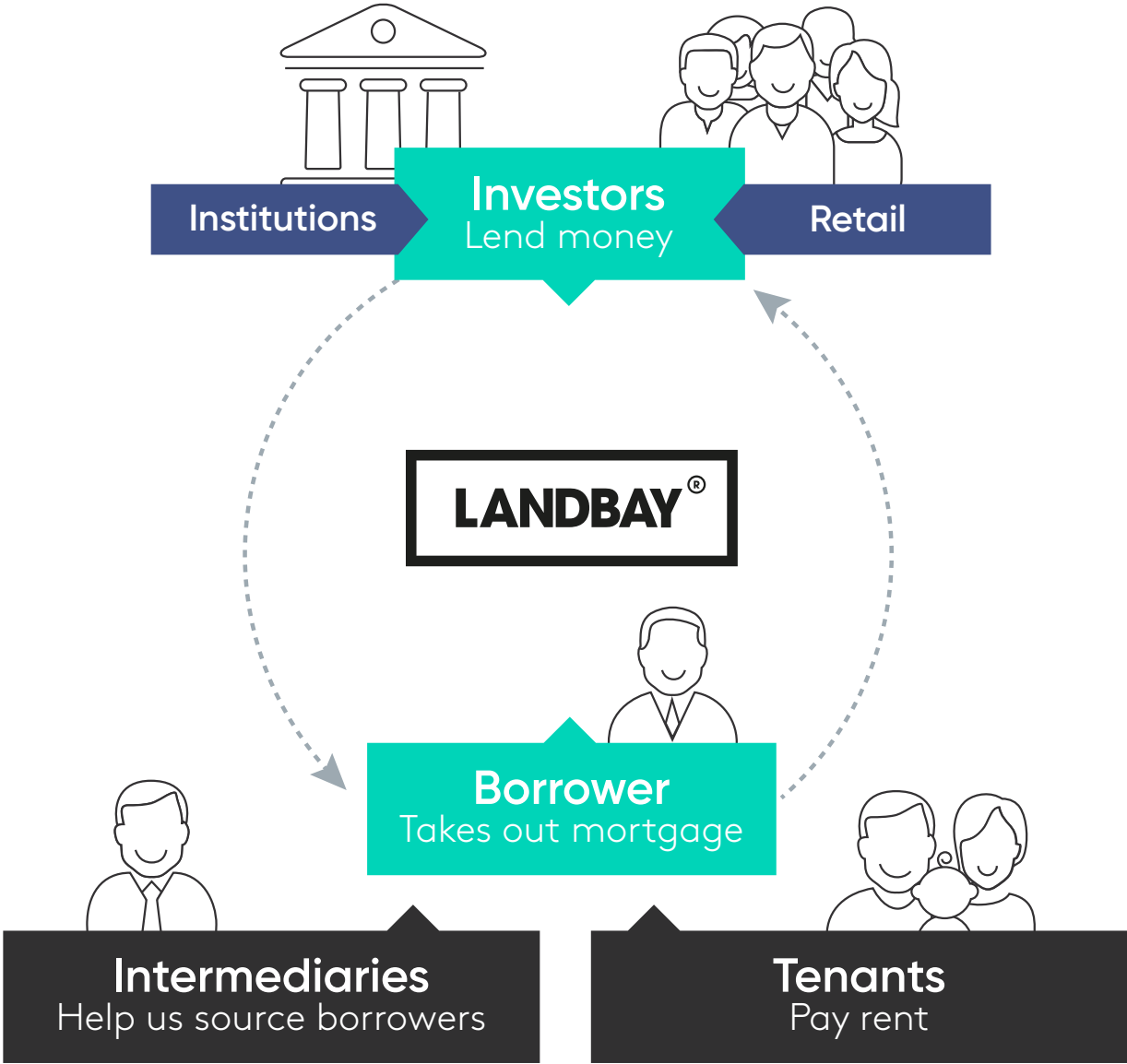


**LANDBAY<sup>®</sup>**

# **Lendit November 2018**

Misconceptions of the UK **Buy-to-Let** Market

# Mortgage Marketplace Lending



## July 2014

First loan

## Current

**900**

Total loans  
completed to date

**£210m**

Total amount lent  
to date

**£235,000**

Average loan size

