Issue 128 February 2019

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YOUR PROPERTY NETWORK

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TURNING BIG PROFITS FROM COMMERCIAL & INDUSTRIAL CONVERSIONS

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The basic principles, with case studies

PACK A ~~LITTLE~~ LOT EXTRA INTO YOUR 2019!

YPN EXTRA+

We hope that your year has got off to a great start!

Despite our best intentions though, it's easy to get distracted and lose sight of what we want to achieve when the world gets back to normal. Even if your goals are SMART and clear, maintaining the discipline to keep taking action day after day after day can be challenging.

It may be that you're still struggling with what direction to take in property, or trying to work out which strategy would be best to follow, or the best way to build on what you've already achieved. You might feel stuck in a rut and can't get out of it.

Another reason people struggle is it can be a really lonely journey on your own. Each question that arises can send us into analysis paralysis and stop us from moving forward. Being part of not only a supportive but an **expert** environment can give you the confidence to take that next step.

This is where YPN Extra comes in.

YPN Extra gives you immediate access to the people that **WE** turn to when we have questions. Being able to ask advice and get first hand information from a **trusted inner circle** of experts, advisors and experienced, in-the-know investors can play a big part in moving yourself forward on your property journey, **whatever stage you're at**.

These people share real-life, nitty-gritty details about some of their deals – sometimes with brutal honesty about the realities of operating their property business or running an investment portfolio. There are highs as well as lows of course, and you will get valuable insights from people who are there, seeing it and doing it ... **RIGHT NOW** in **TODAY's** market.

As an Extra subscriber, you have exclusive access to in-depth weekly webinars and will be part of a community of experts and committed investors in a private Facebook group where you can pose questions to the expert panel and to interviewees.

Why have just one mentor when you can have a team?

YPN Extra is **STRICTLY limited to 100 members**, so make sure you are one of the first to be part of this exciting opportunity.

Invest in yourself. Invest in EXTRA at
www.yourpropertynetwork.co.uk/extra

YPN Extra webinars are LIVE every Tuesday night, 8-9.30pm

COMING UP IN FEBRUARY

A couple of the webinars lined up for February, **LIVE** every Tuesday at 8pm ...

5th February

Setting up a hotel – where do you start?

Award-winning property entrepreneur Stuart Scott and his business partner Carly Houston will be talking about the realities of going from property investment to the hospitality sector. A detailed case study of a boutique hotel, with hosts Ant Lyons and Angharad Owen.

12th February

Investor profile – a case study in co-living, with Luke Spikes

Luke, another award-winning investor, will be explaining the difference between co-living and HMOs and working through an in-depth case study of one of his properties. Host Jayne Owen will also be posing some challenging inner-mind questions.

WHAT WILL YOU LEARN FROM EXTRA?

Here's a taster ...

SERVICED ACCOMODATION What does it take to set up a successful SA operation? Are the returns as good as promised? And other questions people are afraid to ask!

HMO MODELS FOR INVESTMENT How to flourish in a saturated market, beat the competition and create a sustainable model for investment and growth.

NEW-BUILD DEVELOPMENTS Deal appraisal, costing out sites, raising funds and finding your power team.

COMMERCIAL TO RESIDENTIAL Which buildings are most suitable? How much should your build cost be? What are the other costs that you need to factor in? And how to work out multiple exit strategies.

COMMERCIAL INVESTING Shops, garages, hotels, warehouses and more. How does commercial investing differ to residential and what are the advantages ... and disadvantages?

With YPN Extra, **YOU** get to ask questions too. If you have a question on any of the above topics, sign up then post your question(s) in the YPN Extra private Facebook group.

www.yourpropertynetwork.co.uk/extra

WELCOME TO THE FEBRUARY ISSUE!

Addressing the shortage of housing in the UK continues to be a priority for the government, despite the Brexit challenges that we are living through at the moment. Savvy developers know that converting redundant commercial buildings has a part to play in this. Not only do conversion projects bring much-needed residential units – often with a great deal more character than the average new home – to the market, they also offer advantages to the developer.

If the existing structure is an eyesore, planners and conservation officers might welcome schemes that will improve the environment. And with listed buildings in particular, some of the obligations, such as energy requirements, are less onerous than they are with new builds.

On top of that, **the profits can be eye-watering!** And many developers enjoy the feel-good factor of bringing an unloved building back to life.

Our feature on commercial and industrial conversions this month explores several **highly lucrative case studies**. Further articles in the magazine consider some of the practical aspects, including an overview of site investigation and a case study of using biomass energy, the first of a series of articles about eco-friendly and sustainable building methods for investors and developers.

Demand for housing in the UK will continue, but we cannot ignore the fact that the present market is uncertain. So whatever project you take on, one of the most important things you can do is prepare multiple exit strategies. Being able, for example, to switch from selling units to renting them if prices dip, without losing your shirt in the process, should be a consideration from the start.

Many of us have seen market turmoil before and survived. By investing with skill and care, we will continue to survive and thrive.

Jayne Owen

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The propertyCEO Podcast

SEASON 2

What do you mean you missed Season 1?

www.propertyceo.co.uk/podcasts

STRATEGY FOCUS

COMMERCIAL TO RESIDENTIAL

**As investors I think it's fair to say we're all a bit intrigued by the commercial to resi strategy. If you're anything like me, you'll already know where all the derelict buildings are in your area and find yourself daydreaming about what you could do with them ...
but then never actually do anything about it? I know I'm not alone.**

Well, this month we met up with three investors who don't just daydream, they actually do this strategy and, as you'll read on the next few pages, are absolutely smashing it.

Whether you're converting an office building into an HMO, an industrial unit into flats to sell or an old woollen mill into a row of seven townhouses, this certainly seems like a strategy you can really get your teeth into, and see huge profits too, without necessarily having to spend millions.

Converting an existing building means there's no digging down or external building needed. You are essentially building from the inside out, so can get cracking pretty quickly, rather than having to wait until the walls are up and roof is on, like you do with new build. So timescales are reduced, which we like to hear.

The scope for conversion is huge, so you can be super creative with these big blank canvasses, as you plan and design the new use for the space.

And if interior design's your thing, you'll love the fact that industrial buildings lend themselves very well to the contemporary urban style of design that's *en flique* at the moment, helping to increase the number of potential buyers, as well as allowing you to attach a higher price tag.

So far, so good.

Of course, you'll need to get your head around permitted development and planning permission, but enlisting the help of a trusted planning consultant and buildings regulations consultant will help you to make the most out of your building.

I've been inspired by these investors. I hope you will be too.

Happy deal hunting,

Heidi

CONVERTING COMMERCIAL BUILDINGS INTO LARGE HMO COMMUNITIES

Interview & words
Heidi Moment

Do HMOs still work? They sure do. Especially when you know your tenant inside out and tailor your build to what they want. Your rooms will never be empty again. This month Matt Baker and Niall Scott tell us how they are converting commercial buildings into high-spec HMO communities and changing the future of HMOs forever.

Matt: I'm a musician. A professional piano player. I studied music at university and have spent most of my career doing session work and working with bands. I'm currently working on an album with some amazing Afro-Cuban musicians, which is really interesting. I'm in my element behind the piano, but the thing with being a session musician is that the money is pretty sporadic. It comes in and then there's nothing for a while, so I also set up a music school, teaching piano alongside other musicians teaching other instruments, but in terms of money there's a ceiling to what I am likely to earn. So, about four years ago, I started looking into property as a way of bringing in more money so I could work on my music without having to worry about it being my sole source of income.

Niall: Before property I worked in the financial services industry, dealing with insurance complaints, then later telecommunication complaints. I was self-employed with no real benefits, such as a pension or sick pay, so it was always in the back of my mind that if I lost a contract or was unable to work, then I'd have no way of paying the bills, which isn't a position I ever want to be in. I also wanted to do something a bit more productive with my life than just working a nine to five job. And that's what led me into property investing.

JOINT SPEED AND EFFICIENCY

We both independently did some training with *Fielding Financial* and it was in 2015 on the advanced course that we met each other and became friends. Our investment journeys almost mirrored each other, with us each starting off investing in single lets then moving on to HMOs. Income generation was key at that time to supplement our other income.

After about a year of knowing each other we decided to do a project together. It was a simple BTL in Burnley. We quickly realised it was much easier and less stressful doing it together, so we decided to buy a couple more. We were moving a lot quicker buying together as a team than trying to do it alone, so we decided to form a proper business, *Scott Baker Properties*, and it's been that way ever since.

CURRENT STRATEGY

Our current strategy is to purchase commercial buildings and houses and convert them into co-living accommodation or HMOs. We're still all about income. We don't sell anything.

We do high-spec refurbishments aimed at, but not limited to, the young professional market - millennials from the age of 18 to 35. People who are working but are not able to afford their own place yet.

HIGH DEMAND FOR ROOMS

HMO rooms are a hugely growing market. We know some people say HMOs don't work anymore, but we 100% disagree with that. Demand for rooms is growing all the time, especially as landlords pull out of the market, due to everything that's going on in this country at the moment. We find areas where there is high demand for rooms and we haven't had any issues filling our properties. The transient nature of HMOs means there's a high turnover of tenants, but if the demand is high you'll have a good supply of tenants ready to take the empty rooms and it can work really well.

Nowadays people want flexibility, which could mean they're only looking to stay somewhere for three, six or nine months. They are unable to get with a standard one-person rental, but which we can easily accommodate. We often find some tenants stay for as little as three months due to contract work or similar, but others stay for longer with the average being around nine months, depending on their job or situation.

We aim to have lettable rooms that we can just keep filling, so when someone moves out, someone else moves in straight away. Our voids are pretty low, in fact, the biggest void we've had on Arpley Street (case study one) is about a week.

MANY LOCATIONS GIVE US A SECURITY BLANKET

We invest in several different locations in the UK, starting out in Burnley (Niall) and Warrington (Matt). There aren't many large employers in Burnley, which isn't ideal for HMOs, so it didn't make sense to start a HMO portfolio there (although we still buy BTLs in Burnley). And we have several HMOs in Warrington now, so were getting to the point where we were competing with ourselves, so it made sense to move on to pastures new, by identifying areas where demand is high and stock is low, such as Coventry, The Midlands and Stockport.

It's important to us not to put all our eggs in one basket, as if something were to change in that particular market, it would severely impact our portfolio and obviously our income as well. So being a little bit more diverse gives us a bit more of a security blanket in case anything happens in one of the areas.

FINDING DEALS

We do all our sourcing ourselves and most of our properties to date have come through estate agents. So we spend a lot of time building good relationships with agents in the areas we're investing in. It can take a while to build up these relationships but now we're more established we get properties coming to us before they hit the open market, which is great. And we try and act on all deals as quickly as we can to get them across the line. Agents appreciate this and that keeps them bringing more deals to us.

We do quite a bit of networking as well and one or two deals have come to us that way, just by people talking to us, finding out what we're doing and saying: *"Oh by the way, my friend has a property for sale, are you interested?"*

RULES & GUIDELINES

When looking for a property to develop our criteria is basically this:

- **Residential or office building**
- **Space to have living bedrooms, at least 10.5 sqm, but usually 12.5 sqm**
- **Space to put an en-suite in every bedroom**
- **Five or six rooms to one shared living space**
- **With a larger property we divide it into cluster flats**
- **An area of high rentability and high demand**
- **Three sources of potential tenants, so we have a back up plan if the market changes**
- **Close to a major employer**
- **Close to a major train station, major road and motorways for easy commuting.**

Over the next two or three years, we're looking for much larger buildings where we can create fantastic living spaces for young people that are more like communities. Tenants will have en-suite living bedrooms as well as access to high-spec shared facilities, such as kitchen, living room, gym, cafe, and co-working spaces as well.

"Tenants spend a lot of time in their rooms, so large living bedrooms are a must"

PICK THE BRAINS OF POTENTIAL TENANTS

Before we do any project we like to find out what the potential tenants in that area are looking for. We speak to people that are investing or managing properties in the area, to start with. Plus we tap into all the information online, which is where the majority of the millennials are most of the time.

People are constantly posting on various forums and groups looking for accommodation. So when we go into a new area, or develop a new property we start by doing a bit of research to find out what people are looking for. We go on Spare Room, Facebook and Gumtree and just start chatting to people. It might sound straightforward, but that's because it is, really. We simply tell them we're a landlord developing a property in the area and ask them to tell us what their ideal shared living space would look like, and also what they're not looking for.

People are very direct these days and will happily tell you what they want, rather than beating around the bush. They aren't willing to accept substandard or basic amenities anymore, and no-one will move in if you haven't got super-fast broadband. That's a must.

As you can imagine doing this research makes our lives a lot easier because we then just cater the properties to suit the tenants.

ROOM RATES

We generally find the better the property, the higher the rent and the easier it is to fill. And location is key as well. In the North West, on average our rooms are £500 - £550 in the town centre. On other properties that are a bit further out we get £450. On larger rooms we manage to get £595, which are our best performing rooms at the moment in the area.

"Better facilities = higher rents"

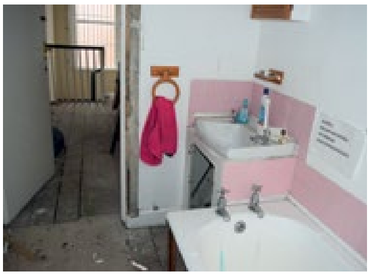
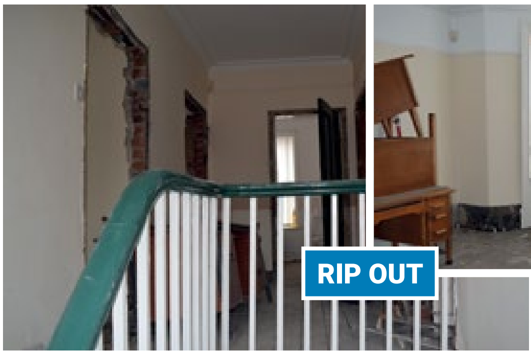
We're very happy to say that the standard of our HMOs is recognised as being high by both tenants and local agents. When we had our valuation on Arpley Street the valuer said it was the best he's seen in the North West, which we were blown away with. Because of this, at the moment, we are getting about £100 per room more than our competitors, but that may change as the market changes. We'll have to see what happens.

CASE STUDY ARPLEY STREET, WARRINGTON


BEFORE

Permitted development on a prior notification takes 56 days. If you haven't heard back by the deadline it is assumed it has been granted.

Sui generis planning permission is needed for HMOs with seven people and above sharing one property.


RIP OUT

The property

An office in the town centre in Warrington owned by a family run insurance broker since 1957. Three minute walk to the train station. It is a lovely end-terrace on a residential street, so was ideal for conversion to residential use. The property hadn't been touched in years and still even had the Victorian features down in the basement including the old mangle!

The plan

To convert the building into two dwellings – a flat in the basement and a house on the ground, first and second floors.

Then convert the basement into a one-bed flat and the house into an eight-bed HMO.

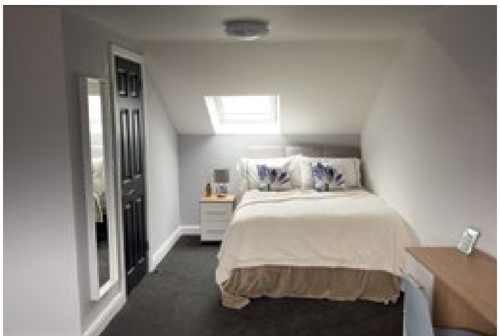
Planning permission

- Class O permitted development (office to resi) to split it into two on a prior notification - that went through without any issues.
- Class L permitted development (change of use) - to go from C3 (a family house), to C4 (up to a six person HMO).
- Once we had established the use as a house (when it no longer looked like an office, after the first fix) we applied for Sui Generis planning permission (for up to seven people sharing one property) so we could go up to eight bedrooms.
- Planning permission to re-instate the lightwells, add patio doors and really nice railings at the front of the property.

"We can have 3 empty rooms and still make a profit"

Works include

- Full rip out back to brick
- Removal of some structural walls and creation of new walls/structural beams to allow for new layout
- New roof to the front and wide dormer to the back to create extra space
- Dig down four or five inches and tank basement
- Dig out the existing lightwells and enlarge one to form a small outside space
- Form eight en-suites throughout – one per room
- Form eight large living bedrooms
- Form a large 22sqm shared kitchen/living space with amenity to exceed licensing requirements
- Install Grade A fire detection system for the entire building
- Create new access at the rear for flat
- Install covered cycle storage for eight occupants and enclose the rear yard
- Fully redecorate throughout
- Furnish throughout.




The numbers

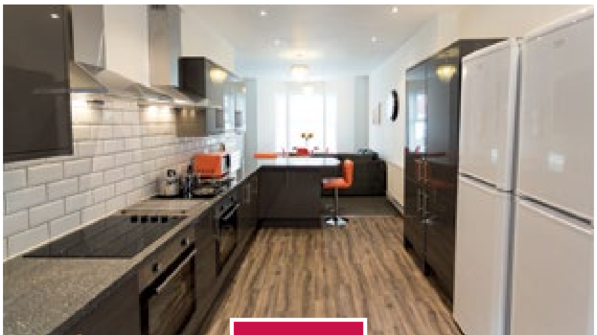
Asking price:	£150,000
Purchase Price:	£147,000

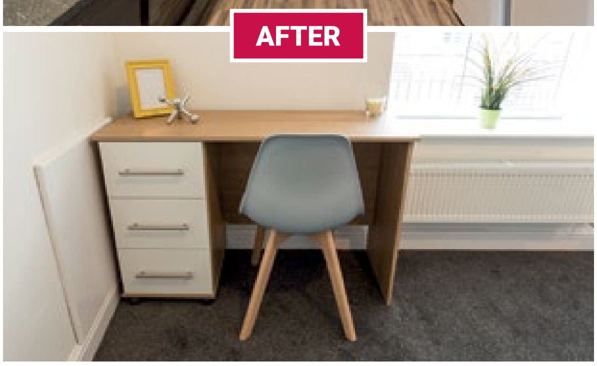
(not much of a reduction but it was a bargain for what it was and it stacked for us)

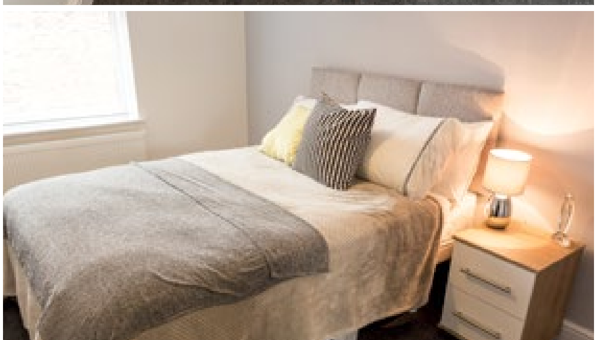
Refurb:	£254,000
Monthly rental income:	£4,920
Monthly management fee:	£640 per month when full
Monthly bills:	£800
Monthly mortgage:	£1,494
Maintenance allowance at 5%:	£246
Monthly cash flow:	£1,740
End value post refurb:	£483,000

Timescales

Permitted development for change of use	56 days
Sui generis planning permission	11 weeks
Works	20 weeks
All tenants moved in	6 weeks







TREATING TENANTS LIKE OUR FAMILY MAXIMISES PROFITS

This business can be very profitable when it's done well. We like to think about the longevity of the business and that starts with the lettings. Our tenants are our income. They pay for us to have the lifestyle we have, so we try to love them and look after them like we love our family, because it's them who are paying our bills.

By keeping our properties to a high standard and maintaining them well we reduce the amount of void periods, increasing our profits and putting food on our own tables. The most expensive period for any landlord is changing tenants or having empty rooms. Especially with HMOs as we're still paying the council tax, utility bills, broadband etc. So empty rooms means less cash flow, which isn't good. So we try to mitigate that as much as possible.

Having larger properties also helps, as the bills are not necessarily that much higher for a nine bed, versus a six bed. But you've got more leeway with the nine bed and are still making a profit even with one, two or sometimes three empty rooms.

"Bills are not that much more expensive for a 9-bed versus a 6-bed"

PLANNING PERMISSION STRATEGY

Converting commercial buildings happened partly by accident to be honest. When we bought the first one, a fantastic double-fronted end-terrace property, which was being used as an office, we didn't realise at the time of purchase that so much could be done under permitted development. And this really opened our eyes and opened doors for us.

Our planning consultant, Jon McDermott, really helped us with the planning strategy, which we needed because it's not necessarily one planning application to get a commercial conversion through. From this process we learnt we could do a combination of permitted development and planning permission to really maximise the building. Since the first project we've gone on to replicate the process in different locations but on a larger scale.

"Utilise PD rights first to get a faster 'Yes'"

TOP PLANNING TIPS

- Utilise your permitted development rights first to maximise what you can do with the existing building, then go for planning permission for further development if you need to. This makes it easy for the planning department to say 'Yes'.
- The simpler your plans the more likely you are to get a 'Yes'.
- Ultimately the value in commercial buildings for HMO purposes is by getting Sui Generis planning on them.

DO WHAT WE DO BEST, AND GET THE PROFESSIONALS IN FOR THE REST

PROJECT MANAGER

We don't live near any of our investments (Matt, Brighton; Niall, South East London), so having a project manager is essential for us. We identified early on that managing builders and tradesmen doesn't really suit either of our personalities so it makes sense to get a professional in to do it. Plus, it saves us a lot of time travelling up and down the motorway, so we can focus on doing what we do best and finding more deals.

When projects are going on we only go to the site around once a month, which we feel is enough. We have a great relationship with our project manager who we trust completely, so we'd only be getting in the way. We know he's on site dealing with everything and he sends us updates and photos each week. We sometimes Skype too if he has something to show us or needs a decision to be made right away.

MANAGEMENT AGENTS

In each location we invest in we work with specialist HMO management agents to manage the properties. They are worth their weight in gold. They do a lot of research and background checks on tenants before they move in. They make sure they have good steady incomes, which helps eliminate or eradicate the void periods and unpaid rent. Yes, there'll always be that rogue tenant who causes a problem or disappears without paying their rent, and that can't be avoided, but the agents do a really good job of keeping that to a minimum.

If something is going wrong or there's an issue with the property the tenants contact them and it gets sorted out immediately, which keeps the tenants, and us, happy.

CASE STUDY

WELLINGTON ROAD SOUTH, STOCKPORT


BEFORE

The property

A 400 sqm detached Victorian building over three storeys used as an office. An eight to ten minute walk to the train station in Stockport, so you can be in the centre of Manchester within 30 minutes door-to-door, making it attractive for people working in Stockport or Manchester. Stockport is also a massively growing area with millions being spent by the council on regeneration.

The plan

We are working on this project at the moment. The plan is to convert the building into seven cluster apartments, with 22 en-suite rooms. 4 x 3-beds, 1 x 5-bed, 1 x 4-bed and one studio. 18.5 sqm of communal space per shared flat on average, and all bedrooms will be living bedrooms with en-suite bathrooms.

There are three levels of spec, one for the basement apartments, one for the ground and first floor apartments and one for loft-style living in the converted loft apartment. These will have differing price points to attract different tenants with different wants and budgets. It will be the first purpose-built co-living space in South Manchester.

The numbers

Asking price:	**£400,000**
Purchase price:	**£370,000**
Estimated refurb:	**£500,000 (inc fees and contingency)**
Expected average room rate:	**£525 - £600**
Expected monthly rental income:	**£12,100**
Expected management fee:	**£1,815**
Expected monthly bills:	**£2,200** **(conservative estimate)**
Expected monthly mortgage:	**£3,750** **(conservative estimate)**
Maintenance allowance at 5%:	**£605**
Expected monthly profit:	**£3,730**
Estimated end value post refurb:	**£1.2 million**

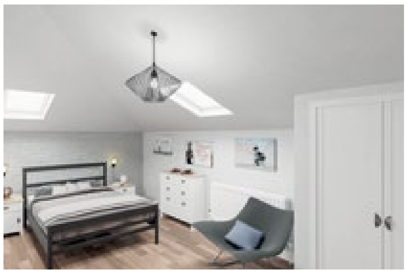
Planning permission

We bought it with permitted development already in place for up to nine apartments. This means we can implement up to nine apartments, however due to the constraints of the building we decided seven is the ideal number to create for best number of rooms and amenity.

We got planning permission for new windows, light wells and roof lights. We went for something bigger than we wanted by applying for changing the shape of the roof to a French mansard. The council didn't like this and suggested that we amend the drawings to only install roof lights instead. They then gave us all the rooflights we wanted, up to three per side, which might not have happened if we hadn't gone big first.

Works include

- Remove the external ramp, dig down new lightwells and open up existing ones
- Tank one room in the basement (the rest are already watertight)
- Form new window openings and roof lights (the roof is in good condition)
- Install new conservation-style windows (these have to meet noise reduction criteria on two sides as per planning application as we are on a main road)
- Remove all chimneys, some internal structural walls and replace with steel work
- Form six new apartments with shared living space and 21 all en-suite living bedrooms
- Form one 20sqm micro apartment designed to maximise the use of space
- Install Grade A fire detection system for the entire building
- Fully redecorate and furnish throughout to our interior designer's spec.

Timings

We're aiming to have it finished by July 2019.

BUYING FOR CASH

Neither of us started in property with our own money, so we've had to leverage other people's money in order to create our own equity. Now we're more established we fund our investments using a combination of cash we've created through our portfolio, bridging loans, development finance and private investor cash. This gives us the option to buy for cash, which vendors and agents like.

PROJECT 96 AND THE HMO PLATFORM

We're excited about this year. We've got an office now in Brighton, so we're planning to work from there to grow and develop the business. We've got some clear goals, which came out of a retreat we went on last year with White Box Property Solutions. One of which we call Project 96, which is to add 96 rooms into the portfolio over the next 12 months. That's basically 12 rooms per month for eight months.

We're also going to work on helping others to do the same and have set up a mastermind group called The HMO Platform, which people will be able to use as a platform to get their property businesses to the next level. We both love working with people and we're really interested in helping like-minded people get where they want to be.

the hmo platform

Click here to listen to the full interview with Matt & Niall

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SOMETHING OLD SOMETHING NEW

MAKING 6-FIGURE PROFITS FROM INDUSTRIAL TO RESIDENTIAL CONVERSIONS

Interview & words: **Raj Beri**

YPN has covered many articles on commercial to residential conversions, but today we're in for a real treat as we have **two** people advising us about a different angle on this strategy by targeting light industrial units. **Ritchie Clapson and Ian Child** will give us their backgrounds and then share some fantastic details about their strategy – where it works, why it works, and the pros and cons. They were extremely generous with their time so don't forget to listen, in full, to the interview recording of over 90 minutes of content.

YPN: Perhaps you could both share how you got involved with property investing?

Ian: I spent over 30 years in financial services where I headed up a business unit for a large private equity company. I've been involved in property for quite a few years as an HMO landlord and more recently as a developer, helped by Ritchie who I originally hired as my mentor. In the corporate world, I embraced all aspects of business and also mindset – we both recognised that these two elements aren't always synonymous with property training, which is why we made it an integral part of our own training model.

Ritchie: I've been in the property industry for 35 years as a chartered structural engineer and very much involved in running my own business. I worked for large corporates for a while, but decided to build up my own business for eventual sale, which happened back in 2008. Over that period, we did a lot of commercial/industrial conversions and a lot of new build developments. We were also involved in some pretty iconic projects such as the London Olympic stadium and the retracting roof at Wimbledon. Having sold the business, I retired in 2010 but continued with a bit of development, helping struggling businesses and mentoring aspiring developers.

YPN: Tell us more about your involvement in property development.

Ian: I'd already been doing HMOs but had heard a lot about commercial conversions so was excited by the prospect of doing something different. I also wanted to invest my corporate pension in a property environment, specifically developments. The two things combined created a great opportunity and I decided to hire a mentor to help me both avoid mistakes and spot opportunities.

Ritchie: Because I was building my structural engineering business to sell, I wanted to maximise its profitability. Therefore, rather than take a profit from the developments, I would charge clients a significantly enhanced fee which increased the profitability of the business and also the turnover per man, which is a key metric for potential purchasers.

YPN: Ritchie, you retired from property in 2010 but then returned a few years later – what prompted that?

Ritchie: I retired but unfortunately no one else was coming out to play! I'd bought the boat and the obligatory sports car (or nine) but everyone else was still working. In addition, although I'd grown the business and sold it, I was keen to do something else so started

giving turnaround advice to businesses and did some non-executive work. I also bought a chemical distribution company for my 17-year-old son, although I didn't know anything about chemicals or distribution so that was another challenge. These days, I'm still involved in the construction industry as well as doing business coaching and development mentoring – perhaps retirement will happen in another 10 years!

YPN: One aim of this article is to find out more about industrial conversions – perhaps you could explain what these are?

Ritchie: Essentially we're talking about converting industrial buildings into something that's a different use class, which is usually residential but it could be offices or retail. Light industrial units are classified as B1(c) and there are certain permitted development rights to convert these buildings into residential units without the need for planning. The buildings will be fairly basic with a large open space. Their construction is often simple in nature with no insulation, fairly crude heating and electrics, and various bits of industrial equipment in situ.

> "When converting, other criteria have to be adhered to such as checking for flood risk, air quality and noise pollution."

When converting, other criteria have to be adhered to such as checking for flood risk, air quality and noise pollution. Additional requirements are to prove that the building is not required for future employment. Such buildings can be operational in a residential area without upsetting residential use, so it's unlikely to be buildings with heavy machinery. The opportunity exists to convert these buildings into residential units but they're often overlooked due to a lack of understanding and knowledge.

A lot of these buildings were originally built fairly cheaply and were often converted without planning permission or building regulations. Many were built within residential areas and they maximised the use of the land available by building right up to the boundary, plus they often built unusual shapes and arrangements. The printing works case study in this article spans two streets and one wouldn't recognise it as a light industrial unit if it were just viewed from one street. It's only by going to the rear that you start to appreciate and understand the scope of the building – things like Google Maps often facilitate this type of search.

YPN: Could you outline a recent deal so that readers get a sense of costs and timescales?

Ritchie: In addition to the costs, it's also important to get a sense of the timescales involved. One way to illustrate that is to compare re-development versus demolition and re-build of the Fareham site in our example, which is what the client was initially planning. The project was an old print works, which was empty because the owner had sold the business and moved to another premises. His architect had recommended that the existing building should be knocked down and a new one built, but he didn't really understand the possibilities under permitted development.

The client had already spent £10,000 on a pre-application and was being asked to spend another £10,000 for a full planning application. The purchase price of the building plus site was £175,000 – for readers to get a sense of the area, one would struggle to buy a two-bedroom terrace at this price.

The fully inclusive (total) costs of demolition and rebuild would be around £799,000, making a total of £974,000, with the construction element being £478,000. The GDV of those five flats was in the region of £1.2million, so the profit would be around £242,000 (20% on GDV).

We felt that planning permission would be refused for the proposed scheme but even if it were granted, the project would take 18 months to complete. Let's contrast that with the conversion route, but before we do, it's worth noting that use classes for industrial buildings are not always well defined, so we worked with our planning consultant to confirm the B1(c) use with the council.

The total costs for purchase and conversion would be £511,000. In addition, because we could operate under permitted development, we didn't have to comply with space standards or requirements for parking spaces, unlike new builds going through planning.

In addition, according to our MAC analysis, which is our own market comparison report, our assessment pointed to a demand for one-bedroom flats, and not the two-bedroom flats that the new build scheme was proposing.

WORK IN PROGRESS

CASE STUDY
FAREHAM PRINTERS

EXISTING

AFTER

Purchase (No purchase as JV deal done with owner) Value ringfenced for owner	**£175,000**
Total cost of development	**£336,000**
GDV	**£715,000**
Profit	**£204,000**
Profit on GDV %	**28%**
Profit split 50/50 owner/developer	**£102,000/ £102,000**
Developer's management fee	**£23,000**

Under permitted development, we've managed to build five flats all between 30 and 35 square metres and made a profit of £204,000. Although this is £38,000 less than the new build scheme, we'll achieve 28% on GDV in less than 12 months. The higher percentage on GDV gives us much more coverage should there be a problem within the marketplace, eg construction costs are higher or if the marketplace dropped slightly. From a business perspective, the conversion route is less risky due to potential complications with the demolition and new build scheme. One such complication with the demolition of industrial buildings is contamination, however you can often agree with the local authority that the contamination can be left in situ.

YPN: How does one go about finding suitable projects?

Ian: A lot of industrial units are out of town in industrial parks, although many of those aren't generally suitable for conversion to residential use. However, a lot of smaller buildings that have been developed within residential areas are ideal, often hiding in plain sight. An empty premises would be the sweet spot but even if it's currently in use, it might look shabby and give you the impression that the owner isn't really interested in investing in the future of the building. It's certainly worth having a conversation with the owner about the sale of the building or a possible JV.

"A lot of industrial units are out of town in industrial parks, although many of those aren't generally suitable for conversion to residential use."

Ritchie: Let's look at a property that was on Rightmove recently – it was a light industrial building being used for storage and being sold at auction so it was in plain sight. It had full planning permission to be demolished and replaced with two three-bed houses – crunching the numbers revealed that this scheme would make a loss of around £35,000. Most investors would have looked at that loss and concluded that there was no opportunity.

At the auction, only two people bid, which reinforces the point that most people couldn't see the opportunity to convert. One of the bidders was our student, but the person who actually won the auction was a local builder – even though it was going to make a small loss, it transpired he needed this project just to keep his workforce employed. Our student actually had two PD industrial conversion schemes in mind, with either five or six flats giving a profit of £180,000 and £240,000 respectively.

YPN: Geographically, how far do you venture to find deals?

Ritchie: We stay fairly local as we do other things apart from development, including teaching and mentoring – the printing works project has partly been done for teaching purposes. In fact the whole project has been filmed from beginning to end at all stages as part of our educational process. Where would we look for opportunities? Probably within an hour or so from our location. That's certainly the advice we would give to people looking to do multiple projects because logistically, if there are any problems with the project, they can be dealt with more quickly.

