The PROPERTY Hub Magazine

Making sense of property investment

theprropertyhub.net

BESIDE THE SEA
The pros and cons of seaside investments

CASE STUDY
How a clever renovation helped one landlord prosper

LOCATION
Southampton: Hampshire's finest under the spotlight

LETTINGS
Is your property green enough?

SUPERSIZED

The landlord heavyweights on success and regrets

issue 13 May 2018 £5.95

CREDITS

Directors: Rob Dix, Rob Bence

Editorial team: Christine Toner, Rob Dix, Abbey Vale, Mish Slade, Neil Cumins

Design team: Richard Honey, Edward Lamb

Writers and contributors: Neil Cumins, Rob Dix, David Cookson, Jane Cameron, Leah Milner, Rob Bence, Stephanie Spicer, Natalie Thomas, Harvey Jones

CONTACT DETAILS

Subscribe to The Property Hub Magazine:
visit thepropertyhub.net/magazine

Change of address or other subscription queries:
email hello@thepropertyhub.net

Reader feedback, comments or questions:
email hello@thepropertyhub.net

twitter.com/propertyhubuk

Contents

Regulars

Rob Bence runs RMP Property, a property investment company that sources buy-to-let investments on behalf of clients. He has ten years' experience working in the property sector.

Rob Dix is proud to call himself a complete and utter property geek.

He has written extensively on investment, and his books include Property Investment for Beginners and Beyond the Bricks. He also runs a personal blog, Property Geek.

Welcome

It was a miserable old winter, but spring is finally here and, give or take the odd snow shower, we're excitedly looking ahead to warmer weather. Since spring is the perfect time for new beginnings, this issue is packed full of great ideas for your next step...

With summer on the way, we take a look at the seaside towns you could invest in – and what to expect if you do (p29).

Our product update (p36) has all the best deals on the market for anyone looking to take the plunge in property investment or refinance an existing purchase.

If you're feeling particularly ambitious and fancy getting into property from the ground up, Rob Bence talks us through what to look out for when buying land (p45).

For those yet to start their property journey, our finance expert David Cookson looks at the new trend of "first-time-buyer buy-to-let" on page 34. Yep: you don't have to own your own home to rent one out.

Elsewhere, holiday let landlord Chris Sanna tells us how reading Rob Dix's book changed his life (p43), and we find out what a construction manager gets up to in a typical 24 hours (p7).

And, because experience is the best teacher (even if it's not your own), our cover feature looks at some of the biggest landlord success stories in the market's history, explaining what you can learn from the best of the best – and what mistakes they made along the way (p18).

See you next time!

Rob Bence & Rob Dix

News

MARKET FOCUS

The latest news and developments from the property industry.

BARNYARD BONANZA

Farmers looking to convert their outbuildings into residential properties can start counting their chickens, thanks to a recent change to permitted development rights (PDR). Under the new rules, up to five dwellings can be created from existing agricultural buildings, compared to the previous maximum of three.

Announcing these changes, Housing Minister Dominic Raab said: “We need to be more creative if we are to meet the housing needs of rural communities. That’s why I’m changing planning rules, so rural communities have more flexibility on how to use existing buildings to deliver more much-needed homes for families. This is part of our comprehensive reform programme to build the homes Britain needs.”

Statistics from the Department for Communities and Local Government (DCLG) found that 49% of PDR applications to convert redundant farm buildings into housing were refused between July and September 2017. Analysts believe the increased number of dwellings will support the creation of more affordable housing, though some argue the abolition of full planning consent for outbuilding-to-residential conversions would also benefit farmers.

GOVERNMENT ANNOUNCES LAUNCH OF LEASEHOLD REGULATOR

Almost nine million households in England’s private rented and leasehold sectors will benefit from stronger protections against rogue letting and managing agents, under new government proposals.

The government claims these reforms should improve standards across the rental sector: “With thousands of renters and leaseholders suffering at the hands of rogue agents every day because of unexpected costs, deliberately vague bills or poor-quality repairs, a new mandatory code of practice is proposed to stop managing and letting agents from flouting the law.

“To further professionalise both sectors, letting and managing agents will be required to obtain a nationally recognised qualification to practice, with at least one person in every organisation required to have a higher qualification. A new independent regulator responsible for working practices of agents will be given strong powers of enforcement for those who break the rules – and agents who fail to comply will not be permitted to trade. Criminal sanctions could also be brought in for those who severely breach the code.”

Other proposals to be brought in under the code include a new system to help leaseholders challenge unfair fees (including service charges), and support for leaseholders to switch their managing agents where those agents perform poorly or break the terms of their contract. There will also be a requirement for all letting and managing agents to undertake continuing professional development and training.

RIGHT TO RENT GONE WRONG?

The government's Right to Rent (RtR) scheme has been slammed for failing to demonstrate its worth – by none other than the Independent Chief Inspector of Borders and Immigration.

The scheme, which was introduced two years ago, gives landlords responsibility for checking the immigration status of tenants.

David Bolt's report is unambiguously titled "An Inspection of the Right to Rent Scheme". His summary is equally to the point: "Overall, I found the RtR scheme had yet to demonstrate its worth as a tool to encourage immigration compliance, with the Home Office failing to coordinate, maximise or even measure effectively its use. At the same time, it does little to address the concerns of stakeholders."

Right to Rent was introduced as part of the Immigration Act 2014, with landlords required to carry out "reasonable enquiries" to establish whether prospective tenants have the "right to rent" before agreeing to lease them premises "for residential use". The 2016 Immigration Act made it a criminal offence to knowingly lease a property to a disqualified person, with penalties including up to five years imprisonment and/or a fine. It also included powers to enable landlords to terminate tenancies where the tenant is a disqualified individual.

In terms of making the scheme fit for purpose, Bolt makes four key recommendations. These include the Home Office engaging with other departments and local authorities to standardise RtR deployment, and inviting LCP members to join a new consultative panel to resolve issues surrounding the scheme.

TRADING PLACES IN TRADESTON

The long-neglected Tradeston district of central Glasgow may finally be in line for gentrification, after developers Drum Property Group secured planning consent for a prime site on the south bank of the River Clyde.

According to its developers, the £350 million Buchanan Wharf scheme will become an "engaging and contemporary destination, combining exceptional building design, high quality fit out and unrivalled connectivity credentials". A five-minute walk from Central Station, it will feature a series of asymmetric towers hosting one million square feet of office accommodation, 350 residential units and a 150-bed hotel. The ground floors and public areas will include a cafe, a restaurant, a crèche, and creative spaces that can be used by residents, employees and the wider community. This should ensure the riverfront is active and well-used – in stark contrast to the neighbouring development at Glasgow Quay.

A spokesperson for Drum Property said: "The aim is to provide a safe, clean, attractive and stimulating environment, in which residents enjoy a stimulating community, business can thrive, and colleagues can interact professionally, productively and socially. This ambitious and dynamic placemaking is intended to resolve the poor connectivity and linkages between the city centre and the south side of the river. It will also activate over a quarter of a mile of river frontage, in one of the UK's most aspirational cities."

A DAY IN THE LIFE

DOWN TO EARTH

From architects to auctioneers, previous issues of this magazine have looked at how property professionals spend their working days. But what about the people who get their hands dirty for a living? Jane Cameron finds out what happens at ground level, with construction site manager Glen Ashenhurst.

05:30

It's time for a shower, breakfast and strong coffee for Glen, ahead of a 90-minute drive from Birmingham to Crewe. His employer Civcol has a contract for the groundworks and drainage on a derelict greenfield site near Crewe town centre, in preparation for a 14-house new-build development.

Now 37, Glen started in construction aged 16, as a groundworker in Northern Ireland with his brother and cousins. "Education wasn't high on my agenda at school," he explains. "But after a while, I was told I had the potential to be a foreman. So I decided to go to college, to put me on the right footing." He got a Higher National Certificate in construction management, and has been trusted to site-manage multimillion pound projects ever since.

07:30

Glen gathers together his eight-strong team for their all-important daily briefing. He allocates jobs and keeps everyone in the picture by way of a wall-mounted chart, showing progress in two-week blocks. Clear direction and communication is vital on a building site – not just for the efficiency of the project, but for the health and safety of workers and the public. Among the biggest hazards are underground power cables and gas pipes, meaning land has to be screened thoroughly before digging begins. On this occasion, there are no such services on the site, so mechanical digging can go ahead.

Incredibly, in his 20 years working on sites around the country, Glen says he's only once witnessed an electricity cable calamity. Thankfully, nobody was injured, but it left several businesses without power for a couple of hours. "It went bang," Glen recalls. "We knew there was a cable but it wasn't as deep as we'd thought. All works stopped immediately, emergency numbers were called and the electricity board came in to make the area safe."

Strict safety procedures mean Glen will check each man has the correct kit before starting work. Also known as PPE, this equipment ranges from hard-capped boots to high-visibility trousers.

07:45

Work begins. Two men are on the plant excavator, while two are on groundworks marking out foundations. Two more are designated traffic marshals, guiding wagons off and back onto the busy main road to the premises.

A "ganger" will be Glen's right-hand man – his eyes and ears out on site, and his assistant in the office. The office itself is a temporary welfare accommodation cabin, known simply as "the Welfare". It's a legally required shelter, in which the men can get a hot drink and respite from the cold. Today's a nice day, though, and spirits are high. "If it's good weather, everybody's happy. If it's cold, wet and damp, you just have to get your head down and get on with it," says Glen.

10:00

A pre-booked, government-approved building inspector arrives to pass off the site's foundation trenches and plant machinery. He checks the depths tally with the specifications, and confirms the concrete ordered is of the right grade. He ensures the foundations have been thoroughly scraped and free from debris.

After the inspector leaves (and before the mid-morning break), Glen takes photographs of the foundations and works through a quality-assurance checklist. Every stage must be monitored and recorded.

11:30

The concrete wagon is called in, and concrete is poured into the foundation trenches. Electronic readers are used to set levels, and a concrete vibrator or "poker" pushes out any air voids that may weaken the concrete later. Two men will follow up with a "tamper" to compact the fresh concrete.

Back in the Welfare, Glen files the delivery note to record which strength of concrete was used. Using his laptop and mobile dongle, he'll email an update to his line manager with Civcol, who visits the site in person at least twice a week. He confirms they're on schedule to meet deadlines.

Does he ever find himself explaining delays to the boss?

"Not recently: we're usually there or thereabouts," says Glen. "If work overruns, there's no blame game. It could be you've exposed a cable, and the design needs altering. That could hold things up for two weeks, which is time and money, so it's better to put in assumptions for delays at the tender stage."

13:30

Progress meeting with a client representative. Glen asks to clear up a discrepancy – known as a technical question – in which drawings of brickwork levels contradict each other. He's also relieved to hear that local residents haven't made any complaints.

Glen had previously worked as the night construction manager on a £700m project to develop Birmingham's New Street railway station, which required round-the-clock work. Noise pollution had to be monitored on a nightly basis after complaints were received.

"We had to put up sound barriers or move particular work into the daytime," he recalls. "There's no background noise at night, so you could hear 300 men working! We set up monitors in all the surrounding buildings and I got alerts when limits were exceeded. It's taken very seriously."

15:00

Site walk to check that everyone is sticking to the programme. Glen rarely takes issue with his workers: "You may have to monitor the work ethic from time to time, but most are honest labourers coming to get paid."

Having to let staff go is the worst part of his job, he says: "Everyone thinks they'll get more work because it often happens, but you can't always keep them on, even when they're good. I have to go by fact, not emotion." But it's a busy time at the moment: "With four or five sites within a five-mile radius, there's actually a lot of competition for skills just now."

16:00

Time to chase some orders and make sure the ducks are all in a row for tomorrow. As the men down tools, Glen starts to close and file the day's permits. Construction work permits are needed for all sorts of jobs, from welding to digging. These permits form the backbone of health and safety on site. They provide a framework to ensure workers are skilled, trained, equipped and sufficiently informed to do the job they've been assigned.

To Glen's credit, he's never had an injury on his watch. In fact, he's only ever witnessed one injury – when a worker suffered a concrete burn to his arm. "That's why the men are wearing their long-sleeved shirts today," he adds.

17:30

Last job of the day involves checking that the site is safe, before heading home to the wife and family. This includes locking up any machinery, and ensuring open holes are clearly marked with warning signs. "We've not had any issues so far, but we're near a residential area and children do get curious, which can be dangerous," Glen says.

