

Making sense of property investment

PropertyHub

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Time for a change

Is your strategy
due an update?





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Welcome



Rob Bence (left) and Rob Dix (right)

This issue is all about change. Making changes to the way you invest can be challenging, but resisting change only creates more challenges. We've filled the next 40+ pages with useful insights from investors who have changed the way they invest and survived to tell the tale.

Like Bruce, who decided to incorporate his property portfolio even though he'd already bought several properties in his own name, and Dharmesh, who switched from being a hands-on landlord with a demanding portfolio of student

houses in multiple occupation (HMOs) to a hands-off landlord with more free time to spend with his family.

Our cover story explores how to know when it's time to pivot and what you need to consider before making any decisions. Plus, we both reflect on how our own property strategies have developed and adapted to suit our changing circumstances.

Happy reading.

Rob and Rob

Rob Bence has over a decade's experience sourcing prime property investments on behalf of clients, and now oversees Property Hub's own developments too.

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

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Inside the hub

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



ON SCREEN

Want to know what three areas we're targeting for investment right now? Then hop over to our YouTube channel and give 'The 3 best areas to buy property' video a watch. In it Rob Dix reveals the embarrassingly simple way we identify the best places to invest and manages to offend an entire country by listing the three areas we're avoiding.

youtube.com/propertyhubuk

ONLINE

As our cover story highlights, life can be unpredictable and circumstances can change, which means you need to review your property goals regularly to make sure they align with your current situation. If you haven't set your goals yet, or feel they could do with a refresh, you can take our free goal setting course online.

propertyhub.net/education

ON AIR

We've got an incredible run of episodes on The Property Podcast coming up for you in May and June. We'll be taking closer look at what's going on in the mortgage market, updating you on all the key developments in the private rental sector, discussing the boom in rental demand, and facing up to the criticism that we always say it's a good time to buy.

Propertyhub.net/podcast

HUBCHAT

While it's wise to learn from experience, it's wiser to learn from the experiences of others, so the quote goes. Experienced investor Barry Hughes has shared his insights on page 50, but you can read more about his experiences of building a property portfolio in Northern Ireland in his progress journal over on the Forum. Search 'HMO investing in Northern Ireland' to read the thread.

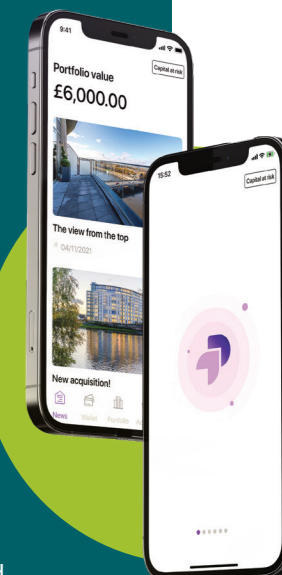
propertyhub.net/forum

Last issue we told you how Portfolio, our property investment app, had been nominated for the Best British Bank Awards 2023.

So, we're incredibly proud to tell you that we've made it to the finals for Best Investment Provider and so grateful for your support – we couldn't have done it without you.

It's an honour to be listed alongside some of the industry's finest in our category.

The winners will be revealed at a ceremony on 11 May, so keep your fingers and toes crossed for us!



Market focus

The latest news and developments from across the property market

STRICTER RULES FOR HOLIDAY LETS

Landlords will need to get planning permission before converting properties into short-term lets, if new government plans are passed.

Ministers have launched two consultations into plans regarding the regulation of short-term rentals, including properties let through platforms such as Airbnb, holiday cottages and apartments and part-time homes for contract workers. The move follows concerns about the exponential growth of the sector.

The first consultation will consider how a proposed new registration scheme in England should be administered, while the second will look at potential changes to planning laws that could limit the numbers of

short term lets in a given area.

In addition, the government is consulting on plans to introduce a registration scheme for short-term lets, which would set a rental period of between 30 and 90 days before a landlord would need to apply for planning permission to change the property's primary use.

The National Residential Landlords Association (NRLA) has raised concerns over the approach. "Rather than applying planning restrictions to prevent the movement of rental homes into the short-term market, it would be more effective to help landlords continue to provide long-term homes by levelling the playing field in terms of their tax liability," said its chief executive, Ben Beadle.

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HOW TO RENT 2.0

The government's *how to rent* guide has been given a refresh to include the latest advice for landlords and tenants on renting a property in England.

It's the first time the guide, which sets out everything a tenant needs to know before they move into their rented home, including

their rights and duties and the legal responsibilities of the landlord, has been updated since July 2021.

New additions include updated information on smoke and carbon monoxide alarm regulations, advice on fitting smart meters and a section on ensuring a property is

suitable if a tenant has a disability.

The latest version of the guide must be issued by landlords and letting agents to new renters and those renewing a tenancy. Failure to do so can invalidate a Section 21 notice. A PDF can be downloaded from the gov.uk website.



IN NUMBERS



257,000

The number of short-term and holiday letting listings in England (DCMS data)



2028

The new deadline for meeting the government's EPC C rating (The Telegraph)



55 DAYS

The average time it took to sell a property in April 2023 (Rightmove)



43,500

Number of mortgages approved in February 2023, up from 39,600 in January (Bank of England)

SUPREME COURT RULING ON RENT-TO-RENT

A landmark ruling from the Supreme Court has provided vital clarification of the responsibilities of rent-to-rent companies.

In the case (Rakusen v Jepsen) the landlord, Mr Rakusen, agreed to let a flat to a rent-to-rent company. The property required a licence, but the company didn't apply for one.

As a result of the failure to be licenced, the former tenants of the flat sought a Rent Repayment Order against Mr Rakusen rather than the rent-to-rent company – even though he'd not received rent directly from the tenants.

At an initial tribunal it was ruled that the Rent Repayment Order could be applied for against Rakusen. However, the Court of Appeal later overturned the decision and ruled in Rakusen's favour.

Now the Supreme Court has ruled that where rent-to-rent companies take over the running of a property,

they cannot shirk responsibility and expect to leave the landlord to pay for their legal failings.

"The ruling makes clear that it is the responsibility of rent-to-rent companies acting as a landlord to ensure that relevant legal requirements are met, since it is they who receive tenants' rent. It is simply not right that such companies can take money from people without any responsibility for the property they are running," said National Residential Landlords Association (NRLA) chief executive, Ben Beadle.



EPC EXTENSION

Landlords are set to be given an extra three years to meet the government's EPC rating targets, it has been reported.

According to *The Telegraph*, the deadline for new lettings to have a minimum C rating is expected to be pushed back to 2028.

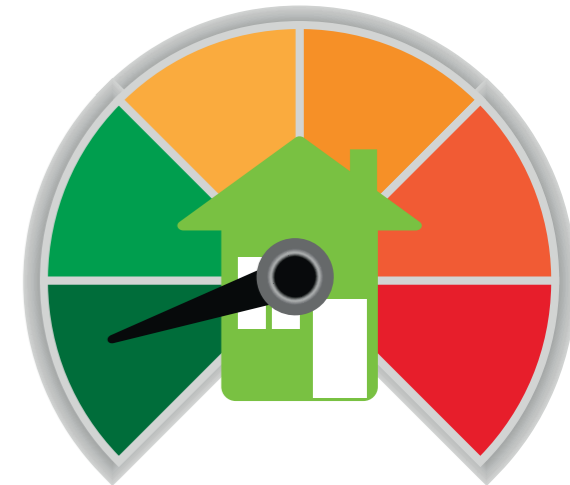
The Department for Energy Security and Net Zero had previously proposed a deadline of 2025 for newly-let rentals to achieve an energy performance rating of at least C, and a deadline of 2028 for all other rented properties.

Industry leaders had warned a deadline of 2025 was unrealistic. An extension would mean all lettings – new and existing – would fall under the same deadline.

A maximum spend cap for landlords making improvements to

properties is to be set at £10,000.

Currently, all privately rented homes in England and Wales need to meet a minimum energy performance of band E before they can be let.



Ageing investors selling up

Higher interest rates and regulatory changes have been blamed for triggering a buy-to-let sell off, but there is another explanation to consider, writes Chantelle Dietz

Whether you're at the stage of planning your retirement yet or not, chances are you'll have thought about what life will look like when you enter those golden years. And for a large portion of investors, this will inevitably mean selling off properties to make sure you have enough cash to support yourself and fund all the fun stuff you want to do in later life.

According to new analysis by Hamptons, that's exactly what 140,000 landlords did last year. The residential estate agent and property services company used data from the 2018 and 2021 government landlord surveys to track the age profile of landlords and project the age demographic backwards over the past decade.

On its own this number doesn't really mean anything, but when you consider the fact it accounts for almost three quarters (73%) of all investor sales made in 2022 it starts to paint an

interesting picture of what's happening in the market.

Maturing population

So why the sudden surge in retirees? Well, for one, our population is aging. Hamptons found almost a million landlords in Great Britain are already over the age of 65. It estimates the number of landlords retiring annually has doubled over the past 12 years (chart 1).

But a pivotal moment in the history of the private rental sector also had a big part to play. We're now two decades on from the introduction of the first buy-to-let (BTL) mortgages which launched in 1996. "It's this cohort of ageing investors who bought when the sector was growing rapidly that are now increasingly likely to sell up and cash out," says Aneisha Beveridge, head of research at Hamptons.

Purchases made by these landlords

still make up the majority of privately rented homes in Great Britain. Hamptons found just over half (51%) of today's total number of outstanding BTL mortgages were taken out between 1996 and 2007.

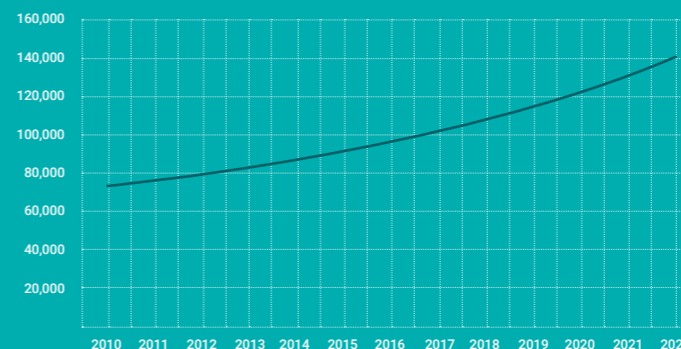
Many of these first BTL mortgages were used to purchase new low-rise city centre flats and it's these flats which form the largest proportion of sales by today's long-term landlords.

From its analysis Hamptons found suburban London tops the list with 60% of landlord sales in Redbridge having been owned for over 15 years, followed by 59% in Ealing, 58% in Harrow, 55% in Barnet and 53% in Enfield.

