

Issue 117 March 2018

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JACKIE REEVES

MARK LLOYD

WELCOME!

Spring is on the way – although as I write this, the rain is belting down and there's a gale force wind, so it doesn't feel very spring-like right at the moment!

Weather aside, spring is a time of growth and fresh perspectives so naturally, as property investors, our thoughts turn to growing our property investments and maximising profits.

Where better to start than by looking at the BTS strategy with fresh eyes? Over recent months we have focused on some large projects and developments, but this month, a couple of investors talk us through how they make **GREAT PROFITS** from smaller BTS projects, right now in today's market.

If BTS isn't your thing, then a couple of our regular contributors consider how you can identify which strategy will suit you best. There is no one-strategy-fits-all, and ultimately people want to achieve different things, so it is well worth taking some time to work out what will get you where you want to go and also suits your personality at the same time.

Just as important as **MAKING MONEY** is **KEEPING IT**, and this is a topic that Simon Zutshi discusses in his column this month.

Enjoy growing your investments, enjoy the spring sunshine but most of all, enjoy this month's YPN!

Until next month,

Jayne Owen
EDITOR



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THE YPN JARGON BUSTER

A list of the abbreviations and tech-talk used in this month's YPN – and more ...

ACV	Asset of community value	GDV	Gross Development Value	ROI	Return on Investment	
ADR	Alternative Dispute Resolution	HB	Housing benefit	RP	Registered Proprietor, refer ring to the name on the title of a property Land Registry	
APHC	Association of Plumbing and Heating Contractors	HHSRS	Housing Health and Safety Rating System	RSJ	Rolled-steel joist – steel beam	
ARLA	Association of Residential Letting Agents	HMO	House of Multiple Occupation	RTO	Rent to Own	
Article 4	An Article 4 Direction removes permitted development rights within a specified area designated by the local authority. In many cities with areas at risk of ‘studentification’, there are restrictions on creating HMOs so you will have to apply for planing permission. Check with your local planning authority.	HNWI	High Net Worth Individual	RX1	Form used to register an application to the Land Registry to place a restriction on the legal title of a property to protect the interests of a third party. The restriction will prevent certain types of transaction being registered against the property (eg, sale, transfer of ownership or mortgage)	
AST	Assured Shorthold Tenancy		a certified high net worth investor is an individual who has signed a statement confirming that he/she has a minimum income of £100,000, or net assets of £250,000 excluding primary residence (or money raised through loan a secured on that property) and certain other benefits. Signing the statement enables receipt of promotional communications exempt from the restriction on promotion on non-mainstream pooled investments. (Source: FCA)	S24 or Section 24	Section 24 of the Finance Act (No. 2) Act 2015 – restriction of relief for finance costs on residential properties to the basic rate of Income Tax, being introduced gradually from 6 April 2017. Also referred to as the Tenant Tax’.	
AT	Assured tenancy	HP	Hire Purchase	SA	Serviced Accommodation	
BCIS	Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.	HSE	Health and Safety Executive	SAP	Standard assessment procedure	
BCO	British Council for Offices	ICR	Interest Cover Ratio	(assessment)		
BIM	Building information modelling	IHT	Inheritance tax	SARB	Sale and Rent Back	
BMV	Below market value	JCT	Joint Contracts Tribunal – produce standard forms of construction contract, guidance notes and other standard forms of documentation for use by the construction industry (Source: JCT)	SDLT	Stamp Duty Land Tax	
BTL	Buy-to-let	(contract)		SI	Sophisticated Investor (Source: FCA)	
BTR	Build-to-rent	JV	Joint venture		Certified: individual who has a written certificate from a “firm” (as defined by the FCA) confirming he/she is sufficiently knowledgeable to understand the risks associated with engaging in investment activity.	
BTS	Buy-to-sell	JVA	Joint venture agreement		Self-certified: individual who has signed a statement confirming that he/ she can receive promotional communications from an FCA- authorised person, relating to non-mainstream pooled investments, and understand the risks of such investments. One of the following must also apply:	
CCA	Consumer Credit Act	KPIs	Key Performance Indicators		(a) Member of a syndicate of business angels for at least six months;	
CDM	Construction Design and Management	L8 ACOP	Approved Code of Practice L8 – Legionella Control and Guidance		(b) More than one investment in an unlisted company within the previous two years;	
CIL	Community Infrastructure Levy - The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. (Source: planningportal.co.uk)	LACORS	Local Authorities Coordinators of Regulatory Services		(c) Working in professional capacity in private equity sector or provision of finance for SMEs;	
CGT	Capital gains tax	LHA	Local Housing Authority		(d) Director of a company with annual turnover of at least £1m within the previous two years.	
CML	Council for Mortgage Lenders	Libor	London Inter-Bank Offered Rate	SIP(s)	Structural integrated panels	
CPD	Continuing Professional Development	LLP	Limited Liability Partnership	SME	Small and Medium-sized Enterprises	
CPT	Contractual periodic tenancy	LTV	Loan To Value	SPT	Statutory periodic tenancy	
CRM	Customer relationship management (eg, CRM systems)	MCD	Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)	SPV	Special Purpose Vehicle – a structure, usually a limited company, used when more than one person invests in a property. The legal status of the SPV protects the interests of each investor.	
CTA	Call to Action	MVP	Minimum viable product		SSTC	Sold Subject To Contract
DCLG	Department for Communities and Local Government	NALS	National Approved Letting Scheme		TPO	The Property Ombudsman
DoT	Deed or Declaration of Trust	NICEIC	National Inspection Council for Electrical Installation Contracting		UKALA	The UK Association of Letting Agents
EHO	Environmental Health Officer	NLA	National Landlords Association		USP	Unique selling point
EIS	Enterprise Investment Scheme	OIEO	Offers in excess of			
EPC	Energy performance certificate	OMV	Open market value			
FCA	Financial Conduct Authority	PBSA	Purpose-built student accommodation			
FLEEA	Insurance cover for Fire, Lightening, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time	PD	Permitted Development / Permitted Development rights – you can perform certain types of work on a building without needing to apply for planning permission. Certain areas (such as Conservation Areas, National Parks, etc) have greater restrictions. Check with your local planning authority.			
cover		PI insurance	Professional Indemnity insurance			
FPC	Financial Policy Committee	PLO	Purchase lease option			
FRA	Fire risk assessment	PM	Project manager			
FSCS	Financial Services Compensation Scheme	PRA	Prudential Regulation Authority – created as a part of the Bank of England by the Financial Services Act (2012), responsible for the prudential regulation and supervision of around 1,500 banks, building societies, credit unions, insurers and major investment firms. (Source: Bank of England)			
FTB	First time buyer					
GCH	Gas central heating					
GDPR	General Data Protection Regulation					

BUY-TO-SELL:

CAN YOU STILL MAKE A PROFIT ON SMALLER PROPERTIES?

The Professionals Reveal What Really Works in 2018

Buy-to-sell, in all its different forms, is arguably one of the most popular strategies around. It encompasses the basic buy, do up and sell (much-loved by the TV programmes) through to buying freehold apartments to split off and sell as single units, through to major commercial to residential conversions. So BTS projects can be big or small; quick turnarounds; or developments that take months ... and a whole host of things in between.

But what we're interested in this month is whether it is still a suitable strategy for properties at the smaller end of the scale. Does it remain possible for investors to make money by buying single family houses and selling them on, either with or without doing a refurb? Is it still a viable route for beginners to dip their toes into property investing waters?

The answer is a resounding **YES!** There are investors out there making **darn good profits** through this strategy, and we talk to two of them in this feature.

As with most strategies, though, there are some caveats. Perhaps the most obvious is that you really, **REALLY** need to know your market. You have to know how much you can sell your end product – the property – for at bottom book, and how much you need to spend on it if you plan to do some work, in order to be able to buy at the right price and realise the profit.

Being so market-subjective, BTS can be a volatile strategy if you don't know what you're doing. It's also one that everyone and their dog has an opinion on (whether they have experience or not)! *"You can only make money when the market's rising" ... "It won't work in this area" ... "It's really easy" ... "It's really hard" ... yada yada yada ...*

To understand how it works in **TODAY'S** market, we have turned to the BTS professionals. Their methods may adjust over time or according to the markets, but they know their patch – and their numbers – at micro-level and are adaptable enough to move quickly when they spot a deal, and when they see market, legislative or economic changes on the horizon.

Mark and Jonathan prove that you don't have to look for multi-million pound projects in order to make a profit. You can still make money with the smaller ones. So sit back, read on and find out how they do it!



THERE'S MORE THAN ONE WAY TO BUY AND SELL!

By **Heidi Moment**

SPOT THE MOST SUITABLE SELLING STRATEGY FOR MAXIMUM PROFITS

Sourcing direct from vendor brings in all kinds of deals. **Mark King** from **Mark King Properties** tells us how he manages to buy **everything** that comes across his desk and the strategies he uses to flip them on.



BACKGROUND

In 1996 I started off doing buy-to-let. In the early days the yields were very high, as much as 20%. My main strategy at that time was HMOs, targeting old polytechnics that were turning into universities, buying houses nearby, getting them up to HMO standards and renting them out.

Alongside that I also built up a portfolio for myself and I traded properties, buying and flipping on. I went full-time in property in 2001 and by 2005 I had 50 properties in my portfolio, which was enough for me, so I decided to focus solely on flipping after that.

WHAT'S YOUR MAIN STRATEGY?

Our main strategy is buy-to-sell. There are a few different ways that we approach it, and a lot depends on the property and the actual deal rather than applying one particular strategy to everything that comes in.

- **Sell direct to auction.** We don't do anything with them, we just buy the property or we'll take an option on it, put it straight into an auction, sell it and take some money out.
- **Sell on for people.** We'll either sell it on to an investor or we'll sell it on the open market through our estate agency.
- **Buy, refurbish and flip on the open market.**
- **Buy, refurbish and sell to an investor.** Some properties we find are more suitable for investment rather than flipping, so we put those with one of our bank of regular investors. Most of the time we end up doing the refurbishment work too, so they've got a turnkey product.



Mark King
— SOUTH WALES NO.1 PROPERTY CASH BUYER —

"We do between 60 and 100 deals a year, on average"



OUR BUSINESS

Mark King Properties

A sourcing business focusing on direct from vendor where we get the majority of our deals from

DPS

A building business which does all the refurbs for us and our partners

RBEA

A sales only estate agency which resells properties for a wide range of clients and properties refurbished by ourselves

DIRECT TO VENDOR

In 2003-2004, I started going direct to vendor and it's still my main way of sourcing deals. Back then I used pretty basic marketing to get leads – newspaper advertising, posting leaflets through people's letter boxes and referrals etc. It was a pretty low cost of entry.

It has changed a lot these days. It's super competitive and there's a corporate element to it as well, which there wasn't back then. Bigger players with funds are hitting the whole market and a lot of people are doing it due to training on property courses.

“We buy over 90% of our deals direct from the vendor”

The technology has moved on so we've had to implement different lead generation strategies, which has made it much more expensive.

We're spending 5 to 10 times more in marketing costs to make an acquisition.

The amount of capital required to set up a decent marketing strategy using the internet or Google to source leads can be incredibly expensive – at a popular time of day, you could be paying £20-25 per click. You've got to be fairly brave to approach it at the moment.

WHAT YOU SEE IS WHAT YOU GET

Whenever I'm speaking to clients I tell them exactly what my plan is, so there are no surprises.

“I really don't like smoke and mirrors at all. I'm a real straight-talking type of person”

I'm always honest with people and say to them, *“Look, I can't do this unless I'm making any money out of it, because this is business. It's about something coming back to me.”* The vast majority of people are pretty OK with that.

THERE'S NO SUCH THING AS A TYPICAL SELLER

The stereotypical idea is that it's always a distressed seller, so it's debt, divorce, and death, but in reality it's wider than that. Yes, there's a chunk of that in there, but there's a lot of other reasons why people use us. Quite often it's because they've found the property they really want, they've got a great deal on it so they don't mind giving a bit away on the sale of theirs. Or they might have problems with their lender, or it's the end of the term. There are lots of different issues.

We also get a fair chunk of leasehold properties, which have got short leases. Lenders are getting a lot tougher on those now and enforce a strict minimum period.

...OR A TYPICAL DEAL

Because of the nature of how projects come to us, every project is different and we have to find a solution that's particular for that project.

Our building company tends to have two or three projects completing each month, so are usually working on three or four different properties simultaneously. Some of those will be our own flips, and some will be for our investor clients as well.

We always aim for a high quality refurb, so our investors get a long-term investment with low maintenance. Doing this retains the clients and they always buy more from us.

SELLING AT AUCTION

For many years, right up until the 3% stamp duty loading came in, we often found that we could get a higher profit margin selling unmodernised properties at auction. These would typically be the type of properties people would buy for investments. We had a lot of success with that. More recently the auction market has tightened up a lot. There are not as many buyers there and the prices aren't as good.

Some of the prices we were getting back then were ridiculous. We could put a property that was worth £150,000 on the open market fully refurbished, but it needed £15,000 worth of work doing to it, and we'd still get £120,000 or £125,000 at auction. You could say there was no margin in it for the investor, but with people buying property for their portfolios, they didn't mind effectively paying retail for it, because they weren't looking to flip the deals over. That's died off a lot recently. A lot of the amateur buyers are now affected by both the stamp duty and the tax changes on their rental income (if they're a high-rate taxpayer).

Certain properties that have got major development potential, for example something where you can split the plot and build another house on it, still sell well at auction, but we're now tending to look more at those we can refurbish ourselves and selling them on to first time buyers – that's our bread and butter.

FISHERMAN SHOULDN'T OFFER EACH OTHER FISH



I tend to network out of area, so over the last few years I've networked a lot around the London Home Counties area and for the last two years I've done some educational workshops with the guys at the Bucks Property Meet. We were doing week-long courses out in Chatel, in the French Alps in the late winter. It was pretty good, skiing in the morning and then coming in to the office!

I've built up a really good network from that and a couple of the other meets. I don't really do much networking in my own region, and the reason for that is it's almost like fishermen offering each other fish. We're all in the same pond, and it just doesn't really work that well. Also I find that especially around the South East of England, it's a lot easier to find high net individuals that have got capital that they need to find a home for. They're looking at properties, and I can get them properties over in South Wales, completely finished, with a 10% yield. They've got to do nothing apart from transfer the money to the solicitor, and then 5-6 weeks later they get a phone call that the property's ready. That suits them, and us, really well.



INVESTOR CLIENTS

Over the past 18 months we've been doing a relatively new model that is working well so far. I've met several investor clients through a small professional property network I'm part of and I do business with them. They tend to be really experienced guys, who just understand, as they've got other businesses as well. They are generally high net guys, so they're not looking to refinance every penny out of every deal.

None of the guys I deal with are into HMOs. They all want single family lets, so that's what we do with them.

We generally find most investors are looking for the bare minimum of 8%. I work with them to understand their strategy. If they want to own the property for a while and sell it on, and make a bit of capital growth as well, then they need to be looking at stuff that's got a slightly lower yield on it. There are other things that are just cash on cash, and they don't mind taking the lower demographic tenants in the areas, which are more rental

dominated. In some of those they can be making over 10% yield.

TENANTS

The typical properties we source for our investor clients are your Coronation Street type houses, ex-local authority, on estates, that sort of thing. The kind that you can put a family in and hope that they stay there for the next 20 years.

"We are completely transparent with everything and we always tell our investors how the deal is split"

SOMERTON, NEWPORT, SOUTH WALES

The Property

Three-bed semi, ex local authority, traditional construction

Strategy

Buy, refurbish and sell to an investor

Works completed

We always look at simple ways of adding value. Quite often in Wales the terraced properties have downstairs bathrooms and people put an additional bathroom upstairs, losing a bedroom, making it a two-bed. So we take out the upstairs bathroom, put it back to its original configuration as a three-bed, then rent it out as a three-bed.

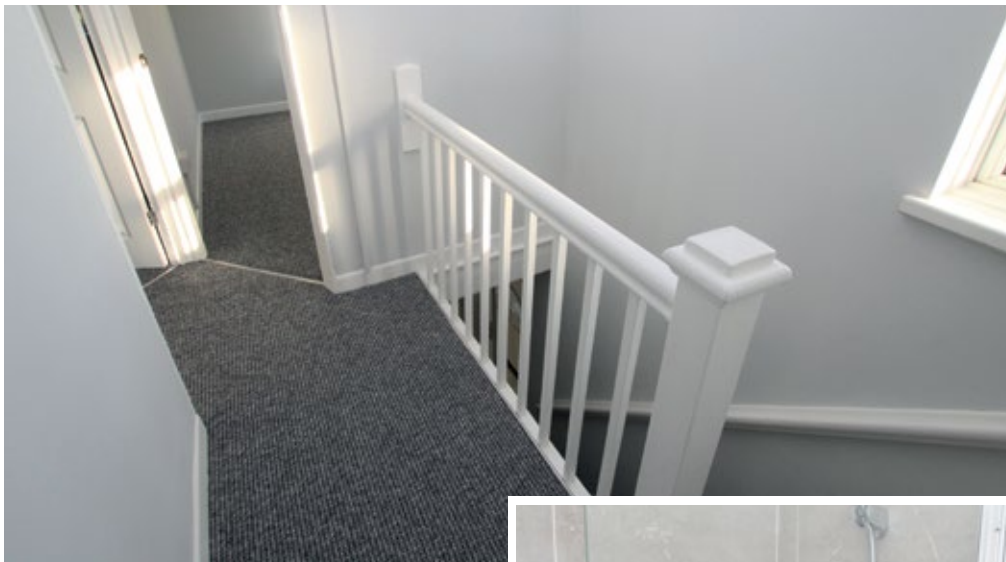
Works carried out included

- Full rip out
- New combi boiler
- Kept electrical and water circuits as they were in good condition
- Re-rendered and painted the outside as blown and cracked
- Skimmed throughout
- New kitchen
- New bathroom
- Decorated throughout
- New carpets.

CASE STUDY







60-day Guarantee

When we finish a project, we have a 60-day guarantee so if anything goes wrong, we'll fix it with no charge to the investor. Then we hand it over to a letting agency to manage.

Funding

This property was funded by an investor client. Total cost to investor including fees circa £90,000, yield 8.7%. Post refurb equity in project 25%= £30,000.

The Numbers

Open market value:	£85,000 (before refurb)
Direct from vendor purchase price (incl. all costs):	£52,000
Total costs including all refurb, acquisition, and sales costs:	£62,000
Sale price to Investor:	£86,000 (including refurb costs)
Refurb cost: (Cost for labour and materials not including building company mark up)	£10,000
End value post refurb:	£120,000
Profit to us:	£24,000
Monthly rental income for investor:	£650



WE BUY EVERYTHING THAT COMES ACROSS OUR DESK

I'll buy anything. If there's a deal in there, I'll do a deal on it. I buy absolutely anything, non-standard construction, subsidence issues, absent free holders, the whole lot. There's very little that we wouldn't take a look at. Everything's got a value.

We've bought some right old rubbish over the years. A couple of sales guys that work for me might say, "No, I don't even want to go and look at that." So we put those straight into auction.

The one and only thing I avoid a little bit is **high-value properties in low demographic areas**. So if some guy comes along and he's got his mass produced new build house that's £250,000 and there's hardly been any sales of those since they were built in 2007, that would set an alarm bell off for me. I'd be thinking, unless I get an absolute huge discount on it, what am I going to sell it for?

A CALCULATED APPETITE FOR RISK

"Although I've got a risk appetite, it's calculated. I don't do things without having all the information"

We're really hot on due diligence, obviously with our estate agency business we've got access to Zoopla Pro, Rightmove Plus, etc, so we can easily see how the market's been moving in the area we are looking at.

THE TEAM

We've got a couple of sales guys that go out looking at all the deals. I go out and look at some of them as well. We've got two ladies who are in the office full-time fielding all the calls that are coming in. They do a little bit of management of the tradespeople as well. Then we generally have about 10 full-time staff and contractors, but that floats a little bit. Not a massive team, but it's enough and it suits us.

With three or four different properties on the go at the same time we're always busy. I've seen a lot of people in the building game growing really fast, hiring lots of people, without an iron cash flow. I'm always quite mindful of that so I'm probably a little overcautious keeping quite substantial capital reserves, and not stretching right out on everything. Sometimes we sideline our own projects to focus on the investor projects that bring the cash in. There's a lot of variables and a lot of organisation. I enjoy all of it. I'm lucky to have such a good team around me.

LLANGATTOCK, CRICKHOWELL

Strategy

Buy, refurbish, sell on the open market.

The Property

Four-bed detached family home. It's got a funny layout with lots of little rooms downstairs. It has two bathrooms, one upstairs and one downstairs. The house had been unloved and over-run by pets so had a very grotty, doggy feel and smell - a classic doer upper.

This property came to us direct from vendor. The craziest thing was the deal was actually on the open market for £120,000 more than we paid for it. It was still a really great deal at that price, but for whatever reason people didn't pick up on it.



Funding

100% funded by JV partner, splitting the profits 50:50.

The Numbers

Open market value:	£400,000
Direct from vendor purchase price (incl. all costs):	£320,000
Total costs including all refurb, acquisition, and sales costs:	£380,000
Refurb cost:	£55,000
End value post refurb: (2 estate agency estimates)	£600,000
Profit:	£220,000 split 50:50

Works being carried out

We're not quite finished on this one yet, but here's an outline of the works:

- Completely gut the inside
- Take out a couple of structural walls. At the moment it's got a lot of small rooms on the ground floor. We're pushing all of them together into bigger single rooms
- Changing the layout to get rid of the downstairs bathroom, turning it into a cloakroom
- Replace all windows to make it more contemporary. Remove old timber and replace with anthracite modern frames
- Adding an en-suite to the master bedroom
- Stripping everything back
- Rewiring
- Central heating
- Skimming, decorating and carpeting throughout.



PRIVATE FUNDING PARTNERS

We also work with partners who effectively become our bank, loaning money to our company to do deals to flip.

These investors tend to be non-local and hands-off. We like it this way. They don't get involved in detail. They never see any of the sites, or anything. It's purely just a financial transaction, and that's how we want it, really.

They put in the purchase price, all the expenses for buying the property, plus the building costs. Our equity is about getting the discount on the property and the project management. That's our skin in the deal as such. We buy the property, and the title is registered to one of my companies. The investor is the lender.

We offer a first charge against the property as a private mortgage and a percentage return on their investment. We also offer an additional bonus that if we make a higher profit on a property, then we will split it with them. So they get a minimum return and the potential of a higher return if it all goes well. This suits them as it acts like a profit safety net.

REFURB SPEC

I've got quite a good eye for design and I enjoy that side of things. We tend to go for fairly contemporary specs, but you've got to be mindful of the age of the property as well.

I always put good quality things in, even with the rentals:

- **High-end bathrooms and kitchens, with things like concealed valves on the shower units, low profile shower trays, basins and freestanding vanity units, and back work sealing systems on the toilet**
- **Frankie sinks and taps**
- **NEFF induction hobs with sliding door ovens.**

When potential buyers come to view the property, they say, *"I've just seen a mass produced new build around the corner, and this refurb has actually got better stuff in it."* That's what we're aiming for.

We have a good relationship with a high-end bathroom supplier so we get good deals there. We sometimes buy return stock too. We use a firm called Roper Rhodes for bathrooms, they do high spec,

KEY LEARNINGS

- **Buy in an area that is in high demand as end value has risen 10% during project.**
- **Be prepared to give away profit to JV partners when it also allows you to have a good profit after putting no money in the deal.**

When I'm doing a flip, I prefer to do these big ones because we can make a lot more return on the uplift. They are higher spec so the cost of materials is higher but the labour costs are pretty much the same. It's not massively different whether you're doing it on a £50,000 house or a £400,000 house. The cost is greater because you sit on it longer, but the profits are higher.



nice looking units, but they're not as expensive as someone like Porcelanosa.

We get high-end tiles direct from an importer for £20-25 a metre, when they'd be £60-70 on the high street. We use white, polished, porcelain tiles that look like marble, and we buy them by the pallet.

In fact I forward buy a lot. My poor wife goes crazy because there's always people turning up with pallets of tiles, or a dozen bathrooms, or all sorts of weird and wonderful things, ready to store in the garage. They won't be sitting there for too long.

RESELLING AT THE RIGHT PRICE

When it comes to reselling I don't get too many problems with the agent. Generally when I speak to them, I tell them exactly who I am, what I do, etc. Because they're not just speaking to Joe Bloggs off the street, I think then they get a little bit of professional nervousness. I tend to say, *"Look, please don't blow smoke, just tell me what it's gonna be."*

We tend to be a bit pessimistic on end values, then are surprised when we get to the end of the project, and we end up putting it on for 5% or 10% more than we thought, just because the market's moving in the right way in that particular area. We've been quite lucky in South Wales this year in that the market has been really strong. Quite a lot of the projects have ended up selling above where we predicted.

That's not us, it's the market, and the market's bigger than you. I've seen the market go the other way as well. At the end of the day you've got to be a little bit

pragmatic, that if you put it on too high, even if you get that offer, is it going to get past valuation? We're always mindful of that.

A bit different on this last project, because it's a bit of a one off property, but on your normal ones where it's a terrace or similar houses, how far ahead are you going to get past the last comparable? Not 20% ahead, that's for sure.

THE FUTURE

The one challenge that I haven't done yet, and would like to do at some point, is new build. That's an itch I need to scratch. We've done loads of planning gain stuff, and I've bought sites, got planning for properties but then I've always ended up selling them on. So, maybe I'll do that at some point.

I also like the idea of improving covenants on commercial buildings. I've bought quite a few commercial buildings over the last few years and sold them on, and then seen what my clients have done with them, and thought, *"Hmm, that's quite tempting."* Splitting bigger commercial units up into micro units and things like that, or doing a split of some resi, some commercial on the site, that sort of thing. That's the second itch, I think.

CONTACT

Contact Mark if you like what he does and would like to discuss any of the above in more detail.

www.markingproperties.co.uk

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listen to more
from Mark



BUY, REFURB, SELL, RINSE, REPEAT

By **Raj
Beri**

HOW JONATHAN BREEZE DITCHED THE DAY JOB FOR FULL TIME FLIPS



The pages of YPN are replete with larger projects, which investors often develop to sell on for profit. Some of these are multi-million pound development projects. But what if you are just starting out with limited funds? Doing property flips (buy-develop-sell) is one obvious place to start but it's not a strategy that's often been featured in the pages of YPN. It's therefore a pleasure to interview **Jonathan Breeze** who provides an insightful account of his experiences of this particular strategy.

YPN: To kick things off, perhaps you could tell us a bit more about yourself – in particular your background before property and how you got into property?

Jonathan: Before property, I ran an economic development and regeneration consultancy. I'd been in the field of social regeneration and economic development for about 15 years. I'd always been interested in property though; my wife had a couple of rentals, which we had renovated in the past. The buy-to-sell strategy was always something that I was keen to get involved in. In 2011, I bought the first property at auction, with a view to renovating it and selling it on. I did that whilst working full-time. I bought the property, renovated it and sold it, and this went really well. I put the profits from the first development into the next project. I did the second development also whilst working full time and again it went pretty well.

I also started the third project whilst working full-time, but in the back of my mind I had started to think about going into property on a full-time basis. I was attracted to the idea of being my own boss and being in charge of my own destiny. In addition, I really enjoyed the experience from the first two developments of taking really rundown properties and turning them into extremely desirable family homes. I enjoyed seeing the transformation. Just to be clear, I wasn't doing the actual work! I was project managing it.

I got a big buzz from taking a property in poor condition and turning it into something that people want to buy.

“As well as having an interest in the development side of property, I also had a good background in project management from my day job”

YPN: So, was there anything that particularly led you to do flips rather than some other form of property investment?

Jonathan: We already had a couple of rental properties that were doing OK and we had experience of doing renovations in-between tenancies. But I always had an interest in doing something a little bit more substantial and a little bit more hands-on. I felt that there was a greater chance of generating bigger profits with the buy-to-sell strategy. As well as having an interest in the development side of property, I also had a good background in project management from my day job, which involved managing projects, people, budgets and time scales. I felt that these skills would be transferable to a buy-to-sell strategy.

YPN: What type of properties do you target and how do you develop or remodel them?

Jonathan: When I was first looking in 2011, I would focus on properties that would attract first time buyers, eg couples or people who were thinking about starting a family. I was looking for semi-detached, three/four-bedroom properties, in areas that were reasonably desirable. My focus was not the high-end areas, so I concentrated on areas where people still want to live but prices were affordable. In the first property I did, the previous owners had knocked through the living room to the diner but left a very small kitchen. I actually put up a stud wall between the living room and dining room to recreate a separate lounge, but then knocked through between the kitchen and diner to create a desirable living space. I believe that's how families want to live – ie to have that hosting space, that entertainment type space of a kitchen-diner.

YPN: Expanding on that a little bit, what's the market like in the areas that you target?

Jonathan: In 2011, we were still in a recession, so the market in terms of resale wasn't fantastic. But I do believe that if you produce the right product, it will always sell. There is always someone who is looking to buy a house, whether having to move for work or other reasons. Being in a recession meant that it was easier to pick up the right type of property at the right price, but in

2017/2018, the market is much stronger. I operate in Greater Manchester and the resale market is pretty strong. People are moving up from London for media work in Media City and the area has a number of good universities, which are retaining graduates – students staying on in the area.

As the housing market in Greater Manchester is good, you will have a steady stream of customers to sell to. However, this does mean that it's more difficult to get the right properties at the right price, so it's swings and roundabouts really. I feel that the product that I produce is of a level that it's always going to sell, regardless of the market. It's about making your product stand out.

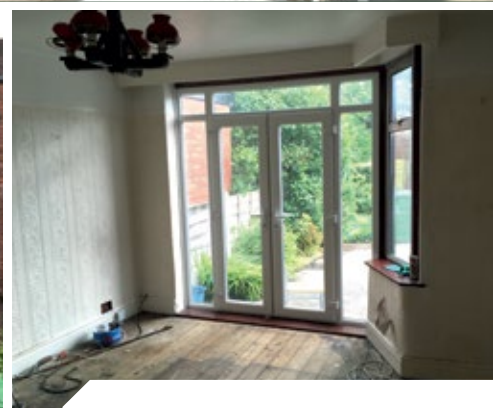
YPN: Are families looking for quality properties where they can just move straight in?

Jonathan: Exactly. That's the end of the market that I've always been aiming for, ie where people can just move in and they're good to go. When I first started doing developments, it was very much first-time buyers who were buying the properties, so it was people moving out of rentals into home ownership. They were in a position in their lives that they were looking to put down roots and buy their first home.

Now that I've been doing buy-to-sell for sometime, I'm doing slightly more expensive developments on bigger houses in more desirable areas. So, it's less the first-time buyer market and more the second or third time buyer market, but it's still relatively young people. The buyers tend to be in their 30s and are either couples or have a young family or they're thinking about starting a family. The market that I'm now targeting includes people with a fair bit of money and a decent deposit to put down on a house.

YPN: The resale price will affect your final profit so how do you establish that?

Jonathan: That's the first thing I look at when trying to identify a project. The first questions are "What can I purchase it for?" and "What can I sell it for?" I work out the potential resale value by looking at Rightmove sold comparables in the last 12-24 months and within a quarter to half a mile radius depending on the area. Initially, I look for comparable properties, in terms of the size of properties, number of bedrooms, the layout and the condition of the sold properties. Then, I will actually physically go and look at those properties that have sold, just to ensure they are true comparables to what my property will look like after I renovate it. So, it's a combination of desktop research and walking the area. The latter is very important to get an assessment at the street level.



Type of property:

3 bedroom semi-detached, 1930s

Purchase date:

June 2017

Purchase price:

£270,000

Funding:

Own money, development finance, and investor finance

Development included:

- Single storey extension with aluminium bi-folds, and skylight
- New UPVC windows throughout
- Removal of internal walls: knock through between kitchen and dining room, knock through between WC and bathroom
- Full electrical installation
- New central heating
- Re-plastered
- New kitchen and bathroom
- Painting and decorating
- Landscaping
- 'Staging' for sale



AFTER



Development complete:

August 2017

Marketing:

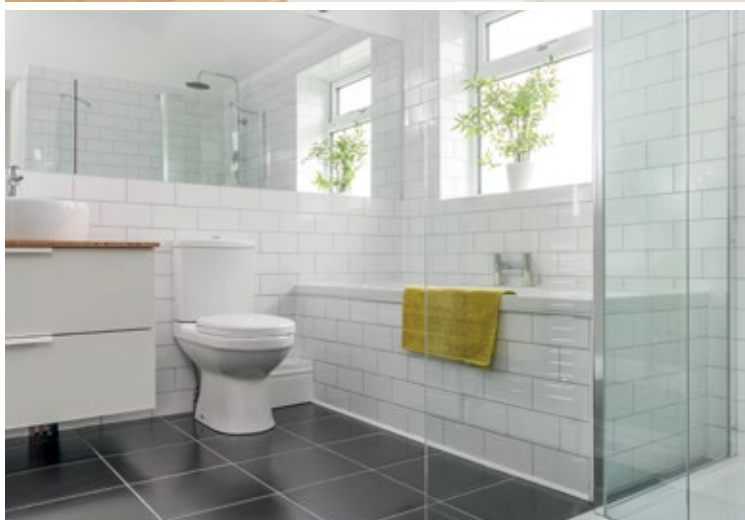
Guide price £400,000. Offer of £405,000 accepted following 'open house' September 2017

Sale completed:

Early December 2017

Overview of figures

Purchase:	£270,000
Fees & interest:	£42,000
Renovation:	£51,000
Staging:	£1,000
Sale price:	£405,000
Profit:	£41,000





Sometimes, after doing that research, there isn't an exact comparable, ie I can't identify a property that has been done up to a similar specification to what I will achieve. In such cases, I will look at the nearest equivalent property and knowing that the quality of my finished property will be better, I'll add a small premium. Having said that, I am realistic in terms of what things are going to sell for and to date I have managed to achieve the target selling price.

YPN: Did you have an input from estate agents when you started out but maybe less so now, because you're more experienced? How has that worked with agents?

Jonathan: Estate agents have invaluable local knowledge. When I first started in property I'd speak to agents at length to get an understanding of the local property market. I'd talk to the agent selling the property I was interested in, but also the other agents operating in that area. I used to describe what I was planning to do with the property in terms of the development and ask what they thought I could achieve on resale. So in the beginning, I rang agents a lot and I actually went to see houses on the market by posing as a buyer to establish that I was on the correct path in terms of comparables. These days, I've got a lot more experience than I did when I started out, but I still talk to local agents to get a range of perspectives.



“When I first started in property I'd speak to agents at length to get an understanding of the local property market”

YPN: How have you been finding the right projects? Has it been via agents or direct to vendor marketing?

Jonathan: I find projects via agents and through auctions. In terms of agents, I'll ring the agents and explain what I'm looking for in terms of the types of properties and the areas. I'll stay in touch with the agents fairly regularly. If I do secure a property through an agent, I'll always sell it through them after its been developed. I've found agents really helpful in sourcing and securing projects.



Auctions have also been a good source of projects. I check auction websites and catalogues regularly. In Manchester, there are four-five auction houses that will have the type of stock I would look to buy. I'll check their websites but in addition, I'll also speak to the staff at the auction houses and I've found them helpful in identifying potential projects. I'll sometimes get calls from contacts at auction houses if they've got a property they think I might be interested in. I'll also search Rightmove for potential projects, but regularly talking to agents and checking out auctions have been the most fruitful project sourcing routes. I'm not entirely convinced of the value of direct to vendor, to be honest. I've spoken to a few people who have tried direct to vendor via leafleting but never come across anyone who's made that strategy work. For me it's all about creating those relationships with the estate agents and the auction houses.

YPN: To date, how have you generally funded your projects?

Jonathan: I've funded the projects in a number of different ways. Sometimes I will use my own cash and sometimes I'll use development finance. As I've now got a

reasonable track record of buy-to-sell developments, I have access to development finance through a high street bank. The development finance will fund 60% of the gross development costs, so 60% of the purchase price, plus 60% of the development cost. Recently, I've done one project as a joint venture and that went well. I've also been using private investor finance as well.

“Usually I work on a minimum figure because the ROI can vary widely depending on how much of my own money I have put in”

YPN: In terms of the profits, do you look for a minimum figure or maybe a percentage or a combination? How do you normally assess that?

Jonathan: Usually I work on a minimum figure because the ROI can vary widely

depending on how much of my own money I have put in. Sometimes I can put in very little of my own money if I'm working with an investor or JV partner, so the ROI will be particularly high. I used to look for a return of between 30k-40k per project, but now I look to make 50k plus per development.

YPN: So with those sorts of profit margins in mind, how do you calculate budgets and how did you do this when you had less experience?