If you structure your business correctly and have a project manager plus a solid professional team around you, then there's no reason why you can't venture further afield. But, if you can invest closer to home, why wouldn't you? You could start by looking at old MOT stations or little garages or little businesses; a lot of them won't make it on to Rightmove, Estates Gazette or the commercial agents, so it might be a case of approaching the owner directly.

Ian: The direct approach definitely works but there's a certain amount of homework you can do first like assessing the size of the unit, the potential to develop it and the type of unit that would sell in the area, eg one-bedroom versus two-bedroom flats. Once this desktop exercise has been done, you can then engage with the owners, who may not be aware of the value of their asset.

Ritchie: With the Fareham case study, we knew the owner so we were able to have a conversation. He was looking to sell his unit/land for £175,000 and didn't have any experience of the whole development process. Our proposal had fewer restrictions in terms of planning, had a quicker turn around and we also promised to give him an extra £100,000 as a profit share. Imagine taking that argument to a potential vendor – it would certainly get a conversation going!

YPN: Could you emphasise the specific benefits of converting industrial units?

Ritchie: Industrial buildings tend to be open plan so you don't need to strip out a whole raft of infrastructure in the middle of the building. Essentially, you've got a blank canvas to start with, which makes life a lot easier. No demolition is required which saves time, money and unnecessary complications. If you had to demolish, roads might need to be closed off and you've also got to encroach on the neighbour's land as most of these buildings are built right up to the perimeter.

Because you're using the pre-existing footprint, there is no need to go into the ground. People in development will know that a lot of the unknowns come from what's underground. Everything above the ground is relatively straightforward. Obviously with PD rights, you don't need planning permission, so that's a massive advantage. You're also building undercover – essentially, you're converting a building from the inside out so you're not at the mercy of the weather. Industrial buildings can also have certain elements that become features; in our case study we were able to create some vaulted ceilings, which adds a quirky and unusual character making the units easier to sell.

YPN: What are the main benefits of this type of conversion over others?

Ritchie: The main benefit is the flexibility of internally converting the space. In an office conversion, you have a fairly defined area in which you're restricted by certain structures such as floor to ceiling height, columns, lift shafts, staircases, etc. An industrial building is a fairly big open space, which lends itself to an urban style of design and easier saleability, perhaps at a premium.

Established developers will often tell you that they'd rather do new builds than refurbish an existing building. When building new, all the costs are pretty much known unlike refurbishing an office building where you're going to face a lot of unknowns. However, the beauty of refurbishing an industrial building is that it's pretty much a skeleton with a basic structure. You can see everything and as you'll be building a new building inside it, there will be no massive surprises. If we take the print works as an example, it's a brand new construction built straight off the concrete slab foundation of the previous industrial unit.

YPN: What are the main challenges with this type of project?

Ritchie: The biggest challenge is getting the old layout of the unit to work and getting sufficient light into the units. However, by understanding the building structure and having the right professional team in place, you can overcome this. Conversion of offices can seem straightforward because these have a reasonable amount of natural light on both sides, so it can be fairly easy to have a corridor down the middle with flats on either side. Industrial buildings often lack windows as they don't need them, and this can be seen by developers as a major obstacle. However, like anything, it's only a problem if you don't know what you don't know.

Lets imagine a shopping centre with a set of shops down each side and a big roof light or atrium down the middle. With an industrial building, we may end up with one set of buildings one side and one on the other so we need to create internal courtyards to let the light in. It's very much about coming up with creative ways of working with your layout because it's pretty much a blank canvas inside, so we can be as creative as we want to be.

A lot of the specific problems are relevant, but they can play into your hands. Contamination is potentially a big problem, particularly if it's an old garage or MOT station in which stored fuel may have seeped into the ground over the years. But if it's left in place, contamination is generally not a problem – it's stayed there for 40/50 years and can stay there for another 40/50 years, so one can use the ground slab as the foundation.

Building off the slab has huge cost and time benefits. The Fareham site had printing presses before electronic printing became the norm, and all this kit is very heavy. However, industrial buildings are built to withstand much heavier floor loads on the basic concrete slab than a residential building would. This allows your structural engineer to come on board and justify that you don't need any additional foundations and you can build straight off the pre-existing concrete slab.

> "Building off the slab has huge cost and time benefits."

Readers may also be thinking that getting drainage out would be a big challenge. However, compared to offices, which are often restricted by floor-to-ceiling height, industrial buildings often have huge headroom. This gives us the ability to raise the ground floor level up and run the drainage above the existing concrete slab without having to cut into it. Finally, the structure of the building is not normally a substantial problem as long as our professionals understand that we're not going to rely on the existing structure for acoustics or for thermal properties and that our new structure will need to take that into account.

YPN: With this type of development, are there any specific things you can do to keep control of costs, so that profit margins are maintained?

Ritchie: The process is largely the same as for other developments but you have a different set of numbers compared to a new build development or a commercial office conversion. So it's all about the deal analysis which has many components that include, having the professional team to support you having a close look at the demographics and the exit, and getting some certainty on what you can sell the flats for. The best way to achieve the latter is to have two or three estate agents on board as part of your initial due diligence.

Once you've got a design layout, you can then start firming up the possible costs – typically, industrial buildings will have their own guides for price per square metre. This will vary depending on the geographical area, but aside from that, the other numbers aren't significantly different to other developments. Once you're set up, you could take your friendly contractor along to show them the building before you make a commitment to purchase, which is what we did with the Fareham project. This helps us to firm up the costs and also allows another pair of eyes to spot potential problems, eg asbestos, which can be more common in industrial buildings and is often readily visible. Our preferred way is to tender the work and get a fixed price contract.

YPN: Do you think this strategy is something that someone new to development can embark on?

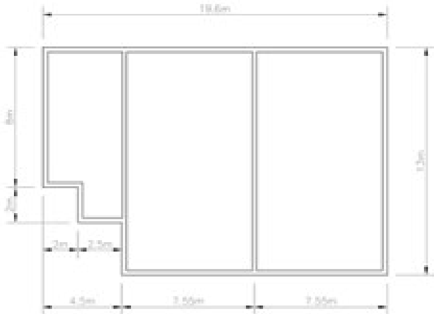
Ian: One of the fundamental things about property development – and one of the reasons that our training company is called property-CEO – is that as a property developer, you're not having to do the actual work yourself. Instead you're performing the role of the CEO. You're not designing anything, you're not laying bricks and you're not making decisions on the planning. As with any development you'd have a parade of professionals based on price, ability, recommendation or reputation and that would be your team. You then oversee this professional team, and it's the team that completes the project.

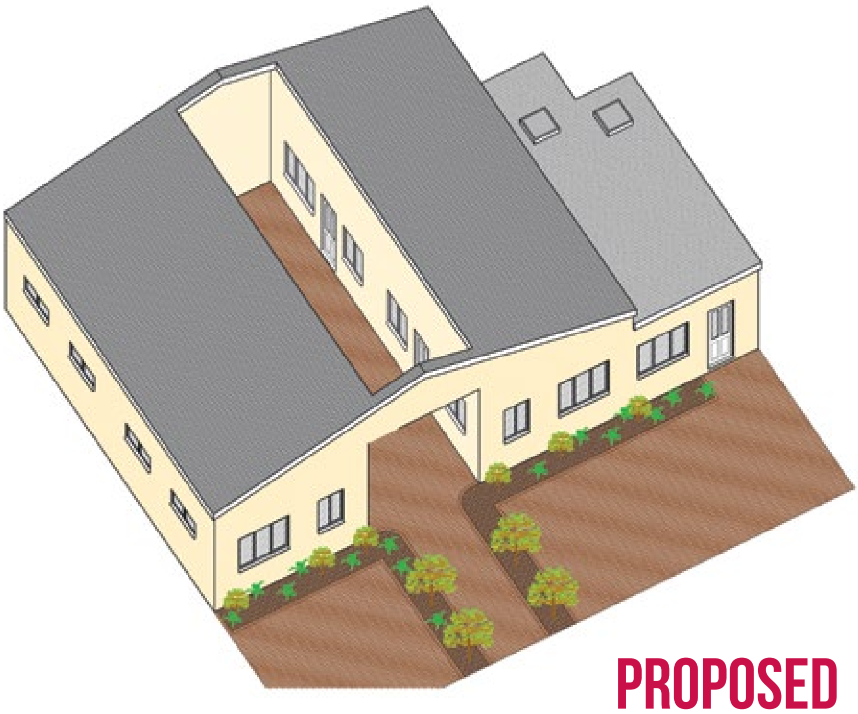
The principle is broadly the same whether you're doing a home extension or converting a light industrial unit. The obvious difference is the scale and the fact that you'll be selling the end product. You're in charge, but you're leveraging an experienced team.

A lot of people get scared by the word "development" because they imagine it involves large-scale projects, yet the reality could be a small £175,000 light industrial unit in a residential area. Property development is something that many people overlook yet in our view it's a strategy that a lot of people should be seriously considering.

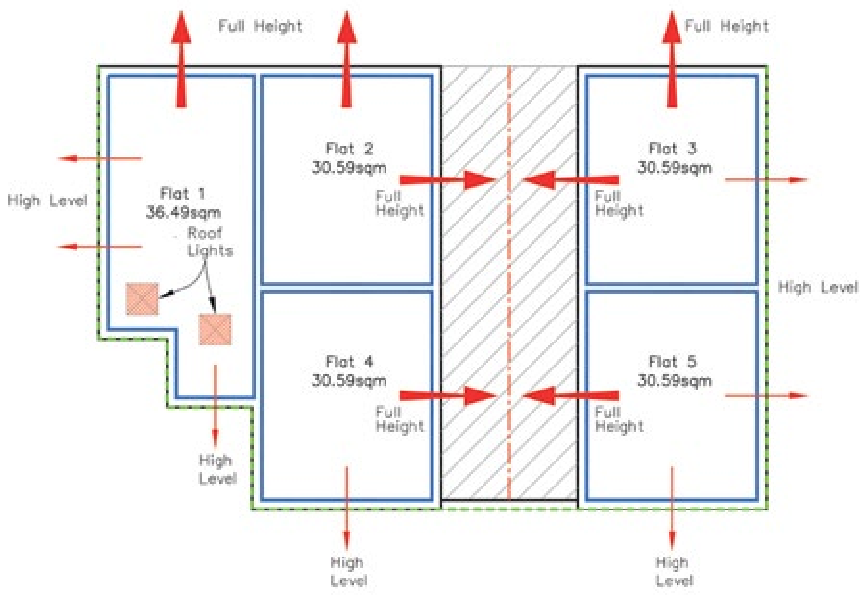
CASE STUDY CALNE

EXISTING





PROPOSED



To a certain extent you can utilise some of your existing property knowledge but you'll also be using your existing, generic skills too. Development gives you the opportunity to create lump sums of cash and it can be an ideal second strategy for a landlord.

YPN: How much time does an aspiring developer need to put into project management and what guidance can you give about putting a team together?

Ritchie: I probably spend less time on the Fareham project than someone would in developing an HMO. If I spend two or three hours a week on it, I'd be surprised and I probably visit it once a month. As you move up into larger developments, you're able to afford a more professional team. If you were netting a profit of £230,000, you would bring in what I call a main contractor who has an office and administration staff, because you can afford that in the construction costs. They'll fully organise the whole thing, so you'd have no contact with electricians, plumbers, etc. We actually have very little contact even with the main contractor because we have a project manager who has a JCT contract arrangement with them.

You're acting as the CEO so you're not trying to do everything yourself, but instead you're making use of your right hand man/woman who manages the professional team. Acting as a property CEO in development means you can afford to have a specialist team beneath you and this is exactly what you should be doing. We advocate that if anyone wants to get into development, the first person to find is a non-executive advisor. That could be an architect or project manager or a retired developer – they'll act as your safety net for a percentage of the profit. In addition to having lots of experience, they'll probably also have a black book with lots of contacts such as architects or contractors.

YPN: What are your thoughts about investors securing finance for such projects?

Ian: This goes back to the point about credibility and who's in your team. The person embarking on developments will have a certain amount of experience and credibility, although this may not relate specifically to development; the non-executive advisor will have lots of development experience and your professional team of architects, contractors and project managers will have decades of knowledge. Commercial finance brokers tell us that they try to paint a picture for lenders that presents an opportunity in its best possible light. Brokers want detail so if you're able to bring a valuation report from three agents and can also take along your experienced non-executive advisor, your pitch will be a lot better. As one broker recently said on our podcast: *"if brokers and lenders only dealt with people that have got experience, it would be a dying trade."*

Ritchie: You're not going to walk into the industry and get credibility as a developer straight away. What you can do is start to get credibility as a good business owner/CEO, with a good team around you. No need to blag it with financial brokers – if you've managed to pull a team together, that will give you a lot of credibility.

TOP TIPS

1. Industrial conversions are far less understood than many other strategies; therefore, learn how to do them.
2. There is a lot less competition because there are far fewer people looking at this type of strategy.
3. Many industrial buildings hide in plain sight unless you know what you're looking for.
4. Don't always accept the scheme that an architect proposes; they may not have experience of converting industrial buildings into residential schemes and so may default to the more obvious demolish and rebuild route.
5. Learn how to become a property CEO; this will give you the ability to tackle any development strategy out there, be it commercial conversion, new build or industrial conversion and indeed the many other forms of property development that exist.

YPN: Where is your development business heading?

Ritchie: I've no specific concerns about the marketplace because the space that we operate in is going to be largely unaffected by what might happen with Brexit. There's still a huge demand for housing. In our area, one bed flats in the right location will always be in-demand, so it's a case of getting the demographics right. Two-bed flats are also okay and two/three bedroom houses are always in demand. The range of buyers will be first-timers to people moving up the ladder due to starting a family.

We tend to do short duration projects and don't want to get into the multi-million, complex developments that will take years to materialise. For people new to development, there are plenty of projects, especially under the permitted development route, where you could be profitable within 12 to 18 months. Providing you stick to your 20% plus profit margin, you should have a reasonable buffer should the marketplace move.

YPN: How did your training arm property CEO come about?

Ian: I'd been working with Ritchie in terms of pursuing my own development career and it was clear he could only mentor a finite number of people one-to-one. As I had experience of training from my corporate world and also experience of digital marketing, developing the propertyCEO training business together seemed an ideal fit. My own experience from working with Ritchie was the realisation that developments are not as complicated as many people believe and also that property people don't always have the business or mindset skills that they need. We could see that putting those things together would be a powerful combination in helping people move forward.

YPN: What keeps you motivated, what keeps you going?

Ian: One of the things I love about what we do is teaching people things that I know can make a real difference to them personally. I've also really enjoyed delivering the weekly propertyCEO Podcast, which is a great way of getting information to people in an entertaining way (we hope!). It's really rewarding when you can help people along their property journey and make a radical difference to their financial situation.

Ritchie: Having achieved quite a lot in business, I started to focus on my purpose and for me that's always been about mentoring. I like to help others define their purpose and what motivates or excites them. Development is not the most exciting thing in my life but I do it to make a lot of money and have a good quality of life. Earlier in 2018, I wrote a statement of what my purpose was in life: *"to be an inspirational thought-provoking leader with the drive and energy to enthuse others,"* so everything I do revolves around that.

CONTACT DETAILS

www.propertyceo.co.uk

The propertyCEO Podcast

Click here to listen to the full interview with Ian & Ritchie

RUN OF THE MILL? DEFINITELY NOT!

Interview & words:
Angharad Owen

HOW A MILL CONVERSION PROJECT IS NETTING BETTER THAN AVERAGE PROFITS FOR JANE & JOE HARLING

Jane and Joe Harling, old friends of YPN, have been featured many times throughout the years for their outstanding conversions of buildings into apartments. Together, they have carved out a niche in converting commercial and listed buildings, and often a combination of the two – listed former commercial buildings. They have accomplished some great projects – on a budget – and turned them around to make very nice profits.

But the project we're looking at this month is a little bit different.

LOCATION

Trowbridge is a small market town in Wiltshire. A reasonably-sized town, but not a city-centre location.

The town's history is planted in the woollen and cotton industry. As a result, there are quite a few old and disused mills in various states of decay. Spoiler alert – Jane and Joe got their hands on one.

Fortunately, the structure of their building was in a reasonable state. It was bought from Wiltshire Council having been used as a youth centre. The council had maintained it relatively well, but the youth centre itself had closed a few years ago after a bout of antisocial behaviour.

It was a Grade II listed building, as it is one of the last remaining woollen mills in Trowbridge. There were no features inside to conserve. Unlike in historic and listed residential houses, there are no ornate fireplaces, ceilings or staircases to protect.

The inside consisted of open spaces with a diverse range of graffiti on the walls. Upstairs, there were plenty of stud work offices.

As long as Jane and Joe enhanced the exterior for the town's benefit and listed historic status, the conservation department didn't seem to be too concerned about what they were doing inside.

THE PROJECT

As most of their experience is based on converting commercial buildings into apartments, this is the default way they approached the mill. As it was a listed class D1 building, prior approval was not possible and therefore everything was governed by minimum space standards and conservation. They calculated they would be able to get 12 decent-sized apartments.

In the past few years, however, Trowbridge and the surrounding areas have seen an influx of new-build flats. When Jane and Joe were doing their research on the market, a large number of these remained unsold. Adding an additional 12 into the mix would not help their sales. Although they considered doing a convert-to-rent scheme, they realised that every apartment not sold, would be competing with each other in the rental market. After further research, they found there was a higher demand for family housing in the area.

The mill naturally split into a terrace of seven houses. When doing their calculations to see if the new scheme would stack, it was a surprise for them to discover the extent of the increase in profit. It doubled. And there was less work to do.

COURT MILLS TROWBRIDGE

Type of property	A Grade 2 listed ex-woollen mill being converted into a terrace of seven x three-storey town houses with private gardens and also communal grounds and parking
Purchase price	£327,200 This was a straightforward purchase from the council. It originally went to sealed bids and we weren't the successful party. However, we kept in touch with the agent and when the original sale failed to proceed at the last minute, we were offered the property and so went ahead.
Open market value	Once we had planning through, the first valuation was £590,000.
Purchase costs	Legals: £3,086 SDLT: £5,860 Lenders legals: £2,900
Funding method	Private bridge: £250,000 Cash: £89,046
Deposit paid	£32,700
Amount of funding	**£250,000 to purchase, later rising to a total facility of £1,116,000 including development finance.**
Borrowing rate	**1% with no arrangement or exit fees**
	Initial finance serviced monthly by own means.Development finance interest taken monthly from total facility.
Total money in	**£1,274,002** (part estimated as work in progress)
Personal money in	**£158,000** (part estimated as work in progress)

By the way, most of this research was conducted while sat in the car after the first viewing. Joe walked around the building looking at the structural integrity of the building, while Jane conducted the all-important research on her phone.

Before they left site that day, they knew what their options were.

Compared to apartments, converting the mill into houses gave them many more options. If they don't sell, they can be refinanced to take out enough money to repay the development finance. This gives them the opportunities to multi-let the houses, or let them as single units, for as long as it takes for the market to come back up.

But how did they find this great deal?

Jane and Joe are always keeping their eyes open for developments. They monitor the online portals and tell as many people as possible that they're looking for any potential leads. The mill was for sale by commercial agents and listed on PropertyLink.

Even if it isn't a commercial conversion, you've always got to keep your eye out and open for new opportunities."

The bids were sealed, so there was no opportunity for any creative purchases. They submitted an offer. And they didn't win.

However, when faced with a rejected offer, Joe starts doing regular calls to the estate agency, just to ask how the sale is progressing. Doing this keeps the Harlings in the agent's mind in case anything were to happen regarding the sale.

This went on for nine weeks. Just before the mill was due to exchange, they received a call from the agent saying that the sale had fallen through. Were they still interested?

Jane and Joe had already spoken with the conservation department and their planning consultant. It gave them the confidence that their proposal would be accepted and supported by conservation and the planning team.

But when do you get conservation and planning involved? Before the offer, or after?

In fact, Jane and Joe had called their planning consultant while sat in the car after completing the viewing.

They walked him through what they were thinking of doing, and he agreed that there were unlikely to be any constraints. They then called the local conservation officer to ask if he would be broadly supportive of what they were planning to do.

This was the position they were in when placing the offer. Before exchanging, they paid for a pre-app. This was for the conservation officer to have a look around the site and to get an opinion.

THE SECOND OFFER

The original winning bid was well in excess of £400,000, but believed to be with several conditions. Jane and Joe went in with two offers. A low yet unconditional offer, as well as a higher conditional one. In the end, the unconditional offer was accepted at £327,200. Although substantially over the asking price, and below the previous offer, it was enough to win the deal.

They believe that putting in an unconditional offer worked in their favour. The other bids and offers were with conditions such as subject to planning, because of the building's listed status. Due to their experience and due diligence, Jane and Joe were reasonably sure of success in planning and conservation. They decided to buy it and take the risk.

HOUSES VS FLATS

So many people convert commercial properties into apartments, that some may think it's easier to do so than to convert them into houses. Is it true? Consider the following with regarding to creating houses rather than flats …

1. **There are no communal spaces.** **Fire regulations that must be contended with are no longer applicable because they are self-contained houses and don't share any space with neighbours.**
2. **No need for sound insulation between floors.** **Each property is self-contained, and there are no dwellings above other dwellings, or flying freeholds. Consequently, soundproofing is not needed between floors. It is needed between the separation walls of the seven dwellings. But by the time the block work, cavity and insulation are in, that's the extent that's needed.** ***They have opted to put down some sound proofing between the bedrooms and the living areas, but purely for the comfort and wellbeing of the people who will eventually live there.***
3. **No necessity for linked fire alarms.** **So there is a choice when installing smoke and fire alarms. They can be powered by batteries, which will make it an enhanced feature.**
4. **ECPs don't apply on listed buildings.**
5. **No SAP requirements.** **It's a conversion, not a new build. The onerous energy requirements that are needed with a new-build house are not nearly so extensive.**

Jane and Joe ran their plans past building regulation consultants before submitting the planning application. Building regulations and planning permission are not the same. This is an important point, because when the scheme passes one, it doesn't mean it will be passed by the other.

At the end of the day, Jane and Joe consider the building regulation consultants another pair of eyes to gloss over the plans. In fact, they can offer advice that may improve the overall development.

Without a scheme meeting the approval of building regulations officers, planning and listed consent is worthless. Although some councils do consult at the planning stage with their building regulations team, the majority don't. Jane and Joe work with private building regulation consultants who are involved right from the planning stage, and they consider them valuable members of their team.

COST OF WORKS

Duration of project	Purchased Feb 2018. Planning granted June 2018. Works scheduled to complete April 2019.
Planning costs	£55,829, including a CIL payment of £39,462 (this was because the property had not been used within the last three years).
Planning duration	Four months including the drawing up of plans and submission.
Total costs	**£1,274,002** (part estimated as work in progress)

WORKING WITH CONSERVATION

Working with listed buildings and conservation officers is a give-and-take relationship. This is where most of the extra expenses came in on this development. There haven't been large fire escapes and fire alarms, but there have been other large costs, as detailed below.

There were some horrible and unsightly fire escapes on the front of the building, and an unattractive blockwork extension on the back where the youth centre had its kitchen. Jane and Joe used this to their advantage. The conservation officer didn't like the extension, so they were permitted to change the exterior at the rear of building to add extra windows and doors in return for getting rid of all *"carbuncles"*.

They also compromised on re-emphasising the archways in the walls, previously entrances for the carts, to create the door frames in return for changing the downstairs windows from metal to Victorian-type wooden windows. These new windows and doors, together with an extensive overhaul of the existing ones, cost close to £50,000.

Conservation also asked them to change the fence from wire to iron railings to match the nearby park.

VALUATION & INCOME

Post-works valuation	Just been launched for sale at a total of £1,840,000

IF SOLD ...

Sale price	£1,840,000
Profit	£565,998 (estimated as work in progress)

IF RETAINED ...
(planning to sell but will refinance and hold and let for one-two years if market not good)

Re-mortgage amount	£1,173,750 = 75% LTV (one house under offer at £275,000 so only six to refinance)
Rate	Not known yet as this is the back up plan

Money back out	£174,000 (estimated as work in progress)
Money left in	£0
Monthly income	£895 for three-beds £995 for four-bed
Monthly mortgage payment	Not known but estimated at £600 per unit
Monthly costs	None – tenant responsibility other than buildings insurance and contribution to communal grounds maintenance.
Net monthly cash flow	**£350-£450 per unit**
% Return on money left in	**N/A as no money left in**

FINANCIALS

Jane makes it clear that many people think that it's necessary spend millions to make meaningful and large amounts of money on property conversions. That is not the case, and this property shows it.

When dealing with financials, Jane and Joe always start at the end. They worked out the GDV of the seven houses and worked backwards. The GDV will hopefully come in at £1.84m, with profits of over £500,000.

The asking price for this property was for offers over £250,000. Although it had a low asking price, it was clear that it was going to sell for more. As mentioned above, their accepted offer was for £327,200.

The build costs were substantial, at £596,000. Including the utilities, flooring and landscaping, they will be looking at somewhere in the region of £660,000 for the total build costs.

However, it's important to remember that most of that number is going towards the enhancement of the building's structure, not conversion costs. Their total construction budget is £725,000. Already, they are estimating that the flooring and utilities will go into the contingency fund.

"Their total budget is £725,000. Already, they are estimating that the flooring and utilities will go into the contingency fund"

The company in which they have structured the deal is VAT registered, and therefore the can reclaim VAT on as much as possible. Planning costs were kept to a minimum by working with a private consultant and an architectural technician.

They tried to put a change of use application to cover the whole building, but the council were aware that the conversion was for seven separate dwellings. This meant that Jane and Joe had to pay seven change of use application fees. They say that it sometimes works ...

The highest cost, however, could have been rectified if they had been able to act sooner. By the time the initial sale fell through, the property hadn't been occupied or in commercial use for six months within the past three years. This meant they were liable to pay a council infrastructure levy (CIL). This fee came to £39,000, and it was the first CIL payment they have ever had to pay in 20 years.

Including the CIL, planning consultant and architectural technicians, the planning costs came out at nearly £55,000. It's not an attractive number, but the GDV and profits are worth it.

Another thing to note here is that Jane and Joe have worked extensively with their builder. They have offered him a 10% share of their profits as a token of their gratitude for delivering on time and on budget. This cost has also been built into the overall budget.

This project is proof that it's not necessary to have loads of JV partners and to give away big slices of the equity or profits. Jane and Joe have done this by themselves, and aside from the 10% profit share with their builder, they will not need to split the profits with any other party.

END MARKET

Jane and Joe are expecting the properties to go to young families. They thought about the most important features that families would look for in houses, which they considered to be practicality and storage.

To appeal to this market, they have added attics into the roof and have built in storage throughout, to make the houses as family friendly and practical as possible. By adding the additional storage, they hope it will be a selling point and allow their houses to stand out. There is also a small garden at the back, where children will be able to play.

Jane and Joe are currently midway through the development. They are scheduled to finish the build in April 2019. The houses have, at the time of writing, just been launched off-plan and they have commenced the marketing. Will they sell quickly? In this current economic climate, it's hard to say.

In an ideal world, all seven houses will have reservation fees by the end of April. But with the uncertainty within the market, Jane and Joe have already started exploring other opportunities open to them, including speaking to brokers to discuss to refinancing options.

But it won't be until May 2019 that they decide to take the houses off the market in the event that they don't sell.

They are always looking at, and expecting, the worst possible outcome. Bearing this in mind Jane and Joe will make sure that whatever happens, they will still be okay. They have weathered unfavourable market conditions twice before since the late 1980s, so always plan their projects carefully to make sure they are covered from all angles.

Many more could consider doing these types of projects. Instead of squeezing as many units as possible, take a step back and figure out whether a less-is-more strategy will work out better in the long run.

YPN SAYS

Here we've seen three different conversions, each one totally different, proving that the scope for commercial and industrial conversion is indeed pretty wide. Perhaps this isn't an entry-level strategy, but with the right support and guidance and working with the right professionals this strategy can be extremely profitable.

As always, you need to do your due diligence and really know your area and what the market wants before you embark on a project. But you do that anyway, don't you?

The only thing stopping you from converting those derelict buildings you drive past every day is a lack of knowledge and understanding, but the opportunities are there just waiting to be taken. You just need to know where to look and what to look for.

Whether you want to do this as a primary or secondary strategy we hope you've taken some useful nuggets of info from these three stories. And maybe you can add a commercial conversion into this year's plan.

GET IN TOUCH

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Email **jj@jjharling.com**

Website **www.ConvertingProperty.com**

Jane and Joe offer mentoring and online courses. If you want to find out more, please get in touch. Their book will be published in late Spring 2019.

This article is this month's Your Property Podcast interview.

To find it, simply search Your Property Podcast in your podcast app or on Soundcloud.

Discover How to Buy a Business

And Get Their Property For FREE

For the first time **Jonathan Jay and The Dealmakers Academy are offering free video training on how to do this** – you'll learn four clear strategies for buying a business with its property – and have your eyes opened to **a rich new source of off-market deals.**

Watch the video: www.TheDealmakersAcademy.com/property

Dear Property Investor,

There's a huge untapped market for property investors – **businesses that owns property or land which you can buy below market value.**

Most property investors only look for 'obvious' opportunities.

> **"As an experienced property investor I was cynical as to whether Jonathan could show me anything new. I now know how to expand my cash flow by buying property related businesses and have a blueprint for 'rinse and repeat' – this is worth any property investor checking out immediately."**
>
> Rebecca Waterfield

But if you are prepared to think outside the box, there is a **huge untapped market** in businesses that own a freehold property or are on land that can be developed.

Often the property and land is undervalued on the Balance Sheet – which presents an amazing opportunity for the property developer who has the skills, knowledge and confidence to buy a business (with the land and property thrown in!).

The skill is knowing where to identify these opportunities and how to approach the business owner, how to negotiate the deal and structure it with the best possible terms – **preferably a no-money-down deal.**

There is a huge advantage of buying a business with property – **you get the daily cashflow from the business with bridges the gap while you apply for planning permission.** When you have planning you can then sell the business and keep the property – with another windfall for you.

If you want to learn how to buy a business, Jonathan Jay and The Dealmakers Academy is where you go if you want razor sharp advice and mentoring from people who spend their lives buying and selling companies.

> **"I've been a property developer for 5 years and I was surprised and excited by the opportunities Jonathan's Dealmakers Academy brings to my business. The course is loaded with valuable material and insights."**
>
> Chris Price

Watch the video: www.TheDealmakersAcademy.com/property

THE DEALMAKER'S ACADEMY

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RANT

As I write this, it's January. And whilst there seems to be so many things to be optimistic about from a business point of view, there are always the little things that niggle … and create plenty of fuel for this month's rant.

So not just one topic this month – several!

First off, builders.

We've just had two couples move into two of our luxury apartments. They've both sold their family homes and downsized.

Monday morning, I open my laptop to a barrage of emails from dissatisfied customers. These range from the integrated dishwasher not being plumbed in, through to the shower being either scalding hot or freezing cold.

They were also unhappy that the apartment hadn't received a sparkle clean and that the sash windows were sticking. It's all pretty minor stuff, but in their shoes, I'd be less than happy too.

A simple check by our builder and project manager would have highlighted these issues, and they would have been rectified in advance. It's lazy, sloppy and in some ways, I blame myself for not being there to check every element. But as I have to remind myself … it's not actually my job to do so!

Builders … GRRRR!

Next up, letting agents.

I'm not sure if I'm the only one who has this problem. I have several letting agents who manage our properties. Some good, some not so.

Every month I do a reconciliation between the rents in, mortgages, and costs out. I then check the bank account against the agents' statements. It's not rocket science, and normally takes about an hour with a cup of coffee … or at least it should.

In reality, what happens is I receive a statement but the rent isn't in. I have to check with the agent if it's coming across. Or I get rent and no statement.

And because I have multiple properties with them, I have no idea which property it relates to.

Sometimes I get a statement which is different to the rent, sometimes it's at an odd time in the month so I don't know if the rent is for December or January.
And sometimes I get neither rent nor statement.

Every month I seem to have to do a fair amount of chasing. A few days later I have to check again for rent or a corresponding statement. It's not a major problem, but one of those aggravating things that needs to be sorted when I've got fifty other more pressing issues!

Letting agents … GRRRR!

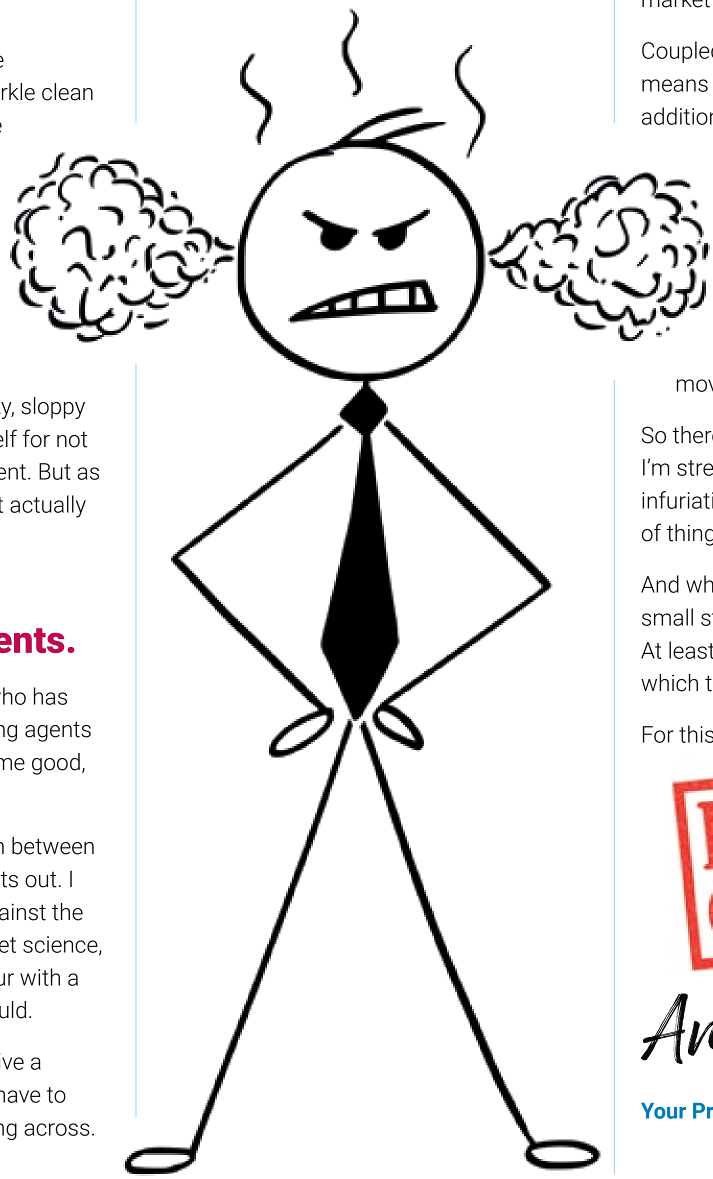


Image © Bigstock/Zdeneksasek

Finally – and this one really annoys me, selling properties.

