

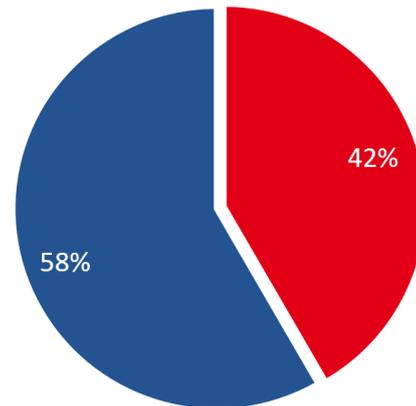
Lenders & Products

Buy to Let Mortgage Lenders: Q2 2017

Lenders:

There were no changes in the number of buy to let lenders this quarter, which remains at 36.

Similarly, there were no changes in the number of lenders offering products for limited companies. Such products are available from 15 out of 36 buy to let lenders, which is 42% of those in the market.



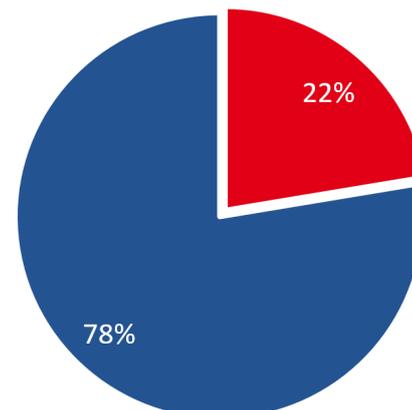
- Lenders offering products to Ltd Co borrowers
- Lenders with no Ltd Co products

Buy to Let Mortgage Products: Q2 2017

Products:

Although the availability of buy to let mortgages rose further this quarter, the availability of buy to let products in the wider market increased more strongly, leading to a slight decrease in the proportion of products available to limited companies. On average, in the quarter, 273 out of 1,220 buy to let mortgage products (22%) were available to limited companies in Q2, compared to 266 out of 1,167 in Q1 (23%).

Demand for and availability of buy to let mortgage products for limited companies has been growing steadily over the last two years, as corporate structures can provide advantages both for tax efficiency and also for affordability calculations since the implementation of new rules. Despite this, many of the largest "mainstream" lenders still do not cater to limited company borrowers.



- Products available to Ltd Co borrowers
- Products available to Individuals

Pricing

	Limited Company		Entire Market	
	No.	Av. Cost	No.	Av. Cost
Variable	92	4.4% ↓	292	3.8% ↔
2 Year Fix	69	3.8% ↓	366	2.9% ↔
3 Year Fix	30	3.7% ↓	168	3.5% ↓
5 Year Fix	71	4.0% ↓	338	3.7% ↓
Total	273	4.0% ↓	1,220	3.2% ↓

