



**RWinvest**  
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# How to Build a **Property Portfolio**

2023

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# Introduction

While some people who choose to invest in property would rather purchase just one buy to let investment, many others choose the option of starting a property portfolio. There can be many benefits to property portfolios compared to owning only one investment, such as access to multiple streams of income.

To succeed, however, you need to create a successful property portfolio strategy. If you're serious about buy to let and want to find out how to build a property portfolio, take a look at our ultimate guide to building a property portfolio. Scroll down to find our top six tips and more.





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# What is a **Property Portfolio**?

First things first, you need to understand what a property portfolio is. In simple terms, a property portfolio is a group of investment properties that are owned by a group of people, an individual, or a company.

Building a property portfolio in the UK means to purchase a number of buy to let investment opportunities with the aim of generating a significant return on investment – more so than you would with just one property. Those who want to know how to start a property business and turn their buy to let efforts into a full-time career will typically need to own a sizable portfolio of properties.

The time it takes to build a property portfolio can

differ. If you have a good knowledge of the property market and have created a solid strategy, it's possible to build a property portfolio in one or two years. However, this depends of the amount of money you have available to invest and your mindset.

Some of the most common benefits of building a property portfolio include the ability to diversify your investments by purchasing a range of different properties, which also spreads your risk level. Many of those researching how to build a property portfolio will be doing so in order to lessen the risk that can come with investing. By purchasing different properties in different areas, investors can still gain rental income and returns from one property if another was to fail in some way.



# Building a Successful Property Portfolio: **6 Top Tips**

If you're serious about property investing and ready to start building a property portfolio of your own, here are six top tips on how to start a property portfolio. From starting small to doing your research, keep the following tips in mind when creating your new property portfolio.

# Make Sure You're Financially Ready

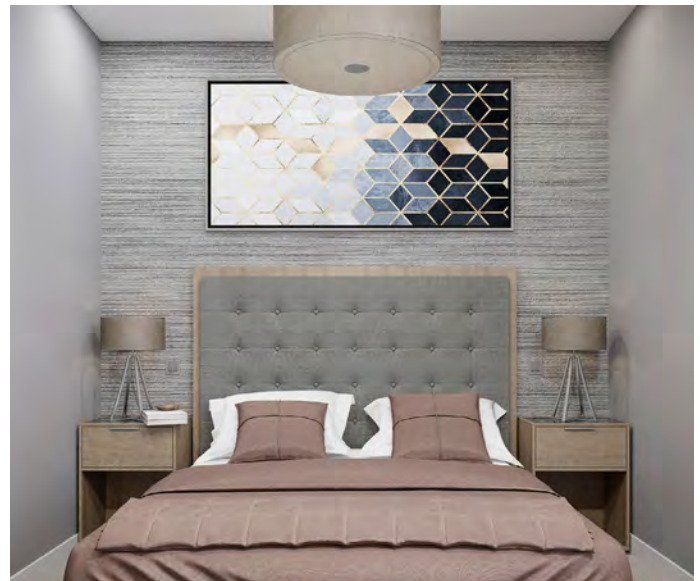
Being financially secure is the number one consideration for any investment. You wouldn't want to pay above the odds for an investment that you can't afford, so the first step in how to build a property portfolio is to assess your financial status.

Contrary to popular belief, you don't need to have fortunes to begin investing. On the other hand, if you're wondering how to build a property portfolio from nothing, you need to know that this isn't possible. All investors should have a substantial budget ready before they start building a property portfolio.

With the help of buy to let mortgages and investment payment plans, it's possible to buy your first investment property with a smaller budget. It also helps to pay special attention to areas where property is more affordable, like Liverpool, as this can help you get more for your money. If you've found an investment opportunity that looks perfect for you but is just out of your price range, remember that it's often possible to haggle for below-market prices.

If you do opt for a buy to let mortgage to pay for your investments, remember to also factor in mortgage payments when planning your budget. Our buy to let mortgage calculator lets you work out your potential mortgage payments, factoring in interest rates and the length of the mortgage. Other costs that you should think about when planning the financial side of the investment include taxes such as stamp duty tax.

Usually, buy to let investors are required to pay stamp duty tax of 3% on property worth up to £125,000, and 5% on a property priced between £125,000 to £250,000. The stamp duty tax continues to increase with the price of the property, up to 15% on properties £1.5 million or above.



## Start Small

While it can be tempting to start building your portfolio right away, especially when there are so many great investment opportunities on the market right now, it's better to start slow when building a property portfolio. Starting small with one or two solid investments is a good way to start to build up your portfolio. The research stage of the investment process will prepare you for this, helping you identify opportunities which come with less risk and a higher likelihood of success.

