PropertyHub Magazine

Making sense of property investment

CITY LIFE

What does the UK's return to urban living mean for investors?

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Welcome

Rob Bence

Rob Dix

Welcome to your new-look Property Hub Magazine!

The city centre is the most desirable place to live across most of Europe, but in the UK even our most important cities have tended to clear out after 5pm. That's all changing, and it's a trend investors need to be aware of – so we dig into everything you need to know in this issue's cover feature on page 17.

One of those booming cities is Leicester. The "Midlands Engine" moniker never really left the station, but there's plenty happening across the region for investors to be chuffed about. Starting on page 12 we tell you what's happening, where to invest to benefit, and (just as importantly) where to avoid.

Our favourite part of every issue is getting to share the achievements of some seriously impressive individuals. As well as our feature on property's fiercest females on page 26, we've got a trio of case studies showing the life-changing potential of property projects. As always though, there are a few bumps along the way...

Plus we give you all the latest need to know news about tax, mortgages, lettings and the property market in general. There's plenty to keep you busy – and when you're done, check out our new website at propertyhub.net where we're adding new courses, articles and videos all the time.

We'll see you in the summer!

Rob & Rob

Rob Bence has over a decade's experience of sourcing prime property investments on behalf of clients, and now oversees Property Hub's own developments too.

Rob Dix has written extensively about property investment for the past seven years. His books, including The Complete Guide To Property Investment and How To Be A Landlord, are Amazon best-sellers with hundreds of five-star reviews.

Market focus

The latest news and developments from the property industry

HIGH COURT RULES RIGHT TO RENT UNLAWFUL

The government's Right to Rent scheme has been called into question after the High Court ruled it breaches the European Convention on Human Rights.

As it stands, the scheme makes private landlords responsible for checking the immigration status of their tenants. If you know, or have "reasonable cause to believe", the property you are letting is occupied by someone who does not have the right to rent in the UK, then you could face prosecution.

Mr Justice Martin Spencer said Right to Rent causes private landlords to discriminate against non-UK nationals where otherwise they would not. The High Court's decision makes it illegal for the policy – introduced by Theresa May as Home Secretary – to be rolled out in Scotland, Wales and Northern Ireland as originally intended, and there are calls for it to be immediately repealed.

The Home Office has said it will review the scheme following the High Court's decision, but in the meantime landlords and letting agents in England are still obliged to make checks on prospective tenants.

The Residential Landlords Association welcomed the ruling. It said the policy had turned landlords into "untrained and unwilling border police" and that many are less likely to rent to those without a British passport – or with limited time to remain in the UK – for fear of getting things wrong.

LANDLORDS FACE LICENCE POSTCODE LOTTERY

Just like a property in central London would cost you vastly more than one in Aberdeen, so it seems the price of a landlord licence can vary dramatically depending on where you're investing.

Research by insurer Direct Line for Business has found the cost of a new licence ranges from just £55 to £1,150 among different local authorities – an eye-wateringly 21 times more expensive. A licence for a first property in Liverpool costs £412, whereas just 30 miles away in Salford it is more than 51% higher at £625.

The research – based on freedom of information requests to English local authorities and Welsh governments – found the average landlord licence across the UK costs £591. It also highlighted how licence costs have risen over the past few years: with the price of obtaining an additional licence in the London Borough of Newham increasing by 150% in just three years, from £500 in 2014/15 to £1,250 in 2017/18.

Landlord licence schemes are mandatory in Scotland and Wales, but only one in six local authorities in England have a scheme in place. However, those renting out a house for multiple occupation need a mandatory licence. The schemes allow councils to establish if landlords are 'fit and proper' to be a landlord and can include regulations concerning the management, upkeep and safety measures of a property.

The Residential Landlords Association claims the Right to Rent policy has turned landlords into "untrained and unwilling border police".

NEWS

Barry waterfront

BARRY TOPS LIST FOR HOUSE PRICE GROWTH IN BRITAIN

If your investment strategy is based on capital growth, then there's plenty occuring in Barry, home of one of the nation's favourite sitcoms. Data from Rightmove shows the town in the Vale Of Glamorgan in Wales – which fans of BBC's Gavin and Stacey will recognise as Stacey's hometown – has seen a sharp rise in property asking prices.

For sale prices in the seaside town have risen by 11% over the past year, meaning they are now 20% higher than they were five years ago. The average asking price of a property in Barry currently stands at £191,050, up from £172,752 in early 2018. This compares with an overall increase of 2.9% for the whole of Wales.

Dave's coach business and Nessa's slot arcade aren't directly responsible for boosting the local economy – but the show's enduring popularity has attracted plenty of tourism, thus playing a part in its growth. The abolition of the Severn Bridge tolls at the end of 2018 has also been a major factor in fuelling people to make the move across the Bristol Channel.

Andrew Fenton, sales director at Vale of Glamorgan-based Chris Davies Estate Agents, said: "Barry is the place to be so I'm not at all surprised by Rightmove's findings. Property prices here compared with Cardiff and its suburbs are comparatively reasonable. We've seen a lot of economic growth and there are 2,500 new homes being built down at the waterside called The Quays. We've also got very good schools down here."

HOMES ACT COMES INTO FORCE

New legislation to protect tenants from having to live in poor conditions has come into force. The Homes (Fitness for Human Habitation) Act 2018 applies to all new tenancies lasting up to seven years granted from 20 March 2019, and any existing tenancies that have since gone periodic.

The Act amends the fitness for human habitation section found in the Landlord and Tenant Act 1985. It also includes amendments to the Building Act 1984 to confirm liability for work undertaken on residential rental property that doesn't meet building regulations. The legislation extends to England and Wales, but the practical changes are only relevant to landlords in England since Wales has had its own fitness consultation.

As we've said before: if your properties are up to scratch, then there's nothing to worry about, but it is worth familiarising yourself with the key changes. For instance, matters that could now cause a property to be deemed unfit include: damp and mould growth, excess heat or cold, crowding and lack of space, and inadequate provisions for food safety.

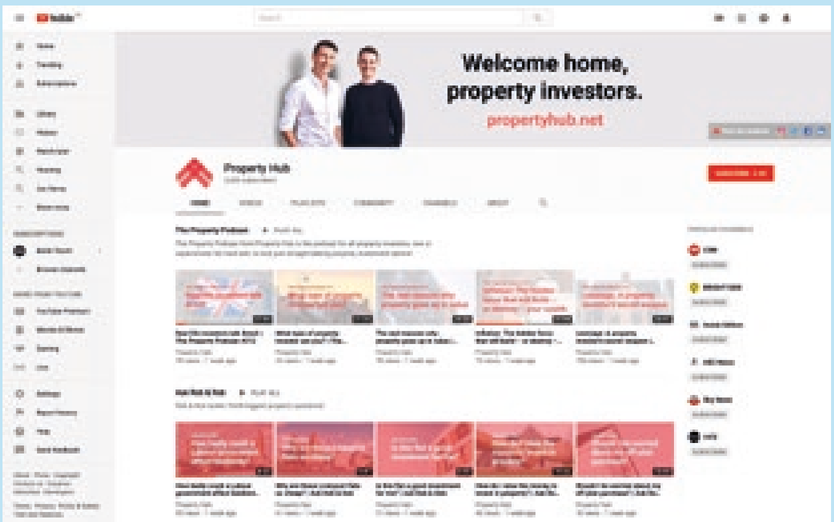
As part of your responsibility as a landlord, you must make sure your rental properties are fit for human habitation at the beginning and throughout the tenancy, and you'll be expected to remedy any 'unfitness', unless it is caused by a tenant or natural events such as storms and floods. If you don't your tenants have the power to take you to court for breach of contract and claim compensation.

The government says the act will "level the playing field" for good landlords by making sure they're not undercut by those who knowingly flout their responsibilities.

From audio to video

Property Hub YouTube gets a makeover

Since we started The Property Podcast five years ago, things have changed. A lot.



We launched the forum, this magazine, our invest, lets, tax and construction businesses – and in last month's issue, we unveiled our new brand.

While we've been quite comfortable sat behind our microphones every week, we thought it was about time we got in front of the camera to give you more exclusive content to help you on your property investment journey.

That's right – our YouTube channel has had a huge revamp and as a result, you'll get to hear (and see) a lot more of us.

This channel won't be a repeat of The Property Podcast (even though thousands of you choose to listen to our shows via YouTube every week) – we'll be delivering new and exclusive content regularly.

You can expect to:

- See what goes on behind the scenes at Property Hub
- Access plenty of handy 'how-to' videos – giving you extra hints and tips on the best resources to help you with anything property and business related
- View lots of content on self-improvement to help you achieve your personal and property goals

And of course, there'll be lots more property knowledge and advice dropped into the mix.

You can also get involved and let us know what else you'd like to see from us.

Go to: youtube.com/propertyhubuk

Hit the subscribe button.

Leave us a comment on any of the videos and let us know what you'd like to see more of.

Rob & Rob

One to watch

It seems there's no challenge too tough for extreme sports-loving, urban space evangelist Michelle Rothwell. Jane Cameron talks to the founder of property development company Watch This Space.

PROFILE

Many successful entrepreneurs have a clear idea of what they want to do from an early age, but not award-winning regeneration developer Michelle Rothwell. She wasn't sure what she would do with herself. Once she'd decided though, she didn't hang around. Within just three years of founding property development company Watch This Space, the 32-year-old is heading up a £12m portfolio of residential and office developments and sites, predominantly in Manchester.

Michelle has four memorable – and fully let – commercial buildings under her belt, two more in hand and a stack of disruptive residential plans underway. This includes the transformation of a derelict site in the Gay Village into seven swish three-bed townhouses with roof gardens and garages, and 10 one-bed studio apartments on a site in the city's funky Northern Quarter, complete with communal roof gardens, a barbecue and fitness area.

With a clutch of local media and industry awards heralding her as an exciting property newcomer, Michelle is making a name for herself among Mancunians and beyond. "We are trying our best not just to make a small apartment, but also a communal experience for those living in or moving to Manchester," she explains. "We're happy to provide the extra perks because we don't see them as an expense but a way to attract people. And mental health is a big issue these days and we want to create nice places where people come and make friends."

Salford-born Michelle admits she was so unsure of her future career that, after finishing a first degree in geography and a masters in real estate and property management, she pretty much tried everything: "During the summer holidays, I deliberately did all kinds of work experience to work out what I wanted to do. I'm very proactive. I did loads of different stuff including a spell in a bank and some time in an Romanian orphanage," she says. But it was her time with a firm of surveyors – and the lure of bricks and mortar – that won the day: "I was meeting different types of people and businesses. It's quite a social environment working in the property world. And everyone needs somewhere to live and work."

"We are trying our best not just to make a small apartment, but also a communal experience for those living in or moving to Manchester."

She bagged a much-coveted role as a trainee surveyor and office agent with commercial property giant CBRE, where she spent four invaluable years learning her trade. "CBRE was the biggest in the world and a great grounding. I qualified as a chartered surveyor and got to understand where the money comes from." Then, after 12 months with the then small developer Capital and Centric, she was ready to go solo. During her time there, she brought in a big project. After spotting a run-down mill building, she raised the £6m funds needed to buy it off-market so it could be converted to local housing. "I thought if I can do that so quickly, I could set up my own thing and do it myself," she says.

Her work on the iconic Crusader Mill project proved to be a practice run for future projects: scouting for a gem of a building to be bought off-market and working with individuals of high net worth to secure the private equity funding to develop it.

Bridge Street Studios before and after conversion

PROFILE

Michelle bought her first commercial development for £1.5m this way – a Grade II-listed, 7,000 sq ft building on Princess Street that had been empty for four years. She knew it had value and potential and after an eight-month £500,000 refurbishment, moved in herself and put her stamp on it.

