**PEP 127 Edited\_Transcription**

[Daniel Hill] (0:05 - 1:44)

Welcome to the official Property Entrepreneur podcast. It is the first of the month, ladies and gents, which means it's time to lift the bonnet on some of the UK's most creative, lucrative and award-winning deals on our Deals, Deals, Deals podcast with my good friend, Mr. Mark Barrett. Mark is an award-winning entrepreneur.

He has a wealth of experience in property investing. He's done 25 years as a landlord, 10 years as a broker, and he's been sourcing property deals for other people for over a decade. Mark joined us on the Property Entrepreneur board in 2016 and has been a board member ever since, which is our highest level program where I work directly with our Property Entrepreneur board members.

He's done over 50 option deals, as well as delayed completions, planning gains, commercial developments, and over 40 HMO conversions. As well as property, Mark was also the founder of the HMO agency. He now runs the Property Brokerage, which broker property deals for landlords and investors, so he knows this stuff inside out.

During these podcasts, what he's going to do is share everything he can with his experience, his expertise, his wisdom and insight to give you all the information and inspiration you need to apply this in your own business. Each month, on the first of the month, Mark's going to be interviewing some of the UK's market-leading and award-winning investors and developers to show various deals, structures, and strategies to enable you to apply this in practice. It's the first of the month.

It's time for deals, deals, deals. So over to you, Mark.

[Mark Barrett] (1:47 - 2:11)

So really excited to invite my next guest, Martin Woolford. How you doing, Martin? Great.

Thanks, Mark. How are you? Yeah, yeah.

Very good. So it's been great to get to know you. Been on a couple of retreats, which has been fun.

So how are you finding the property entrepreneur experience?

[Martyn Woolford] (2:12 - 2:41)

Yeah, it's brilliant. It's the second time around the track for me this year, and obviously there's the added bonus of being on the incubator as well with Dan. So I've got a business going through with him, which is outside property investing, but it means that I get the perks of coming on the board retreats with yourself and getting to surround myself with some even higher calibre of entrepreneurs.

So it's great, and I'm loving the whole property entrepreneur process anyway. I'm just excited for what this year is going to bring.

[Mark Barrett] (2:42 - 2:50)

Brilliant. So for anybody that doesn't know you, do you want to just tell you a bit about your background and what are you doing in property?

[Martyn Woolford] (2:50 - 3:45)

Yeah, so I'm an ex-professional footballer, played football for 13 years, a number of different levels, championship being the highest where I spent a number of years. Originally, when I got into property, it was just an additional pension pot, to be honest. The majority of my savings I'd given to a financial advisor, and I'd got a little bit of money left over.

So just jumped in with a friend from down the pub, to be honest, is how it came about. I had a little bit of spare cash, so it was kind of like, do you want to take on a project? No investor knowledge or anything back then.

It was just, like I say, an additional pension pot, just somewhere different to put the money. So three years, I've probably been in property for about 10 years now, but the first three years, completely passive, not paying any attention to what was going off on site or anything really. I was just a fun bit.

[Mark Barrett] (3:46 - 3:52)

Just going back on that then. So when did you start the investing? Was that after you finished playing football?

[Martyn Woolford] (3:52 - 4:11)

No, no, I was still playing full-time football. So that's what I mean. I'd got my mind on other things, on the game of sport, and yeah, it was just, yeah, completely passive back then.

I weren't paying any attention to anything going off. So what ages were you playing football?

[Mark Barrett] (4:11 - 4:13)

When was that kind of period?

[Martyn Woolford] (4:14 - 4:53)

So I did it a bit of a weird way compared to, normally kids get picked up at a very, very young age, even younger sometimes. I didn't. I was just playing non-league football, actually working as a land surveyor at the time when I left school.

Studying at uni as well to be a civil engineer. So there was a property aspect there. Yeah, but it's come in absolutely no use whatsoever.

I've never used it. But yeah, I mean, my first professional club was then York City. They were just in the conference at the time, but that was my first professional contract.

And I was 19 years old when I signed up, so I came into the game.

[Mark Barrett] (4:53 - 4:54)

Yeah, it just shows.

[Martyn Woolford] (4:55 - 6:55)

Yeah, I was lucky enough to then go on to have a pretty good career. Like I say, I got moved to League One with Scunthorpe United. We then got promoted to a championship.

It wouldn't be an interview if I didn't mention that I scored the winner at Wembley to get promoted to a championship. Wow, amazing. Amazing, yeah.

