

Property Investor, Landlord, Developer/Trader

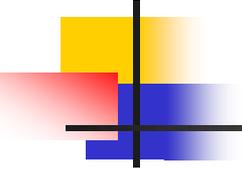


2020: What is YOUR vision>



Richard Bowser
Editor, 'Property Investor News'

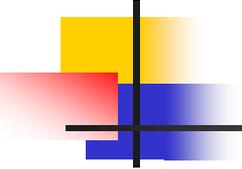
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- Launched in early 2002 and published monthly... for over 18 years!
- In-depth market analysis + interviews on strategies and investing trends
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- 14,000+ Searchable Articles via your unique access password
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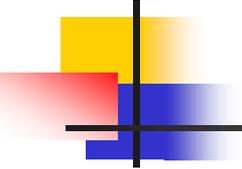
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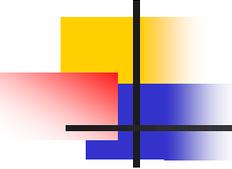
Watch all videos here



My journey.....in property

- Early years in Durham: then to Hackney.....and on to north Oxford
- Owned property in London since 1977: a London landlord since 1991
- Bought a 2-bed terrace in Enfield for £13,200 in 1977
- Sold ten years later for £66,000 as a 3-bed with GF extension
- Today it is approx. £325-350,000?
- Been buying high yield BTL's in Nth East since 2000 and some BTS in north/west London,



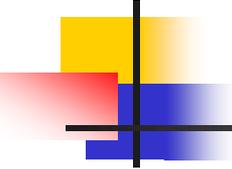


For me : BTL still works5-years to Sept `19

- Purchased autumn 2014 for £44,500 (post auction bid) – Repossession
- Total refurbishment including enlarging small bedroom (future proofed for 10 years)
- Cost of works £14,500 (all documented for subsequent lender)
- All purchase and refurb. costs approx. £61,000
- Mortgage valuation at £66,000 / £49,500 (75% LTV) :
- Approx. £11,500 left in deal after mortgage concluded.

For me : BTL still works2

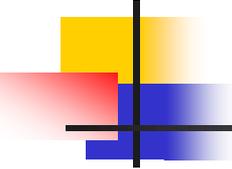
- Gross rent in +5 years at £500pcm = £31,000+ (gross) income
- Net rent income of £23,500 approx. @ £423 pcm = £5076 p.a. - after management costs
- Increased £5k equity plus 5 years net rent (£29k inc) = NMLI
- Repay o/s finance over approx. 12 years at £4k p.a.
- Net annual return inc. finance on the £11,500 left in deal = 28.48% (p.a. - R.O.C.)



Fundamental Aims : Capital Growth - v – Yield (net)

- Property investing is a 'long game' – there are cycles, but ...not always predictable
- How likely is capital value growth over next 10+ years in your area and why?
- How much research have you done into prospects in the local economy?
- How secure is the employment base (Aberdeen / Swindon / Sunderland)

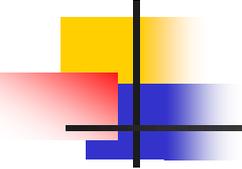




Property Investment : Fundamentals



- Find - good deals with a genuine discount
- Fund - deals with OPM (money from banks & other people) - to leverage - while acknowledging + risk
- Fix - (refurb or convert to add genuine value)
- Fill - (with tenants)
- Flip - onwards (sell for profit)



Big Picture 'Stuff'



