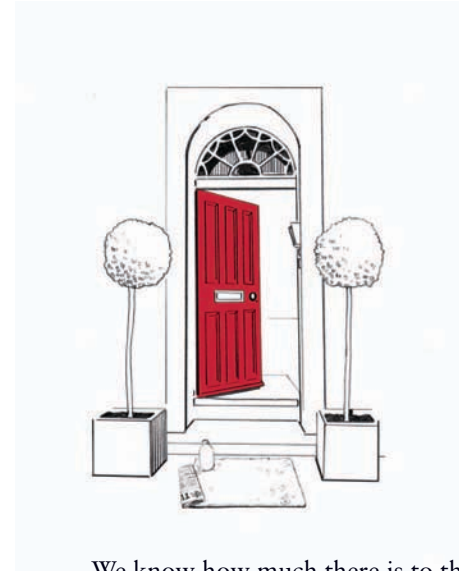


STRUTT & PARKER'S

*STEP-BY-STEP GUIDE
TO LETTING PROPERTY
IN LONDON*



We know how much there is to think about when you're letting a property, so we've put together this step-by-step guide to make life a little easier.

It takes you through the life cycle of a typical let, from finding the right agent to minimising the time your property is empty between tenancies. As well as explaining what should be happening and when, it explodes a few myths and offers some helpful tips along the way. And you can feel confident that the advice is thoroughly tried and tested – it's based on the more than 100 years' combined experience in our senior lettings team.

We hope you find the guide useful and that it helps to make your lettings experience a rewarding one, in every sense of the word.

Strutt & Parker's step-by-step guide to letting property in London

#1

DO YOUR HOMEWORK

As soon as you've decided you want to let your property, you need to do a bit of research.

It's important to get a feel for local agents and identify the ones you think are the right fit for you and your property. The more time you have to do this before the tenancy starts, the better.

You're looking for agents who have prominent, professional offices located close by and plenty of experience in marketing similar properties. Also bear in mind that you may be spending quite a bit of time with them, particularly early on in the process, so it's vital that you trust them and get on well.

Read property papers and magazines and browse online to see which agents are advertising similar properties in your area

Ask for recommendations from anyone you know who has let property in the area

Pop in and see a few agents close to your property or give them a call – this will give you a sense of what they're like both professionally and personally

After a bit of research, you should be able to draw up a shortlist of two or three agents you think you'd be happy to work with. Then it's time to invite them round to the property.



What to look for

A good local presence – professional and well-located offices

High-profile advertising – in print and online

Membership of professional bodies such as ARLA/NAEA

Are they nice people to do business with?

#2

CHOOSE YOUR AGENT

Your relationship with your letting agent could be one that lasts for years, so it makes sense to set aside some time for face-to-face meetings where possible before making a final decision. This is a chance to find out more about what kind of services they can offer you and how they work.

A few questions for your agent

- 1 How do you source tenants?
- 2 How is your team structured (do you outsource rent collection or maintenance, for example)?
- 3 Who will be the main point of contact?
- 4 What success have you achieved with this kind of property (rent levels, amount of time to find a tenant)?
- 5 What do you think is the highest achievable rent, and how did you arrive at this figure?
- 6 What are your commission rates?
- 7 Are there any additional charges (up-front costs of setting up the tenancy)?
- 8 How is your team incentivised?
- 9 Is marketing included?

There is no exact science to choosing an agent, though – ultimately you should go with your instinct and pick the one you feel most confident in and can see yourself working with.



**Myth Using multiple agents improves your chances.*

It doesn't – using a single agent (called 'sole agency') avoids your property being overexposed in the market and can help you to achieve a better price in the long run.



#3 TO MANAGE

Is self-management for me?

Are you prepared to be called at any time of the day or night by your tenant?

Will you be able to establish a professional relationship with your tenant and deliver the high level of attentive service they expect?

Do you have the flexibility to visit the property promptly when problems arise?

