Blue Bricks

MAGAZINE

NOVEMBER 2020 – ISSUE 6 – PRICE £6.99

THE PROPERTY INVESTOR MAGAZINE

PEOPLE IN PROPERTY

STEVEN GREEN SHARES HIS LATEST PROJECT: THE OLD BALLROOM

TINA WALSH

8 ESSENTIAL QUESTIONS TO ASK ANY PROPERTY SOURCER BEFORE WORKING WITH THEM

CASE STUDY OF THE MONTH

CO-LIVING CONVERSION BY **STEVE CURTIS**

ISSUE6BBM

BLUE BRICKS MAGAZINE

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HELLO

CAROLINE MONKS
EDITOR

Hello and welcome to November – where on earth has this year gone? It's certainly been a strange one for us all and I hope you're all coping in your own ways and keeping up with your networking via alternative means. I've almost perfected my resting Zoom face (you'll know what I mean)...

I am delighted to have Steven Green as our main cover story this month. I've been following Steven on social media for some months now and really enjoy his outspoken posts; he has a lot to offer the world in terms of property knowledge and mindset. Recently, he's demonstrated just what can be achieved through a positive mindset and hard work by breaking a world record in completing not one, but *two* Ironmans back to back with no rest – an unbelievable achievement. It's this drive that has helped him get to where he is in the property industry and on page 16 he kindly shares the ups and downs of his latest project, which has taken nearly two years to get this close to completion.

Tina Walsh, affectionately known as The Queen of Compliance, has written a stonker of an article for us on page 24. Tina talks us through the eight questions that she recommends investors ask before working with a property sourcer. Whilst the advice is very much geared towards helping investors with their due diligence, I personally think this article is also of great value to the many professional and credible property sourcers amongst our readership and can serve as a checklist to ensure that you're maximising on the information that you share with your investors. It should guide you into instilling confidence and trust and enable you to distinguish yourself from the herd.

We are really pleased to have Neil Chaudhuri back on board this month after his debut in the September issue. This time he has put pen to paper to give us his top ten ways to add value to a property. There is so much useful information here, that we've split it over two issues – see page 8 for Neil's first five tips and we'll see you next month for the second five!

Steve Curtis joins us in this issue to share his Scandinavian-inspired co-living conversion, which has become his first buy-refurbish-refinance project after already achieving great success with his rent-to-rent portfolio. You can read about this and see the beautiful images in our **Case study of the month** on page 26. I particularly liked Steve's advice to our readers: "Challenge yourself to design an interior without using any grey paint (which seems to have become the new magnolia)." There certainly seems to be a lot of grey around in this year's conversion projects and, whilst it can look really stylish and contemporary, perhaps we have fallen into the same trap as we did with magnolia – it may still look good but is your property going to stand out from the crowd if it blends in with all the others?

So grab a brew and enjoy this issue before you get cracking with your Christmas shopping!

Best wishes,

Caroline

MEET THE COLUMNISTS

Tina Walsh Compliance

Tina established Sanctuary Property Sourcing Ltd in October 2012 – a platform that provides a bespoke service throughout the northwest of the UK. Tina has also authored the no-nonsense book: *Property Sourcing Compliance: Keeping you on the right side of the law*

Affectionately known as the Queen of Compliance

Neil Chaudhuri Investments

Neil trained with Simon Zutshi on the Mastermind programme and finished as one of the top performers, becoming a finalist in the HMO Investor of The Year category. Neil and his wife, Simona, co-own Vogue Abode specialising in luxury student accommodation. He also enjoys coaching other property investors.

Got bored of beating Tiger Woods so turned his hand to property

Joanne Saint Marketing

Jo is a dedicated marketing professional with 20 years' experience, both CIM and ILM qualified and owner of a marketing company that helps devise strategy for firms large and small. Jo is also a property investor, developing a portfolio and supporting other investors to do the same with her skills and contacts.

Saint by name, cheeky little devil by nature

Lisa Tinker Compliance

Lisa is an experienced founder with a demonstrated history of working in the professional training industry. Strong business development professional graduated from NCRQ Level 6. Track record in property development and management, particularly in the field of construction.

Prefers kisses from her dog to those from her husband

Paul Tinker Construction

Paul is a property entrepreneur delivering construction services to property investors. Specialist in refurbishments and conversions. He owns a safety consultancy run by a dedicated, fully qualified team. He also owns a deal-sourcing business and a construction development company.

Likes dressing up as a clown and scaring Lisa

Ben Quaintrell Lettings

Ben has been a letting agent for 15 years, eight of which he has run his own business, My Property Box, a forward-thinking, tech-embracing letting agency. He's an active property investor specialising in single-lets, commercial and serviced accommodation.

Has more grey hairs because of his wife and kids than from his lettings business

Jill Stevenson Public relations

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).

Loves doing interior design for dolls' houses

Hayley Gilbert Legal

Hayley is a commercial solicitor and director within the Legal Services team at BWL Consulting Ltd, based in Darlington. She has over ten years of post-qualified experience and has worked in both high street and city firms across the Northeast.

Secretly wants to be Dolly Parton (although not a secret now)

Anthony Halliburton Insurance

Anthony is an Associate Director with Sentio Insurance Brokers. He has worked within the insurance industry for over 16 years for both national and local firms. Specialising in the property sector he can advise on all aspects of property insurance including development projects.

Was crowned Carnival Prince in 1983 at the age of two

Nathan Winch Business

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.

Loves nice holidays, but never actually goes on any

WEBSITES...

MAXIMISING YOUR MARKETING–PART 2

JOANNE SAINT

In the last issue we covered why it's a good idea to have a website for your property business to prove your credibility and serve your audience without you feeling you have to interact live 24/7. I talked through the purpose of every page, including content for specific audiences and the language and calls to action to guide your visitors to take the next step.

I suppose all of this is a bit like refurbishment: you need to know the outcome you're aiming for and do a thorough preparation of the area before you start throwing paint at the walls. Well, this month we're about ready to start with the paint.

The wireframe and menu

Create a list of the pages you want within your site and then think about how each page will relate to the others and where each one sits within the sequence. Be clear on the purpose of every page, ie: the main message you want to deliver and the next action you want the visitor to take.

This wireframe will essentially guide you in creating the content as well as informing the look and feel. Treat each page as if it stands alone. I've mentioned this before, but users can and will land on any page – it's not a one-way system where everyone enters at the homepage and moves successively through the site.

Content and traffic

Next, write the copy. Once you have a good idea as to the number of words per page, you'll be better informed to choose a design. If a page has lots of text, you might want to break it up into sections. You could use images in between sections to do this, or have headlines and stand-out boxes containing key messages and summaries.

For pages with less text, you could have a larger image, or use icons to break the text up into snippets so that it looks more substantial.

Create the content in the same style as the rest of your public-facing content, ie: so it mirrors your social media posts, or YouTube videos. Ideally this should reflect who you are as a person, almost as if the visitor is having a face-to-face conversation with you.

Every page is the answer to a question. You need to know why they might have landed on that page, what question needs answering, and then answer it. Always write to solve the visitor's problem and keep asking yourself "so what?" until it's resolved. For example, "I've been a property investor for 12 years." The "so what?" here could be your experience or your specialism in a certain strategy or location. Does this statement matter to the reader? If you're looking for funding, the "so what?" is that you know how to generate a strong return on investment (ROI) and have case studies to prove it. Remember: no-one cares about you; they care about what you can do for them.

Then write the same thing in different ways. Your experience, specialism and history could be described in several detailed paragraphs on an "About me" page, or it could be represented as a series of simple bullets or a tick list. Finally, you could add a video of you talking about yourself or link to case studies or testimonials.

Essentially, the message is the same, but us humans all have preferred ways of receiving information so, if you cover them all, then you allow your audience to absorb your messages without them having to work too hard.

What's more, if you create your content in this way, you'll not only better serve your human visitors, but the search engines too. Google has one aim – to serve the website pages that best fit the search entered. If you structure your page to show Google this is what this page is about, and then prove that by creating content that is actually about that, you can't go too far wrong. Yes, there is much more to it than that, but getting traffic is too big an area to cover here. For now, focus on relevant content and using your other channels such as social media, podcasts, leaflets etc to take people to your site.

Design and conversion

There are some excellent drag and drop platforms for you to self-build, such as Divi Builder on WordPress, Wix or Squarespace. However, it's so easy to lose hours working through tutorials to get the background image just the right size so this is often the perfect example of how outsourcing and leveraging works best.

If you have a clear brief and have written your copy, it can be much easier and cheaper in the long run to get a professional to build the site. In the exact same way as you would provide a detailed spec to your house builder, but you don't actually want to lay the bricks yourself.

Once established, your visitors will inform the design, the analytics will tell you what your audience prefers by their behaviour and the actions they take. This is the simplest form of CRO – conversion rate optimisation. I've had many a battle with silverback CEOs who insist they want the "Contact us" button in blue, in the bottom right corner of the page. Your website isn't for you and it's not an ego trip. If more of your audience buy when the button is green and in the top-left corner, then that's what it should be.

The "rules" vary for every site and industry. That's why testing is important, but there are some obvious wins. Know the importance of your messaging and make sure your priority content takes centre stage. Know that simplicity is best. Use plain language. Try and keep form fields to a minimum. If you don't need their inside-leg measurement right now, don't ask for it.

The end

Never! It's *never* finished. But a website – following these simple steps – is better than no website. Start by having three pages written and live this month, then add to them over time. You should always be refining and adding. If you wait until you have all the bells and whistles, you'll never go live and your other marketing efforts won't be maximised.

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TOOLBOX TALK

TOP TEN TIPS FOR FIRE PREVENTION ON CONSTRUCTION AND REFURBISHMENT SITES

Lisa Tinker, Health & Safety Consultant

Construction and refurbishment sites are at high risk of fires. Fire prevention must therefore be top priority when planning, managing and co-ordinating construction work. Fires can and do kill, injure and cause serious suffering as well as financial loss. If you're planning your next property development, here are ten top tips to safeguard your development from a fire:

1. Fire risk assessment

This isn't a "nice-to-have" type of document – it's a legal requirement. Legislation requires that a suitable and sufficient fire risk assessment is carried out by a responsible person. By a responsible person I'm not referring to your mum or dad – this means the employer or person in control of the premises, such as the landlord, facilities manager, principal contractor or owner of the premises.

The fire risk assessment will identify the people at risk, the fire hazards, evaluate the risk and existing fire safety measures in place and will also record full details of the findings.

