BUY TO LET GUIDE:
12 ACTIONABLE TIPS

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THE ULTIMATE GUIDE TO BUY TO LET INVESTMENT

'Buy to let investment is one of the most popular and lucrative investment methods out there'

If you're wondering how to make money from property, look no further than buy to let. Buy to let investment is one of the most popular and lucrative investment methods out there. By purchasing a buy to let property, investors can generate attractive returns and benefit from ownership of a valuable asset in the UK property market.

Before getting started with buy to rent, however, there are certain things you need to know about. If you think you need to brush up on your **buy to let property knowledge**, take a look at our detailed **buy to let guide** filled with in-depth buy to let tips and advice to help you get started on your investment journey. Whether you're asking yourself '**what is buy to let property**?' or 'is buy to let a good idea for me?', or you want to explore the best place to buy to let UK cities have to offer, you can find all of this and more in our guide to buying property to rent. Keep reading to find out more.

1. Make Sure you Understand the Basics of Buy to Let Property Investment

'We all have to start somewhere, and understanding the basics of the buy to let business is one of the most crucial buy to let tips when beginning your property journey'

You might be an experienced investor who just wants to brush up on their buy to let property knowledge. On the other hand, you could be familiar with property investment, but after starting to look for an opportunity and build a buy to let strategy, you still feel unsure on certain things. You could even be neither of these and have no knowledge of **buy to let investment** whatsoever!

We all have to start somewhere, and understanding the basics of the buy to let business is one of the most crucial buy to let tips when beginning your property journey. If you're a buy to let first-time buyer, read these following answers to some commonly asked questions.

What is Buy to Let?

Buy to let is a term, often known as invest to let, is a term that refers to purchasing a property for the purpose of letting it out to a tenant. Buy-to-let investors buy a property and make money from the rent paid by their tenant. When **buying a property to let**, you can either purchase it outright or with a buy to let mortgage.

When it comes to investments in property, buy to let has been popular since 1996, growing increasingly more prevalent over time. By 2007, there were over a million outstanding buy to let mortgages, increasing from half a million in 2004. As of 2019 and 2020, buy to let property investment is considered one of the best property investment strategies for those who want to make a lucrative income thanks to **buy to let returns.**

What Does Buy To Rent Mean?

Buy to rent in the UK has the same meaning as buy to let - it's when someone owns a property and rents it out to tenants in order to generate regular income. Buy to rent is simply an alternative piece of terminology that's often used, meaning the same thing as **buying a property to let.**

How Does Buy to Let Work?

It's normal to want to find yourself wondering '**how does buy to rent work**?', especially when you're new to the concept. In a nutshell, buy to let works in three simple steps: The investor purchases the property of their choice, finds a tenant who will agree to pay them regular monthly rental instalments, and then receives a return on their investment through these rental payments.

Over time, those who invest in buy to let can pay off their investment using the money they earn through rental returns. Then, if they hold on to the property and decide to sell it at a later date when valuation reveals an attractive price, they could maximise their **buy to let returns** through capital growth. This means that the value of their buy to let property has grown over time, allowing them to sell the property for a higher amount than the initial purchase price.

A lot of the time, those who find a property for **buy-to-let investment** purposes will choose the option of using a company to invest in buy to let. These companies, like RWinvest, specialise in offering developments that have been specifically created for investors, focusing on properties with the best buy to let rates, and in the best buy to let areas. The investor will then work out whether they wish to use a buy to let mortgage or pay in full for their buy to let UK property. You can find out more about the benefits of buying property through a company in our buy to let news update guide.

1. PURCHASE PROPERTY
2. FIND TENANT
3. RECIEVE RETURN

What is a Rental Yield?

Rental yields are a commonly used term in relation to buy to let. A rental yield is a percentage figure that highlights the rental returns an investor is likely to achieve. The higher the better, as higher percentages mean more attractive returns.

A rental yield is calculated by taking the yearly rental income generated from a buy to let property and dividing this by the property's purchase price. It's important to focus on rental yields that are as high as possible when you look for a buy to let property to invest in, as this figure can mean the difference between a lucrative and attractive long-term investment or a disappointing venture.

Buy to Let Tip: Read Our Rental Yields Guide to Find Out More

Finding the best buy to let returns is one of the most important buy to let tips. To learn more about buy to let yields and everything they involve, be sure to check out our rental yield guide. Here, you'll find answers to some of the most commonly asked questions about yields, along with tips on how to identify a good yield and where to find the best buy to let yields in the UK.

2. Weigh up the Pros and Cons

'As a first time buyer, buy to let can seem like a lot of hassle, leading you to wonder 'is buy to let worth it?' There are ways of knowing whether buy to let is the right property venture for you.'

After learning more about buy to let property investment, you might be asking yourself – 'should I buy to let? Is buy to let a good investment for me?'.

As a first-time buyer, buy to let can seem like a lot of hassle, leading you to wonder 'is buy to let worth it?' There are ways of knowing whether buy to let is the right property venture for you. If you are interested in making an investment but want something more tangible than stocks and shares, property provides a welcome alternative. However, you also need to understand both the pros and cons involved with buying buy to let properties before you decide whether you should invest to let. This is one of the most crucial pieces of **buy to let advice**, helping you realise whether **buying property to rent** is the right choice for you.

The Pros of Buy to Let Properties

In the UK, buy to let properties provide an attractive investment option. The UK property market is currently performing at a high level, with rising house prices and increasing rental costs offering investors the chance to make some big returns. These rising rental costs in many parts of the UK are led by the soaring levels of demand for rental properties. Those who invest wisely and look for buy to let properties in high-growth areas with plenty of tenant demand are sure to find success with buy to let investment.

The fact that property prices in the UK are rising on a regular basis, and forecast to increase significantly over the coming years, means that investors have a high likelihood of receiving strong capital growth returns. This leads a lot of investors to weigh up the potential behind a pension or property investment venture when saving for retirement - many of whom opt to invest in buy to let alongside saving for a pension.

The Pros of Buy to Let Properties

As with any investment venture, buying property to let comes with a level of risk. To truly succeed when you invest in buy to let, you need to be willing to tie your money up for a long period of time and understand that property prices can fluctuate. Buy to let isn't for the faint-hearted, and before getting started you need to not just understand, but also accept the risk that comes with BTL.

