PropertyHub Magazine

Making sense of property investment

Lessons learned

What has 2020 taught us?

propertyhub.net

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DISCLAIMER

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Welcome

Rob Bence (left) and Rob Dix (right)

The events of this year have given us a new perspective on life. The impact of Covid-19 has changed the very nature of how we live, and has presented challenges we never could have anticipated. But with challenges come opportunities. Opportunities to come up with new ways of doing things and make positive changes for the future.

Our cover story takes a closer look at the valuable lessons you – our hubbers – have taken from 2020, and how this new knowledge will shape the way you approach and manage your investments going forwards. One thing's for sure: Anne-Marie never wants to become a teacher.

Someone who knows a thing or two about overcoming challenges is ex-professional rugby player Ollie Phillips. He was a victim of a multi-million pound mortgage scam, which put the brakes on his plan to build a successful property portfolio, but now he's back on track and has set himself the ambitious target of building a passive income of £10,000 a month in the next five years.

If you're planning on getting a mortgage for your next purchase, you might want to give our feature on page 36 a read first. Natalie Thomas asks the experts why so many applications seem to be getting rejected right now, and finds out what you can do to improve your chances of getting yours accepted.

In amongst our regular mix of case studies, informative articles and opinion pieces, you'll find two new regular features in this issue. On page 8 we share your views on whether tenants should be allowed to decorate, while portfolio landlord Sam Jones has the last word on page 50, reflecting on what she wishes she'd known before she started investing in property.

We'll be sharing our own reflections on 2020 over on The Property Podcast in December and making our predictions for the year ahead.

We hope you enjoy this issue. See you in the new year!

Rob & Rob

Rob Bence has over a decade's experience 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.

INSIDE THE HUB

A roundup of what's going on across our hubber channels

ON AIR

Put up the bunting and bring out the cake. We'll be celebrating the 400th episode of The Property Podcast on 12 November. It feels like a pretty big deal for us to hit the 400-episode mark – it's a milestone not many weekly podcasts reach – so make sure you tune in, it's set to be a good one with some interesting insights into what we've learned over the past seven years.

propertyhub.net/podcast

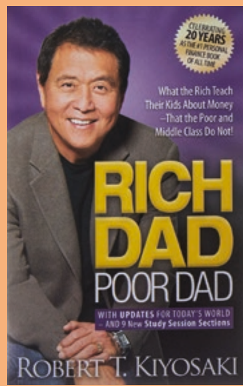
SOCIAL HAPPENINGS

Okay, so it's not strictly property-related, but we couldn't resist sharing Vicki Parnaby's adorable snaps showing what she and her children got up to on lockdown. "I bought an incubator...well two... and hatched 58 chicks/ducklings," she told us on Facebook. Vicki also managed to find time to buy property number ten, taking her one step closer to her goal of owning a smallholding and living "the good life".

If you've got some property pics – or cute animal shots – you'd like us to share, tag us in **@propertyhubuk**

HUB CHAT

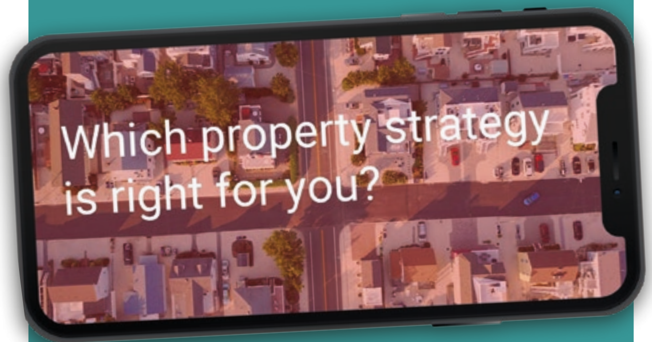
Our hubbers over on the forum have been sharing book recommendations. Charlie posted asking if anyone had any suggestions for personal finance books after reading Rich Dad Poor Dad by Robert Kiyosaki.
Join in the conversation at **propertyhub.net/forum**.



ON SCREEN

We might be in the final few months of the year, but there's still time to brush up on your property knowledge. There are lots of free course videos on our YouTube channel which you can watch in your own time, then head over to propertyhub.net/education to complete a quiz for each module.

youtube.com/propertyhubuk



ON LINE

This time of year is a great time to get clear on your property goals. Let's be frank, 2020 didn't quite go as planned did it? From November we'll be opening up our popular goals calls to a wider audience by hosting live webinars with our expert portfolio managers. You can log on in your lunch break and get all the guidance you need for free.

Book your slot at: propertyhub.net/goals

Market focus

The latest news and developments from the property industry

NEWS

SUPPORT BAND

Six organisations representing landlords, tenants and letting agents have joined forces to lobby the government to provide financial help to pay off Covid related arrears.

The coalition, which includes Shelter, the National Residential Landlords Association (NRLA), ARLA Propertymark, Crisis, Citizens Advice and Generation Rent, is calling for a short-term package of interest-free, government guaranteed loans worth £270m to help tenants in England who have lost out on income as a result of the pandemic.

Similar schemes have already been introduced in Spain, Wales and Scotland.

The group insists the loans should be paid directly to landlords and should cover all arrears accumulated since the start of the pandemic.

Meera Chindooroy, deputy director for policy and campaigns for the NRLA, said: "Landlords are not property tycoons and the vast majority have just one or two properties which they often rely on for at least part of their income or pension.

"All of our research shows that in the vast majority of cases where tenants have struggled financially due to Covid-19 landlords have done everything they can to sustain the tenancies.

"However our latest figures show landlords have lost up to £437m already as a result of Covid-19 and have been unable to access any of the financial support available to other businesses.

"Landlords cannot shoulder these levels of rent arrears indefinitely, nor should they be expected to.

"It is time the government stepped up to support the hard-working landlords out there providing the homes to let that this country so desperately needs."

Green grant

Landlords and homeowners in England can now apply for a Green Homes Grant to help make their property more energy efficient.

The voucher scheme covers two-thirds of the cost of eligible improvements, up to a maximum government contribution of £5,000.

Suggested improvements on the government website range from 'primary measures' like insulation and low-carbon heating, to 'secondary measures' like double glazing and smart heating controls.

While the grant sounds great in theory, there's one major snag. It's only available until 31 March 2021, meaning you have a six-month window to find a reputable tradesperson, book them in and have the work done.

Plus, you can only redeem vouchers for secondary measures once you have installed a primary measure and redeemed the vouchers for it. Simple then.

FUN FACT

There are now 12,545 streets in the UK with an average property price of £1m – an increase of 30% since 2015.

Source: Zoopla

Above Board

Airbnb has agreed to share data on how much income its hosts' have made from letting out their properties with HM Revenue and Customs (HMRC).

According to London accountancy firm, Grunberg & Co, the online marketplace made it clear when reporting its own tax affairs to HMRC that it would share information on hosts' income from the 2017/18 and 2018/19 financial years.

Alexander Kossoff, a partner at the firm, has warned this could lead to a rise of investigations against hosts if the tax authority feels any tax is outstanding.

He recommended hosts and other landlords that use the service to review their tax returns to ensure they have disclosed all their income.

"According to previous reports from Airbnb, it estimates that the average annual earnings for a typical host are just over £3,000," he said.

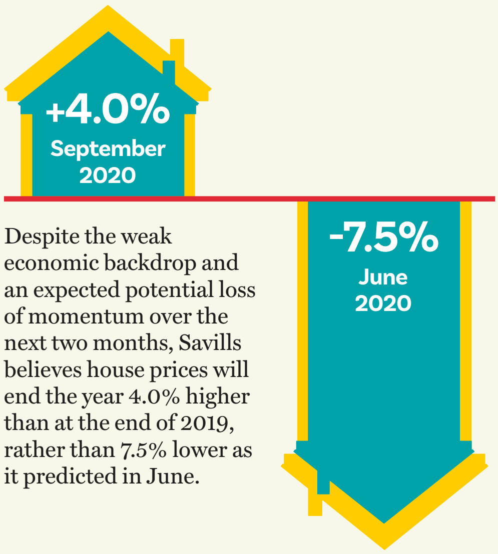
"Where someone uses the service to let part of the home that they live in they may be able to take advantage of the Rent-a-Room relief allowance of £7,500, which means they do not generate a tax reporting obligation below this amount.

"However, those hosts that rent out a second or third home, rather than part of their main home, cannot benefit from this same relief."

Forecast sunny for UK housing market

Savills says rebound has been stronger than anticipated

CURRENT HOUSE PRICES



Despite the weak economic backdrop and an expected potential loss of momentum over the next two months, Savills believes house prices will end the year 4.0% higher than at the end of 2019, rather than 7.5% lower as it predicted in June.

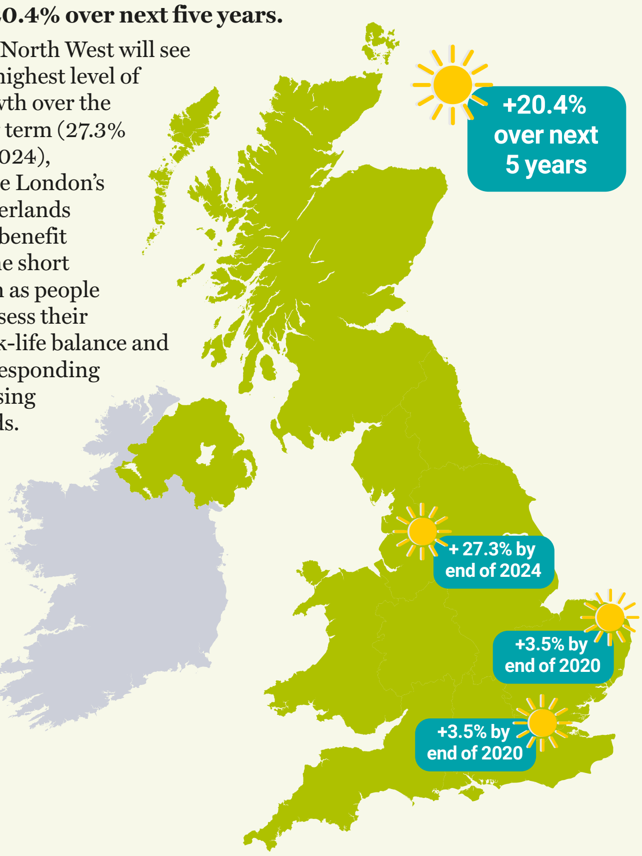
Good quality family housing with plenty of outside space is likely to perform better than smaller flats and houses in the short term at least

Source: Savills Research

FUTURE FORECAST

It suggests UK house prices will rise by 20.4% over next five years.

The North West will see the highest level of growth over the long term (27.3% by 2024), while London's hinterlands will benefit in the short term as people reassess their work-life balance and corresponding housing needs.



Let's talk about...
letting tenants decorate

Whether or not to let a tenant put their own stamp on a property is a decision every landlord must make. We asked you to share your thoughts on the subject, here's what you had to say

Amy Muckle via the forum

"I think there is a balance to be found here. Allowing a tenant to decorate may allow them to feel more 'at home' and more inclined to renew a tenancy. On the other end you lose control over what is done to your property and to what quality. I have allowed certain tenants – typically longer term tenants – to decorate in keeping with the tone of a property and I approve individual colours etc. Also, I have at times given permission for tenants to decorate on the condition that the property is returned to its original states from paint, fixtures, wall conditions etc."

Ashley Houlton via Instagram

"I always say yes but they have to use my decorator."

Nick Boaz via Instagram

"Yeah totally. It's their home. They should be comfortable and enjoy going home at the end of their working day. So long as it's in agreement with the landlord I think it's a good thing."

Karl Cassells via LinkedIn

"You absolutely need to know in advance what the plan is and if it's a particular style or taste that would make the property harder to rent. Part of the deal is that it has to be put back into a rental-friendly state before they leave. This agreement needs to be in writing too."

Richard Hughes via the forum

"Do they return it to the same condition? No. They're moving on and so no longer care. We had one tenant move out this year and we had to strip off the emulsion they had used on the gloss. They created more work putting the house 'back to its original colour' than if they had just left it.

But, it is their home so invariably we let them decorate in their style to feel at home. Even if they hadn't decorated, it would need a fresh coat of paint when they leave. So it's not really a problem, particularly if they stay a few years."

Vicki Parnaby via Facebook

"If you want long term lets then let them decorate. The more of their own effort, money and personality they pour into their home then the longer they (and their furry friends) will stay. If it's a long term let then you would probably have to redecorate anyway due to fair wear and tear. I've had a thankfully capable tenant re-plaster walls, replace flooring, do a loft conversion including new windows, and install their own kitchen – I just paid for fittings. They have added so much value to the house!"

Saran Sarai via LinkedIn

"I have been a landlord since 2006. On a second viewing I say to all of my prospective tenants that they are currently looking at a house which is going to become their home. If they want to decorate to make it comfortable and it enhances the property they can."

Karlie Meadows via Instagram

"I've lived in the States and Belgium as a tenant and in both countries it was common place for tenants to be allowed to paint and decorate as desired so long as it was returned to the original colour/decor once they left. Seemed fair enough to me. If someone is allowed to put their stamp on it then they're more likely to take care of it."

Phillip Curran via Instagram

"In my opinion and experience allowing tenants to make a home usually gives them a sense of place which in turn can lead to successful and longer tenancies (in most instances)."

