



**rooms4u**

QUALITY STUDENT HOMES



# Liverpool Student Property Investment - The Ultimate Guide

For 30 years now, we've been involved in student property in Liverpool.

At first, it was our own investments, which we self-managed.

And as time went on, we began managing other properties too, helping other student landlords to enjoy all of the upside that comes from having significant yield and guaranteed rental income, with none of the downside.

The rest is history. Now we're responsible for filling thousands of rooms across the city of Liverpool, helping our tenants find great places to live and helping our landlords make the most of their investments.

When it comes to student property in Liverpool, you won't find any more qualified than us, and in this guide, we share our experience, all with the aim of helping you to a successful, property and stress-free investment.



# WHICH AREAS ARE BEST FOR STUDENT PROPERTY?

There are several areas across Liverpool that work for student property, each of them with slightly different features, and servicing slightly different needs:

## SMITHDOWN L15

**Smithdown has historically been the main hub for students outside of the city centre.**

For over 40 years, the rows of terraced houses branching Smithdown Road have been homes for students, and thanks to the brand new Greenbank Halls of Residence which opened in 2019, there's been a huge boom in student demand in that area in the last couple of years.

Generally speaking, the properties in Smithdown are 4-8 bed HMO houses, and each room is let for an average of £450 per person, per month, including all utilities.

If you're looking for more rental income, top-end en suite rooms can go for as much as £580 per person, per month, while at the other end of the spectrum, the lower end classic student rooms are about £390 per person, per month.

In addition to the very solid rental income you can expect, the demand in the Smithdown area means the majority of properties are let very quickly - the best ones



are almost always taken by Christmas, while the lower end ones can take all the way up until Easter to let.

If you're looking in this area, it's worth knowing that not all of L15 is equal - students tend to gravitate to specific roads, so there are some spots which are more popular than others.

Generally speaking, the closer your property is to the Brookhouse pub, the better.

## KENSINGTON

(Kensington / Kensington Fields) L7

**While Kensington doesn't have the same history as Smithdown, the last 10 years have seen it quickly become a desirable place for students.**

Its proximity to the universities helps, and thanks to new high quality residential properties, it's become extremely popular.

The actual properties mirror Smithdown in their makeup - terraced streets converted into residential HMO properties - although generally they're a little smaller, with between 3 and 6 bedrooms.

The average letting in L7 is £412 per person, per



month, including all bills, with higher end en suite rooms going for up to £542, and lower end rooms at around £368 a month.

Kensington Fields is by far the most popular part of L15, and the further you get from that area, the less demand you'll find.

## CITY CENTRE

(Georgian Quarter / Baltic Triangle / City)

**The city centre has always attracted students, and nothing's changed in recent years - it remains the most popular location for students in Liverpool.**

There are a few locations that stand out:

**Baltic Triangle** - While the Triangle isn't the closest area to the universities, thanks to a large number of new builds, the quality of the accommodation is very high.

Thanks to plenty of independent businesses, it's proved very popular with creatives, and we think it's highly likely that it'll be a popular student location for years to come.

You can expect to rent a room out at an average of £130 per person per week, including utilities.

**Georgian Quarter** - The Georgian quarter could well be our most popular area for student lettings, and has been well populated with students for over a quarter of a century.

It's not hard to see why - the properties are impressive, and the location is difficult to beat, and as a result of those two things, demand is always very high.

There's also a large range of properties in this area, from 2-bed apartments to 10-bed HMOs, and you can expect an average weekly rent of £130 per person, including utilities.



**City Centre** - This area is where the smaller properties really shine, with the heart of the city holding the majority of the 1 and 2 bed properties.

Generally speaking, these properties are good quality apartments, close to the bars, restaurants and universities, and unsurprisingly, they're in high demand, with not only students keen to snatch them up, but professionals too.

One small downside is that many of the apartments incur ground rent and service charges, which may reduce your return, but on the flipside, that means fewer maintenance and management issues.

Average rent is £120 per person, per week, not including utilities.

## SEFTON PARK <sup>L17</sup>

**Sefton Park is a beautiful area, but flies somewhat under the radar as it's not seen as a traditional student location.**

Close to the park, Lark Lane and the city centre, it's a quieter area that somewhere like Smithdown, with many of the same advantages.

With a mix of apartments and grand period properties, you'll find everything from two bedrooms up to eight, with the higher quality rooms generating an average of £120 per person, per week, and the lower quality ones £85, both inclusive of utilities.

Most Sefton Park properties are let around the middle of the letting season, with some of the lower quality ones closer to the end of the season.



If you are looking in Sefton Park, you'll find that the best locations sit on the Smithdown side, between the park itself and Smithdown Road.



# Frequently Asked Questions

## What Can I Make In Rent Per Room?

It depends. There are a whole host of factors to consider when it comes to potential rental income, from the location of the property, to its size, quality and features.

Generally speaking, a newly refurbished property with en-suite bedrooms will achieve a higher level of rent than properties without en suites or new refurbishment.

One thing is for certain: student expectations have grown massively over the last few years - the current trend is for hotel-level quality throughout the property; and while that can often require more renovating, the rent levels match the quality.

You'll find it easier to let a property of this type too, with demand for it much higher than typical "student digs", even if those properties may offer lower rents.

