

Think Money warns boom in rental market indicates ongoing trouble for mortgages



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Press Release Summary: The recent boom in the rental market reflects the continuing difficulty for homeowners trying to sell, and may even prolong the problems in the housing market, says Think Money.

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Press Release Body: Financial solutions company **Think Money** (thinkmoney.com) have warned that a recent boom in properties put up for rent may indicate further trouble in the housing market towards the end of 2008 and going into 2009.

Recent findings by RICS (the Royal Institution of Chartered Surveyors) have shown a significant surge in the number of homeowners being forced to put their homes up for rent rather than selling, because many homeowners believe that "becoming a landlord is a better option than selling in the current climate".

Faced with increasing [mortgage](#) costs and a very slow housing market, many homeowners are finding it more financially viable to put their own homes up for rent, while at the same time renting cheaper accommodation for themselves – effectively making a 'profit' each month, which helps towards their own costs.

The survey also indicated that many would-be homeowners are currently forced to stay in the rental market, as the UK economy experiences 70% fewer mortgage approvals than this time last year.

Melanie Taylor, Head of Corporate Relations for Think Money, commented that the RICS' findings reflect a continuing downturn in the housing market, despite recent suggestions that mortgages are becoming more freely available.

"The news that several lenders have been dropping their interest rates raised some optimism for the housing market," she says, "but these statistics from the RICS give a less positive picture.

"It's true that interest rates are coming down for prime mortgages, but for the majority of consumers, getting onto the housing ladder is still proving difficult.

"For those already on the housing ladder, it's getting off it that's proving difficult. The lack of activity in the market continues to be a real problem for those looking to sell – which is forcing many to put their homes up for rent while they wait for the housing market to recover."

Mrs Taylor also added that the boom in the rental market could have a knock-on effect on the mortgage market. *"Even though the number of homes for sale is getting smaller, the decreased demand for mortgages means that the fall in house prices is being sustained," she says.*

"Only when mortgage lenders begin to relax their lending criteria are we likely to see this situation change."

Mrs Taylor continued that in the current market, renting out your home can be a viable option for freeing up extra funds, but warned that the responsibility of becoming a landlord is not to be taken lightly. *"As long as you are willing to make a temporary compromise on your living conditions, you can significantly cut down your outgoings each month, which could help you financially and enable you to save up for when the housing market recovers.*

"But it's important to remember the responsibilities of being a landlord. In particular, if anything goes wrong, you are responsible for the costs," she says. "So make sure you are aware of the risks if you're considering taking this step."

Think Money (<http://www.thinkmoney.com>) are a financial solutions company based in Salford Quays, Manchester. The company specialises in a range of financial services, including mortgages, loans, debt help and advice (including debt management plans, IVAs, and debt consolidation).

Web Site: <http://www.thinkmoney.com/mortgage/>

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