Jonathan: These days, I've got a fairly good grasp of what things will cost. In terms of working out the budget, I calculate how much I can pay for the property and how much I can sell it for. Then it's a case of working out the cost for each element of the development or renovation to decide if I can make my required profit. If I can make a profit, I'll put in an offer. If I can't, I move on and identify another property. When I started out, I used to get a few quotes for each element of the refurbishment. On the first property I bought, I knew what I could offer at auction and I had a good idea of what I could sell it for. I also had a budget in mind of what I could spend on the development.

CASE STUDY



Type of property:

3 bedroom semi-detached, 1960s

Purchase date:

December 2016

Purchase price:

£160,000

Funding:

Own money, Development Finance, and Joint Venture



Development included:

- Removal of internal walls and chimney breast to create open plan living area
- French doors installed to rear
- Patio area created
- Repair garage roof
- Render front of property
- Full electrical installation
- New radiators
- Re-plastered
- New kitchen and bathroom
- Painting and decorating
- New laminate and carpets throughout
- 'Staging' for sale



BEFORE





Development complete:

January 2017

Marketing:

Guide price £225,000. Offer of £260,000 accepted following 'open house' February 2017

Sale completed:

May 2017

Overview of figures

Purchase:	£160,000
Fees & Finance:	£19,000
Renovation:	£29,000
Staging:	£1,000
Sale price:	£260,000
Profit:	£51,000

Worked with JV partner so split profit 50/50

YPN: What about project management? Have you outsourced it to all to a builder or are you hands-on or some sort of combination? What works for you?

Jonathan: On the very first project I did, my intention was to get one builder/contractor who would bring in all the trades, so I got a few quotes from contractors. However, all of the quotes came in higher than my budget, so I then broke the jobs down and got individual subcontractors to quote for these jobs. I therefore ended up doing a lot of the project management – the learning curve was massive on the first project. The project went really well and I learned a lot so I project managed the second refurbishment myself as well.

By the time the third one came along, I decided to hand over the project management to a builder. However, this did not work well. The builder was very good at the building side of things but his project management was not so great. So, part way through that development, I stepped in and took over this aspect of it. Since then, I have done the vast majority of the project management of each development. Fortunately, I have a lot of experience in this and it's something I really enjoy, but moving forward, I would like to be able to step back a little bit. That is certainly one of the challenges that I'm currently facing, ie working out how I can be less hands-on.

YPN: On that note, perhaps you could describe one of your case studies in a bit more detail.

Jonathan: The last property was a 1930s three-bedroom semi-detached property in an area of South Manchester that is very desirable with young professionals. An elderly lady had previously owned the property and it was quite run down. It was a property that I had viewed previously on an "open day" where a lot of people had turned up. I didn't end up securing it at that point. However, that sale dragged on and eventually fell through. The agent contacted me to ask if I was still interested. I put in a bid and was able to secure it the second time around. That's a good example of why it's important to develop good relationships with agents because you can pick up properties like that.

“The challenge at the moment is stepping back from a development, ie being less hands-on with the project management side of things”



As far as the renovation was concerned, I knocked through between the kitchen and diner and put on an extension to the rear of the property (under permitted development). It's worth focusing on doing works under permitted development to avoid having to wait several weeks for planning permission. The remodeling created a big welcoming family area, which is also great for entertaining! The kitchen has been finished to a high specification. So the property was purchased in June 2017 and the development took around three months. It's really important to 'stage' the property with good quality furniture and accessories like mirrors and plants. It's also important to commission a professional photographer; most estate agents produce reasonable quality photos but a professional photographer will help create the 'wow' factor that you're after.

When the property was put back on the market there was a lot of interest, with more than 15 people attending the open day; three people offered on it and it went to best and final offers. I secured the price higher than the original guide price so it was a good outcome.

YPN: You've been doing this strategy for a few years now so have there been any specific challenges that you've encountered?

Jonathan: Most projects will have challenges, as there will be things that you weren't expecting.

On one project I did, there was evidence of quite an extensive woodworm infestation. It was a historical problem but there was no paperwork to support that so I just paid to get it treated again so that we had the appropriate paperwork. On another project, whilst adding an extension it was evident that the land was of particularly poor quality, so the foundations had to be more significant which added to the cost. The best way to prepare for such occurrences is to have a contingency in your budget. It's all about how you effectively deal with such challenges and move on.

The challenge at the moment is stepping back from a development, ie being less hands-on with the project management side of things, to give me more time to work on the strategic side of the business.

YPN: The readers of YPN are exposed to a plethora of strategies. What sort of general advice could you give the readers if they're considering something like the flip strategy?

Jonathan: It is a fantastic strategy in terms of generating big chunks of cash, so it's worth doing. It's by no means a passive strategy though. It is fairly hands-on but if you work with the right people, eg estate agencies, who can help you identify the right properties, and contractors who know what you are trying to achieve, it can be a lucrative strategy. The opportunity to buy property significantly below market value is

limited in the current market, so one has to get involved with developing the property to an excellent standard to add value.

YPN: Looking forward, what are your plans for the coming years? Is it to continue with the current strategy or are you thinking of diversifying?

Jonathan: I'm planning to continue with the buy-to-sell strategy, because I really enjoy it. I enjoy buying a rundown property and turning it into something beautiful. I'll always do that, but I am also looking to branch out into other things. I'm currently looking at an opportunity to do a new build. I'd like to be able to maybe do conversions as well, eg commercial to residential. In an ideal world, I'd like to increase our BTL portfolio by putting some of our profits from flips into BTL so we are also generating recurring rental income.

CONTACT

You can contact Jonathan via email at Jonathan.breeze@icloud.com

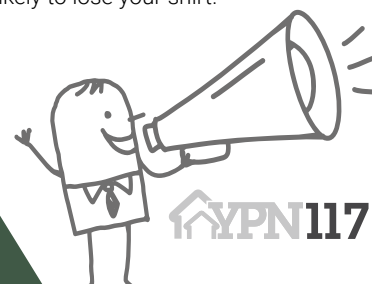
YPN SAYS

One of the most attractive aspects of BTS is releasing lump sum profits that you can then channel either into the next project, or use to purchase properties to hold for the long term and rent out to benefit from ongoing monthly cash flow.

Smaller buy-to-sell projects are a great way to start out in property. However, there are a couple of golden rules: **(a)** know your patch, and **(b)** know your numbers.

Both of these will come with experience, but in the early days you might need help to calculate refurbishment costs. Some people consider smaller BTS projects as a stepping stone to more lucrative property deals but

both Mark and Jonathan prove that this strategy can be extremely rewarding in its own right, on an ongoing basis. And of course, a great benefit is that with a smaller project you're far less likely to lose your shirt!



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LET'S HEAR IT FOR THE GIRLS!

Ladies, this one is for you!

Ant has kindly given me his rant this month as I wanted to celebrate International Women's Day and the centenary of us having the vote.

So, let's not beat around the bush. I want to ask all you girls straight up: Where are you? At YPN, I am in the fortunate position of being able to travel to exotic parts of the country (Kettering, Worcester, Birmingham, I could go on) to attend courses ranging from HMOs to Conversions, Rent-to-Rent to Build-to-Rent. More often than not, I tend to have a quick glance around a full room of up to 40 people yet can count on my fingers all the women attending.

Also, only one of the courses that I have attended has had a woman speaking ... and she was one half of a husband-and-wife-property-investing-team.

What does it take to get to know a successful woman in property? I'd rather not become one of those creepy facebook people who indiscriminately adds anybody and everybody, thank you very much. (I'm already one of those on LinkedIn ...)

Speaking of online, it's not just in the real world that we don't see you. In August 2017, a YPN webinar on title splitting had an attendance of 127. **BUT** only 22% of you were of the fairer sex. That's 23. Outnumbered by over eighty. Come on!

The Property Investor Awards had only one female winner. Out of seven.

To be honest, I'm starting to get a little exasperated. I know there are successful female investors and landlords out there, but you're not that easy to find!

I read a report by Simple Landlord's Insurance claiming that 40% of landlords are female. Then why are we not 40% of the attendees in the room? Why are there only 22% of us in webinars? Why is there just one awesome lady winning a Property Investor Award? This is a call to action, gals.

I'm begging you to share your tremendous stories, stand up for what you do, and not be intimidated. You are not alone out there. We are all with you, whatever stage of your journey. There are some splendid resources for us, whether on the internet or in real life – the Women in Property networking groups and the Female Property Alliance. I know you're out there girls – so why are you not speaking out?

"I'm begging you to share your tremendous stories, stand up for what you do, and not be intimidated"

You may be thinking to yourselves, what is she going on about? Well, I'm spreading the word about female landlords and investors, urging you to take action and not hide your successes. Successful women are sexy – **FACT!** I sincerely hope that this letter to you will encourage you to do **MORE**, achieve **MORE** and contribute **MORE**. I don't want us to be intimidated by the strong personalities currently in the property sector, it is up to **YOU** to encourage more women to join the really cool property community that we've built for ourselves.

As ladies, it is our duty to support one another in this highly competitive industry. As a sector, we are money-hungry, ambitious, driven. But that doesn't mean we can't be supportive and understanding as well. We can play to our strengths. No matter where you are in your journey, we should be able to turn to a woman sitting



next to us and not be afraid to ask for help.

As a young woman starting out in property, I need role models. I need successful, approachable women to look up and turn to in my times of need. It's essential for you to share your stories and anecdotes about terrible tenants (and the good ones too!) or your amazing developments. We are all in this together.

So, to end this rant, I am expecting to see more of you in attendance when I go to events (I'm the one with the red hair, please say hi!). I want to see more submissions from you for YPN. I want to write about **YOUR** stories. And finally, I want to see **YOU** stand out!

Angharad



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SPEAK TO ONE TODAY THAT DOES.



Funding made simple.

Interview: **Ant Lyons & Angharad Owen** Words: **Angharad Owen**

This month in Your Property Project, we're focusing on something that's a little bit different. Instead of a design-led project, we're looking at what can be achieved with a small amount of money. From the photos of this case study, you may be thinking that there isn't anything particularly special or different about it. However, if I told you that it all cost this investor £63,000 (including house purchase!), then I reckon you'll understand why we're featuring it this month.



Having turned 23 in September 2017, Tom Henderson may be seen as a young whipper-snapper compared to some of our readers. Despite his age, he has achieved a lot in a short space of time. Coming from a business family, he has grown up surrounded by entrepreneurial spirit. From buying and selling as a child to studying business and marketing in university, he's captured the essence of business and alternative methods of making money. "I love the idea of residual income," he confesses. He plans to use his passive income to support the lifestyle he desires. After graduating from university, he jumped from business idea to business idea, suffering from 'silver penny syndrome' and after 12 months, he didn't find himself to be as successful as he imagined.

His only formal property education consists of a few lower-level courses. He is considering taking part in one of the VIP

programmes in the future, however he believes that he isn't in the best position yet to get the most out of the experience. "You must be in a beneficial position, with a very large cash pot or a large knowledge base to offer others, I don't have that yet," he tells us. By immersing himself in online communities, networking with those ahead of him and getting very 'hands on' in projects, he has learnt a lot, along with watching YouTube videos and reading as many books as possible.

Tom was born in Sheffield and grew up in Rotherham, South Yorkshire, where he now invests. At first, he had the common problem of not knowing which strategy to focus on: rent-to-rent, sourcing, options, etc. However, he wanted to start small and work his way up. His first project was a simple renovation of a two up, two down. "Buy, refurb, refinance", he recited to us. By adding a stud wall in a bedroom and

moving a bathroom, he could find a third bedroom. In the old miner streets of Yorkshire filled with identical houses, Tom repeated this model multiple times before progressing on to HMOs. The case study this month looks at his conversion of a three-bed terrace into a four-bed HMO.

The combination of a motivated vendor and poor advertisement from the agency worked well in Tom's favour. "I made a ridiculous offer," he admitted, but left the offer on the table. A few months later, he inquired further and, after a bit of negotiation, both purchaser and seller came away happy. Initially, the property was on the market for £75,000, yet the price was agreed at £46,000. It was no surprise that the property had trouble selling. The house smelled damp, and there were many quick fixes on walls and floors. The boiler seemed to come from a bygone era.

His first project was a simple renovation of a two up, two down. "Buy, refurb, refinance", he recited to us.



Therefore, a lot of work needed to be done, including new boiler and heating system, re-wiring to a HMO standard, re-plastering, replacement doors and windows, to name just a few things.

After purchasing, the original plan was to refurbish it into a single-let family home; another repetition of his buy, refurb, refinance model. However, after hearing about the cash flow possible from HMOs, and how there were investors looking at purchasing them ready to go, Tom thought, *"why the hell not?"*

Number crunching allowed Tom to see that the property would perform better as a HMO than a single let. In Rotherham, a three-bedroom family single-let would achieve a maximum rent of £500. However, after converting the living room into another bedroom, the four bedrooms range from £75 to £85 per week. Although bills and WiFi are included, the overall profit is still much higher than would be achieved with a single let. When developing a portfolio, Tom believes that diversification is key, as *"you get bored doing the same thing over and over, plus putting all your eggs into one basket is riskier."*

For an average investor, it would have been easy to spend £30,000+ on a project such as this. However, Tom needed to be smart with his money and find as much as possible for as little as possible. Timber was purchased in bulk at a warehouse, not a large chain

such as B&Q. Hagglng his way down, he managed to get a very low price and used it to build stud walls. The kitchen was purchased at Howdens at a hugely discounted rate. *"It was at the very end of November, and they needed to top up their sales for the month,"* Tom smugly disclosed.

Although Tom had organised for trades to come in, he did the complete rip-out himself. *"That's my favourite bit, it's quite therapeutic!"* he pronounced. Only then was he prepared for the experts to come in and do what they do best. However, trades let him down on a

"I don't see it as my money. I see it as the company's money, and it just needs to pay me a small salary that can cover my bills and living standards"

number of occasions, which had a knock-on effect for the rest of the project timeline. The electrician didn't finish on time; therefore, the plasterer couldn't do his job, which affected the painters and decorators. On top of that,

his finance was tied up in other properties, and he had to wait for refinance from mortgages. The entire project was extended by a few months.

Early in the project, Tom had decided that he was going to keep the HMO for his own portfolio, finance all the money out on a bricks and mortar valuation and then move onto the next project. However, he discovered that there was a large demand for turnkey HMOs. He figured out that the profit he could potentially receive by selling it on would enable him to do more projects of a similar nature. When sold, he will realise a profit of approximately £38,000.

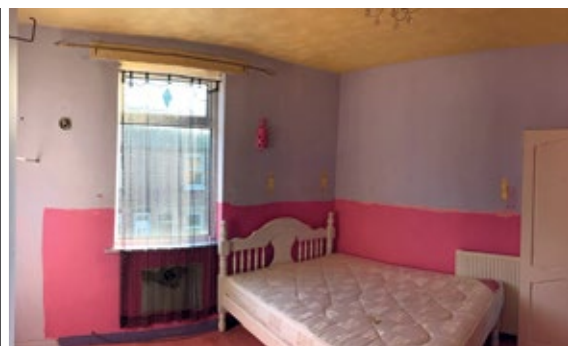
Through a combination of networking with like minded individuals and increasing his social presence with updates on Facebook, Tom found an overseas buyer. The property was sold completely tenanted and with management in place, so the new owner will have cash flow from day one of acquisition.

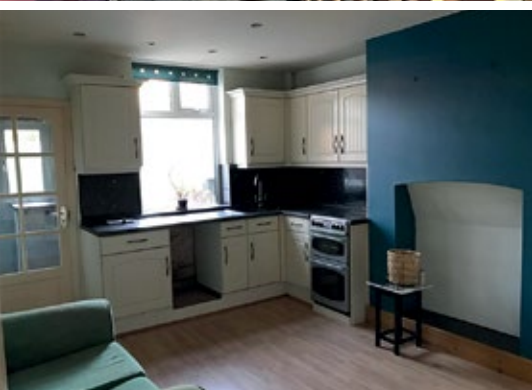
He's looking forward to replicating this project and moving on from his previous repetitive model. Despite being young and making a large chunk of cash – many 23 year olds would be looking at how best to splurge – Tom has a different outlook: *"I don't see it as my money. I see it as the company's money, and it just needs to pay me a small salary that can cover my bills and living standards. The rest is to reinvest and grow."*

CLIFTON AVENUE, ROTHERHAM

TERRACED HOUSE

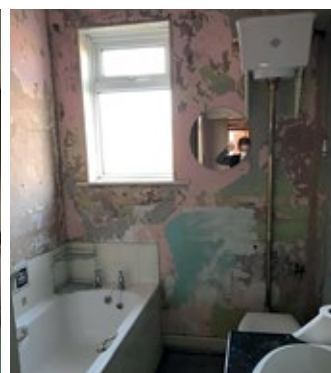
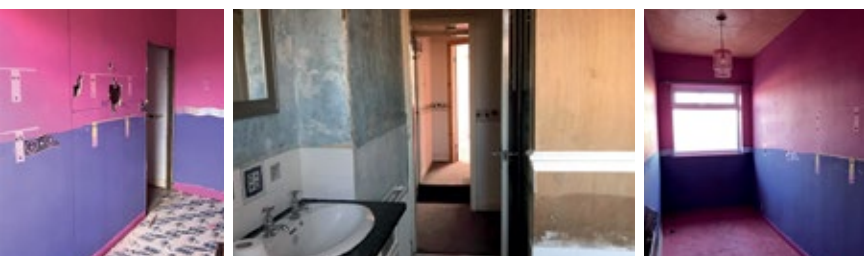
Strategy	Initially the idea was to refurb it to a nice standard and rent it to a family pulling all the investment out on a BRR strategy. However after seeing a growing demand from overseas investors for turnkey multi-let/HMO products, it was decided to turn it into a 4 bed multi-let and sell it based on a 15.6% yield.
Purchase price / Acquisition cost	Purchase: £46,000 SDLT: £1,380 Legals: £750
Open market value:	Initially on at £75,000, then reduced to £60,000, offered £46,000 and accepted.
Purchase/Acquisition costs, inc legals, etc:	ALL IN: £48,130
Funding method:	Cash Purchase
Total money in:	£48,130
Personal money in:	£48,130





A very real challenge when working in property, that many of us can relate to, is not running out of money. Tom overcame this by borrowing money from investors on set returns and leveraging against other properties. He acknowledges that it's not as difficult when working in the north of the country; property is much cheaper than in the south. Along with using investors, he used some of his own money and borrowed from family. He prefers using loan-type investments as opposed to equity-type investments as this allows him to have full control over the finances of each property.

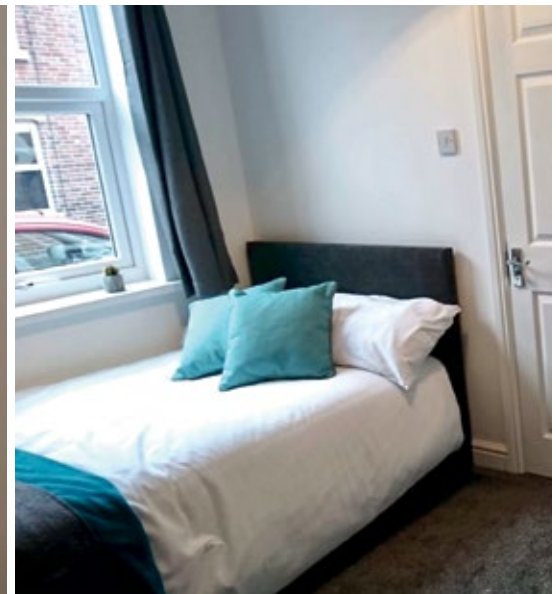
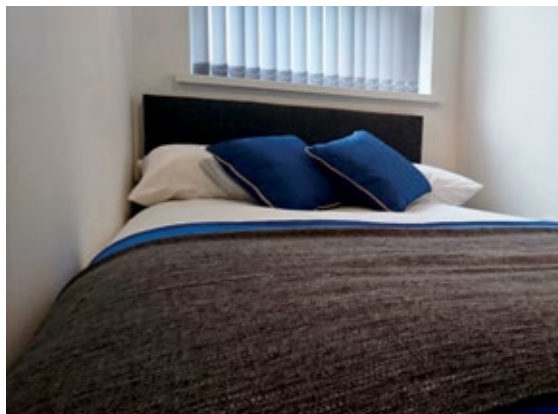
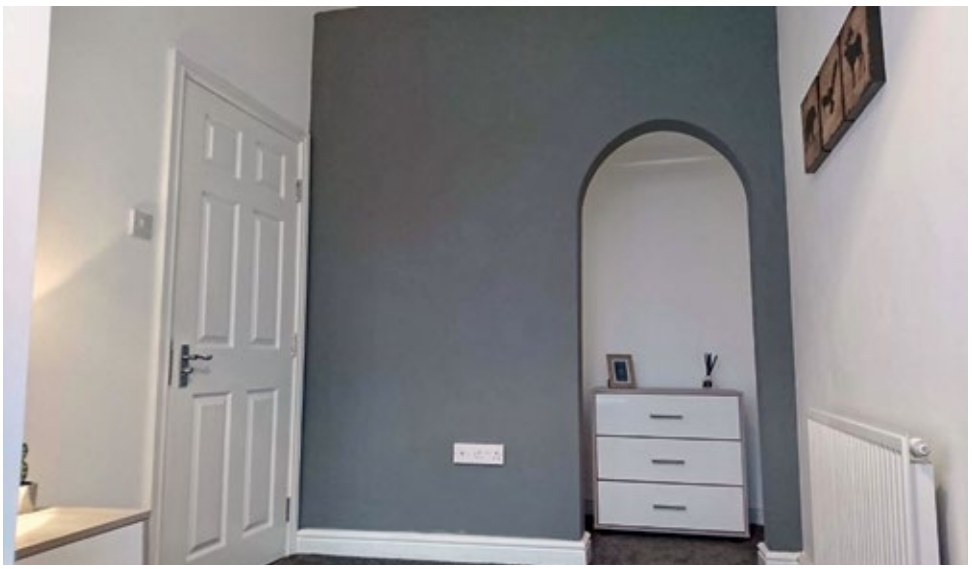
Overall, Tom reckons the project went well, despite going over schedule. The main lesson he takes away from this project is to organise the trades better in future. Projects are more likely to run smoothly by making sure that each trade knows exactly what they need to do, on what date, and using technology to keep in touch with each other, eg WhatsApp groups.

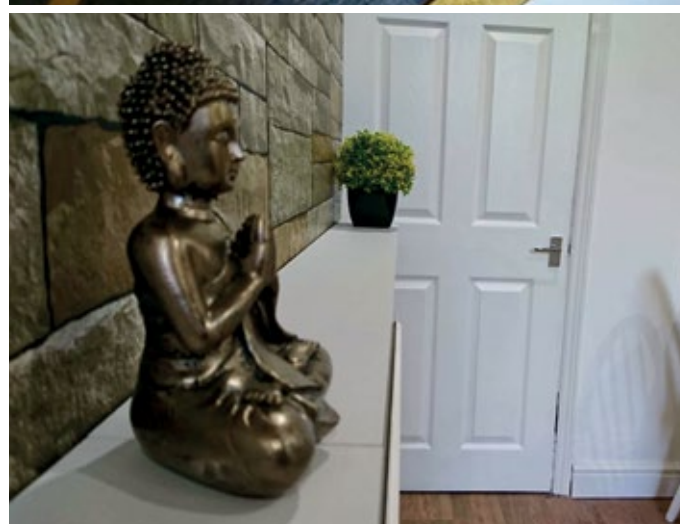
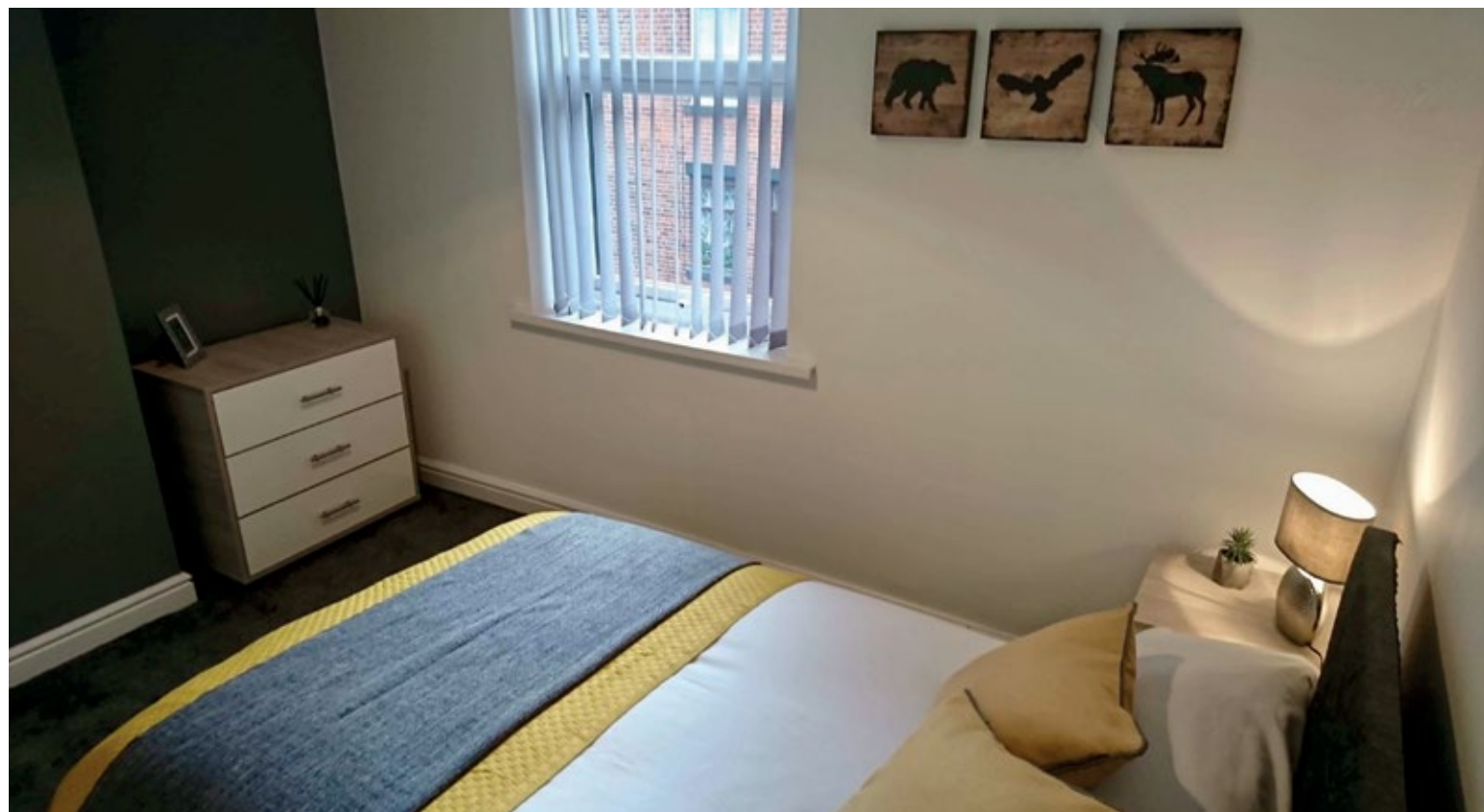


COST OF WORKS



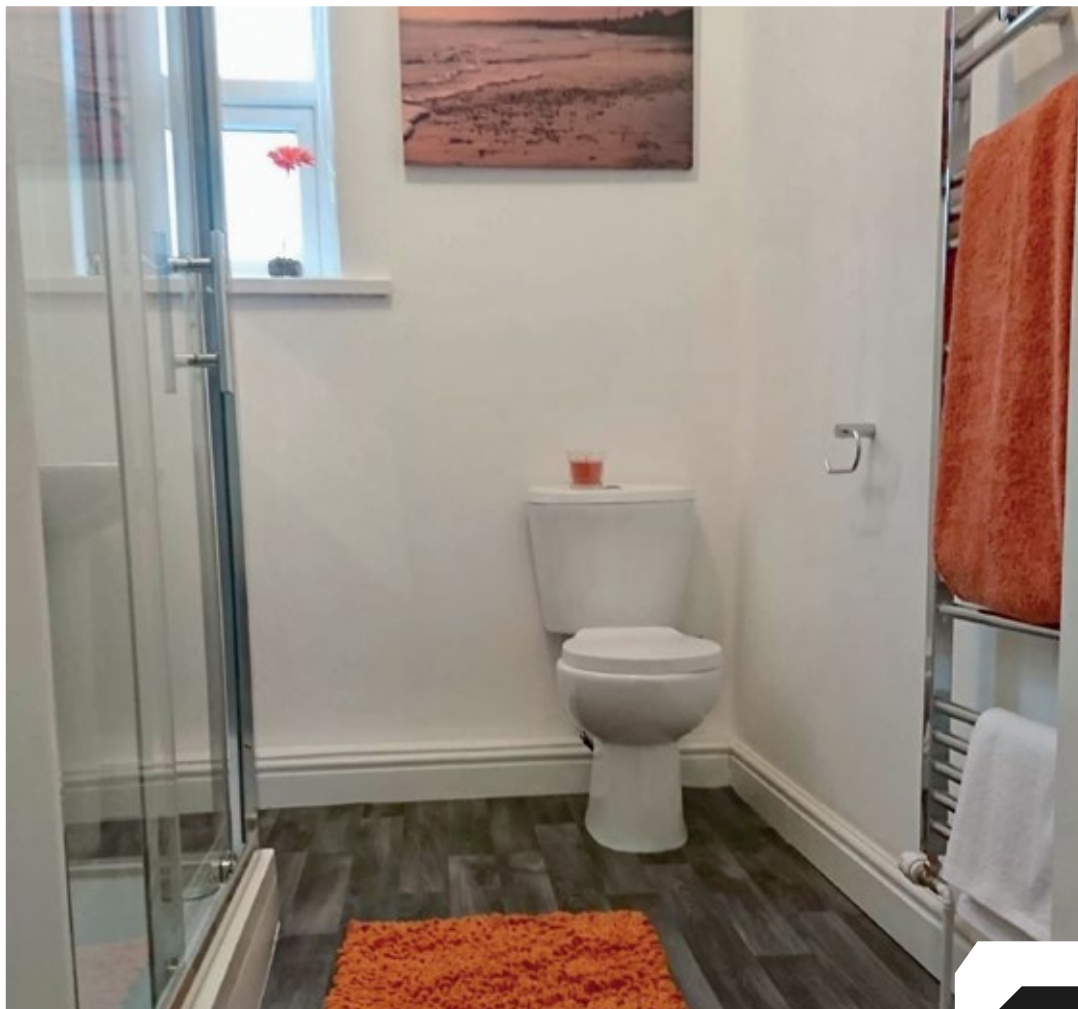
Duration of project:	FAR TOO LONG!! Due to awaiting finance from remortgages to continue with the refurb. In total from start to finish around 4/5 months. It should have been complete within 3 months max.
Skips:	£400
Site prep and demolition:	I did this as I thoroughly enjoy the 'rip out' stage
Doors:	£300
Windows:	£1,100
Plumbing:	£2,100
Electrics:	£3,100
Flooring:	£1,100
Decoration:	£1,500
Kitchen – units, taps, worktops, etc:	£1,550
Kitchen appliances:	£250
Bathroom – showers, sinks, toilets, taps, etc:	£650
Floor & wall tiles:	£25 (from an end of line tile warehouse)
TV & WiFi:	£160
Externals:	£7
Key system:	£55
External lighting:	Already installed
Blinds / curtains:	£125
Beds:	(included in furniture price)
Furniture:	£2,800
Total costs:	£15,222
Sale price:	£102,000
Profit:	£38,648





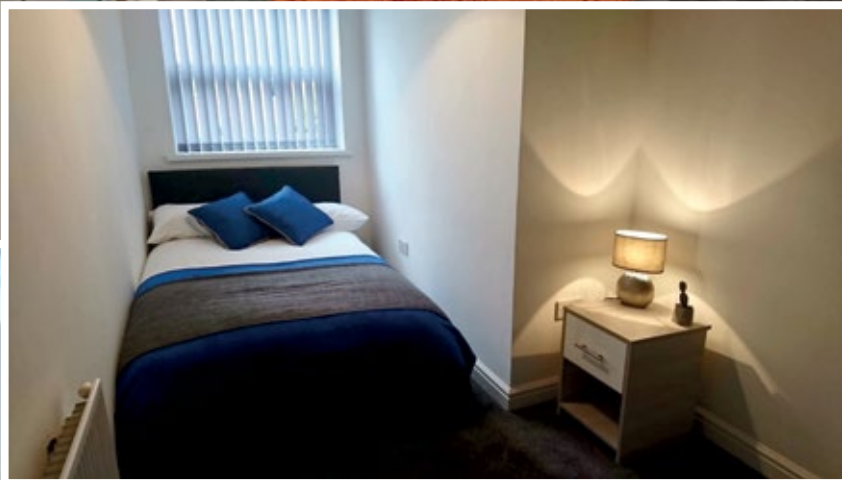
AFTER





Tom is hugely enthusiastic about his life and work in property. He has the luxury of time to be able to decide what he would like to work towards in the future. He's set his heart on new-build developments. At his local golf club, he met some developers who were kind enough to talk him through their projects and numbers. With the increasing population, new homes are more than welcome, whereas the new regulations on private landlords are beginning to hinder his future portfolio. *"I just think new-build developments are the future,"* he explains. *"[Developers] are the good guys in the eyes of the government"*.

He aims to keep going with the turnkey HMOs to generate the cash needed to push into the development industry by the age of 25, in two years' time. What Tom has achieved in a short space of time, when so young, is massively inspiring to all investors, old and new.



GET IN TOUCH

Facebook: **Tom Henderson**

Email: **tom@sy-invest.co.uk**

**CLICK HERE TO
LISTEN TO THE
FULL INTERVIEW**

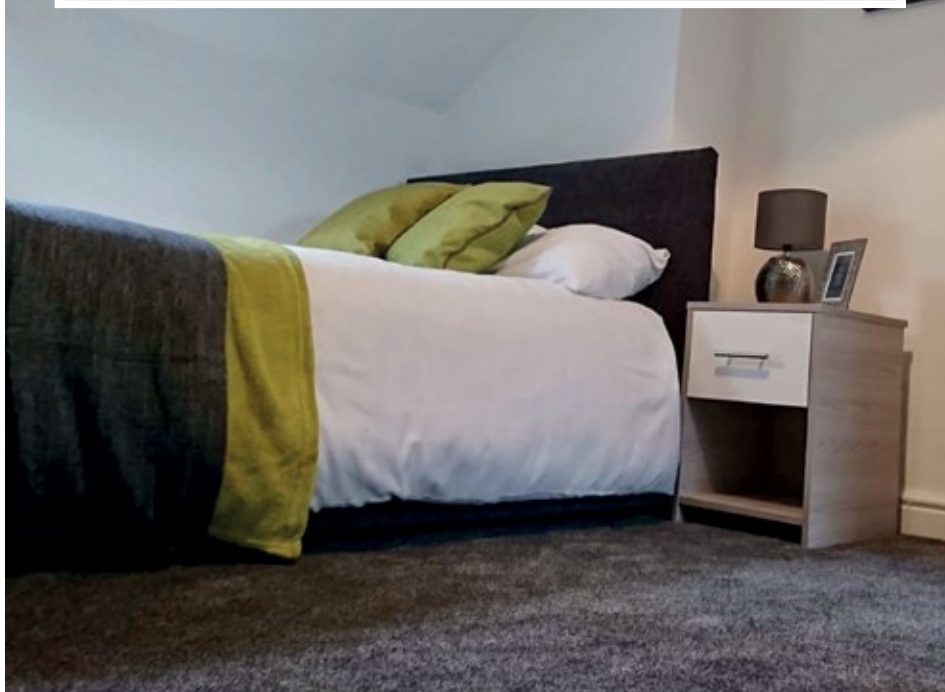


YPN SAYS

This case study is a lesson to both new and veteran investors that you can achieve a high standard of finish without throwing money at the problem. Being smart with your pounds and shopping around will get more bang for your buck, thus increasing your profit margin. Although this case study was based in Yorkshire, the same principles can be applied when investing anywhere in the country. Avoiding large chains like B&Q will not only save you cash but also contribute to the local economy by supporting small local businesses.



If you have an interesting or unusual project that you'd like to be featured in Your Property Projects, then drop me an email at **angharad@yourpropertynetwork.co.uk**



HOW TO BE AN ETHICAL PROPERTY SOURCER

It's not uncommon to attend a property event and be told that it's possible to make thousands of pounds per month sourcing deals for other investors. While that's true, it's important to know the other implications of running a sourcing business. We've been chatting to Tina Walsh to understand the not-so-sexy part of the industry: the ins and outs of how to make your business compliant and to implement and understand the rules and regulations of the trade.

SOURCING EXPERIENCE

YPN: How did you start sourcing properties?

