

BY SHANE HINDOCHA

PROPERTY SOURCING GUIDE

Learn How To Raise Capital Quick

PROPERTY BUSINESS
EBOOK

WHAT IS PROPERTY SOURCING?

Property sourcing is an activity initiated by a property sourcing agent whereby property deals best suited to the investor are identified, packaged, negotiated and then sold to the property investor.

Key Activities performed by a property sourcing agent:

-A property sourcing agent should be equipped with expert knowledge about their niche property market, recent trends and can fairly predict the future of market trends.

-Finding the right properties considering the location, condition, and type of market, rental yield etc.

-The most important tool of any property sourcing agent is their pool of pre-qualified buyers.

A property sourcing agent uses their expertise, experience, relationships, market knowledge, negotiation and marketing skills to make sure the client gets a deal as per the client's expectations and requirements.

STARTING PROPERTY SOURCING IN THE UK

Focusing on property sourcing in the UK, one of the research studies have shown that property prices consistently rise higher in the UK than most other European countries. Many people have benefited from this developing trend and have seen the value of their properties rise before their eyes. Moreover, high rental demand has resulted in high rental returns which is yet another reason why investors are always on the lookout for good property deals.

Starting property sourcing in the UK can be very beneficial. Interest rates in the UK have been low for six years which make borrowing cheaper and thus with mortgage payments being lowest at this stage and the increasing monthly rent, investors are enjoying a significant increase in rental cashflow making it ideal to make investments in property in the UK.

However, for every successful business, the most important thing is to have the right mindset, the correct knowledge and a focused approach right from the start. Entering into a professional property sourcing business is not as simple as negotiating a deal and passing on to a client for a fee. There is a framework that you need to know; applying this framework leads to success.

2 popular elements in sourcing:

-Deals - finding the right property

-Buyers/investors

These are two big challenges for any property sourcing business as it requires to have a clear understanding about different types of deals, how are you planning on sourcing the deals and managing these by creating a balance between good deals and good investors. We can conclude this point by stating that this business is about having the right investment for the right client.

STRUCTURE

Selecting the right structure for your business is very critical. You have to decide the legal and operational structure of your agency. For legal structure, you can consider different options based on the size and ownership structure. If you are about to run as a single owner, you can start with basic sole proprietor structure or you can incorporate as a limited liability company.

There are other options when you are working with other partners – by setting up as a limited partnership or incorporating as a limited liability company. After you have finalised your business legal structure, the next important thing is to look at the operational structure.

You can start by developing a business plan – that covers everything from financials, marketing and lead generation activities including finding a deal, qualifying a deal, presenting the deal, finding buyers etc. You must then look into becoming compliant.

Property selection

Property sourcing agency relies a lot on good investors. Therefore, it is most important to keep the investor's interest and expectation your top priority. You need to keep a look out for the following points when considering any property:

Keep doing extensive market research to find areas having supply shortage as compared to demand.

Always source & secure properties below-market-value.

Find a location that includes infrastructure, amenities and transport links.

If new builds, always go for developers that are reliable with their builds.

Marketing

Any business cannot thrive without marketing and business promotions. Using content marketing and social media marketing, you can develop a decent marketing and lead generation tool for your business. You can attract your potential buyers and sellers by sharing relevant content about the property market, financial and borrowing trends etc.

Your website will always be the first source of information about your services, property attractions, and investment opportunities. Therefore, a decent and simple website will have a lasting impact on your future clients.

Fee

You should know how to price your deal making it profitable for you and at the same time attractive for the investor or vendor.

PROPERTY SOURCING PROS AND CONS

Pros:

Lucrative field

Income of a property sourcing agent is not based on fixed salary. Thus, if you are skilful, work with devotion, loyalty and follow all the legal obligations, you can close more deals. The more deals you are able to make, the more money goes into your pocket.

Work independently

Another advantage of being in the property sourcing business is the freedom of working independently. You can work your own hours, scale up and be your own boss!

Set your own hours

Choosing to become a property sourcer gives you the freedom to choose your own working hours. This means you don't have to work 9 to 5 daily. However, your freedom regarding working hours depends on the availability of your investors and vendors as well. This gives you the flexibility to adjust your hours as per the availability of the client you are working with.

Cons:

Odd hours

Speaking of the cons of having your property sourcing business, the first one is that you might end up working at odd hours depending on your clients' availability.

Deals

Every phone call you make may not result in a deal. Be prepared to stick at it!

Property sourcing in the UK is one of the great career choices available. We have discussed both pros and cons to help you make a wise decision considering both the sides. So before starting the career as a property sourcing agent, you should consider the possibility to stumble and not just the opportunity to make easy money.

POSSIBLE REVENUES

Once you set up your business structure, systems and strategies as a property sourcer, you need a mixture of skills for finding deals, valuing the investment, negotiating and progressing sales to get the deal through. Let me assure you that your results will be relative to the efforts you put in. However, the rewards are definitely worth the wait.

The fee you can expect per deal is based on what you want to charge. Variations can be largely expected in this business; fixed fee, percentage, split-fees etc.

Dedication to work

The property sourcing agent has to put in effort and time by not only finding the right property but also negotiating below-market-value to demonstrate a good deal for an investor.

Conclusion

Career choice of a property sourcing agent is rewarding if you are self-motivated and determined. If you follow work ethics, the framework and structure, the UK property market has plenty of room for competent and knowledgeable property sourcers.