

# IRISH/UK PROPERTY BULLETIN



MORGAN MCMANUS



## MORGAN MCMANUS SOLICITORS

- 01. Editorial**
- 02. Property Investment Checklist**
- 03. Managing Property - Can ASBOs silence the neighbour from hell?**
- 04. Profile of Ultan McManus - Morgan McManus Property and Financial Advisors**
- 05. Why invest in property in the UK?**

### 01. EDITORIAL

Welcome to the fourth issue of the Morgan McManus Irish/UK Property Bulletin. Those of you unfamiliar with our service can learn more about us by visiting our Website at [www.morganmcmanus.com](http://www.morganmcmanus.com). We have offices in Northern Ireland and the Republic of Ireland and also provide legal services in England/Wales. This publication is being delivered to Accountants and Financial Advisors, Banks, Mortgage Advisors, Property Investment Companies and Private Investors. We hope to give you an insight into the information you will need to ensure that you have adequate legal protection when investing in property, whether that property is in Northern Ireland, the Republic of Ireland or in England/Wales. As we practice in all three jurisdictions we are ideally placed to provide a comprehensive comparative analysis – and that is important, particularly where it is your first venture into international property investment.

We know that you will find the Articles in this issue of interest. Fergal McManus Solicitor and Professional Tax Advisor, in his article "Property Investment Checklist", advises property investors on what matters they should consider

when they are looking to buy a specific property. With the opening of a new division Morgan McManus Property and Financial Advisors to be run from new premises at the Diamond Clones in the New Year, we are delighted to introduce you to Ultan McManus who will be managing that office and refer you to his Profile included with this issue. Ultan has also penned an article "Why Invest in Property in the UK?" which should encourage investors to continue to consider the UK as a good investment despite recent interest rate increases.

In the next issue we will continue to cover the subject of "Syndicate Purchases" following on from Fergal McManus' Introduction Article in the last issue.

As well as providing legal advice to the Private Investor, we also act for Investment Companies and can provide very competitive terms, particularly where we are acting for a number of purchasers in a common property, e.g. a number of apartments in the one block. Further details of our ROI service are available from Fergal McManus at our Clones office (e-

mail [fmcmanus@morganmcmanus.ie](mailto:fmcmanus@morganmcmanus.ie)) and of our Northern Ireland/UK services from Seymour Major of our Enniskillen office (e-mail [smajor@morganmcmanus.co.uk](mailto:smajor@morganmcmanus.co.uk)). (See telephone contact details at end of this Bulletin).



**BRIAN  
MORGAN**  
EDITOR

# PROPERTY INVESTMENT

## 02. PROPERTY INVESTMENT CHECKLIST



**FERGAL  
MCMANUS**

Fergal McManus Solicitor and professional Tax Advisor outlines what issues Property Investors should consider when looking at a Property purchase.

It is not possible to list any specific, universally applicable rules to guide the Property Investor. There are far too many different types of property and the rules investors follow should vary widely according to the type of property involved. Nonetheless there are some general rules and pointers which provide a valuable checklist of things to do/and not to do for anyone who is thinking of making an investment in any kind of property.

1. Make a thorough study of the property market and its prospects in your area before you buy. Naturally, you should seek to buy when prices are low and the indications are that values will rise. Always take into consideration such factors as the rate of population increase and the general prospects of business in the area. There is no quicker way to lose money in property than by investing it in property located in declining areas.

2. Know or learn as much as possible about every aspect of particular use to which you intend putting the property you wish to buy. In other words, don't buy a residential investment unless you are certain that it's suited to the requirements of your prospective tenants and that it is well built. Don't plan on having a residential property built unless you know something about building/or at the very least until you have found an architect and a Building contractor in whom you have complete confidence. Don't consider buying, say, an Hotel unless you know enough about Hotel Management to have a fair chance of operating it profitably – or again at the very least, until you know enough to efficiently supervise anyone you hire to run the hotel for you.

