



Ascension

THE BEGINNER'S GUIDE TO

# PROPERTY INVESTMENT IN SCOTLAND

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# INTRODUCTION

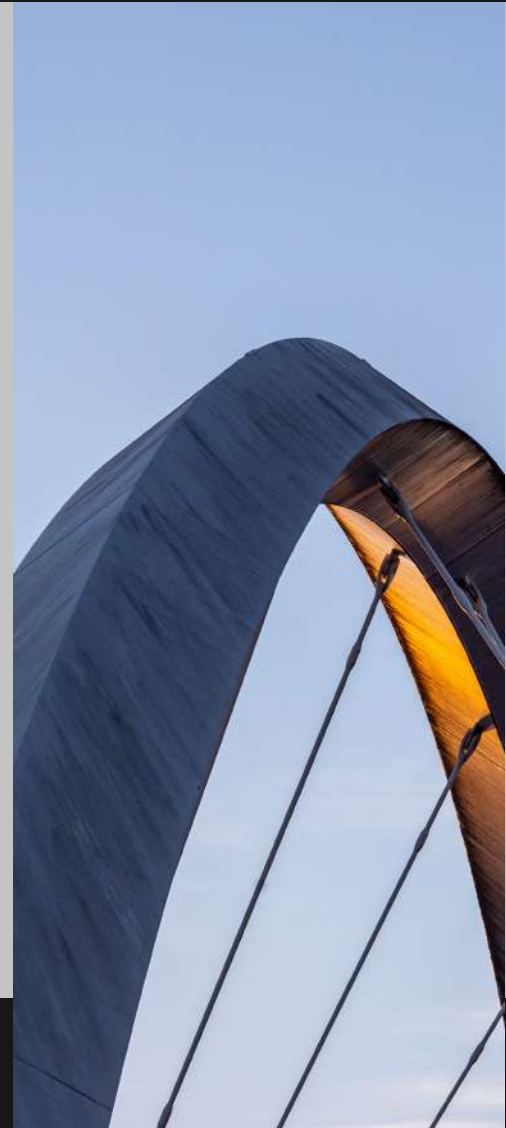
Are you considering the Scottish property market as a way to grow your wealth?

If you're anything like most of our clients, you'll probably have many questions regarding property investment in Scotland and whether it's right for you

Perhaps you've managed to save some capital, or maybe wondering what to do with your pension funds.

You might even be thinking longer term, which, given the capacity for capital appreciation, isn't a bad idea.

Regardless of your motives, property investment in Scotland can be simpler and a lot less hassle than you might think.



By reading this guide, you'll learn:

- 01 A brief introduction to property investment
- 02 Reasons why investing could be right for you
- 03 The alternatives to property investment
- 04 The benefits of investing in Scottish property
- 05 The downsides of property investment in Scotland
- 06 Some questions to ask before deciding to invest in the
- 07 Scottish property market

# A BRIEF INTRODUCTION TO PROPERTY INVESTMENT IN SCOTLAND

Property investment can seem like a quagmire when you consider all the different options and strategies on offer. However, if you're looking to make a reasonable return on your capital, it can be surprisingly simple - and effective.

As an investor seeking excellent returns and a way to use your money creatively and constructively, property can seem like an easy, efficient and relatively low-risk way to grow your wealth.



Investing in property can provide cash flow in the form of regular rental income (buy-to-let), or quick returns on your investment (buy-to-flip) - depending on your strategy.

We're going to take a look at some of the key property investment strategies on the next page.

# WHICH PROPERTY INVESTMENT STRATEGY IS **RIGHT FOR YOU?**

There are several property investment strategies to explore when first considering property investment. **Below are some of the most popular ones:**

## BUY-TO-LET

When you purchase a buy-to-let property you become a landlord, and the tenant pays you rent. You'll need to be approved for a buy-to-let mortgage and register as a landlord in line with the current regulations, but you can choose how hands-on you want to be.

Ideally, with the rental income you should be able to pay the maintenance costs, letting fees (if using a letting agent) and the mortgage and still be able to enjoy a profit, as well as the capital appreciation from the property in the longer term.



## BUY-TO-FLIP

A buy-to-flip strategy involves you buying a property in need of repair with the express aim of renovating and selling it at a profit. This is one of the quicker investment strategies as you only own the property in the short term before renovating and selling it on.

This strategy is an excellent candidate for joint venture (provided you do your due diligence with venture partners) and proves that, done properly, many hands make light work.



