

# UNVEILING THE TRUTH ABOUT TITLE SPLITTING

THE MYTHS CAUSING INVESTORS TO LEAVE 25%-35% PROFIT IN UNSPLIT BLOCKS



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When I started in property back in 2005, I never imagined the journey would lead me here — helping investors unlock untapped potential in their portfolios with Title Splitting. It's a strategy that's been around for centuries but is still underutilised by so many landlords today. Why? Myths and misconceptions about Title Splitting cause investors to leave 25%-35% profit on the table, trapped in unsplit blocks.

In this article, I'll share how I went from being a determined single mum to building a thriving property portfolio and founding TitleSplit.com. Along the way, I'll dispel those myths, explain what Title Splitting is, and show how it can transform your approach to investing in Multi-Unit Freehold Blocks (MUFBs). Let's dive in!

## One of Life's Defining Moments

My property journey began in 2005, but I'd say one of the defining moments that led me to invest in property, build my business, and earn the title of 'Title Split Queen' came much earlier.

In life, we all have moments that shape us. For me, that moment happened when I was just 16, pregnant, and sitting at the front of a bus. The girls from school, sitting at the back, were talking about me, saying I would fail in life because I was having a baby. They thought I would become a benefits claimant and live off the state.

Those hurtful comments, the equivalent of modern-day trolling, gave me an inner strength I never knew I had. At that moment, I thought, "I will show you!" Overhearing that conversation ignited a drive within me that no matter what people said, I would support my family, build my career, and make a success of my life.

By the time I was 17, a single parent, I was determined to build a career and support my children on my own. So, when my daughter was just three months old, I went back to work at the *Post Office* and kept developing my career. Family is everything to me, and 10 years later, I had my second daughter (though no pictures of them here — they'd kill me!). Now, 40 years later, with two beautiful daughters and three amazing grandchildren, I still remember that defining moment on the bus. I consider myself fortunate to have recognized it as the event that sparked the drive and determination I carry with me today.

When was your defining moment? We all have them, if we think deeply enough!

## From Corporate Career to Full-Time Property Investor

I started my career in sales at 19, and by 22, I was a Training Manager for one of *The Times* Top 100 training companies in the UK (we were 49th). I loved that job, but it was a stepping stone to a Sales Manager role, so I had to leave it behind and move upwards.

During this time, I set myself the goal of running my own training and development company by my 50s, which would be my dream job as I approached retirement in my 60s. Over the next 25 years, I climbed the corporate ladder, earning a six-figure income and supporting my kids. Eventually, the workplace politics became too much, and I wanted out.

I began my property journey in 2005 as an amateur buy-to-let (BTL) investor, using my annual bonus as a deposit to collect properties. I thought this would be a great way to build our pension. In 2015, I decided to get educated to learn how to do things properly. This education was a great investment, and within three years, my partner, Andy, and I had enough income from property to walk away from our corporate jobs (thank goodness). That day you walk away from your job to continue building your future with property and investment income is a defining moment.

We also discovered the power of having a Small Self-Administered Scheme (SSAS) pension, which has been the icing on the cake for our future. We started title-splitting blocks in 2017 and realised this was a brilliant way to build a single-let portfolio, increase our cash flow, and, most importantly, grow our portfolio in line with UK capital growth. We currently hold a portfolio of BTL properties and are collecting commercial properties in our SSAS for cash flow in the future. A few of our properties are pictured in this article.

## What is an Unsplit Block?

An unsplit block, also known as a Multi-Unit Freehold Block (MUFB), consists of multiple apartments within a single building, all of which are rented out by landlords. However, these apartments are registered on the Land Registry under one freehold title. Banks refer to these as MUFBs, and they are typically mortgaged in the same way as large houses of multiple occupation (HMOs).

Unlike large HMOs, where individual rooms cannot be sold separately, MUFBs can be subdivided, allowing the individual apartments to be sold, financed separately, or let out as buy-to-let properties, serviced accommodation (SA), or small HMOs. As these units can be sold individually to retail buyers, they often hold more value as separate units than as part of a single block.

