

# Investing in UK Property 2025

Your guide on investing into one of the world's most stable markets



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✂ PROPERTY INVESTMENT & REAL ESTATE ✂



# Introduction

**Established over hundreds of years, real estate has been the go-to investment, serving as a reliable asset during periods of uncertainty.**

While other asset classes may offer high returns, they often come with significant risk. In contrast, property investment carries considerably lower risk, as its performance is predominantly driven by supply and demand dynamics.

The UK property market has consistently demonstrated resilience and stability, even during periods of broader economic uncertainty.

This mature market is supported by a robust legal framework and holds significant importance to the UK government. Investing in the UK property market offers a variety of opportunities for both new and seasoned investors.

By selecting the right location, ensuring access to desirable amenities, and employing effective management, UK rental properties stand out and is undoubtedly one of the best long-term investments you can make.

Most importantly, property in the UK is always in high demand and maintains with comparatively low supply levels.

Comprised with a decade of experience, we have had the pleasure of assisting investors from around the world in securing investments in the UK's top-performing locations.

Regardless of where you are on your investment journey, this guide aims to help you make the best long-term decisions to achieve the strongest returns.



It is estimated that in the whole of the UK, around 350,000 new homes are required each year, simply to keep up with current demand.

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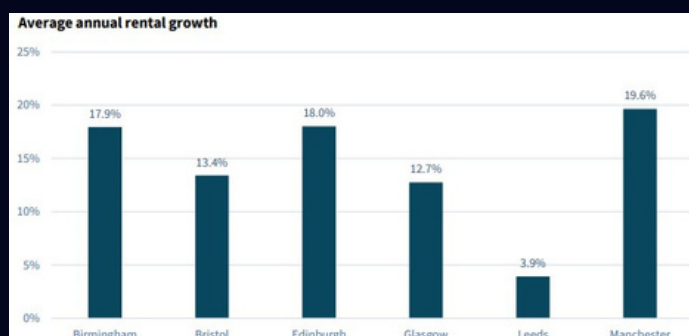
# Why You Want To Invest In UK Property

The UK property market has consistently demonstrated resilience and stability, even during periods of broader economic uncertainty, seen through rising interest rates, and major increases in costs of living.

The post-pandemic world has truly displayed that this dynamic market has been further transformed for the better for investors.

In 2023, despite the rising interest rates and increased living costs, build-to-rent investors have managed to maximize their positions through higher interest rates and see strong rental income growth as more individuals look to rent.

According to JLL, the end of lockdown restrictions signalled a renaissance for city centre living, causing rental demand in cities like Manchester and Birmingham to reach record levels.



The JLL Big Six Residential Report published in July 2023 summarises market activity across Manchester, Birmingham, Bristol, Leeds, Glasgow, and Edinburgh.

The report provides a snapshot of the investment landscape in these key UK cities and highlights the opportunities for high returns.

## Highlights from JLL's Big Six Residential Report

- Even with inflation, the city centre markets continue to remain resilient
- Manchester, Birmingham, and Edinburgh saw an average rental increase of 18.5% in 2023
- Manchester, JLL's top-performing city for the last 3 years, saw annual rental growth of 19.6%

Source: JLL Big Six Residential Report, July 2023

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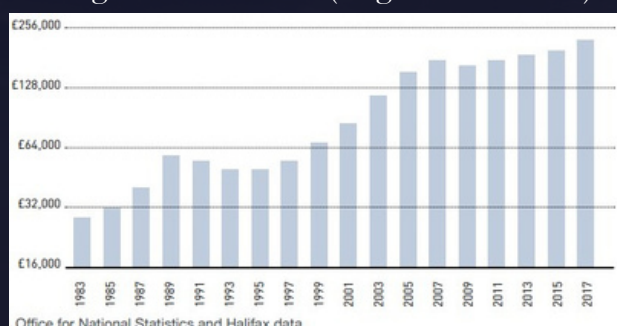


## Summary of UK Property: 2024 and beyond

Looking ahead to the rest of 2024 and beyond, UK property market prospects are bright.

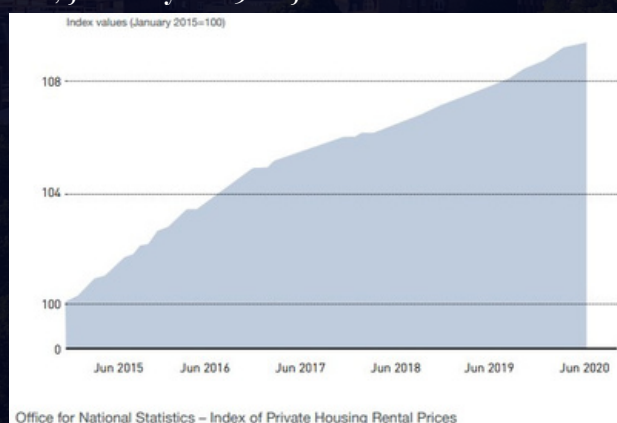
### A steady growth trajectory

Average House Prices (England & Wales)



The number of homes listed to let on Rightmove in the first quarter was 15% higher than last year. However, it is worth noting that there was a 5% increase in proceedable buyers coming to market too. With supply shortages and increasing high demand, - particularly in key cities like Manchester - this presents an ideal opportunity to capitalise on high demand and low supply.

