

Making sense of property investment

PropertyHub

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What renters want

The tenant
trends
reshaping
the rental
market





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Welcome



Rob Bence (left) and Rob Dix (right)

Keeping your customers happy is important in any business, and it's no different with rentals. Happy tenants stick around longer (which means fewer empty units), take better care of your property (so you spend less on maintenance), and are more likely to recommend you to others. But what exactly do they need to stay satisfied?

In this issue we delve into what tenants are looking for and how landlords are adapting to their changing expectations.

Elsewhere, we cover what the city of Sheffield has to offer as an investment location, the selective licensing schemes popping up across the UK, and we take a closer look at life tenancies and how they work.

Our featured investors all have stories that demonstrate no property project is ever straightforward. To round off, we discuss why a property's price can have a bigger impact on its long-term success than you think, and what the unraveling of the 18-year cycle has taught us.

Happy reading!

Rob & 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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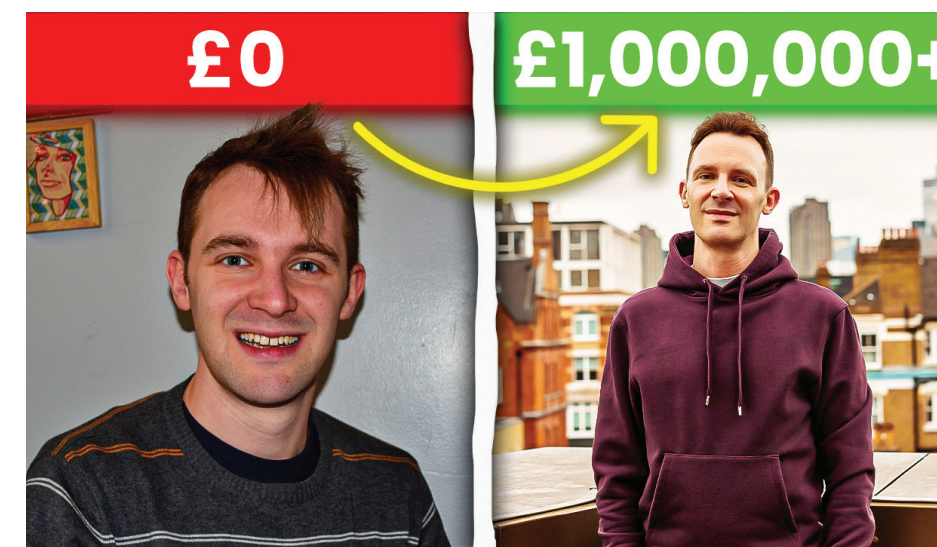
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Inside the hub

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



On Screen

Everyone has to start somewhere, right? The baby-faced Rob D on the left had no experience, no properties, and no money. The seasoned pro on the right has worked on over 1,000 property deals. So, what lessons did he learn bridging that gap? Watch his video: '18 Years of Property Knowledge in 8 Minutes' to find out.

youtube.com/propertyhubuk

Online

Getting the money together to invest in property is the main barrier to entry for most aspiring property investors. It can be challenging, and it can take time – but there are several ways to make it possible. Read: 'Six Ways to Raise the Cash to Invest in Property' over on our website.

propertyhub.net/articles

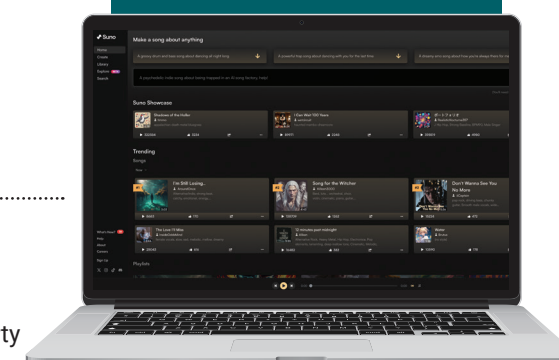
HUB EXTRA

Suno.com

If you missed Rob D's Thursday "drop" in episode 581 of The Property Podcast then go back and give it a listen – we promise you won't be disappointed.

He used Suno, an AI text-to-music generator to create a rap all about The Property Podcast.

All you have to do is input a few prompts – like the genre and what you want the song to be about – and it produces a full two-minute song capturing the essence of whatever theme or topic you choose.



On Air

It's election month! Listen to The Property Podcast, where the Robs will break down the election results, chat about what they could mean for investors, and predict how they might influence the property market in the months ahead. Plus, they'll be revealing their top five ripple effect areas that you might want to keep an eye on for future investment opportunities.

Propertyhub.net/podcast

In Print

"Is Zoopla a reliable tool for property valuation?" Gillian in Bridgwater wrote to ask. The short answer is no. Zoopla can give you a rough idea of property prices in an area, but it's not accurate enough to nail down an exact value. Read the full answer in *The Sunday Times*, where we answer two reader questions every week.

propertyhub.net/sundaytimes

Got a Hub Extra-worthy resource, tip or tool to recommend? Share your suggestions with magazine@propertyhub.net and you could get a mention in our next issue.

Market focus

The latest news and developments from across the property market

CHARM COMES AT A COST

Owners of period properties spend an average of £700 per month on upkeep, according to a study by Zoopla.

The property portal found that since 2022, period property owners have spent an average of £19,213 on maintaining them – almost two-and-a-half times more than non-period properties. This expenditure averages £686 per month, adding to the typical monthly mortgage cost in the UK of £950.

The biggest chunk of these expenses goes towards fixing external elements



like roofs, brickwork, and walls. Period property owners have spent about £12,865 on average for these repairs since 2022, compared to just £4,314 by owners of newer homes.

Many period property owners admit they didn't fully grasp the ongoing costs involved before buying. More than a fifth say they underestimated the amount needed for maintenance, repairs, and upgrades – or didn't even think about these costs initially. For two in five period property

owners, the final bill has been higher than expected. Among those who feel the costs have exceeded their expectations, a quarter say they regret their decision to buy a period property because of these expenses.

However, despite the financial surprises, almost three-quarters of period property owners still believe the costs are 'worth it' and don't regret their purchase.

Daniel Copley, consumer expert at Zoopla, said: "There's no denying that period properties are characterful and high-quality, with plenty of elements which draw buyers in, but these require regular investment to keep them in working order."

UNIVERSAL CREDIT TENANTS DOUBLE

The number of landlords renting to Universal Credit (UC) tenants has doubled in the past six years.

According to the National Residential Landlords Association (NRLA), 43% of their members now rent to UC tenants, up from 21% in 2018.

There has been a sharp rise in UC claimants in

the past couple of years. Recent data from the English Housing Survey revealed 6.4 million people in the UK receive UC benefits, up from 5.5 million in March 2022.

While there's been a drop in rent arrears among UC tenants (from 61% in 2018 to 39% now), landlords still face challenges. Many complain about delays

and inconsistencies in UC payments, which are handled by the Department for Work and Pensions (DWP).

The NRLA is pushing for changes to make UC work better for everyone involved. They want the initial five-week wait for UC payments scrapped or turned into a grant instead of a loan, so tenants don't

start off in debt. They also advocate for UC's housing component to be paid directly to landlords by default, ensuring landlords get their rent on time.

These efforts aim to make the UC system more landlord-friendly, easing tensions and ensuring smoother rental experiences for all parties involved.

IN BRIEF



6.4M

People in the UK receive UC benefits (Gov.uk)



43%

Of NRLA members rent to UC tenants (NRLA)



£700

The average monthly cost to maintain a period property (Zoopla)



0.75%

Starting rate of Pargon's new refurb-to-let loans (Paragon)

REFURB-TO-LET LOANS

Paragon Bank has introduced two new refurb-to-let deals designed for landlords looking to upgrade their properties.

The products are geared towards renovations and improvements that don't need planning permission or to adhere to building regulations, making them ideal for small HMO conversions as well.

Initial loans provide up to 75% loan-to-value (LTV) over a period of one to six months, with rates starting as low as 0.75%. Following this period, landlords have the option to transition to

a buy-to-let mortgage from Paragon's selection.

Louisa Sedgwick, Paragon Bank's commercial director for mortgages, said: "We know that some landlords and brokers are sometimes reluctant to take out bridging finance, so this product is a great alternative. We'll assess refurb-to-let applications alongside buy-to-let applications so landlords will benefit from a faster turnaround and the expertise of the same underwriter working on both elements."

ZOOPLA'S NEW AI FEATURE

Zoopla has introduced its first AI-powered feature, 'Homes for You', designed to personalise property searches based on user activity.

By analysing what users save and view, Zoopla is able to suggest relevant listings, enhanced with 'smart tags' that highlight key property features like balconies and period details.

In addition, users will have a personalised homepage that updates in real-time, showing properties that match their preferences as soon as they log in.

These updates aim to increase engagement and lead quality, resulting in a 2.5 times increase in leads to agents and a 13% rise in users submitting inquiries directly from the homepage.

Rich Hayes, Zoopla's chief



operating officer said: "These new product developments are all about supporting Zoopla users in making the next decision on their property journey, be it finding a suitable property for them, submitting a lead, or having an initial conversation with an agent."

Licence to bill

Selective licensing schemes are popping up across the country. Neil Cumins investigates why they exist, what they do, and how they affect landlords

John Lennon probably didn't have politics in mind when he said life is what happens when you're busy making other plans. However, his words would have seemed prophetic to many in the property industry when Rishi Sunak unexpectedly called a snap general election back in May. Among the many unintended consequences of this announcement was the abandonment of legislation which had been passing through Parliament for years – including the Renters Reform Bill (RRB).

First confirmed in the 2019 Queen's Speech, the RRB had proved contentious for many reasons. One of its positive aspects was a stated intention to reduce the prevalence of selective licensing schemes, and the Committee Stage of the Bill's passage through Parliament would have triggered a review of the schemes already implemented. This won't happen now unless the next government decides to revisit the legislation; in the meantime, selective licensing schemes continue to pop up everywhere from Newham to Newcastle.

Selective memory

If you're not familiar with selective licensing schemes, a quick recap may be helpful. Introduced in 2006 when the Housing Act 2004 finally came into effect, they give local authorities in England and Wales more power to tackle poor behaviour by both landlords and tenants across the private rented sector.

The word 'selective' indicates their voluntary nature, with councils only able to introduce bespoke licensing policies if they identify specific problems. However, what was intended to be a lightly used policy has mushroomed into hundreds of different schemes, all varying in scope and execution.

A selective licensing scheme is usually introduced to address a range of pressing issues. These often include a low demand for housing, persistent problems related to anti-social behaviour, properties that are in poor condition, and areas experiencing high levels of migration, deprivation, or crime.

In reality, the majority of towns, cities or suburbs could cite at least one

of these factors as an issue, especially with net migration to the UK at record levels. Councils are obliged to set out how a proposed scheme could improve local outcomes, although a failure to achieve these objectives could simply be used to justify extending or expanding an existing scheme. Confusingly, councils can run more than one scheme at a time, covering different areas and incorporating unrelated criteria.

Capital assets

Over 30 new selective licensing schemes were introduced in 2023,

and 19 were unveiled in the first four months of 2024 alone, as councils tried to pre-empt expected restrictions in the now-defunct RRB.

London has borne the brunt of this expansion; existing schemes in Greenwich, Islington and Haringey (among others) are set to be joined later this year by Lambeth. Bexley's initial five-year scheme expired in 2023, but the council has recently been consulting on a new scheme to cover the Belvedere council ward. Thanks in part to the improvements ushered in by the 2014 Housing (Wales) Act, selective licensing schemes haven't been operational anywhere in Wales since 2018, though Welsh councils are still at liberty to introduce them.

