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Blue Bricks MAGAZINE

THE PROPERTY INVESTOR MAGAZINE

GOAL SETTING FOR 2021

HOW TO SECURE, REFURBISH AND SELL A PROPERTY WITHOUT BUYING IT

REDEEM YOUR FREE GIFT ON PAGE 3

ISSUE8BBM

BLUE BRICKS MAGAZINE

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HELLO

CAROLINE MONKS
EDITOR

Happy New Year! I hope that those of you who celebrate Christmas had a good one. Here's to a good year ahead and hoping we manage to find the positives in any adversities we may encounter.

As I write this note, ahead of the New Year, I have no idea what the current situation will be by the time this issue reaches your doorstep and I'm not going to attempt to speculate. What I know for certain though is that this is another jam-packed issue including advice on goal setting for the year ahead. We asked three investors and property sourcers to share their plans for 2021 and their approaches for goal setting; you can read their answers on page 16.

On page 20 you will find this month's case study, provided by our business columnist Nathan Winch, who explains the creative way in which he acquired and sold a property without ever purchasing it. The things you can do when you get inventive!

One article that I have personally found particularly helpful is focused around outsourcing tasks to enable you to grow your business. On page 7, Kim Opszala gives us some sound advice on how to go about this and details what has worked well for her.

The design element to this issue comes in the form of the wonder of colour. Feast your eyes on the various images on pages 8 to 11 and consider how the use of colour can have an impact on your investment properties. Look beyond the grey, folks!

Our good friend at BBM, Sarah McDermott, who we've nicknamed the "Queen of SA", commences her personal column on all-things serviced accommodation. Join her each month as she takes you through this strategy step by step; see page 24 for the first instalment.

We first introduced SSAS pensions in the October issue and, as it is such a vast topic and provides such a great opportunity to many investors, we feel it's necessary to revisit this subject and delve into it further. This time Paul Brooks brings us his thoughts on why every investor should have a SSAS; go to page 26 to read more.

On page 30, Holly Jennings tells us how she grew her property business from scratch over the last three years. I'm sure many of you will relate to elements of this process and find it inspiring!

We launched BBM in May 2020 and would like to thank all of our valued subscribers for their ongoing support. As we enter 2021, we have reviewed our offering and are expanding the range of formats for delivering content and information to our subscribers. There will be an increase in online content such as interviews, speakers, presentations and our monthly online meet-ups. As part of this package the magazine will now be delivered every two months instead of monthly, but it will also be longer.

You should have received an email with full details, but if you have any queries, please get in touch with me at caroline@bluebricksmagazine.com. We're excited to be able to introduce more services to the BBM platform and, in doing so, continue to build both a community and online forum. If you're on Facebook please join our group Blue Bricks Magazine.

We're looking forward to aiding your progress throughout the year via education, information, networking and hopefully a smattering of entertainment!

Here's to you and your business for the year ahead. Cheers!

Best wishes,

Caroline

MEET THE COLUMNISTS

Kevin Wright Finance

With over 35 years of experience in the property industry, particularly in finance, Kevin is a finance veteran. He owns Invisible Investors, a property education company that trains and enlightens investors on how to use creative finance to buy multiple properties, faster, but with much less cash.

Loves the colour yellow

Sarah McDermott Serviced Accomodation

Sarah McDermott is a property investor and co-owner of luxury holiday-let business, Maison Parfaite. Alongside this she runs a property-sourcing business and project-management service. Sarah also guides less-experienced investors via private mentorship.

Likes singing "Follow the yellow brick road" in the voice of a munchkin

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

Kim Opszala Investments

Kim Opszala is a multiple award-winning corporate solicitor turned property investor. She is the co-owner of KoMo Properties and has a portfolio of single lets and high-quality HMOs for both students and professionals. Kim is also co-host of the Birmingham pin meeting.

Kim has been learning Polish for over 12 years and can still barely hold a conversation

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

Valeria Romano Design

Valeria Romano is a property investor and a spatial and interior designer. She helps other investors maximise their profits by transforming interior design crimes and spatial design flaws into highly engaging interiors. She runs workshops and coaching courses and offers spatial and interior design services.

Valeria treats every event like it's the last helicopter out of Saigon: 100% attention

Alice Williams Finance

Alice specialises in sourcing finance for property developers and investors. After starting in corporate banking, Alice joined Pilot Fish in 2017 and swiftly took the helm of the property finance team after demonstrating her skill and tenacity on the successful completion of multiple complex funding projects.

Uses marketing as an excuse to wear multiple fancy dress costumes

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)

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

FACEBOOK ADS – PART TWO

UNDERSTANDING THE KEY COMPONENTS

In the last issue I covered all the reasons I love Facebook advertising; this month I want to focus on the structure of a campaign at a basic level so let's jump straight in.

Facebook business page and business manager

I would recommend creating a **business page** from which to run your adverts. This will add to your professionalism and it means you can keep your personal and business content separate – you don't want someone clicking through from an ad to find your posts about getting wasted at some raucous party or other three years ago.

Unfortunately, Facebook have made their **business manager** as unnecessarily complicated and fiddly as possible. But I just think of it like an office block where you have doors into various rooms: you can give individuals or agencies access to different areas. For example, you could allow someone to manage your page or your ads, or both, but you control how much access they have and – most importantly – you can stop their access at any time.

I would strongly advise you don't allow anyone to run ads on your behalf from their own ad account; give them access to yours. Otherwise you miss that all-important data, which means that you can't see what performed well and what didn't. I also advocate paying a specialist to manage your ads or learn to do it properly yourself.

The pixel

I'm not a coder, but this is my favourite little piece of code. I don't even know how it works, technically speaking, and you don't need to either – wizard tools within Facebook talk you through setting it up step by step. All you need to know is that you need it on your website or landing page as soon as possible, whether you're advertising or not.

Why? The pixel is how Facebook collects data and performs at its very best. It captures everything – from demographic stuff like your visitor's age and location, to their interests and what is happening in their life. It records what websites they visit, what Facebook pages they follow, whether or not they watch video on Facebook and whether they are likely to complete a transaction from an ad – plus a million other pieces of data besides.

JOANNE SAINT

Building a campaign

In Ads Manager, you have a three-stage structure to complete.

Level 1 is Campaign: this is where you set the objective and the budget. Once set, it's fixed, so this objective and budget covers all ad sets and ads and you can only choose one. Objective setting is crucial. You have three different types to choose from (Awareness/Consideration/Conversion) and, within these, there are several sub-types with each having a very different purpose to determine a different outcome.

The key thing to bear in mind is that Facebook knows, like *really* knows. It's no use trying to trick it by selecting a fairly cheap objective to reach lots of people if what you really want is for them to convert and buy your product. Facebook will try it's best to achieve your objective, it wants you to succeed and it will use all its data and intelligence to do this. If you send it down the wrong path, you're not giving it a fair chance and you'll waste money.

Level 2 is Ad Set: this is where you select the audience and the placement. You can have more than one Ad Set, which means you could have an objective (at Level 1) but direct it towards two different audiences. For example, you might have males and females, Manchester and Birmingham, or even website visitors and general public. Again, once locked in at this stage, it can't be changed at Level 3.

Level 3 is Ad: This is the part people get excited about because you can have pictures, sexy copy, videos and carousels. It's important, but without setting up levels 1 and 2 properly, the ads themselves are unlikely to work well.

Again, you can split these down and have multiple ads per ad set. You might want to try a couple of different images or different copy for each ad set. Ad creatives are made up of four parts and the brain registers each in a certain way:

1. **Image or video:** the single function of your image or video is to stop the scroll. Nothing else. It can support the message or sale, but its only job is to give you another split second of the visitor's time to take in the next part, rather than scroll on by. It doesn't matter how good your copy is, if they don't stop to read it.
2. **The headline:** it sits beneath the image and needs to be bold. The eye will naturally glance at this next, but only if the image is appealing. These are not thoughtful, considered decisions; they're split-second reactions. The headline needs to be short and relevant. The audience needs to know you're talking to them.
3. **The copy:** the main body of text, above the ad. Your viewer will only see the first couple of lines so your aim is to hook them sufficiently that they click to see more. The copy itself can be as long as you like – be it a snappy sentence or several paragraphs – so long as it's engaging. Consider questions as an opener – it can tease the viewer into reading more; perhaps something like: does this happen to you? Do you resonate with this issue? Do you want this outcome? Facebook has strict rules about what you can and can't say; you can't refer to personal characteristics.
4. **The action:** be clear on what you want the viewer to do next. The button could say "Buy now" or "Learn more" – if it's a big purchase and the first interaction then "Buy now" might come across as too eager, but you could funnel them into your landing page with a "Learn more".

There's a lot of technical know-how involved in navigating Facebook advertising and you need to be prepared to continually test and refine. I have also provided a video explanation to accompany this guide, available at **bluebricksmagazine.com/resources**.

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TOOLBOX TALK

NEW YEAR HEALTH-AND-SAFETY RESOLUTIONS

We all love a fresh start, the opportunity to begin the new year on that perfect foundation of best practice and discipline. I'm sure, like me, most of you start the new year by making resolutions – perhaps giving up a habit you'd rather not have, or kickstarting a health and fitness regime. Whatever your plans are, I wish you well with them.

However, how many of you think about resolutions for your business? What are you going to do more/less of? What should you have been doing that you haven't been doing in business? My guess is health and safety is one of those sticky areas that you never get round to, but the new year is a fabulous time to start implementing those all-important safety plans, processes and procedures and to detox your business of any bad practices. Here are my top tips to kicking 2021 compliantly:

1. Health-and-safety management plan

The beginning of the year is a great time to look at your health-and-safety management plan. Remember this isn't about reinventing the wheel– this is about looking objectively at the documentation you have in place, checking it's current and making improvements where required.

If you don't have a safety management plan in place, then this is the ideal time to make a start on documenting it. It can be easy to get overwhelmed when starting this task, but the best approach to getting it done is to break it down into bite-sized chunks. This plan has many elements to it, but in essence it embeds health and safety throughout your business to ensure the safety of your personnel and people who could be affected by your organisation's activities. Health and safety weaves through those all-important policies, procedures, standard forms and guidance notes throughout your operations. It's your business's goals and the steps it needs to take. *Sexy or what?*

For those of you starting out on the path of compliance and systems, it can be a daunting task. After all, health and safety is a broad and far-reaching subject and it's not exactly the most exciting thing to get down if you are unfamiliar with it.

Lisa Tinker
Health & Safety Consultant

It is, however, in my opinion the most beneficial to your business: a good safety management plan speaks volumes about your professionalism within the industry. You certainly don't want to be labelled as "clueless" or "reckless".

My top tip for nailing out your plan is to invest in support to guide you through the process. This may be in the form of a health-and-safety advisor or consultant who will be able to steer you through the process and ensure that you haven't got any compliance gaps. If you decide to go it alone, then my tip for you is to focus on one subject at a time and schedule a regular appointment with yourself to get your plan completed.

2. Review your risk assessments

If you have five or more employees, you need to have documented risk assessments; if you have *under* five employees, you still need to assess the risks of your activities, but you're not required to have them written down. Either way, an annual review of your risk assessments is an important task because the nature of your operations can evolve year on year and there could be areas in need of improvement.

3. Review your health-and-safety policy

As with risk assessments, if you have five or more employees, then you're required to have a documented health-and-safety policy. This policy helps to communicate both your commitment to health and safety and the arrangements in place for managing health and safety within your business. Take the new year as an opportunity to give time over to considering whether your policy is still applicable to your business. Does it need amending to reflect moderations in your operational activities, such as changes in roles and responsibilities, a new office premises? Or have legislation changes affected the way in which you operate, perhaps?