Tina: My husband and I invested in property before the crash in 2007, and subsequently got stung heavily. Although we still loved the property sector, we were nervous about personal investment. I got chatting to a mentor and he suggested sourcing deals.

The initial 12 months were spent networking and connecting with investors based in the south, who were interested in generating better returns investing in the north. I also took this time to set up the business compliantly and legally, and to ensure that I had the correct forms, contracts, T&Cs, policies, procedures and processes in place to make it as easy as possible. I like to make sure that all the 'I's are dotted and the 'T's are crossed.

We usually always source directly for the investor rather than find a deal and send it to a list of investors.

YPN: Is there a particular type of property that your investors are looking for?

Tina: When we first started out, people were looking for the bread-and-butter buy-to-let. We could pick them up in East Lancashire for between £35,000 and £50,000. The returns could be up to 17% – much better than they were getting in the south. We've now spread our wings into other strategies, sourcing anything from a one-bed flat to a 40-acre development site. Over the six years we've been operating, I've had to learn about the different strategies that investors come to us with – it's important that as a company, we are able to understand whether what they're looking for will work in our areas or not.

“We've now spread our wings into other strategies, sourcing anything from a one-bed flat to a 40-acre development site.”

YPN: How long do you work with an investor before you have properties to present to them?

Tina: It depends entirely on the investor and how quickly they learn to trust us. As we've become more experienced, our registration process is now very streamlined and more information is provided to them upfront. We don't have to advertise anymore, as most of our clients come via word of mouth. If we are recommended by a client who has previously used our services, it means there is often already partial trust. However, in the beginning, it took us a while to build trust with a new client. The first property was always the most difficult – but after that they begin to trust our judgement. Investors may well visit the first property sourced, but they then often accept the information for future deals in our presentations and move to purchase, often without viewing.

YPN: In your experience, are people looking for a sensible but solid return, or are they looking for something risky?

Tina: It varies hugely from investor to investor. Even the way they evaluate a property can differ. We always ask how they do their calculations, so when we evaluate a deal, it's to their criteria, and not ours.

CLIENT DUE DILIGENCE

YPN: What kind of due diligence do you do on a potential investor?

Tina: We have a client registration process, which includes due diligence sections on

Tina Walsh



both identification and funds. After an expression of interest in our services we usually follow up with a chat over phone or via Skype. We'll ask why they got into investing, their experience, why they want to use our service, and find out what their short, medium and long term goals are. It's a matter of sitting down and listening to what they want the properties to do for them, and then asking further questions about any other areas they've looked at, how much cash they have to invest, and how they're going to finance it further.

If they're just starting out, we may well signpost them to various experts who can assess their personal situation. We may put them in touch with an independent finance broker and accountant who can advise them as to what options they have for re-financing a project and the structure for purchasing and holding their investment properties. It's at this point we will have a much better idea as to what finances may be available and what structure they'll be investing under.

At that point, if they're interested in coming on board, they complete our registration documents, including personal identification. We need to prove that they are who they say they are and that they live where they say they live. Financially, we look for proof that they have the funds and most importantly, proof of where those funds have come from.

This process gets rid of the people who aren't serious about investing. Most sourcers don't ask these questions and therefore won't know who their clients are. The investors who do work with us are very focused. They've been through our process, so we know they are serious and ready to work with us.

THE REGULATIONS

YPN: What do you need in place to become a sourcer?

Tina: First thing to do is to register with one of the three Government approved Property Ombudsman schemes:

- **The Property Ombudsman (TPO)**
- **Property Redress Scheme (PRS)**
- **Ombudsman Services: Property.**

There is an annual fee, and each has its own requirements for membership. It has recently been announced that the Ombudsman Services: Property will shortly be withdrawing from the sector. Legally, you must also register for data protection

with the Information Commissioner's Office (ICO), as well as register for money laundering supervision with HMRC.

A huge proportion of UK sourcers operate illegally.

YPN: What are the implications of not being legal and compliant?

Tina: Failing to register with these bodies can result in a fine of up to £5,000 each time you're caught. Breaches of regulations could land you with an unlimited fine or for serious breaches of Money Laundering Regulations you could go to prison for up to 14 years.

"The registration is just the tip of the iceberg. You must prove that you're following the regulations on a day-to-day and client-to-client basis"

YPN: Is there onerous administration that comes with being compliant?

Tina: The registration is just the tip of the iceberg. You must prove that you're following the regulations on a day-to-day and client-to-client basis. Whether data protection or money laundering, you must have policies and procedures in place. You should also have a system that proves that you are leading clients through a due diligence process covering all aspects required to be compliant. Once they're in place, it's a matter of monitoring any changes in the regulations or processes and learning to work with it day-in day-out.

There have been a lot of changes in regulations recently and the new General Data Protection Regulations come into force in May 2018. We need to be aware of the changes and how they may affect how you deal with clients or operate in general.

YPN: Is it easy to learn about these regulations?

Tina: It wasn't accessible at all when I started out. I had to sit down and read the legislation. Since then guides for some of

2 Bed Mid-Terraced, BTL Property

CASE STUDY

Purchase Price:	£47,000
Refurbishment Cost:	£0
Survey:	£750
Legals:	£650
Searches:	£150
Projected Total Expenditure:	£48,550
Market Rent:	£425-£475pcm (2 Bed) £5,100 to £5,700
Yield:	10.5% – 11.7%
Estimated Market Value:	£55,000
Sourcing fee for this deal:	£3,000



the regulations have been created, which are written in plain English, such as those from the ICO and HMRC. You just need to know which legislation applies to you and your business. It took us a while to be fully compliant because I was learning as I went along.

YPN: Is there any difference between an estate agency and someone operating as a property sourcer?

Tina: Legally, a property sourcer is considered to be the same as an estate agent. The only difference is that an estate agent is contracted to the seller of the property and sourcers are often contracted to the investor, but we both broker deals between a seller and a buyer.

YPN: Why do you think that the depth of regulation isn't covered in property education?

Tina: It would be difficult for someone to quickly get a depth of knowledge of

legislation and regulation. As I was in the police force for many years, I find it quite easy to read and understand, but it may not be so for the majority of people. Most sourcing courses encourage registering with one of the ombudsman schemes, but it's equally (if not more) important to understand the implications and potential penalties that come with the day-to-day running of the business.

There are people out there who know that they aren't compliant and have zero intention of ever being so. It not only has ramifications for their business if they're caught, but also for the investors that they work with. If the sourcer isn't registered with an ombudsman and an investor is sold a poor deal, they have nowhere to go to make a complaint. They can't sue if there is no insurance. The only options are the small claims court, where the maximum claim is £10,000 (in England and Wales), or a private prosecution, which could become very expensive, very quickly.

2 Bed Mid-Terraced, BTL Property

CASE STUDY

Purchase Price:	£43,000
Refurbishment Cost:	£1,300
Survey:	£750
Legals:	£650
Searches:	£150
Projected Total Expenditure:	£45,850
Market Rent:	£425-£475pcm (2 Bed) £5,100 to £5,700
Yield:	10.5% – 11.74%
Estimated Market Value:	£55,000
Sourcing fee for this deal:	£3,000



IF YOU'RE NEW TO SOURCING ...

YPN: What is your top advice for new sourcers to stay on the right side of the law and run their business smoothly?

Tina: Make sure that you're registered with all of the legally required professional bodies. Download codes of practice and information from whichever redress scheme you join and implement them into your business. Search online for regulation guides for estate agents. If you fail to abide by their codes of practice, they can fine you or de-register you.

“There are people out there who know that they aren't compliant and have zero intention of ever being so”

Secondly, treat your sourcing as a business and behave professionally. As you move forward, you're more likely to have a business with longevity by doing so. If you treat it as a hobby, it will cost (and pay!) you like a hobby. Don't look at sourcing as a quick and easy way of making money. It's a professional business and perhaps if more people had this outlook, the overall view of sourcers would improve dramatically. My clients expect a professional service from me and I aim to provide it.

YPN: If you source a deal for a client and then something goes wrong (the boiler going, for example), what do you do?

Tina: When we create presentations for the investor, we take images and describe elements in a way that no estate agent ever would. We look at the condition of the boiler, roof structure, roofing tiles, any visible cracks, etc. If anything warrants a further look, we work with other professionals who can give advice. This ensures that before sending out any presentation, we have a good idea as to the cost of any refurbishment required.



INDUSTRY CHANGES AND TIGHTER CONTROLS

YPN: Do you see a change for your industry in the future?

Tina: The property sector has been hammered over the past 12-18 months. HMRC now have a specific branch focusing on the estate agency sector. They're doing spot checks for compliance and fines are being issued. I recently discovered that HMRC are funded by the money from fines issued and not by government. Money laundering supervision is certainly being tightened up. It is estimated that £100bn+ a year is laundered through the UK.

Many property sourcers believe that they're operating under the radar, but it wouldn't be that difficult for HMRC to trace property transactions using the land registry and work out who the agents were. They could even monitor property groups within Facebook for those who are advertising property deals or talking about recently sold deals.

YPN: You've written a book covering this. What was your motivation?

Tina: I was fed up of seeing how many property sourcers were non-compliant, operating illegally. I came to the conclusion that either they didn't know, or they did know but weren't sure what to do, or they had no intention of ever being compliant. My goal is to ensure that as many sourcers as possible are compliant, raising standards in our industry. In order to do that I need to raise awareness and knowledge. I've moved into training not only to educate sourcers but also to make investors aware of how to assess a

property sourcer for compliance before working with them. I have attached the 7 key questions that they need to ask at the end of this article to help them do just that.

"My goal is to ensure that as many sourcers as possible are compliant, raising standards in our industry"

7 SIMPLE QUESTIONS INVESTORS SHOULD ASK PROPERTY SOURCERS, BEFORE WORKING WITH THEM!

Q1. What is your company structure e.g. Sole Trader or Ltd Company etc.?

A. Check for Proof: If they are a limited business or partnership, their information will be registered on Companies House. Check the business's website, Facebook and/or LinkedIn pages.

Q2. Do you have any insurance?

A. They should have at least £100,000 Professional Indemnity Insurance. Ask to see a copy of their certificate: does it cover them for sourcing? If not, the insurer may not pay out for a claim.

Q3. Which Property Ombudsman Scheme are you a member of?

A. Any one of three Government approved schemes:

1. The Property Ombudsman (TPO) - <https://www.tpos.co.uk/find-a-member>
2. The Property Redress Scheme (PRS) <https://www.theprs.co.uk/consumer/members/>
3. Ombudsman Services: Property - <https://www.ombudsman-services.org/company-directory/property-rics>

Check the appropriate Register for their company name and/or registered number.

Q4. What is your Property Redress Scheme registered number?

A. If they are registered, they will have one.

Q5. Are you registered for Data Protection?

A. They should be registered with the Information Commissioners Office (ICO) – Search the ICO company register for proof of registration - <https://ico.org.uk/esdwebpages/search>

Q6. What is your Data Protection registration number?

A. If they are registered they will have a registered number.

Q7. Are you registered for Anti-Money Laundering supervision?

A. Search the registered company list on HMRC's site - <https://customs.hmrc.gov.uk/msbregister/checkTerms.do>

Finally, do not allow anyone to tell you that registration is not compulsory for a small number of deals. They should be fully compliant prior to brokering their first deal.

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

GET IN TOUCH

Website: www.getpropertycompliant.co.uk

Facebook Group: **Property Sourcing Compliance Support**

Email: tina@spsuk.co.uk

Phone: **01200 441802**

Click here to listen to more from Tina



CHOOSING THE RIGHT STRATEGY FOR YOU

By **Mark Lloyd**

I have written in previous articles about how important it is to establish the profile (avatar) of the type of customer (tenant) that you wish to rent to or sell to. I see too many investors focus on strategy first, without an inkling of the type of customer they want to offer their product to. Think like a business, however, and it's difficult to go wrong – customers come first!

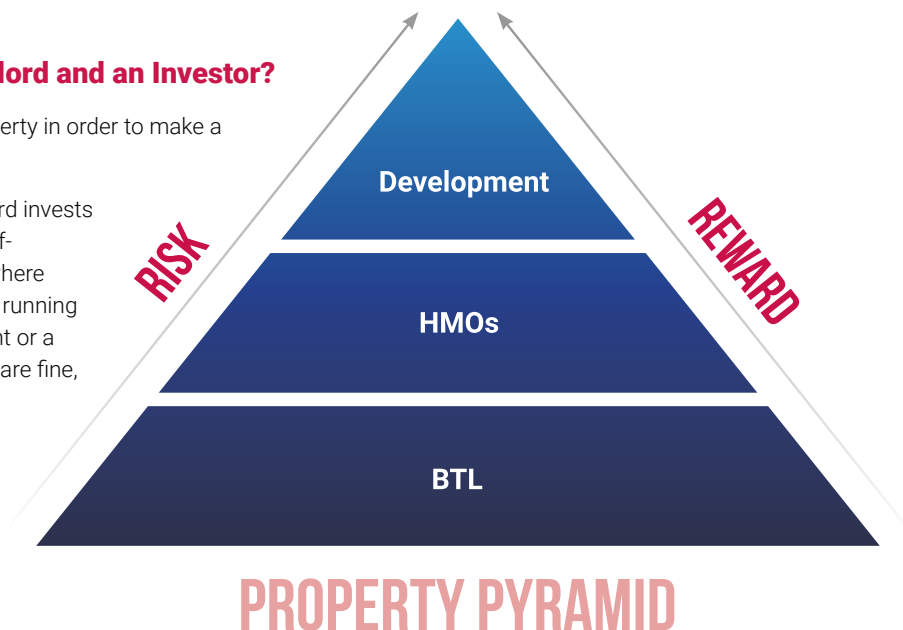
Here are a couple of questions for you to consider:

- **What is Property Investing?**
- **What is the difference between a Landlord and an Investor?**

Property Investing is the purchase or control of a property in order to make a return on capital employed (ROCE).

Are you a Landlord or an Investor? In general a Landlord invests locally, controls his/her properties themselves and self-manages them. A Property Investor could invest anywhere his/her market analysis dictates, and will delegate the running of their portfolio to a third party. This could be an agent or a directly employed person. Both Landlord and Investor are fine, but which do you want to be?

Once you have decided where you sit and the type of customer you want to deal with, then it is time to consider a strategy. So here is a list (not fully inclusive) of some of the more well known strategies. Take a look at the schematic to the right, where I have given three different strategies to highlight risk vs reward:



You can see that risk often reflects lenders' attitudes to lending. **Low risk** items are relatively easy to get lending for; **medium risk** not as straightforward; and **high risk** harder to get lending.

Let's take a brief look at some of the strategies ...

MEDIUM TO LONG TERM (OWN)

BUY-TO-LET. The bread and butter of property investment. Buy a property and let it out to one customer (individual or family).

Good for first time and 'armchair' investors. Set up correctly, needs little managing, but if you fall into the investor category then you should consider an agent or equivalent arrangement – the last thing you want is to be woken up in the early hours with a maintenance issue!

MULTI-LET. Also known as HMO. Letting out rooms can make considerably more money than single buy-to-lets. However with extra income comes more risk. HMOs take more time to manage and are increasingly more regulated. Many HMOs require local council licences. In some areas you need planning permission to convert a house into an HMO (Article 4).



Good for maximising income, but higher risk and consumes time. You need to know what you are doing and to be successful, customer profiling is essential in my view.

You will also need good management and if you are using an agent, select carefully.

HMOs are about building a community of people who enjoy living together. The more attention you pay to creating a community, the longer your customers will stay.

Not for the amateur.

MEDIUM TO LONG TERM (CONTROL WITHOUT OWNING)

LEASE OPTIONS (ALSO KNOWN AS PURCHASE OPTIONS). The property owner enters into a formal agreement with you, giving you the right (but not the obligation) to buy the property over a particular timeframe (months/years) at a particular price (the option). You pay an agreed amount each year (the lease). There will be an option fee payable up front, which can be as little as £1. You can invoke the purchase option of the property (ie, buy it) at any time during the option period at the agreed price, and you can rent out the property during the intervening period.

The key here is that you control the property for little money. A useful strategy when you cannot buy a property at a discount but the seller wants to move on. Wait for a few years for property prices to rise, buy the property at the agreed price

(and make a profit) – or potentially sell on to a tenant buyer.

Good for investors with little funds.
Use specialist solicitors.

RENT-TO-RENT (HMO MODEL). Rent a property, committing to one or more years and paying a discounted single occupancy rate. Convert the property into an HMO and rent out rooms. The landlord will need lender's consent to do this – and that may not be likely. Best to focus on existing HMOs or properties that are unencumbered.

Good for investors with little capital, to produce good cash flow. Need to understand HMO risks and build good negotiation skills.

Can take time and effort to find the right deals and is more hands-on.

RENT-TO-RENT (SERVICED APARTMENTS MODEL). Rent a one- or two-bed flat, then rent it out by the night. Good for investors with little capital, but can be very labour intensive until volume is reached. Again lender consent may be needed (and possibly planning consent).



SHORT TERM

FLIPS (BUY-TO-SELL). Buy a property, renovate and sell on. Key is speed of turnaround. You make a profit when you buy at a discount that is greater than your renovation and legal costs. In a rising market where it is difficult to buy at a discount, the skill is to identify areas where properties done up well will sell at a premium.

Good for building capital.

LAND ASSEMBLY. Controlling land without owning it, getting planning and selling for profit.

Good for building capital.
Low capital input.

DEVELOPMENT. Buying a property and adding value which is more than just renovation. It may involve:

- Extending without planning
- Getting planning for change of use
- Getting planning to extend or convert to flats
- Green/brown field planning to build new

Good for building capital. Not for new investors!

TRADING. Buy property and resell it with little or no work done to it. Not for the faint-hearted!

SOURCING. Find people who wish to sell their property and match with a buyer. There has been a growth in these 'off market' property deals (sold not through estate agents). The sourcer gets a fee when the deal is completed.

Good for professionals with limited cash who can focus on a particular area, find deals and have access to the network to be able to find buyers. Please note that in order to be compliant, you should have the following in place (see this month's article on *How to be a professional property sourcer* for more information on this):

- Membership of a redress scheme
- PI Insurance
- Register with HMRC for anti-money laundering
- Register with Data Protection Registrar

Low start-up costs.

COMMERCIAL. Similar to the buy-to-let model but for commercial tenants. The main difference is that commercial tenancies are longer and the tenants are responsible for maintenance and insurance.

Considered by some to be higher risk.

These are the main strategies – but there are many others!

Which strategy is right for you? This depends on:

- Are you looking for income or capital growth?
- How active an investor do you want to be (how much time do you have)?
- How hands-on do you want to be (landlord vs investor)?
- How much money do you have access to (yours or others)?
- What is your risk profile – and what do you enjoy?
- What are your key strengths and skills?
- What is your location?
- What are your property goals (how much do you want to make and over what period of time)?

NOTE: When you have chosen a strategy, stick at it for at least a year. Many people change strategy each month and wonder why they aren't succeeding!!

This is just a brief synopsis of some of the more popular strategies, it certainly does not cover all of them.

Mark Lloyd is co-founder of Property Mastery Academy and one of the main mentors behind their award-winning Mentorship Programme:

www.propertymasteryacademy.co.uk

Mark is running his Property Foundations Course on **16/17/18 March** at Heathrow where we go into more detail on these strategies (and more). For more details and to book go to: <https://goo.gl/nAQPEX>



MARK LLOYD

PROPERTY STRATEGIES FOR 2018



By **Arsh Ellahi**

Hi Arsh,

I've started off 2018 really well and now I am looking at which strategies you would consider as good options for the coming year.

Mr Satterwaite, Doncaster

Thank you for getting in touch, Mr Satterwaite. I am delighted 2018 is treating you well, it has certainly been a busy start for me too.

I too have this dilemma where I don't struggle as such but continuously question myself about the best strategy to employ going forward. Should I continue with just one strategy – or look at them all and not miss out on any of the opportunities?

Firstly, for readers who are not au fait with the strategies, here is a quick guide to the ins and outs.

STRATEGY 1 HMO (LONG TERM)

Pros: Good cash flow

Cons: Having to deal with several tenants in a single property

For me, HMOs are still one of the most consistent methods of creating sustainable income. As with everything, this strategy has its pros and cons but in its simplest form, it is a cash cow. Take for instance my 23-bedroom HMO in the West Midlands. This property generates in excess of £100,000 rental income pa. How many single lets would I need in order to create that same amount? In the West Midlands the average rental income for a single let is £500pcm, therefore I would need approximately 16 properties to make anywhere near that revenue. It doesn't take a rocket scientist or property guru to realise that HMOs are still an effective property strategy

However, it's not all rainbows and butterflies with HMOs; they have their sticky points. For instance, they can be time-intensive to manage and dealing with a large group of people under a single roof carries its own issues. Be prepared to act as a social worker/referee!

STRATEGY 2 RENT-TO-RENT (SHORT-MEDIUM TERM)

Pros: Allows you to scale very quickly

Cons: Having to deal with multiple HMOs and many tenants

Ultimately, rent-to-rent is a fantastic strategy that allows an investor to get involved in property with little or no capital. This is where an investor rents a property from the original owner and then turns the property into a HMO, simply controlling the property for a defined period of time.

Personally, I utilise this strategy as a cash cow approach ... let me explain why. I acquire properties on a R2R basis generally on a seven-year term, and within my business I retain any profits in a completely separate account. Throughout the year, this account accumulates a significant amount of money, which I then use to pay off mortgage debt on my existing property portfolio. I currently have 38 properties that I do not own but that I ultimately control, and on average each of these properties generates circa £800 pcm (which is the average a R2R should be cash flowing to make it worthwhile).



STRATEGY 3 DEAL SOURCING (SHORT TERM)

- Pros:** Monetise every lead
- Cons:** Some deals fall over, but that's life

Over the past few months, I have mentioned in several YPN articles that I believe deal sourcing is **THE** ultimate property strategy. Simply learning how to source a deal gives any property investor a head start in acquiring or controlling a property. When a lead comes your way, you can decide whether you want to keep it or, if it does not fit your portfolio or budget, package it up and sell it on. Thus allowing you to monetise every single lead that lands on your desk.

When you source the lead yourself and are in direct contact with the owner, it allows you to find the owner's **PAIN** and **MOTIVATION** for selling. As a deal sourcer, ultimately you are a problem solver. Potentially you might be able to find another way of acquiring the property without having to purchase it, especially in scenarios where the property is in negative equity. There have been many occasions where I have gone in to purchase the property, but as a result of simply listening to the owner and understanding his or her circumstances, I have been able to create a better solution for that individual, perhaps by creating a rent-to-rent or lease option deal from it, resulting in a win-win for all involved.

STRATEGY 4 BLOCKS OF FLATS (MEDIUM-LONG TERM)

- Pros:** Multiple exits available
- Cons:** Can be expensive to acquire

This is a strategy that I took a keen interest in 2017. The reason why I decided to purchase blocks of flats instead of HMOs was purely because I like the thought of multiple exits, and that flexibility allowed me to pull out all of my money on pretty much every deal.

As HMOs started to become harder to finance, I decided to look at other property types, and it seemed a natural progression that blocks of flats were the way to go. In 2017, I purchased three blocks of apartments, 50 flats in total, from retiring portfolio landlords.

In addition, I found that the lenders I approached liked the thought of lending on a whole block of apartments, especially as I also owned the freehold, as I could potentially:

- **Split the title of the flats to create individual leasehold units and then either:**
 - Refinance against each title, or
 - Sell each flat

Ultimately, an added bonus was I could create my own "monopoly" within the area, as these were the only block of flats within half a mile so I was potentially able to set the precedence of the price for this type of rental unit.

STRATEGY 5 COMMERCIAL TO RESIDENTIAL CONVERSIONS (MEDIUM-LONG TERM)

- Pros:** Can allow you to sidestep the planning process
- Cons:** Ties up cash for quite some time, which can limit other opportunities

Again, I am a big fan of this strategy. There are thousands of abandoned / unused / beaten up commercial buildings all around the UK. What I really find fascinating about this strategy is that the companies / vendors who own these properties are often also a little more commercially minded, which can allow you to become a little more creative when it comes to acquisition of the property.

For example, acquisition methods among others could include:

- **Leasing the property initially for a period whilst works commence**
- **Leasing the property or entering into a lock-out agreement to allow you time to apply for and gain planning permission during the purchase process**
- **Potentially entering into a JV partnership with the owner**
- **Exchange and delayed completions**

Ultimately, one of the biggest benefits of this strategy is the easement of planning. Gone are the days of long planning applications, and property developers / investors across the UK welcome the Prior Notification Procedure. Of course, there are certain restrictions where some properties still require a full planning application. Therefore, I would certainly suggest that you check with your local authority before you embark on this journey.

So there we have it, folks! I have outlined five of the main property strategies, which I believe are the finest and most sustainable property strategies, which (in my view) all property investors should consider and have a tool within their toolbox.

There is a real mix of short, medium and long term strategies within this list, and also strategies that require no or little capital to get started, ranging right up to developments that would demand a lot of capital outlay.

Whatever your experience, there is certainly something for everyone. My advice would be not to get stuck and end up as a 'One Trick Pony'. Explore as many strategies as possible and see which best fits with you and your personality. Most importantly, **ENJOY IT**.

As always, you can connect with me on my social feeds by finding me on:

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Finally, to get access to all my updates and whereabouts, please sign up to my weekly newsletter at www.arshellahi.com

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



YOUR HOME IS NOT A REALISABLE INVESTMENT ... BUT IT CAN BE!

By **Richard Brown**, aka 'The Property Voice'

Robert Kiyosaki, author of *Rich Dad, Poor Dad*, says that your home is not an investment because it does not put money into your pocket each month. OK, so straight off the bat, house price growth will probably mean that you make a capital gain on your home eventually, so that does appear to scupper the argument.

However, when you do take into consideration the *'total cost of ownership'*, the after-inflation returns, always having to dip into your pocket, along with the fact that we will always need a place to live, you can see where Robert Kiyosaki was coming from.

Let's look at an example. I buy a property for £200,000. There's a 10% deposit and some additional entry costs of around 3%, so £26,000 in up-front cash. With a 25-year repayment mortgage at 90% LTV and an average interest rate of 4%, my total mortgage repayments would be around £285,000. Unlike a rental property, there will be repairs and maintenance costs in owning our home. Let's assume 1% of the property purchase price per year for general upkeep, updating and modernisation as an average. That's another £50,000 to factor in.

This takes our total cost of ownership figure to around £361,000.

On the flip side, we should see some house price growth. Repeating the Nationwide average of 5.7% a year over the past 25 years, our £200,000 home becomes £829,000 for an impressive £458,000 capital gain.

However, there are a couple of traps to avoid here. Firstly, inflation erodes our money's purchasing power. RPI over the past three decades has averaged around 3.4%, reducing the effective purchasing power of our gain to around £196,000 in today's value. Still, that's a near doubling of our money, so not to be sniffed at. Secondly, we always need somewhere to live, so can we realistically access that capital gain instead of leaving it invested in our home?

I am sure there will be plenty of counter-arguments and fact-checkers to contradict this, but that misses the main point. If this potential near-doubling of capital value is achievable, then how can we perhaps improve it even further?

Here are three potential options, which can potentially improve on this *'home as an asset'* concept.

1. GENERATING AN INCOME FROM OUR HOME

If we can somehow generate an income from our home, we can set this aside and then invest this into additional assets to further compound our returns. I do know at least a couple of people who have had house-sharers stay with them, and then effectively had no household expenses at all as a result. Plus, there is more than one way to skin this cat. Besides renting out the spare bedroom, think of renting out other space at home, such as a garage or even the driveway. Plus, you don't have to take in a lodger as a permanent or full-time arrangement, with Airbnb-style short-term stays or Monday to Friday commuters being alternatives.

The average rent from a spare room at home will vary, but you can probably work on something like £350+ per month at current rates. That's at least £4,200 a year per bedroom. To add to this idea, if you need a two-bedroom property but decide to stretch to a three-bedroom instead, it might cost say an extra £50,000 on that £200,000



property. But, now you have an income-generating investment at £4,200+ per year on that spare bedroom, or a return of 8.4% with limited additional work, PLUS you now get capital appreciation on a £250,000 property instead of a £200,000 one. You can do the maths on that!

2. FORCING THE APPRECIATION ABOVE NATURAL HOUSE PRICE GROWTH

OK, so from a lifestyle point of view, taking in lodgers or renting out the garage or a driveway might sound like a headache. So, this one might work for you instead. If we just sit and wait, we might expect to see house prices rise naturally over time, which is a reasonable assumption to make. So, around 5.7% annual house price growth if the next couple of decades matches the last couple could be expected. However, if we also add incremental value to our home in a similar way to how we might look at an investment property, we should be able to beat that average at least in the short-term.

Refurbish, extend, convert or remodel to your heart's content and you should see an uplift in value above the 5.7% per year. Even with modest expectations we should see something like a 10% to 20% boost in value depending on the extent of improvements undertaken. Taking a mid-point of 15%, that's a £30,000 boost above and beyond natural house price growth. If you then see natural capital appreciation over the next 24 years after the home improvement project is complete, this will again compound. However, I do know some people who deliberately do this every couple of years; buying, improving, selling and repeating the process all over again. Do it every two years and that's approximate £15,000 a year in today's value straight into your back pocket.

3. TAX BENEFITS

Right, so some of you might be ready to have that conversation with your other half ... I know the one! *"You want to turn our home into a hotel or a building site?!"* Yes, I know how it goes ... but if you need a little bit of extra ammunition, there are also some neat potential tax breaks to your 'home as an investment project' that can boost the returns. (Remember to check out your own personal situation with your specialist property accountant though.)

- **If you rent out a room at home, the government will let you keep the first £7,500 per year tax-free. That's the equivalent of something like a £12,500 a year pay rise if you are a higher-rate taxpayer.**
- **If you stretch to the three-bed instead of the two-bed as per my example, you could expect that extra £50,000 to double in value over a 25-year mortgage, possibly more, and it would be a tax-free gain too, as all gains on your own home are free of tax, whilst it remains your home.**
- **This same tax-free capital gain would be similar with the added value option we looked at too. However, repeat this every couple of years and that £30,000 capital gain I outlined might turn into something like £15,000 a year tax-free ... or the equivalent of a £25,000 a year pay rise if you are a higher rate tax-payer.**
- **If you move out of your home, rent it out and then sell it at a profit, you get full relief against capital gains tax for the time you lived there plus the last 18 months of ownership under current rules. Then, you are entitled to a nifty tax break called Lettings Relief, which is worth up to £40,000. Additionally, you get a tax-free capital gain exemption at £11,300 per legal owner currently. Finally, you would pay capital gains tax on any remaining gain at 18% or 28% instead of income tax at 20%, 40% or even 45%.**

Robert Kiyosaki would no doubt approve of these suggestions that turn what he sees as a liability into an income-generating, profit-making, tax-efficient investment instead. I can already imagine those conversations around the dinner table! Home can be a home, but it also has the potential to be so much more. It's your choice whether you decide to 'monetise' your home, but I am persuaded of the upside potential if you do, that's for sure.



THE PROPERTY VOICE LISTENS... READER QUESTIONS

"What is the best way to measure my property investment returns?"

Forget yields and focus on the return on your cash investment instead! My favourite metric is Return on Investment (ROI), sometimes called Return on Capital Employed (ROCE).

ROI = Net rental income (after **ALL** costs and provisions, incl voids and maintenance) / total cash invested in the property.

If you then want to get real, you might also want to reflect average capital growth into your returns too.

You can also deduct tax from your net income to show ROI after tax.

An example of ROI from one of our Property Deal Tips:

Purchase price:	£85,000
Cash invested:	£29,150
Net rental profit per year after ALL costs and provisions but before tax:	£2,942
Capital appreciation assuming 3% house price growth:	£2,550
Combined income and capital returns per year before tax:	£5,492
Income ROI:	£2,942 / £29,150 or 10%
Total ROI including capital growth:	£5,492 / £29,150 or 19%

If you like the sound of that sort of return, then check out more like that here: www.thepropertyvoice.net/propertydealtips/

Until next time from The Property Voice, it's ciao ciao.

Richard Brown is the author of **"Property Investor Toolkit: A 7-Part Toolkit for Property Investment Success"**.



2 How to... REWIRE A HOUSE

TO REWIRE OR NOT TO REWIRE,
THAT IS THE QUESTION!

Rewiring a property can be costly, time consuming and an unwanted addition to your already expensive refurb. Read on to find out when and how to do a rewire.

Interview: **Jayne Owen** / Words: **Heidi Moment**

WHAT IS A COMPLETE REWIRE?

A rewire is when you completely take out all the old wiring and electrical fittings in a property and then install new wires, power sockets and light fittings throughout.

It sounds relatively straightforward, but can often mean you have to get to some cables that are buried in the plasterwork, or are snaking around underneath the floorboards, which may mean lifting up floorboards or cutting through plasterwork. Now, if you're doing a full refurbishment, that probably doesn't matter too much. But if you're not, what was once a simple light refurb becomes something much bigger and more expensive.

START WITH THE CONSUMER UNIT

The consumer unit, distribution unit or fuse board as it used to be known, is essentially the main control centre for a home's electrical supply. You can tell a lot about the quality of electrics in a house by looking at the consumer unit.

If you have a new metal consumer unit it is unlikely you'll need a full rewire, as an electrician has clearly done some work on this house in the last year or so, but you will still need to get an electrician to check it over and advise on any works needed and to provide a certificate. **Look for a sticker with the installers contact details on it, you can usually contact them to find out the history.**



“ If it's a modern consumer unit it's unlikely you'll need to rewire anything ”

LOOK AT THE FUSES

If it's an old consumer unit with rewirable fuses then you will definitely need to rewire the property.

The old rewirable fuses **do not comply** with the modern regulations, as it was easy to re-wire them with the wrong thickness of cable. These types of fuses haven't been available since the late 1970s so if you come across them, be aware they are 40 years old or more and will probably be in bad condition so will fail any modern testing.

From the late 80s onwards, we started using trip switches and we now put things onto more circuits, so we might have separate circuits for the outside lights or a garage, the lights at the front of the house, the back of the house, the power, the shower, the cooker. It might even have a doorbell separate. So you can very easily have six or seven of these switches all in a nice neat bank. A safety feature of the modern consumer units is the sensitive micro switches that trip if there is a problem. You'll probably know these from your own house.

HOW TO SPOT A REWIRABLE FUSE

If you look at the picture you will see the small board with only a few circuits protected by rewirable fuses which have coloured dots on them to denote the ampage of the circuit. The white plug-in trip switch is a later addition but remember that the wiring is still over 40 years old so even these don't make a unit suitable for modern use.



HOW TO SPOT AN OLD SYSTEM IF YOU CAN'T TELL FROM THE FUSEBOARD

Here are some telltale signs of old systems. If you have some of these, chances are you will need to rewire some, if not all, of the property.

- Light switch over the bed (it is very old-fashioned so you probably want to blank it off and put a new light switch in near the door)
- Bedroom light (pendant) closer to the window rather than the centre of the room
- Light switches and sockets mounted on the wall rather than recessed into the plaster
- Single sockets mounted on the skirting board.

RUN A TEST

Always start by getting an electrician to run a test. They may just flag up some points that aren't up to current regulations, or things may not be earthed properly, which can be easily fixed. Your electrician will recommend steps to take to make everything safe.

SAFETY

“ The most important thing to consider is - Have you got a safe system? ”

The electric industry is continually improving the regulations and safety of the installations they're putting in. So you may not have an installation that complies with the current regulations, but that doesn't necessarily mean you've got a problem.

If you are holding the property to rent out you will always need to get a safety certificate. The older the house, the more likely it is that you've got some kind of bodge DIY job that wouldn't pass any certification. Unless you are buying the property from a landlord who has had to have certification in the past, you should always expect that it doesn't have a safety certificate in place.

Once all the works have been done your electrician will test everything and provide a safety certificate.

COSTS

EXAMPLE

Full rewire 3-bed semi (South) = **£4,000 to £5,000** (a bit lower in the North). Includes ripping out old system, supplying and fitting new consumer unit, all wiring & providing a safety certificate.

EXTRAS: Allow £500 for the below items if they are not part of any other refurbishment works...

- **Plasterer to do some repairs**
- **New floorboards**
- **Decorator to repaint.**

ADDING MORE SOCKETS

If the house hasn't been modernised since the 40s, 50s, you will probably want more power sockets even if it has been rewired. There might be two single sockets there already, but nowadays we want four, five or six.

As a rough rule of thumb allow £50 for each extra socket that you need.

CONVERTING TO HMO

Houses are designed for a certain power consumption and they can deal with a domestic use. Once you start converting them into HMOs you're pulling in more power so you may need more electric circuits.

If you take a family house and convert the living room and dining room into two extra bedrooms and run it as an HMO, you won't need to make any material change to the use of the electrics.

