









Scottish  
Property  
Centre

# How to run a profitable **rental** **portfolio**

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## Welcome,

My name is Gregor Cope and I'm a Director here at Scottish Property Centre.

We've been serving landlords across Scotland since 2004.

Welcome to our guide to help landlords make the most of their property and portfolios in an efficient, economic and ethical way.

Over the next few pages, we will share with you several ideas and techniques.

These have helped many of our landlords run their rental investments in a professional way, which gives them consistently good returns.

We'll also dispel some myths surrounding rental property rules, and highlight why a good letting agent can be a conscientious landlord's best friend.

Rental profit, when made ethically and responsibly, isn't something to be ashamed of.

Quite the contrary. In our years of experience, we've learned that landlords who do the right thing are the most successful.

We're here to ensure your rental investments are as profitable as possible, keep you on the right side of the regulations, and help make your life easier.

If you have any questions about your numerous responsibilities as a landlord or anything rental property related, please don't hesitate to contact me or a member of our team.

Thanks for reading,



**Gregor Cope,  
Director,  
Scottish Property Centre**

\*Disclaimer: The information in this guide does not constitute legal advice.

## Five ways to earn more

Below are five ways that landlords can increase their rental profits.

### 1. Remember where the exit is

Even if you already have a rental property or a growing portfolio, it's important to think about what you ultimately want from your investments. Is it to build a portfolio and sell it in the future? Or is it to hand over to your loved ones? Whatever the reason, being clear about your end goal will help you structure the way your rental properties are handled. This often plays a part in making them more profitable in the mid to longer term.

### 2. Buy at the best possible price

Yes, we know this sounds obvious, but many landlords investing in rental property either do not have a budget for purchases or, more commonly, go over it. By knowing how much you have to spend, working with good local estate agents and being disciplined, you'll give yourself the best chance of acquiring good value buy-to-lets.

### 3. Offer additional services

Many landlords miss a trick by not knowing what their tenants would pay more for. By offering additional services such as allocated parking, wi-fi, extra storage (such as nearby garage spaces) and even gardening services, you can not only earn additional income, but also provide extra value for your tenants. But remember, you can't profit from utility bills.

### 4. Consider setting up a limited company

A good accountant (see the next page) can give you advice on this. We're seeing more landlords set up limited companies to make their portfolios more tax efficient.

### 5. Open your mind

If you have a large property, have you considered turning it into an HMO (House in Multiple Occupation)? There is a lot of legislation around this, but a good letting agent can talk you through it. Or have you ever thought about short-term rentals? By keeping an open mind to opportunities, you enhance your chances of maximising your returns.



## Seven ways to save more

Below are seven ways that landlords can save money without cutting corners.

### 1. Treat good tenants well

When you have good tenants who treat your property (their home) respectfully and pay on time, every time, treat them well. A bad tenant can be a financial nightmare.

### 2. Review your mortgage rates

As rates rise, it's never been more important to regularly review any buy-to-let mortgages you have. Seek the advice of an independent mortgage adviser and note when your deals are ending at least six months before they do.

### 3. Have a maintenance plan and budget

Don't leave things to chance when it comes to the upkeep of your property. By budgeting, planning and keeping on top of maintenance, you will reduce the risk of small issues leading to big, costly problems.

### 4. Be fully insured

Some landlords see insurance as a cost, while others view it as an investment in protecting their assets. You can get insurance to cover all manner of things, including building and contents, void periods, landlord liability and legal expenses.

### 5. Get a good accountant

An accountant who knows their stuff when it comes to rental properties is a valuable person to have in your team.

### 6. Be legally compliant

Knowing the myriad of rules and regulations that affect landlords across the UK can save you thousands of pounds in penalties and even more in terms of stress and time.

### 7. Work with an experienced letting agent

Yes, we would say that, wouldn't we? But it's true. We advise our landlords on all of the above points and can recommend solicitors, accountants and trusted tradespeople, and find good tenants who are fully referenced.



#### **Top Tip:**

Create a folder on your computer (ideally in cloud-based software) that contains all your rental property/portfolio information.

## Five rental property money myths

There are many myths around how landlords can make the most of their rental investments.

Here are five common myths we have had to bust over the years.

### 1. MYTH: Buying buy-to-lets in a cheaper area is always a good idea.

**FACT:** This isn't always the case – remember, it's cheap for a reason. It could be that the local rental market is saturated, or on the flipside, that not many people choose to live there. Consult with an experienced letting agent to get their opinion and advice.

### 2. MYTH: Buying the cheapest possible property gives the optimum chance for the best returns on investment.

**FACT:** Again, that's not correct. You need to know why the property is cheap. Is it a non-traditional type of build? Can you get a mortgage on the property? In bad condition? These kinds of issues can be expensive to resolve or give you problems if you decide to sell the property in the future.

