

Top five mistakes investors make

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**FILL IN THE FORM AND CHANCE TO WIN A FREE
WHICH? GUIDE TO RENTING AND LETTING**

Agenda

- Property investment mistakes 1-5
- Money people have and can lose
- Dos and don'ts
- Understand generic investment rules
- Source quality help and advice
- Take your time

Property investor mistake #1

- No exit strategy
- NEVER invest in something you don't know how you will exit from
- Examples:-
 - You want capital growth
 - You invest in student lets
 - You want income returns
 - You buy cash and invest in London
 - Just buy a property and keep your fingers crossed
- Story of the chap with 45 properties

What happens without an exit plan

The Poplars, West Bridgford

Average sold prices

2013: £129,000, 3%

2007: £125,000, 15%

2005: £109,000, 98%

2000: £54,950

2 bedroom flat for sale
The Poplars, West Bridgford, Nottingham

£125,000



Yield 5.6%

Woodside Drive, Arnold

Average sold prices

2013: £80,000, -16%

2007: £95,000, 1%

2005: £94,000, 81%

2000: £52,000

2 bedroom maisonette for sale
Woodside Drive, Arnold, Nottingham

£103,500



Yield 7.5%

Property prices dont always go up

- Depends on your postcode and property type

**30, Ropewalk Court, Upper College Street, Nottingham, City Of Nottingham
NG1 5BJ**

£105,000	Flat, Leasehold	28 Jun 2013
£147,000	Flat, Leasehold	03 Nov 2004
£125,000	Flat, Leasehold	08 Aug 2003
£132,000	Flat, Leasehold (New Build)	30 Apr 2000

Inflation: £188,000

Capital growth prospects

- Depends on your postcode and property type

8b Addison Road, Guildford, Surrey GU1 3QG

£183,300	Flat, Leasehold	08 Feb 2013	1 bedroom
£182,000	Flat, Leasehold	31 Mar 2010	
£149,950	Flat, Leasehold	06 Jan 2005	
£96,750	Flat, Leasehold	25 Feb 2000	



Inflation: £138,000

Property investor mistake #2

- You buy without tax and financial advice
 - What if you earn £50k and have kids
 - Buy a buy to let
 - Increase your income
 - But you could lose your child benefit
 - End up fixing a mortgage when it should be flexible
 - Spotting a good rate has meant the recession paid for:-
 - Newly decorated flat
 - New bathroom
 - New garage door

Property investor mistake #3

- Not keeping up to date with property legals
 - There are 102+ rules & regulations to let a property legally
 - Do you know about the changes to the Property Misdescriptions Act?
 - What's happening on 1st November 2013?
 - Choose qualified tradesman
 - Don't avoid paying VAT
 - Be wary if cash only
 - Can't deduct the money from your rent
 - They don't know or care about requirements to legally let a property

Does it really matter?

Landlord arrested after tenant dies in bedroom in Victoria Park, Herne Bay

POLICE arrested the landlord of a block of flats following the death of one of his tenants from carbon monoxide poisoning.

Notorious Norwich landlord jailed after breaches of safety regulations

Written on May 8, 2010 by [Tessa Shepperson](#) in [News and comment](#) 0 Comments - [Leave a comment](#)



Safety regulations breached by landlord

Regular readers may remember that [in March I wrote about the notorious Norwich landlord Mike Billings](#), who had been successfully prosecuted after one of his tenants nearly died in a fire at her home. Billings [has now been sentenced to 30 months imprisonment](#), in a decision which



Landlord fined for failing to deal with dampness and disrepair

Bath Magistrates handed out a combined total of £16,500 worth of fines and costs against the landlords. The prosecutions were as a result of Council inspections which uncovered poor property conditions for tenants, dangerous fire precautions, inadequate heating, broken window panes, and mould, amongst many other problems.

Fines of £16,500 for law breaking landlords

Property investor mistake #4

- Ignore effect of inflation
- Investments need to grow 'in excess' of inflation
- ONS stats suggest rents are up 8.4%, inflation +26%

£ in cost in ?

