

Optimise.

Tax efficient property
investment guide.

6th edition.
2018

More wealth.
Less tax.

Table of contents.

Introduction.	3
Before you get started.	4
The property market.	5
Where to invest.	7
Seeking out extra value.	8
Types of property.	9
Know your customer.	12
Know your numbers.	13
Allowable expenses.	15
Return on Investment & absolute returns.	18
Mortgage interest & Section 24.	19
Other tax changes.	22
Mortgages.	23
Conclusion.	24

Introduction.

Many of us dread looking at our bank statements, not because we're worried we've overspent, but because we can see that the interest earned from our investments gives us 0% returns.

What is the point?

The post-global financial crisis world has ushered in a seemingly never-ending era of low interest rates, and savings produce negligible returns these days. And with recent seismic politic shifts such as Britain's vote to leave the EU and economic shocks related to China shaking world stock markets on a regular basis, many investors are understandably nervous about investing in equities.

We are also facing difficult times with regard to security of income — jobs for life no longer exist, a recession is always just around the corner, companies are collapsing with pensions that are worthless and final salary schemes are a thing of the past. All of these factors have led many to consider property as a way of creating and protecting wealth.

The previous editions of this e-book have required only minimal updating on a yearly basis, but the past few years has brought so many changes — Section 24 - mortgage interest relief, the Stamp Duty Land Tax (SDLT) 3% surcharge and Brexit, to name just a few — that I felt it was time for a more comprehensive review.

As a tax specialist investing in property, I regularly see clients who've entered into property investment having done a lot of the necessary due diligence, but having left sorting out the related tax affairs until later on.

Bearing in mind the above-mentioned tax changes and the other negative impacts of last year's budget, now, more than ever, it is vital that anyone thinking about investing in property investigates the most tax-efficient way to do so from the outset.

Before you get started.

In my previous e-books, I asked the question: “What is your outcome?”

This remains the most fundamental question to ask yourself when considering investing in property.

What do you want from your property investments? In the simplest of terms, you have two choices:

- **Income.**
- **Capital growth.**

You may be looking for additional income or to replace your employment/business earnings. If you are looking for income then you need to invest in properties that will generate a good Return on Investment (ROI), which means you get more money out for every pound invested, as we will examine later in this e-book.

At the basic level, investors looking for income typically focus on the gross yield a property can deliver, which is calculated by dividing the yearly rent of the property by the purchase price. But you also should look at the monthly anticipated cash flow position of any investment you are considering, as high gross yields can become low net yields if the running costs of a property are too high.

If you have sufficient employment/business income, you may be seeking capital appreciation. Investors looking for capital growth typically invest in areas where they believe house prices will grow, with a plan to cash in on that growth in the future.

For many investors, the choice isn't clear cut – they may be looking for investments that provide a reasonable income and also have potential for capital growth.

Determining the right balance is a matter of thinking about your financial goals over the next 12 months, three years and five years. I would suggest you spend some time working out your desired outcomes and goals before you start to invest your hard-earned cash.

The property market.

Property prices are a subject of much debate. There are many myths that persist. For example, it's commonly said that property prices double every seven or ten years.

Ask someone who bought property in the north just before the global financial crisis and they'll likely have a very different view.

The state of play.

At the time of writing, the market was in a state of uncertainty due to the Brexit vote, although prior to that house prices had been beginning to steadily increase around the country. Some indicators pointed to a slowing down of the market after the surge in investment as buyers rushed to beat the stamp duty surcharge.

My personal view is that house prices will continue to rise. There are more and more people living in the UK and this country is not getting any bigger, so there's a supply and demand imbalance.

The demand for houses will continue and if past efforts by the government to build sufficient housing are anything to go by, it's unlikely enough property will be built in future to cope with demand.

In addition, home ownership levels are falling, particularly among the Millennial generation, and the private rental sector is growing rapidly — it now accounts for one in five households.

Key highlights of the Office of National Statistics report for October 2017.

UK house prices grew by 4.5% in the year to October 2017.

