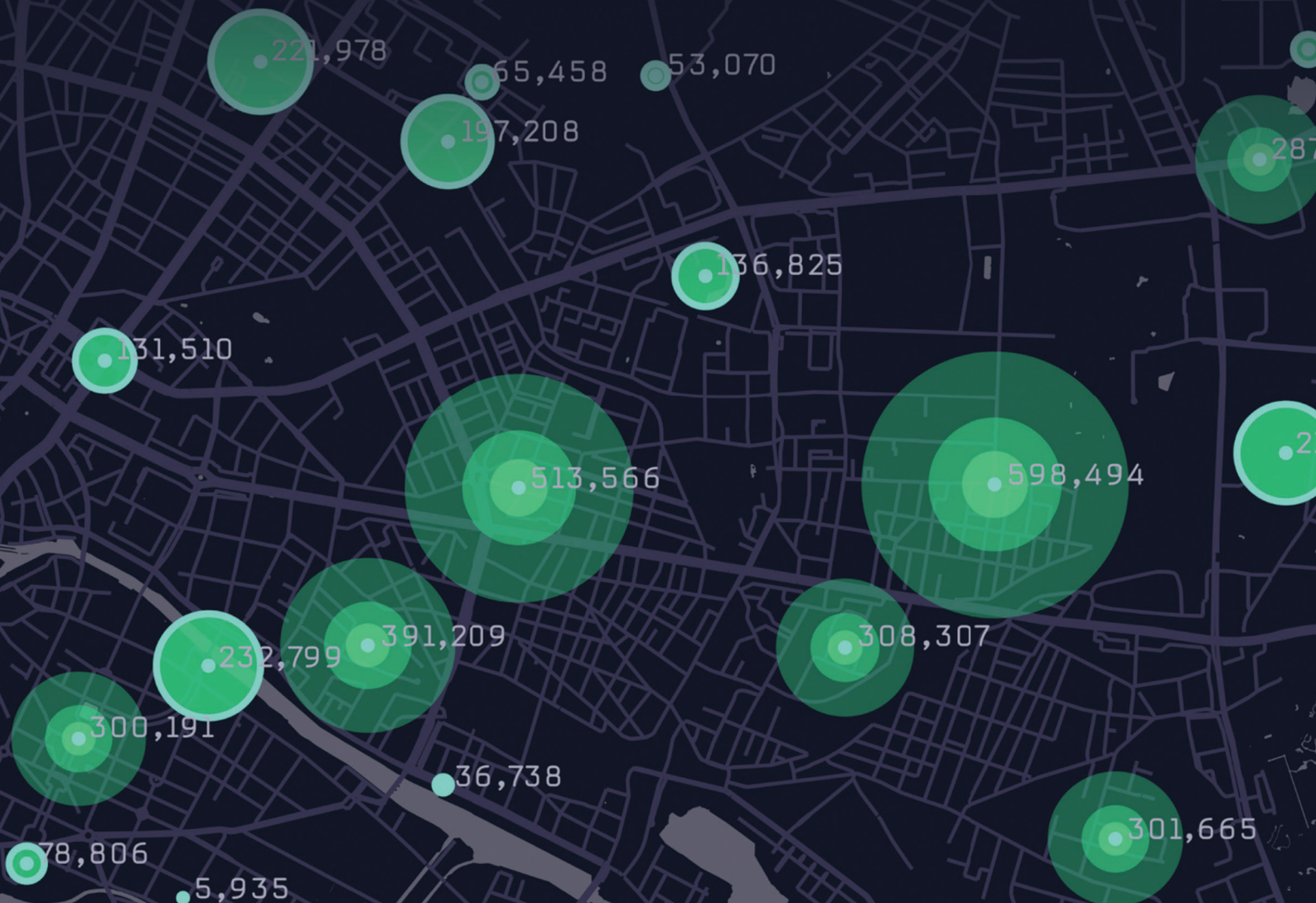


Making sense of property investment

PropertyHub

Issue 38 January/February 2023 | £5



SUBURBAN HOTSPOTS

The towns topping
our list for 2023





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Welcome



Rob Bence (left) and Rob Dix (right)

Happy new year! Our first issue of 2023 is a bountiful feast for the ravenous mind. To complement our annual hotspots list (revealed on The Property Podcast in January) we've come up with a list of lesser-known locations we think have the potential to do well this year.

The results of our sentiment survey on page 8 uncover some interesting insights into how investors plan to approach the next 12 months – and the results are not what you might expect.

With mortgage rates much higher going into 2023 than they were in 2022, we look at alternative ways to finance your property deals, and we dispense our own views on how to stay financially fit this year.

Plus, read how three investors – one remote, one experienced and one new – contended with conveyancing delays, rising costs and builder issues to get their property projects over the line.

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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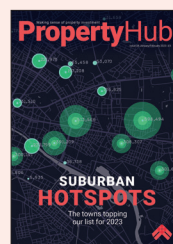
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Inside the hub

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



ON SCREEN

Should you be rushing to get out of the property market? Or is the media just whipping everyone into a frenzy in pursuit of an attention-grabbing headline (again)? Rob D puts the latest news into context as he discusses where the market is heading in one of his latest YouTube videos: 'Is a landlord exodus coming?'

youtube.com/propertyhubuk

ONLINE

If you haven't already guessed, we've got a bit of a hotspots theme going on this January, with lots of location-based content for you to get your teeth stuck into. Over on the website we've done more digging into Rob & Rob's hotspot picks for 2023 to uncover what makes them stand out above all others.

propertyhub.net/education

ON AIR

Rob & Rob start every year by giving us their predictions – first on which cities in the UK they think will be the biggest buy-to-let hotspots for the next 12 months, and then their general property market forecasts for the year ahead. Have they mentioned any areas that you're already investing in? Listen to The Property Podcast to find out.

[Propertyhub.net/podcast](https://propertyhub.net/podcast)

HUBCHAT

Given the headlines last year, it's no surprise that most of the conversations on the Forum have been from Hubbers concerned about the viability of their strategies. Barry was especially concerned by rising interest rates, and asked for help on whether his numbers would still stack up once the base rate rose. Visit the Forum and join in the conversation.

propertyhub.net/forum



When Rob & Rob told us they'd be kicking 2023 off with a bang, we knew not to doubt them.

They'll be dropping the first episodes of their brand new podcast all about money and investing in other asset classes as well as property over the coming weeks.

And over on YouTube, they will be following up December's epic run of YouTube Shorts with even more fresh educational content to get your 2023 off to a strong start.

As they said on The Property Podcast, they're just getting started, so keep your eyes on all our channels to see just how much bigger things are going to get this year.

If you haven't subscribed yet, head to propertyhub.net/news to sign up.

Market focus

The latest news and developments from across the property market



CHASING YIELDS

The number of new investor purchases in places with average yields of 6% and above has risen by 40% over the past decade, according to estate agent Hamptons.

By analysing data based on the 90,000 homes let and managed by Countrywide Group each year, Hamptons found that Hartlepool in the North East offered the highest average gross yield (9.9%) in England and Wales for the second year running.

All the top 10 yielding locations were based in Northern England or Wales, with North East Lincolnshire (8.2%) the highest yielding location in the Midlands at number 17.

Portsmouth was the highest ranked local authority anywhere in the south of the country, coming in at

number 91 with average gross yields of 6.4%, while Bexley was the highest yielding London Borough, with an average gross yield 5.9%.

It also found 85% of homes sold by investors this year were generating a yield of sub 6%.

Hamptons head of research, Aneisha Beveridge, said: "Rising rents are tempting landlords to dip a toe back into the slowing sales market to try and pick up deals they couldn't have got six months ago. With sellers more open to negotiation and rents rising rapidly, returns for equity rich landlords have been rising. While we're unlikely to see landlords return to buying at pre-stamp duty surcharge numbers, it's possible they may outnumber first-time buyers in some months next year, as was common before 2016."

DECEMBER DIP

The average price of a property coming to market in December dropped by 2.1% (-£7,862), a bigger dip than usual for the time of year, figures from Rightmove show.

Overall growth, however, remained strong with average asking price growth

at 5.6%, only slightly lower than the 6.3% last year.

The number of people searching Rightmove for homes for sale was up 11% compared to the same period the previous year, a sign that potential movers were monitoring the market and weighing up their options.

"Our data suggests that there are many ready-to-go movers out there waiting for what they feel to be the right time to enter the market in 2023," said Rightmove director of property science, Tim Bannister.

"We'd usually see a jump in home-mover activity in

January, but it takes a while at the start of the year for any significant price changes to feed through, so we'll be waiting for a potential bounce back in prices in February, which will be a very important leading indicator for the spring moving season."

IN NUMBERS



104

Licences issued by Liverpool Council, out of a possible 31,000 (NRLA)



-£7,862

The amount the average property price dropped by in December 2022 (Rightmove)



9.9%

The average gross yield in Hartlepool (Hamptons)



300,000

New homes the government said it would deliver each year (before the target was scrapped)

Department for Levelling Up, Housing & Communities

Shutterstock

LAGGING BEHIND WITH LICENCES

The National Residential Landlord Association (NRLA) has called out Liverpool Council for taking too long to process applications for its landlord licensing scheme.

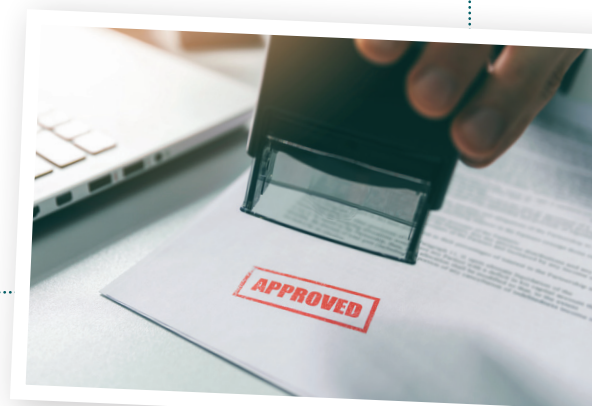
Since the Selective Licensing Scheme went live on 1 April 2022, it has only granted 104 licences, despite an estimated 31,000 applications having been made.

The landlord organisation said it would take the local authority 148 years to process all applications received so far.

NRLA chief executive, Ben Beadle, said: "If Liverpool Council really believes licensing is so key to ensuring properties are safe, it begs the question why it takes so long to process applications for them."

"At a time when the condition of housing is under such scrutiny, the council is spending too much time administering a licensing scheme and not enough time taking enforcement action to tackle poor quality housing."

"Rather than penalising good landlords with a blanket policy, the council should use the range of data already available to them to find and root out the minority of landlords who fail to provide safe housing."



NEW HOMES TARGET SCRAPPED

The government has abandoned its long-held target to deliver 300,000 new homes every year.

Secretary of State Michael Gove reaffirmed his commitment to the target in October, but mounting pressure from backbench MPs forced a U-turn in December.

The target will remain but will now become 'advisory' rather than 'mandatory' and will be considered "a starting point with new flexibilities to reflect local circumstances", according to the Department for Levelling Up, Housing, and Communities.

The plan to build 300,000 new homes a year by the mid 2020s was initially introduced by

former Conservative housing minister Brandon Lewis in 2015.

Michael Gove has written to the Competition and Markets Authority (CMA) to ask them to consider undertaking a market study of the housebuilding sector.



Our survey says...