# Think About Long Term Goals

Property investment is a serious venture that shouldn't be rushed into, even if you want to know how to build a property portfolio quickly. Before you begin building a property portfolio in the UK and purchase your first property, you should take some time to think about your investment goals and what you ultimately hope to achieve. Establishing long term goals is such an important part of any investment strategy. Unfortunately, many people don't put a lot of focus on goal-based investing, which can cause their investment to lack focus. Here are some of the things you should think about when planning long term goals for your property portfolio.

## Capital Growth or Rental Returns?

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You need to think about what your main motive is for investment. For instance, are you more focused on making returns on a regular basis through rental income, or do you hope to make a large lump sum of return through capital growth when you sell the investment? If your personal goal for investing is to provide yourself with a significant retirement fund, you might decide that capital growth returns are most important to you, and so finding a property with high growth prospects is ideal. Alternatively, your main focus could be rental returns, in which case you should find an opportunity that comes with high rental yields. Of course, the most successful investments will always factor in both capital growth and rental yields, so it's always a good idea to look for a property that meets both these requirements.

## Hands-on or Hands-off?

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When building a property portfolio, you should also think about whether you want to be more hands-on or hands-off with your investments. Being hands-on means that you take responsibility for finding tenants, managing property listings, and dealing with any queries or issues about your property. Essentially, being a hands-on investor means to be a landlord, while being hands-off means that you don't have to worry about this side of buy to let, hiring a management company to do this for you.

When planning goals for your property portfolio, this is a crucial element to consider, especially if one of your goals includes building a property business. Enlisting a property

management company will add to your expenses, but is often crucial if you don't personally have the time to meet the demands of running a property portfolio. If you want to build a property portfolio while still maintaining a full-time career, then hands-off investing is your best option. On the other hand, if you're keen to find out how to start a property business of your own and turn buy to let into your day job, you'll most likely prefer to manage the properties yourself with a hands-on strategy. This is because managing your own property allows you to gain first-hand knowledge and experience of the buy to let sector. Some investors also opt for a mix of hands-on and hands-off investments for their portfolio.

# Do your Research

Like any investment, one of the most important steps in finding out how to build a property portfolio is to do some market research. Spend some time researching the UK buy to let market to discover the best cities, regions and postcodes for property investment.

## Rental Yields

Rental yields are the percentage figure that dictates the level of rental returns you'll get from your investment. One of the number one rules on how to build a buy to let portfolio is to look for the best rate of return, and certain areas of the UK will have different yields to offer. Areas with the highest yields in the UK are those in the North, such as Manchester and Liverpool. Here, yields can reach heights of 10% in certain postcodes, so it's definitely worth factoring this research into your property portfolio strategy.

## House Price Growth

In order to know how to build a rental property empire, one of the most important tips for property investors is to be clued up on the growth prospects for each of your investments. This way, if your buy to let property dramatically increases in value, you'll benefit from a significant return on investment when you choose to sell. Again, the market value of properties in the North of England has seen a lot of growth over recent years, with predictions for future increases. In the north-west, property prices are expected to increase by 28% by 2025.

## Population & Rental Demand

The population trends of a city can dictate levels of demand. If an area has a high population of young people or students, for example, your rental property is more likely to be in high demand, meaning you'll experience fewer void periods and rental costs will rise. Manchester is a perfect example of a city where the population has benefited its rental market. Manchester is home to a large number of students and young professionals, and has seen rental cost growth of 5.76% in recent years.



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# Remember to Diversify

The best investment strategies look at creating property portfolios that include several different investments. By investing in just one type of property, you're limiting your potential and making yourself more susceptible to failure.

Diversification means spreading your risk across a number of different ventures, which is vital when building a portfolio of investment properties. Say your portfolio was filled with multiple student properties in the city centre of one city – if the market slowed in this area or the city experienced a lull in university applicants, your entire property portfolio would suffer. If you're serious about learning how to grow a property portfolio, diversification is one of the key elements to consider. Here are a few things to keep in mind when it comes to diversifying your property portfolio.



## Different Property Types

Rather than simply sticking to one type of property which attracts a certain type of tenant, you should invest in both student and residential property types. Both these investment types are known to be extremely successful and come with varying costs which makes them perfect for a diverse portfolio. For instance, if you're wondering how to build a property portfolio with 50k, student accommodation is a good place to start as this tends to be a particularly affordable asset.

## Different Areas

While you'll likely have a good idea of the area you want to invest in, you shouldn't put all your eggs in one basket by investing solely in this location. Instead, narrow your research down to 3 or 4 of the UK's best-performing buy to let cities, and then hunt for a varied mix of investments in these areas. One property portfolio example could be a portfolio that consists of an investment in each of the top-performing rental yield postcodes in the UK.