**68.98%**

Average LTV  
ratio

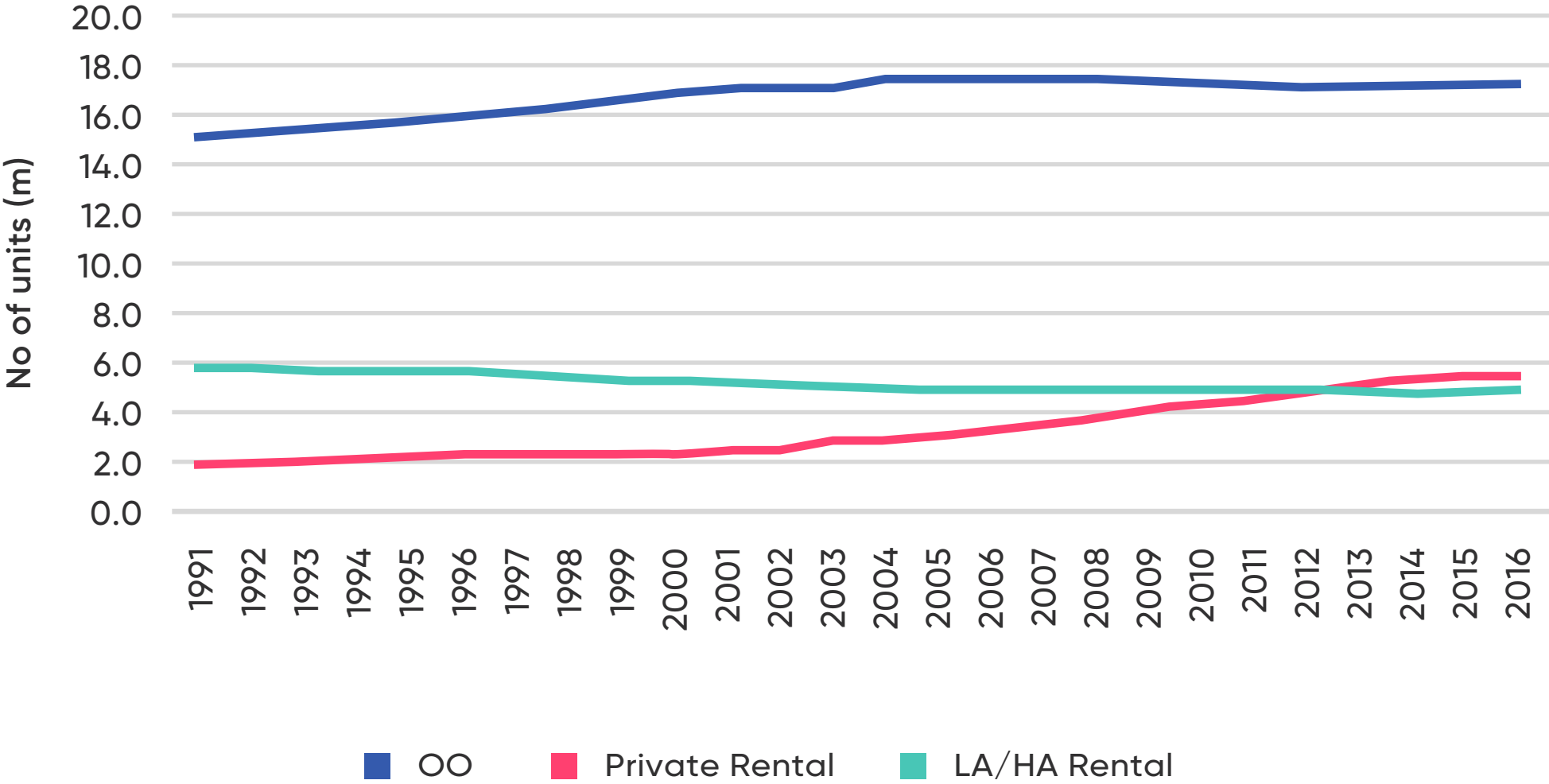
**160.58%**

Average rental income  
vs interest cost

**0**

Defaults to date

# GB Housing by Tenure



# The PRS is Crucial to UK Economy

**01.**

External Migration

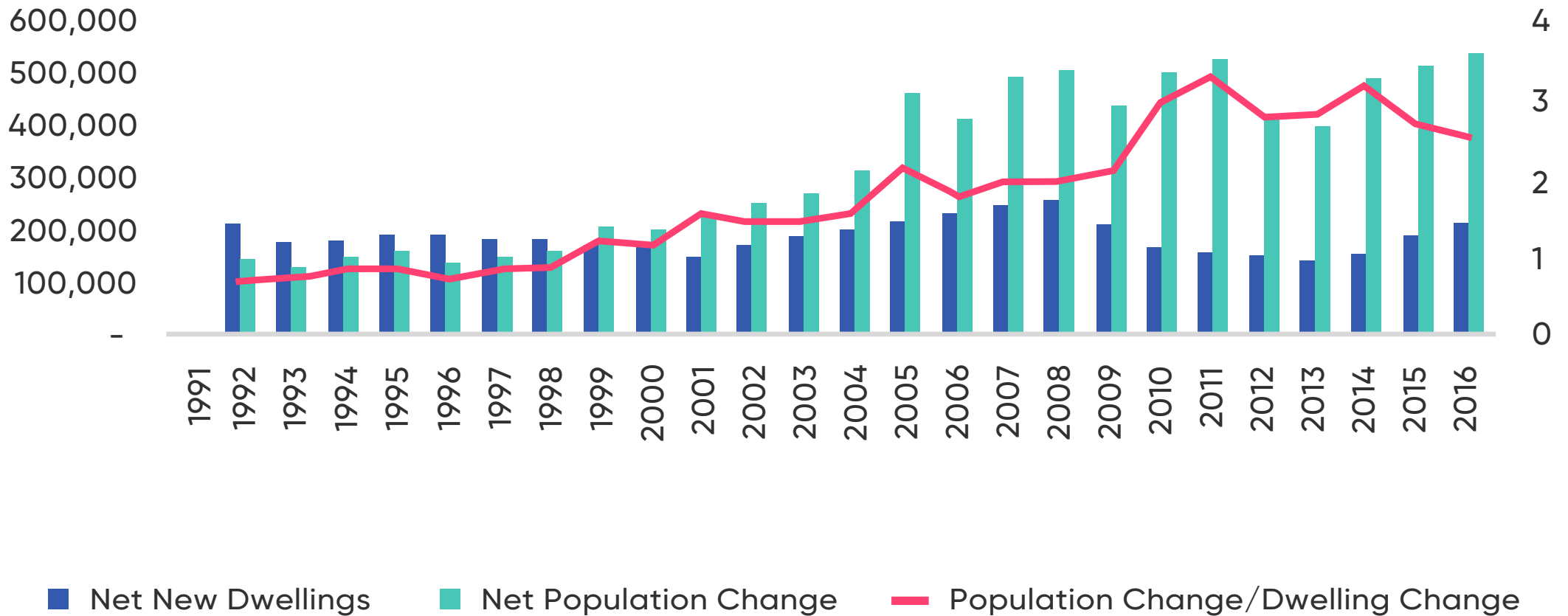
**02.**

Internal Migration

**03.**

Job Mobility