Despite the challenges of 2022, our survey results reveal an unwavering determination among property investors to press ahead with their property plans this year

At the end of last year we sent out a survey to capture a snapshot of the sentiment among property investors. We wanted to hear first-hand about your experiences and perception of the market as the year came to a close, and gauge your feelings about the year ahead so we could paint a true picture of what it's like to be a property investor right now.

The results were both optimistic and encouraging. They flew in the face of all the negative press about the property market and confirmed our own take on where we're at and where we're heading. Here's a summary of what we found.

Did you achieve what you wanted to?

We started by reflecting on the year. We asked if you had achieved what you had set out to achieve in 2022. Half of

you (50%) said yes, while just over a third (36%) said no and an expectant 14% replied "maybe", perhaps hoping to squeeze in one last deal before Big Ben rang in 2023.

Did you buy or sell?

"Mass-exodus of private landlords" was a common headline in 2022, but the results of the survey tell a different story. The vast majority of you (84%), said you hadn't sold any properties in 2022, and the small percentage of those that did (16%), predominantly did so to release equity to buy more properties.

Though the majority of you (50%) said you didn't buy any new properties in 2022, 44% of you added one or two new assets to your portfolio, while 5% added between three and four. Only 1% said they had added five or more.

Interestingly, there was a 50/50 split

between those of you that hold your properties in a limited company and those of you that own them individually, contrary to the prevailing trend for company ownership.

What were your biggest challenges?

When asked about challenges, 33% of you said the biggest problem you faced in 2022 was sourcing property, followed by getting finance (18%), finding reliable tradespeople (16%), making a profit (9%), and bad tenants (4%). The remaining 20% cited "other" issues like conveyancing and building delays.

On the specific point of getting finance, 33% of you said you would opt for a tracker mortgage if you had to apply for a mortgage in December 2022, while 26% said you were waiting for things to settle down. Surprisingly, slightly more (13%) said they would choose a five-year fixed product over a two-year one (10%).

How much did you make?

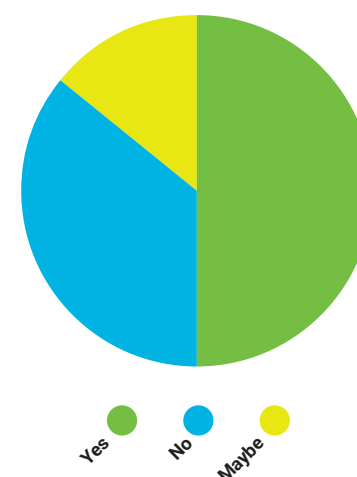
Clearly all the greedy, money-grabbing landlords were away on holiday when we sent out the survey. Those of you that put rents up by any significant amount last year were in the minority. Only 7% of you said you raised the rent more than 10%. The bulk of you (46%) went for a more modest 1-10% rise, but 47% said you made no change at all.

The same was true for profits, 55% said you made less than £15,000 net profit from your property portfolio in 2022, which proves landlords aren't making the kind of money people think and are in fact running on tight budgets. Just under a fifth (18%) made between £15,000-£24,000, another 17% of you said you earned between £25,000-£49,000. Only 10% said they made above £50,000.

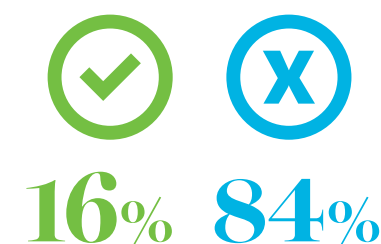
What are your concerns for 2023

Your concerns for this year centre around different issues to 2022. You ranked rising interest rates as your number

Have you achieved what you set out to achieve this year?



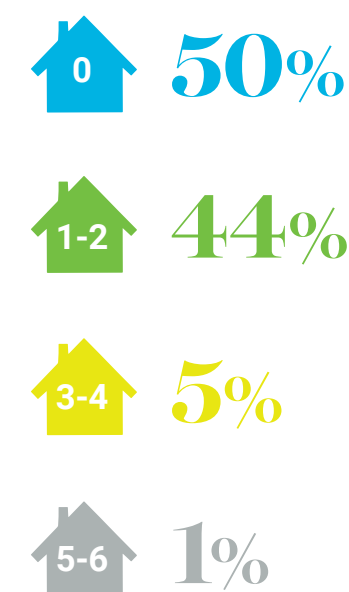
Have you sold any properties in 2022?



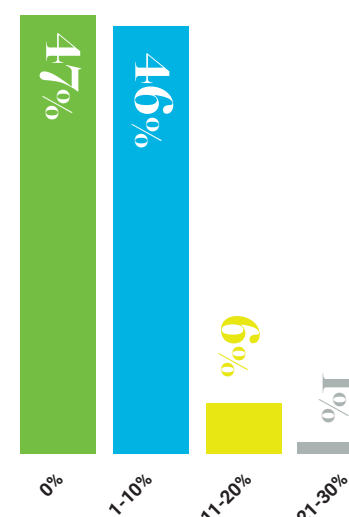
What are your intentions for your portfolio in 2023?



How many properties have you purchased in 2022?



How much have you put the rent(s) up by this year?



The majority of you (56%) said you intend to grow your portfolio over the coming months

one worry, followed by increased taxes (2), getting access to lending (3), rental reform (4), correction in property prices (5), falling rental yields (6), EPC targets (7), finding deals (8), licencing (9) and periods of vacancy (10). Yet, 39% of you believe interest rates will peak in 2023, and 31% agreed they will come down. Only 14% of you think interest rates will keep on going up. The remainder of you think they will stay the same (12%) or don't know (4%).

On the specific point of EPCs, 49% of you said you were confident your portfolio will meet the new standards, 25% of you felt neutral, and 27% said you're not confident.

What are your plans for 2023?

Looking forward to 2023, the majority of you (56%) said you intend to grow your portfolio over the coming months, rather than keeping it the same (28%) or shrinking it (7%). The rest of you (9%) said you will be diversifying.

When it comes to rents, 51% of you are planning to make increases this year, with the remaining half split equally between those who will be keeping them the same (24%) and those still undecided (25%). The amount, however, is likely to be low, with 51% expecting this to be between £10-£50 per month, per property.

There's no denying recent changes in the market have had an impact on sentiment, but overall, the feeling is more optimistic (37%) or positive (15%) for the year ahead than it is worried (7%) or uncertain (36%).

"I'm glad I jumped in and made mistakes"

West End performer and star of *Matilda the Musical* **Elliot Harper** has combined a career on stage with building a property portfolio

The worlds of musical theatre and property investment have little in common, yet for Elliot Harper, blending the two has come naturally.

Thankfully for his tenants, he's nothing like his character. Not least because he's a man. For the past three years he's played the beastly, child-hating headmistress Miss Trunchbull in the stage adaptation of Roald Dahl's *Matilda*.

The part was specifically written for a male actor because of the physical requirements of the role. "I'm 6ft 2in and *Matilda* is about 4ft, so the difference in stature is important," explains Elliot. "Plus, not wanting to give too much away, but I have to throw a child by their pigtailed and they are quite heavy," he laughs.

When he's not swinging students by their pigtailed on stage, Elliot is developing homes for them as part of his growing property portfolio. His latest purchase was a two-bedroom house in Liverpool close to the university, which



he and his business partner and fellow actor Clare converted into a three-bed shared house.

Getting started

Inspired to get into property by his grandpa John Bairstow, the founder of estate agency Bairstow Eves, Elliot

bought his first investment in Stoke-on-Trent back in 2007, having visited the city on tour.

"There were no digs for touring actors, I looked at the houses in the estate agents' windows and saw you could pick up a property quite cheaply," he recalls.

Confident he could plug a gap in the market, Elliot used his savings to put down a deposit on a three-bed terrace and set up business as a short-term accommodation provider for actors touring in the area. But he soon discovered there was a problem with his business model.

"I was 24 at the time and I didn't really know what I was doing," he admits. "I didn't do my due diligence. I hadn't considered the theatre schedule. If I had, I'd have known there were no productions for pretty much half of the year and so people wouldn't want to stay in my house during those dark periods."

With a mortgage to pay and no reliable income from the property, Elliot



"It has been incredibly frustrating at times. As soon as I've got a contract it's been a question of saving as hard as I can"

two-bedroom flat in Leighton Buzzard which he let out to a professional couple, and pooled funds with a friend to buy a two-bed flat in Sutton for the two of them to share.

Working as a self-employed actor has made it tough for Elliot to secure finance over the years. "It has been incredibly frustrating at times. As soon as I've got a contract it's been a question of saving as hard as I can as quickly as I can and waiting for that three-month golden mark to prove my income."

When Elliot and his friend moved out of their flat in 2018, rather than sell they decided to release some of the equity to fund other projects and rented it out. "We were both able to take money out to use for other purposes. I used it towards the deposit for a new buy-to-let flat in Peterborough and he used it to finance another property with his wife."

Shifting strategy

In 2018, Elliot got a part in the stage production of *The Exorcist*. It was there he met his business partner Clare who was playing the lead role of Regan at the time. "Like me she owned a few buy-to-lets and her ex-boyfriend had a big interest in property, so he became our mentor and Clare and I decided to team up on a project."



INVESTOR FACT FILE

Name: Elliot Harper

Age: 39

Lives: London

Invests in: Stoke on Trent, Liverpool, London

Occupation: professional actor

Years investing: 16

Strategy: BTLs and HMOs

Portfolio size: four

Goal: financial independence

When he's not swinging students by their pigtailed on stage as Miss Trunchbull, Elliot is developing homes for them as part of his growing property portfolio

found himself in a tight spot. To make matters worse, he got a CCJ for an unpaid gas bill. "I paid it off as soon as I could, but it prevented me from buying for a few years."

He changed strategy and let the house to a family. His inexperience cost him in the short term, but the incident taught him a valuable lesson. "I'm still glad I did it and I'm glad I jumped in and made mistakes, it has paid off over the long term."

Scaling up

In 2015 Elliot sold his first home in Sydenham, South East London, which he shared with his ex-girlfriend. The property had more than doubled in value during the 10 years they owned it, netting Elliot a lump sum to use towards two new purchases.

He used the proceeds to buy a



Clare project-managed their first HMO conversion in Liverpool while Elliot was on tour

That same year they bought a three-bed house in Liverpool which they converted into a four-bed and rented it to students. "It was quite a big renovation project. I was on tour at the time in Matilda, but luckily Clare was able to be there to project manage."

The project went so well the pair decided to repeat the process again, then Covid struck. "It was an absolute nightmare for me. The show got cancelled and I had to move back in with my parents. I'd moved my stuff there while I was on tour to save on rent. I'd had an offer accepted on a property and was planning to move in when the tour finished, but it fell through because I didn't have a job anymore."

"The worst thing was we just didn't know how long it was going to last. We'd get prepared for the show coming back, then we had to stand down again when things flared up. That obviously meant my investment plans had to be put on hold too, it just wasn't viable."

Elliot took a job as an estate agent to pay the bills and spent the next few months driving round St Albans doing property viewings. "It was an interesting experience. People were paying well over the odds for properties. Anyone



that was selling at that time made a fortune. I realised just how competitive the market was and that I'd have to up my budget for my next purchase."

Eventually, towards the end of 2021, he was able to resume his role as Miss Trunchbull and get his property plans back on track. He and Clare had an offer accepted on a two-bed house in Liverpool around the corner from their first in November which they converted into a three-bed ready for students to move in at the start of 2022, and Elliot

was finally able to buy himself a flat in Staines which he is currently renovating.

"From our experience October and November have been a good time to put an offer in. The market tends to be a bit quieter, and vendors are often keen to get a quick sale before Christmas."

