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INSIDE PROPERTY INVESTMENT

July 2026

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Welcome

To the July 2026 quarterly issue of Inside Property Investment.

Inside this issue we will cover property investment topics – buy-to-let mortgages explained, understanding rental yields, key tax checks for landlords, and why buy-to-let is still worth it in 2026.

A complete list of the articles appears opposite.

Property Investment is published quarterly for YOUR COMPANY NAME by Goldmine Media Limited. All enquiries should be addressed to The Editor, Property Investment, c/o Goldmine Media Limited, 124 City Road, London EC1V 2NX.

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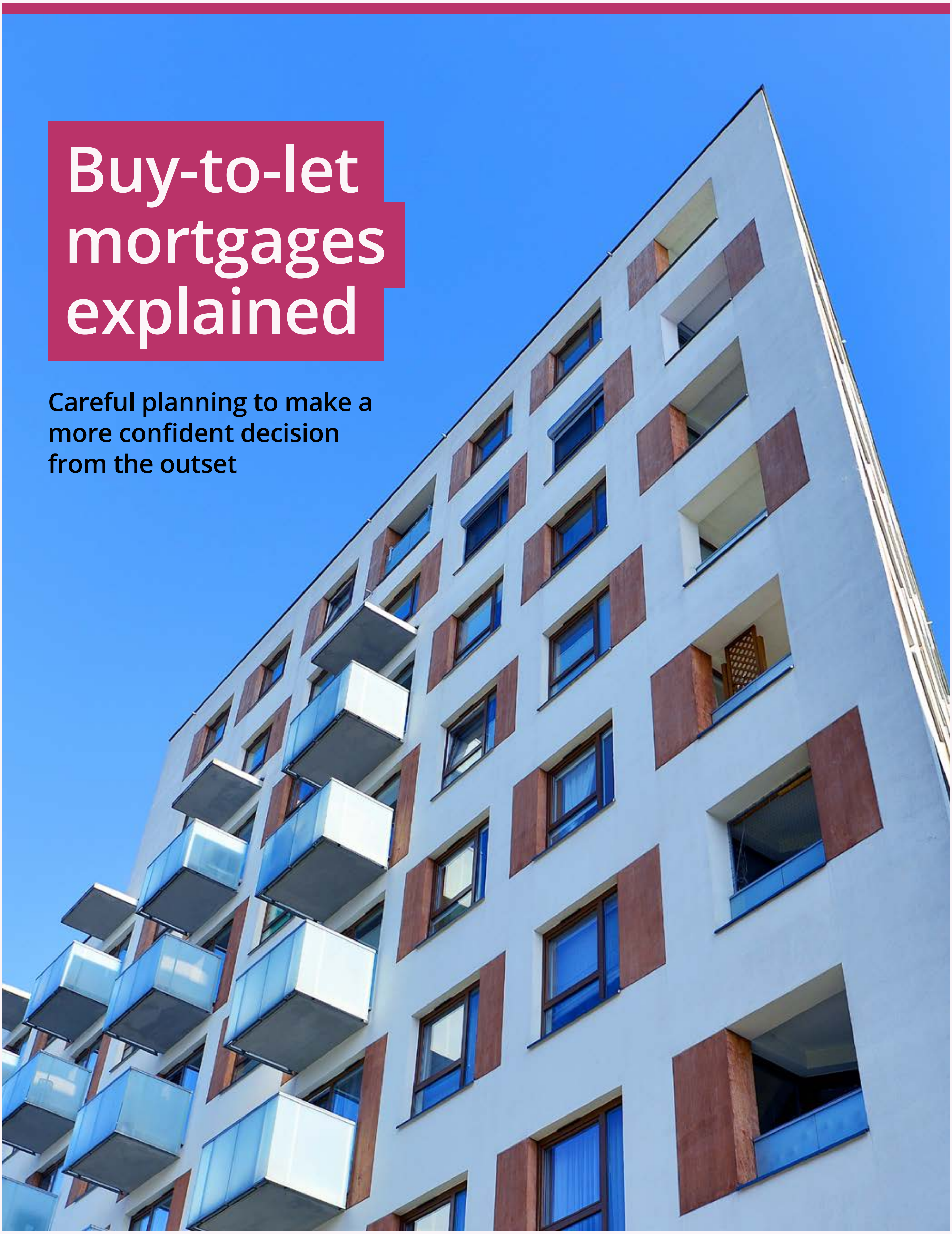


Buy-to-let mortgages explained

Careful planning to make a more confident decision from the outset

Buying a property to rent out is different from buying a home to live in. The mortgage works differently, the lender assesses the application differently, and the decision needs to make sense as both a property purchase and a rental investment.