After the long drive home for tea and the kids' bedtime, Glen likes to spend an hour at his Thai boxing club. He says it's the perfect way to kick off the frustrations of the day, before he starts all over again tomorrow.

LOCATION FOCUS

Southampton's prosperity was founded on its position beside the River Solent, and this thriving south coast city is still looking to its waterways for inspiration, as Neil Cumins reports.

S

outhern comfort

Historically known as the Gateway to the British Empire, Southampton is one of the UK's most strategically important cities – and for landlords, it definitely has its attractions. As well as being a regional centre for overseas trade and tourism, it also suffers from the housing imbalance between supply and demand that gets investors out of bed in the morning.

A tale of two cities

Southampton is situated 60 miles southwest of Heathrow Airport, with direct road and rail links to London. The city's total population is increasing by an average of 3,000 per year, with the number of city centre residents rising particularly quickly. Despite being physically separated from Portsmouth by the River Hamble, Southampton and its neighbour are increasingly treated in national statistics as part of a wider metropolitan area. The borough of Fareham acts as an informal buffer between these rival conurbations, while suburban sprawl along the A27 blurs the boundaries further.

On the waterfront

Southampton is hemmed in on its other three sides by the M27 and the River Test, which merges with the River Itchen to form the Southampton Water estuary. Because two rivers extend through the city, an unusually high volume of under-utilised waterfront has become available for regeneration in recent years. Thousands of riverside homes are being built or are in the pipeline, according to Mike Harris, the director of growth at Southampton City Council. He is keeping a particularly close eye on three private residential schemes: "Meridian Waterside, Chapel Riverside and Centenary Quay contain 2,400 waterfront homes, which are either under construction or due to be completed by 2021."

Extending across 31 acres of former shipyard land, Centenary Quay is especially notable. This £500 million mixed-use scheme will encompass over 1,600 new homes alongside a library and nursery, shops, bars and restaurants. In an attempt to knit it into the surrounding suburb of Woolston, Centenary Quay has direct links to the latter's struggling high street. Woolston itself remains a popular residential district synonymous with bay-fronted 20th century villas. Well-presented three-bed semis and end-terraces typically sell for £250,000. Interestingly, three-bedroom terraced properties spend the shortest amount of time on the market across Southampton, according to recent data from Home.co.uk.

Peak practice

The local housing market hit a peak of activity in 2015. Since then, prices have continued to rise while stock levels have declined. Local agents report challenges selling properties over £300,000, though more affordable homes remain sought-after thanks to the presence of three hospitals and two universities. This ensures a steady turnover of new residents, with an increasingly youthful population bucking the national trend.

"The general feeling for 2018 is we will have a slower period of capital growth while prices stabilise," says Will Piercy, the area sales and valuation manager of Southampton-based Enfields estate agents. His predictions are supported by recent market data from Zoopla, suggesting Southampton's average house price value of £290,976 rose by just 1.14% during the last twelve months.

Yielding results

According to another recent survey, buy-to-let yields stand between 5% and 6% across Southampton for terraced and semi-detached houses, and also flats. Apartments now comprise exactly 40% of Southampton's housing stock, dominating suburbs like Bargate and Freemantle.

Will believes, however, that large, apartment-dominated new-build schemes like Centenary Quay have already reached a ceiling of demand: "The SO14 postcode is overpopulated with flats. The rental market is strong there because it's the core city centre market, but buyer demand for city centre apartments is less than houses in the suburbs." This has also prevented prices from rising in SO14: "Capital growth on these apartments has been minimal at best, with prices similar to 2006/2007."

Will suggests that investors looking to maximise total returns should consider the SO15 postcode, encompassing suburbs like Shirley, Upper Shirley and Regents Park: "These core family markets remain particularly buoyant, with good school catchments. There's a supply-and-demand problem in these areas, with more buyers than properties for sale. The investment market has cooled since the stamp duty changes in April 2016, but the area is still popular with investors. Yields are strong and there's a continued rate of capital growth." A three-bedroom semi-villa in Shirley typically rents out for £900–£950 a month, while comparable prices in neighbouring Regents Park see two-bed apartments achieving £800–£900.

Future prospects

The local rental market is buoyed by the fact that Southampton is Hampshire's centre of academic excellence. Over 42,000 students are enrolled across Southampton Solent University, the National Oceanography Centre and the prestigious University of Southampton. Solent undergraduates tend to gravitate towards larger HMO properties in Polygon, whereas students at the University of Southampton are typically found throughout the traditional suburb of Portswood. Many of Portswood's red-brick semi-villas have been extended to maximise their HMO potential, with eight- and nine-bedroom houses commanding up to £3,500 a month on the rental market.

Will recommends anyone seeking strong yields should look for properties close to the universities, as well as the nearby city centre. The council's 2012 City Centre Masterplan targeted £3 billion of investment, two-thirds of which is already in place or under development. However, Paul Smith of Brambles estate agents suggests local schools should be another factor worth considering: "Warsash and other small catchments are very popular due to a number of infant and junior schools with very good Ofsted reports. Even if people can afford to educate their kids privately, they often use schools like Hook-with-Warsash Academy, Locks Heath and Sarisbury Junior School."

The last word

Joe Walker is a committee member at Southampton Property Association, founded in 1948 as an estate agents association but now focusing on commercial property and continuing professional development (CPD). He has seen an acceleration of investment and regeneration in recent years, which he believes will support house prices going forward: "Residential values in the city are likely to remain relatively stable in the short-to-medium term, although macroeconomic factors do introduce a degree of uncertainty. Demand continues to outstrip supply, and this should support the market going forwards."

INDUSTRIAL INCLINE

While cities around the UK experience a declining industrial base and an oversupply of commercial space, Southampton is different. Joe Walker at SPA sees a bright future for the city's property stock: "The city centre office market continues to experience a lack of Grade A supply, as a consequence of the extended permitted development rights for office-to-residential conversion. Owner-occupiers and speculative investors have to compete with developers for remaining city centre stock, pushing up capital values. Rental levels have seen continued growth, particularly on Grade A offices."

Meanwhile, industrial availability is being constrained in part by a lack of land supply: "Rental and capital values have seen considerable growth in recent years. In the short-to-medium term, this market dynamic is unlikely to change, as there remains a shortage of sites suitable for industrial development. Recent and ongoing development has largely been targeted at the medium-to-large occupier requirements, which demonstrates developer confidence in the local market." The message is clear: commercial and industrial investment opportunities in Southampton are worth considering, as well as purely residential schemes.

SITES FOR SORE EYES

- **Bargate Quarter**
  This is replacing the 1980s Bargate Centre with 150 apartments, student accommodation and 68,000 sq ft of retail and restaurant space. The £100 million Bargate Quarter regeneration scheme is scheduled to complete in late 2019.
- **Centenary Quay**
  Crest Nicholson's 1,600-property regeneration of the River Itchen's east bank will feature courtyards and public squares around residential, commercial, dining and marine employment buildings.
- **Westquay South Phase 2**
  Building on the success of the recently extended 150-unit Westquay shopping centre, South Phase 2 will incorporate a residential tower alongside a further swathe of restaurants.

The best places to invest in

Southampton

- Best for city workers: **Woolston, city centre**
- Waterfront living: **Ocean Village, Meridian Waterside**
- Best for high-end homes: **Chilworth, Bassett**
- Best for students: **Portswood, Polygon**
- Best for parents: **Hedge End, Bitterne Park**
- Best for yields: **Highfield, Portswood**
- Best for capital appreciation: **Shirley, Upper Shirley**
- Best avoided: **Millbrook, Thornhill Park**

CASE STUDY

Three into one does go

Neil Cumins visits a unique rental property in Glasgow's west end, which has been ingeniously subdivided to create three properties in one.

Immediately west of Glasgow's grid-pattern city centre, the elegant Finnieston, Park and Woodlands districts feature some of this city's finest Victorian buildings. Originally designed for wealthy families, their three- and four-storey tenements were increasingly converted into commercial premises during the late 20th century.

As skyscraper office blocks fill the few remaining city centre gap sites, Glasgow City Council is actively encouraging developers to return areas like Finnieston back to residential use. And that gave Cara Moyes an idea...

From health to happiness

As an established property manager and renovator, Cara was looking for possible opportunities when she spotted a former homeopathic centre being advertised for sale. It was situated within a classic Glasgow tenement building along North Claremont Street – a tree-lined avenue constructed in the mid-19th century, just off Sauchiehall Street.

This three-bedroom main-door flat had been renamed Moncrieff House at some point in its past. Its Victorian glory had been diminished as its interior was crudely reconfigured, like so many residential-to-office conversions in this part of Glasgow. The property, however, was listed at an opportune moment: "When I bought it, I was aware the area was changing back to residential, and I was excited to bring the property back to its former grandeur," Cara explains.

Better by design

The decades hadn't been kind to Moncrieff House, and neither had its former occupiers. "The property was in poor condition," Cara recalls. "It was obvious there had been very little maintenance done over a number of years, and the refurbishment work took four months. There was an extensive level of restoration to be done, including reinstating damaged cornicing, refitting bathrooms and putting in new kitchens. Essentially, I had to return the property to its original state of being a period family home."

Cara's plan to restore Moncrieff House to its former role (and glory) was ingenious, yet simple. She split the large entrance hallway in half, with two black doors labelled A and B. Each opened into half of a newly created rear hall, divided by a creatively designed interconnecting door. As a result, Moncrieff House has been adapted into two separate properties that can be rented out both independently of each other and as a combined property (when the interconnecting door is left unlocked).

Cara Moyes

Three of the best

This imaginative design has given Cara a three-property portfolio within one space, which enjoys great success as a rental property. Cara says: "It has been very popular on Airbnb since I first let it out in April 2016. The accommodation can be let as a two-bedroom flat with contemporary kitchen that accommodates up to four people [Flat A], and a one-bedroom apartment with kitchenette and sofa bed for up to four people [Flat B]. As a three-bedroom property with sofa bed [with the interconnecting door left open], it can sleep up to eight. In this configuration, there are two bathrooms and a kitchen plus a kitchenette."

The kitchenette is one of many maximising touches throughout Moncrieff House. It squeezes a diminutive dishwasher and two-ring electric hob into a fully functioning kitchen within a recess that's barely large enough for a sideboard. Another awkward space given a new lease of life is Flat B's shower room, where a former cupboard has been transformed into an opulent wet room with twin rainfall showerheads. Across in Flat A, the need to accommodate a fridge and freezer within the open-plan lounge/kitchen inspired a central island with its own breakfast bar.

Learning lessons

Perhaps it's not surprising that there are clever ideas at every turn. Moncrieff House represents the culmination of over two decades of property expertise, as Cara points out: "I first got involved in property in the mid-1990s. I was determined to look after my three boys, so property was a way of working while bringing up my children. As they got older, it allowed me to take on more property and larger projects." As well as Moncrieff House, she has a portfolio of ten

Moncrieff House conversion.

student properties throughout Glasgow's perennially sought-after west end: "The student accommodation has a 100% occupancy rate and is filled through student networking, so I don't need to advertise it. These are leased as whole flats, because I don't do rooms. The students are great, though I feel like their mum most of the time!"

As for Moncrieff House, its transformation has mirrored other commercial-to-residential conversions in neighbouring streets and suburbs. "I was also interested in Finnieston due to its locality to the city centre and west end," Cara says. "It has excellent transport links, and it's one of the best foodie areas in Glasgow." Indeed, this west end suburb is arguably the city's trendiest district, with independent cafes and shops serving swathes of new-build apartments alongside Finnieston's remaining Victorian tenements.

The figures

Cara acquired Moncrieff House in December 2015 for a purchase price of £187,000. The development costs ran to £88,000, including fixtures and fittings, while the current market value of the property is estimated at £450,000.

In terms of rental income, Moncrieff House generates nightly rates of £90 for the one-bedroom apartment and £120 for the two-bed flat. Combining flats A and B into a three-bedroom property capable of sleeping eight people delivers a nightly income of £175.

More impressive still is the fact that Cara is achieving consistently strong occupancy rates: "The accommodation is advertised on Airbnb and has a 70% occupancy rate. I am very much enjoying the Airbnb concept: I love meeting people from different walks of life from countries around the world, and learning about them and why they've come to Glasgow."

If you have an interesting property case study (good or bad!), we'd love to feature your story. Email us with some information and photos, and we'll get right back to you: **hello@thepropertyhub.net**

Rise of the super landlord

How do landlords manage portfolios containing hundreds of homes, and what could smaller investors learn from them? **Felicity Hannah** investigates.

