**PEP 17 Edited\_Transcription**

[Dan Solo] (0:05 - 1:06:31)

Welcome to the official property entrepreneur podcast with myself, Daniel Hill. On this strip back podcast, we're going to be going behind the scenes with special guests to provide insight and inspiration on all things business, life, and the actual realities of high performance in practice. Success and failure are both very predictable.

We hope you enjoy. Good day. Good day.

Happy New Year. I'm Daniel Hill with Property Entrepreneurs. I hope you're all well and enjoyed a great Christmas and New Year celebration.

For those of you that are listening to this on the Property Entrepreneur podcast, I hope you had a great New Year, great Christmas, good time to reflect, recharge, and are ready to go all guns blazing into 2021. Those of you that are joining us on the live stream in the Facebook community, make sure you subscribe, like, and join the Property Entrepreneurs podcast where we share more of these on a weekly basis, released on a Tuesday, to keep you up to speed with everything that is happening. It's a very strange world out there at the minute.

And before we go all guns blazing into 2021, I thought I'd give you a rundown of some of the key areas of focus this year and the key expectations we can have. So before we do go all guns blazing into the year ahead, we understand where in reality we need to make some adjustments. So maybe strategically, there's things that are going to change and that we know that we need to move strategically to be able to adopt those and accommodate, adopt to accommodate those.

Equally, where there's opportunities, because in none of this do I want to be crude or unsensitive to all of the hundreds of thousands of people whose jobs have been impacted, businesses have been impacted. There's always going to be people that are going to be affected by everything we've experienced. Equally, as entrepreneurs, with challenge comes opportunity.

And recessions are one of the best, recessions, economic impacts, any place of high impact can be a great place for entrepreneurs to capitalize. And genuinely, not only going into 2021, but even through the lockdown period, those people who are on our Property Entrepreneur Program, who we coach through it, there is an opportunity for all of this to be the making of us, not the breaking of us. Allow us to have this as a period to thrive, not just survive.

And that's what I want to take you through now is setting you up for 2021. What do you need to know? How do you need to make the most of it?

And how can we go into it genuinely with a positive mindset, a strategic approach, and be in a great position for the year ahead? So I'm going to cover six or seven points. First one, I'm going to look at lockdown.

Just manage your expectations as to how I predict that will play out. Second is the economy. Success and failure are very, very predictable.

And whilst the front page of the paper will have everyone running from the hills, I would encourage you to look beyond that and understand how macro, micro, global economics work to be able to catch the wave and ride that through the year ahead. Third, look at the property market. So we are specifically in the main, whilst lots of us have other companies that we own.

In the main, we are property investors, we are property developers. What's going to happen in the property market? How can we adjust to make sure that we not only survive, but thrive in the year ahead?

Finance, finance is a key part to all of this playing out. And I do think there's a unique opportunity for you into the year ahead to capitalize. I think in the finance market, this is going to be the last phase of a very important period of time.

And once it's gone, I don't think you'll see it in your lifetime. I don't think we'll see it maybe for a couple of generations. I think you need to be aware of what's happening in the finance market, make the most of that.

Strategies would be the fifth one, property strategies. What strategies to be getting on board with, what strategies to perhaps be moving away from, who's going to be the winners, who's going to be the losers in 2021 and beyond. Number six, my approach.

So just give you some insight into what we're doing with our companies, what we're telling and recommending the property entrepreneurs do, and how I'm focusing my time and energy in the year ahead. And then three top tips to finish. Success and failure are very predictable.

And there really are only three things that you need to focus on to enable this to work for you. So I'm going to finish off by giving you those. So if nothing else, you focus on those three things to make 2021 the best year yet.

So let's start from the top and start with lockdown. So those of you that are on our Property Entrepreneur Program, so we've got 135 people on our annual Property Entrepreneur Program. We've, give or take a week, predicted how this has played out since March.

Now, success and failure are very predictable. And there's so many elements to this. Whilst it's a pandemic, nobody could ever say that they knew exactly how this was going to play out.

But when you understand the basic facts and the information and human tendency and nature and just things that seem obvious, you can predict it to a degree. Now, we've now got the vaccines coming out for lockdown. So all being well, the way this will likely play out is through January, February, March.

The two vaccines that we've now got, plus whatever additional vaccines get made available, will now be rolled out and hopefully give us, or what they'll do is they'll work at top down. So you start with the most vulnerable, over 80s, frontline workers, work at top down and then aim for a vaccine immunisation of the most vulnerable. Simultaneous to this, we'll go through the coldest months, the January, the February, the March.

The days are shorter. In fact, more people are inside. Obviously, we've got lockdown as well, but infection rates are naturally higher.

Immune systems are naturally lower. That's always going to be the highest risk period. And we said that we predicted last October, November, that there's no way that we would not be in lockdown through this period.

Because if you look at the waves, you look at the seasonality, it's very predictable. Best case scenario, these vaccines pull down the impact for the most vulnerable and protect them. And then simultaneous to that, as we go into the spring and the summer, which are the lower infection, based on the previous curves.

Obviously, we do have this new strain, but it makes more sense. People are outside. Days are longer.

Energy levels are higher. Immune systems are more protected. Spring and summer is an easier position to be through.

Simultaneous through spring and summer, we will increase the rate of vaccination amongst the most vulnerable. And simultaneous to that, we will probably achieve a higher level of herd immunity through those that are less at risk to it, the young people, children, people without underlying health issues. And I think now whatever happens, unless we see some mutation of the virus which makes it impact more people, regardless of what happens with these vaccines, I don't think, I think once it gets to March, and I said this last summer, is they'll let the genie out of the bottle.

Economically, socially, we can't afford another period of heavy lockdown. We've got the winter as the last chance. Get the vaccine going.

Fingers crossed the vaccine will come in. And then we'll go for herd immunity simultaneously through spring and summer. And then they'll just, they'll just let it run.

