THE LATEST NEWS, VIEWS AND FIGURES OF NOTE FOR INVESTORS ACROSS THE UK.

OCTOBER/NOVEMBER 2024

# PROPERTY INVESTMENT UPDATE

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# OCTOBER/NOVEMBER 2024 PROPERTY INVESTMENT UPDATE

***Welcome to our monthly property investment update, bringing together the latest news, views and figures of note for investors across the UK. We've studied a wide range of data points and explored markets at home and overseas to bring you the most compelling new trends and developments of note.***

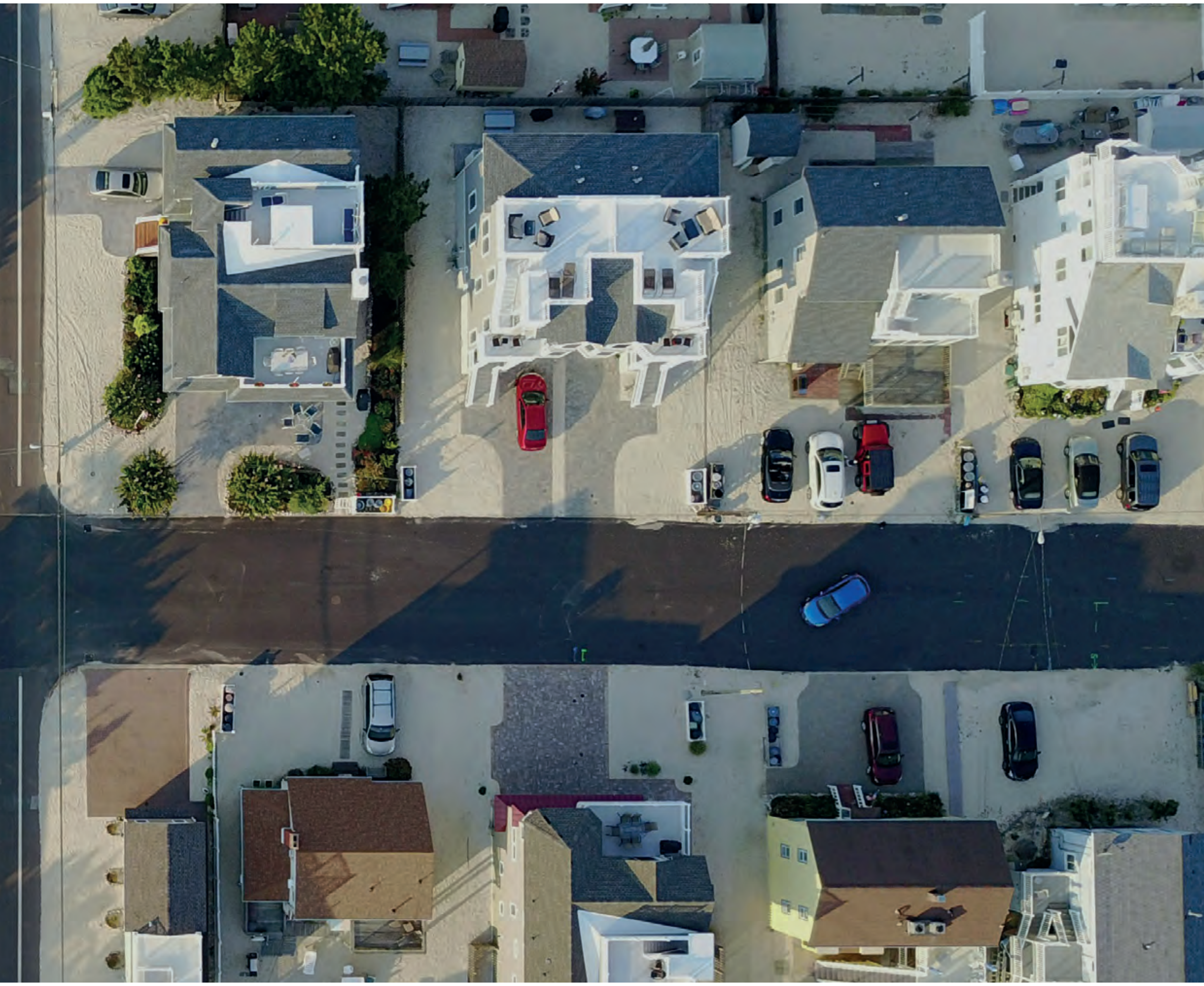
## BUY-TO-LET MORTGAGE RATES FALL

There's good news if you've been biding your time when it comes to making your next investment, as mortgage rates for buy-to-let (BTL) products have started to fall. This means there are now more favourable deals on the table, whether you're just about to buy your first property as a landlord or already have a considerable property portfolio.