The key here is to take action on any findings that fall short of legal compliance and to utilise this information to reduce the likelihood of a fire starting in the first instance.

2. Keep a tidy site

We all like to see a tidy organised site, but the benefits of keeping your development in order are tenfold. By keeping your site tidy and removing waste materials on a regular basis means that you are removing sources of fuel that would help a fire grow. All sites will produce waste so ensure you designate an area for waste to be taken – such as a skip – and ensure that waste is collected from site on a regular basis.

3. No site bonfires

It would seem an obvious point that to prevent a fire on site then don't start one in the first place. However, it's a trap that many a developer has fallen into. Despite the legal ramifications of burning site waste, we have seen plenty of site bonfires dressed up as "a developer's cost-effective waste-reducing solution". Site bonfires are not legal and – in terms of fire prevention – if you don't have one, you help protect your site from fires.

4. Electrics

Electrics including temporary supplies need to be installed by a competent electrician. They should be regularly checked and maintained. Remember on a site that PAT testing should be undertaken every three months and visual checks should be completed prior to each use to ensure that equipment does not have any sign of damage or fault.

5. Lights and heaters

Lights and heaters are necessary for construction sites to keep the work area adequately lit and warm. Temporary heaters need to be in good working order, suitably installed and have appropriate guards fitted. Both lights and heaters produce heat so ensure that they are in a safe position and that combustible materials are not stored next to them. Lights need to be fixed to prevent them from falling or swinging and temporary heaters should be turned off when the space is either unoccupied or the heater is not required for use.

6. No smoking

My preference is that the entire site is non-smoking and any smokers must vacate the site to vape or smoke. However, if you choose to allow smoking within your site boundary then designate an outdoor smoking area. Consideration needs to be given to where smokers will extinguish their cigarettes – perhaps a cigarette bin or a metal bucket with sand. If a smoking shelter is being provided, then ensure that it is not manufactured out of combustible material. Ensure this area has a fire extinguisher available should the need arise to extinguish a fire.

7. Hot works

Hot works are a fire risk (ie: any work that requires using open flames, applying heat or friction, or may generate sparks or heat – such as welding, soldering, grinding and so on). If the activities on your site involve hot works then I recommend a hot works permit system to ensure that the fire risk is controlled. A permit system means that permission will be sought from the site manager and the area will be checked to ensure it's free from combustible material prior to the works commencing. Items that cannot be removed will be covered by a heatproof blanket and the area will be checked at regular intervals during the hot works activity as well as at least one hour before the end of the shift.

8. Fire-fighting equipment

As you will have already completed your fire risk assessment, your extinguisher and fire-fighting equipment will have already been identified. It's important that this equipment is in place and the personnel on site are trained and competent to use it in the event of an emergency. Extinguishers need to be readily available across your site and a suitable type to your requirements.

9. Emergency arrangements

In the event of a fire emergency you need to have a plan of action. What do the people on your site need to do? Where do they go? Who will check that everyone has exited the building safely? Do you have employees that will need assistance in the event of an emergency? Who will help them? Who is contacting the emergency services? Are there others that need to be aware of your emergency arrangements such as connected premises owners/users?

You need to have suitable arrangements and a clear plan of action in place regarding how these arrangements will be executed. Remember: once you have your plan in place, practise it.

10. Communication

This is one of the most important aspects of fire prevention. Communicating with your employees, contractors, visitors and neighbouring properties on both fire prevention and the emergency arrangements you have in place to ensure that it is crystal clear on what must happen to prevent a fire from starting and how and who will deal with a fire or emergency should one occur.

So, if you have a construction or refurbishment site that you're either planning or is currently underway, then make sure you have given due consideration to fire prevention. If you require further help with this please feel free to get in touch.

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BOUNCE BACK LOANS AND PROPERTY

Can you use Bounce Back Loans for property investment? And will it affect my attractiveness to lenders in the future?

NATHAN WINCH – **BUSINESS**

What is a Bounce Back Loan?

Bounce Back Loans are one of the available options of state-backed financial aid available to businesses during the coronavirus pandemic to help keep them afloat through these challenging times.

The loans are available at between £2,000 and £50,000, capped at 25% of the business' total turnover for the previous financial year, or – if the company is less than 12 months old – at the predicted turnover for the following financial year, with rates rising to 2.5% per year when the repayments begin.

In addition, businesses will be offered the chance to take payment holidays or switch to interest-only payments for a period of time during the loan term, if needed. There is no interest charged to the borrower for the first 12 months and no repayments needed either for the same period. The loans are issued for up to ten years, and there is no penalty to repay the facility early.

Between May and July alone, more than 860,000 Bounce Back Loans were issued, with figures now reaching well over one million to date.

What are they for?

The purpose of the loan is to help pay the salaries and running costs of a business during periods of closure, or to help the business create value to achieve the same objective. They're *not* intended for the purchase of hard assets such as property.

There have been reports of some lenders accepting Bounce Back Loans as a form of deposit if moved between two companies as an inter-company loan (a loan from one of your companies to another one of your companies) – which to me is madness. On the other hand, it would be delusional to think that some property investors aren't using the state-backed aid for just that purpose: purchasing property.

Conversely, while these loans were extended and backed by the government for the purpose of helping people continue as normal, not all lenders see it like that. Many property investors have reported difficulty in securing mortgages as a result of taking out the finance. It may seem against the spirit of the government assistance for lenders to choose not to lend to investors for taking out these loans but – in their minds – it's still credit that could demonstrate a lack of strength to "ride out the storms", therefore making the investor insufficiently credit-worthy.

Lenders really want to ensure that companies are not facing ongoing challenges that could put the mortgage at risk. I know, ludicrous. So make a note: some lenders won't take kindly to firms who have sought this kind of assistance, even during the extenuating circumstances of an economy-crushing, global pandemic. These lenders won't take into account the fact that some businesses may use the finance as a "just-in-case" measure, even if they don't need it at all.

As a business owner, I find it repulsive that some property investors are knowingly using this finance to purchase properties (yes, properties for £50,000 do exist, people). This finance is for growing employers.

On the other hand, these loans are intended to help carry out normal business activities, which I appreciate for some might be property development. So I guess, in some circumstances, refurbishment and construction work would constitute normal business activities. In my opinion and in these circumstances, this would be a permitted use of the funds. But read through any Bounce Back Loan terms and conditions and, more often than not, you'll see that there's a specific mention that you cannot purchase property with the loan proceeds.

Like anything new and uncharted, there's always a huge grey area. And it doesn't help that some well-known property speakers and "trainers" are openly telling people that the finance is "free money" that you "don't need to pay back". It just goes completely against not only the spirit of the help, but also normal, logical rules of how a loan works!

According to some sources, this has had the effect of pushing up house prices in the north, where investors are marching to hunt for properties with £50,000 burning a hole in their pockets. Some estate agents are reporting that there are properties worth £40,000 selling for £50,000 just because these novice investors have the money.

The British Business Bank, which is overseeing the Bounce Back Loan Scheme, has a team that monitors potential fraud. So I guess it will be a matter of time before these people are found out, or by that time will the damage be done?

My advice – use these loans for their intended purpose, ie: keeping your business afloat, not to add to your property portfolio.

Disclaimer
The author is not an accountant or finance professional. You should always discuss your personal circumstances with an accredited broker or finance professional before making any decisions.

winchandco.com

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.

TOP TEN WAYS TO ADD VALUE: PART ONE

THIS MONTH WE'RE DELIGHTED TO WELCOME BACK NEIL CHAUDHURI, CO-FOUNDER OF SPECIALIST LUXURY STUDENT ACCOMMODATION COMPANY VOGUE ABODE PROPERTIES. IN THIS TWO-PART FEATURE, NEIL SHARES WITH US HIS TOP TEN WAYS TO ADD VALUE TO YOUR PROPERTY DEALS – LET'S KICK OFF WITH ONE TO FIVE!

With so much uncertainty in the economy at present, no obvious end in sight to the Covid-19 pandemic and with the potential for further lockdowns still a looming threat, there will no doubt be some difficult times ahead in the property market. We could easily be looking at a potential drop in capital values of properties in 2021. However, this is not a time to bury our heads in the sand. Instead we should look to be highly strategic and explore ways in which we can add value to our existing portfolios as well as exploring ways to structure deals and add value in other ways as and when new opportunities present themselves.

With this in mind, I've created a list of my top ten ways to add value to deals, and in this article I will go through some examples of how we have been able to apply these methods to grow our own portfolio of luxury student accommodation and achieve some exceptionally high-end valuations.

1. Refurbish the property: create something beautiful

One of the most effective ways to add value to properties is by refurbishing them. We always renovate our own properties to high standards – it really doesn't cost much more to refurbish a property to a high specification than to a mediocre one. However, it does require you to put yourself in your tenants' shoes and create an environment that would be as appealing to them as it would be to you.

Here are some of our key refurbishment tips with the specific view to adding value:

- **Replaster the walls and ceilings:** Make sure walls and ceilings are beautifully plastered – no woodchip allowed! It's tempting to want to save money by just repainting over woodchip walls, but it's never worth it when you're trying to achieve premium rents and add a premium value. You can add lipstick to a pig, but it's still a pig! We always recommend replastering poor walls. They look amazing once they're done and will remain incredibly durable for years to come, so it's money well spent.

- **Upgrade the electrics:** If you're planning to replaster the walls, it creates a golden opportunity for you to rewire the house if required. Valuers appreciate the hassle and mess involved in rewiring a property so, whilst it's not an obvious way to add value, it can again help you have your property revalued towards the premium end of the spectrum.

- **Improve the Energy Performance Certificate (EPC):** Improving the EPC is not only important for the property's energy efficiency, but it can also make your property more appealing to potential buyers and tenants whilst simultaneously helping you achieve a revaluation closer to the premium end of the spectrum. You can also give yourself a pat on the back knowing that you're helping the environment.

- **Feature walls:** Have a feature wall in each room. We like to keep the majority of our walls light, but we strategically position feature walls in each room. Whilst light walls look nice and spacious in the flesh, they look rather bland and boring in photos. So we add in feature walls and sometimes get creative with our designs. In bedrooms, we generally create our feature walls behind the bed so that we can have our cool marketing images, but the remainder of the room remains bright and airy for our tenant.

