

Making sense of property investment

PropertyHub

Issue 33 March/April 2022 | £5



DATA-BASED DECISIONS

Would you trust an algorithm
to pick your next property?



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16



NEWS

05

Inside the Hub

Your roundup of what's been going on across the channels

06

Market Focus

Must-read market news to keep you in the loop

BEHIND THE HEADLINES

08

The rent race

Rents are rising at their fastest rate on record, we take a closer look at the numbers

HOW I GOT HERE

12

"I had to create another income source quickly"

Elizabeth Warburton explains how she kick started her property career

LOCATION FOCUS

16

Town and county

The flexible post-pandemic way of working has made Ipswich an attractive commuter town



Issue 33 March/April 2022

Inside

COVER STORY

26

Data-based decisions

Neil Cumins explores the concept of allowing data to drive your next investment decision

INVESTOR STORIES

22

Public house to private homes

It took all Karishma Davdra's patience to convert an old pub into six new homes

32

Through the keyhole

Property Hub's resident experts reveal how they invest

38

Moving with the times

HMO landlord Miles Pattison-Appleton swapped strategies for his latest property project

OPINION

42

Daring to be different

Rob Dix explains why being contrarian is worth the risk

49

Common sense still matters

Rob Bence on why data shouldn't be your decision maker

INDUSTRY INSIGHT

36

"Landlords have become the whipping boy of the PRS"

Head of the NRLA Ben Beadle tells us what he's doing to support landlords

44

How to...

Stay compliant in 2022

48

Top five...

Ways to source deals

THE FINAL WORD

50

What I've learned

Charlotte Ashworth shares the tips she's picked up after eight years investing



Welcome



Rob Bence (left) and Rob Dix (right)

The property market is evolving at a rapid pace. Red-hot competition is continuing to push up prices, and not just for buyers, as John Fitzsimons reports on page 8.

The post-pandemic hybrid way of working, with employees physically reporting into the office far less, is bringing new towns within commuting distance of our big cities, opening up the investment potential of places like Ipswich, which is attracting plenty of interest, as Neil Cumins explains on page 16.

Investors are having to adapt their strategies to navigate

this new landscape, finding new ways to maximise their returns. Read how Karishma converted a pub in North Wales into six apartments to lease to the local council on page 22, and how Miles switched from specialising in HMOs to developing flats in Hereford on page 38.

Even the way we analyse property deals is changing. Our cover story on page 26 explores the impact data science is having on buying decisions and what happens when the computers get it wrong. 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.

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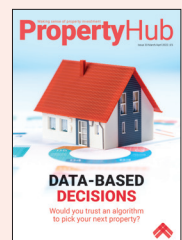
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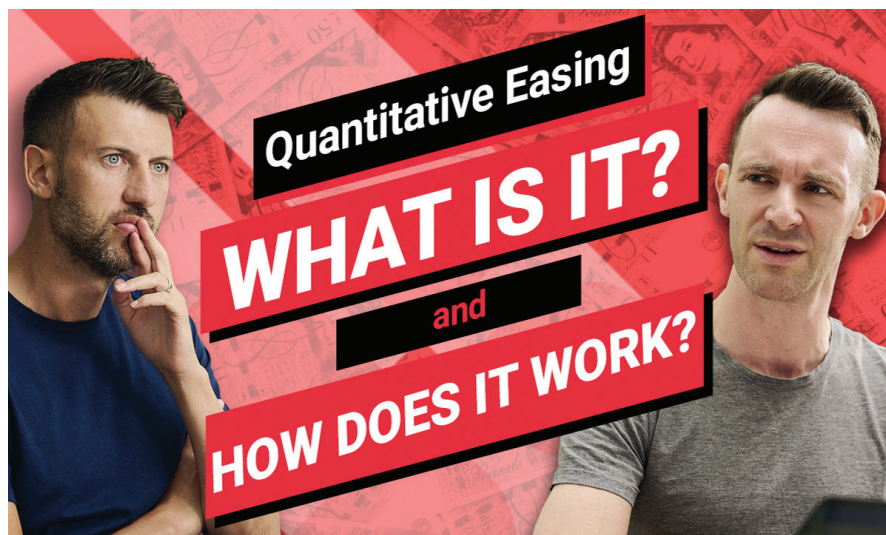
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*Offer available to friends and relatives of subscribers or newcomers to Property Hub Magazine. One free download per person.



Inside the hub

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



ON SCREEN

Quantitative Easing (QE) is at record levels in the UK. As a property investor it's vital to understand what's going on and how it could impact property prices. And that's exactly what Rob & Rob discuss in their YouTube video: 'QE, what is it and how does it work?' To get alerts when new content goes live visit the Property Hub UK YouTube channel, subscribe and hit the notification bell.

youtube.com/anyotherbusiness

ON LINE

Every month this year we'll be publishing a new Property Hub University course over on our website. In March we'll be explaining the investor's magic formula and how you can use it to work out how profitable your investments have been – and how profitable they will be in the future. Whether you're in the market for a new property or assessing your current portfolio you won't want to miss it.

Propertyhub.net/education

ON AIR

The spring line-up for The Property Podcast is a strong one, even if we do say so ourselves. On the agenda is a review of the chancellor's Spring Budget, how to research a property deal and top tips from property sourcers. The Robs will also be answering your burning questions like: "Will interest rates squeeze my margins?" and "Should I release equity or not?" every Tuesday on the Ask Rob & Rob podcast.

Propertyhub.net/podcast

HUB CHAT

Over on our Forum, we've got one Hubber asking for advice on where to invest his money while he saves up for his next property. Premium bonds? ISAs? Under the bed? (Spot the odd one out). If you've got some tips on where he can stash his cash while coming up with his next deposit, join the conversation. Just pop the link below into your browser.

Propertyhub.net/forum

Thanks to everyone who took part in our recent reader survey. We love reading your feedback and it helps shape the content we produce in the future.

"Keep doing what you are doing. You inspired my now wife and I to invest in our first property, and then gave us the confidence and knowledge to progress with five more in the past 18 months."

As a result, we've made some changes to the look and flow of the magazine from this issue to improve your reader experience.

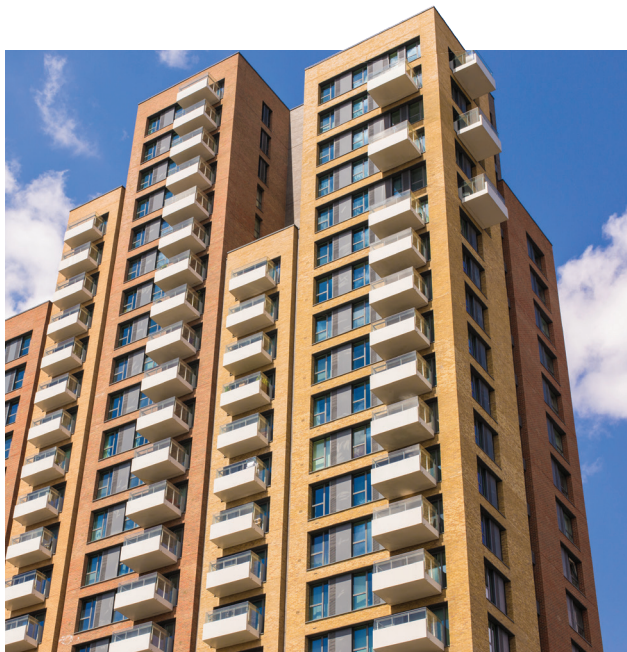
We've introduced a new colour-coded navigation system and a bold new masthead, as well as freshening up our layouts, with new sidebars and information boxes.

If you've got any feedback you'd like to share with us, please get in touch at magazine@propertyhub.net

"I love receiving the magazine through the post, it is a real treat in this day and age. Keep up the good work."

Market focus

The latest news and developments from across the property market



Ground rent progress

The Leasehold Reform Bill has become law after getting royal assent in February, which is good news for anyone taking on a new lease.

The Bill, which applies to England and Wales, restricts ground rent owed on new leases to a token peppercorn.

Breaching the new law will be a civil offence, with fines of between £500 and £30,000 for offenders.

Anyone with an existing lease will have to wait – and continue to pay ground rent – until a second bill on broader leasehold reform is passed.

This two-tier approach has been widely criticised for leaving many existing leaseholders still facing thousands of pounds of ground rent each year.

The government said a second Bill is expected in the next six months.

MORE HOMES NEEDED

The UK needs almost 230,000 new private rented homes a year to meet government housing targets, a report by economics consultancy Capital Economics has found.

Commissioned by the National Residential Landlords Association (NRLA), the report identified government targets would amount to the need for 340,000 new homes a year across the UK by the middle of the decade.

Based on the ten-year average growth rate of owner occupation and social housing, private rented sector supply would have to

increase by 227,000 per year to meet government targets and an anticipated 1.8 million new households over the next ten years.

The projections come as government figures show the supply of private rented housing in England has fallen by almost 260,000 over the past five years.

Given that renting privately is the first tenure almost all young people enter when they want or need to leave home or university, demand will only increase as the 15-24 cohort in the population is forecast to grow by 11% between now and 2030.



To meet targets for housing supply the report recommends that the Treasury encourages investment in the sector. Greater investment in the sector would, it argues, support the provision of new housing through a combination of an increased rate of new builds; the switching of commercial property to residential use; the switching of stock from short term to long term lets and bringing empty homes back into use.

IN NUMBERS



£18BN

The amount BTL purchase activity increased by in 2021 (UK Finance)



135,720

The record number of homes sold off-market in 2021 (Hamptons International)



£1.4TRN

The value of the private rented sector in 2021, up 5.8% (Shawbrook Bank's Buy-to-Let Report 2021)



47,400

The number of new buy-to-let companies incorporated in 2021 across the UK (Companies House)

BANG FOR YOUR BUCK

Blaenau Gwent in Wales is the place to buy property if you want the most bang for your buck.

A square metre of property in the rural county borough costs just £1,268 on average.

Plumbing and heating product supplier Plumb Nation compared average property prices across England and Wales with the median size of a home in each area to find out

where your money will stretch the furthest.

It found the average property size across each local authority stands at 92.4sqm.

Burnley and Hyndburn in North West England came in second and third place.



Secret life of pet owners

On your next inspection make sure you check for cats stashed in cupboards or weasels lurking in wardrobes.

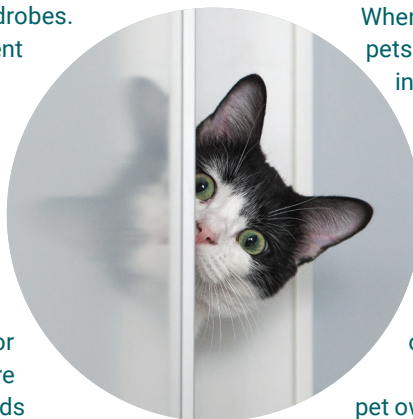
According to a recent survey by residential developer Quintain, almost a third of pet owners in the UK have been hiding their furry friends from their landlord for more than three years.

It's not just furry – or small – pets tenants are keeping concealed. Birds topped the list as the pet most people keep secret, followed by rabbits

with the most indiscreet of all – horses – in third.

When it comes to hiding pets from landlords during inspections, the most common way is taking the pet for a walk (35%), asking a friend to look after it (32%), asking neighbours to watch it (19%) and hiding it in the wardrobe or cupboard (15%).

Most intriguingly, 9% of pet owners surveyed admitted they disguise their pets to conceal them from their landlords.



Buoyant holiday let market

Holiday let mortgage deals have tripled since 2020 analysis by Moneyfacts.co.uk has found.

There are now more than 200 deals now available to borrowers in this niche arena – three times the amount in August 2020 and a rise of 25% since September 2021.

