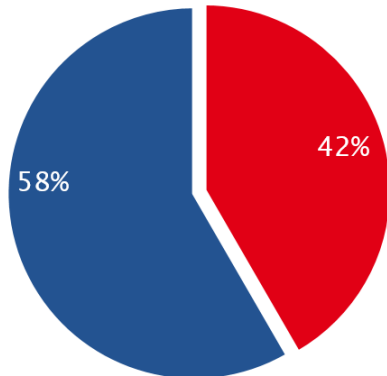


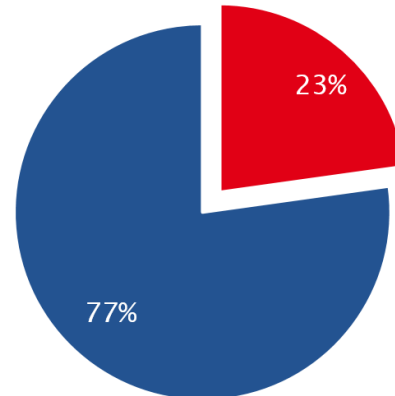
Lenders & Products

Buy to Let Mortgage Lenders Q1 2017



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

Buy to Let Mortgage Products Q1 2017



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

Lenders: At the end of 2016 Vida Homeloans entered the market, bringing the total number of lenders offering limited company products to 15. This has increased the overall proportion of lenders offering such products to 42%, up from 40% in the previous quarter.

Products: The average number of buy to let products available to limited companies increased substantially to 266, up from 198 in Q4 2016, despite reduced product numbers overall. With the new PRA affordability guidelines and changes to tax relief for personal BTL borrowers, (which are not applicable to limited company borrowers), it is no surprise to see a surge in product availability as lenders seek to respond to growing demand from investors for limited company mortgages.

Despite this, many of the largest "mainstream" lenders still do not cater to limited company borrowers, even as demand for limited company borrowing in the buy to let sector continues to grow.

Pricing

The average price of a buy to let mortgage has changed little this quarter, with rates available to limited companies reversing the 0.1% rise we saw in Q4 and no further changes to the average across the whole market.

The reductions in pricing for products available to limited companies have been focused on short term fixes, with

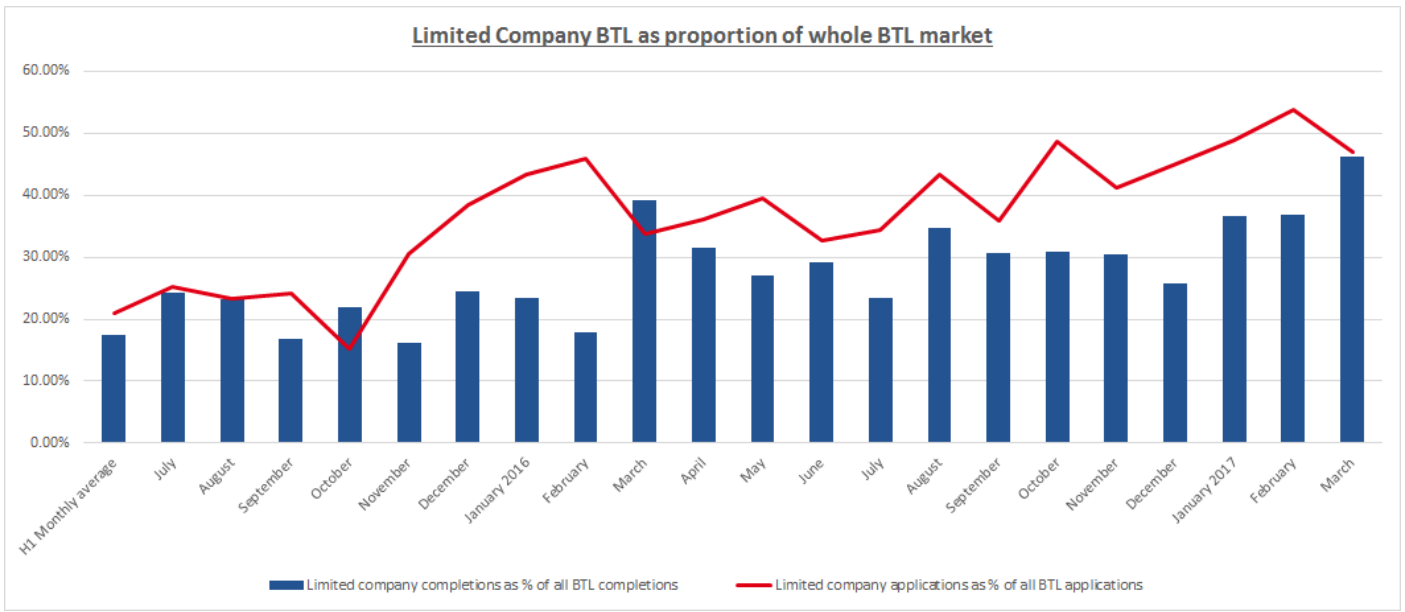
Buy to Let Mortgage Products: March 2017

	Limited Company		Entire Market	
	No.	Av. Cost	No.	Av. Cost
Variable	92	4.5% ↔	297	3.8% ↑
2 Year Fix	59	4.0% ↓	345	2.9% ↓
3 Year Fix	36	4.1% ↓	171	3.6% ↓
5 Year Fix	79	4.4% ↓	309	3.8% ↑
Total	266	4.3% ↓	1,167	3.4% ↔

