PropertyHub Magazine

Making sense of property investment

THE NEXT PROPERTY CRASH

(and how to survive it)

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Welcome

Rob Bence (left) and Rob Dix (right)

We all know property prices will collapse at some point in the future, but when?

Despite being one of the most economically turbulent years in living memory, 2020 ended with UK house prices at an unexpected high: sales volumes and prices rose together in the middle of a recession for the first time in modern history.

Figures suggest 2021 has got off to a slower start, but the most critical moment is yet to come. Over the next couple of months both the stamp duty holiday and the furlough scheme – measures the government put in place to prevent a downturn in the housing market and to breathe life into the economy – are due to come to an end, putting pressure on the property market.

Even if the deadlines are delayed, it's easy to see how these changes could cause property prices to drift downwards. In our cover feature John Fitzsimons takes a look at where we are in the property cycle and what you can do to protect your portfolio against a crash.

Making smart, effective financial decisions is an essential skill for property investors, but when it comes to teaching financial literacy, formal education in the UK tends to fall short. Paddy Horsington's book Money Lessons Left at the School Gate aims to address this problem. You'll find some of our favourite excerpts from his book starting on page 20.

Elsewhere in this issue, Natalie Thomas interviews three entrepreneurial investors hustling their way up the property ladder, Neil Cumins explains what to look for in a mentor, and chartered surveyor James Brook answers your questions on the secret art of surveying.

No edition of this magazine would be complete without its case studies, giving you the chance to peek behind the curtains of other investors' projects, with photos and full financial breakdowns.

In this issue Elly Freeman talks us through her three-for-two deal in County Durham, Mary Osman shares details of her latest HMO in Leeds and Jake Colwill explains how his dual strategy is helping to fast track his route to financial independence. Happy reading.

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 SCREEN

If you've ever wondered how Rob & Rob ended up in business together or how Property Hub has grown into what it is today then you're in luck. Our new show, Any Other Business, takes you on that journey and gives you a behind-the-scenes look at what goes on here at Hub HQ.

It's available to watch on YouTube as well as being a podcast, so you can follow along in real-time as we take the next step on our journey and embark on our biggest project yet.

aob.show

HUB CHAT

There's never a dull day on the Property Hub forum. One question that's sparked some interesting debate in the community over the past few weeks is: do property sourcers work?

Some of our Hubbers have had great experiences, while others have had more success sourcing their own deals.

If it's something you're considering or you'd like to share your own experiences, register for free on the forum and join in the discussion.

propertyhub.net/forum

ON LINE

We have some cracking educational content lined up for you throughout March and April. If you haven't already noticed, we love a bit of alliteration, hence our themes: Market March and Actionable April.

Throughout March we'll be looking at the impact Covid-19 and Brexit has had on the property market, then in April we'll be filling up your knowledge toolbox with tips on how to do proper due diligence, deal with problem tenants and navigate the world of online auctions.

propertyhub.net/education

ON AIR

To complement our educational content online, The Robs will be adding their own spin to Market March and Actionable April over on the pod.

You can look forward to hearing them share their knowledge on big-picture stuff like the economy and supply and demand in March, then tune in to hear their advice on how to stop dreaming and start doing in April.

propertyhub.net/podcast

Social Happenings

Sam shared this T-riffic pic with us which she took while checking out a new investment area.

The 15ft plastic dinosaur has become a local attraction in Cwmbran, South Wales.

"It was a pretty successful day all in all – lots of promising areas and I even spotted a famous local landmark," said Sam in her post on Instagram.

Let's just hope her tenants don't think it's an eye-saur.

If you've got a property post you'd like us to share, tag us **@propertyhubuk** or use the hashtag **#propertyhubmagazine**

Market focus

The latest news and developments from the property industry

In good company

A record number of landlords set up limited companies to hold properties last year, research by Hamptons has found.

A total of 41,700 buy-to-let (BTL) incorporations were set up in 2020, an increase of 23% on 2019.

The numbers have more than doubled since 2016, rising 128%, when tax changes for landlords were introduced.

Between the beginning of 2016 and the end of 2020 more companies were set up to hold BTL properties than in the preceding 50 years combined.

Companies set up to hold BTL properties were the second most common company founded during 2020, with companies selling goods online or by mail order in first place.

Hamptons calculated that at the end of 2020 there were a total of 228,743 BTL companies up and running, an all-time record.

This spike in landlords choosing to set up limited companies could be down to a number of factors. The growing professionalisation of the sector is one explanation. Another reason could be that the full implementation of the tax changes in April 2020 gave people a nudge to get their affairs in order. The Stamp Duty holiday could also have had a part to play, prompting landlords to transfer their properties into a company.

Whatever the reason, there are advantages and disadvantages to owning property through a limited company, just as there are to owning property in your own name.

To get clear on whether a limited company is right for you, watch our video – Should you buy property through a limited company? – on **youtube.com/propertyhubuk**

STRONG START

Rightmove recorded its busiest-ever start to a new year, with visits to its website in January up 30% on the same time period in 2020.

The property portal cited the end to the stamp duty holiday, more people re-evaluating where they live and the housing market staying open as all contributing to this record start to a calendar year.

People contacting estate agents about a property to rent was 22% higher than at the start of 2020, while those getting in touch about property to buy was up 11% year on year.

"We didn't know how this year would start with so much change and uncertainty around restrictions, but it's been reassuring for those people hoping or needing to move that the demand we've seen so far is the highest we've ever had in January," said Rightmove's property data expert Tim Bannister.

LESS THAN ZERO %

The Bank of England has told high street banks and building societies to prepare for negative interest rates as a result of the ongoing coronavirus pandemic from July.

The central bank said it expects a rapid rebound of the UK economy later this year as the vaccination programme is rolled out, but will need to introduce negative interest rates if the recovery falters.

When rates are negative, banks and building societies are charged to hold cash in the central bank as a way of encouraging them to lend more to boost the economy.

A negative base rate would spell more bad news for savers – rates on savings accounts have already taken a nosedive since the pandemic began – but good news for borrowers, with new mortgage products likely to be cheaper.

Home land

Housebuilder Keepmoat Homes has agreed four new land deals across Yorkshire and North Lincolnshire that will see it create 1,058 new homes.

The Doncaster-based developer says the sites will offer a range of two, three and four-bedroom homes with various purchasing options from open market sale, shared ownership and affordable housing.

A total of 360 homes are planned for Thurnscoe in Barnsley, South Yorkshire, with 93 more earmarked for a neighbouring site at Carlton Road. Another 151 properties will be built in Scalby near Scarborough.

The largest development will be at Warren Wood in Gainsborough, North Lincolnshire, where 454 homes will be built.

Daniel Crew, regional managing director at Keepmoat Homes, said: "Our team has been working hard for many months on a number of land acquisitions and we are delighted to complete on four significant sites in the region.

"As a business our ethos is to not just build homes, but transform communities and improve the lives of local people.

"The housing market is picking up once again and we can see from our existing developments across Yorkshire in particular that demand for new build homes is increasing."

Warren Wood, Gainsborough development

LEASEHOLD REFORM

Leaseholders in England will be given the right to extend their lease by a maximum of 990 years at zero ground rent, under government reforms.

Under current rules, leaseholders of houses can only extend their lease once for 50 years with a ground rent, while leaseholders of flats can extend as often as they wish at a zero 'peppercorn' ground rent for 90 years.

The changes mean that any leaseholder who chooses to extend their lease on their property will no longer pay any ground rent to the freeholder, removing what the government refers to as "cumbersome bureaucracy and additional, unnecessary and unfair expenses".

The government is also establishing a Commonhold Council – a partnership of leasehold groups, industry a nd government – that will prepare homeowners and the market for the widespread take-up of commonhold.

The commonhold model is widely used around the world and allows homeowners to own their property on a freehold basis, giving them greater control over the costs of home ownership.

Blocks are jointly owned and managed, meaning when someone buys a flat or a house, it is truly theirs and any decisions about its future are theirs too.

NO NATIONAL LICENSING SCHEME

The government has ruled out a national licensing scheme for landlords in England.

In a written response to a question from Labour MP for Warrington North, Charlotte Nicholls, housing minister Chris Pincher MP said: "The government has no current plans to introduce a centrally based licencing scheme for private landlords."

He added that the government is committed to delivering a private rented sector that works for everyone and balances the needs of landlords and tenants and that it is working with local authorities to raise standards in the private rented sector.

He continued: "Local authorities must license Houses in Multiple Occupation where five or more people from two or more households share facilities. Local authorities also have the power to license different types of privately rented properties through additional licensing or selective licensing schemes."

Our 2021 hotspots in numbers

We've trawled through the data and spoken to local experts to build a picture of the places we think combine affordable prices with healthy scope for capital appreciation across the UK this year.

The infographic below illustrates how each of our picks compare in terms of figures based on 2020 data.

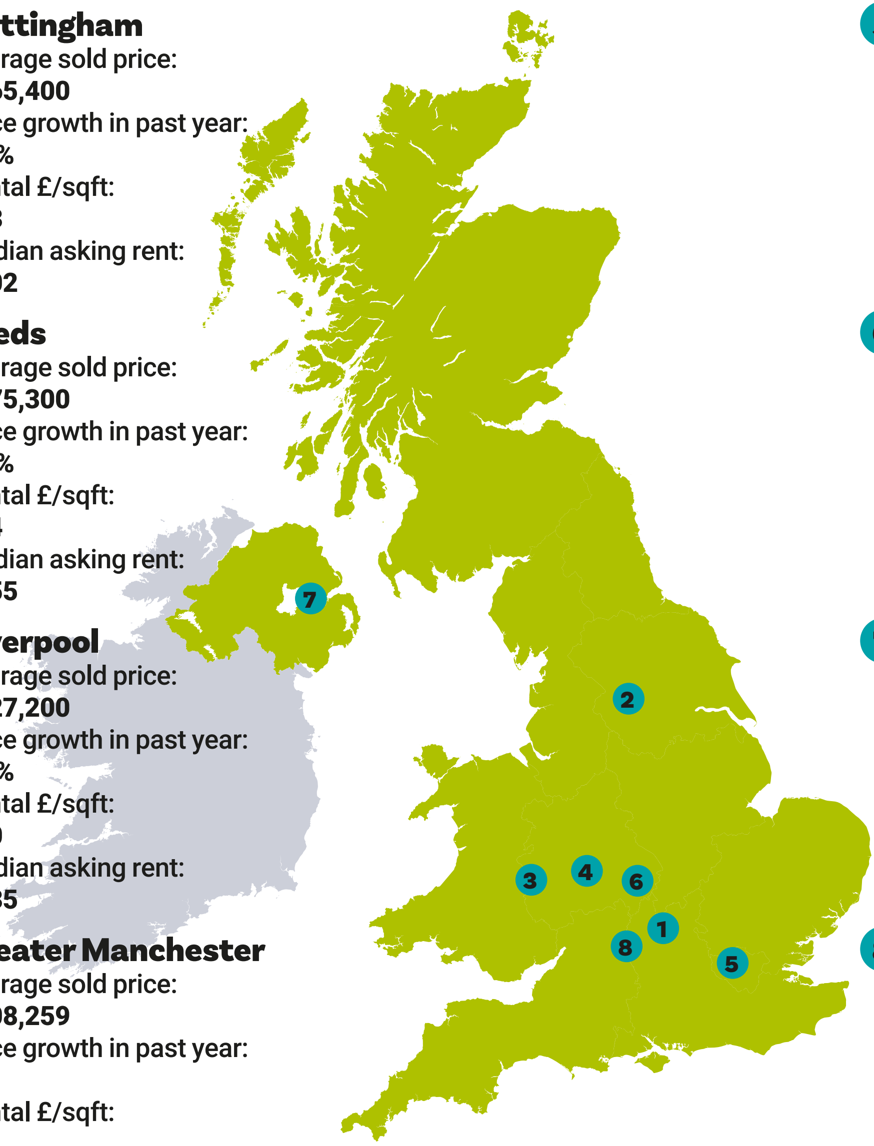
THE SAFE-BETS

1 Nottingham
Average sold price:
£165,400
Price growth in past year:
5.8%
Rental £/sqft:
£13
Median asking rent:
£702

2 Leeds
Average sold price:
£175,300
Price growth in past year:
5.8%
Rental £/sqft:
£14
Median asking rent:
£755

3 Liverpool
Average sold price:
£127,200
Price growth in past year:
6.3%
Rental £/sqft:
£10
Median asking rent:
£635

4 Greater Manchester
Average sold price:
£208,259
Price growth in past year:
6%
Rental £/sqft:
N/A
Median asking rent:
N/A



THE WILDCARDS

5 Home Counties
Average sold price:
£314,448
Price growth in past year:
5.36%
Rental £/sqft:
N/A
Median asking rent:
N/A

6 Sheffield
Average sold price:
£143,800
Price growth in the past year:
4.7%
Rental £/sqft:
£10
Median asking rent:
£579

7 Belfast
Average sold price:
£141,500
Price growth in past year:
3.6%
Rental £/sqft:
N/A
Median asking rent:
N/A

8 Derby
Average sold price:
£191,000
Price growth in past year:
1.9%
Rental £/sqft:
£11
Median asking rent:
£622

We recommend that you do your own research before committing to any investment.
Source: insights.realyse.com, Zoopla UK House Price Index January 2021, zoopla.co.uk

Let's talk about...

your most awkward landlord moment

We've all had our fair share of embarrassing moments – as it happens Property Hub was born out of an awkward encounter between The Robs many moons ago (listen to our new podcast Any Other Business to hear them recount the tale). But for some reason landlords seem to have more embarrassing encounters than most – call it an occupational hazard.

