

Making sense of property investment

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Mixed picture

Are property prices on
the rise or decline?



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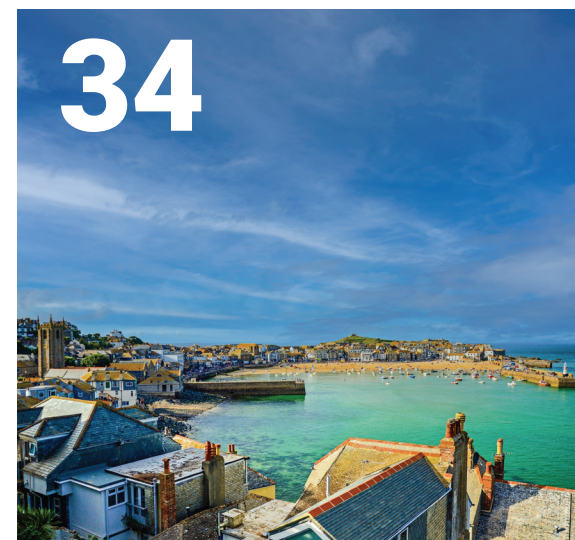
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Welcome



Rob Bence (left) and Rob Dix (right)

As a nation of property lovers, we can't help obsessing over national price trends, but there's one big problem with national averages – they mask regional variations. The UK property market isn't one homogenous entity, there are tens of thousands of individual housing markets each with their own supply and demand dynamics. As a result, national averages don't tell

you much about what is happening in your local area, even regional indices can disguise huge differences in local markets. On page 24 we look at what opportunities and challenges this presents for investors.

Our investor stories this issue prove no two buy-to-let strategies are ever the same. We find out how remote investors Suresh and Natasha Mistry manage their portfolio from

Switzerland, how hands-off investor Bharat Hirani grew his portfolio with help from Property Hub Invest, and how Ben Curtis juggles life as a professional jockey and landlord.

Plus, we share our own experiences of selling at auction and improving purchasing power.

Happy reading!

Rob and Rob

Rob Bence is CEO and co-founder of Property Hub and Portfolio and co-host of the award-winning Property Podcast. He's been investing in property for almost two decades.

Rob Dix has written extensively about property investment for the past seven years. His books, including his latest release *The Price Of Money*, *The Complete Guide To Property Investment* and *How To Be A Landlord*, are Amazon best-sellers with hundreds of five-star reviews.

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Inside the hub

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



ON SCREEN

It's been one heck of a year so far. Investors have had to contend with an imploding mortgage market, a political bombshell, and an intensifying rental crisis – but it's still not over yet. To hear what Rob Dix has to say about it all (the clue's in the title) and find out what he predicts will happen for the remainder of 2023, head over to our YouTube channel.

youtube.com/propertyhubuk

ON AIR

Property prices are dominating the headlines, again. In July The Robs set themselves the task of figuring out if property values really do double every ten years as people say they do. Their research unveiled some surprising findings, which they shared in episode TPP538. They'll be following up with another episode in September on why it's taken much longer for prices to rise this cycle.

Propertyhub.net/podcast

ONLINE

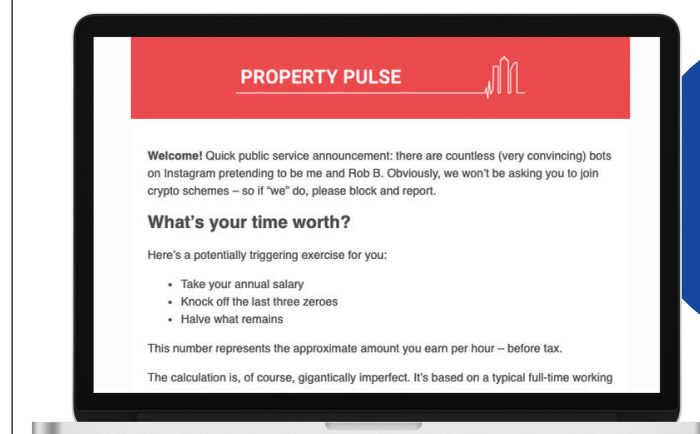
Deciding whether to outsource or do a job yourself can be tricky, but Rob Dix has a practical way of looking at it: "Here's a potentially triggering exercise for you," he wrote in an August edition of his weekly newsletter. "Take your annual salary, knock off the last three zeroes, halve what remains. This number represents the approximate amount you earn per hour – before tax."

He admits the calculation is "gigantically imperfect", but it

provides a useful perspective when thinking about how you spend your non-work time. He advises outsourcing anything below your hourly rate: "the higher your hourly rate, the higher the hurdle should be for you to perform a task yourself: at the highest levels of earning, there's barely any task you shouldn't delegate."

The concept doesn't just apply to property management tasks, it can be applied to sourcing deals or adding value through refurbishment too. "If you can spend £8,000 on materials and increase a property's value by £15,000, that sounds like a great deal. But what if you need to invest 200 hours of work too? Add that to the £8,000, and you've now only achieved a gain of £2,000 above your combined time and money cost – so less tangible factors like whether you enjoy the experience become more important," he explains.

"The more you start factoring in the impact of your own time – even if it's imperfect – the closer you'll get to making better overall investment decisions."



To read more from Rob Dix, sign up to his weekly Property Pulse newsletter:
propertyhub.net/news

Market focus

The latest news and developments from across the property market

RIGHT TO RENT FINES

Fines for landlords who allow illegal migrants to rent their properties are to be increased dramatically, in the biggest shake up of civil penalties since 2014.

The fines will increase from £80 to £5,000 per lodger and from £1,000 to £10,000 per occupier for a first breach. Repeat breaches will be up to £10,000 per lodger and £20,000 per occupier, up from £500 and £3,000 respectively. The higher penalties will come in at the start of 2024.

As part of Right to Rent checks landlords are legally required to check the immigration status of all tenants,

lodgers or any other adults who will be living in their property before entering into a tenancy agreement.

Minister for immigration Robert Jenrick said: "Making it harder for illegal migrants to work and operate in the UK is vital to deterring dangerous, unnecessary small boat crossings. Unscrupulous landlords and employers who allow illegal working and renting enable the business model of the evil people smugglers to continue. There is no excuse for not conducting the appropriate checks and those in breach will now face significantly tougher penalties."

TSB EXTENDS MORTGAGE CHARTER TO BTL CUSTOMERS

TSB has become the first lender to extend the Mortgage Charter to its buy-to-let (BTL) customers.

The Charter was introduced in June to support borrowers struggling with rising mortgage rates. Around 90% of lenders committed to providing a range of support options

to borrowers including switching to an interest-only mortgage for six months and extending the term of their loan, however it only applied to residential mortgages, not BTL.

The high-street lender is the first to extend the measures to landlords. Nicola Bannister, TSB's financial

support director, said: "We have a range of ways to help all TSB customers impacted by the rising cost of living – including those worried about their mortgage payments both on residential and buy-to-let properties. We continue to encourage those customers to contact us as soon as possible."



IN NUMBERS



£5,000

The minimum fine for renting to illegal migrants from 2024

(Home Office)



2.1%

Y-O-Y asking price increase in Yorkshire & Humber

(rightmove.co.uk)



1 AUGUST

The date the Housing Loss Prevention Advice Service went live

(Ministry of Justice)



£688,526

The average London asking price

(rightmove.co.uk)

REGIONAL HOUSE PRICES

Variations in regional property prices is the topic of our cover story this issue and Rightmove's latest figures help illustrate local discrepancies. According to the property portal, despite a national decline of 0.2%, asking prices in four regions across Great Britain increased in July.

The East Midlands – home to cities like Nottingham and Derby – saw average asking prices rise by 1.1% to just below £290,000, up by 1.8% in the past year.

In Yorkshire & Humber – where you'll find hotspots like Leeds, Doncaster and Wakefield – asking prices went up by 0.7% in a month to £248,755, and by 2.1% in a year. The South West region also saw asking prices rise by 0.2% to £396,990, up by 1.4% in a year.

London was the fourth region to record a monthly increase. Asking prices reached £688,526, an increase of 0.5%, but were down 0.6% year-on-year.

All other regions have started to see monthly price drops, with average prices in the South East and in the East of England also marginally lower than a year ago.

Average regional asking prices in Great Britain

REGION	AVERAGE ASKING PRICE JULY 23	MONTHLY CHANGE	ANNUAL CHANGE
North East	£184,632	-2.0%	0.4%
Scotland	£192,030	-0.7%	3.6%
Yorkshire & Humber	£248,755	0.7%	2.1%
North West	£255,354	-0.8%	1.9%
Wales	£260,683	-1.3%	1.9%
West Midlands	£289,242	-0.9%	0.6%
East Midlands	£289,777	1.1%	1.8%
South West	£396,990	0.2%	1.4%
East of England	£425,855	-0.1%	-0.6%
South East	£490,386	-1.1%	-0.4%
London	£688,526	0.5%	-0.6%

TENANT LEGAL SUPPORT

The government has launched a free service for tenants facing possession proceedings. The Housing Loss Prevention Advice Service provides free early legal advice on rent arrears, disrepair, and welfare benefits issues as soon as written notice is received.

If the matter can't be resolved, the service extends to free legal advice and representation in court. It replaces the

Housing Possession Court Duty Service which only offered 'on the day' emergency advice and advocacy.

Landlord Zone has raised concerns it could result in more landlords fighting – and potentially losing – expensive court battles. "There are fears that the threat of a £15,000 legal bill if they lose their possession claim hearing could be enough to dissuade some from taking legal action," it said.



Locking in for longer

Could European-style long-term fixed mortgages be a solution to the UK's 'broken' mortgage market? Chantelle Dietz investigates

There are many idiosyncrasies that make us Brits seem strange to other nations – like our love of brown sauce and our multiple uses for the word 'sorry' – and now we can add mortgages to the list too.

Research commissioned by the Scottish National Party (SNP) for the House of Commons Library shows the UK is at odds with the rest of Europe when it comes to leveraging property. While the majority of European consumers take out long-term fixed-rate mortgages for ten or more years, we commonly fix for shorter periods of two to five years.

The research found in Belgium 92.01% of consumers have a long-term fixed deal of more than 10 years, while in Spain it is 54.9%, in Denmark it's 52% and in Germany it's 37.1%. It's a similar story in the US, where most Americans have 30-year rates thanks to a long tradition of federal support through lenders Fannie Mae and Freddie Mac.

Once they take out a mortgage, our European neighbours can rest assured their rates won't change for at least a decade, which seems like a nice position to be in when you compare it to what's currently happening here in the UK.

Office for National Statistics data shows 2.5 million mortgages are due to be renegotiated between 2023 and 2024 and mortgage rates are more than three times higher than their sub-2% levels two years ago, meaning millions of people are in for a sudden, sharp rise in costs.

The Centre for Business and Economics Research estimates this could cost homeowners an extra £9bn this year and into 2024, while the IFS, a politically independent think tank, has warned mortgage holders will see their disposable income fall by more than 20%.

All this mounting pressure on borrowers has led political figures – including housing secretary Michael

Gove – to publicly announce the UK mortgage market is 'broken' and that adopting a European mortgage model could provide a solution.

Been here before

If you think you're experiencing de ja vu then you're not mistaken. Sixteen years ago, the prime minister at the time Gordon Brown said he wanted to make more longer fixes available to provide more protection and certainty for borrowers. A handful of lenders responded with a series of 25-year fixes all with hefty early repayment charges. Demand was low, so the products dwindled out.