That Space: Michelle's first commercial development

Somethig different

Michelle says the vision of Watch This Space is to take "dull" and "unloved" spaces and turn them into something remarkable: "When I was at CBRE, it was quite frustrating when, acting for landlords, I would show a tenant around a building and then another and they all looked the same. There wasn't much creativity. I saw the gap in the market for creating something different."

She did this by turning an 1,800 sq ft section of the Princess Street building into the country's first property co-working space, named That Space. From architects to quantity surveyors, she found 19 other tenants with less than five employees who worked – but did not compete in the sector – and offered them a very different office experience. On offer within the monthly rent were yoga classes, networking and free beer, a living wall, stand-up desks and showers. Based on the cluster idea, the aim was to help businesses help each other grow.

Two years on, That Space is now let to a single client, but the co-working model was so popular Michelle set up another, in her office development in the Spinningfields area of Manchester. Called This is the Space, it is open to businesses of any sector as long as they don't compete, and still includes many of her original property tenants. On offer this time is social, conference and event space, super-fast broadband, co-work pods, private offices, parking and plants. It has not only attracted start-ups, but also some larger, international businesses seeking to dip their toes in the city's waters before making fuller commitments.

Having now grown her staff to four, Michelle decided to take one of the private offices for Watch this Space. As a working mum of two under-twos, this suits her on a personal level, as it's just a short walk from her townhouse home, which she developed herself. "It would be quite daunting to me as a working mum if I had to live on the outskirts of town and negotiate the long commute on top of the stress of the job. The idea of being five minutes' walk away and having somewhere to park your car at home makes work exciting instead of daunting. Flats of the same price are going up everywhere, but there is a lack of high-end properties to encourage families to stay."

Although Michelle was unsure of a future career until her twenties, she was never without ambition. At 15, she swam Lake Windermere in Cumbria to raise £10,000 for charity, a feat that perhaps marked the beginning of a life of extreme sporting challenges, which seem to have worked hand in hand with tackling property challenges.

She holds two world records: one as part of a team that completed the longest freshwater swim – 126 miles – in a 12-way relay at Lake Windermere. The other she gained in 2012 for being the fastest woman to complete the Arch to Arc Triathlon, an 87-mile run from London to Dover followed by a 24-mile swim across the Channel and 181-mile cycle from Calais to Paris, which she did in just less than 92 hours. "If I'm not working, I'm adventuring," she says simply.

There are undoubtedly quite a few standout CV moments in Michelle's life – but her favourite is always the development she's working on and she's delighted that her Bridge Street Studio has just opened. The mixed-use building has been empty for three years and she bought it off-market for £1.15m. She's brought in a coffee shop on the ground floor, which doubles as a reception for the whole 5,000 sq ft building. And after transforming what was a dull facade with a brightly coloured, crystal mosaic of flowers, the workspace is likely to become something of a landmark in the area.

Zone out of comfort

For someone who has also run seven marathons in seven days across jungle and desert, unsurprisingly Michelle's advice to budding developers is not to spend too long in their comfort zone: "When you start to feel comfortable with a place, it's time to leave," she says. "Just go for it. People put things off for the right time, but there's never a right time and there's always a reason not to do it. The crash, the recession, the price of building materials. But in a recession, for example, there are office spaces to buy, so just go for it."

A recession wouldn't shake her confidence in the future of Watch This Space, she says, as she believes her offer is unique: "We take the view we are in our own market. If there's an economic crash, our townhouses are different. In the city there are lots of flats the same size and price. I only know of two houses with gardens in the city within the ring road. This is high-end and we have no competition."

But has the young mover and shaker made any mistakes? In taking things a bit too personally, she says: "Don't get too emotionally attached. I had a massive deal that I spent ages on when I first set up. The seller pulled out on the day of the deal. I had put so much work into it that it took me a week to get over it. But what a great lesson. It taught me to take a step back and look at the wider picture."

And while her children are so young, she reckons she's easing off on the sporting challenges. "Mind you," she adds, "I did do a 15km run on Friday and went abseiling and caving on Saturday, for my birthday."

LOCATION FOCUS

Leicester City's title triumph put this Midlands city on the sporting map, but its merits as an investment location have been celebrated for far longer, as Neil Cumins reports.

Soar to ne heig

PLACES

PLACES

In recent years, the third city of the Midlands has been in the news for a number of unexpected reasons. The remains of Richard III turned up under a local car park in 2012, while Leicester City beat 5,000:1 odds to win the Premier League in 2016. The River Soar provided numerous puns for headline writers on both occasions, having previously been best known for underpinning Leicester's Victorian expansion into an engineering and manufacturing powerhouse.

As one of several Midlands cities struggling to establish a post-industrial identity, you probably wouldn't imagine Leicester to be a hotbed of property investment opportunities. Yet it holds considerable appeal for investors – in particular, anyone seeking alternatives to the overheated London market. Despite only being 63 minutes by train from St Pancras, average selling prices in Leicester stood at £212,543 last November, according to selling price data from Home.co.uk. That's almost half a million pounds less than the £707,848 figure Home reported in London for the same month.

As a result of this affordability, Leicester's housing market is on the rise. According to Land Registry figures, house prices have increased by 268% since the millennium, while Zoopla claimed the city achieved the best year-on-year property price growth in the UK throughout 2018. A number of high-profile companies have relocated there in recent years, drawing in skilled professional workers who've often migrated to private rented housing in the city's more popular suburbs.

Economic superpower

Despite living in the shadow of Birmingham, Leicester is the UK's tenth-largest city, and its economy is bigger than nearby Nottingham's. It's home to many of Britain's largest businesses including Next, Caterpillar, Europcar and Dunelm Group. The city council alone employs more than 15,000 people, while Barratt Developments are based in nearby Coalville. More famously, crisp manufacturer Walkers has been part of the working-class Beaumont Leys suburb since 1982.

From an investor's perspective, Beaumont Leys is an interesting proposition. This sprawl of post-war housing can be found in the city's north-western corner, close to the M1-bound Leicester Western Bypass. It's possible to buy a three-bedroom detached house here for less than £250,000, while one-bedroom ex-council flats are marketed for just £65,000. Other than shared ownership properties or repossessions, cheaper homes are rarely advertised anywhere else in Leicester. The city doesn't have a ubiquitous property style to rival Liverpool's red-brick terraces or Glasgow's sandstone tenements, so affordable homes range from ex-council houses to flats in converted Victorian townhouses.

Demand outstripping supply

As with many parts of the UK, Brexit-related uncertainties reduced transaction volumes in Leicester. According to Abdul Sattar Ashraf of Speed Properties, this has pushed up prices. He has seen a particular increase in demand (and selling prices) throughout areas close to De Montfort University and the University of Leicester: "Students look for accommodation close to the universities, in the LE1 and LE2 postcodes. We have had a marked increase in multiple occupancies in these areas, which have low supply and high demand. This has resulted in strong yields for investors, provided they buy these properties at the right price." LE2 is also popular among families, as are the schools and retail facilities found in the LE4 and LE5 postcodes.

Investors are increasingly being drawn northwards from the capital, according to Abdul: "We have seen an influx of Londoners investing in Leicester. Some are migrating here looking for affordable accommodation, while some are just securing their capital in a city that is developing very fast." However, London-based investors have to compete with an unusually high number of local entrepreneurs and small investors. "Leicester is mainly comprised of small businesses, and it's very entrepreneurial," says Ravi Seth, managing director of Seths Chartered Surveyors and Estate Agents. "Many

"As one of several Midlands cities struggling to establish a post-industrial identity, you probably wouldn't imagine Leicester to be a hotbed of property investment opportunities. Yet it holds considerable appeal for investors – in particular, anyone seeking alternatives to the overheated London market."

business owners are investing in property, rather than stocks and shares or pensions. Capital values have also seen a healthy growth, with one of the biggest increases in the Midlands."

Yielding results

Ravi cites the proximity of London as a key advantage of the Leicester market, and says rental demand is high throughout the city: "It is almost unheard of for us to be unable to let properties." Even so, rental yields aren't rising as quickly as selling prices: "People are accepting yields in the 4.5%–5% range in the 'safer areas' of Leicester. Having said that, a lot of our more seasoned investors are venturing into alternative types of property they haven't considered before, such as ex-local authority. We sold quite a few of these last year – they're just as easy to rent, but they achieve yields in the region of 6–6.5%."

The LE2 and LE4 postcodes are enduringly popular, Ravi says: "The outstanding national results from the Oadby state schools attract families to the area, and in turn there has been a surge in housebuilding in and around these school catchment areas, particularly in the neighbouring Great Glen area." He adds that the popular Belgrave and Rushey Mead districts still offer value, despite houses currently selling at record prices.

Core values

Leicester's city centre is hemmed in on three sides by industrial estates and derelict warehouses, accessed along a baffling and congested one-way system. With a notable lack of suburban train stations, city workers are often keen to live near their offices to avoid a dreary and difficult commute. High-end city centre penthouses sell for around £300,000, with swathes of two-bedroom apartments in refurbished warehouses and new-build developments selling for between £150,000 and £225,000. In the city centre's finest apartment buildings, rental yields of 8.5% have been recorded. No wonder landlords from North London are flooding into town, with TotallyMoney reporting average yields below 2% in the capital city's N6 postcode.

Investors seeking healthy capital appreciation may also find this an opportune time to take advantage of Leicester's patchy approach to gentrification. One-bedroom flats in less salubrious urban districts are presently being marketed for less than £100,000. The piecemeal redevelopment of Frog Island is a prime example; every demolished warehouse and new-build complex improves the area's desirability. Yet there's some way to go before this post-industrial district resembles somewhere large numbers of people would feel comfortable living.

SITES FOR SORE EYES

These are among the high-profile Leicester developments investors might wish to be aware of:

- **Waterside**

  A series of regeneration schemes will transform the semi-derelict, post-industrial sprawl of Frog Island, just outside Leicester's city centre. Proposals include turning 150 acres of former factory land into a residential neighbourhood beside the River Soar, while Great Central Station will become a £47m food court, office complex and hotel hub.

- **Ashton Green**

  The executive cul-de-sacs along Bennion Road will be joined by up to 20,000 new homes courtesy of a £480m scheme from Kier Living. Around 320 acres of greenfield land beside the Leicester Western Bypass will be developed, with £10m of highway infrastructure funding recently unlocked for the second phase of development.

- **Scraptoft**

  Controversial proposals for 1,200 homes on land north of the village of Scraptoft have been in the pipeline for some time. The city council is selling off land it acquired after World War II to developer Parker Strategic Land, despite the fact these new homes may impact on a nature reserve and an adjoining golf course.

Looking to the future

Despite wider economic concerns relating to Britain's future, local agents remain bullish about the prospects for Leicester's residential and buy-to-let sector. "Leicester is developing very quickly," says Abdul, "thanks to easy transport routes to big cities such as London, Birmingham and Manchester." Ravi predicts a bright future: "The property market has been very resilient so far. Selling prices have exceeded those of the pre-credit crunch boom, and it seems likely this healthy growth will continue in the long term."

The best places to invest in

Leicester

- Best for high-end homes: Oadby, The Ridgeway
- Best for young professionals: city centre, Stoneygate
- Best for students: Cultural Quarter, Clarendon Park
- Best for transport links: Syston, Oadby
- Best for yields: Wigston, city centre
- Best for capital investment: Frog Island, Beaumont Leys
- Best avoided: St Matthews, Braunstone

City life:

the UK's return to urban living

Living in the heart of a city has never been so popular. Neil Cumins investigates the reasons behind the UK's urban renaissance, and considers what opportunities it presents for investors.