Several providers have lowered their BTL mortgages in recent weeks – and more could feel the pressure to follow suit as rates become more competitive. Recent rate cuts include:

- LendInvest Mortgages' lowest BTL rate is now 3.44%, the lowest they've offered all year

- Buy To Let Foundation has cut its BTL rates by up to 0.5% on some products, including 0.35% cuts on two and five-year fixed rates



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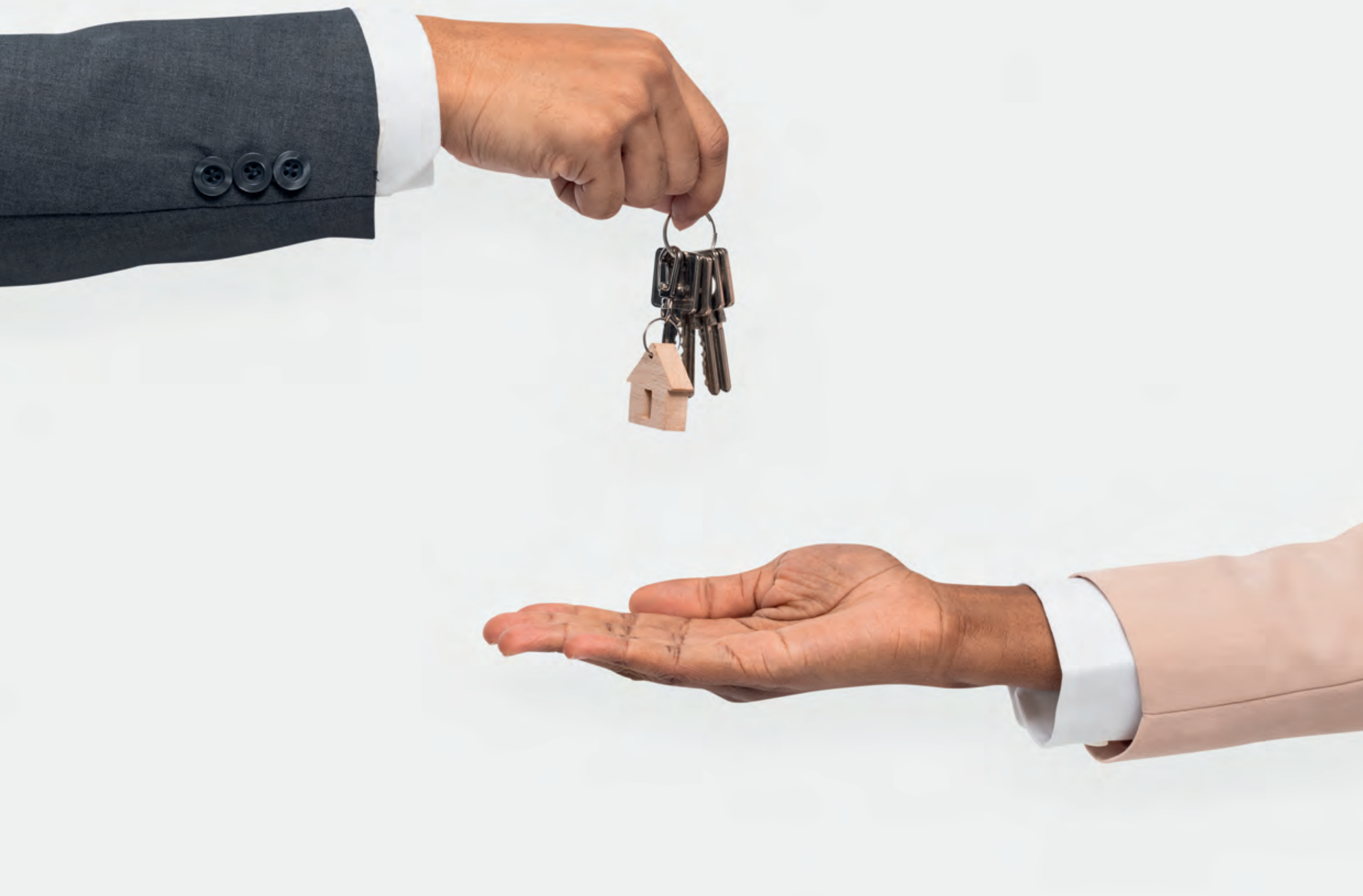
- Buy To Let Foundation has cut its BTL rates by up to 0.5% on some products, including 0.35% cuts on two and five-year fixed rates
- NatWest has slashed its BTL range for new business, with the 75% loan-to-value, two-year fixed rate reduced from 4.76% to 4.16%
- The Mortgage Works has also cut rates, with its buy-to-let products for new customers reduced by up to 0.35%. Its rates now start at 3.49%
- Commercial lender YBS has cut rates across its BTL mortgages by up to 0.05%