If that isn't effective, then during the spring and the summer, we'll have to find another solution because another national and global lockdown, unless we go on to a basic income, will not be the way. So January, February, March, I think we can all expect to be the last phases of any lockdown. And then hopefully, best case scenario, the vaccine will do its job.

And simultaneous to that, we'll get herd immunity. Worst case, the vaccines aren't effective, or they end up having some side effects, or there is an issue with the distribution. And then we'll have to come up with some other contingency through spring and summer, which is more of a herd immunity strategy because the economy will not go through another annual lockdown.

So that's one with regards to managing expectations. January, February, March, I think will be the last bit of lockdown. Then the genie will come out of the bottle regardless.

The second is the economy. So what is going to happen with the economy? Lots of people, hundreds of thousands of people are losing their jobs.

We've still got millions of people on furlough. What's going to happen with the economy post lockdown or into 2021? I think the reassuring thing here is that everybody's in the same boat.

This isn't something that's specific to your business or your sector. This is a national and global thing. So the encouraging thing is that the way the government will approach this will be a medium to long-term growth strategy.

Now, they've taken on loads of debt. They could move straight to a tax strategy where they try and tax the rich, take money off the wealthy, take money off the big businesses. But what quickly would happen there is you've picked away at the carcass.

There's nothing left. Everyone leaves the country and the economy is left in tatters. What they can't do immediately is start replacing.

When an economy is booming, the government tax. When an economy is busting, the government spend. We will now go into a spending phase where the government have to spend to get the economy going, get the flywheel going.

They're going to spend in various things, and that will be public sector spending. It will be infrastructure spending. It will be investment in things like R&D credits.

It will be stimulus, and it will be initiatives into recruitment. They'll be injecting everything they can to get the economy going. And this is really important for entrepreneurs because during this period, the government will be the entrepreneurs' cheerleaders.

They will be there cheering us on, getting out of our way, and doing everything we can. Entrepreneurs and small SMEs create something crazy like 99% of employment in the UK. It's that sector that will have to get going with new businesses, risk takers, people who want to expand, people who want to take new chances.

And the government will get behind that. So that's going to be really, really great. That's going to be the short term, which is fantastic.

The next 12 to 36 months will be the gold rush. Entrepreneurs' playground, government get out of the way, and we can go and do what we need to do as entrepreneurs. So that's going to be really good.

In the medium to long term, though, we've got to fundamentally do something as an economy to both reduce this deficit. And we have been on a period of deficit reduction. So we were getting better at trying to get breaking even.

However, if we move into taxation, well, what's going to happen here is either we're going to grow out of this aggressively or taxation is going to increase. If anyone's under the misconception that we're not going to see increased taxes to pay for all of this spending at some point, you're probably incorrect. So this is going to be something that happens.

A few things to lean against. One is the conservative manifesto. There's a couple of taxes in there that they could legitimately change without breaching the manifesto.

Equally, we have had a pandemic since the manifesto. So we may or may not be able to lean on that. The more significant thing is if the economy is going to be driven by entrepreneurs and those who are successful entrepreneurs, wealthy entrepreneurs, the last thing you want to do is start taxing them because there'll be other countries who've got open arms, want money and businesses to come to their country, and entrepreneurs would just jump ship.

One or two things will happen here. In the medium to long term, we either do gradually go into a higher level of taxation, things level out, and then it finds a neutral balance where the economy starts to tread water. The taxation starts to pay down the debt and the deficit slowly closes, or the government moves towards some sort of more aggressive FDI strategy where we try and encourage more foreign direct investment into the UK, where we might have, say, initiatives for basing your company in the UK.

We might actually make it a tax haven. So in the same way that we did with the finance district and made London the finance hub of the world to a degree, we might do more of that, and I know that there's more drive to take manufacturing and things up to the north. Obviously, now in the UK, we only do really high-end bespoke manufacturing like Rolls-Royce, Bombardier, things like that.

There's going to be other areas where the UK can boom, which will be things like tech, be things like pharmaceuticals, be things like education, and it might be that the government actually encourage more foreign direct investment, where there's tax initiatives to host your company here. So we actually, rather than tax the businesses that are here, we actually create an opportunity for other businesses to come in. Now, if that comes in, fantastic, because that's another phase of growth, which will continue the economy growing, go for a long-term growth strategy, and we just become stronger and stronger as an economy due to that strategy.

In addition to that, we are in a tipping point where we're going independent. So now we're going independent. Thankfully, we've got a deal.

So we're avoiding another knee-jerk and a trigger point. But you do need to remember, we are only a small island. We are a small island, and we are a small economy.

And whilst we've been world-famous and world-reputed for various things in history, those things are slowly getting taken away from us and being outsourced, like mass manufacturing over to China, places like that, specialist manufacturing over to places like Germany. We have lost as much as we've gained. So there is a bit of a trigger point on that as to what we do as a country.

If it goes well, and we bring other people in, and we become a global hub for finance, tech development, anything that's on these new waves that we can catch, fantastic. If it's not, then obviously one of the things you want to consider is, where are you holding your affairs? Because if you're going to make loads of money over the next three to five years, only to then be taxed very heavily on your wealth that's in the country, maybe there's an opportunity to be thinking strategically now about, where do you actually hold your wealth?

Where do you have perhaps other international assets or offshore service operations or infrastructure or grouping of your companies where you can draw up and draw down through different countries? So economically, lots to look forward to. This is going to be great for entrepreneurs.

In the medium and long term, I think we need to think strategically about wealth management, is where are you going to hold your wealth? And how does the country decide to do that? You're going to see high spending.

The government are going to be spending. You're going to see... I'll talk when we go into finance.

I think you're going to see a lot more debt become available. There's going to be pros and cons of the finance market. Some of it could lock up, which is going to slow things down.

Equally, some of it's going to be opened up aggressively, which is going to have a lot of benefits. Third, so property, the property market. So those of you that invest, those of you that are landlords, investors, developers, professional services in the property industry, what's actually going to happen in the property market in 2021 and beyond?

Well, if we start through a few elements, I think the property prices will start to calm down. Obviously, what we've done is we've had an artificial spike in transactions due to stamp duty, which now terminates at the end of March. I do think we're going to see at minimum an extension for completions.