4. Review your training matrix/plan

One of the best ways to avoid accidents and incidents in your organisation is to ensure that your staff are well versed on how to carry out their day-to-day activities safely. It goes without saying that competent staff with sufficient skills, knowledge and experience go a long way to maintaining a safe working environment. There is also much to do in terms of continued professional development, such as keeping up to date with asbestos awareness, manual handling, first aid, fire-warden training, etc. Reviewing or creating the plan provides an opportunity to review whether you have any skills gaps or if specialist training is required to support the smooth running of your business.

5. Communication

Health and safety is paramount and needs to be at the forefront of everyone's mind particularly when working in the property and construction industry. Communicating your health-and-safety plans to your workforce is key in ensuring the compliant, safe delivery of your projects. Ensure you have appropriate ways of effectively communicating and reporting health-and-safety issues and updates within your organisation as well as ensuring easy access to competent safety advice.

When making your New Year's resolutions remember to make one for your business too. If you need support kicking your year off compliantly, then get in touch.

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GOING ONCE, GOING TWICE... SOLD!

BUYING A PROPERTY AT AUCTION: HOW TO MINIMISE THE RISKS

Buying a property at auction is often appealing for a number of reasons (not least thanks to "Homes under the Hammer") and we're certainly seeing an increase in interest from clients wanting to purchase this way. But how does the auction process differ from a "traditional" open-market purchase?

There are many perceived benefits of purchasing property this way including lower purchase prices, a quick buying process and opportunities to purchase unique properties or "doer-uppers" that you may not have been aware of if they had not been included in the auction catalogue. But it's important to be aware that these "benefits" can also work against the purchaser.

Get a survey

Properties that are sold through auction are often sold at a good price because of a problem with the property – such as a physical or structural issue – that may have previously prevented a successful sale on the open market. The seller may then have no choice but to sell at auction for a quick sale. I would recommend making sure you know what you're getting yourself into by commissioning a full survey to be carried out by a fully qualified surveyor prior to bidding. That way you know what issues there are and you fully understand the cost implications of fixing them.

Seek good legal advice

When purchasing through traditional open-market methods, your legal advisor has the opportunity and time to carry out full legal due diligence on the property such as conducting searches, agreeing the sale contract, raising enquiries of the seller's solicitors, reporting to and answering any queries that a lender may have and fully reporting to you on the same. This "traditional" process has a (not undeserved!) reputation for taking longer than often anticipated, which can lead to frustration for both the seller and purchaser. But try to remember that these processes are in place because the legal advisor is trying to mitigate risk to a purchaser prior to the exchange of contracts and the purchaser becoming legally committed to the purchase.

Conversely, at an auction, as soon as the price is agreed and the hammer falls, the auction contract is binding and there can be no further negotiation on price or any other terms – there's also no opportunity for a change of mind. The purchaser must pay the deposit (usually 10% of the agreed sale price) immediately, with the balance due on completion – this is usually set for 20–28 days after the auction/contract date.

It is therefore vitally important prior to bidding on a property at auction to get a hold of the legal pack for the lot that you're interested in and obtain legal advice on it – remembering to give your legal advisor enough time prior to the auction to enable them to review the pack and report back to you. It is also worth noting that legal packs vary from lot to lot, but a good legal pack should contain at the very least a copy of the auction conditions, any special conditions, title documents and filed plan, search results, replies to enquiries, draft transfer, copies of any leases/tenancy documents and an EPC (Energy Performance Certificate).

In my experience, few legal packs contain everything listed above and it is very rare for the purchaser's solicitor to be successful in obtaining anything extra from the seller/sellers' solicitors or auctioneers after the auction.

Secure your finance

It's advisable for a purchaser to have the completion funds in place prior to bidding at auction. Many of you will have been informed by the legal advisor acting for you in connection with a purchase that they will not exchange contracts on your behalf without evidence that the completion funds are available to use. This is because a solicitor is not prepared to legally commit you to purchasing the property without knowing that you have the funds available to complete on the agreed completion date.

Hayley Gilbert,
Commercial Property Solicitor

It is therefore vital that you have sufficient funds available to complete the purchase prior to the auction – this means having an unconditional mortgage offer in place if you are obtaining a mortgage for the completion funds. If you don't, you will be at risk of not completing on the agreed date and the seller subsequently serving a notice to complete, which – if not complied with – could result in you losing the deposit, the contract being terminated (the property is not yours) and the seller claiming damages.

There are certainly a number of advantages to buying at auction and there are a good number of bargains to be had – just be *very* aware that the process comes with its own risks. However, if you follow my advice, then you will be in a much stronger position to make informed decisions.

Happy bidding... with caution!

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THE PSYCHOLOGICAL IMPACT OF COLOUR AND HOW TO USE IT IN INVESTMENT PROPERTIES PART ONE: COLOUR BASICS

Valeria Romano,
Spatial &
Interior Designer

Have you ever noticed that if you step into a vivid red room you might feel energised for a time, but if you stay too long, you feel a bit drained? Or perhaps you've noticed that commercial premises such as restaurants have certain colour palettes whilst other commercial premises use a different range of colours?

Whilst it's well known that colour psychology is used widely in branding and marketing, it's less known that it's a powerful interior design tool. Yet colour arguably has more of an impact on the mood of a room than any other factor. Different hues (colours) invoke different emotions, so when debating which hues to choose for the decoration of your investment property, it's essential to consider the atmosphere you want to create and which combination of colours will help you to achieve it. Note that I said "combination of colours" rather than "colour" – to create a mood in a space, focusing simply on one colour is not enough. It takes a combination of selected colours to dictate the mood of a space, but we will come back to that next time!

In this article I am going to briefly explore the psychology of certain colours so that, depending on the space you're decorating, you have a guide as to which hues evoke certain feelings and therefore might best suit the purpose of the room.

The purpose of the room

Before you start on an interior scheme, be clear on the purpose of the room you're working on: if it's a sitting room, is it a room where people need to relax or to socialise? If it's a bedroom, is it one that needs to be solely conducive of a good night's sleep or is it also used as a study? In broad terms, colours can help with conveying the purpose of the space. So, let's see which colours convey which feelings and how you can use these to sell your spaces to your target market.

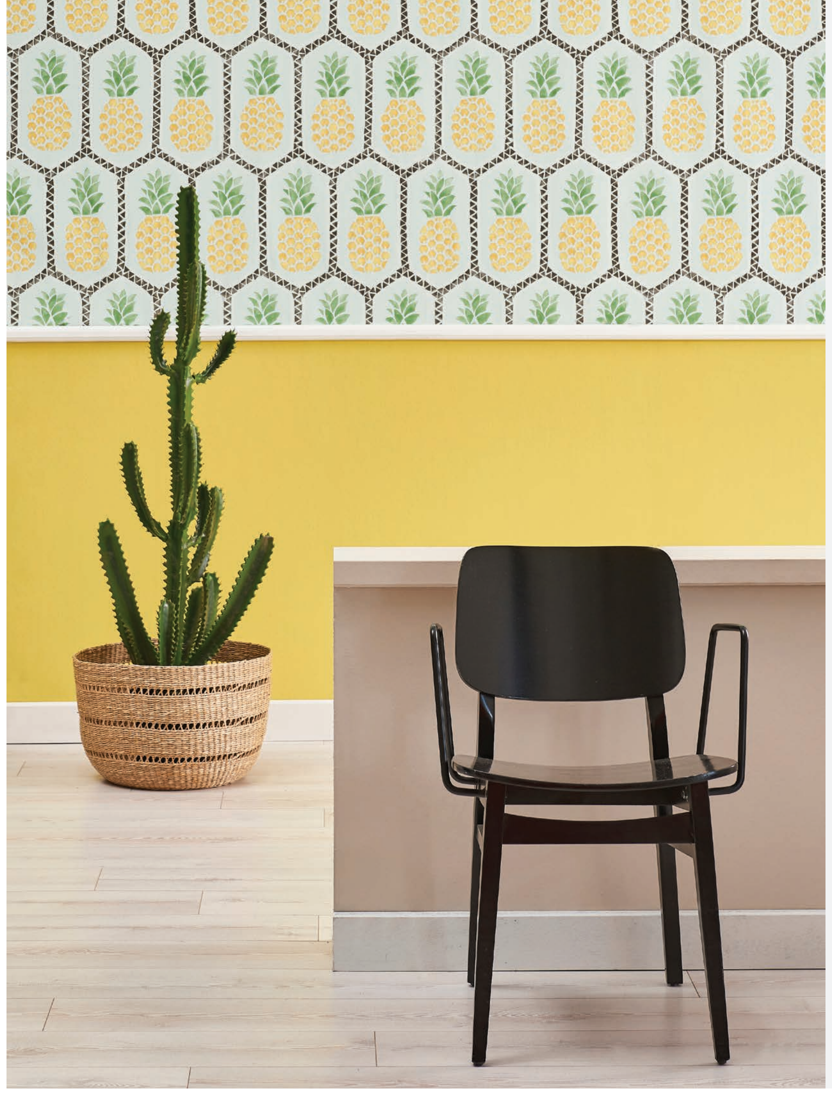
Colour basics

First things first, let's identify two broad groups: warm colours (red, orange and yellow), generally energising or associated with heated emotions, and cool colours (blue, purple, green), generally calming or associated with sadness or indifference. Note that this is a *very* broad generalisation and there is much more to colour than just this basic division. Colours have hues, tones, tints, shades and undertones; there is so much to be said about them that entire books have been dedicated just to colours in interiors.

Red and orange

Research has suggested that red can lead to people reacting with greater force, speed, and stimulate appetite. These colours may be best suited to areas of the home intended for activity and productivity such as gyms, games rooms, or kitchens (note that red is also associated with promoting appetite and increasing heart rate – now when you see McDonald's and KFC you know why they have red premises!).

In this kitchen red has been used boldly. The shade of red used is quite cool and has been combined with a very dark grey that is echoed across the window frames, the grouting and the cables to create a highly contrasting scheme – it works beautifully.



Yellow

Yellow reflects a lot of light and lends itself well to the creation of an airy, playful or joyous interior scheme. However, if used in the wrong tones (like a very bright yellow rather than a calmer tone or shade) it can be overly stimulating and increase feelings of anxiety or emotional distress. Yellows can work in kitchens or hallways and – in small doses – in offices, too. Entrance halls and corridors often work well as these are spaces we don't tend to spend a lot of time in, but that can be used to set a joyful tone for the rest of the house. Choose a shade of yellow that is easy to live with, such as a more muted shade rather than a bright colour.

Create an inviting and solar study room or corner. Yellow can be overpowering, but used in small blocks and with the white patterned wallpaper it becomes easy on the eye as well as invigorating.

Blue

Given its associations with the sky, the sea, and peace and quiet, blue works well in spaces intended for rest and relaxation, such as bedrooms and bathrooms. It can also evoke a sense of clarity and order, promoting thought and contemplation which can make it an ideal choice for a study or home office. However, since it can be perceived as a cold colour, you will need to make sure you use the right shade of blue with warmer tones, if you use it at all.

Textures have been combined in a monochromatic blue palette to give this bedroom a sense of calm without the simple colour scheme becoming dull.

Green

Green is inextricably linked in our minds to nature, for obvious reasons. In lighter or more vibrant shades, it can evoke feelings of security and stability and is commonly associated with energy and balance. A green scheme or the incorporation of green accents (including plantlife) into your decor can work well to calm the mind and add a sense of harmony to a room. Calming bedrooms and sitting rooms work well in green. Green is easy on the eye and shades of green are also very easy to get right when combined together (unlike other colours where it can be more difficult to successfully mix different shades together).

