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NEWBURY  
PROPERTY NEWS

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## Welcome

We have been involved in the Newbury Property Market for over 30 years and have always shared our thoughts on the local property market with our landlords, vendors, tenants and purchasers. Now, we want to share with everyone in the town and those outside of the area who have an interest.

In our newsletters and blog we talk about what is happening in the town's property market, looking at specific streets or housing estates.

We look at the whole of the market and offer you independent and impartial advice. Oh, and we also make decent coffee so please pop in. If you've got any questions give me a call on 01635 523777.

*Lee Fenn-Tripp*

# The £3,475,233 Ticking Time Bomb for Newbury Landlords

Comment from Lee Fenn-Tripp

**///I just love looking over and keeping up to date the 108 pieces of legislation that govern the rental of residential property in the UK" Said...No Newbury Landlord, ever**

If you are one of the 1,088 Newbury landlord's that manages your own property, would it surprise you to know that there are 108 separate pieces of legislation that govern the rental of private houses to tenants. Oh, and on top of the 108 pieces of law, there are a further 300+ regulations in the mix. Whilst Newbury landlords may once have preferred to manage their Newbury buy-to-let properties themselves to boost their profits, many are starting to see this as a false economy.

In the last four years, an additional 418 landlords in Newbury have converted from self-managed to having their property managed by a letting agent, taking the total number of properties under management in Newbury to 1,701 (out of a total of 2,789 private rental properties in Newbury).

Now, don't get me wrong, self-managing your Newbury rental property can be a very fulfilling experience, allowing you, as a Newbury landlord, to build a deep relationship with your tenant and your emergency 24 hour plumber, builder (happy to do small jobs at the drop of a hat), decorators, first name terms with their deposit provider, lawyer and EPC provider to name but a few. (Wow!)

Also, did you know if your tenants deposit isn't registered, or doesn't continue to be registered

after the end of the periodic tenancy upon renewal ... you could be fined up to three times your deposit? With the average rental deposit in Newbury being £1,065, each self-managed landlord in Newbury could be fined £3,195 per tenancy if the deposit isn't currently registered. Therefore...

**...if every deposit of every Newbury self-managed landlord's property wasn't registered, the total fines would amount to £3,475,233**

Now of course, I am not suggesting for one minute all the self-managed landlords of Newbury haven't registered their deposits, yet almost on a daily basis, I come across worrying stories to that effect. Another two (but by no means all) hot issues that the Courts are cracking down on, are immigration 'Right To Rent' checks on all tenants (yes all tenants) and confirmation proving the tenant received the 'How to Rent' guide. If that second issue cannot be proved (a 'sent' email won't suffice), the landlord cannot serve the section 21 Notice, meaning the tenant cannot be served notice to vacate the property.

To many, it's really a case of DIY or getting a qualified professional in ... as those additional Newbury landlords mentioned above have done since 2014. You might say, "Of course you are going to say all this – you are a Letting Agent". Well the choice really comes down to your time and your knowledge. If a Newbury landlord is not equipped, or able, to devote time keeping up-to-date with legislation and law nor doesn't want to be bothered 24/7/365

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about a blown light bulb, dripping taps, have that confrontational conversation with their tenants about missing rental payments, or arbitrate arguments and disagreements between your tenant and the neighbours, it is perhaps better to pass this accountability/responsibility onto a letting agent.

One thing I would say is all letting agents aren't the same. Would it surprise you to know that letting agents aren't regulated?

Newbury landlords that do use a letting agent should not forget that passing over management to a letting agent doesn't mean they can disregard legislation and they are still responsible for deposit/rent repayment legal directives, civil fines or action if the letting agent

makes a mistake. Therefore, it's important to pick a respectable letting agent from the start.

Nevertheless, for those Newbury landlords that see their job as a professional landlord and want to be intricately involved in the day to day administration of their rental properties, it can be a worthy pursuit.

If you are a self-managed landlord in Newbury, and want to know if your paperwork is in order please feel free to drop me a line and I am more than happy to do an 'MOT' on it to ensure you are the right side of the law.

