**PEP 85 Edited\_Transcription**

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

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

He has a wealth of experience in property investing. He's done 25 years as a landlord, 10 years as a broker, and he's been sourcing property deals for other people for over a decade. Mark joined us on the property entrepreneur board in 2016 and has been a board member ever since, which is our highest level 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 you various deals, structures and strategies to enable you to apply this in practice.

It's the first of the month, it's time for deals, deals, deals. So over to you, Mark.

[Mark Barrett] (1:48 - 3:16)

Hello, this is Mark and I'm really excited to go through the next podcast with a good friend of mine, Garrett. Garrett Peers. How you doing, Garrett?

How you doing, Mark? So, yeah, really good. We're actually recording this away at a board event for the summer solstice.

So just found a bit of space in the hotel just to go through this. So for anybody that doesn't know Garrett, Garrett is absolute deal machine, absolute legend. So I'll just give you a bit of bio and I'll just then go through one of the deals that Garrett's done recently.

So Garrett's been a landlord professional investor for 25 years, mainly in property and other trading businesses with high cash flow returns. He's the co-owner of a family Dublin based letting company with 500 plus units under management. He's got an active trading business in both the UK, sorry, Ireland and UK.

He's 50. He's been married to Denise, sorry, he is married to Denise and he's got two twin daughters. So he's built two multimillion euro property portfolios in both residential, commercial and developments.

So you've been pretty busy.

[Garrett Peers] (3:16 - 4:15)

Yeah. Yeah. So currently we're in the midst of finishing off several different projects and that's new builds, renovations of existing buildings.

So our strategy has always been that we identify distressed assets within the market that we can add value to. So that's our primarily focus and that's what I've been focused on for the last 25 years with a development. We well, our largest was 30 houses, but we mainly focus on smaller stuff in the inner city, which we built to rent.

So that's what we're doing at the moment. We've just recently, the last two months have successfully sale agreed 6 million in deals. They're all going through the due diligence process at the moment.

Sometimes some of them fall through, but that's where we're at now. So that's what we're doing now at the moment. Exciting times then.

Yeah.

[Mark Barrett] (4:16 - 4:18)

And you joined PubChance in 2019?

[Garrett Peers] (4:18 - 4:46)

Yeah. Yeah. So I joined it in 2019 through a recommendation from a friend of mine, another property investor, Frank Shatman, came on the program and absolutely loved it.

I loved it. It was exactly what I wanted. And then I applied for the board in 2020 and I was successful in getting on the board, which I'm really, really enjoying over the last two years and like-minded people and everything in every aspect of my life.

[Mark Barrett] (4:46 - 5:07)

Yeah. Absolutely. Yeah.

I really enjoyed getting to know you and certainly we've been out on some great trips. Great trips, haven't we? So that's good.

So you're also, when we talk about investing, we look at the wealth dynamics. So you are a brother Tempo.

[Garrett Peers] (5:07 - 5:39)

Yeah. Yeah. So I suppose my strengths, I suppose, are that I love partnerships, building partnerships, building business relationships, and I've been very successful with that.

My also strength is getting the projects from start to finish and getting that done. So as a Tempo, that's my strengths in anything. So yeah, I work with, build relationships with joint property investors, JV partnerships and stuff like that.

[Mark Barrett] (5:40 - 5:46)

Yeah. As well as I know you get a lot of deals through the contacts that you built up with agents as well.

[Garrett Peers] (5:46 - 6:02)

Yeah. Yeah. So most of my deals come through agents because I built up relationships over 25 years.

Yeah. Probably 90, 95% of my deals would come through agents. And they would know that if I've set out my criteria in a deal with them.

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

Yeah.

[Garrett Peers] (6:03 - 6:16)

So they wouldn't bother me with other deals that's just on the market, but anything that they would deem distressed, title issues, they would pass them on to me. We're quite successful in sorting out title issues on properties.

[Mark Barrett] (6:16 - 6:16)

Okay.

[Garrett Peers] (6:17 - 6:19)

That's been really our strategy.

[Mark Barrett] (6:20 - 6:25)

Okay. Excellent. And we're going to talk about a particular deal, which is a double and three.

[Garrett Peers] (6:25 - 7:07)

Yeah. Yeah. So this particular deal was a JV with Stephen Connolly on this deal.

He was a fellow property entrepreneur and basically resourced this deal through an agent. Basically this was an office upper floors with a residential on the basement and it had been vacant for two years. And so that allowed us to convert the upper floors back into residential.

Okay. It's about a kilometer and a half from the city center. Yeah.

And we always primarily focus our investment strategy within walking distance to the main O'Connell street in Dublin.

