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The Five Capital Value Power Plays of Successful Property Investors

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Contents:

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Part 1: The Power of Capital Growth

As it seems that the property market is now in recovery, and property values are increasing, how do we make the most of a rising market?

In a sense there are a number of possible answers to this question ranging from what we may describe as 'unsophisticated' through to 'sophisticated', and all would have merit.

So, at a basic 'unsophisticated' level, the answer could be 'buy a property and wait'.

If an investor is happy to play the averages, and buy an average property in an average area, and wait for property prices to increase by the UK average, that might be good enough for them. That might particularly appeal to an 'armchair' investor with little time and little inclination to become knowledgeable about property and investing.

Don't forget that the average increase in house prices in the UK prior to the credit crunch, including taking into account the downturns in previous recessions, was an impressive 8% per annum or thereabouts.

The big question now is "Will we continue to see trend growth of that magnitude in the future?"

Some would argue that given the ever increasing population and the increasing number of households, and given the shortage of supply, especially of new property, at some point in the future we will inevitably see annual growth far in excess of 8%.

Of course, 8% is an average and, to quote Dolf de Roos, by definition half of all properties will do better than the average and half will do worse than the average. That is, after all, how an average is calculated.

So our investor would be well advised to take care and trouble when choosing which property to buy in case they buy from the wrong 'half' and buy one that performs worse than the average.

However, as I said earlier, this is a fairly unsophisticated answer but it does illustrate a timeless principle of property:

If you buy a reasonable property in a reasonable area and wait long enough, you will eventually benefit from capital gains.

And implicit with increased capital gains is increased equity (or wealth).

The more sophisticated view would be that by carefully selecting a property that is better than the average an investor will enjoy above average capital gains and consequently above average returns.

Many investors fall into the trap of making a subjective assessment of what comprises an ‘above average’ property but, as far as possible, an investor should objectively look at the facts and figures.

We’ll look at this in more detail in a moment but the main concerns of any investor should be cash flow, saleability, mortgageability and prospects of capital growth. To some extent mortgageablity and saleability are interchangeable because a property which is hard or impossible to finance is, all other things being equal, going to be hard to sell, and vice versa.

Many investors under estimate the extra returns they will receive over the course of their investing lives just by making a little more effort. In fact the increase in returns is totally disproportionate to the effort they put in.

The reason, of course, is the power of compounding.

Just think of this example.

There are three investors.

One doesn’t have much time to study and research and so buys a slightly below average property in a slightly below average area where he can expect capital growth slightly below the average.

One is a little more careful and does a little more research and buys a property which is average and where he can expect average rates of return.

The third investor knows that having the right knowledge can greatly increase his or her returns and takes the time to find a property which can reasonably be expected to enjoy greater than average rates of return.

For ease of illustration we’ll assume that all three properties cost £100,000 and we’ll ignore costs etc to keep the maths simple. We’ll also assume each investor keeps the property for 20 years. At this stage we’ll also assume that all 3 are cash buyers.

Let’s see what happens to their equity over a 20 year period – in this instance, as they have no loans on the property the value and the equity will be the same.

Property No1 enjoys capital growth slightly below the average UK rate of 8%, say at 5%.

At the end of 20 years the property is worth £265,000.

Property No 2 enjoys capital growth at the long-term UK average rate of 8% and at the end of 20 years is worth £466,000.

Property No 3 enjoys capital growth at a rate slightly higher than the UK average, say 12% and at the end of 20 years is worth £964,000.

We can see that investor No 2 is worth almost, but not quite, twice as much as investor No 1.

We can see that investor No 3, who was prepared to put in just a little more time and effort to find a 'better' property, will be worth about twice the amount of investor No 2 and three times as much as investor No 1.

So we can see that if we are going to buy property for the long-term it's worth spending a little extra time to carefully select a property which will provide the best prospects for capital growth.

This tells only part of the story.

Anyone who has studied the power of compounding will know that it produces exponential growth meaning that the longer the investment period the more diverse the results.

