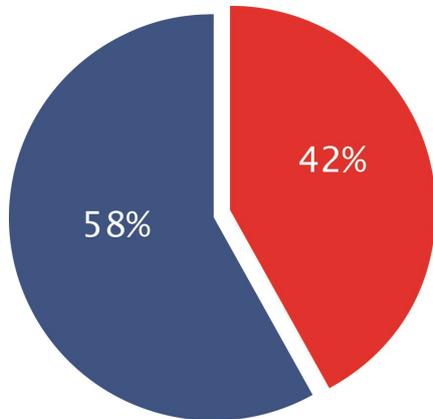


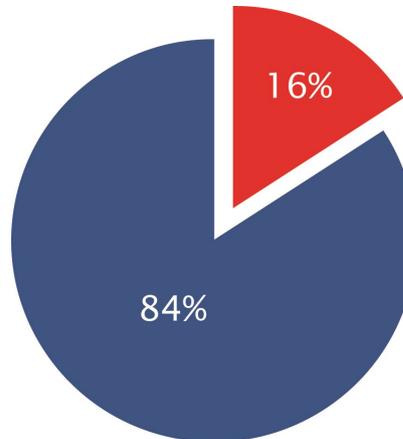
Lenders & Products

Buy to Let Mortgage Lenders Q3 2016



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

Buy to Let Mortgage Products Q3 2016



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

Lenders: In Q3 2016 the average number of buy to let lenders offering products to limited companies remained at 14.

Products: The average number of buy to let products available to limited companies increased from 154 in H1 2016 to 195 in Q3, making the actual proportion of them as a percentage of the entire buy to let market rise by three percentage points (from 13%). It is interesting to note that by June 2016, the percentage of buy to let products available to limited companies had risen to 16%, which is where the average still stands at the end of Q3 2016.

From June to September, the number of products available to limited companies stabilised, despite a small drop in the average number of buy to let mortgage products available overall. Apart from Paragon, many of the largest "mainstream" lenders do not yet cater to limited company borrowers.

Pricing

The average rate of a buy to let mortgage fell to 3.3% at the end of September, down from 3.7% in June. Of the products available to limited companies, rates fell to an average of 4.3% at the end of September, down from 4.5% in June.

This means that rates available to limited companies are around one percentage point higher than the market average

but that is because some of the really cheap products are offered by lenders which do not have systems or underwriting skills in place to offer products to limited companies. For those that do, most offer the same rates to both SPV limited companies and personal borrowers, and Keystone Property Finance offers the same rates to trading limited companies too.