- **Efficient room layout:** Design the bedrooms so there is lots of space to walk around. Traditionally in most family houses, beds tend to be quite centrally located on the walls with bedside tables either side. However, in our HMOs (houses in multiple occupation) we only have one bedside table per bedroom even though we put in double beds (4'6") wherever possible. This enables us to tuck our beds into the corners, creating much more space in the middle of the rooms for our tenants to walk around and swing their cats! It also helps make the rooms look bigger in marketing photos.

- **Modern lighting:** Have modern LED lighting in all rooms. Ugly pendants with lamp shades and energy-saving bulbs just don't cut it anymore. If we're replastering a ceiling, we'll generally take the opportunity to put in fire-rated downlights. If we're just repainting the ceiling, we'll put in modern ceiling lights.

Neil Chaudhuri
of Vogue Abode Properties

- **Premium doors:** Go for premium doors and handles and paint the doors. Whilst it's important to stay on top of your budget, there are some things which are non-negotiable – and one of those things is sexy doors.

There are more tips on refurbishing to add value across this article, but remember the golden rule: for every £1 you spend, you must be able to add over £1 during the revaluation. If it's revalued for less than £1, then you're actually losing value.

2. Repurpose properties under permitted development (PD)

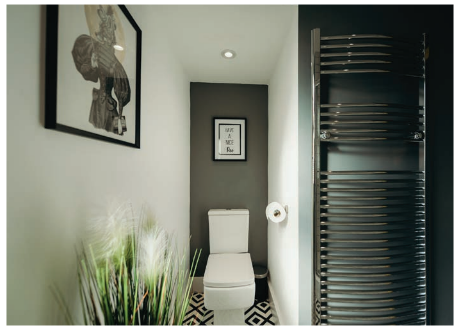
There has been some relaxation of planning policies recently, which make this a very attractive and relatively easy strategy to implement. One way which is still available in all non-Article 4 areas is to take single-dwelling houses (C3) and turn them into HMOs with a C4-use class (between three to six occupiers). We have used this strategy several times and repurposed numerous houses under permitted development (PD). We usually take three- or four-bed properties and convert them into five- or six-bed HMOs. Once you go to seven or more occupier HMOs, you must go through planning (to create a sui generis use class), so six-bed/six-occupier HMOs are the sweet-spot here.

And the great thing is that there's no need to go through planning or obtain certificates of lawfulness, both of which can be slow and expensive processes with no guaranteed outcome. Doing this under PD means that you are able to find more deals that are genuinely below market value and proceed with repurposing them straightaway. Unlike HMOs in Article 4 areas that attract premium asking prices to purchase and seldomly come on to the market, in non-Article 4 areas the world is your oyster because you can find any C3 property and repurpose it under PD. The one thing to watch out for in cities where there is no Article 4 is the over saturation of HMOs. Making sure your properties stand out with high-quality refurbishments is a must. As always, prime locations attracting strong rental demand are crucial.

3. Increase the floorspace

This is one of my favourite strategies. When adding value, it's important to know the cost per square metre vs the value per square metre. Something we teach our clients to do is to calculate the average price per square metre of properties in their target areas. This is simply a matter of seeing the price properties sell for and dividing them by the floor space. For example: if a property sells for £300,000 and its size is 150m^2, the value per square metre is £2,000 (£300,000/150 = £2,000).

You need at least a handful of comparables to calculate the value per square metre of a road or area. The more comparables the better. Note that there are diminishing returns in value per square metre once a property goes beyond a certain size. Where we invest, we know up to 150m^2 is the optimum. Properties beyond this size tend to attract a lower price per square metre.



We know from our own experience, it costs us approximately £1,200 to add a square metre on an extension, for example. In our target areas, our properties get revalued for over £2,000/m^2. So it's a very easy way to add value and also increase the number of rooms, which can substantially increase the rent and monthly cash flow from our properties.

My advice would be to calculate this for your area. We find that this strategy works particularly well for properties in the south where the values per square metre are substantially higher than £2,000/m^2.

We always ensure that our properties are extended backwards and into the loft. If you're in an expensive area, then it may be worth considering doing basement conversions as well.

4. Maximise space to increase the number of rooms

Unlike adding floor space, in this section we will look at utilising the existing footprint of the property to its full potential. Our preferred market is the student market and one of the important things for us to do is to provide great communal areas. We tend to create open-plan kitchen/living rooms and we locate this towards the rear of the property. This enables us to use the rest of the house as bedrooms and shower rooms and fully utilise the existing space.

If you have a particularly large room (around 20m^2), you can look to potentially split it into two. Whilst this can be a relatively quick and inexpensive way to increase the number of rooms, the challenge is usually the position of the windows. There are some creative ways to overcome this, such as splitting one large window into two and bricking up the centre of the original window. This allows you to run your newly created stud partition wall into the old centre point of the window without it being noticeable from inside or out. Sometimes you may be fortunate and find that the windows are already split in the large room.

However, keep in mind that maximising space is not the same as cramming in as many rooms as possible. Never compromise on quality and never try to squeeze in a particularly small room. As a rule of thumb, we like to keep our HMO rooms above 10m^2 whenever possible. Our smallest room across our portfolio is 9m^2 and our largest is 16m^2 with the average size of our bedrooms coming in at around 12m^2.

5. Improve amenity standards

Kitchens and bathrooms tend to be the highest-ticket items in a house so it's important to make these as plush as possible. It can be much cheaper than you may think to replace a kitchen. Even now we are always amazed as to how cheap large, high-quality, factory-assembled kitchens can be through various landlord schemes available to us. Including ovens, electric hobs, extraction hoods, sinks and taps, our kitchens always come in at less than £3,000 inclusive of VAT to purchase. Something we always like to include in our open-plan kitchen living rooms are bespoke breakfast bars, which are made from used scaffolding. They are very functional, durable and a great space-saving way to accommodate multiple people with the added benefit of looking amazing in photos. They're also cheap!

In terms of replacing the shower rooms and also putting in en suites, our biggest advice here is to absolutely maximise the space you have to work with. We tend to reduce the bathroom door sizes and position these in a way that allows for the best use of space. Quite often this means that the door will open away from the shower room.

One thing we feel is important is to avoid squeezing in tiny shower trays. We quite often like to go for quadrant trays that we can tuck into the corner of the shower rooms to create additional open space in the middle of the room. Our go-to shower is usually 800mm x 1,200mm, but we can sometimes fit in a 900mm x 1,200mm tray. Don't go for the cheapest shower enclosures as it's a false economy – often the cheapest shower doors are only 4mm thick and they won't last long. Go for quality products – spend wisely and buy once! Another tip we have is to raise the shower trays to allow for service access in the event that there are some plumbing or maintenance issues.

Come back next month for five more ways to add value to your property. In the meantime, if you would like to hear more about this topic, then check out my podcasts where I talk at length about valuer packs:

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Neil's property journey began in 2018. He trained with Simon Zutshi on the prestigious Mastermind programme and finished as one of the top performers. He has since gone on to be a finalist at The Property Investors Awards in the HMO Investor of The Year Category. He contributes to articles and makes guest appearances on property podcasts where he shares his knowledge on the student market and how to add value to deals. Neil also coaches other property investors and teaches clients how to prepare valuer packs ahead of valuations.

Neil and wife Simona own Vogue Abode Properties, and specialise in creating luxury student accommodation in Leicester. Their goal is to push the boundaries of space, style and comfort and to raise the standard of student accommodation.

THE MARKET PULSE

Stay ahead with us

Keeping a finger on the pulse of the property market

IS THE HOUSE PARTY OVER?

JILL STEVENSON

Take a look at the property market right now and you could certainly be forgiven – lockdown notwithstanding – for believing that the UK economy was A-OK.

House prices are 5% up on last year's figure, with the average property now valued at a record £323,530, according to Rightmove. Not only that, but estate agents report that they have more "sold" than "for sale" signs in their window, and upmarket estate agency Savills say luxury properties (those valued at £1m-plus) are selling like proverbial hotcakes.

Non-luxury houses and apartments are selling faster, too – within 50 days rather than 62 days, say Rightmove. There are also plenty of active buyers out there keen to beat the Stamp Duty Holiday deadline of 31 March 2021.

House sales and prices are usually a reflection of the UK economy as a whole. And no-one can deny the property market is going like a fair right now. Yet, at the same time, the wider economy has pretty much taken a nose-dive. We live in extraordinary times indeed.

But, is the property market really as healthy as it first appears?

Lenders urging surveyors to make cautionary valuations

Many lenders and mortgage consultants are already anticipating a property crash as a consequence of over-enthusiastic house valuations. They blame estate agents for encouraging property owners to put a higher selling price on their properties, to the extent that some valuations are being reduced by as much as one fifth of the asking price.

Surveyors too are getting exasperated with estate agents. One surveyor said: "Some estate agents seem to forget that we have to find evidence to substantiate the over-inflated asking price they are putting on properties." Meanwhile, lenders are advising surveyors to be realistic with their findings, anticipating a potential price slump in the future.

This, in turn, is leading to house deals collapsing as the surveyor's reports don't tally with the estate agent's valuations and the mortgage lenders are refusing to provide sufficient funding for these higher prices.

Up to 75% of properties in one area over-valued

One mortgage consultant said that in some parts of England as many as three out of four properties were over-valued.

Those looking to re-mortgage because their current fixed-rate deal has run out are also subject to the lender's cautionary dictate to surveyors. This can result in their mortgage repayments increasing considerably – doubling in some cases – when the homeowners are forced to take their lender's variable rate.

In some cases, many property owners and buy-to-let landlords who carried out extensive renovations have also lost out because the current valuations are far lower than they were anticipating.

One mortgage broker said that around three quarters of his clients had received down valuations in the past few months; usually he would expect this to occur in only a handful of cases. A year into the last recession in 2008, 54% of householders had their properties down-valued.

Getting back to the economy, if unemployment rises then researchers at the Centre for Economics and Business Research predict house prices will fall by up to 14%.

Stamp Duty Holiday will affect sales

Another indicator the property market may be in for a downwards slide is the forthcoming Stamp Duty deadline on 31 March 2021.

Many buyers won't make that deadline, thanks to a big backlog of cases for conveyancers and solicitors where transactions are taking an average of around three months and in some cases as long as six months from start to finish. This means sellers who don't sign next month may find themselves stuck with their property for longer because buyers who miss the deadline won't get their Stamp Duty Holiday reduction. And with some buyers losing out on saving as much as £15,000 on a £500,000 property, it's anticipated many will simply pull out of the deal.

Central London homeowners the canaries in the coalmine?