With almost a third of selective licensing schemes covering specific streets, it can be hard to establish whether a property you plan to purchase falls within a selective licensing scheme's boundaries. Every council adopts different policies in terms of implementing and advertising these schemes, which differ from HMO-focused additional licensing schemes by targeting all



"There is little evidence to date that these schemes have made a significant positive impact on sub-standard housing"

privately rented properties. While existing landlords have a legal right to be notified about a new scheme's introduction, it's not always clear if an existing scheme is already up and running.

What do selective licensing schemes entail?

The requirements of selective licensing schemes vary from one council to the next. Universal elements include gas safety certificates, working smoke alarms, tenancy agreements and tenant references. Optional elements may include oversight of property management, compliance with housing standards or criminal record checks. Landlords have to complete a lengthy application form and pay fees typically ranging from £400 to £1,000 per property. This covers the duration of the selective licensing scheme's existence, but licenses aren't transferable when a property is bought or sold.

The late and unlamented RRB might have reduced the ability of local councils to implement selective licensing schemes, but there's no prospect of changes to existing legislation in the foreseeable future. That means more admin for landlords, on top of occasionally punitive compliance costs. Over £10m worth of non-compliance fines have been issued in London alone, with one

Greenwich landlord fined £5,000 for giving their tenants a misleading licence agreement. Nottingham City Council famously admitted in 2018 that they'd rejected 1,000 more applications than they'd approved, due to unspecified 'paperwork errors'.

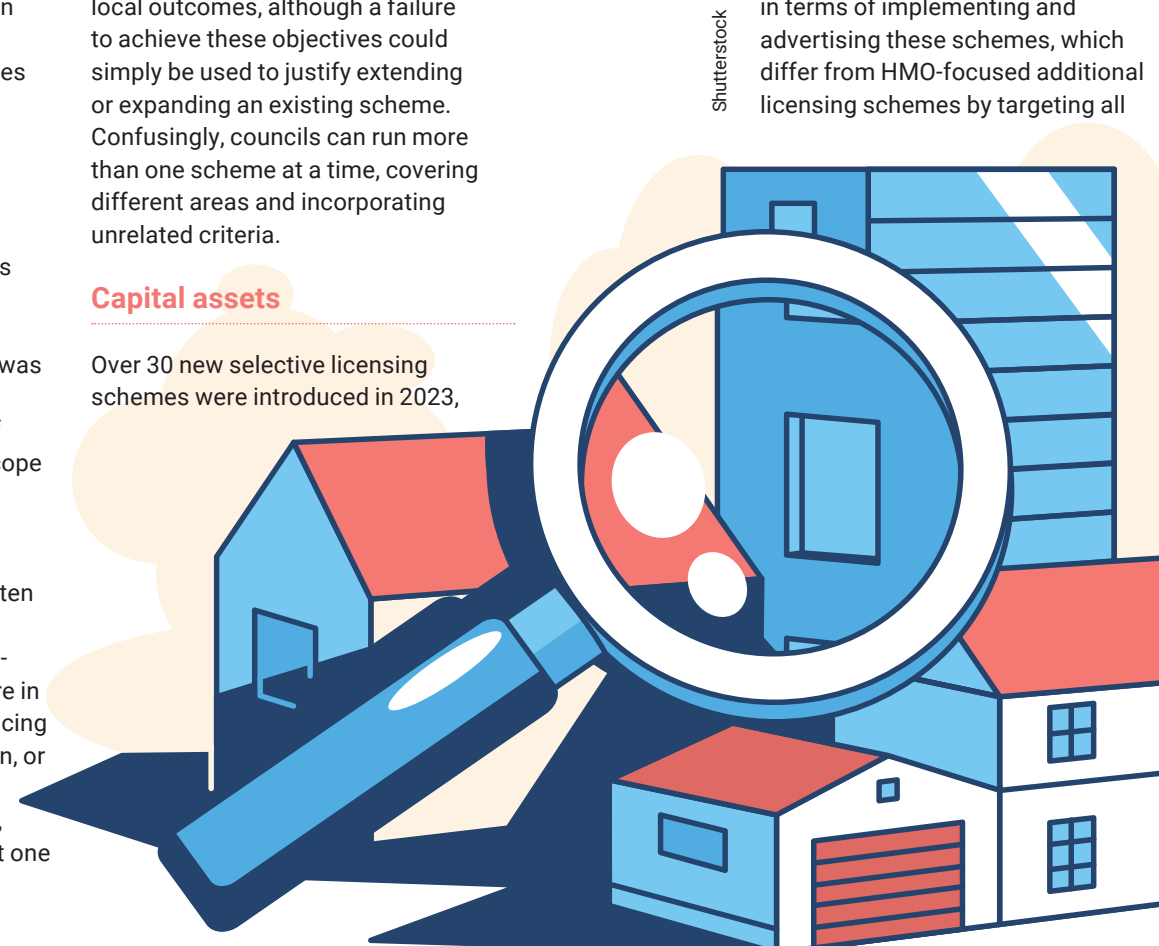
What's the future for these schemes?

There is little evidence to date that these schemes have made a significant positive impact on sub-standard housing, though they've certainly added to the administrative burden faced by many landlords.

The best we can realistically hope for is improved implementation of what's currently a fragmented and frustratingly inconsistent process. Letting agents must notify landlords of licensing requirements in specific areas, but there's no obligation on a property seller to identify the existence of a scheme, and no national database.

When *Which?* published a map of selective licensing schemes in 2020, it could only do so because the NRLA previously submitted freedom of information requests to every council in England over a four-month period – something it has understandably not repeated. Some councils publish online maps highlighting each area where schemes are in operation, or address search tools, but this is by no means universal.

Being able to quickly search addresses for details of applicable schemes would undoubtedly alleviate confusion, allowing prospective investors to make more informed decisions about whether a particular property would involve too much admin – and cost. Although licensing fees and non-compliance fines are ring-fenced for housing, they impose yet another financial burden on landlords already struggling amid challenging economic conditions. That's something the next government must tackle, irrespective of its wider housing policies.





Emma now invests close to home in Cambridge



HOW I GOT HERE

property course and she told me to read *Rich Dad, Poor Dad*. I read it and that's what got me thinking."

Emma had previous experience of letting a property – she'd rented out her London flat when she moved to Australia for work some years earlier.

Her goal was to generate enough of a return from property so she could replace her salary and leave her job. "My priority was cash flow, so I knew having HMOs [Houses in Multiple Occupation] would be the quickest way to achieve that," she says.

Properties in her local area were out of her budget, so she turned her attention to Manchester, where she'd studied at university. "I went down to a four-day week in work and on the fifth day I'd drive to Manchester and view run down properties," she explains.

Emma signed up for a training course and found a mentor. Her first purchase was an existing student property. She used her savings for the deposit and took out a mortgage for the rest. It was a real baptism of fire, but she learned quickly. After giving it a makeover to boost its value, she used the funds she'd made to jumpstart her next project. She was on a roll, until Manchester's Article 4 restrictions forced her to switch locations.

"I started investing in Liverpool and did quite a lot of professional HMOs there. After 18 months I had enough cash flow to resign from my job. That was in 2013 and I've been working full time in property ever since," she adds.

Carving a niche

"It was a real juggle for the first few years. I remember feeling very tired and stressed. I look back now, and I think: 'How did I do it?' But when you're on a mission you find a way to make it work and I was doing something I'm passionate about. I just knew that if I could build this portfolio then I could

Living her best life

A family tragedy led **Emma Stubbings** to adopt the motto "live your best life" and build what has become a £10m property portfolio

By Chantelle Dietz

When Emma Stubbings was 39 she experienced a life-changing event that would redefine her path. Tragically, her younger brother, who battled depression, took his own life. It changed her outlook on life and prompted her to reassess her priorities and goals.

"It was one of those moments in life where you take stock and you're like: 'What am I doing with my life?'" she says. "It made me think about the need to start enjoying my life now and not putting it off till later."

At the time, Emma was commuting from her home in Cambridge to London every day for her job as a recruitment manager.

"It was so stressful. I wasn't getting home until 8-9pm in the evening. I'd just had just my first child and I thought: 'I need to change my life'. I didn't really know what I wanted to do, but I thought property could be a good solution," she recalls.

"A friend of mine had done a

Matthew Power Photography



INVESTOR FACT FILE

Name: Emma Stubbings

Age: 51

Lives: Cambridge

Invests in: Cambridge, Manchester and Liverpool

Occupation: Property developer and founder of Ikon Property

Years investing: 12

Strategy: HMOs, BTLs, development

Portfolio value: £10m

Goal: To live her best life and help others do the same

EMMA'S TIPS FOR PROPERTY SUCCESS

1 Don't compare yourself to others:

"The biggest mistake I see people make is comparing themselves to others. In the world we live in with social media, it's very easy to do. You're constantly thinking: 'Am I doing enough?' You've got to align your strategy with your own goals. It's your life, no one else's."

2 Enjoy the process:

"Property development takes a lot of time and energy, and it can be difficult to switch off from, so you've got to really enjoy it. Because of what happened with my brother when I was younger, I realised that it's not about working hard all your life and saving for your retirement. You've got to enjoy what you're doing now, you don't know what's around the corner."

3 Network is everything:

"Build your network as quickly as you can. I always encourage new investors to network from day one and surround themselves with people doing a similar kind of thing to them. A lot of people find networking really uncomfortable, but it's only uncomfortable for the first couple of times that you do it, after that you've met people, and it becomes a lot easier. I think it's the quickest way to fast track where you're trying to get to."

4 Define your purpose:

"If your 'why' isn't big enough, then you're just not going to stick it out because it will be tough. You need absolute clarity and focus on what you're trying to achieve. Once you've established your 'why' you need to work out what strategy is going to get you to that goal the quickest. Don't get distracted by something else that comes along if it doesn't fit within your strategy."

5 Don't take on too much:

"I've learned over the years to not take on too much at once. Now I won't have more than two projects on the go at a time, I find it too stressful. You can make yourself quite ill by taking on too much. Learn what your own boundaries are and stick to them."



start to change my life," Emma reflects.

She'd cut out her daily commute to London, but she was still having to travel four and a half hours to the north once a week. So, when the opportunity to invest closer to home presented itself in 2015, she jumped at the chance. She found an old shop that seemed perfect for turning into a student HMO. "I thought: 'If I can pick this up for the right kind of price, then I maybe can get this to actually work."

"I saw a gap in the in the market. Cambridge is such an expensive market that in order to get the figures to stack up you need to make sure that your rentals are quite high on the opposite end. There's a lot of very average looking rentals, so I thought: 'What if I do something that's a little bit different design-wise and go above and beyond what is currently on offer, then I could carve a niche out in the market?' And that's very much what I did. Ever since then I've been doing stuff close to home, literally right on my doorstep."

Once she'd achieved her initial goal of replacing her salary with income from property and breaking free from the constraints of a traditional 9-5 job, Emma's priorities shifted. It was no longer just about financial gain; it was about stretching herself in terms of the kind of projects she was doing.

"I got involved with joint ventures and big developments around 2017. It was only through doing things like that I realised that wasn't what I wanted to do. I don't regret doing them – they helped me see those types of projects weren't for me."

"I'd rather focus on lower risk projects I can turn around faster and get them to produce cash flow quicker. It's just a smarter use of my time. These days my focus is on small



Matthew Power Photography



commercial conversions, blocks of flats, HMOs and simple BTLs," she says.

Living her best life

Putting the extra effort (and budget) into crafting design-focused homes pays off in two ways, explains Emma. It helps them stand out and fetch higher rents, plus it means tenants

get to enjoy a better standard of living – something Emma feels particularly passionate about.

"It's not just about the decor; it's about the whole experience," Emma explains. "I want tenants to have the best living experience."

Her motto, 'live your best life', isn't just a slogan plastered on the walls of her properties; it's a mantra she lives by. It's what led her to make the decision to personally manage her Cambridge properties, with the support of an assistant.

