

Personal Homefinders Update

As we are now entering the peak summer period the focus over the past few months has been on forward planning to maximise efficiencies and minimise void periods. We have recruited several new temporary members of staff for both the busy university town offices, to ensure there are plenty of team members throughout the holiday season to make the transition between tenancies as smooth as possible. Overall there is a 30% headcount increase vs last summer.

The other main area of focus has been to continue to consolidate the Maintenance services, centralising activities such as the purchasing of materials, inspections and check out processes and developing an approved list of contractors to again maximise efficiencies. One example of this is the new gardening service, as detailed overleaf.

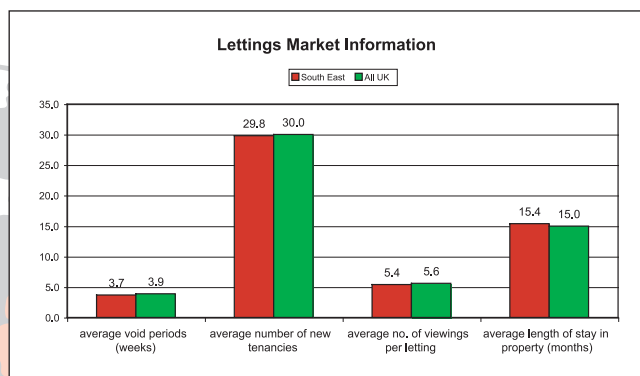
Housing Market Review

The housing market to date this year has been fairly flat in terms of growth with a year on year average growth of 5.5%. The market continues to stabilise and shift to a buyers market, which is positive for the long-term investor and now is a good time to purchase bargains. In addition, the traditional winter downturn period is now over and there are positive signs that, in the right locations, values are rising.

The housing market continues to be underpinned by a strong overall economic performance. The economy experienced the 51st consecutive quarter of growth in the 1st quarter of 2005 and employment levels continue to be at a record high.

The South East continues to perform ahead of the rest of the market, showing growth of 1.3% over the last quarter vs 0.5% nationally.

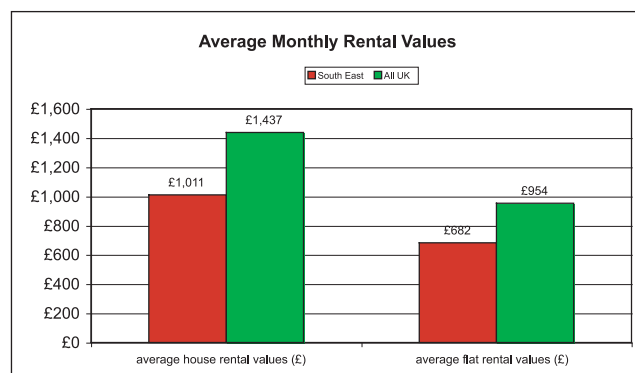
Tenant demand is rising as prospective buyers wait to see what the wider market does, balanced by a continuing growth in the buy to let market. There is a strong demand for one and two bedroom flats in city centres, as well as for larger family homes in the suburbs near good schools.



Average void periods have been decreasing recently. In May the figure for the South East was 3.7 weeks vs 4.0 weeks in November 04.

The average initial tenancy agreement is for 9 months, but stays in total average at 15 months, indicating high numbers of renewals and roll overs.

The average rents in the South East excluding London per calendar month in May were £1,011 for houses and £682 for flats.



Is Your Property Working For You...?

Any Landlord who has owned their investment property for at least four years is likely to have seen their property value rise by approximately 60% during that period. It is also likely that the 'loan to value' will now be less than 50% assuming no re-mortgaging during that time.

If this is the case, then the equity will only be increasing at no more than twice the growth rate of the house, e.g. if the property increases in value 6% this year, then the equity will grow 12%. It is also likely that the property rental will be creating a taxable income each month.

For those Landlords that are more interested in capital growth than monthly income, now is a good time to consider releasing some equity to purchase a further property. For instance, where the equity is 25% of the property value, the equity will then grow at four times the value increase, e.g. property value at 6% increase this year, would see a 24% increase in equity.

If you would like a detailed quotation, please contact Paul Cole at paul.cole@personal-homefinders.com or telephone 01962 878887 to make an appointment.

SIPPS – Property as Pension Assets

From 6 April 2006, it will be possible to purchase residential property from SIPPS (self-invested personal pensions), including Buy-To Lets. Investors can make contributions before that date to enable them to purchase property next year.

The scheme allows investors to borrow up to 50% of the value of their fund to purchase property up to a maximum of £215,000 in 2006/07. This cap increases by £10,000 each year.