[Mark Barrett] (7:07 - 7:21)

Okay. Superb. So you sourced it through the agent, which obviously, as you say, you get most of your deals that way.

Yeah. So how do you stack the numbers on this particular one? What do you do?

Have you got like a particular spreadsheet that you use?

[Garrett Peers] (7:21 - 8:09)

In fairness, firstly, I mean, it's a back of a, as I say, back of a five thing. Yeah. There are numbers in that.

And that works. Then we do a numbers on, we have a deal analyzer. Yeah.

And we would assess all the costs associated with it. Then the risks associated with the deal. And then we do our rental comps.

We'd be fairly familiar with the rental comps in Dublin city center at the moment. And then it has to hit a certain yield for us. And what's the yield that you look for?

Well, we'd have a minimum 10%. This particular one was more attractive. And when we were doing the numbers and that, and that's hence why we closed it out pretty quick.

There was a development play on this as well. And so we're currently in for a muicide into the rear of this as well.

[Mark Barrett] (8:09 - 8:18)

Okay. And was it, you say the deal came to you from an agent? Was it on market or off market?

It was on market, but it wasn't selling. Right.

[Garrett Peers] (8:19 - 8:28)

And why do you think that might have been? Because people didn't see the value in it. We came across it.

Actually, the agent rang us and said, would you be interested in having a look at this?

[Mark Barrett] (8:29 - 8:29)

Yeah.

[Garrett Peers] (8:29 - 8:56)

We said, it wasn't on our radar. And they said, yeah, let's have a look at it. So we went through it.

Yeah. Just went through the diligence on it. And we said, agree to that day.

Yeah. They knew that once we agree a property that we always follow through, and that's the benefit of building relationships with agents. They know they can get the deal done with us.

Yeah. And when we say we commit, we'll commit, obviously subject to the contract and subject to title being okay.

[Mark Barrett] (8:56 - 9:07)

Okay. So on Property Entrepreneur, we talked about the wealth pyramid, cashflow, profit, and assets. Yeah.

What about, what was this deal would set for you on this?

[Garrett Peers] (9:07 - 9:12)

Well, there's two areas, long-term cashflow.

[Mark Barrett] (9:12 - 9:12)

Yeah.

[Garrett Peers] (9:13 - 9:19)

But we'll also now look at probably testing the market with this deal. Okay. And probably, I know I'm talking to yourself on this.

[Mark Barrett] (9:19 - 9:20)

That's right. Yeah.

[Garrett Peers] (9:20 - 9:32)

So we look at testing the market on selling this. But if it doesn't sell, we've got all our money out of the deal. Yeah.

So and it's producing cashflow. So yeah, we're okay just letting it sit there, cashflow.

[Mark Barrett] (9:32 - 9:38)

So potentially, it's producing cashflow now. Yeah. It could be a profit play if you flip it.

[Garrett Peers] (9:38 - 10:15)

Yeah. And if not, you're going to hold it as an asset. Yeah.

And we've also got the development side, the real side at the back as well. Okay. Which I've been through the numbers, which I'm not.

Okay. Superb. And then how did you actually buy this?

Is it? So we use one of the secondary lenders in Dublin. And we've got 75% of the purchase price.

Okay. Put our own cash in for the equity and put our own cash in on the development. Okay.

And then once we've just completed the project there two weeks ago, it's fully rented now. Okay. Perfect.

[Mark Barrett] (10:15 - 10:23)

So just run through what it was when you bought it and then what it is now. How have you converted it?

[Garrett Peers] (10:23 - 10:58)

Okay. So it was an office. You walk in, you can basically go up steps.

And then it has two floors above. And then you go down and there's a basement on the level. That was a derelict flat.

And it was, again, unoccupied. So it was a typical office. It was an old office.

Yeah. And we just went in, ripped it out, and got an architect in to give us a plan of what we want to achieve on it. And then obviously we maximized the living within the property.

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

Okay.

[Garrett Peers] (10:59 - 11:11)

So you converted it now into two separate? Correct. Well, it was obviously two separate.

It was office and it was a residential on the bottom. So the top is a five bed shared living.

[Mark Barrett] (11:12 - 11:12)

Yeah.

[Garrett Peers] (11:12 - 11:17)

HMO. And the bottom is a two bedroom basement flat. Okay.

[Mark Barrett] (11:18 - 11:23)

And when you say like the HMO shared living, what is that in Dublin? Is it like, is it different?

[Garrett Peers] (11:24 - 11:48)

Yeah, it is different. It's not shared living. You don't need a license in Dublin, but there's certainly, there's regulations attached to everything.

