



Examining landlord sentiment towards the buy-to-let market

Research Report



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Landlords in the UK find themselves navigating a complex and evolving buy-to-let (BTL) market. Rising rental prices and yields need to be balanced against elevated borrowing costs and a slight slowdown in house price growth, posing new questions of landlords and how best to manage their portfolios.

Meanwhile, with Sir Keir Starmer's Labour Party winning the general election, there is a considerable amount of speculation as to what regulatory and tax reforms may be brought in by the new government, and how they will impact the UK property market.

There is increased speculation around the BTL market as a result of these converging political and economic trends, with some predicting an impending exodus of landlords.

In September 2024, we commissioned leading market research Censuswide to conduct a survey of 501 UK landlords – all of whom had a buy-to-let mortgage. The results provide a unique, valuable insight into landlords' outlook for their investments in the coming 12 months, their thoughts on the state of the market and their sentiment towards the prospect of additional regulation and taxation. Furthermore, the survey delved into their views on what they look for when working with a lender and a broker.

In this report, we detail all the findings from the survey, providing brokers with an in-depth understanding of the trends that appear to be dominating the sector from a landlord perspective. We also share our thoughts on how the industry could support clients as they navigate the economic and regulatory challenges currently at play.



The key findings...

Between 30 August and 03 September 2024, Censuswide polled 501 landlords with buy-to-let mortgages in the UK on behalf of Butterfield Mortgages Limited. Here are the key findings:

Landlords optimistic about the future of their investments



60% of landlords are optimistic about the future performance of their property investments.



58% consider buy-to-let investments to be highly attractive in the current climate.



56% think that suggestions of an exodus of landlords from the BTL market are greatly exaggerated.

What are landlords' investment plans?



In the past 12 months, 34% of landlords have increased the size of their property portfolios, while 60% have maintained the size of their portfolios. Just 6% have decreased the size of their portfolios.



Looking ahead, 38% plan to increase the size of their portfolios, and 49% plan to keep them the same. Meanwhile, only 10% plan to decrease the size of their portfolios, and 3% are unsure what they will do.



In the last year, 55% of respondents say they have increased the amount of rent they charge, while 42% say the amount has stayed the same.



In the 12 months to come, 58% plan to increase rents, 37% plan to maintain rents at their current level, and 3% will decrease the amount that they charge.

The key findings...

Landlords' outlook on interest rates



57% said the August base rate cut by the Bank of England positively impacted their investments.



64% think the Bank of England will cut the base rate again before the end of 2024.

Landlords' outlook on BTL sector reforms



77% are concerned that potential tax increases from the new government could adversely affect their investments.



71% are worried about the potential introduction of higher energy efficiency standards for rental properties by 2030.



70% are concerned about the potential impact of the new government's plans to abolish Section 21 'no-fault' evictions on their ability to manage tenants effectively.

What qualities do borrowers look for in brokers and lenders?



78% of landlords are satisfied with their latest experience of working with a mortgage lender.



Respondents were asked to name the qualities they value most in lenders and lenders. These are the top three:

- Their expertise around tax and regulation concerning my purchases (49%)
- Their rates and fees (45%)
- The overall quality of the customer service they offer (32%)



However, 71% said that lenders need to take a more tailored approach to assessing loan/mortgage applications from buy-to-let clients.



69% of landlords used a broker to source their BTL mortgages. Of those, these are the top qualities they looked for in a broker:

- Their expertise around tax and regulation concerning my purchases (38%)
- Access to a wide range of flexible, bespoke or specialist financial solutions (36%)
- The ability to access products that are not available directly to the borrower (34%)

Landlords are optimistic about the future

Over the last three years, BTL landlords have been forced to navigate a rapid shift to a higher interest rate environment, with the Bank of England (BoE) taking the base rate from a record-low 0.1% in December 2021 to 5.25% in August 2023. Since then, the Monetary Policy Committee voted to hold the base rate at this level until August 2024's meeting, where rates were reduced by 25-basis points. For 68% of investors, this rise in the cost of borrowing significantly affected the profitability of their BTL portfolios.

Despite the impact that this rate hiking cycle has – and continues to have – on their property investments, Butterfield Mortgages Limited's research has revealed that only a small minority of landlords have been forced to sell assets. Indeed, just 6% of landlords opted to decrease the size of their portfolios in the last 12 months, with the majority (60%) maintaining their portfolio size. Meanwhile, a further 34% decided to increase the size of their portfolio.

That said, the impact on rent has been clear to see. The research found that 54% of landlords increased the amount of rent that they charge their tenants in the past year, while 58% say they will raise rents in the next 12 months. This shows that, although the economic climate is improving, the higher cost of borrowing – and the speed at which it rose, in particular – requires them to pass some higher costs onto their tenants. It appears that this trend will continue for the next year at least, reflecting the fact that landlords are still facing a variety of financial challenges at present.

Despite these challenges, however, a significant number have a positive outlook on the future of their portfolios. Indeed, 60% of landlords said that they are optimistic – both in terms of capital growth and rental returns – about the future performance of their investments. Meanwhile, 58% said BTL investments remain highly attractive in the current climate.

