

## **A guide to investing in property**

Investing in property can be a great way to generate passive, long-term income that could help you build a retirement fund. In our guide to property investing, we look at the various options available to help you decide if this is the right move for you.

### **Is property a good investment?**

Property has traditionally been seen as one of the safest financial investments you can make, providing a steady yearly income that can be used to secure a better future for yourself and your family.

While tax laws have changed and new regulations have been introduced in recent years, when you consider the continued rise of house prices, it's easy to see why property investment remains such an attractive option. To give you an example, at the start of the 1980s, the average UK property price was £23,370 and according to the Office of National Statistics it stood at £278,000 in March 2022.

### **Preparing your finances**

The most important thing to manage will be your finances, as buying a property of any size is a huge commitment.

If you can put together a larger deposit this will help lower mortgage repayments. Do thorough research on the various types of mortgages available to see which one suits you best. Only invest in a property if you can comfortably afford to, as there are a lot of other associated costs involved aside from the price of the property itself.

### **What options do I have when investing in property?**

#### **Buy-to-let**

This involves taking out a mortgage for a residential property that is then let out to tenants. You become the landlord of the property and remain responsible for its upkeep for as long as you are the owner, using the rent money received to pay off your mortgage obligations while enjoying a profit.

#### **Property Development & Renovation**

Some property investors buy houses to renovate or refurbish them before selling them on at a higher price. They will often target properties that require a lot of work as they tend to be cheaper to buy, while taking the renovation/refurbishment costs into account.

#### **Invest in property abroad**

Buying a property abroad is another viable option, which enables you to make money by letting it to holidaymakers. You can make a profit from the venture and use the property for your own holidays when it isn't being rented.

#### **Buying a new build off plan to sell on**

Developers allow buyers to purchase new build properties based off their proposed plans before building work begins, which is known as buying "off plan". Many investors choose this option and then sell the property onto buyers at a higher price to make a profit.

## **Finding the right property to invest in**

This depends on what type of investment you want to make. If you become a buy-to-let landlord, you should research the local area to ensure it is suitable for the type of tenants you want to secure.

A reputable local estate agent will be able to help with this and their knowledge can prove invaluable. Investors looking to buy to resell, either through renovation or buying off plan, should also research the area and recent sale prices to ensure that the money they spend can be recaptured and that a good enough profit is possible after all the effort gone into buying the property.

Our team here at Harvey Robinson can assist you in taking the first step into investing in property. [Get in touch](#) today to explore your options.

## **Benefits of investing in property**

Some of the main benefits of investing in property include:

- **Passive income**  
You'll receive a regular rental income, and the property can appreciate in value over the term of your ownership.
- **Retirement plans**  
The income you receive can be put towards your own future and retirement fund, selling up at the right time to maximise your profit.
- **Stability**  
Property investment is generally a far more stable choice compared to the stock market, which can fluctuate quite wildly and poses far more risks.
- **Control**  
If you are a buy-to-let landlord you are able to maximise the value of your property to capitalise on your investment, carrying out improvements to boost rental costs.

## **What risks are there of investing in property?**

The main risks of investing in property are fluctuating house prices, and while that hasn't been much of a concern over the past decade, it always pays to keep a close eye on market trends.

If you are a buy-to-let landlord, you need to ensure the income you generate is enough to cover periods when the property is unoccupied, as the mortgage repayments will still be due every month.

When investing in property you need to ensure you are financially secure enough to deal with any unexpected events, as you are tying a lot of money up into one asset. This also applies to resellers, as selling a property can take 2-3 months at minimum, depending on the buyer and any chain they are involved with.

## **When to sell to make a profit**

If you are planning on reselling after refurbishing or buying off plan, weigh up how much you will make by selling now compared to how much you could make by renting it out. Also factor in how much you've spent and any other financial commitments you may have. The best time of year to sell is usually in the spring, so if you can have everything ready for late March/early April, you stand a good chance of attracting a high level of enquiries and viewings.