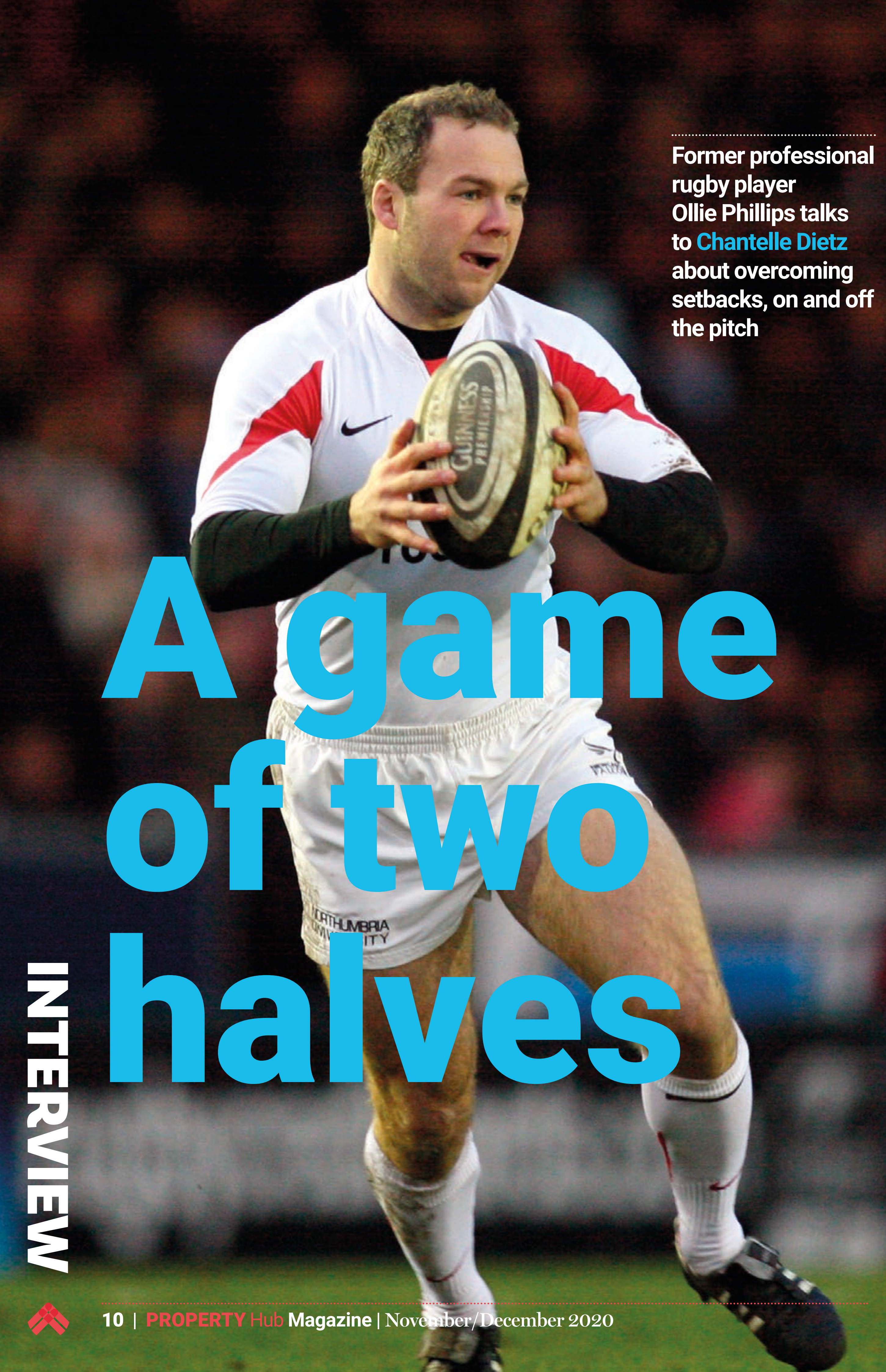
YOUR SAY

YOUR SAY

In the next issue we'll be discussing houses versus flats.

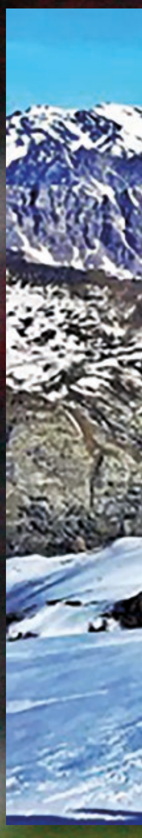
Join the conversation on our forum propertyhub.net/forum or on social media @propertyhubuk

INTERVIEW



A game of two halves

Former professional rugby player Ollie Phillips talks to Chantelle Dietz about overcoming setbacks, on and off the pitch



Ollie Phillips isn't the kind of person to let a difficult situation get the better of him. His career as a rugby player saw him captain England Sevens to three World Series Cup victories, as well as playing 15-a-side for Newcastle Falcons, Harlequins, Gloucester and Stade Français.

When injury forced him to retire early from the game in 2013, rather than sit at home and dwell on it, he jumped aboard a yacht and sailed off on the the Clipper Round the World Yacht Race, an experience he describes as "life changing".

Despite having never sailed before his training, Ollie and his team came second in the 10-month-long race. He even managed to raise £40,000 for the children's charity Wooden Spoon in the process, by agreeing to not shave off his growing beard while at sea. Back home, freshly shaven and on a high he knew he couldn't stop there: he was already busy planning his next adventure.

Over the past five years he's cycled across America, climbed Mount Kilimanjaro and broke a world record for the most northerly rugby match at the North Pole, helping to raise over £2.7m for the charity. And – through a contact he made competing in the Clipper race – he landed a job as director for real estate and construction at PriceWaterhouseCoopers (PwC), officially swapping the pitch for the boardroom in 2015. It's a role he still fulfils today, alongside running his own leadership business Optimist Performance.

Early influences

Growing up in Brighton, Ollie was always interested in the property investments his father made. "It opened my eyes to generating an alternative income stream," he says.

When he reached his twenties, he felt ready to follow in his footsteps and buy his first property. At the time he was playing for Newcastle and earning a regular wage so had managed to save up some money. He and a teammate decided to club together to put down a deposit on a house which they planned to refurbish and sell on for a profit.

They were put in touch with a mortgage broker via one of their contacts at the club, and left their application in what they thought were safe hands while they went away on tour.

"When I came back they'd taken out the best part of 30 mortgages in my name," he explains. "They'd forged my signature on mortgage applications I couldn't afford. Back then the governance wasn't as tight as it is now."

Looking back, Ollie says it was the "biggest learning curve" of his life: "I was very naive and

Left: Ollie playing for Guinness Premiership side Newcastle Falcons vs Leicester Tigers Photo: PA Images / Alamy Stock Photo

Below: Ollie during a fundraising climb of Mont Blanc

INTERVIEW

trusting of people in my early 20s and believed people were serving my best interests. Reflecting on it now, I feel quite philosophical.

"I'm not going to lie, it was a shitty time. It was the largest housing scandal in the North East involving 2,500 homes. I was a lead witness for the police prosecution and I had to fight with the lenders to prove I had nothing to do with it.

"It curtailed my enthusiasm and my ability to move things forward for about ten years. Eventually it all got sorted and rectified, but it was a long-winded process. Until I was absolved I was basically black-marked in terms of credit. It took me ten years to get it all sorted. It really gave me an appreciation of doing proper due diligence."

Starting again

When Ollie did finally dip his toe back in the property market, he did so with a friend. "Because of everything that had happened I wasn't able to get credit for my first investment, so I co-invested with a friend via a deed of trust."

The pair bought a house in multiple occupation (HMO) in Wigan that has been "really successful". Ollie managed to save up for his next two properties, and bought two single buy-to-lets (BTL) in Mancot, Wales, for cash.

He now owns eight properties in total, and is focused on growing his portfolio "exponentially" over the next few years along with his wife Lucy – especially now he can get access to credit again. "It's all moving in the right direction at last and I'm getting pretty excited about it all."

It was the largest housing scandal in the North East involving 2,500 homes. I was a lead witness for the police prosecution and I had to fight with the lenders to prove I had nothing to do with it

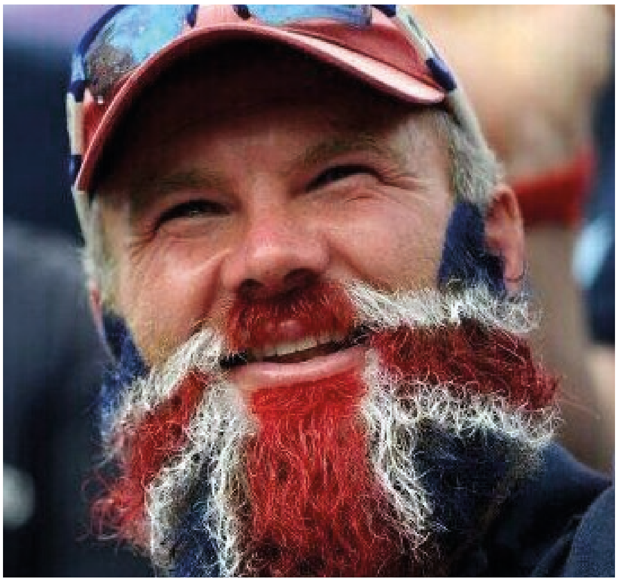
They'd forged my signature on mortgage applications I couldn't afford

Even though Ollie and Lucy live in London with their two young daughters Lillie-Mae 2, and Nia six months, they predominantly invest in the North East, a region Ollie knows well from his Newcastle Falcons days. "I lived there for eight years and played there for most of my career. I know the area well and it offers the sort of figures I'm looking at."

He and Lucy set up a limited company to manage their growing portfolio of investments last year. "We call ourselves the two sods in a pod, so our company is called Spod Properties," he laughs. They look for deals around the £80,000 – £120,000 price mark, with yields of 6.5% or more.

Earlier this year they began using peer-to-peer lending platform rebuildingsociety.com to lend money from their annual ISA savings to Spod Properties. "Because I couldn't get any credit, I've always made use of my annual ISA allowance – it was the only way I could save money and make money," explains Ollie.

"It's a really smart and tax-efficient way of investing. The beauty of the Director's Loan Account ISA is that money comes into your company via an Innovative Finance ISA– and the interest payments go back into your ISA, which is tax-free."



Ollie at the post-race celebrations for the Clipper Round the World Yacht Race

INTERVIEW

Climbing Gran Paradiso Ridge in the Italian Alps

Juggling act

Now 38, Ollie's life is a juggling act of family life, business, charity work and – once again – rugby: he became head coach for the Welsh women's Rugby Sevens team at the start of this year.

With so many balls to keep in the air, maintaining focus and maximising his time is something he is very mindful of. "I'm always looking at ways of becoming more efficient and structuring my time better. Time is the only commodity I can't get more of, so I try to make sure whatever I'm doing I'm maximising my time. It's easier to make more money than it is more time.

"Don't get me wrong: I do have those days where I feel like I'm just chasing my tail. But I've got better over time at making sure I don't get too het up about it."

Plenty of forward planning and perseverance – both skills Ollie originally learned on the rugby pitch – are what keep him on track.

"Life as a professional rugby player can be so volatile: one moment you're flavour of the month, the next you can be out on your ear. When I first started playing I was obsessed with everyone else around me. I was constantly questioning: what are they doing that I'm not? How can I be better? It drained so much energy from me. Eventually I learned to just focus on my own game, the things I could control and not sweat the other stuff."

It also helps that Ollie has a clear goal which keeps him focused and pushing forwards. He's set himself the ambitious target of creating a passive income for he and his family to live off over the next five years. "My target

At the heart of every decision I make is my family's future. It makes it easier when you're working towards an end goal that you're really passionate about

is £10,000 a month in overall earnings. I'm on the road to that at the moment and doing okay."

Everything he does is linked to this purpose. "At the heart of every decision I make is my family's future. It makes it easier when you're working towards an end goal that you're really passionate about."

Ollie is well aware life has its curveballs. For one Covid-19 has meant – like for many of us – he's had to put plans on hold this year, but something tells us he won't stop until he's achieved what he's set out to do.

Ollie and Lucy taking part in Race Across America

LOCATION FOCUS

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PLACES

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Crewe's enviable position at the heart of the HS2 masterplan could make this Britain's most connected conurbation. Neil Cumins investigates other reasons behind Crewe's slow-burning appeal

PLACES

On paper, Crewe arguably resembles a perfect investment location. Look at a map, and you'll find it tucked beside the M6, roughly equidistant between Manchester and Birmingham. Read the news, and you'll see it mentioned as a key interchange for HS2, slashing already-impressive travel times to London, Manchester and Glasgow. Look for jobs, and you'll discover blue-chip employers including Bentley, Bombardier and Barclays are resident here, many at the 67-acre Crewe Business Park. And a visit to the Ofsted website will prove most of Crewe's 84 schools have received either good or outstanding reports.

Yet Crewe has remained one of northern England's less heralded property investment locations. It's still possible to purchase a modern two-bedroom flat or an on-street brick mid-terrace for £85,000. The town centre has been in deep decline for many years, with lockdown only exacerbating the situation. And mentioning Crewe to people unfamiliar with Cheshire often results in a blank stare. So what's been holding investors back? And are their concerns still justified?

Crewe cut

There's a strong argument that Crewe has simply been held back by the when, not the where, what or why. HS2 hasn't happened yet, and the current 93-minute travelling time to London Euston hasn't captured any headlines. The newly opened University of Buckingham campus has yet to establish itself in the site formerly occupied by Manchester Metropolitan University. And the town centre is undeniably disappointing by Cheshire's rarefied standards. Residents of affluent satellite towns tend to dismiss Crewe's tired urban core, with its unusually high ratio of unattractive (and unoccupied) 20th century buildings.

Once again, it's all a matter of timing, as local investor James Eccleston explains: "A lack of investment by the local authority has meant the centre of Crewe has been left by the wayside in recent decades. However, it's now been purchased by the local authority and lined up for redevelopment. It's long overdue, but I think it will completely change Crewe's fortunes."

That would bring the town centre into line with its suburbs, which were performing strongly until lockdown: "House prices have been steadily rising for the past few years. Tenant demand is always high due to great employment, infrastructure and schools," adds James.

Victorian values

The post-lockdown property market is equally healthy, according to James: "It could be due to pent-up demand, but I'd say the market is really buoyant. There seems to be more tenant demand than there ever was." For landlords, that equates to strong yields: "The yields are pretty good anywhere in Crewe. You could buy at market value and get an 8% gross yield on a house by renting it to a professional family. You'd be looking at a two-bedroom Victorian terrace for £75,000 and renting it at £500pcm."