The enduring appeal of BTL is reflected in the fact that almost two in five (38%) UK landlords told us they plan to increase the size of their property portfolio in the next 12 months, with just 10% suggesting that they will reduce it.

This sentiment is supported by Butterfield Mortgages Limited's data, which revealed that 56% of landlords believe that suggestions there will be an exodus of landlords from the BTL market have been greatly exaggerated.

In part, this positivity could stem from landlords' outlook on interest rates, which have arguably had the most significant impact on the UK property market in recent years.

With inflation now around the BoE's 2% target, our research found that 57% of landlords have been positively impacted by the base rate reduction in August. Meanwhile, 64% think the BoE will cut the base rate again before the end of 2024.





Wendy Scott, Senior Business Development Manager at Butterfield Mortgages Limited, said:

“Given the challenges that landlords have had to contend with in the last three years, due to the pandemic and changes to taxation, it’s encouraging to see that the majority of those surveyed have maintained or increased the size of their portfolios. With rental prices reaching near-record highs and mortgage rates falling, the market clearly remains attractive for some, with a healthy proportion of investors looking to increase the size of their portfolios in the year ahead.

“The Bank of England’s base rate plays a significant role in driving market activity, especially in the Prime Central London (PCL) property market. Therefore, it’s no surprise that landlords have told us that their investments have benefited from the August rate cut. If the Bank of England meets expectations and reduces the base rate further in the coming months, we should expect more positivity and optimism.

“However, with the Autumn budget on the horizon, and potential future tax and legislative changes from the new government, many landlords will be biding their time before making any final decisions regarding their next move. Butterfield Mortgages Limited is ready to support brokers and their clients who wish to take advantage of the opportunities that a more relaxed monetary environment may offer, or to explore the re-finance/re-structure of existing assets liabilities.”

Confidence is tempered by the prospect of regulatory and tax reforms

As Scott notes, Butterfield Mortgages Limited’s research revealed that, although landlords are displaying a clear sense of optimism, the fact that 10% of landlords are considering decreasing the size of their portfolios shows that a degree of caution remains.

This is echoed elsewhere in the survey, with the prospect of regulatory and tax reforms evidently a cause for concern among landlords. For example, a significant majority (77%) of landlords say they are concerned that potential tax increases from the new government could adversely affect their investments.

Capital Gains Tax (CGT) and Inheritance Tax (IHT) are two potential taxes that could be hiked in the coming year; although Labour leader Keir Starmer ruled out income tax increases, the party has not dismissed the possibility of reforms to CGT. With Chancellor Rachel Reeves recently unveiling a ‘black hole’ in public finances, tax rises are anticipated in the Autumn Budget (on 30 October 2024) to help balance the books, which is perhaps where these concerns stem from.

Additionally, 71% of landlords expressed concerns over the potential reintroduction of stricter energy efficiency standards (EPC ratings). Although former Prime Minister Rishi Sunak had scrapped these expected EPC reforms, the new government may bring them back. Such changes would likely require landlords to make substantial investments in their properties. Therefore, clear guidance from the government on these standards will be essential.



Equally important is clarity on the replacement of Section 21 ‘no-fault’ evictions, which the government vowed to abolish while in opposition. For 70% of landlords, this reform could hinder their ability to manage tenancies, so a balanced solution is needed to allow landlords to reclaim properties when necessary.

While each of these issues may not drastically impact the market individually, their combined uncertainty is significant. So much so that 70% of landlords report that concerns over tax and regulatory changes are deterring them from expanding their buy-to-let portfolios.

Stephen Murrell, Business Development Manager at Butterfield Mortgages Limited, said:

“Our research highlights the considerable uncertainty surrounding the government’s potential tax and regulatory reforms, which could have a significant impact on property investments. Many of the reforms – particularly in relation to Section 21 and EPC ratings – have been on the cards for some time, so will not have come as a surprise to landlords, but still require careful thought and planning. As such, it’s important that the government provides clarity on when and how the measures will be implemented.

“It is crucial that brokers and lenders stay informed about these potential changes in the coming months, ensuring they are well-equipped to advise their clients. By doing so, they can help their clients make well-informed decisions regarding their investments, no matter what reforms are made.”

Landlords' views on the state of play in the lending markets

Our research highlights clearly that potential reforms to property-related taxes and regulations are viewed with caution by UK landlords. But what are their sentiments towards the current state of play in the lending markets?

To explore, Butterfield Mortgages Limited's survey quizzed landlords about their views towards the financial products and support currently on offer.

Encouragingly, 69% of investors said they were satisfied with the number of mortgages available to them as BTL property buyers. However, of those landlords, just 16% 'strongly agreed' with the statement, while 53% only agreed 'somewhat'. Therefore, it is clear that lenders could be doing more to expand their product offerings to ensure borrowers can access financial products that can meet their exact needs and goals.