The point where you start to have some challenges is if you want to add en-suites and you choose to put in electric showers. Electric kettles and electric showers draw an awful lot of current, so any more than two electric showers, and you're going to start to have a problem. If 3 or 4 people had their showers on at the same time and someone turned on the kettle and then turned on the washing machine, and then decided to do some ironing, you would be using the maximum power consumption, then things would blow because there isn't enough supply. The answer is to run the showers off the central heating system.

WHO DO YOU NEED?

Always get an electrician who is trained and accredited to install electrics to Part P and issue certificates by one of the trade bodies e.g. NICEIC, which is the largest.

On larger projects you will need these certificates for Building Control to sign off the works and even on smaller projects you will need them to sell or rent out the property.

GET ADVICE FOR YOUR PROJECTS

If in doubt always get your electrician to look over the job and advise what works need doing to make the electrics up to current regulations, this isn't a thing to be guessing!

REWIRING

the process

You need your electrician on site from day 1 to make the existing system safe

Remove old wires. Part of ripping out but once made safe by the electrician can be done by a labourer.

First fix electrics. Put new cables in. You'll know that this has been done when you see loads of cables sticking through walls and ceilings, with nothing on the end of them, or coiled up for later connections. This takes place before you plaster walls, and generally before you've got floors fixed properly.

The electrician will then go away, and you won't see him for a while whilst others are plastering, putting the floors down properly, fixing skirting boards and things like that.

Second fix. Put the consumer unit in. Put some of the fittings on the ends of the cables, sockets and light switches etc, (some electricians will remove them or put protective bags over them so that the walls can be painted without getting paint all over them).

Third fix. Or commissioning - when painting is finished. Put all of the face plates, electric plates and light switches on the wall.

Testing. Connect everything up, make sure everything's working and test to allow issue of the certificate.

CONTACT DETAILS

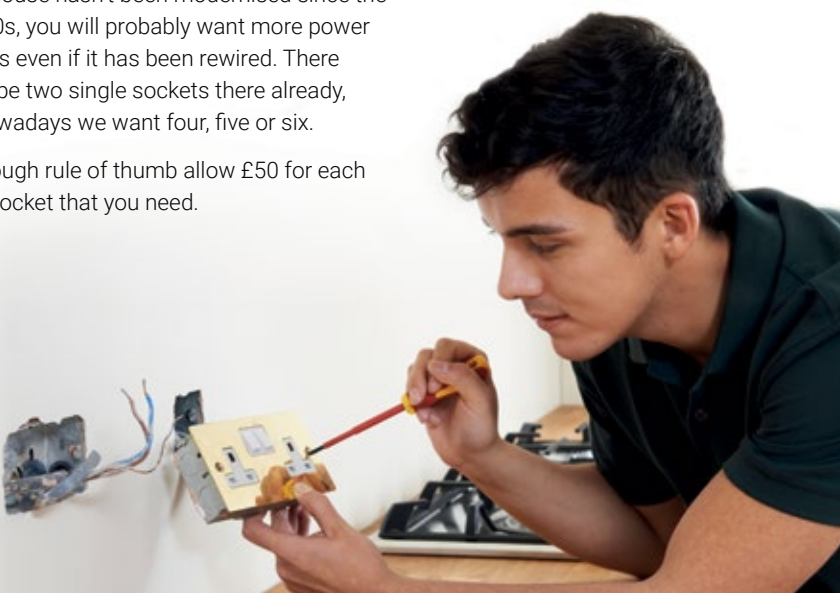
Contact Martin with any questions you have regarding refurbishments.

martin@refurbishmentmasterclass.co.uk
www.refurbishmentmasterclass.co.uk for full details of our mentoring and training courses
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THE 5 ESSENTIAL CONSIDERATIONS FOR HMO INVESTORS IN 2018!

By **Andy Graham** and **Nick Morris**

1 GOING DIGITAL



The technology and bright ideas are already out there, so why not use them to make running your HMO more economic? The current student and young professional population are the first generation to grow up with a fully functioning internet. They are used to solving problems with handy apps and furthering their own knowledge and studies through electronic resources, so why not digitise their property experience?

Many industries are struggling to make the leap from the offline world to the online. Banking for one, is making a painful and laborious step in a totally online experience. Property, and more specifically landlords, can do the same. Major changes will come with time as new tech companies set up offering bespoke tools, but for now it means that HMO investors can begin asking tenants for e-documents in place of their physical counterparts, and that's just one example of going digital. How often have you had to chase tenants for documents or signatures? Wouldn't it be great if it was all done automatically for you and nothing needed printing and tenants could do it all from their phone, instantly?

Have you thought about the migration away from the formality of email to WhatsApp or another group chat? This can make for a far more convenient relationship and save everybody a lot of time. Need to make sure you have all tenants' permission before visiting? Send a quick message and get a thumbs up emoticon back from your tenants to say, 'no problem'!

Tired of chasing bills, calling utility companies and descending into your dark, damp cellar to get an accurate meter reading? How about upgrading to a Smart Meter? Both you and the tenants can access a real-time display of gas and electricity consumption from your phone; it's a great way of gauging and justifying how much you charge tenants for their utilities, or just keeping an eye on consumption. Just imagine never having to brave those stairs and cobwebs below the ground again! And imagine, never, ever, having to call the utility company again!

Any 'competitive' HMO in 2018 should offer great internet capabilities now, and the reliance on the internet by students and young professionals should not be underestimated! Good, (super)fast and stable broadband is as important a consideration as size of rooms was five years ago. If you're offering an all-inclusive package, don't make the mistake of going for a cheap package with limited bandwidth. Last month one of my house groups devoured through 4TB (that's terabytes, or 4,000 gigabytes) of data and still complained about the speed of the internet! A download speed of av. 30 mbps (usually advertised as up to 50mbps) will suffice a student household of five. On the whole, internet subscription is becoming cheaper and, when included with rent, is a massive incentive, so don't scrimp on this otherwise you'll end up with a management headache.

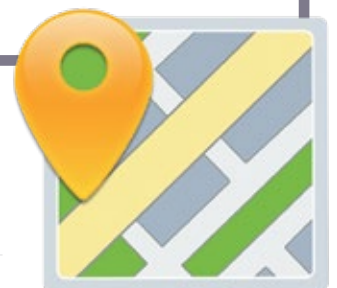
Second guessing and staying up-to-date with what your tenants want from their HMO is a never-ending task.

Fortunately, there are a flurry of surveys and reports published yearly that give us some statistical insight into the habits of students and young professional tenants. This month I'm sharing some of these ideas with you so you can put them to use in your own HMO. If you can get this right, building and letting your HMO portfolio in 2018 will be a breeze.

2 LOCATION, LOCATION, LOCATION

Students and young professionals tend to know the more popular neighbourhoods in your city already. The reason being, they are within 'walking distance' of the associated campuses they study at, or a short walk or bus journey to the big amenities like schools, hospitals and banks that they work at. They're also acutely aware of where their friends live and they don't want to be more than a stone's throw away (students especially) from one another. In any case, students tend not to be skipping to and from university and their homes during the day anymore, as courses become ever more demanding and on-campus facilities become increasingly diverse. Likewise, young professionals are by their very nature out of the house most days between 9-5 pm and so share a similar requirement for a place to come home to and 'chill'.

The ideal location for an HMO should also continue to tick off the essentials. Cheap pub, chippy, small supermarket, walking distance to shops and a lively neighbourhood. As investors, remember that your location is key and to protect your investment (cash) long term, you should carefully analyse and test the local market to make sure your target demographic is actually targeting the area you are buying in.



3 EVADING CONDENSATION AND DAMP

47% of students complained of 'damp' problems in the National Student Accommodation Survey. As landlords, you and I know they are usually referring to condensation and subsequent mould formation. Naturally, a proportion of investment property is of an older construction method lacking cavity and loft insulation, but let's also not discount tenant habits like hanging clothes out to dry in their rooms, turning fan isolator switches off and having long showers. Despite the stereotypes though, the majority of tenants tend to have good intentions to keep their property clean, and with a bit of guidance and some assistance from you, this issue can be evaded in most properties.

From an investor's perspective, it might be worth looking to see if you can incorporate a utility (or drying room) into your property, or at least including a tumble-drying facility in the kitchen, ideally with a big load capacity. Of course, ensuring your bathroom extractors operate on a timer or humidity sensor can help, and for some properties where this just isn't enough, a positive or negative air flow system like the Nuaire unit can make the problem disappear altogether. If you head to www.smartproperty.co.uk you can download a copy of 'A Tenants Guide to Condensation and Mould Growth'.

4 UNDERSTAND YOUR TENANT'S BUDGET

Let's first look at the student tenant ... why do greasy spoon cafés continue to survive the avocado brunch onslaught? It's simple really, and you can apply the same to your student property (no, really!). The cafés understand the sort of people who come to them and cater exclusively for their preferences and budgets. Dave, who was in the Pomona celebrating Man U's victory the night before, wants a no-nonsense hangover cure for a reasonable price. He's quite happy to pay £4.99 for average meat and bulk cooked eggs served as quickly as possible with minimal fuss. No mimosas here.

So too can understanding your tenant's budget greatly help the HMO investor. With the tuition fee hikes of recent years, student income is becoming squeezed. A whopping 77% of students rely on a student loan now, 7% up on last year. But why should student financial decision-making worry landlords? Can't they just get part-time jobs? Indeed, 69% do work part-time jobs in between terms, whilst a substantial and growing 40% work six-ten hours a week on minimum wage during term time – and 59% believe it negatively impacts their studies. That would explain why 73% of students told the Lifestyle Survey that they worry about their finances. A worried market means the provider must listen up, allay those fears and cater better services. An average maintenance loan would leave the student with £4,193 for the year or £465 pm for the nine months of term. With an average student room going for £320 pcm in Crookesmoor, that leaves £145 to pay bills, the food shopping and socialising. Indeed, students budget on average £10-£20 a week on social activities. It means value for money has never been



more important to students, and student landlords should not forget this.

With regard to the young professional tenant, for the first time they may have some disposable income in their pocket, but more than likely they have a plan to start saving for their first house. They also need to pay off some of their student loan and may have recently inherited other costs like car insurance for the first time. Needless to say, for the most part, they are still relatively 'skint'.

The key here is to recognise that value for money trumps all. Being sensitive to this will mean you don't end up with voids as you overprice rooms. Careful planning before you buy should help you determine the rent you can achieve. Going rates for example in Sheffield tend to be around the £100-£125 pw, with young professionals being able to stretch that bit further (but expecting more bang for their buck!). You can give yourself the edge by offering bills-included options that helps tenants budget better, and you could consider dropping the deposit by a couple of hundred quid (because £400 deposit + £400 for the first month's rent is a hefty amount to cough up for a young person).

5 CO-LIVING AMENITIES

So, we've confirmed that students and young professionals remain a poor bunch, caught in the squeeze of rising rental prices, higher fees and fewer financial benefits. Whilst many are given a cushioning loan from the 'Bank of Mum and Dad' which, incidentally, is the ninth biggest lender to Millennials, the fact remains that the average young tenant is poorer than they were five years ago. This means they still spend a lot time at home with their friends, so ensuring your kitchen/dining areas are 'communal', meaning there are plenty of sofas, space, seating and perching areas (like breakfast bars with stools), will help keep your property a top choice for years to come. If you want to push things to the very top level, you could think about adding some features that promote co-living such as WiFi music systems (like SONOS), pool tables, ping pong machines, juke boxes, movie rooms and why not even a hot tub! If the additional cost of these features means you need to charge £150 pw and you're buying in a blue-collar zone of the North East, you probably need to rethink whether prospective tenants will see the value and be able to afford it. If, however your property is in an affluent suburb, it'll probably work.



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MORTGAGE UPDATE

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

The BTL market has seen very few changes over the past month with only minor rate changes or criteria changes. A few lenders are starting to update the portfolio landlord forms as the new regulation takes effect, and hopefully we will see further changes to make these forms as user-friendly as possible.



HMOs AND MULTI-LETS

We receive a fair number of enquires for HMOs and also for unlicensed multi-let properties as investors look for increased cash flow from their properties. There are quite a few lenders that are active in this market, so this month I thought I would recap a few lending options and also look at a few of the new providers who have come into this market.

The greatest lending options are for HMOs/multi-lets that are valued at over £100,000, but lending can be more challenging for properties valued below this level.

Lending options for properties in excess of £100,000 valuation include the following ...



Precise Mortgages also have a full range of products available for multi-let/HMO properties that have up to eight bedrooms. They are a great option for investors who have existing BTL experience and are looking to either move into this area or refinance an existing property.

Key criteria for Precise Mortgages:

- Range of products available up to 80% loan to valuation/purchase price £100,000 minimum purchase price/valuation, or £250,000 in London
- Must be an existing landlord with a minimum of one BTL held and let for six months
- Lending available in personal names or limited company
- Up to eight bedrooms acceptable
- No minimum income – self-employed must have a one-year trading history, and for employed, three months in their current employment with 12 months' continuous employment
- Maximum of one kitchen in the property
- Lending available in England, Wales and Scotland (some postcode restrictions)

KentReliance

Kent Reliance have a full range of products available for multi-let/HMO properties that have up to eight bedrooms. As a lender, they are a great option for investors who are new to this specialist area and looking for a standard HMO to add to their portfolio. Properties must be set out as a standard house, and have a maximum of one kitchen together with a communal living area.

Key criteria for Kent Reliance:

- Range of products available up to 85% loan to valuation/purchase price
- £100,000 minimum purchase price if the loan to value = <75%, or a minimum loan of £100,000 if the loan to value is >75%
- Must be a residential homeowner or existing BTL landlord
- First time landlords maximum loan to value is 80%
- Lending available in personal names or limited company
- Up to eight bedrooms acceptable
- No minimum income – self-employed must have a two-year trading history, and for employed, three months in their current employment
- Lending available in England and Wales only

65% loan to value/purchase price

- **3.19%** 2 year fixed – 1.5% arrangement fee added
- **3.39%** 3 year fixed – 1.5% arrangement fee added
- **3.59%** 5 year fixed – 2% arrangement fee added

75% loan to value/purchase price

- **3.39%** 2 year fixed – 1.5% arrangement fee added
- **3.59%** 3 year fixed – 1.5% arrangement fee added
- **3.79%** 5 year fixed – 2% arrangement fee added

80% loan to value/purchase price

- **3.69%** 2 year fixed – 1.5% arrangement fee added
- **3.89%** 3 year fixed – 1.5% arrangement fee added
- **4.39%** 5 year fixed – 2% arrangement fee added

85% loan to value/purchase price

- **4.59%** 2 year fixed – 2.5% arrangement fee added
- **4.79%** 3 year fixed – 2.5% arrangement fee added
- **5.29%** 5 year fixed – 2.5% arrangement fee added

INTEREST RATES AVAILABLE

75% loan to value/purchase price

- **2.89%** 2 year fixed – 2% arrangement fee added
- **3.89%** 2 year fixed – no arrangement fee added
- **3.49%** 5 year fixed – 2% arrangement fee added

80% loan to value/purchase price

- **3.25%** 2 year fixed – 2% arrangement fee added
- **3.64%** 5 year fixed – 2% arrangement fee added

Precise are another good lending option for the investor who is looking to finance a simple HMO and enter this specialist market.



Paragon Mortgages is an established lender that has a full range of HMO products for experienced landlords who have a minimum of three years' experience. They will however consider the larger HMOs and properties that have a non-standard layout, such as multiple kitchens.

Key criteria for Paragon Mortgages:

- Range of products available up to 80% loan to valuation/purchase price
- £100,000 minimum purchase price/valuation for up to ten rooms
- £150,000 minimum purchase price/valuation for up to 20 rooms
- Must be an existing landlord with three years' lettings experience
- Lending available in personal names or limited company
- Minimum £25,000 provable income required
- Self-employed/company directors must have two years' trading history
- Employed applicants must be in permanent non-probationary employment

INTEREST RATES AVAILABLE

75% loan to value/purchase price

- **3.20%** 2 year fixed – 1% arrangement fee added
- **3.60%** 2 year fixed – no arrangement fee added
- **3.75%** 5 year fixed – 0.5% arrangement fee added

80% loan to value/purchase price

- **3.69%** 2 year fixed – 0.5% arrangement fee added
- **3.80%** 5 year fixed – 1% arrangement fee added

Paragon are a good lender for the experienced landlord who is looking to add a larger HMO to their portfolio or refinance an existing property.

These are a selection of the main lenders within this market, but please contact me to discuss your individual circumstances and I can recommend the best option that fits your needs.

SMALLER, NON-STANDARD HMOs

We then move to the market that can prove a little more challenging – the lower value, smaller HMOs that don't fit the standard BTL lenders' criteria on tenancies and type of property.

When you are looking to finance a HMO that is valued below £100,000, the finance options are more limited. Here are a few of the options available.



INTEREST RATES AVAILABLE

75% loan to value/purchase price

- **3.39%** 2 year fixed – 2% arrangement fee added
- **3.99%** 2 year fixed – £1,995 arrangement fee added
- **3.79%** 5 year fixed – 2% arrangement fee added



INTEREST RATES AVAILABLE

75% loan to value/purchase price

- **3.79%** 2 year fixed – 2% arrangement fee added
- **3.99%** 3 year fixed – 2% arrangement fee added
- **4.19%** 5 year fixed – 2% arrangement fee added

Keystone are another lender who will consider HMOs below £100,000 valuation, and provide a good option for the experienced landlord looking to finance an HMO.

We then move on to some of the specialist commercial lenders who will consider a HMO at this level as long as you have the relevant HMO experience of a similar size, let for 12 months.

As you can see, there are many options available when you are looking to finance an HMO and I would recommend speaking either to myself or your broker to discuss your individual circumstances.

Foundation Home Loans has a full range of products available for multi-let/HMO properties that have up to eight bedrooms. They require applicants to be experienced landlords with at least one BTL held and rented for six months.

Key criteria for Foundation Home Loans:

- Range of products available up to 75% loan to valuation/purchase price
- £75,000 minimum purchase price/valuation
- Must be an existing landlord with a minimum of one BTL held and let for six months
- Lending available in personal names or limited company
- Up to eight bedrooms acceptable
- No minimum income but income must be verified
- Lending available in England and Wales

Keystone Mortgages are a specialist lender who have a range of HMO products for the experienced landlord, and they will consider HMOs up to eight bedrooms.

Key criteria for Keystone Mortgages:

- Range of products available up to 75% loan to valuation/purchase price
- £75,000 minimum purchase price/valuation
- Must be an existing landlord with two properties owned for 18 months. This can be one residential property and one BTL
- Lending available in personal names or limited company
- Up to eight bedrooms acceptable
- No minimum income but income must be verified
- Lending available in England and Wales

LIMITED COMPANY MORTGAGE OVERVIEW

The Limited Company mortgage enquiries continue to increase, so here is an overview some of the single-let mortgages available for limited companies.

LENDER	LOAN-TO-VALUE	PRODUCT	FEES
Kent Reliance	80%	3.69% 2 year fixed	1.5% arrangement fee
Paragon	80%	3.49% 2 year fixed	0.5% arrangement fee
Paragon	75%	2.99% 2 year fixed	1% arrangement fee
Precise Mortgages	75%	2.89% 2 year fixed	2% arrangement fee
Precise Mortgages	75%	3.49% 5 year fixed	2% arrangement fee

As always, I am available to chat if you require any advice on a BTL or residential mortgage, or commercial, bridging or development finance.

I work with investors throughout the country with property investment opportunities, from those buying their very first BTL property to experienced landlords, so please give me a call or send me an email.

LANDLORDS: HOW TO AVOID A HMRC TAX ENQUIRY (INVESTIGATION)

By specialist property accountant **Stephen Fay FCA**



Most property investors are required to file an annual tax return with HMRC, to account for their personal income and pay tax on that income. As this system is on a 'self-assessment' basis, and there are over eight million personal tax returns filed each year, HMRC simply don't have the resources to check every tax return that is filed. Instead, HMRC look at a sample of tax returns each year – this used to be called an 'investigation', whereas more recently HMRC call this an 'Enquiry' (intended to sound less confrontational!).

This article looks at what a HMRC Enquiry is exactly, and how the risk of an Enquiry can be legitimately minimised.

HOW DOES A HMRC ENQUIRY ARISE, AND WHAT DOES IT INVOLVE?

HMRC will write to a taxpayer to inform them of the intention to check their tax return. Occasionally, this could be a simple 'aspect' Enquiry, where a small and specific part of the tax return is checked, or more usually a 'full' Enquiry, where the whole of the tax return is checked.

For a landlord, a 'full' Enquiry will usually require that the following information is provided:

- **Copy of tenancy agreements**
- **Copy of bank statements (business first, possibly personal also)**
- **Copy of mortgage statements, insurance and service charge bills, utility bills**
- **Copies of repairs invoices and receipts**
- **Details of assets and bank accounts that may not be included directly on a tax return**

It can therefore be a significant amount of work for a landlord with a reasonable sized portfolio to gather together the basic

information to respond to an Enquiry – and that is before HMRC then review the information and raise their questions. Most Enquiries are dealt with in around 12 months, though some can go on longer (our office record is almost three years!). So, 'prevention is better than cure' is the order of the day!

1. Basic compliance – file on time, pay on time

Number #1 on the list is very simple – file tax returns on time, and pay any tax due on time. Nobody likes dealing with their annual tax

return, and certainly nobody likes paying tax, but it's a simple fact of life for self-employed people, and the task doesn't get easier if left until the last minute. From our experience, there is a clear link between clients with a poor track record of tax compliance, and the incidence of a tax Enquiry.

HMRC's thinking with late-filers and late-payers is that the taxpayer may be so disorganised that perhaps their business records are also disorganised – so worthy of a check.

2. Review key income / expense ratios – ensure accounts are accurate

Despite often a large amount of data being collected when filing a personal tax return, HMRC often only see seven to eight numbers on the tax return itself (total rents, total mortgages, total repairs, etc). Therefore, a key way for HMRC to identify tax returns that might contain errors and mistakes is to look at the ratios between income and certain expense headings, such as:

- **REPAIRS: Ideally no more than 25%-30% of rental income**
- **MORTGAGE INTEREST: Ideally no more than 50% of rental income**
- **OTHER ALLOWABLE EXPENSES: Ideally no more than 10% of rental income**

The above are just our experience of having filed thousands of landlord tax returns over the past decade, and the 50-ish HMRC Enquiries we have dealt with. While there is no book or manual that HMRC publish which sets out 'acceptable' income: expense ratios, it isn't too difficult to spot the trends that tell us roughly the indicators that flag up a tax return for a potential Enquiry. The rationale for HMRC looking at tax returns with unusual ratios is that costs may be included



incorrectly, eg capital part of a mortgage payment, capital repair costs, sundry expenses that are personal costs etc.

3. Check accuracy of information

It is obviously important to file **accurate** information within a tax return – which means checking the information you supply to your accountant carefully to prevent any errors. Example of typical ‘accuracy errors’ are:

- **Pension, employment, dividends, interest figures wrongly provided (wrong figure, wrong year, wrong person even!)**
- **Rent and expenses figures provided inaccurately, eg adding an extra digit to a repair bill, simple copying errors when providing data, copying across previous year's mortgage payments even though rates change, remortgages, etc**

4. Check completeness of information

As with item #3, it is obviously important to file **complete** information within a tax return – which means checking the information you supply to your accountant carefully to ensure nothing is missing. Examples of typical ‘completeness errors’ are:

- **Properties sold but no CGT details provided**
- **Missing pension / PAYE / Child Benefit / interest received**
- **Missing rental properties, eg if acquired in the year**

A good accountant will do a general review of information provided by a client, to check for obviously wrong or missing information, and prompt the client to minimise the risk of inaccurate or incomplete information. However, there is only so much checking that an accountant can do, and HMRC consider that it is ultimately the taxpayer's responsibility to maintain good records.

5. Check year-on-year consistency

One of the checks that the HMRC computer is set up to look for is unusual trends in income and expenses on a year-on-year basis. While there is often a natural fluctuation from one year to another in a self-employed person's income, wild fluctuations in total income or certain expenses could be looked upon as worthy of review. So, within the bounds of what can be done legitimately, all things being equal it is preferable to have a consistent pattern of income over the years in order to avoid an Enquiry.

6. Make a ‘white space disclosure’ – if warranted

There are large blank white boxes dotted around the tax return itself, to allow for simple plain English explanations to be provided of any unusual or one-off items within the tax return. A good accountant will firstly know what kind of items are worthy of explanation, and then provide a suitable wording to enable HMRC to understand the item.

The HMRC computer is programmed to pick up certain anomalies or fluctuations in a filed tax return, but generally before a full Enquiry is launched an HMRC Officer will review the tax return manually, to look for any obvious explanations that has caused the computer to target the tax return; a plain English explanation of such an anomaly may be sufficient to head off the Enquiry before it begins.



7. Avoid amendments if possible

Once a tax return has been filed, try not to change the tax return unless there is a significant tax impact in doing so; eg avoid adding in trivial amounts of extra expenses once the original submission has been made.

In fact, the Chartered Institute of Taxation (CIOT) has a recommended threshold of £200 tax impact (as an isolated issue) before an amendment to a tax return is required (instead, the following year's tax return can be updated). HMRC tend to look more at amended tax returns because they feel there is an increased risk of error than in a return that didn't need to be amended.

8. Don't take the mickey

In a ‘self-assessment’ system, it is tempting to think that as no-one is ‘watching’, then any old figures can be filed, without any consequences. Although the UK tax code is very substantial, in the real world HMRC do recognise that estimates and judgements

have to be made, however these should always be of a ‘reasonable’ nature, which a good accountant can advise on (part of the role of a good accountant is to stop clients ‘pushing the envelope’ more than they should, even if the client doesn't realise where the edge of the envelope is!).

9. Use an accountant!

Anecdotally, using an accountant (or, as HMRC call us, a ‘Tax Agent’) to file a tax return results in a lower incidence of HMRC Enquiry. Presumably this is because a Tax Agent is likely to file a higher quality of tax return than an unrepresented taxpayer, ie less likelihood of errors, omissions, unexplained unusual items, etc. Although, there are no guarantees!

10. If you do get an investigation – try not to get another!

Lastly, if you do receive notice of a HMRC tax Enquiry, it's a good idea to try to ‘pass’ the Enquiry by responding promptly, providing all the information requested, and answering whatever questions arise as clearly and straightforwardly as possible. If all goes well, it's unlikely that HMRC will raise a subsequent Enquiry for a long time, because if after a thorough review nothing significant has been found, HMRC are unlikely to target that taxpayer again unless something changes significantly.

On the other hand, if the Enquiry goes badly, HMRC can charge additional tax, interest, and punitive penalties (especially if the taxpayer was not cooperative during the Enquiry). And, the taxpayer may then be placed on the ‘Managing Serious Defaulters’ HMRC programme, which means that HMRC can ‘enquire’ into every filing that the taxpayer makes for five years – which is to be avoided if at all possible! More details here: <https://www.gov.uk/guidance/managing-serious-defaulters-msd-programme>

SUMMARY

Dealing with an HMRC Enquiry is not a fun period in a person's life! However, HMRC have the legal right to look at any tax return that they choose to – but HMRC has limited resources to do so, and so certain flags are looked for, which might indicate that a tax return contains errors or mistakes. Working with an experienced property accountant can reduce the likelihood of an HMRC Enquiry, and if an Enquiry happens, an experienced property accountant can deal with it, to generate the best possible outcome for the client.

FINANCIAL REGULATIONS FOR PROPERTY INVESTING

PART 1

By **Kwasi Affum**

In Part 1 of this two-part article, **Kwasi Affum** looks at the history leading to the current regulatory framework and provides an outline of the regulations that apply when you are looking to fund property investments or projects.

There is a lot that a property entrepreneur should know about financial regulations. This may sound counter-intuitive given that the buying and selling of commercial and residential property in itself is unregulated. However, the creative approach used by many property entrepreneurs to acquire funding for deals in the post credit crunch period has brought a variety of property-related activities into the regulated space.

Prior to my first property investment, my career focused on Financial Regulation and I had the opportunity to work in various roles within financial services. My focus has always been on interpreting regulation and developing the appropriate policies/procedures to ensure the firm was not only compliant but commercially competitive.

THE GLOBAL FINANCIAL CRISIS

In the period following the Global Financial Crisis (GFC) in 2008 it was almost impossible to obtain a mortgage,

even with a good salary, as many investors young and old will remember. In the private sector, companies were going bust and workers were being made redundant on a weekly basis. Within days of an unprecedented run on Northern Rock, Lehman Brothers, one of the oldest banks in the world at the time, went bankrupt in the USA. On our own high streets, banks such as HBOS and TSB had to be acquired by bigger rivals, while institutions like Lloyds and RBS needed government intervention to avoid going bankrupt. Banks that survived became wary of lending, understandably, and despite historically low base rates, it was almost impossible to borrow money. Given how capital intensive property investing is, the effect was profound and many businesses went bankrupt as a result. This lack of access to bank funding combined with the entrepreneurial nature of property

developers/investors meant that people were soon developing creative approaches for funding deals, from lease options to joint ventures in various forms.

NEW LANDSCAPE

Following the GFC came a series of regulations as a reaction, which some consider kneejerk, aimed at addressing the protection of grannies and grandads from financial upheaval.

There was a move away from the principles-based, light touch regulation that existed before the crisis to a broader, more intrusive regulatory landscape. These new rules fill thousands of pages and continue to cost firms millions to revamp their policies and update procedures and IT systems just to be compliant.

WHAT DOES THE FCA HAVE TO DO WITH PROPERTY?

The remit of the FCA is typically associated with firms such as banks, financial advisors, asset managers and those providing safety deposit services.



They also oversee products such as stocks and shares. The buying and selling of property is not a regulated activity and people involved in those limited activities do not need to be authorised or recognised by the FCA in any way.

However, as well as regulating firms, the FCA oversees a range of activities, a number of which are often conducted in relation to creatively securing funding for property deals. They include:

- **arranging financial investments**
- **communicating and promoting financial investments to individuals**
- **collecting money from clients (either individually or as a group).**

By performing any of these activities, property entrepreneurs are effectively behaving in a similar fashion to firms the FCA directly regulates.

Client money obligations mean ensuring investors' funds are separated from those of the JV partner in case of financial difficulties from unrelated ventures. This is in addition to the Financial Crime regime aimed at ensuring the funds are not proceeds of criminal activities.

Whether targeting a single investor or pooling funds from a number of investors, establishing and running such a deal means having to comply with a large set of rules.

REGULATORY ROADMAP

The myriad of regulations since the GFC has meant that some activities occurring during the course of property business operations now need to comply with various financial regulations, where previously they may not have. While the new investor protections can appear complex at face value, implementing a compliant strategy for property JVs can be relatively simple.

Any person or company arranging or promoting deals offering financial opportunities to the ordinary retail public has a regulatory obligation to ensure that the deal is suitable for the person making the investment.

The pointers below should act as a non-exhaustive signpost of the main regulatory hotspots to consider during the lifecycle of a JV.

Rules on promoting deals

The Financial Promotion Order (FPO) bans communication that could be deemed as an inducement to engage in investment activity. This includes phone calls, newspaper and TV adverts, social media posts, networking events, and even casual communication. The FPO required that systems and procedures be put in place to prevent recipients, other than those who are eligible, to receive any financial promotion.

Promotions that contain words like "return", "performance", "gains", "investment" and have an "inducement to act" are likely to be non-compliant unless:

1. **the promotor is authorised by the FCA**
or
2. **the promotion is FCA approved.**

Communicating any information outside of these limitations to elicit investment is

likely to be classified as a financial promotion. Obtaining FCA approval directly or via a registered firm is likely to be expensive and impractical for a small business or property start-up.

Compliant promotions

While the public promotion of deals and the returns they offer may not be a compliant approach to adopt, there are ways to operate within the rules. A common approach is to rely on the statutory exemptions.

There are a number of exemptions to the FPO, the most relevant being:

- **Certified high net worth individuals (HNWIs)**

Individuals with an annual income of more than £100,000 in the immediate financial year preceding, or individuals with net assets of more than £250,000. These exclude the investors' primary residence, any money raised through a loan secured on that property, or money withdrawn from pension savings.

- **Sophisticated investors and self-certified sophisticated investors**

Individuals who have sufficient knowledge and experience to understand the risks associated with engaging in non-mainstream investments. Typically, this means that they have made more than one direct investment within a two-year period. Or they have been the director of a company with annual turnover of at least £1m for two years.



Potential investors who meet any of these criteria are considered sophisticated enough to understand the risks involved with non-mainstream investments. It is also important to remember that HNWI and Sophisticated Investors are still considered retail investors.

There are further exemptions for people who have worked in a professional capacity within investments for the last two years, or are a member of a network or syndicate of business angels.

These exemptions require a preliminary assessment that confirms the potential investor is exempt. Only once the assessment is complete can anyone who has been prequalified receive offers to invest with details of potential returns, gains, as well as an invitation to invest.

Networking

Promoting the property company and its general activities, as opposed to specific deals, is another option. This is a perfectly legitimate way to illustrate the nature of a property business and build relationships, however, providing material such as a business plan, an executive summary of the company's deals materials, including via Facebook.

Once a relationship is established with potential investors, it can then be determined if the investment is a good opportunity for the individual. Only then can the promoter communicate specifics of deals.

Single investor deals

Section 21 of Financial Services and Markets Act (FSMA), which effectively bans any communication (such as Facebook posts) that invites a person to engage in investment activity, makes no distinction between having a single investor involved versus multiple investors. This means whether you are seeking one investor or multiple, the deal can only be promoted to those who meet the exemptions above.

This is not to be confused with the additional requirements you may have to comply with if you are seeking to combine funds from various people.

Collective investments

Pooling of funds from different people can mean you are operating an Unregulated Collective Investment Scheme (UCIS) where a different regime of regulations apply. While such schemes themselves are unregulated, anyone arranging UCIS is subjected to FCA regulation.

PS13/3

Policy Statement (PS) 13/3 was introduced by the FCA in January 2014. Its purpose was to clarify how the promotion and selling of investments to groups of ordinary retail

investors should operate. Establishing and running a collective/pooled investment scheme means you must comply with a large set of rules. As with the FPO, Sophisticated and High Net Worth Individuals are exempt from these requirements since they are considered to be better able to protect their own interests.

Loans

Simple loan agreements with family or friends are outside the scope of regulation. Debt, at a stated rate, secured against real estate assets does not qualify as a simple loan and is more similar to a 'mini-bond' or debenture. Whether a business purpose loan is a designated investment per FCA definitions will ultimately depend on the structure and terms of the agreement.

SPVs

While a deal may be structured in such a way that it may not appear to be a UCIS, if this happened after the investment idea is brought to the potential partner's attention, this would be non-compliance with the FPO. Alternatively, the marketing of established SPVs exposing investors to the risks of speculative assets is also restricted.

Client due diligence

Legally, all business relationships are subject to initial and ongoing due diligence, taking into consideration the size and complexity of the transactions involved. This should include:

- a) establishing a risk methodology to identify higher risk customers or business relationships
- b) scrutinising transactions including, where necessary, the source of funds
- c) ensuring that transactions are consistent with your knowledge of the investor and their risk profile, and
- d) reviewing records to ensure that identification and verification data, information and documents obtained are kept up-to-date and relevant, particularly for higher risk categories.

Know Your Clients (KYC)

KYC is a regulatory requirement but it also serves to reduce some of the key risks around the conduct of investment partners and should be seen as part of doing business. It involves the identification of the individual you are engaging in business with, as well as verification of their current address. It enables a better understanding



of the investor but also helps determination of the client's risk in terms of likelihood to commit money laundering, terrorist finance, or identity theft. These checks do not have to be an expensive and lengthy process, and a risk-based approach is acceptable.

Anti-Money Laundering (AML)

The Money Laundering Regulations Act 2007 was introduced to prevent criminals and terrorists moving their money around, and applies to all financial activity. A risk-based approach can be taken in obtaining information on the source of wealth, the origins of the funds, and intended nature of the intended business relationship.

There are also additional enhanced due diligence requirements for Politically Exposed Persons (PEPs), specifically around the source of wealth, as well as nationals from sanctioned countries.

The Criminal Finances Act 2017 also makes companies criminally liable if they fail to prevent tax evasion by clients, even where the business was not involved in the act, or was unaware of it.

Your clients' money

Holding money or assets on behalf of your clients requires these assets to be protected separately from the other funds/assets of the business. This is to protect investors in the event that the company arranging or promoting the deal liquidates.

Extraterritoriality

The rules of various domestic jurisdictions could affect the matters of the JV. For example, an arranger based in the UK, raising funds from investors based in Switzerland could be subject to UK and Swiss regulations as well as EU Regulations. Similarly, people sourcing properties or promoting the sale or purchase of a property abroad should consider the rules of that jurisdiction.