Long-term landlords

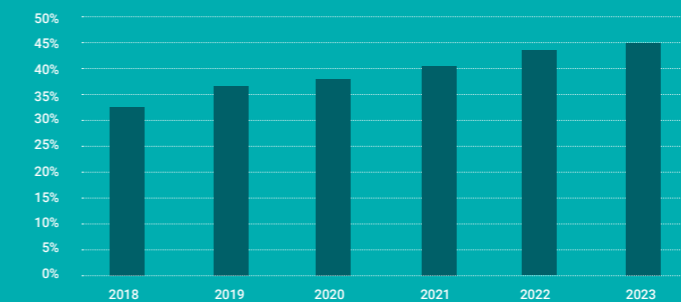
The ageing landlord profile has played out in recent investor sales. Almost half (45%) of homes sold by landlords so far this year were bought at least 15 years ago, a figure which has risen in each

CHART 1
Number of landlords reaching retirement (GB)



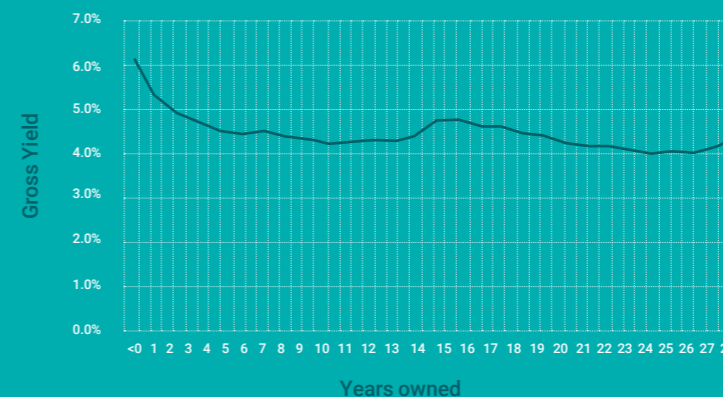
Source: Hamptons & MHCLG

CHART 2
Share of landlord sellers who bought more than 15 years previous



Source: Land Registry & Hamptons

CHART 3
Gross yield achieved on sale price



Source: Hamptons

year since 2018 when it stood at just 33% (chart 2).

This proportion is likely to continue rising as more landlords that bought their BTLs when the Spice Girls were still in the charts reach retirement age. Hamptons estimates a further 96,000 landlords will turn 65 each coming year.

"This means that demographics alone will push up the number of landlord sales over the next five years to reach a new peak. This was likely to happen irrespective of the tax or regulatory changes introduced since 2016 and the more recent higher interest rate environment," adds Aneisha.

While age appears to be the primary trigger prompting landlords to sell up, Hamptons believes their decision to sell has been compounded by lower-than-average returns, which in turn have been exacerbated by higher interest rates.

According to its findings, an investor who bought 20 years ago was achieving a gross yield of 4.3% relative to their sale price, compared to a landlord buying today who is achieving 6.1% (chart 3), implying those selling up have let rents slip below market rates, highlighting the importance of regular rent reviews to keep them in line with market levels.

Filling the gap

Although the number of homes on the rental market stand 13% above last year's record lows, Hamptons' research illustrates demand continues to outstrip the number of homes available, and there are still 64% fewer homes available to rent across Great Britain than there were in March 2019.

Scotland continues to bear the brunt of the rental stock shortage, with the number of homes on the market down 39% year-on-year, more than in any other region by at least 10 percentage points.

For new investors coming to the market and those looking to expand their portfolios, this presents an opportunity to get on the BTL ladder and fill the gap.

“We’ve achieved a lot so far and I’m really proud of that”

Retired footballer and property investor **Christian Ribeiro** tells Chantelle Dietz how he’s using his own experiences to help other players prepare for life after the game

“I’d like to think there is more to me than just football,” Christian Ribeiro said in an interview with *The Guardian* in 2018 following his early retirement from the sport.

He’d been given orders to stop playing or risk not being able to walk in his 30s, bringing his dreams of making it big as a professional footballer to a crushing end.

Christian was a highly rated player in his youth. Born in Swansea, he played for Wales as a teenager and counted Gareth Bale and Aaron Ramsey as team-mates. He moved across the border with his parents to Gloucestershire when he was nine and came up through the ranks with Bristol City Football Academy.

“Everything was about football when I was growing up. It was always the dream to become a professional footballer,” he recalls. “I played a



couple of hundred games and made a couple of appearances for Wales. I didn’t achieve what I hoped for, but I did OK.”

But his career was blighted by injury. “For most of my career I was

injured. I have pretty much torn every muscle in my legs at some stage.”

In the back of his mind, he says he always knew he wouldn’t have long in the game. “I knew it could be short lived for me, so I was always thinking: ‘what am I going to do next?’”

It was a knee injury, suffered in his debut for Bristol City, almost a decade earlier, that ultimately forced his retirement at 27. “The truth is I never really recovered from that for the rest of my career. I came back a year later, but my knee was never the same. By the end I was playing on painkillers, I had no cartilage left in my knee. It wasn’t the most glamorous career in the world, but I managed to grind it out.”

Life lessons

Christian’s skills on the pitch meant he earned a good wage from a young



Pinnacle Photo Agency Ltd



INVESTOR FACT FILE

Name: Christian Ribeiro

Age: 33

Lives: Heaton Moor

Invests in: Greater Manchester

Occupation: property developer and director of Performance Property Group

Years investing: 10

Strategy: BTLs

Goal: to make Performance Property Group the biggest and best service out there for sports professionals

age. At 19 he had enough to put down a deposit on a flat in the centre of Bristol. He admits he didn’t put much thought into what he was doing at the time, he just followed his parents’ advice. “It was very much, well, property seems like a sound place to invest money, so I just saw it as a way to plug some money away to come back to in the future.”

Once he’d saved up another pot of cash, he bought a second, this time to rent out. As his portfolio grew, so did his knowledge. “I realised I could re-mortgage and release some of the capital gains I had made. After about five years I was able to pull out all the money I’d put into my first property to buy three more. That’s when I understood the real power of property. Over the long term it allows you to recycle your funds so you can scale.”

Word got around the changing room about what he was doing and he



“That’s when I understood the real power of property. Over the long term it allows you to recycle your funds and scale”

became the “go-to-guy” for property advice. It wasn’t until his football career started to dwindle that he realised there was an opportunity to make something out of this knowledge.

“I had this idea to set something up specifically for players, to help them build their own property portfolios. Investing in property is a great way to secure your future, but it can be difficult for footballers to do because you never have any free time. You’re so focused on being the best you can in your sport.

“A lot of players get bad advice, or they spend all their money. It’s surprising how quickly it can go when you live an expensive lifestyle.”

Christian knows the perils of listening to the wrong people. After purchasing some properties through a contact in the property world, he found out they weren’t what he was expecting.

“I’ve definitely learnt from my mistakes. I took advice from some people who didn’t have my best interests at heart. It spurred me on to want to provide a genuine and valuable service for my own friends and colleagues. “It was a real life lesson, but what doesn’t kill you makes you stronger. It taught me just how important it is to have a proven team behind you. I like to think these life lessons have allowed us to create what we have today. It was a real life

Christian was forced to retire from football in 2018



lesson, but what doesn't kill you makes you stronger. It taught me just how important it is to have a proven and trusted team behind you. I like to think these life lessons have allowed us to create what we have today."

A game of two halves

Once it became clear Christian wouldn't be able to return to the game he loved, he poured all his energy into turning his idea into reality. He joined forces with established investor, Jay Puddy, and together they launched Performance Property Group in 2019.

They started out small, working for friends and friends of friends and have grown through referrals. Their clients include Premiership, Championship and League One players. "The past four years we've scaled up to be able to help more of the football community. We've achieved a lot so far and I'm really proud of that, but we've got a long way to go."

They've completed over 60 transactions to date, including over 85 properties. Their service is a bespoke

one, tailor made to a player's individual circumstances, allowing them to be hands-off. Christian and Jay handle everything from sourcing the properties to managing tenancies with the support of a team of contractors, letting agents, mortgage brokers, tax specialists and conveyancers. "It's a total conveyor belt system for them, which I never had."

Christian documents the renovations on social media. He enjoys seeing the transformations but confesses he's not the handiest when it comes to DIY. When asked if he ever picks up a paint brush he says: "Absolutely not. I never got involved in the renovations, I leave it to the experts. God, I would dread to think what it would look like if I got involved."

Hands off the ball

At the moment the service is exclusively for footballers, but there's the opportunity to open it out to other sports people in the future, says Christian: "We've had inquiries from rugby players and other sports professionals, but I haven't pushed it



"We don't just talk the talk, we walk the walk with our players"

because we've been so busy."

They focus on single buy-to-let (BTL) homes in Greater Manchester, adding value through refurbishments. "Single lets work brilliantly for footballers, they are just the perfect type of property. There's lots of them out there, they attract plenty of demand for both selling and renting and when it comes to finance, there's lots of options."

As Christian points out, footballers don't need short term cash flow, they are focussed on making sure their investments peak for when they hit retirement in five, ten, or fifteen years' time, which is why single lets are such a perfect fit.

"There's a lot of other strategies that provide higher short-term returns, but they require a lot more effort, skill and time which is just impossible when you're a footballer, and you restrict your

exits because you can only sell to investors. Plus, capital gains is what makes you truly wealthy," he adds.

"I think people need to get back to the concept that property is a long-term game and if you do all the basics really well – buy in great areas with great fundamentals and use leverage to your advantage – then you'll be in a fantastic position later on."

Walking the walk

At the same time as growing the business Christian has continued to build his own portfolio. So convinced is he in the long-term potential of the properties they source, he buys in the same streets. "We put our money where our mouth is, and I think that's really important. We don't just talk and talk, we walk the walk with our players."

He and Jay have accelerated their property purchasing powers by pooling their funds and buying in bulk. They now own a few apartment blocks, the largest one includes 14 apartments and two commercial units. "It's been a really interesting couple of years scaling into larger purchases and we hope to be able to grow into that space and continue to make some large acquisitions alongside our regular BTLs."

Five years on from his retirement, Christian has demonstrated there was more to him than his football talents all along. He describes it as a blessing and a curse to have suffered a career-ending injury at a young age. "I really love all of this because it's my passion. I love helping the players, it means I get to stay in the footballing world and help them do something that nobody did for me.

"I know in 10 years' time when they retire, they're going to be in fantastic positions, and I feel really proud that we've played a part in that," he says.

HOW I GOT HERE

Christian's timeline



MAY 2009

Bought very first property in Bristol



SEPTEMBER 2011

Bought first BTL in Bristol



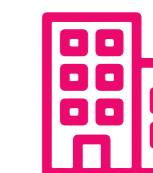
NOVEMBER 2018

Forced to retire from football



APRIL 2019

Set up Performance Property Group



JANUARY 2022

Made first apartment block purchase



MARCH 2023

60+ projects completed so far for PPG and players



Neil Cumins examines why Manchester has remained at the top of property investment location lists, even as the market cools

Bad news has always sold more newspapers than good news, so the slowing of house price growth in the UK has been seized on with glee by much of the nation's media. With the market 'turning' you'd be forgiven for assuming investing in property in 2023 is no safer than buying cryptocurrencies or NFTs.

In reality, there are plenty of localities where a well-judged property purchase remains one of the best investments you can make. Manchester is one such location. Although its thunder is routinely stolen by neighbouring Salford across the River Irwell, suburbs within Manchester City Council's boundaries retain plenty of merit – though you might initially struggle to identify those boundaries.

Borders and boundaries

Manchester City Council covers an area roughly five miles wide and 15 miles long, stretching between Heaton Park in the north and Manchester's three-terminal airport in the south. On the ground, it can be hard to identify whether or not you've strayed into a neighbouring council region, with signage often overgrown and postcodes shared with other councils.

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Far left: Chorlton water park
Above: Northern Quarter
Left: East Didsbury methodist church

While investors may be unconcerned by arbitrary boundaries bisecting residential avenues, we're focusing on activity inside the Manchester City Council area, where average prices now stand at £219,200 according to the latest Zoopla data. The same data indicates prices rose by 5.8% in the year to February 2023, with agents reporting stock levels at historic lows.

"We found the bounce back since the pandemic a lot more positive than we expected," says Sharon Penaluna, managing partner at The Letting Agent. "Rents have increased quite dramatically over the past year because supply is low, but there's still so much demand coming into Manchester, and so much investment. We're the top city in the country for research and development for universities, for instance."