# THE UK'S BUSIEST BUY-TO-LET HOTSPOT REVEALED

For the second year in a row, the Welsh city of Wrexham has been named the UK's buy-to-let hotspot1. The research, conducted annually by Rightmove, confirms that rental demand continues to soar, with each rental property coming onto the market receiving an average of 54 unique enquiries. The city's average rent per calendar month is the lowest of all towns and cities in the top 10.

Glasglow, which is the second busiest buy-to-let market, records an average of 52 enquiries per rental property, with average rents of £1,078 per calendar month. Bristol, which is third in the league table was by far the most expensive destination in the top 10, with rental properties commanding an average monthly rent of £1,658. Rental properties there receive an average of 51 enquiries per property. Other locations in the top 10 include Plymouth, Salford, Stockport, Oldham and Bath.



# COULD GOING GREEN GET YOU A BETTER BUY-TO-LET MORTGAGE RATE?

It's no secret that energy prices have increased exponentially since Russia's invasion of Ukraine in February 2022. Two years later, British consumers are still facing elevated costs to fuel their homes, with the Government recently confirming that it expects the average household to spend up to 30% - 40% more on average to heat their homes this winter compared with the winter of 2021/222.

With the House of Commons admitting there is very little prospect that prices will fall anytime soon, being more energy efficient is top of mind for many households. Prices aside, energy consumption is also a pressing topic as we move closer to the Net Zero target, which seeks to create a carbon neutral economy by 2050.

With all that said, being more mindful about energy consumption could actually be good news for landlords on multiple fronts with high street lender Santander rolling out discounted mortgage rates for the most energy efficient properties.

Available on mortgage products from 60% to 85% loan-to-value (LTV), rates start from 4.32%, for properties with an Energy Performance Certificate (EPC) rating of A or B. An A rated home is the most energy efficient. Ratings are based on considerations such as construction, lighting and heating and hot water systems.

The head of green finance at Santander Homes, Michale Taylor commented, "We know the cost of making a property energy efficient can be a barrier to home improvements.

*"But it can be a worthy spend, with homes in EPC bands A and B likely to cost less to heat and produce lower CO2 emissions.*

*"We're pleased to be able to add to the financial benefits of owning an energy efficient home with our new range of mortgages."*