Do you have a good network of local contractors able to carry out maintenance work?

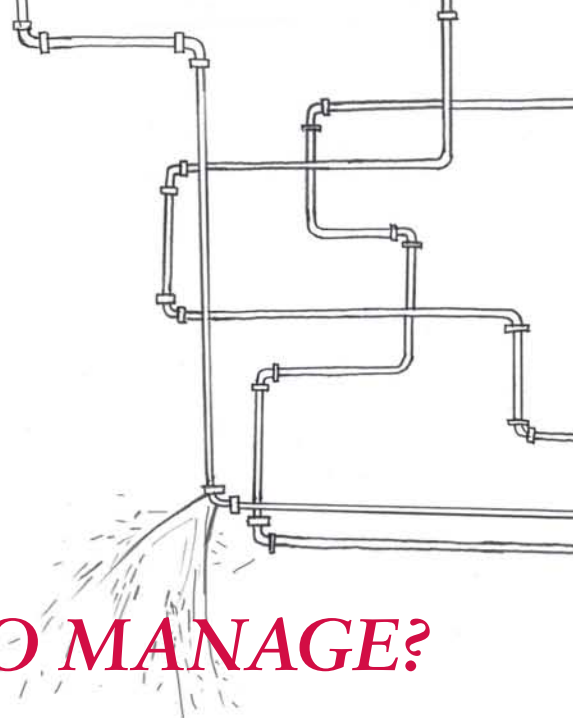
Do you have enough time to dedicate to your tenant?

If you've answered 'no' to any of the above, professional property management could be an extremely worthwhile investment.

One decision you need to make early on is who will be dealing with your tenant and managing your property on a day-to-day basis. You have two options: your agent can look after everything for you, or you can take on the responsibility yourself.

Whichever route you choose, your tenant will expect a professional and prompt service, and for someone to be on call 24/7 for emergencies.

Asking your agent to manage the property has a number of advantages. It keeps the relationship with your tenant at arm's length and allows you to avoid the stress and hassle of dealing with midnight calls about burst pipes. You also have the reassurance of knowing that your property is being looked after by a professional team and maintained by their network of trusted contractors. Research shows that tenants tend to stay longer in managed properties, too.



OR NOT TO MANAGE?



#4

BE PREPARED



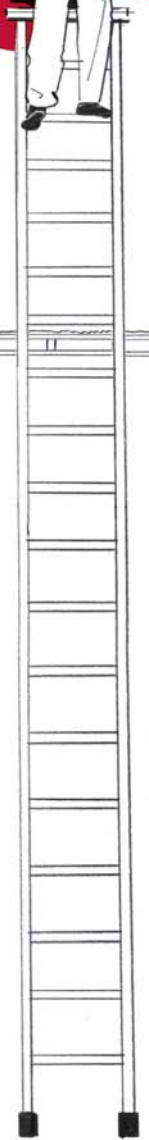
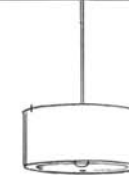
Investing a little time and effort before prospective tenants step through the door can have a big impact on the income you generate from your property.

When you let your property it becomes an asset rather than a home. You need to detach yourself emotionally and view it objectively as a prospective tenant would. It can be worthwhile spending some money before you put it on the market – revamping the kitchen and bathroom could move it up to a higher rental bracket, for example, as well as potentially adding capital value.

Whether you're planning to let your property furnished or unfurnished (see step #5), there are some basic things that will help to show it off in its best light. First of all, make sure it's clean and in good decorative order – including curtains, carpets, windows and walls. Any white goods that are being left should also be clean and in good working order (and don't forget to provide instruction manuals).

Checklist

- Arrange household insurances and public liability insurance
- Check that gas and electrical appliances comply with regulations
- Obtain superior landlord consent if required
- Check for restrictions on the head lease – no pets is a common one, for example
- Obtain consent from your mortgage lender
- Make sure any furniture complies with safety regulations – your agent will be able to give you details on this.





