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PROPERTY MENTORING

TEN FATAL mistakes of a novice property investor

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1: Not having a clear property investment strategy: based on your aims, goals, time period and motivation to help you get the results you desire. Are you buying for yield, capital growth, add value. These considerations will dictate what you buy and where you buy and what your exit strategy is

2: Not ensuring that the property deal stacks financially: what is gross and net yield, cash flow, return on investment (ROI). The later calculation allow an investor to compare different investment opportunities to determine how hard their money is working

3: Not undertaking sufficient property research: an empty property or one where you cannot maximise your rental income is a liability not an asset. Perhaps you have bought a student property at a time when the city is over run with purpose built student accommodation or bought a property to buy/refurbish and sell but not in an area with strong sales

4: Believing that having the right education & a mentor is a waste of time and money: why wouldn't you try to avoid costly mistakes from being better informed and learning from those who have done what you are aspiring to do. Rather than thinking "How much can I save by going it alone", think "How much more can I make if I leverage someone else's knowledge and expertise

5: Believing that everything has to be perfect before they invest: there is no "perfect" in any form of investment and having this mindset will lead to over-analysis, procrastination and being afraid to take calculated risks. What you need to learn is the fundamentals of property investing and then make informed, educated choices

6: Believing that you don't have enough time to embark on property investing: rather than focusing on why you can't, think more along the lines of "How Can I". Trust me, it can be done even if you have a full time job, family etc but you need to put certain systems into place, become efficient in time management and leverage other peoples time and expertise

7: Having a mindset of "How hard can it be to buy an investment property": actually its not but what should you buy, where should you buy it and what about when you want to buy your 2nd, 3rd & 4th Property

8: Forgetting the importance of location, location, location: this is particularly important for your strategy (capital appreciation vs yield) and the rental sector you are targeting eg renting to students, professionals or people on benefits. Get it wrong and you will have no rental demand so end up with a liability, not an asset

9: Forgetting to factor in all the costs when calculating cash flow: its not just about gross yields although this is a useful indicator. What about on-going maintenance, insurance, property management if you don't have the expertise to do it yourself, voids etc

10: **Forgetting that's its all about cashflow:** cash is the life blood of any business and if the cashflow after all costs is negligible, you won't last long in the property game. Cashflow is king (capital growth is the icing on the cake)

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