PropertyHub

Magazine

Making sense of property investment

URBAN EXODUS

Are urban investments doomed or can our cities recover their appeal?

propertyhub.net

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CONTENTS

Welcome

Rob Bence (left) and Rob Dix (right)

Hopefully by now you'll have enjoyed that much longed-for first drink in a beer garden, met outside with friends and family, got a haircut and been back to the gym. And – if all goes to plan – you'll soon be ticking off more items from your post-lockdown bucket list (we've got our holiday bags packed ready at the door).

With so much going on in the property market too, it's easy to have missed something, so we've packed plenty into the next 50 pages to bring you up to speed. Among our features this issue you'll find the key takeaways from the spring budget, a guide to buying property using the modern method of auction, advice on operating in a boom market and tips on taking action.

Our cover story takes a closer look at what the future holds for city centre investments. There's undeniable evidence of urban depopulation over the past year, but will this trend be reversed as quickly as it escalated? Neil Cumins investigates, making some interesting comparisons with historical events.

Another trend which has gained momentum over lockdown is the UK's obsession with property porn (glad to know we're not the only ones sat up late scrolling). In her feature on the subject, Felicity Hannah speaks to property duo Tonya Barnard and Rea Hill – otherwise known as The Property Twins – to find out how the trend is influencing the property market.

Sharing their personal property stories this issue are Emma, John and Sammie. Each of them had to overcome some difficult challenges as a result of investing during the pandemic – John lost his job midway through his first renovation – but they all made it through to tell their tale. Regardless of whether you're following a similar strategy or not, their experiences are full of useful lessons.

The next issue of the magazine will be out in July, so until then we'll be helping you navigate the post-lockdown property market over on The Property Podcast and via our other channels.

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

Everyone loves a bargain, but how do you find the cheapest places to buy?

The Robs have done the hard work for you and produced a video pinpointing the top 10 cheapest places to invest in property.

Buying cheap doesn't automatically mean you get good value though, so make sure you watch through to the end to get the full picture.

And if you're not quite at the buying phase just yet, our new video on property strategies could be a good starting point.

youtube.com/propertyhubuk

ON LINE

We've made a number of improvements to our schedule of live property investment webinars.

We now have a weekly evening session at 6.30pm to complement our lunchtime sessions and we've also introduced a series of themed webinars focusing on specific areas of investment.

'How to be a hands-off investor' is our theme for May, then in June we'll be looking at 'how to invest £100k'.

Each 30-minute session is completely free. To book your place, head over to:

propertyhub.net/action

HUB CHAT

Rent to rent. What are your thoughts on it as a property strategy?

It's a topic that's fuelling a lively conversation over on the forum. Have you found success with it, or are you cautious about it? What are the risks (and the rewards)? And is it even a 'true' property investment strategy, given those who do it don't actually get to own an asset?

Join the forum to find out what other investors have to say and share your own thoughts and experiences.

propertyhub.net/forum

ON AIR

Over on the pod throughout May and June The Robs will be answering your most pressing questions like: 'should I buy now or wait for a crash?', and 'what happens to your mortgage if the property value falls?'.

Plus there'll be a special episode on Liverpool and what it has to offer as an investment location, and not one, but two market updates to bring you up to speed on the latest developments across the property sector.

propertyhub.net/podcast

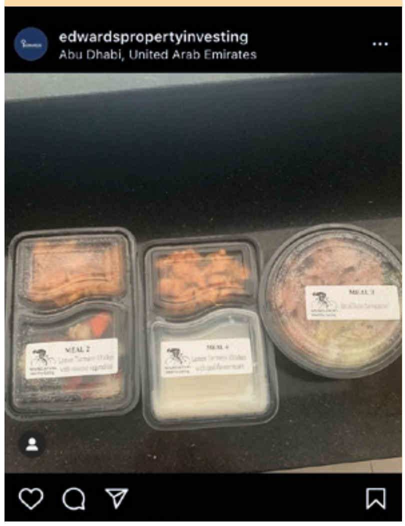
Social Happenings

Expat property investor and hubber Andrew Edwards shared this picture of his ready-made meals to make a valid point about optimising for earning.

"One thing I've outsourced for a while now is a meal plan. Some people say it's a rip off... but the time it would take me to go to a grocery store and prep the food 3-4 times a week would equate to roughly 10 hours. So I ask myself this: what is my hourly rate/earnings potential of 10 hours worth, plus the cost of the groceries? It is actually a lot more than the meal plan," he explains.

"This is why it is important to recognise what you can delegate to free up time so you can think creatively for your business."

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

The inner harbour at Mevagissey, Cornwall

CORNWALL CALLING

Cornwall has overtaken London as the most searched-for place to live in the UK according to Rightmove.

The property portal recorded more than five million searches in February alone as the number of home buyers looking for a dream home in Cornish towns and villages soared.

In a list of the 10 areas where buyer searches increased the most in the past year, six were in Cornwall or Devon, with searches for the village of Stithians in Cornwall up 224%.

London still came in second place and Devon held on to its number three spot for a second year. Bristol and Glasgow were, once again, fourth and fifth on the list.

Edinburgh and Sheffield both shifted up one place, pushing York (featured on page 10) into eighth place, followed by Manchester in ninth, and Dorset replaced Cambridge in the number ten spot.

Holiday let loophole

Property owners claiming holiday let tax breaks will be forced to prove they rent out their property under new, stricter government rules.

Currently owners who declare they rent out second properties as holiday lets are charged business rates on the homes, rather than council tax.

Many of these properties qualify for Small Business Rate Relief, meaning if the property has a rateable value of £12,000 or less, the owner doesn't have to pay any tax at all.

To count as a holiday let a property needs to be "available" to rent for 140 days per year, but no checks are made as to whether the owner actually tries to rent it out – giving owners of second homes an easy way to avoid paying council tax.

The treasury wants to clampdown on this loophole and stop those who make "little or no realistic effort" to rent out their properties from enjoying lower tax bills and is drawing up a new law to tighten the rules.

Road to recovery

The UK towns and cities most likely to recover quickly from the effects of the pandemic have been ranked based on the strength of their local economies.

The medieval market town of Tewkesbury in Gloucestershire came out on top, thanks to its strong fundamentals, while Winchester in Hampshire bagged second place and Bristol came in third.

According to savings platform Raisin, which carried out the research, 79.9% of Tewkesbury's residents are in work, while large businesses have grown by 10% in the town since 2015. The population has also grown by 22%, stimulating its economy even further.

Raisin based its research on multiple data sources from the Office for National Statistics and the Commons Library including government spending per head, employment rate and growth of large businesses.

Looking at regions as a whole, the West Midlands stood out as one to watch. Throughout 2019, the number of companies in the West Midlands employing more than 10 people went up by an average of 5%, with Bromsgrove leading the way with a huge 44% increase in large successful businesses – the best increase of any area in the UK.

Mill Bank Tewkesbury licenced under Creative Commons CC0 1.0

Retrofitting home insulation

GREEN SCHEME SCRAPPED

The government has scrapped its Green Homes Grant scheme, just over six months after its launch.

The £1.5bn programme offered property owners grants of up to £5,000 to make energy efficient upgrades such as insulation or low-carbon heating.

Launched in September 2020, it was extended by 12 months at the end of 2020, but has now been scrapped altogether having only reached 10% of the 600,000 homes chancellor Rishi Sunak promised would be improved.

The scheme had been blighted by problems since its launch, with applicants reporting issues with obtaining vouchers and finding suitable installers.

The £320m which had been allocated for the voucher scheme this year will now be allocated to the 'local authority delivery' part of the scheme, which allows councils to bid for funding to carry out retrofits within low-income households.

The government said it will honour any applications made before the end of March and any vouchers already issued may be extended upon request.

BEHIND THE HEADLINES

Budget 2021: what does it mean for property investors?

While the spring budget's main focus was on forging a path of recovery from the pandemic, it included a number of measures affecting the property market. We've summarised the key points below and weighed up what impact each of them will have on property investors.

Stamp duty extension

The stamp duty holiday, introduced last year to boost the housing market under lockdown, has been extended until 30 June 2021 in England and Northern Ireland. Scotland, however, stuck to the deadline and reverted back to its original thresholds on 31 March.

This means anyone that completes a sale on a residential property in England or Northern Ireland before the new deadline at the end of June won't have any stamp duty to pay on a property up to the value of £500,000.

What's more, the holiday won't come to an abrupt end in June. Instead, the threshold will be lowered to £250,000 from 1 July to 30 September, before returning back to its original level of £125,000 from 1 October.

Anyone buying an 'additional property', which includes most property investors, will still have to pay a 3% surcharge for properties up to £500,000.

Investor impact: This is great news for anyone buying a property right now and good news for the property market in general. It's likely to accelerate markets where property prices fall well below the £250,000 threshold, like in the Midlands and the north of England, resulting in strong capital growth in these areas.

Mortgage guarantee scheme

As part of Boris Johnson's pledge to turn 'generation rent' into 'generation buy' the government has introduced a new low-deposit mortgage guarantee scheme, increasing the availability of 95% loan-to-value mortgages on properties worth up to £600,000.

Several major banks including Lloyds, NatWest, Santander, Barclays and HSBC have agreed to get on board, with the government pledging to cover lenders' losses if borrowers default.

The scheme is designed to be a temporary measure and will be open to new applications until December 2022. It's similar to the original Help To Buy mortgage guarantees introduced in 2013, but unlike this earlier scheme, isn't restricted to just first-time buyers and new-build homes.

It is, however, restricted to residential mortgage products, so not available to those buying a second home or buy-to-let.

Investor impact: This is another great stimulus for the property market, but, by incentivising more people to buy, it will inevitably start to become harder to do deals on the ground, so you may have to adjust your expectations (more on this from Rob B on page 47). That said, any deals done will still benefit from the uplift in the market that's on the horizon.

Tax thresholds frozen

There was lots of speculation leading up to the budget that the government would tinker around with capital gains tax (CGT) and inheritance tax (IHT) in a way that would adversely affect property investors, but happily this turned out not to be the case. The rates and the tax-free allowances for both will stay the same until 2026.

CGT is applicable to anyone selling a property that's not their primary residence and is calculated by subtracting the sale value from the original purchase value. The tax is charged at a rate of 28% on any increase in the property's value above the £12,300 allowance, but couples who jointly own a property together can combine their CGT allowance to £24,600.

IHT is charged at a rate of 40%, but is only payable on the parts of your estate that are above the £325,000 threshold.

Investor impact: Although freezing the thresholds for these two taxes is good news in the short term, the fact we're entering a period of house price growth means more people will be liable for them and will face larger tax bills as a consequence. And when the government finally does get around to recouping more money via taxes, CGT is likely to be one of the first in the queue to be raised.

Universal credit boost extended

Not strictly property related, but the £20-a-week universal credit increase introduced in April 2020 to counter the negative impact Covid has had on income has been extended until the end of September.

Universal credit is a benefit for people on low income or out of work, and is claimed by more than 5.5 million households across the UK. Amongst other things it can be used to help to cover the cost of a tenant's rent.

The National Residential Landlords Association is lobbying for the increase to be made permanent to avoid plunging families into poverty.

Investor impact: The extension is welcome news for landlords with tenants on universal credit struggling to pay their rent as a result of the pandemic. However, there is a risk of a deeper crisis for both tenants and landlords if households face a sudden, substantial drop in their income later in the year and fall into arrears.

Corporation tax

Probably the biggest announcement of the budget – and the one landlords with properties in limited companies were dreading the most – was the corporation tax rise, bringing the rate from its historic low of 19% up to 25%.

The good news is the change, which comes into effect from 2023, won't affect companies with profits less than £50,000 – they will remain at the current rate of 19%.

For profits above £50,000 there will be a taper (which, at the time of writing, hadn't been announced). Only businesses with profits of £250,000 a year or greater will be taxed at the full 25% rate.