# Population Growth v Dwelling Growth

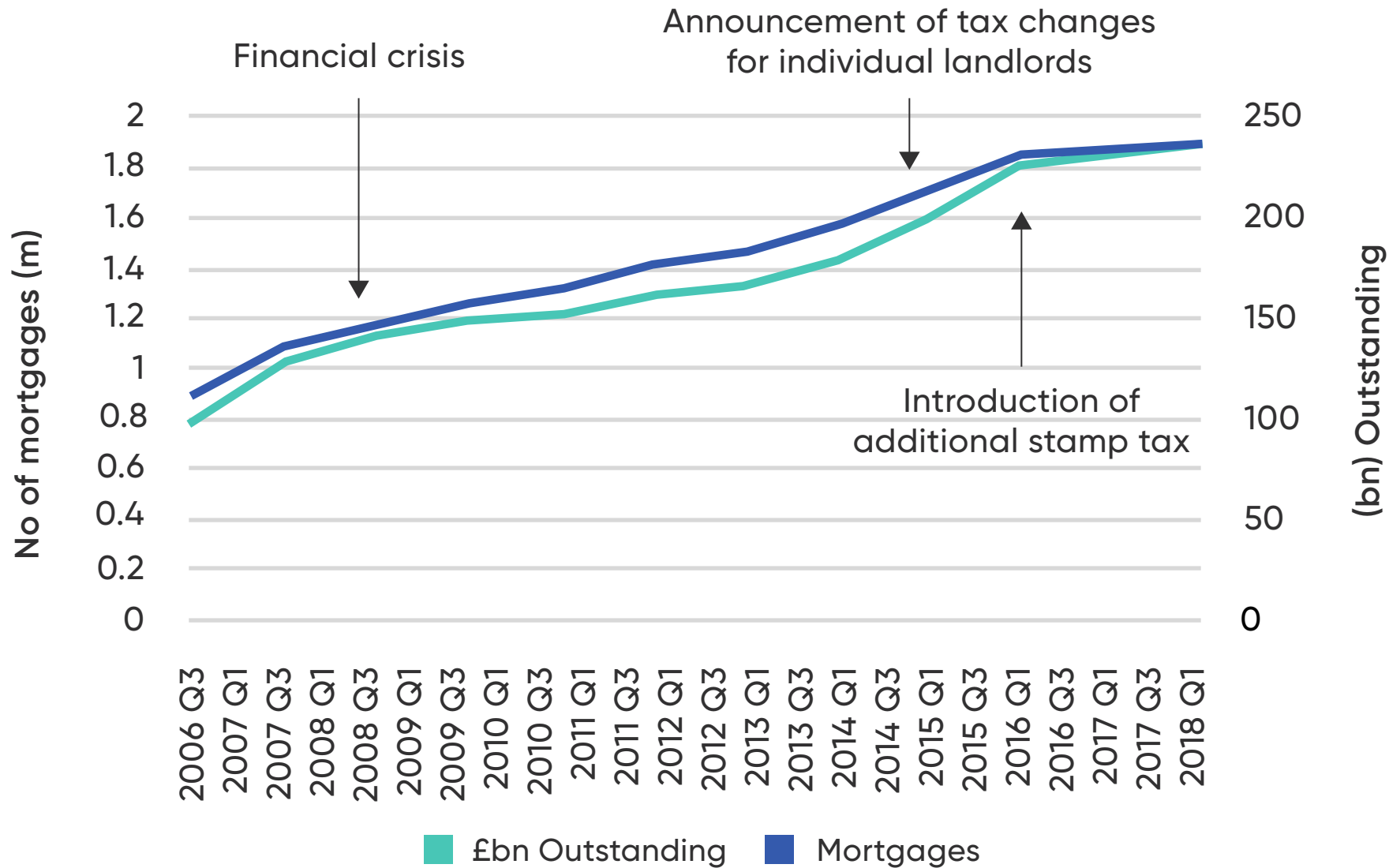


# Changes to BTL

---

- ✓ Additional 3% stamp duty surcharge on purchases
- ✓ Reduced tax relief on interest payments for BTL properties held in personal name
- ✓ Introduction of minimum underwriting standards by PRA – focused on affordability