The system of buying and selling property in the UK is terrible.

Back in November, I received an offer on a property we are selling. Last week, the buyer instructed the mortgage valuation, and yesterday I got a call to tell us he had changed his mind and has decided to carry on renting.

Three months utterly wasted and now the property is back on the market.

On another property, we had a sale fall through as the purchaser had her buyer pull out. We agreed the sale on ours six months ago, and to put it frankly, the market has softened since then.

Coupled with this, the holding costs means this has cost us in the region of an additional £15k.

The whole system is ridiculous.

Chains collapse at the last minute. It takes months to get to exchange, and the whole process is full of uncertainty and worry. Who would ever choose to move house?!

So there we go. Just three of the things I'm stressing about at the moment. All infuriating, but in the very grand scheme of things, none are major problems.

And whilst I tell myself not to sweat the small stuff, I can't help getting wound up. At least I have the pages of YPN within which to vent my spleen.

For this month.

RANT OVER!

Ant Lyons

Your Property Network

A (FIVEWAY) MATCH MADE IN HEAVEN!

Interview & words: **Raj Beri**

A CASE STUDY OF HOW COLLABORATION PAYS DIVIDENDS

The aims of this article are several fold: (1) to find out more about investor Tim Matcham (right) and his property journey; (2) to delve deeper into his expertise in raising finance and (3) most importantly, to discover how he got involved with a JV project in which the Wealth Dynamics principles were applied to work collectively rather than going it alone.

YPN: Just to kick off, perhaps you could outline a potted history of what you did before property?

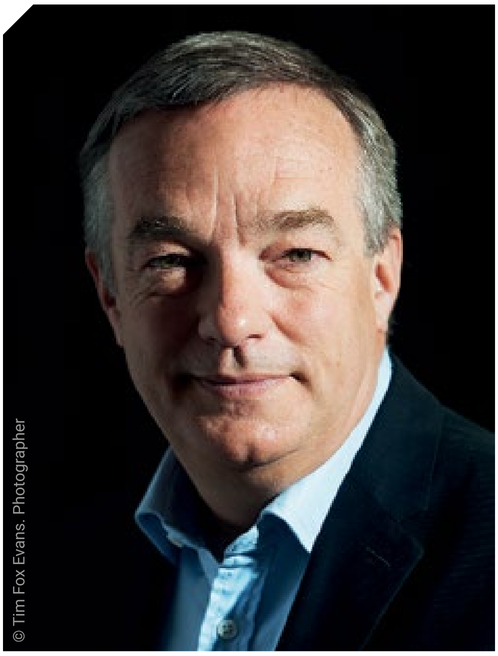
Tim: I started in the printing industry where I had a very successful career. I then set up my own print company, which didn't go according to plan but I learned a lot of lessons. I then had an interesting spell doing horticulture and garden design, which lasted ten years – the part I loved most was working with others. At the tender age of 50, I ran my third marathon in New York and remember thinking: *"If I can achieve this amazing feat at the age of 50, what else could I do with my life?"*

Around that time, I also realised that my pension of £3,500/year wasn't going to go far in terms of providing for my family and me. Looking back, I think the New York marathon provided great inspiration to start looking at what other opportunities were available to me. I got involved with various internet marketing business opportunities and that led me to my first property meeting, which ultimately led to getting involved with the pin organisation and undergoing their training.

YPN: How did your interest in property evolve?

Tim: When I first started out some 15 years ago, my perception of property investing was going along to an estate agent and asking them to sell me a property, then rent it out for me. Although I had lived in student digs at University, I hadn't really associated that with investing in property and words like HMO didn't mean anything to me. Our first couple of investments were just local vanilla BTLs, which are not exciting investments, but they are a pretty safe bet.

When I started attending pin meetings, I was amazed at the abundant and open environment. If you have been in the corporate world, you'll know that the idea of people helping and supporting each other is pretty alien. It was also at one of the training events that I first got introduced to the idea that more brains were better than one, because we were asked to think of solutions to a particular challenge. When we buddied up with another person or a bigger group, we could see that working together massively increased the overall potential.



© Tim Fox Evans. Photographer

I began to appreciate that property is all about collaborating and finding solutions together. I am a firm believer in Talent Dynamics and in each of us having a set of skills that we are particularly good at, but also other skills that we're not so good at.

YPN: Having immersed yourself in education, how did you decide which strategy to embark on?

Tim: I found the strategy part very challenging. I needed to boost my inadequate pension but didn't want another job, so things like HMOs didn't really strike a chord with me. I had a frank discussion with my coach and shared some of my inadequacies, barriers and concerns. She started to make me realise that there were other ways of investing in property that didn't require me to pursue a more traditional route – this opened up a whole world of other opportunities.

One of my biggest initial challenges was lack of money to invest – I had about minus £100,000 due to losses in a previous project. It was at a time that I didn't really trust myself, which made me quite reluctant and fearful. I began to understand that people who could find great deals weren't necessarily good at accessing finance to fund those deals. Being somebody who was good at connecting people, this was an ideal scenario for me to slip into.

YPN: When did you start to discover that you had a talent for raising finance?

Tim: In the property arena, I reasoned that a trilogy was involved: people with cash but no/little knowledge or time; people with knowledge but no cash or time and finally people, like me, who have time and the ability to connect people – my coach helped me identify that bringing people together was an area where I could excel. At the time, I was working with someone who was looking to raise finance but was reticent about doing so because it wasn't their skill set. They were good at certain aspects of property investing but not very good at telling other people what they did. I understood that it was possible to leverage other people's skill and knowledge to attract the finance, so was able to help the investor.

To be fair, the FCA regulations were slightly different when I started. For example, it was possible to stand up in meetings and say, *"I've got a project and we're able to pay X percent or we need this amount of money."* The PS 13/3 regulations that the FCA introduced have changed how you can promote your offering.

YPN: How did you start to help other people raise finance?

Tim: Initially, when people posed questions about raising finance, I would say, *"Well, you just do it,"* which is clearly not helpful. I therefore had to physically stop and think about the process and that led me to writing my book. There are many layers to raising finance but the key obstacle is the limiting belief that people have about asking for money. The British aren't very good when talking about money and certainly not very good when asking for it – that's just not in our psyche. I wanted to create a process where individuals didn't physically have to ask for the money – it would be more a case of people approaching them. The key is to create something attractive.

In my book, the analogy I use is about attracting butterflies into a garden by growing the right plants. With respect to attracting investors, one needs to ask, *"What challenges is an investor with cash facing and how can I attract them into my garden?"*

YPN: More recently you embarked on a project working as part of a team – tell us how that came about and who's involved?

Tim: The team is part of a recently formed company called Fiveway Apartments. In addition to myself, the other directors are experienced property investors Kevin and Sally Cope, and Ian and Bernadette Lloyd. We all met on the property mastermind programme in 2013 and a few years ago, Kevin invited me to speak at his local pin meeting. Kevin and myself met the next day for what turned out to be a very long coffee chat and by the end we said: *"We should be working together, shouldn't we?"* That was the birth of Fiveway Apartments. Nothing really happened for a few months but then we identified a potential project, although we weren't sure how we were going to finance it. We also weren't sure what the final team would look like but we wanted Bernadette on board and understood the value that Ian and Sally could bring.

During our property training, we were introduced to Wealth Dynamics, which is a powerful tool for helping to understand what makes us all different. So in our team we have five of the eight profiles covered in Wealth Dynamics: Supporter (myself), Deal Maker (Sally), Accumulator (Kevin), Lord (Bernadette) and Mechanic (Ian).

YPN: Expanding on working as a collective, did anything specifically appeal about working together rather than just going it alone?

Tim: We'd had some interesting moments together because the mastermind programme is a real journey of personal discovery. We all faced challenging times, but were there to support each other, so we

THE FIVEWAY CREW

Fiveway Apartments

ESPLANADE ROAD, PAIGNTON, SOUTH DEVON

Purchase price:	**£406,000**
Refurbishment costs:	**£30,000**

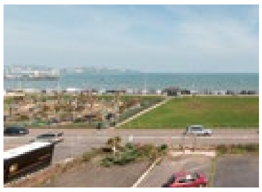
RENTAL FIGURES

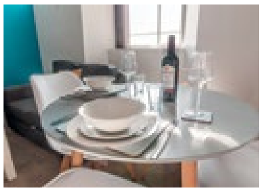
Year One: Income for first six months	**£45,000**
Estimated income for first year	**£70,000**
Subsequent years expected to be …	**over £100K per annum**

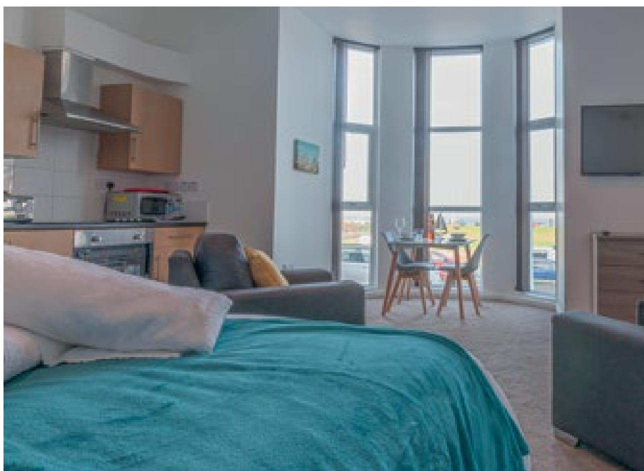
ROI: **Infinite return as used none of our money – we worked with private investors on this.**

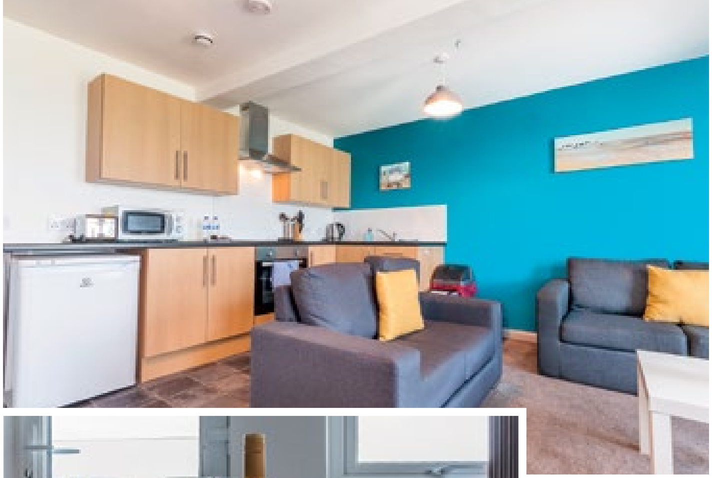
Cash flow:	**Breakeven at 39% occupancy**
Future valuation in region of:	**£600,000**

(the neighbouring property, which is smaller than ours, was on the market recently for £550,000 as a going concern)









gelled as a group. In one exercise where we had to call an estate agent, one person went to pieces at the prospect of talking to someone she didn't know because of her lord profile. Because of my own profile, it simply didn't bother me. People are fearful and worry about things that may never happen and this can be restrictive, so it's about breaking down those limiting beliefs to move forward.

YPN: In terms of appreciating the skill sets of others in the team, what process did you do through?

Tim: We appreciated each other's skills because we knew each other and spoke about them. For example, Bernadette knows that I'm not going to understand spreadsheets so only gives me a two-line synopsis. On the same note, I'm not going to ask her to come and talk to investors because it's not in her comfort zone. Equally, Kevin is great at project management as he has an ordered way of thinking that I could only dream about.

A high percentage of JVs often don't meet expectations so we decided that although we knew each other quite well, we would still sit down and thrash out our roles, responsibilities, expectations and values. This was before we'd even got a project lined up. Importantly, one also needs to define levels of accountability – part of that is to identify strengths and weaknesses within the team.

> "It's important not to lose sight of the fact that ***we can all do everything*** – we're just better at doing some things that are more naturally in our flow."

YPN: Let's try and uncover the team in more detail by looking at your first deal.

Tim: Kevin identified the deal but wasn't sure how he could make it work on his own because his skill set is project management rather than deal analysis or working with investors. The property had been converted into seven apartments and it also had a two-bedroom cottage. Because of its location, which is on the seafront in Paignton, Kevin knew that it had great potential. It's fair to say that most of the team had previously focused on smaller projects, so this project was way above our scale of thinking.

Kevin and Sally, who knew the area due to relocating to Paignton a few years earlier, did the local research. Sally is a great networker, so she was connecting with local businesses and managed to get some great connections within the English Riviera Business Improvement District and with an SA global consultant of the English Tourist Board! By just building our brand and offering to help local businesses, we also built other contacts through local networking, Twitter and Facebook.

I also have clients who run very successful serviced accommodation businesses, so we exchanged tips and I was able to help give them direction and they were able to share technical aspects of serviced accommodation. My specific role was very much to attract the investor finance for the project. Once I had an interested investor, Bernadette prepared the document to share with them.

On this first project, we have learned quite a lot about running a serviced accommodation business and we've had an excellent first summer. Our next challenge is to attract people travelling for business so we are actively connecting with contractors, the local hospital etc to try and create wider appeal than just a short summer season.

YPN: What about your personal businesses and the Fiveway business – where are they heading?

Tim: We don't have any other projects lined up at the moment. We will consider other opportunities but none of us are in a position where we ***have*** to do something immediately. However, we appreciate that having more SA investments will allow us to expand and employ people to do some of our current roles. The future will be a mix of doing projects alone and as part of Fiveway – the latter will only happen when that would benefit from having all five of us as part of the team. We want to consolidate what we're doing with Fiveway and ensure that the investor we have on board is repaid in a timely manner. This will also reduce our operating costs.

For me personally, I want to continue to build my own portfolio and carry on developing my coaching and mentoring business. There may also be more books in the pipeline!

YPN: What top tips can you give to our readers about raising finance, JVing with others and keeping motivated?

Tim: It's all about creating attraction and the best way to do that is to deliver value as that will build trust, which will eventually lead to people either investing with you or choosing to work with you in some other way. For JVs to work, understanding your core values is key – do have initial meetings to really understand what everyone's expectations are. With respect to keeping motivated, certain people like Derek Mills have had a big influence personally and through his book, The 10 Second Philosophy. Books also have a positive influence eg Property Magic, The Slight Edge, The One Thing and Start with Why.

Click here listen to the full interview with Tim

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WHY INVEST IN HMOs?

With Rick Gannon

A brief departure from my usual Q&A format this month to address one much bigger question, one that is relevant for everyone thinking of investing in HMOs. And that is … WHY? Not just why investing, but why HMOs?

As well as outlining some reasons for adopting this property strategy, I'll also share with you a bit more about my own background and why my wife Lorraine and I decided HMOs were right for us …

WHY INVEST?

According to Google, the official definition of a property portfolio is a collection of property investments owned by an individual, a group or a company.

Though the concept is seemingly straightforward, a property portfolio can come in a host of different shapes and sizes, depending on its purpose or the investment strategy behind it.

For the majority, the decision to invest in property is fuelled by a want to build capital and make money.

Whereas some use it as a means of parking cash – investing capital to later see a return – alongside other entrepreneurial interests, others use property investment as a means of monthly and annual income.

If you've read my book, House Arrest, you will know that Lorraine and I decided to invest in and build a property portfolio to change our lifestyle.

MY REASON

Prior to this point, I had spent many years working as a police officer, until I returned home from a gruelling night shift to discover my son Ben troubled by the thought of not being able to play football with his friends. Ben has a form of cerebral palsy due to complications at birth, and as he grew older, he started to realise his limitations.

That very morning, I made the decision to create and develop an alternative career path that would enable me to spend more time with my family and support Ben as he grew older, whilst generating the same amount of income.

> Property investment is, of course, one of the best ways in which to achieve this, but why did we choose HMO investment as our main strategy?

HMOs GENERATE CASH FLOW … QUICKLY

Unlike single buy-to-let properties, HMOs enable you to generate quick cash flow. If you are looking to replace your income, HMOs offer the perfect solution.

How? With an HMO, you can generate multiple income streams with one single investment, whereas with a single buy-to-let property, your income stream remains limited.

For example, if the HMO has six bedrooms, this provides you with six separate income streams. You can immediately generate more money compared to the single income stream received from a singular buy-to-let. This also means that if you can't let all six rooms at any one time, you should still have enough income from the other five tenants to cover your costs.

The aim of the game, of course, is to generate profit. As a rule, I only proceed with an HMO investment if it will generate upwards of £500 profit per month.

With a single buy-to-let property, this level of profit isn't usually possible. To replicate a similar level of income, you would need to invest in a lot of them.

RECURRING MONTHLY INCOME

HMOs generate monthly, recurring income. This enables you to replace the funds you would receive from an employed job role relatively quickly.

For example, many entrepreneurs or business owners will choose to invest in large property development funds or commercial property units. They understand that they will see the ROI over several years, either as the property units are developed and sold, or in line with capital growth.

With HMOs, you can generate recurring income from your first investment. For example, let's say you invested in a five-bedroom HMO with each room fetching

£400 per month in rent. This would equate to a monthly income of £2,000. Remove the mortgage, utilities and maintenance, and you are likely to receive a profit of £700 to £800 per month.

BETTER ROI THAN BTL

Aside from generating immediate cashflow and recurring income, HMOs also provide a better ROI compared to single buy-to-let properties.

For example, if you choose to invest in a BTL worth £150,000, you are likely to generate around £2,400 profit per annum; an ROI of 5%. With an HMO of the same price, you can expect an annual profit of £10,000 and an ROI of 15%-16%.

How or what property you choose to invest in needs to be guided by your purpose or property investment strategy. If you are looking to replace your salary quickly and create profitable, monthly recurring income, then HMOs offer a great solution. If you plan to continue with other career opportunities but want to build assets to later see a return, buy-to-let or other commercial property investment opportunities may be more suitable.

JV OPPORTUNITIES

A myth in property investment is that you need to have mass capital in the bank to be able to commence any investment strategy.

However, this simply isn't true. Don't get me wrong, you certainly can't purchase an HMO or any other type of property without any funds, but you do have the opportunity to pitch for a joint venture.

This is exactly what I did with my first property investment opportunity. I didn't have the cash to fund it, but I knew HMO investment would provide me with the solution I needed to replace my income.

I therefore sourced a JV partner who provided all the money for the deposit and the refurb.

Once the refurb was completed and tenants were sourced and in situ, we divided the monthly profit and capital growth of the property 50/50. The JV partner received a far greater ROI for their cash than if it was sat in the bank, whilst also owning 50% of a long-term asset likely to increase in value. Win, win.

Securing a JV partnership for an HMO investment enables you to generate cashflow and recurring income quickly. It also provides the JV partner with faster and more effective ROI for their funds, compared to other savings or property investment opportunities.

WHAT TO CONSIDER?

Before you start to invest in property, ask yourself these questions:

Why do I want to invest in property? If the answer is to generate recurring income to replace your salary, I urge you to consider HMO investment. But if you don't need to replace your income, and are looking to invest in property to build assets and see a return at a future point, then alternative investment opportunities may be the answer.

What is the purpose of your property investment? Do you want to create a whole new source of income, or are you looking to build future capital, whilst continuing with other business interests? If the latter, HMOs probably aren't right for you. They take work, and sometimes a lot of it. From the outset, you need to take into account Article 4, specialist tax accountants and HMO licensing just to get off the starting blocks.

Do I have the time for due diligence? When conducting any property investment, you need to take the time to conduct thorough due diligence. With HMOs, it starts with a review of the location. Are you attracting students or professionals? Is the property positioned in a well-sought-after location? What is the property market like in that area? Is rental property in high demand? This is all part and parcel with HMO investment to ensure that you have chosen the right property that will provide you with the profit level and ROI that you're looking for.

TO CONCLUDE …

Overall, HMOs are undoubtedly more work than buy-to-let properties from the point of purchase and refurbishment through to ongoing tenant management. However the rewards are far greater.

For us, we chose to start investing in HMOs to change our lifestyle. We wanted to be able to spend more time together as a family, whilst leading a comfortable life. We simply would not have been able to achieve this in the same timescale with other property investment strategies.

Ultimately, we invest in property for cash flow, not for capital growth. If the property does go up in the value, then, of course it is the icing on the cake, but the main goal is monthly, recurring income.

As Warren Buffet famously said: *"If you don't find a way to make money while you sleep, you will work until you die"* … And by investing in HMOs, that is exactly what we've achieved.

Rick Gannon

Rick Gannon is a best-selling author, property investor and HMO expert panellist on Sky Property TV. He has a varied portfolio of HMOs, single let flats, commercial property and serviced accommodation holiday lets. He is also an ex-police officer but changed careers many years ago to spend more time with his family.

Rick is the author of **"House Arrest: A Practical Guide on How to Replace Your Income Through Property Investing".**

Tax Savings & Property Investment Gains

Joshua Vemuri, company director

Property & Pension Investment

Joshua Vemuri of Thatcham, Berks is not just making massive company tax savings but he is also making substantial gains from his property investments. In this article he explains how other readers can do just the same.

As director of his IT business Optispend Ltd, Joshua has managed to heavily reduce his annual corporation tax bill by contributing profits made in the last few years, into his own business and property pension scheme. Some people are put off from making contributions into a pension scheme because they think that they cannot access the money again until they are 55, a myth that is entirely wrong for company directors. Any director can move profit from their company to a business property pension and then use the money for investment into property. There is even the option to transfer money back from the pension to the company that made the contribution in the first place and still get the tax benefits!

Joshua explained to YPN how he achieved this: "When my wife and I set up Optispend Ltd about 4 years ago I decided that I would also establish a business pension known as a SSAS (small self-administered pension scheme) to support the company. My wife is a member of the pension scheme too. We transfer profits from the company to the pension to save tax and we then have the luxurious position of being able to borrow that money back by loaning it from the pension to the business if we want to. It's our money and we are completely in control of it." Joshua continued: "I also transferred in an old pension from my former employer Vodafone. When we set up the SSAS we used The Landlord's Pension, a SSAS broker, to help us ensure we made the right decision."

' I chose to invest my pension in property '

Google
Verified Reviews
★★★★★

"In the last few years I have made series of property investments using money in my pension, some of which are generating up to 15% per annum. I am busy working in my company, so it is important that my investments can grow whilst my attention is focused elsewhere on a day to day basis. It is also important that I understand my investments, which is why I chose to invest in property"

Joshua concluded: "Like many people in the UK, I took control of my business life when I set up my company 4 years ago but it was equally important for me to take control of my former employer pension at the same time. I had a plan that I would then make tax savings by moving profit from the company into the pension scheme whilst also taking an active interest in investing the money in property. The best part is that all the gains in my pension are tax free and the company also pays lower taxes."

4 STEPS TO BECOMING A MASTER NETWORKER

By **Jacquie Edwards**

Networking events are a must do for most property investors. They are a great way to meet and mingle with the people you need to help you build, manage and maintain your property empire.

I also recommend visiting some non-property networking events as well. While it's great to go to the property ones, learn more awesome property skills and meet other investors, it can be even better to jump out of the property circle and into the world of general business networking. Especially if you are looking for investors, joint venture partners or tradespeople.

> **JUST A TIP: Most people looking to invest in property that attend property networking meetings are looking for massive returns and minimum loans of 12% interest. But if you build relationships with non-property investors, they are generally happy with 5%. That's quite a difference!**

Let's see how you can make the most of your networking in 2019.

Step 1: Have a goal in mind before you go. Make sure you know why you are going to the meeting and what your ideal outcome is. Do you want to meet potential JV partners to help fund your latest deal? Or do you want to speak to sourcers to find your next deal? It's great to go networking but if we don't have a purpose, we'll end up spending three hours socialising rather than moving our businesses forward.

Step 2: Meet new people. If you're an introvert like me, I know this can be super hard. Start with a goal of meeting at least one new person at each event, and then work up to three or four. Remember, most people are at the meeting to network … they won't think you are strange for approaching them and introducing yourself. It helps me to have a plan for starting a conversation and making a bit of small-talk. I then have a way of moving on politely, because I want to mingle, not hang out with the same person all night. Here are a few questions I use to keep things moving along:

- **Have you been to this meeting before?**
- **Are you investing locally?**
- **Who would be the most helpful person for you to meet tonight?**
- **What are you looking for from today's meeting?**
- **What is your biggest property challenge?**

And when it's time to move on, try to introduce them to someone else.

- **Have you met …**

IMPORTANT: I recommend that you focus on helping other people rather than trying to sell yourself and/or your services. Make the interactions all about building relationships, not selling. So many people at networking events run around pushing their business cards and sales pitches at people without even taking a minute to know if they even want their service/product. Don't be one of those people. Learn about the other person and focus the conversation on them. If it is someone you are interested in working with, then set up a coffee meeting so you can get more in depth.

Step 3: Stay organised and keep some notes. We meet so many new people, get handed so many business cards and learn so many new things that it can be a bit overwhelming. I know that usually by the next day, I've forgotten most of the names and details of the people I've met. I highly recommend that you take 10-15 minutes after the meeting to make some notes. You can try the following systems:

- **Microsoft OneNote/Evernote: Both are awesome programs that are available as mobile apps and desktop applications for writing notes. You can jot down your learnings from the speakers as they are speaking, take photos of their slides and write notes about the people you met. Everything will be organised in one place and will sync seamlessly across all your devices.**
- **CamCard: This is a great piece of software available as both a mobile app and desktop application. You take a photo of a business card, and the app automatically adds the contact details into your contact list. It saves a lot of time as you no longer have to type up their details manually.**

Step 4: Build relationships. I touched on this a bit in Step 2, but this is so important it gets its own step. Schedule time in your diary the day after the meeting to reach out and keep conversations moving and relationships growing. You don't have to follow up with everyone you met at the meeting, but there should be a few people on your list that you want to stay in touch with. If you wait more than a day, the conversation will have gotten stale and it's harder to keep things flowing.

And remember – it's all about helping the other person, because as the great Zig Ziglar said: *"You can have everything in life you want, if you will just help other people get what they want."*

PS. Mr. Ziglar also said: *"People often say that motivation doesn't last. Well, neither does bathing – that's why we recommend it daily."*

Clean yourself up, get motivated and happy networking!

Property Go-To Girl

Jacquie Edwards is the author of ***"Rent to Rent: Your Questions Answered"***

GOING GREEN

NEW SERIES

£1,000 PER MONTH FOR PRODUCING BIOMASS ENERGY

ALEX SZEPIETOWSKI

Interview & Words: **Heidi Moment**

Welcome to our new series exploring eco-friendly and sustainable building methods. With new technologies becoming more commonplace we're speaking to our readers about their green choices and how they are reducing their impact on the environment, as well as saving money on energy consumption. Could you be inspired to do the same on your next project?

WHAT GREEN METHOD DID YOU USE?

A biomass boiler that burns wooden pellets to provide heating and hot water for the tenants.

WHY DID YOU CHOOSE THIS METHOD AND WHY IS SUSTAINABILITY IMPORTANT TO YOU?

Larger properties/developments lend themselves well to using this type of energy and it stacked up very well commercially for the projects I was working on at the time – a conversion to four flats and a nine-bed HMO, and a commercial conversion to 10 apartments.

Additionally, I wanted to try and incorporate my personal values into the business. I eat a plant-based diet, I don't use products that are tested on animals and I try to minimise my impact on the planet wherever I can by buying organic food and cycling rather than driving.

It's not just an altruistic decision though. I get paid handsomely for producing biomass energy and I help the environment, so it's a double whammy. If I can do something good for the environment and for myself then it makes the decision an easy one.

HOW DOES IT WORK?

The biomass fuel (wooden pellets) is made from trees that are harvested from sustainable forests and are renewable. It's also clean, safe and more energy efficient than gas, making it a great replacement for fossil fuels.

> "Biomass technology is renewable and has a low carbon footprint"

The boiler burns the wooden pellets and heats up water stored in a massive tank, so whenever the tenants want to use the central heating or take a shower it takes hot water from the tank. The central heating system works in the same way as a gas one with pipes and radiators throughout the house, the only difference is the boiler is powered by wooden pellets.

Biomass boilers are designed to last for 20 or 30 years and are bigger than gas boilers so they won't fit in your cupboard like the kind of boilers we're all used to. You will need a suitable space to house it and a small chimney to go out of the roof.

The pellets are stored in a storage bunker and the boiler automatically sucks the pellets into it, so no-one has to load anything manually. I get a company to resupply the pellets once a month. It's a pretty straightforward process.

WHAT SUPPLIERS DO YOU NEED?

You need a few different suppliers for this:

- **A company to supply and install the system –** there are fewer operators than gas but there are still plenty of local companies to choose from.
- **A company to maintain the system –** often the installer does this.
- **A pellet provider –** there are loads to choose from on the approved suppliers list **https://biomass-suppliers-list.service.gov.uk**

WHAT ARE THE COSTS LIKE IN COMPARISON TO GAS?

At the moment I pay circa £500 per month at each of my sites for the pellets, which is comparable to what I would have spent on gas. As with gas, in winter it costs a bit more, and in the summer it's a bit less.

Regarding projected costs of energy, no one can be certain, but the expectation is that the cost of gas will rise more than the cost of pellets, making it even more cost effective.

HOW DO YOU GET PAID TO PRODUCE ENERGY?

The government, through OFGEM, offer a ***Renewable Heat Incentive (RHI)***, which pays you for producing renewable energy. It is different from the electricity Feed in Tariff (FiT) because you don't actually put energy into the grid, and you get paid for what you use. *"The more you burn, the more you earn."*

The amount you get paid depends on the tariff rate you secure for the length of your agreement (either seven or 20 years depending on the site) as well as your usage. Just as it did with solar, the biomass tariff rate has dropped over time. Basically when a new technology comes in, the government puts a heavy incentive on it to encourage people to take it up. Then when more and more people adopt it, and it becomes more known, OFGEM steadily drop the returns because they don't need to make them as attractive. When I first became interested in it, the tariff was around 12p per kilowatt hour (KWh) but it's now down to around 3p per KWh. But this can still be very attractive.

There is a meter, a bit like an electric meter, which logs the hot water flow and how much energy has been produced. Each quarter I take a photo of that and send it to OFGEM and get a payment.

The RHI payment is index linked for the next 17 years, so as inflation goes up, the payment from the government goes up as well, which is great.

COSTS & ENERGY SAVINGS

Boiler Installation costs

Site 1 (nine bed HMO + four flats)	**£40,000 + VAT**
Site 2 (10 apartments)	**£65,000 + VAT**

This is more expensive than gas but of course you don't get paid for 20 years for gas usage!

Running costs

The running costs are comparable to gas, but are expected to go down in the future.

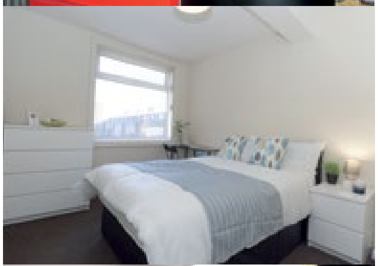
Maintenance

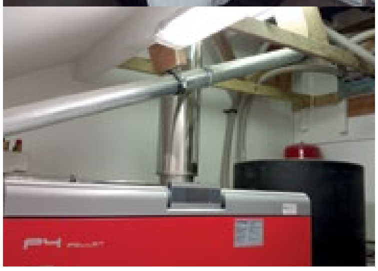
This is a touch higher due to the occasional pellet blockages.

The numbers below are for one of my sites, but they are actually very similar for both. This type of energy adds a healthy increase in my overall profits.

Cost in pellets	**£500 pcm**
Monthly servicing and ad hoc maintenance costs	**£100pcm**
Total cost (monthly)	**£600pcm**
RHI received	**£500pcm**
Heating & hot water charge (paid by tenants)	**£500pcm**
Total money in (monthly)	**£1000pcm**
Net income (monthly)	**£400pcm**

CASE STUDY
CARTER STREET





The property

A 4,000 sq ft retail unit with residential above, which I converted into four flats on the ground floor and a nine-bedroomed HMO above.

The numbers

Purchase price:	**£120,000**
Refurb & Finance:	**£240,000**
Biomass Boiler:	**£48,000**
All in:	**£408,000**
Revaluation:	**£490,000**
Monthly rental income:	**£5,200**
Monthly bills & mortgage interest:	**£3,185**
Monthly profit:	**£2,015**
Monthly Net Biomass Income heat incentive:	**£400**
Total monthly profit:	**£2,415**

OFF THE NATIONAL GRID

Using wooden pellets as a fuel source is a much cheaper option than liquid petroleum gas (LPG) or oil, making it extremely attractive to investors or homeowners with properties in remote areas that are off the gas grid.

WHAT ELSE DO WE NEED TO KNOW?

Maintenance

As with a gas boiler you have to get your biomass boiler certified for operating safely once a year. I also get a six-month summer service just to make sure it's all working as efficiently as possible to reduce fuel costs and the chance of breakdowns.

"As with a gas boiler you have to get your biomass boiler certified for operating safely once a year."

It gets jammed more than I would like to be honest. Sometimes a pellet is a bit bigger than the others and it blocks the system and we had an incident where some kids put a tennis ball in the pipe where the pellets get blown in and it took some fun and games to get it out!

The good news is that blockages are usually easy to fix, by reversing the flow on the suction pipes.