A buy-to-let mortgage is designed for landlords who want to buy or remortgage a rental property. It can be used by new landlords, experienced investors, or homeowners who are keeping a property to let while moving elsewhere.

How buy-to-let mortgages work

With a standard residential mortgage, the lender mainly looks at your personal income and household affordability. With a buy-to-let mortgage, the expected rental income from the property is usually a major part of the assessment.

The lender wants to know whether the rent is likely to cover the mortgage payment with sufficient surplus. This is often called a rental stress test. The exact calculation varies between lenders, but the principle is the same: the property needs to appear financially sustainable.

Deposit requirements

Buy-to-let mortgages usually require a larger deposit than standard residential mortgages. Many landlords expect to need at least 25%, although the exact amount can depend on the lender, property, rental income and the borrower's profile.

A larger deposit can reduce the loan-to-value ratio and may broaden the range of deals available. However, the deposit is only one part of the budget. Landlords also need to budget for stamp duty, legal fees, survey costs, letting agent fees, insurance, maintenance and periods without tenants.

Interest-only and repayment options

Many buy-to-let mortgages are arranged on an interest-only basis. This means the monthly mortgage payment covers only the interest, and the loan balance does not reduce during the term.

This can help keep monthly payments lower, which may support rental cashflow. However, the original loan still needs to be repaid at the end

of the mortgage term. Some landlords opt for a repayment mortgage instead, where the balance reduces over time, though monthly payments are usually higher.

What lenders may check

Lenders will usually assess the property, expected rent, deposit, credit profile and overall borrowing position. Some may also consider personal income, especially if the rental income is close to their minimum requirement.

Experienced landlords may be assessed differently from first-time landlords. Portfolio landlords, who own several rental properties, may need to provide more information on their wider portfolio, rental income, mortgage balances and property performance.

Choosing the right ownership structure

Some landlords buy property in their own name, while others use a limited company. The right approach depends on tax position, borrowing options, long-term plans and how the property will be managed.

A limited company can be suitable for some investors, but it is not automatically better for everyone. Mortgage rates, fees, administration, tax treatment and future plans should all be considered carefully before deciding how to buy.

Costs beyond the mortgage

A buy-to-let property can look profitable on paper, but the full costs matter. Mortgage payments are only part of the picture.

Landlords should also budget for repairs, safety checks, insurance, letting fees, service charges, ground rent where relevant, tax, licensing where applicable, and periods of vacancy between tenants. A sensible buffer can help protect the investment when costs arise unexpectedly.

Rental yield and cashflow

Rental yield is one way to measure a property's performance. It compares the annual rent with the property's value, giving a broad indication of return before or after costs, depending on how it is calculated.

Cashflow is just as important. A property with a decent headline yield may still feel tight if mortgage costs, maintenance, tax and letting fees leave little room each month. Before buying, landlords should look at the numbers realistically rather than relying solely on the expected rent.

Risk and responsibility

Being a landlord brings responsibilities as well as potential income. Property condition, tenant safety, deposit rules, repairs, energy performance and legal requirements all need to be managed properly.

Rules can change over time, so landlords need to stay informed. A buy-to-let mortgage is only one part of the decision. The property also needs to be a long-term responsibility, not just an investment idea.

Planning before you buy

A good buy-to-let decision starts with clear figures and realistic expectations. The right mortgage should support the rental strategy and also fit the property, deposit, rent, ownership structure and longer-term plan.

Before committing, it is worth comparing lenders, reviewing rental calculations and understanding the true cost of ownership. Careful planning can help landlords make a more confident decision and avoid overstretching the investment from the start. ●

Why buy-to-let is still worth it in 2026

The difference is that the numbers today need to work harder

Buy-to-let has become more complex in recent years, and 2026 is no exception. Higher borrowing costs, evolving rental rules, tax pressures, and stronger compliance expectations have all prompted landlords to think more carefully before buying or expanding a portfolio.

However, complexity does not mean buy-to-let has completely lost its place. For the right investor, with the right property, mortgage, rent, ownership structure and long-term plan, a rental property can still play a useful role. The difference is that the numbers now need to work harder.