Birmingham canalside properties

COVER FEATURE

Two decades ago, the words "inner city" were usually followed by pejorative terms like "deprivation" or "decline". Popular opinion suggested the UK's city centres were undesirable and unsafe, rather than aspirational and trendy. Similar sentiments had been recorded as far back as the 18th century, when Edinburgh's New Town enabled wealthier residents to escape from dirty and impoverished Auld Reekie. And although some UK city centres managed to maintain their historic grandeur throughout the 20th century, others became sparsely-populated ghost towns after the evening rush hour.

Today, city centre living has never been so popular. The population of central Birmingham has grown by 163% since the millennium, while Liverpool's continuing transformation is reflected in a 181% growth in city centre residents between 2000 and 2018. Similar trends have been seen in the regions, with Glasgow's urban population rising by almost ten thousand in a decade.

So what's causing this flight from the suburbs? Who's moving into those refurbished Victorian warehouses and high-spec skyscrapers? Are some cities performing better than others? And is there a danger that the likes of Manchester and Birmingham might ultimately experience central London's current loss of market confidence and falling house prices?

Central perks

A number of factors have underpinned the rise of city centre living, including government regeneration schemes and a chronic shortage of housing elsewhere.

"In the 1990s, many people wouldn't have bought a house if there was a pub nearby. Now, prospective purchasers are disappointed if there aren't watering holes and eateries on their doorstep."

Greenbelt land is usually located miles from urban cores, meaning suburban estates often lack local amenities or accessibility. Conversely, the prevalence of brownfield sites across inner-city districts permits high-density housebuilding within walking distance of leisure and entertainment facilities. This has dovetailed with rising affluence and the growth of today's coffee-and-cocktails culture. In the 1990s, many people wouldn't have bought a house if there was a pub nearby. Now, prospective purchasers are disappointed if there aren't watering holes and eateries on their doorstep.

Demographics have played a part, too. Burgeoning student populations have increased demand for

"The rise in office-based roles is forcing an ever-expanding workforce to use increasingly overcrowded and unreliable public transport. Why pay a fortune to commute ten times a week, when you could walk there and meet your daily fitness app targets?"

properties near university campuses (typically situated in and around city centres), while the rise in office-based roles is forcing an ever-expanding workforce to use increasingly overcrowded and unreliable public transport. Why pay a fortune to commute ten times a week, when you could walk there and meet your daily fitness app targets? A third of city centre residents currently walk to work, but being close to a gym is also highly desirable. To attract body-conscious millennials, housebuilders are increasingly installing communal gyms and swimming pools into city centre apartment buildings.

Catching the millennial bug

Older people and families are conspicuously absent from these inner-city apartment blocks. Instead, city living is being driven by twenty-somethings with high-skilled professional jobs. Dismissive of suburban tranquillity and keen to enjoy an active nightlife, people in their twenties comprise half the population of some UK city centres. At the same time, the next generation of young professionals is also pouring into major cities. Sheffield's student population tripled in the noughties, with most undergraduates flocking to neighbourhoods around the Sheffield Hallam and University of Sheffield campuses – located on opposite sides of the city centre.

Three quarters of city centre residents in the 2011 UK Census were listed as renting apartments. This reflects both the easy lifestyle provided by factored apartment developments, and the willingness of younger people to rent in locations they'd be unable to buy in. "In many cases, location is more important than the accommodation itself," says Naomi Heaton, chief executive of London Central Portfolio Ltd. "I've seen a huge change from people having historically wanted to be in leafy residential suburbs to people wanting to be right where it's at. People want to live in city centres because they want more connectivity, easier access to their place of work and the vibe of central urban areas."

This vibe has undoubtedly been helped by the burgeoning numbers of cranes on city skylines, filling in ugly gap sites and literally building new communities in formerly dubious neighbourhoods. As a partner at Stewardson Properties in Birmingham, Phil Stewardson has seen this phenomenon first-hand. "Birmingham has been transformed since around 2000," he says. "A huge amount of redundant Victorian and post war low grade commercial space has made way for stylish living spaces, attractive to the young professional market."

COVER FEATURE

Student accommodation in Cardiff

Opportunity knocks

So what does all this excitement and optimism mean in terms of investor and landlord finances? According to Will Piercy, sales director at the Southampton branch of Enfields Estate Agents, it means strong yields and healthy capital growth: "Capital growth is now stable at around 2%, having been over 5% in the years of 2014 to 2017. Low interest rates and high demand for property continue to stimulate growth." Like other cities, Will says Southampton's urban core has been boosted by the proximity of two universities and increasing employment opportunities in offices and the city's docks. Flagship urban developments like the iconic West Quay retail and leisure hub, have also helped to attract residents into urban postcodes.

Southampton's renaissance reflects a virtuous circle of supply and demand in cities across the UK. In Sheffield, student numbers have soared while employment opportunities have attracted thousands of young professionals. Housebuilders have been quick to respond, according to Nicholas Lambrou, a director at Sheffield-based estate and letting agents Nicholas Humphreys: "Property developers are recognising the demand for student and professional accommodation in the city centre. There are a number of large multi-storey developments underway as we speak." These high-rise projects are being marketed squarely at single millennials, young couples and affluent students: "It's not uncommon to find a development gearing in excess of 500 units, consisting of one and two-bedroom apartment and studios."

Location, location, location

It's worth noting that this phenomenon isn't being replicated in every city across the UK. In places like York and Cambridge, where compact and historic urban cores have been well-preserved, there's little scope to construct new homes or increase the urban population. Residents of Inverness and Bath will be close to central amenities even in suburban areas, making city centre living less relevant. The populations of central Blackpool and Burnley continue to decline, in response to an ongoing lack of significant employment or leisure opportunities.

Historically, London's sprawling size and uniquely strong jobs market has made it particularly well suited to city living. For decades, the prime central London (PCL) market blazed a trail which other major cities across the country have followed. Yet prices in PCL have dropped by around 20% since 2014, caused by a combination of higher taxes and the uncertainty surrounding Brexit.

Build or refurbish?

For investors looking to target urban students, build-to-rent may represent a failsafe new-build investment. "We know there is a shift toward longer periods of formal education," says Nicholas, "with students having the disposable income to seek a higher grade of accommodation than previous generations. That means high-spec accommodation close to the city centre, and all the attractions it has to offer." By placing large numbers of students together in professionally managed developments, build-to-rent provides an ideal fit for many undergraduates.

Young professionals and couples are more likely to be seduced by characterful homes in older buildings. Warehouse conversions and refurbs of Victorian buildings often make the best long-term investments in city centre markets dominated by apartments. Glasgow City Council has successfully incentivised landlords and developers to return 19th century tenement buildings to their former residential roles, while employers relocate to modern car-friendly business parks. Across the country, the retention of historic facades reflects people's desire for traditional architectre combined with sleek, tech-friendly interiors.

Supply and demand

Opinions vary on whether it's possible to have too much of a good thing in the UK's inner cities. Naomi fears the current oversupply of new-build accommodation in less prestigious corners of central London might filter through to other cities: "You tend to find PCL reacts to international issues first, and then everything filters through to the wider domestic market."

Conversely, others believe the UK's changing population demographics will comfortably absorb the current swathes of urban construction. Investment management company JLL predicts undersupply in Manchester will persist for several years because the population is expanding so quickly, despite plans for 10,000 new apartments. Rents are rocketing as a result, increasing by 6.5% in the past year alone, though the lack of affordable housing has raised concerns about the narrow tenant demographic being catered for.

Even so, most agents and investors remain confident in the long-term prospects of urban property. "Investing in the city centre is a safe investment," says Will, "thanks to almost guaranteed demand." In Sheffield, Nicholas predicts a council-inspired reversal of the historic flight to the suburbs: "There are pockets in Sheffield's suburbs that are overwhelmed by rental accommodation, and I think the city council will try and provide a more even ratio of owner-occupied and rented properties in the suburbs. This will inevitably drive rental migration toward the city centre." In future decades, the term "inner city" might be followed by far more positive words and sentiments.

"Young professionals and couples are more likely to be seduced by characterful homes in older buildings. Warehouse conversions and refurbs of Victorian buildings often make the best long-term investments in city centre markets dominated by apartments. "

Warehouse conversions are popular with young professionals

COVER FEATURE

Three is the number

Ross Brown began making money from property as soon as he hit his twenties. He bought his first property – a three-bed mid-terrace house in his home town of Lowestoft, Suffolk – to live in himself. In a bid to bring in more cash to supplement his earnings from the family-run flooring business he ran alongside his Dad, he let out one of his spare bedrooms to a friend for £350 a month. "It certainly helped contribute towards my outgoings at the time as my earnings weren't particularly great as a 20-year-old," he says.

A year later he met his wife, who moved in and his friend moved out. After living together for six months they decided they wanted to buy their own place, so moved back in with their parents to save up. "We were both fortunate enough to have great parents who let us move back in with them, rent free, so we could save up a deposit to buy another house. That enabled me to keep hold of my three-bed terrace to let out."

Ten years later

In June 2017, with a decade more knowledge and experience under his belt, Ross persuaded his father to use some of the funds from the family business to invest in property. "I had devoted a lot of time and effort to educate myself through various resources and my dad could see this and completely trusted me to use these funds on our first flip project." They started looking for properties via Rightmove and sought advice and guidance from their close friend Jason who had experience in property investment: "Jason would come with me to some of the viewings as he is very knowledgeable about what works need to be done to get a property up to standard."

Two months into their search they spotted a three-bedroom bungalow in a great location in Lowestoft up for online auction. The property matched their criteria perfectly, but there was one snag: "The cost of it, plus what we'd need to refurbish it, was way over the amount of funds me and Dad had available." In stepped their friend Jason, who offered to come in as a third investor. "Although this wasn't the plan from the start, it worked perfectly for me and Dad. It seemed like a great idea to have someone with some experience alongside us on our first flip project," explains Ross.

The trio had a few bids knocked back, before securing the property for £136,000 with a phone call from the local hospital where Ross's wife had just given birth to their second child. Taking into consideration a reservation fee of £8,160, stamp duty and legal fees it took the total purchase price of the property up to £150,000. With a newborn baby and a renovation project on his hands, Ross had his work cut out: "The condition of the bungalow was terrible, the whole place needed gutting and making good.

CASE STUDY

Partnering with his father and a friend gave Ross Brown the confidence to take on his first flip project. He tells Chantelle Dietz how they converted a run-down bungalow into a modern home.

magic

CASE STUDY

The kitchen was probably 30-40 years old, the ceiling and walls were covered in nicotine stains, and the garage doors were broke so anyone could get access. The whole bungalow needed a full rewire and a gas installation as it was previously heated with oil and electric."

The fact the property needed so much work didn't faze them: "Once we had punched the numbers to ensure the deal stacked up financially, we had complete belief in our investment. We would be selling on safe in the knowledge every job had been carried out by a trusted, professional tradesman to an extremely high standard. This was extremely important to us, as we wanted to build trust that the homes we refurbish and sell are exactly what people think they should be, and want them to be quality wise."

Reconfiguring the space

As it stood, the bungalow was a three-bedroom property, or a two-bed with a dining room, and a small kitchen. The decision was made to convert it into a two-bedroom house with an open-plan kitchen by knocking down the wall between the kitchen and dining room/bedroom three, and bricking-up one of the doorways from the hallway.

"We ripped out all the old flooring, kitchen, and bathroom and stripped the bungalow right back to basics. New windows to the side and rear of the property were installed, along with a new side door and roller door for the garage, and a new front door. We invested time in the garden to make it look much more presentable – the back was especially overgrown – and we had a new patio laid at the rear too."