For the sake of everyone's amusement, we asked you to share your most cringeworthy stories. Here's what you had to say:

Anil Cardiff on Instagram

"I gave 72-hours advance notice to all tenants in our last renovation for a walk through inspection with our council HMO officer. Knocked on the bedroom door, no response. Entered the room, only to find him in BDSM headgear, with Bluetooth earphones on doing a live stream with his 'admirers/clients'. My HMO officer and I watched in amusement (and awe). He didn't even realise we were watching it for a few minutes before he turned around and saw us, taking his earphones out to say 'hi!'"

Julia Urquhart on the forum

"My sister arranged to go into our joint house to check something. The tenant didn't get the message. She walked into the bedroom and they were in bed! Similarly, I walked into a house and across the lounge to find the tenant sprawled on the sofa, they told me they would be at work when I called. We knock REALLY loudly now."

YOUR SAY

In the next issue we'll be sharing your views on whether deposit-free renting schemes work.

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

Alison Houghton-Corfield on LinkedIn

"Our tenant had done a runner, the property was in a state and they had left a few things behind. We thought it was just a few bits and bobs, kitchen utensils, a chair, a small unit, a lamp and some ornaments, no big deal? Wrong! Imagine our surprise when we went upstairs into the back bedroom and discovered piles and piles of adult magazines, there were hundreds of them and bottles of baby oil. The tenant then had the audacity to contact me to ask if I still had his chair. I informed him his chair was in the skip, along with his magazines, he swiftly hung up."

Henners_27 on Instagram

"Went to fix a boiler issue at my Slovakian tenant's house, he asked me to have a drink as it was Christmas. He proceeded to pour me a large glass of neat Slovakian vodka urging me to 'drink'. I left without fixing the boiler and had to call my dad to give me a lift home. I had to go back the next day to actually fix the problem."

LOCATION FOCUS

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Wakefield has remained under the radar of many property investors, but the word is out. Neil Cumins discovers why people from as far afield as London are flocking to buy properties in this historic cathedral city

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When you think of West Yorkshire, Wakefield probably isn't the first place that comes to mind. Bradford and Leeds tend to dominate public perceptions, while Huddersfield is the only other town with a six-figure population. Yet as the county's fourth-largest population centre, Wakefield deserves consideration as well.

A cathedral city with a population equivalent to Inverness or Bath, it stands at the intersection of the M1 and M62. Wakefield is ten miles from Leeds, Castleford, Barnsley and Dewsbury, while Leeds Bradford Airport is twenty miles away. Westgate and Kirkgate train stations stand at opposite sides of the city centre on separate lines, providing direct services to Edinburgh, London, Birmingham and Newcastle as part of the East Coast Mainline route.

Future perfect?

Wakefield hasn't changed much in recent decades, but its future is undeniably bright. As the Leeds market becomes increasingly overheated, investors and developers are looking for ripple effects in surrounding towns.

Two miles of countryside separates the southernmost suburbs of Leeds from Wakefield's northern edge; Leeds is 12 minutes by train or 20 minutes by car, while express buses take half an hour. However, proximity to the HS2 route is perhaps most significant from an investment perspective. Skirting Wakefield's eastern edge en route to Leeds, HS2 is likely to have a major impact on capital appreciation here in the coming decades.

These were among the factors that attracted property investor Nick Smith and his wife Tanya to Wakefield, from their hometown of Leeds. "We look for good yields," Nick explains, "but we also look for properties where we think there's potential for capital growth, and where we can add value by doing some refurbishment work.

"We found it was difficult to get properties in Leeds with potential to add value and achieve a good yield. We started to look at Wakefield because it borders Leeds, and our first property was in East Ardsley, which is just across from the Middleton area of Leeds."

The property itself was a two-bed terrace which needed a small amount of refurbishment work. It rents out easily, and Nick says strong yields are achievable: "We focus on achieving yields of 7% or above, but it's a balance of yield versus post-refurb end value for us as well. We want to get a property we know we can add value to, and then refinance."

Other local developments have recently been marketed with yields of up to 8.5% for below-market-value (BMV) apartments, though other agents report average yields of around 4.5% across the town's various suburbs. There's a consensus that Wakefield is a location well suited to long-term investment, so capital appreciation can contribute significantly to the financial picture.

The UK House Price Index reported the average house price across Wakefield was £160,752 in October 2020, compared to £152,198 a year previously. While the value of flats didn't increase significantly over that period, terraced and semi-detached homes saw their values jump by more than 5%

Stock in trade

Wakefield's housing stock will be familiar to anyone who's spent time in Yorkshire, with late-Victorian and Edwardian buildings found in affluent suburbs like Sandal and Horbury. The city's relatively limited stock of red-brick on-street terraces tend to sell for between £85,000 and £130,000, with a healthy choice of two-bedroom flats in private developments available for the same price.

The Hepworth Wakefield art museum © Lee Ward

For £150,000, you can secure a three-bed semi in need of some upgrading, while an extra £50,000 brings detached bungalows within reach. The UK House Price Index reported the average house price across Wakefield was £160,752 in October 2020, compared to £152,198 a year previously. While the value of flats didn't increase significantly over that period, terraced and semi-detached homes saw their values jump by more than 5%.

On-the-ground research is advisable for anyone keen to avoid some of the housing estates outside the town centre where tenant profiles might not be especially desirable. However, there are no 'best avoided' areas of Wakefield, according to Nick: "We tend to look for areas that are closer to Leeds, and perhaps closer to the town centre, including East Ardsley and Tingley, where there are good yields on three-bed villas.

"You can get some well-sized properties like three-bed ex-council semis for a good price. We tend to focus on terraced and semi-detached properties, but there's lots of competition for semis among buyers."

Tenants and buyers alike are attracted to Wakefield by a healthy local economy, which has evolved a long way from its 19th-century status as a market town for wool and grain trading.

Wakefield's inclusion in the Leeds City Region Partnership has brought economic investment into the city and supported regeneration schemes like the Trinity Walk shopping complex. The grandly-titled Wakefield Waterfront redevelopment of old warehouses has created a mixed-use district including the Hepworth Wakefield art gallery.

Wakefield Cathederal © Lee Ward

Pontefract Park Lake near Wakefield

Key employers across the city include Team17, Next, DHL, Warburton's, Coca-Cola as well as a diverse and growing number of small and medium-sized enterprises (SMEs). Coca-Cola has constructed Europe's largest soft drinks plant in an industrial park beside the M1, while both West Yorkshire Police and Yorkshire Ambulance Service serve the region from their respective Wakefield headquarters.

Top marks

Wakefield isn't a university town, but its eponymous college is sandwiched between the bus station and Westgate train station, making it easy for residents of other West Yorkshire towns to reach. There's no student quarter here as there is in many towns and cities, though there are plenty of affordable apartments within walking distance of the campus.

Two of England's top independent schools are located in Wakefield – Queen Elizabeth Grammar School and Wakefield Girls' High School, both attracting pupils from across Yorkshire. It's perhaps no coincidence that homes can sell for a million pounds in outlying villages like Newmillerdam and peripheral suburbs including Wrenthorpe.

For those of us without seven-figure budgets, Wakefield remains an affordable place to acquire and invest in property. It's also an appealing place, as Nick Smith concludes: "Wakefield has got good fundamentals. We think it's going to benefit from the ripple effect from Leeds, which is doing really well at the moment.

"You get more value in Wakefield, though it is becoming more competitive. We're hoping to work with an investor from London who's looking specifically at the Wakefield area, so I'd say it's coming onto the radar more." It seems Wakefield may not retain its low profile among investors for much longer.

SITES FOR SORE EYES

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

- **City Fields**

  There are ambitious plans to turn a 375-hectare swathe of land between the Rivers Calder and Aire into a new residential district. Around 2,500 homes will be built a mile away from the town centre, alongside new local centres, a commercial park and additional school provision. Miller Homes, Bellway and Redrow are already active on-site.

- **Tileyard North**

  The ongoing regeneration of the derelict Victorian Rutland Mills complex has been heralded as a game-changing moment for Wakefield. It will introduce offices, music studios and a hotel beside the Calder, replicating the spirit of Tileyard London. An education centre is scheduled to become the first completed project when it opens later this year.

- **South East Gateway**

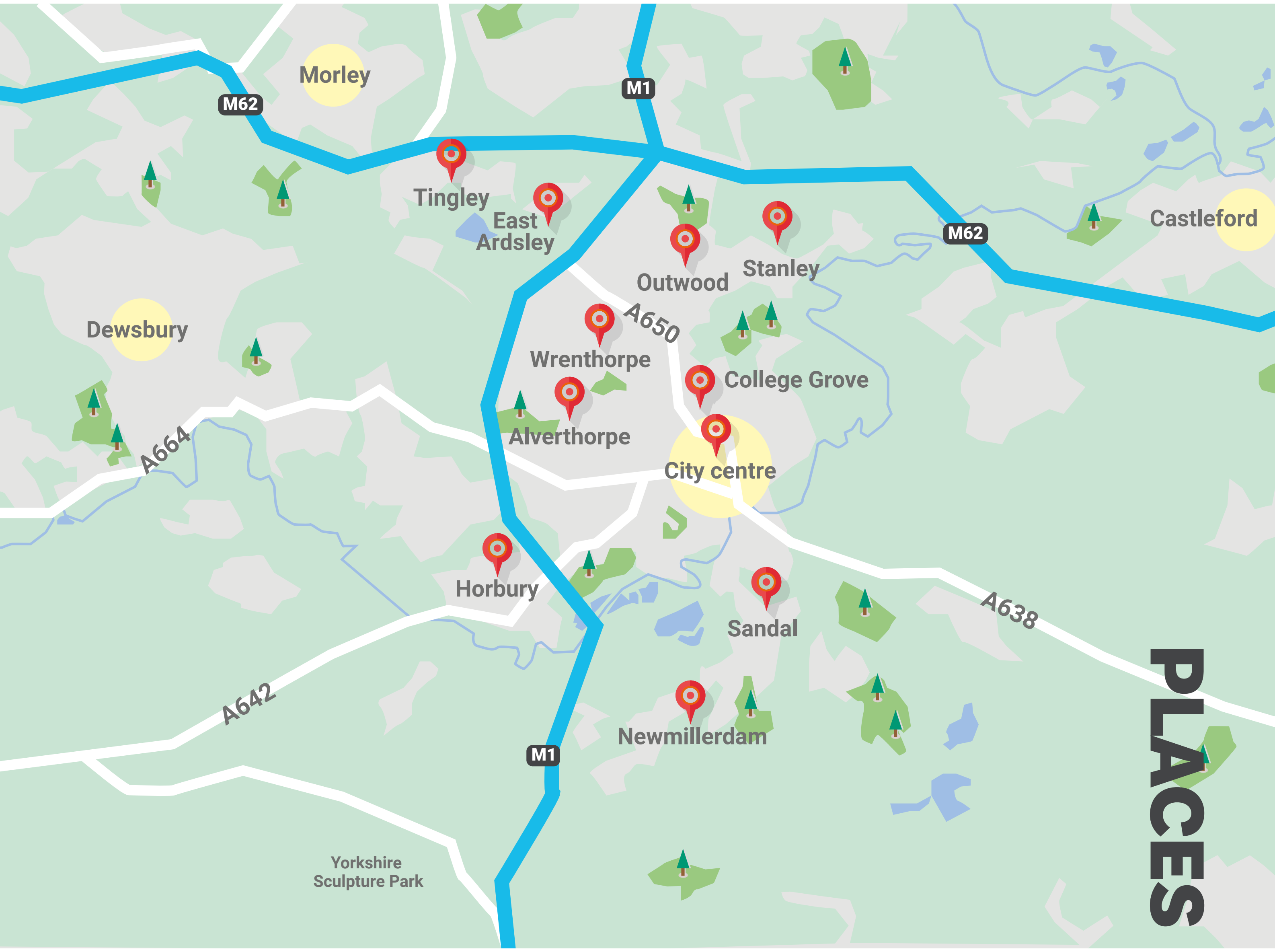
  A rather vague name belies the strategic location of this riverside site between the Hepworth Gallery and Rutland Mills. The South East Gateway has been declared a priority by the council, who plan to create 7,000sqm of workspace in a £21m scheme which will revitalise nine derelict riverside buildings.