# RENTS SHOW STRONG YEAR-ON-YEAR GROWTH IN AUGUST

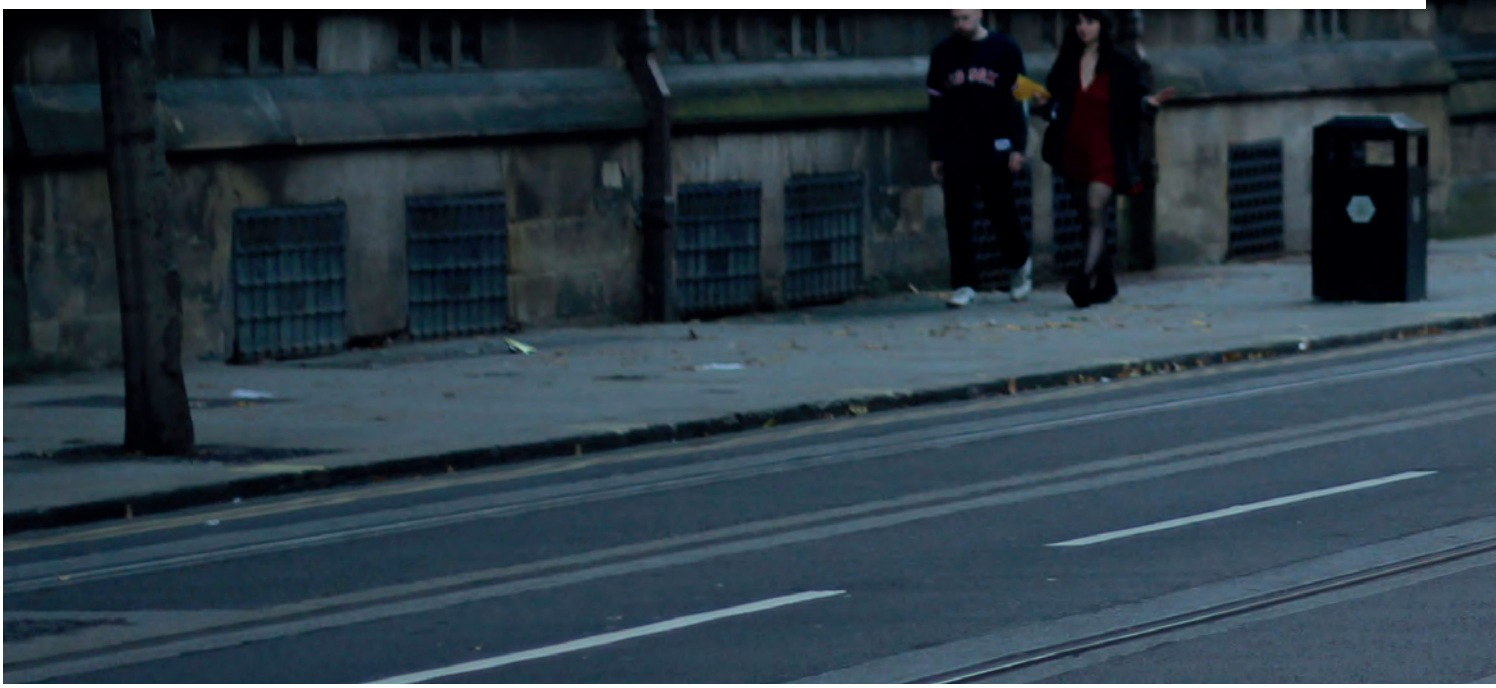
**The latest data in the Goodlord Rental Index shows that it's a great time to be a private landlord, with rent income continuing to grow across the country.**

