

Pegasus Insight 

# Reasons To Be Cheerful in 2024 & Beyond?

Prepared for:

The Mortgage Solutions 2024 Buy to Let Forum



# Pegasus Insight

Full-service research consultancy

Specialists in PRS / BTL / mortgage market

**Landlord Trends** tracking survey:



NRLA partnership

Trend data from 2007

Many BTL lenders subscribe

Q1 2024 survey conducted in March

773 responses

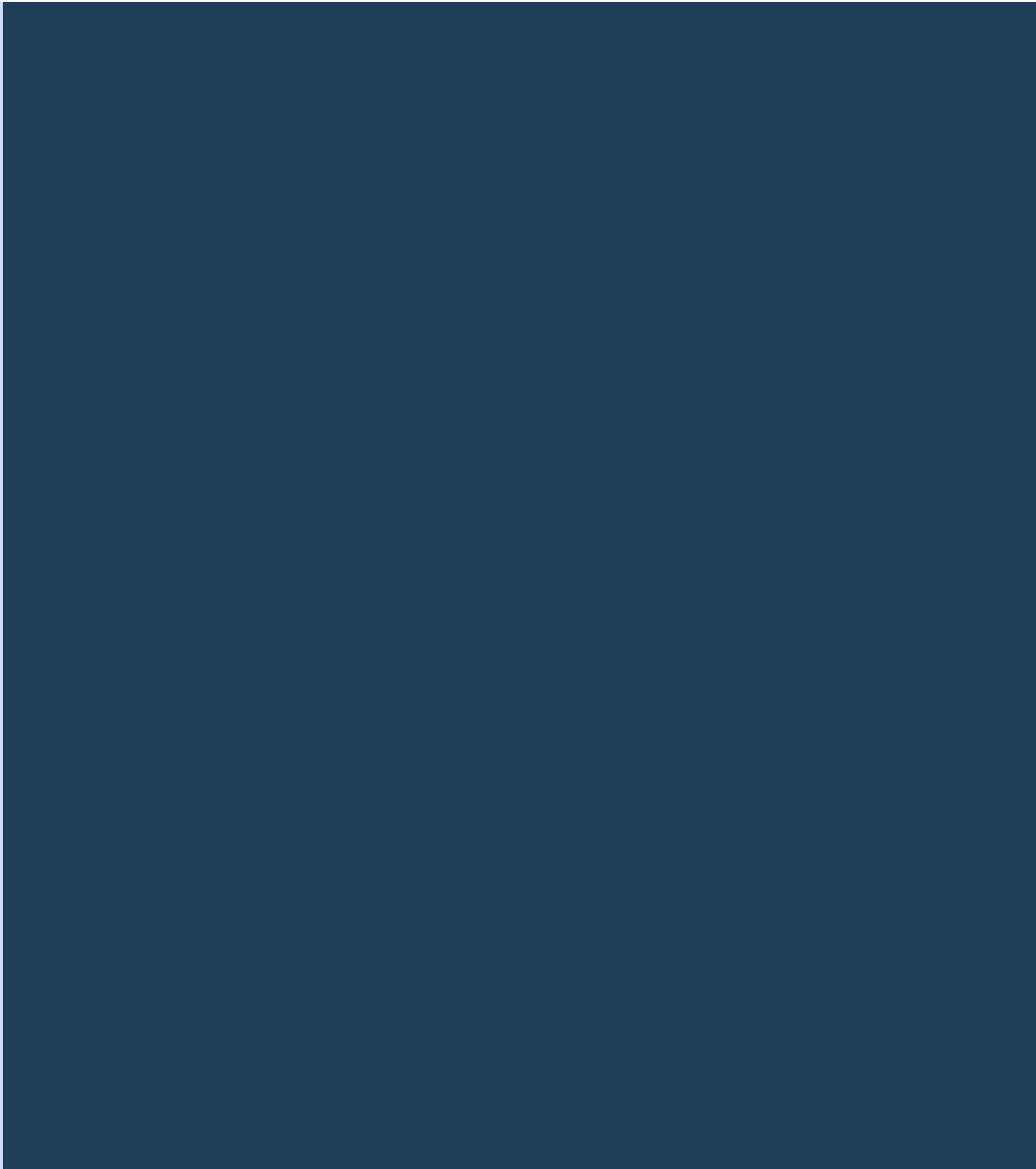
- Confidence & attitudes
- Portfolio structures
- BTL finance & brokers



We're a trusted insight partner for many organisations, including...



