



DESKTOP RESEARCH PROCESS

WWW.PROPERTYHUB.NET

Evaluating a property investment

Use this tick-sheet to follow my “desktop research” process for evaluating potential investments.

Every step of this process is covered in lots of more detail in Rob D's book, *The Complete Guide To Property Investment*: <http://propertygeek.net/compleateguide>


1. What's it worth?

- Ignore the asking price completely!

 - Generate a list of recent sales:
 - Go to Rightmove
 - Click on “Sold House Prices”
 - Enter the property's postcode
 - Set a radius of $\frac{1}{4}$ mile
 - Select “Freehold” if it's a house, or “Leasehold” if it's a flat

 - Go through the list and identify just the properties that are similar (number of bedrooms, terraced/detached, size etc.) If there are very few matches, set the radius to $\frac{1}{2}$ mile and repeat

 - Work out the range of sale prices. Give the most weight to properties that have sold recently, and use caution with any sales older than a year ago.

 - Make your best guess about where your property should fit in the range.
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2. What will it rent for?

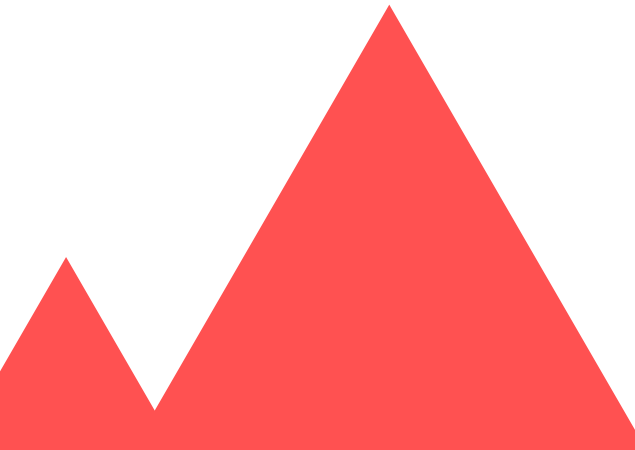
- Go to Rightmove to see what's on the market:
 - Click on "Rent"
 - Enter the property's postcode
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 - Set a radius of $\frac{1}{4}$ mile
 - Select the property type (house, flat etc.)
 - Select the number of bedrooms
 - Tick the box to see "Let agreed" properties
 - If there are very few results, change the radius to $\frac{1}{2}$ mile
 - Order the results by "Highest price"

 - Ignore short lets (which will be the most expensive) and rooms in shared houses (which will be the cheapest)

 - Note the range between the cheapest and most expensive results that remain

 - Click into different results to get an idea of where you think your property should fit in the range, based on its quality, size, location etc.

 - Get an idea of how quickly these properties rent:
 - Calculate the ratio of "let agreed" to available properties
 - Check the listings to see how long each property has been listed for
 - Are incentives being offered, like half-price first month? This indicates low demand

 - Call local letting agents to validate your own research
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3. Does the property work for you?

- Calculate the yield and ROI that the property will give you, based on your estimated purchase price and rent. (Find out how at <https://propertyhub.net/calculate-property-yields/>)
- If the numbers meet your targets, carry on
- If not, try securing the property for less or move on to look at other options

4. Are there any issues?

- Look for structural issues, including (but not restricted to):
 - Cracks and slopes
 - Excessively creaking or sagging floorboards
 - Patches of damp and a musty smell
 - Japanese knotweed
- Commission a HomeBuyer Report or full structural survey if you need reassurance
- Make sure your solicitor has checked for legal issues, including (but not restricted to):
 - Restrictive covenants
 - An issue with the title
 - Boundary disputes
 - Extensions or alterations made without permission
 - Service charge arrears or a large major works bill due
 - A short lease

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