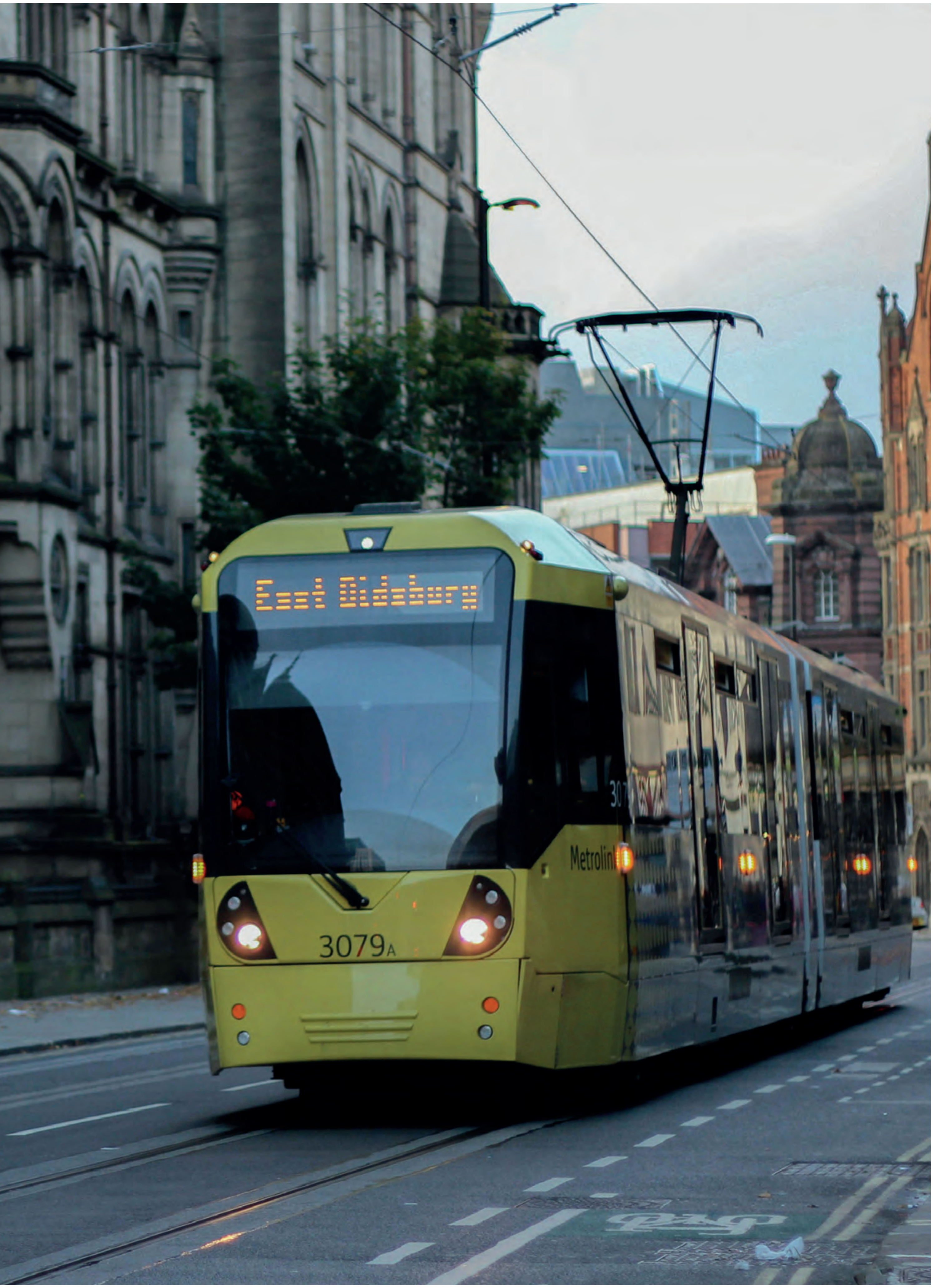
The average cost of a new rental property is now 7% higher than it was this time last year, with £1,438 on the board for August 2024, compared with £1,347 for the same period in 2023. With that said, some landlords are faring even better than others thanks to regional disparity. Prices have increased above average in the Southwest with a 13% year-on-year increased, while there's been a more than 9% growth in the North East and the East Midlands.

One thing that buy-to-let landlords do need to be mindful of in order to retain a high level of occupancy is tenant incomes, which haven't risen in line with rising rents.

Data shows that year-on-year, incomes are up just 0.86% on last August, leaving tenants to finance the gap between salary growth and the cost of renting a property.

The CEO of Goodlord, William Reeve indicated this could become a consideration for landlords when lease renewals are on the table. He commented, *"Rental cost figures from the last two months closely mirror the trends we saw in 2023; a big surge upwards in July, with August figures dipping slightly but staying very high overall. Rents are now up 7% year-on-year, but salaries have only recorded a 1% uplift across the same time period: this is really putting the squeeze on tenants, with many likely to be facing affordability issues when they come to renew or take out a new lease."*

