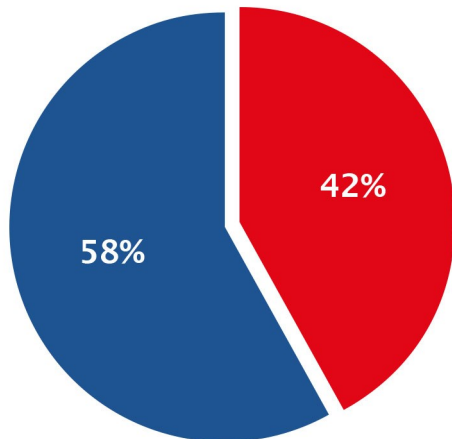


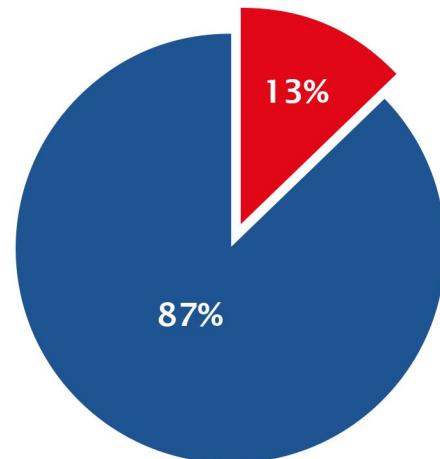
Lenders & Products

Buy to Let Mortgage Lenders H1 2016



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

Buy to Let Mortgage Products H1 2016



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

Lenders: In H1 2016 the average number of buy to let lenders offering products to limited companies rose from 12 to 14. The rise was due to existing BTL lenders introducing limited company products rather than new lenders entering the sector. The majority of these products were available to Special Purpose Vehicles (SPV) not trading limited companies.

Products: The average number of BTL products available to limited companies increased from 147 to 154, although the actual proportion of them as a percentage of the whole BTL market fell due to the increase in products for personal borrowers. It is interesting to note that by the end of June the percentage of buy to let products for limited companies had risen to 16%.

Pricing

At the end of June 2016 limited company product prices had risen from an average of 4.4% to 4.5%. Average buy to let mortgage product pricing remained the same.

