**PEP 74 Edited\_Transcription**

[Speaker 3] (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 programme 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 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] (1:49 - 2:01)

Hey, and welcome to the next edition of the Deals, Deals, Deals podcast. And I'm really excited to welcome my friend and fellow board member, Susie Carter. Hey, Susie, how are you doing?

[Susie Carter] (2:02 - 2:04)

Hi, Mark. Yeah, great. Thank you.

How are you?

[Mark Barrett] (2:05 - 2:16)

Yeah, very good. Really excited to go through this deal that we've heard about. But first of all, for anybody that doesn't know you, could you give us a bit of background about yourself?

[Susie Carter] (2:17 - 2:27)

Yeah, sure. So I'm a child surveyor. I've been a child surveyor for well over 25 years, which is quite scary.

And I've got a corporate background.

[Speaker 4] (2:27 - 2:28)

You certainly don't look it, Susie.

[Susie Carter] (2:28 - 3:19)

25 years. Oh, bless you. And I've got a corporate background.

I've worked for CBRE, B&Q, land securities, all in commercial real estate. So managed big portfolios in retail parks, shopping centres, worked in industrial offices, etc. And in 2015, I decided that I wanted to quit the corporate world.

It wasn't working for me anymore. And started investing myself and in joint ventures. And more recently, I've set up the Commercial Property Academy, which is basically my way of being able to help others using my kind of vast experience in commercial real estate.

So it's online course, weekly mentoring, and just about to launch in the next couple of months, kind of some small group mentoring as well for people.

[Mark Barrett] (3:19 - 3:29)

Oh, exciting. Yeah, fantastic. So just tell us about your experience on Property Entrepreneur then.

When did you join and what was the reason for that?

[Susie Carter] (3:31 - 4:15)

And so I've been on Property Entrepreneur for three years, on the board for a year and a half now. And yeah, I mean, I genuinely think it's turned the dial for me. I think there's lots of different ways.

I mean, obviously, I think the main one for me is being in a room with lots of successful property investors and business people. And so aside from the mentoring that Dan provides, which is obviously world class, one of my objectives as I emerged from the first year of Property Entrepreneur was to raise my peer group. And I definitely feel that that's definitely been achieved.

I feel like I've really raised my game as a result. So it is fantastic.

[Mark Barrett] (4:16 - 4:19)

Excellent. And what's your wealth dynamic profile?

[Susie Carter] (4:21 - 4:36)

So I'm a dealmaker. So I've got, yeah, although I think these days I'm kind of going up to supporter on occasions as well, because I'm doing more training. But yeah, I kind of got a good dose of tempo in me as well as Blaise.

[Mark Barrett] (4:37 - 4:40)

Very good. There's not many of us tempos about.

[Susie Carter] (4:41 - 4:42)

We stick together.

[Mark Barrett] (4:43 - 4:56)

Absolutely. Absolutely. Yeah.

So you've kind of come out of corporate life and now you're working on your own portfolio with like joint ventures with clients as well. What's your main strategy at the moment?

[Susie Carter] (4:58 - 5:34)

So 2022, the main strategy is investing in, for ourselves, is investing in commercial. So we're looking at a lot of industrial at the moment to invest in, although it's pretty punchy prices out there at the moment. And some commercial conversions as well we're looking at, but I'm not willing to overpay for them.

Like some of the opportunities in the market are pretty expensive. And then in the joint venture I'm about to talk about, we're looking at buying mixed use commercial residential with some angles for service accommodation.

[Mark Barrett] (5:35 - 5:40)

All right. Okay. Yeah.

And what areas do you focus at within the country? Is it different areas?

[Susie Carter] (5:41 - 6:01)

Yes. So I'm focusing much more down. We moved house about nine months ago.

So we're now in Gloucestershire. So Gloucestershire, Oxfordshire, Worcestershire, Herefordshire are kind of the main areas there. So definitely investing more locally than have done previously.