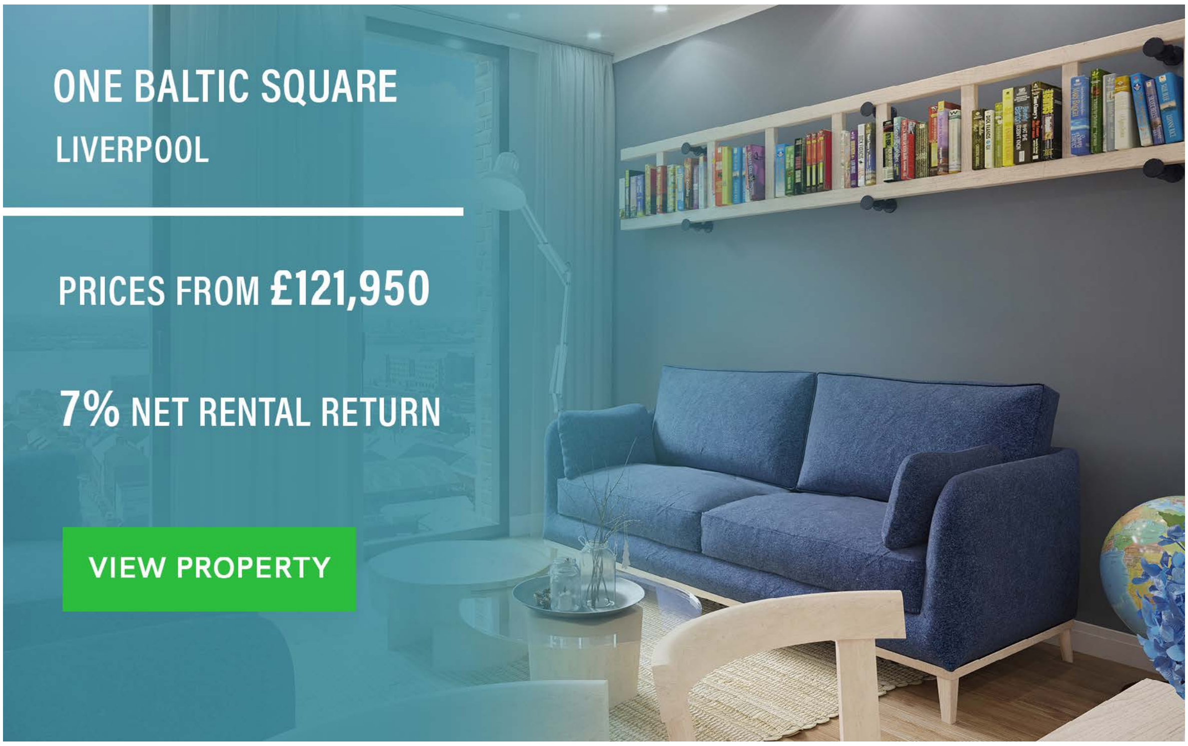
You could have found the perfect UK property in one of the best buy to let areas and with the best buy to let mortgage to buy it with, but would still be at risk of potential hazards along the way. Some of the most common risks that come with buy to let include market changes that could cause your property to decrease in value, and potential void periods. A void period is essentially a period of time where you don't have a tenant in your property, and miss out on rental payments.

Should I Buy to Let? Is Buy to Let a Good Investment?

Buying property to rent can be a very lucrative and rewarding investment to make, offering a lot of potential to those who wish to increase their cash flow over time. While things like possible void periods and market changes could negatively affect your investment for a short period, the benefits of buying a buy to let property far outweigh these risks. Once you feel confident and prepared for any risks, you should move forward with your buy to let UK investment to take advantage of the opportunities on offer.

Buy to Let Tip: Take Your Time

Investing in buy to let is not something you should rush into. Spend enough time beforehand weighing up the pros and cons to work out whether you're ready to invest and make this commitment, feeling fully prepared for any unexpected market changes.



3. Know What to Look For

'Before exploring the different areas for buy to let investments and building your buy to let strategy, make sure you know how to identify the best buy to let opportunities.'

Before **investing in buy to let**, you need to know what to look out for when selecting buy to let properties. Everyone **buying a property to let** will want to make sure they're getting the most out of their investment, and focusing on the following criteria is a good way to increase your chances of success. Before exploring the different areas for **buy to let investments** and building your buy to let strategy, make sure you know how to identify the best buy to let opportunities.

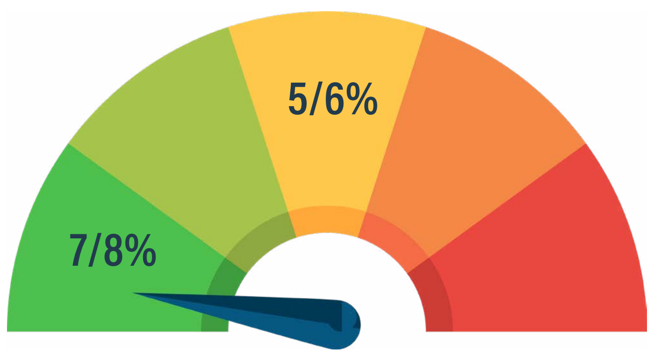
Look for High Rental Yields

We explained rental yields within the first tip of our **guide to buy to let**, outlining the basics about rental yields and their importance. But do you know how to identify a good yield from a bad one? This is such a key part of buy to let investment, as, without high rental yields, you won't be able to generate the kind of desirable returns you'd like.

As mentioned, the higher the rental yield, the better. In the UK, rental yields of around 5 to 6% are generally accepted, but higher yields of 7 or 8% are ideal. **Buy to let investors** who can generate yields of an even higher percentage are onto a highly lucrative venture.

A lot of the time, especially when investing through a property company, rental yield percentages for the **buy to let property** you're interested in will be made clear from the start. These yields are also often assured for a set number of years, meaning that **buy to let investors** don't have to worry about losing out on income once their investment begins. In other circumstances, such as when buying property to let privately, you'll need to calculate rental yields yourself. This can be done by dividing the expected annual rental income of the property by the property value, and then multiplying this figure by 100.

RENTAL YIELDS



Consider Tenant Demand

Tenant demand is a huge part of the decision-making process when finding a buy to let property. Without demand for your property, you won't secure any tenants and could be left losing income through void periods – not to mention the higher likelihood of ending up with low yields.

UK cities have seen a shortage of properties available to meet levels of demand, especially from younger tenants such as students and young professionals. Today's young people are struggling to buy their own home, which means they're renting for longer periods. This is good news for **buy to let investors** as it means that in high-demand areas, they're likely to generate consistent rental income for many years.