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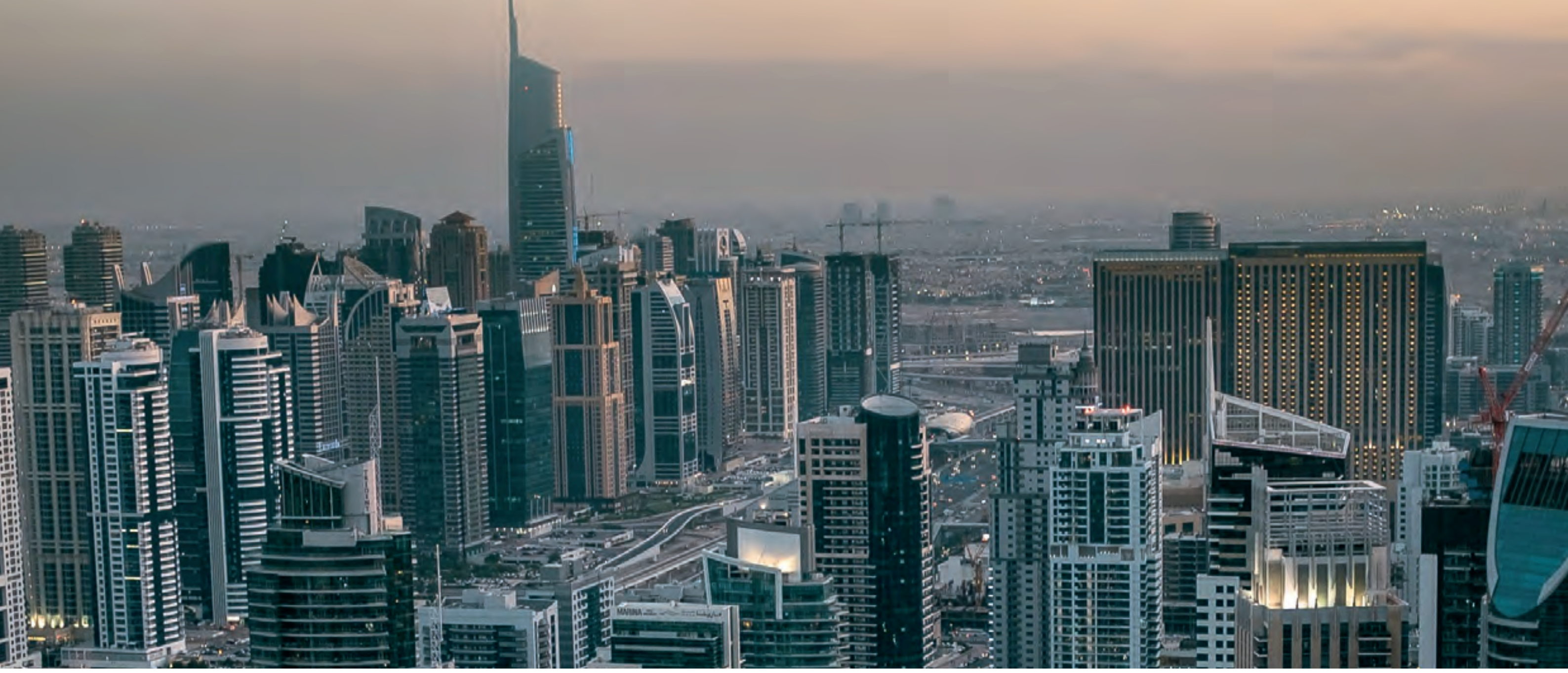
# DUBAI'S RESALE MARKET IS A HAVEN FOR BUY-TO-LET LANDLORDS SAYS CONSTRUCTION WEEK

If you caught last month's newsletter, you'll know that Dubai stands out as a highly attractive strategic investment opportunity for buy-to-let landlords in 2024. It boasts strong economic growth, attracts the cream of global talent, welcomes billions of pounds of foreign investment and is frequently recognised as one of the safest places to live and work in the region. The emirate is also on track to be one of the world's top three economies5 by 2033, creating more employment and investment opportunities – and therefore creating an even more robust rental market.

Buy-to-let landlords are already reaping the benefits of renting in Dubai, given average rental yields and average rental growths exceed those of many other domestic markets.



The fast pace of growth in Dubai has also opened up another lucrative avenue for investors in the form of the secondary property market. In a new report, Construction Week notes that seasoned investors can expect highly attractive returns, especially landlords those buying resale property in the growing number of established, well-connected and popular communities such as Dubai South and Emaar South.

One of the driving forces of the resale property resurgence is the continuing development of the mega-sized Al Maktoum International Airport. When works are finished, it will be a colossal 27-square-miles, with five runways and more than 400 gates6. It will become the largest airport in the world and is expected to welcome more than 260 million passengers per year.

