

Why is fractional ownership in real estate attracting investors?

Education

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Unless you're a cash buyer, investing in property will likely mean you need to borrow money from somewhere. This could be via a traditional mortgage lender or an alternative finance provider offering the likes of [bridging loans](#).

Fractional ownership requires a small up-front investment compared to purchasing an entire property, buyers purchase a percentage share of a property. Many people might equate fractional investment to owning a timeshare; where the joint owners have the right to use a property as a holiday home, in this case, with fractional property, the joint owners have the right to receive their proportion of the rent but don't have to commit to being the landlord.

What is fractional ownership?

Fractional ownership in real estate is a term that covers a revolutionary way to invest in property as a percentage share. This means multiple parties can have ownership and access to the assets' income.

Let's say you have always dreamt of owning a luxurious apartment in Central London and you fancy benefitting from the lucrative rental incomes. However, your finances are not enough for you to even consider it, let alone trying to purchase a small property in the suburbs!

Well, fractional investing allows you to invest from just £1,000 and own a percentage share in the city apartment, paying you a portion of rental income.

Residential fractional owner responsibilities

Usually, a company manages a fractionally owned property on behalf of all shareholders. They essentially work as a landlord by arranging any renovation or repurposing work that needs completing on the property. They also handle property management duties, tenants, liaison between investors, and any transfers.

However, there are situations where there is no company in charge. This is typically due to the property being under a tenancy-in-common model and fewer shareholders. In this scenario, it is often down to an elected owner to handle management.

Can fractional ownership be applied to commercial properties?

Fractional investment is a property ownership option for commercial premises too. It is the same as residential properties where you own a share in the premises, and the property management company would cover the management of the building and also find commercial tenants. This is great for investors who do not wish to be involved in the management of properties and would rather benefit from the passive income only. Investors have the right to rental income and any profit made if a commercial building is sold.

Is fractional ownership an option for developers?

The overriding lure of fractional ownership is that it's a less expensive option than buying an entire residential or commercial property. Splitting ownership makes once unobtainable properties accessible to investors and this can certainly include developers.

Fractional ownership has the potential to make property investment more accessible to all manner of investors. Provided there is the investment capital available to purchase, it is a way to create passive income and/or have access to a property you otherwise wouldn't.

Fractional property ownership with TAB Property

Want to invest in the UK property market? [TAB Property](#) is a fractional ownership property investment. We can align your property ownership investments to suit your goals and help you build a diverse property portfolio. Contact us today on 0208 057 9070 or email help@tabhq.com.

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