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Buy-to-let landlords remain jaded by mortgage market

Buy-to-let investors are no longer reviewing the mortgage market on a regular basis and intend to hold onto their assets for the long term, according to the Young Group.

Results for Q3 2009 from the Group's Young Index survey of investor market sentiment show that fewer than 1 in 3 residential property landlords are tracking their mortgage options on a regular basis and only 11% are assessing the market as regularly as every three months.

This is the second consecutive quarter to see such a low proportion of investors tracking their options (Q2 2009 results was 12%) and represents a sea change from the situation in Q2 2008 when 65% of respondents were evaluating the market on a quarterly basis.

Only 29% of respondents now evaluate their mortgages at least every 6 months, compared to 82% of investors who were actively tracking new deals in Q2 2008. Worryingly, at the end of Q3 2009, 27% of investors admitted to evaluating their mortgages less frequently than once a year.

The Young Index data for Q3 2009 points to investors sitting tight; the average length of time that respondents expected to retain individual property assets stood at 12 years, up from an average of 10 years in Q3 2008.

Neil Young, CEO of Young Group, commented:

"Young Group's research suggests that investors are fully aware of the constricted conditions in the mortgage market; 57% cited difficulties in obtaining mortgage funds as the principal barrier to investment property acquisitions. It seems they may be jaded by current lending conditions and have taken their eye off the ball when it comes to tracking the mortgage market."

There may also be a general assumption that with base rate currently at an all time low, dropping onto a lender's Standard Variable Rate at the end of a deal is the best option, but this may not automatically be the case.

Neil Young, summed up:

"Just because there are fewer mortgage products available, investors shouldn't take their eye off the ball. Arguably, now is the time to be paying MORE attention to the mortgage market to avoid the risk of losing out when base rate inevitably rises in the future."