Lime Consultancy
making business finance simple
Phone: 01293 541333 / 0207 866 2102
limeconsultancy.net
hello@limeconsultancy.net

FOCUS ON

PROPERTY INVESTORS & LANDLORDS

It is an interesting time for landlords with surveys showing confidence in rental yields deteriorating, yet profitability across the sector increasing from 85% to 88%.

The outlook remains uncertain albeit the figures tend to tell a more positive story.

LETTING IT BE

The phased reduction in tax on rental income since 2017 was expected to be the big game changer in the rental market. Strange because since that 2017 average wage growth is around 3.5%* with house prices increasing by 8.5%* in 2020 alone.

The affordability of buying and owning your own home is harder, which in turn drives activity in the rental sector and should drive confidence for landlords in the rental market.

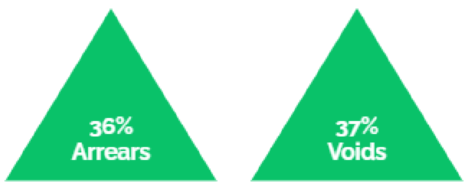
The big question is what do the figures look like?

Profitability*

- 4% of landlords report making a loss
- 9% report breaking even
- 55% say that lettings income supplements their day job
- 33% make a profitable full time living from lettings income alone

What makes these figures intriguing is when you look at non-payment of rents:

- 36% of landlords have seen rent arrears in the last 12 months*
- 37% have seen voids in the last 3 months*



WHO WE ARE

Lime Consultancy is a trading name of Lime Coaching & Consultancy Ltd. Registered in England 07975038, The Beehive, City Place, Gatwick. Lime Consultancy are a commercial credit broker working with a range of lenders, we are not a lender ourselves. We earn our income through a combination of fees paid by the client and/or commission paid by lenders. Lime Consultancy is Authorised and Regulated by the Financial Conduct Authority.

A Confusing Picture?

It seems that way. Profitable landlords but a high level of arrears. Declining confidence but a rising demand.

Conversations with our landlord borrowers tends to steer us to sector confidence being linked to lender assurance. There remain concerns over the ability to seek finance, and more importantly, that lenders will offer the flexibility needed. Something relevant when we consider rental arrears and voids.

Concerns over lender assurance brings the next question of what the debt position of landlords looks like.

Something Borrowed, Something Not Blue

Min of 1 Loan	Average Debt	Total Loans	Properties Owned
62%	£504,000	5.4	9.8

On average;

- 63% of landlords have at least one buy to let mortgage
- The average aggregate borrowing is £504,000
- This is split across an average of 5.4 loans
- The average number of properties in a portfolio is 9.8*

This suggests that the majority of landlords are asset rich but at risk of being, at least temporarily, cash poor.

The Concern & Comfort

Our experience is that the main concerns property investors have link to all of these issues, in particular;

- Can they release capital against their existing portfolios
- Will lenders understand that arrears happen and be flexible when they do
- Is there money out there to both refinance and acquire new units

The comfort is that there are lenders who are flexible. Our genuine specialist lenders are seeing huge growth. With high loan to values and sensible income ratios, there are some really good lending deals out there, they just take more specialism to access - which is exactly what we offer.

We love speaking to clients, please **get in touch** and see how we can help.

Dave Farmer Lime Consultancy

david@limeconsultancy.net 07722874789

References: *1 ONS 26/1/2021; *2 Aldermore & National Landlords Association 25/2/2021; 3* BDRC Q4 2019; 4* Skerritts 04/2017; 5* ONS 23/2/2021