

BREXIT BITES BTL's

Issue 1

- 1) Brexit effect's
- 2) Brexit opportunities



Authored by:
Perry Cox
Relocations Director
Winaway Property Solutions Ltd

Brexit's effect on the hardworking Buy to Let Pension Landlord.

You, the average hardworking pension Landlord, have worked hard in the '9 to 5' to provide for your family and have even managed to put away a little extra for your retirement by acquiring a small number of investment properties. Then, on the morning of *Thursday 23 June 2016* news broke that the UK had decided to leave the EU; shock and a fear of the uncertainty prevailed.

FASTFORWARD and with just five months to go before the planned exit date of Friday 29 March 2019. But just what does Brexit mean for you and your property?

Adverse Effects of Brexit

➤ Fall in property prices

In September 2018, major UK lenders reported that UK house prices plummeted at the fastest pace for almost six months with London house prices being reported to have fallen for the first time since 2009 and this is forecast to continue.

For you, the 'Pension Landlord' ready to retire and sell up your portfolio in the next six to eighteen months the value of your pension and predicted lifestyle has just taken a major tumble.

➤ Drop in the number of properties on the market

Following the fall in property prices and the ongoing uncertainty; a large number of portfolio Landlords have decided to delay the sale of their properties. For the pension Landlord requiring just one more property before crystallising their portfolio there is currently less choice and some investment criteria may have to be relaxed.

➤ Expected fall in the number of tenants from outside the UK

There is still great uncertainty as to the standing of non- UK, EU nationals once the UK comes out of the EU formally in 2018. As a result, it is forecast that these tenants may start leaving the UK in anticipation of the worst. If this happens more properties are likely to appear on the rental market causing increased 'Tenant Negotiating Power' and a reduction in rental income for the retired Landlord meaning a fall in the expected passive pension income.

How we can **BREXIT PROOF** our property pension... *cont'd*



Issue 1

- 1) Brexit effect's
- 2) Brexit opportunities

3 tips to ensure the 'Pension Landlord' is safeguarded & even 'WELCOMES' Brexit.

In property there is a saying that 'When others are greedy be scared and when others are scared be greedy'. Whilst Brexit has led the majority of the British public and the 'man down the pub' to scaremonger about Brexit, there are actions you can take to safeguard yourself and take advantage of opportunities to actually increase your pension.

- **Tip No 1: Consider purchasing another leveraged property**

'If you are considering 'selling up' your portfolio in the next six to eighteen months and retiring on the cash, as we noted earlier you will probably get less than you budgeted for. A more sensible method could be to re-finance your properties and release equity that you have built up over the years to leverage the purchase of another property at the lower prices. This way when property prices do eventually increase you have an additional property you can dispose of

and likely make more than if you sold just one now!

- **Tip No 2: Adapting your strategy to the current economic climate**

Pre Brexit it may have been okay to rent out your property as a single unfurnished 'Buy-to Let' with a long term tenant! Now, with increasing tenant buying power traditional rents may not be as high as they could be. As a result of the the 'fall in the value of sterling' which has been influenced by the Brexit decision, more tourists are visiting the UK from overseas and more UK nationals are having a 'staycation' according to the budget hotel chain 'Travellodge'. By converting your property to this type of let (also known as Serviced Accommodation) you would be well placed to maximise your monthly pension pot.

- **Tip No 3: Guarantee your rent for the long term and safeguard against voids**

Have you heard of 'Corporate Lets'? The likelihood is you haven't. In fact, they are one of the savvy pension Landlord's best kept secrets for a passive income and stress free early retirement! A Corporate Let specialist will take on the management of your whole property for no fee, guarantee you a fixed rent regardless of tenant voids, cover the cost of day to day maintenance all for a period of up to five years or sometimes even longer. In return you need to allow them to rent the house out on a room by room basis to their working professional tenants.

I hope this article has given you some useful information on Brexit from the Landlords point of view and helps you enjoy the retirement you deserve.

REFERENCES: -
<https://www.theguardian.com/business/2018/oct/05/uk-house-prices-fell-sharply-in-september-amid-brexit-wariness>

<https://www.travelodge.co.uk/press-centre/press-releases/We-are-Staycation-nation>

Winaway Property Solutions are Corporate Lettings Specialists. Providing Landlords with long term guaranteed passive rental income and providing working professionals with high quality accommodation. For enquiries email - enquiries@winaway.co.uk or visit www.winaway.co.uk