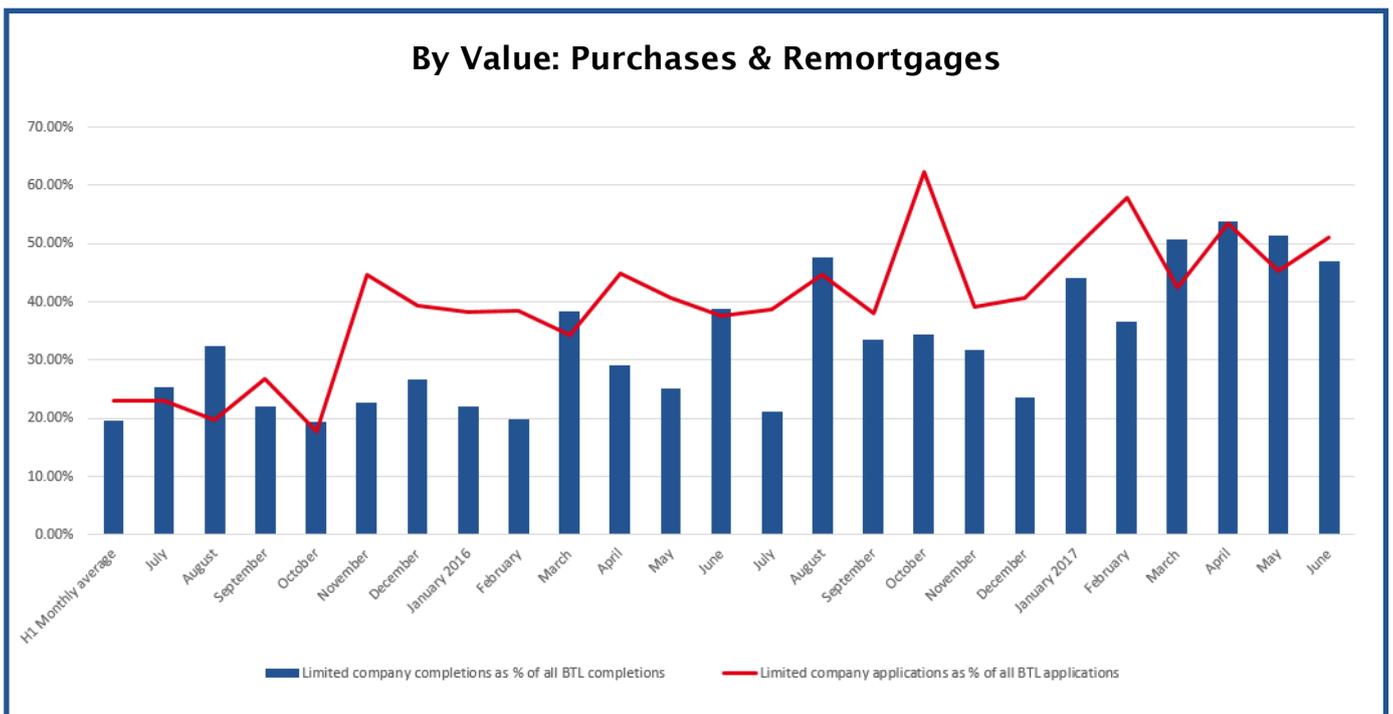
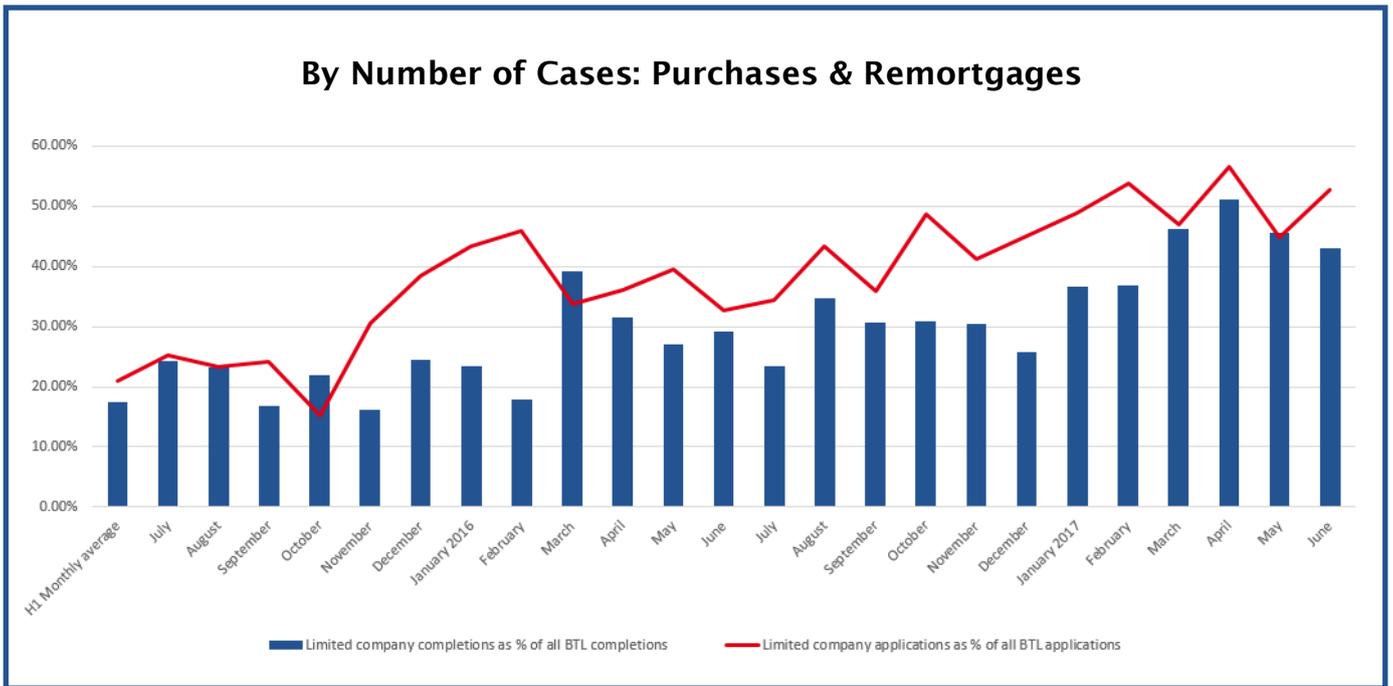
Although product availability for limited companies barely moved this quarter, pricing improved further, bringing rates ever closer to those available on the wider market.