To find out whether the area in the UK that you're interested in **buying a buy to let property** in has good levels of demand, you should look into population statistics. This kind of information can be easily found online. For example, details on student numbers are offered by the university websites for each city which will help you find out the best place to buy to let student accommodation.

If a city's population statistics suggest significant long term growth over the years, along with a high population of young people, this could be a good indication that levels of demand will be high.

Think About Capital Growth

While rental returns are the main attraction of buy to let investment, when thinking about how to buy to let in the UK, investors should also incorporate capital growth. Capital growth, otherwise known as capital appreciation, is the growth in value of a property over time.

As touched on in the last section of this guide, high capital growth can benefit buy to let investments if the investor chooses to sell their property further down the line. This way, if the property has seen an increase in value, the investor will receive a return on their investment due to earning more for the property than the price they initially paid.

When you're looking for the best buy to let areas, remember to factor in the potential for long-term investment capital growth. Areas with a high level of growth are usually those with big regeneration schemes underway. Regeneration is when plans are made to improve a city by redeveloping it, either through transforming current attractions or introducing new ones.

THE IMPACT OF MANCHESTER'S REGENERATION ON THE UK AS A WHOLE

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House price growth is perhaps the main factor that puts people off the option to invest in buy to let London property, with the area seeing negative growth over the years compared to other UK cities. The only area of the capital which seems to have seen growth when it comes to London property prices is North London, with the average selling price having grown by 5.60 per cent in the year to November 2018, exceeding other areas like South and East London.

If you want to make the most out of your investment in buy to let property and benefit from not just rental returns but also high returns later in life, make sure you take some time to consider the capital appreciation prospects in your area of interest. Look at the average growth rate in both the city and the region as a whole, and take into account any regeneration plans that are in place.

Buy to Let Tip: Do Further Research on What to Look For

Did you know we have a whole range of great resources on our website which can help you identify the best buy to let opportunities? Head over to our buy to let news page for more tips on rental yields, capital growth and more.

4. Explore the Best Buy to Let Areas

'Researching the best buy to let areas to invest in is one of the most crucial steps in knowing how to build a property portfolio that works'

When it comes to the UK investment market, buy to let property investment can be extremely successful and rewarding. That is, however, if you choose the right rental market location. Researching the best buy to let areas to invest in is one of the most crucial steps in knowing how to build a property portfolio that works.

To help you get a better sense of the best areas to invest in buy to let in the UK, this section of our buy to let guide will focus on some of the most popular investment areas in England, Wales, and Scotland.

The Best Buy to Let Areas in England

Over recent years, the North West region has been deemed the best place to buy to let in the UK. The North west, home to Liverpool and Manchester, was voted one of the best places for **buy to let 2019**, 2018, 2017, and beyond. When looking at the criteria discussed in section three of our guide, it's easy to see why Liverpool and Manchester rank so highly for buy to let investments in England. Liverpool is one of the best cities in the UK for rental yields, taking up six spots in the Totally Money rental yield guide, with the L1 postcode having been hailed the top UK buy to let postcode with yields of 10%. Both Liverpool and Manchester are huge hits with students and young professionals, which means there's always high demand for rental properties. The fact that North West properties are highly affordable means that investors are able to make large savings on their purchase compared to the cost of homes in cities like London.

The North West is the UK's leading region for those who want high capital growth from their buy to let property investment. From July 2017 to July 2018, house prices in the region showed an increase of 5.6%. The UK experienced an average growth of 3.1% during the same period, which shows that the North West is exceeding expectations and leading the way as one of the biggest buy to let property hotspots in this regard. By 2024, the region is set to grow by 24.1% - the highest increase in the country. When you look at house prices in Liverpool and Manchester over the years, it's evident that regeneration in these cities has positively impacted capital growth and led to the city's reputation as one of the best buy to let areas. Examples include MediaCityUK, Manchester's expansive business destination, and Liverpool's vibrant shopping and leisure centre, Liverpool One.

The Best Buy to Let Areas in Scotland

There are a number of Scottish cities which are considered great UK areas for buy-to-let investment. On Totally Money's latest guide to buy to let areas, Falkirk, Glasgow, and Aberdeen all make the list of the UK's top 25 postcodes. The FK3 postcode in Falkirk follows Liverpool in second place due to yields of 9.51%, while Glasgow's G52 postcode comes third with 8.71% yields. Aberdeen's AB11 postcode offers lower but still impressive yields of 7.20%.

While Edinburgh didn't make the list of the top 25 rental yield postcodes, the Scottish capital is certainly a strong contender for buy to let property investment. This is due to the high levels of demand the area generates from it's thriving student scene and young population. Scotland as a whole is predicted to see some of the best rates of house price growth by 2024. According to Savills, Scotland can expect growth of 20.1% - the third best growth rate after Yorkshire and the Humber and the North West.

TOP POSTCODES FOR HIGHEST YIELDS

FALKIRK 9.5% YIELDS

GLASGOW 8.71% YIELDS

The Best Buy to Let Areas in Wales

With some top university cities and affordable housing, Wales is becoming more and more of a popular choice for buy to let investors. The Welsh capital, Cardiff, made the Totally Money buy to let yield list thanks to the CF43 postcode's yields of 7.61%. Cardiff boasts one of the UK's largest student populations, along with a strong history of regeneration. Cardiff Bay, for instance, remains Europe's largest waterfront development, having completely revitalised derelict docklands back in 1987.

At the beginning of 2020, property prices in Cardiff were reported to have grown more than any other city in Wales, with an increase of 41.2% through the last decade. The latest Savills property price predictions reveal a growth of 17.7% by 2024 for Wales house prices, which means that the North West of England, Scotland, and Wales all beat buy to let property in London when it comes to property market growth.

Buy to Let Tip: Use Online Tools to Help you Choose the Best Buy to Let Areas

Did you know that you can use specialist online tools to help you work out the best buy to let areas for UK property? Go Compare have their very own tool allowing you to compare two UK cities and take note of statistics like average house prices, rental cost growth, average yields and more. A bespoke blinds and shutters brand, Thomas Sanderson, has also created a buy to let property hotspots tool, which lets you see the average rental yield of each postcode in each different city and identify areas which may be a risk to invest in.