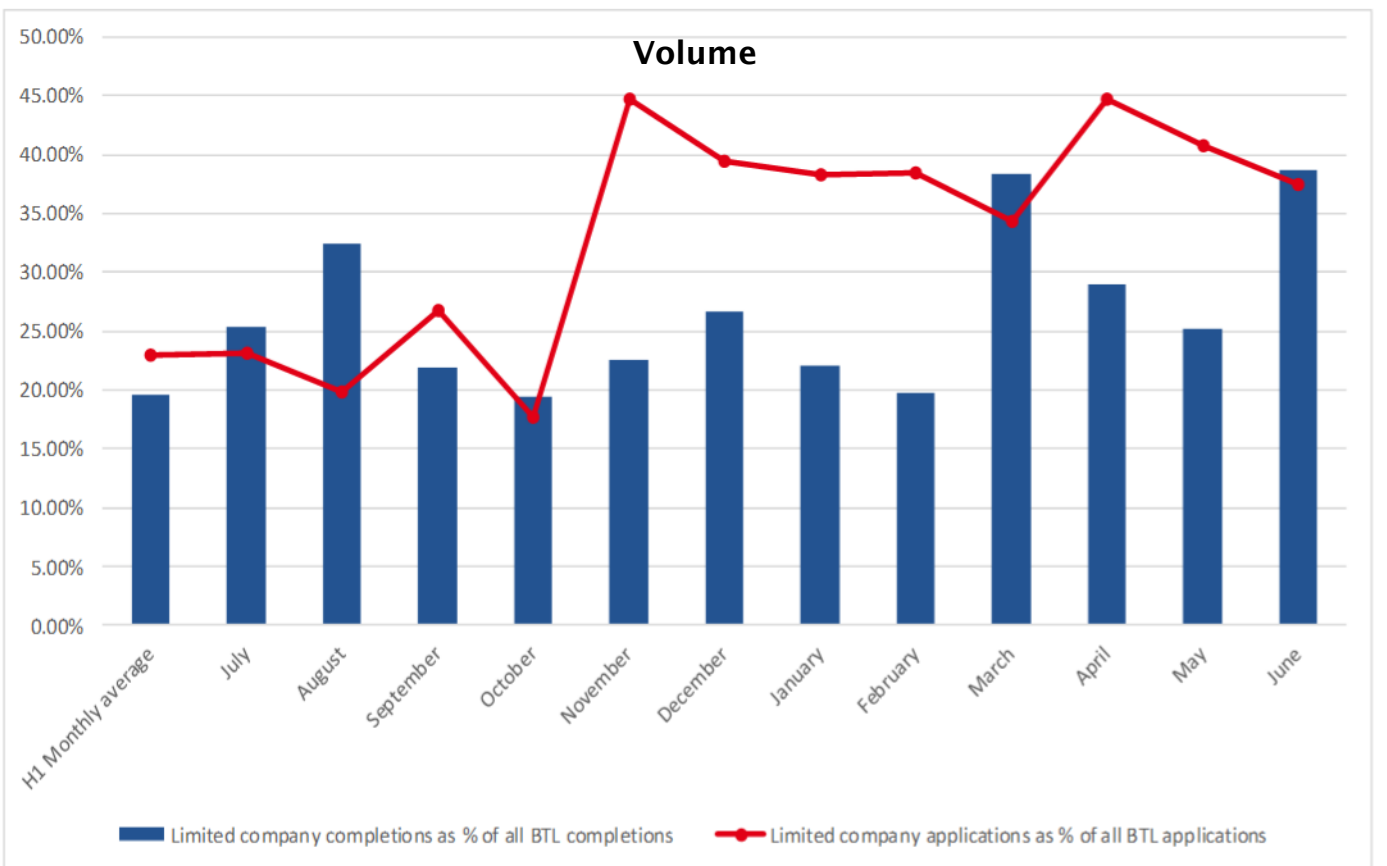
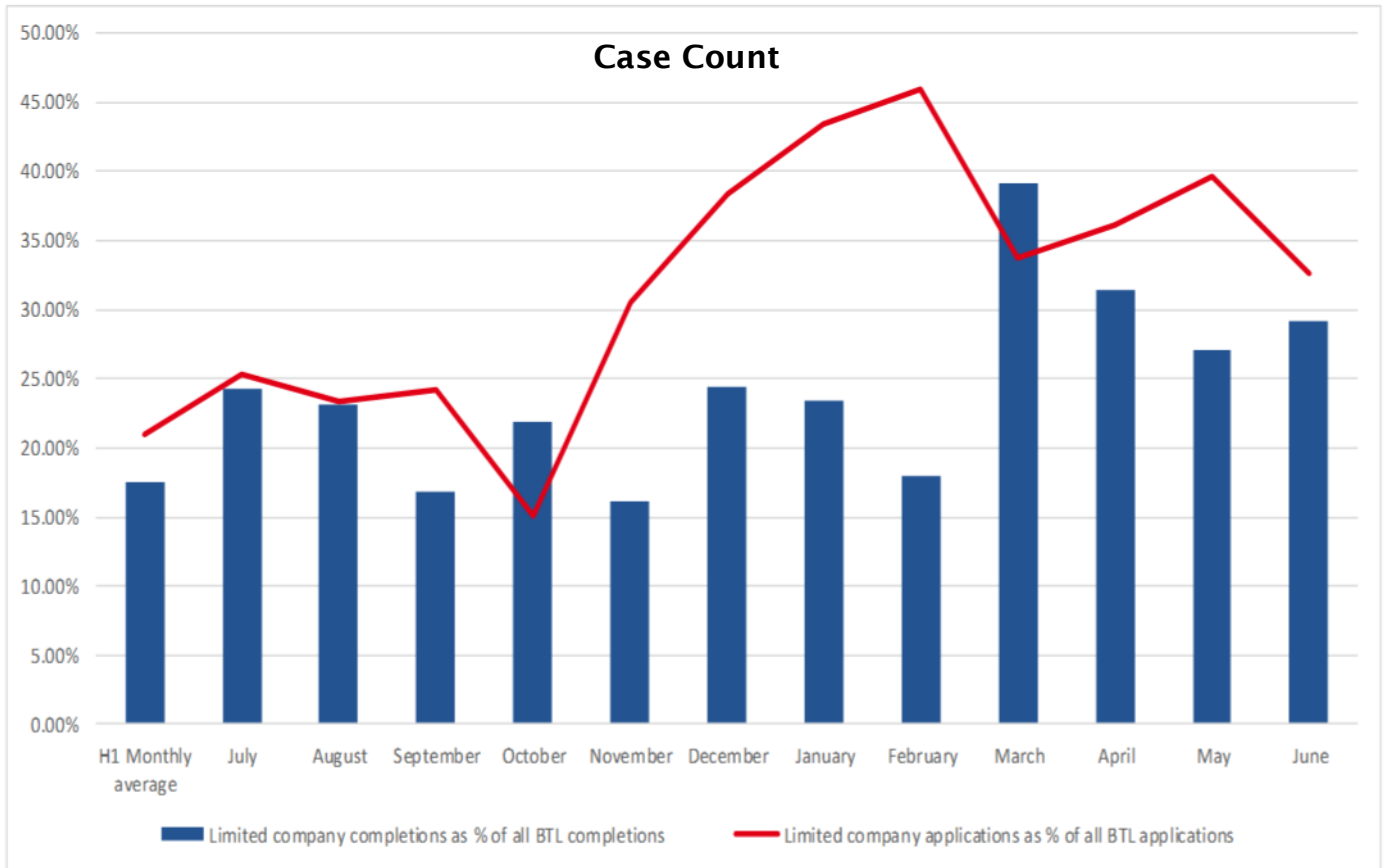
This means that limited company products are now slightly less than 1% point more than the average price of a buy to let mortgage.

