



dwello
mortgages

Mortgages Snapshot
June 2025

Snapshot Summary

June 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 June 2025.

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

- In June 2025, the top 10 lenders' 85% LTV purchase mortgage rates have maintained their positive trajectory, **with the average rate edging down to 4.19%.**
- In June 2025, the remortgage market's 85% LTV rates from top 10 lenders have **seen a slight uptick, with average rates rising to 4.31%.**
- The provisional data for UK residential property transactions shows a slight softening in spring 2025, with the **LTM figure reaching 99,866 in April 2025.**
- The UK housing market continues to show diverging trends through spring 2025, with asking prices maintaining **their elevation around the £368k mark, while actual property prices show steady growth reaching approximately £273k.**
- The value of gross mortgage advances in Q1-25 showed continued robust performance **at £77.6 billion, representing a solid increase of 12.8% (£8.8 billion) from Q4-24's £68.8 billion.**
- The Q1-25 data shows fixed rate mortgages maintaining their dominance at **94%, with variable rates holding steady at 6%.** This continued preference indicates sustained borrower confidence in locking in rates.

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.



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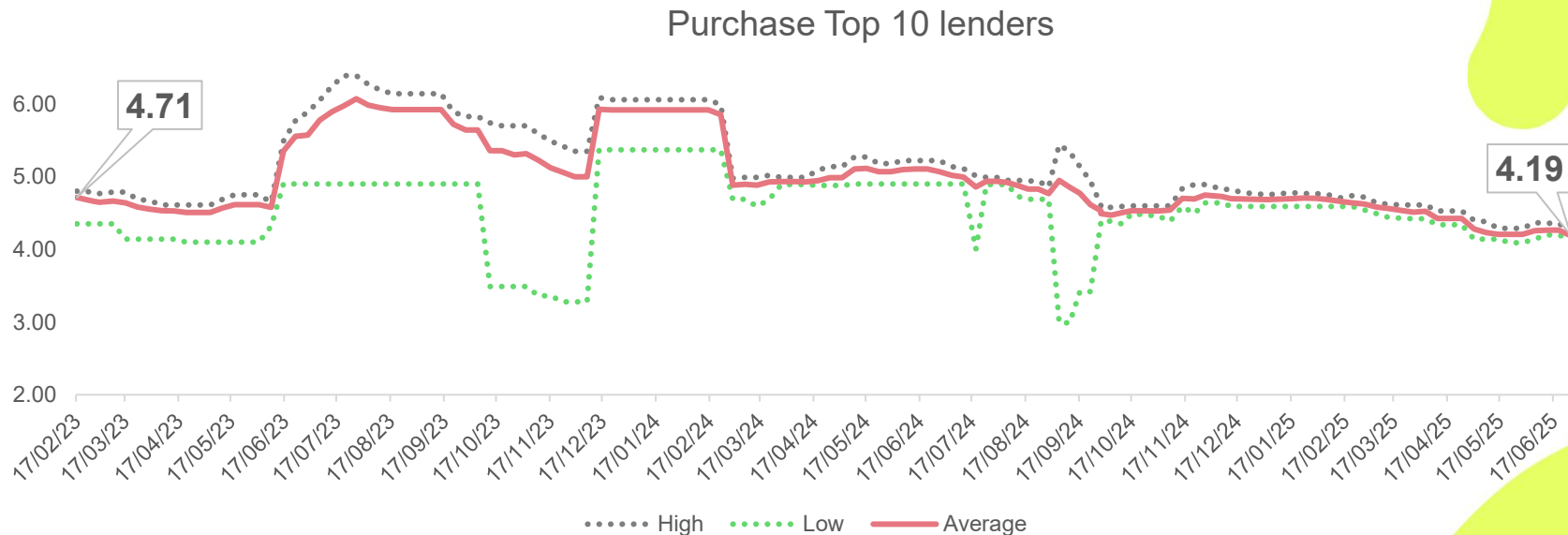