Anyone doubting a fall in property prices only has to look at the current situation for homeowners in central London, where prices have been over-inflated for years. Their properties are down 10% year-on-year, prompting a rush to sell similar to that of the months before the last property market crash. Watch this space...

HOW COVID-19 IS RESHAPING THE UK PROPERTY MARKET

JILL STEVENSON

Covid-19's tentacles have already reached deep into the property market. The virus isn't just changing the way people are viewing property, it's also altering the types of homes we want in terms of size and, most of all, location. For the younger generations – millennials and generations X and Z – it's also showing them how to live communally.

Post-lockdown the time taken for transactions to be processed has increased exponentially (far longer than previously, with some cases taking up to six months from listing to concluded sale). Some buyers are complaining of having to wait up to seven weeks to get an appointment to see a mortgage advisor and then it's a further five weeks for the surveyor to visit.

And this is where, in particular, it has become evident which property professionals will be able to adapt to the new circumstances and survive within the industry – and those that won't.

Property dinosaurs on way out

Time is definitely of the essence. At the start of lockdown, estate agents were given a glimpse into how they could speed up the viewing process. Virtual viewings became de rigueur – even though many lenders were only going ahead on agreeing to a mortgage if a physical viewing had also taken place. But virtual viewings did work and the system moved forward with them.

Once the summer restrictions ended, however, many estate agents returned to physical viewings with virtual visits regarded as action to be taken in an "emergency situation", ie: during lockdown. At the same time, many surveying firms remain on furlough with staff working from home – despite the current frenetic buying and selling going on right now. It's all contributing to making the process of buying and selling even slower.

The Home Buying and Selling Group want to change this by encouraging estate agents and surveyors to work together proactively to provide "legal ready" instructions with surveys completed. This could cut several weeks off the transaction time.

One group member said: "The only realistic way to speed up transactions and therefore reduce the delays and risks that come with it, is to get ahead of the game and for everyone to be better prepared. Sellers being legal ready and buyers being finance ready [with a mortgage agreed in principle].

"If we see more local or even national restrictions put in place, many of the current dinosaurs who remain oblivious to the paradigm shift occurring, will probably remain so until it's too late."

Co-living the "new normal" for renters

Another change brought about by Covid-19 is the growing popularity of communal living schemes.

Similar to build-to-rent and purpose-built student accommodation, co-living involves living in close proximity to others – under one roof in a large complex. The buildings

themselves are managed by a professional company. Residents pay for a room, typically with en-suite, or a small studio flat and enjoy company in communal areas such as a lounge, cinema room, gym, café, rooftop terrace (if lucky) and/or co-working space. Often events such as quiz nights or sports competitions are organised by the building's management team. It's a means of combating social isolation for future lockdowns – of which there will no doubt be many.

Covid-19 has taught us, after all, that connecting with others and belonging to family and/or community are central to a happy and healthy existence.

Build-to-rent here to stay thanks to Covid-19

It's clear that high-quality apartments with shared amenities similar to the above that attract families as well as singletons are also starting to prove popular in the UK. This is especially true in cities, where they tend to be more prevalent – Angel Gardens in Manchester is one such scheme.

The fact that build-to-rent complexes attract families means they are more intergenerational than co-living (which can be beneficial in itself).

Pointing to trends across the pond, architect Jo Cowan said that generations X, M or Z don't prioritise ownership. Instead, she said, they are seeking flexibility, financial liquidity and professional management. She added: "Covid-19 has pushed the [build-to-rent] sector forward by decades – it is no longer a question of owning or renting.

"The world will return to an evolved version of pre-Covid-19 life, but the value we place on "home" is founded on a far broader range of needs and expectations. That provides an enormous opportunity for those ready to respond."

COVID-19: THE EFFECT ON THE FUTURE OF COMMERCIAL PROPERTY

Hayley Gilbert,
Commercial Solicitor

Whilst it's clear that all sectors of the property market have been hit by the pandemic, at least one sector appears to have hit back since the easing of restrictions across the summer. With house prices now overtaking pre-pandemic rates, and an increase in house sales and in mortgage applications, there's little doubt that the residential property market has made a remarkable recovery over the last couple of months. But what about the commercial property market?

Undoubtedly one of the major factors to kickstart the residential market was the announcement of the Stamp Duty holiday that was made available to homebuyers when purchasing residential property. Unfortunately, there was no such measures or change to the SDLT (Stamp Duty Land Tax) rates for commercial property and so subsequently there has been no comparable resurgence within the commercial market.

Lockdown also meant that office workers were forced to work remotely with many offices left empty and, despite the easing of some restrictions over the summer, many office workers have still not returned to their workplaces. Furthermore, the new autumn tier restrictions have seen some of those that had initially returned resuming remote home working.

As is well documented, many retailers were forced to close during lockdown and even with the go ahead to re-open, there's been a notable reduction in footfall owing to the need for strict social-distancing measures. And, while many retailers have been able to stay open during the second wave of preventative measures, it seems that many shoppers are still favouring online alternatives. The hospitality sector also took a huge hit during the initial lockdown and it looks likely that pubs, restaurants and other hospitality venues will suffer another substantial blow across the autumn.

So, with all this in mind – what does the future hold for the commercial property market? Is there any way back to its pre-Covid-19 position?

Although many businesses discovered that their employees were just as productive and efficient (often more so) when working remotely, and that money could be saved on office space and utilities, they also realised that their workforce missed being part of a team and socialising with colleagues. Effective face-to-face training and the general health and wellbeing of staff were being negatively impacted. It appears, therefore, that in the future businesses will be keen to offer a hybrid working model, whereby the working week is split between office and home working with staff given more flexibility regarding where and how they work.

Commercial property market analysts and researchers appear to share the view about this new more flexible and balanced workstyle, with a CBRE Occupier Sentiment Surveyor completed this year reporting that 73% of companies anticipated a new approach. Post-Covid-19, many of these analysts are predicting that there will be an increase in hot desking – with many businesses choosing to buy or let smaller spaces – rather than a decrease in the demand for office space more generally.

The predictions for retail property are not quite as positive, with many retailers having closed entirely or being forced to reduce their overall number of stores because of online shopping trends. Conversely, this change in consumer behaviour has seen a huge increase in the sale of industrial units/warehousing and logistics properties, which has in turn bolstered the commercial property market.

Where the hospitality sector is concerned, the future remains unclear – it's difficult to predict how many pubs and restaurants will survive a second wave and another national lockdown. It is, however, abundantly clear that we are a nation of pub goers and socialising is what keeps many of us sane. Perhaps, therefore, while the industry may need to adapt significantly, it can secure its survival.

From my professional perspective, we are beginning to see the positive impact of recent planning changes, with an increase in sales of high-street retail units for residential conversion and we have certainly seen no decrease in instructions from commercial developers and investors within the commercial sector.

A willingness to adapt, accepting that needs are changing, and making the most of the emerging commercial property opportunities means that the commercial property market will not only survive, but will continue to grow despite the longevity of the Covid-19.

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CONSIDERATIONS FOR A HMO CONVERSION: PART 2

Are you an investor wanting to get into the HMO space, maximise the number of rooms in your property *and* increase the rental income? Why wouldn't you?! But here's the low down from your builder's perspective.

Last month I began this mini series on HMO (house in multiple occupation) conversions by talking about the factors you needed to have in mind if you're planning to add or relocate en suites within your properties. I was pretty vocal about the fact that you can't expect a builder to give you an accurate costing based on rough sketches you've made on a dashed-off floor plan. Well, same applies here. You can't feasibly put together a build cost by sending a WhatsApp message along with a Rightmove floor plan with a few red lines scribbled across it removing walls and the odd black line to indicate new walls. I am sure you're chuckling to yourself right now because you've either seen one of these "plans" in a Facebook group, had one sent to you, or you've been one of those numpties that's sent one to a builder. Hopefully not the latter!

You would be truly stunned by the number of enquiries we receive from investors with this approach: "Can you just remove the red lines and add in the black lines to maximise the number of rooms I can fit in the building?" My usual response is: "When can I get access to the property to run through your expectations?" And then I get one of the following: a) no response; b) "let me talk to the agent and get back to you" and *then* no response; or c) let's meet next week.

I'm looking for a "c" every time, but I bet that happens in about 20% of cases. So my first hot tip for you is – when you're approaching builders and other tradesmen – follow through with your initial enquiry even if it's to say that you're just looking at feasibility right now and don't yet own the property. This is preferable to getting nothing back at all.

So, now you understand how *not* to approach this, let's look at what you really need to consider and discuss with your builder when you're working on floor plans and wall removals.

Reconfiguring internal wall layout

The dream properties are the ones where no structural work or moving of walls is needed at all. These unicorns *do* exist – in fact, we've done a couple of them. All we had to do was shift a few doorways, but that's relatively straightforward. If you can find these properties, you'll save yourself an absolute fortune.

If you do need to reconfigure the internal wall layout, then some of the first things to establish (and this shouldn't be done from Rightmove floor plans!) is whether the walls to be removed are load bearing or not. If you're competent in carrying out that assessment yourself, then that's a real bonus, but – if you're not – then make sure you consult your builder for guidance.

However, for the ultimate direction and design, you'll need to appoint a structural engineer to make the call and design the supports required for transferring the loads down through to ground level either by lintel installation, RSJ (rolled steel joist) installation or other steel work design. Included within this design, the structural engineer will designate a padstone specification for your project. This is the block on which your steel beam will sit.

For work of this nature you also need to notify your local authority under Building Control. When you make your submission, they will ask you for your structural calculations to support the work you intend to carry out on site.

Other considerations when you're looking at having to install a load-bearing wall support are:

- Lifting equipment: can it be manoeuvred into the property and used to lift the steel beam or lintel in to place?
- Waste removal: how will you manage the manual handling of the masonry being removed from the property? Are you using wheelbarrows, rubble bags or just hand-balling? Do you have a place to site a skip near the property? Does it need to go on the street? If so, have you applied for a licence?
- The vehicle delivering the RSJ: can it fit down the street and get back out? These beams are often delivered on long vehicles and the drivers don't like driving up streets where they may have to reverse back out and may refuse to deliver.
- Can the RSJ be manoeuvred into the property or will it have to be removed through the front window to get it into position?

- Dust and noise management: this task is dusty *and* noisy. Consideration must be given to the workforce and their safety and also any neighbouring properties that may be impacted by the work.
- Party wall agreements: this can be a complex subject, but are you pocketing the steel into a party wall? If so – have you complied with the regulations before doing so?

