

4 October 2009

Buy-to-let mortgage market still leaving property investors out in the cold

by Rachael Stiles

The mortgage market is continuing to freeze buy-to-let landlords out, with many admitting that have decided to sit tight on their property for the time being.

Some buy-to-let mortgage customers are so jaded by an ongoing shortage of lending that they are no longer regularly reviewing the mortgage market, according to quarter three results from the Young Group.



Instead, buy-to-let investors are holding onto their assets for the long term, with less than a third tracking their mortgage options on a regular basis, and only 11 per cent assessing the market as regularly as once every three months.

This is the second consecutive quarter that the Young Index has revealed that investors are reviewing their options in such low numbers, and in fact it has fallen from 12 per cent in the second quarter of this year.

It also marks a departure from the same time last year when, in quarter two, 65 per cent of investors were reviewing the market on a quarterly basis.

The survey revealed that at the end of quarter three this year, 27 per cent admitted to not even evaluating their mortgage options once a year.

The average length of time that an investor holds onto a property has increased from 10 years in quarter three 2008 to 12 years for the same period in 2009, as buy to let owners wait out the credit shortage, either by choice or necessity.

Of those investors who are putting off moving up the ladder or expanding their property portfolio, 57 per cent cited difficulties obtaining a mortgage as the primary reason.

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," suggesting, "they may be jaded by current lending conditions and have taken their eye off the ball when it comes to tracking the mortgage market."

However, Mr Young warns against being lackadaisical about the mortgage deal they are on, because there is still competition in the 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," he said.

"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."

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