# UK fixed mortgage rates edge up for the first time since early 2023 amid economic uncertainty



Average fixed mortgage rates in the UK have seen a subtle yet significant rise for the first time since early 2023, signaling renewed challenges for homeowners and prospective buyers amidst ongoing economic uncertainty. According to Moneyfacts, a financial data provider that tracks market rates monthly, the average two-year fixed mortgage rate edged up slightly from 4.96% in September to 4.98% in October. Similarly, the average five-year fixed rate increased from 5.00% to 5.02% during the same period. This marks the first month-on-month rise in fixed mortgage rates since February this year, ending a period of relative stability in borrowing costs.

This shift is attributed to a mixed response from lenders navigating an unsettled economic climate marked by persistent inflation and cautious monetary policy. Rachel Springall, a finance expert at Moneyfacts, noted that volatile swap rates combined with lenders’ prudent approach have halted the prior trend of consecutive monthly decreases in mortgage rates. She added that with inflation remaining “sticky,” any near-term cuts to the Bank of England’s base rate appear unlikely, limiting relief for borrowers. However, Springall also emphasised that mortgage rates have improved significantly over recent years; borrowers securing a two-year fixed deal in October 2023 would have faced an average 6.47% interest rate, substantially higher than today’s around 5%.

The current modest rise comes after a year of fluctuating mortgage costs, influenced by the Bank of England maintaining its base rate at 5.25% since August 2023. Industry data analysed by Mojo Mortgages shows that, as of late July 2024, average two-year fixed rates hovered around 6.5%, with five-year fixed rates at about 6%, down from peaks last year but still elevated by historical standards. Earlier in 2023, these rates hit their highest levels since the 2008 financial crisis, with two-year fixed rates reaching 6.66% in July, driven by the Bank's series of 13 consecutive rate hikes aimed at curbing inflation.

While the recent slight increases in fixed mortgage rates may not signal a sustained upward trajectory, experts suggest they represent a plateau in borrowing costs amid economic uncertainty. Simon Gammon, managing partner at Knight Frank Finance, explained that inflation rates running close to double the Bank of England’s 2% target have unsettled policymakers. He anticipates that lenders’ cautious rate adjustments will likely temper housing market activity, which had already begun to soften ahead of the government’s November Budget due to speculation over potential changes to property and personal taxation.

Amid this challenging market environment, there have been initiatives aimed at supporting homebuyers, particularly first-time buyers who continue to face affordability hurdles. One such development is the introduction of the Rezide scheme by housebuilders Barratt Redrow and Persimmon, supported by Barclays and TSB. The scheme allows buyers to purchase homes with as little as a 5% deposit, while an equity loan covers 15% of the property’s value, up to a maximum of £100,000. The remaining 80% is funded through a mortgage with Barclays or TSB. Initially limited to new-build properties from these builders, the scheme aims to ease entry into the housing market for buyers struggling with deposit requirements.

In summary, while fixed mortgage rates have shown a small rise after months of decline, they remain significantly below the peaks seen just a year ago. Market watchers foresee a period of cautious lender behaviour and stable to slightly rising rates as economic conditions and inflation outlooks evolve. These dynamics, alongside new buyer support measures, will shape the housing market landscape in the months ahead.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/uk/home-news/mortgage-rates-rise-uk-bank-england-b2844435.html), [[7]](https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-rates-rise-for-the-first-time-in-eight-months/)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/uk/home-news/mortgage-rates-rise-uk-bank-england-b2844435.html), [[7]](https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-rates-rise-for-the-first-time-in-eight-months/)
* Paragraph 3 – [[2]](https://www.mpamag.com/uk/mortgage-industry/market-trends/how-have-fixed-mortgage-rates-changed-over-the-past-year/497167), [[3]](https://www.cnbc.com/2023/07/11/uk-mortgages-2-year-fixed-rate-hits-6point66percent-highest-since-2008.html), [[5]](https://www.independent.co.uk/money/average-twoyear-fixedrate-mortgage-tops-6-for-first-time-in-2023-b2360098.html), [[6]](https://www.moneyfactsgroup.co.uk/media-centre/consumer/interest-rate-impact-rates-rise-and-fall-across-savings-and-mortgages/)
* Paragraph 4 – [[1]](https://www.independent.co.uk/news/uk/home-news/mortgage-rates-rise-uk-bank-england-b2844435.html), [[7]](https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-rates-rise-for-the-first-time-in-eight-months/)
* Paragraph 5 – [[1]](https://www.independent.co.uk/news/uk/home-news/mortgage-rates-rise-uk-bank-england-b2844435.html)
* Paragraph 6 – [[1]](https://www.independent.co.uk/news/uk/home-news/mortgage-rates-rise-uk-bank-england-b2844435.html), [[7]](https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-rates-rise-for-the-first-time-in-eight-months/)

