

# Property, people and positives

British Mortgage and Protection Senate  
6 September 2018

**1**

## **Housing market drivers for mortgages**

- Unfolding of housing cycle
- Housing drivers of new mortgage business
- Snapshot of the case for BTL investing

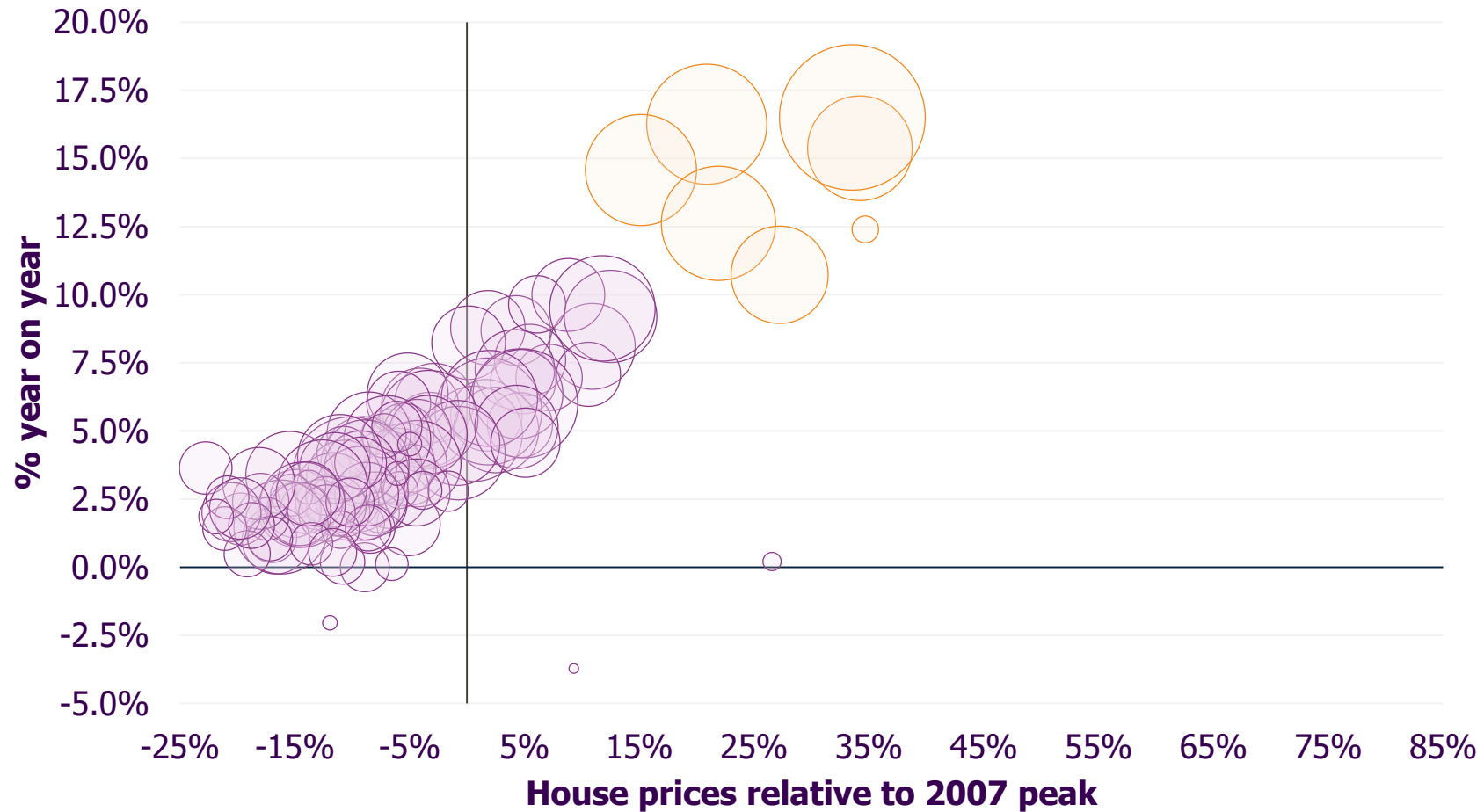
