Twitter Thread by ETF Enthusiast



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After running an investment property for 5 years at an average return of 24.6% per year. Here are my 7 guidelines to increasing the probability of success in an investment property business. [Thread]

1. Don't pay transfer duties. Buying anything under R1m or buying into a development means that you will not incur transfer duties. This fee is something to try avoid as it will significantly damage your returns. The under R1m market is more liquid and in higher demand anyway.

2. Buying a brand spanking new place has meant that I have had no major maintenance costs in the past 5 years. I can mention all things I've had to fix in the past 5 years: one door handle, minor paint work, one loose tap and a few hair line tile cracks.

3. The less space under your responsibility the easier to manage. I don't worry about gardens or geysers. The place uses a central heating system supplying water to six units. Insurance for this is covered in my levies. It's also more energy efficient = reduced electricity bills.

4. Would you want to live there? Put yourself in a potential tenant's shoes, if what you're offering is attractive, well priced, safe and comfortable you won't have a problem attracting suitable tenants. If you aren't confident that you can offer this, then don't buy the place.

5. The most important work is finding a reliable tenant. I conducted many viewings on a one-to-one appointment basis, and didn't rush the process. I allowed for a vacant month so that I could clean, paint & repair before move in day. After moving in they said it looked brand new.

6. Hiring an agent is a cop-out. With an agent, you are essentially starting a business you are trying to avoid doing work for. If you want to run an investment property you need to embrace the work. Not to mention this hurts your returns considerably.

7. Work in partnership with your tenant. You both have jobs to do in making this a success. The tenant must pay on time, look after the place and abide by rules of the complex. You must ensure it's a safe environment to live, and you are organised with communicating & invoicing.

Be nice (but don’t become friends now - no casual Whatsapping on weekends). Don’t raise the rent unjustifiably. But be very clear upfront on your expectations.