



The Jesmond Community CIC

*To explore and recommend
possible income streams for
Jesmond Community CIC by
IBJJ Consultancy*

Executive Summary

This consultancy report aims to provide recommendations on potential income streams for The Jesmond Community CIC, a newly established company formed in 2023. The organisation has a primary goal to enhance Jesmond both environmentally and socially by bringing together student populations and local residents.

This report has a particular focus on property investment in Jesmond as well as other viable income streams. The report will assess the feasibility of property investment under 3 different pricing scenarios (£150,000, £200,000 and £250,000 purchase prices).

It will present a financial analysis of potential properties looking into initial and ongoing expenditures/income, rental yield and a sensitivity analysis to assess the risk involved. Beyond property, other income streams are explored to see if they can be a more sustainable and less risky income stream.

This report includes insights from an interview with a property expert, analysis of 56 questionnaire responses, and supporting data gathered from focus groups. Combined with relevant secondary research, this evidence informed the recommendation that a housing scheme for Jesmond Community CIC would be profitable and therefore represents a viable investment option across all three price levels, each with different rental yields and risks.

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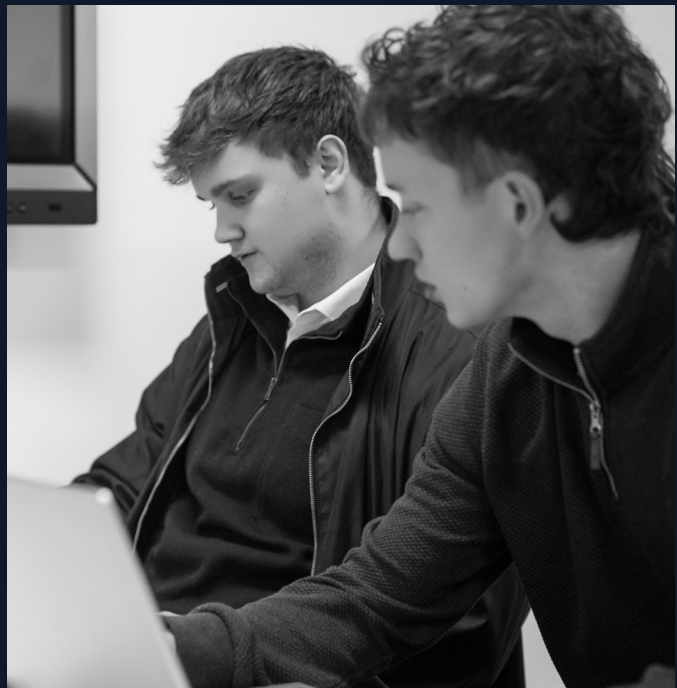
Meet the Team

Our team consists of four final-year Economics students Isaac, Jack, Jack, and Billy

Combining expertise in financial analysis, housing market research, and strategic planning, we collaborated closely to deliver an evidence-based consultancy report for Jesmond CIC.



Each member contributed to data collection, financial modelling, and market evaluation, ensuring that our recommendations are both practical and grounded in strong economic reasoning.



Introduction

The Jesmond Community CIC, established in 2023, is a social enterprise committed to improving the Jesmond area through environmental and social initiatives. The organisation seeks to bridge the gap between the student population and local residents, fostering a stronger, more unified community. One of the key strategies identified to achieve these goals is exploring potential income streams, with a particular focus on property investment within the Jesmond area.

This report evaluates the feasibility of property investment as a sustainable income source for Jesmond Community CIC. It will explore the viability of three different property price scenarios (£150,000, £200,000, and £250,000) and assess the financial potential of properties within these price brackets. The financial analysis includes examining initial and ongoing costs, income generation, rental yields, and a sensitivity analysis to evaluate the associated risks.

In addition to property investment, the report also explores alternative income streams that could supplement or provide an alternative to property-based income. The findings and recommendations are based on a comprehensive combination of primary data, including interviews with property experts, focus group insights, and a questionnaire survey. Secondary research on housing market trends in Jesmond and the wider Newcastle area has also been incorporated to ensure that recommendations are grounded in up-to-date, reliable information.

Scope and Review

Introduction to Jesmond Community CIC

The Jesmond Community CIC is a not-for-profit community interest company focused on delivering local benefits to the Jesmond community both socially and environmentally. As a CIC, it has a dividend cap in place meaning 65% of profits have to be reinvested into projects to help serve its mission. In this report, we are required to explore property investment as a main source of income whilst also looking to see if there are any alternate income sources which are of greater profitability. The internal and external audit of Jesmond Community CIC are on the following pages using both a PESTLE and SWOT analysis.

Identified issues and their importance

Currently the CIC has no income streams but does have the potential of large financial backing if profitability is proven in this report. Without consistent funding, the CIC is unable to effectively plan or execute community projects that align with its core mission. Therefore, identifying a viable, sustainable income stream is essential to ensure the organisation's survival and ability to deliver impact.

Project scope

- Assess the financial viability of student housing using a buy-to-let mortgage with a deposit worth 25% of the value of the property.
- Jesmond Community CIC also asked for the difference between the rental yields when using a local property management company.
- Briefly assess the other potential income generating ideas but leaving housing to be the main focus.

Project boundaries

- Does not involve the negotiation of property sales
- Does not recommend projects to Jesmond Community CIC but just looks at ways projects can be sustainably funded.

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Political Factors

- Local government support through grants and partnerships for environmental improvements.
- Compliance with UK regulations on social enterprises and financial transparency.
- Impact of government funding policies on community project support.
- Adherence to housing and property laws if investing in rentals.

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Economic factors

- Jesmond's rental market trends influence investment feasibility.
- Interest rates affect mortgage affordability for property investments.
- Availability of grants and ethical investors determines funding sources.
- Local wage trends and employment laws affect financial sustainability if hiring staff.

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Social Factors

- Broad community engagement is crucial for success due to diverse demographics.
- High demand for student accommodation may align with investment goals.
- Focus on environmental and social responsibility meets public interest in sustainability

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Technological Factors

- Digital Marketing: Lack of a website limits awareness; an online presence could attract partners and funding.
- Smart Property Management: Digital solutions can streamline property operations.
- University Partnerships: Collaborating with universities can enhance project outcomes through technology-driven research.
- Sustainability Technologies: Energy-efficient housing can align with funding opportunities and lower long-term costs.

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Legal Factors

- CIC Compliance: Must adhere to legal requirements for Community Interest Companies.
- Tenant Laws: Compliance with tenancy agreements and health/safety laws is essential.
- Contracts: Manage legal agreements with universities, contractors, and investors carefully.
- Data Protection: Must comply with GDPR when handling personal data.

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Environmental Factors

- Sustainability Initiatives: Projects that improve Jesmond's environment can attract green grants.
- Energy Efficiency: Sustainable building practices can reduce costs and attract eco-conscious tenants.
- Climate Change Regulations: Compliance with energy standards is crucial for property investments.
- Green Community Projects: Opportunities for partnerships with environmental groups for sustainability initiatives.

Strengths

- Strong Financial backing
- Clean Slate to build upon
- Potential to build partner relationships with both Universities
- Help bridge the gap between students and local residents in the community

Weaknesses

- No social media presence or website
- No current income streams
- No projects undertaken to start improving the local community
- As the company is not purely profit driven, they face strong competition in any market
- Only formed in August 2023 so lacks infrastructure
- Overcome these weaknesses by bringing attention to the CIC from the local community so residents know about the CIC

Opportunities

- Building a strong connection to students through the relationship with Universities' help
- Can enter any market as long as it can be profitable
- Enter the property market and have a direct influence on students living in Jesmond
- Property management can be very profitable and a reliable source of revenue if done correctly
- Possible government grants
- Potential of students and local residents volunteering together

Threats:

- Competition and barriers to entry in the property market
- The potential decrease in the number of students attending University in the future-Multiple factors affecting this
- Certain students may not want to buy into the community as they do not care about the environment in which they live
- The future is uncertain
- Regulatory requirements such as limitations on profit distribution
- No exemption to stamp duty and corporate tax
- Competition for local funding between other non-profit groups in the community

Research Methods and Ethics

For the research conducted we utilised a combination of both primary and secondary data collection methods in order to fully grasp the task at hand.

For our primary data collection, we used the following;

Focus groups, a questionnaire and an interview. For the questionnaire we composed a series of questions and uploaded them onto the Jisc software. Meanwhile, we ensured that we had our ethical approval question at the start of the survey. The survey was then digitally distributed via a QR code and members of the team shared the survey with people they know who reside in Jesmond. To interpret the answers from the survey, the group used comparative analysis to emphasise trends and correlations. In regards to the focus groups, we had recruited two sets of people who live in Jesmond. The questions we had asked were the same as the survey questions with a few extra questions added. The same questions were used in order to obtain open ended answers and also to gain an insight into what the community thinks by considering new opinions that haven't been examined.



