



# Help to Buy: mortgage guarantee scheme Quarterly Statistics

29 May 2014

Data from 8 October 2013 to 31 March 2014

- In the first 6 months of the Help to Buy: mortgage guarantee 7,313 mortgages were 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 £1 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 £151, 597, compared to a national average house price of £252,000.

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## Date of next publication:

August 2014

# Introduction

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This statistical release presents Official Statistics on the government's Help to Buy: mortgage guarantee scheme. It presents statistics on the number of mortgage completions, types and values of properties, borrower incomes and breakdowns by various geographical areas. It is the first Official Statistics release concerning the Help to Buy: mortgage guarantee scheme and covers the period from its launch on 8 October 2013 to 31 March 2014. Excel tables with all the data set out in this release are available at the following link:

<https://www.gov.uk/government/publications/help-to-buy-mortgage-guarantee-scheme-quarterly-statistics-october-2013-to-march-2014>

The data is provided by UK Asset Resolution (UKAR) who administer the scheme on behalf of the Treasury. In future the release will be published on a quarterly basis, around seven weeks after the end of the quarter to which it relates. The next release is scheduled to be published in August 2014.

The release has been designed to be compatible with the Help to Buy: Equity Loan statistics release produced by the Department for Communities and Local Government (and available at the link below).

<https://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 the link below:

<http://www.cml.org.uk/cml/statistics>

## Help to Buy: mortgage guarantee

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The Help to Buy: mortgage guarantee scheme has been open since 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, and can be used by first time buyers, home movers and for those remortgaging.

In order to qualify for a loan supported by the Help to Buy: mortgage guarantee, there are certain criteria that have to be met, which are set out in the scheme rules.<sup>1</sup> 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 scheme 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

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<sup>1</sup> <https://www.gov.uk/government/publications/help-to-buy-mortgage-guarantee-scheme-rules>

the portion of losses covered by the guarantee. This ensures that the lender retains some risk in every mortgage they originate. Over the life of the scheme the government will make available £12 billion of guarantees, which is sufficient to support up to £130 billion of high loan-to-value (LTV) mortgages.

## 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 purchased or remortgaged. There were 7,313 mortgage completions through the scheme to the end of March, which represents 1.3% of all residential mortgage completions in the UK over the same period.<sup>2</sup> The corresponding value of guarantees was £153 million while the overall value of loans supported by the scheme was £1,048 million. These mortgages were used to finance properties worth £1,109 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 March 2014**

	Completions	Value of Help to Buy Guarantee (£m)	Value of mortgage loans (£m)	Value of properties (£m)
<b>2013</b>				
<b>October</b>	4	0	1	1
<b>November</b>	164	3	21	22
<b>December</b>	818	17	112	119
<b>2014</b>				
<b>January</b>	1,580	33	226	239
<b>February</b>	2,090	45	305	323
<b>March</b>	2,657	55	383	406

## 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 up until the end of March 2014 was £151,597 compared to an average UK house price of £252,000.<sup>3</sup> The median property value is lower at £134,950, reflecting a distribution where most properties are in the lower value bands. Almost half of all mortgage completions through the scheme are on properties worth £125,000 or less, with just over 7% of mortgage

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

<sup>3</sup> Source: <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/march-2014/stb-march-2014.html?format=print>

