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Yorkshire BS expands BTL offering

By Tanya Powley

Two new entrants to the buy-to-let lending market are making their mortgages more attractive to property investors.

From Monday, Yorkshire Building Society is expanding its buy-to-let offering across England and Wales. Since its launch last August, it has only offered its buy-to-let deals to landlords with properties in certain postcodes in London and the South East.

Yorkshire also removed its requirement that the investment property must be within a 40-mile radius of the landlord's home, as well as reducing the minimum property value from £150,000 to £100,000.

Meanwhile, Santander has made its rates more attractive, following its uncompetitive foray into the market before Christmas. It has cut rates by 0.2 percentage points and launched a range of two-year tracker deals at 60 per cent and 75 per cent loan-to-value.

"The new Abbey deals are far better, particularly those with a fixed £1,495 fee," said Nigel Bedford of Largemortgageloans.com. "All are for two years and their 60 per cent loan-to-value deals – a 3.49 per cent tracker and 4.09 per cent – are in the top 10. Their 75 per cent deals – a 4.09 per cent tracker and 4.99 per cent fixed – are in the top three."

The changes come as two separate pieces of research show that the rental market has softened in recent months.

On Friday, the Association of Residential Lettings Agents (ARLA) said just over half of its members reported more tenants than properties available in the fourth quarter of last year, down from the previous quarter when 74 per cent of its members said the same.

It also found that more tenants were struggling to meet their monthly rent payments. Nearly 40 per cent of members reported an increase in the number of tenants having difficulty, up from 37 per cent.

This was supported by findings from the monthly LSL Buy-to-Let Index. Rental arrears rose from 9.3 per cent in November to 10.7 per cent in December.

While the latest figures could be linked to a seasonal slowdown and strain on finances over the Christmas period, Tim Hyatt, president of ARLA, said it could also be a sign that the "wider economic malaise is having a tangible impact on personal finance".

"Some consumers may have reached the limit of their access to finance, while others may be cutting back as many commentators have predicted," he added.