In all cases, a construction phase plan, risk assessments and method statements are legally required to be produced for the task by the personnel who completed the work.

These are just some of the areas you must have considered before removing any load-bearing wall. As with everything, make sure you employ competent tradesmen to do the task – ie: those with suitable skills, knowledge and experience. A very simple check to make sure the tradesmen you're considering employing are sufficiently competent is to run through this very checklist with them almost like a questionnaire. You'll quickly find the chancers when you mention Building Control!

Remember all of these steps form a very simple process in executing a task – they're not to be feared or avoided, they're actually there to both help you and to cover your arse! So when you get the keys, make sure you're being efficient and compliant from the off.

Register for my (almost) daily emails here:

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PEOPLE IN PROPERTY

STEVEN GREEN

THE OLD BALLROOM

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Born in Redcar, Steven Green lives with his partner Gemma and daughter Sadie. After leaving school, he followed friends into construction, starting a four-year apprenticeship in plumbing and roofing. On completing his apprenticeship, he joined the Royal Engineers and chose a new trade – joinery.

Whilst serving in the army, he was involved in a number of large construction tasks, some of which were in high-pressure environments such as Iraq, Afghanistan, Kuwait, Saudi Arabia and Oman. It was a real eye opener to see how people live in these countries. During his 12-year career in the Royal Engineers he was promoted to Sergeant and received a number of medals and awards for his operational duties.

It was whilst he was still serving that Steven bought his first investment property and set himself the goal of achieving £1 million within three years of setting up his portfolio – and he did it, subsequently leaving the army to pursue a career in property.

But that's not to say it was all plain sailing. He lost money in the early days and made some costly mistakes. There was a failed business along the way, he defaulted on three mortgages following poor planning and found himself desperately cash poor on more than one occasion – there were days when he could afford just £3 of petrol and at one point he even had to sell his partner's car to pay the bills as his wasn't worth enough to be worth selling. Yet, because of these wrong paths and the subsequent loss of capital, he's learnt to adapt and evolve creative strategies to raise finance.

When he first started, a lack of capital meant that he didn't have sufficient money to purchase a second mortgage so he would buy properties in poor condition, move in, renovate, sell and buy another property in a similar state. He would often live without hot water or heating for months at a time. After five properties using this model, he had sufficient money to buy a second home and move his family – by the time his daughter was six months old, she had lived in three houses!

But these early struggles have all been worth it. Steven is now the CEO of ten successful businesses including a £6-million property portfolio of over 50 properties. He has his own construction company with 12 members of staff and more than 30 subcontractors who between them turn over almost £2 million worth of work per year. He's recognised as one of the UK's leading property/business coaches and has received five awards over the last two years.

And as if that wasn't enough, he has appeared on various TV shows across BBC2, ITV and Channel 5's "Rich House Poor House" and his work has featured in all major national newspapers. He's also the author of the best-selling book *Safe as Houses*. More recently he was officially selected by Gold Movie Awards for Documentary Of The Year 2021 for his documentary "The Homeless Millionaire".

Steven describes his main passion as helping others through his training courses to be able to create the lifestyle he has achieved for his own family. He's a big believer in the idea that if you develop the right mindset, you can achieve anything and he doesn't mind testing this theory himself. Steven challenged himself this year to complete a double Ironman, back to back with no break – that's 280 miles over 37 hours of running, cycling and swimming. And guess what? He broke the previous world record!

When we chatted with Steven about featuring in this month's issue of *Blue Bricks Magazine* he was keen to share his latest project with us with the intention of giving our readers what he refers to as some of the "learns" he had along the way. Steven told us all about how he found this property, the creative way he attained it and the successes and challenges in undertaking a massive renovation of a significantly run-down property to transform it into top condition.

When we first went to look round this large building on the main road into Redcar's town centre, it had sat derelict for around 15 years and was in a state of total disrepair. Previously a gymnasium, nightclub and pub, it was best and most fondly remembered by residents as a ballroom and many a local shared with us stories of how they met their partners there.

Location wise, you couldn't fault it – it sits on the town's promenade with beautiful sea views. However, the years had not been kind to this icon of Redcar and before us was a building no longer watertight, with a caved-in ceiling and a pigeon infestation – you can imagine the mess! So run down was this property that it was chosen to feature as a bomb-damaged building in *Atonement* featuring Kiera Knightly and Jude Law. You get the idea!

Such was the size of the building and the scale of the works required, no-one in the area was willing to take it on, but I could see the potential and felt that my 25 years' experience in the building trade would arm me with sufficient knowledge to bring this place back to life.

Good things come to those that wait

It was a deal we'd been aware of for a number of years as it had been on and off the market numerous times with various investors interested until they got a feel for the magnitude of the development needed – at which point they ducked out. Originally marketed at close to £1 million, it came off the market and then back on for £500,000, which was a good price considering the huge size and prime location. However, it was taken back off the market once again as the sheer scale of the renovations were too intimidating. I had toyed with the idea for a while, wondering if I was capable of it myself – I was fully aware that the renovations alone would come in over £1 million and that's before you include purchase price and other costs – it was £100,000 to remove the asbestos alone!

Local builders said I should stay away, seeing it as a money pit with no chance of a decent return. And there were other issues beside: mainly because there were two titles owned by different members of the family and sadly they didn't agree on

Exterior of building during development

Ground-floor central area as the work commenced

First-floor outer area at the start of the project

whether or not the property should be sold – this held things up while they tried to come to some agreement. So I just kept an eye on it – watching as it came and went off the market and every time seeing the asking price getting reduced further until, eventually, it seemed such a crazy deal we just had to snap it up.

Financing the project and securing planning

My initial offer was £180,000 with a condition in place that I put down £10,000 to show my commitment subject to planning permission being accepted. Basically, if I couldn't get planning – I got my money back, but if I chose to pull out, I'd lose the £10K. This demonstrated to the vendors that I was serious, but also allowed me to protect myself from being stuck with a building I couldn't do anything with. I've used this strategy for securing deals in the past – it gives you a chance to do something creative and get an uplift on the value of the building. Alas, this first offer was rejected, so I put forward £200,000 and this was accepted.

The deal was financed using bridging for the purchase and for part of the development. The property was taken off the market and I put down my £10K while I sought planning permission. Planning wasn't straightforward, of course, as there was a disagreement with external parties so we had to go to committee. Fortunately for us, the committee recognised that we would be working to improve the area and significantly transform Redcar's iconic building.

Once planning was secured, I completed the purchase. Just securing the planning permission led to a re-evaluation of £675,000, creating an uplift of £475,000 before commencing any work – not bad going! Once the works were underway, the value began to augment further and this supported funding for additional tranches of finance. I also turned to private investors who invested in return for a healthy profit over a fixed period of time. This is another strategy I've employed before – it's a win-win situation for all involved.

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The vision for bringing it back to life

The space inside this vast building was problematic – the huge, open central area over two floors had previously been a nightclub which didn't require a lot of natural light, but obviously this limited what we could do with it going forward. We took the decision to convert this part of the building into office space with a private gym on the first floor and conference space for our training events on the ground floor. On the outer edge of the building, we decided we could transform the space into high-end duplex apartments with sea views and stacks of natural light. All in, we're looking at ten duplex apartments, 13 offices with a private gym, two retail units and a 200-seat conference room.

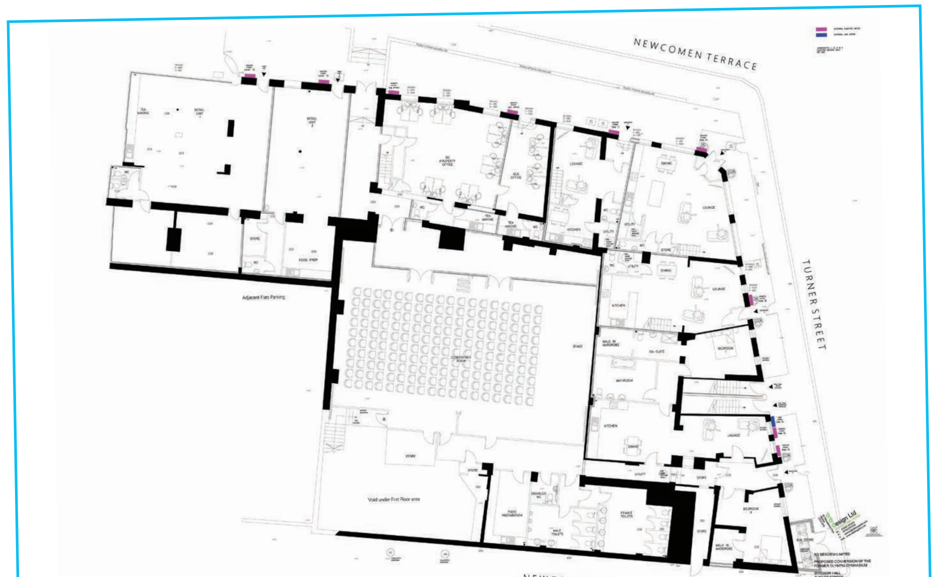
Once completed, the plan is to hold on to the property and let parts of it out to local businesses and residents. Alongside this, I will use the conference area as a platform for my other companies, especially our training businesses – The Property Investment Academy and Biz on Fire, both of which are geared towards mentoring people to create a profitable portfolio, scale their businesses and explain how investing with me can bring greater returns. I also intend to use some of the internal office space and work from within the building, making the property a central hub for my different companies.

We put in place an 18- to 24-month timeline to complete the project. We're coming to the end of the conversion stage now and have just one apartment left plus finishing touches. We're on track and excited about seeing it completed – when it's done, the gross development value (GDV) should be £2.7 million.

The things that have gone well

I'm glad we brought private investors on board as it allowed us to raise finance quickly with minimal hurdle jumping.

I'm also really pleased with how we have used the building – there's no wasted space. We've created a good mix of commercial units including a high standard of office alongside quality accommodation with great



Proposed Ground-Floor Plan

Proposed First-Floor Plan

Proposed Second-Floor Plan

views, and a conference centre that will bring new business to the town as well as providing opportunities for local businesses who are already very keen to hire the space.

More generally, I'd say the key to the success of any project is the relationships you build with suppliers. Get them on side and they're more likely to support you and offer help when you need a quick delivery, or if cash flow is looking tricky and you require a higher amount of credit or longer to pay. This certainly worked to our advantage on this job.

The challenges along the way – and lessons learnt

Obviously we've had our ups and downs and there have been times when the project has been extremely challenging. But learning from these mistakes will allow me to grow as an individual, meaning I can move on to bigger deals in the future.

