

RWinvest

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Top 17 Tips for getting started in Property Investment: Creating a Strategy

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Decide Between Off-Plan and Refurbished Properties

'Both off-plan and refurbished property investments offer different benefits depending on what you want from your investment, and also some risks'



Now that you know how to buy your first investment property in relation to its location and tenure, it's time to talk about off-plan versus refurbished properties. Whether you decide to invest in an off-plan or a refurbished property will have a big impact on the outcome of your investment.

Both off-plan and refurbished property investments offer different benefits depending on what you want from your investment, and also some risks. So what does this different terminology mean?

What does buying an Off Plan House mean?

Buying an off-plan house means purchasing a property before it's been fully completed. This means that the property is still in the planning or development stages. Off-plan property is a popular investment type due to the potential for capital gains, the lower costs, and the appeal of a new build.

What is a Refurbished property?

Refurbished properties are typically historical buildings or period properties that have been renovated to meet modern standards. Refurbished properties can be popular with investors who favour the charm of older builds and want to put their own spin on an existing property. Those who want to become a property developer will typically focus on this kind of project.

Are New Builds better than Old Homes?

There are many reasons why new builds are considered better than older homes. New build properties tend to be more energy efficient, have less need for repairs, and are easy to personalise. These type of properties also attract tenants who prefer being one of the first to live in a building.

While there are certainly advantages to living in a new build, that's not to say that older properties don't also have benefits. Older builds tend to be more spacious and have more history and character behind them.

One downside, however, is that these properties can require a lot of maintenance and repairs to get them ready for tenancy. If they haven't already been refurbished prior to investment, investors will need to pay costly fees on these properties to get them up to scratch.

Important Questions to ask when buying Off-Plan Investment Properties

Before buying an off-plan property investment, you need to know how to identify a good developer, make sure the property will be created to a high standard, and ensure your funds are protected. You should also make sure you understand the buying process for off-plan properties.

Usually, off-plan properties are purchased in different stages, with a percentage of the overall cost being put down each time. Make sure you're clear on the amount needed for each stage payment to avoid any issues.

All of our off-plan properties at RWinvest are developed by world-class companies with a track record for success. We're available to answer any questions you have about off-plan properties and can guarantee that your funds will be safe throughout the entire investment process.

BUYING OFF-PLAN PROPERTY: THE COMPLETE GUIDE

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How to Decide

If you're struggling to decide whether to invest in an off-plan or refurbished property, it's important to keep your potential tenants in mind. Remember that a lot of tenants, particularly young professionals and students, will expect modern features and high-end appliances in a property, along with a well-designed layout. Many people are also becoming more conscious of living an eco-friendly lifestyle, which makes off-plan new build properties the better choice.

Many off-plan properties also allow potential investors to pay a deposit and then the full sum on completion, spacing out their costs over a longer period. Refurbished properties can offer a more unique investment, with design features that appeal to tenants, while off-plan properties can offer a more modern rental property with newer features.

One downside that comes with off-plan property investment is that investors may feel disappointed with the outcome of their purchase. To avoid this, be sure to make extensive enquiries before committing yourself to the investment. Here at RW Invest, we're one of the UK's top property investment companies when it comes to providing our clients with as much information as possible. This includes taking them on tours of the construction site and using virtual reality to give potential investors an idea of the finished property.

'Refurbished properties can offer a more unique investment, with design features that appeal to tenants'



Know How To Get the Best Investment Deals

'One of the best things about property investment is that when looking hard enough, it's possible to find deals and discounted rates on many lucrative investment opportunities'



One of the best things about property investment is that when looking hard enough, it's possible to find deals and discounted rates on many lucrative investment opportunities. If you're looking for information on how to invest in property while keeping costs as low as possible, another top property investment tip is to make sure you know how to find and identify the best investment deals.

Explore Off-Plan Property

One of the best ways to find a discounted property is to invest in off-plan properties. As mentioned in tip number seven, off-plan property is typically more affordable due to the fact that this type of investment comes with below-market rates offered by the developer. If you're keen to find a good buy to let investment deal, exploring off-plan investments is a major factor when considering how to get into property investment.

Enquire About Available Offers

If you're looking for deals on a specific property that you have your eye on, it's always worth enquiring with the company you're purchasing the property from. For instance, the properties we list at RWinvest often come with offers or deals which are available to investors but not advertised. Following the nationwide lockdown brought on by the Covid-19 pandemic, many proper developers introduced discounted rates and deals for their properties, which have allowed investors to make huge savings. Without inquiring about possible offers, you may never find out what's available and could be missing out on some amazing opportunities.