Postcode lottery

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

- Best for high-end housing: Sandal, Newmillerdam
- Best for young professionals: Sandal, city centre
- Best for students: College Grove, Alverthorpe
- Best for transport links: Outwood, Stanley
- Best for yields: East Ardsley, Tingley
- Best for capital investment: Wrenthorpe, Horbury

The River Calder Wakefield Waterfront



PLACES

Elly Freeman

Three for two

Elly was a successful chef before a debilitating brain condition forced her to reassess her priorities. Now she's in her 'happy place', having just completed her latest property deal

BUY TWO GET ONE FREE!

From left to right: Horden Cottage, Easington Cottage, Blackhall Cottage

Left: Easington kitchen after renovation

Below: Easington kitchen before renovation

I was sat at home thinking, ‘Oh my God what am I going to do now? I can’t be a chef, obviously, because I can’t even stand up. What on earth am I going to do?'

Kitchen nightmares

Having lost one restaurant during the recession of the early nineties, chef Elly Freeman, 55, knows how hard running a kitchen can be. The hours are long and unforgiving, and the rigours can take their toll.

She had suffered terrible headaches for years; but after a particularly gruelling service at a restaurant in Arundel, West Sussex, where she worked, she needed to go to hospital.

“I couldn’t stand up without falling over,” she recalls. An MRI scan discovered what was wrong: a condition called Chiari malformation Type 1. “Lots of the symptoms I’d had for years, but it’s quite a rare condition and most GPs don’t know about it.”

Elly knew the diagnosis would be life changing: “I was sat at home thinking, ‘Oh my God what am I going to do now? I can’t be a chef, obviously, because I can’t even stand up. What on earth am I going to do?’”

Plan B and C

Back in the late 90s when her four children were still young, Elly trained as an interior designer. "My ex-husband and I couldn't both go out to work in kitchens in the evenings, and so I needed to retrain," she says. She enjoyed choosing colour schemes and wallpaper, but it was being on site with builders she enjoyed the most.

Her interior company closed in 2010 after 11 years, and Elly returned to catering. But now, in light of her diagnosis, she was thinking about her next move. At the same time, she and her new husband were renting our his three-bedroom property in Jarrow, in the North East, to her sister-in-law.

“Being a landlord had always interested me, and so I decided to really start to educate myself,” she explains. “It was actually Rob Dix’s book, How To Be A Landlord, that started me off. I started buying his books and reading them, then progressed into podcasts and audio books and anything I could get my hands on.”

However her dream was suddenly put on hold when in 2011 her mother, Helen, was diagnosed with Alzheimer’s. Elly spent six years tending to her mother before her death. And after inheriting some money, she decided it was time to pursue her new career path.

The perfect deal

By October 2018 she was ready to start looking for her first deal, but then the jitters crept in.

“I did the old procrastination – looking for the unicorn deal, and wasted probably six months.

“My husband was getting sick of me talking about it. I thought: ‘OK, you’ve really got to do it now.’”

She finally took the plunge, and in May 2019 bought her first property – a three-bedroom, semi-detached ex-local authority house in Boldon, South Tyneside, for £108,000, near where her husband’s family is from.

“My strategy was to get a single buy-to-let, but I wanted to get something that needed work because that’s what I enjoy doing, coming from a design background. And it’s how you can add value.”

The house needed a new kitchen, bathroom, and a bit of structural work, as well as redecorating and so Elly, who was back working part-time as a chef at the weekends, would travel up north during the week to carry out the renovations herself.

“I absolutely loved it,” she says. I would camp out on an airbed in the upstairs – it was great.”

Elly spent £13,000 on the refurbishment and the house was let out in September 2019 for £650 a month.

Sting in the tail

But Elly, who had initially bought the house with a mortgage, had not considered what she would do when refinancing the finished property. "I committed a sin without realising it," she explains. "I used my mortgage broker who I'd used on our own residential property and I didn't realise that I shouldn't do that, and there was a £2,400 exit fee as well.

"The right strategy is to either buy cash, and after six months re-finance, or use bridging loans. If you go into it knowing that that you are going to exit in six months to refinance, it's actually mortgage fraud. But I didn't realise at the time."

Change of plan

Having completed her first deal, Elly's plan was to pursue more buy, refurbish, refinance (BRR) deals and then move on to houses in multiple occupation (HMOs). But a chance conversation with her broker in December 2019, piqued her interest. His client, also based in the North-East, was in the process of trying to sell three properties to raise funds for a divorce.

The houses were in a deprived part of County Durham, and available as a 'buy-two-get-one-free deal'. They would be for Universal Credit tenants – something Elly had not considered so early on in her property career.

She admits having "preconceived ideas" about the tenants being difficult, and concerns that a lot of letting agents "don't really like taking on benefit tenants". But after contacting a letting agent she knew who specialised in Universal Credit tenants, she began to consider the possibility seriously.

Ridiculously cheap

The properties were three, two-bedroom terraced colliery cottages located in Blackhall Colliery, Horden, and Easington Colliery. "The Easington Colliery property had been empty for almost five years so we were expecting the worst when we went in to have a look at it – it was all boarded up – it was bad, but not as bad as we feared," Elly says.

The other two were tenanted, and after a bit of deliberation, Elly decided to go ahead with the deal, purchasing all three for just £55,000 on exchange delayed completion, reassured that her letting agent had a great husband-and-wife builder team ready to go for the refurbishment.

"I exchanged in June of last year with the completion date of September 17, but with that I had key access to the empty one so I could get the builders to do the work before I completed in September," she says.

"I paid a £5,000 deposit and I could finance them in September when I completed, so I didn't have to finance them with bridging and then refinance in September."

Her initial refurbishment budget was £12,000 which she admits was "ridiculously cheap". "The builders were a lovely couple – really, really hard working, and they don't charge enough for what they do, basically." She budgeted £10,000 for the empty house in Easington Colliery, with the rest of the money spent on bringing the other two houses up to scratch.

Top: Blackhall bathroom after renovation

Bottom: Blackhall bathroom before renovation

Catalogue of issues

The pandemic was, however, beginning to cause real difficulties: "There were problems getting plaster and materials for the refurb, and then my builders went down with Covid, so the whole team had to self-isolate."

To make matters worse, in August, the Easington Colliery property was broken into, with all the builders' tools stolen, as well as a brand new kitchen that was ready to be fitted. Elly replaced it herself at a cost of £800.

At the same time, two lenders pulled out – one, about a week before she was due to exchange.

She was offered bridging finance, which she turned down, instead choosing to scrape together every penny she had and pay in cash.

"It actually worked in my favour because if I had taken out the bridging, with all the hold ups and everything that's happened – the two tenants disappeared off the face of the earth too – it would have been about £600 a month for the three, so that would have been very, very stressful."

Left:: Elly's first property in Bolden

Below: the Bolden property living room after renovation

The refurb on the Easington Colliery property was eventually finished in December. It included a new gas central heating system being installed to replace storage heaters; a full rewire; a new kitchen and bathroom. A separate utility area was created where there had been a big cupboard storing the tanks next to the bathroom, with plumbing for a washing machine and space for a fridge/freezer.

The walls needed replastering, the floors replacing, and the ceiling in one of the bedrooms had fallen down because of a leak. The windows also needed repairing, and the property was recarpeted. "It was just a catalogue of issues," Elly says. "But I'm a very chilled person – it takes an awful lot to get me stressed."

Elly herself refurbished Blackhall Colliery in around six weeks, while work on the Horden property had to be postponed because of the second lockdown. In the end she was able to spend more on bringing these two properties up to date due to the tenants vacating.

Happy place

Despite the difficulties, Elly says the project has made her find her "happy place" – helping to house vulnerable adults through contacts at the local council via her letting agent. Her tenants include a woman escaping domestic violence, and a young girl who has been "in and out of care all her life", looking for stable accommodation in order to be reunited with her baby who is currently in foster care.

"So once she is in, and settled, she will be able to have her baby back, so that makes me very happy as well," Elly says. "It's made me realise that this is the path I want to take from now on."

RUNNING THE NUMBERS

This is how Elly's three-for-two deal in County Durham stacks up financially:

Purchase price: **£55,000**

Purchase costs: **£11,678**

Finance method: **cash**

Amount borrowed: **approx £66,000 after refinance**

Renovation costs: **£18,560**

Project duration: **seven months**

Done up value: **£92,000**

Total personal investment: **£19,998**

Monthly rent: **£1,170**

Monthly expenses: **£508.20**

Monthly net profit: **£481.80**

The houses are being let for around £390 a month each.

Now Elly plans to increase her portfolio by moving into supported living projects with angel investors or joint venture partners, while also buying more properties for social housing. She is also planning to relocate to the North East in order to grow her business, trying to get one or two properties for a registered provider by 2022, increasing to eight social housing and six supported living units by the end of 2023 – and adding her home near Littlehampton into her buy-to-let portfolio.

It is a remarkable change of direction, in the space of just a few years. And Elly admits without educating herself she would never have had the confidence to pursue it. "If I hadn't had that education, definitely not, no. Sometimes I think: 'Why didn't I do this in my 30s?' but life just is what it is.

"I think if I could say anything to anybody it's just go for it; try not to procrastinate, because it is doable, and once you have done your first you learn a lot and gain a lot of confidence."

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: **magazine@propertyhub.net**

FEATURE

Back to school

For many of us, school taught us little about personal finance and investment. Paddy Horsington's book, Money Lessons left at the School Gate, summarises some of the key lessons we missed out on

We need to be enabling students to become financially literate, empowering them to be able to discuss managing finances responsibly, so that they can make better financial decisions for their future

Paddy Horsington

When it comes to teaching financial literacy, formal education here in the UK tends to fall short. Chances are you left school knowing more about pythagoras theorem than how to manage your own money.

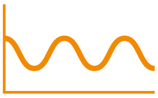
Financial education was made part of the national curriculum in 2014, but studies show there's still a severe lack of learning about it in school, with teachers under-equipped to deliver the right kind of guidance, leaving children to pick up what can often be bad spending habits from their friends or parents.

It's this realisation that drove secondary school business studies and economics teacher Paddy Horsington to write a book on the subject. "We need to be enabling students to become financially literate, empowering them to be able to discuss managing finances responsibly, so that they can make better financial decisions for their future," he says.

The book, Money Lessons left at the School Gate, introduces the basics of finance in the context of school life and is aimed at both children and adults keen to learn more about personal finance and investment.

As well as drawing upon his specialist subject knowledge, Paddy was able to utilise his own experiences of investing to help write the book. He bought his first buy-to-let at 26 and now owns six properties as well as a diversified portfolio of index funds. He says he is proof "a little bit of knowledge can make even the most average of earners a wealthy person."

Over the next few pages we share some of our favourite lessons from his book.



The economy moves in cycles

In my opinion, one of the first things we should teach you once you have entered the gates of secondary school (13-14 years old) is the economic/business cycle. It provides valuable lessons not only for sensible investment, but for life.

It may seem an unusual comparison to make between the economic cycle and life, but the economic cycle goes up and down like life can. It is important that people realise that difficult times don't go on forever and at the same time, try not to forget what the challenges can be like during the good times. The economic cycle refers to the good times as 'booms' and the bad times as 'recessions'.

The stages the economy goes through is all based on Gross Domestic Product (GDP). GDP is a way of showing how much a country is producing at a given time. The presumption is that when GDP is high, and an economy is producing more, it is classed as a 'boom'. When this is falling, it seems that we are declining into a 'recession'. Just because it is falling does not mean that we are in a recession, but it is when an economy's GDP is falling for two consecutive quarters.

Not all debt is bad

Depending on how you feel about debt, I encourage you to open your mind to the fact that debt is not always bad. There are different types of debt. Debts can have a positive effect on your situation and debts can have a negative effect on your situation.

Good debt buys assets, which are sensible long-term investments that put money in your pocket rather than take it out. Long term means that you will own it for several years and make a return on the asset. These assets can go up in value and put money in your pocket long into the future.

If you are using debt effectively and making it a good debt, you must ensure that you have planned how it is going to be repaid without it damaging your financial position. It goes without saying that it requires effort and research.

