



ADMIRER PROPERTIES

WHY INVEST IN MANCHESTER?



Investing in property let in Manchester is popular for first time landlords and those with a more established portfolio. This is due to the city's reputation for high rental yields, strong demand from tenants and an expectation that in the heart of the northern powerhouse project will prove to be effective for an already thriving city economy.

Manchester is home to one of Europe's biggest student populations, a high number of young professionals and families, with a variety of potential renters which is grown on an annual basis. More than a quarter of the homes in the city are rented, the highest amount in the UK. The growth of the market and landlord yields are expanding at a faster rate in Manchester than London.

In the months following the Brexit vote, Manchester's rental market showed no sign of slowing down, however it's important to remember that the longer-term impact of the UK's decision to leave the European Union may affect property prices, yields, availability of mortgages and the expected growth of the market. That being said, it remains an extremely popular buy to let location.

INTRODUCTION

Buy to let in Manchester: High Rental and strong demand in a Northern Powerhouse.

Manchester is a prime location on the buy to let investor map, mainly as it was named the UK's best buy to let hotspot by HSBC in 2015, the city has an impressive list of statistics that have helped it secure that position.

Although the buy to let investment market has been shaken by the UK's decision to leave the European Union back in June 2016 and is awaiting the long-term aspects to Brexit, Manchester is cushioned by several factors.

The city was at the forefront to the Governments Northern Powerhouse project which is still the case to this day. The UK powerhouse report by solicitors Irwin Mitchell found that the city had the fastest growing output over any city in the Q2 of 2016, beating central London.

The foundations of Manchester's healthy performance and the demand for rental properties is its attractiveness as a business location. In addition, the creation of the

BBC's MediaCity and relocation of many services from London, Manchester now has a vibrant economy driven by services, digital, creative and culture. Additionally, it's the home to the HQ of businesses such as Thomas Cook, Co-op and has offices for companies such as Google, Siemens and AstraZeneca. One million plus people work within Manchester.

Manchester has three universities meaning the city has a huge demand for student accommodation with around 75,000 extra residents during the academic year. These numbers increase yearly. It's estimated that the city has 60% more 25-29-year olds than the national average, this is a key demographic which today expects to rent rather than buy.

More than 25% of properties in the city are now rented, more than anywhere else in the UK. A rental growth 13 times faster than London, yields standing at around 6% which is showing that Manchester is proving to be a hotspot for buy to let investors.



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MANCHESTER'S BUY TO LET HOTSPOTS

In 2015, HSBC named Manchester the UK's buy to let hotspot. Locations close to the Metrolink tram service which can take young professionals quickly into the city centre and are areas of potential growth according to Assetz property investment.

Homes to rent near the BBC's MediaCity development in Salford are also in high demand from staff and students are always seeking accommodation close by to university.

Manchester based business BuyAssociations research ranks the city's best rental hotspots according to postcodes:

- M14 Postcode – Areas such as Moss side, Fallowfield and Rusholme which are located close to the University of Manchester are highly required by students. BuyAssociation reported that this is the top pick for buy to let investors as it has seen rental yield growth of more than 8% in recent years.

- M25 Postcodes- Located within 15 minutes north of the city centre, this location is popular with young professions for easy access to central Manchester and with families for the village feel of the area. Accessible to M60.
- M38 Postcode – Boasting rental yields of more than 7.6%, this area is reasonably priced. The average property price averaging around £70,000 for family friendly terraces located in North West Manchester.
- M9 Postcodes- It's an up and coming area due to its transport links to the city centre and proximity to the motorway.

WHO ARE YOUR TENANTS AND WHAT ARE THEY LOOKING FOR?

Today's generation rent expects to be a tenant in a way previous generation who were brought up on the idea of buying their own home, did not. Now, due to higher house prices and large deposits required getting the property ladder is much harder than it once was.

Renters of today's market are of all ages and backgrounds, from students, young professionals to overseas executives, growing families and even retired couples who have downsized from their family home. Demand for rented accommodation is outstripping supply.

- Manchester has 60% more 25-29 than the UK average with the demographic being a key market for buy to let landlords.
- The presence of national and international organisations in Manchester mean there is a need for rented accommodation for overseas executives working in the city.
- Young professionals with high disposable incomes will be prepared to pay higher rents for the type of property they want.
- Manchester's huge student population is a key market as the city's population grows 75,000 during term time and is still growing.
- Families, who would have previously bought their own home are among those priced out of the housing market and make up an important sum of income for buy to let investors.

Different tenants have different needs, both regarding suitable properties and locations. Students are normally happy with cheaper, more functional properties near to their place of study whilst families wish to have decent housing near schools and amenities. Young professionals and executives look for apartments close to the city centre with accessible transport links. Retired tenants tend to prefer smaller well-equipped apartments or housing near to shops and restaurants.

Properties near the Metrolink tram system are high demand. Nationwide reported that in 2015 house buyers in Manchester would pay 4.6% more for properties within 500m of a tram station. Likewise, rented accommodation near the system can be rented out for higher prices.

£1.5 billion has been invested in improvements to the Metrolink, adding 57 stops and tripling the network's size. The work was completed in 2017 and adds new areas to the location which will be in demand by tenants. This could include properties which require work, a point making them cheaper to buy, but if they are well located investors will boost returns in the long run.



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HOW THE MANCHESTER BUY TO LET MARKET IS POISED TO GROW

Manchester has more rented properties than anywhere else in the UK with around 25% of the homes in the city let to tenants. The current rate of rental growth is 13 times faster than London and landlords can make an average rental yield of around 6%.

Manchester Northern Powerhouse status means people will be attracted to live and work in Manchester, increasing the demand for rented accommodation.

As home to one of the biggest student populations in Europe and two large universities in the country there is continuous demand for student accommodation.

Recent research by the Manchester Evening News makes for positive reading if you're looking to buy property to let in the city. It found that;

- 15 tenants are chasing each property.
- City centre flats to let receive an average of 10 enquiries whilst apartments are attracting four or five offers.
- Rents are rising by an average £75 per month in the most in demand city centre locations.
- Due to the demand, some of these properties are let within an hour of being marketed.

WHAT DO YOU STAND TO MAKE AS BUY TO LET LANDLORD?

It's important to remember that the rates of return must also consider services you're responsible for, such as property maintenance, tax on property investments and the cost of employing an agency to market and let your property. Also, important to remember that properties sometimes are vacant and aren't earning whilst you're seeking tenants. Normally landlords work on the expectation that a property will be empty for two months of the year when forecasting their annual rate of return.

When applied to Manchester, yields average **6%** but as always with property, location is key. LendInvest estimates that rental yields in popular areas of the north west of the city are some of the best and at **6.8%** they come in well above the cities average.

There's no hiding the fact as the most profitable place for buy to let landlords in England and Wales, Manchester offers particularly good returns. It was named as the UK's buy to let hotspot in 2015 by HSBC for good reason. Landlords in the city can expect high yields from their properties in this popular Northern City and the future remains a positive one.

For more information, visit www.admiredproperties.co.uk or give us a call to discuss your individual investment goals on 01670 339 090