

Buy-to-let Mortgages - UK - April 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

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“The buy-to-let market will face an onslaught of challenges over the coming years, with an influx of regulatory changes that are set to slow down growth. Lenders need to adapt product ranges, support landlords with investment strategy rethinks, and ensure that all new borrowers are equipped with the knowledge to make the best decisions.”
– Samantha Phillips, Financial Services Analyst

This report looks at the following areas:

- Targeted products are needed for more complex landlords
- Non-landlords should be targeted before they reach age 45 if they are to be persuaded to invest in rental property
- Too much government regulation comes at the price of tenant protection

The buy-to-let market has been growing at an exponential rate, causing fears that it is unsustainable and that the market poses a risk to financial stability in the UK. In 2015, the value of the market increased by 39%, as lending reached £37.8 billion. The vast majority of lending is arranged through intermediaries and the re-mortgage segment of the market currently dominates in terms of lending. The proportion of landlords among the adult population has not increased in 2015, indicating that growth in the market is coming from re-mortgaging or the expansion of existing property portfolios.

In the 2015 Summer Budget and Autumn Statement, Chancellor George Osborne announced a number of new changes that will impact the buy-to-let market over the coming years. An increase in stamp duty for buy-to-let properties from April 2016 and reductions in tax relief being phased in from April 2017 are the main causes for concern, as some investors will find that their properties are no longer profitable and may even be driven to sell. Lenders have reacted by tightening criteria to mitigate new risks and strengthening communication channels to help borrowers reach the best decisions. They have also been preparing for the European Mortgage Credit Directive (MCD), which came into effect on 21 March 2016, by aligning documentation and processes to comply with the new legislation that classifies some borrowers as ‘consumer buy-to-let’ (CBTL) landlords.

This Report analyses the buy-to-let mortgage market, covering the impact of the regulatory upheaval, the outlook for buy-to-let mortgage lending and the changing shape of product distribution. Mintel’s consumer research explores product ownership, consumer understanding of regulatory changes, and attitudes towards rental property investment.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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