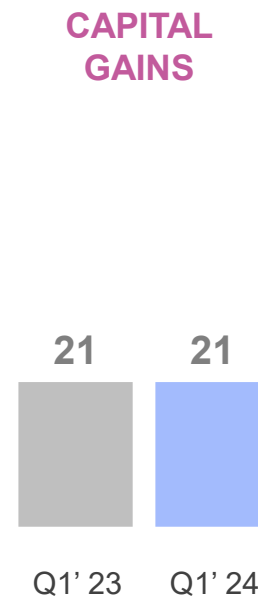
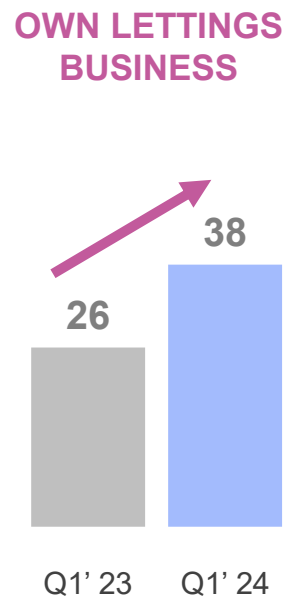
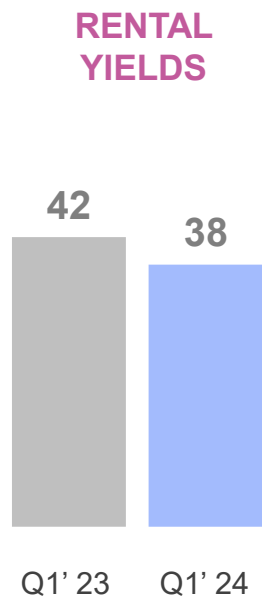
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www.pegasus-insight.co.uk  
Registered in London 14687036.  
VAT Reg. No: 438 0627 91  
25 Pridmore Road, Corby Glen, Grantham, England, NG33 4JN



# Landlord confidence is returning to the market

**BUSINESS CONFIDENCE +12% SINCE Q1 '23, +16% SINCE Q2 '23, OTHER INDICATORS ARE FLAT**

Prospects for the next 3 months % rated 'GOOD/VERY GOOD'