These deals are being offered by 27 different lenders the majority of which are currently

building societies.

Rachel Springall, finance expert at Moneyfacts.co.uk, said: "Whether such buoyant activity in the holiday let market will remain is unknown but, encouragingly, research from Hodge revealed a 173% rise in mortgage applications for holiday let in 2021 compared to the previous year.

"If the demand for a UK holiday in 2022 lessens,

consumers may still get a reasonable return on any investment, but it's vital for them to ensure they are offering a let during a bustling season, so they do not miss out on a demand spike.

"There may also be the need to fund upfront costs to get a property at a high standard to let, to entice a larger clientele and to stand above the competition."

The rent race

We are in the midst of a record-breaking time in the rental market, with rents increasing at the fastest rate on record. **John Fitzsimons** explains what's happening

The latest Rental Trends Tracker report from property portal Rightmove, found that average asking rates outside of London have jumped 9.9% over the past year, to a typical £1,068. Rental growth is now outpacing house price growth in all but three regions of the UK: the East Midlands, the South East and the South West and average yields are at their highest since 2016 at 5.5%. So what's driving this increase in rents? And what should investors be doing?



Demand can't keep up with supply

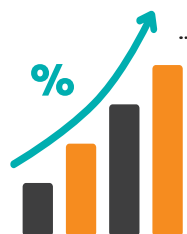
A big factor in this rate of rental increase is the imbalance between demand and supply. The lack of available rental properties is causing incredible competition for quality tenancies when they do become available, and that's helping landlords to increase the rents they charge.

Rightmove reported that demand from tenants has increased by 32% on last year, yet the number of available properties has plummeted by 51%. As a result, when a good property does hit the market, the tenancy is quickly filled – on average tenancies are being taken in 17 days.

Flats have seen the highest increase in competition compared to last year, up 132%, followed by terraced houses and semi-detached homes.

So what's behind this spike in demand? It varies by region, but the reopening of the country seems to be playing a big part. As people increasingly head back into the office for at least part of the week, it appears to be adding to what was already a healthy level of demand for central properties, as well as those with good transport links.

Median asking rates outside of London have jumped **9.9%** in the past year



Average yields are at their highest since 2016 at

5.5%

Demand from tenants has increased by **32%** on last year



Yet the number of available properties has plummeted by **51%**



17 DAYS

The average time it takes for a tenancy to be filled

Rental hotspots and notspots

There was a lot of talk during the height of the pandemic of an apparent exodus from city centres, with tenants and homeowners alike swapping the allure of city living for the supposedly greener pastures of the suburbs.

In reality, that hasn't happened. There are now more people living in major cities like Liverpool, Leeds and Manchester than before Covid-19 reached British shores. (Rob Dix delves into this in more detail on this very topic on page 42).

In London rents have jumped 10.9% year on year, to higher levels than those seen before the pandemic, at an average of £2,142 per calendar month. Rental growth within inner London has been even more significant at 16.2%.

The truth is that post-pandemic, living in a city is just as attractive it's always been. And with plenty of cities seeing huge swathes of investment, bringing further jobs to the area, they are only going to become more sought-after among tenants.

It's not just cities that have seen striking rental growth though. Rightmove pointed out that Pontypool in Monmouthshire, Wales had seen rents rocket by 20% on an annual basis, the highest of any local areas, ahead of Ascot (18.8%) and Littlehampton (17.5%).

RENTAL HOTSPOTS

Area	Region	Average asking rent pcm (Q4 2021)	Average asking rent pcm (Q4 2020)	Annual change
Pontypool, Monmouthshire	Wales	£674	£562	+20%
Ascot, Berkshire	South East	£1,648	£1,387	+18.8%
Littlehampton, West Sussex	South East	£1,055	£898	+17.5%
Ramsgate, Kent	South East	£912	£784	+16.4%
Liverpool, Merseyside	North West	£826	£718	+15.1%
Chatham, Kent	South East	£1,045	£909	+15%
Wokingham, Berkshire	South East	£1,229	£1,072	+14.7%
Folkestone, Kent	South East	£890	£777	+14.5%
Bridgwater, Somerset	South West	£778	£681	+14.2%
Poole, Dorset	South West	£1,101	£965	+14.2%

Source: The Rightmove Rental Trends Tracker Q4 2021

AVERAGE YIELDS

Region	Average Landlord yield Q4 2021	Annual change in yield
Great Britain	5.5%	+0.4%
North East	7.9%	+0.4%
Scotland	7.3%	+0.5%
Wales	6.8%	+0.3%
North West	6.6%	+0.2%
Yorkshire and The Humber	6.5%	+0.1%
West Midlands	5.9%	+0.1%
East Midlands	5.9%	-0.1%
South West	5.5%	+0.2%
East of England	5.3%	+0.2%
South East	5.2%	+0.2%
London	4.6%	+0.4%

Source: The Rightmove Rental Trends Tracker Q4 2021

Can this continue?

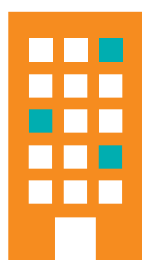
The fact that the lack of supply is unlikely to change substantially in the months ahead means that further rental increases are expected, although perhaps not at the same rate we saw last year.

Rightmove for example has predicted an increase of 5% this year, pointing out that the combination of landlords' desire for quality, long-term tenants and there being a limit to what renters can afford to pay will prevent rent jumping at the same rate as last year.

This is echoed by the latest residential market survey from the Royal Institution of Chartered Surveyors, which found surveyors reporting both solid tenant demand across the various regions as well as a drop in instructions from landlords.

Affordability is an important point here, though tenants in certain areas will be better able to deal with an increase in their rental payments. Data from the Office for National Statistics last year found that private renters on a median income can expect to pay anything from 22.3% of their wages on rent in the East Midlands to 37.7% of their income if renting in London.

Whether investors should look to increase their rents now will come



Demand for flats is up

132%
year-on-year

£2,142 pcm

The average rent in London



down to how well they believe tenants in their area will be able to deal with a hike, as well as whether they are happy to accept a smaller rent in exchange for keeping quality, reliable tenants for the longer term.

Why investing makes sense

The fact that further rental growth is expected will only add to the appeal of investing in property in the coming months. That same supply and demand imbalance is also leading to significant property price rises, even now that

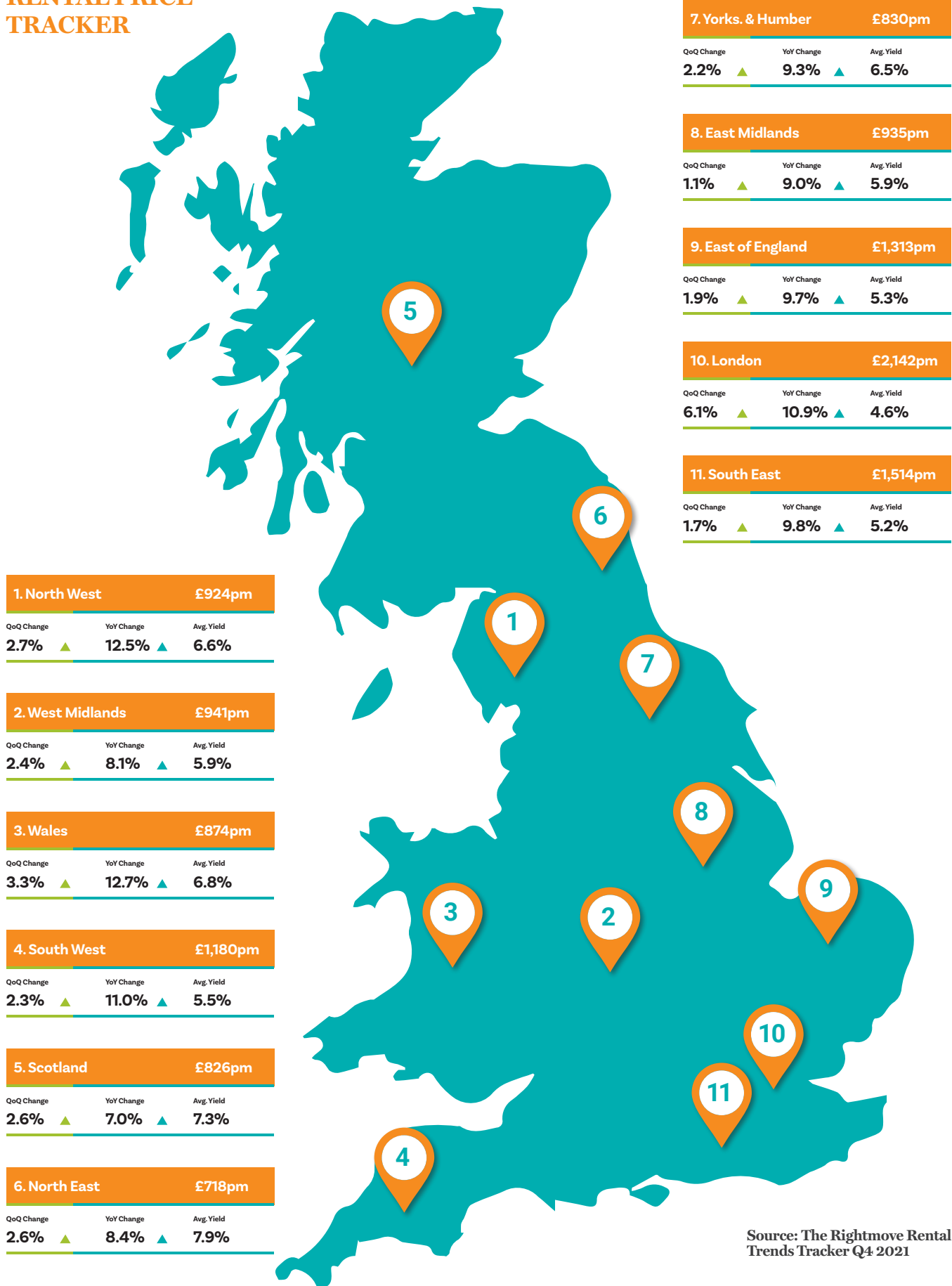


Nationwide Building Society confirmed that prices grew by 0.8% in January, taking annual price growth to 11.2%

the stamp duty holiday is no longer in place. Nationwide Building Society confirmed that prices grew by 0.8% in January, to take annual price growth to 11.2%, with further increases expected in the year ahead.

Even the heightened rate of inflation makes investing more attractive as an option. Beating inflation through a savings account is currently impossible, with the consumer prices index measurement of inflation sitting at 5.4%. Yet property prices tend to rise with inflation, providing investors with a far better return than a bank would.

Coupled with the fact that inflation erodes the value of the debt, and property investment only becomes a more promising option.

RENTAL PRICE
TRACKER

Source: The Rightmove Rental Trends Tracker Q4 2021

Right: Elizabeth and the Property Elevator judges
Below right: outside her first BTL on The Wirral



“Property was always in the back of my mind, so the pandemic sped up the process for me”



“I had to create another income stream quickly”

Investing in property gave **Elizabeth Warburton** the chance to turn her fortunes around after her entertainment business collapsed during the pandemic



“I love that you can be the driver of your own vehicle, you can go as fast or as slow as you want in property,” says presenter and scriptwriter Elizabeth Warburton.

Right now, Elizabeth, 32, is speeding along nicely in the fast lane, having bought her first buy-to-let (BTL), a flip, a HMO and secured a plot of land for development all within the past 12 months. But in 2020 her life hit a major roadblock.

The entertainment business she'd spent five years building up crumbled overnight when events were cancelled and hospitality venues closed in the first wave of lockdowns. With little support available and no income to live off, Elizabeth was forced to move back in with her parents and reassess her options.

