



Students, should I buy or should I rent?

The purchase of a property whilst studying offers many advantages to the owner and one that should be considered by all students when planning for University life.

Purchasing a property instead of renting is becoming more popular and in particular two bedroomed accommodation, where the second room is rented out to assist with the mortgage repayments. This has become an ever popular occurrence in Scotland where the length of study lasts for at least four years. It is even more appealing for students who are contemplating a professional course such as Medicine, Architecture, Law or Dentistry as they may find themselves in the same University town beyond their period of study.

The benefits of purchasing a property are there for all to see. Rather than throw thousands of pounds away in rent, students can find themselves in a situation where they could make a gain on the value of the property to balance against the inevitable debt that comes with studying at University. In addition to this the rental income that the students will receive from tenants will help with their cash-flow during university years.

As a student it is possible to get on to the property ladder, however they may require help from a parent or guardian to guarantee the loan to satisfy the provider's lending criteria. Due to today's ever-changing property prices it is unlikely that a student will have a regular and sufficient income along with a deposit to support a mortgage on their own.

There is a solution however, some lenders will lend on a guarantor basis mortgage for students providing they have a guarantor to support the mortgage application.

Getting on to the property ladder is at the moment a difficult task and offering to purchase for a property should not be entered into lightly. You need to ensure that everything is right for your particular circumstances, for example the property is in a good location to enable re-sale in the future and you are confident that if you intend renting out a room, you will easily get a tenant. It would also be advisable to ensure that borrowing is in place and confirmation received before contracting to purchase a property.

Consideration should also be given to the method of repayment, capital and interest or interest only. Depending on what your intentions are for the property in the future and your affordability will assist your mortgage adviser in making the appropriate recommendation.

Please do not hesitate to contact our Financial Services Department for a free, no obligation consultation.



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