**2**

## **Unlocking the mortgage customer journey**

- Changing demographics
- Streamlining the mortgage journey using data

# Housing market drivers for mortgages

# 2014 – the early stages of the cycle



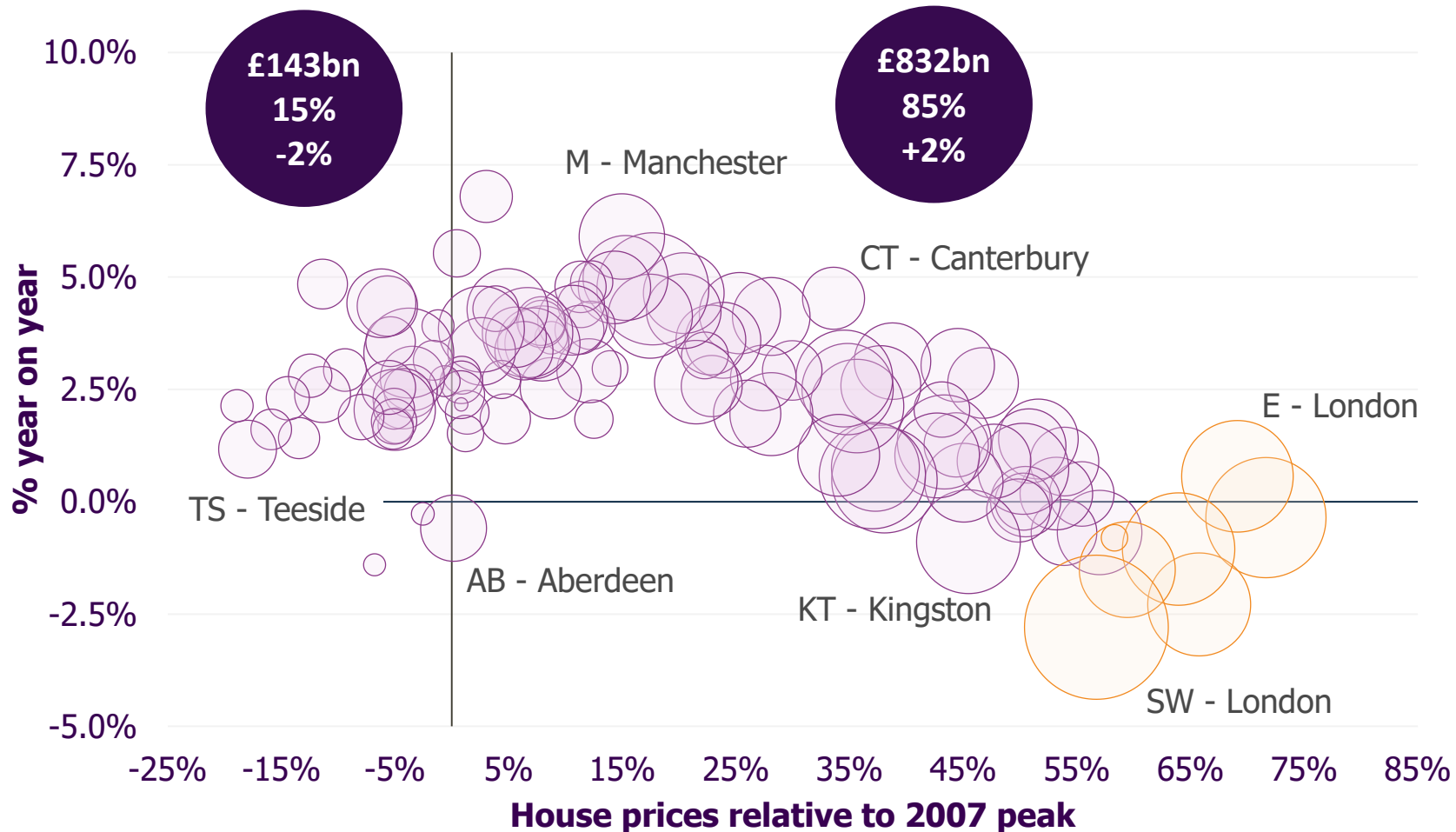
Source: Hometrack house price indices, outstanding mortgage balances 2016Q4 ex N Ireland

