MAY/JUNE 2022 – ISSUE 16 – PRICE £6.99

Blue Bricks

MAGAZINE

RENT TO OWN
HOW A YOUNG DUO BUILT A SUCCESSFUL PROPERTY PORTFOLIO FROM THE GROUND UP

CHASING THE HOLY GRAIL

SARAH SHARES HER INSPIRING STORY OF HOW PROPERTY UNLOCKED THE DOOR TO HER DREAM LIFE

THE PAINS OF CONVERTING A LISTED BUILDING

USING SOCIAL MEDIA TO RAISE FINANCE AND FIND DEALS

HOW TO INCREASE THE VALUE OF COMMERCIAL PROPERTY

THE PROPERTY INVESTOR MAGAZINE

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BLUEBRICKSMAGAZINE.COM

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HELLO

SAM COOKE
EDITOR

Hello Blue Brickers!

I hope that the image to the left hasn't caused too much confusion. The reason for the change is that I am the new editor of Blue Bricks. Although my face is arguably less pretty than Caroline's, the work that I produce will be keeping the same (high) standard.

So, I may as well explain the crack. Blue Bricks Magazine was recently purchased by myself, Sam Cooke, and my business partner, Jordan Smith. Before I tell you why this is going to positively impact your membership, I may as well tell you the story.

I used to work for Blue Bricks as their marketing manager and helped to grow the business in its early stages. I then went on to start up and run a digital marketing and copywriting agency specialising in the property industry.

My experience with Blue Bricks mixed with my skills in writing and marketing made me an obvious candidate for buying the magazine. I think we can all agree that Caroline did a fantastic job building this brand and business and I am honoured to carry the torch forward.

So, hi! Now that you have the backstory, what does this mean for you?

Well, there are a few things that I want to add to your membership (for free). The biggest change is that we're planning on making the magazine monthly. This change will be rolling out early next year. We are also looking to create in-person networking meets across the UK. We still have the virtual one for now though, so don't forget to register!

In addition to this, we will be putting a focus on podcasts and making uploads more frequent.

In terms of the magazine, things will stay the same. The only thing that we want to change is the value you receive. There will still be plenty of inspirational stories and case studies, but there will now also be sections that are designed to give you value. Already in this issue, we have Joe Taylor showing you how to raise finance through Facebook and Sam Watterson demonstrating how you can create and grow a scalable sourcing business.

You heard it here first, but Blue Bricks is changing from a light read with your Sunday coffee to an essential handbook that must be owned by every investor. We're going to pack these magazines and your membership with value, so I hope you're prepared.

Finally, I want to talk to you. I want to hear your thoughts on the magazine. What would you like to see more of? What would you like to see less off? Would you like to feature?

Let me know your thoughts by contacting me via email. You can get me at **sam@bluebricksmagazine.com**. Don't be shy, drop me an email. Let's have a virtual coffee and a chat to get to know each other a little better.

Stick around because, in the wise words of Yazz, the only way is up!

MEET THE COLUMNISTS

Sarah Poynton-Ryan

Sarah is a successful businesswoman and property investor who built her portfolio from the ground up. Starting with bad debt and a failing business, she quickly turned her life around and now spends her time helping charities and running multiple businesses. Sarah has been kind enough to share her inspirational story in this issue of Blue Bricks Magazine.

John Corey

John started in Silicon Valley working for the tech industry. In 1994, the Swiss Bank made him a job offer which included relocating him and his family to London. This switched his focus from technology to real estate and financial regulations. John now focuses on helping property professionals to stay on the right side of the law by raising finance legally.

Sam Watterson

Sam started as a letting agent before dabbling in property sourcing. He quickly scaled from a one-man band to a sourcing business with systems, staff, and structure. Sam still works with investors to grow their portfolios but has moved on to larger projects like HMO refurbishments and Serviced Accommodation units.

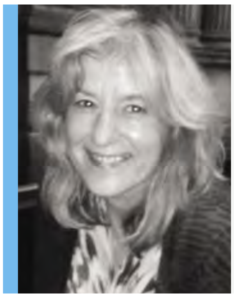
Joe Taylor

Joe started in business at the young age of 18. From there, he grew and sold an events management company before getting involved in the property industry. Joe now runs eGrowth Media, a Facebook ads and social media agency dedicated to helping property professionals attract more leads and investment. Alongside running his business full-time, Joe also invests in property.

Kal Kandola

Kal is a property investor and developer. Her hands-on experience in the industry mixed with her background in lending is what helped her to launch The Funding Collective. Alongside being a funding specialist, Kal also runs a property development business that focuses on building sustainable homes.

Jill Stevenson

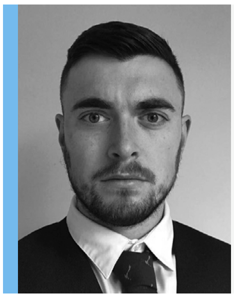


Jill is an experienced public relations consultant with a demonstrated history of working in the PR and communications industry. Skilled in editing, journalism, media relations and crisis and corporate communications. Media and communication professional with a certificate in Marketing (CIM).

Connor Holes

Alongside his business partner, Oliver, the duo has been working from a young age to grow their property portfolio. Starting with full-time jobs and a property training course, they quickly scaled their portfolio to a series of Rent to HMO investments. Connor and Oliver now spend their time investing in more properties and looking at larger developments.

Lewis Perren



Lewis is a property investor, developer, and business coach. Starting his journey in 2018, he has gone on to complete a series of flips, refurbishments, and developments whilst growing his portfolio of buy to lets and HMOs. He now spends his time working on his own projects while helping his mentees to grow their property portfolios.

Shannon Sheridan

Shannon started in photography, eventually specialising in interiors and property. Now Shannon owns Property CGI Ltd, a digital imaging company that helps investors and developers with virtual staging, virtual renovations, and CGI imagery. Using this technology, Shannon is able to help her clients raise finance, achieve planning permission and tenant and sell properties.

Nathan Winch

Nathan is an entrepreneur and private equity investor of over 12 years. He's started, grown and sold companies in the medical sector. With a passion for property, he owns a portfolio across the UK, but is now an FCA registered private lender and investor, with investments in over 14 businesses.

Bina Patel

Bina bought her first property in 2002. Shortly after investing, she had a negative experience with a letting agent. This caused her to manage the property on her own. Bina then scaled from managing her own buy to let to managing properties for other investors. 20 years later and Bina now runs Habitat Sales and Lettings alongside sourcing properties for other investors.

RAISE FUNDING, LEGALLY

JOHN COREY

Unlimited Funding for Your Deals

I chose the three words, '*raise funding, legally*' for a specific reason. First, to raise is to act. There is little passive about raising money for your projects. The vanilla BTL investment might be a tick box process with the mortgage broker doing most of the work to secure the financing. A shift to private funding requires a whole new set of skills. Raising money involves a lot of effort and can be confusing for inexperienced people.

Like anything in finance that starts as a one-off exercise, the process can be more predictable and quicker once you embrace what works. When starting, you need to change your property investing mindset as it is rare for people to arrive with financial sector experience. Even those who did work in the sector will rarely have been on the fundraising side of the capital markets. Lesson one—embrace what others have proved works even if it is not comfortable for you. Focus on the goal and the outcome. Embrace what is uncomfortable, new, or awkward until it becomes second nature.

The second word, Funding, is chosen as a head-fake. Too many property investors have locked into the idea that they want a loan. They have their spreadsheets which show how their ROI will be off the chart if they can raise 100% debt. They have used debt in the past, so they think more of the same is the way to go. What got you to this point is not what will take you to the next level. If it did, you would not be bumping into problems.

Accept that 100% debt funding is rarely possible, unlikely to be safe when applied, and a sign of immaturity to passive cash investors. Stuff happens every day with development projects. The real estate development sector is massive, with a long history—time has proven that over-leverage is the death of many a good project. Savvy operators understand that successfully playing the long game over many projects across years is the focus, not maximising the ROI through over-gearing. Use a stream of profitable deals to make up in volume what the spreadsheet thinks might be possible using more debt. A wipe-out from too much debt will send you backwards for a decade.

FCA Minefield?

To legally raise funding means you must embrace stepping outside the work of property investing. You are switching roles when you start managing passive investors' money. The Financial Conduct Authority is the regulator charged with protecting the public from shady operators offering investment opportunities in the UK. Note that the FCA is a regulator and not a police force. They create the framework in which you can operate. The FCA's default position is that the typical person is not sophisticated regarding passive investments.

Published in December 2022, Policy Statement 20-15 clarified you are the target. Offering passive investors an opportunity to participate in a property project that creates value (change of use, refurbishment, conversion, development, etc.) is regulated. You can take on the project yourself with your savings and a bank loan. If you want to attract private funding from passive investors, you are crossing a line. To do so without prior approval is a criminal act and can result in criminal penalties.

