

The logo for dwello mortgages features the word "dwello" in a large, bold, lowercase sans-serif font, with "mortgages" in a smaller, lowercase sans-serif font directly below it. A thick, light pink curved line arches over the "dwello" text. The background is a grayscale photograph of a desk with a pen, a paperclip, and various documents.

**dwello**  
mortgages

**Standard**

**Starlight White**

**Mortgages Snapshot**  
February 2025

# Snapshot Summary

February 2025

Dwello hunt down the right mortgages for our customers by being on the frontline of the mortgage market, tracking offers and rates across a broad range of lenders from high street banks to bespoke specialists. The following provides a summary of key trends from across the market in February 2025.

**Despite the challenging environment, there is good news to be found in the data...**

- In February 2025, the top 10 lenders' 85% LTV purchase mortgage rates have shown a slight decrease from January, with the average rate now at **4.62%. This represents a modest reduction of 0.08 percentage points from January's 4.70%.**
- In February 2025, the remortgage market's 85% LTV rates from top 10 lenders have shown a slight decrease, dropping to **4.61%. This represents a reduction of 0.08 percentage points from January's rate of 4.69%.**
- The provisional data for UK residential property transactions shows a modest uptick in **January 2025, with the LTM figure reaching 92,146, up from December's 91,118.** This slight increase continues the recent upward trend.
- In February 2025, the average asking price continues to **rise to around £368k, while the average property price remains relatively stable at approximately £268k, continuing the period of stability in prices.**
- Fixed rate share remains stable at **93% in Q3-24, with variable rates holding steady at 7%,** maintaining the cautious approach seen in previous quarters after the higher variability observed in early 2023.
- In Q3-24, House movers (35%) and first-time buyers (29%) together account for 64% of loan purposes, showing continued strong activity in the property market. **The increase from Q2-24 indicates growing momentum, particularly among house movers who saw a significant rise from 30% to 35%."**

# Mortgages aren't just numbers, they're dreams and ambitions waiting to be realised.

Our ambition is to hunt down your mortgage match.

Sit back and relax, our aim is to hunt down the right mortgage for you and your life.

If you're moving home, re-mortgaging or a buy-to-let investor, let us search a wide range of products from high street lenders to specialist providers, so we can find the right mortgage match for you.



WhatsApp  
07714 597 081



Email  
[info@dwelldomortgages.co.uk](mailto:info@dwelldomortgages.co.uk)



