



## Help to Buy: mortgage guarantee scheme Quarterly Statistics

9 December 2015

Data from 8 October 2013 to 30 September 2015

### Key points:

- Since the launch of the Help to Buy: mortgage guarantee 65,920 mortgages have been 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 £9.7 billion.
- Compared to total mortgage completions in each region, the scheme is supporting a higher proportion of mortgages in the North West and Scotland, and a lower proportion in London.
- The mean value of a property purchased or remortgaged through the scheme was £155,573, compared to a national average house price of £286,000.

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### Date of next publication:

10 March 2016

# Introduction

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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](http://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](http://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](http://www.cml.org.uk/cml/statistics)

## Help to Buy: mortgage guarantee

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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.<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. Since 1 October 2014, no new loans with a loan-to-income ratio of 4.5 and above can 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 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.

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<sup>1</sup> [www.gov.uk/government/publications/help-to-buy-mortgage-guarantee-scheme-rules](http://www.gov.uk/government/publications/help-to-buy-mortgage-guarantee-scheme-rules)

## Monthly figures

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Table 1 overleaf 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 65,920 mortgage completions through the scheme to the end of September, which represents 3% of all residential mortgage completions in the UK over the same period.<sup>2</sup> The corresponding value of the guarantees was £1.4 billion while the overall value of loans supported by the scheme was £9.7 billion. These mortgages were used to finance properties worth £10.3 billion in total. No claims on the government guarantee have yet been made.

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

**Table 1: Number of mortgage completions and value of guarantees, loans and properties from October 2013 to September 2015<sup>3</sup>**

	Completions	Value of Help to Buy Guarantee (£m)	Value of mortgage loans (£m)	Value of properties (£m)
<b>2013</b>				
October	4	0	1	1
November	158	3	20	21
December	810	17	111	117
<b>2014</b>				
January	1,565	33	224	236
February	2,081	45	304	321
March	2,639	55	382	404
April	3,310	69	477	506
May	4,022	84	584	619
June	3,866	82	566	600
July	4,370	95	660	699
August	3,892	85	587	622
September	3,414	74	514	546
October	3,818	80	561	596
November	3,143	64	459	489
December	2,839	59	423	451
<b>2015</b>				
January	2,266	47	331	352
February	2,095	43	304	324
March	2,477	50	350	371
April	2,977	61	427	453
May	3,198	66	458	486
June	3,387	74	508	538
July	3,552	80	525	551
August	3,111	71	468	491
September	2,926	64	434	459
<b>Total to end September</b>	<b>65,920</b>	<b>1,401</b>	<b>9,680</b>	<b>10,255</b>

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

# Property value

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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 to the end of September 2015 was £155,573, compared to an average UK house price of £286,000.<sup>4</sup> The median property value was lower at £138,000, reflecting a 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. 8% 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, in regions where prices are lower.

