

10 top buy-to-let tips

Whether you are a first-time buy-to-let borrower, or an experienced portfolio investor, the following tips could help you on the road to success

1 Buy the right property

It may seem obvious, but if you pick the wrong type of property in the first place, you could struggle to rent it out to tenants.

Two-bed flats are often a good buy-to-let bet in cities, as they may appeal to mates sharing. But a three-bed terraced house could get you the maximum income in a student area, for example.

2 Approach it as a business

Never make the mistake of buying a property because you would like to live in it, or decorating it to your own taste.

It is absolutely essential that you remove the emotion from the process, as your ultimate aim should be the best possible return you can get on your investment.

3 Consider transport links

When renters are looking around for property, they are more likely than home hunters to compromise on the quality of the property in favour of good public transport links or motorway access, for example.

4 Choose the right mortgage

There are more buy-to-let mortgage deals on offer than ever, so it is vital

that you get the right type of product at the right rate to suit you.

Your mortgage broker could prove invaluable at this juncture as they should find you the best deal as quickly as possible.

5 Draw up a realistic budget

You must be aware of all of the upfront costs you face, such as stamp duty, legal fees and decorating expenses, plus the ongoing mortgage costs compared to the rental income you can expect.

You must also build in a buffer of funds to cover the cost of ongoing maintenance and repairs. Again, your broker can help.

6 Use a professional letting agent

If you do not have the time or the inclination to find, vet and select tenants, a professional letting agent can do this for you.

They can also collect the rent and manage the property, but be aware that the full management service could cost you 17.5 per cent of the annual rent.

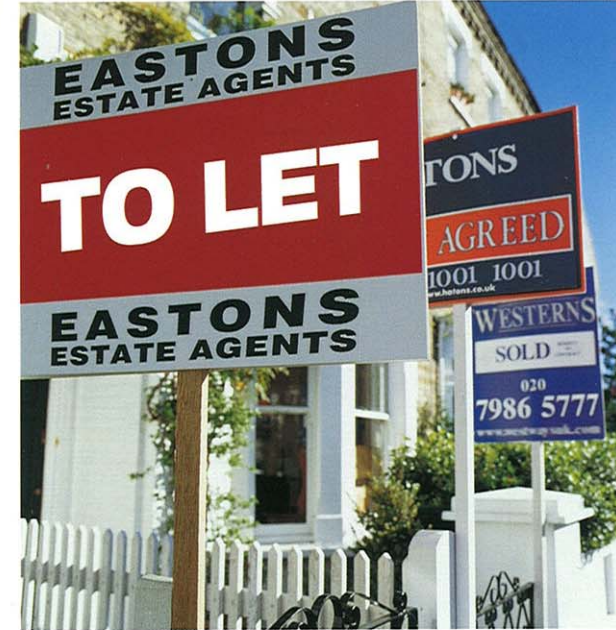
7 Make sure you have the right insurance

It is essential that you have the correct buildings and contents insurance to cover your property.

Note that if you are renting out your former residence you must get new insurance put in place, as existing policies are likely to be rendered invalid.

8 Be aware of your legal obligations

As a landlord, you must be aware of your obligations in terms of health and fire and safety considerations, such as having annual gas checks carried out by an authorised person, for example.



You must also be aware of your tenants' rights.

9 Clarify your tax position

You have to pay tax on the rental income your investment property generates, and you may have to pay Capital Gains Tax when you come to sell, depending on your tax status and how long you have owned the property for.

Always speak to your

accountant or a tax expert before you buy-to-let.

10 Invest for the longer term

Don't go into buy-to-let hoping to turn a quick buck. The upfront costs are significant, and property values do not always rise rapidly.

The most successful players in this market are in it for the medium- to long-term, which is a minimum of five to 10 years.