Don't be afraid to negotiate

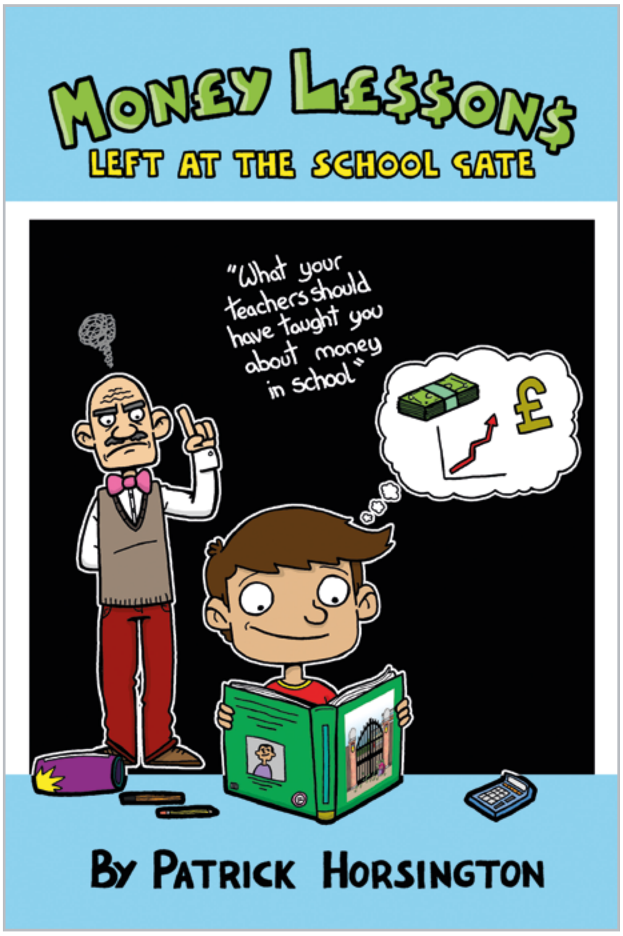
Someone once told me, the person who wants it least will always end up with the best deal in a negotiation. By this they mean, if you are a seller and you are keen to get the deal done and your item sold, then you will pursue the buyer and their offers until you come to a deal. This works both ways. The key is to act as though you don't want the item. This is something I am not always very good at, and I often find it hard to not get caught up in the emotion and the excitement of the buying process. These are the tips that I always try to follow:

- Play it cool. Don't make contact between offers and leave delays before making a higher bid.
- Look elsewhere so you are not dependent on one offer coming through.
- Put deadlines on your deals, just to add that time pressure on a decision. The key thing is time. The longer they have to mull over your offer, the more likely they are to accept your offer.
- Draw up a plan of when you are offering, the days you are offering and the amounts, with a final offer time and date in mind. This needs to be flexible.
- Put yourself on both sides of the deal. What does the seller want to achieve? Could you offer something to the seller to help them achieve their objective? (This does not always have to be financial).
- Find other things to negotiate on other than money. For example, time and convenience to the seller.

Someone once told me, the person who wants it least will always end up with the best deal in a negotiation

Inflation can reduce the value of debt

Everything has an upside; this is exactly the case with inflation. If your money goes down over time, so does someone else's. When you take out a loan, you effectively have someone else's money. You are paying them back an interest rate on that money, however, if you have purchased an asset with that money and the return is greater than the level of interest charged you have created a good debt. Added to that, if this debt figure stays the same and everything else is rising in price with inflation, then it is effectively losing its value.



FEATURE

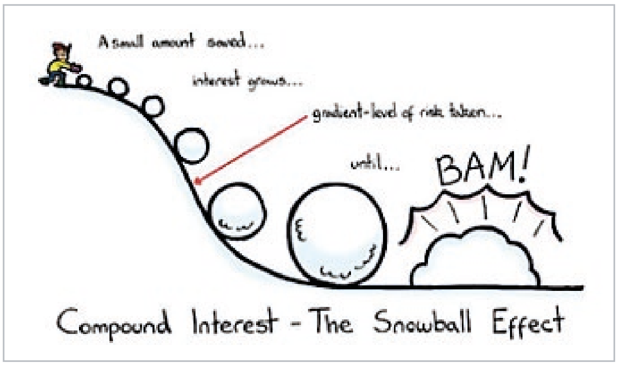
KEEP TRACK OF YOUR CREDIT RATING

I liken a credit rating to a school report or even a reference written by your school. It provides an overview of you as a student. For instance, you may be leaving school and going to college. The school will write a reference including information regarding your attendance, grades, attitude towards school and extracurricular activities. The college or school will then decide as to whether their school/college is right for you.

A credit rating is little different to this report but is a financial record. It shows a record of the money you have borrowed and how reliable you are when it comes to paying it back. It considers many different factors such as where you have lived and how long for, your earnings and debt levels. Businesses and organisations will then look at your credit rating to decide whether you are a suitable applicant for their loan.

It is an absolute must to find out your credit rating. There are many free websites that you can use to do this. Good or bad; if it is good then you can look at ways to use this to your advantage, if it is bad then you can do something about it.

I often check my credit rating. The reason is that I often look to borrow money and use lots of different methods to raise funds. My top tip is this. Find out what credit rating provider the lender uses to check people's credit rating. Sign up to that credit rating provider to check how your credit file looks to the lender and then, if there are areas you need to improve, you can specifically focus on these.



Images © Money Lessons Left At The School Gate

Compound interest: build your snowball

The theory of compound interest is best explained with a snowball. Your savings are the snowball. As the snowball rolls, it picks up more snow and it gets bigger. The bigger it gets, the larger the surface area of the snowball. The larger the surface area, the more the snowball picks up. So what is the snow that your snowball is picking up while it is rolling along? The snow is the interest that your investment picks up. Your savings/investments will gain interest over time. The investment gets bigger as you gain interest on top of interest. This is called compound interest.

The interest rate acts like a downhill gradient for your snowball. If you want to take greater risk, you increase the gradient of your hill. This will add to the risk of your snowball getting smashed up, but it will increase the size and speed of your return. Similarly, putting your savings in a bank account at 1% interest rate will be a smooth predictable ride. Invest in some shares of a new business and you're in for a faster run with higher returns but more chances of losing the money you have invested.

If you never take a risk, you'll never achieve your dreams

"The greatest risk of all can be taking no risk at all," (Fell, 2014). In schools we encourage students to take risks and challenge themselves, but emphasis needs to be placed on being able to do this outside of the classroom.

If you do not take a risk, push boundaries and look to progress, then you are likely to either go backwards or stay in the same place whilst everyone else moves forward. In a financial sense, if you just decide to keep your money sitting in the bank, then actually with inflation your money's value will decrease as prices go up around you and you can no longer buy as much.

In order to progress, you must take risks, calculated risks, in which you have protected the downside. If you can do this with care, it will help project you towards your goals faster. You must weigh up the risk and the eventual reward for embarking on your mission.

Side hustle up the property ladder

Investing in bricks and mortar is not the only way to indulge in your love of property. Natalie Thomas speaks to three investors who have set up property-related side hustles to help further their investing ambitions

In an age where you can run a business from almost anywhere – including your mobile phone – there has arguably never been a better time to uncover your inner entrepreneur and try your hand at a side hustle.

According to a recent report from Enterprise Nation; The UK's Start-up Appetite, a fifth of UK adults have ambitions to launch their own business in 2021, with 54% looking to set up a side hustle on evenings and weekends.

So, what is a side hustle? Traditionally it has been a way to bring in an extra income alongside your day job – much like a second job.

Side hustles however tend to offer more flexibility and generally speaking, have the added perk of you being your own boss.

They also don't always have to be just about the money. Even though the pandemic has had a huge financial impact on many people's finances over the past twelve months, only a third of those surveyed in the Enterprise Nation report named money as their motivation for wanting to set up a business.

A side hustle can instead be a way for you to simply explore an interest or increase your knowledge in one particular field.

So, whether you're looking to take your first steps into property, top up your income, or follow a passion – a side hustle could be the answer.

Setting up a hustle

When it comes to making the initial move into property, for many, investing is seen as the starting point. For some however, this is not only a huge financial leap but can also be a steep learning curve.

Emma Wren took a less conventional route into investing and first honed her skills through the launch of her own property sourcing company; Propitable.

When Emma launched the firm in May 2019, she was also working full-time running a street food stall.

"Deal sourcing was a perfect way for me to get into property," she says. "It allowed me to really understand what a good deal was, as well as allowing me to build up

FEATURE

relationships with agents and investors," she explains.

"This has all helped towards being able to start my own property portfolio," she adds.

Jessica Callaghan is another investor who was attracted to the opportunities that property sourcing creates.

Lockdown last year saw her launch two side hustles, the first of which was a property sourcing business: Oak & Wolf Property.

"I was furloughed at the time and saw it as a way to be involved in my local property scene," she explains, "as well as making some money to invest myself."

Her second property related side hustle – an interior design business – was also born out of lockdown, and her friend's love of interior design. "We help landlords and developers stage their properties so they will rent or sell quicker," she explains.

Based in North Tyneside, Jessica works full-time for youth sports charity StreetGames and also operates a training and educational consultancy alongside her side hustles. She currently owns one investment property but hopes to buy more.

However, you don't need to be new to the property market to launch a side hustle. Even for those already working within the field, a side hustle can provide a stepping stone to greater financial independence.

Property Hub spoke to one investor who currently works as a surveyor within an international property consultancy firm.

Along with his business partner, he has set up his own building consultancy firm, as well as working his day job, and as such wishes to remain anonymous.

He currently owns one investment property, with the long-term goal of being his own boss and running the consultancy firm alongside property investing. "Once the consultancy is running at full capacity, a proportion of our salary will be invested into our pension, which we will both likely invest in buy-to-lets, refurbishing/flipping properties and new builds." he says.

Love what you do

Working full time and having the hours to invest in a side hustle is no mean feat, which is why whatever your chosen business is, it needs to be something you enjoy doing.

"It was extremely difficult to run the stall and the consultancy firm at the same time," says Emma, "but I kept reminding myself how much I wanted this."

Based in Manchester, Emma's hard work is now paying off and she currently works as a full-time property investor, having bought her first property in August last year, swiftly followed by her second in October.

Her advice to others contemplating a side gig is to 'believe in yourself' and not compare yourself to others – especially those on social media. "I was comparing myself a lot to others at the beginning. Once I stopped doing this, that's when the results started to show," she says.

"I set myself goals and targets and regularly review these. These help me to stay on track whenever things become overwhelming," she reveals.

Jessica has similar advice. As well as working full-time and managing her side businesses, she and her partner are also caring for two under twos. "Whether it is within work or my personal life, I set myself goals and try to work towards those," she says.

"My property side businesses are still in their first year and I have not achieved the huge success I want yet, but I didn't expect that to happen in six months. You need to be patient, keep going and network as much as possible," she advises.

In terms of setting up her businesses, Jessica found the legal and compliance side of things easy in comparison to building up her network. "If you don't have a history of sourcing or interior design, you really have to put yourself out there, network and let people know why they should work with you," she says.

One of the advantages of working within the property market is the approachability of other investors, Jessica says. "Whether it's on Property Hub's forum or another property site, everyone is happy to share their experiences," she says.

FIVE PROPERTY-RELATED SIDE HUSTLE IDEAS

1. **Blogging/Vlogging – Chronicle your property journey through a blog or YouTube videos; potentially earning an income through online hits.**
2. **Photography – If you have an eye for a photo, why not offer your services to agents and landlords.**
3. **Interior design – Put your love of interior design to good use and stage properties for landlords and developers.**
4. **Sourcing – Build up your property knowledge whilst helping others fulfil their own property dreams.**
5. **Cleaning – If you don't mind getting your hands dirty, why not offer your cleaning services to others.**

FEATURE

COVER STORY

Property crashes: how to protect your portfolio

When will the next property crash happen and what can investors do to ensure that when it does, it doesn't spell disaster for their portfolios? John Fitzsimons finds out

Fuelled by rising concerns of unemployment, economic difficulties and the end of the stamp duty holiday, some property experts are predicting a sharp correction in the price of UK property this year.

Of course, it's fair to ask whether a global pandemic has thrown a spanner in the works of the 18 year property cycle. However there are signs that things may not be quite as dramatic – at least with regards to the housing market – as they appear.

First off it's worth highlighting there's usually a bit of a house price wobble between the end of the first recovery phase and the start of the boom. Confidence waivers over just how secure this price recovery is, and with memories of the last crash still fresh, buyers get a little nervous.

This outbreak of nerves doesn't just happen of its own accord either, there's usually some sort of economic event that makes people question whether the prospects for the market really are as good as they appear. Covid is a perfect example of such an event.

The fundamentals of the market are such that chances are Covid will only lead to a wobble. Housing booms are usually the result of a significant economic stimulus, and the reality is that we have never seen so much money being pumped into the economy – with more still to come – as right now.

But there have been times when this mid-cycle wobble turned out to actually be a crash. It has happened twice in fact, both during world wars. We simply don't know yet whether Covid-19 will complete the hat-trick, or whether it is just the perfect catalyst for a mid-cycle wobble.

So how can you run the rule over your portfolio, to ensure that it can cope with any price correction that might be on the way?

Put your portfolio to the test

Stress testing your portfolio is an excellent first step. Where possible, you want to avoid ending up in a position where the rent you bring in each month from your tenants isn't enough to cover the mortgage repayments, where your investments are essentially losing money.

So you need to run stress tests. Put simply, this means working out what level interest rates would need to move to in order for your rent to no longer be sufficient. Properties with a significant yield are ideal here, as they will provide plenty of wriggle room before you drop down to a point where you are losing money.

