

How to choose the right alternative property investment for your goals

Blog

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Property is a popular investment choice, but as markets evolve, alternative property investments are becoming increasingly attractive. Whether you're exploring fractional property ownership or debt investments in bridging loans, alternative property investments offer tailored opportunities to meet a variety of financial objectives. However, finding the right option requires a clear understanding of goals, risk tolerance, and the tools available to help you succeed.

Here is a guide to help you choose the alternative property investment for your needs.

1. Understand your investment goals

The first step in selecting the right property investment is defining what you want to achieve. Are you looking to generate regular income, grow your capital, or diversify your portfolio?

- **Fractional property investments** allow you to own percentage shares in multiple high-value properties making it easier to find an investment property without significant upfront capital. These investments offer monthly returns with the potential for capital appreciation and varying terms,
- **Bridging loan investments** offer short-term investment opportunities, with monthly returns, ideal for those seeking faster turnover.

Key consideration: Your financial goals will guide your choice. For example, fractional ownership may suit long-term income and growth strategies, while bridging loan investments might appeal to those seeking steady, short-term returns.

2. Match the investment type to your risk tolerance

Each alternative property investment comes with its own set of risks and rewards:

Bridging loans:

- **First charge bridging loans:** Secured as the primary charge against a property
- **Second charge bridging loans:** Additional financing secured behind an existing loan
- **Refurbishment bridging loans:** Financing for property improvements to increase value
- **Commercial bridging loans:** Ideal for business properties, offering short-term funding for transactions or upgrades

Fractional ownership:

- **Value add opportunities:** Target properties with untapped potential through strategic improvements, repositioning, or operational optimisation. Adding value could be by refurbishments, operational efficiency improvements or repositioning the asset for a more profitable market segment

- **Income-driven opportunity:** Investment properties with stable, predictable cash flow, that might also have potential for long-term appreciation alongside regular income. Often with a stable tenant and desirable location

Risk disclosure: Alternative investments expose investors to risks such as borrower defaults, property value fluctuations, and market instability. Interest and income payments are not guaranteed.

3. Evaluate income potential and costs

Investors seeking passive income from real estate often turn to fractional ownership or rental income from properties. However, it is essential to factor in associated costs, such as property management fees, taxes, and maintenance expenses.

TAB considers these factors for fractional ownership. Each investment includes a reserve fund specifically designed to cover unforeseen costs. This reserve fund ensures that unexpected expenses, such as emergency repairs or other contingencies, are managed efficiently, safeguarding the investor's passive income potential and minimising financial surprises.

4. Consider liquidity needs

Some alternative property investments, like bridging loans, are relatively short-term, typically lasting between 6-18 months. Others, like fractional investments, may be less liquid, making it harder to exit the investment quickly.

TAB's platform helps investors track their holdings and plan for future liquidity requirements.

Considerations: Keep in mind to choose investments that align with your liquidity preferences and that if a borrower fails to repay a loan in time, the loan may fall into default, triggering a recovery process. This process can extend the investment timeline beyond initial expectations.

5. Work with a trusted partner

Navigating alternative property investments can be complex, but working with a platform such as TAB can simplify the process. TAB offers a range of services to help you explore options, including:

- **Fractional ownership investments:** Opportunities in residential and commercial properties.
- **Debt investments in bridging loans:** Tailored solutions for property development, refurbishment, and other short-term funding needs.
- **Expertise:** Access to experts in both fractional property and bridging loans

By using TAB's expertise, investors can find an investment property or financing solution that matches their goals and risk tolerance.

Tailoring investments to your needs

Choosing the right alternative, property investment starts with a clear understanding of your financial objectives, risk tolerance, and desired level of involvement. Whether you are considering fractional property ownership, debt investments into bridging loans, or leveraging TAB's lending services, making informed decisions is key to achieving your goals.

At TAB, we are here to help you navigate the complexities of property investments with tools, insights, and guidance designed for success.

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

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