On the other hand, the interviewing process comprised of selecting a participant that met the following criteria: Experience with asset management, knows the local area around Newcastle and is willing to participate in an interview. The group managed to find someone who met all the criteria and was also a real estate lecturer at the university. Before the interview had been conducted all the correct ethical approval forms were completed by ourselves and the participant. The group composed a list of general property management questions so we could ascertain a base of knowledge about the subject. Then, we delved into more specific questions relating to the specific area of Jesmond and the past and future market trends for that area. The responses were examined using thematic analysis to identify recurring patterns and establish an overall meaning in what the respondent was trying to convey. The interview was conducted in person, meaning we had to ask for consent to record the interview using an app that would transcribe the interview, so we could analyse the responses at a later time



An interpretivist approach was employed in addition to all the other research methods. This method was also used for the purpose of focusing on the perspectives of Jesmond CIC. SWOT and PESTLE frameworks were utilised for the analysis of this specific approach. The results of these specific methods can be found within this report. Secondary data collection also took place in order to look at the housing market and other income streams. Using financial data, we produced; graphs on house price inflation, rental yields and a sensitivity analysis to aid decision making in creating recommendations.



When conducting research, it is vital to comply with all ethical procedures. Throughout this process ethical integrity was maintained, we achieved this by making sure informed consent was acquired prior to the collection of any data. We also, informed participants that they could withdraw their answers at any time. Most importantly we ensured all participants that they would remain anonymous and that all their answers would be kept confidential and stored securely. Finally, all research that had been conducted had complied with the institutional guidelines, with all our ethical approval forms being checked and accepted by the undergraduate consultancy project team.

Findings and Analysis

National Housing Market Overview

The UK housing market has shown signs of **gradual recovery and stabilisation** following the challenges posed by the COVID-19 pandemic and subsequent economic disruptions. Key national-level indicators include:

- **UK Average House Price:** £268,319 (as of February 2025).
- **House Price Index (HPI):** Currently stands at **102.8**, reflecting the overall increase in property prices across the country.
- **Annual House Price Growth:** Prices are **5.4% higher** than in February 2024, indicating stable growth.
- **Real House Prices:** Adjusted for inflation and wage growth, real prices are estimated to be **14% lower**, due to **wage inflation** improving affordability and increasing buyers' purchasing power.
- **Mortgage Rates:** Forecasted to **stabilise at 4–5%**, further supporting affordability and sustained demand.
- **Wage Growth:** Currently at **5.9%**, outpacing house price inflation, leading to **improved affordability** and likely **sustained sales volumes**.



Regional Focus: North East of England

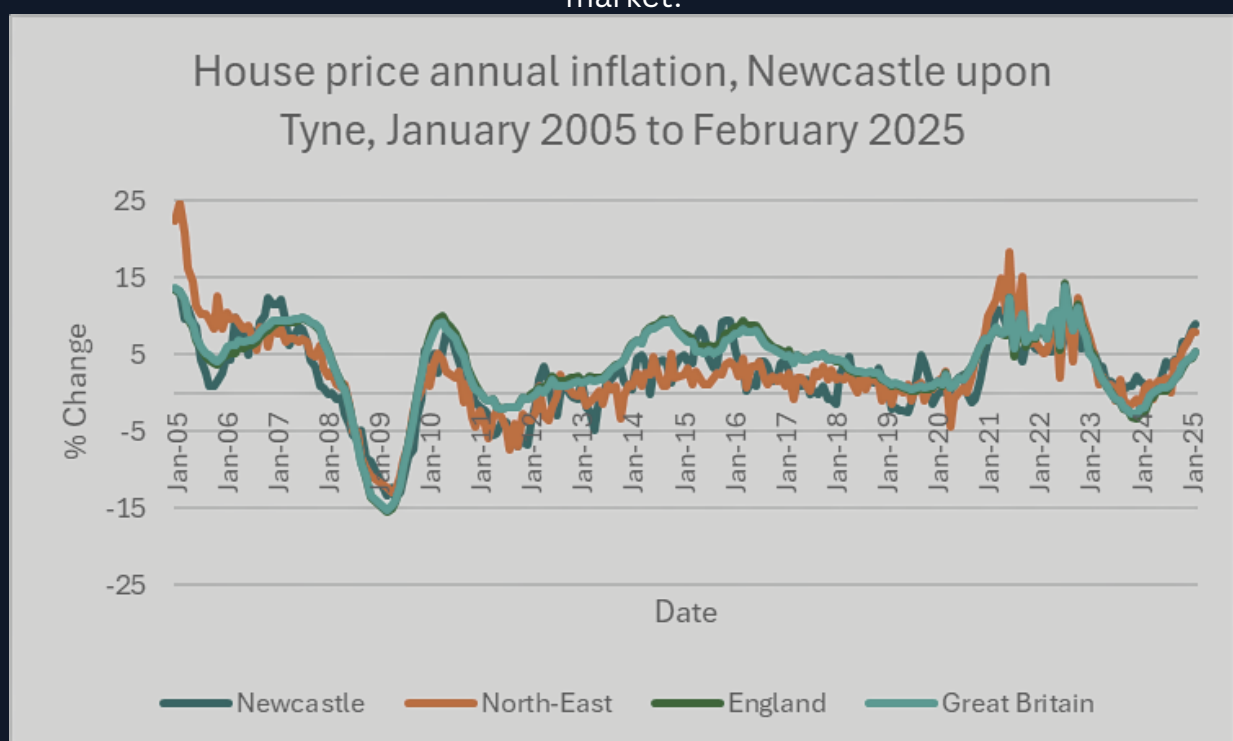
The **North East** has emerged as the **strongest performing region** in terms of house price growth:

- **Annual Growth: 7.9% increase** – the highest regional growth in the UK (excluding Northern Ireland). Newcastle is growing **even quicker at 9.0%**.
- **Average House Price: £160,000** in North East and **£204,000** in Newcastle, significantly below the national average, making it more accessible for first-time buyers and investors.

Driving Factors:

- **Low entry price point** compared to other UK regions.
- **Strengthening local job market**, boosting buyer confidence and investment.

The graph below shows an overall similar trend between all regions, however recently it shows clearly that the North East and Newcastle have pulled away from the growth rates of England and GB. This stems from the factors given above and provides a good base of evidence that there is profitability in the local Newcastle market.



Source: ONS

Local Focus: Jesmond Housing Market

Jesmond continues to perform strongly as a niche, high-demand housing market, particularly in the **student buy-to-let sector**:

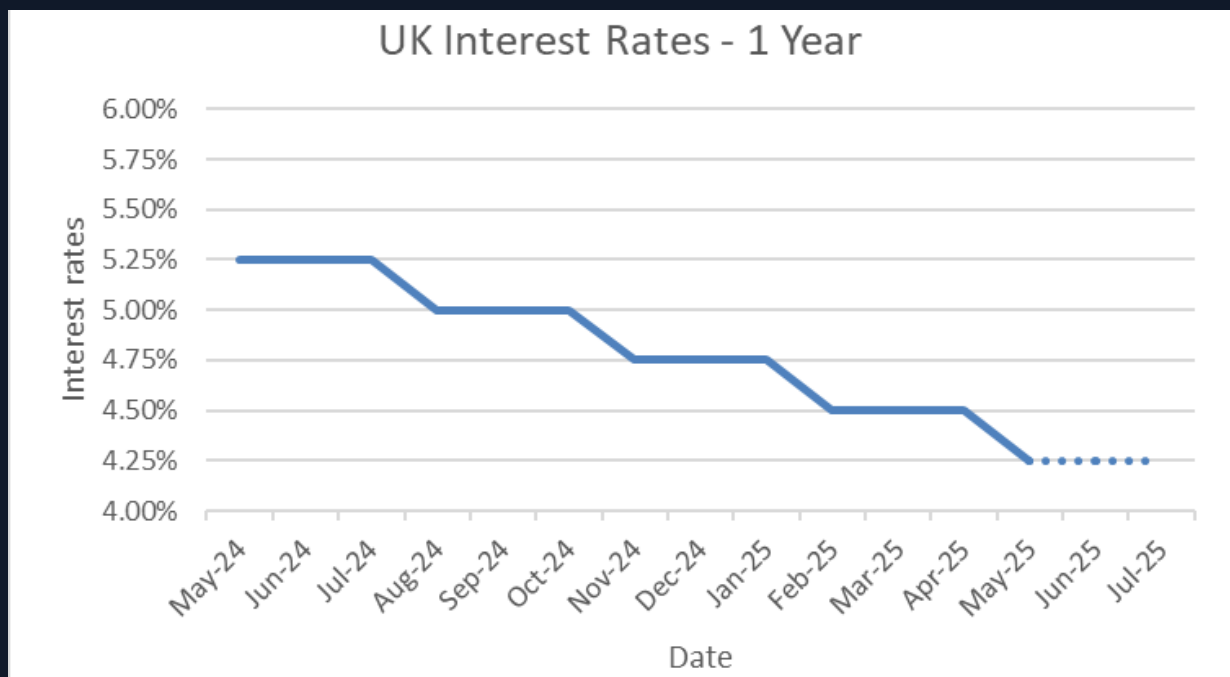
- **Rental Rates Forecast (2025):** Predicted to reach between **£120–£170 per person per week (pppw)**.
- **Occupancy Rate:** While specific data is not readily available for student properties in Jesmond, demand is very high and overall Newcastle student accommodation has exceptionally high occupancy rates at **97.5%**, underlining the **consistent demand**.
- **Resilience During Downturns:** Student properties in Jesmond have proven to be **less susceptible to economic downturns**, making them an appealing option for **risk-conscious investors**.
- **Post-COVID Recovery:** The student market has **bounced back strongly**, contributing to renewed rental growth.



