STAGS

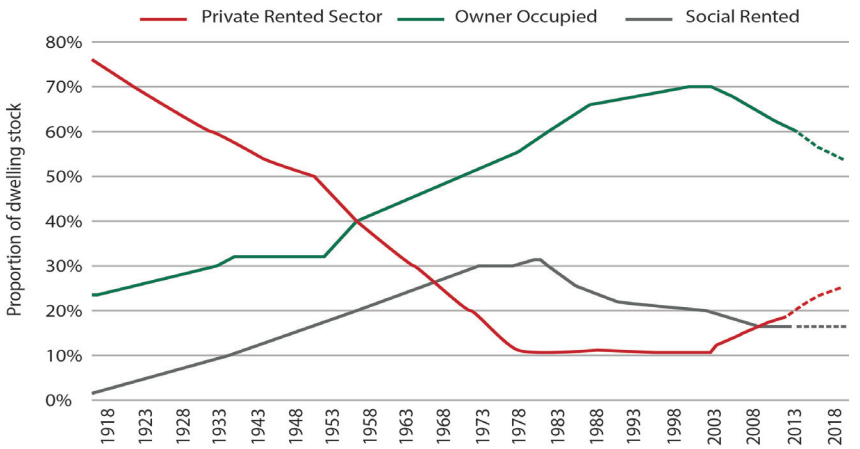
Buy to Let Guide

Considering a Buy to Let investment

Levels of home ownership began to decline over 10 years ago, well before the credit crunch, resulting in more people privately renting. It is expected this trend will continue with the percentage of private rented households increasing by over one million in the next 5 years, to about 25%.

Buying a property to rent out as a medium to long term investment has become an increasingly popular option by many who see property as a preferred investment of choice. When you buy a property to let you become a landlord and need to be aware of rules and regulations that will now affect you. This guide is designed to give you a quick and simple summary of the key factors you will need to consider, whether letting your first property or expanding your existing portfolio.

The percentage rise of the private rented sector



Source: CLG

Choosing a property

Getting to know and researching the area in which you are considering a purchase is vital. Our lettings team can advise you on the most popular locations and type of property best suited. The key points to consider are:

- Carefully research the local market and tenant demand in the area you intend to buy.
- Find out the preferred tenant profile and the most sought after size, style and type of property required and, therefore, the type of tenant you would like to attract.
- Consider local amenities and main lines of communication and employment, which will all help to ensure your property is let quickly. Choose an area where people want to live.
- Do not let personal taste cloud your judgement.

> *"Stags offered advice on the best areas for my property search, the type of property that would serve me best, potential rental yields backed up by historical data, and also offered the invaluable service of accompanied viewings. This made my search so much easier and once I found a suitable property the Stags Exeter office successfully let my property to highly professional tenants.....I highly recommend this comprehensive service."*
>
> Mrs Edwards, Buy to Let Landlord

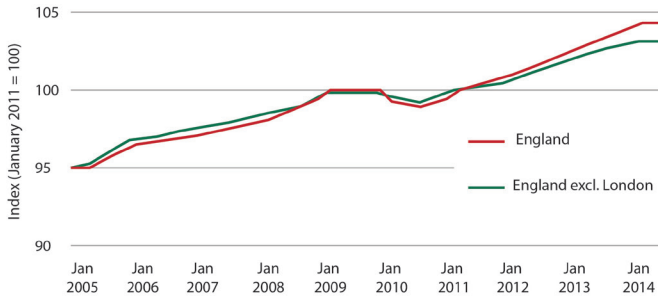
Do the maths

It is important before purchasing a property you have fully taken into account all purchase, refurbishment and finance costs. Buying to Let can be financially rewarding but it is vital to work out your potential returns and costs before you make your purchase. The main points to consider are as follows:

- Get your sums right. Will the rent cover borrowings and costs after allowing for void periods?
- As a landlord you will continue to be responsible for maintenance costs, servicing fixtures and fittings, buildings insurance and service charges/ground rents if applicable.
- It is best not to purchase a property that will require lots of ongoing maintenance.
- What will be the cost of refurbishment prior to letting? The less you have to do the better.
- Think of Buy to Let as a medium to long term investment.
- Capital appreciation is always hoped for but cannot be guaranteed.
- Do not be over-ambitious and go for a realistic yield and return.