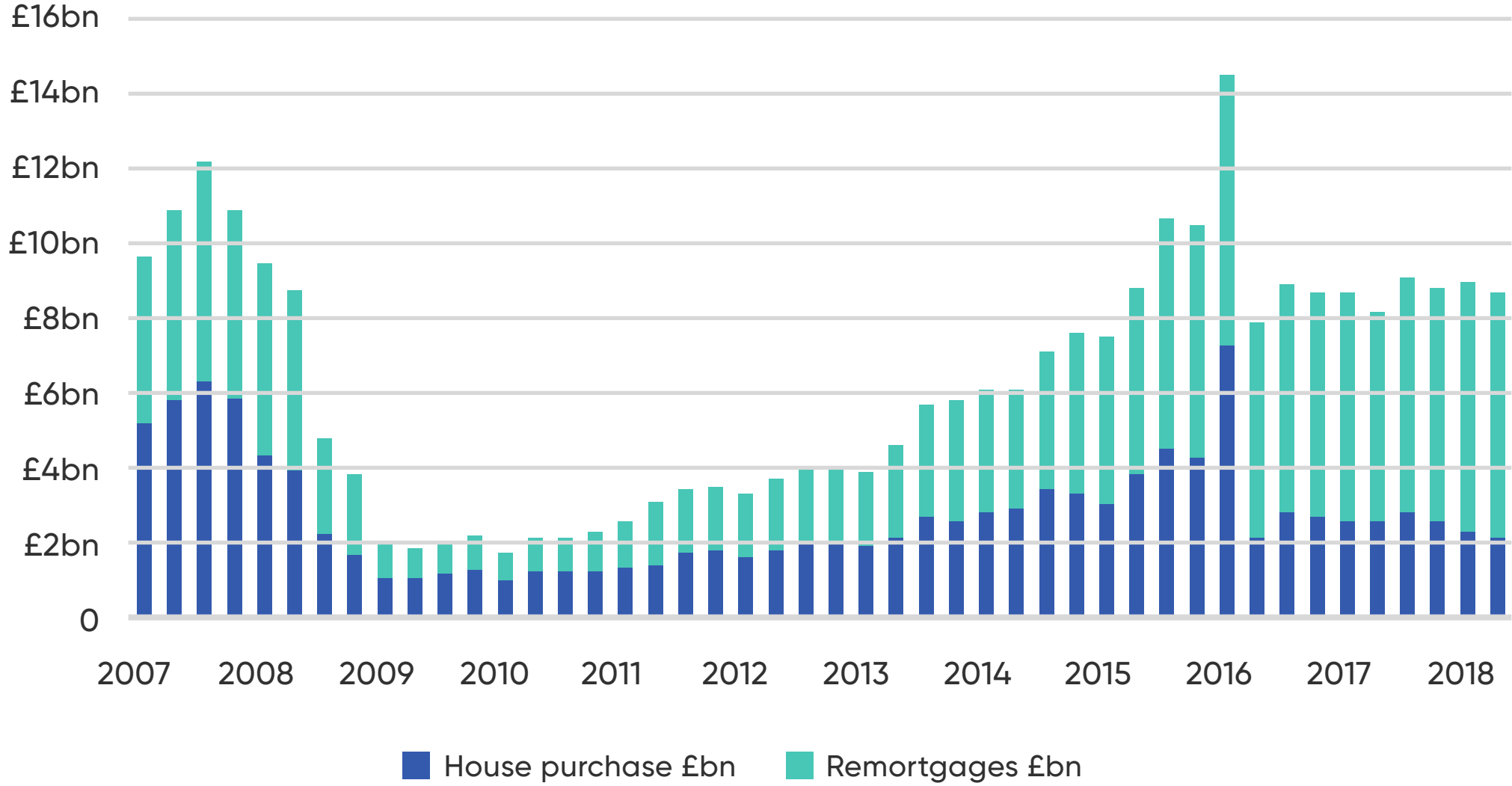
# Outstanding BTL Mortgages



