**PEP 133 Edited\_Transcription**

[Daniel Hill] (0:06 - 1:44)

Welcome to the official property entrepreneur podcast 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 and 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 you 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] (1:48 - 2:12)

Hi. I'd like to give a warm welcome to my next guest, Jay Sheherne. How are you doing, Jay?

Very well. Thanks, Mark. How are you?

Yeah. Yeah. Very well.

Thank you. Yeah. Great.

So I remember us meeting when I joined the property entrepreneur board, which is 2016. So quite a few years back, and we've had some good time since then. You actually joined in year before that, I think.

[Jay Chahan] (2:12 - 2:42)

Yeah. Yeah, exactly. So yeah.

Well, well remembered. Yeah. So we met 2016, but I actually joined just a few months before, back in 2015 it was.

So this was property entrepreneur before it was kind of property entrepreneur. So it was literally, I remember five of us around sort of a boardroom table, right at the start of, yeah, property entrepreneur. And so it's escalated to hundreds in a room now, and still though, a brilliant community.

[Mark Barrett] (2:43 - 2:53)

Oh, it's, yeah, it's amazing. And to see the kind of, yeah, from us going into like Nottingham, into the boardroom there, to now at the Belfast, it's crazy, isn't it?

[Jay Chahan] (2:53 - 2:56)

Yeah. Yeah. Big transition.

But it's, yeah, it's brilliant.

[Mark Barrett] (2:56 - 3:08)

Yeah. So I know you as like a Berkshire Corporate Group, and you've got a few businesses. So you're also a, you're a creator, aren't you, as far as wealth dynamics are concerned?

[Jay Chahan] (3:09 - 3:36)

Yeah. So in terms of wealth dynamics, I'm at the top of the spectrum in terms of being a creator. And then secondary got a bit of mechanic in me.

So yeah, all about the ideas, starting things, maybe not, well, not so good at finishing, get bored quite easily as well, and always got the shiny penny syndrome. So yeah, that's, that's my profile when I last did it.

[Mark Barrett] (3:36 - 3:44)

That kind of like works well with your brother, who's a, he's a Tempo like me. So you're obviously a good team together.

[Jay Chahan] (3:44 - 4:07)

Yeah, exactly. Yeah. And I'm sure we'll touch on it.

But yeah, so start the business that we're going to obviously talk about today. Yeah. Select property leasing with my brother, who is like I said, Tempo.

So very good in the moment, dealing with people, problems, and got good sort of tolerance for patience as well, in comparison to me anyway.

[Mark Barrett] (4:08 - 4:12)

So for those that don't know you, do you want to just give you a bit of background?

[Jay Chahan] (4:13 - 4:45)

Yeah, sure. So as Mark said, I'm based down in London, got a couple of businesses, predominantly development, HMO Portfolio, so we invest as well. And most recently, over the last couple of years, started a back-to-back leasing company with my brother, off the back of what could only be deemed some not so positive news, but obviously came about the idea off the back of that.

[Mark Barrett] (4:45 - 4:56)

Yeah, I think it's funny how things come around. And sometimes the biggest, you know, we get challenges and become like opportunities. Just before we go into that, what was he actually doing before property?

[Jay Chahan] (4:57 - 5:33)

Yeah, so I used to work in the city, so I had a bit of a corporate background doing bid work. So I was doing sort of tendering contracts for the MOD. But my last, if you want to call it employed role, was actually as a property manager.

So I used to work for a company, assisting them to dispose of all their assets. So they had sort of a multi-million pound portfolio, which was to do with sort of retirement living in that sort of area.

[Mark Barrett] (5:33 - 5:33)

Oh, yeah.

[Jay Chahan] (5:34 - 5:53)

So it was up and down the country, meeting agents, and just taking over sort of disposal of their assets. And yeah, really enjoyed it, just to go down, see the different properties, which were not in the greatest condition, but they were still part and parcel of a large portfolio.

[Mark Barrett] (5:54 - 5:58)

And then when did you do the transition then into full-time property?

[Jay Chahan] (5:59 - 6:54)

Yeah, so I started investing while I was working down in South Wales. So doing a lot of flip projects whilst working. So I was quite lucky in that we had a good team down in South Wales.

It was a three-hour journey. The last thing I wanted to do, didn't have the capacity anyway to do it, was to drive down midweek to get down there. So I'd say it was sort of three years post-corporate that I then decided to do property full-time and still carried on doing it in South Wales before bringing it back closer to home, where I was based in Reading to then build a local portfolio where I felt there was significant capacity for growth, as well as real good cash flow, especially when we jumped onto the HMOs.

