

From Structure to Strategy:
How Professional Landlords Maximise Returns
Through Smart Finance and Market Insight

Jeni Browne
Sales and Marketing Director at MFB

 0345 345 6788

 enquiry@mfbrokers.co.uk

 www.mfbrokers.co.uk

So, who is MFB?

Your favourite mortgage broker

Your Property. Our Passion.

Call: 0345 345 6788

Search Mortgage Rates



Our customers say **Excellent**



5.0 out of 5 based on 1,246 reviews

★ Trustpilot

Who is MFB?

A little bit about us...

- Established in 1990
- Award-winning service
- 5/5 on Trustpilot with 1,000+ reviews
- We have whole of market access and custom partnerships with several lenders and other industry experts

What we can help you with:

- Buy to let mortgages for SPV's, LLPs, Trading Limited Companies and individuals
- Portfolio lending and Incorporation arrangements
- Commercial, semi-commercial, and development projects
- Homebuyer mortgages, including regulated and consumer buy to let
- Short-term, Auction finance, refurbishment, and bridging finance solutions



Today's conversation

How to save money

- SWAP rates and mortgage pricing
- Incorporation
- Mortgage hacks
- Green improvements
- Structuring your portfolio

How to make more money

- Investing for longer term capital growth
- Investing for quick capital growth
- Investing for yield
- Where the best yields are
- A real client case study



The BTL Market - 2026

Where we are now and the opportunity for prepared investors

This year

- Rates volatile - 5yr SONIA at **4.62%***, but BoE cut(s) expected to bring products down eventually
- Record rental demand - vacancy rates at historic lows
- Reduced competition - many amateur landlords have exited
- Ltd Co now mainstream - full interest deductibility intact
- Discounted assets - motivated sellers, less competition at auction

Headwinds to manage

- EPC 'C' by 2030 - factor refurb costs into acquisition strategy
- Section 24 still in force - critical to use Ltd Co structure
- ICR stress tests at 125-145% - high mortgage rates limit borrowing without top slicing
- Stamp duty surcharge now 5% for BTL/second homes
- Renters' Rights Act - Section 21 no-fault evictions ending, licensing expanding

So, what does this mean for you?

The market is large, competition has thinned, and landlords who structure correctly are growing faster than at any point since 2019. The question is whether your finance is working as hard as your properties.

* Rates correct as of Wednesday 16th September 2026

What are SWAP rates?

How lenders price your BTL mortgage

$$\text{Your Rate} = \text{SWAP Rate} + \text{Lender Margin} + \text{Risk Premium}$$

What is a SWAP Rate?

- Banks borrow at the Bank of England Base Rate (BBR) - short-term & variable
- They use interest rate SWAPs to convert variable funding costs into fixed-rate certainty
- The 2-year and 5-year SWAP rates reflect what banks pay to 'lock in' fixed funding
- Lenders then add their margin - this is what you see as your mortgage rate