Often, the block can only be sold to another landlord or developer. In many cases, landlords who plan to split the block before selling find it difficult to do so, as their lender may not permit the reduction of the mortgage security by selling one flat at a time.

As a result, the landlord is forced to sell the entire block as an MUFB, typically at a lower price (block value). If you've ever purchased an MUFB at what seemed like a bargain price, this is likely the reason why.

## Title Splitting: Not a New Concept

Title Splitting is far from a new concept; it has been around for hundreds of years. Traditionally, it has been used when developers sell properties off-plan or as newly built blocks. Solicitors are generally only ever asked to do it this way, so this is the way everybody Title Splits.



Rachel outside a local developers half-finished project that went bust near her home

This is the old-fashioned way of Title Splitting and works well only if you are selling everything. You do have to be careful though, as buying a property on an expensive bridging loan and planning to split on sale can be a risky strategy. If there's a market interruption (downturns like the impact of Covid or the Liz Truss government's economic shock), things can quickly take a turn for the worse.

What happens when the bridging loan term expires? How will you manage to exit the project? How will you refinance your property? This is when developers get stuck, projects fail, bridging loans reach their maturity, and investors lose their funds. We've all heard these horror stories.

## How Can You Finance Title Split Apartments?

Title Split apartments can be rented out, financed on buy-to-let mortgages at the 'split value', sold to owner buyers, turned into serviced accommodation units, let out as mini-HMOs, etc.

When valuing Title Split apartments, recent sales of comparable properties are often considered, and most importantly, individual apartments in a Title Split block can be financed on:

- **BTL Mortgages:** 1 apartment at a time with one bank or a number of banks. This is the split value.
- **Commercial Loan:** All of the apartments in the block can be mortgaged on one commercial loan, with one bank.
- **TitleSplit.com Money Out Process:** See an example below for more details on how this works.

## The Title Split Money Out Process

Many property investors assume they don't need to split the block, believing that commercial valuations are better. However, this is a misconception. The truth is, block values DO NOT grow in line with capital growth and often fall in value over time.

Unsplit blocks and large HMOs are typically valued using the same methodology, which takes into account rental income and area-specific commercial yields. The higher the yield in the area, the lower the valuation.

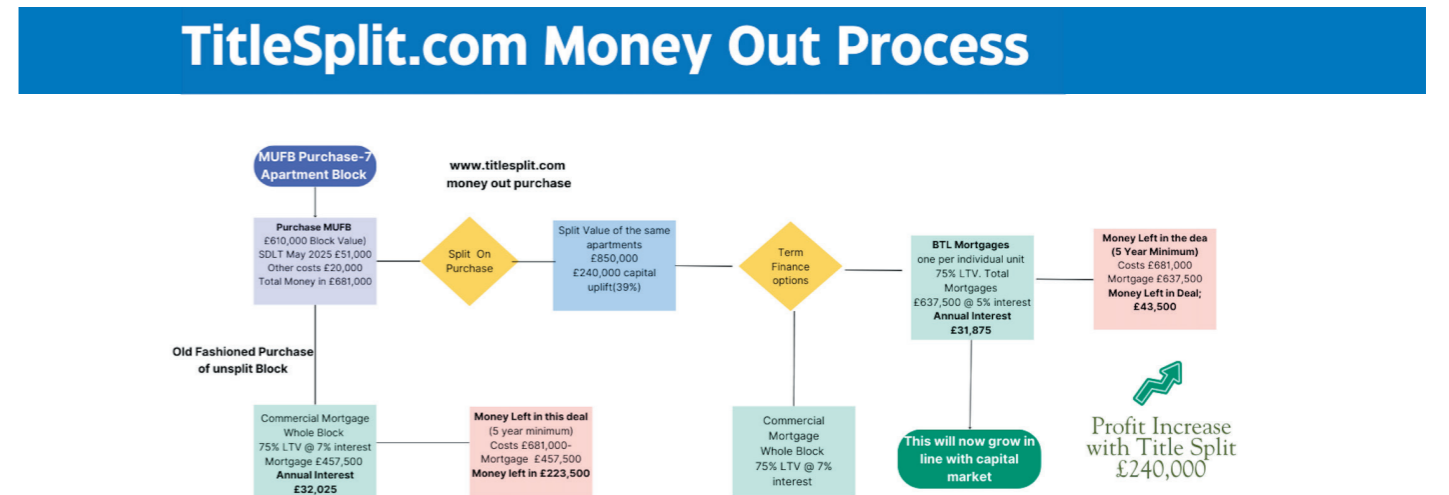
When an HMO is newly refurbished, finished to a high standard, fully tenanted, and positively cash-flowing, its commercial valuation will be at its highest. Five or ten years later, however, if that property has aged and is no longer achieving top-of-the-market rents, the valuation often drops. An oversupply of stock in the area can also lead to vacancies, further decreasing its value. Landlords may refer to this as a "down value," but in reality, it's simply the true market value. This is why you can often find older HMOs or unsplit blocks available at much lower prices.