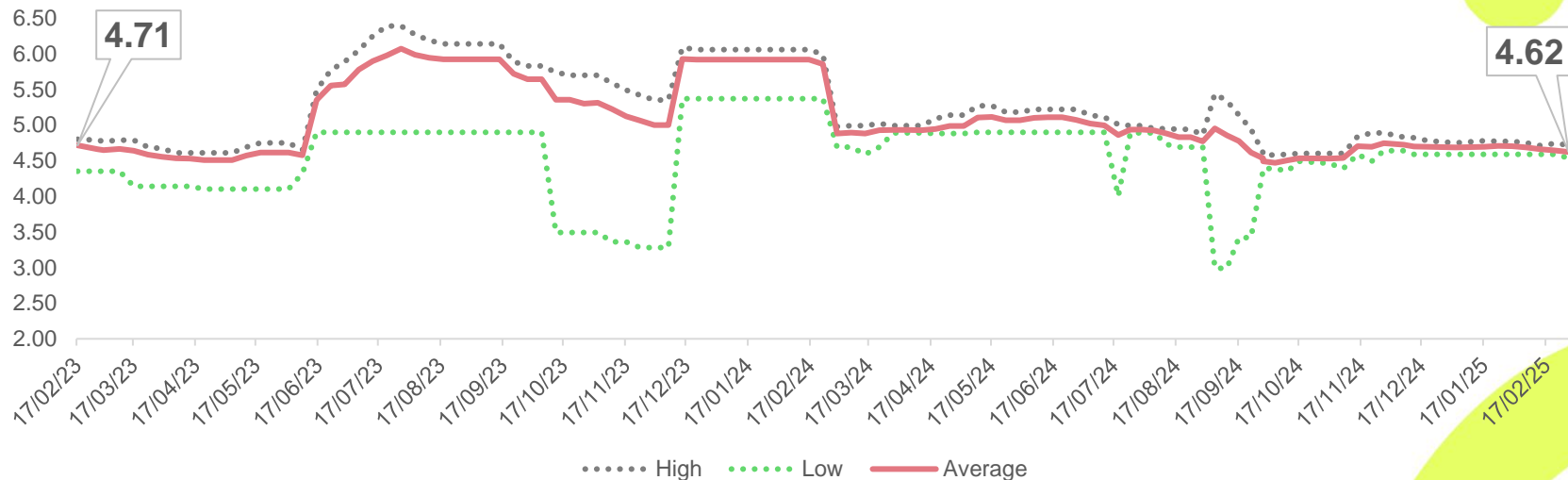
Phone  
0333 533 0051



## Dwello – Mortgage Rate Index (85% LTV Purchase)

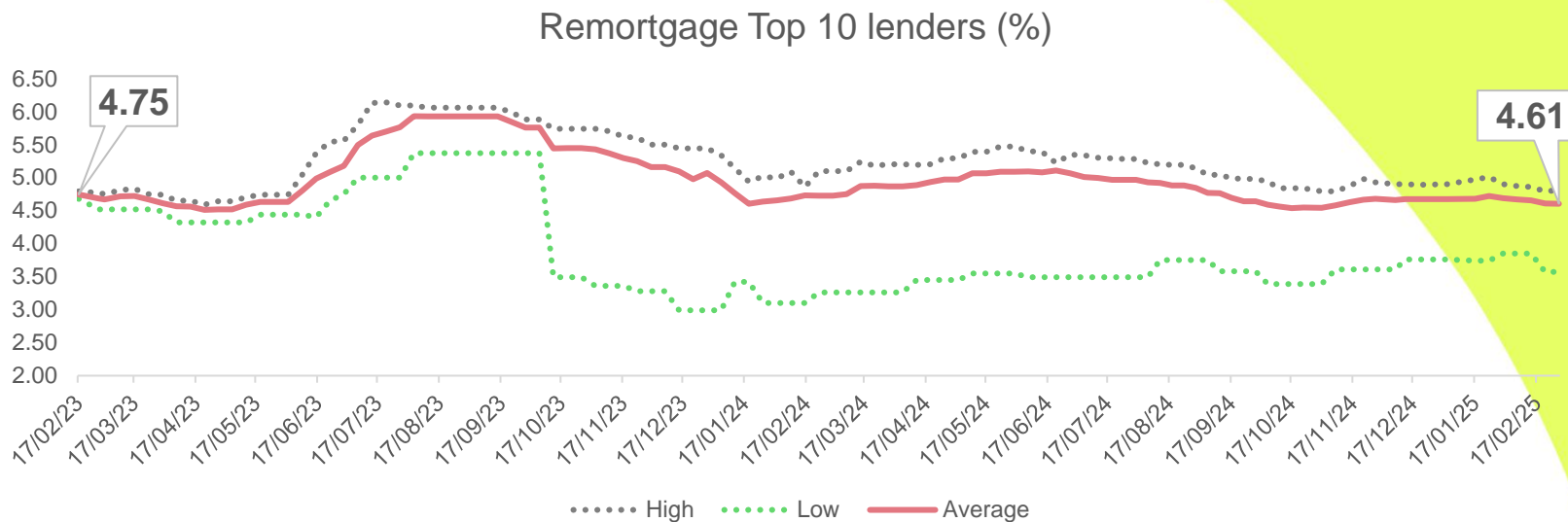
“In February 2025, the top 10 lenders' 85% LTV purchase mortgage rates have shown a slight decrease from January, with the average rate now at 4.62%. This represents a modest reduction of 0.08 percentage points from January's 4.70%”

Purchase Top 10 lenders (%)



