

Cost of BTL mortgages down by as much as 8% over past six months

UK, September 8, 2016: Potential landlords are set to benefit further from the continuing reductions of mortgage rates with new data showing that the costs of Buy To Let mortgages have fallen by as much as 8% over the past six months.

Figures released today from Mortgage Brain's latest product data analysis show that the cost of a five year Fixed BTL mortgage with a 70% LTV is now 8% lower than it was in March 2016.

With a current rate of 2.80% (as of 1st September 2016) the reduction in cost for this product equates to a potential annualised saving of £738 on a £150k mortgage.

The cost of the lowest rate three year Fixed BTL mortgage at 2.64%, and a two year Fixed at 2.89% - both with a 70% LTV – have seen a 6% reduction in cost since March and offer landlords an annualised saving of £504 and £540 respectively.

BTL mortgages with a 60% LTV have also come down in cost over the past six months with a five year Fixed down 5%, a three year Fixed down 4%, and a two year Fixed down 2% in cost since March 2016.

There is a slight twist in the tale, however, with Mortgage Brain's latest data showing that some two year Tracker BTL mortgages have increased in cost. The cost of the lowest rate 80% LTV product (at 2.97%), for example, is now 14% higher than it was in March 2016.

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At 1.80% over two years the cost of a two year Tracker with a 60% LTV is now 3% higher, while the same product with a 70% LTV is now 1% higher.

Mark Lofthouse, CEO of Mortgage Brain, comments, "With further interest rate cuts predicted by the Bank of England it will be interesting to see what happens to mortgage rates and costs over the next few months.

"There's no doubt though that on the whole borrowers and potential BTL investors are in a great position to take advantage of the low rates and cost reductions that we're seeing."

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Table 1: Monthly cost (£) per £1,000 borrowed (2, 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	1/9/15	1/12/15	1/3/16	1/6/16	1/9/16	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60% BTL	£4.71	£4.61	£4.53	£4.50	£4.44	-£0.06	-1.33%	-£0.09	-1.99%	-£0.27	-5.73%	n/a
2 Year Fixed 70% BTL	£4.98	£4.64	£4.86	£4.72	£4.56	-£0.16	-3.39%	-£0.30	-6.17%	-£0.42	-8.43%	2.70%
2 Year Fixed 80% BTL	£5.45	£5.60	£5.34	£5.22	£5.17	-£0.05	-0.96%	-£0.17	-3.18%	-£0.28	-5.14%	16.44%
2 Year Tracker 60% BTL	£4.34	£4.38	£4.28	£4.28	£4.40	£0.12	2.80%	£0.12	2.80%	£0.06	1.38%	n/a
2 Year Tracker 70% BTL	£4.80	£4.60	£4.47	£4.47	£4.52	£0.05	1.12%	£0.05	1.12%	-£0.28	-5.83%	2.73%
2 Year Tracker 80% BTL	£4.97	£4.97	£4.97	£4.76	£5.68	£0.92	19.33%	£0.71	14.29%	£0.71	14.29%	29.09%
3 Year Fixed 60% BTL	£4.94	£4.85	£4.85	£4.75	£4.66	-£0.09	-1.89%	-£0.19	-3.92%	-£0.28	-5.67%	n/a
3 Year Fixed 70% BTL	£5.10	£5.09	£5.04	£4.83	£4.76	-£0.07	-1.45%	-£0.28	-5.56%	-£0.34	-6.67%	2.15%
3 Year Fixed 80% BTL	£5.72	£5.72	£5.44	£5.31	£5.18	-£0.13	-2.45%	-£0.26	-4.78%	-£0.54	-9.44%	11.16%
5 Year Fixed 60% BTL	£5.03	£4.98	£4.94	£4.84	£4.71	-£0.13	-2.69%	-£0.23	-4.66%	-£0.32	-6.36%	n/a
5 Year Fixed 70% BTL	£5.25	£5.25	£5.18	£5.01	£4.77	-£0.24	-4.79%	-£0.41	-7.92%	-£0.48	-9.14%	1.27%
5 Year Fixed 80% BTL	£5.81	£5.79	£5.56	£5.40	£5.36	-£0.04	-0.74%	-£0.20	-3.60%	-£0.45	-7.75%	13.80%

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NOTES TO EDITORS

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