

Buy-to-Let - Investing in Property - UK - March 2012

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“Although the buy-to-let sector is a niche investment area, a higher number of people are hoping to become landlords or expand their current holdings than those that have left the market. Increasing demand for rental property and lower interest rates have made buy-to-let an attractive investment opportunity, and this should continue over the coming year. However, first-time buyers’ home ownership aspirations will always remain high and demand for rented accommodation will decline once residential mortgage lending and supply of affordable housing picks up.”

– **Stevan Obradovic, Financial Services Analyst**

In this report we answer the key questions:

- Are investors more likely to enter or exit the buy-to-let sector?
- Is there too much hassle involved in being a landlord to make it worthwhile?
- Is competition and product availability increasing in the buy-to-let market?
- Will FTBs’ desire for home ownership dampen demand for rental property?

Despite tighter lending criteria, the buy-to-let sector has outperformed the overall mortgage market over the last couple of years. The number and value of advances increased in 2011 by 24% and 36% respectively. Would-be first-time buyers are struggling to take out a mortgage and a higher number of consumers are renting for longer. As a result, landlords have benefited from increasing demand for rental property, which has helped to boost rental yield. Increasing lender competition and product availability has also facilitated growth in the market, as investors have benefited from a fall in average buy-to-let interest rates – especially as the Bank of England base rate remains at an historically low 0.5%.

This report provides a detailed analysis of the main issues in the buy-to-let sector, while highlighting some of the challenges facing the industry. Analysis also highlights the wider economic conditions, recent innovations and distribution of buy-to-let lending. There is a full breakdown of the market size in terms of volume and value, with a forecast showing the expected changes during the next five years. The report concludes with Mintel’s exclusively commissioned research exploring property ownership, price expectations and consumer attitudes towards buy-to-let investing.

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