Outsource

What is the good news? You can outsource the complete process on a fixed-fee basis. If you successfully raise the funding you need for your project; there is an additional charge, a success fee. The fee can and should be paid for by the passive investors, so there is no hit to your profits. You are legally raising unlimited funding for deals worth starting. Think about it. You can attract as much money as you want if you embrace the process and get moving. Like dating, you do not jump from 'hello' to grandchildren, so there is a funding journey you need to travel. You are building a track record, so passive investors come to see you as a safe, profitable operator. They want to know, like, and trust you before they will part with significant cash. A tip—take care of your investors before you pay yourself.

To 'go big' requires using OPM—Other People's Money. As you scale, you will create legal Joint Ventures where the passive investors are funding the equity, not offering loans. The least expensive money comes from institutional lenders, and that money expects to see cash equity above their loan in the Capital Stack, and the passive investors will put up that cash for you.

The FCA's PS 20-15 focuses on loans to property developers. Why? The biggest mistakes which have hit the press have come from the privately funded loans for development deals. The FCA will not notice you until someone complains. Someone will complain when a project goes sideways, when a competitor wants to take you out, or when the software scans run by the FCA on Social Media posts pick up something you said.

Savvy private investors will know you are a risk because of how you handle compliance. They will politely decline to back you and your deals, and you will attract naive investors who wobble and are otherwise difficult to manage.

Specific Steps to Start

1. *Case Studies—Signed off from an FCA Authorised Person*

The key here is to share your past successes in a structured way. You want people to know what you have done. You also want this step to be a soft test of commitment. If you have two strategies, I want you to publish two case studies that have been signed off for promotion by an FCA Authorised Person. Three strategies, then three case studies. The key is to showcase a specific deal representing what you might do in the future. Use approved case studies to promote and build your investor list. Investors will register their interest in the case study which best matches what they want to fund. If your two strategies are flips plus HMOs, and most investors indicate they wish to back more HMOs, you know where to focus.

As soon as you have secured a new deal that fits passive investors' sweet spot, repurpose the exiting case study document and submit it for FCA Approved Person sign-off.

2. *Marketing—Find Your People*

It helps to get inside the head of the passive cash investors. Working with the list you have been building in Step 1, what motivates passive investors to open their wallets vs what would scare them away? For many people, the risk of losing money is a more significant driver than any ROI you can offer. Fear of loss is generally a more significant motivator than success. How will you carefully manage their cash and deliver on your promises?

If they are interested in funding HMOs for longer-term income, what does that say about their motivation? If they prefer flips and short-term opportunities, what else are they thinking? What are their red lines, and what do they see as a safe bet? Do they understand that return is associated with risk and to be prepared to lose money if they invest? Are they suitable for the deal you are presenting? The FCA expects you to know the specific answers, person by person, deal by deal, if you take on compliance internally.

Expect a slow and painful exercise if you want to work with investors 1-to-1. When you scale up and industrialise the process, you will be using marketing (social media and other forms) to speak to your idea investor avatar. You do not need to customise anything for an individual. You will reduce the hassle and risk associated with private investors by not being dependent on one person when you have built up a tribe of like-minded investors who want to fund your deals.

Tip: Become a passive investor in 1-3 deals, so you learn the passive investor journey. If you do this as I suggest, it will cost you approximately £100 per deal. Complete two or more, and you will become a Sophisticated Investor. SI status is not a requirement for funding, yet still nice to know you have reached that level.

3. *Deal Structure—The Sizzle*

Different types of deals require specific structuring. If you are using debt from an institutional lender, they will set the boundaries for what you can do when raising the balance of what you need. That said, there are a lot of tweaks possible to make a deal work well.

First, the offer has to be attractive. The numbers have to stack, and the team needs to have the required skills to execute the proposed project. The chosen structure is presented as a take-it or leave-it offer to a tribe of potential investors. Included are all the fundraising costs. Structured well, passive investors will cover these costs when you raise funding, legally. The profits produce the rewards and you will pay out the targeted returns to the passive investors before paying yourself.

4. *No 1-to-1 Negotiation—Everyone on the same page*

You want a more prominent tribe of investors rather than a smaller group. By design, you want to reduce any investor's power over you and your project and reduce the risk of a last-minute wobble. Second, passive investors want to know you treat everyone in a fair, transparent, and equal way. There are no side agreements, no specials, and no surprises regarding the deal each investor agreed on.

A benefit to you is an excellent reduction in the time it takes to raise the funding and significantly lower legal costs. When you have multiple shareholders in the deal, there is one agreement to which they all agree.

5. *Under promise, over deliver*

This step is all on you. Set expectations early, communicate often and impress people with your competence even when the world conspires against you. In terms of investor communication, if you are using an FCA authorised process, it is best to let a platform send out your updates. This creates an audit log for what was said, and everyone receives the same info simultaneously. You can inform people that you cannot speak 1-to-1, take phone calls, respond to individual emails, etc.—regulatory best practice makes 1-to-1 communication ill-advised.

Communicate bad news early—even if that means before you have the final solution. Investors hate surprises, and you can look like a hero later when you provide the following update after the negative news.

6. *Rinse and repeat*

If you only want to fund one deal, the above steps are a waste of time. If you're going to grow a significant business, get started now using a scalable process for funding. The sooner you start, the sooner you complete each step, and the sooner you can get on with another deal. The wealth will come from a stream of profitable deals, not by over-leveraging one project.

John Corey
Founder at Property Fortress Education

Do you have a property question?
Interested in comparing notes concerning the market or your latest deal?
Book a 1-to-1, free call with John at
PropertyFortress.com/Ask-John

The short version of my story is that I am a technology guy who started online in 1982 and completed my first purchase as a real estate investor in 1983. Both of those activities kicked off while I was working in Silicon Valley. During my years in California, I worked for some famous people, saw the tech world change while on the pitch, and plodded along with my real estate 'side hustle'. In 1994, Swiss Bank Corporation made me an offer and moved my family to London. That transition shifted my focus to FinTech, UK real estate investing, and financial regulations. I was still working in IT, yet on a different side of the fence and in a less creative sector than Silicon Valley. I am not saying finance people lack creativity at work, just that the industry is much more regulated, and the industry has a long historical record.

HOW CAN PROPERTY INVESTORS LEVERAGE THE POWER OF SOCIAL MEDIA TO RAISE FINANCE AND FIND DEALS IN 2022?

Social media, you either love it or you hate it. Many people initially thought that Facebook was a fad or TikTok was for kids. How far from the truth that has proven to be? If the past two years taught us anything, it's that if you don't have online presence, activity and visibility, you will get left behind competitors that do!

If I told you that we had raised over £850k, using a few social media posts, for one of our clients, would you believe me?

I'm going to show you **why** social media is so important and **how** you can leverage it to generate some fantastic results for your property business.

My name is Joe Taylor and I'm the founder of eGrowth Media, a social media marketing agency working exclusively with property professionals. We've worked with some of the top investors, educators, and developers across the UK.

Now, social media isn't and shouldn't be a big, scary place. So, let's start with the most popular platform – Facebook. Did you know that it currently has 2,910 million users? Of course, only a small fraction of users leverage its capabilities for business purposes. But still, what an opportunity! To get the best from the platform to tailor it to your specific needs, there is some terminology to understand, before launching into the powerful and productive environs of this or any marketing tool.

Who Do You Want to Target? – Be Specific

As an example of just how specific you can get, you can target men who live in Chelsea, who are investment bankers that also have an interest

Joe Taylor
Owner of eGrowth Media

in property. This is a great way of finding potential investors or high-net-worth individuals and getting your message in front of them.

How Will You Target Them?

Firstly, you'll need a personal profile – this is where clients and prospects come to 'Know, Like and Trust' (KLT) **YOU**. Then you'll want to decide whether you want a Facebook business page, a group or both. We'll look in more detail at these in a moment, so let's get to the HOW.

Organic Reach – This means uploading content onto a social media platform for free (not a paid advert) and letting the Facebook algorithms distribute the content. Some people say organic is dead, because reach has been diminished to around 2% of your followers, likes, connections and friends. That being said, we have still seen people generate a fantastic number of leads, without putting money into paid advertising, especially where the message is captivating or helpful.

Paid – This is targeted advertising, where you pay for your posts, videos or ads to appear on the feeds and stories of your target audience. Paid ads are a FANTASTIC way of scaling your property business, as you can target people very specifically.

Now, Back to the Question of: Do I Use a Facebook Business Page, Personal Profile or Group?

With regard to finding investors or JV (Joint Venture) partners, I would say, it's key to have a business page. However, if you're going to use the Facebook Group strategy, then a personal profile is a must.

Facebook Business Page – This is an absolute necessity if you're planning to use paid advertising, as this is where you will divert your ads to. Business pages are good, but as stated earlier, organic reach is around 2%. This means you might not get a huge number of eyeballs or engagement on your page and you need to be creating new content regularly, so bear this in mind.

Potential investors will check your business social media presence before investing in, or with you. Some of the things that they'll want to see are:

- What viewings you're doing.
- What deals you're completing.
- Testimonials from other investors.
- Where your goldmine area is.
- What returns you're offering.