This green bathroom is perfect for relaxation. Even with the textured walls, the scheme feels calm and soothing. Antique copper and green are a classic combination and here the coppery colour is echoed in the colour of the basin stand, the floor and the leg frames of the mirror and painting as well as the chandelier.

If you choose the right colour combination then purple can be incredibly attractive. If your room is dark there's no point fighting it – embrace it, choose the right element and you will have a beautiful scheme.

Purple

Historically associated with royalty and, in more modern times, linked to luxury – purple can be an amazing colour in the right spaces. Be aware that it can be overpowering in large quantities or in dark shades, but that it can work really well in dark rooms to give a sense of luxury and to blur the edges, thus making the room feel bigger. But choosing the right accent will depend on various factors in the room such as lighting – carried out successfully, it will give way to a very elegant scheme.

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The black table here echoes the black-panelled wall perfectly, whilst the wood tones and the odd, but cleverly picked accessory with copper details adds warmth and sophistication.

Black

The absence of colour is often associated with power, sophistication and exclusivity. Indeed, it is regularly used by luxury brands. Used correctly, it can have a grounding effect on your environment, but if you overuse it the effect can be gloomy and overpowering. I would suggest using off-black shades instead of real black as they are softer, more sophisticated, and easier on the eye. When done well, black interior schemes ooze a sense of drama and luxury.

This beautiful room uses white as a base to create sophisticated and elegant schemes. The mostly white and light neutral backgrounds have the same warm undertones throughout, whilst furniture is used to highlight a very classic scheme.

White and other neutral tones

These can work well to complement or offset bolder colours in an interior. White and neutrals can be extremely calming and can be successful in the creation of either happy and uplifting interior schemes, or elegant and sophisticated ones (depending on which other colours they are combined with and in what measure).

There are two caveats about whites and neutrals. Firstly, different shades of white and other neutrals are the most difficult to coordinate and get right, as they have a hidden colour that is not immediately evident. They might look something in the tin and something else on the walls. They are also more susceptible to the colour temperature of the room.

Secondly, too much or the wrong shade of white can feel empty, cold and sterile. If opting for an all-white or all-neutral interior scheme, make sure you incorporate a variety of shapes and textures to add visual interest to your space.

In the next issue, I will share insights on how to devise the right colour combinations to create a specific "feel" for the rooms you're decorating along with hints and tips on how to work with rooms that have fulfilled more than one purpose.

I would love to see what you have achieved in your current or next project, as a result of reading this article and part two next month, so please feel free to reach out. You can find me on LinkedIn and Facebook if you search for Valeria Romano – homepoise. Post your interior and tag me, and I can give you my suggestions and ideas. If you need more help, you can also reach out via email.

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valeria.romano@homepoise.com

Valeria Romano is a property investor as well as a spatial and interior designer. She has been passionate about this business since her childhood years over in Italy where she helped her father convert doer-uppers into family homes.

She moved to the UK in 1999 and has since built a portfolio that achieves higher rental income than the typical ceiling price due to the quality of design.

Today she helps other investors maximise profits by transforming interior and spatial design flaws into highly engaging interiors that sell faster and for higher profits.

Valeria also runs workshops and coaching courses as well as offering services in spatial and interior design.

THE MARKET PULSE

Stay ahead with us

Keeping a finger on the pulse of the property market

PROPERTY MARKET STILL BREAKING RECORDS

JILL STEVENSON

November saw the highest rise in house prices in nearly six years – despite the rest of the economy suffering from various Covid-19 lockdowns.

This was the headline figure in the mortgage lender Nationwide's latest House Price Index, published towards the end of November. It recorded the property rise as 6.5% year-on-year, bringing the average cost of property in England and Wales to £229,721 – that's an increase of £14,000. The monthly jump from October to November was 0.9% (or £1,895).

Mortgage lending highest in 13 years

But it's not only house valuations that are up; mortgage approvals are higher than they have been in 13 years too, according to the Bank of England. Their most recent figures, revealed at the end of October, showed that there were a total of 91,454 mortgage approvals in September – the highest since 2007.

This has astounded many economists who had predicted the surge in interest and applications would have declined by this point in the year. However, there is no doubt the extension of the furlough scheme, together with Chancellor Rishi Sunak's July announcement of a Stamp Duty Holiday, has helped maintain the buying momentum. Very low interest rates are also having an effect.

One economist, Samuel Tombs, attributed much of the property market boom to: "A relatively narrow cohort of well-off households, who already own their homes with little debt." He said they had then managed to augment their savings by working from home thus saving on commuting costs.

Tombs is referring to the trend to move from cities and town centres to areas offering more greenery, countryside and space. Families, in particular, were keen to "upsize" to homes with more bedrooms and a garden – properties that are inevitably further out in the suburbs or in villages.

This is reinforced by another Nationwide survey that showed almost one third of those questioned were thinking of moving because they wanted more outdoor space. Around one quarter of people said they found city life too noisy and fast. This has resulted in property within national park boundaries costing 20% more than similar sized properties outside park boundaries.

Could the Stamp Duty Holiday be extended?

In order to mitigate the gains made by the robust property market, Tombs said he could see the Chancellor extending the Stamp Duty Holiday scheme beyond the end of March. He also suggested that another speculated mortgage guarantee scheme could have an equally positive effect on the property market.

The call for a Stamp Duty extension is gaining momentum amongst industry professionals. Certainly, it was echoed by Tom Scarborough, chief executive of Movewise. Referring to the fact there is a big backlog of house sales transactions still to go through, he said he was aware of "growing calls for the deadline to be extended".

The Stamp Duty deadline panic has meant that both empty properties and those that aren't in a chain have become very highly sought after by those buyers looking to move quickly and take advantage of the £15,000 saving for the first £500,000 of a property.

First-time buyers increasingly worse off

Meanwhile, first-time buyers are still being priced out of the market after finance lenders pulled 90% of low-deposit mortgage deals from the market. An increase in second-home ownership in villages and "greener" areas has also resulted in escalating house prices.

However, it may not all be doom and gloom for the younger generation looking to get on the property ladder. The buoyant housing market is having a positive effect on the construction sector, meaning more new builds are going up, which should help to rectify the shortage of supply. Of course, understandably this is also something that is attracting landlords keen to expand their existing property portfolios.

HIGH STREET BUILD-TO-RENT: IS IT CATERING TO TENANT DEMAND?

Paul Staley
Director,
Wise Living

In October, John Lewis Partnership outlined its plans to expand its remit beyond retail to help generate new revenue streams as the high street continues to struggle. One of these avenues is investing in the build-to-rent (BTR) market. Its initial plans set out for 20 sites – with the first applications for builds in London being submitted in 2021.

As John Lewis targets sites either above or near to existing stores on the high street, data suggests renters are ditching city centre living in favour of homes in the suburbs and smaller towns. Which poses the question – is there really a case for BTR on the high street?

Remote working and green space

Around the same time John Lewis announced its plans, research from estate agents Hamptons International indicated a growing trend of renters moving out of London and looking to the suburbs. According to its findings, 63% of renters who moved to a bigger home chose to leave London to do so, with remote working and green space cited anecdotally as reasons why people wanted to move out of the city[1].

And this trend isn't just in London. Research also carried out by Hamptons found in September that villages and commuter towns were growing in popularity with 34% of renters demanding extra space in Q2, up from just 25% in the first three months of the year. The same research also found that the Northwest came second on the list of areas where people were upsizing properties to get an extra room or a larger garden.

Some people may argue these trends will be short term. Influenced by the pandemic, we have all had to change the way we live and work, meaning we have new habits and new priorities. How long this continues post-pandemic only time will tell, but according to SpareRoom[2], more than one in ten renters plan to leave London and never go back to city living after the pandemic.

When you add to this the appetite for remote working to continue after Covid-19, a YouGov poll[3] found just 7% of respondents want to go back to the office. All the signs point towards the trend for renting in the suburbs and more rural areas becoming the norm.

The growing BTR market

It doesn't come as a surprise that retailers are turning to BTR for new streams of revenue – after all, it's a booming market. In Q3 of 2020, £1.43bn was invested in BTR with the overall value of the market now at £14bn[4]. For a developing market, it boasts impressive figures.

Councils, authorities and businesses are searching for solutions to resurrect the high street, but demand for inner-city rental properties is likely to be in tough competition with high-quality suburban BTR homes. In 2020, Wise Living has witnessed the demand first-hand for properties away from the hustle and bustle of populous city centres.

Even during the first lockdown, we launched the first of three schemes, The Old Brewery, located in the suburbs of Mansfield, Nottinghamshire, and it only took a matter of weeks before all the homes were snapped up – remotely. We have seen this on our other developments in Telford and Coventry, and we fully anticipate to see the same trend on the developments we are currently working on. These might only be a few examples, but they provide a real snapshot of the demand for quality, single-family rental homes in suburban areas.

The shift in demand from your "traditional" city centre blocks to suburban homes with gardens means more investors, developers and BTR providers are turning their attention to those areas, tapping into locations such as Wolverhampton, Rotherham and Boston. In the last 18 months, Wise Living has secured £60m of funding from ICG Longbow as well as a further £100m from Triple Point – indicating real appetite from investors, not just renters.

Future demand

No-one has a crystal ball to see exactly how demand might shift following the pandemic. Yet current rental trends show strong signs that city-centre living is on the back foot and moving out of the city for extra living space and access to green spaces with no need to live near the office is taking precedence.

As the high street continues to struggle it's clear that different thinking is needed to help regenerate areas that have been such an important part of the way of life in the UK for so many years – whether BTR is the answer, it remains to be seen.

[1] https://www.thisismoney.co.uk/money/buytolet/article-8806223/Rent-costs-rise-London-people-hunt-space.html

[2] https://metro.co.uk/2020/12/12/27-of-london-renters-are-planning-on-leaving-the-city-after-the-pandemic-13742481/

[3] https://www.insider.co.uk/news/uk-office-workers-want-continue-22979780

[4] https://www.propertyinvestortoday.co.uk/breaking-news/2020/10/build-to-rent-rebounds-strongly-in-q3-cbre-report-says

DO WHAT YOU DO BEST AND OUTSOURCE THE REST!

Are you an investor generating a good income from your portfolio? Are you also finding the time spent managing your portfolio means you have effectively created another job for yourself? I was the same – here's how I effectively outsourced to give me more time to work on scaling the business.

I co-founded KoMo Properties in 2016 with my husband Mike when we purchased our first buy to let in Birmingham with the aim of replacing my income as a corporate solicitor (at the time I was working for the largest law firm in the world). Since then, we have grown our property business, made up of professional and student HMOs (houses in multiple occupation) and single-let properties, and have replaced my income.

Until late 2019, when we became a family of three, Mike managed our entire portfolio himself. Then, with a newborn in tow, we decided to use a local agent for the properties outside our immediate area and continued to manage those properties closer to home. We found that the service we received from the agents varied enormously and at times we felt we were paying astronomical fees for minor repairs. So, as our portfolio grew, it made sense for us to outsource internally by growing our own team.

We have always had a VA (virtual assistant) to help with day-to-day admin, but at the start of the first lockdown she left so it was the perfect time to reassess the business and what we needed. We started to put a plan into action and outsource more of our business. We started by assessing and documenting every aspect of the business and what we were doing. We then used this information to work out what could be delegated quickly and easily.

Kim Opszala
KoMo Properties

It's been a work in progress but we now have a fantastic team made up of a senior virtual assistant, an administrative virtual assistant and a lettings coordinator based locally. Having started this planning during the first lockdown, it's great to find ourselves now in a position with a team who are as passionate about providing quality homes as we are! And, the icing on the cake – it's also saved us a good deal of money in letting agent/tenant find fees.

