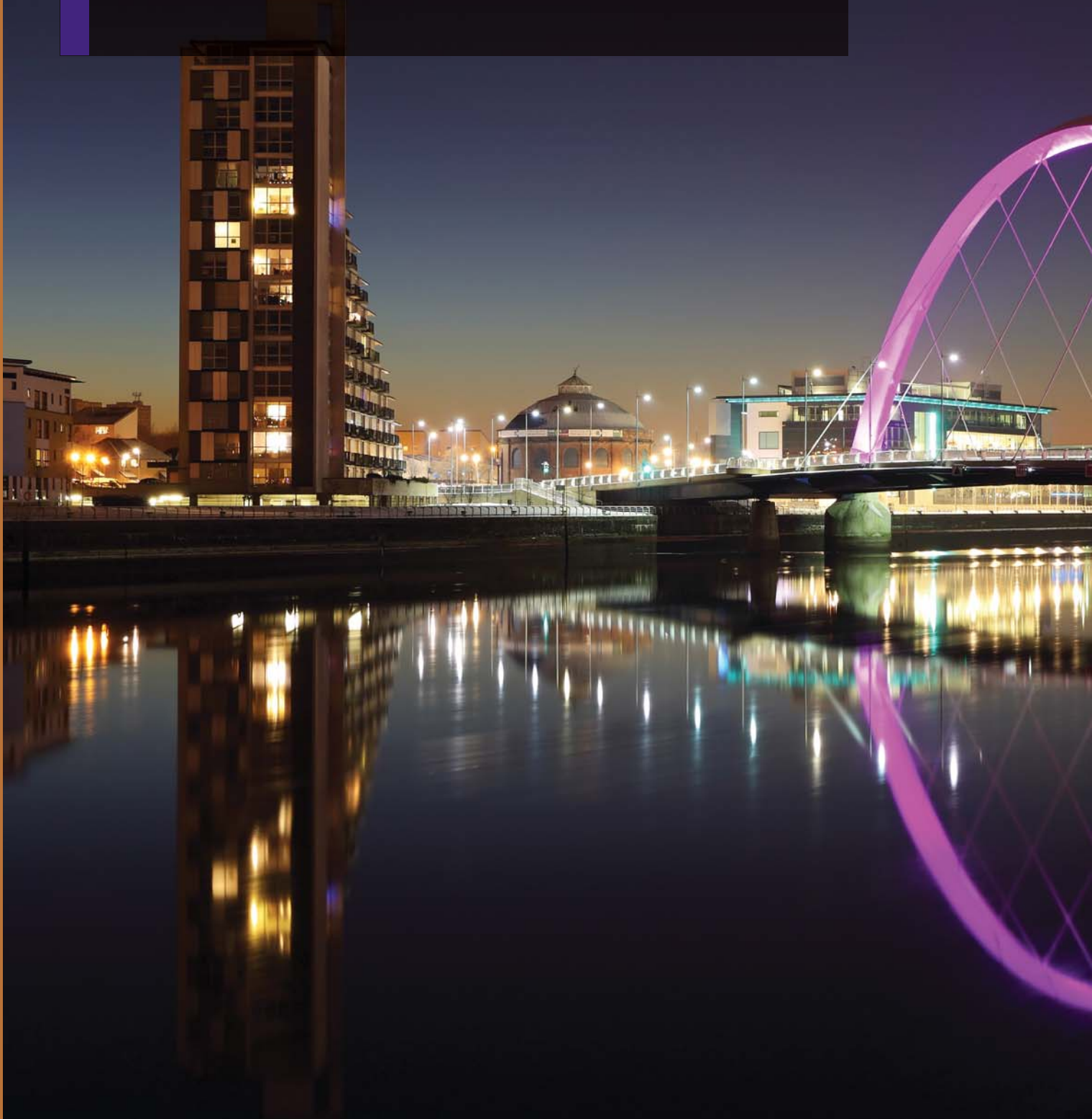




Landlord and Investor

Indigo Square is a privately owned Scottish company with over 30 years experience of running, owning and managing residential property agencies and rental investments in Scotland...

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About Indigo Square...

Indigo Square is a privately owned Scottish company with over 30 years experience of running, owning and managing residential property agencies and rental investments in Scotland.

