



## Help to Buy: mortgage guarantee scheme Quarterly Statistics

9 September 2015

Data from 8 October 2013 to 30 June 2015

### Key points:

- Since the launch of the Help to Buy: mortgage guarantee 56,401 mortgages have been completed with the support of the scheme.
- Of these, 78% were purchases by first time buyers.
- The total value of mortgages supported by the scheme is £8.3 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.
- The mean value of a property purchased or remortgaged through the scheme was £155,434, compared to a national average house price of £277,000.

Introduction	2
Help to Buy: mortgage guarantee	2
Monthly figures	3
Property value	5
Property type	6
Borrowers	7
Country and regional breakdown	8
Local authority breakdown	10
Background notes	11
Revisions	12
Enquiries	12

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### Date of next publication:

December 2015

# 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 56,401 mortgage completions through the scheme to the end of June, 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 £1.2 billion while the overall value of loans supported by the scheme was £8.3 billion. These mortgages were used to finance properties worth £8.8 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)

# Monthly figures

Table 1: Number of mortgage completions and value of guarantees, loans and properties from October 2013 to June 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	161	3	21	22
December	817	17	112	118
<b>2014</b>				
January	1,577	33	226	238
February	2,089	45	306	323
March	2,646	56	383	406
April	3,320	69	478	507
May	4,028	84	585	620
June	3,871	82	567	601
July	4,377	95	661	700
August	3,893	85	587	622
September	3,417	74	515	546
October	3,820	80	561	597
November	3,148	64	460	490
December	2,846	60	425	452
<b>2015</b>				
January	2,267	47	331	352
February	2,096	43	304	324
March	2,478	51	350	371
April	2,976	61	427	453
May	3,195	66	458	485
June	3,375	73	507	537
<b>Total to end June</b>	<b>56,401</b>	<b>1,188</b>	<b>8,264</b>	<b>8,767</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 June 2015 was £155,434, compared to an average UK house price of £277,000.<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 June 2015, by property value<sup>5</sup>**

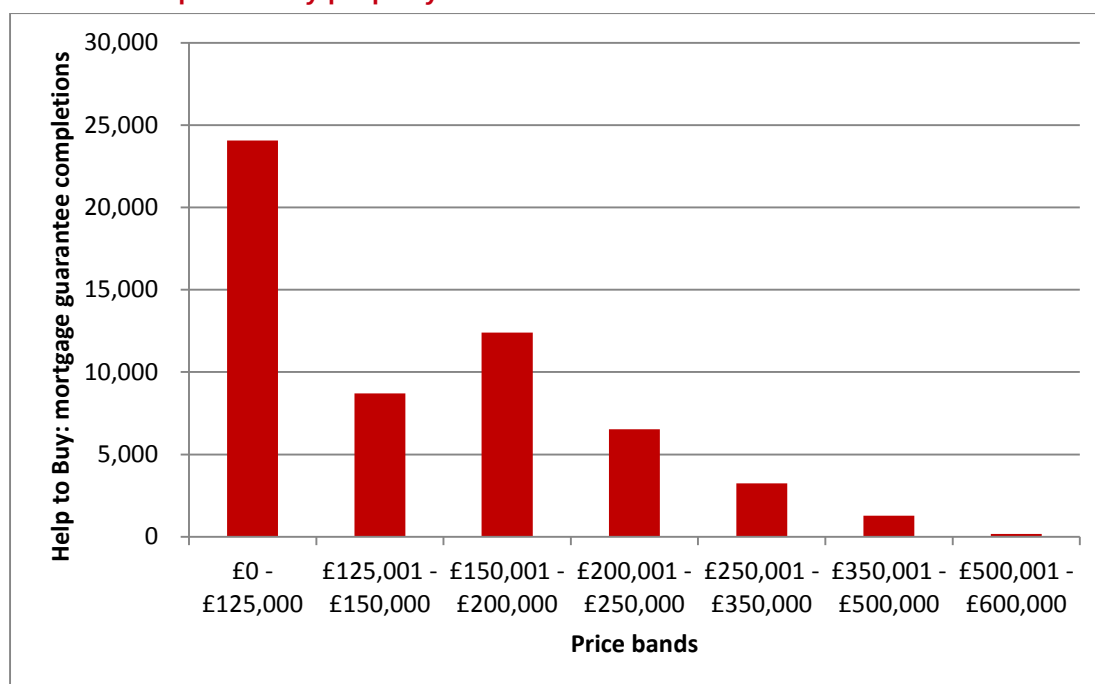
Price band	Total completions	Percentage of total completions (%)
£0 – £125,000	24,064	43
£125,001 – £150,000	8,702	15
£150,001 – £200,000	12,393	22
£200,001 – £250,000	6,532	12
£250,001 – £350,000	3,249	6
£350,001 – £500,000	1,282	2
£500,001 – £600,000	179	negligible
<b>All properties</b>	<b>56,401</b>	<b>100</b>