3. Deal only through reputable Auctioneers and Estate Agents. Beware of the fast talking and high pressure sales man who promises everything/verbally. He is probably a fly-by-night who doesn't much care what he sells to you or to anyone else.

4. If you buy a property with a view to improving it or building on it, be certain that you have adequate capital or are able to obtain adequate financing to complete the project.

5. If at all possible, always obtain at least one impartial third party appraisal of any property before you buy it.

6. If buying a building of any kind, be it a Donegal cottage, a thousand room hotel or a factory – have it inspected carefully by qualified and disinterested Architects or Builders before entering into any building commitments. If buying an existing income property such as a multi-unit pre-63 property, have the owners books checked by an independent Accountant. If the owner of the building or the income property balks at such inspections, beware.

7. Whether you are in the market for a mobile home site or a sky-scraper, shop around widely and cautiously. Unless you happen to run across an irresistible bargain which you must snap up immediately, take your time about making up your mind. Don't allow yourself to be stampeded into paying any deposits or binders until you are absolutely certain you have found the property you want. Remember that the purchase of property usually involves heavy capital investment; don't take unnecessary chances with your money.

8. Make certain you have the best available legal advice before signing any agreements, contracts or other documents. This is not to suggest that there is anything dishonest or misleading in the majority of such documents. On the other hand, few lay people are able to follow the maze of legal terminology which are used in them. To avoid misunderstandings, it is always best to have a Solicitor translate the fine print clauses into coherent every day English. Even seasoned property investors sometimes fail to have this done – and the ensuing squabbles between buyers and sellers usually wind up in Court rooms.

9. Once you have bought your property, treat it as a long term investment, not as a short terms speculation. It is a widely held view that 99 times out of 100 you will make much greater profits that way. History has shown that if you wish to make money in property, always think in terms of investing and never in terms of speculating.

These 9 pointers do not, by any means, give an all inclusive guide to successful property investment. Nor does the individual who follows them – however faithfully – have any guarantee that he will make a profit when he invests his money in property. A person who observes these rules goes a long way to eliminating a significant proportion of the most common dangers inherent in any transaction involving property. That in itself should be sufficient to give him a headstart on the road to successful property investment.

---

Fergal McManus, Solicitor and Professional Tax Advisor.  
Email: [fmcmanus@morganmcmamus.ie](mailto:fmcmanus@morganmcmamus.ie)

# ASBO

## 03. MANAGING PROPERTY

### CAN ASBOs (anti social behaviour orders) SILENCE THE NEIGHBOUR FROM HELL?



**SEYMOUR  
MAJOR**

Seymour Major Solicitor advises on options available to a landlord to curb troublesome neighbours with the assistance of an Anti Social Behaviour Order.

Sometimes you, with the assistance of your solicitor, can do all your homework on your investment property and not put a foot wrong. Then along comes an antisocial neighbour who harasses your tenant to such an extent that your tenant terminates his tenancy. Each time you have to re-let the property, you lose money, either in extra costs incurred through your managing agent or in lost rent. In the most extreme cases, the property can become blighted through its reputation for being next door to the neighbour from hell.

It is always possible to take legal action through injunction proceedings by taking an Action in Nuisance. Unfortunately, it requires the co-operation of your tenant to give evidence. It is also expensive and is not guaranteed success, particularly against a determined troublemaker. The nuisance neighbour will almost certainly be committing a crime. Unfortunately, proving the crime to a criminal standard of proof is often very difficult for the prosecuting authorities. Experience shows that the criminal justice system rarely solves the problem.

In 1998, the UK parliament passed the Crime and Disorder Act introducing in England and Wales the Anti Social Behaviour Order or "ASBOs" as they are now often described. An ASBO can be prosecuted by the police or the local authority against any person who is found to have caused "harassment alarm or distress" to another person. The Anti Social Behaviour Order can be made against any person from the age of 10 upwards. Once a Court makes an Order, the Defendant is prohibited from doing anything described in the Order. The usual type of Order is to bar a person from entering a zone or area. If the troublemaker is a vindictive next-door neighbour it may, for example, exclude any activity which the neighbour has been doing; such as, playing loud music or making

loud noises between certain hours of the night. An ASBO is a Civil Order and therefore easy to prove. Hearsay evidence is admissible so that a police officer might prove the case simply by making a statement as to what was said to him by witnesses. In many cases, the witnesses preserve their anonymity through this process. The strength of the Order is in what happens to a defendant who breaches it. Breach of an ASBO carries a sentence of up to 5 years imprisonment and is an arrestable offence.