As buy to let owners, Indigo Square understands the ups and downs of being a residential landlord and the special requirements of portfolio owners. Indigo Square also understand the equal levels of enthusiasm and trepidation with which a potential landlord faces his first let. So whether you own one or one hundred and one properties, Indigo Square can offer you the service you need for your investment.

Indigo Square also have unique insight into the needs of the Affordable Housing sector in Scotland. With 10 years experience of working with Government, Councils and Housing Associations, through our **Socially Responsible Letting** programme, Indigo Square can advise those landlords whose investment criteria includes the desire for a strong ethical as well as financial gain.

Our Service Offering...

Investor Landlords have varying requirements from letting agents but all have the same desire for first class customer service and first class advice. Whatever your need as a Landlord and investor, Indigo Square have the buy-to-let service offering you seek.

OWNER LANDLORD – A tenant introduction service with optional add-ons to suit your needs. A service best suited to landlords who require the wider reach of a letting agent to find tenants but have the time and experience to undertake the day to day management of the rental agreement.

PORTFOLIO LANDLORD – A tenant finding and management service that uses leading internet portals and our database to find the right tenant for your property and then provides ongoing management and oversight including regular property inspections and client updates.

INVESTOR LANDLORD – Particularly suited to portfolio investors but available to all who see their buy-to-let property as a long term investment but for whom regular life and work prevent any ongoing involvement. Leave the keys and Indigo Square will take care of everything.

SOCIALLY RESPONSIBLE LANDLORD – Our Affordable Home offering. Taking advantage of the Indigo Square expertise in this area, we offer this service to landlords looking for a more ethical investment. Where possible Indigo Square will partner with Housing Associations and Local Authorities and enter into leases directly with them. Also preference for any works undertaken will be given to small businesses and social enterprises.





OWNER LANDLORD

- ✓ Rental appraisal visit
- ✓ Property particulars prepared with relevant internal/external photography
- ✓ Internet listing on Indigolets.com, S1 Homes and Rightmove
- ✓ Email and social media marketing including Indigo Square twitter and facebook alerts
- ✓ Advice on any pre-let property preparation
- ✓ Accompanied Viewings
- ✓ Identify and referencing suitable tenants
- ✓ Full in depth referencing of tenants including: Employment checks, affordability checks, previous landlords references and local credit checks
- ✓ Prepare tenancy lease agreement and other legally required paperwork
- ✓ Arrange collection and transfer of first months rent and deposit
- ✓ Additional Services; Landlords have an increasing level of legislative requirements to fulfill in letting a property including ensuring that the property has hard wired smoke and fire detectors, electrical and/or gas safety certificates and deposits must be transferred within 30 days to an approved deposit scheme. Many experienced landlords will already have service providers for some or all of these services.
- ✓ The fee for the Owner Landlord Service along with optional add ons will be set out in your Indigo Square letting contract.



PORTFOLIO LANDLORD

- ✓ Rental appraisal visit
- ✓ Property particulars prepared with relevant internal/external photography
- ✓ Internet listing on Indigolets.com, S1 Homes and Rightmove
- ✓ Email and social media marketing including Indigo Square twitter and facebook alerts
- ✓ Advice on any pre-let property preparation
- ✓ Accompanied Viewings
- ✓ Identify and referencing suitable tenants
- ✓ Full in depth referencing of tenants including: Employment checks, affordability checks, previous landlords references and local credit checks
- ✓ Prepare tenancy lease agreement and other legally required paperwork
- ✓ Prepare full photographic condition report
- ✓ Prepare fully detailed inventory, meter readings and council tax notifications
- ✓ Provision or gas and electrical safety certification
- ✓ Arrange collection and transfer of monthly rent
- ✓ Transfer of deposit to approved deposit scheme
- ✓ Ongoing property management with bi-monthly property inspections
- ✓ 24 Hour emergency service for tenant emergencies
- ✓ Pre-agreed reactive maintenance spend agreement level
- ✓ Active tenancy renewal service to enhance possible long-term tenant occupancy
- ✓ 24 hour online access to your property files with unique user log-in details
- ✓ Optional rent guarantee insurance
- ✓ Access to discounted group landlord insurance policies

Whatever your need as a Landlord and investor, Indigo Square have the buy-to-let service offering you seek...