[Mark Barrett] (6:54 - 7:07)

OK. So we're going to now talk about one of your newer businesses, Select Property Leasing. Do you want to just give us the backstories to when that started and how that started there?

[Jay Chahan] (7:08 - 9:20)

Yeah. So backstory with that was March 2020. Obviously, we all dealt with lockdown, with COVID, which was literally completely no one was aware of what was coming.

So I had a sale that was agreed on a block of flats. So Barcha Corp was a development company. So we'd just done a 14-unit scheme and had an organization, a housing association, who wanted to purchase it at full asking.

Got a call from my solicitor, I think it was on a Tuesday, and just said they pulled. And I said, OK, any reason why? And he said, I'll be honest, no.

There was no reason with building or anything like that. And then it came to light that they had cold feet because of what was going on with COVID and the lockdowns. So yeah, very disappointed, but thought, right, this isn't going to last.

It's going to be, I don't know, a few days, maybe a week, then pick up the phone and we'll get it back into legals. But in the meantime, that's when I started then doing some research, say, right, it was a good outfit. They offered full asking, which as a developer, that's what we want.

So I started just doing research to find other organizations similar to them, similar sector. And that's when we then stumbled across a few organizations, one in particular, that started having conversations with, and it was quickly understood that they had a real big appetite for housing and wanting to lease that housing all over the southeast as well as the Midlands and going up into the north. So yeah, we had some conversations with them.

And I think we, November 2020 was when we first sort of did the, you know, sort of proof of concept with the idea. And we rolled out five houses to them. And from there sort of built up to where we are now.

[Mark Barrett] (9:20 - 9:34)

Okay. So I think people probably want to know, where are you now? So in that kind of like period, how many, how many, you know, what is the shape of the business now?

How many units do you now have? Yes.

[Jay Chahan] (9:34 - 10:04)

Yeah, sure. So we're at 22 houses now. And we, the way we've done our business model is we look at per unit.

So a unit is effectively, even if you've got a room in a house, we'd call that as a unit. So we're at 123 units since that November 2020. And we've just passed 15k per month as a gross profit level as well.

[Mark Barrett] (10:05 - 10:11)

Amazing. So 180,000 cash flow for that business. Fantastic.

[Jay Chahan] (10:12 - 10:24)

Yeah. Especially how it came about, I think, you know, from the disappointment and the opportunity that it's created. Yeah, it's a real promising space to be in right now.

[Mark Barrett] (10:24 - 10:36)

Yeah. Obviously, on Property Entrepreneur, we talk about the wealth hierarchy and having the cash flow profit and assets. And obviously, that is a great example of a cash flow business.

[Jay Chahan] (10:38 - 10:59)

Yeah. And it's a good point to make. Because that, you know, I remember one of the sort of sessions that we had on Property Entrepreneur, we talk about crest of a wave and, you know, niche strategies.

Yeah. And it was mentioned as a potential niche strategy to, you know, keep your eye on or worth looking at.

[Mark Barrett] (10:59 - 10:59)

Yeah.

[Jay Chahan] (10:59 - 11:18)

And I remember my partner and myself came away from that day and we thought, you know, brilliant, you know, when we've got a sort of seal of approval from Property Entrepreneur, it's always great to hear. And we thought, right, we've really got to, you know, focus on this and really go for it. So that was really good to hear, especially coming from the community that we've got.

[Mark Barrett] (11:19 - 11:28)

Yeah. And also, I think the point you're making is like, you know, the 15,000, that's basically you and your brother is quite a small team, isn't it? You've got loads of staff.

[Jay Chahan] (11:29 - 12:03)

Yeah. So we wanted to be quite lean and sort of grow as we needed to. So we got a team of six at the moment and a few of them are virtual as well.

So it's quite a small team and it does, you know, it's still got enough capacity to do what we need to do right now. Yeah. But we have got obviously growth numbers that we want to hit still as part of our business plan.

So no doubt that team will grow as we sort of work towards that.

[Daniel Hill] (12:05 - 12:39)

Just jumping in quickly with two things. So 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] (12:42 - 12:47)

So when you're saying that, is that what kind of roles are there? Is it like virtual assistants?

[Jay Chahan] (12:47 - 13:05)

Yeah. So we've got an operations assistant that sort of assists my brother with the day to day. We've then got admin, business development and finance as well are the main sort of roles.

Yeah.