Suitability and appropriateness of the investment

A suitability and appropriateness test should also be applied if the investment must comply with the financial promotions order. That is unless the individual investing (either HNW or Sophisticated) has received independent advice from an authorised person (eg, a financial advisor), which is rarely the case for non-mainstream investments.



This assessment can be a relatively straightforward process to complete and simply involves understanding the clients' motivations and capacity to bear loss. It entails simply asking a set of questions designed to show that the investor understands the nature of the investment that is being offered, and the nature of the risks attached to that investment.

Ongoing review

Where information is held about clients, it should be kept up-to-date as far as reasonably possible. For example, from a KYC/AML perspective, once the identity of a customer has been satisfactorily verified as risk dictates, steps must be taken to ensure that appropriate up-to-date information is held on the clients. This means that if the passport expires, a new one must be obtained. Or where additional funds are contributed to the deal, the source needs to be determined. Likewise, suitability assessments may become stale as the circumstances of the individual changes over time. You do not, though, need to refresh information or documents which are not used in regulatory risk management.

CONCLUSION

FCA enforcement action is typically reactive and carried out after complaints are made. So while the markets are doing well and people are riding the wave there will be few complaints. However, in the event of an economic downturn with retail investors locked into property investments (not simple loans) they claim they did not understand, the FCA will be very interested not just in that one deal, but the entire sector.

As your own property business grows and evolves, it is imperative that you have continued and enhanced controls to mitigate the growing risks. We've all seen social media posts or people standing up at events seeking investment that border on the wrong side of the being compliant. The question every property entrepreneur has to ask themselves is whether they wish to be associated with this type of activity given that non-compliance is a criminal offence.

Any person making a financial promotion should ensure that such communication falls within a particular exemption before the communication is made. This can be simply a consideration of how the investment idea is brought to the potential partner's attention. But this is just start from a compliance perspective. If you are in any doubt, advice should be sought before making any communication. After all, a rising tide lifts all the boats!

Kwasi Affum is an entrepreneur, Founder/Director of Viable Properties, and Vice President of Regulatory Impact Assessment, Barclays Investment Bank.

Email: kwasi@viableuk.com

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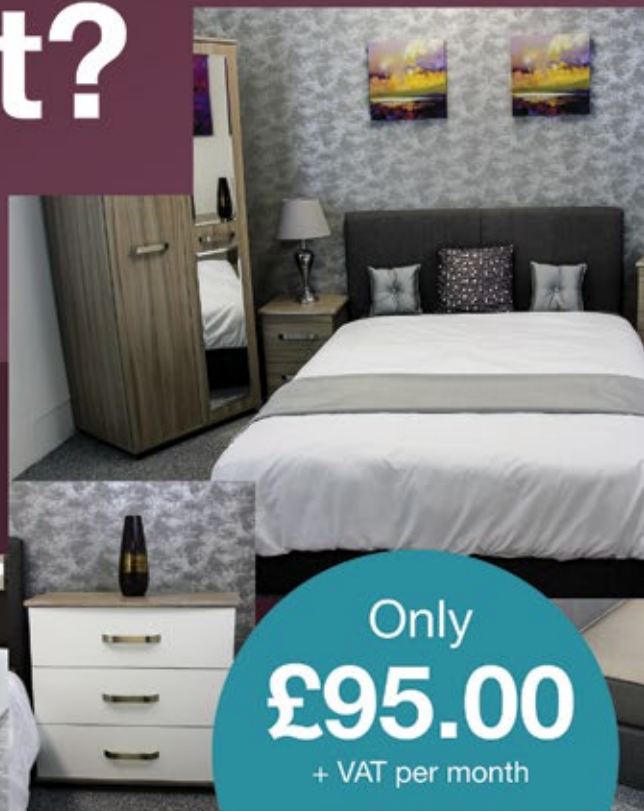
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THE GENDER DEBATE IN BUY-TO-LET

By **James Davis**

In this month's article, we – the Upad team – consider changes in the buy-to-let market from a different perspective, as we see a growing private rental sector and an increase in rents. Reflecting on research from Simple Landlords Insurance, we want to take a look at how female landlords are catching up with their male counterparts, and whether landlords have a gender preference when it comes to tenants and vice versa.

FEMALE INVESTORS

With women now accounting for 40% of UK landlords, it's clear that property investment is no longer just a man's world. Many female property investors have turned to buy-to-let to give their monthly income a boost and also to provide a long-term investment to rely on in the future. This shows a huge shift towards equality in the sector and it is happening at a much faster pace than in other industries – only 17% of small-medium enterprises are owned by women. With two in five UK landlords in 2017 being female, it's strange nowadays to contemplate that even as recently as 1970 women could be refused a mortgage if they didn't have a male guarantor.

THE GENDER DIVIDE

It would also seem that there are still some divides between female and male landlords in how they approach buy-to-let.

A poll of 400 landlords found that **63% of female landlords** state that their long-term business goal is to generate rent as a way of earning monthly income, as opposed to capital growth. This compares with **53% of male landlords**. Women were also more likely to have become accidental landlords, compared to men, with **48% of females** actively choosing to invest in property compared to **61% of men**.

This research has also found a few interesting differences between female and male landlords' choice of tenants: **35% of women** stated they would rent to tenants in receipt of housing benefit, compared to **25% of men**.

A significantly higher proportion of women were also more open to renting to pensioners, students and single employed tenants.

TENANT PREFERENCE

In our own survey, we found that almost **58% of respondents** had a concern over the gender of their tenant. Based on the results of our survey, it seems that most landlords have a gender preference with typecasts including men being adept at general maintenance and women being clean and tidy.

Whilst gender stereotypes played a big role, it was also found that single tenants were penalised more than couples – with landlords stating that they would prefer income from two tenants rather than relying on one. But the typecasting doesn't end there, with tenants in the Simple Landlords Insurance survey indicating they would prefer a female landlord. Why? Because they found female landlords more approachable and more likely to be sensitive to personal circumstances.

Regardless of gender preference, it is clear that gender equality is taking huge strides in the property industry. With such a huge shift from just 50 years ago, and female landlords on the rise, property investment is no longer just for the boys.

HERE ARE THE STATS ...



2 IN 5 UK LANDLORDS ARE FEMALE

ALMOST HALF

OF FEMALE LANDLORDS ARE DELIBERATE INVESTORS



58% OF LANDLORDS HAVE A GENDER PREFERENCE WITH TENANTS

58%



42%



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YPN Says

Given that International Women's Day is coming up this month, this research makes for some interesting reading. It's quite sobering to note just how much has changed in a relatively short space of time, and here at YPN we have noticed an increasing number of female landlords and developers over the years, which is all to the good. More surprising perhaps, is the tenant typecasting – I can honestly say that we've had some wonderfully tidy male tenants and some far-from-tidy female ones!

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TO FURNISH OR NOT TO FURNISH?

By **David Lawrenson**

In this month's column, **David Lawrenson** looks at whether or not to furnish a property.

If you provide serviced accommodation or are in the holiday let business, obviously you fully furnish a property. If not, what is best will depend upon the needs of the local market. But even then there are no hard and fast rules and it pays to be flexible as far as possible.

It's always useful to ask a letting agent for their advice and to scan the market – to see what tenants who are looking for a property want in terms of furnishing. And also to get a sense of what the market is offering for properties like yours on Rightmove, Zoopla, etc.

The different **"tenant markets"** can be broken down into: **1) students 2) young professionals 3) families 4) expats, 5) corporate tenants 6) those in receipt of benefits 7) where your "tenant" is the local authority letting it under a private sector leasing deal to people in housing need.**

Within those rough categorisations, some groups fall into more than one category, of course.

I would say that in broad terms the only tenants who might want the fully furnished option are those on short term lets – typically an executive (possibly an expatriate worker or someone from "out of town" on a temporary secondment) or someone working for a bank, perhaps, who wants a crash pad for the few hours he/she is not working.

This end of the market is a type of serviced accommodation. Where the contract is for a longer term than a few weeks or months, they may bring their families and demand unfurnished or part-furnished. But bringing the family is the exception and in this market people generally look for short term lets. This market segment often competes with hotels



– hence the need, usually, for fully furnished. Your tenant's rent may be being paid by the company he/she works for, so you'll need to validate the company as part of normal referencing processes.

Students and house-sharers may also expect more furnishings – at least a sofa, table and beds as well as the usual white goods and TV. The arrival of companies like Unite and Emipric have raised the bar these days and the "Young Ones" type of student accommodation may no longer be acceptable to today's students.

In my time, I have let to all the other types of groups and would say it is possible to get away with "part-furnished". That can mean different things to different people, but to most it means white goods only or, in a few cases, the addition of a sofa and possibly a bed in the way of furnishings.

Families (including those on local housing allowance) seem to have a preference for unfurnished as they usually have all their own kit, often including white goods. However, most will want you to provide a cooker.

Where your tenant is a housing association or local authority letting under a long lease and then subletting to tenants in housing need, they seem to prefer unfurnished in most cases.

In my properties, which are mostly two- and three-bed flats and houses in Kent and South

London, I tend to go for "part-furnished" and that does me fine! I get tenants, no problem. Sure, I do lose a few prospective ones who want more furnishings – but not that many. And if I really like the tenant and they would prefer a few furnishings, I can always offer to cut the rent a bit; that way they can use the extra cash from the saved rent to get their own stuff. That usually works a treat. So, my advice is to be flexible, as far as you are able.

There are also some big pros of letting unfurnished or part-furnished:

- 1. No need to worry about whether your soft furnishings comply with fire safety regulation. If you don't supply any, the problem is solved.**
- 2. No need for you to get expensive contents insurance, though many buildings insurances will include a small amount of content cover for things like white goods.**
- 3. Takes less time to do the inventory – also thereby saving on some cost if you have someone else (a letting agent or inventory clerk) do this for you. (We advise hiring a professional inventory clerk; this will protect you in the event of damage beyond fair wear and tear.)**
- 4. Less stuff to get damaged, so less chance of a dispute / arguments / hassle at end of tenancy. Fairly obvious and linked to point 3, above.**
- 5. Tenants with their own stuff tend to stay longer. They really do!**
- 6. Tenants with their own stuff will appreciate the work that has gone into a property, therefore are less likely to default on rent.**

If you let with some furnishings, you used to be able to claim 10% wear and tear allowance off the net rent under old tax rules. This changed with effect from 6th April 2017. Now you can only claim for when you renew an item.

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



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



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PROJECT MANAGEMENT



WHY FAILING TO PLAN MEANS PLANNING TO FAIL!

By **Graham Kinnear**

The relaxation of planning regulations by way of prior notification and permitted development, together with the escalating prices of existing properties, has led many of us property folk to turn to the development of sites, refurbishment of property or the conversion of existing buildings to secure that elusive profit or obtain a reasonable yield.

This can be a very successful strategy, but readers less familiar with the processes and obstacles that such schemes can attract should strongly consider the services of a project manager to ensure any development goes to plan.

Many people I speak to believe that the fees for a project manager (typically around 10% of the contract value of the works) are an unnecessary expense at a time of significant other costs. My view has always been that these people are either naïve and do not appreciate the value that can be brought to a scheme, or they have experienced a poor quality project manager who has caused them to question the merit of the appointment.

I have project-managed a number of residential and commercial schemes over the years, from the refurbishment of pubs, conversions of hotels to apartments, to new-build residential as well as the refurbishment of several listed buildings.

My promise to the Client is that I will always save them a sum in excess of that which I charge as my fee.

How can I make such a bold promise?

The answer lies in how the project is managed. Firstly I ensure the correct teams are appointed to undertake the work, and

look at work they have done for other people as well as their accounts and balance sheet, and enquire about the level of insurance they carry.

The contractors are then tied into a contract whereby they pay a sum of damages to the Client if the works overrun, and undertake to provide a guarantee against defect for a period of 12 months following completion of the works. They are now incentivised to do it right and to do it on time!

Secondly I organise the schedule of works, thereby ensuring that only the trades needed at any given time are on site, so there are no wasted labour costs.

Thirdly I ensure productivity by giving the teams targets to meet, and incentivise them to complete on time and on budget.

Fourthly, and most importantly, I am on site every single day. I hear stories of project managers who have a site meeting once a week to discuss progress. This is simply not acceptable. I am on site every day so I can vouch for the quality and completeness of the work being undertaken, and so that any problems can be spotted early.

In the absence of this, the Client would doubtless expend more than is necessary on labour, have no control over costs or

materials, and poor workmanship could go undetected.

I am proud to say I have never run over on time (except for those unavoidable delays waiting for final services to be fully connected!) nor have I ever exceeded the initial quoted budget by more than 5%.

Aside from the financial reward for the Client, an awful lot of stress and sleepless nights are avoided by having someone managing the entire process and keeping them informed.

I say all this not to try and sell you my services, but to give you an idea of the level of service and results you should expect from bringing in a project manager. If you agree in the value of this role, then I hope you will engage a project manager on your next development ... or better still, why don't you undertake this function yourself? After all, no one will be more careful with your money than you are!

To equip yourself for the role, you will need to understand the components of building and the order in which works must be undertaken. Duplication causes unnecessary expense. If you are lacking in this area, consider asking if you can shadow someone or spend more time onsite on one of your existing developments.

In addition to this core knowledge, you will need some pretty good communication skills to be able to negotiate your way through the various issues raised by planners, building control and the conservation division at your local authority. There are lots of books, YouTube videos and podcasts available that can plug any knowledge gaps you may have.

Beyond that, it is simply a matter of organisation skills. There are programs and apps available to plan a construction project, and even programs for costing a scheme.

Whether you undertake the role yourself or engage someone else, please do ensure this role is filled. It is as important as any other on a site.

In my experience, the projects that go wrong are the ones without professional management. In a generally rising market, together with the premium generally paid for new build or newly converted property, it is generally quite difficult to come really unstuck unless you lose control of the job, quality of finish, timescale and finances.

As always I am happy to assist YPN readers with any property-related queries and can be contacted on 01843 583000 or graham@grahamkinnear.com

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



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SERVING A SECTION 21 — “NO FAULT” EVICTION IS IT VALID?



By Mary Latham

- Gas Safety Certificate
- Energy Performance Certificate
- Government's How to Rent Guide
- Electric Safety Certificate (only for an HMO at the moment but this may change this year)
- Deposit Protection Documents (not required for SPT)

Some of the issues being faced by landlords have come about because there is more than one piece of legislation covering the provision of these documents. This has recently caused a Judge to throw out a Section 21 even where the landlord had provided the documents before serving the Section 21 Notice.

From the Nearly Legal Blog:

"Assured Property Service Ltd v Ooo, County Court at Edmonton, 30 June 2017.

*Ms Ooo was an assured shorthold tenant of APS with a post 1 October 2015 tenancy. The landlord served a S21 notice. The county court made a possession order under the accelerated procedure without a hearing. Ms O made an application to set aside the order. This was on the basis that **no gas certificate had been provided at the outset of the tenancy or subsequently**. The landlord accepted that it had not supplied a gas certificate at the outset, but contested the claim that one was never served, **arguing that there had been a subsequent inspection and certificate**.*

*On the application, the District Judge held that provision of a gas safety certificate to the tenant **prior to occupation** was required by s.36(6) of the Gas Safety (Installation and Use) Regulations 1998. Provision of that certificate was a requirement of s.2(1)(b) of the Assured Shorthold Tenancy Notices and Prescribed Requirements (England) Regulations 2015, **failing which, no valid s.21 notice could be served** by reason of s.21A Housing Act 1988 (as amended).*

The possession order was set aside and the claim dismissed with costs awarded to the tenant."

This landlord will never be able to serve a valid Section 21 on this tenant because he failed to meet the legal requirement at the start of the first tenancy.

This is only one example of where two pieces of legislation cover our obligations and failure to meet one of them is enough to prevent us gaining possession under Section 21. It may even prove to be a problem for a Section 8.

Let's look at each of the documents and understand exactly what we need to do to avoid this situation.

I have discussed this subject in many articles but it is so important that we do not lose our ability to remove a bad tenant without having to prove that they have done something wrong that I am sharing some **"new information"** with you.

This changes some of the information in my February article.

I see invalid Section 21 Notices being served on tenants on a regular basis, and I really hate having to tell the landlord that the only option to remove a bad tenant is now Section 8 and a court hearing with the attending costs and stress. Unfortunately I also meet landlords who need to sell up because of the tax changes, and they too need to use Section 21. Even if you have never had to remove a tenant and do not anticipate doing so in the near future, please keep a note of the following information – just in case.

The biggest change – ALL the relevant documents **MUST be given to **EVERY TENANT**, even for tenancies that began before October 2015, **BY 1ST OCTOBER 2018**.**

But that is not all.

When the **Deregulation Act 2015** clarified the position of when a new tenancy arises and the associated need to reserve the

deposit protection documents, it only applied to **deposit protection**. **It did not mean that when a fixed term tenancy became a Statutory Periodic Tenancy (SPT) – the ending of the fixed term where no new contract was signed – that the SPT could be considered part of the original tenancy for other purposes**. Very confusing!

The Housing and Planning Act 2017 introduced important changes to the Section 21 process for regaining possession. I have covered these in detail previously but some points need to be clarified because we are being caught out.

The requirement to provide certain documents to tenants at the start of a tenancy applies to the start of ALL tenancies, including when the fixed term rolls into a SPT, apart from the deposit protection documents because of the Deregulation Act changes. The documents which must be provided are:



GAS SAFETY CERTIFICATE

This must be provided to every tenant before they move in AND within 28 days of a new certificate being issued when the annual inspection is due. Covered under Gas Safety (Installation and Use) Regulations 1998. Subject to being approved by Parliament, the **Gas Safety (Installation and Use) (Amendment) Regulations 2018 will come into force on 6th April 2018.** The draft guide is here: <http://www.hse.gov.uk/pubns/priced/l56-draft.pdf>

The Gas Safety (Installation and Use) (Amendment) Regulations 2018 introduce changes to the following regulations:

REGULATION 36 DUTIES OF LANDLORDS

This regulation details landlords' duties in respect of gas safety. There are two main duties: annual safety checks on gas appliances and flues (and that a record is kept and issued, or in certain cases, displayed to tenants), and ongoing maintenance. Although related, these duties are separate and distinct.

In addition, landlords must ensure that no gas fitting of a type that would contravene regulation 30 **(eg, certain instantaneous water heaters) are fitted in any room occupied, or to be occupied, as sleeping accommodation** after the Regulations came into force. This includes any room converted into such accommodation after that time. Further detailed guidance for landlords on their duties under regulation 36 and how to meet them can be found on the HSE website (www.hse.gov.uk/gas).

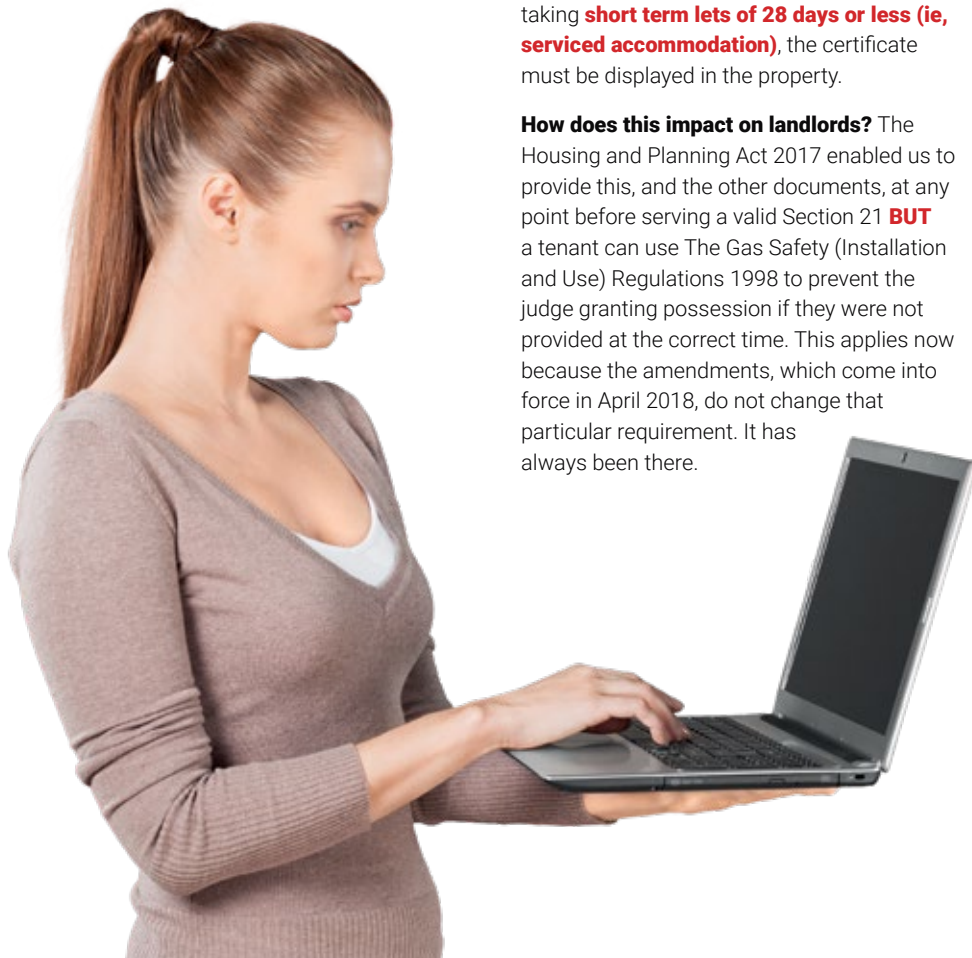
A HELPFUL CHANGE:

*"With the introduction of the new regulation 36A from 1st April 2018, landlords will be able to have gas safety checks carried out any time from 10 to 12 calendar months after the previous check, but **still retain the original deadline date as if the check had been carried out exactly 12 months after the previous check.** To benefit from this new flexibility and retain the deadline date, the landlord will have to demonstrate that they have complied with the law and carried out the gas safety checks within the required timescales. The record will need to be kept until two further gas safety checks have been carried out. Where a landlord cannot provide the necessary audit trail/documentation, including the two previous gas safety records, the expiry date of the current gas safety check will be taken as 12 months from the date of the last gas safety check.*

Every landlord must ensure that – (a) a copy of the Gas Safety Certificate above is given to each existing tenant of premises to which the record relates within 28 days of the date of the check; and (b) a copy of the last Gas Safety Certificate is given to any new tenant of premises to which the record relates before that tenant occupies those premises save that, in respect of a tenant whose right to occupy those premises is for a period not exceeding 28 days, a copy of the record may instead be prominently displayed within those premises."

In a nutshell, the Gas Safety Certificates must be given to new tenants **before they occupy** and to existing tenants **within 28 days** of the inspection being carried out. Where we are taking **short term lets of 28 days or less (ie, serviced accommodation)**, the certificate must be displayed in the property.

How does this impact on landlords? The Housing and Planning Act 2017 enabled us to provide this, and the other documents, at any point before serving a valid Section 21 **BUT** a tenant can use The Gas Safety (Installation and Use) Regulations 1998 to prevent the judge granting possession if they were not provided at the correct time. This applies now because the amendments, which come into force in April 2018, do not change that particular requirement. It has always been there.



ENERGY PERFORMANCE CERTIFICATE

The EPC is the poor relation of the documents that we must provide to tenants. Many landlords don't take it seriously on the basis that tenants are not interested. Ironically, this document can give tenants who want to end a fixed term before time a **Get Out of Jail Free Card** when the landlord cannot prove that it was shown to them at viewing to give them the opportunity to decide whether or not they could afford the running costs of the property. Therefore it is not only about Section 21, but for the purpose of this article:

- **Providing the EPC to a tenant after they move in defeats the point made above. It must be shown to every tenant at viewing AND it must be provided to them at the start of the tenancy.**

The legislation covering when a prospective tenant must be shown the EPC is **The Energy Performance of Buildings (England and Wales) Regulations 2012.**

"Energy performance certificates on sale and rent

6.-(1) Subject to regulation 8, this regulation applies where a building is to be sold or rented out.

(2) The relevant person shall make available free of charge a valid energy performance certificate to any prospective buyer or tenant—

- (a) at the earliest opportunity; and
- (b) in any event no later than whichever is the earlier of—

(i) in the case of a person who requests information about the building, the time at which the relevant person first makes available any information in writing about the building to the person; or

(ii) in the case of a person who makes a request to view the building, the time at which the person views the building.

Meaning of "prospective buyer or tenant"

3. A person becomes a prospective buyer or tenant in relation to a building when he or she—

(a) requests any information about the building from the relevant person or the relevant person's agent for the purpose of deciding whether to buy or rent the building;

(b) makes a request to view the building for the purpose of deciding whether to buy or rent the building; or

(c) makes an offer, whether oral or written, to buy or rent the building"

CHANGES FROM APRIL 2018

Most of us are aware that from April we cannot offer a property for rent with an EPC which is below E unless we have registered the property on the Exemption Register.

The new Guide is here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/669587/Domestic_Private_Rented_Landlord_Guidance_-_Updated_Version.pdf

Exemptions

You don't need an (EPC) if you can demonstrate that the building is any of these:

- listed or officially protected and the minimum energy performance requirements would unacceptably alter it
- a temporary building only going to be used for two years or less
- used as a place of worship or for other religious activities
- an industrial site, workshop or non-residential agricultural building that doesn't use much energy
- a detached building with a total floor space under 50 square metres
- due to be demolished by the seller or landlord and they have all the relevant planning and conservation consents

Vacant buildings and demolition

A building is also exempt if all of the following are true:

- it's due to be sold or rented out with vacant possession
- it's suitable for demolition and the site could be redeveloped
- the buyer or tenant has applied for planning permission to demolish it

ADDITIONAL EXEMPTIONS UNDER THE NEW REGULATIONS:

The requirement to meet the minimum level of energy efficiency (EPC -E) does not apply where a landlord has made all the relevant energy efficiency improvements to the property that can be made (or there are none that can be made). If this is the case, then the situation must be registered on the National PRS Exemptions Register. The exemption will last five years; after this time it will expire and the landlord must try again to improve the property's EPC rating to meet the minimum level of energy efficiency. If this cannot be achieved, a further exemption may be registered.

"From April 2018, landlords of privately rented domestic and non-domestic property in



England or Wales must ensure that their properties reach at least an Energy Performance Certificate (EPC) rating of E before granting a new tenancy to new or existing tenants. These requirements will then apply to all private rented properties in England and Wales – even where there has been no change in tenancy arrangements – from 1 April 2020 for domestic properties, and from 1 April 2023 for non-domestic properties."

PLEASE NOTE: this applies when a fixed term tenancy ends and a Statutory Periodic Tenancy begins, as well as when a new fixed term tenancy is granted to an existing tenant. It will not apply where a Contractual Periodic Tenancy (CPT) begins at the end of a fixed term tenancy which has a clause to state that a CPT will begin at the end of the fixed term. I have discussed CPTs in past articles.

In a nutshell, we need to show every person who views our properties the EPC and get a signature from them to prove that. I take the same copy to every viewing and get every viewer to put their name, date and signature on the back of it. It's a simple way to ensure I have evidence. I then mail a copy with the AST and other documents because we must provide a copy of the EPC to all **new tenants AND when those tenants are granted a new fixed term or the tenancy rolls into an SPT – THIS LAST POINT IS WHERE LANDLORDS WILL BE CAUGHT OUT MOST OFTEN.**

GOVERNMENT DOCUMENT HOW TO RENT

There is now a new version of the How to Rent Guide, available here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/674299/How_to_Rent_Jan_18.pdf

There is no requirement to provide the new version during existing tenancies but when the fixed term ends and the tenancy becomes

an SPT, or a new fixed term is granted to **new or existing tenants** after **17th January 2018**, this version must be provided. **If you have missed this, send the new version now.**

We must provide this either as a hard copy or, if we have agreed with the tenant that we will use an email address for correspondence, as an attachment to an email. **NOTE: we cannot just supply a link to the guide.** I was surprised to find that some landlords and agents were only supplying a link, because adding an attachment is no extra work.

ELECTRIC SAFETY CERTIFICATE

These are required for all HMOs and should be dealt with in the same way as the Gas Safety Certificate.

It looks very likely that we will soon be required to have an Electrical Safety Certificate for all rented properties. **This has not been announced yet** but when it is, that certificate must be dealt with in the same way as the Gas Safety Certificate, although it is unlikely that an annual inspection will be required.

DEPOSIT PROTECTION

No changes at this time. The documents must be provided with 30 days of taking the money and at the start of every subsequent new contract if the deposit continues to apply.

There are constantly calls to withdraw Section 21 – in order to give tenants more security of tenure; if they only knew that to all intents and purposes Section 21 is now so complicated that it might as well have been withdrawn completely.

I hope this article will enable you to maintain your legal right to a "no fault" eviction should you ever need one.

Mary Latham is the author of **"Property for Rent – Investing in the UK: Will You Survive the Mayhem?"**



HOW CAN PROPTech CUT COSTS FOR LANDLORDS?



Jahangir Khan



Luke Skelton

Most landlords would agree that managing property can be like a full-time job at times and it can become more complex if you have multiple properties. There are numerous tasks involved in managing and maintaining a BTL portfolio, like advertising, viewings, tenancy agreements, deposits, insurance and all kinds of repairs and maintenance. This makes the whole process extremely time-consuming. Property technology (or PropTech), however, is starting to help landlords deal with property management obligations effectively and efficiently, thus reducing the time involved.

What is PropTech?

The technology revolution has greatly influenced our lives in recent times, from ordering groceries online to calling taxis through the likes of Uber. The property market is no different, and the technological impact is helping landlords not only streamline their responsibilities but save on costs as well.

PropTech includes a variety of websites and mobile applications designed to benefit buyers and sellers, agents, landlords and tenants.

Let's look at four PropTech areas popular with landlords.

1. Legal paperwork. Getting the legal paperwork right is an essential part of the tenant-landlord relationship. As a landlord, you need to keep abreast of the changing laws and regulations or you may end up in legal trouble.

The tenancy agreement is a crucial document and one single mistake could cost you dearly. Although most tenants are honest, one bad one may find a loophole and take you for a ride. And as we know, if a tenant stops paying rent, evicting them can become a long hassle.

Although tenancy agreements are available online, many are out of date due to the ever-changing landlord laws. PropTech companies like Ezytrac and Virtual Commercial can help make things easier at minimal cost. The legal teams of such companies use PropTech tools to ensure tenancy agreements are in line with the latest tenancy laws.

2. Vetting tenants. This is one of the most crucial aspects for landlords to manage. Landlords must verify the credentials of the prospective tenant correctly; online rental applications can make this process easier. This piece of PropTech ensures all your records are kept in one place.

However, you need to strictly adhere to the data protection rules. Tenant-vetting and online rental application software stores information about the tenant in one place, from credit scores, employment details and previous rental checks to eviction history, thus saving your time and cost in running around to collect information on prospective tenants.

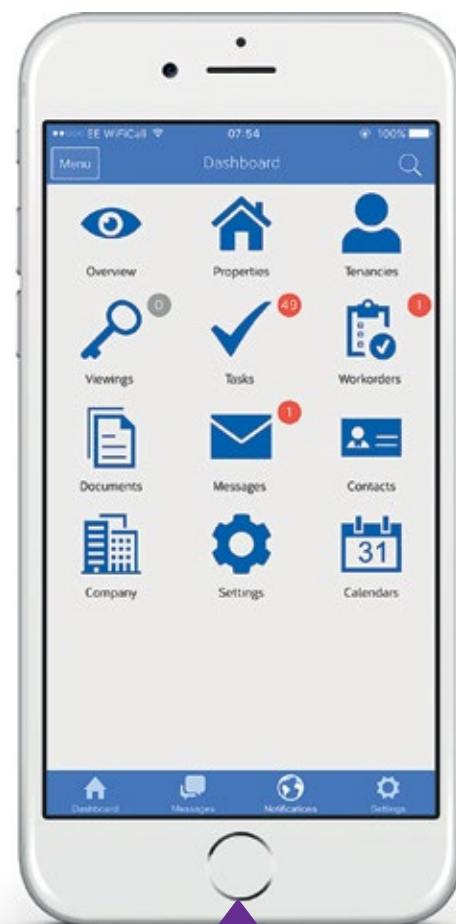
New app Good2rent uses advanced digital identification technology, applying facial biometrics and voice recognition to match the passport with the person. It can do reference checks and assess affordability as well, so offering a faster, efficient way to determine if the tenant is rent-ready. The information is owned and shared by the tenant and can be used time and again, which means that there is no significant cost involved for verification in each new tenancy. Moreover, this app is free for landlords, tenants and letting agents for the first year, and thereafter a minimal £10 per year for tenants.

3. Collection of rent. The easier it is to pay rent, the more likely your tenant will pay it promptly. There are various tools available to help the landlords manage rent collection, for example, prompting the landlord if the rent is late, and sending automatic reminders and overdue notifications. These systems also keep track of multiple properties in your portfolio, making it easy for you to analyse profitability.

4. Handling property maintenance requests. Typically, tenants call or email landlords to request any kind of maintenance needed at the property. The landlord then has to visit the property to assess the situation or send a tradesman to check the damage. There are often multiple visits, making the whole process time-consuming and expensive for the landlord and a hassle for tenants.

Therefore most tenants hesitate to report a maintenance issue.

To overcome such situations, online software packages are available that enable tenants to report repair issues along with photographic evidence. The property manager or landlord can then immediately take action and hire the requisite tradesman, who can subsequently solve the issue in first instance, once again saving cost and time. We use and recommend **Arthur Online**, an online platform with a suite of apps that connects landlords/property managers with tenants, agents, owners, contractors and accountants.



ARTHUR ONLINE DASHBOARD

How PropTech benefits landlords

The PRS in the UK is booming. In 2016, Savills reported that this sector had seen 55% growth as compared to the previous five years. Many living in major cities prefer to rent rather than purchase, so the demand for private rented accommodation is high. PropTech helps in the process of finding and running rented properties, so both landlords and tenants are becoming more inclined to use technological tools.

Movebubble – which currently covers only London – is a user-friendly app with more than 10,000 users. This app enables tenants to look out for real-time updated properties available for rent, and aims to provide tailor-made results to its users. Using Movebubble, tenants can book visits to the property and also make offers at the same time direct to landlords, potentially cutting out letting agent costs.

Another PropTech management company, **No Agent**, allows landlords to manage their properties online for a fixed fee. There is no additional cost for searching for tenants or doing credit checks. In addition, they offer a 24/7 helpline for both landlords and tenants.

Technology in the property market has played a major role in cutting out letting agent costs. A Google search will yield property portals such as **Ezylet**, where landlords can advertise directly for a small amount in comparison to the fees they would otherwise pay to an agent. A similar platform, **Propoly**, connects landlords and tenants, whereby landlords can list their properties for a flat fee and save costs by almost 99%.

PropTech apps

Finding a place to live or rent out can be a difficult and expensive affair. Apart from that, due to the change in the stamp duty and tax regulations, landlords are facing increased costs. So anything that can cut down the cost and time involved in streamlining the property business is being welcomed by the landlords.

Let us look at some of the best apps for landlords that can help in cutting the operating cost of property management.

Mobile Landlord. This app helps landlords create detailed profiles for a maximum of five properties. It makes the renting process easy and simple, and is available on iPad and iPhone for free.

Landlord Property Buddy. With its intuitive dashboard and a clean design, the app displays details about rent, income and all expenses related to the property for the last year. It is available for a free trial on iPad and iPhone.

Pad. The first fully mobile UK app that offers landlords the ability to get property rented out easily through its wide database of pre-registered renters. Everything can be managed from the app, from property viewings to final offer.



RentalStep. This enables landlords to cut out costly letting agents and keep a tab on rogue tenants. A landlord can check previous landlords' reviews of their prospective tenant. It also has a Tenant Passport system that provides landlords with access to an exhaustive list of verified tenants. All RentalStep services are optimised for use on mobile phones. Services such as tenant referencing, rental agreements and rent checks can be accessed without any additional cost.

Rental Yield Calc. This is a simple and quick way to calculate profitability from rental income. It also keeps a check on expenses over a weekly, monthly or yearly period.

Goodlord. This is an ideal app for self-managing landlords. Using this can cut the time involved in admin work down to half. Landlords can customise the tenancy agreements on the move, and the app ensures there are no errors in the contract.

One more facet of technology which has had a positive impact on the property market is the Internet of Things (IoT). **IoT** is the concept of connecting any device with an on and off switch to the Internet (and/or to each other). This includes everything from mobile phones, coffee makers, washing machines, headphones, lamps, wearable

devices and almost anything else you can think of.

IOT has created operating efficiencies for landlords that can lead to considerable cost savings, especially when used across multiple properties. Smart thermostats, smart light bulbs and smart windows not only help in bringing down the running cost of a property, but also increase its value. This could mean being able to command more rent, creating a win-win situation for both landlords and tenants; and because tenants know that this home automation will keep their utility bills low, they will be willing to pay more rent.

