

Mortgage rates fell by up to 41% in 2014

UK, February 2, 2015: Figures released today from Mortgage Brain's quarterly product data analysis show that some mortgage rates fell by as much as 41% during 2014.

Mortgage Brain's latest figures – as of 1st January 2015 – show that the interest rate for a two year Tracker with a 60% LTV is now 41% lower than this time last year – down from 1.69% to 0.99%.

The rate for the same product also fell by 32% during the previous 12 months, equating to a product that is now available with a rate that is now 73% lower than it was two years ago.

A 32% rate drop has also been recorded for the lowest rate two year Tracker with a 90% LTV, which is currently listed at 2.45%, down from 3.59% in January 2014.

Five year term products also saw some major rate movement over the past 12 months – good and bad. The lowest rate five year Fixed mortgage with a 90% LTV, for example, fell 24% from 4.29% to 3.24%.

The lowest rate five year Tracker (60% LTV), however, is now 60% higher than it was this time last year – up from 1.99% in 2014 to 3.19% as of 1st January 2015.

Mark Loffhouse, CEO of Mortgage Brain, comments, "The drop in mortgage rates, when compared to this time last year – and in some cases this time two years ago – is welcome news to a lot of today's potential homebuyers or those currently looking to re-mortgage their property.

"With the majority of forecasters predicting a rise in base rates in 2015 it will be interesting to see what actually happens, and which way things move, over the course of the next 12 months."

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Rate drops were also seen in the Buy-To-Let market with the lowest rate three year Tracker (60% LTV) now 17% lower than this time last year - down from 3.49% to 2.89%. Similarly, the lowest rate three year Fixed mortgage with a 60% LTV is now 16% lower (down from 3.49% to 2.94%), and the lowest rate two year Tracker (80% LTV) down 15% from 4.29% to 3.65%.

Despite the overall drop in mortgage rates, major rate differences remain between LTV bands with the lowest rate 90% two year Tracker (at 2.45%) now around 2.5 times (or 147%) higher than the lowest rate product with a 60% LTV (0.99%).

The rate difference between the lowest 60% and 90% LTV Fixed mortgage is almost as great – 109% higher – with the lowest rate currently standing at 1.38% (60% LTV) and 2.89% for a 90% LTV product.

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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	1/1/14	1/4/14	1/7/14	1/10/14	1/1/15	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	1.48	1.48%	1.58%	1.49%	1.38%	-0.11%	-7.38%	-0.20%	-12.66%	-0.10%	-6.76%	n/a
2 Year Fixed 90%	3.49	3.45%	2.99%	3.39%	2.89%	-0.50%	-14.75%	-0.10%	-3.34%	-0.60%	-17.19%	109.42%
2 Year Tracker 60%	1.69%	1.49%	1.49%	1.44%	0.99%	-0.45%	-31.25%	-0.50%	-33.56%	-0.70%	-41.42%	n/a
2 Year Tracker 90%	3.59%	2.49%	2.49%	2.49%	2.45%	-0.04%	-1.61%	-0.04%	-1.61%	-1.14%	-31.75%	147.47%
5 Year Fixed 60%	2.49%	2.35%	2.78%	2.78%	2.48%	-0.30%	-10.79%	-0.30%	-10.79%	-0.01%	-0.40%	n/a
5 Year Fixed 90%	4.29%	4.29%	4.24%	4.24%	3.24%	-1.00%	-23.58%	-1.00%	-23.58%	-1.05%	-24.48%	30.65%
5 Year Tracker 60%	1.99%	2.99%	3.39%	3.39%	3.19%	-0.20%	-5.90%	-0.20%	-5.90%	1.20%	60.30%	n/a
5 Year Tracker 90%	3.54%	3.65%	3.65%	3.65%	3.65%	0.00%	0.00%	0.00%	0.00%	0.11%	3.11%	14.42%

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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	1/1/14	1/4/14	1/7/14	1/10/14	1/1/15	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	£4.28	£4.32	£4.35	£4.34	£4.26	-£0.08	-1.84%	-£0.09	-2.07%	-£0.02	-0.47%	n/a
2 Year Fixed 90%	£5.21	£5.10	£5.16	£4.96	£4.94	-£0.02	-0.40%	-£0.22	-4.26%	-£0.27	-5.18%	15.96%
2 Year Tracker 60%	£4.46	£4.25	£4.25	£4.04	£4.20	£0.16	3.96%	-£0.05	-1.18%	-£0.26	-5.83%	n/a
2 Year Tracker 90%	£5.25	£4.85	£4.93	£4.73	£4.58	-£0.15	-3.17%	-£0.35	-7.10%	-£0.67	-12.76%	9.05%
5 Year Fixed 60%	£4.68	£4.79	£4.79	£4.78	£4.66	-£0.12	-2.51%	-£0.13	-2.71%	-£0.02	-0.43%	n/a
5 Year Fixed 90%	£5.55	£5.56	£5.56	£5.54	£4.95	-£0.59	-10.65%	-£0.61	-10.97%	-£0.60	-10.81%	6.22%
5 Year Tracker 60%	£4.41	£5.17	£5.17	£5.17	£5.15	-£0.02	-0.39%	-£0.02	-0.39%	£0.74	16.78%	n/a
5 Year Tracker 90%	£5.30	£5.30	£5.30	£5.30	£5.30	£0.00	0.00%	£0.00	0.00%	£0.00	0.00%	2.91%

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.
- 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.

For further press information, please contact:

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

Email: damion@realpublicrelations.com

For all other enquiries, please contact:

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

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