

Mortgage rates on the rise

~ 5yr Fixed rate mortgage (60% LTV) up 18% since April ~

UK, July 8, 2014: Figures released today from Mortgage Brain's quarterly product data analysis show that mortgage rates are starting to rise.

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 July 2014 - show that the interest rate for a 60% LTV five year Fixed mortgage has increased by 18% over the past three months - up from 2.35% to 2.78%.

The lowest rate five year Tracker with a 60% LTV, having held level for three months at 2.99%, increased by 13% during June and now stands at 3.39%. Consecutive increases during the past two months have also seen the lowest rate three year Fixed with a 60% LTV increase by 12% since April 2014 - up from 2.14% to 2.99%.

Mortgages with a two year term, by comparison, performed better during the second quarter of 2014. The lowest rate two year Fixed (60% LTV) saw a 7% increase since April 2014 - up from 1.48% to 1.58% - while the interest rate for the same product with a 90% LTV dropped by 13% over the same period (down from 3.45% to 2.99%).

The lowest rate two year Trackers (60% and 90% LTV) remained level over the past three months with the 60% LTV product holding a rate of 1.49% since April 2014 and its 90% counterpart returning to a rate of 2.49%.

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Interest rates for products in the buy-to-let market performed the best over the past three months, however. Out of the 18 buy-to-let products analysed only two – the lowest rate two and three year Trackers with a 60% LTV – saw a rate rise when compared to April 2014 (60% 2yr Tracker up 5%, 60% 3yr Tracker up 7%).

Fixed rate products over the same terms, however, saw significant rate reductions over the past quarter with the lowest rate two year Fixed mortgage (60% LTV) dropping 12% from 2.49% in April to 2.19%. The lowest rate three year Fixed with a 60% LTV also dropped by 11% since April and an 8% rate drop was seen for the lowest rate two year Tracker with a 70% loan to value.

Mark Lofthouse, CEO of Mortgage Brain, comments, “While borrowers have benefitted from significant rate drops over the last 12 months, there are early signs that the market could be on the turn, especially within the three and five year term purchase schemes.

“For some time now the BoE has been hinting at a rate rise in 2015, and while it’s perhaps a little early to really see what effect the Mortgage Market Review is having on mortgage rates, we are starting to see ripples across the market. The next few months could prove quite interesting as things become clearer.”

Despite the fluctuation in interest rates, the rate difference between LTV bands continues with the lowest 90% two year Fixed (at 2.99%) almost 90% higher than the lowest rate product with a 60% LTV (1.58%).

Similarly, the difference between the lowest rate 60% and 90% LTV two year Tracker is almost as great – 67% higher – with the lowest rates currently standing at 1.49% (60% LTV) and 2.49% for a 90% LTV product.

- 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	1/10/13	1/1/14	1/4/14	1/7/14	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	1.48%	1.48%	1.48%	1.58%	0.10%	6.76%	0.10%	6.76%	-0.06%	-3.36%	n/a
2 Year Fixed 90%	3.54%	3.49%	3.45%	2.99%	-0.46%	-13.33%	-0.50%	-14.33%	0.00%	0.00%	89.24%
2 Year Tracker 60%	1.69%	1.69%	1.49%	1.49%	0.00%	0.00%	-0.20%	-11.83%	-0.26%	-14.86%	n/a
2 Year Tracker 90%	3.59%	3.59%	2.49%	2.40%	0.00%	0.00%	-1.10%	-30.64%	-1.10%	-30.64%	67.11%
5 Year Fixed 60%	2.49%	2.49%	2.35%	2.78%	0.43%	18.30%	0.29%	11.65%	0.34%	13.93%	n/a
5 Year Fixed 90%	4.39%	4.29%	4.29%	4.24%	-0.05%	-1.17%	-0.05%	-1.17%	0.05%	1.19%	52.55%
5 Year Tracker 60%	2.14%	1.99%	2.99%	3.39%	0.40%	13.38%	1.40%	70.35%	1.10%	48.03%	n/a
5 Year Tracker 90%	3.65%	3.54%	3.65%	3.65%	0.00%	0.00%	0.11%	3.11%	0.01%	0.27%	7.67%

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	1/10/13	1/1/14	1/4/14	1/7/14	3mth change	3mth change (%)	6mth change	6mth change (%)	12mth change	12mth change (%)	Difference to 60% LTV
2 Year Fixed 60%	£4.28	£4.28	£4.32	£4.35	£0.03	0.69%	£0.07	1.64%	-£0.05	-1.14%	n/a
2 Year Fixed 90%	£5.34	£5.21	£5.10	£5.16	£0.06	1.18%	-£0.05	-0.96%	-£0.14	-2.64%	18.62%
2 Year Tracker 60%	£4.46	£4.46	£4.25	£4.25	£0.00	0.00%	-£0.21	-4.71%	-£0.35	-7.61%	n/a
2 Year Tracker 90%	£5.25	£5.25	£4.85	£4.93	-£0.08	-1.65%	-£0.32	-6.10%	-£0.32	-6.10%	16.00%
5 Year Fixed 60%	£4.71	£4.68	£4.79	£4.79	£0.00	0.00%	£0.11	2.35%	£0.16	3.46%	n/a
5 Year Fixed 90%	£5.53	£5.55	£5.56	£5.56	£0.00	0.00%	£0.01	0.18%	£0.02	0.36%	16.08%
5 Year Tracker 60%	£4.46	£4.41	£5.17	£5.17	£0.00	0.00%	£0.76	17.23%	£0.71	15.92%	n/a
5 Year Tracker 90%	£5.30	£5.30	£5.30	£5.30	£0.00	0.00%	£0.00	0.00%	£0.00	-0.00%	2.51%

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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