INVESTOR LANDLORD

- ✓ A long-term investment solution where Indigo Square takes over the full investment management of the property on your behalf. This bespoke service comprises all the hands on management of the Indigo service with the following additions;
- ✓ **Pre-listing survey** - Completed by RICS surveyor providing a current market value and detailing any impending repair issues
- ✓ **Maintenance report** – pre-let guidance on expected cyclical and reactive maintenance costs along with a proposed cyclical maintenance programme
- ✓ **Annual Investment Report** - Annualised net investment yield reports taking into account capital appreciation in the property value and rental income less cyclical and reactive maintenance and other property costs
- ✓ **Turn-Key Management** - Full financial management of your investment including payment of property factoring accounts, buildings and contents insurance and council tax (within pre-agreed parameters)
- ✓ **Post Let Management** - Financial management of the property between tenancies. Indigo Square will look after the financial management of your investment as if it is one of our own.
- ✓ **Rental Arrears Cover** – Whilst Indigo Square undertakes full referencing of potential tenants, nothing can prevent a situation where a tenant just stops paying rent. Indigo Square will always take the swiftest action legally possible to ensure rents are paid and non-paying tenants are moved on non payment due is still possible. To minimise the financial disruption to our Copper Service landlords, arrears insurance cover is automatic for all who take this service.



SOCIALLY RESPONSIBLE LETTING

- ✓ **Affordable Rent Set** – Rents benchmarked to Local Housing Allowance Rates for the lifetime of the lease
- ✓ **“AAA Rated” Tenancies** – Where possible rents will be undertaken directly with Local Authority Housing Departments or Housing Associations
- ✓ **Rent Protection** – Rent arrears insurance cover PLUS request for housing benefit to be paid direct when appropriate
- ✓ **Pre-Let Assessment** – Detailed report assessing work required to get the property to appropriate standard for Affordable Renting providers
- ✓ **Project Management** – Unless specifically requested, Indigo Square will undertake project management of agreed works from pre-let assessment along with fulfilling statutory requirements on gas and electrical safety certification
- ✓ **Marketing Programme** - Property particulars prepared with relevant internal/external photography, listing on websites and social media with information supplied to affordable housing providers and undertake accompanied viewings
- ✓ **Tenant Referencing** - Identify and referencing suitable tenants with full in depth referencing of tenants including: Employment checks, affordability checks, previous landlords references and local credit checks
- ✓ **Tenancy Paperwork** - Prepare tenancy lease agreement and other legally required paperwork and prepare fully detailed inventory, meter readings and council tax notifications
- ✓ Prepare full photographic condition report
- ✓ Arrange collection and transfer of monthly rent and transfer of deposit to approved scheme
- ✓ Ongoing property management with bi-monthly property inspections
- ✓ 24 Hour emergency service for tenant emergencies
- ✓ Pre-agreed reactive maintenance spend agreement level
- ✓ 24 hour online access to your property files with unique user log-in details
- ✓ Access to discounted group landlord insurance policies

Investing In Property...

At Indigo Square we believe that there is considerable need for investment in, and expansion of, a well managed rented sector in the UK. Government statistics suggest that there are over 1.8 million UK households currently on waiting lists with Housing Associations and local authorities for the provision of Affordable Housing. Approximately 70,000 of these households across England and Scotland are noted by housing charity, Shelter, to be living in temporary accommodation.

Although Scotland accounts for just one tenth of the households on waiting lists within the UK, it would cost in excess of £21 billion to provide accommodation for those households alone. As the UK population continues to rise, the demand for rented sector will continue to increase, exacerbating an already chronic shortfall in suitable properties.

The UK Housing Market

The Office of National Statistics and the National Records of Scotland project that approximately 267,000 households are formed across England and Scotland every year. However, according to the UK Government, during the period of 2009 to 2015 between only 104,000 and 117,000 new houses were constructed per annum. In 2014, approximately 15,541 houses were constructed in Scotland according to the Scottish Government, being 40% below the peak achieved in 2007. The shortfall in England of available housing created by the gap between demand and supply is growing, and as noted in Figure 1 opposite, is predicted to grow ever larger.

