

HOW TO BE A PROPERTY INVESTOR: BUYING AND LETTING RESIDENTIAL PROPERTIES

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Introduction

- Earning – Letting or selling or both.
- Last 20 years - substantial growth.
- Demand outweighs supply.
- Brexit - wait and see approach.

Why is it right for you

- Nest egg - Improve quality of life.
- Set up a company - primary source or secondary income
- Buy to let investments (examples Candy and Candy and Dual Invest)



Types of Properties

- New Homes/Off plan
- Properties requiring improvement
- Refurbished property
- Tenants in Situ
- Property at Auction



Funding

- Savings - typically 15 to 25% of property value
- Borrowing from family members
- Refinancing (remortgaging/restructuring)
- Sale of another property
- Buy to let Mortgages (interest or repayment)



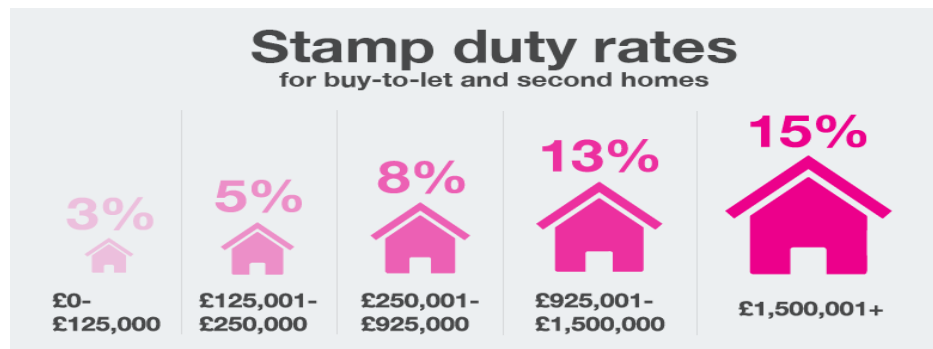
Fees/costs

- Legal fees
- Survey fees
- Buildings insurance
- Letting (agency, repair and maintenance)
- Sale and marketing
- Taxes



Stamp duty

- 3% surcharge - if above £40,000.00 (additional property).
- Applies to companies and individuals.
- Company above £500,000.00 - 15% surcharge unless an exemption





Risk factors



- Drop in Rental value. Rental value must be typically 130% of the repayment.
- Inability to find a tenant, Major repairs or a difficult tenant.
- Drop in house prices.
- Taxes may deplete your profits (income, stamp duty and capital gains).
- Tighter regulations
- Market uncertainty/lack of knowledge or research (Best cities to invest are Manchester and Liverpool)
- Ground rent issue on leasehold properties

How will the property be managed?

- Directly
- Letting agent
- Long term tenancy



Considerations

- Finding tenants
- Assessing suitability of tenants
- Tenancy agreement
- Supporting documents
- Fees
- Dealing with problems

Ending tenancies

- Getting the property back
- Section 21
- Section 8



Future developments

- Proposal to abolish section 21
- Most tenancies end because the tenant has decided to move out



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Any questions?