

pad residential
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information for investors

These information sheets are prepared to assist the “investor” buyer of city centre apartments in achieving an effective return of income and capital. The various sections are updated periodically as **pad** see trends emerging in the market place. The returns on your investment can be improved by implementing a professional strategy to your property. Of course, **pad** does not guarantee success, as with all investments they can fall and rise over time but **pad** can guide towards the profitable route. You should always rely on your trusted professional advisors and by the practical intervention of **pad**, your investment is best placed for success.

Individual consultations are advised in order to tailor service to meet your requirements and expectations. These notes are intended to answer general queries and highlight perhaps more fundamental aspects of the letting market.

The sections are arranged in the following order

Section one – Is the investment in property the correct choice for me?

Section two – How you should present the apartment for letting

Section three –Your options and costing of Management fees

Section four – Ongoing management of your property

Section one – Is the investment in property the correct choice for me

Investment in property has become one of the most popular forms of savings and provision of income. Of the many advantages personal choice and control are perhaps the most appealing. Historically, property has always provided a haven for wealth, especially during the volatility of stock market fluctuations and the undulations in the interest and exchange markets. However, this form of investment has potential pit falls. **pad** has experienced situations whereby investors have over committed themselves financially, borrowing over and above a realistic buffer level. Calculation and judgement must be used to assess the impact of a variety of perhaps unhighlighted issues. These are listed so you are able to build them into your calculations: -

- **Voids** - even the most popular apartments have vacancy periods, this may relate to an overhang of the previous tenancy or perhaps a timing issue in moving in the next tenants. Everyone has experienced the traumas of moving home and tenants are not excluded from this. Your finances should allow for periods of interrupted rental flows. If you need this months rent to cover this months mortgage do not become a landlord. Our advice is to have a three-month buffer at all times.
- **Repairs** - although many apartments come with a period of warranty you cannot assume that all expenses will be covered. There are, on occasion, emergency situations that will not be covered by guarantees. There may also be certain changes or improvements; similar to your own property that necessitates an expense that may well ensure your current tenant remains in the apartment for a longer period. You must appreciate that the tenant is not responsible for “fair wear and tear”. Insurance policies and tenants deposits however will usually cover any breakages or damage.
- **Service charges** - these will vary depending upon the apartment you purchase. The cost will be borne by yourselves and this should be included in the rent that you receive. The charge usually covers building insurance, care of communal areas such as lighting, heating, security, external repair and other items (as applicable).
- **Taxation**- dependant upon your financial status and situation income from property is categorised as “unearned income”. You should be prepared to make your submissions through your local tax office or your self-assessment forms. Companies will normally make their appropriate submissions. If you wish to discuss the implications of property ownership **pad** are able to recommend an independent tax specialist or you could speak to your own financial advisers. In either case make provision for the tax. If you are an overseas resident with property in your own name then **pad** are registered with the Inland Revenue and can arrange for a tax exemption certificate. However this depends upon reciprocal arrangement between the United Kingdom and your place of residence.

It is important that you are aware of all aspects of property investment and the following sections should give you some comfort as a property professional that rewards are being given for careful planning.

Section two – How you should present the apartment for letting

There are as many different combinations of requirements as there are options available. The definitive answer to this question is to present the apartment in the style that befits the building. Many properties are shown in a contemporary style, which often is most appropriate as the majority of modern city centre living spaces are smaller than sub urban spaces. This style is a sleek, impressive and a very much demanded look by likely tenants, who will generally be in the young professional category. **pad** advises the following checklist:

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- Carpet or laminate wood floor covering, always carpet the bedrooms.
- You must budget for blind or window coverings that will ensure privacy.
- Good quality sofa that is relaxing yet comfortable.
- Good quality double bed in the main and second bedroom (if applicable) or perhaps a three quarter bed, sofa bed or single bed as space allows. It maybe prudent to leave this second room bare leaving options open.
- Double wardrobe and bedside cabinet per bedroom.
- Coffee table, table and four chairs, a display cabinet/stand.
- Please provide a mirror to each bathroom above the wash hand basin.
- Appliances to include fridge/freezer, oven , hob, washing machine (preferably washer/dryer), microwave, kettle, toaster, dishwasher (if applicable). Many of the larger items are usually offered with the apartment but this may vary.
- A starter kitchen pack such as one readily available at IKEA provides useful items such as cutlery, crockery, glassware, chopping boards, etc. It is also prudent to provide a mop and bucket, soft sweeping brush, a small hoover, an iron and ironing board and waste bins. Other touches which are often greatly appreciated are spare bulbs, disinfectant, wipe cloths, etc these will often be replaced or left for the next tenant.
- Starter linen pack to include bed linen, pillows, duvets and towels in order to present the apartment in a more attractive fashion but do not expect a replacement at the end of the tenancy.

There is no need to provide or expensive/delicate ornaments or televisions, videos and audio equipment. There maybe special requests for items but these would usually be available to the incoming tenant at their own expense.

