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Rental Property Knowledge: a website for Landlords, Letting Agents and Tenants. This site hosts the **UK's busiest rental property forum**

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LandlordZONE

RENTAL PROPERTY KNOWLEDGE

Three Property & Landlord Shows coming soon!

These three shows promise some really worthwhile products and some of the industry's experts will be offering some sage advice for these difficult times:

The **Property Investor Show** is the largest and longest established property exhibition in the UK – **N.E.C. Birmingham 11-13 April**.

The seminar programme will feature:

Tom Entwistle (founder of LandlordZONE)

John Socha (Vice Chairman, National Landlords Association)

Richard Bowser (editor of Property Investor News)

David Lawrenson (author and founder of Lettingfocus.com)

Jim Haliburton (H.M.O. specialist)

If you are planning to visit [register online](#) for FREE

Thousands of **landlords and buy-to-let investors** are expected to visit the free to attend: **Invest in Property Show** Friday 27th & Sat 28th

Welcome—March 2008—The Landlord & The Economy

With the **continuing turmoil in the financial markets** as I write the question now is not *if* there will be problems with the economy in general and property markets in particular, but just **how bad will it get?**

Whichever way you look at it the collapse of the US bank Bear Stearns (the US equivalent of Northern Rock) and it's subsequent takeover by JP Morgan Chase it's a significant event, in some respects the like of which has not been seen since the 1930s.

Had Bear Stearns not owned its

March held at Oldbilinggate in the heart of the City is sponsored by the Sunday Times.

The City Edition is dedicated to delivering informative, educational and independent advice. Guest Investment Speaker—US Guru—**Robert Shermin**

A Beginners Guide To Making Property Investments—Stefano Lucatello, Caroline Hollingworth, Irene Tzortzoglou

Evaluating Property Investment Opportunities—James Gonzalez, Ben Mason, Nick Dare, Rebecca van Lierde Molinoff

Property Investors Masterclass—Johannes Conradi, Liz Peace.

Introduction to Leveraging Indirect Property Investment Opportunities.

[Full Seminar Programme](#)

The **Landlord & Buy-to-Let Show: 18-19 April 2008** at **London Olympia**. Over 80 exhibitors & a compre-

headquarters building, the sale price of \$240 million or \$2 a share (under review but down from \$160), would not have been possible. At \$1,000 a sq. foot the building is worth \$1.2 - \$1.3 billion, so the actual value of Bear Stearns less their headquarters at 385 Madison Avenue would be minus \$1 billion.

This all makes the message that dropped on my mat the other day inviting me to a seminar on property investing all the more ironic. "*How You Could Give Up Work and be a Property Millionaire Instead*"



hensive seminar programme:

Friday, 16.30 & Saturday, 16.00 – Tom Entwistle, LandlordZONE—**Selecting & Managing Your Tenants: The Key to Success in the Rentals Business**

Friday, 15.30—The BBC's Sarah Walker will outline how to **Present your Property** for Quick Rental at the Best Possible Price, and **Adding Value to Your Investment**

Friday, 14.30—Keep up-to-date with the law: Landlord Law's Tessa Shepperson looks at **Essential Legal Points for Landlords** Saturday, 12.00

Leaseholder Rights from ALEP (The Association of Leasehold Enfranchisement Practitioners) as they explain **How to Negotiate the Minefield of Owning a Flat...**

[Full Seminar Programme.](#)

We look forward to seeing you at these shows!

Well it's always good to be optimistic and there's always a danger in talking ourselves into a recession, but the organisation putting these out is off the scale of what I would term responsible investment advice.

They do themselves and the industry few favours and I feel the main effect will be to "come back and bite", not just themselves, but a lot of others in the industry as well.

Looks like we're in for a rough ride. Tom Entwistle

What Caused the “Credit Crunch”

The recent “credit crunch” has resulted from a **shortage of funds** for lending, a liquidity crisis, resulting from a sharp increase in defaults on mortgages, mainly in the United States but to some extent here.

A combination of factors in the last few years led to this: Buoyant economies with full employment meant that people felt confident about taking on loans and consumer spending.

The China effect meant low inflation and low essential goods prices: clothes, hardware electricals etc—people felt better off.

Low interest rates meant that people could afford to borrow and spend and live life to the

full —on tomorrow’s income.

The sub-prime mortgage became a reality—those previously thought too risky to lend to could suddenly obtain finance for house purchases.

All this led to a boom in asset prices, particularly property prices, which encouraged property investors and speculators to jump on the bandwagon.

The success of the buy-to-let mortgage meant that funds became readily available to even the most naïve UK property investor.

