



### Russell Hunt

MANAGING DIRECTOR,  
PROPERTY HUNT

**Q** Dear Russell, I have some money in the bank which is earning next to no interest, so I have thought about property. What kind of rental returns could I expect and is it difficult to get a buy-to-let mortgage?

**A** Quite simply, buying the right property in a good location is the key to getting the optimal return. If you are unsure it is always a good idea to have someone who is in the business to advise you, such as a search agent.

At the moment, the rental market is suppressed due to a high supply of rental stock, so you would be looking at around a 5 per cent return. According to the latest figures from Savills, rents in prime central London saw a rise of 1 per cent over the last three months. Naturally there are properties that buck the trend; a client of ours recently bought a great investment off High Street Kensington below market value and is getting a 5.9 per cent return in the current market.

Local transport as well as nearby amenities are the most essential ingredients to attracting decent tenants. As for the buy-to-let mortgage market, there is still finance on offer, and which is becoming increasingly accessible. However, do your research on the rental market when buying – don't be tempted to just go by the figure the selling agent is quoting you.

A tip is to always be a little conservative on your calculations and to allow for periods when the property may be empty, plus annual service charges which you are liable for.

**Q** Dear Russell, I am looking to buy a place and add value to it with the property market likely to come back in the next couple of years. What kind of property should I be looking for?

**A** If you are looking to buy a place for yourself then it is a good time but the main difficulty at the moment is the lack of properties on the market, but this is changing and more are coming on.

But if you are not finding properties that you like at estate agents then you could look at auctions. Keep an eye out and if something suitable does come up for auction then go and have a look at the property.

If you find something then you need to start doing research. Speak to agents and find out what similar properties nearby have sold for. As a rule of thumb, you are best to avoid newly developed properties and instead choose something that can add value.

When it comes to the auction itself, properties are normally priced relatively low to attract bids so do not be surprised to see them go for more than the guide price.

Often, places that are unmodernised or need renovations can come up at auction and do not be put off doing work to add the value; typical examples would be loft conversions and extending out into the garden. If you want to do this kind of work, get an estimate from a builder and allow 10 per cent extra just in case. This should give you a better idea of what exactly you can afford and adjust your maximum price accordingly.

Once the hammer goes down, the property is yours so you should also try to get a survey of the property to find out whether there are any structural concerns – but bear in mind that this will cost you regardless of whether your bid is successful. If the survey reveals problems then you should contact a structural engineer to get a quote.

Russell Hunt is managing director of Property Hunt, a search agent for London and the Home Counties. [www.property-hunt.co.uk](http://www.property-hunt.co.uk)