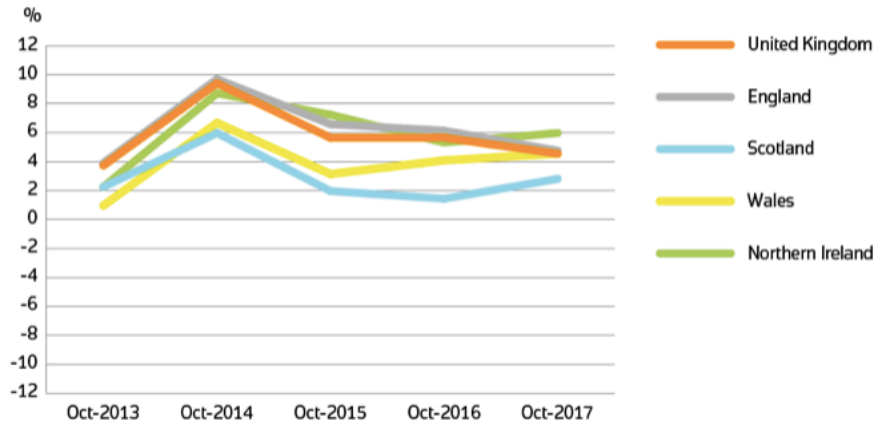
Looking more closely at regional levels of the UK, the largest annual growth was in the East Midlands at 7.0%, up from 6.3% in September 2017.

It was followed by the South West, which showed annual growth of 6.7%.

The slowest annual growth was in London at 2.1%, down from 2.9% in September 2017. This is the 11th consecutive month where the growth in London house prices has remained below the UK average.

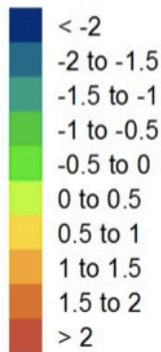
The second slowest annual growth was in the North East at 2.4%.

Annual price change for UK by country over the past five years.



Monthly price changes

Growth (%)



In August 2017, the number of property transactions completed in the UK decreased by 9.7% when compared to August 2016. Compared with July 2017, the number of property transactions completed in the UK increased by 3.0%.

The estimate for August 2017 is calculated based at around 90% of the final registered transactions. It is likely that the number of property transactions for August 2017 will increase as more transactions are incorporated into the index.

Where to invest.

One way of researching areas is by looking at their past performance as well as the Land Registry. Nationwide and Halifax also produce regular reports on house price data. These all measure prices either at mortgage approval or completion stage.

Rightmove and Hometrack measure asking prices, which is more current but we all know there is often a significant difference between asking and sold prices.

When looking at properties, don't just compare asking prices with other properties on the market — consider whether the price is fair in comparison to sold prices of similar properties in recent months.

Rightmove, Nethouseprices and Land Registry all provide sold price information.

While all of these tools can be a good way of studying past trends, no index can tell you what you really want to know: where prices will go up in future.

As a guide for future price increases/decreases, it's a good idea to undertake some research within a geographical location, with particular reference to local authority development plans. Most of this information can be found on individual local authority websites, but specifically you should be looking for details of:

- **Houses being built and planning policies.**
- **School development and ratings.**
- **Transportation developments (for example, planned Crossrail and HS2 areas have attracted many investors in recent years).**
- **Crime mitigation plans.**
- **City centre and shopping developments.**

The above sources of information should help you decide whether an area is going to experience positive changes or negative ones, but you should also conduct on-the-ground research once you've decided an area has potential – talking to estate agents and letting agents to find out what stock they're easily selling or letting is a good starting point.

Another source of information is checkmyfile.com/postcode-check/. This allows you to enter a postcode and it will provide details about:

- **Population and demographics.**
- **Social classification.**
- **Financial earnings of residents.**
- **Financial risk/credit score average.**
- **Affluence.**
- **Property ownership.**
- **House prices.**

Seeking out extra value.

Once you've decided an area has potential, you can boost the property value even further by looking out for opportunities.

- **Properties that need tender loving care (TLC).**

Properties that need upgrading can offer discounts greater than the cash required to refurbish them, providing the opportunity to create instant equity.