Conclusion

The increasing popularity of PropTech has had a huge effect on the property market by shifting it to become more transparent and accessible. It has given both landlords and tenants the power to take control of things, thus loosening the stronghold of traditional letting agents. Innovative tools have provided the leverage to handle all property-related transactions from the comfort of our homes. Maintaining a property portfolio and running a profitability analysis are just a click away for tech-savvy landlords, while tenants get ease of access to report repairs, which will eventually reduce long-term costs.

All property-related work, from tenant application forms to rent collection can be managed by these innovative apps, resulting in a more streamlined process. So, if you have a property to rent out and are still struggling with all your landlord responsibilities, worry no further! PropTech is here to stay. Just look out for the latest property-related technologies and manage your property portfolio without any stress.

Luke and Jahangir are co-founders of the Property Source and hosts of the Clapham pin meeting (held on the first Tuesday of each month except August and December).

Luke is an accredited landlord with a portfolio in London, the Midlands and the North West, and has a background in large-scale civil engineering and construction projects. Jahangir has three decades of experience in technology and management consulting, and is a London-based property investor.

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ANTHONY CHERRY TIME:0:STAT

PropTech

One of my HMOs is an old Victorian building. It's not very well insulated, but with the 18-degree minimum, I know that my tenants won't be cold.

For cold mornings, when you don't want your tenants to wake up shivering, we have a night warmth function. It allows tenants to add up to eight hours to the timer. However, any time over the 2-hour limit will be at a maximum of 19 degrees.

SAVINGS AND USABILITY

I originally created a prototype from a combination of time-delay switches and thermostats in a big box. They cost me a fortune to make! But I noticed very quickly that I was making massive savings on all my properties. I thought to myself that if I could make these savings through something that hasn't been refined, maybe there's something here. Typically, my customers are achieving savings on their heating bills of between 40% and 50%.

I took my idea and prototype to an electronics company, and we worked together to design the Time:0:Stat. I had a very clear design spec of what I wanted, because I wanted to make it as easy as possible for tenants to use. I've been frustrated with thermostats in the past because they can be so complicated to use. It's simple for tenants to understand the instructions, and in fact it's pretty much fool-proof. Both tenants and guests in serviced accommodation can use it almost instinctively. It's all on one screen with very few buttons.

PRICING

We have two options, wired or wireless. Choice will depend on the current location of your boiler or if you have an existing wired thermostat that can be simply replaced. Wired units are £99+VAT, and the wireless come in at £129+VAT. There are also substantial discounts when buying in sets of five.

Currently, the Time:0:Stat only works with gas systems (central heating, combination boilers and system boilers). It's not designed for a mains voltage to be run through it. However, we do have some new developments in the pipeline for electric systems ... so keep your eyes peeled!

Anthony Cherry's Time:0:Stat invention has become a bit of a cult product in the HMO circles. It's an innovative thermostat that allows tenants to have full control of their heating, while also keeping your bills down. Sounds too good to be true? It's not! We caught up with Anthony to discover what makes this little machine so great. Read on to find out more ...



WHY I INVENTED IT

I invest with my father and we have a portfolio of 12 HMOs. When checking on the properties, I often found the heating on full blast with the windows open, or with no-one in, or when it was a lovely warm sunny day. My HMOs are inclusive of bills, so I felt that I was footing the bill for heating an empty house. This is what led me to develop the Time:0:Stat to regulate heating and bills.

WHAT IS IT?

Time:0:Stat is designed to give full control to tenants, while ensuring that costs don't spiral out of control. The landlord can't interfere with the heating, therefore thermostats don't need to be locked away or be controlled from home. I didn't want it to be a remote control thermostat, which is similar to other models on the market, for two reasons. One, I don't like the idea of controlling my tenants' heating - it can put landlords on thin ice with the law.

Secondly, I like a hassle-free life. I want to fit it and forget it. This gives them full control, and they know that I can't remotely control anything.

It's very simple to install, and will take an electrician around 15-20 minutes. There's one per house, and it replaces the dial thermostat that's connected to the boiler. Before installation, the landlord can set up the parameters, which include the maximum time limit. Then when the tenant is feeling chilly, they can choose the temperature and set a timer at any time. When the timer runs down, the heating will turn off.



FUNCTIONS

There's an auto-program mode which allows the heating to come on automatically at times adjusted by the tenants. This will give them a short burst in the morning and when they come home from work (or whatever time they decide). If the thermostat is not touched in a 48-hour period, the auto-program will stop operating. But it can easily be reactivated by the tenants.

It means that if the tenants are out during the day or are off on holiday, you can be confident that the heating won't be on, or will only be on for a very short period of time.

There are three minimum temperatures that can be selected, ensuring the house will not drop below a set temperature. This is particularly useful if all tenants leave in the winter, for example in the case of student houses, there is less chance of frozen pipes or damaging condensation. Seven degrees is the frost setting, the default setting is 14 degrees, and it can be increased to 18 degrees.

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Using my pensions to grow my property business

Andy Tunstall, Property Investor

PROPERTY & PENSION INVESTMENT SUCCESS STORY

Following redundancy in 2016 Andy Tunstall had a choice to make. Either he could source another position in the corporate world or become a full-time property investor with his wife. Of course, he chose property!

"We had my redundancy payment and some savings but we really needed to raise further funds to progress our business to the next level" explained Andy.

It was a chance encounter with Mike Holt of The Landlord's Pension at a property investors meeting that opened up a whole new world of opportunity for Andy and the rapid growth of his property company ensued.

"We had pension funds that we weren't aware we could use before the age of 55, until of course we had the conversation with Mike. Our financial advisors had never mentioned the possibility of using money from our pension schemes to invest in property". As a director of his own limited company Andy was eligible for a SSAS (Small Self - Administered Scheme) Pension, a type of pension that is very flexible and allows investment in your own business, whatever that may be. In Andy's case it was property.

"The process was very simple. I sat down with Mike, explained what we wanted to achieve, completed a short application form and the team at The Landlord's Pension took it from there, keeping me up to date at every stage of the process".

Andy had said that the main aim of him transferring his pension was to grow his business and also to have control over investment decisions. One of his concerns was the fact that his existing pensions were invested in equity markets which he viewed as volatile and low yielding, particularly in relation to the returns he felt he could make in both hands on and hands off property investments.

"I decided to loan my company money from the new SSAS pension fund which I used to acquire a serviced accommodation property. As I was essentially a cash buyer due to the SSAS loan I was able to negotiate a 25% discount on the property. The SSAS loan kick started our company and has worked very well indeed. I was limited to 50% of the fund value for this strategy and decided as I wanted the remaining funds to benefit from the returns offered by property investment, to allocate the remaining money to property bond investments".

"I've got the best of both worlds" said Andy. "My business has had the cash injection it needed to get it off to a flying start combined with completely hands off property investments generating an attractive fixed return, both of which will grow my pension pot more than I could have hoped for if I hadn't taken action".

When Mike Holt spoke to YPN he confirmed "When I met Andy he was in the same position as many people we at The Landlord's Pension help. He and his wife had the drive and the plans to make a success of their property business, but needed the cash boost to realise these aspirations. I was so glad that I was in a position to help them achieve their goals and provide them with the means to secure their financial futures".

**'My property
business has had
the cash injection
it needed' '**



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ARE YOU TRACKING YOUR LEADS?

By **Jacquie Edwards**

Property Go-To Girl



I've been asked a lot recently what I use for lead tracking, which is great because it means people are thinking about how to monitor the leads coming in and the success of their marketing campaigns. This is relevant at every level of your property business so that you know what's working and what isn't in your marketing and deal sourcing. Tracking leads also helps you to calibrate how much you need to put in (# of viewings, amount of ££, etc) to get the results (deals) you want.

Most people know how many deals they need to reach their goals, but don't know how that translates into the number of offers they need to make or the number of viewings they need to do or how many leads they need to start with. For instance, if you know you need to get two BMV deals in the next quarter to reach your target – do you know how many viewings it will take to get those deals? Or how many leads you would need in order to book the number of viewings you need to make the offers to get the two deals ... whew ... it starts to sound a bit complicated. But it really is quite simple. It just takes a little tracking and measuring to plan out almost exactly how many viewings you need to schedule to get the number of deals you want. The numbers will be a bit different for everyone, because you

all have different skills and different criteria, so this is an exercise you need to do yourself. To make it simple, you can download an example tracking schedule that I used when I started, from <http://jade.tips/leadtracking>

There are a couple of options for tracking leads. The simplest, and the one I would recommend for everyone starting out, is to use a spreadsheet. Keep it simple and just start! I see a lot of people at this stage who feel like they have to have all their systems built and ready for when they are a multi-million-pound business. You will never get your systems perfect from the outset; they will constantly be evolving and growing – so just get started now ... not after spending days/weeks/months researching systems. You can download a copy of my spreadsheet to see what you need to track or just create your own by writing down what marketing you are doing, how many leads you got from that marketing campaign, and then how many deals resulted from that specific marketing plan. Again, you can go crazy into the detail of tracking this stuff, with special tracking codes and different phone numbers for each different marketing campaign, but keep it simple and ask people when they call how they heard about you. If you really want to be clever you could say *"I get a lot of*

referrals from my previous clients, can I just ask you how you heard about me?" (then they think you are super awesome!).

If you are a bit beyond a spreadsheet now and generating more leads, and need to be able to track and link files and contacts more easily, I would recommend looking at CRM systems. This is a minefield you can get lost in for months because there are **A LOT** of CRM options out there, from free up to thousands per month. It may take a bit of time to find the one for you and again, it doesn't need to be the one you will use forever. One that suits your business now is fine. I use a CRM system called Podio – it starts off free if you have less than five users on your team and are happy with their basic functionality. It's a bit more techie as they provide the platform and you build the apps yourself. If you aren't geeky like me, you could check out something like Trello or Asana. These are types of project management software that can easily be used as simple lead tracking and contact storage, and then link through to all later project development and management of your properties. It will take a bit of customisation to get to where you want to be if you are using a third party tool, but if you aren't up for the challenge and techie bits yourself, there are plenty of virtual assistants on platforms like Upwork who would be happy to help you set up your tracking system for a small (or large) fee!

The bottom line is to make sure you are tracking your leads and the results of your marketing efforts so that you know what works and what doesn't, and how much you need to do to reach your goals. Keep it simple with a spreadsheet or go a bit bigger with a CRM system. Whichever way you choose, get started now as we are 1/3 of the way through 2018 already!

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



THE BUY-TO-LET MARKET OVERVIEW



By **Chris Worthington**

The latest statistics on the economy released by the Office for National Statistics (ONS) presents a familiar but puzzling state of affairs. In the last quarter of 2017, total employment in the UK increased by 102,000 taking the employment rate to a record level of 75.3%. Vacancies also hit a record high at 810,000 indicating strong hiring by firms. However the ONS also reports that average wages were up only 2.3% year-on-year, while consumer price inflation increased by 3.1%. The net effect is that whereas high levels of employment would normally force employers to increase pay in order to recruit new staff, in real terms average pay has fallen.

This is likely to create a knock-on effect in terms of the affordability of rents, and the available statistics confirm that rent rises in 2017 were moderate. Rightmove found that national average asking rents (excluding London) increased by only **0.7%** in 2017, less than 2016 (3.0%) and 2015 (3.7%). In the South East, **average rents fell by 0.7%**.

The Rental Index published by tenant reference and insurance company Homelet highlighted the regional variations. The highest year-on-year increase in average rents was in the East Midlands at 4.6%. The average increase in London was only 1% and in Wales rents were static. Martin Totty, Homelet's Chief Executive Officer, commented, *"We actually saw average rents across the country fall during May and June and while this was not repeated during the second half of the year, we remain some way off the much higher levels of rental price inflation that prevailed in 2015 and much of 2016."*

In a fairly weak rental market, BTL investors seeking higher rents and yields have the option of investing in an HMO. According to the BTL index published by Mortgages for Business, the average yield from an HMO investment in 2017 was **8.9%**, the highest of all BTL property types. Jeni Browne, Sales Director at

Mortgages for Business, commented, *"the attractiveness of HMOs as a BTL investment has increased in recent years not only because of the higher yields on offer but because serious investors are keener to diversify their portfolios."*

The latest UK Cities House Price Index published by property market analysts Hometrack found that year-on-year UK city house price inflation has slowed **down to 5.4%** compared with **6.3%** in the previous month. Weak price growth in London (**1.8%**) was offset by robust growth of over **7%** in Edinburgh, Birmingham, Glasgow and Manchester. In addition, the relative weakness of the London market was highlighted by an average discount from the asking price of **4%** and up to a **10% discount** in central London.

Hometrack also publish a House Price Index for the London local authorities. This shows the familiar pattern of the highest year-on-year house price growth in the outer London Boroughs including Gravesham (**4.5%**), Redbridge (**3.4%**) and Barking and Dagenham (**3.1%**). Prices in Redbridge have been boosted by the plan for a Crossrail station in the borough. House prices in several of the inner London boroughs have fallen.

These include Southwark (**-1.4%**), City of London (**-0.8%**), and Hammersmith and Fulham (**-0.6%**).

According to a recent report from London First and Grant Thornton UK LLP, nearly half of the new homes given planning permission in the capital are not being built. **54,941** homes were given planning permission in 2014 but three years later, the point at which planning permission typically runs out, only **29,701** were under construction or completed. In addition, the report found that only **3,000** homes were built in London's suburbs, despite making up more than half of London's land. This can only add to the pressure of under-supply on the London housing market and in the long run it will increase house prices and rents. There are several possible reasons why a larger number of houses are not being built – the rising cost of land, the availability of skilled labour, the increase in the price of building materials, and developers being more cautious about starting new projects until the terms of the UK leaving the European Union are finalised.

The Mayor of London's housing target states that London has to build **66,000 new homes** each year to meet its growing need and put right years of under-investment, but house-builders in the capital seem able to only build a fraction of these, completing just **26,458** in 2017. For many BTL investors the downside of an under supply of new housing is that in the long term they are more likely to be priced out of investing in property in London to limit affordability. A recent report from pensions and insurance firm Scottish Widows found that **51%** of tenants are concerned about not being able to pay the rent, but many tenants have a low level of savings to fall back on and only **4%** have critical illness cover.

Approximately **46%** of tenants are in rented accommodation because they can't afford to buy, and **60%** said that they are not saving for the long term because they can't afford to, a finding that is quite consistent with pay falling behind inflation. The housing crisis continues, it does not benefit anyone – least of all tenants in low paid jobs.



THE BUY-TO-LET MARKET IN

Wigan

This month's article is partly nostalgia – I grew up and went to school in Upholland, a village about three miles from Wigan. But I also wanted to find out more about the shift in the growth of the housing market away from the London and the South of England towards the Midlands and North of England, using Wigan as an example.

As ever, the strength of the local housing market depends on the local economy and Wigan has certainly seen some ups and downs. Historically the town was a major centre for the coal mining industry and in the 18th century the Leeds Liverpool canal was built to transport coal and other goods. Mining continued to be a major industry until the eventual decline in the second half of the 20th century. Wigan was also a major centre for the textile industry but the last mill closed in 1980.

In addition to being an industrial town, Wigan has always been a commercial centre. The **Grand Arcade shopping centre** opened in 2007 and at the **Wigan Pier Quarter** (a former wharf on the Leeds Liverpool canal), the **Trencherfield Mill** has been redeveloped to house a hotel, shops and 200 apartments. Several other former industrial sites have been regenerated as nature reserves and leisure areas in the **Greenheart Countryside Park**.

Wigan has a strong and distinctive cultural heritage. **The Museum of Wigan Life** was restored in 2009 with an investment of £1.9m and the city is a centre for popular music. From 1973 to 1981 the **Wigan Casino** was the premier venue for Northern Soul and since 1986 Wigan has hosted an international jazz festival. **George Formby**, the singer and ukulele player was born in Wigan in 1904. His songs and films continue to be remarkably popular in several countries. The city's bakeries produce excellent pies and **The World Pie Eating Championships** are held annually at Harry's Bar. Uncle Joe's Mint Balls, made by William Santus Ltd, is another well-known local food product.

Wigan has a proud sporting history. **Wigan Athletic** were elected to the Football League in 1978, and promoted to the Premier League in 2005, but currently play in the Football League Championship. The rugby league team, **Wigan Warriors**, are one of the most successful clubs having won 21 league championship titles and 19 challenge cup finals.

Wigan is a transport hub in the North West region. It is the meeting point of the **A49** and the **A577** with links to the **M6**, **M61** and **M58**. There are two railway stations in the town centre. **Wigan Wallgate** is on the West Coast mainline, **Wigan North Western** serves the lines running East to West.



The town is in the process of transitioning from an economy based on coal mining and cotton to an economy based on leisure, heritage and sport. The mission statement in the economic framework produced by Wigan Borough Council states, *"this is a Wigan that is more confident, a Wigan that is proud of its history and will use that legacy to create an exciting tomorrow."* The council have also produced a housing strategy that looks forward to 2026 to *"create a stable housing market where everybody can afford a home with good quality design in new developments and regeneration of the parts of the borough that are suffering at the moment."*

Property is comparatively cheap. The **average house price is around £123,000**, less than the average price in **Manchester (£157,000)** but higher than in **Liverpool (£115,000)**. Wigan is at the midpoint of house prices compared with nearby towns in Lancashire including **Preston (£143,500)**, **Blackpool (£133,500)**, **Bolton (£120,000)** and **Rochdale (£110,500)**. (Source: Hometrack UK All City House Price Index).

House prices are on an upward trend. According to the Hometrack Index, the **current year-on-year increase in house prices is 5.6%**. This places Wigan 11th in the Index league table of the 65 towns and cities. Nearby **Bolton is at 9th position with a year-on-year increase of 6.1%**. Other Lancashire towns further down the league table are the **Rochdale (4.5%)**, **Blackburn (3.1%)**, **Blackpool (1.8%)**, and **Preston (1.7%)**. **Average rents are around £500 pcm** (Source: homelet.co.uk), giving an **average rental return in Wigan of about 5%**.

Returning to the original question about the shift in the housing market towards growth in house prices and rents in the North of England compared with the South of England, how well does Wigan perform? There has been a substantial year-on-year growth in house prices that is higher than most other towns in Lancashire and the annual rental return is relatively high. Wigan benefits from very good transport links and this is a key driver for new investment and jobs.

Volume housebuilders Persimmon, Taylor Woodrow and Barratt Homes are building houses in the area and it is estimated that **over 21,000 new homes could be built by 2035**. Whilst much of the development will be on greenfield sites, according to the council's register there are **130 brownfield sites** that could be redeveloped to **provide 9,600 homes in future** – another example of the regeneration of Wigan's industrial heritage.

The main opportunity for investors in Wigan is conventional BTL with good prospects for growth in the long term as the town continues on a trajectory of a modern local economy and an attractive lifestyle. BTL investors should also take into account the excellent work being done by the council to promote economic development and improve housing under the banner of *"Wigan Borough is the urban green location."* Local authorities and government take note!

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

Not enough CASH to do the property deals you want to do?

If you're fed up with lack of cash restricting your property investment and want to escape from BTL mortgages, come along to a Recycle Your Cash Property Finance Masterclass event in 2018:

- ✓ You'll learn how to get your mind-set focused on success
- ✓ You will get the opportunity to get detailed answers to your property finance questions
- ✓ You'll discover what the Ninja property investors know that fast-track their investments
- ✓ You'll meet like-minded property investors
- ✓ It's a unique experience you can't afford to miss.



Your trainer and host: Kevin Wright has been described as 'outrageously positive' – partly because of his positive approach to positive finance, but more recently as someone who took just two months to beat cancer. He started his career in the property industry in 1983 and has been giving financial advice since 1992 initially as a qualified financial advisor. Today his business niche is to focus solely on clients who invest in property.

"It's not easy to get your head round these concepts when like me you've always gone down the traditional route, but having just done a no money down with your good self this stuff actually does work"

Carolyn Williams - Property Investor



UPCOMING MASTERCLASS DATES FOR 2018

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13th April

BRISTOL
27th April

GLASGOW
2nd June

LONDON
15th June

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YPN QUICKFIRE QUESTION TIME

THIS MONTH ... DEVELOPMENT



This new Q&A series is where **YOU** get to put **YOUR** questions about property issues that are bothering you to the experts on our panel. Developer Richard Little, co-founder of Property Developers Academy, kicks off the series by answering a few thorny questions about new-build development.

Richard is a second-generation property developer who has been in the business since 1976, developing in excess of 3,000 units, mainly residential. A co-founder, along with his son Brynley, of Property Developers Academy, Richard spends time educating and mentoring both new and existing developers in establishing and growing their businesses. He also works with a small number of development partners to bring surety and margin to projects across the country.

Q How do I calculate the per square metre build cost for a new build? Should I include groundworks in this cost, or keep groundworks and the out-of-ground build costs separate?

A "What will it cost?" is a question that gets asked so many times. I've found that most people don't really want the actual answer, they only want a number. But there are many variables to consider including specification/quality, topography, ground conditions, location, project size/type, building shape, procurement, eg main contractor/sub-contractor, developer experience/credibility, utility connections, etc. Build costs are generally the second biggest unknown number within the financial appraisal, after the GDV.

Getting some degree of surety for build costs should be gained by:

- Previous project costs – the best way.
- Speaking with main contractors – unless you have direct experience of working with them, their numbers are sometimes low, possibly to get you hooked.
- Engaging a quantity surveyor – costs will be calculated using their own proven project costs and BCIS. Cost plans from a QS carry a lot of weight when applying for funding, so are likely to be required should the project go ahead. They are still only 'best guess' though, so the selection of the QS is key. A practice with actual experience of similar projects is best choice.
- BCIS subscription – the numbers are a guide, not necessarily achievable by everyone. In my opinion, this shouldn't be used without experience.
- Most high-level costs are inclusive of in-ground and will only get split within a cost plan which breaks down all the main cost elements. Splitting the costs is essential when considering modular/pre-fabricated construction as suppliers' costs generally

exclude in-ground costs. This can often give a perception of a lower cost build.

Wherever the costs are sourced, it is vitally important to understand what is included and excluded, eg utility connections, floor/wall finishes, paths, fences/walls, decoration etc. Using the services of a QS should ensure there are no gaps in the costs, providing you instruct them correctly of course.





In your experience, are there any major costs that people forget to account for, or don't think about, in their early days of property development?



Absolutely, lots, in no particular order:

DEVELOPER CONTRIBUTIONS

Community Infrastructure Levy (CIL) is not chargeable everywhere and costs can vary dependent on location and development type, with charges mainly starting with development over 100 sq m. A second tier of levy, Mayoral CIL, also applies in London, and other areas, eg Manchester, are shortly to follow. The charges can often be £'000s per dwelling.

Section 106 is often assumed to only apply as a mechanism to collect affordable housing; in fact in some areas it collects many other contributions, eg trees, public art, libraries, open space, transport, etc.

The cost of on-site provision of affordable housing and/or financial contribution is little understood by newer developers and those scaling up to large projects. The impact on end values and income can be devastating to the project financials when neither understood nor allowed for.

Some areas have both S106 and CIL, others just S106 or CIL, some areas neither – although not too many of those are left.

UTILITY CONNECTIONS/UPGRADES

Costs for gas, water, electricity, drainage, telecoms and broadband are often missed completely and can be very costly. For example, for a recent, infill eight-dwelling project, the cost for electric connection came in at ca £38,000 because there wasn't sufficient capacity from the supply running in front of the site. On another project of four dwellings, the cost of gas connection rose by ca £11,000, as the supply had to come across a road. For broadband connections, we've recently had a quote of £33,000 to supply ten dwellings. Telecoms/broadband do not always attract connection costs. However, when they do, many have missed them off the appraisal.



PROFESSIONAL FEES

Individual consultant fees are often missed, whether that be planning consultant, architect, quantity surveyor, civil engineer, highways consultant, project manager, interior designer, health & safety, etc. The most common miss is project management. When developers propose to use a main contractor, there is often an assumption that a PM is not required. Funders will look to see that there is an experienced head overseeing the project on behalf of the developer. Occasionally new developers elect to PM themselves, which can bring issues in respect of funding and the required time is always underestimated. When experienced contractors have an inexperienced PM/Client to deal with, invariably the prices rise. PM is not a role for the inexperienced.

REPORTS & SURVEYS

Biodiversity/ecology, transport, arboricultural, mining, geotechnics, acoustics, thermal, surface water, topographical, flood risk, party wall, and daylight/sunlight are amongst the many reports and surveys that may be required. Not necessarily a huge amount in isolation, however if a few get missed off, the costs very quickly get to £10,000-£20,000. In 2016, we had a flood risk report for a conversion scheme (only affected three units), which cost ca £4,000, the results of which added a similar amount to the build costs. So, it's not just the cost of the reports and surveys, it's also the cost of any extra works.

WARRANTIES

Costs of £500 to £2m plus per unit are quite common. Costs for converted units are generally more expensive than new builds. Missing them off is quite common as there is sometimes an assumption that building regulations are the same as warranties. They are not, and warranties are needed in most cases for any newly created dwelling, conversion or new build.

TOPOGRAPHY

Not taking into account the levelness of the site can have a big impact on build costs, as foundations on a sloping site will be deeper and more costly. For example, on a site with a constant 15 degree slope, the costs could increase by 2%-3%, which in isolation isn't a great amount but on a development of ten three/four-bed houses, the costs could increase by £25,000-£40,000.

TIME

Own time is rarely included, which for some is ok as they are happy to consider the profit as payment. It's the amount of time that will be spent on a project that is nearly always underestimated. If you have a great team then own time can be minimal, and I would suggest that contact with the team should be weekly as a minimum.

Whilst some of the above costs are not always missed completely, they are often underestimated.

Q I'm considering a new-build project for the first time but haven't found a site yet. What are the key factors to consider when assessing a site?

A One thing in short supply is available and viable sites. Many people spend inordinate amounts of time and money looking at opportunities that we reject very quickly. We've seen site purchases, scheme designs, deals negotiated and agreed, and pre-apps submitted on sites that have what we call red lights. Using a 'traffic light' green, amber and red system, we identify the ambers and reds ASAP.

When we find a potential site, or when a site is passed to us, we start the process with a desk study – no rushing out to view, that's not a great use of time.

In no particular order, our initial appraisal (IA) looks at:

- **Land registry – title and plan**
- **Flood risk – rivers, seas and surface water (this is the one that catches most people out)**
- **Access – sufficient visibility to access the site for the number of potential vehicles**
- **Tree Preservation Orders (TPOs) – orders can be on any type/size/age/group**
- **Land designation – some land is for certain use only, eg industrial, tourism**
- **Planning history – previous consents and refusals**
- **Market history – useful information for discussions with vendor**
- **Local restrictions – eg overhead cables, bus stop, etc**

Some of these can be red lights, eg land reg with strong restrictive covenants; insufficient visibility for a safe access; trees that impair access visibility or cover the site with insufficient space for development between. Red lights tell us to stop and move on to the next opportunity. Others are amber lights, eg flood

areas that will restrict the density of development or the type of use; previous planning consents or refusals that indicate problematic planning.

Amber lights can of course be an opportunity for the more experienced developers.

If we get no red lights from the desk study, a site visit is made. Armed with the desk appraisal, we will look closely at any issues raised. This is a very focussed visit. We will always pay close attention to access visibility, taking photos and even rough measurements along the road in each direction.

Only after carrying out the IA and possibly a site visit will we then consider what development may be possible and desirable, this is the preliminary planning assessment.



Q I've done a couple of single house refurb on my BTLs in the past and would like to progress to new-build developments with a view to selling the properties. What size project would be ideal to start on?

A The good news for anyone who's done a refurb is it's likely that you have experienced many of the issues that often cause new build developers delays and cost overruns. With a solid appraisal and good team there should be no delays or cost overruns, so those lessons learned on smaller projects will be invaluable on your new build project.

Size of a suitable project mainly comes back to the amount of funds you have access to. Development funders will all look for you to have some 'pain' in the project. Beware of 100% funding offers, they are not 100% of all the funds you will need. I'd be really keen to hear of anyone's experiences with 100% funding.

Back to the question. Aside from the funds, you need to consider the experience of your key team including architect, QS, PM and contractors. Have they direct experience of the type and size of project you may be considering? Your own experience in development is not always relevant, so new developers can do bigger projects. I'm not in any way suggesting that anyone should start with a £10m project; however, it is possible. Taking on anything new will always throw up challenges, and an issue on a single new build will not have the same consequences as the same issue on a multi-unit build.

Fundamentally, the question of project size to start with comes down to available funds, access to relevant experience, and your appetite. Risk adverse people by nature tend to be very cautious, in which case a single build would be more comfortable for them. Conversely, if you are more of a big picture thinker, it's likely that you would be ok with a much larger project. The issue here is that big picture thinkers are sometimes a little naïve in their expectations and underestimate how involved they will get in a project, particularly if things don't go to plan. So really there is no black and white answer. My suggestion is that you talk through your plans with someone who is prepared to be honest with you. I get mentees and development partners to 'sell' me their plans and I give lots of feedback questioning the why and how. It's vitally important that you are comfortable with the project size before you commit.

Do you have a property question that you want to put to the experts?

Send it in by email with the title "Quickfire question" to jayne@yourpropertynetwork.co.uk and we'll forward it to the relevant specialist.

DEALS DEALS DEALS

I am currently sourcing properties nationwide which have discounts between 15 - 50% discount of its current market value. If you are already on my mailing list, you would see that we are offering / putting out around 10 deals a week.

If you would like to see some of these opportunities, please feel free to add yourself to my list by visiting:

<http://bit.ly/DailyBMVLeads>

We currently have properties nationwide which include :

- **15% - 50% Below current market value properties •**
- **Readymade, income generating HMO opportunities •**
 - **Blocks of apartments •**
 - **Rent 2 Rent opportunities •**
 - **Lease option deals •**
- **Serviced accommodation opportunities •**
- **Development opportunities •**
- **And so much more! •**

If you would like to have a chat with me about any of these, please feel free to call me on **07967 016425**.

Thanks in advance!

Arsh Ellahi

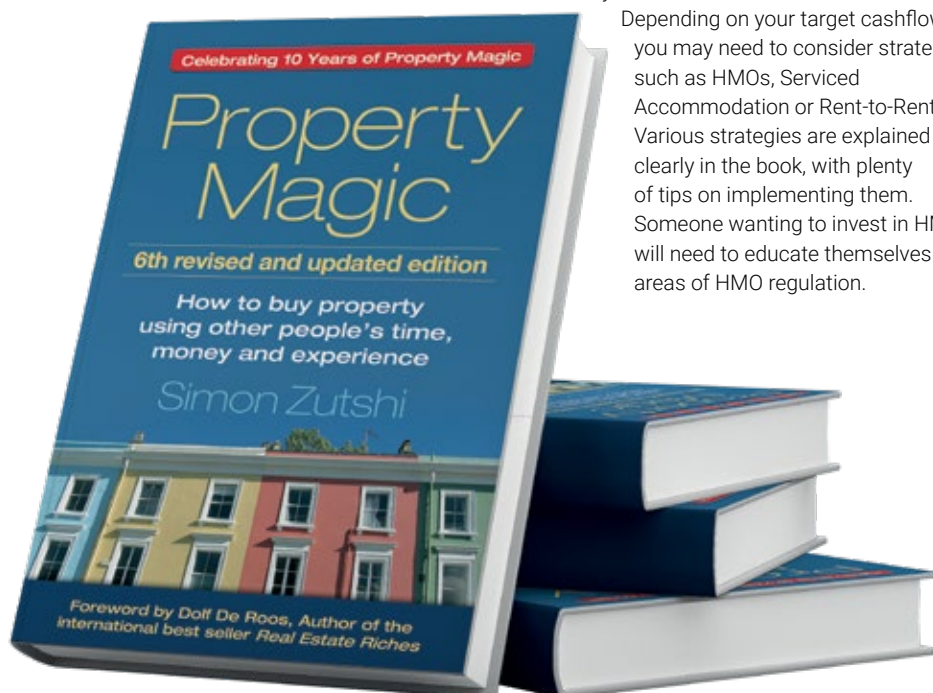


YOUR PROPERTY BOOK REVIEW

It's always impressive when an author brings out a **new edition** of a book, as it tells me that they are updating an already excellent book to reflect market changes; such is the case with Simon Zutshi's *Property Magic* (ten-year anniversary edition). In the book, Simon covers all aspects of investing in property, including case studies from his students. As experienced investor Dolf de Roos says in the 'foreword', "*Simon simplifies property investment concepts and clearly explains the steps you have to take*".

Simon starts by describing the state of the property market in 2008 when the 1st edition appeared and outlines the current state and future changes. Despite changes, professional property investors will continue to adapt. The question of "when should I buy property?" is a common one and Simon's view is that **NOW** is the best time if you know what you are doing! To mitigate many of the risks in property, follow the "**Five Golden Rules**" he advocates in the introductory chapter.

In Chapter 1, Simon makes a strong case for investing in property, eg people will always need somewhere to live, you can leverage other people's money (eg, bank's money) to increase your ROI and your tenant covers your mortgage. Depending on your strategy, the income derived from property can radically change your life if you acquire the correct specialist knowledge, mindset and supportive environment. Some of the reasons why people don't invest in property include fear, ignorance, impatience or lack of knowledge, time or money.



PROPERTY MAGIC

HOW TO BUY PROPERTY USING OTHER PEOPLE'S TIME, MONEY AND EXPERIENCE By Simon Zutshi

Begin with the end in mind: firstly decide your goals for investing in property then define your strategies, but do seek professional advice (mortgage brokers, tax experts and so on). The key is to buy property at a discount or add value (or both) to lock in the equity.

The next chapter introduces the concepts of BTL mortgages and momentum investing – ie recycle your initial outlay quickly by re-mortgaging, to reinvest in another income-generating property. This section also covers the myriad of ways to fund the purchase, including your savings, equity from your own home, pensions, joint ventures, bridging and peer-to-peer lending.

Chapter 3 explores motivated sellers for whom speed and certainty of sale is more important than price, due to: repossession, downsizing, emigrating, broken chain, etc. Your role is to solve their property-related problem **in an ethical manner**, which benefits both parties. There are a number of ways to find motivated sellers – estate agents, auctions, newspaper adverts, postcards, leafleting, websites etc. Buying properties ethically is very important and Simon devotes the next chapter to identifying what their needs are, gathering the right information/due diligence and building rapport to generate a solution that works for all parties.

Chapter 5 focuses on maximising cashflow. There's no point buying discounted properties if they don't generate sufficient cashflow. You need to get good at ascertaining whether a deal stacks up and how much cashflow you'll achieve after **ALL** costs.

Depending on your target cashflow, you may need to consider strategies such as HMOs, Serviced Accommodation or Rent-to-Rent. Various strategies are explained clearly in the book, with plenty of tips on implementing them. Someone wanting to invest in HMOs will need to educate themselves in areas of HMO regulation.

One of the more creative strategies is Property Options, described in the next chapter. Through a simple example and case study, Simon highlights the essential concepts of Purchase Lease Options (PLOs) and offers guidelines about spotting them, eg the vendor doesn't need the money from the sale, or there is no equity, or the vendor has favourable mortgage terms. Many motivated sellers may consider PLOs if a straight sale is not possible. In addition, look out for properties that are For Sale & To Let, or perhaps look for tired/retiring landlords who just don't want the hassle of a BTL property. Always use simple language, not complicated jargon (eg, rent now, buy later), and always use legally drawn up contracts. A number of creative ways of using Options are highlighted in this chapter.

Chapter 7 suggests you don't try and do everything on your own but compile a "**power team**" of advisors including a mortgage broker, accountant and solicitor. This team can then be extended to estate/letting agents, builders, mentors, etc. To speed up your journey, you could consider joint ventures – an excellent idea as long as you follow the guidelines outlined.

Simon concludes by reminding readers that the best investment you can make is in yourself, ie educate yourself first to mitigate expensive mistakes later. You will need to develop a few key characteristics to become a successful property investor. Your aim should be to leverage other people's knowledge to accelerate your own success, either through training events or working with a coach/mentor.

WHO IS THIS BOOK FOR?

Property Magic is really well written and easy to comprehend. It aims to give the reader a significant understanding of investing in property and the myriad of strategies one can deploy depending on personal circumstances. When an author publishes new editions of the same book but with updates, it's a sure sign of their professional approach and belief in the original publication. Many people have started their property journeys after reading this book, so it's a "must-have"! As well as great tips throughout, Simon also provides compelling case studies and links to further resources.

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FINDING GOOD PUBLIC COMPANIES TO INVEST IN USING FUNDAMENTAL ANALYSIS PART 1

By **Marcus de Maria**

Last month, we discussed the seven steps to making 2018 your best year ever. This month, in Part 1 of a two-part series, we want to show you how you can find some good companies. These are not necessarily 'the best in the world' but good solid companies we can start making some money with using the strategies we have been writing about in Your Property Network.