If you only want to invest in one city, such as Manchester, you could diversify your portfolio by buying properties in different postcodes within the city as certain postcodes may see higher growth than others. By buying a property like Embankment Exchange which is located in central Manchester, and pairing this with the Salford waterfront development Merchant's Wharf, you'll be able to diversify your portfolio by focusing on different areas within the one city, both of which come with a high chance of success.

## Treat it Like a Business

If you're reading this article as you want to know how to start a property business, you will have already thought about this point. However, even those who only want to build a hands-off investment portfolio need to understand the importance of treating your buy to let venture like a business. In the same way as you would when launching any other new business venture, knowing how to build a property portfolio successfully and effectively requires commitment, hard work, a clear vision, and industry knowledge.



## Monitor Your Finances

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Starting a property portfolio is a business in itself, so don't forget to treat it like one by monitoring your finances as part of your business plan. Keep an eye on any incomings and outgoings, factoring in costs for things like repair and maintenance, and make sure that you're making enough money to cover mortgage repayments and other possible costs. Your property portfolio will never expand if you don't keep on top of money management, so this is a key piece of advice on how to grow a real estate portfolio.



## Plan an Exit Strategy

One of the most important aspects of building a property portfolio, and property investment in general, is to have an exit strategy. An exit strategy looks at the end result of each investment, considering what to do when it comes to selling your property.

Your goals will tie into this as if you're investing as a way to build an attractive retirement fund, you'll want to generate as much rental income as you can before selling at the right time. By researching market trends and considering property price predictions, you can get a sense of the best time to sell your investment property for optimum gain.



## How to Start a Property Portfolio With RWinvest

To show you how you can start a property portfolio, let's look at a property portfolio example to get a better idea of the costs and potential returns involved. We've put together an example of how to build a property portfolio made up of opportunities in our investment property portfolio for sale at RWinvest.





## Embankment Exchange

Our newest Manchester investment opportunity, Embankment Exchange, is a residential investment that's not to be missed. Prices for Embankment Exchange currently start at £210,950 and the tiered payment scheme allows investors to pay for their investment in three stages. Upon exchange, investors are able to pay just 20% of the property value due to the negotiations with the developer, paying a further 20% several months later and the final 60% upon completion.

For a furnished one-bedroom unit in Embankment Exchange, an investor could pay just £47,190, and pay the remaining amount at a later date, or even mortgage the rest of the funds. With excellent capital growth prospects and high demand, this investment would make a fantastic addition to any property portfolio.

**Find Out More**



## Miller's Place

With around £39,050 left of your investment budget if not using a mortgage, you could invest your remaining funds in Liverpool's residential scheme, Miller's Place. This would be a great way to diversify your property portfolio further. Miller's Place is another investment opportunity that comes with a fantastic, low-deposit payment plan.

This means you could purchase a fully furnished Manhattan apartment in Miller's Place worth £141,950, for £33,790 and pay the remaining amount at a later date. Miller's Place offers 7% rental yields and amazing capital growth potential in one of Liverpool's most vibrant districts.

**Find Out More**



After starting a property portfolio with these three lucrative investment opportunities, you would then be left with around £25,000 of your budget. Any money you have left over after purchasing property should ideally be kept to one side to pay for tax payments, maintenance costs, or any emergencies related to your venture.

Whether you're looking to get onto the property ladder in 2023 or you currently own some buy to let properties and want to expand your portfolio, now is the perfect time to explore our range of properties available in top UK cities.

At RWinvest, our dedicated property experts are on hand to talk you through our current opportunities and help you take advantage of the flourishing UK housing market. If you're ready to grow your property portfolio for 2023, get in touch today.

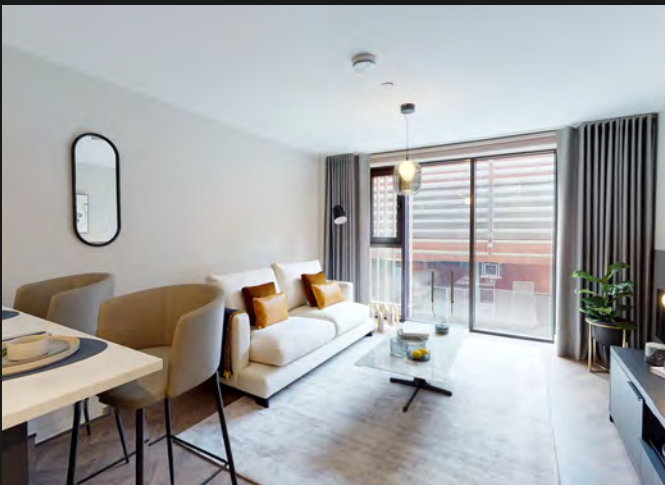




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DISCLAIMER:

Please keep in mind that the figures in this article are purely based on housing market predictions and provide only an estimate for five-year housing market growth.

This guide was written in April 2022. Market predictions may have changed depending on the date you read.