[Mark Barrett] (6:02 - 6:13)

Okay. Excellent. Yeah.

And then looking at deals then, what's your main route to market? So if anybody else that might be interested in getting into looking at commercial opportunities, where do you look?

[Susie Carter] (6:15 - 6:58)

So obviously you look at things that are on market. I mean, in commercial real estate, a really good tip for a lot of people is to nurture some relationships with commercial agents, because there's a huge chunk of commercial deals that don't even reach the market. So I wouldn't say they're truly off market because I think there's an investor database that probably get them, but it's definitely worth nurturing some strong relationships with commercial agents.

So that's definitely a route to market for me. And then direct to vendor, it's surprisingly successful. I think more successful in some areas than others, but certainly I find that direct to vendor marketing has been, at the moment we've got a lot of leads from direct to vendor marketing.

[Mark Barrett] (6:59 - 7:10)

Oh, that's good. Yeah. And is that looking at a particular type of property that you're looking for the direct to vendor?

Do you have like different strategies and marketing campaigns on that?

[Susie Carter] (7:11 - 7:38)

Yeah. So the recent campaign we've done is on kind of shops and uppers, but it's also got some offices, some industrial in there. It's kind of, but it's mainly shops and uppers, but we're just about to launch a campaign for industrial, direct to vendor for industrial.

And I'll be really interested to see what the run rate is on that given the market is pretty strong in that area, but certainly that's an area that we want to grow into this year.

[Mark Barrett] (7:39 - 7:46)

Okay, great. Yeah. So once you get a deal, what's your way to stack a deal?

How do you kind of like appraise that?

[Susie Carter] (7:48 - 8:49)

So I, with commercial stuff, I tend to do a bit of a, we always call it fag packet. It feels really old fashioned to say that now, but kind of just do a fag packet deal stack in terms of, I use Nimbus Maps a lot for my deal stacking and put kind of where I think the tone of the yield is in the area and just work it through just broad brush to see whether it's even worth me spending more time on. And also what things like Nimbus Maps are useful for is kind of looking at how much the purchase have paid for it and just kind of looking at whether there's a ballpark deal to be done or whether there's not.

And then if it kind of passed the sniff test on that one, then I've got a detailed deal stacker that I go through and work through to see whether it's worth us pursuing and then obviously nurture relationships, et cetera, to move that forwards.

[Mark Barrett] (8:49 - 9:06)

Yeah. So I suppose there's so many different things with commercial properties. Is there like value add on it?

Can you kind of like increase the rents? Is there planning gains? Is there kind of like commercial conversion costs?

So there's quite a lot of work that goes into looking at these deals really, isn't it?

[Susie Carter] (9:07 - 9:44)

Yeah. And it's not all, you don't always have to do physical works with commercial property, which is one of the beauties of it. So, you know, it can often be a paper-based exercise either to do a letting or to restructure leases.

So, you know, it's really important before you buy commercial property to speak to the tenants, find out what the lease is, find out whether, you know, find out from local agents, whether there's any demand for that unit, whether you could increase rents, whether you could lengthen the lease. So there's a lot of due diligence that, you know, you have to do other than kind of what, you know, what pound per square foot conversion costs would be or whatever, because you don't always have to do that.

[Mark Barrett] (9:44 - 10:03)

Yeah. Okay. Yeah, that's good.

And then as far as structuring deals, how do you do that? Do you kind of like, have you got certain SPVs that you do? Do you have, you know, just anybody that's kind of looking at doing these kinds of things?

What do you particularly, I know you can't advise people, but...

[Susie Carter] (10:03 - 10:42)

Yeah. So, yeah, we've got an investment company that we largely invest in, but if we're doing developments, we'll definitely look at doing an SPV and developments can be conversions. And it depends also whether we're converting for sale or converting to hold, whether it's going to involve title splits further down the line.

But one thing that I always do is, you know, I'm on speed dial to my accountant basically, and I never buy anything in an entity before I've discussed it at length with my accountant and made sure that I'm structuring it properly in the kind of context of everything that we were doing.