According to the Council of Mortgage Lenders, the average UK landlord holds just one property in their rental portfolio. Usually close to where they live, and often acquired through inheritance or good fortune, such modest buy-to-let activity pales in comparison to an elite cabal of super landlords. These serial investors hold portfolios so prolific it might take them a few minutes to work out how many properties are under their ownership. Their portfolios are worth many millions of pounds, typically amassed over a period of decades where the peaks and troughs of the housing market posed a series of evolving challenges.

Such epic levels of investment and involvement clearly aren't for everyone – particularly those who are building a retirement income or simply wishing to rely less on paid work. Yet as super landlords battle the daily challenges of managing properties on such a monumental scale, those of us with smaller portfolios could learn a great deal from their experiences.

Three serial landlords have taken the time to explain how they got started, what they've learnt from this ever-evolving industry, and any mistakes they've made along the way. Their opinions could benefit investors who own just one property, as well as those harbouring greater aspirations...

Philip and Mark Stewardson

Portfolio size: Around 160 properties

Philip and Mark have an intentionally diverse property portfolio. They typically buy a new property every three weeks, regularly reviewing their assets and selling off any buildings that don't match their current business plan. Half these new acquisitions will be kept, with the rest flipped or refurbished before being sold on. Their portfolio is weighted 50/50 between residential and commercial property.

Best laid plans

Initially, Philip and Mark only planned to buy a few properties. It soon became an all-consuming passion, however, as Mark explains: "In the early 1990s, I was working as a full-time commercial photographer and Phil ran his own textile business that he'd started while at uni, in partnership with our mother. Our businesses were based in the same building, and even then, we could see the outlook for either of them wasn't good. Foreign imports were hitting the textile trade, and photography was moving towards digital. We had little faith in conventional pensions, and the property market was pretty flat. We hit upon the idea of buying ten houses as a pension, which has continued to grow over the years." →

Their early careers continued to play a big role in the brothers' lives. Mark still worked as a photographer, while Philip ensured his machinist employees had a job until they were ready to retire. "Our first purchase was in 1995," says Philip. "It was a repossessed three-bed end-terrace 500 yards from our office, for £20,000. It required cosmetic work mainly – a new bathroom, kitchen and redecoration, costing around £7,000. We got it revalued at £55,000, and this method became our model for releasing equity to create a deposit for the next property."

Changing rooms

The pair had worked out a successful strategy, but protecting themselves from pitfalls still required ingenuity. After all, building a large portfolio quickly generates risks that more cautious smaller investors aren't exposed to. "Sticking to an area we knew inside-out and understanding our target market's needs meant the risks were minimal," explains Philip. The brothers bought "two- and three-bedroom properties at the right price needing minor work", and made them desirable family homes.

"In 2002, the residential market was extremely tight – and property became a popular topic for TV. A host of very popular property makeover programmes created a boom in residential sales. Everyone felt the need to have a second home for rental, which contributed to driving residential property prices up. So we set up a limited company and moved into commercial – buying pubs, farmland, a public library, churches, petrol station sites – to avoid the stiff competition among residential buyers. We would – and still will – buy anything if we could identify a way of adding value."

Snakes and property ladders

Philip admits this process hasn't always been easy: "Looking back now, we perhaps should have traded more. It certainly wasn't a nice feeling when the crash came and we saw around £3 million of value wiped off the portfolio value overnight. It was a tough time, but fortunately, we were lowly geared – which meant we could ride out the storm when lots of our friends ended up losing everything."

Of course, investors who started out in the Nineties had access to some methods no longer available. Mark admits that financing used to be more straightforward: "We have a very healthy longstanding relationship with our lenders and they've been tremendously supportive. We were very traditional in our approach earlier on in the relationship. We would ask our bank manager for funds and he would drive past to make sure the property was actually there, send a loan agreement, and within a couple of weeks the property was ours."

> **"There's a mug in every deal. If you can't see who it is then it's probably you. There are no get-rich-quick schemes – we would always advocate get rich slow."**

New kids on the block

So how do the brothers view the outlook for investors who are just getting started? Mark says today's housing market has changed almost beyond recognition: "There was little competition then; agents were pestering us to buy rundown properties because there was no market for them. Back then, an area was good or bad; now there are micro-markets. Good areas might be a particular street, or even one side of a street.

"Finance is much more complex too, with massive regulation put on the banks. A sad change we see is that of trust. Now you don't seem to be able to trust anyone, and due diligence is vital. Many lenders have lost their appetite for property, so it's even more important to make sure a deal is an attractive prospect for a lender." A low loan-to-value ratio can benefit both lender and borrower, reassuring the former while protecting the latter against market shocks. "At 55% loan to value or below, nothing will ever worry you. Above 55%, outside factors can hurt you."

The brothers offer some sage advice to the next generation of landlords and other property investors. "Know your market, and make your product fit the market," says Mark. "So many people try to make a market for the product they want to provide."

Philip's advice is even blunter: "Never be rushed, do full due diligence on every deal. Remember: 'There's a mug in every deal. If you can't see who it is then it's probably you.' There are no get-rich-quick schemes – we would always advocate 'get rich slow'."

Mandy St John Davey

Portfolio size: 45 properties

Mandy St John Davey has been a prolific landlord over recent decades. Even as she gradually decreases her portfolio in readiness for retirement, she typically has between 35 and 45 properties on her books. These are a mixture of recently acquired flips and rental properties she's retained, to provide a long-term income source. Typically targeting new builds, Victorian and better-quality terraced properties, Mandy's portfolio is worth around £5 million. It's been carefully assembled while she battles the debilitating effects of ME, also known as chronic fatigue syndrome.

Corridor of certainty

Mandy's properties are mostly in South Wales – "scattered along the M4 corridor," she says, "because my rule of thumb is if I can't get to it in an hour, I don't do it. I self-manage now because I like to keep an eye on my tenants, put them in myself and build a rapport."

She plans to keep about ten properties for income as she approaches her planned retirement age of 60, and she'll also "renovate and flip anything up to 12 properties a year. I prefer to help first-time buyers get onto the property ladder rather than rent, so I'm renovating properties under the £100,000/£120,000 threshold – something completely rundown I can transform." She also mentors new landlords, passing on a lifetime of property experience.

"I bought my first house when I was 18 for £8,000. I can't really believe that; it's now worth £165,000. I saw my mum struggle as a single parent living with my grandparents and I wanted a better life, so I sold the property." Mandy entered a demanding corporate career but became unwell with ME, and in 1998 she left the corporate world to begin building a property empire. "It's that drive, it's that hunger. I knew with chronic fatigue I couldn't work. I was with a large law firm delivering training and development. It was very high demand, very high volume. I needed to find the income to continue the lifestyle I wanted."

Planning for the future

Mandy realised the potential for investing in houses by part-exchanging a property she owned for a new home. Soon after, she realised her original home was being rented out. "I thought I had missed a trick and researched very quickly how I could do that. It was my lightbulb moment. Soon, I was buying five or six properties off-plan. By the time they reached 60% of the build, I had already flipped them and made money. Admittedly, that would never work in today's market." She specifically targeted three-bedroom properties with gardens and garages – "homes that attract professionals and families".

Her tactics worked well, but Mandy admits mistakes occurred along the way. "I didn't work fast enough. I could have done better, could have moved quicker. But I worked on that portfolio on my own. It's only when I look around and see other landlords with 600 properties, I wonder if I should have done better."

A different world

"It's a very, very different market today," concludes Mandy emphatically. "Back in the early 2000s it was 85% loan to value; there were hundreds of mortgages on the market. The affordability has definitely changed." Yet she believes now is still a good time to invest in property: "There's a lot of doom and gloom, but property has always been a long-term investment. I always say the break through number that works for a smaller scale landlord is four to five properties so that one property pays for the other should you have unexpected repairs or voids.

"Be sensible, don't overreach or overstretch yourself. Choose a strategy for your risk level and stick with it, whether that's single dwelling homes or HMO or whatever. My advice would be to know and understand well what it is you are investing in, understand your market and educate yourself so you do not get caught out."

Maximillian Z de Kment

Portfolio size: 500 at its peak

Larger-than-life property expert Maximillian runs the Saxe Coburg estate agency in Bournemouth, selling properties across Dorset. Starting out as a landlord 30 years ago aged just 18, Max amassed a portfolio of around 500 properties. And it all started with recurring complaints about local house prices...

Window of opportunity

While working in an estate agent's office, Max noticed older people often came in complaining that property prices seemed extortionate. "On one occasion, an old man came in after seeing that we had a four-bedroom detached house in south-west London on sale for £70,000. He said, 'Twenty-five years ago, my friend bought that house for £600.' I thought if someone has made that amount of money on that property, I want to do the same. I'm going to buy as many of these houses as I can. I worked out that having one house would mean I made more money than I would doing my day job."

Needing to support himself and his mother, Max maintained a full-time job and took three part-time jobs to pay two lots of rent while saving the relatively small amount needed to cover costs. His first property was a three-up, two-down in London: "All I had to put up was £500, for the conveyancing and the disbursements. So, back in the day, £500 cash bought a property that's now worth £850,000. It's gone from £30,000 to £850,000. The mortgage is paid off now because the tenants paid it off for me and I've made £140,000 profit on the rent over those 30 years. Basically, £500 has turned into £1 million."

Hundreds and thousands

Max rapidly began to assemble his property portfolio: "I started with one and then very quickly bought another. If you work out the positive cash flow, I was getting £155 a week. That's £700 a month, and the mortgage was only costing me £200. So I was making £500 a month profit on my first house. After a month I was able to buy another house, and another house. Once you've got two then you can buy four, and then you buy eight. I got up to over 500 buildings."

Max was soon assembling considerable wealth. But he says the best thing about property is the chance to manage his own time: "You don't have to work every day of the week. You don't need to work Monday to Friday 9–6 like everybody else. I can go away for five weeks at a time if I want to. It's bought me financial security and it's bought me freedom. I love being a landlord."

Low levels of interest

The housing industry has changed radically in the last three decades, yet Max still believes it's possible to become a successful landlord in today's market: "The mortgage market is terrific at the moment. If you buy out of London, we're back to where we were 30 years ago. I mean, 30 years ago they would only give you three times your income – you get five times income now. Mortgages interest rates of 0.5%? My mortgages were 14–16% at times!"

Max's final piece of advice for the current generation of up-and-coming landlords is to buy as soon as possible. "You cannot save as quickly as property prices go up. I still believe that small freeholds are going up by £20,000 a year on average; most people can't save £20,000. And in many cases it's cheaper to buy a place than it is to rent it, because the interest rates are so low."

Property investment becomes more challenging once you start growing a portfolio or upping your investment. Stephanie Spicer looks into how to ease the burden by recruiting the right help.

Building *your* property A-Team

Being a successful landlord requires a broad spread of talents. You need local market expertise to identify investable properties in sought-after areas, plus an interior designer's eye for turning decrepit into des-res. Even if you delegate balance sheets and bank statements to an accountant, a forensic eye for finances helps in accurately predicting yields – and during contract negotiations with tradespeople. You need a salesman's smooth tongue when showing tenants around properties, and a politician's diplomacy skills if disputes arise mid-tenancy. Then there's the growing roster of cloud storage platforms and online paperwork to navigate, while it helps if you can take a decent interior photograph, too.

If the hats fit...

Whether you're a part-time landlord or a full-time property professional, it's difficult to wear so many hats at once. And if your portfolio continues to expand, the time will inevitably come when regular assistance is required. But assembling a team of fellow property professionals is a big step, and many landlords put it off for as long as possible. Some find it difficult to entrust their lovingly assembled portfolio to third parties, whose own reputations aren't on the line if something goes wrong. Other landlords simply struggle to track down enthusiastic and talented staff, with recruitment and selection throwing up another set of obstacles to navigate. That's why many people persist with the DIY approach, even though they're clearly better at some aspects than others.

Fortunately, staff recruitment is a process many landlords have already undertaken – including The Property Hub's co-founders, Rob Bence and Rob Dix. We've sought their advice on how to build your very own property A-Team, and we've also asked for insider tips from accountants and the National Landlords Association. Building your dream team doesn't have to be the stuff of nightmares – not if you follow a logical recruitment and selection process.

