

Balmforth

Estate Agents, Valuers & Letting Agents



Buy to Let Guide 2024

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1 – Introduction

This guide will outline the benefits and supporting information for investment buyers considering purchasing a 'Buy to Let' property in the Mildenhall/Lakenheath area. The specific detail and specifications for the individual properties will be shown in the property sales details. In addition, the standard Balmforth rental services guide outlines in more detail the rental process and our services.

We are unable to give specific legal or financial advice but are able to recommend appropriate services.



2 - Why should you consider a “buy to let”?

As part of a balanced investment portfolio a “buy to let” investment will provide a relatively stable capital investment and generate a reasonably strong yield.

The “buy to let” market will typically give yields of 6% from a “bricks and mortar asset”.

3 – What is the attraction of the Mildenhall/Lakenheath area?

The town of Mildenhall is situated approximately 10 miles north of Newmarket and has a unique rental market focused on the two USAF air bases at RAF Mildenhall and RAF Lakenheath. These bases currently have 21,000 USAF personnel and their dependants, all of which require accommodation. In excess of 11,000 of these personnel require privately rented accommodation which the local housing market must supply. In addition, USAF Lakenheath is nearing completion of a substantial expansion during 2021-2023.

The gross yields in this area are around 5% - 6% and this is amongst some of the highest levels achieved nationally. We often find that to match these yields, investors need to consider student accommodation or areas with lower property prices which often have other downsides.

The USAF personnel have exceptionally generous rental allowances, for example (2024)

- A Senior Airman accompanied by his wife has an allowance of £1,250 pcm.
- A Captain accompanied by his wife will have an allowance of £2,350 pcm.

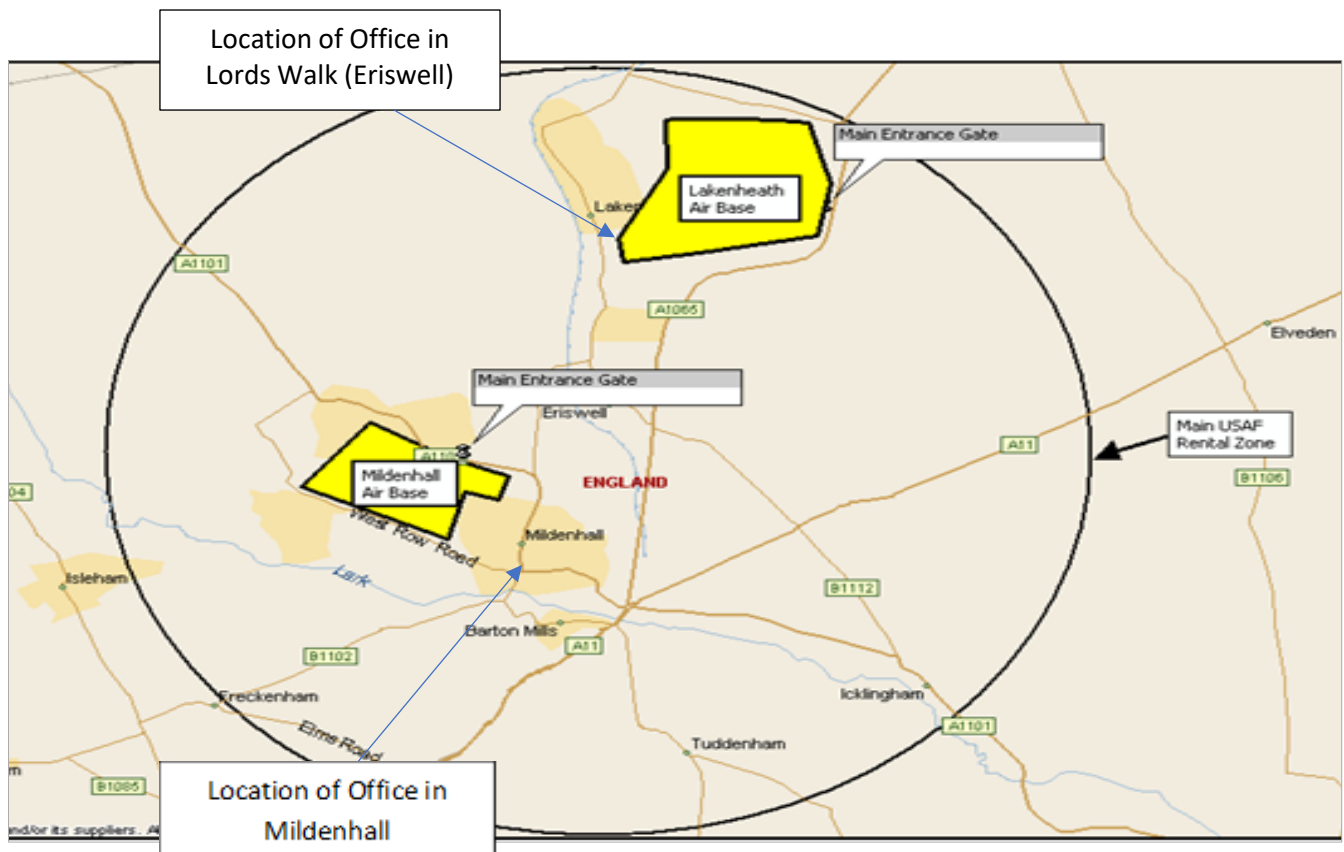
The table of allowances is in our rental guide. The rental market is therefore geared up for high quality properties which are generally located within a 10-mile radius of the bases (see map over). The USAF military personnel fall under the local military discipline and therefore make excellent and reliable tenants.

