

## Rate difference between LTV bands closes

~ 90% LTV 5yr Tracker now just 8% higher than 60% LTV product ~

**UK, October 9, 2014:** Figures released today from Mortgage Brain's quarterly product data analysis have revealed a sharp reduction in the gap between mortgage rates at different Loan-To-Value (LTV) ratios over 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 1<sup>st</sup> October 2014 – show that the lowest rate five year Tracker with a 90% LTV (at 3.65%) is now just 8% higher than the same product with a 60% LTV (3.39%). The same analysis twelve months ago showed a 71% increase between the lowest rate 60% and 90% LTV products.

Similar reductions have also been seen in the gap between the lowest rate two year Tracker mortgages. In 2013 the lowest rate 90% LTV product was 112% higher than the same product with a 60% LTV – now, the rate difference has dropped to 73%.

The Buy-To-Let sector, by comparison, has behaved very differently with current data showing that the gap between the lowest rate two year Fixed products (60% and 80% LTV) increased by 9% from 66% in 2013 to 77% as of 1<sup>st</sup> October 2014.

In (October) 2013 the lowest rate two year Tracker with an 80% LTV was 77% higher than its 60% LTV counterpart. Twelve months on and the gap has widened to 87% with the 80% LTV product currently listed with a rate of 3.73% compared to 1.99% for the 60% LTV product.

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## **Short term analysis sees mixed rate movement**

Mortgage Brain's latest analysis also gives an up-to-date picture on mortgage rates over the past three months with mixed movement seen for all main product types.

The lowest rate two year Fixed (90% LTV), for example - at 3.39% - has increased by 13% since July 2014, whereas the lowest rate product with a 60% LTV (at 1.49%) dropped 6% over the same period.

Conversely, the lowest rate three year Tracker with a 60% LTV dropped 13% over the past three months, with the same product with a 90% LTV holding a rate of 2.95% since July 2014.

Longer term products, however, showed no movement whatsoever over the past three months with the lowest rate five year Fixed and Tracker mortgages (60% and 90% LTVs) maintaining the same mortgage rates since July 2014.

The most noticeable changes in the Buy To Let market can be seen in the form of the lowest rate two year Fixed with a 60% LTV, which has increased 7% over the past three months – up from 2.19% in July to 2.34% as of 1<sup>st</sup> October 2014.

Two year Trackers performed much better, however, with rate reductions being seen since July for the lowest rate 60% and 80% products, which are down 5% and 6% and currently stand at 1.99% and 3.73% respectively.

Mark Loffhouse, CEO of Mortgage Brain, comments, "Overall the figures from our latest analysis should not come as huge surprise. With the threat of a rise in base rates ever increasing purchase mortgages were always likely to rise.

"The drop in the gap between 90% and 60% LTV rates, however, will be welcomed by those with small deposits. It comes on the back of a number of years when the gap was increasing and should help new home owners to take their first steps on the housing ladder."

**- Ends -**

**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	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%	-0.09%	-5.70%	0.01%	0.68%	0.01%	0.68%	n/a
2 Year Fixed 90%	3.49%	3.45%	2.99%	3.39%	0.40%	13.38%	-0.06%	-1.74%	-0.15%	-4.24%	127.52%
2 Year Tracker 60%	1.69%	1.49%	1.49%	1.44%	-0.05%	-3.36%	-0.05%	-3.36%	-0.25%	-14.79%	n/a
2 Year Tracker 90%	3.59%	2.49%	2.49%	2.49%	0.00%	0.00%	0.00%	0.00%	-1.10%	-30.64%	72.92%
5 Year Fixed 60%	2.49%	2.35%	2.78%	2.78%	0.00%	0.00%	0.43%	18.30%	0.29%	11.65%	n/a
5 Year Fixed 90%	4.39%	4.29%	4.24%	4.24%	0.00%	0.00%	-0.05%	-1.17%	-0.15%	-3.42%	52.52%
5 Year Tracker 60%	1.99%	2.99%	3.39%	3.39%	0.40%	0.00%	0.00%	0.40%	13.38%	1.25%	n/a
5 Year Tracker 90%	3.54%	3.65%	3.65%	3.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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	1/1/14	1/4/14	1/7/14	1/10/14	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	-£0.01	-0.23%	£0.02	0.46%	£0.06	1.40%	n/a
2 Year Fixed 90%	£5.21	£5.10	£5.16	£4.96	-£0.20	-3.88%	-£0.14	-2.75%	-£0.38	-7.12%	14.29%
2 Year Tracker 60%	£4.46	£4.25	£4.25	£4.04	-£0.21	-4.94%	-£0.21	-4.94%	-£0.42	-9.42%	n/a
2 Year Tracker 90%	£5.25	£4.85	£4.93	£4.73	-£0.20	-4.06%	-£0.12	-2.47%	-£0.52	-9.90%	17.08%
5 Year Fixed 60%	£4.68	£4.79	£4.79	£4.78	-£0.01	-0.21%	-£0.01	-0.21%	£0.07	1.49%	n/a
5 Year Fixed 90%	£5.55	£5.56	£5.56	£5.54	-£0.02	-0.36%	-£0.02	-0.36%	£0.01	0.18%	15.90%
5 Year Tracker 60%	£4.41	£5.17	£5.17	£5.17	£0.00	0.00%	£0.00	0.00%	£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

# MortgageBrain

- 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.

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