Cumulative Housing Shortfall

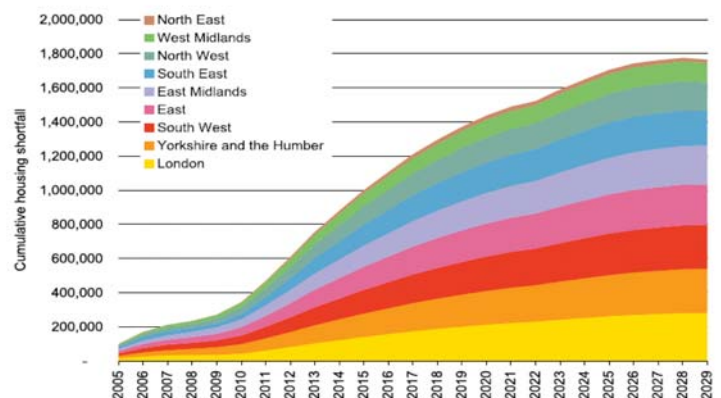


Figure 1: Savills, Budget Commentary
"Can George erode the housing shortage mountain?"

Indigo Square believe that Scotland will also see an increase in shortfall of available housing as, according to Scottish Government Housing Statistics, the rate of new build housing completion is at the second lowest quarterly figure since 1980.

“ At Indigo Square we believe that there is considerable need for investment in, and expansion of, a well managed rented sector in the UK

The UK Rented Sector Market

Additional investment in the rented sector (private and social) is much needed across the whole of the UK. The housing shortfall has had a particular impact on the Affordable Rented sector where there has been a significant reduction in construction of new (and traditionally affordable) local authority housing.

House Building Since 1946

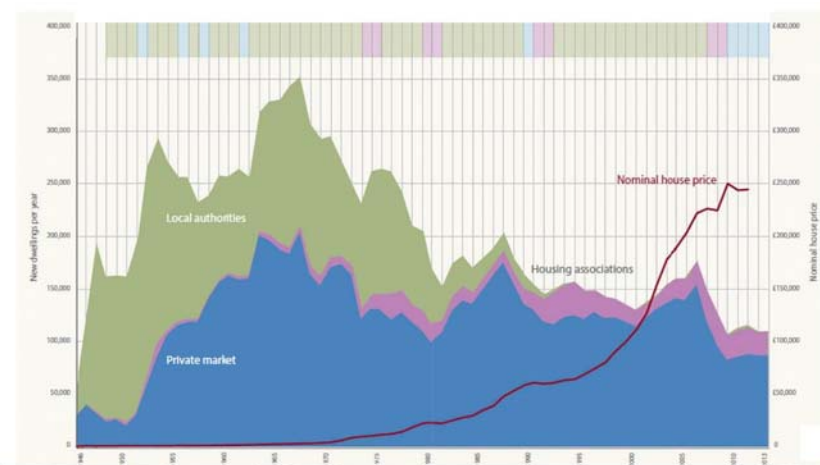


Figure 2: Shelter, Private Sector Housebuilding, England 1946 - 2013

The consequence is over 1.8 million households across the UK currently being on waiting lists with Housing Associations and local authorities for affordable housing.

Housing Charity Shelter estimated that, as at the end of June 2014, more than 10,000 households in Scotland were living in temporary accommodation.

Indigo Square believe that the construction shortfall referred to above is driving prices beyond the reach of many households on average aggregate salaries and thereby increasing the need for good quality, well managed rented sector stock.

The Rented Sector Market in Scotland

The Scottish Government stated that as at 31 March 2014, around 180,000 households in Scotland were on waiting lists with Housing Associations to rent affordable housing, being approximately 10% of the UK total. The number of households on waiting lists for accommodation has remained consistent, as shown below.

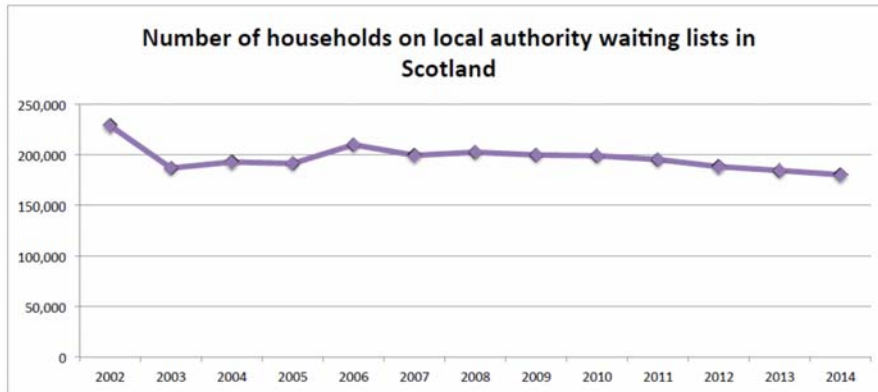


Figure 3: Number of Scottish households on local authority waiting lists - collated from data provided by The Scottish Government

At the same time The Scottish Government's housing statistics for Scotland note that in the year to September 2014, councils in Scotland built only 1,214 new houses. In September 2015, the Shelter Report, commissioned by Shelter, the Chartered Institute of Housing and the Scottish Federation of Housing Associations, stated that Scotland would need to build at least 12,000 affordable homes every year for the next 5 years, to keep up with the demand for such accommodation. The Shelter Report also notes that 64.2% of new households created in Scotland over the next 5 years will require access to rented sector.