# House price growth develops further by 2017



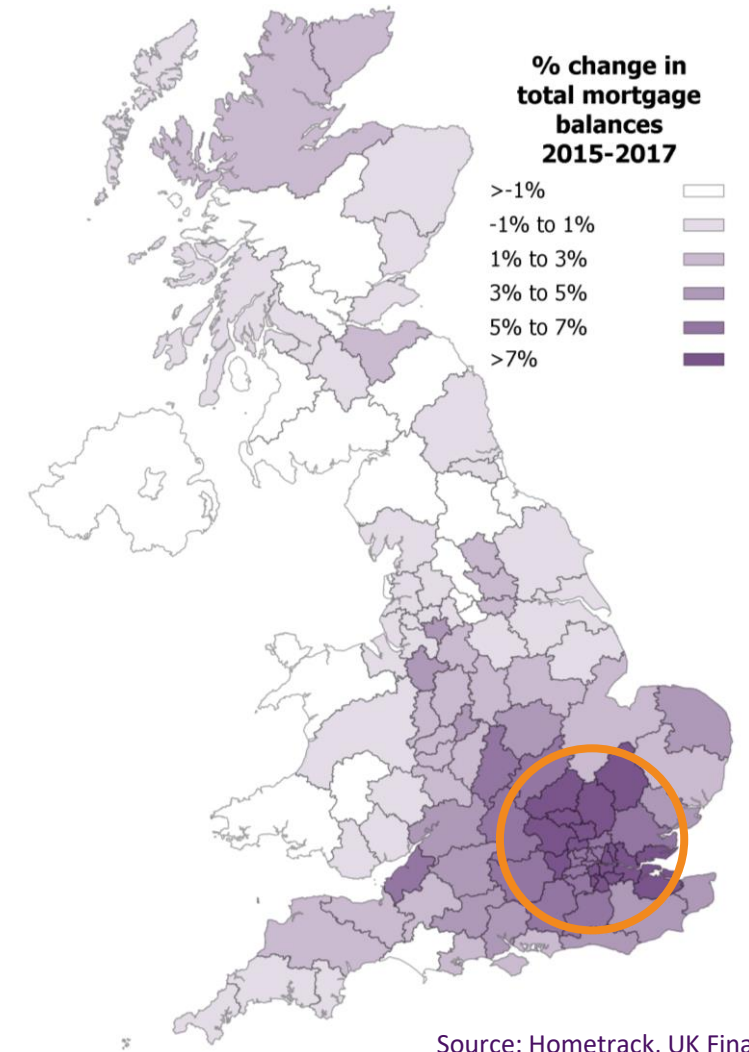
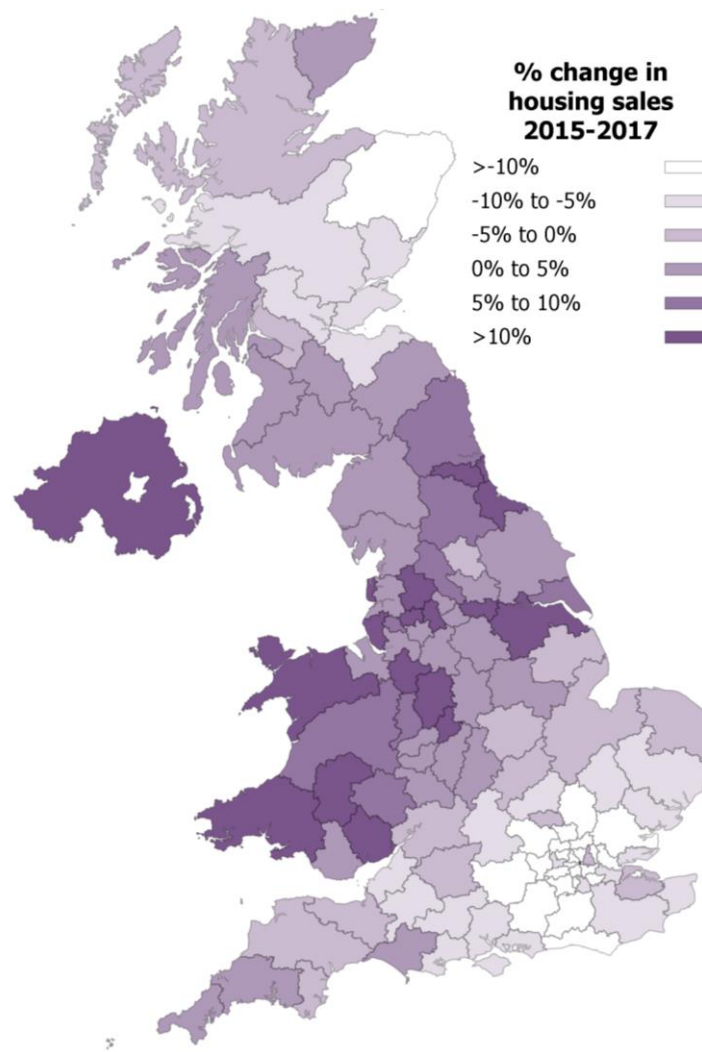
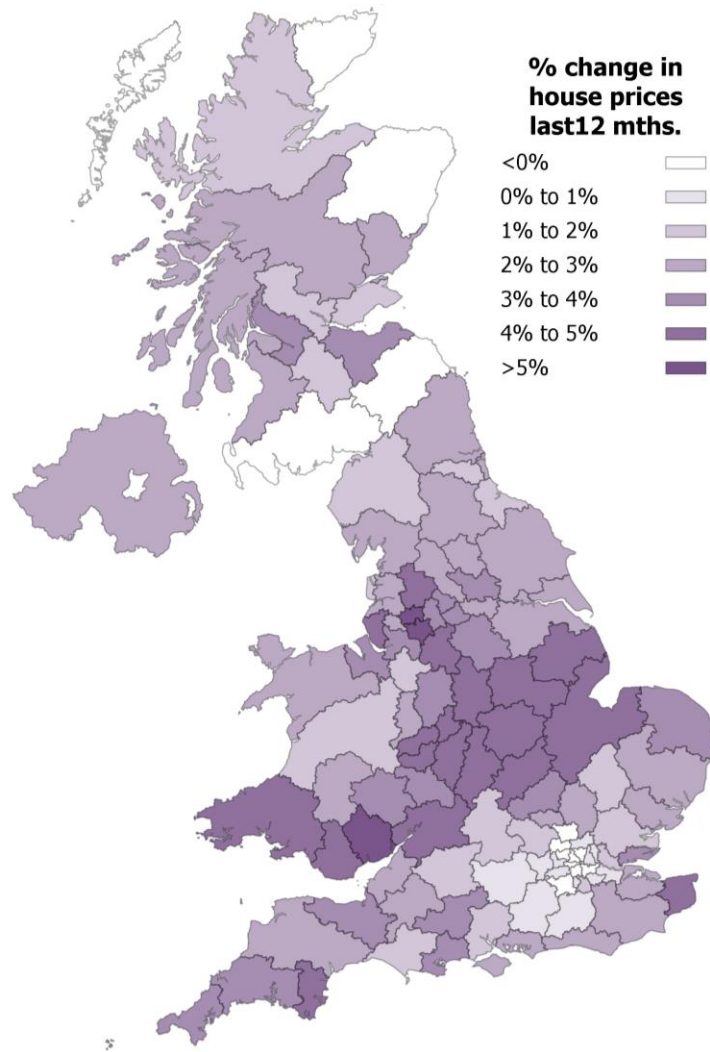
Source: Hometrack house price indices, outstanding mortgage balances 2017Q2 ex N Ireland

