

# Evaluating potential properties in the UK: Property developer starter's checklist

Blog

08.10.24



Embarking on a property development journey can be both exciting and overwhelming. For new developers, knowing how to evaluate potential properties is crucial to making informed investment decisions. In this blog, we provide a practical checklist to guide you through the key factors to consider when assessing properties, ensuring you approach each potential investment with clarity and confidence.

## What location factors should be prioritised when evaluating a property?

When assessing a property, location is one of the most critical factors to consider. Look for properties that are near essential amenities such as schools, shops and healthcare facilities, as well as those with good transport links. A location with future development plans or regeneration projects can also add value over time. Understanding the area's current and potential appeal will help gauge how attractive the property might be to future buyers or tenants.

### **How can the property's condition affect your investment?**

The physical condition of a property can significantly impact your investment. Assess the structure for any major issues such as subsidence or dampness, and evaluate the state of the roof, plumbing, and electrical systems. These factors not only affect immediate repair costs but also influence long-term maintenance needs. A thorough inspection will help you estimate renovation costs and avoid surprises that could impact your budget.

### **What are the planning and legal considerations to be aware of?**

Planning permissions and legal constraints are crucial elements to review. Check if the property has the necessary permissions for any alterations or developments you plan. Zoning laws and local regulations can affect how you use or modify the property. Being aware of these considerations helps ensure that your plans are feasible and compliant with local laws, reducing the risk of delays or legal issues.

### **How do market trends influence property evaluation?**

Market trends play a significant role in property evaluation. Research current and projected trends in property prices, demand, and rental yields in the area. Increasing property prices or growing rental demand, is an example that can greatly affect the potential success of a development project. For instance, if an area is experiencing a rise in property values, it may suggest a promising market for new developments. Furthermore, if there is a high demand for rental properties in the region, this could indicate strong future prospects for rental income from your development.

### **What financial factors should be considered before making a purchase?**

Financial considerations are essential when evaluating a property. Assess the total cost of purchasing, including the purchase price, taxes, and any additional fees. Evaluate the cost of financing and the potential return on investment. Consider the impact of interest rates and how they might affect your mortgage payments or overall investment. These financial aspects are key to ensuring that the property aligns with your investment goals and budget.

To make the most informed decisions in property development, remember these key points: Choose properties in well-connected and up-and-coming locations, thoroughly check their condition to avoid unexpected repairs, ensure compliance with planning and legal regulations, stay updated on market trends for accurate valuation, and carefully review financial details to align with your investment

strategy. By focusing on these aspects, you'll be better equipped to identify valuable opportunities and potentially make successful investments in the property market.

This article is for information only and does not constitute advice or a personal recommendation. TAB is not authorised by the Financial Conduct Authority and TAB loans are unregulated so will not lend on your principal property. You will have no access to the Financial Ombudsman Service (FOS). Any property used as security is at risk of repossession if you do not keep up with your payments. If you are unsure of the risks, you are advised to obtain appropriate professional advice.

**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.