Different strokes

The tipping point where assistance becomes essential varies from one landlord to the next. Accountancy firm Kreston Reeves deals with landlords who have portfolios of all sizes and vary widely in terms of assistance needed: "Some look after their property portfolio themselves, and we simply advise them from a tax perspective," says Jo White, a tax consultant at the company. "With others, we help with online accounting, preparing management accounts and providing advice on cash flow planning. Some landlords use an agent to look after their properties – possibly because they also have another job or other businesses. Yet we also have clients who like to be very hands-on, renovating properties and then renting and maintaining them personally. Even so, these landlords often employ staff to help them with the physical work.

"There isn't really a magic number of properties you need to own before you have to hire staff," says Jo. "Like any business, it depends on your cash flow, and whether it's affordable to hire others. A question to answer is: what else could you do with extra free time? Would it be more profitable, or more in line with your skills base?"

Taking things one step at a time

Whatever your circumstances or requirements, there's a process that will ensure you find and employ the best people. It encompasses the following steps:

- The tasks you should consider outsourcing.
- Where to find applicants.
- The hoops you should make applicants jump through (and why they're necessary).
- How to organise the process efficiently.
- The questions to ask in an interview, and what to check when taking up references.

Property Hub co-founders Rob Bence and Rob Dix have spent several years honing a successful and straightforward hiring process for their businesses – and it's made a huge difference compared to when there was no such process in place. "If something is holding you back – time constraints or something you're not so good at – hiring can massively improve things," says Rob Bence. "But hiring the right person is an even bigger game-changer. The difference between a good hire and a great hire is more than double the efficacy – it's ten times that."

The two Robs recommend an eight-stage approach to recruitment and selection for full-time roles – which you can tweak for appointing casual staff and contractors. And it all starts with a name:

1. PRE-HIRE

Before you even start the hiring process, there's work to be done. First, you need to assign a name for the role you're looking to fill, depending on how other companies are currently describing similar roles. For example, you may be looking for a superstar helper, and the job market refers to this sort of role as a virtual assistant or PA. It's important that the right people see your advertisement, rather than skip over it because they don't know what the job entails....

2. THE JOB ADVERT

Think about what the role involves, and what the applicant is going to be doing. Compile lists of tasks that need doing every day, every week and so on, to give a clear idea of what you're looking for. Then consider key performance indicators (KPIs). What is the candidate being judged on? What are the targets they have to hit, and what defines a good performance in this role?

Coming up with tasks and KPIs is a lot of work and requires a great deal of thought. But if you don't do it, you'll probably write a poor job advert. Even worse, you won't get the best applicants, because people won't know what the job is. And if you haven't defined success to yourself, you won't know whether to be happy with your new team member/s or not.

It's also vital to make the job advert appealing. A good headline will make all the difference, capturing people's attention – and good copy will keep them reading to the end.

Finally, post the advert in the right place. Don't waste money advertising in places where your ideal candidates won't be looking. Every industry has its own publications and directories where candidates tend to be found. For instance, Accountant Directory is filled with profiles of people who may be amenable to a part-time role, while Freelancers.net is great for finding writers to help with property adverts.

3. THE SKILLS TEST

Contrary to popular belief, the best time to evaluate skills is before scheduling interviews. A quick skills test early in the recruitment process helps to separate the wheat from the chancers.

But what's an appropriate skills test for your proposed role? Someone might be a convincing interviewee with a strong track record, but that doesn't mean they can do the job you need them to do. A skills test could be something standardised: if you're hiring a bookkeeper, for example, there are standard tests for specific pieces of bookkeeping software. For other jobs, you might need to create your own test. A candidate who successfully completes it will give you more confidence to proceed further in the recruitment process.

4. COMPILING AN INTERVIEW SHORTLIST

Once you've weeded out the less talented applicants, it's time to draw up a shortlist of interviewees. To start with, ask for a CV and completion of a basic application form. You don't have to ask a lot of questions here, but when you look at those answers, you can see whether people are making an effort or not – and you'll be able to rule them in or out straight away. Another useful technique for filtering applications involves asking candidates to answer a question by phoning a straight-to-voicemail number and leaving a message. You'll be able to glean so much about their personality, even from a one-minute recording.

5. INITIAL INTERVIEWS

Make it clear to applicants that this is just a brief chat, not a main interview. Spend 15 minutes asking key questions, which should be designed to test specific skills and knowledge. You're getting to know this person, building a better picture of them.

The initial interviews don't necessarily have to be a one-to-one, in-person process: if you're recruiting for a PA, for example, a Skype video interview could be used to filter candidates. You could also do group interviews (for this initial stage) to save time.

> “In my experience, you know you’ve done everything right if you feel excited about the person you’re about to hire, and also a bit nervous in case they don’t accept. If you don’t feel like that, think again as to whether you’ve chosen the right person.”

6. PERSONALITY PROFILING

A personality profile test is optional, but can be useful in giving you a rounder picture of a particular candidate. Talent Dynamics provides tests for about £50, which are suitable for grading suitability for higher-level roles when the results are interpreted correctly. The Myers-Briggs personality tests are free and can be completed online: candidates make selections on a scale between two different statements, and are then categorised into one of a possible 16 personality profiles.

7. THE FINAL INTERVIEW

By this stage, anyone unsuitable will have been weeded out – so you’ll be left with a selection of candidates who are qualified for the role and a joy to interview! The interview could take place over Skype or in person – whichever makes the most sense for you and the role.

During the interview, it’s imperative that you ask the right questions: you’re not just having a chat to see if you get on (which is admittedly important), but finding out if they’re the right fit for the job and the job is right for them. Resources such as the Topgrading methodology (see box) will help you come up with the right questions, some of which should tap into specific traits you’re looking for. Helpfully, the questions are designed to prevent a candidate from answering dishonestly.

The final interview is also an opportunity to set a final skills test. The applicant may have said they can do the work (and probably believes they can), but the proof is in the pudding.

USEFUL RESOURCES

“Who: The A Method for Hiring”, by Geoff Smart and Randy Street. This awkwardly titled book seeks to tackle unsuccessful business hiring by using a method called Topgrading – honed during interviews with billionaires and CEOs. It’s targeted at everyone from board directors looking for a CEO to small business owners looking for staff.

The Trello Board. Type this link into your web browser: thepropertyhub.net/hiringtrello. It shows the hiring process Rob Bence and Rob Dix use, and they’ve made it available to Property Hub Magazine readers so you can keep track of where you’re up to with all your applications.

National Landlords Association. The NLA provides a recognised suppliers directory that includes accountants, property security firms, letting agents, building suppliers and solicitors. The NLA also provides Landlord Vision – a cloud-based software tool to help large and small landlords.

8. REFERENCES

When obtaining references for the applicant, there’s a useful question to ask their nominated referee at the end of the conversation: “For me to get the best out of this person, what do they need to work on?” That’s when potential weaknesses may be revealed. It’s not about tripping people up – it’s about helping the applicant in their role when they start.

When you know you’ve found the one

There’s an easy way to tell whether someone is right for a job, as Rob Dix explains: “In my experience, you know you’ve done everything right if you feel excited about the person you’re about to hire, and also a bit nervous in case they don’t accept. If you don’t feel like that, think again as to whether you’ve chosen the right person.”

He adds that there’s one crucial final step once your chosen candidate has accepted the position: “On-board them well. If you take the best person in the world and just throw them in without any instructions, they’ll do an okay job. But they won’t be as good as they can be unless you give them every opportunity to succeed.”

Down by the Sea

We all love to be beside the seaside, but does investing in coastal properties really pay the rent? Leah Milner reports.

It's easy to be seduced by the nostalgic charm of British seaside resorts, but that doesn't necessarily make them a worthwhile investment. Before you buy up a coastal buy-to-let, it's vital to make sure the numbers stack up – and for that, research is your best friend.

Insider knowledge

When assessing the investment potential of any new area, it's never enough to simply look at house price and rental indices: you also need to speak to local agents, learn as much as you can about the area, and conduct plenty of online research into recent sales. This advice is important for any investment, but particularly when looking at smaller towns – "micro markets" like coastal resorts – where the data is easily skewed by a few uncharacteristically low- or high-value sales.

In order to understand the factors at play when it comes to seaside resorts, we spoke to local estate agents from some of the most promising coastal locations – and we also called upon the expertise of Property Hub members who've already invested in seaside hotspots. Here's what they have to say...

Rental potential

Lee Everitt of Sheens Estate agents in Clacton-on-Sea, Essex, says the town has seen growing interest from buy-to-let investors recently. "Over the last few years, Clacton has seen a significant increase in rents for landlords," he says. "There's a shortage of available properties for waiting tenants and – as with most industries – supply and demand dictates price. It's also one of the cheapest areas to buy in East Anglia – and these factors combined make it a very attractive prospect for any landlord. Most of our potential landlords are from the M25/A12 area, where prices are too high to offer a decent return on investment."

Lee says you can still find two-bedroom houses for £140,000 in the area, which could achieve £675 per month in rent – providing a rental yield of 5.8%.

As ever, it's crucial to understand what type of renters you're looking to attract, Lee advises. "The vast majority of the tenants in the Clacton area receive some sort of help with their rent. Some have the whole rent paid, while some have to pay a top-up," he says. "In any case, there's always a constant stream of tenants."

But further investment in the area may see the typical renter profile change.

"We have a new multimillion-pound beach, which was regenerated a couple of years ago. The pier is undergoing a complete refurbishment, and then there's the Clacton Air Show, which drives tens of thousands of people to our town." He also points to the fact that major developers are building in the area as a reassuring sign for would-be landlords. "You wouldn't see too many larger building firms investing their money in an area that wasn't going to pay dividends."

Beach huts at Thorpe bay, Southend-on-Sea.

The ripple effect

Southend-on-Sea is another Essex town undergoing a transformation. Property Hub member Pat Fitzsimons is on the verge of completing on a one-bedroom Victorian conversion there, which will be her first buy-to-let. Pat lives in London, but she's familiar with the town because she's director of the Thames Estuary Partnership, a charity that's focused on sustainable development in the area. She says: "It's trying to transform itself from a rundown seaside town to a vibrant tourist destination – we are seeing a lot of economic growth. Because London is becoming so expensive, more people are moving out to places like Southend – which has great rail links to the City – and commuting in."

> “We have an awful lot of people coming down from London who can’t afford to buy there – there’s a ripple effect from the capital, and it’s an hour door-to-door from the City. Yet it’s far enough away from London to still have a relaxed seaside feel.”

Property Hub member Pat Fitzsimons.

Pat says she read Property Hub director Rob Dix’s books before starting her hunt, and searched hard for a flat that was as close to £100,000 as she could get. The apartment she found was £115,000, but she negotiated it down to £105,000 because the lease is only 57 years and will need to be extended. “It has good-size rooms and a garden that needs some work, but I think I should be able to achieve rent of around £600 a month,” she adds. If Pat is right, she’ll achieve a healthy rental yield of 6.8%.

David O’Rourke, manager of Belle Vue estate agents in Southend, supports Pat’s appraisal of the town as a sound investment opportunity. He says: “We have an awful lot of people coming down from London who can’t afford to buy there – there’s a ripple effect from the capital, and it’s an hour door-to-door from the City. Yet it’s far enough away from London to still have a relaxed seaside feel.

“Because prices have been rising here for so long, people want to jump on a rising market and there is very little space to build more homes, which means supply is constrained. The airport brings jobs to the area, and – as it’s always expanding its list of destinations – it’s great for holidays too. Demand from tenants still always outstrips supply, and I see a lot of demand from amateur landlords and investors who are often retirees looking for extra income. These investors are looking for long-term gain, and I think the prospects are good here. Because it’s penned in by the sea, that limits building.”

Sussex finest

Annabel Blake has been investing in Eastbourne properties for more than 20 years. She lives about five miles outside the town in a semi-rural hamlet within easy reach of the 15 properties that she now manages herself – most of which are two-bedroom Edwardian terraces. She says: “I used to use managing agents until I took early retirement from my job as a university administrator, and now I’m much more hands-on. I chose to invest here because I was familiar with the area and an estate agent friend of mine helped me find the right properties.”

Annabel says her properties are each worth between £200,000 and £250,000; they generate rent of between £750 and £825 a month, which means she earns a rental yield of between 4% and 4.5%.

One of Annabel Blake’s properties.

Seasons in the sun

Jenny Owen, of Sawyer & Co estate agents in Hove, says Portslade near Brighton is another seaside hotspot that’s catching the attention of buyers. “Its proximity to both Hove and Shoreham Village has pushed rents up, offering good yields and value for money for investors. An ever-improving area, 2017 saw a 9% increase in property value, making it increasingly popular with investors.”