The bungalow was given a new skim of plaster and fitted with a new gas supply, boiler and heating system. The old oil storage tank was disposed of on Facebook by advertising it as 'free to a good home': "It was heavy and would have been a pain to remove, so someone coming to take it away was a great bonus and saved us paying to dispose of it." Ross drew on inspiration from Instagram and his experience advising customers on their flooring requirements to choose the decor.

Securing a sale

Despite problems with the chimney, which eventually had to be knocked down and completely re-built, all was going to plan. A buyer was secured and paid £2,000 up-front to cover the costs of converting the garage into another room. All works were completed a few weeks before Christmas, and then, a few months later, the buyer pulled out of the deal and the sale fell through.

The property sold and fell through again before it was finally taken off the market, third time lucky, by a couple in their early retirement. Regardless of the delay, Ross was happy with the final figures: "The numbers we came out with were much higher than the figures we initially ran before buying the property," he says.

On reflection, Ross believes the biggest mistake they made was not maximising the size of the two remaining bedrooms. "Had the bedrooms been slightly bigger, the bungalow would have sold to almost every person that walked through the door – it was pretty much the only reason viewers didn't want buy it. Everyone fell in love with the bungalow and commented on how well it had been completed."

Building on success

Since his first flip, Ross has remortgaged his three-bed terrace house to purchase another buy-to-let property; a three-bed mid-terrace in need of renovation. He managed to secure it below market value, so once he had completed work on it and got it valued, he had already made around £15,000 in equity. His plan is to remortgage that in a few years to release some more funds to continue building his portfolio.

Ross says he owes the success of his first flip project to remaining calm and accepting problems would inevitably arise. "I went in with the mindset that things will go wrong, but that's why we have a contingency fund. I found accepting the problems made the whole process much easier. It could have been easy to stress or worry about certain issues as they occurred," he says.

Looking to the future Ross intends to invest in several more properties. Over the next 12 months he's hoping to add two or three more single lets to his personal portfolio, as well as another flip project with Jason and his dad. "This year is set to be a big year for me. Hopefully in the second half of 2019, I'll add one HMO [house in multiple occupation] or a block of flats," he says.

RUNNING THE NUMBERS

Purchase price: **£136,000**

Reservation fee: **£8,160**

Professional fees: **£6,476**

Development costs: **£30,950**

Income to convert the garage into a room: **£2,000**

Sale price: **£207,500**

Profit: **£27,914** (net profit of **£9,304.66** per investor)

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

CASE STUDY

Meet the women

Can the property sector ever be as much of a woman's world as it is a man's? Felicity Hannah speaks to four high-flying women shaping their own success stories.

While investing in, renovating, renting and selling property certainly isn't just a man's game, we still can't seem to shake off the stubborn, out-of-date stereotypes that suggest otherwise. Women have made huge strides towards equality within the property sector in recent years – around 40% of UK landlords are now thought to be female – but they are still underrepresented on boards, in senior management and in traditionally male-dominated roles. This isn't a problem confined to the property sector, but it does highlight the UK property industry – while innovative, exciting and fast-paced – has some way to go in becoming a level playing ground. Here, we champion four women thriving in the property sector, each of them offering their own perspective on what needs to change.

THE LEADER

INGRID OSBORNE, DIVISIONAL CHAIRMAN AT TAYLOR WIMPEY

Ingrid's 18-year career began on a graduate scheme in 2001. She was on the ground for the 2007-2011 crisis but says the lessons she learned then, combined with a laser focus on achieving a high-powered goal, stood her in good stead. "I knew one day I wanted to become a managing director," he explains. "Almost 18 years later, I'm now divisional chairman for London and the south east, with responsibility for six business units."

She says if the sector can't attract more women and a better diversity generally, then it will miss out on the talent they have to offer. "I'm fortunate I am in a position where I can promote the fact that women can progress into senior leadership positions in the construction industry; but my career has been defined by my own achievements and my efforts.

"At the same time, we do need to understand why more women are not coming through the ranks to the highest levels. During my time the perception of female capabilities has certainly changed, but there is still an image of the industry that prevents a more diverse range of people applying, which is detrimental for the future," she adds.

The best advice she has for anyone entering property is to have self-belief and confidence, but not to expect to progress without anything other than hard work. "It takes time to make sure you have a very good grounding in your area of expertise, and also to develop a sound understanding of the rest of the business. Don't forget, nothing is more effective than being the most prepared person in the room."

FEATURE

paving the way in property

"By far the biggest challenge for women in the construction sector is the career break – usually for maternity and child care. Although there is much greater awareness of shared parental leave, it still has a greater impact on retention and career progression for women." Mandy St John Davey

THE VOICE

MANDY ST JOHN DAVEY, NATIONAL CHAIRMAN OF WOMEN IN PROPERTY

After a long corporate career, Mandy's life was changed 20 years ago by ill-health and so she gave up her office life and began building a property portfolio. In March this year she took up the reins at the Women In Property association.

Mandy has big plans for her stint at the top: "My focus is to start by addressing the skills shortage by inspiring, supporting and nurturing young people coming through our pipeline via our schools, colleges and universities. One of the biggest challenges is to retain experienced females within the industry and to find them opportunities to flourish. I see this happening through mentoring, confidence building and finding opportunities for women as role models, participating on boards and debate panels."

She is clear on what difficulties have to be overcome if women are to thrive as they should within the industry: "By far the biggest challenge for women in the construction sector is the career break – usually for maternity and child care. Although there is much greater awareness of shared parental leave, it still has a greater impact on retention and career progression for women. The second is the gender pay gap. In the past I was personally affected by the difference between my salary and a male colleague doing exactly the same role. I eventually left and set up my own business."

Her advice for would-be investors is straightforward whatever their gender: "Don't gamble. Know your market, be prepared for changes, diversify and ensure you have an exit strategy."

FEATURE

THE ARCHITECT

LISA RAYNES, FOUNDER OF PRIDE ROAD ARCHITECTS

Growing up with a builder grandfather and builders' merchant father, Lisa knew she wanted to work in a similar field. With 20 years' experience gained at big names such as Urban Splash, she founded the Pride Road Architects franchise to allow her to work flexibly while also driving her career forward. She now has two offices in Manchester and one in Liverpool.

Lisa became chair of the North-West Women In Property branch and was then elected to the Royal Institute of British Architects (RIBA). She's focused on improving diversity throughout her industry. "There's a huge issue of women starting to train and then dropping out of the career," she says. "I knew from Women In Property only 20% of the property sector were female. When I got involved in the RIBA I realised there's a 50/50 [male/female] split going into university, but only around 25% of people applying to the Architects Registration Board are women, and then only around 17.5% of those who get chartered are female."

She believes the industry can be institutionally unsupportive of parents working around children. "If you do take time off then you need to find companies that are supportive of part time or flexible working. That's fine when the market is buoyant, but when it starts to drop then those part-time workers – very often women – are generally first to go," she says. "Then you've got the long hours culture. You might get parents putting the same time in as others, but if it's flexible and not visible then they miss out on promotions and progression."

Her advice to people entering the sector is to have a clear vision of what they need: "I set up Pride Road as an alternative, as another way, to work around my family. So, once you're qualified, look for better working and challenge the traditions. You have to find your way of making it work."

FEATURE

“Thirty years ago when I started in my legal career, it was definitely a male-dominated environment. Rightly or wrongly, I felt I had to work twice as hard as my male counterparts to progress and to be taken seriously. That did me no harm whatsoever.”

Karen James

THE LEGAL EAGLE

KAREN JAMES, PARTNER AND HEAD OF RESIDENTIAL CONVEYANCING AT RAMSDENS SOLICITORS

After completing her law degree, Karen joined Ramsdens Solicitors just as the recession of the early 90s hit, so she learned about the ups and downs of property fast. She was named Yorkshire Property Lawyer of the Year in 2015-2016.

Karen has helped her firm grow from 36 members of staff to 300 and says it's the “constant changes” and the challenges that keep her excited. “Stamp duty rules can literally change overnight on budget days and systems have to be tweaked accordingly,” she explains. “Help to Buy schemes, Green Deals, solar panels, septic tanks, Japanese knotweed, Community Infrastructure Levies, Legionnaires disease, gas safe certification are just some of the topics we have had to become experts in within the past few years – there will always be something new to learn about.”

Yet Karen believes many of the battles for equality have now been won within the legal profession. “Thirty years ago when I started in my legal career, it was definitely a male-dominated environment. Rightly or wrongly, I felt I had to work twice as hard as my male counterparts to progress and to be taken seriously. That did me no harm whatsoever. Today I believe it is very much a level playing field and indeed, year on year, there are more female solicitors qualifying than men.”

But that doesn't mean she isn't hungry for further innovation: “There are still far too many within the industry that would prefer to work with quill pens rather than embracing technology. Those professionals who are stuck in their ways give us all a bad name,” she says. “The whole customer experience of purchasing a property could be so much better, but a chain will only move as fast as the slowest person in it.”

CASE STUDY

"We're off on a family gap year"

Holly Edge is effusive about how becoming a landlord has changed not just her life, but that of her family too. Not only has it given them more financial freedom, it is helping them to realise their dreams. John Fitzsimons reports.

"We've always wanted to go travelling with the kids; we just thought it would be amazing. And investing in property has given us that opportunity," says Holly Edge who – as this article goes to print – is preparing to take her family on a gap-year around the world, a once-in-a-lifetime experience.

Holly opted to move into property investment after growing frustrated with her previous business, a website buying and selling second-hand and vintage clothing, which she had started with the help of the Prince's Trust. "It was so labour intensive and crucially not profitable when you added in the time I needed to spend on it," she explains.

Looking for an alternative career which would allow her to spend more time with her young family, as well as enjoy a greater income, she began researching property. "This led me to stumble upon The Property Podcast, and I don't think it's over the top to say the podcast has completely changed my life for the better. I devoured every episode, and decided buy-to-let sounded like the perfect fit for me."

Getting more for your money

Once she decided to pursue buy-to-let, the next big question was where to invest. Keen to be hands on with the properties, Holly started by researching properties in her home town of Loughton in Essex. It quickly became clear however, that her budget wouldn't go very far. Loughton's presence on the outskirts of London, with its own Central Line tube station, means it is an expensive place to purchase property.

After rulling out Loughton as an option, Holly instead turned her sights to Peterborough. "My parents had lived in Spain, and when they moved back they settled in a village near Peterborough. So we looked at the region and saw we would get a much better return on our investment there."

But Holly wasn't keen on the idea of being a distant landlord, so buying in Peterborough would mean uprooting the family to boot. "We wanted to live close to our investments and with Peterborough we'd be close to my family and good schools. Plus we could afford to buy a 'forever' house there, which we wouldn't have been able to afford in Loughton."

The upheaval presented a new set of challenges. Holly's husband, Adam, works in London and so his commute was extended to four hours a day, while difficulties in getting the couple's two children placed in local schools meant Holly had to combine building her portfolio with home schooling her eldest child for the first six weeks.

The plan for the portfolio

Holly quickly set about building a list of potential purchases, monitoring properties listed online on portals like Rightmove. She logged on to the site every morning to get an idea of what properties were available to tenants in the surrounding area, and what rents were being charged, to ensure she was in the most informed position possible. She also worked closely to a plan, having set herself a target of achieving a 10% return from each property purchased.

Holly believes this structured approach is a big factor in her success. "I used to work in banking before I set up my own business, and that involved doing lots of spreadsheets. I always enjoyed the planning side of things, and I think running my own business and not enjoying it made me realise what I didn't want from any venture going forward. I always think things can't go too wrong so long as you have educated yourself beforehand. You need to make sure you've done your homework, you've been careful with your figures and you're buying somewhere you know people want to live."