So yeah, it was sort of mid through my professional career that the opportunity to get involved in property came up. And like I say, it was something of nothing initially. We were kind of helping a mate out.

He was a kitchen fitter by trade and I had a bit of spare cash, so we just jumped in. All we knew we could do is buy, sell and rent. I've still got the original property, actually, an old shop that we turned into two flats.

I didn't know what Commercial to Resi was. I didn't know what Buy Refurbished Refinance was. Where was the property?

It's in Castleford. So like I say, I'm based in an area in Wakefield in West Yorkshire. So part of the five towns, Castleford's one of the towns in the Wakefield Postcode.

So yeah, it's still there. I've still got it. And yeah, we managed to pull all his money back out of that without even knowing really what we're doing.

We'd both just grown up around here, so we knew the building was cheap. Business partner at the time had the skills to... He literally did all the work back then.

So like I say, I didn't really pay too much attention until a few years into that journey of doing them. Did a few flips, kept hold of a couple. And then from there, started picking up books, educating on money and property in itself, then joined the networking and went all the way through different training, different strategies.

And finally went on to the PIN Network, Simon Zucci's mastermind programme, 12-month programme. But I couldn't go on that until I had actually retired from football then. All right.

Okay. So when was that?

[Mark Barrett] (6:55 - 6:56)

When did you actually retire?

[Martyn Woolford] (6:57 - 7:10)

Well, 33 when I retired, 37 now. So four years ago. It was kind of around COVID that forced my hand a little bit and struggled to recover.

The legs couldn't get going again after that.

[Mark Barrett] (7:11 - 7:13)

What positions were you playing then?

[Martyn Woolford] (7:13 - 7:27)

I was a winger originally, left wing. And then as I slowed down towards the end of my career, I moved into the middle a little bit, trying into centre midfield. That's where I could start to utilise my brain when my legs had gone.

[Mark Barrett] (7:28 - 7:29)

Great. Yeah.

[Martyn Woolford] (7:29 - 9:11)

Did you enjoy it? I loved it. I loved it.

Do you know what? You and the property entrepreneurs are probably aware of my circumstances. I had a rough period towards the end of my career that tainted the whole football experience for me.

Like I mentioned, the financial advisor that I gave all my money to, he lost every penny. I got trapped poorly at one of the clubs that I was at after I turned 30. I had a bad injury after I turned 30.

My agent stopped picking the phone up to me after a certain point when I was no longer. So I had like a really rough few years inside and out of football. Within that time, I split with that original business partner.

I split from my wife. So I had like a two-year period that was just generally horrible in football and out of football. I just wanted out.

But now I've had time out of the game and a chance to reflect, I can look back. There were a lot of highs in there and I did love it overall. It was just the lows that came towards the end, which is the case that happens for a lot of people.

Because we're on this, that's part of the incubator business that I've taken to Dan. Like I was struggling financially after football, which I shouldn't have been. I had enough money out of the game to be comfortable.

So that's part of what I'm hoping to do with the incubator business is take financial education, along with the property stuff that we're doing into football to stop players going through what I went through. Because there's two in five still struggle financially after football. Two in five go bankrupt.

So I'm hoping to put a stop to that with what we're doing with the incubator stuff.

[Mark Barrett] (9:11 - 9:20)

That's exciting. So you went on the Mastermind program. When was that then?

It was Mastermind 29.

[Martyn Woolford] (9:20 - 10:25)

So it will have been 2020. I think we started that. Basically, whenever I've lost my bearings, because we basically had one month and then lockdown happened.

So we actually got 18 months out of the 12-month program because Simon were kind enough to extend it. Because we'd obviously paid for the in-person workshops and we couldn't do them. So he always said we would catch up on them.

So we ended up getting a whole 18 months. So a lot of positive and negative going through COVID, as you can imagine. It's challenging to sort of within property itself.

But we got six months extra value out of that program. And I came away from that with having a really successful year. Mastermind for me were kind of like a last ditch attempt.

I was really struggling financially at that point. So it's kind of like a last roll of the dice because I was heading rapidly for bankruptcy. And property was the way that I could see to get out of all that.

[Mark Barrett] (10:25 - 10:32)

And did you know what you wanted to do in property going on to the Mastermind? Or was that part of that process to figure out?

[Martyn Woolford] (10:33 - 13:40)

No, I kind of knew. Well, I did know. I sat down before.