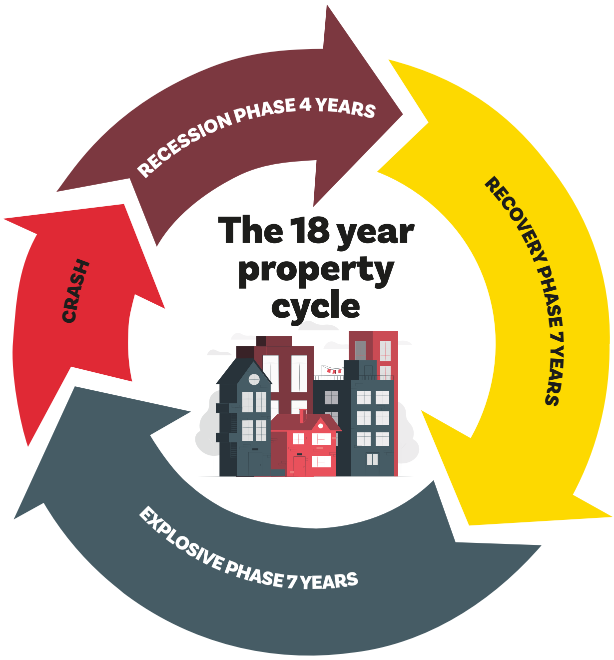
Conversely, those properties which deliver only a modest yield may be more problematic in the event of a crash, so may be worth reviewing. Is it possible to remortgage onto a less costly deal, providing a little more breathing space?

Keep it regional

We talk about the property market as if it is a single entity, but the reality is that the nation is really made up of countless local markets. And as a result you'll find that different areas may be in different portions of the cycle at the same time.

For example, price recoveries often start in cities – particularly the capital – so you could find the London market is into the explosive phase while other areas are still in the middle of the recovery phase.

Understanding where the market you're investing in is within that cycle is crucial for any investor. That way you can spot the regions that are about to hit the explosive growth stage – and therefore deliver the best capital returns – and those which are bordering on being overpriced already.



This is important for the post-crash market too, given the way that certain cities often see those first green shoots of recovery before other, more rural areas.

Time the market

Ensuring your portfolio makes it through a crash can be as much about what you don't do as what you do, particularly when it comes to expanding the portfolio.

The worst thing that investors can do is invest at the very height of the market, purchasing properties at prices that are not only unsustainable in the current cycle, but which may be too high for the next one too.

This is where understanding the property cycle becomes so important. Expanding your portfolio during the recovery phase in your chosen location is the dream, as you can do so at an attractive price and with little competition. You can then enjoy the years of growth that follow, and relax in the knowledge that even after the next crash you'll likely be in a solid position.

Doing so in a market that is hitting the explosive phase however is far dicier, and leaves you more likely to be sat on a property that is losing you money once the crash arrives. Bearing these timings in mind when judging an opportunity is therefore crucial.

Get the balance right

Another important point to consider is the equity you hold in your portfolio, and how you can tap into it if things take a turn for the worse.

Consider two different landlords, each with two investment properties of identical value. One landlord has 50% equity in each, while the other has 25% equity in one property and 75% equity in the other.

THE 18 YEAR PROPERTY CYCLE

Property prices are cyclical – they don't just jump up and fall down at random, they follow a regular pattern. This cycle falls into four distinct stages, and understanding where the market currently is on that cycle should play a huge role in your investment decisions and strategy.

The first stage of the cycle is the recovery phase. This is when the property market starts to get back on its feet following a recession, with confidence – and prices – slowly growing. It can be a brave time to buy, given what has come just before it, but it is undoubtedly a rewarding time to do so.

Prices will be at their lowest, as will competition, so there are clearly bargains to be had. Buying is not always straightforward though, as this is also the point at which finding finance is most difficult.

The recovery phase isn't a short one – with the typical property cycle taking around 18 years, this first phase accounts for roughly the first seven years.

After this comes the explosive growth phase. As the name suggests, it's when price growth really takes off with the value of homes jumping at an incredible rate. It's during this phase that you find the press is full of positive property stories, while looking around the horizon you'll see plenty of cranes, given the scale of property developments going on. Not only is there an attractive air to the idea of property investment here, but it's also relatively easy to do it, with banks happier than ever to lend.

People start jumping on the bandwagon, and the enormous demand for properties leads to sharp price growth. This phase also typically lasts around seven years.

All good things must come to an end though, and that's when the crash hits as sentiment drops out of the market. Property ends up out of the reach of normal people, and prices take a sharp tumble.

After the crash comes the recession phase. The shock of the crash understandably dents confidence in the housing market, which then depresses house prices for a period. This likely lasts around four years, before the cycle starts again.

The key thing to remember here is that each cycle starts at a higher point than the last, meaning that the long-term trends is for prices to keep growing.

> There will be another property crash – it's inevitable. And what's more, it won't happen at some far flung point in the future

On the face of it, they are in largely the same position. But that may not be true in practice.

If a crash does come and the costs begin mounting, then it may mean having to cash in at least part of the portfolio in order to raise funds. And the ideal scenario would be only selling one property, rather than both. That's a lot easier if you have a lot of equity in one property, which you can then sell off, rather than having to sell both properties in order to raise the required funds.

So you might want to rejig precisely where you hold equity within your portfolio, to limit the overall impact that any crash might have on the number of properties you hold, and provide you with a simple solution should you need to sell one in order to raise funds.

Cash in the bank

When things get a little dicey, there may be times when your portfolio stops making as much money – or even stops making money at all. Perhaps the interest rates on your mortgages have risen suddenly, leaving you in an uncomfortable position where the rent isn't enough to cover those monthly repayments.

That's when it really pays to have some money set aside to help you bridge that gap in the short term.

The big question though is how much money should be in that emergency fund?

From the off, investors need to have at least some cash in there to cover for those unexpected bills – replacing the boiler that suddenly goes, covering a void period for example – but how much to keep in there is really a personal choice. It's about what you feel comfortable with, and whether you think it will be adequate should you need to call on it.

That said, it's important not to go too far with your cash reserves and find yourself in a position where you have effectively 'over-covered' for those rainy days.

Can't fight the moonlight

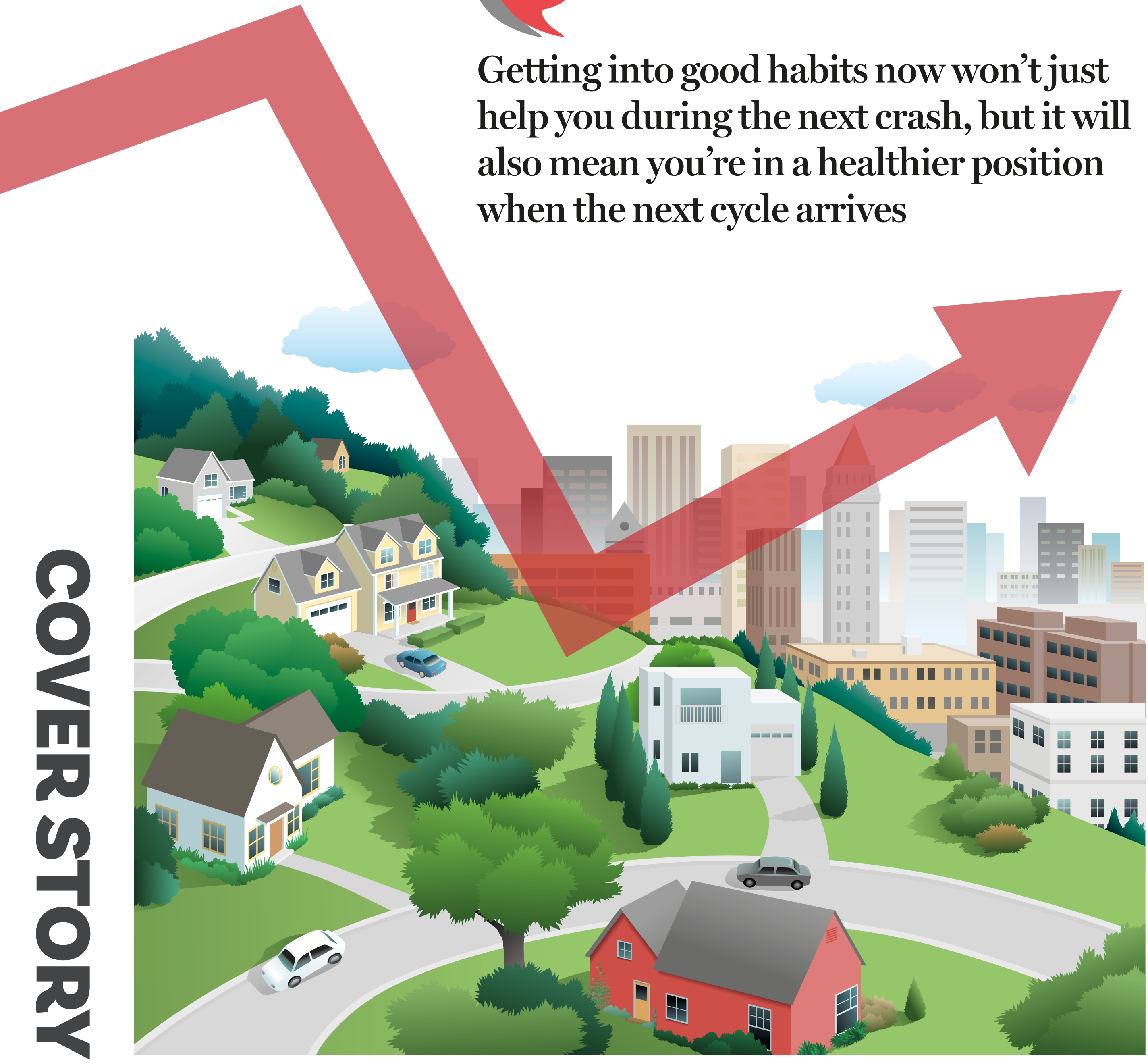
There will be another property crash – it's inevitable. And what's more, it won't happen at some far flung point in the future. Looking at where we likely are on the property cycle, even if Covid-19 does end up simply being the cause of a wobble, an outright crash will likely take place within the next decade.

That's not a reason to panic though. The cyclical nature of property means that if you buy at the right time, and hold your nerve during the ups and downs ahead, then you will end up in a more positive position than you began. It's another reminder of why property shouldn't be viewed as a 'get rich quick' opportunity, and rather an asset that you hold onto for the long term. It can be easy to get carried away when things are booming, but that's precisely when the most expensive errors are made. Viewing your portfolio in the context of an investment strategy that will run over decades, rather than a couple of years, will help you avoid making those mistakes.

Similarly, by running the rule over your portfolio and recession-proofing your investments – whether that means adjusting your expansion plans or redistributing where you own equity within your portfolio – you can ensure that you are well placed to ride out the repercussions of a property crash, whenever it does arrive. Preparing for the worst now means that it will have less of an effect on you when it does eventually happen.

What's more, understanding the cyclical nature of the property market and getting into good habits now won't just help you during the next crash, but it will also mean you're in a healthier position when the next cycle arrives. You'll be well armed to move early once the market begins its recovery phase and the cycle starts all over again.

Getting into good habits now won't just help you during the next crash, but it will also mean you're in a healthier position when the next cycle arrives



SURVIVING A CRASH

My experiences of the crash have massively impacted the way I invest now. I was hit smack in the face by the recession in my first investment, so I had to ask 'how can I do this better?'

Marc Turnier took his first steps into property investing at the sprightly age of 17, buying two properties in Leeds after receiving an inheritance. Unfortunately the timing wasn't ideal as this was in 2007, shortly before the last property crash caused a sharp price correction.

"I had just gotten into architecture school in Newcastle and wanted to put my money into something physical, a bricks-and-mortar investment. I can't tell you that I was super clued up on property – the learning process started there."

Marc admits that the sentiment around the property market at the time likely played a part in him opting to invest. "When I first invested, every man and his dog was buying property and telling you now was a great time to buy."

What followed was a "rude awakening" to how the property cycle works, with one of the properties taking seven years to recover to the same value Marc initially paid.

Marc combined his studies with handling everything related to the letting of the two properties, and when he finished university he refinanced one and sold the other, ahead of getting serious about his investing.

"My experiences of the crash have massively impacted the way I invest now. I was hit smack in the face by the recession in my first investment, so I had to ask 'how can I do this better?' And what can I do to mitigate against the possibility of this happening again? You really have to be clued up about the property cycle – all the best investors are. You have to look for those indicators and do you due diligence, really understand what you are buying and where."

Marc explains that his experiences have also pushed him to adopt a more flexible approach to his investments. "I look at projects now where there are a few different exit routes. In those first two properties, there wasn't really a play to add value – it wasn't on my agenda. But now I look at properties with lots of different ways to add value, and to use my skills as an architect. It's guided me into the strategy I have now – I always have another angle in mind."

He also emphasises the importance of research into a local area before investing, to ensure that you truly understand it.

"The fundamentals of a good investment property – the location, the transport links, the workforce, etc – are heightened during a recession. If you buy somewhere that doesn't boast those things, then it can be much worse once the recession starts and it then takes longer to recover. It just highlights the importance of local knowledge.

"You need to become an expert in your area, even if it's just a small town or even a few streets. I speak to agents frequently, look for where the investors and the big developers are going. Can get a good idea of where they are investing and where they are not. But also it's crucial that you don't simply believe what other people are telling you. You need to form your own opinions and don't go rushing in, off the back of what you've read in the press or what one agent has told you."