Interest Rates

Interest rates directly affect mortgage repayments. They are particularly significant in buy-to-let mortgages, as these are interest only mortgages.

- Interest rates in the UK have suffered **3 consecutive cuts (to 4.5%)** and have an **82% chance of being cut a further .25 percentage points on 8th May**. This has **improved the affordability** of housing rental ventures, due to more affordable mortgages **increasing the potential rental yields**.



Source: Bank of England

- 4 consecutive interest rate cuts could trigger **investors to panic**, as it can show a lack of confidence in the UK economy however, the **IMF continues to predict an expected growth in the UK economy in 2025** even after Trump imposed barbaric global tariffs in recent weeks.
- **Mortgage lending** for buy to let purchases is expected to **drop by 7% in 2025** according to the BBC. However, this is likely a **short term fluctuation** and **investors will gain confidence** in being able to post positive rental yields as interest rates fall.
- Experts also believe that the falling of interest rates means the **renters market is decreasing** as people are opting to buy due to falling mortgage rates. However, **students are unlikely to have the option of purchasing** instead of renting therefore once again proving how student properties are less susceptible during periods of downturn.

Buy-to-Let Market Overview

A Transitional Period

- 31% of landlords plan to sell within the next two years due to:
 1. Rising costs
 2. Increasing regulatory pressure
- Many of these properties are:
 1. In lower-value areas
 2. Two-bedroom flats or similar low-value property types



Opportunities for New Entrants

- Potential to acquire properties at lower prices, especially:
 1. Modern properties
 2. Energy-efficient properties



Student Properties Resilience

- Student housing remains insulated from broader market pressures due to:
 1. Consistent occupancy rates
 2. High demand



Stamp Duty Land Tax

Stamp Duty Changes from April 2025

- **New Stamp Duty Thresholds:**
 - 5% on property value up to £125,000
 - 7% on property value from £125,001 to £250,000
- **Significance:**
 - These stamp duty rates directly impact the **initial cost of purchasing property**
 - Applicable to **both individuals and corporations buying a second home**



Renters Reform Bill

Renters Reform Bill: Key Changes for Landlords

- **Rent Increases:**

Rent can only be increased **once per year** at the **market rate**



- **Tenancy Types:**

Fixed-term tenancies are being **abolished**, replaced with **periodic tenancies** (rolling contracts)



- **Tenant Rights:**

Tenants have the right to remain in the property until they **choose** to leave, with a **2-month notice period** required



Energy Performance Certificate (EPC) Requirements (from 2030)

- **New EPC Requirements:**

By **2030**, rental properties must have a minimum **EPC rating of 'C'**

- **Considerations for Property Purchases:**

1. Older, less energy-efficient properties may require **upgrades** to meet future EPC standards .
2. **Energy efficiency** will eventually impact financial costs, particularly when significant upgrades are necessary

Impact on Student Rental Market

- **Minimal Impact on Student Properties:**

Student tenancies usually follow an academic cycle (typically **July to July**) Even with **rolling contracts**, students are unlikely to vacate early during the academic year, keeping **voids low**



Key Insights from Interview with Property Management Lecturer

The following points were drawn from an expert interview conducted with a property management lecturer, focusing on Jesmond and buy-to-let investment considerations:



Jesmond Market Trends

- Jesmond remains a **high-demand area** with strong student, young professional, and limited family markets.
- It has weathered market shifts well, supported by amenities, metro access, and its reputation.
- **Rental yields and capital values** in Jesmond are among the highest in Newcastle

"Although the nature of Jesmond has changed over the last 30 years... it's always remained popular."

Emerging Alternatives

- **Sandyford and Heaton** offer slightly more affordable options with decent demand.
- **Newcastle City Centre developments** (e.g., Hadrian's Tower) are modern but may lack long-term value retention due to new-build depreciation.

"The problem with new builds is they don't quite hold the value the same way as an existing property would."

Challenges and Mitigation

- **High tenant turnover** (especially among students) can be mitigated by targeting longer-stay tenants like young professionals or families.
- **Maintenance costs** should be planned for, especially with older housing stock.
- Proper tenancy agreements and deposits can offset property damage risks.

"Picking a decent tenant really is absolutely key. So again, doing all of your basic checks on that particular tenant..."

5-Year Outlook

- Jesmond is expected to **retain its popularity and resilience**, despite broader economic and urban changes.

Investment in this area is still considered **strong and stable** for long-term returns.

"It's still going to be popular... I don't think the shine is coming off Jesmond."

"I think it's still going to be popular. Rents are probably... going in a positive upward direction."

"Picking a location that's going to withstand time... helps with that."



Jesmond Property Market Overview

At the time of data collection the amount of properties on the market for each price point were as follows:

Property Listings by Price Point:

- **£150,000 Price Point:**
- **7 properties** within 10% of £150,000
- All are **1-bedroom properties**
- Primarily suited for **young professionals**

- **£200,000 Price Point:**
- **8 properties** within 10% of £200,000
- **7 properties** are **2-bedroom properties**
- Primarily suited for the **student population**

- **£250,000 Price Point:**
- **12 properties** within 10% of £250,000
- Split between:
- **Higher-end 3-bedroom properties**
- **Lower-end 4-bedroom properties**
- Suited for **students**
- Exploration of both options due to the split

Calculations for Financial Analysis

The next section will delve into key financial metrics to assess the viability of these properties, which will help inform decisions for The Jesmond Community CIC.

- **Initial Costs:** Breakdown of initial acquisition costs (purchase price, stamp duty, and associated fees)
- **Annual Costs:** Includes property maintenance, mortgage repayments, insurance, and taxes
- **Annual Revenue:** Rental income generated per year from the properties
- **Profit (Gross & Net):** Gross profit (income minus direct costs) and net profit (income minus all expenses including taxes)
- **Profit with Property Management Company:** Impact of using a property management company on profitability
- **Rental Yield:** Percentage return on investment from rental income compared to the property value
- **Sensitivity Analysis:** Evaluate how changes in key variables (e.g., rent, interest rates) affect profitability
- **Concerns/Considerations:** Identifying risks and factors to consider before proceeding

These calculations will allow us to make informed decisions based on realistic data in order to recommend the most viable option for The Jesmond Community CIC.

All following values in the tables are in GBP (£)

Jesmond Property Market Overview

Initial Costs

- Deposit worth **25% of property value**
- Stamp Duty of 5% up to 125k and 7% from 125-250k
- Solicitor and Mortgage Fees
- Registration and Insurance
- Credit check and Deposit protection
- Certificates

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Deposit (25% of value)	37,500	50,000	62,500	62,500
Stamp Duty Land Tax	8,000	11,500	15,000	15,000
Solicitor* and Mortgage Fees**	1,434	1,434	1,434	1,434
Registration and Insurance***	293	378	453	453
Credit Check and Deposit Protection	426	426	426	426
Certificates (gas and electric)	350	350	350	350
Total	48,003	64,088	80,163	80,163

*Solicitor Fees with Millennium Legal

**Mortgage fees with Santander

***Insurance with Covea

This table represents the total upfront cost of purchasing a property at different price points. These figures include a 25% deposit, stamp duty based on current rates, and additional costs such as solicitor and mortgage fees, insurance, and certification requirements. Notably, stamp duty increases **significantly with the higher-priced properties** due to stepped tax bands. The total initial investment ranges from approximately **£48,003 to £80,163**, depending on the property type and value.

Jesmond Property Market Overview

Annual Costs

- Mortgage Repayments using **Santander 5 year fixed at 4.64%** with no added fees
- Maintenance Costs
- Certificates averaged over the amount of years they need replacing
- Advertisement costs on **Rightmove**
- Insurance costs

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Mortgage Payments (4.64% fixed 5 years)	5,220	6,960	8,700	8,700
Maintenance Cost	765	1,032	1,175	1,950
Certificates (averaged out)	127	127	127	127
Advertisement	795	795	795	795
Insurance	193	278	353	353
Total	7,100	9,192	11,150	11,925

The table above outlines the projected yearly operating costs for each property scenario. Mortgage repayments are calculated using a Santander 5-year fixed rate at 4.64%, while other costs such as maintenance, insurance, and advertising are based on typical market rates. Certification costs have been averaged based on the expected renewal cycles. These figures provide a **realistic forecast of annual expenditure**, essential for evaluating the **long-term** profitability of each investment option.