DISCLAIMER:
Before going ahead with a buy to let investment, you should always weigh up the benefits against the risks to work out if this is the right venture for you.

5. Look at Different Buy to Let Strategies

'When buying a property, buy to let strategies will involve both the property type itself and your target tenant'

Buy to let comes with a choice of different strategies to consider for your investment. While the most popular option is to rent buy to let investment properties in the form of a house or apartment, there are different strategies you should consider. When buying a property, buy to let strategies will involve both the property type itself and your target tenant. Here are the most popular strategies to consider before buying property to let.

Consider Student Buy to Let Property

Student buy to let property investment is one of the most popular UK ventures. Many investors are attracted to buy to let student property due to low prices, high demand, and impressive yields. The UK is home to some major universities which have helped to increase the student population dramatically. The student population in the UK reportedly stood at 2.3 million in 2017 and 2018, including a large proportion of overseas students.

The buy to let student market has changed over recent years and luxury student accommodation has grown into a more common and attractive investment. Students now want more from their accommodation while property searching. Instead of living in cramped shared housing, students today crave spacious studio apartments. Rather than relying on their library WiFi to complete projects, students now favour a high-speed internet connection in their rental properties.

Because there’s a demand for this type of property, investors can take advantage of this by buying a buy to let student property with higher average rental costs to allow for more attractive yields. Other features that will attract students to your buy to let accommodation include proximity to university campuses, on-site security and maintenance, and modern designs and furnishings.

A GUIDE TO LIVERPOOL STUDENT PROPERTY INVESTMENT IN 2020

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Think About Buying a Residential Apartment

You might not want to rent your buy to let property to students, and wish to find information on how to buy to let your property to alternative tenants. In this case, you should consider residential investments. Residential apartments are perhaps the most popular type of buy to let investment in the UK. This makes a lot of sense when you consider the fact that young professionals make up a large proportion of tenants. Think about it - if you're a young professional looking for a rental property, it's likely that you'd rather rent a city centre apartment instead of a suburban house.

Many young renters are saving for a home of their own or want a chance to experience city life without committing to homeownership, which is why the demand for residential apartments is so high. When you compare buy to let student property with residential property, the main difference tends to be the price. Residential apartments are usually more costly than student investments, but can still be highly affordable depending on the area. In Liverpool, a buy to let property with RWinvest could cost you from as little as £94,950, complete with rental yields of 7 per cent.

If you do decide to choose a residential apartment for your buy to let venture, remember to factor in the area. Focus on finding properties in up and coming areas, with a lot of potential for growth. Not only will this help you find tenants fast, but it could also improve your chances of long-term capital appreciation. A good example of an area like this is the Baltic Triangle in Liverpool. The Baltic Triangle has become a major buy to let hotspot, labelled one of the UK's trendiest neighbourhoods and set to see millions of pounds worth of regeneration.

HMO Investments

A House in Multiple Occupation (commonly known as an HMO), is a property which is rented out to more than one household of tenants. This would often mean that an investor has purchased a large house containing multiple bedrooms, allowing separate tenants to rent rooms to live in. A common example of an HMO type property would be a shared student house, where a group of tenants rent bedroom space in a property but share facilities like a bathroom and kitchen.

The main benefit that draws certain investors to HMO's is the ability to generate large cash flow. Depending on the initial purchase price of the property and the amount that each tenant is paying in rental costs, choosing an HMO for your buy to let investment could result in some attractive rental yields. However, purchasing an HMO property is usually a lot more costly, and since tenants are sharing housing with other people, they're unlikely to be spending large amounts on their rent compared to if they were living in more private accommodation. A lot of people often turn away from HMO investments due to more time-consuming management, having to stay on top of multiple tenancies at once. There are also restrictions on HMO's, so it's essential to look into this if you're interested in making this kind of investment.

'A property which is rented out to more than one household of tenants. This would often mean that an investor has purchased a large house containing multiple bedrooms, allowing separate tenants to rent rooms to live in'

Hotel Investments

Hotel investments are another choice for those who aren't interested in traditional buy to let investment properties but want to take advantage of buy to let returns. With this type of investment, you would purchase a room in a hotel in order to benefit from rental returns in the form of the fee paid by people staying in the hotel.

Those who are interested in buying property to let but don't want to commit to purchasing an entire property will often be drawn towards hotel investments. Advantages of investing in a hotel for buy to let purposes include the potential to make large returns if the costs of hotel stays are high. However, these returns would only be possible if your hotel room generated a lot of interest and demand. When you own a rental property, you usually have guaranteed tenants for a minimum tenancy period of 6 months or so, but with a hotel room investment, people may only stay one or two nights and you could be left with long void periods. Another disadvantage of this type of buy to let investment is the level of risk involved. Since a hotel is a business, it's at risk of potentially failing and leaving you back to square one.

What is the Best Investment for a First Time Buyer Renting out Property?

The most popular option for a first-time buyer renting out property is usually student buy to let. This is because student properties are usually cheaper to purchase and come with high yields, making them ideal for those just getting started with property investment.

Buy to Let Tip: Know Your Tenant

Knowing and understanding your tenant is a key element of buy to let investment. Before you make the final decision on which property type you're going to target for your investment, one of the biggest buy to let tips is to get to know your tenant a little better. When you get into the mindset of your potential tenant, you'll gain a better insight into the features and qualities that they favour in a rental property. A lot of the time, taking time to do this before you find tenants can be the key in how to buy to let successfully.

For instance, imagine your ideal tenant is a young professional couple in Manchester. Think about their main requirements for their rental, which could include proximity to both their workplaces, good transport links, a modern and stylish design, and amenities such as an onsite gym, which make life easier for those with a busy lifestyle. Identifying these things will help you make a more informed and well-rounded buy to let investment.

DISCOVER THE BEST AREAS TO INVEST IN STUDENT PROPERTY

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6. Choose Between Off-Plan or Refurbished Properties

Along with choosing whether you want to purchase a student or residential property, you should also ask yourself - should I invest in buy to let in the form of an off-plan or refurbishment property? These are the main two types of buy to let property available, and each comes with their own pros and cons. So what do each of these terms mean?

What is an Off-Plan Property?

An off-plan property is a property which hasn't been completed yet, meaning it is purchased while 'off the plan'. The investor will buy an off-plan buy to let property without seeing the finished outcome. This could mean that the property is still in the planning stages, construction has only just begun, or it may be on the way to completion.

What is a New Build Property?

