

Making sense of property investment

PropertyHub

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ON THE
RIGHT
TRACK

Transport's impact on the
the property market




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
Recession: what does it mean for you?

Why a recession doesn't necessarily spell bad news for the property market

HOW I GOT HERE
10
"For once in my life, I didn't have a plan"

Business lawyer turned portfolio landlord Suzanne Smith shares her story

LOCATION FOCUS
14
London Calling

Neil Cumins explores the realities of buying property in the heart of our capital city

Issue 36 September/October 2022

Inside

COVER STORY
24
On the right tracks

The pandemic may have caused some to shift away from city centre life, but that has shifted – rather than removed – the importance of transport links for property investors

INVESTOR STORIES
20
House of fun

Lockdown boredom led Kristina Castellina to create a quirky seaside holiday let in Blackpool

30
Double delight or double trouble?

Kelly and Richard Ingle decided to flip not one, but two apartments in the same building in Weybridge

38
Studying abroad

Howard Giblin bought his first UK HMO while working overseas in Amsterdam

OPINION
42
Will Build to Rent kill off landlords?

Rob Dix shares his views on the impact BTR will have on the property market

49
Raising your game

Rob Bence lists the lessons landlords can learn from BTR providers

INDUSTRY INSIGHT
34
Is rental reform reaching a tipping point?

Jessica Bird gets the property industry's reaction to the rental reform white paper

44
How to...

Know which property report to trust

THE FINAL WORD
50
What I've learned

Royal Navy Sailor Ollie Oakley shares his words of wisdom


CREDITS

Directors: Rob Dix, Rob Bence

Editor: Chantelle Dietz

Writers and contributors: Rob Bence, Jess Bird, Neil Cumins, Rob Dix, John Fitzsimons, Andrew James, Emma Lunn, Mark Rocks, Natalie Thomas

Cover image: Shutterstock

CONTACT DETAILS

Subscribe to Property Hub Magazine:
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Change of address or other subscription queries:
hello@propertyhub.net

Reader feedback, comments or questions:
magazine@propertyhub.net

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Welcome



Rob Bence (left) and Rob Dix (right)

There's a reason "good transport links" and "well connected" are among estate agent's favourite phrases. The more accessible a property is, the more people it is likely to appeal to. In this issue John Fitzsimons investigates what happens to property prices and rental yields when new transport infrastructure gets built, and what impact the pandemic has had on commuter behaviours.

The two R's – recession and rental reform – continue to dominate our conversations as we head into autumn. Emma Lunn looks at what a recession would mean for

investors and the wider property market on page 8, while Jess Bird gauges reactions to the government's white paper on page 34.

Elsewhere in this issue, Neil Cumins provides a useful resource for working out which property indices to trust (page 44), we give our opinions on the growing Build to Rent sector, and four different investors following four very different strategies share their experiences.

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 his latest release *The Price Of Money, 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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Inside the hub

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



ON SCREEN

There's been lots of talk about the government's proposals for rental reform, laid out in the Fairer Private Rented Sector white paper. You can read the full policy paper for yourself online, but at 79 pages long there's a lot to digest. Thankfully, Rob D has put together a video highlighting the top five things you need to know and how they'll affect you. And at less than ten minutes long, it's a much more efficient use of your time.

youtube.com/propertyhubuk

ONLINE

Calculating how much profit your property portfolio is making is made a whole lot easier with our latest Property Hub University course. There's plenty of formulas out there you can use to work out your profits, but most of them forget one very important factor: capital appreciation. The Total Return Formula takes capital appreciation into account, and you can learn exactly what it is and how to use it by taking the course via our website.

propertyhub.net/university

ON AIR

If you're worried about the impact Build to Rent (BTR) will have on your business, then make sure you tune in to The Property Podcast in September. The Robs will be discussing what the growth of the sector means for individual landlords and what tricks investors can steal from BTR providers. And if you can't wait until then, flick forward to pages 42 and 49 to read what The Robs have to say on the subject.

Propertyhub.net/podcast

HUBCHAT

Is now a good time to buy property? With a recession looming and the cost of living crisis dominating the headlines it's a question that's being frequently asked in our Forum. New investor Michael specifically wanted to know whether now is a good time to buy his first buy to let. Luckily, his fellow Hubbers were on hand to offer some sound advice and steer him on the right path. Search "Good time to buy first BTL" to pick up the thread.

propertyhub.net/forum

We promised more perks for magazine subscribers and we delivered on that promise in August by publishing our first Investor Location Guide.

The 60-page digital guide covers each of England's nine regions plus Northern Ireland, Scotland and Wales, delving into what each has to offer as an investment location.

If you haven't downloaded it yet, log in to your account via our website, click on 'My Account' and scroll down to 'Your Magazines' then click on 'Access Your Magazines', and that's where you'll find it.

We hope you enjoy it, and we'd love to hear what you think. Get in touch at magazine@propertyhub.net or via our social channels and tell us.



Market focus

The latest news and developments from across the property market



Rising rents

Rents outside of London have grown at their fastest annual rate in 16 years, says Rightmove.

Average asking rents outside the capital hit a new record of £1,126 pcm in Q2 of this year, up 3.5% on last quarter and 11.8% on last year.

According to the Rightmove Rental Trends Tracker (April–June 2022) monthly rental payments are now 40% higher than they were ten years ago, while average mortgage payments for the same

properties are up 13%.

In the two years since the pandemic, asking rents have shot up by 19%. In contrast it took eight years to reach the same level of growth pre-pandemic.

London also recorded a new record average asking rent of £2,257 pcm, with annual growth now exceeding 15%, the highest ever annual rate of any region.

Rightmove has revised its forecast upwards from 5% to 8% growth in asking rents by the end of the year as a result.

MORTGAGE SHELF LIFE

The latest data from the Moneyfacts UK Mortgage Trends Treasury Report shows the average length of time mortgage products remain on the market fell to a new record low in August.

According to the report, mortgages now only have an average shelf life of 17 days – four days fewer than the previous recorded low of 21 days (in June 2022), giving borrowers their shortest chance yet to secure their chosen product.

Eleanor Williams, Finance Expert at Moneyfacts, said: “Not only are there now fewer deals for borrowers to choose from, but the average shelf life for mortgage deals has plummeted to a new low of just 17 days this month.

“This reflects the speed at which providers are updating their offerings, but also means that those looking for a new mortgage have the shortest length of time we have ever recorded to try to secure their deal of choice.”



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IN NUMBERS



17

The average number of days mortgage products are available for



9.5 MILLION

Properties in the UK to have made more than the average salary in the past year



56

Landlords and property agents blacklisted on the government's rogue landlord register



£1,126 PCM

The average asking rent outside of London

APPRECIATING ASSET

Could your property be making you more than your day job? Zoopla says 9.5 million properties in the UK have made more than the average salary in the past year thanks to capital appreciation.

The property portal analysed property price data and local wages across the UK to find out which regions have the ‘hardest working’ homes.

It found 37% of properties have

risen by at least £31,400 in the past year, more than the average UK full time worker makes in a year.

The South West has the most homes bringing in the big bucks, with 63% of properties earning a year's local wages, closely followed by the South East and the East of England, where more than 50% of homes have earned more than the average local person in the past year.

Short-let control zone

The Scottish Government has approved proposals to introduce a first-of-its-kind short-term lets control zone in Edinburgh.

From 1 October 2022 landlords must obtain a licence from their local authority before renting out a new short-term let.

Existing landlords offering short-term lets have until 1 April 2023 to make an application for a licence and can continue operating whilst their licensing application is being determined.

Homeowners will still be able to rent out rooms or let out their own home on a



short-term basis.

The measure has been introduced to help maintain the availability of long-term residential housing in Edinburgh and will cover the entire City of Edinburgh Council area.

Rogue landlord register

A freedom of information request by free newspaper Metro revealed only a handful of private landlords have been blacklisted on the government's rogue landlord register, more than four years on from its launch.

Just 56 landlords have been put on the list since

it came into effect in April 2018, and only 23 local authorities out of 333 have submitted entries.

Among local authorities with the highest number of registered criminal landlords were the London Borough of Camden with five, Liverpool City Council with four, Salford City Council

with three and Telford & Wrekin in Shropshire, also with three.

“As ever, a sign that there are major deficiencies in enforcing the laws we have – and remedying that would be more helpful than introducing a whole load of new laws that also won't be enforced,” said Rob Dix.

Recession: What does it mean for you?

Many experts are predicting the UK will enter a recession this year. But as **Emma Lunn** reports, a recession doesn't necessarily spell bad news for the property market

With inflation soaring, interest rates rising, and the ongoing impact of both Brexit and Covid, a recession in the UK seems inevitable. But while an economy in decline is obviously bad news for many, it's not necessarily a reason for property investors to have sleepless nights.

What is a recession?

Whether a country is technically in recession depends on its 'gross domestic product' (GDP) which measures the size of a country's economy.

In the UK, the Office for National Statistics (ONS) calculates GDP each quarter, taking into account the country's output, wages, and how much we are spending.

If GDP is going up, it indicates a healthy economy. But a negative GDP means the economy is in decline.

Technically, the country is in a recession if there are six months (two consecutive quarters) of declining GDP.

A recession is something that happens to an economy as a whole – property is part of the economy, but there are other factors at play too.

Is the UK in recession?

We're not in recession quite yet – but there are some worrying signs. GDP fell in both March and April – by 0.1% and 0.3% respectively – but rose in May by 0.5%.

Economists have warned that the UK could slip into a recession due to rising energy prices, the conflict in Ukraine, Brexit, and soaring inflation.

Lewis Shaw, founder of Shaw Financial Services, says: "It's odds on that we're heading into a recession because the only mechanism the Bank of England has at its disposal to control inflation is to keep raising the base

rate to a point it dampens demand in the economy and prices stabilise. That inevitably leads to job losses and unemployment as businesses have fewer customers due to consumers having less disposable income because the cost of repaying their debts is higher."

Will a recession impact property prices?

A recession usually means falling sales, an increase in unemployment, stagnant wages, a bear market for stocks, and tightening mortgage lending criteria.

In the past a recession has sometimes led to a fall in property prices too. The early 1990s recession saw house prices fall by 20%; while the 2008-09 recession saw prices drop around 15%.

But it isn't always the case that a recession means a property market crash. Prices actually went up during

the 2020 recession, with typical house values rising 8.5% in the year to February 2021.

So, why did prices go up in 2020? Firstly, there was pent-up demand from lockdown compounded by the 'race for space' as people re-evaluated their living arrangements. Secondly, interest rates were low and the stamp duty holiday encouraged people to move home.

There was also a shortage of properties relative to demand – and this remains a key reason why any recession in 2022 is unlikely to see a drop in property prices.

Scott Taylor-Barr, financial adviser at Carl Summers Financial Services, says: "The main reason UK property is such a resilient asset class is, like gold, there's simply not enough of it. We've failed year after year to build enough new housing and so that chronic undersupply keeps house prices high as demand is always high."

However, unlike gold, most people need a mortgage to buy a house. If lenders reduce access to funds, like they did in 2008-09, it could be more difficult for buyers to be approved for a mortgage. In theory, this could lead

to house price growth stalling or prices falling.

But the mortgage and banking sector has changed a lot since 2009. Banks now have the ability to remain liquid and still lend in the event of an economic crisis.

Another key difference to previous recessions is that employment and job vacancy numbers are still strong. Although in a recession unemployment normally goes up, there's currently a surplus of job vacancies so we're unlikely to see a notable rise in the unemployment rate.

Will a recession impact rents?

One thing that may concern landlords and property investors is whether a recession would affect rental values.

Andrew Montlake, managing director of mortgage broker Coreco, says: "Whilst tenants are likely to struggle even more with their outgoings, rental prices at the moment are actually strengthening as the supply of good quality rental properties is not what it once was."

Jeremy Leaf, a north London estate agent, says: "What's happening in the sales market is being mirrored in lettings

– i.e. a shortage of stock and rents rising to record levels in many places.

"Any reduction in sales activity, by aspiring first-time buyers in particular, will prompt even more interest in property to let so is likely to raise rents further, and may not improve supply."

Is a recession a good time to buy property?

Previous recessions have seen an increase in desperate sellers and repossessions, with homeowners in financial difficulty often selling for below market value. While this is generally bad news for the overall property market, it can present opportunities for investors and cash buyers.

Mark Harris, chief executive of mortgage broker SPF Private Clients, says there are pros and cons to buying property in a recession.

"Should prices be falling and you look to buy, be prepared that prices could fall further and place you into negative equity," he warns. "However, if you plan not to sell the property and crystallise the debt for some time, then the likelihood reduces."