ASBOs have been used in England for the last 6 years. In September 2004, ASBOs were introduced in Northern Ireland through the Anti-Social Behaviour (Northern Ireland) Order 2004. In Northern Ireland, an ASBO can be prosecuted by the Police, the District Council or the Northern Ireland Housing Executive.

As a landlord, it is advisable to tell your tenants at the outset that they should report to you or your Managing Agent any difficulty that arises with neighbours. This will at least engender confidence in your Tenant that you will support him in possible adverse circumstances. Legal advice should be sought on the options available, including injunctive proceedings. All incidents which meet the definition of anti-social behaviour set out above, should be reported to the Authorities.



## PROFILE



Ultan McManus graduated from NUI Galway in 2000 with an Honours Degree in Commerce, and subsequently from the same institution with a Higher Diploma in Systems Analysis in 2001.

A native of Cavan, Ultan was educated at Farnham National School, St. Patrick's College Cavan and the Institute of Education, Dublin.

Ultan has worked for Churchill Insurance/ RBS Group in Galway for the past two and a half years, where he has gained experience as a sales advisor and subsequently as an insurance trainer and co-ordinator.

During this time he has also sat the Financial Planning Diploma Part 1 exam as part of the Qualified Financial Advisor status, enabling him to advise and sell financial products as approved by the Life Assurance Registration Council.

Ultan McManus advises why investment in UK Property still makes good sense despite recent interest rate increases.

For some, buying and letting property has become an alternative to other forms of investment. The most recent figures compiled by British estate agencies suggest that last year alone we Irish spent some €8 billion on property across the Irish Sea, primarily in London, Manchester, Bristol, and Liverpool. There are many experienced landlords who are already familiar with the benefits of rental properties - benefiting from the steady income which they provide and the steady rise in the value of their investment.

A few of the many reasons why property is seen as a more attractive investment option are outlined below:

- **Gearing**
- **Double Return Benefit**
- **Safe Long term Investment**
- **Lacklustre Pension schemes**
- **Huge Shortage of Property**
- **Rental demands in the UK**

Property is one of the only investment vehicles that benefits from gearing. This means that the investor benefits from the capital growth on the full value of the property, not just the amount he invested. The following example indicates how this works:

#### EXAMPLE:

An investor purchases a property for £100,00.00 using £5,000.00 of his own money and borrowing £95,000.00. Using the UK average of an 8% increase in property prices per year, this property would be worth £108,000.00 at the end of year 1. This equates to a return on his initial personal investment of 160% or £13,000.00. However, if the £5,000 had been invested in the stock market, it would be worth only £5,400 based on the same 8% increase.

#### DOUBLE RETURN BENEFIT

While bank and building society investments traditionally provide a single return on investment, property gives a double return: income in the form of rental yield as well as long-term capital growth. In some areas capital growth has been quite outstanding especially taking into account the 'gearing' example that has been outlined above. The monthly income can be enough to cover the mortgage payments with a margin for safety built-in, particularly in respect of interest only mortgages. This is one of the main reasons why property investment has become so common in recent years. A relatively small investment (housing deposit) can result in a large return on investment (capital growth) while in some circumstances the rental yield

will not only cover the mortgage repayments but also provide a small steady income. Safe long term investment

Since 1974, property values in the UK have risen by an average of 8% per year. Research shows that the long-term investor can expect to see this continue, as there is a shortage of property throughout the UK. This is due partly to the decreasing number of new homes being built and the fact that people are now living much longer and healthier lives.