With all seaside investments, it’s important to understand the local job market and make sure rental demand won’t be swayed too much by seasonal employment changes. Jenny points to large employers nearby – such as Legal & General and American Express – which help to support Portslade’s private rented sector.

Portslade is situated between Hove and Shoreham, which are two expensive locations in which to rent, so for many this is a cheaper option.”

Left: Portslade has two stations, one offering direct mainline links to London.

Below: Eastbourne beach and pier.

"South Portslade is popular with young professionals and families, many of whom are looking to rent. It has easy access to two train stations – one of which offers direct mainline links to London – making it appealing to commuters, and it also has easy access to Brighton and Hove. It's only a short walk to the seafront, and there are more and more nice pubs and coffee shops opening."

As with many of the best seaside investment locations, it's still the long-term market that is most profitable. Jenny says: "Portslade definitely isn't student-centric and has never really seen a demand for holiday lets, so it doesn't fluctuate due to holiday seasons. Landlords would be looking at year-round lets to families and young-ish couples who have moved out of central Hove to get more space for their money."

Seaside towns offer a wealth of different types of investment opportunity, from family homes to student rentals. Our savvy investors have chosen to opt for destinations with year-round demand and long-term growth potential rather than try to cash in on the holiday season. But wherever you choose to invest your money, understanding the local economy is the key to future profits.

> "First-time-buyer first-time-landlord mortgages, though a growing market, are still pretty niche."

You don't yet own your own home, but you want to buy one to rent out. Sound unusual? It's not as uncommon as it sounds, and a number of lenders are entering this specialist market. David Cookson explains.

RENT AND BUY

For many commentators, and a decent portion of the national press, landlords represent everything that's wrong with the housing market. All too often, we're sold an image of would-be buyers being left out in the cold as greedy landlords snap up the only available properties.

A new breed of landlords is turning this idea on its head – the first-time-buyer landlords. They're not just new to property investment: they're new to property altogether. Indeed, they're looking to purchase a rental property before they've even bought a home for themselves.

But why?

Why would someone want to get on the property ladder with a place they won't even be living in? Buying a property but continuing to live in rented accommodation may seem like a bizarre choice, but it actually makes sense for a lot of people.

To understand why, we have to look at the benefits of renting. It's easy to assume every tenant wants to buy but can't afford to, but that's not always the case. Renting offers a flexibility that property ownership can't compete with: tenants are usually subject to notice periods of between two weeks and two months, after which they're able to move on freely without having to go through the process of selling a property.

Living the dream

Renters can also benefit from living in a property – or a location – that would be out of their reach if they were to buy. A first-time-buyer landlord may want to continue living in their plush city centre rented apartment and use their money to invest in a buy-to-let in the suburbs, rather than have to change their lifestyle by moving to an area within their price range.

Then there are people currently living at home who don't feel ready to live alone, or who are waiting to move in with a partner in the future. Property is a sound investment, after all. If you have money to spend, why wouldn't you want to put it into bricks and mortar – even if you're perfectly happy where you are?

Are these mortgages widely available?

First-time-buyer, first-time-landlord mortgages, though a growing market, are still pretty niche. While there are lenders happy to lend to first-time-buyer landlords, they're few and far between compared to those lending to traditional landlords.

When deciding whether to approve a mortgage, lenders look at both the rental income of the property and the personal income of the borrower (which usually has to be at least £25,000). It's worth noting that as a first-time-buyer landlord, you may have to put up a bigger deposit than you would as a traditional first-time buyer: some lenders will require as a much as a 40% deposit. Your interest rate is also likely to be higher. .

Why are the rates so expensive?

Simply put, you're a risky bet. Lenders like to avoid risk: those just starting out are considered higher risk, because they have no proven experience in managing a buy-to-let. Those with a whole host of properties are also deemed risky, as they're seen to be spread too thin. Most lenders prefer those landlords in the middle – the ones who've shown they can do it, but aren't doing it too much. As a first-time landlord and a first-time buyer, you're even more of a risk: not only do you have no proof that you can manage a buy-to-let, you've also got no proof that you can handle a mortgage at all.

To apply for a buy-to-let loan as a first-time landlord, you'll have to provide more information than you would for a residential mortgage – such as a reference from your own landlord (if you rent), a longer address history (the standard is three years), up to six months' back copies of bank statements, and several wage slips. As long as you can provide all the necessary information, the application process shouldn't be any longer than it would be for any other type of mortgage.

It pays to be honest

Given the additional expense and the extra hoops you need to jump through as a first-time buyer and first-time landlord, you may be tempted to buy the property on a residential mortgage before letting it out. Bad idea! If you're using the property for any purpose other than the one outlined in the mortgage, you're breaching the mortgage contract. The lender is well within its rights to terminate the contract and call in the mortgage, meaning you'll have to pay the full amount borrowed. What's more, any contracts with tenants or insurance policies on the property will be void.

CONTACT TC FINANCIAL SOLUTIONS

To discuss your property investment needs and find the right mortgage product for you, contact David Cookson and the team at **0161 959 0166**
tcfinancialsolutions.co.uk

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.
TC Financial Solutions is authorised and regulated by the Financial Conduct Authority who oversees all financial business in the UK. You can find them on their website www.fca.org.uk.
Registration number 401572.
Registered address 3 Meadway, Bury, Lancashire BL9 9TY.

Product round up

Our round up of the best buy-to-let products on the market – whether you're a first timer, an experienced landlord, or you're making the move into limited company ownership.

BEST BUYS – direct products – BTL 2-year fixed rates

Provider	Rate	Period	Max LTV	Min fee	Incentives
Virgin Money	1.59%	01/07/2020	60%	£995	£500 cashback
Post Office Money®	1.62%	30/04/2020	60%	£995	Free valuation fees. Remortgages get free legal fees.
Leeds BS	1.64%	31/05/2020	60%	£999	Free valuation fees (max £999), remortgage customers get help towards legal costs
Post Office Money®	1.74%	30/04/2020	65%	£1,495	Free valuation fees, £250 cashback
Post Office Money®	1.83%	30/04/2020	70%	£1,495	Free valuation fees, £500 cashback
Post Office Money®	1.91%	30/04/2020	75%	£995	Free valuation fees, £500 cashback
Virgin Money	1.96%	01/07/2020	70%	£995	£500 cashback
Virgin Money	1.98%	01/07/2020	75%	£995	£500 cashback
Skipton BS	1.99%	31/05/2020	75%	£995	Free valuation fees
Post Office Money®	2.54%	30/04/2020	75%	-	Free valuation fees, £750 cashback

BEST BUYS – direct products – BTL 3-year fixed rates

Provider	Rate	Period	Max LTV	Min fee	Incentives
Virgin Money	1.69%	01/07/2021	60%	£1,995	£500 cashback
Barclays Mortgage	1.75%	30/04/2021	60%	£1,950	Remortgage customers get free valuation fees, £500 cashback or free legal fees
Post Office Money®	1.97%	30/04/2021	60%	£1,495	Free valuation fees. £250 cashback.
Virgin Money	2.21%	01/07/2021	70%	£1,995	£500 cashback
Virgin Money	2.24%	01/07/2021	75%	£1,995	£500 cashback
Barclays Mortgage	2.24%	30/04/2021	75%	£1,950	Remortgage customers get free valuation fees, £500 cashback or free legal fees
Skipton BS	2.35%	31/05/2021	75%	£995	Free valuation fees
Skipton BS	2.42%	31/05/2021	60%	-	Free valuation fees
Virgin Money	2.49%	01/07/2021	70%	£995	£500 cashback
Virgin Money	2.54%	01/07/2021	75%	£995	£500 cashback

BEST BUYS – direct products – BTL 5-year fixed rates

Provider	Rate	Period	Max LTV	Min Fee	Incentives
Virgin Money	2.17%	01/07/2023	60%	£1,995	£500 cashback
Principality BS	2.20%	30/06/2023	60%	£1,395	-
Virgin Money	2.24%	01/07/2023	60%	£995	£500 cashback
Leeds BS	2.29%	31/05/2023	60%	£999	Free valuation fees (max £999), remortgages get help towards costs
Principality BS	2.40%	30/06/2023	70%	£1,395	-
Metro Bank	2.49%	5 years	65%	£999	-
Principality BS	2.55%	30/06/2023	75%	£1,395	-
Metro Bank	2.69%	5 years	75%	£999	-
Post Office Money®	2.77%	30/04/2023	75%	£995	Free valuation fees. £500 cashback.
Skipton BS	2.81%	31/05/2023	70%	-	Free valuation fees.

BEST BUYS – direct products – BTL tracker rates

Provider	Rate	Period	Max LTV	Min fee	Incentives
Virgin Money	1.79%	01/07/2020	60%	£995	£500 max cashback
Leeds BS	2.04%	31/05/2020	60%	-	Free valuation fees (max £999), remortgages get help towards costs
Virgin Money	2.14%	01/07/2020	70%	£995	£500 cashback
HSBC	2.19%	2 years	75%	£1,999	No valuation fees
Virgin Money	2.24%	01/07/2020	75%	£995	£500 cashback
HSBC	2.34%	2 years	60%	£349	No valuation fees
Leeds BS	2.34%	31/05/2020	70%	-	Free valuation fees (max £999), remortgages get help towards costs
Skipton BS	2.40%	2 years	75%	£495	Free valuation fees. Remortgages get free legal fees.
Metro Bank	2.49%	2 years	75%	£999	-
HSBC	2.69%	2 years	75%	£349	No valuation fees

BEST BUYS – direct products – BTL first-time-landlord rates

Provider	Rate	Period	Max LTV	Min fee	Incentives
Principality BS	1.80%	30/06/2020	60%		Free valuation fees. Remortgage customers get free legal fees
Skipton BS	2.55%	3 years	75%	-	Free valuation fees. Remortgage customers get free legal fees
Coventry BS	2.39%	Term	75%	£1,999	Free valuation fees (max £700). Remortgage customers get free legal fees
Virgin Money	1.59%	01/07/2020	60%	£995	£500 cashback
Post Office Money®	1.91%	30/04/2020	75%	£995	Free valuation fees. £500 cashback.
Virgin Money	1.69%	01/07/2021	60%	£1,995	£500 cashback
Virgin Money	2.21%	01/07/2021	70%	£1,995	£500 cashback
Skipton BS	2.35%	31/05/2021	75%	£995	Free valuation fees
Metro Bank	2.49%	5 years	65%	£999	-
Principality BS	2.55%	30/06/2023	75%	£1,395	-

BEST BUYS – Limited company fixed

Provider	Rate	Period	Max LTV FTB	Max LTV STB %	Product fee notes
Danske Bank	2.78%	01/07/2020	60%	60%	Arrangement £999
Foundation Home Loans	2.79%	31/07/2020	-	65%	Booking £125, Arrangement 2.00% Advance
Foundation Home Loans	2.99%	31/07/2020	-	65%	Booking £125, Arrangement 2.00% Advance
Danske Bank	3.08%	01/07/2021	60%	60%	Arrangement £999
Foundation Home Loans	3.09%	31/07/2020	-	75%	Booking £125, Arrangement 2.00% Advance
Landbay	3.09%	2 years	75%	75%	Arrangement 2.00% Advance
Landbay	3.09%	2 years	75%	75%	Arrangement 1.75% Advance
Vida Homeloans	3.09%	2 years	-	70%	Arrangement £1995, Upto £250K Advance Arrangement 1.50% Advance, From £250001 Advance
Vida Homeloans	3.09%	2 years	-	70%	Arrangement £1995, Upto £250K Advance Arrangement 1.50% Advance, From £250001 Advance
Danske Bank	3.18%	01/07/2020	75%	75%	Arrangement £999
Foundation Home Loans	3.19%	31/07/2020	-	75%	Booking £125, Arrangement 2.00% Advance
Kent Reliance	3.19%	2 years	-	65%	Arrangement £130, Booking 1.50% Advance
Kent Reliance	3.19%	2 years	-	65%	Arrangement £130, Booking 1.25% Advance
Vida Homeloans	3.19%	2 years	-	75%	Arrangement £1995, Upto £250K Advance Arrangement 1.50% Advance, From £250001 Advance
Vida Homeloans	3.19%	2 years	-	75%	Arrangement £1995, Upto £250K Advance Arrangement 1.50% Advance, From £250001 Advance
Vida Homeloans	3.34%	2 years	-	70%	Arrangement £1995, Upto £250K Advance Arrangement 1.50% Advance, From £250001 Advance
Vida Homeloans	3.34%	2 years	-	70%	Arrangement £1995, Upto £250K Advance Arrangement 1.50% Advance, From £250001 Advance
Aldermore	3.38%	2 years	-	75%	Completion 2.00% Advance
Aldermore	3.38%	2 years	-	75%	Completion 2.00% Advance
Kent Reliance	3.39%	3 years	-	65%	Arrangement £130, Booking 1.50% Advance

Source: Moneyfacts. Rates correct as at 16 May 2018

“The buy-to-let market remains competitive, but anyone considering entering this arena should choose their product carefully and also consider other costs outside of the deal.