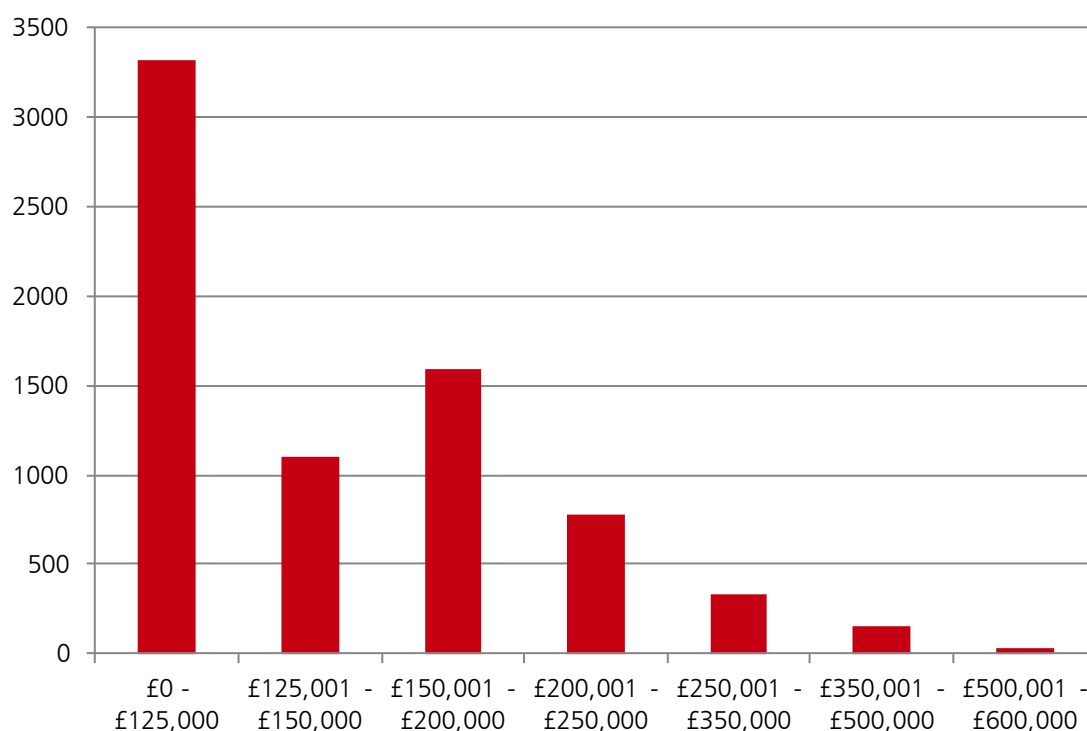
completions being made on properties valued at £250,000 and above. This is a reflection of the fact that most mortgage completions through the scheme have been on properties outside London and the South East, in regions where prices are lower.

**Table 2: Mortgage completions from October 2013 to March 2014, by property value**

Property value	Total completions	Percentage of total completions
£0 – £125,000	3320	45%
£125,001 – £150,000	1102	15%
£150,001 – £200,000	1593	22%
£200,001 – £250,000	773	11%
£250,001 – £350,000	336	5%
£350,001 – £500,000	158	2%
£500,001 – £600,000	31	negligible
<b>All Properties</b>	<b>7313</b>	<b>100%</b>

*NB. Due to rounding, numbers may not add up to 100%. The property value bands match those published by DCLG for the Help to Buy: Equity Loan scheme, to allow comparability between the two schemes.*

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



# Property type

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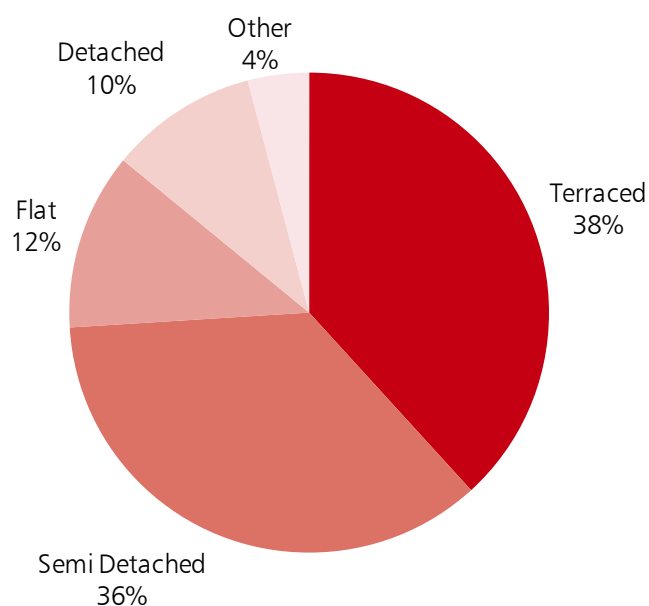
Table 3 and Chart 2 show the number of mortgage completions, broken down by property type.

