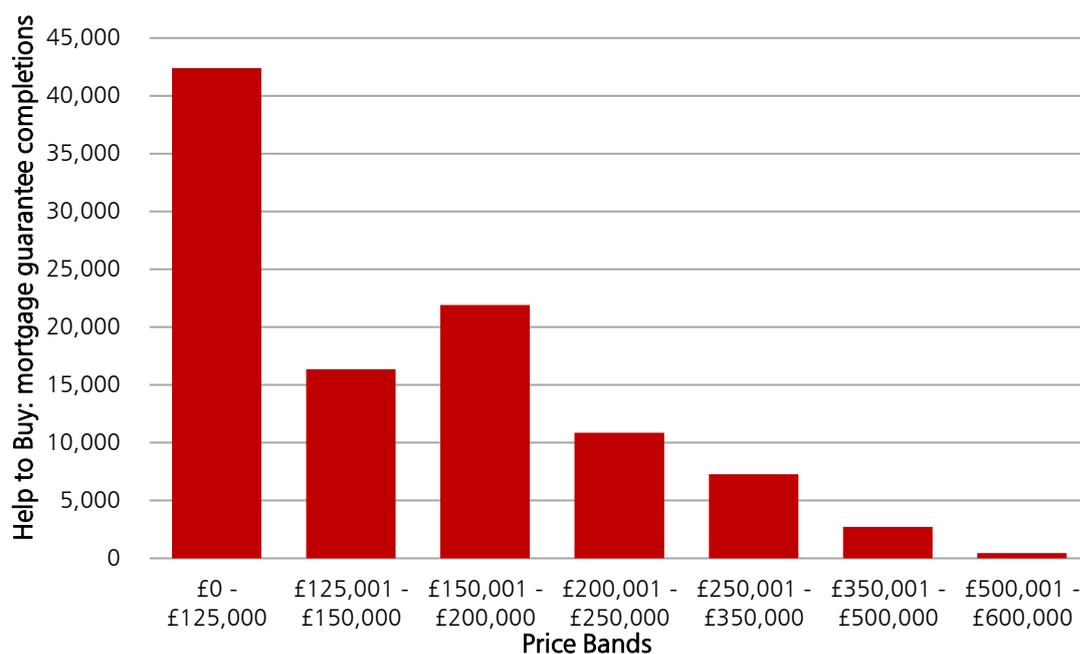
⁴ Source: www.gov.uk/government/statistics/uk-house-price-index-summary-December-2016

95% of mortgage completions through the scheme have been on properties outside London, in regions where prices are typically lower.

Table 2: Mortgage completions from October 2013 to December 2016, by property value⁵

Price band	Total completions	Percentage of total completions (%)
£0 – £125,000	42,387	42
£125,001 – £150,000	16,355	16
£150,001 – £200,000	21,907	21
£200,001 – £250,000	10,851	11
£250,001 – £350,000	7,281	7
£350,001 – £500,000	2,719	3
£500,001 – £600,000	460	0
All properties	101,960	100

Chart 1: Completions by property value from October 2013 to December 2016



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

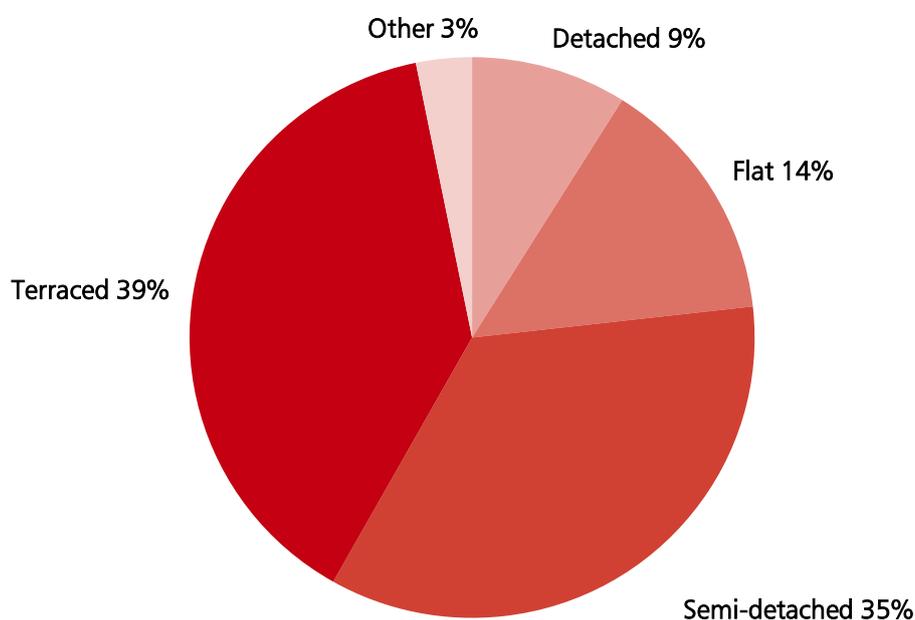
Table 3 and Chart 2 show the number of mortgage completions broken down by property type.

