

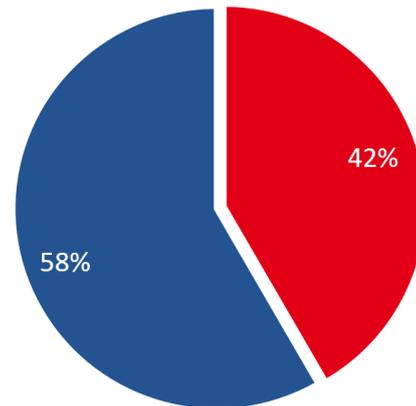
Lenders & Products

Buy to Let Mortgage Lenders: Q3 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.



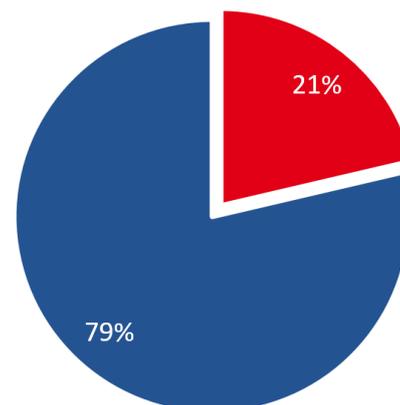
- Lenders offering products to Ltd Co borrowers
- Lenders with no Ltd Co products

Buy to Let Mortgage Products: Q3 2017

Products:

Q3 brought still more buy to let mortgage products to the market, increasing by an average of 13 products across the quarter to 1,233, but the number of products available to limited company borrowers fell to 263, lower than either quarter in the first half of 2017. On average, therefore, 21% were available to limited companies in Q3, compared to 22% (273 out of 1,220) in Q1.

