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South Ockendon &
Aveley Landlords –
how to protect your
rental income?

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Maximizing financial returns from the property is key for many landlords. Here, we share five positive steps you can take to help protect your rental income.

For many landlords, rental income provides a valuable boost to their other earnings or pension. For some, it may even be their only income, while others might mainly use it to cover the cost of the mortgage and other expenses, as they wait for growth in the capital value. And some people use their returns from property to re-invest for future financial security.

Whatever your reason for letting, the rental income is important. And once you've made the effort to get your property ready to rent and found a suitable tenant who's willing to pay a good market rate to live there, it's wise to do everything you can to protect that monthly income.

Here are five positive steps you can take to help ensure you receive – and keep hold of – as much monthly rental income as possible.





Reference thoroughly

Start out on the right foot by making sure you reference your tenants carefully. That normally means:

- Asking tenants for 3 months' bank statements. That will show you their regular income and expenditure and give you a good idea of whether they can afford the rent.
- Carrying out credit checks. A basic credit report will tell you whether someone has a bad credit history or has any county court judgments (CCJs) against them.
- Obtaining a reference from their previous landlord. You should ask them to confirm whether rent was always paid on time and in full and if they would be happy to let the tenant again.
- Obtaining a reference from their employer. This is to confirm that they work for the organization and should state the tenant's current job role and take-home pay.

All this information together should give you a good idea of whether the tenant is likely to treat the property well and pay the rent as agreed.

Ask for a guarantor

Sometimes, perfectly reliable tenants simply can't provide the proof of income we look for in our referencing process – for example, students or people who have just started a new job. And tenants working in certain industries, like hospitality, might be more vulnerable to losing their job through no fault of their own.

In this case, a good solution is to ask for a guarantor – someone who will be responsible for paying the rent if the tenant can't. That person is usually a parent, but it could be a close friend or an employer.

The important thing is that you reference them in the same way as you would a tenant and make sure they sign either the tenancy agreement or a separate guarantor agreement, which should include their details, details of the tenancy, and how much they're prepared to guarantee.



Take out rent guarantee insurance.

Rent guarantee or rent protection insurance can be a fairly cost-effective way of ensuring you're not left out of pocket if a tenant can't or won't pay their rent. Many policies will cover you for the full rental amount for up to 12 months – with an upper limit – and include legal expenses in case you have to go through the eviction process to regain possession of your property.



Minimize voids

Any time when your property is standing empty, you're losing potential rental income, so you've got to do all you can to make sure there's as little time as possible between tenancies. Three key ways to do that are:

1. Keep your tenant happy. If you communicate well with your tenant, respond quickly to any requests for maintenance, etc., and make sure they have everything they need, they're much more likely to stay longer. When there's a change of tenants, some gap between the tenancies – even if it's just a day or two – is almost unavoidable, so the longer you can keep the same one in situ, the better for your income flow.

2. Stay up to date with the market and tenants' expectations. Standards in the rental sector are improving all the time, so if you haven't had to re-let your property for a few years, you might not be aware of any changes in the market 'norms'. Refreshing or upgrading some aspects of the property so it offers everything your target tenant is looking for should ensure a quick re-let at the best possible rent.

3. Advertise early and well. As soon as your current tenant gives notice, list the property with some attractive, up-to-date photographs. Importantly, make sure the rent you're asking is realistic and competitive with other local rents. It's much better to take a little less every month from a paying tenant on a 12-month agreement than to have the property sitting empty because tenants feel it's overpriced.





If your tenant is approaching the end of their current tenancy, come and speak to us. We'd be happy to give you our advice on the current market and discuss how we could help you keep any void period to an absolute minimum.

Finally... Make sure you're investing tax-efficiently

Once you've got your rental income, make sure you keep hold of as much of it as possible!

Property tax is a complex and specialist area, so it's wise to seek advice from an expert, who can help make sure you take rental profits and other gains in the most tax-efficient way, according to your own personal circumstances.

Over and above all these things, a big factor in the success of your rental is how it's let and managed. Some experienced landlords who have the time and resources choose to handle things themselves, but the majority of landlords use the services of a professional letting agent.



So, whether you're just at the start of your rental journey or you already have one or more properties, get in touch with us to discuss how we can help protect your rental income. Call us on ☎ 01708 851999

or email info@mpestates.co.uk and we'll get right back to you.

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As a Member of The Guild, we demonstrate a real commitment to local, regional and national marketing. We are part of a national network of offices working together to serve you better.