The future

Elliot and Clare have found their niche in Liverpool and are on the lookout for a third property to convert into student



"I realised just how competitive the market was and that I'd have to up my budget for my next purchase"

managing agent has been a huge part of our success in Liverpool. They just take care of everything. I've had the opposite experience in the past, where I've been taken for a ride, so I feel very fortunate to be in this position now."

Reflecting on how far he has come since that first purchase in Stoke-on-Trent 16 years ago, Elliot says he has no regrets over the mistakes he made early on. "The house in Stoke was a really big learning curve for me. I've only just sold that house, but I rented it out for years and it was a good source of income for me all that time."

His advice to others is to: 'take the leap and the net will appear'.

"You can go on making excuses not to do something, but there comes a point where you need to act and make something happen," he explains.



HOW I GOT HERE

Elliot's timeline



MAY 2007

Buys three-bed terrace in Stoke-on-Trent as a short-term let for actors on tour



SEPTEMBER 2016

Purchases two-bed single BTL flat in Leighton Buzzard



JANUARY 2018

Releases equity from flat in Sutton and rents it out



JULY 2018

Converts three-bed house in Liverpool into four-bed student HMO



OCTOBER 2018

Invests in two-bed single BTL flat in Peterborough



NOVEMBER 2021

Converts two-bed house into three-bed HMO in Liverpool



DECEMBER 2022

Sells terrace in Stoke-on-Trent



The ripple effect has taken investors beyond their traditional inner-city hunting grounds

It's often forgotten that Liverpool exists as part of a wider conurbation, rather than sitting in splendid isolation along the Mersey's eastern bank. The river also lends its name to a wider geographic region which people are less familiar with. Welcome, then, to Merseyside – a sprawling metropolis home to almost 1.4 million people, yet one which is often overlooked by investors who only have eyes for the city at its heart.

In fairness, the boundaries of Merseyside can be baffling to those unfamiliar with them. This metropolitan county includes Eastham but not Ellesmere Port, and Newton-le-Willows but not Warrington. St Helens is included, but Wigan misses the cut. Haydock Park racecourse falls within Merseyside's boundaries despite being ten miles from the Mersey, which by this point is narrower than the Manchester Ship Canal running alongside it.

Ripples of prosperity

Geographic anomalies aside, there's lots to admire on Merseyside. This is a predominantly working-class corner of North West England, with property prices to match. Rightmove reports average selling prices of £205,000 in the last year, compared to the national average of £371,000 recorded in October. The ripple effect has taken investors beyond their traditional inner-city hunting grounds, on the lookout for bargains. A five-figure budget still secures you a modern apartment or

Cross the Mersey

Despite its confusing boundaries, Merseyside makes a great deal of sense as a property investment location, as **Neil Cumins** reports



Far left: Old Beechams Clock Tower in St Helens
Above: aerial view of the Millennium Bridge, Southport
Left: Sefton Park Band Stand, Liverpool

traditional on-street mid-terrace across much of Merseyside, and a growing influx of new residents underpins a buoyant rental market which encompasses over 80% of the total housing stock in St Helens.

While investors continue to pile into central Liverpool and the districts east of the docks, there's historically been less enthusiasm for crossing the Mersey and investigating the Wirral peninsula, or the towns and suburbs extending east from Liverpool. St Helens, Speke and Southport all comprise Merseyside, yet only the latter has historically received significant attention from investors thanks to its role as a smaller rival to Blackpool. A thriving summer economy has resulted in high house prices by regional standards, with Southport's grid-pattern streets lined with grand Victorian villas. This stretch of coastline is among the most affluent parts of Merseyside, despite butting up against the deep-rooted deprivation of north Liverpool.



"After a discussion with us, investors are happy to look across the water"

Tunnel vision

Investors feel increasingly confident looking outside Liverpool's boundaries, according to James Lindsey, property manager at Merseyside-based Lewis and Foy Lettings: "The Wirral was redefined with a CH postcode a few years ago, so people who aren't from the area think it's part of Cheshire, but the natural order of things in Merseyside

is that the top of the Wirral peninsula is part of Liverpool. It's five minutes through a tunnel with a great rail network, with the city centre on the opposite side of the river. After a discussion with us, investors are happy to look across the water."

When they do, they discover a densely populated peninsula with the M53 acting as a spine, and the Kingsway/Queensway tunnels ferrying residents straight into the heart of central Liverpool. Yet you can buy a three-bedroom house in Wallasey with a sitting tenant for just £75,000.

Tenancies like this are driving the wider housing market forwards, says Laura Swift, lettings manager at David Davies Estate Agent. "We saw

very high demand for rental properties last year, and we've noticed a massive increase in rents. Lots of landlords are selling their properties and there aren't enough rental properties out there for the demand."

She cites the St Helens and Haydock areas as being particularly sought after: "From research, this is down to transport, bus routes and train stations, easy access to motorways and good schools in these areas."

Demand outstripping supply

Laura's sentiments are echoed by James. "Around 60% of our properties aren't even being advertised, with ongoing enquiries about properties

that might be coming up."

This includes cheaper areas of the Wirral: "We put a two-bed house on in Wallasey for £600 and we had over 150 applications for it. The demand is way outstripping the supply."

However, space is crucial in maximising demand: "I'd say 85% of all tenants we do viewings with say 'that's where I can put my office'. They're happy to pay more rent because they can work from home, and they do the calculations about not having to buy a weekly train ticket."

Home working has driven up rental prices considerably, especially in areas which were historically shunned by residents and investors alike. "Investors need to adjust their expectations now," says James. "There are areas like Toxteth where

you could buy a house for £25,000 15 years ago and it's now worth £150,000. It's still got that stigma, but you can't buy anything for under £130,000 in Toxteth now. The easy 8% gross yields just aren't there anymore, but you can comfortably get 6%."

James cites Kirkby as a strong location for today's investors to consider: "It's had a lot of investment in the jobs market in the form of Screwfix and Toolstation depots in new industrial parks, so you get the fallout of Costa and Starbucks starting to infiltrate the area. Kirkby's even had a new train station built, and it seems to be providing decent yields." These can be as high as 9% gross, though again, sheer demand is causing yields to soften.

SITES FOR SORE EYES

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

● Wirral Waters:

Few schemes in the UK are as significant as the £4.5bn regeneration of the Mersey's west bank. Capitalising on its growing tourist appeal, Wirral Waters will bring 500 acres of semi-derelict dockland back to life with 20,000 jobs and 13,000 homes in the pipeline.

● Liverpool Waters:

What Wirral Waters is achieving on one side of the Mersey, Liverpool Waters is set to replicate directly opposite. Already famous as the setting of Everton's forthcoming home, this £5.5bn masterplan encompasses five new neighbourhoods and 9,000 apartments.

● Halsnead:

The government's 2017 announcement of 14 new Garden Villages included one in Knowsley. Halsnead will centre on a country park, including 33 hectares of green space. Alongside this, 1,600 new homes will be constructed, with planning applications for the first 600 already in.

AREAS OF INTEREST



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

- Best for families:** Aigburgh, Southport
- Best for students:** Wavertree, Georgian Quarter
- Best for young professionals:** Baltic Triangle, Sefton Park
- Best for transport links:** City centre, St Helens
- Best avoided:** Toxteth, Birkenhead
- Best for capital growth:** Wallasey, Vauxhall



Live and let Live-rpool

What of Liverpool itself? Property Hub has profiled the city more than once, and its fundamentals remain strong. "Last year was a really good year, with demand exceeding that of 2021 by around 25%," says Alan Bevan, managing director at Liverpool-based City Residential. "Prices year-on-year are up by 10-15%, dependent on type, price and location. With an average selling price around £165,000 to £170,000, the city continues to offer really good value in comparison to the more expensive suburbs and other northern city centres."

Interestingly, Alan suggests there are no hotspots in Liverpool anymore. "Interest has been strong across all areas and property styles, with no real star performers. The prime city centre and regenerating areas of the city continue to attract investors, whilst the established dockland areas are proving



"Liverpool is where Manchester was 10 years ago"

popular with owner occupiers, particularly those developments offering car parking."

He highlights studio flats as a particularly tempting investment opportunity: "Whilst the majority are only available to cash buyers, average rents are now around £600 per month. With properties available at around £60,000+, the resultant yields of around 11-12% are attractive even in this high inflation/interest rate environment."

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Greater Liverpool?

"We've got a lot of migration into the city and it's expanding like there's no tomorrow," says James. "Liverpool is where Manchester was 10 years ago and, in my opinion, it'll eventually become Greater Liverpool. We've got Freeport status which is pushing more and more trade and industry into the city, we get a lot of cruise ships coming, and we're a historic city which is always going to attract people."

If his prediction comes true, then anyone who's already invested in outlying areas like St Helens or the Wirral could be ideally placed to capitalise on the inevitable property price rises which would follow the official unification of Liverpool and its satellite towns. The future looks bright on Merseyside.

THE PRICE IS RIGHT

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

£70,000



This classic bay-fronted terrace in the Waterloo area of Liverpool has two bedrooms and is being marketed in good condition, with a sitting tenant and modern décor throughout.

£100,000



Despite its modern appearance, this two-bed end-terraced St Helens villa requires substantial upgrading. It does offer a large dining kitchen and a private driveway, though.

£150,000



A grand Victorian building opposite Liverpool's Philharmonic Hall hosts a two-bedroom flat which is being marketed chain-free, centred on a stunning communal atrium.

Source: Rightmove



Tristan transformed the two properties into an 11-bed HMO



INVESTOR FACT FILE

Name: Tristan Gordon

Age: 33

Lives: Norwich

Invests in: Southampton and Norwich

Occupation: property investor and developer

Years investing: 10

Strategy: BTLs, HMOs and commercial to residential

Portfolio size: 17 units

Goal: to have the choice to work or not

Hidden asset

An ambiguous property listing led to a lucrative deal for Tristan Gordon, but it wasn't without its obstacles. He tells **Chantelle Dietz** how he ended up with two properties for the price of one



When Tristan Gordon spotted the listing for 72 Caernarvon Road in Norwich, he knew something didn't quite add up. "It was listed as a five-bedroom detached house, which is unusual for the area."

He called the agent. It turned out to be a four-bed property at the front with a large one-bed property at the back. It had been on the market for three months or so with little interest, so Tristan booked a viewing.

"It was actually two Victorian properties linked by a communal courtyard," he explains. "Both belonged to a film maker who lived and worked in the rear property and rented out the front one. Before it became a residential property, 72a at the rear was a dairy

depot. It was on the market for £600,000 to £625,000."

Seeing the potential to turn the two properties – situated just down the road from the University of East Anglia – into student accommodation, Tristan and his joint venture partner put in an offer of £527,000. "I was told it was too low, but I wasn't willing to go any higher. It was the best I could do to get the numbers to work and to make the deal stack for me."

In the meantime, someone else came along and had their offer accepted. But, four months later, the agent got back in touch. "The sale had fallen through because the buyer was trying to buy it with a mortgage. It was unmortgageable because the rear property didn't have planning permission to be used as a

residential property, and although the two properties had been title split, they didn't have separate utilities," explains Tristan.

The agent tried to persuade Tristan to put in a higher offer, but he stood firm. By this time the stamp duty holiday had come to an end, so the deal was already going to cost him more. "Little did they know I was using multiple dwellings relief so I would be paying less stamp duty anyway. That was my upper hand."

