

29 June 2009

Average 5 year mortgage hits 6.00%

The rising cost of fixed rate mortgages continues as the average five year fixed rate mortgage today hits 6.00%, the highest level since 22 December 2008.

In the last month the average five year fixed has increased by 0.43%, while the average two year fixed has increased by 0.41% to 5.08%.

Borrowers have also seen a 5% reduction in the number of residential mortgages available this month, with the total today standing at 1,242.

The reduction in product numbers is being felt in all LTV bands, with the exception of 90% LTV deals. Borrowers with a 10% deposit now have access to 21% more deals than they did at the start of the month.

New entrants into the 90% LTV arena this month include Britannia BS, Cambridge BS, Earl Shilton BS, Leek United BS and Saffron BS.

Louis Kaszczak, Head of Moneyfacts.co.uk commented:

“The demand for fixed rate mortgages continues to increase as borrowers look to fix their repayments ahead of expected rates rises.

“Borrowers are now gambling on when the Bank of England will increase the base rate and by how much.

“Those on tracker deals or their lender’s SVR are likely to be seeing significantly lower repayments at present than those available on fixed deals. There appears to be little incentive for borrowers to switch over to a more expensive deal that might only achieve longer term rewards.

“Those that are looking for a new fixed deal need to act fast as the lenders continue to fall over each other to increase rates. No one seems to want to offer the lowest fixed rate deal at the moment.

“The only positive news is for those with a small deposit, where competition is slowly returning to the market.

“Although with an average five year fix standing at 6.79% for those with a 10% deposit, it is debatable how many borrowers will take up these deals.”

Note to Editors

About The Moneyfacts Group

Moneyfacts is recognised as the UK's leading provider of independent personal finance information. For the last 20 years, Moneyfacts' information has been the key driver behind many personal finance decisions, from the Treasury to the high street.

Our fast growing consumer website www.moneyfacts.co.uk helps customers understand personal finance products and gives them the ability to check the latest best buy products and to search the whole market for products that suit their individual circumstances.

The group also supplies best buy charts to many of the UK national newspapers, with a total weekly readership in excess of 22,000,000. From its Norwich headquarters, Moneyfacts also provides the raw personal finance data that powers over half of online comparison websites.

Contact us...

Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

Press Office	Darren Cook Head of Press & PR	01603 476207 dcook@moneyfacts.co.uk
	Michelle Slade Press Officer	01603 476454 msslade@moneyfacts.co.uk
Out of hours	Darren Cook Head of Press & PR	07803 899935
An ISDN line is available for broadcast: 01603 230551		