Expanding beyond traditional buy-to-let

Investment alternatives for landlords

KNIGHT KNOX

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How UK investors are adapting to rental market changes

Traditional buy-to-let investing has long been one of the most common wealth-building strategies for landlords. However, recent legislative reforms, market influences and shift in demand has increased the risk profile for these types of investments and thus investors are becoming more cautious with their portfolio or selling entirely.

The Renters Rights Act 2025

The introduction of the Renters' Rights Act represents one of the most substantial reforms to the private rental sector in recent decades.

The abolition of Section 21 "no-fault" evictions

Landlords are no longer able to evict tenants without giving a valid legal reason, increasing tenant security and stability.

Open-ended tenancies

Fixed terms are replaced with ongoing tenancies, allowing tenants to stay indefinitely unless they choose to leave or the landlord has legal grounds to end the tenancy.

Restrictions on rent increases

Rent rises must follow set rules, such as notice periods and limits, helping to prevent sudden or excessive increases.

Increased regulatory and compliance requirements

Landlords face stricter rules on property standards, safety, and documentation, with greater enforcement and penalties for non-compliance.

Additional cost pressures

Rapid rise in interest rates

Since the start of 2022, the base rate has risen from 0.25% to 5%, significantly increasing borrowing costs for landlords.

As a result, interest payments on a £150,000 buy-to-let mortgage have more than doubled, rising from around £300 per month in January 2022 to approximately £640 per month today.

Maintenance Costs

Property maintenance and repairs now account for 31% to 39% of landlord expenditure, while government estimates suggest that upgrading a rental property to meet future EPC standards could cost an average of £5,400 per property, adding further pressure to landlords' finances.

{1] https://www.cbre.co.uk/insights/articles/why-are-landlords-leaving-the-rental-market
[2] https://pegasus-insight.co.uk/landlords-spend-25-to-45-of-rental-income-on-running-costs-as-maintenance-bills-climb/
[3] https://www.landlordtoday.co.uk/breaking-news/2026/05/landlords-quitting-because-of-hidden-costs-claim/

Exploring alternative property investments

Rather than focusing on which investment strategy is "best", investors should consider which approach best fits their objectives, available time and preferred level of involvement.

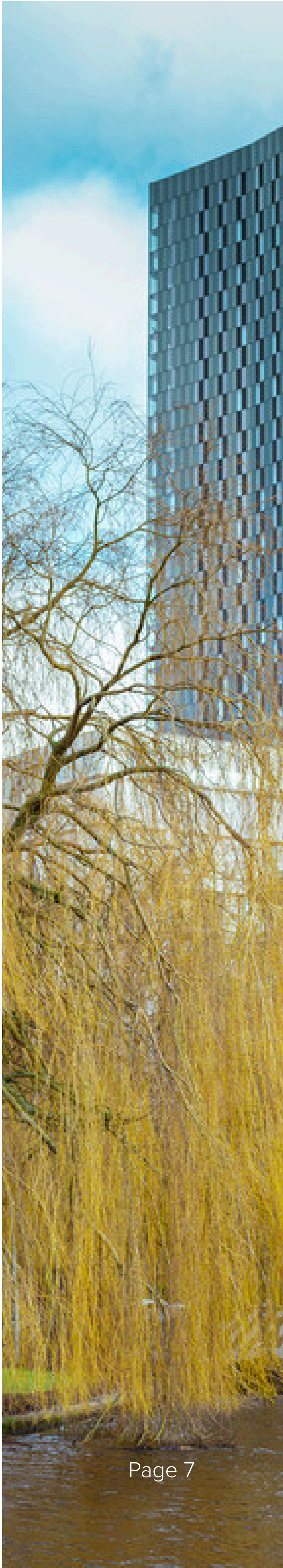
The advantage is that today's property market offers investors more options than ever before.

01 Property Funds

Property funds provide exposure to the property market without requiring direct ownership of an individual property. They can offer diversification across multiple assets and sectors, making them attractive for investors seeking broad property market exposure.

02 REITs

Real Estate Investment Trusts (REITs) allow investors to access professionally managed property portfolios through publicly traded shares. They offer liquidity and can provide dividend income whilst removing the responsibilities associated with direct property ownership.



03 Commercial Property

Commercial property continues to attract investors seeking potentially longer lease structures and exposure to sectors such as offices, industrial units and retail assets. The sector often appeals to experienced investors looking to diversify beyond residential property.

04 Traditional Buy-To-Let

Despite regulatory changes, traditional buy-to-let remains a popular investment strategy. It offers investors complete ownership and control over their property, with many landlords continuing to build successful portfolios across the UK.

