

Top ten things
every landlord
should know
about making
more money
from their
property in
Gloucestershire



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1

Get a rent guarantee in place

Oh, the hours and hours we have spent consoling landlords who entered a tenancy without rent guarantee and their tenant fell into arrears and they waved this unpaid rent away forever. Its so upsetting to think that if they had only signed up to a guarantee scheme in the first place, they would have been reimbursed for this rent faster than they realised there were even any arrears in the first place.

Do you really want to risk your income and mortgage payments? Having one of these in place means you pay a small fee each month but your rent is guaranteed, saving you money in the long-run.



2

Regular rent reviews

Make sure that you are reviewing the rent you are receiving against similar properties up for let to ensure you are receiving the market value rent. A Section 13 notice can be served to your tenant to increase their rent once they are in a month to month tenancy every 12 months. We find that annually rents are generally increased by at least £10 per year, you could be missing out on this income if you are not keeping up. Then if you want to sell the property whilst the tenant lives there, their lower rent compared to market value could mean it's less attractive to investors to purchase.

Regular Review



3

Where is hot right now?

Carefully think about **where you are investing**; where is the demand in the county? Where is hot right now?

Here are some ideas:

- A** Alstone in Cheltenham – a quiet area with good commuter links to the M5 and centre of Cheltenham mean this is a big hit with families who will pay good rents and stay for longer, plus bigger properties at decent sale prices means a good yield for you.
- B** Churchdown in Gloucester – Close to Cheltenham so appealing to tenants but doesn't have Cheltenham house prices. Churchdown properties always let fast.
- C** Since the pandemic we have noticed a huge amount of people looking to rent in more rural locations with outside space. This means houses with gardens in places like Stroud and Tewkesbury have seen their rents increase as demand for these types of properties has spiked. If you are thinking of buying a property for rent right now, a 2 bedroom house with a great garden is a safe bet.
- D** Quedgeley always has great yields places for sale with 5/6% yields are commonplace with applicants outweighing properties 3 to 1.

4

Limit voids



One of the biggest ways to make more money on your rental properties is to limit voids as much as possible.

A void means no one is paying your mortgage and you are liable for council tax and utility bills. Enable the property to be let as quickly as possible by making it attractive to tenants (read points 5 and 7) and you'll have to pay less during the minimal times it is empty. Also if you have to lower the advertised rent slightly then that may be an option. This means not having the property empty and missing out on ALL the rent.

5

Refurbishments

Doing a small amount of redecoration, replacing carpets or even updating the kitchen and bathroom can really increase the rental values.

However, when you refurbish it - do it with your head and not your heart – remember, you are not going to live there.



Keep things neutral and modern, plus providing curtain rails and shelves mean your tenants will be able to make it their own.

Also, make sure what you are putting in the property is for the long term, spend a little more on hardwearing carpet plus washable paint and you won't have to completely update it so often.

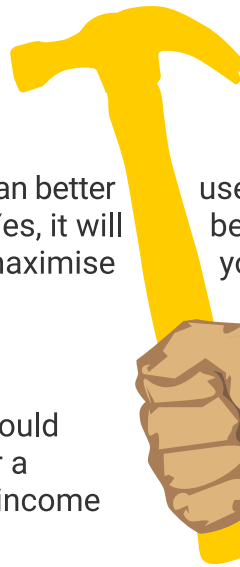
6

Renovations

Have you even thought about how you can better use your property to maximise its potential for income? Yes, it will be some initial spending, but in the long run you can maximise your investment.

Consider the following:

- A** Turning a house into flats, you could turn your £750 rental income for a 2 bedroom house into 2 x £600 income for two 1 bedroom maisonettes (depending on area).
- B** Splitting a one bedroom property into a two bedroom property. Prices vary across the county, but lets say you are getting £625 a month for your large one bedroom flat, adding a stud wall, some decoration and a new doorway and you could have £795 a month for a 2 bedroom flat in the same area.



7

What tenants want

Think about what tenants want in a rental property. To put it very simply – all tenants want a **modern kitchen and bathroom**. An aged, worn or damaged kitchen is going to put any tenant off and will mean your property is up for let for longer and potentially empty for longer. Same with a dated, coloured bathroom.



Replacing the bathroom and kitchen with a natural modern model will add money onto your monthly rent and will lead to multiple applications, meaning you can choose the best tenant for your property.

8

Professional cleaning



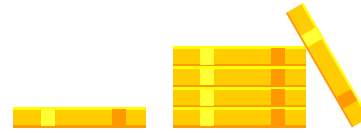
Have the property professionally cleaned before the tenancy starts

Make sure the property is clean before a tenancy starts. If all landlords did this it would make life so much easier for everyone involved. The cleanliness will be reflected in the inventory so if the tenant leaves it dirty, it will be picked up on the final inspection, making it very black and white that the tenant would need to pay for a clean, which would be claimed from their deposit. If you always make sure the property is clean before a tenancy, you will not only make it easier to claim for any deductions, but you can be happy in the knowledge that you will be presenting a clean property to your new tenants. Again, it will help you reduce your void periods if a property is viewed in a clean condition.



9

Gearing



Property gearing continues to be a popular way to get more rent in your pocket each month. This is taking equity out of existing buy-to-let properties to buy more, your risk is higher but you have more of an income each month. Here is a comparison below with some average rental values and buy-to-let mortgage product approximates on some small mortgages;

One property owned outright no mortgage	Two properties owned mortgage on each	Five properties owned mortgage on each
<p>No risk and no mortgage to pay - £600 rental incoming coming in each month - £7200 annual income (without taking into account management fees, repairs etc)</p>	<p>More risk and two BTL mortgage payments of £200 a month to pay - £1200 rental income each month - £800 per month income once mortgages paid - £9600 annual income (without taking into account management fees, repairs etc)</p>	<p>More risk again with 5 mortgage payments each month of £200 on each to pay – rental income of £3000 per month – mortgages totalling £1000 to pay out - £2000 per month income once mortgages paid. - £24,000 annual income per year – (without taking into account management fees, repairs etc) – all of this potentially using the equity of one property. We would recommend that you get in touch with a financial advisor if this gearing path is of interest to you.</p>

10

Invest in a letting agent

You might think you'll save money by letting and managing your property yourself, but that often turns out to be a false economy. There's **so much** involved in renting and managing a tenancy, and if you get any of it wrong, the penalties are huge. For instance, if the local authority checked your property and discovered what they considered a serious health and safety violation, they could fine you up to £30,000 without even taking you to court.

By using an agent who's a member of ARLA to let and manage your property, you can pass on some of the legal responsibility and have the peace of mind of knowing it's in the hands of professionals. Understand that you receive the service you pay for. If you only want to pay 6% then you are going to receive a substandard service.





We are here to help you maximise your investment

Whether you are a property investor already or are thinking of letting a property for the first time, we can help.

CGT Lettings Ltd have our very own 'Investment Club' ensuring that available tenanted properties are advertised to investors looking to take on a property already providing a confirmed source of income with trusted long-term tenants.

Move on up



Looking to let your property in Gloucestershire?

We can help!

Get in touch by email and we'll contact you within 24 hours (or sooner...) Alternatively pop into one of our branches or give us a call.


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