Where we were with the properties prior to me splitting with the business partner, we'd started to touch on a few commercial-to-resi projects, like small ones, like commercial-to-resi. We did a post-op into a 10-bedroom HMO, an old derelict building into an 8-bedroom HMO. So that size of thing.

So I'd identified that there were opportunities there, permitted development stuff that we could start to use. So that's the strategy that I went with. And then, to be honest, the first day at the Blueprint event for Property Entrepreneur, Dan went through the wealth hierarchy, and sort of starting with cash flow, profit, and then asset.

And his mantra was, don't skip the gears. And I immediately realized that I'd completely skipped all the gears and gone for these big asset projects. And that in itself probably caused myself more pain in the short term, because I'd gone through Mastermind and created this.

It's a pipeline of projects that came out. My numbers at the end were £4 million expected GDV. It was actually 4.2. But it were all pipeline stuff. We were working our way through the first couple of projects. Obviously, those type of projects that we're doing take 9, 12, 18 months to complete. So we weren't seeing any cash flow from that either.

So I had identified the strategy, commercial to resi. It's what I'm still doing now. But I probably shouldn't have focused there in the very beginning.

I should have probably gone for a quicker cash-flowing strategy. But we've got through that now. We're working at all those projects starting to drop online.

We're still making our way through. So we've got a lot of stuff on the go at the minute. We've just finished up to seven flats, which I'll run through shortly.

We've got a derelict building to six flats. We've got another old commercial building that we're going to put eight flats and three commercial units. We've got projects over in Bridleton that we're going to put six flats and a couple of commercial units.

And then we've got a bank to roll onto as well that's going to be another eight flats with a commercial unit underneath. So within three years, really, we've grown to have this really, really strong pipeline of properties. And it's been a learner for me up until that point.

Like I were never the work within property, so I've had to sort of set up this business. And it's had its challenges because we've got a lot on. My year this year is about sort of tidying up everything that we've got behind the scenes, the systems and processes, because we've set the ball rolling.

And it could quite easily spiral out of control if we don't get everything sort of behind the scenes right. So that's what we're working on now. And luckily for us, the projects are going great at the minute.

So it's good.

[Mark Barrett] (13:40 - 13:55)

Excellent. So I think a lot of people tend to go on mastermind. They get a lot of traction, which is great.

Start things moving. And then it seems to be quite a lot then going to property entrepreneur to put the systems into place.

[Martyn Woolford] (13:56 - 15:05)

I'd agree with that thoroughly. The way I describe that to people is I went through mastermind. I had a really successful year, but I created this really good mess.

And then I went on property entrepreneur to learn about the business, because you don't necessarily treat property as a business, which it 100% is. I definitely didn't have the mindset that I was starting to build this really big business. I was just doing property.

You kind of tend to see it as this separate thing, property or business. When it's not, you are definitely in business. And because we sort of moved really, really quickly, because we weren't aware of that, the business element of it, I'd say sport background.

I didn't have any business background whatsoever. You tend to overlook a lot of important stuff. And now going through, having gone around the track on property entrepreneur a year now, it's helped massively with just putting things in place behind the scenes and just operating as a business rather than arms and legs and just doing the projects.

[Mark Barrett] (15:06 - 15:10)

Yeah, yeah. And we talk about the wealth dynamics. What's your profile?

[Martyn Woolford] (15:12 - 16:02)

I'm a dynamo. I'm green, green lanyard. I'm very much a star up in the top right corner.

It means I'm great with people, great with ideas, great at getting started on stuff, seeing a project, getting all excited about what I can do with it. I just want high-level numbers and then away we go. And I can sometimes leave a bit of a mess behind me.

I'm not too fussed about the detail sometimes. That's about building the team to complement your skills. Yeah, exactly that.

I've got a right-hand man in my business, Sean. He's a lord, so total opposite side of the scale. He picks up all the pieces for me.

I know that I frustrate him on a daily basis, but he's highly valued in my business because, yeah, he takes care of all that side of things for me.

[Mark Barrett] (16:03 - 16:13)

Excellent. So what's your structure there then? So you're saying about we, is it like you've got your own business, and then do you have different partners you work with on different projects?

[Martyn Woolford] (16:14 - 18:08)

Yeah, so my trading name is Walford Properties. It has got the original portfolio still underneath that, within that business. That's not moved on for a number of years.

When I started to struggle financially, obviously when I first came into property, I was the funding, so my role had to switch pretty quickly. I had to then figure out a model. The words and what I tried to put together was a model where I'm finding the deals, I'm set to oversee the developments, and then we've got a lettings as well that manages the projects when they're complete.