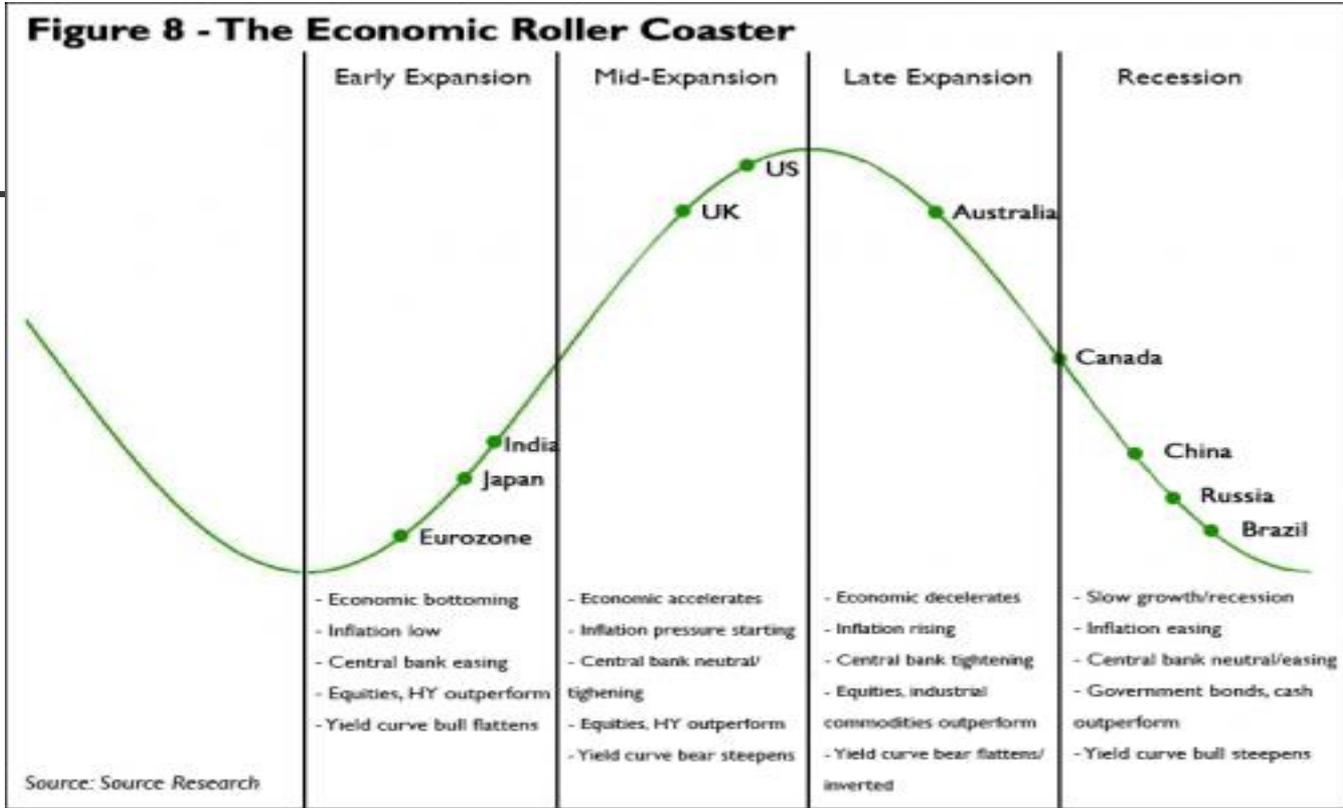
- China v US, Iran v US, Brexit blues.....
- Bottom line is we all need a roof...so:
- Carry on but.. don't ignore the big picture
- As.....I refer you to 'The Big Short'
- How many property developers in UK who went bust in 2008-10 wished they had understood the implications of 'sub-prime mortgages' sales in US in 2005-6?

Location, Location - 1



- A-list locations - From mid 2016-19 – uncertainty,,,, amid the Brexit Blues (higher value areas in particular, London, Oxford, Cambridge, Bristol)
-
- B-list locations - Midlands and N/west – solid growth in many areas, particularly those with decent jobs prospects (Birmingham, Manchester etc and the 20-30 min. commuting areas)
-
- C-list location - Slow but very gradual recovery in many other more deprived areas with prices still below / around 2004/7 levels.