Put another way, most of the growth occurs in the last few years. So, if our investors were to hold their properties for 30 years instead, the values would be £432,000, £1m and £3m respectively.

Now the spread of returns is 5% to 12% per annum, meaning that the higher rate is slightly more than double the lowest rate, but the difference in end value resulting from the lower and higher rates is much more than double.

In those extra 10 years we can see that the property belonging to investor No 1 increases in value by another 63%, the value of investor No 2's property more than doubles in value in that extra 10 years, and the property belonging to investor No 3 more than trebles in value over that last 10 year period.

In other words, for investors No 2 and No 3 there is more growth in value in the last 10 years than in the whole of the preceding 20 years!

This illustrates another timeless principle:

Property is a truly excellent investment when held for the long-term.

I'm sure you'll agree that these figures are, when you think about it, truly astounding although if you've been involved in property for any length of time you might have become a little blasé about what can happen or, depending upon when you became acquainted with property, perhaps even a little cynical in view of the falling and then stagnating market we had after 2007.

After all, it might be wise at this point to take a step back and to ask ourselves, "Is it really realistic to imagine that property values can increase from £100,000 to £466,000 over a twenty year period, or to £1m over 30 years?"

After all, I'd guess that for most of us it's hard to imagine a property worth £100,000 today being worth £1m in the future.

If we look back at what has happened historically we can see that prices can rise this dramatically.

After all, these increases purely reflect the average annual increase, the growth rate we have adopted for investor No 2.

If you want to dig a little deeper into the detail, according to Nationwide average UK houses prices stood at £1,891 in Q4 1952, and at £174,444 at Q4 2013 (the latest data available at the time of writing). If you do the maths the increase of £172,553 over 61 years is the equivalent of just under 7.75% per annum.

I'd guess that it was as hard for our parents or grandparents to imagine their £1,891 house being worth £25,580 (the average UK house price in Q4 1982 i.e after 30 years) as it is for us to imagine our £100,000 property being worth £1m in 30 years.

It might seem an even bigger stretch to imagine our £100,000 house being worth £3m, but, as we identified before, an average is exactly that so half the properties will grow more in value than by 8% per annum and half will grow by less. So if you buy the 'right' £100,000 property, then, all other things being equal, a value of £3m after 30 years is not unbelievable.

Part 2: The Power of Gearing

In a sense these figures show the raw returns from capital growth, but this is very much an artificial situation used purely for illustration purposes.

In reality there would be a few more things going on.

For a start, most investors would probably buy using finance and would "gear-up". Instead of buying one property for cash they would probably spread their cash across a number of properties, using their money as 'deposits' and financing the balance using mortgages.

The appropriate measure of comparison would then be the cash-on cash return, the return they make on their own money invested.

As each investor has £100,000 we'll also assume that they will split this between 4 properties, each worth £100,000.

If we assume a current LTV of 75% then each investor will borrow £75,000 and put £25,000 of their own money in when buying a property worth £100,000.

We will also assume, for simplicity, that each takes out an interest only mortgage and so, at year 20, there will still be a £75,000 mortgage outstanding on each property.

On day 1 each investor will have £100,000 in equity, total mortgages of £300,000, and four properties with a total value of £400,000.

Equity, for our purposes is the value of the property less any mortgage outstanding.

Assuming the same rates of returns as before, here's how each of our investors financial positions will look after 20 years.

We'll use 20 years, not only to compare with the un-geared scenario we just looked at, but because 20 years is a fairly typical term for a buy to let mortgage (although just for your curiosity and interest we'll also calculate the position after 30 years so we can see the power of compounding really kicking-in).

Investor No 1 will have property with a total value of £1,061,320, but say £1m with equity of £700,000 (after 30 years the property worth is £1,728,760 but say £1,750,000 with equity of £1,450,000).

Investor No 2 will have property with a total value of £1,864,400, but say £1,850,000 with equity of £1,550,000 (after 30 years the property is worth £4,025,080 but say £4,000,000 with equity of £3,700,000).