Investor impact: Dramatic as this 6% increase in taxes may sound at first, in reality, only an extreme minority of investors are likely to be affected. The chancellor, Rishi Sunak, said he anticipates only 10% of firms in the UK to be liable for the full 25%.

Freeport zones

As part of the budget announcement, eight new freeport enterprise zones were identified for England. Scotland, Wales and Northern Ireland will be announcing their own freeport policies.

It is hoped the new special economic zones in Thames, Liverpool City Region, Solent, East Midlands, Freeport East, Plymouth & South Devon, Humber and Teesside will help regenerate deprived areas.

Goods that arrive into freeports from abroad aren't subject to the same tax charges. These taxes are only paid if the goods are moved elsewhere in the UK. Otherwise, they're sent overseas without the charges being paid. Companies inside the zones will also be offered temporary tax breaks.

More than £1bn has also been set aside to fund 45 new town deals, including Castleford, Wolverhampton, Rochdale and Whitby.

Investor impact: The full details of what incentives there will be for these areas is yet to be established. If done well, it could prove to be transformational for the local economies and boost local property prices.

LOCATION FOCUS

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PLACES

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As Yorkshire's historic capital, York appeals to investors as well as tourists. Neil Cumins investigates the current state of play in this northern powerhouse

View of the bars and the Guildhall
© Paul Crossman / www.visityork.org

Ouse-ing appeal

For better or worse, towns and cities tend to develop certain connotations which immediately spring to mind when their names are mentioned. Manchester and Liverpool will forever be associated with pop bands and football, while Birmingham is inextricably intertwined with the heavy metal music spawned by its iconic foundries and car factories.

In York, things are rather different. People unfamiliar with this bustling city of 200,000 people will probably associate it with tea rooms, the Shambles and the eponymous York Minster. Those more familiar with York's historic centre and affluent suburbs are more likely to think of its independent shops, bars and restaurants – and the temperamental River Ouse.

While the River Ouse's propensity to burst its banks is legendary, drier districts of the city have increasingly become synonymous with high-quality housing and long-term investment potential.

For a time, the property market in York became so busy that some conveyancers and mortgage lenders struggled to keep up with demand. Average house prices rose 3% last year to £250,000, with rental properties typically being let within a fortnight

Bit of a bubble

York is one of the UK's leading tourist attractions, with its Roman city walls surrounding a castle and cathedral, plus a historic city centre which is capable of giving Edinburgh a run for its money.

Like Scotland's capital, the housing market here is distinct from surrounding towns and cities, as Emma Brownbridge of Indigo Greens Estate Agents points out: "York is generally a bit of a bubble when it comes to property prices and activity.

"Since estate agents reopened in May 2020 after the first national lockdown, the housing market has been extremely busy, and prices in York have seen a 5% increase compared to the previous year."

For a time, the property market in York became so busy that some conveyancers and mortgage lenders struggled to keep up with demand. Average house prices rose 3% last year to £250,000, with rental properties typically being let within a fortnight.

Much of the demand for terraced villas and modern apartments has come from investors, according to Scott Anscomb, managing director of Your Move Anscombs in York: "Demand has led to house prices increasing in York, and selling times can often be measured in days for properties that are reasonably priced and in high demand."

He highlights a block of 14 new apartments released during the first lockdown: "Because they were competitively priced, all were sold within two weeks of lockdown being lifted, many to buy-to-let investors who have come to appreciate the opportunities York presents."

Those investors are often attracted to city centre flats, benefiting from proximity to York's tourist attractions and the presence of a train station. This stands on the East Coast Main Line midway between London and Edinburgh, two and a half hours away from both capitals.

Urban flats and traditional terraced villas typically sell for between £160,000 and £210,000, achieving a rental income of £650 to £900 per month, while modern two-bed flats inside the outer ring road can be bought for around £200,000 and let for around £800 per month.

Something old

While new-build apartment developments are making good use of York's limited brownfield sites, it's the city's older properties that are more familiar to tourists and occasional visitors.

Victorian mid-terraces within walking distance of the centre are hugely sought-after among first time buyers, whereas families often look to surrounding villages for good schools and local facilities.

It's worth noting there's limited vehicular access inside the city's walls, though there are park and ride centres at Rawcliffe (north-west), Grimston (east) and Askham (south-west). These are part of an impressive bus network.

"York is such a small city that you can't really go wrong finding a perfect property," says Emma. "There are no 'bad' areas – we have a low crime rate, some wonderful green spaces and independent shops, great primary and secondary schools and two universities. This make it a great place to invest."

This sentiment is shared by Mike Green, chairman of award-winning GEM Construction. "York offers great

Clifford's Tower © www.visityork.org

James Kelly

WHY I INVESTED IN YORK

James Kelly and his wife Lauren started investing in property in 2017, alongside their day jobs. Their decision was driven by buying their first home in York, which they refurbished and refinanced specifically to reinvest in local property stock. In the long term, they plan to buy a new home and turn their existing property into a buy-to-let (BTL).

"We've made two purchases in York," James says. "We purchased a one-bedroom BTL flat five minutes away from the city centre, and a three-bed ex-council end terrace ten minutes from the city centre. We refinanced the house to release £50,000 post-refurb, and we expect to achieve 9.5% ROI when it's rented as a BTL. The flat achieves 9% ROI, slightly bettering my predicted 8.6%, so this has done well to date.

"York is a great investment location. As well as sound fundamentals like transport connections and two universities, it has a wide range of properties suitable for investment as vanilla BTLs or holiday lets. It is one of only a few UK cities to enjoy year-round tourism due to non-weather based attractions. There is possibly a saturated holiday-let market, so you'd need to offer top quality service if considering furnished holiday lets. There is a track record of flooding in certain spots and property prices vary a lot, so do your due diligence before thinking you've spotted a bargain."

historic beauty combined with some fabulous restaurants, and it's a perfect base for exploring the surrounding areas," he says.

His company has recently converted its former headquarters just outside the city into a 14-apartment residential building.

"In light of the current pandemic, we have found apartment property sales have been relatively slow, yet despite this, we've sold 75% of these apartments. York is a fantastic place to live, and we've found a lot of our purchasers are from outside the area."

The only way is up

York is already an expensive place to invest, yet local agents are unanimous in predicting significant price rises in the coming years.

"It's very much a seller's market at the moment, with demand outstripping supply," says Scott. "As such, we often have multiple buyers competing for properties that become available."

His sentiments are shared by local investor James Kelly, whose activities are profiled alongside this article. "York has experienced average house price growth of 34% since 2007, and is experiencing major development, so I'm very optimistic for the future," he says.

York Monster and the Treasury © Kippa Matthews / Visit York

SITES FOR SORE EYES

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

- **Galtres Garden Village**
  There are over 13,000 new homes planned for York in the next 12 years, and some 1,740 of these will be constructed close to North Lane. With 40% affordable housing, this mixed-tenure site will also host a country park, shops and a school.

- **York Central**
  After decades of wrangling, one of the UK's biggest brownfield regeneration schemes is underway near York's sole railway station. A £650m scheme at this 42-hectare mixed-use site will include 2,500 new homes, though it'll take 20 years to complete.

- **Derwenthorpe**
  Inspired by Joseph Rowntree's New Earswick garden village, and 15 years in the making, Derwenthorpe is a mixed-tenure Osbaldwick development. Powered by district heating, its 481 homes are split across dedicated Quarters, with a mix of houses and flats.

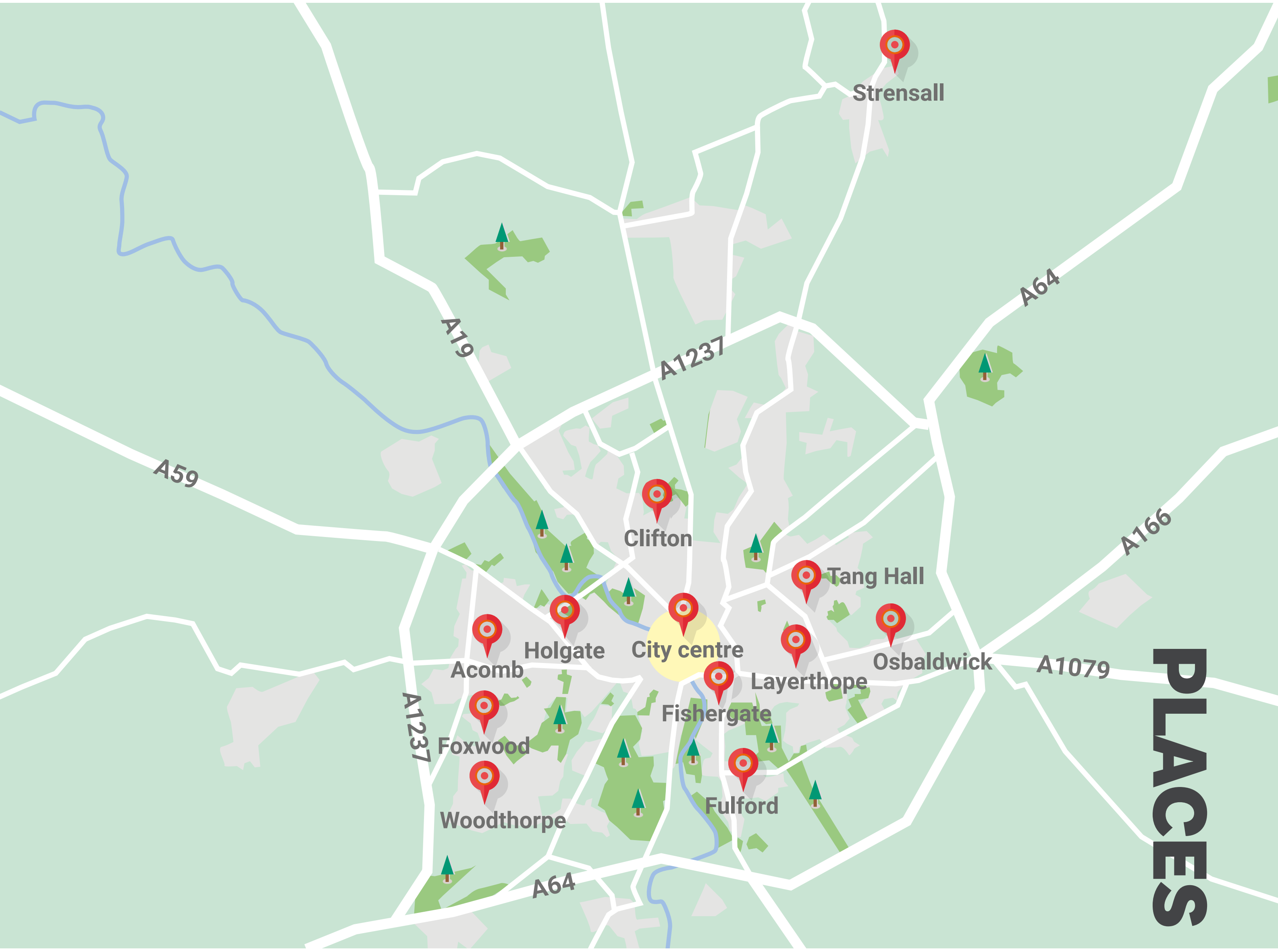
The Shambles © Gareth Buddo / Visit York

Postcode lottery

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

- Best for high-end housing: Strensall, Fulford
- Best for young professionals: Foxwood, Woodthorpe
- Best for students: Fishergate, Osbaldwick
- Best for transport links: city centre, Holgate
- Best for yields: Clifton, Acomb
- Best for capital growth: Layerthope, Tang Hall

York waterfront café



Property porn

It's widely known Britain is a nation of property lovers, but it seems we're also a nation of property voyeurs. Felicity Hannah investigates how our scrolling habits are influencing the market

TREND WATCH

Above and right: Liverpool period property interior.

Below: Mayfair mansion living room

Photos courtesy of Zoopla

Below: the Property Twins Tonya Barnard and Rea Hill

More than half of British people (52%) confessed to browsing online property last year, particularly homes in dreamy locations or with fantastical interior design. That's according to research from letting platform Mashroom, which says the British love of so-called 'property porn' definitely didn't fizzle out during the pandemic.