Perhaps the biggest challenge on this job was relying on a grant to the value of £170K that never came through. This let down had a knock-on effect for the schedule of works as – whilst working on securing an alternative source of funding – I had to do things in a particular way, which held up certain aspects of the project and meant I had people working in different phases. This disrupted the development plan and prevented the completion of some phases before we moved on to the next. I guess I've learnt not to rely on funding until it's in the bank – even if it's been guaranteed, it doesn't always turn up.

If I was starting this one over, I would think carefully about relying on certain third parties, especially where finance is concerned, and I'd make sure all the costs were covered by reliable sources so that we weren't left short of funds.

An obvious hurdle was Covid-19, which impacted us in myriad ways, but the first being finance again: we lost £300K's worth of funding through bridging finance owing to the uncertainty facing our lenders. This slowed down our progress as the site had to be closed for around three months, which cost us £21,000 a month in interest payments. I had to move fast to resolve this one and ended up negotiating with a

Ground-floor central area under development

The central conference area nearing completion

tradesman who had been working on the site. He agreed to keep working with delayed payment for a short period of time until we could get the funding back in place. This worked for him at that time because the pandemic meant he wasn't getting work from elsewhere, but also this allowed us to keep moving with a reduced workforce whilst we worked on a funding solution.

Furthermore, like for so many others, Covid-19 also created challenges with suppliers in terms of getting materials – there were shortages that held up certain areas of the development.

I also learned the importance of locking in the utilities as quickly as possible to prevent hold ups – lead times can be longer than anticipated under normal circumstances but during a pandemic they can be longer still, which can really delay the project.

And, finally, a word of advice for anyone working on commercial conversions: I highly recommend understanding the leases you'll have in place with commercial tenants as these could have an impact on the valuation of the property going forward. The valuers will study the lease in great detail and the longer you can secure the lease for without break clauses, the better chance you have of receiving a higher commercial valuation on the building.

In future, I'd look to make the initial leases stronger for valuation purposes of the building and I'd ensure utilities were dealt with immediately to prevent any hold up or wastage of fees.

The end is in sight

I'm pleased to say we're on track, having taken 20 months so far. I expect the development to be completed and fully tenanted by January 2021. In financial terms, we will have increased the value of the property by a substantial amount and have acquired an appreciating asset, which will generate significant cash flow for the future. On a more personal note, I feel we will have played a massive role within my home town by restoring this iconic building for people to enjoy for years to come. One of the many satisfactions I take from property development is seeing the area in which I live improve.

If you are interested in learning more from Steven you can visit his website:

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The team making good use of the new office

Completed conference area being utilised

LETTINGS UPDATE

by Ben Quaintrell LETTING AGENT OF OVER 15 YEARS

NATION IS COMMITTED TO BRICKS AND MORTAR DESPITE CORONAVIRUS UNCERTAINTY

Property remains an appreciating asset at a time when the average savings rate has slumped to well below 1% – a record all-time low. As such, investing in property remains a hugely attractive prospect and offers solid security for those able to cut through the gloom of the daily news feed.

Yes, there remains uncertainty surrounding the future course of Covid-19 and its impact on the economy, but it seems – as a nation – we remain committed to investing in bricks and mortar.

Despite the bleak predictions back in the dark days of March and April, the industry continues to confound the pessimists, reporting rising house prices and rents. While there are, of course, regional variations with London in particular continuing to exist within its own property eco-system, overall the market remains buoyant across the country.

Here in the Northeast, the rental market is tremendously busy and, having spoken to other industry contacts around the country, it's a similar story in other areas. My own experience is that as soon as a home becomes available for rent, there's a rush of upwards of ten people asking for a viewing and it's this demand that's driving rent values up.

This is borne out by HomeLet's monthly index, which reveals a 4% rise in the all-UK average rent over a three-month period. Even examining the monthly variation between August and September, seven of the nine English regions continued to experience an increase in rent levels.

Every area of the UK – apart from Greater London and Northern Ireland – recorded higher average rents this September compared with the same period 12 months ago. These range from a 6.6% rise in the Southwest and 4.3% in the Northeast, to 1% in Scotland – which still represents a good return. Other areas recording high rent values include the East of England (4.4% annual increase), the Northwest (4.4%) and the West Midlands (4%).

In Greater London, the market continues to diversify from the rest of the country. Lettings and estate agents in the capital – where, according to HomeLet, rents fell by 2.8% in the year to September – tell me this is a result of unaffordable prices combined with a falling demand, as people, who are now finding they can work remotely, move out to the provinces to benefit from cheaper property prices.

In terms of investing in buy-to-let, it's also a more appealing prospect to buy a terraced house in the Northeast for £60,000–£80,000 than in London, where the average price stands at £653,965. This means that in these regions, investors have a much smaller outlay in terms of finding a deposit and receive a much greater yield on their investment.

The upsurge in the property market is one of the unpredicted consequences of lockdown and the ongoing restrictions. Whilst some people have saved money by not splashing out on big-ticket items such as cars or luxury holidays, and are instead focused on improving their homes and gardens, others, dissatisfied with their current property, are looking to move – driven by the need for more space or a desire to flee the urban environment.

This is reflected by September's Halifax House Price Index, which reveals an annual rise of 7.3% in house prices, fuelled by the Stamp Duty holiday and low interest rates.

It's difficult to predict what will happen long term although I feel the ongoing uncertainty may see a reigning in of demand at the tail end of the year before rebounding in January, a traditionally busy time for house hunters.

Some people will always play it safe and leave their money in the bank to earn next to nothing. However, for those that can accept some risk, there has never been a better time to invest in property with rising demand fuelling rising rents. It's worth noting that property is often a long-term investment and I believe that once Covid-19 has receded, the market will bounce back more strongly – with the prospect of a further medium-term property boom.

To discuss letting or investing in property within the Northeast and North Yorkshire region contact Ben Quaintrell:

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FACTORS TO CONSIDER WHEN INSURING A PROPERTY DEVELOPMENT

Over the past month we have seen an increase in the number of refurbishment and conversion projects from our property clients. These range from a modernisation of a standard buy-to-let house to a commercial conversion of a Grade II-listed property.

If you're planning a major refurbishment of your property or considering a commercial conversion, it doesn't matter whether you're handing the job over to an experienced contractor or have decided to keep costs down and project manage the refurb yourself – you need to be aware of the various insurance considerations.

During conveyancing

It's very often the case that if you are purchasing the property with finance – either through bridging or a standard mortgage – the lender will require the existing structure to be protected by an insurance policy with their interest noted. This is fairly straightforward for an insurance broker to arrange.

If you're buying a property and problems with the title or past work crop up during conveyancing, such as an extension built without planning permission or windows without a FENSA certificate, your solicitor may also highlight the need for a legal indemnity product in order to complete on the property purchase. A legal indemnity policy is often used to insure against problems that will cause the mortgage lender to refuse to release funds, despite sometimes seeming like insignificant issues to both the buyer and the seller.

However, a legal indemnity insurance policy covers the buyer and the mortgage lender in the event of any loss of value on the property as a result of a defective title. A title is considered to be defective where there is potential for a third party to establish or attempt to establish an estate right title such as lost title deeds. The indemnity policy doesn't actually remedy the defect – it just provides financial compensation in the event of the defect causing a loss.

During development

The main difference when arranging cover for a property undergoing work is that the broker will need to understand the extent of the work together with the cost and duration of the project, in particular any structural work such as removal of a load-bearing wall. The property insurance will usually include property owners liability, which will help protect you if you're deemed liable for any injury caused to a visitor on your site.

Anthony Halliburton
of Sentio Insurance

You will also find that the insurance premiums for this type of property are higher than your standard, occupied buy-to-let, as the risk is perceived to be higher with unoccupied properties undergoing works. The cover may also be restricted to protection against fire, lightening, explosion and aircraft (FLEA) until the work is complete and the property tenanted.

The requirements for what insurance you need to consider will be in part determined on how you manage the builds:

If you're using a main contractor: if you've opted to use a main contractor to carry out the work on your behalf, you may not be required to obtain any further insurance yourself, but you do need to get proof of their insurance policies.

For larger projects, the contract between you and your builder will dictate who is responsible for providing the various insurance policies required, such as contract works that provide cover for the works in progress, materials and items of plant until the job is complete.

For smaller projects – such as a house refurb – there may not be a contract in place. In this instance, I would recommend obtaining a copy of the contractor's insurance before any works commence. As a minimum, they should have public liability insurance in the event they cause damage to your property, but ideally they'll also have contract works insurance, which provides cover on an "all-risks" basis to the ongoing works and materials, such as fire and flood. Remember that standard property policies exclude damage caused by a contractor.

If you're managing the works yourself: if you've chosen to project manage the work yourself and are responsible for hiring the various trades to complete the works, there's a bigger onus on you to protect any visitors to the site and the tradespeople you're using, particularly if they are labour-only subcontractors (LOSC). This insurance is called project liability and can provide cover for both public and employers liability.

Project public liability will provide cover in the event that an injury or loss is caused by the works, such as a falling plaster board or a trip on unsecured pipework. In either of these events, the claim will be directed to you – the project manager – in the first instance and you will be required to defend yourself.

If you are employing LOSC, you'll also be required by law to have employers liability insurance. This will provide cover for an injury caused to an employee, including your LOSC, whilst undertaking work for you. A labour-only subcontractor is a tradesperson who is acting under your direction and supervision, and they'll also likely to be using materials supplied by you.

Insuring for work potentially affecting neighbour's property

If your renovation includes work below ground, such as creating a cellar, you may be carrying out pilling works (to ensure a sturdier base for your project), shoring up (to prevent collapse) and excavation. In carrying out these works, there's a risk that damage will be caused to neighbouring properties. As such, party wall insurance should be considered. This is also known as JCT Clause 6.5.1 or non-negligance insurance.

As there is no need for the neighbour to demonstrate negligence, it may not be possible to claim from your contractor's insurance in the event of a loss. Party wall insurance will provide cover in the event that damage is caused to a neighbouring property such as cracking or collapsing walls.

So, if you're carrying out a refurbishment project of any size, it's important that you liaise with your insurance broker or insurance company as soon as possible. This is because some of the products mentioned above can take a number of weeks to arrange and we don't want to be the link in the chain holding up the building works.

As no two projects are ever the same, it's important to get advice on your insurance obligations before work has started; please feel free to get in touch to see how I can help. Good luck with your next project!

