Building a Property Portfolio

At The Money Partnership, we have helped a number of clients take that step from being an 'accidental landlord' owning one or two buy-to-lets, to build a portfolio of properties.

You may have heard that the more properties you have, the less risk your overall investment. This may be true as you don't have all of your eggs in one basket, but its important to remember that you still need to put the time and effort into working your figures and researching the properties you're interested in.

Owning multiple properties, there a few more things you need to bear in mind:

IMPORTANT DATES

There'll be a lot more important dates you'll need to record like mortgage payments, rental income, when certificates expire, when tenant contracts are ending. But don't worry if you're a client, our management system Sentry stores all important dates so you wont have to remember anything, you'll simply get reminders.

WORKLOAD

If you intend on managing the properties yourself, you should expect more calls from your tenants and maintenance jobs to carry out. Just make sure you're being attentive to their needs, as this could mean them extending their contract which will minimise your void periods.

GROWTH

Growing slowly is okay. You want a sustainable portfolio, right? Just take on one property at a time and see how your figures balance out before jumping into the next buy.

CASHFLOW

You'll have a lot more money coming in and out, so you need to be reviewing your finances regularly (if you're not already). You will have worked out your figures before purchasing each property but sometimes void periods or tenants missing payments can change the rhythm of your cashflow.

Doing this exercise is also handy for when you need to back up your investments as you grow your portfolio.

Again, Sentry stores all your important figures so it's just a matter of checking.

TAX

The more properties you have, we expect you'll slip into the high rate tax band meaning you'll be paying 40% tax on your income. Depending on your goal, we sometimes recommend people set up their portfolio in a limited company as there are more advantages.

STRATEGY

Refer to your goal, the reason why you want to build a portfolio. Once you have achieved this what next? In the future you will either have to liquidise your investments or you might want someone in your family to take over when you're older. If this is the case, please seek advice on putting protection in place so that if you were to go into care or pass away, your properties would end up in the right hands.

If you'd like to chat with us about taking the next step, give us a call.

the £money partnership

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