

PRESS RELEASE

Little movement in BTL market as mortgage costs start to stabilise

~ Cost of 2yr Tracker and a 3yr and 5yr Fixed remain static since March 2018 ~

~ 3yr and 5yr Fixed (70% LTV) now just 1% lower ~

~ Analysis shows a marked difference in costs between BTL and Residential mortgages ~

UK, JUNE 28, 2018: The cost of Buy To Let mortgages remain at record lows but with little movement in costs and rates over the past three months, recent analysis from Mortgage Brain shows that the BTL sector could be entering another period of stabilisation.

A 60% and 70% LTV two year Tracker and a 60% LTV three and five year Fixed, have, for example, all remained stable over the past three months with BTL mortgage costs remaining static when compared to the costs at the beginning of March 2018.

The cost of a 70% LTV three and five year Fixed rate BTL mortgage fell by just 1% over the same period. The reduction in cost, while marginal, does offer potential BTL investors an annualised saving of £108 and £126 respectively on a £150k mortgage.

By contrast, the cost of a 60% and 80% LTV two year Fixed and an 80% LTV two year Tracker and three year Fixed, have all increased by 1% since March 2018. The biggest movement over the past three months, however, comes in the form of a 70% LTV two year Fixed, which now costs 3% more than it did in March and equates to an annualised cost increase of £198.

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The BTL market still remains in a healthy position compared to this time last year, however, with Mortgage Brain's data showing cost reductions for the majority of BTL products over the past 12 months.

With a current rate of 2.13%, the cost of a 60% LTV two year Fixed BTL mortgage, for example, is now 4% lower than it was in June 2017. A five year Fixed (70% LTV) is also 4% lower, while a 3% reduction in cost has been recorded for a two and five year Fixed BTL mortgage.

BTL v Residential

Mortgage Brain's analysis also shows the true cost differences between BTL mortgages compared to mainstream residential products. The latest figures (as of 1st June 2018) show that the cost of an 80% LTV five year Fixed BTL mortgage is 25% higher than the same product type for a residential mortgage.

Similarly, an 80% LTV two year Fixed BTL mortgage costs 20% more than its residential equivalent, while a 60% LTV two year BTL Tracker costs 12% more.

Mark Loffhouse, CEO of Mortgage Brain, comments, "Our latest BTL product data analysis shows that while there's little to get excited about in terms of rate and cost movement over the past three months, the longer term analysis is still favourable with the majority of products benefiting from costs reductions over the past 12 months.

"The Bank of England's decision to hold base rates last month should also be welcome news to borrowers as they can continue to make the most of the record lows in terms of costs in the BTL market."

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

BTL Mortgage Product Data – Supplied by Mortgage Brain												
(Monthly cost (£) per £1,000 borrowed – repayment for a £180,000 property)												
Product	1/6/17	1/9/17	1/12/17	1/3/18	1/6/18	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60% BTL	£4.36	£4.21	£4.24	£4.15	£4.19	£0.04	0.96%	-£0.05	-1.18%	-£0.17	-3.90%	n/a
2Year Fixed 70% BTL	£4.48	£4.31	£4.38	£4.26	£4.37	£0.11	2.58%	-£0.01	-0.23%	-£0.11	-2.46%	2.05%
2 Year Fixed 80% BTL	£4.90	£4.90	£4.90	£4.98	£5.03	£0.05	1.00%	£0.13	2.65%	£0.13	2.68%	11.62%
2 Year Tracker 60% BTL	£4.37	£4.43	£4.32	£4.27	£4.27	£0.00	0.00%	-£0.05	-1.16%	-£0.10	-2.29%	n/a
2 Year Tracker 70% BTL	£4.51	£4.41	£4.47	£4.41	£4.41	£0.00	0.00%	-£0.06	-1.34%	-£0.10	-2.22%	4.09%
3 Year Fixed 60% BTL	£4.43	£4.38	£4.38	£4.34	£4.34	£0.00	0.00%	-£0.04	-0.91%	-£0.09	-2.03%	n/a
3 Year Fixed 70% BTL	£4.62	£4.54	£4.62	£4.57	£4.51	-£0.06	-1.31%	-£0.11	-2.38%	-£0.11	-2.38%	3.33%
3 Year Fixed 80% BTL	£5.00	£5.00	£5.00	£5.21	£5.28	£0.07	1.34%	£0.28	5.60%	£0.28	5.60%	11.11%
5 Year Fixed 60% BTL	£4.51	£4.46	£4.46	£4.44	£4.44	£0.00	0.00%	-£0.02	-0.45%	-£0.07	-1.55%	n/a
5 Year Fixed 70% BTL	£4.76	£4.67	£4.71	£4.64	£4.58	-£0.06	-1.29%	-£0.13	-2.76%	-£0.07	-1.55%	4.59%
5 Year Fixed 80% BTL	£5.36	£5.27	£5.30	£5.29	£5.22	-£0.07	-1.32%	-£0.08	-1.51%	-£0.14	-2.61%	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, whole of market, online and desktop mortgage sourcing systems [MortgageBrain Classic](#) and [MortgageBrain Anywhere](#)
 - Standalone second charge sourcing website [LoansBrain](#)
 - Case tracking and quoting comparison portal [ConveyancingBrain](#)
 - Point-of-sale, CRM and compliance system with online client portal [the Key](#)
 - The multi-lender digital gateway, mortgage application platform, accounting for 60% of UK Lending [MTE, Mortgage Trading Exchange](#)
 - Websites, calculators, plugins [MortgageBrain B2C](#)
 - Lead Generation Suite for Advisers, including consumer facing app, website and Amazon Echo Skill [UKMortgages](#)
 - Data Analysis & Lending Solutions.
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FOR FURTHER PRESS INFORMATION, PLEASE CONTACT:

Damion Clark at the Mortgage Brain Press Office. **Tel:** 07789 911314 or 01353 667934

Email: damion@realpublicrelations.com

FOR ALL OTHER ENQUIRIES, PLEASE CONTACT:

Mark Lofthouse, CEO of Mortgage Brain. **Tel:** 07776 143 056 or 01527 557203

Email: mark.lofthouse@mortgage-brain.co.uk

