Buying a property to let?
What you need to think about in 2017

The Buy to Let market has changed considerably over the last year or two and looks set to continue to be challenging going forwards. Despite all this Your Move Buy to Let Index claims that the East of England saw the fastest rent rises in 2016 with growth of 6.1% to an average of £ 864 per calendar month.

So, what do you need to think about when buying a second property to let out;

1) Stamp Duty Land Tax (SDLT)

There is an additional 3% charge to the standard rates of SDLT

Up to £125,000 = 3%
£125,000 to £250,000 = 5%
£250,000 to £925,000 = 8%
£925,000 to £1.5m = 13%
£1.5m+ = 15%

2) Funding

Unless you have the money in the bank, funding needs to be considered carefully! Whiles equity release is an option, if the full purchase price can be covered, if a mortgage is required you will need a Buy to Let mortgage

The bigger the deposit the better the deal available, which leads us onto;

3) Tax relief on mortgages

Tax relief is being phased on from April 2017 (see article above). Landlords will still be able to deduct certain expenses from their rental income such as agents fees, repairs and maintenance etc. but from this April only part of the interest will be deductible until it is phased out completely in 2020.

4) Brexit

At the time of writing, Article 50 has yet to be triggered and while we have no idea what will happen at this stage, restrictions on migration to the UK are possible and this could affect demand for rental properties.

5) New versus old

New builds have several plus points when thinking about buying to let; Housebuilder/developer incentives; energy efficiency; guarantees and warranties; new décor; new appliances. New builds can, however, lack character and/or space compared to existing houses. Think about what is important to tenants, not necessarily what you would choose for yourself.

6) And finally, location, location, location……

Speak to local agents to find out the best areas for transport, local amenities, schools and shops. Up and coming areas which are about to undergo some form of development whether it be improved road or rail connections or redeveloping or the re-development of poor housing can give the greatest return on your investment

Do your research……