

# A comparative study on the Dutch and English buy-to-let market

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## Abstract

In both the Netherlands and England, the share of private rental dwellings has increased in the past years. This growth can be mainly attributed to an increase in the number of relatively small private landlords, the buy-to-let landlords. Although the number of private rental dwellings is increasing in both countries, the characteristics of both market are not necessarily the same. This is because of the different housing market context. It is therefore interesting to study the portfolios of these buy-to-let landlords and to investigate whether these are related to certain contextual factors. To gain insight into these portfolios, data of the Dutch Land Registry and English surveys have been used. The characteristics of these portfolios have been related to the historical development of the private rental sector in both countries and the use of investment mortgages. It has been found that the average portfolio size of English buy-to-let landlords is smaller. It also seems as the Dutch buy-to-let market is slightly more professional. This is interesting because the English buy-to-let market started to grow earlier. Furthermore, the use of investment mortgages is more common in England, but these mortgages are particularly used by the larger landlords. It is not expected that the Dutch buy-to-let market will converge towards the English buy-to-let market in the near future. More in-depth research is needed on both buy-to-let markets to better understand the differences and the potential reasons for these differences.

*Key words: housing market, buy-to-let, private rental sector, housing policy, investment mortgage, the Netherlands, England*

## 1. Introduction

The majority of Dutch dwellings belongs to the owner-occupied segment. The remaining dwellings are mostly owned by housing associations and only a relatively small share is owned by private investors. Whilst the share of private rental dwellings was only 7% in 2007, this share is slowly increasing and currently amounts to roughly 10% of all Dutch dwellings (Capital Value, 2018). Private investors with a relatively small portfolio, instead of institutional investors, are predominantly responsible for this increase in private rental dwellings (Aalbers, Bosma, Fernandez, & Hochstenbach, 2018). The share of private rental dwellings is not only increasing in the Netherlands, but also in other countries such as Australia, Spain, the United States and England (Martin, Hulse, & Pawson, 2018). In England, this share has for instance increased from 8% in 1990 to 20% in 2014 (Van der Heijden, 2013; Whitehead, et al., 2016). Like the Netherlands, this growth can be mainly attributed to the smaller non-institutional landlords (Kemp, 2015).

These private landlords comprise a part of the private rental sector which is often called the buy-to-let segment. This is partly because these landlords particularly buy owner-occupied dwellings to rent them out instead of building new rental dwellings (Aalbers, Bosma, Fernandez, & Hochstenbach, 2018). Despite the same development is happening in the Netherlands and England, the characteristics of both buy-to-let markets are not necessarily the same. The regulatory framework and the way of financing the investments are for example different in both countries (Whitehead, et

al., 2016). In England, the introduction of the buy-to-let mortgages was an important driver for the growth of this sector (Kemp, 2015). Furthermore, the growth of the private rental sector started earlier in England and the share of private rental dwellings is higher. It would be interesting to study whether these differences are reflected in the characteristics of the two buy-to-let markets. Moreover, these insights could be used to evaluate new policy measures on their possible consequences. In this paper, the focus will specifically be on the historical development of the private rental sector in relation to the institutional changes and the different ways of financing the residential property investments. These contextual factors could be reflected in the characteristics of the two buy-to-let markets. Therefore, the following research question has been formulated: “What are the main differences between the portfolios of Dutch and English buy-to-let landlords and can these differences be related to the housing market context of both countries?” If these differences can be related to contextual factors, it will also be possible to provide expectations for the future development of both buy-to-let markets.

This paper is organized as follows: in the next section the development of the private rental sector in both countries and the ways of financing residential property investments will be discussed in more detail. Section 3 describes the research approach used for this paper. In section 4, the two buy-to-let markets will be discussed and compared with each other. The article ends with the conclusions in section 5.

## 2. Theoretical framework

In this section the housing market context of both countries will be described. First, the historical development of the Dutch and English private rental sector will be discussed. Next, insight is provided into the general ways of financing residential property and the use of mortgages in both countries.

### *The historic development of the Dutch and English private rental sector*

In both the Netherlands and England, the private rental sector was once the largest segment. In 1947, 60% of the Dutch dwellings belonged to the private rental segment, while 53% of the English dwellings belonged to this segment in 1950 (Van der Heijden, 2013). Since then, however, both shares have decreased significantly. These declines are primarily caused by government policy in the years after World War II. In both countries, the social rental sector was stimulated in the form of for instance cheap loans and subsidies in order to decrease the housing shortage. In addition, home-ownership was promoted by tax reliefs (Jonker-Verkaart & Wassenberg, 2015; Rouwendal, 2007; Van der Heijden, 2013; Whitehead, et al., 2016).