You should ensure that you obtain 3 full sets of keys, entry fobs and mailbox keys. One for our retention, one for the tenant and one for you. In the event there are two tenants in occupation then you must be prepared to give up your own set of keys.

If you are unsure about any point or have questions **pad** will be delighted to assist. **pad** is able to organise a complete “investor package” from design to completion. **pad** use a full range of interior designers and tradesmen to implement your instructions.

We are able to provide a fixed price quotation

Section three – Your Options and costing of management fees

pad adopts a flexible but uncompromising approach to fees. You would expect an effective management company to realise your investment potential. **pad** offers a personal and tailored service that will deliver by offering the following options:-

- **General advice** – there is no charge whatsoever for our initial consultation.
- **Preparation of the apartment** – **pad** can arrange for the apartment to be prepared for letting incorporating floor and window coverings, furnishing and all other matters relating to the forthcoming tenancy. If **pad** organise and arrange this there is a 10% supervision charge to cover our time. **pad** has a full time in house surveyor to co-ordinate contractors, delivery of furniture and a personal contact for you to check on progress.
- **Let only instruction** – **pad** will find a tenant on a success basis only and the charge in this instance would be the equivalent of three weeks rent (subject to a minimum of £500) as a sourcing and installing fee of a new tenant, thereafter there is a charge of the equivalent of one weeks rent for each six month extension to the initial six month agreement (also applies to part of a six month period).
pad will install a new tenant with the preparation of an assured shorthold tenancy agreement, attend the move in, inform the utility companies of a change of occupancy and forward all paperwork to you for your files. You would directly attend to the collection of rent and any further queries raised by the tenant.
- **Full management instruction** – our preference is to fully manage your property as often co-ordination between installing a tenant, collection of rent, maintenance and renewal/re-marketing is better controlled in this option. **pad** will not charge for extensions to the initial lease and will charge the equivalent of two weeks (subject to a minimum of £400) rent for the installation of a new tenant. The ongoing collection of rent attracts a 10% collection charge. If you are a multiple property landlord then **pad** will discuss reductions in its charge if it considers there are economies of scale in the multiple instructions.
- As with any instruction there will be a charge for organising gas and electrical safety certificates, additional advertising, preparation of inventories, dealing with insurance claims, caretaking of empty properties and some other items that are covered within our agency agreement.
- If required **pad** could also sell your property. In this situation we can often offer the property as vacant or perhaps with a tenant still in occupation. This will allow the flexibility of realising capital without affecting income flow. Not every buyer is an owner-occupier and we have many enquiries perhaps from people like you who are looking for a running investment to add to a portfolio. The charge for this would be the equivalent of 1.75% of the selling price (including the value of contents should they be included in the sale).

VAT at the prevailing rate will be charged on all fees, if applicable.

Section four – Ongoing management of your property

pad prides itself on the personal and practical management of your investment. There are many occasions beyond the agency agreement whereby **pad** is able to act as your “eyes and ears” and its timely advice and intervention will ensure a continuity of care. **pad** has a full compliment of skills within the office to meet your requirements and effectively react to almost any eventuality. To always act on your behalf and in your best interest, to always obtain your instruction on unplanned situations. It is important the line of communication between you and **pad** remain clearly open. **pad** normally advise that if you wish a certain instruction to be undertaken, put it in writing and it will be followed to the letter. Consider the following points: -

- Inventories should be professionally prepared to avoid any doubt in the event of disagreement. **pad** can prepare these inventories.
- **pad** engages the services of an independent company called Homelet who professionally reference all tenants. We are uncompromising with the resultant grading system.
- Take particular care to the insurance on your property especially to ensure you are fulfilling your insurers obligations such as visiting vacant property, drain down of water systems and enabling security systems during vacancy periods. **pad** is able to assist in these matters.
pad strongly recommend the incoming tenant to obtain tenants insurance to protect not only their personal belongings but also covering accidental damage to your own fixtures and fittings. In this case you are able to ensure the tenant will not damage your property and the added advantage is if a claim is made it would not effect your future insurance declarations as the tenant would claim in their name.
- **pad** offer a 24-hour emergency call out helpline in the event of a serious building or maintenance issue. This is available only with its full management service.
- **pad** markets both stocks of properties and itself to the diverse communities within Manchester. Many of our existing clients are companies or independent professionals. There is a trend of cultural migration towards the city.
- **pad** embrace all cultures, religious denominations and lifestyles.

For your information we offer you the following contacts

Mr Ian Waxman, Managing Director to be contacted on 0161 839 9654

Or via ian@getapad.co.uk

**You can also contact various other members of the team
in both lettings and sales on 0161 8399 654**

Or via mail@getapad.co.uk

Our normal opening hours are
Monday to Friday 9am to 5.30pm
Saturday 10am to 4pm
Sunday 12noon to 3pm