## HMO LETS

HMO means 'House in Multiple Occupation'. Your property is designated as a HMO when you have three or more tenants forming more than one household, where the toilet, bathroom and kitchen facilities are shared.

You will require a specific license to run a HMO, but this is a straightforward application. HMO can mean that instead of one rental income for a three-bedroom property, you can be bringing in multiple incomes, making it attractive for investors.



## COMMERCIAL-TO-RESIDENTIAL

If you like the idea of repurposing a commercial space as a residential property, commercial-to-residential can be an attractive option for investors, as there is the satisfaction of providing housing as well as earning an income.

It may sound complex due to the need for possible planning permission and checks about the impact of the development on its surroundings, but if you have the right team around you, it can be an excellent investment strategy.

## LAND ACQUISITION AND DEVELOPMENT

With the right sourcing and legal team behind you, land acquisition and development is an opportunity to be a part of positively influencing the local community.

Subject to meeting all the conditions which your legal team will deal with as well as the all important due diligence, you can literally watch your investment grow from the ground up.





# THE ALTERNATIVES TO PROPERTY INVESTMENT

It goes without saying, property investment isn't for everyone. Below we've listed some of the main alternatives to property investment.

## BITCOIN/CRYPTOCURRENCY

There's lots of excitement about bitcoin due to the high income it can generate, but there is also a high risk factor and good reason to be cautious due to the unregulated nature of the industry.

However, that's no reason not to proceed, as long as you can educate yourself about what the process involves and make sure can mitigate risks as much as possible.



## STOCKS AND SHARES

Another option is stocks and shares. These can be an excellent way to diversify your portfolio and generate passive income, and you can start off with a relatively small sum and grow your portfolio at your own pace.

Stocks and shares aren't tangible assets in the same way property is, and it can be tricky to know exactly where your funds are being invested.

If this is a concern for you, seek fund managers who specialise in ethical investments so you know exactly where your money is going.

## PENSIONS

Pensions are a traditional approach to investing money in the longer term, and can be an excellent source of assured income.

With certain pensions you may be able to claim a tax-free lump sum after a certain period of time, and transfer out the remaining amount.

As with all these options, always seek the advice of a qualified financial adviser before pension planning, as the options can be complex and you will be unlikely to receive income in the short term.

# THE BENEFITS OF PROPERTY INVESTMENT IN SCOTLAND

Curious about some of the **benefits** you can expect from **investing in Scottish property**? There are **several good reasons** to look into property investment, although each comes with their own pros, cons and caveats.

## 01 A SAFE INVESTMENT

Ever heard the term 'safe as houses'? Property is widely acknowledged to be one of the safest investment options for a number of reasons.

Property is (literally) a concrete asset that can grow your capital the longer you leave it. Because of how tangible it is, it's often easier for people to get their heads around property than, say, stocks and shares - which you can't just reach out and touch.

Even though property values can go up and down, it's very rare you see a property that's less valuable now than it was 10 years ago.

**NOTE:** However, that doesn't mean you shouldn't do your due diligence on the area, upcoming developments etc. first - and diversify, of course!

## 02 IT'S ACCESSIBLE

Property is also one of the most accessible asset classes, and is relatively easy to get into compared to some of the other options.

Considering how much training you would need to successfully invest in the stock market, you can get started in property investment without the need for complex analysis or research (although I still recommend you do some!).

## 03 FINANCE OPTIONS

Mortgages are readily available, and finance is cheap. If you're just starting out and have yet to buy your first investment property, you technically only need the deposit to get started (usually a minimum of 20%).

You can also apply for bridging loans - for instance, if you were thinking about doing a flip - although this is a more expensive option.





## 04 FAST RETURNS

Some investors love the excitement of buying up relatively cheap properties and renovating them before selling them on for a much higher price - known as 'flipping'.

This way of doing things in property can mean you get a very good return on your investment in as little as six months, and is attractive if you want to quickly build up your experience and portfolio.

TIP: There is greater risk in taking this approach, and there are always things that can go wrong. If you're not confident in taking on a project like this yourself, there are plenty of project managers who can help.

## 05 REGULAR INCOME

If you prefer a regular income from your property, you can make it work for you by investing in a buy-to-let and gaining rental income. This form of passive income has been described as "making money while you sleep" so you can see the appeal.

As long as you can factor the cost of unexpected repairs and maintenance into your budget, and keep on track of the lifecycle of your white goods etc. this is an excellent option.