The majority of mortgage completions through the scheme were on terraced houses, making up 39% of total completions. The next most popular property type was semi-detached properties (35%), while completions for flats and detached houses were much lower, making up 14% and 9% respectively.

Table 3: Mortgage completions from October 2013 to December 2016, by property type

Property types	Total completions	Percentage of total completions (%)
Terraced	39,383	39
Semi-detached	35,547	35
Flat	14,682	14
Detached	9,105	9
Other	3,243	3
All properties	101,960	100

Chart 2: Completions by property type from October 2013 to December 2016



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 7% of all completions.

The median household income for borrowers using the scheme was £40,713 which is lower than the median household income across the market for those buying a house with a mortgage over the same period (£45,526).⁷ The mean household income for borrowers using the Help to Buy: mortgage guarantee was £45,945.

Table 4: Mortgage completions from October 2013 to December 2016, by total applicant household income

Total household income	Total completions	Percentage of total completions (%)
£0 – £20,000	3,667	4
£20,001 – £30,000	18,395	18
£30,001 – £40,000	27,200	27
£40,001 – £50,000	21,084	21
£50,001 – £60,000	12,862	13
£60,001 – £80,000	11,714	11
£80,001 – £100,000	4,025	4
Greater than £100,000	3,013	3
All	101,960	100

Table 5 shows the number of mortgage completions through the scheme, split between first time-buyers and others (i.e. home movers or those remortgaging).

It shows that 80% of mortgage completions through the Help to Buy: mortgage guarantee scheme to date have been for purchases by first-time buyers.

Table 5: Mortgage completions from October 2013 to December 2016, by type of borrower

	Completions (non first-time buyer)	Completions (first-time buyer)	Total completions
All properties	20,863	81,097	101,960

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 Q4 2016

Country and regional breakdowns

Table 6 shows the country and 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 country and regional breakdown of mean property values, number of first-time buyers and borrower incomes.

Mortgage completions in Scotland, Wales and Northern Ireland account for 21% of the scheme 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. Since the launch of the scheme, 9% of all UK mortgage completions have taken place in Scotland, compared to 14% of Help to Buy: mortgage guarantee completions. Mortgage completions in Wales made up 4% of the UK total, compared to 5% of Help to Buy: mortgage guarantee completions.⁹

Completions with the support of the mortgage guarantee scheme in Northern Ireland made up 3% of total UK completions supported by the scheme. This is higher than Northern Ireland's share of overall UK mortgage lending (2%).

Help to Buy: mortgage guarantee completions in England are proportionally lower, with 79% of completions compared to an 85% share of overall UK residential mortgage completions. At a regional level a higher proportion of mortgages are supported by the scheme in the East of England and North West. Since the launch of the scheme the East of England and North West made up 4% and 9%, respectively, of total UK mortgage completions, compared to 9% and 14% of mortgage completions supported by the scheme in the same regions.

London and the South East account for 17% of all completions supported by the scheme. This is below the proportion of UK mortgage completions in these regions, which was 35% over the same period.

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/methodology/geography/ukgeographies

⁹ Comparison data for all figures on this page is Q4 2013 to Q4 2016 of CML data.

Table 6: Mortgage completions, mean property value, first-time buyers and mean borrower income from October 2013 to December 2016, by country/region¹⁰

Country/Region	Completions	Percentage of total completions (%)	Mean property value (£)	Number of first-time buyers	Mean borrower income (£)
England	80,681	79	167,733	64,231	47,529
North East	4,748	5	116,093	3,649	38,323
North West	14,349	14	128,620	11,248	40,227
Yorkshire and The Humber	9,690	10	126,799	7,647	39,205
East Midlands	9,090	9	137,555	7,008	41,143
West Midlands	9,097	9	143,530	7,122	42,457
East	9,640	9	197,102	7,796	52,717
London	4,741	5	314,759	4,331	80,685
South East	12,063	12	222,157	9,780	58,203
South West	7,263	7	176,110	5,650	47,163
Wales	4,701	5	121,054	3,871	37,506
Scotland	13,985	14	124,856	10,770	41,468
Northern Ireland	2,566	3	110,120	2,207	35,962
Other	27	0	162,195	18	49,910
Total	101,960	100	158,248	81,097	45,945

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%.

Local authority breakdown

Map 1 overleaf shows the total value of the associated mortgage loans by local authority area (dark shaded areas denote higher value of loans in a local authority through the Help to Buy: mortgage guarantee scheme from 8 October 2013 to 30 December 2016).

