

Property Newsletter

Issue 1 - Q1 2011



Will it rise or will it fall?

Right now – this may surprise some – but it really does not matter!

Property is an investment for the long term. Professionals can make money in the short term by buying and selling property or buying and redeveloping property, but if that is not you, then it's the long term that counts. Whether property has gone up or down in the last month or year, and what it does in the next year is not vastly important. It is what it will do in the next ten years or more that matters.

No one has a crystal ball and while we all have an opinion of what will happen to the market in the next year or two, no one can clearly know. Below are some hard facts though for the last fifty years:

The Halifax say a house worth £10,000 in 1964 was worth £500,000 plus in 2004.*

Prime Minister (Term of Office)	Average Annual increase within term
Harold Wilson (1964-1970)	6%
Edward Heath (1970-1974)	24%
Harold Wilson (1974-1976)	7%
James Callaghan (1976-1979)	16%
Margaret Thatcher (1979-1990)	12%
John Major (1990-1997)	1%
Tony Blair (1997-2004)	12%
My stats (2004- now)	Approx 2%

Statistics provided by Halifax Bank

Land registry say that house prices went up 11.3% per annum on average from 1957 – 2008**

Nationwide say that property doubled in value between 2000 and 2010 (even though we have been in hard times for the last three years!!)***

For detailed figures and more data go to www.propertyinsight.info/pasthouseprice

Have they gone up every year?
NO

Have they gone up consistently over the years?
YES

Now many will argue that previous performance is not a guarantee of future performance and we all know this is correct. However the long term factors all point to house prices having to go up.

- We are an island – we can not build more land.
- Our population is getting bigger – e.g. immigration.
- The average number of people per household is getting smaller due to divorce and people living alone more. So more houses are needed.
- Government forecasts for how many houses needed to be built have been missed for the last four years and will continue to be missed – meaning not enough houses.

So my message is forget what the newspapers rant about or the news headlines. Focus on the long term benefits of any deal or property and what it will deliver to you in the long term.

Happy investing!

By: Aran Curry

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CURRENT MORTGAGE MARKET

LHA RENTS

FEATURED PROPERTY



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PROPERTY
— insight —

FEATURED PROPERTY



Eaton Square Leeds

Property Value £98500
Purchase Price £83725
Mortgage £62800
Rent £550 pm
Mortgage £283 pm
Maintenance £80 pm
Building Ins £20 pm
Cashflow: £167 per month

This is an example of a Property Insight property sourced for our clients. The property was sourced with a large discount and once the property had been owned for six months we were able to help the client remortgage the property and release the discount to invest in their next property.

All properties bought have over £100 per month cashflow or we don't believe they should be bought.

See our free videos at www.propertyinsight.info/register/nine-free-videos/ to get tips and advice on buying the right properties.

How do I successfully invest in Property?

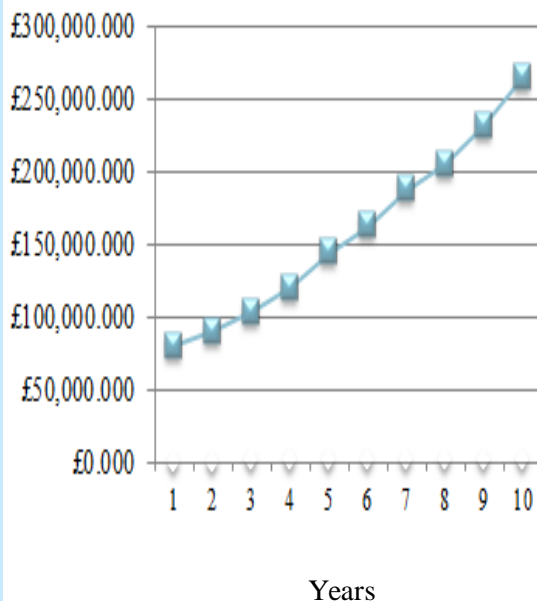
In today's property market, investors need expert advice, proven investing strategies, and a team of consummate professionals behind them to propel them to success.

At Property Insight, using our extensive experience and market knowledge we offer some of the best property investment opportunities in the UK. Our aim is to provide investors with a safe and solid service to grow a manageable portfolio to create an ongoing income for their future and for their family's future.

Our investment model is a very real alternative to the current pension and savings plans that most people are dissatisfied with and delivers a more flexible path to plan for your future.

Where else could you turn an initial investment of £60,000 into £240,000 in less than 10 years, and use this capital to achieve a £30,000 per year of tax free

Projected Growth With an Investment of £60,000



Your Property Growth With Property Insight

income from then on for life?

