

Mortgages: Inc Impact of COVID-19 - UK - April 2020

Report Price: £1995.00 | \$2693.85 | €2245.17

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“The UK mortgage sector experienced a difficult 2019, but those challenges are dwarfed by the threat posed by COVID-19 to the economy and, in turn, the housing market in 2020. The crisis will affect consumers for years to come, both financially and emotionally.”

– Irene Salazar, Senior Financial Services Analyst
– 9th April 2020

This report looks at the following areas:

- The impact of COVID-19 on market performance and dynamics in the mortgage sector.
- How COVID-19 will impact consumer behaviour and mortgage preferences.
- Analysis of competitive strategies and innovation.
- Mortgage ownership among consumers, their mortgage-related plans, channel preferences, and their interest in key product features.

Following a difficult 2019, the mortgage market was expected to return to solid growth in 2020. However, the arrival of COVID-19 has dwarfed even the Brexit-related uncertainty, which resulted in a 0.4% fall in total gross mortgage lending in 2019. The market had a strong start to 2020, but with the housing sector effectively frozen during the lockdown period, the mortgage market will be even more dependent on remortgaging activity.

At the same time, lower interest rates will continue to put pressure on margins in a competitive market, while the inevitable economic slowdown and sharp increase in unemployment will mean that lenders will face rising levels of mortgage arrears. The situation is made even more challenging by the circumstances surrounding the COVID-19 outbreak. In particular, there is huge potential for reputational damage if banks are seen as being too hard on people whose lives have already been disrupted by COVID-19.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Table of Contents

Overview

What you need to know

Key issues covered in this Report

Products covered in this Report

Executive Summary

The market

Gross lending fell in 2019

Figure 1: Gross mortgage lending, 2015-19

Significant contraction expected in 2020, followed by a return to growth

Figure 2: Forecast of gross mortgage lending (adjusted for COVID-19), 2014-24

Before COVID-19, housing market was poised for a rebound in 2020

Figure 3: Annual change in average UK house prices – ONS and Nationwide house price indices, January 2010-December 2019

Interest rates to remain low, with effect of emergency measures still to be seen

FCA releases mortgage prisoners

Impact of COVID-19 on the mortgage market

Figure 4: Expected impact of COVID-19 on mortgages, short, medium and long-term, 30 April 2020

Companies and Brands

Top 10 lenders dominate the market

Figure 5: Top 10 UK mortgage providers, by outstanding mortgage balances at year-end, 2019

Tesco Bank and Sainsbury's Bank exit mortgage market

LBG and Santander target FTBs

Nationwide to prioritise later-life mortgages

HSBC targets growth in market share

Lenders to compete on 'green mortgages'

The consumer

27% of adults have a mortgage

Figure 6: Current housing situation, February 2020

61% of borrowers have a fixed-rate loan

Figure 7: Type of mortgage held, February 2020

Quarter of existing deals arranged within the last 12 months

Figure 8: Timing of last mortgage purchase, February 2020

A quarter of adults expects some mortgage activity within a year

Figure 9: New mortgage plans, February 2020

70% interested in fixed-rate deals

Figure 10: Future mortgage-type preferences, February 2020

Five-year fixed deals hold the most appeal

Figure 11: Preferred length of fixed-term deal, February 2020

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People prefer to separate legs of their customer journey by channel

Figure 12: Channel preference, February 2020

A majority are interested in overpaying

Figure 13: Interest in mortgage features, February 2020

What we think

The Impact of COVID-19 on Mortgages

Short, medium and long-term impact on the market

Figure 14: Expected impact of COVID-19 on mortgages, short, medium and long-term, 30 April 2020

Opportunities and Threats

Lockdown restrictions temporarily halt the market

Market to depend on remortgaging activity as home-purchase is put on hold

Competition will increase in some sectors of the market

FinTechs will face funding difficulties

Lenders brace for growing arrears and bad debts...

