Financing Multi-Unit Freehold Blocks

Frequently asked questions

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For property investors looking to maximise portfolio profits with high-yielding but more complex property types, multi-unit freehold blocks (MUFBs) are a popular choice.

Our guide answers some of the most frequently asked questions about MUFBs, and offers essential information for anyone considering this investment type.

Here is everything you need to know, but if you need more, speak to one of our experts.

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What is a multi-unit freehold block?

A MUFB is typically one freehold property that is split into individual flats that sit on the same lease. Generally, MUFB property types include purpose built flats and larger properties converted into flats. Multiple houses held under one freehold title can also qualify as a MUFB.

These properties differ from HMOs, as each unit is self-contained, so tenants won't share kitchen or bathroom facilities.

Why invest in a MUFB?

MUFBs offer landlords plenty of benefits, with competitive yields and a reduced risk of void periods as the main draws for investors.

As each of your tenants will have their own AST, if one happens to leave or stop paying rent for whatever reason, income from your other paying tenants will help you to manage the costs. This reduces the financial strain of void periods, helping you to continue managing your mortgage payments and wider portfolio.

Is there significant tenant demand for MUFBs?

There is a constant high level of demand for properties within MUFBs, perhaps even higher than that of HMOs. Families, students, and working professionals all show significant demand for these properties, meaning that MUFBs remain secure investment choices regardless of location.

Are interest rates higher for MUFBs than standard buy to lets?

Broadly speaking, yes. This can depend on the number of units within the MUFB, but on average, you could expect to pay around 0.5% higher in interest. However, the more competitive rental yields on offer compensate for the slightly higher costs associated. Speak to a us to find out what rates you could access.

Is it easy to secure property finance for a MUFB?

As with other complex investment types, lenders prefer to see previous letting experience on your application before considering offering on your case. This is especially prevalent with the more risk-averse lenders on the market, as prior experience reassures the lender of your capability with the investment type. However, that being said, some specialist lenders are happy to deal with first-time investors.

What is the maxiumum loan to value for MUFB mortgages?

The typical maximum loan amount for a MUFB mortgage is 80% LTV (loan to value). However, options are limited in this space; to access more competitive pricing, we would recommend aiming for 75% LTV.

Which lenders offer mortgages on MUFBs?

Around half of all buy to let lenders offer mortgages on MUFBs. However, with each lender varying on applicant criteria and on the number of units they will accept in each property, it can be difficult to navigate this market. It's important to speak to us to ensure you can access the right deal.

Can I mortgage a MUFB using an SPV Limited Company ownership structure?

Absolutely! Many lenders view Limited Company lending as just as simple as personal name borrowing. As such, borrowers in their own name, Limited Companies, and even Limited Liability Partnerships (LLPs) can finance these complex property types.

Do I need a special licence to finance a MUFB?

Depending on where you invest in your MUFB, you may require an HMO licence – this is very unlikely, but it is best to speak to your local authority to understand their requirements before making any property investment decisions.

Let's discuss your next mortgage. *Speak to an Expert.*

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