



Your Guide to Starting and Building a Residential Property Portfolio

Kirwans is one of the North West's most forward thinking law firms. As an all-servicing firm, our success has been built upon delivering legal knowledge and expertise to our clients. At Kirwans, we understand that every client is unique therefore our advice is tailor-made to ensure the best legal solution.

In Commercial Property transactions, instructing a Solicitor to act for you from the outset is essential. This helps to ensure that the transaction is completed as efficiently as possible and should any complexities arise you have the right advice at hand. By instructing an experienced and knowledgeable Commercial Property Solicitor, who understands your needs from the start, you can avoid timely and expensive errors.

Our team of Commercial Property specialists understand that completing your transaction as quickly and cost-effectively as possible is key in managing a successful portfolio of properties.

At Kirwans, we invest time to understand our client's needs and consider the objectives of your property requirements. Whether you are starting out in a new venture, adding to an existing property portfolio or selling your property, Kirwans can guide you in the right direction and put your property investments on the right track.

Our Client Commitment

- 24/7 access to legal specialists
- Day to day support and advice
- Concise and honest advice tailored to each individual client
- Regular updates ensuring you are fully informed
- Transparent pricing with no hidden costs
- Provision of an efficient and thorough legal service

Q. What type of property should I be considering?

If you are considering building a property portfolio it is important to think about the type of property you wish to invest in. Properties for 'residential' use differ hugely to that of 'commercial' use (business purposes) and it is important to consider the legalities of each before investing. This will help to avoid costly mistakes that could have been pre-empted.

Q. I want to invest in residential properties – where do I start?

Property can be an exciting and profitable investment. However, if you are looking at 'residential' properties with a view to letting them, you should consider various issues such as prohibition of subletting, the property location, who your desirable tenants are and whether they will be suitable for the property type and location. Identifying your target area and prospective tenants is crucial in maintaining a successful and profitable portfolio which will continue to grow. Our team of Commercial Property experts will guide and advise you from the outset to help you get the most from your investment.

Q. Flats vs Houses – which is best?

There are differences between investing in flats and houses for tenants and various legal issues to consider for both types of property. Undertaking research with the local estate agents is imperative to understanding the market and potential profitability and, where possible, speaking with existing landlords for their opinion on the area and/or building and any issues they may have experienced and how these issues were overcome.

Most flats are on a 'leasehold' basis with the ownership of the flat being a long tenancy, which is the right to occupation and use of the flat for a long period. The 'term' of the lease, will usually be for 99 or 125 years and the flat can be bought and sold during that term.

Most houses are 'freehold' meaning the house and surrounding land is owned outright forever or any event until it is sold.

The following information will provide you with an overview of just some of the issues you should consider when considering flats and houses for your portfolio.

Subletting – can the property be sublet to anyone?

Often there are restrictions on who the flat or house can be sublet to. There may be a prohibition in your lease on who you can let to, for example, tenants placed by local authority. Knowing and understanding any limitations is vital before investing in a property. There are also restrictions on the number of tenants you can let the property to; you will need to consider fire and safety regulations and also the rules and regulations for houses in multiple occupations.

Service Charge – what is it and is it capped?

Many leasehold flat complexes are maintained by a third party meaning as a landlord you don't have to worry when the building needs repairing or maintaining any garden areas. However, this means that as the landlord you will be expected to pay a monthly service charge towards these repairs, and maintenance which can vary significantly. This is a major factor to account for when considering the potential monthly outgoings in connection with the flat being purchased. You may be able to agree a capped service charge to be incorporated in your Lease Agreement when acquiring the property.

Amenities – is the property conveniently located for the needs of the tenants?

If it's a flat you're investing in, consider whether parking is available. It should be considered whether there are local amenities, such as shops, launderettes, restaurants, that are in walking distance for your tenants. This will make the property more desirable for young professionals and those who wish to use the flat as a base. When buying houses to rent, as a landlord you need to research their proximity to local primary and secondary schools particularly if your investment property is to be let out as a family home.

Security – is the flat adequately safe for tenants?

You will need to consider whether the flat is sufficiently secure with the correct legal requirements for any corridor areas and any gates surrounding the complex.

Using a letting agent – what are the pros and cons?

By instructing a letting agent to manage your property on your behalf, you free yourself of responsibility of finding suitable tenants, and they will also deal with disputes/complaints from tenants. However, there is a cost attached to this management of the property and if you have the time and knowledge to undertake the administrative elements yourself there are savings to be made.

Before you start to purchase multiple properties, it's important to consider several factors to ensure you're protected from any potential disputes or legal issues arising from matters that could have been pre-empted. Instructing our Commercial Property team will give you the peace of mind that all possible challenges have been examined.

Acquisition Price

Consider auctions as opposed to sales by private individuals through estate agents for cheaper investments which can offer a good mix of low priced quick sale properties and can include repossessed properties. You will be expected to leave a deposit of 10% of the sale price on the auction day so only bid if you're serious. You must get advice before attending an auction on the lot you are bidding on as once you exchange at auction the contract is binding.

Repair Work

When considering purchasing a property it's imperative to look at any potential repair work that will need completing before it's suitable for a tenant to reside in. We would always recommend that you instruct a surveyor to look at the property and carry out a full structural survey before purchasing.

Saleability, Profitability & Mortgageability

With any investment you should always think about the resale prospects of the property. Dependant on the buoyancy of the market and any refurbishment work undertaken, can you expect to make a profit when the property is sold? Although no one can predict the future of the housing market, doing your homework on the local area will assist you make your investment assessment. You should also consider if you wish to borrow money against the property in the future to fund other businesses/projects, what is the borrowing capability against the property? As you build your property portfolio is it wise to instruct an accountant to advise on tax implications.

Administration Costs

As well as your investment into the property itself, don't forget there are other factors to think about which will soon mount up if not budgeted for. These can include surveyor's fees, solicitor's fees third party disbursements, estate agents fees, letting agent's fees, auction house fees as well as the initial outlay, purchase price and essential repairs. These should be weighed up alongside your projected profitability.

About Kirwans

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We understand that every client is unique therefore our advice is tailor-made to ensure the best legal solution for our clients.

Our experienced team of lawyers deliver practical and professional legal advice to clients in a straightforward and comprehensive manner, providing a high-quality service in the most cost effective way. As an all servicing law firm, our Commercial Property expertise is well-established both locally and nationally and available 24/7 to advise each step of the way.

At Kirwans, we are dedicated in providing our clients with a focused, cost effective and transparent service.

For all your Commercial Property needs contact our team today

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