First-time buyers with small deposits may find it more difficult to get a mortgage in a recession. This reduces the competition for investors who are viewed as lower risk by lenders and tend to have larger deposits.

Jonathan Burrridge, founding adviser at We Are Money, says: "There can be a quick buck to be made if you are buyer with access to capital to pick up property as, eventually, values and demand will return and increase as a new cycle starts over."

Don't panic

While the property market and the rest of the UK economy are intrinsically linked, and a recession in the UK in 2022 looking likely, there's no need for property investors to panic.

There are several factors that make the current economic situation very different to that seen in the 1990s or 2008-09. While house price growth may slow, we're unlikely to see a big drop-off in property values.





Above and right:
Suzanne's latest
project in Maidstone



Left and below: the
remodelled garden and
refurbished lounge



“For once in my life, I didn’t have a plan”

Investing in property was never part of the plan for Suzanne Smith. She tells **Chantelle Dietz** how she left her life as a lawyer to pursue a different path

In her past life as a business lawyer Suzanne Smith’s days were long, leaving her little time to think of much else other than her job, her husband and her two children.

“It’s funny, my entire working life, I always had a goal. I wanted to be a general counsel of a listed company, then, when I became one, I was like: “Okay, now what?” she says.

Having achieved what she’d set out to do in her career, Suzanne started thinking about what she wanted next from life as she turned 50.

“I was fed up with all the corporate stuff. I’d enjoyed it; I’d been to lots of different countries and been involved in lots of exciting things, but I just wanted to do something else.

“I had this slightly mad idea: why don’t I just chuck it all in and do a French degree? I’ve always loved French and I studied it years ago. So that’s what I did. I enrolled at Kings College and started my course in September 2019.

“People kept asking: “What are you going to do?” For once in my life, I didn’t have a plan, but I followed my instincts and that’s how I found my way into property.”

Flat to let

Back in 2015, while she was still working as a lawyer, Suzanne bought herself a three-bed flat in Cambridge close to her office. It was a place to stay during the week, so she didn’t

have to commute back and forth from her home in Maidstone, Kent.

Fed up with living in two places, she decided to let the flat out in early 2019, first via Airbnb then as a long-term let. But things didn’t go as smoothly as she had hoped.

“The yield wasn’t very good, especially after the service charge rocketed, and it was hard managing it from over 100 miles away,” she says.

After scouring her local area, she discovered there were better investment opportunities closer to home and found what she describes as an “undervalued pocket” of Victorian houses in central Maidstone, close to the train station.

With enough savings for a deposit, she made her first intentional buy-to-let in September 2019, the same month she started her degree course. She got a decorator in to give the three-bedroom Victorian house a refresh, then let it out, fitting everything in around her studies.

Suzanne relished taking on the challenge: “I get so much personal satisfaction out of creating a welcoming home. I don’t do everything myself, I use builders and other contractors, but it is my vision and I find it so satisfying seeing a property come to life.”



“I get so much personal satisfaction out of creating a welcoming home”

Original features

Another Victorian terrace a couple of streets away caught her eye in 2021. Suzanne was quick to put in an offer which – to her joy – was accepted.

“I think you get a lot of value for your money from a Victorian house,” she explains. “They tend to be more spacious and in quite central locations. I love all the original features, plus they’re not being built anymore.

“If you get a new build, in 10 years’ time there’ll be a prettier new build and things will start to look out of date.

“As long as they are modernised and brought into the 21st century, Victorian

properties are really lovely places to live. Buying and renovating them to let out has become a deliberate strategy for me now."

Can-do attitude

Earlier this year, Suzanne sold her Cambridge flat and used the proceeds to fund her third investment. "This one has been my favourite yet because I was way more heavily involved than with the others," she says.

The 130-year-old house needed an extensive refurbishment, inside and out. The brickwork needed repointing and the guttering had to be replaced. The garden was a wasteland, so she put in a patio, turfed area and low maintenance raised bed. Inside she refurbished the shower room, replacing the tiles and taps, bought all new appliances and decorated each room.

Even still, she managed to turn it around in just under two months, getting the keys on 5 May and moving tenants in on 29 June.

She credits her father with instilling in her a can-do attitude. "I've never been afraid of property. I've always seen it as a good long-term investment – if you buy in the right location and it's structurally sound.

"My father was born in a council house in the East End of London just before the Second World War. He didn't have a bedroom because he had a sister, so she got the bedroom and he

Right: Suzanne's handiwork in the garden and her first purchase in Maidstone
Below and far right: Suzanne's second BTL and the refurbished shower room in property three



slept in the front room.

"His access to a better world came through buying and selling properties, which he did when I was growing up in New Zealand. He would buy a property, we would live there two or three years while he did it up, and then he'd sell it and we'd buy a bigger house. It was a complete pain to keep changing schools, but he did it as a way of providing a better life for his family."

Creative side

Suzanne's new life couldn't be further removed from her old one, but she's still able to apply the 25 years' worth of knowledge she developed as a lawyer.

"In my career I worked for a lot of big, multinational companies. The companies that were the most successful had their customers' needs



and wants at the heart of their business, and it's no different in property.

"It's good business to be a good landlord – I think that's probably my strapline. I believe really passionately that we have a responsibility and an obligation as landlords to make the best we can out of our properties for tenants, within reason. I say 'within reason' because you can't give everybody everything they want, that's not possible."

Now free from the confines of the corporate world, Suzanne is exploring a new side to her personality. She's started creating content for Instagram, sharing practical tips and having a bit of fun with her reels and working on her new blog, The Independent Landlord.

"I think that it's brought out a

creative side of me that I didn't know I had. I spent my entire career advising people. I guess that's what my Instagram account and blog are about. I want to share what I've learned to help new landlords, so they understand what they are taking on and can have the confidence to self-manage, if that is what they want."

New experiences

Having got a first in her French degree this summer, Suzanne has decided to continue with her French studies and will begin studying for an MA in French Literature in the autumn.

"I'm doing it part time so I've got more time for my property stuff," she explains. "It's been a bit hard this past year juggling my final year exams and doing property as well."

She wants to grow her portfolio steadily – perhaps adding one new property a year – but has no plans to build an empire. For now, she's just happy living in the moment. "There's still no grand plan," she says. "I'm just enjoying what I'm doing."

"I've been on a huge learning curve over these past three years, and I've come to realise you've got to be open to new experiences, that's when things happen. If you're too busy working long hours, then it's really difficult to be open to new experiences, so I'm just seeing what happens and going with the flow, which is really liberating."

SUZANNE SMITH'S TIMELINE



March 2019
Lets out flat in Cambridge



March 2019
Leaves her job as a lawyer



September 2019
Buys first BTL



September 2019
Starts French degree



September 2021
Buys second BTL



May 2022
Sells flat in Cambridge



May 2022
Buys third BTL



September 2022
Starts MA in French literature

London calling

If you thought inner London was too expensive to invest in, it might be time to reconsider. [Neil Cumins](#) explores the realities of buying property in the heart of our capital city



Opposite :
Camden
Above:
Westminster
Bridge
Left: Battersea
Power Station

SITES FOR SORE EYES

These are the key projects investors need to be aware of across inner London:

- **Battersea**
The crime-plagued York Road and Winstanley Estates are slowly giving way to a £1.4bn regeneration scheme. Taylor Wimpey will build over 2,500 homes north of Clapham Junction, most of which will be for private sale or rent.
- **New Bermondsey**
A 30-acre industrial site in Lewisham received planning approval in January for the creation of 3,500 homes. A new Overground station and stadium for Millwall FC are planned, with residential towers standing up to 44 storeys high.
- **Nine Elms**
This ongoing £15bn regeneration stretches across Wandsworth and Lambeth. Residential highlights include a 53-storey Thames City tower, with 2.5 acres of landscaped gardens surrounding the new Prince of Wales Drive complex.

You might wonder why Property Hub is dedicating an article to investing in inner London. Like Manhattan's super-skinny glass towers or villas on Dubai's The Palm, property in the heart of our capital city might seem unattainably expensive. Yet if you accept value is relative, there are still cost-effective investment opportunities tucked away within inner London's various boroughs. Prices and demand aren't following the same trends seen elsewhere in the UK, and local agents have plenty of suggestions about how to make your money stretch further.

Inner workings

The first challenge any investor faces is defining inner London. We've followed the Office for National Statistics definition, incorporating 14 boroughs from Hammersmith and Fulham to Newham, and from Haringey to Lewisham. Alternative definitions leave out Haringey but include Greenwich, while BT famously claimed inner

London extended almost as far as Dagenham when the capital's phone system was split into inner and outer area codes in 1990. Inner London is home to the city's major train stations – Waterloo, Euston, St Pancras – and hosts most of the capital's 270 Tube stations.

The boroughs we're focusing on include innumerable sub-markets. One inner London estate or street can be very different to its immediate neighbour, from crime statistics to house prices, making generalisations unwise. You need to learn about potential micro-markets before making an investment, studying statistics relevant to that particular locality.

Prime Central London (PCL) is often thought of as the epicentre of overpriced housing in Britain. Yet according to June data from London Central Portfolio, PCL property prices have fallen almost 8% in the past eight years, with transactional volumes at near-historic lows. PCL shouldn't be

confused with the City of London – less than three square kilometres, home to just 10,000 people, and with an average house price almost twice that of London as a whole.

Capital depreciation

Let's start by dismissing the commonly held assumption that house prices in London have never been so high. "Unlike the rest of the UK, much of London has not yet hit the peak values achieved in 2015," says Robert Sturges, area director for central London at Chestertons. "Therefore, there is an assumption that a return to these peaks is likely, which means current values seem 'fair'."

The pandemic and Brexit disproportionately affected the capital's property market, as did cladding issues

post-Grenfell.

Another London myth is that the ripple effect has long since enveloped the entire city. "There are always areas deemed to be 'on the rise,'" argues Robert. "These areas are usually home to significant new infrastructure – parts of London lining the recently opened Elizabeth Line, in addition to Battersea and Nine Elms where new Underground Stations opened in 2021."

This sentiment is echoed by Marc von Grundherr, a director at Benham and Reeves: "If you're working within budget constraints, try to identify the 'next best', up-and-coming areas. There are great regeneration projects currently underway which will help boost wider property values in their local areas. Getting in early while prices are yet to climb is a great way

of securing a better return in the mid-to-long term."

Something Old, something Newham

Perhaps inevitably, most of these up-and-coming areas are within less populous outer London boroughs, beyond the scope of this article. Examples include the 180-acre Brent Cross project, Acton's £26bn Old Oak masterplan, and the 30-year scheme to transform Thamesmead with 8,000 new homes.

Nonetheless, there is plenty of construction work underway across inner London as well. From Battersea Power Station to Newham's £3.7bn Canning Town and Custom House masterplan. Any sense that inner London is already built out can be

dispelled by counting cranes on the skyline.

Another way to stretch your money further is to focus on inner-outer boroughs. According to Emma Fildes, a property buyer and advisor at Brick Weaver, investors should look at areas close to a Tube station with easy access to parks and green spaces.

"Bargains are hard to come by in this market," she admits, "but always look to the roads on the edges of popular boroughs/streets, where prices are slightly less but there's the same access to schools and shops. Look to regeneration areas focused on culture; Olympia and Earls Court are undergoing huge changes, and property prices will respond accordingly."

Emma also suggests following the £18bn Elizabeth line as it opens incrementally. "Many jumped on the

AREAS OF INTEREST



The best places to invest in inner London



Best for families:
Fulham, Clapham



Best for students:
Camden, Brixton



Best for young professionals:
Pimlico, Islington



Best for transport links:
Borough, Camden



Best avoided:
Bethnal Green, Elephant & Castle



Best for capital growth:
Battersea, Bermondsey



Left: Brixton

line early doors and had to wait a long time to see any real return on their investment. There is still time for others to explore the further-flung areas and make money," she says.

Style council

In terms of property styles, the capital's extensive collection of ex-council stock deserves consideration, according to Emma. "Consider nice ex-council houses in popular areas like Hackney, by the parks. These afford you more for your money in sought-after areas and will always rent well. Apartments with balconies or maisonettes with access to outside space are also great investments."

Before booking any viewings, check whether apartment blocks have cladding issues, since some properties are effectively unmortgageable at present. This might explain why the average price of an apartment in inner London climbed by 5.2% in the last year, whereas detached homes rose by 10.3% and semi-villas gained 7.9% in value. "While apartments remain a good investment,



"Apartments with balconies or maisonettes with access to outside space are also great investments"

they haven't bounced back to the same extent as other property types," says Marc.