Personal Profile – So, now you've optimised your business page, it's time to make meaningful connections and attract an audience. Personal pages work really well on Facebook because you can leverage property groups and establish an effective presence, although you can't view any analytics and you can't run any Facebook ads from it.

Remember this is not the place to be constantly hard selling. Use the guidance below when posting content.

- 70% of your content should be informing or educating.
- 20% should be inspiring and updating.
- 10% should be direct call out and selling.

Some content ideas:

- Biggest challenges faced in the week.
- Project updates.
- Investor case studies.
- Lifestyle content (KLT).
- Results and facts or figures.
- Events or networking content.

How to Use Paid Ads to Get Direct-to-Vendor Deals

Facebook ads are a great way to generate a consistent stream of daily leads. When you create a Facebook advertising campaign, there are three layers you should be aware of:

- **Campaign** – This is where you choose your marketing objective. For example, do you want to generate leads? More traffic to your page? Views on your videos?

- **Adset** – This is where you choose how your advert will be presented to the target audience. For example, Newsfeed or in their Messager inbox?

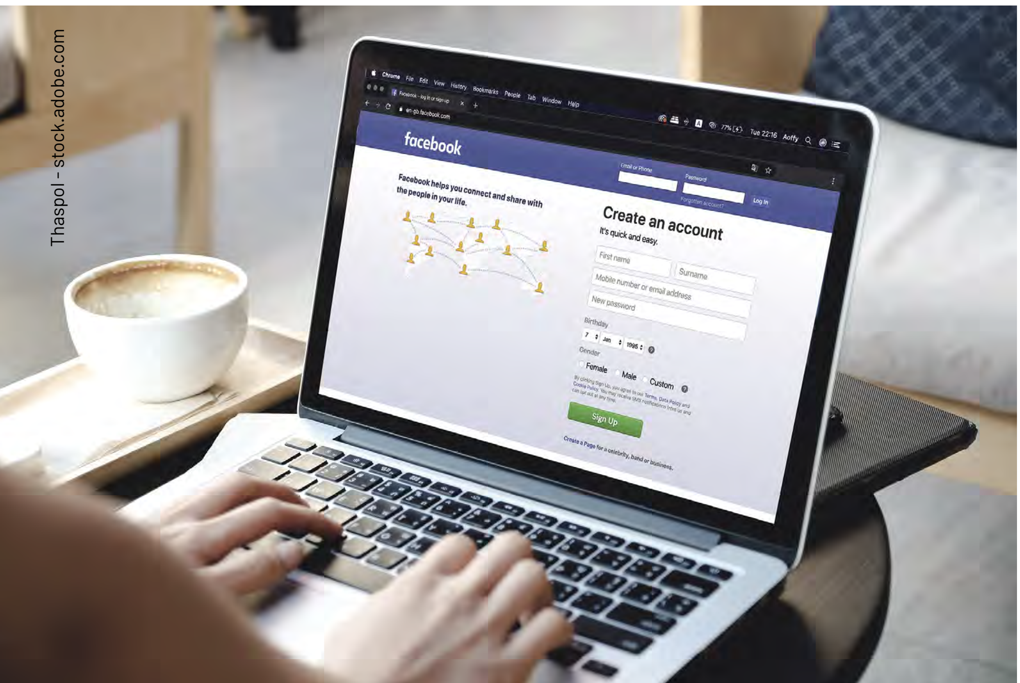
Your adset will also dictate the type of audience you're targeting. You can select particulars such as job titles, locations or interests. For example, you can target landlords who live in Leeds and have an interest in repossessions and government debt.

There are many targeting capabilities and strategies we can use in campaigns. Some key ones that have worked for targeting vendors are:

- Poundland.
- Debt.
- Repossession.
- Letting agents.
- The Jeremy Kyle Show.
- Government debt.

The effectiveness of this step depends on how in-depth you go with your customer profile. I recommend creating an avatar. Where does the person live? Do they have kids? What's their job title? What interests them? The more detail you go into, the more effective your results will be.

- **Ad** – This is where you choose the text and creative for your advert. You can use pictures or videos for your ads. Video ads are working really well for our clients in 2022. Some creatives you could test:
  - An introductory video that explains who you are and the problems you solve.
  - Before and after pictures of your property projects.
  - An image of a property you typically buy.
  - A selfie.
  - Maps of the areas you're targeting.



Thaspol - stock.adobe.com

Why Facebook?

Your customers and potential customers (over one billion daily users) probably spend some of their time on Facebook every day. It can be a cost-effective form of advertising and has great, detailed targeting capabilities.

Here are a few of our social media success stories:

- £2.7m generated in contracts for a construction company.
- £875k investor, joint venture finance raised for a client.
- 4xROAS (return on ad spend) generated for a leading property education company, with over 800 leads generated.
- BMV BRR deal in the Midlands (over £50k profit generated).
- Off-market, commercial to residential conversion, in South Wales.

Top tips for getting started with social media:

1. Establish your aims and objectives, are you looking to raise funds? Get more deals? Sign up more mentees?
2. Define your ideal client.
3. Don't over complicate, create a basic content plan and strategy.
4. Implement and test, work out what has worked and what hasn't.
5. Invest in working with experts, this will fast-track your success.
6. Always lead with value and stay consistent with your content.

If you would like to know more about how you can leverage social media in your property business, then get in touch with me today. I am always happy to provide help and advice to anyone that needs it. You can contact me on the email below or learn more about my business by checking out my website.

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THE MARKET PULSE

Stay ahead with us

KEEPING A FINGER ON THE PULSE OF THE PROPERTY MARKET

JILL STEVENSON

Easter Sees No Slow Down in Property Market

Traditionally, Easter is the time of year when the property market springs into action. However, this year it's a case of 'same old, same old.'

The property market has already been going like a fayre since the first lockdown was lifted in July 2020, having been fuelled by Rishi Sunak's year-long bumper Stamp Duty Holiday. Even the doubling of utility bills, rise in national insurance and escalating food bills haven't made much of a dent in property transaction numbers or house prices.

Many analysts insist a slowdown is needed – something many in the industry believed would already have happened by this time. Otherwise, they fear, a housing price crash could be on the cards (similar to the one which occurred back in 1988, with house prices falling annually and only really levelling in the mid-1990s). Indeed, economists point out that the next few months will result in the highest cost of living since the 1980s.

According to figures by Halifax bank, the average property in the UK rose in value by around £28,000 last year to a record-breaking £282,753. That's an annual increase of just over 10 per cent.

Mortgage companies to the rescue?

So, if the UK population isn't prepared to step off the property market carousel, who is going to put on the brakes? It looks like it could be the mortgage companies. Starting with Santander last week, they have begun to make their stress tests on mortgage affordability even tighter. To the extent that potential buyers may not be offered as high a house loan as they had hoped for.

Banks had already begun to toughen up their stress tests, looking for borrowers to be able to afford a standard mortgage variable rate plus three per cent (in case mortgage rates rise later this year).

Russell Galley, Halifax MD said: "Buyers are dealing with the prospect of higher interest rates and a higher cost of living. With affordability metrics already extremely stretched, these factors should lead to a slowdown in house price inflation over the next year."

Meanwhile, mortgage rates may still be historically low, but they have doubled since September last year. And it's believed they will be increased gradually over the coming months and years. Certainly, there will be no major hike in interest rates as occurred in 1988 when they doubled from 7.5 per cent to 15 per cent the following year and remained there for another year. The outcome that time was a market crash – something the government is desperate to avoid at this time, as the UK economy struggles with the after-effects of the pandemic.

Property sales one third lower than last March

One bright light on the horizon was HMRC's figures on house sales for March. The 114,650 property transactions were around one third lower than in March 2021. That was 2.6 per cent more sales than in February this year (although this could just be down to the fact that the nicer weather was bringing more buyers out).

HMRC warned caution on comparing last year's March figures to this years'. A spokesman insisted that there was a bit of a bottleneck with property sales in March 2021 – the result of many people trying to beat the Stamp Duty deadline (and which was later extended, anyway).

Housing stock still drastically low

In terms of housing stock, it's no secret there are more buyers than homes to sell. Property researchers TwentyCi reported a six per cent drop in properties for sale in 2021 – compared to nearly 29 per cent of property purchased.

But, the surveyor's body RICS, has reported an increase in the number of properties to sell for March – the first for more than a year. Having said that, the number of people wanting to buy was up 56 per cent more than usual.

First-time buyers 'hit' again

One group that is certain to be phased out of the property market this year is first time buyers. Although last year there were 35 per cent more property newbies getting their foot on the ladder, compared to 2020, we started this year with 13 per cent fewer properties for sale at under £250,000. This was also according to the TwentyCi Property & Homeowner End of Year Report 2021. But even then, with a predicted nine per cent increase in the cost of living, it's doubtful many would have been able to afford to buy anyhow.

THE OLD COACH HOUSE

HOW TWO YEARS OF PAIN, MISTAKES AND TURMOIL RESULTED IN THE GREATEST ACHIEVEMENT OF MY LIFE

Many people will happily tell you about their achievements. However, very few are willing to tell you about their mistakes. In this article, I am going to do both as I share with you my proudest achievement and the two years of mistakes that came with bringing it to life.

