

# WHEN TO TAKE A LEAP

By Arsh Ellahi

Dear Arsh,

I do property as a sideline. I also have three teenage children shortly due to go to university. We make an average salary. I want to take the plunge and go into property full time, but I am nervous about doing so. What would you suggest?

Mrs E, Herts

Thank you for getting in touch, Mrs E. A lot of people who have contacted me over the years, have been a little nervous about leaving their 'safety net' and going straight into property.

## TAKING STOCK

Here are my suggestions for taking stock of the situation:

- Write down all the things you 'Like' about your current job
- Write down all the things you 'Hate' about your current job
- Write down all the things that you current 'Like' about your life
  - Write down all the benefits 'Property' would bring to you and your family
  - Calculate approximately the amount you require to 'Live' on – not including all the luxuries
- Calculate approximately the amount you require to 'Live' on – including all the luxuries

Finally, have you thought about which strategy you would like to follow in property going forward? For example, would you be considering rent-to-rent, purchasing HMOs, undertaking small developments, etc.

If we use rent-to-rent as an example, we would be able to calculate an approximate amount of how many properties you would need in order to meet your income requirements.

A further question - have you also looked at the capital required to get started?

## Example

If you would like an approximate income of £2,000 per month, on the basis that each property you take on produces cash flow of £500-£800 per month, you would need three to four properties to make this amount of money.

Generating this level of cash flow can be easy to achieve but it does require real determination and a good degree of action.

## START SLOWLY

Before giving up your current post, I would advise breaking the ice of your property plan by putting in some work after hours and at weekends. This would include:

- Speaking to letting / estate agents
- Speaking to local landlords
- Attending networking meetings
- Taking part in property forums online

All of the above can be done around your existing commitments and it would also give you an indication of the time it would take to get you started in property.

## A PERSONAL REFLECTION

I write this as I recently had an experience that prompted me to reflect on my many years in property.



Last month I had a phone call saying I had been nominated for an award. Great, I thought, I'll send over a one-pager about myself, turn up at the event with Mrs E, have a nice meal and a good night out, job done. But no, I was faced with the task of writing a comprehensive bio about myself, my past, where I was at and why I was a success. It was, in fact, the hardest thing I have ever written.

When I reflected on what made it so difficult, I realised I had never stopped long enough to take stock of my successes because I was too busy moving onto the next thing. Doing this exercise meant that I had to delve into the past two decades and analyse everything I had done and why. I realised three things:

- 1 I was always doing something new
- 2 I was never scared to take a risk
- 3 If I didn't know something already, I was going to make sure that I got to know it

As a young child, I thought it was the norm to only live on one floor of your house and have tenants living on the other and paying you for the privilege. I had grown up watching my parents make money from property and do it as a sideline to their daily work. But I wanted more from property. Even at a young age, I struggled to see how something that was bringing in regular money wasn't their primary focus for work. So, fresh-faced out of university, I made property my primary goal. That gave me a good return on my efforts. Then, fast forward ten years and I had seen my fair share of tough times. What those tough times taught me was that I had to make my properties, and my property business, bulletproof.

Stay with me, I will explain how this happened.

Soon after I got married, I thought I could sit back and relax. At this point I had worked in property for ten years and was doing reasonably well ... or so I thought. My wife

and I had a nice house, we both had new cars and a lifestyle that was comfortable. It was only when I started to venture into new property territory that I realised I hadn't even started to reach my potential yet.

Because I like new challenges, I felt that I had become stagnant in property where I was. I had a portfolio that was cash flowing but there were certain aspects that I hated, and I felt that I was working too hard. At that time, I was:

- Taking all the prospective tenant enquiries
- Attending all the viewings
- Signing up tenants
- Managing all the tenancies
- Chasing rents and doing the admin tasks
- Dealing with maintenance issues

It is fair to say that I fell out of love with property. It had become a daily grind and I hated it. It took up so much of my time, and I found it difficult to move on to other strategies, which I knew would be more lucrative.

I spent the next 18 months moving 'me' away from 'my business'. I put systems and procedures in place to ensure that I would not fall back into the trap again.

## THE MORAL OF THE STORY

Relating this back to you, Mrs E, I had to weigh up all the negatives and benefits of taking myself out of the business, because being so hands-on, I ran an extremely tight ship. My occupancy rate was almost 100%, 100% of the time because I was proactive with both the lettings and marketing. My rent collection level was high because I always followed up very quickly on any rent payments that had not come in. I fell into the trap of thinking that without me, all the above could fall dramatically and I could lose a fortune.

My biggest fear was that the team I built around me would not be as proactive or

productive – after all, they worked on a wage basis and even though I had incentives in place for every letting that they signed up, I would not be checking the quality of the tenants myself. I felt that had played a big part in the longevity of the tenants. and that we would face more issues within their tenancy period.

However, after 18 challenging months of putting systems in place – a process that I found quite tough – I had time to start working on new business ventures. Now, I believe that delegating tasks to a team was the best move I have ever made. It enabled me to start my deal trading business and it also allowed me to work smarter, not harder. As a result, I found my work/life balance again.

The phone still rings, but now calls are from investors. Every call is potentially a money-making call and my productivity levels are higher than they've ever been. The end result is that I make more money now from the new business venture, than I did back then from being hands-on in managing my properties.

I took a risk and it paid off. But I also calculated that risk to the nth degree before making the leap.

In brief, Mrs E, take stock of where you are now, weigh up your options and work out where it's best to spend your time to get the most lucrative results. Consider the risks before taking a leap.

I hope you found this article of some use.

**I use the saying 'Believe and you will achieve'. If you believe you are stuck in the rat race and would like a quick chat to consider your options, why not book a 10 min free call with me by visiting [Bit.ly/CallArsh](http://bit.ly/CallArsh)? Hopefully, I might just be able to help you along the way.**

## CONTACT

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Finally, to get access to all my updates and whereabouts, please sign up to my weekly newsletter at [www.arshellahi.com](http://www.arshellahi.com)

Arsh Ellahi is the author of "Boom, Bust and Back Again: A Property Investor's Survival Guide"