There's over 300,000 transactions going through the market at the minute. And if you think such a boom in demand when you've already got a reducing supply, plus the volume of work for every transaction is probably two or threefold of what it normally is, and the finance market is nervous, and the amount of deals that are falling through, or rather the complexity of raising finances is challenging. There's no way we're going to get these transactions through.

Now, the government got two decisions. One is all of that market activity and potential and latent commercial value that's been created by this stimulus can fall by the wayside. And you close the market at 31st of March or 30th of March.

If you miss the boat, you miss the boat. And then that's going to have a very detrimental effect on that sector. Or what they'll say is if you've got a property sold subject to contract under offer by the weather, we'll see mid-February, end of February, maybe even the end of March, then there'll be a further six, eight, 12-week completion window where you can get your deal done because that's absolutely going to be required.

So the good thing here is if you look at completion rates, still up to 80 odd percent of deals done in December based on previous year's completion rates would complete between the end of March. But as soon as you drop into January, you drop below 50% because 12 weeks is, even in the best of times, a realistic window for completions. Those of you that have been sitting on the fence, think you've missed the boat, have got deals you want to get done, now might be the time to get those deals done.

And I think as long as you exchange within that window, when they'll extend it, you can get some deals done and make the most of that stamp. Biggest place I'm seeing movement at the minute is the top of the market. There's houses that I was looking at last year, two years ago, three years ago, like Bunny Hall in Nottingham, been on the market for years, three to four million pound asking prices.

The stamp on that alone is ridiculous. It's that sort of stuff that's starting to move now because the drop in stamp GB without having to get any discount from the vendor is a significant discount to the buyer. So there's definitely still deals to be done out there.

I think prices will then level off. In the property market as well, I think one of the things we need to be grateful for is if you were to choose, property market as a whole is a very recession-proof sector and industry. That's a great thing about being an investor or a property developer or holding your wealth in bricks and mortar assets, because when the market's booming, the assets that you own in property go up in value.

When the market's busting and people aren't buying property, they're renting. So rents are going up and the yields are increasing. It's traditionally and historically a very robust recession-proof business or sector rather.

So it's already a fantastic place to be. If you were to choose, if we had our time again, and you were to choose a sector to go into during a pandemic, this pandemic, you would obviously choose logistics. Maybe you would or you wouldn't, food distribution.

The obvious ones, the staple goods. If you look at housing on top of that, not only were we enabled through the whole thing pretty much to stay open, our building sites stayed open. Lettings, the first lockdown, there's obviously a reduction in movement, but construction, lettings, the market, the supply chain was all able to keep open.

So it's a recession-proof business. You've then got tenants who lose their jobs, have the potential not get furloughed. You've then got construction, the supply chain, sites, lettings being able to stay open.

And then on top of that, the government have called the long-term or the medium-term growth strategy, the single point of focus, the single recovery strategy that's going to be deployed over not only the months, but the years ahead is build, build, build. So we're in the sector that's been able to keep open, has seen even a booming activity in some sectors, and we're now going to grow. We're going to ride the wave of recovery and growth through 2021.

You could not choose a better sector. So initially, we should be very, very grateful that we have businesses in this sector. Prices, I think, will start to level off.

And I think what would happen, because it's such a robust sector and industry, I don't think it's not Bitcoin. It's not the FTSE. I don't think you're going to see the thing fall off a cliff.

What will happen between now and March is I think activity levels will start to drop. Demand for purchasing will start to decrease. Supply may stay steady, because what we'll lose in people who are no longer motivated to sell is people who think they thought they missed the boat through October, November, and they're sticking stuff on the market November, December, January.

We'll see the tailwind of that. If the market were driven by demand and supply, I think we would see a price point drop down. But I think what will happen is the people who've got to sell still will sell, and they'll still be the buyers that want to buy.

So they'll probably offset each other. But what I think will happen is during January, February, March, you're going to have Mr. and Mrs. Jones, who their friends two doors down, Dave and Sue, put their property on the market at 250 grand. It sold for 200, which was more than they thought it was worth.

It sold for 270 grand in three weeks. They've now completed. Mr. and Mrs. Jones are going to want that price. And when they don't get it in January, and they don't get in February, or when they don't get in January, they're not immediately going to drop the price in February, because they don't actually have to sell. And then maybe in February, they'll start realigning their expectations. And maybe they'll consider a little bit lower, which is still more than they thought it was worth before the pandemic.

But they're still going to sit on it. They don't have to sell. They want to get that.

And then what will happen is it will start to edge off and start to come down. But what we'll see next is the next round, before it continues to drop and supply, the increase in supply and the reduction in demand starts to cause an adjustment in the price. I think it'll come down a little bit, but still won't go down to below where it was pre-COVID, because everybody's expectations have been set, before that starts to breach and go through that equilibrium, is we'll see another round of stimulus.

And that will be, we've got the new help to buy starting in April, although that is going to be for new build only at this time. Through January, February, March, I think one of two things will happen. Either the banks will start to get confidence again, and they'll start to lend money again.

Or if they don't, the government will provide some sort of stimulus to enable them to lend again. We need resi mortgages back up to 90%, 95%. We need buy to let mortgages back up to 75%, 80%, 85%.

That'll keep the market going in the good times. Prices can't afford to go much higher because of affordability, but it'll maintain it around this level at the minute that we're familiar with. So either the previous finance market will come back because they gain confidence or because the government will introduce some sort of stimulus, a government guarantee, an extension to the help to buy where they underwrite 5%, 10%, 15%, 20% of the debt like they did with bounce back, something to get the market going.

If we don't see those things come in, then what we'll see is the challenges will come in. You're going to see somebody with money. I'll talk about this.

Oh, I'll talk about this. When we talk about finance, you'll see somebody with money coming in because there's a lot of money out there at the minute. A part of the market will come in with finance and start to release it.