So the lettings itself is a joint venture business, and then underneath the Walford Property umbrella of what we look after, basically, there's three of the main joint venture partners within that that are all, again, commercial to Resi Focus. So I've got a business called Orate Property with Hugh Davis of the Property Entrepreneur Program. I've got Hunford Homes with Tom Jeffs, who's also a property entrepreneur, and then I've got MKM Property, which is a guy called Neil Abraham.

He's outside of the property entrepreneur circle but went through the Mastermind Program. They're all very experienced and high level, and there's a lot of comfort in that for me. My role within that is finding deals, overseeing the development, and then managing them.

When they're done, their role primarily is the funding, so that's what they bring to the table, and then they're 50-50 businesses in themselves, but there's a lot of comfort in the caliber of people that I'm working with. I can go to them, I can sense check things. They've all got a great understanding of business and property, so if there's ever anything that I've missed or overlooked, then they're there to support me.

[Mark Barrett] (18:08 - 18:14)

I get a second opinion on things, and I think you have similar values to people within the property entrepreneur community.

[Martyn Woolford] (18:14 - 18:33)

Yeah, absolutely. It works ever so well. Like I say, there's different wealth dynamics going off in all those businesses, but the values, like you said, the values are very much aligned with what we're trying to do and what we're trying to achieve.

[Mark Barrett] (18:34 - 18:43)

That's good. Let's go through the deal then. Do you want to just tell us what the property is and whereabouts it is in the country?

[Martyn Woolford] (18:44 - 19:16)

Yeah, so I picked this one out, like I say, of a pipeline of properties we've got. I picked this one out because it's gone full circle. Well, we're just in the refinancing process of this now, so we've got all the numbers.

The numbers are actual, so I thought it was the best one to run through. It's an old pub based in Castleford, like I say, in the Wakefield Postcode, again, West Yorkshire, and we converted this into seven flats.

[Mark Barrett] (19:18 - 19:25)

Do you want me to run through the numbers? Let's just talk how you actually sourced the deal. How did you come across the deal?

[Martyn Woolford] (19:26 - 20:47)

This one is from an old relationship in property, if you like. The owner of this has also got a portfolio of single-let properties, and we actually, prior to Mastermind, it was when I'd done the Mastermind Accelerator and learned all the different strategies, learned about rent-to-rent, so just went and gave that a go, basically. I've still got one of his properties that I've got on a rent-to-rent basis, so single-let to HMO, rent-to-rent.

I've had the relationship quite a while, quite a number of years, and the guy's plan was always to, when he retired from the pub, was to develop it. He actually went through planning for a knockdown rebuild scheme, but it didn't quite work. The numbers didn't work on that, so he went back into planning for seven flats, which is how I bought it.

There were issues with the plans and stuff, which we can come on to, but it was through the relationship of getting out there and just doing property in general, and this one in particular where we'd agreed a rent-to-rent and we'd looked after him for a number of years, just made sure everything went smoothly on a small project, on a rent-to-rent, and bigger things come of it.

[Mark Barrett] (20:47 - 20:55)

That's great. I think it's obviously building relationships, doing a good job, and you just never know where that can take you.

[Martyn Woolford] (20:56 - 21:20)

Yeah, exactly that. We've had others that we've picked off market. There's kind of low-hanging fruit sometimes on the commercial to Resia.

We've had some that's been direct to vendor and just worked for the follow-up process and come back to us years on, but this one in particular, like I say, it came from building a relationship on a really small project, and then this one came available at a later date.

[Daniel Hill] (21:22 - 21:56)

Just jumping in quickly with two things. The first is, if you're enjoying these podcasts and you haven't already ordered a copy of my brand-new, first-ever-released book, Karma Credits, please go to Amazon now and order yourself a copy of Karma Credits by Daniel Hill, and it'll explain to you the universal law of wealth, health, and happiness. And the second, if you want a free report that you can read straight away, go to www.boomorbust.co.uk to understand the five things that I'm doing as we head into this next phase of recession. Back to the podcast.

[Mark Barrett] (21:59 - 22:11)

So let's go through how you stacked the deal then. So it had planning for seven flats. That didn't work.

What were some of the issues then that you saw with the planning?

[Martyn Woolford] (22:12 - 25:54)

So the plans that he'd had drawn up, he'd obviously purely gone through planning for the financial gain to get that gain, but there were things like the staircase ran in the center of the building and it were all encased within the building. So from Building Reg's point of view, from the fire regulations, that didn't work. There were no means for smoke to escape if there were ever a fire.