In the 1980s, when the share of English private rental dwellings was at its lowest point, the British government decided that investments in the private rental sector should be stimulated again. They still considered private rental dwellings as an important alternative to owner-occupied dwellings. Hence, they implemented new policy measures to deregulate this segment and to encourage investments (Van der Heijden, 2013). Moreover, a new type of investment mortgages, the buy-to-let mortgages, were introduced in 1996. These mortgages made it easier for private landlords to borrow money (Kemp, 2015). In the Netherlands, the private rental sector became merely more popular, because the regulations regarding the allocation of social rental dwellings and mortgages had become stricter in the 21<sup>st</sup> century (Elsinga & Lind, 2013; Hekwolter of Hekhuis, Nijskens, & Heeringa, 2017; Hoekstra, 2017; Van Middelkoop & Schilder, 2017). This increased the demand for private rental dwellings and thereby also the supply. Furthermore, the economic crisis stimulated the demand and supply of rental dwellings in both countries. The relative attractiveness of the residential property

market increased due to the low returns on the stock market, bank deposits and pension savings (Kemp, 2015). The low interest rate made it more profitable for private investors to borrow money and to invest this money in private rental dwellings (Martin, Hulse, & Pawson, 2018). At the same time, it became more difficult for first-time buyers to buy a dwelling, because of stricter lending criteria (Whitehead, et al., 2016).

All these developments contributed to the growth of the Dutch and English private rental sector. This started earlier in England, because the conditions for investing in this sector became attractive earlier. Although most of these conditions are still there, it seems that the times are changing for English private landlords. The British government is no longer pleased with the high number of small private landlords as they are reducing the share of owner-occupied dwellings. Moreover, their dwellings are generally of a lower quality and less well-maintained. To make it less attractive for people to stay or become a private landlord, the British government has altered several regulations in 2016 and 2017. They have for instance tightened the mortgage interest tax reliefs for buy-to-let mortgages and raised the stamp duty tax on purchases of rental properties (Scanlon & Whitehead, 2016). Moreover, the Bank of England introduced tougher regulations for investment mortgages in 2017. These new regulations entail that the viability of the entire portfolio needs to be assessed instead of only the property for which a mortgage is applied for. These rules are only applicable to individual landlords and not to limited companies. (Meadows, 2017). The Dutch government also introduced a new measure which made it less attractive for Dutch landlords to let dwellings. This measure is called the "Landlord Levy" and was introduced in 2013. Originally, this levy needed to be paid by landlords who own more than 10 regulated rental dwellings. This exemption has been expanded in 2018 to 50 regulated rental dwellings (Rijksoverheid, n.d.). This levy therefore especially affects larger landlords.

#### *The mortgage market structure for private landlords*

In the previous paragraph, British buy-to-let mortgages were already briefly mentioned. These mortgages were not introduced by the government, but by the banks and letting agents themselves in 1996 (Martin, Hulse, & Pawson, 2018). Before 1996, British landlords could also get a loan to finance their investment, but a risk premium of approximately two per cent was added to the normal interest rate (Leyshon & French, 2009). This risk premium was reduced in the new scheme. This made it more attractive for people to invest in residential property and over time more firms started to offer these mortgages. This led to a massive increase in the number and value of buy-to-let loans. The number of outstanding buy-to-let loans increased from 28,700 in 1998, to 1,2 million in 2008 and 1,8 million in 2015 (Council of Mortgage Lenders, 2017; Leyshon & French, 2009). These 1,8 million outstanding loans had a value of roughly £214 billion (Council of Mortgage Lenders, 2017). A recent survey shows that nearly 50% of the properties acquired by the questioned landlords were bought using a buy-to-let mortgage. This survey furthermore showed that landlords with multiple dwellings in their possession are more likely to have used a buy-to-let mortgage (Scanlon & Whitehead, 2016). It is still uncertain how the buy-to-let market will react to new regulations of the Bank Of England, but it is expected that these will make it more difficult for landlords with several rental dwellings in their possession to get a buy-to-let mortgage (Meadows, 2017). Regarding the general characteristics of the buy-to-let loans, the maximum loan-to-value ratio for these loans is around 80% and the rents should generally cover 130% of the loan repayments. Furthermore, investors can choose between an interest only and a repayment mortgage (Gibb & Nygaard, 2005; Mortgages for Business, n.d.).