The majority of mortgage completions through the scheme were on terraced houses, making up 38% of total completions. The next most popular property type financed through the scheme to date was semi detached properties with 36% of total completions, while completions for detached houses and flats were much lower, making up 10% and 12% respectively.

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

Property Types	Total completions	Percentage of total completions
Terraced	2,794	38%
Semi Detached	2,619	36%
Flat	868	12%
Detached	729	10%
Other	303	4%
All Properties	7,313	100%

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



# Borrowers

Table 4 shows the number of mortgage completions through the scheme, broken down by borrowers' household income.<sup>4</sup>

Most households using the scheme had a household income of between £20,001 and £50,000. There are lower levels of take-up for those in higher income brackets, with households with an income over £80,000 making up 10 per cent of all completions.

The median household income for borrowers using the scheme was £42,597 which is in line with the median household income across the market for those buying a house with a mortgage (£42,697).<sup>5</sup> The mean income for borrowers using the Help to Buy: mortgage guarantee was higher than the median at £49,046.

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

Total household income	Total completions	Percentage of total completions
£0 – £20,000	287	4%
£20,001 – £30,000	1,197	16%
£30,001 – £40,000	1,763	24%
£40,001 – £50,000	1,431	20%
£50,001 – £60,000	954	13%
£60,001 – £80,000	951	13%
£80,001 – £100,000	366	5%
Greater than £100,000	364	5%
<b>All</b>	<b>7,313</b>	<b>100%</b>

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 March 2014, by type of borrower**

	Completions (non first time buyer)	Completions (first time buyer)	Total completions
<b>All properties</b>	1,470	5,843	7,313

<sup>4</sup> "Household Income" refers to the total income for all individuals who are party to the mortgage

<sup>5</sup> Source: The Council of Mortgage Lenders data for median total borrower income for house purchases in 2013.

## Country and regional breakdowns

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Table 6 shows the number of mortgage completions through the scheme in each region of the UK, including the devolved administrations (Scotland, Wales and Northern Ireland). It also shows a regional breakdown of mean property values, number of first time buyers and borrower incomes.

Mortgage completions in the devolved administrations (Scotland, Wales and Northern Ireland) account for 19% of the total. In the case of Scotland and Wales, the number of mortgage completions with the support of Help to Buy: mortgage guarantee is proportionally higher than in the UK as whole, when compared to total mortgage completions. 8% of all UK mortgage completions took place in Scotland in the last two quarters, compared to 13% 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.<sup>6</sup> Completions in Northern Ireland made up 1.3% of the total. This is broadly in line with Northern Ireland's share of overall UK mortgage lending; in the last two quarters there were 8,000 mortgage completions in Northern Ireland, compared to almost 486,000 in the UK as a whole.<sup>7</sup>

Help to Buy: mortgage guarantee completions in England are proportionally lower, with 80% of completions compared to an 85% share of overall UK residential mortgage completions.<sup>8</sup> At a regional level a higher proportion of mortgages are supported by the scheme in the East and North West. In the previous two quarters the East and North West made up 4% and 9%, respectively, of total UK mortgage completions, compared to 23% of mortgage completions supported by the scheme.<sup>9</sup>

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 37% in the previous two quarters.<sup>10</sup>

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<sup>6</sup> This is a comparison of the proportion of Help to Buy lending on a country and regional basis to the proportion of total mortgage completions in that country or region. The data comparison is to Q4 2013 and Q1 2014 of CML data.

<sup>7</sup> Source: The Council of Mortgage Lenders data for regulated mortgage lending. <http://www.cml.org.uk/>

<sup>8</sup> This is a comparison of the proportion of Help to Buy lending on a country and regional basis to the proportion of total mortgage completions in that country or region. The data comparison is to Q4 2013 and Q1 2014 of CML data.