So we had to completely redesign the first floor so that we could get the landing area to have an external window and stuff like that. So that were a complete redesign of the whole first floor. And in the basement, he'd got plans passed through planning for two flats down there, but the head height in the basement weren't sufficient to put a suspended ceiling underneath.

If it weren't high enough anyway to even have a flat, but then let alone put in a suspended ceiling underneath for the acoustic, for the sound purposes. So that whole scheme may not have worked. Luckily for us, we identified that on the ground floor, there were quite a lot of head height.

So we identified that we could remove the entire ground floor to the basement and raise everything up. So we completely took all that out. How much did you raise it up by?

It won't have been far off a metre, to be honest, with where we went. It was quite a bit. And then we put the floor back as well as the suspended ceiling.

And then what that meant as well is that the head height became tight and we had to put in a suspended ceiling underneath. So we actually put, rather than putting a suspended ceiling underneath the first floor, we actually put another floor in on the first floor. So again, that meant every wall pretty much on the first floor coming out.

And yeah, like I say, it would identify that. Don't get me wrong. I did all that.

I identified all those issues prior to buying it, but it also left a couple of opportunities when people go through planning solely if they're just one-off, if they're just going through planning to get it sold, they go very lazy through planning. So within that redesign, we managed to turn a two-bed into a huge three-bed that they weren't utilising the space. And then there were a studio in the basement that the planners had knocked back to only be able to use half the footprint of the basement because they were claiming you couldn't get enough natural light in there.

Well, when I looked at the plans, I'd seen that they'd put the bathroom at the front of the building where the light were coming in. And if you know anything about it, you know that bathrooms don't need any natural light. So again, just by moving the bathroom to the back of the building and opening up more windows at the front, we managed to turn what would have been a small studio into a pretty large one-bed flat, which adds, again, significant value.

But when I'm stacking the projects up, I'm obviously working with the owner based on what he's got, what he's got planning for. So the numbers that I add in for the GDV were based off a studio in the basement incident and a two-bed in the other one that we changed as well rather than a three. So I'd identified things on the plan where I could add significant value.

[Mark Barrett] (25:54 - 26:06)

That's great. Do you want to just go through your process as to how you make your offers? Because you were saying as to how you work back from the GDV and I think everybody listening, I think this could be good.

[Martyn Woolford] (26:07 - 26:36)

Yeah. So I'm completely transparent with the vendors as well, with when I'm putting my offer in. I'll literally list out my numbers.

Within that, there's probably me being a bit conservative on things like end value and development costs, but I list it out. So the first thing for me is figuring out what I think the GDV will be. Which is the gross development value.

So that's the end value of all the flats at the end.

[Speaker 4] (26:36 - 26:36)

Yeah.

[Martyn Woolford] (26:37 - 29:26)

So what is the end value? And then from there, I'll stake to the owner's look on a project like this. I don't work for anything less than a 25% profit margin because I know for me, I know that that's my no money down figure.

But when I'm putting that forward to the owners, it's kind of like, well, the reason for that is like there's a lot of risk that goes into projects like this. There's everything that's going off in the world. There's material cost rises, there's market uncertainty.

So I'm pretty open that look, I'm going to take a 25% profit margin out of this. And here's the reasons why. Yeah.

So end value, I'll minus 25% straight away. And then from there, I'm working out what is the development cost. So I've got sort of really basic back of a five packet figures of what gets me into negotiation based off what I've working with my builder.

And that's come from experience building that relationship. So I'll start putting my estimates forward based on those sort of five packet numbers. And then like I say, I take the development cost off and that brings me to my offer essentially.

And I'm fully transparent with where I am. This one, for example, the owner wanted 250,000. My first offer was 100,000.

And the way that I put that forward is kind of like, look, I appreciate this is kind of way off where you were expecting, but here's my reasons. Here's the full transparency of why I'm doing what I'm doing. Here's why my build costs are where they are.

And I'll just put that forward as like, look, I don't want to not offer you this, but I appreciate it may not be where you want to be. So maybe we need to look at something a little bit more creative. And on this one, like I said, I do go conservative on the end value.

I didn't know that the owner had actually had a RICS valuation done. So we actually ran my own calculation with my 25% profit margin. He ran that back to me.

And it came out at 180,000 on the offer price at that point. So I'm like, okay, well, we're getting somewhere close so I can get the builder out. We can shore this up and see where we're going.