And if half the general public love to scroll through Rightmove, Zoopla and their local estate agent's online pages, the chances are Property Hub readers are even more likely to sit up late scrolling.

So why do we love to look at property and does our scrolling have any kind of impact on the actual property market?

Property Hub put this question to two investors who know first-hand the lure of browsing homes for sale.

The British dream

Tonya Barnard and her sister Rea Hill are better known as The Property Twins, having built up a portfolio of buy-to-lets together and established their own successful careers in property: Rea in garden design and Tonya in lettings.

Rea says their love of browsing property began when they were children: "We both do it now, but even when we were younger, around 13 or 14, we'd go online and look on Rightmove."

And she thinks that browsing online is fuelled by the same passion that's behind the British love of property shows. "From a very young age our mum always had programmes like Homes Under The Hammer; Location, Location, Location; and 60 Minute Makeover on.

"We watched those too and that definitely played a role in our natural interest and passion."

"I think it's the British dream," adds Tonya. "We've got a real thing here in this country, an urge to buy a home, invest and be mortgage free. In other countries it's much more driven by the rental market.

"But we are quite old fashioned, your home is a big part of your set up, a big part of your life. Everyone wants a lovely house. Everyone likes to dream."

Pipe dreams or concrete plans?

So are we all just imagining life after a lottery win, or does this preoccupation with property reflect genuine plans?

Rea says: "Brits love looking for the dream, they love having a goal and having a challenge. The good thing about the internet is that you can see everything from mansions to chocolate box cottages to windmills. For people who love property it's like being a kid in a candy store."

"I think it's about you personally and what you are looking for," muses Tonya. "There are some people who only browse in their brackets, for their affordability. Then there are people like me and Rea who search up to £20m because we want to see the mansions."

But it's not all about fantasy, Rea says. "Some people look around just for inspiration on how to change their property. Maybe they've bought a two-bed terrace and they want to look on Rightmove at similar properties, so they can see how to make improvements. It can be about transforming what you've got.

"Or you might be an investor just trying to find the really great deal and hunting the best derelict property or a reno project. There are different ends of the scales."

Certainly the data suggests that it's not just fabulous mansions and grand Scottish estates that people enjoy ogling. Property website Zoopla revealed the most-viewed properties during the third lockdown ranged from a 12-bedroom mega mansion on the market for £54.5m, to a three-bed end terrace in Scunthorpe with an asking price of £95,000.

The overall most-viewed home was a four-bedroom period property in Liverpool, filled with original features like stained glass windows and mosaic floor tiles, on the market for £425,000.

On trend

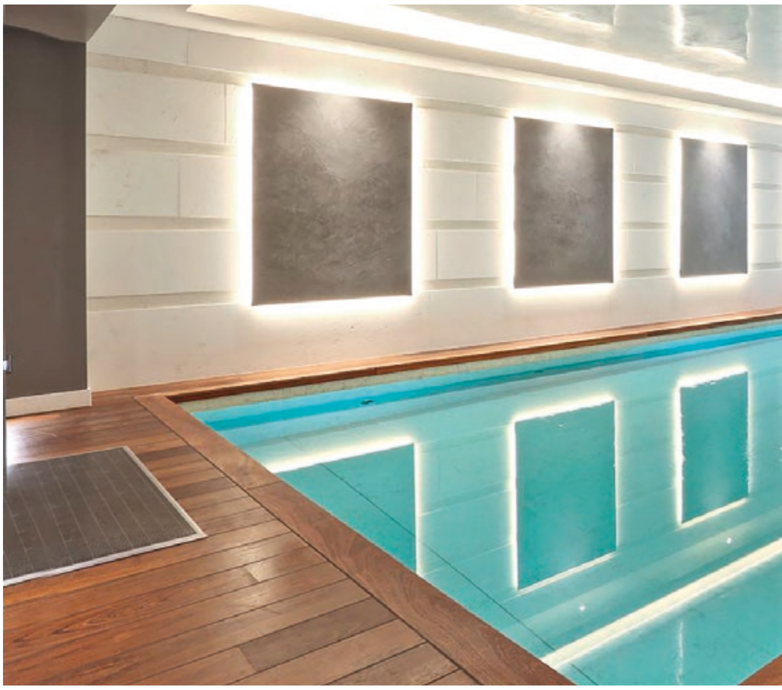
The twins believe the trend for browsing property portals combined with the rise in lust-worthy property accounts on social media is attracting a new generation of investors.

Tonya says: "Everyone wants to invest in property now, that's the dream, to own your own home and have investment properties. People are doing it from a younger age. When we were younger, buying in your teens or 20s was impossible.

"But now younger people are choosing to stay home, at their parents' and then using their savings to buy a property and let it out. Property is so glamorous now, it's on trend and everyone is interested in it."

"We've been in the property industry for 13-14 years," says Rea. "It's attracting the younger generation now too, whereas when we started it was the older generation who watched those property shows. Now everyone wants to be a developer or renovate."

Tonya adds: "Social media is what's really driven the whole property investment thing, people seeing other people doing it. Once you see people doing it, you want to do it, you want to mirror that. We follow investors on Instagram, you watch what they are doing



"Social media is what's really driven the whole property investment thing, people seeing other people doing it. Once you see people doing it, you want to do it, you want to mirror that

TREND WATCH

Mayfair swimming pool

and what money they are making.

"And then big properties come up on your feed and it's clickbait."

Whether it's clickbait, property porn or influencers attracting followers with their renovations and investments – there have never been so many ways for Brits to get their property fixes.

But with many of those accounts focusing on investment opportunities and the potential of doer-uppers, the next wave of property porn addicts could be far more proactive.

The most searched-for property features

Whether people are hunting for a property to buy or just dreaming, here are the most popular features they search for, according to Rightmove:

- Garage
- Pool
- Garden
- Acre
- Sea view
- Land
- Rural
- Swimming pool
- Cottage
- Balcony

Above: Liverpool garden

Below: Mayfair kitchen

A new beginni

Two years ago single mum Emma Clacher quit her job and relocated to Yorkshire to pursue her dream of property investing. Natalie Thomas finds out what happened next

Right: bedroom after renovation
© John Nelson Photography (www.nelsophotographer.com)

CASE STUDY

Far left: kitchen after renovation
© John Nelson Photography (www.nelsophotographer.com)

Left: living room detail

Below: Emma Clacher

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In summer 2019 Emma Clacher and her young son packed up their comfortable life in Beaconsfield, Buckinghamshire, and went in search of a new beginning in Sowerby Bridge, West Yorkshire.

Like many aspiring property investors, Emma craved an escape from the confines of a corporate lifestyle.

"I've always worked really hard and I think as you get older and have a child you start thinking about the long-term and where your cash is going to come from," she says.

"I was barely seeing my son who was in nursery from 8am to 6.30pm every day. Through property investing I wanted to create wealth for myself, inheritance for my son and more freedom," she explains.

She knew if she was ever going to fulfil her ambition of becoming a property investor, it was now or never.

Aladdin's cave

While money might have played a part in Emma's decision, it was not her overriding motivator.

"I actually love property and bringing it back to life, making beautiful, inspiring homes – for me it's a gift to be able to do that. I'm not doing it just for the cash," she explains.

Emma had successfully renovated several of her own properties in the past – including her home in Beaconsfield – but she knew that to make property her full-time career, she'd have to relocate somewhere she'd be able to make her money stretch further.

Situated just outside of Halifax, Sowerby Bridge was somewhat of an Aladdin's cave for property investors, with a substantial number of properties under £100,000 all within an hour's drive.

The location was known to Emma through an old university friend who now lived there. Plans also started to fall into place when her sister moved to the village from the US, along with her husband and six-year-old daughter – giving Emma's son a playmate.

> I was barely seeing my son who was in nursery from 8am to 6.30pm every day. Through property investing I wanted to create wealth for myself, inheritance for my son and more freedom

Having sold her property in Beaconsfield for £410,000 after buying it for £250,000 six years previously, Emma was in the fortunate position of having a £200,000 cash pot to invest.

She used some of the money to put down as a deposit on a home for her and her son – a four-bedroom renovation project – and began looking for her first investment.

Listening to The Property Podcast and following the progress journals on The Property Hub Forum, gave her the confidence to forge ahead. "It was great to see the journeys, the numbers, the highs and lows, it gave me a very realistic understanding and also inspired me to take the first step," she says.

The thrill of the chase

Although the original plan was to buy locally, Emma soon discovered her immediate area was saturated with investors. It was ideal for swapping investment tips over coffee, but not so advantageous for chasing down property leads.

She decided to focus her efforts on properties slightly further afield and homed in on Darwen in Lancashire.

CASE STUDY

Above left: bathroom after renovation © John Nelson Photography (www.nelsophotographer.com)

Above: bathroom before renovation

Top: living room after renovation © John Nelson Photography (www.nelsophotographer.com)

Right: living room before renovation

A two-bedroom terrace in an up-and-coming area of Darwen – Melbourne Street – caught her eye whilst flicking through the auctioneer's guide.

It was in close proximity to Manchester, as well as being a popular location for first-time buyers, which offered her a back-up plan if she then later wanted to sell.

"I walked around the area, talked to the neighbours and called local agents to get the low down on the area," she says.

Before bidding day, Emma also phoned a local estate agent purporting to be someone who had already bought in the area to see how much rent she would get for the property.

While the thought of bidding at auction might seem daunting to new investors, Emma felt more comfortable going down this route than trying to navigate her way through property agents and tip offs.

"I felt I had much more of a chance of getting a property at auction, it was a level playing field," she says.

"The market was hot. Building up relationships with local agents to get good properties can take time and even then there is a risk you will be gazumped," she says.

As well as having the advantage of being a cash buyer at auction, Emma says she enjoyed the process and the thrill of winning – even when it went to the wire.

"When it came to auction day, my maximum limit was £53,000 and that is what I got it for. It was listed for £40,000 and I was bidding against a couple of other people over the phone. If it had gone any higher I would have pulled out," she says.

Writing down her top price on a piece of paper kept her on track – something she advises other investors to do: "It is so tempting to keep bidding, but the numbers won't stack."

Aiming high

Emma was handed the keys on 6 March 2020, shortly before lockdown number one hit.

The renovation took seven months in total, mainly due to delays caused by Covid, but also due to a desire

from Emma to design the interior to a high standard.

"I thought it would be a light renovation, but once I started stripping it out I wanted a better finish and calculated I could do a better renovation and get a higher valuation, so I went for it. I couldn't bring myself to cut corners," she says.

Emma had seen several developers in her town do high-spec renovations and achieve high yields and resale values. Although some of her tradespeople were sceptical about her high-cost approach, to Emma the strategy made sense.

"If you give people a nice home they will take care of it. Many people renting want a nice home and are willing to pay a premium for it," she says.

Completing a house renovation during lockdown was no mean feat. Alongside a plaster shortage, lack of childcare and a general fear of venturing into property during Covid, Emma says her biggest struggle was finding "honest and reliable" tradespeople.

In the end, the renovation totalled just over £20,000. Emma took the whole house back to brick and installed – amongst other things – a new bathroom and kitchen.

But the risk paid off and the property was valued at £90,000, netting Emma a £10,951 profit to put towards her next deal. Plus she received her full rental asking price of £595 per month – the highest on the street.

Expanding portfolio

With the success of one project under her belt, Emma bought a second property – a two-bedroom terrace in Bacup – at auction in December 2020.

"I just had an inkling that the property was going to be a good investment, so I got in the car the night before the auction and drove up to Bacup.

"I spoke to the neighbours, went to the local corner shop and got a feel for the area. I was reading the legal pack at midnight and calling in a favour with my solicitor to look at it," she reveals.

Being just before Christmas, Emma said the auction was quiet, which worked to her advantage, and she won the bid at £42,000.

She got the keys on 17 December, but at the time of writing, was still in the process of renovating it, having been held up by another lockdown.