Some of the reasons why people fail to initiate investing in property include a fear of getting it wrong, not knowing how to get started, or simply not having the time in their busy lives.

If any of these reasons apply to you then we can help. We have a wealth of experience to ensure you buy the right properties in the right areas every time. We have a constant supply of great value properties being found by our team of trusted property finders.

And for those people who just don't have the time, we can manage the complete purchase and management process for you, so you have a hands-free portfolio built on your behalf, while remaining in control of all the key decisions at all times.

If you would like to know about how we can build a profitable property portfolio for you and your family, then visit our website today and watch some FREE videos on how to successfully invest in property.

If after watching these videos you understand that Property Insight is the right choice for you, then please call us on 0800 043 6072 or click the Contact Us link and we will give you a call back to discuss how we can help you build a great future for you and your family.

www.propertyinsight.info/register/nine-free-videos/

By: Chris Fordy, Property Insight

LEVERAGE

The real secret of investing in property is leverage. The ability to control an asset worth £100,000 with a £25,000 deposit because the bank will lend you the rest.

Many first time investors, or even established investors miss this point.

We speak to a great deal of clients every week who are considering investing a large lump of money into one property, when they could control numerous properties for the same investment.



If you are in property for long term growth, the more property you own the more profit you will make.

As an example:
£100,000 in one

property that goes up 10% will make you £10,000. £100,000 used as four £25,000 deposits will mean you control £400,000 of property. A 10% increase then makes you £40,000 profit!

We are not advocating lots of debt but there is good debt and bad debt. This managed in the right way is about using that good debt in a leveraged way to make more profit.

Rich Dad, Poor Dad by Robert Kiyosaki is a superb book, available on Amazon; that explains these ideas.

There are only really two real ways to get such leverage and that is through the stock market trading options (very risky if you are not a professional) and through owning businesses that can grow without you (again not available to all of us).

Property makes this kind of leverage possible without too many risks.

For more information feel free to contact the team at Property Insight who will help you review your situation

By: Aran Curry, Insight Group



Example of how an investment property should look. Basic but tidy.

The Current Buy to Let Mortgage Market

The Buy to let mortgage market is finally becoming interesting again. At the time of writing, Kensington have just launched a new 85% product for remortgages. It has a lot of criteria and may not be easy to get, but it is a sign that lenders want to lend in buy to let again and others will follow.

They have also launched some products at 80% along with The Mortgage Works meaning we are starting to get some competition at 80% loan to value. The market has over five times as many products in it as it had a year ago.

Most lenders in this sector will only deal through the broker market. If you are arranging your buy to lets on the high street then you most definitely won't be getting the best deals.

There is still a long way to go but if you want detailed independent advice call Mortgage Insight on 01723 506553 or email info@mortgageinsight.co.uk

By: Richard Fussey, Mortgage Insight

LHA Rents (Local DSS payments)

Local Housing Authority Rents (LHA rents) are what a local council will pay for a DSS property in any set area. Each council has different payment amounts across different types of property (1 bed, 2 bed, 3 bed, 4 bed).

The amount paid to a tenant is dependent on what they are entitled to as a family, not the actual property they are in. Many people find these rules confusing but google LHA rents and you will quickly get an explanation.

What is changing that is very important?

The LHA rent payable has to date been worked out by taking the last 6 months worth of rents in that areas for that size claim and then taking the middle of the range (50th percentile). This has then been the rent amount paid.

From the 1st April 2011 for any new claims the tenant will get the 30th percentile. So the 30th lowest out of an average list of 100. This means rents paid by the local council are dropping on average, by 10%.

From a fairness point of view the government is saying, if you need to claim benefits then you should not get the average house but a slightly lower than average one. Which is probably fair. However as a landlord it means if this is your market your rents will be less.

Access to all of the Insight Groups resources and free literature

We believe in sharing what knowledge we have – freely.. You may use it yourself or pass it on to others you think may find it interesting.

With this in mind here are some ways you can get the free information we currently have and make sure you are aware of any new videos, newsletters etc.

NEXT SEMINAR: Free events held every month with property experts speaking about property – York Marriot Hotel 29th March 6.30pm



A three bedroom property in Leeds will fall by £13.85, (9.6%) per month.

A three bedroom property in Scarborough will fall by £15, (11.9%) per month.

They are still good rents though so it is not a reason not to use DSS tenants. You just need to be aware of what your rent could and will be.

Interestingly as the council use averages – if you are a landlord that does not put your rents up very often you are bringing the average down for everyone else! Put them up!!

By: Paula Arliss, Property Insight

NINE FREE VIDEOS: See our free property videos at www.propertyinsight.info full of lots of free and useful information on property investing.

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