# TEDDINGTON
## PROPERTY NEWS

# Impressive returns from Teddington buy to let in 2015!

Well, as the sands of 2016 start to trickle through the hour glass of life and Christmas is a distant memory, a few days before Christmas, I got chatting with one of my investor friends who was back in Teddington visiting his family. Brought up in Teddington, he went to the Hampton School (on Hanworth Road) back in the 1970's and is now a University Lecturer in central London.

For his retirement, he has a small portfolio of four properties in the suburb and wanted my advice on where to buy the next property in Teddington (as he lives in a college owned flat and anyway, would never dream of buying where he lives in Kensington where the average value of a flat is £1.62m and a town house £4.1m. Eye-watering!)

Before I could advise him, I reminded him that the most important thing when considering investing in property is finding a Teddington property with decent rental yields for income returns, yet at the same time, it must have the potential for capital growth from rising house prices over time. Going into 2016, Teddington landlords will be under more pressure to find the best permutation of yields and capital growth, as extra stamp duty charges for buying properties and a squeeze on mortgage interest relief will raise their costs.

However, (you knew there would be a however) before we look at yield and capital growth, one important consideration that often many landlords tend to overlook, is the propensity of how likely the rent will increase. Interestingly, the average rent of a Teddington property

currently stands at £1,508 per month, which is a rise of 7.9% compared to twelve months ago (although it must be noted this rise in rents is for new tenancies and not existing tenants).

Anyway, back to yield and capital growth, the average value of a Teddington property currently stands at £628,400, meaning the average yield stands at 2.87% per annum, which on the face of it, many landlords would find disappointing. That is the problem with averages, so if I were to look at, say 1 bed apartments in Teddington which are the sort of properties a lot of landlords buy, the average value of a 1 bed apartment is £349,950, whilst the average rent for a 1 bed apartment is £1,190 per month, giving a yield of 4.1%. However, if that wasn't high enough, there are landlords in Teddington who own some special-

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ist properties with specialist tenancies, that are achieving nearly double that yield - again it comes down to your attitude to risk and reward (give me a tinkle if you want a chat about those sorts of properties - although they can be fun and games!).

Ultimately investors want to be making gains from both rent and house price growth. When combined, the rental yield and capital growth gives you the return on investment, and that is that is what I told our University friend from Kensington. Return on investment is everything. So, looking at Teddington, property values have risen in the last year by 4.2%... which means the current annual return on investment in Teddington for a typical 1 bed apartment is 8.3% a year .... not bad.

If you are interested in property investment, either in Teddington or even venturing to 'the north' (I can hear the intake of breath!) to benefit from higher yields, then please do get in touch. It is my passion to help people maximise the return they get from property and I will gladly share my knowledge and experience with you. Simply drop me an email at rebecca@rebeccasmithpropertyservices.co.uk or call me on 07734 087330.

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# Engaging the right people

Following the Autumn edition of TPN, we have received many positive responses from new 'Domestic Clients' who have first read our article regarding the 2015 CDM Regulations and also then carried out their own research on what this means. In so doing, they now appreciate that they have new legal responsibilities for what appeared to be a more straight forward process that used to be "all left to the builder". Now, Domestic Clients need to be able to demonstrate that they have engaged the right people to undertake their project, even if it is a small kitchen extension!

Understanding the complex process of construction is something GBP have a wealth of history to offer new clients in our 40 years of business. We are actively working with our Commercial Client base optimising and growing their property portfolios. The recent extension to the Government's Permitted Development legislation means that further opportunities exist in this sector for transforming vacant offices into flats.

Wanting to "protect the names of the innocent.." and abide by Client confidentiality, Jon is a perfect example of how we have worked together to optimise a business opportunity - enhancing his permitted development from commenrcial to residential and working with him as quantity surveyors and CDM/Principal Advisor to see the project through. We first met in Oct/Nov 2014 were on site by May 2015 and we are just reaching completion now in Jan 16.

Our comprehensive range of professional services, provided from our Teddington office, allow our Clients to explore potential development opportunities, initially from feasibility stage, through to realising a completed and profitable project.

GB&P
Geoff Beardsley & Partners (UK) LLP

**Please call us on 020 8614 4374 if you have a project you are thinking of working on or are in need of a skilled and creative**

# Mortgage rates to continue a downward trend?

Happy New Year to Teddington Residents. I hope that all your New Year Resolutions are still intact?