The right frame of mind

To help top up her finances while the renovation is ongoing, Emma has stepped back into her old corporate life, taking on a temporary marketing contract for three months. Her sights are still set firmly on a career in property – although she admits it has been a challenge leaving her corporate identity behind.

She's recently enlisted the help of a mindset coach to help her make the transition from the corporate to the property investing world. "They are giving me that extra push I sometimes need. I also have a good network of women property developers to help inspire and give me advice," she says.

For her next project, Emma is planning to take on a House in Multiple Occupation (HMO) or serviced accommodation.

Wanting to put her interior design skills to good use, she's also considering launching an interior design styling and home staging company.

One thing is for sure though – Emma is not looking to take a back seat anytime soon.

"I love property so I'm not looking to retire," she says. "I want to develop further and learn about everything from commercial to residential properties and development."

RUNNING THE NUMBERS

This is how Emma's property on Melbourne Street, Darwen, stacks up financially:

Purchase price: **£53,000**

Purchase costs: **£4,490**

Finance method: **cash**

Renovation costs: **£21,559 (including bills)**

Project duration: **seven months**

Total cost: **£79,049**

Done up value: **£90,000**

Monthly rent: **£595**

Monthly expenses: **£186**

Monthly net profit: **£409**

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**

COVER STORY

Is city living doomed?

As we move out of lockdown, many of us are adapting to new ways of living and working. Neil Cumins investigates whether Covid is likely to spell the end of urban living, or whether Britain's cities can recover from the triple whammy of home working, social distancing and the demise of high street retail

If a week is a long time in politics, 15 months is an eternity in a pandemic. It's hard to remember now what life felt like early last year, when we could mingle without masks and shop without sanitiser.

It would have seemed inconceivable as 2020 dawned that we'd celebrate the 75th anniversary of VE day under restrictions even our wartime ancestors didn't have to endure, or that millions of children would spend months effectively placed under house arrest with no school, no sports clubs and no socialising.

As the government slowly rolls back these restrictions, many people are re-evaluating what matters most to them. And while the property market survived the pandemic relatively unscathed (a six-week suspension to construction, with record sales volumes throughout the resale sector), people's priorities have changed considerably.

Families who didn't have gardens before want them now. Employees need bigger houses to support home working. The countryside has come to represent a safe haven, with 90% of all Covid cases recorded in urban areas. And city centre living – for so long the ultimate symbol of youthful freedom – has been portrayed in the press as both irrelevant and doomed. Why pay a premium to live beside shops that'll never reopen and social amenities we'll be too anxious to revisit, when proximity to the office is irrelevant and space is the final frontier in any post-Covid house hunt?

That's one side of the story, but there are counter-arguments which haven't received the same number of column inches. To determine what's really going on, we've investigated whether urban living can ever regain the literal and metaphorical heights it enjoyed before the pandemic. Is investing in urban property still a good idea, or is it time to widen your horizons towards town and country?

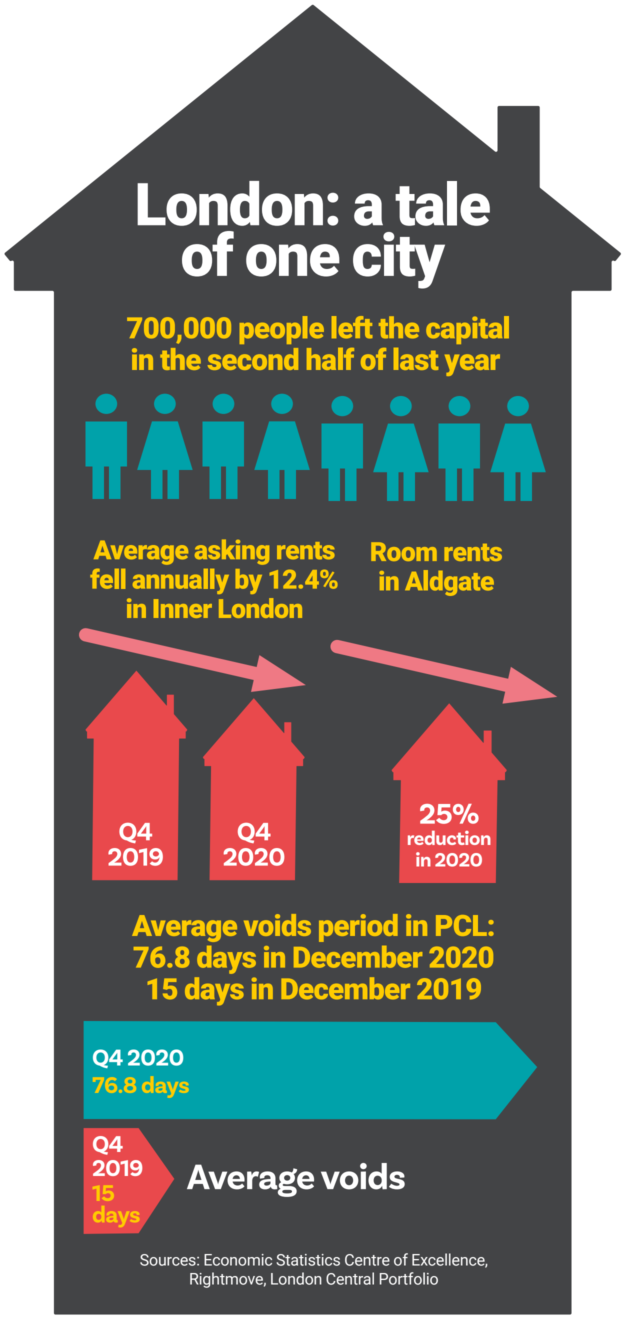
City centre living – for so long the ultimate symbol of youthful freedom – has been portrayed in the press as both irrelevant and doomed

Movement of the people

The first place to turn for a snapshot of tenant and buyer sentiment is the latest property market data. As is often the case with statistics, they can be used to support both sides of the debate.

There's undeniable evidence of urban depopulation over the past year. Yet this exodus can't be entirely attributed to the effects of the pandemic, other factors – such as Brexit and the ripple effect – have played a part. European migrants have left their (mostly urban) jobs in huge numbers, with over 800,000 non-British citizens leaving the UK between Q3 2019 and Q3 2020.

Since March last year, city centre rents have fallen everywhere from Edinburgh to Birmingham, while suburban districts saw a 3.7% rent rise, to record highs of almost £1,000 per month. But as Rob Dix points out, many of these widely-quoted statistics are directly attributable to the flexibility offered by renting: "There will be some people who lived in a city and moved out post-Covid because they didn't need to be near their job anymore and wanted to live somewhere cheaper.



"In general, people live in cities through choice because they like everything that's going on, but there's nothing going on anywhere at the moment, so you might as well move somewhere cheaper temporarily."

This is having a profound effect on the rental market: "You've got students who would have rented who are not there, and you've got short term accommodation going back into the long term market because there's not a lot of tourism or business travel, so you've got extra supply coming into the rental market as well.

"It seems perfectly sensible if you were renting in London to acknowledge you're not going to need to go back to the office for a while. Within three to six months, you can easily go and live somewhere cheaper – hence people dropping out the city centre rental market."

Sale of the century?

It's instructive to note these short-term changes in the rental market don't appear to be reflected in the wider resale market. "When you're an owner occupier, you're not going to react to short term changes the same way," says Rob.

"Everyone's focused on rents more than prices, but landlords believe house prices are going to bounce back. They could take a little bit of a dip in the short term, but I've not come across a lot of people, other than in the press, who believe it really is game over for city centres."

The figures certainly bear this out. While rental prices have dropped by up to 20% in prime residential locations like London, the resale market has been booming. A total of 121,640 property sales were completed across the UK in January this year – up a quarter on 2020s pre-Covid figures.

Land Registry data shows UK house prices rose by 8.5% in 2020, reaching an average of £251,500, roughly in line with Nationwide data for February that shows a 6.9% year-on-year rise. Anecdotally, estate agents have never been so busy, with houses selling in days and multiple offers increasingly the norm rather than the exception.

"I did a straw poll of landlords in London," says Rob. "Almost without exception, they said that they had to take a reduction when they did a relet. The reduction was up to 15 or even 20% less, and in some cases even if they hadn't been doing a relet, tenants were asking for a reduction just to try their luck. Everyone is very conscious on the rental value side, especially in London, but the general consensus seems to be that it's just temporary."

A tale of one city

The old adage that London is a separate entity to the rest of the UK has seemed particularly true over the past year. Nowhere else depends on office-based employment as much as our capital, and no other UK city has seen the same post-Covid impact on the housing market.

The average asking rent across London officially fell by one eighth in Q4 2020 compared to the same period a year earlier, while room rents in Aldgate sank by over a quarter during 2020.

The Economic Statistics Centre of Excellence reported 700,000 people left the capital in the second half of last year, while the effective cancellation of on-campus teaching led huge numbers of students to stay at home. As a result of this migration, the average void period in prime central London hit 76.8 days in December, compared to just 15 days a year earlier.

Yet at the same time, London remains uniquely appealing – a cultural and economic magnet which the rest of the UK battles against in vain. Rightmove data from March revealed rental searches had doubled in places like Battersea and Clapham, thanks to average falls of 15% in asking rents during the previous year.

The pandemic may have driven some tenants to the outer boroughs (Chessington was the most sought-after location on Rightmove last August), but lower rents are drawing in tenants who had previously been priced out of their preferred postcodes. And while 53% of inner London tenants said they were considering a move out of the city according to a survey by Rightmove, there's a big difference between considering it and actually doing it. Indeed, some people are locking in two-year tenancies, hoping to cushion themselves against anticipated rises when normality is restored to the capital's housing market.

Work life balance

Perhaps the biggest factor which will determine the future success of cities like London is whether employees return to urban offices once the pandemic is over. And once again, it's possible to use statistics and market commentary to argue either for or against a prosperous future for urban areas.

KPMG's UK head of real estate said in January almost all companies will maintain office space to some extent, but not for tasks that could be done remotely. Slack conducted a survey of 4,700 workers and found 72% wanted a hybrid remote-office model, with only 12% keen to return to the office full-time. And Deloitte have described a 'virtual-first' model where most tasks will be undertaken remotely; face-to-face interactions will be retained for projects, meetings, conferences and client relations.

Companies like Deloitte and KPMG undertake extensive research before making declarations, so their opinions carry a lot of weight. And while nobody is advocating a return to pre-2020 working models, there is a consensus that proximity to the office will remain important for at least part of the working week.

Even if you're only hot-desking at Canary Wharf three days a week instead of five, it's far easier to commute from Newham than from Norwich – and far cheaper on the whole, too. An annual season ticket from Norwich to London costs £9,550, whereas an annual Travelcard is just £1,100. The monthly saving would just about cover the rental on a studio flat within walking distance of Canary Wharf.

72% people said they wanted a hybrid remote-office model

COVER STORY

> There's little doubt we'll see a renaissance in café culture and eating out post-Covid. Of course there will be places that never recover from the legacy of the pandemic, but humans are pack animals, and any leisure facilities which survive beyond this summer can expect to be very busy

Shop til they drop?

Of course, London has always been a unique example. Whether urban districts in Sunderland or Swansea will enjoy the same lustre they once did remains to be seen, especially given the impact online shopping has had on bricks-and-mortar retail. That said, there are ambitious plans to rejuvenate urban cores up and down the country, through schemes like Town Deals and the Future High Streets fund. We may be losing department stores and retailers at a rate of knots, but the burgeoning leisure economy could adapt and adopt much of this excess retail space.

Depriving people of something tends to heighten their desire for it, and there's little doubt we'll see a renaissance in cafe culture and eating out post-Covid. Of course there will be places that never recover from the legacy of the pandemic, but humans are pack animals, and any leisure facilities which survive beyond this summer can expect to be very busy.