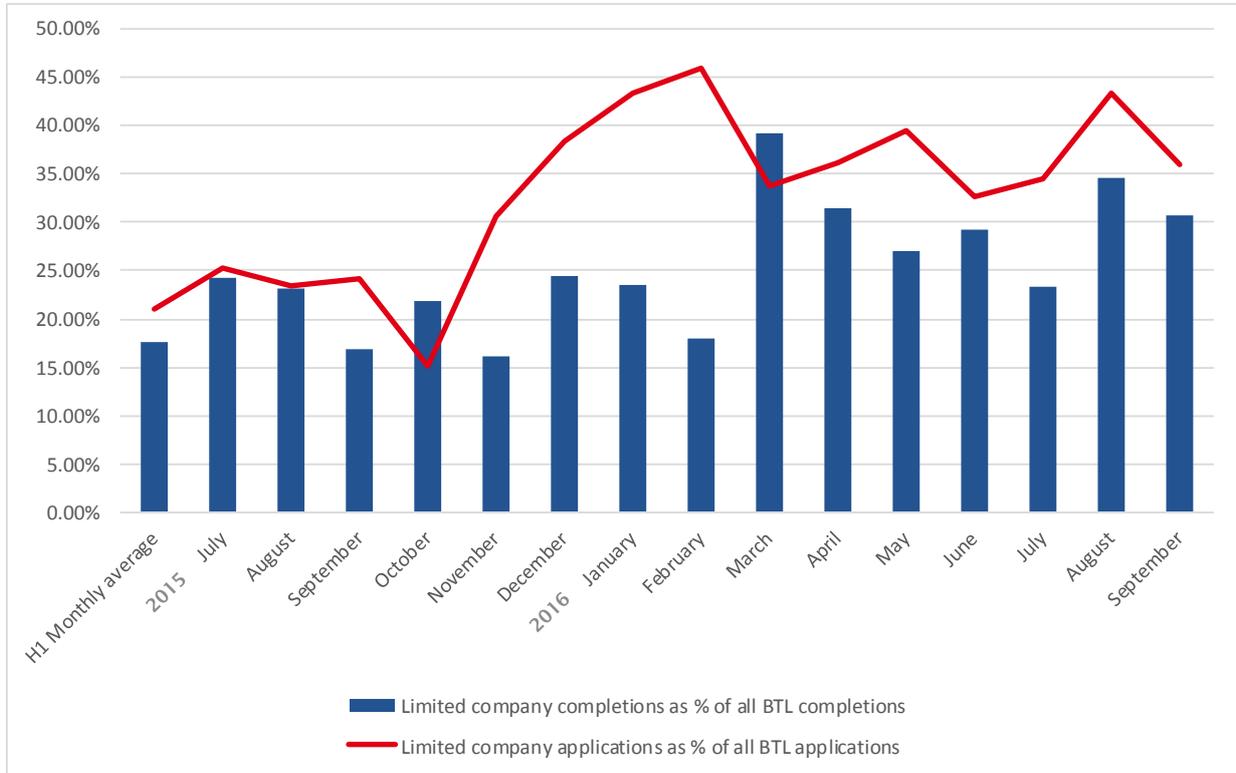
Buy to Let Mortgage Products: September 2016

Source: Mortgage Flow

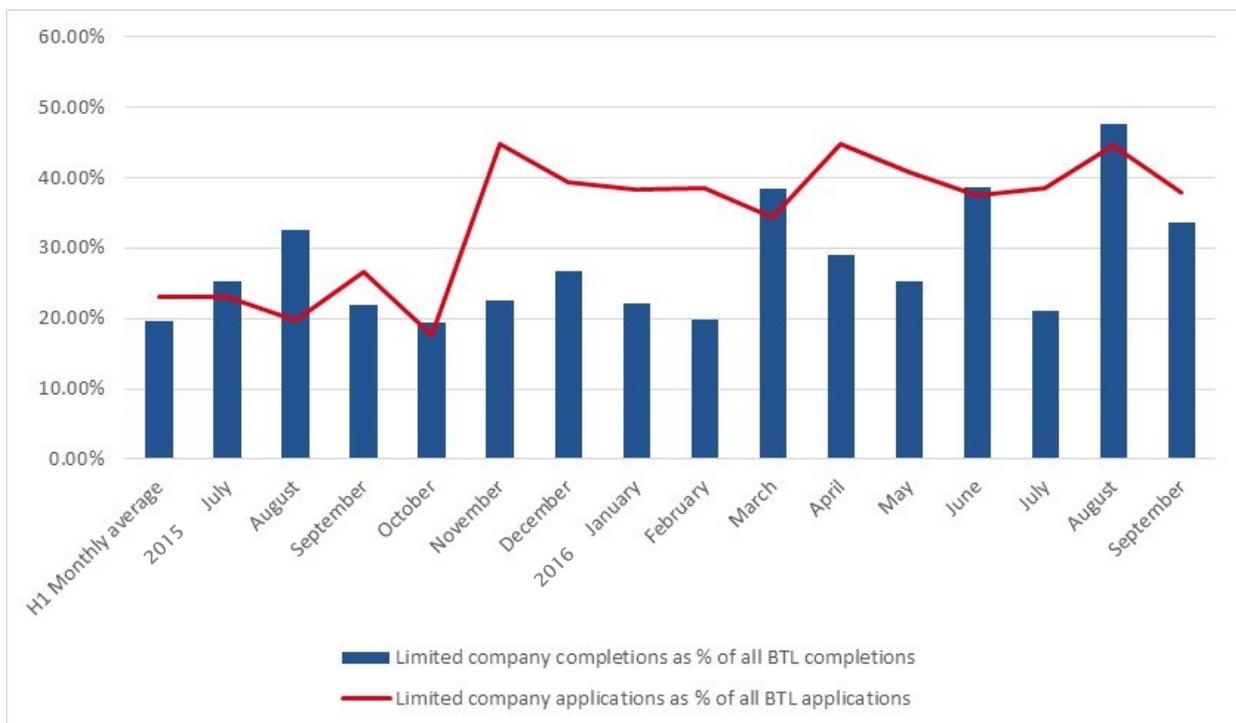
	Limited Company		Entire Market	
	No.	Av. Cost	No.	Av. Cost
Variable	75	4.2% ↓	261	3.3% ↓
2 Year Fix	32	4.2% ↓	357	2.9% ↓
3 Year Fix	37	4.2% ↓	174	3.6% ↓
5 Year Fix	44	4.4% ↓	289	3.6% ↓
Total	195	4.3% ↓	1,104	3.3% ↓