The property market has also experienced a steady increase in the popularity of renting as it has now become much more socially acceptable. Renting also provides a convenient alternative to buying and for some individuals it can be their only option. Lacklustre Pension Schemes

Pension schemes are currently a cause for great concern for many people planning their retirement. Will their pensions enable them to live comfortably? What will be their major source of income? The volatility of the stock market and problems with conventional pensions schemes have made some consider property and 'land-lording' as a safer alternative. Many start out buying and letting as a side line and end up owning a portfolio of properties large enough to support them financially. There is the added incentive to invest in this area with predictions that early retirement may not be an option for most people and that pensions may not provide the income necessary to allow us to enjoy old age.

#### HUGE SHORTAGE OF PROPERTY

The demographic changes that the UK is currently experiencing means that there is an increased shortage of housing. People are living longer; young people are leaving their parent's homes earlier in life and divorce rates are at an all time high. All these factors indicate that more housing is required than ever before. Unfortunately, the supply of new housing cannot keep pace as whenever demand is greater than supply, prices will increase.

#### RENTAL DEMANDS IN THE UK

Although never 100% guaranteed, property offers higher returns than conventional savings or deposit accounts which offer security, but a low rate of interest. Stocks and shares give both growth and income but are susceptible to erratic changes in returns. Traditionally, property has never lost value and is always deemed to be seen on an upward trend.

Unlike almost any other investment you can multiply your capital appreciation by borrowing more of the money needed to buy your property. You have to pay interest on the money you borrow, but the rent received easily outweighs the cost. Remember, the most successful investor always use mortgages to purchase additional properties.

There are numerous sources for obtaining tenants with an ever increasing demand for rental accommodation reflected by:

1. Only small amounts of new council houses being built, encouraging people to go to private landlords.
2. People getting married later in life and buying homes at an older age.
3. More divorces with each person needing separate accommodation.
4. An increasing transient work force with many new technology companies and service industries only employing people on short-term contracts.
5. Increasing property prices making it harder for people to buy their 1st choice of home.

There is no doubt that UK property market has been dampened in a short term by increases in loan rates in the last few months. As will be seen however despite these interest rate increases there is still many reasons for the shrewd investor to consider buying property in the UK.

Ultan McManus,  
Property and Financial Advisor, B.Comm, H.DIP (Systems Analysis), FPD1.



**IF YOU ARE INVESTING IN PROPERTY IN NORTHERN IRELAND, THE REPUBLIC OF IRELAND OR ENGLAND/WALES AND WANT TO BE KEPT INFORMED OF LEGAL DEVELOPMENTS, SUBSCRIBE TO OUR**

**FREE IRISH/UK PROPERTY BULLETIN BY VISITING OUR WEBSITE AT [WWW.MORGANMCMANUS.COM](http://WWW.MORGANMCMANUS.COM)**

# ISSUE



## **MORGAN MCMANUS SOLICITORS**

**MORGAN MCMANUS**



### **OFFICES AT**

#### **ENNISKILLEN**

12 PAGET LANE,  
ENNISKILLEN,  
COUNTY FERMANAGH. BT74 7HT  
TELEPHONE 028 6632 0102  
FACSIMILE 028 6632 2232

#### **CLONES**

LAW CHAMBERS,  
THE DIAMOND,  
CLONES,  
COUNTY MONAGHAN  
TELEPHONE 047 51011  
FROM NORTHERN IRELAND - 00353 47 51011  
FACSIMILE 047 51679  
FROM NORTHERN IRELAND - 00353 47 51679

#### **NEWTOWNBUTLER**

#### **THURSDAY EVENINGS**

MAIN STREET,  
NEWTOWNBUTLER,  
COUNTY FERMANAGH. BT92 6JT

#### **EMAIL US**

NORTHERN IRELAND [LAW@MORGANMCMANUS.CO.UK](mailto:LAW@MORGANMCMANUS.CO.UK)  
REPUBLIC OF IRELAND [LAW@MORGANMCMANUS.IE](mailto:LAW@MORGANMCMANUS.IE)