



Buy-To-Let Mortgages in 2023

Demand for rental accommodation in the UK was up by 23% in 2022, as rents hit a record high. The new year could see a continued rise in rental demand and prices, is now the time to undertake a new challenge?

What is a buy-to-let mortgage?

Buy-to-let mortgages are designed to help you buy a property that you intend on renting out to others, instead of living in the property yourself.

The amount you can borrow usually depends on the rental income you expect to earn from tenants, although lenders may consider other forms of income dependent on your situation.

Differences between buy-to-let and residential mortgages

Buy-to-let is specifically for someone else to live in the residential property. A residential mortgage is solely for you to live in the property.

Buy-to-let mortgage payments are usually interest-only, with the total loan fee due at the end of your mortgage term. Residential mortgages are typically on a repayment scheme within a term, eventually owning the property at the end of the term.

How much will it cost?

The cost depends on several factors. Typically, you will need a higher deposit for a buy-to-let mortgage, which is usually around 25% of the property value. The bigger the deposit you can put down, the smaller the mortgage you'll need to borrow. Interest will only be paid back each month, not the full capital amount.

Although your monthly payments are cheaper than a residential mortgage, you need to consider how you will repay the full cost of the mortgage at the end of your loan term.

Whether you are new to the buy-to-let market or have years of experience, there are options out there for you.

For more information, contact your adviser who can support you and provide the best outcome for your situation.



If you'd like to discuss the options available to you, contact your adviser today.

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