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

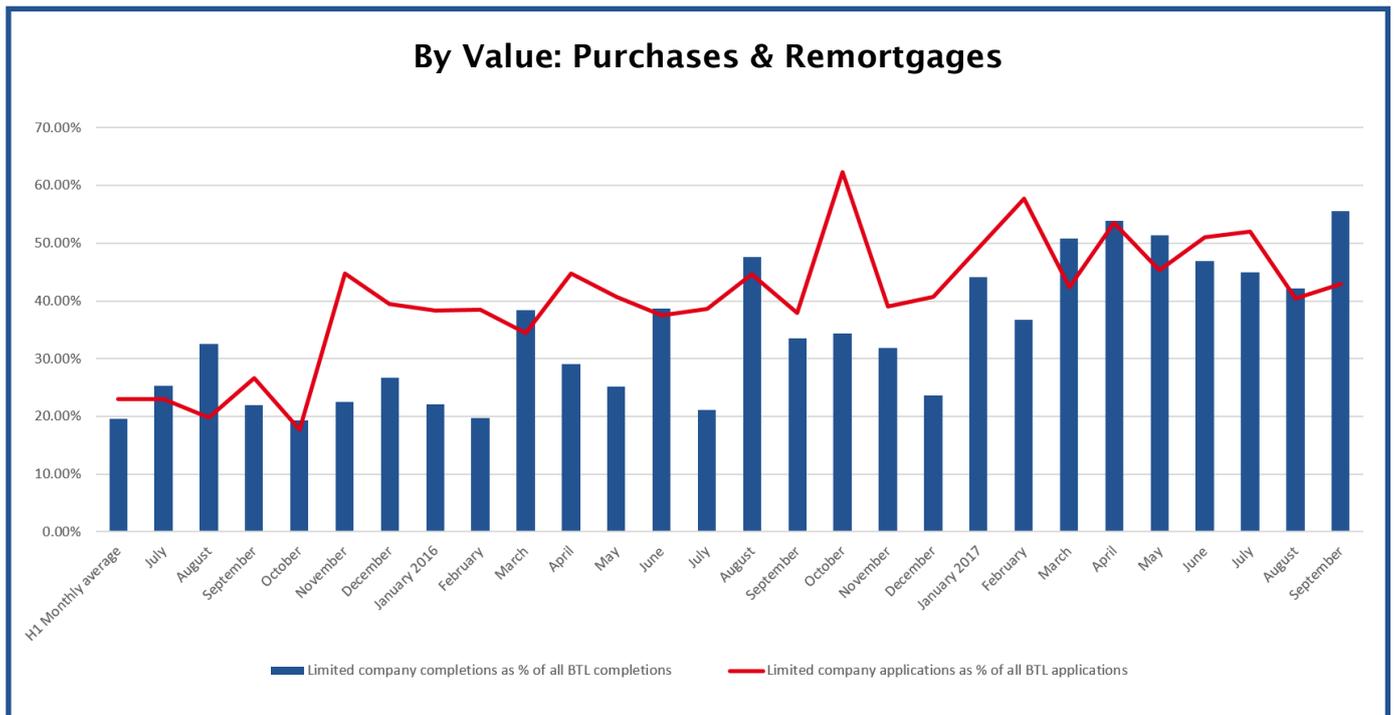
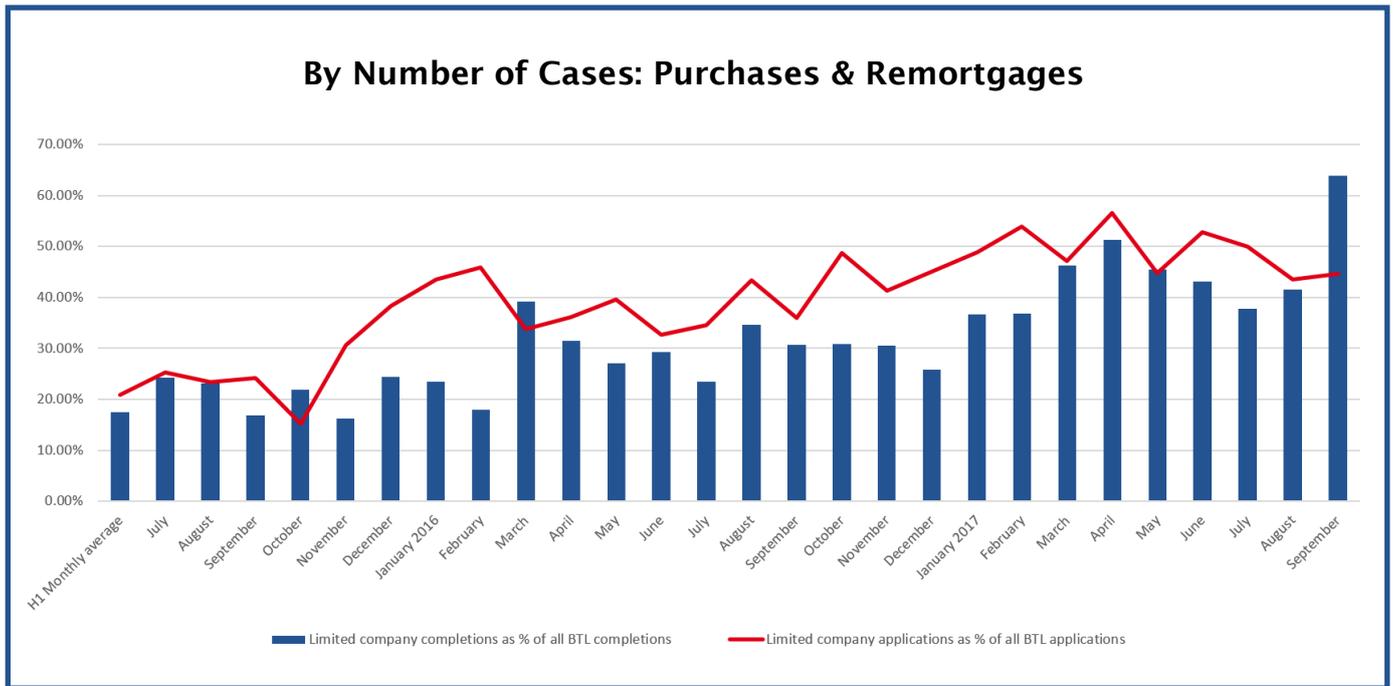
	Limited Company		Entire Market	
	No.	Av. Cost	No.	Av. Cost
Variable	82	4.0% ↓	288	3.6% ↓
2 Year Fix	70	3.8% ↔	369	2.8% ↓
3 Year Fix	26	3.7% ↔	169	3.4% ↓
5 Year Fix	74	4.0% ↔	361	3.6% ↓
Total	263	3.9% ↓	1,233	3.2% ↔