Why buy-to-let still appeals

One of the main attractions of buy-to-let is the potential for rental income. A well-chosen property in an area with steady tenant demand can provide a regular monthly rent, which can help cover mortgage costs and other expenses.

There is also the potential for long-term capital growth, although this is never guaranteed. Many landlords are not seeking quick returns. Instead, they view property as a long-term asset that may support future income, retirement planning or broader family wealth.

Pressure on landlord margins

The challenge in 2026 is that landlords need to be more realistic about costs. Mortgage payments, letting agent fees, insurance, repairs, safety checks, tax, licensing and periods without tenants can all erode profits.

A property that looked attractive several years ago may feel tighter today if the rent has not kept pace with costs. This is why cashflow matters so much. Landlords need to know whether the property still works once all regular and occasional costs have been accounted for.

Rental demand still matters

Tenant demand remains an important factor in the buy-to-let decision. A property in the right location, with good transport links, local amenities and a layout that suits the target tenant, may still perform well.

However, demand should not be assumed. A landlord needs to understand who the property is for, what rent is realistic and how much competition there is nearby. A strong rental area can support the investment, while a weaker location can quickly make the numbers harder to justify.

Importance of careful selection

In 2026, successful buy-to-let is less about buying any property and more about choosing carefully. The right property should be affordable to run, suitable for tenants and manageable from a maintenance point of view.

Energy efficiency is also becoming more important. A warmer, easier-to-run home may appeal more to tenants and could help protect the property's long-term position. Landlords should consider insulation, heating, condition and likely improvement costs before committing.

Choosing the right mortgage route

The mortgage can make a major difference to whether a buy-to-let property works. Interest rates, fees, loan-to-value, rental stress testing and ownership structure can all affect the final decision.

Some landlords buy in their own name, while others use a limited company. Each approach has distinct tax, lending and administrative considerations. The right choice depends on personal circumstances, portfolio plans and professional tax advice, not simply on what other landlords are doing.

Planning for changing rental rules

Landlords also need to stay aware of evolving regulations. The Renters' Rights Act has brought important changes to the private rental sector in England, including new rules on tenancy structures, possession routes, rent increases and tenant protections.

This does not make buy-to-let impossible, but it does mean landlords need to manage their properties more professionally. Clear documentation, effective communication, property standards, safety checks and long-term planning are now more important than ever.

Thinking beyond gross yield

Rental yield is a useful starting point, but it should not be the sole measure. Gross yield compares annual rent with property value, but it does not show the full picture.

Net return is often more helpful because it accounts for costs. Mortgage interest, repairs, insurance, tax, service charges, ground rent, void periods and management fees can all affect what the landlord actually keeps.

Taking a long-term view

Buy-to-let may, for many landlords, still be worth it in 2026, but it is rarely a passive or effortless investment. It requires planning, discipline and a clear understanding of the risks.

For landlords who choose carefully, keep costs under control and manage their responsibilities properly, property can still offer long-term potential. The key is to treat it as a business decision, not merely a property purchase. ●

Choosing the right rental property ownership route

Should you buy-to-let through a limited company or in your own name?

Buying a rental property through a limited company has become more common among landlords, particularly those planning to build a portfolio. The structure can offer advantages in some circumstances, but it is not automatically the right route for every buy-to-let investor.

The right decision depends on your tax position, mortgage availability, long-term plans, costs, administration, and how you intend to use the rental income. Before choosing, it is important to compare company ownership with buying in your personal name.

Why landlords consider a limited company

One reason landlords consider a limited company is the way rental profits and finance costs may be treated. Individual landlords face restrictions on residential mortgage interest relief, which can affect profits, especially for higher-rate taxpayers.

A limited company can be treated differently for tax purposes, which may benefit some landlords with larger portfolios or long-term reinvestment plans. However, tax should never be viewed in isolation. The wider cost and complexity of the company route also need to be considered.

Mortgage options may differ

Limited company buy-to-let mortgages are available, but they do not always mirror personal buy-to-let mortgages. Rates, fees, lender choice and criteria can vary depending on the company structure, property type and landlord experience.

Lenders may also ask for personal guarantees from directors. This means the company owns the property, but the people behind the company may still carry personal responsibility if the mortgage is not maintained.