Time to start buying

Holly admits once the time came to begin purchasing properties, it was "tough to get started". The first property which caught her eye – a two-bed terrace house in need of refurbishment – led to a successful offer, but getting the deal over the line wasn't straightforward. "I got a good deal on it price wise, but unfortunately there was a problem tenant living there at the time. The process of removing them dragged on – it all took ages to go through. But it was worth the wait."

An initial bid of £110,000 turned out to be unsuccessful, but when Holly noticed the property was still on the market a few months later, she went back with a fresh offer of £111,500. It was only "a small amount more" than her initial bid, but this time it was enough to win over the vendors. Since Holly is a stay-at-home mum, she was unable to get the finance in her name to purchase the property. As such, she bought it through a deed of trust, so it was 99% in her name and 1% in her husband's name, a move which satisfied mortgage lenders.

While the potential from the property was clear to Holly, it nonetheless needed some work before it would be fit for tenants. She set about finding a builder on mybuilder.com in order to kit out a new kitchen, bathroom and fit flooring throughout. As luck would have it, Holly was able to find someone who could start the very next week, and it took just four weeks to get everything done.

Once the works on her property were complete she focused on sourcing professional tenants. She used OpenRent to advertise the property on Rightmove, and was particularly careful to only select people that passed full reference checks. She also used the rent guarantee insurance via OpenRent, a feature which costs £89 a year and covers the rent and legal costs should a tenant fail to pay for any reason. As Holly puts it: "they only back winning horses, but it helps me sleep at night".

Doing it yourself

From the beginning Holly was clear in her determination to manage her investments personally, rather than employing the services of a letting agent. She has enjoyed the flexibility the role brings: "I like the work/life balance that property investment offers," she explains. "While it can be time intensive, where you are working the same number of hours as in any other job, there are other times when, so long as there aren't any big issues with the properties, there isn't a lot that I need to do."

Her passion for doing things herself extends to her relationship with her tenants, and she prides herself on having a personal touch. "I want to keep things direct. If there's a problem with the property, then I can act on it. I think doing it this way means I can give a better service – there's no delays because of having to go through a third party. I've had a good experience with our tenants so far."

Seeing the world

While Holly describes the house the family first moved to as a 'forever' home, the family didn't actually stay there long. Instead they downsized to help fund their other ambition – a family gap year. By moving to a smaller and cheaper property in the same village, and using some of the proceeds to expand the size of their investment portfolio, the family is now able to cover its outgoings entirely with the income from those rental properties.

In total, Holly now has four buy-to-let properties and is in the final stages of completing on a fifth. Once the latter completes, she will have five properties under her belt, earning the family around £2,000 a month to cover their costs while they are on their travels, starting in China and then moving on to Nepal, India and Australia. Of course, maintaining a buy-to-let portfolio from the other side of the world presents its own challenges, but Holly is relaxed about it and will continue to manage the properties remotely – albeit with the help of her family – while she is away.

RUNNING THE NUMBERS

Purchase price: **£111,500**

Deposit: **£27,875**

Mortgage: **£83,625 (Interest Rate: 2.63%)**

Legal fees: **£1,406.80**

Stamp duty: **£3,345.00**

Development costs: **£10,000**

Rent: **£675 pcm**

Rental expenses: **£201.33 pcm**

Profit: **£473.67 pcm**

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CASE STUDY

Much needed relief

A landlord's guide to allowable expenses

The latest round of government tax tweaks may have dented your bottom line, but there's still ways you can mitigate your tax liability and maximise the profit from your property portfolio. John Fitzsimons brings us up to speed.

What can I claim tax relief on?

Landlords can claim relief on a host of 'allowable expenses'. In simple terms, an allowable expense is when you spend money on an item or service that is wholly and exclusively for the purposes of renting out the property. This includes the likes of:

- Water bills
- Council tax
- Energy bills
- Letting agent fees
- Accountant fees
- Insurance
- Cleaning fees
- Gardening fees
- Advertising costs when looking for new tenants
- Office expenses, ranging from phone calls to stationery

For more information or advice about tax-related matters, visit propertyhub.net/tax

What about wear and tear?

Landlords that let out fully furnished properties used to be able to claim for wear and tear of the furnishings within a property. They could claim up to 10% of the net annual rent as a wear and tear allowance, irrespective of whether they actually spent any money on replacing the furnishings or appliances within the property.

This has changed. Now landlords are limited to only claiming relief when replacing what the government has classed as 'domestic items'. It's important to note this relief is only applicable when replacing items, not when you are purchasing them for the first time.

Another complication arises if you are looking to replace an old item with an improved version. For example, let's say you want to replace a sofa with a sofa bed. The relief is only available up to the cost of replacing the initial item, rather than improving it. So if a new

TAX

sofa would cost £400, but a sofa bed would set you back £500, you can only claim the £400 as a deduction.

Domestic items – what are they?

The government has outlined a host of examples for what it classes as items which will qualify for this relief. They fall into four main categories:

- Movable furniture – for example beds, sofas and free-standing wardrobes
- Furnishings – this covers everything from curtains to carpets
- Household appliances – from the fridge and freezer to the TV and the kettle
- Kitchenware – for example crockery and cutlery

What counts as an improvement?

So how do you know if the replacement item actually counts as an upgrade? The taxman says the simple test is "whether the replacement item is or isn't, the same or substantially the same as the old item".

To put this in slightly more helpful terms, if there is a change in functionality, or the material, or quality, of the item then it will be viewed as an improvement. As a result, you'll be limited to how much you can claim.

With that said, if the replacement item is an upgrade simply by being more contemporary – for example, a fridge freezer with an improved rating for energy efficiency – then this should not be classed as an improvement, meaning you'll be able to deduct the full cost.

Finance costs

In the good old days landlords only had to pay income tax on the profits from their property business. They could deduct the mortgage interest payments, alongside other expenses, from total revenues generated and then pay income tax on the difference. As landlords are particularly likely to opt for an interest-only mortgage, rather than a capital and interest repayment deal, many were able to deduct all of their mortgage repayment.

The government is gradually phasing this out to be replaced with a flat 20% tax credit on mortgage interest, but with all of the rental income earned now taxable. So in the 2017-18 tax year, landlords could only claim tax relief on 75% of the mortgage interest, while for 2018-19 landlords can only claim tax relief on 50% of the mortgage interest. This then drops to 25% in 2019-20 and zero in 2020.

During this phased introduction, the portion of mortgage interest that is no longer eligible for the old tax relief will instead be eligible for the flat tax credit. So for this current tax year, while landlords can only claim tax relief on 50% of their mortgage interest payments, they can get a 20% tax credit on the remaining portion.

On the move

Running a property portfolio can mean you spend a fair bit of time travelling around, and thankfully there is some help on offer here from the taxman. Unincorporated landlords can claim a flat rate for each mile they travel in their own personal vehicle, so long as that journey is entirely business-related.

Here's how those rates work out:

Type of vehicle	Flat rate for first 10,000 miles in the tax year	Flat rate for each mile thereafter
Car or goods vehicle	45p per mile	25p per mile
Motorcycles	24p per mile	24p per mile

There are a few really important factors to bear in mind here. Firstly, that mileage rate has to cover any repair and running costs too – you can't claim for those separately. Also, your mileage claim has to be from wherever the base for managing your properties is. So, depending on the role of your letting agent, you may struggle to claim this rate, as their address could be classed as the base for the business.

You don't have to go down the mileage route either – you can opt to claim the specific costs incurred from each journey, though this may be more complicated to work out and come out at less than the mileage rate would deliver.

Capital expenditure

Landlords that are not incorporated and have gross rents of less than £150,000 are automatically eligible to prepare their accounts on the cash basis, rather than the accruals basis. Not only does this make preparing your accounts much simpler, but it also means you are only paying tax on money you have actually received.

The property allowance

The property allowance is a tax exemption worth up to £1,000 a year for people who enjoy some form of income from land or property. You can opt to deduct this instead of your actual allowable expenses, so it's particularly useful if you only have few expenses. It's also helpful if you are joint owners of the property, perhaps with your spouse, as both parties can claim the allowance.

It's important to note you can't use the property allowance in conjunction with the reliefs available through the government's Rent A Room scheme, which allows people to earn up to £7,500 absolutely tax-free when letting out a room in their home.

Recycling your cash for deposits

You have ambitions of owning 10 properties, but you can only afford the deposit for one. So what's the solution? Mortgage expert Dave Cookson explains how you can recycle your cash to finance multiple deals.

If you've got the deposit to put down for one property, you may think your only option is to invest your hard-earned cash in that one property and wait until you have enough money saved up to buy your next one. Depending on your circumstances, it could be a long time until you hit that desired 10 properties.

But what if you could recycle that deposit to use multiple times? It can be done, but you have to be savvy. The key element for success is sourcing the right property, which can be easier said than done, and you have to be able to add an equity increase of 20–25%.

Adding value

There are two ways of doing this: the first is to purchase a property below market value (BMV). Obtaining a property that is truly 20%–25% BMV can be quite rare, but in theory you could purchase a property for £75,000 with a true value of £100,000 either for cash, via a bridge loan or a non-early repayment long-term finance deal, then post purchase refinance the property at its true value.

There is a mortgage myth out there which suggests you have to wait six months before you can remortgage your property after completion – this is not true. There are a handful of buy-to-let lenders who will remortgage the property from day one of purchase. Be aware though that a surveyor is highly unlikely to value a property for more than what you have purchased it for from day one. In a case where you have purchased a property under value, I would recommend you wait a minimum of 12 months to realise the full value.

The second way you could look to add value is by buying a property that needs work. Although they can still be hard to find, they're a lot easier to come by than properties 20–25% BMV. Let's say you find a property valued at £50,000, but it needs a lot of work and you've estimated all costs to be £25,000. You've

FINANCE

done your research and concluded that, once the property has been brought up to a habitable state, it will be worth £100,000. As you have added additional value to the property via the works you have completed, the surveyor/lender is more likely to be agreeable to the uplift in price.

If you want to move quickly, the second option is likely to get you to your desired number of 10 properties at the quickest rate. You could apply for a remortgage upon acquisition of the property, with the ambition of having the offer and legals ready for completion of the works. You'd then be able to remortgage/recycle your money back out of the property ready for the next one. If you could repeat this process four times a year, then in 30 months you will have achieved your objective of 10 properties.

Funding the purchase and cost of works

When it comes to funding, cash is the ideal choice, but if you don't have it you can use short-term finance to help you achieve your goals. Short-term or bridging finance can be used to acquire property that's un-mortgageable or requires a quick purchase. In the majority of cases you'll require a deposit of around 25%. Some bridge loans only cover the cost of purchase, while others provide a degree of development financing. You can use the short-term finance alongside your funding to acquire the property and carry out the associated works, then use long-term finance to remortgage to exit.

Finding the right property

If this part was easy then everyone would be doing it, and we'd all be very wealthy landlords. So before you rush in and make any offers, there are a number of things you'll need to consider first.

As with any investment, it's vital you do your homework. Research the area in which you want to buy and analyse the purchases in the area over the past three months; this is what your surveyor will do to obtain comparables.

Once you've identified a property, you need to be clinical with your cost analysis. If you're adding value by completing works on the property, then it's wise to have two or three reputable building firms look into the costs. And if you'll be renting your property out, make sure your proposed rental income supports the mortgage you want. There are plenty of associated outlays to factor in including legal fees, short-term finance charges, mortgage broker costs and surveyor fees.