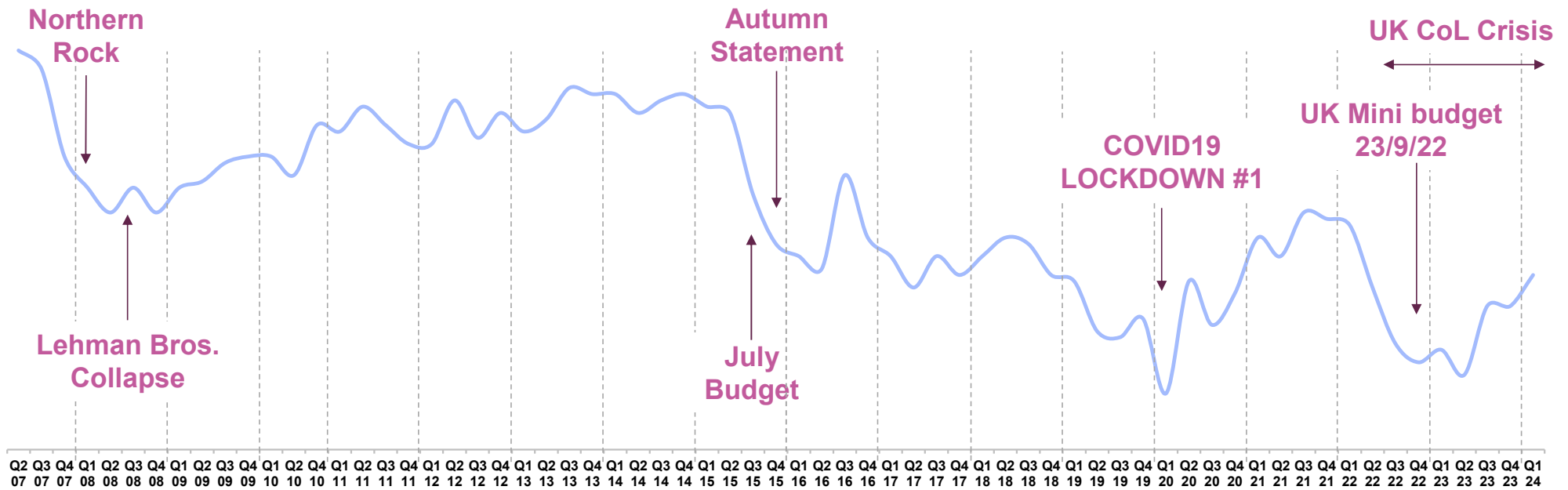


QD1. How would you rate the prospects for each of the following over the next 3 months?  
Base: All answering (766)

# Landlords are resilient to macro events

## CONFIDENCE HIT ROCK BOTTOM AT START OF COVID PANDEMIC & FOLLOWING THE TRUSS INTERVENTION

Prospects for OWN LETTINGS BUSINESS in next 3 months % rated 'GOOD/VERY GOOD'