The Bank of England found that between 2016 and 2019, mortgages with rates fixed for five years or more grew in popularity thanks to new mortgage rules and low interest rates. But with rates hitting a 15-year high this July, demand

PROS OF A LONG FIXED-RATE MORTGAGE:

✓ 1 Stable monthly payments: One of the main advantages of a long fixed-rate mortgage is the predictability and stability it offers. With a fixed interest rate, your monthly mortgage payments remain the same throughout the entire term of the loan, making it easier to budget and plan your finances.

✓ 2 Protection against rising interest rates: When you choose a fixed-rate mortgage, you are protected from potential future increases in interest rates. This can be beneficial if interest rates are low at the time of a purchase, as it ensures your monthly payments won't increase even if rates rise in the future.

✓ 3 Easier financial planning: The stability of a long fixed-rate mortgage allows for better long-term financial planning. Knowing your monthly payment amount over the duration of the loan can make it easier to plan for other expenses and savings goals.

CONS OF A LONG FIXED-RATE MORTGAGE:

✓ 1 Higher interest rates compared to short-term loans: Long fixed-rate mortgages often have higher interest rates compared to shorter-term loans, as lenders generally charge higher rates for the added guarantee of a fixed rate over an extended period. This can result in higher overall interest costs over the life of the loan.

✓ 2 Potential opportunity cost: If interest rates decrease significantly in the future, borrowers with long fixed-rate mortgages may miss out on the opportunity to refinance at lower rates. This can lead to paying higher interest costs in the long run.

✓ 3 Longer loan term: Opting for a long fixed-rate mortgage means committing to a longer loan term, typically 15, 20, or 30 years. While this can make monthly payments more affordable, it also means it will take longer to build equity and pay off the loan.

– and product availability – has dwindled once again.

At the time of writing market analysis from Moneyfacts Group showed there were 149 10-year fixed mortgage deals on the market, accounting for just 3% of the total residential mortgage market. In comparison there were 1,401 two-year fixes and 1,522 for five-year fixes.

Moneyfacts finance expert, Rachel Springall, told us some lenders offer 'fixed for term' mortgages akin to the lifetime deals in other countries for which the rate and the term are dependent on the duration agreed by the lender, but these are few and far between.

Long-term buy-to-let deals are even more scarce. Only two lenders – The Mortgage Works and Virgin Money – were offering 10-year fixes at the time of publication.

Could it work in the UK?

Adopting a European mortgage model sounds like a good idea on paper, but mortgage experts aren't convinced its easily transferrable.

"It's difficult to draw comparisons between what we do here in the UK and what happens in the rest of the world because there are cultural and economic differences," says Nick Sheppard, managing director of Framework Mortgaging.

"The UK has always had a unique approach to property ownership. In mainland Europe renting is quite common, they don't have the same fascination with home ownership, plus people tend to stay in the same property for longer," he adds.

This longer-term mindset aligns with the idea of having a longer mortgage term. "Long term rates might be attractive for people living in Europe because the central banks have more of a consistent approach with their interest rates. Here in the UK the rates are directly impacted by the Bank of England," Nick points out.

Borrowers in the UK also prefer the flexibility of being able to switch deals, especially if they are investing. "My investor clients like to refinance every five years or so because they want to pull out capital to reinvest, so short to medium length mortgages are the best option for them because it allows time for growth without being locked in."

For long-term fixes to become more attractive, lenders would need to improve availability and limit early repayment charges so borrowers can still move or release equity without being penalised.

Nick believes as rates improve, more borrowers will be tempted to lock in for longer: "Once we're back in a low-rate environment – and by low-rate I mean a base rate of 2.5-3% – we might find people fixing for longer especially now they've had the experience of being exposed to rates of 6-7%."

As for fixing the 'broken' mortgage market, Nick says it wasn't broken in the first place. "The mortgage market is certainly clunky – there's always room for improvement – but I don't agree that it needs an overhaul.

"The problem at the moment is high interest rates and that's driven by inflationary pressures, so once inflation starts to come down people will start to feel a lot better about mortgages."



Above: James (left) and Dan (right) met in 2019



“We have the same vision”

What could a former secondary school teacher and a yachtie possibly have in common? And how did they build a £16.5m property portfolio together? **Chantelle Dietz** finds out

Growing up Dan Anson-Hart, 33, had little interest in property, but for James Baker, 37, it was a way of life. His father ran an estate agency in their hometown of Reading and James would often tag along for site visits and viewings. “He operated in a place called Caversham, which is where a lot of the high-end properties are located. I would go and look at sites with him, watch the properties being built, then see my dad sell them,” he explains.

These early experiences made James want to pursue a career in property, but he didn’t want to follow in his father’s footsteps. “I suppose my dad’s dream was that I would take over his business one day, but I really didn’t want to become an estate agent. I wanted to be a developer – to build properties or renovate them, then either sell them or rent them out. If I’d taken over his business when he offered it to me, I would have been like a bird with clipped wings.”

Off on an adventure

James went to university to study outdoor adventure management, a decision that set him on a different career path taking him all over the world. He became a ski instructor, then a rock-climbing instructor, then a mountaineering instructor, before

landing a job on a super yacht working for a billionaire.

“There are a lot of plus points about being on a super yacht: you get to see the world (in style), you get paid really, really well and it is tax free. But my main incentive for taking the job was to be able to buy property. I knew I could save deposits quickly. I was single and didn’t have a family at the time.”

James stayed on the yachts for a couple of years, saving enough to buy two buy-to-lets (BTLs), before moving back to the UK, but once home he found it a struggle to adapt to ordinary life. He went to visit his father in Cornwall, who had moved there after selling his business. “I just fell in love with the place, probably because of all the outdoor activities available there. I managed to land myself a really good job in Rock, a high-end pocket of Cornwall, as a property manager for a luxury holiday lettings company.”

Eager to expand his portfolio, James found a property mentor who taught him about the buy, refurbish, refinance, rent (BRRR) model. “When the pandemic hit, I saw the opportunity to buy really low, renovate then refinance. I did six serviced accommodation units in one year, I just absolutely went for it, and I got to the point where I was getting some decent money coming in.”

Back to school

Dan’s backstory – by his own admission – isn’t quite as exciting as James’. “I went straight from school to college, to university, then straight into teaching. I went in all motivated, excited and passionate, but after about four or five years I lost the love and my drive,” he says.

He quit his job as a secondary school PE teacher and moved from Dorset to Cornwall with his wife and young children, taking a construction sales job. “I was selling insulation, so I was working with house builders, architects, and building control on a daily basis. It gave me a feel for the developer life.

“I didn’t think property investment was accessible for the average Joe Blogs like me until I went to a wedding and heard the best man say the groom had bought six properties in a year. I thought: how on earth has he done that? So I started educating myself about property. I was doing about 1,000 miles a week in the car travelling with work, so I just absorbed all the audio books and podcasts I could.”

Dan and his wife remortgaged their home to release some equity and set up a rent-to-rent business accumulating eight Houses in Multiple Occupation (HMOs) in Falmouth and Penryn.

Meeting of minds

Dan and James met at a local property networking event in December 2019 and hit it off straight away. “We had the same vision. I just said, ‘look, I’m trying



INVESTOR FACT FILE

Name: Dan Anson-Hart and James Baker

Age: 33 and 37

Lives: Cornwall

Invests: Cornwall

Occupation: owners of Cornwall Living Property

Years investing: 12 years combined

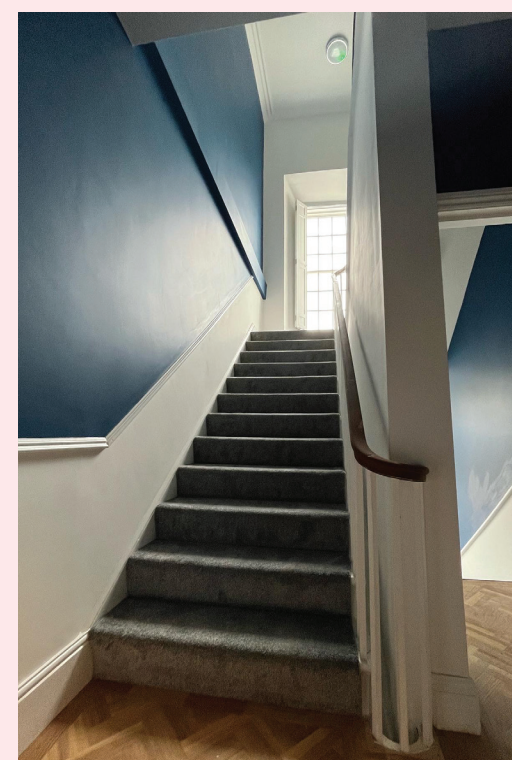
Strategy: BRRR single lets and HMOs, commercial to residential conversions and new build developments

Portfolio value: £16.5m

Goal: financial freedom for themselves and their families



Dan and James have developed a niche converting Grade II listed buildings



to get as much passive income as I can, and I know you're trying to do the same so do you want to team up?" says James.

The idea was, by pooling their efforts, they'd be able to go after bigger developments and make bigger returns. "That was at Christmas and by May 2020 we had set up Cornwall Living Property. We've never looked back since," says James.

Their first three projects came in quick succession funded by a mix of private equity investment and their own reserves. Their first was the conversion of an old guest house in Mevagissey – a small fishing village close to St Austell – into five apartments. "We were looking for something quite meaty because we were buying together, so it needed to yield well so we could split the profits," says James.

They bought it for £550,000 in May 2021, spent £350,000 on the refurb, and had it revalued at £1.48m in May 2022. "The hardest part was we didn't have a team – we were assembling contractors that Dan or I knew from word of mouth or the gym," says James.

Despite the challenges, the pair pressed on, raising funds through private investors to finance more

deals. That July they bought a Grade II listed commercial building in Truro which they converted into nine HMO rooms, and in December they acquired a block of seven apartments in need of refurbishment in Newquay.

Their goal was to generate enough cashflow so they no longer had to rely on their individual businesses for income. "James' strategy is very labour intensive, whereas mine is a ticking timebomb – my properties are on five-year leases, so when they expire they might not get renewed – so I needed to replace that income," says Dan.

By mid-2022 they'd discovered their niche. "Most of the properties in Truro are period properties, so that's how we found our way into Grade II listed conversions," explains Dan.

In the past year they've completed five Grade II commercial to residential conversions on the same street. "They're such beautiful buildings but the Grade II element puts quite a lot of people off. That creates an opportunity for us because we're confident in this side of things now, so we've been able to pick and choose which ones we feel are the best," says James.

This year, however, they've gone "off-piste". They're currently converting

a building in the centre of Truro into 13 luxury serviced offices, renovating a farm just outside of Falmouth, and have purchased a plot of land in the village of Tintagel, which they plan to build three houses on. Plus they have a site of six new builds currently in legals.

A good synergy

Even though Dan and James come from very different backgrounds, they have plenty in common. "We're great friends as well as business partners. I've recently become a new dad, so Dan has been a great source of advice," says James.

on holiday is a real luxury as business owner," says James.

"I think the bottom line is we both want the same things. We both have the same vision. We want that passive income, so we can enjoy our family time."

Building better lives for themselves and their families is their primary motive, but bringing good quality private rental accommodation to their local market is also important. "There's a real shortage of good quality homes to rent in Cornwall, so we're trying to kill two birds with one stone by tackling the housing crisis," says Dan.

