

HOW TO BUY YOUR FIRST INVESTMENT PROPERTY

Want to buy an investment property but confused about how to go about it? We understand. Finding the right investment property is no mean feat and is a decision that shouldn't be taken lightly.

Here we try to break down some of the steps for you, looking at the importance of location, how to choose the right property, how to assess the condition of the property to understand its investment potential and why leaving the emotion out of it can help you make the most returns on your investment.

LOCATION IS KEY

Location is so important, so choosing where to invest is a key consideration. A good place to start is where you live, or near where you live.

Knowing the area, the type of people who live in it and what goes on there is invaluable to choosing the right location and right property for your investment. And your local knowledge is key to this process.

You'll hear investors saying they invest all over the country and that's fine if it works for them. But most of what we own is within an hour's drive of where we live.

Why? Because we know the area, we know which streets are good, which streets to avoid and if we need to get to the property for any reason (throughout the refurbishment, if there's an urgent maintenance issue etc.) we want to be close enough to get there quickly.



In many ways your strategy will determine your location, for example if you're looking for a HMO you'll be looking close to the city centre (or at least a lively area with shops and nightlife), but if you want a buy-to-let and are targeting families you might look on the outskirts of town or in the suburbs in an area close to schools etc.

CHOOSING YOUR PROPERTY

Finding an investment-worthy property can be hard. Not all properties make good investments and it's important to remember that.

You might find a dirt-cheap property that looks appealing but it might be in a terrible area so will never go up in value and would be a bad investment.

What you really need is a **reasonably priced house** in a **good area** that will **rent well** and **increase in value**. But how do you know what to look for to find that? You have to find the sweet spot between **Net Cashflow**, **Yield** and **Capital Appreciation**.

Not all properties make good investments, so choose wisely

Want to know more? Get in touch for a chat

Every investor is looking for something a bit different, but essentially if you can find a property that gives you a good rental income AND the property will go up in value then you'll be on to a winner.



Where to look:

- Right move is the best way to start looking for properties. It's easy and it's reputable.
- Auctions are also a great way to find properties that people want to sell quickly, usually because they have some kind of issue (building defect, family problems forcing the sale or existing tenants).
- More experienced investors also use Facebook marketplace, leaflet drops, direct marketing and the land registry to help them find the right properties they are looking for (this is much more complicated and not recommended for first time investors).

What to expect:

There's often a lot of competition when buying houses, so it's useful to remember the following:

- Never fall in love with the house. You're in this for investment, so leave the emotion out of it. You won't be living in it, so if the numbers don't work, remove it from the list and move on.
- Don't be discouraged if your initial offer isn't accepted. In fact, you may need to make numerous offers to secure a few that work.
- Rule of thumb: Out of 100 offers you might get 30 accepted and then once you've drilled down only 10 of those will actually work to suit your purposes.

- Owner-occupiers will be willing to pay more for a property than you are, so be mindful of this when asked if you can increase your offer.
- Don't get into a bidding war with an owner-occupier – you could end up paying over the odds for the property reducing your investment.
- Always maintain a resilient mindset when facing rejection and the complexities of property investment. You will get your investment property, you just need to be patient and not jump in too quickly.

It's all about the numbers, so
leave the emotion out of it



ASSESSING THE INVESTMENT POTENTIAL

Experienced investors target dilapidated properties but with your first property it's a good idea to find a balance between properties that need improvement but don't require extensive structural repairs.



Want to know more? Get in touch for a chat

Remember, you are **ALWAYS** trying to **ADD VALUE** during the refurbishment process. The goal is for the property to go up in **rental value** and in **property value**.

Common ways to add value easily include:

- New kitchen
- New bathroom
- Decoration, such as paint and carpet throughout
- New boiler
- Extension.



The aim is to create a good finish at a good price, so although you might love those marble bathroom tiles you've got to detach yourself from those desires and just work within the budget of what you can afford.

Remember, you won't be living in the property, so keep the emotion out of it. Yes, you want the house to look nice but think about buying usable and durable products that are not too expensive. There are plenty of products out there to enable you to get a good finish your tenants will love and be able to make some money.

Work with your builder to understand what can be done and how much it will cost, to enable you to calculate the viability of the project.



So, are you all fired up now and ready to get cracking? I hope so.

You're likely to have loads more questions and that's normal. It's a big decision and you want to make sure you do it properly.

For more information:

- Check out our website or Instagram page
- Download our Complete Beginner's Guide to Buying your First Investment Property from our website.

Or if you're ready to get started and have some specific questions you need help with right away, just get in touch.



Want to know more? Get in touch for a chat