The Property market Rollercoaster and Economic cycles



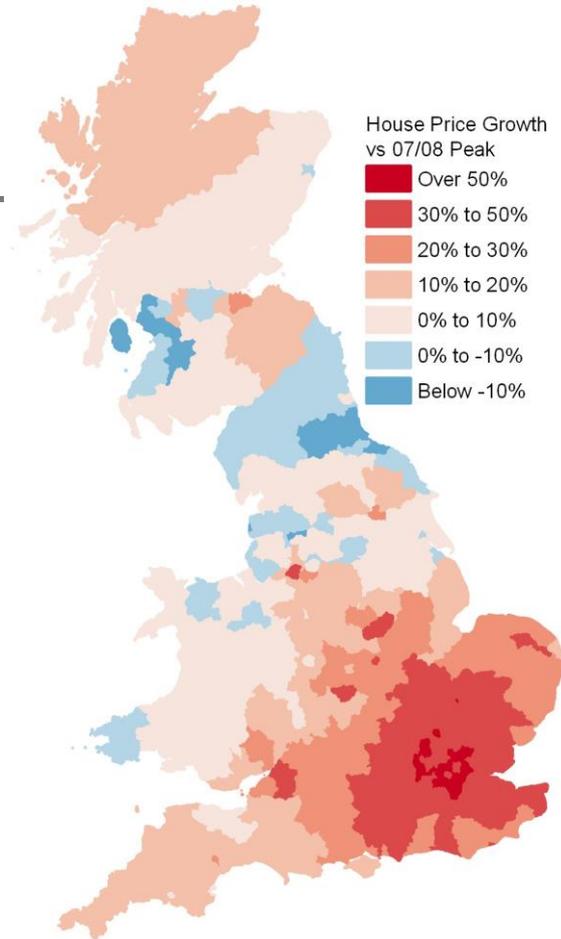
Where is your area at in the Property cycle? # When should you buy or have sold ?

Location, Location - 2



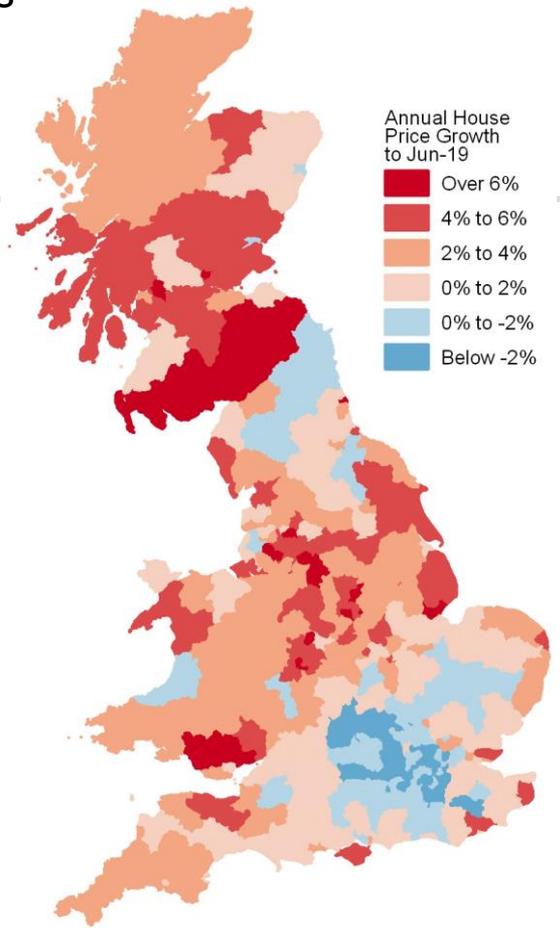
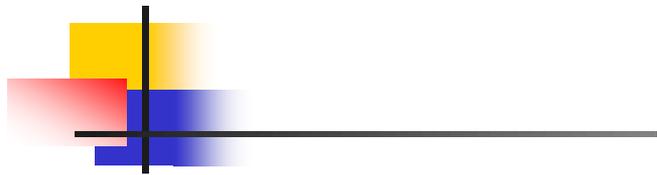
- Q. Should you have bought or sold or held in the above since 2016?
-
- In the A's - deals became easier, closer to centre of city, PCL was already in a downturn due to SDLT changes from 2014 and clampdown on overseas buyers
-
- In the B's - deals became rarer and asking price easier to achieve so adding real value relative to uplift cost was the deal clincher or not for many....
-
- In the C's - deals became more competitive as the yield shift up the M1/M6 and M4 to south Wales occurred. Those with good local connections and who understood local culture and related risks have done ok as long as acquired right product in right place at right price...