They've set up their own podcast – the Cornwall Property Podcast – educate and inform others about what's happening in their local market.

A comfortable life

In just over two years Dan and James have built a joint property portfolio worth £16.5m, far surpassing what they anticipated achieving at this stage. "Opportunities have presented themselves sooner than we were expecting, and we didn't want to turn them down," says Dan.

The pair have clearly found their calling together, which is why it's surprising they don't plan to grow their portfolio much bigger. "We don't want to build a ridiculous empire – that would be too stressful – we just want to live the kind of comfortable life we've both always dreamed of, so we're trying to get to £10,000 net each a month," says Dan.

"When we get to our safe cashflow figure we don't want to be doing more, we want to start paying down some of our loans to increase our cashflow without the hassle of more tenants, then eventually property can become a hobby for us," he adds.

They are grateful to one another for everything they've achieved so far: "I couldn't have achieved this alone," says James.

HOW I GOT HERE

Dan and James' timeline



MAY 2020

Set up Cornwall Living Property



APRIL 2022

Converted old guest house in Mevagissey into five apartments



JULY 2022

Completed first Grade II listed commercial to residential conversion in Truro



AUGUST 2022

Refurbished a block of seven apartments in Newquay



JANUARY 2023

Acquired farm outside of Falmouth



MAY 2023

Completed sixth Grade II listed commercial to residential conversion in Truro and purchased plot of land in Tintagel

Peterborough's ascent to property hotspot status has been a long time coming, but as Neil Cumins reports, the home of the Posh is now coming into its own as an investment location

Too posh to rush?

If you wrote down the fundamentals of the perfect property investment location, it would strike a delicate balance between competing factors. There'd be low house prices allied to signs of rapid growth, and potential for investment backed up by tangible signs of investment actually happening. It would ideally be situated close to London, yet far enough away to have avoided the ripple effect of soaring property values. It would have a strong history and a large population, but be surrounded by open countryside with scope for residential and industrial expansion in future.

If this scenario sounds too good to be true, it might surprise you to learn that Peterborough meets all those

criteria. Arguably best-known for its football club (nicknamed The Posh), and as an ever-present in 'worst places to live' lists, the city's inglorious reputation was forged by decades of manufacturing decline and underinvestment. However, Peterborough's worst days are undoubtedly now behind it. Public and private sector investment is pouring in, house prices are on the rise, and investors are belatedly discovering Cambridgeshire's best-kept secret.

Working towards prosperity

If you're struggling to reconcile these sentiments with Peterborough's reputation, it's worth considering a few recent developments across this cathedral city. A new university opened here last year,

providing a pipeline of future workers for the city's burgeoning employment sector. Around 40,000 jobs have been created here in the past four years, capitalising on the fact Peterborough has a higher percentage of working-age adults than the UK as a whole. New jobs are being created in agrifood, manufacturing and the digital sector, with almost 8,000 businesses now based here.

Key employers across Peterborough include Caterpillar, Cummins, RSA and Whirlpool. Earlier this year, the Passport Office and DEFRA jointly moved 1,000 civil servants to a new UK government hub complex at Fletton Quays, capitalising on Grade A office space that's around a third the price of equivalent space in neighbouring Cambridge. Peterborough sits within both the Oxford-Cambridge Arc and the UK Innovation Corridor, with both scheduled to receive major investment in future from the government.

Jobs and investment invariably attract people, and Peterborough's population has expanded more rapidly than almost anywhere else in England over the past decade; it's

now the second-biggest city in the East of England. Growth has also transformed the local property market, according to Kieran Arthur, a director at Peterborough-based Newton Fallowell estate agents. "The demand for both buying and selling in Peterborough remains extremely high, with multiple applications still being received for every property we market to let within days. We are continuing to notice buyers and tenants coming into the city from elsewhere, which highlights the appeal of Peterborough being centrally based and offering superb schooling and transport links."

The price is right (up)

According to a recent Hometrack report, house prices in Peterborough have risen by almost 50% since the last peak in 2007, making it one of the UK's top-performing locations for capital appreciation. Rightmove data indicates average house prices now stand at just over £254,000 – 7% higher than a year ago. That's little more than a third of average prices

in London, making this an ideal location for post-pandemic hybrid workers. On a related note, Peterborough recently came fifth in a national survey of domestic internet access, with 88% of homes enjoying access to full fibre broadband.

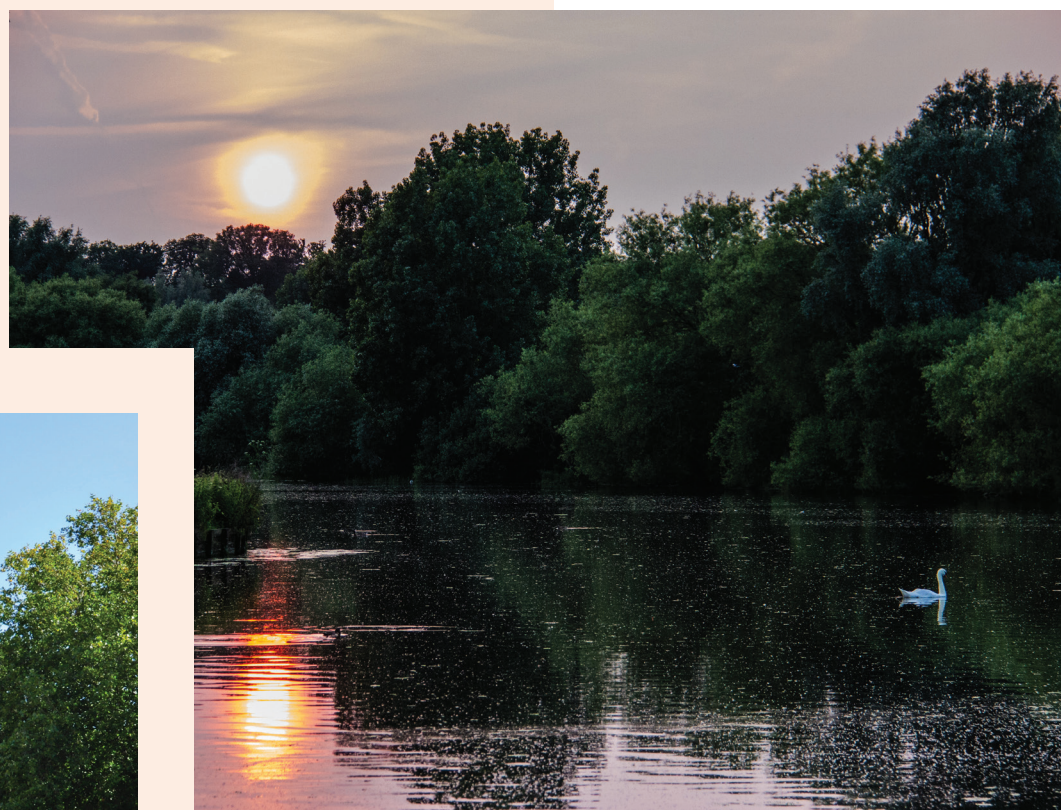
Property prices currently start at £75,000 for one-bedroom flats within walking distance of the city centre, with the cheapest two-bed flats being marketed around £100,000. Tired three-bed mid-terraces can be yours for £150,000, while detached bungalows in similar condition start at £200,000. "There is still strong demand from buyers," says Kieran. "However,

in line with the rest of the country, properties are taking slightly longer to sell than they previously did during the unsustainable property market we've experienced over the last two years."

Yielding results

Peterborough's rental market makes equally good financial sense, with yields of 5% readily attainable in the PE1 postcode. "For investment buyers, PE2 and PE7 remain popular for buy-to-let purchases," says Kieran. "Both postcodes offer an abundance of newer builds or apartments, which provide a high rental yield." Local agents report

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Opposite : a busy Cathedral Square
Above: Ferry Meadows on a summers evening
Left: ariel view of Peterborough Cathedral

SITES FOR SORE EYES

These are the key projects Peterborough investors should be aware of:

● North Westgate

Alongside Station Quarter, a six-acre site between Bright Street and Westgate has been earmarked for a £150m mixed-use scheme. Split between commercial, residential and leisure, it'll boost the urban population alongside the neighbouring £90m Northminster scheme.

● Hampton

The Hargate and Vale districts of Hampton are complete now, with another 5,000 homes scheduled for construction across two lakeside suburbs near the A1(M). Work started in 1997 and continues in the Hempsted neighbourhood; more commercial, retail and leisure facilities will follow.

● Middleholme

Few regeneration schemes would reflect Peterborough's rags-to-riches rise more fittingly than proposals to decontaminate a 40-acre former refuse tip between the River Nene and a new housing estate. Current proposals include a blend of residential, leisure and sporting uses.



"We are continuing to notice buyers and tenants coming into the city from elsewhere"

6% yields on some modern flats in the new-build Hamptons suburbs that are closing the gap between Peterborough and the affluent southern village of Yaxley. The cheapest rental homes are one-bed flats costing around £600 per month, but the market sweet spot is around £800. This is the standard rent for large ex-council maisonettes,

modern two-bed flats and comparably sized semi-villas in 1990s estates.

Rental demand has soared following last year's opening of the Anglia-Ruskin University (ARU) campus, opposite the city's 12th century cathedral. A third phase of construction at ARU is scheduled for completion in a year's time, underpinning ambitious plans to educate 12,500 students in Peterborough by 2030. With limited student-centric new-builds in the city and less than 350 residential properties under Article 4 Directions, there is obvious scope for HMO development throughout the suburbs east of the city centre.

First class postcodes

If these opportunities sound hard to resist, it's worth remembering that

AREAS OF INTEREST



The best places to invest in Peterborough

-  **Best for families:**
Hampton Hargate, Orton Waterville
-  **Best for young professionals:**
Fletton, Hampton Vale
-  **Best for students:**
Eastfield, Garton End
-  **Best for transport links:**
Thorpe Road, Alwalton
-  **Best for yields:**
Parnwell, Newark
-  **Best for capital growth:**
City centre, Hampton
-  **Best avoided:**
Paston, Millfield



Peterborough's notoriety isn't entirely undeserved. The northern Paston district is home to some of the worst deprivation in England, with crime rates a particular problem. Yet as a whole, Peterborough fares better than neighbouring towns like Corby and Kettering in terms of overall deprivation metrics, with its west end home to Alwalton's grand villas and the sought-after seventies bungalows of Orton Waterville.

With only one train station and a recently reduced bus timetable, road links underpin the popularity of many Peterborough suburbs. The Fletton Parkway bypass joins the A1 at the point it becomes the A1(M), heading south for 70 miles until the M25 signifies your arrival in London. Rail services to the capital are even better, with up to five trains per hour; services from Peterborough to Kings



"Despite rising mortgage rates, we believe the Peterborough property market will remain in strong demand"

Cross routinely take less than 50 minutes. Peterborough's unloved train station is set to benefit from a £300m masterplan to create a new station quarter, and 17 acres of land is scheduled to be released for new commercial and residential developments once work starts on the station itself next year.

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Looking to the future

Amid growing national concerns about house price falls, Peterborough's historically low prices might help it to buck the trend, according to Kieran. "Despite rising mortgage rates, we believe the Peterborough property market will remain in strong demand. It's unlikely sale prices will continue to rise, but we hope that with the strong appeal the city has to both buyers and tenants, sale prices remain stagnant rather than fall."