Jesmond Property Market Overview

Annual Revenue

- Average rental income per month based on property type
- **Annual Income (PCM x 12)**

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Average Rental Income of Similar Properties (PCM)	992	1,329	1,807	2,060
Annual Income	11,904	15,948	21,684	24,720

The table above outlines the projected annual rental income for four different property investment scenarios based on average monthly rental values. This revenue represents the gross income before any deductions. The average monthly rental incomes come from **similar properties** available on Rightmove. **26 properties** were available for the 1 bed property. **74 properties** were available for the 2 bed student property. **69 properties** were available for the 3 bed student property and **38 properties** were available for the 4 bed student property.

Jesmond Property Market Overview

Gross and Net Profit

Gross profit is calculated to show revenue minus costs. As a limited company, The Jesmond Community CIC is subject to corporation tax. This is **19% of any profits under £50,000**. This is taken off the gross profit and is called the **net profit**.

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Annual Revenue	11,904	15,948	21,684	24,720
Annual Costs	7,100	9,192	11,150	11,925
Gross Profit	4,804	6,756	10,534	12,795
Tax Paid	913	1,284	2,001	2,431
Net Profit	3,891	5,472	8,533	10,364

The analysis shows that **all four** investment scenarios generate a **positive net profit** after accounting for annual costs and corporation tax. As anticipated, the £250,000 4-bed property offers the highest return with a projected net profit of £10,364 per year, while the £150,000 property still yields a reasonable net profit of £3,891. The positive net profit across all scenarios demonstrates the potential for **sustainable revenue generation**, which is a key thing for The Jesmond Community CIC to support its wider goal of improving the environment in Jesmond.

Jesmond Property Market Overview

Gross and Net profit with use of **Property Management Company**

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Annual Revenue	9,904	13,269	18,041	20,567
Annual Costs	6,098	7,963	9,799	9,916
Gross Profit	3,806	5,306	8,242	10,651
Tax Paid	723	1,008	1,566	2,024
Net Profit	3,083	4,298	6,676	8,627

Breakdown of annual costs with use of Property Management Company

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Mortgage	5,220	6,960	8,700	8,700
Maintenance Cost	115	155	176	293
Insurance	193	278	353	353
Additional Costs	570	570	570	570
Total	6,098	7,963	9,799	9,916

With the use of a local property management company, **Pat Robson & Co**, in the table are the revised figures for both costs and revenue. They charge a fee of **16.8% on rent income** (revenue). The maintenance costs are reduced, but not to zero, as they charge **15% of any maintenance invoices**. The additional costs include the inventory preparation at tenancy commencement, handling of deposits and council tax renewals. The mortgage and insurance costs do not change.

Sensitivity Analysis

These tables include the net yields of rental investment. As these are yields all numbers are percentages (%).

As a private landlord

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Base Case	2.59	2.74	3.41	4.15
Rent falls by 10%	1.95	2.09	2.71	3.34
Rent falls by 20%	1.31	1.44	2.01	2.54
Costs rise by 10%	2.21	2.38	3.05	3.76
Costs rise by 20%	1.83	2.01	2.69	3.37
Rent -10% / Costs +10%	1.57	1.73	2.35	2.96
Rent -20% / Costs +20%	0.54	0.71	1.29	1.77

With use of Pat Robson & Co

	£150,000 Property	£200,000 Property	£250,000 3 Bed	£250,000 4 Bed
Base Case	2.06	2.15	2.67	3.45
Rent falls by 10%	1.51	1.61	2.09	2.78
Rent falls by 20%	0.99	1.07	1.50	2.12
Costs rise by 10%	1.73	1.83	2.35	3.13
Costs rise by 20%	1.40	1.50	2.04	2.81
Rent -10% / Costs +10%	1.19	1.29	1.77	2.46
Rent -20% / Costs +20%	0.33	0.43	0.87	1.48

Sensitivity Analysis Explained

On the previous page are sensitivity analysis tables which compare the net yields for each property, both with and without property management fees. The sensitivity analysis is used to see the effect of unexpected rises in costs or falls in rent. A huge positive of these tables are that; in all scenarios the **yield stays positive**, indicating a **very strong resilience** across all investment options and potential scenarios.

Without management fees, yields are notably higher, with the £250,000 4-bed property achieving a base case yield of **4.15%**, and still retaining a solid 1.77% yield even in the worst-case scenario (20% rent drop and 20% cost increase). With management included, yields understandably drop slightly, but the 4-bed still outperforms, offering **3.45%** in the base case and 1.48% in the worst case.

The side-by-side comparison offers a valuable insight into the relative strengths of each investment. The fact that all options sustain positive yields under varying pressures confirms that property investment remains a **robust and sustainable** income-generating strategy.



Concerns and Considerations

Market Volatility

Despite the housing market currently being in a strong and profitable position, there is always risks of major economic downturn which can **shift demand and value drastically** e.g. 2008 financial crisis affected the housing market significantly. This would lead to lower rental yields.

Legislative Changes

Upcoming changes in regulation due to the **Renters' Right Bill and future EPC rating** requirements increase compliance costs particularly if buying a poorly EPC rated property. The changes to periodic tenancies will not directly affect the student market but will shift the overall shape of the rental market.

Interest Rate Fluctuations

Although interest rates are currently falling, and are projected to for coming months, beyond this any rises in interest rates would **adversely affect profitability** of buy-to-let properties due to mortgage rates rising simultaneously.

Student Market Dependency

While student housing is more resilient to market shocks, it depends on continued enrolment of university students and whilst this shows no signs of slowing up, it could do in the distant future.

Long-Term Commitment

This investment cannot be used to benefit investors directly as the CIC is subject to a **dividend cap**. This means that **65% of profits have to stay in the CIC** and be reinvested into projects. However, over many years and with possible acquisitions of more properties this **can become incredibly beneficial for investors** even within a 35% dividend cap.

Property Management - Non-Financial Considerations

Although using a property management company slightly reduces net yields, the non-financial benefits gained are; time savings, professional oversight, tenant satisfaction, and legal compliance significantly outweigh the small financial trade-off.

Key Benefits of Using Property Management:

- **Time Saved** - Frees up the CIC's time to focus on community projects and strategic planning.
- **Professional Tenant Management** - Handling tenant queries, complaints, viewings, contracts, and rent collection professionally.
- **Legal and Compliance Expertise** - Ensures adherence to complex rental regulations (e.g., Renters Reform Bill, EPC regulations).
- **Maintenance Coordination** - Faster response to property maintenance issues via use of trusted contractors.
- **Improved Tenant Satisfaction** - Happier tenants lead to potential repeat tenancies, reducing risk of void periods and maintaining income stability.

Key Drawbacks of Using Property Management:

- **Reduced Net Yields** - Pat Robson charge 16.8% of rent due so lower overall profitability.
- **Less Direct Control** - Decisions about tenants, maintenance, or minor issues are handled by the management company, which may not always align perfectly with the CIC's preferences.
- **Variable Service Quality** - Quality of service can vary between providers, a poor manager could negatively affect tenant satisfaction and property care.

Summary:

Using a property management company provides crucial time savings, professional tenant handling, and legal compliance support, making it a smart option for the CIC. Although it slightly reduces net yields and limits direct control, the time it allows the CIC to save and spend on its wider goal of bringing the community together means the benefits outweigh the negatives in most cases.

Focus Groups - Alternate Income Streams

"I am aware of CIC's but have no idea if Jesmond has one or not."

"I would pay slightly extra for a coffee but believe Jesmond needs other things before coffee shops. Maybe something like a working space, where students and residents can go to do work, (this) would help your overall goal of bringing the community together."

"I would certainly pay extra for a coffee if you could guarantee and promote that all profits are to be put back into the community."

Do you like the coffee shops already available within Jesmond?

"Yeah, I think the speciality coffee is of a very good quality and I'm happy to pay the current prices for it."

Alternate Income Streams

Community interest companies can achieve revenue through multiple sources. The most common ways they attain revenue are grants, memberships and trading.

While Jesmond Community CIC can access grants, like the National Lottery Community Fund, this is not a sustainable income source as it is a one-off payment and therefore does not fit the clients needs.



Memberships are a way CIC's can generate a sustainable income stream. However, memberships are not a feasible income stream for Jesmond Community CIC as it is not a service based CIC. Memberships are usually used to generate funds for sports clubs, like grassroots boxing and football clubs across the UK that operate as CIC's.

Our recommendation for an alternate income source is to use trade in the form of a coffee shop. This provides both an income source as well as a space for the CIC to use as a hub for community events.



Cost of a Coffee

The majority of survey respondents are happy with the quality of coffee available in Jesmond and the majority of coffee shops including Local, Pink Lane Bakery and Ouseburn Coffee Company (OCC) themselves using OCC coffee beans, we would recommend doing the same.



Costings for an individual cup of coffee:

OCC beans cost £36 per 1kg bag
10g of beans per cup (Coffee Hit)
 $1\text{kg}/10\text{g} = 100$
 $£36/100 = 36\text{p}$ per coffee

Average milk cost is £1.59 for 4 pints
Average coffee contains 255ml of milk (Andy Cross, 2022)
4 pint = 2.27l
 $2.27\text{l}/255\text{ml} = 8.9$ portions of milk
 $£1.59/8.9 = 18\text{p}$ per coffee

Branded coffee cups £288 for 1,000 (Limepack)
 $£288/1000 = 29\text{p}$ per coffee

Total cost for the average cup of coffee
 $36\text{p} + 18\text{p} + 29\text{p} = 83\text{p}$
Average cost to the consumer across the UK is £3.40 (FreshGround, 2024)
 $£3.40 - 83\text{p} = £2.57$ margin



How Long Until Profitable?