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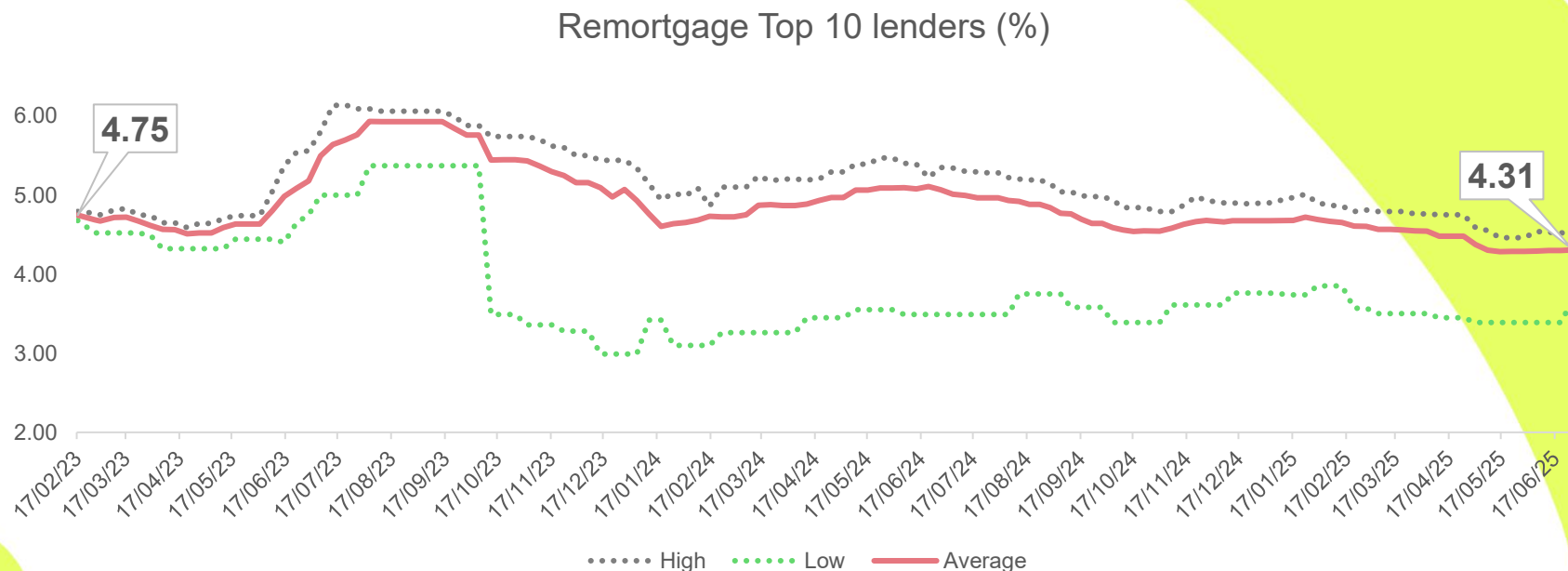
Dwello – Mortgage Rate Index (85% LTV Purchase)

“In June 2025, the top 10 lenders' 85% LTV purchase mortgage rates have maintained their positive trajectory, with the average rate edging down to 4.19%.”



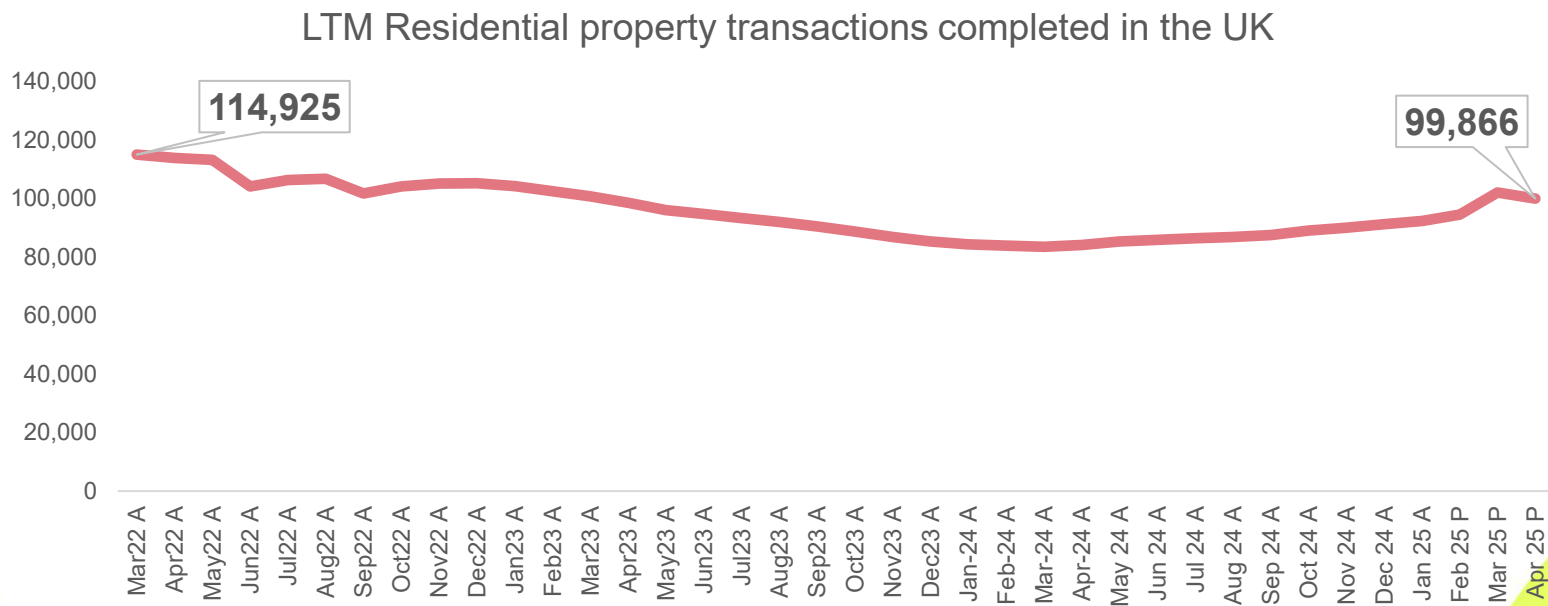
Dwello – Mortgage Rate Index (85% LTV Remortgage)

