

CONCERN OVER RENT ARREARS AS JOBLESS TOTAL RISES

Submitted by: Shooting Star PR

Friday, 19 June 2009

The number of tenants defaulting on their rent is likely to soar following another rise in unemployment to a 12-year high of 2.26 million, the worst figure since the end of 1996.

Figures released on Wednesday from the Office for National Statistics show that in the three months to April the jobless total increased by 232,000. According to the Managing Director of HomeLet (<http://www.homeletuk.com>) John Boyle we can expect to see a proportional rise in the number of landlords who have tenants in arrears.

Other figures from the Office for National Statistics showed the number of people in work fell by 271,000 over the three months to 29.11 million, the biggest quarterly slump since comparable records began in 1971.

Meanwhile youth unemployment has reached its worst level since 1994 after a 74,000 increase in the number of 18 to 24-year-olds out of work to 695,000.

HomeLet (<http://www.homeletuk.com>) is the UK's principal provider of tenant referencing and Rent Guarantee services and processes around 30,000 tenant references every month, the majority of which are for applicants aged between 18 and 24.

"Youth unemployment is now at its highest rate for 15 years and it will get worse over the next few months when this year's school leavers and graduates enter the labour market," said John.

"This could have a significant impact on the private rented sector in regions which rely on young people entering full-time employment and moving into rented accommodation, rather than staying in the family home."

Despite claims that the buy-to-let market is starting to bottom out, rising unemployment particularly amongst young people could delay any long-term recovery.

"If unemployment amongst young people continues to rise tenant demand could decrease, while those lucky enough to find jobs will face an increasingly uncertain future," continued John.

"For landlords, particularly those who rely on the monthly rental income from their property to pay the mortgage, even one month's arrears in this financial climate can spell disaster."

To avoid becoming a victim of the recession John encourages landlords who are concerned about rent arrears to consider taking out rent protection insurance.

"In 2008 HomeLet (<http://www.homeletuk.com>) paid out £2.8 million in Rent Guarantee claims and I anticipate that this figure will continue to rise during 2009 as more and more tenants find themselves out of work and unable to meet their financial commitments.

“But, we also understand that finding a rented property whilst you’re unemployed can be hard, that’s why HomeLet Rent Guarantee can even cover unemployed tenants.”

HomeLet's (<http://www.homeletuk.com>) Rent Guarantee policies, available through approved letting agents, cover rental payments for up to 12 months and all legal costs incurred in evicting the tenant as a result of non-payment of rent up to a maximum of £50,000, depending on the policy.

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Notes to Editors:

- HomeLet (<http://www.homeletuk.com>) is the UK’s largest tenant referencing, Rent Guarantee and specialist insurance provider for the lettings industry and has around 4,000 approved letting agents nationwide. For more information please visit www.homeletuk.com

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