Here's a breakdown of the job roles:

Senior virtual assistant: This is a customer-facing role. Our VA is based overseas and has years of experience in lettings remotely. This role involves managing our entire tenant on-boarding and off-boarding process. For example, when a tenant hands in their notice, the senior VA deals with the paperwork, advertises the room and updates our records internally. Once our lettings coordinator finds a tenant, the senior VA will take over the referencing process and manage until moving in.

In addition, the senior VA manages any maintenance issues reported by tenants and compliance certificates. We have reminders set up for when certificates (such as gas safety) expire and they liaise with the relevant tradesmen to arrange a renewal certificate.

Administrative virtual assistant: This assistant helps with the day-to-day admin of the business, for example sourcing deals, carrying out due diligence on potential properties before viewings, managing our CRM system (a customer relationship management system is the process of managing interactions with existing as well as past and potential customers), maintaining our website and marketing materials and much more besides. We are very fortunate that our administrative VA also has bookkeeping experience so they also handle our bookkeeping via Xero. This is unusual, however, so I would recommend that you have a separate specialist VA to handle this side of things.

Some examples of the properties that our team manage

Lettings coordinator: Based locally, this role involves managing the advertising for our rooms, responding to queries and booking in viewings. They attend the viewings and check tenants in and out.

Cost of staff

We pay the lettings coordinator a fixed fee per tenant found and checked in, and an additional fee to check each tenant out. The virtual assistants are paid on a per-hour basis and, because they are based overseas, the rates are an extremely cost-effective way to outsource.

Effective systems

Two of the most commonly asked questions by people I coach are:
1. How to delegate?
2. How to ensure the work is carried out to the required standard?

Well, you need to implement good, solid systems and processes that act as checks and balances. For this we use:

- **Zoom** to record tutorials for tasks; we now have a library of videos for training. Getting set up and learning to "let go" and delegate are key. Most people find this to be the hardest part, but – once they get started – the list of what can be delegated always seems to grow! Investing time in training and inducting your team in the short term pays dividends in the long term.
- **Asana** to ensure all of our processes are consistent, automated and streamlined.
- **OneDrive/Google Drive** are perfect for document management.
- **Tenant Management Software** – we currently use GoTenant, although we are looking to switch to Arthur.

More recently I've been speaking with a lot of people who began investing in property to achieve financial freedom and, whilst they have generated fantastic cashflow through their property businesses, they have effectively replaced their day jobs with another full-time job. But listen up: the systems and processes we have implemented can easily be replicated in your own business and I would strongly recommend that you do it!

For us, property is a lifestyle business, allowing us to have more time and more choice. The main benefit of implementing this team structure is that we now spend the majority of our time working *on* the business, not *in* it. It also means we're able to take an extended backpacking trip abroad next year, knowing our business is in safe hands!

If you're interested in finding out more about how I can help you outsource, please get in touch.

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Kim Opszala is a multiple award-winning corporate solicitor turned property investor. Kim and her husband Mike co-own KoMo Properties and have a portfolio of single lets and high-quality HMOs, for both students and professionals, in the West Midlands, Buckinghamshire and Northamptonshire. Kim is also co-host of the Birmingham Property Investors Network monthly meeting.

GOAL SETTING FOR 2021

REFLECTING ON 2020 AND PLANNING FOR SUCCESS IN THE YEAR AHEAD

We've finally seen the back of 2020 and it's time to project forward to what will hopefully be a prosperous new year for us all, even if we don't see an immediate change to the current situation surrounding the pandemic. If the predictions of the property experts are substantiated, then 2021 has the potential to offer vast opportunities to acquire some superb property deals that should prove lucrative in the future.

But how do you get there? We wanted to give BBM readers some much-needed inspiration and guidance for the year ahead so asked three property professionals to share their tips for successful planning and to explain how they go about attaining their goals. Their targets are obviously personal to them, but their approaches (both in terms of mindset and the more practical side) are transferable and may just give you some food for thought or nudge you in the right direction.

Of course, if 2020 taught us anything, it's that we can't set our plans in stone, and it's clear that one of the key attributes of a successful business owner is being adaptable. All three of these professionals talk honestly about their experiences last year, but if there is one thing they all agree on it's that establishing plans and goals gives us something to strive towards and a baseline from which we can adapt as we need to – otherwise we would simply drift.

Neil Chaudhuri of Vogue Abode Properties - property investor, landlord, coach and mentor

Neil, alongside his wife Simona, owns Vogue Abode Properties, which specialise in creating luxury student accommodation in Leicester.

Neil was an England International and professional golfer until his property career 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.

"GOAL SETTING HAS PLAYED A MAJOR ROLE IN MY ADULT LIFE AND HAS HELPED ME TO STRETCH MYSELF OUT OF MY COMFORT ZONE TIME AND TIME AGAIN"

Do you usually set goals at the beginning of each year?

I belong to the amazing Property Entrepreneur Programme where goal setting plays a huge part. That, along with my background in professional sport, means that goal setting has played a major role in my adult life and has helped me to stretch myself out of my comfort zone time and time again.

I like to set clear goals to help define my plans for the year ahead and to give me a clear direction of travel. I actually begin this process in the autumn by reviewing the year just gone. During this review, I take an honest and objective look at the ups and downs of the year, which gives me a chance to celebrate some of the highlights and to prioritise the areas that I wish to focus on in the future. Over this period of around three months, I dig deep and think long and hard about my goals for the year ahead. By spreading this process out over the autumn, it helps to embed the goals into my subconscious so that I can really resonate with them at the start of the year.

Did you set goals for 2020 and, if so, how much did you need to adapt them?

I did set myself goals for 2020 and was fortunate not to have been adversely affected by Covid-19, either personally or professionally. As a result, I was blessed with a particularly strong year. Had I been affected, or had the year gone awry, I would have kept my direction of travel and desired outcomes the same, but would have looked to make changes in the processes involved to help me get there. It's important to be able to reflect objectively on the processes to ensure that they are congruent with where you're trying to go.

Tell us your plans and goals for 2021?

I always like to start with some holistic goals to help define my direction of travel for the year ahead. Once this is clear, I then look to make more specific and tangible goals that can be easily quantified at various checkpoints throughout the year. My goals for 2021 revolve heavily around me being able to run my business remotely, so that I'm not needed on the ground delivering it on a day-to-day basis. This will involve me creating more assets within the business and also outsourcing some of the more mundane tasks. This will put the business in a strong position to scale the following year.

Which formats and materials do you use to write your plans?

I like to spend some time each week where I can disconnect from the outside world and journal. Journaling is a very creative exercise for me where I can get thoughts and ideas that are floating around in my head on to paper. I then like to batch these into categories and ultimately into specific goals and processes to achieve them. These include personal, professional and financial goals as well a nice reward to work towards. Last year's reward was a new kitchen and this year's will be a long trip to the Far East with my wife.

Is goal setting an enjoyable exercise for you?

I really like the exercise of goal setting. It's what helps to stretch me and take me out of my comfort zone. It also motivates me for the year ahead and gives me a real purpose for the year. If it's a new concept to some, I would say to check out the wheel of life (you can Google it). It will help you to identify areas for you to work on and help you set some goals within these areas.

To what extent do you feel your success is determined by setting goals?

Setting ambitious goals has been essential for me. When I was competing as an elite golfer, it was drilled into me that if you're not moving forwards, you're moving backwards. This is true, not just in golf, but in business and in life as well. So I'd say goal setting is definitely a key factor in what I have achieved so far and I'll continue to follow the process.

Do you usually set goals at the beginning of each year?

Yes, I've been setting goals for a number of years – I established a particular method that works for me three years ago and I will use this method again this year, although I have decided to get more specific with it.

Did you set goals for 2020 and, if so, how much did you need to adapt them?

I did set goals – some have simply been unattainable owing to the constraints of the pandemic, but in other areas of my life I feel I've absolutely smashed it. For example, at the start of the first lockdown I made a large spider gram on a wall planner and wrote down all the things I could achieve despite the restrictions – basically resetting my targets for the year. These included jobs at home, at the office, admin stuff for both businesses (like sorting an investor pack for property, website blurbs, etc – the sort of stuff I usually put off if I'm honest!). I've continued to use the spidergram and add to it across the year.

What was great was finding that those jobs I put off were nothing like as difficult as I thought they would be and, when I gave them proper time, it was all pretty straightforward.

Tell us about your plans and goals for 2021?

Because this year hasn't gone to plan, I am carrying over some of my goals from 2020 to 2021 as they're still applicable, but there will be some new goals chucked in the mix, too. For example, I'm going to focus on trying out some new creative strategies and, alongside some more personal goals, for my other business – subject to Covid rules and regulations, of course! – my goals are more events focused.

I am currently sourcing and packaging for investors so will continue to do that and help my investors build their portfolios at their preferred rate/speed.

Helen Grant of Papillon Portfolio Builder – property sourcer and deal packager

Based in Northallerton, North Yorkshire, Helen has been sourcing and packaging for investors since 2019, mainly in Darlington and Catterick, but also around Richmond and Northallerton, depending on the requirements of her investors. Alongside this, Helen is also actively involved in refurb projects with her team. Helen considers 2021 as an opportunity to expand further and is looking forward to the exciting projects currently in the pipeline.

For my own portfolio, acquiring ten properties is my target for 2021. I aim to use a variety of methods such as joint ventures, purchase lease options, exchange with delayed completion, investor finance, rent-to-rent, etc. My aim is to continue working as I have over the past couple of years – using networking events, social media platforms (Facebook, LinkedIn) as well as building local connections with trades. A few years back I listened to *The 12 Week Year* – I'm looking to use some of the downloadable resources to help me block out the year into weeks and quarters to help me achieve these goals.

Some people might say ten properties is ambitious, but I might find a single landlord looking to sell their whole portfolio! Who knows and, anyway, I believe you should set your targets high. Someone said to me recently that if I set my target at three, I may only end up with one so aim high and achieve more!

Which formats and materials do you use to write your plans?

I'm old school – I like pen and paper! In the past I have used vision boards. One year I printed out images and covered my diary, another I laminated photos and hung them from a twig tree I kept in my kitchen. I'll be doing a vision board for 2021, but haven't decided the format of it yet.

My approach to setting goals is to divide them into four areas: property, my other business, home life and my own personal goals. I chuck all my ideas down then use the back of an old wall planner and draw something a bit like a spider gram to organise them. I use different colours for each of the four areas and use a red pen to tick each point off as I achieve it – who doesn't like ticking things off a list!

Is goal setting an enjoyable exercise for you or a necessary evil?

I enjoy sitting down with a cuppa and some peace and quiet and brainstorming ideas/goals then transferring them on to the wall on a large piece of paper.

To what extent do you feel your success is determined by setting goals?

I often think that some goals don't get achieved because the timing just isn't quite right. I really believe that things happen for a reason – the good and the bad.

If I don't manage to achieve something, I simply move on – I don't let myself dwell on it for any length of time. It's also important not to get so caught up in your goals that you forget to take some down time, to look after *all* areas of your life and not just the property or business side. If the pandemic has taught many of us anything, it's about enjoying how we spend our time; what is the point of working seven days a week if you are not there to enjoy the people and things around you in the present? Yes, you can graft for five years to get where you want to be in life, but will those people still be around in five years?

And don't forget, these are *your* goals, don't let anyone quash them. You only have one life – live it.