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



## Property type

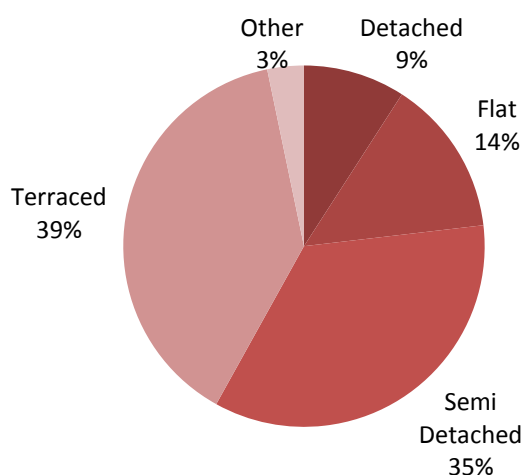
Table 3 and Chart 2 show the number of mortgage completions broken down by property type.

The largest proportion 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 June 2015, by property type**

Property types	Total completions	Percentage of total completions (%)
Terraced	21,804	39
Semi-detached	19,692	35
Flat	7,920	14
Detached	5,142	9
Other	1,843	3
All properties	56,401	100

**Chart 2: Completions by property type from October 2013 to June 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 £40,279 which is slightly lower than the median household income across the market for those buying a house with a mortgage over the same period (£44,423).<sup>7</sup> The mean income for borrowers using the Help to Buy: mortgage guarantee was £45,292.

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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 June 2015, by total applicant household income**

Total household income	Total completions	Percentage of total completions (%)
£0 – £20,000	2,106	4
£20,001 – £30,000	10,365	18
£30,001 – £40,000	15,383	27
£40,001 – £50,000	11,622	21
£50,001 – £60,000	7,078	13
£60,001 – £80,000	6,240	11
£80,001 – £100,000	2,066	4
Greater than £100,000	1,541	3
<b>All</b>	<b>56,401</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 78% 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 June 2015, by type of borrower**

	Completions (non first time buyer)	Completions (first time buyer)	Total completions
<b>All properties</b>	12,268	44,133	56,401

## 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 Q2 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 86% 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	6,817	12%	121,638	5,189	40,640
Wales	2,626	5%	117,585	2,162	36,741
Northern Ireland	1,165	2%	103,793	978	34,580
<b>England</b>	<b>45,782</b>	<b>81%</b>	<b>163,947</b>	<b>35,798</b>	<b>46,747</b>
<b>South East</b>	7,326	13%	212,152	5,772	56,253
<b>London</b>	2,877	5%	290,590	2,603	75,035
<b>North West</b>	7,776	14%	126,805	6,036	39,944
<b>South West</b>	4,242	8%	171,490	3,223	46,099
<b>Yorkshire and Humber</b>	5,189	9%	125,109	4,038	38,777
<b>West Midlands</b>	4,964	9%	140,761	3,811	42,069
<b>East Midlands</b>	5,025	9%	134,526	3,820	40,666
<b>North East</b>	2,666	5%	115,210	2,014	38,294
<b>East</b>	5,717	10%	187,335	4,481	50,645
<b>Other</b>	11	0%	172,157	6	48,598
<b>Total</b>	<b>56,401</b>	<b>100%</b>	<b>155,434</b>	<b>44,133</b>	<b>45,292</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 June 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).