“Along with the unknown of the pandemic, worries over whether my family was going to be safe, and the anxiety of having to stay indoors, I'd say it was probably the most stressful period of my life. But I'm quite quick at making decisions and I knew it would

be a downward spiral if I focused on the negatives, so I decided to figure out a new path and seek the help I needed to get there.

“Property was always in the back of my mind, so the pandemic sped up the process for me. I had to create another income stream quickly,” she says.

Elizabeth had already seen for herself how lucrative property can be. She bought her first home – a one-bed flat in Croydon, South London – off-plan from a developer in 2015.

“It was great watching it from beginning to completion and it got the cogs ticking in my brain. Property development is quite a creative process, but I don't think it's always perceived as particularly creative. I've been in a creative industry my whole life and that's what interested me. Once I saw the design process, I knew it was something I'd love to pursue further,” she says.

Soon after she decided to put some of the money she'd saved while touring Asia with a musical theatre group into a flip a friend was working on. The project was a success, so she helped fund three more between 2016 and 2019, making a 10% return on each one.

Property pupil

With no hands-on investing experience of her own, Elizabeth made it her mission to educate herself first. She enrolled on a two-day beginner's course, then embarked on an intense year of

learning with the help of a mentor.

“Having a mentor isn't necessary for everyone, but I lacked confidence, knowledge, money and contacts, plus I like to be handheld through something until I understand it completely. It's still overwhelming almost every day, but I wouldn't change it. I'm loving it and have never felt more excited for the future,” she says.

To help expand her network she put her presenting skills to good use and began interviewing property experts on Instagram for free: “I became even more interested in property from here and decided to focus on the home and lifestyle sector.”

She used her new knowledge to source off market deals in and around her home city of Liverpool, making herself £50,000 to add to the money she made from the sale of her Croydon flat to fund her first investment.

Learning on the job

Elizabeth had three properties fall through before she finally made her first investment in May last year, purchasing a three-bedroom house on The Wirral. “It was on the market for £115,000 and it had gone when I first enquired. Then the agent called back a few weeks later to say the sale had fallen through, so I offered £100,000 and it was accepted,” she explains.

The house needed a full refurb, which Elizabeth project managed

ELIZABETH'S TIMELINE



2016-2019
Funds four flips making a 10% return on each one



May 2021
Buys first BTL on The Wirral



September 2021
Buys first flip in Crosby



November 2021
Buys four-bed house on The Wirral to convert into five-bed HMO



December 2021
Secures land for first development in Wrexham



“I’ve been up and down with my mental health over the past two years, but I’m finally on the other side now”

remotely. “It needed a new kitchen, damp treatment, new plaster, new boiler, new carpets, a full paint job – the only thing that was still good was the bathroom,” she says.

As the job went on, she realised the damp issue was more serious than first anticipated. She had budgeted £10,000 to get everything done, but it ended up costing £15,000. To make things worse, her builder turned out to be unreliable and went missing halfway through the renovation.

The experience was a learning curve for Elizabeth: “It’s a great sense of achievement on your first one, but all the issues left me a bit disheartened. Then I realised how much I’d learned and that I’d be a much better investor in future with all the lessons I took from my first.”

Undeterred, she bought a second property in nearby Crosby to flip, crowd-funding to raise the £175,000 purchase price and selling it for a £50,000 profit. This was quickly followed by a third – a four-bed house on The Wirral – which she’s currently converting into a five-bed HMO for vulnerable adults.

She’s also secured planning permission for her first development project – building two semi-detached properties on a plot of land in Wrexham, North Wales – funded by an angel investor

who she’ll split the profits with 50/50. If further plans are approved, she hopes to add a bungalow to the same plot too.

Elevator to success

After a stressful few years, Elizabeth finally feels like her life is heading in the right direction: “It hit me hard mentally. I’ve been up and down with my mental health over the past two years, but I’m finally on the other side now and doing well.”

She’s even gone back to presenting. Her new property expertise helped land her the job hosting Sky’s Property Elevator series, which gives budding property developers the chance to partner with a seasoned professional to get their investment ambitions off the ground, in a similar vein to Dragon’s Den.

Her plan for the next five years is to spend little and reinvest as much profit as she can into her property portfolio. “My strategy is to buy two and sell one, so I’ve always got chunks of cash coming in to build up my long-term portfolio,” she says.

This year she’s on track to make



£50,000 profit on her flip, £100,000 on her Wales development and a further £100,000 if she gets the planning permission to add the bungalow. Plus the rental income she’ll generate each month from her BTL and HMO, a couple of project management fees and what she makes from her presenting work.

Her message to others wanting to push on in property is: “Have faith, seek the help you need, build your network up with great people and you will succeed. If I can, coming from a performing background with zero property knowledge, anyone can.”

The Property Hub Forum has a community of more than 70,000 members, all there to share their knowledge, answer questions, swap tips and give their opinions on the latest breaking news of the day.

It's free to join, and whether you're a total novice or an experienced investor, there's lots for you to learn on the friendliest property forum online.



'Not sure how high my offer for this property should be?'

'My journey to financial freedom.'

'How will I be taxed on my UK portfolio if I move abroad?'

'Pension or property?'

'Upgrading my EPC rating on my portfolio.'

'A real journey with a £20k starting pot.'

'Looking for tips about flipping and property maintenance.'



Propertyhub.net/forum

LOCATION
FOCUS

Town and



county

.....
The county town of Ipswich is attracting investors and residents from across south east England in unprecedented numbers, as [Neil Cumins](#) reports



If you live outside South East England, the county of Suffolk may not have made much of an impression on you. With just a dozen towns containing more than ten thousand people, this sparsely-populated corner of south-eastern England is perhaps best known for the achievements of its only professional football club, and even Ipswich Town's glory days have long since passed.

Yet here in 2022, Ipswich is very much on the radar of property investors, especially those from London and Essex. Prices are soaring, demand is reaching unprecedented levels and investment is pouring in. It's a good moment to consider what this thriving town has to offer, and how the pandemic has affected its fortunes.

Capital assets

Ipswich has historically been too far from London to serve as a realistic daily commuting destination, but the post-pandemic transformation of many careers has enabled people to either base themselves here permanently, or commute one or two days a week.

A direct train into Liverpool Street Station takes between 65 and 80 minutes, with four trains reaching the capital before 9am every weekday. Cambridge's thriving technology sector is a similar distance away, with Norwich around 40 minutes away by train or an hour's drive along the A140. It's worth remembering that Suffolk has no motorways, and the nearest airports – Stansted and Southend – are both 40 miles away.

According to Oliver Coward, a director at Stevenson Coward Property Consultants, London's relative proximity has underpinned Ipswich's recent property resurgence: "It's been like a perfect storm, where you've had a lack of stock and demand at the highest levels I've seen.

"London and Essex buyers in particular have driven up prices because of a lack of available homes. If there's a three-bed semi in a sought-after area that would have gone for £250,000 to £260,000, we've been selling it for £290,000 to £320,000."



Travellight / Shutterstock



If there's a three-bed semi in a sought-after area that would have gone for £250,000 to £260,000, we've been selling it for £290,000 to £320,000

This has led to an issue with the notoriously slow Land Registry updates: "A lot of the sales that we get agreed are being downgraded by mortgage providers, because the Land Registry is six months behind where we are after this boom.

"Make sure you're willing to soak up the difference. We're taking multiple offers on a property and getting it agreed

at that price, so that's the price of that property – if it remarketed, it would still achieve the same price. It's just getting it through a lender survey," he advises.

Emotional scenes

Burgeoning demand and constricted supply has led to fierce competition, and many disappointed house hunters. "I'd say 90% of people we do viewings for have an experience of missing out on a house," adds Oliver.

"You've got a lot of emotional buyers in Ipswich at the moment. Investors are emotionally buying because they can't buy anything else, but they're up against first time buyers who have missed out on everything for the past 12 to 15 months. They've had viewings cancelled by agents because they've just accepted an offer, or they've been involved in multiple bids and lost out on it."

Ipswich has historically lagged behind the UK national house price average, which reached £276,091 in 2021 according to December's Halifax House



Price Index. Rightmove data suggests Ipswich's own figure now stands at £259,883, representing an 11% rise compared to 2020s figures. You'll struggle to find more than a handful of properties in the town for sale above £500,000, though homes in the Copelston High School catchment area often achieve a significant premium.

For £250,000, you can buy a well-presented three-bed semi-villa or a two-bedroom bungalow in an attractive suburb. A budget of £125,000 brings a generous selection of two-bed flats into reach, while £80,000 will secure an urban studio apartment.

A safe Haven?

Many of Ipswich's apartments are clustered around the Haven Marina complex, which opened in 2000. Half a mile east of Ipswich's main train station, the UK's biggest Victorian inland dock has been reborn as a collection of modern apartment complexes, bars and cafés, plus a University of Suffolk campus.

Above: people shopping at Ipswich Corn Exchange and market

Right: looking across Ipswich Harbour on a sunny afternoon

SITES FOR SORE EYES

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

● HMS Ganges

On the Shotley peninsula, the former HMS Ganges naval base is being transformed into a new residential community. Its Grade II-listed mast and Martello towers will be at the heart of a 60-acre development where a variety of two, three, four and five bedroom houses are currently being constructed. Over 300 homes are planned, alongside a grocer, gym and play areas.

● Ipswich Waterfront

A number of high-profile gap sites remain at the Waterfront, but the Town Deals Fund windfall should herald a new footbridge and public realm enhancements. The iconic R&W Pauls silo is likely to form a physical and metaphorical centrepiece to future regeneration, with the old Village Car Park also scheduled to underpin a mixed-use development.

● Ipswich Riverside

Half a mile west of the Marina, the Orwell's northern bank hosts a lengthy strip of brownfield land. Planning approval was granted last year for a mixed-use development hosting 173 new riverside homes, alongside extensive public realm and some commercial space. Retail and restaurant units may be incorporated, despite the site facing onto Cardinal Park's leisure amenities.



WHY I INVESTED IN IPSWICH

Chris Bixby and his wife Rachel have three properties in Ipswich and are on the hunt for more

Why Ipswich?

Ipswich has a lot to offer for young professionals and families. It's just over an hour on the train to London and there are a few trains that get into Liverpool Street Station in 58 minutes. There's also plenty of beautiful countryside on the outskirts of town and the sea is only 20 minutes away, so it offers urban living and the outdoors life too. It is a great area to live in which is why we have invested here, something we look at when making investments.

What's happening?

The docklands are being developed, this has been going on for over 10 years, but there is still more to be completed. The area has had a complete rejuvenation. When friends come here to visit, they can't believe they're not on the Italian or French Riviera! We have lots of sun here too.

What is supply and demand like?

Supply and demand is generally good, although supply is down due to the current boom and it has been hard to find deals using traditional methods. It has enabled us to scale on a personal level with our properties going up in value. We are beginning to look at direct-to-vendor deals.

Rental demand in the town is extremely strong. Ipswich rose by 86% in 2021, the highest in the UK according to Spare Room. The secret is out, we were investing on the quiet here for a few years!



Where to buy?

Look at the IP2 postcode as the houses there are a little cheaper and the yield is great. It's also close to the train station, so it's got good transport links.

This is one of the few areas where local property agents urge caution, due to a combination of oversupply and cladding issues, though parts of the town centre are also experiencing similar issues with poorly maintained leasehold blocks.

Like many other major towns and cities, Ipswich's riverfront has been neglected for decades, with huge tracts of brownfield land. Yet away from the River Orwell, gap sites are relatively few and far between.

The town centre increasingly shares top billing with the marina as a destination, with urban landmarks including the Grade I-listed Willis Building and the Cornhill town square's Victorian splendour.