Property prices in the Mildenhall/Lakenheath area are lower than the towns to the south, such as Cambridge or Bury St Edmunds and yet provide higher rents! This in turn produces strong yields.

In addition, this area has a vibrant economy with low unemployment and excellent transport links. Within a 45 minute drive are Norwich, Ipswich, Cambridge and the M25.

Both Bases have been established since the 1940's and are currently undergoing an investment programme running into the hundreds of millions of pounds. Although the rental market is slightly stronger in the summer period, it is active all year round.





4 – Background of the USAF bases and their requirements



RAF Lakenheath houses the only USAF F-15 fighter wing in Europe and provides all-weather, day or night air superiority and air-to-ground precision combat capability and multi-staged improvement program avionics. RAF Lakenheath is the largest USAF base in England and is the home of “The 48th Fighter Wing”. The base has approximately 4,500 total military personnel (increasing by 1500 in 2021/2022), 1,500 total civilians and 10,000 total dependents. In addition, in 2023, two squadrons of F35’s moved to Lakenheath.



F15



F35

RAF Mildenhall has a population of approximately 3,000 United States military members, 900 civilians and 3,000 family members. The base is currently home to the 100th Air Refuelling Wing, conducting air refuelling and combat support operations throughout the European and African area of responsibility.



C130



Osprey

This currently gives the USAF a “housing need” of around 5,000 properties, of which, they only have around 2,000 allocated base houses. They therefore, need around 3,000 houses in the public rental market. The lettings are unfurnished with average tenancies of two to three years.

5 – Suitable types of property

It is essential to purchase a property within the indicated distance from both bases, as not only do military members have a preference to be close to the bases, there is a requirement to be able to get from their home to their place of work within a certain time period. In addition, not only do they work on the base but most of their social and economic lives revolve around the bases. This includes banks, shops, bowling alleys, restaurants, etc.

They are given a fixed “utility allowance” of £300-£400 pcm and therefore, very much understand that if they rent a property with lower utility costs, they will make savings from their allowance. Investors should therefore, look for new, modern or refurbished properties with low running costs in order to make it a more attractive property for a USAF tenant.

Americans are used to larger houses than in the UK, therefore, better room sizes with good numbers of bathrooms will also be attractive to them. Whilst USAF families will like a garden, there is no need for very large gardens as this carries consequently high maintenance costs.



6 – Property Rental Assessments

Each individual military rank has a rental allowance and most military members will hope to spend their full allowance and not go out of pocket when renting a property. There are some civilians and contractors who also have allowances which are slightly different. Most military members would expect a minimum two-bedroom property.

We are able to provide formal rental assessment letters to assist brokers and lenders during the mortgage process if required.

One/Two/Three Bedroom 'Luxury' apartments
£1125 - £1250pcm
Primarily lower ranking single USAF personnel



Large Two/Three bedroom semi-detached houses
£1250 - £1330pcm
Primarily lower ranking USAF personnel with dependents



Larger three bedroom detached house or town house
£1330 - £1600pcm
Primarily middle ranking single USAF personnel



Standard Estate Four Bedroom Houses
£1600 - £2115pcm
Primarily middle ranking USAF personnel with dependents



Superior Estate Four Bedroom Houses
£2115- £2350pcm
Primarily higher ranking single USAF personnel



Four/Five Bedroom Executive House
£2350 - £3000pcm
Primarily higher Ranking USAF personnel with dependents



7 – How the purchase and rental processes work

When considering the most suitable type of property to purchase (through us or any other party), we are happy to give our thoughts on the suitability of the property for the USAF rental market, together with a rental assessment. We can also provide ARLA compliant rental assessments to assist with Buy to Let mortgage applications. We can recommend legal services and can provide as much or as little assistance during the legal process as is required.

As the legal process is nearing completion, we would recommend formally instructing ourselves for the rental listing and we can set the file up, obtain the necessary documents and prepare most of the property details.

In the final stages of either the legal or the construction processes we are able to list the unit for rental and would expect to have a tenant secured shortly after completion.

A large part of this process, together with supporting information is contained in our full rental services guide.



8 - Why use Balmforth?

As the leading estate agent in Mildenhall, we provide a comprehensive service for both residential sales and lettings. We currently sell and let more properties than any of our other Mildenhall competitors and this is a direct result of our class leading services.

The rental market is dominated by the USAF market and we have addressed these needs by employing USAF spouses, providing free transport, providing on base pick up, charging no fees to USAF tenants, advertising in the USAF arrivals accommodation, at selected locations on the bases in the USAF base magazines, providing full rental property particulars, opening 7 days a week, a dedicated rental office adjacent to RAF Lakenheath (Lords Walk) and many more.

We provide a comprehensive range of rental services which are itemised in our “Managed and Tenant Find Services for Landlords” leaflet. This leaflet gives a comprehensive explanation of our competitively structured services for landlords with either a single property or a substantial portfolio.





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