Data from CBRE Group suggests only Lambeth and Southwark can achieve the 5% rental yields common in outer London boroughs. Even so, Robert points out that rents across inner London are already at record levels.

"Any area that hasn't seen significant capital growth will obviously see stronger yields – these areas are typically secondary, lying alongside central areas with reasonable transport links. Also consider parts of London that have

only recently seen price recovery. One such area is South Kensington, which has performed poorly in capital terms in recent years, but rents have blossomed. In Q1 2022, 50% of Chestertons sales in this area were to investors."

Emma concurs: "According to Savills, prime rental values have increased by 3.3% in Q2 2022, taking annual growth to 13.5% – the highest since 1998. Estate agents are desperate for rental stock, most of which doesn't even hit the portals as it's gone the day the agent gets the keys."

Quid game

Trendy parts of central London have long been a magnet for deep-pocketed international investors, and prices increased by over 25% in Kensington and Chelsea in the year to April. A weak pound has made the market appealing to foreigners, while instability in Hong Kong is leading many of its citizens to rent in London while looking to make a purchase. Former capital residents who moved out in the early months of the pandemic are also migrating back or seeking a pied-à-terre, as daily commuting wears thin.

"The safest investments at present are the larger family homes that also boast a garden or outdoor space, and are large enough to accommodate growing families," concludes Marc. "These are particularly hard to come by, and there is a real shortage of stock."

When it comes to apartments, having an edge helps. "Today's buyers are looking for more when it comes to apartment living. If you're buying with an eye on a future return, it's worth investing in a property that comes with private outdoor space, on-site amenities and other modern facilities that will set it apart from the surplus of otherwise mediocre stock."

Even in one of the world's hottest property markets, there are ways to ensure your next investment pays for itself.

THE PRICE IS RIGHT

Below are three examples of properties currently for sale at different budgets across inner London:

£200,000



Your money goes further out in Haringey. This ex-council maisonette extends to almost 800 sqft internally, encompassing two double bedrooms, a modern galley kitchen and open views.

£250,000



A well-presented one-bedroom first-floor period property along Wandsworth's Longley Road, set within a large communal garden and enjoying close proximity to Tooting station.

£325,000



This one-bedroom ground floor Victorian conversion flat in central Lewisham comes with a private garden, an allocated parking space and a share of the freehold.

Source: Rightmove



Kristina renovated Empress Hall in seven weeks



The property is full of quirky design features



INVESTOR FACT FILE

Name: Kristina Castellina

Age: 36

Lives: Liverpool

Invests in: Blackpool and the Fylde Coast

Occupation: property investor

Years investing: 7.5

Strategy: serviced accommodation, flips, BTL, mixed commercial

Portfolio value: £3m

Goal: to own a £5m property portfolio

House of fun



Complete with a cinema room, karaoke machine and Love Island inspired garden, Empress Hall is not your average holiday let. **Natalie Thomas** tells how former singer Kristina Castellina injected a new lease of life into the Blackpool property



You won't find any magnolia paint on the walls of Empress Hall. The quirky Blackpool holiday let has a fun and vibrant vibe – much like its owner Kristina.

Costing up to £1,000 per night, the property has ten bedrooms and sleeps up to 23 guests.

If the Blackpool weather takes a turn for the worse, guests can keep themselves entertained in the property's cinema or games room; featuring a pool table, air hockey, ping-pong and Pacman arcade machine. Or they can let go in the music room, equipped with its own bar, juke box and karaoke machine.

Full-time property investor Kristina started renovating the property in May this year and transformed the former residential home in just seven weeks.

Love at first sight

Empress Hall is the latest in a long line of investments for 36-year-old Kristina who – with the help of private investors – has accumulated a portfolio of 27 properties totalling £3m in under eight years.

She started out buying what she describes as “very safe vanilla” buy-to-lets (BTLs) and flips, then began to

scale up her investments, branching out into serviced accommodation and mixed commercial development.

Kristina spotted the property on Empress Drive last year and was immediately drawn to it. “It popped up online and I felt like I needed to see it. As soon as I walked in, I just had a feeling about it. I knew it would be a place of fun and joy,” she recounts.

“I really struggled in lockdown, as did many others. The first one was manageable, but by the end of the long winter one, I was losing the plot. I missed gatherings, seeing friends, the theatre, live music, and having things in

the diary to look forward to.

“Empress Hall is everything I missed during lockdown. I want it to be a place large groups of people come together to celebrate life. A place of happiness.”

While Kristina’s vision for the property was clear, the process of converting it into a holiday let was decidedly not.

Despite its scale and being in a protected holiday zone, it was occupied by just one lady who would occasionally use the extra rooms to accommodate visiting relatives.

The property had attracted quite a lot of interest, yet at four storeys high and surrounded by hotels, mortgage providers were reluctant to lend on it as a residential home, meaning a few sales had already fallen through.

Planning problems

The property was on the market for £425,000 and Kristina offered £400,000 subject to planning permission being agreed.

Planning fees cost £3,170 including the architect and planning consultant fees. Yet it was the time it took that was the biggest frustration.

“The property was classed as a residential property, meaning we had to apply for a change of use. We were worried it would be refused based on its size,” she says.

“The council were saying it was too big to have one group staying in it and they wanted an onsite manager,” she explains.

Fortunately for Kristina, the property came with an annex which provided the perfect base for an onsite manager. Planning permission was finally granted after a seven month wait.

“I was quite lucky in the fact that the property came with an annex that I didn’t have much of a use for, so was able to offer this out as free accommodation for the onsite manager as an incentive. It is their job to make sure the property is being looked after and that guests are being respectful of ground rules. I had a 10% contingency fund when I ran the original numbers so his wage has come out of this,” she explains.



Kristina got the keys towards the end of May and in just seven weeks, brought her own individual style to the property.

Admittedly living in what she describes as a ‘bland’ new build herself, Kristina wanted to let loose a little with the décor in Empress Hall.

“Some of the rooms are crazy and the décor is very different. One of the rooms for example has wallpaper on the ceiling and the colours are really wild,” she says.

She called on the same core team of builders she has worked with over the years.

“I think it happened quickly because everyone enjoyed working on it. I know the team well and everyone wanted it to work – people were there until 8-9pm at night and working weekends.”

“Structurally it was fine,” she says. “We carried out a full rewire, put in a new fire system and redecorated every room, new carpets throughout and an updated kitchen. The building itself was quite tired looking so needed painting and some slight roof work,” she explains.

Making use of contacts

As with her previous properties, Kristina called on the help of private investors. The main investor put in £300,000 and has a first charge on the property and will receive 10% per annum. A further £90,000 came from



other private investors, with Kristina putting in £127,000 of her own funds to cover the renovation costs.

“It’s all in my name and when the mortgage is placed, the first charge will be lifted and the investors will get all of their funds returned to them

and I will be left with the property,” she says.

Empress Hall welcomed its first guests in mid-July. “Our first booking was for a group of friends. We have a couple of group bookings, and some 40th birthday stays.”

The good life

Almost eight years on from her first investment, Kristina is still as passionate about property.

She is currently working on the refurbishment of two mixed commercial developments – one consisting of four flats and a shop and the other three flats and a shop.

“I really love what I do, and I always need something to be working towards or a challenge. I can’t see me stopping anytime soon, but I really enjoy the balance of work and rest, being with my family. I don’t run myself into the ground and am definitely more of a lifestyle investor. I make everything as passive as possible and have an amazing team around me,” she says.

Left and below: Kristina let loose with the decor of the 10-bedroom property

RUNNING THE NUMBERS

This is how Empress Hall stacks up financially:

Purchase price: £400,000

Deposit: £100,000

Purchase costs: £21,000

Finance method: private investor finance £390,000 (10% return per annum) plus £127,000 own funds. Currently mortgaging property.

Amount borrowed: £390,000

Renovation costs: £96,000

Project duration: seven weeks

Done up value: £750,000 (estimate)

Monthly revenue: £10,000 - £15,000 per month depending on season

Monthly expenses: £3,500

Monthly net profit: £5,500 at 70% occupancy

Cash out after refinance: £487,500

Total left in the property: £29,500

Total spend: £517,000

Indeed, investing in property has allowed her partner Alex to move to part-time working and enabled them both to spend more time with their sons Grayson, four, and Evan, two.

“Alex helps if I need him to but more often than not he helps with the boys so I can do more property deals. I love that property is so flexible and I really enjoy the passive income side of investing and the freedom it brings as well,” she says.

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

On the right track



"The more accessible a property is, the broader the number of potential tenants it appeals to"

Buying close to a transport hub has always been a solid investment choice, but how much extra value does proximity to a station add, and what impact has the pandemic had on commuter towns? **John Fitzsimons** investigates

There are all sorts of different factors we need to take into consideration when evaluating a potential property deal. Obviously, the property itself is vital – it has to deliver the attributes that will attract the target renters, after all – but so too is the local area.

And one of the most crucial aspects of the property's location is its transport links. The more accessible a property is, the broader the number of potential tenants it appeals to. That demand stretches beyond just those looking to rent as well – properties with excellent transport links tend to attract a greater degree of capital growth too.

Paul Gibbens, sales manager at South London estate agent Oliver Jaques, notes that in London – particularly the more central areas – proximity to transport links is key.

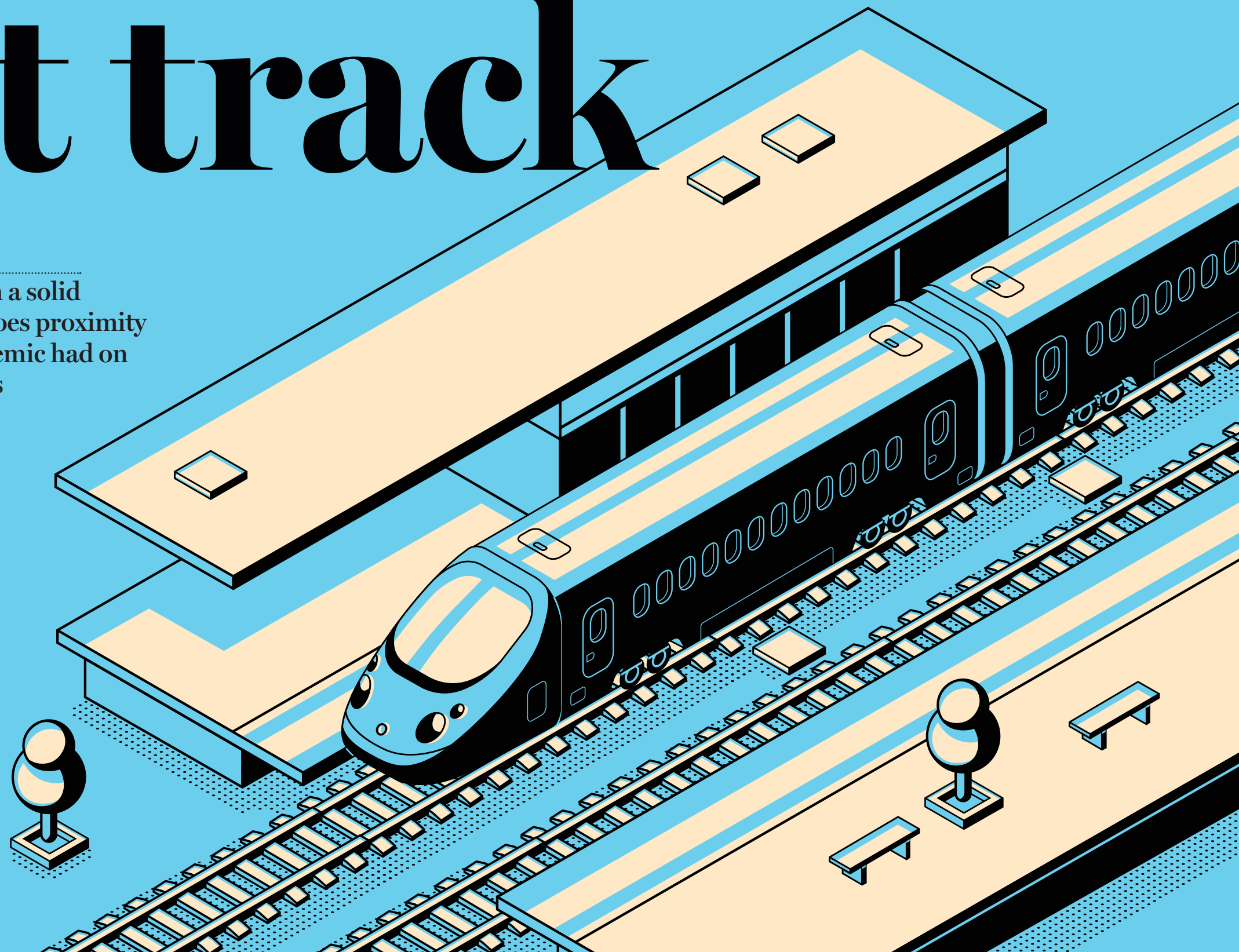
"If you consider the areas in Greater London that have always had the higher prices, it will be areas well serviced by the underground network. This is why areas north of the river have historically had higher house prices than those areas south of the river as south London has had limited underground services. The exception to that being the 'Clapham corridor', thanks to the southern part of the Northern Line."