Central Ipswich is a convenient destination for students, with the university campus and Suffolk New College both within easy walking distance. This is an important factor, since local roads are heavily congested and there are only two suburban train stations – Westerfield and Derby Road.

Flat out

Transport limitations aside, Ipswich's property market will be familiar to anyone already based in the south east. A handful of private and social tower blocks stand out amid a low-rise skyline that's typically comprised of two-storey red-brick properties.

There are on-street terraces available for around £150,000, though you'll need a six-figure budget to progress beyond shared equity homes and retirement flats into the realms of one-bed flats in the town centre. It's worth noting that the Ipswich property market is less fixated on suburbs or postcodes than most towns and cities, with individual streets best avoided (or focused on) rather than entire districts.

Despite its popularity with undergraduates and young professionals, town centre properties aren't always the safest bet. Many urban streets have a relatively high number of vacant units, while Ipswich's retail core has suffered the same fate as many other centres in recent times. However, a £25m Town Deals Fund windfall will be used to



For what you get pound for pound per square foot, Ipswich is a no-brainer

create what local planners describe as the UK's first connected town centre – a residential neighbourhood where all required amenities stand in easy walking distance. This will be accomplished by converting redundant buildings and empty upper floors into housing, and prioritising brownfield construction schemes.

Orwell that ends well

In terms of Ipswich's buoyant rental sector, LiveYield data suggests investors in IP2 and IP3 (south west and south east respectively) can achieve average yields of just over 4.5%.

Flatshare website Spareroom reported a greater rise in searches for rooms in Ipswich than any other UK town or city throughout 2020, while data from January this year by Home.

Below: aerial view of suburban houses in Ipswich, UK. Orwell Bridge and river in the background

co.uk recorded median rents of £750 per month across town. Interestingly, there are very few four-bedroom properties being advertised, which might represent a niche worth exploring.

Oliver Coward is convinced both rental and resale prices in Ipswich are only heading in one direction. "At the moment, a lot of people haven't come onto the market due to all the unknowns, and also because there's nothing for people to move on to. It's a bit of a stalemate, but I think demand from London and Essex is going to drive prices up as soon as the stock starts coming back onto the market.

"Everything will fly off the shelf, which will then keep driving the price up. For what you get pound for pound per square foot, Ipswich is a no-brainer. Further down the A12 in Colchester and Chelmsford, prices jump massively, but I think Ipswich has come into its own in terms of desirability."



THE PRICE IS RIGHT

These are three examples of properties currently for sale in Ipswich at different budgets:



On the edge of the town centre, this immaculate chain-free one-bedroom mews flat is an oven-ready rental home with allocated parking and a shared courtyard garden.



Requiring a degree of internal upgrading, this two-bedroom villa is a modern take on the traditional on-street mid-terrace, situated enviably close to Christchurch Park and the town centre.



Some of Ipswich's most sought-after properties are three-bed semis. This example on Lingfield Road offers huge potential, requiring general modernisation but occupying a generous plot.

Source: Rightmove



Left: Karishma and Salik bought the former pub in North Wales for £130,000
Above: one of the finished kitchens
Right: the build team had to take out almost every wall and start from scratch

Public ho privat

Karishma Davdra has experienced plenty of success as a property investor over the past six years. But would converting an old pub into six new homes allow her to continue her winning streak? **Mark Rocks** finds out





INVESTOR FACT FILE

Name: Karishma Davdra

Age: 33

Lives: Crewe, Cheshire

Invests in: the North West

Occupation: full time property investor

Years investing: six years

Strategy: buy-to-let, flips

Goal: to build an entire block of flats from the ground up and let all units out

ouse to te homes

In a market that's as turbulent and as heated as the UK property market is right now, it's not surprising that many investors are adjusting their strategies.

Yet making the leap from buy-to-lets to renovating a rundown pub into six different residential properties takes a degree of boldness and plenty of patience, as Karishma Davdra and her husband Salik Rashid found out.

Starting small

Karishma began investing in property six years ago. At the time she was living in London and working in human resources (HR).

By raising money from angel investors, Karishma and Salik were able to purchase a small two-bed terrace in

Stoke-on-Trent for £60,000. Once they completed the renovations, they sold the property on, making a £14,000 profit for themselves.

They reinvested this profit, slowly building up their experience and their portfolio over the next four and half years, each project increasing in scale and profit. Karishma eventually left her job in HR in June 2018 to concentrate on their investments full time.

This decision also necessitated a move of location, so that the pair could be closer to their growing portfolio of buy-to-lets (BTL) in the North West.

"It wasn't necessarily out of fear of investing far from home, but we figured that we'd be able to accelerate our investments if we lived closer to potential locations, which ultimately proved correct," she explains.

The conversion took two and a half years to complete



As their portfolio grew, so too did their confidence and desire to be more hands on with their properties. “We enjoy the level of control it gives us to be hands on. We outsource our book-keeping, but we carry out all the admin and paperwork for purchases, refinances, and solicitors ourselves. We also do all our project management and client check-ins,” she says.

This gradual increase in size of each new project aligns perfectly with Karishma’s goal of learning something new each time. “Each project presents its own new set of challenges that we can get on top of, which ultimately strengthens our long-term strategy.”

From public house to private homes

That’s why, in 2018, when the opportunity arose to purchase a disused pub in North Wales, Karishma jumped at the chance. The two-storey building was being sold by a company getting rid of stock that had gone into administration.

The numbers stacked up and Karishma felt confident she was ready to take on a bigger project. “It wasn’t that much more expensive than we might have paid for a house, and we knew we could get quite a few units out of it,” she says.

“It also felt comfortable as an investment, because we’d done some small HMO conversions before. But it was our first commercial conversion, and we were excited about trying something a bit different.”

The pub was also in a great location, in the middle of a residential area, so they were sure getting planning permission would be simple: “It didn’t stick out like a sore thumb, so we were fairly confident that we’d be able to attract new residents once we renovated and created all the new units within the pub.”

Karishma was able to negotiate the price down from £145,000 to £130,000 and the conveyancing process went swiftly and smoothly as the liquidators were keen to get the deal wrapped up. “They were very insistent we got everything sorted quickly which was a little stressful, but ultimately worked out well for us in the end,” she says.



Unexpected delays

They got the keys in September 2018 and then everything slowed right down. Their planning application took eight months to be approved, which meant their build team only started work in late 2019. A few months into the conversion the building company went into liquidation. “It really wasn’t ideal,” says Karishma.

While they were looking for a new build team, the country went into lockdown: “Even though we knew we were sort of up against the wall timing-wise, we were adamant about waiting until a builder that we knew would be worthwhile was available.

“We’d been burned before by simply going with the first build team that was available, and we weren’t letting that happen again.”

Eventually, their chosen builder began working on the conversion in October 2020. Following some expected



delays with materials and connections due to the backlog brought on by the pandemic, the conversion was completed in July 2021.

In fact, the process took so long, that in the time between getting the keys and letting the flats in the old pub, they purchased another commercial development, converted it, and rented it out.

The sheer amount of work required to convert the building took Karishma and Salik over budget: "Our initial budget for the conversion was around £190,000, but we went £42,000 over that in the end.

"The build team had to take it back to brick and remove

almost every existing wall, putting in around 13 new structural beams. We had to add new floors, new windows, new connections for water and electricity, as well as the configuration involving studwork, soundproofing and insulation. Literally everything had to be done in the building."

Unexpected extras like installing a sprinkler system – something required in Wales, but not in England – added to the costs.

"Following all this structural work, we then had to get the kitchens, bathrooms, plumbing and fixtures done. And then it was repeated six times over for each of the units. So a lengthy process in all," says Karishma.

Worth the wait

It took a further two months to fill the property with tenants: "We decided to lease the entire building to the local

RUNNING THE NUMBERS

This is how Karishma and Salik's pub conversion in North Wales stacks up financially:

Purchase price: £130,000 (cash)

Purchase costs and fees: £34,500

Total personal investment: £20,000

Finance method: private investor funding

Conversion costs: £232,000

Project duration: two and a half years

Done up value: £520,000

Monthly revenue: £3,145

Monthly expenses: £1,400

Monthly net profit: £1,745

authority. We went with a fixed two-year term, the process was quite slow actually as there were a lot of boxes to check and they didn't have the best processes and systems in place, requiring me to put on my big patience hat," says Karishma.

"They took the entire block unfurnished and it is being used as emergency housing for families and individuals who are at risk of homelessness. Once they took it over it was straight forward."

Karishma and Salik are currently in the process of re-mortgaging the old pub so they can pay back their investors.

One positive to take from the long delays the couple experienced is that between 2018 when they got the keys and 2021 when they let it out, the rental rates in the area "went crazy".

"Sometimes there will be things that you simply can't control when it comes to investing – particularly in a year like 2020, but it's best to be patient and see how things work out," says Karishma.

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

Data-based decisions

Advances in data science mean buying decisions can now be made with little human intervention, but how reliable is the data? [Neil Cumins](#) reports

It's often said that buying decisions are made within the first few seconds, based on a combination of gut instinct and expectation. We've all stood outside a property with a sinking feeling, waiting for someone to answer the door while secretly hoping they don't. We experience subconscious emotional responses to an overgrown lawn or colourful hanging baskets, which can sway how we feel about the rest of a property.

But rapid advances in data science and property technology (commonly known as proptech) mean emotionally-driven buying decisions could become a thing of the past. An entire industry has evolved to help people

research, source and evaluate property deals based not on drive-by inspections and open viewings, but using algorithms and machine learning. Software as a Service (SaaS) platforms are already helping early adopters to determine things the rest of us wouldn't be able to identify.

Weird science

The concept of allowing data to drive your next buying decision might sound futuristic or even fanciful, yet it's something we already do without realising. For instance, Zoopla's estimated property values are calculated using a bespoke algorithm that inputs local



Shutterstock

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selling prices and other data from bodies as diverse as HM Land Registry, Ordnance Survey and Royal Mail. The resulting estimates are often more accurate than homeowners or potential purchasers might expect. This is proptech in action – advising the public on a likely valuation using nothing more than number-crunching and extrapolation.

Anyone who's ever pored over Indices of Deprivation information has also had a brush with big data. In England, the Office for National Statistics has created 32,844 lower layer super output areas (LSOAs), each of which has been assigned a ranking in areas as diverse as 'income deprivation affecting children', 'education, skills and training' and 'barriers to housing and services'.

Ranking almost 33,000 wards across nine different sub-categories and then calculating an overall position for each one requires a vast amount of computer processing, yet clicking around the colour-coded indices map provides an intuitive guide to some highly complex statistical modelling.

With similar indices of deprivation available across the other home nations, and plenty of existing property price resources on the internet, a wealth of big data is already at our fingertips. Crucially, these interactive resources can be viewed from anywhere in the world, by anyone, at any time. You don't need to live in an area to know if it's up and coming or down and out.

Slow learners

This might make it sound as though the property industry is riding the crest of a technological wave. In reality though, it's lagging behind. By way of comparison, data science has already revolutionised healthcare, from fitness trackers that generate real-time feedback on personal health to deep learning tools which can identify microscopic deformities in CT and MRI scans.

Closer to home, data science has been instrumental in advancing the finance industry. Socioeconomic apps pre-emptively predict customer behaviour to project likely income streams and calculate lending risks, while algorithms pore over pending transactions to identify potential anomalies like fraud.

Algorithmic trading removes humans from the equation entirely, allowing computer software to make instant decisions in response to emerging trends or 200-day moving averages. If you're turned down for a mortgage or bank loan, it's probably because the computer said no, rather than because of any human decision making.

