

► 11.7 million loans that are held by owner-occupiers. Repossessions are running at 0.16 per cent of all loans, whether they are buy-to-let or owner-occupier, according to statistics from the Council for Mortgage Lenders.

**But aren't rents rising?**

Rents have been on the up for two years, after stagnating for several years when buy-to-let investors piled in during the property boom. But, alas for investors, they have started to tail off again as economic woes set in. The hardest-hit areas are those with an oversupply, such as redeveloped city centres, particularly in the North (where [redacted] says that there are more distressed sales and that property values have dropped as much as 25 per cent in some cases). Savills says that rental returns on luxury London homes are now dropping for the first time in years.

**Is demand falling?**

The number of households is rising, but landlords fear that, now the UK economy is struggling, the influx of immigrants may reverse. But Jacqui Daly, of [redacted], says: "This will be offset by first-time buyers, who now find they need to save deposits of 20 per cent to buy." Hometrack says it is still 30 per cent cheaper to rent a home than buy, a mismatch that will encourage renters to stay put.

**What about all those homes that won't sell?**

With prices 10 per cent lower than a year ago, many homeowners are choosing to rent out their homes, rather than sell at a loss. Many housebuilders are trying to get in on the act, too, which means more and more competition for tenants.

**What's the key to finding tenants now?**

A grasp of the economic realities. Jane Ingram, of [redacted] letting division, puts it bluntly: "Everyone's worried about money right now. The numbers of properties to let have increased. If you want to find tenants for any kind of property, you have to undercut the competition. Keen pricing and presentation are vital. The property has to be finished to a high standard."

**What level of makeover are you suggesting, exactly?**

Pretty extensive. Simon Buhl Davis, who heads [redacted] interiors service, recommends the measures in the illustration below. He also put special emphasis on the following: display the best possible photos of your property on websites; apply a fresh coat of paint to high-traffic areas such as hallways; regrout tiles on showers and put fresh mastic around the sides of baths; clear clutter (including post), get rid of smells without using overpowering air fresheners and clean, clean, clean.

**So, what can a letting agent do for me?**

It depends on the level of service — and on the small print of the contract. A commission may be payable if your tenant stays on after the end of his agreement, even if the agent is no longer managing the property. This issue has been the subject of a recent ruling (see page 5). A basic letting service — where the agent finds tenants and takes deposits — should cost about 10 per cent of your rent. A full management contract (typically 15 per cent of rent) should cover repairs and maintenance.

**Could I save money by sacking my agent?**

Have you got the time and patience for such things as vetting the identity of prospective tenants, arranging an energy performance certificate and handling deposits? Do you live close enough to respond quickly? And can you do DIY? For advice on this and other aspects of being a landlord, *Renting and Letting* by Kate Faulkner, a new Which? guide, offers loads of advice (£10.99, [redacted]).

**Are any parts of the market still booming?**

The huge increase in the number of students at university is helping to keep the market for homes for them buoyant. The Government is worried about student ghettos springing up — and was talking this week about using the planning system to prevent this, but until then there are rich rewards in places such as Durham, Manchester and Hull, research from Paragon Mortgages indicates.

**What about snapping up a bargain, like the big investors?**

It's possible — if you have access to cash, but be a tough negotiator. Stuart Law, of the investment firm Assetz, says that you will need about 30 per cent cash as a deposit to buy in the current climate. But, he says, "even then, you need to be able to negotiate another 20 or 30 per cent discount — on the current valuation, not last year's. That way, you can count on a yield of 7 to 9 per cent, which means you can make the sums add up." **Anne Ashworth and Judith Heywood**

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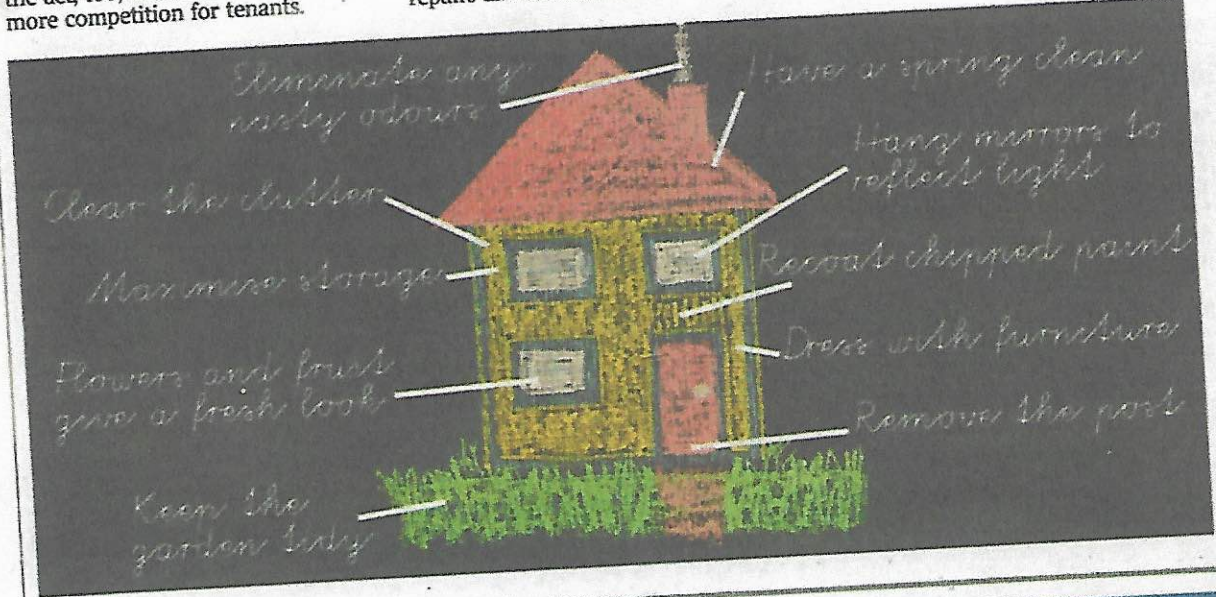


You would be for thinking that Catf London, is rather concrete high-rise unkempt Victorian surrounding the area may not init the typical prop

However, head Catford along Br some much large terraced propert emerge. Some o cared for more t most have alrea into flats. Excep which is now fo later this month

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