Worth studying

This influx of talent underpins Manchester's youthful demographics,



"Rents have increased quite dramatically over the past year because supply is low, but there's still so much demand coming into Manchester"

with a higher proportion of 25–29-year-olds than anywhere else in the UK. While Salford and Bolton Universities lie outside the city council's boundaries, Manchester Metropolitan and the University of Manchester both have huge campuses beside the city centre.

These have created enduring hotspots for student properties,

according to Tracy Wardle, a director at Abode Ltd. "In Manchester, student areas are Fallowfield, Withington and now also the city centre."

The latter has been transformed by swathes of dedicated student accommodation and build-to-rent developments, though Sharon counsels against investing in the latter. "The amount of build-to-rent right now is becoming quite substantial, and I think an excess of build-to-rent might become an issue," she says.

With many of the city's 100,000 students staying local after graduating, demand for homes remains strong. In the private rental sector, many districts of Manchester remain buoyant despite the wider market slowdown. "There has been a slight drop in the number

of applicant enquiries since the start of 2023, but demand remains strong," says Tracy.

"We are receiving around twenty enquiries for all new listings, carrying out block viewings and finding on average five interested parties for each property. Properties are most often marked as 'let agreed' in less than a week. We can secure rental uplifts for landlords when re-listing properties or bringing new properties to the market."

Areas of interest

"We find properties listed in Clayton and Levenshulme see very high demand, strong yields and minimum voids," says Tracy. "Typically, if a tenant provides one month's notice, we will

have the property let agreed prior to the current tenant moving out, with the new tenant due to move in on vacant possession. If you search online for available properties in most areas, the supply is very low."

Sharon identifies a strong link between property demand and employment opportunities. "The properties most in demand will be near employment hubs – the Trafford Centre, airport or hospital, near the city centre or close to business parks," she says.

She also cites enduring demand for ex-council houses: "A lot of investors choose those red brick properties because they're bedded in – you're not going to have cladding issues, for instance. As an entry point into the market, these properties represent a good return on investment and yield."

Those yields average just under 5% across Manchester according to

PropertyData figures, with the M11 and M14 postcodes achieving 7% and 9% respectively.

On the road again

While red-brick council houses are ubiquitous across the city, Manchester has less of the on-street brick terraces which proliferate in other northern cities. From bay-windowed inter-war villas in Crumpsall and Chorlton to city centre skyscrapers, there are plenty of alternatives on offer, while on-street houses can still be found in some working-class districts like Levenshulme and Moss Side.

The latter rather typifies Manchester's renaissance. One of the UK's most deprived and crime-ridden districts in the 1990s, it's now home to eco villas and £350,000 townhouses. With prices 25% higher than they were in 2020, you'll get nothing in Moss Side

SITES FOR SORE EYES

These are the key projects Manchester investors need to be aware of:




- **Victoria North**
Also known by its former title of the Northern Gateway, this transformative renewal project heralds 15,000 new homes stretching between New Cross and Collyhurst. Following the River Irk, its seven neighbourhoods will centre on a 46-hectare park.
- **Ancoats**
A swathe of land centred on Poland Street will become the latest part of the inner-urban Ancoats district to undergo transformation. Manchester City Council are promising 1,500 new homes, alongside space for more local businesses and a 'mobility hub'.
- **Trinity Islands**
Marketed as a vertical village, Trinity Islands will bisect Trinity Way with four dramatic towers ranging from 39 to 60 storeys. A total of 1,950 apartments will overlook the Irwell, with external terraces joining a gym and ground floor commercial units.

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AREAS OF INTEREST



The key suburbs and districts investors should be aware of:

-  **Best for families:**
Brooklands, Chorlton
-  **Best for young professionals:**
Ancoats, Northern Quarter
-  **Best for students:**
Fallowfield, Didsbury
-  **Best for transport links:**
Wythenshawe, East Didsbury
-  **Best for yields:**
Fallowfield, Openshaw
-  **Best for capital growth:**
Ancoats, Red Bank
-  **Best avoided:**
Moston, Moss Side



for less than £150,000 unless you're fortunate at an auction.

Transport has always been one of Manchester's strong suits, with the busiest airport outside London and hundreds of bus routes. The M60 ring road has its M602 spur leading into the city centre; the M62 and M56 stand in close proximity, as do the M61, M66 and M67.

Within the ring road, the four-zone Metrolink tram competes against extensive rail services bound for either Victoria or Piccadilly stations. Manchester's enviable centrality places it within an hour of Liverpool, Leeds and Lancaster, while direct trains to London take around two hours.

Manc-hattan

"People are realising that Manchester's cost per living compared to London competes really well," says Sharon, pointing to its presence as the only UK city in Lonely Planet's guide to

2023 travel destinations.

"We've got the largest student population in Europe, which helps keep the city young. Most of the larger chain restaurants are coming up here as well, and it's becoming like a second London. People are even calling it Manhattan, because of the new builds down at Deansgate."

Just as Manhattan and London are likely to ride out any future slowdown in the wider housing market thanks to sheer demand for homes, Manchester will probably perform similarly strongly. "We don't envisage a decline in the property market in the near future," concludes Tracy. "The demand for all properties remains high, and our typical timeframe to let a property averages two weeks from viewing to carrying out relevant referencing and then check-in."

"We expect rents to increase further as we await new supplies of housing stock to the rental market." Indeed, with JLL predicting rents and house prices across the city will both increase by around 20% between now and 2027, it seems those pessimistic newspaper headlines were wrong.



"We've got the largest student population in Europe which helps keep the city young"

Shutterstock



Wythenshawe town centre



THE PRICE IS RIGHT

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



At the bottom end of the market this two-bed maisonette in Newton Heath is marketed chain-free and in good condition, it could achieve a 7% yield.



This two-bed mid-terraced villa in a modern Cheetham Hill estate offers great rental potential, requiring light renovation but featuring a private south-facing back garden.



In the heart of the city, this spacious ex-council duplex apartment offers three double bedrooms and a balconied lounge, within a five-minute walk of Piccadilly and Oxford Road stations.

Source: Rightmove



Ruth's properties feature biophilic design features



Stress test

Ruth Hunter had a vision to create two luxury five-bed HMOs designed to prioritise tenant mental wellbeing, but her own mental resilience was put to the test in the process. Andrew James tells the story

It's in moments of stress and uncertainty that a person's character is truly revealed. When the repercussions of Covid-19 led to the closure of Ruth Hunter's wedding and events business and her husband Paul's redundancy, rather than despair she turned her attention to finding other ways to generate an income.

The couple had already flipped a two-bed cottage in the Cotswolds, so property investment was something they were familiar with. However, this time they needed a strategy that maximised their cash flow to replace their salaries.



INVESTOR FACT FILE

Name: Ruth Hunter

Age: 45

Lives: Cheltenham, Gloucestershire

Invests in: Gloucestershire

Occupation: property investor, entrepreneur

Years investing: two

Strategy: HMOs, supported living and accessible housing

Portfolio value: £1.08m

Goal: to house 30 vulnerable people and to bring two accessible houses to market in the next two years

"We took the very difficult decision to sell our beautiful four-bedroom cottage in the Cotswolds countryside, our first home, and use the money to invest into property. We needed a more secure income so investing in HMO's was the most obvious choice from a cash flow perspective," says Ruth.

Missed deadlines

Ruth found the two neighbouring Victorian houses in Gloucester in early 2021. Located in the city centre they were being let as two six-bed HMOs, but the decor was dated and they only had a kitchen as a shared space.

With very little quality Houses in Multiple Occupation (HMOs) available in the area, Ruth saw it as an opportunity. At first she was nervous they'd been on the market too long and no one seemed interested, but she kept returning to them.

"The location was great, the rooms were all ensuite and with Covid in full swing I knew that tenants would be requiring these. I also liked that there was an opportunity to acquire two properties as opposed to just one."

The houses were originally priced at £275,000 but had been reduced to £260,000. Ruth didn't have the funds to buy both, so she offered to buy number 20 at £260,000 as a standard purchase and number 22 at £250,000 using vendor finance, whereby she would pay a 10% deposit and the vendor would loan her the balance for 12 months at a rate of 6%. Her plan was to use the time to renovate the properties, uplift the value, refinance and pay back the loan. It took 10 months of negotiations before her offer was accepted.

Everything went smoothly at first. She completed on number 22 within 10 weeks. Then she discovered there was a problem with number 20. "It turned out the property I'd chosen to purchase using a mortgage had a damp issue. The surveyor decided to put the mortgage onto retention until the works had been carried out. The vendor wasn't willing to spend any money to get the work done, so the only option was for me to do the work on an exchange with delayed completion."

This gave Ruth a six-week window in which to get the work done and signed off by the underwriter. The job was completed in the nick of time, only for the underwriter to go awol and miss the deadline. Ruth put in an emergency call to her former broker and with the help of her solicitor they managed to secure a bridging loan in eight days.

Working around the clock

Ruth finally completed on number 20 in July, two months later. Once the damp issue had been resolved, the majority of the work needed on the houses was cosmetic. "The main issue was the lack of social space. I had calculated that by creating an open-plan lounge/kitchen/diner area and reducing the bedrooms from six to five I would be able to charge a higher rent on all rooms compensating for the loss of a bedroom."

Part of her vision was to use biophilic design – an interior design approach that creates a sense of harmony between a home and the world outside. "I knew I wanted to provide something different to support and enhance my tenants' experience."

"I had originally (and naively) thought that I could get the works done for £35,000 per property but this soon proved to be massively under, and each property ended up costing approximately £60,000 each to refurbish."

As budgets got tighter, Ruth was forced to get more hands-on with the refurbishments. "I designed all the rooms, laid the flooring, tiled the bathrooms and kitchens, sanded, prepped, painted and wallpapered."

Some days she worked around the clock to get jobs finished. With another company to run, and children and dogs to care for, there wasn't enough hours in the day. "The nights where I was working through and I was on my own I felt massively overwhelmed. I was exhausted. I would work till 3-4am and then was back again at 7am to get the projects finished."