Prospects are even brighter for landlords: "The rental property market is likely to continue to rise, due to the lack of available properties at any given time." Such sentiments suggest Peterborough might continue to confound expectations in the coming years – this time in a positive way.

THE PRICE IS RIGHT

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

£100,000



Within an imposing four-storey building on London Road, this one-bedroom flat is sold with a sitting tenant paying £650pcm. It's been recently refurbished, but only has 92 years lease left.

£150,000



Ideal for flipping, this three-bed mid-terrace in Westwood requires extensive modernisation and upgrading. Its location is excellent, though, close to the city hospital.

£200,000



Peterborough's New Town heritage is encapsulated in this unusual four-bed end-terrace in Orton Brimbles, requiring full modernisation but offering a private garden and off-street parking.

Source: Rightmove



Bharat has invested in Stafford, Ipswich and Chesterfield



INVESTOR FACT FILE

Name: Bharat Hirani

Age: 45

Lives: Stanmore, North-West London

Invests: all over the UK

Occupation: software engineer

Strategy: BTLs

Portfolio size: 11

Goal: to build a diverse portfolio with different property types in different areas



Building a passive portfolio

Bharat Hirani had the desire and the funds to grow his property portfolio, but no time to do it himself. So how did he go from owning two to eleven properties in space of three years?



Property wasn't software engineer Bharat Hirani's first choice of investment. He was happy trading stocks, but after the crash of 2008 he was forced to look at alternative ways to invest his earnings.

"I worked in the financial sector, so all the new regulations that came after the 2008 crash made it difficult to continue. The strategies I had before could no longer yield results."

He liked the idea of investing in property because it was familiar – he and his wife had bought their first home together in 2008 – plus it was one of the few things he could invest in without having to complete lots of additional paperwork because of his job.

After a few false starts, they purchased their first buy-to-let (BTL) in 2014 – a four-bed house

in North West London. They put down a 25% deposit and their broker arranged a mortgage for the rest. A couple of months later they remortgaged their home to raise the funds to put down a deposit on a second BTL nearby.

"Our goal was to get to a place where we could choose to work – not have to work. We liked the idea that whatever vocation we decided to pursue in the future, it would be on our terms. My wife was dead against a goal where I would retire early because I would never get out of bed."

"Our journey was stagnating"

With two rentals bringing in a monthly profit and money in the bank to buy more BTLs, the Hiranis

were cruising along nicely – then they hit a roadblock. “We’d bought the first two properties in our personal names, then we found out that with the new tax changes we wouldn’t be able to purchase any more and yield a profit on the rent.”

They didn’t know what to do next, and juggling full-time jobs with looking after their new born twin sons meant they didn’t have much time to do the research. “Our property journey was stagnating. I had money to spend, but I didn’t have the time to be able to anything with it.”

Frustrated with the situation, Bharat went online to search for books on property investment came across Rob Dix’s *The Complete Guide to Property Investment*. “It opened my eyes to all the different strategies we could follow. The HMO strategy stood out – if you do it right you can make an absolute fortune – but I had to ask myself if that’s what I want to be doing, spending all my time on property, because that’s what it would have meant, or did I want to dedicate my time elsewhere?”

In the end, his decision was motivated by his desire to spend more time with his family. “I had to look at it holistically as a person and not just think about the money. I could see how easy it was to be tempted by the yields on HMOs and holiday lets, but I decided that I wanted a life outside of property and that I wanted to focus on capital appreciation and generating wealth for the long-term rather than yields.”

A helping hand

Through reading Rob’s book and browsing the educational resources on Property Hub’s website Bharat came across Property Hub Invest. It provided the type of service and deals he was looking for: new stock sourced direct from the developer at a discount, in areas with high rental demand and strong capital growth potential.

He booked a strategy call with a portfolio manager in 2020 to find out more and get some advice. After his call he was sent details of past launches. “I got to simulate how it would work in practice so I could analyse the deals and ask any questions before the real thing. My portfolio manager was able to answer all my questions straight away because he said they were common questions that clients asked, so that was reassuring for me. Once I was ready, he turned on the email feed and I started receiving details of current deals.”

Bharat didn’t waste any time, within three days he’d put down a deposit on a two-bedroom apartment in



“Our property journey was stagnating. I had money to spend, but I didn’t know what to do with it”

Rugby. “I looked at it, did a bit of procrastination, then decided to put my name down for it and the rest is history.”

The process was different to what he’d experienced before: “There was a lot of handholding and the amount of toing and froing I had with the solicitors and mortgage brokers was far less because my care manager took care of it. Most of the heavy lifting was done by Property Hub Invest, all I needed to do was to make sure I followed the timeline laid out.”

He set up a limited company to make the purchase – and

any future purchases – more tax efficient. “There was some confusion on my part because of what’s required from a property company is different, but I could ask my care manager if I had any questions.”

He bought another two properties via Property Hub Invest that same year – a two-bed semi-detached house in Crewe and a four-bed terrace in Wakefield. Even with the extra support, getting three properties through conveyancing at the same time was a challenge: “The solicitor kept on messing up the paperwork between the three properties, then Covid happened, and it made it really difficult to get a mortgage, but once everything was set up very little intervention was needed from me.”

In 2021 Bharat added a two-bed apartment in Manchester to his portfolio, followed by two-bed apartment in Ipswich in 2022, both via Property Hub Invest. He chose to have all his properties managed by a third-party company, freeing him up from the day-to-day operations of being a landlord. “A colleague of mine owns properties in Manchester and when things go wrong, he goes himself to fix them, but that’s not how I want to be spending my time,” he says.

"I've multiplied the effects of my time"

Becoming a hands-off landlord has given Bharat more time to do the things he enjoys and be more hands-on with his twin boys, now nine. “I play football, squash and I dabble as a taxi driver for my children on the weekends,” he laughs. “I’m learning to play chess properly, because my sons love it, and looking after my health because I

want to be around to see them grow into adults.”

Handing over control of sourcing deals and the day-to-day management been easier than he anticipated: “Having control was definitely a concern when I was younger, but not so much now. The older I’ve grown I’ve realised that by giving it to someone else who you trust and know will do a good job weighs less on your head and you can do other things. I’ve multiplied the effects of my time so I can concentrate on other things knowing I’m in good hands.”

He has already acquired two more apartments – one in Staffordshire and one in Derby – via Property Hub Invest this year. His two latest purchases – a two-bed apartment in Chesterfield and a two-bed apartment in Birmingham – will both complete before the end of the year bringing his total number of BTLs up to 11.

By the end of the year Bharat and his wife will have achieved their goal to have the option to choose whether or not to work, something they feel very fortunate about, even if they decide not to pursue it. “Am I going to stop? Probably not,” he quips. “I’ve heard lots of stories from people who are retired, and they say it’s great for a few weeks, but then you get bored.”

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



Discussions about national house prices disguise innumerable micro-markets behind the headline statistics. Neil Cumins explores how variations in house prices across the UK present opportunities and challenges to investors

Is the price right?

iStock

Even though there's 837 miles between Land's End and John O'Groats, the UK is often categorised as a single homogenous entity when it comes to facts and figures. From crime statistics to census data, media coverage would have you believe data sets apply equally to Swansea, Scunthorpe and Stirling. We're even encouraged to fret over national house price trends, as if there's no distinction between the property markets in London and Londonderry.

In truth, savvy investors and developers have never paid much attention to national house price indices. A press release proclaiming an X% increase in UK property prices is unlikely to be relevant in the specific area you live or plan to invest in. Prices can be rising in one town or county, while falling in the next. Data is also open to interpretation – in June, Halifax reported a 2.6% annual drop in national house prices, yet the comparable figure in June 2022 was 12.5% higher than in June 2021. The question of whether house prices are up or down often depends on context and timescales, while national statistics rarely translate into locally applicable data.

Northern exposure

The Scottish housing market is unique in using the offers over system, where would-be buyers table offers in excess of a predetermined Home Report value. This auction-style bidding system distorts selling prices compared to the rest of the UK, especially when property price reports quote asking prices (the metric Rightmove relies on), rather than selling prices. A property advertised on Rightmove at offers over £200,000 could easily sell for over £250,000, rendering its advertised price something of a red herring. If average prices in that locality are £225,000, a property that initially seems like a bargain could even end up breaking the local ceiling price.

Even across Scotland, there are vast disparities in supply, demand and

prices. Aberdeen's property market decoupled from wider Scottish trends decades ago, becoming rich thanks to the North Sea oil and gas boom while the Central Belt struggled with de-industrialisation. In 2009, as many parts of the country battled negative equity, prices in Aberdeen rose by over £10,000. Yet today, average prices stand at less than £140,000, making this one of the cheapest places in Scotland to buy a house. That would have been unthinkable twenty years ago, when the price gap between Aberdeen and Edinburgh was less than a third of today's £200,000 gulf.

The bigger they come...

While the latest Land Registry data shows Edinburgh's house prices unchanged from a year ago at an average of £334,000, matters are very different at the other end of the A1. Recent spikes in mortgage rates have seen the south-east of England bearing the brunt of house price falls, particularly in commuter-belt towns



"The impact of higher mortgage rates is far from uniform across the country"

like Watford. As with Aberdeen, the London market has long stood apart from national trends, driven by a unique blend of overseas investment, high salaries and pent-up demand. Yet as the most expensive region of the UK, recording average prices of £525,000 in the latest Land Registry reports, London has the furthest to fall in an economic downturn.

"The impact of higher mortgage rates is far from uniform across the country," says Richard Donnell, executive director at Zoopla. "It all

iStock

TEN TIPS FOR FINDING A BARGAIN

These tips will help to determine whether a particular property represents a sound investment:



Speak to local experts. Agents can offer local insights into house price hotspots, up-and-coming districts and the areas/streets/postcodes to avoid.



Use online mapping tools. Look at postcode maps, school catchment areas and Indices of Multiple Deprivation data to identify street-by-street variations, or micro-local factors.



Get Googling. As well as using Street View to assess a chosen micro-market, its satellite imagery tool shows the bigger picture. Bing's aerial maps may be more up to date, though.



Look for news stories. Breathless predictions of inward investment or cautionary tales of antisocial behaviour can help direct your search towards (or away from) specific locations.



Speak to the sellers. Unless a property is being listed at auction, find out why it's being sold and how long the previous owners have been there. This is often valuable information.



Do your own sums. Don't trust generic "X% yield" claims or projections. Work out all your costs before placing an offer, to establish what you personally could make out of a deal.



Look to add value. If two-bed properties command far higher local premiums than one-beds, can you take a one-bed flat, move the kitchen into the lounge and create a second bedroom?



Study demographic trends. If you're buying in an area with an older population, look for bungalows and ground floor flats rather than townhouses or properties with tiered gardens.



Avoid cheap homes in high-crime areas. Not only are you more likely to have troublesome tenants, but high crime rates will deter future tenants or buyers from even enquiring.



Ignore national data. There may be good reasons why a location's house prices differ from the national average, so don't be seduced by low prices – or scared away by higher ones.

depends on housing affordability in local markets. Activity levels and prices in southern England have been hit hardest by higher borrowing costs, while the most affordable parts of the UK continue to see prices rising slowly. "Yet you'd be wrong to assume stretched incomes and falling prices are making London a universally bad place to invest. Areas like Battersea Park and Islington remain sought after among buyers and tenants, and sky-high demand should ensure these areas experience smaller price drops than comparatively overpriced boroughs like Tower Hamlets and Hackney. Here, prices are already falling from peaks created more by the ripple effect and prohibitive pricing everywhere else than any inherent appeal.