No research has been done on the size of the Dutch buy-to-let mortgage market. As a result, little is known on the size and characteristics of this mortgage market. This is probably related to the

fact that there is no similar party as the British Council of Mortgage Lenders in the Netherlands. This organisation provides most of the above mentioned information on the British buy-to-let mortgage market. It is expected that the Dutch buy-to-let mortgage market is smaller than the English because the Dutch private rental sector is smaller in both absolute and relative terms. The Dutch buy-to-let mortgage market does, however, exist. Several parties currently offer loans to finance this type of investments and each party has their own conditions. Two parties who specifically focus on these type of loans are NIBC and RNHB (Kop-Munt, 2017). They both offer interest only and repayment mortgages. The maximum loan-to-value ratio for repayment mortgages is similar to the British ratio. This ratio is lower for an interest only mortgage and often only 50% (NIBC Direct, n.d.; RNHB, n.d.).

Although the size of the Dutch buy-to-let mortgage market is unknown, the use of mortgages by private landlords has been studied by the Kadaster, the Dutch Land Registry. Based on their data, it can be seen that most purchases in 2016 of private persons with multiple dwellings in their possession were done without a mortgage (Van der Harst & De Vries, 2017). Other data of the Kadaster (2017) shows that, just like in England, larger landlords are more likely to use an investment mortgage. Between June 2016 and October 2017, on average 40% of the purchases by private landlords involved a mortgage. This share was lower for private landlords with a portfolio of maximum nine dwellings and higher for the landlords with a larger portfolio. Furthermore, the share increases as the portfolio size increases (Kadaster, 2017).

### 3. Methodology

In order to compare the Dutch and English buy-to-let market, information on both markets is needed. Ideally the same type of information on both markets is used as this ensures a fair comparison. Nevertheless, information on the English buy-to-let market can only be obtained by surveys, while micro data of the Kadaster, the Dutch Land Registry, can best be used to gain insight in the Dutch buy-to-let market. The Kadaster has the most actual information on the Dutch housing stock and tenure. Each source has its advantages and disadvantages. The main disadvantage of a survey is that the results cannot necessarily be generalized. The major drawback of the micro data of the Kadaster is that less background information on the landlords and dwellings is available. Both information sources will be discussed in more detail below.

The data of the Kadaster is predominantly used to get an overview of the Dutch buy-to-let market. By linking the property register with the civil register, information can be obtained on the dwellings and owners. For this study, only information on relatively small non-institutional landlords is needed. Consequently, only private landlords with a portfolio of maximum 50 rental dwellings have been selected. The maximum portfolio size of 50 is also used by other Dutch parties such as the Dutch Central Bank, DNB, and Kadaster when they discuss the buy-to-let market (Aalbers, Bosma, Fernandez, & Hochstenbach, 2018). These landlords mostly buy owner-occupied dwellings instead of building new rental dwellings. To determine whether someone is a buy-to-let landlord, different criteria are used. These criteria are different for private persons and companies. For private persons, it is first determined how many dwellings each person owns. When a private person owns two or more dwellings, it is checked whether he or she is registered at these dwellings. The dwellings at which the private person is not registered, are assumed to be private rental dwellings. Technically it is possible that some of these dwellings are not rental dwellings, but for instance second homes. This should be kept in mind when discussing the results. Since households sometimes temporarily own two dwellings when they are moving houses, it is examined whether these households also owned these two dwellings six months ago. If this is the case, it is assumed that one of these dwellings is a rental

dwelling. Different criteria are used for the private companies. For these landlords, it is not checked whether they are also registered at these dwellings, because they are not private persons. The portfolio sizes of these private companies are calculated. The companies who do not own more than 50 rental dwellings are selected. It is checked whether the company is not a government institution, ecclesiastical party or other association. This is to ensure that they are actually private landlords. The use of these criteria resulted in a dataset of 118.000 buy-to-let landlords and 370.000 buy-to-let dwellings. This entails that 57% of the Dutch private rental stock has been selected.

This type of micro data is not available for the English buy-to-let market and therefore surveys are used. For this research, two surveys are used to compare the Dutch buy-to-let market to the English buy-to-let market. One of these surveys is the English Housing Survey. This survey collects information on the households and the housing stock. For the most recent survey, the survey 2016-2017, 12.970 households were interviewed and 12.292 dwellings were inspected (MHCLG, 2018a). The second survey is the Council of Mortgage Lenders Landlord Survey 2016. The report of Scanlon & Whitehead (2016), which is based on this survey, is used because the data is not publicly available. This is the most recent and biggest survey up to now on the British private rental sector. It has a sample size of 2.517 landlords. Both landlords with and without a buy-to-let mortgage could participate. Attention was paid to the regional distribution of the respondents to make sure that the number of results is in line with the housing stock of that region (Scanlon & Whitehead, 2016). A disadvantage of this survey is that it provides information on the British private rental sector in general instead of the English private rental sector. However, since most British dwellings are located in England, it is expected that the characteristics of the British buy-to-let market and their landlords are representative for the English. A disadvantage of both surveys is that they do not make a breakdown based on the portfolio sizes of the landlords. Hence it is not possible to only select the private landlords with a portfolio of maximum 50 dwellings. Based on these surveys, it can however be concluded that most British private landlords belong to this segment. For example, 98% of the respondents of the CML survey do not own more than 9 dwellings (Sateriale, 2016). Other data also shows that the clear majority of the English private rental dwellings belongs to this segment. Unlike other countries, such as the Netherlands, institutional landlords are only a small player in England (Countrywide, 2014). It is therefore expected that the surveys provide a good image of the average English buy-to-let dwelling.