- **Development potential.**

Houses on corner plots can often be extended, and in some areas, there is a precedent of bungalows having been converted into houses. Look what other houses in a street have done, and also search planning portals for past applications.

- **Off plan property.**

Building companies incentivise early investments in new developments by offering a discount.

Types of property.

As well as deciding where to invest, you need to make a decision about what type of property to invest in. Sometimes the two will go hand in hand – for example, if you want to set up a shared house for students, you'll need to choose an area close to a university.

Broadly speaking, the different types of properties you can invest in are: Single lets, Houses in multiple occupation (HMOs) for students or professionals, Commercial, and Holiday lets.

Single lets.

Single lets are the most common type of investment choice for those starting out in property investment. A single let property is a house or flat let to a single family or person on one tenancy agreement. You can either engage a letting agent to manage the property for you and deal with any issues arising during the tenancy, or self-manage the property, which is more likely to work if you live reasonably close by.

If you already have a business or employment that is generating enough money for your lifestyle, then a single let may be the best strategy for you, particularly if it's capital growth you're looking for.

HMOs/Multi-lets.

HMOs are large properties where rooms are let individually to professionals and/or students and they share common areas such as bathrooms and kitchens (though some do have en-suites).

With HMOs, landlords typically charge tenants a fee that is inclusive of all bills, and hold different tenancy agreements with each tenant. There is more money to be made in HMOs — some of my more experienced property investor clients are now generating more than 15% net yield on their HMOs.

According to research by Platinum Property Partners last year, the average gross yield of a HMO is 12.4%, substantially higher than the 5%-8% ROI achieved by single lets.

However, they do take up a lot more time because there are more tenants involved. And while there are many competent letting agents around to manage single lets, it's harder to find agents to manage HMOs, so you may need to be prepared to do more of the work yourself.

There are a lot more rules and regulations you must comply with when renting out a HMO and getting something wrong can be very costly. Last year magistrates got the power to impose unlimited fines on HMO owners who fail to comply with regulations. Licenses are also required for properties over a certain size, and in many areas local authorities have brought in rules that require planning permission for all HMOs.

Financing HMOs can also be tricky if you're a first-time property investor, but there are more options available to those with experience in single lets.

Single let versus HMO – how they compare.

One of our clients, Sarah, had a single let property and was receiving £500 per month in rent. She then attended a course and learned that she could rent each of the five double bedrooms out for £350 per month as there is strong demand from doctors and nurses at the local hospital.

She used SpareRoom to rent out the rooms and her estate agent managed the property as before. This is how her returns compared before and after she switched to a HMO.

	Single Let	HMO (room by room)
Rent received	£500	£1,750
Less 10% agency fees	£50	£175
Bills (utilities)		£350
Net rent received	£450	£1,225

Commercial.

Although commercial property hasn't been the traditional first port of call for property investors, it has been drawing more attention since the announcement of the Section 24 mortgage interest relief tax changes.

This is because commercial property is taxed differently to residential property and not only will loans secured against a commercial property continue to attract full interest relief, the stamp duty surcharge does not apply to commercial property as stamp duty is payable at different rates.

Another advantage of commercial property investment is that you can invest in commercial property via a self-invested personal pension (SIPP), which attracts tax relief at the highest tax bracket.

Usually when investing in residential property you'll be doing so using money you've already paid tax on. If you invest using a SIPP, you can invest using pre-tax income, which immediately boosts your ROI considerably. In addition, any income and capital growth earned in a SIPP is tax-free.

Commercial property can include properties such as shops, offices and restaurants, as well as holiday lets.

Holiday lets.

Holiday lets have been attracting a lot of interest lately from investors who have historically invested primarily in residential property. Holiday lets are properties that would otherwise be standard residential accommodation, but come with the tax advantages of commercial property. As such, Section 24 does not come into play and 100% of the mortgage interest cost can be offset against its income.

Investing in a holiday let could allow you to enjoy the same opportunity for growth as a standard buy-to-let, but without having to worry about whether or not to invest personally or via a limited company. Holiday lets are a lot more time-consuming to manage than single lets, but there are many good holiday letting agencies that can take care of management for you.

