

the mortgage works 

Remortgage Intentions Analysis

Q1 2020

Fieldwork took place 20 March – 2 April 2020



For intermediary use only

Remortgage Intentions Q1 2020: Methodology

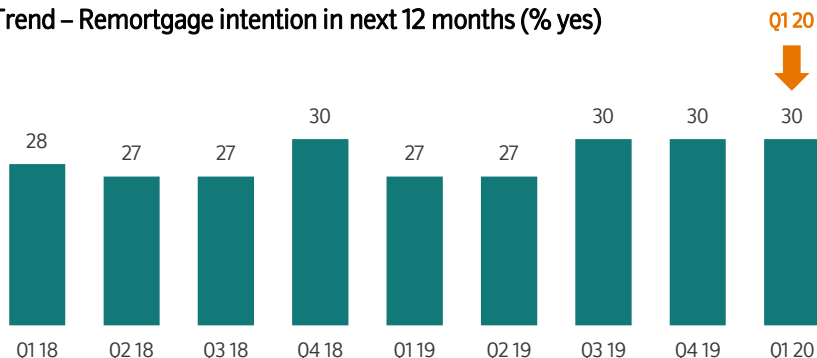
We asked leveraged landlords to indicate if they had intentions to remortgage at least one of their properties in the next 12 months. This report outlines the results of 538 completed interviews with landlords who are members of the National Residential Landlords Associations (NRLA).

The basis for the analysis in this report is derived from the following question:

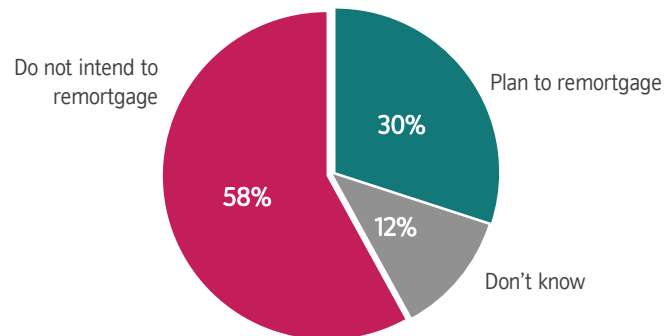
Do you plan to remortgage in the next 12 months?

For the last three quarters, the proportion of leveraged buy to let (BTL) landlords intending to remortgage in the next year has remained stable at 3 in 10.

Trend – Remortgage intention in next 12 months (% yes)