Mary and Andrew

A break away from their busy lives made architects Mary and Andrew rethink their future. Now the pair are carving out a new career in property specialising in HMOs. Marieke Mollitt tells their story

Designing a career in property

Left: attic bedroom after refurbishment

Right: hallway after refurbishment

CASE STUDY

Left: kitchen/lounge after refurbishment

Below: kitchen/lounge before refurbishment

Born in Afghanistan, Mary Osman, 33, moved to the UK in 1995 to start a new life after tragically losing loved ones during the war. With a family background in academia, Mary knew she wanted to enter higher education, but having a creative flair, she was keen to get the balance right.

A degree in architecture seemed the perfect fit. After seven years' study, she began her career then quickly undertook some high-profile jobs including the renovation of Tottenham Court Road Station in London, a floating house on the River Thames, and the development of the Corn Exchange in Manchester where she'd met Andrew while studying for her master's.

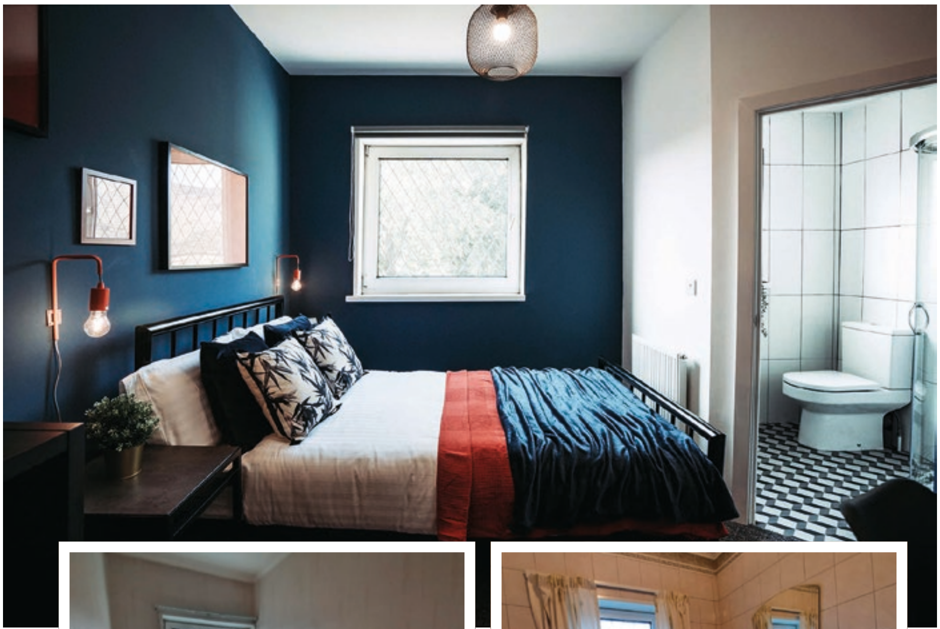
The turning point

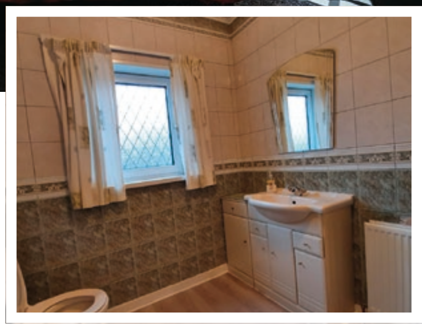
In 2015, to change up their lives and get some sun, Mary and Andrew packed their bags and headed on an adventure. "I worked a lot of hours, for someone else. I was making the rich richer, and myself poor in the process and was also getting very tired! So, I bought a round-the-world ticket for a year and covered so many countries. Whilst there, I just kept meeting people who were working off their laptops and doing really well. I'd never seen that before," she says. It made her reflect on the long hours she'd been doing back in the UK.

A move to Australia and lots of research later, Mary and Andrew decided to return home and invest in property, or as Mary puts it: "I just decided to crash-land back in the UK and 'do' property."

"When I was in Australia and on the way to work, I used to tune into The Property Podcast every day. I listened to Rob and Rob and it was so good because what's different with their podcasts is that they're short snippets of information and it's to the point and I love that. I had a 20-minute bus journey to work and I learned so much each day. It motivated and inspired me," she says.

Having learned how to live on very little during their time in Australia, they





Top: bedroom after refurbishment

Above: bedroom before refurbishment and bedroom and bathroom knocked through

Above: bathroom after refurbishment

managed to save a decent deposit to get started. On their return, they settled in Leeds and got stuck into researching the local property market. Mary lectured at The University of Manchester part time while Andrew continued to work full time.

After being out of the country for over two years, they struggled to get finance at first so took on a rent-to-rent project before making their first purchase in late 2019; a three-bed home with a garage in Leeds that they converted into a five-bed house in multiple occupation (HMO).

This first project brought its challenges: what started as a planned three-month development dragged out to six months, with the pandemic causing supply shortages, and builders walking off-site during the job.

But, they learned a lot and being architects in both commercial and residential property brought huge benefits to their new venture: "I know so much about property development from my background; party wall issues, fire regulations, building regulations. I can walk into a building or look at a plan and very quickly think, I can fit five bedrooms in here. It's just second nature," she says.

The world of HMOs

HMOs aren't the first thing people think of when looking to take a first step into the world of property. For Mary, it was all about figures, paired with her knowledge of buildings and how to optimise their use.

"As a property strategy it brings you a higher income each month, so you're buying a home and letting it by individual rooms. That's very important to me as the goal is to come out of work and for my properties to support me. The ROI generally speaking is higher in HMOs, so that was a primary factor. I also wanted to start big," she says.

The couple quickly followed up their first property with a second and third, with Mary going the extra mile to make sure each one was carefully designed with the tenant in mind. "I really care about my end users, the experience they have from the minute they walk through the door, the feeling they get, how much space and storage is required.

"For example, landlords often buy corner sofas for shared homes. People don't want to sit on corner sofas with people they don't know well! That's for families." Mary feels these details are simply a duty of care.

She also thinks it's important to be green: "It's really important to me that we use minimal gas and make most things electric. We make sure we choose electrical suppliers that use renewable energy, even if it costs us more. In HMOs the landlords pay the bills and we're happy to uptake that."

Leeds loft conversion

Mary and Andrew secured their most recent HMO last summer in Leeds for £100,000. They were attracted by the fact it was three stories, with two reception rooms, two bedrooms on the middle floor, and a space for conversion in the loft. But, the property needed a complete overhaul; from rewiring, plastering, carpets and insulation, through to redecoration of every inch.

"There was loads of work to do in the loft space," Mary explains. "We used the eaves to create a kitchenette as well as the bedroom itself, so it's a self-contained area – it's basically a studio flat. But, it needed two layers of insulation to bring it to standard, plasterboarding, and the floor replacing. Luckily, that kind of work doesn't intimidate us and is actually what we look for in order to gain maximum uplift in value.

"With the large reception room at the back, we used clever design to maximise the space, inserting a low wall to result in a kitchen and living area. There was also a conservatory we turned into a utility room."

Four bedrooms were created, with one of the reception rooms converted into a bedroom with ensuite and the top floor loft space also having an ensuite. The two middle floor bedrooms share a bathroom.

Mary and Andrew project managed the entire process themselves. The renovation took three months from receipt of keys, and all the rooms were let within a week. "I was so proactive with the advertising, even using visualisations where needed, so we were able to secure tenants very quickly. We finished on Saturday, and two people moved in on Sunday. What you put in, you get out."

Despite the quick turnaround, there were issues. Again, there were material supply problems, paired with the fact that the summer period is the time developers are buying and converting student HMOs, leaving not only a shortage of larger properties, but also a lack of availability of workers. "Sometimes I'd have to call 10-20 people just to find someone to do a particular job. But we were determined! Two tilers and two joiners let us down."

And what's the main attraction of investing in Leeds? "We love Manchester, but house prices are much higher there, so there's more scope for development in the Leeds area; those opportunities have largely been taken in Manchester. Leeds is a few years behind in that respect, so it makes it ripe for investment."

What next?

Despite the latest lockdown, things continue to progress for the pair. They currently have two more properties in conveyancing; a buy-to-let in Birmingham obtained directly from the vendor and a HMO in Wakefield. "It's got a damp wall and it's scary for many, but we know how to deal with it as we have knowledge of the industry. These are the opportunities we target," says Mary.

Mary and Andrew have found what they want to do. Property investment brings them all the different elements they're looking for in their lives. Mary reflects: "At the moment we're very hands-on. We want to keep building a strong business so we can eventually outsource lots of things, so we can move to another country or travel, and have the property to support us as our living."

She offers a final word of advice for anyone considering following in her footsteps: "If there's a will there's a way. I've learned that before, my mind was closed. I didn't think people could achieve anything they wanted. Now I think they can. I've accomplished so much through property. We just need to believe in ourselves."

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: **magazine@propertyhub.net**

RUNNING THE NUMBERS

This is how Mary and Andrew's four-bed HMO in Leeds stacks up financially:

Purchase price: **£100,000**

Purchase costs: **£7,250**

Finance method: **mortgage with advance**

Deposit: **£25,000**

Amount borrowed: **75% – £75,000**

Renovation costs: **£40,400**

Project duration: **three months**

Done up value: **£160,000**

Total personal investment: **£27,650**

Monthly rent: **£1,900**

Monthly expenses: **£875**

Monthly net profit: **£1,025**

CASE STUDY

Secrets of a surveyor

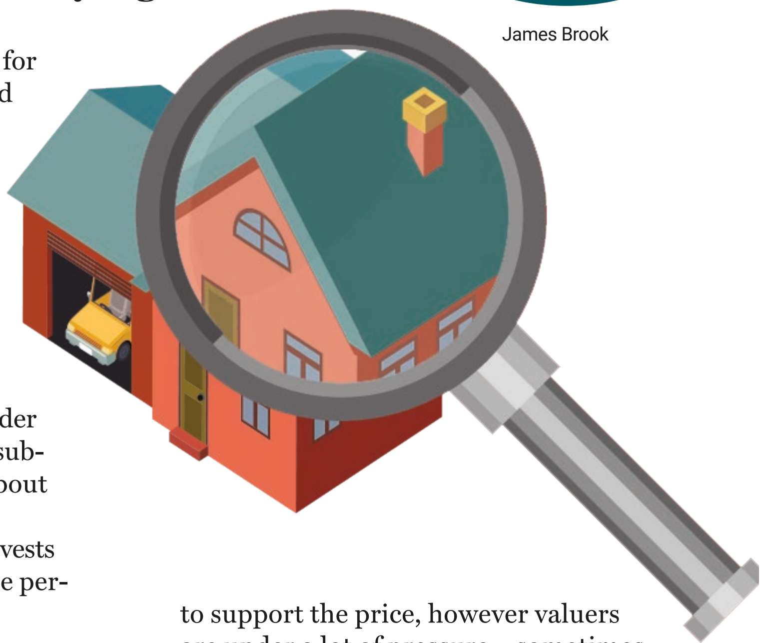
James Brook answers your questions about the secret art of surveying

James Brook

Property surveyors are like doctors for buildings: they're specifically trained to examine a property's condition and highlight any defects that need attention, referring it for specialist treatment where necessary. So if anyone knows how to tell a doer-upper from a money pit, they do.

We asked RICS Young Surveyor of the Year 2020 for Residential Property and co-founder of Novello Chartered Surveyors, James Brook, to share his insider knowledge and answer your questions (submitted via The Property Hub Forum) about the secret art of surveying.

As well as being a surveyor, James invests in property himself, giving him a unique perspective from both sides of the process.



How can you value a property like a surveyor?

Comparables are king. Normally a valuer will look for at least three comparables that have sold nearby within the past six months, this might include a mixture of completed sales and those that are under offer.

You can do this yourself by looking at Rightmove sold prices, Net House Prices, and Zoopla, but don't be afraid to call local agents and ask them what similar properties they've sold.

In an ideal scenario you'd have an identical property next door to use as evidence, but this rarely happens, so you'll need to make positive and negative adjustments to the evidence in order to properly compare them to your property.

What can you do if your property gets down-valued by your lender?

You first need to establish if it has been 'down-valued' or if it was actually over-valued in the first place. A valuer will never 'down-value' a property if there's evidence to support the price, however valuers are under a lot of pressure – sometimes doing six or seven valuations in a day – which might mean they've not had chance to obtain all the recent comparables. Ask your agent to give you at least three comparables which you can go back to the lender with to appeal. But be warned, this can be a bureaucratic process. If the agent can't justify the value then you have fair ground to renegotiate.

What are your top criteria when valuing a property and what improvements can be made to achieve best value?

Location, size and condition. These are the most important factors a valuer will look at. You can't change the location, but changing the size and condition are obviously the best way to add value.

There's no set answer to the best improvements you can make as it can vary hugely. For example, in London an extension can add a lot of value, whereas in the North West the added value may not be more than the build cost. New kitchens and bathrooms, along with redecoration can be cost effective improvements.

Do investor packs help the surveyor's job in terms of valuing the property?

Yes and no. If done properly with good comparables they can be a great way to help a busy valuer. Valuer's have access to recent sales on the Rightmove so don't just print off what is available there, but if you can get recent under offer information from local agents which aren't currently available online this can help. A clear summary of what works you have done, including costs will help, but the valuer will value the property as they see it on the day.