**Table 2: Mortgage completions from October 2013 to September 2015, by property value<sup>5</sup>**

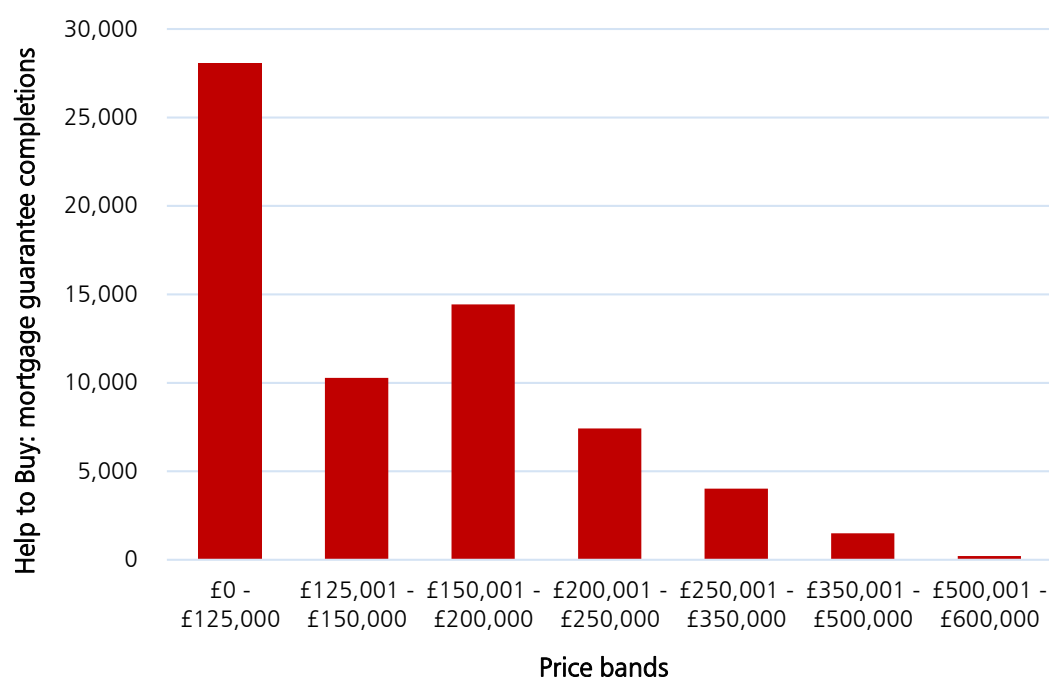
Price band	Total completions	Percentage of total completions (%)
£0 – £125,000	28,046	43
£125,001 – £150,000	10,282	16
£150,001 – £200,000	14,431	22
£200,001 – £250,000	7,422	11
£250,001 – £350,000	4,024	6
£350,001 – £500,000	1,502	2
£500,001 – £600,000	213	negligible
<b>All properties</b>	<b>65,920</b>	<b>100</b>

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<sup>4</sup> Source: <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/september-2015/rft-annual-september-2015.xls>

<sup>5</sup> 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 September 2015**



## Property type

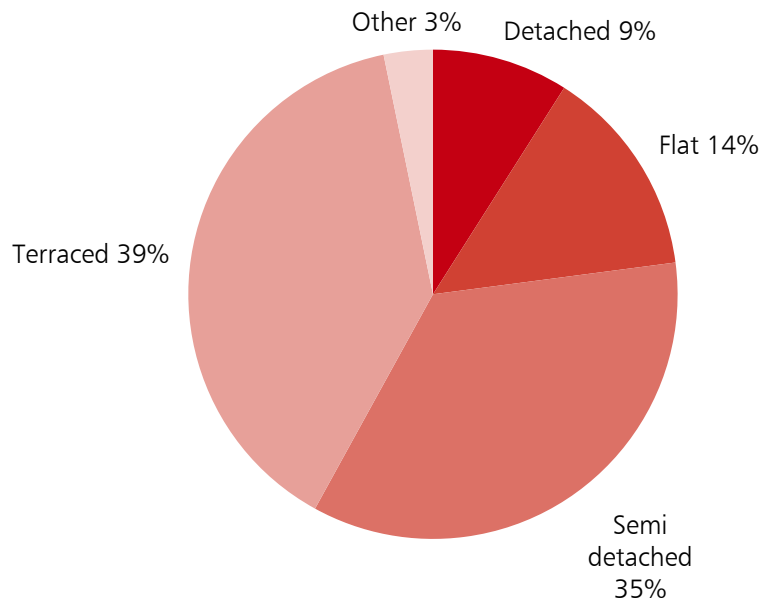
Table 3 and Chart 2 show the number of mortgage completions broken down by property type.

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 detached houses and flats were much lower, making up 9% and 14% respectively.

**Table 3: Mortgage completions from October 2013 to September 2015, by property type**

Property types	Total completions	Percentage of total completions (%)
Terraced	25,548	39
Semi-detached	23,124	35
Flat	9,171	14
Detached	5,941	9
Other	2,136	3
All properties	65,920	100

**Chart 2: Completions by property type from October 2013 to September 2015**



## Borrowers

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

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 £40,271 which is slightly lower than the median household income across the market for those buying a house with a mortgage over the same period (£44,778).<sup>7</sup> The mean income for borrowers using the Help to Buy: mortgage guarantee was £45,288.

