# Fixed Mortgage Rates Rise but Market Stability Emerges



### Fixed Mortgage Rates Increase but Stability Seen in Market

Fixed mortgage rates have been rising since February 2024, following almost six months of consecutive cuts. According to Moneyfacts, the average rate for a two-year fixed mortgage increased from 5.56% to 5.96%, and the average five-year fixed rate climbed from 5.18% to 5.53%.

In terms of specific offers, the lowest available five-year fixed rate currently stands at 4.28%, while the lowest two-year fix is at 4.76%. Despite the uptick, recent market trends show signs of stabilization, with lenders like NatWest and Barclays announcing rate cuts.

The overall market sentiment remains cautious, considering past fluctuations. In 2023, mortgage rates peaked with two-year fixed rates reaching 6.86% and five-year rates at 6.35%, spurred by successive base rate hikes and inflation concerns. However, with inflation rates falling and the Bank of England holding the base rate steady at 5.25% since August 2023, lenders commenced rate cuts into early 2024.

As for housing prices, the Office for National Statistics reported an average property price increase of 1.1% year-on-year as of April, with the average home selling for £281,000. Nationwide also recorded a 1.3% rise in house prices over the same period. Predictions for house prices in 2024 are generally positive, with firms like Savills forecasting a 2.5% rise and Knight Frank anticipating a 3% increase.

Market expectations for the base rate indicate possible cuts later in the year, depending on inflation trends. Current swap rates, which reflect future interest rate predictions, suggest a decrease, with five-year swaps at 3.82% and two-year swaps at 4.39%, both below the current base rate.

Borrowers are encouraged to consider their options carefully, with many opting for fixed-rate deals to hedge against future rate fluctuations. The choice between a two-year or five-year fix hinges on individual market outlooks and personal circumstances.

In sum, while mortgage rates have risen compared to early 2024, the market shows signs of stabilization and potential rate reductions, offering borrowers further options.