The property remained on the market for another couple of months, but with no interest the agent eventually came back to Tristan to see if his original offer was still on the table. His answer was "yes" and six months after he put it in, Tristan had his offer accepted.

The two Victorian properties are linked by a courtyard

Christmas rush

Tristan approached a bridging lender he'd worked with in the past to finance the deal, but his application was declined because the lender didn't think his JV partner had enough experience. "They'd done a flip and a few smaller projects before, but the lender wasn't happy with them taking on a larger project. We clearly demonstrated our joint credibility, but unfortunately the lender just wasn't happy, so we had to find a different one."

The delay caused the vendor to get impatient and serve them notice to complete within 14 days. "It was around Christmas time, so it was a painful experience trying to get it over the line when most people were out of the office. We tried to get all the documentation together before Christmas, but we ran out of time, so we ended up completing in January."

Within a week of owning the properties Tristan had obtained the lawful development certificate he needed to prove each of the buildings were separate properties in their own right. Then all he needed to do was get a British Gas engineer and his electrician in for a days' worth of work to split the utilities. "For a total of about £2,000 I had two houses that were now – based on the valuer's report – worth £700,000 combined."

Keeping the character

Tristan could have put the properties back on the market at this point and made a nice profit, but he was committed to seeing through the renovation and converting them into something special.

"The first thing I do before I even look at buying a property is make sure all the numbers stack up. I always base my research on sold figures rather than on 'for sale' prices, so I knew even if we just flipped the properties and moved on, after costs we'd have still made around £100,000 profit."

"That would have been really nice, but it's not the same as creating somewhere fantastic for people to live, plus the uplift was much higher after we did the work. Being confident in numbers from the offset meant I wasn't worried about it when we ran into problems."

The front property needed a new roof and a new

boiler. Other than that, the rest of the work was cosmetic. "It was mainly just decorating and bringing it up to HMO regulations," explains Tristan. He converted one of the ground floor lounges into a fifth bedroom and had to extend an upstairs bedroom.

"One of the bedrooms on the first floor was about half a metre squared under the HMO regulations. It was next to a new bathroom that had been fitted within the past five years and looked lovely, but we had to strip it all out and redo it so we could extend the bedroom."

Tristan tried to retain as much of the original character of the building as possible. "We had to replace all the old oak doors with new fire doors, but we didn't want to just throw them away, so we cut them up and used them like panelling on the wall behind the beds."

The rear property needed more attention. "There was much more space to play with. We started off with a 150sqm one-bedroom house. We kept the massive open-plan kitchen/living space and created six large 10sqm double bedrooms, with two ensembles and two shared bathrooms, plus a shared workspace in the loft."

Tristan ended up spending £83,000 to bring the two properties up to scratch, £40,000 more than he'd budgeted. "Unforeseen costs like removing, refelting, battening and tiling the roof meant we spent more than we originally intended. Fortunately a flip I had been working on had just sold, so that helped cover the costs."

The work took five months in total. He furnished it with industrial style furniture to compliment the character of the building and added brightly coloured wall decals to reflect its heritage as a dairy depot.



Keen to capitalise on the student house hunting season, Tristan invited potential tenants to view the properties while they were still being renovated. "Some second-year university students actually signed up before it was finished. They could see the potential in the space and liked the location. We got a bit of a premium on the rooms. Average rents in the area are about £450

per month and we got £500 per room including bills. We've raised this to £500 per month excluding bills for the next academic year."

Once all the work was complete Tristan had the two properties revalued. The front was valued at £320,000 and the rear at £470,000.

The original plan was to transfer the front property into Tristan's limited company and the rear over to his JV partner so they would both walk away with a property each, but because of the way they'd split ownership it turned out this wasn't possible. "You can only transfer property to a shareholder if they own 75% or more, but we had agreed a 50/50 split. This made the existing valuation and mortgage application invalid, so we had to start all over again with our refinancing. It took us an extra two to three months to refinance than it should have done."

In the end Tristan and his partner agreed to extend their partnership and split the profits 50/50. They took out a 75% LTV five-year fixed BTL mortgage with Land Bay at a rate of 4.5%. "Originally the rates were around 3.1%, but unfortunately, because of the extra time it took, they went up meaning we had to leave more cash in the deal, but we're happy as we still managed to achieve a 29.6% ROI."

RUNNING THE NUMBERS

Tristan's 11-bed HMO is Norwich stacks up financially:

Purchase price: £527,000

Purchase costs: £25,472

Finance method: 12 month bridging loan refinancing to a five-year fixed BTL mortgage at 4.5%

Amount borrowed: £527,000

Refurbishment costs: £83,000

Project duration: five months

New value: £790,000

Total personal investment: £83,000

Monthly revenue: £5,475

Monthly expenses: £820

Monthly net profit: £2,020

Once their mortgage expires, they will rethink their options. "We could convert the loft in the front property and add another bedroom which would make it even more desirable," says Tristan.

For the meantime though, Tristan has another project to focus his attention on. He's currently working on a commercial to residential project in Norwich City centre. "It's going to be three six-bedroom HMOs each with a funfair theme. The living room will have waltz chairs and the kitchen island will have infinity mirrors built in. We're trying to create something with a real wow factor."

Despite the delays and complications at Caernarvon Road, Tristan says it was worth all the effort. He's created something he's proud of, a property he would be happy to call home himself. "Sometimes it can feel like you're banging your head against the wall, but by consistently, persistently putting the effort in day after day it does pay off."

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

Suburban hotspots

The 10 towns topping our hot list for 2023

When it comes to choosing where to invest, towns can be overlooked in favour of their larger counterparts. Generally speaking, city investments are more likely to generate better capital growth and encounter less voids than suburban properties.

But city investments come with a higher price tag, and for those without the budget, or with a different strategy in mind, buying in suburbia may just be the answer.

As a place to live, towns have a lot to offer. They provide a 'best of both worlds' solution: an escape from the hustle and bustle of city living, but without being rural and isolated. Space is a key factor too – you get a lot more bang for your buck in the 'burbs. And with commuting no longer a daily necessity for many a worker, living further out has never been more appealing.

There are 1,186 towns in the UK, home to more than half (56%) of the population, so there's no shortage of options. The challenge is identifying which of these towns present the most exciting and rewarding investment opportunities for 2023 and beyond.

We've analysed prices, rental demand, yields, demographics, connectivity, amenities and a host of other variables to come up with a list of 10 towns that have the right mix of ingredients to become something bigger and better.

The list complements our ever-popular annual hotspots list, which will be revealed on The Property Podcast in January. It has been arranged alphabetically rather than in any order of precedence and features findings from Zoopla's latest house price and rental market reports.

BARNSELEY

South Yorkshire

It's easy to overlook the unassuming market town of Barnsley, but those in the know won't be surprised to see it in this list. Several successful regeneration projects, including The Glass Works – a new shopping and leisure destination – have helped it climb up the ranks of desirable places to live in recent years. Yet prices are among the lowest on our list, at £153,900, up 10.4% year-on-year.

Employment is on the up, thanks to the growing number of strategically placed business parks being built along its section of the M1 – and there are more to come. The plan is to create 39,000 jobs and attract 1,600 new businesses by 2033.



VITAL STATISTICS

Average price: **£153,900**

Annual price growth: **10.4%**

Average rent: **£605**

Annual rent change: **9.2%**

Average gross yield: **6.46%**

BOLTON

Greater Manchester

It's location on the fringes of Manchester makes Bolton popular among commuters, but there's much more to it than its city connections.

A £1bn project is underway to transform its centre. It has its own university, attracting a 6,000-strong student population, is home to Logistics North, a huge distribution and manufacturing hub employing around 5,500 people, and boasts the Middlebrook leisure and retail complex, the largest of its kind in Europe.

Prices have risen by 10.6% over the past year but are still much lower than elsewhere in the region at £166,500, and yields are competitive at 6.15%.



VITAL STATISTICS

Average price: **£166,500**

Annual price growth: **10.6%**

Average rent: **£688**

Annual rent change: **10.10%**

Average gross yield: **6.15%**



HASTINGS

East Sussex

With just 91,100 inhabitants, the seaside town of Hastings is the least-populated in this list. Prices have risen by 82% over the past 15 years and sit just below the national average at £304,400, but are still more than a third (34%) cheaper than nearby Brighton and Hove (34%). Investors can expect to achieve rents of around £994 per month.

It is one of the better-connected seaside resorts in the south east, with London's Charing Cross station under 90 minutes away by train, and the A21 connecting it to the M25.

There is a £90m regeneration programme currently taking place which aims to deliver hundreds of new jobs, revitalise the town centre and create 4,550 new homes.



VITAL STATISTICS

Average price: **£304,400**
Annual price growth: **9.2%**
Average rent: **£994**
Annual rent change: **11.80%**
Average gross yield: **4.77%**



IPSWICH

Suffolk

It may be one of the oldest towns in the UK, but Ipswich has its sights set firmly on the future. Tens of millions of pounds are being spent on creating new homes, office buildings and retail and leisure spaces and reconnecting the town to its historic waterfront.

It has its own university, the University of Suffolk, with six academic faculties accommodating around 9,500 students, and is popular destination with tourists too.

Prices have risen by 49% over the past 15 years, up 7.5% last year alone. Investors can achieve an average monthly rent of £985.



VITAL STATISTICS

Average price: **£224,200**
Annual price growth: **7.5%**
Average rent: **£807**
Annual rent change: **7.6%**
Average gross yield: **5.38%**

LUTON

Bedfordshire

Compared to other towns in the south, Luton ranks well on affordability. Prices have risen in line with other top-performing towns over the past year, up 9.3% to £276,200, but remain way below neighbouring cities like London (£527,600) and Milton Keynes (£314,400).

Its proximity to the capital – only 22 minutes by train – and the fact it has its own airport flying to 70 destinations across Europe, the Middle East and North Africa makes it an attractive place to live, so it's not surprising came top of Property Data's list of the towns with the strongest rental demand in 2022.



VITAL STATISTICS

Average price: **£276,200**
Annual price growth: **9.3%**
Average rent: **£985**
Annual rent change: **9.6%**
Average gross yield: **5.04%**



MANSFIELD

Nottinghamshire

Both Nottingham and Sheffield are firm favourites on our annual hotspots list. Sandwiched between the two of them is the town of Mansfield, an historic market town with a population of 110,500. Prices here are 16% lower than in Nottingham and on a par with Sheffield.

The town has its own train station and is conveniently close to the M1. It was awarded £12m as part of the government's Town Fund scheme which will be used to transform unused buildings into student accommodation and offices, as well as the building of a nearby sports centre and business hub plus significant investment to improve skills, transport, job provisions and regeneration of the local community.



VITAL STATISTICS

Average price: **£172,100**
Annual price growth: **9.5%**
Average rent: **£643**
Annual rent change: **8.9%**
Average gross yield: **5.96%**



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SWINDON

Wiltshire

Thanks to its growing population and broadening employment opportunities Swindon has earned itself the title of one of the UK's Fast Growth Cities (even though it's technically a town). It is centrally located on the M4 between Bristol and Reading and is less than an hour to London by train.

Property prices have gone up 50% in the past 15 years, currently averaging at £251,200, yet they are still 48% cheaper than neighbouring Reading and 29% cheaper than Bristol. £500m is being invested into improving the town centre, to support the delivery of 1,000 new homes and 10,000 new jobs.