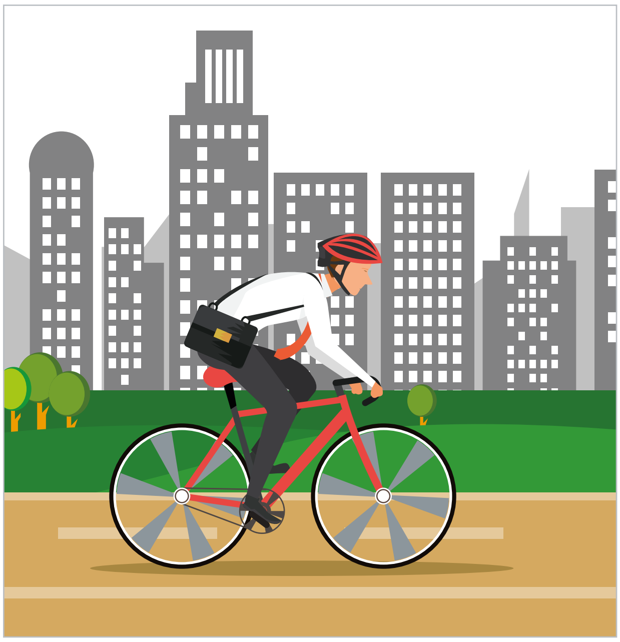
Another way of rejuvenating urban areas involves repurposing excess retail or office space as housing. Since permitted development rights were granted in 2013 for office-to-residential conversions, councils have become increasingly creative at transforming unused office space into homes.

This could be a major growth area in the coming years, according to veteran property developer Ritchie Clapson: "In the absence of any need to shop on the high street, we need to create a place that shoppers want to visit. And while it may sound counter-intuitive, the secret to revitalising commerce is to make town centres more residential. With more people living in town centres, there is automatically more demand not only for local services and eateries, but also for local convenience stores and entertainment."

He points out that people naturally gravitate to residential locations with vibrant high streets: "The more residential property there is, the more independent retail there is, encouraging more residential, and so on. This could create a virtuous cycle that leads to the wider regeneration of the high street."

Rob Dix agrees: "I'd be concerned about commercial retail in areas that are very reliant on the office trade – the cafe where office workers go for their lunch, for instance. Even if everyone worked from home one day a week, that's still a 20% drop in demand for any service reliant on that trade."

Yet green shoots are all around: "I live in London, and I see businesses opening up around me, which is extraordinary. There's a gym that just opened, a cafe



Cycle lanes could replace once traffic-congested dual carriageways

A return to our cities?

that's opening soon. People are starting businesses right now, and I think that's going to continue even more when the Covid situation is better.

"People who want to live in cities in the first place will continue to do so because they want that excitement and that proximity; there may not be as many cinemas around as there were before, but there will be other things."

Indeed, there's already evidence of cities reinventing themselves in direct response to lockdown and the loss of retailers as diverse as Thorntons, Debenhams and Harveys. Much of this change is focusing on infrastructure, with the once traffic-congested city of Glasgow typifying many urban areas by creating cycle lanes along what were once dual-carriageways.

The Mayor of Paris wants to create a '15-minute city' where local residents have everything from health centres and cafes to shops and schools within a 15-minute walk. New York's former commissioner of transportation talks about a 'six-foot city', where streets and alleys could be repurposed for outdoor classrooms, polling stations and anything else traditionally done indoors. Councils across the UK are looking at these examples of overseas innovation, and considering if they can be adapted across domestic environments.

A little bit of history repeating?

Covid may be unique, but its consequences on migration and how we use our cities have echoes throughout history. Many British population centres have faced depopulation prior to bouncing back; the UK's largest cities lost 35% of their population between 1951 and 1981, yet most were thriving before the pandemic.

Further back in time, Edinburgh's Old Town was once considered unfit for human habitation, with middle-class buyers fleeing across Princes Street Gardens to the New Town. Today, both districts are UNESCO World Heritage sites, and a four-bedroom flat in the Old Town can cost over a million pounds.

Many people left London during World War II, yet the capital's post-Thatcherite renaissance has made it the sixth most expensive place to live in the world, chiefly because rents are so high.

In the same way tenants are now returning to Zones 1 and 2 as rental prices fall, this might actually be a good time to expand your urban property portfolio. Those negative newspaper headlines are undoubtedly driving down demand (and prices), creating an opportunity to buy low.

If you want further evidence from the history books about how Britain tends to recover from national trauma, consider the aftermath of World War I. From newly-empowered female workers to demobbed soldiers, everyone wanted to forget the miseries they'd recently had to endure. The result was a renaissance in urban living, the rise of cocktail-and-nightclub culture, and rapid growth in a leisure-oriented society where proximity to local amenities was immensely desirable. A hundred years later, we might be witnessing the birth of another Roaring Twenties.

CASE STUDY

Left: kitchen after renovation

Below: kitchen before renovation

Highs &

John Skidmore was just about to get started on his first property refurb when Covid struck. Then he lost his job and the UK went into lockdown. Felicity Hannah picks up his story

Above: bathroom before renovation

Right: bathroom after renovation

John Skidmore and partner Lucy

While 2020 was a dramatic year for everyone, John experienced his fair share of major events. In the space of 12 months he bought his second rental property, refurbished it, lost his job and found two new ones

lows

"This might sound a bit weird but getting made redundant was a bit of a blessing in disguise, it gave me a bit more of the time I needed," says 27-year-old John Skidmore.

While 2020 was a dramatic year for everyone, John experienced his fair share of major events. In the space of 12 months he bought his second rental property, refurbished it, lost his job and found two new ones. "Yeah, it was a bit of a full-on year," he admits with a chuckle.

John's property investment journey began a couple of years ago, when he was at university studying for a masters' degree. His mother sadly passed away, leaving him her house in York. Rather than simply sell it and take the money, he decided to rent it out.

Two years on, living with his girlfriend in a rented property in Nottingham, John felt ready to take the next step. He took out a mortgage on the York property, releasing enough cash to fund two more buy-to-let (BTL) investments, and began his search.

"The house we bought is only down the road from where we are," he explains. "We went and viewed lots of different houses, lots of different price points. I liked the area we are living in because it has really good transport links for quite a few nearby cities and towns, so I knew it was a good place to invest.

"The reason we chose the one we did was because it was slightly below the market price at the time. It was a semi-detached house with a really nice garden, great transport links and good room sizes, but it needed a lot of updating. The previous owner had died and his family were selling via probate."

Recognising he could refurbish the property and add value, he made an offer, which was accepted. And almost immediately after that is when the Covid crisis hit, John lost his job in marketing and everything locked down.

New normal

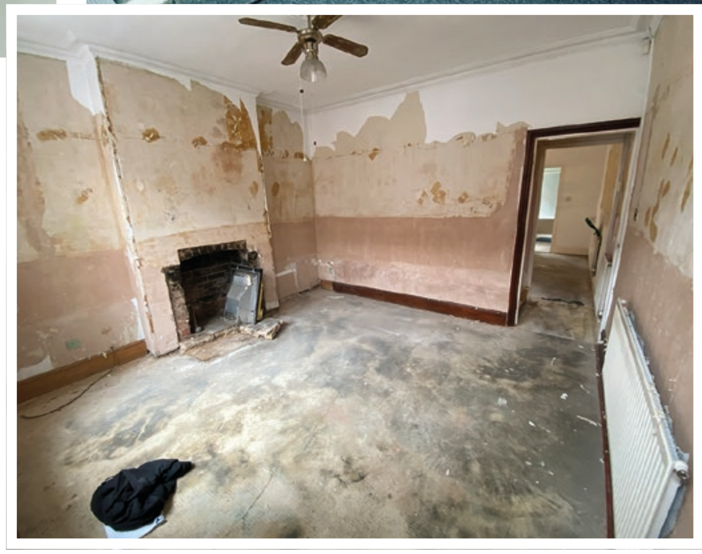
"From the middle of April I worked as a hot tub delivery man," John explains. "I did that until September."

When his Nottingham investment property finally completed in June, five months after his original offer, he found that lockdown presented a lot of new challenges.

"With everything locked down, things took a lot longer to sort," he says, acknowledging that being let go from his marketing job actually made the refurb work more practical.

"When it completed I was still out of a full time job and worked various hours per week. There were days in the week where I'd get home by lunchtime and then I could work on the house.

CASE STUDY



Other weeks I'd end up doing 55-65 hours and then do nothing on the property.

"My partner Lucy and I did most of the stripping out of the house and getting rid of everything. All the painting work, sanding skirting boards, that kind of thing."

Not only did jobs take longer to complete, but lockdown meant prices had soared. "The funds came from the re-mortgage of the York property so money wasn't an issue, but things cost a lot more than I wanted," says John. "And there were extra costs; I had to get a plasterer in to replaster the whole house because when we took the wallpaper off, it pulled all the plaster off. When we pulled the kitchen out it pulled half the wall with it."

Fortunately for John, he knew someone who could help who had done work on the home he was renting himself. "Ben, my handyman, was my saviour. He did the majority of the big jobs and when I had other jobs that needed doing, I asked him who he recommended. He found me a plasterer within a week when others were saying months.

"But some things we really struggled to get hold of. Plaster was £20 or £30 a bag instead of £7. The stress was towards the end, that we were going over budget, we probably went about £7,000 over my planned budget."

By the start of September the house was finally finished and within 24 hours of it being marketed they had found tenants, who moved in later that month.

And it wasn't just a handyman that John found through his own rental property: "The person who manages my property in Nottingham is also the person who manages the property I'm living in, he's the agent. It's a strange situation, but it works. He's a really nice bloke, I got talking with him and then had a few recommendations from him and from other people.

"With the first house in York I went with one agent and they were horrendous. So I changed, I was more careful and the new agent has been brilliant. You have to make sure you're not skimping; it's a business and if you do it right it can be a breeze. I have high aspirations but it's because I've been given this nest egg and this chance. I am determined to do it right."

He's also found that living as a tenant himself has made him determined to be a good landlord. "Being a landlord and a tenant gives you perspective," he says. "It lets you see from the inside what landlords can be like and how to be a good landlord."

Above left: dining room after renovation

Above right: garden after renovation

Above: living room after renovation

Far left: dining room before renovation

Left: living room during renovation

JOHN'S TOP TIPS

1 Manage the money

Things are always going to cost more than you think they are. Property is a business and if you don't treat it as a business then you'll fail. I could take money out of my properties and go and buy a flash new car and nice holidays, but if the boiler went then I need to have that money ready. You have to keep money behind for that sort of stuff.

2 Build a network of support

You've got to get good people around you. I didn't know anyone when I moved to Nottingham, but I spoke to the agent of the house I rent and made connections. Then I did proper due diligence, asked to see past work, asked to speak to former clients. So I have the support I need to keep everything running smoothly and I can trust everyone I work with.

3 Just do it

It's not as hard as you think it's going to be. It can seem really daunting, no one in my immediate family has any other buy-to-let properties so I'm the first. It felt like a really big thing but actually it's the same as any other business, I've definitely still got a lot to learn, but don't let the fear overtake you. You're never too young or too old to start.

Financial freedom before 40

Without anyone to advise him on building his property portfolio, John turned to Property Hub. "I signed up to this magazine in the midst of when my mum passed away because I was looking for information on keeping that house. Back then I was being encouraged to just sell the property and get a lump of money but I wanted to keep it, that is where Property Hub helped.

"I spent about three or four months listening to the podcast and reading the website, it gave me genuinely valuable information and helped me decide that this is what I wanted to do."

And John has long-term ambitions that stretch well beyond 2021. He's now back working in his chosen industry, after securing a new job as a digital marketing campaign manager back in October.

"At the moment I'm not taking any money out of the rental business. I work a 9-5, that's the money that sustains me. The money that comes from rent gets put back in or gets invested in stocks and shares.

"Once we've got the third property, I'll eventually re-mortgage and pull money out to do the fourth, ideally before I'm 30. I sat on the first house for two years thinking about what to do, but now my end goal is to get to the point where I can live just off the income from the houses.