Riding the rollercoaster

While London prices have reached remarkable levels, with the average selling price of a house in Mayfair now £7.6m according to London Central Portfolio data, Northern Ireland's house prices have been on a separate rollercoaster ride. According to the same Zoopla data that showed prices in south-east England starting to fall, Northern Ireland's prices are also on the way down. Average prices soared by 370% between 2000 and 2007, followed by a dramatic collapse. Even at their 2022 peak, prices across the province were £50,000 down on pre-2008 levels, and recent reports suggest even the recent post-pandemic price rises are in danger of being slowly erased.

Once again, that doesn't mean Northern Ireland is a bad place to invest. In fact, historically sluggish house price growth means properties here are far more affordable than across most of Britain. Homes in Mid and East Antrim typically sell for less than £160,000, which is a blessing in an age of 6% mortgage rates. The inevitable resumption of a functioning

government at Stormont should rapidly boost market confidence, and like our other capital cities, Belfast remains a magnet for employment and investment. Its Harbour district is a hub for jobs and tourism, while a 23,000-strong student population underpins a thriving rental market across the city's affluent southern suburbs.

Capital assets

The enduring popularity of capital cities means their properties are rarely a bad investment, with savvy investors increasingly looking to the suburbs to maximise value in the age of WFH. According to James Thomas, an associate director at Savills Cardiff, schools and new builds underpin many of the Welsh capital's property hotspots, especially among landlords: "We have seen huge rental price growth, especially within good school catchment areas, where yields have remained relatively strong. Popular areas include Penarth, Cyncoed, Llandaff and Lisvane, the latter having seen a sharp increase in new build development in the last few years, bringing more choice into the market."

Local factors are often more important than national trends in terms of local house prices, but the headlines still filter through, as James acknowledges. "Higher interest rates mean that values across the UK have softened as the market becomes increasingly price sensitive. We have seen some resilience in Wales, with average prices dropping back by just 1.7% in the year to the end of June, which is half the fall seen across the wider UK regional market. This outperformance reflects the continued strength of the housing market in Wales, which has experienced the biggest increase in stock value in the UK in percentage terms over the last three years."

Town and country

"Across the UK's prime markets, urban locations are slightly more in demand than their rural neighbours," says James. "This in turn is underpinning values in prime cities such as Cardiff." So, does that mean investors should always stick to cities rather than the countryside? Once again, there's no obvious answer, because your choice of location will be steered by your investment goals. Average house prices in Argyll & Bute now stand at almost a historically high £190,000, yet much of this is driven by second-home purchases and affluent retirees. The rental market in villages like Lochgilphead is practically non-existent, but it's easy to flip a dilapidated cottage and sell it to an incomer for a healthy profit.

If long-term capital appreciation is your main goal, you should seek out locations where ambitious plans for regeneration have yet to bear fruit. Morecambe's slightly seedy air of Victorian dilapidation could be transformed if the proposed new Eden Project opens in 2026. This is the same year that the University of Cumbria will relocate to a spectacular new campus in the heart of Carlisle, offering medical degrees in partnership with Imperial College London. Now is the time to act if you want to acquire nearby HMOs before Cumberland Council introduce Article 4 Directions in the city centre, as they have in the university's current home suburb of Stanwix.

Poundland of hope and glory

Capital appreciation is an ephemeral target to aim for, but sometimes it's easy to identify a location where the only way is up. Consider Liverpool, where the council's 2015 Homes for a Pound scheme aimed to bring over a hundred dilapidated Wavertree mid-terraces back to life. Following the expiry of a five-year ban on reselling, original residents are now able to

market homes which are believed to be worth around £140,000 in peak condition. Yet neither of these figures bears much correlation to Liverpool-wide property price averages – £115,000 in 2015, and £173,000 today.

Wavertree may have been a unique experiment, but you can still find terraced houses for sale for less than £20,000 in Hartlepool, Port Glasgow flats listed at £25,000, and bungalows near Sheffield priced at £65,000. Our ageing population will underpin ever-increasing demand for bungalows in the coming decades, especially since few new-build developments incorporate them. Indeed, if capital appreciation matters more than short-term yields, bungalows are an obvious investment. A report in *The Times* last month concluded that bungalows are "becoming seriously cool", while rising numbers of people with health conditions are now seeking single storey living. The pandemic underlined the value of private outside space, and post-Grenfell headlines have deterred many people from investing (or even living) in high-rise buildings. The bungalow's time is fast approaching.

iStock



Second life

Capital appreciation is often achieved in unglamorous locations like the inner suburbs of post-industrial cities, whose older housing stock has hitherto been shunned by image-conscious younger buyers. Birmingham is a classic case in point, according to Kirsty Cove, sales and lettings director at FleetMilne: "The relocation of HSBC's UK headquarters to Birmingham is fuelling economic growth and underpinning property demand in and around the city centre. Additionally, major companies like PwC, Deloitte, and Deutsche Bank have established significant operations in Birmingham, with an influx of inward investments driving urban rejuvenation."

As in other parts of the UK, headline prices in Birmingham are now falling – down £10,000 from December's peak of £236,000. Yet local knowledge is vital for determining whether a potential investment opportunity makes sense or not. "Some neighbourhoods perform better than others," says Kirsty, "but even within a micro-location, separate schemes perform differently." For instance, agents admit that the quality



"Prices in York fell by 17% during the first 18 months of the 2007-2008 financial crisis, but they've more than doubled since"

of factoring is increasingly central to the popularity of apartment developments. Many Millennial schemes are looking somewhat tired these days (especially those finished in pale render), while buyers increasingly want facilities like secure parking and concierge services as compensations for living with communal entrances and minimal outside space.

Mapping out a plan

Nothing beats putting boots on the ground in a potential investment location, or harnessing the instinctive street-by-street knowledge that comes from spending years living locally. Yet even remote investors can undertake practical research to distinguish legitimate bargains. Start by taking average selling prices of comparable property styles with a huge pinch of salt – not all three-bedroom mid-terraced villas are equal, even along the same road. Use satellite mapping tools to check garden size and orientation plus the presence of extensions, with street view software offering an insight into the condition of neighbouring homes. An off-licence across the street might explain why one house is much cheaper than another along the same road, as might a train line rising over a rear fence.

Next, research boundaries. Is a cheaply priced property in a different school catchment to its more expensive neighbours? Boundaries have to be drawn somewhere, and even a postcode change can alter property values, making a supposed bargain less so.

Local council boundaries routinely change midway along residential roads, while Boundary Lane in Saltney has its western side in Wales and its eastern side in England. In Northern Ireland, sectarian divisions are well-known but rarely discussed; be particularly wary of homes in West Belfast, or properties near the banks of the River Foyle in Londonderry. Warning signs include political graffiti, peace walls and flags flying all year round.

Long-term goals

If you're looking to flip a property, house prices are unlikely to change much across the lifespan of your project. For longer-term investors, today's modest falls shouldn't be a cause for concern. Prices in York fell by 17% during the first 18 months of the 2007-2008 financial crisis, but they've more than doubled since. Of far greater importance is local activity – regeneration schemes, garden village expansion and inward investment. Jaguar Land Rover's £4bn gigafactory will have a much greater long-term impact on the Somerset housing market than today's mortgage rates, or fluctuating price data.

Finally, remember that few people have lost money on property over the last twenty years. Even fewer are likely to lose it in the next twenty, as our growing and ageing population continues to far outpace piecemeal housebuilding. Providing its fundamentals are sound, you're unlikely to regret any long-term property investment, even if 2023 does turn out to be the current market's peak.

Suresh and Natasha Mistry's passion for refurbishing properties has turned into a full-time business which they manage remotely from Switzerland



Remote Renovators



INVESTOR STORY



INVESTOR FACT FILE

Name: Suresh and Natasha Mistry

Age: both 39

Lives: Geneva, Switzerland

Invests in: Suffolk, Liverpool and London

Occupation: Suresh is a finance manager in a commodities trading firm, Natasha looks after their property business, Rhivashay Property, full time

Years investing: 16 years

Strategy: BTLs and HMOs

Portfolio size: 50 units

Goal: to build a portfolio of creative living spaces to generate a passive income and time freedom/optionality

Left: the renovated kitchen/diner in their London home, now let to tenants
Below left: a bedroom in their latest HMO

could add a bit of value to," says Suresh.

They found a two-bedroom purpose-built flat in need of an update and bought it for £198,500. The plan was to give it a light renovation then rent it to working professionals, but the property needed a lot more work than they'd anticipated.

"We had to start over. We replaced the kitchen, the floorings, replastered the walls. It was a full transformation. When I look back now, compared to what we do with HMOs, it doesn't seem as dramatic, but at the time it felt like a lot of work," says Natasha.

The couple did a lot themselves to save money, including sourcing a second-hand kitchen. "It's a funny story," recalls Suresh. "I came across a guy in Holland Park, which is one of the nicer areas of London, that wanted to get rid of his kitchen and put a new one in. His old kitchen was still really high-spec – I'm talking all the best appliances, worktops etc. I asked if I dismantled it all for him, would he be willing to give it to me for a very low price, and he said yes. So that's what I did. I went there with a couple of handymen, and we spent the day dismantling the kitchen then somehow made it fit into the flat. We ended up saving quite a bit, but also having a very high-spec kitchen."

The property let easily and has since appreciated significantly in value. "We still have that one and it's probably one of our best performing properties, the capital appreciation and rental return has been fantastic," says Suresh.

Heart breaking decision

A year after they married in 2011, Suresh and Natasha bought what they thought would be the forever home – a three-bed detached house in Pinner.

"It needed to be completely gutted and we wanted to extend and make

After meeting at university in Warwick, Suresh and Natasha Mistry started their corporate careers together in London in 2007 – Suresh as an investment banker and Natasha as an accountant in banking.

Suresh had an interest in renovating properties from an early age, having helped family members renovate their own homes, so once they'd saved up a deposit, they started looking for their first property project together close to their home in North West London.

"We knew the area well and we knew the demographics, so we were confident the demand would be there. It was just finding a property that we

a nice big kitchen-diner at the back. We really went to town designing it and fine tuning all the details. I designed the kitchen island myself and we had ceiling speakers and state-of-the-art alarm system installed. We even had a Teppanyaki Grill put in. That's when we realised, we really had the love for this, we were thoroughly enjoying renovating and became quite meticulous about the detail," says Natasha.

The building work and initial renovations took around a year. Just as the house was starting to look like a home, Suresh got a job offer to work in Singapore. The couple were excited at the prospect of living in a different country, but they didn't want to give up their dream home.

"As you can imagine, we didn't want to let go of the property. It was everything to us at the time, we were extremely attached to it. It wasn't even fully complete at that point," says Natasha.

They accepted the job offer and Suresh moved to Singapore at the end of 2015, while Natasha stayed back to finish off the renovations. "We decided not to rent it out because we thought we'd just be in Singapore for a year or two. Then common sense started to kick in and we realised that would be the silliest thing we could do. We'd be making a loss and we were worried about leaving the house empty for a prolonged period of time. Still, it was a heart-breaking decision."

