

Buy to Let Mortgage Product Index

March 2017

This index tracks the number of lenders and the number and types of buy to let mortgage products available each month in the UK mortgage market.

Average data for March 2017

Number of buy to let products: 1,193

Number of buy to let lenders: 36

Average data for Q1 2017

Number of buy to let products: 1,167

Number of buy to let lenders: 36

March saw very little change in terms of the number of BTL products on the market, with product numbers having reached a plateau.

This month again saw no lenders enter or exit the market, with the total remaining at 36.

LTVs

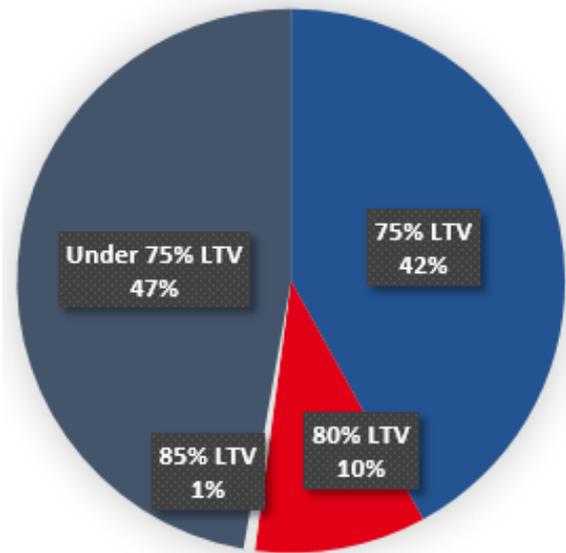
There was a reduction in low LTV (<75%) products available in March, bringing these down to 47% of offerings from 49% in February. This was matched by a slightly smaller (1%) increase in the availability of 75% LTV products, causing the reduction in overall product numbers from 1195 to 1193 since February. This drop allowed the 8 products available at 85% LTV to return to a 1% share overall.

Q1 has seen lenders maintaining their ranges of 75% LTV products, while providing fewer products with maximum LTVs both above and below this.

Initial Terms

Q1 saw products continue to creep towards five-year initial terms and away from two and three-year terms. This is likely fuelled by increased investor demand, with landlords seeking these products both for the security they offer in the face of continued economic uncertainty and to maintain current levels of borrowing in a climate of enhanced affordability testing.

We have also seen an increase in the availability of one-year products, which now make up 2% of all offerings.



Buy to Let Mortgage Products

Product term	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
1 year	1%	1%	1%	1%	2%
2 year	44%	45%	45%	44%	43%
3 year	20%	18%	17%	17%	16%
5 year	23%	24%	25%	27%	28%
Loan term	12%	12%	12%	11%	11%