The definition of a new build is in the name - it's a property which has been newly built within the last couple of years. New builds are sometimes defined in different ways, and some people class a new build as a property that's been built in the last one or two years, while others consider a property a new build if you or your tenant is the first to live in it. It's for this reason that off-plan properties and new builds are often grouped together.

What is a Refurbishment Property?

A refurbishment property is a property which has been refurbished and updated. These type of projects are usually pursued by those interested in becoming a property developer. With buy to let, this usually means period properties which have been renovated and turned into modern apartments.

Buy to Let Tip: Weigh up the Benefits of Off-Plan Vs Refurbishment

There are many benefits of off-plan property investment for buy to let, and it's a good idea to learn more about these before making a decision on the type of property you will purchase. Head over to our off-plan investment guide to find information on both the pros and cons of this type of investment

7. Choose Between a Hands-On or Hands-Off Investment

'This is definitely something you'll want to consider as part of your buy to let investment process and can depend on a number of different factors'

When you invest in a buy to let property, you'll be faced with the choice of either managing the landlord side of the investment yourself or hiring a property management company to help you. This is definitely something you'll want to consider as part of your buy to let investment process and can depend on a number of different factors.

What is a Hands-Off Buy to Let Investment?

A hands-off property investment is when an investor purchases a buy to let property but doesn't get involved in the day-to-day management of the property. This would normally mean that they've hired a property management company to carry out these duties for them.

The opposite of this is a hands-on investment, which those interested in how to become a landlord tend to opt for. With a hands-on buy to let investment, you would be responsible for any landlord duties such as finding tenants, responding to calls and queries, and arranging any repairs or maintenance.

Does Buying Buy to Let Property Through a Company Make it a Hands-Off Investment?

If you're buying buy to let property through a company, you'll often be provided with the option to leave your investment in the hands of a trusted management company. At RWinvest, we work with only the best property management companies to make sure our investors are getting the most out of their venture. Of course, it isn't necessary to choose a hands-off investment, as you also have the choice to manage the property yourself if you prefer.

'A hands-off property investment is when an investor purchases a buy to let property but doesn't get involved in the day-to-day management of the property'

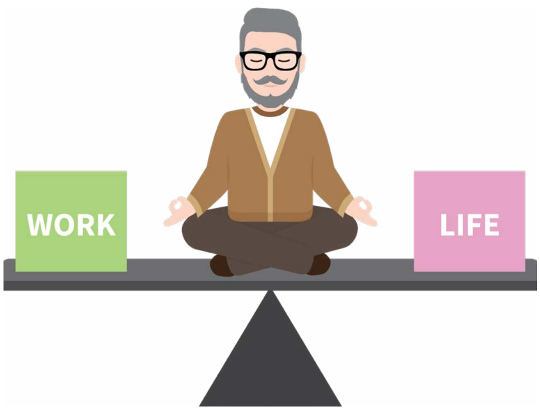
What are the Benefits of Using a Property Management Company?

There are different benefits that come with using a property management company. One of the main advantages is the fact that you'll have more freedom to maintain your career, travel, or enjoy other commitments without having to worry about maintaining your rental property. You'll often also be met with a higher-quality of tenants due to detailed tenant screening processes carried out by the management company or letting agent.

Buy to Let Tip: Work Out Whether You Have Time for a Hands Off Investment

If you're unsure whether you should choose a hands-on or hands-off investment when buying property to let, spend some time thinking about the option that would work best for you. You should be realistic with this, and work out whether you would have actually have the free time needed to successfully manage a hands-on investment. If you're still unsure of this, you can always enquire with either our offices or a property management company of your choice and discuss your options.

'One of the main advantages if the fact that you'll have more freedom to maintain your career, travel, or enjoy other commitments without having to worry about maintaining your rental property'



8. Understand the Costs Involved

'Whether or not you decide to pay in full or use a buy to let mortgage, there are also other costs to know about when invetsing in buy to let'

As with any financial venture, it's crucial to spend time planning out and fully understanding the costs involved with buy to let investments. Aside from the obvious price of the property itself, whether or not you decide to pay in full or use a buy to let mortgage, there are also other costs to know about when investing in buy to let.

Here are some of the most common costs that buy to let investors need to consider before getting started with buying a flat to rent.

Survey Fees

While there are no legal obligations to pay to get your buy to let property surveyed, some property investors prefer to do so to ensure they're buying a buy to let property that's in good condition and meets their standards.

With buy to let investments through a property company, the most popular type of survey that's carried out is a snagging survey. Snagging surveys are designed to check for any issues within a new build home, and these will usually only be permitted once the development is completed. Snagging surveys, or any type of surveys, will be carried out by a professional surveyor. Costs for snagging surveys when buying a flat to rent usually range from around £300 to £600.

Solicitor Fees

As part of the buy to let legal conveyancing process, buy to let investors will use a solicitor to help them through this part of the investment. Solicitors will also help investors with legal documents such as contracts, and any other legal requirements involved with buying a buy to let property.

The exact cost of these fees will, of course, depend on the solicitor you work with. Many property companies will already have solicitors that they can recommend to their clients, and this is often a good route to take if you want to ensure your solicitor is experienced and trustworthy enough to work with. On average, buy to let conveyancing fees cost around £850-£1,500.

Management Costs and Agent Fees

As previously covered, when investing in buy to let, you'll be faced with the choice of either managing the property yourself or using a property management company. Using a property management company certainly comes with a lot of benefits, but it's also another buy to let cost that investors should consider.

Again, the exact cost will depend on the rental management company you choose, but property management costs are typically 10% to 15% of rental income. This is another reason why one of the best pieces of buy to let advice is to seek out the highest yields possible. With higher rental returns, the investor is still able to make a substantial rental income from their buy to let property even after paying management costs.

Maintenance Costs

As with any property, there are often maintenance costs involved with buy to let. Anytime something goes wrong within a property, such as if there's a faulty kitchen appliance or a leaking tap, it is the property owners job to pay for repair costs. The only exception to this rule is if you've purchased a leasehold property instead of a freehold property, and there is a repair issue involving the building itself.

A lot of buy to let investments, specifically apartments, will have leasehold ownership. This means that the investor doesn't own the building itself or the grounds of the property. While this can minimise some maintenance costs, there is actually another buy to let fee that comes with leasehold ownership, which is the service charge of the property. This includes things like ground rent and electrical bills for communal areas. The cost of service charges for a leasehold buy to let investment depends on the amount set by the freeholder.