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Find Opportunities in Affordable Locations

Another way to find the most affordable investment deal is to focus on cities and areas with the lowest property prices. Investors can find affordable yet lucrative investment opportunities in UK cities like Liverpool which offers a low average property price and the chance for investors to get more for their money.

You should keep in mind, however, that just because a property is cheap doesn't mean it's a good investment. When browsing for the best investment deals, always remember to factor in rental yields capital growth and overall statistics for the area such as demand and population statistics. Here are some of the most affordable Liverpool postcodes for those looking to keep costs low when investing money in property.



L1

Average property asking price according to Zoopla (as of August 2020):

£123,233.

L2

Average property asking price according to Zoopla (as of August 2020):

£154,011.

L3

Average property asking price according to Zoopla (as of August 2020):

£162,021.

Make Sure You Get the Highest Rental Yields

'When it comes to investing in property, a number of UK locations offer some competitive rental returns'



When it comes to investing in property, a number of UK locations offer some competitive rental returns. Rental yields are assured by developers over a certain period of time, and often reflect a favourable location with strong tenant demand. Any investor that's serious about making a lucrative investment should always understand what a good rental yield is.

How is Rental Yield calculated?

Rental yields can be calculated by taking the yearly rental income for the property and dividing it by the purchase price. Then, once you have this figure, multiply it by 100, and you'll be left with your rental yield percentage.

What is a good Yield on Rental Property?

Anything above 5 per cent is generally considered a strong rental yield. Yields of 8 per cent or more are highly desirable and can be found in a number of key UK cities. The higher the rental yield, the stronger the cash-flow that will be available to the investor.

High rental yields are one of the first things that you should look for in a future property investment, as they ensure that your property can pay for itself and cover any extra costs like maintenance fees and ground rent. Rental yields are often linked to a property's location or what type of property it is, so it is important you work out rental yields before investing. Rental yields are simple to work out and are a worthwhile endeavour if you are comparing many different properties, showing how quickly the investment can pay for itself.

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Where are the Best Rental Yields UK?

Rental yields can be increased in areas where there is a substantial lack of property and high tenant demand. University cities often present the most attractive yields, as cities with big student populations like Liverpool, Manchester and Leeds offer some of the highest yields.

Some of [Liverpool's top performing postcodes](#) for instance, including Edge Hill, Kensington and Fairfield, are located close to two of Liverpool's universities. Student properties tend to make more rental income due to the high rents on purpose-built student properties, while residential properties can also generate some high yields.

In Manchester, a city popular with both students and young professionals, rental yields are strong in many postcodes and the city was recently hailed the best place to be a landlord by GoCompare. While these Northern cities are proving strong, however, London is performing poorly with four of the capitals postcodes ranking bottom for rental yields.

While rental yields are an important factor in choosing a property investment, high yields don't always guarantee a successful investment. For example, you could invest in a terraced house in an area with attractive average yields, but find that the property struggles to attract desirable tenants and the house itself is difficult to sell. You need to take into account all elements of the investment, selecting a property that not only has strong yields but also is likely to grow in value due to capital appreciation in the area and will appeal to your target tenant.

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How much Profit should you make on a Rental Property?

When owning a rental property, you should aim to make enough money to cover any costs like taxes and other expenses, while still generating attractive returns. The higher the rental yield, the more likely it is that you'll make an attractive profit from your investment.



Look for Price Growth and Establish and Exit Strategy

'Similar to rental returns, when trying to answer how to invest in property, UK price growth through capital appreciation cannot be ignored'



Similar to rental returns, when trying to answer how to invest in property, UK price growth through capital appreciation cannot be ignored. It's something all investors should look for in their chosen area of investment if they want to plan out a clear exit strategy for the future.

What do you mean by Capital Appreciation?

Capital appreciation refers to the increase in value on a property, and many UK property investments are experiencing such growth. Cities that are seeing heaps of regeneration are attracting more tenants and enabling the rising of property prices, and being aware of this is one of the best investment tips you can follow.

Certain areas of the UK have been experiencing major house price growth, and investors are benefiting from these across the country. Before investing, it is a good idea to look at what areas are performing the best in the UK house price index and choose a property that has the potential to rise in value.