Initially we would only find out about the boiler breaking if a tenant complained it was cold, which wasn't great. But we've now set up a system where a text is sent to our site manager/maintenance man Keith, or letting agent, Chris, who can usually fix it by pressing a few buttons or restarting it. They can usually attend and resolve the issue pretty quickly, and the large hot water tank grants 24 hours worth of usage, so it doesn't often impact the tenants.

If it's more serious than just a blockage they call the biomass company, who talk them through what needs to be done (eg pressing some buttons on the boiler's LCD display or emptying the ash tray), and if that doesn't work they'll come out on a visit.

Paperwork

You have to submit an application form to OFGEM. It's a very long and detailed questionnaire, which is quite a task to fill in. The installation company should complete it for you, and I definitely recommend you get them to, but make sure you don't abdicate responsibility here and assume they will. If you miss a tariff drop because they didn't get the paperwork in properly, it will cost you.

WHAT CAN WE LEARN FROM YOUR EXPERIENCE?

Tariff drop

As I mentioned before, the Renewable Heat Incentive tariff has reduced significantly since it first came out. At Gladstone House, the installer went bust halfway through the project, which had a big impact on the timescales and I had to find someone else to finish it off. During that time there were two tariff drops. It went from being circa 9p per KWh produced to 5p per KWh, which was a significant drop. As a result, the numbers still worked on the project but were not what I had hoped them to be.

Reputable company

When biomass first came on the scene, a load of companies were set up to take advantage of the significant biomass tariffs – it was a bit of a biomass rush. In hindsight, I would have chosen to work with a more established company, which would have made the process and installation smoother and they would have completed the tedious paperwork.

Individual meters

The installer advised not to put individual meters in each flat but if I had my time again, I would have done so I could bill each flat for their usage as opposed to the flat fee I charge now.

WILL YOU USE THIS TYPE OF ENERGY IN THE FUTURE?

When I did these projects back in 2014/15 the returns were much more attractive, so introducing biomass was great for both commercial and personal reasons. As the returns now aren't as exciting, the decision isn't quite so simple and I'm not recommending to my mentees that they replace existing gas systems with biomass as, despite the RHI payments, they aren't cheap to install.

However, on projects in remote areas where the site is off the national gas grid (e.g flipping a bungalow or doing a new build) then this is very different. Converting from a more expensive heat source such as LPG or oil to biomass would definitely be a very attractive option as the running costs will be so much lower and you will benefit from the RHI, as well as positively impacting the environment.

UPS

- **The renewable heat incentive is a secondary income stream, in addition to the rental income.**
- **Having just one boiler per site rather than per flat means we only have to service and maintain one boiler, making it more cost effective.**
- **The fuel cost is comparable to gas at the moment but is expected to be cheaper in years to come.**
- **The wood used to make the pellets is grown in sustainable forests, making it a renewable energy source, which is better for the environment than burning finite fossil fuels.**

DOWNS

- **More maintenance than gas as it breaks down more than a gas boiler.**
- **Because there is only one boiler if it breaks down then everyone is affected. This wouldn't be the case if each unit had their own boiler. (This is a problem with any centralised heating system though, not just biomass.)**

Click here to listen to the full interview with Alex

TOP TIP

You either pay by making your own mistakes, or you pay to learn from someone else's mistakes. Don't reinvent the wheel. Despite the fact I had done dozens of HMO projects where we used gas, there were many learnings in these biomass projects. If you are trying something new, whatever that is, I always recommend working with someone who's been there and done it before.

CASE STUDY
GLADSTONE HOUSE

The property:

Four terraced houses had been converted into a 4,500 sq ft office building previously used by the council and Mayor, but it had been disused for years. It was a great project and I converted it into 10 apartments – seven two beds and three one beds.

I'm currently in the process of selling this one and have secured a price of £700,000 for it. After the mortgage is paid off, a decent chunk of equity is being released which I have already allocated to other projects.

The Numbers

Purchase price:	£120,000
Refurb, finance, purchase cost & boiler:	£390,000
All in:	£510,000
Monthly rental income:	£4,520
Monthly bills & mortgage interest:	£2,666
Monthly profit:	£1,749
Monthly net biomass Income:	£450
Total monthly profit:	£2,149
Sale price:	£700,000
Profit on sale:	£190,000
Equity being released:	£250,000

CONTACT

Feel free to get in touch with Alex with any questions on biomass or growing an HMO portfolio (investing or mentoring)

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YPN SAYS

Have you used 'green' energy on one of your projects? If so, please get in touch. We'd love to share your story too. Please contact me at **Heidi@yourpropertynetwork.co.uk** for more information

DON'T PUSH IT!

TRYING TO GET TOO MUCH OUT OF YOUR PROJECT CAN COST YOU – BIG TIME

By **Jon McDermott**

When I teach property developers about the planning game, there are four key strategies I talk about. If you want to know more about these, check out Whitebox's Property Developers Secrets or Property Planning Masterclass.

But the one strategy I actively avoid is pushing.

WHAT IS PUSHING?

At some point or another, every new developer is guilty of pushing a site. We push sites to make the numbers work, and convince ourselves that if we had just one more flat or house, the numbers will magically stack.

There are other more derisive words for pushing a site, however they all boil down to the same thing.

Pushing a site or scheme often involves compromising throughout the development in order to achieve the additional units they seek. Developers who push tend to adopt a smaller-unit strategy or put additional floors in the buildings in order to secure additional units.

Let me give you some examples to illustrate the point. Names have been removed to protect the innocent ...

It's unacceptable in principle ... period

Developer W bids for, and gets, a site at auction based on the agent's information that it would make an excellent urban extension site, with promises that pre-application discussions had taken place with the council. After winning the auction, Developer W pays the vendor's asking price, which is based on the agent's estimation that the site will deliver 20 units.

The auction catalogue gave the usual disclaimer that the purchaser is responsible for making their own enquiries to the council.

In this case, Developer W does not and buys the site on bridging finance.

However, the agent hadn't publicised that the site was in:

- **The open countryside**
- **A strategic gap**
- **A Site of Special Scientific Interest**
- **A Ramsar Convention site**
- **An Area of Outstanding Natural Beauty**
- **A flood risk zone 3**

Basically, this site would only be developed if it was the last chicken in the shop.

Any form of development on open paddocks would be a push and as such, the proposal failed at the first hurdle.

The extra house

Developer X had access to a development site. On a site next door, planning permission had been granted for four houses. However, the land Developer X had got hold of was about a quarter smaller in size. Developer X argued that the adjoining development set a precedent for four houses. In planning terms, *precedent* is nearly impossible to

Image © Bigstock.com/TeroVesalainen

"Be realistic on what you can achieve"

successfully argue and would otherwise be an identical size site in this case.

By pushing the site to provide four houses, and not the three that would fit, Developer X made compromises on the siting and layout of the proposed houses. The fourth house ended up very close to the boundary and rendered it with no usable garden at all.

The push in this case caused the application to be un-approvable.

The impossible HMO

Developer Y purchased a three-storey, mid-terraced six-bedroom HMO. Developer Y paid over the odds on the presumption that they could reconfigure the interior of the house to achieve two extra bedrooms. Unfortunately, the interior space was only just big enough to support six bedrooms and meet HMO licensing.

Developer Y's only option was to extend the property. A ground-floor or first-floor extension was not an option, as the permitted development allowance had already been used and LPAs seldom allow an extension beyond PD. All the developer had was a roof addition; however, this wouldn't grow the roof to the extent needed.

The property was essentially bought on the hope that the floor space would be pushed beyond it could be approved. Developer Y couldn't meet the rental values they needed to refinance, and the deal failed on this basis.

Just one more floor

Developer Z buys a building and successfully gets planning permission for 12 dwellings on the site. This includes a new mansard roof, increasing the height of the building from two to two-and-a-half storeys. The street is predominantly full of two-storey houses, however the increase in height is considered acceptable. This is for all 12 units.

Developer Z then pushes for another floor on two of the units. The developer holds back the approved roof extension, waiting for planning permission and appeal to come through. But neither are forthcoming. The developer, now convinced that adding a further floor is right, pushes for another application which is refused again.

This is an odd case, because the deal stacked with 12 units. However, the longer the building was held on short-term finance, the more costly the exercise became. Furthermore, the longer the developer waited, the more at risk the approved roof became, given the three-year period to implement a planning permission.

A DANGEROUS OBSESSION

Pushing, therefore, can become a dangerous obsession for the new developer and also for an experienced developer seeking extra profit. It's a trap for anyone whose eyes are not opened to it.

In order to avoid the trap, I would always advise the following approach, which I hope is common sense.

Apply the Clapham Omnibus test to your proposal. If the man on the bus would say that it looks a bit too much, then it probably is. Remember that planners are human too and their gut instincts on design and building form are probably the same as your own.

Don't try and get the numbers to bend to your will or a desired profit point. Work backwards from the GDV, deducting developer profit and all costs to work out the amount that you are able to purchase the land for. If it works using that method, then you're not pushing.

AND FINALLY ...

Be realistic on what you can achieve. A ten-storey tower block will seldom be acceptable on a terraced two-storey street. Adopt a path of least resistance or discuss the site with your Friendly Neighbourhood Planning Consultant as early in the process as possible.

Jonathan McDermott is a Chartered Town Planner, Principal Town Planner for Town Planning Expert and educator with Whitebox Property Solutions on Property Developers Secrets and Property Planning Masterclass.

SITE INVESTIGATION

By **Mark Doyle**

The catch with any project or site that needs a site investigation, is knowing what you need to do and just how far to go with the investigation. Especially when you don't know what you don't know!

If you do too little work you won't get the information you need, and if you do too much, you can end up wasting money. The whole philosophy behind undertaking a site investigation is based on two questions:

- **What information do I need to help me complete my project?**
- **What investigation works do I need to do to get this information?**

Often your architect, your project manager or your consulting engineers with more experience will point you in the right direction. They may also act as the client for the contractor for this work.

However, if you leave the decision-making process entirely to them, they will more than likely be overcautious and overspend on the investigation. It's a chicken-and-egg situation – because it's useful to know what you are asking for, before you ask your specialists to instruct the contractors.

A **site investigation** is simply the process of collecting information, the appraisal of data, assessment and reporting to identify the ground conditions and any hazards beneath the **site**.

UNDERSTANDING

Site investigation studies are requested by the client and are undertaken by any one of the following:

- **contamination specialists**
- **environmental engineers**
- **geophysicists**
- **site investigation contractors**
- **engineering geologists**
- **hydro-geologists**
- **geotechnical engineers**

The work itself is typically broken down into three stages, as in the table below:

Phase 1 Desk study

Initially a site walkover and a non-intrusive desk-based research study. A look at the location and geography of the site – is it in the centre of a city? Near a market or the old abattoir? Near archaeological sites? Or is it a low-lying site near a river, and likely to have ground water flowing underground?

Secondly, research will look at the usage and history of the site. Will it have an in-filled basement, or was it a coal tar plant? Or perhaps a coal mine? Or even an ammunition dump during the war? This Phase 1 study may include a qualitative risk assessment, which is a conceptual model to progress the project and will make recommendations for additional work.

Phase 2 Intrusive or on-site investigation

These investigative works are put together based on the findings of Phase 1 and need to meet the project design and planning requirements. Works are undertaken to BS10175 UK government guidelines. They will usually include trial holes and boreholes on site with sampling and laboratory analysis to categorise the ground conditions. A risk assessment is usually undertaken to establish the potential risks to human health and environmental risk to the government specification CLR11.

This phase may also include non-invasive geophysical techniques, such as to locate a buried watercourse or mine shaft, or even on-site archaeology.

Phase 3a Land contamination and remediation strategy

Again, based on Phases 1 and 2, all the available information is pulled together to determine the steps needed to make the site safe for the required usage. This is especially relevant for brownfield sites and contaminated land proposed for residential development, like old petrol stations or factory sites.

Phase 3b Remediation verification and regulatory liaison

This involves the pulling together of all the information obtained to date and liaising with, and presenting to, the various government agencies and regulatory officials to obtain statutory consent for the project. Once the proposed works are agreed between all parties, written approval is usually sought to allow conditions of planning and future insurance conditions to be met. This will ultimately allow the sale of the development/site with structural integrity and insurance cover.

Obviously, most property investors encounter site investigations when they need foundations for an extension. In their simplest form, you excavate for your new foundations until you find a stronger soil type – usually stiff clay or rock – that your building inspector says you can pour your concrete footing onto. This will just need a simple Phase 2 investigation, for a relatively straightforward foundation design. See Case Study 1, for a Phase 1 and 2 investigation.

Not surprisingly, the larger the site or the more developed or historical the area, you should expect complications and higher costs. But knowing this information will allow a more accurate picture of the site to be established, and you will be able to choose the right ground works, earth works and concrete mix.

CASE STUDY 1

Site investigation

Lancashire

A conversion of an old hotel building into flats needing an extension and new load-bearing infill fire-walls. This building needed new foundation trenches excavating and a new concrete foundation pour, on which the walls could be built. It was a relatively straightforward project to identify the foundation depth and design, needed both inside and outside the existing building, hence the costs were low.

COSTING

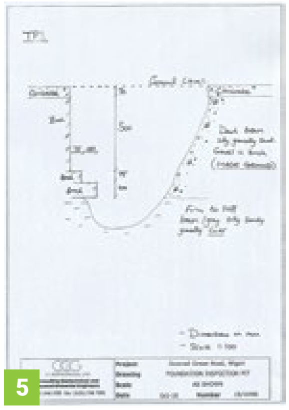
Site investigation contractor (Phase 1 and 2)	**£2,625**
Structural engineer analysis and foundation design	**£1,200**
Total	**£3,825**

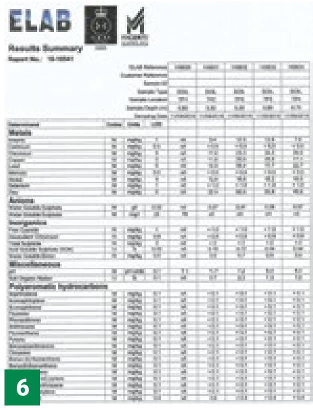

1
Mini excavator used for internal trial holes


2
Backhoe excavator for external trial holes


3
External groundwater level visible in trial pit


4
Internal trial pit


5
Site sketch showing trial pit with existing buried brick foundation and depth of stiff clay for new foundation



6
Soil sample laboratory analysis

SITE WORK AND SAMPLING

A planned site investigation can vary from its simplest form with a hand-dug pit, to a JCB 3CX Backhoe machine excavating trial holes on site. It could even go all the way through to needing specialist rock core drilling rigs with diamond-tipped drill bits costing vast sums of money.

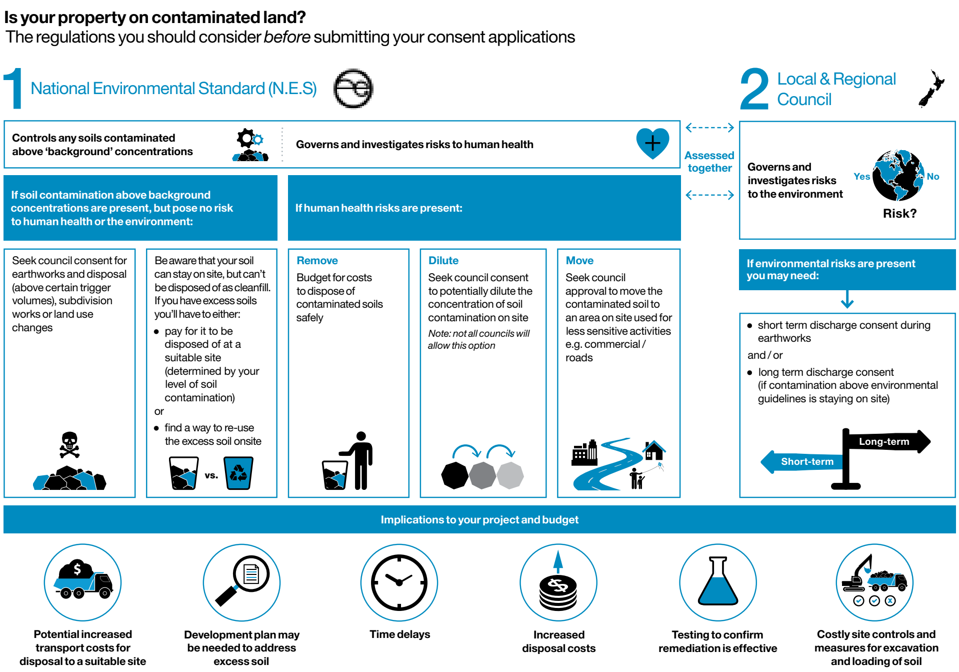
However, some of the basics don't change. Samples still need to be collected by hand, examined, and the details and depth of occurrence recorded. These samples must be bagged or containerised, stored safely and sent to the laboratory to test their strength or ability to carry a load, and/or chemical forensic testing to determine the constituent elements.

Only when this information is gathered together, can a picture of what's really happening on site be established.

Although there are slight differences, don't be confused by terminology, a brownfield site needing a contamination study, engineering geological assessment, environmental assessment, geotechnical study, ground investigation or site investigation are usually all referring to the same thing. Amazingly, it usually depends on who the council, the client, or the appointed contractor is and their own terminology!

BROWNFIELD SITES

Brownfield sites in the UK are sites that have had any past usage or construction and retain some material evidence on site or buried in the ground. Due to their known history, these sites do put off a lot of potential purchasers. Hence, they tend to be cheaper and offer considerable tax breaks. But it is important to go in with your eyes open, as any development plans will need to be compliant with all regulations and the remediation of these sites tends to be expensive.



Remediation is the process of removal of all known contaminants to levels considered safe for human health. Currently, brownfield sites either have their waste material buried on site or excavated and removed off site to an appropriate landfill site – at costs of up £1,000m³.

Alternatively, in many places, the site is capped with concrete or has a 500mm layer of topsoil placed on top. New techniques for land remediation are now being developed such as:

- **Bioremediation.** Using the natural processes of bacteria, microorganisms and fungi.
- **Phytoremediation.** Using plants to store contaminants in their leaves for future biofuel use.
- **Chemical oxidation.** Injecting oxygen into the ground to destroy compounds.

Ultimately, the key question is whether the cost of the clean-up outweighs the benefit of the development.

> Do all Brownfield sites have some contamination? Yes, but not all of it is hazardous!

CASE STUDY 2

Site investigation, East Midlands

A proposed development of 40 flats over an old quarter-acre brownfield industrial mixed use site with a complex development history, including: workshops, fuel storage and an old buried railway infrastructure.

This site has a history of various developers attempting to work on it over a 20-year history. Not surprisingly, this complex site needed a large-scale Phase 1 study pulling everything together, followed by geophysics – primarily looking for buried voids and linear features. Then a Phase 2 investigation including trial pitting, cable percussion and rotary boreholes.

The sampling included soil strength tests and an extensive chemical analysis to detect various poisons and materials hazardous to human health. A hydraulic study was also undertaken due to the proximity of a river.

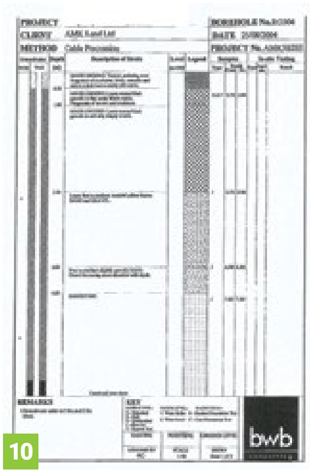
The Phase 3 land contamination and remediation strategy is still underway for this project, but sadly it all may prove to be too expensive a site to remediate.

8

Proposed elevation drawing

9

Rotary drilling rig



10

Borehole ground record

11

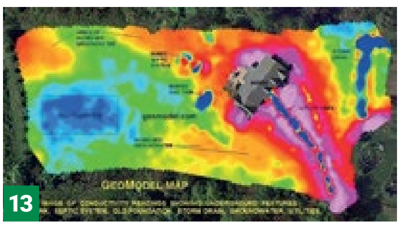
Soil testing laboratory

12

Water well drilling rig

COSTING

Site investigation contractor (Phase 1, 2 and 3)	**£36,000**
Geophysics	**£3,500**
Environmental and hydro-geological ground water risk assessment	**£5,500**
Structural engineer analysis and design	**£6,000**
Total (so far)	**£51,000**



13

Geophysics

HOW EXTREME CAN IT GET?

Every now and then, we all get caught out in property. Especially by the more unusual and rare extreme issues. The Crossrail project is an excellent recent example, with many unusual finds including plague pits.

Without too much scaremongering … in the UK, these extremes include archaeological finds, basements and cellars, bombs and decaying ammunition, buried canals, caves and swallow holes, cemeteries, coal tar and bitumen waste, collapsed drains, fossils and dinosaurs, heavy metal contamination, infilled watercourses, mine shafts, mining subsidence, old quarries and landfill, plague burial pits, radioactive finds, and so on.

Amazingly, projects and sites in the UK do encounter these surprises every year, and although they will delay and cost the project a substantial sum to resolve, engineered solutions are usually found … but at another cost to the developer.

THE KEY QUESTION?

When faced with a site investigation, it's likely to be a busy time in getting your project going. But it's worth taking a little time out to stop and think.

Ask yourself exactly what information you need from the investigation. Don't be afraid to ask daft questions to your specialist consultants: *"What do I need to know here that I don't know?"*

Sadly, it's not unknown for site investigations to have to be redone as the information needed was not obtained first time round.

CONTACT

Mark is happy to mentor or chat with anyone that may need some assistance and can be contacted at: **mark@cheshlancs.co.uk** or via **www.cheshlancs.co.uk**

Mark and his wife Claire have over 20 years' experience in BTLs, HMOs, developments and conversions. Today, Claire runs their business while Mark's chartered engineering background allows them to work on properties in poor condition.

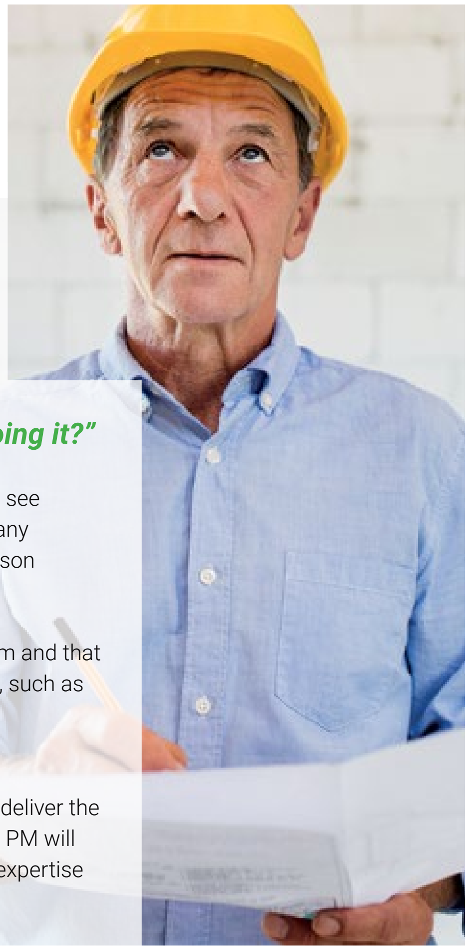
ANDREW FEATHERSTONE'S KEY QUESTIONS TO ASK *Your Project Manager*

LAST IN SERIES

Interview & words by **Heidi Moment**

Engaging a project manager to oversee your refurbishment can free up your valuable time so you can go and find the next project. Here are the key questions to ask them to get a feel for their practice and the services they offer so you can fit them to your project.

"Ask two or three project managers the same questions then you can compare like against like"



KEY QUESTIONS TO ASK

As always, start with open questions to get them to talk about themselves and their business before you talk about your project.

"When did you start in this line of work and how long have you been doing it?"

This will get them to open up about what they do and how they got in to it, and you'll be able to see their motivation and passion for their work. They may also tell you about their experience and any qualifications they've got, which will be really useful for you to establish if they are the right person for you.

If they have got qualifications then this is obviously a good thing, as it will show professionalism and that they take their position seriously enough to study for it. Look out for qualifications in surveying, such as RICS surveyor, and/or architectural qualifications.

Although, having qualifications isn't strictly necessary, as you'll be employing other qualified professionals such as structural engineers and architects too. It's the project manager's job to deliver the project on time and on budget and this means flagging up problems before they occur. A good PM will have done this many times before, and will delight in telling you all about their experience and expertise in this field.

"Tell me about your team and your office and your back up?"

You want to get a feel for how many people they work with. Do they work alone or do they have secretarial back up, in-house designers, builders or architects that they usually work with? How integrated a solution can they provide you? There's nothing wrong with a one-man band, although it can be beneficial if they have some secretarial back up as well, to keep on top of all the critical paperwork.

If they can do all their paperwork promptly and efficiently then you're less likely to get into problems with builders saying variations haven't been totally nailed down and agreed in writing and that sort of thing.

"Keeping up with the paperwork helps to avoid problems later on"

"Who is your ideal client? And what is your ideal project?"

Get them to talk about the sort of things they like doing and where they have been successful in the past. This will give you a good idea of the kinds of projects they've done before and will allow you to gauge their level of expertise to your particular project.

This will automatically lead onto the next question, which is, ***"Tell me about your last two projects."*** It doesn't matter if those projects aren't exactly the same as yours, but it would be useful if there's some overlap, as you know they'll be competent to do it. If you're converting a building into four or five flats, and the project manager is used to delivering supermarkets and multi-storey car parks, then obviously they're not really the right project manager for you.

You're probably looking for someone who has worked for a big construction company and has now branched out on their own.

They'll have massive experience of contracts, site conditions, managing tradesmen and dealing with problems. You're effectively employing them to overcome all the problems for you, so try to get some information about their problem solving abilities too.

PERSONALITY TRAITS TO LOOK OUT FOR

Look for your project manager to be:

- **Organised**
- **Thorough**
- **Problem-solver**
- **People person**
- **Good communicator**
- **Efficient.**

"Get the PM involved at the spec stage"

"What level of service do you provide?"

Are you just expecting them to oversee the builders on site, or do you want them to draw up contracts, draw up a specification, invite tenders from contractors and manage the budget? These are two very different roles and you need to be clear on what they can, and more importantly, can't, provide.

It is always best to get them involved at the specification stage so they have input into the works going ahead. As they will have an opinion, so it pays to get it upfront, rather than further down the line, when changes will cost you money. Depending on the size of your project your specification may be drawn up by your architect, but you and the project manager will need some input on this too. So the earlier you can get them involved the better.

They can also help to provide the right level of information to enable the builder to provide accurate and detailed quotes, which will reduce the chance of any arguments, and any extras later on.

A GOOD PROJECT MANAGER WILL KNOW A LOT OF BUILDERS

When putting your spec out to tender, a good PM will be able to recommend a good team of builders to work with. They will probably have great relationships with a couple of really good builders who they know will do a good job for you. This is invaluable if you haven't already got anyone lined up. And it'll probably work better than finding a separate builder and forcing them to work together.

"Use the project manager's contacts and leverage them wherever possible"

"What will you expect me to do during the project?"

You need to know from the beginning what your input will be throughout the project. Some project managers might want very little input from you, because you've sorted out all the specifications with them beforehand. Others might want a lot of input from you on a regular basis.

Will you be expected to attend site meetings? Or will you be happy to receive a report once a week?

Don't forget, while you're sizing them up to see if they'll do a good job for you, they will also be weighing you up as a client to see how much hassle you're going to be. They'll be looking for someone who is good at communicating and can be decisive, as they will most likely have to contact you throughout the project to get quick decisions. If they have to wait a week for you to reply to an email then the whole project is going to grind to a halt, which nobody wants.

Are you decisive? Are you positive? Can you handle a few problems that are going to arise? Are you good to deal with? Are you responsive? This is what they'll be looking for in you.

"Your PM will be looking for you to be good at communicating and decisive"

"What will the frequency of meetings be, and how much time will you spend on site?"

It's up to them how they organise the site and the builders. It doesn't make sense for them to be there every day, as they'll just get in the way and put the builders off. But you should expect them to be on site at least once a week for a site visit, and then to pop in unannounced once or twice a week too, just to keep the tradesmen on their toes and ensure everything is running smoothly.

The builders will want to see them anyway to discuss any variations, and you will want to know that the communication between the builders and the project manager is effective.

Try to establish at the start that they'll give you a weekly update. I recommend in writing, by email or minutes of the site meeting. Some people do it by video or taking photos. It's up to you and the project manager to decide what method works best for you.

"Tell me about some recent successes and when you have saved money for your clients?"

A good project manager will have loads of examples of when they have been very efficient and have saved a client a lot of money, and they should be very happy to tell you all about it. Encourage them to boast a little bit. This is their chance to show off what they can do.

"There are several different project managers around, so why should I choose you?"

Put them on the spot a bit and get them to reiterate their strengths. You're not looking for them to slag off their competition, but getting them to pitch for your business by giving some more positive reasons why you should choose them is always good to hear.

"Can I see a copy of your Professional Indemnity insurance?"

They need to have professional indemnity insurance (PI insurance), so if they do muck up with any professional advice they are covered and you could claim against their insurance company. Always ask to see a copy of this. You're looking for enough cover to cover your project, so if your project is worth £500,000 and their cover is only for £50,000 then it's not enough. Judge it in relation to the size of your particular project.

"What are your fees?"

Now you've got a feel for how they work and what service they provide, you can talk about your project and ask them how they would envisage charging for their services. Obviously they're a professional, they need to be remunerated well, so don't necessarily go for the cheapest because they are not necessarily the best.

They will talk about how they usually structure their fees and how they propose structuring fees for your project.

Some work on a time basis, which can be good if the project is quicker than envisaged, but that's rare. It is more likely to get out of control if they have to do more than they were expecting, which then increases your costs. So this level of uncertainty can be uncomfortable especially when you have a tight budget.

Others work on a percentage of the build cost – usually between 8% and 12%. You might think that's dangerous because they're incentivised to increase the build cost and take a percentage of that higher figure, but it's much more certain than working on a time basis, as you'll agree a contract sum with the contractor, so can work out the PM's fee from that. Obviously if there are some variations then the build costs might go up, in which case their fees would go up too. Just see how they want to work and compare that with the other couple of project managers you go and see.

A good PM will provide a written quotation, as well as their terms of business. And if you are using a JCT contract their role will be partly covered by that contract as a contract administrator.

"Can I talk to some of your previous clients to get some references?"

They should be very willing to give you phone numbers of two or three people who they've worked for before. Obviously they may have to check that it's okay with those people for you to call, but they shouldn't have any worries about giving out recent references. If they've had delighted clients in the past, then they're almost always very willing to talk about it and share their positive experience.

"If I instructed you now, when could you start?"

You're trying to find out here how available they are and how much lead time they need in order to fit you in. Have they got five or six projects at the moment that are going to last for two years and so they won't be able to fit your project in? Sometimes that can be the case for a good PM.

> "A good PM will get your project finished on time and on budget"

If they're totally snowed under with work, they may rush your job and not provide you with a particularly good service. The thing is if they're good, they've probably got lots of work. If they're bad, they probably haven't got much. It's a bit of a difficult one that you have to judge.

Because of this, it's sometimes worth looking for a project manager before you actually need one. That way when the project comes along you can instruct them immediately.

Click here to listen to the full interview with Andrew

ADVANTAGES OF GETTING A PROJECT MANAGER

Employing an experienced PM comes with plenty of advantages:

- **Your project should run more smoothly, as the PM should be able to predict a problem before it happens as well as seeing things the builders may have overlooked.**
- **They should be adept at bringing a project in on budget. They should have good relationships with suppliers and know where to get the best products for the best prices.**
- **They know all the milestones to be able to deliver the project on time and will be able to tell if the builder is slipping behind schedule and be able to manage that to get it back on track.**
- **Their expertise should save you money.**
- **You are free to get going on the next project.**

Ideally you want to get to the position where you are effectively the CEO, who has the vision, finds the projects and organises the funds, so you can just hand the keys over to your project manager and a building company and say, *"Bring me some finished units back in six or nine months"*. When you're working like this, you're the visionary in the middle with everybody reporting to you, which means you can run three or four projects at the same time. Then you will really scale your property investment development business enormously.

In summary, a good project manager should be more of an expert than you. They should be able to bring a project in cheaper and earlier than you can. They will free up your time to create your property business, and you'll be able to scale it a lot better once you delegate that role.

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For free video guides for beginners and to shadow projects visit **www.andrewfeatherstone.co.uk**

PROPERTY GOAL TYPES

By Richard Brown
aka
THE PROPERTY VOICE

It is still early in the year, and many of you will have already looked at your goals for 2019 and planned accordingly. But when we boil it down, there are, in essence, two main types of property goal – Income and Capital.

Sometimes these can combine into a hybrid goal, but most people will be aiming primarily at one of the two. Often the hybrid goal will lead to a single, yet compromised, strategy of both income and capital. Therefore, a split of two strategies is often better than trying to achieve everything from a single strategy if that's the case.

An income goal is one that provides a regular recurring income stream over time. Examples of income goals include: supplementing or replacing a main source of income, such as from a job, business or other investments; retirement planning; having a choice in life in how or where we live, and so on. The best measures of an income goal are typically Return on Investment (ROI) and net monthly/annual cash flow.

A capital goal is one that creates and grows asset values, equity and net worth over time. Examples of capital goals include: creating lump sums for future use, be that in the short-term or longer-term; supporting others/good causes; leaving a legacy, and such like. The best measures of a capital goal are usually equity gain/growth.

As mentioned, some goals could be a hybrid. An example might be to create a nest egg or safety net in the short-term, whilst looking to build a pension fund for the longer-term. This is typical of traditional BTL, with approximately half the historical total return coming from income and capital respectively.

However, if you have a bias towards either an income or capital goal, then pure BTL may not be the optimum strategy for you to follow.

As you will see from the following graphic, our purpose – or our **why** – drives our goals and our strategy. Our **how** is the result of our goals combined with our **what** and our resources – or our **how much**.

