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Property Bulletin

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Buy-to-let investment more evenly split between genders

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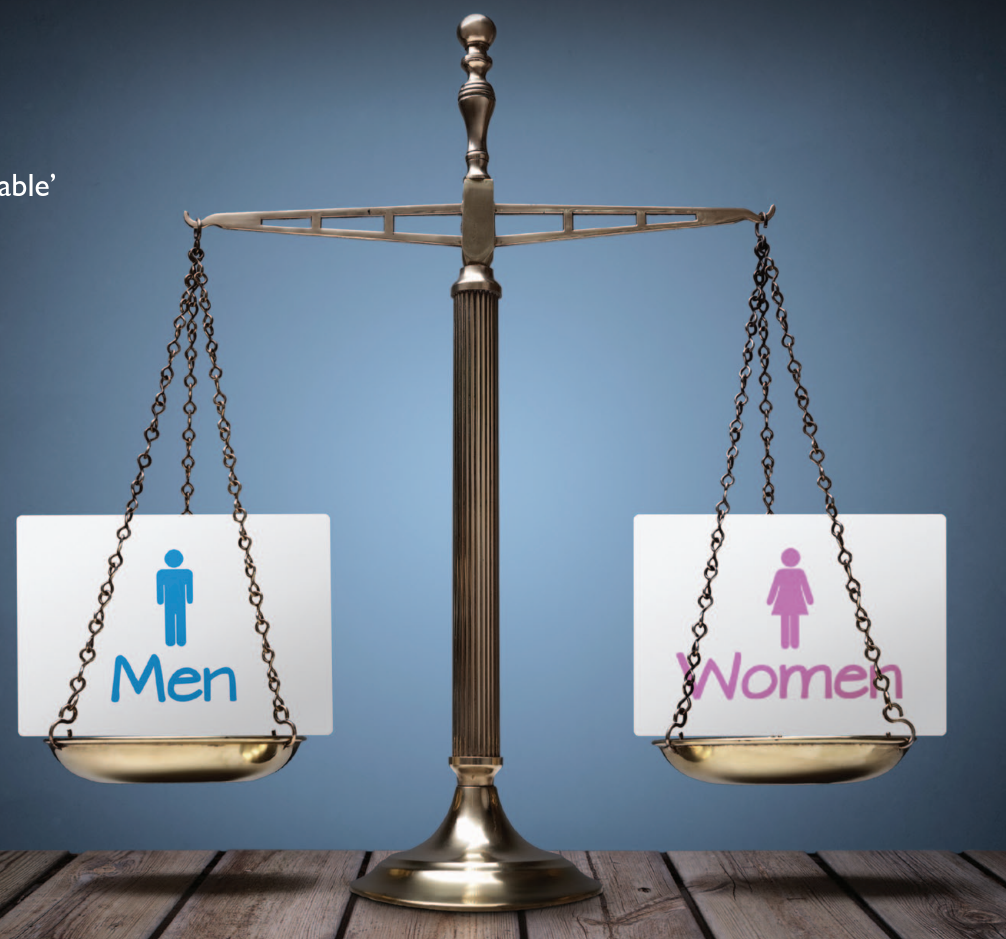
PLUS:

- Property investment 'more profitable' than in 2016, say economists
- More landlords opting to make their buy-to-let investments through limited companies
- Around 20 per cent of property investors intend to stay in the market for life



Welcome to the latest Grunberg & Co Property Bulletin, our publication to keep you up-to-date with news from the property sector and the accounting and financial services that our firm can offer you and your clients.

In this edition, we look at new research which shows that property investment is now more profitable than 2016 and the ongoing trend of landlords putting their portfolio into a limited company.

We will also explore the near-even split between male and female property investors and finish by looking at a new study which shows that many landlords intend to stay in the industry for life.

If you would like to find out more about Grunberg & Co's tax and accountancy services for you and your clients, please get in touch with us by calling **+44(0) 20 8458 0083** or emailing **alexk@grunberg.co.uk**

Research finds that buy-to-let investment is more evenly split between genders

Data has shown that the split of buy-to-let investment between men and women is more evenly split than any other form of investment.