In the same way through 2009, 2010, after the GFC, we had the challenger banks start to come in. Most recently, we've had the fintechs. They will become distribution platforms for mainstream lending because the market's solid.

It's just a lack of confidence. Either the big boys will come back or the new players to the market will start to lend. I think for that reason, we won't see a drastic reduction in property prices through 2021.

There'll always be deals. There'll be people who need to sell, people who are getting divorced, people who need money to keep their businesses going. There'll always be those deals, and that'll be down to your marketing strategies.

But at a macro level, I think they'll stay the same. There'll be increasing initiatives in the property market. I think we're going to see increased levels of permitted development.

We're going to see a huge amount of infrastructure. I'll talk more about that when we get to strategies. The government strategies, obviously, build, build, build.

Whilst I don't think property prices will increase much further because apart from the middle part of the market, that 350,000 to 600,000 pound mark, which is a bit of a sweet spot, I don't think affordability can stretch much further, especially with reducing salaries. You're going to see average salaries. You've got to remember that we've been at the highest salaries.

We've had the lowest unemployment rate for 40 years, and we've had the highest salaries for a decade, and one of the most liquid finance markets. It's unlikely we're going to see affordability increase at a macro level. So price points will probably stay around there for that sort of element.

Rents, however, will increase. Now, many of us are seeing rents increase already, and this is in the main market. So single lets, your main PRS stock, I'm not talking about HMO rooms or boutique to up to an half thousand pound a month apartments.

I'm talking about three bed houses, two bed houses, two up, two downs, terraced houses, your mass market stock. Many of us have seen those rents increasing already. That's going to continue.

And also the laggards. So those people who've had tenants in there for three years, four years, who are now going to, whatever, move, upsize, downsize, those prices will see adjusted in line with the market. So rents at a macro level will continue to increase.

You'll see reports of like Nottingham, for example, is like 5% rent increase. Now, I can tell you we've seen 10, 15, 20% rent increases in some areas. You've got to know what you're doing, but rents will continue to increase.

Finance market. So what's going to happen in the finance market? So I've talked about that a bit already.

I got a bit ahead of myself, but in the finance market, I'm just going to move around a little bit. What's going to happen in the finance market is there's a lot of money out there. So the highest level interest rates are at a record low.

I said to you earlier, this is going to be the last phase for a generation where we're going to see something. Now, what we're going to see here is I believe this will be the last phase of record low, ridiculously low interest rates. Now, the reason I think this is for a few things.

So the first of all, so why have we got really low interest rates? Well, we had the GFC. Obviously, we had the global financial crisis, 07, 08, 09, and then low interest rates to get us through that.

We then had... And then we start... Interest rates are notoriously hard to grow out of.

Last time, the first time we dropped interest rates aggressively for the GFC recovery, global financial crisis recovery, it was due to be dropped for six months and ended up staying dropped for seven and a half years. And only after seven and a half years did it go one direction and it went down. Low interest rates are notoriously hard to grow out of.

And one of the reasons for this is whilst low interest rates encourage people to borrow money and spend money, you usually find that that runs simultaneous with the government borrowing money and spending money. We had the GFC, low interest rates. Then we had Brexit, which slowed things down and prevented things like growth, increasing GDP, inflation.

So it sort of stayed where it was. We had three, four years of limbo. And now we've had a global pandemic and interest rates are the absolute lowest.

We may well see interest rates go negative. I've said previously, no, there's no way we'll see that. Then I said, yeah, I think we will.

The main reason it would be would be to stimulate spending. People are hoarding cash. In the first lockdown alone, we stockpiled 86 billion pounds worth of consumer finance.

If you look at the consumer transaction levels based on debit and credit cards, how much people spend, through that first lockdown was 86 million. Now, I don't know about you, but a lot of people, myself included, have actually saved money through the last pandemic. Granted, incomes have come down.

People have lost jobs. Businesses have gone bust. But at a macro level, we could see, I forget which period it was, was it the roaring 20s where everybody just saved loads of money up and then they went out spending?

We may or may not see a degree of that. I believe that this will be the last period of low interest rates. And this might last three, five, it might even last 10 years.

But what I think will happen through this medium and long term recovery is it'll get the flywheel going. It'll get the economy going. And then what will happen is we'll be at a point of recovery.

If you think about, well, let's use one of our groups of companies, PPN UK. So I was writing a blog over the weekend or an article talking about rolling up returns. Now, if you look at companies that do a long term growth strategy like PPN UK or Amazon or some of the techs, but they lose money, lose money, lose money, roll up money, roll up money, roll up money, roll up money.

Because what they're doing is they're doing a land grab. They're doing a revenue generating activity. They're focusing on the top line rather than the bottom line.

And what you end up with at the end of a period of this, whether it's a year, if you're doing an aggressive growth strategy, maybe you're doing mergers and acquisitions in your companies. In an economy sense, we do build, build, build. We invest in infrastructure.

In Amazon's sense, it's more logistics. It's more tech. It's more acquisitions.

You end up with this ginormous revenue that within a 12 month period, you pull the lever, you move your focus from top line down to bottom line. And all of a sudden, you've got a ridiculously profitable company in cash terms, because it doesn't matter what the percentage is. It's a percentage of a high revenue.

This is what I think will happen to the UK economy over the next 5, 10, 15, 20 years is I think that there'll be this infrastructure, there'll be this investment in going for GDP, going for infrastructure, creating a country that can actually make money again until we are whatever we look like, and we're generating that revenue, and then we'll start to see the market recover. Naturally, that'll start to drive salaries. Increasing salaries will drive an increase in spending.

An increase in spending will start to adjust the demand and supply mechanism. The price point will then start to move up. Inflation increases, interest rates come down, and then we'll see the whole thing tip.

Only then do I think that this whole game will change. But when it changes, I think it will change permanently, or at least it will change for the last time in our lifetimes. I think that we've got another 3, 5, 10 years left of low interest rates, and then when the game changes again and they crank that lever and allow it to run into increased spending, increased inflation, I don't think we'll see it again.