CASCADING & ALIGNING OUR PROPERTY GOALS

Purpose: Our reason 'why'. Ultimately, what is the reason why we want to invest at all? This could be considered to be our vision.

Goals: What do we want to achieve specifically and by when... our 'what'? Commonly referred to as 'SMART Goals'. Can be short, medium or long term or what I like to call a 'Someday Goal'. Must be quantifiable with a date attached to them.

Resources & Leverage: What do we have at our disposal currently, in terms of finances, time, know-how, systems & network, and what could we leverage to gain more of? This is our 'how much'.

'RIGHT' Strategy: Our 'how' we will achieve our goals. Note that this comes last. R = Rental income, I - Investor services, G = Grow the capital, H = Handling other people's assets, T = Trading.

The reason for writing this piece today is that I so often hear people ask: *"What property strategy should I follow?"*

This is the wrong question to start with. The right starting question should be: *"Why do I want to invest at all, and what is my core purpose?"*

Some great ways to help to answer those questions would be a couple of books. The first is one I have mentioned previously in this column, ***The Values Factor*** by Dr John DiMartini. The second is ***Start With Why*** by Simon Sinek.

I have literally witnessed people completely change their goals and direction after reading each of these books. Mainly because it makes us consider what we really want out of life before blindly following a meaningless financial or investment goal.

This is at the very centre of what I am talking about today: aligning what we do to who we really are inside and what we truly want out of life.

Once we have our purpose we should then be able to set our goals, which should always be SMART. Put simply, this means they should have both a number and a date attached to them.

Continuing in the alignment theme, we should consider what resources we have and/or can create more of through leverage. Resources are typically time, money and know-how, but can also extend to systems and networks too. To illustrate, when I got going in earnest, I spent four years gaining greater knowledge of property – way too long! – and then leveraged my limited starting funds of £10k up to over £100k by utilising other people's money.

The final step is to set the right strategy. This should naturally flow from our purpose, goals and resources to put things in the correct sequence. The point of this step-by-step approach should be to ensure that we ultimately end up happy, or contented, if you like. You see, if we only set financial goals with no real meaning behind them, we can still feel empty inside ... even if we achieve them.

In my own case, I had a burning desire to provide for my retirement as I had a gaping hole in my pension that was worrying me. Once that was fixed, I could then focus on escaping the rat race of traditional employment in large corporates, where if your face doesn't fit you could literally be asked to leave.

Right now, personal lifestyle has taken on a new driver as we move from financial independence to true financial freedom and supporting others, both now and in the future with our legacy goals.

While reading this article, you may be thinking that progressive goals within sight, but just out of reach are a great way to motivate us to progress. Once we hit a goal, we are rewarded and then get to repeat the whole process all over again, which is kind of fun!

In all honesty, back when I didn't have two pennies to rub together, if I had set myself an initial goal of an income of over £250,000 a year, I would probably have quit as it was such a massive goal.

The 3Rs process of Review, Realise, Revise has worked well for me. However, I do know that for others, the idea of a BHAG – Big Hairy Audacious Goal – can be a great driver. In my experience, that is often more likely to work with the game-changing personalities of this world: Jobs, Musk and Gates … so choose wisely.

My compromise is that I have what I like to call a Someday Goal, as well as shorter-term incremental goals, so you get the best of both worlds that way.

The following table illustrates how this alignment of goals to property strategy can unfold.

EXAMPLE PROPERTY STRATEGIES ALIGNED TO GOAL TYPES

Property Strategy	Income Goal	Capital Goal	Hybrid Goal
Buy-to-let			YES
HMOs	YES		
Serviced Accomodation (Incl. Holiday Lets)	YES		YES*
Property Trading & Development	YES**	YES	
Rent-to-Rent	YES		
Lease Options			YES
Buy-Refurbish/ Convert-Refinance	YES***	YES	YES
Build-to-Rent Development	YES		YES
Investor Services (Sourcing, Project Management etc.)	YES		

NOTES:

*some serviced accommodation units, such as holiday lets can behave like BTL and show decent capital growth and income, whilst others, such as city centre apartments, can behave more like HMOs and show greater income returns and less capital growth.

**trading profit can be taken as income in what I call lumpy money. However, over time this could erode our investment capital base and potentially compromise long-term sustainability, unless external capital is taken in.

***quite possibly the optimum strategy? It makes our starting investment capital stretch further and depending on the end result can lead to an asset that can tick several different boxes of capital, income or both.

To conclude this piece today, let's look to define an income goal using some well-coined labels as a reference point. A couple of The Property Voice Apprentices found it to be very handy in setting their own incremental income goals.

Income Goal Label	Meaning
Financial Safety	Sleep better at night knowing that you have a safety net. It might be an extra few hundred pounds a month or a small rainy-day fund.
Financial Security	This should cover your basic living expenses only. It will include the rent or mortgage, utilities, food and basic clothing allowance. It means we can probably survive living a modest lifestyle without many luxuries and you might still need to work a little.
Financial Independence	This is often seen as the job-replacement income and so is many people's real target to reach. However, this is a comfortable lifestyle (need) rather than a luxurious one (want). Therefore, I would suggest that independence should be a figure lower than current income when you balance desirable 'wants' against essential 'needs'.
Financial Freedom	This is an income that means you can live as you do today and some on top. Consider it as an upgrade from economy to business class and so should leave you feeling contented and able to withstand a storm or two or support others in need along the way if you want to. It is probably Financial Independence plus an extra 30% or more on top.
Financially Carefree	This is an income target that brings you all the toys that you hoped and wished for. It might include several homes, several top marque cars, luxury and designer brands, regular international travel, fine dining, private member clubs, etc. Your concerns will be more about quality, exclusivity and ease of getting what you want, rather than price. You should be able to leave a sizable lasting financial legacy that will long outlive you, provided it does not rely on you to generate the income that is.

There you have it. Goal-setting is not all about writing down numbers and then blindly heading off in any old direction. It is a process of discovery and alignment, which is often where I start when I meet any potential mentee, apprentice or aspiring property investor. I sincerely believe that by adopting this step-by-step formula, our goals will become meaningful, fulfilling and motivational too.

All the best in hitting your goals for the year, give me a shout if you want some further guidance.

Richard Brown is the author of **Property Investor Toolkit: A 7-Part Toolkit for Property Investment Success** and **#PropTech: A guide to how property technology is changing how we live, work and invest**

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"Well, this book is terrific. Presented in a light style, it bounces along and succinctly covers a lot of ground. There's an integrity to the presenter, you believe him. He comes across as a man who has genuinely created a successful property investment business" **CM**

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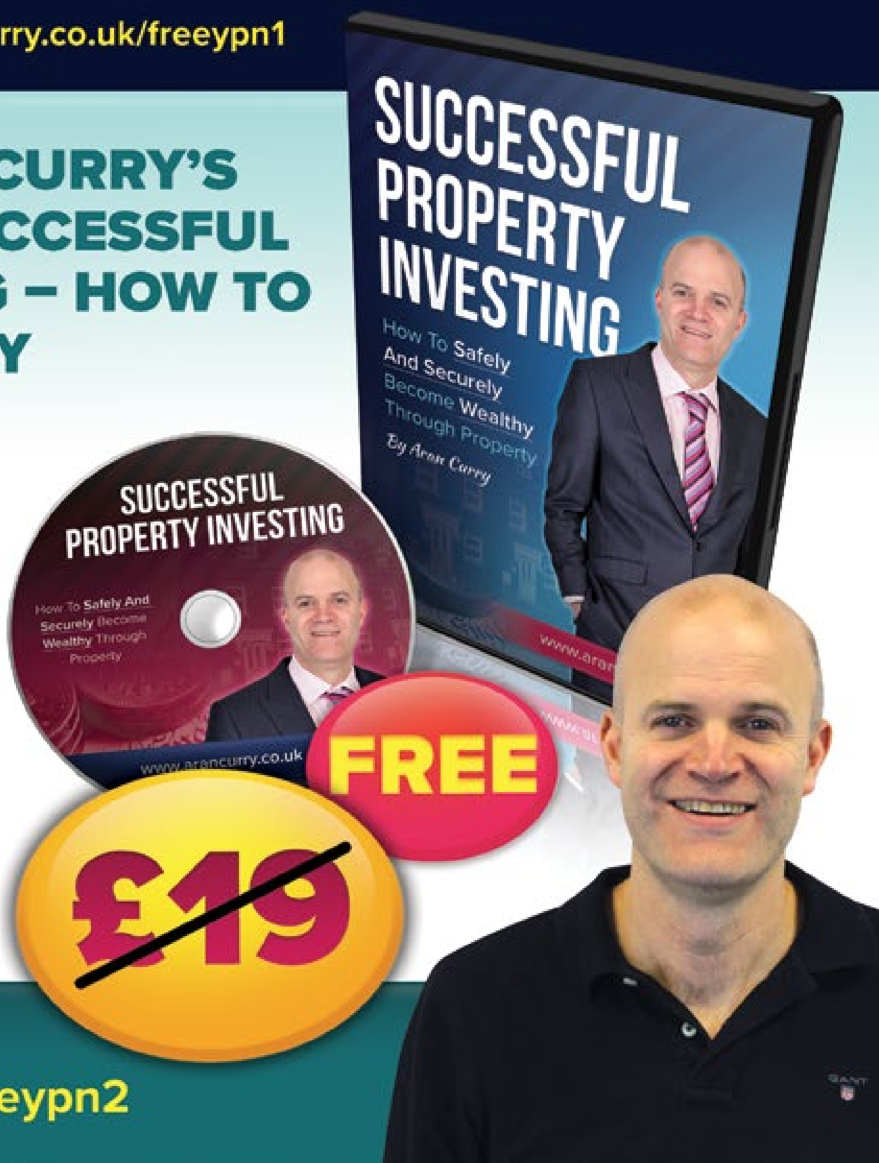

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THE BUY-TO-LET MARKET OVERVIEW

By **Chris Worthington**

This month I hope to clarify the somewhat confusing recent trends in house prices, rents and rental yields in the UK. As ever, there are wide-ranging variations across the country.

The latest UK Cities House Price Index published by property analyst company Hometrack reported that UK city house price inflation is **running at 2.6% year-on-year**, the lowest annual growth rate for five years. The highest increases in house prices were in **Edinburgh (6.6%)**, **Manchester (6.6%)** and **Birmingham (6.3%)**. House prices in London **fell by 0.1%**. None of the cities in the top half of the league table are in the south of England. The report forecasts a subdued increase in **average house prices in cities of 2%** in 2019, and **fall in house prices in London of 2%**.

The forecast for the increase in house prices at regional level in 2019 published by estate agents Savills is broadly similar with an **average increase of 1.5%** in the UK and a **fall in London of 2%**. In the medium term, the forecast increase in house prices from 2019 to 2023 in the UK is **14.8%**, close to **3% per year** and **4.5% in London**, slightly **less than 1% per year**.

House price variations at local level exhibit greater variance. The average price of a house in the UK is around **£215,000** (Source: Nationwide Building Society) but houses in parts of **Sunderland**, **Liverpool** and **Burnley** are available for **around £15,000**, and in parts of **Durham for £17,000**. House prices in central London are very high, however much cheaper property for **£100,000 to £125,000** is available in low cost locations in some of the outer **London** boroughs including **Harrow**, **Newham**, **Ruislip** and **Bexley** (Source: MoneySuperMarket).

Turning to rents, the latest national rent review published by BTL lender Landbay gave the following statistics:

- ***The average monthly rent in the UK including London is around £1,200 pcm. When London is excluded, the average is £770 pcm.***
- ***Average year-on-year rental growth in the UK has been around 1%. But year-on-year rental growth in cities outside London is outperforming the UK with rental growth of 1.9% in Manchester, 2.0% in Birmingham and 2.5% in Leeds.***

The report suggests that the growth in rents in cities north of London could be partly attributed to millennials leaving London at the highest rate in a decade to take up new jobs. For instance, **Media City UK employs 3,000 people in Salford** while **HSBC has announced that it will move 1,000 jobs to Birmingham**, and **Burberry is creating jobs in Leeds.**

John Goodhall, Landbay Chief Executive commented: *"In many ways it could be argued that the Northern Powerhouse is beginning to take effect amid stretched affordability and a harsher tax regime. The same message carries weight with landlords who are increasingly seeing the value of investing in these regional hubs."*

The Lettings Index published by estate agents Hamptons International reported an overall year-on-year **increase in rent of only 0.1% in Greater London** with an increase of **1.2% in inner London** and a **fall of 0.2% in outer London**. This is further evidence that BTL investors should consider investing outside of the capital.

However, according to estate agents Chestertons, there was noticeable increase in tenant demand in the London lettings market in 2018 with demand outstripping supply for much of the year and setting the scene for rent rises in 2019.

Richard Davies, head of residential lettings at Chestertons commented: *"There will be a limit where people simply can't afford to rent in London, and landlords therefore need to be realistic with their rents. Looking at the longer term, the supply and demand imbalance should be largely corrected by the expanding build-to-rent sector."*

I included a report on the growth of the build-to-rent sector in one of the market overviews last year.

House prices and rents are always key considerations for BTL investors but it is also important to consider yields – the annual rent divided by the value of the property. Online estate agency yieldit recently reported on the locations with the highest yields. The top locations from their data set are **Bradford (6%)**, **Scarborough (6%)** and **Folkstone (5.8%)**, with yields in Folkstone boosted by the investment in a new creative quarter. They also highlight **Birmingham** where 7,260 people moved from **London** in 2017.

Mortgage broker Private Finance have produced another list for high-yielding locations. These include **Southend** (**6.6%**) and **Nottingham** in second place at **6.4%**. Surprisingly three London boroughs are also included in the top ten locations for yield – **Westminster**, **Tower Hamlets** and **Camden**. The top ten list also includes **Edinburgh**, **Manchester**, **Liverpool**, **Coventry** and **Southampton**. Shaun Church, director at Private Finance, commented: *"Southend is a popular spot for renters with all the benefits of a seaside town, less than an hour's commute from Central London and good airport connections."*

The landscape for BTL investors across most of the UK is one of moderate annual increases in house prices and rents, and hence a moderate total rate of return.

There is clear north/south divide – or more accurately a London/rest of the UK divide – but with good rates of return possible in the outer London boroughs. Locations with high yields are a mix of places with a strong local economy such as **Manchester** and **Southampton**, and relatively low house prices such as **Bradford** and **Liverpool**. The inclusion of **Folkstone**, **Scarborough** and **Southend** in the list of high yield locations is interesting, perhaps BTL investors should look more closely at coastal towns.

Chris Worthington is an economist with 20 years of experience in local economic development. You can contact him via email on chrisworthington32@yahoo.com

WHAT DO YOU LOVE ABOUT PROPERTY?

By **Arsh Ellahi**

Hi Arsh

I have been investing for some time and have a decent-sized portfolio. I have become very comfortable in my approach and haven't tried anything new. However, I feel like I have lost my mojo. From what I read, you always seem so excited about property! What's your secret?

MR U, GRIMSBY

Thank you for getting in touch, Mr U. When I first read your question, it felt a bit like I was responding to a letter in a Dear Deirdre column!

But to get serious, let's tackle this one stage at a time.

STAGE 1
CONGRATULATE YOURSELF

Well done on getting to a position of financial freedom or at the very least to a point where you are comfortable. It takes years of hard work and dedication to get to this stage. For some reason, people assume that property is easy and that you can simply acquire a property, let it out and watch the hundreds or thousands of pounds roll into your bank account.

How wrong could they be?

Rarely do they see the blood, sweat and tears that have gone into the:

- **Acquisition (everyone needs a medal if they successfully get through dealing with mortgage brokers, lenders and solicitors)**
- **Renovation (again dealing with architects, planners, building control and, most important, builders)**
- **HMO officers (let's not get started on them, they are a law unto themselves)**
- **Tenants (just when you thought you could relax and watch the money roll in, the tenants bring their own world of issues)**
- **Not to mention the beating from the government on taxes, deduction in benefits (for tenants in receipt of benefits), increased legislation …**

This list could go on!

I always applaud people when they achieve their goal. It is a struggle but generally people do get there. So well done!

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STAGE 2
KEEPING THE MOMENTUM

This is where an investor needs real stamina. One of my favourite questions to ask myself is:

When is enough, enough?

I am surrounded by people, ie my wife and business partner, who regularly ask me:

Do we really need any more property? Don't we have enough already?

The answer to the above is, absolutely. But if someone is offering me a property at a great deal, I would be stupid to pass it up. Supposing a landlord opened up the following conversation:

Landlord: ***I would like to offer you my property on a five-year term at a rent of £600pcm.***

Me: ***OK, that sounds interesting.***

Me: ***By the way, though, I do not pay deposits as I would prefer to spend the money on upgrading your property to attract a high calibre of tenants.***

Landlord: ***Sounds fantastic!***

Landlord hands me the keys, the deal is done and the paperwork will follow.

The above scenario (albeit very simplified) would fall under the category of a rent-to-rent negotiation. In this case, I would take on the property, paying no deposit, no rent in advance, and in addition I would get instant access.

Image © Bigstock.com/Jan S

In a situation like this, I believe I would have been the stupid one if I did not take the property on. I have over 40 properties that I have acquired in this way. Many property investors will never own or acquire 40 properties in their lifetime, but I compare it with playing the game of Monopoly.

Admittedly, for me, purchasing / acquiring property is my drug. I love the adrenaline of the chase, the negotiation, solving the problem and creating win-win scenarios. I am always looking for the next one.

Hundreds / thousands of properties later, I still fist punch the air when I have finalised a negotiation and completed on a deal. Other than the birth of my children, I can honestly say there is no better feeling.

You have to find your own answer to this question though. At what point is enough, enough? Does you answer come in the form of:

- **The number of properties acquired?**
- **A certain amount of cash flow achieved every month?**
- **A point when you have fulfilled your financial and parental obligations to your family, ie able to put kids through university, pay for weddings, etc?**

By the way, there is no right or wrong answer here. This is very individual to you and your circumstances.

Personally, if I were to retire now I would:

- **Get extremely bored (after all, I am only 38 years old)**
- **Play extremely bad golf**
- **Spend money irresponsibly**
- **Annoy my wife on a daily basis (I believe she fist pumps the air when I leave the house in the morning)**

STAGE 3

REINVENTING YOURSELF AND FINDING YOUR MOJO AGAIN

This is the interesting part, as technically, it is where **YOU** can have some fun.

From the above stages, you have put in the hard work and the rewards have come to fruition. You are financially free and are now ready to look for your next challenge.

For me, this is the stage where you can experiment with something that you've always wanted to do and enjoy. Yes, there are still risks and you would still calculate those risks, but financially you are at the point where you are secure.

I reached this stage around five years ago. Once I had secured all my long-term funding on a capital repayment basis, I started to relax knowing that I was chipping away at the debt on my portfolio every day. All that I have to do is to ensure the properties remain occupied, and the debt should then service itself. That in turn will continue to secure my future financially.

Then, my new challenge was to go back and start deal trading again. And although I had said I wouldn't buy many more and it wasn't part of the plan, I have ended up buying / acquiring close to 100 other properties. To put it simply, sourcing put me in front of opportunities, some of them far too good to miss out on.

I like to monetise every lead that comes on my desk. If a prospective deal doesn't fit my criteria, that doesn't mean that it won't fit someone else's. After all, we all have different investing criteria and here are a few examples:

- **Purchase properties that are 25%+ below market value**
- **Acquire properties strategically where a deal can be done through a rent-to-rent agreement or a lease option**
- **Readymade armchair investment opportunities**
- **Development opportunities**

Everyone is different and as a result, I believe I can provide most people with an opportunity.

That was enough for me to find my mojo again. No longer having to deal with the mundane tasks of tenants and maintenance meant I could go back to what I really enjoy – wheeling and dealing.

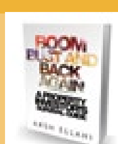
You can do the same. A few pieces of advice, though …

- **Do not take unnecessary risks – after all, after getting to a secure position, you do not need to**
- **Do not get dragged into the hype of strategies that you do not understand (they could cost you dearly)**
- **Enjoy the journey**

I hope this resonates with you, Mr U, and also with other YPN readers.

If you have a question you would like me to answer in next month's article, please email **arsh@arshellahi.com** and I'll aim to answer as many as I can over the following months.

Arsh Ellahi is the author of
"Boom, Bust and Back Again: A Property Investor's Survival Guide"



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MORTGAGE UPDATE

By **Stuart Yardley**
Trafalgar Square Financial Planning Consultants

There have been very few changes within the mortgage market this month so I thought I would take a look back on a few specialist products that investors have been using to their advantage over the last year.

CROSS-COLLATERAL SHORT-TERM LENDING

One of the most flexible types of finance is bridging and short-term lending, which is available through specialist providers and banks. With the introduction of the new HMO licensing requirements and also portfolio landlord criteria, bridging is being used more often by investors who need flexible criteria and speed.

One key area that some investors are using to their benefit within this sector is the availability of cross-collateral short-term lending. This means that they can take advantage of equity in other properties to use as a deposit or to cover refurb costs in the short term.

I am often asked to explain this, so I thought I would show an example of how this has worked for investors.

Example ...

Mr & Mrs P wanted to purchase a new investment property. They were looking for a three-bed terraced house to convert into a six-bed HMO. The refurbishment would include reconfiguring the rooms and creating some en-suites, along with a downstairs extension.

The original purchase price was £125,000 but whilst the client could cover the 25% deposit, they didn't have access to all of the refurbishment costs, and so they wanted to borrow the full £125,000.

Their circumstances were that they had a few BTL properties and were experienced landlords. But most of these were already at around 70%-75% loan to value so they didn't have any extra equity available to put to use. They did however have their own residential property where they had lived for many years. This had a relatively small mortgage of £75,000 against a value of £200,000.

With the approval of the existing residential lender, we were able to arrange a cross collateral loan of £125,000, secured using a first charge on the property that they were purchasing and also a second charge on their existing residential property. This loan gave them the full amount they needed to make this investment possible.

Lenders assessing this type of scenario would generally work on the following approximate calculations:

- **£125,000 purchase price/valuation of the new property.**
- **75% loan secured against this – so £93,750 loan available on a first charge.**
- **This leaves £31,250 remaining, which needs to be secured on the residential property.**

The residential property ...

- **£200,000 value**
- **£75,000 loan**
- **As a general rule, the lender will consider taking a second charge up to 70% of the value of this property, which would be £140,000, leaving £65,000 available as a potential second charge. In this instance, the clients only needed £31,250 so there was plenty of equity available as security.**

If the clients had needed/wanted to, they could have borrowed on this scenario:

- **£93,750 loan secured on first charge on new property.**
- **£65,000 secured on second charge on the residential property.**
- **£158,750 total maximum loan available.**

The works were completed and the property was converted to a licensed HMO. It was then refinanced to a HMO mortgage to repay the full bridging loan, releasing the second charge held on their residential property.

As you can see, the flexibility of this type of finance can be used to the investor's advantage to add properties to the portfolio that couldn't have been purchased otherwise. The cross-collateral security can also be any investment property. For example, you might have a BTL that you have held for a while, on which you have favourable terms and so don't want to refinance to release the equity. As long as the existing lender will approve a second charge and there is sufficient equity in the property as per the example I have shown, then we can consider using this property as additional security.

The key rule when looking at the cross-collateral security is to:

a) work on the basis that the total borrowing – including this new loan – does not exceed 70% loan to value on the property against which the second charge will be secured

b) ensure the first charge lender will give you permission for the second charge.

Bridging and short-term finance also offers other advantages in terms of when and why this type of finance might be used, including the following situations:

- **Auction purchases**
- **Properties not in a lettable condition day one**
- **Title splits**
- **Change of use – commercial to residential**
- **HMO conversions**
- **Conversion of freehold houses to individual flats**

There are in fact many circumstances when this can be used. Some investors will adopt this finance strategy to access short-term funds when other properties are being refinanced or sold but the timing does not correspond.

If you have any requirements regarding this type of lending, please contact me and I will be happy to discuss your individual circumstances.

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PORTFOLIO REVIEWS, LONG-TERM FIXED RATES AND PRODUCT TRANSFERS

Since the introduction of the portfolio landlord regulation and the new tax rules, we have seen a large increase in investors looking at what simple options are available when their existing rate ends with the current lender.

As I have previously discussed, the majority of lenders offer a product transfer option where you can select a new rate when your existing rate ends without the need for being reassessed. This can be a great option if you don't want to release any further equity and just want a quick option to secure a new rate.

I offer investors a free portfolio review where we can assess and even diarise these for you so we can notify you three months before your rate is due to end. At this point, we can look at product transfer options and also discuss other strategies at the same time. If you would like to take advantage of this, please contact me. We will just need some basic compliance documents and a portfolio schedule to assist.

If you would prefer to refinance to another lender, see the following table for an overview of some of the short and long-term fixed rates available for borrowers financing a BTL in personal names. These would, however, be subject to the lenders' individual client and property criteria.

LENDER	LOAN-TO-VALUE	PRODUCT	FEES
Virgin Money	75%	2.45% 5-year fixed	£1,995 arrangement fee added. Free valuation and free legal remortgage service provided
Virgin Money	75%	2.62% 5-year fixed	£995 arrangement fee added. Free valuation and free legal remortgage service provided
BM Solutions	75%	2.86% 5-year fixed	No arrangement fee added. Free valuation and free legal remortgage service provided
The Mortgage Works	65%	2.59% 5-year fixed	£995 arrangement fee added. Free valuation and free legal remortgage
Virgin Money	75%	1.98% 2-year fixed	£995 arrangement fee added. Free valuation and free legal remortgage service provided
The Mortgage Works	75%	2.49% 2-year fixed	No arrangement fee
Accord Mortgages	75%	1.52% 2-year fixed	£1,995 arrangement fee added. Free valuation and free legal remortgage

This is just a selection of rates available. There are many other factors to take into consideration though, so I recommend either speaking to myself or to your existing broker to discuss tailored options that would be available to you individually.

LIMITED COMPANY MORTGAGE OVERVIEW

LENDER	LOAN-TO-VALUE	PRODUCT	FEES
Paragon Mortgages	80%	3.7% 5-year fixed	1% arrangement fee
The Mortgage Works	80%	3.24% 2-year fixed	2% arrangement fee
Precise Mortgages	75%	2.79% 2-year fixed	£995 arrangement fee
Precise Mortgages	75%	3.49% 5-year fixed	1.5% arrangement fee
The Mortgage Works	75%	3.49% 2-year fixed	No arrangement fee

When you are setting up a limited company, I would recommend that after your conversation with your tax adviser, you speak to your broker to make sure that the structure of the proposed company works from a finance point of view. Each lender has a very different view of shareholdings and directorships. Some lenders ignore minor shareholders while others insist that all shareholders need to be party to the mortgage and give personal guarantees. When a shareholder is required to be party to the mortgage, they must fit that lender's criteria so it's important to discuss this with your broker upfront.

As always, I am available to chat if you require any advice on a BTL or residential mortgage, or commercial, bridging or development finance. I work with investors throughout the country with property investment opportunities, from those buying their very first BTL property to experienced landlords, so please give me a call or send me an email.

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LEGISLATION UPDATE

THIS MONTH'S UPDATES ...

- Homes (Fitness for Human Habitation) Act 2018
- Tenant Fees Bill
- Tenancy deposits
- Default fees
- Variation, assignment or novation of a tenancy
- Client money protection

By **Mary Latham**

HOMES (FITNESS FOR HUMAN HABITATION) ACT 2018

On 20th December 2018 an important piece of landlord-tenant legislation received Royal assent and **The Homes (Fitness for Human Habitation) Act 2018** was born.

This will be enforceable from 20th March 2019 for all new tenancies, including replacement tenancies offered to existing tenants and fixed term tenancies which roll into statutory periodic tenancies at the end of the fixed term if that is after 20th March.

On 20th March 2020 it will apply to all tenancies not covered above. The Act applies to tenancies in England and Wales and **amends the Landlord and Tenant Act 1985.**

The purpose of this Act:

"To amend the Landlord and Tenant Act 1985 to require that residential rented accommodation is provided and maintained in a state of fitness for human habitation; to amend the Building Act 1984 to make provision about the liability for works on residential accommodation that do not comply with Building Regulations; and for connected purposes."

I have heard comments that this is about social housing not the PRS – it is however about **all housing** and applies to social housing, registered social landlords, charities and private landlords equally.

The aim is to ensure that every property offered for rent:

"(a) is fit for human habitation at the time the lease is granted or otherwise created or, if later, at the beginning of the term of the lease, and

(b) will remain fit for human habitation during the term of the lease."

I'm sure that your first thought is: **"what about damage caused by the tenant?"**

- **The landlord is not responsible for unfitness caused by the tenant's failure to behave in a tenant-like manner, or that results from the tenant's breach of covenant.**
- **The landlord is not obligated to rebuild or reinstate the dwelling in the case of destruction or damage by fire, storm, flood or other inevitable accident.**
- **The landlord is not obligated to maintain or repair anything the tenant is entitled to remove from the dwelling.**
- **The landlord is not obligated to carry out works or repairs which, if carried out, would put the landlord in breach of any obligation imposed by any enactment (whenever passed or made). This would include things like breaching planning permission, or listed building consent, or conservation area requirements.**
- **Where the needed works require the consent of a third party (eg, a superior landlord or freeholder, a neighbouring leaseholder or owner, or a council) and the landlord has made reasonable endeavours to get that consent, but it has not been given.**

There is a list of items (carried forward from Landlord and Tenant Act 1985) which could give rise to "unfitness for habitation" if one or more of them would be prejudicial to health and safety:

- **repair**
- **stability**
- **freedom from damp**
- **internal arrangement**
- **natural lighting**
- **ventilation**
- **water supply**
- **drainage and sanitary conveniences**
- **facilities for preparation and cooking of food and for the disposal of waste water**

The Act doesn't specify the amount of time a landlord has from the time that the tenant informs that there is an issue until the time it must be rectified. This will give rise to an uneven playing field across the country and will, no doubt, be subject to case law over the next few years.

For issues that occur within the part of the building where the tenant(s) has exclusive use, the onus is on the tenant to ensure that the landlord or agent is made aware of the issue. Until that has happened the landlord is not liable under this legislation. Landlords or their agents / contractors have the legal right to expect to be given access, having given 24 hours minimum written notice and where the visit is during normal daylight hours (unless the issue is an emergency).

For areas where tenants do not have exclusive use, the landlord cannot rely on the tenant reporting an issue; the obligation to the tenant begins when the issue begins. This is not new. We have always been liable for issues like external walls, rainwater goods, drains, etc, and we are expected to take action to ensure that these things remain in good working order at all times. The landlord, his agent or contractor can access these areas at reasonable times without notice to the tenant in order to carry out repairs, though it is good practice to always let the tenants know as soon as possible before going to the property.

If the judge decides that one of the items from the list above has been proven to be defective, the tenant will not need support from a local authority officer or other specialist. A qualifying tenant can apply for legal aid to take the case of disrepair to court but not to apply for compensation following disrepair. But I have no doubt there will be plenty of No Win No Fee firms around – especially since PPI claims end this August.

PLEASE NOTE

"Any provision of a lease or of any agreement relating to a lease (whether made before or after the grant or creation of the lease) is void to the extent that it purports—

(a) to exclude or limit the obligations of the lessor under the implied covenant, or

(b) to authorise any forfeiture or impose on the lessee any penalty, disability or obligation in the event of the lessee enforcing or relying upon those obligations."

In other words, the law **IS** and cannot be changed by a term in a contract. Landlords cannot opt out of these legal obligations and most of us wouldn't expect to.

> "It's hard for good landlords to imagine the conditions of some of the properties rented to those who are desperate and have no choice."

Over the years I have been shown photographs by local authority officers which have made my blood boil. I am very pleased this legislation is here, but sadly have my doubts whether the tenants who need it most will feel able to use it.

When I watched the TV series where landlords moved into their own rented properties, I was struck by the number of times that tenants had not reported issues and had allowed them to become major problems. It seemed they were afraid of being evicted or faced with rent increases.

In fact, it was clear that the landlords who took part would far rather have known about the problem at an early stage so it could have been solved quickly and at little cost. But the media and grapevine have vilified landlords to such an extent that even good landlords are often feared by tenants, who then might not use the powers given them in this Act. On the other hand, I have no doubt that determined tenants will find this Act helpful when making spurious claims.

Full details of the Act:
http://bit.ly/YPN128-ML-HomesAct

TENANT FEES BILL

The Ministry of Housing, Communities and Local Government will announce the name of the local authority that will be the lead on regulation of the letting sector this month.

The third and final reading of this Bill took place in the Lords on 15th January. At the time of writing the outcome is not known but it is unlikely that any further major changes will be made.

I have read the record of the last report stage discussion which took place on 11th December. Some of the amendments were interesting, if a little paranoid!

"First, while unlikely, as the Bill is drafted a letting agent could conceivably require a tenant to enter into a contract for services with themselves for additional services related to letting, such as providing an inventory. Amendment 5 clarifies that letting agents are prohibited from requiring a tenant or other relevant person to enter into a contract with themselves.

Secondly, it is possible that a relevant person other than a tenant might be a party to a tenancy agreement or an agreement with a letting agent. We have made amendments to Clauses 1 and 2 to be clear that, where a person is acting on behalf of a tenant or guaranteeing a payment of rent, that person cannot be charged a default fee unless otherwise permitted by the Bill."

> "We had a narrow escape when it was proposed that the tenancy agreement should be given to the tenant and time given to read and understand it before the holding deposit is paid."

Thankfully it was accepted that this is not in the best interest of tenants who may need to sign up quickly. It was eventually decided they could rely on the Consumer Rights Act 2015 to protect potential tenants.

There was some comfort when, in reply to a proposal to remove the liability of joint tenants for key loss or rent arrears, one of the Lords said:

"If one joint tenant does not pay the rent, the landlord can seek repayment from all the other tenants. This is what tenants agree when they sign a joint tenancy and Amendment 52 would introduce a significant change as to how joint tenancies work in that regard. It would risk unfairly penalising landlords and unsettling the law in an established area."

Phew!