Can the quality of fittings/appliances impact the value?

It is definitely something I would consider. I often find that if there's a handmade German kitchen with top-of-the-range appliances then normally the rest of the house will be a similar spec and obviously this will impact the value. However, a kitchen alone might not make too much of a difference. It also depends on the market and their expectations.

Valuations seem to be more on the cautious side these days. Is there any insight you can provide on the current property market and what to expect over the next year or so?

It is a hugely difficult task to value in a turbulent market, but the valuer is not expected to have a crystal ball so they should be valuing it as the market is on that day and not worrying about any future downturn. I personally take a neutral approach and value it as the evidence shows.

I don't think anyone knows what will happen in the coming years, I have seen some commentators predicting huge price drops as the economic impact of Brexit and the pandemic take effect, but then I have seen others predicting price rises.

Is there any way to get advice on a property's suitability earlier in the process? At present the only option is to try a valuation.

Each lender's criteria varies and they all have handbooks which the valuer must interpret. I'm not sure how readily available these handbooks are, but if you speak to a surveyor who works for the lender they should be able to provide advice.

WHAT ARE THE MOST COMMON DEFECTS PEOPLE TEND TO MISS WHEN BUYING A PROPERTY?

1. **Dampness:** this isn't always visible to the eye. Electronic moisture meters can help, but you need to be able to understand the causes.
2. **Cladding:** you may need an EWS1 to confirm cladding on flats is safe. Even those that look like they are built of bricks may in fact be brick slips or tiles.
3. **Roofs:** check for any missing or cracked tiles or slates, or evidence that they have been repaired which could indicate their fixings are failing.
4. **Structural movement:** cracks can be a sign of serious issues like subsidence or lintel failures. Any cracks should be checked by a professional.
5. **Asbestos:** asbestos wasn't fully banned until 1999, so if you're buying an older property there's a risk it will contain asbestos. The most common places to find it are in artex/textured ceilings and wall finishes, garage roofs, boiler flues, vinyl floor tiles, and pipe lagging.
6. **Electrics and boilers:** if they look old, chances are they need replacing to meet modern safety standards and improve the energy efficiency.
7. **Rot:** both wet rot, and the more serious dry rot, are forms of fungal decay which can cause damage and are often the result of damp.
8. **Old plaster:** over time plaster can become cracked and loose which can result in costly re-plastering works.
9. **Chimneys:** chimneys can be a source of rain penetration if they're not capped and vented, or in poor condition. If they have been removed they should be properly supported and have building regulation approval.
10. **Windows and doors:** timber windows can suffer rot and decay which might require replacing. Look for signs of condensation between panes which might indicate the seals have failed.

Jake and Lucy's strategy of flipping some properties while holding others is helping to fast track their route to financial freedom. Emma Lunn tells their story

Two-pronged approach

CASE STUDY

Left: master bedroom before renovation

Right: master bedroom after renovation

Above top: kitchen after renovation

Above bottom: kitchen before renovation

Jake and Lucy

Jake Colwill and Lucy Davies, both 28, have built up an impressive property portfolio since graduating from Cardiff University where they first met.

The couple, who now live in Bristol, had an interest in property from a young age. "I've always been involved in the home improvements industry having worked in my dad's kitchen business," says Jake.

"Lucy and I then met at uni and decided property was the career path we wanted to follow, although at the time we didn't really know how we would get into it."

The couple's first flip was a run-down flat in Bristol. They bought it in 2017 and renovated it in their spare time, in the evenings and on weekends, before selling it and using the equity they generated to buy another flat to rent out.

Jake says coming across the The Property Podcast was a real eye-opener for them both: "We didn't know there were so many strategies apart from buy-to-let and buy-to-sell. Listening to The Rob's podcast was a real lightbulb moment as we learned about new strategies, and how to refinance properties without selling up."

Dual strategy

Today Jake and Lucy have a portfolio that consists of two serviced accommodation units, two buy-to-let (BTL) flats, one house in multiple occupation (HMO) (with another in conveyancing), one renovation project, and a Grade II-listed chapel they are seeking planning permission for, which they hope to convert into residential accommodation.

They both still work full time: Jake in sales and operations of a kitchen franchise and Lucy in human resources for a social housing association.

They've been able to achieve so much so quickly by adopting what Jake calls a dual strategy – flipping properties that generate chunks of capital they then use to acquire rental properties. They use their own funds for the deposits and then utilise private investment to develop the properties, repaying the investors after refinancing.

Jake says: "Following this dual strategy has allowed us to build momentum, generating our own capital reserves to cover the acquisitions while also steadily building our monthly income."

The funding of each project is slightly different each time but Jake and Lucy typically use a combination of bridging finance and private finance to purchase and renovate their projects, then refinancing to a BTL or HMO mortgage once the works are complete.

Above left: living room after renovation

Above right: breakfast room after renovation

Left: breakfast room before renovation

The Bristol flip

One of the couple's most recent flips was a three-bed, mid-terrace conversion in Bristol.

Jake says: "The house was on sale on the open market. It was quite dated with an old-fashioned floor plan. However it was liveable and mortgageable, and there was nothing really wrong with it. We know the area well as we used to live a few streets over. We saw the property had been on the market for a while. On enquiry we discovered the vendor lived in Manchester and had a previous sale fall through."

The couple purchased the property around the time Brexit was stirring up a lot of negativity in the media and uncertainty about the property market. This situation enabled them to get a good deal.

"We also think that the property was not run-down enough and it may have been overlooked by investors who didn't see the value to be added and the potential that was hidden in plain sight. The property had therefore been dropped in price significantly to encourage a sale," says Jake.

The house was initially on sale for £485,000, then dropped to £450,000. Jake and Lucy put in an offer of £444,000 and had it accepted. They funded the purchase with a deposit of £67,000 and a mortgage of £377,000.

Jake says: "We were attracted by the desirable location and the relative ease of the renovation. Structural work was limited to removing a chimney stack and opening up the rear rooms of the house to produce an open-plan space, then creating a high-end interior finish throughout that appealed to prospective buyers, with the main focus on creating a desirable kitchen and bathroom."

The couple completed the majority of work themselves, keeping the refurb costs to a minimum, and lived in the property while the work was being done.

Covid curveball

The main challenge came when they listed the property for sale. It was originally priced at £600,000 in January 2020 and sold within four days of being on the market.

But the pandemic threw a spanner in the works. In March Jake and Lucy were close to exchanging contracts when lockdown was enforced by the UK government. The buyers pulled out and the pair were left in limbo for several months while the housing market was on hold.

Jake says: "This was a bit nerve-wracking as the media were suggesting the property market was about to drop significantly."

The couple filmed a detailed video tour and walked prospective viewers around the property virtually. This virtual tour resulted in a couple of offers during lockdown but they were £10,000 to £20,000 less than they had previously sold for, so Jake and Lucy decided to hold out for the market to reopen as they felt they could achieve a higher price.

Their patience was rewarded when the property market reopened and they held an open day. They received three more offers, with the property going to best and final offers.

The property took 12 months to purchase, renovate and have staged ready to sell. Unfortunately due to Covid the sale then got delayed by a further six months, so it took 18 months in total

"While we had offers at the asking price of £600,000 we decided to go for a proceedable offer of £596,000 and thankfully completed this time relatively quickly," says Jake.

"The property took 12 months to purchase, renovate and have staged ready to sell. Unfortunately due to Covid the sale then got delayed by a further six months, so it took 18 months in total."

Local knowledge

When it comes to which properties to buy, Jake says good local knowledge is key. "Shortly after studying at Cardiff University we went on to purchase flats in Cardiff. But since moving to Bristol we've based our strategy here as we know the area and the individual streets, and we can be on hand for viewing properties at short notice, managing the refurbs and dealing with tenants," explains Jake.

"To start with our attention was drawn further afield by the lower prices and higher yields available but we've come to realise local knowledge is invaluable. Bristol is a very competitive market which makes sourcing harder. However, the deals are there if you have good local knowledge and are thorough in your approach to sourcing. It's like finding a needle in a haystack."

He also says it's important not to cut corners on refurbs. "Things such as damp proofing, and properly insulating a property can be costly and don't necessarily add value so it can be tempting to leave out to make the deal look more attractive, but it's a false economy and will cost you more in the long run," he says.

Back garden after renovation

RUNNING THE NUMBERS

This is how Jake and Lucy's Bristol flip stacks up financially:

Purchase price: **£444,000**

Purchase costs: **£29,976**

Finance method: **variable mortgage and private investor funds**

Amount borrowed: **£377,334**

Renovation costs: **£44,087**

Project duration: **18 months**

Sold price: **£596,000**

Total personal investment: **£91,012**

Profit: **£85,778**

"Think about how you structure your deals upfront before you start buying as it can be costly to reshuffle your portfolio retrospectively."

Next steps

Jake and Lucy plan to continue a similar strategy in the future, albeit on a bigger scale. They learnt quite early on about the importance of structuring deals correctly. They have a trading company to buy and sell properties and a separate company to hold their properties for the long term.

Their two current areas of focus are to flip multiple properties each year and then acquire more large houses to convert to HMOs for cashflow.

Their goal is to become financially free by the time they are 30, but not to necessarily give up work. "By financially free we mean we have the choice to work because we want to and not because we have to," explains Jake.

"We're both hard workers and property is a genuine passion so we will always continue to renovate properties, but we want the ability to choose which roles and projects we work on as well as being able to travel as much as possible in between."

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: magazine@propertyhub.net

Property **Geek**

with Rob Dix

Covid: one year on

Given the far-reaching impact Covid has had on our way of life, it's remarkable how little the property industry has been affected, writes Rob Dix

I was spending a couple of months in Spain when Covid-19 came into our lives a year ago. I distinctly remember sitting on a sunny terrace sipping a lunchtime beer, with my mum on the phone telling me a deadly disease was sweeping the globe. As usual, I hadn't been watching the news so gave her my standard speech about how the media blows everything out of proportion and weren't we all supposed to die from swine flu or bird flu a couple of years ago?

Within a week, that cafe was closed and nobody in Spain left their home for months.

A year on, and it's unbelievable how habituated we've become to Covid life. We discuss on Zoom calls whether the government 'allows' us to leave the house in our respective areas, as if this were a totally normal and natural thing.

We've added 'mask' to our 'keys, wallet, phone' checklist. And on the rare occasions we meet another human socially, we do an embarrassed half-wave from a distance rather than an awkward handshake – which is a real plus, if I'm honest.

At a moment's notice

Other than those first couple of months when everything was shut down, people have continued to view properties and move house. Lenders have continued to lend, albeit with fewer options and more hoops. Solicitors have continued to work, just more slowly (surprising everyone who didn't think that was possible), and construction of new sites has continued.

The area that has been most affected is evictions, where government policy has been an incoherent mess. For the first few months, understandably, they just wanted to freeze everything in place: stop anyone from being evicted, stop lenders from repossessing, then restart later with minimal harm done. But as the response to Covid dragged on, landlords have gone a year with

OPINION

If you look at everything else that's played out over the past year, it's just accelerated existing trends rather than creating new ones – such as the explosion in online grocery delivery that had been underway in a more sedate fashion for years

barely any opportunities to regain possession – with the suspension of evictions frequently extended at the last minute, and sometimes enforced by a civil servant writing to the courts rather than establishing it in law.

While governments in other countries (including Scotland and Wales) have provided direct support to tenants to enable them to pay their rent so they don't get evicted, in England the government seems to assume that landlords can just provide a free service indefinitely. And although I recognise that in almost every case a property owner will be in a stronger financial position than a tenant and they'll need to take more of the pain, I'm left with the impression that this is the result of government muddling along and avoiding making difficult decisions rather than a deliberate policy statement.

Given how many people's livelihoods have been affected by the response to Covid, and how relatively easily you could get away without paying your rent for nearly a year if you wanted to try, it's amazing that arrears levels aren't higher than they are.

The bigger picture

In March 2020, you would've been hard-pressed to find an economist or commentator predicting that the effect of Covid on house prices a year later would be positive. If anyone had predicted the actual outcome – the best year for house prices in six years, up 7.3% according to Nationwide – you'd have thought they were insane.

Sure, the removal of Stamp Duty will have had some effect – but prices rose across the board, including at values that wouldn't have been subject to Stamp Duty in the first place. They also rose in many other countries, including the USA and Australia, where no similar measures were taken.

What does this tell us? For me, it's the importance of looking at the big picture and understanding all the forces at play. In the realm of economics, that means looking at what governments are doing to stimulate their economies in response to the pandemic and the likely effect that will have on asset prices. But the big picture goes far beyond economics, and into the realms of psychology – which no economic model accounts for.

In the middle of the year I coined the term 'uncertainty fatigue' to describe the effect on people who'd spent years holding off making big financial decisions (like buying a house) because they were unsure about Brexit, then the general election at the end of 2019. Then Covid hit, along with the realisation that it's an inherently uncertain world, we won't be here forever and you just need to get on and live your life. Combine that with people re-evaluating what they want from their homes en masse, and you have a recipe for a mini-boom. Very easy to explain after the fact, but nobody anticipated it.