You'll need to find yourself a reputable broker who works in both long-term and short-term finance. Speak to them and find out if you can identify the surveying company your long-term finance lender will use. If this is possible, employ the same firm of surveyors to produce a report on the property before you purchase including the works required, the current value and the value once the works are done. By doing this you'll have the reassurance of a written Royal Institute of Chartered Surveyors (RICS) report to back up your figures, and the promise your lender will get the same report for your exit finance.

Finally, it's important to keep hold of all your receipts and invoices. It's also worth keeping a record of your build progress with photos and dates of milestones of work completed. The lenders may well ask for these as evidence of the time and money you have spent to justify the property value increase.

Anticipating the risks

Even if you adhere to all of the above and you have years of experience behind you, things can still go wrong. You can never assume you'll get the value you or the RICS surveyor predicted. I've personally encountered situations where a different surveyor from the same firm has gone out and down valued the property. I've also witnessed instances where the cost of works has gone way above budget, due to unforeseen problems. To combat this I'd recommend always having a contingency fund of between 5%–10% available.

CONTACT CHARLES LOUIS MORTGAGE ADVISERS LIMITED

To discuss your property investment needs and find the right mortgage product for you, please contact Dave Cookson and the team on 0161 959 0166 www.charleslouis.co.uk

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Preparing for the redress reform

The government has announced the formation of a new Housing Complaints Resolution Service to cover the entire housing market. The policy means private landlords will be legally required to join a redress scheme – and risk a hefty fine if they don't comply. Emma Lunn takes a look at how property redress works at the moment and what's changing.

Currently, the housing market has several different complaints bodies. Homeowners and tenants have to navigate their way through what the government describes as "a complicated and bureaucratic system" just to work out where to register a complaint.

Membership of a redress scheme is compulsory for some property professionals but not others. For example, since 1 October 2014 it has been a requirement for all letting and managing agents in England to become a member of a redress scheme (The Property Ombudsman or The Property Redress Scheme). But private landlords don't have to be registered with a scheme, nor do freeholders of leasehold blocks.

Some private landlords join a redress scheme of their own accord, while some tenants will have access to redress because their landlord uses an agent.

The government consulted on plans to improve the complaints system in the housing market between February and April 2018, receiving more than 1,200 responses. Communities Secretary James Brokenshire says the new service is necessary to ensure both homeowners and tenants know where to go when things go wrong.

What does the new Housing Complaints Resolution Service mean for landlords?

The Housing Complaints Resolution Service will provide a single point of access to resolve complaints for housing consumers. Landlords will not have to sign up to the Housing Complaints Resolution Service itself, but instead to another redress scheme that will be accessed through the service. Those that fail to do so could be fined up to £5,000.

Other entities that will be required to sign up include freeholders of leasehold properties, developers of new-build homes and private providers of student accommodation.

Details about the exact powers the new complaints service will have are yet to be announced. Consumer website MoneySavingExpert.com is calling for the service to have "statutory powers", meaning its decisions can be enforced in court.

Will landlords face increased costs?

How much the new resolution service will cost landlords has yet to be announced. However, an earlier government consultation paper titled Strengthening Consumer Redress in the Housing Market, published in February 2018, noted that "a flat membership fee may not be reasonable" as many private landlords may never have a complaint raised against them. Instead the paper suggested a "pay per complaint" model or tiered-fee structure based on portfolio size might be more appropriate.

However, despite these suggestions, landlords' associations have raised concerns about the costs to landlords. National Landlords Association (NLA) policy and public affairs manager Meera Chindooroy says: "It will be interesting to see how the Housing Complaints Resolution Service is developed, how they intend to enforce membership, and whether it will increase the costs of running a lettings business."

Residential Landlords Association (RLA) policy director David Smith has called for clarification on what the situation will be for landlords who use letting agents. "Agents already have to be a member of a redress scheme – so landlords using them would be paying twice," he says.

David's concerns were briefly addressed in the government's consultation paper. One suggestion was for the requirement to join a redress scheme to be restricted to those landlords who do not employ a letting agent. This approach has the support of NAEA Propertymark, the professional body for estate agents.

Support for the Housing Complaints Resolution Service

Despite concerns about the scheme from landlords, other parties have voiced their support. Tenants in the private rented sector routinely complain they don't have a course of redress against rogue landlords, while Citizens Advice says it has helped private renters with 14,000 repair and maintenance issues in the past 12 months.

The charity is calling for the new resolution scheme to be free to renters and says a single portal for renters to solve their problems is "great news". "People who rent shabby or unsafe homes face a risky, costly and complicated process when they want to complain. However, it's important the Housing Complaints Resolution Service is free, easy to navigate and protects renters from 'revenge eviction' if they complain," says Gillian Guy, chief executive of Citizens Advice.

The scheme also has the backing of NAEA Propertymark and ARLA Propertymark, bodies which represent estate agents and letting agents respectively. A joint statement from chief executives Mark Hayward and David Cox says: "In Propertymark's response to the consultation last year, we called for greater clarity in the system and streamlining through the creation of a single portal along with a unifying code of practice for all housing providers.

"We are very pleased that the government has listened and accepted our recommendation to establish a single 'front door'. Propertymark welcomes this approach and is pleased to see the government taking a holistic approach to redress right across the property industry; creating the beginnings of a more integrated housing strategy rather than the piecemeal, sectoral and issue-specific approach that we have all had to deal with for too long."

When will redress scheme membership become law?

There aren't any definite timescales in place for the formation of the new Housing Complaints Resolution Service. The scheme will be developed with a new "redress reform working group" made up of representatives from across the property sector.

Once firm plans are in place, the requirement for landlords to join a redress scheme will require legislation and then parliamentary approval – which could take some time depending on the other issues ministers are dealing with.

New rules about electrical safety

Another change landlords will need to deal with concern plans to introduce regulations requiring landlords to undertake safety checks of electrical installations in their properties every five years. A timescale for the new rule has not been announced, but the government says it intends to introduce this new legislation as soon as Parliamentary time allows.

When it happens, the new regulations will be phased in, applying only to new private tenancies in the first year, then extended to all existing private tenancies the following year.

The renovation game

Jemal Mazlum, a property developer from Nottingham, had a challenging six months transforming an unlicensed multi-let in an Article 4-restricted area into a stylish shared home. Emma Lunn recounts his story.

Jemal Mazlum quit his job in chemical processing to work full-time in property. "It's the best thing I've ever done," he says. Since taking the plunge, he and his partner have built up an impressive portfolio of buy-to-lets and houses in multiple occupation (HMO) all with a high-end, high-quality finish.

His most recent project was a nine-bedroom HMO in Nottingham city centre. The property was on sale for an asking price between £275,000 and £300,000 but Jemal negotiated the price down to £251,000. He put down a 25% deposit (£62,750) and took out a £188,250 mortgage with Kent Reliance at a rate of 3.74% fixed for two years.

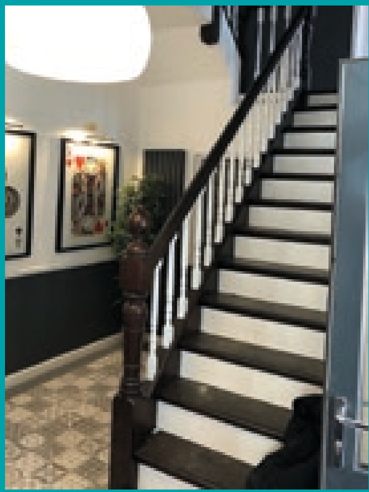
One reason for the discount off the asking price was that the property was unlicensed and in an Article 4-restricted area, meaning Jemal needed planning permission and a licence from the local authority to let the property as a HMO. The property was empty when Jemal bought it, having been used as a five-bed HMO in the past.

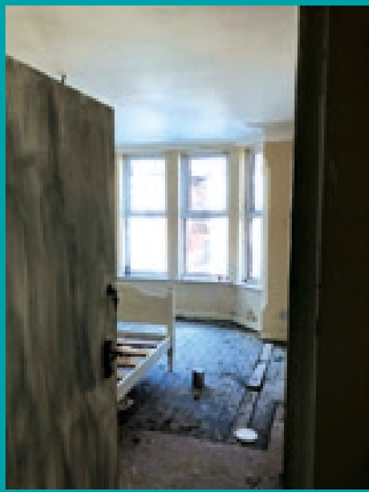
"We made the offer on the proviso that if we couldn't get planning permission we'd pull out, and we delayed exchange until planning was in place," says Jemal. "We were confident we'd get permission as the property had a history of use as a HMO. The vendor also had a certificate of lawfulness, as well as lots of documentation including electrical safety certificates."

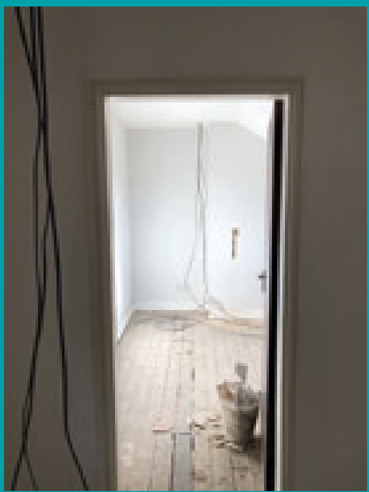
Working with the council

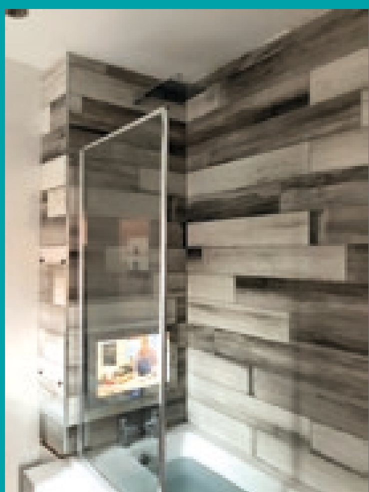
Once Jemal's offer was accepted, he sat down with the vendor and discussed the best way to take the project forward. The vendor gave him written permission to act as her agent and talk to the local authority. "We originally planned a 10-bed HMO, but the council wasn't happy with the layout and at first would only offer a one-year license for a five-bed HMO. That was no good to us – we didn't want five empty bedrooms," explains Jemal. "The council wanted to see what we planned to do and we worked with both the vendor and the enforcement officer to come up with a solution."

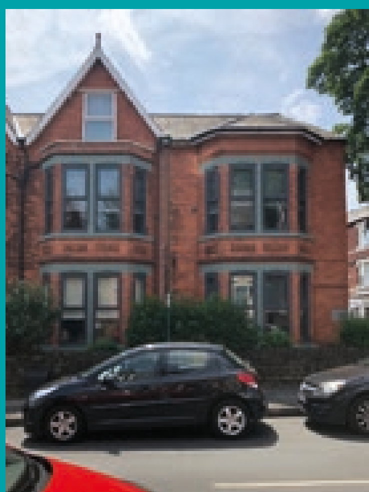
One issue identified by the local authority was that one of the kitchens wasn't big enough, so Jemal redesigned the floor plan to replace one of the top-floor bedrooms with another kitchen, and also added another bathroom. The property ended up having nine bedrooms, two kitchens and four bathrooms. Redesigning the property's layout and getting the go ahead from the council meant it was 12 months from offer to completion – it then took another six months to refurbish the property.











Project costs

The total project cost including the mortgage deposit, refurb costs, surveys and legal fees came to £154,925. At the time Jemal and his partner had just remortgaged another HMO, releasing £50,000 in equity. The couple also borrowed £50,000 from family which they paid back with interest over 12 months. The rest of the money came from income and savings.

Jemal project managed the refurb himself, hiring a handyman Monday to Friday for six months for just £60 a day. “The refurb took the property back to bare brick,” he says. “The property is absolutely huge – some rooms are 30sqm. Luckily only a couple of rooms needed re-plastering and it didn’t need rewiring or a new boiler.”