<sup>9</sup> This is a comparison of the proportion of Help to Buy lending on a country and regional basis to the proportion of total mortgage completions in that country or region. The data comparison is to Q4 2013 and Q1 2014 of CML data.

<sup>10</sup> This is a comparison of the proportion of Help to Buy lending on a country and regional basis to the proportion of total mortgage completions in that country or region. The data comparison is to Q4 2013 and Q1 2014 of CML data.

**Table 6: Mortgage completions, mean property value, first time buyers and mean borrower income, by region**

Region	Completions	Percentage of total completions	Mean property value (£)	Number of first time buyers	Mean borrower income (£)
<b>Scotland</b>	957	13%	112,483	763	41,066
<b>Wales</b>	369	5%	114,983	309	39,104
<b>Northern Ireland</b>	97	1%	100,097	82	36,747
<b>England</b>	5,890	81%	161,094	4,689	51,167
South East	1,011	14%	206,731	777	61,025
London	385	5%	288,390	342	80,395
North West	1,027	14%	125,953	823	43,345
South West	599	8%	163,608	491	50,210
Yorkshire and Humber	694	9%	122,162	545	44,113
West Midlands	578	8%	137,138	457	45,640
East Midlands	638	9%	129,949	505	43,569
North East	308	4%	118,060	254	43,832
East	650	9%	181,749	495	55,146
Total	7,313	100%	151,597	5,843	49,046