"As I've learned from experience, satisfied tenants are not only willing to pay a premium but also expect premium service. Having dealt with property agents in the past, I've seen the level of service can fall short of tenants' expectations," she adds.

But what does 'living your best life' look like for Emma? "My strategy in life is all about living for now," she says. "No one knows what's around the corner, so

finding a balance and being passionate about what you do is crucial. I love what I do – it's what has kept me going for so long. I've had the opportunity to meet some truly inspiring people, and I get a lot of joy from creating beautiful homes for people to live in. These days, I also dedicate a significant portion of my time to property coaching and mentoring. It's all about giving back and helping others reach their goals."

Emma's vision for her future 'best life' involves spending more time in Spain. "I have a place there. I spend two to three months every summer enjoying the sunshine, playing golf and catching up with friends," she says.

"Over the next three or four years, I plan to spend even more time there. My goal now is to envision my ideal retirement lifestyle. What level of cash flow and investment strategies do I need to achieve that? I've spent the last few years streamlining my business operations so that, if I choose, I can step back or work fewer hours."

Experiencing the loss of her brother was a profound moment in Emma's life, but she didn't let it knock her down. Instead, she used it as a catalyst for change, ditched her stressful job and made a career for herself in property. It hasn't all been easy, but she has persevered and achieved her goals. Now, as she looks back, she's grateful for how far she's come and excited for what the future holds, "I count my lucky stars that I've got to this point," she declares.

HOW I GOT HERE

Emma Stubbings' timeline



2012

Bought her first property in Manchester



2013

Began investing in Liverpool



2013

Left her job to work in property full-time



2015

Purchased her first property in Cambridge



2017

Started getting involved in big developments and joint ventures



2020

Bought a holiday home in Spain

Field of dreams

It's been six years since Property Hub first showcased Sheffield's merits as an investment location. Neil Cumins returns, to see what's changed in England's fourth-largest city

Shutterstock

Cities exist in a constant state of flux, and their prospects are never certain. When Property Hub first profiled Sheffield in 2018, we encountered a city where the only way was seemingly up, thanks to ambitious plans for swathes of city-centre high-rise buildings. Yet a lot has changed since then, including a pandemic, an economic crisis and a war in Europe. Consequently, Sheffield's future hasn't turned out as it might have done.

A number of failed regeneration schemes include a £90m plan to create student accommodation and private homes on the site of HSBC's former offices. Those high-rise towers haven't materialised, either, meaning central Sheffield still has a low-rise patchwork-quilt aesthetic. Yet despite various setbacks, successful regeneration projects are everywhere – typified by the £25m Eyewitness Works conversion of a Grade II-listed cutlery works into residential accommodation. The Heart of the City II masterplan

inches forwards, repurposing 17 acres of brownfield land into a mixed-use scheme incorporating hundreds of new homes. Park Hill's ongoing regeneration is now into its fourth phase, with 124 homes planned in the latest stage of this imaginative reinterpretation of a failed Brutalist scheme.

It's all academic

Previous phases of Park Hill's refurbishment introduced accommodation for 350 students, reflecting the nearby presence of Sheffield and Sheffield Hallam Universities. These iconic institutions offer huge scope for investors, according to Georgina Carr, lettings director at Cocker and Carr: "For Sheffield University students, areas like Broomhill and Crookesmoor are incredibly popular. Sheffield Hallam is on the other side of the city centre, so properties near Highfield do well.



Far left: aerial view of Sheffield cityscape
Left: inside the winter gardens at St-Paul's place
Below: view of the fountain in the peace gardens



In between the two, Ecclesall Road and Sharrow Vale are popular with all students."

These competing university campuses stand less than a mile apart, with a combined roll of 67,000 students, creating a demographic bulge in the city's 20-24 age group. As a result, Article 4 restrictions are well established across much of central Sheffield. "In the last few years, we've seen a big increase in purpose-built city centre apartments for students," says Georgina. "However, these are mainly popular with foreign students, or people in their first year of study."

Affordable yet central

"Compared to cities like Leeds and Manchester, Sheffield's city centre has struggled in the past, but it feels like it's on the right path now," says Georgina. This work-in-progress ambience



"Sheffield is a very postcode-driven city"

perhaps explains why one-bedroom flats continue to sell for less than £75,000 in the S1 postcode that covers most of the land inside the Inner Ring Road. Wealthier buyers prefer to live in the leafy suburbs beyond the urban core, including Sharrow Vale and Meersbrook. Crookes and Hillsborough are enduringly popular family locations, with well-regarded schools, shops and their fair share of Sheffield's 250 parks, with more trees per person

here than any other city in Europe.

One advantage Sheffield holds over other potential investment locations is its centrality. The M1 flanks its eastern edge, while airports at Manchester, East Midlands and Leeds Bradford are all less than 50 miles away. Sheffield's Gothic train station is two hours from Kings Cross, with other direct services heading as far afield as Norwich, Aberdeen and Plymouth.

With a mere handful of train stations dotted around the city's periphery, commuters instead rely on three interconnecting tram lines extending to Middlewood,

Meadowhall and Westfield. Even here, well-presented three-bed villas can be acquired for just £150,000. More expensive homes are concentrated in the areas flanking Rother Valley Country Park, or affluent south-side suburbs like Ranmoor and Ecclesall. There are tentative proposals to extend the tram network as far as Chesterfield in Derbyshire, which could eventually benefit outlying districts like Jordanthorpe and Greenhill.

Cracking codes

"Sheffield is a very postcode-driven city," explains Georgina. "S10 and S11

have always been the dominant areas where you find the highest long-term increase in value. Rents are very good, but the yields tend to be lower, as values have increased quicker than rents. The stronger yields tend to be found in lower value areas where rents have increased quicker than house prices."

She highlights postcodes including S5, plus parts of S8, S12 and S13 as having considerable pent-up demand among buyers, though demand remains strong throughout the city: "From our last 20 agreed sales, we've booked an average of 16 viewings per property, and received six or seven offers."

Oddly, many potential investors approach Sheffield without having done their homework. "Other than wanting to buy an investment property, it always surprises me how many investors don't know what they want,"

says Georgina. "If someone comes to us with a desired yield and budget, then the areas they need to investigate are quite clear."

Optimal yields are currently found in the S3 postcode north of the city centre, standing at over 7% in areas like Netherthorpe and Broomhall. The terraced villas and modern flats of S5's Park Springs and Shiregreen districts also returned nearly 7% gross yields in 2023.

A crucible of creation

Despite the presence of the UK's first Advanced Manufacturing Innovation District, Sheffield remains largely post-industrial. At Kelham Island, the £300m West Bar Square scheme will introduce residential, retail, leisure and office space onto seven acres of unused land. Long-sighted investors focusing on capital appreciation should also

SITES FOR SORE EYES

These are the key projects investors in Sheffield might want to be aware of:

● Heart of the City II

This troubled development recently saw two key plots of land withdrawn from sale by the council. The masterplan is for a £470m mixed-use development with delayed anchor projects still under construction, and 420 new homes planned.

● West Bar

A £300m mixed-use development recently saw its two residential build-to-rent towers and Grade A office building top out. This seven-acre brownfield site along the Inner Ring Road will house one million square feet of mixed-use space, plus hundreds of apartments.

● Attercliffe Waterside

A 23-acre brownfield site on Attercliffe Road could host 900 new homes if planning permission is approved. Scheduled for completion in 2030, this £300m zero carbon scheme will feature a variety of timber-frame homes and commercial buildings.

AREAS OF INTEREST



The best places to invest in Sheffield

-  **Best for families:**
Crookes, Hillsborough
-  **Best for young professionals:**
Nether Edge, city centre
-  **Best for students:**
Broomhill, city centre
-  **Best for transport links:**
Wincobank, Chapeltown
-  **Best for yields:**
Darnall, Norfolk Park
-  **Best for capital appreciation:**
Park Hill, Kelham Island
-  **Best avoided:**
Pitsmoor, Manor



Left: Sheffield city centre at night from Sheaf Valley Park
Below: Sheffield Town Hall

Local hero

While the Sheffield of today isn't the cloud-bothering metropolis investors might have hoped for six years ago, it remains an affordable and enviably central setting. Although the scrapping of HS2 will undoubtedly hamper plans to create 70,000 new private sector jobs, Sheffield remains a key employment hub – home to blue-chip brands including Boeing, Arup, HSBC and McLaren. The sheer quantity of brownfield sites flanking the ring road should encourage ongoing investment and capital growth, while the city's ever-expanding student population is typified by the imminent opening of three new landmark buildings at the Sheffield Hallam campus. Viewed holistically, Sheffield remains a pragmatic long-term investment location with a rapidly expanding population. In that respect at least, nothing has changed since 2018.

Shutterstock

investigate the plans to create new residential communities in the industrial Furnace Hill and Neepsend districts. Like Kelham, these areas border the city centre, with a £67m Levelling Up funding package scheduled to create 1,300 new homes.

According to Land Registry data, existing house prices in Sheffield have increased by a third since Property Hub last profiled the city. While flats have risen in value by less than 25% over that period, this figure far outstrips the England-wide increase of 3.6%.

One-bedroom pre-tenanted flats are routinely marketed at just £60,000, with modern two-bed flats regularly selling for £75,000. These prices have remained broadly static over the past year, albeit 8% above their 2021 peak, according to Rightmove data.

While some cities appear close to their ceiling in terms of achievable selling prices, Sheffield retains scope for price growth. That's especially true compared to the pricey Manchester suburbs thirty miles west along the A57, or the affluent districts of southern Leeds thirty miles north up the M1.



THE PRICE IS RIGHT

Three examples of properties currently for sale across Sheffield at different budgets:



This one-bedroom third-floor leasehold flat in a modern block near Ecclesall Road is being sold with a tenant in situ until August 2024, generating £675 pcm in rent.



Needing modernisation but offering a blank canvas for developers, this three-bed semi-villa could be extended into its sizeable gardens, subject to planning permission.



Enviably situated opposite a park and close to the Meadowhall Centre, an unusual three-storey townhouse requires refurbishment, with huge scope for internal reconfiguration.

Source: Rightmove

A week in my life

Nick Sheppard is managing director of Manchester-based Framework Mortgaging, a brokerage specialising in buy-to-let, residential and development finance. His typical week involves a blend of advising clients, strategic planning and walking his dogs Zebedee and Mimi

MONDAY

I'm a morning person. As soon as I wake up, I must get outside and walk. So, today, I was up and out with our dogs to help reset and prepare for the day. I love where we live and enjoy my morning walk to my local coffee shop, having a natter and walking our dogs. When I get back, I have a good stretch (I'm 43), and then I go to the office. I enjoy my routine as it helps wake up my body and mind. Sometimes, it can take a while.

As a team, Monday morning is our time to review our pipeline, discuss any bottlenecks and ensure we all have all we need for a successful day. After the meeting, the remainder of Monday morning is my time to focus on the business, and I find myself navigating compliance and accounting. This reminds me that I must automate and delegate some of these functions!

I spent Monday afternoon re-defining our business

development strategy. We have some big plans for this year, and after a morning ensuring our operations are running as expected, I enjoy planning for the future.

I arrived home at around 6pm. One of the perks of living in and around Manchester is that commuting is quick. I spent years living and working in London, commuting up to three hours daily. I live just outside Manchester, and my train home takes eight minutes. So, I got home, decided

not to go to the gym, and headed for Malaysian food with my wife and the dogs. A good day.

TUESDAY

Everyone at Framework works from home on Tuesdays, so I grab the opportunity to have another 30 minutes in bed. I'm still out at a decent time for our morning walk. My wife joins me this time. We like to tie in working at home together when we can.