VITAL STATISTICS

Average price:
£251,200

Annual price growth:
9.8%

Average rent: £882

Annual rent change:
9.8%

Average gross yield:
5.43%



TELFORD

Shropshire

According to the latest Census report, the population in Telford and Wrekin (the borough to which Telford belongs) grew faster than anywhere else in England or Wales in 2021, increasing by 11.4% to 185,600 in 2021, translating into a healthy demand for homes. Prices grew by 9.9% in 2022 but still come in under the £200,000 mark.

Over past two years £800m has been spent on upgrading or rebuilding every secondary school in the town, revitalising the town centre and improving its transport infrastructure.

It's position on the M54 – about 15 miles east of Shrewsbury, 21 miles south west of Stafford, 19 miles north west of Wolverhampton and 28 miles north west of Birmingham – means it's well connected too.



VITAL STATISTICS

Average price:
£197,900

Annual price growth:
9.9%

Average rent: £721

Annual rent change:
8.3%

Average gross yield:
5.54%



WARRINGTON

Cheshire

Major companies including United Utilities, Electricity North West, Offshore Wind UK, Sellafield Ltd and New Balance have all chosen to base their headquarters in Warrington, making it a major centre for employment.

The local population has tripled over the past 40 years, attracting inward investment from developers. The new Time Square development opened in 2020, complete with a multiplex cinema, trampoline

park and market hall. The town was one of the first to receive Town Deal funding from the government at the beginning of last year, unlocking £22.1m to spend on transforming vacant spaces and revitalising the town centre.

Property prices grew by 10.7% in the year to October 2022, averaging at £229,600 – higher than nearby Manchester – making it one of the more expensive places to buy in the region.



VITAL STATISTICS

Average price: £229,600

Annual price growth: 10.7%

Average rent: £755

Annual rent change: 10%

Average gross yield: 5.63%



WIGAN

Greater Manchester

Located midway between Manchester (16 miles) and Liverpool (17 miles) and with not one but two train stations, Wigan is a thriving commuter town offering relative value compared to its big city neighbours.

Famed for its World Pie Eating Competition and local delicacy the pie barm (also known as a Wigan kebab) average prices here rose by 11.4% in the year to October 2022, the highest increase in Zoopla's 65 Cities Snapshot. But there is still room for growth: at £167,200 they are well below the national average and £50,000 less than in Manchester. Yields are among the strongest in the region too at 6%, up 11.5% year-on-year.

A host of regeneration schemes are underway,

including the redevelopment of the Wigan Pier buildings and the creation of a new £135m leisure and residential complex replacing the old Galleries Shopping Centre.



VITAL STATISTICS

Average price:
£167,200

Annual price growth:
11.4%

Average rent: £643

Annual rent change:
11.5%

Average gross yield:
6%



Transatlantic transactions

When DIY website founder Russ Jones decided to buy two rental properties in Leeds from his home in Canada, it wasn't plain sailing. **Neil Cumins** recounts the story



Below and right: the duplex apartment in Pudsey, Leeds



Everyone finds their way into property in different ways, though few routes have been as unconventional as the one followed by broadcast engineer Russ Jones. He'd just finished renovating a Grade II-listed apartment in his home county of Oxfordshire when he was offered a one-year work contract in Canada in 2007, so he let out the apartment and moved to Montreal. Other than a 12-month stint in 2016 working for the BBC in Cardiff and doing up a flat in nearby Llandaff, he's been living in Canada ever since.

His experiences refurbishing the two flats led him to launch his own DIY website Property Workshop offering practical advice on DIY techniques, materials and much more besides.

All roads lead to Leeds

Early in 2022 Russ had built up enough capital to invest again. He quickly ruled out his native Canada due to high prices, low yields, and the absence of interest-only mortgages. Online research suggested the UK represented a far better long-term bet. "I believe capital growth still has a long way to go in the north of England, unlike Toronto, which saw 22% price growth in the year to November 2021," he says.

The levelling up agenda and Property Hub recommendations played their part, with Russ eventually narrowing his search area down to either Nottingham or Leeds. In the end, the Nottingham market proved too competitive, so Leeds became the sole focus of Russ's transatlantic property search.

"I spent many hours on Rightmove looking at properties," he recalls. "I narrowed my chosen areas down to Pudsey, Farsley and Morley because of their potential

capital growth. I spoke to letting agents in Leeds and connected with the head of lettings at a prominent local estate agent. He started recommending properties and offered to view them for me."

The price is right (down)

Russ flew to the UK in spring 2022 and viewed four properties in two days, successfully having offers accepted on two of them. The first was a two-bedroom duplex in a converted Victorian villa in Pudsey, where the three property owners



INVESTOR FACT FILE

Name: Russ Jones

Age: 42

Lives: Mississauga (Greater Toronto Area), Ontario, Canada

Invests in: Leeds

Occupation: broadcast engineer and founder of DIY website Property Workshop

Strategy: to diversify an existing investment portfolio with BTL properties

Number of units: four

Goal: Build a property portfolio for early retirement

co-manage the building as part of a limited company to keep service fees down to just £50 per month. The second was a two-bedroom freehold Victorian terrace in Morley. Both were pre-let with tenants.

"I got both under the asking price because the market was turning and both properties were let," he explains. The flat was advertised at £165,000 and purchased for £155,000, while the house's original price was £137,000. A sale was agreed at £127,000, but this was reduced to £124,000 when a RICS survey found roofing issues.

Getting mortgages proved challenging, with fewer products and higher rates available to expat buyers, but Russ's mortgage broker managed to secure him two five-year fixed-rate deals at 3.89%. Even last autumn's disastrous mini budget didn't derail matters. "I was nervous about losing my mortgage offer, but they honoured it," says Russ.

The fact Russ couldn't meet his conveyancer in person slowed things down: "Know your customer [KYC] verification contributed to these delays because I couldn't meet my UK solicitor face-to-face. I had to get a local solicitor in Canada to validate my identity before sending all the paperwork to the UK solicitor. Several legal documents couldn't be digitally signed, which meant a lot of posting physical copies and finding non-family local witnesses. As always, the process took forever, with both solicitors blaming each other."

Little work, no void periods

Both sales completed in the autumn of 2022. Happily, Russ's investment journey was simplified by the fact no significant work was needed on either property. "I had sitting tenants in the house in Morley and quickly let the flat in Pudsey with only minor work needed – painting, new locks on the garage and minor plumbing works. This was managed by the letting agent, and their costs were reasonable."

Despite being a bit of a DIY guru, it made far more sense for Russ to let local experts take care of these jobs rather than trying to tackle them himself during a holiday in the UK.



Above and right: the Victorian terrace in Morley, Leeds

The tenant in the flat moved out before the purchase was complete, so Russ was able to let it freely at market value. "I had two viewings and agreed a rent of £775 per calendar month."

The tenant in the house wanted to stay, but the lease was up four months later in October. "He hadn't had a rent increase since he'd moved there in 2015, and he was only paying £490 per month, whereas the market value was around £700. I was concerned that a rent freeze would be introduced like in Scotland, so I wanted to negotiate quickly. In the end, we settled on £625."

Russ decided to let both properties through the same agent he purchased through. "They charge 12% for a fully managed service, which is vital since I'm in Canada. I also decided to take their rent guarantee option on the flat because they're new tenants – a young professional couple – and one has credit issues. This costs £25 per month for peace of mind, but I'm not doing it for the house because the tenant has a long record of paying."



Hands across the sea

The 3,500-mile distance between his home in Toronto and his properties in Leeds has meant Russ has had to come up with some imaginative solutions for getting things done. "I've

learned the importance of focusing on one geographic area and researching it to death," he says.

"As an expat investor you don't have much time on the ground, so I do everything I can remotely, using sites like Mouseprice and Rightmove, alongside reading forums and listening to podcasts. I also prefer properties with sitting tenants, as you can earn income from day one, and it reduces the competition from owner-occupiers if a long lease remains."

The five-hour time difference and the need to complete both Canadian and UK taxes each year have added a layer of complexity, but Russ is grateful for the expertise of others. "Above all, you need a great team when working remotely. If you're considering doing the same, find a mortgage broker who specialises in working with expats and find a great letting agent who you can go to for local insight," he advises.

"I wish I'd had a UK accountant from the beginning. Having the last few years of income and expenses from my Llandaff flat ready for my mortgage broker would have saved time, and so would having proof of 'consent to let' ready, as well."

RUNNING THE NUMBERS

This is how Russ' two purchases in Leeds stack up financially:

Purchase price: Morley house: £155,000, Pudsey flat: £124,000

Deposit: Morley house: £38,785, Pudsey flat: £43,442

Purchase costs: Morley house: £14,166, Pudsey flat: £11,880

Finance method: five-year fixed rate mortgages at 3.89%

Amount borrowed: Morley house: £116,215, Pudsey flat: £80,578

Project duration: six months

Total personal investment: Morley house: £50,367, Pudsey flat: £52,547

Monthly revenue: Morley house: £775, Pudsey flat: £625

Monthly expenses: Morley house: £434, Pudsey flat: £267

Monthly net profit: Morley house: £341, Pudsey flat: £358

Geographic challenges aside, Russ is keen to grow his portfolio as soon as he's able to, eventually planning to split each year between his original and adoptive homes. "Once I've assembled another deposit and my properties have some extra equity to extract, I plan to buy more houses in the Leeds area. When I reach a critical mass of properties, all managed by my current agent, they'll reduce the management fees." It's clear this property story has several more chapters yet to be written.

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

Finding funding

A buy-to-let mortgage is the default option for most investors when funding a property purchase, but with higher rates and stricter stress tests are you better off looking elsewhere? **Natalie Thomas** runs through the options



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The fall-out from former Prime Minister Liz Truss's mini-Budget is still being felt in the buy-to-let (BTL) market.

Hikes in the Bank of England's base rate since September have not only led to significantly higher BTL mortgage rates, but also stricter stress testing from lenders.

Regulatory guidelines stipulate lenders must assess their borrowing based on a minimum Interest Cover Ratio (ICR) of 125%. This means the rental income must cover the mortgage payments fully, plus 25%.

In the past, against a backdrop of low mortgage rates, most lenders stress tested based on a mortgage rate of 5.5% – around 3% higher than their actual rate. Now that rates have risen, so too has the stress test, causing a headache for some landlords who are unable to borrow as much as they once could.

All this upheaval in the mortgage market has led investors to consider other types of finance to fund their property purchases, but what are the alternatives?

Bridging finance

Bridging finance is best suited to investors who plan to renovate and add value to a property, as this will allow them to revert to a traditional BTL mortgage once the loan ends.

"Borrowers can complete quickly – often in a few weeks, or even days – and repay their loan over a period of time, usually one to 24 months," says Tomer Aboody, director of property lender MT Finance.

"What can be borrowed depends on the property's value, its potential income and the borrower's plans and exit strategy," he explains.

Bridging rates are usually higher than a standard mortgage but are not stress tested in the same way and lenders are often willing to lend considerable sums, generally at around 75% Loan-to-Value (LTV).

"It is vital that borrowers work with the lender – and broker, if using one – to create a realistic and viable exit strategy," advises Tomer.

The exit strategy will generally be the refinancing of the property once it's renovated and value has been added, by that point you will need to be in a position to obtain a mortgage even if rates remain at their current level.

Borrowing from friends and family

They say never mix business with pleasure, but when it comes to loaning money from friends and family, it can have its advantages – so long as everyone is on the same page.

A wealthy friend or family member may be willing to loan you the money – or a portion of it – at a cheaper rate than a lender.

To avoid fallouts, it's important to not let your relationship cloud either party's judgement; meaning everything will need to be documented.