Because at that point, I know that, look, I've managed the expectations on the 250,000. We're now down talking figures at 180. It's starting to look like a decision either way.

So I then get the builder out and I'll just shore it up then. So again, it's still back of a five packet stuff, but it's the builder giving his experience, which is more than mine again. So he's looking at different stuff.

[Mark Barrett] (29:27 - 29:43)

Just a point on that, when you're doing, say, because I know these are a mix of like one twos and threes, what's your ballpark figures that you use on, say, a flat? Do you have one just for a flat or do you have like a different number for one and a two? How does that work?

[Martyn Woolford] (29:43 - 32:05)

Yeah, so the three were an anomaly. That came about because we're not normally looking to do three beds. So normally we're sort of averaging out between ones and twos and trying to get a scheme that's a balance of them.

At the minute now, with the price rises, I'm factoring in 45 grand a flat. This one came in less than that, but like I say, we've been hit now with material cost rise and stuff like that. Generally speaking, I would take a view on it if it were coming in at like 42.5 on my figures, but 45 gives me, like I said, that little bit of conservativeness. I will bake in a contingency within that as well, which again, I'll be transparent to the owner. Is that an average for a one and a two? Yeah, and it's purely specific to my builder.

So that's the way he operates, and he probably explains that better to me why it's fine. We're just taking that average. Some things work out more, some things work out less, but that is literally just to get me in negotiations at that point.

And then before we've sort of shaken hands, like I say, I'll get the builder out and just say, look, am I missing anything? What do you think? Is there any structural stuff that I'm not seeing?

In this instance, I had not seen that the roof needed work. So again, that's why the offer price went back down from 180 down to 145, which is what we shook hands on, because the builder had seen little bits that I don't. So he then just shook, like say he's like, oh, well, you've not factored in, you're going to have to move that entire wall, you're going to need structurals, or he'll see little bits on top of what I've seen.

So then at that point I can shore up the offer a little bit more. And then when I've shaken hands with the owner to say, right, we've got deal agreed at 145 grand in this instance, at that point I'll start doing the paid due diligence. So it's like, right, let's have now a look at the plans that don't work currently, but can we make it work?

Do I need to, this one came with a RICS valuation, but if not on some of the other projects at that point, I might get a RICS valuation back up what I'm doing.

[Mark Barrett] (32:07 - 32:14)

Was the RICS valuation on the current value or the end value? On the end value, yeah.

[Martyn Woolford] (32:15 - 32:26)

He may have had one on it, but he weren't sharing that with me. So maybe that were why it weren't easy to manage his expectations on that, if he'd already got that behind the scenes.

[Mark Barrett] (32:28 - 32:41)

Yeah, that's good. And so let's then go through how you structured this deal. So was this, did you do this in an SPV, like a standalone limited company for this?

And then how did you fund it? Was this like with a partner as well?

[Martyn Woolford] (32:42 - 33:34)

So this was the second one in one of the JV companies that I've got. This was the second one in Orate Property, which is the one with Hugh. We'd rolled straight off of, we were already in progress and doing well with another pub actually, just coincidentally.

I got dubbed the pub guy at one point, but I weren't purposely actively looking to shut pubs down across the country. I was just picking up the deals. But yeah, so this was the second one in that business.

That's now grown. We've got projects three and four. Three's on the way and four's the bank that I mentioned that we'll roll onto.

So that's a 50-50 joint venture. Hugh came in, he funded the purchase, and then we went out to investors and development finance to fund the development. So that's kind of how we structure it.

[Mark Barrett] (33:35 - 33:42)

Yeah. Okay. So you got the deal agreed.

Was there any issues as far as on the conveyancing side?

[Martyn Woolford] (33:44 - 35:11)

Conveyancing, no. No, that went through relatively smooth, to be honest. Conveyancing, we're all right.

We're buying cash as well. So we didn't have any issues there. We got it through pretty quickly, to be honest.

And the owner were kind of pushing us to get it done by the end of April. We've got the years, 2020, I think it was. No, 21.

But then he realised that it's still got some alcohol in the cellar and it will bank holiday the next month. So he asked us to delay it slightly so he could just sell off the rest of his booze that were potentially going out of date. But now the conveyancing side all went well.

Like I said, we had numerous challenges going through the development. We had, like I said, old buildings, you always get something. And on this one, we'd removed a non-structural wall, but the external of the building was sat above that wall.

