

Epsom Property News

Epsom's £101,833,200 "Rentirement" Property Market Time Bomb

Yes, I said '**rentirement**', not retirement ... **rentirement** and it relates to the 315 (and growing) Epsom people, who don't own their own Epsom home but rent their home, privately from a buy to let landlord and who are currently in their 50's and early to mid-60's.

The truth is that these Epsom people are prospectively soon to retire with little more than their state pension of £155.95 per week, probably with a small private pension of a couple of hundred pounds a month, meaning the average Epsom retiree can expect to retire on about £200 a week once they retire at 67.

The average rent in Epsom is £1,347 a month, so a lot of the retirement "income" will be taken up in rent, meaning the remainder will have to be paid for out of their savings or the taxpayer will have to stump up the bill (and with life expectancy currently in the mid to late 80's, that is quite a big bill ... a total of £101,833,200 **over the next 20 years to be paid from the tenant's savings or the taxpayer's coffers to be precise!**

You might say it's not fair for Epsom tax payers to pick up the bill and that these mature Epsom renters should start saving thousands of pounds a year now to be able to afford their rent in retirement. However, in many circumstances, the reason these people are privately renting in the first place is that they were never able to find the money for a mortgage deposit on their home in the first place, or didn't earn enough to qualify for a mortgage ...and now as they approach retirement with hope of a nice council bungalow, that hope is diminishing because of the council house sell off in the 1980's!



For a change, the Epsom 30 to 40 somethings will be better off, as their parents are more likely to be homeowners and cascade their equity down the line when their parents pass away. For example, that is what is happening in Europe where renting is common, the majority of people rent in their 20's, 30's and 40's, but by the time they hit 50's and 60's (and retirement), they will invest the money they have inherited from their parents passing away and buy their own home.

So, what does this all mean for buy to let landlords in Epsom?

Have you noticed how the new homes builders don't build bungalows anymore ... in fact some would say the 'bungalow storey' is over. The waning in the number of bungalows being built has more to do with supply than demand. The fact is that for new homes builders there is more money in constructing houses than there is in constructing bungalows. Bungalows are voracious when it comes to land they need, as a bungalow has a larger footprint for the same amount of square meterage as a two/three storey house due to the fact they are on one level instead of two or three. That means, as demand will continue to rise for bungalows, supply will remain the same. We all know what happens when demand outstrips supply ... prices (i.e. rents) for bungalows will inevitably go up.

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What's that smell? Prospective tenants put off by bad aesthetics.

Home furnishing retailer Terry's Fabrics has conducted research into the biggest interior design turn-offs for applicants and found that when looking just at the aesthetics and decoration of a property, an old-fashioned kitchen or bathroom would put off almost half of prospective tenants.

An old-fashioned bedroom, brightly coloured walls and bright or patterned carpets were also deemed undesirable. In terms of the whole property, a dirty house was the most off-putting, followed by bad smells, evidence of damp and an unkempt garden.

Contact us for advice as to what people want and what generates the best rents!



Your Move's Rental Tracker shows that the number of tenants in arrears increased for the fourth consecutive month.

The agency found that 9.4% of all its tenancies were in arrears last month, up from 9.1% in March, 8.6% in February and 8.4% in January 2018. It's not all doom and gloom however. The proportion of tenants behind on their rent remains well below the recent all-time highs of 14.6% recorded in February 2010 and 13.7% recorded in July last year.

The solution is to ensure tenants go through rigorous checks via a reputable referencing company that offer a 'Rental Warrantee' when their applicant is approved. Should a tenant fall into arrears, the Rental Warrantee will kick in to recoup a Landlord's losses. Direct Residential offer two of the best Rental Warrantees so get in touch to protect your investment today.

Good News For Landlords! Buy-To-Let Yields Rise Across UK

Despite reports showing a slowdown in the buy-to-let sector, fortunately, Landlords are seeing their rental yields continue to rise throughout the UK.



The latter half of 2017 saw yields on an increase compared to the same time in 2016 for every region except London. Interestingly, London was the only place to see rental incomes fall slightly.

According to BM Solutions, Landlords of the North of England are getting the best return with yields reaching 6.9% at the end of 2017. Northern Ireland also saw a great result at a 6.2% yield. These are both much higher than the national average of 5.2%. The lowest rental yields are in London at 4.5%, followed by the South East and the South West - both at 4.8%.

Generation rent? Well, why not?

A study, by Zoopla, found the average monthly rental cost in many of the UK's largest metropolitan hubs is less than a mortgage.

Homeowners in the capital who have a mortgage with a 90% loan to value ratio can expect to pay £3,000pcm, whereas the average rental cost is £1,861pcm.

To find your perfect property with ease, please get in touch with our Lettings Consultants in branch.



For any specific advice on Buy-to-Let please contact Ian at:
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