### 3. MYTH: Always charge the highest monthly rents possible.

**FACT:** While, on the face of it, this sounds like a feasible option, we've learned over the years that getting the best tenants who are willing to pay the going rate is more financially beneficial over the longer term to our landlords.

### 4. MYTH: Use every renewal point to raise tenants' rents.

**FACT:** This is a recipe for losing good tenants. Yes, we understand that you want to make the most of changes to the rental market, but a good tenant who pays on time, takes care of your property, and stays for the long term is a valuable person, and should be treated with respect and fairness.

### 5. MYTH: I will do everything myself and save loads of money.

**FACT:** When you break down all the things a good letting agent does when managing a property, you'll often see it makes more financial sense for them to take care of your property. They'll ensure the right tenants are in place, regular inspections are carried out, that you stay legally compliant, and deal with any requests, so you don't have to.



Create and stick to a budget for maintenance and repair costs. This will help you meet your responsibilities, be financially prepared, and provide a good standard of accommodation for your tenants.



## How to change agents successfully

One of the easiest and more impactful ways landlords can make more of their rental investments is by working with a high quality, experienced letting agent.

If you are unhappy with your current letting agency, below are eight steps to help you switch agents smoothly.

1. Check the contract you have with your current letting agents. Confirm how long the contract is for. How much notice do you need to give them? Are there any early exit fees involved? (Remember, this contract is usually separate from any tenancy agreement signed between you and your tenant.)
2. Once you're happy with the leaving legalities, send a written notice that you wish to terminate the contract. Sending by recorded delivery is a good way to ensure receipt of your notice. Many agents will accept notice via email. Always ask for written confirmation that your notice has been received.
3. Create a paper trail/email thread of written communication between you and the letting agency. This will be invaluable if there are any misunderstandings or disputes.
4. Make sure you have copies of all paperwork linked to the property. This includes gas and electrical safety certificates, legionella risk assessment, tenancy agreements, tenant identification, EPCs, deposit details and several other items we can advise you on. Most good agents are happy to pass these straight over to the new agent. We are always happy to contact the outgoing agent on behalf of our landlords to access any paperwork required.
5. Let your tenant know you are switching agents. They needn't know why, and the outgoing agent should also make them aware of your decision. The new agent will contact them to discuss rental payments, maintenance reporting and periodic inspection advice.
6. Give your new agent an update on which stage of the switching process you are at. A good letting agent will help you throughout this process. This is something we do as standard.
7. Once the notice period is over, collect the property's keys, the original tenancy agreement and any other documents, and reset any alarm codes, if necessary. This is something we are happy to do on behalf of our landlords.
8. Finally, seek written confirmation from your outgoing agent that all fees are paid and that your working relationship with them has ended with no outstanding matters.



### Top Tip:

When it comes to letting agency contracts, always read the small print – and pay attention to the Term and Termination sections.

## Your ten-point checklist

Here are ten steps to a more successful rental property investment.

- ☐ **Do your research:**  
Take time to research the areas you want to invest in. Questions to consider include: What will this area be like in five years' time? What is the current rental market like?
- ☐ **Stick to a purchasing budget:**  
When investing in rental property, you need to be disciplined about what you can spend.
- ☐ **Remember, it's an investment property:**  
Some new landlords, in particular, buy property they really like rather than what types of home are in demand with renters.
- ☐ **Create a property profile:**  
Work out the maximum amount you are willing to spend. Have a certain area in mind and what property type falls within your set budget. A good letting agent can help you with this.
- ☐ **Create an ideal tenant profile:**  
If you are looking to invest in one- or two-bedroom apartments, young professional couples may be your ideal tenants. If it's three-bedroom semis, you will most likely be renting to families.
- ☐ **Have a repair and maintenance budget:**  
Always have some money put aside for regular maintenance and unexpected repairs.
- ☐ **Have an exit plan:**  
Having an idea about what you ultimately want to do with your property portfolio helps you structure things in the most profitable and efficient way.
- ☐ **Regularly review mortgages:**  
Know whenever your mortgage deals are ending and begin researching options three to six months before the end date.
- ☐ **Check your insurances:**  
Don't cut corners when it comes to insurance policies – they can be brilliant investments if the unexpected happens.
- ☐ **Find a trusted letting agent:**  
As the relationship between a landlord and letting agent is often an ongoing one, you need to find one who is experienced, trustworthy and you have a rapport with.

**We hope you found this guide useful. We're here to help with any rental property questions you have. Call us today to find out more.**