Know your customer.

Whichever investment type you choose, you should think about the type of customer you wish to attract. This will help you to identify the area that you want to invest in and the facilities your tenants will want.

For example, if, like Sarah, you wish to rent out rooms in a HMO to doctors and nurses, you will need to invest in properties that are close to a hospital. As your target market is professionals, they will want a property in good condition, probably with en-suites, and a place to relax when they finish their long shift.

As some doctors are studying, it may also be a good idea to provide them with a desk in their room or a communal study area. You may wish to also consider providing them with cleaning services for the house as they will probably be too busy to do this themselves.

For too long we used to invest in properties without knowing “who the customer was”. We had HMOs and we had a mixture of people living together. Needless to say, that the way we designed the rooms were never suitable and there were constant falling outs between tenants.

Since 2016 we became very clear about the type of customer that we would like to attract. That being young professionals such as solicitors, accountants, management consultants that wanted a place of their own and did not want to share. However, they did not have the money to buy their own property.

This gave us a strong idea of how we should design each “micro flat”. A place that came with TV (with Freeview), an internet connection, clean crisp paintwork, fresh new looking carpets and curtains (blinds preferable for ease of use), brand new cutlery for every new tenant and flowers as a welcoming gift.

As we now only focus on one type of client, our ads in Spareroom have also become more relevant to that niche market and we rent within hours of placing the advert.

Know your numbers.

Before you find a property.

I recommend that you have a clear idea of how much you can and want to invest before you begin your property search. There are several main factors to consider in determining this number, including:

- **Deposit funds.**

The amount of available cash that you have to invest. At the time of writing, mortgage lenders were asking for a minimum of 25% deposit of a property's value. Although they are tough to come by on owner occupied properties these days, interest-only mortgages are still widely available for buy-to-let loans. You can also choose a capital repayment mortgage if you wish.

- **Rental cover.**

The amount of deposit you have is not the only thing that determines how much you can borrow against a particular property – this is also reliant on the amount of rent it will achieve. Until recently, most lenders required that the rent covered 125% of the mortgage payments, but most buy-to-let lenders have increased this to 145% over the past year. Given that this is calculated on an assumed interest rate of 5-6%, it drastically reduces the amount lenders will loan against properties, particularly in high value areas such as London.

- **Refurbishment costs.**

If you are buying a property that needs work, I would always advise you to take another property investor or a builder to viewings to give you a rough estimate of costs. If you're inexperienced do not take a chance by guessing.

- **Professional fees.**

Along with legal and survey costs, you'll often be hit with mortgage arrangement and redemption fees for buy-to-let mortgages.

It's a good idea to speak with a broker in the very early stages of your property journey to get a professional opinion on your borrowing capacity.

Running costs.

Once you have identified your initial outlay, you'll need to consider the running costs of a property to decide whether or not a deal stacks up financially.

Below is a diagram of what your cash flow position might look like for a property that costs £200,000 and achieves just 2% ROI. Clearly there will be many property investors that look to achieve a ROI of at least 8%.

Rent & costs	Month	Annual
Rental income	£650	£7,800
Advertising costs associated with renting the property		
Bills (utilities & council tax)		
Insurances	£25	£300
Property management costs	£65	£780
Mortgage payments	£356	£4,275
Mortgage payments (Option deals only)		
Maintenance costs – 10% of rent	£65	£780
Voids – 10% if single let, 20% if HMO	£65	£780
Profit	£74	£1,225
Return on investment		2%

After deducting all of these costs, you can see we're left with the net profit and return on investment.

The return on investment is calculated by dividing the profit (£885) by the amount of cash invested (deposit £30,000 and refurbishment costs £10,000) to give you 2.2% return.

What we haven't accounted for here is any capital growth of the property. The total return on investment could actually be much higher if the value of the house rises over the course of a year.

Allowable expenses.

When you own rental property, there are a number of expenses that are allowable deductions for tax purposes. However, there is a difference between running costs, which can be offset against your yearly income, and capital costs, which can only be offset against any capital gain when you eventually sell the property.

