

HEADLINE

By-to-Let investors can benefit by using a professional snagging service

SUMMARY

Buying a property as an investment has increased dramatically in recent years, as investors look to profit from soaring house prices and an increased demand for rented property. The growing popularity has resulted in over 60% of mortgage lenders now offering buy-to-let products.

NEWS CONTENT

Many would be investors realise the benefits that buying a brand new property offers over an older home. Rental yields are likely to be higher as the property will be in pristine condition, in a newly built environment. Any problems with the property are normally dealt with by the builder, at his expense, under the NHBC warranty for the first two years. New homes are more economical, have better security and offer the potential investor greater choice to tailor the property to his perceived rental market. Finally the biggest advantage is price. The investor may be buying a stock unit or more than one property and as a “cash buyer”, is in a very strong position to get the best discounts from the house builders.

However any by-to-let investor purchasing a brand new property would be well advised to get it checked or “snagged” by a professional snagging company. The number of defects or “snags” found in new homes is increasing year on year. Last year, the average number of defects per home was 62. You can expect to find at least 40 problems in a one-bedroom property to well over 130 for a four-bedroom house. The industry and other experts have various explanations for this, but the one salient fact is that very little is being done by the builders, which is actually improving the standard of their new homes.

The situation can be worse for the property investor as house builders, whilst very enthusiastic during the purchasing process are less inclined to attend to any problems that may arise associated with rented properties. More often than not, the builder considers that the problem has been caused by the tenant or is made worse by the tenant’s failure to quickly notify anyone of the problem. It is therefore essential for all investors to have their properties fully inspected by experienced professionals who can note all the problems and any damage before the property is handed over. This can then serve as a condition report for the owner when the property is first let. There is huge potential for disputes with both the tenant and house builder if the original condition of the property is not properly documented.

Thoroughly checking a property is time consuming and many investors will not have sufficient expertise to know what to check and where to look. There are checklists available, some of them are even free, but they are, by their nature generic and cannot replace the expert eye of the experienced professional. The property will need to be checked again after the defects have been attended to and this could be inconvenient as investors may purchase in areas that are some distance from their own locality.

As a rule, as soon as it is known that a property is for the rental market, the standard and attention to detail can fall. This is because the site manager and his trades will know from experience that there is every possibility that the new home will not be looked after, as the tenant does not have a financial stake in the property. They also realise that owner-occupiers pay far more attention to detail and are more likely to complain than a buy to let investor and therefore they are more inclined to save their “best” for their owner-occupiers, who they feel will appreciate their work. It is even more advisable that the property be professionally checked.

The better snagging companies offer to provide a service throughout the original two-year warranty and this can be a great benefit for investors to know that they can call an expert for a

impartial opinion if the need arises. Normally this is included in the charge for the original report. Investors will also realise that the costs associated with the inspection can be set aside against any tax due from the income generated by the property.

Martyn Maxwell founded Brickkickers in response to the falling standards with some of the mass-market builders nation-wide. He says, "Brickkickers is the only national snagging company, owned and operated by qualified construction professionals. We offer the new home buyer and buy-to-let investor a completely independent inspection snagging report and liase with the builders and warranty providers to ensure remedial works are completed to acceptable standards". "We have found from our own data that the average home we inspect has around 140 defects!"

As Martyn says "with all the recent publicity regarding the falling standards of new homes and the failure of the builders to be proactive in improving the situation, using a professional to inspect and check your new property thoroughly will be money well spent".

To ensure that all the defects in your new home are dealt with prior to moving in call Martyn Maxwell at Brickkickers on 0845 226 6036 or visit their website www.brickkickers.co.uk

Martyn Maxwell has recently launched www.snagging.info - a Forum for the new home buyer. Visitors to the website can view buyer's questions, experiences and comments regarding builders and their new home and ask expert advice on a number of topics completely free. This site is operated in association with the new home information website: www.brand-newhomes.co.uk

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