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Mortgage products on the shelf start to gather some dust

The dust looks to have begun to settle on a volatile mortgage market, as the availability of a current mortgage deal lengthened from 18 to an average of 24 working days during September, the longest since October 2007.

Darren Cook, spokesperson at Moneyfacts.co.uk, commented:

“The extended shelf life of a mortgage product to 24 days clearly demonstrates that rates are becoming much more static, although healthy competition within the market is still far from a reality.

“The cheap cost of wholesale funding looks to remain totally disjointed from the actual final price of a new mortgage.

“The average rate of a new variable and fixed rate mortgage has remained fairly static during the past three months. Providers are clearly unable to pass on any savings achieved from the lower cost of wholesale market rates.

“We have reached a plateau in the mortgage market and rates are unlikely to move noticeably from their current levels within the foreseeable future

“Many economists have predicted that the Bank Rate will remain at its record low well into the fourth quarter of 2010. We need to accept that mortgage rates are unlikely to fall much lower and that the overall cost of financing personal debt will remain high.

“If standard variable rates remain unchanged in line with the bank rate for the duration of 2010, there seems very little incentive for anybody to sacrifice a rate of as low 2.50% for a new mortgage. This could have disastrous effects for the remortgage market.”

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

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