The rewards are even higher for Houses in Multiple Occupation (HMOs) – but so are the risks, says James: "You can achieve double-digit yields, but I would say there is a bit of an oversaturation of HMOs. Almost every letting agent I've spoken to has advised against me against going down that route."

It's a sentiment echoed by Zoe Conning, managing director of Crewe-based Amplo Lettings. "Focus on conducting the correct due diligence on the HMO market within Crewe, because you can be caught out with a potential over-saturation on particular streets," she says.

Crewe Lifestyle Centre

PLACES

Zoe points out that buy-to-let (BTL) yields are strong across the town, with rental demand often outweighing supply: "Two and three-bedroom properties typically rent for £500-675pcm, depending on their exact location. If the stock is of good standard it should rent very quickly. A lot of our tenants tend to be NHS workers, or tenants moving from Manchester for work at the business park."

Historically, healthy yields have been supported by strong capital growth. This was a key reason why Property Hub Homes chose to build its first new-build development in Crewe. "We wanted to build a development in an area that we knew would benefit from long term capital growth," says Property Hub Homes' Rachel Cranfield.

"We always intended our Property Hub Invest clients to purchase the properties at Grand Junction as buy-to-lets. We didn't have a specific focus on Crewe, but the price of the land, combined with Crewe's regeneration, strong employment and HS2 plans made this an obvious location."

Grand designs

In terms of Crewe's more established property stock, an extensive collection of Victorian terraces was built to serve workers at the Grand Junction Railway company. These range from classic two-bedroom on-street villas to four or five-bedroom houses built for railway managers.

Post-war bungalows are available from around £110,000, while a three-bed inter-war semi will cost upwards of £150,000. Even five-bed homes in the exclusive Wistaston district can be yours for under £400,000, reflecting the fact most wealthy buyers prefer more prestigious addresses like Nantwich or Sandbach.

According to Zoe, it's worth extending a property search across Crewe: "I wouldn't say there are any particularly bad areas, as long as you buy at the right price and deliver a quality home that's maintained and reasonably modern."

James Eccleston concurs: "I don't know of any areas that are particularly bad, or to be avoided. I think Crewe is pretty forgiving. As it's fairly small, it doesn't hugely matter where you buy, as there are fundamentals everywhere and they're never far away."

In terms of the properties themselves, James highlights a few universally desirable features: "Because there are so many professional families looking for accommodation in Crewe, the most popular properties are houses with gardens. Off-road parking is a big bonus, as most houses are Victorian terraces with on street parking only.

"Modern properties are more popular than the older terraces for both buyers and tenants, but you pay a premium for them and therefore yields are lower.

SITES FOR SORE EYES

These are some of the current or forthcoming schemes to watch out for across Crewe:

- **Town centre**

  Half a mile north of the all-important train station, central Crewe could be transformed by £50m of investment from Cheshire East Council and private developers. High-profile projects include a £3m refurbishment for the Grade II-listed Market Hall, while there will also be a focus on rejuvenating the Civic and Cultural Quarters.

- **Royal Arcade**

  The long-awaited Royal Arcade scheme has been a bone of contention locally for many years. Work was scheduled to start months ago on creating a mixed-use retail/leisure plan which would combine a bus station and multi-storey car park with ten shops, an eight-screen cinema, a bowling alley and gym. However, construction has now been delayed until summer 2021.

- **Leighton**

  Plans were submitted in July for 400 new homes on a 24-hectare site near Leighton Hospital. Worth an estimated £69m, this scheme is being undertaken by developer Mulbury and regeneration group Torus Developments. Centred on a park and playing fields, homes will range from one to four bedrooms in size, and a planning decision is due imminently.

"Capital growth has traditionally been highest on Nantwich Road near the train station, and Hungerford Road near the university campus and retail park. But if you look at sold house prices over the past couple of decades, there's healthy price growth everywhere."

Looking into the future

Rachel acknowledges the "crazy tenant demand" in Crewe: "We knew it was strong from the research we had conducted, but when our completed Grand Junction properties came to the rental market, they all let really quickly with four or five suitable applicants per property. We had a similar situation with another Crewe development, too."

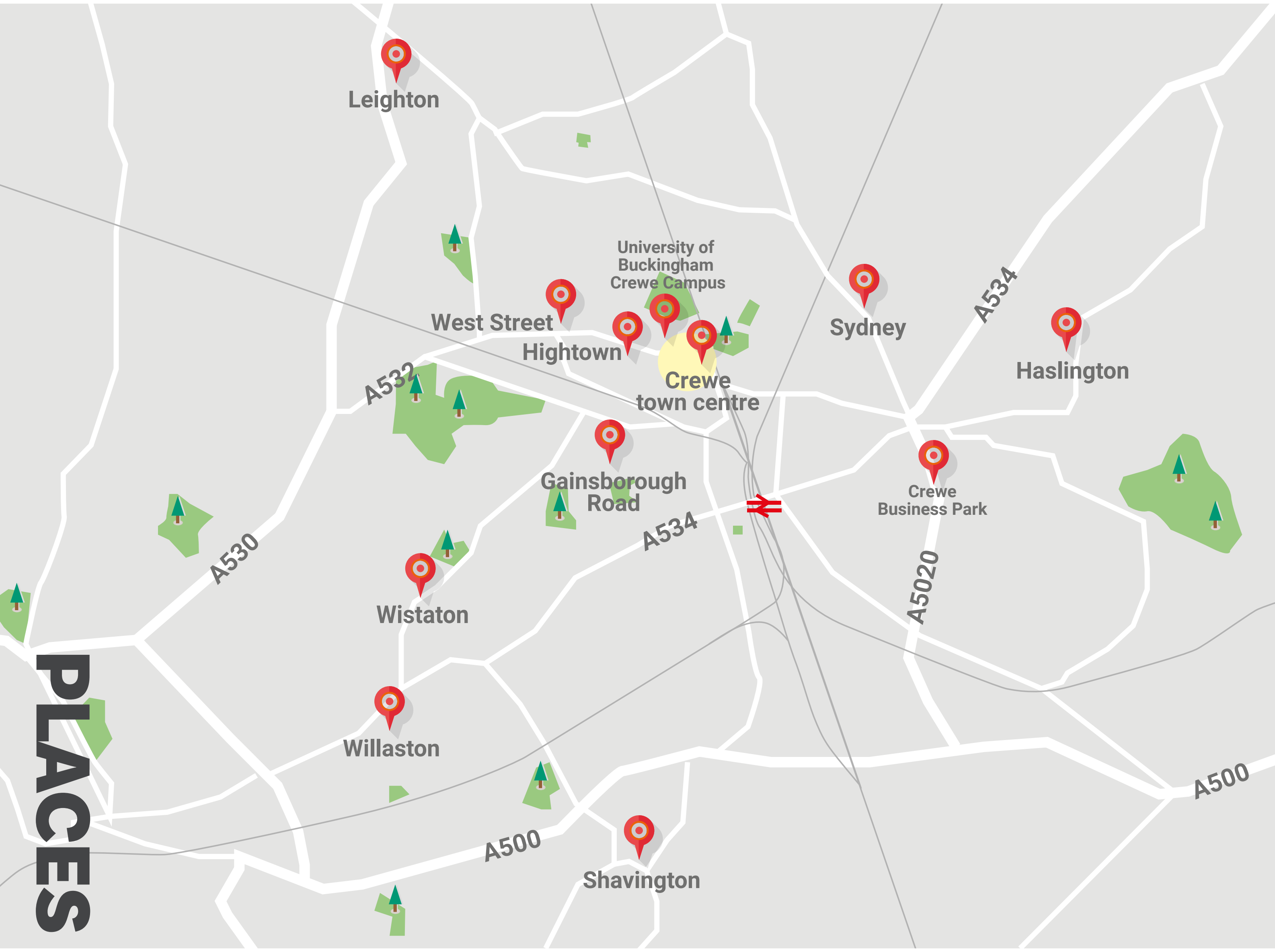
The final word goes to James Eccleston: "I feel we are on the cusp of an exciting future for Crewe. It's not a big town but there are some great employers and it's not reliant on one particular company or industry. There's a great mix of different industries and its location is great – it's in the middle of everything, with fantastic infrastructure. As an investment case, it really ticks every box."

Postcode lottery

These are the key suburbs and districts that landlords and investors should be aware of:

- Best for high-end housing: Wistaston, Shavington
- Best for young professionals: Leighton, Wistaston
- Best for students: West Street, Gainsborough Road
- Best for transport links: Willaston, Haslington
- Best for yields: town centre, Hightown
- Best for capital investment: Sydney, town centre

Property Hub's Grand Junction development



COVER FEATURE

Twists, turns & lessons learned

While few of us would have anticipated just how challenging 2020 would be, it's nonetheless provided us with all sorts of invaluable experiences which will shape the way we approach and manage our investing in the future, writes John Fitzsimons

The end of a year is a time for reflection, to look back on the previous 12 months and consider what went right, what went wrong, and how we can do things differently in future. And few years have been quite so eventful as 2020. So what have been the big lessons of this year? We spoke to a host of Property Hubbers to get their take.

> "I have no doubt something else will crop up, but if this year has taught me anything, it's to relax"

Adapting to change

For Holly Leslie, a landlord in her first full year as a property investor, the key lesson to take from 2020 is the need to be able to adapt to circumstances as they change.

She bought her first investment project in August 2019 and says she's now almost finished, six months behind her original schedule and with a very different plan to the one she started out with.

The property was picked up at a discount due to being in relatively poor condition, and Holly says she bought it with the idea of extending it and then selling it on for a "reasonable profit". However, the planning stage proved trickier than expected as the area is of historic interest, meaning Holly had to "jump numerous hurdles" in order to get her plans through, which she eventually did after three months.

And then along came Covid-19. The pandemic initially dented Holly's chances of accessing formal funding, so she had to turn to a relative for help, though her plans were again thrown off course when she herself contracted Covid-19 and was ill for the best part of two months.

Further complications have come in the form of delays to renovation work for the property, as well as the money from the family member no longer being available due to their own ill health, but Holly remains resolutely positive.

"I have no doubt something else will crop up, but if this year has taught me anything it's to relax. Plan, change the plan and then plan again. You can't predict the future; all you can do is meet it.

When things go wrong it's not failing, it's adapting. I've found it's important to give yourself a break. You are trying your best and you can't do any better than that."

Finding peace of mind

Back in March, one of the first measures introduced by the UK government in reaction to the Covid-19 crisis was to implement a complete ban on evictions, in the hope no renter would be forced out of their home because they were unable to work.

The ban initially ran until 25 June but has been extended twice as the effects of the pandemic have continued to be felt. While it provided tenants with some certainty over their housing position, it also led to concerns among landlords who faced the prospect of months without rental income.

Catherine Gladwyn, a landlord based in Swindon, says this year has made her realise how important having rental protection is, despite previously being sceptical about it.

"I always thought I'd be okay, and dismissed the extra expense as something the agents try and sell to get more money out of you. My rented property is next door to me, so I thought I'd just go round there and kick them out myself if they didn't pay.

"I think many tenants have an attitude that landlords are the devil and think nothing about not paying, but we have mortgages and insurance on our properties and we have to keep them maintained, so the rent is not always a profit of any kind, it's an investment. Mine is my pension, hopefully."

When the legislation banning evictions was introduced, it caused Catherine to think twice. The lack of certainty over how long the situation could continue for, and the potential danger of her tenant losing their job, encouraged her to take up the offer of rent protection through her agent.

"My tenant has the reassurance that – should she lose her job – she's not out on the street, and I now have the reassurance that her rent is covered and I can continue to maintain the property if and when required.

"Just last weekend I had a new flat roof put on the property. I'd have probably put that off until after this new non-eviction rule ended so that I was keeping a buffer of money. The peace of mind has been wonderful."

Keeping money aside

Others have looked for the same kind of financial reassurance in a more old-fashioned format: the humble savings pot.

Tricia Urquhart says the importance of having some savings to turn to in the time of an emergency or an unexpected expense was drilled into her a long time ago. While it is good advice for anyone, she believes it's even more important for landlords.

"As a landlord I always need to be able to pay for a new boiler, or new carpets, or to refurbish a kitchen.

> Clearly some things can be planned for, but many can't. That's why I have always kept some money readily available
>
> Tricia Urquhart

Clearly some things can be planned for, but many can't. For example, I might want to put in a new kitchen between tenants, but I'll only get one month's notice of them leaving. It's the same with bathrooms or carpets, while a boiler can break with no notice. That's why I have always kept some money readily available."

As a result she advocates having savings worth at least three months of income as emergency funding should things go awry.

And while this has been a sensible way of managing budgets in the past, Tricia suggests it has been even more important for landlords in 2020, with so many tenants facing reduced incomes.

Having a savings safety net means you are able to adapt to situations too. Tricia was lucky: her tenants have continued to pay their rent so far, but she has made the decision to cancel all planned rent rises for the year.

Doing the sums

Some landlords have taken a more dramatic approach to the threat the pandemic has presented to rental incomes.

Fraser Marshall, a landlord in Scotland, says it became clear to him early on that "there could be a significant financial impact on some of my tenants, many of whom are fairly young, and if furloughed, a 20% drop in income could be significant. By comparison, I was in a fairly strong financial position – I have nine rental properties here, bringing in around £4,000 gross every month, with only one fairly small mortgage costing around £250 per month."

As a result he opted for a 20% rent reduction across his portfolio, a move which garnered a strong response from his tenants. "Clearly furlough reduced their income and they were struggling."