It will then run back into standard interest rates being 3, 5, 6%, inflation being at 2.4, 3, 4, 4%, and we'll go into that boom, boom space. So yeah, the sentiment there is, I think it's a very unique period in time. And I think the base of that is that you should absolutely make the most of it.

Not only that, not only do I think it's based on a medium to long-term growth strategy, which remember is about spending rather than tax. When the government spend, we grow. When the economy's growing, the government tax.

When the economy is slowing, the government spend. We're very much in a slowing rather than growing. We're very much in a bust rather than a boom.

The other thing you've got to consider here, and this is huge for the finance market, is this lockdown and pandemic has been a time machine. There's going to be things like baking sourdough at home and cooking at home rather than going to a restaurant. There's going to be things like having face party or face whatever it's called, the app when you have games with your friends and family at the weekends.

There's those sorts of things that happen during these pandemics and lockdowns that I think people will quickly forget. Working from home, not working in London. There's all these things that have happened and people think, is the world going to change?

I don't think they're going to change. People forget very quickly. When the restaurant is open, you will be back down the restaurant.

When you can go and see your friends and family rather than have a Zoom quiz, you will quite likely go and see them rather than have a Zoom quiz. London is London. It is a world famous city.

It is the buzz of the UK. Those people who want the London lifestyle don't get it in the centre of Cornwall. People are going to forget those things.

There's those things that have happened, which people forget and we'll be back to normal before you know it. There's other things though that have fundamentally changed forever. Now, the things that fall into this category is where there's been a time machine.

When I talk about the time machine, what this means is there's things that were inevitable anyway, but this has just sped them up. And this is things like when we went into the first lockdown, I said to people, this will be the death of the zombie businesses. Those businesses that have been hobbling along year after year, just trying to survive, raising a bit more cash, finding an equity fund the other side of the world that has nothing better to do with its money, diluting its shares, asset stripping it, putting a bigger hole in the pension fund.

There'll be all these individual things. Those zombie businesses, this has got rid of those. Coming out of it, there's some fundamental shifts.

The things that we're going to forget about, but then there's going to be some seismic changes like the death of the Arcadia Group. That was inevitable from the off. The revaluation of things like shopping centers.

And what this has done is it's fast-tracked something that was going to happen anyway, but the only thing with fast-tracking something is you don't end up with death by a thousand cuts and it slowly goes out of business. You end up with a cliff edge. Now, this is where we are with the finance market, because when such staple assets as shopping centers and pension funds that were held in big, so shopping centers that were in the REITs, pension funds that were held in big investment groups, all of these things have just disappeared overnight.

And there is going to be more money than we've ever seen out there. So twofold, one is going to be the government want to get money out there to spend. They want to get money out to entrepreneurs and to small businesses to invest.

They want to do their public sector infrastructure spending. Also, all of these REITs, these pension funds, these investment groups who were used to investing in staple assets that have been there forever, these things have just disappeared. And what they're going to have to do now is they're going to have to find the next thing.

The closest that we've seen, I'll talk about, well, I don't know whether I cover it in strategy, but the closest next thing that we've seen for like pension funds, investment groups, things like that is PBSA. So PBSA, purpose-built student accommodation, that's down to like anything from like a 4% to 6% yield now on a balance sheet valuation. That's a very mature market.

That's even on its end. I think as well, this pandemic has scared investors going into that space. So they can't even go for PBSA, which was the new cool kid on the block.

All of this money has got to go somewhere. And for that reason, again, I think we're going to see ridiculously low interest rates. You're also going to see a yield compression where investors previously who wanted security and a 4%, 5%, 6%, 7% yield, they're going to be happy with anything above inflation.

2% yields we're going to see, 3% yields. There's going to be money available for everything. So if you're valuing businesses, especially if you're rolling them up and you're doing an agglomeration model, you're doing an IPO, the valuation on those will be significantly higher.

If you can create a new asset class, a staple income, an asset-backed lease with a strong covenant, you will get a yield compression on there. Anything to do with the investment market, and the finance is going to be liquid. And anything to do with the investment market, if you know how to play it, will be very, very lucrative.

Because people are looking for lower returns, but they need to put the money somewhere. So that whole space is going to be completely reconfigured. There's going to be cheap debt, without a doubt.

Make the most of it. This will be the last time I think we see it. This next 3, 5, 10 years, absolutely clean up on cheap debt.

Yield compression, talked about that. So yeah, they're the main sort of finance things I'd encourage you to tune into. Moving probably quite aptly on from that into strategies.

So in property, what strategies should you be considering? Now, property is a very robust, established asset class and sector. So at a macro level, there's not really going to be any major need.

Well, no, I shouldn't say that. I'm not going to go into the granular here. What I'm going to do is, I'm not going to go into the granular, but I'm going to tell you how to figure out what strategies you should be doing.

So the mass market will remain stable. Houses of mass affordability, single houses, apartments. Obviously, be careful of the investment market because there'll be some areas where there's a saturation of apartments.

That always happens with these levels of adjustments, especially if there's stuff sold off plan. But the mass market will stay as it is. If you've got an HMO portfolio, you've got a service accommodation portfolio, you've got a single let portfolio.

In the main, it will stay. But if it's done okay for the last few years, it will probably do okay now. The main strategic shift I think we'll see, and bear in mind, this is a macro level.

I'll talk about micro in a minute. But a macro level, if you're talking about the whole UK, the big picture, at a macro level, the biggest shift you're going to see is from the top to the bottom. So from the top of the market, where you've got 5 million pound houses, apartments for £2,800 a month, boutique and penthouse houses and apartments, where previously in a boom economy, where it's growth, earnings are the strongest in a decade, finance is readily available, people have the confidence to spend, the activity at the top of the market is going to slow.

