Property Investment Jargon Buster

Common property, finance and lettings terms in plain English. Use it as a quick reference, then verify legal, tax, planning and lending details for the specific property and jurisdiction.

> Property language mixes legal definitions with lender terms and informal investor shorthand. The definitions below explain the usual meaning without turning estimates or strategies into guarantees. Terms marked SHORTHAND are common market language, not formal legal or valuation standards.

A

AIP / Agreement in Principle
An early indication that a lender may lend up to a stated amount based on initial information. It is not a mortgage offer or a guarantee of lending.

AML / Anti-Money Laundering
Checks and controls intended to prevent criminal funds entering property transactions. Estate-agency businesses, including some property-sourcing activities, may need HMRC registration and must follow the applicable rules.

ARV / After Repair Value SHORTHAND
An estimate of the property's likely market value after specified works, supported by suitable comparable evidence and stated assumptions.

AST / Assured Shorthold Tenancy
The former standard private assured tenancy in England. Existing ASTs automatically became assured periodic tenancies on 1 May 2026, subject to limited transitional arrangements.

B

BMV / Below Market Value SHORTHAND
A description used where an agreed price appears below an evidenced market-value estimate. It is not proof of an automatic discount or profit.

Bridging loan
Short-term finance commonly used to buy or refurbish before a sale or refinance. Costs can include interest, arrangement, valuation, legal, broker, exit and extension fees.

BRRR / Buy, Refurbish, Rent, Refinance SHORTHAND
A strategy that aims to add value, let the property and refinance, potentially recovering some invested cash. The valuation and refinance are not guaranteed.

BTL / Buy-to-Let
Buying property primarily to rent to occupiers, normally using cash or a buy-to-let mortgage.

C

Cash-on-cash return SHORTHAND
Annual pre-tax cash flow after finance costs divided by the investor's actual cash invested, using clearly stated assumptions.

CGT / Capital Gains Tax
Tax that may arise on a chargeable gain when an individual disposes of an investment property. Trading transactions may instead be taxed as income.

Chain
A group of linked property transactions in which one completion depends on another. No chain may reduce dependencies but does not guarantee speed.

CIL / Community Infrastructure Levy
A charge that participating local authorities may impose on qualifying development to help fund infrastructure. Rates, exemptions and procedures vary.

Comparable / comp
Evidence from a genuinely similar sale or letting used to help estimate value. Differences in date, location, size, condition, tenure and terms may require adjustment.

C continued

Completion
The stage when the purchase money is transferred and legal ownership passes to the buyer under the contract.

Conveyancing
The legal work involved in transferring property, including title investigation, searches, enquiries, contract, exchange, completion and registration.

Covenant
A binding promise, restriction or obligation in a lease, transfer or title, such as limits on use, alterations, letting or building.

D

Deposit - purchase
The buyer's cash contribution to the purchase price. A contractual exchange deposit is different from the equity deposit required by a mortgage lender.

Development finance
Funding for building or major refurbishment projects, often released in stages after monitoring of progress, cost and value.

Due diligence
The legal, structural, planning, financial, tax, valuation and operational checks carried out before committing to a transaction.

E

EICR / Electrical Installation Condition Report
A report produced after inspection and testing of a fixed electrical installation, recording its condition, findings and any remedial work required.

EPC / Energy Performance Certificate
A certificate rating a property's energy performance from A to G and listing recommendations. Sale and letting requirements, minimum standards and exemptions vary.

Equity
The property's current value minus loans and other secured sums owed against it. Sale costs and tax can reduce the cash ultimately realised.

Exchange of contracts
The point at which an ordinary private-treaty purchase in England and Wales normally becomes legally binding, subject to the contract terms.

Exit strategy SHORTHAND
The planned route for repaying finance or realising value, such as sale, refinance or long-term retention, with a contingency if the preferred route fails.

F

Freehold
An estate in land of indefinite duration. The owner usually owns the building and land, subject to registered rights, covenants, charges and public-law controls.

G to S

G

GDV / Gross Development Value SHORTHAND
The estimated aggregate market value of a completed development, before deducting construction, finance, professional, selling and other costs.

Gazumping
A seller accepting another buyer's higher or preferred offer after previously accepting yours but before a binding contract has been exchanged.

Gearing SHORTHAND
Using borrowing to increase exposure to property. It can amplify returns when values and income perform, and amplify losses or cash-flow pressure when they do not.

Gross yield SHORTHAND
Annual rent divided by purchase price or current value, before operating costs, finance and tax. Always state which value basis is used.

Ground rent
Rent payable under a lease. Most new regulated long residential leases are restricted to a peppercorn ground rent of no financial value. Exceptions apply.

Guarantor
A person or organisation that agrees to meet specified obligations if the primary party does not, subject to the written guarantee's terms.

H

HMO / House in Multiple Occupation
A property occupied by at least three people forming more than one household who share facilities such as a kitchen, bathroom or toilet. Licensing and planning rules vary by occupancy and area.

I

Interest-only mortgage
A mortgage where scheduled payments cover interest but do not normally reduce the capital balance, which remains repayable at the end or on sale.

L

Leasehold
Ownership of a leasehold interest for a fixed term under a lease that sets rights, restrictions, service charges, repair obligations and any ground rent.

LHA / Local Housing Allowance
A rate used to determine or limit eligible private-rent housing costs for Housing Benefit and, in relevant cases, Universal Credit. It depends on area and household entitlement.

LTV / Loan to Value
The loan amount as a percentage of the value used by the lender, commonly the lower of purchase price and valuation for a purchase mortgage.