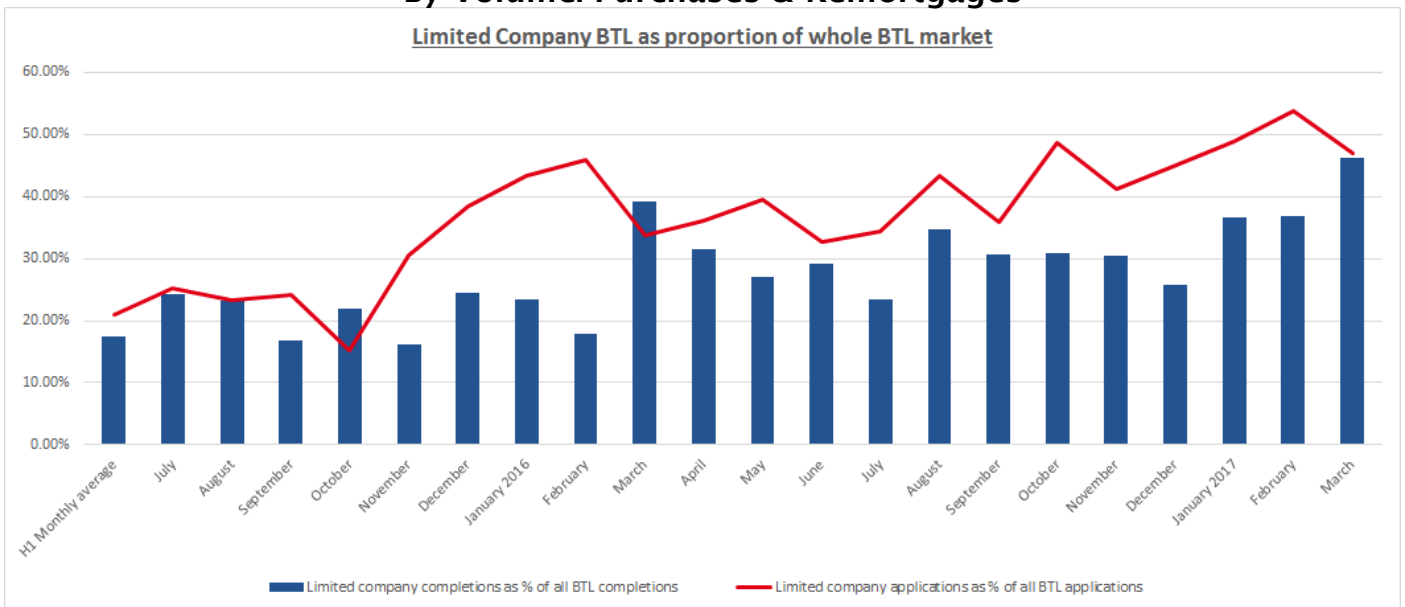
three-year fixed rates now just half a percent higher than for similar products on the wider market. The disparity in average rates is because the cheapest products are typically offered by lenders without the systems or underwriting skills in place to offer products to limited companies. For those that 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 BTL market

By Number of Cases: Purchases & Remortgages



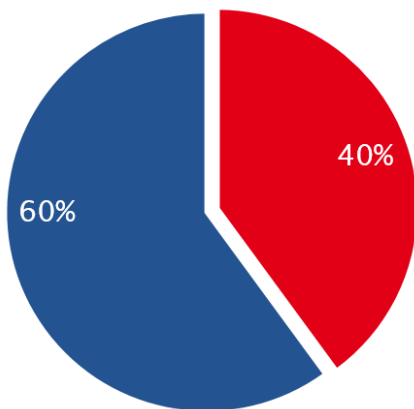
By Volume: Purchases & Remortgages



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

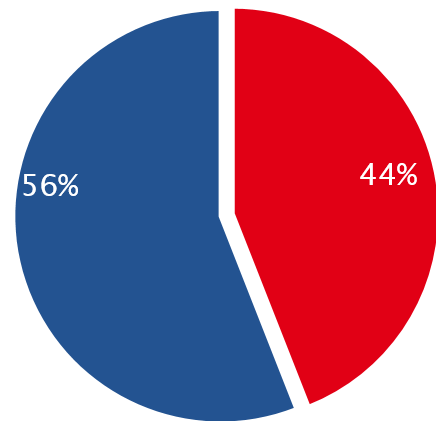
Purchases and Remortgages

Q1 2017 by Number of Cases



- Ltd Co BTL transactions
- Individual BTL transactions

Q1 2017 by Volume £m



- Ltd Co BTL transactions
- Individual BTL transactions

Purchases and remortgages

Limited company borrowing was the strongest it has ever been this quarter, with limited companies representing 40% of all completions, up from just 29% in Q4 2016. Limited company borrowers also continue to take larger average loans, taking advantage of lower interest cover ratios to increase the capital they can raise. This surge in limited company completions is the natural consequence of sustained investor demand, with applications in limited company names having remained above 40% since the start of Q4.

Purchase applications now at 77% by number and value

Purchase applications in particular are increasingly being made via limited companies, with more than three quarters of all buy to let purchase applications now being made in corporate names. This is nearly a complete reversal of the situation from how things stood before the coming changes to tax relief were announced, when the figure was just 21%. This includes both new purchases and “transfers” i.e. purchases made by landlords selling their personally owned property to their limited company.

Remortgage completions double by number and value

Since the transfer of properties to limited company structures must be processed as a purchase, it is only natural that the remortgage market has been comparatively slow to react to the changing shape of buy to let lending. However, with steady gains in consumer demand, more remortgages than ever are completing for limited companies. After an unexpectedly quiet Q4 caused by September’s dip in applications, Q1 saw a return to the overarching trend in our business, doubling remortgage completions in a single quarter to 30% by number and 39% by volume.

For more information please contact:

Jenny Barrett, Marketing & Research Director
Tel: 01732 471615
Email: jennyb@mortgagesforbusiness.co.uk

Graeme Wright, Data Analyst
Tel: 01732 471636
Email: graemew@mortgagesforbusiness.co.uk