#### 4. Characteristics of the Dutch and English buy-to-let market

In this section, the Dutch buy-to-let market will be compared with the English buy-to-let market. First, the buy-to-let landlords and their portfolio sizes will be studied. Next, the buy-to-let dwellings will be studied in more detail. It will be shown what type of dwellings in general belong to this segment and where these dwellings are mostly located. Last, an overview will be given of the main differences.

##### *The portfolio size of buy-to-let landlords*

In figures 1 and 2, the distribution of the portfolio size for the Dutch and English buy-to-let landlords is shown. By comparing these two figures, interesting insights can be gained. Most English landlords own for instance only one rental dwelling, while this share is less than 40% for the Netherlands. Nevertheless, the majority of Dutch buy-to-let landlords own only one or two dwellings. In addition, the portfolio size of English buy-to-let landlords is in general slightly smaller. This is also reflected in the distribution of the buy-to-let dwellings. Most English buy-to-let dwellings, 60%, are in the possession of the landlords with a portfolio size of maximum four dwellings. This is not the case for the

Netherlands. Here 50% of the buy-to-let dwellings belong to these landlords and the other 50% to the landlords with a portfolio of five or more dwellings.



Figure 1 Distribution of portfolio size for the Dutch buy-to-let sector (Source: own elaboration with data from Kadaster (2018))

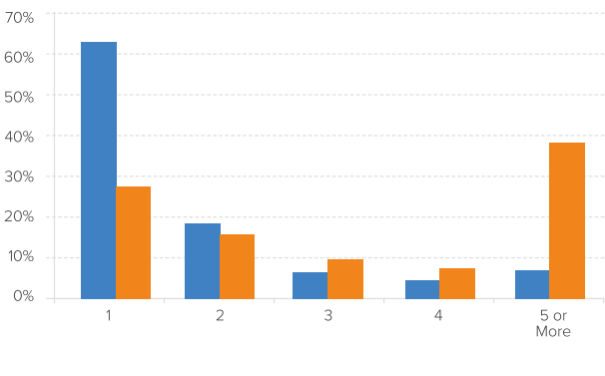


Figure 2 Distribution of portfolio size for the British buy-to-let sector (Source: Scanlon & Whitehead, 2016)

Buy-to-let landlords can either be private persons or private companies. Most Dutch and English private landlords are private persons. Only 12% of the Dutch buy-to-let landlords have a private company as ownership structure. This share is only 3% for England (Scanlon & Whitehead, 2016). That most buy-to-let dwellings are owned by private persons instead of private companies is probably related to the fact that most Dutch and English buy-to-let dwellings are owned by buy-to-let landlords with only a few dwellings in their portfolio. This thought is confirmed by the data and surveys. The majority of Dutch private persons possesses only one or two buy-to-let dwellings, whilst the majority of Dutch private companies owns three or more buy-to-let dwellings (Kadaster, 2018). The CML survey shows that English buy-to-let landlords are more likely to move to a limited company structure when they have four or more rental dwellings in their possession (Scanlon & Whitehead, 2016).

*The preferences of buy-to-let landlords*

Besides studying the characteristics of the buy-to-let landlords, it is interesting to study the characteristics of the dwellings they own. The following four dwelling characteristics have been studied; dwelling type, floor area, value of the dwelling and location.

Figures 3 and 4 show the division of dwelling types for buy-to-let dwellings and other types of dwellings for both the Netherlands and England. In general, it can be seen that most Dutch dwellings are apartments or terraced houses, whilst the division between the four dwelling types is more equal for England. Regarding the Dutch buy-to-let segment, it is shown that most buy-to-let dwellings are apartments. This is the case for rental dwellings in general. However, when compared to all rental dwellings, the share of terraced dwellings is smaller and the share of detached dwellings is higher. An English buy-to-let dwelling is mostly an apartment or a terraced house. Furthermore, the distribution of the dwelling types for buy-to-let dwellings is very similar to the distribution for all rental dwellings.