*Myth **Furnished** properties rent for more than **unfurnished**. They don't – the price you achieve is down to location, condition and size.*

#5

FURNISHED/ UNFURNISHED

There's no right answer to the question of whether or not to include furniture in a let – it depends on what works for you and your tenant. If you're moving out of a furnished house, for example, it can be a lot easier to leave your furniture behind and avoid the costs of removal and storage. But if you're worried about damage to precious possessions, don't want the expense of furnishing an empty property, or your tenant has furniture they want to bring with them, going unfurnished can make more sense.

If you are letting your property furnished, make sure it is not over-furnished, as this can make it seem smaller. De-clutter and remove anything you would hate to see damaged during the tenancy, such as expensive items or anything of sentimental value.

If the property is being let unfurnished, it can still pay to dress it temporarily, as this makes it easier for tenants to picture themselves living there.

What's included?

While there is no legal definition of what constitutes each type, unfurnished properties generally include basics such as carpets, curtains and white goods, while furnished properties will come with sofas and beds as a minimum, and may even include items such as kitchen equipment and bedding.

The inventory

Whatever your decision on furniture, make sure you have a detailed inventory drawn up – it could be decisive in any future deposit discussions

As well as cataloguing the property and its contents, the inventory should record the condition of everything in the property

Make sure photos are included

Many agents use professional inventory companies, so you may need to factor this into your start-up costs.



REACH THE RIGHT PEOPLE

This is where choosing a good agent really pays dividends. Their advice will help ensure your property is seen by the largest audience of suitable tenants and that the process runs smoothly.

There are a number of issues you'll need to pin down before the property is launched, from fixing the right price through to deciding how and when you want feedback following viewings.

The best time Generally speaking, you should start marketing your property six to eight weeks before the date you want tenants to move in.

The best price When agreeing the marketing price with your agent, they should be able to provide information on what has been achieved recently for similar properties – this is the most reliable and objective guide – as well as factoring in the season.

Marketing Your agent should have prepared a marketing plan that includes local property magazines, online coverage with a range of websites, and a glossy brochure (ideally with professional photos and a floorplan). A good agent will also keep a 'little black book' of prospective tenants and relocation agents to help ensure your property reaches as many of the right people as possible.

Viewings The golden rule here is quality not quantity. It's best to let your agent handle the viewings themselves, as this allows prospective tenants to relax and be completely honest. Just make sure you brief your agent beforehand on anything that you want brought to tenants' attention, such as particularly attractive features or a no pets/smokers policy. Also agree how you want feedback following viewings – some landlords, for example, only want a call when they have an offer or a second viewing.

#7

CONSIDER YOUR OPTIONS

When an offer comes in, it's important to weigh it up carefully to make sure you end up with the right tenant. This goes beyond simply finding someone able to pay the rent and takes in issues such as how long they are planning to stay, when they would like to move in and how many people will be living in your property.

Begin by deciding what your basic requirements are, and make sure you stick to them. You may need a certain level of rent to cover your costs, for example, or you might have a particular timescale in mind for the start or the duration of the let.

Reaching agreement

It's common for there to be some negotiation before an agreement is reached between a landlord and tenant. Depending on the strength of the market, the tenant may make an offer on the marketing price, for example, or you might request a higher deposit for a tenant with pets. Some tenants will have a list of things they'd like you to do to the property before they move in. The general rule is that as long as the requests are reasonable, try to be flexible – it can be a very positive way to start your relationship.

Accepting an offer

When you've considered all the offers – a professional agent will make sure you hear them all, even the cheeky ones – make your decision and be prepared to move quickly. Your agent will then check the tenant's references.

**Myth All agreements are standard. This isn't true – each agreement is adapted to incorporate landlords' and tenants' requests.*



Who is my ideal tenant?

Do I mind who rents my property – professionals, families, students, sharers?