WEDNESDAY

I'm back in the office today, so it was an early start. I enjoy getting in early a few days a week, I'm most productive between 7am and 9am (my focus time). Today is one of those days, so I settle down with my breakfast, watch a few hours of Bloomberg News, reply to my emails, and plan my day. I also had one deal to structure, which took up most of my focus time.

Wednesday mornings are dedicated to business development (which I enjoy), and I spend the day speaking with partners and potential partners and networking. Framework is only a year old, and I still have a lot of work to do here to ensure I get us to where I want us to be. We know where we need to go, and I'm enjoying building the business and managing our team.

I spent the afternoon checking in with existing clients with cases in our pipeline. Ensuring our clients are happy with case progression is important to us. We feel our team is the best in the market at what we do, and quality client services are a part of that process.

THURSDAY

Unusually, it was a lovely morning here in Stockport, so I grabbed the opportunity to walk through the park behind my house, get a coffee, and gently work into the day. Thankfully, my calendar is full of meetings today, so it's important to have some time to walk in silence and not look at emails.

Alongside Tuesdays, Thursday is an advice day, and I spend the day discussing client plans and how best to use mortgaging to achieve their goals. Tuesdays and Thursdays are usually back-to-back, so I ensure I have 15 minutes between each call to pause, reflect, and prepare.

The whole day is spent advising, and as soon as it hits 4pm, I check in with the team to start our end-of-day checks. Once we've tied a few loose ends, I leave the office at 5pm to go home and take the dogs for a walk. We nip to the local taqueria during the walk for some tacos and a ginger beer. Another good day.

FRIDAY

Friday is my favourite day of the week. We all work extremely hard throughout the week, and I'm keen for Fridays to be spent updating clients and planning for the following week. Client check-ins are extremely important to us. Communication is vital, and today is the day to ensure all pre-offer clients are entirely up to date with their applications. I always say how our Friday goes demonstrates how our week has gone.

The team is strict with their time throughout the week and each day is focused on a particular part of the mortgage process, saving time for priority issues. Monday is underwriting day, Tuesday is spent processing



applications and underwriting, Wednesday is underwriting again and chasing solicitors, and Thursday is our second and final application day alongside chasing lender underwriting. Friday is a time to reflect, update, and plan.

If we are proactive and achieve Monday to Thursday, then Friday should be an excellent way to ease into the weekend. I am keen for us to leave when we are done.

Thankfully, everyone logs off today at 3pm, and it's my turn to manage the phone lines until 5pm. The weekend is here!

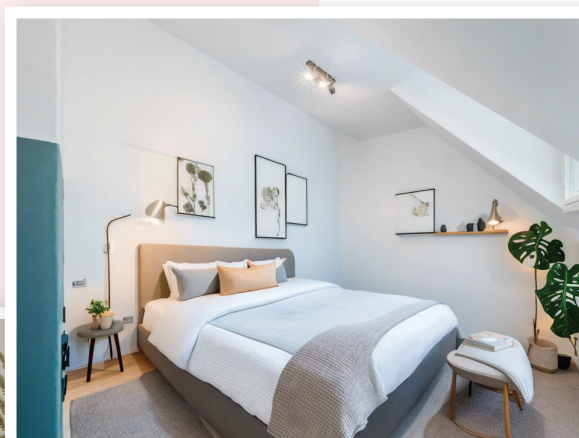


Stepping stone

Sarah has spent the past 11 years flipping, renting, refurbishing and developing property with her husband Andrew

Eager to try her hand at commercial development, **Sarah Watt** decided to make a mixed-use property her first step

By Chantelle Dietz



INVESTOR FACT FILE

Name: Sarah Watt

Age: 36

Lives: Milton Keynes

Invests in: Milton Keynes, Northampton, Rugby

Occupation: Co-owner of Alt Street Property Group

Years investing: 13

Strategy: BTLs, HMOs, mixed-use

Portfolio value: £4.3m

Goal: To grow the portfolio value to £20m by 2050

Baby steps

The property had originally been put on the market for £390,000, then reduced to £340,000. Sarah booked a viewing on their way up to Edinburgh for a weekend away with their two young children and put in an offer the following week.

"We gave the vendor two options: either we give you £310,000 for one vacant possession or £315,000 for all vacant possessions. They wanted to keep some rent coming in, in case the sale fell through, so they accepted £310,000," she explains.

Getting a mortgage proved to be a challenge, but not for the reasons you might think: "There was only one lender we could go to and that was mainly because of the price. Ironically, with commercial properties the bigger the buy price, the more lenders you get to choose from. Because it was only £303,000 and the loan would be 75% of that, it did severely restrict our lending options."

They managed to shave a further £7,000 off the sale price when their mortgage valuation came back. "The underwriter didn't like the commercial covenant, so they down valued the property. It's a small premises – not like a Costa or a Greggs – so there's a higher risk of tenant turnover. It didn't put us off though," Sarah declares.

They planned to take the refurb slow and steady – starting with the top floor vacant flat, then tackling the other two when the tenants moved out. As it turned out, two weeks after they got the keys the tenants in flat two split up and gave notice.

Sarah Watt was on the hunt for properties to turn into houses in multiple occupation (HMOs) when she came across a mixed-use building in central Rugby.

The run-down Victorian terrace had a Greek takeaway on the ground floor and three one-bedroom flats above. It was out of her typical search area (normally Milton Keynes or Northampton), and older than she'd usually go for (usually post 2000), but it had potential.

"We could see this was a really good opportunity for us to get into commercial with baby steps," says Sarah, 36, who has spent the past 11 years flipping, renting, refurbishing and developing property with her husband Andrew.

"We wouldn't be taking on an empty premises: it already had tenants, so there was a proven rental history and there was a lease on the takeaway that still had five years to run. Plus, it was coming up for a rent review. We knew we could add a lot of value to the upper flats," she adds.



“We thought ‘great’ because it was the most under rented out of the three flats. It meant we could turn it around and uplift the rent a lot quicker, but it also meant rather than just doing one refurb at a time we had two to do,” she says.

Flat one ended up becoming vacant a few months later: “We had to serve a Section 21 notice because the tenant was in breach of his agreement. He was keeping an XL Bully in a small one-bed flat,” says Sarah.

Leak central

On closer inspection of the property, they realised there was more work to do than they had anticipated. “When we went into it, we were like: ‘Ok, it’s not that bad. There are people living in it, so it can’t be in an uninhabitable state’. It was only when we started picking it apart that we realised it was quite bad,” she says.

It became clear the building had been neglected for a long time. “The bathroom in flat two had duct tape holding the tiles on the shower walls. The vendor we bought off was a very old school landlord and didn’t want to put any money in to fix things. They just wanted their cheap rent and no hassle.”

But they had bigger problems than a few loose tiles: “It became known as ‘leak central’. The roof leaked in about four different places – we had a forest growing in our gutters. Water was pouring all the way from the top and running down into flat two. The plumbing wasn’t in the best condition either – if it wasn’t a plumbing leak, it was a roofing leak.”

Sarah managed to convince her team of tradespeople from Dunstable to make the two-hour round trip to Rugby each day fix the problems and bring it up to standard. “I’ve been working with them since 2017. They did our first house and they’ve pretty much been on every project ever since,” she says.

Work started in November, and Sarah made weekly visits to check on progress. They replaced the crumbling plaster, repaired the roof, put in new plumbing and gave it a full refresh with new kitchens, bathrooms and flooring. “We could have used the existing plumbing, but I think we’d have got a lot of tenant complaints. We decided if we were going to do it, we were going to do it right, so it would last a good 10-20 years,” says Sarah.

During the renovation they spotted an opportunity to reconfigure the top floor flat. “We were originally going to put the property with the social housing provider. They couldn’t make up their

mind as to what they wanted, but they did give us an idea.

“The top flat is a mezzanine flat, so it goes all the way into the roof space. We couldn’t use the mezzanine as a bedroom because there’s no fire door on it, so we made it into the lounge and put a stud wall in the open-plan kitchen/lounge area to make it into a second bedroom.”

Scaling up

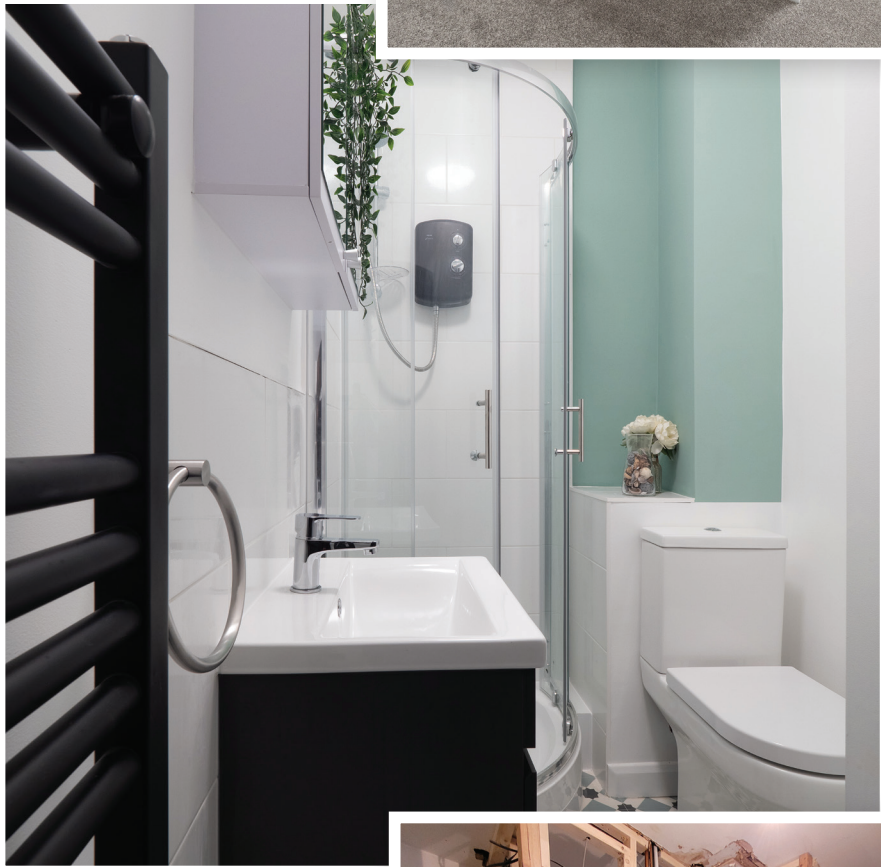
As the project evolved, so did the costs. The £30,000 they had set aside to refurbish two flats and the communal areas quickly ballooned to £52,000 to cover the costs of fixing all the structural issues and refurbishing the remaining flat. “I always plan for plenty of contingency, so we were ok,” says Sarah, who used to work as a commercial accountant. The first two flats were rented out in March, and the final one in May.

The commercial side of the project was much more straightforward, but there were still a few hurdles. “The tenant told us early on that they wanted to sell the business so we’re currently negotiating a new lease with new operators,” Sarah explains.

Having commercial tenants’ chip in for maintenance costs was a new experience: “With residential properties, you’re used to paying for everything yourself – all the repairs, upkeep, and improvements. But in commercial leases, things are



The property became known as ‘leak central’



RUNNING THE NUMBERS

This is how Sarah’s mixed-use Victorian terrace in Rugby stacks up financially:

Purchase price: £303,000

Deposit: £75,750

Purchase costs: £11,786

Finance method: Five-year fixed mortgage at 8.39%

Amount borrowed: £227,250

Refurbishment costs: £52,031

Project duration: Four months

New value: circa £400,000

Total personal investment: £139,567

Monthly revenue: £3,560

Monthly expenses: £1,866

Monthly net profit: £1,694

different. Tenants take care of maintenance and cover part of the overall upkeep costs which helps lighten the load for landlords and motivates tenants to keep the place in good shape, so it’s a win-win.”

Even though it was a challenging project, Sarah is happy with how things went: “I’m totally on board with the commercial side of things now. I’m really glad I did it this way – using mixed-use property as a stepping stone to get into more commercial space.”