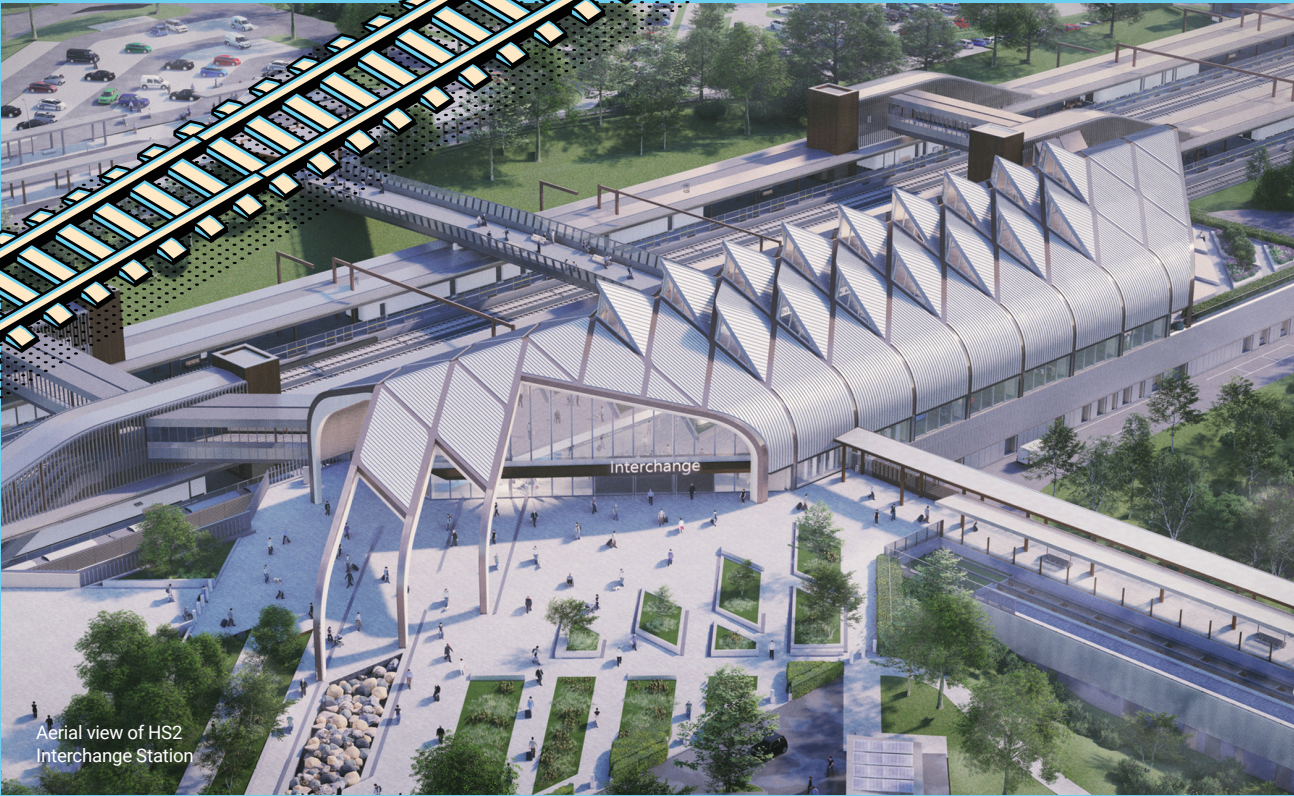
Paying a premium

The returns on offer from investing in areas which enjoy excellent transport links were made clear by a study last year from Nationwide Building Society.

The study identified the premiums properties command, based on how close they are to a train or tram station.

It also looked in detail at the size of





HS2 / Shutterstock

"The Metrolink has a real impact on the desirability – and therefore price – of properties within Manchester"

the premiums paid in order to purchase a property near stations in specific areas. One of the most eye-catching is Manchester, a city that has attracted a lot of investor attention.

There are all sorts of reasons for Manchester's attraction to investors, such as the money spent on rejuvenating areas of the city and attracting new businesses. But core to that appeal is its excellent transport system, which includes the Metrolink tram service.

The Metrolink has been in operation for 30 years now, so it's very much part of the furniture within Manchester. However, the service has seen extensive improvements in recent years, such as

the introduction of the Trafford Park Line in 2020.

Indeed, the Metrolink has now expanded to the point that it boasts 99 stops and covers all but three of the 10 boroughs of Greater Manchester.

There are significant plans in place for further expansions of the Metrolink service too, with Mayor Andy Burnham pushing for it to cover satellite towns like Bolton, Middleton and Stockport.

Even in its current state, the Metrolink has a real impact on the desirability – and therefore price – of properties within Manchester.

The Nationwide study found that properties located 500 metres from a station within Manchester enjoy a premium of around 6.1% – which equates to around £11,000 based on the typical property prices in the region – compared to the same sort of property which is located 1,500 metres away.

This premium then drops to 4.2% when 750 metres away, and 2.6% when one kilometre away.

The royal rewards on offer from the Elizabeth Line

One piece of transport infrastructure that has caught the eye of investors in recent



TOP 15 YIELDING ELIZABETH LINE LOCATIONS

Station	Average 2022 yield	2017-22 rental growth	Average two-bed rent
Custom House	5.9%	13%	£1,550
Farringdon	5.6%	27%	£3,050
Romford	5.6%	20%	£1,320
Stratford	5.5%	12%	£1,980
Maryland	5.5%	12%	£1,980
Reading	5.4%	5%	£1,310
Slough	5.3%	17%	£1,290
Chadwell Heath	5.3%	10%	£1,290
Abbey Wood	5.2%	20%	£1,310
Seven Kings	5.2%	13%	£1,400
Goodmayes	5.1%	13%	£1,360
Gidea Park	5.1%	12%	£1,260
Harold Wood	5.1%	8%	£1,280
Southall	5%	26%	£1,690
Ilford	5%	13%	£1,400

Source: Hamptons

years is the Elizabeth Line, or Crossrail as it was previously known.

It may have only recently opened, but the development of the line – and its impact on the surrounding areas – have long been a consideration for property investors.

Estate Agent Hamptons has done some digging into the yields and rental growth on offer from properties located around Elizabeth Line stations, with the top 15 performers based on their average yield detailed in the chart above.

However, not all of the areas with Elizabeth Line stations have performed so impressively. Indeed, research by Savills suggests that only a third of station areas have seen a value uplift over the local market since construction began.

For example, values of properties within 500 metres of Elizabeth Line stations in West London performed in line with the wider area since 2008, when work first began on the line. Those in East London were found to have actually underperformed the wider area by 0.3%.

Savills has speculated this may mean that a "Crossrail premium" will only begin to emerge now that the line is up and running properly.

This suggestion is echoed by Paul

Gibbens, who points to the example of the East London line.

"When it was extended and brought under the umbrella of the London Overground network, areas along the line such as Forest Hill, Brockley etc saw increased popularity with families being priced out of the Northern Line corridor. The rises didn't really begin though until the line was near completion," he notes.

This may now be replicated with the Elizabeth Line, says Paul, who points out that it stretches into the "historically unfashionable areas of Thamesmead and Abbey Wood".

"As these are areas typically shunned by investors, we didn't really see price hikes prior to the opening of the line, although now the area will be more desirable to families it will be interesting to see if prices will rise now it is open."

Investing in High Speed

The next big infrastructure project on the horizon is of course HS2, the next phase of the nation's high speed rail network which will boost connectivity between London and areas such as Birmingham, Manchester, Sheffield and the like.

HS2 is still very much in the construction phase – the initial connection between London and Birmingham is not due to be completed until 2026, with the second phase scheduled for completion in 2032.

However, there have been suggestions that it is already having something of an impact on the value of properties in areas which will benefit from this faster rail network. Solihull – which is close to the HS2 Interchange Station – is enjoying an upturn in interest from buyers according to Purplebricks, while studies from JLL at the turn of the year argued that Birmingham will see house prices increase at a greater rate than any other city in the UK over the next five years.

This isn't solely down to HS2 of course – we are years away from the first trains running on the network, after all. However, Birmingham has been a hotspot for property investors for some time, and the prospect of improved connectivity to not only the capital but also the biggest cities in the North will

only increase its appeal to landlords and tenants alike.

The impact of the pandemic

Obviously one of the big positives to properties with excellent transport links into a main city centre is the potential to cut commuting time. The ability to minimise the time spent heading into and home from work can be a powerful draw for homebuyers and tenants alike, and lead to them paying a premium for such a property.

However, there has been a shift in the way people view their work/life balance over the past couple of years, which could have an impact on the size of that premium. One of the ways that the nation dealt with the pandemic was requiring significant chunks of the workforce to work from home, and while Covid-related restrictions may now largely be a thing of the past, working remotely is here to stay.

A host of large employers, including the likes of PriceWaterhouseCoopers and Nationwide Building Society, have announced that large swathes of staff will be free to work remotely for at least part of the week, while figures from the Office for National Statistics suggest that as many as one in four people are now 'hybrid' working, meaning they are splitting their work hours between the office and their home.

This shift in our working behaviour is having an impact on the desirability of properties in some areas, since those excellent transport links are not quite so in demand if potential buyers and tenants no longer need to commute five days a week.

Nationwide's study last year found that the premium paid for properties closest to stations had dropped to 6.1% from as high as 9% pre-pandemic, which it suggested may be down to a greater emphasis placed "on things like local amenities and access to outdoor spaces".

Changing demand from tenants

The pandemic may have caused some to move away from city centre life, but that has shifted – rather than removed



"This shift in our working behaviour is having an impact on the desirability of properties in some areas"

– the importance of transport links for property investors.

Andrew Simmonds, director at Somerset-based Parker's Estate Agents, says his area has seen a shift in purchases, not only from out of Bristol but from further afield too, with the area's

"fantastic" transport links a key selling point.

"As a result we have seen exponential price increases in the area. The pandemic started the realisation that working remotely is viable for many and that has made many families reassess their living arrangements, especially if they can move close to relatives rather than spending all their time in the City.

"Investors are benefitting in this area too; with rental demand increasing and properties that are close to the mainline stations seeing the true benefit of the demand."

This is reinforced by rental data from Rightmove, published at the end of last year. The property portal broke down the demand levels from tenants based on whether the property was situated in an urban, suburban or rural area.

The good news for landlords is that

demand was up from prospective tenants across the board. However, the increases were far more substantial for properties located further away from cities.

According to Rightmove's analysis, demand from renters for properties in urban areas increased by 82% between February 2020 and August 2021. This was in contrast to a 155% rise in demand for suburban homes and 224% jump for rural homes from tenants.

This difference becomes even more notable when you consider the drastic difference in supply. At the time of the study, rural properties accounted for just 3% of available rental stock, compared to 33% for suburban properties, while urban rental properties made up 64%.

The shift in demand also, understandably, had an impact on the rental incomes of landlords in these regions.

Rightmove found the average rental property in urban areas saw rents rise from £1,347 to £1,372 per calendar month over the period. At £25, this was substantially smaller than the increase seen in suburban areas (from £940 to £1,041) and rural areas (from £1,141 to £1,264).

The post-pandemic shift

However, it's important for investors to bear in mind that this is not a trend seen uniformly across all large cities in the UK. The Nationwide study found that the premium paid by homebuyers in Glasgow, for example, had actually increased from 3.5% before the pandemic to 7.2% last year.

Jeremy Leaf, owner of Jeremy Leaf & Co estate agents and a former chairman of the Royal Institution of Chartered Surveyors, notes that the pandemic caused tenants to re-evaluate their list of priorities; the convenience offered by properties with excellent transport links was no longer such a significant driver when selecting a property to let.

"It did change at the beginning of the pandemic, when people were working from home more and had no real idea of how long that would go on. The ability to work from home, as well as access to outside space, became more important. But as lockdown restrictions have eased, that's become less important to tenants," he says.