What's the minimum time commitment I would like from my tenant?

What's the minimum level of rent I will accept?

Am I happy to have pets in the property?

What am I prepared to do to the property?



CALL
AGENT

#8 SIGN...

ON THE DOTTED LINE

Once you've accepted an offer and the tenant's references have been checked, your agent will draw up a contract for both parties to sign.

As well as containing all the standard clauses designed to protect your rights and those of the tenant, it should include any additional requests that were agreed at the negotiation stage (this may include automatic tenancy extensions). Your agent will then advise you on how the tenancy progresses from here and what you need to do in terms of paperwork.

Contract types

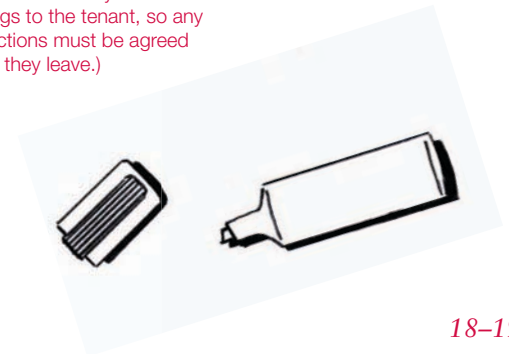
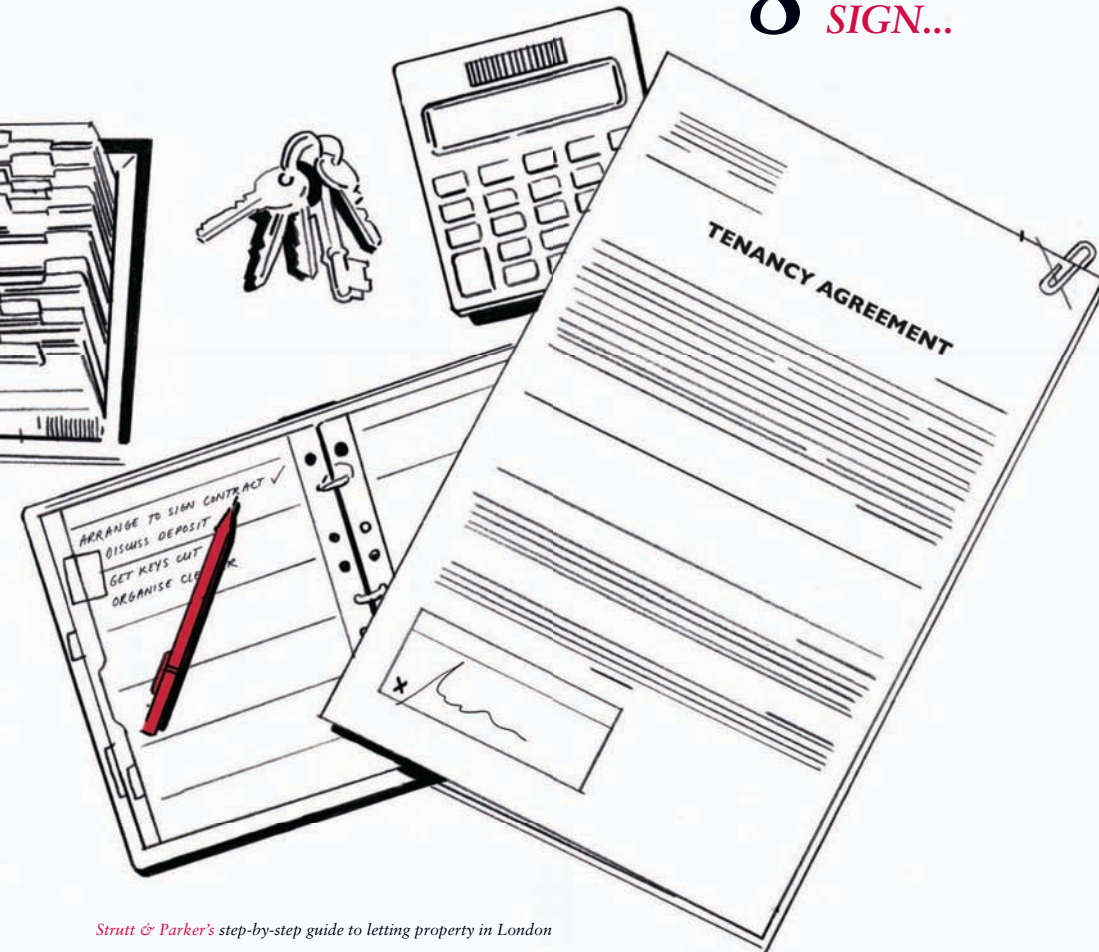
Assured Shorthold Tenancy, Common Law Tenancy or Non-Housing Act Tenancy – these standard-form contracts are popular with most agents