# ... London and inner south east register nominal price falls



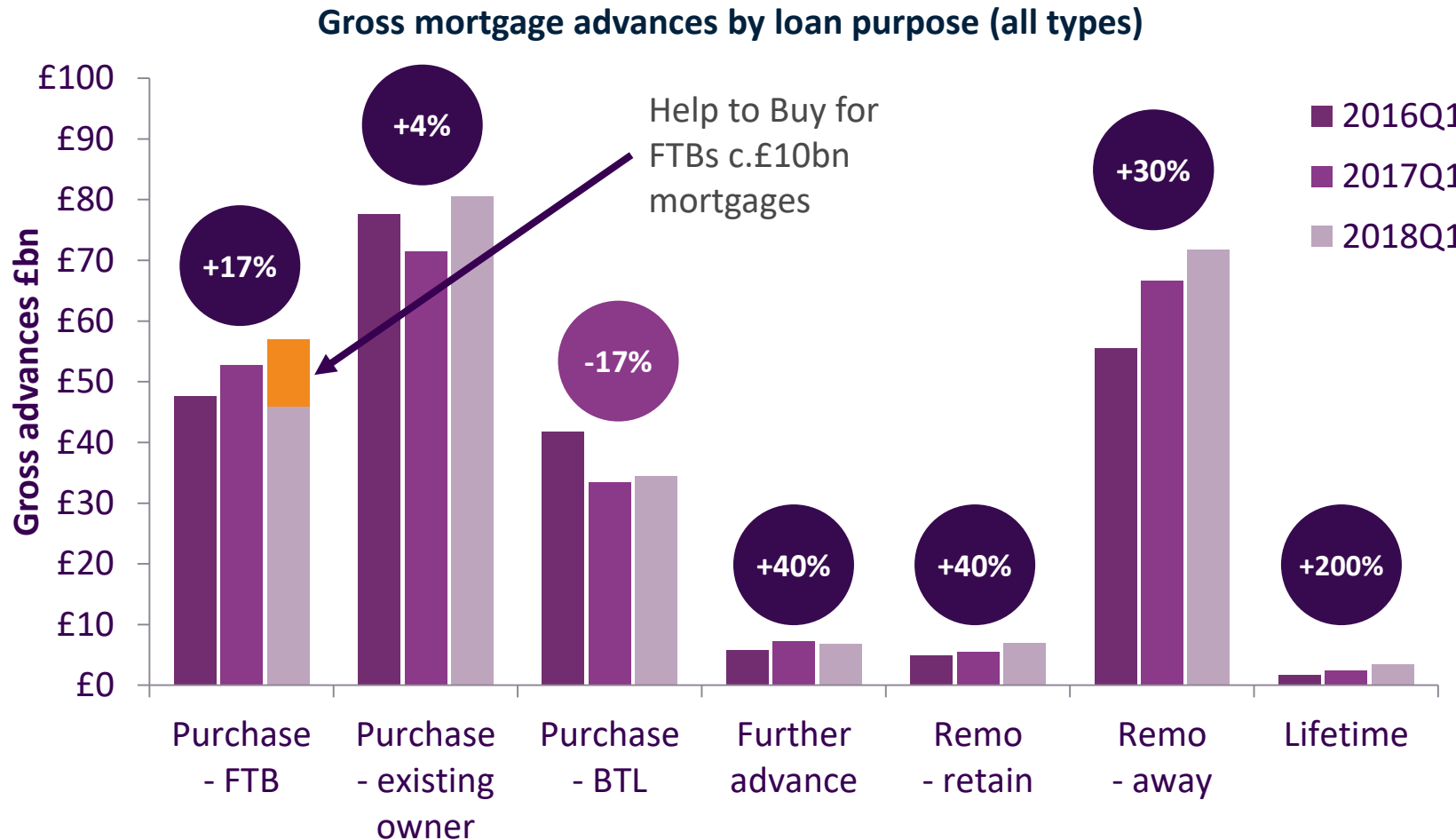
Source: Hometrack house price indices, outstanding mortgage balances 2017Q4 ex N Ireland