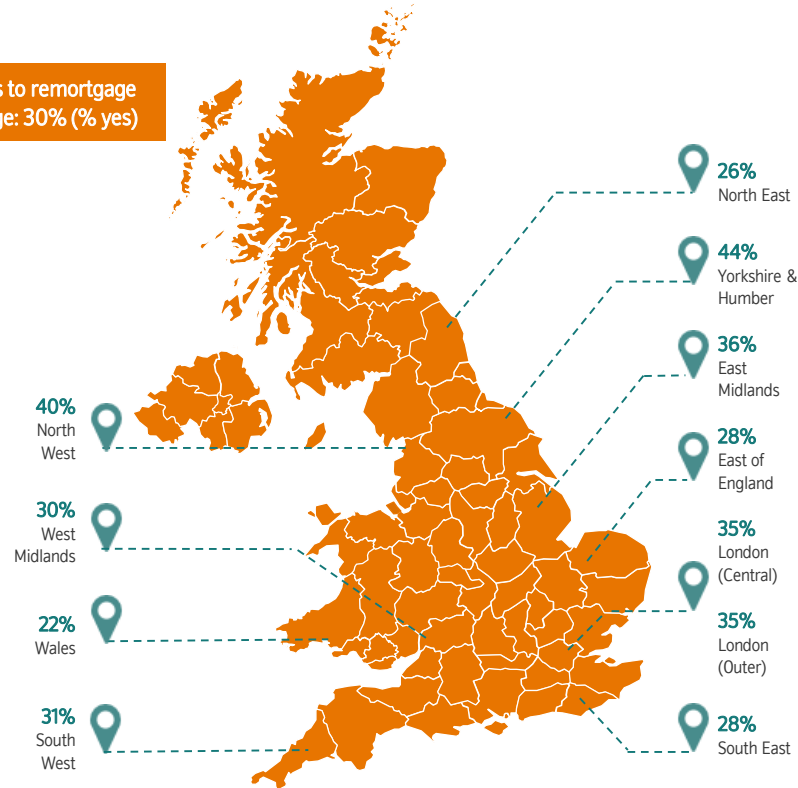


Q1 2020 – Remortgage intention in next 12 months (%)



Remortgage Intentions Q1 2020 : Regional Analysis

Intentions to remortgage
UK average: 30% (% yes)



Landlords with leveraged property in **Yorkshire & Humber** are the most likely to intend to remortgage in the next 12 month, at 44%.

Other regions with **above average intentions to remortgage** include the **North West (40%)**, **East Midlands, (36%)** **London (35%)** and the **South West (31%)**.

Landlords with BTL borrowing in **Wales** are the least likely to expect to remortgage in the next year (22%), with those operating in the North East (26%), East of England (28%) and the South East (28%), also less likely than average to remortgage.

Remortgage intentions for landlords with property in the West Midlands are in-line with the UK average at 30%.

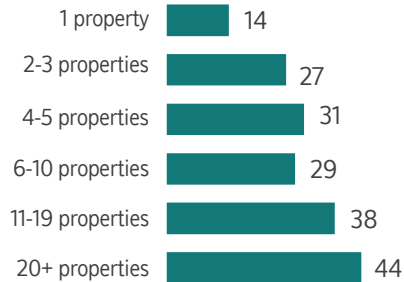
NOTE: Base size too small to report Scotland results separately

Source: BVA BDRCLandlord Panel research Q1 2020
The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1476

Remortgage Intentions Q1 2020 : Portfolio Profile

Number of properties

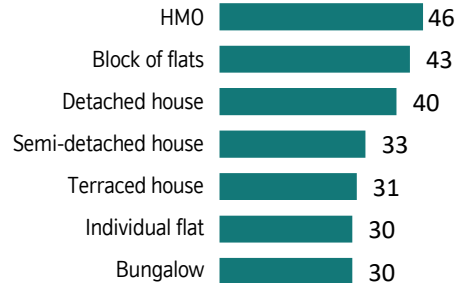
(Q1 % intend to remortgage in next 12 months)



Intentions to remortgage increase with portfolio size, as landlords with 20+ properties are more than three times as likely to refinance in the next 12 months compared to single property landlords (44% vs. 14%).

Type of property held

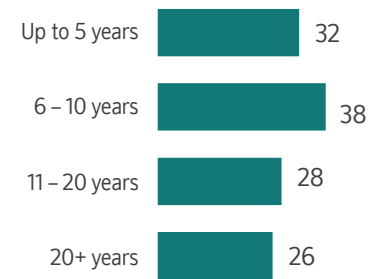
(Q1 % intend to remortgage in next 12 months)



Landlords with more complex portfolios are more likely to expect to remortgage in the next year, with 46% of those with HMOs and 43% of those owning blocks of flats intending to refinance.

Length of time operating as a landlord

(Q1 % intend to remortgage in next 12 months)



A higher proportion of less experienced landlords (letting for under 10 years) intend to remortgage in the next year, likely due to higher leveraging and need for financing as a landlord builds their portfolio.

Remortgage Intentions Q1 2020 : Borrowing Profile

Number of BTL mortgages held

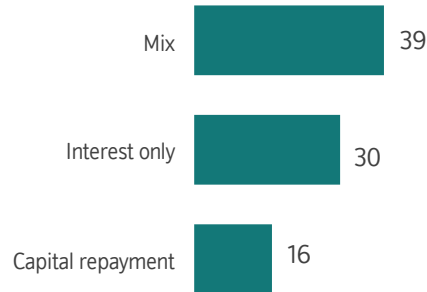
(Q1 % intend to remortgage in next 12 months)



As would be expected, **landlords with a higher number of BTL loans are more likely to be intending to remortgage in the next 12 months**. Just 24% of those with 1 – 3 BTL loans are anticipating a remortgage in the next year, compared to 39% of landlords with 4 or more BTL loans.