[Mark Barrett] (10:42 - 10:54)

Yeah. Okay. That's good.

Yeah. Yeah. Okay.

So let's go back this particular property in Worcester. Do you want to give us a bit of background how you came across it and what type of property it is?

[Susie Carter] (10:55 - 11:41)

Yeah, sure. So this one I've done in a joint venture. So I got to know my joint venture partners.

I did some training with them in 2014, 2015. We got to know each other really well. And I have to say it's a joint venture based on really shared values.

So I think that's kind of a testament to the success of it is that we, you know, we've got very similar approaches and values. And the properties in Worcestershire, it's a listed grade two listed terrace. Effectively, it's made up of three properties, although one of them is two properties joined together.

So effectively four properties in a listed facade. And it was on the market.

[Mark Barrett] (11:41 - 11:45)

It's also, it's quite a big property as well. It's like three stories, is it? How many stories is it?

[Susie Carter] (11:46 - 13:19)

It is. Yeah. Yeah.

And it comprised previously, it was a big HMO. So it was a 28 bed, a six bed and a six bed HMO. So there was a lot of rooms.

Apologies. There was 28 rooms in total. Apologies.

It wasn't, it wasn't. What was the tenant type when you, when you bought it? So the tenant type hasn't changed that much, actually.

It was, it was workers. So, you know, work workers. And it's, it's in Worcester.

It's very, very close to the city centre. I mean, you can walk into the city centre. So I'm very close to one of the main railway stations there.

So it's really, really well located. So much so actually that there's, there's very little parking there, but you kind of don't need it. And a lot of tenants don't have cars.

And as I say, it was openly marketed. So it was, you know, a lot, I think a lot of people had looked at it, but just weren't quite sure how to make it work. And it was on the market at 1.1 million. So actually I, I was approached by, I wasn't in a joint venture then, but I was approached by these people I knew who I'm now in joint venture with on the property. And so, so we worked it up together and we taught ways, basically our approach was to split the title upon entry, entry into the property. So that obviously we had a value uplift to begin with.

And then, you know, we'll kind of talk about the other asset management angles as we go.

[Mark Barrett] (13:20 - 13:33)

Okay. So you did, you, you came across the property. You saw the title split opportunity.

So the title split, did you do that afterwards or did you do that kind of like between exchange completion?

[Susie Carter] (13:35 - 13:56)

We did it. We told them we wanted to buy it in effectively for four months. So, yeah.

So, so we, we did it on entry. So we split it into three houses and then we, we split the land at the back. Effectively, we split the land off, which was a big garden.

We split, we split that off as well.

[Mark Barrett] (13:56 - 14:07)

Okay. Yeah. So do you want to just go through the, through the numbers and then you've also got like the value out of what you've done since.

So on the purchase, you bought it for.

[Susie Carter] (14:08 - 15:11)

Yeah. So, so all in, we bought it for about 1.13 million, obviously with purchases costs, et cetera. And, and then the idea was because it's quite a unique type of property because it's, because it's a Georgian property, it's got really big rooms.

So it's not just like a little HMO room that you're kind of struggling to get minimum sizes on. Most, if not all of the properties have got their own kitchen and, and, and a lot of them have their own WC, but most of them share facilities, share bathroom facilities. So the idea was that we would, so, so we, you know, we went through, I mean, goodness knows how many models we ran on this when we were buying it because you know, what I love about big properties like this is there's so many different angles that you can do.

And actually, I think in a way there was almost too many because we got a little bit early doors. We got a little bit lost in all the angles and that's why we finally, yeah. What we finally learned.

[Mark Barrett] (15:11 - 15:18)

Sorry, Mark. So just going back to what you said before about the title split, what was the uplift just on the title split side? Do you think?

