



## **Close to a third of mortgage holders have, or are considering extending their mortgage term or taking a mortgage payment holiday**

Mortgage matters have been close to the top of personal finance issues in 2007. Great media concern surrounds the ability of people to manage their mortgage payments in the face of rising mortgage interest rates, particularly among the estimated 1.5 million people coming off a fixed rate mortgage in 2008.

The wholesale banking crisis resulting in the demise of Northern Rock and the withdrawal of many non-standard lenders has left many existing borrowers exposed.

While industry estimates are predicting the number of mortgage repossessions to rise steeply in 2008, up to some 45,000 from 30,000 in 2007, the financial position of households is currently not as depressed as many commentators suggest.

In December, the Bank of England published the results\* of its annual survey of household finances, conducted by NMG Research. The survey found "mortgagors appear not to have experienced any increased difficulty despite the increase in policy rates over the year. Partly this reflects the widespread use of fixed rate mortgages"

Over the past six months the UK consumer confidence survey produced by GfK NOP for The European Commission shows the measure of households financial position to be at its strongest since the late 1990s - boosted by a buoyant employment market.

Another reason for the relative strength of household finances is that mortgage holders have taken steps to manage their commitments. Research undertaken last March for JGFR by GfK NOP found that some 28% of mortgage holders had taken or were intending to take in the next 6 months a payment holiday and/or extended their mortgage term.

By age profile the highest proportion of mortgagors extending their term or taking a payment holiday is among 40-49 year olds (28%) and 30-39 year olds (27%). By social class C1s (38%) are found more among mortgagors who have altered/are considering altering terms.

Furthermore fewer people have been intending to take out mortgages during 2007 – the FAB Mortgage Intentions Index fell from 75.8 in Q4 2006 to 72.5 in Q4 2007 and is set to continue into 2008. The Q1 2008 Mortgage Intentions Index slipped further to 66.7, a new record low.

Recent falls in mortgage approvals reflect the weak demand, although for much of 2007 mortgage approval figures have been surprisingly strong relative to demand - suggesting that unplanned new mortgages or increases to existing mortgages have been a feature of the year.

For further details of our work on the mortgage market please contact [info@jgfr.co.uk](mailto:info@jgfr.co.uk) or ring 0208 944 7510.

During 2007 JGFR also has produced two detailed reports on debt and mortgages for Mintel:

Consumer attitudes towards debt  
The non-standard lending market

\* see the December 2007 Bank of England Quarterly Bulletin: 'Household Debt and Spending'