Landlords are facing increasing pressure to earn income from buy-to-let properties and the further cut in tax relief will deal another blow. Any landlords hoping to earn a living off rental income must be sure that it is still a worthwhile investment and if they are unsure they should seek independent financial advice. Further tax hikes are to come so it's worth preparing for the oncoming storm.”

Rachel Springall, finance expert, Moneyfacts Group

PROPERTY GEEK

Feel the fear and do it anyway

There's plenty of bad news to scare off the amateurs, but Rob Dix has spotted some trends that should cheer serious investors.

It's obvious – if not easy to actually act on – that the best time to buy property is when nobody else wants to. As I wrote in the previous issue, 2018 doesn't look like it's going to be a vintage year for property investment – which means fewer people will be getting involved, so the opportunities will be greater for those who are left.

The negative factors around tax and legislation have been covered extensively both in this magazine and in the media – but I want to address a couple more "macro" concerns that might be putting you off.

First, though, in addition to fewer buyers and more stock coming onto the market, there's another reason to be cheerful that doesn't get talked about much...

Lenders gonna lend

It might not feel like it when a lender has just queried a minor detail on page 27 of your never-ending application form, but lenders need to lend in order to exist. If demand remains low, then eventually some lenders will have to leave the market, but at the moment they're frantically competing to maintain their lending volume by taking a bigger slice of a shrinking market.

The effects of this competition take different forms.

The most obvious is low interest rates, which are the result of competition as well as the low base rate. The Mortgage Works recently released a five-year fix at 1.99%; it only applies to cases where the loan-to-value is below 50%, but still... it's crazy low. Fee-free products are also increasing, as lenders try to find ways to win business when they can't cut rates any further.

Less obvious but still important is in the relaxing of criteria. Accord has reduced its rental stress test, as has LandBay. Paragon has dropped its floating charge requirement for limited company applications, and it's likely that other lenders will follow.

And to reach new markets, lenders are reaching out to customers they previously weren't interested in serving. Mansfield Building Society has released a product specifically for people who are renting to family members, and several lenders are now welcoming

– a situation that previously made it almost impossible to secure a mortgage. I'm hoping that this means more mortgages will become available for other niche sectors like holiday lets and serviced accommodation, which are extremely limited at the moment.

So there's finally stock to buy (or there will be soon), there's less competition, and lenders are more accommodating than they have been for a decade. So why wouldn't you increase your portfolio at the moment?

Rise to the challenge

One concern might be interest rates, which look like they're on the rise this year. But I'd consider that to be a matter of psychology rather than a reason not to buy: you just need to stress-test your investment so it works even when rates have normalised, and treat excess cash flow in the meantime as a bonus.

The unknown-amount-of-money question, of course, is: what will rates go up to?

I've always said that – to be super-safe – you should stress-test as if your mortgage rate were 7%. That's because historical interest rates have tended to be around 5%, so that allows for a 2% premium on top. It turns out that when you look at the historical data properly, I've been a bit pessimistic: while the all-time average for mortgage rates is indeed 5%, the 20th century average was 4.5%.

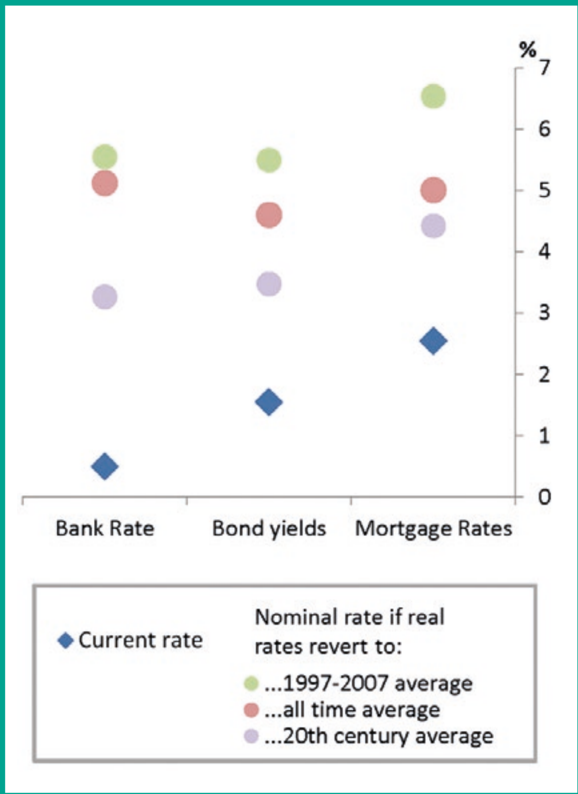
Lenders' own stress-tests ensure that new purchases need to work at rates of 5.5%, so that level of protection is built in already. Obviously, though, an average means there'll be times when rates are below (like they are now) and times when they're above. While there are no signs that we're in for anything other than historically low rates for the next decade, the average between 1997 and 2007 was 6.5% – so this might be the number to pick if you're extremely cautious.

So interest rates might not be such a concern after all – but what about the chilling prospect of a property crash?

Is there a bubble – and is it bursting?

It's inevitable that property prices will crash at some point – and if you're holding property for the long term, that's something you need to be OK with. You just really want to avoid buying at the pre-crash peak, because (as people who bought in the north in 2006 will tell you through gritted teeth) it can take over a decade just to get back to where you started.

So are we at that peak now? You never really know, but the "mania" and optimism that normally accompany an unsustainable boom are notably absent. You can certainly argue that affordability is stretched too far in some areas, but – now that wages are finally rising – this can be solved without the need for a spectacular crash.

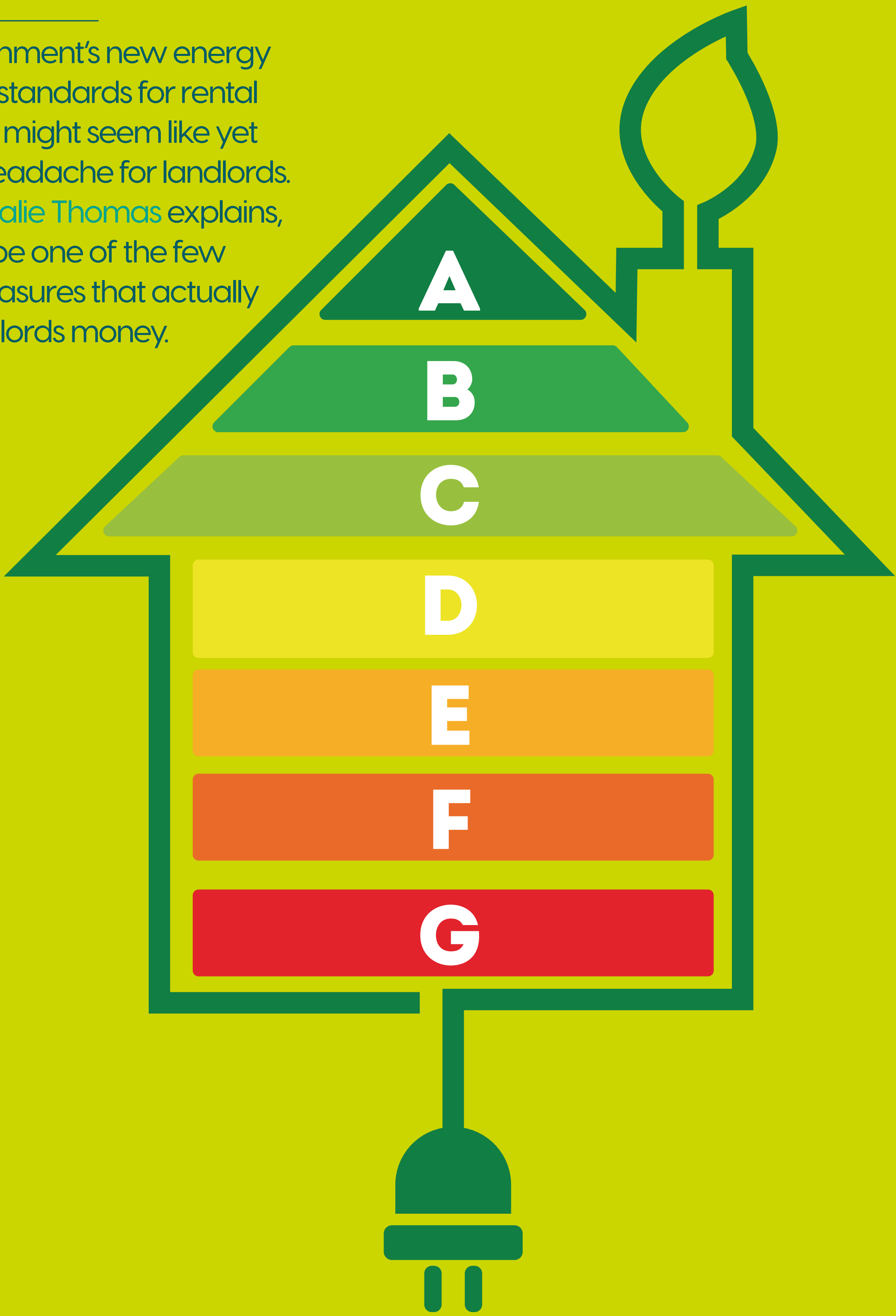


Source: bankunderground.co.uk.

For example, property prices are expected to rise by little more than 1% this year. Inflation this year is expected to be somewhere around 3%. If the predictions are accurate, we'll see a real-terms price fall of 2%. If that pattern holds for five years, property is suddenly worth 10% less than it was.

MAKING THE GRADE

The government's new energy efficiency standards for rental properties might seem like yet another headache for landlords. But, as Natalie Thomas explains, this could be one of the few recent measures that actually saves landlords money.



When it comes to essential attributes in a rental property, the building's energy efficiency is rarely at the top of a landlord's wish list. Few tenants would prioritise it over location, space or price, either. Yet this indifference towards energy efficiency may be about to change. New Minimum Energy Efficiency Standards (MEES) came into effect at the start of April this year, making it unlawful to let out or renew a lease on any property that has an Energy Performance Certificate (EPC) with a rating lower than E.

Reducing costs

According to the 2014 English Housing Survey, a tenant whose home is improved from EPC band G (the lowest) to band E (the lowest now acceptable) could expect to see their energy costs reduced by £1,150 a year. These changes have been introduced to ensure tenants – particularly vulnerable ones – enjoy a better living environment and quality of life, as well as reduced energy bills.

It's not just tenants who could benefit from an energy overhaul. Research by the Department for Business, Energy & Industrial Strategy suggests that making energy-saving improvements to a property might increase its value by 14% on average – and by up to 38% in some parts of England. More than just another piece of regulatory red tape, these standards could actually be a lucrative opportunity for landlords.

The task at hand

With an estimated 300,000 rental properties in England currently holding an F or G rating, the task of upgrading is no mean feat. Even so, the number of houses with F and G ratings has fallen substantially over the last ten years, according to Chris Norris, the head of policy at the National Landlords Association. Indeed, Chris believes that the actual number of affected properties might be significantly lower than that 300,000 estimate.

"The method of assessing energy efficiency was amended late last year," says Chris, "to account for new evidence showing that solid walls were more energy efficient than previously noted. This means that new EPCs for solid-walled F- and G-rated properties could give better results than previously thought. Consequently, the average efficiency of the rental sector may not be as poor as once believed."

Even so, Chris believes that the majority of prospective tenants don't regard energy efficiency as a deciding factor. "Practical considerations, such as whether double glazing has been installed or whether there is gas central heating, are viewed as important, but the quality of insulation is rarely mentioned. Location, price and condition remain the holy trinity for rented house hunters."