From a personal point of view, and given the fact I am numerically a bit geeky, I promised myself in January that I would assess my personal financial outlook over the next 12 months. This year will involve delving into my own re-mortgage options so I was keen to know, given today's rates, where we might stand come the middle of the year.

I was happy to see that rates over the last year have continued to fall, according to data produced by Mortgage Brain. For those who are starting out on the property ladder, 90% Loan to Value deals are on average 11% cheaper than a year ago. On a £150,000 mortgage that will save you about £990 a year. I think that this may tie in with George Osbornes attack on the Buy to Let world as there seems to be more lower end property coming to the market as landlords reassess their figures.

For those of you below 60% Loan to Value, 5 year trackers mortgages have fallen by about 7% over the last three months, saving you about £1,368pa since January 2015, but 2yr fixed rate have increase by about 2%, increasing annual costs by about £180.

The news, on the face of it, seems to suggest those re-mortgaging will have a few extra pennies in their back pocket. This can give the opportunity to potentially start paying down the mortgage quicker or having a little extra each month for life's luxuries.

As with anything financial, plan ahead, it can really make a difference and give you peace of mind. This is how we will be really helping our clients over the next month or so, removing financial fears and making them financially better off. As to my financial calculations, I am hoping rates continue to stay low, it makes it easier to stomach my wife telling me that shoes for our 1 year old daughter cost £35!! Wishing you all a very happy and successful 2016.

Resolve Financial Solutions Ltd

**If you would like to assess your year ahead, please contact Stuart Belcher of Resolve Financial Solutions, Independent Financial Adviser on 07988 726 433 or email stuart@resolvefs.co.uk**

*Your home may be repossessed if you do not keep up repayments on your mortgage. The fee for arranging a mortgage is £395, but we reserve the right to charge up to 1% of the loan amount. Typically, it will be £395 of the loan amount.*

# Additional property tax warning

***Lisa Sollors, from Stone Rowe Brewer's Teddington office, outlines the implications that new Stamp Duty rules will have regarding the purchase of additional properties.***

I am expecting a busy few months leading up to April 2016 as a number of my clients hurry to complete their purchases. As you may be aware, the government's 2015 Autumn Statement included proposals for the introduction of higher rates of Stamp Duty Land Tax (SDLT) on purchases of additional residential properties. They also published a detailed consultation paper on 28 December 2015. This contained detailed information about the proposals and invited comment and responses from individuals and organisations. The consultation period only ran until the end of January 2016 and so it is now too late for you to have your say. However, it is not too late to arm yourselves with the facts and consider the impact they will have on future transactions.

The higher rates of SDLT, which add 3% to the current SDLT rates, take effect from 1 April 2016 and will apply to certain purchases of residential property. In broad terms, those affected by the higher rates will be those who purchase a buy to let investment property or second home. An important factor in calculating whether you will need to pay more is your "main residence" as the higher rates apply where this is retained and another residential property purchased. It is not just the purchase of a buy to let property that triggers the higher rate. If at the end of the day of the transaction you own two or more residential properties, whether the higher rates apply will depend on whether (within a period of 18 months) you are replacing your main residence.

Most people own their main residence, however, and will need to budget for a higher SDLT payment if they purchase a further residential property. The usual, linked sale and purchase of a home will not be affected because in this situation you are replacing one main residence with another main residence. It is even the case that there is some relief for those who make a temporary additional purchase - for example where a chain breaks and you decide to go ahead with a purchase pending the later sale of your home. You will need to pay the higher rate at the time but, as long as the sale goes through within 18 months, the proposals provide for reimbursement of the additional SDLT paid.

One key point I noted from the consultation paper was that all first purchases of residential property by a company will be subject to the higher rates regardless of the circumstances. Whilst this seems unfair, the rationale is to limit potential avoidance schemes where purchasers set up a company in an attempt to avoid payment of tax.

I am sure that we will all be finding our way around the SDLT changes for some time but, forewarned is forearmed as they say! At Stone Rowe Brewer we are always happy to assist if our clients require additional information but, in the first instance, it would be a good idea to take a look for yourselves and review in light of your own circumstances. The consultation paper can be accessed by going to: www.gov.uk/government/organisations/hm-treasury.

srb stonerowebrewerllp solicitors

**For more information, please contact Lisa by calling 020 8977 8621 or e-mail her at l.sollors@srb.co.uk**