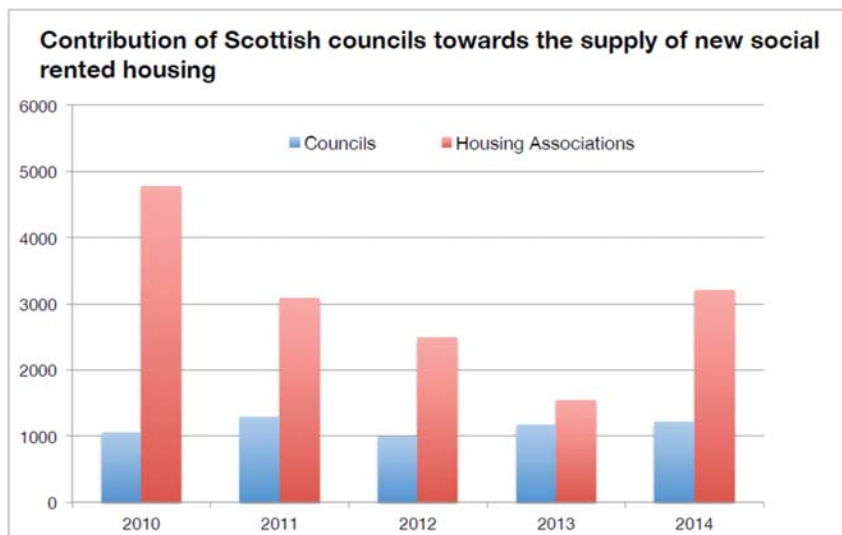
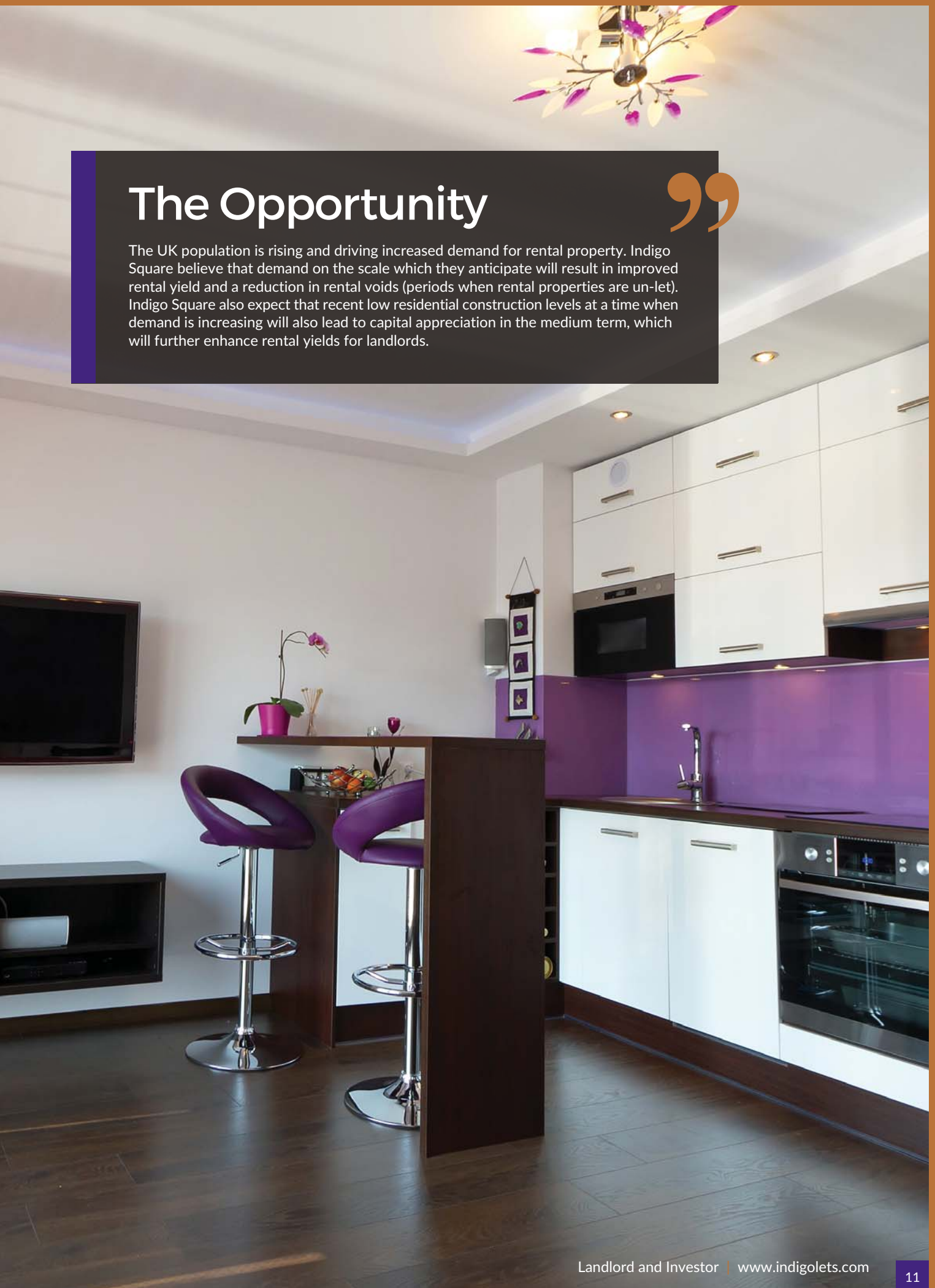