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Every Member company of The Guild of Property Professionals is a carefully

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You can be sure you are dealing with professionals as The Guild offers training through its Guild Associate Scheme. This is an educational training system for Member's

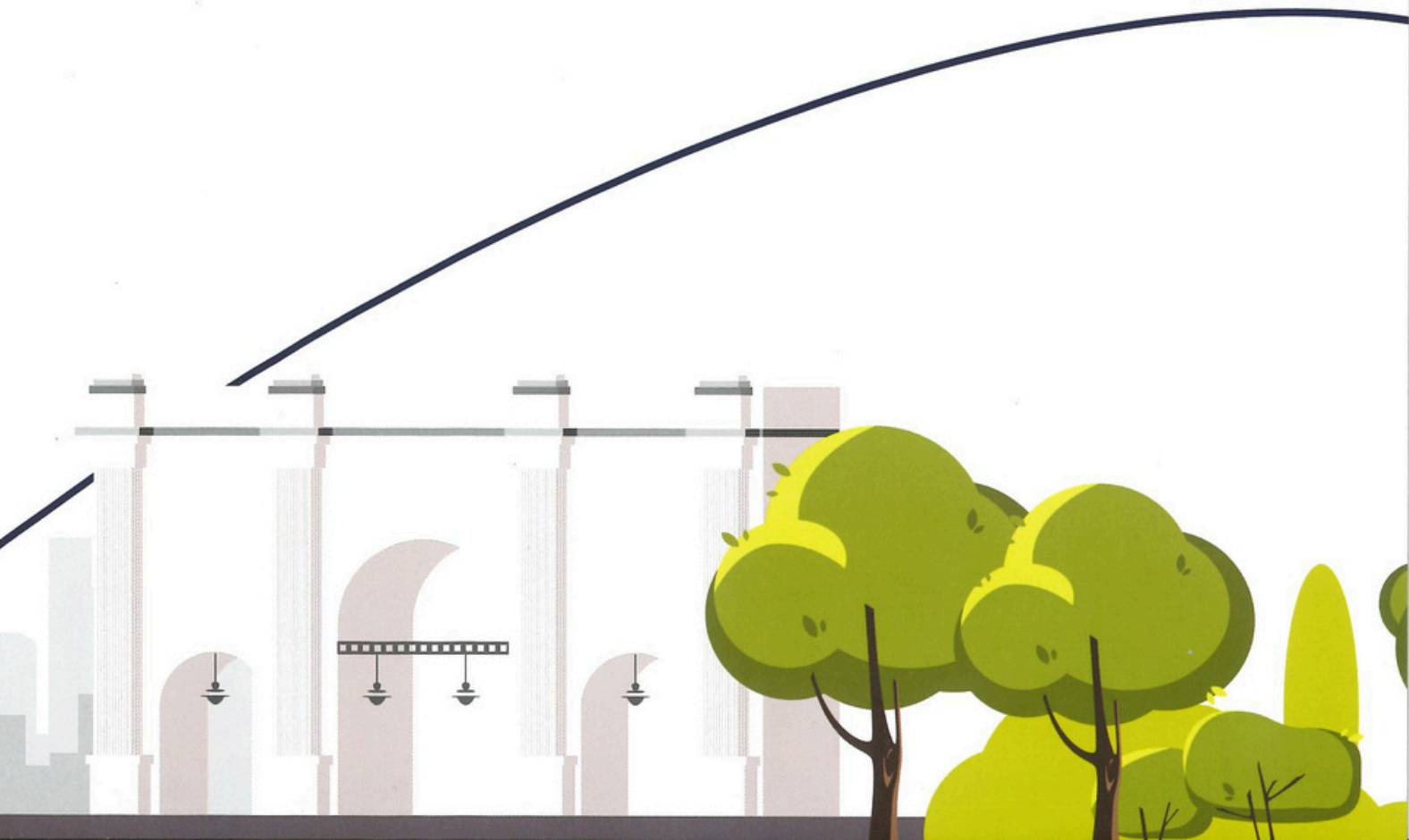
staff to ensure fundamental technical competency throughout the network. It covers the basic legal estate agency practice, plus knowledge of The Property Ombudsman, The Guild and Money Laundering. Entrants are examined on their competency and, when an adequate level of proficiency is achieved, are invited to become a Guild Associate.

Auditing

The Guild is committed to raising industry standards with compulsory auditing for new Members. This ensures that every agent operates to the same level.

We are property professionals.

Find your local Guild agent at guildproperty.co.uk





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