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## Bibliography

1. <https://www.independent.co.uk/news/uk/home-news/mortgage-rates-rise-uk-bank-england-b2844435.html> - Please view link - unable to able to access data
2. <https://www.mpamag.com/uk/mortgage-industry/market-trends/how-have-fixed-mortgage-rates-changed-over-the-past-year/497167> - An analysis by Mojo Mortgages reveals that despite the Bank of England's base rate holding steady at 5.25% since August 2023, average fixed mortgage rates for two- and five-year deals have fluctuated over the past year. As of July 31, 2024, the average two-year fixed rate was 6.5%, while the five-year fixed rate stood at 6%. These rates have seen a decline from earlier peaks, indicating a dynamic mortgage market influenced by various economic factors.
3. <https://www.cnbc.com/2023/07/11/uk-mortgages-2-year-fixed-rate-hits-6point66percent-highest-since-2008.html> - In July 2023, the average two-year fixed mortgage rate in the UK reached 6.66%, the highest level since August 2008. This surge was attributed to 13 consecutive rate hikes by the Bank of England, aiming to combat inflation. The five-year fixed rate also saw an increase, reaching 6.17%. These rising rates have raised concerns about the affordability of homeownership and the broader economic implications.
4. <https://www.standard.co.uk/homesandproperty/buying-mortgages/mortgage-rates-five-year-fix-six-per-cent-b1109816.html> - As of September 27, 2023, the average five-year fixed-rate mortgage in the UK was 6.03%, slightly down from 6.04% the previous day. This marks a trend towards rates edging closer to the six per cent mark, a level not seen since July 3, 2023. The two-year fixed-rate mortgage rate stood at 6.53%, indicating a competitive market for borrowers seeking longer-term stability.
5. <https://www.independent.co.uk/money/average-twoyear-fixedrate-mortgage-tops-6-for-first-time-in-2023-b2360098.html> - In June 2023, the average two-year fixed-rate mortgage in the UK surpassed 6% for the first time that year, reaching 6.01%. This increase brought rates back to levels last seen during the market volatility following the previous autumn’s mini-budget. The rise in rates has been attributed to various economic factors, including inflation concerns and monetary policy adjustments.
6. <https://www.moneyfactsgroup.co.uk/media-centre/consumer/interest-rate-impact-rates-rise-and-fall-across-savings-and-mortgages/> - Moneyfacts Group's analysis indicates that since November 2023, the average two-year fixed-rate mortgage has fallen from 6.29% to 5.91%, while the five-year fixed-rate mortgage has decreased from 5.86% to 5.48%. These fluctuations reflect the dynamic nature of the mortgage market, influenced by changes in the Bank of England's base rate and broader economic conditions.
7. <https://www.moneyfactsgroup.co.uk/media-centre/group/mortgage-rates-rise-for-the-first-time-in-eight-months/> - In October 2025, Moneyfacts reported that average two- and five-year fixed mortgage rates increased for the first time in eight months, rising by 0.02% each to 4.98% and 5.02%, respectively. This uptick marks a shift in the lending landscape after a period of relative stability, influenced by various economic factors and lender strategies.