

WHAT DO YOU LOVE ABOUT PROPERTY?

By Arsh Ellahi

Hi Arsh

I have been investing for some time and have a decent sized portfolio. I have become very comfortable in my approach and haven't tried anything new. However, I feel like I have lost my mojo. From what I read, you always seem so excited about property! What's your secret?

MR U, GRIMSBY

Thank you for getting in touch, Mr U. When I first read your question, it felt a bit like I was responding to a letter in a Dear Dairdre column!

But to get serious, let's tackle this one stage at a time.

STAGE 1 CONGRATULATE YOURSELF

Well done on getting to a position of financial freedom or at the very least to a point where you are 'comfortable'. It takes years of hard work and dedication to get to this stage. For some reason, people assume that property is easy and that you can simply acquire a property, let it out and watch the hundreds or thousands of pounds roll into your bank account.

How wrong could they be?

Rarely do they see the blood, sweat and tears that have gone into the:

- **Acquisition** (everyone needs a medal if they successfully get through dealing with mortgage brokers, lenders and solicitors)
- **Renovation** (again dealing with architects, planners, building control and, most important, builders)
- **HMO officers** (let's not get started on them, they are a law unto themselves)
- **Tenants** (just when you thought you could relax and watch the money roll in, the tenants bring their own world of issues)
- **Not to mention the beating from the government on taxes, deduction in benefits** (for tenants in receipt of benefits), **increased legislation** ...

This list could go on!

I always applaud people when they achieve their goal. It is a struggle but generally people do get there. So well done!



STAGE 2 KEEPING THE MOMENTUM

This is where an investor needs real stamina. One of my favourite questions to ask myself is:

When is enough, enough?

I am surrounded by people, ie my wife and business partner, who regularly ask me:

Do we really need any more property? Don't we have enough already?

The answer to the above is, absolutely. But if someone is offering me a property at a great deal, I would be stupid to pass it up. Supposing a landlord opened up the following conversation:

Landlord: *I would like to offer you my property on a five-year term at a rent of £600pcm.*

Me: *OK, that sounds interesting.*

Me: *By the way, though, I do not pay deposits as I would prefer to spend the money on upgrading your property to attract a high calibre of tenants.*

Landlord: *Sounds fantastic!*

Landlord hands me the keys, the deal is done and the paperwork will follow.

The above scenario (albeit very simplified) would fall under the category of a rent-to-rent negotiation. In this case, I would take on the property, paying no deposit, no rent in advance, and in addition I would get instant access.



STAGE 3 REINVENTING YOURSELF AND FINDING YOUR MOJO AGAIN

This is the interesting part, as technically, it is where **YOU** can have some fun.

From the above stages, you have put in the hard work and the rewards have come to fruition. You are financially free and are now ready to look for your next challenge.

For me, this is the stage where you can experiment with something that you've always wanted to do and enjoy. Yes, there are still risks and you would still calculate those risks, but financially you are at the point where you are secure.

I reached this stage around five years ago. Once I had secured all my long term funding on a capital repayment basis, I started to relax knowing that I was chipping away at the debt on my portfolio every day. All that I have to do is to ensure the properties remain occupied, and the debt should then service itself. That in turn will continue to secure my future financially.

Then, my new challenge was to go back and start deal trading again. (And although I had said I wouldn't buy many more and it wasn't part of the plan, I have ended up buying / acquiring close to 100 other properties.) To put it simply, sourcing put me in front of opportunities, some of them far too good to miss out on.

I like to monetise every lead that comes on my desk. If a prospective deal doesn't

fit my criteria, that doesn't mean that it won't fit someone else's. After all, we all have different investing criteria and here are a few examples:

- **Purchase properties that are 25%+ below market value**
- **Acquire properties strategically where a deal can be done through a rent-to-rent agreement or a lease option**
- **Readymade armchair investment opportunities**
- **Development opportunities**

Everyone is different and as a result, I believe I can provide most people with an opportunity.

That was enough for me to find my mojo again. No longer having to deal with the mundane tasks of tenants and maintenance meant I could go back to what I really enjoy – wheeling and dealing.

You can do the same. A few pieces of advice, though ...

- **Do not take unnecessary risks – after all, after getting to a secure position, you do not need to**
- **Do not get dragged into the hype of strategies that you do not understand (they could cost you dearly)**
- **Enjoy the journey**

I hope this resonates with you, Mr U, and also with other YPN readers.

In a situation like this, I believe I would have been the stupid one if I did not take the property on. I have over 40 properties that I have acquired in this way. Many property investors will never own or acquire 40 properties in their lifetime, but I compare it with playing the game of Monopoly.

Admittedly, for me, purchasing / acquiring property is my drug. I love the adrenaline of the chase, the negotiation, solving the problem and creating win-win scenarios. I am always looking for the next one.

Hundreds / thousands of properties later, I still fist punch the air when I have finalised a negotiation and completed on a deal. Other than the birth of my children, I can honestly say there is no better feeling.

You have to find your own answer to this question though. At what point is enough, enough? Does your answer come in the form of:

- **The number of properties acquired?**
- **A certain amount of cash flow achieved every month?**
- **A point when you have fulfilled your financial and parental obligations to your family, ie able to put kids through university, pay for weddings, etc?**

By the way, there is no right or wrong answer here. This is very individual to you and your circumstances.

Personally, if I were to retire now I would:

- **Get extremely bored (after all, I am only 38 years old)**
- **Play extremely bad golf**
- **Spend money irresponsibly**
- **Annoy my wife on a daily basis (I believe she fist pumps the air when I leave the house in the morning)**

If you have a question you would like me to answer in next month's article, please email arsh@arshellahi.com and I'll aim to answer as many as I can over the following months.

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



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