Administration and running costs

A limited company brings additional administrative requirements. Landlords may need company accounts, corporation tax returns, bookkeeping, Companies House filings and separate business banking.

These costs can reduce the benefit of using a company, especially for landlords with one property or modest rental profit. Accountancy fees, legal work and ongoing admin should be included when comparing the two routes.

Taking money out of the company

A limited company can be useful if profits are retained in the business to fund future property purchases or improvements. However, if you want to take the rental income for personal use, there may be additional tax considerations.

Money can usually be taken out through salary, dividends or other routes, depending on the circumstances. Each route has different tax implications, so it is important to understand the position before assuming that company ownership will leave you better off.

Buying personally may still suit some landlords

Buying in your own name can still be the simpler option for many landlords. It may involve less administration, a wider choice of mortgage products and fewer ongoing company responsibilities.

This can be particularly relevant for someone buying a single rental property, testing buy-to-let for the first time, or seeking a straightforward ownership structure. Simpler does not always mean cheaper, but it may better align with the landlord's goals.

Future plans matter

The right ownership route often depends on what you plan to do next. A landlord planning to build a portfolio over many years may think differently from someone buying a single property for additional income.

If you expect to refinance, buy more properties, pass assets on, sell in future or use the rental income personally, the ownership structure becomes more important. A decision that works today should also be tested against your longer-term plans.

Transferring existing properties

Some landlords consider transferring personally owned rental properties into a limited company. This can be complex and may have tax, legal and mortgage implications.

The company may need to purchase the property from the individual, which can incur costs. Existing mortgages may also need to be repaid or replaced. This is an area where professional advice is particularly important before taking action.

Think about tax and lending together

The company route should not be decided by tax considerations alone. A structure that looks attractive from a tax point of view may be less suitable if mortgage costs are higher, the lender choice is narrower, or the admin is more demanding.

Equally, a personal purchase may seem simpler but is less efficient for a landlord with a larger portfolio. The right decision usually comes from comparing the tax, mortgage and investment plans together.