Lee Fenn-Tripp

# £449,894 – The Typical profit each Newbury Landlord could make in the next 25 years...

Market Comment from Lee Fenn-Tripp of Downer & Co.

I am of the opinion that buy to let investment in Newbury, in the long-term, will bring substantial returns for landlords, irrespective of the latest regulation and tax changes.

Taking a very conservative (with a small 'c') view, I believe landlords will see a projected net profit of £763,827 per property over the next 25 years through capital gains and rental. When inflation is taken into account that works out at £449,894 (in today's money) or around £17,996 per year. The breakdown applies to a basic tax-paying landlord placing a characteristic 25% deposit on a £313,100 terraced/town house property.

Capital gains make up a substantial part of a landlord's returns. Again, being conservative, I have assumed that Newbury house prices over the next quarter century (between 2018 and 2043) will rise at half the rate they did between 1993 and 2018 (the preceding 25 years), therefore the example Newbury property in the previous paragraph would grow in value to £953,546, providing gross capital gains of £640,446.

A typical Newbury landlord receives, on average, rent of £13,200 per annum per terraced/town house property and so, over a 25-year period, that example property

would generate a total rental income of £504,570 (again – very conservatively assuming a compound annual growth rate in the rent of 1.71% per annum).

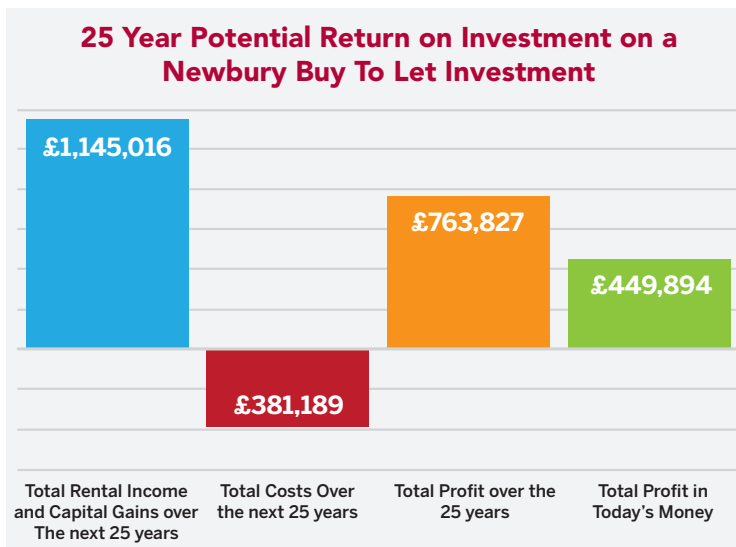
Nevertheless, there are costs to running a buy to let property (mortgages, void periods, repairs, agents fees etc) .. and over those same 25 years, I have estimated that to be £381,189 .. giving the net profit levels mentioned in the second paragraph.

changes have altered the dynamic in the property market, diminishing its appeal to inexperienced and amateur landlords, and these new tax changes mean higher tax bills for higher rate tax landlords. Yet, despite these rising costs, there are still healthy returns to be found in Newbury buy to let investment for knowledgeable and steadfast landlords. Nonetheless, the days of anything making money and idle speculation are long gone.

Buy to let is a long-term business undertaking, necessitating commitment and expertise. Don't put your head in the sand and think it doesn't affect you. Newbury buy to let landlords must be equipped to start business and tax planning, take portfolio management advice to ensure their investments will meet their investment goals, appreciate the risks as well as the rewards, and, most crucially, the obligations they have towards their tenants.

If you are a Newbury landlord, irrespective of whether you are a client of mine or another agent in Newbury (or even you do it yourself), feel free to drop me a line or pop into the office for an informal chat on the future direction of the Newbury rental market and where opportunities may lie.

Lee Fenn-Tripp



Now of course I have had to make assumptions to reach these figures, yet I hope you would agree, I have been very unadventurous with my assumptions.

The Newbury (and UK as a whole) buy to let property market is experiencing a massive sea change. Regulation and tax

If you want to discuss any aspect of the Newbury Property Market, do call us



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