So much so she’s already itching to tackle another project, but on a bigger scale this time. “If I can get the same thing but double that would be fantastic,” she says.

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

What renters want



What's trending with tenants and how are landlords keeping up?

By Chantelle Dietz

It's safe to say renting isn't what it used to be. Tenants want more than just a roof over their heads; they want the whole lifestyle package – a space that mirrors their values, enhances their wellbeing, and aligns with their aspirations.

Affordability, functionality, and location still count, but the checklist has grown to include all sorts of new expectations influenced by what's hot on social media, cultural trends, environmental concerns and what's going on in the economy.

We take a look at some of the tenant trends reshaping the rental market, what's driving them, and how landlords are adapting.

High-end finish

"Tenants now expect higher-quality accommodation," says [Kim Opszala](#) who, alongside her husband Mike, manages a portfolio of Houses in Multiple Occupation (HMOs) across Birmingham, Milton Keynes, and Northampton, totalling 50 rooms. Their properties cater to a mix of professionals and remote workers.

In her experience, tenants want everything to look fresh, modern, well-equipped and well-maintained, with updated fixtures, furnishings, and amenities. She's noticed rooms that don't meet these standards struggle to attract tenants: "On the property

Kim gives her HMOs a high-end finish



portals, tired rooms remain on the market for longer or end up being reduced," she adds.

So, what's fuelling these elevated expectations? A major factor is the influence of social media. Platforms like Instagram and Pinterest are filled with inspiration for creating the perfect home, exposing us to a wide range of ideas and possibilities, shaping our expectations of what our own living space should look like – and renters want in on it too.

Competition – that timeless urge to keep up with the Joneses – is another driver. As **Joe Davies**, a Liverpool-based investor and regional director of holiday let management company Host & Stay, points out: if your friends are living in a swanky pad with all the amenities, then you're naturally going to feel the pressure to upgrade your own space too. "Seeing what their friends have rented makes them desire something similar – or better," he says.

Then there's the impact of Build to Rent, which has significantly raised the bar in terms of rental standards and amenities. As well as a luxury finish, these developments often offer a range of perks such as concierge services, on-site entertainment, and fitness centres that put regular gyms to shame.

This has brought about a big change in the rental market – you only have to look at the property portals to see there's been a noticeable shift in standards. Student lets are no longer the subpar accommodations they used to be, family homes are more stylish and comfortable than ever, and HMOs – once considered a lower-quality living option – are now popular among young professionals, kitted out with Instagram-worthy interiors and top-of-the-line appliances.

Landlords have experienced how giving a property a high-end finish can really pay off. It pulls in better tenants who stick around longer, which means less time with empty units and fewer turnover expenses. Plus, properties with high-end touches can charge higher rents, bringing in more income for landlords. But it only works if it matches your property's location, target renters, and what people in the area are looking for. You don't want to invest in fancy upgrades if your property is in an area where tenants prioritise affordability over luxury.

Convenience

It's not just about how things look; tenants have come to expect top-notch service too. Convenience is key – they want everything to be simple and within easy reach. Whether it's having bills bundled into the rent or speedy maintenance services, they're after a living experience that makes their lives easier.

"This is our unique selling point," says

Joe, who has a portfolio of BTLs and Serviced Accommodation units. "We try to bring the serviced accommodation experience to our BTL tenants. Our guest team looks after our BTL tenants as well as our guests and provide a 24/7 support service."

When a tenant moves into one of Joe's properties, everything is catered for them from the artwork on the walls to the cushions on the sofas. "We furnish them like HMOs. Most tenants prefer this over starting from scratch; they want a home that's ready-made, that they can sprinkle with their own personal touches if they wish. They are free to tweak things – whether it's swapping out posters or rearranging the furniture layout," he says.

Joe goes to great lengths to make sure all his tenants are satisfied: "We had one tenant ask if he could install his own Japanese toilet seat. Apparently, it's a really high-tech piece of equipment that functions in multiple ways. We got an electrician to install for him."

Providing round-the-clock support is likely to be unfeasible for most landlords, but staying on top of regular maintenance and quickly dealing

Joe's tenants benefit from 24/7 support



"We introduce our tenants to their neighbours and provide a newsletter featuring what's on in the local area"

with any reported problems can go a long way in preventing the need for non-stop availability.

Wellbeing

Tenants are placing greater emphasis on their well-being when choosing rental homes. They want more than just a place to live; they want homes that support a healthier, happier lifestyle.

Horrified by the standard of student accommodation in her local area of Lancaster, architect and investor **Philippa Charrier** was determined to address the issue. "The more I looked into student accommodation, the more I saw a link between the conditions students were living in and the rise in poor mental health," she says.

"There were no communal rooms for tenants to socialise and the bedrooms were tiny." She made it her mission to develop homes that prioritise wellbeing.

Access to green spaces, communal areas, natural light, somewhere to exercise, and feeling connected to community are all essential components that contribute to wellbeing says Philippa: "We introduce our tenants to their neighbours and provide a newsletter featuring what's on in the local area and how they can get involved."

In addition to managing her property portfolio, Philippa is working with psychologists and universities to develop a method to measure the impact of homes on wellbeing. "Our goal is to have a positive impact on the wellbeing of every person who stays or lives in one of our

properties," she says.

She also co-authored the book *Designed for Wellbeing* with her husband Tom in 2020. "We wanted to show investors, developers, and landlords how they can have a positive impact on student lives while still enjoying a highly

Philippa is working with psychologists to measure the impact of homes on wellbeing



profitable investment,” she explains. All proceeds from the sale of the book go to the UK student mental health charity, Student Minds.

Recently, Philippa has noticed a surge in students wanting space to grow their own produce and connect with nature. “In our HMO gardens/yards we provide raised beds for students to grow their own vegetables. We encourage them to get involved in the construction and the bed preparation.

“We provide the necessary gardening tools and seeds and also resources for them to learn about growing vegetables.

“Our students love it. They connect with each other and get time outdoors. It’s a great de-stressor and at the end of the season they get to enjoy their own homegrown produce.”

Home office

With remote working now the norm for many tenants, reliable Wi-Fi and a suitable workspace have become essential requirements for rental properties.

“Many of our tenants, whether students or professionals, now spend a considerable amount of time working from home, making high-speed internet essential,” explains Kim.

A chair at the kitchen table doesn’t cut it. “A dedicated workspace within the house or even within individual bedrooms has become a necessity. Having enough plugs and good lighting in the room is also crucial for productivity,” she adds.

“We see a lot of couples go for three-bedroom properties now because they want a guest bedroom and the third bedroom as an office,” says Joe.

The flexibility of remote work means many tenants have widened their search area. “Our Milton Keynes properties have become more popular with people working in London since Covid. I think this is because professionals are now able to work remotely most of the week and it is only 30-40 minutes into central London for the days they need to go in. And they are able to pay significantly lower rents than in central London,” says Kim.

Sustainability

With climate change at the forefront of global consciousness, tenants are prioritising



"A dedicated workspace within the house or even within individual bedrooms has become a necessity"

sustainability when choosing a place to live. They want properties that not only help them minimise their environmental footprint – like efficient recycling setups – but also features that help cut their utility costs, like programmable thermostats, energy-efficient lighting and appliances.

Small changes can have a big impact, says Joe: “We have a lovely old block of flats with massive sash windows that are beautiful to look at but were causing drafts and driving up energy bills.” Rather than replace the windows, Joe fitted magnetic insulation. “You can get it really cheaply and it’s almost invisible, but very eco-friendly,” he adds.

In the serviced accommodation and holiday let industry, sustainability is an even bigger priority. A 2023 Booking.com survey of 33,000 customers from 35 countries found that 80% believe traveling more sustainably is important.

Joe has partnered with Sustonica, an independent sustainability validation company, which awards short term rentals with a certification for environmental sustainability. “They conduct thorough checks on all our serviced accommodation properties to make sure they meet high sustainability standards,” he says.

“They inspect everything from our recycling practices to the installation of water-saving devices like shower pressure reducers, which help conserve water without compromising performance. We receive independent verification for these initiatives, which we proudly showcase in our property listings.”



Suzanne Smith allows her renters to keep pets

Pet-friendly policies

Demand for pet-friendly properties has soared since the pandemic pet boom. According to Statista 57% of UK households had a pet in 2023.

Pet-friendly policies were due to be introduced as part of the Renters Reform Bill, but the Bill didn’t pass through Parliament in time to become law before parliament was dissolved on 30 May, so now it’s up to the new government to deliver the reforms.

For now, there’s no obligation for landlords to allow tenants to keep pets, but it might be worth considering if your property is suitable, as [Suzanne Smith](#) explains in her blog *The Independent Landlord*. “There was a lot of concern

among landlords about the proposed rules about pets in the Renters Reform Bill, but there are definite benefits to allowing pets. I personally do allow renters to have pets in my properties,” she says.

“Because so few rental properties are officially pet-friendly at the moment, it increases demand from renters with pets for the property. Likewise, renters with pets tend to stay longer, which is great from a management time perspective. It avoids all the work that goes into preparing a property for new renters, each time a tenancy comes to an end. Also, reducing voids increases total returns. Lastly, because of the increased demand, and to recognise the greater wear and tear, it’s usually possible to charge a little more for rental properties where pets are welcomed.”

Tech integration

As we’ve already covered, high-speed internet and smart home devices aren’t considered luxuries anymore; they are essential requirements.

As renters continue to seek more convenience and connectivity, tech will play a bigger role in shaping the rental experience. Landlords that integrate new tech into their properties will find it easier to attract and retain tenants.

Tech can help streamline the rental process too: “Even little things like signing tenancy agreements online can make a big difference, eliminating the need for them to scan and send documents back,” says Tom.

“The things that frustrate us as landlords frustrate tenants too, so we’re always looking for ways to make things as simple as possible so tenants can literally turn the key, move in, and off they go.”

The rental market is clearly evolving to meet the growing and diverse expectations of tenants. From high-end finishes inspired by social media to the demand for convenience, wellbeing, and sustainability, renters are seeking more than just a place to live – they want a home that enhances their lifestyle.

Landlords who recognise this and adapt to these trends will find themselves ahead of the curve, and more likely to attract and keep great tenants.

Remote control

How accessible is the UK property market for British expats? Host of the Expat Property Story podcast John shares his experience of growing a £3m portfolio from Hong Kong



The three-bed semi in Leyland, Lancashire, was being sold at £66k below market value

It's 4pm Hong Kong time one Tuesday in November 2022. We've been offered the chance to buy a three-bed semi in Leyland, Lancashire, off market at the bargain price of £128,000. The problem is, other investors have been offered it too. The quickest to exchange will win the deal. We have six hours. If we want it, we'll have to take action. Move fast. Perform.

In truth, I'm still exhausted from yesterday when we exchanged on another property in Nottingham that

was being sold £60,000 below market value by the same vendor.

We were alerted to the deal by someone in our network late on Friday afternoon. I phoned my mortgage broker in the UK straight away. He immediately raised some red flags: "Why's it so cheap? Why is there pressure for an early exchange? Has your solicitor undertaken searches?"

Both properties are cheap because they're being sold by an institutional vendor with a pressing business need to offload properties and raise cash quickly. They're selling 20 plus properties at trade prices. There are rumours of a falling out between the vendor and the auctioneer selling the properties. So, they're now being sold via an intermediary in my network.

There's no time for searches. Completion will be in just three weeks. Buyers will need a good solicitor prepared to exchange with minimal due diligence.

With the Nottingham property, I at least had the weekend to do my research. To verify the value, I ordered a Hometrack report. Hometrack combines sales of all residential property types and calculates an average pound per square foot value based on the previous six months' sales. The Nottingham property was valued at



"In 2015 we cashed in our pensions and purchased a tiny off-plan new-build apartment in Hong Kong"

£210,000: £60,000 above the £150,000 asking price.