It's important that you're clear on the distinction at an early stage – I regularly see investors who incorrectly allocate costs. In any case, you should keep all receipts, and preferably record these on a spreadsheet or accounting software system, so that when the time comes to offset them, you have the right evidence.

Capital expenses.

- **Conveyancing fees for the purchase.**
- **Finder's fees.**
- **Stamp duty.**
- **Surveys.**
- **Improvements such as extensions.**

Revenue expenses.

- **Repairs such as exterior and interior painting, damp treatment, stone cleaning, roof repairs, furniture repairs.**
- **Mortgage arrangement costs.**
- **Legal fees associated with the loan, so legal fees related to mortgage financing of the property.**
- **Mortgage interest costs (bearing in mind the mortgage interest relief changes mentioned earlier).**
- **Insurance.**
- **Management fees for agents.**
- **Advertising costs.**

Get it right on refurbishment costs.

If you build a loft extension, then you're improving a property so this is a capital expense. You can't offset it against your income but you can offset it against any capital gain when you sell the property.

However, if you replace a tired kitchen with one of a similar size and style, then this is a revenue expense and can be offset against any property income. If you carry out substantial repairs such that you make a loss on a property, this can be offset against any other property income you have for that year, or stored up and offset against property gains in future years.

The specific types of refurbishment costs that may be offset against your income are:

- **Repairs.**

Carrying out repairs to broken units, roof tiles, furniture or plasterwork.

- **Renewals.**

Repainting your property, cleaning costs.

- **Replacement.**

For example, kitchen units, bathroom units, heating systems (boilers and radiators), lighting systems (including fuse boxes), carpets, curtains, fridges, freezers, TVs, beds, furniture (if all were in place at the time of purchase).

HMRC had previously stopped people from claiming the cost of soft furnishings and freestanding units because it allowed the 10% wear & tear allowance. However, the costs of these items are now allowed given HMRC has removed the 10% wear & tear allowance.

If you want to play it extra safe then I would suggest that you ask the sellers of any property you are buying to itemise the following on the sales completion documents:

- **Value of the land and building.**
- **Value of the kitchen.**
- **Value of bathrooms.**
- **Value of white goods (if supplied as a rental).**

This can then be used as evidence that there were assets in the property at purchase and will support the fact that you are replacing/repairing those assets, which means they can justifiably be offset against your tax. I would stress that you should not put in a kitchen costing £3,000 if the value in the sales documents only shows £1,000 as this will certainly be seen as an improvement and will be considered a capital expense.

If you buy properties that are in a lettable state but are very tired, you can justify to HMRC that the refurbishment costs will help you to increase the rental income of the property. You can prove that the property is in a lettable state if you have a buy-to-let (BTL) mortgage, which has a condition that the property must be in a lettable state within the application process.

HMRC guidance can be confusing on this issue, but on the issue of repairs it states:

“If your roof is damaged and you replace the damaged area, your expenditure is allowable.

“Even if the repairs are substantial, that does not of itself make them capital for tax purposes, provided the character of the asset remains unchanged. For example, if a fitted kitchen is refurbished, the type of work carried out might include the stripping out and replacement of base units, wall units, sink, retiling, work top replacement, repairs to floor coverings and associated re-plastering and rewiring. Provided the kitchen is replaced with a similar standard kitchen then this is a repair and the expenditure is allowable. If at the same time additional cabinets are fitted, increasing the storage space, or extra equipment is installed, then this element is a capital addition and not allowable (applying whatever apportionment basis is reasonable on the facts).”

Return on Investment & absolute terms.

Return on investment (ROI) is a measure used to evaluate the performance of an investment. It compares the return against the cost of that investment. To work out the ROI you simply divide the benefit of the investment by the cost of the investment. This gives you a percentage, it is easy to measure against other types of investment.



According to a study published last year for lender Landbay, buy-to-let investment has produced a higher return on investment than any other asset class over the previous 18 years. Every £1,000 invested in property bought using a 75% loan-to-value (LTV) loan in 1996, when buy-to-let loans became widely available, was worth £14,897, by the last quarter of 2014, a compound annual return of 16.2%. In comparison, the same amount invested in UK government bonds was worth £3,329 (a compound annual return of 6.9%), UK equities £3,119 (6.5%) and cash £1,959 (3.8%).