The following amendments were to clarify that once one holding deposit is taken on a property, another cannot be taken from a different person until the original fee has been returned or dealt with in line with the Act.

"(5) A payment of a holding deposit is not a permitted payment if—

> *(a) the landlord or letting agent to whom the deposit was paid has previously received a holding deposit ("the earlier deposit") in relation to the same housing,*
>
> *(b) the landlord or letting agent has not repaid all or part of the earlier deposit, and*
>
> *(c) none of paragraphs 5 to 11 of Schedule 2 have applied so as to permit the landlord or letting agent not to repay the earlier deposit or the part that has not been repaid.*

(6) The reference in sub-paragraph (5)(a) to a landlord or letting agent receiving a holding

deposit does not include the landlord or letting agent doing so before the coming into force of Schedule 2."

And then came the big ones …!

Amount of tenancy deposits

The following change was made to permitted payments:

"(a) the amount of five weeks' rent, where the annual rent in respect of the tenancy immediately after its grant, renewal or continuance is less than £50,000, or

(b) the amount of six weeks' rent, where the annual rent in respect of the tenancy immediately after its grant, renewal or continuance is £50,000 or more,"

Despite this battle being fought and won on the basis that reducing the deposit from six to five weeks would mean that "unconventional" tenants would struggle to find a home – those with pets, without a guarantor, from overseas, or with poor credit rating – at the very last minute this amendment has been made. The maximum deposit we can take is five times the weekly rent unless the annual rent is over £50,000, in which case we can take six times the weekly rent.

Default fees – just two items can be claimed

Originally we were going to be able to charge "default fees" for issues caused by tenants during the tenancy. There has been much debate in parliament – mainly around the fact that landlords and letting agents cannot be trusted and if they give us an inch we will abuse it to charge tenants for all manner of things!

The Bill was drafted so that we could only charge for items clearly listed in the AST, which tenants had been aware of before they signed up – **BUT THAT WAS NOT ENOUGH!** The amendments made on 11th December ***took away our ability to charge fees for anything other than these two:***

LATE RENT PAYMENTS

"Landlords or agents will be able to require a default fee for the late payment of rent where the payment has been outstanding for 14 days or more. Amendment 56 sets out that landlords or agents will be able to charge interest at no more than an annual parentage rate of 3% above the Bank of England's base rate for each day that the payment is outstanding. Any amount above this will not be permitted; it will be a prohibited payment."

LOST KEYS OR OTHER SECURITY DEVICES

"With respect to the charging of a default fee to cover the costs associated with replacing a lost key or other security device, any such charge must not exceed the landlord's or agent's reasonable costs incurred and must be evidenced in writing to the person who is liable for the amount of that payment"

The plan is to allow these two "default payments" during the tenancy and, should it become necessary, to add more to the list by introducing **"affirmative regulations"** Hummmm…

Variation, assignment or novation of a tenancy

There was a proposal to have a maximum fee of £50 for variation, assignment or novation of a tenancy at a tenant's request. It was only the fact that the Lords want to see this Bill passed quickly that prevented this change. It now remains a fee of £50 or reasonable costs which must be proven.

By the time you are reading this the final reading in the Lords will have taken place on 15th January: Assuming Royal Assent, the ban on lettings fees will apply to all tenancies signed after 1st June 2019.

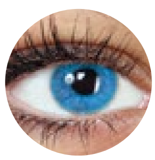
CLIENT MONEY PROTECTION

The Client Money Protection legislation (as set out in Part 5 of the Housing and Planning Act 2016) will be enforced from 1st April 2019. All agents will need insurance cover for money not held in custodial deposit protection schemes in order to protect both tenants and landlords.

It is a requirement of the legislation that the agent also has a **separate client bank account**. However, for a transitional period of 12 months to 1st April 2020, they are permitting agents to join a scheme if they are making all efforts to apply for a client account but have not yet obtained one.

One item I found bizarre, when reading the debate in parliament: they have reduced the amount of insurance cover agents will need for client money protection. The quoted advice that the RLA apparently suggested for members, namely to use several different agents for their properties so that their rental income is not in the account of one single agent who may not have sufficient insurance to cover it – wow!

If ever there was a time when I wouldn't want to be a letting agent, it's now. I wish all the good ones good luck … and the others bon voyage!



Mary Latham is the author of

"Property for Rent – Investing in the UK: Will You Survive the Mayhem?"

MAKE 2019 THE YEAR YOU GET TO KNOW YOUR TENANTS

By **James Davis**, Founder & CEO, Upad.co.uk

December and January are that time of year where we make resolutions for a better year ahead. We recently asked some of our more seasoned landlords what advice they'd give to those who are taking their first steps in the buy-to-let market. They provided us with some pretty good tips which we thought were worthy of being included on everyone's new year's resolution list.

An overwhelming majority came back and said that as we approach a new year, it's always worth investing the time in getting to know both current and prospective tenants. For those who had been in the market for a while, one of their biggest regrets was that they had not met and vetted prospective tenants themselves.

Furthermore, many regretted failing to appreciate the value of tenant referencing checks.

It may feel like an unnecessary encroachment on your time as a landlord to go through the hassle of meeting all potential tenants. And whilst there are many characteristics that can be confirmed via legal and financial checks, traits such as punctuality, appearance and a willingness to be honest and open can only be ascertained via a good old-fashioned face-to-face conversation.

Many landlords place employing a personal service in their business their highest priority. Some even try to check the condition of the prospective tenant's vehicle as a means of ascertaining how they may treat the house, should they move in.

But it's not just a case of an initial face-to-face meeting being of benefit to the landlord. Our own data suggests that the clear majority – over 90% – of tenants like to meet their landlord too. It really can therefore be a win-win situation which should only require a small investment of your time.

Indeed, when we asked Upad's landlords what single piece of advice they'd give to those starting out in the BTL market, meeting prospective tenants was the clear winner. It's evident that they hold face-to-face meetings with high importance, with over one third of respondents citing it as the most essential piece of advice.

We know it's not always easy to find the time to meet with every prospective tenant. But making small sacrifices to free up time to do so can really pay dividends when you secure a tenant who will remain in situ for several years.

If you're trying to let a property that is likely to prove particularly popular, then an open day event at which you are present can be a good idea.

There's no denying that the days of having enough spare cash to invest in an investment property and then sitting back to watch the rent roll in are well and truly over … for most landlords, at least. Issues relating to taxation, profitability and overall affordability, not to mention planning for unforeseen circumstances, play on all but the most nonchalant landlord's minds.

However, forging a genuine connection with tenants is continuing to stand above financial concerns for many experienced landlords. It serves to demonstrate the extent to which investment in the buy-to-let market remains a long-term strategy, rather than a simple and quick win.

That is also something that will be well worth remembering as we enter a year which is likely to bring much more of the unexpected.

So, by the time this magazine reaches you, we're already two months into a new year. It's perhaps worth taking the time to commit to a more hands-on approach to selecting who lives in your rental property.

James

Image © Bigstock.com/fizkes

CONSULTATION ON ENFRANCHISEMENT AND LEASEHOLD EXTENSIONS

By **David Lawrenson**

There is a government consultation on leaseholds now ongoing. This move follows a government white paper that came out in Spring 2017.

Leasehold ownership is a form of owning where the leaseholder / tenant has the right to occupy a property for a set term. In return for being paid ground rent and service charges, the landlord / freeholder will have to meet certain obligations set out in the lease, such as making sure the building is insured.

At the end of the agreed term, ownership reverts to the freeholder unless the lease has been extended or enfranchised. This is when leaseholders collectively buy out the freehold.

The government consultation covers both enfranchisement and lease extensions. It looks at harmonising both processes and making them simpler, to give more power to leaseholders and to reduce costs.

GROUND RENTS

Ground rents have become very important over the past couple of years, and these will certainly be considered in the consultation. They have been in recent news due to concerns about arrangements where they double at intervals of as little as ten years. In some of the newer London flats, ground rents start at as much as £2,500 per year and increase every ten years. It can get very expensive in a very short space of time!

Mortgage lenders have reacted and most now refuse to lend on any property where the lease allows the ground rent to increase in such a rapid way.

The government may look to cap new ground rents at say, £10 a year. This will be good news for leaseholders. Not only because of the lower annual cost, but it will also directly impact the amount that needs to be paid to the freeholder in case of enfranchisement or lease extension.

Image © Bigstock.com/Petrafler

When buying with a mortgage, or selling to someone who needs a mortgage loan, you should give thought to the lender's requirements to do the deal. This has always been the case, but now it matters more than ever. Mortgage companies are making it increasingly clear that they expect to see reasonable ground rents in new leases. With no silly escalation clauses.

In the past, we tended to see ground rents of no more than say, £250 a year. Lenders tend to be comfortable with ground rents at this level or lower. And they were also okay with rent increases no more frequently than every 25 years. Anything higher in terms of price and frequency can make ground rents unaffordable to flat owners. This can then start to affect the capital value of the property. In turn, this makes it harder for lenders to lend on, as they worry that the value of the asset itself will diminish.

ENFRANCHISEMENT

The other area under review in the consultation is leasehold enfranchisement. Most leaseholders have enfranchisement rights, which gives them the right to extend their leases by ninety years. Part of the rights also include purchasing the freehold of the building along with other flat owners in a collective enfranchisement claim.

The law that covers these processes is rather complex, as is the method of working out what the cost will be. It's usually referred to as the premium in legal jargon.

The complexity is a result of the many variables involved in the calculation: how long is left on the lease, the amount of the ground rent, the value of the freehold, and leasehold interests being the main variables.

The final amount for value often cannot be agreed. Freeholder and leaseholder often have widely varying figures. As a result, lots of cases end up at first tier tribunals or indeed, the courts.

The government is therefore consulting on reforms to make this process easier, clearer, and less costly for leaseholders. It is hoped that simplifying the legal process and clarifying the calculations of cost will allow leaseholders to have a better idea of costs from the outset, rather than getting a shock once the process has started.

Big changes are not expected in the short term. But if you are about to buy a flat with a high and increasing ground rent, it may be worth getting legal advice on how the proposed changes could affect you in due course.

FINAL NOTE

Leasehold Solutions is mourning the death of Alex Greenslade, who died in November. He founded the project management company with his sister in 2002. In the late 1990s, Alex was the owner of a leasehold flat with a short lease. His landlord offered an extension with lousy terms. Not wanting to be bound to an unsatisfactory lease, Alex instead acquired the freehold of his building. He noticed a gap in the market, and set up the first specialist leasehold enfranchisement project management company, working solely on behalf of leaseholders.

He went on to launch the Association of Leasehold Enfranchisement Practitioners (ALEP). He was a great speaker and spoke regularly at LettingFocus events. He will be sadly missed.

David Lawrenson is the founder of LettingFocus.com and an independent expert and consultant in residential property investment. He specialises in providing independent advice on BTL and property investments. Contact him at david@lettingfocus.com.

He is the author of three books: *"Successful Property Letting - How to Make Money in Buy to Let"*, *"Buy to Let Landlords Guide to Finding Great Tenants"* and *"Tenants Guide to Successful Renting"*

BUILDING A SAFER FUTURE

By **Graham Kinnear**

No one will ever forget the awful scenes at Grenfell Tower in North Kensington on 14 June 2017, and all would agree that we should learn lessons from this disaster.

The government have very recently produced a document entitled ***Building a Safer Future.*** This paper details some of the fire safety measures that are being considered for implementation, and many of these measures are relevant to property investors.

There is going to be an overhaul of Approved Document B of the Building Regulations. This is the section which deals with fire safety. Whilst comprehensive changes are coming in respect of High Rise Residential Buildings (HRRB), it is likely that measures for other property types will also be introduced.

Central also to this document is the suggestion that fire risk assessments should be undertaken on an annual basis, rather than just ***regularly*** as is currently the case. Indeed, those undertaking the assessments will, following government changes, need to be approved inspectors and have the ***"relevant skills, knowledge and experience"*** to assess the risks. This is a welcome clarification as clearly it is preferable to have a survey undertaken by someone who knows what they are doing.

Another likely and welcome change is what the report refers to as: ***"digital by default"***. This is the idea that all risk assessments and documents pertaining to a property are held electronically and are available for inspection by any of the residents to which they relate. This drive for further transparency is a welcome one and something which will not alarm compliant landlords.

I have often wondered why a central database is not available to host EPCs, gas safety records, legionella reports and fire risk assessments. It would make the job of the landlord and letting agent so much easier. It may be that this concept is now going to start to gain traction. There is also to be an addition to the Housing Health and Safety Rating System (HHSRS) relating to fire precaution. This is important. Landlords will need to be aware that if any hazard is identified by the local authority, they can issue an enforcement notice. This will effectively remove your right to serve notice on the tenant until the issue is rectified.

Image © Bigstock/Vitalalp

There is some considerable consultation currently being undertaken by the government with regulatory bodies, resident groups, fire safety experts and the like, prior to further legislative changes being introduced. I understand that many of these discussions are scheduled for Spring of this year.

As far as property investment is concerned, I think the issue is twofold. Firstly, landlords will need to ensure their existing properties have sufficient and operational fire safety measures. Legislative changes are doubtless coming in which will give better prosecuting powers to the authorities. This, in conjunction with the proposed strengthening of consumer redress for the housing market, which is detailed in the report, will mean that non-compliant landlords will find it increasingly difficult to stay off the radar.

For those who think they are compliant, I would urge you to review your existing property holdings.

By way of an example: whilst undertaking building surveys, I have seen two mid-terrace properties in the last month where there was no fire wall in the loft space separating the dwellings. The absence of a separation wall will allow a fire to spread much more quickly, cause more damage and more importantly, pose a greater risk to the building's occupiers. Both properties had a mains smoke detector on each floor. I suspect both were owned by a well-intentioned landlord who simply had not undertaken a thorough inspection of their premises, nor employed a competent risk assessor to undertake an inspection. The second issue will be the due diligence process that you undertake prior to acquiring a property. Additional consideration should be given in terms of how fire precaution can be carried out – paying attention to those areas which separate different units, or units from a communal area.

Furthermore, I imagine many of you will want to source specialist advice if you are considering a HRRB or even a standard property with some different construction materials such as framing, uPVC cladding, spandrel panels and the like. If the revised Approved Document B cannot be complied with, then the property is unlikely to be allowed to be let.

You should therefore understand the likely costs to obtain such compliance.

It is right that fire precaution is at the front of our minds when dealing with tenanted property, and so I am broadly in support of the proposed measures. Grenfell Tower represented the largest loss of life ever witnessed in the UK in a residential setting since the war and we need to ensure that such a disaster can never happen again.

As always, I am happy to assist readers with their property questions and queries and can be contacted on 01843 583000 or graham@grahamkinnear.com.

Graham is the author of **"The Property Triangle"**

INSIDE RENT 2 RENT

By **Francis** and **Emily Dolley**

Getting Started with Rent-to-Rent

Perhaps a better title would have been *"Where do I start?"* … as this is a question we get asked all the time. The answer is always the same – get educated.

Rent-to-rent is, quite rightly, perceived as a low-entry-cost property investing strategy. And it is, but it still takes ***some*** money to get started. Without the proper education, or help from an experienced mentor, chunks of that money will soon go sliding out under the door.

Our flagship training day costs less than the average profit from one property for one month, so there really is no excuse for not getting educated.

Next, you should create a simple business plan with clear cash flow and personal goals. Keep it simple to start with. Work out how much you would need to double your current income, and set that as your initial goal.

If you don't already know it, figure out **WHY** you want to spend the coming months or years of your life outside your comfort zone, as a property investor.

For us, it's all about the ***FREEDOM*** the lifestyle creates. We no longer have to exchange our precious time for money, never set our alarm clocks and we spend our days as we choose, all thanks to rent-to-rent.

In a nutshell …

The whole rent-to-rent process is simple. Find the distressed landlords, identify the problem, offer a fix for said problem, and negotiate a deal that is of benefit for everyone. If necessary, carry out a light refurb. Then fill the property with great young professional tenants, and remember to check your bank account on the first day of each month.

Ok, well it's not quite as simple as that. Of course, the devil is in the detail.

A crucial skill for most property investors is to be able to identify and solve current or future problems that landlords or agents may be experiencing.

It's your job to make sure they fully appreciate the implications of those problems – known as stirring the pain – before you offer them the solution.

You must make sure to offer the correct solution for that particular problem. And of course, make sure that you over-deliver on your promise. For instance, many landlords may not yet be aware of Section 24, or the changes to the licensing rules, and will be clueless what to do when the changes come into force.

Foundations

If you've ever visited the Leaning Tower of Pisa you'll understand the importance of strong foundations.

The Italian government have literally spent millions of Euros, hundreds of thousands of hours and a massive amount of energy to stop the tower from falling over. If only the same amount of time had been spent on getting the foundations right …

Setting up a business is just the same. Spending time at the start to build solid foundations will ease the way, speed up the whole process exponentially and save you a ton of money and stress. It could make all the difference between absolutely crushing it or struggling for months before giving up and going back to the day job. So, where ***do*** you start?

Well, we can't offer financial advice, but we can tell you what we did. We opened a business bank account, set up a limited company, and got the required insurance policies set and ready to go. You'll need professional indemnity, public liability, employer's liability and you must register with the Information's Commissioners Office.

You also need to fully understand current legislation. Some people worry about this, but we see it as a tick list. Just make sure you know what's required and make sure you do everything on the list.

Next, it's imperative that you do some market research to find out if there's a demand for rooms in your potential investment area. This can be as simple as scrutinising and analysing SpareRoom over a period of time. Some people make the mistake of doing this once and basing their conclusions on that, but like all things in life, room demands ebb and flow with the seasons, political uncertainty and local hustle and bustle.

Agents are your friends

Put yourself in the agent's shoes. It's said that 50% of deals fall out of bed, so therefore the agent knows that 50% of the time, they're wasting their time.

Your initial goals when working with agents is to make their life as easy as possible. Build a relationship with them and earn their trust – always keep your word and help them to understand that you are doing them a massive favour. How? Because you'll never back out of a deal and you'll never waste their time. You will pre-empt their requirements and have all documentation ready before they even ask. **PLUS** you might be able to pay them a little more than their usual fees. This will get their undivided attention.

Until next month: **Decide and commit, don't dabble and never quit.**

CONTACT DETAILS

Francis and Emily are the authors of the best selling Rent 2 Rent Simple Business Plan Template. Available from

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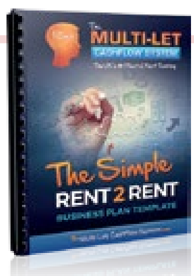
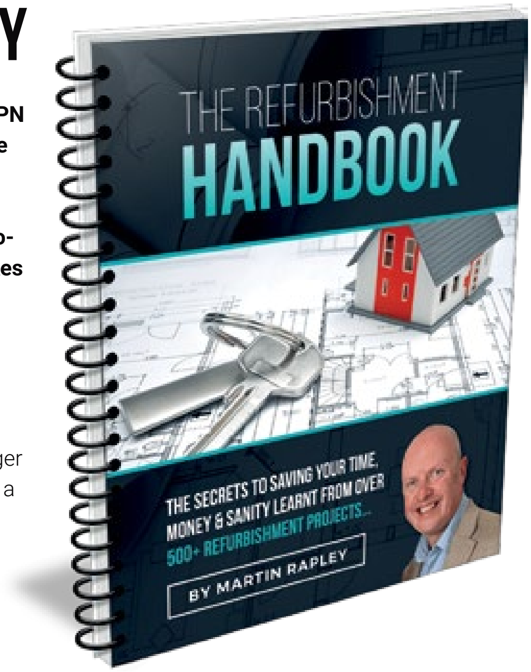


THE REFURBISHMENT HANDBOOK

BY MARTIN RAPLEY

Martin has been publishing articles in YPN about all things refurbishments for some time, and very useful they are too! In his first book, Martin has condensed many aspects of refurbishment into an easy-to-read ring-binder handbook … which makes it even easier to read.



With over 500 projects to his credit, he is well placed to provide this advice.

The book covers everything from finding the project, to appointing a project manager (if required), and everything in-between in a step-by-step manner.

In the introduction, Martin describes his background and the journey that led to him to project managing the whole construction process for contractors, before setting up his own consultancy. Since 2012 he has been helping property investors get their head around various projects. Along the way, he has become a property investor in his own right so can now see both sides of the coin.

Chapter 1 starts with finding the right property, and Martin reminds readers that this can be done by using certain key words in the relevant property portals eg probate, repossession. As always, don't accept the agent's advice about prices and values – it's up to you to do the due diligence. Martin suggests that you get good at analysing deals quickly – keep good notes and create checklists when viewing to allow quick initial appraisals. He also suggests being specific with agents about what you are looking for, eg converting a house to an HMO or buying a house to flip.

The next steps of appraising whether the deal stacks are covered in **Chapter 3**. Martin's first tip is to write up each appraisal with a list of all costs, including refurbishment. For the latter, include a contingency for unforeseen works. If preparing a budget is not your strength, pay someone other than a builder to do it for you. When working out what to offer, assess the end value and deduct all costs, plus the profit or equity you desire.

The next two chapters cover putting together a specification aka a Schedule of Works (SoW). In the first section, Martin describes the rationale for writing a specification, with the main purpose being to ensure that all builders are pricing the same works based on your requirements. A good SoW will save you time, give you better control of costs and save endless questions from the builder.

Start the SoW as soon as possible. Write it in clear and plain English and use photographs if it helps. It's best to type up the SoW so that changes can be easily made before finalising. Write it in a logical manner, either room by room, trade by trade or a hybrid of the two *(RB: I use a hybrid format)*. The next step is to make the SoW more specific if a particular room requires it, eg certain tiles to be used or what the client is planning to supply. By following this process stepwise, you will naturally create a good specification before getting quotations.

Chapters 6 and 7 cover quotations and some decisions you'll have to make – will you project manage and get individual trades, or employ a builder who takes on the whole project? Martin strongly advocates the second approach and suggests getting three quotes from recommended builders.

It's important to select builders who are geared up to do the type of project you have in mind. Give them the specification you have written up and show them around the property. When requesting a quote, ask what the turnaround time will be (for smaller projects, two weeks is reasonable). When comparing quotes, Martin advises that cheapest isn't always best, so consider things like how professional their quote was and whether you can get on with them.

In **Chapter 7**, Martin highlights a six-stage process culminating in selecting your builders. **Chapters 8, 9 and 10** broadly cover "working with builders" and include appointing builders, contracts and top tips on maintaining a good rapport during the works.

Key take-home messages are: agree payment terms; agree start and finish dates; agree frequency of meeting them to assess progress. Are formal contracts important? Martin doesn't believe that they are essential for most small projects, as long as there is clear documentation in place. By way of an example, he highlights the types of things one should include in a basic terms document. Another thing to keep in mind is that most builders are not property investors, so may not be up to speed with things like HMO regulations and you'll need to advise them.

In **Chapter 11**, Martin reminds readers that more profit is lost due to time slippage rather than overspend on building works, so keep to a time schedule and agree this with the builder. Martin suggests some tools that will help in doing this.

If you have multiple professionals, eg builder, architect, planning consultant, then it may be prudent to appoint a project manager. This is covered in the final chapter.

WHO IS THIS BOOK FOR?

I believe everyone will get something from this book. It will particularly appeal to those who are just starting out or those who have already done a refurbishment, but things have not gone according to plan. All the chapters are a condensed version of what's required for refurbishments, but there is enough content, ideas, suggestions and tips to help and keep everyone engaged. Vitally, this is all aided by Martin's down to earth no- (low-) jargon style.

Book reviewed by:

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BOOK DETAILS Available free at: **www.refurbhandbook.co.uk** Date published: **2018**

THE TRENDS FOR 2019

By **Marcus de Maria**

2018 was a turbulent year for all cryptocurrency holders. At the time of writing, the price is down over 80% from the highs of the end of 2017. However, the fundamentals have never been stronger, even though the price is falling.

2019 is here. What can we expect to see this year, and what are the major trends?

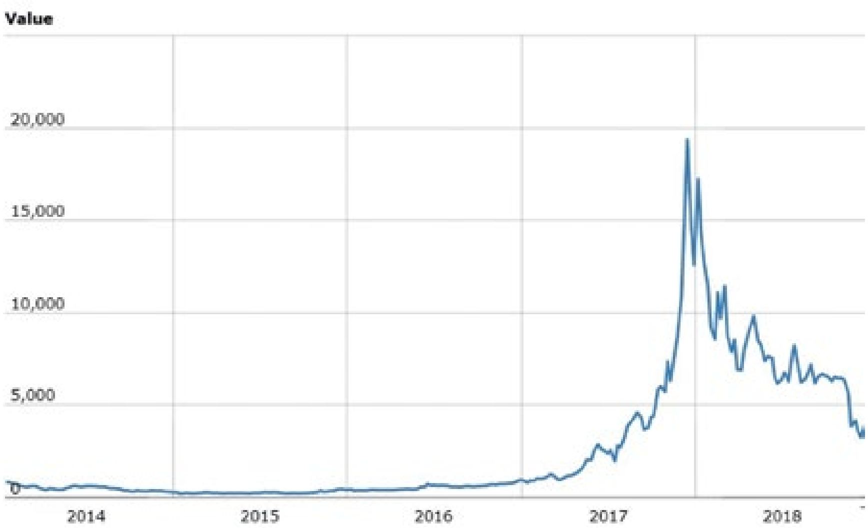
WHAT HAS HAPPENED UNTIL NOW?

During 2017, the cryptocurrency market exploded. Altcoins and utility tokens emerged on a large scale. It didn't matter what investors bought because most of the cryptocurrencies went up thousands of percent in price. The media started to write about the market, and the fear of missing out drove millions of retail investors into the crypto world.

It was unusual for only retail investors to drive a market, but this was the case. During the end of 2017 the market took off, and the total market cap reached $830billion, and Bitcoin reached $20,000 per coin.

However, 2018 was a very different story. The market fell from the all-time-high of $830billion down to $100billion. A fall of 87%.

How is it possible, and what has driven the market lower?



First of all, everything that goes up must also come down. Markets move in cycles. A move up of thousands of percentages is not healthy. Everything that goes up tends to go bit too high and the opposite is also true. The market went too high, and the infrastructure was not in place to support it. Regulators began watching the space, and have now started to create a regulatory framework around it.

The infrastructure is improving, and 2019 has a lot in store for us that could turn the tide.

TRENDS OF 2019

Retail investors drove the market during the last bull run, and many say that institutions might ignite the next. However, the institutions most likely do not want to buy a bitcoin at $20,000 per coin. They would want to buy at the lowest price possible, therefore the big players are expected to enter in 2019. Consequently, the market might see one last capitulation where the money goes from weak hands to strong hands, aka the institutions.

TREND 1 – INSTITUTIONS WILL ENTER THE MARKET

Institutions that are entering the market include TD Ameritrade with its 11 million clients, and Fidelity with its 25 million customers. At the moment, there are only five million active Bitcoin wallets. Imagine what 36 million customers from two of the world's largest institutions will do …

That is not all, Intercontinental Exchange, the owner of New York Stock Exchange, will launch their platform Bakkt during 2019 in collaboration with Microsoft and Starbucks to spur mass adoption. The stock exchanges Nasdaq and Boerse Stuttgart, the second largest exchange in Germany, will start to offer crypto-related products and trading platforms.

If institutions and exchanges bring a few percent of their customers into the cryptocurrency market, this could indeed initiate the next crypto bull run and create FOMO once again.

Custodial Services

Institutions are waiting for a safe environment to enter the cryptocurrency world, meaning they are waiting for custodial services to be created. Many big players are working on such services to help institutions to enter. One such service is BlackRock who currently manage a modest $6.28trillion. They are not alone, the world's biggest cryptocurrency exchanges, Coinbase and Goldman Sachs, are also working on similar products. We are not there yet, but the infrastructure is being built in front of our eyes.

Exchange Traded Products (ETF)

Another factor that will bring institutions and other investors into the market is through an Exchange Traded Fund (ETF). Many have tried to launch such a product, but no-one has been approved yet. The Winklevoss twins, among others, failed because the Security and Exchange Commission (SEC) argued it was not safe enough for investors. The status of ETFs is currently postponed, but the SEC may approve them at some point during 2019.

The SEC is reviewing the ETF created by investment firm, VanEck and blockchain company, Solidx on the Chicago Board Options Exchange (CBOE). This ETF is the one with the biggest chance of success due to CBOEs relationship with the SEC.

TREND 2 – REGULATION AND THE EMERGENCE OF SECURITY TOKENS

An initial coin offering (ICO) is a way for startups to raise money. However, most of the companies created through an ICO during 2017 will fail. They will either run out of money, or no one will use their coins/tokens.

Another factor is the SEC and regulation. Almost all ICOs created utility tokens, but many of them did not follow the regulatory framework, and the SEC is now going after them. Even though they are going after the offerings, it does not mean they are against the concept of an ICO. The commissioner, Jay Clayton, has even said that they are a great way of raising capital, if the startups follow the regulatory framework.

Startups and companies are now looking into other ways of raising capital. Instead of creating a utility token, many new companies are creating security tokens (STO). A security token is, in reality, a share of the company. A utility token, on the other hand, is nothing more than a piece used in a company's ecosystem. Many argue that security tokens will be the future and breakthrough during 2019. Nasdaq wrote:

"If 2017 marked the emergence of initial coin offerings and 2018 has been the year of regulatory uncertainty around those ICOs, then 2019 will belong to the security token. So far, security token offerings make up only a relatively small percentage of ICOs. But that will soon change. Security tokens, not utility coins, will attract significant amounts of Wall Street money next year."

TREND 3 – STABLE COINS

Another trend under development is stable coins. A stable coin is a cryptocurrency that holds a stable value. The coin gets pegged to another stable asset, such as gold or the US dollar, for example. Unlike our traditional stable assets, a stable coin is global and not tied to a central bank. The masses are watching the crypto market but are not entering because of the volatility. Stable coins could be the solution.

Regarding the future of stable coins, they can indeed drive adoption. The potential for stable coins is huge, in everything from crypto insurance to lending and savings. Entrepreneurs hope there can be room in the market for many successful stable coins.

SUMMARY – WHAT DOES 2019 HAVE IN STORE FOR US?

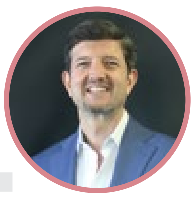
All the pieces are coming together. If Bitcoin were seeing its last days, the major players mentioned would not be entering the market like they are. The market is giving us a second chance to enter at low prices. It would be worrying if the market were falling and no development would occur. But at least there would be a reason.

Now, however, the market is growing every day, and just like the internet we use today, the blockchain and cryptocurrencies will most likely have a big part in all of our futures.

Bear this in mind: the internet we use today is not the internet that was created during the 1990s.

If you are interested in the ***strategies*** I use to buy Bitcoin, Ethereum and other cryptocurrencies, feel free to download a copy of my book, which you can find for **FREE** at **www.crypto-wealth.io**

Marcus



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PROPERTY MARKET PREDICTION FOR 2019

By **Simon Zutshi**

Whilst there is massive uncertainty in the UK property market right now, many investors are unsure of which strategies would be best to use in 2019. This month, Simon Zutshi shares his predictions for which strategies to use, and which ones to avoid.

When I first started to invest in property back in 1995, like most people, I thought that a falling property market was a bad thing for property investors. But now that I have experienced a market boom, crash and another boom over the past 23 years of investing, I know that there is a huge opportunity this year. Maybe even the buying opportunity of this decade …

First of all, I would like to share with you my prediction for the 2019 property market. In my opinion, there is no doubt that house prices will fall. Of course, I can't say how much they will fall, but I feel that this year there will likely be a dip in prices, rather than a crash like in 2008.

There are three main factors that will cause this fall in house prices in 2019. The first is due to the uncertainty caused by Brexit. No one really knows what will happen after March 29th. I think many potential buyers have decided to wait and see what happens. They're therefore not looking to buy right now, because they're worrying that property prices could fall further. This means there are less buyers in the market than there might otherwise be.

The second main factor is the effect caused by Section 24. Higher-rate tax payers who own properties in their personal name will pay more tax on their rental property income. By 31st January 2019, all 1.75 million UK landlords should have submitted their personal tax return for the 2017-18 tax year.

This will be the first time that many landlords realise the true effect of Section 24, and will be surprised that they are paying more tax despite earning the same rental income. When they ask their accountants why they're paying more tax, they will be told that it's because of Section 24, and it will only get worse over the next three years.

We are already seeing lots of long-term landlords deciding to retire early and selling off their portfolios. There may be hundreds of thousands of higher-rate tax payers and non-professional landlords who have had great capital growth on their property over the last ten years now deciding it's time to sell their property and invest their money elsewhere. If this happens, the property market could be flooded with ex-rental properties for sale. And with not that many people looking to buy, house prices will fall.

The final and third factor that will cause house prices to dip further in 2019 is the fact that many property surveyors are being very cautious and down-valuing property when conducting valuations for mortgage companies. The Royal Institution of Chartered Surveyors (RICS) has publicly said that they believe the property prices will fall this year and have advised their members to be cautious. Unfortunately, this becomes a self-fulfilling prophecy. Property prices are based on the valuations by surveyors on behalf of the banks, so if surveyors are over cautious and down-value properties, this actually causes a drop in house prices.

WHEN SHOULD YOU BE BUYING PROPERTY?

Should you wait until the market bottoms out before you buy your next property? Absolutely not. As long as you know what you are doing, now is one of the best times to be buying, probably the best buying opportunity of this decade.

But what happens if you buy a property now, and then prices continue to fall so that it is worth less in six months' time? Well that could happen, but if prices fall, that does not mean you have actually lost any money. You would only lose money, if for some reason, you had to sell for less than you purchased it for. As long as you can afford to hold the property until prices have a chance to rise again, then you have not lost any money. It is important to remember the 5 Golden Rules from my book Property Magic. Three of these rules are particularly relevant here.

- **Rule No 2: Always buy in an area of strong rental demand.**
- **Rule No 3: Always buy for positive cash flow.**
- **Rule No 4: Always invest for the long term.**

If you follow these then you should be able to hold the property until prices recover, and have no need to sell. So you won't lose money if the market drops.