Equipment Costs:

£2,500 - Espresso equipment
£1,000 - Cleaning equipment
£350 - Fridges
£300 - Freezer
£1,000 - Ice machine
£5,000 - Furnishing
£10,150 - Total

Monthly Overheads:

Suitable properties (at least 300 sqft) within Jesmond are typically available to rent for £3,000pcm, with enough space for customer seating.
£8,400 - 4 full time staff members
£1,500 - Utilities
£12,900 - Total

How Long to Break Even?

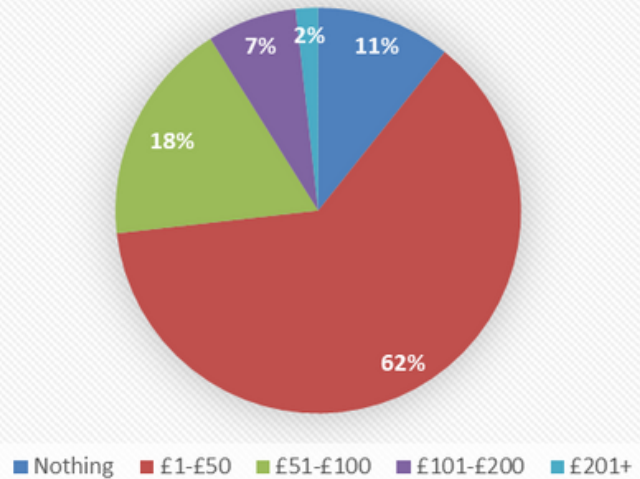
There are multiple sources stating different levels of sales a newly established coffee shop this size can hope to achieve, averaging approximately 175 units daily.

$175 \times £2.57 = £449.75$ daily revenue
 $£449.75 \times 30 = £13,492.50$
 $£13,492.50 - £12,900 = £592.50$ profit per month
 $£10,150 / £592.50 = 17.1$ months to break even

These calculations do not account for miscellaneous costs, such as any repairs or servicing of coffee machines

Although a coffee shop is profitable and provides a co working space within Jesmond, the return is lower than property investment and would require far more personal time and effort, whilst also being a much more risky investment strategy

What is your average monthly spend in coffee shops?



Recommendations:

Bronze - £150,000 1-bed

Silver - £250,000 3-bed

Gold - £250,000 4-bed

Bronze Recommendation – Low yield

but very low risk

An investment to give the CIC some cash flow but with little to no risk involved.



This recommendation proposes investing in a **1-bed property in Jesmond**, offering a low-risk, steady source of income. With the lowest upfront costs, it provides an **accessible entry point** for the CIC to generate income and begin supporting community projects. Direct management by the CIC is suggested to **maximise profitability** given the smaller property size and simpler tenancy needs due to it being **targeted at young professionals**.

Property Price (£)	150,000
Initial Cost (£)	48,003
Annual Revenue (£)	11,904
Annual Cost (Tax incl) (£)	8,013
Net Income (£)	3,891
Net Yield (%)	2.59

Key Pros

- Lowest financial risk due to smaller investment size.
- Generates enough income to begin early-stage community projects.
- Direct management avoids management fees, increasing net profitability.
- Resilient under stress-tested scenarios in sensitivity analysis.

Considerations

- More chance of void periods as demand not as consistent as student properties.
- Direct management will require some time commitment, although expected to be minimal.
- Less potential for large rent increases compared to larger properties

Key Point - This investment provides a safe and steady first step for the CIC, minimising financial exposure while generating enough income to begin making a tangible community impact. By managing the property directly, the CIC can retain more income to invest into local initiatives.

Summary

- Provides a safe, low-risk entry into property investment, generating steady income to support early CIC projects.
- Direct management increases profitability and keeps financial exposure to a minimum, allowing greater community impact.

Silver Recommendation – Reasonable yield with manageable risk

A steady investment with reasonable yield and huge potential for future growth.



This recommendation proposes investing in a high end **3-bed student property in Jesmond**, with use of Pat Robson & Co. It offers a **stable, reliable** rental income stream. The property is well positioned to benefit from **rent inflation** due to it being a high end property, consistently **strong student demand** and **falling mortgage rates**, strengthening **long-term returns**.

Property Price (£)	250,000
Initial Cost (£)	80,163
Annual Revenue (£)	18,041
Annual Cost (Tax incl) (£)	11,365
Net Income (£)	6,676
Net Yield (%)	2.67

Key pros

- Good net income for CIC to start to develop projects in the community.
- Positive stress-tested yields via sensitivity analysis.
- Huge opportunity of rental inflation due to being a more updated property.
- Very unlikely will need EPC upgrades in the future.
- Use of property management means CIC can focus on community projects.

Considerations

- Smaller rental yield than 4-bed property at the same price
- Use of property management does reduce net yield
- Large initial costs

Key Point - This property will likely see profits grow rapidly in future years. Falling mortgage rates improve the profitability, whilst the more modern nature of the house means the property is more susceptible to rent inflation.

Summary

- The 3-bed property offers a stable and reliable rental income with strong future growth potential driven by rent inflation and falling mortgage rates.
- While the initial net yield is slightly low, it remains highly resilient, stress-tested, and provides a secure foundation for the CIC to build and fund community projects.

Gold Recommendation – High yield with limited risks



A bold investment which gives maximum and sustainable financial gain.

This recommendation proposes investing in a high-demand **4-bed student property in Jesmond**, with the use of **property management company, Pat Robson & Co.** While it represents the most ambitious option in terms of cost, it also offers the **greatest financial return**. The property delivers strong rental yields and long-term income stability, positioning the CIC for both immediate success and **future growth**.

Property Price (£)	250,000
Initial Cost (£)	80,163
Annual Revenue (£)	20,567
Annual Cost (Tax incl) (£)	11,940
Net Income (£)	8,627
Net Yield (%)	3.45

Key Pros

- High net income, giving good foundations for the CIC to start projects.
- Opportunity for profitability growth in the future.
- Property management saves valuable time.
- Extremely high demand for 4-bed student houses in Jesmond, leading to potential rent inflation and high occupancy rate guarantee.

Considerations

- Slight reduction in net yield due to use of property management
- 4-bed property at this price point may have lower EPC and therefore need upgrading by 2030.

Key Point - Although yields are slightly lower with management fees included, the ongoing decline in mortgage rates is expected to improve profitability and by the time the investment recommendation is implemented, net yields may have risen due to this fall in mortgage costs.

Summary

- Invest in a 4-bed Jesmond student property with professional property management, using Pat Robson & Co, to maximise returns and save crucial time.
- Offers strong rental yields, high future growth potential, and resilience against market risks.
- A net income of £8,627 provides the CIC with a strong financial foundation to begin funding projects that directly benefit the local Jesmond community.

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Appendices

Interview questions and transcript:

General Questions for First-Time Property Investors

Firstly, ascertain the experience Cara has in the property market...

Getting Started: What are the most important considerations for someone investing in a rental property for the first time?

CIC: Does being a CIC offer any unique opportunities in the housing market or does being a CIC not make much of a difference?

Property Purchase: How easy is it to buy a property and what is the time period associated with this?

Location Selection: What key factors should new investors look for when choosing an area to buy a rental property?

Tenant Management: How would the CIC mitigate the risks of having badly behaved tenants in the property?

Self-Management vs. Letting Agents: Should landlords manage their properties themselves, or is hiring a letting agent worth the cost?

Risk Management: How can landlords protect themselves against risks such as rental arrears, property damage, or economic downturns? Also, what are the non-financial risks associated with becoming a landlord?

Long-Term Strategy: Would you advise new investors to focus on short-term rental income or long-term capital appreciation?

Sustainability & Market Changes: How important is energy efficiency and sustainability in today's rental market, and should new investors factor this into their decision-making?

Shape

Jesmond Rental Market-Specific Questions

Current Market Trends: How has the Jesmond rental market evolved in recent years, and what trends are currently shaping it?

Rental Demand: Given Jesmond's large student population, how does tenant demand fluctuate throughout the year?

Rental Prices & Yields: How do rental yields in Jesmond compare to other areas in Newcastle, and what factors influence them? Also is there a specific area in Jesmond that would be highly beneficial to purchase a property?

Tenant Demographics: Aside from students, is there a growing demand from young professionals or families in Jesmond?

Regulatory Landscape: Have there been any recent legislative changes affecting landlords in Jesmond, such as licensing requirements or rental caps?

Investment Viability: Would you still consider Jesmond a strong area for buy-to-let investment, or are there emerging alternatives in Newcastle with better prospects?

Challenges for Landlords: What are the biggest challenges landlords face in Jesmond, and how can they mitigate risks such as high tenant turnover or maintenance costs?

