

BTL mortgage costs remain stable despite PRA and rate rise predictions

UK, November 14, 2017: September's second phase of the Prudential Regulation Authority changes, coupled with months of rate rise predictions, seem to have had little effect on the cost of BTL mortgages with new data from Mortgage Brain showing minor movement over the past three months.

Despite going through another period of change and uncertainty, leading to this month's eventual hike in interest rates, a number of mainstream BTL mortgages are down in cost since August – some for the second successive quarter.

With a current rate of 1.54% and 1.89% respectively (as of 1st November 2017), the cost of a 60% and 70% LTV two year BTL Tracker, for example, is now 2% lower than it was three months ago.

By comparison, the cost of a two year Fixed BTL mortgage with a 60% LTV (at 2.08%) is now 1% lower than it was at the beginning of August, while its 70% and 80% LTV counterparts remain stable with no movement in cost being recorded over the same period.

A similar trend can be seen in the cost of longer term products with Mortgage Brain's latest data showing a 2% drop in the cost of a 70% LTV three and five year Fixed BTL mortgage, while the cost of a 60% LTV three and five year Fixed, and an 80% LTV three year Fixed, all remain unchanged when compared to August 2017.

The only sting in the tail comes in the form of a five year Fixed BTL mortgage, which, with a current rate of 4.09%, now costs 2% more than it did three months ago and 1% more than it did at the beginning of October.

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Mark Loffhouse, CEO of Mortgage Brain, comments, "With interest rates rising for the first time in just over 10 years, and further increases predicted, this could be one of the last times that our analysis reports reductions in the cost of mainstream BTL mortgages.

"While our three, six and 12 month analysis all show potential cost savings for BTL investors, we're already starting to see ripples across the market following this month's rate rise. Our most recent monthly data, for example, shows signs of a number of cost increases when compared to last month and it will be interesting to see how this develops in the coming months."

- Ends -

Table 1: Monthly cost (£) per £1,000 borrowed (2, 3, 5 year Fixed and Tracker).

Mortgage Product Data – Supplied by Mortgage Brain												
(Monthly cost (£) per £1,000 borrowed – repayment for a £180,000 property)												
Product	1/11/16	1/2/17	1/5/17	1/8/17	1/11/17	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60% BTL	£4.43	£4.49	£4.39	£4.20	£4.17	-£0.03	-0.71%	-£0.22	-5.01%	-£0.26	-5.87%	n/a
2 Year Fixed 70% BTL	£4.56	£4.57	£4.48	£4.31	£4.32	£0.01	0.23%	-£0.16	-3.57%	-£0.24	-5.26%	2.05%
2 Year Fixed 80% BTL	£4.99	£4.94	£4.90	£4.90	£4.90	£0.00	0.00%	£0.00	0.00%	-£0.09	-1.80%	11.62%
2 Year Tracker 60% BTL	£4.40	£4.40	£4.40	£4.37	£4.28	-£0.09	-2.06%	-£0.12	-2.73%	-£0.12	-2.73%	n/a
2 Year Tracker 70% BTL	£4.52	£4.58	£4.58	£4.51	£4.41	-£0.10	-2.22%	-£0.17	-3.71%	-£0.11	-2.43%	4.09%
3 Year Fixed 60% BTL	£4.64	£4.63	£4.50	£4.38	£4.38	£0.12	0.00%	-£0.12	-2.67%	-£0.26	-5.60%	n/a
3 Year Fixed 70% BTL	£4.78	£4.73	£4.65	£4.62	£4.55	-£0.07	-1.52%	-£0.10	-2.15%	-£0.23	-4.81%	3.33%
3 Year Fixed 80% BTL	£5.18	£4.99	£5.00	£5.00	£5.00	£0.00	0.00%	£0.00	0.00%	-£0.18	-3.47%	11.11%
5 Year Fixed 60% BTL	£4.71	£4.64	£4.58	£4.46	£4.46	£0.00	0.00%	-£0.12	-2.62%	-£0.25	-5.31%	n/a
5 Year Fixed 70% BTL	£4.78	£4.79	£4.79	£4.71	£4.64	-£0.07	-1.49%	-£0.15	-3.13%	-£0.14	-2.93%	4.59%
5 Year Fixed 80% BTL	£5.35	£5.35	£5.38	£5.22	£5.33	£0.11	2.11%	-£0.05	-0.93%	-£0.02	-0.37%	17.47%

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- [Mortgage Brain](#) is an expert in technology and software solutions proactively supporting Lenders, Networks, Corporates and Intermediary Mortgage Advisers.
- Its integrated product suite includes First and Second Charge mortgage and Conveyancing sourcing - [MortgageBrain Classic](#), [MortgageBrain Anywhere](#), [LoansBrain](#) & [ConveyancingBrain](#), point-of-sale, CRM, compliance system - [the Key](#), online mortgage submission - [Mortgage Trading Exchange \(MTE\)](#), websites, calculators, plugins - [MortgageBrain B2C](#) and Data Analysis & Lending Solutions.
- Mortgage Brain has over 20,000 users of its products and services and is a Microsoft Gold Certified Partner.
- Industry awards include 4 times winner 'Best Technology Provider' at the Mortgage Strategy Awards, the Pink Service Award for 'Best Technology Provider', and 4 times winner of the 'Technology Advocate of the Year' at the British Mortgage Awards.
- Mortgage Brain Holdings Limited, formed in 1986, is jointly owned by Barclays, Lloyds Banking Group, Nationwide, Royal Bank of Scotland, Santander & Virgin Money.

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