

## Continued Optimism in the UK Buy to Let Market

*Landlord survey shows rate rises fail to dent confidence in the UK buy to let market*

August 8, 2007 (FPRC) -- The second Landlords Optimism Index reveals, despite several increases in the Bank of England base rate optimism among landlords about their investments has actually increased.

Research from The Money Centre, one of the UK's largest specialist buy to let mortgage brokers, shows that almost three-quarters of landlords (73 per cent) rate their overall prospects as 'very good' or 'good', compared with just over seven out of ten (71 per cent) in the last wave of research. Their optimism is rooted in the fact that most landlords see property as a long-term investment vehicle, not a route to short-term gain.

Almost seven in ten (69 per cent) landlords still rate property as 'above average' as an investment and despite a slight reduction in rental yields for some, steadily increasing house prices means their portfolios continue to increase in value and outstrip other forms of investment.

Yet, even as mortgage costs increase, many landlords are still making some short-term profit from their investment. In this wave of research, three-quarters of landlords (75 per cent) say they are making a profit, compared with 73 per cent revealed in February 2007. This may be because many landlords opt for fixed-rate mortgages so, as higher interest rates force market rents upwards, those landlords are achieving more income without their own mortgage expenses being increased.

Even as rents edge upwards, the rental market remains buoyant, boosting confidence further. Almost half (48 per cent) of landlords have experienced no gaps at all between lets in the last year, while the average time a property stands unoccupied is still only 15 days a year.

The profile of landlords continues to move towards a more professional approach. Lynsey Sweales, marketing and PR director at The Money Centre, describes this move as good news for buy-to-lets: "The change in approach is good for tenants as landlords are keen to protect their investment with regular maintenance and improvements."

More than half (55 per cent) say they have invested in buy-to-let as a business to achieve a monthly income or as an investment for the future, an increase from the 52 per cent who said this in the first wave of research. The proportion of 'accidental' landlords – those who inherited property or couples with two properties - has fallen from one in three (33 per cent) to just over three in ten (31 per cent).

Lynsey continues, "Almost nine out of every ten investors (87 per cent) do not see their buy-to-let property as their main form of income, and of those almost two-thirds (59 per cent) see buy-to-let purely as an investment for the future. Higher interest rates may cause a little short-term pain for some landlords, but the majority know it's an excellent long-term investment and are confident that it is still outperforming other investments, even in this higher-rate environment."

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