While those with new work patterns are perhaps not so focused on finding properties in central areas, the need to head into a central town or city for at least a few days a week means that transport links still remain an important consideration for many.

In other words, transport links remain critical for many potential tenants, even if their commuting patterns – and indeed commuting journeys – have changed substantially since the pandemic.

Leaving it too late

A big question for property investors will be how quickly do they need to move in order to take advantage of

proposed transport improvements and infrastructure.

For example, Hamptons suggests that the Elizabeth Line has been "fully priced in for at least the last five years", with anyone looking to purchase a property across the route having paid a price that reflects the faster times the Elizabeth Line would deliver, even though it has only just opened.

However, there is a balancing act for investors to find. It's not uncommon for these infrastructure projects to be delayed, meaning it may take some time before you begin to reap the rewards of your purchase. The Elizabeth Line, for example, was due to open back in 2018.

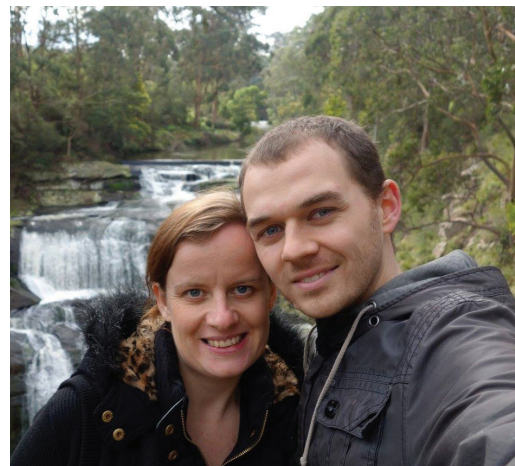
As Paul notes: "The best advice in order to capitalise from new transport options would be to get in early, although it may be wise to wait until work has begun; the long awaited 'Surrey Canal Road/New Bermondsey station' has finally been canned after 10 years of waiting and many investors bought rental properties around here in anticipation of rises that are yet to materialise."

HS2 has seen its own example of this, with Grant Shapps, the Transport Secretary, announcing last year that the eastern leg of the line – which would have run to Leeds – was to be scrapped. Investors who had moved to invest in areas around that leg may find that they will not see the sort of returns they had anticipated.

Andrew agrees that timing is crucial, and that delaying too long could mean properties become less attractive.

"There are always opportunities for acquiring property in close proximity to the transport links but as with everything, as time goes on the values continue to grow."

As a result, while proposed transport improvements are a good indication that an area may be set to see increased demand from buyers and tenants alike, it may not be until the link is up and running that property investors will really get an idea of what profits may be on offer.



Above: Kelly and Richard
Right and below: their Weybridge flips



INVESTOR FACT FILE

Name: Kelly and Richard Ingle

Age: Kelly 36, Richard 35

Lives: Hampshire

Invests in: Surrey and Hampshire

Occupation: full time property investors

Years investing: Richard six years, Kelly two

Strategy: flipping to generate capital and creating properties to be proud of

Portfolio value: £2.18m

Goal: to be able to live comfortably and create their own dream home

INVESTOR STORY

Local knowledge

After viewing three flats in the same building in Weybridge, Surrey, last year, Kelly and Richard Ingle decided to take the plunge and buy two of them to renovate and flip for a profit.

The potential to add value was clear. "Both flats had slightly different layouts, but they were similar in that there was lots of dead space, so we knew we could change things around," says Kelly.

"They both had two bedrooms and a separate kitchen. They were ex-rentals and very beige. They were reasonably clean and weren't in a terrible state in that sense, but they were just very tired.

"From the original floor plans, we could see the potential to add value by creating another bedroom and a separate workspace."

Confident they could turn a blank canvas into something more aesthetically pleasing, Kelly and Richard agreed a purchase price of £419,000 for flat 9 and £418,500 for flat 14. They took out development finance to fund both at a rate of 0.69% per month.

Having invested in Surrey before, they had local knowledge of the area and the project's location was only a 40-minute drive from their home in Hampshire.

"The previous property we did was in Cobham, which is not too far away from Weybridge," says Kelly.

"Weybridge has good commuter links to London and there's lots of regeneration going on, so it's definitely an attractive investment area."

Double delight or double trouble?



Two minds are better than one for property investors Kelly and Richard Ingle, but would taking on two renovation projects in the same building prove an equally winning combination? **Andrew James** finds out

Maximising the space

They picked up the keys to flat 9 in October 2021, a month before flat 14, and got to work on altering the layout to maximise space.

“The kitchen was in its own room, so we took a wall out and moved it along into the lounge to become open plan,” says Richard. “The space in the lounge area was massive so we put up a stud wall, which we needed permission for, to make a third bedroom.”

The husband-and-wife team, who set up their own property investment company a year ago, had a third person helping them out on the project – their builder Richard Simmons.

“We were heavily involved in driving through the purchase, the designing and planning, and behind-the-scenes stuff, but once the project got going, we handed over to Richard to run it,” explains Kelly.

They used some clever design tricks to help transform the master bedroom. Space was taken from the room to create a larger en suite, with the end door of a hidden wardrobe opening to the bathroom. Two storage cupboards were also built in the sizable hallway.

Everything was going to plan, then they hit a snag. “The wall we took out was a supporting wall, which we weren’t expecting, and we had to get the structural engineer back out and had to rejig the plans slightly,” says Richard.

The issue delayed the project by a month. “It happened right before Christmas so everything was put on hold as people were off over the festive period. It was fully resolved and signed off, but it just took time.”

Being neighbourly

With 20 other flats in the building, Kelly and Richard had to be considerate of the other residents.

“We had to liaise with the man in the flat below as we were potentially going to have to go in and strengthen his flat,” Richard says.

“In the end we didn’t have to, but it was a challenge working things out and it took a long time to get to a satisfactory conclusion.

“The project caused a lot of noise in the other flats too, so we made sure we went round and spoke to everyone to tell them what was happening. There was a guy from the residents’ association in one of the flats, so we made sure we had good communication with him.

“With the building work going on for six months, we made sure we regularly spoke to the people living in the flats so they knew what was going on and how long it would take.”

Counting the costs

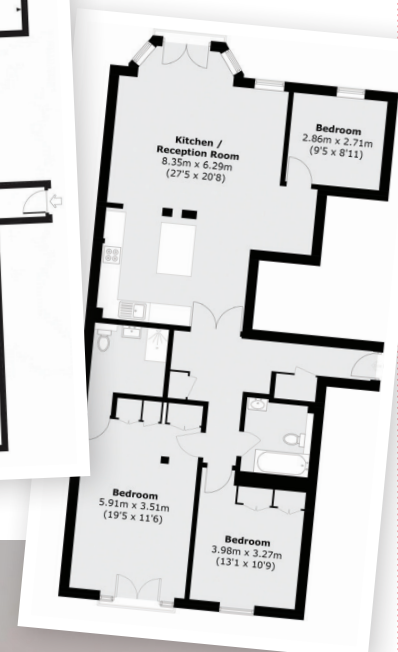
Buying two flats in the same block meant there were cost savings to be taken advantage of. “Right from the beginning we knew doing two projects in the same building would save us money. We factored that in and bought double of everything,” says Kelly.



Top and right: the finished decor
Left and below: how the flats looked before



Below left: flat 9's original floorplan
Below right: flat 9's revised layout



“With things like skirting and heating, we got them to fit them at the same time to get a discount on the overall cost.”

The renovation of the first flat took six months, which was longer than planned due to the structural issue. The unexpected cost of resolving it caused them to go around £10,000 over budget.

Thankfully, the renovation of flat 14 went much more smoothly. Rather than knocking down any walls, they moved the kitchen into the lounge and used the space to create a third bedroom.

Creating a separate place to work in both flats was “especially important”, says Kelly. “There are so many people who still work from home at least part of the week and require an area without interruptions from lounges and bedrooms lounges and bedrooms. We wanted to show potential buyers there was space to do it in our flats and we put in things like Cat 5 cabling as well.”

RUNNING THE NUMBERS

This is how Kelly and Richard’s two flats in Weybridge stack up financially:

Purchase price: flat 9 £419,000, flat 14 £418,500

Deposit: flat 9 £104,750, flat 14 £104,625

Purchase costs: flat 9 £22,005, flat 14 £28,362

Finance method: development finance over eight months at 0.69% a month

Amount borrowed: flat 9 £374,250, flat 14 £373,875

Renovation costs: flat 9 £84,683, flat 14 £84,505

Project duration: six months

Sold price: flat 9 £650,000, flat 14 OIEO £625,000

Profit: flat 9 £69,965, flat 14 £41,329 EST

Lessons learned

Kelly and Richard sold flat 9 for £650,000 in July, netting them a profit of £69,965, and were in the process of selling flat 14 for OIEO £625,000 at the time of writing.

So, was it all worth it, and would they be tempted to do something similar again?

“It ran relatively smoothly, even with the complications, but trying to keep everything flowing wasn’t quite as easy as we were hoping,” says Kelly.

“We probably wouldn’t do two flats in the same building again. We have learned we prefer to have separate locations.”

Richard adds: “You’re also putting all your eggs in one basket, so that’s something we’ll definitely consider in the future.”

While the couple favour flip projects to generate capital, they are open to changing their strategy in time.

“At the moment, the model just works for us, but we wouldn’t rule out rentals in the future,” says Kelly.

“We’ve got our own home renovation beginning next year, which we’ve just received planning permission for, so for now we’re focussing on flip projects to finance that.”

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



Is rental reform reaching a TIPPING POINT?

While the government's proposed rental reforms have been hailed by some as restoring the balance, others worry that favouring tenants too much could have far-reaching ramifications. **Jessica Bird** investigates

The government released its Fairer Private Rented Sector white paper in June outlining a 12-point plan for "robust and comprehensive changes to create a private rented sector (PRS) that meets the needs of the diverse tenants and landlords who live and work within it."

Rental reform has long been on the cards, and confirmation of the government's direction of travel has

been welcomed. In its published response, Generation Rent refers to this as "a serious set of proposals that will help to raise standards in private rented homes and restore some balance to the relationship between tenants and landlords."

However, with many landlords already feeling buffeted by changes over recent years, is this just throwing another set of complications into the mix?

Decent homes for all

According to the paper, 21% of homes in the PRS are deemed 'non-decent', which the government aims to address by bringing in a Decent Homes Standard (DHS) – like that seen in the social housing sector.

John Ahmed, chief executive of conveyancing business Movin' Legal, and a private landlord himself,

welcomes this push to improve the market. "Everybody should have access to a reasonable standard of property," he says.

Nevertheless, this brings with it added work for those whose properties don't fit the bill, perhaps leading some to cut their losses. Suzanne Smith, a business lawyer turned portfolio landlord operating in Maidstone, says this isn't necessarily a bad thing.

"Being a good landlord is good business," she explains. "It's a virtuous circle – you have good tenants, they look after the property, and you get a good rent. If people aren't prepared to upgrade their properties, maybe they shouldn't be landlords."

Yet introducing a private sector DHS is no simple task, warns James Wood, policy manager at the National Residential Landlords

Association (NRLA). "The DHS was drafted with social housing stock in mind – typically uniform property, constructed around the same period, following much the same rules.

"A landlord who owns a terraced house where they replace parts of the kitchen or bathroom as they go would still be decent and free of hazards under normal understanding, but they might not be able to evidence that, which is the problem.

"We propose simplifying the DHS, to create a more easily understood version."

In addition to raising the standard of homes, the government has committed to ensuring that anyone can live in them, making it illegal to have a blanket ban on renting to either families with children or those receiving state benefits, as well as giving tenants the right to request a



"If people aren't prepared to upgrade their properties, maybe they shouldn't be landlords"

pet, albeit with the landlord's right to request they get the corresponding insurance.

While these points largely reaffirm and clarify policies that have been in place for some time, they still raise the question that the damage done by a pet or child can be more than is covered by a five-week deposit, and insurance – without the benefit of a no claims bonus – could just be taken as a licence to take less care.

Jeremy Leaf, estate agent and former residential chairman of the Royal Institution of Chartered Surveyors (RICS), says landlords are likely to raise rents in order to compensate for the higher risk of damage.

Shutterstock

Taking control of tenancies

Under the proposed changes, all tenancies previously subject to an Assured Tenancy or Assured Shorthold Tenancy (AST) will be migrated onto a single system of periodic tenancies.

One area this shift might negatively impact is student accommodation. "This market has to have fixed periods, where the landlord takes the property back at a specific point in time so that they can let it out the next academic year. The government has recognised this difference for purpose-built student accommodation [PBSA], but not for on-street housing," says James.