Figure 4: Graph extracted from Contribution of Scottish councils towards the supply of new social rented housing, Scottish Government

The Opportunity



The UK population is rising and driving increased demand for rental property. Indigo Square believe that demand on the scale which they anticipate will result in improved rental yield and a reduction in rental voids (periods when rental properties are un-let). Indigo Square also expect that recent low residential construction levels at a time when demand is increasing will also lead to capital appreciation in the medium term, which will further enhance rental yields for landlords.



Your Acquisition Strategy...

When acquiring residential buy-to-let investments, any investor should give consideration as to whether the prime investment strategy is return on investment by way of rental income (yield), capital growth or both. Whatever the reason, residential buy-to-let property investment is rarely a quick return solution. Depending on the buying strategy and depending upon appropriate insurance to cover rental arrears it can be a source of regular, secure income with added investment growth. Always remember that the investment is not just the bricks and mortar, you are investing in creating a home for someone else.

Indigo Square believe that it is essential to take the Taking the right advise before you buy and before placing a tenant. Our experienced professionals are always on hand to ensure your investment achieves the optimal return.



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Investment Considerations...

How will the purchase be financed?

For most, a buy-to-let purchase is a long-term investment. For others it is a temporary rental of their own home because equity issues prevent a sale or because work commitments will take them away for a fixed period. Whatever the reason the first consideration is what sources of funding are required and whether you are an experienced purchaser or not, it is always useful to take initial soundings from a mortgage broker. Mortgage funding has changed since the 2008 crash and although Bank of England base rates have varied little since then individual lender rates and lender criteria change frequently.

If you don't know where to go, Indigo Square can point you towards brokers who specialise in buy-to-let. Even if you plan to invest without borrowings, a mortgage chat can be useful to assess if you can make your lump sum go just that little bit further.

Register with us

The Indigo Square team have in excess of 30 years experience in the Glasgow property market and can help you plan out your purchasing strategy. Whether this is your first buy-to-let purchase or you are on your way to creating a portfolio of homes Indigo Square can provide input from our own experience of buying properties along with the input and experiences our clients have gained elsewhere.

Buying The Right Property

Once Indigo Square have a clear understanding of your requirements we will undertake a review of properties from those available on market with estate agents to those off market with rental portfolio sellers. You will then receive a selection of properties that match your criteria. We can also keep you constantly up dated via email when the latest properties become available. If you sign up to Indigo Square Gold, our experienced team can even arrange viewing times, inspect properties on your behalf and undertake price negotiations.