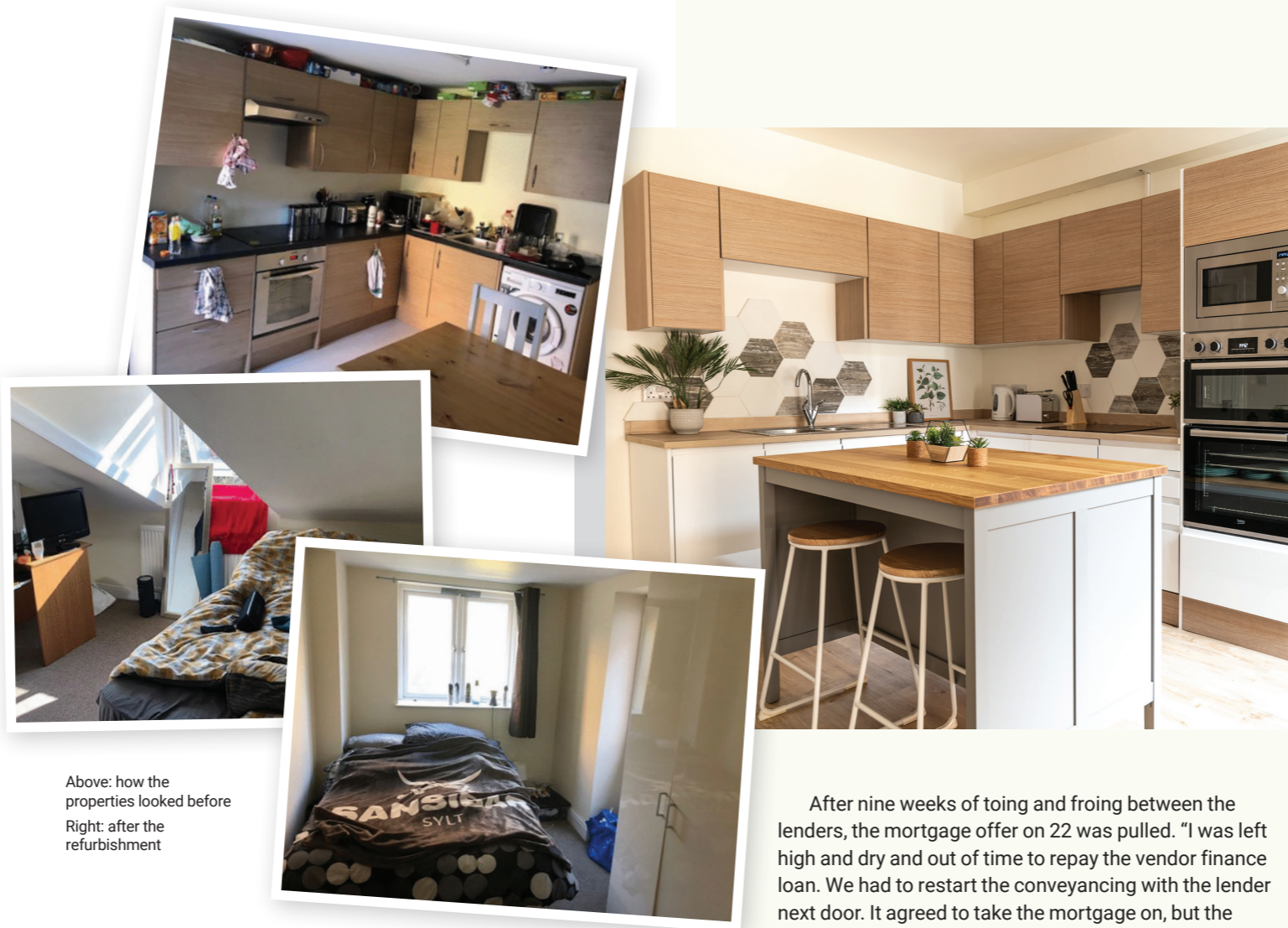
"Sometimes I didn't sleep at all and worked a full 48 hours straight. I knew I had to do whatever was required. Was it the best use of my time? Possibly not, but did I learn from my mistakes and by having to work things out for myself? Absolutely. Would I do it like this again? I really hope not, but you just never know what can happen so as much I don't want to, I know I can if I have to."

Focus on tenant wellbeing

Number 22 was ready for tenants to move in by October 2021, then number 20 in March 2022. Having done her research, Ruth was confident she could achieve a monthly room rate of around £570. "Knowing that I had created some of, if not the best standard of rooms, in Gloucester and knowing the market was strong from test ads, I went in with the highest rents in the area at the time."

As well as enjoying the biophilic design, Ruth's tenants also benefit from a wellbeing care package that includes unlimited counselling by qualified councillors over the phone, should they need it.

"While looking for properties during Covid I noticed a lot were either vacant or had tenants with anti-social



Above: how the properties looked before
Right: after the refurbishment

behaviour driving away other tenants and I thought: at what point does a landlord step in to help them?

"My husband had a similar package with his job so I thought it would make sense if I could find an equivalent service for tenants. I found a service used for social housing tenants and as far as I'm aware, I'm the first private landlord to provide such a service."

Refinancing riddles

Eager to get off the bridging loan, Ruth had number 20 revalued first. "This was where the really fun times started. The valuer for the bridging company had provided an end value of £350,000 but the new valuer valued it at £300,000. I needed them to value at £320,000 minimum to be able to repay the vendor his loan back."

With the help of her broker Ruth was able to appeal the valuation. "It worked to a point; they revalued the property at £320,000. This wasn't brilliant, but it did mean I could at least pay back the bridging loan."

Then came the time to refinance number 22. Everything seemed to be going fine, but a few days before completing, the lender highlighted the fact Ruth owned the property next-door, a detail they'd already been informed of, but the underwriter had missed.

After nine weeks of toing and froing between the lenders, the mortgage offer on 22 was pulled. "I was left high and dry and out of time to repay the vendor finance loan. We had to restart the conveyancing with the lender next door. It agreed to take the mortgage on, but the delay put me further and further into default with the vendor who by this stage was threatening to take the property back as he had a first charge."

After numerous other issues to do with old planning applications and the council's portal being down due to a cyber-attack, Ruth eventually got there four months later. "The relief was out of this world!"

Solutions oriented

Ruth suffered more than her fair share of challenges with this project, but rather than deter her, it's given her more confidence to face whatever obstacles come her way.

"As the author Glennon Doyle says: 'we can do hard things'. Every time I have faced a challenge that would put most normal people off property, I've faced it straight on and believed no matter what, I can get through this, there will be a solution, it's just a case of finding it," she says.

She lists the most valuable lessons she's taken from the experience as: having your finances secure to begin with, setting a budget and sticking to it, drawing up a detailed schedule of works, working with reputable trades and teams and not trying to save money by cutting corners as it doesn't work and ends up costing more in the long run.

RUNNING THE NUMBERS

This is how Ruth's two neighbouring HMOs in Gloucester stack up financially:

Purchase price: £510,000

Deposit: £88,500

Purchase costs: £23,550

Finance method: 12-month vendor finance at 6% APR and 18-month bridging loan at 0.75%, then took out mortgages at 3.4% and 4.3% for two years

Amount borrowed: £240,000

Refurbishment costs: £121,650

Project duration: 11 months

New value: £640,000

Total personal investment: £110,000

Monthly revenue: £5,700

Monthly expenses: £2,968

Monthly net profit: £2,732

Cash out after refinance: £295,000

Total left in the property: £168,700

These lessons have been incorporated into Ruth's latest projects. She's since gone down the route of developing supported living accommodation, a strategy that suits her skillset and her passion for people. "For me now it's about being able to provide homes to vulnerable people and those in need. I love being able to use so many different skills from sales, research and design to client liaison, and problem solving. Every day is completely different."

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

Time for a change?

How do you know when it's time to change your property strategy, what are the signs you need to look out for, and when should you avoid making changes?

Striking the right balance between building a property portfolio and living the life you want to lead can be a struggle. And this balance can easily be thrown out of whack by changes in our personal lives.

Change happens whether we like it or not: some changes are planned, like changing jobs, getting married or starting a family, others are unexpected and unwelcome, like being made redundant, or losing a loved one.

As we age, our priorities

change too: the things that mattered to you most a decade ago probably don't hold as much significance now as they did back then.

So, what does this mean if you're building a property portfolio? Well, it reminds you that the strategy you have now isn't set in stone for all eternity. When you're investing for the long term it's normal for your portfolio to change and develop over the years as your personal circumstances and priorities change.

How can you tell when it's time for a change?

Knowing when to make a change to your strategy will save you time and effort in the long run. But what should you look out for? There are some common signs your property strategy is in need of a change:

1 Your strategy no longer fits with your life goals

If you've been investing a while, you may have outgrown your original goals or come to realise your strategy isn't in line with what you wanted to achieve in the first place. Or it could be a case of what seemed like a good idea in the beginning hasn't quite worked out as you planned.

For instance, your original goal might have been to generate enough monthly income from rent to replace your salary, but now you've reached your goal you want to focus on building equity for your pension pot. You'll need to adapt your strategy to prioritise capital growth over yield.

2 Your financial situation has changed

Life events can impact your financial position temporarily or permanently. Having a baby is associated with a 19% increase in financial problems for an average individual according to a research paper by the Financial Conduct Authority, while becoming unemployed increases financial problems by 63%. In contrast, getting married leads to double the improvement in financial capability, while those above 55 tend to have higher than average financial capability.

Changes in the property market can have a knock-on effect on your personal finances too. Increasing taxes, higher mortgage rates and general price rises can squeeze your margins, meaning you've no choice but to adjust your strategy to make it work. Acting swiftly in this scenario is key. The longer you put off making a change, the more you could end up out of pocket.



"IF I'D MADE THE MOVE EARLIER, I WOULD HAVE ENJOYED A FEW EXTRA YEARS OF GROWTH"

Rob Dix says sticking to the wrong strategy for too long cost him in the long run

"When I first started investing in property, it was purely with a goal of earning monthly income: I'd recently left my job, and wanted to get to a point where I could cover my expenses without needing to take on another role. Even though I hit that goal, by that time I'd also started building up a business that was paying me and which I loved, so the income was no longer so important.

The problem was, it took me a few years to notice, so I ended up buying more properties for cashflow in parts of the country that were lacking in capital growth potential. I was also overseeing refurbishment projects to add value, when I was already extremely busy with work.

Eventually, I shifted to buying with capital growth in mind and outsourcing everything I could, but if I'd made the move earlier, I would have enjoyed a few extra years of growth, which I estimate would add up to at least £30,000."

Watch Rob's video [This property mistake cost me £22,000 on our YouTube channel: youtube.com/propertyhubuk](#)

3 You don't have enough time

There's a never-ending list of circumstances that can lead to you to have less time to dedicate to your property portfolio. Your work commitments, family commitments, hobbies and other interests will all have an impact, as will the size of your portfolio.

By the broadest definition property strategies can be split into two camps: hands-on or hands-off. Some strategies require you to be a lot more hands on than others and can be highly demanding on your time, while others seem effortless in comparison – think a self-managed holiday let versus investing in a Real Estate Investment Trust (REIT).

The less time you have, the more likely you'll want to be hands-off, but that's not to say you can't build a successful portfolio on a few hours work each week – we've seen plenty of investors hold down a demanding job, care for a young family and still have time for their own interests by outsourcing the most time-consuming jobs.

Equally, if you find yourself with more free time at a certain point in your life, it doesn't mean you'll want to launch yourself headfirst into HMOs. It all depends on how much of your time you're willing to dedicate to your investments.

4 You've become more (or less) risk averse

Everyone has a different appetite for risk, but the level of risk you're comfortable with is likely to change throughout your life depending on your personal circumstances.

There are risks associated with any form of investment, but some property strategies – like development – and are intrinsically riskier than others.

Conventional wisdom tells us the more responsibilities we have and the older we get, the less risks we're willing to take, but that isn't always the case, especially when it comes to property investing. For some investors, the older they get the more likely they are to take chances. That's because over time their knowledge and experience have grown so they feel more comfortable doing so.

How to make a change

Start with your goals. It's easy to be tempted into following in someone else's footsteps because of their success, but that's not a good enough reason to switch things up. Your strategy is just a means to achieving your goals – so start by reviewing these.

Review your progress so far. See how your progress is tracking against your goals in three areas: finance, lifestyle and risk. This will give you clues for where to make a change (if at all).

Consider the negatives. It's easy to think the grass is always greener, but no strategy is perfect. List the negatives of an alternative strategy – and if possible, speak to people who are already doing it to get an honest picture.

Dip your toe. You don't necessarily need to sell everything and start again. Start small and see if a new strategy really does suit you better.

When should you avoid making changes?

For most investors, the best plan of action is to only change strategy when your personal circumstances change, not when the market changes or when you see someone else doing well with a particular approach.

Volatility in the market can tempt you to make tweaks, but keeping your money invested throughout these fluctuations is what helps it to grow over time. Trust your own research and analysis and don't be swayed by external factors.