"I enjoy my job and I don't want to leave it, but in five to 10 years' time, before I am 40, I would like to be in a position where I could live comfortably on the income from my houses without having to work for someone else. I love what I do, I don't want to quit but I'd like the freedom of having the option."

RUNNING THE NUMBERS

This is how John's Nottingham property stacks up financially:

Purchase price: **£120,000**

Purchase costs: **£5,000**

Finance method: **Two-year fixed rate interest only mortgage at 2.21%**

Deposit: **£30,000**

Amount borrowed: **£90,000**

Renovation costs: **£18,000**

Project duration: **10 weeks**

Done up value: **£135,000–£145,000**

Total personal investment: **£53,000**

Monthly rent: **£700**

Monthly expenses: **£234**

Monthly net profit: **£466**

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**

CASE STUDY

A virtual helping hand

Could hiring a virtual assistant help lighten your workload? Natalie Thomas explores the pros and cons of recruiting a remote helper

A virtual assistant (VA) might sound like something straight out of a science-fiction film, but in reality, the term VA simply refers to an assistant who works remotely.

In a similar way to how a personal assistant (PA) might be tasked with emptying your inbox – a VA can do the same – just from afar.

Hiring a VA may seem like an extravagance, but with many offering their services for a fraction of the cost of a PA, a VA could help free up some of your time and provide a cost-effective way for you to grow your property business.

What does a VA do?

There's no hard and fast rules when it comes to what tasks you can (and can't) assign to a VA. Having said that, to make the best use of both your time, it makes sense to delegate the most time-consuming administrative tasks of your day-to-day business – freeing up your time to focus on more weighty issues.

Property investor Jenica Heydon has been using VAs to manage her UK portfolio of ten properties since 2017. During this time, she's employed VAs based in the Philippines, Serbia and London.

Living overseas herself, Jenica's VAs carry out a wide variety of property related tasks, such as listing properties for tenancy, arranging tenant viewings, getting quotes for work, arranging trades for maintenance jobs and bookkeeping.

"If we hired an estate agent to manage our properties we would be paying upwards of £15,000 annually because they typically want a percentage of the rental amounts (9-13%)," she says.

"With a VA we have someone dedicated to our portfolio and can train them to run our properties in a certain way. As a result our tenants get a very high level of service."

Jenica has taken a long-term view to her relationship with her VAs and as such, a number of them have completed the Landlords Guild accreditation test. "They also have a copy of Rob Dix's book, How to be a Landlord, for quick reference," she reveals.

As with so many things in property, Jenica says working with VAs has been a "learning on the job" experience: "We've had to learn how to manage staff effectively to get the best results, which is still a work in progress."

She advocates stepping up the responsibility over time. "Start slowly with simple tasks and build. Correct the mistakes along the way as this sets the tone going forward," she advises.

The day-to-day running of Jenica's tenancies takes around one hour a day on average, she says, with a further one-to-two hours per day needed when re-tenanting a property.

SIX JOBS YOU CAN OUTSOURCE TO A VIRTUAL ASSISTANT

1. **Sourcing tradespeople**
   Finding reliable and trustworthy tradespeople can be a time consuming and tedious task. Paying a VA to source and price local tradespeople could save you time and money in the long run.
2. **Online research**
   Whether it be scoping out rental values in an up-and-coming area or scouring Rightmove for the latest listings, a VA can be a big help in narrowing down your options.
3. **Managing your schedule and making appointments**
   Having your VA make sure you don't forget that crucial property viewing could be the difference between you securing or missing out on a deal.
4. **Preparing client documentation**
   Very few landlords enjoy the paperwork that comes with the job, so whether it be inventories or tenancy agreements, a VA could help lighten your load.
5. **Taking calls from tenants**
   If you know you're going to be uncontactable for a period of time, having someone else on hand to answer tenants' emergencies or repair queries is reassuring for everyone.
6. **Accounting**
   Outsourcing invoicing and having a VAs keep track of rental payments and deposits could help free up your valuable time.

How much does a VA cost?

Costs will differ from firm to firm, but as a general rule, VAs will offer their services for a considerably lower price than a property agent.

Raden Payas has been working as a VA since 2010 and launched his own VA agency – Unique Workers – in the Philippines in 2019. His firm provides VAs mostly to UK property investors and entrepreneurs, with their hourly rate differing depending on the nature and the complexity of the work involved.

Prices range from £4.50 per hour for general work, such as research, data entry, email management, scheduling and listing, to £7.50 per hour for accounting and bookkeeping.

He says some of the most frequent tasks his VAs take on include property research, property listings, bidding and data entry.

As well as carrying out background work, many of his VAs also fulfill client-facing roles. "House in Multiple Occupancy (HMO) and serviced accommodation landlords use VAs as points of contact for tenants, repair contractors, inquiries and even accounting and payment collection," he says.

What are the pros?

As well as providing a cost-effective solution to managing your properties, VA's can offer more flexibility than traditional PAs.

While you might choose to build a long-term working relationship with a VA, you also have the option of using them as and when required, such as when a staff member is absent, when you go on holiday, or during a particular frantic work period.

This more direct approach can often boost efficacy and also means you are only paying somebody for the hours they work.

For Jenica, the flexible working hours on offer and the low cost of VAs, are two of their main plus points.

"VAs are also very effective when it comes to booking and confirming appointments and offer a fast response time to any task," she says.

Pre-Covid, employing an assistant who lived and worked overseas would have been out of the question for many landlords, but the working from home culture brought about by the pandemic has demonstrated you don't need to be in the same room as someone in order to work effectively together.

Raden believes the service a VA can offer is the same, if not equal to that of a property management company, and location shouldn't be an issue.

"When a tenant, for example, calls and informs a property management company that their faucet is leaking, the company will then have to call its contractor or search online for someone.

Pre-Covid, employing an assistant who lived and worked overseas would have been out of the question for many landlords, but the working from home culture brought about by the pandemic has demonstrated you don't need to be in the same room as someone in order to work effectively together

"The same thing will be done by the VA if the tenant calls the VA on duty and reports the same problem. Since we focus our services in the UK, we've built up a portfolio of contacts and repair contractors we've used before and can call upon when needed, which avoids us having to do online research every time a problem occurs," he says.

And the cons?

While you might bring a VA on board to save you time, there is a risk the opposite could happen and without sufficient instruction or training, you could find yourself correcting mistakes.

"It can take a lot of time to train people up and you can get pulled into micromanaging," says Jenica. "You might find it takes them a lot longer to do some tasks than it would normally take you."

Then there's the question of security. While each firm is likely to assure you your confidential information will be kept safe, it's still advised you don't share any personal or sensitive data, such as login details to financial accounts – something which could in turn limit the scope of tasks your VA can undertake.

If you do plan on sharing confidential information with your VA, it's worth exploring what type of legal protection – if any – the firm offers.

Where can you find a VA?

A simple Google search can be an effective way to find a VA, which is how Jenica found hers.

She's used Onlinejobs and Upwork in the past. Other notable VA websites include; Hubstaff Talent, VA Networking and Guru. And since you're not limited by location, you can expand your search far and wide.

When it comes to hiring a VA, there are two distinct approaches you can take. You can either seek the services of an independent VA who works alone, or use a specialist VA firm.

One of the main advantages of using a firm is reliability. "If you hire a VA from a firm like ours and the VA assigned to you encounters a problem of any sort and can't work one day, we have an instant replacement that can do their job," says Raden.

Depending on which site you use, the cost of a VA might be fixed, or potential suitors could bid against each other in the hope of securing the work. Some sites charge a fee to access their VAs, while others stipulate a minimum or maximum number of working hours per week.

As with any new employee, there's likely to be a period of adjustment when it comes to working with your new VA. You may find after a couple of months you effortlessly fall into an effective working relationship, but if you do find they're not the right fit, you can simply terminate their contract, without the awkward and often lengthy notice period you might have to give to a permanent employee.

While each firm is likely to assure you your confidential information will be kept safe, it's still advised you don't share any personal or sensitive data, such as login details to financial accounts – something which could in turn limit the scope of tasks your VA can undertake

FIVE TIPS FOR HIRING AND WORKING WITH A VIRTUAL ASSISTANT

1 Good spoken and written English a must

While it may not matter where your VA is based, if they are writing emails and speaking with people on your behalf, they need to have a good understanding of the English language to avoid anything getting lost in translation.

2 Plan ahead before you hire

Before hiring a VA it's important to think about what jobs you might actually outsource to them. It's a good idea to keep a diary over a couple of months and write down what tasks you could potentially offload and how much time this might save you.

3 Be realistic

While there are many things a VA can do, there will also be things they can't. Start off small, give clear directions and don't expect too much too soon.

4 Invest in your VA

If you're hoping to form a long-lasting relationship with your VA, take time to train them and help them understand your business. Consider offering them training if there's a complex task or particular computer package you would like them to use.

5 Give yourself time

While a VA could be the missing link in your business, their presence is unlikely to change your life overnight. It is likely it will take some time before both become familiar with how the other one works best.

First-time buyers Sammie and Mitch chose Preston as the location for their first property together, despite living 200 miles away. Emma Lunn tells their story


Sammie Hicks and Mitch Foley

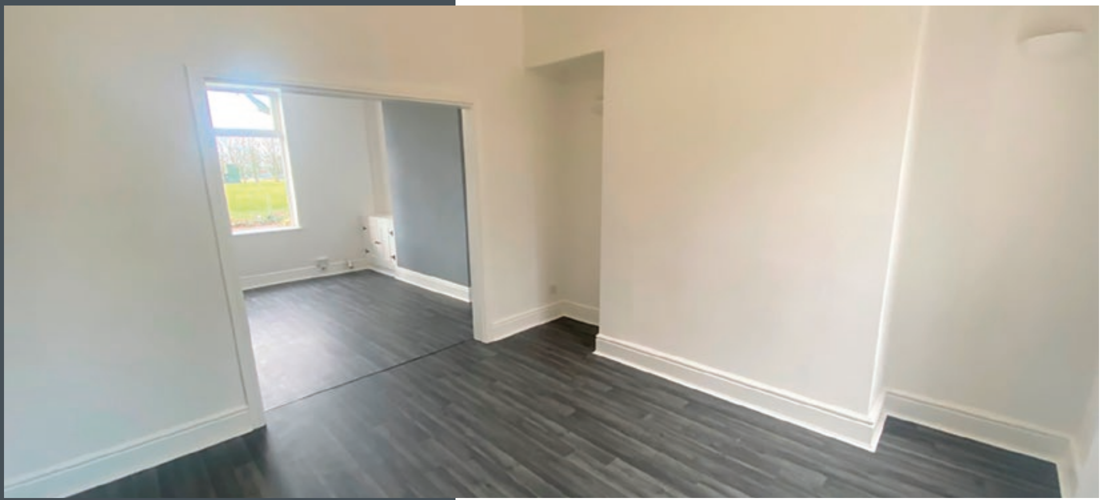
Heading north for profit

CASE STUDY

Top right: dining room after refurbishment

Left: bathroom after refurbishment

Right: kitchen after refurbishment



north

Buying a property together is a big step for any couple, but for Sammie Hicks, 26, and her partner Mitch Foley, 25, their first purchase marked the start of them going into business together.

The pair realised they both shared a passion for property when they met. Sammie's mum is an interior architect – a subject Sammie was initially keen to study at university before deciding to follow her dream of becoming a professional singer and vocal coach – while Mitch is a carpenter.

Sammie says: "When we got together, we realised we were both interested in getting involved in property – so it made sense to eventually do it together."

Rather than buy a home together, the couple decided to put their savings into an investment project. "We wanted to invest in our future first," says Sammie. "We wanted to buy an asset that would generate cash straight away and the money we had wasn't sufficient to buy where we live so we thought instead of keeping it in the bank we would invest it."