Investor No 3 will have property with a total value of £3,858,520, but say £3,850,000 with equity of £3,550,000 (after 30 years the property is worth £11,983,960 but say £12,000,000 with equity of £11,700,000).

Let's summarise the investor's equity position so far having looked at the power of capital growth and the power of gearing:

	Investor 1		Investor 2		Investor 3	
	Ungeared	Geared	Ungeared	Geared	Ungeared	Geared
20 years	265,000	700,000	466,000	1,550,000	964,000	3,550,000
30 years	432,000	1,450,000	1,000.000	3,700,000	3,000,000	11,700,000

We can also calculate each investor's return on equity, or 'cash-on-cash' return:

	Investor 1		Investor 2		Investor 3	
	Ungeared	Geared	Ungeared	Geared	Ungeared	Geared
20 years	5%	10%	8%	14½%	12%	19½%
30 years	5%	10%	8%	13%	12%	17%

So we can now see another of our timeless principles

The return on an investors own money invested will be significantly increased through the use of gearing or, put another way, the less of your own money you put in to a deal, the greater the return you'll make on your own cash.

Something all investors should take note of is the cumulative effect of applying these principles together.

At one extreme we could have Investor No 1 who decides to buy a property. Perhaps being debt averse, and not understanding the ramifications, he decides to buy for cash and not use finance. Rather than take time to research what and where to buy, he decides to buy a property in the next street, which will be 'handy' as this will make it easier to manage.

By contrast, Investor No 3 understands the power of gearing and splits his initial capital over several properties. He also takes time to research areas which are good for renting (as he wants to cover his costs) but where there is a good expectation of capital growth in the long-term.

The outcome for each investor is dramatically different.

After 20 years Investor No1 has a property which he owns outright with no mortgage which is worth £265,000.

By contrast, Investor No 3 has properties worth £3,850,000 with mortgages of £300,000, and equity of £3,550,000.

Investor No 3 has made 13 times more equity than Investor No 1!

And they both started with the same £100,000.

After just another 10 years the relative positions are even more extreme as Investor No 3 now has four properties worth just under £12m, equity of £11,700,000 and is worth a staggering 27 times more than Investor No1.

But as we'll see in future posts, even this isn't the end of the story.

Here's a final thought for now. The ultimate expression of gearing is ***The Nothing Down*** deal where an investor buys a property using none of their own money, but enjoys all the returns. Just a few years ago many investors wouldn't contemplate a deal unless it was "Nothing Down" which we can define as being a deal where the investor put **none** of his or her own money in.

With none of their own money in the deal it was, by definition, impossible to measure the return on the investor's own money, and this gave rise to the view that any positive return was ***infinite.***

Part 3: The Power of Buying Below Market Value

In the real world very few property investors go down to their local estate agents, choose a property, and then offer to pay full price for it.

Any well advised and self-respecting property investor will want to negotiate and then buy at what they consider to be a bargain price.

A mantra we hear repeated almost as often as “location, location, location” is “the profit is made on the purchase”, in other words, if you can buy at a low enough price your profit is already built-in.

Many investors target properties they can buy ***BMV***, ***below market value***, or put another way and perhaps more simply, buy at a ***bargain price***.

At this point we could go off at a tangent about how we define value, and what constitutes a genuine discount, but for now if an investor can buy at a price which is genuinely below the true market value, they can buy using less finance and so the cash-on-cash return will be that much greater.

The question many new investors ask is how does one find a property which is BMV? The simple answer is to first find a ‘motivated seller’.

Sellers can be motivated to sell quickly for a number of reasons, but one thing they will pretty much all have in common is that selling the property, and selling it quickly, is more important to them than price.

The only proviso is that if they have a mortgage, the level of mortgage may limit the amount by which they can drop price. If that is the case then an investor might be able to agree terms other than price which still makes the property an attractive proposition. However, that is a subject for another time.

Many property experts and advisors have highlighted that it is relatively easy to find ***‘Motivated Sellers’*** during a down market (when prices are falling).

However, this doesn’t mean that one can’t find equally motivated sellers when the market is stagnant or recovering.