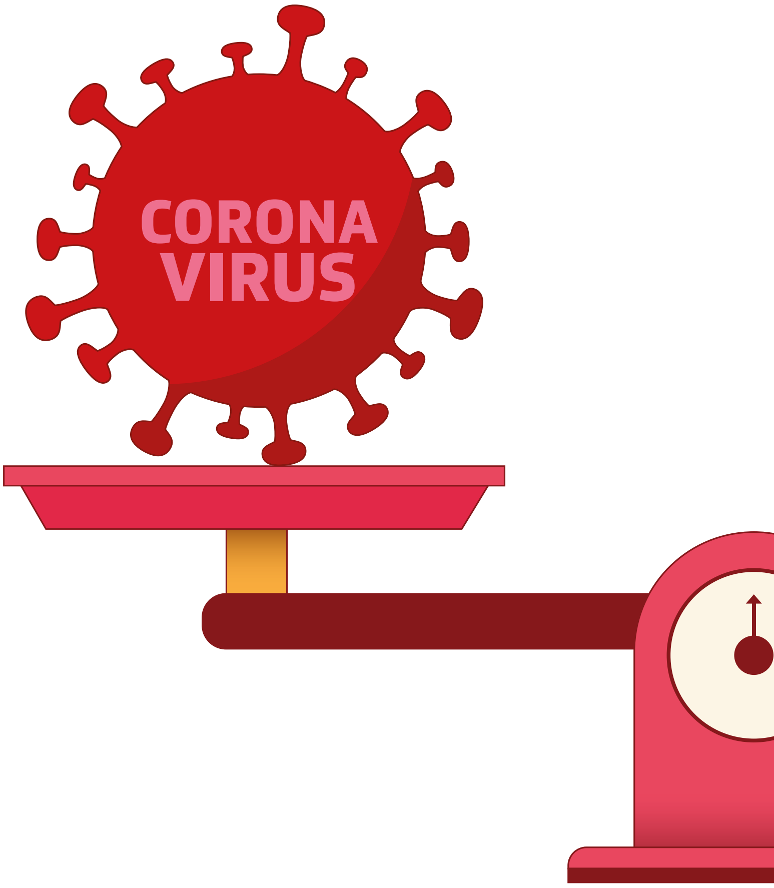
He adds that he has been very fortunate this year, avoiding some of the negative experiences other landlords have faced, and so doesn't plan to make any particular changes to the way he operates his business.

"The longer I have spent as a landlord, the more I have developed systems and processes: checklists for moves in and moves out, inspection forms and so on. None of them have needed to be modified yet as a result of this year's situation. I have also been lucky not to have had any tenants made redundant."

> The longer I have spent as a landlord, the more I have developed systems and processes: checklists for moves in and moves out, inspection forms and so on. None of them have needed to be modified yet as a result of this year's situation
>
> Fraser Marshall

COVER FEATURE

> "The pandemic has been a very uneven event, with some areas of the economy being hit much harder than others"
>
> Tricia Urquhart



Spreading the risk

Tricia argues that the tumultuous nature of 2020 has demonstrated the importance of diversifying for landlords, and making sure not to put "all of their income eggs in one basket".

She adds: "The pandemic has been a very uneven event, with some areas of the economy being hit much harder than others. Being overly exposed to one area could have disastrous consequences, so I think that is another important lesson to take from 2020. I have a pension, stock market investments and property so hopefully I will always have income to rely on, whatever hits."

Switching strategy

For some landlords, the upheaval of 2020 has provided the opportunity to take a step back from the day-to-day operations and reassess what sort of assets they want to focus on.

This was the case for Vicki Parnaby, who had started shifting her portfolio towards larger houses which could achieve more each month in rent. However, she's now shifting back towards smaller, three-bed family homes that bring in around £425-£450 a month from tenants on Universal Credit.

"My portfolio was mainly working tenants due to the limits mortgage companies used to put on benefit tenants. But I'm finding more of my portfolio is changing to Universal Credit, in some cases due to Covid-19.

"Someone already on Universal Credit can't lose their job, so hopefully it will help us weather any future downturns. The yield is better anyway, but it's much harder to find a property that's in excellent condition in order to keep the repair costs down," she says.

After two of her tenancies hit difficulties due to relationship breakdowns, Vicki questions whether her strategy needs to be adapted further.

"I've always favoured three-bed houses in order to attract families as long-term tenants. The market seems to have too many two-beds and threes are rarer. But I wonder if there will be a shift to the smaller houses with all these breakups."

Despite the uncertainty, there has still been the opportunity for Vicki to expand her portfolio. She picked up her tenth property this year, which she says she got lucky with "as the seller was highly motivated due to being in a chain and thought an experienced investor was the most reliable choice to sell to".

The game has changed

Gian Paolo Aliatis runs a flatshare business and says that while he was prepared for a tricky 2020 as a result of Brexit, the pandemic had an even more dramatic impact with many tenants effectively disappearing.

"In the flatshare industry, we operate at occupancies of around between 90 and 95%. We saw a drop in occupancy by about 40% in less than a month. In our case, losing over 500 tenants in less than 30 days. Most of those tenants simply disappeared.

"During the lockdown, we still had maintenance teams attending properties to solve maintenance issues, to find one out of five rooms occupied, in properties which in our system were supposed to be fully occupied."

He argues that the "game is completely different now", having shifted from a shortage of supply to an over-abundance, with around three available rooms for every would-be tenant.

"The importance of having professional lettings teams that can grab the attention, particularly of those few looking for rooms is critical."

"It's important to keep the tenant happy; it's better to keep them satisfied and in place than have to keep finding a new tenant"

Anna-Marie Powell

"In the flatshare industry, we operate at occupancies of around between 90 and 95%. We saw a drop in occupancy by about 40% in less than a month"

Gian Paolo Aliatis

I don't ever want to be a teacher!

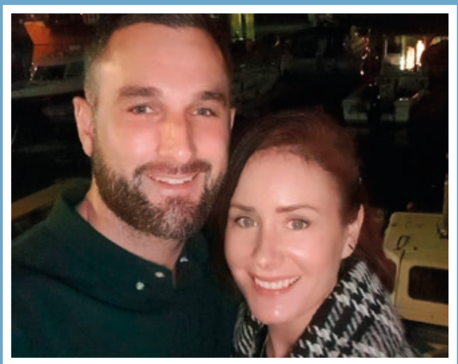
Anna-Marie Powell says she's thankful her property business has been able to "ride out the storm", even though she had to go through the process of finding a new tenant midway through lockdown after a long-standing tenant opted to move on.

"The letting agent said the property didn't need anything done to it, but we weren't sure. We also thought that if we are going to command a decent rent, given more people are looking now, we need it to stand out. So we had a company come round and do a survey for us. They went round and photographed everything that needed doing, warts and all. We then used their report to brief tradesmen and had the whole place redecorated."

Anna-Marie says that while she does periodic checks on her properties, she plans to make them more frequent. "It's important to keep the tenant happy; it's better to keep them satisfied and in place than have to keep finding a new tenant."

She adds that spending so much time at home has been nice, while it has also made clear that she was not cut out for a career in education: "My kids are back at school now. I spent a lot of time teaching my daughter during lockdown and I never, ever want to be a teacher!"

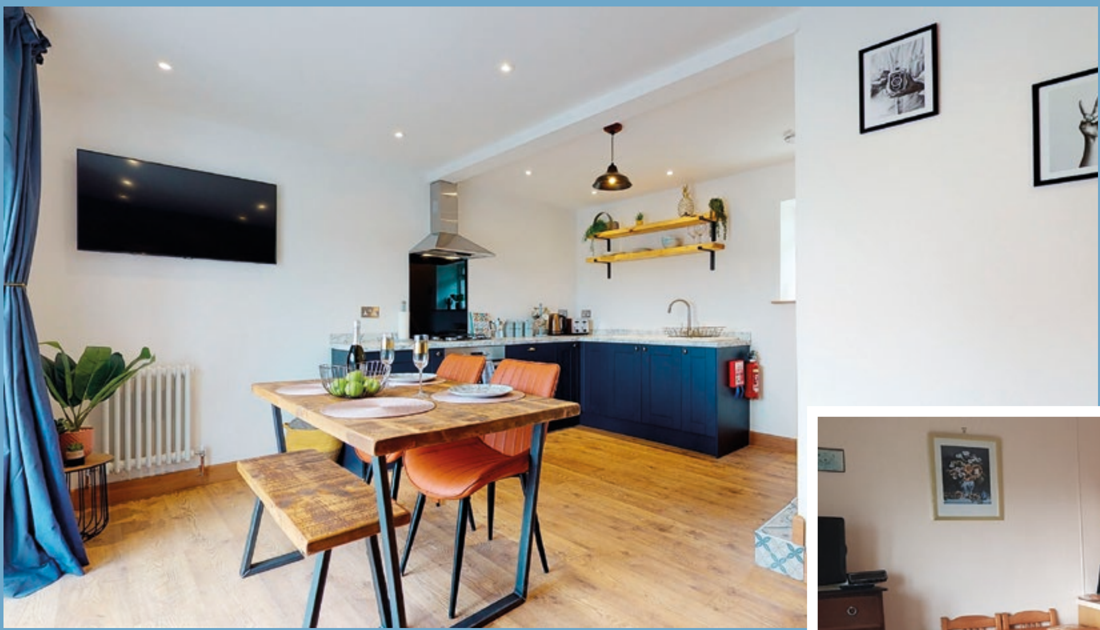
Home leave



Lucy and Dale Jinks

After 17 years in the military, mother-of-two Lucy Jinks and fellow RAF husband Dale are swapping tours of Kosovo and the Falklands for a boutique guesthouse by the sea. Benedict Moore-Bridger tells their story

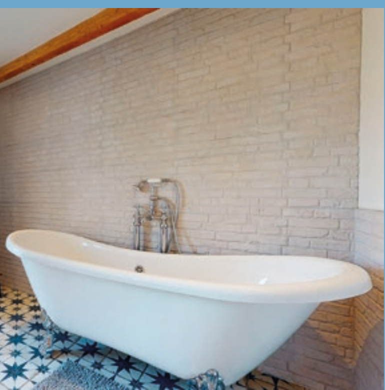
The Little Cottage exterior after renovation



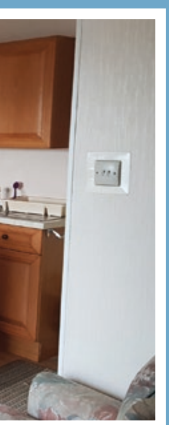
Above: kitchen after renovation

Right: kitchen before renovation

CASE STUDY



The roll-top bath in the master bedroom



Accidental landlords

With an interest in property from a young age, RAF administrator and physical training instructor Lucy, 36, was lucky enough to buy her first home aged just 20.

But following the breakdown of a relationship, this first experience of ownership turned out to be quite short-lived. Rather than being put off, three years later in 2007 Lucy bought a three-bedroom semi-detached property in Lincoln for £125,000, making use of a Forces' help-to-buy loan scheme called Long Service Advance of Pay (LSAP).

"I hadn't lived there long and then there was the crash," she says. "I was paying a really high mortgage and had a really high interest rate, so I ended up spending £2,000 to get out of that mortgage and get on a better deal because I had just bought at the wrong time."

In 2008, Lucy met future husband Dale, 37, a military survival instructor, and thanks again to LSAP, plus savings, in 2011 the two were able to raise £16,000 for a deposit on a £160,000 three-bedroom townhouse in Lincoln, allowing them to start renting out Lucy's home.

Despite earning £575 a month in rent, the couple were "not really in the mindset of being landlords".

"It was the start of our property career, although we didn't know it at the time," Lucy says. "We kind of fell into being accidental landlords."

Married quarters

After Dale was posted to RAF Cranwell in 2012, the newly married couple decided to move into married quarters on the base, and immediately rented out their townhouse home for £750 a month.

"We got the feeling that we wanted to start building a bit of a property empire," Dale explains, "so the best way to do that was move into married quarters as it's very cheap – a couple of hundred pounds a month for all your housing costs included – you can save a lot of money."

With a capital repayment mortgage of £500 a month, profits were slim.

"It wasn't anything that we were looking to live off, it was more to keep the property ticking over, letting it go up in value and appreciate over time, and keep that mortgage coming down, plus earning a bit of money as well, so it was a no-brainer really."

"We were pretty wet behind the ears," Lucy says. "We just followed set ways of doing things."

Nest-egg

In 2016, the couple, now with young son Sonny, began having a "few issues" with Lucy's first home, and so decided it was time to sell.

"The tenants were ringing up quite a lot – the boiler was starting to get old, issues with the fences – it was becoming a bit of a headache for us," Dale says. "I went in for a week or two to bring it up to standard, painting it, changing the carpets, basically doing a light refurb."

They spent around £4,000 improving the house. Within three weeks of it being on the market it sold for £135,000, giving them a £35,000 nest egg.

Without a clear plan of what to do next, the couple were nevertheless keen to make the cash work for them, so rather than leave it in the bank, they decided to invest in stocks and shares through a wealth management company.

But with returns pitifully low over the next year, and spurred on by "religiously" listening to The Property Podcast twice a week, they withdrew the money, confident in pursuing their dream of becoming serious property investors.

"I left the military in 2017 after deciding that I wanted to spend more time with my young family," Lucy says. "I dreaded the thought of being sent away for six months on another deployment.

"I decided that property investment could give us the lifestyle we really wanted, enabling more time together as a family and essentially becoming my own boss."

They decided to also sell their family home for £200,000 to release the equity, ending up with around £85,000 profit.

Dale was posted to Surrey and then

Above: bedroom after renovation

Left: bedroom before renovation

Above: bathroom before renovation

Above: bathroom after renovation

Loughborough before the couple finally decided to re-enter the property market.

"Dale and I had listened to The Property Podcast every Tuesday and Thursday on our morning commutes since 2016," Lucy says. "We took the plunge in March 2019 and met with Rachel Watts at Property Hub Invest – we made our first investment the very next day."

They put down a £16,000 holding deposit for an off-plan two-bedroom city centre apartment in the Eclipse project in Liverpool's Baltic Triangle, and just a few months later completed on an £88,000 newly-built one-bedroom apartment in Telford, finding tenants in just two weeks.

