

Is now a good time to buy to let?

The biggest question most property investors want an answer to is:
When's the best time to invest in property?

The answer is: that depends! Property investors have different levels of funds to invest, different attitudes to risk, buy in particular areas for different reasons and want to hold onto property for different lengths of time. So to work out whether now is a good time to buy to let for you, you need to consider your own circumstances, then take a look at the market.

Personal circumstances

Whether you should invest in buy to let now is primarily determined by your own financial and personal circumstances, together with your investment objectives. For example, if you're new to buy to let, you need your first property to be successful from day one. In that case, it's about buying a property that stacks up both from a capital growth and an income perspective. You need to retain sufficient equity in your property to make sure you can continue to secure a mortgage into the future. From an income perspective, you need some spare cash to fund your investment just in case you don't have a tenant for some weeks or they don't pay their rent. In this instance, a good time to buy to let is when the market is stable to small growth.

On the other hand, if you're a seasoned property investor and any income or capital losses can be offset against the rest of your portfolio, then it's more about getting a good deal now. Even if the property falls in value or has some income losses in the beginning, as long as you know it's a good long-term prospect for your objectives, when you buy doesn't matter so much.

Attitude to Risk

All regulated investments, such as pensions, ensure your level of risk is identified when considering the right type and level of investment for you. As buy to let isn't regulated, you need to think through your level of risk yourself. This will very much affect when is a good time for you to buy to let.



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You might be able to afford to take a risk, such as a property falling in value or needing a major renovation job that could run over, cost and time wise. In that case, it's more about getting the right deal rather than worrying about whether now is a good time to invest.

But if you're not in a position to take any financial risks, it's better to buy in a stable or small growth market and purchase a property which you know will deliver against your capital growth and/or income objectives. You should look for a property which has a fixed level of costs and/or will deliver assured rental income that covers your costs from day one.

The Market

Most people think buying at the bottom of the market is the key to successful buy to let investment. And this would be true - if it were possible to pinpoint the bottom of the market at the time. Unfortunately, we only know when we've hit it some years afterwards!

Typically, you get the best deals when the market is dropping and the news regularly reports about house prices falling. When there are more properties for sale than people who can – or want – to buy them, prices fall. And when sellers are fearful of prices falling further, you can negotiate the best deals. The danger of buying in this market is that you never know how much further property values might fall.

For example, property prices seemed to have bottomed out in 2009. But three years later, in 2012, some prices fell beyond the lows of 2009, many of those who thought they'd got the best deal in 2009 have actually suffered losses.

The real success of buying a property to let is finding the right deal and these can be found all over the UK, in rising, falling and stable markets. So rather than worrying too much about finding the right time to buy to let, worry more about finding the right property deal for you in your area, which is most likely to deliver against your investment objectives.



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