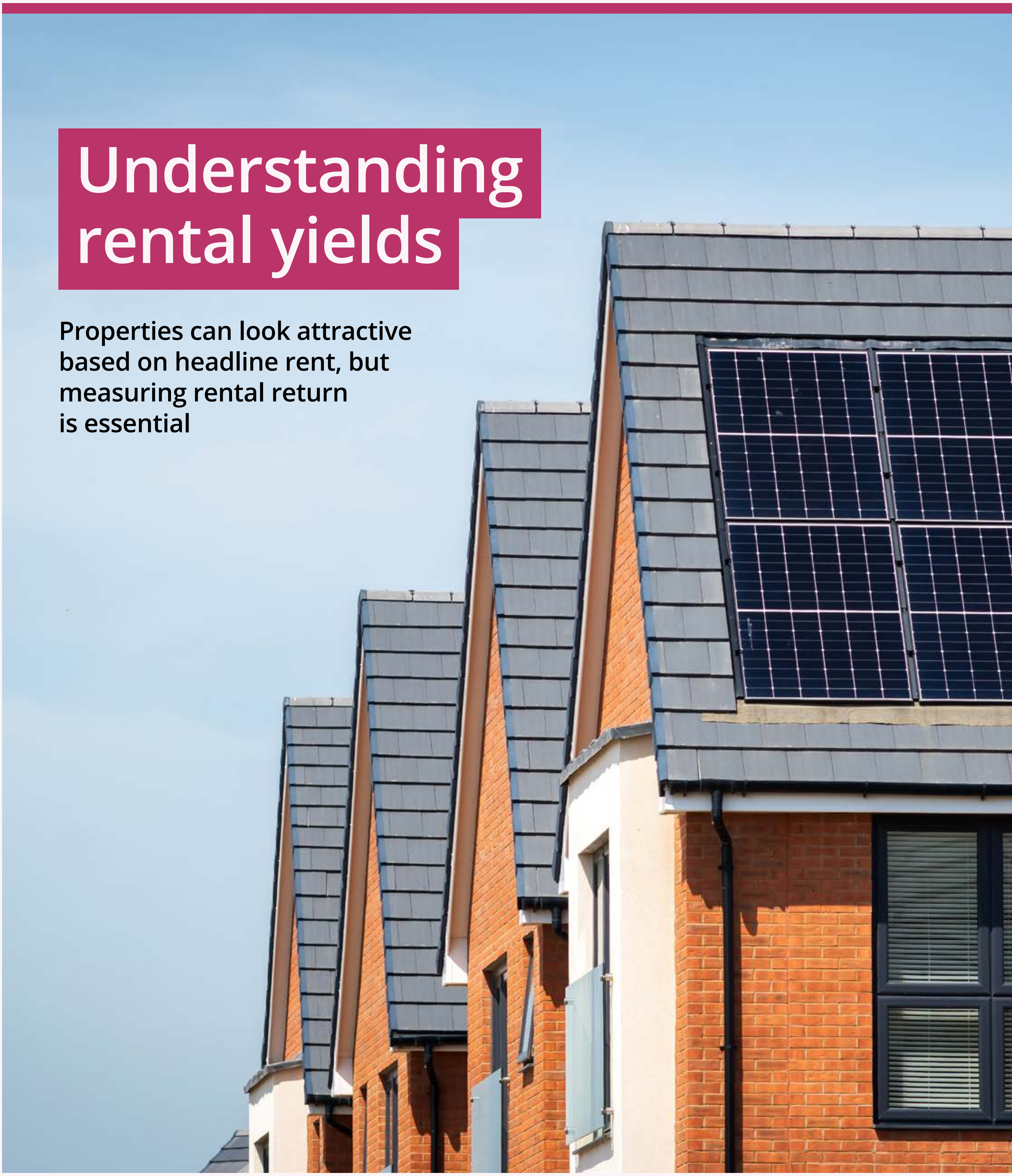
Get advice before choosing

Limited company buy-to-let can be useful, but it needs proper planning. It should fit your income needs, tax position, borrowing strategy and long-term property goals.

Before buying, it is important to speak to both a mortgage adviser and a tax adviser. Together, they can help you determine whether personal or company ownership is more suitable for your circumstances. ●

Understanding rental yields

Properties can look attractive based on headline rent, but measuring rental return is essential



Rental yield is one of the most common ways landlords assess a buy-to-let property. It provides a simple indication of how much rental income a property may generate relative to its value or purchase price.

However, yield is only a starting point. A property can look attractive based on headline rent, but the true return depends on mortgage costs, repairs, taxes, letting fees, insurance, service charges and periods without tenants.

What rental yield means

Rental yield compares the rent a property receives with the property's value. It is usually shown as a percentage, which makes it easier to compare different properties at different price points.

For example, if a property is worth £250,000 and generates £15,000 in annual rent, the gross yield would be 6%. This does not indicate profit, but it provides a useful first view of how the rent compares with the property's value.

Gross yield and net yield

Gross yield is calculated before costs. It looks only at the annual rent compared with the property value or purchase price. This makes it quick to calculate, but it can be misleading if used on its own.

Net yield goes further by taking costs into account. These may include mortgage interest, repairs, insurance, letting agent fees, service charges, ground rent, accountancy, licensing and other landlord expenses. Net yield usually gives a more realistic picture of the property's actual return.

Why yield matters to landlords

Rental yield helps landlords compare opportunities. A higher yield may indicate higher rental income relative to the property price, which can be useful when assessing cashflow.

However, a high yield is not always better. Some higher-yielding properties may come with greater maintenance needs, weaker tenant demand, more management time or slower long-term growth. A lower-yielding property in a strong location may still suit some landlords if it offers stability and long-term appeal.

Cashflow matters too

Yield and cashflow are linked, but they are not the same. Yield shows the return relative to property value, while cashflow shows what is left each month after costs.

A property can have a reasonable gross yield but still feel tight if mortgage payments, repairs, taxes and fees are high. Landlords should check whether the rent leaves enough room for regular expenses and unexpected costs.

The role of the mortgage

The mortgage has a major effect on buy-to-let returns. Interest rates, fees, product type, loan-to-value and whether the mortgage is interest-only or repayment can all affect the monthly position.

Many landlords focus on whether the rent passes the lender's rental stress test. That is important, but it should not be the only criterion. The landlord also needs to be confident that the property still works once real-world costs are taken into account.

Location and tenant demand

Rental yield can vary widely by area. A lower-cost property in a strong rental location may produce a higher yield than a more expensive property where rents do not rise at the same pace.

Tenant demand is just as important as the calculation itself. A property with a good yield on paper may disappoint if it is difficult to let, poorly located, or unsuitable for the local tenant market.