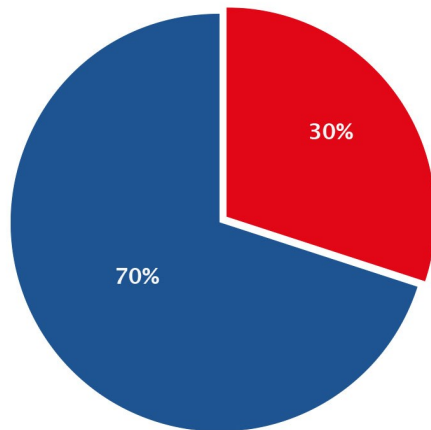
Buy to Let Mortgage Products: June 2016

	Limited Company		Entire Market	
	No.	Av. Cost	No.	Av. Cost
Variable	84	4.5% =	318	3.6% ↑
2 Year Fix	36	4.3% ↑	387	3.2% ↓
3 Year Fix	34	4.5% ↓	187	4.0% =
5 Year Fix	41	4.7% ↑	308	4.0% ↓
Total	195	4.5% ↑	1,200	3.7% =

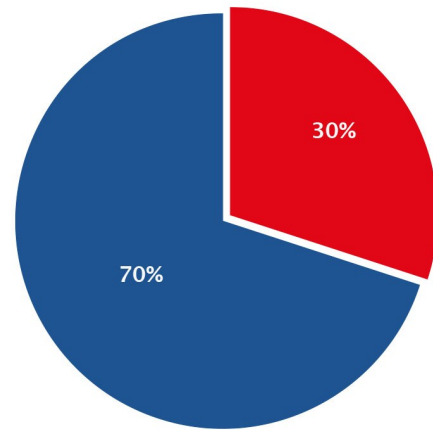
Source: Mortgage Flow

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



Transactions: Ltd Company BTL as a proportion of the whole BTL market**H1 2016 by Case Count**

- Ltd Co BTL transactions
- Individual BTL transactions

H1 2016 by Volume £m

- Ltd Co BTL transactions
- Individual BTL transactions

In the first half of 2016, the number of buy to let mortgage applications completed by limited companies accounted for 30% of all buy to let cases, up from 21% in H2 2015, and 18% in H1 2015. When looked at by volume (£m loan amount), completed limited company applications also accounted for 30% of all buy to let loans, up from c.25% in H2 2015, and 20% in H1 2015.

Both applications and completions for limited company borrowers have now stabilised at around one third of all buy to let business. However this masks a dramatic change in the investment pattern for new purchases where the proportion investing through limited companies has risen from less than 20% by number (25% by value) in the first half of 2015 to over 50% in 2016, with second quarter applications by limited companies running at over 60% of total applications related to purchases of buy to let properties. This increasing proportion will also drive an increase in the proportion of completions in the next quarter.

There has only been a slight uplift in the proportion of remortgaging activity that relates to limited company borrowers, due to historical investment patterns. It would, however, appear that some landlords who already own property personally are sitting on their hands somewhat and holding back from remortgaging, probably waiting to see how the economy pans out post-referendum. With the Chancellor announcing his intentions to lower corporation tax to 15% following the Brexit result, we may even witness more landlords financing buy to let property via corporate vehicles.

In March the number of limited company BTL cases completing more than tripled compared to any other month in the first half of the year as investors, brokers and lenders raced to get deals over the line ahead of the introduction of the stamp duty surcharge which came into effect on 1 April 2016.

Clearly, the continued growth in limited company buy to let transactions represents a new trend for the sector and confirms a real step change in behaviour as landlords adapt their investment strategies to mitigate the increased costs brought about by changes in the tax regime.

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