Future Outlook: With ongoing urban development and potential economic changes, how do you see Jesmond's rental market evolving in the next five years?

Interview:

Unknown 0:07

Okay, so the first question is, what are the most important considerations for someone investing in a rental property for the first time?

Unknown 0:15

Well, where do you start? There's so many considerations. Obviously, I would say, if it's you usually enter rental property because you're looking at making a profit. So obviously, what you can get for it, in terms of rent per month, the calendar month, is very, very important. But there are so many other issues around that as well that we need to consider the type of property that you're purchasing will depend on the location. So if we're looking at Jesmond in particular, which I guess is where they're looking to buy property, a lot of that stock is older stock. So built sort of 1900 1880 1900 so there can be quite a lot of pitfalls around condition of the property. So although you're purchasing, you might need to do some renovation and refurbishment work to that property as well. So that should be taken into account rental Absolutely. You want to try and get as much rental revenue from that property as you can, but you also need to look at the overall price you're going to pay the purchase price, and look at what sort of yield or sort of return you're going to get on that property. For me, because I'm an asset manager as well as a valuer, I'd be looking at management costs of running a property like that, and how much is it going to cost me to repair the roof when it needs doing. What about damp? If it's a ground floor time, say flat adjustment? Am I going to actually, although I may be getting x pounds per square foot per calendar month for this particular property, am I going to make it back at the end of the day if I'm spending 1000s of pounds on a new roof? So that's the sort of things I'd be looking at. Locations really important as well. You want to know you've got demand and supply. So I'd want to make sure that I was getting something that was popular to a whole host of people. Now, generally speaking, most properties in Jesmond, not all, but most will go to the student market. At the moment. Have been a few shifts in that. So you've got young professionals in as well, but there's not so much around family driven. I used to live in Jesmond back in the 1990s and it was very much a family feel. And it was mothers and children living in flats which are now maybe five or six students. So there has been quite a change in the last 30 years in the market in Jasmine too. So I'm guessing, thinking about the community that you're dealing with, I would imagine they're people that may be being around quite a long time. Okay.

Unknown 2:52

The second question is, does being a CIC offer any unique opportunities in the housing market, or does being a CIC not make much of a difference? I'll

Unknown 3:00

be honest, I don't know much about CICs. And do you want to give me a bit of background? Is it? Is it like a corporation looking to purchase property? It's

Unknown 3:09

sort of like a charity, social enterprise. Social

Unknown 3:14

Enterprise. Okay, give me two seconds. I'm just gonna look up because I had a quick look at Jesmond. Cic,

Unknown 3:20

yeah, it's fairly it's a fairly new, new a, yeah,

Unknown 3:27

it could be, there could be some benefits around. Yeah, they've even got links on company's house. I noticed, and had a quick look at the weekend. There might be, in terms of, as a collective you can get more done. You might be able to buy more property. But other than that, I'm not, don't know a lot about how they operate or work. Were there anything in particular you wanted to ask me about the benefits of them? And perhaps, is there a certain aspect that they might they might be good at? Well,

Unknown 4:02

there were, they're not very it's about grants, really, because the guy was looking at whether he'd be available to get any grants. But we don't think we were looking online, and we don't think he actually is available to

Unknown 4:13

get any grants, right? So you're thinking from like, could you get any Could

Unknown 4:16

he be involved in any government schemes or anything like that, or is it just,

Unknown 4:20

I don't actually know the answer to that. Unfortunately, could

Unknown 4:28

other enterprises be interested in them as a community led group? Maybe around corporate social responsibility, maybe heightening their awareness, perhaps,

Unknown 4:41

how would the CIC mitigate the risks of having badly behaved tenants in the property?

Unknown 4:47

Okay, so there's been quite a few changes in this area. Recently, we have something called the renters reform bill. I don't know if you've heard about this. I'm going to see at what stage it's at There you go. It's not quite out yet. Didn't think it was, but we've had a bit of movement. So the renters reform bill first came into fruition last year with a view of coming into law this year. And I've just had a quick look there, and they're looking to bring it in 2025 around Easter time. So that all be quite interesting for us. Now, the idea of the renters reform bill is to try and protect tenants against being evicted through sort of no fault issues, unfortunately, during the pandemic, appreciate that was a few years ago now, but a lot of people were evicted from the homes because they were in pain, went so they had to bring out this idea of the Coronavirus act to prevent that happening. And we've got a bit of an issue. There is protection. You've got housing acts such as the Housing Act 1985 and we call them section 21 and section eight notices that there are out there, and this gives the landlord a level of protection that they can evict a tenant. These will be, I would imagine, let on what we call assured short or tenancies, a bit similar to the tenancies you're probably on now, which are for a six month period, they tend to lend themselves better to being able to evict tenants that are perhaps not treating the property correctly or not, or maybe causing a nuisance to other people in the area, so that there are options. It's just there's a lot of changes in that side of things, and actually, maybe no fault, evictions are going to be a lot harder to deal with. I don't know how far you want me to move away from your topic, but obviously we've got a lot of issues around energy rating of properties as well, and energy efficiency, we call it energy performance. Each property has an energy performance certificate. The older properties tend to have lower results, and it's becoming more of an issue around green and energy requirements that possibly buy. I think it's 2020, 2020 30. They're looking at making all residential property having to be at a certain grade, so that could affect some of the properties that are bought. That's all right. So EPC ratings residential, and this is only for properties that are at this stage, LED or entered. Just going to check for you E or higher than need to be at the moment, because I think that's going to go

Unknown 7:42

on. Next question is, should landlords manage their properties themselves, or is hiring a hiring a letting agent, worth the cost?

Unknown 7:52

That's that is not a difficult one. I've been a managing agent before,

Unknown 7:59

either. Yeah.

Unknown 8:05

If you're a diligent the issue is there's a lot of legislation, there's a lot of requirements, a lot of regulations that you have to abide to. If you've got a really good managing agent, they are very aware of that and should be able to do it. Okay, that's what you pay them for. But not all managing agents are regulated. So then I'm a member of the Royal Institution of Chartered Surveyors. So when I was out being an asset manager, I was regulated by my professional body, so I had to abide by certain guidelines and certain rules. So therefore my level was always up there. There are others in the market that aren't regulated, so there can be problems around picking them. They tend to be less expensive as well. So again, cost, cost and value links here. You can do it yourself as well, but you'd have to be quite diligent and really know so it depends on the character. If maybe as an organization that you're mentioning as a sick maybe you want to consider branching out to somebody else to do that for you, because it's a lot to take on, and who within that, that organization, that community group, would deal with that? Okay? So maybe having an external party dealing with that takes the pressure off the rest of the group. Yeah, okay.

Unknown 9:35

How can landlords protect themselves against risks such as rental areas, property damage or economic downturns. Can they? Yeah, well, it's just right. Okay,

Unknown 9:52

so rent arrears, doing your checks, making sure the tenants that you get in place are trustworthy, getting guarantors in place, making sure you've got the tenant deposit scheme all set up, and that you've got money aside so if they do default on their payments, arguably, you can use that money, but it's a one shot. You can't use it again. So that was rent over years.

Unknown 10:17

What were you the ones property damage or economic downturns,

Unknown 10:22

property damage. Picking a decent tenant really is absolutely key. So again, doing all of your your basic checks on that particular tenant, and making sure that there's no outstanding legal issues surrounding them, and getting good references about the tenant. And that can really, really help. And that's where a managing agent does come in, because they know all of the warning signs to look out for the property market. That is like, you know, crystal ball stuff. Unfortunately, we can't. However, if we look at the likes of Jesmyn as an area, I mean, it's in a nice suburb. It's got good amenities. It's got great links, right with the metro. So it's thinking about picking a location that's going to withstand time. And although the nature of Jasmine has changed over the last sort of 30 years or so. It's always remained popular. I was just looking at values of properties then, I mean, between 2019 and if you bought something before 2019 and then you're selling it now, you're making lots of money. But even sort of, you know, 2021, 22 he's still making, you know, a few 1000 system, even in a difficult market, we're still seeing things moving upwards, albeit at a slower rate. So I think picking a good property in the very best location you can helps with that.

Unknown 11:55

Would you advise new investors to focus on short term rental income or long term capital appreciation? I depreciation

Unknown 12:05

depends what they're looking for.

Unknown 12:09

Are they wanting to make money straight away? If so, you might be better getting somebody in renting the problem with the long term growth of an investment is it's really heavily related to how the property market is doing, which has a peaks and troughs. So neither is by any means perfect, or property is is different. Nothing's nothing's the same. Poor. It depends on the motivations behind do they want a quick win, or do they want to be in it for the long haul? Problem with if you purchase a property, maybe, you know, hold it for a couple of years and then sell it on. You might sell it at a profit, but if you get a tenant in, that's good, they may stay there for many years. So then you're making, or be it, smaller amounts of money, but over a longer period of time, depends what you buy it for as well. Depends how you buy it. Yeah, and you might go to an auction, and you might be able to pick up a property in a decent location at less value than maybe, if it was to go through the market and in what we call an arm's length transaction. So some elements of that as well, I don't think either is perfect. It really, really depends on what the particular investor is looking for. A lot of people like having that yearly income coming in, and then they let the property value just tick over in the background as others want to buy it, maybe refurbish it and get it sold within a year, make that chunk of money to then invest in the next one. So it depends the drivers behind that person. Okay,

Unknown 13:53

how important is energy efficiency and sustainability today's rental market, and should new investors factor this into their decision making.

