



Personal Homefinders Update

In this edition of the newsletter we welcome our new Maintenance Manager, Ivan Crossman. This is a new role with responsibility for co-ordinating and developing the Maintenance division of the business across all branches to maximise the service we offer to our landlords. Ivan brings with him a wealth of management experience across different industries and he sets out his priorities and objectives for this department.

One of our main priorities this quarter has been the marketing of student properties, which account for more than a quarter of the total portfolio of properties managed. We were the first agents to issue the list of properties available for the 2005/06 academic year to students and had agreed tenancies for more than half of these by the end of February, guaranteeing income for those landlords until summer 2006.

In addition, all branches have been working hard to minimise the disruption from changing to new database management systems and to ensure a smooth integration of both data sources.

Review of the Housing Market - 2004

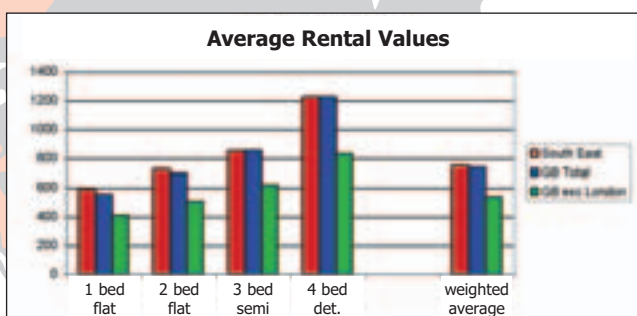
The total increase in property values for 2004 was 15.1%, weighted to the first six months of the year. Prices have stabilised in more recent months, but have not shown the declines that the media anticipated during 2004. The forecast for 2005 is more moderate at between 5-8%.

Overall this is positive for the serious investor as the latest report from RICS, released on March 1st, illustrates. Demand for rental property is still increasing and is unlikely to waver during the next year due to house prices still being ahead of wage increases. Tenant demand in the South East outpaced the national average

There is still a growing trend for young professionals to rent for longer before being able to start on the property ladder, which has driven the demand for 1 and 2 bed properties. There is also additional demand now for rental properties between house purchases.

In addition, there has been a fall in the number of properties available on the market to buy, leading overall to a more stable market. For investors this provides the added opportunity to take advantage of their strong position to negotiate an excellent buy. A house purchase now takes an average of five months and there is generally less competition for the best properties and areas.

Rental values are stable, with the South East still having the highest rents in Great Britain outside of London.



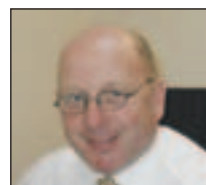
Profile of an Investment Landlord!

According to the latest ARLA survey, the average investment landlord is aged 36 – 45 and lives in the South East outside of the M25. They have been a landlord for 2-3 years and have one rental property, which they expect to own for 10 – 20 years. They also expect to buy another property in the next year.

There were two main reasons they invested in property; to provide a nest egg for retirement and for both rental income and capital appreciation and they would not divest if the housing market decreased in value.

Does this sound like you?!

Maintenance Division



Ivan Crossman, Maintenance Manager

I am really pleased to be able to join Personal Homefinders during such an exciting time for the company as it continues to develop and expand the services offered forward.

I bring to the role of Maintenance Manager more than 20 years of business and people management expertise, which will enable me to further develop the Maintenance Division into an even more efficient and cost effective service to Landlords.

The main objective of my role is to co-ordinate the maintenance teams to establish a more centralised functional approach across all three branches, whilst keeping the teams based in each office to manage the local portfolios of properties. This will maximise efficiencies and costs, which we can then pass onto our Landlords. The priorities for me for the next few months will be:

- To review current standards of best practise and enhance where required
- To ensure the internal maintenance team are fully equipped & implement training programs to develop additional skills.
- To review trade discounts and establish a 'preferred' list of suppliers for materials
- To exercise our purchasing power to obtain the best possible price for services from external contractors, introducing centralised purchasing where possible to improve efficiencies.
- To conduct regular inspections and reviews of the quality of work undertaken by all contractors to ensure a high level of workmanship is always delivered
- To meet with as many locally based landlords as possible
- To identify additional services to be offered, such as gardening, cleaning, and preventative maintenance.
- To continue to improve communication with landlords about their properties, even if the news isn't always good!

I am pleased to say that I have already introduced one change and welcome Anne Edmonds to the role of Property Inspector. Anne will conduct all inspections on all properties to ensure consistency, including check out and check in visits, quarterly inspections and checks on the quality of work undertaken by contractors.

If you would like to discuss your property or the Maintenance Division then please contact me. I am based at the Winchester office, or you can email me on ivan.crossman@personal-homefinders.com. I look forward to working with many of you over the coming months.



FAQs – Is Property Still A Good Investment?