Pricing of buy to let mortgages available to limited companies saw a marked contrast between fixed and variable rate products. While fixed rate products saw no change in pricing for two, three or five year terms, variable rate products saw a sharp drop in pricing, down 0.4% to 4.0%. These products are now competitive with their fixed rate counterparts. This brings the average buy to let mortgage rate (among those available to limited companies) down to 3.9%.

In the wider market we have seen two, three and five-year fixed rates each fall by an average of 0.1%, while variable rates came down slightly further by 0.2%. The average rate across all products did not change due to the increase in the availability of five year fixed rates, which have higher rates than the market average.

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.

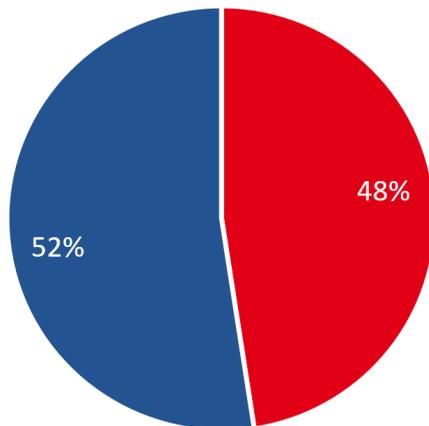
Transactions: Ltd Company BTL as a proportion of the whole market



Transactions:

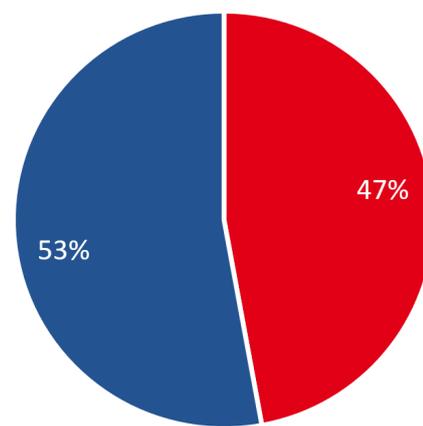
Ltd Company BTL as a proportion of the whole market

Q3 2017 by Number of Cases



- Ltd Co BTL transactions
- Individual BTL transactions

Q3 2017 by Value £m



- Ltd Co BTL transactions
- Individual BTL transactions

Ltd Co BTL mortgage activity remains high

The proportion of buy to let mortgages granted to limited companies remained high throughout Q3 after strong increases in the first two quarters of the month. Limited company transactions made up 48% of buy to let completions in Q3 by number of mortgages, and 47% by value of lending.

This latter figure is somewhat behind the 51% value of mortgage completions that went to limited companies in Q2, largely due to a reduction in the value of remortgage completions occurring in limited company names.

Limited companies represent 79% by value of completing buy to let purchases

Last quarter nearly four out of every five pounds lent for buy to let purchases via Mortgages for Business was lent to a limited company. With strong limited company purchase application levels throughout Q2, and the softer affordability testing that is commonly applied to limited companies leading to higher-than-average loan amounts, it is no surprise to see them take such a large slice of buy to let purchase completions in Q3.

Total value of Ltd Co remortgages at lowest level all year

While the value of buy to let purchases completed for limited companies reached a record high last quarter, the same cannot be said of remortgage transactions. Limited companies made up just 33% of buy to let remortgages in the quarter by value, compared to 40% in Q2 and 39% in Q1. Despite having fallen noticeably, this is still a greater proportion than was observed at any point in 2016.

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