Unknown 14:01

Okay, so it's definitely important. You've got to make sure any property you buy is going to withstand sustainability. Older stock will have more issues retrofitting older stocks. Not easy. I don't know if you've seen on the news. It was in County Durham, they've retrofitted, I think it was local authority have retrofitted them a number of properties with exterior insulation, and it wasn't, wasn't installed correctly, which has actually made the properties all damp and decaying inside now, which is reduced the value of those properties. So with all the property retrofitting really hard, and I'm just thinking about Jasmine as your market, particularly, it is an issue. But then, as long as you're doing what you can and you're maintaining it to the levels that are required under energy performance guidelines, it's it's what you have to do. Sustainability isn't just about the property, though. It's about the tenant as well. You want a tenant who's going to I'm just going to put

Unknown 15:13

that down for you, thanks.

Unknown 15:14

Just shout up. Had them up and down all day, those blinds so that you've got to think about how the tenant uses the property as well. Are they energy efficient, too? When you're looking at rental, do they do they keep the heating on 24 hours a day when they don't need to do they not have it on enough so the property isn't drying out. What's ventilation like in in hot spot areas like bathrooms and kitchens. That's something for the landlord to definitely think about regulations around mold, and that the terrible problems we've been having in the market recently, you might have seen a few years ago, unfortunately, a small child died through mold in a property. So thinking about sustaining what you've got and how you can improve, it's really important too. And sustainability runs right across property. It's not just the property itself, it's how it's managed, it's how it's operated, it's how it's leased. And so it's all these it's very important. It's very important. Okay, then

Unknown 16:15

we're gonna go into some more, like, specific questions about Jesmond. Go for it. Okay, how has the judgment and rental market evolved in recent years and what trends are currently shaping it?

Unknown 16:25

Okay, very popular still. I think it will be for the long haul. There was something came out a few years ago. Around

Unknown 16:35

it was Newcastle Council

Unknown 16:39

brought out something that we call an article four direction, where they were trying to move students from areas such as Jasmine back into the city center. You might have seen some of the high rises that have been built for student accommodation. Now, have I read still? I mean, I don't know where you guys live, but, you know, Jasmine still very, very popular. It's in that. It's in the, you know, I would say it's number one in terms of top, very popular. It's not just students. Students tend to be in the terraced houses near Osborne road, and they tend to be near WestJet Metro each side. But if you just go slightly further out, and you've got a lot of old 1930s houses that come on very, very high values for the area. You've also got some lovely mansion houses which on if you're near Jesmyn Metro, which again, command very high values. And it seems to be that most if they're priced accordingly. As soon as they go on, they're sold. So that tends to be, there's a couple of markets there. We actually have some properties also in Jesmond that are for social housing too. And so you've got properties on Osborne Avenue, which runs down towards Jesmyn Dean. There's a couple of properties on there that are for social housing. So it's a real mix and quite a community feel. But I think it's going personally, although it's slowed slightly, it's still going very much in a positive upward direction, from what I can see from the market.

Unknown 18:23

How do rental yields in German compared to other areas in Newcastle, and what factors influence them? Again,

Unknown 18:28

it's all about supply and demand. There's so much demand for Jesmyn, it's much, much higher than anywhere else you can get good rental income and capital value. So the value of the actual property are both quite high, so you get quite robust yields. They differ from other areas. Sandy foot, still quite it's kind of the step down, but it's still quite decent. Then you've got Heaton, which is probably the step down from that. They all tend to be in that sort of East get my math, get my directions, right east side of Newcastle, then you've got the west end of Newcastle,

Unknown 19:12

which is

Unknown 19:14

elsich and Ben well and places like that. They tend to be lower rental values and definitely lower capital values. There's a few hot spots and pockets spit tongues is a bit of an outlier, and that's because it's close to sort of Newcastle, Newcastle University campus. So that tends to be at the north of Newcastle, and that, again, can command quite high rents, but because of its location into the city center, and also the fact that it's for Newcastle University. So I think the two universities have quite an impact on the rental values and the capital values. Does that answer your question, or was there anything else you wanted to know? There's a

Unknown 19:59

second part of the question also, is there a specific area in German that would be highly beneficial to purchase a property?

Unknown 20:10

Pence? How much money you had to spend? Well, you know that there's

Unknown 20:17

a budget. There's three budgets of 100,000 150,250 150,200 50,000 Okay,

Unknown 20:23

probably wouldn't get a lot for 100,000 would you? No,

Unknown 20:27

yeah, that's what we were thinking. Yeah.

Unknown 20:32

You probably want to be near to West Jessamine. Mecha, with that sort of money to spend, you get a little bit less expensive as you go down what I call Jess men Vale, which is the bit you've got Osborne road that kind of halves it. So anything kind of like a acorn Road, Osborne road, that sort of area towards the metro station, seems to do quite well. And then you've also got over the other side of the metro station, not burden terrace, it'll come to me. But you've got those that run up to Highbury, which are nice, big houses that look onto the town below. So you've got those two areas. They're quite popular. But Jessamine Vale runs from Osborne road down towards Jess Dean. So those areas are all quite popular because you've got transport links, but near the metro, I think for Germans quite, quite an important thing, aside

Unknown 21:31

from students, is there a growing demand from young professionals or family and families in Jesmyn,

Unknown 21:38

there's definitely a growing trend for

Unknown 21:43

young professionals

Unknown 21:46

tend to be students that have maybe just recently graduated, and then they've still remained in Jesmond. Not so much family, I wouldn't say, or at least, I mean, I'm talking from experience here of living there in the 1990s when it was all family, and then students started to come in, there will be pockets of family still, but I'm thinking, based on your values, that sort of area probably wouldn't be as much family orientated. Maybe some of the more expensive houses that bit further out might be.

Unknown 22:21

Have there been any recent legislative changes affecting landlords in Jesmond, such as licensing requirements or rental caps?

Unknown 22:30

Not that I'm aware of. I don't think there's any rental caps anywhere in Jesmond. I think it's what anyone's prepared to pay. Okay, because there's so much demand. Two seconds, I'll just have a quick chat. What was the other part of that question?

Unknown 22:47

Have there been any recent legislative changes affecting landlords investment, such as licensing requirements or

Unknown 22:53

rental tax? Okay? I think the renters reform bill might be interesting just to see, but not that I know of. Let's have a little look at this or something in 2023 for Newcastle City Council.

Unknown 23:07

But I bet you that's for

Unknown 23:10

social and affordable rent. I thought it would be rent, rent caps and rent settings tend to be for the social, social rented side of things. Okay, do you know what I mean by that? No, I don't know how good that's going. So you're talking probably more around the private rented sector. So that's people that are maybe like yourself, students or before I bought a house, I was a young professional who was in that market. So you tend to pay for the rent. However, you do that. We also have an aspect of the social housing market, which is people that have local authority housing or housing that's owned by providers that provide you with housing, and then you either pay for that yourself or pay for it through what we call universal credit or housing benefit. So that tends to be at a much lower rent because they're trying to make it affordable for a person, maybe on like a minimum wage, so they're able to live in a certain area. So that's usually when rent caps come in, but it's kind of protecting that tenant because they can't afford to pay any more. Would

Unknown 24:17

you still consider Jesmyn a strong area for buy to let investment? Or are there emerging alternatives in Newcastle with better prospects? I

Unknown 24:24

think it's still very popular. It's historically, I mean, since, since it was built in the, you know, early 20th, late 19th century, to always be really popular. And it's, it's a nice leafy suburb. It's got great rail links. It's definitely popular. Is it having a bit of a ripple effect? Well, Sandy foot still popular as well. But it tends to, it tends to hold its own. Really does. Can I see anywhere else up and coming? Be interesting to see what happens in Newcastle City Center, because we've got, I mean, near St James Park, we've got the huge new build,

Unknown 25:12

what's it called? Remember,

Unknown 25:16

oh, I should know this,

Unknown 25:28

it'll come to me, but

Unknown 25:31

it's absolutely this huge development you might have seen if you go to a match or anything, and I think they're popular. But the problem with new builds is they don't quite hold the value the same way as an existing property would, and you pay a bit of a premium, first off, to buy it. So not everybody likes that because they want to kind of they're buying the property to make money. So then they buy something new, they lose a bit like a new car. You buy a new car, you buy a new home. It loses its shine because it's no longer new, and you can lose some of that value straight off. So that, I don't know if that's a popular I can't remember what it's called. That's gonna really bug me. And I remember tonight, I'd be like, what was this? It's gone. She's got a restaurant and stuff at the top Adrian tower, nearly said Hadrian house, Adrian's tower, so that's been built in the center of Newcastle, just down St James's Boulevard. Yeah, lot of development going on around there, but I still don't think it's gonna take this shine off somewhere like Jasmine. Because would you want to live in a sort of a 2020, story high? Or would you want to live in a terraced house with one door?