And a timber beam had entirely rotted away over time. So when we took what we thought was, well, it was supposed to be a non-structural wall, but it had become structural. And when we took that out, the beam snapped and the wall above it sort of came with it.

So that was 10 grand out of the contingency there straight away.

[Mark Barrett] (35:12 - 35:18)

And what contingency did you put in? Did you put 10% or did you put like a notional amount?

[Martyn Woolford] (35:19 - 35:56)

10% in general, and then we'll take a view on it. If it's a standard sort of office block where it's all cleared out, you can pretty much see everything. Everything's uniform.

Then we can take a view on whether we need as much. I'd very rarely go too much under the 10%. In this one, in hindsight, with the complications, it was a very old cobbled together building that had been extended in different areas over time as they'd gone.

So in hindsight, we probably should have built in a little bit more.

[Mark Barrett] (35:56 - 36:11)

Yeah, I think with pubs, they do have the extensions, but also then they try and create one open space, don't they? So then they take away a lot of supporting walls and things like that. So you just never know, I think.

[Martyn Woolford] (36:11 - 36:44)

Yeah, no, yeah. If anything, I would probably, to take on a project like that again, I'd probably put the building a little bit more, to be honest, because we did use all the contingency, if not slightly more. So yeah, it did have its challenges with the development.

With old buildings like this, there's always something. We're finding different stuff on different sites that you just can't possibly foresee everything. I know I'm getting a lot more experience with what to look out for as we're going along.

[Mark Barrett] (36:44 - 36:53)

I think it's all experience, isn't it? The more projects you do, the more things you come across, you overcome those problems, that then you bear them in mind then for the future. Yeah, exactly.

[Martyn Woolford] (36:53 - 37:06)

But if you're just building the contingency, and property is a constant problem-solving exercise anyway, I kind of relish in that challenge, knowing that it's going to throw something at us and it's just a case of how we deal with it moving forward.

[Mark Barrett] (37:06 - 37:22)

Yeah. I think one thing that quite surprised me was the size of the flats, because actually they're all pretty big, and looking at the average, I think the average size of them was 57 square meters. They were big, weren't they?

[Martyn Woolford] (37:22 - 37:49)

Yeah, I think the three-bed itself, I think that's close to 90 square meters, I think. Yeah. We could have swept this out a lot more, to be honest.

We could have probably got at least one if not another two flats in there, but it came with planning. It weren't too much of an issue. We just thought, let's just get on with it.

Let's build out. We just needed to make a few amendments rather than going from there.

[Mark Barrett] (37:49 - 37:58)

We just chose to build out. Do you want to just run through the numbers then? Yeah.

Headline numbers, yeah?

[Martyn Woolford] (37:59 - 39:09)

Yeah. I've already mentioned we bought this for $145,000. The development on this came in at $320,000, like all in fees, running costs, all that kind of stuff.

Yeah. Total of $465,000. That valued up.

I've got in front of me a $640,000, but that's not true. The valuation came in at $625,000 on that. I think the amount we released on refinance, it's $462,000-ish is the number that we came in on there, but we managed to get all this money back out of that one.

Then that's now fully let while it's going through that financing process. $4,250 a month is the income. The expenses, including the mortgage, is or will be when that kicks in.

We have got the figures. It's $2,705 per month. It's going to cash flow just over 1,500, £1,545 a month that will cash flow us.

[Mark Barrett] (39:11 - 39:19)

You've got like 18 grand a year coming out, none of your own cash in. It's kind of like infinite return then.

[Martyn Woolford] (39:19 - 40:13)

It is, yeah. I was delighted with that actually because it was never my money and it was always going to be an infinite return for me, which is great, obviously, the way that I've structured the business, but at the same time, I'm desperate, probably even more so than if it were my own cash, I'm desperate to over-deliver for the joint venture partners as well. It's nice going back and giving them the news that that's where the numbers are because there weren't, potentially, I always give them the worst-case scenario or try and estimate the worst-case scenario and if they're happy with that, then we go ahead.

The worst-case scenario in stuff like this is there is money locked in. Like I say, it's always nice to be going back and saying, look, we've got all your money back out as well, so it's free for us both at that point. Brilliant.

[Mark Barrett] (40:15 - 40:21)

Let's just go through top three tips. What would you say, looking back, would be your top three tips for anybody listening?

[Martyn Woolford] (40:22 - 41:56)

With projects like this specifically, I'd probably say that just be aware that if you buy anything with planning, that planning and building regs, they're two completely different departments and they don't communicate with each other. Just because something's got planning doesn't necessarily mean that it's actually feasible to build. We had to go around the houses quite substantially on this one just to make it work, whereas it could quite possibly not be feasible.