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

<sup>7</sup> Source: The Council of Mortgage Lenders data for median total borrower income for house purchases from Q4 2013 to Q2 2015

**Table 4: Mortgage completions from October 2013 to September 2015, by total applicant household income**

Total household income	Total completions	Percentage of total completions (%)
£0 – £20,000	2,466	4
£20,001 – £30,000	12,189	18
£30,001 – £40,000	17,912	27
£40,001 – £50,000	13,551	21
£50,001 – £60,000	8,278	13
£60,001 – £80,000	7,283	11
£80,001 – £100,000	2,448	4
Greater than £100,000	1,793	3
<b>All</b>	<b>65,920</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 79% 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 September 2015, by type of borrower**

	Completions (non first time buyer)	Completions (first time buyer)	Total completions
<b>All properties</b>	14,055	51,865	65,920

## Country and regional breakdowns

Table 6 shows the regional distribution of the number of mortgage completions through the scheme in each region of England<sup>8</sup> 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. Since the launch of the scheme, 9% of all UK mortgage completions have taken place in Scotland, 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.<sup>9</sup>

<sup>8</sup> 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](http://www.ons.gov.uk/guide-method/geography/ons-geography/index.html)

<sup>9</sup> Comparison data for all figures on this page is Q4 2013 to Q3 2015 of CML data. Source: The Council of Mortgage Lenders data for regulated mortgage lending. [www.cml.org.uk](http://www.cml.org.uk)



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

Help to Buy: mortgage guarantee completions in England are proportionally lower, with 81% 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 and North West. Since the launch of the scheme 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 18% of all completions supported by the scheme. This is below the proportion of UK mortgage completions in these regions, which was 36% over the same period.

**Table 6: Mortgage completions, mean property value, first time buyers and mean borrower income, by region<sup>10</sup>**

Region	Completions	Percentage of total completions (%)	Mean property value (£)	Number of first time buyers	Mean borrower income (£)
Scotland	8,083	12%	122,048	6,173	40,542
Wales	3,040	5%	118,148	2,511	36,897
Northern Ireland	1,441	2%	105,164	1,218	34,885
<b>England</b>	<b>53,340</b>	<b>81%</b>	<b>164,149</b>	<b>41,952</b>	<b>46,767</b>
<b>South East</b>	8,408	13%	213,369	6,695	56,473
<b>London</b>	3,243	5%	294,297	2,935	75,845
<b>North West</b>	9,186	14%	126,869	7,200	39,873
<b>South West</b>	4,908	7%	171,898	3,742	46,245
<b>Yorkshire and Humber</b>	6,130	9%	125,172	4,788	38,765
<b>West Midlands</b>	5,863	9%	141,493	4,526	42,121
<b>East Midlands</b>	5,909	9%	134,987	4,499	40,735
<b>North East</b>	3,122	5%	115,087	2,380	38,187
<b>East</b>	6,571	10%	189,375	5,187	51,130
<b>Other</b>	16	0%	152,289	11	43,815
<b>Total</b>	<b>65,920</b>	<b>100%</b>	<b>155,573</b>	<b>51,865</b>	<b>45,288</b>

<sup>10</sup> 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

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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 September 2015. 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).