"Say the tenant serves notice in April, because they've just got their exams left. The landlord can either let it out again – but they can't let it to a student, which takes it out of the student market – or they can leave it empty and incur a void period from April to September, which is a long time.

"A lot of student landlords don't see a way in which their business model can cope, and the end result is likely to be students not being able to find homes to live in."

That said, tenants in Scotland have had the ability to leave with 28 days' notice since 2017. "The initial reaction from landlords is that it's going to lead to high tenant turnover, but that's not really been the case here," says Craig Gardiner, director of Glasgow-based property management firm Gardiner Waters.

"There have been people who have taken advantage of the situation, but most tenancies still run for the long term," he adds.

He does report that landlords in Scotland have become more stringent when vetting tenants as a result, in an attempt to secure long-term prospect. He suggests a fair compromise would be to implement a six-month minimum rental period, to provide some guarantee of stability to landlords and help reduce costs around inventory services and void periods.

Possession and the court system

The government has set the wheels in motion to deliver on its manifesto promise of abolishing Section 21 evictions.

For those landlords experiencing rent arrears or antisocial behaviour, the legal system is less than ideal, and Section 21 has long been a helpful alternative. While the white paper mentions reforming grounds for possession to be more effective for landlords, the specifics are still unclear.

Jeremy says landlords need better clarity. "I'm very happy to see tenants have a lot more security of tenure, feel more secure in their properties, and not have to worry about sharply rising rents, but I'm also very conscious of the fact that our clients may not feel they have a reasonable prospect of getting possession of their properties in the event they have a bad tenant, which is just the same as if you have a bad landlord. It doesn't inspire me with confidence."

There is little doubt that the court system faces considerable blockages and delays. Simplifying the rules around possession, introducing a dedicated Ombudsman, increasing the focus on mediation and alternative dispute resolution, working on the prioritisation of certain cases, reviewing bailiff capacity, and empowering local councils are all moves suggested in the white paper. However, there's a sense that none of this is a clear cure.

"There's not enough money and the judicial system is under an awful lot of pressure at the moment," says Suzanne. "It's great to be raising standards and bringing in new legislation – that I'm totally in favour of – but the problem is that you need to be able to make sure it's enforced efficiently, effectively, and fairly, and at the moment it's not.



"Hopefully, the Local Authorities being given more resources to enforce the various rules will help, but the whole system needs to be a level playing field. I think that these rental reforms are trying to do that, but the infrastructure behind it is just as important as the rules themselves."

James adds that timing is everything, and with all the proposed changes taking place, the result might be more chaos, not less.

"We've called for improvements to the courts for a long time," he says. "Our concern, though, is that it has to come before all the other introductions. Almost all Section 21 cases are brought because the landlord has identified an issue, so it'll just switch these over to Section 8, and the courts will be more strained."

Although he welcomes the plan to give stronger powers to Local Authorities in principle, he says enforcement will be a "postcode lottery".

"Depending on which Local Authority you live in, you may see quite a bit of enforcement, or you may see no enforcement at all, largely based on how constrained the funding is.

"What we'd like to see is Local

Authorities reporting on their enforcement activities, including the work they're doing around antisocial behaviour. There isn't enough in the proposals in regard to how you tackle antisocial behaviour, and certainly not enough support for landlords to deal with antisocial tenants."

John disagrees that giving Local Authorities more power is the answer. "They might utilise these powers to apply revenue raising schemes. I have no issue with stopping landlords from putting people into poor quality properties, but those powers don't always get used in the right manner," he says.

Opening a portal

By introducing a digital property portal, the government hopes to create a central database where landlords can make use of educational resources and tenants can access information on the property and the landlord. Some have welcomed the move, in particular lauding the opportunity to clearly mark out those landlords making an investment in compliance and high standards.

A portal will also provide better quality data to help local councils



"A lot of student landlords don't see a way in which their business model can cope"

crack down on rogue landlords. However, John warns that it might have the opposite effect, by lending authenticity to those who have not earned it.

He explains: "Just creating a portal where you upload all the documentation and then put your house on the board allows a tenant to make sure that the EPC is good and the property has an up-to-date tenancy agreement, but this only works if the authorities cross-reference it all, and I don't believe they've got the time.

"Every time you introduce more technology, you also introduce more complications and another possible avenue for fraud."

A further concern centres around GDPR and the use of landlords' information, which will have to be handled very carefully. Some feel this portal is simply a backdoor into creating a landlord registry, which has complex implications.

Final impressions

In all, while the intentions of the policy paper have been welcomed, reactions are mixed. The prevailing concern is that increased regulation, if implemented incorrectly or with too heavy a focus on freedoms for tenants at the expense of landlords, will be yet another factor pushing people out of the market.

"Landlords are consistently reporting increased demand, but at the same time, we're consistently seeing more landlords planning to sell," says James.

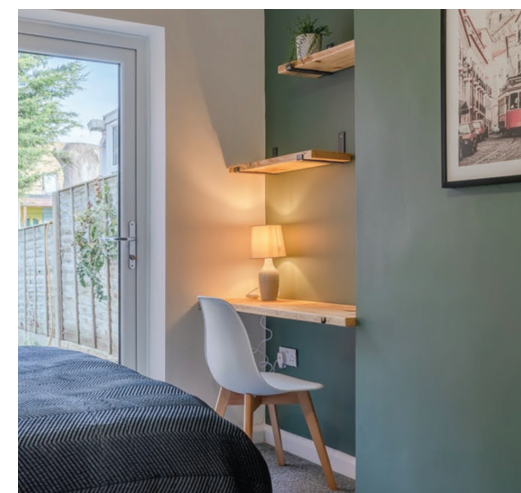
"I think the government has to be wary that if these reforms don't incentivise landlords to stay, then they really risk exacerbating the supply crisis."

John adds that landlords shouldn't be punished because of an unscrupulous minority. "There will always be a small unscrupulous element in any business, but the majority of landlords are running a proper professional business, catering for people who have a need.

"To simply take away a landlord's rights because of an unscrupulous few will only damage the majority. So, we need to be very careful. It's got to be fair, simple and clean – that will stimulate a better rental market."

However, as Suzanne concludes, nothing is set in stone yet. "This is just a white paper, so who knows what's going to happen when it becomes an act of Parliament."

Howard's first HMO
in Gloucester



Studying Abroad

Despite living overseas in Europe, Howard Giblin wanted a piece of the HMO market in the UK. He tells **Mark Rocks** how he made this a reality and the work it took to achieve it



INVESTOR FACT FILE

Name: Howard Giblin

Age: 37

Lives: Amsterdam

Invests in: Bristol and Gloucestershire

Occupation: project manager in the construction industry

Years investing: seven

Strategy: BTLs and HMOs

Portfolio value: £2.2m

Goal: to have more choice over how he lives his life

There are some people who won't even buy an outfit online if it means they can't try it on in person. So, it's no surprise that when Howard Giblin tells people he's invested in student houses in multiple occupation (HMOs) in England from overseas in Europe, people are both impressed and a little confused.

While the process may have been more stressful than a simple online shop, it was worth it for the experience – and the rental return.

Strategic switch

Working on the construction of multi-million-pound developments across Europe, Howard knew he had the knowledge necessary to make property investing work for him. But by late 2020, he wasn't seeing the desired results from his buy to let (BTL) portfolio.

"I realised that I wasn't where I wanted to be as far as my investments were concerned, so I took some time to figure out my next steps."

He eventually decided to switch to HMOs, a strategy he chose "for cash flow reasons". Making the switch was a straightforward decision, but deciding where he wanted to purchase his first HMO would take quite a bit more time. Not least because he knew he'd be investing in the UK while he lived in Amsterdam.

"I've been living in Amsterdam since about 2018, but before then I'd lived all over, like Denmark, Finland, even India."

As an expat, Howard knew he'd need to do extra due diligence if he wanted to be confident in this next leg of his property investment journey. And the degree of due diligence he undertook would impress even the most experienced investor.

Seeking validation

"I started off by looking at my long-term goals, for both investing and in general. I knew that despite living abroad, I one day hoped to move back to the UK and would be looking to live in Bristol, where I'm originally from."

"So I knew that wherever I ended up investing would need to be relatively close to Bristol. I created a radius map for 60 minutes outside of the city centre as a jumping off point."

As his plan was to invest in HMOs, Howard researched which areas had inward investment plans as well as areas close to universities.

Then came the next stage of his due diligence, which Howard labels the ‘validation stage’.

“I got on the phone and spoke with university representatives to get their insight on whether the areas I was looking at would be attractive to students. I also rang some estate agents to get their opinions on where I was considering.”

Finally, he did some desktop research to see what kinds of rents other HMOs in the area were charging to check if this aligned with his long-term goals.

Once he’d finished, Howard took all the intel he’d gathered and zeroed in on Gloucester. It served more than one local university and he felt it was somewhere he could potentially scale up his HMO strategy if the first one was a success.

Reining in the risk

After finding the three-bedroom property he wanted to invest in, Howard put in an offer. But this turned out to be more challenging than he’d anticipated because of his status as an expat investor.

“I put in my offer, and I knew that it was a good offer, but I could feel some hesitancy from the estate agent I was working with. It felt like they were dragging their feet, and I wasn’t sure why,” he says.

Rather than letting the process drag on, Howard got straight on the phone to find out what the problem was.

“Once I asked the estate agent if there was a problem, they told me they were a bit cautious about selling the property to someone who’d never actually seen it in person.

“It was frustrating, but something that I could understand. If someone’s not seen the property, there is an increased likelihood of them pulling out at a late stage.”

He understood that just as he had minimised his risk by undertaking lots of due diligence, the agent was trying to minimise their risk by waiting to sell to someone who had seen the property for themselves.

Luckily, after speaking with them directly, Howard’s offer was accepted in early 2021.

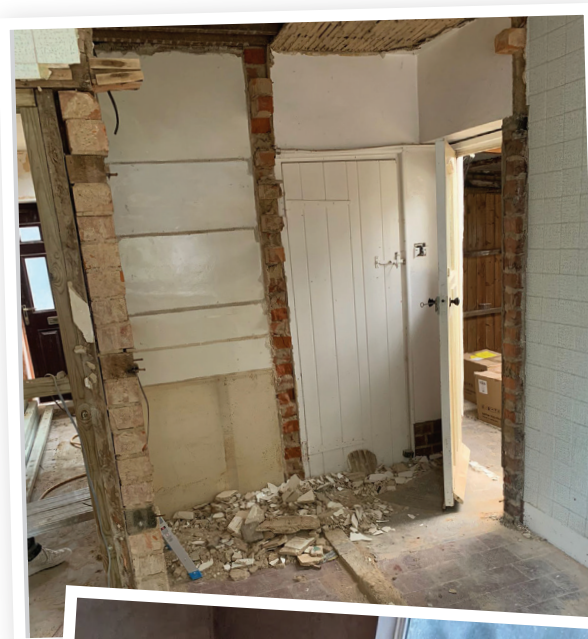
Investing from afar

“A lot of remote investing is all down to minimising your own risk, as naturally it can be easier to miss something when you can’t see the property yourself,” says Howard.

Howard knew a vital element to the success of the deal was building a team of contractors that he could rely on to get the job done, given that he wasn’t there himself to stay on top of the project.

And in a surprising move, the fact that lockdown restrictions were still in place ended up helping him somewhat.

“Thanks to lockdowns and endless restrictions, the majority of property meet-ups that would usually take place in person ended up being virtual.



The property during the renovation

“These meet-ups were invaluable, as I could speak to other investors in the area to get their boots-on-the-ground knowledge about Gloucester that I may otherwise have missed out on.”

He also found most of his contractors in these meetings. “Unsurprisingly a lot of investors keep their own teams of contractors close to their chest, but I was surprised to see that plenty of builders and the likes had actually joined these meetups themselves.”

Howard made use of social media to do his due diligence on his contractors. “Anyone can post a nice, finished project on social media. It was the contractors who posted their journeys that I was attracted to, as I could see their projects coming to fruition in real time.”



Finished product

After getting the keys in July 2021, work began to transform the property from a three-bed family home into a five-bed HMO.

By this stage, travel restrictions had eased enough for Howard to be able to fly back to England, get the keys and see the property for himself for the first time.

“It was quite an emotional moment when I finally got to walk inside the property. Not just because of all the work that had gone into it, but because this was when I would finally see if it would look the way I’d expected it to look after all the video calls and pictures I’d been sent.”

With his experience managing huge construction projects, Howard had an idea of when he’d be needed to actually visit the property.