# Drop in sales in SE England but mortgage balances growing



Source: Hometrack, UK Finance

# Drivers of mortgage growth since 2016 and into 2019?



## 2019 growth areas

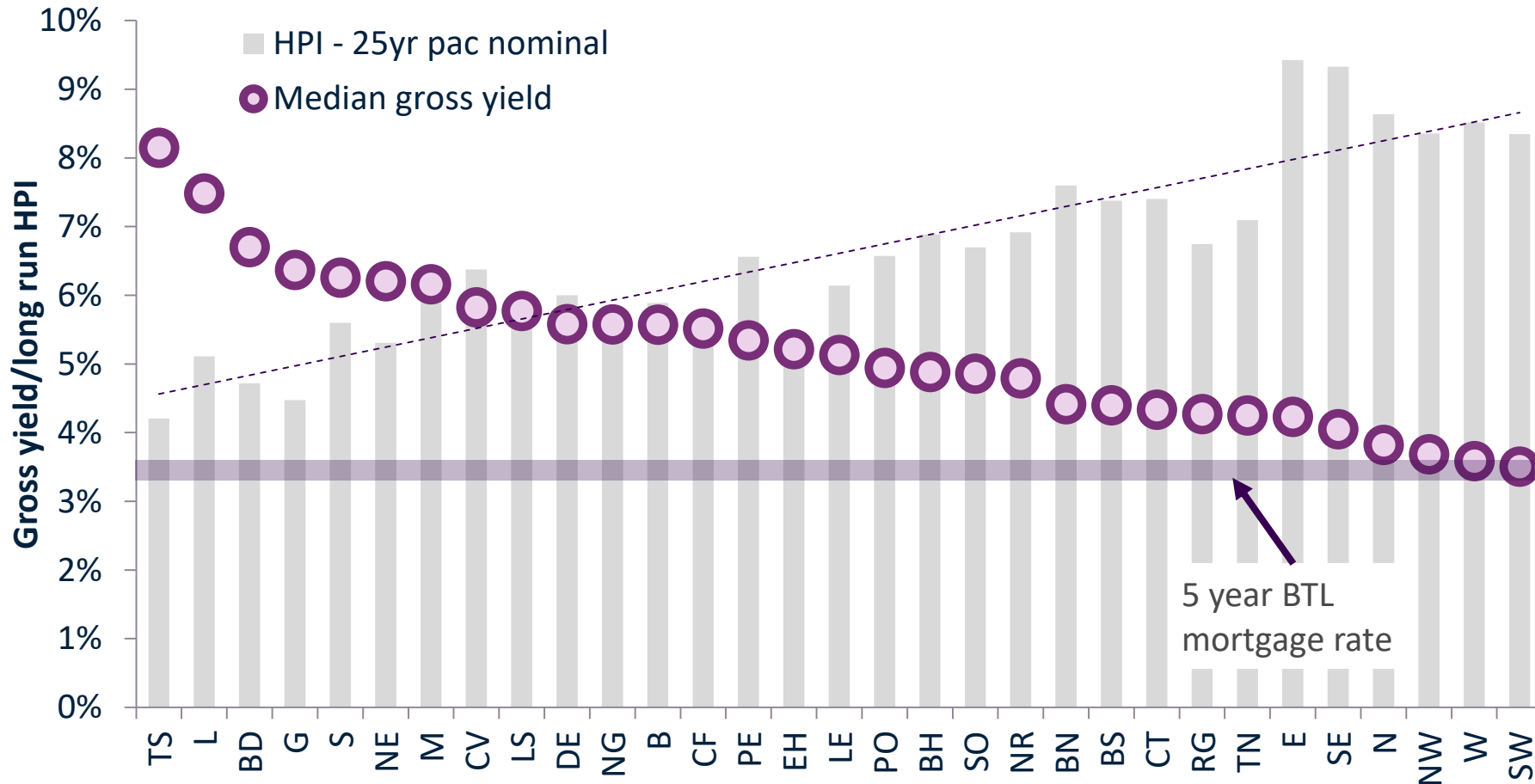
- FTB purchases
- BTL re-mortgage
- Retention
- Lifetime