Number blocks

Compared to this split-second automation, the property industry seems positively archaic. Yet a number of British proptech firms are attempting to bring real-time analytics into the market. Established by the co-founder of global mapping tool what3words, PropertyData compiles huge volumes of information into a master database. It's possible to search for homes by criteria you wouldn't find on normal property



“So granular is the data collected, it's even possible to search for properties which have an installed alarm system recorded as part of their specification”

portals, such as corner plots and homes with planning permission granted, as well as Georgian properties or chain-free purchases. This is supported by a wealth of research data covering yield hotspots, economic data, and a national database of government regeneration programmes extending from the A14 upgrade to Wirral Waters.

Similarly, London-based REalyse has developed its own application programming interface (API) to bring vast amounts of market data under one roof. Its data lakes range from planning documents and land ownership records to socioeconomic data and local points of interest. It's possible to download spreadsheets detailing a particular listing's number of days on the market, asking rent per square foot, estimated yields or whether it has a swimming pool.

Becoming code-dependent

The sheer volume of information out there is hard to comprehend if you're not already familiar with concepts like the Deep Web. The latest figures from American property brand Datafiniti show its servers host 117.7 million property data records, 269.7 million product data records and 117.8 million business data records. So granular is the data collected, it's even possible to search for properties which have an installed alarm system recorded as part of their specification.

Datafiniti users do need a degree of technical competence to interpret this wealth of information – ideally familiarity with the Python or PHP programming languages. This is the point where more tech-averse investors may feel they've strayed beyond their comfort zones, though other services are easier for beginners to master, with online tutorials and helpdesks.

There's also cost to consider – the accumulation and parsing of so much data might be cost-effective compared to in-person property finder services, but it still commands a fee. A 12-month business



contract with REalyse costs £6,480, while PropertyData's pricing structure is based around the number of credits you use each time you access different functionalities on the platform.

With 2.5 million terabytes of data being created online every single day, the amount of raw data proptech firms can parse and interpret is only going to increase. This will be aided by more granular reporting, the digitisation of paper records, and shorter transaction timelines as electronic systems streamline today's lengthy sale-and-purchase processes. This will lead to continual expansion and improvement of the data lakes which these algorithms and databases use to make their predictions and recommendations.

What can I do with all this data?

A key benefit of automated number-crunching is the chance to learn about locations outside your local comfort zone. Proptech platforms allow you to drill down to specific streets and postcodes, investigating everything from the number of HMO-licensed homes for sale to typical construction costs per square foot in that locality.

It's possible for armchair investors to study plot boundaries and title deeds history in greater detail than a property's existing owner might be able to offer, identifying areas of concern other prospective buyers would otherwise miss.

For the first time, it's possible to make a fully informed buying decision without any local expertise or on-the-ground contacts. And in the age of virtual viewings and offshore purchases, that means you could buy a property anywhere and feel equally confident in its financial merits.

Given the huge disparities in pricing across the UK, and the presence of so many up-and-coming investment locations, proptech is levelling up the playing field. It's even helping to identify hotspots before they heat up, by reporting factors like selling time/price data and the prevalence of inward investment. You might have to do some digging, but the truth is out there if you search for it.

There's also scope for proptech to dovetail with other emerging technologies such as virtual reality home tours – the logical endpoint of today's 360-degree images and video walk-throughs. Algorithmic analysis could interpret this footage before calculating (and displaying) the window-to-floor-area ratio in each room as you view it, or predicting how many hours of sunshine a south-west-facing apartment ought to receive.

This could create greater distinctions between properties which have historically been viewed as comparable, in turn supporting more accurate valuations based on everything from sources of nearby noise pollution to



the percentage of successful planning applications among neighbouring dwellings.

Tomorrow's world

Viewed in the round, proptech could offer immense benefits as it matures and enters the mainstream. It could allow people to invest in unfamiliar locations with confidence, parsing vast amounts of data to identify potential red flags that might go unnoticed by a solicitor or private buyer.

Being able to crunch the numbers on yields in a particular location is especially useful, while narrowing down property listings to those with desired characteristics like sea views or planning approval for extensions could transform today's hit-and-hope searches.

Platforms like PropertyData might one day become as ubiquitous as existing proptech services such as Zoopla, but for now, they give investors who like to stay ahead of the curve a competitive edge. You don't need to be an IT expert to sign up to these analytics tools, and it's possible to dip in and out of these platforms without exploring their granular insights.

The i's have it

One of the biggest beneficiaries of proptech data thus far have been instant buyer companies – known as iBuyers. They've grown rapidly across America, relying almost entirely on data to make immediate offers on homes for sale while providing a quick, easy sale for vendors.

Using the sort of data analytics gathered by REalyse and PropertyData, firms like Opendoor use automated valuation models to conduct a comparative market analysis. They make what they consider to be a competitive but justifiable bid for a home, before taking on the burden of reselling it at a profit.

Interestingly, this automated buying model underpinned an early example of proptech analytics failing. Online real estate marketplace Zillow launched its proprietary property valuation service over 15 years ago – known as the Zestimate, and similar to Zoopla's service here in the UK. Zillow then used these pricing calculations to build an iBuyer service in the Arizona city of Phoenix in 2018.

Last October, the company suddenly stopped purchasing homes, in response to growing evidence that post-pandemic market volatility was forcing them to resell properties at a lower price than they'd been purchased for months earlier. Zillow claim their algorithm hadn't failed, but it certainly hadn't delivered the profits they'd been banking on.

The American property market has been badly shaken since 2020 by inflation concerns, the prospect of rising interest rates and pandemic-related supply/demand imbalances. However, those factors also apply on this side of the Atlantic. While the cessation of Zillow's iBuyer service may not be entirely surprising, it does demonstrate that algorithms can only achieve so much in terms of anticipating future events.



Still, that hasn't deterred iBuyer firms from turning their speculative eyes towards Europe. Spanish proptech firm Clikalia has raised over half a billion dollars to support a business model which typically makes offers on homes within 24 hours and concludes sales inside a week.

This might sound like unfair competition for landlords and developers, but you can achieve comparable turnaround times by using non-standard funding models like bridging finance. Plus, iBuyer services typically take a fee of 5% of the sale price, whereas private investors cover their own expenses and put the full amount into the seller's bank account. That's a hefty financial incentive to sell to a person rather than a program.

The iBuyer model also tends to favour generic properties whose prices can more easily be compared and tracked over time, such as four-bed two-bath detached houses with a single garage on a modern estate. This might limit their success in a country whose historic housing stock is constantly being extended and remodelled.

Deus ex machina

Despite all its plus points data can't always predict the future or choose the right options. Machines will help us make more informed buying decisions going forwards, but they won't recognise when a seller is being evasive; no algorithm will ever smell damp in a basement or spot a settlement crack.

Man and machine may increasingly work in harmony in terms of property buying decisions, but don't expect the latter to replace the former any time soon. After all, there's no digital equivalent of gut instinct.



JARGON BUSTER

These are some of the key terms you'll encounter in property data science:



AI

An abbreviation of Artificial Intelligence, where computers and software programs try to mimic human problem-solving abilities.



Algorithm

A basic set of rules which calculates a preferred or optimal outcome based on available data. Algorithms underpin web search results and curated 'you might also like' suggestions.



API

An application programming interface is a company-specific interface which lets people access services and utilities. The Facebook app and desktop website are classic examples of APIs.



Database

A pool of information which can be searched. Property portals have huge databases of homes for sale, which can be narrowed down with user-selected criteria like price or location.



Data lake

A technical term for a huge amount of information stored in one location, such as all the live records currently displaying on your favourite property website.



Deep Web

The home of the databases powering the surface web – which itself is anything you can find through Google and Bing. Any site with search functionality has its data stored in the Deep Web.



Granular

A term describing the ability to search or investigate in great detail, usually involving a database that includes huge numbers of different fields.



iBuyer

The industry name for an automated property buying service which relies on data to calculate offers and determine whether a prospective purchase will return a sufficient profit.



Machine learning

The process of algorithms advancing over time, as feedback and results are fed in and used to calculate more accurate calculations in future.



Proprietary

Created and owned by that business – a unique interface or a branded product which can't be accessed anywhere else.



Proptech

The application of computing power, software and IT to help with the purchase, sale and maintenance of real estate.



Python/PHP

These are computer programming languages, used in conjunction with databases on public-facing websites to deliver results relevant to specific search criteria.



SaaS

Software as a Service, where companies allow their customers to use proprietary websites and apps. Accessible via the internet, SaaS platforms power research, automation and sales.



Through the keyhole

.....
Ever wondered how Property Hub staff invest their own hard-earned cash? We asked four of our experts to share their strategies and their plans for this year



TOM WALL
PORTFOLIO MANAGER

“I made the common mistake of becoming emotionally attached to properties I invested in at first”

WHAT'S YOUR STRATEGY?

My investment strategy has naturally evolved over time. Like many other investors, I investigated virtually every strategy out there first. Once I began to be realistic with myself and my time limitations with working full time and having many hobbies, I started gravitating towards a hands-off buy-to-let (BTL) strategy, with a focus on capital appreciation over return on investment. I was born and live in Yorkshire, so I know many of the areas well. All the properties I've bought so far are in the county. The growth here has been phenomenal, and my knowledge of the areas has helped me to make better investment choices.

HOW DID YOU DEVELOP IT?

When I was honest about my time and skill limitations, it made perfect sense to hone in on BTL as a strategy. I made the common mistake of becoming emotionally attached to properties I invested in at first. I told myself I would only invest in properties in areas I'd want to live in, which meant the areas were more affluent and the properties more expensive. I strongly believe if your goal involves serious capital growth, you should research areas you'd choose to live yourself, that's the real marker for desirability, which impacts prices over the long term. As my confidence has grown, I've made some investments in areas I wouldn't consider living in as much. Those properties serve more of a cashflow orientated function, but both strategies have performed well for me for different reasons.

WHY DOES IT WORK FOR YOU?

The properties I own work for me and my goals. My goals are twofold: first to have a safety net to cover all my living expenses and second to build an asset bank to use as a pension in 20 years. Each property type works towards either one, or both, of these goals. They're mostly hands-off for me, which helps me to focus on my job here at Property Hub and my other passions.

PLANS FOR THIS YEAR?

My plans for 2022 are very boring. My girlfriend and I have just bought a new family house, which has eaten up most of our savings, so it's likely I won't be making any further investments for the next year at least. I have a couple of re-mortgages coming up, so if there's additional equity that I can release to speed up the process, I will.

THOUGHTS ON THE 2022 PROPERTY MARKET?

It's an exciting time to invest in property in my opinion. With inflation on the rise and cheap lending available for everyone, it seems inevitable the market will go into a period of rapid, volatile growth. It's already begun, with many areas growing by more than 10% in 2021, but this is just the tip of the iceberg. The 18-year property cycle tells us there's at least another few years of this to come, so my advice to anyone on the fence about investing in property this year is to absolutely do it.



 STEVE PYKE
PORTFOLIO MANAGER

“Getting exposure to different regions means there shouldn’t be too many stages of the cycle where our portfolio isn’t growing somewhere”

WHAT’S YOUR STRATEGY?

If I was to sum up my investment philosophy in one word it would be ‘balance’. For me it’s a mixture of income and capital growth. Cash flow, of course, is the lifeblood of any successful business, but realistically the majority of wealth over the long term comes from capital growth. We (my partner and I), own BTLs in London and the North West and houses in multiple occupation (HMOs) in the Midlands. We know that different areas of the UK will grow at different stages of the 18-year cycle, so getting exposure to different regions means there shouldn’t be too many stages of the cycle where our portfolio isn’t growing somewhere.

HOW DID YOU DEVELOP IT?

Trial and error. Nobody starts out with the perfect strategy. In fact, the perfect strategy probably doesn’t exist. But, if

you’re continually developing your knowledge, skillset and mindset, you’ll evolve your strategy over time to find what really works for you and moves you in the direction of your goals.

