

WHY IT PAYS TO BE A LANDLORD



AN ESSENTIAL GUIDE
FROM PURPLEBRICKS



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Rising house prices, buy-to-let mortgages and longer tenancies all mean that now is the perfect time to be a landlord. With the age of the average first time buyer increasing, the private rented sector continues to grow and pay dividends to those savvy landlords in the know.

The long-term goal of buying any property to let is for capital growth. If you are able to find a property that has a good rental return with capital growth potential, you are on to a winning formula. With interest rates set to stay low for at least the next year, if not longer, landlords will see good returns on their investments in the long run.

It is a landlord's personal preference whether they prefer to invest in houses or flats. Some landlords like to invest in apartments as they believe that there is less maintenance and upkeep. However, some apartments carry service and maintenance charges in excess of £1,000 a year, plus ground rent, so you need to seriously consider this before buying, as it can significantly cut into your yield.

Either way, whether you choose a flat or a house, you need to keep your prospective renter in mind. With the average tenancy now between 18-36 months, tenants are looking for high quality rental properties to call home. Rather than thinking about what property *you* would like, put yourself in

the shoes of your potential tenants. If they are students, the property needs to be easy to clean and not too luxurious, but if it is a family they may prefer more of a blank canvas to make their own.

It is also important when purchasing the perfect letting investment property that you consider the resale potential. Always ask yourself, will a tenant be interested in calling this property home for the medium term and would I be able to gain a buyer in future should I decide to sell?

Purpose built properties tend to hold their value better. In most cases there will normally be little or no service charge to pay and the ground rent will be nominal. Rather than just covering the cost of the outgoings on a property, it is important to have something left over in your pocket each month.

Once you have bought your property you need to consider how to let it. Will you rent it out yourself or employ a local agent? If you choose a letting agent make sure that they

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have an Association of Residential Lettings Agents (ARLA) qualification. This qualification means that the letting agent understands all the processes, including clauses and contracts, surrounding lettings and is not just a glorified salesperson. At Purplebricks, all Local Lettings Experts are ARLA qualified and have undergone a rigorous training programme to ensure that the highest quality service is always delivered.

Remember, while becoming a landlord is an attractive prospect, you need to factor in additional costs, such as lettings agents and management fees that are associated with renting out a property.





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