Make An Offer

Once you have identified a suitable property you will need to make an offer. In some instances this can be done verbally initially and once agreed formalized in writing by your lawyer. If an Indigo Square Gold level investor we can undertake this process through to formal offer stage. At this stage you may be asked for evidence of funding and Indigo Square can give guidance as to what may be needed at this stage.

Instruct a Lawyer

Most buy-to-let investors will previously have acquired property and may have their own lawyer. Indigo Square will be happy to provide recommendations on appropriate legal advisors of needed but to progress towards a concluded sale bargain a Scots conveyancing solicitor will be required.

Survey

Scotland now has the home report system for selling homes and the seller is obliged to provide you with a copy prior to you offering for the property. This document provides key information with regards to value, age and condition of the property and contains essential detail on the requirement of any works you will need to undertake before putting the property out to let.

Since the crash of 2008, most lenders have become far more prudent and as a consequence it is likely that your buy-to-let funder will instruct their own valuation.

Tax Issues

Before acquiring properties, investors should seek professional advice in relation to relevant tax implications with regards to Land and Buildings Transaction Tax (Formerly Stamp Duty Land Tax), Inheritance Tax, Income Tax and Capital Gains Tax (among other financial matters).

Other Financial Considerations

When you are buying a buy-to-Let property you are creating a home for someone else and whether you are providing a furnished or unfurnished let there are certain legal obligations that go with this. You should therefore ensure that you will be in a position to fulfill these requirements throughout the lifetime of your ownership. From a pre-let clean to reactive or cyclical repairs, Indigo Square can provide help and guidance on expected costs and requirements.

Indigo Square Socially Responsible Letting...

Buy-to-Let landlords can often shy away the concept of properties suitable for affordable rent but at Indigo Square, we believe a properly managed affordable housing portfolio can offer a landlord all that they seek from their buy-to-let investment strategy and at the same time add social value by operating in the area that requires greatest inward investment.

The Indigo Square team has 10 years experience of working with Affordable Housing providers and understanding the challenges faced by local authorities, Housing Associations and the Scottish Government in dealing with the demand for Affordable Housing. The cost of providing affordable accommodation for the 180,000 households in Scotland on waiting lists could be as much as £21 billion. 10,000 of these Scottish households are living in temporary accommodation and the cost of building new Rented sector for them alone could be in excess of £1.2 billion. This level of funding will not occur and the affordable Housing Sector requires private investors and private rented landlords to work with them as partners to tackle this challenge.

What is Affordable Housing?

The UK Government defines "affordable housing" as accommodation designed for people who cannot afford to rent or buy property which is generally available on the open market. For the specific purposes of the Company's Investment Strategy, 'affordable housing' is regarded as being residential property which is or would be let at a rent (inclusive of service charges) which is no more than 80% of the gross market rent for a property of similar size and location. In general however there are generally three types of rented housing stock;

Social Rent – Often referred to as Council Housing this is now generally managed by Housing Associations. These are registered charities who will house people based upon need not ability to pay. With the housing shortage set out here, invariably these will be people in greatest need with the most challenging financial conditions. Such tenants will normally be on Assured Tenancy agreements.

Market Rent – This is where most of the Private Rented Sector operates. Homes are rented out on Short Assured Tenancies and the level of rent will be determined by market norms – i.e. what the market is willing to pay based upon supply and Demand.

Affordable Rent – Often the preferred tenancy of "key workers" or self employed, this is for people who are too economically active for social rent, find full market rents challenging and are not quite in a position to obtain a mortgage. Often they will have some benefit support, perhaps in the form of part housing benefit paying for rent.

The Socially Responsible Letting Commitment

Indigo Square have 10 years experience of working with Affordable Housing partners and understand the benefits and challenges of operating within this sector. Many affordable housing providers will let directly from the private rented sector. Consequently whilst the rental income may be only 80% of full market rent, in the council or Housing Association, the investor has grade A covenant on the tenancy which will usually be for upwards of 2 years.

Achieving an income below the maximum potential return is not suitable for all, but there may be reasons why a landlord would be willing to receive rents at 80% of the maximum return. Whether it's the potential security of income if rented directly, the arrears insurance that Indigo Square incorporate into the Socially Responsible Landlord programme or the social return to the investor of giving something back to society, contact Indigo Square to obtain more information.

“ 10 years experience of working with Affordable Housing providers and understanding the challenges faced by local authorities, Housing Associations and the Scottish Government



INDIGO | SQUARE

Letting Agency

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