

Buy To Let

Property Investment Guide





ONE BALTIC SQUARE

4% INTEREST ON
DEPOSITED FUNDS

7% NET RENTAL RETURN
ASSURED FOR ONE YEAR

Foreword

By **Julian Ramsden**, *Director at RW Invest*

The UK property investment market continues to attract investment from British and overseas investors. 2018 saw a record level of property investment in the north west with Manchester and Liverpool leading the way for buy to let property. Our focus in 2019 will be to continue building and selling property in this growing market with additional in house services such as rental and property management being offered to our buyers.



RW INVEST BUY TO LET GUIDE



The UK property market has had a lot of interest and encountered some big changes throughout 2018, especially when it comes to buy to let. An ever growing population in the UK has led to a soaring demand for rental properties. In fact, the 2018 UK population of 66.57 million is expected to rise to a huge 74 million by 2039, putting even more pressure on the buy to let market.

From growing house prices and high levels of overseas interest, to exciting regeneration projects and a focus on the North West for strong rental returns, our buy to let guide summarises the key points from the UK buy to let market in 2018. For those interested in investing in buy to let in 2019, we've also highlighted some of the most useful predictions for prospective investors to know about before investing in the new year. In this guide you'll also find information on the buy to let industry, the North and South divide, answers to commonly asked questions, and case studies on capital appreciation.

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WHY CHOOSE BUY TO LET?

'House prices and rental costs are on the rise throughout the UK, with the North West region standing out above the rest'





2018 UK POPULATION:
66,573,504



**BUILD TO RENT SECTOR
EXPECTED WORTH BY 2022:**
£70 BILLION



**LIVERPOOL 2018
HOUSE PRICE GROWTH:**
7.5%

Buy to let property investment is one of the most attractive options for those looking for a way to gain long term financial security. When faced with the decision between unstable investment classes and a fluctuating stock market, the UK's buy to let property market often comes out on top. When done right, property investments can generate a consistent income that allows investors more financial freedom, even into retirement.

House prices in the UK are growing at a rapid pace, with data compiled in April 2018 revealing an annual increase of 3.9%. Certain areas in the UK, such as Liverpool, are leading the way with this property growth, with a huge 7.5% increase by the end of 2018.

House prices and rental costs are on the rise throughout the UK, with the North West region standing out above the rest. Cities like Liverpool and Manchester have attracted attention from global investors due to the impressive rental yields and affordable property prices on offer.

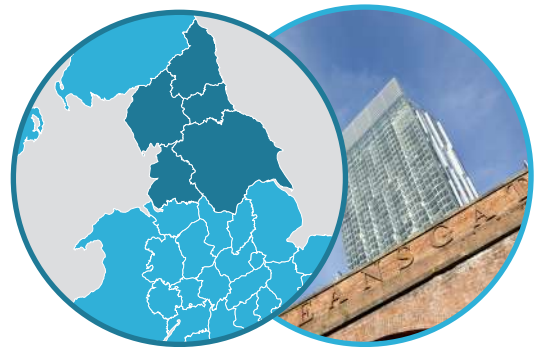
As of mid-2018, the demand for rental property reached new heights as the number of properties available for rent fell. With young people being much more likely to rent than buy, the demand for rental properties is sure to remain strong for many years to come. Experts predict that the build to rent sector is expected to be worth a huge £70 billion by 2022.

THE NORTH / SOUTH DIVIDE

If there's one thing that constantly comes up when discussing the UK property market, it's the divide between the North and the South. Whilst London has long been the first point of call for many people looking to invest in property in the UK, the state of London's property market over 2018 has led many to start questioning whether it's worth choosing London for their next venture.

'Property hotspots like Manchester boast average rental yields of 5.55%'

Highly priced properties, declining rental prices, and resultingly low rental yields are a few of the reasons many are steering clear of investing in London property. The North, in comparison, gives investors a much better chance of making a lucrative investment. Property hotspots like Manchester boast average rental yields of 5.55%, whilst London's average is a mere 3.05%, leaving investors with little to no return on their investment.