For a start, even when a market does recover, there will be a time lag period during which some property owners who found themselves in financial trouble at the tail-end of the falling property market, or the tail-end of the recession, still need to resolve their difficulties. Sadly quite a few people find that the seeds of their financial problems have been sown during the tough times months, or even years, previously and they may well need to bail out quickly even after the market turns.

And equally sadly, there will always be those who, usually because of negative life events, will find themselves needing to off-load their property quickly no matter how benign the prevailing market conditions.

So, buying at a bargain price is a way that any serious property investor should try to use to supercharge their already impressive prospective returns. Let's see what this does to the figures.

Let's assume that each of our 3 investors can buy their properties at a genuine discount of 25% from the true open market value.

If they "gear-up" using their £100,000 they can buy 4 properties, each worth £134,000, for £100,000. (In practice we'd say these properties are worth £135,000 but I want to try and keep the maths as accurate as possible to help with comparison).

Although the properties are worth £134,000 each, the bank will lend on 'the lower of the purchase price or the value'. In this instance the purchase price is £100,000, and is lower than the value, and so that is the figure the bank will lend against.

As we're assuming we are gearing up we'll think just of the 20 year figures (as this is a reasonable term for a buy to let mortgage) although I'll calculate the 30 year figures for your interest and curiosity.

So, on day one each investor will have 4 properties, each worth £134,000, each with a mortgage of £75,000 and each with equity (the value less the amount of the mortgage) of £59,000.

Their £100,000 has now purchased £536,000 of property .Here's how things will look after 20 years.

Investor No 1 will have properties worth a total of £1,411,288, say £1,400,000 with equity of £1,100,000.

Investor No 2 will have properties worth a total of £2,498,296, but say £2,500,000 with equity of £2,200,000.

Investor No 3 will have properties worth £5,170,416 say £5,170,000 with equity of £4,870,000.

Here's how things will look after 30 years.

Investor No 1 will have properties worth a total of £2,316,538, say £2,300,000 with equity of £2,000,000.

Investor No 2 will have properties worth a total of £5,393, 607, but say £5,400,000 with equity of £5,100,000.

Investor No 3 will have properties worth £16,058,506, say £16,000,000 with equity of £15,700,000.

So, thinking only of the 20 years figures we can see that by actively seeking a seller who is prepared to sell their property at a price which is genuinely 25% below the open market value, our investors are greatly increasing the return on their money.

Investor No 1, who has made the least possible effort to find his properties, has increased his return by around 300%, investor No 2 has increased his or her return by around 400%, and the pro-active investor No 3 has increased the return on the money invested by 500%.

Here's a graphical summary of where we have got to:

£ Equity after 20 years			
	Investor No 1	**Investor No 2**	**Investor No 3**
Cash only	265,000	466,000	964,000
With gearing	700,000	1,550,000	3,550,000
Gearing & BMV	1,100.000	2,200,000	4,870,000

But there's still more they can do as we'll see in the next chapter.

Part 4: The Power of Renovation

The next way to super charge already impressive returns is to buy a property ripe for ***improvement*** and ***renovate*** it.

The key, of course, is to make sure that the works increase the value of the property by more than the cost of the works themselves.

If an investor can find the right property, which means a property requiring the right type of work, then gearing-up and using finance shouldn't be a problem. Even post credit crunch some lenders are still offering 'light refurbishment loans' which allow an investor to buy a property requiring work and refurbish it prior to letting.

That might not sound like much of a big deal but many, if not most, buy to let lenders will not lend on a property which can be deemed to be 'unlettable' on day one, and they can be extremely picky in imposing that definition.

Also, note that this type of loan is typically referred to as 'light' as in 'light refurbishment' – lenders will not lend where major works of repair or improvement are required.

With a typical light refurbishment loan the lender will make a mortgage offer based on, say, 70% or 75% of the end value of the property following completion of the works but will initially advance only 75% of the lower of the purchase price or the valuation. The initial advance might also be subject to a 'retention' against the cost of the works, which will be released on completion of the works.

So, in this instance let's assume our investors buy property requiring a light refurbishment.