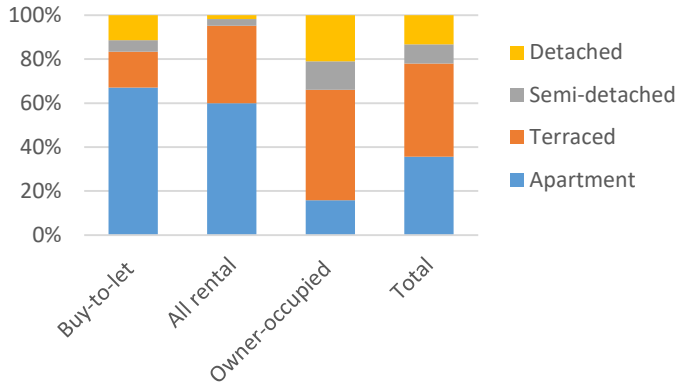


Figure 3 Distribution of dwelling types for the Netherlands (Source: own elaboration with data from the Kadaster (2018))

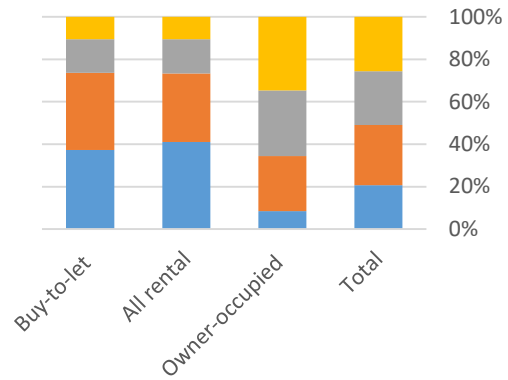


Figure 4 Distribution of dwelling types for England (Source: own elaboration with data from MHCLG (2018b))

Next, the floor area of Dutch buy-to-let dwellings has been studied and compared to the floor area of English private rental dwellings. These results are shown in figures 5 and 6. These figures show that Dutch dwellings are on average larger than English dwellings. This is quite surprising as most Dutch dwellings are an apartment or terraced house. Regarding the buy-to-let dwellings, it can be seen that the share of small dwellings, a floor surface of less than 50 square metres, is the same for the Netherlands and England. Although this share is the same, English buy-to-let dwellings are overall smaller than Dutch buy-to-let dwellings. Last, it is interesting that a relatively large share of the Dutch buy-to-let dwellings has a floor surface of more than 125 square metres. This share is twice as high as the share for all rental dwellings.

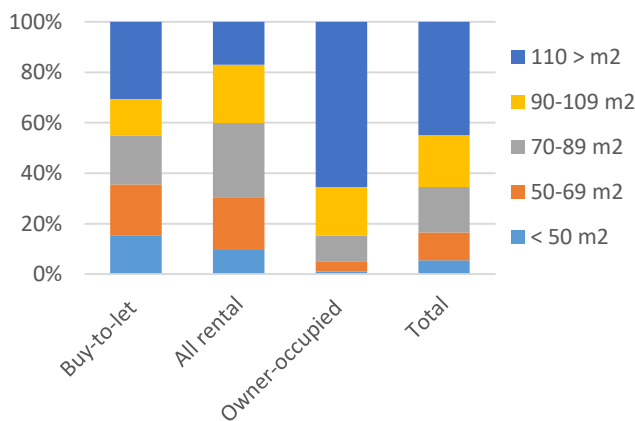


Figure 5 Distribution of dwelling size for the Netherlands (Source: own elaboration with data from the Kadaster (2018))

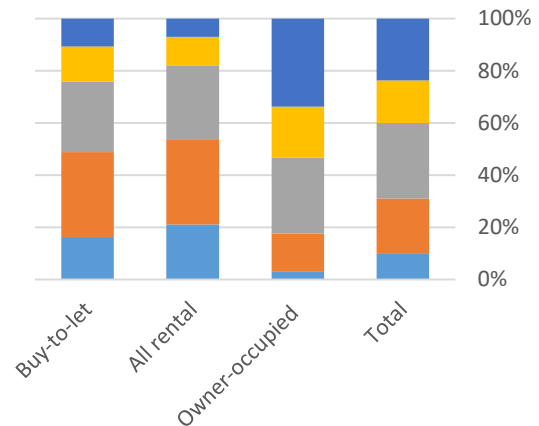


Figure 6 Distribution of dwelling size for England (Source: own elaboration with data from MHCLG(2018b))

The value of buy-to-let dwellings is another interesting characteristic. The distribution of these values for the Dutch dwellings is shown in figure 7. These values are calculated by using another dataset of the Kadaster. This dataset contains all Dutch private housing transactions. Based on these transactions, the average square meter price for different groups of dwellings has been determined. These averages are connected to the dataset with the Dutch housing stock. By multiplying these prices with the floor surface of each dwelling, the value of the dwelling could be estimated. Although the separate values will not be completely accurate, the total value gives a good representation of the value of buy-to-let dwellings in general compared to other dwellings.