“In June 2025, the remortgage market's 85% LTV rates from top 10 lenders have seen a slight uptick, with average rates rising to 4.31%.”



Residential transaction volumes

“The provisional data for UK residential property transactions shows a slight softening in spring 2025, with the LTM figure reaching 99,866 in April 2025.”



Residential transaction prices

“The UK housing market continues to show diverging trends through spring 2025, with asking prices maintaining their elevation around the £368k mark, while actual property prices show steady growth reaching approximately £273k.”

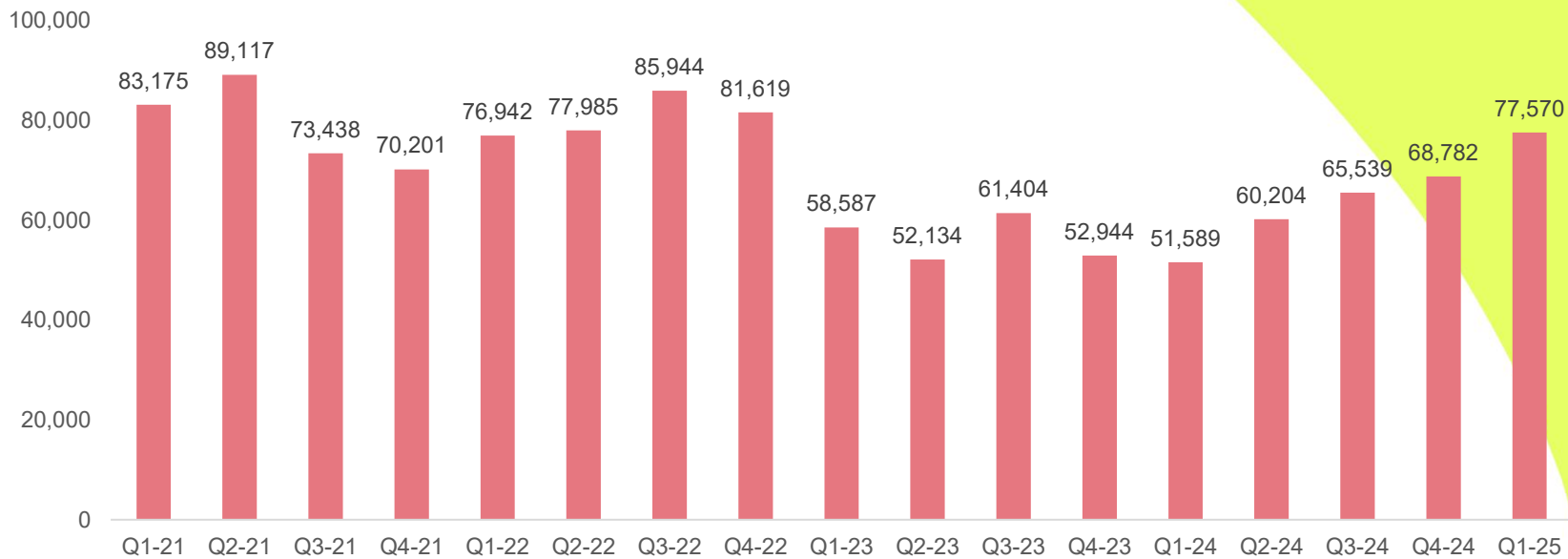
Average price vs. average asking price (Rightmove)



Mortgage Value Gross

"The value of gross mortgage advances in Q1-25 showed continued robust performance at £77.6 billion, representing a solid increase of 12.8% (£8.8 billion) from Q4-24's £68.8 billion."

Mortgage value gross (£'000m)



The Return of 'Residential Interest Only Mortgages'

The Financial Conduct Authority (FCA) is currently reviewing mortgage regulations, signaling a potential comeback for residential interest-only mortgages, particularly for first-time buyers. This move is part of a broader initiative to foster homeownership and invigorate economic growth within the UK property market.

Historically, interest-only mortgages have been a point of contention, often labelled a "ticking time bomb" following the 2008 financial crisis due to concerns about borrowers' ability to repay the capital at the end of the term.

