

Productnews

There's more to property than location

Harry Singh explores a number of the issues to consider when searching for buy-to let properties, beyond the already much-touted location, location, location...

Aside from being a popular Channel 4 programme, the origin of 'location, location, location' has, thus far, been traced back to a 1926 advert placed by a Chicago-based estate agent. Its context suggested that it was already a well-understood phrase at that point. Apparently, researchers are still looking for the original source and we shall happily leave them to it, since 1926 is far back enough for me to make my point! This being that it has been long and widely accepted that a good location is key to success when buying property. But, of course, that's not all.

Motivated sellers

Let's imagine you have found the perfect location; you are familiar with it, it has great amenities and a low crime rate, and is attracting young professionals. You've identified a property you like, the sellers are lovely, are happy to accept an offer slightly less than the asking price, and are ready to move just as soon as their new-build house is completed. Great, right? No!

Buying from motivated sellers is, in my experience, the difference between a property investor doing alright and doing really well. Yes, the property is important, but the seller's reasons for putting that property on the market are central to success, too, because you want to buy below market value.

A motivated seller, in my terms, is not someone who is comfortable and has the time and money to wait for what they consider to be the 'right' offer. You want

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someone experiencing financial difficulties; perhaps they've missed a few mortgage payments and their credit is on the line. Maybe they are getting divorced and need to split the proceeds quickly. What these types of seller have in common is that they are open to an offer below market value.

But it is important to act ethically so, essentially, you are looking for a win-win situation. For example, you could help the seller avoid repossession, which can affect their financial standing for years to come and cause embarrassment, and you get a good deal. Look

way – you're not looking to take advantage of anyone in a desperate situation, but rather to help them out of difficult circumstances.

Always consider what the sellers want from their situation – perhaps, for instance, simply to clear the mortgage and be free of it – and see if your requirements tally.

Property prices

As we touched upon above, getting value for money is essential to success. But how can you be sure that you are on track to making a wise investment?

Many people make the mistake of looking at the prices of similar properties for sale at the same time in the same locale. That's a big blunder. I could have my house valued at £250,000, but decide to ignore the estate agent's advice and take a punt at asking a ridiculously inflated £350,000.

Instead, you need to look at what properties have sold for. This is easy to do online, for example via the Rightmove price comparison report, which offers Rightmove, Land Registry and Registers of Scotland current and historic prices. Reports like this will give you a much better idea of what properties in the area are worth, rather than what is being asked for them.

Up for auction

Buying a property at an auction is an interesting idea, especially if you want to avoid the length and uncertainty involved with the more traditional purchasing route. You can't get gazumped but then you are locked in to pay as soon as the hammer falls!

Preparation is really important here. Go to a few auctions before you even think of opening a catalogue, to see what the process is like.

Once you are ready, obtain and peruse the auctioneer's catalogue. Create a shortlist and make appointments to see the properties you're interested in, and take a builder or architect with you. Properties sold at auction are often in a bad state, so they can tell you what you would really be letting yourself in for. And do consider a survey. It is not unknown for people to buy a 'bargain' property, then for it to be condemned and they have had to pay not only the price agreed at auction but also for the demolition!

Engage a solicitor, not only for the conveyancing process but also because the auction house will provide you with legal documents for the properties you are interested in, and it's a good idea to have an expert eye go over things like the title deeds, any leasehold documents and the fixtures and fittings form.

On the day of the auction, sit somewhere you can be sure the auctioneer can see you. Don't get caught up in the excitement; decide the highest price you are prepared to pay and stick to it. If you end up paying £10,000 more than you intended because John Smith was giving you a run for your money and you lost your head, remember that in real terms you have to pay 10% of the price as soon as the auction finishes and the remaining 90% within a month. That's a lot more money than you budgeted for that you will need to get hold of in a very short space of time!

What and who you know...

There is, of course, so much to buying a property that only a snapshot of some of the relevant issues can be addressed in an article like this. What I would say, in no uncertain terms, is that you need to know what you're doing – or get someone who knows what they are doing to help you.

If you would like assistance, organisations like the Dental Property Club can be invaluable. Why not start by downloading the free report, *10 Secrets to Successful Property Investing for Busy Dentists*, at www.dentalpropertyclub.co.uk/? **D**



Dr Harry Singh, BChD (Leeds), MFGDP (UK) qualified from Leeds Dental School in 1996, following the traditional VT, associate and principal routes in dentistry, owning three dental practices along the way. Over a two-year period Harry bought 27 properties and sold six. The profits from these deals allowed him to buy into dental practices and set up two squat practices. He has since retired from dentistry to concentrate on property. 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.

HARRY WOULD LIKE to share his professional property secrets with his dental colleagues free of charge. For further information, visit www.dentalpropertyclub.co.uk. The content of this article is for information purposes only and should not be relied upon when making legal or financial decisions. It is recommended you seek the help of a financial and/or legal expert to assess your needs fully before making any decisions and/or making changes.