In tandem with the airport expansion, other infrastructure projects, including the expansion of the Dubai Metro, are ongoing and are providing better connectivity to areas that affluent tenants and buy-to-let landlords may have previously overlooked.

With that increased convenience and proximity to transport hubs, workplaces, education, retail and leisure destinations, already constructed properties can represent an excellent investment opportunity.

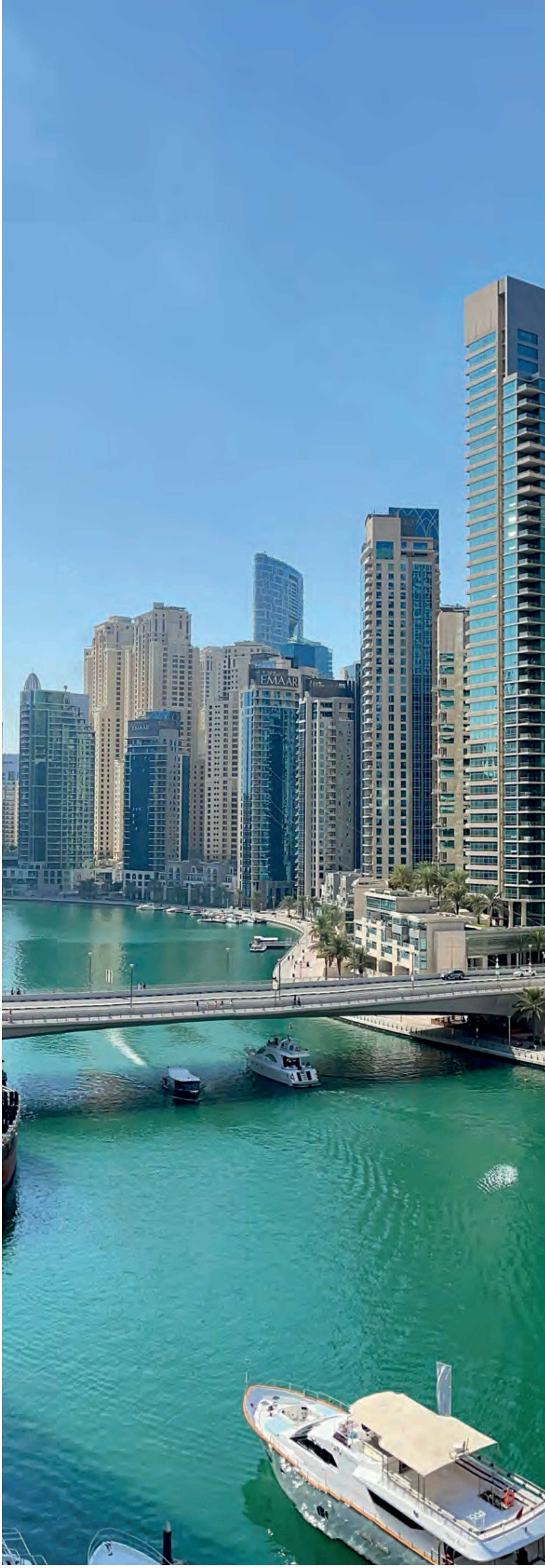
Typically created to a very high standard, those existing, well-established communities open up a whole new stream of rental potential for landlords. With updates, those same properties could also appreciate in resale value in the future as connectivity and proximity to key developments - including Al Maktoum International Airport - improves even further.