In their current, un-refurbished condition each property is worth £134,000 (as before) but our investors are able to buy at a genuine discount of 25% below market value, and pay £100,000 per property.

Each property requires £20,000 of work and will be worth £175,000 when works are completed.

The lender will lend 75% of the completed value, in other words they will lend 75% of £175,000 which is £131,250.

Initially they will lend 75% of the lower of the purchase price or the value. As we know the purchase price is lower than the value and so they lend £75,000.

However, this is subject to a retention of £10,000, which will be released on completion of the works.

Let's look at each investor's position after 20 years (and 30 years).

At year 20 Investor No 1 will have properties worth say £1,850,000 and equity of £1,325,000

At year 20 Investor No 2 will have properties worth say £3,250,000 and equity of £2,725,000

At year 20 Investor No 3 will have properties worth say £6,750,000 and equity of £6,225,000

At 30 years the Investors will have equity of £2.475m, £4.275m and £11.375m respectively.

Now, there are a couple of things to note in this scenario.

Up until now we have assumed that each investor will have £100,000 in available 'cash' which is split as four deposits.

However, we are now assuming that the bank will impose a £10,000 retention per property. Although this will be released when the works are finished the investors will need to cover this cost in the short-term.

Also, we are assuming each property will need £20,000 of work, again a cost which each investor will need to cover until the works are completed and the full mortgage advance is released.

As this is a totally hypothetical scenario you are entitled to assume that an investor may look at this option but decide they don't have enough money to cover the extra costs, or you can assume they will use their ingenuity to borrow or to release the extra cash from other sources.

One thing to bear in mind is that in this instance the investor will be the beneficiary of a 'cash-back' when the full mortgage amount is released.

How does that work? Well, initially they will need to put in £35,000 of their own money, being £25,000 for the deposit and £10,000 for the retention. This secures them a mortgage of £65,000 which allows them to buy the property.

On completion of the works they can draw down the full mortgage which is £131,250 (being 75% of the end value of £175,000).

This will give them £31,250, the amount by which the new mortgage exceeds the purchase price, plus will repay the £35,000 of their own money which they have put in.

This scenario is 'No Money Left In' – once the works are completed there is none of the investors own money tied up, it is all the bank's money, and the investor gets a cash-back of £66,250.

So there is plenty of incentive for the investor to beg or borrow the extra funds required to make these deals happen.

Increasing the value of a property through repairs or improvements or both makes a lot of sense as it is a relatively easy way to increase your equity, and the base value of the property, just as long as you know what you are doing.

Do your sums first, cost the works as accurately as possible and research how much value the works will add. If the works add more than the cost, then do the works.

Enhancing the property is an easy way of creating equity and at an opportune moment, should you wish, you can remortgage and withdraw the equity to use for another property, or you can remortgage to get better finance terms.

Which takes us nicely onto our next power-play, but before we do let's quickly summarise where we have got to and see how the figures look:

£ Equity after 20 years			
	Investor No 1	**Investor No 2**	**Investor No 3**
Cash only	265,000	466,000	964,000
With gearing	700,000	1,550,000	3,550,000
Gearing & BMV	1,100.000	2,200,000	4,870,000
With Gearing, BMV, and Renovation	1,325,000	2,725,000	6,225,000

Part 5: The Power of Refinancing

In ‘the real world’ the chances are that an investor won’t split their cash between 4 properties and then just sit back for the next 20 or 30 years. Of course, if they wish to, they can, but most wont.

The chances are that, as they see the value of their properties increase, they will periodically remortgage and will draw out as much equity as they can. This equity can then be used to finance the deposits on other properties and so they will build their portfolios.

After a number of years they will have multiple properties. If the value of these extra properties increases then the investor can continue to pull out equity from across the whole portfolio and buy even more properties. The affect of compounding will be phenomenal.

This is a process which will take many years to become established.

If we assume that each investor gears-up to buy 4 properties initially then we can calculate that investors No 1 & 2 can both buy another property at the end of year 2, whereas investor No 3, who is enjoying capital growth at a higher rate can buy another property after year1.