## Dwello – Mortgage Rate Index (85% LTV Remortgage)

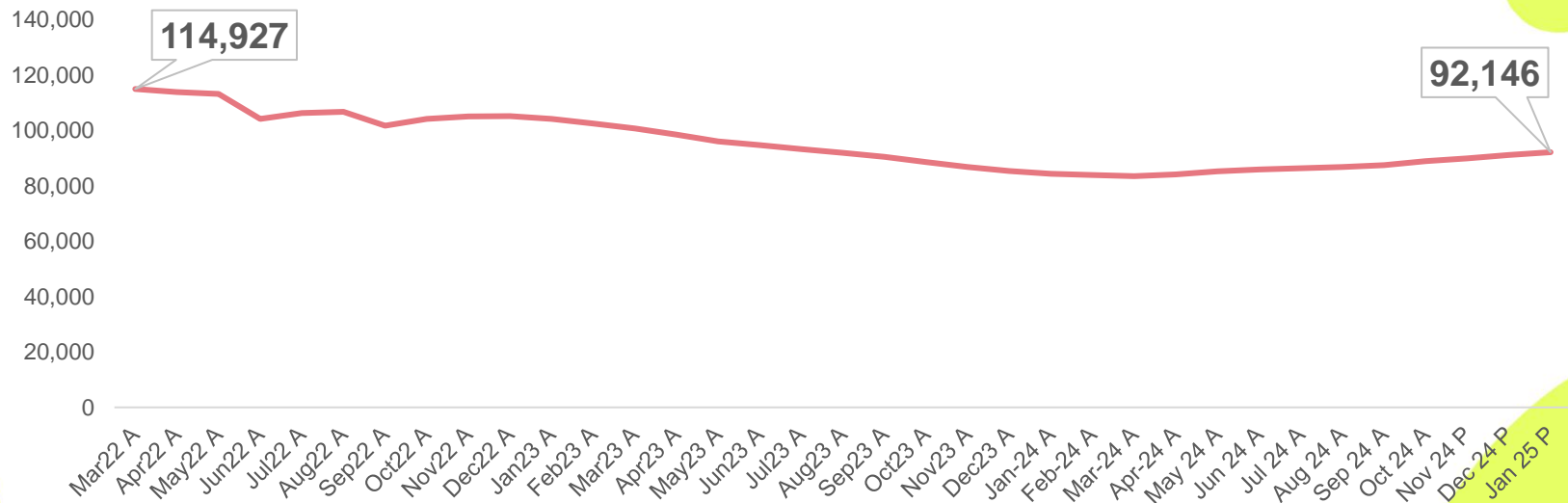
“In February 2025, the remortgage market's 85% LTV rates from top 10 lenders have shown a slight decrease, dropping to 4.61%. This represents a reduction of 0.08 percentage points from January's rate of 4.69%.”



## Residential transaction volumes

The provisional data for UK residential property transactions shows a modest uptick in January 2025, with the LTM figure reaching 92,146, up from December's 91,118. This slight increase continues the recent upward trend.”

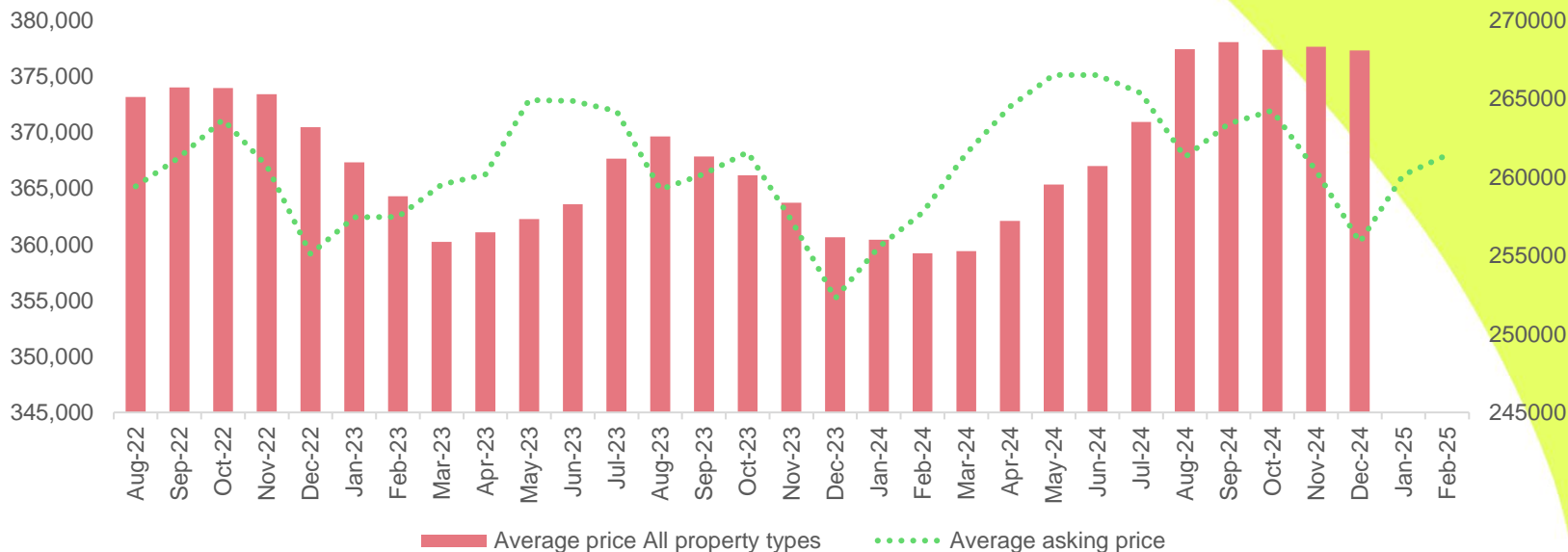
LTM Residential property transactions completed in the UK