Cheap foreign travel meant that this boom became an

international phenomenon, not just confined to home markets.

Pressure on house and mortgage sales meant that mortgage applications and valuations were poorly supervised by the authorities

To sell more the mortgage companies bundled debt into consolidated packages selling it on to finance companies.

Mortgage companies borrowed money to finance debt, it was not financed through savings.

Most of these loans had a couple of years at low introductory rates, so it was when these came up for renewal that trouble arose. Continued below...



LettingAgent.com

An initiative by Award Winning Landlord Mortgages.

The service is very flexible and provides effective property management at a fraction of the cost of traditional Letting Agents.

Renting out a property can be a lot harder than it looks. Long-term landlords need to treat rentals as a business and run it professionally. You also need to be ready to tackle several challenges in a competitive market – a company such as **LettingAgent.com** can help you overcome each of them.

20,000 Landlords now have access to this highly competitive service.

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What Caused the “Credit Crunch” ...continued

Also, inflationary pressure in 2007 meant that interest rates started to rise. This made mortgages much more expensive.

This caused many US “sub-prime” borrowers to default on their mortgages driving many medium sized mortgage lenders into bankruptcy.

All this signalled the end of the housing boom in the US with many homeowners now facing negative equity.

The result was that all around the world, it became very dif-

ficult to raise funds and borrow money. The cost of interbank lending (wholesale money) increased significantly. Often it was very difficult to borrow any money at all. The markets dried up.

The lack of funds spread to other sectors of the finance industry meaning that municipal and insurance bonds and credit card lenders became affected.

This has led to a severe slow

down if not recession in the US which could spill over to other economies.

In the UK we don’t have so many bad mortgages as in the US—controls were more stringent. But lending is now much tighter.

However, the collapse of Northern Rock was a shock to the system, the economy is slowing down, commercial property prices have been hit and house prices are still falling.



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The UK Rental Property Market

Despite all the doom and gloom landlords, especially established ones, have done very well out of the property market over recent years and rental demand is still very good.

Rents are continuing to rise in the private rented sector. According to the [ARLA Members Survey of the Buy to Let Sector Q1 2008](#) house rents have risen by an average of 4% with rises of 2% for flats.

The figures were increased substantially by the London effect—prices in Central London prime residences achieved 9% with 5% increases outside the South East. The South East represents something like 50% of the UK letting market anyway.

According to the report: *“The demand for rented residential properties has continued to outstrip supply, particularly for members in the Rest of the South East with almost six out of ten of these (59%, up from 57% three months ago) now saying there are more tenants than there are properties available for them. Meanwhile, the proportion of members managing properties in Prime Central London who say there are more tenants than properties has fallen (from 64% to 52%) but the proportion of those in the Rest of the UK who say this has remained constant at 38%. Overall, despite the recent falls, the proportion saying there are more tenants than properties*

available for them is still at its third highest level since this question was first asked more than five years ago.”

This reflects the usual response when property prices and sales are depressed; rental demand and rents increase.

Other interesting statistics:

The average tenant stay is 16.1 months, 20% of lettings are from immigrants and agents report difficulties in obtaining credit checks / references for these tenants.

A considerable proportion, some 37% of landlords, it seems, are still unaware of the Tenancy Deposit Scheme.

Whilst there's little evidence of landlords taking on new properties at this time, there's some evidence that a proportion of landlords are selling up.

The survey indicates that capital values of rented properties have declined by an average of 4.5% over the last 3 months, mainly as a result of a decline in prime Central London values by around 10.3%. However, rental property values in the rest of the South East remain unchanged, while outside the South East average values have increased by 3.2%

A recent poll taken at the Wriglesworth Consultancy's third annual **Great Housing**

Market Debate asked industry experts to predict the future for the UK property market.

Only one expert out of around 150 predicted an increase, with the consensus view being that prices will fall further over the next 12 months.

One of the more pessimistic delegates—**David Miles, chief economist of Morgan Stanley** - is predicting a 20% fall in real terms over 2 years.

Most of the experts see a decline in values, with decreasing house sales being a problem, but they don't anticipate this spilling over to the wider economy and resulting in a real full blown recession.

Neil Woodford of Invesco Perpetual, thinks prices across the UK will fall 8% to 10% this year.

Despite the credit crunch and Northern Rock, the wider UK economy may just escape recession again, though a slow down and some job losses are perhaps inevitable.

With careful management of your finances and your tenants landlords with the right approach will still prosper whatever the circumstances.

However, it's evident now that we could be in for some tough times ahead, certainly over the next couple of years. But adversity brings opportunity!



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The [Invest in property Show](#) is all about **educating you as an 'investor'**. It's about helping you identify the difference between a good investment and a good sales pitch!