...delaying impact of emergency measures

Impact on the market

A significant contraction in lending in 2020 before a return to growth in 2021

Further government intervention anticipated to boost housing market activity

Figure 15: Forecast of gross mortgage lending (adjusted for COVID-19), 2014-24

Figure 16: Forecast of gross mortgage lending (adjusted for COVID-19), 2014-24

Shifts in consumer behaviour

Household finances were in good shape prior to COVID-19

Figure 17: The financial well-being index, April 2015-April 2020

Confidence will take time to recover

Figure 18: The financial confidence index, April 2015-April 2020

Impact on key consumer segments

People with mortgage commitments more likely to be worried about the impact of COVID-19

Higher incomes groups are worried, but some will receive a financial boost

Uncertainty is likely to hit renters' plans

First time buyers will be hit hard by tighter lending criteria...

...which could prompt further state intervention

How a COVID-19 recession will reshape the market

Rising unemployment will hamper market in the medium term

A different type of recession for lenders...

...and a different response from the government

Low interest rates will help to support lending

Impact on the Marketing Mix

Marketing to focus on supporting customers

Online channels will move to the fore

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...but opportunities remain for personalised service
 Consumers to shop around for the best deals...
 ...with a renewed regulatory focus on mortgage switching
 Government intervention brings payment holidays into focus
 Fixed deals vs variable rates
 COVID-19: Market context

Issues and Insights

COVID-19 delays rebound of mortgage market
 The facts
 The implications
 People will yearn for stability and reassurance, while providers will look to differentiate themselves
 The facts
 The implications

The Market – What You Need to Know

Gross lending fell in 2019
 Volume of new mortgages declined by 4.3% in 2019
 Share of intermediated mortgages continues to grow
 Before COVID-19, housing market was poised for rebound in 2020
 FCA releases mortgage prisoners

Market Size and Forecast

Gross lending fell in 2019
 Figure 19: Gross mortgage lending, 2015-19
 COVID-19 – market forecast
 Significant contraction is expected in 2020, followed by a return to growth.
 Figure 20: Forecast of gross mortgage lending (adjusted for COVID-19), 2014-24
 Figure 21: Forecast of gross mortgage lending (adjusted for COVID-19), 2014-24
 Pre-COVID-19 forecast: market was to return to steady growth
 Figure 22: Forecast of gross mortgage lending, 2014-24
 Figure 23: Forecast of gross mortgage lending, at current and constant prices, 2014-24
 Forecast methodology

Market Segmentation

Volume of new mortgages declined by 4.3% in 2019
 Figure 24: Volume of new mortgages, by purpose, 2015-19
 Value of new mortgages fell by 2.3% in 2019
 Figure 25: Volume of new mortgages, by purpose, 2015-19

Channels to Market

Share of intermediated mortgages continues to grow
 Figure 26: Distribution of regulated mortgage sales, direct versus intermediated, 2014-19 H1

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Virtually all sales are advised

Figure 27: Distribution of regulated mortgage sales, advised versus non-advised, 2014-19 H1

Market Drivers

House prices were starting to pick up

Figure 28: Annual change in average UK house prices – ONS and Nationwide house-price indices, January 2010-December 2019

Interest rates to remain low...

...but impact of emergency measures may take time to materialise

Figure 29: Interest rates for selected mortgages at 75% LTV and SVR, January 2014-February 2020

Rates reflect competitive market for higher-LTV borrowers

Figure 30: Interest rates for two-year and five-year fixed-rate mortgages at 95% LTV, January 2014-February 2020

New building activity slows down

Figure 31: Number of permanent dwellings started and completed, 2008/09-2018/19

Regulatory and Legislative Changes

COVID-19: FCA sets out guidance for lenders

FCA modifies advice rules to encourage consumer choice

Loyalty penalty continues to be reviewed

FCA releases mortgage prisoners

End of Help to Buy ISA to encourage FTBs to find alternatives

Companies and Brands – What You Need to Know

Top 10 lenders dominate the market

Tesco Bank and Sainsbury's Bank exit mortgage market

LBG and Santander target FTBs

Nationwide to prioritise later-life mortgages

HSBC targets growth in market share

Lenders to compete on green mortgages

TV is the main channel for advertising mortgages

Market Share

Top 10 dominate the market

LBG remains the largest lender

HSBC share expected to grow

Figure 32: Top 10 UK mortgage providers, by outstanding mortgage balances at year-end, 2018-19

