



# THE SUNDAY TIMES

## Tenants' extra: buying out your landlord

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After nine years of hopping between short tenancies in London, David Stang, right, finally decided to invest in his own place — but the prospect of having to move all his things and change his address again didn't appeal. So he bought the flat he was renting from his landlord instead.

"I still looked at every two-bedroom flat in Putney available in that price range, but staying in the same place is so convenient," says Stang, 36, who owns a toy company, Wicked Vision. "It was a seamless purchase. I didn't have to hand over keys or anything."

So, from being a tenant paying £1,200 a month, for £360,000 Stang became the proud owner of the two-bedroom flat instead. "One of the biggest stresses of moving house is boxing everything up," he says. "If you're in the same place, there's absolutely no upheaval. I knew the landlord well, and that helped — there were a few issues that I dealt with him directly about. The agent still had to get his cut as part of the landlord's agreement."

Buying out your landlord is an increasingly attractive option, both for people entering the property market for the first time and for those who have moved to another area and want to try it out before committing. In a market beset by a shortage of good-quality stock, persuading your landlord to sell could also be the only way to find a property that suits.

This is especially the case because many of the "accidental landlords" letting out their properties are doing so only because they couldn't sell them. "If you know the landlord, it puts you in a better position to negotiate with them and persuade them to sell," says Theresa Wallace, head of lettings for Savills estate agency in the southern region.

It's attractive for owners, too, who can carry on receiving rent right up until the day the property is sold. "They don't have to worry about estate agent's fees or the rigmarole of finding a buyer," says Jo Eccles, who heads Sourcing Property, a London search company.

Tom Smith, head of the Belgravia office of Knight Frank estate agency, saw two upmarket examples of tenants wanting to buy out their landlords last month — including a 4,857 sq ft house on Eaton Square that was for sale for £15m at the start of the year. "The client saw it and thought it was perfect in every way, bar the sale price — they thought it could still go down further," he says. "So they decided to rent it for £7,750 a week and include a provision that they get first refusal on it if the owner wants to sell again."

In such cases, the owner remains free to set the price. Alternatively, rental agreements can be written in such a way that both sides agree a sale price in advance, which the tenant can pay at any time.

"Signing these kind of contracts has become more mainstream since the financial crisis," says Simon Thomas, a partner at Thomas Legal Group. "At first, the tenants were in the strong position, with landlords bending over backwards to keep them. Now, what with the lack of financial availability, the situation has begun to shift, with landlords moving back into a strong position."

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