Taxes

Lastly, when buying to rent, there are taxes that investors must pay. We'll cover buy to let taxes in more detail in section 10 of our buy to let guide, but stamp duty land tax is the most common. The type of tax and the amount investors pay for buy to let investments will vary by country, with England, Scotland and Wales offering varying tax rules.

Buy to Let Tip: Work Out Your Potential Costs

As part of your **buy to let strategy**, spend some time thinking about all of the possible costs that could be involved with your investment. This way, you'll know exactly how much you need to budget for your investment and will feel more prepared moving forward. Talking to a financial advisor could be a good way to make sure you understand each cost in detail, and seek out useful financial buy to let information.

'The type of tax and the amount investors pay for buy to let investments will wary by country, with England, Scotland and Wales offering varying tax rules'

9. Get Buy to Let Mortgage Advice

'While some circumstances don't allow you to use a [buy to let mortgage](), many investors find a buy to rent mortgage necessary in order to meet property payments'

Many people who invest in the UK buy to let market opt to use a buy to let mortgage to help them with the costs of buying a buy to let property. While some circumstances don't allow you to use a buy to let mortgage, many investors find a buy to rent mortgage necessary in order to meet property payments. Whether you plan on using one or not, these types of mortgages make up a big part of many people's investment journey. Find out more with this buy to let mortgage guide.

What is a Buy to Let Mortgage?

A buy to let mortgage is a loan agreement that's specifically tailored to those purchasing a rental property. A buy to let mortgage in the UK works in a similar way to a regular residential mortgage. The main difference, apart from the property type, is that buy to let mortgage rates and interest rates tend to be higher.

How Much Mortgage Deposit is Needed When Buying a Buy to Let Property?

Your buy to let mortgage deposit will usually be a minimum of 25 per cent of the property value, but this can vary between 20 to 40 per cent depending on the individual mortgage. For example, if your property value was £120,000, you'd need to pay a deposit of at least £30,000 as the cheapest buy to let mortgage deposit.

What are the Buy to Let Mortgage Rules?

There are usually certain buy to let mortgage rules and criteria that you need to meet. For instance, to get a buy to let mortgage, you need to already own your own home, have a good credit record, and earn over £25,000 a year.

Certain lenders will have different rules, but these are normally the main criteria that are required before a mortgage provider approves you for a buy to let mortgage. This means that if you're a first-time buyer, a buy to let mortgage isn't an option, so you'll need to explore alternative ways to purchase the property.

Some lenders also have age limits for their mortgages, with a typical age limit of between 70 or 75, meaning that your mortgage payments must end by the time you reach this age.

Certain property types, such as off-plan properties, are difficult to purchase with a buy-to-let mortgage. Those who want to obtain a mortgage for a rental property will struggle to do so with off-plan investments. Because mortgage lenders will typically only guarantee the amount they're going to lend for up to six months, they're unlikely to agree to fund an off-plan investment in case the development doesn't complete within this time.

What if I Don't Use a Buy to Let Mortgage?

If you don't want to use a buy-to-let mortgage when buying to rent, you can always pay off your property investment fees in full. If you have the money to do so, this may be the easier option, as you won't have to worry about keeping up with mortgage repayments and possible rising mortgage rates further down the line.

Buy to Let Tip: Speak to a Buy to Let Mortgage Advisor

Deciding whether or not you should use a mortgage for your buy to let property is an important part of your investment journey. While we've tried to provide you with as much information as possible on the basics of buy to let mortgages, you should also seek out the help of a mortgage advisor. This way, you can get first-hand top tips and buy to let mortgage advice on things like mortgage repayments, types of mortgage and finding a mortgage provider, and get immediate answers to any questions you have.

10. Learn About Buy to Let Taxes

'Tax rates on buy to let property can differ depending on the type of tax involved'

As mentioned in tip eight, when you purchase a buy to let property, there are certain taxes involved as an added buy to let cost. Tax rates on buy to let property can differ depending on the type of tax involved. The tax implications of buy to let property can sometimes turn people away from the idea of buy to let, which is why it's so important to educate yourself on the potential fees involved before making any big decisions. From stamp duty to capital gains tax, here are some important things you should know.

Stamp Duty Tax on Buy to Let Property

Since April 2016, it became a law that those purchasing a second home must pay a stamp duty tax, otherwise known as SDLT (stamp duty land tax), on properties worth over £40,000. Therefore, this will apply to you if you currently own your own home and are buying an additional property for buy to let purposes. You also need to pay stamp duty whether you own a freehold or leasehold property. You can use a stamp duty tax cost calculator to work out how much this could cost you for your buy to let investment. As a rule of thumb, you'll pay 3 per cent tax fees on properties up to a value of £125,000, 5 per cent on properties up to £250,000, and 8 per cent on values of up to £925,000.

Capital Gains Tax for Buy to Let Investors

One of the biggest taxes that buy to let investors need to pay is capital gains tax. Capital gains tax is a tax on any profit you make from the sale of an asset. This applies to buy to let, so when selling a buy to let property, capital gains tax should be expected. In fact, the capital gains tax when selling buy to let properties is actually higher for landlords, with tax rates on buy to let property of 18 per cent for basic-rate taxpayers and 28 per cent for additional rate taxpayers. The amount you'll pay for capital gains tax on a buy to let property sale will differ depending on the price of the property.

Tax on Buy to Let Income

The income that investors receive from their buy to rent property is taxable, and investors will need to declare any rent their receive in their Self Assessment Tax Return. The rate of income tax will depend on the amount of income you receive. In 2020, new rules came into force which mean that basic-rate taxpayers will pay 20% tax on any earnings between £12,501 to £50,000. Higher rate taxpayers will pay 40% on any income worth £50,001 to £150,000, while additional rate taxpayers will be taxed 45% on earnings over £150,000.

What About Tax Relief on Buy to Let?

'Paying tax on buy to let property isn't everyone's favourite part of the investment process, and fortunatley, it is possible to deduct some costs from your overall outgoings'

You may be wondering whether you can claim any tax relief when you buy an investment property. Paying tax on buy to let property isn't everyone's favourite part of the investment process, and fortunately, it is possible to deduct some costs from your overall outgoings.

In the past, certain rules were in place which allowed investors to take advantage of significant buy to let tax relief. In more recent years, however, things have changed and a new buy to let tax system has been introduced. Let's take a look at the possible tax relief options you should explore as a buy to let investor.