The fallout

To what extent will the housing market be completely reshaped by the new demands of the post-Covid world?

If you look at everything else that's played out over the past year, it's just accelerated existing trends rather than creating new ones – such as the explosion in online grocery delivery that had been underway in a more sedate fashion for years.

It would be surprising then if Covid had the effect of reversing the trend towards city centre living that was well underway. It's certainly done that temporarily while everyone's working life has suddenly and unexpectedly changed, but will it persist in future years? I'm not so sure.

However, on the margins there will certainly be more flexible working than there's been in the past and therefore more demand to live in pleasant locations that are one or two hours from a major employment centre: too far to commute every day, but fine for once or twice per week. This might accelerate the trend towards house prices being equalised between the South East and everywhere else – again, something that was already underway pre-pandemic.

But who really knows? I've consistently been wrong about Covid, and never would have thought we'd still be talking about it a year later. I just hope in another year's time, wearing a mask and talking about what the government is allowing us to do will seem like a bizarre relic of the past.

How to...

find a mentor

Mentors can help you supersize your property empire, but you need to choose prospective partners with care. Neil Cumins explains how to ensure a mentor gives you the support you need without taking too much in return

HOW TO

There's no such thing as a uniform property investment journey. People arrive in this industry from numerous different backgrounds, and for a variety of reasons. Some inherit properties with obvious rental potential, while others become aware of the potential for healthy yields in nearby areas.

You may be a rookie embarking on your first doer-upper, or a seasoned investor who knows every street in your local area. Yet regardless of background, budget or business model, most property investors eventually reach a point where they could benefit from expert advice.

Again, the circumstances in which a property mentor may be beneficial vary hugely. You might be keen to accelerate your portfolio growth, while lacking the confidence to apply for short-term finance. You may find yourself standing outside a derelict building with dreams of turning it into high-end apartments, but no idea where to start. You could simply feel that your current way of working isn't as effective as it could be, or recognise that opportunities are passing you by.

Knowing how to bag a below-market-value bargain or refit a bathroom doesn't mean you're well placed to safely invest overseas, or set up a property investment company, or handle tenancies instead of outsourcing work to a letting agent.

If you feel expert advice might be needed before you move onto higher rungs of the property investment ladder, you're in the right place. Below we consider what to look for from a mentor, where to find one, when to cross their palms with silver and why you might benefit from their input.

A person doesn't need academic qualifications to be a property mentor, and this honorary title doesn't come with a commemorative plaque or LinkedIn badge

No substitute for experience

A person doesn't need academic qualifications to be a property mentor, and this honorary title doesn't come with a commemorative plaque or LinkedIn badge. Many property mentors wouldn't even describe themselves as such, as their defining characteristic is simply detailed experience of the residential property market.

Anyone who's lived through a full 18-year property cycle will understand the risks of buying at the wrong time, for instance. Whether you're seeking answers to a specific challenge or looking to develop a specific strategy, there will be people who've already walked that road.

The definition of mentor is 'a trusted and experienced adviser', and trustworthiness shouldn't be overlooked, either. Even if a person has been in property for decades, would you feel confident following their advice? Do you approve of their business practices, and is there anything they've done which you'd regard as unethical?

An experienced and successful landlord who thinks nothing of evicting tenants in arrears might not be the best person to learn from. And even a well-meaning mentor won't ultimately be on the hook for any losses you incur as a result of bad advice they provide.

A very particular set of skills

A mentor should have more experience than you in areas you're keen to improve upon, or expand into. If you're looking to invest in an unfamiliar region, you might seek the advice of someone born and raised there. Likewise, if you're keen to explore a different strategy then you'll want to speak to someone who has expertise in that area. You don't want to approach a direct competitor, who might quietly listen to your exciting plans before replicating them.

Because mentoring is usually a voluntary or philanthropic activity, it's helpful to look for someone who's really passionate about what they do, or someone with free time to spare. A frazzled new parent juggling childcare and a buy-to-let portfolio isn't going to relish sitting down and talking you through the process of extending leaseholds, or how to deal with complaints from neighbours.

Don't be deterred if you receive a: "I'd love to help but I don't have time right now" response – they might be able to help you in future, or recommend someone else who's well-placed to assist.

Now look here

Everyone needs a little support at different stages in their property journey, but it's best to wait until you have a specific issue or problem before seeking support. Nobody wants to be a babysitter as you stumble through registering a business or setting up Rightmove alerts.

When the time comes, put feelers out if you don't already know someone worth approaching. The Property Hub forum is a great place to seek support. Property people love to help, and providing you're not likely to be competing with them as equals in six months' time, you'll find lots of obliging and talkative Hubbers ready to offer advice.

If face-to-face discussions aren't practical (or permitted) you may have to rely on emails and Zoom chats. A remote relationship will always be less personal than a mentor you can visit properties with, but advice can be imparted in many ways.

Is the price right?

Some people are happy to share their experiences and give advice for free, giving something back to the community or paying forward assistance they received themselves in earlier years. However, others may deserve (or expect) remuneration for acting as a mentor. After all, without some form of compensation, any relationship will be heavily biased in your favour.

You could offer to pay for a mentor's time, make a generous donation to their favourite charity (which is a nice way of rewarding them and doing some good at the same time), or even buy them a gift. It's generally best to avoid setting hourly rates, or anything which commodifies a relationship.

If you're hoping to check in periodically for some email advice, any relationship can remain pleasantly informal. However, the best way to learn is often through hands-on involvement.

Some mentors might agree to assist with a project or provide ongoing supervision, in which case their share of risk and reward needs to be agreed at the outset in writing. If a project makes a loss, will they contribute? If a flip over-runs, who sources short-term finance? Where does the mentor's involvement end and yours begin? Even a one-page contract could preempt disagreements that might sour a fledgling mentor-student relationship.

Building a better tomorrow

This is not an industry where winging it generally pays off, and anything you can do to improve the odds of a successful venture ought to be embraced.

It's generally advisable to seek mentorship and advice from people who earn most of their income from actual property work, rather than from get-rich-quick schemes or running seminars in fancy hotels

You can learn a great deal from books and the internet, and some questions can be resolved through reading. However, even Google's extensive resources may not be practical or specific enough to match the advice and support seasoned property professionals can bring to the table.

It's worth noting that there's a big difference between a self-made property expert and a specialist property coach. The latter tend to run expensive workshops, enthusiastically promote the self-help books they've written, and charge hefty consultation fees which can include five-figure up-front retainers.

That's fine if you genuinely want a life coach and don't mind paying, but coaches may not have the hands-on property experience you need. Don't be afraid to conduct due diligence on someone, and walk away if they're not ticking all the right boxes.

It's generally advisable to seek mentorship and advice from people who earn most of their income from actual property work, rather than from get-rich-quick schemes or running seminars in fancy hotels.

Avoid people who approach you and introduce themselves as mentors or coaches – they're pitching for new clients, rather than looking to help. And finally, don't trust anyone who says you need a mentor to succeed in property. As we explained at the start, every journey is unique, and such sweeping statements are only ever made by people looking to help themselves rather than each other.

Join the UK's friendliest property forum, with over 60,000 smart, inspiring members. Get your questions answered, share your progress, and meet other investors near you visit propertyhub.net/forum

Make it your business

The more you treat your investments like a business the more successful you'll be, writes Rob Bence

Building a business isn't easy, especially if you're going it alone.

In our new podcast, Any Other Business, Rob D and I have been sharing some of the mistakes we've made at Property Hub, and believe me, there are plenty.

It's impossible to be good at everything in business, just like it's impossible to be good at everything in property. But the more you treat your investments as a business, the more successful you're likely to be.

Have a plan

When setting up a business you need a business plan. The same applies for property. You need to get clear about what you want to achieve from the outset, then once you've got your goals and objectives, build a strategy that meets them.

A lot of people decide on how they want to invest first then build their goals around that, which is the completely wrong way of doing it. They're making a decision based on their passion, rather than what's most effective.

Having a realistic expectation of how much time you'll be able to dedicate to your investments will also help you decide on a suitable strategy. Is property going to be your side hustle or will it be a full time gig? If it's a side hustle, be realistic about what you can achieve.

Get on top of the numbers

In business you have to deal with finances and bookkeeping, and – while it might not sound exciting or fun – you'll have to do the same in property.

You can outsource it to a professional, but you'll still have to be able to put the correct paperwork together for your accountant and make sure you're recording the right expenses.

You'll also need to make sure your investments are structured in the right tax vehicle – either through a limited company or in your own name. Again, you can seek out advice to make sure you're doing it right.

Build your team

As a business grows, you hire people to help you run it. Likewise in property, you need to know your own strengths and weaknesses and bring in help where needed.

If the thought of managing tenants stresses you out, then getting a letting agent to fully manage your property is a no-brainer.

Taking time to reflect on an investment decision before you go ahead with it is always time well spent. This is hard to do if you're by yourself, so find someone more experienced you can talk to. It doesn't have to be as formal as a mentor, just someone who has more knowledge about what it is you're trying to achieve.

Invest in yourself

When you start a business you can't just jump in and hope you'll figure it out along the way.

I've learned a lot from experience over the years, but along the way I've always tried to improve my skills and knowledge by reading books and blogs, listening to podcasts, watching YouTube videos and striving to be best at what I do.

The fact you're reading this magazine proves you've got the right type of mindset, but you're only ever going to get better if you invest in yourself.

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

PROPERTY TALK

Ask Rob & Rob

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

Why are buy-to-let mortgages so much higher when buying a property through a limited company?

The Robs reply:
On average you would expect interest rates to be around 1% higher when obtaining a mortgage for a property within a limited company as opposed to one bought in your own name. There are a few reasons for this but it's mainly because of the additional paperwork required. With a limited company the ownership structure is more complicated, so the perceived risk to the lender is higher.

If you buy a property to convert into a HMO should you offer subject to planning or take the risk?

The Robs reply:
Do your research beforehand. If the property is not within an Article 4 area then you won't need planning permission. However, if you are buying within an Article 4 area then you'll require planning permission, unless the property is already operating as a house in multiple occupation (HMO). This can be hard to obtain, so speak with your local council to assess your chances of approval and what they would require from you.

When does attracting terrible tradesmen end? Is there any hope?!

The Robs reply:
There can be some terrible tradesmen, but there are also some great ones. Unfortunately the great ones are usually in high demand so have longer waiting times until they can fit your job in, and they may command a higher price. Always look for recommendations, either from friends in the local area or from trade websites, and chat to them in person to 'interview' them before hiring to be confident in their services.

Does buying a home below market value to live in for two years then flip at a profit, to fund a buy-to-let sound like a good strategy?

The Robs reply:
Many investors get started this way and there are lots of advantages. It's easier to get a mortgage on your own home rather than a buy-to-let (BTL) – especially as a first time buyer – and you don't need as large a deposit. Also when you come to sell, you won't pay Capital Gains Tax (CGT) if you have lived there yourself.

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...

Investor and HMO expert Stephanie Taylor shares what she's learned about resilience, being bold and achieving goals

Above: Stephanie Taylor. Below: two of Stephanie's properties

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

I would tell myself 'you have everything you need to be successful'. That way I wouldn't have spent decades not investing in property and believing that property and business success was for 'other people' when in fact it's available to anyone. I started investing at the age of 45 and I am amazed by what we've achieved. But what if I'd started 15 or 25 years ago? As the famous saying goes: "don't wait to buy property, buy property and wait".

Looking back, what are you most proud of?

Becoming a mum at 18 and bringing up my son Alex on my own. We spent many years on benefits living on £98.40 each fortnight and literally budgeting to the penny. Those years were filled with lots of love and happy times as well as lots of money worries. In those years I learned resilience and that all the tiny steps forward do make a difference. I studied with the Open University and later when Alex went to school, studied full-time, achieved three degrees and a career as a parliamentary lobbyist.

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

My mantra for business and life has become: believe bigger, be bolder and be a gamechanger. Believe bigger is a reminder to get out of your own way and honour your potential. It's human to look for problems, especially in oneself, so it's important to consciously focus on believing more is possible and acting from that belief. Being bolder is important because many of us let fear of what others will think stop us from taking the action we want to take. Being a game changer is about using the abundance we create to become a game changer in our own lives, in our families lives, in our community and in our world.

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

Start as soon as you can. And keep going. The only difference between the successful and the barely tried is that the successful kept going. Stay on the field of play long enough to go from rookie to rockstar. Learn from the successes and failures of others to achieve your goals faster. Have an established way to give back too, it makes your success so much sweeter.

PropertyHub
INVEST

FREE WEBINAR

Learn everything you need to know about property investing

Our live property investment webinar is jam-packed full of all the best need-to-know bits about investing in property.

We can't promise you'll get rich quick, but we can promise you'll come away with an understanding of everything from goal setting and raising cash – all the way through to choosing the right strategy.

Whether you're a beginner or a more experienced investor, our 30-minute session will set you up to succeed.

To book your free place, head over to: propertyhub.net/action