North West:

Monthly Rent: £697

Rental Yield: 5%



London:

Monthly Rent: £1,593

Rental Yield: 3.2%

Source: Rent - HomeLet and Rental Yields from Your Move



'In 2017 and 2018, record numbers of Londoners were reportedly leaving the capital and moving up North'

The divide between these two areas is made obvious when you consider the average cost to buy a property in London compared to the North. According to Savills, for a two bedroom flat in London you can expect to pay just over £500,000, whereas, in Manchester, the same price can get you a six bedroom house with enclosed gardens and a large driveway and garage. The affordability of Liverpool property, paired with increasing rental costs of 2.65% in 2018, has generated some highly impressive rental yields in the city. Liverpool boasts an average rental yield of 5.05%, with certain yields in certain postcodes going as high as 11.79%.

In 2017 and 2018, record numbers of Londoners were reportedly leaving the capital and moving up North. A total of 10,200 people moved to Manchester from London in 2017, with around 30,000 of the total of London leavers in mid-2016 to 2017 in the age range of 25 to 34. With more people leaving the capital, the demand for high-quality city centre property is dwindling in London compared to the North. Liverpool and Manchester saw high rates of demand throughout 2018, and with the popularity of the North as a place to live, work and invest, this demand is likely to continue into 2019 and beyond.

CAPITAL APPRECIATION CASE STUDIES



RWinvest

SKYLINE APARTMENTS

Selling Price: £105,000 Resale Price: £190,000

Based in Leeds' St Peter's Square, our stylish 14 storey apartments including a mixture of one bed, two bed, and studio apartments were sold for £105,000 and reached a resale price of £190,000.

**80%
INCREASE**



MEREBANK COURT APARTMENTS

Selling Price: £60,000 Resale Price: £98,000

Our Liverpool based Merebank Apartments received impressive capital growth of 63%, originally sold at £60,000 and then resold at £98,000. Located near the historic Penny Lane and within walking distance to the bohemian Lark Lane area, these apartments benefit from a prime location and modern design.

**63%
INCREASE**



ZENITH APARTMENTS

Selling Price: £149,950 Resale Price: £210,000

Perfectly positioned for access to Manchester and Salford, our Zenith Apartments provide a great location with modern, contemporary interiors and facilities. These apartments benefitted from a 40% increase in capital growth, selling at £149,950 and generating a £210,000 resale price.

**40%
INCREASE**



PROPERTY TYPES

Whilst UK property investment was strong in 2018 as a whole, certain types of property have been more popular than others. Off-plan property, new builds, and purpose-built accommodation have all gained traction in recent years, and are expected to remain some of the most sought after property investments in 2019.

Off-plan properties are essentially homes that are not yet complete but are still available for investments. With off-plan, investors are met by a range of attractive benefits that they wouldn't otherwise get with another property type such as a period property. One of the main selling points of off-plan properties is the capital growth potential. Since an off-plan property is still in the development stage, there's a chance that the property could increase in value even before it's complete. The likelihood of this is even stronger in areas with existing capital growth potential such as Liverpool and Manchester, where there's also a high demand for new buy to let properties.



Purpose built student accommodation is another booming market when it comes to property types. In 2018, levels of student accommodation were higher than the historic five-year average, reaching £1.9 billion in quarter 1 and quarter 2. Home to some of the best universities in the world, the UK welcomes high numbers of students year after year.

'One of the main selling points of off-plan properties is the capital growth potential'

Value of Student Accommodation reached

£1.9 BILLION

in Q1 and Q2 of 2018

Liverpool and Manchester have a combined student population of

160,000

The high demand for student population seen in 2018 is expected to continue in 2019





Impeccable experience dealing with RW Invest

'RW Invest was a company I came across when looking for good investments in Manchester but I ended up purchasing a property in Liverpool which offered better investment yields. It's the people that make the company what it is (with the customer first philosophy) and my experience dealing with Jamal and Emma from RW Invest have made the experience more seamless given that I have not been the easiest customer to deal with due to my hectic travel schedule, that had been very patient and understanding. I would recommend them for future investments.'

- Kam Patel



PROPERTY INVESTMENT CHECKLIST

Read the information on our property investment checklist first to make sure your buy to let venture runs smoothly.