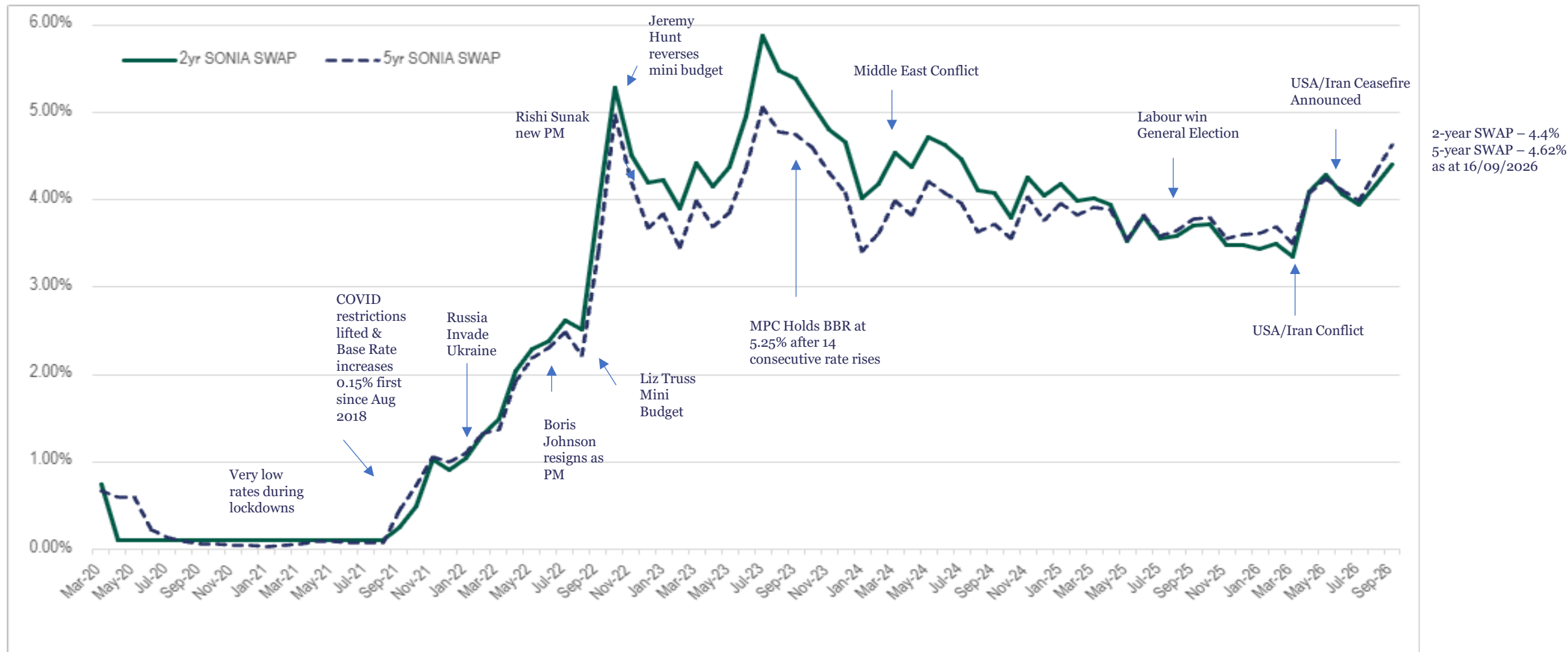
What Moves SWAP Rates?

- Bank of England Base Rate decisions (MPC meets every 6 weeks)
- Inflation data (CPI, RPI) - higher inflation = higher future rates expected
- UK gilt yields - government borrowing costs feed directly into SWAP pricing
- Global macro events: US Fed decisions, geopolitical shocks, trade tariffs

Key insight: SWAP rates move BEFORE the Bank of England acts, and your SWAP rate directly drives your ICR result - which determines whether your next purchase is approved or declined.

SWAP Rates Since Covid

2-year & 5-year SONIA SWAP Rates March 2020 - September 2026



2027 Rate Scenarios

Markets price further hikes – most economists still expect cuts to resume

▶ YOU ARE HERE ◀

Cuts Resume

Consensus: ~45% probability

MPC cuts begin Q4 2027 – oil retreats to \$70-75

3.5-3.8%

5yr SONIA by year-end

- Holds to mid-2027, then cuts
- CPI averages 2.5% in 2027
- BTL product rates: ~5.5-6%
- GDP growth ~1.2% in 2027
- Goldman: current pricing ‘too high’

Higher for Longer

Market pricing: ~40% probability

Swaps keep pricing hikes – Bank Rate seen near 4.8%

4.5-4.8%

5yr SONIA by year-end

- SONIA: ~4.8% by Mar 2027
- SONIA: ~5% by Sep 2027
- 60bps above BoE's July path
- BTL product rates: ~6-6.5%
- Fix now – ICR planning at today's rates

Renewed Oil Shock

Tail risk: ~15% probability

Hormuz flows stay blocked – oil surges past \$140

5.3-5.6%

5yr SONIA by year-end

- Goldman: Brent could top 2008 peak
- ING: oil above \$120 forces more hikes
- BTL rates: 2023 highs again, 6-7%+
- CPI risk: re-accelerating above target
- Yield-led only: 8%+; build cash reserves

⚠ **WAR PREMIUM STILL EMBEDDED** BoE held at 3.75% (17 Sept 2026, 6th hold). SONIA curve: ~4.45% by Mar 2027, ~4.84% by Sep 2027 – 60bps above the BoE's own July path. EIA sees Brent averaging \$74/bbl in 2027, down from ~\$91/bbl in August.

