

Call for FSA to regulate buy to let as tenant demand strengthens

July has seen two lots of property industry research published. Data from mortgage providers, Paragon, showed that yields in the private rented sector have increased during the second quarter of the year. Due to a strong tenant demand, the market has seen an increase of 0.2 percent (from 6.2 to 6.4 percent) over half of the year, which might not seem like much of an increase - but it is enough to get certain mortgage experts predicting that this steady increase will continue over the next year.

One such expert, and a [buy to let mortgages](#) specialist, is Steve Olejnik. He highlights that in regards to the increases in yields on a region by region basis (Midlands at 7.4 percent, North East at 6.8, North West at 6.7, Wales at 6, Scotland at 6, South West at 5.9 and South East at 5.8), residential property is now currently an attractive investment.

However, as the Paragon research shows that now is a great time for first-time landlords to invest in property, data from Exact Mortgage Experts casts a somewhat different light on the positive developments in the market.

According to AboutProperty, after a survey of 549 mortgage brokers, 54 percent said that they think the buy to let market should be regulated by the financial services authority (FSA). Additionally, almost half of those asked said that 90 percent of their buy to let clients were amateur landlords. This has lead Alan Cleary from Exact to re-state what he had suspected all along, that the FSA should have started regulating the market in 2004.

"The lack of regulation meant it was too easy for amateurs without a commercial head on their shoulders to jump on the bandwagon," Cleary stated to About Property. "It was a mistake to assume that because BTL was viewed as a commercial endeavour, it could be left unregulated. The number of amateurs landlords in the private rented sector with sizeable portfolios now well under water is proof of the fact."

With FSA regulation is seems that the risk of a few amateur landlords making unwise investments will be lessened, which, according to Cleary and the majority of those asked in the Exact survey, will greatly reduce the number of buy to let mortgage arrears - which are currently above the market average.

About the Author

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