Average five-year fix surpasses 6% - brokers react

Brokers noted that rates are still available below 6% but predict rates to rise further.

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"If core inflation doesn't come down significantly this month, or God forbid rises, then interest rates and Swap rates will continue to go up and up."

The latest data from Moneyfacts shows that the average five-year fixed rate has risen to 6.01%.

PR platform, Newspage, asked brokers for their views:

Paul Welch, CEO at London-based LargeMortgageLoans.com: "As long as Swap rates, the rates which banks pay to borrow money, remain high, then fixed rates for mortgages will continue to rise. If core inflation doesn't come down significantly this month, or God forbid rises, then interest rates and Swap rates will continue to go up and up. It gives me no pleasure to say that we could realistically see some fixed rates reach 7% before the summer is out. Currently, 10 and 15 year Swap rates are the best value for money, so if you like the stability of a fixed rate and you can afford to fix for the long term, then you could try a 10-year fixed rate mortgage, with a rate of less than 5% currently."

Lewis Shaw, founder of Mansfield-based Shaw Financial Services: "Moneyfacts is a valuable resource and is great for showing us trends. However, it can be a little misleading because no one has an average mortgage rate: they have a specific one. The current range of five-year fixed rates excluding direct-to-consumer products and most specialist lenders (correct as of 04/07/2023) is between 5.19%-7.47%, spanning the entire loan-to-value spectrum. So whilst Moneyfacts are right about the averages, it's vital that consumers understand there is a large range of options, many of which are below 6% if they have a good deposit or chunk of equity in their property."

Peter Dockar, chief commercial officer at fintech residential mortgage lender, Gen H: "This is a very unusual time. This volatility is difficult for us to manage as a lender, because it is completely outside our control, and we see the negative impact this is having on homeowners and aspiring buyers alike. As fixed rates go up, so too do variable rates and SVRs – and things may still get worse before they get better. We're doing everything we can to support our mortgage customers – as all lenders should – but homeowners and homebuyers also need and deserve better support from the government."

Rob Gill, managing director at mortgage broker Altura Mortgage Finance: "We're seeing a relentless rise in mortgage rates, driven by steep rises in bond yields, swap rates and other money market rates in pretty much everything sterling-denominated. It feels very much like a market squeeze. Logic suggests it has to end eventually, and such squeezes often end with a crash. It certainly doesn't feel like that however to lenders, brokers and borrowers all faced with a market marching ever upwards."

Samuel Mather-Holgate of Swindon-based advisory firm, Mather & Murray Financial: "Now isn't the time to fix for longer. Certainty of repayments and the ability to budget could cost you dearly in the long run. Interest rates are inverted over two, five and 10 years with the cheapest of these being 5.89% (Halifax), 5.36% (Virgin) and 4.94% (HSBC) respectively. This is a sign that the market thinks rates will come down and The Plank of England, Andrew Bailey, will have to reverse his devastating rate hikes that have seen so much pain applied to homeowners. The next inflation print should show a significant fall, with fuel, food and energy bills all on the decline. This could be a significant moment for the mortgage market as lenders race to be top of the best buys table."

Riz Malik, director of Southend-on-Sea-based independent mortgage broker, R3 Mortgages: "Unless the chaos stemming from Threadneedle Street is resolved, average rates will continue to rise. Thirteen consecutive rate hikes have failed to calm inflation, which indicates that other measures need to be explored. The present members of the

Monetary Policy Committee are not fulfilling their roles appropriately and should be replaced. Failing that, the government should exercise its powers are intervene, which they can do in extreme circumstances."

Imran Hussain, director at Nottingham-based Harmony Financial Services: "This kind of data can be very misleading as there are plenty of deals under 6% for five-year fixes. That being said, anyone with six months left on their current deal should start reviewing their options now and look to secure a deal. The mortgage market is moving fast."

Justin Moy, founder at Chelmsford-based mortgage broker, EHF Mortgages: "There are still plenty of five-year deals below 6% currently available to both residential and buy-to-let borrowers. However, the trend is worrying, and quick action to secure a new deal is essential. With more lenders offering an option up to 6 months before the expiry of their current deal, it is so important to engage with a mortgage broker to see what is available, and to be ready to make a quick decision. We are seeing a number of loyalty deals for product transfers much cheaper than average rates. For example, Nationwide are offering existing clients 5.14% fixed for five-years with a £999 Fee (subject to LTV)."

Elliott Culley, director at Hayling Island-based Switch Mortgage Finance: "Unfortunately, under current forecasts, rates still haven't reached their peak. Five-year fixed rates have and continue to be cheaper than two-year fixes and some clients have decided to fix for longer due to the uncertain outlook. There are still five-year fixed rates under 6% and customers should remember this is an average rate. The current predictions still show rates should reduce by the end of 2024, albeit not to the low