Unknown 26:48

What are the biggest challenges on road space in Desmond and how can they need to get risks such as high tenant turnover or maintenance costs? Yeah,

Unknown 26:55

no, they are two, two issues. I mean, you were talking about encouraging maybe families to move in. If you did get a family, and for example, that could, they would be less likely to move each year. So that could help. So maybe thinking about the positioning of your tenant, maintenance, getting into doing all the checks, making sure that you're getting a tenant, it's decent having a bond on the property to ensure that if any damage is caused, it's rectified, either through that bond or that the tenants pay for it themselves. So making sure that all of your lease agreements or your tenancy agreements are set up to cover you against that sort of loss. It's a hard one, because accidents do happen, but it's just about trying to pick a tenant that treats the property a bit like a home rather than something they just live in. Landlords in the property, usually for the long term investment, as a tenant will be there only for a short period of time, so might not treat the property quite as well as a landlord would hope. Unfortunately, there's not a lot you can do around mitigating that

Unknown 28:10

with ongoing urban development and potential economic changes. How do you see Germans rental market evolving in the next five years? I

Unknown 28:24

what stage of the degree are you two at final year? Oh, yeah, final year. Yes. Okay, so you'll be moving on to pastures new after this. Okay, have you seen any changes?

Unknown 28:42

Not really. No, I

Unknown 28:46

next five years, I think it's still going to be popular. Rents are probably I mean, in your two do you live in

Unknown 28:55

Jesmond? I lived in Jesmond last year. So what

Unknown 28:58

was your Why did you move? Because

Unknown 29:01

it got a bit too expensive.

Unknown 29:03

That's it. So I think it's still gonna go up. Yeah, I think. And that's it, you get priced out a little bit, don't you? So maybe if enough people move out to Jess, Sandy, Ford, Jess and Vale Heaton, perhaps they'll have to then think about bringing their rents back down. But I think as long as demand stays firm, rents will stay firm too. I think it's always interesting to, you know, think about yourselves as well, because you could arguably be the target audience for these types of properties. So you know, why? Why do you live there? Why did you move out? And it's, you know, it comes down to cost. Why do you live in a private, privately rented house rather than a purpose built student accommodation? What were your motivations behind that? I would imagine it was because you like the fact it's got that

And finally, is there anything else that you can add to help us that we haven't already discussed? No

Transcribed by <https://otter.ai>

Sensitivity Analysis

250,000 Property (4 bed)	Annual Income (£)	Annual Costs (£)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)	Annual Income (PMC)	Annual Cost (PMC)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)
Base Case	24720	11925	12795	2,431	10,364	4.15	20567	9916	10651	2024	8627	3.45
Rent falls by 10%	22248	11925	10323	1,961	8,362	3.34	18510	9916	8594	1633	6961	2.78
Rent falls by 20%	19776	11925	7851	1,492	6,359	2.54	16454	9916	6538	1242	5295	2.12
Costs rise by 10%	24720	13118	11602	2,204	9,398	3.76	20567	10908	9659	1835	7824	3.13
Costs rise by 20%	24720	14310	10410	1,978	8,432	3.37	20567	11899	8668	1647	7021	2.81
Rent -10% / Costs +10%	22248	13118	9130	1,735	7,395	2.96	18510	10908	7603	1445	6158	2.46
Rent -20% / Costs +20%	19776	14310	5466	1,039	4,427	1.77	16454	11899	4554	865	3689	1.48

250,000 Property (3 bed)	Annual Income (£)	Annual Costs (£)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)	Annual Income (PMC)	Annual Cost (PMC)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)
Base Case	21684	11150	10534	2001	8533	3.41	18041	9799	8242	1566	6676	2.67
Rent falls by 10%	19516	11150	8366	1589	6776	2.71	16237	9799	6438	1223	5215	2.09
Rent falls by 20%	17347	11150	6197	1177	5020	2.01	14433	9799	4634	880	3753	1.50
Costs rise by 10%	21684	12265	9419	1790	7629	3.05	18041	10779	7262	1380	5882	2.35
Costs rise by 20%	21684	13380	8304	1578	6726	2.69	18041	11759	6282	1194	5089	2.04
Rent -10% / Costs +10%	19516	12265	7251	1378	5873	2.35	16237	10779	5458	1037	4421	1.77
Rent -20% / Costs +20%	17347	13380	3967	754	3213	1.29	14433	11759	2674	508	2166	0.87

200,000 Property	Annual Income (£)	Annual Costs (£)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)	Annual Income (PMC)	Annual Cost (PMC)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)
Base Case	15948	9192	6756	1284	5472	2.74	13269	7963	5306	1008	4298	2.15
Rent falls by 10%	14353	9192	5161	981	4181	2.09	11942	7963	3979	756	3223	1.61
Rent falls by 20%	12758	9192	3566	678	2889	1.44	10615	7963	2652	504	2148	1.07
Costs rise by 10%	15984	10111	5873	1116	4757	2.38	13269	8759	4509	857	3653	1.83
Costs rise by 20%	15984	11030	4954	941	4012	2.01	13269	9556	3713	705	3008	1.50
Rent -10% / Costs +10%	14386	10111	4275	812	3463	1.73	11942	8759	3183	605	2578	1.29
Rent -20% / Costs +20%	12787	11030	1757	334	1423	0.71	10615	9556	1059	201	858	0.43

150,000 Property	Annual Income (£)	Annual Costs (£)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)	Annual Income (PMC)	Annual Cost (PMC)	Gross Income (£)	Tax Paid (£)	Net Income (£)	Net Yield (%)
Base Case	11904	7100	4804	913	3891	2.59	9904	6098	3806	723	3083	2.06
Rent falls by 10%	10714	7100	3614	687	2927	1.95	8914	6098	2816	535	2281	1.52
Rent falls by 20%	9523	7100	2423	460	1963	1.31	7923	6098	1825	347	1478	0.99
Costs rise by 10%	11904	7810	4094	778	3316	2.21	9904	6708	3196	607	2589	1.73
Costs rise by 20%	11904	8520	3384	643	2741	1.83	9904	7318	2587	491	2095	1.40
Rent -10% / Costs +10%	10714	7810	2904	552	2352	1.57	8914	6708	2206	419	1787	1.19
Rent -20% / Costs +20%	9523	8520	1003	191	812	0.54	7923	7318	606	115	491	0.33

Questionnaire Responses

2. What is your age?		
		Responses: 56
Option	Count	Percentage
18-24	22	39%
25-39	14	25%
40-54	9	16%
55+	11	20%
3. What is your gender?		
		Responses: 56
Option	Count	Percentage
Male	37	66%
Female	17	30%
Prefer not to say	2	4%
4. What is your occupation status?		
		Responses: 55
Option	Count	Percentage
Employed	30	55%
Unemployed	1	2%
Student	14	25%
Retired	10	18%
5. Are you a permanent resident of Jesmond?		
		Responses: 56
Option	Count	Percentage
Yes	34	61%
No	22	39%
6. How often do you visit coffee shops?		
		Responses: 56
Option	Count	Percentage
Never	12	21%
1-2 times per week	26	46%
3-4 times per week	14	25%
5+ times per week	4	7%
7. What time do you generally visit coffee shops?		
		Responses: 55
Option	Count	Percentage
Early morning	17	31%
Late morning	30	55%
Afternoon	7	13%
Evening	1	2%
8. What is your average monthly spend in coffee shops?		
		Responses: 56
Option	Count	Percentage
Nothing	6	11%
£1-£50	35	63%
£51-£100	10	18%
£101-£200	4	7%
£201+	1	2%
9. How often do you buy a food item when visiting a coffee shop		
		Responses: 56
Option	Count	Percentage
Very often	8	14%
Often	12	21%
Sometimes	20	36%
Never	16	29%

10. How satisfied are you with the quality of coffee shops available in Jesmond?		
		Responses: 56
Option	Count	Percentage
Very Happy	16	29%
Happy	15	27%
Satisfied	20	36%
Unsatisfied	5	9%
11. How likely are you to recommend a specific coffee shop within Jesmond?		
		Responses: 56
Option	Count	Percentage
Highly likely	9	16%
Likely	18	32%
Unlikely	18	32%
Very unlikely	11	20%
12. Do you know what a CIC (community interest company) is?		
		Responses: 56
Option	Count	Percentage
Yes	17	30%
No	39	70%
13. Did you know Jesmond has a CIC?		
		Responses: 56
Option	Count	Percentage
Yes	2	4%
No	54	96%
14. Would you be more likely to visit a community ran coffee shop than a privately owned coffee shop?		
		Responses: 56
Option	Count	Percentage
Yes	38	68%
No	18	32%
15. You would be willing to pay for a coffee from a community ran coffee shop than a privately owned coffee shop.		
		Responses: 56
Option	Count	Percentage
More	18	32%
Same	34	61%
Less	4	7%