Looking beyond the first year

A buy-to-let property should usually be assessed over the longer term, not just the first year. Repairs, rent changes, mortgage renewals, tax treatment and market conditions can all affect future returns.

It is sensible to stress-test the figures. Landlords should consider what happens if the property is empty for a month, the mortgage rate rises, repairs are required, or rent does not increase as expected.

Balancing income and growth

Some landlords prioritise rental income, while others focus more on long-term capital growth. The right balance depends on the investor's goals, risk appetite and financial position.

A property with high income may support monthly cashflow, while a property in a growth area may offer longer-term potential. The right choice is not always the one with the highest yield, but the one that fits the overall plan.

Using yield as one part of the decision

Rental yield is a useful measure, but it should never be the sole factor in a buy-to-let decision. Property condition, location, mortgage costs, tenant profile, tax position and compliance responsibilities all matter.

A clear yield calculation can help landlords compare options with greater confidence. However, the strongest decisions are usually based on both the numbers and the practical realities of owning and managing the property. ●

Key tax checks for landlords

2026/27 tax rules every property investor should understand

Tax can have a major impact on how a buy-to-let property performs. Rent may look healthy on paper, but the position can change once mortgage interest treatment, allowable expenses, reporting rules, purchase taxes and future sale costs are taken into account.

For landlords in 2026/27, the message is clear: good tax planning should not be left until the end of the year. It should sit alongside the mortgage, rental income, property condition and long-term investment plan from the outset.

Rental income and allowable costs

Rental income is usually taxable, but landlords may be able to deduct certain allowable expenses before working out their taxable profit. These can include some day-to-day costs linked to running and maintaining the rental property.

Typical examples may include repairs, letting agent fees, insurance, service charges, accountancy costs, and other costs wholly and exclusively linked to the rental business. The key point is that not every cost is treated the same way, and improvements may be treated differently from repairs.

Mortgage interest relief

One of the most important rules for individual residential landlords is the restriction on mortgage finance cost relief. Landlords can no longer usually deduct all residential mortgage interest from rental income as they can with other expenses.

Instead, relief is generally provided as a basic-rate tax reduction. This can particularly affect higher-rate and additional-rate taxpayers, because the taxable rental profit may appear higher than the actual cash profit after mortgage interest has been paid.

Property allowance

Landlords with lower levels of property income may need to understand the property allowance. This provides a tax-free allowance against property income, but it cannot usually be used alongside the deduction of actual expenses for the same income.

For landlords with significant rental costs, claiming actual expenses may be more suitable than using the allowance. The right approach depends on income, expenses and the wider tax position, so it is worth checking before assuming one route is better.

Making Tax Digital

Making Tax Digital for Income Tax is a major reporting change for many landlords. From the current 2026/27 tax year, some landlords will need to keep digital records and use compatible software to submit updates to HMRC.

This makes regular record-keeping more important. Rent received, repairs, mortgage interest, insurance, service charges, agent fees and other costs should be recorded clearly throughout the year, rather than being compiled in a rush near the tax return deadline.

Stamp duty and purchase costs

Buying a rental property can involve higher upfront tax costs. In England and Northern Ireland, landlords buying an additional residential property may usually pay a higher rate of Stamp Duty Land Tax.

Scotland and Wales have their own property tax systems, so the rules and rates can vary depending on the property's location. Purchase tax should be included in the investment calculation before making an offer, as it can affect both the cash needed upfront and the overall return.

Limited company ownership

Some landlords consider buying through a limited company because of how rental profits and mortgage interest may be taxed. This can suit some investors, particularly those building a portfolio, but it is not automatically the right choice.

Company ownership can lead to different mortgage rates, fees, accounting requirements, tax treatment and administrative responsibilities. It may also affect how money is withdrawn from the business and how the property is handled in future.

Capital gains tax

Tax should also be considered when selling a buy-to-let property. If the property has increased in value, Capital Gains Tax may be due on the gain after allowable costs and reliefs are taken into account.

This can affect landlords who sell an investment property, restructure a portfolio or transfer ownership. The timing of a sale, ownership history and any periods of personal occupation can all influence the outcome.

Keeping better records

Good records are one of the simplest ways to reduce tax stress. Landlords should keep evidence of rent received, invoices, receipts, mortgage and letting agent statements, insurance documents, and professional fees.