The Little Cottage

After spending around £45,000 investing in the two flats, the couple realised that although great for long-term wealth creation through capital growth, this style of hands-off buy-to-let investing would not allow them to accumulate enough properties for Lucy to make it her full time job.

"We decided to change strategies," Lucy says, "when Dale was posted to RAF St Mawgan in Newquay last November we decided to look at holiday lets."

After viewing a number of properties, the couple set their sights on a two-bedroom cottage five minutes' walk from Porth Beach on the market for £150,000.

Despite offering £7,000 below asking price Lucy had built a rapport with the estate agent who "could see we were serious investors", and managed to beat other buyers who had offered more for The Little Cottage.

With Sonny aged five and daughter Indy, two, Lucy and Dale quickly switched to a management company to run their Telford flat for £45 a month, to enable them to begin work on their new project.

"We had only lived in Newquay a matter of weeks. It looked like it had loads of potential; a short walk to the beach but needed quite a lot of work doing," Lucy says.

"It was an old, tired, two-bed cottage. We could have let it out that way, but after doing our research we realised there was a bit of a gap in the market for the luxury side of things and decided to transform it into a high-end boutique one-bed."

Covid

After a "couple of hold-ups" with the freehold and Energy Performance Certificate (EPC), Lucy and Dale ended up completing in March this year. A team of builders found through recommendations online went in, but then Covid hit.

"At first it was down tools – we didn't really know what was going on," Lucy says. "Then just the builder came back, but he couldn't get hold of any materials."

RUNNING THE NUMBERS

This is how The Little Cottage stacks up financially:

Purchase price: **£143,000**

Purchase costs **£6,600**

Finance method: **Holiday let mortgage, interest only 75% LTV, two-year fixed, 3.59%**

Deposit: **£35,750**

Amount borrowed: **£107,250**

Renovation costs: **£36,000**

Project duration: **17 weeks**

Done up value: **£190,000**

Total personal investment: **£76,400**

Monthly revenue: **£2,083**

Monthly expenses: **£548**

Monthly net profit: **£1,535**

"It was a bit of a nightmare, those first few weeks," Dale says. "I had been stood down from work for a few weeks, so I was driving around, trying to find things he needed – it was quite stressful trying to find suppliers as building merchants basically closed down.

"We wanted to keep things moving forwards, as we were in a race to try to get the summer market which is the most lucrative time. We didn't want to hang around."

Back to brick

The project involved knocking through the bedrooms to make one large master bedroom with a roll-top bath and views over the valleys. They installed a jungle-themed bathroom, and replaced the kitchen, as well as painting throughout and restoring the original beams.

"It was back to brick," Lucy says. "It was a full re-plaster, full rewire, we had to put a central heating system in – it was a full-scale refurbishment."

The project, which cost £36,000 on labour and materials, took just over four months to complete, with the first guests through Airbnb arriving weeks later in July.

"That cost was more than we planned for initially," Dale says, "But that's because we went a little bit more high-end than we first thought."

It has proved lucrative, with the couple earning £4,500 in revenue for August alone.

"We enjoy it," Dale says. "The reviews we're getting, making people have a nice holiday – it gives us that warm fuzzy feeling.

"I'm just hoping this post-Covid staycation mentality is not a false economy. We're hoping next year will be as successful."

The future

With guests already booked in for the rest of the year, Lucy and Dale have now moved on to their next project, a former chapel in nearby Perranporth bought for £186,000 that they are going to convert into another holiday let.

But finding value for money has proven difficult.

"A lot of investors have cottoned on to the idea of getting a holiday let they can use themselves and also get an income from," Dale explains. "The secret is out there – people have figured out it's a good place to put your money.

"A lot of the places we've seen recently are going to closed bids straight away, it's ridiculous. Trying to find something below market value is just not doable at the minute."

They have also learned the importance of not trying to take on too much themselves.

"Relinquishing some of the duties and getting good systems and a team in place is really important," Lucy adds.

Property sisters

The couple are now maximising technology to help grow their brand, TruAbode, posting on Instagram, and seeking support from like-minded developers.

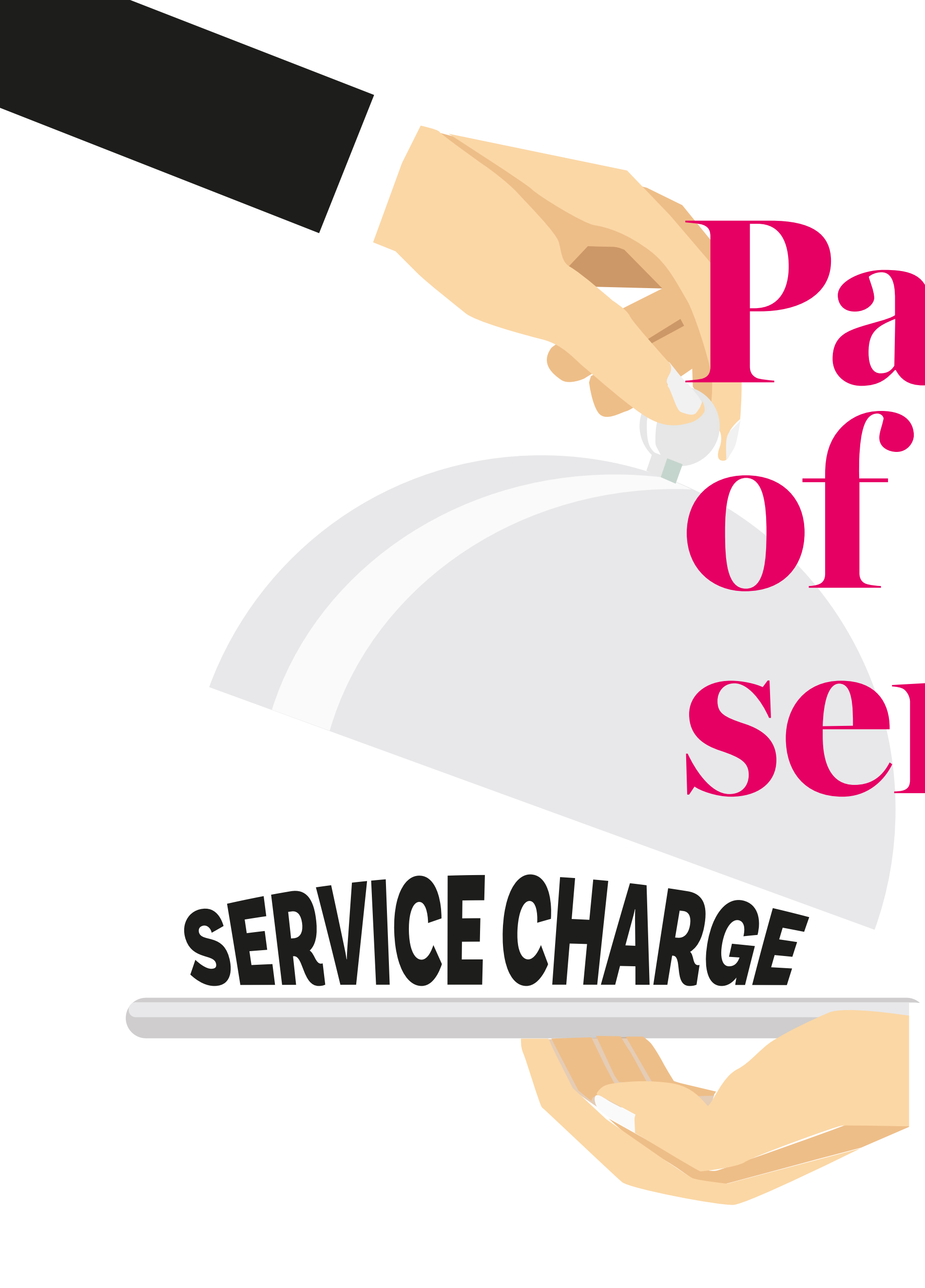
Lucy is part of the Property Sisters group – a female community of developers and investors who hold regular Zoom calls and share WhatsApp messages to help grow experience and expertise.

Through that, they found a property mentor to whom they speak every week, who has provided invaluable advice about scaling up the business and the importance of keeping a meticulous track of costs and agreeing "bomb-proof" building contracts upfront.

Lucy says: "Since starting I've been blown away by the level of support and time people are willing to give to help you out.

"It's so inspiring and encouraging to engage with these fabulous property women and I hope one day we can be as successful."

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



Part of the service?

Landlord and lawyer, Leo Earl explains why it's important to be vigilant of property service charges

FEATURE

I've been involved in the buy-to-let (BTL) world for more than five years. In that time, the sector has become increasingly professionalised and regulated. While this is a good thing, it does mean today's landlord investor has more costs to meet.

In my experience, one area where costs should be kept under a close watch, and where it's easy to let things get out of hand, is in respect of service charges.

What is service charge?

The service charge is the fee leaseholders pay towards the communal parts of a building or development. The charge usually covers the cost of buildings insurance, maintenance and repairs of communal areas, cleaning and gardening. It can also be used to build up a sinking fund to pay for any major renovations, like replacing a roof.

How are the costs worked out?

The facilities your property has access to are central in determining how much you'll need to pay. For example, in more luxurious developments where there's a residents' gym, lift and private parking, there'll be a higher service charge, whereas smaller, more basic developments are likely to have lower monthly charges.

The amount of service charge you pay will have a big impact on your bottom line, so it's important to check it is set at a level that's appropriate for the development in question. It's reasonable to expect charges to go up over time, but only ever to reflect the rising costs of upkeep, not as a means for the freeholder or managing agent to increase their own profits. But, sadly – as my experience demonstrates – this can happen.

It's reasonable to expect charges to go up over time, but only ever to reflect the rising costs of upkeep, not as a means for the freeholder or managing agent to increase their own profits

My story

In 2015 I bought a one-bedroom flat in a new development for £100,000. It was fairly basic with no garden or private parking, just a small communal lobby area lit by one bulb. The service charge for each flat was set at £700 per year which seemed reasonable.

However, a few years later the freeholder changed managing agents and the new agents increased the annual charge to approximately £2,800 per flat. The development wasn't undergoing major refurbishment nor was it subject to anything else that might have justified a higher service charge; the only factor that had changed was the managing agents.

Counting the cost

In terms of investment returns, my monthly rent was £550 and mortgage payments were £100. With the old service charge my pre-tax net yield was 4.7%, but with the new charge it would be halved to 2.6%. Compounded with the tax changes of 2015 it was likely I'd be forced to subsidise the flat until the situation could be resolved.

Selling wasn't really an option either: the service charge was so high in relation to the value of the property that no properly advised purchaser would have considered buying it.

Gathering evidence

We asked the managing agent how the new charges had been calculated. We thought something must have gone wrong in the budget setting process and if we presented evidence of similar properties in the area they would reconsider their charges, but they didn't. They refused to provide any proper explanation for the increase and told us unless the new fees were paid they would start legal proceedings to recover them.

We contacted the freeholder in the hope they could resolve things. Initially they were helpful and cancelled some elements of the service charge, but they were experiencing financial difficulties, which made it difficult to communicate with them. The situation went on for months.

We requested evidence, in the form of receipts for the historic payments, and proof the agent had made some effort to source alternative and – importantly – local quotes for the future services they sought to charge. The requests were resisted by the agent, but eventually the freeholder provided receipts showing what expenditure had been incurred.

The solution

From this evidence we realised we'd been charged for services that had never been provided. On this basis we made an application to the court that deals with these issues, the First Tier Tribunal. The freeholder almost immediately agreed to repay all charges that were unsupported by receipts, which was most of the charges in question.

We agreed with the freeholder that the leaseholders would buy the freehold and instruct our own managing agent, simply removing the problem with the service charges. It took several months, but this is what ultimately happened.

The old managing agent's contract was with the old freeholder, so once the freehold had been sold, the old managing agent no longer had any authority to deal with the property. As a consequence of their poor conduct, we decided to lodge a complaint with the Property Ombudsman. This resulted in us receiving a significant amount of compensation.

The upshot

Service charges should be an important part of every investor's considerations when buying a property. They can sometimes be almost as expensive as the mortgage and will affect the yield and profitability of a property.

If you're buying a leasehold property don't skim over the section on service charges in your legal documentation. Take the time to read it through carefully and check out the managing agents before you exchange to make sure they have a good reputation.

Once you own the property, keep a close eye on service charges and challenge anything that appears to be unjustified. Don't drop your questions until full, detailed and satisfactory answers are provided.

Any leaseholder faced with increasing service charges is not defenceless. There are many legal and practical remedies that are available to prevent unfair charging. Only some of them have been mentioned in this article but there are others, and if you find yourself faced with any concerns then seek early professional advice.

Having worked as a Norland Nanny for 12 years, Charlie Scarbrow is no stranger to juggling the demands of a busy household; something which has stood her in good stead when it comes to property investing, writes Natalie Thomas

The no-nonsense nanny

CASE STUDY

Charlie Scarbrow and Steve Pyke

Norland Nannies have a reputation for their no-nonsense approach towards childcare and Charlie Scarbrow has taken a similar attitude to her property investing.

In just two years, Charlie and her partner Steve Pyke – both in their early thirties – have accumulated a portfolio of four properties, three of which were acquired in their initial year of investing.

Driven by a need for more flexibility and choice in their lives, their property lightbulb moment came in their late twenties.

"We came to the realisation that there was going to be nothing in the pension pot. We had just bought our first flat in South West London and knew we would have to do something to enable us to retire when we wanted," Charlie says.

"I crave choice in my life and to shape it the way I choose; whether that be to pursue a hobby or to meet a friend for a coffee on a weekday."

The nature of Charlie's work means decisions such as when she takes her holidays, are often out of her hands. "We both love travelling and want to spend more time with our loved ones," she explains.

The couple's decision to invest in property was cemented when they bought their first home together and their eyes were opened as to the potential gains to be made.

Above: communal area after renovation

Bottom left: kitchen after renovation

Bottom right: kitchen before renovation

se

Off to a good start

Five years before they caught the buy-to-let (BTL) bug, they purchased a one-bedroom flat in Wandsworth, South West London. They bought off-plan in 2013, paying £365,000. Before they had even moved in, the property had shot up in value by £110,000.

