

# Buy-to-Let - UK - March 2010

Report Price: £1500 / \$2295 / €1688



## What is this report about?

This report examines the key factors that drive the market, such as the growth of the private rented sector in the UK housing landscape. The report looks in detail at the size of the BTL lending market, discussing both the short- and long-term trends that have emerged here. We then look at the competitive environment – the key players in the market and their respective market shares – as well as the distribution channels that are used. The report concludes with a detailed look at the consumer – their current tenure plus attitudes towards home ownership, house prices, and investing in a BTL property.

## What have we found out?

- The main driver of the BTL market is the growth in demand for private rented accommodation, which has grown from just over 10% of English households in 2001 to almost 14% in 2008.
- Throughout much of the noughties, rental yields were in decline according to ARLA, exacerbated by the rise in reluctant landlords during the credit crunch, although since around mid-2008, total geared investment returns on BTL properties have steadily increased, attracting investors.
- Regulation is a major concern for BTL lenders at present. The FSA outlined in their thematic review that they want the sector to be regulated just like residential mortgages, which will add to the administrative and cost burden of lenders.
- The BTL market has contracted sharply over the last two years and lending criteria has tightened considerably, reducing availability. According to Moneyfacts, in August 2007 there were 3,662 BTL mortgages available, falling to just 179 products in September 2009. In November 2009, just 1.4% of products required a deposit of 20% or less compared with 77.6% of products in August 2007.
- Looking at just how much the market has contracted in recent years, new BTL gross advances fell by 39% in 2008 and 69% in 2009, standing at an eight-year low of just £8.5 billion last year. Things are starting to improve, however, with gross advances rising by 9% in Q4 2009, the second consecutive quarter that lending increased.
- Based on trade research, Mintel estimates that just three lenders - BM Solutions, The Mortgage Works and Cheltenham & Gloucester - account for 80% of all new lending in the market.

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