

Buy to Let Mortgage Product Index

June 2017

This index tracks the number of lenders and the number and types of buy to let mortgage products available each month in the UK mortgage market.

Average data for June 2017

Number of buy to let products: 1,240

Number of buy to let lenders: 36

Average data for Q2 2017

Number of buy to let products: 1,220

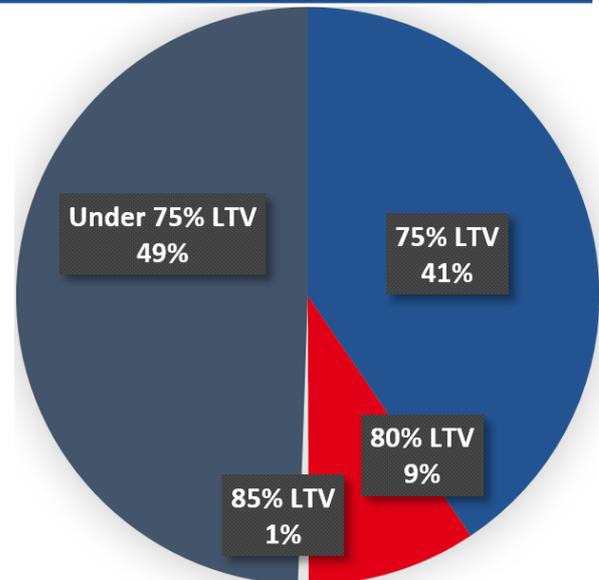
Number of buy to let lenders: 36

June saw a slight decrease in buy to let product numbers from May, down by an average of 6 products to 1,240.

The number of lenders operating in this market has remained at 36 since the start of 2017.

LTVs

There was a 1% decrease in the availability of products at 80% LTV, with a corresponding increase in the proportion of products with LTV caps below 75%. Products available to 75% and 85% LTV remained at 41% and 1% of buy to let products respectively.



Across the quarter the average maximum LTV decreased, as lenders released more products with 70% or less LTV. Although there were also more products at 75% and 80% LTV, the availability of these products did not increase as quickly as that of buy to let products with lower LTVs, leading to lower average LTV caps.

Breakdown of Products by Initial Term

As in Q1, Q2 saw more buy to let mortgage products released with five-year initial terms, while the prevalence of three-year products continues to fall. This has been led by strong demand from landlords, who are increasingly favouring the products both as a way to lock in current interest rates ahead of any coming rate hike and for the more relaxed affordability testing such products offer. One-year and term products remain at 2% and 11% of offerings respectively.

| Buy to Let Mortgage Products | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| Product term | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 |
| 1 year | 1% | 1% | 1% | 2% | 2% |
| 2 year | 45% | 45% | 44% | 43% | 43% |
| 3 year | 18% | 17% | 17% | 16% | 14% |
| 5 year | 24% | 25% | 27% | 28% | 30% |
| Loan term | 12% | 12% | 11% | 11% | 11% |