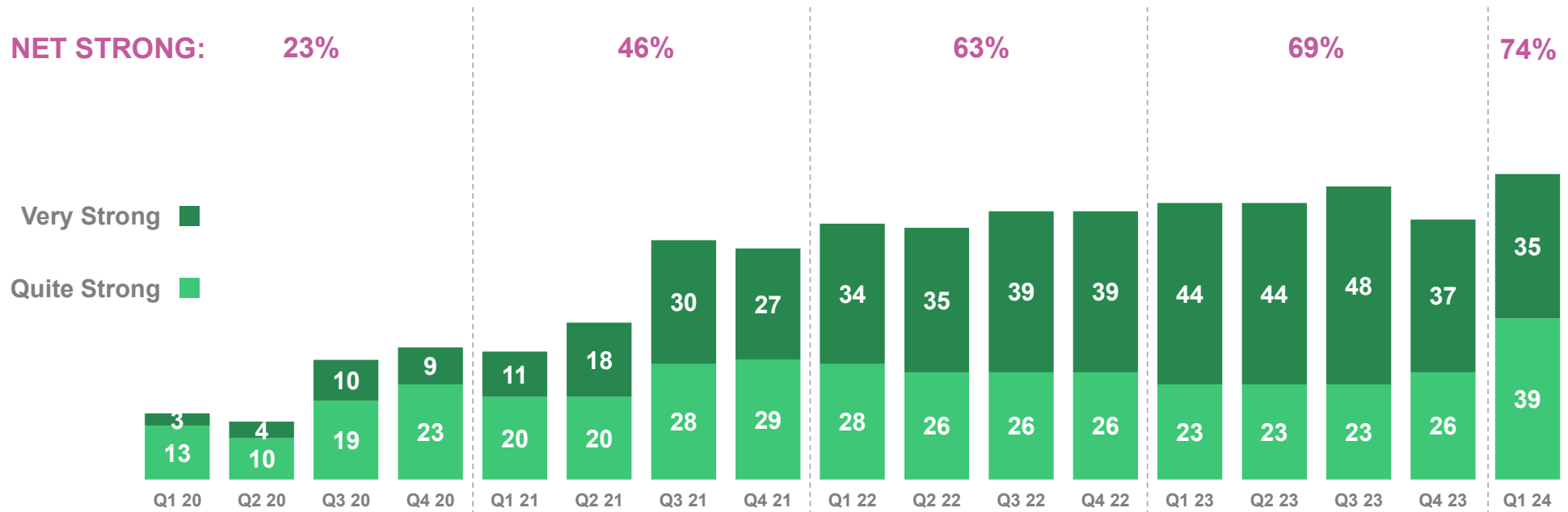


QD1. How would you rate the prospects for YOUR OWN LETTINGS BUSINESS over the next 3 months?  
Base: All answering (766)

# Tenant demand is helping to drive confidence

AGENTS ARE RECEIVING 25 ENQUIRIES FOR VACANT RENTAL PROPERTY, +17 SINCE 2019 [RIGHTMOVE]

Tenant demand in LAST 3 months (%)

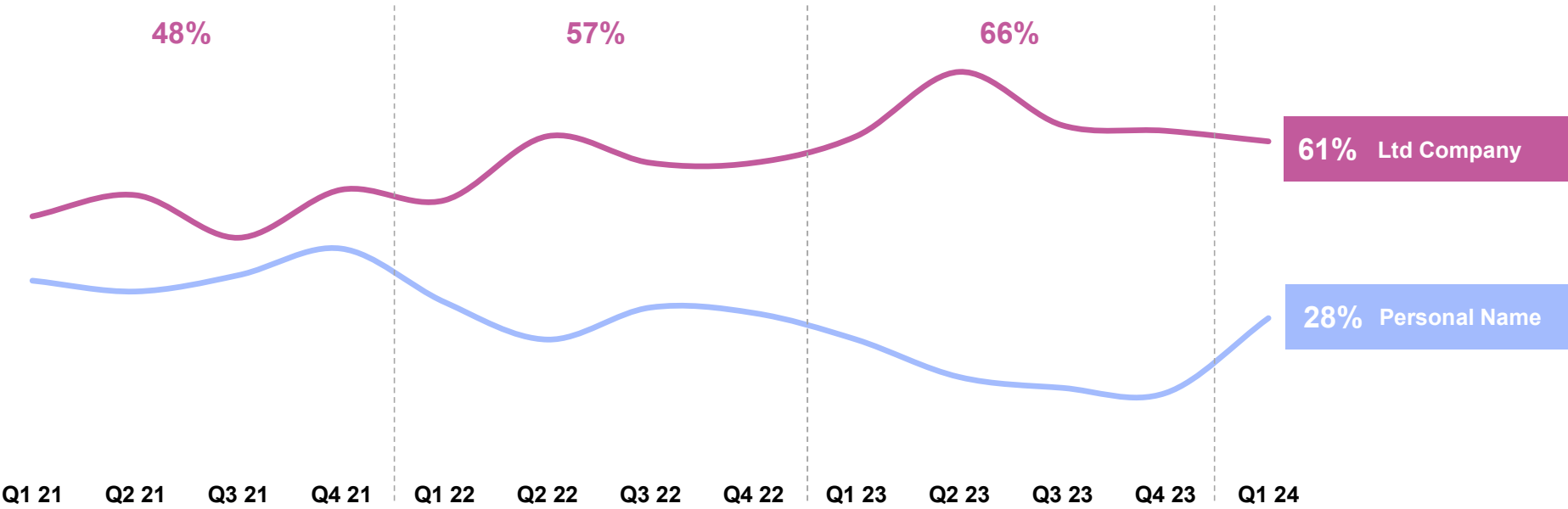


QD2. Thinking about the regions where you let property, how would you rate current tenant demand for rental properties in...?  
Base: All answering (766)

# Strong preference to acquire new properties in a Ltd Co

50K NEW BTL LIMITED COMPANIES OPENED IN 2023 : 345K ACTIVE FIRMS – 615K PROPERTIES HELD [Hamptons]