BTL implication across all scenarios: Even the most dovish 2027 forecast sits above 2021–2023 lows. Structure for today's rates, not cheap money – the right vehicle, lender, and product still make the difference.

Mortgage hacks

Five ways to reduce cost and protect flexibility

1. Compare total cost, not the headline rate

A lower rate *can* cost more once product fees are included.

2. Start before the MPC decision

Fixed rates *can* move before Bank Rate because lenders price from SWAP markets.

3. Know the next ICR and LTV threshold

Check the lender's calculation before applying.

4. Use the product transfer as your baseline

Switching with the existing lender *may* avoid new legal or valuation costs and can involve lighter underwriting.

5. Check what the rate hold really gives you

Confirm the expiry date, reservation fee and whether the lender allows a switch if rates fall. A rate hold *can* protect against increases while the application progresses.

Structuring Your Portfolio

Ownership, underwriting, and asset selection - making the right choices from the start

Ltd Co SPV vs Personal Name - The Critical Choice

Factor	Ltd Co SPV	Personal Name
Mortgage Interest	100% deductible	Section 24 - 20% credit only
ICR Stress Test	125% @ 5.5%	145% @ 5.5%
Tax on Profits	25% corporation tax (19% small)	Up to 45% income tax
IHT Planning	Share gifting, growth shares	Limited options
Restructuring Cost	Start right - cheap now	Expensive to change later

Underwriting Methods You Should Know

Top Slicing: Use personal income (salary, pension, dividends) to bridge rental ICR shortfall. Most banks won't volunteer this.

Portfolio ICR: Overall portfolio rental coverage assessed - some shortfall in one property can be offset by surplus in others.

Background Portfolio: Lenders assess your whole BTL book. A full portfolio schedule and business plan are essential - prepare them in advance.

Structuring Your Portfolio

Ownership, underwriting, and asset selection - making the right choices from the start

