

**RWinvest**

EST. 2004

# A Guide to Buying a Second Property to Rent Out



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PARLIAMENT  
SQUARE

Liverpool

Prices from **£104,950**

**7% NET** Rental Return

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Number of British people  
owning a second property

+50%

2001

2019



Buying a second home is becoming increasingly popular among UK homeowners, with the number of British people owning a second property having risen by over 50% between 2001 to 2019. There are different reasons for buying a second home. Some people will choose to use their second property as a holiday home, while others seeking out the buy to let route will instead be buying a second property to rent out and generate income.

Whatever your reason for purchasing a second property, here are some commonly asked questions about the process of doing so and what's involved, along with tips for buying a second home to rent out.

# What are the Reasons for Buying a Second Property?

There are multiple different reasons why someone may buy a second property. Here is a summary of the different motives behind buying a second home in the UK.



1

Many people buying a second property may do so as a buy to let strategy. Here at RWinvest, this is the option we specialise in, since we offer so many high-quality buy to let properties in the UK and have a lot of experience dealing with buy to let investors. The investor will be involved with buying a second property to rent out to tenants and generate a regular rental income. Then, if they choose to sell the property further down the line, they'll also benefit from capital growth returns.

2

Another reason for buying a second home from an investment perspective is as part of a buy to sell strategy. Instead of buying a second property to rent out, UK investors will often purchase a second home as part of a development project where they'll refurbish the property with an aim to sell it at a higher price. This way, the buyer misses out on rental income, but generates a large lump sum of income due to capital growth returns.

3

Another popular reason to buy a second property is to use the second property as a holiday home or place to stay when travelling for work, either in the UK or abroad. Many people choose this option if they frequently visit the same area and don't wish to pay the cost of a hotel or rental house/apartment. When not in use, the second home may still be rented out on a short-term basis, with the help of platforms like Airbnb.



## What are the Available Mortgage Options for Buying a Second Property?

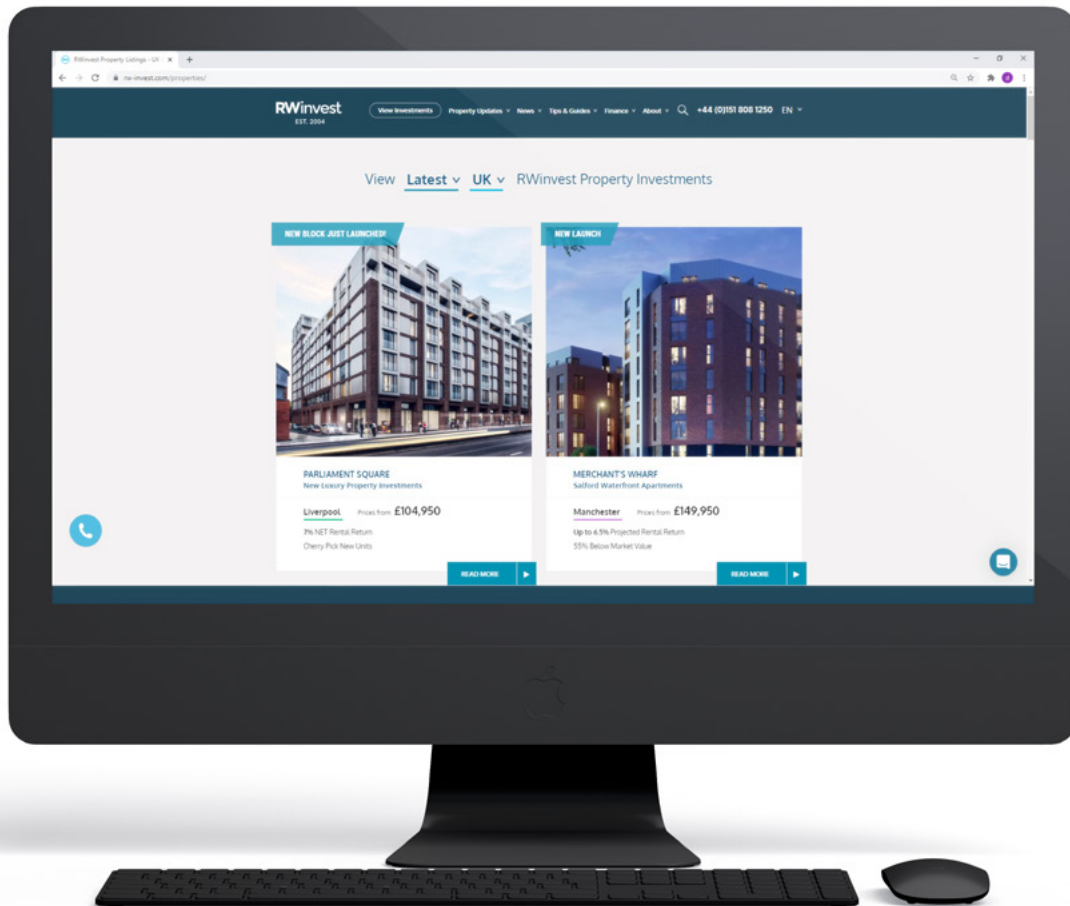
When buying a second property to rent out as a buy to let investor, you'll need to obtain a buy to let mortgage if you're unable to pay for the property in cash. Whereas, if you're buying a second home to live in or use as a holiday home, you'll need to get a second residential mortgage.

