



Private landlords fear potential increase in Buy To Let mortgage rates

London: 22nd August 2011: The Bank of England's Monetary Policy Committee may have kept interest base rates on hold at 0.5% in July, but the latest news from BDRC Continental's Landlords Panel research reveals that many private landlords fear the impact of a potential rise in Buy To Let (BTL) mortgage interest rates. Almost three quarters of private landlords (73%) have at least one mortgage on their rental property and almost half (47%) have at least five BTL mortgages held against their portfolio. 31% of private landlords agree or strongly agree that they are worried about their ability to repay should BTL mortgage rates begin to rise.

The BDRC Continental research reveals that BTL mortgage interest rate rises will present a financial challenge to many private landlords. Faced with two possible interest rate rise scenarios, few landlords feel they would be insulated from the impact. While a 1% increase would have a significant negative impact for 29% of private landlords with BTL mortgages, a 2% rise would create a 'significant impact' for 53% of mortgaged respondents, including a projected 8% being forced to re-evaluate their future as a landlord, and 6% having to reduce the size of their portfolio or leave the private rental sector completely.

The research shows one in seven private landlords have taken out a BTL loan in the last year – one third to fund the purchase of another BTL property, one third to get a lower interest rate and the remaining third for other reasons, such as to move from a residential to a BTL loan, obtain a fixed rate, or to fund development. Just under one half (49%) of the landlords strongly agree that the market would benefit from more BTL lenders / greater competition, although the good news for providers is that 59% agree or strongly agree that they are satisfied with their current lender and 54% say they are open to the idea of BTL lenders providing broader advice to them as a landlord. For 44% their choice of BTL lender

was determined by the lowest interest rate, while 40% based their choice of lender on advice from an intermediary.

Commenting on the Landlords Panel findings, Mark Long, Business Propositions Director for BDRC Continental says: “Year-on-year, private landlords are increasingly optimistic about the private rental sector, with 54 per cent rating the prospects as good or very good. As a backdrop to landlords’ fears over interest rates, predicted tenant demand has improved on the first quarter of 2011, with a net increase of eight per cent. However, fears over potential interest rate rises are very real.”

Ends

Note to editors

1. The average self-declared mortgage borrowing for private landlords stands at £477,060.
2. This release contains a selection of findings from the Q2 2011 Landlords Panel study from BDRC Continental, undertaken in partnership with the National Landlords Association. Full data tables also available. Fieldwork took place 16th June – 10th July 2011 and incorporated 662 online interviews with National Landlords Association members.

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About BDRC Continental

BDRC Continental is the UK’s largest independent market research agency. Established in 1991, the company has built an unrivalled reputation as a full service consultancy with specialist expertise across a number of sectors including travel & transport; culture, tourism & leisure; business to business; financial services; hotels, meetings & hospitality; media & advertising; internet & telecoms; Government & not for profit.

BDRC Continental is staffed by highly experienced researchers with great reputations in their individual fields as well as in the market research industry. The company is renowned for its consultative approach and ability to add value to clients’ businesses by bringing insights from multiple markets to the research. This cross-disciplinary approach enables BDRC Continental to provide intelligence that is informed by a deep understanding of the client’s issues and the wider market context. As well as undertaking bespoke research for a wide variety of clients, the company conducts a number of syndicated studies and has developed proprietary techniques including Tracttion, Grapevine, Service Intensity, the Business Opinion Omnibus, SME Finance Monitor and ZMET Visionary Thinking.

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