Whether you're considering a new investment strategy, diversifying your portfolio or taking your first step in making a property based investment, The Invest in Property Show will answer all your needs. Driven by **independent seminars, skills workshops and one to one advisory clinics**, the show provides a completely FREE platform for you to speak with independent experts and gather vital information for developing your investment.

If you're **looking for inspiration** then our 'made it theatre' will certainly get your mind buzzing with fresh ideas. Featuring some of the most **successful property investors** and '**gurus**', exploring the secrets to their successes and information of how they overcame the many challenges associated with profiting from property investment.



Review: The Property Investor's Handbook—Kate Faulkner

The **Which? Organisation**, as everyone knows is a respected and unbiased source of information on all aspects of consumerism.

Their **Essential Guides** series of books is no exception and with all the hype around in the property investment business of late it's perhaps high time they focussed their experience on this.

Author **Kate Faulkner** brings to bear her experience as a businesswoman with leading British companies as well as her property expertise to produce this authoritative guide—**The Property Investor's Handbook**. Kate also runs the website:

designsonproperty.co.uk

These guides are produced in a very modern publishing

style, colourful and nicely sectioned with lots of information boxes and short easily read paragraphs—obviously designed to promote learning in easily digested chunks.

The book covers pretty well all aspects of property investment, from the risks involved and developing your own toolkit, through to commercial investments, investing overseas, property as a pension and building your portfolio. With lots of real-world examples this guide is much more than a theoretical treatise—it's sage advice based on a sound understanding of the principles across a wide range of topics.

I particularly liked the checklist style boxes which give expert opinions on the priorities and key learning points

on many of the investing aspects—research, finance, budgeting, buy-to-let, in fact in almost every section of the guide.

I suppose it's inevitable that a guide of this type with such breadth of coverage cannot go into great depth on any one aspect, though I think most people will find that the treatment is perfectly adequate for their needs.

In fact for a sound grounding in across-the-board principles on investing in property readers will be hard pressed to find a better book to start with.

At £10.99 list price and £7.69 from Amazon.co.uk what better value can you get?

Tom Entwistle, Editor



Money Back Mortgages

In 2006 www.moneybackmortgages.com was set up to give consumers like you an impartial service where you can search for and arrange your next mortgage with the added benefit of receiving 50% of the commission received by us.

The website has proved particularly helpful for **Buy to Let landlords** who generally remortgage on a regular basis to lower their monthly mortgage costs. With interest rates increasing, here is a way of lowering your remortgage costs.

If you arrange your next Buy To Let mortgage through us you can expect to receive on average £337.09 per property**.

** This represents the commission payable to clients who have arranged a Buy to Let mortgage through us. Correct as of October 2007.

MoneyBackMortgages.com is a trading style of Quay FS Limited, which is authorised and regulated by the Financial Services Authority.

Registered in England and Wales Company Number 5772066. Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.



**MoneyBack
Mortgages.com**

Landlord Manager

Landlord Manager V2

Visionbase software Limited have been producing property management software since 1995 and is therefore one of the older established software products producers aimed specifically at landlords. The latest version of **Landlord Manager**, which has just been announced, uses a simple user interface to allow you to record property income and expenditure for any number of properties. With numerous drill down facilities, reports and graphs you can easily track the pro-

gress of your rented property. Other features include a Rent Centre that will track your tenants and their outstanding rents as well as the ability to print tenancy agreements and section 21 notices. An Alert Centre records those critical events such as safety checks. The program is designed to help you complete SA105 an SA801 tax returns. You can also track VAT transactions and export your data to a Sage compatible file to give to your account-

There's a Multi Currency facility for those with properties let in virtually any country in the world. Multiple drill-down reports give you important data at a click of a button and will save you valuable time and money, keeping you on top of your portfolio at all times. Another useful feature is the ability to synchronise your details with Microsoft Outlook ensuring you don't forget critical events and easily transfer contacts. You can download a free evaluation copy at:

landlord-manager.co.uk



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LPZ—A dynamic residential letting & property management company based in Hammersmith, West London. We cover the whole of London and offer London's best value for money!

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References from existing clients always available.

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Forthcoming Issues...

The **April** issue will focus on the **March 2008 Budget** and will review changes and implications as they apply to landlords and property Investors. A Review of the budget will be provided by Maurice Paltry FCA of Landlords Tax Services Limited.

There will not be an issue of the Newsletter in **May 2008**.

The **June 2008** issue will feature **Conveyancing and**

HIPs. For landlords and investors contemplating selling, and buying for that matter, these technical aspects are all-important, and **HIPs** are a whole new ball game to everyone, landlords being no exception.