Beth Rudolf, director of delivery at the Conveyancing Association, says there are various options to protect friends and family if they are putting money into a purchase including:

- Going on the deed as part owner.
- Having a trust deed confirming that if the property is sold, they will get their money back.
- Having a charge on the property – basically a mortgage where they are the lender, confirming what is owed, how it will be paid back, and whether they get interest while it is owed.

"At the very least you should have a loan agreement," advises Beth. If the money is being loaned as a deposit, a mortgage lender will take the loan into account when reviewing affordability, she advises.

Joint venture funding

Unlike private funding, a joint venture is more of a partnership. Property investor Kristina Castellina has used joint ventures for several of her projects. "The way I have always done them is one person provides the funding, while the other person – in my case me – finds the deal, works with the builders and the agents, and does the legwork. It provided passive income for my joint venture partner and was a great way for me to scale my portfolio. All profits were split equally," she explains.

One of the main advantages of a joint venture is the ability to build a property portfolio with little to no cash up front. "I started off with no initial capital and it has allowed me to build a portfolio and wealth for both me and my partner. It's genius in my opinion," Kristina says.

One of the disadvantages, she says, is that you never have full control because there's two people involved. "You both need to agree on exit strategies and what you will do if things don't go to plan. Clear roles need to be decided, otherwise it can get very confusing," she advises.

As with private funding, drawing up a legal contract is also advisable.

A personal/unsecured loan

A personal loan won't generally cover the entire cost of the purchase of a property, but used as a top up loan, it can be a great way to inject some additional funds into your project and could work out cheaper than a bridge.

"Bridging is a great product, but on a small amount you still have to factor in fees, legal charges and possibly a valuation fee," says Steve Walker, managing director of brokerage Promise Money.

"That makes a small bridge proportionately very expensive and even a relatively high-rate unsecured loan could be more cost effective over a short-term," he suggests.

Most providers will lend around £50,000 for a personal loan, with some offering a preferential rate to existing customers. A typical £50,000 loan repaid over 36 months would carry an APR of 7.4%.

If you plan to use a personal loan as a deposit alongside a mortgage, a word of warning: this can raise red flags with some mortgage lender's affordability assessments.

Development finance

Unlike bridging finance, development finance is not loaned all at once. "Development finance is a specialist short term funding option usually with a term of between 6-24 months," explains Alison Houghton-Corfield, national relationship director at brokerage Master Private Finance.

"It's designed to help developers, landlords and investors with build, conversion, heavy refurbishment, and purchase costs, associated with a residential, mixed use or commercial

development project.

"With development finance, some lenders will fund 100% of the build costs, subject to Gross Development Value [GDV]. The funds are drawn down in pre-agreed stages, which means interest is only paid on the amount drawn down. Once a project is completed, subject to underwriting and current criteria the landlord/investor can refinance the project onto a BTL mortgage," she explains.

The requirements of development finance can be complex. "There is more detailed front-end work required to get a quote and an offer," says Alison.

"Lenders will want to see build schedules, planning permissions, schedules of works and assets and liabilities statements. The front-end work can seem daunting. However, if an investor works with a knowledgeable and experienced

specialist finance broker in this area it can be quite rewarding."

Mezzanine finance

Like development finance, mezzanine finance can also appear complex. "Mezzanine finance is typically referred to as the second charge for property development finance," says Chris Oatway, chief executive officer at brokerage LDN Finance. "It can provide additional leverage that allows a developer to complete a deal with a reduced amount of equity."

Second charges can also be used for property investors purchasing BTL portfolios which could be used above either BTL term finance or bridging finance. "Typically, property developers use second charges so that they can run more than one development project at once or buy multiple assets with the equity they

have available," explains Chris.

"Property investors could use a second charge behind bridging finance on a property that is being acquired below market value. This means there could be an opportunity to purchase an asset or portfolio with little cash in the deal. This is one way of enabling a property investor to build up a portfolio quickly and with limited cash commitment."

When securing mezzanine finance, he stresses the importance of understanding the project risks in full, such as how long the second charge will be required and how the loan will be paid back.

Second charge lending

Unlike a personal loan, a second charge loan is secured against an existing asset – such as property.

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The urge to not miss out on a good deal can sometimes lead to desperate measures

If you are locked into a particularly good BTL rate on a five-year fix for example, you might not wish to disturb it by remortgaging. However, if you have substantial equity in your residential or BTL property, it may be possible to obtain a second charge to cover the entire property purchase or use it as a deposit.

"The second charge lender takes a legal charge over the property which allows the client to keep their first charge mortgage in place while borrowing additional funds against the property," says Maeve Ward, director of commercial operations at mortgage lender Mercantile Trust.

"Investors need to bear in mind that a regulated second charge or a homeowner business loan will need to pass the affordability of a regulated mortgage contract so subject to full income and expenditure model and stress test," she advises.

Second charges are generally for a shorter term than a mortgage and while rates have fallen over the last decade, they are still generally higher than BTL mortgage rates.

Releasing equity from your home

If your residential property has benefitted from significant house price gains, releasing equity could be an option.

"You first need to establish

how best to get the equity out of your home," advises Karl Wilkinson, chief executive officer at mortgage adviser Access Financial Services. "You have three options: a further advance, a second charge, or a remortgage," he says.

Depending on how much equity you have in your home, you could use it to top up what you may need to cover the rental stress tests or to put down as a deposit.

If you do release equity from your property, it's worth noting this often means you'll end up paying more in monthly mortgage payments and it can extend the duration of your mortgage term.

Using credit cards

The urge to not miss out on a good deal can sometimes lead to desperate measures – one of which would be attempting to fund a purchase using credit cards.

While it is possible to withdraw cash from a cash machine using a credit card – known as a cash advance – this is a big no-no. Even if you were to withdraw cash from multiple credit cards, it would still unlikely be enough to use as a deposit.

Most providers will restrict cash advances to around 60% of your overall credit limit. It is also generally considered a very expensive way to borrow money, with some providers charging up to 30%, with fees on top.

Even if you intend to top up a deposit for a property purchase in this way, using your card for a cash advance may negatively impact your credit score which could work against you in the long-run.

Not one size fits all

With so many routes to choose from, it is wise to enlist the help of a mortgage broker who will be able to guide you through your options and ensure you can continue to fund your property investments, until the mortgage mayhem calms down.



Rudi picked up the keys in August 2021, but work didn't start for another eight months



INVESTOR STORY

In at the deep end

Rudi Jones converted a Victorian terrace in Luton into a six-bed HMO for her very first property project



INVESTOR FACT FILE

Name: Rudi Jones

Age: 25

Lives: London

Invests in: Luton

Occupation: full-time property developer

Years investing: one

Strategy: HMOs

Portfolio value: £545,000

Goal: to be financially independent and live abroad

What felt like an abrupt end to her fledgling career as a finance broker turned out to be the start of an exciting new vocation for 25-year-old Rudi Jones.

Like so many other people furloughed from their jobs when the pandemic struck, she had time to contemplate and figure out her next move. "My dad has an entrepreneurial background, so I think I've always had a bit of that in me. I decided I didn't really want to work for anyone else anymore, so I spent a few months in lockdown trying to figure out what it was I wanted to do. I picked up some books on property investment and became hooked, so I just kept reading and learning," she says.

Out of all the possible strategies, she decided she wanted to go down the development route, specifically developing a shared home to rent to young professionals. "I just knew I wanted to do development. Because I'm younger I have the ability to just jump straight into the harder stuff and get more cash flow returns straight away."

Scoping the market

With the financial backing of a private investor, Rudi was ready to make her first purchase at the start of 2021. "I did a lot of Googling to find out more about the population in different areas and where there would be demand for shared living. I checked out the age range of people living in different areas, what kind of employers there were and whether there was an Article 4 direction."

She narrowed her target area down to a handful of streets in Luton. "I think it's a really good area for shared housing. You've got the airport, lots of major employers, plus there's a fast train to London which takes about 20 minutes, so it's well located."

Living with her parents in Hertfordshire at the time, Rudi made regular trips to Luton for viewings

until she found 'the one'. The three-bedroom, one-bathroom terrace was a probate property which had already had an offer accepted on it, but it had fallen through. It was listed for £250,000 but Rudi managed to get it for £230,000 cash – £20,000 under the asking price. She worked with an architect to draw up plans to convert it into a six-bedroom, six-bathroom HMO.

Slow start

Rudi picked up the keys in August 2021, but work didn't start for another eight months. "I wanted to start the build straight away, but at that point I still hadn't found the right builder. I must have interviewed about 15 builders, which sounds a bit picky, but I just couldn't find one that I trusted or liked or that was that was available."

Eventually she found a builder to take on the project, but just before he was due to start work he had a family emergency and had to pull out of the job. "That put me back to square one, so it was April before the project got underway."

Had Rudi been borrowing from a bank, the delays would have been costly, but luckily, she was able to come to an agreement with her investor to roll the interest back.

When work finally did begin in April 2022 it was a complete back-to-brick job. To create the extra floorspace needed to house three extra bedrooms an L-shaped dormer loft conversion was added to the pitched roof and all the chimney breasts were removed, with steel beams inserted in their place to provide structural support.

"Thankfully there was nothing structurally wrong with the house. I was worried once we started picking things apart we'd uncover something major that would set us back further, but it all went pretty smoothly."

Rudi had budgeted £150,000 for the conversion and £20,000 for furnishings, but the final bill ended up being £25,000 more. "I'd been quoted in January 2022 and we finished the project in October. In those nine months we saw unprecedented spikes in building costs and material shortages, which we hadn't accounted for, but it was out of our control."

Strengths and weaknesses

Planning and designing the interiors was Rudi's favourite part of the process. "I used digital whiteboard software Mural to collate all my ideas in one place. You can make brainstorming plans on there and tag items that you want. I found it



This page: snapshots of how the property looked before, and one of the finished ensuite bedrooms below
Overleaf: Rudi bought the bay-fronted terrace for £230,000



RUNNING THE NUMBERS

This is how Rudi's six-bedroom HMO in Luton stacks up financially:

Purchase price: £230,000 cash

Purchase costs: £15,000

Project costs: £195,000

Project duration: seven months

New valuation: £545,000

Finance method: five-year fixed rate at 75% LTV

Monthly revenue: £4,753

Monthly expenses: £3,285

Monthly net profit: £1,468

INVESTOR STORY

really useful for dumping my ideas to come back to later."

Timing furniture deliveries and finishing touches to fit in with the build schedule felt stressful in the moment, but everything came together in the end.

One of the most frustrating parts, she says, was not being taken seriously in what is a male-dominated industry: "Because I'm young and female and the fact this was my first project made it a challenge to be taken seriously by some of the contractors, but I think that will come as my confidence grows."

Once the project was complete, Rudi wasted no time getting the property revalued so she could release the equity to pay back her investor.

The valuation came in at £545,000, an uplift of 137% from the purchase price. Rudi was able to take all the original investment back out of the deal and pay back her investor with 7% interest. She took out a five-year fixed rate mortgage with Shawbrook at 75% LTV.

Rather than hand the property over to a managing agent, she decided to self-manage. "I only have one property to look after, so I have the time to do it. I think it's important I understand how the process works before passing on to anyone else. Plus, estate agents take a 10-12% cut per month for their services, so it will save me a chunk of money."

All the rooms were filled in November with rents ranging from £780-£815 per calendar month including bills – a good 20% above the market average. Rudi added a clause in the tenancy agreement to protect herself against any dramatic energy price hikes. "It basically says if the bills spike up in an unprecedented manner, then I'll be able to share some of the additional costs with the tenants."

