

HMOs & NEW OPPORTUNITIES:

Student Accommodation

HMOs are becoming an attractive opportunity for those looking for upcoming residential investments. Why is this the case? We believe there are three reasons for this.



1) The stamp duty holiday.

In place until the end of March 2021.

Landlords won't need to pay tax on the first £500,000 of a residential purchase.



2) Changes to planning laws.

Properties can be converted into housing without full planning permission. So HMOs are more accessible to commercial property owners. (Specifics will depend on individual local council regulations)



3) HMOs can deliver substantial returns.

Rental yields are higher when compared to traditional buy-to-let investments. They're in high demand among renters, including students, young professionals and families.



In 2016, there were approximately 400,000 students renting out HMO properties.

The number of students has risen over recent years, meaning there are plenty more looking for off-campus housing.

The Rising Demand of Students in the UK



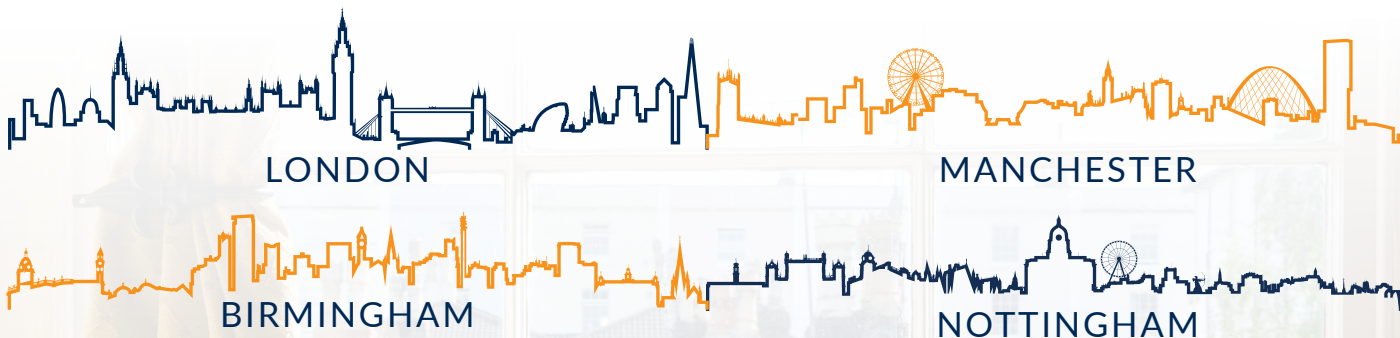
12 Students tend to sign 12-month leases. They also often have parents who act as their guarantors. This means landlords can confidently manage their property based on the academic year.

HMO landlords involved in the student market can achieve total yields of up to **10%**.

Single buy-to-let properties generally yield around **5%**.

Top HMO cities for students

MFS regularly works with landlords to purchase HMOs or finance such renovation projects. They can deliver significant capital returns and impressive rental yields. The challenge is finding the right property in the right area. There are plenty of opportunities for landlords interested in renting properties to student. The most logical place to start are the English cities that host the most students, which are:



Looking ahead, we could see new regulations being introduced to prevent COVID-19 outbreaks. Coronavirus cases are rising among students. The government might review current HMO rules to prevent overcrowding and the potential for virus outbreaks. For now, we must wait and see