[Susie Carter] (15:20 - 17:46)

Yeah, we, we didn't get it valued, but, but, but I mean, 1.1, I would think we probably added at least, at least a hundred thousand, at least a hundred thousand based on the title split, probably more, but we just never had it. We never had it formally valued. What it did mean, of course, is that if we'd, if, if we'd literally just wanted to split away one of the properties straight away, we could have done that.

So rather than selling the whole, it was just a lot more liquid product when we'd done the title split, which is, which has always been a nice kind of exit angle if we'd wanted it. And it's, it's something we've looked at a few times as to whether we just sell one of the properties and just, you know, repay finance or whatever. So, so yes, we, so the very first thing we did was that we, we basically applied for, well, we worked with architects and planners.

We worked up a footprint for the building whereby we split everything into flats. And that did mean losing the number of rooms. But the idea was that when we split into flats, we would kind of gradually take away the HMO element of the property and convert it to kind of single let's.

And so we, we, we applied for planning, we received it. And obviously we had to go for listed building consent as well. And as a condition of it, we had to replace windows.

And of course, in a listed building, you've got sliding sash windows and things. So, you know, there wasn't, there was, there's a reasonable amount of costs associated with that, but we basically worked our way through the builder. We haven't completed it yet.

And at the moment, we're quite comfortable with kind of where we are, but out of cashflow over the years, you know, this is relatively long, long-term hold for us. We'll kind of do some more conversion works. But the first two properties we did are two of the smaller houses that we, that we split off.

So they were both six bed HMOs, very tired, hadn't been touched for a very long time. So, you know, they were very, very average kind of HMOs and their competitiveness in the market would have, would have been decreased over time. You know, the location was propping it up basically.

So, so, so we started on that and actually because of the nature of the, of the property, we actually ended up with five flats there.

[Speaker 4] (17:46 - 17:47)

Okay.

[Susie Carter] (17:48 - 19:27)

In each one. And we, because of that, because they were really, you know, beautiful, what we think beautifully refurbished. We, we managed to increase all the rents.

So what I probably should have said is right across the piece, the rents were very low for the area. And the, you know, we had some rents that are out around £150 a month to kind of £350 a month. And actually on some of the flats now, just put that in context, we're getting £650 a month.

So in the first year we did, even though we hadn't done a lot of the works, we did actually just have an automatic rental uplift, serve notice on tenants to do that. And, you know, so that gave us an uplift in rent, rent immediately, but because of the refurbishment, we, we managed to increase the rent significantly. And then we refurb it, we refinanced those two blocks.

And then the larger block, as I say, not all of the flat conversions have been done, but we have done some as tenants have moved out, or, you know, we've needed to compliant refurbs or whatever else we've needed to do. And again, we've managed to increase the rent. So just to give you a context of the whole picture.

So obviously we bought it for 1.13 ish. We spent a region of 250,000 on the property. And we've, we've had a refinance on two of the units and we've just had our valuation on a larger block.

And the property is worth in the region of 2 million now.

[Mark Barrett] (19:27 - 19:30)

Oh, amazing. Yeah. Fantastic.

[Susie Carter] (19:30 - 19:37)

Yeah. Which, which is, which is pretty, yeah, we're really pleased with actually it's a, it's a, it's been a really good one for us.

[Mark Barrett] (19:37 - 19:44)

Yeah. I think it just shows you the size of them. So you're saying a six bed HMO, you made into five flats, did you?

[Susie Carter] (19:45 - 19:45)

Yeah.

[Mark Barrett] (19:46 - 19:56)

Wow. And was the national space standards, you know, the 37 square meters, was that in then? Have you had to do them to that size?

[Susie Carter] (19:57 - 20:24)

Um, no, I mean, the, um, we haven't needed to, because, because they've all, they're all really good size. Um, you know, the floor, the square footage really hasn't been an issue. I mean, one that we did make sure that everything was larger than 30 square meters.

Um, the, the national minimum space standards weren't in planning, but we wanted to make sure that everything was above 30 square meters at least. Um, but I would say most are over 35.