"We would love to say we were super knowledgeable but it was pure luck. It came down to buying at the right time when London prices were growing rapidly," Charlie says.

Further investment in South West London was out of the question due to ever expanding house prices in the capital. Instead, they set their sights on Liverpool and this was the location of their first BTL in October 2018.

"We knew investing was going to be a big commitment and we would need to travel up on a regular basis so we drew a line around three and a half hours outside of London and that was our cut off point," she says.

"As well as having all of the right fundamentals, we also have friends in Liverpool, so if we wanted to do back-to-back viewings one weekend, we had somewhere to stay."

Their shared love of property also prompted a career change for Steve. Having previously worked as a commercial fundraiser for a Premier League football team, once they started investing, he decided to make it his full-time career and now works as a portfolio manager at Property Hub Invest.

Although he may be somewhat of a secret weapon, when they first started out it was Charlie who had the property knowledge. "I listened to The Property Hub podcasts on my commute into work before Steve actually worked there."

"The podcasts are great for regular updates, especially during uncertain times like lockdown. I like that they take a very balanced view of things," she says.

Absorbing the podcasts on her daily commute armed Charlie with some property knowledge which they were able to put to good use. Their first investment was a classic three-bedroom Victorian

Above left: bedroom after renovation

Left: bedroom before renovation

terrace in Anfield, suited to a long-term family let – and no doubt a Liverpool FC fan.

They had their offer of £50,000 accepted and were able to draw £40,000 of equity from their home in Wandsworth and make up the rest from savings.

The property needed minimal refurbishment: a new kitchen, bathroom and some painting and decorating.

Within a year their second and third investment properties came along: "a bit like buses," jokes Charlie. Both properties were in a similar location and priced around £50,000.

"Our second refurbishment was slightly harder," she says. "We went back to brick and carried out a full rewire, re-plaster and created an extra bedroom."

While they were able to remortgage and pull the deposits from their existing properties, an investor came on-board for their third purchase. "A friend was fed up with not earning much on their savings – they saw what we were doing and decided to invest," Charlie reveals.

"By the time we were finished we felt we had earned our stripes and moved on to our first House in Multiple Occupation (HMO) for some additional cashflow."

Move to the Midlands

When it came to their HMO, they ventured slightly closer to home, buying on the outskirts of Coventry. "We felt Liverpool was very saturated for HMOs," she says.

While HMOs may be best known for student lets, Charlie and Steve favoured the professional market. "I have nothing against the student market but we wanted to focus on professionals. The HMO is near a big hospital and some other major employers," she says.

"We carried out a lot of research and did some mystery shopping to find good management – having a good team was imperative. We needed someone to fill the rooms and look after the regulation side of things. Being based in London, we need to know our tenants are looked after and any issues are dealt with quickly and effectively."

Charlie describes investing outside of a major city as a breath of fresh air: "Liverpool is so big and the agents don't really need to sell, it was nice to be in a smaller area where the agents had time for us."

They decided on a three-bedroom property for £123,000. They received the keys three months after their initial offer – just before "the world stopped" as Charlie describes it. "We literally got the keys one week before lockdown."

Initially nobody was allowed on site, but as the Covid restrictions eased they were able to have one workman at a time. "We resigned ourselves to the fact it was going to move slowly," she says.

"It was only a three-bedroom house so we wanted to make one of the two reception rooms into a fourth bedroom. We also made the bathroom slightly smaller so one of the bedrooms could be made bigger and put in an extra shower downstairs."

Left: bathroom after renovation

Right: bathroom before renovation

This was in addition to tidying up the garden and installing a new kitchen, bathroom and carrying out the usual painting and decorating. They also had to equip the property with the necessary hard wiring, alarms and emergency lighting.

Around 12 weeks after receiving the keys, they were impressed with the progress the builders had made. "The next time we stepped into the property it was completely finished and we welcomed our final tenant at the start of September," she says.

In terms of growing their portfolio, Charlie says "the sky's the limit"; yet for the foreseeable future they are content building on their HMO experience.

"We ideally want three or four HMOs but ultimately we want to have more BTLs than HMOs in our portfolio," she says.

A woman's touch

Charlie feels her partnership with Steve has worked to their advantage so far. "When Steve and I go on viewings we both try and find some common ground with the estate agent. I might really click with them or Steve might," she says.

Although property is often perceived as a man's world, this hasn't necessarily been Charlie's experience. "I've attended a few female specific networking groups and I'm part of an all-female property investing WhatsApp group where we all support and encourage each other," she says.

There is one woman who has had a significant influence on her life: "My mum was a single parent and always encouraged me to just go for things and do them to the best of my ability. She worked hard in her own business to provide for us and I definitely have her work ethic.

RUNNING THE NUMBERS

This is how Charlie and Steve's four-bedroom HMO in the Midlands stacks up financially:

Purchase price: **£123,000**

Finance method: **mortgage, two-year fixed rate at 3.6%**

Deposit: **£30,750**

Amount borrowed: **£92,250**

Renovation costs: **£22,000**

Project duration: **12 weeks**

Done up value: **£145,000**

Total personal investment: **£59,100**

Monthly rent: **£1,650**

Monthly expenses: **£564**

Monthly net profit: **£1,086**

"She always tells me to make sure if I do something, do it properly, and this is why when I decided to work with children I went to Norland to train to be the best," she reflects.

So, have Charlie's skills as a Norland Nanny come in handy? "Having strong organisational skills and being able to multitask has definitely helped as well as being able to plan my time efficiently," she says.

"We both work full-time so have to carve out property specific times once a week where we sit down together and allocate tasks for the following week."

Charlie has found it frustrating at times being so far away from their investments. "I'm a bit of a control freak," she says, " but we have a good team behind us," – something she recommends other would-be investors to do.

"Don't be afraid to ask for help and don't compare yourself to others, especially what you see on social media. You have no idea what anyone else's personal journey has been like, so follow your own path, be true to yourself and keep going," she advises.

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

7 ways to reduce your inheritance tax bill

Giving money to the taxman is nobody's favourite activity. But there are a number of perfectly legal ways to lessen the impact of Britain's most hated levy after you die. Benedict Moore-Bridger explains

You work hard, get a good job, pay taxes on your income, your savings, your investments. And then, just when you want to let your heirs benefit from all your efforts – you have to give almost half of it away. Doesn't seem quite fair, does it?

Inheritance tax (IHT) receipts reached record highs last year, with people shelling out a whopping £5.4bn on a levy that was really designed only to target the super-rich.

However because of rising house prices, more and more people with their wealth tied up in property are being caught out, so it pays to be prepared.

1 Make use of exemptions and reliefs

Although the IHT rate is high at 40%, it's only payable on the parts of your estate that are above the nil-rate band threshold of £325,000, increased to £650,000 for a married couple. If your total estate is less than £2m and you're passing it on to a direct descendant (children, step-children and grandchildren) they will get a further £175,000 tax break on top of the existing allowance, meaning married couples can pass on estates worth up to £1m. However, buy-to-let and second homes add to the total size of the estate as normal.

Pensions are also a great way to leave money to heirs. Recent changes to pension taxation means the money is now usually outside your estate for IHT purposes. Equally, there are a number of riskier financial schemes that give IHT exemption as an incentive, such as the Enterprise Investment Scheme (EIS), or forestry investment schemes.

TAX

2 Pass assets on to your partner

Sir Ken Dodd may have been one of the nation's favourite comics, but he was also particularly shrewd with his estate planning. By marrying his long-term partner Anne Jones just days before he died in 2018 it stopped her having to fork out around £2m in inheritance tax.

Married couples and civil partners are allowed to pass their estate to their spouse tax-free when they die without having to pay any tax at all, providing they are living in the UK. On top of this, your partner's inheritance tax allowance rises by the proportion of your allowance that you didn't use.

So if Mr and Mrs X have, say, £1m of assets between them, and Mr X dies first, his £325,000 tax-free allowance is passed on to his wife, as well as his £175,000 main residence allowance. Mrs X therefore has a £1m tax-free allowance to pass on when she dies: her allowance, plus her inherited allowance from her dearly departed husband. And best of all, you don't need to do anything to take advantage of this – the executors of the will just need to send the relevant documents to HMRC after your death.

3 Make gifts

Another way to keep your hard-earned money out of the clutches of the taxman is by giving away assets or cash up to a total of £3,000 each year. You don't need to pay any IHT on small gifts you make out of your normal income, like birthday and Christmas presents.

If you're off to a wedding, you can give up to £1,000 and not worry about IHT implications, (increased to £2,500 for grandchildren, and £5,000 for children). Wedding gifts must be made before the wedding, but just pray no-one gets jilted: the wedding must go ahead, otherwise they won't count as being exempt.

You can of course give away larger amounts, but you'll still need to be around seven, or sometimes 14 years, after the gift is made, otherwise it gets sucked back into your overall pot.

4 Put your assets in a trust

You might think you need a degree in accounting to even contemplate the idea of setting up a trust. Even though it can be complicated, with different rules and different benefits and exemptions for different types of trust, it can be a very effective way of shielding your assets from the taxman. Needless to say, it pays to speak to a financial adviser.

5 Leave money to charity

If you are particularly philanthropic, you may wish to bequeath money to charity – and who says kindness can't be profitable? By donating cash to worthwhile causes you can save tax: if you give more than 10% of your money away to charity, political parties or sports clubs, your IHT rate is reduced from 40% to 36%.

The 10% only applies to the amount of your estate over the lifetime allowance. So, for example, if you were leaving behind £425,000, you would benefit from the lower rate if you gave more than £10,000 (10% of the amount over £325,000).

6 Take out insurance

Life insurance is another really good way to limit your exposure to IHT. All you need to do is make sure your policy is held in trust (which typically just requires you to fill out a fairly simple form requesting it, if it is not done automatically) and then any proceeds are exempt from your estate for tax purposes.

You could, for example, use your £3,000 annual gift allowance each year and pay into a life policy that will dish out a lump sum to your children when you die.

7 Spend it

By far the most enjoyable way of making sure you avoid inheritance tax is to use it in your own lifetime. There's no point storing up money in the bank as an inheritance if your beneficiaries are going to have to hand over 40% of it – so go ahead, buy that Ferrari you've always dreamed of, the kids will understand!

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

TAX

Lenders tightening criteria

The past few months have seen a perfect storm brewing in the buy-to-let market. The stamp duty holiday alongside lenders' reduced Covid-19 capacity has left some investors grappling for a mortgage, writes Natalie Thomas

When Chancellor Rishi Sunak announced his stamp duty holiday in July, it was met with open arms by investors.

The cut however has been a double-edged sword. While it represents a significant saving, some lenders have struggled to cope with the increased demand, hampered by a reduced Covid-19 workforce.

Since the summer, lenders have been continually moving the goalposts when it comes to criteria, with many pulling products at the last minute. So what can investors do to make sure their mortgage lender doesn't pull the rug from under their feet?

Here today, gone tomorrow

The stamp duty holiday was the catalyst for many of the issues the buy-to-let (BTL) market is now experiencing, believes Chris Hancox, a portfolio manager at Property Hub Invest. He was in the process of buying his tenth property when the news was announced.

"The mortgage market was fairly quiet and I had negotiated a good deal," he reflects. He was buying a property in Rugby through a limited company. "It took just four weeks to get the mortgage approved. We were only a week away from receiving the funds and being able to complete; then the stamp duty holiday was announced and we were gazumped by £10,000 – the market went mad," he says.

Eager to still buy, Chris secured another property and submitted his mortgage application, yet his offer was declined due to the fact he works at a property company. Chris and his mortgage broker were shocked – they'd not had any trouble securing mortgages for other properties he'd bought while working in his role.

"My broker believes lenders are picking on the slightest thing they perceive to be a red flag and rejecting cases outright, whereas six months ago, the issue would have been ironed out after a conversation with the business development manager," says Chris.

He applied with another lender for a standard BTL mortgage. It took the lender four weeks to view the application but he now has an agreement in principle at a rate of 3.2%.

"Rates are certainly a lot higher," says Chris, "I took a limited company mortgage last year on a HMO [house in multiple occupation] and paid a rate of 2.79%."

Eamon Heggarty is another investor who is paying more in a Covid-19 market, due to having to use a specialist lender. He secured a mortgage to buy his third property – a £156,000 flat above an empty pub in Glasgow in early March. The valuation date was set for the end of the month but then lockdown hit.

Once restrictions were lifted, the valuation came back as nil – something which then happened with a subsequent two lenders/valuers. He was told it was because they couldn't ascertain a value due to the empty pub below. He is now awaiting a valuation from a specialist lender. "The specialist lender's rates are about 4.5%, compared to the very first lender – a mainstream one – which was 1.89%," he says.

Cherry picking

According to Paul Brett, managing director – intermediaries – of BTL lender Landbay, lenders are looking at a number of factors they wouldn't have considered before the pandemic.

"It is all dictated by how risky it is to lend to that person and how likely they are to default, he says. "Few BTL lenders are lending above 75% loan-to-value at the moment because the property market is uncertain. No one knows what's going to happen when the furlough scheme ends. People may lose their jobs and start defaulting on their mortgages or rents, and this may have a knock-on effect on property values, so lenders – and their funders – are requiring larger deposits to build in a buffer," he explains.

Added to the mix is staff working remotely from home. "Many lenders initially struggled to adapt to staff working from home and coping with the administration burden of processing mortgage payment holidays," says Andrew Brown, managing director at brokerage Bennison Brown.

"What the lenders are now experiencing is terrific demand for mortgages which I believe is driven by low interest rates and the stamp duty holiday. This puts a lot of stress on lenders who are taking a more cautious approach to underwriting and potentially spending more time on each case than pre-Covid-19," he adds.

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Nonetheless, Andrew is upbeat about the sector. "In nearly every case we can still find a lender to suit a client's circumstances," he says.