Choosing where to invest

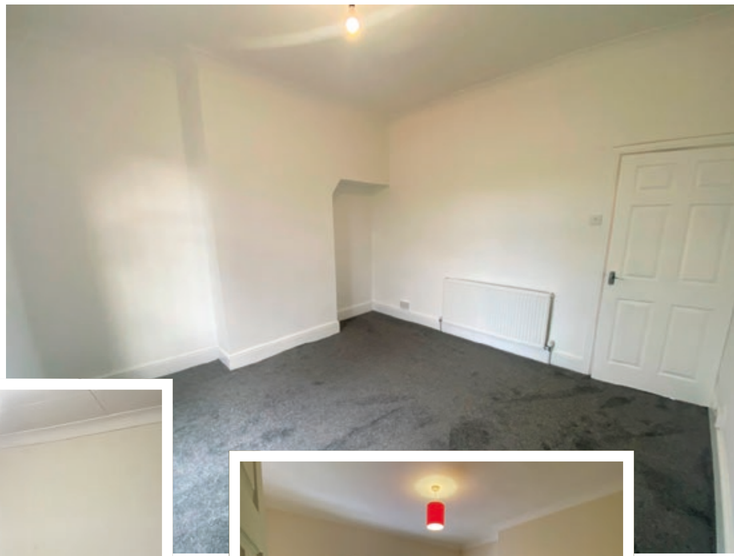
Sammie and Mitch live in Kings Langley, Hertfordshire, a relatively expensive area for property, so they focused their search on Preston in Lancashire where Mitch's family are based.

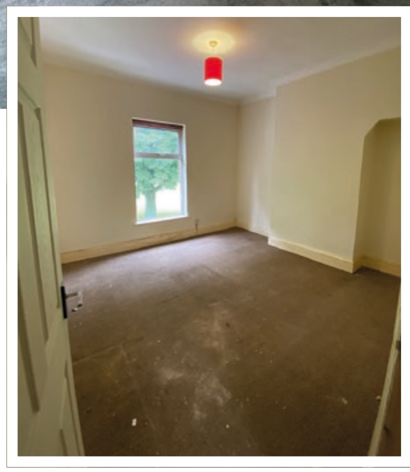
Sammie explains: "We chose Preston because we have knowledge of the area and because it's much cheaper than Hertfordshire. We did a lot of research into Preston before investing. We were attracted to the city as HS2 will pass through it and because it's the focus of various regeneration projects. It's also won awards for being 'up and coming' and there are plans for the university to double in size."

The couple found their first property on Rightmove last year. The three-bedroom terraced house had been on sale for two years and the vendors had a sale fall through, so Sammie and Mitch put in an offer below the asking price.

CASE STUDY

Heading north for profit





Top left: living room after refurbishment
Above left: living room before refurbishment
Top right: master bedroom after refurbishment
Above right: master bedroom before refurbishment

Above: kitchen before refurbishment

She says: "They wanted offers of £75,000 but we got it for £70,000. It's in a great location – in a cul-de-sac and opposite a beautiful park. It's 10 minutes from the train station and city centre so it's well located. It's also near the M6 so it has great travel links.

"The property is huge and already had an extension built. There are two reception rooms plus a separate kitchen. It has three bedrooms and a good floor plan. It was cheaper than a neighbour's similar two-bedroom property."

Getting finance sorted

Sammie and Mitch had saved up money for their deposit and purchase costs. They spent £18,000 on the deposit and buying costs and took out a buy-to-let (BTL) mortgage with Precise Mortgages at 2.79% on a two-year fixed rate.

The couple's parents also helped them out. But rather than a gift from the 'bank of mum and dad', their families invested money in the project. Sammie and Mitch are paying them back with an 8% return.

They had their offer on the property accepted in February 2020 but then the pandemic took hold, and the property market was virtually shut down for several months. The deal eventually completed in August 2020 and the pair got to work on transforming a rundown house into a beautiful home.

Renovation and rubble

The house was in quite a bad state and was much worse than the Rightmove photos suggested. "We had to pretty much dig out the downstairs and rebuild the entire ground floor. We had to put in a new damp proof membrane and a damp proof course which cost about £4,000 to £5,000. We also had to remove about 16 tonnes of rubble," explains Sammie.

They installed a new kitchen, a new laminate floor throughout the downstairs of the property and new carpets upstairs. Most of the walls were re-plastered and decorated, and woodwork painted.

Sammie and Mitch also changed the layout of the downstairs of the property, getting rid of one of the doors from the hallway to the dining room and moving a wall.

Being based three-and-a-half hours away from Preston wasn't ideal, so Sammie and Mitch hired a local contractor to do a lot of the work. They asked for recommendations on a local property investment Facebook group and – after considering multiple quotes – chose a builder who had done work for other investors in the area.

From the outset the couple were clear they needed regular communication and updates and pictures of progress on the property. But, unfortunately, the contractor didn't stick to his side of the deal from the start.

Sammie says: "He was supposed to start the work on the Monday, but when we called him on the Thursday he hadn't started yet. He often didn't answer his phone or return calls and texts for days – there were warning signs that we wish we hadn't ignored.

"He had the gift of the gab and knew what he was talking about with the damp proofing course. We wanted the property finished by November but there was no sense of urgency from him. He was difficult to get hold of and the quality of his work was just average."

Eventually the couple had to cut their losses, sack the contractor and hire various tradespeople to do the plastering and install a kitchen. Mitch also gave up his job at Christmas to work full time on their property business.

"We definitely learned from the experience. We should have visited the property more often, even during lockdown," says Sammie. "Using a contractor we couldn't trust resulted in higher costs as we were paying the mortgage and bills for longer before we could get tenants in. I think he took advantage of our age and the fact we weren't in Preston."

The pandemic also affected the project in lots of small ways from lockdown rules to supply issues with materials and other items needed to finish the work.

Letting the property

Once the property was finally complete, finding interested tenants proved reassuringly easy.

The couple used a local letting agent and had multiple viewings booked in within a day of the property being advertised for let. The plethora of viewings resulted in five applicants hoping to move in. Sammie and Mitch chose to let to a young professional couple.

Sammie says: "We achieved a much higher rent than we thought we would. We expected to get about £450 a month, but it was let for £600 a month due to increased demand in the market."

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**

Looking ahead

Sammie and Mitch are already on to their next project – a two-bed house just a few minutes away from their first property – funded by using a combination of their own money, investment from family members and a mortgage.

They plan to convert it into a three-bed, by splitting an enormous master bedroom into two. This will mean adding a new wall and removing a window to replace it with two windows, one in each bedroom.

Unsurprisingly, they plan to use a different builder to do the work on this one, and the many others they are looking to acquire this year.

"We're viewing more properties at the moment and we plan to buy five to eight more this year," says Sammie. "Buy-to-let is our main strategy but we may do some flips too. The market is crazy at the moment with properties going for above asking price straight away – and there aren't many properties for sale."

Mitch is now living full time in Preston to work on the couple's property business with Sammie planning to move up there too at some point. The couple intend to buy a property they can renovate and also live in while they continue their property investment journey.

RUNNING THE NUMBERS

This is how Sammie and Mitch's three-bed house in Preston stacks up financially:

Purchase price: **£70,000**

Purchase costs: **£2,300**

Finance method: **Mortgage fixed at 2.79% for two years**

Deposit: **£17,500**

Amount borrowed: **£52,500**

Renovation costs: **£18,000**

Project duration: **Four to five months**

Done up value: **£100,000 (approx)**

Total personal investment: **£37,000**

Monthly rent: **£600**

Monthly expenses: **£120**

Monthly net profit: **£480**

Property Geek

with Rob Dix

The bigger picture

Big-picture thinking is critical to understanding what's in store for the property market, writes Rob Dix

In the last issue of this magazine I looked back at the embarrassing inaccuracy of most property price forecasts over the years. On episode 413 of The Property Podcast we dug deeper into this, and identified an overarching cause for much of this wrongness as being *failure to see the big picture*.

There are two important 'big picture' elements for property investors to understand: government incentives, and the macroeconomic environment.

The role of government in the property market

The government can't determine exactly what happens in the housing market, but they can implement policies that have significant effects on it. When they enact these policies, they do so with the strong incentive to keep prices up: steady or rising house prices make people feel wealthier and therefore more likely to vote for the incumbent party, and makes them more likely to spend and therefore increase GDP.

Increasingly the government has a stake in the housing market itself via various equity and loan guarantee schemes, so a significant drop would have a direct impact on the country's balance sheet too.

This doesn't mean they can prevent prices from falling forever, but it does mean they're motivated to help the market through schemes like extending the stamp duty holiday and providing guarantees so lenders can offer 95% mortgages. This, of course, is exactly what they did in the Budget in March.

Immediately after these policies were announced, Capital Economics – a major economic research consultancy – threw out their prediction that house prices would fall by 5% in 2021, and said they no longer believed there would be a fall at all.

For an organisation that supposedly researches economics, failing to foresee the likelihood of this type of government action and factor it into their earlier prediction is astonishing. It should've been obvious that – because of incentives I've just described – the government would use any levers at their disposal to prevent prices from falling.

Incidentally, it's hard to argue that intervening in the market to keep prices up is a social good – but I'm talking about what will happen, not what should happen.

The macroeconomic environment

And then there's the impact of macroeconomics on the property market – which is very much linked to government and central bank action.

In the run-up to the Budget, there was much hand-wringing about how "we need to pay back the debt" that was incurred to pay for furlough and various other Covid-related schemes, and speculation about a whole range of tax rises to make that happen.

Rightly or wrongly, government actions and the global economic environment now have a more significant impact on the performance of your investments than ever before. As a result, developing this 'big picture' understanding should now be a key part of every investor's skillset

In reality, none of the debt incurred during 2020 is "real" debt as you'd think of it: it's money notionally owed to the Bank of England that bears no interest and can be rolled on forever or cancelled without consequence. We discussed this in episode 414 of The Property Podcast, which is a must-listen if you're not familiar with how Quantitative Easing works.

As we discuss in the episode, this "money-printing" is supportive of high prices, so by keeping an eye on what stimulus the Bank of England is planning, you can get clues about what could happen in the property market and other asset markets.

Understanding macroeconomics also gives you insight into the future of interest rates – the level of which also has a huge bearing on asset prices. You can understand why governments are motivated to keep them low (clue: Rishi Sunak said in his budget that "just a 1% increase would now cost us over £25bn"), and what might force them higher (answer: inflation).

You can beat the professionals

Professional forecasters clearly fail to correctly account for these 'big picture' factors, which is why they're so consistently wrong. But the only consequence for them is possibly mild embarrassment when some smartarse in a magazine highlights it years later.

For you as a property investor, the consequences are far more serious: they're financial, either in terms of losses from investing at the wrong time or the opportunity cost of staying out of the market due to misplaced fear.

Rightly or wrongly, government actions and the global economic environment now have a more significant impact on the performance of your investments than ever before. As a result, developing this 'big picture' understanding should now be a key part of every investor's skillset. By combining the big picture with 'ground level' knowledge and plenty of hard work, you'll be in the perfect position to make the right investment decisions in any environment.

HOW TO

The modern method of auction

Think you know all about property auctions? Think again. Online auctions have some crucial differences from a trip to the auction house, writes Emma Lunn

Property auctions have long been the haunt of property investors looking to pick up a bargain. Properties up for auction often need renovating or refurbishing, have a short lease or sitting tenants. Many are unmortgageable, or the vendor simply wants a quick sale.

The past few years have seen the inevitable shift towards online auctions, also known as the 'modern method of auction' or 'conditional auctions'.

It's easy to see why online auctions have become increasingly popular over the last 12 months – traditional auctions have not been allowed to take place under lockdown restrictions.

But before getting involved, it's vital to understand how this type of auction works. It's not as simple as going through the property auction process online – different rules apply.

> It's easy to see why online auctions have become increasingly popular over the last 12 months – traditional auctions have not been allowed to take place under lockdown restrictions

How do online property auctions work?

If a vendor decides to go down the online auction route, their estate agent will pair up with an online auctioneer to run the auction.

The agent will carry out some of their usual duties – such as marketing the property for sale, arranging viewings, and encouraging buyers to put in an offer.

