

Breakdown of income and expenses of a property let to students in Southampton:

Property profile:

3 bed semi, Flowers Estate
3 students at the university
Year: 2022 - 2023

Monthly income: £1250

Expenditures:

Mortgage: £418 + £200 = £618 Interest only *

Insurance: £225 / 12 = 225/12 = £18.75

Property repairs/renewals (typically 10%): £1,603 / 12 = £133.58

British Gas Home care contract: £313 / 12 = £26.08

Lettings agency fee (tenant find only): £750 / 12 = £62.50

(monthly agency letting fee: £150)***

Tax: £12,109 x 0.45% = £5,499. 20% allowance: £1089. £4410 x 45% = £1984 / 12 = £165 pcm

Total: £1,174

£1250 – 1174 = **£76 pcm Profit ****

£76 per month for:

high quality accommodation

Professional, attentive and timely customer service (gardening included)

Notes

*interest only on only 75% of the original purchase price & renovation in 2012

Interest payments only attract tax relief at 20%

This amount does not include the one-off mortgage related fees (solicitor, valuation, brokers fee or mortgage arrangement fee)

**Once all the one-off payments are included, this figure is further diminished.

The financial value of the gardening service has not included in the above costs.

High value one-off renewals (flooring, new bathroom, 5 yrly electrical check, re-painting) has not been included in costs calculations as they are ad-hoc expenditures.

After purchasing I renovated it (it was in very poor condition) and let it to students.

I look after the garden (no extra charge)

*** In my case, in order to generate a minimal profit, I self-manage.