The property market is cyclical. Prices go up and they come down, but the long-term trend in the UK is up because we live on an island, with a limited supply of accommodation and an increasing population. Given enough time property prices will recover.

WHAT ABOUT THE RENTAL MARKET?

If masses of landlords decide to put their property on the market, then that means there will be less rental stock available. I therefore expect rents will rise in 2019. This is good news for those of us who are planning on staying in the market.

Some have predicted that the UK will go into recession after Brexit. If this happens, the general population may become more careful how they spend their money. Young people might decide that instead of living alone in an apartment, shared accommodation will be a more cost-effective solution. I believe we will see the demand for rooms in HMOs increase this year.

GET YOUR FUNDS READY FOR 2019

If you have equity in your home, or other investment properties, which you plan to use to invest in 2019, then I recommend you release it as soon as you can. We don't know what will happen to the mortgage market or the extent of property price falls after Brexit. I suggest you release equity now whilst you still can, so that you have funds ready to move quickly and snap up some great deals this year.

A GREAT TIME TO NEGOTIATE DISCOUNTS

If the general public believe that property prices are coming down, it puts you in a much better position to negotiate a good discount off your next few property purchases. There will be some sellers who believe that the property market may be about to crash. They will be prepared to sell their property at a good discount just to get it sold quickly, because they think they prices could fall much further – as they did in 2008.

No one can accurately predict when the property market will hit the bottom. If you postpone your investing until you think it has hit the bottom, and everyone else also believes it is at the bottom, which means that prices can only go up, then all sellers hope someone will come along and pay more for their property. This means it is actually harder to get discounts at the bottom of the market. Right now really is a great time to be buying, as long as you know what you are doing.

STRATEGIES TO AVOID IN 2019

If you believe that the market is falling in 2019, then there are two strategies you should avoid. The first one is buying property off-plan, which you should only really do in a rising market. The second to avoid in a falling market is flipping property. This is where you buy a property with the intention of adding value, and then sell it on for a profit. It can be a great strategy, but only in the right market conditions.

There is a risk that if you buy a property now, spend money on it and try to sell it in a falling market, it could be worth less than you paid for it. If you are opting to use this strategy, make sure it can be easily rented out to cover all costs in case the property doesn't sell. Do this until the market rises and then you can sell at a profit.

THE BEST STRATEGY FOR 2019

I believe one of the best strategies you should be using in 2019 is purchase lease options (PLOs). This is a massively misunderstood, but very powerful, strategy. The main problem is that PLOs only work in very specific circumstances and most investors don't know how to use them correctly.

The basic idea of a PLO is that you take control of someone's property/ies, rent it from them for an agreed time, and then have the right – but not the obligation – to purchase it within the timeframe. The purchase price is agreed at the beginning of the option period.

PLOs work well with property used for single lets, HMOs, serviced accommodation, and commercial-to-residential conversion. They are very versatile, and can be whatever you and the seller agree. You should always make sure that you use solicitors who understand PLOs to put the paperwork together for you. This is another issue, as most solicitors don't.

The reason that PLOs are such a great tool to use in the current market conditions is because there are so many landlords who are considering retiring early. The landlords can benefit from maximising their personal capital gains tax allowance by spreading the sale of their properties over several different tax years. By using PLOs, you can take on the responsibility of managing the properties for them so they can walk away from the hassle of doing so themselves.

Over the next few months, my monthly articles in YPN will focus on how you can use this powerful strategy in your investing this year.

Wishing you all the very best in 2019.

Invest with knowledge,
invest with skill.

Best wishes,

Simon Zutshi

- Author of Property Magic
- Founder, property investors network
- Founder, Property Mastermind Programme

THE YPN JARGON BUSTER

A list of the abbreviations and tech-talk used in this month's YPN – and more …

ACV Asset of community value

ADR Alternative Dispute Resolution

AI Artificial intelligence

APHC Association of Plumbing and Heating Contractors

ARLA Association of Residential Letting Agents

Article 4 An Article 4 Direction removes permitted development rights within a specified area designated by the local authority. In many cities with areas at risk of 'studentification', there are restrictions on creating HMOs so you will have to apply for planing permission. Check with your local planning authority.

AST Assured Shorthold Tenancy

AT Assured tenancy

BCIS Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.

BCO British Council for Offices

BIM Building information modelling

BMV Below market value

BRR Buy, refurbish, rent out

BTL Buy-to-let

BTR Build-to-rent

BTS Buy-to-sell

CCA Consumer Credit Act

CDM Construction Design and Management

CIL Community Infrastructure Levy - The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. (Source: planningportal.co.uk)

CIS Construction Industry Scheme – Under this, contractors deduct money from a subcontractor's payments and pass it to HMRC. These deductions count as advance payments towards the subcontractor's tax and NI. Contractors must register for the scheme. Subcontractors don't have to register, but deductions are taken from their payments at a higher rate if they're not registered.

CGT Capital gains tax

CML Council for Mortgage Lenders

CPD Continuing Professional Development

CPT Contractual periodic tenancy

CRM Customer relationship management (eg, CRM systems)

CTA Call to Action

Demise A demise is a term in property law that refers to the conveyance of property, usually for a definitive term, such as premises that have been transferred by lease.

DHCLG Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)

DoT Deed or Declaration of Trust

DPS Deposit Protection Service

EHO Environmental Health Officer

EIS Enterprise Investment Scheme

EPC Energy performance certificate

FCA Financial Conduct Authority

FHL Furnished holiday let

FLEEA cover Insurance cover for Fire, Lightening, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time

FPC Financial Policy Committee

FRA Fire risk assessment

FSCS Financial Services Compensation Scheme

FTB First time buyer

GCH Gas central heating

GDP Gross domestic product

GDPR General Data Protection Regulation

GDV Gross Development Value

HB Housing benefit

HHSRS Housing Health and Safety Rating System

HMO House of Multiple Occupation

HNWI High Net Worth Individual a certified high net worth investor is an individual who has signed a statement confirming that he/she has a minimum income of £100,000, or net assets of £250,000 excluding primary residence (or money raised through loan a secured on that property) and certain other benefits. Signing the statement enables receipt of promotional communications exempt from the restriction on promotion on non-mainstream pooled investments. (Source: FCA)

HP Hire Purchase

HSE Health and Safety Executive

ICR Interest Cover Ratio

IFA Independent financial advisor

IHT Inheritance tax

JCT (contract) Joint Contracts Tribunal – produce standard forms of construction contract, guidance notes and other standard forms of documentation for use by the construction industry (Source: JCT)

JV Joint venture

JVA Joint venture agreement

KPIs Key Performance Indicators

L8 ACOP Approved Code of Practice L8 – Legionella Control and Guidance

LACORS Local Authorities Coordinators of Regulatory Services

LHA Local Housing Authority

Libor London Inter-Bank Offered Rate

LLP Limited Liability Partnership

LTV Loan To Value

MCD Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)

MVP Minimum viable product

NALS National Approved Letting Scheme

NICEIC National Inspection Council for Electrical Installation Contracting

NLA National Landlords Association

OIEO Offers in excess of

OMV Open market value

ONS Office for National Statistics

PBSA Purpose-built student accommodation

PCOL Possession claim online

PD Permitted Development / Permitted Development rights – you can perform certain types of work on a building without needing to apply for planning permission. Certain areas (such as Conservation Areas, National Parks, etc) have greater restrictions. Check with your local planning authority.

PI insurance Professional Indemnity insurance

PLO Purchase lease option

PM Project manager

PRA Prudential Regulation Authority – created as a part of the Bank of England by the Financial Services Act (2012), responsible for the prudential regulation and supervision of around 1,500 banks, building societies, credit unions, insurers and major investment firms. (Source: Bank of England)

PRC Pre-cast reinforced concrete. Often used for residential construction in the post-WW2 period, but considered as non-standard construction and difficult to mortgage. Most lenders will not lend unless a structural repair has been carried out in accordance with approved PRC licence, supervised by an approved PRC inspector. Legal evidence of the repair is issued in the form of a PRC Certificate of Structural Completion. (Source: prchomes.co.uk)

PRS Private Rented Sector

R2R Rent-to-rent

REIT Real Estate Investment Trust

RGI Rent guarantee insurance

RICS Royal Institute of Chartered Surveyors

RLA Residential Landlords Association

RoCE Return on Capital Employed

ROI Return on Investment

RP Registered Proprietor, refer ring to the name on the title of a property Land Registry

RSJ Rolled-steel joist – steel beam

RTO Rent to Own

RX1 Form used to register an application to the Land Registry to place a restriction on the legal title of a property to protect the interests of a third party. The restriction will prevent certain types of transaction being registered against the property (eg, sale, transfer of ownership or mortgage)

S8 or Section 8 Named after Section 8 of The Housing Act 1988. A Section 21 Notice (or Notice to Quit) is served when a tenant has breached the terms of their tenancy agreement, giving the landlord grounds to regain possession. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S21 or Section 21 Named after Section 21 of The Housing Act 1988. You can use a Section 21 Notice (or Notice of Possession) to evict tenants who have an assured shorthold tenancy. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S24 or Section 24 Section 24 of the Finance Act (No. 2) Act 2015 – restriction of relief for finance costs on residential properties to the basic rate of Income Tax, being introduced gradually from 6 April 2017. Also referred to as the Tenant Tax'.

S106 or Section 106 Section 106 agreements, based on that section of The 1990 Town & Country Planning Act, and also referred to as planning obligations, are private agreements made between local authorities and developers. They can be attached to a planning permission to make acceptable development that would otherwise be unacceptable in planning terms. Planning obligations must be directly relevant to the proposed development and are used for three purposes:

1. Prescribe the nature of development
2. Compensate for loss or damage created by a development
3. Mitigate the impact of a development

(Source: planningportal.co.uk)

SA Serviced Accommodation

SAP Standard assessment procedure

SARB Sale and Rent Back

SDLT Stamp Duty Land Tax

SI (assessment) Sophisticated Investor (Source: FCA)

Certified: individual who has a written certificate from a "firm" (as defined by the FCA) confirming he/she is sufficiently knowledgeable to understand the risks associated with engaging in investment activity.

Self-certified: individual who has signed a statement confirming that he/she can receive promotional communications from an FCA-authorised person, relating to non-mainstream pooled investments, and understand the risks of such investments. One of the following must also apply:

(a) **Member of a syndicate of business angels for at least six months;**

(b) **More than one investment in an unlisted company within the previous two years;**

(c) **Working in professional capacity in private equity sector or provision of finance for SMEs;**

(d) **Director of a company with annual turnover of at least £1m within the previous two years.**

SIP(s) Structural integrated panels

SME Small and Medium-sized Enterprises

SPT Statutory periodic tenancy

SPV Special Purpose Vehicle – a structure, usually a limited company, used when more than one person invests in a property. The legal status of the SPV protects the interests of each investor.

SSTC Sold Subject To Contract

TPO The Property Ombudsman

UKALA The UK Association of Letting Agents

USP Unique selling point

VOA Valuation Office Agency

NETWORKING EVENTS In YOUR Area

ZONE 1

Blackfriars pin
4th Tuesday of the month
Crowne Plaza, 19 New Bridge Street, Blackfriars, London, EC4V 6DB
Host: Fraser MacDonald
www.blackfriarspin.co.uk

Canary Wharf pin
1st Thursday of the month
De Vere Conference Suite No. 1 Westferry Circus, London, E14 4HD
Host: Samuel Ikhinmwin
www.canarywharfpin.co.uk

Clapham pin NEW VENUE
1st Tuesday of the month
Landor Space, 70 Landor Road, Clapham, London, SW9 9PH
Host: Stuart Ross
www.claphampin.co.uk

Croydon pin
3rd Wednesday of the month
Jurys Inn Croydon Hotel, Wellesley Road, Croydon, CR0 9XY **Host:** Stuart Ross
www.croydonpin.co.uk

Kensington pin
2nd Wednesday of the month
The Rembrandt, 11 Thurloe Place, South Kensington, London, SW7 2RS
Host: Marion Watts
www.kensingtonpin.co.uk

Regent's Park pin
3rd Tuesday of the month
Holiday Inn London Regents Park, Carburton Street, London, W1W 5EE
NEW Host: Irene Anggard Agnell
www.regentsparkpin.co.uk

Sutton pin
2nd Thursday of the month
Holiday Inn London Sutton, Gibson Road, Sutton, Surrey, SM1 2RF
Hosts: Johanna and Peter Lawrence
www.suttonpin.co.uk

PPN London St. Pancras 06/02/2019
WeWork Kings Place, 90 York Way, London N1 9AG
Hosts: Jamie Madill & Steve Mitchell
progressivepropertynetwork.co.uk/stpancras

PPN London Knightsbridge 12/02/2019
Leo Nova South, 160 Victoria Street Westminster London, SW1E 5LB.
Host: Pippa Mitchell
progressivepropertynetwork.co.uk/knightsbridge

PPN Blackfriars 11/02/2019
Crown Plaza, 19 New Bridge St, London, EC4V 6DB **Host:** Kevin McDonnell
progressivepropertynetwork.co.uk/mayfair

PPN Canary Wharf 21/02/2019
De Vere Canary Wharf, 1 Westferry Circus, E14 4HD
Hosts: Kal Kandola and Diksesh Patel
progressivepropertynetwork.co.uk/canary-wharf

PPN Mayfair 28/02/2019
The Washington Mayfair, 5 Curzon St, Mayfair, London W1J 5HE
Host: David Seigler
progressivepropertynetwork.co.uk/mayfair

The London Real Estate Buying & Investing Meetup Group
2nd Tuesday of the Month
Business Environment Services Offices, 154 - 160 Fleet Street, EC4A 2NB
Host: John Corey
www.meetup.com/real-estate-advice

LovetheMojo
1st Wednesday of the month
Wework Aldwych House, London
https://www.meetup.com/LOVE-THE-MOJO/events/243553700/

West London Property Networking
2nd Thursday of each month (except Dec or Aug) High Road House, Chiswick, West London
Hosts: Jeannie Shapiro and Pelin Martin
www.westlondonpropertynetworking.co.uk

Premier Property Club - Islington
2nd Wednesday of the Month
Double Tree Hilton Hotel, 60 Pentoville Road, N1 9LA **Founder:** Kam Dovedi
premierpropertyclub.co.uk/islington

Premier Property Club - Knightsbridge
3rd Wednesday of the Month
Hilton Hotel Park Lane, 22 Park Plane, W1K 1BE **Founder:** Kam Dovedi
premierpropertyclub.co.uk/knightsbridge

Premier Property Club - Canary Wharf
4th Tuesday of the Month
Hilton Hotel, Marsh Wall, London, E14 9SH **Founder:** Kam Dovedi
premierpropertyclub.co.uk/canarywharf

Premier Property Club - Croydon
1st Tuesday of Each Month
Jurys Inn Croydon, Wellesley Road, London CR0 9XY **Founder:** Kam Dovedi
premierpropertyclub.co.uk/croydon

Premier Property Club Wembley
4th Wednesday of each month
Holiday Inn Wembley Empire Way, Wembley HA9 8DS **Founder:** Kam Dovedi
premierpropertyclub.co.uk/wembley

Wandsworth-Property-Group
Love Property in N1 Meetup Group
1st Thursday of the Month
The Islington Company 97 Essex Road, N1 2SJ **Host:** Vaida Filmanaviciute
www.meetup.com/Love-Property-in-N1-Meetup-Group

We Buy Houses - London
Last Wednesday of the month
New hosts: Adam Hinds and Angela Lewis-Wright. Register at
http://webuyhouses.co.uk/rick-otton-meetups

Property Leverage Network - London
1st Monday of the month Pavillion End, 23 Watling Street, London,EC4M 9BR
Host: Karun Chaudhary (07542210168)

EPN - London (Earth Property Network) 2nd Tuesday of the Month
1 Fore Street, London, EC2Y 5EJ
Host: David J. Tillyer
http://bit.ly/EPN-London

PMA Heathrow
1st Monday of every month
Hotel Mercure Heathrow, Shepiston Lane, Hayes **Host:** Justyna Wojech
www.pmanetwork.co.uk/events

Kensington & Chelsea Property Network 1st Thursday of the Month
The Trafalgar in Chelsea, 200 Kings Road, London, SW3 5XP **Host:** Nicola Ancona
www.meetup.com/Kensington ChelseaPropertyNetwork

Central London Evening Meet
4th Thursday of the month
London Bridge Hotel, 8-18 London Bridge St, London SE1 9SG **Hosts:** Brendan Quinn and Luke Hamill
www.meetup.com/CentralLondonPropertyNetwork

Central London Morning Meet
See website for details
Grosvenor Casino, 3-4 Coventry Street, Piccadilly Circus London W1D 6BL
Host: Brendan Quinn
www.meetup.com/CentralLondon PropertyNetwork

Property Coffee Morning
Free Networking For 150 Property Investors. 9:30 to 11:30am, Grand Ballroom, Landmark Hotel, London NW1
See website for more details
www.PropertyCoffeeMorning.com

Baker Street Property Meet
Last Wednesday of every Month
Holiday Inn London, Regents Park, Carburton Street, London, W1W 5EE
Host: Ranjan Bhattacharya
www.BakerStreetPropertyMeet.com

Sutton Property Meetup
2nd Monday of the Month
The Ivory Lounge, 33-35 High Street, Sutton, Surrey, SM1 1DJ
Hosts: Johanna and Peter Lawrence
www.meetup.com/Sutton-Property-Meetup

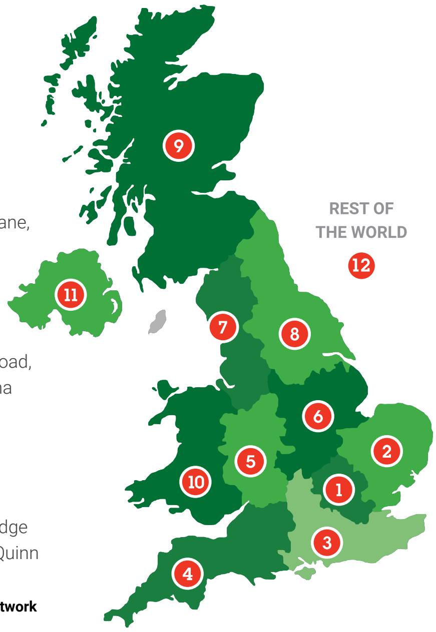
London Property Talk (BMV Meet)
1st Monday of the month
Hilton London Docklands, 265 Rotherhithe Street, London, SE16 5HW
Host: Owais Naveed
http://ukpropertymeet.co.uk

London Property Investor Breakfast
4th Tuesday of the month (7.30am – 9.30am) Doubletree by Hilton, 92 Southampton Row, Holborn, London, WC1B 4BH **Host:** Fraser Macdonald
www.meetup.com/londonpropertybreakfast

UK Property Investors Networking Event
Last Monday of the Month
Grovesnor Hotel, 101 Buckingham Palace Road, Victoria, London
Host: Cornay Rudolph
www.meetup.com/UK-Property-Investors-Networking-Event

The Kensington & Chelsea Property Group 2nd Wednesday of the month
Baglioni Hotel, 60 Hyde Park Gate, London, SW7 5BB **Host:** Neil Mangan
https://www.meetup.com/The-Kensington-Chelsea-Property-Group/

Property Leverage Network City of London 4th Monday of every month
Dawson House, 5 Jewry Street, London, EC3N 2EX **Hosts:** Felix Cartwright & Phil Ash (07856202658)
www.propertyleverage.co.uk



Property Leverage - Southbank London
3rd Monday of the month Mulberry Bush, 89 Upper Ground, Southbank, London, SE1 9PP **Hosts:** Felix Cartwright & Phil Ash (07856202658)
www.propertyleverage.co.uk

Wandsworth Property Group
3rd Tuesday of the Month
The Alma, 499 Old York Road, Wandsworth, London, SW18 1TF
Host: Brendan Quinn **www.meetup.com/Wandsworth-Property-Group**

Bloomsbury Wealth Investing Network
3rd Wednesday of the month
The Wesley Hotel 81-103 Euston St, Kings Cross, London NW1 2EZ
Hosts: Matt Baker & Jo Akhgar
www.bloomsburywin.net

Kingston Wealth Investing Network
4th Tuesday of every month
YMCA Kingston, 49 Victoria Road, Surbiton, KT6 4NG **Hosts:** Tania Carson & Pam Mackenzie

Elephant & Castle Wealth Investing Network 1st Tuesday of every month
London South Bank University, Keyworth Street, Keyworth Building, SE1 6NG
Host: Sonia Blackwood

Square Mile Property Meet
2nd Monday of the month
M Threadneedle Street, Unit 2-3, 60 Threadneedle St, London EC2R 8HP
Hosts: Aaron Kok & Charlotte Cheong
https://facebook.com/SquareMile PropMeet/

Global Investor Club London
2nd Thursday of every month
City Business Library, Guildhall, London EC2V 7HH **Host:** Jan Kortyczko
fb.com/GICLondyn Please note that most speakers are presenting in Polish

Holborn Property Meet
3rd Monday of the month De Vere Grand Connaught Rooms - Registration: 6.30pm, Talks: 7.30pm **Host:** Giovanni Patania
https://www.holbornpropertymeetuk.com

Premier Property Meet
2nd Thursday of every month from 6.30pm The King's Head Pub, 1 The Green, Winchmore Hill, London, N21 1BB **Hosts:** Deborah Tyfield and Dr Marttand Patel Tickets: £20 online, £25 on the door. Tickets includes canapés
www.premierpropertymeet.co.uk

JV Hub Property Meet
4th Wednesday of every Month
Wework Building, 1 Fore Street
London EC2Y 5EJ, 6.30 - 9.30
Host: Theo Bailey **www.jvhub.co.uk**

Female Property Alliance
3rd Tuesday of every month
Doubletree Victoria, Bridge Place,
SW1V 1QA **Host:** Bindar Dosanjh
http://femalepropertyalliance.co.uk

Croydon Property Meet
1st Wednesday of the month Croydon Park Hotel, Altyre Road, Croydon. CR9 5AA
Hosts: Rob Norton and Sel Fayyad
www.croydonpropertymeet.com
rob@croydonpropertymeet.com
sel@croydonpropertymeet.com

London HMO Property Group
Host: Alan Wood
For information on the next event visit
www.hmopropertygroup.co.uk

ZONE 2

Cambridge pin 4th Thursday of the month
Holiday Inn Cambridge Lakeview, Bridge Road, Impington,Cambridge, CB24 9PH
Host: Christine Hertoghe
www.cambridgepin.co.uk

Essex pin 3rd Tuesday of the month
Orsett Hall Hotel, Price Charles Avenue, Orsett, Essex, RM16 3HS
Host: Reegan Parmenter
www.essexpin.co.uk

Norwich pin 2nd Tuesday of the month
Holiday Inn, Ipswich Road, Norwich, Norfolk, NR4 6EP **Host:** Nigel Garioch
www.norwichpin.co.uk

PPN Ipswich 11/02/2019
Best Western Ipswich Hotel, Old London Road, Copdock, Ipswich, IP8 3JD
Host: Halstead Ottley
progressivepropertynetwork.co.uk/ipswich

PPN Peterborough 18/02/2019
Holiday Inn Thorpe Wood, Peterborough, PE3 6SG **Host:** Dennis Hedges
progressivepropertynetwork.co.uk/peterborough

PPN Brentwood 12/02/2019
Holiday Inn, Brook Street , CM14 5NF
Hosts: Sarah and Tony Harding
progressivepropertynetwork.co.uk/brentwood

Essex Property Network
2nd Tuesday of the Month
Holiday Inn, Brentwood, CM14 5NF
Host: Cyril Thomas
www.essexpropertynetwork.co.uk

Harlow Property Network in association with Premier Property Club 2nd Thursday of Every Month The Day Barn, Harlow Study Centre, Netteswellbury Farm (off Waterhouse Moor), Harlow, Essex, CM18 6BW. **myproperty.coach**

Colchester Property Circle
1st Thursday of each month - 7.00pm
Trotters Bar, Middleborough, Colchester CO1 1QX **Host:** Phil Sadler
https://www.eventbrite.co.uk/e/colchester-property-circle-networking-meet-up-tickets-52411199308

ZONE 3

Eastbourne pin
1st Wednesday of the month
Royal Eastbourne Golf Club, Paradise Drive, Eastbourne, East Sussex, BN20 8BP **Host:** Lee Beecham
www.eastbournepin.co.uk

Woking pin NEW VENUE
3rd Thursday of the month
Hoebridge Golf Club, Old Woking Road, Woking, GU22 8JH **Host:** Anne Woodward **www.wokingpin.co.uk**

Oxford pin 1st Thursday of the month
Jurys Inn, Godstow Rd, Oxford, OX2 8AL **Host:** Gillie Barlow
www.oxfordpin.co.uk

Reading pin NEW VENUE
1st Tuesday of the month
Crowne Plaza Reading, Caversham Bridge, Richfield Avenue, Reading RG1 8BD **Hosts:** Guy Brown and Rupal Patel **www.readingpin.co.uk**

Berkshire pin
3rd Monday of the month
Holiday Inn Maidenhead, Manor Lane, Maidenhead, SL6 2RA
Hosts: Mike Holt
www.berkshirepin.co.uk

Southampton pin
1st Tuesday of the month
Chilworth Manor Hotel, Southampton, Hampshire, SO16 7PT
Host: Nigel Bugden
www.southamptonpin.co.uk

Brighton pin
3rd Thursday of the month
The Courtlands Hotel, 19-27 The Drive, Hove, East Sussex, BN3 3JE
Host: Peter Fannon
www.brightonpin.co.uk

Basingstoke pin
4th Wednesday of the month
The Hampshire Court Hotel, Centre Drive, Great Binfield Road, Chineham, Basingstoke, RG24 8FY
Hosts: Seb and Aga Krupowicz
www.basingstokepin.co.uk

Kent pin
1st Thursday of the month
Village Hotel Club, Maidstone, Castle View, Forstal Road, Sandling ME14 3AQ **Hosts:** Martin and Sarah Rapley **www.kentpin.co.uk**

J6 Property Professionals & Investors Meet
2nd Tuesday of the month
Aston Bond solicitors, Windsor Crown House, 7 Windsor Road, Slough, SL1 2DX **Host:** Manni Chopra
www.j6propertymeet.co.uk

PMA Bracknell
4th Tuesday of the month
Hilton Hotel, Bagshot Road, Bracknell
Host: Phil Hope
www.pmanetwork.co.uk/events

PMA Farnborough
3rd Tuesday of the month
The Village Hotel, Farnborough
Host: Matt Hook
www.pmanetwork.co.uk/events

The Property Vault
3rd Monday of the month
Eastgate, 141 Springhead Parkway, Northfleet, DA11 8AD
Host: Dan Hulbert
www.thepropertyvaultuk.com

Surrey Property Exchange
2nd Monday of the Month
Holiday Inn, Egerton Road, Guildford, GU2 7XZ **Host:** Richard Simmons
www.surreypropertyexchange.co.uk

Premier Property Club - Kent
2nd Tuesday of each month
Castle View, Forstal Rd, Maidstone ME14 3AQ
www.PremierPropertyClub.co.uk

Kent Property Meet
4th Wednesday of the month
Brands Hatch Place Spa, Brands Hatch Road, Fawkham, Kent DA3 8NQ
Hosts: Chrissy Kusytsch & Jazz Dokhu

PMA Kent
2nd Wednesday of every month
Bridgwood Manor Hotel, Walderslade Woods, Chatham **Hosts:** Estelle Barnes and Dimpy Pathak
www.pmanetwork.co.uk/events

Hampshire Property Network (HPN)
2nd Wednesday of the Month
Holiday Inn, Fareham, Cartwright Drive Titchfield, PO15 5RJ Fareham
Hosts: Mark Smith & Allan Wadsworth
hampshirepropertynetwork.com

We Buy Houses - Southampton
3rd Wednesday of the month
Host: Stephen Davies and Giselle Robinson. Register at **http://webuyhouses.co.uk/rick-otton-meetups**

Premier Property Club - Brighton
1st Thursday of the Month
Jurys Inn Brighton, Waterfront King's Road, Brighton, BN1 2GS
www.premierpropertyclub.co.uk/brighton

Eastbourne Wealth Investing Network 4th Wednesday of every month The View Hotel, Grand Parade Eastbourne BN21 4DN
Host: Jonas Elsen-Carter

Eastbourne WIN
3rd Monday of the month
Polegate Community Centre, 54 Windsor Way, Polegate, East Sussex, BN26 6QF
Host: Jonas Elson-Carter
www.wealthinvestingnetwork.com/eastbourne

Mid Surrey Wealth Investing Network 2nd Wednesday of every month Station Pub, Stoneleigh, Epsom, KT17 2JA **Host:** June Cruden

Guildford Wealth Investing Network
1st Wednesday of every month
Old Thorns Manor Hotel, Golf & Country Estate, Liphook, GU30 7PE
Hosts: Wendy Alexander & Adrian Brown

Southampton Property Hub Meet Up
1st Thursday of every month
The Maritimo Lounge 1 Moresby Tower Admirals Quay, Ocean Way, Southampton SO14 3LG
Host: Sarah Smith
https://www.facebook.com/propertyhubsouthampton/?fref=ts

Thanet Property Network Second Wednesday of the month - 7pm - 9pm Holiday Inn, Tothill Street, Minster, Kent, Ramsgate CT12 4AU
Hosts: Ryan Fitzpatrick & Jason Hulott **https://www.facebook.com/thanetpropertynetwork/**

Crawley Property Meet
3rd Tuesday of every month
crawleypropertymeet.com
Europa Hotel, Balcombe Road, Crawley, RH10 7ZR **Hosts:** Tania Carson, Pam Mackenzie, Nick Parkhouse and Phil Williams.