Natasha single-handedly got the house ready to be rented out before joining Suresh in March 2016. "It was a big family home so we weren't sure how much demand there would be from tenants, but actually there was a lot of interest. We've had the same family living there for seven years."

Branching out

With one intended and one accidental BTL under their belts, the couple started to think about their next move. "These properties had opened our eyes to the power of property investment to generate a passive income and benefit from capital growth – greater than what could be achieved through more traditional savings routes.

By this time prices in London had started to

"skyrocket" so the Mistry's had to widen their search area. "When we looked at the asking prices and yields in London, it didn't make financial sense, so we started looking up north," explains Suresh.

They bought a property in Nottingham, then one in Barnsley before focusing on Liverpool. "The reason for choosing Liverpool is mainly because of all the regeneration going on there. House prices are reasonable, there's plenty demand and lots of opportunity for capital growth."

After their second daughter was born in 2020, Natasha made the decision to leave her corporate job and manage their property business full time. "To be completely honest the idea felt daunting to begin with. I didn't think I could do it; Suresh had been the one in charge up to this point. I shadowed him for a few months to learn the ropes and after a while I thought, 'this could work'.

"My passion is sky-high now, it's my own business. I've got so much time for it, but it's not easy. It requires a lot of hard work and dedication, but if you put the effort in you get good results so it's worth it and it gives



me the flexibility I need to look after the kids."

Initially they focused on BTLs, but as their confidence grew, they branched out into Houses in Multiple Occupation (HMOs). "This allows us to generate higher returns and requires greater involvement of interior design creativity, one of our key interest areas," says Suresh.

They identified a gap in the market for high-end HMOs in Suffolk. "We wanted something closer to London if ever we decide to move back to the UK, and we wanted an area that wasn't yet saturated with HMO's," he adds.

Remote control

Living on the other side of the world from their properties, Natasha and Suresh became good at supplying super-detailed instructions. For each project they write meticulous specifications – up to 30 pages long – explaining everything that

needs to be done in each room down to the smallest details like where the plug sockets should go and where each piece of furniture needs to be placed.

"Our project manager is our eyes and ears on the ground. It's her job is to make sure all the specifications are followed and she works with the builder to bring our vision to life," says Natasha.

Last year the Mistry's relocated to Switzerland with Suresh's job. "Singapore was a 13-hour plane journey away,

The couple identified a gap in the market for high-end HMOs in Suffolk

and when you've got two kids and a seven-hour time zone difference, it's not easy to pop back, but now we're only an hour away," says Suresh.

They make a point of coming back to the UK at least once a quarter, usually timing it around the start and end of a project. "I like to be there at the end to add the final touches, so when tenants visit they view the property as I envisioned it," says Natasha.

Still, they acknowledge things won't always turn out exactly as they would like. "We follow an 80/20 rule: the finish needs to be 80% how we want it to be, but being expats, we have to accept 20% isn't going to be as we would have done it ourselves," says Suresh.

Living abroad also means their finance options are limited, as Suresh explains: "We get hit on a few fronts, especially with our HMO's. Being expats limits our pool of available lenders, then there's only certain lenders that do HMO mortgages, so we don't have access to High Street banks, for example. We try to maximise the end value of our HMOs by getting a commercial valuation rather than a residential one, which again limits our options."

They estimate their rates are typically 1-1.5% higher as a result. "When you think about a property worth £350,000 to £400,000 that 1-1.5% can add an extra £400-£500 to your monthly payments which is significant," says Suresh.

But the Mistry's aren't deterred by this. "We have a longer-term objective in play. All the properties we buy are in strong capital growth areas, plus we aim to achieve an ROI of 15% or more."

Juggling the responsibilities of work and family life isn't easy, but building a property business together has brought Suresh and Natasha closer. "It hasn't affected our marriage or our relationship in a negative way. In fact, we have so much more to share and so much more to be proud of it's fantastic," says Natasha.

"Property has always been a passion of mine. But seeing Natasha taking the lead and talk passionately about it, is an amazing feeling for me because now we're passionate about something together," says Suresh.

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

Switching a BTL to a holiday let: what are the tax implications?

If you have a poorly performing buy-to-let then making it into a furnished holiday let may seem like a no-brainer, but there are several key factors to consider first

Shrinking profits due to tax changes and rising interest rates is prompting an increasing number of landlords to convert their buy-to-lets (BTLs) into furnished holiday lets (FHLs).

A recent survey by Sykes Holiday Cottages found 24% of its holiday let owners used to run their properties as a BTL, while estate agency Hamptons reported 2,426 holiday-let companies were set up in the UK last year, compared with 592 in 2016.

Specialist property accountancy firm Provestor has witnessed an "influx" of landlords looking to make the switch over the past 12-18 months. "Since the introduction of Section 24 many investors have moved away from buy-to-let properties due to the loss of mortgage interest relief and onto furnished holiday lets," its head of tax Nadeem Raziq told us.

"Furnished holiday lets are not impacted by Section 24, which generally gives higher yielding properties. Additionally, the impact of Covid and the rise of staycation holidays has meant more people are choosing to holiday in the UK, increasing demand for these types of rentals," he adds.

If you're considering making the switch, here's what you need to know first.



"There are some appealing tax advantages to owning a furnished holiday let"

What is a furnished holiday let?

According to HMRC, to qualify as a furnished holiday let a property must be situated in the UK or European Economic Area, fully furnished, and must be commercially let out (in other words you must intend to make a profit).

To access specific elements of the tax system which can be advantageous, a holiday let needs to fulfil three occupancy conditions:

1. The property must be available to let out to the public for at least 210 days (30 weeks) per year.
2. If it is let to the same person for more than 31 days, there should be no more than 155 days (22 weeks) of 'long occupation' in that year.
3. The property must be rented out

to the public for at least 105 days (15 weeks) for the 210 days available. This does not include private or discounted use by yourself, family or friends. Any long term let of 31 days or more would also not count towards the occupancy test unless there are mitigating circumstances.

If your holiday let doesn't reach the 105-day occupancy condition, there are two options, known as elections, that can help. These elections include averaging occupancy rates across multiple FHLs you own or applying for a period of grace.

Holiday let tax advantages

Holiday lets and BTLs are taxed differently. A holiday let is treated as a business, while BTL is regarded as an investment.

Perhaps the biggest advantage for FHLs – as Nadeem points out – is that the full mortgage interest can be deducted from the profits. This relief has been tapered out for residential landlords (Section 24) and is now restricted to the basic rate of income tax (20%). Ultimately, this means you pay less tax on a furnished holiday let and keep more of your profits than you would with a BTL.

You can also claim certain tax

reliefs (known as capital allowances) on holiday lets that you can't on typical BTLs, for things like furniture, fixtures, fittings, refurbishment works – even luxury items like a hot tub, which could increase your profitability.

By using capital allowances, a business can write off the cost of its assets over a number of years. This is commonly done by offsetting a percentage against the taxable profit, and in some circumstances could mean tax-free profits for several years. In addition, there are the usual allowable expenses that can be offset against profits to reduce the amount of tax due, such as cleaning, garden maintenance, marketing costs and agent fees.

Furthermore, FHL owners benefit from being able to make tax-advantaged pension contribution and having access to several Capital Gains Tax (CGT) reliefs including business assets disposal relief (formerly entrepreneurs relief), business assets rollover relief and gift hold-over relief.

Holiday let tax disadvantages

Because furnished holiday lets are treated as a business, they are subject to business rates (sometimes called commercial rates) an alternative to council tax which goes towards funding local services, including education and transportation. On average a business will pay business rates equal to 50% of their annual rent, however, you may be able to claim Small Business Rate Relief, which reduces the amount of tax you will need to pay. Businesses with a rateable value of up to £12,000 receive 100% relief, while those with a value between £12,001 and £15,000 receive tapered relief from 0% – 100%. Depending on where your property is located, it's a good idea to contact the local council to see if you are eligible for the relief, as different councils have different rules.

When you reach a certain income threshold from your holiday let portfolio (over £85,000) you'll also need to pay VAT. This has implications for your profits and pricing structure, as an additional 20% will be due on the cost of staying at your let.



Furnished holiday lets are subject to business rates rather than council tax

Key considerations

As we've seen, there are some appealing tax advantages to owning a FHL. Yet, as with any property decision, it's important not to base your decision just one aspect, so you'll want to take these other points into consideration too:



Location: where your BTL is located will have a bearing on whether it will work as a holiday let or not. If your property isn't in a popular tourist destination, then you might struggle to meet the occupancy criteria. You'll also need to consider the impact of seasons on reaching the occupancy threshold. You might have no problem letting the property in summer but may struggle in the winter months.



Finance: if you have an existing BTL mortgage then you may need to switch to an FHL mortgage, which could have early repayment implications. You may also need to take out specialist holiday let insurance products to cover public liability, loss of rent and accidental damage.



Costs: holiday lets are subject to more wear and tear and in need of more frequent refurbishments or replacements than BTLs, plus there's more work involved in running a holiday let, from managing bookings to dealing with customer queries and issues so you'll need to factor these costs in.



Changing regulatory landscape: along with landlords, second home and holiday let owners have been under the spotlight at both a national and local government level. Initiatives to restrict holiday lets and penalise second home owners are on the table, including doubling the council tax for second homes, a holiday let register, and planning permission for converting a property from residential into a holiday let.

If you are still considering making the switch, seek advice from your accountant – they will be able to give you recommendations based on your specific circumstances.

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Ben Curtis is one of Britain's most successful jockeys



Riding high



Jockey **Ben Curtis** tells Andrew James how he juggles a growing portfolio of properties with a successful career in the saddle

Jockey Ben Curtis has always regarded property investment as a safe bet. The belief was instilled in him from a young age by his property developer father, Dane. Even though he chose to pursue a different career, he's used property to invest earnings from his sporting success.

Being a jockey is a risky job – it's the only sport where athletes are followed by an ambulance – so it's

understandable Ben seeks balance when it comes to his life away from the racecourse. "My dad is big into property in the UK and Ireland and has always instilled in us that money is better put into property than the bank," he says. "Bricks and mortar are there to stand and are a safe bet. Ever since we were young, we've grown up with that philosophy."

His father's property dealings had a big impact on family life growing up. "I was born in Nottingham and I think in my first ten years we lived in 26 different houses. We never stayed anywhere very long – we'd move in somewhere, renovate it and move on. From the age of five I had a paint brush in my hand. I have a brother and a sister and out of the three of us, I caught the bug the most."

For all the upheaval he experienced as a child, Ben also saw first-hand the freedom and opportunities property investment can bring. When he was 10



"From the age of five I had a paint brush in my hand. I have a brother and a sister and out of the three of us, I caught the bug the most"

his parents took him and his siblings out of school for three years to sail the world.

"We circumnavigated the globe on a 49-foot yacht, which was a bit of an experience. My mum tried homeschooling for six months before realising I was a lost cause, but I saw plenty and learned more about culture and geography than I would at any school."



INVESTOR FACT FILE

Name: Ben Curtis

Age: 34

Lives: Thirsk, North Yorkshire

Invests: North Yorkshire, Nottingham and Kildare

Occupation: Professional jockey

Years investing: 17

Strategy: BRRR

Portfolio size: five

Goal: for his properties to provide an income for when his career finishes

Natural in the saddle

Ben, 34, is one of Britain's most successful jockeys. In two of the last three years, he finished in fifth place in the flat jockeys' championship, which is ranked by the number of winning rides during the core season. There's big demand for his services and he rides for some of the top trainers and owners in the sport.