Bigger and better

Although it had its ups and downs, the experience has made Rudi determined to do it again, but the next one will be more efficiently executed. "There's been a lot of learnings this time around, especially when it comes to what needs to be done so that everything can run a lot faster and smoother," she says.

"I've learned that good communication is vital, and you need to have everything in writing, so everyone has a clear picture of what needs to be done and there is proof of the terms you've discussed."

"I'm definitely going to make sure that I've got better systems in place next time, and by that I mean organisational systems where I don't have to rely on memory or random bits of paper to notify me to do something."

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

10 financial principles to live by

From over a decade of reading obsessively and investing broadly, I've come up with 10 financial principles that will help you get the most out of your personal finances, writes **Rob Dix**

These 10 financial principles sum up my view on how we should all manage our personal finances. Some will have you nodding immediately. Others will challenge your existing beliefs. Look out for those you instinctively disagree with: those are the ones with the greatest potential to improve your own thinking by making you consider a different point of view.

PRINCIPLE 1: There are three levers you can pull to improve your finances

These are earning, saving, and investing. In other words: make more money, keep more of what you make, invest what you've kept more wisely.

Earning is the most powerful of these levers, because its upside is unlimited. By comparison, you can only increase savings by a limited amount (until you end up spending nothing) and investment returns by a limited amount too (even Warren Buffet "only" manages 17% per year on average).

PRINCIPLE 2: Anything you own is either to "protect" or "expand" your wealth

Asset allocation, or "knowing what mix of stuff to invest in", is something investment professionals debate endlessly.

We non-professionals can ignore most of it and focus on the underlying reason why we might hold a certain asset. There are only two choices: to expand the amount of money you hope to have in future or to preserve or protect the money you've already got (including maintaining its spending power in the face of inflation). In other words, "getting richer" and "not getting poorer".

You need to decide on the relative importance of each, then select assets that strike that balance.

PRINCIPLE 3: Your future earning power is your biggest asset

The capacity to generate future income is the most valuable asset everyone starts life with. As your working life goes on, this future earning power decreases as it's "used up".

The lower your future earning power, the more you'll want to focus on protecting rather than expanding. Why? Because you have less ability to "earn back" losses from investments that go wrong, and less time remaining until you need to live off your investments rather than your efforts.

Age is generally used as a proxy for earning power: the closer you are to retirement, the less risk you want to take on. But that's not the full story. A 30-year-old doctor has far greater future earning power than a 30-year-old cleaner, even though the cleaner might currently have higher net worth (because the doctor has medical school debt). A 50-year-old entrepreneur whose business has just taken off might have higher earning power than both of them.

PRINCIPLE 4: Holding cash is both protective and expansionary

Cash gets a bad rap. You barely earn any interest on it and it loses earning power to inflation every year. But the right amount of cash is a great comfort blanket. Knowing you have enough to see yourself through the worst personal situation you can imagine means you can relax and take bigger risks (for higher reward) with the rest of your assets.

Believe it or not, cash can be expansionary too. Having cash on hand allows you to move quickly and take advantage of opportunistic deals that the cash-phobic can't do. But you must know the purpose of any cash you're holding, and not let it build up just because you're too scared to invest it.

PRINCIPLE 5: In financial markets, you have no edge. Nor do most other people.

Somewhere between 90% and 100% of professional fund managers fail to beat the market consistently over time. So, what makes you think that you can do any better?

The good news is, you don't have to. You can do perfectly well by just performing in line with the market. And that's spectacularly easy to do: just own a bit of everything.

Actively investing in financial markets is fine if it's a hobby or passion. The rest of us can give up trying, be happy in our averageness, and go off to do something more fun.

PRINCIPLE 6: Where you have no edge, diversify. Where you do have an edge, focus in.

In situations where you don't have an edge it's best to diversify: own a bit of everything and do well on average.

Where you do have an edge, exploit it and focus in. You may have relationships which allow you to find houses to refurbish at a better price than anyone else or own a business that has a unique advantage over its competitors. Yes, you're taking more risk, but it's justified by your superior knowledge or ability. And besides, you've got your downside covered (Principle 4).

PRINCIPLE 7: Everything is cyclical

Countless economists have cooked up models for running a country's economy (and won Nobel prizes for them) that they claim will end the boom/bust cycle. I don't have a Nobel or any other prize, but I know they'll all ultimately fail. Markets are the aggregation of millions of individual human actions. Humans act as a herd and whip each other into bouts of unjustified mania followed by woe-is-us pessimism. No fancy equations can overcome these tendencies.

Once you internalise this principle, you can be rightly suspicious when times have been either good or bad for too long.

PRINCIPLE 8: Timing the market well is better than not timing it at all. But timing it badly is even worse.

It's rational to tilt the balance of your investments between "protection" and "expansion" depending on what's happening in the markets. You don't want to be expanding when assets are expensive and primed for a fall. You don't want to miss opportunities by being cautious when there are bargains all around you.

There's just one snag: most amateur investors get market timing completely wrong. They sell in panic when prices fall and are too scared to buy until everyone around them is buying too and the next crash is on the cards.

That's why it's common investment advice to drip-feed a regular amount into investments, regardless of what's going on. This advice protects you from your own bad decision-making – but it also removes the potential rewards of getting the timing right.

PRINCIPLE 9: Financial assets are the least valuable type

Intangible assets, like copyrights and intellectual property, are great because you can just create them from nothing but your own imagination – no financial clout needed.

Real assets, like property, are great because you can't create them out of thin air. They have real-world utility and intrinsic value regardless of what's happening in the financial markets.

Financial assets, like shares and bonds, don't have either of these advantages. You can only buy them by swapping them for another asset, and their values leap around depending on investors' whims.

This is a radical oversimplification, of course, and I own plenty of financial assets. But if you read most personal finance advice, you'd think they're the only type – which cuts you off from some of the most valuable assets you can own.

PRINCIPLE 10: Your finances are a reflection of your personal habits

Let's finish with an unpopular one. Your finances are the result of all the value you've created, all the discipline you've exhibited, all the investment decisions you've made.

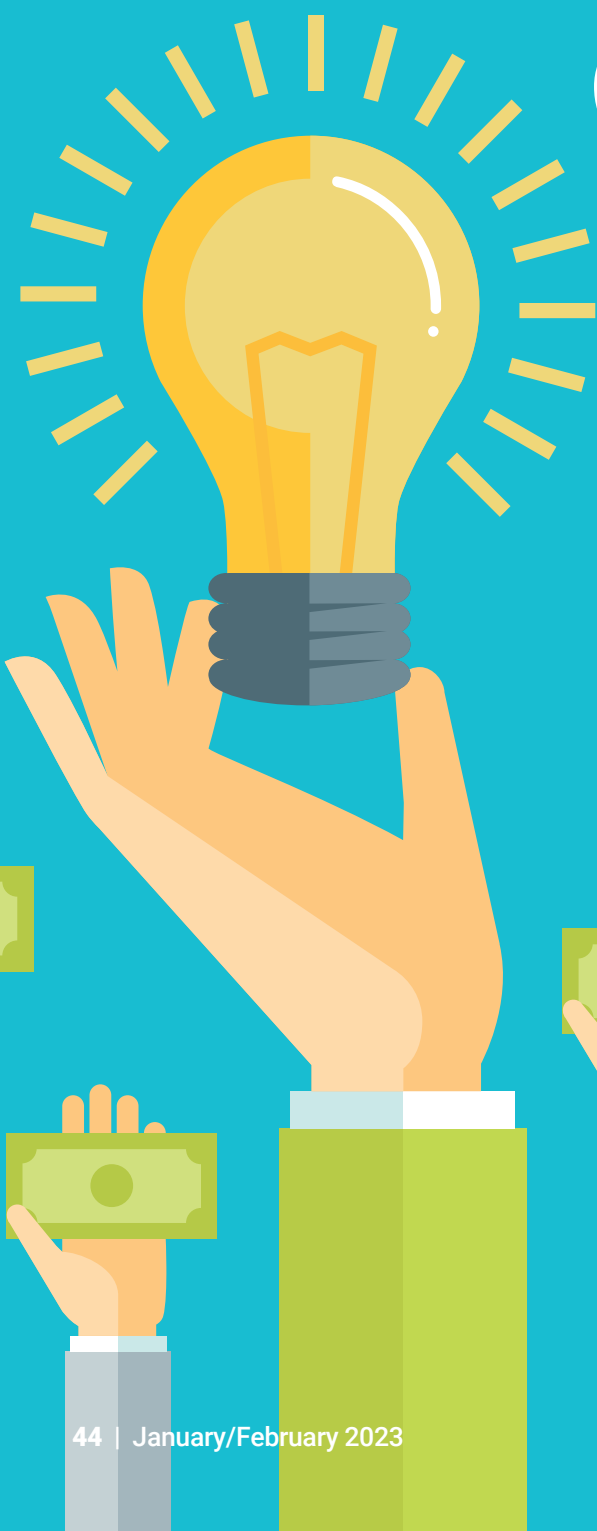
Read the biography of any billionaire – I guarantee it'll be a tale of hard work, persistence and brave (though not flawless) decision-making. And I bet they remained vigorous and active well into their 70s and 80s.

Yes, where you start out in life matters a lot. And sure, many billionaires are excessively driven by their work to the detriment of other parts of their lives. But at some point you need to take responsibility. Your actions and decisions are your own. That's wonderful: it means improving your financial life is totally within your power.



Read Rob D's thoughts on the biggest stories each week by subscribing to his weekly newsletter Property Pulse: propertyhub.net/news

How to... avoid costly and complex conveyancing problems



The conveyancing process can be long, confusing and mind-bendingly frustrating. **Emma Lunn** looks at how you can speed up the process and avoid any costly surprises

Whatever type of property you're buying or strategy you're following, there's a long list of problems that can crop up during the conveyancing process that will slow down your exchange and could end up costing you money.

No property buyer wants to be held up, but investors generally have to work to much tighter timescales than residential buyers. Deadlines are dictated by the need to make money on a transaction, whether that's by letting the property to tenants or booking tradespeople to do renovation work in order to flip the property, making avoiding delays all the more important.

The right solicitor can prevent delays and help steer you clear of any small technicalities that can become expensive problems later on. Rob Peters, principal at Simple Fast Mortgage,

says: "Many investment purchases are from motivated sellers where time is of the essence and having the right legal partner is paramount to ensuring the deal is not lost. These points are even more important where investors are based overseas, and the signing of paperwork, for example, can be difficult."

A conveyancer's primary objective in any property transaction is to assess and determine whether the property is fit for purpose. For people buying a home to live in, this means making sure a property is habitable and mortgageable. But a conveyancer acting on behalf of an investor needs specialist knowledge on specific subjects like purchasing through a limited company, HMO regulations and leasehold restrictions.

Buying a BTL

Buying a property to let comes with its own set of legal formalities which must be taken care of. Sophie Bray, chartered legal executive at Irwin Mitchell, says: "Planning permission must be checked to ensure letting the property does not breach the permitted use or other conditions."

Whilst issues regarding property title and mortgage lender requirements are mostly done by the conveyancer, you can help speed things along by carrying



"Identifying any issues prior to conveyancing will help negate risks"

out your own enquiries with the local authority to ascertain what requirements are in place.

Identifying any issues prior to conveyancing will help negate risks such as the mortgage offer expiring and or being gazumped by another investor who may already have dealt with these issues and be in a stronger position to purchase the property right away.