Costs and caps

Landlords can currently fund their energy obligations with no upfront cost, using a loan from the government's Green Deal initiative. After improvements have been made, the occupant's energy bills should be less than they were before, meaning the savings offset the loan. Repayments are made through the tenant's energy bill, on a "pay as you save" basis. These repayments are calculated using a formula known as the "Golden Rule", which ensures payments don't exceed savings.

This option may not be open to landlords for much longer, however. As this magazine went to press, the government was consulting on proposals to remove the "no cost" principle and introduce a "landlord funding contribution" component, capped at £2,500. The consultation closed on 13 March and the government intends to issue its response this spring, with any amendments to take effect from 1 April 2019.

Further assistance

Alongside the Green Deal, another scheme landlords may use to reduce the cost of improving their EPC rating is called "Energy Company Obligation (ECO): Help to Heat". ECO is a requirement that the government places on energy suppliers, to reduce the UK's energy consumption and support those living in fuel poverty. To access the funding, landlords must apply via their local authority.

Until 2015, landlords could receive an allowance of up to £1,500 per property through the Landlords Energy Savings Allowance to put towards the cost of acquiring energy-saving items. Indeed, Chris Norris says the NLA would like to see this reintroduced.

Exclusions and exemptions

In some instances, it simply won't be feasible for landlords to make the changes, and it's been possible to register valid exemptions since last October. Domestic landlords with existing tenants have until 1 April 2020 to make necessary upgrades – after which they could face hefty fines of up to £5,000. The timescale is slightly longer for non-domestic landlords, who have until April 2023.

Some property types are automatically exempt from MEES. These include:

- Buildings where planning consent is required to carry Properties officially protected as part of a designated environment, or because of special architectural or historic merit.

- A furnished holiday let as defined by HMRC, where the holidaymaker is not responsible for meeting the energy costs.
- Buildings used as a place of worship, or for religious activities.
- Social housing and some other low-cost rental housing.

Individual rooms within HMOs aren't required to have their own EPC. However, the overall property will need to make the upgrades if it is required to have an EPC. If there are any concerns as to whether a property is subject to the regulations, legal advice should be sought.

Where a landlord has made all the relevant energy efficiency improvements to the property and it still remains sub-standard, they can register exemption on the National PRS Exemptions Register. Exemptions last five years, after which time the landlord must try again to improve the property's EPC rating.

Enforcing the new rules

If any landlords are thinking of quietly ignoring these rules, the financial penalties may well make them think twice. Local authorities will be in charge of enforcement, and can issue multiple fines up to the value of £5,000. Where the landlord has let a property in breach of the regulations for a period of less than three months, a fine of up to £2,000 may be imposed – which rises to £4,000 for periods exceeding three months. If a landlord has registered false or misleading information on the PRS Exemptions Register, a fine of up to £1,000 is likely.

It's not just financial penalties that landlords need to be cautious about, either. Since September 2017, mortgage lenders have been taking a closer look at the inner workings and balance sheets of portfolio landlords. It's safe to assume they will be casting a watchful eye over the energy efficiency of such properties. This may present problems for those landlords who have several lower-rated properties in their portfolios. However, unlike recent measures brought in across the buy-to-let sector, these energy efficiency guidelines promise to give landlords some financial savings back in exchange for their time and effort.

Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at www.gov.uk/energy-grants-calculator. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick ✔ may be supported through the Green Deal finance. If you want to take up measures with an orange tick ✔ through Green Deal finance, be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Flat roof or sloping ceiling insulation	£850 - £1,500	£ 75	F32	✔ (orange)
Room-in-roof insulation	£1,500 - £2,700	£ 246	E40	✔ (green)
Internal or external wall insulation	£4,000 - £14,000	£ 243	E49	✔ (green)
Floor insulation (suspended floor)	£800 - £1,200	£ 78	E53	✔ (green)
Low energy lighting for all fixed outlets	£60	£ 45	E54	
Hot water cylinder thermostat	£200 - £400	£ 26	D55	✔ (orange)
Heating controls (room thermostat and TRVs)	£350 - £450	£ 169	D62	✔ (green)
Replace boiler with new condensing boiler	£2,200 - £3,000	£ 211	C69	✔ (orange)
Solar water heating	£4,000 - £6,000	£ 43	C71	✔ (orange)
Solar photovoltaic panels, 2.5 kWp	£5,000 - £8,000	£ 278	B82	✔ (orange)

The table on the right shows some of the ways in which landlords can make their properties more energy efficient. It's taken from the Department for Business, Energy & Industrial Strategy's "Domestic Private Rented Property Minimum Standard" document, published in October 2017.

CASE STUDY

Reasons to rub hands

As a physiotherapist, he's not your typical property investor. But Chris Sanna's remarkable holiday let success story proves that hard work and the right encouragement can prompt anyone to make the business of property work for them. Jane Cameron reports.

"I wondered, 'Is everyone else missing something?'" says Chris, recalling how the two-bed, ground-floor apartment in the centre of Chester, a stone's throw from the racecourse, had been on the market for nine months. "But I knew what I was doing, and I could see that it would make a great investment. For example, it has parking for two cars, which adds quite a premium. Plus it has a garden – one of the focal points of the property."

Learning the hard way

Chris wasn't always this sure of himself. He's travelled a long and arduous road to get here – where his holiday let is 90% booked to August, at rates varying from £125 a night midweek to £350 on race days. He now works a four-day week as a physiotherapist for the NHS, leaving him free to handle changeover days and other matters.

"Property isn't something widely spoken about in the NHS: it's what 'other people' do," he says. "I didn't have any financial education and had to learn the hard way. When I looked at getting into property, I was in a worse situation financially that I've ever been in."

So how did he do it? He explains that it was a book bought for him four and a half years ago – none other than Rob Dix's Property Investment for Beginners – that set him off. At the time, though, he didn't have enough money to make an investment, so he made the brave decision to swap his permanent NHS job for short-term but better-paid contracts all over the country. He worked an exhausting seven-day week for two and a half years: Sunday to Friday in hospital as a physio, and Saturday on the football pitch as a semi-professional player (a role he only gave up a year ago).

Chris also knew that he needed to become better-informed about property investment, so he used his long commutes to listen to podcasts such as The Property Podcast. "Coming from a background that had no involvement in property, the podcast and the other resources made it real. I started to believe this could be a reality," he says.

Eventually, he'd saved up enough for his first property – and in December 2016 he bought the holiday apartment for £195,000, with a deposit of £50,000 and an interest-only mortgage.

Quality counts

By the time Chris had finally been handed the keys to the property, it had been left untouched for 16 years and required some serious attention – so he embarked on a "massive learning curve" to oversee its transformation into premium city centre short-stay accommodation. At a cost of £50,000, also funded from savings, he demolished an extension to make way for a modern kitchen and more garden space, separated by bifolding patio doors. The kitchen was fitted with underfloor heating and top-of-the-range equipment, such as the Neff Slide and Hide oven, of Great British Bake Off fame.

Chris explains the expenditure, which may appear extravagant to some: "A holiday let is different from the usual buy-to-let refurb. We are looking to attract premium customers who'll pay good money – and those customers will have certain expectations. I stay in a lot of hotels myself while I'm working away, so I used my experience to emulate the best things. And it's the little things – such as quality bedding – that make all the difference."

But it hasn't all been plain sailing. Just recently, for example, a guest checked out at 11am on a Monday morning, leaving behind smashed pictures, a badly damaged mattress and ruined bedding. As Chris was busy at his day job when he got the call from the cleaner, he had to rely on friends and family for urgent help. Luckily, his girlfriend and parents were able to be there within the hour.

"Within three hours, I had everything fixed," said Chris. "I was fortunate enough to have their help, but you have to have something like that in place. That's why I couldn't manage a property further away."

Despite this one-off emergency, Chris is buoyed by his success so far and keen to find another property in Chester. It's not easy, he says, with many suitable properties not eligible for holiday let, but he's certainly not giving up.

And how has The Property Hub helped him on his journey?

"I learnt the basics about money – budgeting, liabilities and assets. The big thing about The Property Podcast is that while they have their various property businesses, it's not forced in your face. It's just like listening to two guys on the radio. They've been a massive help.

"When I was struggling to get up for work on my seventh day in a row or when I had to spend the evening on the refurb after a full day's work, it was this idea from the podcast that resonated with me the most: that you live a few years as most people won't, so you can live the rest of your life as others can't."

THE NUMBERS: TWO-BEDROOM GROUND-FLOOR APARTMENT

For sale at £220,000

Purchased for £195,000

Deposit of £50,000

Mortgage: interest-only

Refurbishment: £50,000 (including a £25,000 extension)

Current rates: between £125 and £350 a night

If you have an interesting property case study (good or bad!), we'd love to feature your story. Email us with some information and photos, and we'll get right back to you: **hello@thepropertyhub.net**

TOP TIPS

Expert's view with Rob B:

THE LAND INVESTMENT MINEFIELD

Buying land: it's not for the faint-hearted, but get it right and it can pay off big time. Whether you're looking to buy a small plot for a self-build or several acres to start your development portfolio, the rewards can be significant. But so too can the costs – unless you do your due diligence beforehand.

Rob Bence © Barney Walters.

As someone who's been involved in property for over a decade, I've seen pretty much everything that can go wrong with a property purchase. The issues that can arise with land investment, however, make property investment look like child's play. Let's take a look at some of the potential pitfalls.

THE LAND LOOKS GREAT, BUT ALL IS NOT AS IT SEEMS

You've found a site that seems perfect for your development. Great location, schools nearby, plenty of amenities – you've hit the jackpot. Except... while the land is pretty, it's going to be an utter nightmare to build on. Why? Well, any number of reasons.

Perhaps the soil is such poor quality you'll have to fork out thousands before it's ready to build on. Or maybe the plot is home to great crested newts – a protected species that, if disturbed can lead to a fine at best and a jail sentence at worst. (Yes, really! It's illegal to damage or destroy a breeding or resting place, and doing so could land you with six months in prison.) Or maybe it's a site of significant historical interest, and you'll need to apply for consent to do anything to it.

THE LAND IS PERFECT, BUT THERE'S NO WAY TO ACCESS IT

I know what you're thinking: you're hardly likely to buy a plot of land if it's inaccessible. What you're not thinking, however, is that the piece of land you need to access in order to get to your site may not belong to you. Ransom strips are small but important pieces of land needed to access a property or development. If this piece of land is owned by someone else, that person could demand as much as a third of your land value – even if the strip is only a foot wide.

THE LOCATION IS SPOT ON, BUT THE NEAREST SERVICE CONNECTIONS AREN'T CLOSE

Homeowners and tenants tend to expect running water and an electricity supply as a given! If the nearest connections to the gas, electricity and water networks are a mile and a half up the road, you're going to have to shell out a small fortune in underground pipework.

THE PLOT IS PERFECT... BUT NOT FOR YOU

Even if everything about the site seems ideal, it doesn't necessarily mean it's the right plot for what you have planned for it – and if you haven't checked the legal work, you could be in for a nasty surprise.

Some plots of land come with restrictive covenants that dictate what you can and can't do with it. If your big dream is to build a couple of tower blocks of plush apartments but there's a covenant preventing any development over two storeys, you're back to square one.

So now we know about all the things that can go wrong when investing in land, how can we avoid them? The answer is to surround yourself with an "A team" of experts. Having the right people at your disposal can mean the difference between a smart investment and a big mistake. And in the next issue, we'll look at exactly who you need on that team – and where to find them.

TOP TIPS

HOW TO... MAKE A FLIPPING FORTUNE

It's still possible to profit from flipping properties in today's slowing housing market, but it takes a lot of hard work, as Harvey Jones explains.

Making cash from doing up and selling on a property: it was flipping brilliant while it lasted, but it's over now, right? Well, not quite. Property flipping is still a lucrative practice, if you get it right – and many investors are. In fact, the number of investors doing up and selling on newly acquired properties last year was the highest since the financial crisis. What's more, figures from Countrywide reveal that 30,822 properties worth £5.5 billion were flipped across England and Wales in 2017 alone. Provided you're willing to put in the effort, you could get a piece of the action too.

The distressed test

Firstly let's put to bed the myth that flipping is about making a fast buck: it requires hard work and careful planning to get it right. As Marc Trup, the co-founder of property platform Arthur Online, says, the biggest challenge is finding a property worth flipping: "Start with auctions, local marketing leaflets and small ads, and the big property portals. Keep your eyes open for empty or distressed properties, and consider contacting the owners directly. There's no potential for uplift if it's already in mint condition." If you're looking to develop a bigger house (or commercial unit) into flats or an HMO, consider changing the layout, by dividing a large bedroom into two, or repurposing a second reception room as a bedroom.