For first-time buyers, the primary allure of an interest-only mortgage lies in significantly lower monthly payments. By only covering the interest on the loan, rather than both interest and capital, these mortgages could free up crucial cash flow, making homeownership a more immediate reality for individuals and families who might otherwise struggle with the higher repayments of a traditional capital repayment mortgage. This could particularly benefit those with variable incomes, the self-employed, and those borrowing later in life, groups that currently face significant hurdles in the mortgage market.





The Return of 'Residential Interest Only Mortgages'

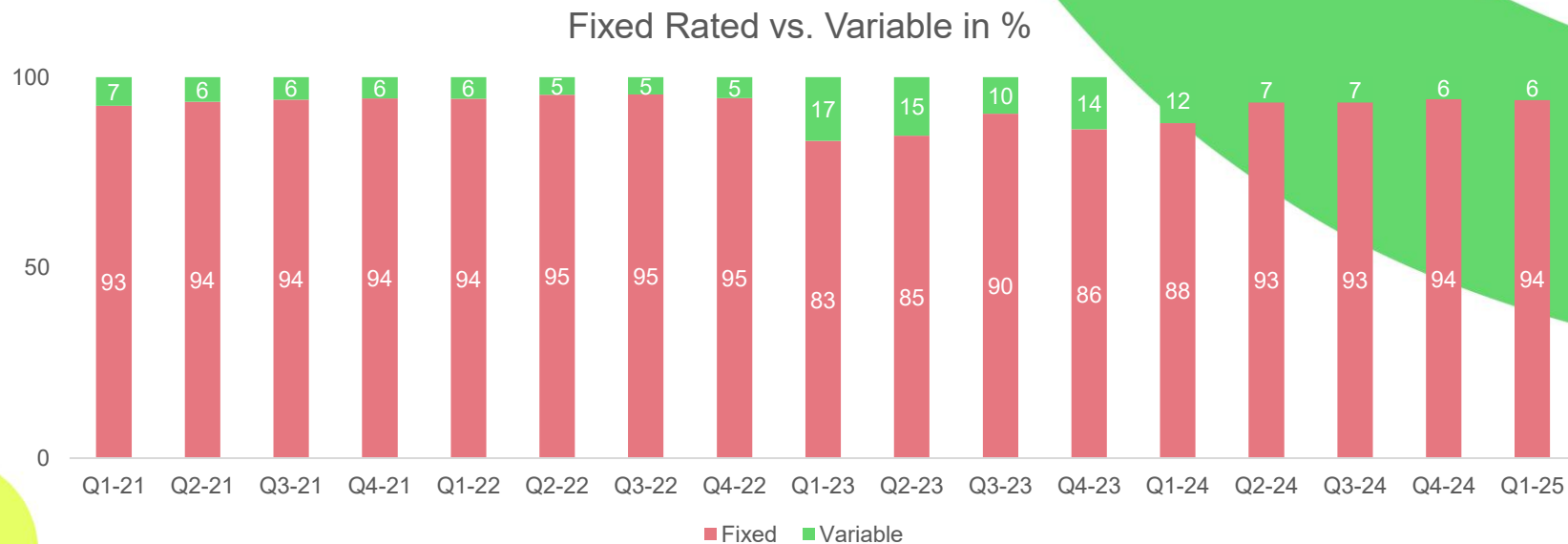
The FCA acknowledges that the mortgage landscape has evolved, with a substantial proportion of first-time buyers now opting for longer mortgage terms, often exceeding 30 years. This demographic shift underscores the need for more adaptable lending solutions. David Geale, Executive Director for Payments and Digital Finance at the FCA, emphasized the regulator's commitment to "evolve our mortgage rules to help more people access sustainable home ownership."

However, the return of interest-only mortgages comes with crucial caveats. Lenders will maintain strict criteria, typically requiring a larger deposit, often 20% or more of the property's value and critically, a credible and clear repayment strategy for the principal loan amount at the end of the term. This repayment plan could involve various methods, such as savings, investments, or the eventual sale of the property. The onus will be on the borrower to demonstrate a robust plan to pay off the capital, mitigating the risks associated with this type of lending.

While interest-only mortgages offer a pathway to reduced initial costs and increased affordability, potential borrowers must carefully consider the long-term implications. The total interest paid over the mortgage term is likely to be higher than with a repayment mortgage, and without diligent savings or a robust investment strategy, borrowers could find themselves in a precarious position when the capital repayment becomes due. The FCA's review seeks to strike a balance between enhancing market accessibility and maintaining consumer protection.

Fixed Rated vs. Variable

“The Q1-25 data shows fixed rate mortgages maintaining their dominance at 94%, with variable rates holding steady at 6%. This continued preference indicates sustained borrower confidence in locking in rates.”





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