Three and five-year fixed rates saw average pricing fall by 0.4% each among products available to limited companies, with smaller reductions of 0.1% and 0.2% respectively for variable and two-year fixed rates.

In the wider buy to let market prices fell more marginally, with no change to average variable and two-year fixed rates, and just 0.1% reductions in three and five-year fixed rates.

Rates available to limited companies are still somewhat above the market average, as the cheapest products are typically offered by lenders without the systems or underwriting skills in place to offer products to limited companies. For those that do, many offer the same rates to SPVs and personal borrowers. However, very few offer the same rates to trading limited companies.

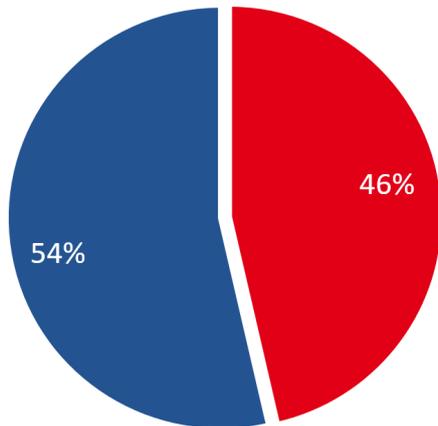
Transactions: Ltd Company BTL as a proportion of the whole market



Transactions:

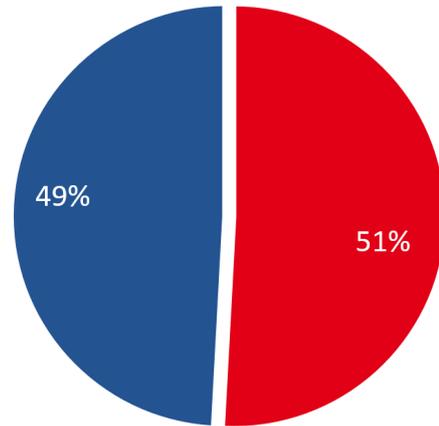
Ltd Company BTL as a proportion of the whole market

Q2 2017 by Number of Cases



- Ltd Co BTL transactions
- Individual BTL transactions

Q2 2017 by Value £m



- Ltd Co BTL transactions
- Individual BTL transactions

Buy to let mortgage completions to Ltd companies now 51% by value

Although limited company transactions now make up the vast majority of the buy to let purchase market, the larger remortgage market is still mostly comprised of individual borrowing, with the growth of limited company borrowing only recently beginning to feed through. Historically, this has kept limited company borrowing to less than half of the buy to let market, but in Q2 our business saw 51% by volume of buy to let borrowing performed by limited companies, up from 44% in Q1. Limited company buy to let also continues to gain popularity by number of cases, rising to 46% from 40% in Q1.

Buy to let mortgage completions for purchases made by Ltd companies reaches 73% by number

Q1 saw 77% of purchase applications made in limited company names, so it is no surprise that this has pulled through to a surge in limited company purchase completions in Q2. 73% of buy to let purchase completions in this quarter were made in limited company names, up from 62% in Q1. Ltd Co purchase applications managed to inch up still further, resting 1% higher at 78% across Q2.

Further growth in remortgages by Ltd companies

Remortgaging by landlords using limited companies also continued to grow in Q2. Completions rose 2%, both by number of cases and volume of lending, reaching 32% and 40% of our total buy to let remortgages respectively.

As we approach the two-year anniversary of the 2015 Summer Budget, we anticipate further increases in the proportion of remortgage business conducted by limited companies, as landlords who were quick to react to the changes start reaching the ends of their introductory rates.

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