WHY DOES IT WORK FOR YOU?

We wanted to create enough income so my partner can potentially scale back work in the near future. We’re getting married this year and hoping to expand our family at some point. But we always want to keep one eye on longer term retirement plans and wealth creation.

PLANS FOR THIS YEAR?

More of the same. We completed on our own home in Surrey in the first week of January, which was a great start to the year. We’ve rented out our old place and got a BTL lined up in the North West,

which is a direct-to-vendor deal and is likely to complete soon. Our wedding is in Italy in June, so realistically we’ll probably be back on the hunt for our next deal in Q3.

THOUGHTS ON THE 2022 PROPERTY MARKET?

I think we’re likely to see a continuation of the last couple of years. Properties will continue to move quickly in areas of good affordability and good deals will be hard to come-by. City centres will continue to bounce back following the effects of the pandemic. It’s a hot market, but I believe there’s still a way to go before we see any kind of correction or crash.


 MARTIN HAMMOND
PORTFOLIO MANAGER

“I’ve been able to grow my portfolio by recycling capital out of the properties over the years”

WHAT’S YOUR STRATEGY?

My portfolio is predominantly made up of vanilla BTLs except for one holiday let in Bath, which I bought in February 2020 (the month before coronavirus struck) to boost cashflow. Bad timing with the lockdowns, but this should come good now. My focus has always been on areas I think will do well for capital growth. Sometimes I’ve added value to the properties I own through light refurbishments – perhaps putting in a new kitchen and bathroom for example – but nothing major. If a property is in a good condition, it keeps my tenants happy and helps



CHARLIE WHITEHEAD
PROPERTY SOURCER

“The long-term strategy is buy and hold, but to make the money to do that, we flip properties”

WHAT'S YOUR STRATEGY?

It's a hybrid strategy in the sense that we do flips and refurbishes to raise the capital needed to build our portfolio of hands-off BTL properties. The long-term strategy is buy and hold, but to make the money to do that, we flip properties.

In terms of where we invest, we try and follow the market. When we started investing in 2010 we focused on London, partly because that's where we were living at the time and the market was growing. We began investing in Manchester in 2015-2016. Still, seven years later, the North West is a hotspot for me.

HOW DID YOU DEVELOP IT?

The first flat I bought to live in was a wreck of a property, so I did it up myself, adding a second bedroom, then put it back on the market. I quickly realised you can make money doing this.

It was only after we'd converted our third property I found out

I didn't have to sell it and that I could remortgage it as a BTL and still release the equity and buy another property. So that's what we did.

A lot of our projects are managed remotely now: as the size of the project grows your cash margin grows, so you can afford to pay people to do the work for you.

WHY DOES IT WORK FOR YOU?

It ticks a lot of boxes. It's a passion of ours: we both enjoy making things look nice. Sophie is an interior stylist and I



love having a project on the go.

We've never just done a straight-forward refurbishment. We've always bought properties we can add value to by extending or converting the space.

We have life goals we want to achieve and part of that is financial security. Investing in property, for us, is a great way to achieve our goals.

PLANS FOR THIS YEAR?

Once our current project is complete, we'll be assessing what is achievable. Material costs have gone up between 30-100% over the past year. I don't know how practical it is to do flips for a profit when the cost of materials is so high. The margins are getting tighter and tighter. We may decide to buy something more hands off and let the natural growth in the market do the work for us.

THOUGHTS ON THE 2022 PROPERTY MARKET?

The past two years have been the most exciting we've seen in a long time in the property market, especially in the North West, and I expect to see more growth this year. A lot of people are still concerned about prices and are anticipating a financial crash which means it will be a strong year for those who have a good understanding of how the market works.

me to get top rent too. I've been able to grow my portfolio by recycling capital out of the properties over the years, so that's why capital growth is important for me.

HOW DID YOU DEVELOP IT?

It started off by accident, when I noticed the capital uplift in my own home. I took equity out and bought another property round the corner. It was only then I discovered Rob Dix's books and The Property Podcast. They got me thinking about my goals and strategy. That's when I started to take things more seriously.

WHY DOES IT WORK FOR YOU?

I'm pretty busy with work and family, so I needed my investments to be relatively hands off, that's why BTLs made the most sense to me. I self-manage my properties in London, but elsewhere I hand everything over to property managers.

PLANS FOR THIS YEAR?

I have a property with equity that I want to use, but it has cladding issues, so I can't do anything with it just yet. This means, reluctantly, I may have to sit out this year and not invest.

I'm just finishing a major refurb on my own home, so 2022 will likely be a period of getting it finished and consolidating what I have already. I'm looking forward to seeing how my holiday let does during what will hopefully be more normal times.

THOUGHTS ON THE 2022 PROPERTY MARKET?

I think we're getting stuck into the explosive phase of the 18-year property cycle now. We don't have incentives like the stamp duty holiday that we had last year, but there are other things that will stoke the fire, such as lenders easing up and inflation. There are several lenders offering residential mortgages at five and a half times earnings and even one offering seven times. This will only help buyers spend more and keep growth going. We saw this all before in the last cycle.

“Landlords have become the whipping boy of the private rented sector”

Head of the NRLA **Ben Beadle** tells Chantelle Dietz he's fiercely determined to improve the reputation of landlords and make sure they get a fair deal in parliament

As the man responsible for leading the UK's largest trade body for landlords, Ben Beadle is in a privileged position to influence the political thinking that shapes the private rental sector.

He's been in the job two years, joining to oversee the merger of two smaller organisations to create the National Residential Landlord Association (NRLA) in 2020, and working hard to engineer several key policy wins since.

As well as providing support for his members, it's his job as chief executive to act as the voice of landlords in Westminster and Cardiff, and to improve their reputation in the media.

He's enjoyed a long career in property, first in property management, then in customer service for the Tenancy Deposit Scheme, and later as a director for Touchstone, looking after around 20,000 private rented sector (PRS) build-to-rent homes across the UK.

His own property portfolio took seed when he was just 20. Operating predominantly in the student market in West London, he has several properties that he lets out, which means the issues that affect his members affect him personally too.

Unfair energy rules

Since turning 40 last year, Ben says he's become more philosophical about life and his legacy: “You want to leave a better environment behind for your kids,” he says. “We all have to do our bit to tackle the climate crisis, which is why the government's aspiration to improve energy ratings is perfectly reasonable. A better, energy efficient home is good for everyone, whether you're a landlord or a tenant – it makes sense,” he says.

He does, however, take issue with property owners having to foot the cost: “The reality is, for the private rented sector, landlords have become the whipping boy. Over the past few years we've seen numerous tax and regulatory changes. We've just come out of a difficult period with eviction bans, greater notice periods and increased rent arrears as a result of the pandemic, and now landlords are being told they potentially have to fork out £10,000 to make the necessary changes to meet new energy efficiency standards.”

The PRS notoriously holds some of the least energy efficient properties, which Ben says – even with the best will in the world – will never achieve a C rating in line with the government's target for 2030.

“We must not pretend everything is

going to be affordable and that's the point we're making to government. Some of the measures being suggested – like heat pumps – still remain very expensive to install and to run. We're saying you need to provide property owners with support if this is where you want to end up.”



“There has to be support schemes put in place to help all property owners achieve the government's lofty aspirations”

Resetting the perception of landlords with the wider public is high on Ben's agenda. He points to how the average landlord makes around £4,500 a year in revenue: "Despite what people might think, your typical landlord is not a property tycoon. The government, as is currently proposed, will be expecting landlords of properties with an EPC rating below a C to forgo two years' worth of their earnings. There has to be support schemes put in place to help all property owners achieve the government's lofty aspirations."

Left out of cladding support

News that landlords have been excluded from the government's cladding remediation package bears out Ben's opinion they are being made to suffer for the fault of others. "We absolutely agree no leaseholder should be out of pocket as a result of badly installed buildings," he says.

"That's why it is so inconceivable and outrageous that landlords have been excluded. I genuinely can't understand why government would seek to exclude landlords."

He emphasises how ill-defined and unjust the decision is: "The cladding

crisis has made people think very differently about their homes, so if they can't sell it, what are they going to do? They're going to rent it out, and immediately become landlords, so do they become excluded from the remediation fund?"

The only people that should be excluded from the funding is landlords or owners that have built the buildings themselves. There should be no wider discrimination on that."

Lobbying government

On the day we spoke, Ben was gathering accounts from landlords affected by the ruling to present at a parliamentary select committee meeting the following week. It's through attending meetings like this he's able to advocate for landlords. It's also how he helps shape new policy, like the long-awaited Rental Reform proposals, which are due to be published sometime this spring.

So, what can landlords expect from the White Paper? "Landlords shouldn't have anything to fear from what's planned," says Ben. "If you're a good landlord and you treat people fairly you should have nothing to worry about."

Landlords in Wales are already one step ahead. The Renting Homes Wales Act was released in January and will come into play on 15 July.

The English government has already committed to abolish the Section 21 no fault eviction process and Ben has been working alongside ministers to establish what the replacement looks like. "The government has been very clear that getting rid of Section 21 goes hand in hand with strengthening provisions for its replacement.

"We want to see Section 8 expanded to reflect the full range of faults that exist so that landlords can get their properties back with clear and comprehensive grounds for repossession where there is a legitimate reason to do so."

Levelling Up

The government's Levelling Up White Paper released in February suggests – as part of the rental reform – private rented homes will be required to meet

the Decent Homes Standard: a public housing standard introduced in 2000 to improve the quality of living standards for social housing tenants.

However, Ben argues this isn't the "right vehicle" to achieve safe and secure homes for tenants: "Because it was designed for the social rented sector it doesn't reflect many of the differences between it and the private rented sector. This includes the types and age of properties in each."

He wants to make sure whatever standards are expected are "proportionate, fit for purpose and can be properly enforced."

Another issue Ben feels passionately about is how the lack of supply is hampering affordability within the market. "We don't just have an affordability crisis in terms of rents and housing, we also have a cost-of-living crisis. Our research with YouGov reveals the extent of the impact, and just what a precarious position many renters are in. And if renters are in a precarious position, then landlords are in a precarious position too."

The bigger picture

Ben has overseen several key policy wins over the past couple of years. The NRLA campaigned hard for the rent debt fund in both England and Wales and helped secure £65m for England and £10m for Wales. "It was geared towards helping tenants pay down their debt, but that obviously helped landlords too. We've also managed to help secure things like the mortgage payment holiday and increases to Universal Credit," he says.

He's first to admit they haven't been able to win every battle, but Ben says landlords should take comfort from knowing there's an association that's got their backs and will fight for a fair deal for landlords and their tenants.

"It isn't just about what's good for landlords, it's what's good for the sector as a whole," he says. "I take the view that landlords and tenants aren't perpetually in dispute with one another, and frankly, what's good for one is good for the other."





Right: inside Miles's conversion



Moving the time

HMO developer Miles broke with tradition and took on a multi-unit conversion for his latest project. **Natalie Thomas** finds out how it went





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INVESTOR FACT FILE

Name:
Miles Pattison-Appleton

Age: 27

Lives: London

Invests in: Hereford

Occupation:

Full time investor/
developer

Years investing: five

Strategy:

HMOs and flats

Portfolio size: 11

Goal: to do more multi-
unit flat conversions

Until recently, professional houses in multiple occupation (HMOs) were 27-year-old Miles Pattison-Appleton's go-to investment. Over the past six years he's built a portfolio of nine in his old hometown of Hereford.

The area once offered a vast pool of potential for HMO conversions, but recent market conditions have led to it becoming overheated and competitive. So, for his latest project, Miles decided to branch out and try something different.

Investing young

Having studied real estate management at Oxford Brookes University, a career in property was inevitable for Miles. He bought his first property at 21 – a four-storey Victorian mid-terrace in Hereford, which he rented out as a six-bedroom professional HMO.