Intent to purchase next property in Ltd Company (%)



QE1e. Do you intend to buy the new rental property(ies)...?  
Base: All intending to buy in the next 12 months (82)

# The role of the mortgage broker remains key

7 IN 10 LANDLORDS ARRANGED THEIR LATEST BTL LOAN THROUGH A BROKER [Landlord Trends]

- The exception is product transfers which landlords are willing to arrange directly with the lender, particularly if it's a very low effort process.
- Landlords place a **large amount of trust** in brokers:
  - Smaller landlords are generally less knowledgeable about the BTL mortgage market so value their expertise
  - Larger landlords and those with more complex portfolios value their knowledge of lenders acting in specific niche and willing to lend against their circumstances



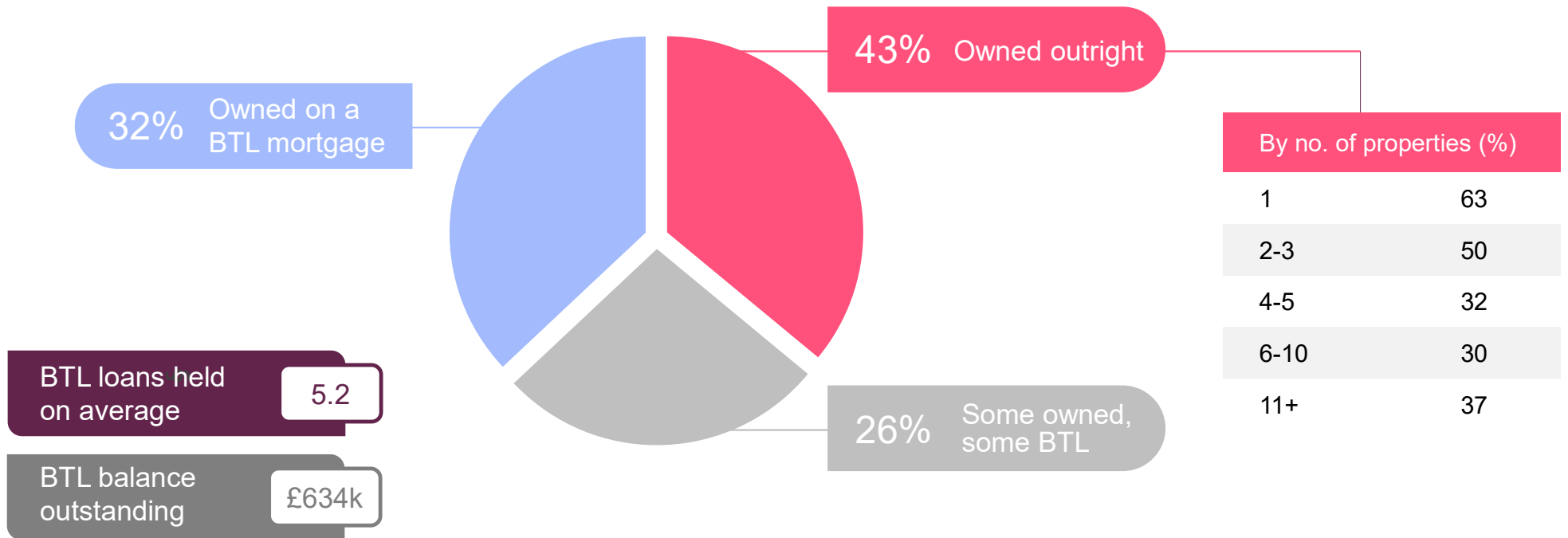
*“There's normally a broker I use. I didn't really want to use one at first, because of the fees, but **he just makes life so much easier.** He knows what's what and he does give advice as well, which is helpful. **He always finds better deals** than I could ever find.”*