Back to Monday. I get a report for the Leyland property: £194,000: £66,000 above the asking price. Combined, this makes a paper profit of £126,000 in two days. Even allowing for minor refurb costs, it's a tidy profit... if we can exchange within the six-hour target.

Pension pivot

You may be wondering how this is all possible for an expat based in Hong Kong?

Eight months previously, I'd started a podcast (Rob Dix was our first guest) documenting the story of how my wife and I had built a portfolio of five student Houses in Multiple Occupation (HMOs) from our home in Hong Kong after ditching our 'independent' financial adviser.

The impressive initial returns from the pension plan he'd set up in 2009 with the money we'd saved after becoming expats in 2006, had flatlined. Meanwhile, the value of our modest London flat had nearly tripled. So, in 2015 we cashed in our pensions and purchased a tiny off-plan new-build apartment in Hong Kong. In 2018, we released £200,000 equity from our London flat and bought, refurbished and refinanced our first HMO. The following year, we did the same again. And in 2020, we sold the Hong





Season two of the Expat Property Story documented John's four-month challenge to buy a UK property at auction

Kong apartment, borrowed £100,000 from a private investor and bought three more projects in the middle of the first Covid lockdown.

Our objective is to replace our incomes so that we can return to the UK in a couple of years' time so my wife can follow her lifetime passion to help refugees.

But by 2021, our story had stalled. We were worried that all our eggs were in the student basket. We decided to diversify by targeting properties to run as Serviced Accommodation (SA).

The housing market was hot. One podcast guest suggested the auctions. So, I joined an auction buying club and season two of the Expat Property Story podcast was born, documenting our four-month challenge to buy a UK property at auction without leaving Hong Kong, interspersed with advice from amazing guests.

Now, if you're buying at auction, a good solicitor is crucial. In the post-Covid property market boom, good solicitors were hard to find. We paid a consultant to headhunt one for us. Someone who was comfortable moving at speed and could review legal packs at short notice. We chose our solicitor from the shortlist provided and with two weeks to spare, we completed our challenge by buying a small block of flats in Derbyshire, pre-auction. We now had a working relationship with our new solicitor.

Race against time

Back to November 2022 and Liz Truss' disastrous mini budget has led to an immediate depreciation



"At 4.30pm my solicitor emails me. I've made a mistake..."

of the currency, an increase in interest rates and massive financial instability.

The housing market is spooked. Warren Buffet famously advises to be fearful when others are greedy and greedy when others are fearful. We've chosen greed. But now we need speed!

First, I phone my solicitor. She has a couple of things to do first but then she will help. There's no time for a thorough review of the legal pack, beyond checking whether there's anything in the title document that will prevent us from completing the purchase, and, in the long-term, from running both properties as SA. She also checks that I'm aware the property is tenanted. Beyond that, we're on our own.

I turn to my network and ask someone I trust, but with far more experience than I have, to review the available documents with me. Ex-guest David Sandeman, founder of EIG (the Rightmove of

auctions) has a famous saying: 'The most important document in the legal pack is the one that isn't there!'

Fortunately, my auction insider describes the pack as 'clean'. There's even a tenancy agreement which is rare for a discounted auction property. We now have just an hour before close of play at 5pm UK time. It's my second consecutive 1am Hong Kong exchange.

No matter how good your solicitor is, it takes two to tango. Both solicitors have worked together on the Nottingham purchase yesterday, so there's already an element of trust.

It's now 4pm UK time. I send all the documents necessary and arrange insurance while I wait for confirmation that the deal is done. At 4:30pm, my solicitor emails me. I've made a mistake... I've sent the terms of business twice instead of the signed contract. I rectify my error and have a nervous 30-minute wait before my solicitor confirms that contracts have been exchanged with minutes to spare. Three weeks later, we complete the purchase with private finance.

Key takeaways

So what lessons are there here? What enabled this outcome?

The first is the fact that we had all our ducks in a row to be able to move quickly when we needed to. Having a history of working with a trusted tax

advisor, accountant, mortgage broker (used to handling expats), managing agents, project managers and the final piece of the jigsaw in our case, an efficient and reliable solicitor all helped make these deals possible.

After the contracts have been exchanged on both properties, the vendor goes back to the intermediary with the following message:

"Who was that buyer? He's the quickest we've ever had and so easy to deal with! If there are any more properties he's interested in, we'd be more than happy to continue working with him."

The second lesson is the importance of having a network, being part of a community. The podcast has helped massively with expanding our network and growing an expat property investing community. We now have an Expat WhatsApp group, a newsletter and monthly meetups in Hong Kong, Singapore and Dubai.

But for every glory story, there are plenty of challenges. It's the less triumphant tales on the podcast which provide the most learning. Stories such as how I ended up credit blacklisted in the middle of a mortgage application. Or how I had the cops called on me in the Nottingham property after we'd turned it into SA. I'd been on a UK property trip and the house had been double-booked by guests who thought I was trespassing. Or how the existing tenant in the Leyland property never paid a penny and took 10 months to evict. But these are Expat Property Stories for another day!

Both properties were redesigned, refurbished and future proofed for SA with fire doors throughout. They remain unencumbered, which gives our investors security and helps the bottom line: last month's combined net income was just over £2,800. And as a bonus, we'll pay less tax on them now that we've had them assessed for Capital Allowances. Ironically, we've now gone back to HMOs to scale our property business, but this time for young professionals.

The podcast is still going strong. Like the Property Podcast, we haven't missed a week. As I write this, we're approaching Episode 160 and now have listeners in 145 countries.

But it's the free advice from guests that I love most. During the auction season, fellow podcaster Rod Turner talked about the concept of performing when it's time to perform. He provided the best four words of the 160 episodes released so far: "Don't talk. Just do!"

I like to think we did!

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

Live from UKREiiF

Rob and Rob took a break from their usual podcast routine to speak at UKREiiF in May

In the 10+ years they've been recording The Property Podcast, the Robs have become accustomed to broadcasting from the comfort of their spare bedrooms, so when the opportunity to speak at UKREiiF – live, in front of an audience of property professionals – arose it was a chance to step out of their usual routine and share their expertise with more people, even if it did make them feel a tad nervous. “Now you’ll be able to hear how much um-ing and ah-ing gets edited out,” joked Rob Bence as he took to the stage.

If you haven't heard of it before, UKREiiF stands for the UK Real Estate Investment and Infrastructure Forum. The annual conference, now in its third year, took place in Leeds from the 21–23 May and has become a must-attend event for anyone involved in the built environment from investors, funders, developers, housebuilders to local authorities and government officials.

It is often compared to MIPIM (short for Le marché international des professionnels de l'immobilier), the godfather of real estate events held annually in Cannes, France. Yet MIPIM has a global focus, whereas UKREiiF remains proudly UK-centric, focusing on domestic opportunities and challenges.



New for 2024

Last year's UKREiiF brought 7,500 people to the Leeds city region. This year, the organisers upped the ante, expanding the event's footprint and enhancing the programme drawing a record breaking 13,000+ attendees.

Part-exhibition, part-conference, part-festival it took over the Royal Armouries (the museum where you'll

The Robs spoke about what makes a great investment location

find the national collection of arms and armour including Henry VIII's armour) and New Dock Hall (a dedicated conference space), spilling out onto the dockside, where neat rows of pavilions – each designed to reflect the character and offerings of different regions – enticed visitors inside.

And just like at a festival, there was

a good selection of food trucks to grab a bite from and an impressive lineup of fringe events ranging from morning runs and breakfast meetings to drinks receptions and masterclasses.

Key themes

The four main themes this year were: sustainability and net zero, the future of real estate, inward investment and social value, equality, diversity, and inclusion.

Clearly there was a lot to cover: at 340+ pages long the programme listed hundreds of talks and panel sessions across multiple stages – meaning there was plenty to choose from. The main talks – including Labour's deputy leader Angela Rayner's keynote speech on the first morning – were held in the theatres, with smaller discussions taking place in individual pavilions.

Why The Midlands?

Property Hub's Invest team first attended the event last year – it's a great opportunity to gain insights, network, and explore new investment avenues – but this was the first time we've ever had a speaking slot.

As regular podcast listeners will know, some of The Robs' top hotspot cities are in The Midlands, so it felt fitting for them to speak in the Midlands Engine Partnership Pavilion – a space dedicated to promoting The Midlands' economic strengths and investment opportunities from across the region; from Worcestershire and Staffordshire in the west, to Derby and Nottingham in the east.

Their session was all about what makes a great investment location. In it they broke down the five key ingredients they look for when choosing where to invest, delving into factors like employment rates and wages, connectivity, regeneration projects, and keeping an eye on what the institutional developers are doing (hot tip: when major investors move into an area, it often signals promising growth).

They highlighted Nottingham and Derby, two cities in which they've personally invested and have experienced remarkable growth. The session sparked plenty of questions at the end, a sign they'd done their job of engaging a live audience.

During the three-day event the Midlands Engine Partnership Pavilion showcased the 90 most significant capital investment opportunities presented in the Midlands Investment Portfolio across a range of sectors, with a Gross Development Value of more than £48.8bn.

Projects included Goods Yard in Stoke-on-Trent, due to be completed in 2025; St George's development site in Wolverhampton city centre; Nottingham Studios, home to the recently launched R&I hub; and Sandwell's Grove Lane Masterplan, a key regeneration area delivering more than 800 new homes in Smethwick.

If you missed out this year, don't worry. UKREiiF has already announced the dates for next year's event, set for 20-22 May. With the promise of even more valuable insights, networking opportunities, and engaging sessions, we can't wait to see what next year



Roger V Moody



Tom's mid-terrace Victorian property in Norwich yields over £5,000 a month



A recipe for success



INVESTOR FACT FILE

Name: Tom Pryor

Age: 35

Lives: London

Invests in: Norwich, Norfolk

Occupation: Owner of Seven Space

Years investing: Nine

Strategy: Buy-to-lets, short-term rentals, rent to serviced accommodation, student lets

Portfolio size: 60 units (includes R2R and managed)

Goal: To expand his portfolio outside Norfolk

Tom Pryor's last-minute pivot from House in Multiple Occupation to Short Term Rental turned out to be a smart move, resulting in substantial returns.

By Liz Rowlinson



Norfolk nous

When Tom, who lives in Blackheath, southeast London, first came across the mid-terrace Victorian property on the inner ring road of south Norwich advertised online, it was being used as an unlicensed House in Multiple Occupation (HMO). The plan was to get a licence, give it a complete refurbishment and let it to professionals.

Rather than put him off, the fact it was a large house needing work really excited Tom, whose metier is sourcing, refurbishing and then managing, or sub-letting, short and mid-term rental properties for landlords in the area.

Competing against other buyers, he paid £320,000 for the property in August 2022, when the market was fast moving. He put down a 25% deposit and took out a mortgage for the rest. "We get most of our success from houses rather than apartments, though houses are much harder to find in central Norwich," he says.

Tom grew up in North Norfolk and knows the city inside out. Whilst studying architecture at university, he realised his entrepreneurial talents running student events, which then turned into a full-time job organised nightclub events in Norwich and around East Anglia – until Covid killed off the sector.

He started investing in property in 2015 when he purchased a couple of buy-to-lets (BTLs) and dipped his toe into short-term rentals (STRs).

When property investor Tom Pryor came across a four-bedroom house in central Norwich with several parking spaces he knew he'd struck gold. It ticked three key boxes for him, and he was prepared to pay over the asking price for it.

"City centre, off-road parking spaces, a good number of bedrooms and bathrooms – it was the recipe for success for attracting professional rentals," says Tom, 35, who owns Seven Space, a company specialising in mid-term rentals in Norwich. Two years on with 100% occupancy and bringing in a gross income of over £5,000 a month, it would seem he was spot on.

