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BLOGS HOME FINANCE YOUR MONEY IAN COWIE

## Ian Cowie

Ian Cowie joined The Daily Telegraph in 1986 and has been personal finance editor since 1989. He is @iancowie on Twitter.



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## Buy to let landlords enjoy fat profits from the mortgage famine

By Ian Cowie Your Money Last updated: November 22nd, 2010

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Buy to let landlords are enjoying improved yields

Buy to let landlords are big winners from the mortgage famine, enjoying rental yields above 6 per cent and rising while more than half of all tenants feel "trapped", according to new research by the property website Rightmove. It claims demand from frustrated would-be first time

Letting agents LSL Property Services calculate the national average return on landlords' investment is nearer 4.5 per cent but reckon that average rents in the private sector have risen to a record of nearly £700 a month. Some estate agents claim Government housing policy, such as extending right to buy and removing council house life tenancies, will push rents even higher – and many tenants seem to agree.

Miles Shipside, a director of Rightmove said: "More than 40 per cent of people in rented accommodation in our survey reported their fears of another upwards movement in rents. They are at the sharp end of competitive demand from other renters, experiencing a struggle to find suitable rental accommodation and losing out on properties to higher bidders.

"Rental agents are reporting turning many prospective tenants away, with only those with the best references passing the beauty parade to get to view the limited new stock on offer. The upwards price pressure on rents is highlighted by that fact that the stock of available rental properties advertised on the Rightmove website is 23 per cent down year-on-year.

"The momentum for further rises continues, even though some agents are reporting increases of 5 per cent to 10 per cent in the last year already. Those would-be buyers who have been trapped in rented accommodation because they would like to buy but cannot afford to remain in the majority, with some 55 per cent stating this frustration."

James Moss, managing director of Curzon Investment Property, said: "The main reason we're destined to stay a nation of renters is that Government promises to unlock the mortgage market and build more homes have been broken. The market is being choked off at both ends and a combination of throttled lending and fractured supply means prices are kept high and people can't borrow enough. New local planning laws which give Nimbys the right veto much needed development are the nail in the coffin."

David Newnes, managing director of LSL Property Services, added: "Rents have been creeping upwards, month in, month out for the last year, and now stand just a few pounds shy of £700 per month. Constrained mortgage finance is choking off the number of first-timers able to get on the ladder, and would-be landlords' ability to buy

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