Competitive Strategies

COVID-19: Lenders temporarily withdraw mortgage products

Tesco Bank and Sainsbury's Bank exit mortgage market

LBG targets FTB with little or no savings

Nationwide to prioritise later-life mortgages

Santander looks to attract FTBs

RBS Group and Barclays focus on transforming the mortgage journey

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HSBC targets growth in market share

Virgin Money Group prioritises margins over volumes

Launch Activity and Innovation

Lenders to compete on green mortgages

Newcastle Building Society launches LISA Mortgages

Nationwide and Starling Bank partner with CreditLadder

Habito introduces Habito Go

Lenders experiment again with 15-year fixed-rate deals

Advertising and Marketing Activity

Above-the-line adspend jumps in 2019-20..

Figure 33: Total above-the-line, online display and direct mail advertising expenditure on mortgages, 2015/16-2019/20

TV is the main channel for advertising mortgages

Figure 34: Total above-the-line, online display and direct mail advertising expenditure on mortgages, by media type, 2019-20

Top 10 advertisers account for 95% of ATL adspend

Figure 35: Top 10 advertisers of above-the-line, online display and direct mail advertising expenditure on mortgages, 2017/18- 2019/20

Halifax is the biggest ATL advertiser

Nationwide to heavily promote later-life mortgages

Santander launches new campaign featuring Ant and Dec

Habito pushes boundaries with Mortgage Kama Sutra campaign

Figure 36: Habito's Mortgage Kama Sutra campaign, November 2019

Nielsen Ad Intel coverage

The Consumer – What You Need to Know

27% of adults have a mortgage

61% of borrowers have a fixed-rate loan

Quarter of existing deals arranged within the last 12 months

A quarter of adults expects some mortgage activity within a year

People prefer to separate legs of their customer journey by channel

A majority are interested in overpaying

Mortgage Ownership

27% of adults have a mortgage

Figure 37: Current housing situation, February 2020

71% of mortgage owners are at risk of disruptions in their income

Figure 38: Financial situation of mortgage owners, February 2020

Type of Mortgage Held

61% of borrowers have a fixed-rate loan

Figure 39: Type of mortgage held, February 2020

Emergency rate cuts could see more default to SVR

Figure 40: Type of mortgage held, by age, February 2020

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Timing of Last Mortgage Purchase

Quarter of mortgage holders arranged a deal within the last 12 months

Figure 41: Timing of last mortgage purchase, February 2020

44% of over-45s have held current deal for 5+ years

Figure 42: Timing of last mortgage purchase, by age, February 2020

61% of borrowers on SVR for longer than five years

Figure 43: Timing of last mortgage, by type of mortgage held, February 2020

Future Mortgage Intentions

A quarter of adults expects some mortgage activity within a year

21% of mortgage holders expect to remortgage within a year

Figure 44: New mortgage plans, February 2020

70% interested in fixed-rate deals

Figure 45: Future mortgage type preferences, February 2020

Five-year fixed deals hold the most appeal.

Figure 46: Preferred length of fixed-term deal, February 2020

Channel Preference

People prefer to separate legs of their customer journey by channel

COVID-19: opportunity to capitalise on changing consumer habits

Figure 47: Channel preference, February 2020

Interest in Mortgage Features

A majority are interested in overpaying

As deals become longer, flexibility is key

Terms of payment holidays will receive more attention post COVID-19

Figure 48: Interest in mortgage features, February 2020

TURF analysis: a combination of simple features can appeal to 90% of potential customers

Figure 49: Interest in mortgage features, TURF Analysis, February 2020

People on higher incomes with fixed-rate deals are more interested in overpaying

Figure 50: Interest in mortgage overpayment feature – CHAID – Tree output, February 2020

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

CHAID analysis methodology

Figure 51: Interest in mortgage features, CHAID analysis table output, February 2020

TURF analysis methodology

Figure 52: Interest in mortgage features – TURF analysis table output, February 2020

Appendix – Market Size and Forecast

Figure 53: Best- and worst-case forecast of gross mortgage lending (pre-COVID-19 forecast), 2019-24

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Forecast methodology

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