“If you’ll only be able to make it to view the property a few times, then I’d suggest getting there right at the beginning during the strip out so you can spot any potential risks. Then I think it’s vital that you’re there for the snagging stage, just because what you deem important to the finished product may not always be what others deem important.

“That’s a particular important aspect of remote investing, and a reminder that when investing from afar, nobody is ever going to be as invested (literally and figuratively) in the successful completion of the property as you are.”

HMOwards and upwards

The property was let out in October 2021, but Howard’s work wasn’t finished just yet.

“We actually ended up letting out three of the rooms using CGI images before the works were finished. I was stressed about finishing the property before they moved in, but also felt reassured that I had a good product on my hands if it was already renting at that stage.”

Letting the property out in October also meant he missed

RUNNING THE NUMBERS

This is how Howard's five-bed HMO in Gloucester stacks up financially:

Purchase price: £292,000

Deposit: £73,000

Purchase costs: £16,592

Finance method: bridging loan (10.2%)

Amount borrowed: £219,000

Refurbishment costs: £67,500

Project duration: 3.5 months

Done up value: £385,000

Total personal investment: £96,250

Monthly revenue: £2,700

Monthly expenses: £1,374

Monthly net profit: £1,326

out on the start of the traditional student letting period. This delay was due to a prolonged conveyancing process, as well as some issues with the stamp duty holiday.

“Because of the delay, I had to let the rooms out to young professionals. I’d estimated getting £510 per room each month, but we ended up getting £525.

“When we moved into the current student cycle, we were able to ask for £540 per room, but judging by similar properties in the area I think we’ll be able to get more when the next crop of students come in towards the end of the year.”

In the meantime, Howard will be working on two new HMOs. “I’ve got the builders in for my second property and I’m hoping my third one will complete later this year.”

As for what he’s learned, Howard says that the importance of due diligence can’t be underestimated: “It’s worth repeating that you need to minimise risk as much as possible by putting in the groundwork. Finding the right property and getting the right team together will save you lots of headaches further down the line.”

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



Will Build to Rent kill off landlords?

What challenges does Build to Rent pose to individual landlords, and what can you do to boost your chances of remaining competitive?

Savills has claimed there will be 1.75 million homes provided by the Build to Rent (BTR) sector in ten years' time. This is a staggeringly large number: the entire private rented sector currently contains 4.4 million homes, so it would equate to BTR providing an extra third to the existing stock.

According to Capital Economics, the private rented sector needs to increase by 227,000 homes per year to keep up with demand. If that's true, then 1.75 million BTR homes would mop up 80% of that demand – leaving little room for individuals like you and I to compete.

City centre phenomenon

For all the big talk, BTR isn't currently a significant player in the UK rental market. At the end of 2021 there were just 53,750 BTR properties that had been fully built.

Research from Ascend Properties found the sector now accounts for 1% of all private rented properties in the UK – which is tiny, but the figure has more than doubled since 2017.

The amount of money invested in the sector continues to increase every year, and many of the companies who've previously announced ambitious growth plans have now

started to execute on them. John Lewis has announced the locations of its first three sites, Lloyds Bank has purchased two separate blocks of over 100 flats each, and Aviva has agreed a deal to buy nearly 200 homes.

So far, BTR has been a high-end city centre phenomenon: on average it's 15% more expensive than renting from a private landlord, and it caters almost exclusively to young professionals without children.

If it continues to restrict itself to that market, then the only impact for individual landlords is that competition at the top end of the market in city centres will be tougher than it was.

If you want to attract tenants who'll pay premium rents, you need a premium product – because that's what BTR is providing. In Manchester, for example, several impressive BTR developments have really raised the standard, yet the best private blocks continue to perform extremely well.

And of course, within cities there's still plenty of room in everything other than the top 10% of the market – because BTR has barely touched this at all.

Exploring your options

Even if Savills is off the mark with its prediction of 1.75m more BTR units, it can't be that wrong. And if BTR is going to expand to anything like that scale, it will need to branch out beyond its high-end city centre origins.

We're already seeing this with an expansion from city centre flats to suburban houses: a Savills report from 2021 identified that the pipeline for suburban single-family BTR has grown by 38% over the past year, and Goldman Sachs recently completed a deal to acquire 900 suburban homes in the North West.

This brings it into competition with a greater number of individual landlords – possibly you. So what can you do?

One option is to stay away from the competition altogether. Geographically, you can do this by targeting locations that BTR is unlikely to enter for a long time (it's easy to find pipeline reports to see what's planned). But with the highly paid professionals in charge of these companies' investment policies targeting the most attractive areas – keeping your distance means you're cutting yourself off from opportunity.

You could avoid going head-to-head by sticking to the low end of the market, especially the part that serves tenants on benefits. Even as BTR expands from the premium to the mid-market, it's unlikely ever to touch the bottom third of the market. But there's a reason for this: it can be operationally tough to make it work, and it'll be tough for you too (you're also least likely to achieve capital growth from this type of property).

Embracing the competition

There's an alternative to running scared from this well-funded and professional new competitor: embrace it. A professionalisation of the sector is good news for everyone except those who aren't willing to professionalise: it will improve our image, make renting a desirable long-term choice for the type of tenant you'd want, and make governments less likely to enact yet more onerous legislation.

Speaking of legislation, funnily enough the much-hated proposed reforms to the private rented sector – including flexible tenancies and the requirement to consider pets – will actually help individual landlords to compete. These are features that tenants value in BTR accommodation and struggle to find elsewhere – so the new tenancy laws will force us to provide a product that tenants have shown they want.

Another way to compete is to think about your rental brand. You won't have a huge marketing budget like the professionals do, but you can apply some of their ideas on a smaller scale. Can you add any features (whether physical or in terms of service) to differentiate yourself? Can you target a particular sub-market (like retirees, or people who work from home) rather than just chucking up a Rightmove listing like everyone else? Can you ask your existing tenants for reviews and referrals?



Go Pro

Even if BTR does mop up 80% of new demand, remember what I said earlier: professionalisation is great news for all except those who aren't willing to professionalise, and many long-time landlords won't be. If the going gets tough, they'll get going – leaving plenty of opportunity for you.

Personally, I don't think we'll get anywhere close to that figure – but I can see it going from 1% of the rental market to 10% over the next decade, and broadening out so it touches far more locations and tenant types than it does now. That makes BTR something to be aware of and something to learn from, but not something to fear.



The Property Podcast every Tuesday and Thursday via your favourite podcast app or via our website: propertyhub.net/podcast



How to... know which property report to trust

House price reports can paint very different pictures of the same market. **Neil Cumins** considers how the main reports differ, and whether they're sufficiently accurate

If there's one thing newspaper editors love, it's a story about house prices. These stories tend to be based on the latest property price report or rental market survey, with a bit of expert commentary for added gravitas. And there are plenty of surveys (and commentators) to go round.

Take the central London property market, which we've analysed elsewhere in this issue. Dedicated reports include London Central Portfolio's PCL market review and JLL's PCL sales index. Regular indices are issued by estate agents (Foxtons, Savills), property portals (Rightmove, Zoopla) and lenders (Nationwide, Halifax). The central London market is singled out in national reports from the UK Government, industry bodies like the RICS, rental organisations focusing on yields and monthly rents... the list goes on.

With so many organisations each relying on their own data sources, it's inevitable that the different indices don't always agree. To determine how trustworthy their data is, we've compared the UK's main property reports – how they're compiled, what resources they draw on, and how their most recent figures compare.

Running the numbers

Every organisation publishing house price reports bases its findings on real data, but the way that data is interpreted causes divergence in the headline figures. This is exacerbated as some of the 'latest' reports are based on older figures than others. There's also some convoluted mathematics on display in certain quarters – Halifax's methodology involves the equation $\ln(P_i) = B_0 + B_1X_{i1} + B_2X_{i2} + \dots + B_jX_{ik} + e_i$. This is clearly more than just a report on last month's selling prices.

To determine which indices are painting the clearest and most accurate picture of current developments, let's consider how each is calculated.

NATIONWIDE

Reports: published around the last weekday of each month, plus quarterly indices

Sectors: sales

Best for: historic comparisons

Nationwide's price data extends back 70 years, but calculations are mix-adjusted in an attempt to avoid short-term market distortions. A value is attached to key property characteristics like en-suites and garages, across 13 UK regions and also nationally. Its data separates out new and resale homes, covering detached, semi-detached, terraced and flatted dwellings – but not bungalows.

Rather than reporting raw data, Nationwide employ advanced concepts like hedonic regression. Its methodology boils down to seasonally-adjusted calculations of the value of 'typical' houses based on mortgage lending – not selling prices. It doesn't include BTL properties, discounted sales or cash purchases. Because they're calculated through a formula, headline figures are only illustrative.

ZOOPLA

Reports: published monthly (sales) and quarterly (rental) under the Hometrack banner

Sectors: sales and rental

Best for: studying micro-markets

Zoopla also publishes a monthly HPI and a quarterly rental market report. It claims its Hometrack house price index is based on selling prices, mortgage valuations and agreed sales data, using "more input data than any other" survey. It covers the same 12 UK regions as other reports, but also goes into detail about specific cities, including the most affordable areas to buy, and the most in-demand regions.

Zoopla's data is gathered from existing sources – Land Registry and Registers of Scotland selling data, live sale and rental adverts on Zoopla's own portal, surveyor records and EPCs. Like Rightmove, it doesn't cover Northern Ireland, with NISRA's dedicated HPI only published once a quarter. Zoopla is oblique about its methodology; when we asked for more details, it didn't respond.

UK GOVERNMENT

Reports: published on the second or third Wednesday of every month (Northern Ireland quarterly)

Sectors: sales and rental

Best for: granular market data

The UK Government's HPI covers all four home nations, making this a more authoritative source of data than the others listed here.

Published by HM Land Registry two months in arrears (so it's a bit behind the times), it uses geometric mean and a hugely complicated hedonistic regression equation to estimate – rather than just report – selling price data.

The UK Government indices draw data from Land Registry and RoS, the CML, HMRC, council tax data and EPCs from all four

home nations; even ACORN classifications are used. You'll have to wait a couple of months while results are calculated, but this remains the ultimate resource for comparing price changes by house style, cash/mortgage/FTB funding, new-build properties and much more.

ONS INDEX OF PRIVATE HOUSING RENTAL PRICES (IPHRP)

Reports: published on the third Wednesday of each month

Sectors: rental

Best for: landlords

Who better to trust for accurate information on house prices than the Office for National Statistics? Well, if you want selling prices specifically, just about anyone. This is a rental survey only – an “experimental price index” that also includes owner-occupier housing costs. It details private rental prices across the UK, with particular focus on English regions; London is treated as a separate entity.

Like the UK Government analysis outlined above, the ONS aggregates third-party estimates of changes in rental prices, feeding this into its own analysis. Its IPHRP is packed with downloadable graphs and charts, including comparisons of average rental prices for new lets on Zoopla, Rightmove and Homelet. It draws on 520,000 private rental prices each year, throughout the UK.

RICS

Reports: published under embargo on the second Wednesday of each month

Sectors: sales and rental

Best for: gauging consumer sentiment

The Royal Institute of Chartered Surveyors publishes a monthly analysis of market sentiment among RICS members across England and Wales. It asks members eighteen questions with more/less/same responses, calculating a net balance for 10 English and Welsh regions. For instance, a positive net balance of new vendor instructions in the last month shows that market activity has increased.

The RICS survey is calculated from around 250 responses across a few hundred branches. The Institute themselves describe it as “a means for debate and discussion,” rather than a source of fact, though it's a canary in the coalmine for buyer and seller sentiment. Eight of the eighteen questions are predictive – e.g. “How do you expect rents to change over the next three months? (down/same/up).”

HALIFAX

Reports: usually published on the 7th of each month

Sectors: sales

Best for: bungalows and resale property data

While Nationwide lays claim to the UK's biggest historic collection of price data, arch-rivals Halifax describes its HPI as “the UK's longest running monthly house price series.” Founded in 1983, it also uses standardised house prices with seasonal adjustments. Halifax's 4,000-word methodology document talks of multivariate regression equations and semi-logarithmic hedonic regression.

Halifax publishes five monthly indices, 65 quarterly ones and 52 annual ones covering all 12 UK regions. There are dedicated reports for all homes, all buyers, FTBs, resale properties and former owner occupiers. Again, figures are calculated using seasonally adjusted algorithmic analysis of dozens of variables such as postcode and age. Unlike Nationwide, bungalow data is included.