To ensure a quick sale, focus on areas where the market is moving quickly. "You want people fighting over your property and bidding each other up," Marc points out. "Three-bedroom semi-detached houses are ideal because they attract both first- and second-time buyers." Jonathan Sealey, chief executive of bridging lender Hope Capital, also recommends focusing on bungalows, due to high demand among older downsizers: "Buyers generally don't want to do work on the property, making them ideal for flipping."

Location, location, location?

Businessman Luke Hughes has a profitable sideline in renovating and selling properties. He suggests targeting regeneration areas or the outer fringes of property hotspots: "I've seen people sell properties for twice the price in just a year or two." He also recommends avoiding areas with high crime rates and social problems, as you may struggle to find buyers quickly. Instead, look for good transport links, schools, shopping facilities and green areas.

Over at Future Planned Relocation Services, Jonathan Rolande argues that the key to a good flip isn't location. "This is all about price, price, price," he says. "Anything will sell at the right price." He also suggests checking the "added on" date on property portals such as Rightmove and Zoopla, to determine which properties are struggling to sell. "This might be a family house far from schools, or a retirement bungalow without amenities nearby." It's vital to buy property tailored to a future buyer's needs rather than your own, so ask estate agents which kind of people are likely to be interested in your property.

Building a team

House flipping can't be done single-handedly. Marc at Arthur Online believes that a trusted team of specialists is vital, including a contractor, a home inspector, estate agent and lawyer. James Cameron, director of property management company Vesper Homes, says that a good builder and plumber won't go amiss either: "Ideally, you want three firms of builders that you can tender the work out to. However, beware asking their advice on whether to buy a property: they may just want the work." It's also important to speak to an architect if you're planning dramatic changes to the layout.

Jonathan concurs about the importance of expert advice – particularly a surveyor's check for Japanese knotweed in the garden and neighbouring properties. "Flood reports and a mine search in industrialised areas are also worth the cost. Speak to an insurer before you buy, and get it covered on the day you exchange contracts."

Time is money

Cash in the bank is the easiest way to fund a flip, but most people won't be in such a fortunate position. Shaun Church, director at mortgage broker Private Finance, says that standard buy-to-let mortgages are usually inappropriate. "These are for long-term investors, and lenders often impose exit penalties if you repay the loan early." Bridging loans offer a short-term cash injection and are usually approved quickly, with other land or properties used as collateral. "They can also be used to buy homes needing major renovation that standard lenders won't touch." You'll still need a deposit, because the maximum bridging loan-to-value is typically 75%. Interest rates are normally higher, but you can often roll it up to clear after you've made your sale.

Back at Hope Capital, Jonathan admits that speed is of the essence: "If you only have a six-month bridging loan and your project runs over, you may be forced to sell at a lower price." Budget overruns might be inevitable, but James says risk can be minimised by doing your sums backwards: "First, work out how much your property is likely to fetch. Then work out how much the refurbishment will cost, with a 5% buffer in both cases. From that, calculate how much you can afford to pay in the first place." Include all costs in your calculations, including stamp duty, survey fees, insurance, estate agency fees, and any potential tax bill.

Research papers

Never buy anything without doing your research first, says Luke. "That's a guaranteed way of buying a property suffering from subsidence or structural issues, or in an undesirable area." This also applies at auctions, according to Russell Taylor, a director at Savills National Auctions. He recommends viewing the property catalogue as early as possible: "Search for lots in your relevant price range, ideally in value areas or those tipped to rise."

Russell suggests visiting the property and making a checklist of questions to ask the auctioneer. "Read the legal pack, preferably with a solicitor, and organise a survey through the auctioneers if required." He advises against getting carried away during bidding: "Sales can move quickly, so set an upper limit and stick to it."

Order of service

Once you've purchased the property, a strategic plan of action can simplify the renovation process. Luke recommends starting in bathrooms: "You often find damp and leaks here, which you'll want to fix quickly. After that, do the kitchen." These rooms attract buyers, who recognise that improvements are expensive and disruptive, and appreciate having the work already done. Indeed, Jonathan Rolande suggests completing any such works before you start viewings, in order for the property to be presented at its best.

Pearls of wisdom

Our experts agree you should aim for a net profit of between 10% and 20% on a flip. George Bull, senior partner at financial consultants RSM, points out that capital gains tax is levied on profits. You can reduce this, however, by using your annual exemption – which stands at £11,700 in the 2018/19 tax year. Even so, if you flip properties year after year, your tax position may change: "HM Revenue & Customs might argue that this amounts to a trade, with profits chargeable to income tax at your highest rate."

James's parting advice is to bring a property to market between April and August. At this time of year, buyers are out in force and competition is high. Even so, buying and selling properties is a risky business, so do your homework and don't be overly ambitious. Flipping isn't for the fainthearted, but it could still reap rich rewards.

Our top five must-dos when buying off-plan

THERE'S NOTHING QUITE LIKE GETTING IN ON THE GROUND FLOOR (OR THE TOP FLOOR, IF YOUR TENANTS PREFER PENTHOUSE FLATS). BUYING OFF-PLAN OFTEN ALLOWS YOU TO HAVE AN INPUT INTO THE DESIGN AND STYLE OF THE PROPERTY, AND THESE TIPS WILL MAKE BUYING NEW EVEN MORE BENEFICIAL...

1 DECIDE IN ADVANCE WHICH PLOT/S YOU WANT

There's always competition for the best plots, and some attributes will be enduringly popular among buyers. Examples include main door flats, south-facing gardens and properties with allocated parking. You can identify these in advance of the official sales launch by looking at site maps (most new-build schemes have these), while local council planning department websites publish detailed site plans suitable for identifying specific properties.

2 STUDY THE FLOORPLANS

A floorplan is your best friend when choosing an off-plan property, as it allows you to identify improvements to request during the construction stage. Since floorplans are usually drawn to scale, you can even calculate how much space furnishings would take up in a particular room. That enables you to buy furniture and accessories in advance, lowering the turnaround time between taking ownership and remarketing the property as fully furnished (or dressed for resale).

3 ASK IF YOU CAN MAKE IMPROVEMENTS DURING CONSTRUCTION

Some builders work to rigid templates, but others are amenable to hanging doors the other way round or adding plug sockets. (New-builds never have enough power points.) If satellite or cable TV is pre-wired into the building, get sockets installed in bedrooms so tenants won't try to bodge their own installations. Bear in mind construction is more likely to fall behind schedule if you've requested significant amendments.

4 PAY EXTRA FOR HARDWEARING FINISHES

If you're planning to rent the property out, it's worth paying a premium for durable, low-maintenance finishes. Engineered laminate flooring shrugs off daily abuse far more effectively than carpet, and the same is true of marble/granite worktops. However, builders tend to charge significant premiums for upgrades (£65 for a single ceiling downlighter, for instance), so it may be cheaper to bring in your own tradespeople at a later date.

5 CONDUCT A DETAILED SNAGGING CHECK BEFORE TAKING OWNERSHIP

Results may vary, and so (occasionally) do specifications. Check that every appliance and socket works, run water to identify problems with taps or seals, and crank up the thermostat to ensure the heating system responds properly. Professional snagging companies will do this for you, or you can save some money by printing out the NHBC's New Home Checklist and inspecting every nook and cranny yourself..

In a town near you *(every month)*

Property Hub Meetups are the UK's biggest FREE network of property events, with 40 held each month. They're open to everyone – from the greenest newbies to the grizzliest tycoons!

These aren't traditional networking events. There are no sales pitches or "upsells" – just a relaxed and informal get-together of likeminded people, with a more friendly and supportive atmosphere than you'll find at any other event. Meetups are held on the **first Thursday of every month**, and they're completely free to attend. All we ask is that you register in advance.

Visit thepropertyhub.net/meetups for full details and registration information.

We currently hold meetups in the following locations:

ABERDEEN
The Village Hotel, Kingswells, AB15 8PJ.
Meetup leaders: Scott Wilson and Dale Williamson

GLASGOW
Dram!, G3 6ND.
Meetup leaders: Tony Ng, and, Luis Guarin

EDINBURGH
The Grosvenor Casino, EH12 8NE.
Meetup leaders: Bill McWilliam and Caryn Simpson

NEWCASTLE UPON TYNE
The Town Wall, NE1 5HX.
Meetup leader: Al Robinson

CHORLEY
See website for details

LIVERPOOL
The Brewery Tap, L8 5XJ.
Meetup leader: Tony Woods

MANCHESTER
The Kaz Bar at Tiger Tiger, M4 2BS.
Meetup leader: Mark Morris

LEEDS
Mr Foley's, LS1 5RG.
Meetup leader: Petra Romero Miranda

SHEFFIELD
Ink & Water, S1 4JB.
Meetup leaders: Rhys Jackson and Alice Lacey

DONCASTER
Regent Hotel, DN1 2DS.
Meetup leader: Helen Elworthy

DERBY
The Tap, DE1 2ED.
Meetup leader: Ryan Slater

NOTTINGHAM
The Lion at Basford, NG7 7FQ.
Meetup leader: Jonathan Challis

LEICESTER
Heathley Park – Fayre & Square, LE3 9QE.
Meetup leader: Mark Barnes

BIRMINGHAM
The Texan Roadhouse, B3 1JJ.
Meetup leader: Kevin Cooper

LEAMINGTON SPA
The Fat Pug, CV32 5BZ.
Meetup leader: Carol Duckfield

MILTON KEYNES
Ye Olde Swan, MK6 3BS.
Meetup leader: Jason Smith

CHELTENHAM
The Swan, GL50 1DX.
Meetup leader: Joanna Surowiec

CARDIFF
Holiday Inn Cardiff North, CF15 7LH.
Meetup leader: Carl Matthews

BRISTOL
Channings Hotel and Bar, BS8 3BB.
Meetup leader: Jon Hulatt

SWINDON
Blunsdon Hotel, SN26 7AS.
Meetup leaders: Yann Guillery and Shirley Hensher

READING
Grosvenor Casino, RG2 0SN.
Meetup leader: Adam Vickers

ST ALBANS
The Beech House, AL1 3EG.
Meetup leader: Chris Ryder

COLCHESTER
Stock and Bailey Wine Bar, CO3 3EY.
Meetup leaders: Phil Sadler and Vito Anzalone

SOUTH ESSEX
The Paul Pry, Rayleigh, SS6 7AA.
Meetup leader: Joanne Dron

LONDON KING'S CROSS
The Somers Town Coffee House, NW1 1HS.
Meetup leaders: Gavin Lloyd and Chris Hancox

LONDON WATERLOO
All Bar One, SE1 7PY.
Meetup leader: Paul Adegbite

RICHMOND UPON THAMES
The Cricketers, TW9 1LX.
Meetup leader: Roxane Brazeau

EPSOM
The Albion, KT19 8BT.
Meetup leaders: Justin Richards and Andy Garnett

FARNHAM
The Wheatsheaf, GU9 7DR.
Meetup leaders: Andre and Elise Brink

BRIGHTON & HOVE
The Poet's Corner, BN3 5BF.
Meetup leader: Phil Leppard

SOUTHAMPTON
The Social, SO15 2EH.
Meetup leader: Sarah Smith

BOURNEMOUTH
Ludo Lounge, BH6 3RS.
Meetup leader: Nic Scudamore

EXETER
The Ley Arms, Kenn, EX6 7UN.
Meetup leader: Tony van Bergen

JERSEY
The Halkett, JE2 4WG.
Meetup leader: Jo Alford

ZURICH
Kennedy's Irish Pub, 8004.
Meetup leaders: Markus Zeller and Iain Mathews

STOCKHOLM
Hotel at Six, Brukebergstorg 6.
Meetup leader: Tim Franzén

DUBAI
The Scene, Dubai Marina Mall.
Meetup leader: Chris Battle

HONG KONG
Grappa's Cellar, 1 Connaught Place.
Meetup leaders: Kevin Isaacs and Emma Bryan

NO GROUP CURRENTLY IN YOUR AREA?

We're always on the lookout for people to establish meetups in different parts of the UK.

Stepping up and leading your local meetup is a fantastic opportunity to build your reputation in your area. As the leader, you'll get to know absolutely everyone who attends your local event – and you'll have a great excuse to reach out to other investors and property professionals locally to invite them along. We'd love to hear from you if you're interested: just email **hello@thepropertyhub.net**