At that time, his main motivation was to fund a car and top up his allowance. He had hoped the inheritance left to him by his grandfather would kick-start his investing ambitions and provide a deposit for the £233,500 property. Yet, with no job or assets to his name, he soon discovered obtaining a mortgage was out of the question.

He grew up watching his parents manage a small portfolio of properties in Hereford, so he called on them for advice. "The simple solution was to set up a limited company," he says. "All three of us were shareholders and directors and I essentially piggybacked off their experience and income, but it allowed me to get a mortgage.

"As it happens, that was a fluke move. It was in the days shortly before Section 24 was introduced and it wasn't long before everybody started to buy properties through limited companies," he says.

This pattern followed for Miles's subsequent properties, with his parents withdrawing from the company a couple of years ago.

Adapting to change

Once he'd finished his studies, Miles moved into investing full time. Alongside managing his own investments, he's set up a HMO management company, a property investment firm for HMOs and flats, and a new-build development company.

He now lives in London, but the attraction of Hereford as an investment location is still strong, thanks to its high volume of professionals and the fact his parents are still there to lend a helping hand. But a lot has changed since he bought his first property in 2015.

At £22,000, refurb costs for his first HMO were low. Fast-forward to today's market and for his most recent HMO – a property of comparable size – the bill came in at £144,000. While a portion of the increase was down to structural changes, the main reason for the uplift was the increased competition in the area, which Miles says has resulted in landlords raising the bar – and costs – when it comes to the internal spec of their properties.

"For the first 18 months to two years, rents were amazing. Then things started catching up and like all good things, people

caught on that it was a good area in which to invest,” he says.

While Miles is passionate about the finished look of his properties, he knows there's only so far you can go before a property becomes financially unviable.

Latest project

The building Miles bought for his first multi-unit conversion had been on his radar for quite some time. “I looked at the building five years ago, but it was too expensive. It was initially going for £270,500, then was reduced to £250,000. I bought it for £210,000,” he says. He put down a 25% deposit and secured a bridging loan with Funding 365 to cover the rest.

The Victorian building had originally been split into four flats, but the current owners had gutted it in a bid to sell as a family home. When Miles bought it, it was almost derelict, but from an investment perspective it offered huge potential.

“It wasn't only the price that was attractive, but from a building regulation point of view it was deemed a refurbishment of existing flats instead of a conversion into four flats – something which lowered cost significantly,” he says. He also got a discount on stamp duty since the building was classed as ‘uninhabitable’.

Frustrations along the way

Miles got the keys in September 2021 and set a team of builders to work converting the building back into flats. They moved the position of the kitchens in all four flats from their original front elevations to the back, meaning they could create much bigger bedrooms.

Managing the project didn't faze Miles, yet it wasn't without its obstacles: “Like every building project, managing the builder was quite difficult. He wasn't someone we'd used before, so we had to be on site as much as we could.”

Trying to get jobs done over the Christmas period also proved to be a challenge: “We split all the services out, taking it from one single supply for gas, electric and water to four single ones for each flat. Due to it being December and the Christmas break, we couldn't get the necessary permits from the council to do the work, which delayed us by about a month,” he explains.

With his parents still living in Hereford, Miles's dad was able to be on site day-to-day, with Miles travelling up from London once every few weeks to keep an eye on progress. Not wanting to take any chances, he enlisted the help of a private building control firm.

“We wanted to make sure everything was done to meet building regulations – just small things like using the correct plasterboard,” says Miles. “Builders can make anything look superficially good, but you need to know what is behind it and that it is done correctly.”

Miles' original budget was £35,000 per flat, but he ended up spending £55,000 on each. With much of the timber in the property around 100 years old, once exposed, it needed replacing. The month delay to the project also meant a month's extra interest was added to the bridging loan.

Kitchen living area
in one of the flats



Above: before work started

Left and right: one of the bathrooms before and after

Below: the property (on the left)





"It was a bit of naivety on my part in terms of the costing, as well as lots of unforeseen variations like fitting new floor joists and hanging rafters, at a time when timber costs were rising," he says.

Playing the long game

Everything was ready by the end of January this year and the flats were listed for rent for £775 per calendar month.

Miles already has a mortgage lined up with Kent Reliance for when his nine-month bridging loan comes to an end later this year. His broker secured him a two-year fixed deal at 2.99%

RUNNING THE NUMBERS

This is how Miles's conversion in Hereford stacks up financially:

Purchase price: £210,000

Deposit: £52,000

Stamp duty: £1,200

Purchase costs: £8,495

Finance method: bridging loan then two-year fixed mortgage at 2.99%

Amount borrowed: £357,000 (for bridge)
£427,500 (for mortgage)

Total personal investment: £71,695

Conversion costs: £210,000 (reduced VAT of 5%, due to property being empty for two years)

Project duration: six months

Done up value: £570,000

Money left in deal: £8,548

Monthly revenue: £3,100 (four flats)

Monthly expenses: £1,076 (mortgage and insurance)

Monthly net profit: £2,024

for £427,500. The mortgage will cover all the costs of the building work minus a shortfall of £1,195 which Miles will subsidise himself. He hopes to recover the additional costs by pursuing liquidated damages against the contractor for not meeting the agreed completion date.

Despite all the challenges, Miles's sights are now firmly focused on developing more flats. "With the right deal they cash flow better than a HMO for the same – if not cheaper – purchase price," he says.

"While the cost of refurbishment is way higher, the end values are higher for the refinance. Tenants pay their own bills and the management costs are lower overall. Flats also benefit from lower void periods as single lets, and tenants tend to stay longer as well, giving much better longevity than HMOs for demand."

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



Daring to be different

Going against the crowd with investment decisions is easy to appreciate intellectually, but actually doing it is quite another matter, writes **Rob Dix**



Investors love to parrot Warren Buffet's maxim about being greedy when others are fearful, but I didn't see a whole lot of greed in 2008 when the financial world was gripped by existential terror. When the markets fell in January this year, my Twitter timeline was clogged with exhortations to "buy the dip" – but if half the people shouting about buying the dip had actually bought the dip, there wouldn't have been a dip to buy.

Yet time and again, those contrarian investors who have the courage of their convictions are rewarded. And in the property market, we've just seen the perfect example – in the form of the greatly exaggerated "death" of city centres.

Mob mentality

As the scorching yet deeply weird summer of 2020 got underway, a narrative developed that Covid had brought about the end of city-centre living. The "race for space" was gathering pace, and – freed from the need to commute to the office – we'd all be working from a rural idyll with a garden, luxurious home office and bucolic views of rolling hills.

The story wasn't just that city centres were emptying out temporarily – which, of course, they were. You don't want to be living near other people when you fear they might infect you. You don't want to pay a premium to live in the thick of things when there are no things to be in the thick of. And you definitely want a garden when it's the only way to exceed your government-sanctioned hour of time outdoors. But the contention was that this wasn't just a temporary adjustment to exceptional circumstances: people's working conditions and preferences had changed for good, and the genie wasn't about to be squashed back into the bottle. "The death of the city" was one unambiguous headline in Politico, with the sub headline "Teleworking, not the coronavirus, is making urban living obsolete".

From our position of dealing with hundreds of investors each year, I can tell you that the majority bought into this wholeheartedly. Countless investors told us they wouldn't be buying any more city centre flats, however strong the deal or otherwise compelling the investment case, because the demand for the product just wouldn't be there. Many even started the process of attempting to sell their holdings in cities, perhaps to replace them with a holiday let or a more on-trend suburban semi.

It took roughly 18 months for the narrative to entirely unravel. "Why I regret my pandemic panic property purchase" ran a headline in the Sunday Times in December 2021, accompanied by stories of city-dwellers belatedly remembering why they'd decided to live in cities in the first place. "We are seeing buyer's remorse among urbanistas

who probably never even owned a pair of wellies, but lockdowns terrified them and they thought they had to get away because everyone else was", said one agent.

Then in January 2022, The Guardian ran the headline "Fears of pandemic exodus from England's cities prove unfounded". All those people who felt pressured to escape to the country because everyone else was doing it? Turns out, everyone else wasn't, it just felt that way because the media was banging on about it non-stop. That office you'd never have to go back to? Turns out you do need to – a couple of days per week at least – and after experiencing two years of Zoom overload, you might even want to.

The numbers are striking: the city centre populations of Liverpool and Manchester are 6% and 5% higher respectively than they were before Covid, and Leeds city centre has added 5,000 new residents. This is showing up in housing demand: Zoopla data showed in January 2021 demand for flats had risen faster than for any other property type, and Rightmove recorded that rents had risen faster in London than anywhere else in the country.

Contrarian thinking

Should any of this really be a surprise?

It was pretty obvious that hundreds of years of migration towards city living wasn't going to reverse overnight, however extreme and surprising the catalyst. But just like with any narrative, going against it is far from easy. For whatever reason, we tend to trust the opinions of others more than our own – especially when they sound so confident, and (in the case of the media) the message is relentlessly reinforced.

If you can bring yourself to do it though, you'll be amply rewarded. For the exact same city centre flat where you'll now be tussling with countless other bidders and paying (on average) 10% more than the asking price would have been a year ago, last year you would've had the red carpet rolled out for you and been able to secure a significant discount. In fact, as the property cycle moves on towards its later stages, the sudden disdain for city centres probably represented an opportunity to bag a bargain that we won't see again for at least five years.

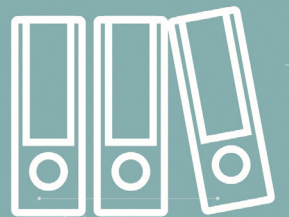
The trouble with being a contrarian is that by going against the crowd you're either a genius or crazy – and most people are more afraid of looking silly than they are motivated by potential gain. Usually it's a risk worth taking, but as I said, that's easier said than done.



Rob gets his 'I told you so' moment about city centre living in episode TPP464 of The Property Podcast
propertyhub.net/podcast

How to... stay compliant in 2022

While compliance certainly isn't the sexiest topic, making sure you're meeting your legal responsibilities is an essential part of being a landlord. **Andrew James** highlights the forthcoming changes



To let out a property in the UK you have to adhere to more than 145 pieces of legislation – a difficult enough task without having to keep up with the numerous tweaks and additions that are made each year, not to mention accounting for the various national variations. Failing to meet these requirements can result in some hefty fees and loss of your rights as a landlord.

The government made a number of temporary changes to the laws that govern the private rented sector in response to the Covid-19 pandemic, many of which have now expired or are due to expire in the coming months. And with all four home nations planning to overhaul tenant rights this year, more change is on the horizon.

To help you stay on the right side of the law, we've put together a list of some of the key changes to be aware of this year.

Carbon monoxide alarms

Under current rules, rental properties in England must have a carbon monoxide alarm fitted in every room where there's a solid fuel burning appliance.

However, the government is looking to extend those rules this year to include any room used as living accommodation where there is a fixed combustion appliance, such as a gas boiler or fire.

This is already the case north of the border in Scotland, where landlords are required to install carbon monoxide detectors wherever there is a carbon-fuelled appliance.

New rules in Wales will come into play from 15 July with the implementation of the Renting Homes (Wales) Act 2016. From this date, landlords will become legally obliged to fit a carbon monoxide alarm in any room which has a gas, oil or solid fuel burning appliance installed.

Tenants and their pets

Despite what you may have read in the press, there's no new law forcing landlords to allow tenants to keep pets. The government updated its model tenancy agreement in January 2021 to include a new clause that seeks to prohibit a blanket ban on pets in English rental properties.