House price growth is one of the main reasons why so many people choose to invest in property, and there are some serious opportunities to make significant amounts of money out of rising property prices. Research property price growth predictions to get a better sense of the regions and cities whose property market is expected to perform well. If you're only interested in owning your investment property for a short period, finding out potential house price growth will indicate the best time to sell to maximise your returns.

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What is an Exit Strategy?

In property, an exit strategy is when an investor puts a plan in place for if they decide to sell their buy to let properties later in life. It's important to establish an exit strategy before making an investment to ensure you get the most profit out of your venture.

Usually an exit strategy is used when an investor decides they want to retire from property investment. An exit strategy might involve selling all your properties at once, selling particular properties separately, or selling when you feel it's necessary due to fluctuations in the property market. Whatever you decide, be sure to put research in to ensure everything runs as smoothly as possible.

What are the Key Elements of an Exit Strategy?

The key elements of a property exit strategy are to ask yourself how long you intend to invest for, determining your risk level, how you might exit, and who your most likely buyer will be. Research the different possible exit strategies to discover which one best suits you and your goals.

Like any other form of investment, it is important to think about whether you want to keep the investment for a long time or for a set period, with an exit strategy already decided. Establishing an exit strategy is important, as with any investment, and selling at the best time possible is a good way to ensure optimum returns and capital appreciation. By paying attention to the property market and understanding when a property has reached its maximum value, you can receive significant returns when exiting a property investment.

Contemplate a Management Strategy

'The best property investments always require a solid strategy, helping to give you clarity on the investment and ensure you're taking things in the right direction'

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Another aspect that you need to consider for your buy to let property investment is a management strategy. The best property investments always require a solid strategy, helping to give you clarity on the investment and ensure you're taking things in the right direction.

Part of your rental property investment strategy should be whether you want to use a management company or tackle property management yourself. If you're a beginner that's wondering how to get into property investment and looking for some buy to let advice, read these tips about property management in our property investment guide.

What does Property Management mean?

Property management means to oversee the management of a property. Usually, property management is provided as a service where a property management company runs certain day-to-day tasks for property investors. This is perfect for buy to let investors who don't want to manage the functional duties of the property themselves.

There are lots of reasons why you might choose to enlist the help of a property management company. One of the main reasons is so that you don't need to worry about finding a tenant, leaving the property management company to do this for you. This hassle-free approach is popular with investors who want to take a step back from the functional duties and demands of buy to let property.

You will have to pay for an additional management service, but wouldn't you rather spend more time expanding your portfolio than performing the day-to-day duties involved in running a property? This is the beauty of modern property investing.



'You don't need to worry about finding a tenant, leaving the property management company to do this for you'

Are Property Managers worth it?

Although hiring a property management company costs you money, it can be worth it for the time and hassle you save. Using a property management company leaves you more time to focus on your day-to-day life while still receiving a consistent rental income from property investing.

An established property management company will be used to managing the practical aspects of property investment. This includes arranging move-in dates, exchanging keys, and dealing with any maintenance issues. They can also help you with the legal side of property investment, like drawing up lease agreements and charging any fines.

Property management is perfect for investors who are far away from their rental property or for investors with a large portfolio. If you want to know how to invest in rental properties while maintaining your full-time career or other daily demands, a property management company is perfect for you.

Even if you choose to manage the property yourself, it is a good idea to have a solid property management strategy so that you don't miss anything. The best way to invest in property is with a clear and detailed strategy for success, so create a plan for all areas of property management. The main things you need to think about are finding and managing tenants for your buy to let property, managing finances, and staying on top of maintenance.

How to find a good Investment Property Management Company

When looking for a good property management company for your buy to let investment, check their track record to ensure they have a strong reputation. Do your research to find out whether the company offers the property investing services you're interested in, and whether their costs fit your budget.

We're one of the best property investment companies in Liverpool and Manchester when it comes to finding our clients the most profitable investments in the UK for 2019 and beyond. While we offer our clients the best type of investment property options, we also offer them the chance to make a 'hands-off' investment with the help of many established property management companies.

We work with a number of reputable property management companies in Liverpool, Manchester and beyond. The companies we choose are experienced in dealing with property investment for beginners in the UK and can help you with all aspects of your buy to let venture. The companies we work with are also well established and equipped with the know-how and skills to help your buy to let investment run smoothly.



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