

Mortgage rates down by up to 32% in 2013

UK, January 20, 2014: Figures released today from Mortgage Brain's quarterly product data analysis show that mortgage rates tumbled by as much as 32% during the past 12 months.

The analysis, a breakdown of all main product types in the UK mortgage market for a repayment mortgage, is calculated by the lowest rate for a property worth £180,000. Latest figures - as of 1st January 2014 – show that the interest rate for a 60% LTV two year Tracker mortgage is now 32% lower than this time last year – down from 2.49% to 1.69%.

A 26% interest rate drop has also been recorded for the lowest rate two year Fixed mortgage with a 60% LTV, which is currently listed at 1.48%, down from 1.99% on 1st January 2013.

Five year term products with a 60% LTV also saw healthy rate reductions over the course of 2013 with the lowest rate Tracker down 23% from 2.59% to 1.99% and the lowest Fixed rate down 11% from 2.79% to 2.49%.

Whilst not witnessing as big a drop as their 60% LTV cousins, the interest rates for mortgage products with a 90% loan to value are also down across the board compared to the start of January 2013. The lowest rate five year Tracker with a 90% LTV is now 13% lower - down from 4.09% to 3.54%, closely followed by the lowest rate two year Fixed, down 11% from 3.94% to 3.49%.

By comparison, the lowest rate 90% two year Tracker mortgage and the lowest rate 90% five year Fixed, are now 7% lower than January 2013 – down from 3.84% to 3.59% and 4.59% to 4.29% respectively.

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Mark Lofthouse, CEO of Mortgage Brain, comments, “The introduction of Government initiatives such as help to buy and funding for lending, combined with the general improvement in the market and increased competition, has clearly had a positive effect on the overall movement of interest rates over the course of 2013.

“There’s no doubt that the drop in interest rates, when compared to this time last year, will be welcome news to today’s potential homebuyers or those currently looking to remortgage their property. The question looking further ahead, however, is what will happen to these rates in 2014 and beyond and will the withdrawal of the government’s funding for lending initiative have any impact.”

Despite the overall drop in interest rates, the rate difference between LTV bands continues to soar with the lowest rate 90% two year Fixed (at 3.49%) now almost 2.5 times - or 136% - higher than the lowest rate product with a 60% LTV (1.48%).

Similarly, the difference between the lowest rate 60% and 90% LTV Tracker is almost as great - 2.1 times (or 112%) higher, with the lowest rates currently standing at 1.69% (60% LTV) and 3.59% for a 90% LTV product.

Mortgage Brain’s latest analysis also gives a clear picture of interest rate movement and repayment cost in the buy-to-let market with the current data showing a 28% interest rate drop over the past 12 months for a 60% two year Tracker. Latest figures (as of 1st January 2014) list the lowest rate available as 1.99%, down from 2.75% at the same time last year.

The lowest rate 60% Fixed (at 2.49%) is now 14% lower than it was in January 2013 when it was listed at 2.89%, with the lowest rate five year Tracker with a 60% LTV now 19% lower – down from 4.85% to 3.95%.

- Ends -

Mortgage Product Data Analysis tables available overleaf:

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Table 1: Lowest Rate repayment products (2, 5 year Fixed and Tracker).

Mortgage Product Data – Supplied by Mortgage Brain											
(Lowest Rate repayment products for a £180,000 property – Purchase)											
Product	1/1/13	1/7/13	1/10/13	1/1/14	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	1.99%	1.64%	1.48%	1.48%	0.00%	0.00%	-0.16%	-9.76%	-0.51%	-25.63%	n/a
2 Year Fixed 90%	3.94%	2.99%	3.54%	3.49%	-0.05%	-1.41%	0.50%	16.72%	-0.45%	-11.42%	135.81%
2 Year Tracker 60%	2.49%	1.75%	1.69%	1.69%	0.00%	0.00%	-0.06%	-3.43%	-0.80%	-32.13%	n/a
2 Year Tracker 90%	3.84%	3.59%	3.59%	3.59%	0.00%	0.00%	0.00%	0.00%	-0.25%	-6.51%	112.43%
5 Year Fixed 60%	2.79%	2.44%	2.49%	2.49%	0.00%	0.00%	0.05%	2.05%	-0.30%	-10.75%	n/a
5 Year Fixed 90%	4.59%	4.19%	4.39%	4.29%	-0.10%	-2.28%	0.10%	2.39%	-0.30%	-6.54%	72.29%
5 Year Tracker 60%	2.59%	2.29%	2.14%	1.99%	-0.15%	-7.01%	-0.30%	-13.10%	-0.60%	-23.17%	n/a
5 Year Tracker 90%	4.09%	3.64%	3.65%	3.54%	-0.11%	-3.01%	-0.10%	-2.75%	-0.55%	-13.45%	77.89%

Table 2: 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	1/1/13	1/7/13	1/10/13	1/1/14	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	£4.70	£4.40	£4.28	£4.28	£0.00	0.00%	-£0.12	-2.73%	-£0.42	-8.94%	n/a
2 Year Fixed 90%	£5.28	£5.30	£5.34	£5.21	-£0.13	-2.43%	-£0.09	-1.70%	-£0.07	-1.33%	21.73%
2 Year Tracker 60%	£4.67	£4.60	£4.46	£4.46	£0.00	0.00%	-£0.14	-3.04%	-£0.21	-4.50%	n/a
2 Year Tracker 90%	£5.50	£5.25	£5.25	£5.25	£0.00	0.00%	£0.00	0.00	-£0.25	-4.55	17.71%
5 Year Fixed 60%	£4.83	£4.63	£4.71	£4.68	-£0.03	-0.64%	£0.05	1.08%	-£0.15	-3.11%	n/a
5 Year Fixed 90%	£5.64	£5.54	£5.53	£5.55	£0.02	0.36%	£0.01	0.18%	-£0.09	-1.60%	18.59%
5 Year Tracker 60%	£4.70	£4.46	£4.46	£4.41	-£0.05	-1.12%	-£0.05	-1.12%	-£0.29	-6.17%	n/a
5 Year Tracker 90%	£5.90	£5.30	£5.30	£5.30	£0.00	0.00%	£0.00	0.00%	-£0.60	-10.17%	20.18%

NOTES TO EDITORS

About Mortgage Brain Limited

- Mortgage Brain Limited is the most widely used and preferred provider of point-of-sale, compliance, mortgage sourcing and electronic trading products and services for mortgage intermediaries.
- Mortgage Brain Holdings Limited, formed in 1986, is jointly owned by Barclays Woolwich, The Lloyds Banking Group, Nationwide, Royal Bank of Scotland, Santander and Virgin Money.

MortgageBrain

- The consortium of six owners, together with their subsidiaries, collectively account for in excess of 70% of the new business mortgage market within the UK.
- Mortgage Brain Holdings Limited currently has over 20,000 users of its products and services.
- Mortgage Brain is a Microsoft Gold Certified Partner and has won a number of industry awards including the 2010, 2011 and 2012 Mortgage Strategy 'Best Technology Provider' Award, the Pink Service Award for 'Best Technology Provider', and 'Technology Advocate of the Year' at the 2010, 2011, 2012 and 2013 British Mortgage Awards.

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