# Residential transaction prices

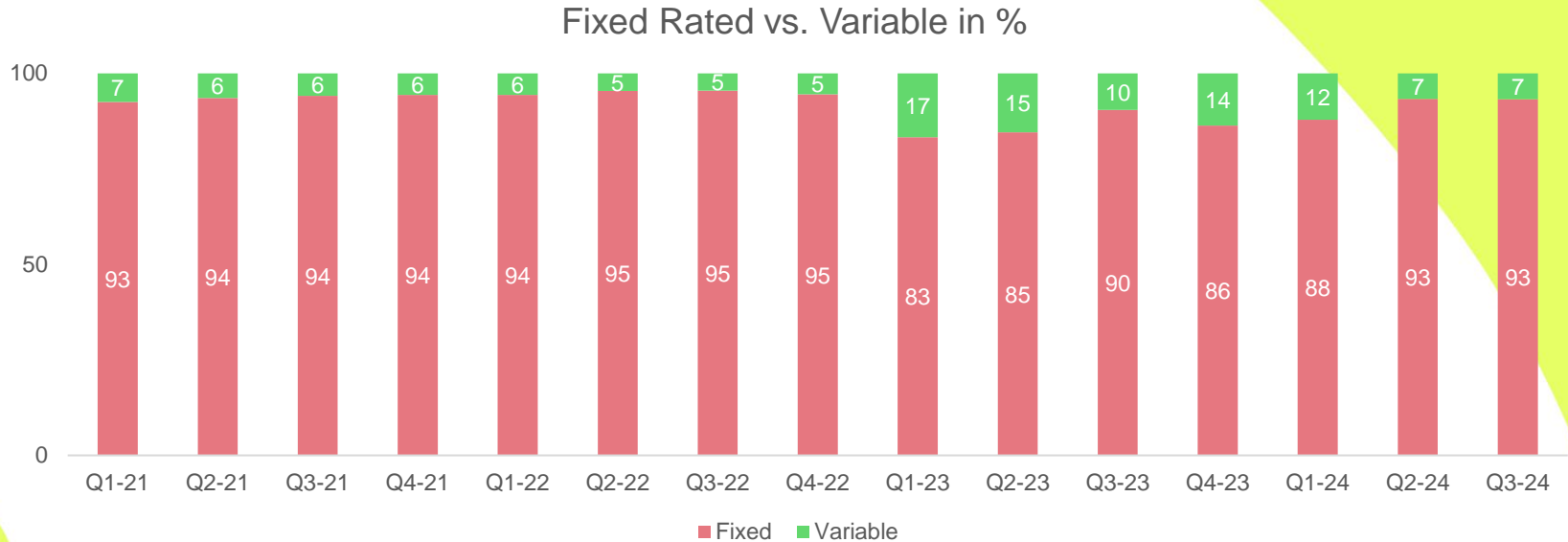
"In February 2025, the average asking price continues to rise to around £368k, while the average property price remains relatively stable at approximately £268k, continuing the period of stability in prices."

### Average price vs. average asking price (Rightmove)



## Fixed Rated vs. Variable

“Fixed rate share remains stable at 93% in Q3-24, with variable rates holding steady at 7%, maintaining the cautious approach seen in previous quarters after the higher variability observed in early 2023.”





# The Shifting Sands of Fixed-Rate Mortgages: Why 2-Year Deals Are Leading the Charge

The UK mortgage market, a landscape constantly shaped by economic winds, is experiencing a significant shift. After a prolonged period where 5-year fixed-rate mortgages offered the allure of long-term stability, 2-year fixed-rate products are poised to become more attractive, potentially offering lower interest rates for the first time since the tumultuous aftermath of Liz Truss's mini-budget. For homeowners and prospective buyers, this reversal presents a crucial opportunity to reassess their mortgage strategies.

The primary driver behind this change lies in the evolving expectations surrounding the Bank of England's base rate. Following the rapid interest rate hikes designed to combat soaring inflation, financial markets are now anticipating a gradual decline in the coming years. This shift in sentiment is reflected in the pricing of gilt yields, which underpin fixed-rate mortgage pricing.

## The 5-Year Premium:

For a considerable period, lenders priced 5-year fixed rates lower than 2-year deals. This strategy reflected the market's anticipation of persistently high interest rates over the long term. Thus a form of insurance, the lower rate for the longer term.