Let’s look at the maths, using investor No 1 as an example.

At the beginning of year 1 he or she has 4 properties each worth £100,000.

If the values increase at 5% per annum the total value of each property after 2 years will be £110,250.

The purpose of the exercise is to draw out enough equity to finance another property.

If similar properties are worth £110,250, and the investor can obtain a mortgage with an LTV of 75%, they need to draw out £27,562, being 25% of £110,250.

Collectively the 4 properties are now worth £441,000.

The investor can borrow 75% meaning they can now remortgage to £330,750.

They already have a mortgage of £300,000, so when this is deducted the extra ‘over and above’ is £30,750.

This gives them enough to buy the extra property, using £27,652 for the 25% deposit on the new property. The extra cash can go towards fees or used as a cash-back or perhaps a bit of both.

Following this process the investors now have 5 properties, all of which will gain value and all of which can then be remortgaged periodically to release more cash to use as deposits on new properties.

By regularly remortgaging all the properties in their ownership, using the released funds to increase the portfolio, and then repeating the process as often as values allow the growth of the investor's portfolio can be exponential.

Over a number of years the investor can go from 4 properties to multiples.

If borrowing were not a problem, then the investors could have aspirations to have a portfolio of several hundred properties by year 20.

As their portfolio grows, so will their equity. Don't forget that each "25% deposit" they draw down doesn't disappear, even though it's spent on a new property or properties. It's merely a case of transferring equity from one property to another. So the overall amount of equity in the portfolio doesn't diminish, it keeps on growing.

Does this sound fanciful? It might do, but it isn't. In the run-up to the credit crunch many investors followed 'this plan' and built portfolios of 100, or 200 properties or more in a much shorter time frame than 20 years.

This is how property investing can make investors multi-millionaires in a relatively short time.

£ Equity after 20 years			
	Investor No 1	**Investor No 2**	**Investor No 3**
Cash only	265,000	466,000	964,000
With gearing	700,000	1,550,000	3,550,000
With gearing & BMV	1,100.000	2,200,000	4,870,000
With Gearing, BMV, and Renovation	1,325,000	2,725,000	6,225,000
With Gearing, BMV, Renovation & Re-mortgaging	Millions	More millions	Even more millions

We can summarise this all as follows:

Carefully select a good property which is likely to enjoy at least average, or better still, above average capital growth in the future, buy it at a bargain price, buy it using finance, renovate and hold for the long-term, remortgage periodically and use the withdrawn equity to buy similar properties and build your portfolio….

This sounds a bit like a recipe - if it is then it is a recipe for success in property.

How I bought £2m of Property in 4 Short Years

How I bought £2m of property in 4 short years.

In fact, it was using this recipe when I started back in year 2000 that allowed me to buy £2m of property in just 4 years, and that was with starting from scratch and using none of my own money.

Of course, property prices have increased a lot since then so that'd be like buying almost £4.5m of property today.

Looking at the market now, there are many similarities to when I first started, and many experts agree that if you want to be financially free using property, now is the best time in years in which to buy.

The same techniques and strategies I used then STILL WORK JUST AS WELL TODAY. In fact, I am still using them to buy even more property now.

That means that, if the experts are right, this is the perfect opportunity for you to do the same as I did and put together your own multi-million pound property portfolio, should you want to.

Or perhaps you'd just like a few buy to lets to supplement your income or to help with your pension?

Whatever your reasons for buying and investing in property I can help you to put together your portfolio much more quickly and simply than I did, and I'll show you how in a moment.

But why would you need my help? Surely buying property is easy?

Good question, so let me ask you a question in return:

"If property investing and buy to let is so easy, why do so many people get it so wrong?"

I meet a lot of people who jump into investing but who just don't get it right. I'm often surprised that so many people will commit to spending such large amounts of money, but spurn the chance of help and advice.

In my experience, when things do go wrong it's often because of one or more of the following three things.