Can I Get Tax Relief on Buy to Let Mortgages?

Those who use a buy-to-let mortgage to pay for their rental property are able to benefit from some tax relief. While this isn't as substantial an amount as it was in the past, it's still definitely worth exploring if you're looking into beginning your buy to let journey.

Before April 2017, private landlords that had a buy-to-let mortgage could deduct any interest they paid towards their mortgage payments from their full rental income amount. For instance, investors who had an annual mortgage interest payment of £9,000 and made returns of £10,000 per year through rental income would only need to pay tax on the remaining £1,000. Therefore, those in a tax bracket of 20 per cent would only need to pay a tax bill of £200.

However, since the 2017-18 tax year began, new buy to let property tax changes have been introduced on a gradual basis until plans are finalised. Following this period, the percentage of mortgage interest payments deductible from rental income has been decreasing, down 100 per cent to 25 per cent in the 2019-20 tax year. By 2020, this percentage will reach zero.

Once this happens, buy to let investors will be unable to deduct any amount of their mortgage interest payment from their rental income before paying tax. A landlord that earns £10,000 a year in rental income and pays £9,000 in mortgage interest payments will instead have to pay tax fees on the entire £10,000.

If you're concerned about these tax relief changes, a buy-to-let mortgage might not be right for you. If you have the means to do so, it might be worth looking into purchasing your buy to let property outright.

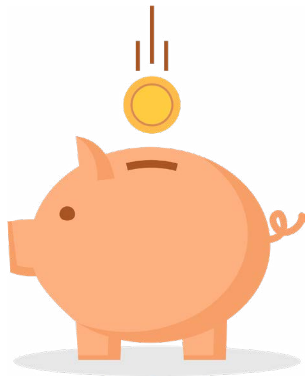
How to Avoid Capital Gains Tax on Buy to Let Property

From April 2020, a new buy to let rule came into place, 'Private Residence Relief', which provides certain investors with some relief on their capital gains tax. Buy to let landlords who lived in their property before putting it on the rental market can avoid paying any capital gains tax for both the time they lived in the property and for the following nine months after moving out.

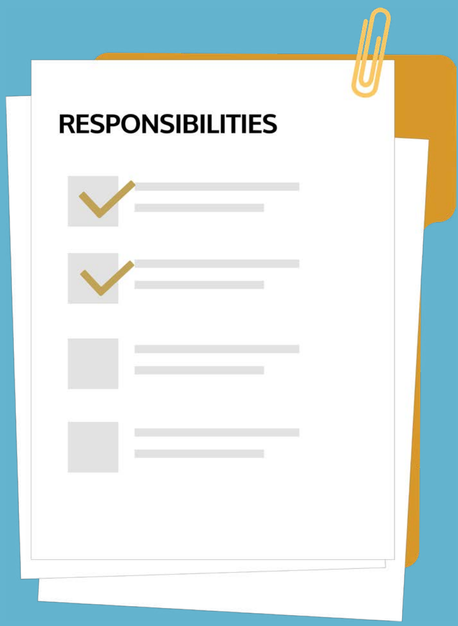
Buy to Let Tip: Speak to a Financial Advisor for More Information

Investing is a big deal, and while this guide offers information on what to expect in terms of buy to let costs and taxes, you should consider seeking the advice of a financial expert. This will allow you to be a lot more knowledgeable on the subject and fully prepared for any buy to let property tax that comes your way.

'Buy to let landlords who lived in their property before putting it on the rental market can avoid paying any capital gains tax for both the time they lived in the property and for the following nice months after moving out'



11. Learn About Buy to Let Rules and Responsibilities



What Legal Responsibilities Will I Have as a Buy to Let Investor?

Buying to rent comes with certain legal requirements that investors need to follow regarding tenancies. Whenever you find a resident for your buy to let property, you need to create a written tenancy agreement which must be signed before the process moves forward. This is essential as it ensures you have full control of both yours and your tenant's rights, avoiding any issues from arising.

One common agreement is that tenants will pay a deposit before they move into the property which they'll get back at the end of the tenancy. When this happens, the deposit must be stored in a protected Tenancy Deposit Scheme. Your investment property should also be completely safe for tenants to live in, so make sure the gas and electrics are safety compliant.

What Changes to Buy to Let Rules Do Investors Need to Know About in 2020?

For those seeking buy to let properties for sale in 2020, there are some changes to certain buy to let rules that you should know about. Here is a summary of some of the most important new buy to let rules to understand before beginning your investment.

Energy Efficiency Rules

As of April 2020, new rules came in place which required all landlords to meet Minimum Energy Efficiency Standard (MEES) regulations. In a bid to make the property market more environmentally friendly, this new guideline will see landlords with existing properties impose these new regulations in their rental properties. While this new buy to let rule is more likely to affect those who already own properties, the rule will have less of an impact on new investors that are buying new build properties, especially since modern properties are typically built to be more eco-friendly. Still, it's always important to be aware of any requirements like this before **buying a property to let.**

'While this new buy to let rule is more likely to affect those who already own properties, the rule will have less of an impact on new investors that are buying new build properties, especially since moderrn properties are typically built to be more eco-friendly'

Electrical Checks

From 1st June 2020, it has become mandatory for private landlords to make sure that all electrical installations within their property are checked by a qualified electrical specialist prior to the commencement of a new tenancy. Since this is mainly a requirement for private landlords, those who invest in buy to let through a company may not need to worry about this, especially since property management companies will usually ensure that all legal safety requirements have been met.

Buy to Let Tip: Do Further Reading on Rules and Regulations

It's important to understand everything expected of you as a buy to let investor, as there could be negative repercussions if you fail to do so. The National Landlords Association is a great website to take a look at if you want to read about current buy to let rules and regulations in more detail. You can also find more information on buy to rent landlord requirements on the gov.uk website or by seeking legal advice.

'It has become mandatory for private landlords to make sure that all electrical installations within their property are checked by a qaulified electrical specicialist prior to the commencement of a new tenancy.'

12. Ensure Your Investment is Safe and Secure

While it's crucial for those who invest in buy to let to make sure their rental property is safe for the tenants who live there, it's also important that the investor feels safe and secure in their venture. Since you're putting a lot of money into your buy to let investment, and have high hopes for the kind of returns you'll generate, you should take the following steps to ensure your property is protected and you're unlikely to face any major issues.

