Dave Thomas Property

Free Report - 10 Common Mistakes People Make When Investing In The UK Property Market

10 COMMON MISTAKES PEOPLE MAKE WHEN INVESTING IN THE UK PROPERTY MARKET

After almost 20 years of investing in the UK property market and speaking with a multitude of investors during this time, there have been a number of common mistakes that many of them have made during their investment journey.

So, I have put together this list of 10 of the most common mistakes made by people in property investment in the hope that you can learn from other people's mistakes, and then avoid them yourself.

1. **Lack Of Research**: Do you know your property strategy? Where are you looking to invest? Will your strategy succeed in this area? Is there a rental culture in that area? Are the property prices within your budget? What are the risks in your chosen area? All of these and more need to be considered before you even make an offer on a property.

2. **Miscalculating Rental Income**: By overestimating the rental income you can obtain for your property can lead to financial strain if the numbers are incorrect. This applies to the money collected as rent as well as the time that your tenant stays in the property which impacts on your income if voids occur.

3. **Have You Considered All Additional Costs**: Most first-time investors when working out their budgets tend to solely focus on the purchase price and possibly the solicitor fees but fail to consider other significant costs

associated with buying and operating an investment property. This can include stamp duty on the purchase, insurances, management costs, tenant finding fees which will all impact on your success with the property.

4. **Underestimating Refurbishment Costs**: Unless you are a builder, the cost of many of the jobs that need to be carried out on renovating and refurbishment, especially for your first property, can be significantly higher than most people think and this, again, can seriously impact on the success of your property.

5. **Emotional Decision Making**: Allowing your emotions to dictate investment choices can lead to poor decision making and you overlooking crucial aspects of the property.

6. **Not Negotiating on Price**: Most prices quoted by estate agents reflect what they "think" the property will sell for but is not necessarily what you might have to pay as it is very rare to find a property that is priced perfectly. It is important to negotiate to get the best possible deal.

7. **Neglecting The Property**: If you do not manage the property properly and maintain it in a good condition, you stand the chance of having tenant problems, long void periods, and potential issues with the fabric of the property.

8. **Not Understanding Tax and Legal Implications**: There are a myriad of laws which relate to all aspects of investment property ownership, and you need to have an overall understanding of them, but use your power team members (accountant, letting agent, etc) to be fully versed on them so you avoid unexpected expenses and compliance issues.

9. **Short Term Profits**: be aware that property investment is, like stocks and shares, a long-term investment strategy so adopting a short-term mindset

and chasing quick profits can lead investors to make rash decisions that do not align with their long-term goals.

10. **Understanding Market Cycles**: Property markets go through cycles of boom and bust, and you need to understand where you are in this cycle when you invest. If you do not, you might find that you are buying at the peak of the market or selling during a downturn.

So, to avoid these types of mistakes, it is essential to educate yourself about the property market, seek advice from experienced investors or professionals in the property arena and create a well thought out investment strategy aligned with your financial goals and risk tolerance.

How to avoid these mistakes is covered in my book, Painless Property Investing, and I hope that your journey in property is as enjoyable as mine has been over the years.

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