"MY APPROACH TO SETTING GOALS IS TO DIVIDE THEM INTO FOUR AREAS: PROPERTY, MY OTHER BUSINESS, HOME LIFE AND MY OWN PERSONAL GOALS"

Do you usually set goals at the beginning of each year?

I set goals every year and always have – I've also introduced the concept to my children so they find it normal. I was using visualisation for goal setting before it was even called that – 30 years ago, as a youngster, I was visualising personal and financial targets in my head, I could see myself achieving them and at a very basic level I would get focused and set about making it happen.

Looking back, I think I had ambitious goals for my age and lots of people thought I was unusual for thinking the way I did (they still do) and having the work ethic I did (and still do). All I could see was I absolutely had to hit my goal and achieve what I could visualise as being my reality.

Now I am older and – dare I say it – more mature I understand the process, the purpose and the power of using plans and targets for both personal and business success.

Did you set goals for 2020 and, if so, how much did you need to adapt them?

I did set goals for 2020. I had intended to add six houses to my portfolio and I actually managed just three – the impact of lockdowns, furlough and processes just becoming so slow meant that I was unable to achieve my goal.

During the first lockdown, I started to run out of things to do in my own home. One of my buy-to-let purchases was on hold owing to the restrictions surrounding the pandemic and I had to stay in with my two children who were obviously off school during that time. So I set myself to task and came up with the idea of going into Hot Tub Holidays. I set up and organised a new company, then set about purchasing a property to become my first holiday-let. Although this was definitely not part of my original plan, managing to accomplish this has soothed the pain of not achieving my six-property goal.

Rachel Tasker of Northside Homes Limited and Luxury Hot Tub Holidays Uk – property investor, developer, landlord and serviced accommodation provider

Rachel has been refurbishing houses and operating as a landlord since 2007; however, she only really started to think of herself as a developer after renovating a farm in 2011. Having made massive alterations to the bungalow on site and extending it, she also rebuilt a stone stable block, obtained detailed planning for a large stone-built house and did major landscape works to the four acres. She then sold the entire site and has since continued to build her BTL portfolio. In 2020 she ventured into the holiday-let market.

"I WAS USING VISUALISATION FOR GOAL SETTING BEFORE IT WAS EVEN CALLED THAT"

Tell us your plans and goals for 2021?

My goals in 2021 are to purchase two additional standard, buy-to-let properties in Northside Homes Limited and one more holiday-let. I've been fairly conservative in my goal setting for 2021 owing to the current Covid situation as I believe it will continue to cause problems with supplies and time scales. I need to get my first holiday-let in Luxury Hot Tub Holidays – that property is nearing completion. In addition, I'm aiming to get a second property into Luxury Hot Tub Holidays across the year.

Which formats and materials do you use to write your plans?

I like to create vision boards and spreadsheets to set goals and make my plans. They're more than just nice pieces of card with pretty pictures on – they represent what you're going to materialise and symbolise how you are going to live your life and the money you're going to earn. So towards the end of each year I spend time doing these things because they help me keep focused on getting where I need to be.

I involve my children in our personal vision boards and we do them together. It's quite funny as now they're getting older and have an understanding of what I do and about visualisation and targets, they have blurred the lines and have now started telling me what they believe I am capable of achieving in my business!

Is goal setting an enjoyable exercise for you and to what extent do you feel your success is determined by it?

I find it exciting to review the past year and challenge myself in the new one. My success in my current and previous businesses has 100% been down to planning and goal setting, I've no doubt about that.

To help you set your own goals for 2021, please visit **bluebricksmagazine.com/resources** to find some downloadable goal-setting materials.

CASE STUDY →

HOW TO SECURE, REFURBISH AND SELL A PROPERTY WITHOUT EVER BUYING IT

CREATIVELY ACQUIRING AND SELLING A BLOCK OF FLATS VIA A PURCHASE LEASE OPTION

Everyone talks about creatively financing a property, but nobody talks much about creatively *selling* a property. This is where real magic can happen, and – if you structure it correctly – you can avoid a whole host of unnecessary legal aggravation. In this case study I want to show you how I sourced a property, how I funded it, how I refurbished it and – most importantly – how I sold it. Not only that, but I'll explain how I managed to sell it without even buying it myself in the first place, whilst still pocketing the full profit – and more so than if I'd bought it in the traditional way.

Let's set the scene. I run my property company as a secondary business – not as a main focus, but as an investment vehicle for passive income (thanks to good old employment) where I can filter spare profits from my other ventures to squirrel it away in further properties or deals. It holds just enough cash as a buffer to prevent cash-flow problems, but generally the majority of its capital is deployed on projects or in deposits or option fees. If the business ever needs more capital, I'll borrow some by way of an inter-company loan from one of my other companies – pretty much cost-free bridging finance. But once in a while, a magnificent, prancing unicorn trots along and presents a really good opportunity to generate profit with minimal effort or expense.

The opportunity

Such an opportunity arose in spring/summer 2019. I had been nurturing a relationship with an estate agent who was prominent in the Northwest for some time when I realised that a property came up – a building containing four small flats, which the vendor was looking to sell for £95,000. The problem was that the property contained multiple kitchens which made it unmortgageable and some flats didn't have a kitchen or means of central heating. This ultimately left appropriate buyers few and far between, and the property had been on the market for more than ten months by the time I went for a viewing.

Nathan Winch
– Private Investor

My first instinct? "I ain't paying anything for this heap of...!" But then this building would value up really well when refurbished and developed to a reasonable standard of finish. So, I decided I wanted it on a purchase lease option (PLO), where I lease the property for a monthly amount and have the option to buy it whenever I like within a defined period of time.

The plan

Estate agents normally don't understand PLOs, so I asked to take them back to the office to talk them through it.

After a few days of back and forth, I managed to get a couple of the agents to understand. I structured the deal in terms that they would find attractive. I knew that these agents charged a 1% commission, meaning that with a successful sale they'd pocket £950 – a measly sum for the work they'd put in. So, instead, I decided to offer them £3,000 if they managed to get the vendor to agree to my terms, which were as follows:

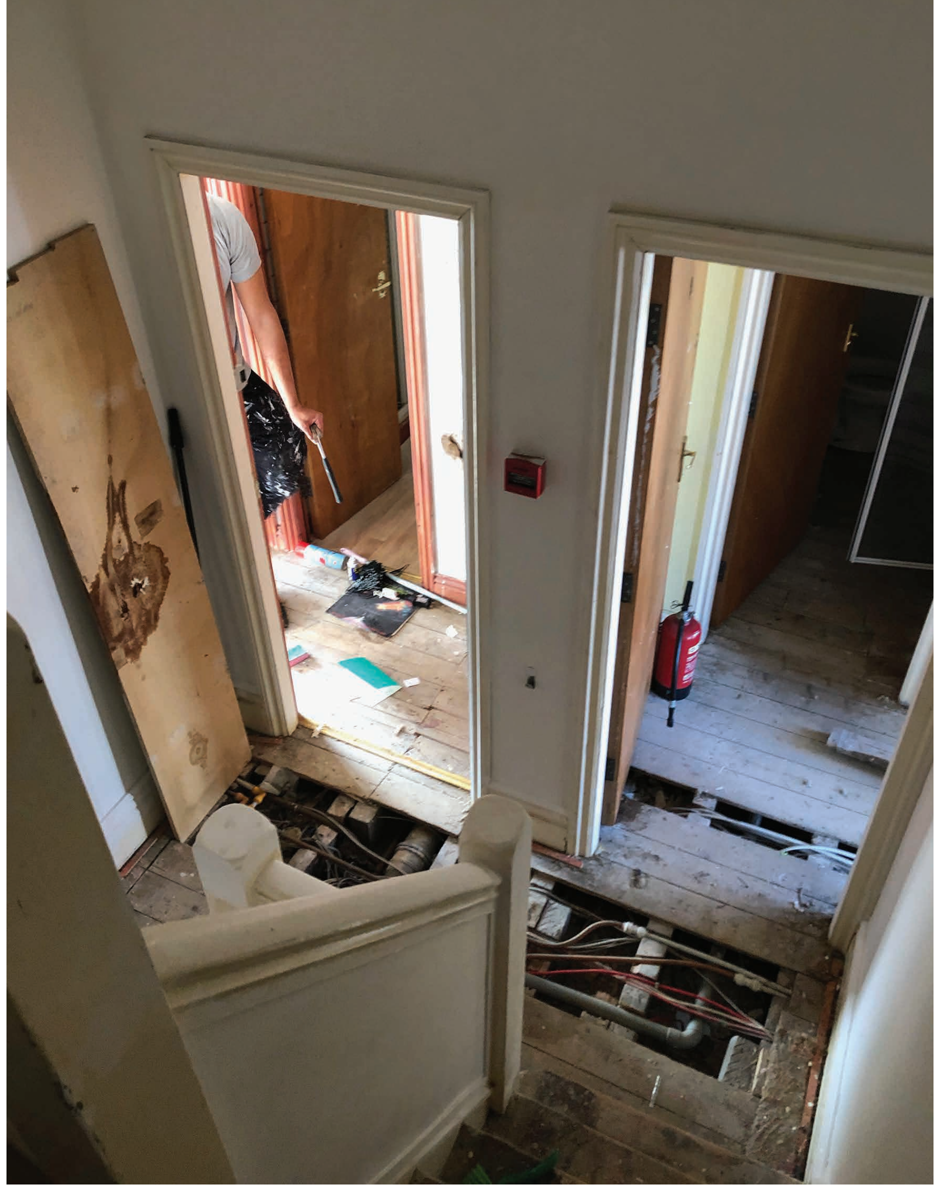
Option price: £95,000

Option term: 6 years

Monthly lease: £440 per month

Agent fee: £3,000 on behalf of the vendor I'd also cover the legal fees for both parties

It was a success, as I'd incentivised all the stakeholders in the proposed transaction. Everyone agreed to the terms and we instructed the solicitors to formalise the deal, which took around a month owing to a few hold ups from the vendor. Nevertheless, we completed and I paid the agent their £3,000. Needless to say, this agent has since delivered me more purchase lease options over time, acting as my own personal sourcing agent.



The refurbishment

The property was a state. I'd made some rough calculations as to how much the refurbishment would cost, and I thought around £20,000 would cover it. I immediately got to work and engaged with tradespeople and labourers to clear the property (we spent £1,900 on skips alone!). It was absolutely crammed full of rubbish –you couldn't open some of the doors because it was so full. We also discovered a marijuana farm in the top-floor flat – more fun and games! But, in the end, we got there, and were able to start stripping out the floors and old kitchens and bathrooms – or what was left of them.

Pretty much everything was wrong with the property – and I mean everything. We had to employ a full team: carpenters, gas engineers, painters, electricians, locksmiths, builders, double-glazing experts... we even had to redirect the water supply because that wasn't installed correctly.

Some of the tradespeople we worked with were very amusing characters. Some of the stories about the property were unbelievable but true; it had gained a bit of a reputation on the street, which was in a fantastic location in the area, by the way. We learned of people having indoor bonfire nights in their flat, some keeping pigs and chickens indoors, and even one poor guy who died in his flat leaving 50 orphaned guinea pigs in his outhouse who ate each other. You can't make this stuff up. You name it – it happened in our building.

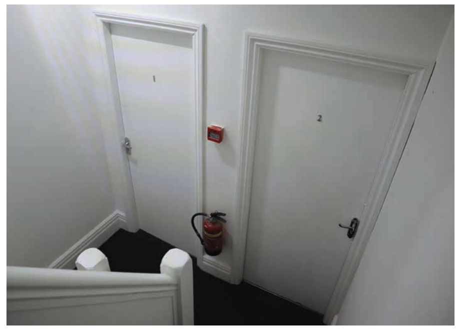
We soldiered on regardless of all this nonsense, and, almost six months later, the project was nearing completion. It was arduous – not one of my easier property renovation projects, I'll be honest with you. And in the end the works came to a total of £28,000, leaving us £8,000 over budget. To fund this, I borrowed money from my management consultancy and planned to pay it back once I'd refinanced or sold the property, interest-free.

