



BUY TO SELL PROPERTY STRATEGY PART ONE: GET IT RIGHT!

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Property is actually quite simple, though not always easy! Running a Buy to Sell Strategy is a Farming Strategy; making large chunks of cash usually within the year; having a quick turnover (leading to increased Return on Capital Employed) and getting a decent profit margin from each project.

AT THE GOOD PROPERTY COMPANY, WE LOVE THIS STRATEGY.

For me, running a Buy to Sell Strategy allows me to create a greater cash pot with which to buy more properties to keep for long-term wealth. It is a great way to make serious cash in property, even if in my case, I end up spending it on more property!

In systemizing this strategy, I have found that there are 7 Key Stages to running a successful Buy to Sell Strategy. These are:

1. Team Building
2. Stock Buying; routes to stock
3. Financial Analysis
4. Preparation for purchase and refurbishment
5. Adding Value
6. Sales Purchase
7. Post Project Analysis – otherwise known as improvement!



I will cover all 7 stages in a series of articles over the next three months.

This month, I focus on building your team and finding the deal; two fundamental aspects to getting a Buy to Sell Strategy right.

TEAM BUILDING

OK, so I am not starting with the sexy stuff- making a quick buck. I am starting, as the late great Stephen Covey would say 'by sharpening the saw'. With a sharp saw, it is a lot easier to cut down the tree. I would rather your team and tools were right, so that you had every chance of running a successful, repeatable Buy to Sell Strategy. Property involves large chunks of money, and I want you to succeed.

It is amazing to think of all the people who are involved in the team effort of a Buy to Sell Project, even if the property is bought by one person, you!

| | | |
|------------------------|----------------------------|--------------------------|
| (Vendor) | | |
| (Selling Estate Agent) | Mortgage Adviser | |
| Conveyancing Lawyer | Funding Partner - bridging | Accountant & Book Keeper |
| Commercial Lawyer | Private Funding Partner | Builder team |
| Cleaner | Odd Job Man | Individual trades |
| Window Cleaner | Estate Agent | Project Manager |
| Gardener | Photographer | (Buyer) |

You don't need to employ them all directly, but you do need to be working with the best in the business. *Why?* You are more likely to run a successful project with a profitable outcome.

HOW CAN YOU MAKE SURE YOUR TEAM ROCKS?

In a perfect world, you would find them before you start the project, taking the time to have a list of people who are recommended to you, and whose references you have followed up. This is time consuming, but will pay off in the long run. In reality, it may be a case of testing out their work, particularly with builders, and only continuing to work with people who have build quality and great project delivery at good prices. So combine a 'plan it out' and a 'suck it and see' strategy to building your team.

I suggest you make sure you have 3 of each type of role, rather than relying on one person for each role.

I learnt this the hard way but that's another story...!

STOCK BUYING

The old adage rings true here – you make your profit when you buy the property.

Sourcing profitable projects is both an art and a skill; it requires a lot of work but it's worth all the effort you put in.

You can source from three routes:

1. Direct to Vendor
2. Estate Agents
3. Auction

You can also skip all that hard work and find a reputable sourcing company to do the graft for you. Remember it is the end result you are interested in, and outsourcing some aspects of this strategy makes sense, depending on your personal circumstances.



DIRECT TO VENDOR

If you have the time and the funds to carry out a direct mail campaign and you are looking for more than one property (otherwise it is not cost effective), then you may consider a Direct to Vendor Campaign. This involves monthly leafleting in a targeted area; setting up a Call Centre number, so that the call centre team, not you, are always contactable; preparing the paperwork/contract for the vendor in advance; ensuring you have two solicitors who have worked together before, and having the funding in place in order to complete on deals quickly.

ESTATE AGENTS

Sourcing from Estate Agents is free, a real plus when comparing this to sourcing Direct to Vendor, and is a great start to finding profitable projects. Sourcing from agents is a numbers game. We look at our numbers weekly: how many phone calls and viewings needed to get the possible opportunities. We look at around 30 properties a week, and make 100 – 140 calls a week – truly a numbers game!

Improve your efficiencies: I want to see an offer to viewing rate of at least 85%; any less than that shows me that more desk research is needed. Viewing properties you're not going to offer on is a waste of your time and the estate agent's, so you need to improve your ability to unearth discounted properties on the phone.

AUCTIONS - CASE STUDY

Ellsworth Road, a lovely two bedroom house in Bristol, bought pre auction, exchanging just 3 hours before the auction was due to start! Talk about cutting it fine!

Purchase Price £103,000

Refurbishment Costs £15,000

Sold Price £150,000

Refurbishment Time 6 weeks, offer received just 11 days after going on the market

Auctions are great: I do a full day on my mentoring group on how to buy at Auctions, as there is a lot to cover. Here I will simply point out that you need to get your lawyer to always review the legal pack in advance, and be on hand via mobile for any last minute legal changes. We buy pre, during and post auction, something not everyone is aware you can do, with the aim of buying at least one a month pre auction. □

If you want to get in touch with us please email Jess at education@thegoodpropertycompany.co.uk or call 0117 942 8914.

