

ESPC take a positive view on interest rate rise

With the announcement earlier today that the Bank of England is putting up interest rates, the property market is perhaps the one which might be most affected.

Edinburgh Solicitors Property Centre (ESPC) sell many of the houses on the market in the capital.



Paul Hilton, CEO of ESPC, says: “Changes that have been brought in around mortgage affordability in recent years ensures this 0.25% interest rate rise shouldn’t be too impactful on borrowers. The days of irresponsible lending are over, and this small rise is unlikely to make a significant difference to overall lending, as this possibility of an increase would have been factored in by lenders. We’ve seen more people moving onto fixed rates which are now available over a longer term, and this indicates banks and building societies have confidence this won’t be the start of many further rises.

“This interest rate increase could also be potentially helpful in saving for a deposit, as banks may raise interest rates on savings account, which have been very low in recent years.”

David Lauder, an independent mortgage adviser at ESPC Mortgages, says: “The rate rise is only 0.25% and whilst not great for borrowers it should not have a significant impact on most households, particularly ones who are on fixed rates and who will be unaffected by this for the time-being. We are still in very favourable borrowing times with rates and the Bank of England base rate is still well below what it has been historically. It is still generally a good time to have a mortgage and borrowing conditions remain above average market

conditions.

“Clients on a variable rate will of course be affected. Now might be the time for them to review their re-mortgage requirements to see if something more stable would be more suitable for their needs. This will help them avoid being affected by any potential rises in the future, although it seems like any further increase will be small and slow in general.”