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8 ESSENTIAL QUESTIONS

TO ASK ANY SOURCER BEFORE WORKING WITH THEM

I started sourcing in January 2012 and spent the first ten months or so networking to build up my investor connections whilst also researching legislation, regulations and codes of conduct so that I could begin to create the foundations of an ethical, legal and compliant sourcing business.

I very quickly came to the conclusion that the majority of the other sourcers operating at that time had no idea about compliance or – worse still – simply ignored it. The really scary thing is that little has changed since then.

From a sourcer's perspective, setting up your sourcing business to be fully compliant right from the start sets you head and shoulders above the rest of the sourcing agents. Make it clear how you work and why and you will attract the best quality investors to work with you and build a professional business with longevity for a much more secure future.

There are many deal-packaging courses and mentorship programmes running in the UK at this time and, while a lot of them teach their participants how to source very well, the subject that they tend to cover in ten minutes or not at all is sourcing compliance or – in layman's terms – how to operate a legal, professional and ethical property-sourcing business.

So why could this be a major problem for investors?

Many investors think only in terms of whether the deal ticks all their investment criteria boxes. However, the real issue is that – should you use the services of a non-compliant sourcer and the deal goes wrong – you're at very high risk of handing over what can be large amounts of your hard-earned cash and never seeing it again!

What are the possible consequences?

Here are some common complaints from investors who have lost often significant amounts of cash to unscrupulous sourcing agents:

- Paid a reservation fee or deposit to secure a deal only for the deal to fall over through no fault of the buyer – with a refusal to refund the fee;
- The description of the property or site (deal) was not accurate;
- The level of refurbishment described was inaccurate;
- The property was not fit for the purpose for which it was bought.

The consequences can be anything from losing thousands in reservation fees or deposits to the investor being stuck with a property that is not fit for purpose, does not cash flow sufficiently or the valuation comes in significantly less than expected.

How to stop this happening?

Putting it simply – forget about *Location, Location, Location* – the solution is due diligence, due diligence and yet *more* due diligence! It never ceases to amaze me how easily some investors hand over thousands of pounds to a sourcer – a person that, in a lot of cases, they have never met and know little about.

Tina Walsh

To help prevent this I have developed a system of eight simple questions to ask any sourcer, followed up by eight simple actions, which together might well save investors from losing money as well as a lot of worry and stress.

Here are the eight questions and related due-diligence steps

Q1. What is your company set up?

DD. If they're set up as a limited company (Ltd) or limited liability partnership (LLP), use Companies House to double check their company registration number and to verify who the shareholders are. Does the name of your connection match with shareholders of that company? If they're operating as a sole trader, use social media to check them out and ask questions. Check for consistency - or lack of! - across all social media platforms.

Q2. Do you have any insurance?

DD. They must have a minimum of £100,000 professional indemnity (PI) insurance. Please don't just accept their word for it, ask to see a copy of their insurance certificate. If it is not a specific sourcing policy, then the insurance provider may not pay out for a claim. Be sure to get clarification and proof, which should come from the insurance provider and not just as an assurance from the sourcer.

Q3. Which Property Ombudsman Scheme are you a member of and what is your registration number?

DD. Any sourcer can be a member of either of the government-approved schemes below:

The Property Ombudsman (TPO); search for members here:
tpos.co.uk/find-a-member

The Property Redress Scheme (PRS); search here:
theprs.co.uk/consumer/members

Q4. Are you registered for data protection supervision and what is your registration number?

DD. All sourcers must be registered with the Information Commissioners' Office (ICO); search here
ico.org.uk/esdwebpages/search

Q5. Are you registered for anti-money laundering supervision and what is your anti-money laundering registration number?

DD. All sourcers must register for anti-money laundering supervision; search:
customs.hmrc.gov.uk/msbregister/checkTerms.do

Q6. Do you have a Terms of Business Agreement (or similar contract)?

DD. This is the contract between a sourcer and a buyer. Amongst many other things, it should make clear how much the service will cost, when payment is expected and if monies are taken up-front as well as detailing the circumstances under which a refund would be given. Without an agreement in place it would be difficult to show a failure in service provided.

Q7. Do you have a Data Privacy Policy?

DD. This is very important! Any sourcing agent will hold a lot of very personal information about the investor and, if this information is held insecurely and is stolen, the data owner (investor) could be 'cloned' and potentially lose a lot of money and time trying to fix the situation. Always ask to see a copy of the policy and check where your personal data will be held.

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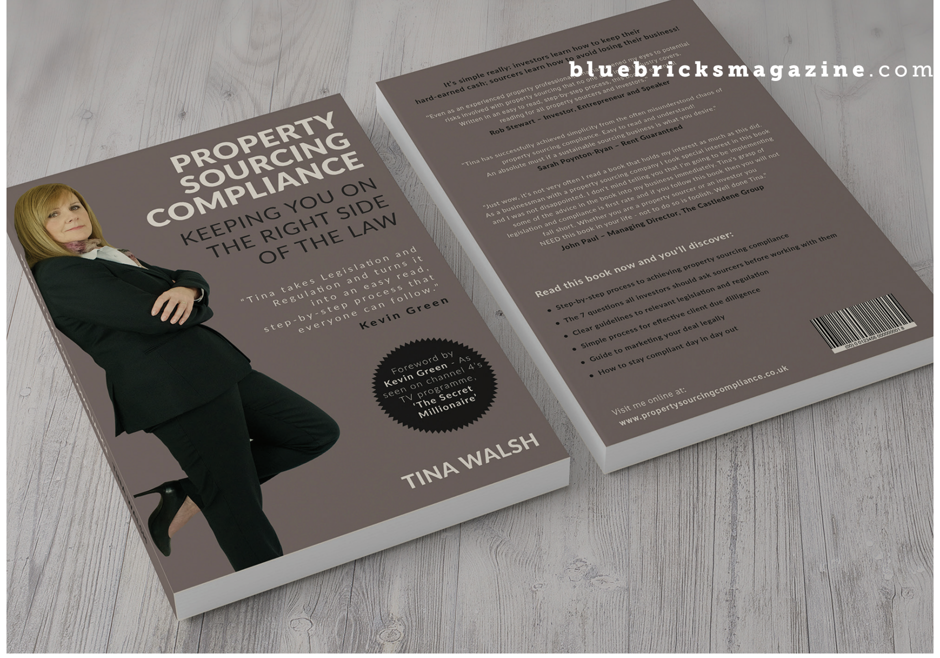

Q8. Do you have an in-house complaints procedure?

DD. This is a key process and essential for the investor. If things go wrong and you make a complaint, it's crucial you work through the sourcing agent's in-house complaints procedure before seeking advice from their ombudsman – the ombudsman won't listen to your complaint otherwise.

Check the appropriate register for sourcer name and/or registered number – if they're registered, they'll have a registered number and you'll need that number to be sure you're searching for the correct person. Note that if they've only just registered, sometimes there can be a delay in notification of the registered number so it might be prudent to wait until a registration number can be checked.

Don't let sourcers fob you off with excuses that they don't need to be registered straightaway to do a couple of deals. They should be *fully* compliant prior to introducing or brokering even their first deal.

If, as a sourcing agent, you can answer all of these questions and have all of the required documentation in place, then you can smile broadly and say that you're in the minority of sourcing agents currently operating in the UK! Many investors are cash rich and time poor and so the services of a professional, ethical, legal and compliant sourcer may be very welcome. Relationships with professional sourcers build over time with trust increasing gradually and may go on to last for years. A good, reliable, compliant sourcer can be worth their weight in gold!

If you want a property sourcer/deal packager/property-buying agent to treat you and your hard-earned cash in a professional manner, make sure that you work only with those that can prove that they are – at least on paper – professionally set up.

If you have any questions at all, please don't hesitate to get in touch.

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Professional Sourcing Compliance Support with Tina Walsh

Tina's professional life started in the police service before injury forced her into retirement in 1995. After a couple of forays into property development with husband Tony, she finally found her angle in late 2011 when it was suggested that property sourcing was a burgeoning business sector.

Tina spent ten months researching legislation, regulation and compliance guides to establish Sanctuary Property Sourcing Ltd in October 2012 – a platform that provides a bespoke service throughout the northwest of the UK.

Tina has also authored the no-nonsense book: *Property Sourcing Compliance: Keeping you on the right side of the law* and – through both her book and her business – Tina aims to increase knowledge and professionalism within the sourcing sector amongst budding new sourcers, established businesses and investors alike.

CASE STUDY OF THE MONTH →

TAKING THE LEAP FROM RENT-TO-RENT TO "BUY, REFURBISH AND RE-FINANCE"

STEVE CURTIS ADDS HIS FIRST CO-LIVING CONVERSION TO HIS PORTFOLIO

Steve Curtis
of 360 Property Group

Steve Curtis of 360 Property Group lives on the Isle of Dogs in London, close to his main property investment area. His introduction to property started back in 1988 with his first job as an architectural technician/ interior designer for a design and build company. For 30 years he's been designing bars, restaurants and hotels and has run his own design practice since 2000. Over that time, he's had the privilege of helping clients invest over £50 million in converting/refurbishing properties, which has given him a great insight into how properties work and how people interact with them.

One of his latest restaurant designs is eggslut – a cool, casual dining concept from Los Angeles. The second UK site has just opened in London with more branches in the pipeline. The last residential project he designed was a huge 14,000ft^2, house in Hampstead for an investor, complete with basement swimming pool, gym and cinema – overall quite an eclectic design and certainly a one-off.

Steve has bought and sold properties to live in himself since 1996, but classes 2015 as the actual start of his property-investment journey. This was when he and his wife Catherine started their rent-to-rent (R2R) business, a popular strategy where an individual or company leases a property and pays a guaranteed rent to the landlord while they legally sublet the property to tenants, normally on a room-by-room basis. Steve and Catherine chose this strategy as a way of quickly entering into the world of HMOs (houses in multiple occupation) and to gain cash flow that would eventually help fund future property purchases.

They plan to grow their R2R business alongside future purchases, recognising that it remains another great income stream and fits in with their developing strategy to invest in co-living. Their first property was in Lewisham where they were most keen to learn how tenants lived in a shared house and how they could impact and enhance the experience for them, thus looking to differentiate themselves from others in the marketplace. Following that first property, they took on an additional R2R each consecutive quarter over the next two years.

