

Fractional investing: why would you want to buy part of a property?

Blog

11.10.21



For those looking for a reliable and profitable way to improve their finances, investing in property is a popular investment option in the UK. It is no secret that even investors from overseas are tapping into the country's lucrative property market and benefitting from high capital appreciation and substantial rental yields.

However, property investment is not something you can leap into blindly. Every investor needs to work out their budget and establish their investment goals and risk appetite. Many investors, particularly those who are new to property, are often left wondering how much capital they will need to fund a successful investment.

For many years it was believed that you would need to part with a serious amount of cash to start a property investment career. However, with new products on the market, there are ways to invest in UK property for investors with lower budgets.

Below, TAB highlights the different considerations for property investors with a budget and the best way to make the most of your capital.

How to invest in UK property with a limited budget

Typically, figures between £50,000 and upwards of £500,000 are commonplace when it comes to investing in property. However, it's important to note that there are ways to facilitate investments on a lower budget. It can be wise to keep the following in mind when wishing to expand your portfolio without a huge cash sum available:

- Consider investing in an affordable or up and coming location
- Research investment opportunities that offer discounts or off-plan properties
- Investigate the different finance options available to make the most of your cash
- Choose an investment that is affordable and aligns with your goals and risk appetite

Fractional investment for residential and commercial properties

Fractional investing is a progressive investment vehicle. It gives investors access to properties that they would not be able to invest in otherwise. Its barriers to entry are significantly less than buying or developing an entire property which makes it a great tool for investors who are just starting out or for those who are considering alternative ways to spread and expand their investment portfolios.

In short, fractional investment (also known as [fractional ownership](#)) allows investors to own a percentage share of a property. Multiple parties who have all invested into a property will have ownership and benefit from their share of the assets' income.

Investors benefit from not only the rental yield of the property but any capital appreciation should they sell their percentage share of the property in the future. It should be noted that property prices

can go down as well as up.

What is the fractional ownership process with TAB?

- 1) Before investors are involved, TAB is working behind the scenes to identify suitable property investments that offer long term sustainable income opportunities. TAB will buy the property and hold it on trust for investors via a special purpose vehicle (SPV).
- 2) Properties will be listed on [TAB Market](#). Full investment details of each property are available on the investment details page which can be accessed once an investor has registered for a TAB account.
- 3) Through browsing properties on TAB Market, investors can invest from £1,000.
- 4) Once the property has been fully funded by investors, funds are sent and the property is purchased on behalf of the SPV.
- 5) The SPV will be the legal owner of the property and the investors are listed as beneficiaries.
- 6) TAB AM will act as the property manager and monthly statements detailing the income generated will be sent to investors monthly. Anticipated rental income forms part of an annual calculation provided to investors which stipulates the fixed income return for the year.
- 7) At the end of the initial term (which is typically 3 years), investors can choose to sell their portion of the property. TAB will aim to find a willing buyer for the percentage share. If this does not happen the property will be listed for sale on the open market.

If you want to invest in the UK property market and fractional ownership is an avenue you'd like to explore, TAB can help. TAB Property is dedicated to finding fractional ownership properties that align with your investment goals and budget. You can invest from £1,000 and the rental income from the property will be paid into your account monthly. In terms of capital growth, you could earn up to 8.85% per annum.

Contact us today on 0208 057 9070 or email help@tabhq.com to find out more about fractional ownership.



This information does not constitute advice or a personal recommendation. As with any investment your capital is at risk and you should seek advice concerning suitability from your investment adviser. TAB is not authorised by the Financial Conduct Authority. Investments are not regulated and you will have no access to the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS).

Capital is at risk. Property values can go down as well as up. Borrowers may default and investments may not perform as expected. Interest and income are not guaranteed. Returns may vary. You should not invest more than you can afford to lose. TAB is not authorised by the Financial Conduct Authority. Investments are not regulated and you will have no access to the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). Past performance and forecasts are not reliable indicators of future results and should not be relied on. Forecasts are based on TAB's own internal calculations and opinions and may change. Investments are illiquid. Once invested, you are committed for the full term. Tax treatment depends on individual circumstances and may change.

You are advised to obtain appropriate tax or investment advice where necessary. Understand more about the key risks [here](#).

TAB is a trading name of TAB London Limited. Registered in England and Wales with registration number: 11225821 and whose registered office is at 101 New Cavendish Street, London W1W 6XH.