In 2018 I started my property journey. Like many people I was seeking financial freedom and wanted a way off the tools since I'd be a trade for most of my life. It wasn't this that drove me though. The main reason I wanted to get into property was to leave a legacy for my children. I had a young family and I wanted to do my best to provide for them. It is important that you understand why I was so driven at the time because the rest of this article will leave you wondering why I persisted with a project that seemed destined to fail from the start.

Although things worked out in the end, what came from a combination of inexperience and naivety was two years of none stop problems.

I hope that the following article shows you that anything is possible with perseverance and that you should always seek professional advice before starting a conversion. This project went well in the end, but it nearly ended very badly for me.

Starting with a bang

I was new to property and up until this point all I had purchased was a little two-bed house in North Wales. I didn't have the experience or understanding to realise the challenge I was getting involved in when I had the idea to get planning on my nan's old, detached garage. This might sound like a simple conversion, but it wasn't just a normal garage. It was a Grade 2 listed building in a conservation area. A conservation area that was also classed as an Area of Outstanding Natural Beauty and situated on a privately owned gated estate.

Due to a lack of experience, I didn't realise that this combination made planning almost impossible to achieve. So, at my own expense, I decided it was worth a shot and put an application in to convert the coach house into a two-bed home. Little did I know that I was about to embark on a two-year battle to make it happen.

A planning consultant visited the site and said to me that the chances of getting approval were slim. Although the odds were stacked against us, we both agreed that you may as well spend time fighting for something amazing to happen as this time will pass anyway. We were right, the time did pass, but it came with daily challenges.

Mistake number one – Don't annoy the neighbours

So here comes my first mistake, I didn't inform the neighbours of my plans to convert the coach house. I wasn't trying to sneak planning past them, I just didn't think about it at the time. I didn't realise that they would all be sent a letter by the council and notified the moment our application was received. If I'd spoken to them first, then I could have handled their objections upfront. Instead, the planning application went in and everyone on the private road was really (and I mean really) against it. Every day I would check the local planning portal and more and more objections would show. They even held a residence meeting and refused to let me attend and defend my case.

I went to the home of the head of the association and took my plans to prove to them it was going to enhance the road and be a benefit to the street. I asked him to take notes to share my side of the story with the rest of the residents, but everyone still objected to the council individually and as a collective. I was public enemy number one. I went from an ambitious investor trying to build a legacy for my young family to becoming the most hated person on the street!

Mistake 2 – Build a competent 'Power Team'

The planning consultant I used was taking forever to respond to the extra information the council required. If he was slow with them, then he was even slower with me as he waited weeks at a time to respond to my emails. But, because I believed he had a great relationship with the council, I was too soft and didn't push hard enough. I was settling for a terrible service and didn't have the confidence to call him out. The application came back over five times with so many different issues; like drawings not being up to scale, inaccurate roof pitches and other errors. Highways recommended refusing the application and so did the conservation officer. According to the council, unless we could get them both on board, planning was a definite no.

Getting planning took months of negotiation and changes to our plans. At one point, we even had to create a garden schedule that depicted what species of plant would be in the garden, what height they would be and their precise location. Even after providing this information and answering all objections, the granted planning permission still came back with 18 conditions.

Despite the conditions, I felt like it was finally done. After two years of hard work, we were finally there, and the rest of the conversion would be smooth sailing from here on out. I couldn't have been more wrong.

I discovered that the planning consultant had forgotten to add listed building consent to the original application. This meant that we had to submit a whole new application that everyone would be notified about and have the chance to object against (again). I couldn't believe that after two years of constant issues my dream was going to be killed. The lesson I learned was clear; get a competent Power Team.

Mistake 3 – Things to think about

Once we got listed building consent it was time to start figuring out the next steps. So, I contacted the electric and water companies to work out how much it would cost to connect them with the coach house. But being at the end of a private road caused a huge problem. The cable that fed the last houses was tested and wasn't strong enough to spur off power to our development. For the coach house to receive gas and water, the whole 400m long road would need digging up and replacing. For a rough idea of how much that would cost, you're looking at £1,000 a metre. That's £400K for a development that had an estimated GDV of £450K!

My advice is to plan for services like gas, water, electric, drainage, and telephone lines well in advance of starting a development.

Thankfully, due to top negation and agreeing on specific types of radiators and low energy systems, the electric company agreed it would be possible. Once again, we went from certain defeat to the possibility of success.

Now, after all this, it might be worth mentioning that I didn't even own the coach house yet. I didn't think to agree on a price with my nan upfront and I didn't have any money left to buy it. My uncles caught wind of my plans and got involved. This added another layer of drama to the mix as there were now three people who had to agree to the sale of the property. My uncles instructed three local agents to come and value the coach house. The value without planning would have been £30,000, the value with planning was £125,000.

Now, because I was the one who obtained planning, wouldn't you agree I earned the uplift in value? Well, apparently I wasn't. However, it didn't matter to me because I'd made a promise to my grandad that nan would never have to worry about money when he passed away. With this in mind, I agreed to pay my nan £125,000 but on the premises that the payment was delayed until I could refinance the property. Now that the purchase price of the coach house was agreed, I needed to get funding for the build.

Due to my inexperience, no lender would touch me. I couldn't get bridging or development finance. I was left with one option. I had to raise the finance through private investment. Thankfully, I had been building my network over the course of the past two years and was able to raise the money; but it came in drips and drabs from multiple investors.

With all the utilities agreed and the builder confirmed, we started taking everything back to brick. At this point you might have come to expect it, but we had yet another issue. The back of the building is the boundary wall to a neighbouring property. Due to my status as public enemy number one, the neighbour refused us access. This meant we couldn't remove the windows, do the remedial works outside, or replace the old roof. Not only that, but when we started digging to connect the services, we were stopped by another neighbour as we hadn't received permission to dig up a privately owned road. As you can imagine, the stress of this project was driving me insane, and I had to use my negotiation skills once again to resolve both problems.

All these issues and the conversion hadn't even started...

This is part one of my two-part story. To find out the other numerous issues we had, and how we overcame them, you'll have to wait for the July/August issue of Blue Bricks Magazine. Although my journey felt like the equivalent of being punched in the face every day for two years straight, the pay-off was better than I could have ever imagined.

If you have any questions before part two is released, then email me on the below. I'm always happy to use my experience (and my mistakes) to help other property professionals who, like me, are trying to leave a legacy.

Lewis Perren

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HOW TO INCREASE THE VALUE OF COMMERCIAL PROPERTY

Commercial property can seem alien to traditional, residential property investors. And rightfully so, as most of what comprises the value is different to residential.

Commercial property is often seen as a long-term investment, usually with year-on-year growth in both rental and capital appreciation. But what if you wanted to increase the value quickly? I'll run over some of the best, but certainly not exhaustive, list of things you can do to lift the value of a commercial property.

Improvements

The first, and certainly most superficial way, is to tidy up (believe it or not). Things like securing and maintaining the perimeter of the site and sticking up some industrial fencing. Ensure the outer of the property is neat, clean and presentable. Keep any green areas landscaped and maintained regularly.

If the property is an office or high street, look into options like soundproof windows. Anything that makes it a nicer place to work. Demonstrate to valuers and/or buyers that you have invested in the site and have some TLC.

Increase the size

Floor space is everything. What is the square foot area of the property? Can you extend it? This way, you can either introduce more tenants or increase the rent of incumbents. Maximise the usability of the space – work with your surveyor, preferably a local one, who can help guide you on adding those gems that will increase the value to both tenants and valuers alike.

Increase the rent

The quickest and most cost-effective way to uplift the value of a commercial property is to increase the rent. As commercial property is valued on a multiple of the gross rental income, doing this will add immediate and demonstrable value to your site. It also doesn't require any heavy work, which is a bonus. But remember, do some local market research. You don't want to go through the ceiling of the rental demand in the area if you aren't increasing the size of the property or doing any work.

A second to this would be formal leases and tenant quality. Both are incredibly important when it comes to valuations. Just putting a lease in place ups the value even if rent stays the same. Similarly, the length of the lease will increase the rent, but, this can become a sticky wicket. If a lease is too long, it might put some buyers off who have other plans. Check the provisions – imagine what would make it attractive to you if you were buying the property yourself.

Get a new business rates evaluation

As those of you who own and run your own businesses will know, business rates can be a killer. Speak to your local authority and ask them to visit the property to re-evaluate the business rates. The last set may have been done at a time when the market was in a growth phase, meaning rates might have been much higher than they are now. Take a view.

All of these things will help increase the value of a commercial property or site, especially when done together.

I wish you all the best in growing your business (and the value of your commercial premises). You can view more of my content by checking out my website at **nathanwinch.co.uk**. I keep it regularly updated with blogs, articles and business advice, so hopefully it will prove useful to you.