“INCREASING COSTS MADE ME REVIEW MY STRATEGY”

Social media manager, Derek, 49, from Manchester has just taken over management of his portfolio of four properties to reduce costs.



“My properties are all quite expensive so that means it costs a lot to have a letting agent,” he explains. “Increasing interest rates and the increased costs of investing via a limited company made me review this. I have new builds and some my tenants pay six or even 12 months in advance. I realised I was paying a letting agent £1,000 plus a year, but they didn't need to do a lot.”

He estimates he'll save around £4,000 a year doing it himself and says he's found it quite straightforward so far: “I've not had any problems yet, but I accept it is early days. My work is flexible so that helps when I need to do something.”

He plans to continue to grow his portfolio, keeping a close eye on the cost-benefit ratio. “If I ever find it is taking up a lot of time then I'll switch back to using a letting agent. I tend to assess how much time it takes compared to the money saved. At the moment I've worked out it takes less than 20 hours a year for £4,000, a rate of pay I am happy with!”

“AS OUR PORTFOLIO EXPANDED IT BECAME MORE TIME CONSUMING”

Dharmesh Rajput, 35, went from managing a busy portfolio of HMOs to becoming a hands-off investor so he could spend more time with his family

Dharmesh recalls the moment he knew something had to change. He was away on holiday with his family and an issue cropped up at one of properties.

“The contractor I used was unreliable and I spent the holiday on the phone non-stop trying to get the issue sorted. It meant I wasn't in the right headspace to enjoy the time away and it wasn't the first time it had happened either,” he explains.

With three children under the age of five Dharmesh was fed up with property issues eating into his personal time. He made the decision there and then to do something about it.

The transition took time and Dharmesh, who lives in Norwich, struggled to find a good letting agent. “If an agent doesn't have good processes or organise their work then this can create additional stress. One agent I used failed to get two of my HMOs professionally cleaned. This created a problem as the tenants requested compensation.”

Now he outsources

everything he can. “The only things I still do myself are all mainly paperwork based and anything that specifically can only be dealt by me. For example, I still do the HMO licences, all mortgage and refinance paperwork,” he says.

Keen to carry on building his property portfolio, but with less stress, Dharmesh switched to buying single lets through Property Hub Invest in 2020. “To fulfil our aim of being hands off we have started buying new-build properties. This reduces maintenance issues and they come with a 10-year build guarantee. Most of them are apartments, so there is no responsibility for a roof, garden, boilers etc, and maintenance is minimal.

He currently has 11 properties in his portfolio, plus another six off-plan due to complete in the next two years. “We find it's better to buy more expensive high-end properties. These attract a professional tenant who is more likely to be able to pay the rent and look after the property. It's incredibly

important to buy in the right location, as this strategy focuses on capital growth. The monthly returns from a single let are minimal. However, if done correctly, the capital appreciation and the return from an off-plan single let property can outstrip a HMO.”

Becoming more hands off has meant Dharmesh and his family can now go on holiday without being hassled by problems at home. “All my HMOs are student lets. This means the summers are the busiest time of the year. There are a lot of checkout processes, deposit issues, cleaning, maintenance and check in processes that need to be

completed.

“When we had two or three HMO's this wasn't an issue, but as the portfolio expanded this became increasingly time consuming. Whenever new tenants move in there are always issues with the property that the old tenants simply became accustomed to. Even though we have cleaners, gardeners and a maintenance contractor that would attend to any issues, I still got a lot of calls in the first two months of the tenancy.”

With less distractions Dharmesh can plan his time better. “Another one of the key advantages to being hands off is a

clear headspace. A lot of the major property and tenant-related problems are unscheduled. This can consume a lot of headspace when I'm working or with the family. Now I can spend quality time with them, rather than my mind being occupied elsewhere.”

The only thing he misses is the personal contact with his tenants. “When I was expanding the student HMO portfolio it was nice to get to know the students. My wife and I took a lot of pride with our properties. We would always give our tenants a welcome hamper and chocolates at Christmas. It was great to have feedback about the properties and nice to hear positive comments,” he says.

He admits he has been tempted to dip his toe back in the HMO market, especially since property prices have dropped slightly, but he's resisted acting on this temptation. “I'm aware of the time involved in refurbishing and managing a HMO and this no longer fits my goals.”





Bruce has set himself the ambitious target of owning 25-30 properties by the time he retires at 60



Arden Gate



Family fortunes

Keen to future-proof his family's finances, **Bruce Easter** made the decision to incorporate his property portfolio last year. He tells Chantelle Dietz how he did it



Belgrave Middleway



INVESTOR FACT FILE

Name: Bruce Easter

Age: 52

Lives: Maidstone, Kent

Invests in: Kent, Essex, Birmingham, Derby

Occupation: railway engineer

Years investing: nine

Strategy: BTLs

Portfolio size: 11

Goal: to reach a target of 25-30 properties by the time he is 60

It was a unique set of circumstances that led Bruce Easter, 52, to purchase his first investment property.

Having spent several years working as a railway engineer, he set up his own consultancy in 1998. As his business grew, he found he had some extra cash to play with. "I did all the usual things – I bought myself a nice watch and a car – but I didn't really know what to do with the rest," he says.

In 2014 one of his friends was going through a divorce and was struggling to sell her home in Maidstone, Kent, where Bruce is based. She offered it to Bruce and his wife at a discount. Even though they knew very little about property investment at the time, they decided to go for it.

"Although I didn't really understand much about the property market, I knew property was a good thing to invest in as my dad had always owned houses and I have friends that invest in property too. We bought it in cash, refurbished it and let it out. It was all pretty straightforward, and it got me interested in property, so the next time I got a lump of money together I bought another, then another.

"The first three houses I purchased we stripped out and totally refurbished with the help of a builder – new windows, kitchen, bathroom, central heating, the lot. The idea was, by kitting them out we'd cushion ourselves from future maintenance costs. It's worked well so far. Our first place has only just had a new kitchen and bathroom fitted and we've had it nine years now."

With his own business taking up all his time, Bruce had to outsource the management of his growing property portfolio. "I was extremely busy because the railways are 24/7, 365 days a year. I look back now and think: 'how the hell did I run the company like that on my own?'"

"All my properties are run through letting agencies. I wanted to outsource because time is precious, and I don't want to waste it changing a toilet valve or something like that," he laughs.

Learning on the job

After his third purchase Bruce started listening to The Property Podcast. "I spend a lot of time on the road driving to different places, so it was a good way to learn more and let it sink in. It was only when I started listening to Rob and Rob and chatting to my mate who invests in property that I realised I could be leveraging my properties rather than buying in cash, and that I didn't just have to stick to investing in my local area."

As a result, he widened his search area and bought properties Derby and Birmingham via Property Hub Invest, taking out mortgages at around 70-72% LTV.

"There is definitely a north-south divide. It is very expensive to buy houses down in the south where I live, but they're not any better than what you get in the north. It's just there's a massive disparity in cost of living between the north and the south."

Listening to the podcast also got Bruce thinking about his long-term plans for his property portfolio. His primary reason behind starting to invest in property was to create a retirement fund for himself and his wife. But, after a few years of doing it, there was another goal Bruce wanted to incorporate.

"I have three children, two boys and a girl, so I wanted to build an inheritance pot for them." With this in mind, he decided to shift from buying properties in his own name to buying through a limited company. "That way it would be easier to switch over into a trust for my children and for them to take over and run it as a company in the future," he explains.

Since his consultancy business included his own and his two sons' initials, it was only right his



Nightingale Quarter



new property company acknowledged his wife and daughter by incorporating theirs. "It was a nice way of keeping everyone happy," he says.

His accountant helped him set up the company, a process Bruce describes "uncomplicated".

Taking a 'financial hit'

Last year Bruce made the decision to "take the financial hit" and transfer the first three properties he bought as a private investor into his limited company. "I wanted to make sure all my properties were protected in the form of retirement and inheritance."

He estimates each one cost around £6,000-£7,000 to transfer. "I had to pay for independent legal advice through the brokers which was £180 each, then the solicitors costs came in just under £1,000 each, then the 3% stamp duty charge. So that's about £21,000 in total.

"Having to pay the ancillary costs was annoying – had I done it right in the first place, I wouldn't have had to pay them – but it is what it is. The way I look at it, it's just a business cost, so I had to pay it and move on. I just had to suck it up."

By getting mortgages, Bruce was able to release the capital he'd built up in the three

properties to buy more. The process took around two and a half months to complete, with orchestrating valuations and filling out paperwork being the most time-consuming jobs.

"It's cost me in the short term, but I'm happy that everything is set up so, if something was to

happen to me, everything will go to my wife and then it would be split between our three children so they can continue to run the business and take a wage from it."

The next chapter

Bruce has set himself the ambitious target of owning 25-30 properties by the time he retires at 60. That gives him eight years to double the size of his portfolio. "Currently I have six north of the M25, two in Essex and six in Kent. I am actively pushing all the time with a long-term plan to achieve my retirement monthly income figure," he says.

Once he retires, he plans to sell one off every year and start to take money out as a wage. "We want to have a house down by the south coast and a smaller one up in Maidstone where the kids are."

He'd also like to go on more trips abroad and return to Walt Disney World in Orlando, which they visited as a family in 2022. "I want to see a lot of the world. I've

Bruce has properties in Kent, Essex, Derby and Birmingham



been working six or seven days a week most of my life and it's been brilliant, I've enjoyed it, but now I want to go and see places and do different things. Instead of having one holiday a year it would be nice to have two or three."

Reflecting on his property journey so far, he says he has no regrets about the decisions he made in the beginning. "As The Robs say, if you keep deliberating over something you'll never do it. As an engineer, I'm quite black and white and comfortable with making decisions. I've never questioned my reasoning.

"I don't look back and think: 'I wish I'd done it that way'. I did what I thought was best at the time and I can't turn back the clock. I'm in a good position now, and I'm feeling confident about the future."

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

To outsource or to not outsource?

Which property tasks should you farm out, and which should you do yourself? Neil Cumins explores the pros and cons of outsourcing, with practical advice on how to delegate key responsibilities



Regardless of your income or budget, you can't buy time. Many of us lie in bed at night thinking about the jobs we didn't complete today, or key appointments in tomorrow's diary. These pressures increase with every extra rental property in your portfolio, since the carousel of admin, repairs and financial obligations never stops spinning.

For time-poor landlords, outsourcing certain tasks is an obvious solution; you can't buy time, but you can save it. Yet in a recent Property Hub poll, the split between landlords who self-manage and those who outsource was surprisingly close – 47% and 53% respectively.

Data from the National Residential Landlords Association suggests the popularity of self-managing has increased significantly since 2020, when barely a third of landlords stated it as their preferred option. The growth of proptech has undoubtedly helped – you can now manage your portfolio and simplify your finances from anywhere in the world – but there are some jobs that need to be done in-person.

Breaking down the jobs

Let's start by considering what can realistically be delegated to third parties during a typical tenancy cycle. If you're an instinctive micro-manager, the list might be as short as window cleaning and end-of-year accounts. For everyone else, delegation could include:



"For time-poor landlords, outsourcing certain tasks is an obvious solution; you can't buy time, but you can save it"

1 Finding and buying properties

Some landlords outsource portfolio expansion to specialised buying agents. In exchange for various fees (typically including a percentage of the purchase price), these seasoned pros use local expertise and enviable market contacts to acquire suitable candidate properties. They routinely identify off-market bargains, negotiating offers on your behalf. The best buying agents remain impartial, steering you away from potential money pits, sentimental purchases or homes in challenging locations.

