Business plan template for your buy to let property(ies)

Whether you own one property or a hundred, a business plan will help you manage the risks and rewards of your buy to let investment. If you're able to show that your investment plans are well thought through - especially at a time when demand for mortgages is higher than supply - you'll be more likely to secure the finance you need.

Once you have a business plan in place, you can use it to work with lenders/brokers, property consultants, letting agents, financial advisors and property tax consultants.

Here's our suggested business plan template:

Executive Summary

- Your details, your partner's details

- Your career background

- Your property background

- Your property investment team (details of lenders, brokers, financial advisors, insurance, letting agents, property tax experts)

Summary of your current property portfolio:

	Estimated value	Mortage	Estimated Equity	Annual Rent	Yield (rent/ estimated value)
Property 1					
Property 2					
Property 3					
Property 4					

Summary of your future property portfolio plan.

This is to outline what you hope to achieve with your portfolio.
The type of information to include is:

- What are your estimates for the future value and rent of your existing portfolio?

- Are there any current properties you are going to sell? If so when?
  What will be the trigger?

- Do you plan to buy any more properties?
  - If so where and when?
  - What type of tenant will you target? E.g. invest in Manchester next year / 4 bed homes / rented to professional/ family with children

Summary of what help you're looking for and why

For example: additional investment funds (and how much) / to minimise tax increases / to secure a 'health check' on your property portfolio

Your property investment objectives

What are your three main reasons for investing in property? E.g. income in retirement or capital growth. Be specific, so if it's income, how much and by when? If it's capital growth, how much and by when?

1.

2.

3.

Your current personal situation

We often think of our property portfolio 'separately' to the rest of our earnings and investments, but HMRC look at your property portfolio together with your other assets and your earnings, as a whole. So it's important to be clear about all of your wealth, especially with lenders, brokers, financial advisors and property tax experts.

Information to supply:

- Your annual salary
- The annual salary of any partner
- Additional income earned
- Income earned from property in the last 12 months
- Details of your pension schemes and values
- Details of any savings you and your partners have
- Details of any outstanding loans
- Details of any other financial commitments, e.g. children

Information about your property portfolio, including your own home:

- Equity in your own home
- Property portfolio equity
- Net annual income
- Outstanding mortgage balance
- Outstanding mortgage balances
- Investment required in existing properties, e.g. kitchen and bathroom upgrades, new windows
- And, importantly, do you have an up-to-date Will which takes into account latest legislation?

Your property portfolio strategy

You need to have a clear strategy in order to understand how your portfolio is going to deliver against your objectives.

Consider things such as:

- What is your buying and renting strategy? Is it professional room lets, premium end rentals, student lets, sub-letting to professional landlords, etc.?
- What geographical location/s are you planning to invest in?
- How do you source properties?
- Who's your target market? For example - professionals, families…
- Are you going to let the properties yourself or through a qualified NALS or ARLA letting agent?
- If you're letting privately, how much time do you have to invest in your property portfolio?

Who's going to carry out the maintenance? Some jobs you can do yourself, but other work will need to be carried out by a Part P registered electrician or a Gas Safe Register engineer. Think about the team that you'll need to support your property investments.

How do you ensure your properties are let legally? If you're not using an ARLA or NALS registered letting agent, then become a member of the Residential Landlords Association or National Landlords Association and/or join a local authority landlord accreditation scheme.

What property research have you carried out? This will help professional advisors understand the area you currently invest in and any new areas where you plan to buy properties in the future.

	Average property price*	Average rental price*	Estimated yield	estimated future price growth**
Area one				
Area two				
Area three				

*Take an average of the types of property you're looking to invest in
**Make sure you take into account the effect of inflation

Expanding your property portfolio

If you'd like to expand your portfolio, you need to be clear about what monies you have to invest – both now and in the future.

- How many properties are you looking to buy over the next 10 years?:

  1 2 3 4 5 6+

- What will your buying costs be for the new properties?
- Include stamp duty, legal fees, survey fees and costs to let the property legally
- Deposit monies: most buy to let mortgages require a 25% deposit, so if you want to buy a property for £100,000 you'll need a deposit of £25,000 (25% x £100,000).
- How much do you have now to put down as a deposit?
- How much will you have in the future to put down as a deposit?
- Where will these additional funds come from?
- What additional funds do you need to carry out your property investment plans?

- Make an estimate of what total monies you'll need over the next 5+ years:

	Property purchase price	Funding required	Deposit required	Costs included
Year one				
Year two				
Year three				
Year four				
Year five				
Year six				

- Estimate what your property portfolio returns will be after you've secured the additional funding:

	Estimated value	Mortgage	Estimated equity	Annual rent	Yield*
EXISTING PORTFOLIO					
Property one					
Property two					
Property three					
Property four					
NEW PORTFOLIO					
Property one					
Property two					
Property three					
Property four					

(*annual rent ÷ estimated value)

SWOT Analysis

This is a helpful way of working out the risks and rewards from your buy to let investment:

- Strengths
  - These are things that are specific to you, e.g. negotiating skills and access to property deals
- Weaknesses
  - These highlight areas for improvement, e.g. valuing properties accurately or understanding renovation costs
- Opportunities
  - Things outside your control, such as a competitor going bust, causing a 'fire sale' of properties; finance rates becoming more competitive or an increase in repossessions
- Threats
  - Things outside your control, such as interest rates reaching 8% or property prices increasing beyond your ability to finance

What's your exit strategy?

Everyone needs to be clear on when and how you plan to exit from your property investment. You might want to keep your properties and take the income to top up your pension. You may want to sell your portfolio and re-invest, or just spend the cash you realise.

- What income do you want/need from your property portfolio in the future?

- What equity are you planning to have in each property when you sell?

	Target value	selling costs	Target net profit	estimated exit year	estimated impact on inflation
Property one					
Property two					
Property three					
Property four					
Property five					