## Is Article 4 In Place In Liverpool?

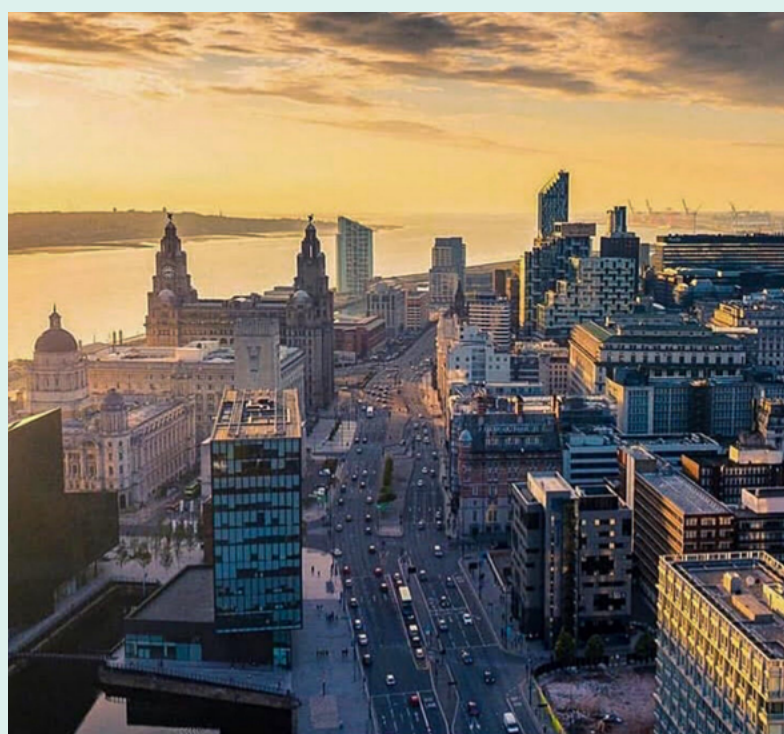
Article 4 directions are designed to prevent works that could threaten the character of an area of acknowledged importance.

In practice, Article 4 is often used to limit the number of new HMO properties, and as of June 2021, it is now in place across most of Liverpool, covering all of the student hotspots.

With that in mind, it's vital you check that the correct property use is in place before investing in a property to avoid any future issues with planning.

## What Licensing Schemes Are In Place For Student Housing In Liverpool?

None. The most recent Selective Licence scheme ended in 2019 and hasn't been replaced.



## What Type Of Property Has The Best Returns?

As a rule of thumb, the range of return you can expect on a student property is between 7% and 20%, and the large HMO properties with multiple bedrooms present the best opportunity for high returns.

## When Is The Letting Season In Liverpool?

It starts in late October, and runs to the end of April. As you'd expect, the most popular properties and locations are taken earliest, with the less popular ones taken around Easter.

## Should I Include Bills?

It depends on the property.

If it's a group property with three or more bedrooms, bills need to be included.

Clearly you need to make an allowance for that within the rent you set out at the start, and it's also really important you put an annual usage cap in the contract, so you can charge your tenants if they run up a large gas or electricity bill.

If it's a smaller property (studio up to 2-bed apartment), it might be better for tenants to handle the bill themselves - it's pretty easy for them to do that with fewer tenants, and allows you to market the property with lower rent.

Also, there's less work for you!

## Should I Include Contents Insurance?

It's up to you. Students won't expect it, but it could be something which helps to get prospective tenants over the line. You can expect it to cost around £50 extra a year, per tenant.

## Is PBSA A Good Investment?

While it might be, in some circumstances, we'd suggest being cautious with Purpose Built Student Accommodation.

There's been a huge amount of it built in recent years, with more in the works, and yet the demand in residential student properties still continues to increase.

Clearly a residential property can be adapted for different markets, which means that a residential property is likely a safer long term investment than PBSA.

## What's The Current State Of The Market?

The student market is extremely strong, and has been for the last five years.

Even with Covid-19 throwing plenty of challenges into the mix, student property investments have proved to be one of the most resilient investments.

One clear trend is a move towards high end, high quality accommodation.





The student market has changed, with many more students wanting nicer surroundings, and various modcons like en-suite rooms.

The great news is that the rent these properties can command is far higher, giving landlords a genuine incentive to make their properties as high end as possible.

Another big trend is a move away from the very large HMO properties, with students choosing live in smaller groups - our most popular group size is either 5 or 6 people.

## Are Properties For Sale?

Right now, demand is outstripping supply - the first half of 2021 was hugely active, thanks to the stamp duty holiday and the introduction of Article 4.

Now that Article 4 is in place, and with stamp duty holidays ending, the investment rush is likely slow down, with the market reverting to something more normal.

Having said all that, the properties with correct HMO content in place will continue to be able to command a premium, with Article 4 limiting the number of new HMO properties.

## When Should I Buy?

If you're investing in student property, it can be super important to time it right.

If you buy a property that's yet to be let for the next year, and the purchase doesn't complete until after the main letting season, it'll be difficult to find tenants, which in turn could result in a reduced income for the first year.

If you are looking at a property with no future tenancy in place, it's best to ensure completion by the end of January, giving you enough time to get it let for the following year.

## Buy And Refurb Or Turnkey Investment?

It depends on your investment strategy, and how involved you want to be.

If you buy and refurb, you'll need to be involved a lot more, but if you do it right, you can enjoy a higher level of return.

With a turnkey property, the returns may be a bit lower, but the whole process should be more predictable and less labour intensive.



## What's Next?

If you're a student landlord already, or you're thinking about investing in student property, we'd love to talk.

At Rooms4u, we exist to make landlords lives easier, help them generate a great return on investment and enjoy their lives more as a result.

Whatever stage of the process you're at, we'd be happy to have a chat, no strings attached, and give you some free advice, based on our hard-won experience.

**If that sounds good to you, drop us a line on 0151 735 1440 or email us at [info@rooms4u.co.uk](mailto:info@rooms4u.co.uk).**