The exit

We looked to refinance, but did I even need to? I had a local estate agent come and value the property, and they told me it could be worth anything up to £160,000. Not only that, but the rent potential was around £2,000 per month across all four flats. I could have just left it on a purchase lease option, paying the current vendor £440 a month but receiving £2,000 in rent each month myself. Seemed attractive.

But no, I thought: resist. I started this project to sell on. I went out to the estate and sourcing agents in my network and managed to get interest from a party willing to buy the property for £140,000. However, this was short of the £160,000 I was hoping for, and after finance costs this wouldn't have left me with as much profit as I would have liked. So I knew I needed to get creative to avoid incurring borrowing costs from finance such as bridging.

We decided to sell the property via what we call a 'fee-based option surrender' on sale of the property. We instructed our vendor to sell for £140,000 to our buyer, and the legal documents are carved up in such a way that the vendor is paid their £95,000 promised, but we profit from the £45,000 difference. Imagine it like all the benefits of an assisted sale, but with all the profitability benefits of a standard flip. **We effectively sold the property without actually buying it.** Absolutely no lending was involved, other than the interest-free loan of the refurb funding that I borrowed from my consultancy business.



In the end, the numbers worked out – not as profitable (for the work put in) as some of my other projects, but I managed to structure it creatively enough that it made some decent money.

Purchase price: £95,000

Sale price: £140,000

Works costs: £28,000

Associated costs (legal fees): £2,000

Gross profit: £15,000

The main thing to note here is that I had options. I could have kept the property for capital growth over the next six years or chosen to refinance it – I sold it because I like to pocket cash for my other businesses. The point is I stacked the cards in my favour, and there's no reason why you couldn't do the same as long as you can find funds for the acquisition costs and refurb.

See more about this project on my YouTube channel:

bit.ly/creativeoption
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.

THE "QUEEN OF SA" SHOWS YOU THE WAY

SARAH MCDERMOTT'S GUIDE TO RUNNING A SERVICED ACCOMMODATION BUSINESS

PART 1 - WHY CHOOSE SA?

Our long-standing readers will know Sarah McDermott from the July and October issues where we covered both her property success so far and a case study of her and husband Sean's latest addition to their holiday-let portfolio, Maison Parfaite Estates.

We have invited Sarah to become a regular columnist for BBM and share her valuable knowledge and experience with those looking for advice and tips on running a successful serviced accommodation business, which she will cover as a regular column.

In this first part we reintroduce Sarah, including the reasons she chose serviced accommodation as a business model, and she tells us what we can expect over the coming months.

Back in 2018, Sarah McDermott and husband Sean set up their serviced accommodation business, Maison Parfaite Estates. This wasn't their first foray into property – they already owned four buy-to-lets (BTLs) and a holiday home in France – but setting up in business was their leap of faith into property full time. They started out by focusing on their first company-owned BTL and a house in multiple occupation (HMO), but Sarah confesses this left her feeling unfulfilled: "Much as we enjoyed the transformations, I found that we would throw our hearts, souls and – frankly – whole lives into the project only to hand over the keys to a tenant and have little more to do with it."

And then came the light bulb moment: furnished holiday-lets! Sarah and Sean felt confident that this was the path for them – combining that thrill of the transformation with the joy of being able to use the properties for both their own family holidays whilst also enjoying the satisfaction of seeing other people enjoy their fabulous holiday homes, too. Says Sarah, "It was the perfect fusion of our love for property development and for travel."

By the autumn of 2018, they had purchased their first UK holiday home in the Yorkshire Dales and so began their love affair with serviced accommodation whilst simultaneously Sarah's passion for interior design began to flourish. They've not looked back since: the couple have gone on to build a multi-million pound holiday-let portfolio across beautiful Yorkshire, generating an income at ten times their original goal.

But, of course, it's not all been plain sailing and Sarah is the first to admit that there have been some costly mistakes along the way. So who better to guide us through the pitfalls of the process of setting up in serviced accommodation than Sarah herself, and here at Blue Bricks we look forward to her valuable insights over the coming months.

Hello Blue Brickers!

Welcome to my regular column focusing on the lucrative and much-talked about investment strategy known as serviced accommodation or SA. SA has a multitude of guises. In its simplest form it could be a typical Airbnb-style, one-bed apartment aimed at construction workers. But it could equally be a grand and lavish holiday home for 20 discerning guests – and there's a whole plethora of variants in between.

My aim, throughout this series, is to furnish you with the knowledge required to build and run a successful serviced-accommodation business of your own. From the initial start-up of your business, to establishing a brand, and choosing your ideal location. From interior styling, furnishing options and marketing strategies, to the day-to-day management and the scaling of your business. We'll even be exploring the minefield of accountancy and tax savings on our journey so that you can hang on to as much of your beloved cash as possible! In each part, I'll be serving you with a chunky slice of knowledge as a step-by-step guide with the aim of taking you through the whole process, from start to finish.

But who am I to be giving this advice, I hear you asking? Well, not so long ago I would have asked myself the same question but, after a self-inflicted crash course on the subject, I now believe that I'm well placed to be able to offer you some very valuable advice on how to and definitely how *not* to do serviced accommodation. I'm not claiming to be the font of all knowledge on the subject – after all, property development is an ever-changing and ongoing education, but what I've learnt after many a traumatic experience could save you a hunk of cash and your sanity to boot. Our "on-the-job" education has come at great personal expense – wrinkles, grey hairs, sleepless nights, the odd stash of cash just thrown away pointlessly and let us not forget the almost-divorces. If at all possible, I would like to try and help you to avoid all that!

The main aim of this series is to give you a head start by looking at common mistakes to get you off on the right foot building your SA portfolio, hopefully as successfully as ours only without *quite* so much of the pain! All shall be revealed, and our magical journey on the road to SA riches shall begin.

So here we go, kicking things off with the big question on everybody's lips: why SA? Whether you're a seasoned investor looking to diversify, or a newbie on the property scene, SA can be an exceptional way to ramp up your monthly income.

Other than the obvious perks of being a holiday-home owner – such as being able to go on holiday there yourself, to enjoy time with family and friends in your own little slice of heaven – there are so many other reasons why SA is a great way forward right now. And many of these reasons have actually been boosted by Covid-19.

That may sound a little crazy considering Covid has just given all of us in UK hospitality a huge slap around the face, but bear with me here. It may have wiped out many existing businesses, but it has also limited foreign travel, which is an obvious bonus for UK holiday-home owners.

Furthermore, it seems to have encouraged everybody who didn't previously own a dog to buy a dog. I kid you not – the price of your average Cockapoo has risen from £600 to £2,600. Look around you and I'm sure you'll notice many a friend has recently acquired a 'Covid canine' – *the* lockdown accessory of 2020 (along with face masks and hand sanitiser, of course!). Perhaps you have even taken the plunge yourself?

And along with newly acquired pooches comes a requirement for dog-friendly holiday homes in the UK. It's not easy to take your dog abroad on holiday, heck it's not even easy to take *yourself* abroad on holiday at the moment, so this increased demand is one big reason to get into the provision of UK holiday homes.

Covid has also created a tremendous fear among many of us – the fear of our fellow humans. And I think that some folks, particularly the elderly and vulnerable, will carry this fear for a lot longer than necessary. They won't just forget all about it and run around hugging strangers. They're going to be overly cautious for a long time to come, and this will affect the way that they book their accommodation.

Your typical hotel is a breeding ground for infection, what with the communal breakfast buffet, the hands all over the reception desk, the air-circulation system, the gym, the spa and not to mention the sheer number of people who come through the doors of large hotel chains... hotels are *not* going to be the destination of choice for your average Covid worrier.

Instead, they're going to be much more inclined towards a self-contained apartment, or holiday home that has been Covid cleaned and with private facilities. They'll feel happier there, holidaying or staying for business in their own bubble of safety.

Owing to the impact of Covid, the trend for UK holidays is set to continue for the foreseeable future, but – if you need further incentives – then look at the financials. Your typical four-bed house in Robin Hood's Bay, for example, on a standard AST (assured shorthold tenancy) will bring in approximately £1,000pcm in rent. That same house, furnished to a high standard and let out as a holiday home, will bring in an average of £7,000pcm. Yes, your costs are higher – you have bills, changeover costs, advertising, management, welcome packs, etc – but even if you outsource absolutely everything, you're still going to net £3,500 per month at the very least. And these figures are based on 30 weeks booked. In a great location, and with the newly increased demand for UK holiday homes, you could well exceed that figure.

Still not convinced? And want another reason why? For me, one of the biggest reasons I enjoy it is the fulfilment that I get from furnishing our holiday homes. It used to leave me a bit cold spending all that time and energy renovating a property and then simply handing over the keys to rarely see the place again. But, with SA it's *totally* different. You get to do the fun bits too – like the furnishing, the interior design, the shopping, the putting it all together – and you get to do all this and watch it flourish and transform into a magnificent home.

You also get to appreciate it when you go for a holiday yourself, whilst also feeling the joy of giving other people an exceptional holiday experience. For me it's those little extra touches that make the customer's day, such as a box of delicious chocolates or a bottle of champagne, which make them feel like they're getting a great service. There's also the lovely messages you receive from happy customers who've had a wonderful time making memories with their loved ones in your properties. Don't overlook these perks – for me they are absolutely essential. These are the things that make me feel warm and fuzzy and give me a good night's sleep, and that, my friends, is even more important than the money!

So these are, for me, the biggest reasons why we are focused on building our SA portfolio, and why I believe that it's a great investment strategy for you too. In the next issue we'll be looking at location and brand creation – the two most important aspects to nail down before setting sail on your SA journey. Join me next time for some more snippets and valuable insights into the exciting world of serviced accommodation.

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TURBO-CHARGE YOUR PROPERTY BUSINESS WITH A SSAS

WHY EVERY PROPERTY OWNER MUST HAVE A SSAS

The world is an uncertain place at the moment, which is why it's more important than ever for property business owners to put themselves in the driving seat and use every tool available to fine tune their finances and fund new property ventures, whilst reducing finance costs and tax. Paul Brooks, SSAS Director at WealthBuilders, explains how to achieve this with a SSAS pension.

I'm sure that, as a property professional – like any other business owner – you want to make your investments work as hard as possible for you. Add to that the need to drive down finance costs and excessive tax – as well as provide for your own future and that of your family – and it might feel like a tall order. But that doesn't have to be the case.

If you run your property business through a limited company, you can start taking control of your current pensions, step off the stock market rollercoaster and build your wealth faster with a SSAS – what we refer to as the business owner's pension. SSAS stands for "small, self-administered scheme" and it's a type of company pension for small- and medium-sized businesses.

Park the idea that all pensions are boring right now unless, of course, you find the thought of turbo-charging your business and your family's wealth dull! A SSAS is *the* key tool for business owners in times of uncertainty. It puts you in the driving seat of your own pension, allowing you to decide how and where you invest and who helps you navigate through your SSAS journey. And, most importantly, it gives you access to huge returns driven by your skills, connections and knowledge. A SSAS has benefits for your family members too, creating a family pension and tax-free legacy.

Paul Brooks
of WealthBuilders

If you were to think of a SSAS as a car, it's a high-performance vehicle that – given the right driver, a personalised road map and regular maintenance – can safely, swiftly and comfortably carry you and your family on your chosen journey, year after year, even after you've hung up your driving gloves or passed them on to the kids!