Use Due Diligence

Due diligence is one of the most important buy to let tips for all investors embarking on a new venture. Using due diligence means to properly research the property itself and the developer behind it. This is particularly crucial when investing in off-plan buy to let property, as you're putting your money into something which is not yet complete.

Start by researching the developer that's behind the creation of the property you're interested in. This means heading to their website to read about their backstory, browsing their recent and current developments, and reading customer reviews. You should also pay attention to their portfolio of completed properties as this will highlight their experience and track record of success. It's also a good idea to do an internet search to see if there's any news coverage of the development company, as this can indicate whether they're an established business with a good reputation. The main things you want to look out for are the level of experience the developer has, what past clients have to say about them, and whether or not they seem like a reliable company who create high-quality investment properties.

Get Insured

There are different types of insurance that are recommended for those who **buy investment property**. Taking out insurance helps to protect your investment against things out of your control. Here are some of the most common types of insurance to consider if you're **buying a property to rent.**

Building Insurance

Building insurance is a type of insurance that protects the structure of the property itself. In the event of something like a fire or a flood, building insurance means that the owner of a property can be reimbursed for any damage that's caused. When purchasing **buy to rent houses** as a private landlord, building insurance is necessary. However, if you're investing in buy to let through a property company, this will usually be taken care of for you. This is especially true if you're buying a leasehold apartment, as insurance for the building itself won't be your responsibility.

Loss of Rent

Loss of rent is one of the biggest concerns for any buy to let investor, so it makes sense that many investors choose to protect themselves against this. Loss of rent insurance covers landlords and investors against void periods when a property is uninhabited for a set period of time. Those who use a property management company to help them with their investment don't usually need to take out loss of rent insurance as the rental company will often cover these losses if the rental returns were listed as assured. Still, it's definitely worthwhile knowing about this type of insurance as it could come in handy for those who choose a hands-on investment or choose to operate as a private landlord.

'Loss of rent insurance covers landlords and investors against void periods when a proeprty is uninhabited for a set period of time'

Contents Insurance

Contents insurance is often taken out by buy to let investors who have supplied their own furniture and equipment to the tenant. This insurance will protect against damage to the possessions owned by the person buying a property to rent. Therefore, if you're offering your rental property as unfurnished, this may not apply to you. Here at RWinvest, we offer some fantastic furniture packs for our investment opportunities, helping to complete the high-quality feel of each unit. If you decide to purchase a furniture pack for your buy to let venture, you may need contents insurance to keep your possessions safe and stop you needing to replace your furniture, which will result in further **buy to let costs.**

Top Buy to Let Tip: Remember that Research is Key

While investing is a lot about taking risks, it's also important to minimise any potential risks as much as possible. Whether researching insurance policies to protect your buy to let investment or researching the property company and developer behind it, the due diligence stage is essential for every buy to let investor journey.

'Contents insurance is often taken out by buy to let investors who have supplied their own furniture and equipment to the tenant.'

A Summary of our Top Tips for Buy to Let:

- ✓ Understand the basics
- ✓ Weigh up the pros and cons
- ✓ Know what to look for
- ✓ Explore buy to let areas
- ✓ Look at different strategies
- ✓ Choose between off-plan or refurbished
- ✓ Choose between hands on or hands off investment
- ✓ Understand the costs involved
- ✓ Get buy to let mortgage advice
- ✓ Learn about buy to let taxes
- ✓ Learn about buy to let rules and responsibilities
- ✓ Make sure your investment is protected

DISCLAIMER:

The information we've used in this section of our buy to let guide was taken from the following sources - Simply Business and Money Supermarket. If you want to find out more about the possible tax on the sale of buy to let property or your tax on buy to let property income, consider speaking to a financial advisor or provider of financial services who can give you more in-depth guidance. For detailed and thorough legal advice, reach out to a third party solicitor who specialises in property law.

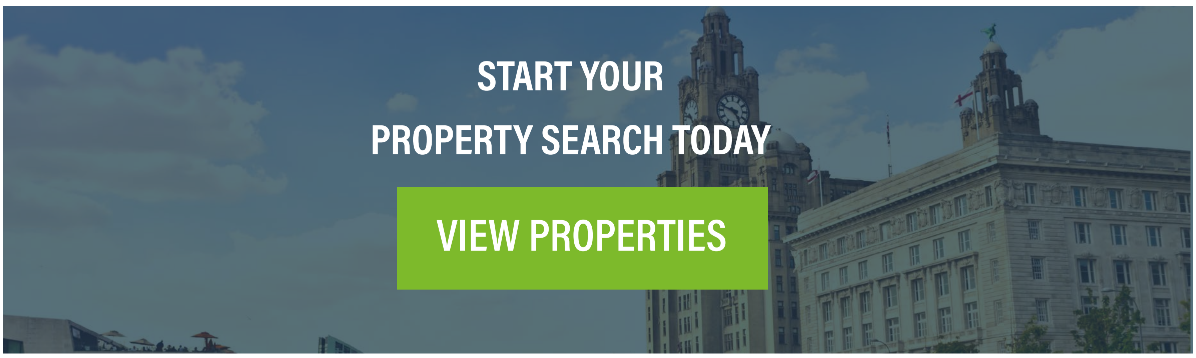
Buying an Investment Property: Your Next Steps

Now that we've covered the main elements of buy to let and offered top property tips on how to succeed as a first time buy to let investor, why not get in touch and discuss your options with one of our property professionals? When it comes to **property, buy to let** offers some of the best prospects for building a lucrative income, and here at RWinvest, we have the right knowledge and the best opportunities to help you succeed.

No question is off-limits when it comes to purchasing your first buy to let property, whether you're concerned about risks and returns or you want to be sure you know the best buy to let areas for growth and demand. Whatever your query, our dedicated team are happy to offer further top tips for buy to let success, and helpful advice to make your investment journey run as smoothly, safely and securely as possible.

If you're ready to find a **buy to let property for sale** and get involved in your first **buy to let scheme**, contact us today to explore our **buy to let investments for sale** in the UK. We find the **best buy to let properties** in some of the top UK locations like Liverpool and Manchester, bringing our investors **buy to let flats** with high yields and strong capital growth.

Be sure to also keep up to date with our buy to let news update section for regular articles and blog posts on market updates, buy to let tips, and more. You can also listen to the buy to let episode of our RWinvest property podcast - the Property Talk.



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