So we would renovate a building to the highest standards for compliance and stuff like that. But the planning use, because it's residential, it's residential and you don't need a licensed operator, a shared living property.

[Mark Barrett] (11:48 - 11:56)

And how have you, have you done that? So the five bedrooms, do they have en-suites or are they shared bathrooms?

[Garrett Peers] (11:56 - 12:10)

Yeah, three en-suites and two of the bedrooms have one shared bathroom. Yeah. All within the minimum size.

Yeah. Standards and stuff like that. Okay.

Really high standard. We do our buildings for a really high standard.

[Mark Barrett] (12:10 - 12:19)

Okay. Excellent. So should we actually just run through the numbers then?

So the purchase price, I think you said was, was it three, four, five?

[Garrett Peers] (12:20 - 12:29)

Yeah. Three, four, five. The stamp duty and the legals and the fees were 30,000.

Then we had an architect fees as well.

[Mark Barrett] (12:29 - 12:29)

Yeah.

[Garrett Peers] (12:29 - 12:57)

The refurb cost on that came in at 140,000. Okay. So that was a total of circa 530K.

Yeah. And basically we've done the refurb ourselves. And what we did was- So did you have your own build team?

Yeah. We've got 10 employees in our own building team. And then we bring in, we use contractors outside of that to site form it.

[Mark Barrett] (12:58 - 12:59)

Is it your uncle that does?

[Garrett Peers] (12:59 - 13:29)

Is it your uncle that does? He's my 85 year old uncle that's heading up the team. My uncle, he's in the building trade for 40, 50 years.

Fantastic. And all over England, built all over England as well. Does he still do a bit of brick for you?

No, not anymore. But he'll go around the site and he'll deliver materials and stuff like that. He loves getting out of the house.

Excellent. That's great though. We've had carpenters, chair for carpenters, skilled laborers and stuff like that.

Yeah.

[Mark Barrett] (13:29 - 13:39)

Okay. So refurb is 140. So you're kind of like all in about 530.

Yeah. Do you want to go through then your revaluation that you had done?

[Garrett Peers] (13:39 - 13:51)

Yeah. So Cushman and Wakefield done a revaluation and that came in at 930. And that would have been based on a commercial yield valuation.

Yeah. And another team sort of came into our valuation as well.

[Mark Barrett] (13:52 - 13:55)

Yeah. So, and the rents, just go through the rents that you- Yeah.

[Garrett Peers] (13:55 - 14:19)

So the rents in total came to 87,600 per annum. Yeah. And the loan repayments per annum is 36.

So that's interest on a small bit of capital. Yeah. And then the gross costs, circa around 15%, that's 21,000.

So the cash flow EBITDA is 30,600.

[Mark Barrett] (14:19 - 14:30)

Okay. So unbelievable figures. That's like a great deal.

So just going back to your rent. So you kind of, I think you said 87,600. Yeah.

Just go through the split on those then.

[Garrett Peers] (14:30 - 14:32)

Yeah. 5,000 on the upper floors. Yeah.

[Mark Barrett] (14:32 - 14:44)

So that's kind of like on average, like 1,000 euros a room. Yeah. And then you've got these two bed flats.

It's 2,300. And what kind of tenant types are these?

[Garrett Peers] (14:44 - 14:52)

All professionals that work in the tech sector. Some of them work in the service industry. But all professional tenants.

[Mark Barrett] (14:52 - 14:55)

Yeah. So the valuation you got was 930.

[Garrett Peers] (14:55 - 14:55)

Yeah.

[Mark Barrett] (14:56 - 14:57)

Is that what you expected?

[Garrett Peers] (14:58 - 15:05)

Yeah. Yeah. Yeah.

We were probably actually expecting a little bit better than that. But very happy with our valuation, to be honest.

[Mark Barrett] (15:05 - 15:12)

So based on the gross rate, 87,600, that gives you a gross yield of 9.4. Is that standard what you find?

[Garrett Peers] (15:12 - 15:18)

Yeah. I was coming in between 10% and 8.5. Okay. Yeah.

Yeah. All right. Good.

[Mark Barrett] (15:21 - 15:25)

So then you could then borrow, was it 65%?

[Garrett Peers] (15:26 - 15:45)

Yeah. We chose, we always look at one of our things is always to test our long-term values across our portfolio. And we just took our money back out of the sale, which then was a long-term value worked out at 58%.

Okay. So we're comfortable in that. That's where our comfort zone is.

Yeah.

[Mark Barrett] (15:45 - 15:55)

So you could have taken an extra cash, but you decided just to have a no money down, kind of like no money left in deal, which is absolutely fantastic.

[Garrett Peers] (15:55 - 16:00)

Yeah. And then producing, throwing off 30,000 plus income a year. That's fantastic.