[Mark Barrett] (13:06 - 13:21)

Okay. Brilliant. So do you want to just explain what the model is, how you actually, so you don't own these properties, how you go about leasing them and then obviously, you know, getting a lease on the back end?

[Jay Chahan] (13:22 - 14:47)

Yeah, sure. So we effectively, when we're speaking to our clients, we're offering them sort of a guaranteed rent solution. Now, you know, we, before we started, we wanted to really, you know, we spent a couple of sessions having a look at the stigma around sort of guaranteed rents, which we feel, you know, a lot of landlords now, you know, there's letters flying away everywhere.

You know, we own HMOs ourselves. We get sort of these rent to rent letters, if you like. So we wanted to ensure that we stood out and were different because the offering that we do provide is very different in terms of what landlords particularly used to.

So we would explain that to them, sort of give them, you know, at the time, like the first sort of landlord we took on, student landlord due to COVID, all the students had gone home. So, you know, we sort of hit home that message that this is a very strong tenant profile, if that was to happen again, because no one knew what was going on really. It was sort of an unknown for everyone, including student landlords.

So we felt that message did hit home really well. And that's where we sort of create the opportunity to offer guaranteed rent, but then obtain those leases purely for the clients I spoke about in terms of in the social housing space.

[Mark Barrett] (14:47 - 14:55)

What you're saying is social housing, is that like homeless, assignment seekers, those kind of like tenant types, is it?

[Jay Chahan] (14:55 - 15:33)

Yeah. Yeah. So it's a variety.

So it's anywhere from sort of charities to vulnerable. We've also worked with some care providers as well. So it's localised care providers that have got their different sort of tenant profile sets as well.

So they've got their own remit. We work with them to procure suitable housing for them. So it's good to have that sort of circle to call upon.

Because, yeah, it's not a one size fits all. They've got their requirements, but we are confident that the housing that we can source will tick one of their boxes.

[Mark Barrett] (15:33 - 15:44)

Yeah. Yeah. I think that's good where you can get a property and then say, right, where do we think is like a good fit for this?

And then maybe to have like a different, you know, a few different options.

[Jay Chahan] (15:45 - 15:45)

Yeah. Yeah.

[Mark Barrett] (15:45 - 15:51)

Just having one provider. And then if they don't take it, you then can't do anything with it. Yeah.

[Jay Chahan] (15:52 - 16:21)

Exactly. Yeah. And, you know, it's good to have also one, you know, from our perspective, having one point of contact as our tenant, rather than, you know, we've done it before.

When I first started off local, I was doing sort of rent to rent as it is still known today. But, you know, finding five, six tenants, individual tenants, and then even with, you know, if three rooms are empty, that sort of headache is eliminated with using this strategy, which is a big plus for us as well.

[Mark Barrett] (16:22 - 16:32)

Yeah. So with that, there's no voids for you. And what kind of like lease terms?

What kind of lengths? Yeah.

[Jay Chahan] (16:32 - 17:13)

So we try and aim for as long as possible. But again, it's got to work for all our clients. I, you know, the landlords or block owners really want sort of a shorter lease.

And we maybe drop that down to three years as a minimum. We tend to find that if it is three years, then we've got clauses in it. So that if you're happy, that would extend them.

We can't really see what, you know, reason unless they've got reasons to sell or something else that why they wouldn't want to carry them on. So it's typically say between three to five years initially.

[Mark Barrett] (17:13 - 17:24)

Yeah. And of the 20 odd properties, what's the property types, would you say? Is it mostly HMOs?

You have some just normal properties, like bag to let types?

[Jay Chahan] (17:24 - 17:57)

Yes. So when we started, our main marketing strategy or campaign was targeting student properties. So it is a typical example would be a six bed HMO set up with two bathrooms, two shower rooms, sorry, and a separate toilet.

So I'd say a fair bit of the stock is that sort of student stock. So, you know, not your high end feature all on street professional HMOs, but all that sort of middle ground, middle stock student profile property.

[Mark Barrett] (17:58 - 18:02)

Yeah. Have you got a particular property that you can just go through the numbers on?

[Jay Chahan] (18:03 - 19:51)

Yeah, sure. So give you one of the actually last ones we've done. So it came about from a landlord that I've just sort of been keeping in touch with over I think three years, actually.

So, yeah, he did have a few properties in the area, ended up selling them. But I just nudged him, dropped him a thing of text just to say, you know, how are you getting on with your properties that you've got left? He did have what we call an ideal avatar.

So he was a one man band landlord, lived 150 miles away from the area where he had his properties. And he always had voids. And I think when I spoke to him, he said, look, I've only got one tenant in there.