Analysis of the official Government figures shows that women make up 46 per cent of buy-to-let investors or 1.1 million landlords out of the UK's 2.4 million in the property sector.

This would mean that if you split the income from rental properties using these figures women's contribution would equate to around £13.8 billion of the total £32.3 billion in rental income in the UK.

When compared to other forms of investment, such as pensions, the gap between male and females is much larger, with women receiving just 37 per cent of the UK's pension income.

Research into the different investment strategies favoured by men and women tend to suggest that women have less of an appetite for speculative investments than men, according to Ludlowthompson, who have reviewed the figures.

"Whilst a lot of men get entranced by get-rich-quick investments like cryptocurrencies, women are said to be much more grounded and prefer lower risk investments like real estate," says Agency Chief Stephen Ludlow.

Whether you are male or female, experienced or inexperienced it pays to seek the help of property specialists when investing in new properties. To find out how our team of accountants and advisers can help you make the most of your buy-to-let portfolio, please get in contact.

Property investment 'more profitable' than in 2016, say economists

Despite a raft of tax and regulatory measures designed to restrict the growth of the buy-to-let sector, property investment is nevertheless more profitable now than it was two years ago, according to prominent economists.

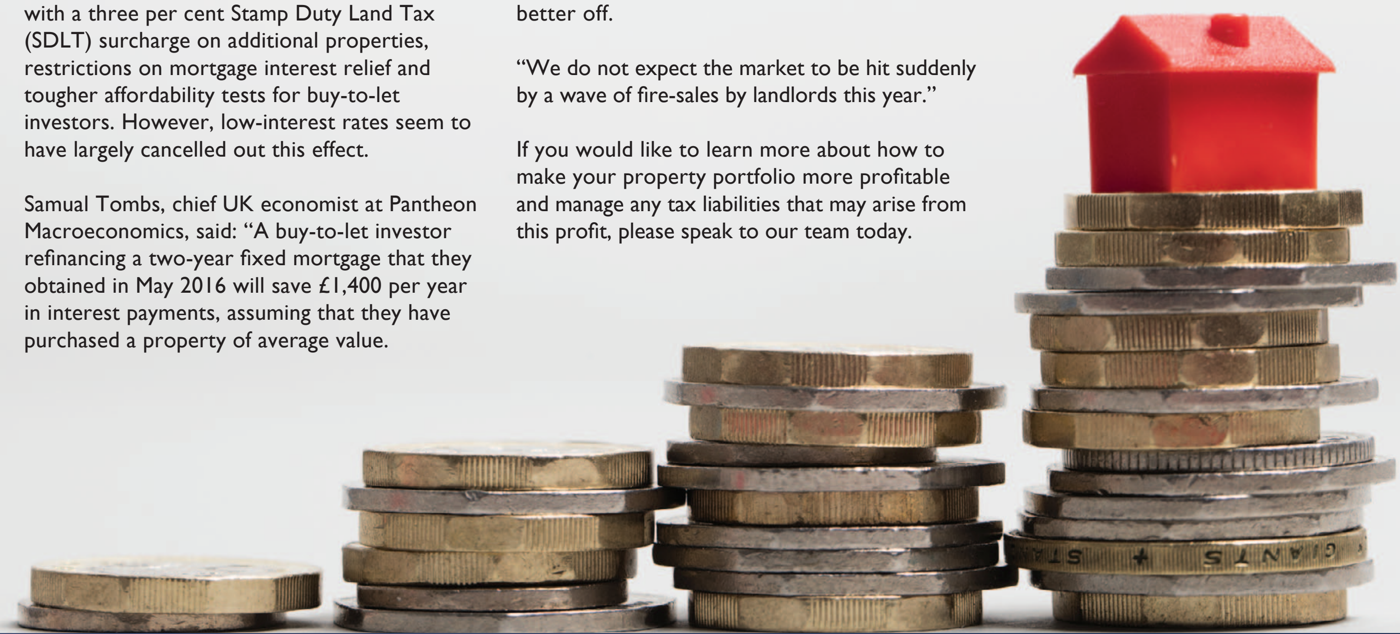
It could be easy to assume that property investment would be a less enticing prospect with a three per cent Stamp Duty Land Tax (SDLT) surcharge on additional properties, restrictions on mortgage interest relief and tougher affordability tests for buy-to-let investors. However, low-interest rates seem to have largely cancelled out this effect.