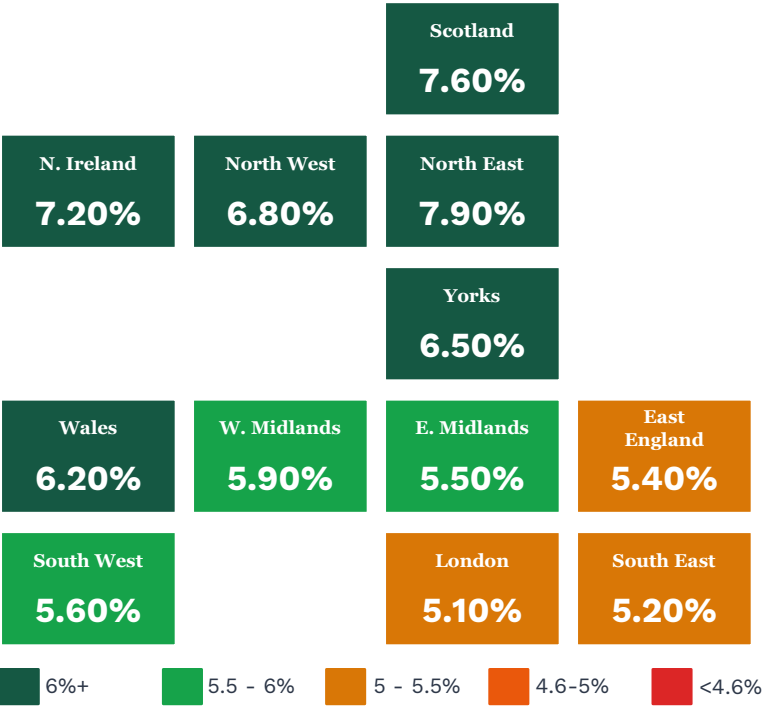
Asset Types for Yield

Standard BTL	4–6%	Easiest finance, widest lender choice
HMO (5+ beds)	7–10%	Highest yield; licensing required
MUFB (2–4 units)	6–8%	Commercial & BTL lenders available
Semi-Commercial	6–9%	Mixed-use; commercial underwriting
Serviced Accommodation	8–15%	High returns; operational complexity
Short Term Let	8–12%	Higher returns; occupancy, platform fees and rising urban regulations
Holiday Let	8–13%	Higher returns; Location, occupancy, and cleaning all impact net returns

Broker tip: Specialist portfolio lenders are only accessible via intermediaries. High street banks rarely see the full picture or offer the best terms.

UK BTL Yields - 2026

Where landlords invest vs. where the best returns are



Lower yield

City Hotspots	
Sunderland	9.00%
Burnley	8.60%
Leeds	8.10%
Nottingham	8.50%
Hull	7.80%
Newcastle	7.50%
Liverpool	7.20%
Manchester	6.80%

Key Insights

78%
of London landlords invest only in London (yield: 5.10%)

3%
of London landlords invest in the North East (7.90%)

£5,000
extra income/yr from Scotland vs London on a £200k property

2.50%
Scotland vs London yield gap - same risk profile

Green improvements

The cost and return from EPC upgrades vary by property and location

Compliance and Cost	Potential Financial Benefit
October 2030 Private rented homes must reach EPC C across two metrics unless exempt. The spending cap is £10,000.	+3.7% property-price premium C-rated buy-to-let properties compared with similar D-rated properties. Equivalent to £7,400 on a £200,000 property.*
£6,864 average upgrade cost For a private rented home currently below C	+1.8% rental premium Around £20 per month based on a typical £1,075 rent.*
Property age makes a major difference About £2,500 for a 2003–2013 home, compared with £10,700 for a pre-1919 property.	£7,500 grant support Towards eligible air or ground source heat-pump installations.

Broker tip: Plan property by property.

Start with the EPC recommendations and prioritise the improvements that deliver the greatest rating increase for the cost.

TMW found the strongest D-to-C financial case in the Midlands and North. In London and the South, compliance may be the main reason to invest.

*Sources: Warm Homes Plan 2026, English Housing Survey 2023–24, The Mortgage Works Spring 2026 and GOV.UK Boiler Upgrade Scheme. Market premiums are associations and do not guarantee an equivalent uplift following improvements.

Refurbishment and capital recycling

BRR can release capital for the next purchase, but the result depends on the post-works valuation

Illustrative BRR Project	Illustrative Financial Figure*
Property Purchase	£140,000
Refurbishment and project costs	£35,000
Total project cost	£175,000
Post-works valuation	£240,000
Refinance at 75% LTV	£180,000
Capital remaining in the property	£0 *Illustrative example only. Figures exclude tax and assume all refurbishment, purchase and finance costs are included within the £175,000 project cost. All £175,000 is recycled, plus £5,000 released. A 75% refinance remains subject to valuation and lender criteria.

Outcome: All £175,000 of the project cost has been returned, plus a further £5,000 released for reinvestment - full capital recycling and a surplus, where the lender allows refinancing against valuation rather than capping to cost. If the surveyor values the property at £220,000 rather than £240,000, a 75% refinance falls to £165,000. Capital remaining in the project then rises from £0 to £10,000.

Broker tip: Plan the exit before completing the purchase.

Check that the proposed improvements have strong local sales and rental comparables. The eventual loan will also depend on rental stress testing, ownership-period criteria and the exit lender accepting the post-works valuation.

How landlords are investing

PRA definition applies from September 2017

PRA Definition: A landlord with 4 or more mortgaged BTL properties across all lenders in aggregate.
Including: personal name, SPV Ltd Co, and jointly owned. Triggers specialist underwriting.