However, this type of leveraging is riskier than buying property outright, because if things go wrong you could lose not just your 25% deposit, but also have to repay the 75% of the property's value you loaned from the bank.

Does anyone remember 2007/8 when interest rates were 18% and people literally threw their keys at the doors of mortgage lenders/banks?

Mortgage interest & Section 24.

Recent tax changes have dampened the attraction of being highly leveraged somewhat, although by investing using a limited company structure you can avoid the worst of these changes.

The current low interest rate environment also helps mitigate the risks.

The UK's base rate has been at 0.5% for more than seven years now but even as recently as last year leading economists were warning of impending rate rises.

I should point out here that I am a property tax specialist & investor, not a psychic. I don't have a crystal ball so I can't say with any certainty when rates will rise, although it seems unlikely there will be dramatic hikes in mortgage rates in the near future.

Given the above benefits of leverage using mortgages let us look at the flip side. Section 24 has meant that high rate tax payers will be penalised if they use mortgages. This is because they will not benefit from full tax relief as they were in 2016-17.

From 2017 right through to 2021 Section 24 is being phased in. I think it is important to see how these changes will affect high rate tax payers.

There is a misconception that basic rate tax payers will avoid the impact of Section 24.

Sadly, this is not true. HMRC in all its wisdom will say that the mortgage interest that you pay on your property portfolio will be treated as zero cost. Therefore, the higher geared your property portfolio, the greater income you will be deemed to have received.

This of course means that someone with no income other than rental and pays out a substantial amount of mortgage interest could be treated as though they are a high rate tax payer.

Basic rate tax payer	2015/16	2020/21	Notes
Employment income (1)	£20,000	£20,000	
Rental income	£50,000	£50,000	
Mortgage costs	£35,000	£0	Not allowed in 2020/21
Other costs	£5,000	£5,000	
Property profit (2)	£10,000	£45,000	
Taxable income (1) + (2)	£30,000	£65,000	

Here is another example of how Section 24 mortgage interest relief cap will affect the majority of landlords/property investors come 2020/21

Basic rate tax payer	2015/16	2020/21	Notes
Employment income (1)	£85,000	£85,000	
Rental income	£50,000	£50,000	
Mortgage costs	£35,000	£0	Not allowed in 2020/21
Other costs	£5,000	£5,000	
Property profit (2)	£10,000	£45,000	
Taxable income (1) + (2)	£95,000	£130,000	

As you can see from the above, high rate tax payers will be deemed to be earning more than they actually are. As such, they will pay more tax on this income.

Section 24 impact: Loss of personal allowance.

Some of you reading this will see that the person above has a taxable income of £95,000.

However, once Section 24 is fully implemented the taxable income will be restated as £130,000. This means that the person will lose their personal allowance.

If you earn more than £100,000 then you will be aware that your personal allowances are being eroded by £1 for every £2 of earnings above £100,000.

Someone that earns £120,000 would lose an element of their personal allowance, as follows at today's rates:

- **£20,000 Excess of earnings limit = (£120,000 earnings less the £100,000 limit)**
- **£10,000 Reduction to personal allowance (£20,000 excess ÷ 2)**
- **£1,500 Revised personal allowance (£11,500 less £10,000)**

Section 24 impact: Loss of pension allowance.

In the above example, you will see that their earnings have increased from £95,000 to £130,000. This also means that the person above will start to lose the pension contributions allowance.

You usually pay tax if savings in your pension pot goes above the annual allowance.

This is currently £40,000 a year, provided that you earned this amount of money.

As shown from the Government website from April 2016 you'll have a reduced ('tapered') annual allowance if both the following apply:

- **Your 'threshold income' is over £110,000 - this is your income excluding any pension contributions (unless they're paid as a salary sacrifice by your employer).**
- **Your 'adjusted income' is over £150,000.**

For every £2 over the above-mentioned amounts you will see a reduction of £1 to your pension contribution allowance.