Indices of Private Housing Rental Prices, UK, January 2015 to June 2020



This demand for city rentals, coupled with rising interest rates high enough to delay first-time homebuyers, has created a unique opportunity for rental investors. Indeed, the UK rental market continues to grow apace - recording almost double-digit rental growth on new lets.

### A rental market which continues to grow

There are various reasons as to why the UK rental market continues to boom. For some, the high cost of buying a property in the UK means they simply cannot afford to become homeowners. But for many others, renting works better with their lifestyles.

For many, living close to city centre hotspots, accessing a better job market, and becoming part of like-minded communities are greater priorities

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As more people in the UK seek out better rental homes in prime locations with premium amenities, the build-to-rent sector is now one of the best investment opportunities for a generation.

- Over one-third of those born between 1980–1996 will now rent their entire lives
- Over 40% will still be renting by age 30; that's twice as many as their parents' generation
- Rightmove reported that rental enquiries have tripled in Manchester since 2019 – now at 30 enquiries per property
- ONS data reported 50.6% of surveyed properties had a rental price increase between February 2022 and 2023
- Despite a major supply shortage, only 100,000 purpose-built rental properties are currently in the delivery pipeline nationwide
- The UK government has committed to building 1M new homes over the course of this parliament, prioritising building on brownfield sites in inner-city areas where demand is highest

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# Happy Investor Quote

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# Where To Invest In The UK

For many property investors, especially those from overseas, London is the first city that comes to mind when considering the UK. As the nation's capital, London is famous for its prestigious addresses and has historically provided high returns



However, London is no longer the top city in the UK for the highest property investment returns. Global investors are now focusing on key regional cities like Manchester and Birmingham to achieve the most significant growth.

## Investing outside of London

### LOWER AVERAGE PROPERTY PRICES

<b>£737,512</b>	<b>£304,988</b>	<b>£279,332</b>
<b>LONDON</b>	<b>MANCHESTER</b>	<b>BIRMINGHAM</b>

Source: Halifax Price Index, August 2023

### HIGHER AVERAGE RENTAL YIELDS

<b>2.83%</b>	<b>3.85%</b>	<b>4.69%</b>
<b>LONDON</b>	<b>THE WEST MIDLANDS (Birmingham)</b>	<b>THE NORTH WEST (Manchester)</b>

For prime city centre developments in Manchester and Birmingham, yields increase significantly, compared to London. Within SIGs portfolio, our sites all offer a rental yield above 6%. In fact, with some of our schemes, our investors are seeing rental yields over 8% on their Manchester and Birmingham properties.

More and more renters are moving out of London, and moving to the constantly growing urban centres, like Manchester and Birmingham.

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# Manchester Highlight

Manchester's property market offers relatively affordable entry points compared to London, yet it provides impressive capital growth and rental yields.

The city's ongoing regeneration projects, such as the development of MediaCityUK and the Northern Powerhouse initiative, further enhance its investment potential by attracting businesses and boosting employment.

## ‘The Capital of the North’

Transportation infrastructure is another key benefit, with extensive rail and road networks connecting Manchester to other major UK cities, including a 2-hour direct line into London.

Additionally, Manchester's vibrant cultural scene, with its rich history, thriving arts, and entertainment options, makes it an attractive place to live, contributing to sustained demand for property.

Investors seeking a combination of growth potential, strong rental yields, and a dynamic urban environment, Manchester stands out as an excellent choice

Manchester property prices  
are expected to grow by over  
19.3% by 2027



80/100 of the FTSE Top  
Companies are based in  
Manchester



Plans to build a further  
2.6 million/sqft of office  
space in Manchester



Manchester's  
population is  
growing twice the rate  
of the national average



Home to 5 of the leading  
universities - with high  
student retention rate  
of over 50%

Manchester is home to  
80 of the Top 100  
FTSE Companies, as  
well as other global  
brands





# Birmingham

## Highlight

### The UK's Second Largest City

Birmingham was recently recognized as one of the top UK cities for predicted house price growth over the next five years.

Known as the UK's 'Second City,' Birmingham boasts five universities and a vibrant student community. The University of Birmingham, ranked in the Top 100 World Universities, hosts an international student population of 19.5%.