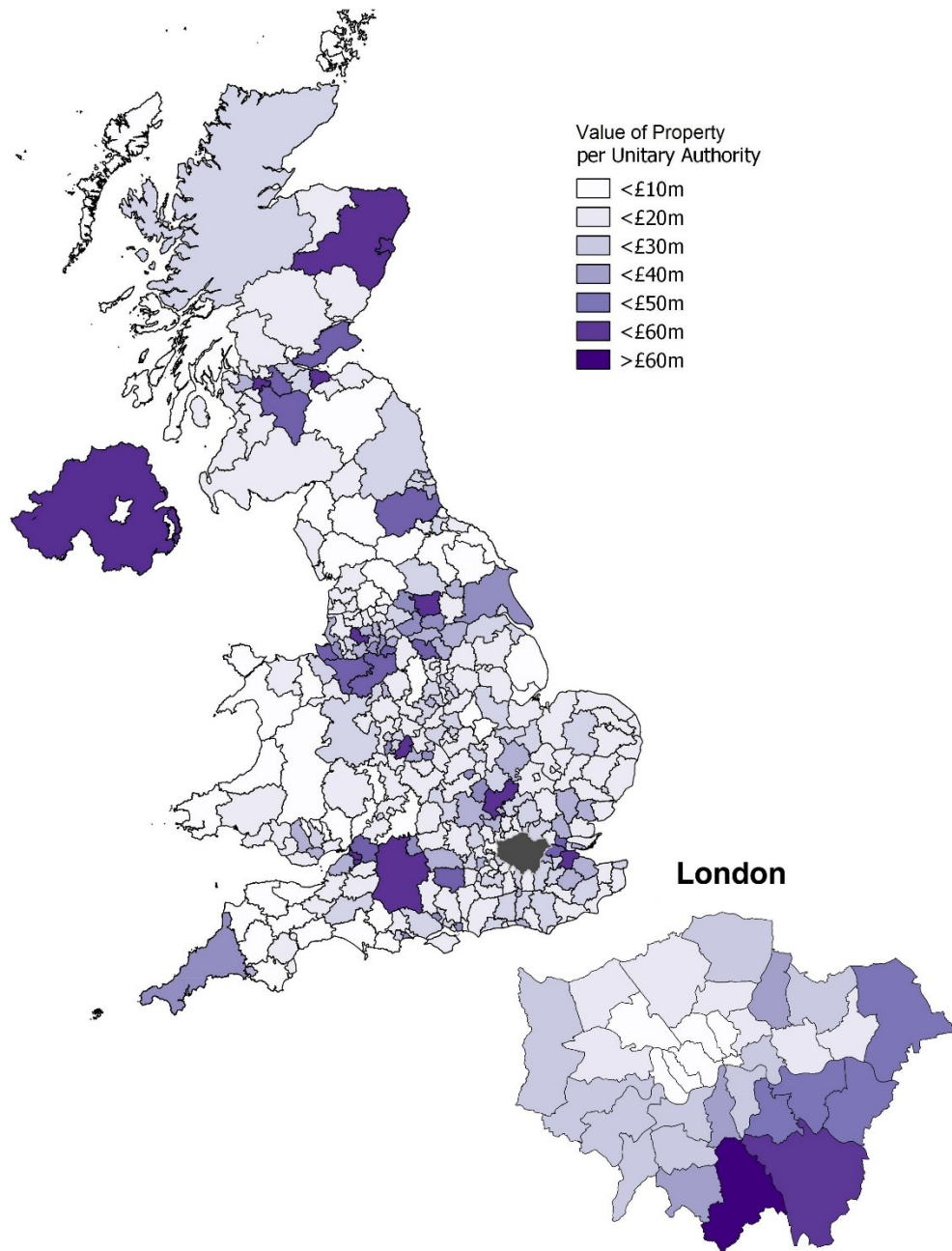
Accompanying tables are available to download alongside this release:

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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