

Profits will prompt specialist return

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AARON STRUTT, HEAD OF COMMUNICATIONS, TRINITY FINANCIAL SERVICES

The sooner we see more banks return to profit the sooner we will see lenders offering more niche mortgages.

So Santander's announcement of a £1.7bn profit for 2010 was good news.

Kensington has returned to the buy-to-let scene offering 85% mortgages. Clearly it thinks there is money to be made from this type of mortgage. You can see where the profit comes from when two-year fixes are priced at 6.99% with a 2.5% arrangement fee.

Potential investors will be pleased there are mortgages available again that do not need a 50% deposit. Now one lender is offering 85% we may see one or two others return to the market.

Nationwide is set to launch its large mortgages and it seems likely it will offer up to £3m.

If mortgage rates are to be made available for such a large amount there are some hurdles to get over such as the current £500 monthly overpayments limit.

It was also good to see Abbey reduce some of its £2m maximum mortgages.

Halifax has lowered its rates by around 0.3% and will potentially still lend up to £7.5m, but I don't think it will be on interest-only.

Lenders continue to make rate changes with some offering more discounted variable mortgages.

Instead of continuing with short-term market leading trackers, HSBC replaced some rates with more manageable two-year discounted offerings starting at 1.99%.