2 Finance and admin

Most landlords use an accountant for tax returns and end-of-year accounts, but some go further. A managing agent may produce

end-of-year tax statements and/or regular income and expenditure reports, making it easier to complete tax returns and meet reporting requirements. You can use a specialist mortgage broker to find you the best BTL deals and help you with your applications and you can 'hire' a virtual PA to handle paperwork and admin, at a cost of around £25 to £35 per hour.

3 Marketing and management

Outsourcing property marketing is logical if you don't have time to check tenant references or stand in an unfurnished flat wondering if your 6.30 viewing will turn up. Letting agencies can adopt full property management duties – organising repairs and inspections, scheduling end-of-tenancy cleans, etc. They'll have trusted tradespeople offering discounted rates (helping to offset fees of up to 20% of rental income), and they'll be the ones receiving late-night phone calls about blocked toilets.

Take your pick

You can outsource as many of the tasks listed above as you wish, but it's worth considering your strengths and weaknesses first. If you're a qualified accountant with one inherited rental property, you're unlikely to need help with budgeting, but you might not be good at painting and decorating. A plumber will need little help fitting replacement taps, but might struggle meeting their HMRC responsibilities.

Your personality plays a part, too – if small talk makes your mouth dry up and you don't have a salesman's patter, property viewings probably won't play to your strengths. If you love carpentry, why pay other people to replace architraves or build wardrobes during end-of-tenancy home improvements?

We mentioned full property

management earlier, covering everything from informing tenants about rental increases and chasing up late payments to ensuring gas appliances are certified. There's also a cheaper let-only service typically costing one month's rent, where the agent sources and checks tenants, confirming the property's condition and inventory before handing over the keys.

Responsibility for organising payments, conducting inspections and arranging maintenance falls to you. The choice between these two options (or doing everything yourself) will be influenced by factors ranging from how far away you live and how many properties your portfolio contains through to your career and family commitments.

Outsourcing pros

- **A quieter life.** Personal circumstances aren't always conducive to landlord duties. Burst pipes or broken boilers in rental properties can be a huge burden for investors already juggling family commitments, a career and a home of their own. A full management contract means you won't serve as a bridge between tenants and tradespeople.
- **Expert knowledge is invaluable.** A property manager can advise on the optimal times to raise rent to current market levels, and then communicate this effectively to tenants.
- **Easier for offsite landlords.** If you live overseas, time zones and the domestic bias in search engines means finding an emergency plumber might be a logistical nightmare. Ditto properties in far-flung regions – it's better to have local experts nearby, ready to handle day-to-day duties more efficiently.
- **Ensure regulatory compliance.** The web of legal responsibilities surrounding landlords seems to grow like knotweed, and keeping up with new rules can become a significant undertaking by itself. Third parties are paid to know everything, do their research and ensure every box is ticked correctly.

Outsourcing cons

- **You're not in control.** Outsourcing means you have to surrender control over



"Personal circumstances aren't always conducive to landlord duties"

to someone else which can be difficult if you enjoy running the show, and costly if they make a bad decision on your behalf.

- **It's a significant expense.** As a landlord, the endless expenditures incurred can feel like death by a thousand cuts. Any opportunity to reduce these outgoings may be worth taking, especially at a time of soaring mortgage rates and rising living costs. Every expert you employ diminishes your net profit.
- **Some professionals aren't.** From jack-of-all-tradespeople to solicitors who lose paperwork after it's been hand-delivered, there are lots of companies who regard 'that'll do' as being good enough. Ask local landlords for recommendations, read online reviews and meet people before appointing them.
- **Where's the fun in that?** Many investors enjoy riding to the rescue when problems arise, flexing their DIY muscles or supporting respected tenants. Paying others to do what you'd gladly do is a

false economy, especially if you don't mind the time it takes. Plus, you'll learn more doing things yourself.

- **Economies of scale.** It's often advisable for landlords with small portfolios to self-manage as much as possible, staying in control while saving money. Outsourcing can be done incrementally at any point if your circumstances change, but it's harder to take over something you've already delegated.

Property rich, time poor

While the pros and cons above all bear consideration, the decision about outsourcing property management and maintenance may boil down to a simple financial equation. If you can earn £50 per hour freelancing in your chosen industry, you're ultimately better off doing it yourself. Reverse those figures, and you'll clear a modest profit while someone else handles vetting and reference checks on your behalf.

Calculating the time required to complete certain tasks takes time in itself, but it usually delivers greater clarity on whether or not your evenings and weekends should be spent on portfolio-related activities. As we said at the start of this feature, there are only so many hours in a day – and you can only spend them once.

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Left: inside the 19th century cottage in Kendal

Below: Paul and his family



At Your Service

Paul Tidswell left his corporate career last year to set up his own serviced accommodation business. He tells Mark Rocks how he traded the boardroom for managing a 19th century cottage on the edge of the Lake District



Most people that say goodbye to the 9-5 world for an easier life, but Paul Tidswell, 47, was under no illusion life was about to get any easier when he bought a 19th century cottage in the Cumbrian town of Kendal last year.

For years Paul worked in retail and operations at an executive level, managing everything from hotels and motorway services to a chain of premium supermarkets. His final role in the corporate world was as managing director for one of the UK's largest farm shop businesses, where he ran multi-million-pound development and commercial projects.

But when the business was sold in August 2022, Paul saw it as an

opportunity for change. He and his wife Michelle had always had a passion for property. "We've done a few renovations in homes we'd lived in, and we've had a buy-to-let in Blackpool for 15 years. We knew this was the time for us to make the most of our interest in property."

Year-long tenant pool

The pair had noticed their hometown of Kendal, where they live with their three children, didn't just attract tourists in the summer months. "It was when we saw how many visitors the area was welcoming the entire year-round that we started thinking seriously about getting involved in serviced

accommodation as a strategy."

Having stayed in lots of Airbnbs over the years, Paul and Michelle appreciated the flexibility and value they offered. That, combined with Paul's experience in operations management, was a driving factor in leading them down the serviced accommodation route.

"I knew I could do the work required to make it a success, no matter how hands-on I needed to be, mainly because I'd been practicing it for years in my older jobs," says Paul.

But before making any decisions, they needed to test out their theory that there would be year-round demand. "I wanted to learn exactly what worked well in the area and to see whether we'd even be able to get the occupancy rates we



INVESTOR FACT FILE

Name: Paul Tidswell

Age: 47

Lives: Kendal

Invests in: Kendal

Occupation: Airbnb Superhost and owner of Host Makers

Years investing: 15

Strategy: serviced accommodation

Portfolio size: one

Goal: to spend more time with his family and grow their serviced accommodation portfolio

desired, especially in the winter months.

“Once we carried out that research, we then started to focus on whether we’d be able to get a good cash flow out of this particular strategy. We were keen to understand the longevity and the possibilities that it could bring us as investors.

“We also noticed that while there’s definitely been an expansion of serviced apartments in the area, there’s still room for more. We live right on the edge of the Lake District National Park, and so many people are being pushed (and priced) out of this area, so there’s a chance to make good returns and see high occupancy in the properties that are there.”

After carrying out their due diligence and being impressed with what they found, Paul and Michelle decided to go for it, selling their buy-to-let (BTL) in Blackpool to fund their first serviced accommodation project.

They came across the one-bedroom cottage on Rightmove. “It’s very local to us and was in the target area we’re looking to buy. We had been keeping an eye on the streets but there was no marketing board displayed, so we didn’t know it was up for sale until we spotted it online,” says Paul.

Although it was over 200 years old the property had been fully modernised, with a new central heating system and smart devices. “We liked its location close to the Lake District National Park, the transport links are excellent, it’s a one-bed so appeals to all-year-round visitors who aren’t tied to school holidays, and it didn’t need any refurbishment work so cash flow would start very quickly.”

It was on the market for £170,000. Facing competition from other buyers Paul and Michelle offered £173,000. They were outbid, but the sale fell through a month later and the seller came back to them.

“We agreed to purchase it so long as it was at the price we’d originally offered. We paid cash for it at the time, but we’re looking to get a mortgage on it this year to help fund the next few purchases.”



Paul and Michelle bought the cottage for £173,000



Transferrable skills

Paul and Michelle decided to let the cottage via Airbnb and welcomed their first guests at the end of October last year. They’ve quickly gained ‘Superhost’ status – a badge of honour for hosts that provide exceptional service and hospitality for their guests.

While setting up the cottage for guests, Paul found it a struggle to source all the supplies they needed. Rather than seeing it an obstacle, he saw it as an opportunity to fill a gap in the market.

“There is so much to remember and there’s no one retailer that stocks all of the supplies we need. I felt that if I could pull together all the items such as bedding, towels, cleaning products, toiletries and drinks in one place then I could provide a one-stop-shop for owners and managers of serviced accommodation saving them time and stress.”

Using his knowledge and experience from having worked with retailers for 30 years, he set about selecting suppliers and building an online marketplace, resulting in the launch of Host Makers earlier this year. The long-term plan is to grow the business by adding more products and furniture.

“I’m getting lots of great feedback from property investors who love the service we offer and its helping shape the kind of products we sell and how we sell them,” he says.

Luckily for Paul, the transition from corporate world to the less-familiar setting of serviced

accommodation proved to have less friction than he anticipated. “At first I was a little lost as those structures that I’d grown up around simply weren’t there for me to fall back on. But over time I have grown to really appreciate the flexibility, especially in terms of the time it’s given me with my family. It took a few months to adjust, but it gave me the headspace to figure out what was really right for me.”

And that’s how Paul came to realise his motivations with this property endeavour had shifted. “While I used to be motivated primarily by money, I would say now I’m very much motivated by having that extra time with my family. We’re even planning on travelling across Europe for five weeks this summer, which is something that would have been impossible in my previous roles.”

Hands-on, hands-off

While their current model requires Paul to be quite hands-on, this is something he’s hoping to scale back on as he

progresses. “We’re both aware that being completely hands-off is something that doesn’t come quickly, particularly in the serviced accommodation route. I’m loving every minute of what I do right now, but being hands-off is the ultimate goal.”

In the meantime, Paul is on the lookout for more properties in the Lake District area – they are hoping to buy two more before the end of the year. “I understand that all our eggs are in one basket at the moment, and that’s why we’ll be looking to diversify in the future. But in the short term, we’re going to continue with our current strategy and see if we can level ourselves up at each step.”

Their first purchase has proven to be even more successful than they’d hoped: “We’ve had over 80% occupancy since the start of the year, which is beyond our estimations. We’re both really happy with how it’s performed for us, especially as our first in this strategy.”



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

How to... avoid a legal fallout

Legal issues can crop up for even the most diligent of property investors, whether it be tenants refusing entry or contract disputes. **Natalie Thomas** asks the experts how investors can best protect against any potential legal fallouts



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Property investing can be a rewarding and lucrative experience when all is going well. Yet when problems arise – particularly legal ones – things risk becoming stressful and costly. But there are precautionary measures you can take to keep any potential legal disputes at bay. We asked the experts what the most common legal conundrums are and how best to deal with them.

Developer and vendor disputes

Even before tenants have moved in, or in some cases, prior to a property being built, disagreements can arise. Richard Glover, partner, property litigation, and landlord and tenant specialist at JMW Solicitors, stresses the importance of being confident in your investment prior to exchanging contracts.

“Everything before exchange of contracts isn’t legally enforceable, the contract only becomes enforceable upon exchange,” he explains. “Once you have exchanged contracts, there are only very limited circumstances in which you can extract yourself from the agreement,” he adds.