Whilst the final details have yet to be announced, we foresee there are several potential benefits of this scheme for the investor;

- No income tax will be due on any rental profits
- Rent will be paid into the pension scheme and be reinvested to go towards paying off the mortgage loan
- Higher-rate taxpayers will get tax relief at 40% on any funds put into the pension for the property purchase
- You can invest up to 100% of earnings per annum into residential property up to the maximum cap

Continued overleaf



- No capital gains tax will be due on any growth in value on resale
- No inheritance tax will be due on UK properties within a SIPP as long as there have been no withdrawals from the pension fund

It is likely that these new regulations will drive a lot of new investors into the rental market and there is a potential for saturating the rental demand.

This means that it will be more important than ever to really research a property and the market for it well before investing, whether using the SIPPS scheme or not, and consulting the experts is key.

If you would like to discuss the SIPPS scheme or your own situation further, please contact Paul Cole at paul.cole@personal-homefinders.com

Introducing.....

This is a new feature for our newsletter where we introduce to you a member of our team in more detail; to help put faces to the people you may come into contact with on a regular basis.

Updates for Landlords

FSA Membership

At the beginning of this year the Financial Services Authority (FSA), the regulatory body for all Financial Services, introduced regulations governing the introduction of Mortgage and Insurance Business, ensuring only bona fide companies introduce such business and are regulated to protect individuals from rogue selling.

I am delighted to advise that Personal Homefinders have passed the requirements set by the FSA and we became FSA registered as from 14 January 2005.

This is particularly pleasing that an external body has reviewed our processes and procedures and have confirmed that we meet all the requirements to comply with the FSA regulations. We will also monitor our own performance and have a continual improvement scheme to deliver the best service possible. See below for details of our 2005 survey.

Please do not hesitate to contact Paul Cole if you wish to discuss any aspect of the FSA regulations.

New Gardening Service

Maintaining gardens has traditionally been a time consuming or expensive job for landlords, with often neglected gardens taking a lot of hard work to sort out. The tenancy agreement puts the responsibility of mowing the lawn and maintaining flowerbeds on the tenants, but for the rest of the gardening such as pruning and trimming hedges the onus falls on the landlord.

To avoid costly bills at the end of tenancies we have introduced a new gardening maintenance service. This takes care of the main gardening jobs throughout the year to avoid the build up of neglect over several seasons.

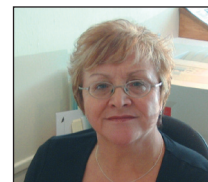
There are three levels of service;

Routine Service

Continual maintenance throughout the year, tailoring the service to the season and specific needs of the garden, for a total of 16 hours.

Work includes clearing leaves, pruning small plants, grass raking & cutting, trimming edges of lawns, general weeding,

This issue we would like to introduce Caral Morrison, Property Consultant for Southampton.



Caral meets prospective landlords to advise them on rental incomes and how to maximise the potential and appeal of their properties to achieve the best returns. She is also responsible for locating tenants for properties, maintaining the database of prospective applicants recruited via the website, newspaper advertising and office windows. She conducts all viewings on properties in Southampton and matches applicants with the accommodation to minimise void periods.

Date of joining PHF : February 2003

Biggest challenge to date : A new career change at "50"!

Best thing about working at Personal Homefinders: Meeting people from all "Walks of life" and every day brings a new challenge, a friendly hardworking team. Re-visiting tenants in their new properties, and seeing how happy they are.

& the worst! : Not being able to find a property available to suit prospective tenants due to market shortage.

Three words that best describe you : Friendly, caring, humorous

deadheading small plants & borders and clearing & removal of garden waste

Seasonal Blitz

An extended garden service for three hours twice a year in Spring and Autumn at the start and end of the key growing seasons. Includes;

SPRING - clearing garden after winter months, raking & first cut of grass, pruning small plants & shrubs, aerating & preparing flower beds, remove garden waste

AUTUMN - deadhead plants & shrubs, general weeding of flower beds, rake & aerate lawns, clear leaves & general clear up, remove garden waste

Premium Package

Includes both the Routine Service & Seasonal Blitz at a special discounted rate.

In addition we can provide Hedge Trimming & Tree Pruning services, which can be quoted for on a separate basis.

These gardening services are for gardens in a good general condition initially. If a garden requires additional work to bring it up to standard a separate quotation will be provided. Please contact Ivan Crossman at ivan.crossman@personal-homefinders.com or at the Winchester office for further information and costs.

Customer Satisfaction Survey

In September we shall be sending out the 2005 Customer Satisfaction questionnaire to all our landlords. This is an important way for us to obtain your feedback, to make sure we are listening and developing our services and business to continually improve the way we meet your needs.

This questionnaire will be a simple one pager available electronically as well as on paper and will also be available on our website to download.

In addition to the Landlord questionnaire, we have recently introduced questionnaires for Tenants, to be issued when they move in and also when they vacate properties to also measure their levels of customer satisfaction.

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