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**UK rents on the rise**

04-21-2010

Catherine Deshayes

**The latest buy-to-let index from LSL Property Services shows returns improving as rents nudge up slightly...**

According to the lettings agent network, the average annual return from investing in buy-to-let stood at 13.3% in March, with the typical landlord seeing a return of £20,580 over the past year.

Rents increase by an average 0.1%, to £659 per month, showing growth for the second consecutive month and up 1.5% compared to a year ago.

However, the typical UK rent remains 4%, or £29 per month, below its August 2008 peak.

Yields on buy-to-let property dropped slightly to 4.7%, from 4.8% in February, as house prices continued to rise.

However, tenant arrears fell to a new low of £227 million in March, or 10.1% of all rent.

The proportion was down from 11.2% at the turn of the year and at its lowest level since LSL began compiling the figures in 2008.

The firm's spokesman, David Brown, says: "We're not just seeing an improving picture for landlords - but tenants too."

He adds: "The performance of arrears was a surprise story of the recession, and they have exceeded expectations again in the first quarter of 2010."

According to Mr Brown, property is an increasingly sound investment proposition, but only if landlords do their homework and balance potential rental income with long-term capital gain.

In related news, commercial property investors are being urged to take a look at the UK's residential market and the 11% return achieved by the sector in 2009.

Latest figures from Curzon Investment Property and Investment Property Databank showed 8.1% capital growth and 2.7% income return for 2009, with the residential market outperforming the broader commercial sector for the third consecutive year.

Source: [www.homemove.co.uk](http://www.homemove.co.uk)

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