

The Telegraph

How to avert a rental void in a buy-to-let property



When a property lies empty, there is no buy-to-let income. What can landlords do to mitigate against this risk?

Void periods are a serious business for landlords, costing to the tune of £3bn a year. That's how much UK landlords lose in rental income due to their properties standing empty. This works out at an average of £1,000 per property – roughly half the net profit of the average landlord. “Meanwhile the mortgage, service charges, insurance and utilities still have to be paid,” says Christina Dimitrov, Direct Line landlord insurance expert.

It is far easier to keep existing tenants than to find new ones Mark Harris, SPF Private Clients

To maximise the chances of the property being tenanted full-time, it is crucial to get things right from the start. That means choosing the right location, good marketing and presenting the property in the right way. Here's how to do it.

Location matters

“A tenant’s first consideration is how long it will take to get to work or get the kids to school, so proximity to public transport is paramount,” says Penny Mosgrove, chief executive at Quintessentially Estates. If your property is well located, highlight this.

Start marketing early

Landlords should start marketing the property at least six to eight weeks before the current tenants move out and get exposure on as many websites as possible – including Rightmove and free sites such as Gumtree or OpenRent.

The price must be right

In a price-sensitive market where tenants have lots of choice, it is crucial to get the price right. Set it 5pc too high and tenants will look elsewhere. “If your property is being regularly viewed and is well presented but you are struggling to find a tenant, the chances are the price is too high,” says Tim Hassell, managing director of Draker Lettings.

Don’t lower the price – upgrade instead

Estate agent Jeremy Leaf adds that as rents have fallen in many areas, particularly in London, landlords may even need to lower the rent to keep a tenant, “or carry out certain works they want”.

Lynsey Schipper, Lurot Brand’s head of lettings, warns against “chasing the market downwards”, recommending that it’s better to spend on improving the property than continually reduce the price.

It can also pay to “sweeten the deal” by offering free TV licence or broadband.

Renew contracts without delay

Avoid the contract becoming periodic – which usually happens when a fixed term ends and the tenancy runs from month to month – by renewing the tenancy agreement every time it expires. “Otherwise, a periodic tenancy means the tenant only has to give one month’s notice, which makes things particularly problematic for landlords in winter when there are fewer tenants looking to move,” says Ms Mosgrove.

A good, proactive letting agent should manage the end of one tenancy and line up the next one with minimum delay. Paul Sloan, lettings operations director at Spicerhaart, says: “They should also start marketing as early as possible so that new tenants can be found and the admin carried out within good time.”

Lengthen the tenancy

The latest English Housing Survey shows that 40pc of tenants expect to live in their property for up to 10 years and more than half of them for up to five years. “Landlords should also look to increase the lengths of their tenancy agreements to match this demand or else risk losing out to other landlords prepared to do so,” says Mr Sloan.

Make an effort

It should go without saying that the property should be immaculately presented, from clean windows and carpets to “properly dressed beds, like a show home”, says Catherine Cockcroft, lettings director of Aylesford International.

If the property is in a converted building, the communal areas – which are so often neglected – need to look similarly enticing. It can also get a tenancy off to a good start to leave a welcome basket filled with all the things that will make life easier for the tenant when they first arrive, from tea bags to washing-up liquid.

Keep tenants happy

Once a good tenant is in situ, the landlord should do everything necessary to keep them there and happy, which includes dealing with problems immediately, creating a good working relationship and being realistic about rent increases.

Mark Harris, managing director of SPF Private Clients, says: “It is far easier to keep existing tenants than to find new ones.” Anything to avoid those killer voids.

Safer buy-to-let investment

Whether you are thinking of investing or are already a landlord, the Telegraph, on behalf of Direct Line, has created useful information on the ever-changing buy-to-let market.

Direct Line landlord insurance is five-star-rated by Defaqto (Defaqto is an independent researcher of financial products) and has more than 250,000 landlord customers. It has been crowned What Mortgage Landlord Insurance Provider of the Year for four consecutive years.

To read more, please visit: <https://www.telegraph.co.uk/property/landlord-guide/how-to-avert-a-rental-void/>