Amer Ali, solicitor partner in the conveyancing team at Blacks Solicitors, says: "Depending on the local authority you may be required to apply for a Selective Licence and if the property is a HMO then a HMO Licence.

"Selective licensing applies to properties that are let to one or two people, or one family households. Where there are multiple rented flats in the same block or building that are owned

and managed by the same person, the building may qualify for a single selective licence."

Completing on any mortgage involves giving both the solicitor and the mortgage lender certain information – the sooner this is provided, the less issues you will have. You can expedite the process by reading the lender's mortgage offer to see what is required and ask for a list from their conveyancer at the beginning of the process.

"The solicitor will require a current AST for the property if let and with some lenders it needs certain clauses, so the tenant is aware the property is mortgaged," says Simon Allen, director at Searchlight Finance Ltd. "A copy of the valid insurance for the buildings is also needed as well as a valid EPC of A to E or exemption if applicable."

It's also worth noting it's illegal to let a property which has an energy performance rating of less than E. If work needs to be done to bring the property up to the required standard, this cost will need to be factored in. Gas and electrical certificates will also need to be in place before the property can be let.

Sitting tenants

If you're buying with a tenant in situ there are various implications your solicitor

should be able to advise you on. If you plan to keep the tenant in place, then you'll need to update them on the situation and who to pay the rent to, transfer any deposit into your name and inform them about which deposit protection scheme this money is held in.

If you plan to evict a sitting or regulated tenant, an experienced conveyancer can advise on the different nature of the legal protections these tenants have.

"When purchasing a property with tenants in situ, an investor should also consider whether the form of the tenancy is acceptable. Is the tenancy a fixed term or is it a periodic tenancy?" says Amer.

"If it's the latter then the investor and any mortgage lender would be able to, if required, recover possession of the property by service of a two months' notice at any time, but if it is a fixed term tenancy then the tenancy will need to incorporate the grounds for recovery provided by the Housing Act 1988."

Leasehold and freehold

Investors are often attracted to leasehold properties due to their lower price point and attractive yields. There's also the potential to make money by buying a property with a short lease and extending it.

But, without the right guidance, leasehold properties can end up costing unwary investors dear. Expensive ground rents and service charges can negatively impact your bottom line, while terms in the lease can restrict what the property can be used for.

Kieran Weisberg, managing director at Weisberg Legal, says: "A common feature of leasehold properties is a restriction on use, for example 'can only be used as a single private dwelling for the occupation of one family'. This prohibits use as a HMO or for short term holiday letting and these are often the more profitable forms of use.

"Leasehold properties can

also have other restrictions such as limiting the type of flooring, for example, to carpet, which means that easy to maintain low-cost laminate flooring is out of the question."

If you're buying a leasehold property, you can avoid costly issues later down the line by asking to see a copy of the lease, service charge accounts and detail of ground rent before making an offer. You can ask your conveyancer to go through these documents before proceeding.

Some investors might buy a freehold house with a plan to divide it into separate dwellings and split the title. To avoid complications, it's best to find a conveyancer with knowledge of title splitting to ensure the process goes as smoothly as possible.

Buying via a limited company

The introduction of the Section 24 tax rules in 2017 changed the amount of tax relief landlords received on rental payments. As a result, an increasing number of investors have incorporated their property businesses and set up limited companies.

But buying property through a limited company can be a complex procedure and involve a lengthier

conveyancing process. This is because there are additional checks your conveyancer will need to make compared to purchasing a property as an individual.

For example, they'll need to make several checks on your company to ensure that it's legally entitled to hold property. Information your conveyancer will need to see will include proof of identity for the company director, the company articles and powers, and the company's annual return.

Your conveyancer will also need to carry out a carry out a company search to check whether there are any issues the lender needs to be aware of.

"With most lenders you have the cost of independent legal advice (ILA) for the personal guarantee as your own solicitor normally can't give you this advice as it is a conflict-of-interest as they are acting for the company and the ILA is in your personal name," says Simon.

"I've seen quotes for this service as high as £900 per person however there are plenty of options now online where you can get it for circa £150. If you have an established relationship with a solicitor, you may get it for a lower figure."

Some investors buy property as a joint venture with another investor. These can be carried out through varied legal vehicles such as contractual joint ventures, limited companies with shareholder's agreement, and limited liability partnerships with member's agreements. Anyone entering a joint venture should take expert legal advice.

Whatever your property investment strategy, having the right conveyancer can make all the difference between a successful project and a costly nightmare. Doing your due diligence to find the right legal partner to work with is time well spent.

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Getting investment fit

The similarities between maintaining a healthy life and a wealthy life are strong, writes **Rob Bence**

Around this time of year people start thinking about their health and fitness goals. Motivation is generally at its peak in January and February – everyone is feeling pumped – but without the right approach, these good intentions all too often end in failure.

It's the same with property investment. You may have already set your goals for the year and be feeling motivated, but if you don't keep investment fit, there's a good chance you'll end up giving up. So how do you keep that energy and focus going all year round?

Be specific

Vague goals are no use to anyone. Saying you want to lose weight isn't specific enough, and neither is saying you want to invest this year. It needs to be much more precise, like: "I'll invest in X number of properties this year" or "I'll put X amount of cash into investments". Being specific in your goal setting will help you see exactly what needs to be done in order to achieve your goal, while eliminating room for slacking off and making excuses.

Make it meaningful

Having a meaningful goal is essential, especially in those moments you don't feel like putting in the effort. If you're getting into property investment because it sounds fun and exciting, you're probably not going to see it through. Think about your emotional drivers, rather than financial ones. Are you doing it for your family? To be able to travel the world? To create a better life? This is what will keep you going when you feel like quitting.

Develop a plan

Just like if you're running a marathon or training for a triathlon, you need a plan. Do you know what date you want to have invested by? What area you want to invest in? What type of property you want to buy? If the answer's no, that's fine, but you need to start answering some of these questions to be able to break down your tasks and put them into a plan. Without one you'll quickly lose track of what you should be doing and fail to get the results you want.

Buddy up

Working out with friends or hiring a personal trainer will help keep you motivated and inspire you to work harder and be less likely to shirk a session. The same goes for property investing. Find your person in property to hold you accountable and keep you on track. Maybe it's someone you plan to invest with, or someone who's further along than you. It helps if you have the same or similar goals so you can encourage each other along.

It's a marathon, not a sprint

You wouldn't expect to have a six-pack after one week in the gym, nor should you expect to have an incredible property portfolio within a few months. Set a realistic timeline and celebrate the small wins along the way. Individually they don't feel that significant, but over time they add up. Property investment is a long game. You might not see the rewards straight away, but patience and persistence will pay off.

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What we've learned

After several years juggling jobs with building a property portfolio, **Marc and Moona Flinders** have reached their goal of financial freedom, just in time for the arrival of their baby daughter. Here's what they've learned in the process

Be tenacious

We've met plenty of obstacles on our property journey and have learned to expect the unexpected. Being persistent but patient has often paid off. We were told financing our first HMO would be extremely difficult, but we did our own research and managed to find a suitable lender. As a property investor you need to be adaptable, flexible and not lose your head when things don't go to plan. Always be ready to pivot, question what you are told and be willing to let things go, regardless of how invested you were in an idea.

Don't compare yourself to others

Focus on your own goals – it's unproductive to compare to others – besides, you never really get the full truth anyway: people are very good at showing the glamorous side of what they do but the reality may be very different. We've come to learn there's not just one way to make it work, which is reassuring.

Our primary goal was to create a passive income so we would be free to travel and start a family, but we also have a secondary goal of acquiring properties with strong capital appreciation for our future.

Really get to know your investment areas

When you're researching an area, don't just look at the house prices and rental income, get to know as much as you can about it. Our first investment was local, in an area we already knew well. Once we started venturing further afield, we made sure we got to know as much as we could about tenant demand, regeneration plans and potential for capital growth so we could make well-informed decisions.

Don't be afraid to ask others

You'll never be an expert in absolutely everything, no matter how much you research. Local knowledge is always beneficial so build good relationships with estate agents and sellers. We've got a good rapport with surveyors, builders, solicitors and architects so we can bounce ideas off them about potential purchases instantly. People are really open in this industry and happy to share knowledge.

Remember it's a long game

Leverage is a powerful tool when used correctly. Inflation will erode debt over time and housing supply will always be restricted. These points



INVESTOR FACT FILE

Name: Marc and Moona Flinders

Age: 38 (him), 43 (her)

Live: West Sussex

Invests in: Lancing, Sompting, Rustington, Havant, Crewe, Sandbach and Nottingham

Occupation: Moona teaches part time and runs her own education business, Marc manages their property portfolio and runs a renovation company

Years investing: 13

Strategy: BTLs and HMOs

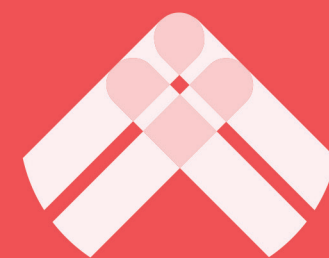
Portfolio size: 12 units

Goal: to secure their family's financial future

Marc and Moona with baby Storm

don't have a big impact overnight, but they compound over time. We have been successful because we haven't relied on the income from our properties but have used it to leverage and gain momentum, which has helped us to achieve our goals. Now we've had a baby, we are fortunate enough to be able to live off our rental profits if that's what we want to do.

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

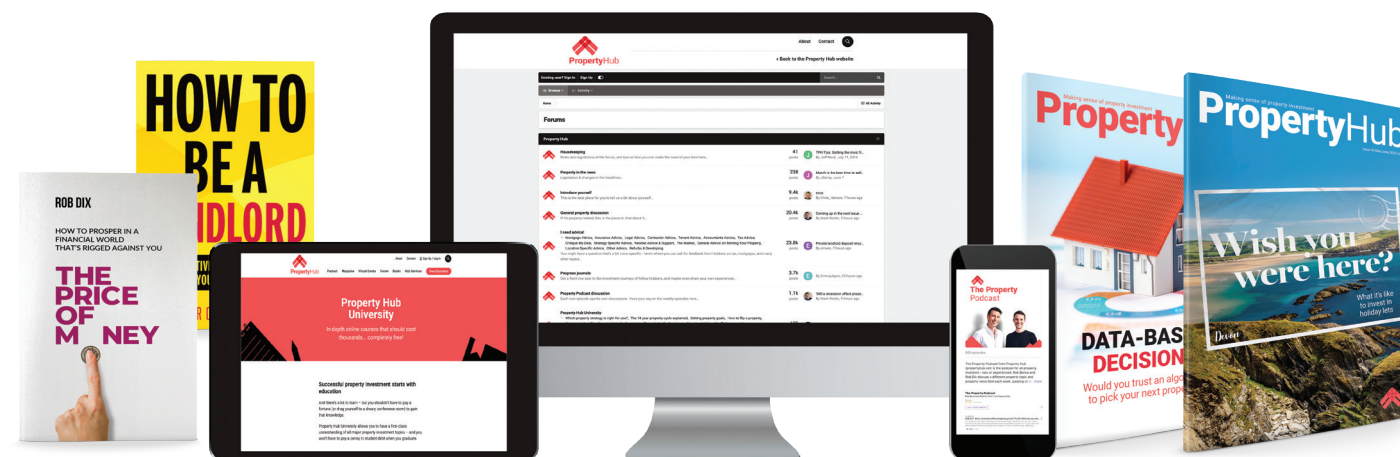


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