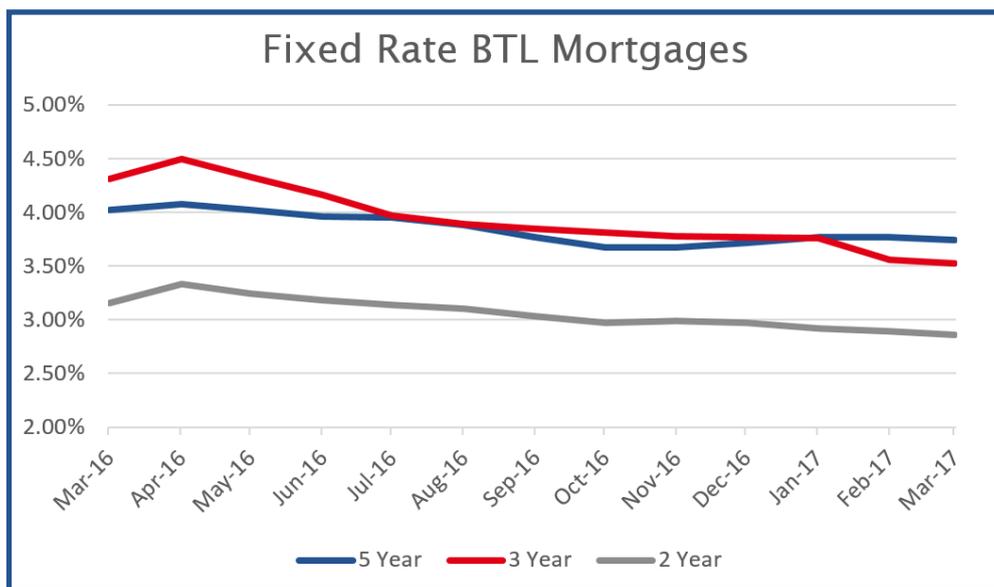
Rates

BTL rates fell again in March, this time across all common terms. Reductions were slight compared to those seen in February, with five-year discounted rates seeing the greatest average rate cuts at 0.1%.

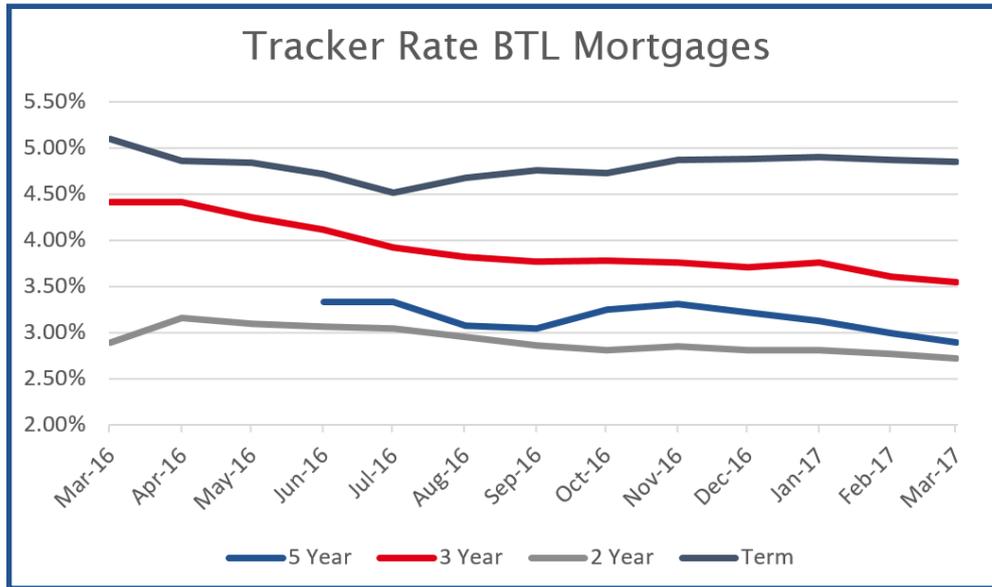
These monthly figures feed into a quarterly trend of rate cuts, particularly noticeable among three-year fixed rates and five-year discounted rates. Meanwhile, five-year fixed rates have seen a modest increase (0.07%) in pricing across the quarter, along with the above noted increased availability.

Fixed Rate Buy to Let Mortgages				
Term	February	March	Q4 2016	Q1 2017
Average 5 year	3.77%	3.74% (- 0.03)	3.69%	3.76% (+0.07)
Average 3 year	3.56%	3.53% (- 0.03)	3.78%	3.58% (- 0.20)
Average 2 year	2.90%	2.86% (- 0.04)	2.98%	2.88% (- 0.10)

Tracker Rate Buy to Let Mortgages				
Term	February	March	Q4 2016	Q1 2017
Average 5 year	2.99%	2.89% (- 0.10)	3.26%	3.00% (- 0.26)
Average 3 year	3.60%	3.55% (- 0.05)	3.75%	3.64% (- 0.11)
Average 2 year	2.76%	2.72% (- 0.04)	2.82%	2.76% (- 0.06)
Average Term	4.87%	4.85% (- 0.02)	4.84%	4.87% (+0.03)



Rates cont/d...



Data source

Mortgage Flow, the proprietary buy to let mortgage sourcing system owned and managed by Mortgages for Business. Each lender on the system is carefully selected for its contribution to the buy to let sector. Lenders tracked include market leading, mainstream providers, the challenger banks and the specialists which cater for full-time landlords with complex borrowing requirements.

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