Insight: Most people imagine a portfolio landlord needs 20+ properties. The PRA threshold is just FOUR - deliberately set low to capture professional investors.

17%

OF LANDLORDS OWN 5+ PROPERTIES

But control 49% of all tenancies in England

5.0

AVG MORTGAGED PORTFOLIO SIZE

Up from 3.5 in 2019
(Savills / UK Finance)

59

AVERAGE AGE OF UK LANDLORDS

Two-thirds aged 55 or over

63%

OF 5+ PORTFOLIOS ARE MALE-OWNED

Women now 50% of single-property landlords

45%

OF LANDLORDS OWN 1 PROPERTY

21% of tenancies

50%+

OF LANDLORDS BASED SE/SW/LONDON

Only 3% of London landlords invest North East

10.6

AVG PROPERTIES PER LTD CO PORTFOLIO

vs 5.0 average across all mortgaged BTL

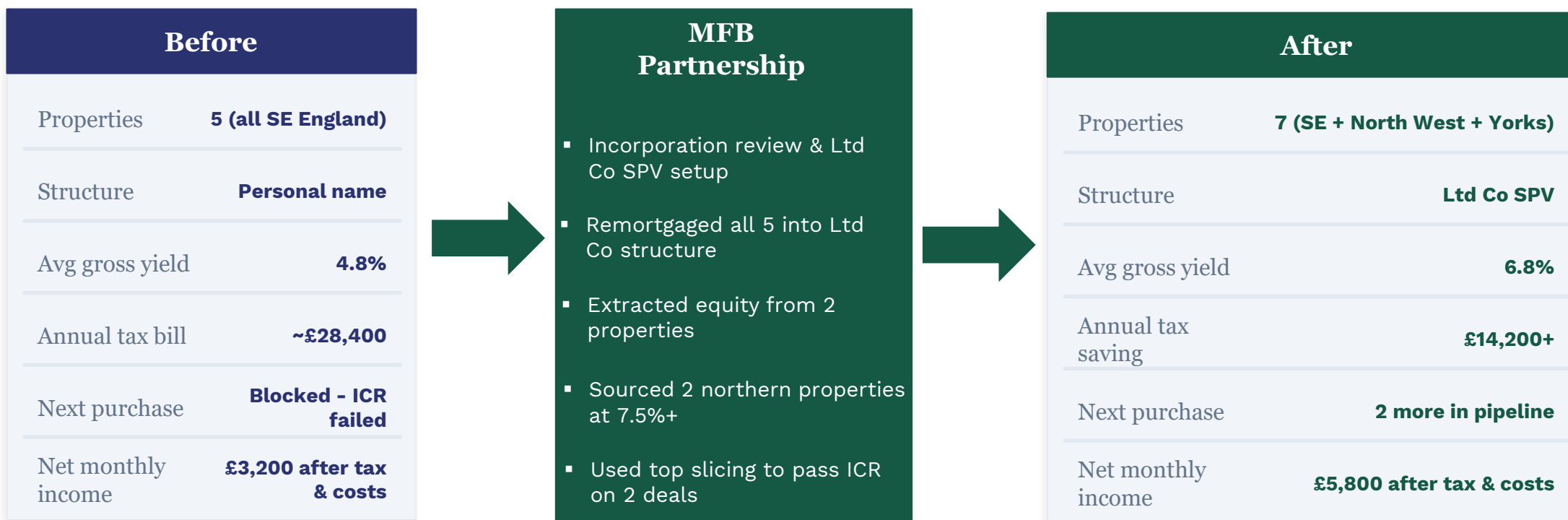
43%

BTL PURCHASES VIA LTD CO IN 2025

Up from 7.5% in 2018 - a six-fold increase

Case study

Example case study • Portfolio landlord • East Midlands base • 14-month journey with support from MFB



Building a structure that supports growth

Let's Talk *Mortgages*

 0345 345 6788

 enquiry@mfbrokers.co.uk

 www.mfbrokers.co.uk



Download the
seminar pack!