This offered borrowers security, shielding them from potential future rate increases.

## The 2-Year Surge:

With expectations of near-term rate cuts growing, lenders are adjusting their pricing. Short-term rates, reflecting immediate market conditions, are becoming more competitive.

This is occurring as the markets are showing an expectation that the high interest rate environment will subside sooner than previously anticipated.

Therefore the shorter term fixes are becoming better value.

## The Mini-Budget Impact:

The financial instability sparked by the 2022 mini-budget led to a significant surge in gilt yields and mortgage rates. This period reinforced the appeal of longer-term fixed rates, as borrowers sought to lock in stability amidst the volatility.

Now as the markets have stabilised the market is reacting accordingly.





## Flexibility vs. Stability:

2-year fixed rates offer greater flexibility, allowing borrowers to potentially benefit from lower rates when they become available in the near future. However, they also come with the risk of facing higher rates at the end of the term if market conditions change.

5 year fixed rate mortgages give long term stability, but you may miss out on interest rate drops in the near future.

## Careful Calculation:

Borrowers should carefully consider their individual circumstances and risk tolerance when choosing a fixed-rate product.

It's essential to factor in potential future rate changes and the costs associated with remortgaging.

## Seek Expert Advice:

Consulting with a qualified mortgage advisor, such as Dwello Mortgages, is crucial for navigating the complexities of the market. We can provide personalised guidance and help borrowers make informed decisions.

## In Conclusion:

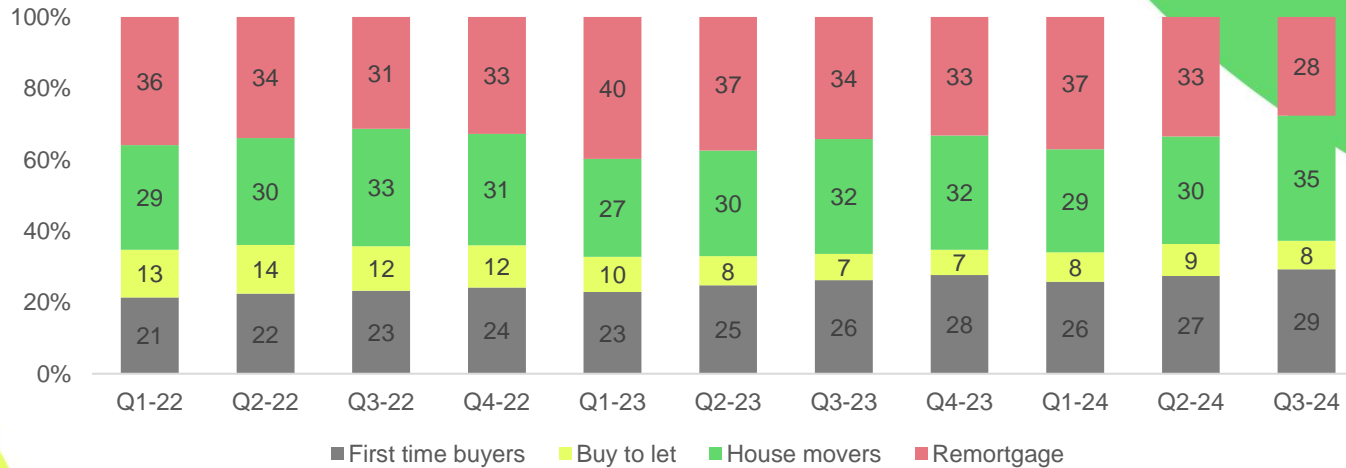
The mortgage market is dynamic, and the recent shift towards more competitive 2-year fixed rates highlights the importance of staying informed. As the economic landscape continues to evolve, borrowers must remain vigilant and seek expert advice to ensure they secure the most suitable mortgage deal for their needs.

Ready to discuss whether a 2-year or 5-year fixed rate is right for your situation? Let's have a chat! At Dwello, we're here to help you unlock your Yes! moment with personalized mortgage planning that fits your unique circumstances.

## Purpose of loans

“In Q3-24, House movers (35%) and first-time buyers (29%) together account for 64% of loan purposes, showing continued strong activity in the property market. The increase from Q2-24 indicates growing momentum, particularly among house movers who saw a significant rise from 30% to 35%.”

Purpose of loans





# **dwello**

**mortgages**



WhatsApp  
**07714 597 081**



Email  
**[info@dwelломortgages.co.uk](mailto:info@dwelломortgages.co.uk)**



Phone  
**0333 533 0051**