## Future of Help to Buy in 2021?

Source: MLAR 2017Q1; Hometrack calculations using BoE BankStats



# Landlord/investor metrics 'snapshot' for largest rental markets

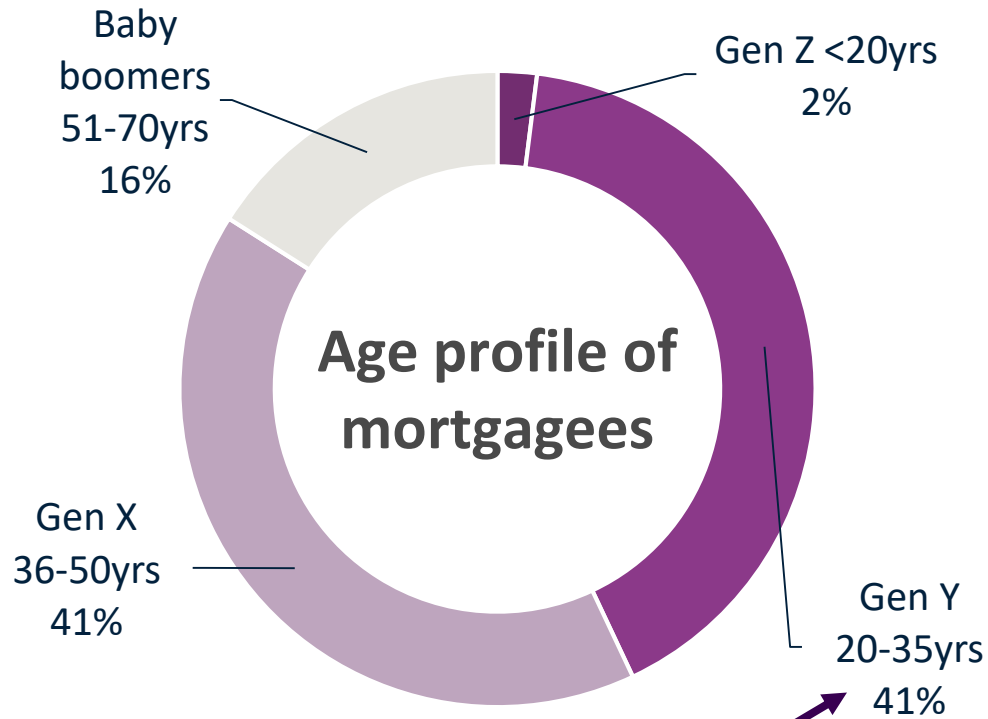


- Lowest yielding areas face re-pricing of housing
- High yield markets attractive but low HPI
- Investors re-assessing assumptions and expectations from BTL
- Underlying cashflow in BTL market resilient to rental falls in event of adverse BREXIT

