

In association with Direct Line Landlord Insurance

Property Club In our weekly column for buy-to-let landlords, **Zoe Dare Hall** says a tough market calls for ready finance and research

Moving fast is the key to a good deal

Great property deals are about motivation and opportunity. The motivation of vendors and developers who have to sell, no matter what. And the opportunism of investors who know when to drive a hard bargain.

Surprisingly, the motivation to sell may not be that high now. Repossessions are at their lowest level since 2007, according to the Council of Mortgage Lenders. But that may change. Mortgage adviser Samantha Cooper from Cooper Associates expects the figure to rise "as lender forbearance is currently allowing borrowers in financial difficulty more time to sell".

By 2014, more people in the UK are likely to own their home outright than have a mortgage, according to the property research company Hometrack. That means fewer people forced to sell their home because they can't afford it.

Add to that the slew of new entrants in the buy-to-let market. Rightmove's statistics show that, besides the tranche of accidental landlords - 12 per cent of whom seem so happy in the role that they are looking to acquire more property this year - the number of first-time landlords is at its highest in more than a year and nearly three quarters of professional landlords are looking to buy more investment properties in 2013.

So the competition to find deals is high. What can you do to get there first? Present yourself to estate agents as a serious buyer who can make a quick decision. "The best traction is ready finance and the ability to exchange quickly without borrowing or needing mortgage approval," says Frank Webster from lettings agency Finders Keepers. "If you are immediately proceedable, you'll be first on the viewing list."

Auctions are another source of potential deals, though not for the faint-hearted, given the pressured environment and the prevalence of

Phil Spencer's tips

For a fortnightly Property Club email bulletin with news for landlords and more tips from Phil, go to telegraph.co.uk/clubsigup

THINK IT THROUGH
There's no easy money out there and investors have to be much more strategic than they were 10 years ago. Think through your options carefully to make the right decisions because, with the stratospheric costs of getting in and out, you can't afford to get it wrong.

THE RIGHT PRICE
You can't control interest rates or employment figures, but you can control the property you choose and the price you pay. I'm a big believer in sticking to what you know. It's asking a lot of amateur investors to travel a few hundred miles to a town that's hotly tipped and to make an educated decision.

STAY LOCAL
You'll be better informed in your local area where you know the housing market and the council. I live in south-west London and that's where I buy my investment properties.



poorly-maintained properties in the wrong areas. Auction novices should familiarise themselves with the process before they attend. Check the area has what your tenants need. Is there handy transport and shops, is it near the university and good nightlife? Look at your competition on property sites to see what the going rent is and which properties take time to rent out - and do the maths thoroughly before going to auction.

"Visit the properties before the auction. If it's a renovation project, get a survey done. Check the legal documents, either downloaded from the auction house's website or requested from the vendor's solicitor and check with your own solicitor that there are no covenants that could affect the property's value," says Chris Baguley, managing director of specialist short-term lender Auction Finance, who adds that bidders usually have 28 days - sometimes just 14 - to complete, with 10 per cent deposit required on the day of auction. His company can typically find bridging loans for buy-to-let investors within 48 hours.

Another deal-sourcing method is to grill lettings agents about landlords who are seeking to reinvest elsewhere, either to free up funds or for retirement. "The property may come with the added advantage of the tenants in situ and furnishings. This could be a really good deal. You can track what the rental performance has been with the agent, including maintenance, improvements and voids," says Frank Webster. Or if you are looking for new-build, target developers at key moments - when they are about to present



Home truths: auctions are a tempting prospect in a competitive market but novices should do their homework

the bank with client reservation fees as proof of funding, or near the end of construction, when they are keen to move on, says Robin Campbell of investment specialists Midas Estates. "Developers often get customers who decide not to buy after 12 weeks for silly reasons such as a leaky tap, so when we

have a motivated client who can exchange quickly, they'll offer discounts as high as 20 per cent in prime locations."

Ultimately, "the key to making a profit is the price you pay, not the price you sell for," says Ms Cooper. "Spot where an area or house is undervalued and make an offer,

or look for sellers who revise their house price consistently over a short period as they probably need a quick sale. To help beat the competition, constant communication with estate agents is essential to ensure the investor is approached before the property hits the market."

Direct Line Landlord Insurance

Keeping your property well maintained and quickly fixing problems will build your reputation as a responsible landlord, help retain tenants and attract new ones.

Don't neglect stairways: the Direct Line Landlord Insurance claims team often see claims from trips or falls down stairs. Fraying carpets can cause similar injuries, and don't forget to maintain patios and decking.

The right insurance is essential for a landlord's peace of mind. Whether you've to pay to replace damaged furniture or rehouse tenants, Direct Line offers insurance for many buy-to-let portfolios, helping landlords get their properties back in action, whether they have one rental property or many.

Direct Line's Landlord specialists work with you to find the right kind of insurance to protect you, your property and your insured contents. They cover scenarios including fire, floods and burst pipes, and any resulting lost rental income. You'll also be covered for injuries to your tenants if you're deemed liable.

Direct Line's Landlord claims handlers have a wealth of experience - and can act for the landlord, decide who is legally liable in public liability cases, speak with solicitors and help resolve claims.

For information on how to maximise your returns, minimise costs and stay in control of your investments, visit Direct Line's Landlord Knowledge Centre at directlineforbusiness.co.uk/knowledge-centre or call 0845 835 1491.

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