

27 April 2010

Mortgage rates at lowest level in a year

When bank base rate dropped to 0.50% last year the mortgage market entered uncharted waters. Initial reductions in mortgage rates were soon wiped out as lenders took an increasing margin for risk.

Mortgage rates peaked in August 2009 and have steadily fallen since. Today the average two year fixed mortgage - the barometer of the mortgage market - stands at its lowest level in 12 months, with the average three and five year fixed rate mortgages not far behind.

Mortgage	Average rate at peak (since base rate been at 0.50%)	Average rate today	Reduction in monthly mortgage payment*
2 Year Fixed	5.21%	4.63%	£50pm
3 Year Fixed	5.61%	5.34%	£24pm
5 Year Fixed	6.24%	5.85%	£36pm

* Figures based on £150,000 repayment mortgage
Source: Moneyfacts.co.uk 27.04.10

Competition continues to return to the mortgage market, as the number of mortgages available reaches 2,076, the highest level since December 2008 and a 71.7% increase since the all time low level of 1,209 seen in April 2009.

A significant proportion of the new mortgages now available are for those with smaller deposits, which is another welcome boost for the mortgage market.

LTV	Number of mortgages available one year ago	Number of mortgages available today	Increase
95%	3	19	533%
90%	71	147	107%
85%	186	345	85%
75%	507	666	31%
60%	285	379	33%

Source: Moneyfacts.co.uk 27.04.10

Michelle Slade, spokesperson for Moneyfacts.co.uk commented:

“Lenders have slowly become acclimatised to a new look mortgage market and continue to take more steps to improve the competitiveness of deals.

“The ‘open for business’ sign is back in the window as lenders improve the availability of mortgages.

“Lenders are becoming more active in the mortgage market, which is welcome news for borrowers as increased competition is one of the overriding factors in driving rates downwards.

“A 25% deposit remains the benchmark for the majority of the most competitive deals. However, borrowers with a small deposit are increasingly getting access to a wider proportion of the market.

“The platform is developing for a resurgence in the mortgage market, but lending figures show that there is still a way to go before the market returns to any sort of normality.”

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Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at www.moneyfactsgroup.co.uk.

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.

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