Qualified professionals were employed as necessary, while Jemal also negotiated some decent deals from friends: “I had a friend who’s a joiner who did the doors for me at a fixed price. Another friend has a kitchen and bathroom company and he did me a great deal. He fitted out two kitchens and two of the bedrooms with wardrobes etc for just £7,500. I’m really grateful for that.”

The uplift in value due to the refurb meant that after six months Jemal was able to take a £50,000 further advance from Kent Reliance on a rate of 3.99% fixed for two years.

Challenges

One of the biggest challenges Jemal encountered was when he was personally involved in an accident at the property. Parts of the floor had been eaten by woodworm in one of the bedrooms, leaving a hole while work was done. Jemal jumped off a window sill after shutting a window but landed on a joist. He tore a pectoral muscle and couldn’t lift his arm properly for three weeks.

He says: “It’s not been plain sailing but every property will have some problem. Another issue was when all the refurb was done, we had to furnish it. That meant nine beds, nine chest of drawers, nine wardrobes etc. We also had about 30 to 40 pendant lights at £100 each. We’d budgeted for this – about £20,000 – but it was a little bit of a shock having been used to four or five bed HMOs with a lot less furniture to buy.”

Jemal’s focus on achieving a high-end finish helped him to reap the rewards later down the line – the property was fully let just two weeks after it was advertised to a group of young professionals, including five NHS nurses. It yields £43,668 a year before tax. That works out to £3,639 a month rental income, which comes down to ££2,204 after expenses including mortgage payments.

As a HMO, the tenants’ rent includes all bills, including council tax, which raised another unexpected problem for Jemal. Because he had added another kitchen on the top floor, the council classed the top floor of the building as a self-contained unit liable for a separate council tax bill. He tried to argue the top floor was part of the HMO but the council wouldn’t budge, effectively leaving him paying double council tax.

RUNNING THE NUMBERS

Purchase price: **£251,000**

Deposit: **£62,750**

Development costs: **£80,000**

Mortgage rate: **£188,250 fixed at 3.74% for two years. £50,000 further advance fixed at 3.99% for two years. Total outstanding: £238,250**

Total project cost: **£154,925 (all cash)**

Monthly rental income: **£3,639**

Monthly expenses: **£1,435**

Monthly profit: **£2,204**

Annual profit: **£26,448**

A full-time career in property

It’s now two years since Jemal quit his job to work full-time in property. Together with his partner, he owns six single-let buy-to-lets and three other HMOs. One of the single-let properties has a large corner garden on which he is now building a three-bed detached home. As for his next step; Jemal is keen to move into development and is considering building a block of flats, selling some units and keeping a few to let.

When asked what advice he would offer to other property investors, Jemal says it’s imperative to keep up with the trends and stay educated. “There’s a saying that when you’re green you’re growing, but when you’re ripe you rot,” he says.

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

How to be your own property dealmaker

Property Hub co-founder Rob Bence shares the secrets he uses to get big deals done.

I've spent the past eight years negotiating with the biggest property developers in the business, securing discounted properties for investors. At first it was just me in my spare bedroom (although I didn't mention this during negotiations), then over time I've built a team at Property Hub Invest (propertyhub.net/invest) to apply the same methods at scale.

Sure, we have an advantage now because we have a track record and a list of contacts we've nurtured over many years. But everyone starts somewhere, and if you're willing to put in the work there's no reason why you can't grab deals of your own.

So, even though it's potentially doing us out of some business, these are the tactics I've developed over the years – and which my team uses now – to do deals that most people would think were impossible...

Get in early. If you see a "coming soon" sign, don't delay: get in contact and express your interest, even if the development isn't being fully marketed yet. Developers are often keen to show early sales to their financial backers, so being quick off the mark can help you secure you the best deal. When buying off-plan in this way, there are checks you need to make to ensure you're protected if anything goes wrong during the build. Watch our free course at propertyhub.net/university to learn everything you need to know.

Find out when the developer's financial year ends. Their sales director will be desperate to hit their targets if they're short (their bonus probably depends on it), so any sales become more important than full-price sales. You'll be able to find their year end date online via Companies House.

Speak to the right person. It's likely the sales person on site doesn't have permission to go below a certain price. Ask them who the best person is to speak to about doing an investment deal, and they'll put you in touch with someone higher up who has both the authority to act and an understanding of the business benefits of doing the deal.

Get in late. Each day the developer has to have a sales rep on site – along with a cabin and maybe even a show home – it is costing them money. If you're willing to take the final unit that will allow them to get off site, or maybe even the last two or three, they might offer you a deal because you're saving them money. Speaking of which...

Buy in bulk. Dealing in volume is attractive to developers: it's far easier, quicker and less risky to make 10 sales to one person than one sale to 10 people. This is something that helps us secure discounts at Property Hub Invest, but you can attempt to replicate the same model by teaming up with people in your network. When you pair this with other tactics like getting in early or approaching them around year end – and making sure you're talking to someone with authority – it's one of the most powerful ways to get a deal.

Keep your promises. There's no two ways about it: this is all hard work, and you'll get a lot of rejections before you hear a "yes". There are developers we work with who we courted for years before getting our first deal. So after putting in all that work and getting a result, do whatever it takes to deliver what you promised – whether that's a certain number of units, a certain timeframe, or anything else. We've found that after you've kept your promises once or twice, future deals become much easier. Waste their time though, and they'll never work with you again – leaving you with all the groundwork to do again the next time you want to buy.

Rob Bence is the CEO of the Property Hub group. To find out more about Property Hub Invest, visit propertyhub.net/invest

Property Geek

The cost of playing the waiting game

with Rob Dix

When it comes to investing, sitting on the sidelines and waiting to see what happens isn't going to make you any better off, says Property Hub co-founder Rob Dix.

One of the best-known investing aphorisms was given to us by the always quotable Warren Buffett: "Be greedy when others are fearful; be fearful when others are greedy".

Warren wasn't talking about the property cycle in the UK specifically, but he may as well have been: while most people were submitting sealed bids for any old property in 2006 and wouldn't dream of going anywhere near an estate agent in 2009, if you'd done the exact opposite you'd be in a very happy place indeed.

We're getting on for three years since the EU referendum, and we've not seen a lot of greed or fear when it comes to property. Just a whole lot of...nothing at all.

Despite apocalyptic projections of a 30% fall in house prices, the property market hasn't been gripped by panic selling. Yet while things haven't been scary enough to force many people to sell, the constant background hum of disagreement and uncertainty has put a lot of people off buying too.

The result? "Wait and see". Transactions are a long way down, and falling: the only people buying and selling are those who are forced to by their circumstances, along with the small number who are enlightened enough to notch out the noise.

Doing nothing has its price

If you've been sitting on cash since the EU referendum, inflation means the buying power of that cash has fallen by at least 6.3% (as measured by Consumer Price Index inflation). Even after accounting for a tiny bit of interest you might have been paid, you're probably at least 5% down as a result of doing nothing.

Then consider property prices. While most people have been sitting back to see if prices fall, the average property price across all major UK cities is up by 8% since the referendum (according to Hometrack's figures). In the best-performing city – Manchester – it's up by 15%.

So take the cost of staying in cash, add in the return you would have made by buying with leverage and getting the average 8% return, and...well, I won't do the maths for you because it'll save me a couple of napkins and it might upset you.

OK, if we *do* end up having a 30% plunge in property prices then everyone who's sat on the sidelines will be vindicated, and I'll feel pretty silly. But assuming we don't, this is a perfect example of how you *definitely* lose when you're paralysed into inaction by fear of a situation where you *might* lose.

How do you get the confidence to act in the face of day-to-day uncertainty, unrelenting negativity and the odd proclamation of catastrophe? By focusing on the fundamentals. Day to day, there's always some looming disaster that *might* be bad news for your investments. By the next day, most of them are forgotten – to be replaced by a new set of worries.

But year to year, decade to decade, the fundamentals that make property a great investment don't change much – if at all. So you don't even need to be greedy: if you believe in the core principles, just ignore the noise and invest consistently over time. You might not end up as rich as Warren, but you'll be far better off than if you'd let fear get the better of you.

OPINION

Getting a move on

The average length of time people stay in one home increases every year, and is now up to 23 years. That's a surprising number, because enough changes in most people's lives over that period of time that you'd expect them to need more space, or less, or want to move somewhere different.

Indeed, according to the Office for National Statistics, 82% of privately owned homes have at least one spare bedroom. While of course people are free to have as many spare bedrooms as they want, it's fair to assume many *would* scale down if there weren't so many barriers to them doing so. And more people moving would mean more choice for everyone who's looking to buy, a better allocation of the housing resources we have available, and more tax revenue for the government.

So what's stopping people from moving?

The obvious villain is stamp duty. It seems odd that we tax things like cigarettes and sugar in an effort to stop people from buying so much of them, then act all surprised when increasing the tax on moving house causes people to do it less.

But people are pretty well used to being taxed at every turn, and even downsizing to a relatively expensive (outside the South East) £300,000 house only attracts £5,000 of stamp duty. The tax doesn't help, but I think a larger deterrent is how truly awful the experience of buying and selling property in the UK is. While it's always going to bring an amount of hassle and disruption, it shouldn't be the second-most stressful life event we experience (after divorce), as one study found.

> "It seems odd that we tax things like cigarettes and sugar in an effort to stop people from buying so much of them, then act all surprised when increasing the tax on moving house causes people to do it less."


Why is moving the second-most stressful life event we experience?

The process of agreeing how much to pay for a property *then* having to pay for surveys to find out everything that's wrong with it is crazy. The conveyancing process is stuck in the dark ages, and weeks pass while you wait for pieces of paper to arrive. Solicitors wouldn't win a customer service award even if only solicitors were allowed to enter, and because Brits are oddly reluctant to pay anyone to help with the biggest transaction of their lives, the selling agent is spread too thinly to be much help and there's no professional buying agent to step in and get things moving.

I get countless despairing emails from investors every week, asking what they should do as a result of seemingly endless delays they don't really understand and can't get a straight answer from their solicitor about. They're at their wits' end, and these are just *investment* purchases: if you're worried about not having a home to move into, it must be a hundred times worse.

If I were the government's housing minister, this is a problem I'd be very interested in solving. More people moving means more tax revenue, a better allocation of housing reduces the need for so much to be built, and reducing the stress of the 100,000 people who move house every month would probably save the NHS untold millions.