# 6 in 10 landlords rely on BTL to fund their portfolios

## AVERAGE OF 5 INDIVIDUAL LOANS WITH 2.5 LENDERS

### Sources of funding (%)

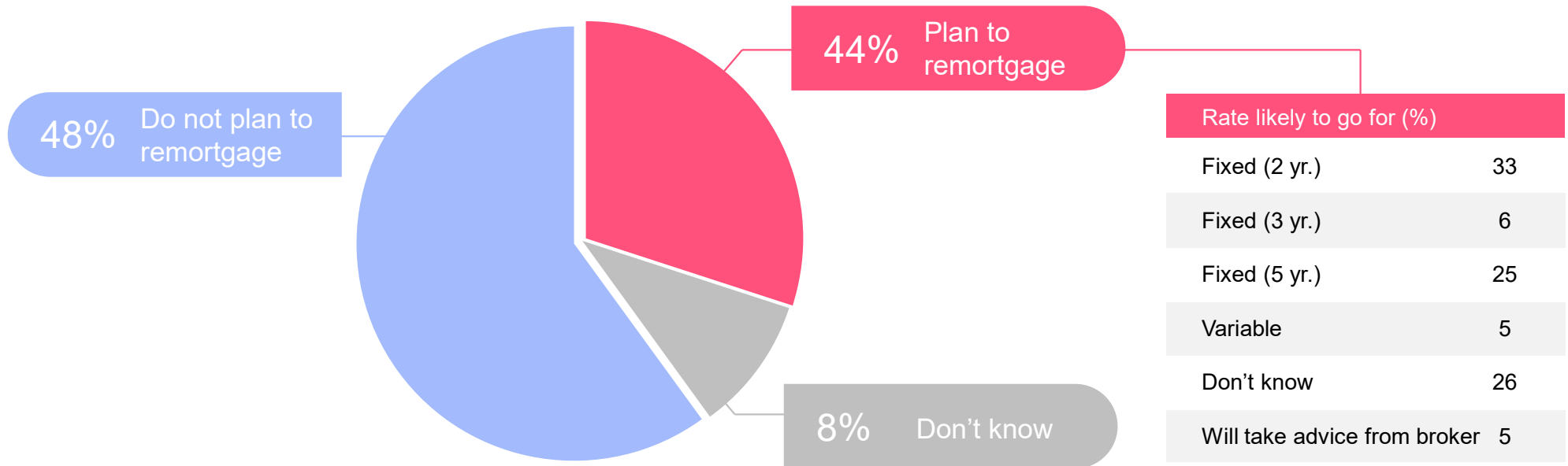


QA2: Thinking of your overall UK letting property portfolio, how many properties do you own...  
Base: All answering (773)

# Over 4 in 10 landlords will remortgage or PT this year

REMORTGAGE/PT INCIDENCE +11%; FIXED RATES SET TO BE POPULAR

Plans to remortgage in next 12 months (%)



QC4a: How many, if any, of your BTL mortgages do you plan to remortgage or make a product transfer for in the next 12 months? / QC4c: For the property(ies) you intend to remortgage / take a product transfer for in the next 12 months, what type of rate do you think you will choose?

Base: All with BTL borrowing (387) / All intending to remortgage or make a product transfer (186)

## Reasons to be cheerful.....



It's tough for BTL landlords but we do see some reasons to be cheerful...

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- 1 Landlords are resilient – business confidence is returning to the market [again!]**
  - 2 Tenant demand is very strong and increasing, key fundamental for landlords**
  - 3 Most landlords borrow to fund their activity and brokers are key**
  - 4 Whilst property acquisition remains constrained, remortgage/PT market will be busy in '24**
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Pegasus Insight 

# Any questions?



**Mark Long**  
Managing Director  
[mark@pegasus-insight.co.uk](mailto:mark@pegasus-insight.co.uk)



**Bethan Cooke**  
Director  
[bethan@pegasus-insight.co.uk](mailto:bethan@pegasus-insight.co.uk)