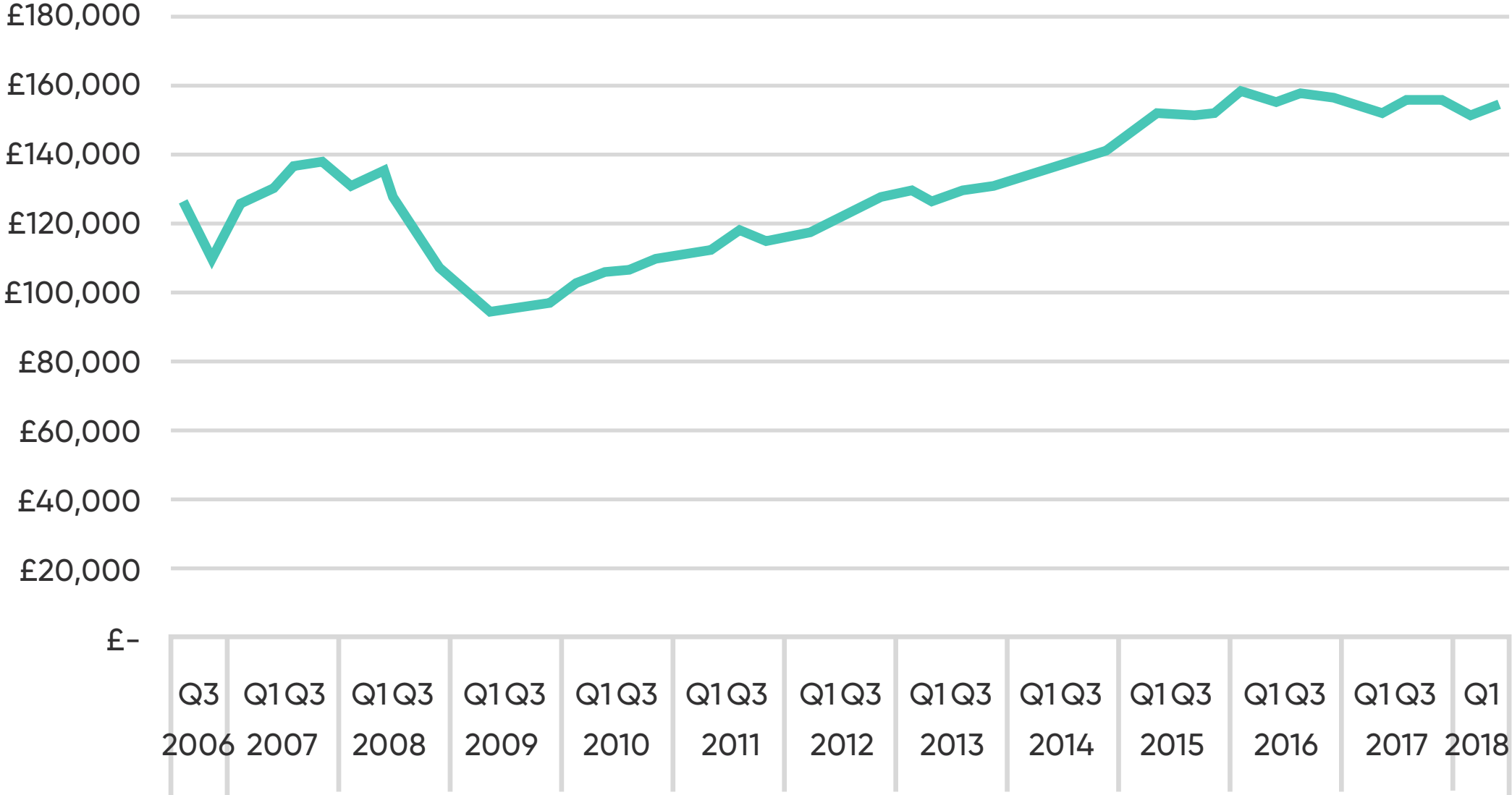
Source: UK Finance



# Quarterly Gross Lending



# Average New BTL