There has been much speculation over the past 12 months or so about the stability of the UK property market and whether we are heading towards a crash similar to that experienced in the late 1980s. This section highlights some of the key questions both current and prospective investors have been asking us in recent times and our response to them.

If you have any additional questions or would like to discuss your own portfolio and plans in more detail, then please contact Paul Cole.

Q - There has been much press speculation about the future of house prices, should I consider selling or buying more?

A - It is clear from the mixed comments in the press that what sells newspapers is bad news, e.g. headlines if house prices slow, and only a very small article tucked away on the inside pages when house prices rise. The press has become noticeably quieter this year with a lack of negative press and this confirms our belief that house prices will continue to rise in this area with a prediction of a year on year rise in 2005 of between 5% and 8%.

The winter season is always a slow time for house sales and now the signs of an active summer are already showing. The rental market also continues to be very popular, especially with one and two bedroom properties as discussed earlier. There is a high demand for good quality properties in the right locations.

Our advice therefore is to continue to invest, but pay particular attention to the location of any new properties, more so now than ever. It is also worth reviewing your current portfolio to either release additional equity for property improvement or new investments, or to consider divesting and reinvesting elsewhere any properties not in prime rental locations.

Q. What type of property will prove to be the best type of investment?

A. There are a number of factors we consider when viewing properties and deciding if it will prove to be a good investment.

Firstly, an investor needs to decide on whether their main objective is for capital growth or regular income, or a balance of the two.

This investment strategy will initially determine the type of property that is suitable. For example, for a consistent income stream, student properties are more likely to produce good yields. Professional / family lets in good residential areas should deliver a better equity return. Location is a key factor to ensure the correct target audience is being reached for the property.

Having decided on the basic strategy, the next key consideration is the condition and style of the property. To keep maintenance costs to a minimum, we look for properties that already meet basic quality standards, i.e they should have;

- Modern electrics
- Central heating system
- Double glazing
- Electric shower
- Good decoration
- Good condition of flooring and no carpets in wet areas
- Modern kitchen and bathroom

The key thing to always do is know the rental market you are targeting and purchase accordingly, whilst minimising the possibility of ongoing costs.

Q – What impact will the March 05 Budget have on property investments?

A -There was some good news in the latest budget with the doubling of the stamp duty threshold to £120,000. Unfortunately though in the South that will really only apply to studio flats and cheaper one bedroom properties. The forecast for interest rates and employment are indicators that demand for house purchase will continue and therefore prices will increase, reducing further the number of properties in this bracket. In addition, not enough land is being released for new housing and demand is continuing to outstrip supply.

It looks highly likely that there will be a general election on May 5th, and pressure on the referendum on the Euro will abound again after the election. The Euro base rate is still 2% and it is unlikely that the Bank of England Base Rate will drift far from this for Britain to remain competitive in Europe. The Chancellor also tinkered with Inheritance Tax and Capital Gains Tax as a further small aid. Overall, nothing to stimulate the market, but then again, nothing to slow the market up either.

Q - I understand there are impending changes to the Pension Act, what benefits will this bring for property investment?

A - Whilst the final details have not yet been released, the biggest change comes into effect from April 2006 when residential property, and other currently non-allowable assets such as art and antiques, will be allowed to form part of a personal pension plan. There will be restrictions, but the Chancellor wishes to encourage further pension planning and saving for retirement. Adding an investment property to a pension scheme will avoid capital gains tax. Please contact Paul Cole to discuss further the possibility and eligibility criteria, to see if you can avoid capital gains tax this way.

Updates for Landlords

Electrical Safety Regulations

New rules on electrical maintenance in the home came into force in the UK in January 05. These stipulate that for electrical work carried out in high risk areas such as bathrooms and kitchens, or for more detailed electrical work such as adding new circuits, the work must either have building control approval or be carried out by a qualified electrician. This may mean that external contractors will now conduct some maintenance issues normally resolved by the internal Maintenance Division.

In addition, stricter bye-laws and accreditation schemes are now in place for rental accommodation, requiring annual PAT tests on electrical goods left in the property and three yearly Fixed Electrical

tests on wiring. In some instances, insurance policies are also requesting these tests or offering discounts if they are in place.

Although law does not yet enforce this, to ensure we comply with the guidelines and also offer the best service and protection for both our landlords and tenants, Personal Homefinders now requests these tests for all new properties and strongly recommend that they are conducted on properties currently being managed.

Monthly Statements

The new database system is now in place and the new style statements have been issued. We are continuing to refine and improve the statement style, working with the system designers and implementing suggestions received to date from Landlords. If you have any additional feedback, please contact us via finance@personal-homefinders.com.

Please contact Shelley Cole if you have any comments or suggestions on this newsletter and it's contents via shelley.cole@personal-homefinders.com