

# ARE YOU READY TO BUY TO LET?

Written by **Harry Singh**



People often find there's more to being a landlord too far down the line! With this in mind, Harry Singh explores how to decide whether buying-to-let is right for you before taking the plunge

Investing in property is a serious business. Yes, you can make a lot of money from it, but you can lose a lot of money, too. Just like a dental business, you need to have a plan for success, such as:

- Having clear written goals on what you want to achieve from property
- Knowing how much finance you have at your disposal
- Having the right team on board
- Working out how much time you want to spend on the business
- Knowing what marketing to do
- Knowing what strategies you will use after purchasing the property
- Knowing how to manage the properties.

So there you have it laid out in black and white. Success through property investment is absolutely achievable but you need to know what it entails before you spend a penny or you may live to regret any ill-advised decisions.

## KNOWING WHAT YOU WANT

Firstly, consider what you want to achieve. Are you investing in property to turn it around and make a capital profit? For example, this would

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After qualifying from Leeds Dental School in 1996, Dr Harry Singh followed the traditional VT, associate and principal routes in dentistry, owning three dental practices along the way. Amongst these was 'Aesthetics', an award-winning private practice in Hertfordshire. He started to invest in property and found he was making more money from property and practising dentistry two days a week, rather than full-time. Two years ago he retired from dentistry to concentrate on the property side of his work. Harry wants to 'give something back' to his dental colleagues via the Dental Property Club, which is designed to share with members the information, expertise and knowledge he has gathered along the way.

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be buying at a discount and then selling for immediate profit. Alternatively, you may choose to buy at a slight discount against the market value, wanting to add value (for example by modernising and/or extending the property) and then selling it for financial gain. This would make you a property trader.

You may instead be looking for long-term wealth creation, for which you will need to ensure that you can accrue a positive cash flow every month from the property. In a nutshell, in this scenario you are keeping hold of the property to rent it out for long-term income, for which you would be classified as a property investor.

There is nothing right or wrong about being a property trader versus a property investor. The right one is the one that fits with your current goals. However, the distinction is critical in terms of saving and minimising your tax bill. As

a property investor you pay income tax on your rental profits, whilst a property trader pays income tax when selling properties. There are numerous ways to reduce the tax burden and an accountant who has property experience is essential. Individual circumstances will dictate how you set up and manage your property business.

## MONEY MATTERS

There are a number of ways to finance your property transactions that, broadly speaking, fall into two main camps: the traditional route and the professional property investor route. Believe it or not, you don't necessarily need to have capital to get started but you do need to know what you're doing.

The traditional route involves applying for a buy to let (BTL)

mortgage where you might, for example, put in 25% of the purchase price and the lender would give you the remaining 75%. The lender will want to make sure the rent covers the mortgage payments and other expenses.

Professional property investors often get more creative. For instance, they might get a private investor involved to contribute the 25% deposit while the mortgage lender provides the remaining 75%. This is often a good solution if you have run out of capital. You can split the profits with your private investor(s); either the profits when you sell the property or a share of the rental profits on a monthly basis.

The critical element is not how you finance the deal, but how quickly you can recycle your cash to start the whole process again. No matter how much capital you have, you will eventually run out of money. I use a combination of funds from private investors and advanced strategies to

take all my money out after six to nine months, so I have no money tied into the property and am free to go on to another deal.

**YOUR DREAM TEAM**

Going back to the idea that you need to know what you're doing. This is not going to be possible from day one, which is why it is so important to have the right team in place to help you. No successful property investor I know does everything themselves and some of the work needs a professional person to complete it. Some of the extended network you need may include:

- Mortgage broker
- Estate agent
- Solicitor
- Bridging broker
- Surveyor
- Letting agent
- Insurance broker
- Gas safety checker
- Various tradespeople
- Other property investors
- Mentors.

You need to surround yourself with a group of people you can trust to do the job well in a timely fashion. As a group they will help you to save time, avoid costly mistakes, meet any

legal requirements, and take the day-to-day management out of your hands if that is what you want. After all, my experience is that most dentists want to continue practising dentistry while building their wealth, which means most don't want to make property management a full-time job.

**MARKETING FOR MORE**

If you are to be proactive in accruing wealth then you need to embrace marketing. I have found that leafleting is by far the most-productive marketing activity, getting the phone ringing with motivated sellers. There are three critical elements to a successful leaflet campaign:

1. Design of leaflet
2. The area in which to distribute the leaflet
3. Management of your leaflet distributors.

You need to keep the leaflet simple and emphasise the benefits of using your services. With leaflets it is a numbers game and it will take a couple of months before the phone starts to ring. I aim to distribute around 20,000 leaflets per month and from this I complete one deal. You need to go back to your business goals and work out how many deals you want to do in a year, and then you can either scale up or scale down with the numbers of leaflets accordingly. Newspaper adverts are also worth considering.

These are similar in design to the leaflets and placed in the property section of your local newspaper. I place the adverts for a three-month block because I get a discount from the newspaper for 'bulk buying'; plus it builds reader awareness as they continue to see the advert week in, week out.

Many motivated sellers will also go to the internet for help in trying to sell their house quickly. If you can dominate your local area through web optimisation, they will call you first.

**TAKE ACTION**

With the information provided in this article you should have a good idea of whether you can make property work for you. If you feel you can, now is the time to take action. If you would like help with money management, whether you are a beginner or already have your foot on the property investment ladder, please do download '10 secrets to successful property investing for busy dentists' at [www.dentalpropertyclub.co.uk](http://www.dentalpropertyclub.co.uk) free of charge. ●

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