In **July** we deal with **Problem Tenants, possession procedures** and Serving Section 21 and Section 8 Notices.

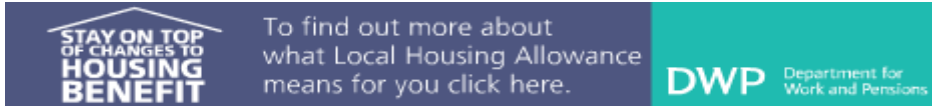
The **August 2008** issue will

be devoted to **Student Lettings and HMOs**. At this time of year student landlords are busy signing up a new batch tenants into their student accommodation.

In **September 2008** we will be looking at the implications of **Investing in Commercial Property**, investment syndicates and SIPPs.

October 2008—Floor Plans and Lease Plans





STAY ON TOP OF CHANGES TO HOUSING BENEFIT To find out more about what Local Housing Allowance means for you click here. **DWP** Department for Work and Pensions

Local Housing Allowance (LHA) is a new way of working out Housing Benefit for private tenants. LHA is currently in operation in 18 pilot local authorities and will be introduced nationally on 7 April 2008. For details on why the Department is introducing LHA and how it works see [Background to Local Housing Allowance](#).

This site contains detailed information about LHA for local authorities, landlords, advisers and intermediaries. An [introduction to LHA for tenants](#) is on the Direct Gov website.

The LHA rate is based on the number and mix of occupiers, and the area in which the tenant

What's in the News for Landlords?

HMRC gets really tough: tax evaders (as opposed to tax avoiders) should beware as the Revenue brings itself into the 21st century with some sophisticated new methods. Errant property owners will be in the firing line as satellite surveillance, phone tapping, and monitoring of rental ads, stamp duty returns and electoral rolls become the norm. Instances of tax evasion by landlords and property owners frequently come to light through newspaper rental ads and anonymous tip-offs during matrimonial, partnership and company breakdowns, plus through tenant disputes or just envious neighbours. Now, sophisticated computer software, coupled with satellite technology will be used to spot changes to properties, and new 'phone tapping powers recently passed, should add a new dimension to enforcement. In addition, new powers just introduced in the 2008 Budget mean that taxpayers will face the prospect of dawn raids by the taxman. Anyone who runs a business at their own premises including the self employed and 650,000 buy-to-let landlords could be visited without notice under these sweeping new powers, which include the power to see into bank, building society and other third party accounts. Further to all this a new penalty regime is to be introduced from next April which would result in fines of 30% for failure to take reasonable care over income, inheritance tax and capital gain tax self assessments.

The Government has its eyes on £1bn of extra business rates revenue through its latest "stealth tax measure" on empty rating relief from April this year. As from 6th April owners of industrial premises, instead of being able to claim 100% rating relief when buildings are unoccupied, will now only get 6 months after which full business rates will apply. For all other commercial premises the relief will be for three month only. This measure is bound to hit the profits of the big property companies quite hard, some claiming by million of pounds, as the measure takes effect. What is perhaps less appreciated is the effect on the smaller landlord / investor entrepreneurs who provide premises for many of the **small businesses** in secondary locations. When a commercial property is under re-development or comes vacant it's rarely possible to let within 3 months, so the hard pressed and usually over borrowed landlord pays dear! **This must surely have an effect on business development in any town, and surely the exact opposite of what the government professes to encourage?** Furthermore, as a countermeasure to those delisting their properties during building/refurbishment, the government now proposes to limit this building period to 3 months! The government say they will not tolerate owners making buildings unoccupiable!

[Landlord & Buy to Let Show](#) 18/19 April 2008 Olympia, London

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Friday 18th April 2008 - 10.00-18.00
Saturday 19th April 2008 - 10.30-17.30
Olympia Conference Centre, London



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A particular highlight is the **seminar programme** that will feature sessions presented by a number of respected industry commentators including ...

- Tom Entwistle (founder of LandlordZONE)
- John Socha (Vice Chairman, National Landlords Association)
- Richard Bowser (editor of Property Investor News)
- David Lawrenson (author and founder of Lettingfocus.com)
- Jim Haliburton (H.M.O. specialist)

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- Over 5000 student landlords already registered and using our site.

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Property Tax Portal was founded in September 2003 by Amer Siddiq who is the managing director of the parent company Tax Portal Ltd. Amer, a former IT professional and property investor himself, is supported by a team of highly qualified tax professionals. They produce the highly successful Landlords Property Tax Manager Software and now run regular Tax Seminars for Landlords and Property Investors. The website is packed full of useful information and products to help minimise your tax payments.



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