Nathan Winch
– Private equity investor

Disclaimer
This article was written in April 2022. I am not an accountant or tax professional. You should always discuss your personal circumstances with an accredited tax professional and financial adviser, as legislation can change.

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CHASING THE HOLY GRAIL

HOW I WENT FROM A FULL-TIME JOB AND £60,000 OF DEBT TO BUILDING A SERIES OF SUCCESSFUL BUSINESSES

In November 2015, I knew something had to change. Both my business and finances were in dire straits. I realised that I wanted more, and I knew that property held the keys to the life I dreamed of. After attending webinars, reading books and downloading all the freebies, I decided to kickstart my property business through what is known as rent-to-rent.

Back then, I had around £60,000 of personal debt – this was a mixture of credit cards, loans, and overdrafts. None of it was invested, and all of it was expensive. I look back now and wonder why I didn't see it creeping up on me. I guess a combination of youth, naivety, and a misunderstanding of how money works got me in a pickle.

I started a business in 2012 that afforded me the luxury of quitting my job and being my own boss; the 'holy grail' for most of us. Maybe that desired life I mentioned before was here, right? Well, not quite. Things were okay for about a year. I was doing well, securing sales and developing our brand, but I had no idea how to run a business.

I didn't know what a P&L was. I didn't know that you needed to put money away for tax bills. I didn't know that just keeping your receipts in a box was not how you were meant to do your accounts. No one had taught me this, and the misguided 'strong independent woman' in me thought that I should just know how to do it.

I wanted to ask for help, but felt this was a sign of weakness. After all, I had chosen to launch a business, I was on my own to make it work. Right?

By the time 2015 arrived, I was at breaking point. My business had not gone to plan. My inability to ask for help led me deeper and deeper into debt. I had to go back to working for someone else on a contract just so I could make ends meet. All in the space of three years that so-called holy grail had slipped through the cracks; cracks which were created by not seeing the full picture of what is involved in business.

Having achieved the goal of being my own boss, I can tell you that having to admit defeat and go back to working for someone else sent my inner narrative into turmoil.

For months I struggled to run my failing business and had to keep it afloat with the wage from my full-time job. It was brutal hours, long weeks, and working weekends.

From now on

In 2015 I got married, and my husband and I talked about what was next for us. Everything we wanted to do came down to money. Once again, I realised that things needed to change. I wasn't going to continue working every day of the week while sliding further into debt. So, I dusted myself off and decided to start again.

I attended webinars and read books to help formulate my plan. I told my husband there and then, "I am starting a property business. If other people can do it with no money, then so can I."

At this point, I had no savings. All I had was a strong will to get back on track. I was adamant that rent-to-rent was going to be my way into the property industry and was the right starting point for me to grow my business. My first rent-to-rent investment was a five-bedroomed flat, allowing me to multi-let the individual rooms for between £500 and £650 per month. I ran this for over six years and made between £750 and £1,300 a month of profit. In 2021, I returned the flat to the landlord after a profitable six years.

Since then, I have built a growing 7 figure buy to let portfolio, completed flips, and renovated houses before letting them out (BRR). At the time of writing this, we are at legals on a development for 17 new build apartments in Cardiff. I have also launched an investment fund for women with the help of my incredible fund manager, co-owning a letting agency that manages residential property in Northamptonshire, Buckinghamshire & Bedfordshire.

I believe in a world where everyone wakes up in a safe, warm, and comfortable bed. This vision is supported by one of my biggest passions; the education company I lead. It teaches and supports people to build their property businesses. I want to help people achieve their goals and live the life they have always dreamed off; regardless of their starting position.

Looking back

I often reflect on the key experiences I've had. I never want to lose track of where I started from and the amazing (and often challenging) journey that has taken me to where I am today. I believe that we should celebrate

I SHOULD HAVE ASKED THE TOUGH QUESTIONS AND HAD SHAREHOLDERS' AGREEMENTS AND CONTRACTS

each achievement along the way. Remember, it's a marathon, not a sprint. Celebrate every milestone and keep yourself motivated.

I've won awards for the work we do to reduce homelessness in my hometown and have been featured in Forbes Magazine. I have spoken on incredible stages such as Earls Court and have worked with, and met some incredible business people such as Levi Roots and Mark Wright, one of the winners of 'The Apprentice'. I cleared my entire personal debt in 23 months and have built a multi 7 figure business from the ground up.

Whilst I am fiercely proud of everything we have achieved as a team, I don't tell you this to brag. I tell you this to demonstrate that anything is possible; when you choose it and you mean it. When you feel like you are at rock bottom with a lot of personal debt, or that you can't experience things in life because of your starting position, just know you're not alone. All you need is a fire inside that burns bright enough to light up the dark path you think is in front of you. This will allow you to see the possibility of what can be achieved with hard work and dedication to your goals.

Lessons to live by

The first important lesson comes in the form of relationships. This industry is a champion for joint ventures. I see so many people jumping into business without knowing who they're getting into bed with.

Most people don't realise that when you go into business with someone you become financially linked to them for around 10 years. They will be named on your credit file. They become a part of your life. They might become your friend, or you might realise you made a huge mistake and you are working with an absolute wally, or worse, a crook.

I have sadly worked with both wallies and crooks. If I am honest, I didn't know what I was doing when I first started working with other people. At the start, I just went with the flow. But I should have done due diligence on each person – I should have asked the tough questions and had shareholders' agreements and contracts that defined roles and responsibilities.

Now, don't get me wrong, I have worked with and continue to work with some incredible individuals. But the experience of working with people that have let me down, stolen from the company and intentionally misled me, is still a hard pill to swallow. Most of this could have been avoided with more intentional choices at the beginning. It is a great practice to have contracts, handshakes don't count when it comes to a legal dispute. So, my advice to you is to always get it in writing and in a contract (especially with friends and family).

Going back to joint ventures, it's so important to know what each partner is bringing to the table. It isn't rude to run due diligence on people you're planning to joint venture with. The point I'm trying to make is don't be scared to not work with someone, because if you get it wrong, then the consequences can be huge. If you get it right, then you get the satisfaction of knowing there are good people in this industry that you can build genuine relationships with. On top of that, a successful joint venture will result in a healthy profit and a win-win deal.

The second important lesson is patience. It's so easy to get drawn into the big sexy numbers and the ego-boosting opportunities. After all, the bigger the deal, the better the money. People often forget the crucial piece of the jigsaw puzzle which is to mitigate risk. I learned early on that you need to have a contingency plan to manage risks or, to put it another way, a fallback position in case it hits the fan! Building wealth within this industry can be a long winding road, but keep on track and the possibilities are endless.

Regarding that "fallback position", an example would be with a rent-to-rent HMO or SA unit. If for any reason the property just doesn't let, can you single let it and still cover all your minimum costs? If you can't, then you have no plan B. To me, that is terrifying. If you buy a house and you intend to sell it, have you worked out the backup plan if it doesn't sell? Can you refinance and still pay everyone back, have you worked out what happens to your borrowing if the deal overruns or you overspend? Have you factored voids, contingencies, rising prices of materials, utilities and labour into your costs? Always have a plan B and always work on a worst-case scenario basis when running figures.

I speak to so many people and look at so many deals, and I honestly can't get my head around the level of maverick behaviour that we see in this space. Investors buying deals they have never seen and being pressured by unscrupulous sourcing agents to "pay in full now or lose the deal". They are letting their ego and emotions take over.

There will be other deals. if you are being rushed, and you haven't done your due diligence, then just be patient. There will be another opportunity. Don't be seduced by doing any deal. Buying nothing is better than buying something that loses money.

The last lesson I would like to leave you with is to have realistic expectations. From social media to stages, everywhere I look I see messages that being in business is easy. You can outsource everything. You can work four minutes a week and still become financially free in three months. However, if it was that easy, we would all be sitting on a beach, sipping cocktails whilst our businesses printed money, right?

Now, I agree that passive income is a thing. This is something that I didn't believe when I first started in business, but I have since learned that it's 100% achievable. I make passive income a few different ways, but property isn't one of them. If you start your business with a budget to spend, then yes you can build a team straight away and you can outsource everything.

If you are starting from a place of debt, without savings and with a poor credit file (like I did), then outsourcing on day one isn't possible because you have to be able to pay wages. Without money, you can't spend it.

You cannot skip to the end without earning your stripes along the way. Nothing can prepare you for the mental battle that takes place when starting and growing a business. You must go through the hard work, the late nights, the long hours and the sacrifices, whilst also trying to live! I'm not telling you this to scare you off. I'm trying to provide you with a sense of realism. In my experience, battle scars are necessary if you want to grow a business and grow as a person. You need the lessons and failures to drive you on and provide you with the backbone needed to continue through the hard times that inevitably come when taking this path.

We determine our future

Understand this though. When you sit and compare your day 1 to someone else's day 200, you are setting yourself up to fail. If you expect to have the same results that someone else has, you will feel let down. We are all blessed with different skills, different real-life pressures and different circumstances.