Mortgage



# Buy-to-Let Collateral

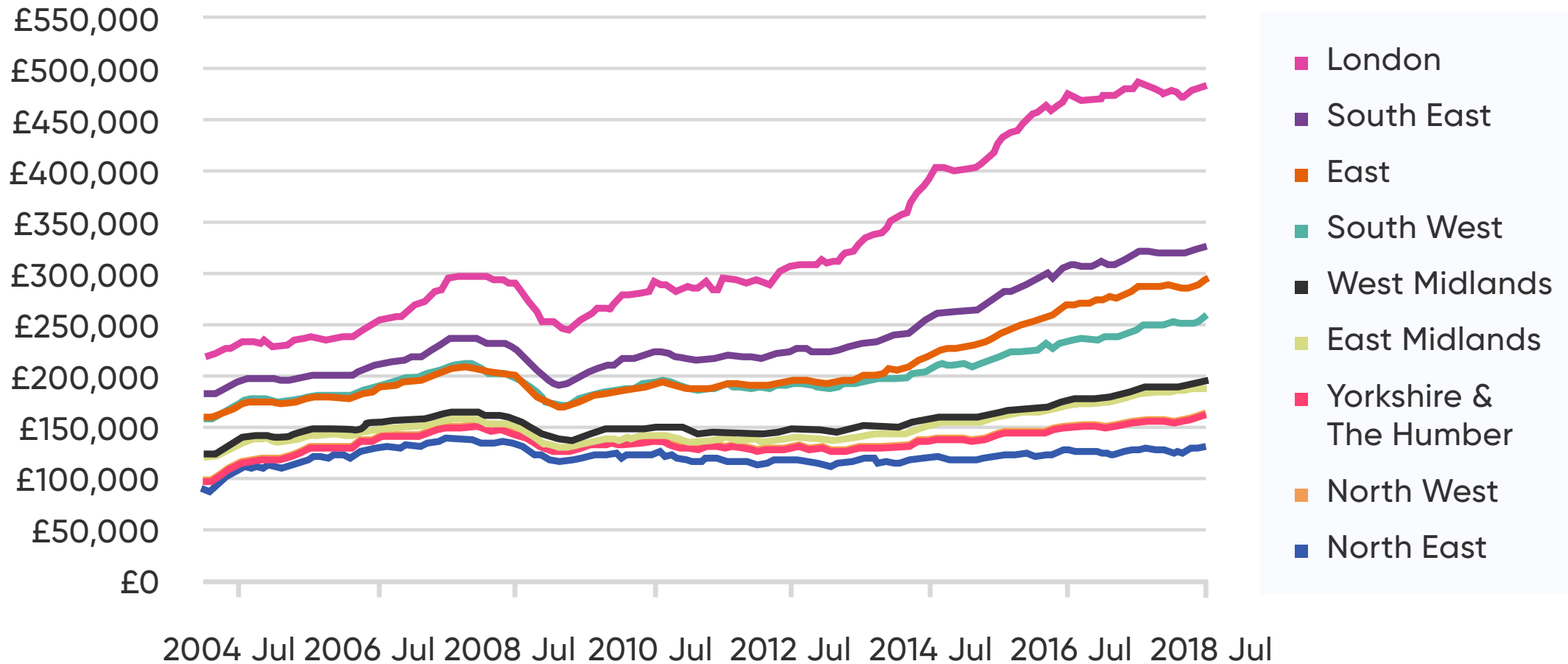
01.



02.