## 06 LEVERAGE FUNDS

Investing in property also gives you the benefit of leverage, enabling you to apply for loans and mortgages to buy more properties and grow your portfolio, in a way that other asset classes (stock and shares, for example) do not.

## 07 FAMILY SECURITY

Investment in property can also benefit your family, particularly if you buy property as a limited company rather than a private individual. There is a tax difference between buying as a limited company and becoming one later, so do exercise caution here.

Again, I am not a financial adviser, and strongly advise that you seek specialist advice. In my experience what you pay for the services of an IFA is very little compared to how

## 08 EASY TO MANAGE

If you decide to become a landlord - and aren't just flipping properties and selling on for attractive returns - you can choose a reliable letting agent to manage it for you. Or, you can have all the thrill of handling everything yourself, as more of a career choice.

Either way, provided you are able to grow your wealth in a steady, predictable way and ensure your bills are covered, you can sit back and enjoy the knowledge that you're really making your money work for you.



## 09 PROVIDE A HOME

Landlords often get a bad rap. If you enjoy helping others, you'll have the feeling that comes with providing someone with a safe home to live in - and that's something people are always going to need.



# 10 QUESTIONS TO ASK BEFORE INVESTING IN SCOTTISH PROPERTY

Are you thinking about property investment as a way to increase your capital? If so, here are some of the most important questions to ask before proceeding:



## 01 HOW MUCH WILL IT COST IN FEES?

Most property investors will charge a fee to invest your money, and this is standard. Bear in mind they may not be able to give you an accurate figure until you've had a consultation, so that they can accurately understand your investment needs. Any fees quoted from a reputable, reliable property investment firm will be explained in detail, so you know exactly what you're paying for.

## 02 WHAT HAPPENS IF I DECIDE TO GO AHEAD WITH THE INVESTMENT?

After it's been established what you want to invest in, then due diligence comes into play. A good property investment company will check that you have the available funds to proceed, and then their legal team will draw up contracts.

## 03 WILL MY MONEY BE AT RISK?

All investments come with some degree of risk, but you should be kept informed at every stage and the investment company should be working hard to mitigate risk at every stage.



## 04 CAN I LEAVE MY INVESTMENTS AS AN INHERITANCE FOR MY FAMILY?

It's perfectly possible to leave your property investments as inheritance for your family, although a good investment firm should always help to examine your investments for tax liability before you pass them on.

## 05 CAN PROPERTY INVESTMENT PROVIDE ME WITH A REGULAR INCOME?

If you're seeking a regular income from property investment, then becoming a landlord is an excellent way of achieving that through rental income. The more properties you own, the greater your potential income.

## 06 HOW LONG WILL IT TAKE TO START EARNING MONEY?

This depends on which investment you choose and what your goals are. As long as all due diligence is completed and you can show proof of funds your property investment manager will be able to give you a realistic timeframe to work with.



## 07 HOW DO I ENSURE MY INVESTMENTS ARE IN GOOD HANDS?

Always check what it is you're being offered. The explanations should be clear, concise and free of jargon with an assurance of keeping you informed at every step of the process. A reputable company will always take the time to answer any questions you may have.



## 08 WILL MY INVESTMENTS BE ECO-FRIENDLY?

You'll want to have peace of mind that your property investments adhere to strict guidelines governing building standards and have a strong ethical framework. We get that. It's important that all of our developments going forward meet this criteria correctly.

## 09 WHAT IF I DON'T WANT TO BE A LANDLORD?

Many property investment clients enjoy being landlords, but it's not for everyone. Property investment can offer different strategies such as buy-to-flip and land acquisition. The important thing is to help you decide what's right for you.

## 10 I'D REALLY LIKE TO HELP PEOPLE FIND HOMES, BUT DON'T KNOW WHERE TO START

If you're looking to take your investments in an altruistic direction, then a good property investment service can certainly help you do that. They can offer a range of options such as buying off-plan and assisted sales.





# COULD PROPERTY INVESTMENT WORK FOR YOU?

If you'd like to find out more about investing in Scottish property and the wide range of options we can offer, contact Ascension Property Investments today for a free, no obligation consultation.

One of our friendly, dedicated team will be able to listen to your property goals, and provide some free, no-strings guidance. We'll arrange for a more detailed consultation at a time that suits.



## LOOKING FOR AN EXPERIENCED PROPERTY INVESTOR TO HELP GROW YOUR WEALTH?

Get your free guide on what to expect when investing your money with Ascension Property Investments today

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