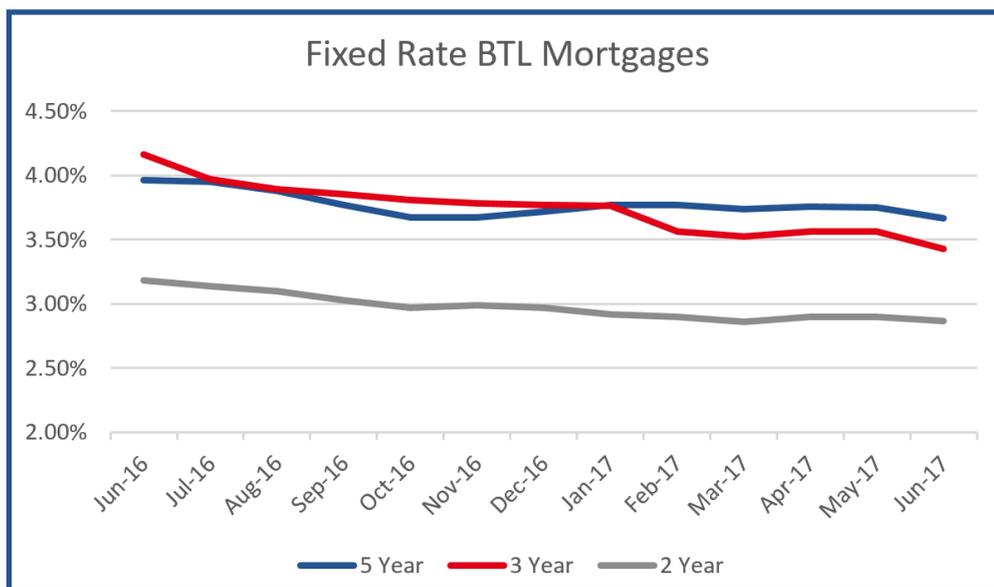
Rates

BTL fixed rates fell in June for two, three or five-year terms, while variable rates remained unchanged. The sole exception to this pattern was term trackers, which saw a slight rate increase of 0.02%.

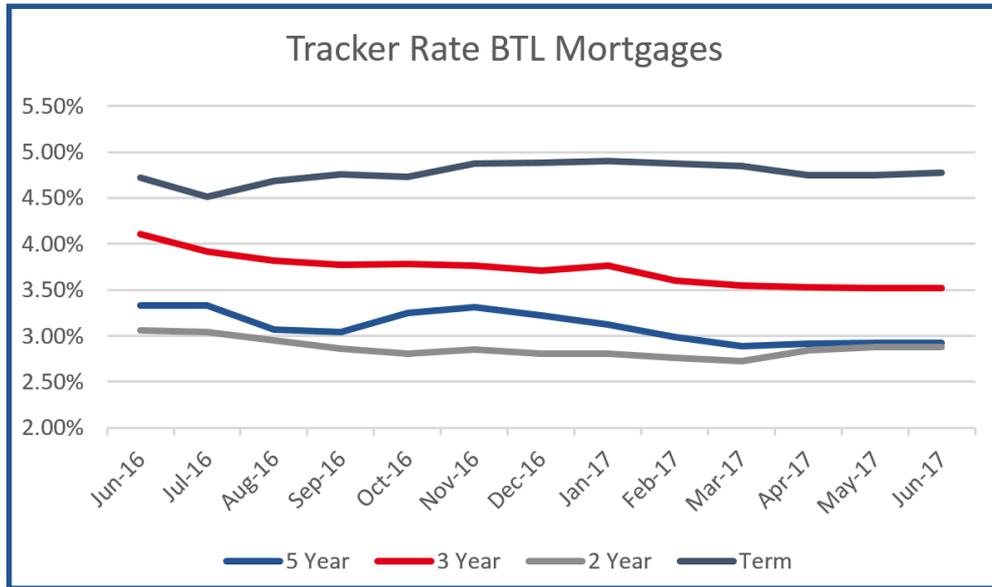
On a quarterly basis the general trend was also downward, but two-year products were on average slightly more expensive than Q1. Two-year buy to let fixed rates in Q2 were 0.01% more expensive than in Q1, averaging 2.89%, while variable counterparts were 0.11% more expensive, at 2.87%.

| Fixed Rate Buy to Let Mortgages | | | | |
|---------------------------------|-------|------------------|---------|------------------|
| Term | May | June | Q1 2017 | Q2 2017 |
| Average 5 year | 3.75% | 3.66% (- 0.09) | 3.76% | 3.72% (- 0.04) |
| Average 3 year | 3.56% | 3.42% (- 0.14) | 3.58% | 3.52% (- 0.06) |
| Average 2 year | 2.90% | 2.86% (- 0.04) | 2.88% | 2.89% (+0.01) |

| Tracker Rate Buy to Let Mortgages | | | | |
|-----------------------------------|-------|-----------------|---------|------------------|
| Term | May | June | Q1 2017 | Q2 2017 |
| Average 5 year | 2.93% | 2.93% (+0.00) | 3.00% | 2.92% (- 0.08) |
| Average 3 year | 3.52% | 3.52% (+0.00) | 3.64% | 3.52% (- 0.12) |
| Average 2 year | 2.88% | 2.88% (+0.00) | 2.76% | 2.87% (+0.11) |
| Average Term Tracker | 4.75% | 4.77% (+0.02) | 4.87% | 4.76% (- 0.11) |



Rates cont/d...



Data source

Mortgage Flow, the proprietary buy to let mortgage sourcing system owned and managed by Mortgages for Business. Each lender on the system is carefully selected for its contribution to the buy to let sector. Lenders tracked include market leading, mainstream providers, the challenger banks and the specialists which cater for full-time landlords with complex borrowing requirements.

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