M

MDR / Multiple Dwellings Relief
A former SDLT bulk-purchase relief, abolished for transactions completing or substantially performed on or after 1 June 2024. Limited transitional protection applies to some contracts entered into by 6 March 2024.

N

Net operating yield SHORTHAND
Annual rent minus recurring property operating costs, divided by purchase price or current value. Finance and tax are normally shown separately.

O

Off-plan
Buying a property before construction is complete, often using plans, specifications and a developer contract rather than an inspection of the finished unit.

OMV / Open Market Value SHORTHAND
A commonly used phrase for the price a property might achieve in an open-market sale. Formal valuations should state the adopted basis and assumptions.

P

Permitted Development / PD
Development granted planning permission nationally, subject to defined limits and conditions. Prior approval, Building Regulations and other consents may still be required, and rights can be restricted locally.

Portfolio SHORTHAND
A collection of property interests or investments owned or controlled by an individual, partnership, company or group.

Probate
The legal process of administering the estate of someone who has died. A grant may be required before the personal representatives can complete a property sale.

R

Refurb / refurbishment SHORTHAND
Repair, renewal or improvement works. The term does not state the scale, specification, approvals or cost, which should be defined separately.

Remortgage
Replacing or varying mortgage finance on a property, potentially to change terms or release equity, subject to valuation, affordability, fees and lender criteria.

Rent-to-Rent / R2R SHORTHAND
Taking a lease or tenancy and then granting occupation to others for a margin. It requires the owner's authority and compliance with mortgage, lease, planning, licensing, safety, insurance and consumer rules.

RICS
Royal Institution of Chartered Surveyors, a professional body that sets standards and regulates members and firms across surveying, valuation and property services.

ROI / Return on Investment SHORTHAND
Net profit divided by total investment cost, expressed as a percentage. The time period, finance, tax and cost basis must be stated for a meaningful comparison.

RRA / Renters' Rights Act 2025
Legislation reforming private renting in England. Phase 1 tenancy reforms took effect on 1 May 2026; other measures are being introduced in later stages.

S

SA / Serviced Accommodation SHORTHAND
Short-stay furnished accommodation offered with guest services or facilities. Planning, fire, tax, rates, insurance, registration and local rules can apply.

SDLT / Stamp Duty Land Tax
A transaction tax on land and property purchases in England and Northern Ireland. Rates and reliefs depend on price, purchaser, property type and circumstances.

Section 8
The procedure for seeking possession of an assured tenancy using one or more statutory grounds. Grounds include rent arrears and conduct, as well as circumstances such as sale or occupation by the landlord or family.

Section 21
The former no-fault possession procedure. No new Section 21 notices can be served in England from 1 May 2026. Earlier valid notices may continue under transitional rules.

Section 24 SHORTHAND
Common shorthand for the Income Tax restriction on residential-property finance-cost relief affecting individuals and certain partnerships and trusts. Companies are not subject to this restriction, but separate corporation-tax rules may apply.

> **Practical distinction:** a valuation estimates value under a stated basis and assumptions. An investment appraisal tests whether the purchase works for a particular investor after costs, finance, tax, time and risk. ARV, BMV, GDV, ROI and yield figures should not be treated as guaranteed outcomes.

S to Y

S continued

Snagging
Identifying defects, incomplete work or departures from the agreed specification before or after practical completion, so they can be recorded and corrected.

Sold STC / Under offer
The seller has accepted an offer but contracts have not been exchanged, so an ordinary sale is normally not yet legally binding in England and Wales.

Sourcing
Finding and introducing property opportunities for another person, often for a fee. Depending on the activities, the business may be carrying out estate-agency work and have AML and consumer-law obligations.

SPV / Special Purpose Vehicle
A company or other entity created for a defined purpose. In property finance it commonly means a limited company used to acquire and hold one or more properties.

Stress test
A lender or investor assessment of whether a deal remains affordable or viable under less favourable assumptions such as higher interest, lower rent, longer voids or extra costs.

Sui generis
A planning use that does not fall within a specified use class. In England, HMOs occupied by more than six people are generally treated this way, but local and national rules must be checked.

Surveyor
A professional who inspects, values or advises on property. RICS residential products include Home Survey Levels 1, 2 and 3; qualifications and inspection scope should be checked.

T

Title
The legal ownership of property and the registered or unregistered documents showing the estate, rights, restrictions, charges and other interests affecting it.

V

Vacant possession
The property is provided free of occupiers, possessions and rights that would prevent the buyer from taking immediate and exclusive possession, subject to the contract.

Vendor
The seller of the property.

Void period SHORTHAND
A period when a rental property is unoccupied or not producing rent, while some operating and finance costs may continue.

Y

Yield SHORTHAND
Income expressed as a percentage of a stated property value or cost. Always specify whether it is gross, net operating, leveraged, annualised and before or after tax.

> **Common misunderstandings:**
> AIP is not a mortgage offer. ARV and BMV are estimates, not guaranteed profits. No chain does not guarantee a quick sale. Permitted Development can still require prior approval. Under offer is normally not binding before exchange. Rent-to-Rent needs permission and full compliance.

> **Geography note:** this guide is England-focused. SDLT also applies in Northern Ireland. Wales, Scotland and Northern Ireland use different tenancy, tax, planning, licensing and property-law rules in several areas.

> **Current position:** definitions checked to July 2026. Law, tax rates, lending criteria and planning rules change. Verify the current position and obtain qualified advice before relying on a definition in a transaction.