Improving your chances

So what can investors do to improve their chances? Borrowers who took out an unnecessary mortgage payment holiday may find some damage has already been done. "These were designed to support clients who had a genuine cash flow problem and by taking one you are in some respects telling a lender that you have one," says Andrew. "While your credit file won't be damaged, it may be a reason to decline until you can demonstrate you are no longer in financial difficulty," he says.

He adds that it's also important to maintain a clean credit file and not to over-stress your property portfolio if you have four or more properties as this could cause problems passing a portfolio affordability assessment.

Jeff Knight, director of marketing at specialist lender Foundation Home Loans, says: "The trick is to always speak to a professional adviser who can scour the whole market. There are so many mortgage deals out there and many lenders are reporting record volumes."

He adds: "Investors should have all their documentation to hand, have the necessary deposit levels, and be clear about why they want to borrow. The more information you have upfront, the better your chances."

The end of the stamp duty holiday in March 2021 should hopefully ease demand on lenders' services but the outlook is still unclear. "Because the pandemic and the economic fallout show no signs of abating just yet, it is highly probable that conditions such as lower LTVs will continue into next year," says Paul.

Cathy Dean (left) and Jacqueline Moss (right)

Sisters doing it for themselv

CASE STUDY

Jackie and her sister Cathy share more than family ties. They also jointly own an 11-strong property portfolio in Cheshire. Mike Fletcher tells their story

Cloud View Cottage – middle terrace

Left: dining room

Below: back garden

ves

Jacqueline Moss, 41 and her sister Cathy Dean, 39 teamed up to pursue their property investment journey together back in 2011. Born and raised in the market town of Congleton in Cheshire, Cathy had been training to be a mortgage advisor for HSBC Bank while Jackie worked as a corporate accountant.

Cathy was first to quit the rat race, building a portfolio of three single buy-to-lets (BTLs) close to home, while doing some freelance digital marketing. "I read Rich Dad, Poor Dad by Robert Kiyosaki and Sharon Lechter, which shaped my thoughts around money and investing," she says.

Jackie made the decision not to return to work after the birth of her third child in 2015. Her middle child Liam had been diagnosed with type 1 diabetes. She knew she'd face a future of always asking for time off work to manage his health requirements, so she released equity from her family home and bought her first BTL in Congleton.

The pair now have eleven properties and five children between them. "We hear lots of women say that having children has prevented them from following their investment dreams," says Jackie. "I have three kids now (Ryan, 13, Liam, 11, Sophie, 5) and Cathy has twins, Jack and Eva (6). We've always taken the children along with us on house viewings.

"When Liam was younger, he became obsessed with all the different toilets in retail stores like B&Q and would run to find out which toilet a particular house had when we went to visit.

"It shows it can be done and family shouldn't be an obstacle for other women. My advice is always, just do it and don't let anything stand in your way."

Changing strategy

Two years ago the sisters signed-up for a weekend training course covering serviced accommodation (SA). They came away inspired with the belief that a two-bed BTL in Congleton, which they'd originally bought in 2012 for £82,000, would be perfect to switch to a short-term let.

"The couple renting from us were approaching the end of their tenancy so I used my marketing skill set to research the area," Cathy recalls. "I discovered that Congleton's two hotels were always fully booked and local taxi drivers were constantly ferrying passengers back and forth to the Premier Inn in Macclesfield. Coupled with our seven-mile proximity to the Peak District, we knew then that there was a market for SA in the town."

We hear lots of women say that having children has prevented them from following their investment dreams

Left: living room

Below: bathroom

Owning the ideal property and quickly discovering a local demand is one thing. But as the sisters soon discovered, moving from a BTL mortgage to a holiday let mortgage isn't a quick or easy process.

"When our lender's surveyor visited Congleton, he concluded that the town attracted no tourists so gave the property a nil valuation and lending was refused. He had assessed it based on a holiday let but our plan was to rent it as serviced accommodation," explains Jackie.

"The reason Congleton's two hotels were always full is because the town was having a link road built so there was an influx of construction workers and house builders from places like Crewe and Stoke-on-Trent. They all needed a place to stay short-term and the demand has never dropped off.

"The so-called training gurus always make switching mortgages sound simple but so many lenders just won't allow it to happen. There's far too many people who are breaking their mortgage terms and conditions by pressing ahead when they hit this first roadblock," Jackie continues. "We were determined to do it properly, so when our lender turned us down, I found a mortgage broker on Facebook who introduced me to Foundation Home Loans."

Specialist mortgage lender, Foundation Home Loans had a BTL product, which featured a covenant that would allow for short-term lets. The property could be assessed on its rental value as an existing BTL and Jackie and Cathy would have the flexibility to offer holiday or business stays as well.

"It was a real nightmare getting it over the line but at the point where so many people give up, we just had to keep on persevering," Jackie recalls.

Cloud View Cottage

It wasn't until earlier this year that the sisters were able to finally follow through with their plan. Once the tenants moved out, Cathy took charge of the refurbishment and ensured that it was fit for purpose as serviced accommodation.

"Our tenants hadn't left it in a particularly good state so it needed completely redecorating. I sourced furniture items such as sofas, beds and tables online. We were fortunate that we didn't need to invest in a new bathroom or kitchen so really, we just had to bring it up-to-date and ensure that it was well stocked for our guests," she says.

The property is now marketed as Cloud View Cottage as it has spectacular views of Congleton's landmark The Cloud – a prominent hill with vistas over Cheshire and Staffordshire.

Prior to switching over the mortgage, the sisters were receiving a rental yield of almost 9% and a monthly income of £540. Now, as a serviced-let it brings in a monthly income of £2,250 – more than four times more.

Jackie and Cathy meanwhile have grown accustomed to the quirks of the holiday let market, such as online reviews and keeping a tight rein on the inventory. "Some of the online reviews we've had have been hilarious," says Jackie. "One gentleman wrote all about his upper back problems and suggested we have a downstairs toilet fitted under the stairs.

"The reviews are your reputation so where we've been able, we do follow sensible suggestions such as adding items to the kitchen. For us, it's the forks that always seem to go missing. Our cleaning team doubles as our eyes and our ears though so we rely on them to tell us if anything needs replacing."

Family fortunes

Both sisters are looking forward to growing their lettings and SA business with more property purchases and Jackie is hoping that her husband, Simon, 43 will one day leave his job at Bentley in Crewe and join the family business full-time.

"He already takes care of our refurbs and DIY jobs so we'd love him to come onboard full-time," she says. "I make him listen to The Property Podcast and we read Rob Dix's weekly email on a Sunday morning so I think it'll happen one day."

Neither sister is interested in selling any of their 11 properties in order to cash-in on rising UK house prices. "We're just too emotionally attached to all of them," Cathy admits. "We put away money from the rentals for future deposits and we've remortgaged a few times to raise additional funds. I can't see us ever wanting to part with one unless we absolutely had to."

And what advice would these two siblings offer other women looking to get into property? "As Jackie said earlier, just do it and don't let anything stand in your way. I would also add, do it with someone you love: a partner-in-crime who can share in the good times and help you to overcome all the challenges along the way," says Cathy.

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**

RUNNING THE NUMBERS

This is how Cloud View Cottage stacks up financially:

Purchase price: **£82,000**

Purchase costs: **£800**

Finance method: **Five-year fixed mortgage at 3.74%**

Deposit: **£20,500**

Amount borrowed: **£61,500**

SA monthly income: **£2,250**

Monthly expenses: **£1,222**

Monthly net profit: **£1,028**

Top: kitchen

Bottom: main bedroom

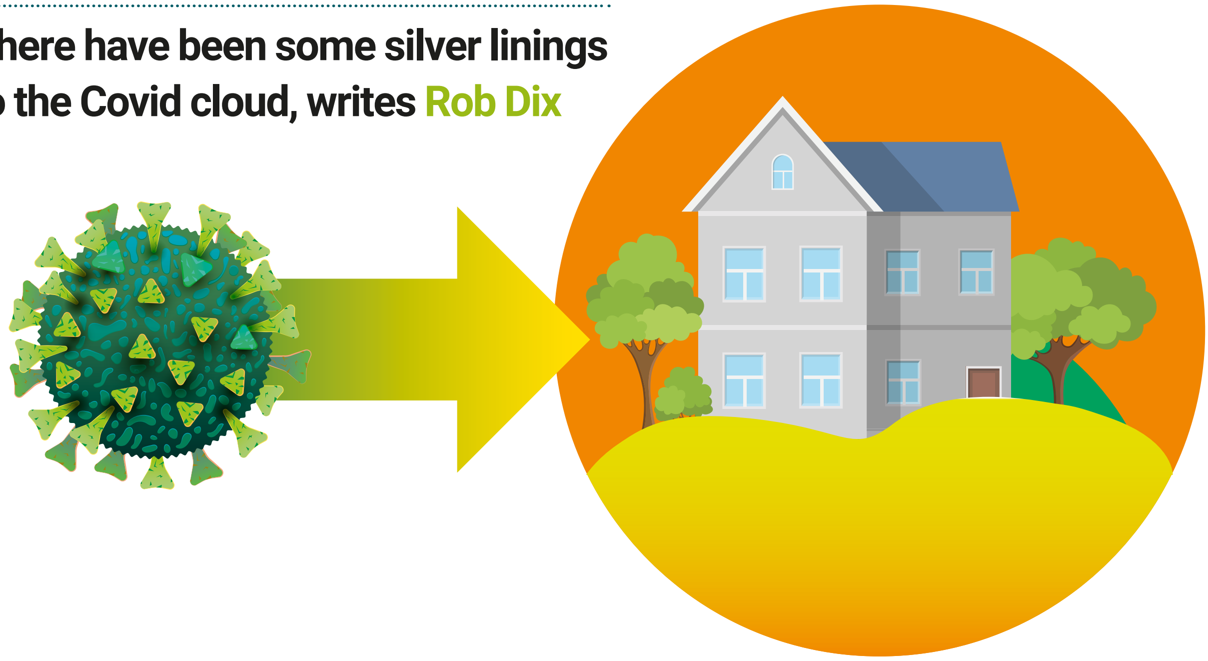
CASE STUDY

Property **Geek**

with Rob Dix

Mr Brightside

There have been some silver linings to the Covid cloud, writes Rob Dix



OPINION

It might seem insensitive to talk about the bright side of a devastating pandemic, but I don't think there's any harm in appreciating a silver lining – however thin it may be.

Clearly, we've had major changes forced on us this year in many areas of our lives. Some of those changes have been dramatic and some of them completely unexpected, but many have just pushed us to do things we could have done a long time ago if we hadn't been stuck in "this is how we've always done it" mode.

In the property industry – which is rarely on the cutting-edge of innovation – this year has brought some good examples of that last type of change.

Digital signatures

The Land Registry has been talking about accepting digital signatures for transfers of ownership for as long as I can remember. Occasionally they'll tease me with a press release promising that something is happening, yet still I find myself having to coax my printer into life and go hunting for a pen every time I deal with them.

All it took was a pandemic, and it's suddenly sorted: they'll now accept digitally signed documents, although you still need to have a witness present who'll sign too. Their next step is to implement a more secure type of digital signature that will do away with the requirement for a witness, which my babysitter will be very thankful for.

Unfortunately I probably haven't sworn at my last ink cartridge, because many other parties involved still require paper-based squiggles – mortgage lenders being a major culprit. Nevertheless, I'm hopeful that Covid will give everyone a push to speed up the move to operating fully digitally.

Property video tours

Thinking about it now, it's crazy that video tours weren't used more widely pre-pandemic. They were commonplace in some niches (overseas students looking to rent, and wealthy overseas purchasers with buying agents), but barely at all in the mainstream market. For the most part, as high-tech as you got was an agent putting up a "video tour" which was actually just the same old marketing photos stitched together with a bit of zooming in and out.

In the midst of lockdown and the socially distant aftermath, all agents were required by government guidelines to qualify potential applicants with a video to cut down on unnecessary viewings. In the lettings market, many agencies (including ours) found it easier than expected to actually agree rentals without any physical viewing at all.

I think it'll remain rare to sell a house without any viewings at all (and even for lettings I'm not sure it's desirable), but having the first viewing in the form of a video makes complete sense for everyone in almost all circumstances. As an investor you'll be able to have a "first pass" of far more properties than you could when your first encounter was always physical, and agents will save untold amounts of currently wasted travel and viewing time.

Economic awakenings

Products that have received a Covid-related boost: home exercise equipment, houseplants, chickens (believe it or not), bikes, The Property Podcast. Our download numbers are higher than ever, with the most popular episodes being our "big picture" dives into the underlying economics that will determine what happens next in terms of house prices, GDP, wages and many other things that matter to us.

This shows that it's not just technology and processes that Covid has affected – it's the topics we're interested in too. Without a pandemic and all the associated economic turmoil, I don't think we'd have many people enthusiastically tuning in to hear our thoughts on inflation or quantitative easing. And in turn, we wouldn't have been in a position to talk about these subjects if our own interest in economics hadn't been sparked by the 2008 recession.

Understandably, economics seems far more relevant and urgent to understand when everything goes a bit nuts. From the messages we receive, we know there are huge numbers of people with a sudden desire to understand how money and the economy works – which is great, because even when Covid is a distant memory this knowledge will still be helping them to make smarter decisions.

And in the meantime, the download numbers don't do our egos any harm either.

TRUST OR BUST

One thing that's not changed as a result of Covid – and sadly, probably never will – is the frequent occurrence of people losing money when funding others investors' deals. Sometimes they're just victims of projects gone wrong, but there are plenty of out-and-out scams around too.

The appeal is understandable: if you're too busy or too inexperienced (or both) to do your own projects, making a healthy hands-off return by lending funds to someone else who's already doing it seems like an attractive option. The problem is if you're busy and inexperienced you're also in a weak position when it comes to assessing the investment opportunity that someone else's project offers.