And where I think you're going to see the activity grow is at the bottom of the market with continued reducing income, with reducing affordability, with increased unemployment, with more public sector funds, more damage recovery. The activity, I think, will be at the bottom of the market rather than the top. I mean, to give you an idea, in March, when the first lockdown was announced, on two developments, I immediately moved from the top market, which was £700, £800, £900 a month, boutique, interior design departments, flipped to developments, a couple of million pounds worth of developments, to £2.5 million worth of developments, flipped them straight down to the bottom of the market. Because in a time of uncertainty, people are going to be rushing out, spending with confidence. No, they're going to be saving. We've seen this already.

In an economy where unemployment is going up and average salaries are coming down, is the amount people have got to spend going to go up or down? It's going to go down. And I went straight to the bottom of the market.

So strategically, I think the bottom of the market is going to be far more active now, and the top of the market is going to be far less active. Equally, when we get into the spring and summer, if you've been doing something in the middle and it's been doing OK, it's been doing good, it will probably still do you OK. It will do good.

A few elements for you to focus on, which will be where you catch waves. There's only two things you need to do in business to make good money. The first is to catch a wave.

The second is to find a niche. If you find that, you'll find low competition and you'll find high margins. Look at every single business we've built.

Look at every single company we've invested in. Look at every single property investment strategy or deal or development we've done. There's always an angle.

There's always a niche. There's always a crest of a wave. And that's where you get 20%, 30%, 40% return on investment.

The places I'd encourage you to start looking for that this year. Well, the government's recovery strategy is called build, build, build. So anything to do with the government's recovery strategy is going to be a winner.

Things like this would be public sector contracts. The reason the government spend money on infrastructure is because they've got two options. They either burn what they earn.

They either burn their money on paying benefits or they spend their money on creating assets, infrastructure, hospitals, prisons, roads, and development in certain areas for certain things like not on a might be a creative sector. The north would be the new investment growth bank, things like this. But what it does is it creates jobs, not only in building the hospital or building the school, but it creates jobs in the supply chain, in the people that deliver the materials to the site.

It creates jobs in the factories that manufacture. It creates jobs all the way through it. So construction and infrastructure is a huge sector.

Anything to do with that, whether you want to be developing for public sector contracts, whether you want to be supplying the supply chain with materials, anything from materials and raw materials, prefabricated steels, all the way down to clothing and signage, anything on that build, build, build will be an absolute boom. At a more micro level, if you know, and this is where success and failure are very predictable. I've played this game my whole life with businesses and with property investments and the deals that I've done and where I've done them.

If you know something's going to happen in an area, then move to the area. Get ahead of the curve. If you know they're going to build one of the new hospitals near you, then I guarantee you in the short term, serviced accommodation anywhere around that for a 24 month period is going to be absolutely booming.

Contractors, people moving to the area, professional services, it's going to be absolute boom. And then in the medium term, it's going to create jobs. It's going to create employment.

That may increase demand in the medium term. It may not. But what it will do is if it doesn't increase demand and supply, it will likely increase price points.

You look at anywhere where there's a new build development and you'll find that there's a ripple effect to the properties on the outskirts. You find anywhere where they're building a ring road. You look at cities as they start to build ring roads, creates a very deliberate impact on demand and supply, property prices.

If you know that there's infrastructure, development, investment going in your area, absolutely, that's an area you should be looking at strategically. There'll be new markets created near the hospitals. Anything to do with strategic positioning.

We spend three months teaching our property entrepreneurs how to position strategically in their market. All of the businesses that we invest in are strategically positioned. It's finding that what is that for you in your market, in your business, in your sector, and then going for the easy money, riding the wave and finding the niche.

There's going to be a whole planning reform. So PB, well, there's going to be a whole planning reform. So obviously, we've seen it already.

We've seen a lot of the classes grouped into Group E. There's some initial consultations being released. They say that potentially, they could be introducing some form of permitted development to the whole of the E class.

Now, that would be absolutely phenomenal. It would be an absolute gold rush. If that happens, amazing.

Hold on to your hats, get ready to ride the rocket. It's going to be deals, deals, deals and move very, very fast. If that doesn't happen, it doesn't matter because there will be something.

There will be a gap. There will be a niche. There will be an angle.

There'll be something to find and you want to ride that wave. We've done this since 2015. It's ending in April with high density.

We've done high density. So if you use PD, so B1 to C3, B1C to C3, and either PD or PD in an area or full, sorry, either PD where you can get underneath the national spacing restrictions or full planning applications in areas that don't have to conform to the national space standards, that's been an absolute niche. And you've seen us go back to back since 2015 with build to rent to sites, build to rent to sell sites.

And the returns on them have been, they normally average about 40%, 30, 40, 50%. We're just about double our money. In fact, the last one we completed, we doubled our money on during lockdown.

Build to rent to sell, absolute niche, but it's closed now. The legislation is closing. And from April onwards, it's going to be significantly harder to do that strategy.

The good thing is going to see a planning reform. We're going to see more PD. We're probably going to see introduction of either PD or a very, very favorable airspace.

We're going to see changing use classification. We're going to see some of these, some of the stock that's becoming less demand and lower use. Things like shopping centers, non-prime commercial areas, large, basically large buildings that need to be demoed.

You're going to see light planning. Industrial, where you could take down some industrial and put it up for resi. Although the distribution sector will continue to boom.

And it might be that they get the first bite of the cherry on that classification. In planning, there's going to be a lot of opportunities. The way to make the most of it is just to study it, read it inside out, find your angle, and then absolutely, absolutely clean up on it.

Commercial is going to be big. There's going to be some very, very exciting things happening in the commercial market. Again, this investment, I can't overemphasize the significance of how much money is around.

The amount of money that is in the economy, the amount of money that is going to be available because it's got nowhere else to go. They can't go to shopping centers anymore. They probably won't want to go to PBSA anymore.

In fact, I'll tell you something you will see, and you heard it here first, if you haven't heard me say it before, is PBPA. So PBSA, Purpose-Built Student Accommodation. PBPA, Purpose-Built Professional Accommodation.

Our children's children will end up living in a life where they go from cradle to grave in purpose-built accommodation. It will be run by the corporates. It will be state-owned, operated, or taxed.