Recently Steve and Catherine have raised enough funds through their R2R portfolio to take the next step into the buy, refurbish and refinance strategy. We caught up with Steve to hear all about his latest project – the first property he has purchased outright and refurbished as a HMO. He tells us what was involved, including the successes and challenges he faced along the way.

Finding the property

We found this property because it's right next door to one of the rent-to-rent properties we manage, which has given us the advantage of knowing the area really well.

However, when we spotted the "for sale" sign outside one day, we discovered a sale had already fallen through not once, but twice previously. The seller had long since moved out and the property was empty, so we had a motivated seller – which was reflected in the asking price.

Financing the project

The initial purchase of the property was possible as we'd built up enough of a deposit from our R2R properties to supplement a mortgage product. Because we were planning an extension/conversion, we wanted to buy the property outright from the start, rather than investing a large amount of money into a property owned by somebody else.

The conversion/refurb costs were a mix of our own money and private investor funds (where investors get their money out first). The refinancing to release funds is in progress at the time of going to print, but we have had an informal valuation carried out in the meantime based on comparables and sold prices in the area to give us a GDV (gross development value) to use in the illustration below.

Exit strategy

Ours is a "buy, refurbish, refinance and hold" strategy. The ideal scenario would be for every penny invested to be drawn back out from the uplifted value when the property is refinanced. However, whilst this is possible, it doesn't always happen quite that way, but – even if some investment is left in – it can still be a great deal as any remaining monies will be drawn out of the monthly cash flow. It may take a little longer to retrieve all the monies on some London properties owing to the high initial purchase price and higher cost to refurbish, but the cash flow is good and, longer term, appreciation is strong.

The figures

Purchase:	£440,000
Fees (including SDLT):	£28,000
Project costs:	£225,000
Total:	£693,000
GDV (projected):	£850,000
Refinancing at 75% LTV:	£637,500
Money left in:	£55,500
Achievable rent:	£5,000/mth
Gross yield:	8.65%
Predicted net cash flow:	£2,500/mth
Annual net cash flow:	£30,000
Return on capital employed:	54%

The ROCE (return on capital employed) is the figure many investors focus on as it's an indication of how long it takes to pull all of their money out of a deal. To work this out you simply take the annual net cash flow (income after all costs), divide by the money left in and times by 100. So, in our example (54%), all monies will be pulled out within two years, which would actually be better than our original forecast. We would be more than happy if the lenders valuation is in line with this.

Our R2R properties usually break even within six to nine months (money pulled out) giving a worst-case scenario of 120% ROCE. Of course, we don't own the R2R properties (unless they're on a purchase lease option) and therefore see the R2R income as short term while we see the property purchases as both long-term income and an appreciating asset.

The refurbishment and design

We took a three-bed, semi-detached house and extended/converted it into a six-bed high-end co-living HMO with a two-storey side extension and carried out a full refurbishment of the existing part of the property.

Originally a four-month on-site programme, the project was finally completed after 6½ months, which would have been worse if the government hadn't allowed construction sites to continue operating where safe to do so through the pandemic.

The building itself was originally a NHS clinic and well built. The only unforeseen building element on site was some rotten partition studs around the bathroom that needed replacing where presumably the shower/bath had once leaked. As the original building was in such good condition we were able to retain most of the walls, windows and finishes. We did re-wire the electrics as we were installing more power sockets and wanted a better lighting layout. We also replaced the radiators throughout and installed a new system boiler and cylinder to provide sufficient capacity to meet the demands of six+ people.

The extension consisted of traditional concrete foundations, concrete floor and cavity blockwork walls (except the front elevation which was facing brickwork to match the existing). Because we are holding this property long term we specified the floor/wall/roof insulation above minimum standards with a view that we would save energy in the long term. This has the added advantage of keeping the property cool in hot weather and warm in the colder.

Some 95% of our tenants are working professionals. London living can mean a pretty fast-paced lifestyle as well as a sometimes unpleasant commute to work, so our goal was to create a relaxing environment for the tenants to live in. We decided on a Scandinavian-influenced style as this ticked so many of the boxes, with a largely white backdrop, combined with wood finishes and neutral colours, lots of planting and accessories with warm colours.

My commercial design experience has given me the skill to switch between the high-level overview and the smallest of details on a project. Each element of design serves a purpose, from the layout of the building and furniture, to the lighting and artwork; when you walk through the property, it's like you're going on a journey. The mood lighting also changes the atmosphere of the house from day to night.

My three principles of design are: functionality – atmosphere – personality. We're always asking ourselves if what we're doing will enhance the experience for the tenants. Some of the key decisions we took early on to reinforce this approach were:

- New Worcester Bosch 30kw system boiler with 300l cylinder so no need to take a cold shower in the morning. We can even control the house temperature via a phone app with the Inspire Homes thermostat module.
- Every room has its own workstation and high-speed internet. Upgrading to Virgin Business doesn't cost much more, but means we get an enhanced service from the provider and can boast about the 500Mb connection to each bedroom, which most competitors can't offer.
- En-suite facilities to four of the six bedrooms, with extra-large showers giving hotel-standard comfort.
- Doubling up on some of the kitchen facilities (in excess of the minimum HMO standards) for the tenants' convenience.
- USB charger sockets in each bedroom.
- Yale digi smart locks to all bedrooms – this isn't the cheapest option, but being keyless makes them very convenient and using them gives an added feeling of luxury. Plus, we don't get phone calls about lost room keys.
- Storage, storage, storage – we designed in approximately twice as much storage as the average HMO room offers – every tenant stated this was a big factor in them taking the room.
- LED lighting throughout – energy efficient and also creates a great ambience across the house.

We sourced some feature lights from Greece and from one of my regular UK suppliers; furniture came from Ikea and other independent suppliers. Artwork was sourced from numerous suppliers in the UK and Europe. This took a little more time to procure, but was key to achieving the desired style we wanted for the budget. Dress cushions and some accessories came from a Swedish supplier to reinforce the Scandinavian styling.

The challenges

I guess the first challenge was buying in London, with its high purchase prices, but we were fortunate to have accumulated funds from our R2R properties, which helped us take this first step.

Another challenge was in dealing with the relevant party wall awards/agreements with the neighbours. These awards basically give the building owner (in this case, me) or their contractor the legal right of access on to the adjoining owner's property to undertake certain types of party wall works. The Party Wall Award will carefully govern the access and ensure that any necessary protections during the course of access are in place. In our circumstances, having a tenanted pub plus Southern Electricity as neighbours meant we effectively had three neighbours to consult as we were building the extension within 3m of their boundary. We would still have bought the property had we known this earlier, but the fees for three surveyors would have been less of a shock.

My plan was to act as a "client" on this project to free up my time to focus on other projects in the pipeline so we appointed a project team: architect/project manager (PM)/quantity surveyor (QS), party wall surveyor and structural engineer. The team would then provide full contract documents for the competitive tender process. I supplied the interior design pack to include in the tender.

However, things didn't quite go to plan and I parted company with the architect/PM as we weren't happy with his performance and it was clear this could not be resolved. I effectively stepped into the project management role myself and completed the tender stage by negotiating with the contractors directly. I then appointed one of the commercial quantity surveyors I work with regularly to put the contract documents in place and oversee valuations/contractor payments/final account on the project. A JCT Intermediate contract was used, which is industry standard and it was also a requirement of our insurers to have this in place prior to the work starting.

There were programme delays from the start: bad weather in February with relentless rain affecting the progress of the ground works followed by, of course, Covid-19. This had the knock-on effect of major suppliers closing, resulting in a shortage of materials. Initially, obtaining the specified insulation was an issue, as were plasterboards and plaster itself. In the end we found alternative roof insulation and plasterboards to keep the project moving.

The parts that went well

Getting investors on board was easier than I had first imagined. Having worked all my career with various types of investors, contractors and the project team, I know how to join



up all the dots to deliver a successful project from inception to completion. Giving investors this peace of mind is key.

We found our investors loved socially distanced site visits and online Zoom updates so they could get involved and see the works in progress. They were amazed by the end results.

Our initial decision to include key design features and create a higher standard of finish meant we could ultimately achieve higher than average room rents. This was in evidence throughout the whole house, but had a particular impact on the following areas of design.

In my original brief to the architects I was clear that I didn't want to have any loft space and this turned out to be a big win. I wanted the first-floor bedroom ceilings to follow the pitch of the roof right up to the ridgeline, and in turn provide a large storage space on top of the shared bathroom, which creates the wow factor within two of the smallest rooms in the house.

We were also really pleased with the LED lighting design. A great lighting scheme should consist of various types of lighting and we applied this principle across the property. Throughout the corridors and stairwell, we have a mixture of timber shades and metal cage pendants, all operated by movement detectors. All the bedrooms have dimmable LED lighting with filament lamps fitted in the ceiling pendants and bedside table lights. The feature bedrooms have hidden LED strip lighting on top of the wardrobes washing up the ceilings. All lighting is "warm" white LED and the majority of ceiling lights have feature squirrel filament lamps.

Finally, we installed LAN (Local Area Network) with CAT6 cabling throughout providing 500Mb internet speed to every bedroom – a must for the new "work at home" era we're living in. It also makes the property much more appealing to attract good, long-term tenants.

Steve's advice to readers

I highly recommend that you write a project/design brief, listing the objectives both from a commercial perspective (the numbers) to the end experience (design features/style/customer service). Find an experienced team to leverage, thus freeing up your time to focus on running the business and not getting caught up too much in the day-to-day stuff others are better carrying out.

Challenge yourself to design an interior without using any grey paint (which seems to have become the new magnolia). Create a homely feel (don't be afraid to use carpets) and spend time choosing artwork, accessories and planting to give the property personality.

Get your rooms mocked up/dressed up ASAP so you can use them for marketing material and for advertising rooms – time is money on these projects.

Consider getting a 3D tour of your completed project. It takes a lot of extra effort to make every square inch look finished, but once the tenants move in, you won't get another chance because the house will never look the same again. It's also a great tool for future online viewings and for showing potential investors.

What's coming next for 360 Property Group

We have other projects in the pipeline such as a warehouse conversion in Yorkshire and a serviced office purchase closer to home. We're most interested in projects that maximise the appreciation of a property (by converting or extending and remodelling). This gives us better returns at the refinancing stage and is also attractive for investors we work with.

If you'd like to connect or find out more about our up-and-coming investment opportunities, get in touch. You can connect with me via Facebook or email and also every second Tuesday of the month at Rent 2 Rent Live! (currently online) if you have an interest in co-living, HMOs, R2R or investing.

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