Figure 7 shows that buy-to-let dwellings and rental dwellings in general are relatively cheap when compared to all Dutch dwellings and especially the owner-occupied dwellings. However, the share of expensive dwellings is quite high when compared to the rental dwellings and is almost equal to the Dutch share. This is not completely surprising as these prices probably belong to the relatively large buy-to-let dwellings. Some of these dwellings could be for instance second homes instead of private rental dwellings. The value of English buy-to-let dwellings is not available, but the study of Scanlon & Whitehead (2016) provides information on the portfolio values of British private landlords. The median portfolio value of the questioned private landlords is £350,000. The Kadaster data shows that the median portfolio value of Dutch buy-to-let landlords is €450.000, approximately £400.000. It is not surprising that the Dutch value is higher since the average portfolio size of Dutch buy-to-let landlords is also higher. Scanlon & Whitehead (2016) also provide information on the portfolio value of private landlords who only own one dwelling. In that case, the portfolio value is equal to the dwelling value. Most of these landlords, 61%, have a dwelling with an expected value of £199,000 or less. These figures are comparable to the Dutch figures, especially if one considers the higher value of the British pound compared to the Euro.

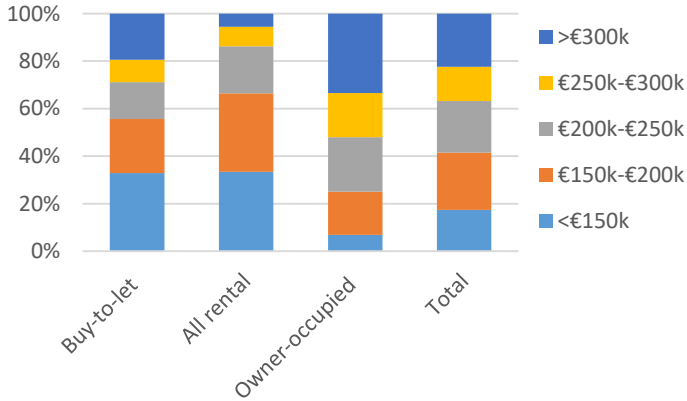


Figure 7 Distribution of the value of Dutch buy-to-let dwellings (Source: own elaboration with data from the Kadaster (2018))

The last dwelling characteristic that has been studied is the location of the Dutch and English buy-to-let dwellings. First, the environment of these dwellings has been investigated. The results are shown in figures 8 and 9. Attention needs to be paid to the different classification. Figure 8 shows that most Dutch buy-to-let dwellings are located in areas with a (very) high dwelling density or urban areas. This is the same for the English buy-to-let dwellings as the share of these dwellings in the city or urban centres is relatively high. Since most English dwellings are located in the suburban areas, a large share of English buy-to-let dwellings is located in these areas.



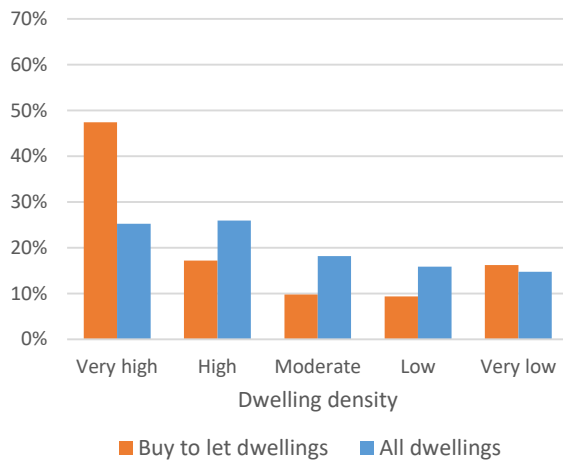


Figure 8 The spatial distribution for the Netherlands  
(Source: own elaboration with data from CBS (2018) and Kadaster (2018))

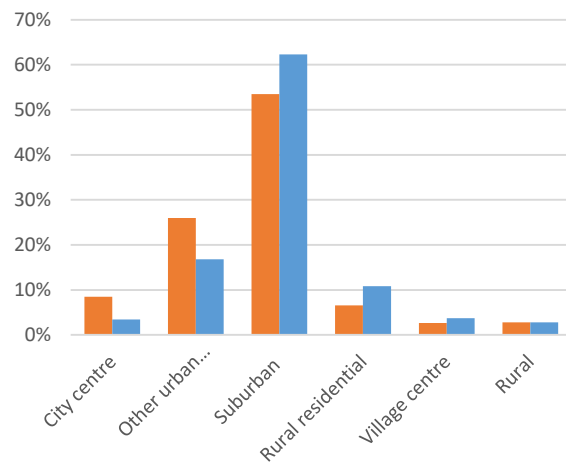


Figure 9 The spatial distribution for England  
(Source: own elaboration with data from the MHCLG (2018b))

