Emoov asks: Who will be the landlords of tomorrow as buy-to-let returns come under pressure?

Thursday 29 October, 2026

FOR IMMEDIATE RELEASE

29 October 2026

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Emoov founder and CEO Nick Neale is asking whether the traditional buy-to-let model is becoming harder for new investors to justify, after an illustrative calculation based on a real Basildon property showed an estimated after-tax cash flow of only £600.54 a year — or £50.05 a month.

The three-bedroom terraced property was advertised at offers over £290,000 with a tenant paying £1,700 per month. That produces annual rent of £20,400 and a gross yield of approximately 7.03% at the advertised price.

However, when a prospective individual higher-rate taxpayer's wider costs are included, the headline yield tells a different story. The illustration assumes a 25% deposit, £19,000 of additional-property stamp duty, £1,000 of other purchase costs, a 75% interest-only mortgage at 4.82% and operating costs equal to 25% of rent. Under the tax assumptions modelled for the announced April 2027 property-income rates, the estimated initial cash requirement is £92,500 and the annual cash flow after tax is £600.54.

That is approximately £50.05 per month, equivalent to a cash return of around 0.65% on the estimated initial investment.

Nick Neale said: "The question is not whether every buy-to-let investment has stopped working. It is whether enough new investors will still be willing to commit substantial savings, take on a large mortgage and accept the responsibilities of being a landlord for such a modest monthly cash return.

"Existing landlords may have bought at much lower prices and may have smaller mortgages, so their economics can be very different. But if they eventually retire or sell, who will replace them?"

Emoov stresses that the Basildon example is illustrative rather than a forecast for every landlord. Property prices, achievable rents, mortgage rates, tax positions, operating costs and rental yields vary substantially across the UK. Some areas in the Midlands, North of England, Wales and Scotland may offer lower purchase prices or higher gross yields than parts of London, Essex and the wider South East. Lower prices do not automatically mean better returns, however, as local demand, void periods, maintenance costs and prospects for capital growth also differ.

The article also compares buy-to-let with more accessible investments such as stocks and shares ISAs. Property retains potential advantages, including leveraged exposure to capital growth, but it also involves borrowing, illiquidity, legal obligations, maintenance and tenant-related responsibilities.

Neale added: "There is no single national calculation that proves buy-to-let is profitable or unprofitable. Investors need to examine the net return on their own money after finance, tax and every operating expense — and they need to consider how much risk and responsibility they are prepared to accept."

The full article, "Who Will Be the Landlords of Tomorrow? Why Buy-to-Let No Longer Adds Up for Many New Investors", is available on the Emoov Property News blog:
https://emoov.co.uk/news/is-buy-to-let-still-worth-it-2026/

The figures are an illustrative model based on the stated assumptions. Actual outcomes will vary, and the calculation excludes capital appreciation, major exceptional expenditure and changes in mortgage rates. It is not personal financial or tax advice.

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