Cheapest business finance available

So how can a SSAS help you with your property business? Well, a SSAS has a unique and incredibly powerful tool in its arsenal: the ability for the company connected to it to borrow money from the SSAS directly. It's a bit like having your own personal bridging company, which can be a lifeline in times of business need.

What's more, you can access this business funding from your SSAS for just 1% plus base rate without any lengthy applications and negotiations with finance companies. Plus there's no possibility of a rejection of your application and therefore no chance of having to start the application all over again and possibly losing out on that perfect property you had worked so hard to find! It's win-win.

That means your current pensions (very often those you've forgotten about or misplaced) are a genuine part of your wealth-building plans instead of being off your financial radar.

SSAS FOR PROPERTY FAST FACTS

With a SSAS you can:

- Borrow up to 50% of your SSAS for any genuine business reason including for residential property
- Buy and rent back commercial premises to your business
- Rent to others
- Buy and develop property and land
- Buy commercial property and convert it to residential
- BUT you can't buy residential property directly within the SSAS

With a SSAS you can also contribute large sums from company profit each year, saving on corporation tax (and then have the ability to borrow 50% of that sum back immediately). And all of this can be done with the added peace of mind that the SSAS is safe as it is subject to bank-grade security. How? Well, all SSAS loanbacks must be secured with a first charge on an asset or a business.

Incredible synergy with your business

Is all this just adding more work to your groaning to-do list? Well, nope. A SSAS works in harmony with your property business helping you to generate more income. The flexibility of a SSAS means that you can use it in a number of ways to support and nurture your business. Not only does it offer the loanback facility at advantageous rates, you can also diversify and fund new business ventures, and buying commercial premises creates a tax-free home for rent and growth. I think you'll find few examples of a better win-win scenario in business!

Also, as the director of both the SSAS and your limited company, you have complete control with the ability to shift wealth between the two, as and when required. This means that, should some unexpected expense occur, you have the peace of mind that funds are available to cover it.

Imagine being able to get paid well to help other good people grow their property businesses. You'll find that's entirely possible with a SSAS. This could be short-term bridging where your SSAS is the "bank" for somebody or longer-term secured or unsecured lending. If you have ambitious growth plans for your property business, you can also source funding from a SSAS run by others. One of the best things about the property investment sector is the strong relationships investors build, so it feels great to be able to support others through a SSAS. It's also possible to lend to most crowdfunding and peer-to-peer lending platforms, too.

Complete control of your pension wealth

One of the great benefits of a SSAS is that you can move any existing pensions you have into the scheme so you gain full control of how that money is used. You then save on the costs of pension management fees. SIPPs (self-invested personal pensions) are often sold to business owners as a great pension solution,

but in actual fact they are higher in cost and offer just a fraction of the flexibility and possibilities of a SSAS.

And when it comes to choosing how, when and where you leverage and invest funds, with a SSAS it's up to you. You can use the funds to buy property, provide bridging loans or even buy gold. The only restrictions are that you cannot buy direct residential property or movable assets such as works of art or classic cars.

A SSAS also protects your wealth from business risks such as insolvency which, as we all know in these uncertain times, could come about as the result of unforeseen circumstances far beyond our control.

Draw on your own skills

As a property professional and business owner, you already have many of the key skills a successful SSAS owner requires. You can call on your entrepreneurial skills to manage your SSAS exactly as you want to rather than relying on pension fund managers who don't know you or your goals. You get the satisfaction of seeing the returns you have generated directly building your wealth rather than potentially losing out to poor investments made on your behalf. Not to mention having to continually cover management fees for the privilege!

And when it comes to building your knowledge and gaining key insights, the SSAS community, which is constantly growing and developing, is ready and willing to share their experience and offer guidance that you, in turn, can share in the future.

The question of tax

As we all know "nothing is certain but death and taxes", but a SSAS is a great way of minimising the amount of tax you and your family have to pay in a number of ways. Here at WealthBuilders we refer to this as your Six^2 Tax Saving:

- Make SSAS contributions from your business profits and pay less corporation tax
- No benefit in kind or personal tax due when you move funds from your business to the SSAS
- You get tax-free growth on the SSAS, forever
- You can take 25% tax-free cash for any purpose from age 55
- The Rule of 94: 94% of every SSAS contribution is available as cashflow for the business (tax relief + loanback + 25% tax-free cash)
- No inheritance tax to pay – leaving a massive legacy to your children

Creating a pension for the family

Another great benefit of a SSAS is that you can add family members to the SSAS to create a family pension. You can invite spouses/partners and adult children to collaborate, enabling you to maximise the amount of new tax-deductible money you can add to boost the SSAS.

Highly profitable businesses can add up to £500k a year to the SSAS tax-free, offering amazing possibilities for the trustees and their businesses.

Including family members in the SSAS is also the perfect opportunity to teach your loved ones how to build wealth sustainably. By involving them in the scheme, they will learn how it operates, how it can be used to generate more property income and how they might diversify and invest in other ways.

Leaving a tax-free legacy

In this day and age with many of our kids starting their adult life with huge student loan debt, knowing that you are building a solid legacy for them when you are no longer around is comforting. Having a SSAS enables you to leave a tax-free legacy that can be far greater than traditional pensions would provide.

A SSAS gives family members complete access and flexibility, plus it is a legacy that will live on forever, continuing to grow tax-free with all the benefits I have outlined. What's not to love?

Regulation for peace of mind

Now, you might be thinking this all sounds too good to be true, but rest assured the rules for every SSAS are set by HMRC and regulated by The Pension Regulator. SSAS trustees have to be "fit and proper" and it is common practice to appoint a professional trustee to your SSAS. Not only does a professional trustee ensure your SSAS is covered from a compliance perspective, but they also take care of the admin so you don't have to. That frees you up to concentrate on how you can use your SSAS to turbo-charge your property business and meet your ambitious goals for now and for the future.

Start the journey

If you want to grow your property income and take control of your wealth, a SSAS could be the perfect vehicle for you. Get into the driving seat and start the journey. And, if you want an expert to help you navigate, then the team at WealthBuilders are on hand to give you impartial and trusted guidance. We pride ourselves on helping property experts just like you, in fact, well over a thousand people so far, and so we understand your needs and your ambitions.

To speak to us about SSAS, email
hello@wealthbuilders.co.uk
or call us on **01342 871 210**
– we'd be delighted to help.

WealthBuilders.co.uk/ssas

PROPERTY PIPELINE: THREE YEARS OF PROGRESS

HOLLY JENNINGS AND NICK OSBORN FIRST BECAME AWARE OF THE POTENTIAL IN PROPERTY THREE YEARS AGO. DURING THIS TIME PERIOD, THEY HAVE ADAPTED THEIR LIVES TO ENABLE THEIR BUSINESS TO GROW, BUILT RELATIONSHIPS WITH INVESTORS TO COMPLETE THEIR OWN PROJECTS, DEVELOPED A SOURCING AND LETTINGS BUSINESS AND LAUNCHED A CRM SYSTEM FOR OTHER INVESTORS AND PROPERTY SOURCERS. IN THIS FEATURE, HOLLY TELLS BBM HOW THEY MADE ALL THIS HAPPEN.

A change of direction

In January 2018, my partner Nick and I were living in London and I had been self-employed for almost a year. I had previously decided that I didn't want to work for anyone else so I had set up as a business consultant and therapist in the beauty/aesthetic industry. Business was OK, but I found it very lonely and I felt like I was being pulled in too many directions – now I was not only doing my job, but I was the accountant, the marketing and PR department, customer services and logistics and shipping. I was worried that if I got sick or was unable to work then I wouldn't be able to contribute to our living costs in London where our rent alone was £1,500 a month.

So, I started looking for a plan B. I joined Arbonne, a MLM (multi-level marketing company), and that is where I threw myself into personal development and mindset. It was during this time that I started reading self-help and development books such as *Rich Dad, Poor Dad*, *The Chimp Paradox* and *The 5 Second Rule* amongst many others. It was *Rich Dad, Poor Dad* by Robert Kiyosaki that stood out to me the most – reading this book felt like a real lightbulb moment. Meanwhile Nick was still working 9–5 and started to worry I'd joined a cult, such was the shift in my perspective and behaviour. He didn't want to read the books for himself and we found we were beginning to see things differently.

Retraining

By coincidence, an advert popped up on Facebook advertising a two-hour free talk based around property and *Rich Dad, Poor Dad*. Nick had been stung with property in the past having bought a house in 2005 before the market crashed and, whilst he felt he wanted to get into property, he didn't really know where to start. It felt to me like his negative mindset was holding him back. But, by the end of the talk, Nick was one of the first to the back of that room to sign up for the training they were selling. Something just clicked for Nick – he went on to read all the books and we got to work.

We started our property training with Legacy, as they were known at the time (now known as Asset Academy). We poured all our money into the training across the whole of 2018, which meant that by the time we had found our first property, we had to find investors (we used Angel investors – a person who invests their money to support business growth typically in return for 6–8% annual interest) as we had run out of funds. It wasn't easy, but we were serious about changing our current situation and making this path work for us.

So dedicated and determined to succeed were we that we used every available hour around our full-time jobs to build the property business. We hardly had time to see friends and family and found ourselves travelling three hours each way whenever we needed to visit our chosen investment area, Sheffield.

After living this way for six or seven months, we decided to move into our investment area itself – we were lucky to have flexible job positions (we could both work from home), which allowed us to do this and save on fuel, hotels and London rent.

We moved in September 2018 saving us £1,000 a month in rent alone. Around the same time I decided to go full time into our property business rather than continuing with my own work. Now we were on patch we were viewing and offering on 40 properties a month, but it wasn't until December 2018 that we had our first offer accepted at £60k. (We'd never dreamt we would find properties at those prices!) My dad gifted us the deposit, but we still had no money for the refurb at this point. We felt nervous and anxious at the cold, hard facts – financially we were buying a property, but we didn't have the funds to refurb.

Our first project

We got the keys to the property in February 2019 and put together our refurb team (no mean feat as I'm sure many of you will agree – we ended up kissing a lot of frogs to get to the contractors who we wanted to work with and who we felt would be right for us), but still had no money for the refurb. We talked to everyone about what we were doing and, just as we were getting started we attracted investors who were interested in helping us. The refurb took six weeks and consisted of a new kitchen, new bathroom, new flooring and painting and decorating throughout. The property also had some damp issues and we needed to tackle the garden.

We found tenants ourselves via OpenRent whilst the work was taking place and they moved in two weeks after the refurb was completed, at the end of April. This property ended up cash-flowing at £300 a month after all costs. We did it! After a year of learning the ropes, through training and on-the-job experience, we had finally completed our first project.

New opportunities

This first job opened up so many doors for us. In 2019, whilst we were still working on the refurb, we found a direct-to-vendor property just up the road which we bought and now live in ourselves, paying just £200pcm for the mortgage and using the money from the refinance of the first property for the deposit. This one will eventually be what we call a mini-mo – a four-bed HMO (house in multiple occupation) – when we move out in a few years and will be a good source of cash flow for us.

We then purchased another, this time to flip. It was at this point we started finding other properties for investor friends in our network on a sourcing basis. We officially set up a compliant sourcing company and a project coordination business to help with the refurbs. As another natural progression from here, we have now started a small lettings and management business so that we can continue the process for ourselves and rent these properties out for our investors. We also completed our first R2SA (rent to serviced accommodation) by December 2019, which rounded off a busy year.