[Mark Barrett] (16:01 - 16:09)

So yeah, excellent deal. And then there's obviously, you also mentioned that it doesn't stop there. There's an actual bonus to the deal.

Yeah.

[Garrett Peers] (16:09 - 16:32)

So basically to the rear of it, there's a site. And initially we went in for a block of three apartments and that wasn't successful. We'd always knew we'd get something on the site.

So now we have planning in for a new site in the back. The value of that would be between 350 to 400,000 and the build of that would be between 250 to 75. Okay.

[Mark Barrett] (16:33 - 17:03)

Yeah. So you've created equity of 395, and then potentially you've got say 100, 150K equity. So that is over half a million euros and cash flowing 30,000 plus a year.

Possibly more with them, with the muse, if you retain that. Yeah.

[Garrett Peers] (17:04 - 17:22)

Yeah. Yeah. So that's one of our better deals this year.

Yeah. Over the last probably two years, obviously not all of those deals are out there. But yeah, that's what we do.

I mean, people miss this opportunity and we capitalize on this opportunity.

[Mark Barrett] (17:22 - 17:36)

And the crazy thing is that was on the open market and available. And it was an agent that brought it to your attention. Yeah, to myself and Stephen Connolly.

Fantastic. So that's great. Was there any particular issues or did it go through?

[Garrett Peers] (17:36 - 18:02)

No, it's very, as I said to Stephen, we were chatting about it. I said, how did it feel that day? And he said, very smooth.

It was one of the better deals that the renovation went really well. Our team was really good. We've done over 500 renovations plus over the years.

So the standard, we have a 10 place standard. It was all the same materials, same color, same thing. So it went very smooth.

[Mark Barrett] (18:03 - 18:07)

I think what's been great recently is you started doing a lot more on social media.

[Garrett Peers] (18:07 - 18:07)

Yeah.

[Mark Barrett] (18:07 - 18:26)

So it seemed to kind of like seeing now your kind of projects, the pictures, I could see the level of projects that you've been doing, which has been great. So for people that are looking to invest in property, we looked for your top three tips. So what would you say?

Okay.

[Garrett Peers] (18:26 - 18:50)

So obviously, always do your numbers and see what can go wrong in a deal. And I always seek out a second opinion and that's through my business partners, through mentors and any deal. And I would recommend that to anybody to ensure that because sometimes we can believe our own BS.

So I always say to people, always get a second opinion on a deal. I always ask myself, what am I missing here?

[Mark Barrett] (18:50 - 18:52)

Okay. That's a good point.

[Garrett Peers] (18:52 - 19:24)

The second one is build relationships. And that's true. Partners, business partners, lasting relationships, to be honest, and partners, business partners, investors, agents, and sourcers.

And again, I can't emphasize that enough. We've got a lot of investors on our projects. I've JV'd with numerous property guys.

And essentially for me, in my business is relationships with agents and sourcers. That's most of my, probably 90% of our deals come through agents. Okay.

[Mark Barrett] (19:24 - 19:33)

Great. And I know you mentioned about the investors because there's a few guys on PropJobs, but now that you've done deals with as well.

[Garrett Peers] (19:33 - 19:40)

Yeah. You've done a project with a number of guys on the board and in the advanced, we've done a number of projects.

[Mark Barrett] (19:41 - 19:41)

Okay.

[Garrett Peers] (19:41 - 19:51)

Excellent. And the third one is obviously don't overstretch and keep your loan-to-value realistic. Again, I can't emphasize that enough.

[Mark Barrett] (19:52 - 20:00)

Okay. Excellent. So thanks for that, Garrett.

Thanks for going through that deal. Anybody that's looking to contact you?

[Garrett Peers] (20:00 - 20:09)

Yeah. So in the show notes, I'll put in my link and I can be contacted on Instagram, LinkedIn, and Facebook.

[Mark Barrett] (20:09 - 20:21)

Okay. Excellent. Thanks very much, Mark.

Yep. Thanks, Garrett. So that's the end of our show and looking forward to bringing you the next podcast next month.

Okay. All the best. Bye.

[Daniel Hill] (20:25 - 21:25)

I hope you enjoyed this episode of the Official Property Entrepreneur podcast. If you are not already subscribed, click subscribe now to make sure you never miss an episode again. If you're not already following me on social media, Instagram is PropertyEntrepreneur underscore, Facebook is Dan Hill.

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And we'll get you added to one of the private VIP WhatsApp groups where you can request your own podcast. It'll be dedicated to you and your business. And every Tuesday, I'm in there answering questions, giving you one-to-one direct support.

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