

Buy-to-let Manchester on the rise

A RECENTLY published property guide has cited the north west as having a thriving buy-to-let market, with niche sectors such as student accommodation providing particularly strong opportunities. The report, which examines data from the whole of the UK, contains facts, stats and loads of useful advice for anyone considering property investment. The report found that: The buy-to-let market is becoming an increasingly popular choice for investors, including those who haven't

traditionally put their money into real estate. The high cost of buying real estate and the limited availability of mortgages has put home-ownership out of reach for many, the result being that more people than ever have joined the renters' market, pushing up demand for a buy-to-let property and ultimately increasing rental yields. According to the Association of Residential Lettings Agency, some two million households are rented in the private sector in the UK, showing just how many buy-to-let properties are

in demand in the country. Paragon Mortgages revealed 42 per cent of landlords predict demand for properties will either grow or boom between April 2013 and April 2014. One of the most compelling incentives for investors to get involved in buy-to-let property is its high returns. Not only does real estate feel like more of a secure investment to a lot of people, it is also an extremely profitable one. According to LSL Property Services' April 2013 report, rental prices have risen by 3.9 per cent year-on-year, resulting in the average monthly fee in the UK being £736.

The HSBC highlighted Manchester as somewhere that provides investors with high yields.

While average rental returns over the whole of the UK have seen its rents rise over the last year:

■ The north-west was the most successful region for rental yields in April and achieved the highest in the country at 7.2 per cent - LSL Property Services.

What size of property to choose

Some investors consider a property with multiple rooms preferable, renting each room out to a different tenant and potentially gaining a higher rental income. Alternatively, some landlords prefer to let the entire property – whether big or small – to one tenant, which reduces the complications of dealing with a number of residents and trying to fill multiple rooms.

■ According to Countrywide's Monthly Lettings Index April 2013, one-bedroom properties achieved the best yields compared with other forms of real estate.

Savills also reported that rental values for one-bed properties have increased over the 12 months leading to March, while rent for a five-bedroom home declined by 1.6 per cent during the same period. The other major advantage of buying a property with fewer bedrooms is that it is likely to cost less to purchase and there is also less chance that rooms will remain empty.

Spotlight on student accommodation

■ Manchester has Europe's largest international student population and was the UK's most sought-after establishment for students coming from abroad in 2010/11.

The world's largest commercial property and real estate firm, CBRE, reported that investment in student property as a buy-to-let opportunity reached £2.7bn in 2012, an increase of 125 per cent from 2011. Driving this growth is the ever-increasing numbers of students. In 2000, there were 98 million people in higher education globally. By 2011 this had increased to 165 million. This trend is evident in the UK with both UK and foreign student numbers on the rise.

Ease of fully managed schemes

Fully managed schemes are growing in popularity for buy-to-let investors since they offer multiple advantages including: removing the need to advertise the properties,

fill the rooms, handle maintenance work or deal with any problems the tenants may have. The key to success with these schemes lies in finding the right project in the right location. For example, for student buy-to-let schemes, you should only consider city centre locations as that's where students want to live – in the hub of a city near its bars, restaurants and train stations. Anything on the outskirts, no matter how well kitted-out, just won't work for that market.

For information on student investment property call Select Property on 0161 322 2222.



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