First, many people try their hand at property investing without really knowing what they want to achieve from property. Sure, they may have vague ideas like 'I want to get into property' or 'I want to be a property investor' or 'I want to buy a few properties', but it's all a bit wishy-washy.

They might think, "I know what I want, I want to make some money from property". But does that mean make some income from cash-flow, or by building up equity, or even by making cash lump-sums from developing and trading? Each answer would require following a different strategy and buying different types of properties, possibly in different locations.

I've found from trial and error, and from mentoring many investors one-on-one, that unless you are specific about what you want, your investing is going to be wishy-washy as well. That's why so many investors don't get the results they hope for.

Second, is that if you don't really know what you want to achieve, then how can you choose the right strategy to achieve what you want to achieve? And if you don't have a strategy, how can you possibly buy the properties that are right for you?

The truth is that you can't! After all, if you don't really know what you want, then any property will do. As a result, many investors buy the wrong property or properties, and then wonder why it all went wrong or, at least, didn't work out as well as they hoped.

Any old property won't do, but sadly many investors just end up buying the house around the corner because, "It's 'handy to manage'", or, "We got it at 5% off the asking price", or, "It's a nice house in a nice area" or, " I haven't seen it but it was so cheap, what could possibly go wrong?"

I'm sure you get the idea but the point is that unless you know what you are trying to achieve, have the right strategy to achieve what you are trying to achieve, and buy using property investment fundamentals, you will always be at risk of making a very costly mistake.

Believe me, I've seen it happen far too many times. Many investors ignore or don't understand these basic truths and principles and, far from being financially free in property, end up stressed and struggling to make it all work.

Third, many investors are tempted to hand over responsibility for their investing to third parties who, naturally, don't care as much about the outcome as the investor themselves.

For example, I've never fully understood the appeal of firms that sell new-build properties at an apparent substantial discount, only to find the property doesn't perform as it should because the figures were over-inflated from the start.

Another thing which winds me up are those agents who offer so called "below market value" deals on 'distressed property' and who charge several thousand pounds for finding you a terraced property which you could easily have found yourself, if you'd just known how and where to look.

This is even more noxious when the properties are advertised as 'cash-flow' positive when, by using just a little common sense, one can quickly see just from looking at the brief details on the advert, that they haven't accounted for all the costs!

If you know how to find bargain property yourself, you don't need to pay out finder's fees, or put yourself at risk of buying a so called 'cash-flow positive' property which will eat into your finances.

Ending up with a poor property and paying someone else a finder's fee for your troubles is a nightmare situation you'll want to avoid, but one which some investors find themselves in unnecessarily.

And I haven't even got into the point that many people think that buying a buy to let investment is like buying their own home. It isn't! Buying an investment isn't anything like buying your own home, but many investors treat them both the same. Big mistake. Perhaps being a nation of home owners makes us a bit complacent and makes us think we know more than we do? After all, a little bit of knowledge is a dangerous thing, especially when it comes to spending large amounts of money on investment properties.

There is a fundamental truth about property investing which I discovered in my role as a consultant. It explains why some investors make it, while the majority don't. And it's this: "Anyone can buy a property, but not everyone buys the properties that are right for them".

In my opinion, that is the difference between success and failure, or the difference between doing okay and doing very well indeed.

Do you think successful investors buy "the house next door", just because it happens to be the house next door? Do you think they buy a property just because it looked cheap?

Do you think they'd buy a property just because they could get a discount from the developer?

No, of course they don't. They know exactly which properties they need to buy to attain their goals; they have a system to find those properties; and they take the necessary steps to acquire them at the right price and on the right terms.

Anything less than that and they won't buy. It's as simple as that.

Unlike the unsuccessful majority, they don't just happen to stumble into deals. Successful property investors know their strategy, they have a plan, and they take actions that are consistent with their plan. It's not down to luck that they are successful. They have planned for success.

The good news is I'm going to show you how you can put together your own portfolio, and how you can easily avoid all of these mistakes so that you can buy the properties that are right for you.

Having built my own property portfolio from scratch, and starting with virtually none of my own money, I've constructed my very own 'course in a book', all in one easy-to-absorb volume (although it is big – 178 pages of A4), so that you can have all the information you need at your fingertips.

