



Maintaining a portfolio barometer

Here at Foundation Home Loans, we are seeing sustained interest from landlords who are looking to both diversify and expand their portfolios. The main source of this activity continues to stem from portfolio landlords and it's important for intermediaries to keep track of how these portfolios stack up in terms of size, value and structure.

The quarterly BVA BDRC Landlord Panel research forms a good barometer for how portfolios are evolving, so here is a round-up of its Q2 insights into what a 'typical' portfolio looks like.

In Q2 2021, the average portfolio now has 6.9 properties and is suggested to be worth around £1.25 million, generating an annual gross rental income of £54,000. Based on an average Q2 portfolio size of 6.9 properties, the typical property value was £182,609, generating an annual rental income of around £7,826 per property, or £652 per calendar month.

The size of the typical portfolio continues to decline, with Q2 seeing a further softening in average portfolio size (down 0.4 properties), with 8 in 10 landlords renting out their properties directly without use of an agent.

46% of properties in the average portfolio are owned outright, 44% are funded via a BTL mortgage. Fractional ownership and commercial loans continue to only be used by a minority, with the incidence of the latter declining by 8%pts this quarter. It also remains the case that these funding strategies are typically only used by those with larger portfolios.

16% of landlords hold at least one property within a Ltd Company structure, this figure rises to 50% for those with 20+ properties. Those who own within a Ltd Company have an average of 9.0 properties in this structure, which represents a year-on-year increase of 2.4 properties.

On a regional basis, landlords in the West Midlands are reported to have the highest average property portfolio size (11.7) whilst this number falls to 5.8 in the South West and Central London. On average, landlords with BTL borrowing continue to have larger portfolios (8.0 properties), compared to those who do not borrow (5.3 properties).

When it comes to property type, terraced houses remain the most commonly owned type of rental property. Almost 6 in 10 landlords have at least one terraced house within their portfolio, with individual flats and semi-detached houses the next most frequently owned property types. The average landlord has 2 different types of property within their portfolio, although this rises to 3.1 for landlords with 11+ properties. In addition, there continues to be a bias towards terraced houses in the North and Midlands, whilst in London there is a higher incidence of individual flats.

I'm sure you'll agree that this data makes for some interesting reading and if you would like to know more about how we can support your portfolio landlord clients who may be looking to purchase, refinance or diversify then why not [contact your Regional Account Manager](#).

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