



Big increases in first-time buyer deposit requirements, loan size and mortgage payments as average property price shifts significantly. Average rates continue to drop for both 75% and 95% LTV borrowers but price increases wiped out any benefit. Those first-timers with only 5% deposits continue to pay close to 50% more in monthly/annual mortgage payments. Product numbers rise for 75% LTV but decrease for all 95% LTV options. Over six times as many products available for 75% LTV borrowers as lenders seek out less risky first-time buyer business.

## Average first-time buyer house price



## Deposit

75% LTV	Vs	95% LTV
<b>£53,656</b>		<b>£10,731</b>

## Average Interest Rate

75% LTV	Vs	95% LTV
<b>1.65%</b>		<b>2.95%</b>

## Mortgage products available on average house price



## Average Fixed Monthly Payment

75% LTV	Vs	95% LTV
<b>£655</b>		<b>£962</b>

75% LTV	Vs	95% LTV
<b>1,652</b>		<b>268</b>

## Average Fixed Annual Payment

75% LTV	Vs	95% LTV
<b>£7,860</b>		<b>£11,544</b>

Source: AmTrust Mortgage & Credit, Money Saving Expert, UK Finance, Bank of England  
\*Based on an average first-time buyer house price of £214,623 (UK Finance – May 2019)

# AmTrust Mortgage Loan to Value (LTV) Tracker

## Patrick Bamford, Business Development Director at AmTrust Mortgage & Credit, commented:

*"This iteration of our Tracker is particularly interesting as it is, in the main, defined by a significant increase in the average property price paid by first-time buyers. UK Finance figures reveal that the average price was well over £200k – for the first time in the history of the Tracker – and that, coupled with an average LTV of 77.8%, means we have seen a big increase in the deposits and loans required, and thus a large increase in monthly and annual mortgage costs.*

*"Even in a market where competition is squeezing pricing significantly, the large increase in property price means that any benefit from lower rates is wiped out by the size of the loans that need to be serviced.*

*"What we tend to find is anecdotal evidence that first-timers are willing to push themselves further, not just to get on the housing ladder, but to get into higher-priced properties which they can stay in for a longer time. This means they will not have to move in quick succession but will have to cover larger mortgage costs in order to buy more expensive properties.*

*"Interestingly, after a period of product increase in 95% LTV mortgage options, this Tracker sees a discernible drop albeit one which does not take too many products out of the market. Conversely, higher-deposit product choice has grown considerably; there are now close to 200 more products to choose from for those who are fortunate to have a 25% deposit.*

*"Part of this has to be about the way the mortgage market is shifting towards Bank of Mum & Dad-style options for first-time buyers. There are far more products available for those lucky to get access to the 'Bank...'; indeed we have professed concern that lenders are moving too far in this direction to a point where those who can't rely on parental or grandparent support are not going to be able to find a mortgage suitable for their smaller deposit situation.*

*"We believe this needs to be addressed by lenders and we do not wish to see this drop in high LTV products continue, as this severely hampers those first-time buyers who want to purchase but can only secure a small deposit.*

*"Lenders may however continue to be more risk-averse while we see continued uncertainty in the economy fueled by the ongoing Brexit debate. For these providers, having a bigger deposit seems to provide them with greater assurance, which is perhaps why we've seen the big leap in 75% LTV product numbers.*

*"Overall, we need a mortgage market that works for all, and there is plenty of opportunity for lenders to be active in the high LTV space and mitigate their risk with products such as private mortgage insurance. This should not just be a market for 'customers' of the Bank of Mum & Dad, and by utilizing insurance within their proposition, lenders can make sure this direction of travel does not leave many potential first-time buyer passengers stranded."*



## Methodology

The AmTrust Mortgage LTV Tracker has been developed to analyze monthly, quarterly and annual data from the Treasury, the Bank of England and the UK Finance on product availability, mortgage rates and LTVs.



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## About AmTrust International – Mortgage & Credit

AmTrust International's Mortgage & Credit team focuses on mortgage insurance in the UK and Europe, working with building societies, banks and other financial institutions. It has been offering flexible mortgage insurance solutions to suit different lender requirements, whether that is on a loan-by-loan basis or at a portfolio level, since 1993. Its protection to lenders makes high loan-to-value mortgage loans (where the borrower does not have a large deposit) available to good credit-quality borrowers. The Mortgage & Credit team has unmatched expertise and capacity including a unique arrangement with highly rated reinsurers. AmTrust International is a branding name of AmTrust Europe Limited (AEL), which is authorized by the PRA and regulated by the PRA and the FCA.

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## About AmTrust Financial Services, Inc.

AmTrust Financial Services, Inc., a multinational insurance holding company headquartered in New York, offers specialty property and casualty insurance products, including workers' compensation, commercial automobile, general liability and extended service and warranty coverage through its primary insurance subsidiaries rated "A" (Excellent) by A.M. Best. AmTrust is included in the Fortune 500 list of largest companies. For more information about AmTrust visit [www.amtrustfinancial.com](http://www.amtrustfinancial.com)

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