Understand the buy to let process

Property Investment is a big commitment, so make sure you're fully clued up on the process.



Research the best locations

Research the locations that offer properties within your budget and the best return on investment.




Think about your target tenant

The type of tenant you want can dictate the location and property type of your investment.



Be aware of financial issues

Ensure you are aware of the financial elements involved with the investment to avoid any nasty surprises further down the line.

The background is a solid blue color with a subtle pattern of diagonal lines. Several question marks and circles are scattered across the image. In the top left, there are two small, dark blue question marks. In the center, there is a large, dark blue question mark. To its left, there is a medium-sized, dark blue question mark. Below the large central question mark, there is a large, dark blue circle. To the right of the large central question mark, there is a large, light blue question mark. At the bottom right, there is a large, light blue circle. The word 'FAQS' is written in white, bold, sans-serif capital letters in the bottom left corner.

FAQS

How does buy to let investment compare to other investments?

Unlike stocks and shares, the physical nature of property means you actually own the bricks and mortar. So, if the market changes or property prices fall you can hold on to your property until it is worth more again. There are many reasons to invest in buy to let, and specific properties have different advantages for different people. Due to the wide variety of buy to let properties available, you can find one that fits your goal perfectly, whether it is high monthly payments, long-term capital appreciation or a quick renovation project.

Which areas will have the best rental yields in 2019?

The areas with the best rental yields in 2019 will be similar to those of 2018. We should see smaller towns like Burnley and Preston in the North West also showing strong rental yields. University towns and cities continue to provide some of the highest rental yields in the UK, and it is worth considering investing in city centre property too. For property investors in the UK, there are increasing opportunities to invest in student towns and cities. Many graduates are deciding to stay in the same city they studied in after they graduate, boosting demand for rental property further and increasing rental yields. Properties in city centres, close to amenities and university campuses or work centres are perfectly positioned to benefit from growing rental yields. The North West will continue to outperform the rest of the country where the buy to let yields by postcode are significantly higher.

What are rental yields and how do I calculate them?

Rental yields tell you how much money you are making from the investment property you have purchased in the form of a percentage. This is an important calculation for working out how much income you can make from your property. Yields refer to the earnings that have been generated by the property and can be used to work out potential income and how quickly the property will start to pay for itself. A property's rental yield is the annual rent received on a property as a percentage of its market price.

To calculate a rental yield, you need to take annual rental income and divide it by the purchase price of the property. The higher the rental yield, the quicker your investment will pay for itself. For example,

Annual Rental Income: £6000

Purchase Price: £100,000

$6,000 \div 100,000 = 0.06$

Rental Yield = 6%

Compare this with a property that cost £550,000 with a monthly rent of £1700

Annual Rental Income: £20,400

Purchase Price: £550,000

$20,400 \div 550,000 = 0.037$

Rental Yield = 3.7%

If you are still wondering how to calculate rental yields, you can use our simple rental yield calculator. Whether you are an investment veteran with a bursting portfolio or a novice who wants to dip their toe into the waters, to make the best investments you need to make sure that the numbers add up.



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STUDENT GUIDES

BREXIT & THE UK PROPERTY MARKET

STAMP DUTY CALCULATOR

WWW.RW-INVEST.COM



RWinvest

LIVERPOOL



LONDON



MANCHESTER

RW Invest is a market leader for property investment in the UK. With over 14 years experience and offices in Liverpool, London and Manchester, we specialise in buy to let student and residential properties, offering our clients the most exciting and profitable investment opportunities on the market.

Throughout our 14 years of business, we've built a trusted network of property investors, property developers, home builders, rental management companies, letting agents, estate agents and solicitors specialising in all areas of property investment.

We work hard to provide our investors with the best rental yields possible, only creating opportunities in areas of the UK with the strongest potential such as Liverpool and Manchester. We boast the largest direct sales team in the UK's property investment sector, along with our superior client care team who are dedicated to making sure your experience with us runs as smoothly as possible. We build relationships and collaborate with both our partners and competitors, negotiating the lowest property prices possible and achieving below market rates.

With impeccable customer service, fantastic properties and expert knowledge, get in touch with our team today to begin your buy to let journey in 2019.