He warns that you would need to satisfy very specific circumstances in order to revoke that contract, such as a misrepresentation. “A misrepresentation is generally a statement that has induced the other party into the contract which later turns out to be false,” he says.

Such statements most often appear on pre-contract enquiries and on the property sale information forms. “It is very important to consider your responses on these forms and if you suspect that anything is incorrect, raise this with your lawyer as soon as possible,” he advises.

For those investors looking to buy a property off plan, delayed completions can be a bone of contention. “Every contract will state a timeframe in which the development will be built,” says Jawaad Alam, care team leader and deal progressor at Property Hub. “If it’s not completed by that time, an investor may wish to terminate the contract,” he remarks.

Incidents can arise if a developer is unable to return the deposit in the agreed number of days; either due to cash flow problems or because it is tied up with funders. Jawaad says developers tend to want to avoid legal action so a letter threatening legal action can be enough to prompt them into returning the deposit within a couple of weeks.

Deposit disagreements

A common area of discord concerning deposits is around cleaning – or rather lack of it, says Tessa Shepperson, solicitor and managing director of Landlord Law Services.

“Landlords can normally claim for the cost of professional cleaning if their check-in inventory shows the property was clean and the check-out report shows it is dirty. However, it’s not something that can be claimed automatically, so if tenants do a good job of cleaning or if you are unable to show that the property was clean when they moved in, your claim may fail if challenged at adjudication,” she explains.

When it comes to collecting and storing the initial deposit, David Smith, partner and head of property litigation (London) at JMW Solicitors, warns there is no room for error. “There are strict rules around the size of the tenancy deposit a landlord can take and what they can do with it. In most tenancies,

the size of a tenancy deposit is limited to the equivalent of five weeks rent. This does not need to be a precise calculation and it is acceptable to simply multiply the monthly rent by twelve and divide by 52. If the annual rent is over £50,000 then a landlord can have a slightly higher deposit of six weeks rent," he explains.

Tenancy deposits must be protected with one of the three government approved deposit protection schemes (Deposit Protection Service, MyDeposits or Tenancy Deposit Scheme) and must be done within 30 days of that deposit being received. Tenants also need to be sent written information about the scheme within this 30-day window.

David says landlords can make mistakes by either registering and/or providing the information too late, or by not providing the additional information. "Not getting the process right will mean that the tenant is entitled to demand their deposit back and is also entitled to a further penalty of between one and three times the amount of the deposit, so mistakes in this area can be expensive," he cautions.

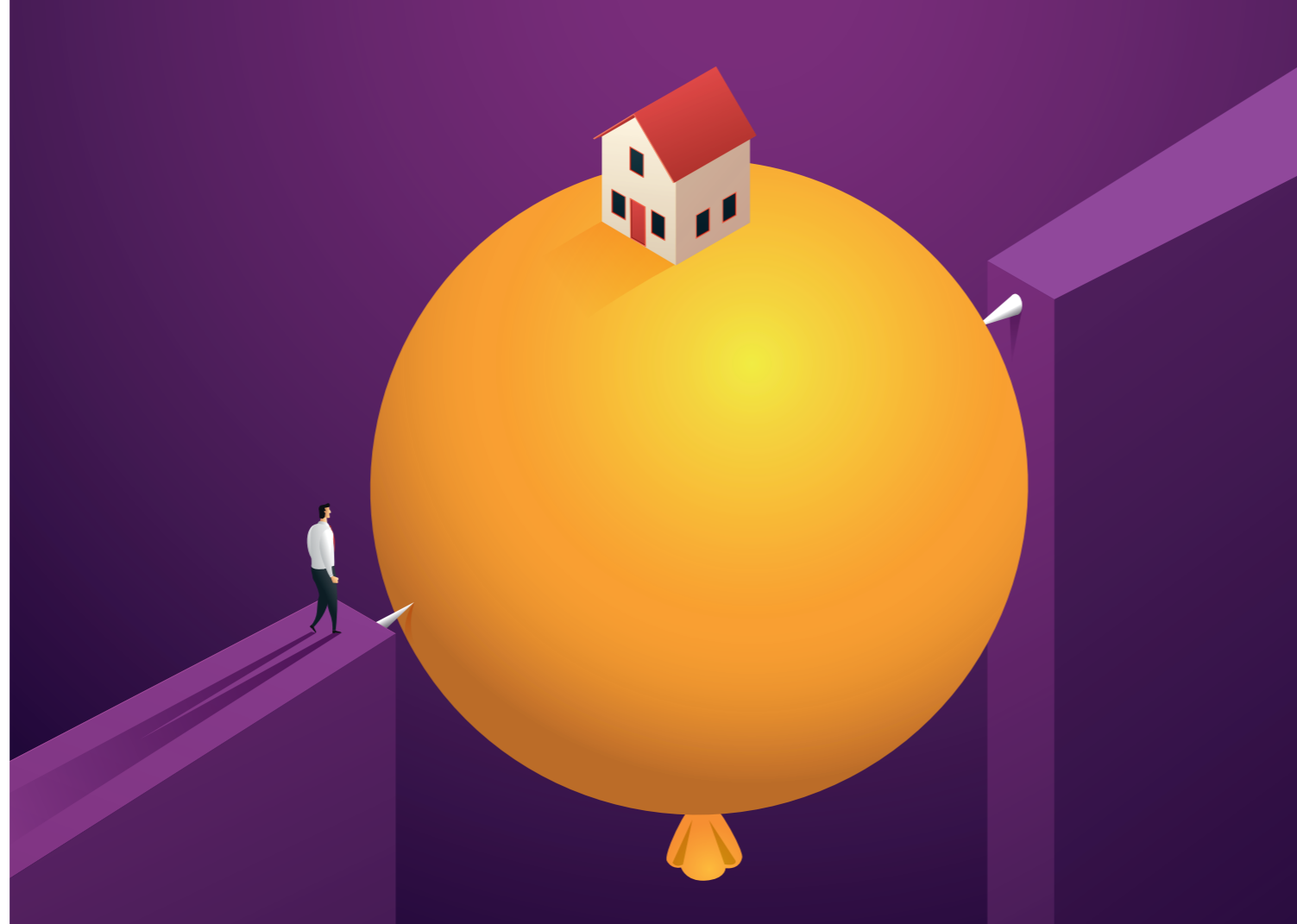
Service charge issues

If you buy a flat within a shared building, then you'll most likely be liable for a service charge to cover the cost of the upkeep of the property. Jawaad says it's important to not be dismissive when it comes to the possibility of this charge increasing.

"When an investor purchases a property, they are legally bound to pay the service charge," he says.

"We had a development in Manchester where the service charge increased quite a lot shortly after contracts had been signed. A number of investors complained but the developer evidenced that it was due to an increase in their building insurance," he says.

While investors are liable for the charge, Jawaad says there is also an onus on the developer to evidence the reason behind the increase and to not



profit from it.

Jessica Stanway, specialist property litigation solicitor at JMW, says you shouldn't be afraid to ask for details about the service charges upfront. "When purchasing your property, you should ask what the likely annual charge is and whether there are any major works projects planned in the next five years," she suggests.

If you fail to pay the service charges, you could face expensive legal action and potentially lose possession of the property, Jessica warns.

Damage to your property

Deliberate or substantial damage to your property can be distressing. Chris Norris, director of policy at the National Residential Landlords Association (NRLA), says if damage arises during the tenancy, it needs to be ascertained who is liable.

"Disrepair that comes about through normal wear and tear will always be the landlord's responsibility and it is best to simply repair or replace these as soon as you become aware to avoid further

deterioration," he says.

"If damage appears to be more malicious, then a decision must be made about whether it is indicative of a pattern of poor behaviour or a one-off issue. If it is the former, you may wish to seek to end the tenancy before more damage can be done. If the latter, a conversation will be required with the tenants about putting right any damage. These should always be assessed on a case-by-case basis," he says.

If damage is identified at the end of a tenancy, he advises coming to an agreement directly with the tenant, or – if this isn't possible – through an agreed or adjudicated deposit deduction. If the cost of repairing the damage is more than the sum of the deposit, then you can make a claim in court for the remaining sum if the tenant is unwilling to settle.

"Such claims can be complex and time-consuming, so it is worth considering carefully if such a claim is really worthwhile," says Chris. "The Money Claim Online service is usually the best way of starting such a claim, but it may be better to take legal advice

and get help from a specialist solicitor," he adds.

Alongside a detailed inventory, Tessa suggests checking your insurance covers tenant damage. "For example, are you covered if your tenants convert the property to a cannabis farm? Damage for this sort of thing can be very extensive, up to £80,000 or more," she cautions.

Being owed money

One of the best ways to avoid being left out of pocket by your tenants is to thoroughly check references. "Never take the first people who turn up or accept people without proper checking," advises Tessa.

"During the tenancy it is important you check to make sure rent is being paid. If it's not, you will need to contact tenants immediately and try to sort things out," she advises.

If tenants fail to pay their rent, a landlord can seek possession of their property, says David. "A landlord can obtain a County Court Judgement for the money owed which they can then

enforce. If the tenant has already left the property, then the landlord can seek to recover the money owed from the tenant's deposit or make a claim for the money owed in the county court," he says.

"The Money Claim Online service is also effective for this. However, it should be remembered that enforcement of money judgements is quite difficult, and tenants will often have little or no money or assets that can be used to pay what is owed. In practice most landlords swallow these losses as not being practically recoverable unless they are very large," he adds.

Chris says it's best to talk to the tenant directly in the first instance. "They may have experienced a one-off financial shock and expect matters to return quickly to normal, in which case most landlords will be happy to accommodate a delayed payment or similar," he says.

"If the debt has arisen because of a longer-term change in circumstances, it may be helpful to signpost tenants to relevant benefits or support agencies – a landlord will have to make a decision about how best to sustain an otherwise positive tenancy," he advises. However, if the tenancy is unsustainable in the long-term, then you may have no other option but to serve notice.

Being denied access

When it comes to accessing your property, matters need to be handled carefully. "Tenants have the right to refuse access to their home, so a landlord should not unreasonably seek or require access," says Chris.

"There are, however, perfectly legitimate reasons a landlord or their representative might need access. The most obvious, and important example is an annual gas safety check. Landlords are in breach of the law if they do not obtain and provide a condition report annually. In most instances, permission should be sought from your tenant, having provided at least 24 hours' notice. However, if this is refused you may not

enter," he explains.

"If your tenant continues to refuse to allow access you should write to them explaining why you require access, whilst keeping copies of the letter and any replies. It is good practice to make and document three genuine attempts to obtain permission to access the property, as this will serve as evidence should you be accused of failing to obtain a gas safety check report," he adds.

If all these efforts fail, Chris says the next best course of action is to obtain a court injunction to provide access. Or, alternatively, to bring the tenancy to an end.

Tessa cautions against entering the property against the tenants wishes. "This will be harassment and tenants can sue for compensation," she warns. She says landlords can find a kit with guidance including barrister-drafted forms to help apply for an injunction without having to pay for a solicitor on the landlordlaw.co.uk website.

The bottom line

Legal action is rarely a desired route for anyone, but if you do find yourself in a situation where you need professional advice then we'd always recommend taking your time to pick the right legal partner.

You want to look for a solicitor that deals regularly with clients who have property portfolios and are used to dealing with all the issues listed above. As with any service-led industry, reputation plays a big role. So rather than choosing the cheapest, ask any friends who've been through the process who they'd recommend. Our online community on the Forum regularly share recommendations on solicitors all over the UK, so that's a good place to start.