[Mark Barrett] (20:24 - 21:08)

Right. Yeah. It just shows you the size of the building there.

Cause that's, that's pretty big to get, you know, 165 square meters or something like that as a six bed HMO. That's yeah. So I would have thought like a six bed HMO, probably the ones that we've done about 120 square meters or something like that.

So yours just shows the big building, which is great. And to get that something that's kind of like run down low rents, you've obviously spotted the opportunity. You've done a title split.

You've added the value with the refurb, change them to the, to the flats and got a massive, uh, uplift, but it doesn't end there. This deal keeps on giving.

[Susie Carter] (21:09 - 25:15)

It is, it is. Yeah. So, um, and actually just, just a bit of a shout out by my JV partners manage this day to day as well.

So, you know, um, you know, it really genuinely has been a massive team effort on this one. I can't, I definitely can't take all the credit for it in the slightest. And they've managed a lot of the refurbs, et cetera.

Um, yeah. So, so we have, we have this garden at the back, which is actually really lovely. It's in a conservation area.

And we always knew that had had development potential, but we knew it would be challenging in planning terms because it's in a conservation area. Um, and we've had various discussions with planning officer and, um, I think that we basically in the draft local plan, we applied for it to be a couple of two or three houses. Um, but it's kind of transpired over the whole period of the property that actually we can perhaps put a slightly different use on there, which has got better planning chances.

So we were looking at, um, up until recently, we're looking at working with the housing association to, um, to, to put, uh, a much higher density development on there. Um, then, then we were previously anticipating, if I'm honest, um, and the planning, you know, the planning officer is very, very open to that. Um, it's very keen to, um, explore that because there is a net, you know, they need to have a net gain in the amount of floor space for that use in the area.

Um, and a deal that we were, and I say, kind of, we were looking to do because actually we changed course recently and I explained to you why, but, um, a deal that we were looking to, to do was do a forward, forward funding solution. So basically this is the kind of thing that I've done through, um, my corporate career and in some consultancy I've done, which is basically where you, um, you get a tenant, like a housing association or, uh, um, whoever signed up for a long-term lease, you know, 15 to 20 years, and then, um, a pension fund or an investment fund basically want to buy that income. So they're purely buying the income.

Of course they buy the property, but the reason is they want to buy relatively secure income for that period. And, um, we were looking at doing, so we're looking at doing a forward funding solution whereby we would, we would do a prelet to the housing association. Then, then the, um, uh, the, the funder, um, either just before planning or, um, during planning would come in and, um, sign a forward funding agreement with us, which would mean that they would fund the development.

They would give us, um, land value upon planning, and then they would fund the development. And then, um, obviously we'd get a profit spewed out to the other end, um, depending on, on bill costs. Um, and we were all kind of guns blazing to do that, but given the recent environment, the rise in bill costs, um, that, that was becoming increasingly risky from our perspective.

And, um, mainly actually because we aren't builders and, um, you know, we, we, we do, we do investment conversions, but at the moment we don't do developments, you know, all out development. So, um, we've actually decided to sell the site and, um, we've, we've had it valued, um, in between four and 500,000 pounds. And yeah, we're getting some really positive, um, it'll be a subject to planning deal, but we, uh, we're getting some really positive, um, noises from the market that we can get, uh, numbers in that kind of region.

So, yeah. So, so keeping fingers, fingers well and truly crossed for that one, but, um, but, uh, yeah, I think, I think all, and obviously we need to, as part of that, we need to make sure that we're not affecting our property to the front. So we need to make sure that, you know, there's, there's, um, adequate, you know, uh, division between them and everything else you need to do when you think about that in a parking, et cetera, access we're, we're, we're, we're comfortable.

We can do that.

[Mark Barrett] (25:15 - 25:17)

Oh, amazing. So what is that like to me?

