



# DEAL SOURCING

## WHICH APPROACH SHOULD YOU ADOPT?

ARSH ELLAHI

Hi Arsh,

I have just become a compliant deal sourcer and am struggling to get started. What sort of deal should I be looking for?

Mr K, Birmingham

Happy New Year, Mr K! This is a question I get asked every day, because everyone wants to know the best type of deal that will sell quickly and make the most in sourcing fees. If I had £1 for every person that asked me this question, I would be an extremely rich man.

**There are two ways to look at this when it comes to deal sourcing:**

- 1 Are you planning to source to order? What I mean by this is, are you going to source to requirement for a select few investors?
- 2 Or are you taking the mass market approach? In other words, are you going to see what you can find and then find a buyer?

**Just to confirm, there is no right or wrong answer here. You could say that one is a more targeted approach, whereas the other is pretty much a dartboard approach. Here's a more detailed look at both strategies:**

### THE SOURCE TO ORDER APPROACH

If you source to order, you can remain focused and source properties that fit a certain parameter. You would initially need to find and qualify a small group of investors, and find out exactly what they are after. For example, they might be looking for:

- Properties that produce high cash flow
- Properties with a high ROI
- Properties that are a certain % discount below market value
- Properties where they can add value, eg by turning it into an HMO or developing further
- Properties that can be refinanced so they can pull out their funds
- Once you have a shopping list, you can then start tweaking your marketing strategy accordingly. This could include:
  - Sending out leaflets in certain areas
  - Speaking to estate agents
  - Working with other sourcers and seeing what deals are already out there (I call this piggy backing)

As the criteria are quite strict and you know exactly what your niche group of investors are after, you can quickly appraise prospective properties to see if they are of interest.

### THE 'OPEN' SOURCING APPROACH: DO YOU FIND THE MONEY OR THE PROPERTY FIRST?

With this strategy, you would need to build up your investor database first, therefore you would be finding the money first.

As a result of already having found potential buyers, you are then simply finding properties for them to buy. I call this 'Investor Profiling.'

I think this is a very good way to start when you're new to sourcing. Begin by building a relationship with some investors and ensure they have the money to invest by asking to see proof of funds. After all, the last thing you want to do is spend a lot of time finding a property only to find out that the investor does not have a pot to p\*\*s in! You would be very surprised how often this happens.



### THE CAT-AMONGST-THE-PIGEONS APPROACH

The strategy is based around going out and sourcing properties first, and then sending them out to a mass database in the hope of securing a sale. Once you have sent it out, let the investors fight over who has it.

This is my own chosen field of operation. When I started sourcing almost 20 years ago, I decided to just start finding properties and then offer them to investors. However, if you have less than 100 investors in your database, this may not be the best approach. You might find yourself sourcing lots of properties which then won't sell.

Although this is my approach, from experience I would say that my biggest problem in the early stages is not knowing what property to start looking for and what will definitely sell. As a result, it is a scattergun approach. So I look at all kinds of properties, hoping they will fit the criteria of an investor somewhere within a mass database.

#### Your target investor buyer should ideally ...

- ... share your vision for the property you have found
- ... appreciate the discount that you have negotiated
- ... fit within the budget
- ... buy quickly to maintain the motivation of the motivated seller

20 years ago, I didn't think about profiling my investors and built a mass database. This now sits at over 100,000 investors worldwide. However, I have learned from these years of experience what will sell, and am strategic in the way that I structure property deals. As a result, 90-95% of properties I offer sell within 48 hours.

Having an open reign allows me to source a whole spectrum of properties, including:

- Below market value opportunities
- Rent-to-rent deals
- Lease options
- Development opportunities
- Commercial to residential opportunities
- Land with and without planning
- All sorts of other things that don't fit within these categories

As broad as this may seem, it's an approach that suits me perfectly because it allows me to exercise creative flair. Having so many options means I can look at every property to find a suitable solution for the vendor, so can monetise almost every opportunity. In return, I am able to provide a variety of properties with multiple angles to an ever-growing database.

#### The Property Investor App

This year, I progressed the business further by moving the sourcing business on to a digital platform. I created the Property Investor app, which I believe to be the UK's first Property Investment Marketplace app. I like to think of it as the Rightmove for genuine property deals for investors. Since launching in April 2019, I have seen the database of property investors grow from UK to worldwide, and we have a lot of interest from Asian investors with extremely deep pockets.

Finally, if you are a deal sourcer and are struggling to find a buyer, you can use the Property Investor app to upload your property and sell to our database in return for a share of the finder's fee. Ultimately this saves you 50% of the work and allows you to showcase your fantastic deal to a database of tens of thousands of hungry property investors.

Download the app from the Apple iOS and Google Play app stores or visit [www.propertyinvestorapp.co.uk](http://www.propertyinvestorapp.co.uk)



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

### CONTACT

As always, you can connect with me on my social feeds by finding me on:

- Mailing List [www.arshellahi.com/deals](http://www.arshellahi.com/deals)
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