To see in which specific areas the Dutch buy-to-let segment is relatively big, the buy-to-let market at the municipal level has been studied. In figure 10, the share of buy-to-let dwellings for all municipalities is shown. It can be seen that the share of buy-to-let dwelling is in general higher in coastal and border regions and the relatively small municipalities. These high shares are possibly caused by the presence of second homes in the dataset. The share of buy-to-let is, however, also relatively high for the four biggest cities; Amsterdam, Rotterdam, The Hague and Utrecht. The Kadaster data furthermore shows that the share of buy-to-let dwellings is generally higher in the larger municipalities.

This detailed information on the location of private rental dwellings is not available for England specifically. Nevertheless, information on the regional level is available. This information, for example, shows that the share of private rental dwellings is the highest in the London region (MHCLG, 2018c). This share is 30% whilst the national average is 20,5%. Without this region, the national average is 18,6%. The region with the second highest share, 21,1%, is Yorkshire and the Humber. The region with the lowest share is North East with a share of 16,2%. This shows that, when not considering London, the share of private rental dwellings is relatively the same for the eight regions. This does not mean that the differences within the regions can be large as most private rental dwellings are located in the (sub)urban areas. A last interesting aspect regarding the location of English buy-to-let dwellings is the relation between the region where the landlords lives and the regions in which their property is located. Scanlon & Whitehead (2016) show that most of the private rental dwellings are located in the region where the landlord lives. This is the case for the nine English regions. This indicates that most buy-to-let dwellings in London are owned by landlords who live in the same region, which is interesting as the London region is, in terms of area, relatively small. Moreover, when the dwellings of the English private landlords are not located in their own region, they tend to be located in a neighbouring region.

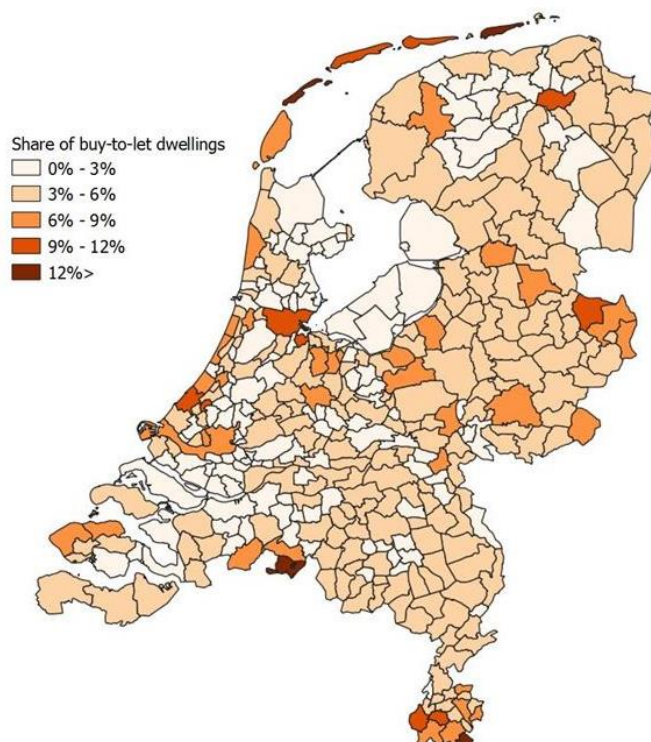


Figure 10 The percentage of buy-to-let dwellings by municipality  
(Source: own elaboration with data from the Kadaster (2018))

#### *The main differences between the Dutch and English buy-to-let market*

By comparing the two buy-to-let markets, several conclusions can be drawn. First, it can be seen that most English landlords own only one dwelling, whilst this share is smaller for the Netherlands. In the Netherlands, a larger share of the buy-to-let landlords has multiple dwellings in their portfolio. This is interesting as the English buy-to-let market began to grow earlier. It could have been the case that these landlords expanded their portfolio over time. Still, most Dutch and English buy-to-let landlords have only one or two dwellings in their portfolio. Consequently, most Dutch and English buy-to-let landlords are private persons. The share of buy-to-let landlords with a private company as ownership structure is also slightly higher for the Netherlands.