[Susie Carter] (25:17 - 25:39)

Is that like to be flats or houses or yeah, it'll be, it'll, it'll be flats. Um, it's, it's, yeah, it's very likely to be flats and, um, but I say with, with some care provision in, in it, so there'll be, um, wardens probably, or, you know, some support that's offered as part of that.

[Mark Barrett] (25:39 - 25:43)

And what kind of tenant type might that be for?

[Susie Carter] (25:45 - 26:15)

Um, well, obviously we, we, we are, we are very interested in that. So any, any deal that comes forward, we will, we will be making sure that we know exactly what's going to happen to it. Cause we want to protect our property to the front, but, but from the recent soundings, it looks like it is going to literally be kind of extra care.

So, um, we don't want any antisocial uses there. So we want to make sure that that's not going to happen, but yeah, some extra care facilities of whatever time that might be.

[Mark Barrett] (26:15 - 26:35)

Okay. Yeah. Anybody that was looking to kind of do a similar property, similar like project, and they were looking to get involved with like maybe a housing association or somebody to come in and provide a lease.

What kind of tips would you say is to how to make contact with these types?

[Susie Carter] (26:37 - 27:34)

Yeah. So, um, definitely speak to the care commissioner at the county council or the unitary authority or whatever kind of authority to deal with, just to make sure that they would support that type of use. Cause you definitely need them on board.

Um, and then it's just a case of, um, seeing who the main players are locally, um, seeing who's taking that kind of accommodation. We, we got some really great intel from, uh, local, local investors, local architects who do work for, you know, care providers, housing associations, et cetera. Um, and we had, we have somebody working with us on that as well.

Um, so yeah, I mean, it's not always the easiest route because, you know, it can be challenging to, um, to get these types of operators to commit, but definitely bringing the care commissioner in, um, and getting their support has been, he's been very key, key to it.

[Mark Barrett] (27:34 - 28:02)

Okay. Brilliant. Yeah.

So just going through like the headline numbers then. Um, so this is a property use kind of like you bought 1.1. Yeah. You're purchasing costs.

You had your, um, conversion costs. You, as you've been doing the upgrades, um, so you was just under like 1.4 million and then you got a revaluation, uh, about 2 million. Is that about right?

[Susie Carter] (28:02 - 28:33)

Yeah. Yeah. We've got a re reval, um, of obviously per property at just under two.

And then the land, as far as we're concerned, the land on top of that is, you know, is, is super profit from our perspective, but if, but if we achieve that, it'll be in the region of 2.5 million, um, GDV all in. And then the rent when we bought it was, uh, approximately 107,000 pounds gross per annum. Um, and we've increased that to, um, in the region of 180,000 pounds.

[Mark Barrett] (28:33 - 28:44)

Yeah. So something like a million pounds equity gain and a massive, massive uplift on the, uh, on the rental. That's fantastic.

[Susie Carter] (28:45 - 29:09)

Yeah. And, um, you know, what we've done is we've, we've, um, refinanced some of that, um, to grow the portfolio in the JV, which has been, you know, pay back, pay back the original finance. So, um, it, it is stroke will be when this, um, re re refinance comes in or money out.

And then, um, we we're using that to, to, to grow the portfolio further.

[Mark Barrett] (29:10 - 29:37)

Fantastic. So just to end up, can you give us like three tips for people that are kind of like looking to get into like the commercial, um, space apart from obviously joining the commercial property Academy? Um, what else would you, um, that'd be wrong with it, but, uh, I can, I'm far too modest for that as tip number one.

[Susie Carter] (29:37 - 30:52)

Um, so I think the, yeah, the first one is that you don't, um, obviously the property that we're talking about is, is residential, but it has definitely got a lot of similarities with, with, with some commercial stuff that you can look at. Um, but, but for pure commercial, you know, I think the first, the first tip is don't always assume that you have to convert commercial property. Um, you know, I think there's a lot of people because the new permitted development rights are going into quite rightly, actually going into commercial conversions and, you know, it is, it can be a really profitable strategy, um, but you don't have to, or not, you know, maybe not even straight away.

