

**FOR RELEASE: 06 November 2023**

## **A third of unincorporated landlords planning limited company switch**

**A third of landlords who own rental property in their personal name are planning to incorporate their portfolio into a limited company structure, research from buy-to-let mortgage specialist Paragon Bank has found.**

Paragon's new report, *The rise of the limited company landlord*, found that 33% of those with rental property in their personal name intend to incorporate within the next three years, although 37% said it was unlikely that they would transfer their properties into a limited company structure.

Tax was the main barrier to incorporation, cited by 56% of those with property in personal name, followed by a lack of information on how to incorporate (36%) and fewer mortgage options available (26%).

Paragon's report, based on a survey of over 1,000 landlords, found that nearly a quarter of landlords (23%) own all of their rental properties within a limited company structure, 31% hold a mix of personal name and limited company properties and 34% hold all properties in personal name.

There has been a clear shift in the structure of property ownership from when landlords acquired their first rental property, with 71% of landlords initially holding property in their personal names. This suggests those landlords have pivoted towards the limited company option as they have built their portfolios, either through incorporation or acquiring new property in a limited company structure.

**Paragon Bank Managing Director of Mortgages Richard Rowntree said:** "There has been a significant increase in the number of landlords who hold property in a limited company structure over the past six years as the Government started to phase out Mortgage Interest Relief from 2017.

“Many landlords who own property exclusively within a limited company structure have done so from the off and that is reflected in the demographic of this group, which is typically younger than those with personal name or mixed portfolios.”

**He added:** “There is a clear desire for a large proportion of landlords with property in personal names to incorporate, but barriers persist, such as having to pay Stamp Duty and Capital Gains Tax. We would advise landlords in this position to speak to a tax specialist who can offer guidance on the most suitable route available.”

Additionally, the report found:

- Limited company ownership doesn't necessarily translate to experience. Whilst 46% of those who own property exclusively within a limited company have more than 11 years' experience, 33% only have up to five years' experience. Conversely, 85% of landlords who own property in personal name have 11+ years' experience
- Portfolio sizes are typically smaller for those with limited company portfolios – 57% of these landlords have four or more properties, compared to 68% for those unincorporated landlords and 87% for mixed portfolios
- Limited company landlords have a greater propensity to purchase property – 25% plan to increase the number of properties in their portfolio over the next 12 months, compared to 4% of those who are unincorporated

**ENDS**

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**Notes to editors:**

Paragon lends to private individuals and limited companies and has mortgages suitable for single, self-contained properties, as well as HMOs and multi-unit blocks. Paragon can accommodate higher aggregate lending limits and more complex letting arrangements including local authority leases and corporate leases along with standard ASTs.

Paragon introduced its first product aimed at the professional property investor in 1995 and is a member of UK Finance, the Intermediary Mortgage Lenders Association (IMLA), National Landlords Association (NLA) and the Association of Residential Letting Agents (ARLA).

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