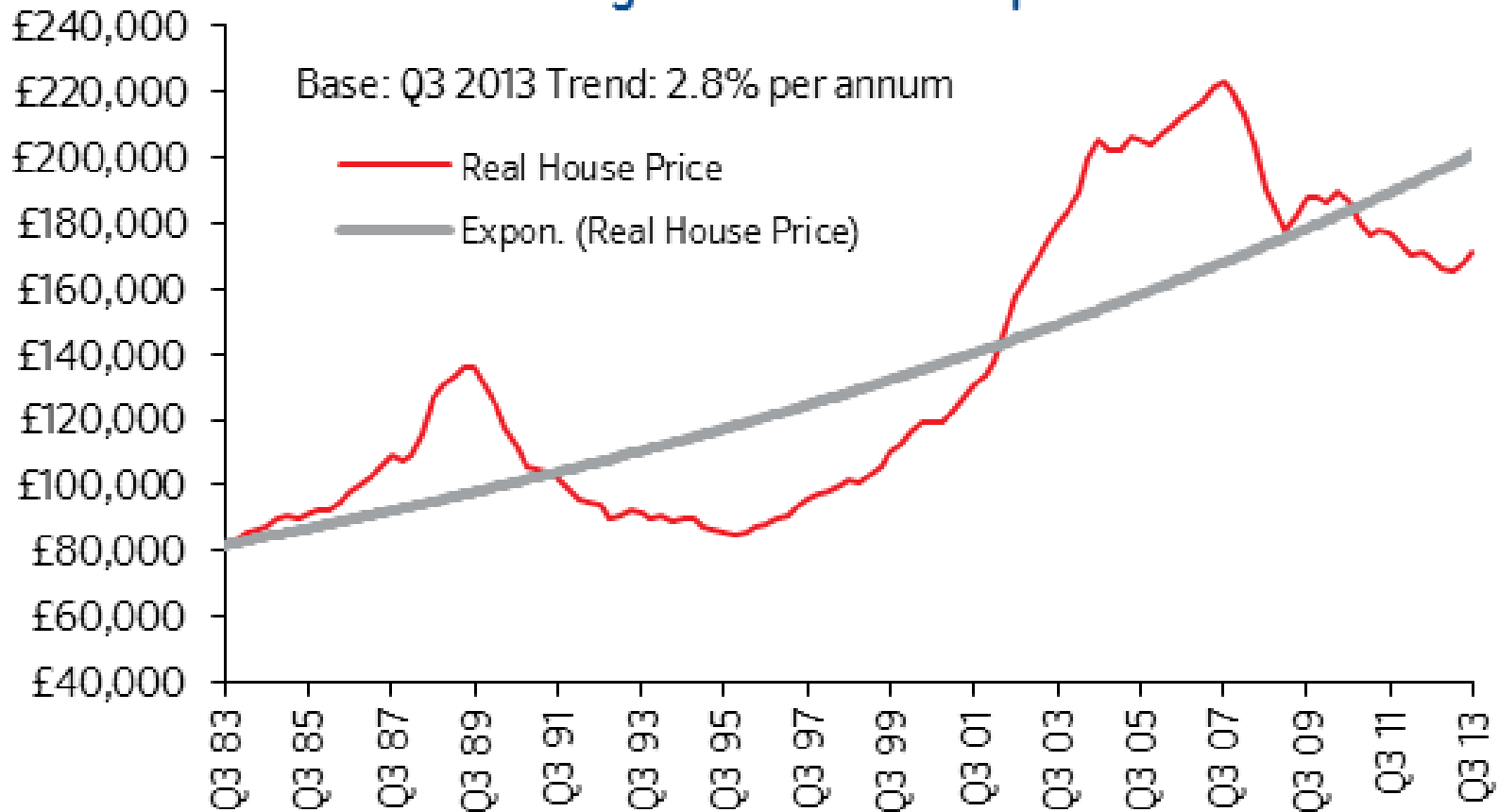
NEW QUERY

£ 158061.53

Inflation averaged 3.4% a year

There is good news...

Long term real house price trend



Property investor mistake #5

- Paying through the nose for property courses
- Paying £5,000+ for property's 'below market value'
- Believing "property values double every 10 years"
- They don't:-
 - Share in your success/suffer from failure
 - Keep your money in a client money protected account
 - Give it back if they can't find you properties
 - A lot of them go bust!
- After 13 years, UK companies:
 - Property Investor News, Eigroup, Landlord Action, Landlordzone.co.uk.....Me!

Loads of people have lost money

Thinking about ‘unlocking your pension’

Speaking on Monday at the FCA’s first financial crime conference in London, the regulator’s director of enforcement and financial crime said: “If someone is offering people under 55 the opportunity of unlocking their pensions, it is almost certainly a scam and we are working with other agencies to raise awareness of this practice.”



Home sellers warned over risky lease option deals

theguardian

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Rent-to-rent, the latest property get-rich-quick scheme

Rent a house, then sublet the rooms to as many people as possible. We report on the rise of an ethically dubious practice

Visit Paul
Shamplina –
Landlord
Action

Property investment isn't complicated

- Buy a plot of land/property
 - Try to secure at a discount
 - But NOT because of excess supply (three bed versus two bed)
- Buy something in SHORT supply
 - Corner plot
 - End of terrace
 - Near train station/hospital/shops etc
- Add value, create income, flip it
- Use gearing to maximise returns
 - But you make sure it's legal
 - Steer clear of mortgage fraud (these are 'work arounds or secrets')
- Check it's delivering against the average/inflation
- Make sure you understand tax implications

Do's and don'ts

- You don't need to
 - “Buy now”
 - “Learn the secrets”
 - Get involved with risky, not legally proven deals
- You do need to
 - Work with real property professionals
 - No ‘ra ra’
 - No pressure sell
 - Your own, independent surveyor is your ‘knight in shining armour’
 - Ideally a member of an independent third party redress scheme
 - Be aware of being ‘sucked into’ investing with “no or low money down deals”
 - Santander

What do you do instead?

- Follow the rules of investment:-
 - Invest for the longer term
 - Buy to let now a 20+ year hold?
 - Have sufficient money on deposit so you sleep at night
 - Don't mortgage yourself to the hilt
 - Never ignore the risk of a period of significant inflation
 - Understand it can kill your pension income
 - Diversify your investments
 - Different property types, different values, different lets
 - The problems of owning half a street
 - When you invest, use the best, not cheapest
 - Property: NALs or ARLA agents only; broker; legal company

Find local, property investment professionals

- Visit [Propertychecklists.co.uk](https://www.propertychecklists.co.uk)
 - Send us an email, tell us what you need and why
- Belvoir Lettings
 - Trained buy to let agents
- Savills
 - Amazing research and local property knowledge
- Anthony Pepe
 - Based in North London
- ElGroup
 - Save £1,000 on an auction course, just join and see David Sandeman's presentation
- Coreco
 - Expert broker, however complex
- Franklyn Financial Management
 - Expert at managing your wealth and mitigating tax

Summary

- Don't rush - take your time
- You don't need to pay people to buy properties
- You don't need huge 'education' budgets
 - A few good books by experts
 - Watch the 'good TV programmes'
 - BBC2's 'build a property for £100k series'
 - C4's 'Double the house for half the money'.
- You do need:-
 - Patience
 - Due diligence
 - Research
 - A quality team of experts in the local area, finance, legals, surveying and tax who look after you
 - Don't line their pockets with your money at your expense

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