And it will be a big institutional asset class. And we'll probably have all of our pensions pegged in it in some capacity because there'll be nowhere left to put those in many instances. PBPA, for lots of reasons.

I think you're going to see big purpose-built co-living schemes, big purpose-built flats underneath the minimum space standards. PBSA falls outside of the normal C3 classification. PBPA will be the next wave because that C3 one has been closed from April.

Commercial is going to be very exciting, anything to do with infrastructure. I was talking earlier about the time machine. Lots of people don't do online shopping or didn't do online shopping because they're never forced to, the laggards, the late adopters.

If you've now, due to lockdown, discovered online shopping where at the click of a button, you can have all of your food delivered without having to drag the kids around a supermarket on a Sunday afternoon, it is very, very unlikely you're going to go back to that. We're going to see more and more of this distribution. We're going to see advanced logistics, more developed logistics, specific types of logistics in commercial.

There's going to be, it's not my field of expertise, but one of our board members, if you don't know Susie Carter, Susie Carter runs the Commercial Property Academy. Follow her, listen to everything she's got to say. That will be a very, very big space for 2021 and beyond.

Build to rent, don't underestimate build to rent. I've been saying this since 2015. I've been doing build to rent to sell since 2015.

Build to rent in a big way is going to come and it will turn the industry from cottage to corporate. This isn't a new thing. It's not a COVID-induced thing, but it's a growing curve and the amount of money that's around that has to go somewhere will probably go into PBPA via funds, via investment groups, via legal in general are moving into that space.

There'll be more and more stuff in that sector. And then care and extra care, care, extra care, end to end villages where you're downsizing your forties, fifties, and you stay there until you need supported living, basic care, extra care. That will just continue, continue and continue.

And then finally strategies is the bottom of the market, public sector accommodate anything to do with the public sector, anything to do with care, supported living, housing associations. We're investing quite aggressively in that bottom end of the market now, just because all the planets align. The rates are high, the demand is high, the process for the planning application can be more favorable.

The demand from the investment market exit, because it's guaranteed with a three, a five, a 10 year lease from a strong covenant. When you get that yield compression down to, well, we've just had a, we had a block that we bought for 440. We spent about 50 on all in for about half a million.

So 500,000 on a yield of only 8%, it revalues at 1.1 million. That's on the market at 1.1 million. And in fact, that's not on the market.

That's gone to our international investors off market at 1.1 million. And there's five people already who want to, who are interested in purchasing it. Now, if you, I think that compress, that yield is going to be compressed more.

That's 7.4% on a five year lease with no break from a reasonably strong 22 and a half million covenant. Now, I think that's going to get compressed and compressed and compressed because people are going to be jumping over each other to find anything with any security. I wouldn't be surprised if we see that yield come down as low as six, five, maybe even less with the right, the right covenants in place.

That's going to be very lucrative for those of you that know how to, those of you that are more advanced and do bigger developments and know how to play that game. Finally, so finally my approach. So what's my approach through 2021 and beyond, and I'll give you three top tips to finish.

So my approach is, well, one thing is, and again, I don't want to belittle anyone who's having difficulties personally, professionally, economically due to COVID, but entrepreneurship is a game. This is all a game. I've built businesses in recessions.

I've built businesses in boom times. I've scaled ridiculously lucrative and profitable businesses. I've lost and closed businesses that haven't worked.

When you've been in it for long enough and you can understand that, well, money comes and goes, but there's long-term growth strategy, long-term wealth strategy. We need to know how to play that. But above and beyond everything is this is all a game.

Yes, we make money. Yes, we're investing people's pensions, investment funds. We're responsible for providing accommodation for thousands of people around the UK.

I'm not belittling that. The biggest thing here is this is all a game. The economy, politics, the government, this is all a game.

And all you've got to do is master the rules and then play the game the very best you can for what you want. My approach is I will be playing the game. I enjoy entrepreneurship.

I love entrepreneurship. And for me, it's about enjoying it. It's about purpose-driven living.

It's Sunday afternoon. I'm in the office playing around with my new podcast studio, giving you guys an update. I enjoy it.

I love it. I do the things I like to do. I work with people that I enjoy working with.

I do deals that excite me. I invest in businesses that get my juices flowing. For me, it's about enjoying it and it's about playing the game.

Strategically, what does that look like for me? Well, development. I'm in the final stages of wealth creation now, which is all about looking for lower yields.

Basically, boring assets, single lets, blocks of flats, assets leased to housing associations. For me, the assets that I own are long-term assets. They're in the background.

They're pension fund for me. They're legacy for hopefully my kids at some point. They're just boring, low yield, low risk.

No tenants drinking each other's milk or people smashing up parties in service accommodation. I'm into the latter years of wealth creation now. For me, it's the boring stuff.

So for me, that's single lets, build to rent developments, financial fortress, housing association, LHA, supported living, social housing, all the really boring stuff really for me. The other thing for me is about growth. So growing our existing businesses, we will never see debt this cheap again.

So it's using the debt, using the initiatives, recruiting more people, building the businesses, taking everyone on a journey, riding this next gold rush wave, and really making the most of that. Liquidity is really key. So there's going to be a lot of deals to do over the next 3, 6, 12 months.

But you're going to have to be liquid. You're going to have to be good for the money. You're going to have to have cash in the bank.

The first mover advantage will be the people who can really go out there. And you saw some of our deals. We raised nearly half a million pounds in two minutes, less than two minutes the other week.

You're going to need to have good deals. You're going to need to be credible. You're going to need to have a good balance sheet, and you're going to need to be liquid.

This is going to be one of those periods where cash is king. We're just getting ready for about the next sort of, well, well over half a million pounds, half a million to a million pounds worth of liquidity ready to buy more. Well, that's ready, ready to buy more deals.

It's all about liquidity now and making sure we're in a position to do deals. Personally, one sector that I'm very aware of, and this is twofold now, is where is the money? I've talked to you about all this institutional money has got to have somewhere to go.