The Bucks Property Meet
Last Thursday of the Month
The Bull, Gerrards Cross **Hosts:** John Cox and Rachael Troughton
www.Buckspropertymeet.com

Midsurrey Wealth Investing Network WIN 2nd Wednesday of each month
The Station Pub, The Broadway Stoneleigh, KT17 2JA
Host: June Cruden
www.wealthinvestingnetwork.com/midsurrey

PDPLA
2nd Monday of the month
The Inn Lodge, Burrfields Road, Portsmouth PO3 5HH. 7:30
Host: Joan Goldenberg
www.pdpla.com

ZONE 4

Bournemouth pin
2nd Tuesday of the month
Sandbanks Hotel, 15 Banks Road, Poole, BH13 7PS **Hosts:** Andy Gaught and Jonathan Barnett
www.bournemouthpin.co.uk

Cheltenham pin
3rd Tuesday of the month
The Best Western Cheltenham Regency Hotel, Old Gloucester Road, Near Staverton, Gloucestershire, GL51 0ST
Hosts: David and Beverley Lockett
www.cheltenhampin.co.uk

Exeter pin
4th Thursday of the month
Buckerell Lodge Hotel, Topsham Road, Exeter, EX2 4SQ
Host: Philip Bailey
www.exeterpin.co.uk

Bristol pin
2nd Wednesday of the Month
Holiday Inn Bristol Filton, Filton Road, Bristol, Avon, BS16 1QX
Host: Nick Josling
www.bristolpin.co.uk

Salisbury pin
3rd Wednesday of the month
The Rose and Crown Hotel, Harnham, Road, Salisbury, Wiltshire, SP2 8JQ
Hosts: James and Malcolm White
www.salisburypin.co.uk

Swindon pin NEW MEETING
4th Wednesday of the month
Village Hotel Swindon, Shaw Ridge Leisure Park, Whitehill Way, Swindon, SN5 7DW
www.swindonpin.co.uk

PPN Bournemouth
19/02/2019 The Cumberland Hotel, East Overcliff Drive, Bournemouth BH1 3AF.
Host: Leigh Ashbee
progressivepropertynetwork.co.uk/bournemouth

PPN Swindon 12/02/2019
Holiday Inn Swindon, Marlborough Road, Swindon, SN3 6AQ
Hosts: Nick Chawala, Allan Harding and Aritri Mukherjee
progressivepropertynetwork.co.uk/swindon

PEN Exeter
3rd Tuesday of the Month
Gipsy Hill Hotel, Gipsy Hill Lane, Exeter, EX1 3RN **Host:** David Harwood **www.pen-exeter.com**

PEN Wiltshire
Last Tuesday of the Month
Stanton Manor Hotel, Stanton St. Quintin, Near Chippenham, Wiltshire, SN14 6DQ
Host: Neil Stewart
www.penwiltshire.com

Professional Investment Group (PIG) - Plymouth
3rd Monday of the month
Boringdon Hall Hotel and Spa, Boringdon Hill, Colebrook, Plymouth, PL7 4DP
Host: Angelos Sanders
www.pig.network

Bristol BMV Property Options
Last Thursday of every month
The Holiday Inn, Bond Street, Bristol, BS1 3LE **Host:** Del Brown
www.bmvpropertyoptions.co.uk/property-investment-meeting-pim

Professional Investment Group (PIG) - Cornwall 1st Monday of the month The Victoria Inn, Roche, PL26 8LQ **Hosts:** Angelos Sanders & Matt Pooley **www.pig.network**

The Bath Property Meet
1st Tuesday of the month
Bailbrook House Hotel, Eveleigh Avenue, London Road, Bath, Somerset BA1 7JD
Host: Joe Harling
www.bathpropertymeet.co.uk

Professional Investment Group (PIG) - Exeter
2nd Tuesday of the month
Buckerell Lodge Hotel, Topsham Road EX2 4SQ Exeter
Hosts: Angelos Sanders
www.pig.network

We Buy Houses - Southampton
3rd Wednesday of the month
Host: Stephen Davies and Giselle Robinson. Register at **http://webuyhouses.co.uk/rick-otton-meetups**

ZONE 5

Birmingham Central pin
1st Thursday of the month
Novotel Birmingham Centre Hotel, 70 Broad Street, Birmingham, B1 2HT
New host: Dan Norman
www.birminghamcentralpin.co.uk

Birmingham pin 3rd Thursday of the month
Crowne Plaza NEC, Pendigo Way, National Exhibition Centre, Birmingham, B40 1PS
Hosts: Andy Gwynn and Mary Collin
www.birminghampin.co.uk

Black Country pin 4th Wednesday of the month
Village Hotel Dudley, Castlegate Drive, Dudley, West Midlands, DY1 4TB **Host:** Phillip Hunnable
www.blackcountrypin.co.uk

Coventry and Warwickshire pin NEW VENUE
2nd Tuesday of the month Citrus Hotel Coventry A45 London Rd, Ryton on Dunsmore, Warwickshire, Coventry, CV8 3DY
Host: Sebastien Buhour
www.coventrypin.co.uk

Worcester pin 1st Wednesday of the month
The Pear Tree Inn & Country Hotel, Smite, Worcester, WR3 8SY
Hosts: Andy & Karen Haynes
www.worcesterpin.co.uk

Stoke-on-Trent pin 2nd Thursday of the month
Holiday Inn Stoke on Trent M6, Jct. 15. Clayton Road, Staffordshire, Newcastle Under Lyme, ST5 4DL**Host:** Steve and Emma Barker-Hall
www.stokepin.co.uk

PPN Wolverhampton 05/02/2019
Molineux Stadium, Waterloo Road, Wolverhampton, WV1 4QR
Hosts: Tim and Sue Gray
progressivepropertynetwork.co.uk/wolverhampton

PPN Birmingham 13/02/2019
The Chairmans Lounge, Edgbaston Cricket Ground, Stadium, Edgbaston Rd, B5 7QU
Host: Kirsty Darkins
progressivepropertynetwork.co.uk/birmingham

PPN Leamington Spa 20/02/2019
The Saxon Mill,Coventry Road, Guys Cliffe, Warwick, Warwickshire, UK, CV34 5YN
Host: Mark Potter
progressivepropertynetwork.co.uk/leamingtonspa

Inspire Property Network
1st Tuesday of the Month
Crowne Plaza, 61 Homer Rd, Solihull B91 3QD
Hosts: Mark Bruckshaw & Helen Partridge
inspirepropertynetwork.com

We Buy Houses - Birmingham
2nd Wednesday of the month
New host: Phil Wheeler
Register at **http://webuyhouses.co.uk/rick-otton-meetups**

Great Property Meet Warwickshire
3rd Monday of the month Dunchurch Park Hotel & Conference Centre Rugby Road, Dunchurch, Warwickshire, CV22 6QW
Hosts: Andrew Roberts and Peter Lazell
www.GreatPropertyMeet.co.uk

The Coventry & Warwickshire Property Group
4th Wednesday of every other month
Excel Leisure Centre, Mitchel Avenue, Coventry, CV4 8DY **Host:** Neil Mangan

ZONE 6

Luton pin 4th Tuesday of the month
Hampton by Hilton, 42-50 Kimpton Rd, Luton, LU2 0SX **Host:** James Rothnie
www.lutonpin.co.uk

Milton Keynes pin
3rd Wednesday of the month
Holiday Inn Milton Keynes, 500 Saxon Gate West, Milton Keynes, MK9 2HQ
Host: Reemal Rabheru
www.miltonkeynespin.co.uk

Leicester pin
1st Thursday of the month
The Fieldhead Hotel, Markfield Lane, Markfield, LE67 9PS **Host:** Jo and Gary Henly **www.leicesterpin.com**

Nottingham pin
3rd Tuesday of the month
Park Inn by Radisson Nottingham 296 Mansfield Road, Nottingham, NG5 2BT **Host:** Spike Reddington
www.nottinghampin.co.uk

Watford pin
2nd Thursday of the month
The Mecure, A41 Watford Bypass, Watford, Hertfordshire WD25 8JH
Hosts: Waseem Herwitker and Shack Baker.
www.watfordpin.co.uk

Northampton pin
1st Thursday of the month
Hotel Campanile, Junction 15 M1, Loake Close, Grange Park, Northampton NN4 5EZ
Host: Amelia Carter
www.northamptonpin.co.uk

Lincoln pin NEW MEETING
4th Thursday of every month
Holiday Inn Express, Lincoln City Centre, Ruston Way, Brayford Park, Lincoln, LN6 7DB
Hosts: Ankie Bell and Hannelie Ehlers
www.lincolnpin.co.uk

PPN Derby 12/02/2019
Nelsons Solicitors, Sterne House, Lodge Lane, Derby, DE1 3WD
Hosts: Mike Alder & Jamie Hayter
progressivepropertynetwork.co.uk/derby

PPN Leicester 11/02/2019
Marriott Hotel, Smith Way, Grove Park, LE19 1SW **Host:** Kal Kandola
progressivepropertynetwork.co.uk/leicester

PPN Northampton 19/02/2019
Hilton Hotel, 100 Watering Lane, Collingtree, Northampton, NN4 0XW
Host: Kim Hendle
progressivepropertynetwork.co.uk/northampton

Bucks Property Meet
Last Thursday of the Month
The Bull, Oxford Rd, Gerrards Cross, Buckinghamshire, SL9 7PA
Hosts: Rachael Troughton & John Cox
www.buckspropertymeet.com

Stevenage Wealth Investing Network
3rd Wednesday of every month
Stevenage Novotel Hotel, Steveage Road, Knebworth Park, SG1 2AX
Hosts: Stephen & Bridget Cox

UK Property Network Leicester
2nd Tuesday of the Month
The Field Head Hotel, Markfield La, Markfield, Leicestershire, LE67 9PS
Host: Tracey Hutchinson
www.meetup.com/UKPN-Leicester

Landlords National Property Group
1st Monday of the Month
The Derbyshire Hotel, Carter Lane East, Derby DE55 2EH **Hosts:** Paul Hilliard and Nick Watchorn **www.lnpg.co.uk**

EPN Nottingham 4th Thursday of the month Crowne Plaza Hotel, Wollaton Street, NG1 5RH, Nottingham
Host: Matt Tongue
http://bit.ly/EPN-Nottingham

St. Albans Property Meet
3rd Wednesday of the month 54-56 Victoria St, St Albans, Herts, AL1 3HZ
Host: Ranjan Bhattacharya
www.stalbanspropertymeet.com

London HMO Property Group
Host: Alan Wood
For information on the next event visit
www.hmopropertygroup.co.uk

Harlow Property Network
3rd Wednesday of the Month
Day Barn Harlow Study Centre
Netteswellbury Farm
Host: Ajay Pamneja
www.myproperty.coach

The Property Connect
First Weds or Thurs of every month (alternate) 1900-2100
The Sharnbrook Hotel, Park Lane, Sharnbrook, MK44 1LX
Hosts: Peter Hogan, Tiruven Pillay
https://www.facebook.com/thepropertyconnect/

Midland Property Forum
3rd Thursday of the month
The Oldmoor Lodge, Mornington Crescent, Nottingham. NG16 1QE
Hosts: Kal Kandola, Hannah Hally, Kelly Hally, James Howard-Dobson, Steve Harrison
https://www.facebook.com/MidlandsPropertyForum

ZONE 7

Liverpool pin
4th Thursday of the month
The Shankly Hotel, Millennium House, 60 Victoria St, Liverpool, L1 6JD
Hosts: Billy Turriff, Julie and Oliver Perry
www.liverpoolpin.co.uk

Manchester pin
3rd Wednesday of the month
Best Western Cresta Hotel, Church St, Altrincham, WA14 4DP
Host: Julie Whitmore
www.manchesterpin.co.uk

Chester pin
2nd Thursday of the month
Mercure Chester (formerly known as Ramada), Whitchurch Road, Christleton, Chester, CH3 5QL
Host: Hannah Fargher
www.chesterpin.co.uk

Manchester PNC
Last Monday of the Month
The Brindley Room Dukes 92 18-20 Castle Street, Manchester, M3 4LZ
Hosts: Richard Sheperd & Yulan Yang
www.manchesterpnc.com

Cheshire Property Meet
Last Thursday of each month
Bosley Farm, Bosley Crossroads, Bosley, Macclesfield SK11 0PS
Hosts: Lionel Palatine and David Deasy
www.cheshirepropertymeet.com

PPN South Manchester 28/02/2019
Best Western Plus, Pinewood on Wilmslow, Wilmslow Road, Cheshire SK9 3LF
Host: Mike Chadwick
progressivepropertynetwork.co.uk/wilmslow

PPN Blackpool 26/02/2019
Ribby Hall Village, Ribby Road, Wrea Green, Nr Blackpool, PR4 2PR
Host: Niki Torbett
progressivepropertynetwork.co.uk/blackpool

PPN Liverpool 27/02/2019
One Queen Square, Liverpool, L1 1RH
Hosts: Andrew Budden & Alison McIntyre
progressivepropertynetwork.co.uk/liverpool

PMA Manchester
4th Wednesday of the month
A J Bell Stadium, Stadium Way, Eccles
Hosts: Ben Clarke and Tom Arden
www.pmanetwork.co.uk/events

TPM Meeting Warrington
4th Monday of every month
The Park Royal Hotel Stretton Road, Stretton, Warrington WA4 4NS
Host: Susan Alexander
http://thepropertymentor.eventbrite.com

TPM Meeting Wigan & Worsley
4th Wednesday of the month
Holiday Inn Express, Leigh Sports Village, Sale Way, Leigh, WN7 4JY
Host: Debra Long
http://thepropertymentor.eventbrite.com

Lifestyle Property Network
3rd Monday of the month
Village Hotel, Cheadle Road, Cheadle, South Manchester, SK8 1HW

ASANA North West Property Meet
1st Monday of each month
The Willows, Douglas Valley, A6 Blackrod Bypass, Blackrod, Bolton, BL6 5HX **Hosts:** Howard Cain and Kathy Bradley
www.asanapropertyinvestments.co.uk

Manchester Property Investor Breakfast 1st Friday of the month (7.30am – 9.30am) Village Hotel, Ashton under Lyne, OL7 0LY
Host: Fraser Macdonald
www.meetup.com/Manchester-Property-Investor-Breakfast

We Buy Houses - Manchester
3rd Thursday of the month
New host: Bruce Lamb
Register at **http://webuyhouses.co.uk/rick-otton-meetups**

Property Investors Meetup Cumbria
1st Wednesday of the Month
6.30pm at Edenhall Hotel, Penrith, Cumbria CA11 8SX
Host: Darren Williams
www.elitepropertysolutions.co.uk
FREE TO ATTEND

Property Leverage Network Manchester 1st Tuesday of every month Chill Factore, 7 Trafford Way Urmston, M41 7JA **Hosts:** Andrew Wilcock & Gary Collins
http://propertyleverage.co.uk/manchester

Warrington Property Investors' Meet Up Last Tuesday of the month from 7pm-9pm
Olympic Park, Unit 7 Olympic Way, 1st Floor, Birchwood, Warrington, Cheshire, WA2 0YL (free parking)
Hosts: Patricia Li and Michael Hopewell
www.meetup.com/Warrington-Property-Investors-Meetup/

ZONE 8

Hull pin 2nd Thursday of the month
Mercure Hull Royal Hotel, 170 Ferensway, Hull, East Yorkshire, HU1 3UF **Host:** Neil Brown
www.hullpin.co.uk

Leeds pin 4th Wednesday of the month
Crowne Plaza Hotel, Wellington Street, Leeds, LS1 4DL
Hosts: Jay and Nana Sharma
www.leedspin.co.uk

Harrogate pin
1st Wednesday of the month
Cedar Court Hotel, Park Parade, off Knaresborough Road, Harrogate, HG1 5AH **New host:** Paul Bellas
www.harrogatepin.co.uk

York pin NEW VENUE
3rd Wednesday of the month
York RI, 22 Queen Street, York, YO24 1AD **NEW Hosts:** Mike Q Hainsworth and Olga Hainsworth
www.yorkpin.co.uk

Sheffield pin
2nd Wednesday of the month
Mercure Sheffield Parkway Hotel (previously known as Aston Hotel) Britannia Way, Sheffield, South Yorkshire S9 1XU **Hosts:** Paul Hastings and Stuart Cooper
www.sheffieldpin.co.uk

PPN Leeds 12/02/2019
Novotel Hotel, 4 Whitehall Quay, Leeds, LS1 4HR **Host:** Mo Jogee
progressivepropertynetwork.co.uk/leeds

PPN Sheffield 26/02/2019
Mercure Hotel, Britannia way, Catcliffe, Rotheram, Yorkshire, S60 5BD
Host: Kevin McDonnell
progressivepropertynetwork.co.uk/sheffield

Property Leverage - Leeds
3rd Monday of the month
The Stables, Weetwood Hall, Leeds, LS16 5PS (Location subject to change)
Host: Rob Hodgkiss (07398858256)

Property Leverage - Wakefield
1st Wednesday of the month
Kirklands Hotel, Leeds Road, Wakefield, WF1 2LU **Host:** Dominic Woodward (07794223136)

Property Leverage Network – York
2nd Tuesday of every month
Beechwood Close Hotel
19 Shipton Road, YO30 5RE York
www.propertyleverage.co.uk

EPN Sheffield
1st Thursday of the month
Table Arena Square Table Table, 3 Arena Court, Sheffield S9 2LF
Host: Darrell Grayson
http://bit.ly/EPN-Sheffield

ZONE 9

Edinburgh pin
3rd Thursday of the month
Capital Hotel, 187 Clermiston Rd, Edinburgh EH12 6UG **Host:** John Kerr
www.edinburghpin.co.uk

PPN Glasgow 25/02/2019
The Corinthian Club, 191 Ingram St, Glasgow G1 1DA
Hosts: Philip Howard & Aaron Percival
progressivepropertynetwork.co.uk/glasgow

PMA Glasgow
3rd Wednesday of the month
Hotel Novotel Glasgow Centre, 181 Pitt Street, Glasgow **Host** Victor Rhynas
www.pmanetwork.co.uk

Property Leverage Network - Glasgow
4th Tuesday of every month
Glasgow Pond Hotel, Great Western Rd, G12 0XP Glasgow, United Kingdom
www.propertyleverage.co.uk

PMA Edinburgh
2nd Wednesday of every month
Novotel Edinburgh Centre, 80 Lauriston Place, Edinburgh
Host: Lokkie Cheung
www.pmanetwork.co.uk

Discovery Hub Networking event
3rd Tuesday of the month
Jury's Inn, Union Square, Guild Street Aberdeen, AB11 5RG
Hosts: Eduardo Prato and Lukas Princ
www.vectorpro.co.uk/network

ZONE 10

Cardiff pin 2nd Tuesday of the Month
Mercure Cardiff Holland House Hotel & Spa, 24-26 Newport Rd, Caerdydd, Cardiff, CF24 0DD **Host:** Morgan Stewart **www.cardiffpin.co.uk**

Swansea pin 4th Thursday of the Month
Village Hotel, Langdon Road (Off Fabian Way), SA1 Waterfront, Swasea, SA1 8QY **Host:** Bernadette & Ian Lloyd **www.swanseapin.co.uk**

ZONE 11

Belfast pin 1st Tuesday of the Month
Balmoral Hotel, Blacks Road, Dunmurry, Belfast, BT10 0NF **Host:** Ian Jackson
www.belfastpin.co.uk

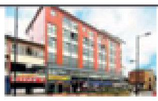
Belfast Property Meet
1st Thursday of the Month
The Mac Theatre, St. Anne's Square, Belfast **Host:** Chris Selwood
www.belfastpropertymeet.com

YPN Strongly recommend that you attend your local property networking events. However, the events listed are not staged by Your Property Network Ltd. Please check venue and dates on the relevant website before travelling to the event.

portfolio
properties

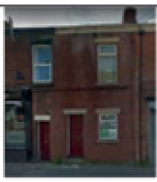
HIGH YIELDING BMV PROPERTIES

MERSEY RD, M35 9FF
A 2 bed end of terrace property.
In need of modernising
Double glazed
OFFERS OVER £70,000
Comparables in the area £120,000

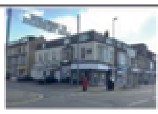


THE SPRINGS WF1 1QA
City Centre Retail Parade Investment
A parade of 4 retail units. Located a short distance from The Ridings Shopping Centre and All Saints Walk Shopping Centre.
OFFERS OVER £270,000
Rent - £38,000 per Annum Exclusive

WEST END NE46 3DB
Three-bedroom terrace - Approx. 88 sqm / 947 sq. ft
Vacant possession
Potential rental income of £7,800 pa
Freehold
OFFERS OVER £110,000
Comparables in the area £135,000



PLUNGINGTON RD, PR1 7UB
Two self contained one bed flats Rented out to long term tenants Annual rental Yield of £7860.
OFFERS OVER £80,000
Comparables in the area £100,000



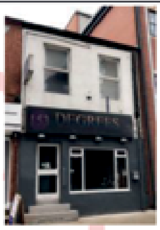
CORONATION ST FY1 4QE
Three storey corner building. The property is fully let with ground floor retail units and a 13 x bedroom hotel to the upper floors.
VIRTUAL FREEHOLD
OFFERS OVER £240,000
PRODUCING £38,300 pa

CORONATION AVE S72 7NN
3 bed semi-detached house, Approx 101 SqM 1'087Sq Ft
Some refurbishment required
Ideal investment opportunity
Currently let £95pw (£4,940pa)
Long leasehold – 999yr
OFFERS OVER £55,000
Comparables in the area £70,000

CHAPEL ST CA14 5UL
Refurbished
3 bedrooms
Vacant possession
Potential income of £5,400 pa
Approx. 1,160 ft2
Rear garden
Long leasehold
OFFERS OVER £65,000
Comparables in the area £80,000

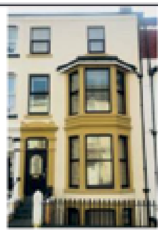
WITHAM HU9 1BY
Three Storey Mixed Use Investment
Vacant possession
Central location
Former taxi office to the ground floor
Potential apartment to the upper floors
Potential for advertising hoarding to elevation (STP)
OFFERS OVER £55,000
ERV £13,000 pa

WILLENHALL WV13 1TG
Freehold shop investment, together + service yard and vacant site. Town centre location, shop adjacent to Boots, let to Compton Hospice Ltd on a lease expiring 2026, rent reserved £21,000pa
OFFERS OVER £250,000
Plus a vacant site with potential to develop (STP) approx 20 apartments and 2 shops with dwelling.

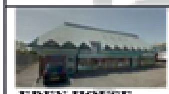


THE ROCK, BL9 0ND
Vacant retail/Restaurant Premises. 164 sq m / 1,765 sq ft
Excellent town centre position directly opposite 'The Rock'; a £350m redevelopment of the town centre
OFFERS OVER £125,000
ERV £15,000 pa

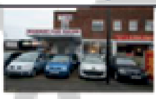
LONSDALE WN7 4BT
Premises for sale comprising of 9 offices and a separate building with 3 garages and loft space.
OFFERS OVER £200,000
Potential for residential development under the Permitted Development Rights



HAVELOCK ST, FY1 4BN
3 Apartments (2 x 2 bed and 1 x 3 Bed)
Central Blackpool
Substantial 3 Storey Building
Would Suit Home with an Income
Excellent Potential, income can be £24,000 pa
OFFERS OVER £120,000
Comparables in the area £160,000



EDEN HOUSE CA1 1TF
17,340 Sq Ft (1,612 Sq M)
Part income producing £22,000 per annum.
OFFERS OVER £400,000
ERV £75,000pa



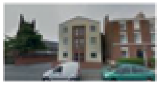
WOODLANE GARAGE WA12 9DJ
Car wash, garage & car sales - 2 x 2 bed flats -
OFFERS OVER £320,000
Rented £31,680 pa

THE MEWS WA9 4YP
A 3 bed semi detached property. Currently rented for £650 pcm
OFFERS OVER £110,000
Comparables in the area £140,000

THE EDGE, M3 5NF
1 bed complete with 24hr concierge service and is just minutes walk from centre. Including 1 parking space.
OFFERS OVER £210,000
Comparables in the area £230,000

THE GRANGE CH42 4PE
A modern 2 bed apartment. Heated and UPVc double glazed.
Fully fitted kitchen.
Currently rented for £400 pcm
OFFERS OVER £64,000
Comparables in the area £85,000

HOYLAKE ROAD CH41 7BX
A modern 2 bed mid terraced property. Gas central heated and UPVc double glazed.
Modern fitted kitchen.
Currently rented for £450 pcm
OFFERS OVER £68,000
Comparables in the area £85,000



MARTINS CH44 1BW
2 bed apartment. Heated and UPVc double glazed.
Fully fitted kitchen.
Currently rented for £450 pcm
OFFERS OVER £65,000
Comparables in the area £80,000

MILL WYND TD10 6UA
3 bed townhouse with double glazing and Gas central heated.
OFFERS OVER £105,000
MARKET VALUE £130,000Actual RICS Valuation available on request.

HAUGHTON M34 7GR
A chip shop with a 3 bed flat above.
Potential rental achievable £475pcm for the flat and £800 for the shop.
OFFERS OVER £85,000
ERV £15,000 pa

BEN JONSON, WN3 6XN
Located in a highly prominent location. The site can be redeveloped to create 2 retail shops on the ground floor and 3 flats on the upper floor
OFFERS OVER £450,000
ERV £40,000 pa

FAULKNER M27 6AJ
A mixture of 2 storey accommodation and single storey warehouse to the rear.
OFFERS OVER £800,000
ERV £80,000 Per Annum as is offices and warehouse, but planning has been applied for 22 apartments.

THE GRANGE CH42 4PE
A modern 2 bed apartment. Heated and UPVc double glazed. Fully fitted kitchen.
Currently rented for £400 pcm
OFFERS OVER £64,000
Comparables in the area £85,000

0161 830 8833

30 DEALS IN 30 DAYS CHALLENGE

There is still time to join the Elite Property Tribe and to kick start the programme we are running a 30 Deals In 30 Days Challenge. Even if you have never done a property deal before, now is the perfect opportunity for to get involved in the fastest and most exciting property strategy, which allows you to simply deal with property **WITH NONE OF YOUR OWN MONEY**

- **Source**
- **Package**
- **& Sell**

The challenge starts on 04 February 2019

The Elite Property Tribe is a Deal Sourcing programme which concentrates on :

1. **Training**
2. **Mentorship & Accountability**
3. **Community**

WHO NEEDS THIS SECRET?

- **Are you an employee who would like to be your own boss?**
- **Are you a parent who would like to spend more time with your kids?**
- **Are you just getting by with money and want financial abundance?**
- **Do you want to silence the doubters that keep telling you to stay in your job?**

If you answered Yes to any of the questions above then you need to join the Elite Property Tribe (EPT).

Here's what it's all about:

- **52-week training, mentorship and accountability program that gives you the skill set and motivation to find and trade deals.**
- **Join a supportive community of motivated property investors that are determined to change their lives.**
- **Become a lead magnet that pulls in 6 to 10 leads a month using proven, low cost, sourcing techniques**
- **Sell every deal you source in less than 2 days when you JV with me for a profit of £5,000 or more.**

100% MONEY-BACK GUARANTEE

When you join the EPT you risk nothing because you are covered by my 100% Money-Back Guarantee. Joint the EPT today, participate in the online trainings. If after 30 days you are not blown away by the real word knowledge, please send me an email and I will give you a full refund. No questions asked. No forms to fill in. No problems at all.

YOU'VE GOT TO BE QUICK

The door to join the EPT only opens twice a year, in January and in May. The training starts on Wednesday 7 February, which is why entry closes 6 February.

YES, I'D LIKE TO JOIN THE EPT

To join the EPT today or for more information, email arsh@arshellahi.com. There is no risk to you because you are covered by my 100% Money-Back Guarantee.

To see how previous attendies got on, visit Bit.ly/EPT2019.

To your success

ArshEllahi

The Elite Property Tribe is a mentoring programme like no other. It is one based on the philosophy of hands on learning and being coached by a seasoned property expert who will provide:

- **Weekly live webinars hosted by Arsh on a vast range of property sourcing strategies, including HMO, R2R, Lease options, and developments.**
- **Weekly access to Arsh to discuss your progress and development**
- **Quarterly meet ups with key notes speakers**
- **Dedicated property platform including key documents for success in property**
- **Opportunities to JV with Arsh - monetise every lead**
- **Highly supportive network of property professionals**
- **Access to mentee only Whatsapp group and social media platform**
- **Social meet ups**

If you would like to watch a recent webinar on how you can get started, please visit

http://bit.ly/EPTWeb4
2019 - Deal Trading, And How You Can Do This Too!

http://bit.ly/EPTWeb5
Deal Trading Anywhere In The World

PROPERTY AUCTIONS FEBRUARY 2019

EAST ANGLIA

Auction House East Anglia 13/02/2019 11:00 Dunston Hall Hotel, Ipswich Road, Dunston, Norwich, NR14 8PQ

Auction House East Anglia 14/02/2019 14:00 Holiday Inn (Wolsey Room), London Road, Ipswich, IP2 0UA

Auction House East Anglia 15/02/2019 12:00 Knights Hill Hotel, Knights Hill Village, Grimston Road, Kings Lynn, PE30 3HQ

EAST MIDLANDS

SDL Auctions Graham Penny (Leicester) 12/02/2019 11:30 Leicester City Football Club, King Power Stadium, Filbert Way, Leicester, LE2 7FL

SDL Auctions Graham Penny (Derby) 13/02/2019 11:30 Pride Park Stadium, Pride Parkway, Derby, DE24 8XL

Shonki Brothers (London Road) 13/02/2019 12:00 Leicester Race Course, Oadby, Leicester, LE2 4AL

Bagshaws Residential 14/02/2019 11:30 3aaa County Ground, Elite Performance Centre, Nottingham Road, Derby, DE21 6DA

Savills (Nottingham) 14/02/2019 14:30 Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

SDL Auctions Graham Penny Nottingham) 15/02/2019 11:30 Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

LONDON

Barnard Marcus 04/02/2019 Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA

Allsop Commercial 05/02/2019 The Berkeley, Wilton Place, London, SW1X 7RL

Strettons 06/02/2019 11:00 Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA

Auction House London 12/02/2019 12:00 London Marriott Hotel, Regents Park, 128 King Henrys Road, London, NW3 3ST

Phillip Arnold Auctions 13/02/2019 12:00 Doubletrees By Hilton, 2-8 Hanger Lane, Ealing, London, W5 3HN

Allsop Residential 14/02/2019 Cumberland Hotel, Great Cumberland Place, London, W1H 7DL

Savills (London - National) 19/02/2019 The London Marriott Hotel, Grosvenor Square, London, W1K 6JP

McHugh & Co 25/02/2019 The Montcalm Hotel, 34-40 Great Cumberland Place, London, W1H 7TW

Barnett Ross 28/02/2019 12:00 Radisson Blu Portman Hotel, 22 Portman Square, London, W1H 7BG

NORTHERN IRELAND

REA Leinster Auction 27/02/2019 15:00 Killashee Hotel, Kilcullen Rd, Naas

NORTH WEST

Edward Mellor Auctions 05/02/2019 12:00 AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY

Auction House Manchester 05/02/2019 14:00 Manchester City Football Club Ltd, Etihad Stadium, Rowsley Street, Manchester, M11 3FF

Venmore Auctions 13/02/2019 13:00 Liverpool Town Hall, High Street, Liverpool, L2 3SW

Sutton Kersh Auctions 14/02/2019 12:00 The Crowne Plaza Hotel, 2 St Nicholas Place, Liverpool, L3 1QW

Auction House North West 14/02/2019 14:00 Bolton Wanderers Football Club, Macron Stadium, Burnden Way, Bolton, BL6 6JW

Pugh & Company 19/02/2019 12:00 AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY

SDL Auctions Cheshire & North Wales 21/02/2019 11:30 Chester Race Course, Watergate Square, Chester, CH1 2LY

SDL Auctions North West 21/02/2019 18:30 AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY

Town & Country Property Auctions Dorset & Hampshire 25/02/2019 18:30 Jubilee Hall, High Street, Malpas, SY14 8NN

SOUTH WEST

Webbers 01/02/2019 14:30 Plough Arts Theatre, Torrington, EX38 8HQ

Clive Emson West Country 07/02/2019 11:00 St. Mellion International Resort, St. Mellion, Saltash, PL12 6SD

Auction House Bristol & West 11/02/2019 19:00 Ashton Gate Stadium, Winterstoke Road, Ashton Gate, BS3 2LQ

Strakers 14/02/2019 19:00 The National Self Build & Renovation Centre, Lydiard Fields, Swindon, SN5 8UB

Auction House Devon & Cornwall 26/02/2019 14:00 Exeter Golf & Country Club Ltd, Topsham Road, Exeter, EX2 7AE

Maggs & Allen 26/02/2019 19:00 The Bristol Pavilion, Nevil Road, Bristol, BS7 9EJ

Hollis Morgan 27/02/2019 12:00 All Saints Church, Pembroke Road, Clifton, Bristol, BS8 2HY

Countrywide Exeter 28/02/2019 Sandy Park Stadium, Sandy Park Way, Exeter, EX2 7NN

SCOTLAND

SVA Property Auctions Ltd 28/02/2019 14:00 Edinburgh Marriott Hotel, 111 Glasgow Road, Edinburgh, EH12 8NF

SOUTH-EAST HOME COUNTIES

Clive Emson Essex, North & East London 04/02/2019 11:00 The Chelmsford City Racecourse, Moulsham Hall Lane, Great Leighs, Chelmsford, CM3 1QP

Clive Emson Kent & South East London 05/02/2019 11:00 Clive Emson Conference Centre, Kent County Show Ground, Maidstone, ME14 3JF

Clive Emson Sussex & Surrey 06/02/2019 11:00 Hilton Brighton Metropole, 106-121 Kings Road, Brighton, BN1 2FU

Parsons Son & Basley 06/02/2019 11:00 The Paganini Room, The Old Ship Hotel, 32-38 Kings Road, Brighton, BN1 1NR

Auction House Sussex 07/02/2019 14:30 The Hove Club, 28 Fourth Avenue, Hove, BN3 2PJ

Clive Emson Hampshire & Isle of Wight 08/02/2019 11:00 Solent Hotel, Rookery Avenue, Fareham, PO15 7AJ

Town & Country Property Auctions South East 08/02/2019 12:15 Holiday-Inn London-Gatwick Airport, Povey Cross Road, Horley, RH6 0BA

Auction House Essex12/02/2019 19:00 The Ballroom, Park Inn Palace Hotel, Church Road, Southend-on-Sea, SS1 2AL

Hobbs Parker 13/02/2019 14:30 Amos Hall, Monument Way, Orbital Park, Ashford, TN24 0HB

Fox & Sons (Southampton) 14/02/2019 13:00 Macdonald Botley Park Hotel, Winchester Road, Botley, Southampton, SO32 2UA

NORTH-WEST HOME COUNTIES

Auction House Thames Valley 12/02/2019 12:00 The Pinewood Hotel, Wexham Park Lane, George Green, SL3 6AP

Auction House Beds & Bucks 26/02/2019 14:30 Venue 360, 20 Gipsy Lane, Luton, LU1 3JH

Romans 27/02/2019 12:00 Green Park Conference Centre, 100 Longwater Avenue, Reading, RG2 6GP

Auction House Beds & Bucks 28/02/2019 14:30 Hilton Hotel, Timbold Drive, Kents Hill, Milton Keynes, Buckinghamshire, MK7 6HL

WALES

Paul Fosh Auctions 07/02/2019 17:00 The Park Inn Hotel (Formerly The Moat House), Circle Way East, Llanedeyrn, Cardiff, CF23 9XF

Seel & Co 12/02/2019 17:00 The Park Inn Hotel (Formerly The Moat House), Circle Way East, Llanedeyrn, Cardiff, CF23 9XF

All Wales Auction - South Wales Auction 19/02/2019 The Village Hotel & Leisure Club, 29, Pendwyallt Road, Cardiff, CF14 7EF

All Wales Auction - North Wales Auction 21/02/2019 M-S Parc, Parc Gwyddoniaeth Menai, Gaerwen, LL60 6AG

Dawsons 27/02/2019 12:00 Swansea Marriott Hotel, Maritime Quarter, Swansea, SA1 3SS

Town & Country Property Auctions Wrexham 27/02/2019 18:30 St. Davids Park Hotel, St. Davids Park, Ewloe, CH5 3YB

WEST MIDLANDS

Loveitts 06/02/2019 18:30 Village Urban Resort, Dolomite Avenue, Coventry Business Park, Coventry, CV4 9GZ

Bury & Hilton 07/02/2019 Westwood Golf Club, Newcastle Road, Leek, ST13 7AA

SDL Auctions Bigwood 14/02/2019 10:30 Aston Villa Football Club, Trinity Road, Birmingham, B6 6HE

Auction House Birmingham & Black Country 14/02/2019 18:00 Walsall Football Club, Bescot Crescent, Walsall, WS1 4SA

YORKSHIRE AND THE HUMBER

Auction House West Yorkshire 06/02/2019 14:00 Leeds United Football Club, Elland Road, Leeds, LS11 0ES

Regional Property Auctioneers 20/02/2019 14:00 Doncaster Rovers F.C, Keepmoat Stadium, Doncaster, DN4 5JW

Pugh & Company 21/02/2019 12:00 Leeds United Football Club, Elland Road, Leeds, LS11 0ES

William H Brown (Leeds) 27/02/2019, 12:30 Leeds United Football Club, Elland Road, Leeds, LS11 0ES

NORTH EAST

Auction House North East 26/02/2019 19:00 Ramside Hall Hotel, Carrville, Durham, DH1 1TD

BRG Gibson 12/02/2019 19:30 Stormont Hotel, 587 Upper Newtownards Road, Belfast, BT4 3LP

Come and say hello!

Have you checked out YPN's subscriber web site yet?

yourpropertynetwork.co.uk/club

You'll find a stack of resources there to help you with your property investing, including ...

- Back issues
- Webinars and training videos
- Years' worth of audio interviews with successful investors
- YPN Bitesize training modules
- Plus more to come over the next few months!

If you haven't already got access to the subscriber area, email **getmein@yourpropertynetwork.co.uk** (or send us a Facebook or Twitter message) to get your login account and password.

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See you there!

Jayne

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to see a video with our thoughts on today's unique property market.

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