"I realised that a one-bedroom property earning £700 a month rent could bring in £3,000 on the STR market," he says. We might have been a bit ahead of the game in this, but it was very trial and error."

He moved onto to Rent to Rents for a while and ploughed profits back into expanding his own portfolio. Tom and his team now manage a portfolio of around 60 properties – a mix of his own STRs, R2SAs (rent to serviced accommodation) and a growing management division.

"STRs are often viewed as higher-spec properties – luxury properties that offer more freedom than hotel rooms – but we cover all levels," adds Tom. "In and around Norwich we have many companies relocating staff or large developments of contractors for big infrastructure projects – people want anything from something that is clean and comfortable for £80 per night to a larger property for £300."

A stylish refurb

The four-bedroom, two-bathroom property was in a bad state, with rundown fittings and mould on the walls. "But I knew that there would be space to add an extra bedroom and two more bathrooms, which would make two ensembles," says Tom. "It was all about maximising the space and then making it comfortable for tenants."

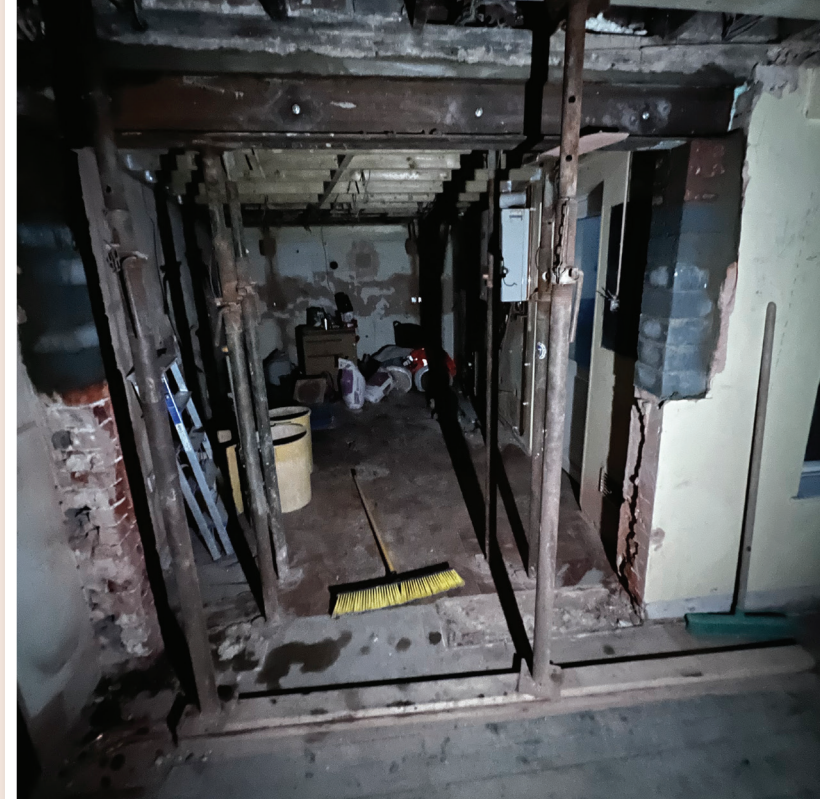
Until that point the extent of Tom's refurbishment experience had been a lick of paint and maybe a new kitchen: "It was my first major project, and my main concern was getting the right tradesmen and understanding the costs."

Knowing the key to a timely and successful refurbishment is a good project manager, Tom employed a friend to manage it for him. "I was so busy running the business that I knew it wouldn't be the best use of my time to be involved myself. Being based in London meant I couldn't be on-site as much as I would have liked, it added an extra layer of complexity."

Work started in early 2023. The ceilings were removed, a false ceiling added with extra insulation and the whole house rewired. The exterior walls were boarded out too for extra energy-efficiency. Opening out the kitchen into the living room gave an open-plan, airy feel and the chance to add a breakfast bar, whilst new flooring and tiles reinforced the more upmarket feel. Of course, the kitchen and bathrooms got an overhaul too.

In the final layout, there are two bedrooms and two bathrooms downstairs; with three bedrooms and two bathrooms upstairs (of which one ensuite).

The refurb took six months. Somewhat



inevitably, at a time when timber and cement costs were rocketing, he went over budget, paying £106,000 rather than his £60,000 estimate. But Tom was confident in his approach. "It may have cost a bit more than I initially planned, but I truly believe that it's money well spent. I just knew that it was key not to scrimp on the quality. I knew we would make the money back," he says.

Just as the work was coming to an end, he got a call from a company [a commercial refurbishment business] in need of a five-bedroom house for their tradespeople for six months. "They were willing to pay top dollar, so we decided to go down the STR route instead. And I have to say, it's been a great decision so far – the place has been fully occupied ever since."



Tom went £46,000 over budget on the refurb



Secrets of STR success

On reflection Tom is glad he spent more on the spec. "Short-term rentals get heavier wear and tear [than long-term], so you need to invest more for things to last longer. The thing I'm most proud about is the quality of the property we created."

And the fact the house had been set up to HMO regulations – with fire doors and interlinked smoke detectors etc – turned out to be a stroke of luck because in October 2023 STRs became subject to these too.

There are higher costs to consider when operating the property via the STR route. Tom's company sends cleaners in every one or two weeks depending on the client which includes fresh linen and towels. "Utility costs are generally higher too as guests tend to be

RUNNING THE NUMBERS

This is how Tom's mid-terrace house in Norwich stacks up financially:

Purchase price: £320,000

Deposit: £83,235

Purchase costs: £337,863

Finance method: Five-year fix at 3.39%

Amount borrowed: £236,800

Refurbishment costs: £106,000

Project duration: Six months

New value: £500,000

Total personal investment: £189,235

more relaxed with the heating and take long showers! I can expect to deduct £1,000 pcm for cleaning, linen and utilities for a five-bedroom house," he says.

Still, it's a model that works well if you can sustain high occupancy levels, but changes to regulations in this space pose a challenge to investors. Councils across the country – and indeed Europe – are beginning to restrict STRs in the face of a shortage of long-term rental stock and the resultant rent rises.

"There is a lot more planned regulation coming in, and also a potential new planning class and short-term rental register, we're not sure when but I actually think the industry needs it," says Tom.

Right now, his main challenge is finding new quality stock. "Norwich city centre is mainly leasehold flats which don't allow subletting. My focus is finding new houses for our portfolio in Norwich but to expand outside of Norfolk in 2025."

And if demand for short-term rentals ever starts to wane, it's good to know that he's got the perfect setup for an HMO ready and waiting.

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



Tenants for life

Life tenancies are an alternative way to invest in property for the long term without the usual landlord responsibilities

If you were offered the opportunity to purchase a property at a 30-70% discount, with tenants committed to a lifetime lease and responsible for all upkeep and costs, would you take it? Sounds like an intriguing prospect, doesn't it?

Well, that's essentially what life tenancies offer. However, before you get too excited, there are caveats to consider: you need to be a cash buyer, there's no regular rental income, and you have to be comfortable waiting for the tenant to vacate the property before you can realise any financial returns.

If you haven't heard of life tenancies before, you're not alone. Guy Charrison, property consultant and founding partner of Network Auctions, refers to them as "hidden jewels". In addition to selling life tenancies on the secondary market, he maintains his own portfolio of these properties.

"They've been around a while, but aren't that widely known," he says, partly because current investors prefer to keep them low-key: "A client asked why we keep advertising them – he didn't want others to find out about it."

And partly because of the market size: "There are only hundreds, not thousands, of these properties. Big

companies like Grainger have large portfolios of them, but they don't advertise much," says Guy.

What are life tenancies?

Life tenancies, also known as lifetime tenancies or life estates, offer people aged 60 and older the chance to secure a home for life without the burden of rent or mortgage payments.

For investors, life tenancies provide a unique investment strategy. Instead of monthly rental income, you purchase property at a discounted rate – often 30% to 70% below market value – effectively receiving all your rental income upfront.

"In nearly all cases, investors are also exempt from the 3% stamp duty surcharge on second homes," Guy points out.

How do they work?

The discount on a property depends on the expected length of the tenancy – the longer the tenancy, the larger the discount.

"Younger, healthier tenants mean larger discounts

Shutterstock

because they are expected to live longer," says Guy. "For example, a single life tenancy with a woman in her 80s would have a higher value due to the shorted expected tenure, whereas a double life tenancy with a couple in their 70s would have a lower value."

While basing returns on someone's lifespan may seem harsh, it's a practical aspect of life tenancies: "It may seem tough, but it's how this type of investment works," Guy acknowledges. "Tenants secure a home they might not afford otherwise, gaining stability knowing it's theirs for life. It's mutually beneficial."

Life tenants pay a one-time premium to reside in the property indefinitely. A legal agreement, known as a life estate deed or life tenancy agreement, is drawn up outlining the tenant's right to occupy the property rent-free for life, their responsibilities, maintenance and insurance terms, and the property owner's rights.

"The legal costs mirror those of a standard property purchase, with just one additional document – the license agreement – to review," Guy clarifies.

When the tenant passes or moves into care, the life tenancy ends, and ownership returns to the investor or their heirs, who may sell, rent, or live in the property.

"Many investors choose to sell and reinvest," says Guy. "Some have built substantial portfolios over generations, others aim to secure their children's futures. One client bought a property as his daughter's future home – a smart way to build generational wealth."

If circumstances change and a quicker sale is needed, options exist. "Most buyers view these as long-term investments, but they're tradable on the secondary market," Guy adds.

How do you get one?

When it comes to securing a lifetime tenancy, there are three avenues you can explore.

Guy Charrison has his own portfolio of life tenancies



You can go direct to specialist companies like Network Auctions or Life Tenancy Investments, which specialise in matching lifetime tenants with investors. They facilitate the entire process, from finding suitable properties to navigating the legal aspects. Alternatively, you can scour the secondary market, where lifetime tenancies occasionally appear alongside traditional properties on the property portals.

For those with specific needs



"The people who have a life tenancy act like owner-occupiers. They don't act like tenants"

or circumstances, there's the option to set up a lifetime tenancy independently. This involves negotiating directly with potential tenants and setting up the legal agreements that outline all the terms and conditions. Each method has its quirks and legal aspects to consider.

What are the upsides?

Life tenancies offer some enticing advantages for property investors. On top of the significant discounts, which mean you save money from the get-go, one of the biggest draws is how hands-off they are. Unlike regular rentals that need constant attention, life tenants handle all the maintenance themselves. You don't have to worry about managing the property or hiring a letting agent, making it a hassle-free investment. Plus, the tenants are responsible for all maintenance and insurance costs, so you won't have any ongoing expenses to fork out for.

The quality of tenants in life tenancies is usually much higher than in typical rentals. Since they plan to stay for life, they tend to take good care of the property. As Guy puts it, "The people who have a life tenancy act like owner-occupiers. They don't act like tenants. They don't want their home to be in bad shape."

These tenants often want to make improvements, like adding a conservatory or upgrading the kitchen, which can increase the property's value even more.

And speaking of value, your investment can appreciate significantly over time. As property values rise, your asset grows in worth. When the tenant eventually moves on, the property will likely be worth much more, making you substantial capital gains.

What are the downsides?

While life tenancies come with some appealing benefits, there are some

important drawbacks to keep in mind.

One major hurdle is that you need to be a cash buyer – regular mortgages aren't an option for these investments – which can be a barrier for those investors that rely on finance to purchase properties.

Another downside is the lack of regular income. Since there's no rental income from life tenancies, you have to wait until the tenant moves out – either due to moving into care or passing away – before you can make any money from the property (either by selling or renting). This lack of income can make it harder to plan financially and might not appeal to investors looking for steady returns.