He started his riding career in Ireland as an apprentice for legendary trainer John Oxx. He soon showed he was a natural in the saddle and the financial rewards came quickly. Keen to improve his living environment, he took the plunge and bought his first home at the age of 17.



Ben's most challenging project was the renovation of a two-bed cottage near his home in Thirsk

"I was living in a three-bedroom house in Kildare with seven other lads, but I got going in my career and started making a bit of money and had enough to buy a property. It was the right time as there was a crash in Ireland. Property prices were at rock-bottom and the banks were inundated with repossessions and there were plenty of fire sales going on. I was in a really good position to buy and I found a house in Kildare that fitted the bill on the internet and made the purchase."

Buying your first property can be daunting for anyone regardless of age, but Ben knew the area well and his parents provided a sounding board. The guide price for the three-bed house on a relatively new estate was €120,000, but he managed to get it for €100,000.

"It was a scary move to make, but I knew the estate well as I'd lived in another of the houses on it. I had loads of help from my parents and their advice helped put my mind at ease when making decisions. It was a lot easier than doing it all off my own back.

"I needed a house and it was near where I was working and although it needed a bit of work because it was a repossession, it was clean and tidy enough. I wasn't sure my budget was going to stretch to the sale price, but I was able to get it. I'd saved up the money and was able to finance it myself."



"When you're going in with your own money rather than a mortgage it makes you think a lot more and I've walked away from a lot of houses"

Mortgage free

Ben prefers to pay cash for his properties, it's an approach he feels most comfortable with. "I don't have any mortgages as I hate borrowing money. If I buy a property, I want to be able to pay for it there and then and not be paying any rates on it. I could go and remortgage two of them to get another two, but I'd rather know what I have is mine without the fear of the bank taking it back off me.

"When you're going in with your own money rather than a mortgage it makes you think a lot more and I've walked away from a lot of houses. Everyone is different but that's my philosophy."



After being crowned Ireland's champion apprentice in 2010, Ben moved back to England in 2014 to further his career, renting out his first home in Kildare. He's put down roots with his wife and two young sons in Thirsk, which is close to major horse training centres, Malton and Middleham, and near Yorkshire's multiple racecourses.

As well as the house in Kildare he has another house nearby that he bought with his father and three in the UK – one in Nottingham and two in Yorkshire. "My main strategy is to buy, renovate and rent out and although my portfolio is not that extensive, it's something to build on," he says.

Ben's most challenging project was the renovation of a two-bed cottage near his home in Thirsk. Sideline by injury for three months, he teamed up with a friend to give it an overhaul. "The vendors were in Spain, and

it was a week between emails, so the sale dragged on for a long while but eventually we came to an agreement.

"We stripped it back from top to bottom, completely refurbishing it. It took us 11 weeks and I absolutely loved it. You need to have the time to do it, but the savings you can make from doing it yourself can boost your profit margins massively. I've got a lovely couple in there now who are renting it for a year."

On the road

Ben clocks up tens of thousands of miles each year travelling to racecourses, yet he still finds time to manage his five properties. "When I was in Ireland I had a lot of free time to concentrate on things other than racing, but it's a different story over here and my workload is a lot more hectic. When I'm racing it's hard to find the time to do things like viewings.

"I still self-manage the properties, though. You can do a lot over the phone and I'm on the road a lot and use the time to sort things out."

Investing in property is a way for Ben to secure his family's financial future. Even though he has plenty more years in the saddle ahead of him, he knows his career won't last forever. "I'd love to get to the point of having 10 properties rented out to keep my wife and I comfortable and then be in a position to take it a bit easier.

"Family is 100% my motivation. With my two sons, it would be great to be in a position for them to be able to put down a deposit on an apartment when they're old enough. It's so hard for young people to get on the property ladder now and I'd love for them to have that security."

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Can't pay, won't pay

With rents consuming just over a quarter of tenants' gross earnings and evictions from arrears at their highest level since 2009, Natalie Thomas explores how landlords can safeguard themselves from the risk of missed rental payments

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In theory, annual rental growth of 10.4% sounds like a win for landlords; however, without a corresponding increase in wages, landlords face the threat of some tenants being unable to meet their payments.

Rents in the UK have been surging faster than earnings since October 2021, according to Zoopla's UK Rental Market Report. This has resulted in the highest proportion of earnings being spent on rent in a decade. Average UK rents now eat up 28.3% of tenants' pre-tax earnings – increasing to 40% in London.

While supply constraints have contributed to the rise, some landlords also face mounting mortgage costs, leaving them no choice but to increase rents.

Zoopla research, based on Office for National Statistics's data, shows that 15% of renters found it 'very difficult' to pay their rent in May 2023. Nonetheless, it's worth noting, 47% of renters still found it 'easy' to meet payments and only 8% cited they were falling behind.

When kindness pays off

When it comes to missed payments, the natural reaction from landlords may be one of anger – especially if they have their own mortgage payment looming. Yet Tessa Shepperson, managing director at Landlord Law Services, suggests the best approach is to maintain a positive relationship with the tenant and strive to assist them in paying the rent.

"My advice is to contact the tenant as soon as possible, asking what the problem is and if you can help," she says. "It's in the best interest of both parties to try and find a way to pay the rent. Legal proceedings can be long and stressful and could take between six to 12 months, during which time the tenant will probably stop paying rent," she explains.

Tessa recommends a number of ways landlords can try to help. "Would it

be possible to switch the payment date to the day after payday," she suggests. Another option could be to take in a lodger – if there is a spare room – with caution to ensure compliance with House in Multiple Occupation regulations and mortgage and insurance terms.

Directing the tenant to where they can get help may also prove beneficial. "If they are on benefits, are they getting

the right ones and everything they are entitled to?" Tessa asks. "There are also various charities and grant-giving organisations that can offer assistance to help them stay in their property, especially if they have served in the armed forces or have children," she adds.

If the problem is temporary, a payment plan may also be workable until the tenant gets back on their feet.

HOW TO REDUCE THE RISK OF RENTAL ARREARS

While there's no guarantee a tenant will pay their rent on time all the time, as a landlord, there are some steps you can take to try and protect yourself financially.

The vetting process: This is crucial. Conduct a thorough background check on potential tenants, which involves employment verification, previous rental history, and credit checks – a service a number of companies can help you with.

"A lot of landlords use a letting agent to find a tenant and while some agents are very good, others may be less reliable and using one isn't always a guarantee," says Tessa.

Given you will need a good working relationship, it is also advisable to meet them in person. "If you get an uneasy feeling, choose somebody else," advises Tessa.

A rent guarantor: Consider having a guarantor, who can either sign the tenancy agreement or provide a separate guarantee deed. While this

offers an extra layer of safety, you will also need to carry out similar checks on the guarantor as you would on the tenant.

"Be careful that they are not out of jurisdiction and residing in a country outside the legal justification," warns Tessa.

The guarantor could be a family member of the tenant. Alternatively, there are a number of professional guarantor companies that offer this service for a percentage of the rent, assuming the tenant's application is successful.

Rent guarantee insurance: This also provides another safety net. Obtained by the landlord, each policy will differ in terms of what it covers but is generally designed to pay out if your tenant can't or won't pay. Terms and conditions will vary – some may stipulate that an eviction notice must have been correctly served before making a claim, so it's worth checking this beforehand to ensure it will be able to help.

Section 8 or Section 21

If the tenant proves uncooperative, eviction may become the only option. Before this, landlords must make all efforts to contact the tenant and document this.

In the first instance, a formal letter should be sent after seven days, requesting full payment of outstanding rent arrears and outlining the possibility of legal action.

If the tenant has a guarantor, the landlord can request rent arrears payment from them also. If the rent still remains unpaid, write again at 14 and 21 days.

Once the tenant has missed two payments landlords have two options: "Landlords can choose whether to issue a Section 21 notice, for which they do not need to provide a reason. Or issue a Section 8 notice citing at least one of the rent arrears grounds, for which they would need evidence," says Meera Chindooroy, deputy director of campaigns at the National Residential Landlords Association (NRLA).

"A Section 21 notice gives the tenant at least two months' notice that the landlord intends to regain possession of the property. If the tenant doesn't leave by the expiry of the notice, the landlord can apply to the court for accelerated possession, which means you will not have to attend a court hearing," she explains.

Accelerated possession can be used when the landlord isn't claiming rental arrears and is often quicker. If claiming arrears, landlords can use the standard possession procedure or the accelerated procedure to get their property back, and then make a separate court claim for the rent arrears.

"Under Section 8, there are both mandatory and discretionary grounds," Meera explains. "Ground 8 – the mandatory rent arrears ground applies

WHERE TO GO FOR FURTHER ADVICE:

For advice and access to Section 21 and Section 8 forms: [gov.uk](https://www.gov.uk)

The National Residential Landlords Association: [nrla.org.uk](https://www.nrla.org.uk)

Landlord Law: [landlordlaw.co.uk](https://www.landlordlaw.co.uk)

Help for tenants on benefits: [entitledto.co.uk](https://www.entitledto.co.uk)

when there is at least two months' arrears at the time of notice and hearing," she says.

Under Section 8, landlords can give between two weeks' and two months' notice depending on which tenancy terms the tenant has broken.

As with Section 21, if after the notice period the tenant still doesn't comply, landlords can apply to the court for enforcement.

As part of the Renters' (Reform) Bill, Section 21 evictions are set to be abolished, with the current Section 8 likely to be reformed.

"The government has proposed

a new mandatory arrears ground, in addition to the existing ground 8, where the tenant has been in at least two months of arrears at least three times in the last three years," explains Meera.

While this is still subject to parliamentary debate it would mean if the tenant wasn't in arrears at the time of the hearing the landlord could still issue an order.

No room for error

When it comes to filling in the paperwork, Tessa and Meera both stress the importance of ensuring the Section 21 or Section 8 notice is valid and no mistakes are made – potentially delaying or causing the case to be dismissed. If seeking legal help, Tessa advises using a proper solicitor.

"There are a lot of eviction 'experts' but landlords need to be careful; if a solicitor gets things wrong, insurance may reimburse them but that might not be the case for a non-solicitor firm," she says.

Unfortunately, Tessa says landlords rarely recover full compensation. "Many landlords write off costs as they prioritise regaining possession," she says.



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TOP TIPS

DRAUGHT PROOFING

uPVC double glazing is draught proofed by design, but older timber-framed windows are not. Draught excluders are cheap and effective.



1

LOFT INSULATION

Make sure roof spaces are accessible for inspection and that there's at least 100mm of loft insulation. The more the better (up to 400mm), there are diminishing returns over 100mm so consider other options as well.



2

TOP SIX ways to improve your property's EPC rating

Energy assessor Paul Ryback of Lincoln Landlord Services gives his tips for bumping up your EPC rating for minimal cost

HEATING CONTROLS

To get the best EPC rating ensure that you have a programmer, room thermostat and Thermostatic Radiator Valves (TRV's) fitted to any wet central heating system.



GET A DUAL-RATE METER INSTALLED

If you have off-peak storage heaters or an electric immersion for your water heating, ask your supplier to fit a dual-rate meter. This lowers the input cost and results in reduced electricity costs at night.

REMOVE SECONDARY ROOM HEATERS

Removing wood burners and gas fires can increase your EPC rating by more than you think. Most gas fires are less efficient than a condensing boiler, so they can drag ratings down.