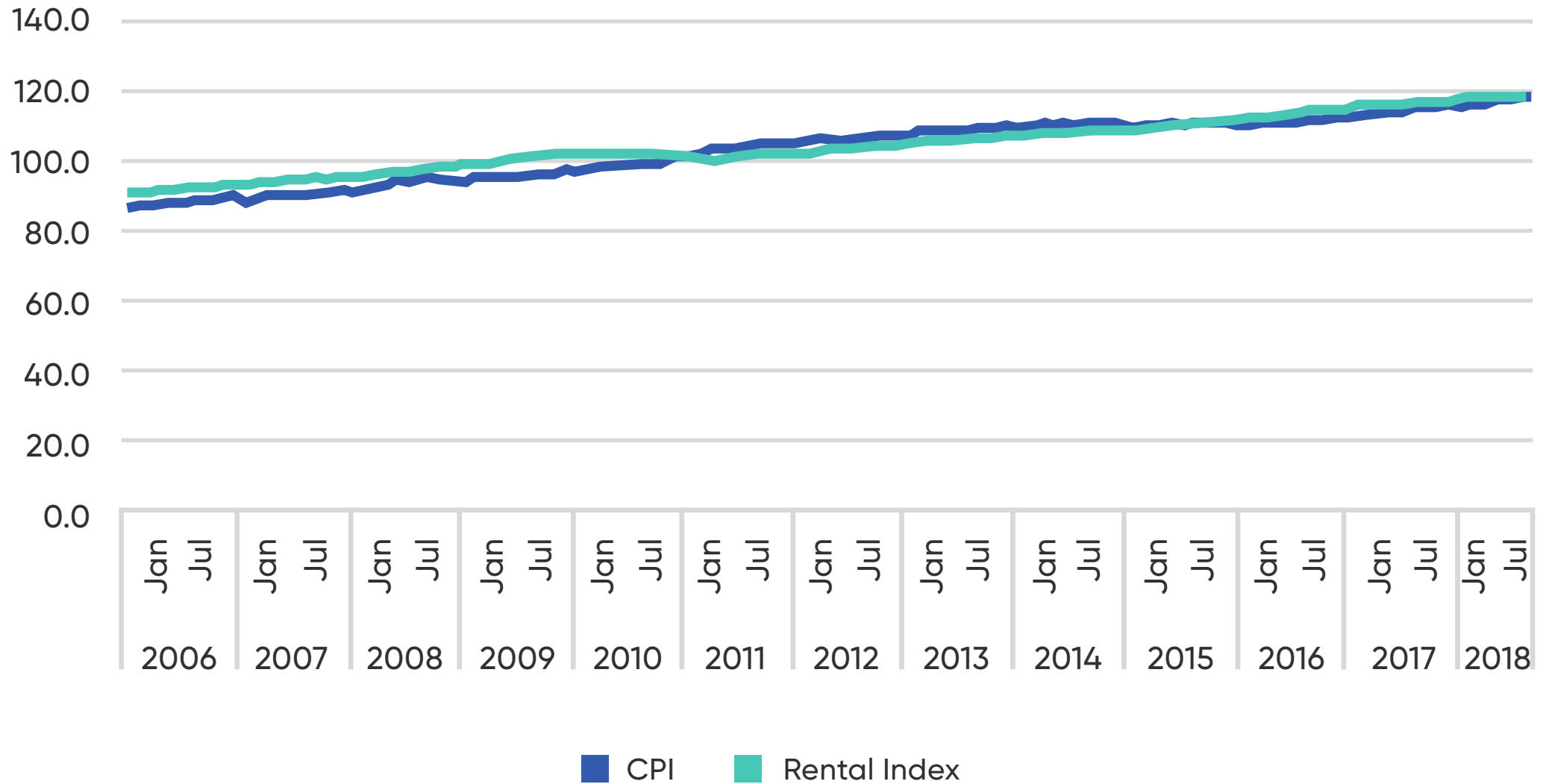


# Average House Price, by English Region, January 2004 to July 2018

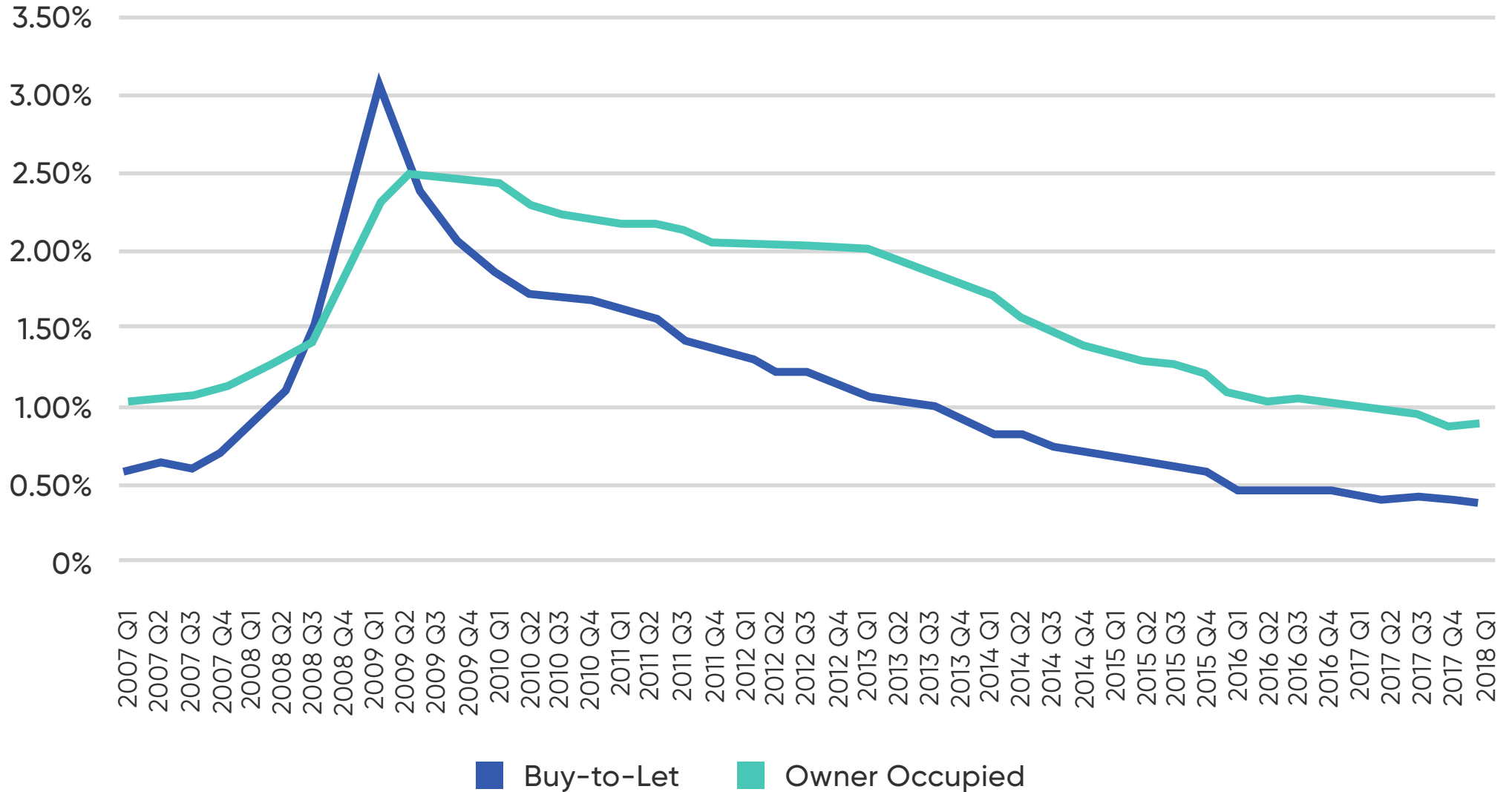


Source: HM Land Registry and Office for National Statistics

# Rents v CPI (Jan 2011=100)



# UK Mortgages, 3 Months + Arrears



Source: UK Finance

# Structural Shift

---

- ✓ £36bn gross BTL lending in 2017 - likely to be £37-38bn in 2018
  - ✓ £238bn of outstanding BTL mortgages
  - ✓ Market share moving to specialists
1. Shift to owning BTL via a SPV - more tax efficient
  2. PRA changes to portfolio lending (4 or more)
  3. Increasing attraction of HMOs

# Structural Shift

	June 2015	June 2016	June 2017	June 2018
Outstanding BTL Growth	£200.5 bn.	£224.8 bn. 12.1%	£232.8 bn. 3.6%	£238.5bn 2.4%
Top 3 High St. Growth	£92.9 bn.	£100.6 bn. 8.3%	£102.1 bn. 1.5%	£99.5bn -2.5%
Market Share	46.3%	44.8%	43.9%	41.7%



# My Predictions

---

1. Demand for rental property will continue to grow.
2. Recent changes have slowed down supply growth.
3. Rents likely to increase faster than house prices. Yields improve.
4. Current underwriting standards likely to ensure that assets will fare well in any downturn.
5. The market will continue to move away from amateur landlords.
6. High street banks continue to lose market share.



**Thank You!**