House Price Trends – Savills



11-year snapshot on average UK house price trends from 2008-2019

House Price Trends – Savills*



12 months analysis to June 2019

UK Cities House Price Index - November 2019

City	Average price	Trough-current	Peak-current	Last 12 months	Last 3 months	Last month	Year on year
Aberdeen	£158,900	3.7%	-8.3%	-0.7%	3.3%	1.5%	
Belfast	£138,000	34.4%	-39.5%	3.6%	0.9%	0.1%	
Birmingham	£167,600	47.2%	24.9%	4.1%	1.0%	0.3%	
Bournemouth	£291,000	54.4%	28.7%	3.1%	0.8%	0.0%	
Bristol	£285,600	80.4%	45.9%	3.5%	1.9%	0.5%	
Cambridge	£416,900	85.3%	55.2%	2.2%	1.9%	0.4%	
Cardiff	£211,100	45.7%	22.3%	3.4%	0.6%	0.2%	
Edinburgh	£240,400	41.0%	18.8%	5.4%	2.8%	0.7%	
Glasgow	£123,600	24.5%	2.1%	3.1%	0.1%	0.0%	
Leeds	£168,600	35.8%	14.1%	3.6%	1.2%	0.4%	
Leicester	£180,100	54.2%	31.2%	4.5%	0.8%	0.0%	
Liverpool	£121,900	26.1%	0.6%	3.8%	-0.2%	-0.2%	
London	£479,000	86.9%	58.2%	1.7%	1.1%	0.3%	
Manchester	£173,400	46.9%	23.8%	4.7%	1.2%	0.4%	
Newcastle	£129,600	18.5%	0.7%	2.5%	1.1%	0.2%	
Nottingham	£157,800	48.4%	25.9%	3.9%	1.5%	0.3%	
Oxford	£411,500	70.7%	43.9%	-0.4%	-0.7%	-0.2%	
Portsmouth	£239,600	55.5%	32.5%	1.7%	1.2%	0.1%	
Sheffield	£139,300	30.6%	13.1%	3.2%	0.7%	0.2%	
Southampton	£228,000	51.0%	27.0%	1.0%	1.0%	0.2%	
UK	£220,000	44.9%	23.8%	2.8%	1.2%	0.3%	

Distance investing: + 50 miles from home = + Risk

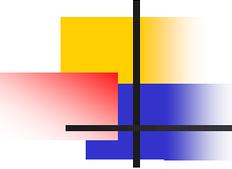
- Distance can equal risk: what is your core goal and investing justification
- More than an hour from home: Who will manage the 'emergencies'?
- Do you 'get' the local culture?
- Delegation (agents) costs ££££'s and it can backfire (badly)
- Make sure you have a plan B if doing remote investing (*Angela)
- Trades and contingencies for repairs and builds/refurbs = a learning curve + risk



Predictions for 2020



- Nationally: Will bank rate go up, down or stay at current level?
- Check swap rates each week...
- UK Regional trends: What could influence a recovery, a continued stagnation or a decline in values in each region?
- With S24 etc and in Commercial property sector ...I would say nationally it's a buying phase, particularly in some areas, if you are properly prepared and systemised with 'financial firepower' –



For myself ...in 2020

Personally - I am buying this year with more confidence than in the last five years!

BUT...I do expect a more serious recession to occur in the UK in the next 3-5 years!

One is now overdue....

Stress test your ability to survive and prosper ahead...in business and property



Strategies: YAY or... NO WAY



- HMOs: Chasing income....
- In a world with a 300-year low in bank rates
- Many now are wary, some very experienced operators I know are getting out or converting stock back to single lets, studios etc
- A protractedly over-hyped strategy, even some of the more costly 'boutiques' are struggling in certain areas, in others the uplift cost to boutique hits a 'price ceiling', no logic...so ...
- Know your Market...really, really well before you commit to new HMOs

Serviced Accommodation



- It's a business where having efficient systems is absolutely critical: SIMPLES,
- So are you prepared for taking one on or not?
- Can your core skills, resources and capital be better deployed elsewhere?