When a block is Title Split immediately upon purchase, it can be valued as individual, saleable retail properties. The Title Split Money Out Process highlights the advantages of this approach. Take, for example, the purchase of a £610,000 apartment block with seven flats in the north of England — where the purchasing landlord knew exactly how to execute this strategy. If the block is split at the point of purchase, the value increases substantially. Left unsplit, the value remains at £610,000, based on rental yield and income. However, by splitting the titles, the investor can unlock an additional £180,000 in value on day one of the deal.

- £240,000 capital uplift gained from the split value in year one of ownership. This is based upon comparable market valuations of locally sold properties.
- £180,000 less of your money left in the deal than if you bought in the old-fashioned way as an unsplit block (on one title).
- Even though you have borrowed £180,000 more, the BTL interest rates are an average of 2% lower, meaning your mortgage payments remain the same.
- Block mortgage (Unsplit valuation): you would borrow £457,500 at 7% = £32,025 of interest payments per annum.
- Individual buy-to-let mortgages on seven apartments: you would borrow £637,500 at 5% = £31,875 per annum. So, the mortgage would be less due to the interest rate savings available on BTL finance.
- Your Title Split Apartments will now grow in line with UK capital growth.
- £240,000 profit increase by Title Splitting on purchase.

## Why Doesn't Everyone Take This Approach?

Seeing the figures above, you might wonder why every investor buying a block does not Title Split on purchase. After all, who wouldn't want to access this capital uplift on day one? However, surprisingly, very few BTL investors actually Title Split their blocks. Most hold onto them as one freehold until they eventually sell at a loss (the block value).



Why is this? Well, many landlords don't realise how valuable Title Splitting can be (as per the above example), and also they struggle to find the right information or power team to make it happen. Many also listen to their mentors and coaches who advise splitting only when selling. Unfortunately, these mentors and coaches also do not understand this strategy, which perpetuates the cycle.

As a result, there are thousands of these blocks out there, in a dilapidated state, losing value each time they are refinanced. Landlords who own them have been hit hard by interest rate rises and cannot sell these blocks at bricks-and-mortar values. The problem is, you can't achieve the split value unless you've actually Title Split the block into individual, saleable leasehold apartments.

To achieve the split value, landlords need to be able to sell the apartments to individual retail buyers. But to do so, they must evict tenants (which means a hit on rental income) and may even need to take the property onto a high-interest bridging loan in order to sell the apartments over time to retail buyers. This process is too complex for most, so they end up selling the entire block to another investor.

### The Solution is Simple:

Title Split on purchase or immediately after purchase. I really wanted to share these amazing processes for Title Splitting with other people, so I am glad to say that I founded *TitleSplit.com* in 2020.

My aim was to train property investors and landlords to get a 25%-35% minimum equity uplift by title-splitting apartment blocks. I am in my 50s, have a BTL and commercial SSAS portfolio, and love every moment of helping my clients make money with my team at *TitleSplit.com*.

