

Specialist Mortgage Lending - UK - September 2009

Report Price: £1500 / \$3000 / €2250

What is this report about?

The specialist mortgage sector has been in absolute turmoil over the past two years with certain product areas such as sub-prime under threat of extinction. Having previously experienced a sustained period of growth, development and innovation, the industry is now battling to survive the onslaught of the liquidity drought, facilitated by the US sub-prime crisis.

Key issues covered in the analysis

- Mintel's consumer research shows that over 15 million people in the UK could potentially be classified as non-prime. Not all have poor credit records, but due to frequent job changes, house moves or other personal issues many will find their choice of home loans restricted.
- Supply of credit in this market has near-collapsed: currently only three lenders offer self-cert mortgages compared to 44 just two years ago, and none offer sub-prime loans to new customers.
- Mintel's research shows that almost four million people have some form of credit impairment, and around 1.2 million of these have a mortgage.
- Some previously prime borrowers will find themselves in non-prime territory when they come to remortgage, given the combination of falling house prices and tightening lending criteria.
- Most people have a standard repayment mortgage whereas one in ten have a specialist mortgage. That's almost one and a half million borrowers who are likely to struggle to find a new deal in current market conditions.
- Just 1% of people had been refused a mortgage in the last year. But this leaps to 15% of sub-prime borrowers. One in ten have been forced to change plans to buy or move house.

Scope of the report

Specialist mortgage lending refers to mortgage products that do not conform to standard (or 'prime') lending criteria. It encompasses the following product types:



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