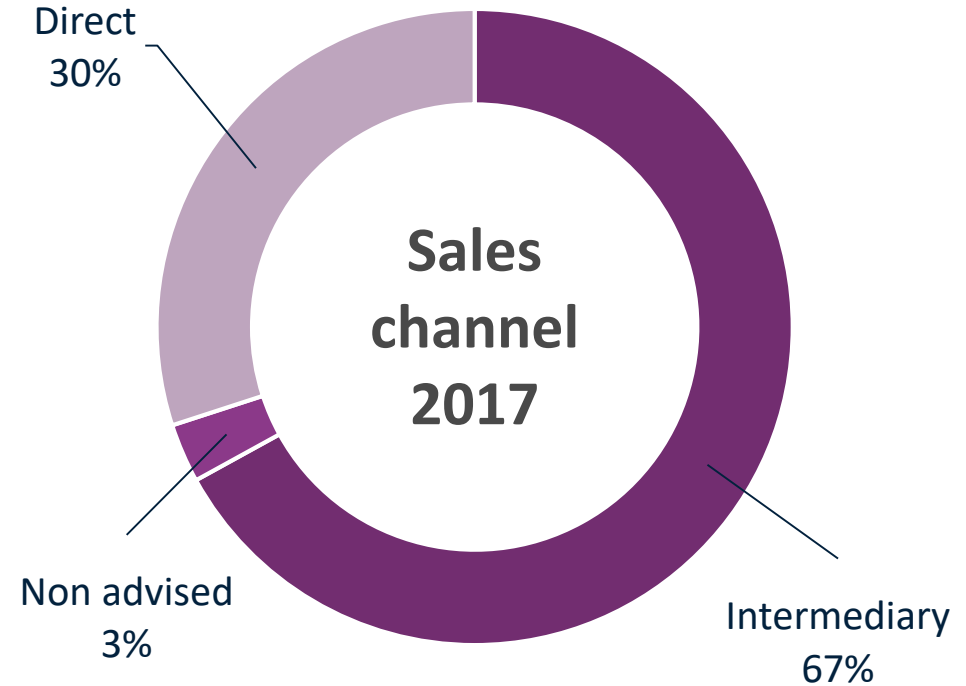
Source: Hometrack

# Data and the customer journey

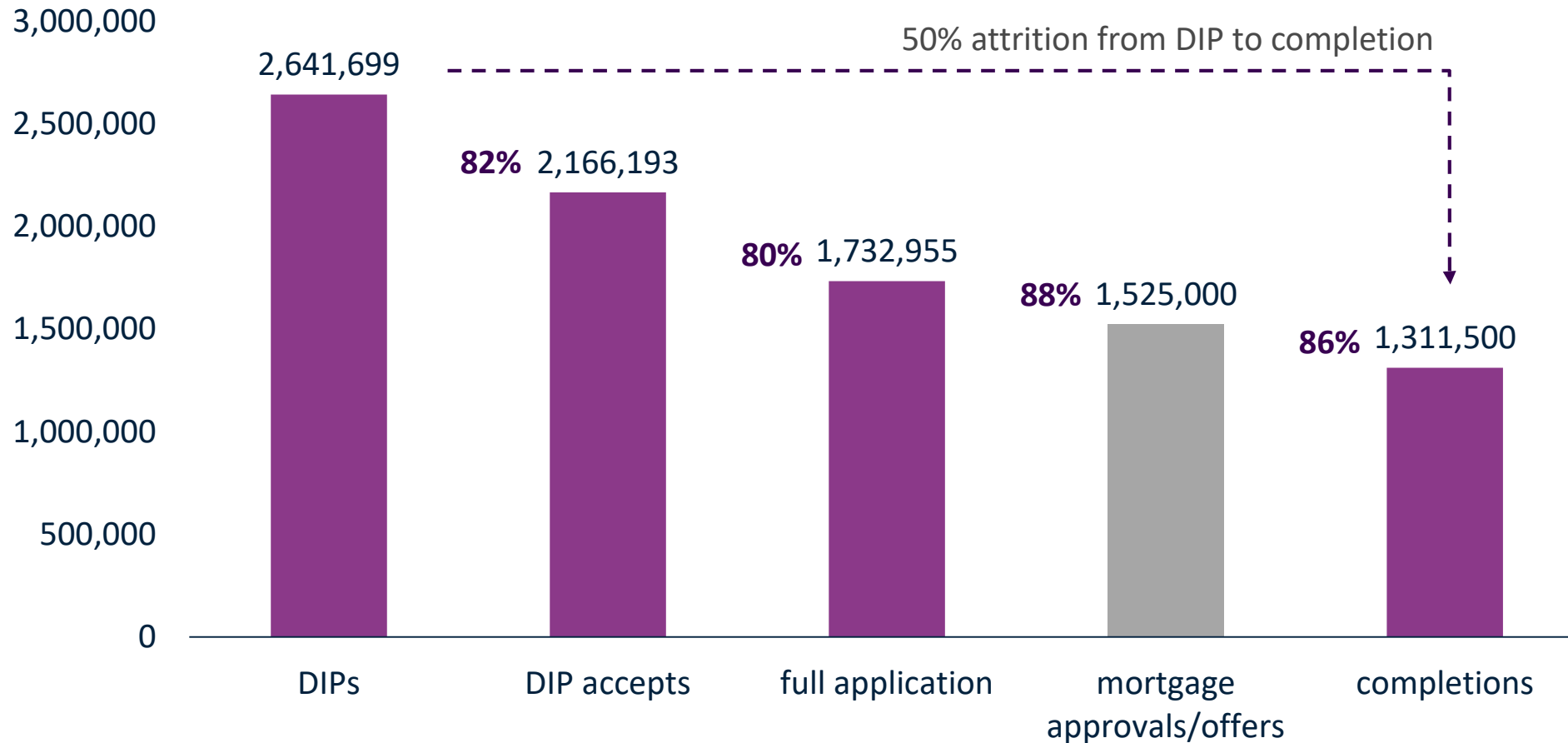
# Digital and demographics to widen sales channels