PROPERTY PRICE INDICES COMPARISON

This table was produced at the end of July, and we've listed the months in which the most recent reports were issued, so you can see how up-to-date they are:

Index	Date	Average price	MOM change	YOY change	Focus
Nationwide	June 2022	£271,613	0.3%	10.7%	Sales
Halifax	June 2022	£294,845	1.8%	13.0%	Sales
Rightmove	July 2022	£369,968	0.4%	9.3%	Sales/rental
Zoopla (hometrack)	May 2022	£251,550	0.1%	8.4%	Sales/rental
UK Government	May 2022	£283,496	1.2%	12.8%	Sales/rental

Who should you trust?

We're not trying to fudge a decision when we say that all the above indices have merit, but none is truly accurate. Rightmove data is the most up-to-date, and draws on a vast repository of data, but it focuses on selling prices rather than sold prices, and (like Zoopla) overlooks Northern Ireland. RICS data is subjective and based more on sentiment than statistics, yet it often provides the first indication of changing trends in market activity via metrics like unsold property levels and sale completion times.

Any of the above reports will be useful when weighing up

offers or setting rental prices, but don't expect them to give you the full picture. It's better to look at multiple indices, drawing inspiration without relying on them unquestioningly. There's no such thing as a definitive report, although the UK Government HPI comes closest thanks to its sheer wealth of data sources. It's a month or two behind the times, though, which matters in today's fast-moving market.

Wherever you're looking to invest, on-the-ground research remains vital, and local agents are always well-placed to offer advice.

RIGHTMOVE

Reports: usually published mid-month, plus quarterly rental reports

Sectors: sales and rental

Best for: the latest data

The darling of broadsheet property columnists, Rightmove publishes monthly HPI and quarterly rental

trends trackers. Northern Ireland is excluded from both due to insufficient data. Rightmove differs from Halifax and Nationwide in that it records factual asking price data, drawn from up to 200,000 listings each month (claimed to represent 95% of the market).

Rightmove data is based on asking prices, not mortgage

applications or sale prices. That means it's the most up-to-date, as it's not relying on transactions concluding. Historic comparisons are weakened by the fact the sales methodology was updated in 2018; the rental methodology was revised in 2020. Again, it records rental prices listed on Rightmove, rather than agreed rates.

Raising your game

There's a lot landlords can learn from the professionalisation Build to Rent has brought to the market, writes **Rob Bence**

The Build to Rent (BTR) sector is growing. Perhaps not at the rate Savills claims – as Rob D acknowledges on page 42 – but it's growing nevertheless.

Rather than seeing this as a threat, in my opinion, you should be using it as an opportunity to learn and draw lessons from BTR providers.

You might not be able to match what BTR schemes can offer financially, but you can be just as effective in attracting and retaining tenants by being creative in these four areas.

Service

The service tenants receive is key to the BTR offering. If it's an apartment, they'll usually have concierge on site to collect their post and make sure any property maintenance issues are handled quickly and effectively.

As a landlord you should want to provide a good service to your tenants anyway, but now it's more important than ever that you deliver, because people can go and get it elsewhere.

A lot of renters will feel more comfortable renting from a real person rather than a company, so use this to your advantage and get to know a bit about your tenants and what you can do to make their life easier.

Value

BTR providers add value in different ways. Some properties will have perks like broadband or Netflix included, while others have onsite facilities like gyms, swimming pools and communal areas.

They don't just do this out of the goodness of their own hearts – they know that by offering these 'value adds' they'll be able to attract a premium.

I'm not suggesting you build a gym for your tenants or dig

a swimming pool in the garden, but it is worth considering what you can offer to make your property stand out.

It might not cost as much as you think, and it could even end up saving you money by reducing void periods.

Quality

Just like accommodation in the student sector improved when institutions got involved, BTR will drive up standards in the private rental sector.

And while lazy landlords might not like that, I think it's a good thing.

A lot of BTR properties are still very new at the moment, but they are maintained to a high standard too. By keeping your property maintained to a high standard, you'll be able to attract the best rents and have less voids.

Flexibility

Flexibility for tenants was a big theme in the government's Fairer Private Rented Sector white paper published in June.

Many BTR providers already offer tenants more flexibility around pet ownership and tenancy length. Some developments don't just accept pets, they actively welcome them with dedicated pet-friendly areas.

Like them, you don't have to wait for laws to be passed before you act.

The market still needs private landlords. It's not an 'either/or' scenario or a question of who will win and who will lose, both will continue to exist, and both can thrive.

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What I've learned

Royal Navy Sailor Ollie Oakley became an accidental landlord in 2017, inheriting a dilapidated Edwardian house in Portsmouth which he converted into 11 modern apartments

Always set a contingency fund

At the start of our project, we had £150,000 to fully renovate. What we didn't have was a fund to re-build the property, which is frustratingly what we ended up needing to do, almost doubling our initial budget.

Your builder is your best friend

Get a builder you can trust. It's imperative if your project is to be as pain free as possible. After getting quotes from builders who thought they knew more about our project than we did, my father-in-law Steve offered to take on the mammoth task of converting our property. Steve passed on every single discount he could to help us stretch our budget.

Buy cheap, buy twice

There are three options: buy the cheapest, the most expensive or the mid-range. Always go for the mid-range.

You won't increase your profits with a marble worktop, but you will with a marble-effect worktop. We've already had to start replacing the ovens in our apartments because we bought the cheapest on offer. So far, we've had seals and heating elements fail. By the time you've waited for an engineer's visit and paid for labour and parts you may as well replace.

Think outside the box... literally

During the latter stages of our conversion, we decided to split two apartments into four. We found ourselves



Ollie at the Great Wall of China and his Portsmouth property



with two smaller studio apartments perfect for letting and two box rooms that were not suitable due to the size. So, what did we do with them? We turned them into serviced accommodation apartments and they are absolutely booming on Airbnb. Lesson learnt? Maximise the space you have.

Expand your network

If you're planning to start building a portfolio, then I have three words for you: network, network, network. I can't stress how important it is to have people you can call upon for help. You don't want to be relying on tradespeople who don't turn up, or those whose full day rate consists of 9am-1pm.



INVESTOR FACT FILE

Name: Ollie Oakley

Age: 30

Lives: Portsmouth

Invests in: Portsmouth

Occupation: Royal Navy Sailor

Strategy: buy, refurbish, refinance, rent (BRRR)

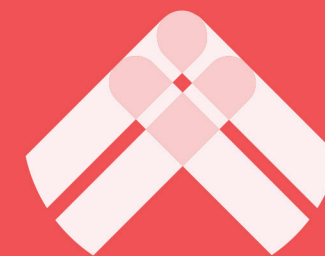
Years investing: five

Goal: to keep growing his portfolio until he's financially comfortable enough to leave employment

Celebrate your success

Why go through the blood, sweat and tears of building a property portfolio, if you don't take time to celebrate your hard work? Truth is, we all forget to do it, but it's something we've learnt to prioritise as we continue our journey of building and running a portfolio. Celebrating acts as a cut off for us, it enables us to reflect, reset and look ahead to whatever is next. We recently took a trip to Beijing and climbed the Great Wall of China. The views were incredible.

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.

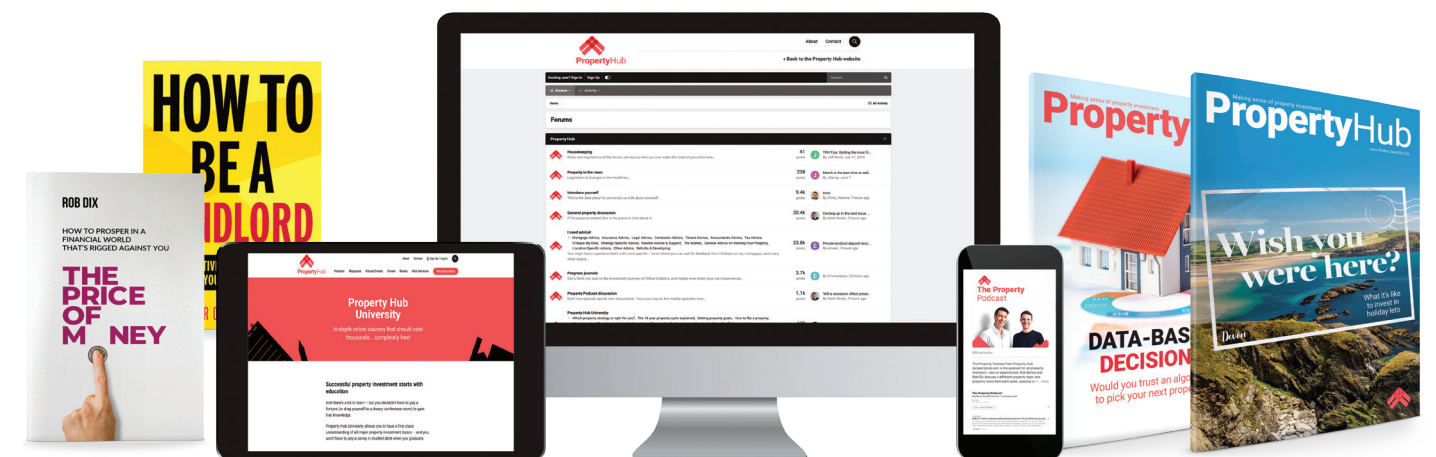


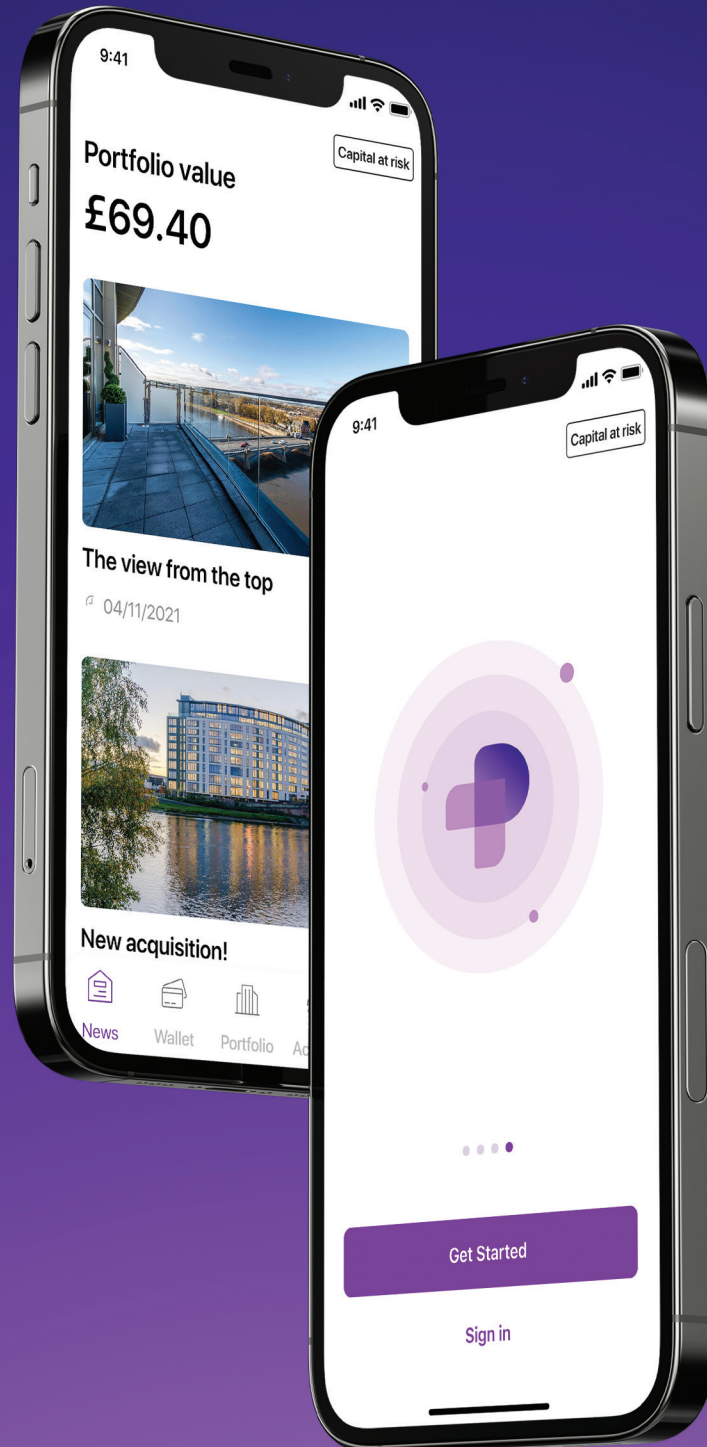
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