Working through the pandemic

We thought that the pandemic would slow down our progress in 2020, but it just helped us to become more resourceful and build better relationships. We managed to secure our second R2SA and we continued sourcing R2SA deals in the area working with our good friends Camilla and SJ at Easy Let Angels, who have been a godsend in managing these properties throughout lockdown. Their hard work and solid relationship building

has kept the properties at 80–100% occupancy. We also branched out to source deals working with other companies in other cities. We are now in the process of buying a six-bed, en-suite HMO with our joint venture partners and are on the lookout for another deal before the end of 2020.

We are also really excited about our recent launch of our property specific CRM (customer relationship management) system, Property Pipeline, created by Nick to help me on the ground as a sourcing agent and investor. We previously struggled to organise ourselves, our property data or to find any external system that had all the features we required as property investors. By thinking about the problem areas in our own business set-up we were able to establish Property Pipeline and I've found it has helped me no end. I am able to be more organised and I know that all the details about any given property are all in one place. Above all else, the CRM prompts me on those all-important follow ups that lead to securing deals.

It soon became apparent that if Nick's CRM could be so helpful to me and our own business, then it could be of similar value to others. As such, in August 2020 we took the product to market geared towards property investors looking for a one-stop shop to organise their processes.

Looking back

So that's us! If you'd have asked us three years ago if we could make even one property successful, we'd have said absolutely not, but now look at how much we've achieved. Our advice for anyone else starting out or watching people working on a constant stream of deals seemingly stress-free – do not get downhearted! We understand it can be frustrating; I have cried so much over the last couple of years and I have no doubt that there will be more tears with yet more challenges in the years to come.

Despite our lack of capital it was obvious to potential investors that we were determined and that we didn't give up and, subsequently, we managed to raise £100,000 via Angels in 2019. Furthermore, our investors have been happy to roll over their investments with us in 2020 and beyond. We have invested time and effort into building genuine and lasting relationships and have been able to help so many people to get their own results along the way while at the same time receiving so much support in return. We could not have done any of this without the following:

Training/understanding property: Training has given us the tools and confidence to know we are making the right decisions, to know when to question someone else's advice or opinion, and also when to seek help.

Guidance from coaches and mentors: Specifically for us Asset Academy (Debbie Dorans and Lindsay Hopkins) and Helen Williams at HEW Coaching (Helping Entrepreneurs Win). I believe we learn from others who are doing, and have done, what you would like to achieve. Lindsay Hopkins helped us keep on track during the most challenging times in our first year and guided us during our first purchase. In our second year, Debbie Dorans spent three days with us on the ground in our patch mentoring us. Her energy and enthusiasm catapulted us to the next level on deal negotiation and we started sourcing properties for others. We continue to work with Debbie to this day. We decided to work with Helen Williams more on the business side and for mindset and social media support. We gravitated towards Helen through her authentic coaching style and always being reliable and delivering what she promised, which is something I admire. She inspires us to emulate her every day.

People who believed in us (not just family and friends): Throughout this journey it's important to stay close to the fire and spend time with people who understand what you're doing and why.

Investors: Unless you've got tons of spare cash, investors are essential to this path and growing your portfolio and we are grateful to the investors who have trusted in us and continue to work with us.

Joint venture partners: We were conscious of the risks of JV partnerships and that it's like going into a relationship with someone. Because of that, our JV partners are people we have known for at least a year, have shared values, and are people we genuinely enjoy spending time with.

Each other (if you're doing this alone, find someone in your shoes): Your current acquaintances may think you're crazy and not believe in what you're doing. We've been lucky to do this together so can share the ups and downs and have a shared goal, but if you're on your own then find other like-minded people to share the experience with.

Trusted tradespeople: It goes without saying that having trusted tradespeople is essential, but they can genuinely make or break a project – remember that cheapest isn't the same as best.

Our advice would be to stay close to people already doing what you want to do. Don't be tempted to compare your experience to anyone else's; remember that this is *your* story and don't forget to have fun along the way! Nick and I wish you all the best with your property business no matter where you are; if you would like to connect with us, please get in touch.

If you are interested in Property Pipeline visit **bluebricksmagazine.com/propertypipeline** for more information.

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LENDING UPDATE

A look at the current situation in the world of property finance

Alice Williams - Commercial Finance Broker

As we enter the new year, we find ourselves looking back on what was a very eventful and unpredictable 2020. We saw continuous changes in the property lending markets and, at times, saw the majority of the market close to new business. Towards the end of the year, however, we began to see a glimmer of hope as lenders reopened with a heightened level of energy and hunger to fund. Alongside this came the re-introduction of products we knew and loved prior to the first lockdown, as well as a number of completely new offerings.

Refurbishment buy-to-let product returns

The most notable re-introduction towards the end of last year was definitely the refurbishment buy-to-let hybrid product from the lender Precise. This is a product that combines both bridging finance and a long-term mortgage to provide investors with an end-to-end financing option. The product has been developed with investors in mind and provides them with an initial bridge during which a light refurbishment can be undertaken to maximise rental yield. Then follows a buy-to-let mortgage once the works are complete. The buy-to-let mortgage exit is offered at the time of initial application meaning there is surety of the exit prior to entering on to the bridging loan. This can be a sticking point for investors who use separate bridging and mortgage lenders as the exit onto a mortgage isn't guaranteed.

The maximum loan to value that Precise will offer on the bridging finance is 65% of purchase price, with no funding for the refurbishment. They will then refinance on to a mortgage at 75% of purchase price. The mortgage leverage is important to note as they will only lend against the initial purchase price, not an uplifted value. This differs from using separate bridging and mortgage lenders, as generally a mortgage provider will lend against either the purchase price plus cost of works if mortgaging less than six months after purchase, or at the market value of the property if mortgaging after six months of purchase. Bridging finance providers will be able to lend up to 75% of purchase price, or even 75% of market value in certain circumstances.

Ultimately, the Precise product has a firm place in the buy, refurbish, refinance space. Rates are competitive (0.54–0.69% per month on the bridging finance, 3.14–3.49% per annum on the mortgage). But be aware that their criteria is fairly rigid, and for those investors looking to maximise leverage, undertake more than a simple cosmetic refurbishment, or realise any uplifted value in the property more quickly, you will be more suited to alternative options in the market.

CBILS (Coronavirus Business Interruption Loan Scheme)

There has been a buzz surrounding the CBILS products that apply to property for a while, but the funds available for property-based CBILS lending have been finite and difficult to snatch up. The CBILS offering for property investors and developers includes development exit bridging, development finance and commercial owner-occupied mortgages. Under the CBILS loans, the first 12 months' interest is covered under the business interruption scheme, as well as the arrangement fees and – in some cases – the professionals' fees relating to the implementation of the loan.

These loans have been offered by a number of lenders who have received accreditation from the British Business Bank to lend under the CBILS. A full list of accredited lenders can be found on the British Business Bank website.

Obtaining a CBILS property loan has proven to be a challenge as a result of the limited funds each lender has had available to allocate to CBILS loans. This has meant that as quickly as funds become available, they are allocated. We have, however, now started to see additional funds become available where lenders have either received a further allocation from the British Business Bank, or where deals they'd previously allocated funds to have not completed and these funds have become available for reallocation. This means that, whilst it is still somewhat challenging to obtain a CBILS property loan, it's not proving as difficult as it was just two to three months ago.

The loans are designed for investors and developers that can demonstrate they have been negatively impacted by Covid. Development exit loans are available for developers who are looking to repay their development finance, providing them with a further 12 months to execute their desired exit. Development finance loans are available for full-time developers looking to start developing sites they already own or assist with new acquisitions providing your main source of income is developing.

Commercial owner-occupied mortgages

Finally, CBILS commercial owner-occupied mortgages are available to any business that is looking to refinance their existing commercial premises. These are ideal for business owners coming to the end of their existing mortgage, looking for a cost-effective mortgage solution. Similarly to the other CBILS loans, the first 12 months' interest is covered, as are the arrangement fees. They are based on a six-year commitment period, and rates start at c2.6% per annum after year one.

The main point to note for all of the CBILS loans mentioned is that it is vital you can provide an explanation as to why you feel you have been negatively impacted by Covid If you have not been negatively impacted by Covid, you will not be eligible for a CBILS loan. However, there are, of course, very competitive offerings that remain for those that are not eligible for CBILS.

Visit the Pilot Fish website for blogs and a vault of free resources. If there is anything further you would like to discuss, or anything I can assist with, please do get in touch.

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Written on 17/12/2020. This information may change at any time during the printing process. Please consult your broker in all investment decisions.

LETTINGS UPDATE

by Ben Quaintrell LETTING AGENT OF OVER 15 YEARS

Mass vaccinations will act as major economic stimulus

One of the few things we can be certain of is that 2021 will be the year of mass vaccination, offering the property industry a much longed-for injection of certainty. There are several factors that may influence the lettings market, but all pale into insignificance when it comes to the restoration of the economy.

No doubt there will be bumps along the way, but the first phase of vaccinations – involving all over 50s, younger people with health problems plus NHS and care workers – is expected to be completed by March.

The government says that, in such circumstances, it may be possible to end social distancing by Easter, allowing such hard-hit sectors as hospitality, retail and leisure to fully reopen. Successful vaccines will act as a hugely positive stimulus to the economy and should arrive just as the current furlough arrangements expire at the end of April.

This means that the anticipated spike in job losses may largely be avoided and, while the financial hangover created by Covid-19 will not be resolved overnight, an increase in economic activity will restore confidence and attract more investors back to the property market – which, even during these unsettled times, continues to display remarkable strength and resilience.

Shortage of rental properties likely to continue

In fact, one of the main problems facing letting agents this year may be a shortage of rental properties, as demand continues to outstrip supply. The signs for 2021 are already encouraging. In last month's article, I mentioned that the HMO market had slowed, but I'm pleased to report that it has since picked up and any property refurbished to a high standard is proving highly desirable.

Property sales predicted to slow in April

I believe we will see a general slowing down of property sales after 1 April, when the government is due to scrap its Stamp Duty Holiday on homes priced between £125,000 and £500,000 in England and Northern Ireland.

The measure has succeeded in stimulating demand and inflating prices. UK mortgage approvals rose to their highest level since 2007, with October approvals jumping to 97,500 or 33% higher than in February, according to Bank of England data.

The reintroduction of Stamp Duty may go a little way to improving the supply of rental properties, as the interest of home buyers begins to cool, providing more opportunities for buy-to-let landlords.

However, in many regions it shouldn't have too much affect as many investors traditionally favour properties in the sub £125,000 price bracket, where for additional properties, Stamp Duty applies at 3%.

Lettings industry moves towards more stringent operating standards

Other changes that landlords will need to be aware of during 2021 largely revolve around improving standards – which in turn protects their investment.

Electrical Installation Condition Reports (EICR) become mandatory on all existing tenancies from 1 April. This requires that all wiring and other electric installations in a rental property are inspected and properly tested by a qualified person at a minimum of every five years.

Over the longer term, it's strongly rumoured that the minimum Energy Performance Certificate (EPC), indicating how much it costs to heat

and power a rented property, will rise from an E to a higher D rating, possibly in 2025.

The other major change on the horizon sees the industry moving closer to becoming regulated by ARLA Propertymark – the UK's foremost professional and regulatory body for letting agents – in conjunction with the National Federation of Property Professionals (NFOPP).

I very much welcome this, as I see the introduction of much more stringent professional operating standards for letting agents across the board as something that will help drive out some of those cowboy agents that do so much to damage the industry's reputation. This will ultimately result in letting agents delivering a much better standard of service to their landlords.

No matter which tier you find yourself in, the property market remains open for business whether buying or renting, so may I wish everyone a more positive and prosperous 2021.

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

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