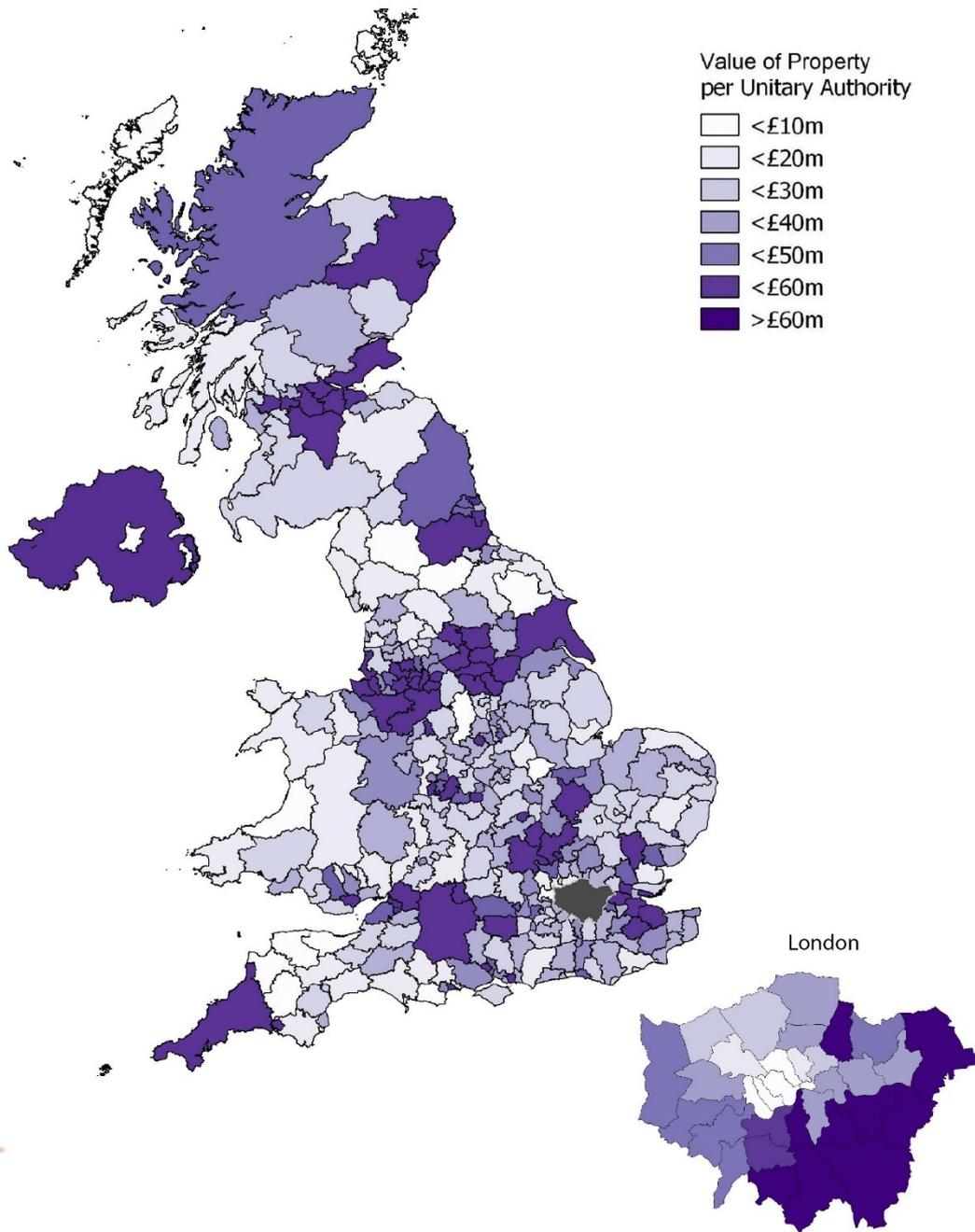
Accompanying tables are available to download alongside this release:

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

Table 8: Mortgage completions supported by Help to Buy: mortgage guarantee, by postcode district, England, Scotland, Wales and Northern Ireland.

Table 9: Mortgage completions supported by the Help to Buy: mortgage guarantee, by constituency, England, Scotland, Wales and Northern Ireland.

Map 1: Location and value of completed mortgages supported by the Help to Buy: mortgage guarantee from October 2013 to December 2016, 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:

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.

Data sources

The publications of this scheme use the official UK House Price Index (UK HPI) which replaces the existing, and previously used, house price indices published by the Office for National Statistics (ONS) and Land Registry for England and Wales.

An explanation of the change in House Price Index by the ONS is published here:

www.ons.gov.uk/economy/inflationandpriceindices/articles/introducingthesingleofficialhousepriceindex/2016-03-30

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:

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:

www.helptobuy.org.uk

www.ownyourhome.gov.uk/scheme/help-to-buy-mortgage-guarantee

Revisions in this release

As part of the scheme audit process, an issue was identified in the reporting of borrower income by some lenders. This reporting has now been corrected. The revised reporting resulted in a small decrease in the mean borrower income across the scheme (of around 4%), and it will be reflected in this and future releases. The eligibility and assessment of loans going into the scheme has not been affected.

Enquiries

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