

19 May 2010

## Buy-to-let begins the fight back

The buy-to-let (BTL) sector was one of the biggest casualties of the credit crisis. At its lowest point (September 2009) 95% of all deals available at the peak of the market (August 2007) were withdrawn.

However, the BTL market has now started its fight back.

The number of BTL mortgages available has grown 70% since September 2009, increasing from 179 to 304, and encouragingly a number of these deals are at higher LTV levels.

Lenders are reappearing back in the sector and average rates are continuing to fall.

Date	Number of BTL Products available
August 2007 (Peak)	3,662
September 2009 (Low)	179
May 2010	304

Source: Moneyfacts.co.uk 19.05.10

Max LTV	% of total deals September 2009	% of total deals May 2010
80%	1.40%	4.24%
75%	24.20%	29.07%
70%	21.40%	25.82%
65%	15.30%	14.40%
60%	30.60%	26.47%
50%	7.10%	0.00%

Source: Moneyfacts.co.uk 19.05.10

Deal	Sep-09	May-10
Average 2 year fixed	5.96%	5.66%
Average 2 year tracker	4.59%	4.49%
Tracker margin above base rate	4.09%	3.99%

Source: Moneyfacts.co.uk 19.05.10

**Darren Cook**, spokesman for [Moneyfacts.co.uk](http://Moneyfacts.co.uk) commented:

“This is encouraging news for investors, especially those who were locked out of the market as the maximum available LTV’s fell.

“Competition has returned to the market, as lenders make cuts to their new borrowing rates.

“Saffron and Melton Mowbray Building Societies have returned to the market during the past month, while new lender Bank of China continues to successfully find its niche. Both are signs that this market is starting to become a more viable and safer option for lenders.

“Predicted changes to capital gain tax (CGT) could put the recovery of the BTL sector off track.

“Government sources predict that CGT on non-business assets, including buy-to-let properties, could rise from 18% to a figure that could be as high as 40%.

“In a separate blow the annual exemption limit for CGT, currently £10,100, may come down to as low as £2,500. This will bring hundreds of thousands more people into the tax net.

“One possible consequence could be an increase in the preferred investor properties on to the market as people scramble to take any current gains.

“The changes could spark a downward price spiral, but could create opportunities for both homebuyers and potential landlords.”

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Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

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