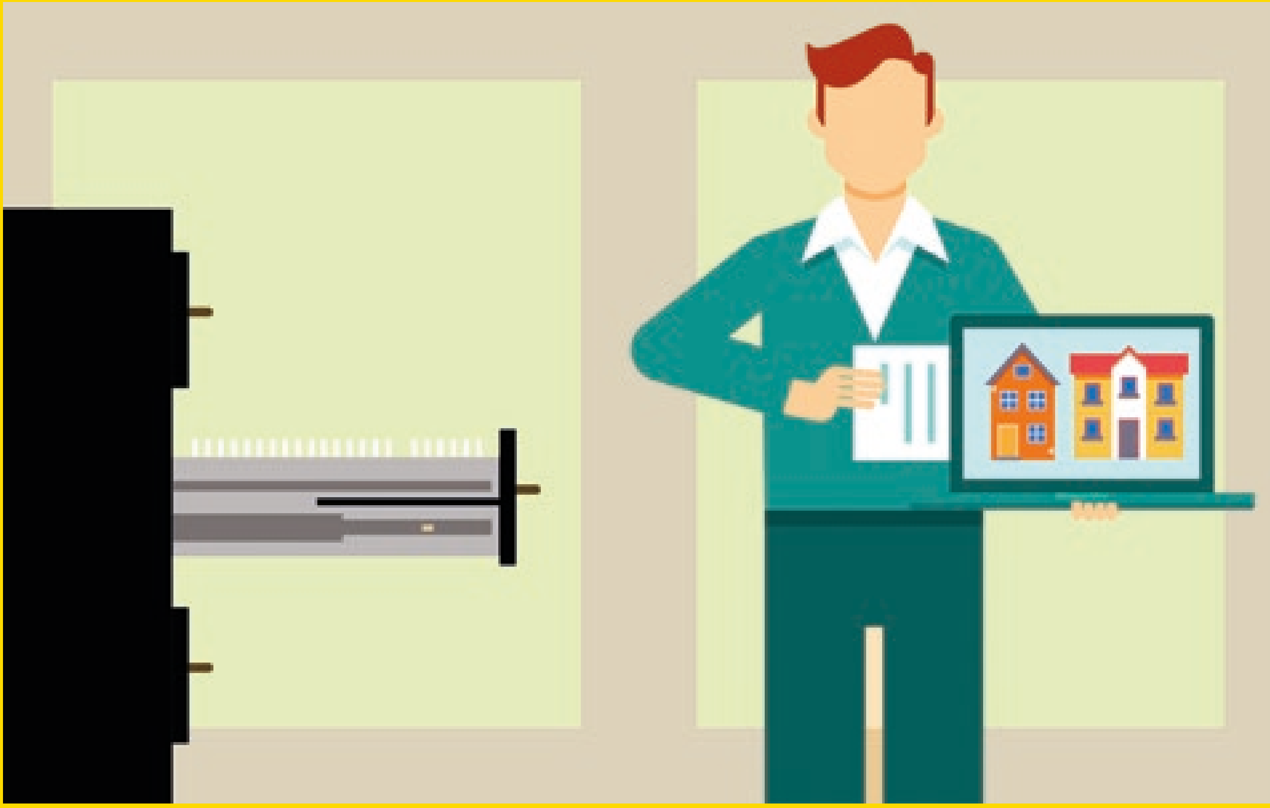
It wouldn't be easy, but it seems like a challenge worth taking on. And politicians could take comfort in one thing: however much they manage to mess things up, they can't make it much worse than it already is.

OPINION

How to...

Set up a paperless property system

Kiss that filing cabinet goodbye and embrace the digitisation of all your documents, says Chantelle Dietz.



There's no getting away from the fact that as a property investor, you'll have stacks of paperwork to keep on top of. Between lenders, local authorities, agents and all manner of other people you'll be doing business with – not to mention your own notes, records and receipts – your desk will soon start to disappear under a mountain of documents and your filing system will be fit to burst. And when it comes to finding that key piece of information just at that crucial moment, well, lets just say it can prove unnecessarily frustrating and time consuming.

Having things in a digital format not only saves time, it makes running properties much more straightforward and less stressful. The good news is there are plenty of free (or if not free, then very reasonable) software tools out there that will allow you to eliminate paper completely and pull everything into a super-efficient, automated system that's instantly searchable. Once you have your paperless property system set up, you can run your business on any device from anywhere in the world: we're envisaging drinking margaritas at a beach bar – but wherever you choose, you'll be safe in the knowledge you have everything you need to hand.

Create a digital filing system

Rob & Rob have talked extensively on the benefits of using Evernote, and it really is a great tool for storing all your property documents in one place. Papers can be scanned in using a scanner, but the easiest method is to use the mobile app to add documents by taking pictures of them on your camera phone. Its text recognition tool is the stuff of dreams for organised investors: you just need to remember one word and it will dig out the information for you regardless of whether it originated in a photo, email, letter or on the web.

You can organise Evernote's notebooks and tags whichever way suits you best and it works across all devices – both online and offline. There's even functions for setting reminders, taking photos and audio notes and storing annotated web content, which are all extremely useful when researching potential properties and recording viewings and inspections. The basic model is free, and has a 60MB monthly upload cap.

Set up an e-signature

Working with paper can slow your productivity right down, especially when it comes to contracts. The process of printing one out, signing it yourself, scanning it, emailing it over to someone, for them to then print it, sign it, scan it, and send it back to you can take days, even weeks. By signing contracts digitally, you can have the whole process wrapped up in a matter of minutes.

Frustratingly an inked signature is still a requirement for the Land Registry, mortgage deeds and certain other important documents, but there are far more you'll be able to breeze through with an e-signature.

If you only need a handful of documents signed each month, you can make use of some of the free software on offer: HelloSign, for instance, allows you to upload your signature and send up to three documents a month as part of its basic package. Adobe Sign and DocuSign perform the same function, but users have to sign up and pay a monthly fee. All of these platforms offer the added benefit of security – with files being encrypted – and help you to keep track of your contracts.

Manage your portfolio without a pen

No matter what the size of your portfolio, keeping track of your properties and any potential properties you might be interested in involves maintaining records, which traditionally involves yet more paper. Trello – a free task management app – is a great digital alternative. It provides a framework for mapping out your workflow and is particularly useful for collaborating and sharing information with others by giving a visual overview of what's being worked on.

Projects are organised into 'boards', with 'cards' used to record tasks and ideas, and 'lists' to show the various stages of progress. So, say for example you wanted to set up a board with properties you're interested in buying: your lists could include 'to view', 'viewed', 'offered' and 'accepted', and each card would contain details of each individual property.

The beauty of Trello is that, like Evernote, it is so flexible you can use it in whatever way is intuitive to you. It's handy for building checklists for repeat processes, and – if you want to get really clever – you can integrate it with other web services to perform automated tasks, like triggering property alerts or sending off an email to your solicitor once an offer is accepted.

Do your accounts via an app

If you haven't already gone digital with your accounts, then now is the time to do so. The government's Making Tax Digital scheme means it will soon be essential to file accounts online, and it has already been rolled out in some areas, with corporation tax for limited companies and income tax and national insurance for sole traders set to come under the spotlight in April 2020.

Accounting apps Quickbooks and Xero are both compatible with the scheme, and both are useful tools for doing your own accounts. Sending invoices, adding receipts and creating expense claims can all be done on the go, and you can get a real-time view of your cash-flow any time, anywhere. Using the Receipt Bank add-on, you can even take photos of your receipts to automatically import them, and forward in invoices you've received by email.

Ditch the paper

We've given you an overview of just some of the tools you can use to achieve a paperless property system. There are so many ways you can tailor these platforms to your advantage and indeed, many more tools that will help you achieve similar results. Whichever way you decide to do it, going paperless really is a life hack that will help save you time, be more organised, give you the freedom to manage your properties remotely and ultimately leave you with a warm fuzzy feeling you're doing your bit to help save the planet.

For more free educational property articles, courses, webinars and videos visit **propertyhub.net/education**

Ask Rob & Rob

Our agony uncles Rob B and Rob D are here to help with your property problems. Send your questions to hello@propertyhub.net, and we'll answer the best queries in every issue.

Ruth asks: Is it a good idea to buy in several different areas?

The Robs reply: Although there are definite advantages to being a local expert, it's unlikely a single area will be a consistently great place to invest. That's why we invest all over the UK, in areas we know have good fundamentals. We allocate a lot of time to research, and we feel investing in different locations is less risky. Having said that, there are pros and cons to each approach, so there isn't a single answer for everyone. What's right for you won't necessarily work for everyone else.

Harry asks: Should I quit my job and go into property full-time?

The Robs reply: That's a question many people wrestle with. It helps to put a number on what you'd need to earn to justify leaving your job, even if it's not as much as your current salary. You can then work out the number (and type) of projects you'd have to do to obtain that level of income. It's never going to be plain sailing straight away, and there's a heck of a learning curve. For your first project, you may want to consider a joint venture with someone who has experience already. Alternatively, think about going to a Meetup or asking for advice on the Property Hub forum. We're a friendly bunch!

Anika asks: Can you use a mortgage to buy a flip?

The Robs reply: You *can* find mortgages that don't have early redemption penalties, but you shouldn't really be using them to flip properties. If you're borrowing money on the proviso that you'll have it for a couple of years, returning it after a few months is going to raise eyebrows. Lenders may let it slide a couple of times, because circumstances occasionally change. However, they'll notice if it becomes part of your business model, and they won't want to lend to you again.

George asks: Am I a bad person for being a landlord?

The Robs reply: The simple answer is no, but people have different motivations for entering this industry. Some landlords refurbish derelict properties and provide great new housing for tenants, whereas some foreign investors purchase properties solely as investments – never to be lived in, and potentially damaging the market. In the majority of cases, landlords are somewhere in between these two extremes. Rather than being superheroes or villains, they're just trying to get by and earn a living.

Want to hear more from our agony uncles? You can listen to a new "Ask Rob & Rob" episode every Tuesday, on The Property Podcast: propertyhub.net/podcast

Top *five* tips for buying off-plan

Thinking about buying a property off-plan? We've put together some handy tips to help you get a head start.

1 BUY IN A *RISING* MARKET BUT NOT ONE THAT'S RED-HOT

You might think you'd do best to buy in a market that's booming, because prices would grow the most during the off-plan period. That's true, as long as the market keeps booming until you collect the keys, otherwise you'll find yourself in trouble. The best time to buy off-plan is when prices are rising gently: you've got the best chance of capturing some growth without being caught out by the market turning.

2 CHECK YOU CAN FINANCE THE DEAL

The off-plan period can take up to a couple of years, and a lot can change in the mortgage market over that time. The deals on the table when you reserved your plot are likely to be long-gone by the time you come to arrange a mortgage. If your personal circumstances or the type of property you're buying mean you've only got a couple of lenders to choose from now, you might want to be cautious – because if those lenders change their policies, you could be left without any options. By seeking advice from a specialist mortgage broker before you commit, you'll be able to get a good idea if this is something you need to worry about or not.

3 BE PATIENT

There are so many variables in construction it's surprising if a development doesn't end up completing at least a bit later than planned. When you exchange contracts, the developer will need to commit to a 'long stop' date. If they can't deliver the completed property by this date, you're free to get your deposit back and walk away if you want to. Delays can be frustrating if you're waiting to get a tenant in and benefit from the rental income. But in a rising market, delays can be a good thing: you've already locked in your price, so until it completes you're still getting the upside without having to put in all the cash.

4 PICK A STRATEGY TO SUIT YOU

Developers usually offer a discount to off-plan investors to make up for the risk of buying something that hasn't been built yet, and the inconvenience of not being able to move in right away. There are two ways you can profit from this discount: to flip the property before it is finished or hold on to it and lock your price in for the long term. If you are going to flip, you need to be confident in the future of the property market. Holding on to the property is the less-risky option. It effectively gives you a buffer against property prices falling, and if prices go up, you'll benefit from the capital growth too.

5 PROTECT YOUR DEPOSIT

There's a risk when buying off-plan the developer could end up going bust before the development is even finished. As protection, you can take out insurance that will pay you back if the developer fails to complete the property, or arrange to have the deposit held in escrow, so the developer can't get at it until they've delivered the property. In almost all cases, insurance will only protect deposits up to 10% of the purchase price. So if you put down more than 10%, it's likely that some of your deposit will be at risk.

To learn more about the process of buying off-plan and the research you need to do, take our free course at propertyhub.net/education

TOP TIPS

Meetups

Meet likeminded investors who love talking property

Property Hub Meetups are the perfect place for sharing tips, advice and local knowledge with fellow Hubbers. They're fantastic monthly events, and are 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 friendlier and more supportive atmosphere than we've found at any other event.

Meetups are held on the first Thursday of every month and they're an invaluable resource of information. Make sure you register to attend.

propertyhub.net/events