'Buyers [are] expected to put down at least 25% of the property price.'



Both a buy to let mortgage and second home mortgage requires a larger minimum deposit compared to first-time residential mortgages, with buyers expected to put down at least 25% of the property price. If you're an investor looking for more details on buying a second home, use our mortgage calculator for buy to let investors.

# Start your search today.



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Click the button below to view our latest investments.  
Start your investment journey today.

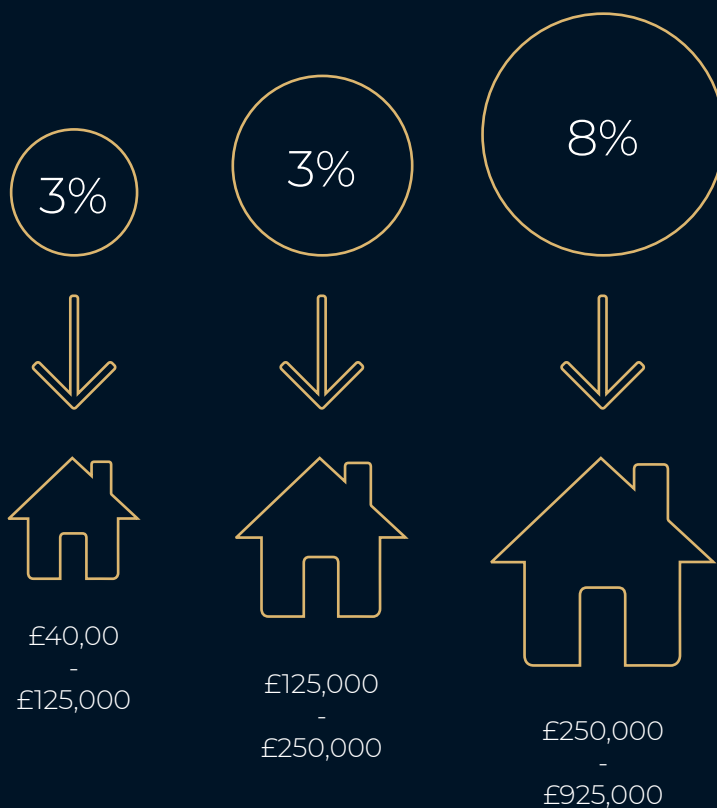
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## How Much Does Buying a Second Property to Rent Out Cost?

Aside from the costs of the property itself, buying a second property to rent out incurs certain costs that should be considered. For instance, when buying a second home, tax implications for UK investors exist which are important to learn about prior to making a purchase.

'The most prominent tax cost is Stamp Duty Land Tax, which is payable on all second properties, whether being used for buy to let or as a second home.'