And this was during COVID. So, sorry, not during COVID. This was just after COVID.

So he had a lot of work to be done. He hadn't been up to the property. So after some negotiation, we agreed a two month rent free period up front.

That would allow us to then do the works, which we split. So we've done the works and split the cost with him. On the basis that he obviously would get the property back in a similar position and a similar condition to that.

We found out as well that he had a really poor, really old boiler and plumbing system. So he agreed as well to put in a brand new boiler. We'd just manage it and get our contractors to do it, but he'd pay for it.

And in the end, we agreed a lease with him at £2,000 per month over five years. And we managed to get one of our clients to take that £3,800 over the same period as well.

[Mark Barrett] (19:52 - 19:53)

Right. Amazing.

[Jay Chahan] (19:54 - 20:09)

Yeah. So initial costs were just under £4,000 to set that property up. And we've now just started cash balance of £1,800 per month.

[Mark Barrett] (20:10 - 20:14)

So that's over £100,000 from that property there.

[Jay Chahan] (20:15 - 20:33)

Yeah, over the five years. So it's one of my favourite ones. Not just obviously the numbers are great, but just I think one of the things I really believe in being the art of follow up.

It's obviously brought a deal like that to us, which is great.

[Mark Barrett] (20:34 - 20:47)

Amazing. So what a journey then the last couple of years to build that business up. I'm sure you've had lots of learnings in that.

What would you say the top three tips would be, Jay?

[Jay Chahan] (20:50 - 22:07)

Yeah, so I'd say number one for me would be know your numbers and really try and stick to them. When we first started, there is a sort of view to take, I think, in my opinion about playing the long game as well. Because the first landlord we met had five properties that we knew if we took a few, he'd want to give us the rest.

So we didn't stick to the numbers as per our business plan. But I'd say knowing your numbers and sticking to them is key. So that would probably be tip number one.

Tip number two, try to keep in mind being everything to someone and not something to everyone. We've got our ideal avatar. We know what their problems are.

We want to make sure that we can give them everything that we know and the solution that will solve their problem. Yeah. And finally, number three, I think it's got to be fortune is in the follow up.

So in your sales process, definitely have a follow up system to keep nurturing your leads. Because there's always different times when your solution or what you're trying to achieve might work for your leads.

[Mark Barrett] (22:08 - 22:56)

Yeah. Okay. So I mean, that's great tips.

Just looking at the kind of like what you've said. So based on your kind of average, I think it's about 700 pounds a month per property. And with some of the clients that I speak to that are looking to kind of get involved in property or level up in property, the kind of numbers tends to be one of four numbers that people are looking to achieve through properties.

It's like 3K, which quite a lot of people can live off 5K, 10K or for people earning a lot, then they might look to replicate what they're earning as like a separate income stream. But probably most people could live off the 3K. And based on your numbers, is that probably six properties?

[Jay Chahan] (22:57 - 23:43)

Yeah. So I would say 3K. The reality is sort of making 3, 5K, even 10K.

Yeah. Yeah. I think it is very realistic to do that, to do those numbers if you know what you're doing and also how to do it.

Yeah. And also, you know, the main most important thing, you've got the right attitude and work ethic. So if you're prepared to put in the work, like you said, you know, 3K, you could do that with a handful of properties, with five properties quite easily, 3K could be achieved.

And, you know, again, you only need one portfolio landlord to make that happen. So, yeah, I'd definitely say that's plausible.

[Mark Barrett] (23:44 - 23:58)

Yeah. OK. So for anybody that's looking to get in touch with you, do you want to just share any particular subjects or things that you might be interested in and also how people can contact you?

[Jay Chahan] (23:58 - 24:31)

Yeah, sure. So anyone who wants to find out a little bit more about strategy and how it works, we are looking at helping other people, whether that's through consultancy or some coaching. So feel free to give us a shout.

LinkedIn, Jay Chahan, same with Facebook as well. Instagram on there is JayDoesProperty. And I will also provide my email address for you, Mark, so you can just maybe put it in the notes for anyone who wants to drop me an email as well.

[Mark Barrett] (24:32 - 24:41)

Yeah. OK. Excellent.

So congratulations again. Thank you. You know, great business that you've set up there.

So well done. And I look forward to speaking to you soon.

[Daniel Hill] (24:44 - 25:13)

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Facebook is Dan Hill. And if you're not already in the Official Property Entrepreneur community on Facebook, there's over eight and a half thousand of us in there now. Success and failure are both very predictable.

I will see you on the next episode.