I've called it ***The Successful Property Investor's Strategy Workshop*** and in it I tell the story of how I built my portfolio and I'll show you exactly how *you* can do the same.

It's not rocket science. Anyone can do this, but you have to go about it the right way. Indeed, you can copy my model, if you want.

I have to say that when I am spending my money on property, especially when I'm committing myself to borrow large sums from the bank as well, I like to be sure that I am buying the right property. After all, even a "cheap" property investment is a massive financial commitment.

That's why I'll show you everything I did, right and wrong. I've even included real-life examples of actual properties I've bought, so you can see how it all works in practice so that you can do the same. It took me years of trial and error to learn all of this so let me save you time, and money, and help you to reduce your risk, by sharing with you my over 30 years of experience in property.

Now let me say that I'm not making myself out to be a paragon of property investing. I've been at the bottom, and I know what it's like. Ironically, when I started out as an investor I was broke and barely employed - I was working part time as a consultant doing the dross jobs my peers didn't want to do, and I was paid a pittance for my troubles. That's why I literally had to start with no money of my own.

I now have property with a combined value of over £4.5m. Not bad considering I started with nothing, other than the house I live in. But I know from personal experience that taking the theory and applying it in practice is not that easy if you aren't sure how to get started.

Now that I've created *The Successful Property Investor's Strategy Workshop* I can help you do exactly that, I will help you to plan for success and put the theory into practice.

I know that the information in the *Successful Property Investors Strategy Workshop* is of immense value to all property investors. All I'm ever interested in is value-for-money, and that applies whether I'm buying (especially property), but also whether I'm selling. That's why *The Successful Property Investor's Strategy Workshop* comes with a 30 day guarantee. If, for whatever reason you're not happy with it, just email me and I'll give you a full, no quibble refund, with 'no questions asked'. So you can read and enjoy your copy completely risk-free.

So if you'd like to know more about how I put together my property portfolio, and how you can do the same, please go to ThePropertyTeacher.co.uk for full details, including the special bonus and gift I have for you.

propertysecrets*

A Special Gift: PLUS a Really Neat Bonus

Here is a Special Gift For You as a 'Thank You' From Me PLUS a Really Neat Bonus

As a 'thank you' from me for reading this ebook, I've put together a special bonus and gift for you.

First, you'll receive a free copy of "***Everything You Wanted to Know About Buy to Let Finance But Didn't Know Who to Ask***". This is a transcript PLUS an audio file of an interview I conducted with one of the UK's top experts on buy to let finance, in which he covers many of issues around buy to let and gives his top tips for successfully raising the finance you need. I was literally picking his brains for over an hour. I have considered selling this as a product in its own right for £29.97 because it contains so much information, but when you order your copy of *The Successful Property Investor's Strategy Workshop* you can have it for free.

Secondly, I offer a one-on-one 'pay for a day' mentoring service so if you want to get started in property and want some guidance on how to start, or if you are already involved in property and want to take your investing to the next level, we can get together and have a chat and find ways to help you.

I only charge for the day as I know that many people would like some help but they don't want to spend literally thousands of pounds signing up to, and committing to, a year-long mentoring programme. When you buy your copy of *The Successful Property Investor's Strategy Workshop* I'll give you a special discount of 25% OFF the price of our meeting, saving you at least £200. Of course, you don't have to meet with me, you're under NO obligation to book a session but, should you wish to, you can claim the special discount.

When you buy your copy of *The Successful Property Investor's Strategy Workshop* I'll send you a special link with full details so you can book your one-on-one mentoring session at the special discounted rate.

So please go to ThePropertyTeacher.co.uk now to claim your copy of *The Successful Property Investor's Strategy Workshop*, and to download your bonus copy of *Everything You Wanted to Know About Buy to Let Finance But Didn't Know Who to Ask,* and to claim the discounted rate for a one-to-one mentoring session.

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Here's to successful property investing!!

Written by Peter Vaughan Jones B.Sc FRICS

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