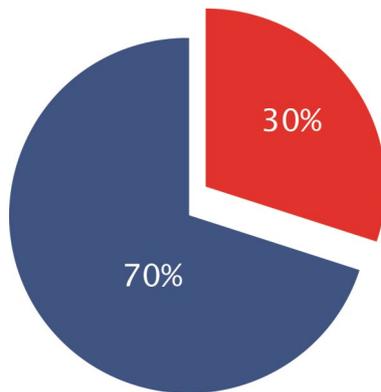
Transactions: Ltd Company BTL as a proportion of the whole BTL market

By Number of Cases: Purchases & Remortgages

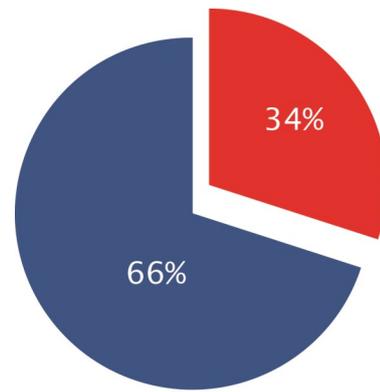


By Volume: Purchases & Remortgages



Transactions: Ltd Company BTL as a proportion of the whole BTL market**Purchases and Remortgages****Q3 2016 by Number of Cases**

- Ltd Co BTL transactions
- Individual BTL transactions

Q3 2016 by Volume £m

- Ltd Co BTL transactions
- Individual BTL transactions

Purchases and remortgages

Both applications and completions for limited company borrowers remain stable at around one third of all buy to let business. It is however apparent that higher value transactions tend to be undertaken within limited companies – so that the value of transactions being processed through limited companies is just over one third of total business whereas the number of transactions is just under one third.

Purchase applications now at 63% by number

Further analysis of the transaction figures shows that by case count, 63% of applications from investors purchasing buy to let properties are being put through a limited company, up from 21% before the changes to tax relief were announced. This represents a sea change in landlord behaviour and includes both new purchases and “transfers” i.e. purchases made by landlords selling their personally owned property to their limited company. As the number of purchases picks up this proportion will doubtless rise and this in turn will tend to drive up the overall proportion of business being transacted through limited companies. By value, the percentage of applications made by limited companies is less dramatic at 54% but still represents a major shift in behavior compared to before the changes to tax relief were announced when the figure was 27%.

Remortgage applications by number remains steady

The number of remortgage applications made via a limited company has remained at a fairly similar level to that seen before the changes to tax relief were announced (23% up marginally from 21%). We don't expect this figure to rise too drastically until those who have recently purchased property via a limited company come to the end of their mortgage term.

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