Instead, try and set your own expectations. Don't listen to what someone in a fancy suit on a stage tells you. Remember not to beat yourself up if it doesn't go as fast as you imagined it would.

The only thing you have to be is consistent. Take progressive steps forward each day. After all, small progress is still progress. As long as you are moving forwards, you are improving on your current position. Your efforts will compound over time and become visible. You'll soon realise that those small steps you have consistently taken, build up and equate to a huge difference. Suddenly, the opportunities within business will become larger. Before you know it, that late-night email sending spree you went on will be a distant memory.

Business is incredible. No matter what level you're at – start-up or established – I have huge respect for you. We choose this crazy life, and often outside influences make us question ourselves. Never forget why you started in the first place.

Don't lose sight of the underlying point of it all. Be loyal to the objective, but flexible on the journey!

I love speaking to different business owners. I truly believe that we're all incredible, and we've all embarked on the journey of chasing 'the holy grail'. Whatever the holy grail may be for you, keep going. I hope you take value from the lessons I have learnt over the years – and be brave to chase your dreams!

I would love to hear from you.
I am over on Instagram
@iamsarahpoynton
Message me the word **BLUE BRICKS** and I will send you a little gift that I have for you. If you aren't on Instagram, then you can find me on Facebook as well. Drop me a message and let's connect.

YOU MUST GO THROUGH THE HARD WORK, THE LATE NIGHTS, THE LONG HOURS AND THE SACRIFICES, WHILST ALSO TRYING TO LIVE!

SCALING FROM A ONE-MAN PROPERTY SOURCER TO A BUSINESS WITH SYSTEMS, STAFF AND STRUCTURE

Property sourcing is seen by many as a quick way to make money and a fast track into the industry. However, out of the hundreds of sourcers entering the property forums every week, only a handful of them will go on to complete a single deal.

Most end up chasing the shiny penny or pivoting onto different strategies once they realise that sourcing is not the get rich quick scheme they thought it was.

Although it's not easy, there is a successful percentage that goes on to grow a sustainable and scalable sourcing business. In this article, I'm going to show you how to join this successful minority.

From then to now

I admit that when I started sourcing, I wasn't completely new to property. I owned a letting agency in Leeds. Although this might sound like it gave me an easy route in, this wasn't the case.

Yes, I ran a property business, but I had no time. Although I did have staff working for me, they had no experience in sourcing and were busy managing properties. So, I started like most people: no time, no spare cash, and a property training course.

Despite the rocky start, in just a few years I have gone from a one-man band conducting viewings in my spare time to an established business agreeing deals worth £323,000 with a pipeline of £113,000 in future revenue.

Whereas originally I only sourced vanilla buy to lets, my team now sources everything from SA units to HMO conversions.

Meet the team

I am not telling you this to brag. I am trying to show you that if I can do it, you can too. There are a few core principles I have learnt along the way. Core principles that will allow you to fast track your sourcing journey.

Everything is a deal (technically)

All properties are a deal if you have an investor willing to pay a fee. However, an investor will only be prepared to pay a fee if you are offering them value.

Value is perceived differently by everyone. To one investor, it could be a BMV discount. To another, it could be the service delivered in finding them a steady long-term investment. As long as you have an investor looking for the value you provide, you can create a deal.

The key to a scalable sourcing business is to work with as many investors as possible so that what you find is more likely to fit someone's criteria. The way to do this is to focus on what you can offer in a very specific area and find investors who are looking for exactly that.

For example, if you know your area is inundated with 3-bed terraces that offer a 7% yield, then search for investors who are looking for this. This will save you time running around looking for a unicorn investment that is close to impossible to find in your sourcing patch.

Make it passive

You will soon lose track of who you're speaking to and what your investors want. The best way to overcome this is by creating systems that do all the heavy lifting for you.

Sam Watterson

A CRM to act as a central database is a great way of managing your investors. You then need to ensure you have processes in place to make it simple for you to onboard new clients. You want to ensure that you can match investors with deals and relay updates to them as effectively as possible.

Creating a passive business requires more than good systems. You will also need a team. You'll need a project manager that can oversee projects, an office admin to take care of all the paperwork, and finally, someone that can source on your behalf.

One thing I would recommend doing is outsourcing your sales progression. You will soon grind to a halt when every man and his dog is chasing you for constant updates.

Once you have the systems in place and the team behind you, it's simply a case of getting yourself out there. Become known for your niche, your service and the value you add. Speak to everyone and become the go-too property sourcer in your area.

Thank you for reading

There are plenty of opportunities to create and scale a property sourcing business. It is only done, however, with the right education behind you. I'm proof of this, and if you want to find out more about how you can do the same, then check out my Linktree **bit.ly/SWLinkTree**

Feel free to contact me with any questions. I hope you enjoyed the article and I am always here to help if you need a hand with your sourcing business.

WHAT IS AFFECTING THE PROPERTY FINANCE SUPPLY AND DEMAND FOR INVESTORS AND DEVELOPERS?

When I am asked to write an update on the property finance market, I find it imperative, from an investor's perspective, to understand where we are, amongst a variety of factors, that either drive the market or hold the market back.

Market Drivers and Impediments

What topics of conversation are really driving the market at the moment? Well, there are quite a few, such as: the need to build more housing, in what seems to be a never-ending, affordable housing shortage, heavy social housing demand and the desire to build in a more environmentally friendly way. However, it does seem that Covid 19, working from home, inflation, rising interest rates and the European war, are somewhat dampening the spirits of a roaring market.

They are all partially intertwined, but we will attempt to address each one independently and highlight the resulting funding landscape.

Affordable Housing v Social Housing

The quest to solve the affordable housing shortage is, in part, being resolved with increasing social housing provision. Organisations, such as Homes England, provide funding alongside social housing providers, creating an incredibly liquid market for investors and developers to benefit from.

Social housing development projects regularly have exits lined up, by being forward sold using funding provided by registered social housing providers. This model has been quite common in the PBSA (privately built student accommodation) sector over the past ten years, with schemes being forward sold and deferred to pension funds and other low-yield, patient capital investors.

The same model is being seen in the social care sector, on smaller schemes than typically seen in the PBSA market. For the everyday investor, who is not looking to build a large, 10+ unit scheme, the appetite from social care providers to take a long lease on a single unit or HMO (house with multiple occupancy) divided into four or more rooms, also appeals and has a market. Executed correctly, investors are securing healthy yields in this space.

An increasingly common occurrence is for investors to amass a significantly sized portfolio, 100 units or more, sign the units up to a social housing provider, offering 10-20-year leases and wrap up the portfolio in a REIT (real estate investment trust) to sell on the open market, gaining a yield compression to boost the value of the portfolio.

From a lending perspective, funders are generally risk averse, therefore, they love the idea of social housing providers being cash rich and largely, government backed. This means they can use LHA (local housing allowance) rates, to provide the income required, to make the investment cashflow positive. As a result, development finance lenders are keen to fund these schemes through to PC (project completion) with numerous lenders willing to provide term loans for the exit.

Environmentally Friendly Housing

Eco-efficient properties and EPC (energy performance certificate) 'A' rated schemes have seen a massive surge in interest with lenders and end users. End users are particularly keen on such properties, due to the potential savings on rising utility bills. These increases are proving to be troublesome for many vulnerable, low-income earners and do not appear to be improving as we look toward the end of 2022.

For investors, these low-income earners may become HMO tenants and the burden of high energy bills is then passed to the landlord, who in turn, attempts to pass the cost back to the tenant. However, as the tenant is also suffering from rising inflation, the vicious circle starts, especially when salaries do not rise as fast or in line with consumer prices.

As eco-efficiency helps to ease the energy cost issue, demand for EPC 'A' rated homes is naturally higher than its counterparts with lower energy-efficient performance. In turn, lenders have been offering discounts of up to 3% on their overall annual cost of capital, in order to incentivise developers to create energy efficient homes.

Although developers are wary that the installation of additional insulation, smart-home technology or possibly solar panels etc. will add cost to their build, they are thankful that lenders can provide them with some cost savings to maintain the profitability of their scheme, while also making the end product more desirable to the end user.

Commercial Properties

It is fair to say, the area of the market that is mostly underserved is the commercial property sector, which includes mixed-use freehold blocks, especially when the commercial element covers more than 25% of

Kal Kandola
The Funding Collective

the overall value. Aside from years of online retail continuing its trajectory to dominate the market and the way consumers shop, lenders are still wary of changes in lifestyle and work habits, in a post-pandemic world.

Working from home remains a contentious subject, with many employees favouring the hybrid model and employers preferring a return to pre-pandemic office attendance. That said, the exploration of new management models, which could save on excessive rental costs and maintain productivity levels, is ongoing and so far, overall inconclusive. Until the dust settles on the future paradigm, most lenders are still cautious of lowering pricing and increasing leverage in this sector.

Sourcing Finance

Across the capital stack, developers and investors do have solutions in the finance world. Since 2008 and even more so since the pandemic, the supply of liquidity in the economy is at record levels. This means that investors and developers have access to funding from high-street banks, challenger banks, private debt, private equity, family offices, high net-worth individuals and even retail investors, via crowd funding platforms.