05 Specialist Supported Housing

One area that has attracted increasing attention from investors in recent years is Specialist Supported Housing (SSH). While it may not be suitable for every investor, the sector offers an alternative to traditional residential property investment by combining direct property ownership with professional day-to-day management.

For those seeking long-term income potential and a more hands-off investment approach, SSH can provide a compelling alternative to conventional buy-to-let ownership

“ **Specialist supported housing offers a compelling blend of social impact and long-term investment potential.**

With demand continuing to exceed supply and strong demographic trends supporting future growth, the sector presents an attractive opportunity to generate stable returns while providing essential housing for those who require additional support."

Rebecca Jackson
Associate Director

What is specialist supported housing?

Specialist Supported Housing provides homes for adults with additional housing needs who require support in the community. It differs significantly from traditional buy-to-let investment.

Under a typical 25-year management agreement:

The investor purchases and owns the property outright. The properties come ready-to-go for tenants, including fixtures and fittings

The housing association has tenants lined up and ready to place in the property, which is when the investor enters into a 25-year management agreement

The housing association runs the property on your behalf. Maintenance and operational responsibilities sit with the housing provider, as well as tenant management and placement

Investors receive rental income through government-facilitated payments, which are managed by the housing association and sent on the 1st working day of each month

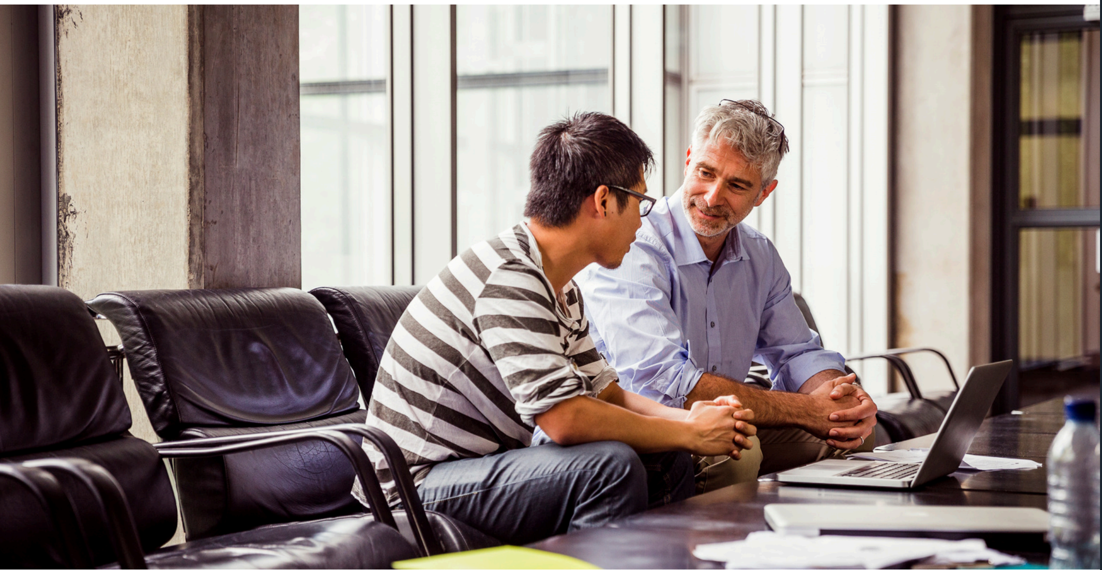
Growing demand for specialist supported housing

One factor driving investor interest in Specialist Supported Housing is the growing need for suitable accommodation across the UK.

Government reviews and housing providers have consistently highlighted a shortage of specialist housing for individuals who require additional support.

At the same time, there is an increasing focus on enabling people to live independently within their communities rather than in institutional settings.

As a result, demand for specialist supported housing is underpinned by long-term social and demographic trends, providing a different dynamic from traditional private rental markets.



86%

local authorities expect demand to increase

700,000+

Rely on Specialist Supported Housing

388,100+

Additional units needed

Why landlords are turning to specialist supported housing

For many landlords, the attraction comes down to simplicity. Most investors entered property because they wanted income from a tangible asset.

The reality is that property ownership can also involve:

- ✓ Late-night maintenance calls
- ✓ Tenant disputes
- ✓ Contractor management
- ✓ Compliance administration
- ✓ Ongoing involvement in day-to-day operations

Specialist Supported Housing enables investors to retain direct property ownership while reducing many of the day-to-day responsibilities traditionally associated with being a landlord.

With professional management arrangements in place, investors can focus on the income-generating benefits of the asset rather than the operational demands of property management.

