

PERRY BISHOP

— AND CHAMBERS —

THE AGENT WHO KEEPS YOU INFORMED

LETTINGS & MANAGEMENT NEWSLETTER



INTRODUCTION BY IAN PERRY, (FRICS)

Since our last newsletter for clients of our Lettings & Management Division we have had a General Election and the first Budget from the new Coalition Government. It is clear that as a nation we are approaching difficult times on an economic front and I have set out below a few thoughts regarding the effects of the Budget on our clients.

By way of background, in our general area we believe that property prices are 10% above where they were a year ago, and we have seen some increase during the first six months of 2010. At the time of writing these increases seem to have come to a halt and prices are settling down at the approximate levels that they had reached in January and February of this year. Transaction numbers in the residential sales market are approximately 10% up on the previous year but are still way below figures for 2006 and 2007.

The availability of mortgage funding has eased, loan to value ratios have been increasing and long-term mortgage rates have been reducing. Notwithstanding this, raising the necessary deposit for a first time buyer is still quite a mountain to climb and the first time buyer property values do not appear to have recovered as much as mid range and above.

The sales and lettings markets appear to be fairly evenly balanced with many prospective first time buyers preferring to remain in rental property which allows them greater flexibility in the employment market and we expect this to continue throughout 2010. Some "reluctant landlords", have sold their property during the second half of 2009 and early 2010 but generally stock levels in the rental market appear steady with average rentals stabilised following some slight falls in the early part of 2009. Average yields on buy-to-let properties remain in the region of 5%.

Changes to Capital Gains Tax will need to be considered by all landlords on the basis that the tax charged on a disposal for a higher rate taxpayer has increased from 18% to 28%. Landlords may also wish to consider carrying out repairs ahead of the proposed VAT rises in January 2011. It might be that some landlords would consider spending money on their property particularly if they are currently making more profit due to lower interest rates thereby reducing their overall tax bill in the current year. As always we advise our landlords to take professional tax advice.

AUTUMN 2010

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BUY TO LET MORTGAGES

The buy to let market has now started it's 'fight back' and the number of mortgages now available has increased by 70% since September 2009 with more lenders now coming back into the market place.

Deals are now available from 3.24% and the minimum deposit required has fallen to 20%, which is a great indication of lenders' willingness to lend and of competition returning to the market.

MANAGEMENT ASSURED

Earlier this year we launched a new management assured product providing rental assurance and legal fees protection to assist landlords following cases of non payment of rent. In the present economic situation tenants can sometimes find it difficult to pay their rent due to unforeseen circumstances such as redundancy.

We have worked very hard with our insurers to develop a scheme that is both effective and economic. Unlike some policies it includes payment of rent for up to two months after a property has become vacant and the cover is for the property regardless of changes in tenants or the number of tenants.

TENANCY DEPOSIT SCHEMES

Various schemes were introduced by the Government to provide a fair, accessible and low cost arbitration system to deal with dilapidation disputes between landlords and tenants at the end of the tenancy. In the lettings market generally there have been huge numbers of referrals to the various schemes, which has led to vastly inflated costs.

Within Perry Bishop and Chambers we have had only a handful of referrals to the Tenancy Deposit Scheme, and certainly far fewer than the industry average, but it is worth noting that generally these have been decided in favour of tenants.

LEASE EXTENSIONS AND FREEHOLD ACQUISITIONS

Many of our clients own leasehold flats within larger blocks and, to state the obvious, the value of their asset diminishes as the balance of the lease decreases. This loss in value accelerates as the lease falls below 80 years unexpired. Most owners of leasehold property have a statutory right under the Leasehold Reform Act and the Housing Act to extend their leases subject to the appropriate amount of compensation being payable to the freeholder. Groups of leaseholders may also come together to buy out the freehold of their property.

Owners of flats have other rights, not least the ability to challenge the management of their block if they feel this is not being carried out in an appropriate way. These disputes can end up at a Leasehold Valuation Tribunal. Ian Perry is a Valuer/Chairman on Leasehold Valuation Tribunals and as such can provide advice on this particularly specialist area of property law and valuation. He can be contacted by email at ianperry@perrybishop.co.uk or telephone 01285 655355.



Cotswold Surveyors is the surveying arm within the Perry Bishop and Chambers Group offering a wide range of surveying and valuation services including valuation of residential and commercial property for insurance, matrimonial, probate, taxation and other purposes; implementation and supervision of building works; preparation of plans; boundary disputes and advice on development and planning issues.

Many of our clients have commissioned valuations for insurance purposes to ensure that their property is insured at the correct level. Too low a figure could prove disastrous in case of any claims, and too high a figure may lead to excess premiums being paid over a period of years.

Any enquiries regarding the technical valuations detailed above should be made to Cotswold Surveyors by email to surveys@cotswoldsurveyors.co.uk or telephone 0845 300 5452.

HOUSE TO HOME

As part of our ongoing commitment to customer service, we have introduced unique online access to a wide range of essentials to complement moving or refurbishing your property. If you are looking for new carpets or flooring, professionally designed furniture packages or a reliable removals service, all at competitive prices visit our services website: www.perrybishopservices.co.uk.



THE ESTATE MANAGERS

Leasehold Block Management Specialists
Chartered Surveyors

RESIDENTIAL BLOCK MANAGEMENT

The Estate Managers is our specialist residential block management business operating throughout Gloucestershire, Oxfordshire, Wiltshire and Worcestershire.

From our offices in Cheltenham we offer a combination of professional judgement, experience and sound communication skills providing an effective link between lessees and freeholders to ensure the smooth management of residential blocks.

The Estate Managers offer:

- Day to day general maintenance of the structure of the building
- Comprehensive surveys by chartered surveyors to design and/or oversee major repairs and refurbishments
- Arranging regular cleaning and maintenance of common parts, gardens etc
- Negotiating and arranging building insurance
- Collection of service charges and ground rents and dealing with disbursements from service charge
- Preparation of annual service charge accounts and dealing with accountants and auditors
- Preparation of service charge budgets and planned maintenance in liaison with block representatives.
- Regular inspection of the property to ensure maintenance of proper standards
- Attendance at residents meetings and advice on long term budgets and planned maintenance