If you're thinking about buying a building with planning permission for seven flats and you can't physically do anything with it, then you've got to be aware of that. The second one, again, specific, is just make sure you're building the contingency. I touched on this as I was running through.

There's not been one of my projects yet that hasn't thrown some kind of curveball at us. Some are relatively small, but some can be a little bit chunkier, so just make sure that you're building in that contingency. And tip three is don't get tempted to fudge the numbers.

The numbers work where they work. Don't be thinking, yeah, but if I can get the development costs done for slightly cheaper or if this happens or maybe I don't need that contingency. If the numbers don't work, well, find the price where the numbers do work for you and stick at that.

Like I say, my offer went in on this and I was expecting to get laughed out the door when my initial offer went down close to 100,000.

[Mark Barrett] (41:58 - 42:13)

It just shows you that's 60% less than the asking price. I think framing it as to where your number is and just trying to support that I think really helps.

[Martyn Woolford] (42:14 - 42:52)

Yeah, so that's it. Don't get tempted. Like I say, if the owner has stuck to his guns at 200,000, the temptation might have been there to start saying, oh, well, yeah, if I do it without the contingency or if I get the development costs, like I say, now we're factoring 45 grand a flat for everything internally.

So it's like, oh, well, maybe I can get that done for 40. It's avoiding doing that. Your numbers are there as the rule from the off and just making sure you stick with that because you will get found out on the back end if you're trying to just force a deal through.

[Mark Barrett] (42:52 - 43:08)

Yeah. I think the other thing with that is it's surprising how many deals do fall through. So I think sticking to what your offer is and you just never know, maybe like one in three does fall through and you're always there then to follow up.

[Martyn Woolford] (43:08 - 44:02)

Exactly that. We're in development on a building at the minute that's currently underway. We're an old derelict building in Pontefract, so very similar area.

Our initial conversation over that building was over three years ago. And that one at the time, the owners were intending to develop themselves and they weren't interested in the money that we were willing to pay them. And like I say, after close to three years, they came back to us and were like, oh, we've decided we're not going to develop out now.

So it's back on the table and we're interested at the figure that you're talking. So that one came around and became a deal, just like I say, leaving it with them and just touching base every now and again. If there's no movement with the building, if you can see that it's still sat there in a couple of years' time, it's just a case of just touching base and seeing where they are.

[Mark Barrett] (44:02 - 44:10)

Yeah. So if anybody wants to contact you, what kind of things are you interested in? And do you want to just share your contact details?

[Martyn Woolford] (44:10 - 46:03)

Yeah. So the things that we're interested at the minute, I've got a slot for another project. So if anybody's in the Wakefield area that's got similar projects, I am looking for one more that slots into the pipeline and we are willing to pay decent sourcing fees on that.

And then we're also, the flip side of that is we're always looking for investors, people to cut the cost. We go out to the banks first at whatever the price is, 13%, 15%. And then I've got a good relationship with my SAS provider that then will beat the banks.

And then I'm always trying to then beat their costs with building up relationships with private investors and getting that cost down. And then we do offer, because I do a little bit of coaching and mentoring as well, we do offer an earn as you learn as well. So if that gets everything that we can cut on the development cost while helping other people get a good return or helping them learn at the same time, then we're always interested in that.

And my contact details. So, I mean, my email is probably a safe way to get hold of me. It's Martin, which is spelled really awkwardly.

It's M-A-R-T-Y-N, all for properties, which is W-O-O-L-F-O-R-D, properties, I-E-S, .co.uk. But I'm relatively active on social media. Instagram is the one that I use the most probably. So if you want to see what we're doing, I'm regular updating on there.

That's at woolly11. So W-O-O-L-Y-11. And yeah, just any of the other social medias, if you're interested, if anybody's interested at that point to reach out, I'm always happy to swap numbers and have a conversation.

But if they reach out to me first, then I'll be happy to pass that on as well.

[Mark Barrett] (46:04 - 46:09)

Excellent. Great news. Well done on the development.

And I look forward to seeing you soon.

[Martyn Woolford] (46:09 - 46:12)

Thank you. Thanks a lot, Mark. Thanks for having me on as well.

[Daniel Hill] (46:15 - 47:15)

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And we don't know how long we're going to keep these open for. Success and failure are both very predictable. I will see you on the next episode.