

# Why diversifying with fractional property makes sense now

Blog

19.11.24



In today's real estate market, fractional property investment can be used to diversify portfolios while managing risk. This approach allows investors to participate in high-value properties without needing the large capital outlay required for full ownership.

At [TAB](#), we offer tailored solutions to help investors find an investment property that suits their financial goals, alongside options for bridging loan investment.

Here's why diversifying with fractional property makes sense right now.

## 1. Lower capital requirements

With fractional property investment, you can find an investment property and buy a share instead of the whole asset, reducing upfront capital. This makes property ownership more accessible and allows for property portfolio diversification, enabling investors to spread risk across their assets. Real estate markets fluctuate, however, and the value of the investment may be depleted, so investors must consider both the potential for profit and loss.

## **2. Access to premium properties and shared income potential**

Fractional ownership enables you to invest in premium property investments— residential, commercial, or industrial—that may otherwise be out of reach, offering the chance to benefit from passive income from real estate (although this is heavily dependent on market conditions) and potential appreciation in property value.

## **3. Property portfolio diversification for risk management**

One of the advantages of fractional property investment is the ability to achieve property portfolio diversification. By investing in several properties across different sectors, you cannot completely eradicate all risks, but you can mitigate the risk of losses from a singular asset.

## **4. Shared responsibilities, but management matters**

By investing fractionally, you share the maintenance and management responsibilities with other investors or through professional property management. This can offer passive income from real estate without requiring you to handle the day-to-day tasks of property ownership. However, before investing, investors must ensure that the management structure aligns with their expectations for the property.

## **5. Bridging loan investments**

In addition to fractional ownership, TAB also offers opportunities for bridging loan investment. Bridging loans are short-term loans used to finance property purchases. They allow investors to earn quick returns while helping others find an investment property or bridge the gap between property transactions. Bridging loan investment is less liquid, borrowers may default and investments may not perform as expected, it may take time to recover your funds and not all might be recovered.

## **6. Potential for income and capital growth**

Fractional property investment can offer the potential for both passive income from real estate and capital growth as the value of the property appreciates over time (although these gains are not guaranteed). By owning a share of a property, investors can benefit from rising real estate prices and steady rental income.

### **Why choose TAB for your real estate investments?**

At TAB real estate finance, we provide flexible solutions to help investors diversify their portfolios. Whether you're looking to find an investment property through fractional property investment or explore bridging loan investment, we offer a wide range of real estate investment opportunities tailored to your specific needs. Our experienced team provides transparent, personalised advice to guide you through every step. We believe in making real estate accessible to all investors while ensuring you understand the benefits and risks involved in every opportunity.

Diversifying with fractional property investment can be a smart strategy for investors looking to spread risk, access premium property investments and generate passive income from real estate. However, it's crucial to understand the associated risks, such as market fluctuations, liquidity issues, and potential capital loss. TAB is committed to helping investors navigate these challenges and find the right real estate investment opportunities.

For more information on fractional property investment or bridging loan investment contact TAB real estate finance today.

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 an investment adviser.

**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.