Other tax changes.

Stamp duty surcharge.

A 3% surcharge will apply if you are buying a second residential property in your name or in a limited company where its value is over £40K in a limited company. The 3% applies to the total value of the property. If the property costs £100,000 then you will pay £3,000 SDLT.

Removal of the 10% Wear & tear allowance.

If you have a furnished property with net rent of £2,000 per month then in the past you were allowed a 10% wear & tear allowance (£200) to set off against your income. This is no longer allowed.

However, you will be allowed to offset the replacement costs of furniture in future, so arrange to buy the furniture and appliances from the seller when buying property and document this so it is easy for you to justify the replacement costs against your rental income.

Corporation tax.

Corporation tax will eventually drop to 17%, which is significantly lower than the current 20% rate. Shortly before leaving his post, former chancellor George Osborne announced plans to cut this further to 15% in future, although it's not clear following his departure if this will happen.

Assessing your situation.

If you're a higher rate taxpayer it is worth considering setting up a limited company to invest in property as you'll still be able to claim full mortgage interest relief. However, lending costs are typically higher and it has become more complicated to take money out of limited companies due to changes in dividend tax rates that came into force earlier this year.

If you're married and your spouse is a basic rate taxpayer, you may wish to consider buying in both names but structuring your purchase so the lower rate taxpayer owns the majority of the property. This can be done by purchasing property as 'tenants in common', with 99% of shares (and therefore income) allocated to the lower rate taxpayer and 1% to the higher rate taxpayer.

Mortgages.

Are mortgages actually useful to leverage money to benefit from capital growth?

After all, you do pay a lot of money in arrangement and broker fees with the ongoing monthly interest. Most people have an interest-only mortgage, so it is likely to suggest that the mortgages will be outstanding after the 25-year term, if they live long enough to get to the end of the term.

People used to think that some of their properties could be sold off to pay off the mortgages. However, this is unlikely if house prices do not increase, and will therefore leave a lot of landlords in financial hardship as they will not have the money to pay them off.

They may be forced to sell properties and may not get the amount of money they expected upon the property sale - especially in a forced sale or recession.

Mortgages and death.

Sadly, a friend of mine died a few years ago, leaving his wife and two young children to find their way in life. He had been the "bread winner". The issue was that the property investments were just in his name.

The banks wanted their money within 12 months of his death and asked her to send her mortgage application forms to get the mortgages moved to her. Unfortunately, she had no real experience of property investing and she had no income to shout about. The banks in question forced the properties to be sold.

Did she get the money she wanted from the properties? No, in fact she lost money on some of the properties, which added more stress to the situation.

If only properties were purchased with no mortgages at all. You would not have the stress of paying them off in the event of death of your spouse (or indeed parents). Many investors use mortgages to have three or four properties rather than just the one because they can put down a smaller deposit.

You could have just one property that yielded the same amount of money as owning several properties with a mortgage.

As such you would have far less tenants to deal with, never mind the constant issues with boilers, electrical issues, broken cabinets, plumbing leaks etc.

Having mortgages also prevents you from transferring properties to your children because the mortgage terms prevent it. This could mean that property investors will end up paying a lot more IHT than they need to because they have to be kept in their own name due to the restrictions placed by the banks.

Conclusion.

As you can see, there is a lot you need to consider when investing in property but as the figures in my introduction show, many property investors have found the rewards more than make up for the time and money they put in.

Property is certainly something I have personally used as a way of creating wealth and at Optimise we've helped many other investors do the same.

Do we think that property investing is worthwhile in the future? The answer to this question is a firm yes.

After all what are the alternatives?

Bank interest, bonds and gilts are at an all-time low. Shares are increasingly breaking new records despite the economic uncertainties of Brexit.

We therefore feel that property more than has a place in the future of investment. Property can provide a better income, despite all the government changes, and we must remember that we live on an island. At some point the north must see a capital appreciation.

One thing is clear - you need to surround yourself with experts in the field of property and with people whom invest in property themselves, be it mortgage brokers, mentors, educators, surveyors and of course tax specialists.



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0115 939 4606

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