To make an offer on a property, you'll need to register with the auctioneer. The agent or auctioneer will then conduct identity and anti-money laundering checks before you're allowed to place a bid. You'll need to provide your passport and/or driving licence details. These will be checked against a variety of sources, including the electoral roll and credit reference agencies.

You'll also need to provide payment details, such as your debit or credit card. Once the checks are complete, and your payment method is approved, you'll be ready to submit your offer in the form of an online bid.

Each property auction will be on a timer. This will usually start at 30 days, but can be for less if the vendor wants a quick sale. Like traditional auctions, there will be an advertised 'guide price' and a confidential 'reserve price' set – the reserve price is the lowest the vendor will accept.

Potential buyers bid for property online, placing incremental bids against other people in a similar way to a live auction. If you're outbid, you can bid again. At the end of the auction period, the highest bid wins.

If you're the winning bidder, payment for the reservation fee will be taken immediately via your registered card. You'll lose this money if you don't complete the purchase.

But here's where the similarity with traditional property auctions ends.

Unconditional vs conditional auctions

Traditional auctions are usually unconditional – once the gavel falls you have effectively exchanged contracts, have to pay 10% of the purchase price, and are legally obliged to complete the transaction. Failing to do so in the designated timescale (usually 28 days) can cost you dearly.

Conversely, online auctions tend to be conditional. If you win, you'll need to pay a reservation fee straight away. But this doesn't mean you've exchanged contracts. Instead, it gives you an exclusivity period in which to exchange contracts and then complete the sale.

Typically, you'll need to exchange contracts within 28 days and complete in 56 days. Altogether, with an auction running for 30 days, this means it takes about 86 days to buy at an online auction.

The longer timescale means it's often possible to buy a property with a mortgage at an online auction. With a traditional auction you normally need cash or short-term finance to be sure of completing in the required timescales.

Modern auction fees

There are several fees you need to be aware of as a buyer or bidder at a modern auction.

Before the auction you may need to purchase a buyer's information pack or legal pack, which costs around £300, and if you want to get a survey done in advance, you'll need to pay for this too.

If you win the bid, you'll need to pay a non-refundable reservation fee or buyer's fee immediately, which will be taken from the card you registered with the auctioneer.

This can be quite a hefty payment. With Bamboo Auctions or IAMSold it's 4.2% of the purchase price with a £6,000 minimum. So, a purchase price of £300,000 will mean a reservation fee of £12,600.

With SDL Property Auctions, the buyer's fee is 4.8% of the purchase price on properties up to £250,000, or 3.6% of the purchase price on properties over £250,000, both with a minimum of £6,000. Some auctioneers charge a flat fee depending on the listing price and estate agent.

It's important to realise the reservation fee is on top of the purchase price. So, a winning bid of £300,000 will actually cost you £312,600 (assuming a 4.2% fee).

However, the fee is included as part of the purchase price for stamp duty purposes. So, in the above example, you'll be paying stamp duty on a property selling for £312,600.

If you pull out of the transaction, you'll lose the reservation fee. It can be refunded if the vendor pulls out of the sale or, in some cases, if there is an issue with the legal title of the property.

Some online auctioneers also charge an administration fee. This fee can start as low as £350 and increase into the thousands – Auction House charges up to £1,800 on some lots.

As with any other property transaction, you'll need to pay a conveyancer to do the legal work associated with the purchase.

How to choose a property auction

Some properties up for sale with estate agents, and listed on Zoopla and Rightmove, will be advertised as 'sold via the modern method of auction'. The estate agent will partner with an auction company to do this.

Alternatively, you can register directly with one or more of the main online auction sites and check out which auctions they are currently running.

The biggest names in online auctions include Bamboo Auctions, GoTo Group, I AM Sold, Auction House, and SDL Property Auctions.

You should do your research, and speak to other property investors, to check out the reputation of a particular online auction company and make sure you're clear on the fees you'll have to pay before bidding.

As always, it's advisable to view a property before bidding on it – this can be arranged via the estate agent and may be a physical or virtual tour.

You, or your conveyancer, also need to look at the legal pack before bidding. This should include the title plan and register of title, local authority searches, water and drainage searches, and the property information questionnaire. If the property is leasehold, you should pay close attention to the lease length, ground rent and service charges, as well as any covenants on the property.

When to bid online

Properties come up for sale at auctions all through the year – there's not necessarily a best month to buy at auction.

Online property auctions mean that you can bid on a property in real time, with the auction open for bids 24/7 until the end of the auction period.

With most online auctions if a bid is made within five minutes of the end of the countdown, the auction is extended by 15 minutes to give all bidders a fair chance to adjust their bids. If you're serious about a property, it's advisable to be online watching the bids at the planned finish time.

If you can't be online at the required time, online proxy bidding allows you to enter the highest amount that you are willing to pay. The online system will then make incremental bids for you, up to that value.

What to watch out for with the modern method of auction

As with traditional auctions, the guide price for a property is usually set a lot lower than what the property is likely to go for – so don't get too excited when you see a 'bargain' up for auction.

You should check whether a property has a short lease or sitting tenants before you bid. Both of these will reduce a property's value.

The reservation fee or buyer's fee can be significant. This fee is in addition to the purchase price – but you'll need to pay stamp duty on it, which might seem unfair. In effect you're paying for both the estate agent and auctioneer, while the seller's costs are negligible. Because it is payable immediately at the end of the auction, it can't form part of your mortgage funds.

Since contracts are not exchanged immediately, as they are with traditional auctions, there's a risk the seller could pull out of the deal. If they do, you should be refunded the reservation fee. However, some auctioneers will deduct an administration fee so you could still be out of pocket – especially if you have paid for the legal pack and survey before bidding.

As with any property purchase, do your due diligence before bidding for a property online. With the right research, many investors find the modern method of auction is a great way to pick up a bargain all without leaving the sofa.

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

Investing in a boom

All the signs are there, we're in a property boom. Rob Bence explains how you should approach it

The UK property market witnessed boom-level growth last year. According to the Office for National Statistics, prices rose by 8.5% during 2020, the highest annual growth rate since October 2014. And the activity in the market so far this year shows this growth isn't about to slow down anytime soon.

Booms don't happen by themselves. Since Covid struck an unprecedented amount of Quantitative Easing (QE) has been used to inject money into the economy. History shows us that QE directly increases asset values, property being one of those assets. On top of this stimulus like the stamp duty holiday and the new government mortgage guarantee scheme have helped create positive sentiment in the market. All this combined creates the perfect melting pot for a property boom.

Investors have already been telling us how their local markets are becoming more competitive and prices are jumping up. This understandably makes it harder to do deals. So how do you operate successfully in this phase of the property cycle?

Adjust your expectations

If, up until now, you've worked towards achieving a certain yield or below-market-value level you'll need to adjust it. In one of our own businesses, Property Hub Invest, five years ago we'd get discounts of 15-20%. Now we get deals at around 10% discount, and I wouldn't be surprised if that number drops further in the next year or two.

This may feel like bad news, but remember: in a boom market you're compensated by capital growth, which creates far more wealth in the long term. The worst thing you can do is spend a year trying to find a deal and miss out on a year of growth.

Be prepared

With the market becoming more competitive, you need to get yourself organised. Get your funds ready and make sure your agent and any potential vendors know you're in a position of strength and that you're serious about doing a deal.

Act quickly when you do get an offer accepted, because if the market starts to rise on you and your transaction is moving slow, the vendor may accept another offer or they may put the property back on the market to try and achieve more money.

Get in before the masses

The good news is the media hasn't picked up the fact we've entered into a boom phase yet, so there's still a window of opportunity to get a good deal, especially in city centres where demand has taken a hit.

There's enough to distract the media at the moment, but it won't be long until we start to see property programmes on every night and people talking about how to create huge wealth through property, then the hoards will pile in and life gets a bit more difficult.

While you do need to move fast, it's important not to get caught up in the hysteria. If your particular area is red hot, you'll find people are starting to put bids in on property without even viewing it. Don't get swept up in the mania, stick to your principles, do your due diligence and you'll do well.

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

Top five tips for taking action

If you had big plans for 2021 but haven't yet put them into action, don't worry, we're here to help. Check out our top tips for getting yourself back in the groove

1 LIMIT YOUR 'TO DO' LIST

Ticking a few items off a never-ending 'to do' list will always feel insignificant. Instead, break down what you need to do and prioritise between three and five things you can realistically accomplish each day. Write your list the night before and eat the frog first thing in the morning – in other words, tackle the most challenging item on your list first to get it out of the way.

2 BE ACCOUNTABLE

It's embarrassing when you tell someone you're going to do something and then fail to deliver. That's why accountability partners work so well: having to answer to someone else pushes you harder to progress than if you just have yourself to answer to. Find someone you trust that will be positive and give you non-judgemental support to check in with regularly and make sure you're keeping on track.

3 SHIFT YOUR MINDSET

This might sound like a bit of mental trickery, but it actually works. Next time you think about something on your 'to do' list, exchange the words "I have to..." for "I get to...". So, for example, swap "I have to search Rightmove for properties" for "I get to search Rightmove for properties". By making this simple adjustment to your vocabulary you subconsciously change your mindset from "I have to do this thing begrudgingly" to "I'm lucky to be able to do this thing". This shift in attitude will help you focus on the positive value the task – and completing it – brings to your life.

4 FIGURE OUT WHEN YOU'RE MOST PRODUCTIVE

Are you a morning person, afternoon person or night owl? If you're not sure about your own productivity rhythms try tracking your activity for a week to spot when you get most work done – there are apps like Toggl Track you can use to do this for you. If you find you're most focused and motivated between 2-4pm, then make sure you schedule in your most important tasks for then and build the rest of your day around this productivity peak.

5 GET OVER YOUR FEAR OF FAILURE

If you still find yourself procrastinating, chances are the issue is less about laziness and more about fear of failure. The fear of failing can be crippling for some, but failing is an inevitable part of progress. Author and investor Tim Ferriss recommends fear-setting – creating a checklist of what you are afraid to do and what you fear will happen if you do it – as a way of reframing failure so you become less afraid of taking action.

I wish I'd have known...

Raj Dosanjh, investor and co-founder of letting agent comparison tool Rentround

Raj Dosanjh

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

Focus more on the goal of getting out of the 9-5 and creating passive income. I worked in banking for 12 years straight after graduating from university.
I've always been interested in property investing and creating a business, but there were periods where the 9-5 took its toll and I lost focus. I could see myself settling for the day job. Luckily I stayed committed and realised if I didn't push more, I'd be there until retirement age.
It's not easy, but keeping your long term aim at the top of your mind gives you that extra push when focus is waning.

One of Raj's recent property projects

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

When I started out I just wanted to get that first property, even if it was a one-bed flat with no room for expansion. Now my principle is scale. When buying a property, I ask myself: is there the potential to expand the property? Is the property capable of becoming a HMO to generate more income? It's pretty simple, but when you're starting out, the call to just buy a property can cloud your judgement. Sometimes the best option is to wait until you have more financial room rather than committing to a low yielding asset.

What's been your biggest mistake in property, and what did you learn from it?

I got emotionally involved when buying one of my first properties. I really liked the property, it was a good deal and I loved the area. I fully committed to buying the property as soon as I saw it. Unfortunately for me there was another keen buyer. When they increased the bid, so did I. The mistake wasn't increasing my bid, it was the over-eagerness. The agent could tell I was keen therefore – looking back – was probably confident that I'd 'match' over bids. I paid over the odds. It was 10 years ago though, and the uplift in price since means it doesn't sting as much now.

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

One of the biggest roadblocks to getting started in property is the fear of getting it wrong, usually because people worry they'll buy at the wrong time. Whether it's the stock market or property market, timing the market perfectly is impossible.
Don't over analyse and paralyse your purchases (that's not to say jump in blind). There's so many moving parts in the property world: stamp duty holiday, working from home changes, tax hikes and the Brexit fall out. It can be daunting getting in. But over 5-10 years – if you're a long term investor – timing implications will offset themselves.