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Renting isn't throwing away money

It's critical that you accumulate assets, but you don't have to live in them, writes **Rob Dix**



I take an inappropriate degree of pride in doing things that most people consider strange. I eat the same meals every day. I study trivia flashcards in case I'm ever unexpectedly invited onto a gameshow (test me on world capitals whenever you want). But there's one quirk that seems totally logical to me, yet incomprehensible to anyone else: I invest in property, but I choose to rent the home I live in.

Freedom to move

For me, the reason to rent is flexibility. Frankly, I have commitment issues: when I hear someone talk about their "forever home" it genuinely makes me feel uncomfortable. I don't know if I'll want to live in the same area for the next five years, let alone the same house – and for any lesser time than that the tax, transaction costs and sheer time it takes makes ownership unviable.

If I want to move, it'll be done two months later at minimal cost (especially now agents can't charge fees to tenants). We've done this repeatedly

to scale up as our family has grown, change location to be near a certain school, and once or twice just for fun.

An extra benefit, there are no weekend projects to fix or upgrade anything. If something needs repairing, it'll (eventually) be done for me at someone else's cost. And if we want to live somewhere with more space or a nicer kitchen... well, we'll just move.

Opportunity costs

Does this unwillingness to put down roots or take responsibility result in enormous financial harm? Well, I need to admit to some caveats later, but the basic answer is no.

Talk of "throwing money away" on rent misses an important point: you'll always have housing costs.

When you own with a mortgage, your monthly payment has two elements: paying down the loan, and paying interest. Paying interest is just "renting money", and there's nothing magical about paying down the loan: it's exactly the same as transferring money into a savings account each

month. There's also an opportunity cost: the money you're putting into paying off your home is money you're not able to invest in assets that pay you an income.

Even once the mortgage is paid off, this opportunity cost still exists: if you live in a £1m house that's 100% yours, then the opportunity cost of your housing is the income you'd be able to generate from having that same £1m invested in other assets that pay you a return. Of course, your house might go up in value... but so might the same £1m invested in other assets, with far more diversification.

This is before you even get into all the chunky maintenance costs (like a new boiler, new roof, redecorating etc) that are someone else's responsibility when you're renting.

Tax drawbacks

Broadly, this is my approach: instead of building up wealth in my home, I build up my wealth in other assets I believe will increase in value and pay me an income. I won't get to my

and I want to sell it, I'll have tax to pay before I can re-invest. For your own home? Not the case.

There's also the fact that as a renter I effectively get taxed twice. First, I get taxed on the income I earn. With that post-tax income, I invest in assets like rental properties. Then the income from those assets gets taxed before I can use the money to cover the cost of my rent. If you own a home, you only suffer the first of those taxes.

Put these together, and my decision to rent probably will cost me significantly more over my lifetime: but it's because of the tax system, not because renting is "throwing money away".

Experience of renting

There's one further drawback to renting: the lack of security.

I could complain about the general pain of dealing with letting agents and the pressure of finding somewhere to rent in a hot market, but this is more than eclipsed by the extreme awfulness of buying and selling property.

It's security that's the problem: every year, I get served a notice telling me I have to leave in two months unless we can come to a new arrangement. If the owner wants to sell or move back in, that's it. If they want to keep renting the property, the rent almost inevitably goes up.

You could say this is just the flipside of flexibility, and mostly I think that's true. But my issue is that two months just isn't a reasonable amount of time to find alternative accommodation and complete a move – especially if you have a family. Obviously I'd expect treatment like this if I hadn't been paying the rent, but it grates when it's in no way my fault.

This is why I – perhaps uniquely among landlords – am broadly in

favour of the government's plans to create tenancies with no fixed end date, and require longer notice periods if owners want to sell or move in. Sure, as a landlord myself I'd prefer to be able to sell quickly whenever I want – but I recognise that as well as an investment, it's someone's home.

The new plans are far from perfect, and the obvious problem is that the courts system is totally inadequate for handling possession claims where the tenant is at fault. A recent recommendation to fix the housing courts before pushing ahead with rental reform seems like a sensible one, but is highly unlikely to happen.

The trade-off

In the end, whether to buy or rent comes down to a simple trade-off: do you want security or flexibility?

I know I'm unusual, and most people will want security. I'm not trying to change anyone's mind on that front – but I'm sharing my perspective to prevent someone who wants flexibility from being pushed into ownership by faulty received wisdom.

I also accept that by living my up-and-leave dream I'll never have the security of someone who owns, but I do think there's currently too little protection for tenants who pay up and don't do anything wrong.

Ultimately, there's no perfect solution: but from being involved on both sides of the great divide, I do think I'm a better and more understanding landlord as a result.



"Instead of building up wealth in my home, I build up wealth in other assets"

retirement years with a paid-off house, but I will have an income stream that covers my cost of renting forever.

In short, it's critical that you accumulate assets, but you don't have to live in your assets.

In truth though, I've put forward a slightly rose-tinted financial case for renting so far – because owning a home is gigantically advantaged by the tax system.

For a start, there's no capital gains tax to pay on your own home. If I buy an investment asset that increases in value



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Change for the better

It took me too long to realise I needed to change my strategy, writes **Rob Bence**

This issue's cover story got me thinking about how my own property strategy has changed over the years.

When I first started investing in my 20s, I focused on buying cheap properties. It was all I could afford at the time, and I was a bit obsessed with yields. It was absolutely the right thing for me to do in my circumstances with the budget I had in the beginning – but the mistake I made was to carry on following the same strategy for too long after my circumstances had changed.

I'd had success in the beginning and I was still making a profit, so I carried on repeating the same model. Eventually I ended up with a collection of low-priced properties that demanded a lot of time and effort. There's always work involved in property, but it had started to mount up. I was applying for multiple mortgages, dealing with tenant issues and so on.

Rather than the passive portfolio I wanted, I'd given myself a second job, but I only realised it once it was too late. It had to become a problem before I did something about it. Pain is a good teacher. I switched from focusing on quantity to prioritising quality and started buying premium properties in areas primed for strong capital growth. They require bigger deposits but are much less hassle.

still the most efficient way to get me to where I want to be? Does it suit my lifestyle? Does it suit the budget I have available to me? Am I happy with the level of risk I'm taking on?

Your answers should help you establish whether you are on the right path. For most people the answer will be yes, but others might find they need to adapt. Since we're now mid-way through the year, it's a good time to reflect on what progress you've made in the first half of the year and check you're on target to meet your goals.



Don't stick out of stubbornness

Over time your goals will change – the chances of you having exactly the same goal in 10 years' time is highly unlikely. But that's OK, you don't need to stick to a goal out of stubbornness. My goals have adapted and changed plenty of times since I started investing and do pretty much every year. Writing your goals down can be powerful: for motivating you to take action, but also helping you to reflect.

You have to be careful, though, to not just make a change because you like the idea of doing something different. I've seen lots of people make this mistake. They get excited because someone else has had success and they want to follow in their footsteps, but they've not considered whether it fits with their own goals and circumstances. There are always more exciting things to try out there, but that doesn't mean they are a good idea.

Holistic approach

What I should have done, and what you should do, is think more holistically about your goals when it comes to reviewing your portfolio rather than just focusing on the finances. Ask yourself: is my strategy

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What I've learned

Northern Ireland investor **Barry Hughes** shares his favourite bits of property wisdom

Don't listen to the bluffers

Use whatever free resources you can find to educate yourself rather than getting caught up by what the bluffers on social platforms have to say – most of the time they are trying to sell you property courses or some sort of mentorship.

In my view you're much better off putting the money straight into your first buy-to-let (BTL), and if there are any hard lessons to be learnt it will make you stronger and give you more experience for future investments.

Leverage, but at your comfort level

Using leverage is a great way to multiply your returns, but how much you leverage is down to you. I'm very conservative with regards to my numbers. The loan-to-value (LTV) across my portfolio is 47%. Some would say I'm under-leveraged, but it works for me and helps me sleep at night. Some of my properties are paid off, some are on interest-only



mortgages, and some are on repayment. Even though the bank stress tests at 5%, I always stress test to 10% to make sure I'd break even should interest rates rocket. I grew up in the 90s, so I remember when rates were at 14%.

Spread your risk

When I first started investing in property, I wanted to build a BTL portfolio that would generate enough income to cover all our monthly outgoings and bills. Once I'd achieved that, I started to look at other strategies that required more effort but yielded better cashflow.

I bought my first serviced accommodation unit three months before Covid struck



INVESTOR FACT FILE

Name: Barry Hughes

Age: 45

Occupation: Offshore oil and gas worker

Years Investing: eight

Invests in: Northern Ireland

Strategy: BTLs, HMOs, serviced accommodation

Goal: To semi retire this year and continue to expand portfolio to secure his family's financial future

you can't do nowadays via WhatsApp. Our properties are all within a 20 to 45-minute drive from our home, but everything is done remotely. We've built a good power team so that maintenance issues can be dealt with quickly and this keeps our tenants happy. I think it's insane to be paying 10-12% commission to an agent especially for managing maybe only one or two properties when margins are tight enough.

in November 2019. I had no real income from it for around a year and a half, but luckily, I had my BTLs to fall back on. Thankfully it is doing well now, and I've since bought another. By spreading the risk as much as you can, you protect yourself against the unexpected. So, if one sector isn't doing well for some reason, then you have the others to fall back on.

Don't be put off self-managing

I work away a lot, but my wife and I still manage our portfolio ourselves – apart from our serviced accommodation properties which are handled by a specialist management company. There's nothing

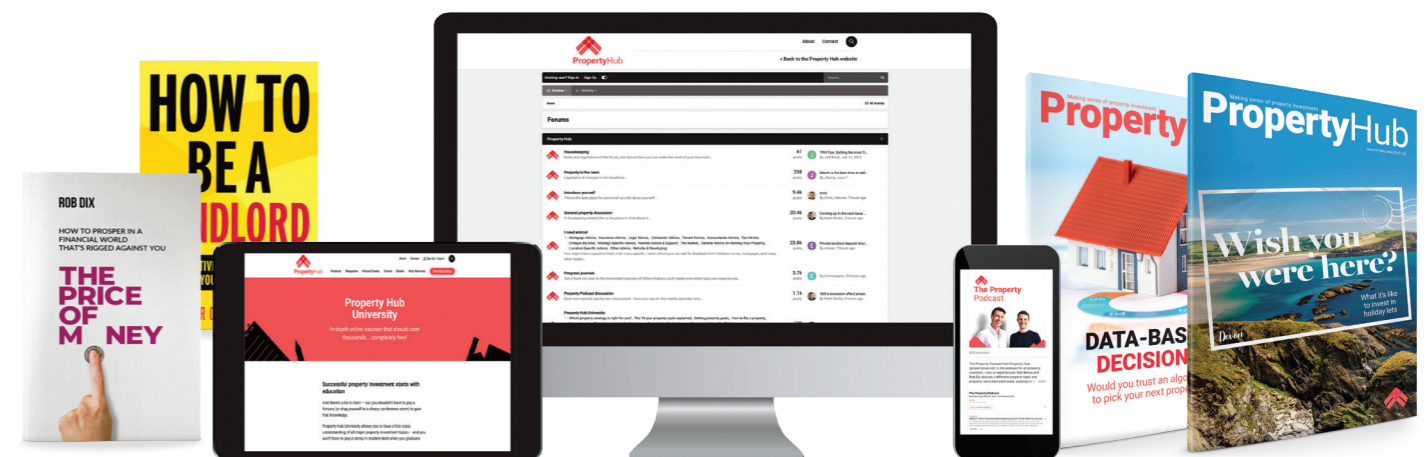
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