That said, one issue could be that the products are out there, but borrowers do not know how to access them. Supporting this, 75% of landlords said that brokers are essential in helping them navigate the mortgage markets. Interestingly, this figure rose to 90% for landlords with more than five properties, showing that the more complex a case is, the more borrowers rely on brokers.

In part, this could be explained by a perception that lenders are not providing enough flexibility at present. Indeed, 66% said that high street banks do not cater to their BTL needs, while 71% said that lenders need to take a more tailored approach to assessing loan/mortgage applications from BTL buyers.

Anthony Neville, Head of Credit at Butterfield Mortgages Limited, said:

"It's clear from the findings that while many landlords are generally satisfied with the availability of financial products in the buy-to-let market, there remains a significant opportunity for lenders to offer more tailored and flexible solutions. Only 16% of landlords strongly agreed that the current mortgage options met their needs, so it's evident that we, as lenders, need to bridge that gap by providing more bespoke options that cater to individuals' portfolios and complexities.

"This will be particularly important in the months ahead as the outlook for the Bank of England's monetary policy decision-making remains uncertain. As such, Butterfield Mortgages Limited will continuously look for ways in which we can improve the flexibility and optionality of our bespoke financial products."



What do landlords value in lenders and brokers?

The final topics on which respondents were quizzed were how landlords have previously financed their investments, and the qualities they look for when working with lenders and brokers.



The survey found that a significant majority (69%) of landlords used a broker when sourcing their BTL mortgage.

With this in mind, Butterfield Mortgages Limited then asked which qualities they valued most when working with a broker. From a list of statements, they were asked to select their top three. Here is the list in full:

Qualities	All respondents
Their expertise around tax and regulation concerning my purchases	38%
Access to a wide range of flexible, bespoke or specialist financial solutions	36%
The ability to access products that are not available directly to the borrower	34%
The overall quality of the customer service they offer	32%
The speed and thoroughness of their communication	30%
Their experience in working with clients of a similar demographic to myself	29%
The range of lenders they work with	28%
Their expertise of the local property market (local to the property I am buying)	26%
No qualities in particular	0%

The respondents were asked the same questions in relation to working with lenders. Here are the results:

Qualities	All respondents
Their expertise around tax and regulation concerning my purchases	49%
Their rates and fees	45%
The overall quality of the customer service they offer	32%
Their experience in working with clients of a similar demographic to myself	30%
Their expertise of the local property market (local to the property I am buying)	29%
The range of products they offer	27%
The speed and thoroughness of their communication	25%
Access to a wide range of flexible, bespoke or specialist financial solutions	13%
No qualities in particular	2%

Radhika Madar, Senior Relationship Manager at Butterfield Mortgages Limited, said:

“As this report has already explored, tax and regulation are major concerns for many landlords, so it’s understandable that many of them value brokers’ and lenders’ expertise in this area so highly. When landlords are already facing so many challenges, navigating the minefield of regulatory compliance and tax efficiency can be incredibly daunting, so they want to feel reassured that the professionals they work with have a deep understanding of these issues.

“Tax and regulation aside, landlords also want to work with brokers and lenders who can provide an excellent level of service, and who have worked with other borrowers like

them. At Butterfield Mortgages Limited, we are keenly aware of this. Specialising in complex, high-net-worth borrowers in the Prime Central London market, we handle cases that demand an unparalleled knowledge of both our clients and the properties they want to acquire. This expertise allows us to provide landlords with the tools and resources necessary to confidently navigate the dynamic property investment landscape.

“Equally important is the quality of customer service. In our sector, responsive and transparent communication is crucial. We take pride in offering a seamless experience that ensures landlords feel supported and confident throughout the mortgage process, no matter how complex their needs or situation may be.”

The reflections of our CEO...

Alpa Bhakta, CEO of Butterfield Mortgages Limited

“As brokers, lenders and landlords all continue to navigate the complexities of the UK’s property investment landscape, I hope our latest research has provided some valuable insights into what landlords truly value, the challenges they are facing and their outlooks for the year ahead. At Butterfield Mortgages Limited, we believe that a deep understanding of these trends and dynamics is crucial, and the continued success of the BTL sector hinges on the ability of brokers and lenders to support their clients as effectively as possible.

“One of the key lessons from our research is the paramount importance of expertise in tax and regulation. Landlords are increasingly seeking partners who can offer not only financial solutions but also in-depth knowledge of the regulatory landscape. The change of ruling party in the UK underscores a significant opportunity for lenders and brokers to position themselves as trusted advisors, providing clear, comprehensive guidance on the evolving tax and regulatory environment.

“However, it can be easy to get bogged down in providing one quality at the expense of others, and there are some key fundamentals of delivering value in this industry – such as flexibility and certainty – that cannot be forgotten. At the end of the day, landlords value financial products and an excellent level of service that meet their specific needs, and it’s clear that more can be done to move away from tick-box offerings towards more bespoke products.

“At Butterfield Mortgages Limited, we are committed to applying these insights to better serve brokers, ensuring we provide the expertise, flexibility, and level of service their clients’ demand. Together, we can ensure they can navigate an evolving BTL sector with a healthy dose of confidence in the months and years to come.”



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