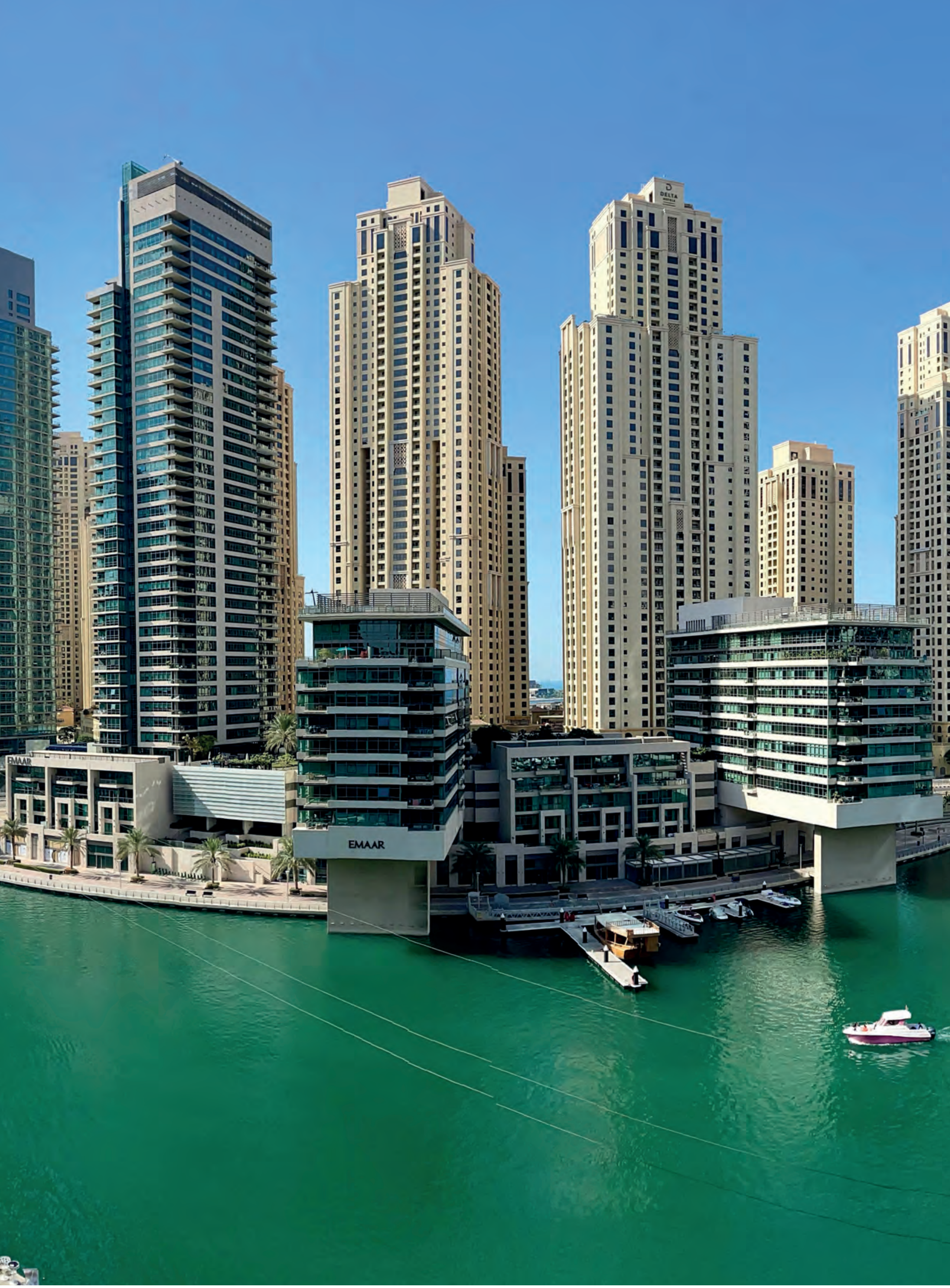
One of the most enticing advantages for landlords is that the secondary property market offers immediate ownership potential – meaning you can lease out the property right away and begin to benefit from all of the advantages that come with buy-to-let status in Dubai.

# DUBAI'S RENTAL MARKET RAN RED HOT THIS SUMMER

There has been a sustained demand for rental properties in Dubai this summer – thanks in part to continuing population growth. Gulf News reports7 that a 4% year-on-year increase in permanent residents (a 143,000 person increase) has helped to fuel rental demand. Also helping to boost landlord profits is the number of tenants opting to renew their leases, giving those planning to invest in the area a large prospective pool of tenants and a considerable likelihood of consistent renewals.

Gulf News explains, *"Many existing tenants are opting to renew their leases, finding comfort and stability in the communities they have come to call home. Areas such as Dubai Marina, Downtown Dubai, and Jumeirah Village Circle continue to be popular choices, with a high number of rental renewals."*

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UPDATE

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