The UK government's HS2 railway project will soon make Birmingham a commuter hub for Londoners seeking affordable rent and better amenities.

Additionally, major global financial institutions like Goldman Sachs and HSBC have set up headquarters in Birmingham,

drawing a growing number of high-earning professionals and renters.

Birmingham is seeing a major regeneration programme which continues to enhance the already thriving city. Initiatives such as Birmingham City Council's Big City Plan and Our Future City Plan 2040 aim to expand the city's residential, commercial, and retail centers.

The Big City Plan, hailed as 'the most ambitious and far-reaching development project ever undertaken in the UK,' will create 1.5 million square meters of floor space and generate over 50,000 new jobs for the city. The world's largest property developer, Lendlease have invested £1.9bn into the city centre as well as other major company's such as Aviva and Moda.



# Birmingham city centre rents are projected to soar by 19.3% by 2027



With the rise of hybrid working, people are now more focused on the quality of their living environment and available amenities, not just their workplace location. The HS2 railway significantly alters Birmingham's position on the commuter map, bringing it much closer to London.

Many major global brands and businesses have now moved their Headquarters from London to Birmingham, with many more corporations looking to do the same



HM Revenue  
& Customs



HSBC

KPMG



Deutsche Bank



Deloitte.



LLOYDS BANK

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# What Do UK Renters Look For?



## City Living

Despite the rise in remote working, there has been a post-pandemic trend towards city centre living. This shift has driven rental values up by as much as 20% annually in major cities like Manchester and Birmingham.



## Flexible Working

According to JLL's 2023 Tenant Survey, 72% of renters split their working hours between the office and home. This has created a high demand for homes with modern amenities, spacious living areas, and access to remote working facilities.



## Amenities

JLL's survey evaluated the most sought-after amenities for renters. 93% of respondents shared that broadband speed was important, and 66% valued an on-site concierge. Additionally, 68% said they would pay a rental premium for on-site leisure facilities, while 67% considered proximity to public transport a worthwhile benefit for higher rent.



## Energy Efficiency

According to JLL's 2023 Tenant Survey, 76% of respondents stated that energy efficiency in their homes has become more important over the past year due to rising bills. Additionally, 40% now consider energy efficiency a key factor in their decision to rent a property.

**At Summit Investment Group, we work with prime property developers, shaped by people and the places, fostering vibrant communities for long-term residents, and ultimately driving strong returns for investors.**





# UK Property Taxes Explained

**The UK imposes several taxes that both resident and non-resident property investors should be aware of. As of September 2022, the rates are as follows:**

Tax Band	SDLT percentage
Up to £250,000	3%
£250,001 - £925,000	8%
£925,001 - £1.5 million	13%
£1.5 million+	15%

## Stamp Duty for Property Investors

Stamp Duty rates for buy-to-let investors differ from those for individuals purchasing a property to live in or first-time buyers.

SDLT rates are divided into tax bands, with each band applied proportionally to the respective portion of the property price. You will only pay tax on the amount that falls within each applicable band.

## Stamp Duty Land Tax (SDLT)

SDLT is the tax applied to the purchase of any residential property in England and Northern Ireland.

The tax is payable upon completion of the purchase. For off-plan properties, SDLT is paid when the building is completed.

The taxable amount varies based on whether the property will be your main UK residence, a second home or investment, or if you are a non-UK resident.

*\*Please note that the information below is for guidance only. Select Property is not a tax advisor. It is recommended to consult your financial advisor for personalized advice.*



## Income Tax

You are required to pay Income Tax on the rental income generated from your property. This applies to the net income you receive after deducting management fees and other related expenses.

Band	Taxable Income	Tax Rate
Personal Allowance	Up to £12,570	0%
Basic Rate	£12,571 - £50,270	20%
Higher Rate	£50,271 - £125,140	40%
Additional Rate	£125,140+	45%

Income Tax is applied to total income earned in the UK\* on a progressive scale at the following rates:

*\*Note: Dividends and savings income may be taxed differently.*

Non-resident UK investors are subject to the same tax rates as UK residents but may not qualify for the annual tax-free Personal Allowance.

## Capital Gains Tax (CGT)

Capital Gains Tax is payable when you sell a property in the UK.

It applies to the profit made from the sale, calculated as the difference between the selling price and the original purchase price.

As of changes introduced in April 2019, non-resident UK investors are also liable for CGT when selling shares in a UK-listed company, provided they hold at least a 25% stake in the company.

**Some non-resident UK investors may be eligible for the Personal Allowance if one of the following applies:**



- You hold a British passport



- You are a citizen of a European Economic Area (EEA) country



- You have worked for the UK government at any time during the tax year

**How CGT is charged relates to the level of Income Tax you pay each year:**

18%

Basic Rate  
Income Taxpayer

28%

Higher Rate  
Income Taxpayer

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