**Buy to Let Landlords: Reasons to be cheerful in the 2020 apocalypse**

While the year may have begun on literal fire and under threat of World War III, there are some advantages to the year 2020 for you buy to let landlords at least. Yes, we know how to keep things light at the end of the world. That’s why we’ve compiled a handy guide to make sure you’re up to date with all the new rates, licensing and legislations so that you can reap the rewards of capital growth, rising rents and solid investments while the world collapses and crumbles in your wake.

**Rising rents**

That’s right. Rents are on the up and so are your spirits. Your tenants might have cracked hands from over washing and need an extra cupboard for face masks and loo rolls, but tenant demand is still strong with diminishing supply, raising prices and strengthening economy. Between 2018 - 2023, RICS forecasted rents to rise by 15% due to a reduction in new rental property on the market thanks to tax changes.

**Rental yields**

While the prime minister tells us all to keep calm and carry on whilst people are wearing plastic bags over the head on the tube, you already are. That’s because rental yields have been gradually improving for the last three years, with most London boroughs achieving average yields of 4-5%. It’s difficult to predict exact numbers, however you can have a look at [Portico’s Property Market Forecast 2020](https://www.portico.com/blog/market-news/london-property-market-report-and-forecast) for an idea.

**Mortgage interest relief**

This April brings an end to the landlords’ mortgage interest phase out, which means that you are no longer able to deduct mortgage interest costs. Boo. However, you are entitled to a 20% tax reduction on either: finance costs, property profits or total income (minus savings, dividends, personal allowance). The good news is that if you area a basic rate tax payers (earning less than about £40k), you won’t be affected and many of you London based landlords will have benefited from substantial capital and rental price growth over the past decade meaning you stand to lose less under these new regulations. Woo.

**Brexit**

Whilst half of the country is deeply miserable about this particular development, political unrest and the resulting uncertainty concerning Brexit is finally drawing to a close. This means the economy will improve, transactional activity should increase and the property market is likely to progress.

**Mortgage rates**

Brexit also affects mortgage rates via base rate shifts in the Bank of England. How to make the most of this as a landlord? We suggest you consider refinancing your portfolios and locking in low rates now.  If you cut your interest costs by remortgaging and then get an up to date [rental valuation on your property](https://www.portico.com/valuation/), your lender will need to recalculate your LTV. The lower the LTV, the better the interest rate and selection of lenders.

**Property price rises**

We may miss out on the World Cup this year, but you can celebrate some home goals thanks to a predicted 26% increase in property prices over the next ten years. This is glorious news for property investors wanting to benefit from lower prices now and reap the rewards later.

**Energy efficiency & electrical safety checks**

From the 1st July 2020, the government have announced that there will be a mandatory safety certificate for all rented property. As long as you're aware of this and comply, you're home and dry. Not so likely for the apocalyptic storms that keep raging and marking the end of days on a weekly basis, however. Every cloud and all that.

**Section 21 evictions**

To protect tenants from unfair eviction, Government pledged to eliminate Section 21 evictions last April. If you’re sitting there worrying about your profits, remember that this change in legislation just makes the relationship you have with your tenants all the more important. Our advice? Choose longer term tenants and make sure you fit your property to a high standard. The planet may be disintegrating; your apartment doesn’t need to be.

**Local licensing**

Houses in Multiple Occupation (HMOs) can look rather attractive (much like the four horsemen of the apocalypse galloping over the horizon), but they do come packed with a host of legal requirements (and saddlebags). Local licensing rules are changing and we advise keeping up to date where possible. We can help you with this. We can’t, however, help with the oncoming harbingers of the Last Judgment.

**Changes to private residence relief**

As of April 2020, you will no longer be able to claim up to £40,000 in capital gains tax relief when letting properties that either are or have been your main home, even when you haven’t lived there for a while. We’d encourage those of you who might be considering a sale to review your portfolios and get appropriate advice. We can point you in the right direction here so give us a call or pop in for guidance and positive vibes only.

**An end to Right to Rent checks**

This year, right to rent checks are to be stopped after the High Court ruled them discriminatory and in breach of human rights law in March 2019. There are, however, other ways of making sure you get suitable tenants in your property benefitting all involved by checking their original documents, For more information and advice, you can call the landlord’s helpline to get help with a check in line with current practice on 0300 069 9799 Monday to Thursday, 9am to 4:45pm and Friday, 9am to 4:30pm.

**Apocalyptic Airbnb**

For 90 days of the year, you can let your property out to Airbnb guests as a pretty snazzy short term solution for extra income and avoiding void periods. Why not make your abode an attractive little getaway for people escaping the burning, stormy, world cup redundant horrors of contemporary life. We suggest providing extra towels and self catering for the apocalypse.