Samual Tombs, chief UK economist at Pantheon Macroeconomics, said: "A buy-to-let investor refinancing a two-year fixed mortgage that they obtained in May 2016 will save £1,400 per year in interest payments, assuming that they have purchased a property of average value.

"After the tax reforms and the fall in mortgage rates, virtually all buy-to-let investors are better off.

"We do not expect the market to be hit suddenly by a wave of fire-sales by landlords this year."

If you would like to learn more about how to make your property portfolio more profitable and manage any tax liabilities that may arise from this profit, please speak to our team today.



More landlords opting to make their buy-to-let investments through limited companies

New research has revealed that an increasing number of landlords are opting to invest in property through the use of limited companies, rather than as private individuals.

According to the lender, Precise Mortgages, more than a third of investors (38 per cent) plan to use limited companies to purchase properties this year. Meanwhile, 28 per cent plan to do so as a private individual. A further eight per cent already operate as a Limited Company and an additional 10 per cent are considering doing so in the future, while the remaining 16 per cent said they were undecided on what action to take.

The research found a sizeable difference in the approach of landlords with three properties or fewer and those with four or more.

Amongst the former group 31 per cent indicated that they planned to use a limited company, while 42 per cent of the latter group planned on using a limited company.

Alan Cleary, Managing Director of Precise Mortgages, said; "Buying property within a limited company structure has become increasingly popular, particularly among larger professional landlords.

"Given the predicted rise in landlords switching to limited company status this year, we can expect this trend to continue."

Landlords seeking to create a limited company through which they manage their portfolio should be aware that whilst it may improve their position in regards to tax relief on mortgage interest, they could find themselves incurring new Corporation Tax charges on any profits they make.

It is therefore recommended that you seek professional advice before setting up a limited company. If you would like assistance forming a limited company and would like to know what impact it may have on your tax affairs, please contact us.

Around 20 per cent of property investors intend to stay in the market for life

According to a new study around one in five landlords intend to remain in the buy-to-let market indefinitely, while a similar number of portfolio landlords intend to do the same.

Put together by Foundation Home Loans, the new research suggests that around 37 per cent of landlords are unperturbed by the recent changes to tax, which has seen a reduction in tax relief on mortgage interest and the creation of a three per cent surcharge on the purchase of second homes.

Breaking the data down by age group, one in 10 landlords aged 18-34 intend to remain indefinitely, rising to 17% of those aged 35-54 and 20% of those aged 55 and over.

The area of the UK most likely to see landlords hold on to property is the East of England, where nearly a quarter of respondents said they planned to remain in the buy-to-let market.

The average investment length for a portfolio landlord, i.e. an investor with three or more properties, was 15 years. In comparison, smaller investors, with one or two properties, only planned to hold onto their investments for roughly 10 years on average.

Jeff Knight, Marketing Director at Foundation Home Loans, said: "There have been ripples of concern that a mass exodus of landlords is expected, and certainly the changes

introduced are a handful to deal with if not addressed in the right way. But this is clearly an exaggerated view of the market.

"With so much interest in investing in the long-term, it is therefore imperative that newer landlords are sufficiently supported to avoid any knee-jerk exits. This is particularly the case for portfolio landlords as diversification is important to maintaining cash flow. Seeking the help of a financial adviser will help landlords navigate these hurdles, professionalise their approach and ultimately ensure they can remain in the market."

Long-term planning can be key to success when investing in a property. To make the most of your investments let our team help you plan ahead.

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