Clear records can also help when reviewing the property's performance. A rental property may appear profitable until all costs are included. Accurate figures make it easier to decide whether to keep, refinance, improve or sell.

Tax planning and the mortgage decision

Tax and mortgage planning are closely linked. A deal that appears affordable based on rent alone may look different once tax, finance cost relief, ownership structure and ongoing expenses are taken into account.

For buy-to-let landlords, the strongest decisions are usually made by looking at the full picture. Tax rules can affect cashflow, borrowing strategy and long-term returns, so advice from a mortgage adviser and a tax professional is valuable before making major decisions. ●

What every landlord needs to know

Decisions need to be properly tested to take a more careful, professional approach

Buy-to-let in 2026 is not the same market as many landlords entered years ago. Higher borrowing costs, tighter rental calculations, tax pressures and changing rental rules mean landlords need to take a more careful and professional approach.

That does not mean property investment no longer works. It means each decision needs to be properly tested, from the mortgage and rent to compliance, cashflow, ownership structure and long-term maintenance.

A more professional rental market

The private rental sector is becoming more regulated, and landlords need to stay on top of their responsibilities. The Renters' Rights Act has brought important changes in England, including new rules on tenancy structures, possession routes, rent increases and tenant protections.

For landlords, this makes good record-keeping, clear communication and proper property management even more important. A casual approach can create problems, especially when documents, repairs, safety checks or tenant processes are not handled properly.

Mortgage costs still matter

Mortgage costs remain one of the biggest factors in buy-to-let planning. A property that works well at one interest rate may feel much tighter when the mortgage payment rises or a fixed-rate deal ends.

This is why landlords should review deals early and avoid focusing solely on the headline rent. The real question is whether the property still works after mortgage payments, tax, insurance, maintenance, letting fees and periods without tenants are accounted for.

Rental stress tests

Buy-to-let lenders usually assess the expected rent against the mortgage payment. This is often called a rental stress test, and it helps the lender check whether the property appears affordable as an investment.

Different lenders use different calculations. The required rent may depend on the product rate, loan-to-value, borrower type, tax position, and whether the property is owned personally or through a limited company.

Tax planning is essential

Tax can have a major effect on landlord returns. Individual landlords are subject to restrictions on how mortgage interest relief is treated, which can affect profits, especially for higher-rate taxpayers.

Some landlords consider buying through a limited company, but this is not automatically the better option. Company borrowing, accounting costs, tax treatment, administration and long-term plans all need careful review with professional tax advice.

Digital reporting changes

Some landlords also need to prepare for Making Tax Digital for Income Tax. This affects how qualifying landlords report income and expenses to HM Revenue & Customs, with digital records and software becoming part of the process for those above the relevant thresholds.

This makes organisation more important. Landlords should keep clearer records of rent, repairs, mortgage interest, insurance, agent fees and other allowable costs, rather than trying to piece everything together at the end of the tax year.

Energy efficiency and property condition

Tenants are increasingly aware of running costs, comfort and energy performance. A rental property that is cold, inefficient or expensive to heat may be harder to let or more expensive to maintain.

Landlords should consider insulation, heating systems, ventilation, damp, glazing and general condition. Improvements should be planned carefully, but ignoring property performance can lead to higher repair costs and reduced tenant appeal over time.

Tenant demand is still local

Buy-to-let success depends heavily on local demand. A property in the right area, with the right layout and a realistic rent, may still perform well. However, demand should never be taken for granted.

Before buying, landlords should consider who the likely

tenant is. A young professional, family, student, retiree or sharer may all need different property features. Transport links, schools, employment, amenities and condition can all influence how attractive the property feels.

Cashflow needs a buffer

A rental property should not rely on perfect conditions every month. Repairs, periods of vacancy, rent delays, service charges and compliance costs can all affect cashflow.

A sensible reserve fund can help landlords manage these costs without undue stress. This is especially important in 2026, when higher borrowing costs and tighter margins may leave less room for unexpected expenses.

Long-term landlords need a plan

Buy-to-let can still have a place in 2026, but it requires a long-term view. Landlords should know whether they are investing for income, capital growth, retirement planning, portfolio building or a future sale.

The strongest landlords are usually those who understand the numbers, keep properties well-maintained and adapt as the market changes. In a more regulated and cost-conscious environment, preparation matters more than ever. ●

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