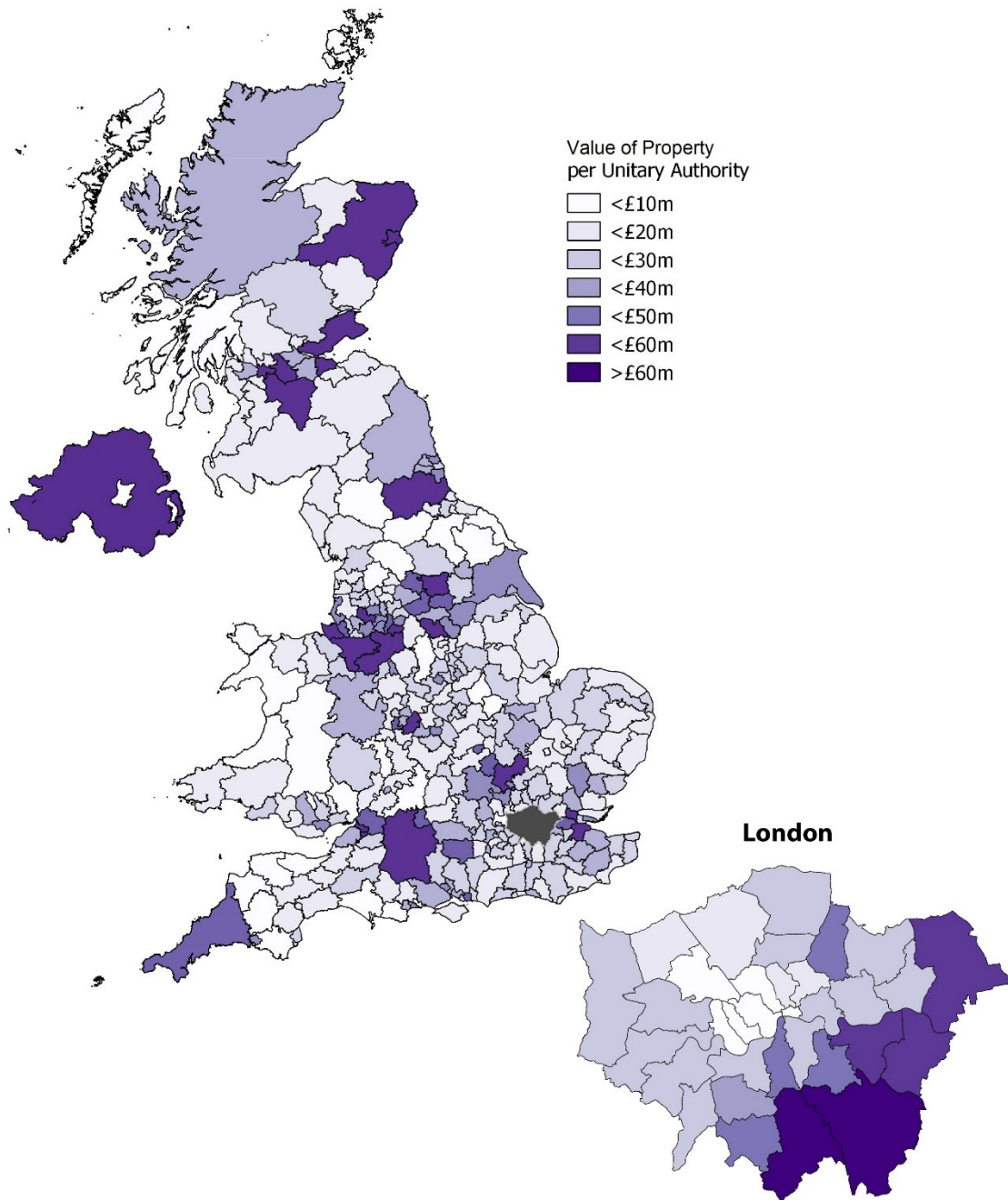
Accompanying tables are available to download alongside this release:

Table 7: Mortgage completions and value of loans and properties supported by Help to Buy: mortgage guarantee completions, 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 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

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](http://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:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/191041/statistics\\_user\\_engagement.pdf](http://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.gov.uk/affordable-home-ownership-schemes/help-to-buy-mortgage-guarantees](http://www.gov.uk/affordable-home-ownership-schemes/help-to-buy-mortgage-guarantees)

[www.helptobuy.org.uk](http://www.helptobuy.org.uk)

### **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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