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THE SPECIALIST'S VIEW

BUY TO LET

The Specialist's View is Kensington Mortgages' vodcast series, where I bring together industry experts to explore the key issues shaping today's specialist mortgage market. Each episode features candid discussions with external experts tackling hot topics, regulatory change and emerging trends that matter most to brokers and their clients.

In the latest episode of The Specialist's View, I was joined by Richard Blanco of the National Residential Landlords Association (NRLA) for an in-depth discussion on Buy to Let (BTL).

The conversation explores a decade of regulatory change, the rise of limited company Buy to Let, growing demand for specialist lending, and the compliance and sustainability changes facing your landlord clients.

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Helen Cawthra
Head of National
Accounts

A decade of profound change in Buy to Let



Reflecting on the past ten years, Richard highlighted how fundamentally the BTL market has shifted. Lower deposit requirements and straightforward affordability calculations have given way to tighter regulation, higher taxation and more complex underwriting.

Key policy changes – including Section 24 mortgage interest relief restrictions, additional stamp duty on second homes and the PRA's underwriting reforms – have reshaped landlord behaviour and economics. As a result, the role of the broker has become increasingly critical. Buy to Let, Richard argues, is no longer something advisers can do “on the side”; it requires deep specialist knowledge and an understanding of ever-evolving regulation.

While the private rental sector has grown substantially over the long term, to approximately 20%, landlords have also faced what Richard describes as a more hostile environment, with increasing taxation and concerns about the level of support for the sector. This has placed pressure on landlords understanding regulatory updates and needing to bring a level of professionalism to their business.

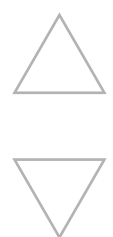
Why limited company Buy to Let continues to grow



One of the clearest structural shifts discussed is the move towards limited company ownership. Richard explains that tax treatment is the primary driver, with personal ownership becoming increasingly challenging for many landlords under current income tax rules.

Research cited NRLA commissioned data, which showed that a significant proportion of new BTL purchases are now made through limited companies. Beyond tax efficiency, limited company ownership can offer landlords a more business-like structure, supporting future growth planning, succession considerations and, in some cases, improved borrowing capacity due to more favourable stress testing.

For brokers, this shift places greater responsibility on advice quality. Understanding the tax, inheritance and structural implications of personal versus company ownership is now an essential part of supporting landlord clients effectively.



The expanding role of specialist lenders



As Buy to Let cases become more complex, specialist lenders are increasingly central to the market. Richard notes that innovation among specialist lenders has helped fill the gap left by traditional relationship banking, particularly since post-2017 underwriting standards tightened.

He encourages brokers to think creatively and widely, considering the full spectrum of specialist lenders and smaller building societies rather than relying on a narrow panel. While pricing and fees remain important, the right product fit and lender flexibility are often crucial for your landlord clients with complex portfolios.

Regulation, Renters' Rights Act and compliance risks



The conversation turned to regulation, with a particular focus on the incoming Renters' Rights Act. Richard outlined areas of concern, including potential unintended consequences for student landlords and restrictions that could lead to properties being removed from the rental market.

He also stressed how compliance failures – even seemingly small ones – can result in significant fines, making trade body support and robust systems essential. For new investors especially, understanding licensing rules, Article 4 directions and regulatory obligations from day one is critical.

Energy Efficiency: challenge and opportunity



Minimum Energy Efficiency Standards (MEES) and the proposed move towards properties being rated a minimum EPC of C by 2030 are another major pressure point. While recognising the environmental imperative, Richard questioned whether the timelines are realistic given the scale of required upgrades, skills shortages and rising costs for landlords.

That said, Richard acknowledged the opportunities created through green mortgage products and potential low-cost finance to support improvements. For brokers and lenders, this represents an evolving advice area where guidance, planning and long-term perspective will be increasingly valuable.

Why advice has never been more important



With the majority of BTL applications now submitted via intermediaries, the importance of broker expertise is clear. Richard describes brokers as essential advocates for landlords – finding suitable products, educating clients, navigating lending criteria and challenging decisions when automated processes fall short.

Looking ahead, Richard's opinion is that the sector will continue to grow. He believes that limited company borrowing will likely become the norm, regulations will demand higher standards, and innovation from specialist lenders will be critical to supporting landlords through ongoing change.



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