*NB: 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%.*

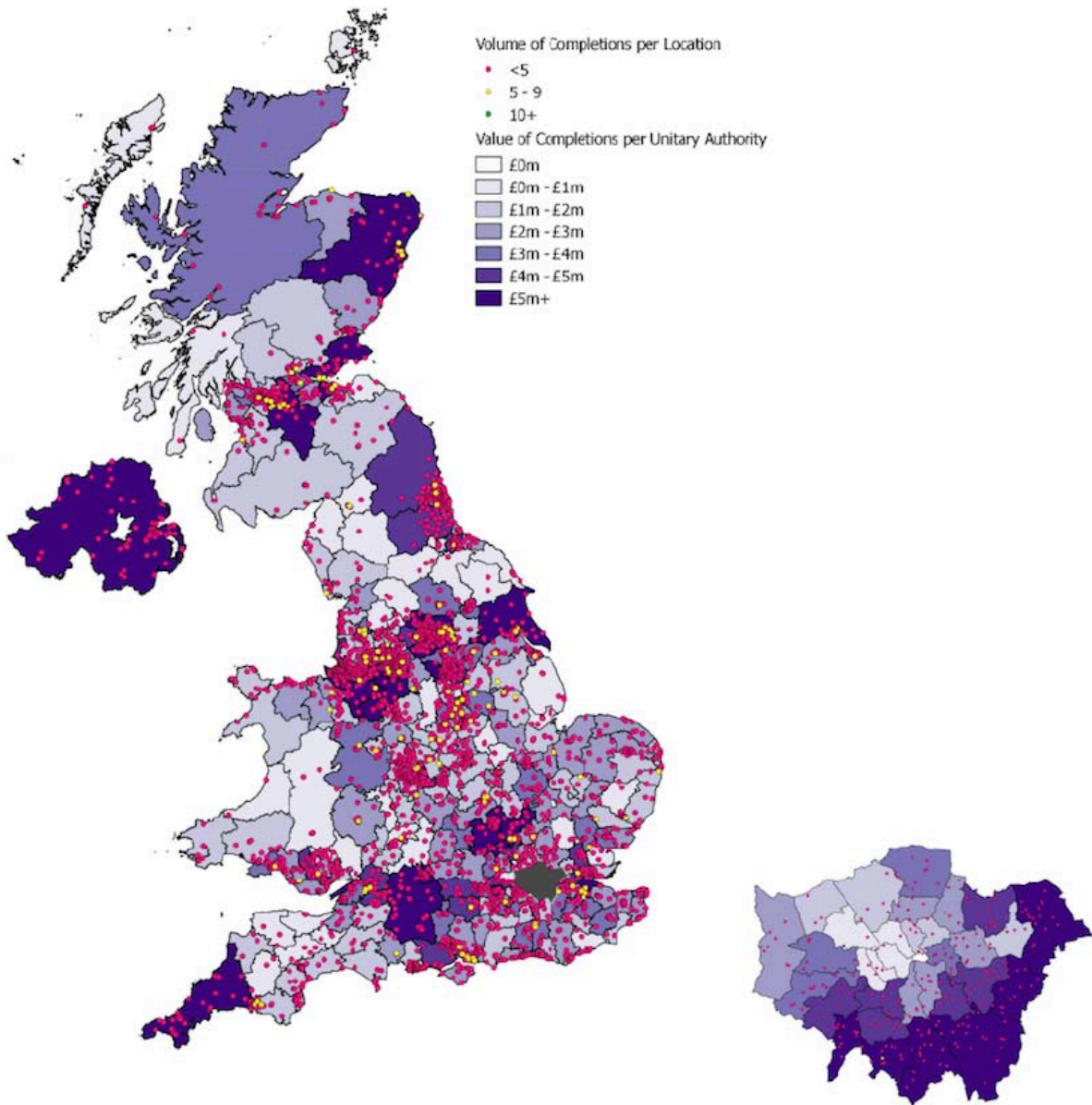
## Local authority breakdown

Map 1 below shows the location of mortgage completions (shown by dots) through the Help to Buy: mortgage guarantee scheme from 8 October 2013 to 31 March 2014. It also displays the total value of mortgage loans provided with the support of the scheme 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.



**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

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## Data collection

Data is extracted from the UK Asset Resolution's (UKAR) Investment Management System. This contains information provided by Help to Buy Lenders in accordance with monitoring and reporting requirements under the scheme. UK Asset Resolution administer the scheme on behalf of HM Treasury.

## Data quality

Data from UKAR undergoes quality testing. The company that produces the data for UKAR (Euristix) creates test data to use for developing the various reports prior to finalising with the Treasury and UKAR. This data is used to validate the SAS coding and excel logic which produces all of the outputs. Prior to Euristix receiving the lender data, the UKAR SAS Management Information team run data quality checks to ensure accordance with the data dictionary rules. When producing the final reports each month, one person produces the reports and another person provides an independent review of the output. UKAR then provide further independent review and any queries are referred back to Euristix. Euristix have developed additional reporting to validate and cross-reference the data provided by the lenders. Unexpected cases are manually reviewed and if appropriate flagged immediately to UKAR. The data has also been quality assured by HM Treasury officials.

## Audit and Financial Reporting

The scheme provides 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 UKAR to seek reasonable assurance as to the lender's compliance with the scheme rules. In addition to these regular audits, UKAR will also have the power to spot-check a sample of loans any lender has submitted into the scheme against the loan level eligibility criteria and scheme rules at any time.

Financial information relating to Help to Buy: mortgage guarantee will be included in the HM Treasury resource accounts 2013-14 publication as well as the accounts for the Help to Buy: mortgage guarantee scheme.

The Financial Policy Committee (FPC) of the Bank of England use audit data and other data collected by UKAR in their assessment of the impact of the scheme. As part of the monitoring of the scheme, the FPC will review the scheme in September 2014. This data will be used to inform that review.

## 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](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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191041/statistics_user_engagement.pdf)

### **Further information**

There are currently eleven lenders offering mortgages with the support of the Help to Buy: mortgage guarantee scheme. Details of the lenders and 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/>

This release does not cover statistics regarding the Help to Buy: Equity Loan scheme, or the NewBuy Guarantee scheme, both of which are covered in a separate Official Statistics release published by the Department for Communities and Local Government at the link below:

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

Policy information on the Help to Buy: Equity Loan scheme can be found at:

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

Policy information on the NewBuy Guarantee scheme can be found at:

<https://www.gov.uk/affordable-home-ownership-schemes/newbuy>

# Enquiries

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