

Property purchase

Low interest rates are great news if you're repaying debt, but if you're looking to invest, banks aren't the best place to make your money really work for you. Allison Martin finds out more

THE buy-to-let market could be a much more lucrative way to capitalise on your extra cash, but where to start?

Scott Jay, director of Keystones Property in Loughton, says: 'I've always believed in bricks and mortar as a tangible asset and with property prices in this area on the up, it's a great place to make an investment.'

The most vital consideration in buy-to-let is location, and with the city on its

doorstep, West Essex is a big draw to commuters. Scott advises making a purchase no more than 0.6 miles from the train station, as most tenants will be looking for easy access to transport links.

'It's important to remember this is a business purchase, not an emotional purchase. You don't need to find a property to fit your own needs, you're looking for something that would appeal to tenants looking for a medium to long term rental,' Scott says.

When it comes to the property itself, Scott advises potential buy-to-let buyers to look for double-bedrooms and clean, functional

bathrooms and kitchens to really appeal to renters.

'They don't have to be brand new but bathrooms and kitchens do need to have had some tender loving care to appeal to quality tenants. If you've found a suitable property with a kitchen and bathroom that needs some work, incorporate the cost into the purchase price. You will reap the rewards.'

It's vital to do your homework before you start searching for possible properties, search property sites like Rightmove to assess what sort of rent you could charge and crunch your numbers. Scott says: 'Always work out your figures on a worst case scenario, on the most realistic minimum rental return you could afford.'

Work out your yield, the money you can expect to make on top of your investment, by dividing the yearly rent by the purchase price and multiplying by 100. Scott says: 'If you're getting £1000 per month for your property, that's £12,000 a year. If you divide that by the £200,000 purchase price then times by 100 you're looking at a 6% yield before your mortgage. Most savings accounts will only offer around 1.5% interest so you're already better off. Factor in the fact the value of your property increasing and buy-to-let is clearly a smarter investment.'

For anyone looking to enter the local buy-to-let market Scott says there are still great deals to be had. 'Debden is on the central line, it offers affordability and the capital growth of the area continues to improve and Hainault and parts of Chigwell also offer really good yields.'

Finally, when your property has been purchased, choose tenants wisely. Keystones carries out quarterly checks on all the properties it manages. Scott says: 'Renters who are tidy, respectful and well-organised are the holy grail. It's your property and you want someone who will take care of it.'

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