We help landlords and developers Title Split blocks, using some unique and creative processes. We work with a small power team of expert professionals (solicitors, brokers, and planners) to ensure our clients win every time. Our processes are unique and help our clients drive equity out of their deals, using the way banks value property to our advantage. We are always aiming for the split value so we can recycle money to do more deals.

### What is TitleSplit.com Doing That is Different to the Rest of the Market?

Since 2020, TitleSplit.com has developed robust processes and creative systems to help property investors gain access to the Title Split values early in ownership. We are training solicitors, brokers, and other power team members to understand how to make Title Split deals work, in the best interest of the landlord and developer. We also offer those professionals 22 CPD points for their time spent, so they can count their training towards their professional qualifications.

### The Benefits to Property Investors:

Our unique processes enable you to access either commercial or comparable (buy-to-let) valuations right from day one. This gives you the ability to pull your money out of your deal immediately.

We teach investors how to Title Split properties into the ideal structure on the day of purchase. We show people how to Title Split into the perfect structure on the day of purchasing the property. This now means you can keep them all or sell some of the individual apartments at any time. Here are the key benefits of this approach:

- You can access 25%-35% additional capital (uplift Split Value) when you purchase the property.
- You can access better interest rates (around 2% lower for BTL versus commercial).
- The deal is structured with friendly leases, making the individual apartments more attractive for lenders to mortgage.
- Our clients work with clear Creative Title Split processes and a trained power team to enable them to get their money out of the deal early.

- We support you in structuring your deal to optimise tax, profit, cash flow, capital uplift, and capital growth.
- You can take out equity or lower loan-to-values on your Title Split blocks. For example, a 60% LTV rather than a 75% LTV, could again lower your interest rates.

### What Should You Do to Prevent Your Block's Value from Stagnating or Declining Over Time?

The answer is simple. Since 2020, we've been educating savvy investors to Title Split on purchase, enabling them to access split values and capital growth from the very beginning of ownership. This is the new approach. Most landlords don't know how to do it, when to do it, or even worry about the cost.

Throughout history, we've seen countless examples of groundbreaking ideas brought to life by visionary entrepreneurs. However, there are many examples of those who don't believe that these new ideas will take hold and go out of their way to prove the entrepreneurs wrong.

The property investment sector, where landlords build portfolios and developers build and flip properties, is no exception.

Whenever a new strategy emerges, there are always detractors shouting that it won't work, that it's unnecessary, or that it's not as innovative as it claims. It's easy to dismiss what you don't understand, but for those seeking significant capital growth in their portfolios, it's essential to block out the noise.

Learn to Title Split blocks as you buy them. As you can see from the numbers here, you really do need to do this to access the capital uplift and lower interest rates in your MUFBS.

### My First Title Split: The Power of This Strategy

My first Title Split was in 2017, and as the properties were quite low value (£65,000 for each flat), I knew I needed to finance them initially with a commercial bank. The bank was great, and they listened to what me and my broker had to say. The underwriter did say, though, that I really did not need to Title Split them as they would finance them as a block anyway.

You see, they did not know that in 5 years, I would move them on to individual mortgages for individual flats, based on the split value. The properties were already Title Split in 2017, and so each apartment would now grow in line with UK capital growth.

In 2022, these flats were valued at £90,000 each, reflecting a 38.46% capital growth over 5 years. They are now on buy-to-let (BTL) mortgages, with interest rates approximately 2% lower than commercial rates. This demonstrates why we, and our clients, choose to Title Split early and decisively — enabling us to access equity and cash flow in our portfolios much sooner.

### Join Our FREE Webinar to Learn More

To find out more about Title Splitting blocks, I have included a free 40-minute webinar here. Simply scan the QR code to watch. Alternatively, please visit our website [www.titlesplit.com](https://www.titlesplit.com) or email [info@titlesplit.com](mailto:info@titlesplit.com) for more information.

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