You don't have to do that conversion. What I say to a lot of my clients is, um, you would build costs the way they are and on the peculiarities of their deal. You know, it wouldn't hurt just to get a tenant in there short term.

And then, you know, the conversion angle will be there later. And actually that that's proved to be actually just as profitable for some clients as going the all out conversion. And you can, um, you can actually, um, change leases, change tenants on commercial real estate.

So it's definitely, definitely just not one strategy.

[Speaker 4] (30:53 - 30:53)

Yeah.

[Susie Carter] (30:53 - 30:57)

Just, just kind of open your, your mind a bit more, I think, uh, would be the first one.

[Mark Barrett] (30:57 - 31:29)

I think the second one, sorry, just, just on that point, it was kind of like saying I've got some clients I've worked with, uh, been selling some of the HMOs and that's what they actually do. So they'll look at like commercial and they'll actually negotiate with the existing tenants and just extend the lease. Yeah.

Kind of like might have like five years left. They'll negotiate before they buy it, they already set that up. And then they might say like, do we like a new 15 year lease?

And then it's just creating the value there. Absolutely. Yeah.

[Susie Carter] (31:30 - 31:41)

Yeah. And you can, um, you know, you should always talk to the, if there is, it is in situ tenants, you should always talk to them before to see whether you can do a deal before you even buy it.

[Speaker 4] (31:41 - 31:41)

Yeah.

[Susie Carter] (31:41 - 34:03)

Um, that that's very, very common in the market and certainly speak to local commercial agents in terms of what other demand there is, et cetera. So yeah, you can, you can definitely do that. Um, the second tip is, is niching.

You know, it's something I bang on about a lot in the commercial property Academy, but, um, the way the market is at the moment and has been for the recent, you know, the near few, um, the recent past, um, with COVID and with Brexit and just the way the market's fragmenting is that every sector of commercial real estate is reacting differently. And every, every sector is very, very different to the other. You just got to take the main three, you know, offices, industrial and retail.

And, you know, I don't need to explain to anybody listening to this kind of why they're all different now. Um, and, and it used to be that the market used to all rise together or fall together, but obviously that's not happening now. So, you know, niching is where you can get a real competitive advantage in commercial real estate, where you can niche by location or niche by sector and niche by type of property.

And, um, you know, you can become the expert in that and, um, you know, you can, you can, you can really get a competitive advantage by niching your strategies and therefore, you know, something that proper property entrepreneur teach teaches a lot as well, you know, go, don't be a mild, I'm going to get this wrong. Don't be a mile wide. Yeah.

An inch deep, be a, um, a mile deep and an inch wide, you know, and that, that never more has that, um, referred to commercial, I think that it does at the moment. So that would definitely, definitely, definitely be my second tip. Um, and then third is kind of, you know, nurture some great relationships with, um, real estate agents, commercial agents, because, um, they really can be a fantastic source of deals.

And not only that they can act on your behalf. So it's very alien for residential investors to have an agent acting on their behalf to, um, to help them acquire property, to help them let property, but, you know, it's very, very commonplace in the commercial market. So to have, um, great relationships with commercial agents, it can really de-risk a purchase.

If you've got a valuer or a, an agent acting on your behalf, cause they can cover the market, see what tenants can take it. You know, they'll tell you what rents you could get. They'll tell you what lease terms you could get.

And, um, it definitely gives you the edge, uh, by having those relationships.

[Mark Barrett] (34:04 - 34:12)

Excellent. Well, great to catch up and, uh, congratulations again on that deal. Um, and also congratulations for your new puppy.

[Susie Carter] (34:15 - 34:21)

I'm really amazed that we've not been disrupted by the new puppy. So I'm very grateful to him. Okay.

[Speaker 4] (34:22 - 34:23)

Thanks for having me.

[Mark Barrett] (34:23 - 34:23)

See you soon.

[Speaker 3] (34:24 - 34:55)

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