Since the pandemic, there have only been a few lenders that pulled out of the market and did not return. Most stalled as the country turned the corner and now COVID is largely in the rear-view mirror, these lenders have pent up capital that require homes to provide a return. Funding across 2nd charge lending, equity, including 100% LTC (loan to cost) is also readily available.

As a sign, indicating how healthy the capital market is, investors willing to take on planning risk are increasing in numbers.

However, as I always say, there are pros and cons with everything in life and this level of liquidity has caused inflation and in turn increasing interest rates. Talks of stagflation are also surfacing, which are causes for concern and could quickly change the appetite of many lenders.

Personally, I anticipate further interest rate increases before the end of the year, in a bid to curb the spiralling and potentially crippling inflation rates. As such, it is considered wise to fix any rate from now, for as long as possible.

With new property strategies surfacing and demand continuing to outstrip supply for housing, the opportunities to acquire returns are ever present. Funding and finance will always follow these opportunities.

Worth noting, the majority of this capital is positioned as smart capital, provided by sophisticated and seasoned investors. They are looking for good schemes, with responsible custodians of their capital. Ensuring you can demonstrate and communicate a well thought through project, with a team to deliver it, there is most likely a lender or investor that can fund your next venture.

These are some of the topics that we covered in 'The Ultimate Funding Conference' last weekend. To find out more, contact Kal or Saam at The Funding Collective.

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SINCE THE PANDEMIC, THERE HAVE ONLY BEEN A FEW LENDERS THAT PULLED OUT OF THE MARKET AND DID NOT RETURN

RENT TO OWN

HOW WE WENT FROM BROKE UNI STUDENTS TO FULL-TIME PROPERTY INVESTORS.

CONNOR HOLES

Hello Blue Brick readers! I'm Connor Holes, co-owner of Bobby & Holes Estates alongside my business partner, Oliver Bobby. We wanted to share with you the story of how we built our property business from scratch with no time, money, or experience.

The Beginning

Oli and I met in the first year of secondary school and became good friends. From a young age we both knew we wanted to be involved in property. The issue was that we were under the impression you needed lots of money to be able to get started. Whilst we had this ambition, we also agreed that the school curriculum was flawed, in the sense that it didn't teach you how to set up, scale and operate a business. Being young school kids, this limited our belief that we could go out and successfully start a property business, as such, we left school to focus on a different path.

Time for a change

Following school, I trained to be a carpenter whilst Oli focused on training to be a graphic designer. Now, whilst those professions are respectable, we wanted more. We wanted to make our own path to success, and do it on our terms. Ultimately, it was time for a change.

So, how were we going to make a change? Well, we knew we wanted to be "investors". However, we still didn't feel like the time was right to get into property. Instead, we began researching cryptocurrencies, and how to invest in that market.

We made some small investments and, out of sheer luck, made a 35x return on our invested capital. Now, I must point out that we were new to this, and it didn't all go to plan. In fact, we ended up losing money due to not fully understanding the world of crypto investing. You may read that and think to yourself "So, that was a failure", however, what it did was provide us with a great lesson and allowed us to completely shift our mindset.

The lesson provided to us by this "failure", was that you can create wealth through investing. I know, it's a broad lesson, but seeing the potential returns on invested capital gave us a hint as to what

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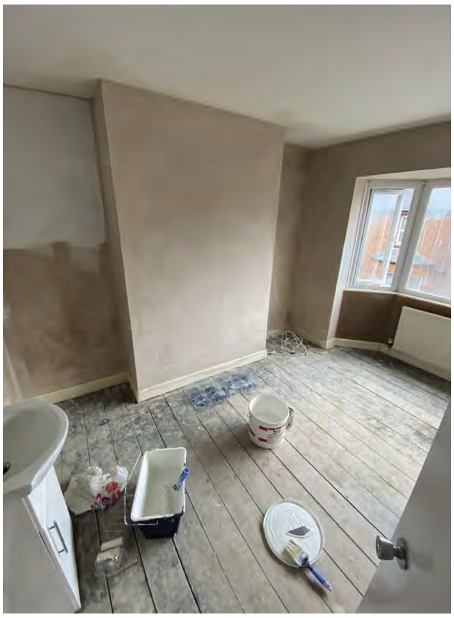
was possible. The other lesson though was that you need to educate yourself in the market you are looking to invest in. So, that's what we did.

We began by doing research into the property market. We attended free training courses and read some property books including Rick Gannon's *House Arrest* and Simon Zutshi's *Property Magic*. We were totally amazed by how many different strategies there were including some that required just a small amount of money to get going; which suited us perfectly. We finally found an entry point into the world of property investing that worked for us and we couldn't wait to get started.

On your marks, get set, go

The property strategy we decided to start with was rent-to-rent HMO. We had always wanted to build our own portfolio and the entry costs to get started were low, so it was perfect for us. Our next step was to find a credible mentor with plenty of experience in the sector to guide us through the process. After doing a lot of due diligence on a couple of people, we decided to go with Rick Gannon and enrolled on to his online programme. The content provided was exactly what we needed.

We learnt how to start and systemise our business properly alongside the logistics of how to navigate the rules and regulations surrounding HMOs. By the end of our second month of training we had our business set up



and our marketing campaigns were ready to be sent out. At this point, we were both still working full time which meant getting up early and working late to put the necessary hours in, but we were determined to succeed.

It's a bumpy road ahead

We had an amazing response to our first campaign. We were contacted by four landlords who were potentially interested in our offer. It was a nerve-racking time as neither of us had ever done any marketing, negotiating or selling before starting our business. This meant that, as well as learning about property, we also had to learn and master these skills too.

Alas, a lot of our initial leads fell through, or we managed to get viewings on potential houses only for our offers to be turned down. We put as much time and effort in as we possibly could, sometimes staying up till midnight to analyse deals and submit offers. We hit the same wall over and over again: we'd view a property, make an offer, negotiate and then – just as everything was looking good – the deal would fall through at the last minute. It was an exceptionally tough time – watching others getting the results when you're putting in so much effort but failing to make it happen.

We'd been marketing now for six months and were still struggling to convert leads to deals – the story was always the same: because we were a new company *and* had no guarantor we seemed to be a no-go area for landlords. We started to question whether this was the right business for us and considered packing it in to try something else.

We spoke with our mentor and took a few days to regroup, trying to take stock of what was going well and what wasn't. We then put together a new plan and got straight back to it. What a difference it made! We received a call from a landlord we'd been dealing with previously who was now interested in signing a contract, and because we'd already negotiated the terms from our previous dealings with him, we were able to get everything signed quickly. Finally, we were able to get started!

On our way

The property was already vacant so we were able to get in and complete a light refurbishment quickly. We also negotiated a one-month, rent-free period which gave us enough time to get the work done and find suitable tenants.

Amazingly, as we reached the final stages of the refurb, we got a call from another landlord who we'd previously negotiated with. Like our current client, he was now interested in signing a deal! *And*, we managed to finalise a deal with a third landlord who had seen our most recent campaign.

In the space of a month, we'd gone from feeling utterly deflated and contemplating whether this was going to work to feeling over the moon. We went from having nothing to having more deals than we could handle. We had no real network at this time, nor did we have enough funds to complete these deals, so we raised money from friends and family.

We continued to work our jobs and run the business simultaneously. We both managed to reduce our hours slightly which gave us more time to focus on growing and running our property business. Fast-forward a few months and we had managed to sign two more deals to add to our portfolio, and one of these landlords also had a portfolio of HMOs in our area that he was interested in passing to us if everything went well. We set ourselves a target of building a portfolio of ten rent-to-rents and it felt like this target was coming along nicely!

Shortly after getting these deals up and running, the country went into lockdown and businesses were forced to close. We were very fortunate in the fact we experienced virtually

no problems through this period – there was just one tenant we had to remove, but overall we managed to maintain full occupancy across all our rooms.

We continued to run our marketing campaigns as normal and found our response rate increased massively. It seemed that, with all the temporary restrictions in place, a lot of landlords were fed up with the headaches and stresses of property and were more open to considering what we had to offer.

We managed to sign three new deals in quick succession, two of which would start in the same month with the third starting the month after. The pressure was on!

On previous jobs we'd handled the refurbs ourselves, pulling long hours to get the work done. The problem we now faced was that our workload was too high and the turnaround times too quick, so we had to outsource most of the work. This allowed both refurbs to run smoothly and we were able to get them finished in time to start the third deal. On completion of these deals, we decided it was time to give up the day jobs and move into property full time. We had reached the point where the income we were generating from the business surpassed our 9–5s. We decided to each take a small salary and focus the remaining money on continuing to build our property business and crypto portfolio.

Striving for more

We were now in property full time and had eight HMOs in our rent-to-rent portfolio. The target of building our portfolio to ten properties was in sight, so we sat down to revise our goals and set new objectives.