Besides studying the buy-to-let landlords, their dwellings have been studied. Most Dutch buy-to-let dwellings are apartments, whilst the most prevalent types of English buy-to-let dwellings are apartments and terraced houses. Although a large share of the English buy-to-let dwellings are single-family dwellings, their floor surface is generally lower than the Dutch. However, it should be mentioned that the average English dwelling is smaller than the average Dutch dwelling. Furthermore, as might be expected, most buy-to-let dwellings are located in (sub)urban areas. In addition, most English buy-to-let dwellings are located in or around London, whilst not necessarily the highest share of Dutch buy-to-let dwellings can be found in or around Amsterdam. The share of buy-to-let dwellings is for instance higher in other Dutch cities such as Groningen and Maastricht. Last, most English landlords tend to live in close proximity of their properties. This relation is not studied for the Netherlands.

## 5. Conclusions

Over the last years, after a long period of declines, the share of Dutch private rental dwellings is increasing again. A similar trend can be observed for the English private rental sector. In both countries, the growth of this sector can be primarily attributed to an increase in the number of relatively small

private landlords. Although the number of private rental dwellings is increasing in these countries, the characteristics of both markets are not necessarily the same. The regulatory framework and other contextual factors are different for these countries. The English buy-to-let mortgage market is for instance larger than the Dutch. Hence, in this paper, the characteristics of both buy-to-let markets have been studied and the housing market context of both countries has been described. By using descriptive statistics, it has become possible to answer the research question: “What are the main differences between the portfolios of Dutch and English buy-to-let landlords and can these differences be related to the housing market context of both countries?”

The most interesting differences between the two buy-to-let markets are related to the portfolio size of buy-to-let landlords and their ownership structure. The characteristics of the buy-to-let dwellings are relatively the same and as expected. By comparing the portfolio sizes of Dutch and English buy-to-let landlords, it became clear that the average portfolio size of English buy-to-let landlords is smaller. The majority of English buy-to-let landlords own only one dwelling. Nevertheless, the average portfolio size of Dutch buy-to-let landlords is also small. Most Dutch buy-to-let landlords have only one or two dwellings in their portfolio. As a result, the use of a private company as ownership structure is small in both countries, but slightly higher in the Netherlands. These findings indicate that the Dutch buy-to-let market looks slightly more professional. Since the English private rental sector started to grow earlier, it would have been expected that some buy-to-let landlords would have expanded their portfolio over time and/or became a private company. These differences in the average portfolio size can also not be completely explained by the use of investment mortgages. These mortgages are more often used in England, but especially by the larger landlords. Most landlords with one dwelling in their portfolio financed this dwelling with their personal savings instead of a mortgage. Based on these findings, it is not expected that the Dutch buy-to-let market will converge towards the English buy-to-let market in the future. It is nevertheless expected that the overall Dutch buy-to-let market will grow in the coming years. The demand for private rental dwellings will likely remain high because the allocation of social rental dwellings and mortgage have become stricter. The more stringent regulations for mortgages will also affect the buy-to-let landlords since they will need to have enough personal savings to be able to invest in residential property. It is therefore expected that particularly current landlords will expand their portfolio over the coming years. These landlords will possibly also profit from the expanded exemption of the Landlord Levy. Regarding the English buy-to-let market, it is more uncertain whether this market will continue to grow in the coming years. The new measures of the British government and the Bank Of England have made it less attractive to invest in rental dwellings. Although the goal of most of these measures is to professionalise this sector by improving the quality and lowering the financial risks, it is not clear yet whether the amateurish landlords will be hit hardest by these measures. These measures will especially affect the larger landlords with leveraged portfolios.

This paper has only provided some first insights in the differences between the Dutch and English buy-to-let market. More research needs to be carried out to create a better idea of these differences and the potential reasons for these differences. For this paper, micro data was used to study the Dutch buy-to-let market and surveys to study the English buy-to-let market. This made it difficult to directly compare both markets as the same information was not always available. Furthermore, the quality of the Dutch dataset was not optimal since it seemed as second homes or vacation homes were included in this dataset. In addition, not much is known on the Dutch buy-to-let mortgage market. It was therefore not always possible to relate the Dutch findings to the Dutch buy-to-let mortgage market. Last, the findings have only been related to the historical development of the

private rental sector and the use of investment mortgages. It is likely that other contextual factors also influence the characteristics of the two buy-to-let markets. These factors, such as rent regulation, could maybe explain some of the differences. Consequently, it would be interesting to expand this study by relating the findings to other contextual factors. In addition, it would be interesting to conduct the same study in five years' time as this makes it possible to study the potential consequences of the recent Dutch and English policy measures. The current data could be compared to new data to see how these measures have affected both buy-to-let markets. Last, the buy-to-let markets of other countries could be studied to gain more insight into the relation between different contextual factors and the characteristics of buy-to-let markets. These insights are not only interesting but can also be used to evaluate new policy measures.

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