

RWinvest

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How to Create a Property Business Plan for your Investment



If you're new to the world of property investment, you might not have considered creating a property business plan for your venture. Many people wonder whether a buy to let business plan is really necessary before starting out with an investment, but the reality is that property investment is as much a business venture as anything else. Therefore, having an investment property business plan is a good way to help ensure your property venture runs as smoothly as possible. The best investors spend time researching and planning their investments, helping them feel more prepared before getting started. That's why creating a business plan for buy to let or buy to sell investment is one of the key property investment tips you should consider.

If you're beginning your buy to let investment and want to find out how to create a property investment business plan that will work in your favour, make sure you take a look at the following tips. Keep reading to find out more.



STEP 1: ASSESS YOUR STARTING POINT

Every investor has to start somewhere, and in the real world, that doesn't always mean starting out with a bunch of cash available. One of the first things you need to think about when creating a business plan for buy to let is to work out where you are right now, before thinking about where you want to be. This includes assessing your available funds, thinking about how much you're willing to spend, and working out how you will pay for your investment.

In order to work out how much you're willing to spend on your investment and set yourself a budget, you should browse the property market for a better idea of current prices. Property prices differ depending on the property type (e.g a house vs an apartment), and the area the property is based in. In London, you can expect to pay a lot more for an investment property than you would in a Northern city like Liverpool, for instance, so if you're open to investing in different areas, this should be factored into your research. After assessing your finances and researching the market, you should be able to come up with a suitable sum of money to put towards your venture.

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HOW TO CREATE A PROPERTY BUSINESS PLAN FOR YOUR INVESTMENT

Some investors may be lucky enough to have a full sum of cash available to make a property purchase, while others may need to think about mortgage options to help them fund their venture. If this is the case for you, it's recommended to speak to a mortgage advisor who can help you plan the financial side of your investment a little better. If you plan on using cash to pay for the venture in full by dipping into your savings, remember to always keep a certain amount of money aside to use as an 'emergency fund'. This should usually equate to around three to six months worth of expenses such as bills and food costs, and helps you enter your first property investment with a better sense of financial security.

Finally, another thing you should do when it comes to creating a property business plan is to think about your existing knowledge of the property market. If you don't know a lot about property, you should set aside a bit of time to learn more about the market by either reading guides online, reading books, or seeking advice from a property expert. Here at RWinvest, our team of trained property professionals are always happy to offer guidance and answer any questions you might have.

BUY TO LET INVESTMENT GUIDE

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STEP 2: THINK ABOUT YOUR GOALS

Once you know what you're starting out with as an investor in terms of budget and knowledge-base, the next step of your property business plan should look at your goals. Setting goals is an essential part of any property journey as it allows you to outline the reasons why you're investing and paint a clear picture on what you hope to achieve. It goes without saying that the main reason that a lot of people invest is to make money, but it's important to look a little deeper than that for your investment property business plan.

When creating a property business plan, the most common investment goals are as follows:

- **Saving an attractive retirement fund.**
- **Saving money for life events.**
- **Increasing disposable income.**



The most common reason why people choose to invest is to build an attractive pension for their retirement, with many people considering combining a pension with a property venture as the best way to boost retirement income. However, many young investors may not yet have reached this stage, and so their property business plan may focus on building an income to help pay for any major life expenses such as tuition fees for family members. Alternatively, some people invest simply as a way to increase their revenue and be left with more money to spend on life's luxuries such as holidays, or even to give their rainy-day savings fund a boost.

It's important to think about your reasons for investing as this will help you create an investment property business plan that better aligns with your goals. For instance, if you are keen to be left with a significant amount of money by the time you retire, then you should focus on holding on to your investment for a long period in order to maximise potential capital growth returns. If your buy to let business plan focuses on generating money to pay for life events, you may plan on exiting your investment at a time when you will need a large sum of money. For some people, this may mean selling an investment property to pay for a family member's wedding, or to generate money to put towards the purchase of a dream home.

This stage of the planning process should also look at where you plan to be further down the line as an investor. Aside from the money you will have generated, think about your personal goals. Do you want to be a skilled property professional who manages their rentals with a hands-on strategy and takes on landlords duties on a number of properties? Or do you want to own a portfolio of properties with a hands-off strategy, working with a rental/letting management company who take care of all of the day to day duties? If you have another career that you think will dominate a lot of your time and attention in the foreseeable future, your personal goals may be more fitted to an investment property business plan that allows you to juggle both your career and your investments.

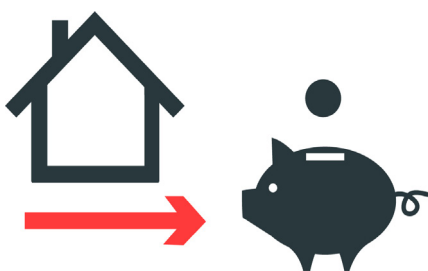
'If you have another career that you think will dominate a lot of your time and attention in the foreseeable future, your personal goals may be more fitted to an investment property business plan that allows you to juggle both your career and your investments'

STEP 3: CREATE YOUR STRATEGY

While buy to let is the property investment strategy that many investors choose, it's not always the right choice for every individual's needs or goals. Those looking to generate a large sum of cash more quickly, for instance, may prefer a buy to sell strategy where they aren't required to hold onto the property for a number of years. Your strategy should do two things - fit the goals created within your property business plan, and maximise your potential earnings.

If you opt for a buy to let investment, your strategy should focus on finding a property with the highest possible rental yields. You should also make sure you're investing in an area with a good track record for capital growth, and potential for future appreciation. Alternatively, if you choose buy to sell as an investment strategy, you should make sure that you're also focusing on high growth areas for your investment, along with buying a property which has the potential for a boost in value through renovations.

Along with the investment strategy itself, you should also think about your exit strategy. An exit strategy outlines how and when you plan to exit your investment, which with a property business plan, will mean selling the property. Again, your investment goals will play a part in this decision. If you hope to generate as much money as possible for retirement, your exit strategy should look at selling the property sometime before you retire. Spend some time researching exit strategies to better incorporate this into your buy to sell or buy to let business plan.



'Your strategy should focus on finding a property with the highest possible rental yields'

PUT YOUR PLAN INTO ACTION WITH RWINVEST

Once you've created a detailed and considered property business plan, you should think about getting started with your investment and putting your business plan for buy to let into action. The first step in actioning your investment is normally to find a property to invest in, and it's important to focus on finding an opportunity that's likely to bring you the highest returns possible. That's where RWinvest can help.

Here at RWinvest, we have a range of great investment properties in lucrative UK cities, Liverpool and Manchester. Offering yields of up to 8%, great deals and discounts currently available, and strong capital growth potential, browsing our range of investment opportunities is a great way to put your business plan for buy to let into action.

Get in touch today for a free chat with one of our property consultants and get started with your property investment journey.



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