Bespoke contracts – some businesses, such as corporate letting agents, prefer to draw up their own contracts

Whatever contract you are signing, it is important to read it thoroughly beforehand and to take legal advice if you are unsure about anything.

The deposit

The standard deposit is usually the equivalent of six weeks' rent. Your agent will be able to explain the rules in more detail, but they will usually hold the deposit with an appropriate legal body separately from any rental income or commission. (By law this money still belongs to the tenant, so any deductions must be agreed when they leave.)



#9

RUNNING LIKE CLOCKWORK

Once the keys have been handed over and the tenancy is up and running, the focus shifts to ensuring the tenant is happy and paying the rent on time, and the property is being maintained.

Ongoing responsibilities

How much involvement you have at this stage will depend on how the property is being managed. The key responsibilities will be handling calls from the tenant and resolving any issues, and monitoring the rent. Regular visits will also be necessary to check on the property – these are typically every three or six months. If you have opted to manage the property yourself, it's not too late to change your mind and you can hand the responsibility over to your agent at any time.

Tax Q&A

Your agent will be able to offer general advice about the tax situation relating to the let.

Q Is rental income taxable? What if I'm living abroad?

A Yes, rental income is potentially taxable wherever you are living.

Q Do I have to tell the Inland Revenue my plans?

A Yes, you need to declare the income and tell the Inland Revenue whether you have resident or non-resident status.

Q Can I offset the costs against my tax bill?

A Yes, certain costs qualify for offset, but you'll need to speak to an accountant for advice on how to minimise your liability.

Q Does it matter that I'm going to be living overseas?

A It could – as an 'overseas landlord', you need to obtain approval from the Inland Revenue to receive rent without tax being deducted by your agent.



#10

AND START AGAIN...

A couple of months before the tenancy comes to an end, your agent should contact you and the tenant to find out your plans.

Should they stay?

If you are both happy to agree a new tenancy, you might want to discuss modifying the terms of your original agreement. Typically this will involve adjusting the price (up or down, depending on the market) and anything pre-agreed in the original tenancy, but it's also an opportunity to add or tailor other terms that both you and the tenant agree on.

Or should they go?

If you or the tenant do not wish to renew the tenancy, you should check the contract to make sure the right amount of notice is served (usually two months).

Your agent will start working on a new marketing plan for your property, and this can also be a good opportunity to carry out any maintenance that's needed. The sooner all this can happen, the less time your property will be standing empty before the new tenant moves in.

If the property is managed, your agent will handle the tenant's exit, including organising the outgoing inventory and the return of the keys. They will also arrange the release of the deposit minus any agreed deductions.

Then it's back to step #4 and the process of finding that ideal tenant starts again...



CALL S&P

020 7589 9966





**Myth Letting property is too complicated, stressful and time-consuming. With a good agent, it doesn't have to be. We hope this guide has helped make the process seem a little easier – and we'd be delighted to help you get started.*

*Call us on 020 7589 9966
or visit struttandparker.com*