40% would consider banking with Amazon or Google

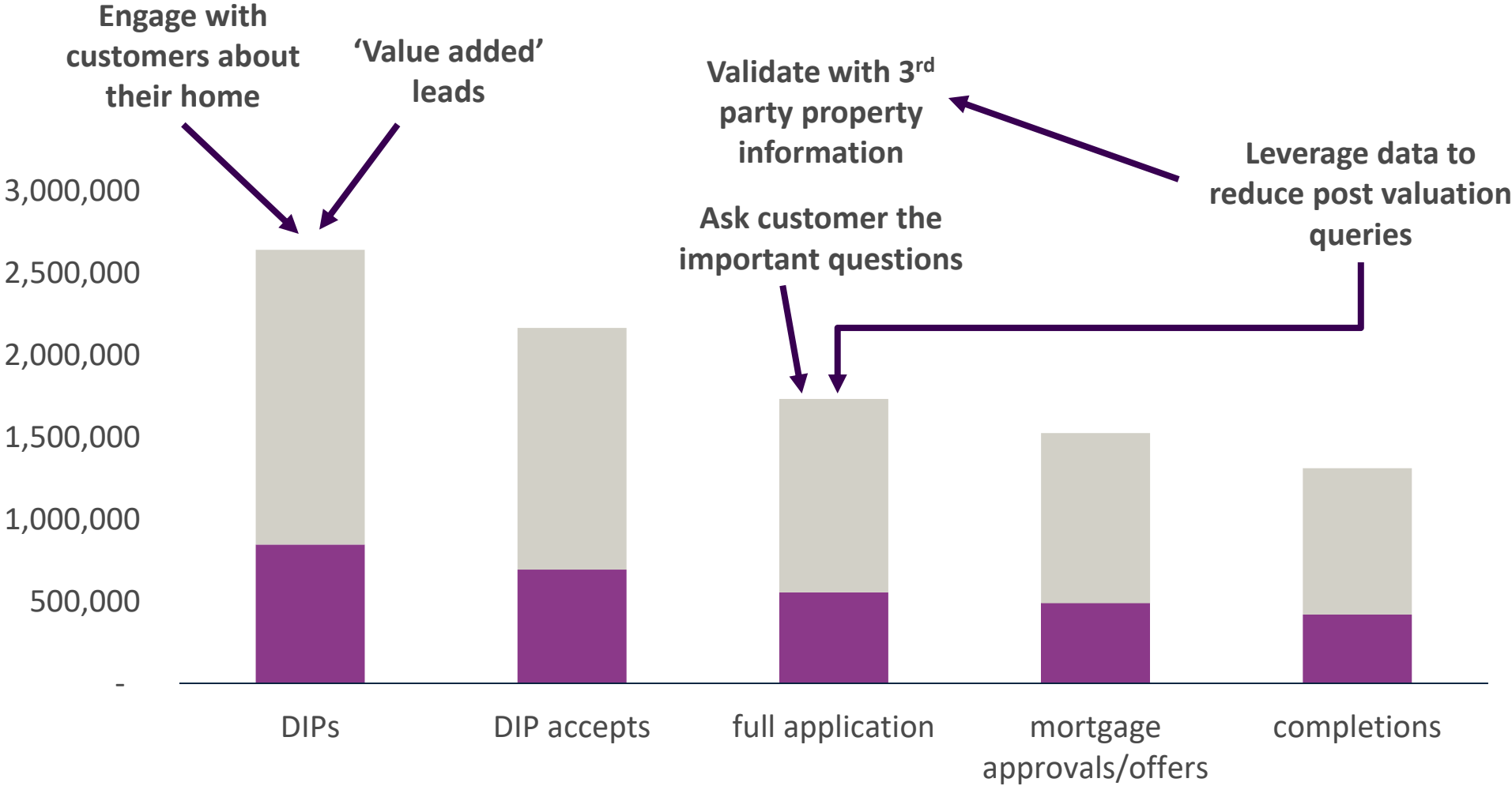


# Technology and data to enable enhanced journey



Hometrack analysis of IMLA mortgage market tracker and CML/BoE data

# Leveraging data earlier in the process



Source: Hometrack analysis of IMLA mortgage market tracker and CML/BoE data

# Property valuation and analytics can unlock elements of journey

70% of listings on Zoopla pass basic AVM rule set

93% listings below  
maximum value  
threshold

70% at high  
confidence levels  
plus mid-high  
demographics

£150k to £330k  
average price

£120bn gross  
lending at 60% LTV

**1**

**Housing cycle continues, growth moderates in run up to March 2019  
Re-pricing for next 3 years in London – double digit real price falls**

**2**

**Strong competition in re-mortgaging/retention and niche markets  
BTL demand remains constrained by low yields and tax changes**

**3**

**Consumer expectations changing, opportunity to use data within  
customer journey and retention**

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