

My Top Ten Tips For Avoiding Void

Long-term voids can consume spare cash and in the worst cases can even cause a landlord's business to fail. However there are a few things you can do to help soften the impact and avoid them occurring.

1. For First Time & Small Landlords Voids Are A Serious Business

Landlords with a small number of properties are more reliant on rental income to cover mortgage payments and repairs. So if they stop receiving rent they may find themselves in negative cashflow. Repair issues are often unexpected, so you should make sure you have savings to cover the double whammy of repairs and a void at the same time. Once you have 5 or 6 properties you should generally have enough cashflow across your portfolio to cover a void in one of your properties.

2. Get The Right Business Model

Aim to acquire properties that are easy to rent, so research carefully before you buy. Know your area and the local lettings market and tailor your properties to suit demand. Build in some flexibility as the market might change. For example, landlords who bought one bed flats with a view to letting to people on benefits a few years ago will have been hit hard in 2013 by the fact that benefit claimants now have to be over 35 to get the one bed local housing allowance rate. Many of these tenants have had to move into shared houses. Stay aware of legal and regulatory regimes especially regarding licensing and article 4 planning directions. Golden rules for locations are: close to public transport, amenities, good schools and sources of employment or education.

3. Provide A Good Product

If your home is a great place to live, tenants will stay longer. So offer an excellent level of customer service and respond quickly to repairs requests and queries. Your tenant is your eyes and ears in your property and will help you maintain your asset and their custom.

4. Good relations with your tenant

Maintaining a good relationship with your tenant will encourage them to stay longer. I also recommend biannual rent reviews as this promotes stability for both parties. Your tenancy agreement should include a clause saying that tenants will allow prospective replacement tenants to view the property. Although this makes intentions clear and in most cases tenants do not have a problem with it, you will need to seek their permission to enter the property and show potential tenants round. This should be no problem if you have a good relationship with them.

5. Plan ahead

We often think it's easiest to carry works out such as redecoration between tenancies. But tenants may appreciate the property being improved whilst they are living there and this saves on the property being empty during works. I always ask tenants a few months ahead of the end of their agreement whether they wish to stay, so that I can plan ahead. Although they legally only need to give you one months notice in most cases (none if it's the end of a fixed term), I usually ask 3 months before the end of the agreement and try to get confirmation two months before the end, if the tenant is willing. This means that I can notify the agent or begin the reletting process two months before the end of the contract. If you are worried that the tenant may not vacate as agreed, do serve a section 21 notice but beware this can impair your relationship with them. I have helped tenants look for alternative accommodation and stayed in regular helpful contact where I have had concerns that they may not move. I have also allowed flexibility by allowing them a few extra days to move where the situation might otherwise turn difficult. I always confirm any agreements by email. Don't put undue pressure on tenants as this could constitute harassment. If in doubt use one of the landlord association helplines for advice.

6. Work constructively with agents

Remember it can take agents a few days to readvertise your property, so you should call them as soon as your tenant has given notice and drop a set of keys to them immediately. You need to make it as easy as possible for the agent to find you a great tenant. If you are using an online agent and conducting viewings yourself, be sensitive to your local market. In some areas, if you don't make yourself available quickly, the tenant may find an alternative property. Some obvious tips are making sure you have great photos, price the property competitively and ask tenants if they wouldn't mind keeping the property tidy for viewings. You might want to conduct group viewings on a Saturday for example as that does tend to drum up offers. Make sure the agent treats the tenants respectfully: they should always call before conducting viewings and be respectful of the tenant's home and possessions.

Manage communication with agents carefully – on numerous occasions agents have promised tenants things that I was not aware of and I was left managing disappointment after the tenant moved in. If you use a let only service with an agent, sometimes they will deliberately give you a tenant who is planning to buy soon and therefore you will need another tenant in 6 or 12 months time, producing more commission for the agent. Tell the agent you want a tenant who is planning to stay long term.

7. Managing your finances

Keep a separate bank account for your property income and expenditure and put any profits into a savings account. If you get voids you know you will have enough cash to cover the mortgage as well as any repairs that arise. If you don't then you will have saved up for a deposit on your next property. The National Landlords Association recommends that you budget for 2 months void a year per property, fairly cautious and a bit over the top for London, but still not a bad principle.

8. Be flexible

Having prepared your property to a show home standard, you might be reluctant to change the furniture or layout. If you want to keep voids short, you need to be flexible. When bringing your property to market for the first time, I recommend not furnishing until viewings have been done and then only furnishing if requested by the tenant. With existing lettings, tenants may ask for furniture to be removed. If the local market is active, I may hang on for a tenant who wants furniture and on other occasions I have given it to a charity shop as storing it is not generally cost effective. Second hand tat, in my view, is not acceptable as furnishing and you need to be prepared to change furniture every few years anyway. Be prepared to negotiate with tenants on furnishing, they may meet you half way if they really like the property.

9. Manage the check out process

When the tenant gives notice, pop round for a visit or conduct a formal inspection and put together a list of likely works and levels of cleaning that might be required before the next tenants move in. That way you could line up works the day after they move out. I send tenants a letter three weeks before they move out explaining the process, establishing the time when they should vacate the property and reminding them of cleaning tasks that often get forgotten, like ovens and cleaning the windows. This opens up lines of communication about furniture they might leave behind and reminds them that a new tenant will be moving in and will expect the property to be in a good condition. I invite them to conduct the exit inventory check out with me and tell them that my aim is to return the deposit in full, but that deductions will be made for any damages. Be positive, optimistic, helpful and courteous – you stand a better chance of getting a positive outcome. Please don't argue with your tenant over anything under £100, ask them for it, if they refuse, cut your losses. I find that if I ask them if they think the deduction is reasonable, they often agree. Check out isn't a good time to be obstinate.

10. Manage the check in

Most landlords allow at least a couple of days inbetween tenancies to carry out minor repairs and cleaning. Once you have a larger portfolio and comfortable cashflow you should be able to allow yourself up to a week without adversely affecting your business. Be clear with tenants about the time they can move in – agents have messed this up for me a number of times and this can be detrimental to that all important start of your relationship. I always have an induction meeting with my tenants. Whilst this is about introducing them to the property, identifying any repair issues and answering general questions, most importantly it's about the beginning of a positive and reasonable relationship. You want your tenants to stay a long time, after all that is the best way to avoid voids.

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