The most prominent tax cost is Stamp Duty Land Tax, which is payable on all second properties, whether being used for buy to let or as a second home. For buy to let purchases, investors need to pay 3% tax on property priced between £40,000 to £125,000, 5% tax on property worth £125,000 to £250,000, or 8% tax on a property priced between £250,000 to £925,000. However, with new rules put in place under the stamp duty holiday, those buying a second property to rent out will only need to pay 3% tax on property with a value of up to £500,000.

Another cost included with buying a second property to rent out is income tax. There are different rates of income tax for people to pay depending on whether you're buying a second property to rent out full-time, or buying a holiday home and renting it out for short term lets.





Parliament Square, Liverpool

## **Can I Let Out My Second Property Without Being an Investor?**

Many people who own a second property to rent out may not consider themselves buy to let investors if they only let the property out for shorter periods of time. Using a second property as a short-term or holiday rental is a popular choice for those who don't need access to their property all year round. However, if you're using a residential mortgage to pay for your second home, and don't own the property outright, you will need to check with your mortgage lender on whether it will be possible to do this.

## **Can you Rent out a Second Home Without a Buy to Let Mortgage?**

If you plan on buying a second property to rent out on a full-time basis, but don't have the full amount of cash available for the purchase, you will need to obtain a buy to let mortgage. It is only possible to rent out a second home without a buy to let mortgage if you have outright ownership of the property. If you're using a residential mortgage to pay for the property, but decide that you'd like to start renting the property out, you can request to switch to a buy to let mortgage. To do so, you would need to speak to your mortgage lender to find out if this is possible for you.

## **What About Buying a Second Home & Renting out the First?**

Rather than buying a second property to rent out while living in your existing home, another option people consider is buying a second home and renting out the first. If you're still using a residential mortgage to pay for the first property, you may need to switch this to a buy to let mortgage, while using a residential mortgage to fund your second property.



# Should I Buy a Second Property to Rent Out?

If you're keen to start earning money as a buy to let investor, then buying a second property to rent out is a great option. Buying a second property to rent out in the UK allows investors to make significant earnings through rental income and capital growth, with a number of exciting opportunities available across top UK cities. If you're wondering how to buy a second property to rent out, here are 3 quick and helpful tips for buying a second home.



1

Make sure you're financially ready to commit to purchasing a second home. This includes making sure you qualify for a buy to let mortgage if necessary, and being prepared for the taxes and extra costs involved.

2

Spend time researching the property market, finding out about the best places to invest in property in the UK and focusing on areas with strong growth, demand, and rental yield potential.

3

Find a suitable second property. This may mean speaking to property experts who can advise you on the best opportunity for your needs and budget.

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Still wondering 'should I buy a second property to rent out?' and feeling unsure of the investment process? Please speak to one of our helpful property consultants at RWinvest, who can talk you through your options and help you find the perfect rental property. Buying property through a company who is trusted and experienced is one of the best ways to secure a reliable buy to let venture.



For a more detailed insight on how to buy a rental property to rent out, make sure you check out our in-depth guide to buy to let property investment.



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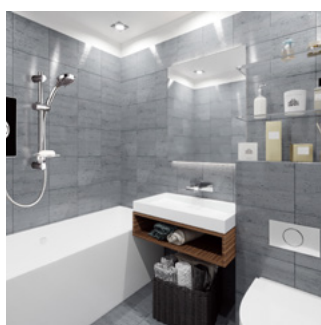
City Terraces, Liverpool



## View our Track Record

When we founded RWinvest in 2004, our mission was to help investors like you succeed, matching you with carefully vetted opportunities that offer excellent growth prospects. Our focus has always been on transparency, reliability and quality, bringing investors together with the best developers and management companies in the UK.

[rw-invest.com](http://rw-invest.com)



**Find Out More**





The background of the entire image is a dark blue, almost black, marbled texture. It features intricate, swirling patterns of lighter blue and white veins, giving it a sophisticated and organic appearance, similar to high-quality marble or a deep-sea environment.

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