Most people are looking for **WHICH** company to invest in, ie a healthy company with good 'fundamentals'. Fundamental Analysis shows us the current health of the company, and the rationale behind it is that if you find a good company then the share price will go up eventually. What most people don't realise is that you can find the best company in the world, but that does not mean that the share price will go up in the short term. What is equally important is the short term sentiment of the market – so it might go down for weeks or even months before going back up. That is why we use Technical Analysis, ie **WHEN** to get into that healthy company. The key is to find a good one using fundamental analysis, and then to time the entry as best you can using technical analysis.

Let us start with **Fundamental Analysis** - finding great companies. There are well over 8,000 public companies out there. That is far too many to focus on at any one time. The aim is to create a more manageable list, called a Watchlist, of companies, say 50 or less, that we can whittle it down to - 25 would be an ideal number. These are the companies we will focus on.

What kinds of things do you think we might be looking at when we are looking at the health of a company? Below are some ideas of where to start using Fundamental Analysis. It will not surprise you that Earnings – which is American for Profits – is used several times:

1. PEG RATIO

The PEG is the Price Earnings to Growth Ratio. The ratio is made up of three parts.

1. **P = Price**
2. **E = Earnings per Share (these two together form the famous P/E Ratio)**
3. **G = Earnings Growth**

Price / Earnings per Share

Earnings growth

Let's say we have a P/E Ratio of eight. As a shareholder you want to know how much Earnings (profit) you have for one share, ie I own one share, how much is the profit?

For example, let's say the price of this particular stock at the moment is \$24 dollars, and that year we made Earnings per Share of \$3.

So, $\$24/3$ means that we have a P/E Ratio of 8 which means that the person who's going to buy the stock right now will pay \$8 for every \$1 (that's the same as \$24 for every \$3) that the company earns. So you are paying for future earnings. The higher the P/E ratio, the more you are paying now for future earnings.

The G stands for Earnings per Share Growth, ie the amount the Earnings per Share are projected to grow in % terms.

Confused? Don't worry. All you need to know is that the PEG Ratio has to be lower than 1.5, or even lower than 1 if you're really strict. If the PEG Ratio is at 1 it is considered fairly valued, ie the valuation is fair. Below 1 and you are looking at a stock that is undervalued.

2. EARNINGS GROWTH

In PEG we have Earnings Growth (G) projections. But it is so important that it deserves a section by itself. We need to be asking ourselves, *"Are the profits growing and are they going to be more next year than this year?"* We want to see year-on-year growth in earnings for the next five years. If the earnings are going up, it is likely that investors will buy the stock in the future, and if they are going down, they will most likely start selling. So how do we know what future earnings will be? Good question. Here we have to rely on expert analysts that estimate this for us.

So, we're looking for five year earnings Growth on the Earnings per Share (EPS) between 15% and 30%. Anything higher than that is not sustainable over time.



3. DEBT

We also want to ensure that a company has debt. This might seem strange but if it doesn't have debt, it means it is not expanding fast enough, ie it is not using the resources it has at hand to maximise everything it can. On the other hand we don't want it to have too much debt or else it won't be able to pay it off, and will go bust.

So we are looking at the debt ratio that indicates the percentage of the company's assets, that are provided for by its debt.

Debt Ratio = Total Debt / Total Assets x 100 (to get it in %)

A debt ratio of greater than 100% indicates that a company has more debt than assets. Meanwhile, a debt ratio of less than 100% indicates that a company has more assets than debt.

So, we're looking for a debt ratio which is below 35%. If a company's debt levels are more than that, it often proves extremely difficult for the management to be able to borrow more at a certain price in order to expand the company even more. And without expansion into new markets, which is normally done by debt, corporate growth will eventually slow down and then the stock price will be affected.

Companies with lower debt often have better prospects for future expansion because they can still raise debt, but remember we still want companies to have a certain amount of debt.

The next one is less important but it's interesting to know:

4. INSTITUTIONAL OWNERSHIP

What percentage of the company is owned by the big boys – the institutions, the pension funds, the mutual funds, the unit trusts? Because on the one hand you don't want there to be too many of them, but on the other hand you don't want to be investing in a company that no-one knows about and no-one has checked out, or that you've never ever heard of before.

You want to make sure that you are actually investing in a company where people who have more market experience than us have done the research and are investing.



Does this make sense? A bit of institutional ownership is a good thing.

So, we don't want too high, we don't want too low, we want in the middle, so in the range between 25%–55%.

5. PRICE

I want the price to be above \$5, preferably \$10. It has to be above ten dollars because I want to make sure it's not what's called

Small Cap stock, or small capitalisation.

I want there to be enough liquidity, ie buying and selling. Also did you know that the majority of institutions don't give coverage to stocks below \$5? And I want them to write about my stocks. "Why do I want the institution to write, to publish, to talk, and to tweet?" It's marketing and everybody else is going to know about them and is going to invest as well, forcing stock prices up. So it has to be over \$10.

SO WOULD YOU LIKE TO KNOW HOW TO FIND THESE COMPANIES?

We can filter them on www.FINVIZ.com.

This is a **FREE** stock screener where we screen through 6,720 stocks that meet the criteria we are looking for (above) to find the best we possibly can. Here is what it looks like **BEFORE** we populate it with the five points above.

Filters: 0		Descriptive		Fundamental		Technical		All	
Exchange	Any	Index	Any	Sector	Any	Industry	Any	Country	Any
Market Cap.	Any	P/E	Any	Forward P/E	Any	PEG	Any	P/S	Any
P/B	Any	Price/Cash	Any	Price/Free Cash Flow	Any	EPS growth this year	Any	EPS growth next year	Any
EPS growth past 5 years	Any	EPS growth next 5 years	Any	Sales growth past 5 years	Any	EPS growth qtr over qtr	Any	Sales growth qtr over qtr	Any
Dividend Yield	Any	Return on Assets	Any	Return on Equity	Any	Return on Investment	Any	Current Ratio	Any
Quick Ratio	Any	LT Debt/Equity	Any	Debt/Equity	Any	Gross Margin	Any	Operating Margin	Any
Net Profit Margin	Any	Payout Ratio	Any	Insider Ownership	Any	Insider Transactions	Any	Institutional Ownership	Any
Institutional Transactions	Any	Float Short	Any	Analyst Recom.	Any	Option/Short	Any	Earnings Date	Any
Performance	Any	Performance 2	Any	Volatility	Any	RSI (14)	Any	Gap	Any
20-Day Simple Moving Average	Any	50-Day Simple Moving Average	Any	200-Day Simple Moving Average	Any	Change	Any	Change from Open	Any
20-Day High/Low	Any	50-Day High/Low	Any	52-Week High/Low	Any	Pattern	Any	Candlestick	Any
Beta	Any	Average True Range	Any	Average Volume	Any	Relative Volume	Any	Current Volume	Any
Price	Any								

It might look confusing at first sight, but next month in Part 2 we will look at how to use it to end up with the best companies. By the way, you can also use it to find the worst companies as well. You can 'short' those companies, ie make money when markets go down. Not a bad idea as you can make money fast when the price goes down. More on that in a future article.

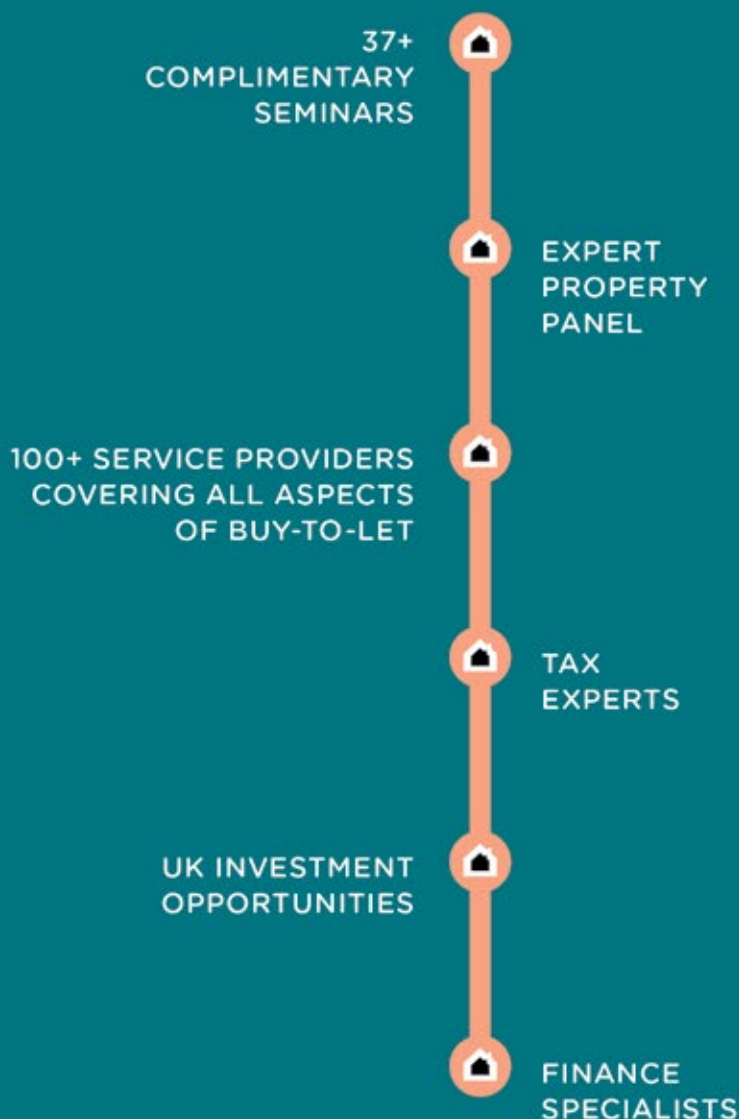
Until next month,

Marcus



In times like these it is a **MUST** for you to learn more about what trading and investing in stocks, commodities and precious metals has to offer. We are having a series of one-day events where we go through the strategies so you can take control of your own finances. But first, why not go ahead and grab a copy of my book, The Lunchtime Trader, for **FREE**: www.investment-mastery.com/yppmagbook

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HOW TO KEEP MORE OF THE MONEY YOU EARN!



By **Simon Zutshi**

Most people believe that if you want to be wealthy then you need to learn how to make lots of money. However this is only the first step. The second step is that you need to know how to keep the money you earn, mainly by minimising your taxes and making that sure you don't spend everything you make. The third step is to grow your money.

THIS IS HOW YOU BECOME WEALTHY.

1 MAKE 2 KEEP 3 GROW

The reason so many wealthy people invest in property is because you can achieve all three of these wealth creation steps in one go:

- **you can make money with property**
- **there are ways of minimising your tax with property**
- **and of course, the value of your investments goes up over time thanks to the long term growth in property prices**

Most people who invest in property seem to focus on just making money and miss out on many of the ways of reducing the amount of tax they pay. As we approach the end of the current financial year, I wanted to share with you some ways of minimising the amount of tax you pay. You may be paying more tax than you need to, so I suggest you read this carefully and also **talk to a specialist property accountant.**

"What you know will make you money, and what you don't know will cost you money."

I love this Robert Kiyosaki quote, as it is so true and particularly relevant in the current property market due to all the changing legislation and the changing tax situation. With the introduction of Section 24 in April 2017, it is now even more important for you to understand all the ways in which you can legally minimise the tax you pay.



USING A BUSINESS TO SAVE TAX

The way in which you have structured your property portfolio will depend very much on your personal tax situation and your investing objectives. If you have been investing for a while, your portfolio is probably in your own name as this was generally the most tax efficient way to structure it for long term buy and hold. Whereas if you were trading property, a company might have been the best way to hold it. I have used this dual structure for many years.

However, now it is time for change. Moving forward I believe you should be buying your properties in a company structure. There are many other benefits to having a company, such as being

able to offset some of the costs – for example, your mobile phone, cost of life insurance (if set up in the correct way) and best of all, possibly even the cost of any property training you attend, including travel, accommodation and food whilst doing the training. It is important not to just set up any company, but one that is specifically designed to maximise the tax benefits for the owners. ***I highly recommend you get specialist advice on this.***

I would just like to mention here that if you attend any of the March pin meetings you will receive a special tax report which goes into more detail than I have space for in this article, and also I will share all of my personal tax advisor contacts with whom you can get a complementary 30-minute tax consultation.

COMPANY PENSIONS

Once you have a company you can also set up a company pension such as a SSAS (Small Self-Administered Scheme). You can then reduce your corporation tax by transferring up to £40k per year of profits from your business into your SSAS tax free. This can be backdated up to three years, which would save £24k in corporation tax. You can also transfer other pensions into your SSAS. I did this with my Cadbury's pension. Once you have funds in your company SSAS, you can lend money to other investors, buy commercial property (for commercial to residential conversion) or even get a loan back from your own pension. This has to be set up and run in the correct way to make sure you do not incur any penalty tax rates so you need to get advice to make sure it is done properly.



PERSONAL CAPITAL GAINS TAX ALLOWANCE

A great tax-efficient strategy is to sell one of your rental properties each year to take advantage of your personal Capital Gains Tax allowance. When you sell a rental property you pay Capital Gains Tax on the profit you make but the first £11,500 is tax-free. This is £23,000 if owned in joint names with your partner. Each year I review my portfolio and sell the worst performing property. I have a few properties which I have purchased over the past 22 years of investing, which seemed like a good purchase at the time, but given what I now know, I would not buy them again. So I sell the property, take the tax free gain and then reinvest the capital in a much better cash-flowing property with a higher return on investment. This means that often I do still have some Capital Gains Tax to pay but I don't mind as I offset this tax using Enterprise Investment Schemes.

ENTERPRISE INVESTMENT SCHEME (EIS)

If you have sold any properties (or shares) over the last few years, which result in you needing to pay Capital Gains Tax, and/or if you need to pay any Income Tax due to profits from your property portfolio, then you really should be aware of the Enterprise Investment Scheme. EIS is a government-backed initiative to help new businesses gain much needed funding for growth. Before you get too excited about this, I should just point out that a property business would not qualify for EIS funding. However, as a property investor making money you should be aware of this to minimise your tax. By investing

in a number of these EIS approved businesses, which will hopefully grow into profitable ones in the future, you can offset CGT and get a rebate on Income Tax, whilst diversifying your investment portfolio.

Please be aware you should never invest in something just because of the tax benefits. It must be a sound investment for diversification reasons, with the added tax incentives as a bonus. It is very important that you do your due diligence and only invest in companies with a really good chance of being successful. This is definitely worth looking into.

REDUCE TAX ON YOUR SAVINGS

There are two main ways of saving money on your savings. First of all, you have the Personal Saving Allowance. This is where a lower rate tax payer can earn as much as £1,000 in interest and pay no tax. Higher rate tax payers can earn £500 and pay no tax. Let's say you are earning 8% per annum by lending through the property specialist peer-to-peer lending platform CrowdProperty – you could lend up to £12,500 and pay no tax on your £1,000 of interest. Higher rate tax payers could lend up to £6,250 and pay no tax on their £500 of interest.



INDIVIDUAL SAVING ACCOUNTS (ISA)

In addition to your Personal Savings Allowance you can put up to £20k a year into an ISA account. There are several different types of ISA including cash, stocks and shares and the new Innovative Finance ISA (IFISA). When you put money into an ISA the interest you earn is tax free. If you invest £20k a year this can add up over the years to a sizeable tax free fund.

There are lots of ISA providers out there but I am delighted to announce that CrowdProperty now also offers an IFISA so you can lend money to the property development projects and receive a secured return of up to 8% tax free thanks to the ISA. You can also transfer in ISA funds from previous years. As with all loans, your capital is at risk. You can find full details on the CrowdProperty website here:

www.CrowdProperty.com

CAPITAL ALLOWANCES

Capital Allowances were a very powerful but little known tax strategy when we first introduced them to my Mastermind delegates back in 2010. I have personally used this to save tens of thousands of pounds in tax. I know several Mastermind graduates who were able to more than pay for their Mastermind fees from the savings they made from this one simple tip.

The rules around this have changed, so we can't really use it with HMOs anymore, but the good news is that you can still use this for any commercial property including: serviced accommodation, furnished holiday homes in the UK, any commercial to residential conversion, or any other commercial buildings such as shops, warehouses, offices, care homes or restaurants.

When you buy a qualifying property, a certain percentage of the purchase price and money spent on refurbishment can be offset against your personal income tax. For example, let's say you purchase a property worth £200k to use as serviced accommodation. You might get a 20% capital allowance, which would be £40K that you can offset against your personal tax. For a higher rate tax payer this could be worth an extra £16k in your pocket.

Only the owner of the property can claim the capital allowance and it can be directly offset against their personal tax (or corporation tax if the owner is a business). Claims can be carried back for a few years so definitely worth looking into.

MINIMISE INHERITANCE TAX

What would happen to your assets and portfolio if something happened to you? It is really important to protect your assets with the appropriate life cover. Unfortunately, most people are badly advised and set this up incorrectly, which means they will lose 40% of their life insurance due to inheritance tax.

As well as protecting your family and assets, if you are working with private investors, it can be very reassuring for them if you have life insurance, whereby if something happens to you, they can get their money back quickly rather than having to wait for your estate to be settled. This insurance really does not cost a lot and I have a policy in place to cover all of my current and future private lender requirements. What's more, if done in the correct way, this can be done as a tax deductible expense for your business.

I do hope you have found this article useful and found some ways in which you can minimise your tax liability this year. Now is the time to take action and to think about what to do now to make the most of this information.

Best wishes,

Simon Zutshi

- Founder, property investors network
- Author of "Property Magic", now into its 6th edition
- Founder of the Property Mastermind Programme



YPN RECOMMENDS

The bigger your network, the bigger your net worth. The best way to build your personal network is to attend your local property networking events. At YPN we highly recommend the property investors network (pin) who have 50+ meetings around the UK every month, so there is bound to be a property meeting close to where you live or invest. You can find your local meeting here: www.PinMeeting.co.uk

At the March pin meetings, everyone who registers in advance will receive a Special Tax Saving Report that Simon Zutshi has created for his Property Mastermind Graduates. This includes more details on the topics covered in this article, as well as the contact details of all the various tax consultants that Simon personally uses, and the opportunity to benefit from a complementary 30-minute tax consultation. These are available only to people who attend any of the pin meetings in March. Book your place at your local pin meeting now.

NETWORKING EVENTS In *YOUR* Area

ZONE 1

Blackfriars pin

4th Tuesday of the month

Crowne Plaza, 19 New Bridge Street, Blackfriars, London, EC4V 6DB

Host: Fraser MacDonald
www.blackfriarspin.co.uk

Canary Wharf pin

1st Thursday of the month

De Vere Conference Suite No. 1 Westferry Circus, London, E14 4HD
Host: Samuel Ikhinmwin
www.canarywharfpin.co.uk

Croydon pin

3rd Wednesday of the month

Jurys Inn Croydon Hotel, Wellesley Road, Croydon, CR0 9XY **Host:** Stuart Ross
www.croydonpin.co.uk

PPN London St. Pancras

1st Wednesday of the month

The Wesley Euston Hotel & Conference Venue, 81-103 Euston St, London NW1 2EZ
Hosts: Jamie Madill & Steve Mitchell
progressivepropertynetwork.co.uk/stpancras

PPN London Waterloo

2nd Monday of the month

Park Plaza County Hall, 1 Addington Street, London, SE1 7RY
Host: Sachin Mishra
progressivepropertynetwork.co.uk/london-waterloo

PPN London Knightsbridge

2nd Tuesday of the month

Royal Air Force Club, 128 Piccadilly, Mayfair, London W1J 7PY
Host: Pippa Mitchell
progressivepropertynetwork.co.uk/knightsbridge

PPN Canary Wharf

2nd Wednesday of the month

One Canada Square, Canary Wharf, London, E14 5AB
Hosts: Ozan and Oktay Redjep
progressivepropertynetwork.co.uk/canary-wharf

PPN Mayfair

Last Thursday of the month

The Washington Mayfair, 5 Curzon St, Mayfair, London W1J 5HE
Host: David Seigler
progressivepropertynetwork.co.uk/mayfair

Kensington pin

2nd Wednesday of the month

The Rembrandt, 11 Thurloe Place, South Kensington, London, SW7 2RS
Host: Marion Watts
www.kensingtonpin.co.uk

Regent's Park pin

3rd Tuesday of the month

Holiday Inn London Regents Park, Carburton Street, London, W1W 5EE
Host: Mike Frisby
www.regentsparkpin.co.uk

Sutton pin

2nd Thursday of the month

Holiday Inn London Sutton, Gibson Road, Sutton, Surrey, SM1 2RF
Hosts: Johanna and Peter Lawrence
www.suttonpin.co.uk

Clapham pin

1st Tuesday of the month

The Cinnamon, 55-57 The Pavement Clapham, London, SW4 0JQ
Hosts: Jahangir Khan and Luke Skelton
www.claphampin.co.uk

Premier Property Club - Islington

2nd Wednesday of the Month

Hilton Hotel Islington, 53 Upper St, London N1 0UY **Founder:** Kam Dovedi
PremierPropertyClub.co.uk/ppc-islington

Premier Property Club - Knightsbridge

3rd Wednesday of the Month

Park Tower, 101 Knightsbridge, London, SW1X 7RN **Host:** Kam Dovedi
www.PremierPropertyClub.co.uk

Premier Property Club - Canary Wharf

4th Tuesday of the Month

Hilton Hotel, Marsh Wall, London, E14 9SH **Host:** Kam Dovedi
www.PremierPropertyClub.co.uk

Premier Property Club - Croydon

1st Tuesday of Each Month

Doors open: 6.30pm for a 7pm Start
Jurys Inn Croydon, Wellesley Road, London CR0 9XY

Wandsworth-Property-Group

Love Property in N1 Meetup Group

1st Thursday of the Month

The Islington Company 97 Essex Road, N1 2SJ **Host:** Vaida Filmanaviciute
www.meetup.com/Love-Property-in-N1-Meetup-Group

We Buy Houses - London

Last Wednesday of the month

New hosts: Adam Hinds and Angela Lewis-Wright. Register at <http://webuyhouses.co.uk/rick-otton-meetups>

Property Leverage Network - London

1st Monday of the month

Pavillion End, 23 Watling Street, London, EC4M 9BR
Host: Karun Chaudhary (07542210168)

London HMO Property Group

Host: Alan Wood

For information on the next event visit www.hmopropertygroup.co.uk

EPN - London (Earth Property Network) 2nd Tuesday of the Month

1 Fore Street, London, EC2Y 5EJ

Host: David J. Tillyer
<http://bit.ly/EPN-London>

PMA Heathrow

1st Monday of every month

Hotel Mercure Heathrow, Shepiston Lane, Hayes
Host: Justyna Wojech
www.pmanetwork.co.uk/events

PMA Croydon

1st Wednesday of every month

Croydon Park Hotel, 7 Altire Road, Croydon **Host:** Jason Hayles
www.pmanetwork.co.uk/events

Kensington & Chelsea Property Network 1st Thursday of the Month

The Trafalgar in Chelsea, 200 Kings Road, London, SW3 5XP

Host: Nicola Ancona
www.meetup.com/KensingtonChelseaPropertyNetwork

Central London Evening Meet

4th Wednesday of the month

14-15 Marshall Street, Soho, London W1F 7EL **Hosts:** Brendan Quinn and Luke Hamill

www.meetup.com/CentralLondonPropertyNetwork

Central London Morning Meet

See website for details

Grosvenor Casino, 3-4 Coventry Street, Piccadilly Circus London W1D 6BL

Host: Brendan Quinn
www.meetup.com/CentralLondonPropertyNetwork

Property Coffee Morning

Free Networking For 150 Property Investors.

9:30 to 11:30am, Grand Ballroom, Landmark Hotel, London NW1.
See website for more details
www.PropertyCoffeeMorning.com

JV Hub Property Meet

4th Wednesday of every Month

Wework Building, 1 Fore Street London EC2Y 5EJ, 6.30 - 9.30
Host: Theo Bailey www.jvhub.co.uk

Baker Street Property Meet

Last Wednesday of every Month

Holiday Inn London, Regents Park, Carburton Street, London, W1W 5EE
Host: Ranjan Bhattacharya
www.BakerStreetPropertyMeet.com

Sutton Property Meetup

2nd Monday of the Month

The Ivory Lounge, 33-35 High Street, Sutton, Surrey, SM1 1DJ
Hosts: Johanna and Peter Lawrence
www.meetup.com/Sutton-Property-Meetup

London Property Talk (BMV Meet)

1st Monday of the month

Hilton London Docklands, 265 Rotherhithe Street, London, SE16 5HW
Host: Owais Naveed
<http://ukpropertymeet.co.uk>

London Property Investor Breakfast

4th Tuesday of the month (7.30am - 9.30am)

Doubletree by Hilton, 92 Southampton Row, Holborn, London, WC1B 4BH **Host:** Fraser Macdonald
www.meetup.com/londonproperty-breakfast



UK Property Investors Networking Event

Last Monday of the Month

Grovesnor Hotel, 101 Buckingham Palace Road, Victoria, London
Host: Cornay Rudolph
www.meetup.com/UK-Property-Investors-Networking-Event

Premier Property Meet

2nd Thursday of every month from

6.30pm The King's Head Pub, 1 The Green, Winchmore Hill, London, N21 1BB **Hosts:** Deborah Tyfield and Dr Martand Patel Tickets: £20 online, £25 on the door. Tickets includes canapés
www.premierpropertymeet.co.uk

Property Leverage Network City of London 4th Monday of every month

Dawson House, 5 Jewry Street, London, EC3N 2EX **Hosts:** Felix Cartwright & Phil Ash (07856202658)
www.propertyleverage.co.uk

Property Leverage - Southbank London 3rd Monday of the month

Mulberry Bush, 89 Upper Ground, Southbank, London, SE1 9PP
Hosts: Felix Cartwright & Phil Ash (07856202658)
www.propertyleverage.co.uk

Wandsworth Property Group

3rd Tuesday of the Month

The Alma, 499 Old York Road, Wandsworth, London, SW18 1TF
Host: Brendan Quinn www.meetup.com/Wandsworth-Property-Group

LoveTheMojo

1st Wednesday of the month

Wework Aldwych House, London
<https://www.meetup.com/LOVE-THE-MOJO/events/243553700/>

Bloomsbury Wealth Investing Network

3rd Wednesday of the month

The Wesley Hotel 81-103 Euston St, Kings Cross, London NW1 2EZ
Hosts: Matt Baker & Jo Akhgar
www.bloomsburywin.net

The London Real Estate Buying & Investing Meetup Group

2nd Tuesday of the Month

Business Environment Services Offices, 154 - 160 Fleet Street, EC4A 2NB
Host: John Corey
www.meetup.com/real-estate-advice

The Kensington & Chelsea Property Group

2nd Wednesday of the month

Baglioni Hotel, 60 Hyde Park Gate, London, SW7 5BB

Host: Neil Mangan

<https://www.meetup.com/The-Kensington-Chelsea-Property-Group/>

THE PROPERTY HUB

1st Thursday of the Month <http://thepropertyhub.net/meetups>

London Waterloo All Bar One, SE1 7PY

Host: Matt Newman

London King's Cross The Somers Town

Coffee House, NW1 1HS **Host:** Gavin Lloyd

Richmond Upon Thames The Cricketers,
TW9 1LX **Host:** Roxane Brazeau

Epsom The Albion, KT19 8BT

Hosts: Justin Richards and Andy Garnett

ZONE 2

Cambridge pin 4th Thursday of the month

Holiday Inn Cambridge Lakeview, Bridge Road, Impington, Cambridge, CB24 9PH

Host: Christine Hertoghe

www.cambridgepin.co.uk

Essex pin 3rd Tuesday of the month

Orsett Hall Hotel, Price Charles Avenue, Orsett, Essex, RM16 3HS

Host: Reegan Parmenter

www.essexpin.co.uk

Norwich pin 2nd Tuesday of the month

Holiday Inn, Ipswich Road, Norwich, Norfolk, NR4 6EP **Host:** Lisa Hudson

www.norwichpin.co.uk

PPN Ipswich

2nd Monday of the month

Holiday Inn Ipswich, London Road, Ipswich IP2 0UA **Host:** Halstead Ottley

progressivepropertynetwork.co.uk/ipswich

PPN Peterborough

3rd Monday of the month

Holiday Inn Thorpe Wood, Peterborough **Hosts:** The PPN Team

progressivepropertynetwork.co.uk/peterborough

Essex Property Network

2nd Tuesday of the Month

Holiday Inn, Brentwood, CM14 5NF **Host:** Cyril Thomas

www.essexpropertynetwork.co.uk

Harlow Property Network in association with Premier Property Club 2nd Thursday of Every Month

The Day Barn, Harlow Study Centre, Netteswellbury Farm (off Waterhouse Moor), Harlow, Essex, CM18 6BW. myproperty.coach

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Colchester The Church Street Tavern, CO1 1NF. **Host:** Diana Bond-Smith

South Essex The Paul Pry, Rayleigh, SS6 7AA **Hosts:** Joanne Dron and Larry Solomons

ZONE 3

Eastbourne pin

1st Wednesday of the month

Royal Eastbourne Golf Club, Paradise Drive, Eastbourne, East Sussex, BN20 8BP **Host:** Lee Beecham

www.eastbournepin.co.uk

Woking pin

3rd Thursday of the month

The Talbot, High Street, Ripley, Surrey, GU23 6BB **Host:** Lisa Oliver

www.wokingpin.co.uk

Oxford pin 1st Thursday of the month

Jurys Inn, Godstow Rd, Oxford, OX2 8AL **Host:** Gillie Barlow & Jacquie Edwards

www.oxfordpin.co.uk

PPN Brooklands

3rd Tuesday of the month

Mercedes - Benz World, Brooklands Dr, Weybridge, KT130SL

Host: Mark Stokes

progressivepropertynetwork.co.uk/brooklands

J6 Property Professionals & Investors Meet

2nd Tuesday of the month

Aston Bond solicitors, Windsor Crown House, 7 Windsor Road, Slough, SL1 2DX **Host:** Manni Chopra

www.j6propertymeet.co.uk

PMA Bracknell

4th Tuesday of the month

Hilton Hotel, Bagshot Road, Bracknell **Host:** Phil Hope

www.pmanetwork.co.uk/events

PMA Farnborough

3rd Tuesday of the month

The Village Hotel, Farnborough **Host:** Matt Hook

www.pmanetwork.co.uk/events

The Property Vault

3rd Monday of the month

Eastgate, 141 Springhead Parkway, Northfleet, DA11 8AD

Host: Dan Hulbert

www.thepropertyvaultuk.com

Reading pin

1st Tuesday of the month

Holiday Inn Reading South M4, Jct. 11, 500 Basingstoke Road, Reading, RG2 0SL **Hosts:** Peter Licourinos

www.readingpin.co.uk

Berkshire pin

3rd Monday of the month

Holiday Inn Maidenhead, Manor Lane, Maidenhead, SL6 2RA

Hosts: Mike Holt

www.berkshirepin.co.uk

Southampton pin

1st Tuesday of the month

Chilworth Manor Hotel, Southampton, Hampshire, SO16 7PT **Hosts:** Wayne Freebody and Nigel Bugden

www.southamptonpin.co.uk

PPN Portsmouth

3rd Monday of the month

The Langstone Hotel, Northney Road, Hayling Island, Portsmouth, PO11 0NQ **Host:** Angie Lacoste

progressivepropertynetwork.co.uk/portsmouth

Surrey Property Exchange

2nd Wednesday of the Month

Holiday Inn, Egerton Road, Guildford, GU2 7XZ **Host:** Richard Simmons

www.surreypropertyexchange.co.uk

Premier Property Club Kent

2nd Tuesday of each month

Castle View, Forstal Rd, Maidstone ME14 3AQ

www.PremierPropertyClub.co.uk

PDPLA

2nd Monday of the month

The Inn Lodge, Burrfields Road, Portsmouth PO3 5HH. 7:30

Host: Joan Goldenberg

www.pdpla.com

PMA Kent

2nd Wednesday of every month

Bridgwood Manor Hotel, Walderslade Woods, Chatham **Hosts:** Estelle Barnes and Dimpy Pathak

www.pmanetwork.co.uk/events

Kent Property Meet

4th Wednesday of the month

Brands Hatch Place Spa, Brands Hatch Road, Fawkham, Kent DA3 8NQ **Hosts:** Chrissy Kusytsch & Jazz Dokhu

Hampshire Property Network (HPN)

2nd Wednesday of the Month

The Navigators Inn, Lower Swanwick, Hampshire. SO31 7EB, 7:15

Hosts: Mark Smith & Allan Wadsworth

www.hampshirepropertynetwork.co.uk

Brighton pin

3rd Thursday of the month

The Courtlands Hotel, 19-27 The Drive, Hove, East Sussex, BN3 3JE

Host: Peter Fannon

www.brightonpin.co.uk

Basingstoke pin

4th Wednesday of the month

The Hampshire Court Hotel, Centre Drive, Great Binfield Road, Chineham, Basingstoke, RG24 8FY

Hosts: Seb and Aga Krupowicz

www.basingstokepin.co.uk

Kent pin

1st Thursday of the month

Mercure Maidstone Great Danes Hotel, Ashford Road, Hollingbourne, Maidstone, ME17 1RE **Hosts:** Martin and Sarah Rapley www.kentpin.co.uk

We Buy Houses - Southampton

3rd Wednesday of the month

Host: Stephen Davies and Giselle Robinson. Register at <http://webuyhouses.co.uk/rick-otton-meetups>

Crawley Property Meet

3rd Tuesday of every month

crawleypropertymeet.com

Europa Hotel, Balcombe Road, Crawley, RH10 7ZR **Hosts:** Tania Carson, Pam Mackenzie, Nick Parkhouse and Phil Williams.

The Bucks Property Meet

1st Thursday of the Month

The Bull, Gerrards Cross, **Hosts:** John Cox and Rachael Troughton

www.Buckspropertymeet.com

Southampton Property Hub Meet Up

1st Thursday of every month

The Maritimo Lounge 1 Moresby Tower Admirals Quay, Ocean Way, Southampton SO14 3LG

Host: Sarah Smith

<https://www.facebook.com/propertyhubsouthampton/?fref=ts>

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Farnham The Botanist, GU9 7ND.