Type of BTL mortgage held

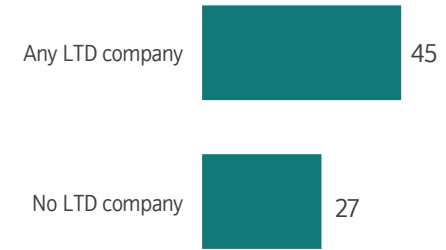
(Q1 % intend to remortgage in next 12 months)



Landlords with a mix of both capital repayment and interest only mortgages are most likely to be looking to refinance in the next year (39%), whilst those with solely capital repayment mortgages are the least likely (16%).

Business structure

(Q1 % intend to remortgage in next 12 months)

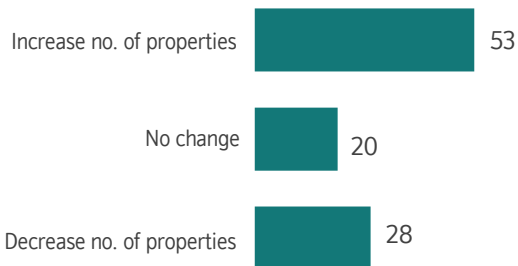


Landlords who have at least one property held in a LTD company are anticipating more refinance activity in the next 12 months compared to those who do not have any incorporated BTL properties, at 45% and 27% respectively.

Remortgage Intentions Q1 2020 : Portfolio Activity

Portfolio Plans in Next Year

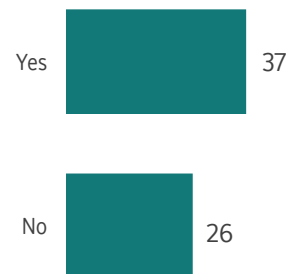
(Q1 % intend to remortgage in next 12 months)



There is a **higher incidence of remortgage activity amongst those looking to expand their portfolios in the coming year**, with twice as many intending to refinance at least one property in the next 12 months.

Recent Voids – Last 3 Months

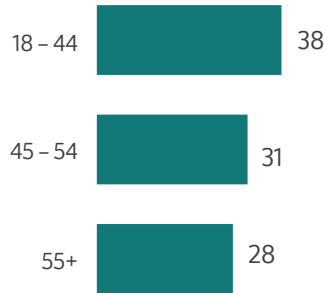
(Q1 % intend to remortgage in next 12 months)



37% of landlords who have had a property empty in the last 3 months will be looking to remortgage in the next year, compared to just 26% of those who have not experienced a recent void period. This is likely linked to a higher void exposure amongst those who have larger portfolios and therefore more leveraged properties.

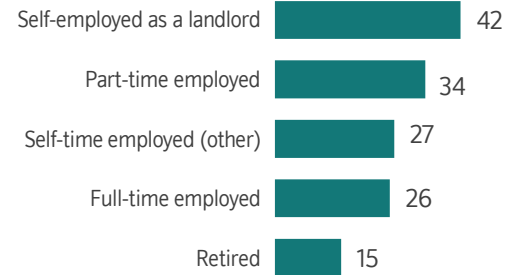
Remortgage Intentions Q1 2020 : Demographics

Age
(Q1 % intend to remortgage in next 12 months)



Intentions to remortgage are highest amongst the youngest age cohort, with 38% of landlords aged 18 – 44 expecting to refinance at least one of their properties in the next 12 months. By comparison, just 28% of those aged 55+ intend to remortgage in the next year.

Employment Status
(Q1 % intend to remortgage in next 12 months)



There is a greater expectation of refinance activity amongst landlords who operate solely as a landlord (42%), whilst intentions to remortgage are much lower amongst landlords who are retired (15%).