“With all four home nations planning to overhaul tenant rights this year, more change is on the horizon”

In summary, it says renters must seek written request if they want to keep a pet and – should you wish to object – you'll need to put it in writing and state a sufficient reason for the rejection – such as the pet being too large for a small property.

The key word here is 'model'. The government's agreement is an entirely optional document to follow – there's no legal requirement to use it when contracting. The model tenancy agreement is purely guidance: it's up to you if you choose to follow it or not.

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Making Tax Digital

If you manage your portfolio through a VAT-registered business, you'll have to sign up to HMRC's Making Tax Digital (MTD) initiative by 1 April this year, if you haven't already. It's all part of the government's plans to make HMRC "one of the most digitally advanced tax administrations in the world".

Landlords with income from their property or properties that exceeds £10,000 per year that aren't VAT-registered have until April 2024 to make the switch.

Under MTD you'll need to send HMRC summaries of your income and expenditure at least four times a year. HMRC says this will enable a more ongoing and accurate projection of tax due, as opposed to the current system of one tax bill at the end of the year. To do this, you'll need to use software that's compatible with MTD. Sage, QuickBooks and Xero are among the best-known platforms.

Right to Rent checks

The temporary measures to allow right to rent checks over video call and to share photocopies or photos of documents rather than the originals are due to come to an end in April.

Instead, landlords and letting agents will be able to use certified Identification Document Validation Technology (IDVT) to digitally carry out Right to Rent checks from 6 April on behalf of British and Irish citizens who hold a valid passport.

There's already a new digital process in place for EU, EEA, and Swiss citizens, who can access a share code to prove their right to rent, while nationals from Australia, Canada, Japan, New Zealand, Singapore, South Korea and the USA (collectively known as B5JSSK) are permitted to use a combination of their passport, plus evidence of entry to the UK to demonstrate a right to rent.

In February the government amended its code of practice for landlords on

avoiding unlawful discrimination when conducting right to rent checks.

Local licensing schemes

A growing number of local authorities each year are demanding landlords sign up to a local licensing scheme.

Traditionally limited to landlords operating Houses in Multiple Occupation (HMOs), local licensing schemes are increasingly being applied to landlords more generally as a way of giving councillors more powers to control housing standards.

There's a threat of significant fines if you fail to comply, so it's important to check with your local council as to

whether you are required to have a selective or a mandatory licence and what the conditions are.

Renting Homes Act 2016 (Wales)

New rules for tenancy types and notice periods will be introduced in Wales from 15 July as part of the Renting Homes Act (Wales) 2016.

Revamped 'occupation contracts' will replace tenancy agreements and – from this date forward – tenants will be formally referred to as 'contract holders'.

Landlords will need to give their contract holders six months' notice





“The much-delayed Renters Reform Bill is likely to be published sometime in spring”

eviction and access to greener, higher-quality, more affordable housing”.

The proposals include restricting evictions during winter, developing a national system of rent controls for the private rented sector and introducing a new Housing Standard to apply to all homes.

The consultation will remain open until April, with a final strategy expected to be published by the end of the year.

The Private Tenancies Bill (Northern Ireland)

Northern Ireland’s Private Tenancies Bill could gain Royal Assent this year, bringing with it a new set of rules for letting properties. The proposed changes include restricting rent increases to once every 12 months, setting a cap on how much landlords can take as a security deposit and extending notice periods a landlord must give tenants for tenancies over 12 months.

If passed into law, it will also become a mandatory requirement for properties in the private rented sector to be fitted with smoke and carbon monoxide detectors, as well as mandatory electrical checks, in line with the rest of the UK.

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for no-fault evictions (up from two months previously) and will be unable to serve a no-fault notice in the first six months of the tenancy.

The Renters Reform Bill (England)

The much-delayed Renters Reform Bill is likely to be published sometime “in spring” according to the government’s Levelling Up White Paper.

There are three main elements to the proposed Bill, which was launched as part of the Queen’s Speech in December 2019:

- To end of no-fault evictions: scrapping Section 21 evictions

and reforming the Section 8 eviction process

- To introduce lifetime deposits: allowing tenants to transfer their security deposit from property to property, meaning they don’t have to save for a new deposit when moving rental homes
- A database of rogue landlords: made available to tenants, agents, landlords and professional bodies

A new deal for tenants (Scotland)

The Scottish government launched a consultation at the end of last year on proposals to give tenants “stronger rights, greater protections against



1

ATTEND PROPERTY AUCTIONS

Buying a property at auction isn't as easy as Homes Under The Hammer makes it seem – there's often a reason why a property is auctioned. But if you've done your due diligence and are prepared to put in the work (and money), then an auction can be the perfect place to source yourself a deal.

2

REGISTER WITH LOCAL AGENTS

Having a good rapport with agents in your desired area will reduce your chances of missing out on properties. Let them know your position and that you're able to get a deal done quickly if necessary. You'll benefit from their local knowledge and having an expert on your side.



4

3

TOP FIVE ways to source deals

KEEP IN TOUCH WITH REPOSSESSION AGENTS

As Karishma Davdra found out (page 22) agencies that handle repossessed properties often need to get rid of stock quickly, and with less emotion attached to the buildings in question. It may sound a tad bleak, but with the help of a repossession agent you could net yourself a good bargain.

Finding property deals in a booming market isn't easy, but it's not impossible. We asked our very own sourcing team to share their best tips to help you uncover deals of your own

GO DIRECT TO VENDOR

Often the old tricks are the best, and it's hard to ignore a hand-delivered letter. Type up a note explaining your interest in the area or a specific property along with your contact details and you'll be first in line if one of the homeowners decides to sell.

5

USE SOCIAL MEDIA

Twitter, Facebook, Instagram, online forums, even LinkedIn are great places to let people know what you're in the market for and to find potential sellers in the areas you're interested in.

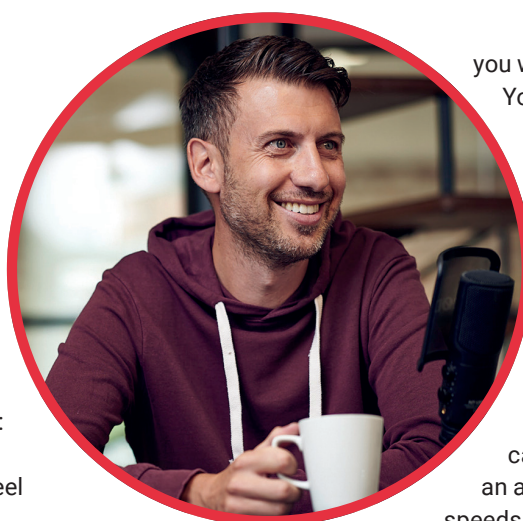


Common sense still matters

Data is a fantastic tool but don't let it be your decision maker, writes **Rob Bence**

As Richard Branson once said: "There are some things that can't be summed up in a statistic, and this is when you need to use a bit of intuition." This is particularly true when it comes to purchasing property.

I'm all for using data to help guide my decisions, but we need to bring human instinct and common sense into our decisions as well. After all, property is a people business: you're dealing in homes. Data simply can't account for the way people will feel about a property, or a particular area.



you wait six months, you've lost 6% growth. You'd have been better off not trying to use data to pick the perfect property and just buy something average and let the market reward you with six months growth.

Since I've moved into the fund world and have been advising the REIT for Portfolio, I've been sent tons of reports and have been contacted by dozens of companies trying to sell me data. These reports can give you a wonderful insight into an area – you can learn about broadband speeds, crime rates, all sorts of things – but you'll learn just as much, if not more, by walking round that area yourself. If you're not a local expert, try to become one and if you don't have the time to become one, speak to people who are. They'll know more about it than any report will ever be able to tell you.

It's worth bearing in mind that not all data is trustworthy. If a holiday lets firm survey says holiday lets is the best strategy now, does that mean it is true? Before interpreting any findings, look at who is behind the data and what their motive is.

Connecting the dots

Relying on data alone could end up costing you money. If you make a purchase based purely on what the data tells you the best performing area is, you might do okay. But what if that area has been performing at the top rate for a while? It isn't going to stay at the top forever. You could end up buying at the top of the market and missing out on a better deal and growth elsewhere.

A data table doesn't tell you that Liverpool and Leeds are only down the road from Manchester, but a basic grasp of geography and a bit of common sense tells you they are close enough to benefit from the ripple effect.

Manchester is still a fantastic place to invest and probably will be for years to come, but just like London peaked and then plateaued, so too will Manchester. You need to not just follow what the data is telling you now, but use it to look ahead and work out where the next hotspot will be.

Analysis paralysis

The amount of data we have available at our fingertips can be overwhelming at times, causing people to procrastinate and delay decisions. In this type of market, that's a terrible mistake. Property prices are rising by around 1% a month, so if

Finding balance

While instinct is important in the decision-making process, you do have to be careful to not to go too far the other way and let your emotions lead your choices. If you're fond of a particular town or city, you may be drawn to invest there, even if it's not a good investment. Similarly, if you fall in love with a property, you could end up overpaying for it, particularly if you get into a bidding war.

Like with most things in life, it's about striking the right balance. When you apply common sense to data, it puts you in a powerful position as an investor.

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

What I've learned

Charlotte Ashworth manages a portfolio of 31 residential lets with her partner Phil and dad Andy. She shares some of the things she's picked up in the eight years she's been investing

Be clear on your intentions from the start

We fell into being landlords by refurbishing our homes, then refinancing them to let out when we moved on to the next project. As a result, our properties are in our own name. In hindsight, we should have set up a limited company, it would have been far more tax efficient. To transfer properties into a limited company retrospectively is a very costly exercise. If you're just starting out on your property journey, look ahead and think about your intentions as they will dictate whether you should buy in your own name or through a company.

Be persistent

I have a background in sales, so I'm used to not taking no as an answer and finding ways around problems. In property there's always hurdles to overcome, it is rarely straightforward. If you just take no as the answer, then building a successful property portfolio is going to take a long time. Find a way to make it a "yes" and keep moving forward.

Above: Charlotte's BTL in Rutland

Be patient

Patience isn't a characteristic I possess a lot of, but I've learned over the years that not everyone runs at my speed. I make decisions quickly – my dad and my partner Phil go at a much slower pace. I've come to see going slower can pay off in the long run. Sometimes I've made snap decisions and they haven't always been the right decision. Take time to consider your options, and if you're like me, surround yourself with people that have more patience than you.

Build your network

Your network is your net worth in property. We've been fortunate to make some really good connections through the courses we've attended and through social media. We've been able to shape and grow our business based on the conversations we've had with other investors. One of our contacts introduced us to her virtual assistant (VA). I didn't even know what one was before, but now they are part of our team too.

Be consistent

I still have a day job, so I have to be really careful with



INVESTOR FACT FILE

Name: Charlotte Ashworth

Age: 34

Lives: Rutland, East Midlands

Invests in: Peterborough, Rutland

Occupation: business development manager

Years investing: eight

Strategy: BRR, BTL, HMO

Total: 13 with 31 tenants

Goal: to leave her day job and have the financial freedom to spend more time doing the things she enjoys

how I manage my time – I'm essentially doing two jobs at the moment. I also have a toddler to look after so my free time is really precious. I get up early in the morning and work on our property business from 6-7am, then again from 7-8pm in the evening. By consistently putting in these hours every day, everything keeps running smoothly.

If you're a portfolio landlord and would like to share the lessons you have learned, we'd love to hear from you. Email us: magazine@propertyhub.net and we'll get back to you.



Need help with your buy-to-let strategy?

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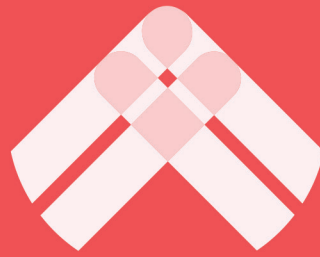
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