Our end goal in property from the very beginning was to own our own portfolio of properties. We wanted this portfolio to be managed by another team to bring in secure passive income so we could focus our time on building high-end developments in our area. We set out targets with this in mind, devised a business plan, started our second property company and set ourselves monthly targets. We then broke each target down into daily tasks to take us toward our goals. Leaving our full-time jobs increased the time

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we had to focus on building both property businesses. Looking back, this is probably something we should have done sooner.

Following the re-alignment of our targets, we kept building towards our goals. A landlord we'd had in our follow-up pile for over a year reached out to us and asked if we could sign a deal. Another landlord asked us to take on the last property in his portfolio at the same time. We got both properties completed and tenanted over the months that followed, and they've made great additions to our portfolio.

In just two years, from starting our property training, we'd completed our initial goal of obtaining a portfolio of ten rent-to-rents! If you told us this when we first started our journey, we would have been delighted. However, now we'd achieved it, we decided to just take it in our stride instead. Why? Because the targets had already been reset and we were striving towards larger goals that were our new driving factor.

What now?

We're now focusing most of our time on searching for properties to add to our portfolio, as well as flips to increase our experience before moving on to larger developments. We have a few interesting opportunities in the pipeline so it won't be long until we secure our first large development deal. We've also had great success in finding a couple of investors. They were impressed with how we presented ourselves and what we've achieved so far. Both stated they'd be happy to work with us to help fund future deals.

We're exceptionally pleased and proud of the journey so far and how things have played out. Rent-to-rent is the perfect strategy for anyone who is starting from a place of no money or experience and wants to build a high cash-flowing business that allows them to gain credibility in the property sector. I hope sharing our story helps anyone reading who finds themselves in a similar position to us when we first started. I hope that it also gives them the belief that they too can achieve their goals within the property industry. As we've demonstrated, it isn't easy but it's definitely worth it. We always look to help and support others wherever we can. So, if you'd like to know anything further, then drop us a line.

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USING MODERN TECHNOLOGY TO RAISE FINANCE AND INTEREST ON YOUR UPCOMING FLIPS, RENTALS, AND REFURBISHMENTS

When most people look at a run-down property, they see nothing more than a ruin. However, when we property people look, we see opportunity. By putting a new kitchen in, we'll increase profit. By ripping out that lime-green bathtub, we'll make the home more appealing to potential buyers.

Seeing the potential of a property through damp, woodworm and cracked walls is an underrated talent that we property professionals have. It's like a superpower! However, when we're trying to attract buyers/tenants or get accurate valuations from lenders, we realise that this talent is not shared by everyone.

In this article, I wanted to share some tips with my fellow property professionals. Some examples of how you can use digital technology to raise private investment and attract a better demographic of buyer or tenant. The technologies I'll be discussing are virtual staging and virtual renovations. By understanding how they work and what they do, you'll be able to implement them in your property business with great success. The furniture and renovation might be digital, but the money you'll make from using them is very, very real.

Using virtual renovations to raise finance

Virtual renovations do what they say on the tin. They take properties in need of some TLC and digitally renovate them to look as good as new. In real life, the property may need a lot of work, but the final image you will see is a perfectly refurbished home, ready for the open market.

This is a great way of raising private finance. If you have ever tried to explain to an unimaginative person what a refurbishment will look like when it's finished, then you'll know it's an impossible task. Again, not everyone shares the same creative minds as us property folk! By showing potential investors pictures that demonstrate our plans for the property, you take your project from an idea to a tangible possibility.

A separate thing to consider is how you can use virtual renovations to instruct contractors. Sometimes, leaving contractors to a refurb is like asking for a tattoo without showing your tattooist examples of what you want. We just have to hope that the end result is what we had in mind. However, when we can show builders and decorators exactly what we want a room to look like, we don't have to worry about things not looking how we imagined.

Using virtual staging to tenant and sell properties quicker

Trying to sell or rent a home without furniture is like trying to sell a clothes hanger without any clothes on it. You have the outline of what you're selling, but there is no substance to attract buyers.

Virtual staging works much like physical staging, but everything is done on a computer. It saves you time buying furniture and moving it into a property, just to realise it doesn't quite fit or match the wallpaper and is nothing like the pictures showed. Instead, virtual staging digitally adds furniture to a room so that it can be used in marketing and on property listings.

You might have heard the saying "people buy with emotion and then reason with logic." Well, the same concept applies to property. When people agree to rent or buy a home, they do it because of an emotional attachment. Sometimes they'll offer on a property because it is convenient, i.e., it's close to a well-rated school or where they work. However, serious buyers and tenants – the ones that pay above market value – make an offer based on emotion.

By understanding your target demographic, you understand what to add to the property to create this attachment.

Shannon Sheridan
Owner of Property CGI

For example, if you own a three bed-home and are looking for professionals, you can stage the third bedroom as an office. This allows you to stage a home with a lifestyle that your target audience would relate to, without you having to pay a hefty sum to make it look a particular way or rent high-end furniture.

On the other hand, if you're targeting families, then you can style the third room as an additional bedroom or children's play area. This makes the property more relatable to your target buyer/tenant and entices them to book a viewing.

Staging your property like this makes it stand out on Rightmove and attracts those much-wanted viewings. And, because you've targeted your specific demographic, you know that everyone viewing your property is the potential tenant or buyer you want.

Modernise your investments

I hope that my article provided you with some value. As technology continues to move forward, it is vital that property investors stay ahead of the times. Doing so will allow you to stand out from the local competition and make a higher ROI on your projects.

If you have any questions, then please get in touch. I'd love to hear from you.

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BEFORE YOU HAND OVER THE KEYS

HOW TO CHECK IF YOUR PROPERTY PORTFOLIO WILL BE IN SAFE HANDS ONCE YOU HAND IT OVER TO A LETTING AGENT

Having the right letting agent is the difference between a well-managed property portfolio and a WhatsApp chat full of questions about leaky taps. Like estate agents, letting agents have picked up a bad reputation in our industry. This is due to publicised cases where they haven't fulfilled their side of an agreement. The result is poorly managed properties and disgruntled landlords.

Hi, I'm Bina. Alongside building my client's portfolios, I also run an estate and letting agency in Leeds. Unlike a lot of letting agents, I was an investor before a property manager. I invested my life savings into a property in 2002 and, after a terrible experience with a letting agent, decided to bite the bullet and manage the property myself. After this, I took on other people's properties and Habitat scaled from there.

Fast forward to 2022 and I'm writing this article to help you avoid making the same mistake I did. By following these quick tips, you'll save yourself a nightmare dealing with unruly tenants, unpaid rent and a million phone calls about the boiler!

Small checks that save big problems

My first tip is to always ask the agent exactly what their service includes. Don't just take their word on this. Check management agreements before you sign them. Ensure that you understand what you're signing and the service you will be receiving. You don't want to pay a large sum for property management just to discover that your payment only covers a tenant finding fee.

If you are looking for a letting agent to manage your property, then ask them what checks they do. Make sure that the agent completes reference checks, right to rent checks, credit checks, affordability assessments etc before allowing tenants to move in. A thorough screening process is the difference between a dream tenant who pays on time every month and a nightmare renter who will make you regret ever investing.

Finally, check the agent's location. Many property management companies are run online and cover most of the UK. While

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there isn't a problem with hiring one of these companies, bear in mind that they won't have local knowledge. You need to know that you're getting market value for your rent. If an agent isn't local to your area, then they might undervalue or overvalue what you should be receiving each month.

Local knowledge also helps when marketing your property to prospective tenants. Is it near well-rated schools? If so, then the property description and marketing material should be aimed at families.

Again, this might sound obvious. But, if you end up in a situation where the rental asking price is overvalued and the property is being marketed to the wrong demographic, you will end up with long void periods.

Are they a business owner or a chancer?

Many people claim to manage properties. With so many people offering the same service, it can be hard to identify the professionals. The mark of a good letting agent is one that carries out professional development and is fully regulated. This isn't always easy to tell, but basic things like the agent being registered with ARLA are a good starting point.

You also want to check their memberships under legal requirements e.g., being registered with the Property Ombudsman Service or Property Redress Scheme. Although being registered with these bodies doesn't prevent an agent from committing foul play, it is a sign that they are dedicated to their business and do things by the book.

To keep your money protected, I would recommend checking if they are a part of the Client Money Protection (CMP) Scheme. If you're going to put one of your greatest assets in the hand of a letting agent, then you want to know they're keeping it safe.

One final piece of due diligence you can complete is analysing the way that the agent has reacted to changes post – Covid. Although restrictions have ended, not everyone feels secure going back to the way things were. Ensure that the agent you choose runs a proactive business which works around its customers. For example, are they embracing new systems and technology like virtual viewings? If they are, then this shows the agent is serious about their business.

Investing is just the first step

Many people spend their time finding investment properties and conducting due diligence just to fall at the last moment by not replicating that same due diligence when picking a letting agent. Don't fall at the last hurdle. Make sure that you pick someone who is going to treat your investment right!

If you have any questions about my article, then I'd love to hear from you. Contact me via the email below, I'm always happy to help.

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