Hosts: Andre and Elise Brink

Reading Grosvenor Casino, RG2 0SN **Host:** Adam Vickers

Brighton & Hove The Poet's Corner BN3 5BF **Host:** Phil Leppard



ZONE 4

NEW HOSTS
NEW VENUE

Bournemouth pin

2nd Tuesday of the month

Sandbanks Hotel, 15 Banks Road,
Poole, BH13 7PS

Hosts: Lex McKee and Mark Waterhouse
www.bournemouthpin.co.uk

Cheltenham pin

3rd Tuesday of the month

The Best Western Cheltenham
Regency Hotel, Old Gloucester Road,
Near Staverton, Gloucestershire,
GL51 0ST **Host:** Lee Pemberton
www.cheltenhampin.co.uk

Exeter pin

4th Thursday of the month

Buckerell Lodge Hotel, Topsham Road,
Exeter, EX2 4SQ **Host:** Philip Bailey
www.exeterpin.co.uk

Bristol pin

2nd Wednesday of the Month

Holiday Inn Bristol Filton, Filton Road,
Bristol, Avon, BS16 1QX
Host: Nick Josling www.bristolpin.co.uk

Plymouth pin

2nd Tuesday of the month

Elfordleigh Hotel, Colebrook, Plympton,
Plymouth, Devon PL7 5EB
Host: Kevin & Sally Cope
www.plymouthpin.co.uk

Salisbury pin

3rd Wednesday of the month

The Rose and Crown Hotel, Harnham,
Road, Salisbury, Wiltshire, SP2 8JQ
Hosts: James and Malcolm White
www.salisburypin.co.uk

PPN Bournemouth

2nd Tuesday of the month

The Ocean Beach Hotel & Spa
(Formerly known as Cliffside Hotel)
East Overcliffe Drive Bournemouth
BH1 3AQ **Host:** Leigh Ashbee
[progressivepropertynetwork.co.uk/
bournemouth](http://progressivepropertynetwork.co.uk/bournemouth)

PPN Swindon

2nd Tuesday of the month

Holiday Inn Swindon, Marlborough Road,
Swindon, SN3 6AQ **Hosts:** Nick Chawala,
Allan Harding and Aritri Mukherjee
[progressivepropertynetwork.co.uk/
swindon](http://progressivepropertynetwork.co.uk/swindon)

PPN Southampton

Last Tuesday of the month

The Ageas Bowl, Botley Road, West End,
Southampton, SO30 3XH
Hosts: Samantha Brown
[progressivepropertynetwork.co.uk/
southampton](http://progressivepropertynetwork.co.uk/southampton)

PEN Exeter 3rd Tuesday of the Month

Gipsy Hill Hotel, Gipsy Hill Lane, Exeter,
EX1 3RN **Host:** David Harwood
www.pen-exeter.com

Stoke-on-Trent pin

2nd Thursday of the month

Holiday Inn Stoke on Trent M6,
Jct. 15. Clayton Road, Staffordshire,
Newcastle Under Lyme, ST5 4DL
Host: Steve and Emma Barker-Hall
www.stokepin.co.uk

PPN Birmingham

2nd Wednesday of the month

The Chairmans Lounge, Edgbaston
Cricket Ground, Edgbaston Stadium,
Edgbaston Road, Birmingham, B5 7QU
Host: Kirsty Darkins
[progressivepropertynetwork.co.uk/
birmingham](http://progressivepropertynetwork.co.uk/birmingham)

PPN Wolverhampton

1st Tuesday of the month

Beefeater Wolverhampton Business
Park, Greenfield Lane, Wolverhampton,
WV10 6TA **Hosts:** Tim and Sue Gray
[progressivepropertynetwork.co.uk/
wolverhampton](http://progressivepropertynetwork.co.uk/wolverhampton)

Premier Property Club (PPC)

Birmingham 1st Wednesday of the month

Hotel la Tour, Albert St,
Birmingham, B5 5JE **Host:** Kam Dovedi
www.PremierPropertyClub.co.uk

Inspire Property Network

1st Tuesday of the month

The Oak Hotel, 8640 Stratford Road,
Hockley Heath, Warwickshire,
B94 5NW **Hosts:** Mark Bruckshaw
& Helen Partridge
inspirepropertynetwork.com

PEN Wiltshire Last Tuesday of the Month

Stanton Manor Hotel, Stanton
St. Quintin, Near Chippenham, Wiltshire,
SN14 6DQ **Host:** Neil Stewart
www.penwiltshire.com

Professional Investment Group (PIG) - Plymouth 3rd Monday of the month

Boringdon Hall Hotel and Spa, Boringdon
Hill, Colebrook, Plymouth, PL7 4DP
Host: Angelos Sanders
www.pig.network

Bristol BMV Property Options

Last Thursday of every month

The Holiday Inn, Bond Street, Bristol,
BS1 3LE **Host:** Del Brown
[www.bmvpropertyoptions.co.uk/
property-investment-meeting-pim](http://www.bmvpropertyoptions.co.uk/property-investment-meeting-pim)

Professional Investment Group (PIG) - Cornwall 1st Monday of the month

The Victoria Inn, Roche, PL26 8LQ
Hosts: Angelos Sanders & Matt Pooley
www.pig.network

The Bath Property Meet

1st Tuesday of the month

Bailbrook House Hotel, Eveleigh
Avenue, London Road, Bath, Somerset
BA1 7JD **Host:** Joe Harling
www.bathpropertymeet.co.uk

Professional Investment Group (PIG) - Exeter 2nd Tuesday of the month

Buckerell Lodge Hotel, Topsham Road
EX2 4SQ Exeter **Hosts:** Angelos Sanders
www.pig.network

We Buy Houses - Southampton

3rd Wednesday of the month

Host: Stephen Davies and Giselle
Robinson. Register at
[http://webuyhouses.co.uk/
rick-otton-meetups](http://webuyhouses.co.uk/rick-otton-meetups)

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Southampton The Social, SO15 2EH

Host: Sarah Smith

Bournemouth Ludo Lounge, BH6 3RS.

Host: Nic Scudamore

Swindon The Clifton, SN1 3PY.

Host: Yann Guillery and Shirley Hensher

Exeter The Ley Arms, Kenn, EX6 7UN.

Host: Tony van Bergen

Cheltenham The Swan, GL50 1DX.

Host: Joanna Surowiec

Bristol Channings Hotel and Bar,
BS8 3BB. **Host:** Jon Hulatt



ZONE 5

NEW HOST
NEW VENUE

Birmingham Central pin

1st Thursday of the month

Park Regis Birmingham (Garrard &
Blumfield Suite/ 15th Floor), 160 Broad
Street, Birmingham, B15 1DT
Host Saj Hussain
www.birminghamcentralpin.co.uk

Birmingham pin

3rd Thursday of the month

Crowne Plaza NEC, Pendigo Way,
National Exhibition Centre,
Birmingham, B40 1PS
Host: Simon Zutshi
www.birminghampin.co.uk

Black Country pin

4th Wednesday of the month

Village Hotel Dudley, Castlegate Drive,
Dudley, West Midlands, DY1 4TB
Host: Phillip Hunnable
www.blackcountrypin.co.uk

Coventry pin

2nd Tuesday of the month

Village Coventry, Dolomite Avenue,
Coventry Business Park, Coventry,
CV4 9GZ **Host:** Sebastien Buhour
www.coventrypin.co.uk

Worcester pin

1st Wednesday of the month

The Pear Tree Inn & Country Hotel,
Smite, Worcester, WR3 8SY
Hosts: Andy & Karen Haynes
www.worcesterpin.co.uk

We Buy Houses - Birmingham

2nd Wednesday of the month

New host: Phil Wheeler
Register at [http://webuyhouses.co.uk/
rick-otton-meetups](http://webuyhouses.co.uk/rick-otton-meetups)

Great Property Meet Warwickshire

Dunchurch Park Hotel & Conference
Centre Rugby Road, Dunchurch,
Warwickshire, CV22 6QW

Hosts: Andrew Roberts and Peter Lazell

3rd Monday of the month

www.GreatPropertyMeet.co.uk

The Coventry & Warwickshire Property Group

4th Wednesday of every other month

Excel Leisure Centre, Mitchel Avenue,
Coventry, CV4 8DY
Host: Neil Mangan

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Leamington Spa The Fat Pug,

CV32 5BZ. **Host:** Carol Duckfield

Birmingham M Club (previously Mechu),
B3 1JJ. **Host:** Kevin Cooper

ZONE 6

Luton pin

4th Tuesday of the month

Hampton by Hilton, 42-50 Kimpton Rd, Luton, LU2 0SX **Host:** James Rothnie
www.lutonpin.co.uk

Milton Keynes pin

3rd Tuesday of the month

Holiday Inn London Road, Newport Pagnell, MK16 0JA
Host: John Kerr
www.miltonkeynespin.co.uk

Leicester pin

1st Thursday of the month

The Fieldhead Hotel, Markfield Lane, Markfield, LE67 9PS
Host: Jo and Gary Henly
www.leicesterpin.co.uk

Nottingham pin

3rd Tuesday of the month

Park Inn by Radisson Nottingham 296 Mansfield Road, Nottingham, NG5 2BT **Host:** Spike Reddington
www.nottinghampin.co.uk

Watford pin

2nd Thursday of the month

The Mecure, A41 Watford Bypass, Watford, Hertfordshire WD25 8JH
Host: Samuel Ikhinmwin
www.watfordpin.co.uk

Northampton pin

1st Thursday of the month

Hotel Campanile, Junction 15 M1, Loake Close, Grange Park, Northampton NN4 5EZ
Host: Amelia Carter
www.northamptonpin.co.uk

PPN Derby

2nd Tuesday of the month

Nelsons Solicitors, Sterne House, Lodge Lane, Derby, DE1 3WD
Hosts: Mike Alder & Jamie Hayter
progressivepropertynetwork.co.uk/derby

PPN Northampton

3rd Tuesday of the month

Hilton Hotel, 100 Watering Lane, Collingtree, Northampton, NN4 0XW
Hosts: Andi Cooke & Lloyd Girardi
progressivepropertynetwork.co.uk/northampton

PPN Leicester

2nd Monday of the month

Marriott Hotel, Smith Way, Grove Park LE19 1 SW. - Junction 21 on M1
Host: Kal Kandola
progressivepropertynetwork.co.uk/leicester

Bucks Property Meet

Last Thursday of the Month

The Bull, Oxford Rd, Gerrards Cross, Buckinghamshire, SL9 7PA
Hosts: Rachael Troughton & John Cox
www.buckspropertymeet.com

PPN South Manchester

Last Thursday of the month

Best Western Plus, Pinewood on Wilmslow, Wilmslow Road, Cheshire SK9 3LF **Host:** Mike Chadwick
progressivepropertynetwork.co.uk/wilmslow

PPN Blackpool

4th Monday of the month

Blackpool Football Club, Bloomfield Rd, Seaside Way, Blackpool FY1 6JJ
Host: Chris Worden
progressivepropertynetwork.co.uk/blackpool

PMA Manchester

4th Wednesday of the month

A J Bell Stadium, Stadium Way, Eccles A14 4DP **Host:** Ben Clarke and Tom Arden
www.pmanetwork.co.uk/events

TPM Meeting Warrington

4th Monday of every month

Daresbury Park Hotel, Daresbury Park Daresbury, Warrington, WA4 4BB
Host: Susan Alexander
<http://thepropertymentor.eventbrite.com>

TPM Meeting Wigan & Worsley

4th Wednesday of the month

Holiday Inn Express, Leigh Sports Village, Sale Way, Leigh, WN7 4JY
Host: Debra Long
<http://thepropertymentor.eventbrite.com>

Lifestyle Property Network

3rd Monday of the month

Village Hotel, Cheadle Road, Cheadle, South Manchester, SK8 1HW

Milton Keynes Property Meet

2nd Monday of the Month

National Badminton Centre, Bradwell Road, Loughton Lodge, Milton Keynes, MK8 9LA **Host:** Sharad Patil
www.mk-propertymeet.com

UK Property Network Leicester

2nd Tuesday of the Month

The Field Head Hotel, Markfield La, Markfield, Leicestershire, LE67 9PS
Host: Tracey Hutchinson
www.meetup.com/UKPN-Leicester

Landlords National Property Group

1st Monday of the Month

The Derbyshire Hotel, Carter Lane East, Derby DE55 2EH
Hosts: Paul Hilliard and Nick Watchorn
www.lnpg.co.uk

EPN Nottingham

4th Thursday of the month

Crowne Plaza Hotel, Wollaton Street, NG1 5RH, Nottingham
Host: Matt Tongue
<http://bit.ly/EPN-Nottingham>

St. Albans Property Meet

3rd Wednesday of the month

54-56 Victoria St, St Albans, Herts, AL1 3HZ
Host: Ranjan Bhattacharya
www.stalbanpropertymeet.com

Harlow Property Network

3rd Wednesday of the Month

Day Barn Harlow Study Centre Netteswellbury Farm
Host: Ajay Pamneja
www.myproperty.coach

The Property Connect

First Weds or Thurs of every month (alternate) 1900-2100

The Sharnbrook Hotel, Park Lane, Sharnbrook, MK44 1LX
Hosts: Peter Hogan, Tiruven Pillay
<https://www.facebook.com/thepropertyconnect/>

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Derby The Tap, DE1 2ED.

Host: Ryan Slater

Nottingham The Lion at Basford, NG7 7FQ. **Host:** Jonathan Challis

Leicester Heathley Park - Fayre & Square, LE3 9QE. **Host:** Mark Barnes

St Albans The Beech House, AL1 3EG. **Host:** Chris Ryder

Milton Keynes Ye Olde Swan, MK6 3BS. **Host:** Jason Smith



ASANA Wigan & Bolton Property

Meet 1st Monday of each month

The Willows, Douglas Valley, A6 Blackrod Bypass, Blackrod, Bolton, BL6 5HX **Hosts:** Howard Cain and Kathy Bradley
www.asanapropertyinvestments.co.uk

We Buy Houses - Manchester

3rd Thursday of the month

New host: Bruce Lamb
Register at <http://webuyhouses.co.uk/rick-otton-meetups>

Property Leverage Network

Manchester 1st Tuesday of every month

Castlefield Hotel, Liverpool Road, M3 4JR **Host:** Nicola White
<http://propertyleverage.co.uk/manchester>

Manchester Property Investor Breakfast 1st Friday of the month (7.30am - 9.30am)

Village Hotel, Ashton under Lyne, OL7 0LY
Host: Fraser Macdonald
www.meetup.com/Manchester-Property-Investor-Breakfast

Property Leverage Network Manchester

1st Tuesday of every month

Castlefield Hotel, Liverpool Road, M3 4JR **Host:** Nicola White
propertyleverage.co.uk/manchester

Property Investors Meetup Cumbria

1st Wednesday of the Month

6.30pm at Edenhall Hotel, Penrith, Cumbria CA11 8SX
Host: Darren Williams
www.elitepropertiesolutions.co.uk
FREE TO ATTEND

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Liverpool The Pumphouse, L3 4AF
Host: Silvio Orlando

Manchester The Kaz Bar at Tiger Tiger, M4 2BS **Host:** Mark Morris

Chorley The Lock and Quay, PR6 9AE. **Host:** André Simm

ZONE 7

Liverpool pin

4th Thursday of the month

The Liner Hotel, Lord Nelson Street, Liverpool, L3 5QB **Host:** Billy Turriff
www.liverpoolpin.co.uk

Manchester pin

3rd Wednesday of the month

NEW VENUE - Best Western Cresta Hotel, Church St, Altrincham, WA14 4DP **Host:** Julie Whitmore
www.manchesterpin.co.uk

Chester pin

2nd Thursday of the month

Mercure Chester (formerly known as Ramada), Whitchurch Road, Christleton, Chester, CH3 5QL
Host: Hannah Fargher
www.chesterpin.co.uk

Manchester PNC

Last Monday of the Month

The Brindley Room Dukes 92 18-20 Castle Street, Manchester, M3 4LZ
Hosts: Richard Sheperd & Yulan Yang
www.manchesterpnc.com

Cheshire Property Meet

Last Thursday of each month

Bosley Farm, Bosley Crossroads, Bosley, Macclesfield SK11 0PS
Hosts: Lionel Palatine and David Deasy
www.cheshirepropertymeet.com



ZONE 8

Hull pin

2nd Thursday of the month

Mercure Hull Royal Hotel, 170 Ferensway, Hull, East Yorkshire, HU1 3UF

Hosts: Nicola and Rob McPhun
www.hullpin.co.uk

Leeds pin

4th Wednesday of the month

Crowne Plaza Hotel, Wellington Street, Leeds, LS1 4DL

Hosts: Jay and Nana Sharma
www.leedspin.co.uk

Great North pin

(Formerly Newcastle pin)

NEW VENUE

4th Thursday of the month

Lumley Castle, Ropery Lane, Chester le Street, County Durham, DH3 4NX

Host: John Woolley & Deon Kotzé
www.newcastlepin.co.uk

Harrogate pin

1st Wednesday of the month

Cedar Court Hotel, Park Parade, off Knaresborough Road, Harrogate, HG1 5AH **Hosts:** David and Jenny Fisher www.harrogatepin.co.uk

York pin

3rd Wednesday of the month

Hilton York, 1 Tower St, York, YO1 9WD

Hosts: Michael Chamberlain & Sam Chamberlain
www.yorkpin.co.uk

Sheffield pin

2nd Wednesday of the month

Mercure Sheffield Parkway Hotel (previously known as Aston Hotel) Britannia Way, Sheffield, South Yorkshire S9 1XU **Host:** Naomi Watkins
www.sheffieldpin.co.uk

PPN Sheffield

4th Wednesday of the month

Mercure Hotel, Britannia Way, Catcliffe, Rotherham, Yorkshire S60 5BD (formerly the Aston Hotel) **Host:** Kevin McDonnell

progressivepropertynetwork.co.uk/sheffield

PPN Leeds

2nd Tuesday of the month

Novotel Hotel, 4 Whitehall Quay, Leeds, LS1 4HR **Host:** Mo Jogess
progressivepropertynetwork.co.uk/leeds

PPN York

3rd Monday of the month

Hilton Hotel, 1 Tower St, York, YO1 9WD

Host: Laura Patterson
progressivepropertynetwork.co.uk/york

PPN Newcastle

3rd Tuesday of the month

Holiday Inn Washington, Emerson, Washington, NE37 1LB

Host: Derek Pape
progressivepropertynetwork.co.uk/newcastle

EPN Sheffield

1st Thursday of the month

Table Arena Square Table Table, 3 Arena Court, Sheffield S9 2LF

Host: Darrell Grayson
<http://bit.ly/EPN-Sheffield>

Property Leverage - Wakefield

1st Wednesday of the month

Kirklands Hotel, Leeds Road, Wakefield, WF1 2LU **Host:** Dominic Woodward (07794223136)

Property Leverage - Leeds

3rd Monday of the month

The Stables, Weetwood Hall, Leeds, LS16 5PS (Location subject to change) **Host:** Rob Hodgkiss (07398858256)

Property Leverage Network - York

2nd Tuesday of every month

Beechwood Close Hotel 19 Shipton Road, YO30 5RE York
www.propertyleverage.co.uk

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Sheffield Ink & Water, S1 4JB

Hosts: Rhys Jackson and Alice Lacey

Newcastle-Upon-Tyne The Town Wall, NE1 5HX **Host:** Al Robinson

Leeds The Crowd of Favourites, LS2 7EA

Host: Andy Norman

Doncaster Regent Hotel, DN1 2DS.

Host: Helen Elworthy

ZONE 9

Edinburgh pin

3rd Thursday of the month

Capital Hotel, 187 Clermiston Rd, Edinburgh EH12 6UG **Host:** John Kerr
www.edinburghpin.co.uk

PPN Glasgow

Last Monday of the month

The Corinthian Club, 191 Ingram St, Glasgow G1 1DA

Host: Philip Howard
progressivepropertynetwork.co.uk/glasgow

PMA Glasgow

3rd Wednesday of the month

Hotel Novotel Glasgow Centre, 181 Pitt Street, Glasgow **Host:** Victor Rhynas
www.pmanetwork.co.uk

Property Leverage Network - Glasgow

4th Tuesday of every month

Glasgow Pond Hotel, Great Western Rd, G12 0XP Glasgow, United Kingdom
www.propertyleverage.co.uk

PMA Edinburgh

2nd Wednesday of every month

Novotel Edinburgh Centre, 80 Lauriston Place, Edinburgh

Host: Lokkie Cheung
www.pmanetwork.co.uk

Discovery Hub Networking event

3rd Tuesday of the month

Jury's Inn, Union Square, Guild Street Aberdeen, AB11 5RG

Hosts: Eduardo Prato and Lukas Princ
www.vectorpro.co.uk/network

YPN Strongly recommend that you attend your local property networking events. However, the events listed are not staged by Your Property Network Ltd.

Please check venue and dates on the relevant website before travelling to the event.

THE PROPERTY HUB

1st Thursday of the Month

<http://thepropertyhub.net/meetups>

Glasgow Dram!, G3 6ND **Hosts:**

Tony Ng, Nelson Wan, Luis Guarin

Edinburgh The Grosvenor Casino, EH12 8NE **Hosts:** Bill McWilliam and Caryn Simpson

Aberdeen The Village Hotel, Kingswells, AB15 8PJ. **Hosts:** Scott Wilson and Dale Williamson

ZONE 10

Cardiff pin 2nd Tuesday of the Month

Mercure Cardiff Holland House Hotel & Spa, 24-26 Newport Rd, Caerdydd, Cardiff, CF24 0DD **Host:** Morgan Stewart www.cardiffpin.co.uk

Swansea pin 4th Thursday of the Month

Village Hotel, Langdon Road (Off Fabian Way), SA1 Waterfront, Swansea, SA1 8QY **Host:** Bernadette & Ian Lloyd
www.swanseapin.co.uk

The Property Hub - Cardiff

1st Thursday of the Month

Holiday Inn Cardiff North, CF15 7LH
Hosts: Carl Matthews and Luise L
<http://thepropertyhub.net/meetups>

ZONE 11

Belfast pin

1st Tuesday of the Month

Balmoral Hotel, Blacks Road, Dunmurry, Belfast, BT10 0NF
Host: Ian Jackson
www.belfastpin.co.uk

Belfast Property Meet

1st Thursday of the Month

The Mac Theatre, St. Anne's Square, Belfast
Host: Chris Selwood
www.belfastpropertymeet.com

NEW VENUE

ZONE 12

PPN Dublin

Deane & Woodward Boardroom, The Schoolhouse Hotel, 2-8 Northumberland, Ballsbridge, Dublin 4
Hosts: Elaine Miscandlon & Stephen O'Sullivan
progressivepropertynetwork.co.uk/dublin

Dublin Property Meet

3rd Wednesday of the Month

Red Cow Moran Hotel, Dublin 22, Dublin, Ireland **Host:** John Power
www.dublinpropertymeet.com

THE PROPERTY HUB

1st Thursday of the Month (unless stated)

<http://thepropertyhub.net/meetups>

Dubai The Scene, Dubai Marina Mall **Host:** Chris Battle

Hong Kong Check website for time Classified, Exchange Square.
Host: Kevin Isaacs and Emma Bryan

Stockholm Melt Bar, Malmskillnadsgaten 45, 111 38.
Host: Tim Franzén

Jersey Coming soon



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- ✓ How to find the right type of properties where you can borrow 90% or more of the purchase price
- ✓ How to calculate how much cash you'll be trapping in the deal before you sign the contract
- ✓ How to get the maximum valuation price when you refinance
- ✓ The right words to encourage the vendor to sell at your price and get agents ready to give you those 'juicy' deals
- ✓ How to develop your property investment career without giving half your profit away.

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UPCOMING PROPERTY AUCTIONS

MARCH 2018

SPONSORED BY



LONDON

Harman Healy 06/03/2018

Kensington Town Hall, 195 Hornton Street, London, W8 7NX 12:00

Barnard Marcus 13/03/2018

Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA

Allsop Commercial 22/03/2018

The Berkeley, Wilton Place, London, SW1X 7RL

Strettons 26/03/2018

Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA 11:00

Savills (London - National) 26/03/2018

The London Marriott Hotel, Grosvenor Square, London, W1K 6JP

Allsop Residential 28/03/2018

Cumberland Hotel, Great Cumberland Place, London, W1H 7DL

Acuitus 28/03/2018

Radisson Blu Portman Hotel, 22 Portman Square, London, W1H 7BG

EAST MIDLANDS

The County Property Auction 07/03/2018

Doubletree by Hilton, Brayford Wharf North, Lincoln, LN1 1YW 19:00

Shonki Brothers (Narborough Road)

14/03/2018 Leicester City Football Club, Filbert Way, Leicester, LE2 7FL 17:30

Fidler Taylor 15/03/2018

Peak Edge Hotel, (previously Red Lion), Stonedge, S45 0LW 19:00

SDL Auctions Graham Penny (Nottingham)

15/03/2018

Nottingham Racecourse, Colwick Park, Nottingham, NG2 4BE 11:30

Auction House Copelands 20/03/2018

Chesterfield Football Club, 1866 Sheffield Road, Chesterfield, S41 8NZ 19:00

Bagshaws Bakewell 26/03/2018

The Agricultural Business Centre, Agricultural Way, Bakewell, DE45 1AH

Bagshaws Residential 28/03/2018

Derbyshire County Cricket Club, Nottingham Road, Derby, DE21 6DA 11:30

SOUTH WEST

Greenslade Taylor Hunt Chard 01/03/2018

Shrubbery Hotel, Station Road, Ilminster, TA19 9AR 15:00

Lodge & Thomas 16/03/2018

The Community Hall, Newlyn Road, St Buryan, Penzance, TR19 6DU 15:00

Symonds & Sampson LLP 16/03/2018

Digby Hall, Hound Street, Sherborne, DT9 3AA 14:00

Webbers 16/03/2018

Vivian Moon Community Centre, Ilfracombe Road, Braunton, EX33 2ER 14:00

David Plaister Ltd 20/03/2018

The Imperial Brasserie, 14 South Parade, Weston-Super-Mare, BS23 1JN 19:00

Greenslade Taylor Hunt Agricultural Office

21/03/2018 Batch Country House, Batch Lane, Lympham, BS24 0EX 19:00

Stephen & Co 21/03/2018

Rookery Manor, Edingworth Road, Weston-Super-Mare, BS24 0JB 19:00

Greenslade Taylor Hunt Burnham-on-Sea

21/03/2018 Batch Country House, Batch Lane, Lympham, BS24 0EX 19:00

Besley Hill 22/03/2018

B A W A Healthcare & Leisure, 589 Southmead Road, Bristol, BS34 7RG 19:00

Clive Emson West Country 22/03/2018

St. Mellion International Resort, St. Mellion, Saltash, PL12 6SD 11:00

SOUTH EAST HOME COUNTIES

Nesbits 01/03/2018

Royal Marines Museum, Eastney Esplanade, Southsea, PO4 9PX 11:00

Hair & Son 15/03/2018

Saxon Hall, Aviation Way, Southend-on-Sea, SS2 6UN 13:00

Clive Emson Essex North & East London

19/03/2018 The Chelmsford City Racecourse, Moulsham Hall Lane, Great Leighs, Chelmsford, CM3 1QP 11:00

Clive Emson Kent & South East London

20/03/2018 Clive Emson Conference Centre, Kent County Show Ground, Maidstone, ME14 3JF 11:00

Clive Emson Sussex & Surrey 21/03/2018

Hilton Brighton Metropole, 106-121 Kings Road, Brighton, BN1 2FU 11:00

Auction House Bristol & West 22/03/2018

Ashton Gate Stadium, Winterstoke Road, Ashton Gate, BS3 2LQ

Cooper & Tanner Auctions 22/03/2018

Wells Golf Club, Blackheath Lane, East Horrington, Wells, BA5 3DS 19:00

Phillips Smith & Dunn Barnstaple

24/03/2018 Barnstaple Hotel, Braunton Road, Barnstaple, EX31 1LE

Newland Rennie Wilkins Chepstow

27/03/2018 Mendip Spring Golf Club, Brinsea Farm, Honeyhall Lane, Congresbury, Bristol, BS49 5JT 19:00

David Plaister Ltd 27/03/2018

The Imperial Brasserie, 14 South Parade, Weston-Super-Mare, BS23 1JN 19:00

Kivells Bude 27/03/2018

Guild Hall, Launceston Town Hall, Western Road, Launceston, PL15 7AR 19:00

Kivells Liskeard 27/03/2018

Guild Hall, Launceston Town Hall, Western Road, Launceston, PL15 7AR 19:00

Stags Bridport 27/03/2018

The Assembly Room, Hall for Cornwall, Back Quay, Truro, TR1 2LL

Strakers 29/03/2018

The Steam Museum, Fire Fly Avenue, Swindon, SN2 2NA 19:00

Fox & Sons (Southampton) 23/03/2018

Macdonald Botley Park Hotel, Winchester Road, Botley, Southampton, SO32 2UA 13:00

Clive Emson Hampshire & Isle of Wight

23/03/2018 The Ageas Bowl, Botley Road, West End, Southampton, SO30 3XH 11:00

Auction House Pearsons 28/03/2018

The Hilton Hotel at The Ageas Bowl, Botley Road, Southampton, SO30 3XH 11:00

Auction House Essex 28/03/2018

Marks Tey Hotel, London Road, Colchester, CO6 1DU 19:00

Auction House Essex 29/03/2018

Park Inn Palace, Church Road, Southend-on-Sea, SS1 2AL 19:00

WEST MIDLANDS

Butters John Bee 05/03/2018

The Best Western, Moat House Hotel, Festival Way, Stoke-on-Trent, ST1 5BQ 18:30

Phipps & Pritchard 06/03/2018

Hogarth's, Stone Manor Hotel, Kidderminster, DY10 4PJ 18:00

Auction House Birmingham & Black Country

07/03/2018 Walsall Football Club, Bescot Crescent, Walsall, WS1 4SA 18:00

Auction House Staffordshire 21/03/2018

Stoke City Football Club, The Britannia Stadium, Stanley Matthews Way, Stoke-on-Trent, ST4 4EG 19:00

Bowen Son & Watson 22/03/2018

Lion Quays Hotel, Weston Rhyn, Oswestry, SY11 3EN

Nock Deighton 22/03/2018

Bridgnorth Livestock & Auction Centre, Wenlock Road, Tasley, Bridgnorth, WV16 4QR 18:00

Loveitts 22/03/2018

Village Urban Resort, Dolomite Avenue, Coventry Business Park, Coventry, CV4 9GZ 18:30

John Earle & Son 27/03/2018

Henley Golf & Country Club, Birmingham Road, Henley-in-Arden, B95 5QA

Cottons 27/03/2018

Aston Villa Football Club, Trinity Road, Birmingham, B6 6HE 11:00

Fisher German Bromsgrove 28/03/2018

Bromsgrove Golf Centre, Stratford Road, Bromsgrove, B60 1LD 17:30

Bagshaws Uttoxeter 28/03/2018

Uttoxeter Racecourse, Wood Lane, Uttoxeter, ST14 8BD

West Midlands Property Auction - IAM Sold

28/03/2018 Molineux Stadium, Waterloo Road, Wolverhampton, WV1 4QR

SDL Auctions Bigwood 28/03/2018

Aston Villa Football Club, Trinity Road, Birmingham, B6 6HE

SCOTLAND

Wilsons (Scotland) 08/03/2018

Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG 19:00

Auction House Scotland 21/03/2018

Park Inn Hotel by Radisson, 1 Justice Mill Lane, Aberdeen, AB11 6EQ 14:00

Auction House Scotland 22/03/2018

200 SVS, 200 St. Vincent Street, Glasgow, G2 5RQ 14:00

Wilsons (Scotland) 29/03/2018

Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG 19:00

YORKSHIRE & THE HUMBER

Bramleys 01/03/2018

John Smiths Stadium, Stadium Way, Huddersfield, HD1 6PG 19:00

Feather Smailes & Scales 08/03/2018

The Pavilions of Harrogate, Great Yorkshire Showground, Railway Road off Wetherby Road, Harrogate, HG2 8QZ 15:00

Leonards 13/03/2018

Village Urban Resort, Henry Boot way, Priory park, HU4 7DY

Hunters Property Auctions 14/03/2018

York Sports Club, Shipton Road, York, YO30 5RE 18:30

Walker Singleton 15/03/2018

Cedar Court Hotel, Ainley Top, Huddersfield, HD3 3RH

Auction House South Yorkshire 20/03/2018

Cophorne Hotel, Bramall Lane, Sheffield, S2 4SU 12:30

West Yorkshire Property Auction - IAM Sold

27/03/2018 Cedar Court Hotel, Mayo Avenue, Bradford, BD5 8HW 19:00

Sharpes 27/03/2018

Midland Hotel, Forster Square, Bradford, BD1 4HU 18:00

Auction House West Yorkshire 28/03/2018

Leeds United Football Club, Elland Road, Leeds, LS11 0ES

NORTH WEST HOME COUNTIES

Auction House Thames Valley 22/03/2018

Holiday Inn Express, London Heathrow T5, London Rd, Slough, SL3 8QB 12:00

Romans 28/03/2018

Green Park Conference Centre, 100 Longwater Avenue, Reading, RG2 6GP 13:30

Fisher German Banbury 28/03/2018

Banbury Cricket Club, White Post Road, Bodicote, Banbury, OX15 4BN

EAST ANGLIA

Durrants 14/03/2018

The Auction Rooms, Peddars Lane, Beccles, NR34 9UH 15:00

Cheffins 14/03/2018

Clifton House, 1-2 Clifton Road, Cambridge, CB1 7EA 14:00

TW Gaze 21/03/2018

Diss Auction Rooms, Roydon Road, Diss, IP22 4LN

Brown & Co 22/03/2018

Assembly House, Theatre Street, Norwich, NR2 1RQ 11:00

NORTH WEST

Cumbrian Properties - The Agents Property

Auction 07/03/2018 The Halston Aparthotel, 20-34 Warwick Road, Carlisle, CA1 1AB 18:00

Edward Mellor Auctions 13/03/2018

AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY 13:00

Metcalfe's 16/03/2018

Macdonald Tickled Trout, Preston New Road, Preston, PR5 0UJ 11:00

Auction House North West 20/03/2018

Bolton Wanderers Football Club, Macron Stadium, Burnden Way, Bolton, BL6 6JW 14:00

Venmore Auctions 26/03/2018

Liverpool Town Hall, High Street, Liverpool, L2 3SW 13:00

SDL Auctions North West 26/03/2018

AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY 18:30

Auction House Manchester 27/03/2018

Manchester City Football Club Ltd, Etihad Stadium, Rowsley Street, Manchester, M11 3FF 14:00

Sutton Kersh Auctions 28/03/2018

The Crowne Plaza Hotel, 2 St Nicholas Place, Liverpool, L3 1QW

NORTH EAST

Great North Property Auction - IAM Sold

08/03/2018 Ramside Hall Hotel, Carrville, Durham, DH1 1TD

Agents Property Auction 28/03/2018

Newcastle Marriott Hotel, High Gosforth Park, Newcastle upon Tyne, NE3 5HN

Town & Country Property Auctions North

East 28/03/2018 Middlesbrough Football Club, Middlehaven Way, Middlesbrough, TS3 6RS 19:00

NORTHERN IRELAND

Osborne King 16/03/2018

The Clayton Hotel, 22 Ormeau Avenue, Belfast, BT2 8HS 11:00

Wilsons (Northern Ireland) 29/03/2018

Mallusk Auction Complex, 22, Mallusk Road, Newtownabbey, BT36 4PP 19:00

WALES

John Francis 07/03/2018

Parc y Scarlets, Llanelli, SA14 9UX 13:00

Clee Tompkinson Francis 14/03/2018

Hotel Mercure, Phoenix Way, Enterprise Park, Swansea, SA7 9EG

Newland Rennie Wilkins Abergavenny

27/03/2018 Business Suite, Bisley Stand, Rodney Parade, Rugby Ground, Newport, NP19 0UU 19:00

SpareRoom's UK Rental Index Q4 2017

Rents outside London rise, while rents in the Capital continue to fall

	Average monthly room rent (£) Q4 2017	Annual change Q4 2017 vs Q4 2016 (%)	Annual change Q4 2016 vs Q4 2015 (%)
UK rent (excluding London)	£459	1%(£454)	4%(£437)
London	£737	-2%(£749)	-1%(£755)
East Midlands/Anglia	£417	1%(£414)	9%(£381)
North East	£381	3%(£370)	3%(£357)
North West	£398	2%(£392)	1%(£389)
Northern Ireland	£297	4%(£286)	3%(£279)
Scotland	£444	3%(£431)	2%(£422)
South East	£503	1%(£497)	3%(£480)
South West	£453	3%(£441)	3%(£427)
Wales	£371	1%(£366)	4%(£352)
West Midlands	£411	0%(£412)	3%(£399)

This table shows average UK rents for Q4, for the 50 largest UK towns and cities, and how these have changed over the past year:

UK's 50 biggest towns/cities by population	Average monthly room rent (£) Q4 2017	Annual change Q4 2017 vs Q4 2016 (%)
Aberdeen	£387	-9% (£423)
Belfast	£299	3%(£289)
Birmingham	£412	-2%(£422)
Blackpool	£363	5%(£345)
Bolton	£341	-2%(£350)
Bournemouth	£470	-1%(£473)
Bradford	£307	-8%(£332)
Bristol	£493	3%(£479)
Cardiff	£385	2%(£376)
Coventry	£423	5%(£404)
Derby	£379	1%(£374)
Dudley	£378	2%(£369)
Dundee	£367	10%(£334)
Edinburgh	£522	8%(£483)
Glasgow	£429	-1%(£431)
Huddersfield	£327	-1%(£330)
Hull	£357	1%(£354)
Ipswich	£429	6%(£406)
Leeds	£395	4%(£380)

UK's 50 biggest towns/cities by population	Average monthly room rent (£) Q2 2017	Annual change Q2 2017 vs Q2 2016 (%)
Leicester	£386	4%(£372)
Liverpool	£362	-3%(£373)
Luton	£453	-2%(£461)
Manchester	£431	2%(£424)
Middlesbrough	£327	5%(£310)
Milton Keynes	£492	1%(£488)
Newcastle	£371	1%(£368)
Northampton	£432	-1%(£435)
Norwich	£412	-1%(£416)
Nottingham	£401	4%(£384)
Oxford	£570	3%(£552)
Peterborough	£413	3%(£399)
Plymouth	£394	3%(£383)
Poole	£486	0%(£488)
Portsmouth	£447	3%(£432)
Preston	£352	-3%(£363)
Reading	£544	0%(£544)
Sheffield	£363	0%(£364)
Southampton	£452	3%(£441)
Southend-On-Sea	£523	6%(£492)
Stockport	£431	5%(£412)
Stoke-on-Trent	£356	5%(£340)
Sunderland	£306	-6%(£328)
Swansea	£341	-1%(£346)
Swindon	£453	4%(£437)
Telford	£382	-1%(£385)
Walsall	£364	-5%(£381)
West Bromwich	£383	3%(£373)
Wolverhampton	£368	5%(£350)
York	£438	6%(£412)
London	£737	-2%(£749)
UK excluding London	£459	1%(£454)

Website: www.SpareRoom.co.uk/rentalindex

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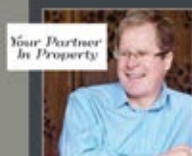
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John Kerr
(Serviced Accommodation Provider)



James Quinn
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