Investing in life tenancies requires patience and commitment. Once you've bought into a life tenancy, you're in it for the long haul. These investments tie up your capital for an extended period. Selling or evicting a tenant before their term ends can be difficult due to the small and illiquid market for these properties, but it isn't impossible.

"If the investment needs to be sold before it becomes vacant, there are other investor buyers who would buy, but you still need to sell at a discounted price to reflect the tenant's age.

"If at purchase you have a 70-year-old tenant and sell the property in 10 years, the age profile of 80 will be more attractive to an investor and the percentage of the vacant possession price will have increased," explains Guy.

To sum up, life tenancies offer a unique way to invest in property without the typical landlord hassles. There are some drawbacks and complexities to navigate, but for those looking to secure long-term investments or build family assets, life tenancies can be a savvy choice with potential for significant returns down the line.

EXAMPLE DEALS

Three examples of life tenancy investment deals in the South East, North East and East Midlands:



Two-bed end of terrace in Deal, Kent, with a large garden and private parking.

Tenant: Female, 75

RICS value: £280,000

Investment price: £171,725

Discount: 38.7%



Two-bed semi-detached bungalow in Hartlepool, Durham, with a conservatory extension.

Tenant: Male, 68

RICS value: £130,000

Investment price: £69,577

Discount: 46.5%



Three-bed detached bungalow in Crowle, North Lincolnshire, with its own garage, driveway and conservatory.

Tenants: Male 77, female 74

RICS value: £210,000

Investment price: £102,993

Discount: 42.4%

You get what you pay for

A property's price can have a bigger impact on its long-term success than you realise, writes **Rob Dix**

There's a correlation in my portfolio – and it isn't subtle. By a large margin, my best performing properties are the most expensive ones, and my worst performers are the cheapest.

And it is not just me. In reviewing the portfolios of countless investors over the years, the pattern holds: it's the seeming bargains that produce great returns on paper which turn out to be a disappointment at best and a disaster at worst.

But why would that be the case? Surely, cheaper properties have more upside and produce better returns. Well, there are three reasons why I believe this isn't the case.

But first, we need to understand... how cheap is cheap?

Absolute v relative cheapness

To consider this question, we need to make a distinction between absolutely cheap and relatively cheap.

Absolutely cheap properties are those where you tell the price to a Londoner and they wonder if you're just talking about the parking space outside. Given that the average UK property price is about £280,000, you could say that an absolutely cheap property would be one where the price puts it



in the bottom quartile, which would be £70,000. As it happens, this matches pretty closely with my observations – and my own properties that have been problematic have tended to be below this level.

But this only gives us a "floor" based on the national average. A property can be above this point, but still relatively cheap. For example, the average London property price is somewhere around £750,000, believe it or not, which means that the bottom quartile in London would almost £200,000.

But size can be a confounding

factor too. A £200,000 studio flat in some parts of London could be very nice indeed, but a £200,000 house is probably going to be in a not particularly desirable area or have other issues that means it's not in high demand – because if it was in high demand, the price would be higher.

So where I've drawn the cheapness line is somewhat arbitrary and really it comes down to the exact type of property and local area. But what is not in doubt for me are the three reasons why cheap properties turn out to make bad investments.

Extra hassle

The first reason is cheap properties tend to mean more hassle, and a lot of this comes down to the types of tenant that these properties are able to attract.

The easiest way to get a dream tenant is to have a property that absolutely anyone would want to live in, and from there you can filter down to find whoever seems like the best match. At the other end of the scale, your applicants are going to be only those for whom anything better is out of reach. And while it is an extreme generalisation and there are plenty of individual exceptions, it tends to be the case that you'll find more challenges with management.

It's counter-intuitive but the lower the rent, the more difficult tenants overall will find it to pay it reliably – because they may be lower earners or have more precarious employment, or be reliant on benefits where the system can fail them unpredictably.

The hassle also comes down to the fabric of the property itself – because part of a reason for cheapness is often that it's less modern, which means electrics, pipework and everything else are older and therefore liable to break more frequently. Cheapness can also be related to issues such as flats having short leases which are a separate source of hassle in their own right.

Counting the costs

You might say that this extra hassle is worth it if the returns on cheaper properties are higher, but the second reason they often turn out not to make good investment is that the return is never as good as it seems.

A structural problem with cheap properties is that when rents are relatively low it means any cost takes a large bite out of your returns. For example, I used to own a property that I bought for £55,000 and rented out for



"It's a trap that newer investors so often fall into"

£425 a month. On paper that is nearly a 10% gross yield, which is fantastic. But the problem is it might sound good as a percentage, but it's still only £425. That means that even a cost as routine as a gas safety certificate or getting someone to pop round and repressurise the boiler can eat up a disproportionate amount of a month's profit.

This is even more relevant now properties in large parts of the country require a license. These licenses cost the same regardless of the amount of rent you're collecting, and obviously when the rent is sub-£500 it takes a lot longer for you to recover the cost of the license than when you're charging a thousand pounds or more.

Room for growth

And then we come to the biggest reason against cheap properties – which is that even if you do end up making a higher rental return after taking account of everything I've spoken about, their capital growth tends to be far lower than properties that are more expensive and therefore more desirable.

The recipe for capital growth requires a combination of high demand for that particular property and a willingness and ability of potential buyers to pay high prices. You'll often find that in the bottom quartile of the market, the buyers are other landlords rather than first time buyers – and landlords are always going to be more numbers driven and wanting to drive a harder bargain, which limits your upside potential.

This is borne out by the fact that cheaper properties with high yields have, if you go back and look at the historical

data, always had high yields. A property that offers a 10% yield now didn't offer a 12% yield in the past and it's on the way down to 7%. It's probably always been about 10% – which means growth can only come when the rent grows.

Avoiding the trap

So what should you do with this information? Well, based on the patterns I've seen I choose to flip it on its head and look for investments that are in the top quartile of prices for that type of property in that area.

At this end of the market the reverse of everything I've discussed is true, which means an easier ride and more capital growth to enjoy at the end of that ride.

But this is far from a hard and fast rule: I also own properties that are far more middling. Not everything in your portfolio needs to be a crown jewel, and there are plenty of mid-market workhorses that have performed very well for me and I'm happy I own.

The reason I warn so strongly about the dangers of cheap properties is that it's a trap that newer investors so often fall into. They're tempted by the seemingly high returns and the reassuringly low prices... but when they find out that the management is far more intense than they'd anticipated and after a few years of ownership they don't have much to show for it, they might give up on property completely.

Some investors choose to specialise in cheap properties, and do very well – but this should be a conscious decision, not something you stumble into by looking for a bargain.



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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Time for a reality check

Seeing the 18-year cycle fall apart has taught me that it's okay to change your mind, writes Rob Bence

In the world of property investment, few concepts have captured our attention quite like the 18-year property cycle. For decades, it has served as a reliable guidepost for investors, predicting peaks and troughs in the market with remarkable accuracy. But lately, I find myself questioning its predictive power more than ever.

Crisis curveball

This revelation will no doubt surprise some of you, especially those who have relied on the cycle's predictions to make smart investments. The 18-year cycle was supposed to be a steadfast rule, a roadmap to wealth and prosperity in property. Yet, it hasn't always held true in times of crisis. Take World War II, for example. The war threw economies and markets into chaos in ways no cycle could predict. The housing market during and after the war didn't follow expected patterns, showing that extreme events can mess up even the most trusted theories.

Fast forward to today, and we're in

a similar position in the aftermath of Covid. The pandemic caused massive disruptions worldwide, affecting nearly every part of life and business. Lockdowns, social distancing, and the shift to remote work changed the demand for residential properties in unpredictable ways.

Missed boom

While it may have been a useful tool in more stable times, these crises demonstrate that extraordinary events can and do disrupt long-standing economic patterns. We're supposed to be nearing the end of the cycle right now. The last crash was in 2008, so we're 16 years in out of 18. According to the theory, this should be the time for a "winner's curse" – a boom phase when prices shoot up and everyone goes crazy buying property. But guess what? We're still waiting for that boom.

Of course, there will be people that disagree with me. Some investors are so committed to it as a concept that they're always looking for ways to prove it's still working, no matter what. For them, the 18-year cycle is

more than just a theory; it's a guiding principle, a cornerstone of their investment strategy. But here's the thing: sometimes you've got to admit when something isn't working like it used to.

Flex and adapt

The unravelling of the 18-year cycle has taught me that you have to be willing to change your mind. In investing, sticking blindly to old ideas can be dangerous. The world changes, economies change, and we need to change our thinking too. Investors need to be nimble, and adapting to these changes rather than relying on a cycle that might no longer apply.

Maybe the 18-year property cycle isn't dead and gone forever. But it's definitely lost some of its magic for me. As investors, we've got to stay open-minded and ready to rethink our strategies based on what's actually happening out there.

In the end, flexibility and a willingness to adapt are the real keys to success in today's unpredictable market.

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What I've learned

Jemal Mazlum has spent the past decade immersed in the world of property

Knowledge + action = power

The best investment you can make is in yourself. Before taking action, get educated. Every problem, obstacle, or challenge you face has likely been encountered by someone else, and there's probably a book about it. I'm a strong advocate of continuous learning whether it's books, magazines, audiobooks, or YouTube. Information is so readily available – we have no excuses. They say knowledge is power, but I disagree. Knowledge is only potential power. Without action, it's pointless. So, invest in yourself, get educated, and then take action.

Just do it

"Just do it", as the famous Nike quote goes. You won't score if you don't shoot. Ignore the doubters. Surround yourself with those you aspire to be like. Our social circle plays a vital role in our personal growth. When we surround ourselves with positive, driven people, their energy and enthusiasm become contagious. Living with regret will hurt

much more than trying something and failing. In fact, I don't believe failure truly exists. As Thomas Edison famously said, "I have not failed. I've just found 10,000 ways that won't work". It's only failure if you stop trying. The thing about property is that it's a very forgiving asset. Even if you overpay for a property now, if your strategy is to hold it long-term, you won't care about overpaying in 10 years. Time in the market is better than trying to time the market.

Enjoy the journey

This is a big one for me. The journey is far better than the destination – it's where we form relationships and make lasting memories. Enjoy all the wins along the way. I can't express how important this is. Every challenge we encounter is part of the growth process. We make sure to reward ourselves at each milestone, whether it's a new bag, a holiday, or even a night out. It doesn't matter how big or small – just make sure you reward yourself. This helps prevent resentment toward what

you are doing. Reaching the destination can be an anticlimax.

Fall in love with being bored

It's easy to get distracted by shiny new things, especially with social media bombarding us with idealised images. But it's crucial to stay focused and concentrate on what works. If single lets are your forte and they're yielding great results, embrace the repetition. It may seem mundane, but consistency is key. Don't get drawn to bigger projects because they seem more glamorous, jumping into them for the wrong reasons can lead to trouble. Focus on your strategy until you've truly mastered it.

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.

INVESTOR FACT FILE

Name: Jemal Mazlum

Age: 38

Lives: Nottingham

Invests in: Nottingham

Occupation: Owner of ALS Properties

Years investing: 10

Strategy: HMOs, BTL, commercial

Portfolio size: 63 units

Goal: To have over 100 units in the next two years

Self-made is a myth

While people often claim they've achieved success entirely on their own, the reality is that no one does it alone. We all rely on others – solicitors, tradespeople, family, friends – for success. Without their support it would be much harder to reach our goals. Seeking recommendations is key to growing your support network. By finding trustworthy people through referrals, you can make sure you have the right people on your side.



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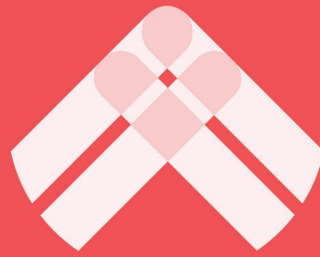
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