3

5

USE MAINS GAS WHERE POSSIBLE

Currently, mains gas is the cheapest source of fuel, so it will almost always give a better score than alternatives.

6

The strategic sell

Knowing when – and how – to sell a property requires some strategic decision making, but it doesn't have to be a hassle, writes **Rob Dix**

We talk a lot about buying properties on The Property Podcast – of course we do – that's the exciting bit and ultimately what you need to do to be able to generate wealth from property. We talk a lot less about selling. That's because our strategy is to buy and hold properties to maximise long-term wealth generation, but that doesn't mean we never sell.

A few months ago, we discussed Rob B's Monopoly-style strategy: how he's strategically selling his Old Kent Road-type properties to reinvest the funds in premium Park Lane-type stock. I failed to mention at the time I'd made a strategic sale of my own as part of a strategy change, and I think my reason for selling and the way I did it are both worth sharing.

The property in question was an average two-bed house in Hull. I originally bought it about eight years ago, refurbished it, refinanced and pulled my money back out and I've been renting it out ever since.



In those years it dispensed a conveyor belt of problems. Stuff always seemed to be breaking and it had multiple different tenant dramas over the years – including more than one police raid.

It caused me a disproportionate amount of hassle for the money it made. On paper the yield was infinite because I had no money left in it, but in reality it didn't take much of a repair to eat up an entire month's rent, so I wasn't really making any money on it.

Cost-benefit review

The event that prompted me to think about selling was the tenant moving out. As always happens when someone moves out of one of my properties, my assistant started the process of figuring out what needed to be done before we could re-let it, getting quotes in for work and costing everything up. There was nothing dramatic that needed doing, but still the bill added up to more than a year's worth of profits.

I decided it was time to sell. The problem was, to sell through an agent and reach the largest possible audience of buyers I'd still have needed to spend that money to get it into a saleable condition.

And given that it was a relatively low value property, I wasn't convinced the sale price would be enough to compensate for the hassle of having to do the work, and that's what got me looking into the auction process.

I had a quick look at what I reckoned the property would fetch on the open market if it was in good condition. I knew what the cost of the work would be if I went down the agent route so I could factor that in. Then I spoke to the local auction house, and – based on a few photos and a bit of information – they gave an estimate of what they'd be able to sell it for.

I worked out the potential upside from selling with an agent would have been something like £5,000. Now, I'm not trying to trivialise that sum of money, but

in the grand scheme of things it was so little it wasn't worth the hassle and the time it would take to do the work, so it was quite an easy decision in the end.

Going, going, gone

The whole process leading up to auction day was amazing because all I had to do was fill in one form, and everything else was taken care of for me. The property was listed at £55,000. They estimated it could fetch between £60,000 and £65,000, so I set the reserve at £60,000 because I wanted to maximise the chances of it selling. If it hadn't sold, I'd have encountered all manner of holding costs and potential hassles.

On the auction day I just got a WhatsApp message from my PA saying: "hey, it's sold for £62,000". It was the biggest non-event ever, which is exactly what I wanted from the process.

Yes, I would have liked more, but this was in November last year – which as you'll know, after the mini budget in October was not the best time to be selling. Had it been three months earlier, or even three months later, I probably would have got a better result. But again, because it was a low value property, it probably only would have meant the difference of a few thousand pounds.

When the deadline for exchanging and completion arrived, there was still no drama: I just received an email to say it had happened and the money was on its way. Transacting in property, whether you're buying or selling, is normally just the biggest hassle in the world – so it felt great to go through a process that was supposed to be easy and actually was.

In my toolkit

I'm not telling you this to encourage you to sell at auction, nor am I suggesting I'll use this method every time I have a property I want to sell, but for this property it was absolutely the right thing to do. I'm glad I did it, because now I know what the experience of selling at auction is like. By having a bit of knowledge about your different options, when faced with a similar decision you can dig into your toolkit and pull out the right tool for the job based on the specific circumstances.



My first big takeaway from this experience is trust the judgement of the auctioneer. Unlike an estate agent, they're not going to quote you a high potential sale price in the hopes you'll go with them. Their objective is

to get your property sold and they know their local market far better than you will.

The second is to go into it with the right mindset. If you enter an auction wanting to maximise your sale price, then you'll probably find the whole thing stressful because you'll be trying to gauge interest and watching the bids come in. On the other hand, if you approach it from the perspective that you just want a sale at a reasonable price, then you'll be happy whatever the outcome.

Now with the sale quickly out of the way and the management hassles removed, I can focus more energy on buying – which is the fun part, after all.



If you want to hear more from **Rob Dix** check out our YouTube channel: [youtube.com/propertyhubuk](https://www.youtube.com/propertyhubuk)

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The snowball effect

By starting small and building momentum gradually,
you can achieve significant progress

We've enjoyed a lot of success recently: the podcast keeps on going from strength-to-strength, Rob had his Penguin book deal and opportunities seems to be presenting themselves frequently – we don't have to go looking for them now, they come to us.

I'm not telling you this to boast, I'm telling you because it illustrates a point I want to make about the snowball effect: how small, consistent actions can have a big impact over time.

In the beginning when we started Property Hub it was hard to get anybody to talk to us – it was a slog just to have a few meaningful phone calls each day. It felt like we had to put in loads of effort for hardly any reward, but we kept going, we kept rolling our snowball in the right direction and over time it started to grow.

We've been podcasting for 10 years now and the business has been going for even longer than that. It's only because we were prepared to push the snowball in the beginning and put the effort in over time that we're enjoying this success today.

Gaining momentum

The snowball metaphor applies to anything you want to achieve in life. If you're out of shape and you want to run a marathon you've got to get yourself off the couch first and run a mile. It might feel like the biggest effort in the world, but if you keep doing it then you'll eventually be able to run that marathon.

It's easy to look at people who are doing well in different aspects of their life and think: it's alright for them because X, Y and Z, but everyone has to make that first step at some point and put in the hard work. There are no short cuts.

Warren Buffett is a true example of the snowball in action. He started off as a middle-class bloke and steadily built his wealth over time to become one of the richest men in the world. There was never a year where his wealth suddenly quadrupled, he just built it gradually by growing his snowball until it gathered a momentum of its own.

Consistent actions

When I decided I want to invest in property it took me a long time to buy my first one and I had to make a lot of sacrifices to get it. It was years before I bought my second property. The gap between the second and third property was a bit quicker because I'd started to get some momentum. It wasn't rapid by any means, but it was shorter than the window between the first and second. Now I'm in a fortunate position where I can purchase multiple properties a year if I choose to.

If I continue to invest in property, which I intend to do, in 10 years' time my purchasing power will be even stronger than it is today, making it even easier for me to reach my goals. My point is: to build a successful business, property portfolio or achieve your fitness goals – whatever it is you want to do – you've got to put in the hard work and be consistent. If it was easy to build a big property portfolio or create a decent-sized business, everyone would do it. It's not easy, but the great thing is there's no secrets. It's just consistent action over time. In the beginning, it feels like you're going nowhere, but if you keep at it and keep building whatever it is you're passionate about building, you'll eventually get some momentum, and as that momentum grows you will get to the big snowball.

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

What I've learned

Tim and Elizabeth Elliott bought their first buy-to-let just after the last property crash in 2008. They moved to Hong Kong in 2010 and continued to build their portfolio remotely, before returning to the UK in 2018

You've got to be in it to win it

This is such a famous saying and it rings so true in property. You won't achieve anything by sitting on the sidelines, you have to get involved, it's the only way you will really learn and give yourself any chance of success. Once we got going, our knowledge and confidence grew and from there it snowballed our investment journey.

Be brave, but don't be stupid

We bought a number of properties whilst we were living in Hong Kong, to do this we had to be brave in our approach. It was a risk, but a calculated one – we focussed on areas we knew well which has paid dividends in helping us make strong investments. Be brave, but don't be stupid, it will do you no favours.

Buy well and follow your gut instinct

There are some basic principles you need to follow when buying a property: buy at a good price, buy where the fundamentals are strong and buy knowing who your target tenant is going to be. One thing we've never underestimated though is our gut instinct, we want to feel excited about the property because if we don't, then it's very unlikely a tenant will when making it their home.

Always use leverage

Never buy cash, always use leverage and you'll accelerate your results. Know that a mortgage on an investment property is good debt, as property is an asset that delivers you positive cash flow. Holding more properties means significantly more



opportunity for capital growth so use leverage to your full advantage.

It can be easier to manage the maintenance yourself

We use an agent to manage the marketing, onboarding tenants, transacting rent and compliance, but we manage the maintenance ourselves. We used to leave this to the agent, but we found we frequently had to get involved in decisions and having a middleman added complexity, time and cost.



INVESTOR FACT FILE

Name: Tim & Elizabeth Elliott

Lives in: Hampshire

Invests in: Hampshire

Occupation: Tim is a head of procurement, Elizabeth is a lawyer

Years investing: 15

Strategy: BTLs

Goal: to build a strong portfolio to make retirement comfortable and leave a legacy for their children

Doing it ourselves means we've got to know our tenants better and have been able to deliver a better service.

Time is your friend

In our 15-year journey, our debt has been devalued by inflation, our portfolio has appreciated in value and our rents have steadily climbed upwards. Time is your friend in property so use it, the sooner you get in the game the more benefits you'll see.

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.

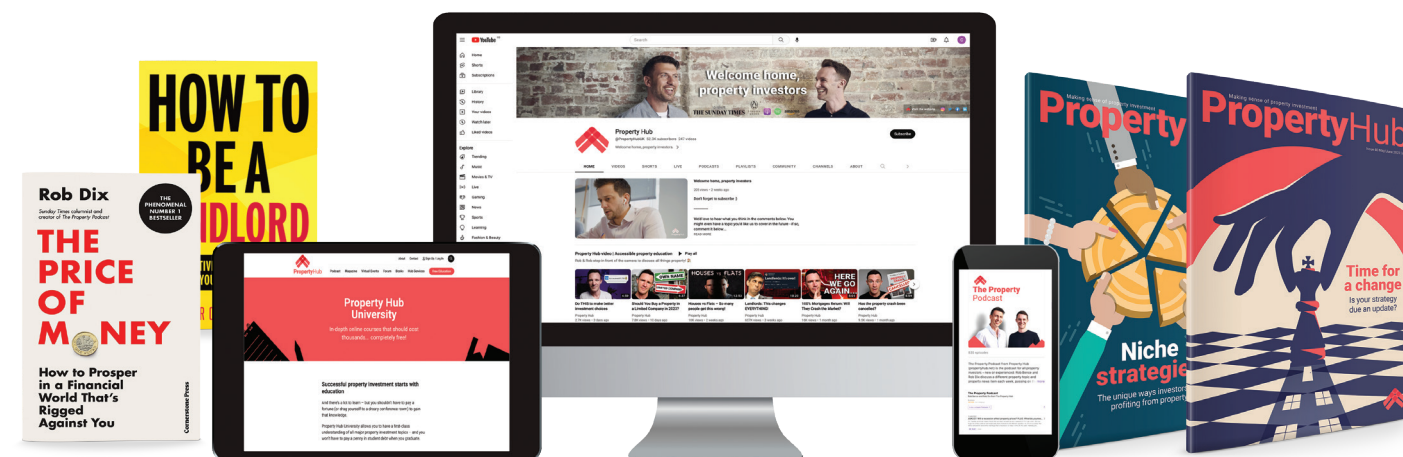


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