Land and Planning



- Some newbies over offered and cannot now make numbers work as end values for sales to occupiers have taken longer or stopped being reflected in down-valuations
- Are there opportunities: YES.. of course, particularly where realism has now set in with owners expectations of site 'value'...
- Learn to negotiate well and crunch the numbers firstly....

Permitted Development - 1



- Great in 2013-16 around south-east but many overpaid and with a BTS strategy with the conversions stalling and unsold units
- Those who expected the pension BTL and overseas investors to buy their units had the rug pulled by impact of 3% extra SDLT and S24...
- Those who got their pricing correct have exited and some/many have done well

Permitted Development - 2



- Others are now or have adapted to the BTR model if they can get long term funding / LTVs to allow them to get their development equity stake back out...
- Critical to ongoing /sustainable demand for your product / target customer in each location, is it robust enough to survive new competition?
- Be careful of a funding gap on LTVs if you switch to BTR from BTS as lenders requirements have changed in last two years

PD - Alternatives

- Think with a BUSINESS mindset... not narrow BTL
- With commercial property its all about 'angles' and assessing 'opportunities'
- Look at industrial PD conversions, mixed use, offices, co-living, co-working etc.
- Check the comps on best use and ROI psqft
- Thoroughly research your market to assess competition
- What USPs do you have or can deliver in that location



Market trends / employment / property values & rents

- How will technology via automation and robotics impact on your property business?
- Which job sectors and careers are most at risk in the 2020's?
- Stick your head in the sand... or be informed..
- Where and why is the 'money flowing'? – * P & D news section in PIN magazine
- Location Location: Be aware of key Data and market Trends

First time Development (BTR) – David Bailey



PIN article May 16 : Turning a garden plot into 2 flats for a 5 year rental

Two x one bed flats in Chelmsford created from an oversized garden. PP gained

Increase in equity/ value after all costs = £120,000 # Rental income net of all costs £6000 p.a.

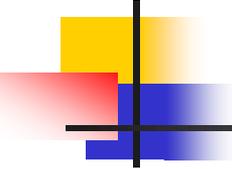
Check out the project site x 6 video interview clips at [propertyinvestor.news](https://www.propertyinvestor.news)



Student Accommodation – Urban Sisters in Derby

- # **PIN article - Oct '19** : Design led focus = high value customer experience
- # 18-bed conversion £415,000 purchase and £440,000 conversion costs
- # Increase in equity/value after all costs = £393,000 (after mortgage valuation at £1.26m)
- # Rental income net of all costs £93,000 in 2019 and £141,000 in 2020 with extra units

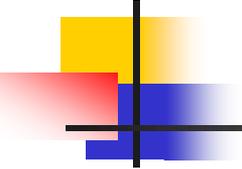




Thoughts...: to reflect upon



- How unique are / is your property asset(s) in your investing micro locations?
- What are the barriers to entry for others?
- How easily can your business model be copied or duplicated by new competitors?
- What can or do you bring to the table that others cannot (USPs)?
- # And finally... the 'fictional' PIN Fund: Up by 108% since launch five years ago
- # No S24, no tenants, no builders, no maintenance, and in theory... TAX FREE in an ISA

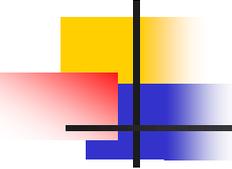


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- Did you find that talk useful? Would you like more investing info?
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- The very latest PIN edition (Dec ' 19)

PLUS... whatever Ranjit has left in his Santa bag.....

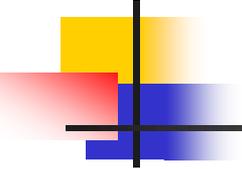




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Thank You andGood Luck

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