Being offered security isn't necessarily a solution, because some forms of security are effectively worthless. The investor having a public profile shouldn't be any comfort either, because there have been countless examples this year of well-known property 'gurus' borrowing money from their followers and failing to pay it back. Even a strong track record is no guarantee, because it's always possible for a developer to overextend themselves or pick the wrong project.

None of this is to say that all joint ventures are a bad idea. I know plenty of investors who've seen what their friends are working on, offered to provide some funding so they can do more of it, and done very well from the arrangement.

And for me, that's the ideal way of providing funds: only work with people you already know extremely well, and ideally be the one to offer rather than them being the one to ask. Projects can still go wrong, but it's perhaps less likely because a true friend will take less risk with your money than they would with their own. And if things do take a turn for the worse, they're still more likely to look after your interests than someone you've met once or twice – or even a 'guru' – would be.

How to...

do a year-end review

Neil Cumins explains how a quick year-end review of your property portfolio can work wonders in terms of boosting profitability and adapting to a changing market

HOW TO

Humans are creatures of habit, and our lives tend to settle into a groove. Unfortunately, this groove often turns into a rut. And while consistency is welcome in terms of some aspects of life, it's not always beneficial for investors and landlords.

Familiarity breeds complacency in our fast-moving industry. Tax laws change, competitors improve their offerings, and the local environment gradually alters. Your properties might become less profitable or less desirable with every passing year. Without periodically taking stock of these changes, it's easy to fall behind your competitors and see your profitability slowly dwindle.

The end of the year represents a great time to review your portfolio and make improvements. It's also the best time to plan for the next twelve months, and in particular the new tax year which starts on 6 April. Carrying out a year-end review should take less than a day, but it'll ensure you're better prepared to take on whatever 2021 brings.

Study the market

As the pace of life slows down over the next couple of months, you should have more time to research your competitors on property portals. What properties are being marketed, and at what prices? Are they sticking around, or being snapped up quickly? Are agents making a big deal out of home comforts like broadband line speeds in today's post-Covid economy? It's easy to fall behind the curve in terms of wider trends, and a couple of speculative calls to local agents could help to determine what's in demand and what's falling out of favour.

Check out proposals or plans which might affect properties you own in the coming year, such as plans to build new homes nearby. Google the area each property you own is located in, followed by the words 'proposed' or 'development', or do postcode searches on council planning portals. Proposals to revitalise the local high street might encourage you to keep a property in your portfolio for longer, whereas discovering the council is consulting on closing the local primary school and bussing kids across town could inspire a quick sale before house prices start to drop.

Review property profitability

Having studied the wider market, look closer at each of the properties you own. It's handy to remind yourself of the specifics of each property, especially if you don't live locally or have much day-to-day involvement with them.

Consider each property's financial performance. Properties can become money pits as they get older, so check whether annual maintenance costs are starting to chip away at your return on investment (ROI). This is when having a regularly-maintained financial spreadsheet comes into its own. You can see at a glance how many ongoing repairs a property has needed, how costly its void periods have been, and when you last increased the rent.

Don't assume rents should go up every year – lockdown has caused huge economic hardship, so now may not be the time to impose above-inflation rent rises. Sometimes it's better to retain a good tenant than risk pricing them out, even offering a modest rent reduction if they're struggling financially.

Someone who pays on time and cares for the property will be a far safer bet than unknown new tenants or a lengthy void period. Speaking of which, you might want to consider a different type of tenancy for next year. Switching to short-term, Airbnb-style rentals can be hugely profitable, but it involves more day-to-day supervision and management.

Some homes will never generate the return you'd hoped for, and persisting with them may simply compound past mistakes. In such circumstances you may decide you'd be better off selling and reinvesting any profits elsewhere.

Consider improving your team

Unless you're extremely talented, you'll periodically need expert assistance from qualified professionals. In a typical year, you might need to call upon a mortgage broker, an accountant, a sales or letting agent and a few tradespeople.

Are the people you're using still up to the job? Tradespeople who started out trying to impress may now just be going through the motions, whereas someone else may go the extra mile or deliver comparable results more cheaply.

Investigate cheaper policies

On the subject of paying less for the same, an annual check of active policies can save considerable sums of money. If your portfolio is expanding, consider combining multiple insurance policies through a single provider. Some policy providers effectively tax loyalty by increasing premiums, so December is a great time to shop around for cheaper deals.

This is especially true of broadband. If you provide internet connectivity in each property (which is often safer than allowing tenants to choose their own ISP), be aware new SOGEA contracts don't require a landline. EE and Sky are among the firms unbundling the landlines few people use nowadays, to deliver more affordable broadband-only connections. Lockdown has transformed the extent to which we rely on internet access, so paying a little extra for high-speed broadband can really boost a property's desirability.

Create a schedule of works

Even if every property in your portfolio appears to be ticking over nicely, there could be issues developing which you're not aware of. These might range from a looming leasehold expiry to urgently needed communal repairs to sagging roofs and spalling stonework. Just because a boiler has been dependable for ten years doesn't mean you can continue without a maintenance policy in place.

If you live within a day trip of your properties, it's worth doing a December drive-by to check the guttering, front grounds and windows for signs of neglect. You may want to schedule repairs or upgrades for particular seasons – gutters should be replaced in the summer when there's less chance of rainfall, for instance. You could also spread the cost of works over two tax years, or condense it into one to reduce your tax bill.

Bear in mind HMRC treat repairs and improvements differently for tax purposes. A like-for-like repair can be offset against your income to reduce your income tax liability, whereas an improvement is added to the base cost of the property and contributes towards capital gains tax (CGT) relief once it's sold.

Do some tax planning

On the subject of tax, the end of the calendar year is a great time to plan for the end of the tax year. Ask your accountant whether you're exploiting all the available reliefs or allowances. These often change after 6 April – though rarely in the property professional's favour.

Tax is particularly significant if you're planning to buy or sell properties in 2021. Until the 31 March, purchases up to £500,000 in England won't incur any stamp duty, while in Wales and Scotland, the price at which you start paying stamp duty has temporarily risen to £250,000.

This could also help you to make more money selling properties, since buyers won't need to set aside cash for stamp duty and may be able to make a higher bid. If you're thinking about selling more than one property next year, optimise your annual CGT exemption (which can't be carried forwards into a different tax year) by splitting the sales either side of April. To benefit from the 2020-21 CGT allowance, you'll need to have a property sold by 5 April – which realistically means bringing it to the market as soon as possible.

Although it's tempting to follow the path of least resistance with a property portfolio, taking action is far more beneficial

Look at your mortgages

A decision about whether to sell or retain a property might be influenced by its mortgage status, including early termination fees. Selling it shouldn't incur mortgage penalties if you're on a lender's standard variable rate (SVR), though fixed-term mortgages are usually cheaper if you're planning to keep it for a while.

Do some market research or get a valuer round to determine whether capital growth has increased equity levels – this could support remortgaging to free up cash, or negotiating a low loan-to-value (LTV) deal with a favourable interest rate.

Keep an eye on mortgage deals and market trends, even if you're not ready to apply just yet, it always helps to understand how the market is moving.

Getting your portfolio 2021-ready

Although it's tempting to follow the path of least resistance with a property portfolio, taking action is far more beneficial. A brief period of investigation and reflection in the winter could identify savings and efficiency gains, underpinning tax-efficient plans for the coming year and helping you to decide whether to expand or reduce your property empire.

Next year could be even more bumpy than this one, so creating a plan of action and minimising unnecessary costs will be critically important in terms of increasing your portfolio's profitability for 2021.

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PROPERTY TALK WITH WITH ROB BENCE

Let's focus on the positives

This year has given us time to reflect on what's truly important and to recalibrate our priorities

While no one would ever choose the year we've had, I'm not going to reflect on 2020 negatively. I've chosen to focus on the positives, as I always try to do in life. What I've got out of it, rather than what it's taken away from me.

We all have that choice: we can choose to focus on what this situation has given us, or we can choose to dwell on what it's taken away. Some people have lost loved ones to Covid, which is just awful, but for the majority of us the biggest loss we've experienced is our loss of freedom.

All clear

Make no mistake, 2020 hasn't been easy. Have I hit the business goals I set out to achieve at the start of 2020? No. But have I enjoyed this year in business? Yes, and that's more important. Am I now more focused on what's important for Property Hub moving forward? Yes, and this year has allowed me to get that focus.

If you're measuring what you've achieved this year against what you set out to do at the start of the year, then I'd say you're looking at the wrong metrics.

Distance learning

I've probably learned more this year than I have any other year, mainly about myself. Not because I've read more books or listened to more podcasts, but because – like everyone else – I've been forced to pause, think and reflect on what's important to me. It's made me question: what are the things I want to do, and who do I want to do them with?

In years gone by I've been so busy I've not had the opportunity to get this sort of perspective. I've practiced meditation for a while, but I've been able to dedicate much more time to it this year. It helps to give me focus and appreciate things a lot more. I've always been an upbeat and positive person, but I definitely have a lot more gratitude this year.

Taking this time to reflect means I'm able to make better decisions – both personally and professionally – because I'm not coming to rushed conclusions.

If I can to prioritise meditating over finishing a series on Netflix, or working on my property goals over watching a football match between two teams I don't really care about then I will

Future focused

The focus 2020 has brought has helped us to eliminate distractions and plan bigger, more exciting things for Property Hub. We've got super-focused on what we want from the future and what's important within the company.

The challenge now, as we learn to live with the virus and our lives become busier again, is to take the important things we've learned this year and make sure that we continue to prioritise them moving forward and not slip back into old habits.

It's easy to make excuses and forget the good progress we've made, but if I can to prioritise meditating over finishing a series on Netflix, or working on my property goals over watching a football match between two teams I don't really care about then I will.

To find out more about our property investment deals visit: propertyhub.net/invest

Ask Rob & Rob

Our agony uncles Rob B and Rob D are here to help with your property problems. Email your question to hello@propertyhub.net or tweet us using the hashtag #askrobandrob and we'll answer the best queries in every issue

Matthew asks:

I've managed to save up £20,000. Is that enough to start taking action, or do I need to carry on saving?

The Robs reply:

If your strategy is to buy high yielding cheaper properties, then yes, you could start taking action right now, providing you're able to secure the right finance. But, if you're specifically interested in prime city centre properties ripe for capital growth, then – chances are – you'll need to save for a bit longer. Work out your goals first, then find out what properties fall within your budget.

Anouk asks:

Is it a good idea to use equity from a residential property to fund a buy-to-let purchase?

The Robs reply:

Releasing equity from a residential property can be a useful way to raise capital, however it does depend on your personal risk tolerance and the stage of life you're at. Lots of people prefer to keep their home separate from their investments, but for a young person looking to raise funds for their first investments this can be an option. Take a common sense approach, think about how the additional debt would impact your quality of life and discuss your options with a good mortgage broker or qualified financial advisor before making any big decisions.

Christian asks:

Has Covid changed the fundamentals we should be looking for when investing in property, now that more people are working from home?

The Robs reply:

Our opinion is there won't be a massive shift in the way people choose to live in the long term. Of course you're going to get more people working from home than they did before, but connectivity to big cities and good transport links are still going to be important because there are lots of reasons why people want to be well-connected – not just for work, but for local amenities, shops and schools. Understanding your target rental market will help you decide which fundamentals are most important.

Erica asks:

What's the trend these days for mortgages, two or five year fixes?

The Robs reply:

The fact that mortgage rates are still low right now, means that lots of investors are considering tying down a low rate for the longer term, but if you think you might need to refinance during that time it's worth seeking a shorter term fixed rate. You don't want to be in a position where you need to pay unnecessary early redemption fees if you don't need to.

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

I wish I'd have known...

Sam Jones reveals what she wishes she'd known when she first started investing

If you could tell your younger self one thing, what would it be?

Turn the bass down on the car stereo for a minute and listen up. It's great that you set goals and yes, quite often being super-focussed is a good thing, but for the love of God be prepared to flex. The market doesn't stay the same so neither should you. Keep those goals but recognise that the route to hit them might change. Okay, you can turn the R&B tunes back up now. Oh, and wear sunscreen you muppet!

Looking back, what do you wish you'd known before you started investing in property?

That providing normal homes for normal people is the most efficient approach. When I started out I was a property snob: always looking for pretty property, something with character or a project with 'wow' factor potential. More recently I've realised that – for buy-to-lets at least – the aim should be to make your property the nicest home within its rental bracket, this isn't Grand Designs! That and always look after your credit record. Luckily, I wised-up as my first proper job was underwriting finance applications for BMW, but I suspect many of us are a bit cavalier with our credit records in our late teens and twenties. All that money spent on a subwoofer for my Renault Clio.

Has there been any one experience that has shaped you, your perspective and the way you run your business?

No one thing, but years of dealing with tenants, agents and others has led me to realise that property is a relationships business. The key thing to remember – for me anyway – is that property investment is a long-game and your reputation is everything. Life isn't fair, sometimes your property is damaged, a tenant leaves with significant arrears, a boiler goes during your holiday of a lifetime, Covid hits and so on. I just try to respond in a way that brings me peace of mind. Whether that involves being pragmatic about expenditure, being the one who loses when they don't deserve to, or having to swallow my ego. In the long term responding in a way that sits right with me means difficult situations don't haunt me – whether that's mentally or via my reputation with others.

One of Sam's renovations

What's the most valuable lesson you've learned?

Time is a huge healer with property. As long as you can cover your costs across the portfolio, a bad purchase decision is not the end of the world. Sometimes, you need to carry a property for a few years until the opportunity to sell and make back any losses comes up. Don't beat yourself up – take those lessons with you and keep moving forward.

What's your best piece of advice for aspiring investors?

Regardless of your chosen strategy, property, or the current market, always have a plan A, B, C and D to minimise risk and reduce stress. I embarked on a flip in 2008. I stuck rigidly to the plan of selling it on as the market plummeted around me. Even though I executed well, I made a loss on that property. Nowadays I'd have gone into that project with multiple options. I'd also say don't assume social media is the devil's work. If you surround yourself online with the people that are doing what you'd like to do it's hugely inspiring. I am constantly learning from my network.