Also, the world is moving towards a green economy. The amount of money that's in global wealth and trillionaires and all these things in like oil, you've got to appreciate that oil is rapidly losing its status as one of the most valuable commodities in the world. The next most economy, most valuable commodity, which is now more valuable than oil is data.

If you look at anything to do with data, tech, Amazon, Google, Facebook, WhatsApp, Instagram, Deliveroo, anything to do with tech data is the new curve. Now, I'm not a tech guy. It's taken me two and a half hours to figure out how to plug this microphone into record a podcast.

I'm not a tech guy. I don't know how to build software. Honestly, I have no interest in building software, but I do have interest in investment in assets.

Some of my investments are moving towards that. I've just agreed to become an angel investor in a tech scale up, and that will be a three to five year growth where we'll exit in three to five years, and that will be absolutely huge. I'm looking at sectors that I don't understand, but I'm investing and being an angel investor in businesses that I do know work and that are run by people that I know, like and trust.

Then my main focus points really is it is all a game, and I just want to make the most of it. So taking that growth curve, enjoying the journey, recruiting more people, using the debt while it's cheap, creating long-term wealth. I'm past betting my shirt anymore.

I take a lot of risk. I take very high risks in some people's view, but they're always well managed. They're always well balanced, and touch wood, to date, the majority of them have paid off very favorably.

I'll be focusing on that in 2021 and the years ahead. And then finally, oh yeah, and startups as well. So I'm investing not only in tech, but I've got a number of new startup businesses that I'm investing in.

They're crest of a wave. They're ready to grow the curve. My understanding on how valuable that these revenue and profit generating shares will be through this period and how easy it will be to ride the wave is second to none.

So I've got a number of startup companies. I've got a niche service accommodation business that I'm investing in and scaling, got a niche marketing company that we're just starting to formalize, get ready to scale, and then a very niche business in the construction and property management sector, which is absolutely, absolutely flying. Then a portfolio holding company, which is a very short term milk the cow strategy, which is riding a ridiculous wave.

It's like a £22 million contract, things like that, which are just off the scale. But success and failure are very predictable. When you know where to look, then you'll do really well this year.

Finally, three top tips to finish. The first is understand the difference between macro and micro. So what I'd encourage you to do during this period is understand the difference between macro and micro.

This means what's happening in the world, what's happening in the UK, what's happening in the government is macro. What's got on the front page of the paper, and then how does that filter down to a micro level? So yeah, the government is spending whatever, 100 billion on hospitals.

Fantastic. Where are they? Are they in your area?

Is it going to have any value? Is there a factory in the area that's going to win the contract for producing X, Y, Z? All the fabricated steels for the construction model, whatever.

How does the macro data apply to you on a micro level? What's happening in your area? What investments being made?

What investments being lost? What's booming? What's busting?

Understand the difference of that. When you understand that, the next is to be highly strategic. So tip two is to be highly, highly strategic.

Success and failure are both very predictable. And the way to increase your success rate is to increase your level of strategy. I'm a highly strategic entrepreneur.

I specialized and got a first class degree in strategic entrepreneurship. It's all to me about markets, data, crystal waves, curves, market life cycles, human tendencies, changing in attitudes and opinions. Look at everything that's going on and then be highly strategic and find your area in that which needs to be a crystal wave or it needs to be a niche.

And this can be macro or it can be micro. If you're highly strategic in everything you do, I guarantee you it will be what makes or breaks you this year. Observe the masses and do the opposite.

Take some difficult decisions. Have some difficult conversations. Don't bury your head in the sand and don't spend the next 12 to 18 months stacking chairs on the deck of the Titanic.

If your ship is heading for an iceberg, it's time to change course and jump ship. And then finally, and the third one to finish is speed of implementation. One of the things that we teach on Probably Entrepreneur is we can give you the information.

You will hear it at the same time everyone else will. But the first mover adopters and the first mover advantage and the early adopters are the people that make this stuff happen. When bounce back loans come out, when symbols come out, when local grants are available for technology, research and development, two and a half grand discretionary loans.

When you hear of these niches and these initiatives available, you've got to be the first one. The first time you hear it, you've got to be like, right, what does that mean? How do I apply for it?

Get my application in. Here's my documents. You've got to be militant.

You've got to be aggressive with that. Speed of implementation through this drive period, through this growth curve, observe the masses and do the opposite and be the first person to the party. You want to get there first, make the most of it first, catch the wave first.

Because when you do that, you will have low competition and you'll have high margins. And that is all this is about really. Building a business behind the scenes is hard.

Doesn't matter what business it is. Why build a difficult back of house for a different front of sales? Sales and marketing and making money and margins is the last thing you should be worried about.

Catch the wave, find the niche, ride the market, and then just focus on building the business to accommodate while you're riding the rocket. I hope that gives you good insight. Hopefully there's lots of content and information for you there.

Those of you in the Property Entrepreneurs Facebook community, if you're not already subscribed to the official Property Entrepreneurs podcast, make sure you go on there, subscribe now. There's plenty of episodes about what's already happened and there'll be lots of episodes about what's yet to come. Those of you that are listening live on the podcast, if you're not already in the Property Entrepreneurs Facebook community, there's over 5,500 of us in there now sharing best practice, business, investment, finance, and property, everything you need to know about the realities of high performance in practice.

Ladies and gentlemen, investors, landlords, property entrepreneurs, happy new year 2021. Hopefully that's given you some steering, some direction. Follow me on Facebook, Instagram, YouTube, on the podcast.

I wish you all the very, very best for 2021. Success and failure are very predictable. Master your market, read the data, get highly strategic, and then just hold onto your hats, ride the rocket.

It's going to be a game changer. So thank you to all of those that have tuned in. I wish you all the best for 2021.

I look forward to catching you on the next Property Entrepreneur podcast. Take care, guys. All the best.

Speak to you again soon. Cheers. Thank you for listening to the official Property Entrepreneur podcast.

Trust you found value and insight in the topics discussed, and as always, very much welcome your comments, feedback, and any suggested guests or topics you would like us to consider. Please give us a review and let us know what you think. Follow me on social media.

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