Index of private housing rental prices

Source: Office for National Statistics



Financing your Buy to Let

If you intend to borrow to finance your purchase you will need to find out how you are going to fund it. Buy to Let providers have differing requirements when assessing your application, to include the deposit you have available and the rental income you are likely to achieve. It is important to bear the following in mind:

- Ensure you choose a mortgage that best suits your current and future needs.
- Take advice from an experienced independent mortgage advisor.
- You will need money to cover up-front costs to include deposit, legal fees and stamp duty etc.
- The income from rented properties is taxable but you will be able to offset some of the costs you incur as a landlord to include:
    - Agency fees
    - Insurance premiums
    - Interest element of mortgage payments
    - Repairs and renewals
    - 10% of rent for fair wear and tear (furnished property only)
    - Accountancy and other professional fees
- When you decide to sell your Buy to Let investment the proceeds may be subject to Capital Gains Tax.

Landlord responsibilities

As well as finding the tenants, obtaining references, drawing up tenancy agreements, and collecting rent, as a landlord you have obligations to your tenants. You need to ensure you comply with certain regulations and maintenance requirements to include the following:

- Ensure the safety of gas and electrical equipment.
- A valid EPC is in place.
- Carry out repairs and comply with repairing and maintenance obligations.
- All furniture and furnishings meet fire safety requirements.
- Maintain valid buildings insurance and contents cover if furnished.
- Deposit protection is in place.
- Managing void periods and dealing with the property when it is empty.
- Resolve problems that may arise during and at the end of the tenancy.

Looking after your investment

Being a landlord can be a time consuming and an increasingly difficult task in the fast changing lettings market. In addition, many landlords do not want to get directly involved with the letting, tenant selection and management of their property. As such, you may wish to instruct an agent to act on your behalf, and it is important this decision is considered carefully.

Why choose Stags?

- Unrivalled network of 19 offices throughout the region.
- Experienced and qualified staff with knowledge of the local market.
- Comprehensive marketing and advertising in more West Country publications than any other agent.
- **stags.co.uk** is the most visited website dedicated to the letting of West Country property.
- Exposure on all the main property portals.
- Database of over 4,000 tenants looking to rent.
- Experience in the letting and management of Buy To Let properties and larger portfolios in town and city locations.
- Peace of mind your property is being dealt with by professionals and fully licenced with ARLA and RICS.
- Deposits held and protected through the TDS

> *"It is important you use an agent who you can trust and rely on, our reputation is your guarantee."*
>
> Andrew Luxton MRICS FARLA
> Partner, Residential Lettings

Protecting your rental income

We take pride in looking after and protecting your investment. We aim to take the worry and stress from letting your property. How?

- Tailored letting and management services that ensure your property and money are looked after.
- Stags will pay your rent, with no delays, even when the tenant does not as part of our rent guaranteed service.
- Using a qualified and licenced ARLA letting agent ensuring property asset and money are protected.

> *"I have a property portfolio which I leave Stags to fully manage for me. They carry out all the necessay checks to allow for a trouble free tenancy. The staff are very helpful and keep me fully advised throughout. I am very hapy with the service they provide and would have no hesitation on recommending them."*
>
> Mr Gibbs, Buy to Let Landlord

ARLA Association of Residential Letting Agents

RICS

TDS Tenancy Deposit Scheme member

Lettings Offices

Barnstaple	01271 332837
Dartmouth	01803 833681
Exeter	01392 671598
Honiton	01404 42553
Kingsbridge	01548 855515
Launceston	01566 771800
Okehampton	01837 659430
South Molton	01769 575248
Taunton	01823 447355
Tiverton	01884 232872
Totnes	01803 866130
Truro	01872 266720

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