Traditional buy-to-let vs specialist supported housing

Feature	Traditional Buy-to-Let	Specialist Supported Housing
Day-to-day management	Landlord manages responsibilities directly or via agents	Housing provider manages day-to-day operations
Tenant sourcing	Landlord responsible for finding tenants	Resident placement managed by provider
Property maintenance	Landlord coordinates maintenance and contractors	Often coordinated through provider arrangements
Vacancy risk	Potential void periods between tenancies	Different occupancy and management structure
Investor involvement	Active ownership model	More passive ownership model
Administrative workload	Multiple ongoing responsibilities	Reduced day-to-day involvement
Typical funding approach	Often mortgage funded	Often purchased with cash
Rental Uplift	Restrictions on increasing rent	Rental income increases year-on-year in line with CPI+1%

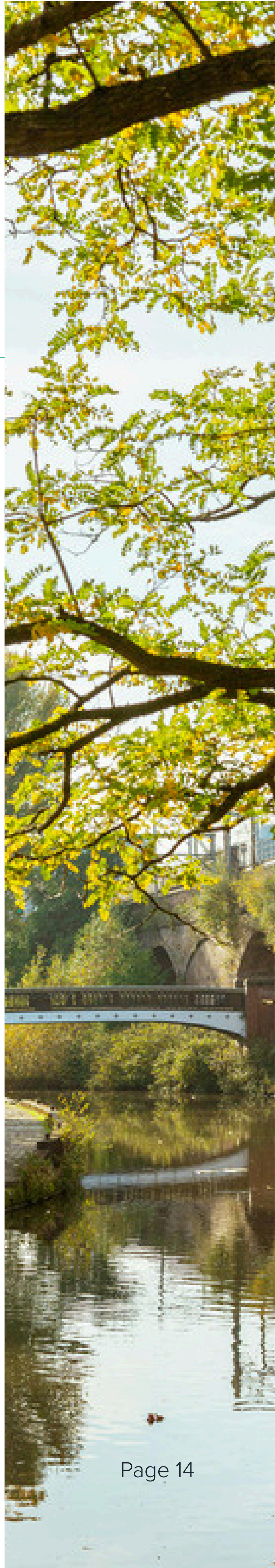
Is specialist supported housing replacing traditional buy-to-let?

Not necessarily. Traditional buy-to-let remains a well-established investment strategy and continues to play an important role in meeting housing demand across the UK.

For many investors, the appeal of buy-to-let lies in the opportunity to take an active role in managing and growing their property portfolio. This may include sourcing properties, overseeing tenant relationships, and making strategic decisions to enhance long-term value.

However, investor preferences are not uniform. Some individuals are seeking alternative property investment models that allow them to retain the benefits of property ownership while reducing the day-to-day operational responsibilities typically associated with being a landlord.

For these investors, specialist supported housing represents one of several property-backed investment options worth considering. Alongside traditional buy-to-let, commercial property and other real estate sectors, it offers a different ownership and management structure that may align more closely with specific investment objectives, risk appetites and lifestyle preferences.



The benefits of a diversified property portfolio

Reducing reliance on a single investment

Holding multiple assets can help spread risk and lessen the impact of underperformance within any one part of a portfolio.

Diversifying across locations

Exposure to different regional markets can help smooth performance by reducing reliance on the conditions of a single area.

Building greater investment resilience

Diversification can improve a portfolio's ability to withstand market changes while maintaining a focus on long-term investment objectives.

Specialist supported housing investments

Station Court

Burton-on-Trent, Staffordshire

Station Court is our latest Specialist Supported Housing investment, offering fully furnished one- and two-bedroom apartments ready for immediate occupation, with long-term tenants already secured.

Located in the heart of Burton-on-Trent, next to the train station, the development benefits from excellent amenities and direct rail links to Birmingham, Derby, Nottingham, and other regional destinations, with Birmingham under 30 minutes away.

2% annual uplift

£119,500 extra income over 25 years

Income rises from £1,408 to over £2,250

Here's exactly what you get:

Purchase from £146,957

From 11.5% NET returns

One & two-bedroom apartments

Fully-furnished with fixtures & appliances

Located in Burton-on-Trent, Staffordshire

No set-up or refurbishment required

You retain full ownership & can keep, sell after 3 years, or pass on the asset

No ground rent or service charges. The lease is fully repairing and insuring, so building costs are not your responsibility

Residents, maintenance, & day-to-day running are handled by the housing provider, Nurture Housing Association

REQUEST THE DETAILS

Let’s connect. Get in touch with Knight Knox today.

If you’re keen to discuss Specialist Supported Housing in more detail, you can contact the Knight Knox team today.

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